Technology , innovation, service and growth in line

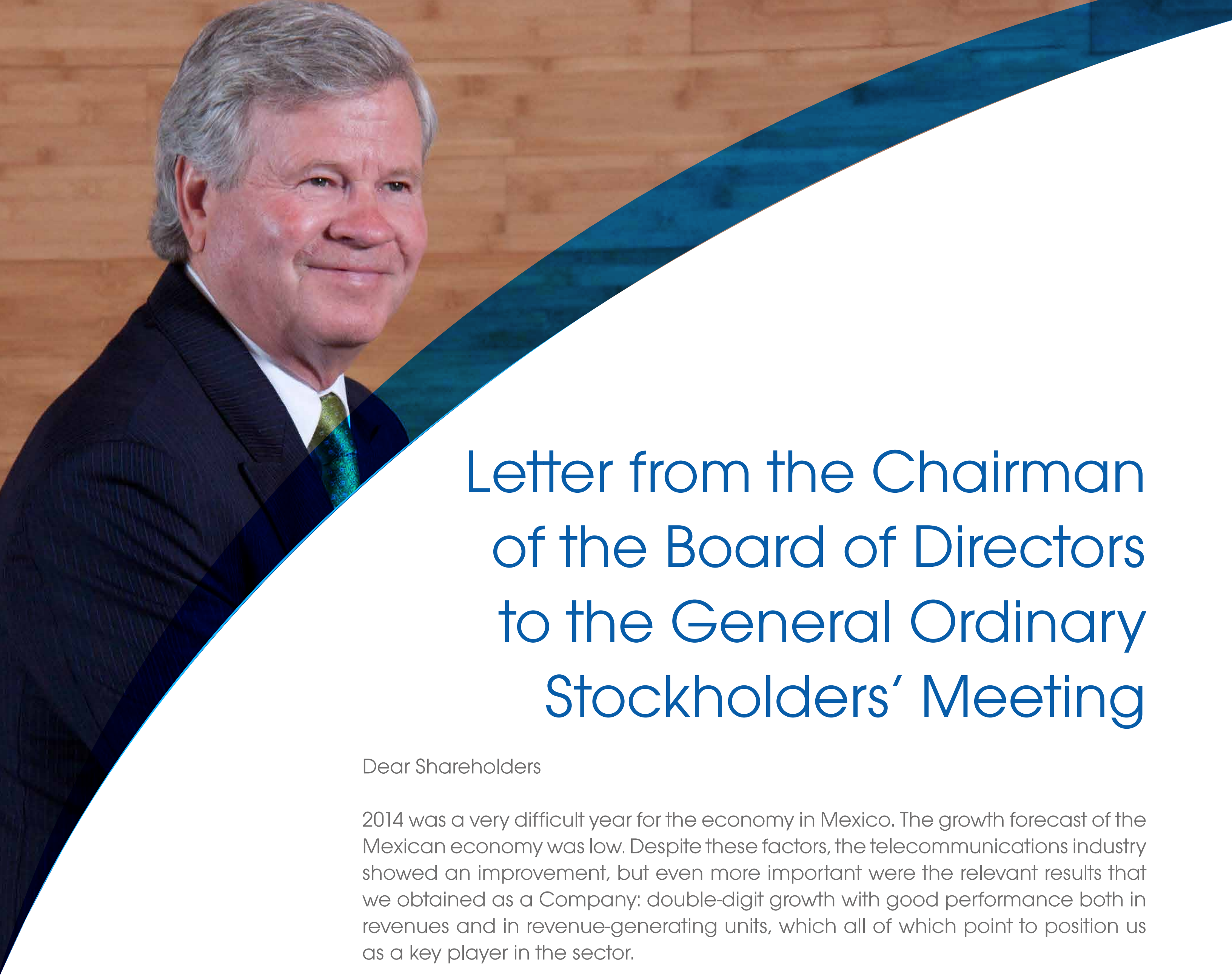
Anual Report **2014**

MEGACABLE®

Contents

Relevant Data

Operating Results (at December 31, 2013)	2013	2014	2013 vs 2014
Homes Passed	6,573,832	7,174,272	9.1%
Network Kilometers	46,958	49,107	4.6%
Two-way Network Percentage	97%	98%	
Cable Television Subscribers	2,143,773	2,406,050	12.2%
Digital Cable Subscribers	1,324,096	1,648,599	24.5%
Penetration Rate of Households/Homes Passed	32.6%	33.5%	
HSD Broadband Subscribers	950,705	1,330,614	40.0%
Penetration Rate/Cable Television Subscribers	44.30%	55.30%	
Telephony Subscribers	577,539	721,442	24.9%
Penetration Rate/Cable Television Subscribers	26.9%	30.0%	
Unique Subscribers	2,250,484	2,560,273	13.8%
Revenue Generating Units	3,672,017	4,458,106	21.4%
RGUs per Unique Subscriber	1.63	1.74	6.7%
ARPU per Unique Subscriber	378.0	398.3	5.4%



Letter from the Chairman of the Board of Directors to the General Ordinary Stockholders' Meeting

Dear Shareholders

2014 was a very difficult year for the economy in Mexico. The growth forecast of the Mexican economy was low. Despite these factors, the telecommunications industry showed an improvement, but even more important were the relevant results that we obtained as a Company: double-digit growth with good performance both in revenues and in revenue-generating units, which all of which point to position us as a key player in the sector.

To obtain satisfactory results, we had to overcome great challenges, the introduction of the structural reforms in telecommunications, which brought us an area of opportunity of great relevance for our business, since the strategy we had been implementing to support and reinforce our operations and service levels allowed us to take more advantage of these events that were happening.

The investment we made in the period, which amounted to US$ 173 million, was an important detonator that contributed to maintaining our network expansion and modernization process.

At Megacable, we believe that the Internet will continue to generate an unprecedented trend in our country and will generate changes in how we all do business. Every day, consumers are adapting to the unlimited novelties and options presented to them by the market through first-world technological innovations that make their lives more practical. We have not been the exception.

We have made investments that have enabled us to remain at the technological cutting edge in the services we provide: video, voice and data, the latest-generation services such as video on demand, over-the-top services, the best high-definition, Internet speeds of up to 200 megabytes per second, the latest generation telephony and soon, the latest generation video services, faster Internet speeds and the integration of fixed telephone lines to mobile lines. Today, society has started to demand better content at a faster rate and quality programming based on particular tastes and preferences. It in this area where we see the future of television and Internet, because it is not about just "getting close" to people, but improving the quality and the type of approach we make.

To make this feature more promising for our Company and our customers, we have set the bases necessary to enable us to now have a competitive Internet connection and the sufficient structure to meet the needs generated by information technology.

In the business segment, we also maintained a firm and accelerated growth through MCM, Metrocarrier and Ho1a.

Metrocarrier currently has 71,000 km of fiber optic and coaxial cables, a network capacity of 1.03 terabytes per second and three points of presence in the United States, all of which have enabled us to make significant increases in revenues and the number of clients compared to the number reported in 2013.

Our operating and financial results, as well as the positive outlook that predominates in our sector resulted in a very positive performance of our share, at December 31, 2014, the CPO closed at a price of Ps. 57.54, a figure that represents an advance of 30%,

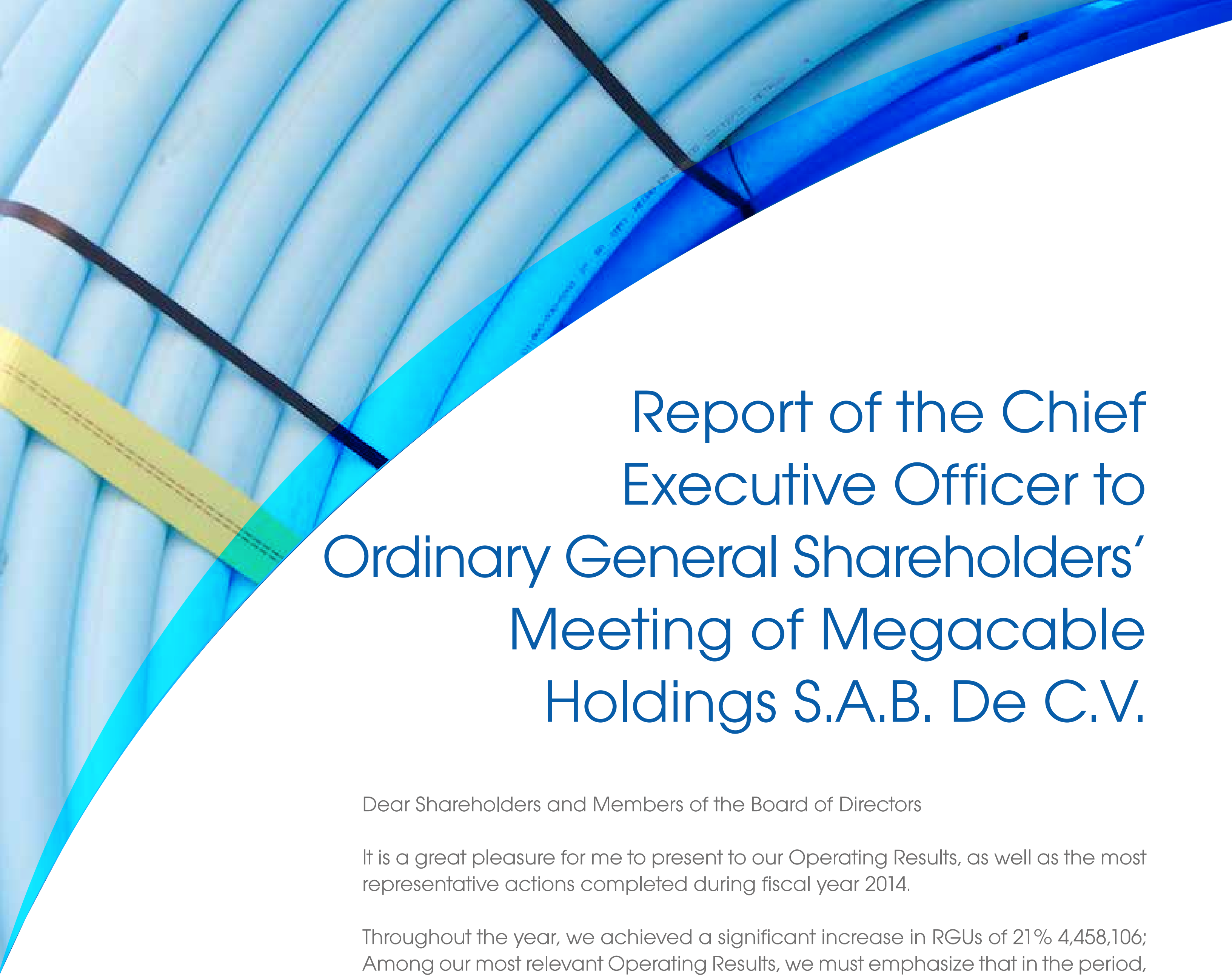
At Megacable, we continue to grow above the general level of the economy and the sector. That is why, with the help of the great talent that characterizes our personnel, we will continue to give our best to maintain the high standards of quality in our customer service, since it is thanks to them, we have got to where we are now.

All that remains for me to do it is to thank you for the trust of all our shareholders. We will continue to work very hard to achieve even better results in very near future.

Sincerely,

Francisco Javier R. Bours Castelo
Chairman of the Board of Directors

Manuel Urquijo Beltrán
Secretary of the Board of Directors



Report of the Chief Executive Officer to Ordinary General Shareholders' Meeting of Megacable Holdings S.A.B. De C.V.

Dear Shareholders and Members of the Board of Directors

It is a great pleasure for me to present to our Operating Results, as well as the most representative actions completed during fiscal year 2014.

Throughout the year, we achieved a significant increase in RGUs of 21% 4,458,106; Among our most relevant Operating Results, we must emphasize that in the period, the number of sole subscribers grew by 14% and the RGU per sole subscriber increased to 1.74, which represents a 7% increase. This improvement was driven by the impressive growth of 40% in Internet services, whereas in the video and telephony services, the increases were also outstanding with 12% and 25%, respectively, which are well above the industry averages, thereby enabling us to increase our market share.

Throughout the year, we achieved a significant increase in RGUs of 21% **4,458,106.**

The efforts made to increase our presence and share of the Corporate, business and government markets have borne fruit. We achieved an increase of 59% in the revenues of this business unit, which already represents 16% of the total revenues of the Company. We hope to continue growing at an accelerated rate in the future, since we have all already seen that our investment in Ho1a, our technological and solutions arm managed by this segment, has produced magnificent results and that the synergy achieved together with our Metrocarrier business unit was not 1+1=2, but much more, and we hope that this equation will continue to improve.

At Megacable, consistent with the quality of service that we offer to our customers, it is essential for the achievement of results that we continue to implement strategies that enable us to increase the satisfaction levels of our subscribers. Among our main initiatives implemented, the most outstanding are our centralization of our signal reception and distribution into two locations, an ambitious and aggressive maintenance plan, the detection of faults using state-of-the-art technology and the on-going training of our personnel. All of this has allowed us to overcome network problems before they affect our users.

In addition to these great actions and results, I must also mention the Operating Results by business unit:

VIDEO

The year on-year growth in this service was 12% , to reach 2,406,050 subscribers and achieve an Average Revenue Per User (ARPU) of Ps. 230.4. Our revenue in this business unit increased by 5% in the period.

We are continuing with our digitalization plan, which is very advanced with 1,648,599 digital subscribers who represent 69% of the total of the base and a total of 3,556,093 digital receivers have been installed including the additional TVs in subscribers' homes. Our digitalization process has contributed to capturing more customers and to growing our market share. Digitalization enables us to offer subscribers VOD, HD and Premium channel services.

We are continuing with the implementation of a new generation of video services, that include the launch of Megacable Play, our OTT service that will allow users to enjoy movies, programs and live TV in all their devices, such as Smartphones, Tablets and PCs. We will also launch cloud services, such as "Time Shift TV" interactive recordings and services, which will allow subscribers to time shift the programming.

The migration of our HD (High Definition)-format channels has continued to grow in order to be able to provide our customers with the best quality products. We ended 2014 with more than 60 HD channels, in 2015, we expect to reach more than 90 HD channels.

INTERNET

We achieved an impressive growth in subscribers of 40% compared to 2013, by reaching the figure of 1,330,614 , while revenues in the segment increased by 22%compared to 2013, with an average income per subscriber of Ps. 191.5.

The penetration of the Internet service in our country has increased significantly and consumers have demonstrated their preference for Megacable by finding a better price-speed ratio at our Company. Megacable will continue to offer the fastest connection speed at the most competitive prices on the market.

In 2014, we concentrated our investments on the deployment of fiber optics, increasing the capacity of our transportation network, the division of nodes and all elements necessary to support more users at greater speeds.

TELEPHONY

At year-end of 2014, we had 721,442 subscribers, which represent an increase of 25% compared to 2013. The revenues of this service also increased by 6%.

We completed the total refurbishment and change of the technological telephony platform, which enables us to offer our customers the integration services of its fixed line with its cellular telephone lines, based on the IMS (IP Multimedia Subsystem) network architecture. In 2014, most of our customers had already migrated to this platform and all of them had done so by the beginning of 2015.

Our telephony service offers different unlimited local call tariff plans to cell phones and long-distance that meet the needs of each one of our customers and enables us to achieve an ever greater market share and penetration.

BUSINESS AND CORPORATE SEGMENT

2014 was a relevant work for the growth of the Business and Corporate Segment, which consists of the Megacable Companies, Metrocarrier, MCM, Ho1a and the PCTV business units. At December 31, there was a 59% growth in revenues compared to 2013, which represents 16% of the Company's total revenues.

The segment is responsible for developing commercial customers, which consists of micro, small and medium-sized companies to corporate carriers, to which we offer transportation, connectivity, equipment and administrative services.

Metrocarrier is Megacable's division is responsible for providing comprehensive telecommunications and information technology solutions to companies of all sizes. It has world-renowned technological partners with whom it has been able to create a first-level network. Through Metrocarrier, the maintained our growth in the corporate segment thanks to our service and connection speeds, which offer 400 megabytes per second and we have the infrastructure of up to 2.5 gigabytes per second.

The video, internet and telephony services business segment includes services for hotels, hospitals, schools, universities and other users. This segment reflected a growth of 32% compared to 2013 and represents 6% of the Company's total revenues.

DISCONNECTION RATES

Our average monthly disconnection rate in the video and internet segments decreased; by 50 base points in video from 3.0% to 2.6% year-on-year, 60 base points in internet, from 3.2% to 2.6% year-on-year while in telephony, it increased by 20 base points from 3.8% to 4%. In the case of telephony, the increase in the disconnection rate is due to the aggressive promotion of three free months in the contracting of any internet service.

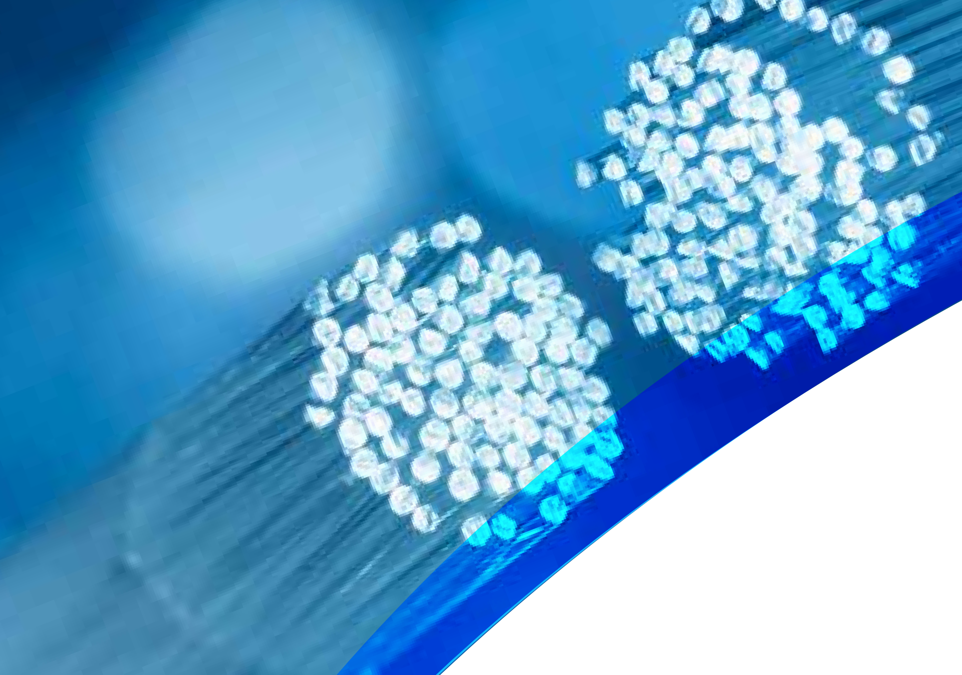
REVENUES

Service revenues reached 11,476 million pesos, representing a 14% growth compared to the prior year, mainly due to the preference of subscribers and our accurate commercial strategies.

The EBITDA margin of cable operations was 43.7% and the consolidated EBITDA margin was 41.9%, one of the highest in the industry thanks to the Company's costs and expenditure controls. The ARPU per single subscriber reached Ps. 398.3 in 2014 due to the additional services contracted by our customers.

NET INCOME

Net income amounted to Ps. 2,478 million with a margin of 22%. The income reflected a growth of 28% compared to 2013 due mainly to the excellent operating results achieved by the Company, the benefits of the Reform to the Telecommunications Law and the reduction in the fiscal burden in deferred taxes.



BALANCE SHEET

The Company's balance sheet reflects great strength that is evidenced by the on-going improvement in the financial indicators, in which an increase of 38% in current assets can be observed, as well as a 54% growth in the cash and temporary investments account.

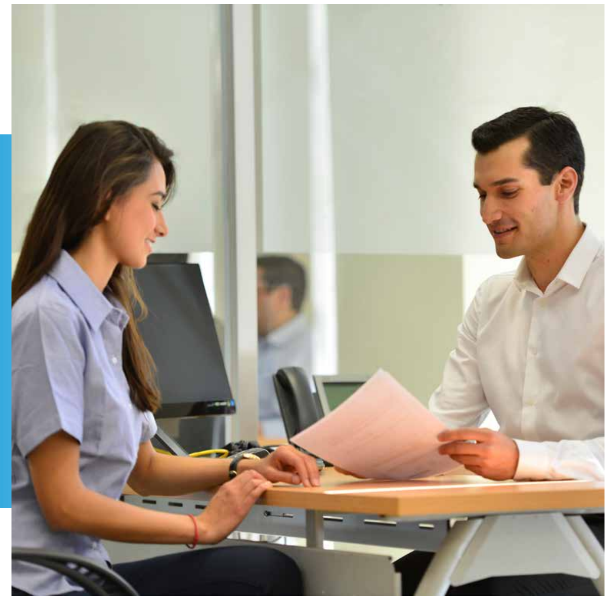
Total assets reached 25,353 million pesos at year-end 2014, observing an increase of 15%, mainly as a result of an improved generation of the amount of $1,400 million pesos of free cash, an increase in our investments in networks and fixed assets.

Short-term assets amounted to 2,386 million pesos, a figure 35% above that observed in 2013. This is as a result of an increase in short-term bank loans and the suppliers' account.

Total liabilities reflected an increase of 11% to close in the amount of 7,327 million pesos. This increase can be explained mainly by the increase in the aforementioned short-term liabilities.

The Company's capital stock increased year-on-year by 16%, due mainly to the increase in cumulative income.

We maintain a leadership position as the company that has the most modern and extensive **fiber optic** and **coaxial** cable network in the country



CAPITAL INVESTMENTS

In 2014, a CAPEX investment was recorded in the amount of 2,336 million pesos, which represents an increase of 17% compared with the prior year. This investment was mainly focused on productive assets to support the increase in subscribers seen throughout the year. Other relevant investments were allocated to the construction of more than 2,000 kilometers of the network for the digitalization process and the purchase of terminal equipment for subscribers.

The investments in the technical infrastructure we have made throughout the year have played a very important role for our growth and development and have contradicted and has contributed to us being able to position ourselves as leaders in the telecommunications sector.

We maintain a leadership position as the company that has the most modern and extensive fiber optic and coaxial cable network in the country, in which increased to almost 7 million homes and an extension of almost 50,000 kilometers, figures that represent an increase of 9% in homes served compared to the prior year.

Even so, our capital investment ratio against the revenues in one of the lowest in the industry. On average, over the last three years this figure has been 20%, which demonstrates our efficiency and enables us to generate a significant amount of free cash flow.

OTHER INVESTMENTS

In 2014, we completed several investments and acquisitions in productive assets, infrastructure and technology in order to continue to offer a network of services focused on different population segments.

The acquisition of the Ho1a (a company, as an alliance of Metrocarrier, has favored the unification of technologies and network infrastructure to group the communication solutions that we offer our customers. The division has produced excellent results for the organization and represents 24% of revenues within the Business Sector.

We acquired shares in the company PCTV (Productora y Comercializadora de Televisión), with which Megacable obtained the largest stockholding. This company produces, distributes and sells five signals and represents the signals of the main international broadcasters in Mexico. ESPN/Disney, Discovery, MTV/Viacom and AMC, to mention a few.

PCTV's infrastructure has enabled us to strengthen our content generation capacity and our offer of unique content to obtain a competitive differential advantage within the industry.

Continuing with our objective to create an efficient network and reduce our operating costs, we consolidated our reception and distribution heads of video signals into two main points, located in Guadalajara and Veracruz .

These two points will replace the more than 100 points we had nationality, only remaining the additional population centers to which we do not have a connection point to our own fiber-optic network, which are small towns, which we will eventually reach.

Since technology and innovation are fundamental parts of our business, we are continuing to work on the IMS (IP Multimedia System) platform, which will allow us to link calls from fixed telephone lines to cellular telephones. Moreover, the migration of the IPV6 network architecture shows our commitment to offer the best availability and directioning of services to each one of our customers.

STOCK MARKET PERFORMANCE

The CPO price at December 31, 2014 was Ps. 57.54. Earnings per share were Ps. 1.40, equivalent to Ps. 0.70 per CPO, which represent an increase of 25% compared to the earnings achieved in 2013.

Megacable has a total of 1,721,355,673 series "A" shares, of which 1,717,935,789 were outstanding at December 31, 2014.

Megacable has a free float of 35% because the general investing public holds 600,237,186 shares through 300,118,593 CPOs (2 share each).

The total amount authorized for the share buy-back fund is Ps. 300,000,000, At year-end, there are 3,419,884 shares (1,709,942 CPOs) held in Treasury and surplus resources of Ps. 206,146,213.

Megacable has a total of 1,721,355 673 series "A" shares, of which 1,717,935,789 are outstanding at December 31, 2014. The general investing public holds 600,237,186 shares through 300,118,593 CPOs (two shares each) of which 3,419,884 shares (1,709,942 CPOs) were held in Treasury.

The resources remaining at year-end amount to 206,146,213 with a free float of 35%.

Earnings per share reached Ps. 1.40, equivalent to Ps. 0.70 per CPO, which represents an increase of 25% compared to the figure reported the prior year.

At year-end 2014, the Company had **14,477** employees, and we created **1,821 jobs** in that year.

OUR PEOPLE

Our employees play a fundamental role in our growth; therefore, throughout 2014, we reinforced our plans and programs focused on their development and training and on the search for and the implementation of actions that improve customer service, keeping in mind at all times the main objective of quality assurance. At year-end 2014, the Company had 14,477 employees, and we created 1,821 jobs in that year.

All these significant actions will lead to the growth and strengthening of Megacable, preparing it to face the challenges in this highly competitive industry with significant changes in consumer habits and in a dynamic regulatory ambit. Our commitment is to be the best telecommunications company in Mexico and we are working daily to achieve this vision.

Sincerely,

Enrique Yamuni Robles
Chief Executive Officer

Manuel Urquijo Beltrán
Secretary of the Board of Directors

Corporate Information

Mission
To contribute to a better quality of life by providing excellent convergent video, voice and data services.

Vision
To be a leader in the telecommunications industry in the delivery of high quality converged cable television, voice and data services.

Quality Policy
To provide convergent video, voice and data services that exceed customer expectations through the use of state-of-the-art technology, ongoing development of human talent and a culture of continuous improvement.

Values
Honesty, Commitment to work, A Service Attitude, Respect for People, Efficiency in the Use of Resources, Loyalty.

Operative scheme

MEGACABLE®

MCM TELECOM

METROCARRIER® COMUNICAMOS TU EMPRESA

ho1a

INFRASTRUCTURE AND INVESTMENT

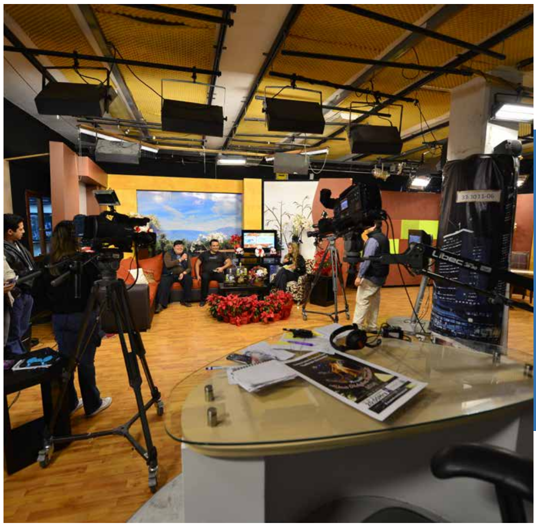
In 2014, we completed several investments and acquisitions in productive assets, infrastructure and technology in order to continue to offer a network of services focused on different population segments.

The acquisition of the Ho1a (a company, as an alliance of Metrocarrier), has favored the unification of technologies and network infrastructure to include the communication solutions that we offer our customers. The division has produced excellent results for the organization and represents 24% of revenues within the corporate sector.

We signed an agreement for the acquisition of more than 50% of the shares of the company PCTV (Productora y Comercializadora de Televisión), which distributes and markets its own TVC signals as well as distributing 70 signals of the most important broadcasters.

PCTV's infrastructure has enabled us to strengthen our content generation capacity and our offer of unique content to obtain a competitive differential advantage within the industry.

Continuing with the objective to create an efficient network and reduce operating costs, we consolidated our distribution centers into two main points in the cities of Guadalajara and Veracruz, which will replace more than 100 points at national level.



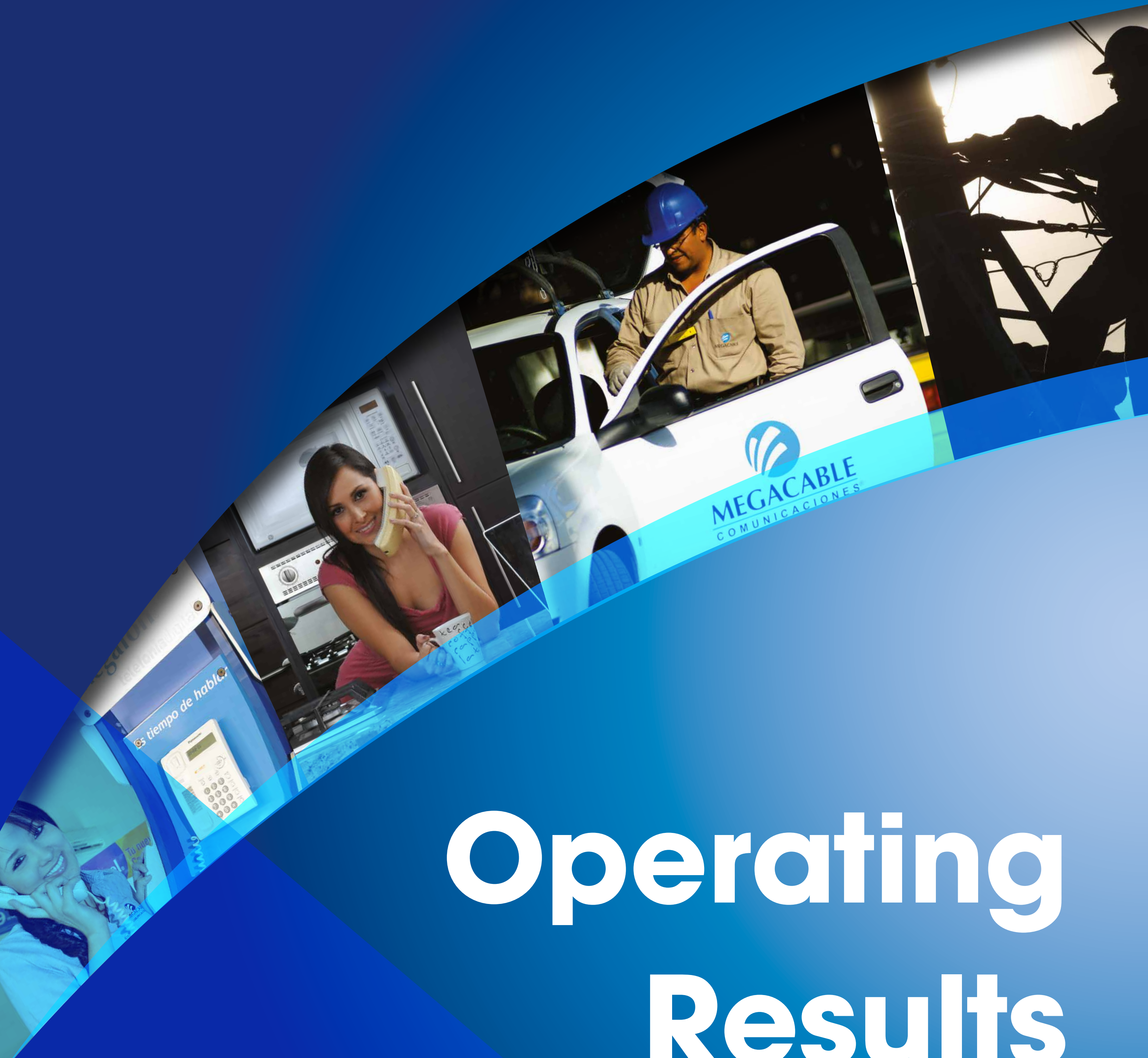
The acquisition of the Ho1a has favored the unification of technologies and network infrastructure

Since technology and innovation are fundamental parts of our business, we are continuing to work on the IMS (IP Multimedia System) platform, which will allow us to link calls from fixed telephone lines to cellular telephones. Moreover, the migration of the IPV6 architecture network shows our commitment to offer the best availability and directioning of services to each one of our customers.

OUR PEOPLE

Our employees play a fundamental role in our growth; therefore, throughout 2014, we reinforced our plans and programs focused on their development and training and on the search for and the implementation of actions that improve customer service, keeping in mind at all times the main objective of quality assurance.

"Loyal for Life" and "empowerment" were some of the workshops provided to foster the loyalty of our customers and the taking of decisions by employees to help this important public.



Operating Results

VIDEO

We are continuing with the implementation of a new generation of video services, which include the launch of Megacable Play and the increase in HD (High Definition) channels within our product portfolio.

The introduction of Megacable Play constitutes a great advance in the development of innovative video services aimed at new generations of consumers who can enjoy the best movies, television series, music, soap operas and their favorite news programs on their Smartphones, Tablets, PCs or televisions without depending on a fixed schedule. This service is managed in three formats: subscription, movie rentals and free of charge. We also have in the region of 4,000 series and movie titles, 25 live channels available for all the family.

The migration of our HD (High Definition)-format channels has continued to grow in order to be able to provide our customers with the best quality products. We ended 2014 with more than 60 HD channels. In 2015, we expect to reach more than 80 HD channels.

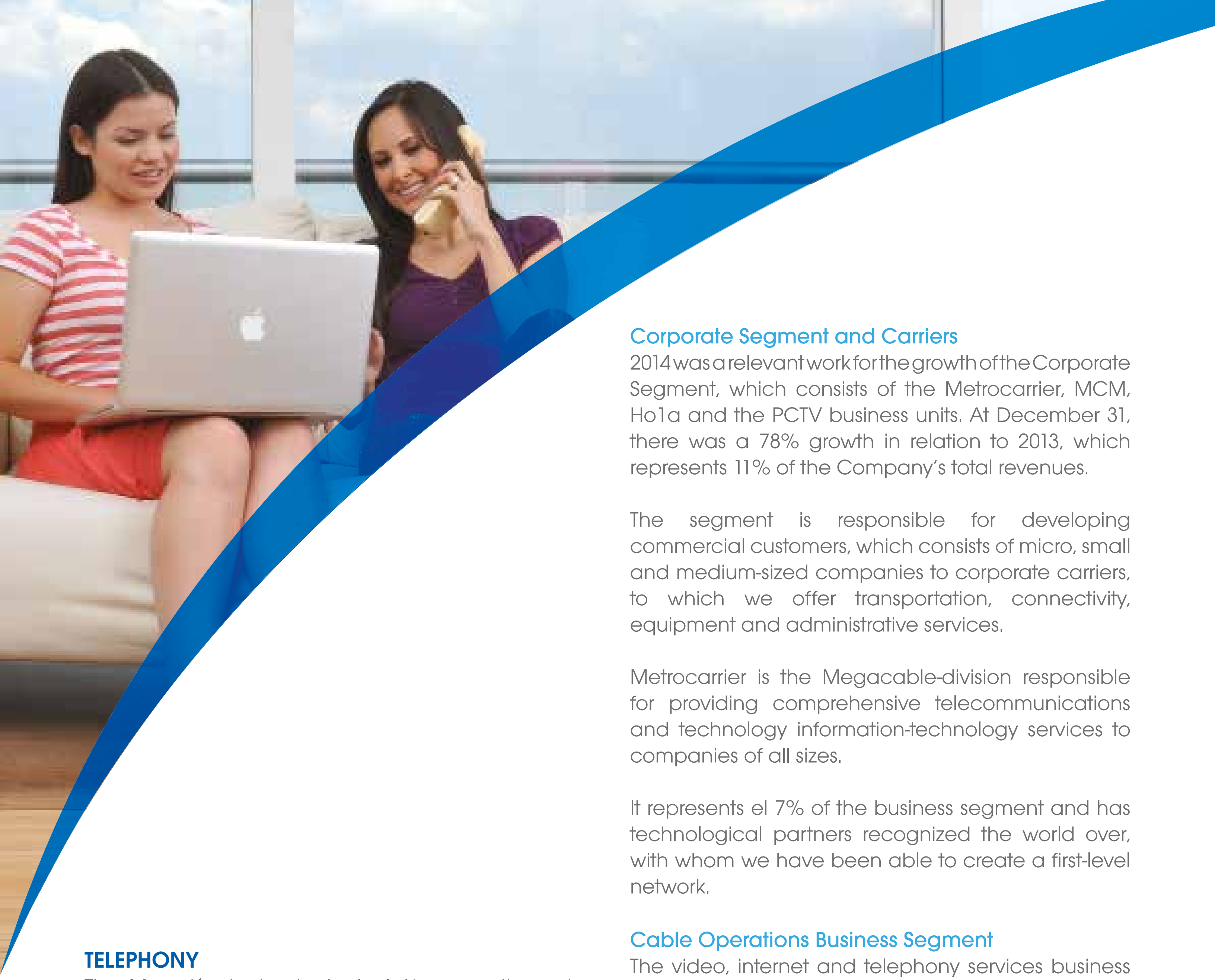
Our digitalization process has contributed to capturing more customers and increasing our market share by closing 2014 with 1.6 million digital video subscribers, which represents an increase of 25% over 2013. Digitalization will allow us to offer subscribers digital VOD services, premium channels, OTT and Internet access.

INTERNET

The penetration of Internet services has increased significantly; therefore, we have given ourselves the task of implementing steps that emphasize our main competitive advantage, which is connection speed.

In 2014, we deployed a technological platform to commence the technological migration from coaxial cable to fiber optics, which translated into cost savings for the division and faster connection speeds than the competition, which vary from 300-400 megabytes per second.

At year-end 2014, we have 1.3 million subscribers, which represent a growth of 40% compared to 2013, an increase in revenues generated of 22%, achieving an amount of 26 million pesos, to finish with an average revenue per user (ARPU) of 191.5.



Corporate Segment and Carriers

2014 was a relevant work for the growth of the Corporate Segment, which consists of the Metrocarrier, MCM, Ho1a and the PCTV business units. At December 31, there was a 78% growth in relation to 2013, which represents 11% of the Company's total revenues.

The segment is responsible for developing commercial customers, which consists of micro, small and medium-sized companies to corporate carriers, to which we offer transportation, connectivity, equipment and administrative services.

Metrocarrier is the Megacable-division responsible for providing comprehensive telecommunications and technology information-technology services to companies of all sizes.

It represents el 7% of the business segment and has technological partners recognized the world over, with whom we have been able to create a first-level network.

Cable Operations Business Segment

The video, internet and telephony services business segment includes services for hotels, hospitals, schools, universities, governments and other users. This segment reflected a growth of 32% compared to 2013 and represents 6% of the Company's total revenues.

Service Income

Service income represented reached 11.5 million pesos, which represents a growth of 14% over the prior year. This was due to the great acceptance of our internet product, which reflected a significant growth and is the result of the digitalization process. The ARPU per single subscriber reached Ps. 398.3 in 2014, thanks to the increase in subscribers and the additional services contracted by our customers.

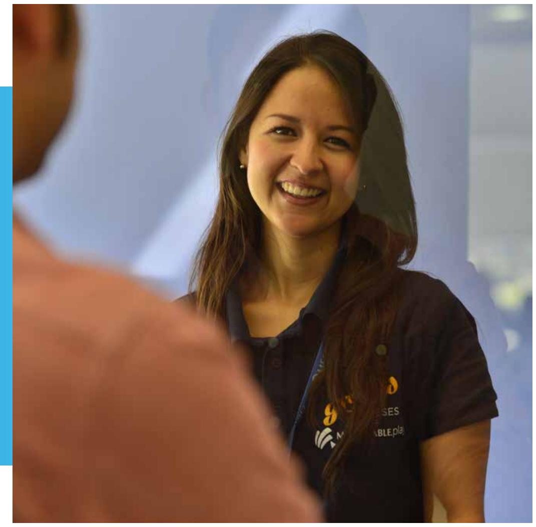
TELEPHONY

The Megafón technological platform continues to run under the IMS *(IP Multimedia System)* architecture network to offer our clients the integration of their fixed telephone lines with their cell phone lines.
In 2014, most of our customers migrated to this platform, whereas in 2015, we are planning that all of them will have this service.

Megafón offers different unlimited local call tariff plans to cell phones and long-distance that meet the needs of each one of our customers and enables us to achieve greater market share and penetration.
In 2014, we added 144,000 subscribers, which make a total of 721,000, which represent a 25% increase compared to 2013.

OTHER

In 2014, a CAPEX investment was recorded in the amount of **2,336 million pesos**, which represents an increase of **17%** compared with the prior year.



Net Income

Net income amounted to Ps. 2,409 million with a margin of 21%. The increase in income reflected a growth of 24% over 2013 due mainly to the excellent operating results achieved by the Company, the benefits of the Reform to the Telecommunications Law and the reduction in the fiscal burden both in current and deferred taxes.

Operating expenses increased by 21% year on year as a result of the growth of our infrastructure, the digitalization process, increased labor and other expenses related to our commercial and operating efforts.

Balance Sheet

The Company's balance sheet reflects great strength that is evidenced by the on-going improvement in the financial indicators, in which an increase of 39% in current assets can be observed, as well as a 54% growth in the cash and temporary investments account.

Total assets reached 25,223 million pesos at year-end 2014, observing an increase of 14%, mainly as a result of an improved generation of cash.

Short-term assets amounted to 2,320 million pesos, a figure 32% above that observed in 2013. This is as a result of an increase in liabilities that mature in less than one year and to the suppliers' account.

Total liabilities reflected an increase of 10% to close in the amount of 4,946 million pesos. This increase can be explained mainly by the increase in short-term liabilities.

The Company's stockholders' equity increased year-on-year by 16%, mainly as a result of the cumulative income.

The Company's financial strength represents a leverage for growth at low risk.

Capital Investments

In 2014, a CAPEX investment was recorded in the amount of 2,336 million pesos, which represents an increase of 17% compared with the prior year. This investment was mainly focused on productive assets to support the increase in subscribers seen throughout the year. Other relevant investments were allocated to the construction of kilometers of the network for the digitalization process and the purchase of terminal equipment for subscribers.

The aforementioned investments are proof of our commitment to have the first-class network that offers diverse services in line with our customers' needs.

The investments in the technical infrastructure we have made throughout the year have played a very important role for our growth and development and have contradicted and has contributed to us being able to position ourselves as leaders in the telecommunications sector.

Stock Market Performance

At December 31, 2014, Megacable had 1,718 million outstanding shares, 298 outstanding CPOs and 1,710 CPOs held in Treasury.

Board of Directors and Management Team

Megacable's Board of Directors is composed of eleven members appointed by the General Shareholders' Meeting, of which 27% are independent directors.

Francisco Javier Robinson Bours Castelo
Chairman of the Board

Enrique Yamuni Robles
Chief Executive Officer

Manuel Urquijo Beltrán
Board Secretary

Sergio Jesús Mazón Rubio
Member

Jesús Enrique Robinson Bours Muñoz
Member

Juan Bours Martínez
Member

Arturo Bours Griffith
Member

José Gerardo Robinson Bours Castelo
Member

Mario Laborín Gómez
Independent Member

Nicolás Olea Osuna
Independent Member

Pablo Rión Santisteban
Independent Member

BOARD OF DIRECTORS' COMMITTEES

The Company's Board of Directors has two committees:

BEST CORPORATE PRACTICES COMMITTEE

Composed of three independent members:

Nicolás Olea Osuna
Chairman

Mario Laborín Gómez
Member

Pablo Rión Santisteban
Member

AUDIT COMMITTEE

Composed of three independent members:

Pablo Rión Santisteban
Chairman

Mario Laborín Gómez
Member

Nicolás Olea Osuna
Member

MANAGEMENT TEAM

Enrique Yamuni Robles
Chief Executive Officer

Raymundo Fernández Pendones
Joint General Director

Luis Antonio Zetter Zermeño
Administration and Finance Director

Megacable Holdings, S. A. B. de C. V. and Subsidiaries

Consolidated financial statements

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Independent Auditors' Report

To the stockholders of Megacable Holdings, S. A. B. de C. V. and subsidiaries

We have audited the accompanying consolidated financial statements of Megacable Holdings, S. A. B. de C. V. and subsidiaries, which comprise the consolidated statement of financial position at December 31, 2014 and the related consolidated statements of comprehensive income, of changes in stockholders' equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Managements' responsibility for the consolidated financial statements

Management of the Company and its subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS, see note 2) and for the internal control structure considered by Management to be necessary to allow for ensuring that the consolidated financial statements are free of material misstatement due to fraud or errors.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Megacable Holdings, S. A. B. de C. V. and subsidiaries at December 31, 2014, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers, S. C.

C.P.C. Javier Alonso Rodríguez
Audit partner

Guadalajara, Jalisco, April 23, 2015

Megacable Holdings, S. A. B. de C.V. and Subsidiaries

Consolidated statements of financial position

December 31, 2014 and 2013

(Figures in thousands of pesos)

Assets	Note	At December 31, 2014	2013
CURRENT ASSETS			
Cash and cash equivalents	5	$ 4,006,989	$ 2,346,443
Financial assets carried at fair value through income	6		260,721
Accounts receivable, net	7	739,073	889,868
Income tax and flat tax			
recoverable		2,714	45,007
Value added tax and others		502,726	175,905
Inventories	8	154,273	201,569
Total current assets		5,405,775	3,919,513
Properties, networks and equipment, net	10	14,398,758	12,485,905
Goodwill	2.13 y 11	4,378,397	4,378,397
Other intangible assets, net	12	165,709	298,671
Related parties	26	660,757	703,509
Investment in shares of associates and joint ventures	9	-	101,770
Taxes on profits	2.19 y 21	265,653	179,915
Other assets		77,753	28,617
Total noncurrent assets		19,947,027	18,176,784
Total assets		$ 25,352,802	$ 22,096,297

Liabilities and stockholders' equity	Note	At December 31, 2014	2013
CURRENT LIABILITIES:			
Short-term portion of long-term notes payable		$ 27,505	$ 28,696
Bank loans	14	605,488	56,926
Suppliers	2.15	934,681	682,929
Related parties	26	113,740	142,372
Taxes on profits payable	15	-	209,550
Other accounts payable	16	704,222	641,882
Total current liabilities		2,385,636	1,762,355
LONG-TERM LIABILITIES:			
Long-term documents payable		4,501	3,183
Bank loans	14	2,181,693	2,114,764
Related parties	26	644,711	743,816
Employee benefits	17	159,847	140,355
Income tax	21	606,829	606,829
Deferred taxes on profits	2.19 y 21	1,343,427	1,243,509
Total long term liabilities		4,941,008	4,852,456
Total liabilities		7,326,644	6,614,811
STOCKHOLDERS' EQUITY:			
Capital stock	19	910,244	910,244
Net premium on placement of shares	19	2,117,560	2,117,560
Retained earnings	19	13,583,902	11,105,900
Reserve for the repurchase of shares	19	257,514	255,552
Legal reserve	19	488,832	488,832
Total stockholders' equity - controlling portion		17,358,052	14,878,088
Non-controlling portion		668,106	603,398
Total stockholders' equity		18,026,158	15,481,486
Total liabilities and stockholders' equity		$ 25,352,802	$ 22,096,297

The accompanying notes are an integral part of these financial statements

C.P. Luis Antonio Zetter Zermeño

Administration and Finance Director

Megacable Holdings, S.A.B. de C.V. and Subsidiaries

Consolidated statements of comprehensive income

December 31, 2014 and 2013

(Figures in thousands of pesos)

		At December 31,			
	Note		2014		2013
Service income	2.23 y 28	$	11,475,762	$	10,279,316
Cost of services	22		4,8x73,775		4,524,771
Gross profit			6,601,987		5,754,545
Selling expenses	22		3,193,009		2,719,502
Administration expenses	22		268,263		219,757
			3,461,272		2,939,259
Other income - Net	23		106,772		68,703
Operating income			3,247,487		2,883,989
Financial income	24 y 26		162,943		204,480
Financial expenses	24		(200,189)		(171,317)
			(37,246)		33,163
Equity in the results of associate and joint venture	9		-		
Profit before income taxes			3,210,241		2,932,082
Income taxes	21		(659,127)		(871,750)
Net profit for the period			2,551,114		2,060,332
Other comprehensive items:					
Items that will not be reclassified subsequently to income					
Actuarial gains and losses, net	17		(8,404)		11,094
Comprehensive income for the year		$	2,542,710	$	2,071,426

	Note	At December 31,			
			2014		2013
Comprehensive income attributable to:					
Controlling company owners		$	2,478,002	$	1,940,767
Non-controlling company owners			64,708		130,659
Earnings per basic and diluted share:					
Attributable earnings per common share of the controlling company	2.24 y 20	$	1.40	$	1.12
Participation certificates (CPOs) per share	2.24 y 20	$	0.70	$	0.56

The accompanying notes are an integral part of these financial statements

C.P. Luis Antonio Zetter Zermeño

Administration and Finance Director

Megacable Holdings, S.A.B. de C.V. and Subsidiaries

Consolidated statements of changes in stockholders' equity

December 31, 2014 and 2013

(Figures in thousands of pesos)

	Note	Capital stock	Not premium on placement of shares	Reserve for repurchase of shares	Retained earnings	Legal Reserve	Total stock. equity controlling interest	Non-controlling interest	Total stockholders equity
Balance at January 1, 2013		$ 910,244	$ 2,117,560	$ 255,881	$ 10,745,815	$ 488,832	$ 14,518,332	$ 389,339	$ 14,907,671
Transactions with stockholders:									
Net sales of own shares	19			(329)			(329)		(329)
IAS effect 19	17				(12,457)		(12,457)		(12,457)
Dividends declared	19				(1,568,225)		(1,568,225)		(1,568,225)
Total transactions with stockholders		910,244	2,117,560	255,552	9,165,133	488,832	12,937,321	389,339	13,326,660
Effect of acquisition	27							83,400	83,400
Net income					1,929,673		1,929,673	130,659	2,060,332
Total dother items of comprehensive income for the year					11,094		11,094		11,094
Comprehensive income					1,940,767		1,940,767	130,659	2,071,426
Balances at December 31, 2013		910,244	2,117,560	255,552	11,105,900	488,832	14,878,088	603,398	15,481,486
Transactions with stockholders:									
Net Purchases of own shares	19			1,962			1,962		1,962
Total transactions with stockholders		910,244	2,117,560	257,514	11,105,900	488,832	14,880,050	603,398	15,483,448
Net income					2,486,406		2,486,406	64,708	2,551,114
Total dother items of comprehensive income for the year	17				(8,404)		(8,404)		(8,404)
Comprehensive income					2,478,002		2,478,002	64,708	2,542,710
Balances at December 31, 2014		$ 910,244	$ 2,117,560	$ 257,514	$ 13,583,902	$ 488,832	$ 17,358,052	$ 668,106	$ 18,026,158

The accompanying notes are an integral part of these financial statements

C.P. Luis Antonio Zetter Zermeño

Administration and Finance Director

Megacable Holdings, S. A. B. de C. V. and Subsidiaries

Consolidated statements of cash flows

December 31, 2014 and 2013

(Figures in thousands of pesos)

		At December 31,	
Cash flows from operating activities:	**Note**	**2014**	**2013**
Profit before income taxes		$ 3,210,241	$ 2,932,082
Cost for the period of employee benefits	17	(9,043)	29,168
Allowance for doubtful accounts receivable from customers	7	56,892	-
Depreciaton	10	1,429,910	1,250,057
Amortization	12	236,441	260,063
Loss on sale of property, systems and equipment		(47,818)	5,436
Interest receivable	24	(162,943)	(181,297)
Equity in the results of associates and joint ventures	9	-	(14,930)
Exchange fluctuation	24	97,597	(174,218)
Interest payable	24	127,553	171,317
		4,938,830	4,277,678
Decrease (increase) in other accounts receivable	7	475,543	(455,861)
Income tax and flat tax			
		42,293	2,512
(Increase) decrease in value added tax and others		(326,821)	18,691
(Decrease) increase in related parties	26	(633,344)	99,501
Decrease in inventories	8	47,296	87,193
(Increase) decrease in other assets	21	(49,135)	350
Increase (decrease) in suppliers	2.15	160,001	(177,460)
(Decrease) income taxes payable	15	(209,550)	(104,951)
Increase (decrease) in other accounts payable	16	246,603	(80,027)
		4,691,716	3,667,626
Income taxes paid	15	(717,322)	(115,023)
Net cash flows from operating activities		3,974,394	3,552,603

		At December 31,	
Cash flows from investment activities:	**Note**	**2014**	**2013**
Interest collected	24	136,135	175,255
Loans to related parties	26	(10,000)	(87,913)
Amounts collected on loans to related parties	26	-	96,048
Acquisition of properties, networks and equipment	10	(3,033,557)	(2,025,452)
Acquisition of other intangible assets, net	12	(31,479)	(31,373)
Acquisition of PCTV en 2014 (Grupo Hola 2013), net of cash acquired	1 y 27	(92,377)	(89,406)
		64,708	130,659
Net cash flows used in investing activities		(3,031,278)	(1,962,841)
Cash flows from financing activities:			
Interest paid	24	(127,553)	(171,317)
Bank loans received	26	620,607	-
Bank loans paid	26	(52,851)	-
Dividend payments	19	-	(1,568,224)
Net purchases of own shares	19	1,962	(329)
Net cash flows arising from (used in) financing activities		442,165	(1,739,870)
Decrease in cash and cash equivalents		1,385,281	(150,108)
Cash and cash equivalents at beginning of year		2,607,164	2,493,905
Exchange fluctuation of cash and cash equivalents		14,544	263,367
Cash and cash equivalents at end of year		$4,006,989,	$ 2,607,164

At December 31, 2014 and 2013, acquisitions totaled $94,275 and $76,526, respectively, related to networks and equipment not requiring the use of cash, as they were acquired through financial leasing.

The accompanying notes are an integral part of these financial statements

C.P. Luis Antonio Zetter Zermeño

Administration and Finance Director

Megacable Holdings, S. A. B. de C. V. and Subsidiaries

Notes to the consolidated financial statements

December 31, 2014 and 2013

(Figures stated in thousands of pesos, unless otherwise indicated)

Note 1 - Group reporting:

When these notes make joint reference to Megacable Holdings, S. A. B. de C. V. and its subsidiary Mega Cable, S. A. de C. V. (Mega Cable), the term Group is used. The Group is directly controlled by the Bours family, represented by Mr. Francisco Javier R. Bours Castelo which holds 12.52%, Mazon family with
3.40% and the trust managed by Nacional Financiera, S.N.C. Institución de Banca de Desarrollo, with
80%. In addition, the subsidiary Mega Cable is in turn the holding company of a group of companies engaged in the installation, operation, maintenance and exploitation of the systems for distribution of cable television, Internet and telephone signals. The Group operates in 25 states in Mexico and is quoted on the Mexican Stock Exchange. For practical purposes, the Group has determined that it is regular operating cycle is to be from January 1 to December 31 of each year.

The Group's head office is located at Av. Lázaro Cárdenas 1694, Col. Del Fresno, C.P. 44900, Guadalajara, Jalisco, Mexico.

In 2014, the Group acquired 53% of Productora y Comercializadora de Televisión, S. A. de C. V. (Grupo PCTV), a company engaged in the purchase and sale of domestic and international television signals, the sale of television ads and advertising space, the production and coproduction of programs and the purchase of transmission rights to films, television series and cartoons for its own channels or for sale to cable television systems within Mexico. The Group held 28% of that company at December 31, 2013. See Note 27.

In 2013, the Group acquired Liderazgo Empresarial en Tecnologías de la Información, S. A.P. I. de C. V. and Fidelizar, S. A. de C. V. (Grupo Hola), a company engaged in the purchase and sale of commu- nications and telephone systems and in providing technical and advisory services and selling spare parts, materials and accessories having to do with its operations. See Note 27.

The accompanying consolidated financial statements show Group figures (see Note 2.2), including those for joint ventures and associates (see Note 26) at December 31, 2014 and 2013, in which the Company exercises significant influence and control, respectively.

The 2014 Telecommunications law amendments

The June 11, 2013 Official Gazette carried the "Decree amending and adding a number of provisions to articles 6o, 7o, 27, 28, 73, 78, 95 and 105 of the Mexican Constitution as concerns telecommunications", which requires Congress to issue a Legal Ordinance regulating the use and exploitation of the radio spectrum, telecommunications networks and the rendering of radio broadcasting and telecommu- nications services.

The Federal Telecommunications Institute (FTI) was created on September 10, 2013, and the July 14, 2014 Official Gazette carried the decree containing the Federal Telecommunications and Radio Broadcasting Law, which amends and repeals a number of telecommunications and radio broadcasting provisions. That decree went into effect on August 13, 2014.

At the date of these financial statements, the most significant effects are the following:

Juridical-Regulatory Framework 2014

1. *FTI Resolution dated March 26, 2014, which establishes asymmetric rates for interconnection with the predominant economic agent (Telmex) on the basis of the following:*

Concepto	Tarifa (en pesos)
a) Interconnection rate per minute within the same regional node.	$0.02015
b) Per-minute interconnection rate between regional nodes depending on a single domestic node.	$0.02258
c) Per-minute interconnection rate between regional nodes depending on different domestic nodes.	$0.02340
d) Per-minute transit rate within the same regional node.	$0.00864
e) Per-minute transit rate between regionalnodes depending on a single domestic node.	$0.01108
f) Per-minute transit rate between regional nodes depending on different domestic nodes.	$0.01190
g) Fixed-mobile interconnection rate	$ 0.2045

2. *The Federal Radio Broadcasting and Telecommunications Law*

   • Article 131 - As from August 13, 2014, the $00.00 rate per termination of calls on the Predominant Agent's network. (TELMEX, TELNOR) "... agents will not charge concessionaires for traffic ending on their network."
   • Article 164.- Retransmission of free-of-charge radio signals.
   (No charge for the license to retransmit Televisa and Azteca signals, among others)

3. *Public Reference Offer for the Sharing of Infrastructure published on November 21, 2014.*

   • Allows for sharing of Telmex infrastructure consisting of "Posts, Wells, Towers, Ditches, Ducts and Channeling, Rights of Way, Sites, Land, Physical Spaces and special and auxiliary services. The respective considerations must be paid.

4. *Public Reference Offer for the leasing of wholesale connections published on November 21, 2014.*

   • Makes it possible to request dedicated, local and interconnection connection from Telmex, subject to *payment of the respective considerations.*

5. *Issuance of portability rules, published in the Official Gazette on November 12, 2014 (**)*

- The time frame for conducting portability is reduced to 24 hours.
- The rates of the Data Base Administrator are currently being validated (portability system).

** Public consultation is currently being carried out for modification of guidelines.

Juridical/Regulatory Framework - Relevant Matters Applicable in 2015.

1. *Provision for making no charges on domestic long distance service as from January 1, 2015, published in the Official Gazette on December 24, 2014, on the basis of section V article 118 of the Federal Law of Telecommunications and Radio Broadcasting (LFTR).*

- All calls originating and ending in Mexican territory are considered local calls.
- Traffic stemming from dialing 01, 02 and 045 will be considered to qualify as local service calls and concessionaires may only record or maintain rates that have not yet been determined on the basis of distance. Those rates may not differ from 044 and 045 calls.
- Services provided via geographic numbers (200, 800 and 900) requiring 01 to be dialed first must apply the rates recorded by the concessionaires, excluding any charge based on distance or the location of the origin and destination within Mexico.

2. *Agreement P/IFT/EXT/191214/284, determining the rates in effect in 2015, published in the Official Gazette on December 29, 2014.*

It establishes the rates to be determined by the Federal Telecommunications Institute (IFT) for disagreements concerning interconnection between operators in 2015.

Operators other than the Predominant Operator	
Item	**Fee**
For termination of local service to mobile users as per the "the caller pays" modality.	$ 0.02505MXN
For termination of short messages	$ 0.0261MXN
For termination of local service used by fixed users	$0.004179MXM
In the case of the Predominant Economic Agent	
For organizing local service for fixed users	$0.005162MXN
For transit services	$0.006246MXN

3. *Agreement defining the Interconnection Points (PDICs for its acronym in Spanish) to the Public Telecommunications network of the Predominant Economic Agent.*

- 198 communities are mentioned where the PDICs for fixed telephony will be located, and 46 for mobile service.
- 11 communities are mentioned where traffic can be interchanged via IP Internet protocol.
- The predominant economic agent is required to exchange all its traffic through one or more interconnection points with any public telecommunications network concessionaire requesting it.
- Capacity is required to terminate the exchanged traffic at any point on the respective networks.
- The Predominant Economic Agent for telecommunications will have a period of 180 calendar days as from the date on which the Agreement goes into effect to initiate the exchange of traffic at the IP Interconnection Points in Mexico City, Monterey and Guadalajara and a period of 360 calendar days to initiate traffic exchange at all other IP interconnection points specified in the Agreement.

4. Agreement whereby a plenary session of the IFT Establishes Technical and Operating Conditions for the Effective Desegregation of the Predominant Agent's Local Network.

- The necessary technical, economic and operating conditions are established for disaggregation of the Predominant Agent's local network.

The services contemplated in the agreement are:

- (i) Auxiliary Services; (ii) Service for Indirect Access to the Local Loop ; (iii) Cubage Service for disaggregation; (iv) Service for shared disaggregation of the Local Loop; (v) Service for shared disaggregation of the Local Sub-Loop; vi) Service for Total Disaggregation of the Local Loop; (vii) Service for Total disaggregation of the Local Sub-Loop; (viii) Online Resale Service; and (ix) Cabling Services.

"The local loop is the physical circuit connecting the terminal connection point of the network at the domicile of the user to the telephone center or equivalent facility of the public telecommunications network from which the service is provided to the user."

The benefit provided to the Group by the amendments to the new telecommunications law are reflected in a reduction (for this irregular period, i.e., July 2014, when the reform became applicable) of the cost within the "Call Traffic" account (see Note 22), where Telmex, which is the predominant supplier, represented approximately 28% of cost. The result is an increase in the EBITDA; additionally, in subsequent full years, the benefit is expected to be approximately 70%. None of the other reforms had any particular impact in the 2014 period.

Note 2 - Summary of significant accounting policies:

Following is a summary of the most significant accounting policies used in preparing the consolidated financial statements, which have been applied consistently in the years presented, unless otherwise specified.

2.1 Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), interpretations thereof (IFRIC) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) on the historical cost basis of accounting, except cash and cash equivalents and derivative financial instruments measured at fair value.

IFRS require certain critical accounting estimations to be made when preparing the financial statements. They also require management to apply judgment in determining the accounting policies to be applied by the Group. The line items involving a greater degree of judgment or complexity or the areas in which the assumptions and estimates are significant for the consolidated financial statements are described in Note 4.

The individual financial statements for statutory purposes prepared as per Financial Reporting Standards are the basis for the payment of dividends.

2.1.1 Going concern

As a result of the financing activities conducted and the growing attention to working capital, the Group has improved its short and middle-term liquidity. Taking into account the possible variations in the commercial performance, the Group's budget and projections show it is capable of operating with its current level of financing.

After conducting the pertinent investigations, management reasonably expects the Group will be in possession of the resources necessary to continue operating as a going concern in the foreseeable future. Consequently, the Group's consolidated financial statements were prepared on a going-concern basis.

2.1.2 Changes in accounting policies and disclosures

Following are details of the standards and modifications going into effect for periods on or after January 1, 2013 and future requirements, that is to say, the new standards and modifications issued and effective after January 1, 2013.

Following is a list of standards/interpretations issued, effective for periods beginning on or after January 1, 2013.

Item	Key requirements	Effective date
Amendments to NIIF 10 and 12 and IAS 27 for the consolidation of investment entities.	This amendment means that certain funds and similar entities will not be required to consolidate the majority of their subsidiaries. On the other hand, they will be measured at fair value, with changes to income. This amendment provides an exception for entities that qualify as "investment entities" and have certain particular features. Changes made to NIF 12 involve the introduction of disclosures to be made by investment entities.	January 1, 2014
A mendments to NIC 36, "Impairment of as- sets" for the disclosure of the recoverable amount of nonfinancial assets.	This amendment specifies the disclosures concerning information on the recoverable value of impaired assets, if that amount is based on fair value less disposal costs.	January 1, 2014

Future requirements

Following is a list of standards/interpretations issued, not effective for periods beginning on or after January 1, 2013, but effective in subsequent periods.

Item	Key requirements	Effective date
Annual improvements 2013	These annual improvements modify standards for the 2011-2013 reporting cycle. They include changes to: - IFRS 3, "Business combinations" is amended; IFRS 3 no longer applies to the formation of a combined business under IFRS 11. - IFRS 13, "Fair value measurement" is amended; the exception to the IFRS 13 portfolio applies to contracts (including non-financial contracts) under the scope of IAS 39 or IFRS 9.	July 1, 2014

Item	Key requirements	Effective date
Amendments to IAS 19, "Employee benefits" concerning contribu- tions to employee or third-party defined be- nefit plans.	The amendment applies to employee or third-party contributions to defined-benefit plans and explains the treatment applicable to those contributions. The amendment distinguishes between contributions linked exclusively to the service in the period in which it arises and those linked to services for more than one period. The purpose of the amendment is to simplify accounting for contributions that are independent of the number of years of employee service; for example, contributions of employees calculated as per a fixed ´percentage of salaries. Entities with plans that require contributions that vary with the service must record the benefit of those contributions over the labor life of the employee.	July 1, 2014
Amendments to IFRS 11, "Joint agreements" with respect to the acquisition of an in- terest in a joint ope- ration.	The amendment provides new guidelines for accounting for the acquisition of an interest in a joint business qualifying as a business. The amendments require the investor to apply the accounting principles for a business combination when an interest is acquired in a joint operation that qualifies as a business. The amendments are applicable to the acquisition of an initial interest in a joint operation and to the acquisition of an additional interest in the same joint operation. However, an interest previously held is not remeasured when the acquisition of the additional interest in the same joint operation means that joint control continues to be maintained.	January 1, 2016
Amendment to IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets" having to do with amortization and depr- eciation.	The amendment explains that the use of methods based on income for the calculation of depreciation of an asset is not appropriate, because the income generated by an activity that includes the use of an asset generally reflect factors other than the consumption of economic benefits incorporated into the asset. It also explains that income is generally presumed to be an inappropriate base for measuring the consumption of the economic benefits incorporated into an intangible asset. The presumption may only be refuted in certain limited circum- stances. That is, when an intangible asset is expressed as a measure of income, or when it is demonstrated that income and the consumption of economic benefits are highly correlated.	January 1, 2016

2.2 Consolidation

a) Subsidiary companies

Subsidiaries are all entities over which the Company exercises control. The Company controls an entity when it is exposed or is entitled to variable yields arising from an interest in the entity and is capable of affecting yields through its power over the entity. When the Company's interest in a subsidiary is less than 100%, the interest attributed to external stockholders is reflected as a non- controlling interest.

The subsidiaries consolidate from the date on which they are controlled by the Group and cease to consolidate when said control is lost. For the purpose of Group consolidation, it consolidates four companies in which it holds 51% interest, which gives it control over those companies.

The Group uses the purchasing method of accounting to record business acquisitions. The cons- ideration involved in the acquisition of a subsidiary is determined on the basis of the fair value of the net assets transferred, the liabilities assumed and the capital issued by the Group. The consideration paid in an acquisition also includes the fair value of contingent accounts receivable or payable as part of the agreement. Acquisition-related costs related to the acquisition are reco- rded as expenses as they are incurred. The identifiable assets acquired and liabilities and contingent liabilities assumed in a combination of businesses are generally initially valued at fair value at the acquisition date. The group recognizes the non-controlling interest in the acquired entity, either at fair value at the acquisition date or at the proportionate value of the acquired entity's identifiable net assets.

If the combination of businesses is shown in stages, the book value of the buyer's prior interest in the acquired entity at the acquisition date is subject to fair value at the acquisition date, and any difference in income is recognized.

The excess of the consideration transferred, the non-controlling interest in the acquired entity and the fair value of any previous interest (where applicable) of the Group in the entity acquired (where applicable) over the fair value of the net identifiable assets of the acquired entity is recorded as goodwill. If that comparison results in an advantageous purchase, as in the case of a purchase at a bargain price, the difference is recorded directly in the statement of income.

Any contingent consideration payable by the Group is recognized at fair value at the date of acquisition. Subsequent changes in the fair value of the contingent consideration recognized as an asset or liability are recognized as per IAS 39, either in income or in comprehensive income. Contingent consideration classified as capital does not require adjustment, and subsequent settlement thereof is recognized under capital.

Goodwill is initially measured as an excess of the total consideration transferred and the fair value of the minority interest over identifiable net assets and assumed liabilities. If the consideration is below the fair value of the acquired subsidiary's net assets, the difference is applied to the statement of comprehensive income.

Transactions, balances and unrealized gains or losses resulting from operations between Group companies have been eliminated. When necessary, the accounting policies applied by the subsid- iaries have been modified to ensure their consistency with the accounting policies adopted by the Group.

The most important entities included in the consolidated financial statements are listed below (all companies are S. A. de C. V., except Liderazgo Empresarial en Tecnologías de la Información, Servicios Especiales Turandot and Werther Administración Integral, the three S. A. P. I. de C. V. subsidiaries):

Company	Shareholding % At December 31, 2014	2013	Line of business
Mega Cable	100	100	Holding company and leasing of infrastructure to subsidiaries.
Telefonía por Cable	99.99	99.99	Operations in the Sinaloa, Sonora, the Western area, Central area, Gulf, Chiapas, Comarca, Estado de México, León, Los Cabos systems, among others
MCM Holding	99.99	99.99	Local telephone services in Mexico City, Guadalajara and Monterrey.
Liderazgo Empresarial en Tecnologías de la Información	51.00	51.00	Holding company - this company and its subsidiaries are engaged in the purchase and sale of communications services in Mexico City, Guadalajara, Monterrey and Cancun.
Productora y Comercializadora de Televisión	80.80	-	The purchase and sale of domestic and international television signals, the sale of ads and advertising space on television, and the production and coproduction of programs.
Myc Red	51.00	51.00	Operations in the Sahuayo and Jiquilpan, Michoacán cable systems.
Tenedora Visión de México (2)	99.99	-	Holding Company
TV Cable del Golfo	99.99	99.99	Technical personnel service
Servicios Técnicos de Visión por Cable	99.99	99.99	Technical personnel service
Mega Ventas	99.99	99.99	Sales personnel service
Servicios de Administración y Operación	99.00	99.00	Administrative personnel services
Tele Asesores	99.00	99.00	Administrative personnel services
Entretenimiento Satelital	95.00	95.00	Operating of the "video rola" channel
Servicios Especiales Turandot (1)	96.69	96.69	Leasing of equipment and infrastructure for providing telephone services.
Werther Administración Integral (1)	96.69	96.69	Leasing of equipment and infrastructure for providing telephone services.
Corporativo de Comunicación y Redes de GDL	51.00	51.00	Leasing of equipment and infrastructure for providing cable, internet and telephone services.
Servicio y Equipo en Telefonía, Internet y Televisión	51.00	51.00	Holds the rights of subscribers of the Michoacán and Zacatecas systems, among others.

(1) On November 15, 2013, two new subsidiaries or spun off from the subsidiary Grupo Lipsio, S. A. P. I. de C. V., i.e., Servicios Especiales Turandot, S. A. P. I. de C. V. and Werther Administración Integral, S. A. P. I. de C. V.

(2) Tenedora Vision de México was incorporated on January 20, 2014 for an indefinite period and is engaged in holding the shares of the subsidiary Enlace Administrativo Asgard, S. A. de C. V., which holds fixed assets.

b) Changes in interest in subsidiaries without the loss of control

The group recognizes transactions with non-controlling stockholders as transactions among st- ockholders of the Group. When a non-controlling interest is acquired, the difference between any price paid and the interest acquired in the subsidiary, measured at book value, is recorded in stockholders' equity. The profits or losses from disposal of equity in a subsidiary not implying the loss of control by the Group are also recorded as stockholders' equity.

c) Disposal of subsidiaries

When the Group loses control of an entity, any interest in said entity is measured at fair value, recognizing the effect in income. Subsequently, said fair value is the initial book value for the purposes of recognizing the interest retained as an associate, joint venture or financial asset, as applicable. In addition, amounts previously applied to other comprehensive income, relating to said entity, are canceled as if the Group had disposed of the related assets or liabilities directly. This implies that the amounts previously applied to other comprehensive income are reclassified to income for the period.

d) Associated companies

Associated companies are those over which the Group exercises significant influence but not control. Generally, the Group maintains an interest in these entities of from 20% to 50% of the voting rights. Investments in associated companies are valued by the equity method and are initially recorded at cost. The Group's investment in associated companies includes goodwill identified at the time of the acquisition, net of any accumulated impairment loss. If equity in an associated company is reduced, but significant influence is maintained, only the proportionate part of other comprehensive income corresponding to the equity sold is reclassified to income for the period, as appropriate.

The Group's participation in the net gains or losses of associated companies, subsequent to the acquisition, are recognized in the statement of income and equity in other comprehensive income of associated companies is applied to other comprehensive income with the corresponding adjustment to the book value of the investment. When the Group's equity in the losses of an associated company exceeds the book value of its investment, including any unsecured account receivable recorded by the Group with the associate, the Group does not recognize said excess losses, unless it is legally required to make payments on behalf of the associate.

At the end of every year, the Group determines whether or not there is objective evidence of impairment in its investment in associates. If so, the Group calculates the impairment loss by default of the recoverable value of the associate over its book value and recognizes the related loss in "Equity in profits (losses) of the associate" in the statement of income.

Unrealized profits arising from transactions between the Group and its associates are eliminated from the Group's shareholding in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence that the transferred asset is impaired. The accounting policies applied by the associates have been modified to ensure their consistency with the accounting po- licies adopted by the Group, when necessary.

Profits and losses arising from dilution of equity in associates are recognized in the statement of income.

At December 31, 2014 and 2013, the Group has no significant statutory, contractual or regulatory restriction for accessing or making use of assets and liquidating liabilities as concerns said non- controlled investments.

e) Joint agreements

The Group has applied NIIF 11 to all its joint agreements. Under NIIF 11, investments in joint agreements are classified either as a joint operation or a joint business, depending on the contractual rights and obligations of each investor. The Group has evaluated the nature of its joint agreements and has determined that they qualify as joint businesses. Joint businesses are accounted for by the equity method.

Under the equity method, the interest in joint businesses is initially recorded at cost and is subsequently adjusted to recognize the Group's interest in losses and gains subsequent to the acquisition, as well as movements in other comprehensive income. When the Group's interest in the losses of a joint business reach or exceed its interest in the joint business (which includes any long-term interest substantially forming part of the net investment of the Group in the joint business), the Group recognizes no further losses, unless it has incurred in obligations or made payments on behalf of the joint business.

Unrealized profits in transactions between companies of the Group and its joint businesses are eliminated up to the amount of the Group's interest in the joint business. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of the joint businesses have been amended when necessary to ensure that they are in line with Group policies.

The Group, as well as investors Televisa and Telefónica, invested jointly in the company by the name of Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C. V. (GTAC), in order to be in a position to take part in the Federal Electricity Commission bidding process for the use of two dark optic fiber strands. That operation is conducted under financial leasing. See Note 26.

2.3 Financial information by segments

Operating segments are classified from the point of view of the information presented internally to the highest decision-making authority (Board of Directors) comprised of the CEO and other Directors (based at the Guadalajara facilities) responsible for assigning resources and ensuring the performance of the operating segments. With respect to the periods shown in these consolidated financial statements, the Group has operated in the following four business segments: cable, Internet, digital telephony and others.

These segments are managed independently, due to the fact that the services provided and the markets they serve are different. Their activities are conducted through a number of subsidiary companies.

2.4 Foreign currency transactions and balances

Foreign currency operations are converted to the functional currency using the exchange rates prevailing on the date on which the transaction is entered into or the exchange rate in effect on the valuation date when items are revalued. Exchange gains or losses arising from settling said operations or from conversion of monetary assets and liabilities denominated in foreign currency at
the year-end closing exchange rates are recognized in the statement of income, except when they must be included in other comprehensive income. Exchange gains and losses are applied to financial income/expenses.

The functional and the recording currencies

In light of the fact that the posting, functional and reporting currency of the Company and its subsidiaries and associates are all the mexican peso, no conversion was required.

2.5 Cash and cash equivalents

The statement of cash flow and cash equivalents includes available cash, demand deposits and other highly liquid short-term investments maturing at three months or sooner. In the (consolidated) statement of financial position, bank overdrafts are shown as loans under current liabilities. Short- term investments are made through banks and consist of government debt instruments such as low- risk, moderate-yield Treasury Certificates (CETES) payable-at-maturity. At December 31, 2014 and
2013, those investments mature in 28 and 90 days. See Note 5.

2.6 Advance payments

Advance payments represent disbursements (rights) made by the Group, in which the benefits and risks inherent in the goods to be acquired or in the services to be received have not yet been transferred. Prepayments are recorded at cost and are shown in the statement of financial position under "Accounts receivable, net". See Note 7.

2.7 Accounts receivable

Accounts receivable represent collection rights to amounts owed by customers for services rendered by the Group in the normal course of operations. If recovery of accounts receivable is expected in a year or less, said accounts are classified as current assets; otherwise, they are shown as non-current assets.

Accounts receivable are initially recognized at fair value and subsequently measured at their amortized cost, using the effective interest rate method, less the impairment reserve, if applicable. An impairment reserve is recognized when there is evidence that the Group will be unable to collect the total amount as per the original terms of the service agreement. The amount of the impairment reserve is the difference between the recognized book value and the estimated amount to be recovered. See Note 7.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets under the following categories: financial assets measured at fair value with changes recorded in income, loans and accounts receivable. Management classifies its financial assets in those categories at initial recognition, depending on the purpose for which they were acquired.

a) Financial assets carried at fair value through income.

Those assets are acquired for negotiation, that is to say, they are sold over the short term. Derivative financial instruments are classified in that category, unless they are designated as for coverage. Assets in this category are classified as current assets if they are expected to be realized during the year following the closing date; otherwise, they are classified as non-current. See Note 6.

b) Loans and receivables

Loans and accounts receivable are non-derivative financial assets providing the right to fixed or determinable payments; they are not quoted on an active market. They are shown as current assets, except for those maturing in over 12 months as from the closing date of the period reported, which are classified as non-current assets.

2.8.2 Recognition and measurement

The purchase and sale of financial assets is recorded on the negotiation date, which is the date on which the Group agrees to purchase or sell the asset. Financial assets are initially recognized at fair value, plus transaction costs; except when they are financial assets measured at fair value with changes in income, which are initially recognized at fair value and transaction costs are recognized as expenses in the statement of income. Financial assets are canceled when the
right to receive the respective cash flows expires or is transferred and the Group has substantially transferred all the risks and benefits inherent in ownership. Financial assets measured at fair value with changes to income are subsequently recorded at fair value. Loans and accounts receivable are subsequently recognized at amortized cost using the effective interest rate method.

Losses and profits arising from changes in fair value of financial assets measured at fair value with changes recognized in income are included in the statement of income under "Other profits/(losses), – net" in the period in which they arise. Dividend income in this category of financial assets is recorded in the statement of income under "Other income (expenses), net" when the Group is entitled to receive them.

At December 31, 2014 and 2013, the Group has no dividend income in the financial asset category.

2.9 Compensation of financial instruments

Financial assets and liabilities are offset and the net figure is shown in the statement of financial po- sition when the right to offset amounts recorded is legally applicable and they are intended to be settled on net bases or the asset is to be realized and the liability is to be paid simultaneously.

2.10 Impairment of financial assets

a) Assets valued at amortized cost

At the end of every reporting year, the Group determines whether or not there is objective evidence of impairment of each financial asset or group of financial assets. An impairment loss is recognized only if there is objective evidence of impairment resulting from one or more events occurring after initial recognition of the asset (a "loss event"), provided the loss event(s) has/have an impact on the estimated future cash flows arising from the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment can include signs that debtors or a group of debtors is experiencing significant financial difficulties, lack of payment or delays in payment of interest, the likelihood of filing for bankruptcy, as well when the observable data indicate there is a measurable decrease in estimated future cash flows, such as changes in delays or economic conditions related to the lack of payment.

As for loans and receivables, the loss is measured as the difference between the book value of the assets and the present value of estimated future cash flows (excluding future loan losses not yet incurred), discounted at the original effective interest rate of the financial asset. The book value of the asset is decreased and the loss is recognized in the consolidated statement of income. If a loan or investment held to maturity is subject to a variable interest rate, the discount rate to measure any impairment loss is the current effective interest rate determined contractually. The Group can measure impairment on the basis of the fair value of a financial instrument, using its observable market price.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment is recognized (such as an improvement in the borrower's credit rating); the reversal of the previously recognized impa- irment loss is recorded in the consolidated statement of comprehensive income.

2.11 Inventories

Inventories are mainly comprised of consumable operating materials and certain spare parts used to ensure proper maintenance of the cable signal system (network) in the normal course of operations. The most important spare parts and permanent maintenance equipment the Group expects to use over more than one period and which can only be used in connection with a fixed asset component are recognized as part of property, networks and equipment.

Inventory is recorded at the lower of their acquisition cost and net realization value. The cost is determined by the average cost method. The net realization value is the selling price estimated in the normal course of operations, less the corresponding variable selling costs. See Note 8.

2.12 Property, networks and equipment

Property, networks and equipment are stated at historical costs less depreciation. Historical cost includes expenses directly attributable to the acquisition of said goods and the profit or loss from coverage of cash flows in foreign currency pertaining to future acquisition of property, networks and equipment recorded under other comprehensive income. See Note 10.

Costs related to an item incurred subsequent to initial recognition thereof are capitalized as part of said item or a separate item, as applicable, only when they are likely to generate future economic benefits for the Group and the cost can be measured reliably. It should be mentioned that the Group builds some of its cable system networks and installations and internal costs, such as labor costs in construction projects, dismantling expenses, and directly related redistribution and adaptation expenses for the asset to be at a place and in the conditions necessary to work as capitalized, provided they generate future economic benefits. The carrying amount of the replaced components is canceled. Maintenance and repair expenses related to daily property, system and equipment servicing are recognized in the statement of income in the period in which they are incurred.

Land is not depreciated. Depreciation of all other property, systems and equipment is determined systematically by the straight line method on the value of assets, which are applied to the cost of assets, without including their residual value and considering their useful lives estimated by management, as follows:

Description of Asset	Depreciation rate at 31-Dec-14	Depreciation rate at 31-Dec-13	Estimated useful life at 31-Dec-14	Estimated useful life at 31-Dec-13
Land	N/A	N/A	-	-
Edificios	2.5%	2.5%	40	40
Network and technical equipment for signal distribution				
Networks:	6.64%	6.64%	15	15
Converters	10.00%	10.00%	10	10
Equipment.	6.65%	6.65%	15	15
Cable modems	10.00%	10.00%	10	10
Laboratory equipment	7.11%	7.11%	14	14
Office furniture and equipment	5.67%	5.67%	18	18
Computer equipment	12.50%	12.50%	8	8
Transportation equipment	11.11%	11.11%	9	9
Telecommunications equipment				
Telecommunications equipment	5.67%	5.67%	18	18
Production and video equipment	5.67%	5.67%	18	18
Measuring equipment	7.11%	7.11%	14	14
Radio equipment	6.38%	6.38%	16	16
Leasehold improvements	5.67%	5.67%	18	18
Others				
Tools and equipment	8.33%	8.33%	12	12

EThe Group applies the component approach whereby some of the components of property, networks and equipment can require replacement at regular intervals. The book value of property, networks and equipment would include the replacement cost of certain items when their cost is incurred, if they are likely to generate future economic benefits and the cost can be measured reliably. The book value of the parts replaced is canceled on the date of their disposal or when they cease to be useful to the Group and are no future economic benefits are expected from their disposal. Each component of property, networks and equipment with a cost that is significant with respect to the total cost of the asset to which it pertains is depreciated separately. At December 31, 2014 and 2013, there are no significant components requiring depreciation on a separate basis.

Leasehold improvements are depreciated over the term of the respective operating lease agreements. The residual values, the useful lives and the operating methods of the assets are reviewed and adjusted, when necessary, at the close of each period.

The value of property, networks and equipment is reviewed when there are signs of impairment in the value of said assets. When the recovery value, which is the greater between the selling price and the value in use (the present value of future cash flows) is below the net book value, the difference is recognized as an impairment loss. In the years ended at December 31, 2014 and 2013, there was no indication of impairment. See Note 2.14.

2.13 Intangible assets

a) Goodwill

Goodwill arises from the acquisition of subsidiaries and/or interest in associates, and represents the excess of the consideration transferred over the Group's interest in the net fair value of the acquired entity's net identifiable assets, liabilities and contingent liabilities and the fair value of the non-controlling interest in the acquired entity.

If the entire consideration transferred, the non-controlling interest recorded and the interest previously held, measured at fair value, is less than the fair value of the net assets of the acquired subsidiary, in the case of an advantageous purchase, the difference is recorded directly in the statement of income.

Goodwill relating to the acquisition of a subsidiary is shown in intangible assets and is recorded at cost less accumulated impairment losses, which are not reversed.

In order to test impairment, the goodwill acquired in a business combination is assigned to each of the cash generating units (CGU) or groups of cash generating units expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill is assigned represents the lowest level within the entity at which goodwill is controlled for internal management purposes. Goodwill is controlled at the operating segment level.

Goodwill impairment is tested annually or more frequently if events or changes in circumstances indicate possible impairment. Goodwill book value is compared to the recoverable amount, which is the greater of the value in use and fair value, less cost of sales. Any impairment is recorded immediately as an expense and is not subsequently reserved.

At December 31, 2014 and 2013, no impairment losses were recognized in goodwill. See Note 11.

b) Customer base

Intangible assets acquired in a business combination are valued at fair value at the purchase date. The main intangibles recognized on the acquisitions are the portfolio of subscribers, for which, according to the study conducted (fair value), a useful life of approximately four years is estimated, to be amortized by the straight-line method. See Note 12.

c) Brands and patents

Trademarks and patents acquired individually are recognized at their historical cost. Trademarks and patents acquired through business combinations are recognized at fair value at the acquisition date. Trademarks and patents have an indefinite useful life and are recorded at cost, less their accumulated amortization. Amortization is calculated by the straight-line method in order to distribute the cost of trademarks and patents based on the estimated useful lives of 20 years.

2.14 Impairment of non-financial assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment.

Assets subject to amortization are tested for impairment when events or circumstances arise indicating that their book value might not be recovered.

Impairment losses are the amount by which the book value of assets exceeds their recovery value. The recovery value of assets is the greater of the fair value of the asset (less costs incurred for its sale) and its value in use. For impairment testing purposes, assets are grouped at the lowest levels at which they generate identifiable cash flows (cash-generating units).

2.15 Suppliers and other accounts payable

Trade payables are obligations to pay for goods or services acquired from suppliers in the normal course of the Group's operations. When they are expected to be paid within a year or less from the closing date, they are shown as current liabilities. Otherwise, they are shown as non-current liabilities.

Accounts payable are initially recognized at fair value and subsequently re-measured at their amortized cost, using the effective interest rate method.

2.16 Loans

Loans are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently recorded at their amortized cost. Any differences between the amounts received (net of transaction costs) and the settlement value are recognized in the statement of income during the term of the loan, using the effective interest method.

Fees are capitalized as advance payments for services for obtaining liquidity and are amortized during the period in which the agreement is in effect.

2.17 Borrowing costs

Overall costs related to loans directly attributable to the acquisition, construction or production of ratable assets, requiring a lengthy period to reach the necessary conditions for use or sale, are capitalized as part of the costs of those assets. With respect to construction and development of the systems (network) and technical equipment required to distribute the signal, the substantial period to get them to the point required for use depends on each particular investment project, i.e., at least a year.

Interest earned from the temporary investment of specific loan funds for the acquisition of ratable assets are deducted from capitalized costs.

All other loan-related costs are recognized as they are incurred in the statement of income.

At December 31, 2014 and 2013, no loan interest has been capitalized, as none have been used for the purchase of assets.

2.18 Provisions

Provisions are recognized when the Group has a legal obligation, present or assumed, as a result of past events, when the use of cash flows will probably be required to settle the obligation and when the amount can be reliably estimated.

When similar obligations exist, the likelihood that cash outflows will be required to settle the obligation is determined, considering the class of obligation as a whole. The provision is recognized even when there is little likelihood of cash outflows being required with respect to any specific item included in the same class of obligation.

Provisions are recognized at the present value of the disbursements expected to be required to cancel the obligation using a pre-tax rate that reflects current market conditions with respect to the value of money over time and of the specific risks of said obligation. The increase in the provision over time is recognized as an interest expense. At December 31, 2014 and 2013, there are no provisions.

2.19 Current and deferred income taxes

The tax expense comprises incurred and deferred taxes. The tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in other comprehensive income or in stockholders' equity. In that case, the tax is also recognized in other comprehensive-income items or directly in stockholders' equity, respectively. The tax on income incurred in the year is shown as a short-term liability net of advance payments made during the year.

Current income tax comprises income tax and flat tax, the latter up to 2013, which are recognized in income for the year in which they are incurred.

The current income tax charge is calculated on the basis of the tax laws approved or substantially approved at the balance sheet date. Management periodically evaluates the position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Company subsequently recognizes the necessary provisions on the basis of the amounts it expects to pay to the tax authorities.

To recognize deferred income taxes, the Company determines, based on its financial projections, whether it will pay income tax or flat tax and recognizes deferred tax corresponding to the tax it will pay each year. Deferred income tax is reserved in full, based on the assets-and-liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amo- unts in the consolidated financial statements. However, deferred income taxes arising from initial recognition of an asset or liability in a transaction not corresponding to a combination of businesses that affects neither the book nor the tax profit or loss at the time of the transaction, are not recorded, and neither are they recorded if they arise from initial recognition of goodwill. Deferred tax on profits is determined using tax rates and laws enacted or substantially enacted by the date of the statement of financial position that are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled. See Note 21.

Deferred income tax assets are recognized only to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred income taxes are generated on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the possibility of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income taxes assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable
entity or different taxable entities where there is the intention to settle the balances on a net basis.

2.20 Employee benefits

a) Seniority premium

Group companies have establishes a plan in conformity with the requirements set forth in the Federal Labor Law (FLL) in respect of which, the Group companies that have personnel are req- uired to pay their employees and the latter are entitled to receive a seniority premium upon termination of employment after 15 years of service.

The liability or asset recognized in the balance sheet in respect of the seniority premium is classified as defined benefits and is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains or losses and past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates for government bonds that are denominated in the currency in which the benefits will be paid, and that have maturity terms approximating the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to stockholders' equity in other comprehensive income in the period in which they arise.

Past-service costs are immediately applied to income, unless the changes in the pension plan are subject to the employee continuing in service for a determined period of time (the period giving rise to the right). In that case, past-service costs are amortized by the straight-line method during the period giving rise to the right.

b) Defined benefit plans

A benefit plan is defined as the pension benefit to be received by an employee upon retirement, which usually depends on one or more factors, such as age, years of service and compensation.

The liability recorded in the statement of financial position with respect to defined-benefit plans is the present value of the obligation for defined benefits on the balance sheet date, less fair value of plan assets. The defined-benefit obligation is calculated annually by independent actuaries using the projected unit cost method. The present value of defined-benefit obligations is determined by discounting estimated future cash flows using discount rates denominated in the currency in which the benefits are to be paid at which mature in approximately the same terms as the pension liability.

Actuarial profits and losses arising from adjustments and changes in actuarial assumptions are recorded directly in stockholders' equity in other comprehensive-income items in the period in which they arise.

The Company determines the net financial expense (income) by applying the discount rate to the net defined-benefit liability (asset).

Past service costs are recorded immediately in the statement of income. c) Pension Plan
Defined contribution plan:

The subsidiary Teleasesores, S. A. de C. V. has a defined contribution plan for pensions where the Company pays in fixed contributions to a separate entity. The Company has no legal or assumed obligations to pay additional contributions if the fund fails to maintain sufficient assets with which to pay all employees the benefits related to the service in current and past periods. Contributions are recorded as employee benefit expenses on the date on which the contribution must be made.

d) Employees' statutory profit sharing and bonuses

The Company recognizes a liability and an expense for bonuses and profit sharing based on a formula that considers taxable income after certain adjustments. The Group recognizes a provision when contractually obligated or where there is a past practice that has created an assumed obligation.

2.21 Capital stock

The capital stock, the net premium on the placement and subscription of shares, the legal reserve and retained earnings are presented at historical value.

Common shares are classified as capital.

Incremental costs directly attributable to issuance of new shares or options are shown in stockholders' equity as a deduction of the amount received, net of taxes.

When any of the Group companies purchases Company-issued shares (repurchased shares), the consideration paid, including costs directly attributable to said acquisition (net of taxes) is recognized as a decrease in the Group's stockholders' equity until such time as the shares are cancelled or reissued. When said share are reissued, the consideration received, including incremental costs directly attributable to the transaction (net of taxes), is recognized in the Group's stockholders' equity.

a) Net premium on placement

The net premium on the placement of shares is the difference (excess) between the payment on the subscription of shares and the par value of those shares.

b) The legal reserve

According to the Corporations Law, a minimum of 5% of net earnings for the period must be set aside until it reaches 20% of stockholders' equity. The legal reserve can be capitalized, but must not be distributed unless the Group is dissolved, and must be made up if it shrinks for any reason.

c) The reserve for repurchase of shares

When any of the Group companies purchases Company-issued shares (repurchased shares), the consideration paid, including costs directly attributable to said acquisition (net of taxes) is recognized as a decrease in the Group's stockholders' equity until such time as the shares are canceled or reissued. When said shares are reissued, the consideration received, including incremental costs directly attributable to the transaction (net of taxes), is recognized in the Group's stockholders' equity.

2.22 Leases

Leasing, in which a significant portion of the risks and benefits pertaining to ownership are retained by the lessor is classified as operating leasing. Payments made under operating leasing (net of any incentive received from the lessor) are charged to the statement of income by the straight line method over the leasing period. At December 31, 2014 and 2013, the Group's operating leases correspond to commercial space used to provide the service, as well as to the rights to use the pole line (cabling) owned by the Federal Electricity Commission.

Property, network and equipment leases under which all the risks and rewards of ownership are substantially transferred to the Group are classified as financial leases. Financial leases are capitalized at the outset of the lease at the lower of the fair value of the leased property and the present value of minimum lease payments.

Each lease payment is applied to the liability, and the financial charge is recognized. Contract-related lease obligations, net of financial costs, are included in other long-term accounts payable. Financial- cost-related interest is charged to income over the lease period, in such a way that a constant interest rate applies to the balance of the liability for each of the periods. Property, plant and equipment acquired through financial leases is depreciated in the shortest period arrived at by comparing the useful life of the asset and the lease period.

At December 31, 2014 and 2013, the Group's financial leasing mainly corresponds to the use of the optic fiber network on which payments are made to GTAC, a related party. See Note 18, point b.

2.23 Revenue recognition

Income arising from the rendering of services in the normal course of Group operations is recognized at fair value of the consideration received or receivable. Income is shown net of rebates and discounts, after eliminating sales between Group companies. The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Group's activities, as described below: The Group determines its estimations based on accumulated experience, taking into account the type of customer, the type of operation and the specific terms of each contract.

Cable television signal services

The cable television signal service is mainly represented by monthly lease payments, as well as by installation fees, pay-per-view and other related charges. Monthly rent for the service and pay-per- view are recognized as book income at the month-end closing, once the service has been provided and the risks and benefits have been transferred to the customer, which is when the television signal is transmitted to the customer. Installation and other related service charges are recognized as income once the customer has expressed satisfaction with the services received.

Internet services

Internet service is mainly represented by monthly rents, as well as by installation fees and other related charges. Monthly rent for the service is recognized as book income at the month-end closing, once the service has been provided and the risks and benefits have been transferred to the customer, which is when the Internet signal is transmitted to the customer. Installation and other related service charges are recognized as income once the customer has expressed satisfaction with the services received.

Digital telephone service

Telephone service income is represented by monthly rent for said service, measured based on the number of calls. Monthly rent for local calls is recognized as book income at every month-end closing, once the service has been rendered and the risks and rewards have been transferred to the customer. The excess in local calls is recognized when the calls are made. Long distance calls are recognized monthly on the basis of the length of each call.

Internet and digital and mobile telephone services are invoiced in advance on a monthly basis and recognized as income for the period in which the service is rendered.

Income from the sale of communications systems is recorded in income when the income and benefits arising from the systems have been transferred to the purchaser and no significant control over those systems is retained.

Interconnections

Income from interconnections arising from use of the Group's infrastructure obtained from other operators to complete calls is recognized together with long-distance or excess calls originating with other operators and ending in the telephone network.

Installation and reconnection

The Group recognizes income per main installation and reconnection based on the useful life of the subscriber, which is four years.

Interest

Interest income is recorded using the effective interest rate method. Interest income is mainly derived from loans to related parties and is applied to income for the period by the effective interest method. When a loan or account receivable is impaired, its book value is adjusted at its recovery value, which is determined by discounting the estimated future cash flow at the instrument's original effective interest rate. Interest income from an impaired loan or account receivable is recorded using the original effective interest rate.

2.24 Earnings per share

Net earnings per share are calculated by dividing the net profit for the year attributable to the con- trolling interest by the weighted average of shares outstanding during the year. At December 31, 2014 and 2013, there are no components of diluted earnings; therefore, earnings per diluted share is the same figure as the profit per share.

2.25 Guaranty deposits

Guarantee deposits correspond to disbursements made to secure commitments assumed under certain agreements (mainly related to the leasing of commercial space). Guarantee deposits whose recoverability is to take place in a period of over 12 months are recognized at their amortized cost using the effective interest method. Guarantee deposits to be recovered over a period of less than 12 months are not discounted.

2.26 Dividends declared

Dividends paid are recorded as a liability for the period in which they are approved by the stockholders of the Group.

Note 3 - Financial risk management:

3.1 Financial risk factors

The activities of the Group expose it to a number of financial risks, such as market risk (including exchange rate risk, interest rate risk and price risk), credit risk and settlement risk. The purpose of the Group's risk management plan is to minimize the potential negative effects arising from the unpredictable nature of the markets on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group's financial risk management is handled by the CFO, as per policies approved by the Board of Directors. The Group identifies, evaluates and hedges financial risk in close cooperation with its operating units. The Board of Directors has approved general written policies with respect to financial risk management, as well as policies addressing specific risks, such as exchange risks, interest rate risks, the use of hedge derivative financial instruments in terms of accounting and of non-derivative financial instruments and investment of treasury surpluses.

3.1.1. Market Risk

i) Exchange risk

The Group's entire revenue is received from the local market and is transacted in Mexican pesos, which means that its operations are not exposed to the risk of operating with foreign currencies. The exchange risk arises from financial activities, mainly from exposure to movements in the exchange rate of the Mexican peso against the US dollar, due to operations with programmers and suppliers stated in US dollars.

Management has established a policy requiring the Group's companies to manage the exchange risk in respect of the functional currency. Group companies must hedge their exposure to exchange risks through the Group's Treasury in order to manage the exchange risk associated with future commercial and financing transactions and recognized assets and liabilities. The exchange rate risk arises when future commercial and financing transactions and the assets and liabilities recognized are entered into in a currency other than the entity's functional currency. At December 31, 2014 and 2013, the Group had contracted no hedging instruments against exchange risks.

Based on its risk management policies, the Group keeps a marketable securities account in dollars, which is intended to hedge its advance cash flows for the following 12 months (mainly associated with bank liabilities and with suppliers), to minimize the exchange risk.

If at December 31, 2014, the Mexican peso had revalued/devalued 10% in respect to the US dollar, the other variables would have remained constant and income for the year after taxes would have been $7,263 ($2,381 in 2013) higher/lower, mainly as a result of the gains/losses on conversion of bank loans and accounts payable to suppliers denominated in
US dollars.

ii) Price risk

The Group is not exposed to price risks associated with the costs of the services it provides, as they are not subject to market indexes. In addition, prices of production materials acquired for providing the service in 2014 and 2013 showed no significant changes.

iii) Cash flow risk related to interest rates

For the Group, the interest rate risk arises from its long-term loans. Loans at variable rates expose the Group to the interest rate risk on cash flows, which is partially offset with cash held at variable rates.

The Group analyzes its exposure to interest rate risk dynamically. A number of different situations are simulated, taking into account positions in respect to financing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on the profit or loss arising from a defined movement in interest rates. In each simulation, the same defined movement is used in interest rates for all currencies. These simulations are only conducted in the case of obligations that represent the main interest-generating positions.

3.1.2. Credit risk

The credit risk is managed at the Group level, including the credit risk for accounts receivable; however, each company is responsible for conducting a credit risk analysis of each of its customers prior to offering payment terms, delivery terms and other conditions. The credit risk is associated with cash and cash equivalents, derivative financial instruments and deposits in banks and financial entities, as well as credit exposure associated with customers, which includes outstanding balances of accounts receivable and agreed-upon transactions.

With respect to banks and financial institutions, only institutions with a solid operating history and an excellent reputation in the market are accepted. As for the portfolio, the credit risk is limited, as amounts recoverable refer basically to monthly rent for services rendered and the fact that there is no significant portfolio concentration due to the large number of subscribers that comprise it. On an independent basis, the portfolio area evaluates customer's credit standing, taking into account financial position (personal bank statements, credit cards, etc.), past experience and other factors. Credit limits are established according to the limits set by the Board of Directors, based on the historical information available on the behavior of the portfolio and on certain internal and/or external ratings, if applicable. Use of the credit limits is monitored periodically.

Credit limits were not exceeded during the reporting period and Management does not expect the Group to incur in any loss, given its performance.

Lastly, the maximum exposure to credit risk is limited to the book value of each of the accounts receivable, as shown in the following table: Consequently, the Group has no significant credit risk concentration.

Credit standing of financial assets

	At December 31, 2014	2013
Accounts receivable		
Group 1	$ 681,379	$ 761,566
Group 2	75,740	30,812
Total accounts receivable from customers	$ 757,119	$ 792,378
Related parties		
Group 1	$ 645,851	$ 865,933
Group 2	-	-
Total related parties	$ 645,851	$ 865,933

Group 1 - New customers - existing customers/related parties (under 6 months).
Group 2 - Existing customers/related parties (over 6 months) with some defaults in the past.

	At December 31, 2014	2013
Cash in banks and bank deposits Short-term: (1)		
AAA	$ 4,006,989	$ 2,346,443
Financial assets measured at fair value through short-term income 1		
A	$ -	$ 260,721

(1) All other cash equivalents in the statement of financial position corresponds to cash on hand.

3.1.3. Liquidity risk

The cash flow projection is conducted at the Group's operating entities and the information is concentrated by the office of the Group's Finance Director. The Group's Finance Director's Office supervises the updating of projections of liquidity requirements to ensure there is sufficient cash to meet its operating needs and permanently maintain sufficient margin in credit lines not yet drawn down, to avoid having the Company default on the credit limits or covenants for any credit line. Said projections consider financing plans through debt, compliance with covenants, compliance with financial ratios based on internal financial inform- ation and if applicable, regulatory requirements.

Cash surpluses held by the Group and surplus balances over the amount required for working capital are transferred to the Group's Treasury, which invests cash surpluses in term deposits and marketable securities, selecting instruments with appropriate maturities or of sufficient liquidity to provide sufficient margins. Any surpluses can be invested in expanding the cash generating facilities, with the Board of Directors' authorization.

The following table contains an analysis of the Company's financial liabilities classified based on the period between the daye of the statement of financial position and maturity date (including unearned interest). The table was prepared on a cash flow basis without discounting, from the first date on which the Group will be required to pay.

At December 31, 2014	Less than 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years
Accounts payable	$ 27,505	$ 4,501	$	$
Interest and documents payable	1,364	446		
Bank loans	653,173	2,134,008		
Interest on bank loans	88,941	147,487		
Suppliers	934,681			
Related parties	113,740	134,503	483,982	169,692
Related-party interest		13,493	75,619	54,354
Other accounts payable	704,222			
	$ 2,523,626	$ 2,434,438	$ 559,601	$ 224,046

At December 31, 2013	Less than 1 year		From 1 to 2 years		From 2 to 5 years		More than 5 years	
Documents payable	$	28,696	$	3,183	$		$	
Interest and documents payable		1,423		316				
Bank loans		56,926		24,849		2,089,915		
Interest on bank loans		91,654		91,256		75,755		
Suppliers		682,929						
Related parties		142,372		219,552		381,242		305,446
Related-party interest				20,441		71,198		42,691
Other accounts payable		641,882						
	$	1,645,882	$	359,597	$	2,618,110	$	348,137

The analysis of maturity is applied only to financial instruments and is therefore not included in the entity's nonfinancial liabilities, such as tax liabilities.

3.2. Capital risk management

The Group's purpose in managing capital risk is to safeguard its ability to continue as a going concern, provide the stockholders' with a return and other interested parties with benefits and maintain an optimal capital structure to in order to reduce its cost.

In order to maintain or adjust the capital structure, the Group can vary the amount of dividends payable to the stockholders, conduct a capital stock reduction, issue new shares or sell assets and reduce its debt.

Like other entities in the industry, the Group monitors its capital structure based on the financial ratio for leveraging. That ratio is calculated by dividing the debt by total capital. The net debt includes total current and non-current loans recognized in the consolidated balance sheet less cash and cash equivalents. Total capital includes stockholders' equity as shown in the consolidated statement of financial position, plus the net debt.

The credit rating in respect of the Group's ability to comply with its financial obligations has been maintained throughout the period. The leverage ratio at December 31, 2014 and 2013 is as follows:

		At December 31,			
	Note	2014		2013	
Total loans	14	$	2,787,181	$	2,171,690
Less: Total cash and cash equivalents	5		(4,006,989)		(2,346,443)
Net debt			(1,219,808)		(174,753)
Total stockholders' equity			17,957,158		15,481,486
Ratio (Note 14)			0,40		0.43

3.3. Estimation of fair value

The different levels of financial instruments have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1).

Assets and liabilities measured at fair value within this hierarchy are related parties receivable and payable and bank loans.

- Information other than quoted prices included in level 1 that can be confirmed for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices) (level 2).
- Information on the asset or liability not based on data that can be confirmed in active markets (unobservable information), (level 3).

The fair value of financial instruments negotiated in active markets is based on prices quoted in the markets at the balance sheet date. A market is considered active if there are quoted prices that are normally available in a stock exchange, negotiators, brokers, industry groups, price services or of a regulating agency, and those prices represent real and recurring transactions in the market on a free- competition basis. The market price used in the financial assets held by the Group is the current bid price. Those instruments are included in level 1.

The fair value of financial instruments not traded in active markets (i.e. derivatives available outside the stock market) are determined using valuation techniques. These valuation techniques maximize the use of observable market information in cases in which it is available and places the least possible reliance in the entity's specific estimates. If all relevant variables for establishing the fair value of a financial instrument are observable, the instrument is included in level 2.

If one or more relevant variables are not based on observable market information, the instrument is included in level 3.

Specific financial instrument valuation techniques include:

- Quoted market prices or quotation of negotiators of similar instruments.
- The fair value of interest rate swaps is calculated on the basis of the present value of estimated future cash flows based on observable yield curves.
- Other techniques, such as the discounted cash flow analysis are used to determine the fair value of other financial instruments.

Fair value estimations referring to cash equivalents (see Note 5) are included in level 1.

Assets and liabilities valued at amortized cost at December 31, 2014 and 2013 closely resembling fair value because their realization period is less than a year, except for those presented at long term described in Notes 13, 14 and 26.

Accounts receivable (customers), other accounts receivable, suppliers and other accounts payable; their book value is similar to fair value, as it would be the short-term amount payable.

Note 4 - Critical accounting estimates and judgments:

Estimates and judgments used are reviewed on a regular basis and are based on historical experience and other factors, including expectation of future events considered reasonable in the circumstances.

4.1. Critical accounting estimates and judgments

The Group makes estimates and judgments in respect of the future. The resulting accounting estimations are rarely the same as actual results. Estimates and assumptions indicating a significant risk of a material adjustment to the values of assets and liabilities within the following year are as follows.

4.1.1. Government concessions

The above-mentioned services are rendered via free concessions granted by the competent authorities in the regions mentioned in Note 28.3 mostly in a term of 30 years; there are also certain minor concessions for renewable 10-year terms.

At December 31, 2014 and 2013, some of the Group subsidiaries hold concessions for installation and operation of the public telecommunications network for approximately 30 and
10-year terms, renewable for similar periods on an indefinite basis, provided they are operated by the Group. Moreover, any concessions that have expired have been renewed. The entities holding concessions are: Mega Cable, Megacable Comunicaciones de México, Servicio y Equipo en Telefonía, Internet y TV and Myc Red. For accounting purposes, the Group has determined that those concessions do not fall within the scope of IFRIC 12, "Service concession arrangements" because, among other aspects, the Government is regulating the rates and there is no residual value to be returned to the government.

The main features of the concessions are:

a. General

- Purpose and services: The licensee is required to install, operate and exploit the Network and provide the services specified in the concession.
- Rendering of the services through affiliates or subsidiaries, provided it can be demonstrated to the satisfaction of the authorities that said companies meet all financial, legal and technical requirements to provide the services.
- The subscription or sale of shares: a list of its main stockholders and respective shareholding percentages must be presented to the SCT by April 30 each year.
- Designating a technical and legal representative.

b. Provisions applicable to the services

- Quality of the services: refers to the rendering of the services on an on-going and efficient basis.
- Measurement and quality-control equipment: the licensee must take the necessary measures to ensure the accuracy and reliability of the equipment for measuring quality.
- Code of commercial practices: the licensee must prepare a code describing the services to be provided and the methodology for billing and applying the corresponding rates.
- Emergency services: the licensee must present an action plan to prevent interruption of the services in the event of acts of God or force majeure.
- Network modernization: the licensee must keep the network up to date through the introduction of the most recent technological advances.

c. Verification of information

- Information: the licensee is required to deliver its company's audited financial statements within 150 calendar days following the close of the respective period.
- Information on network installation: The concessionaire must report quarterly on progress made on the installation of the network.
- Accounting information: the licensee is required to provide accounting information per service, region, function and the components of its network.

d. Commitments

- The licensee agrees to use its own infrastructure to install each of the stages of the coverage program indicated by the SCT, during the first 5 years.
- Term for service startup: the licensee must begin rendering the service referred to in the concession no later than 365 calendar days following the date on which the concession is issued; an extension is available for half of that period.

e. Renewal

- According to the Company's concession titles for the installation, operation and exploitation of the network and providing telecommunications services, the term is 30 years as from the date on which the title is signed, but can be extended as per article 113 of the Federal Telecommunications Law, which establishes that concessions for public telecommunications networks are granted for terms of up to 30 years and can be extended up to terms equal to those originally stipulated. In order for a concession term to be extended, the concessionaire must have complied with all the conditions set down in the concession to be extended, must request the extension before the beginning of the last fifth portion of the concession, and must accept the new conditions established by the Ministry in accordance with this Law and other applicable provisions. The Ministry will resolve all pertinent matters within a term of 180 calendar days.

  In this regard, at December 31, 2014, the Group's management intends to continue to renew its concessions as it has to date.

f. Guarantees

- Within said 30 calendar days (60 days for concessions granted to GTAC) following the date on which the concession is granted, the licensee must provide the Federal Treasury with guarantees to ensure compliance with the obligations contracted under each concession, in the form of a bond contracted with a bonding company by the SHCP for the equivalent to 4000 days of minimum wage in effect in the Federal District for the year under guarantee. The guarantee must be renewed annually on the basis of National Consumer Price Index (NCPI) factors.

4.1.2. Impairment of estimated goodwill

The Group conducts an annual assessment to determine whether goodwill has been impaired, as per the accounting policy described in Note 2.14. The amounts recoverable from cash generating units (CGU) have been determined on a basis of a value-in-use computation. These calculations require the use of estimates (Note 11).

In 2014 and 2013, none of the CGUs showed signs of impairment and the most sensitive variables in the calculations are the discount rate and the gross operating margin.

If the estimated cost of capital used to determine the discount rate before taxes for calculating the value in use had been 10% above the figure estimated, i.e., $558,622, the group would not have recognized additional impairment of goodwill.

If the estimated cost of capital used to determine the discount rate before taxes for calculating the value in use had been 10% less than the figure estimated, i.e., $761,375, the group would not have recognized additional impairment of goodwill.

4.1.3. Income taxes

The Group is subject to taxes on profits in many jurisdictions. Significant judgments must be made to recognize income taxes currently payable and deferred. There are many operations and calculations for which determination of the exact tax figure is uncertain. The Group records a liability for matters arising from tax audits it considers likely to result in the determination of tax in addition to the amount originally incurred. When the final result of these processes differs from the liability estimated, said differences are recognized in currently payable and/or deferred income taxes for the period.

Based on the simulations performed, the impact on income after taxes of a 5% movement would generate a maximum increase or decrease of $32,956 in 2014 ($43,587 in 2013). Simulations - are run periodically to verify that the maximum potential loss is within the limit established by Management.

The determination of the final tax calculation could be uncertain due to the complexity and judgment required in handling certain transactions. When the final result of these situations differs from the amounts initially recorded, the differences impact the current or deferred income tax asset and liability in the period in which this fact is determined. At the 2014 and
2013 year-end close, the Group has no significant uncertain tax positions.

4.1.4. Estimation for impairment of accounts receivable

The methodology applied by the Group to determine the balances of this provision is described in Note 3.1.2

If at December 31, 2014 and 2013, the impairment provision for accounts receivable had changed by 10% more and/or less than that estimated by Management, the Group would have increase and/or decreased said provision by $19,875 and $14,186, respectively and operating income would have been affected and/or benefited by the same amount.

4.1.5. Estimated useful life and residual values of property, furniture and equipment

The Company estimates the useful lies of its properties, plants and equipment in order to determine depreciation expense to be recorded during any reporting period. The useful life of an asset is calculated when the asset is acquired, based on past experience with similar assets, considering expected technological changes or changes of any other nature. If technological changes occur more quickly than expected, or in a different manner than expected, the useful lives assigned to those assets might need to be shortened. This would make it necessary to recognize a greater depreciation and amortization expense in future periods. On the other hand, that type of technological change could result in recognition of a charge for impairment to reflect the drop in value of the assets. The Company reviews assets on an annual basis in order to determine whether they show signs of impairment, or when certain events or circumstances indicate that the book value may not be recovered throughout the remaining lifetime of the assets. If there are signs of impairment, the Company conducts a study to determine the value and use of those assets. At December 31, 2014 and 2013, there were no signs of impairment.

4.1.6. Pension plan benefits

The present value of pension plan obligations depends on a number of factors determined on the basis of actuarial studies using a certain number of assumptions. The assumptions used in - determining the net cost (income) of /from pensions include the discount rate. Any changes in these assumptions impact the carrying value of pension plan obligations.

The Group determines the best discount rate at the end of each year. That is the interest rate used to determine the present value of estimated future cash outflows expected to be required to settle pension plan obligations. At December 31, 2014 and 2013, the Group used the zero coupon government bond curve of 6.44% and 7.25, respectively, as a reference for the discount rate

If the discount rate used at December 31, 2014 and 2013 had differed by 1% from that estimated by

Management, the book value of pension plan obligations would have approximated $21,531 and $23,448, respectively.

Other factors used to estimate pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

4.1.7. Consolidation of entities in which the Group has an interest of more than 51%

Management considers that the Group holds control with 51% of the voting shares. The Company is the majority stockholder with 51% of the shares, while other stockholders individually hold no more than 40% of the capital. There is no history of stockholders forming a group in order to exercise their vote jointly. Overall no controlled interest for the period is $86,881.

The determining factors establishing said control have to do with the power exercised over the subsidiaries, the right to variable yields and a combination of those two factors, which results in that capacity to exercise that power in order to influence the yields arising from those investments. The Group exercises power over its subsidiaries, as it holds rights empowering it to direct relevant operations, that is to say, operations significantly affecting the yields.

That power arises from voting rights stemming from shareholding in each of its investments, which is 51% in all cases. In all cases, the remaining shareholding is divided among a number of stockholders. It is important to mention that there are no contractual agreements establishing strategic alliances of any kind among the remaining stockholders with voting rights, and there is no precedent of that type of agreement.

The interest held by the Group in each of its subsidiaries expose it, and entitled it to receive variable yields from its involvement in those companies, as well as decision-making rights directly influencing those yields. There are no legal barriers of any kind preventing the Group's rights from being exercised. On the contrary, there are practical mechanisms established making it possible to exercise those rights whenever company management sees fit.

The Board of Directors is mostly comprised of Group members and the remaining stockholders, for a 50% interest in that body. Likewise, the Group appoints the Chairman of the Board and the Treasurer. However, at stockholders' meetings, it continues to hold a majority of the votes (51%), which puts it in a position to decide on relevant operations of the subsidiaries without
the need for the consent of the other parties. Decisions made at a stockholders' meeting are definitive and require no additional or subsequent approval of the Board of Directors, provided the same percentage of interest remains unchanged.

Note 5 - Cash and cash equivalents:

Cash and cash equivalents are described as follows:

	At December 31,	
	2014	**2013**
Cash and cash equivalents	$ 2,485,404	$ 1,904,599
Highly liquid investments	1,521,585	441,844
Total	$ 4,006,989	$ 2,346,443

At December 31, 2014 and 2013, the Group had no cash and cash equivalents subject to availability restrictions.

Note 6 - Financial assets carried at fair value through income:

	At December 31,			
	2014		2013	
Investments in mutual funds and corporate	$	-	$	215,450
Variable-rate investments		-		45,271
Total	$	-	$	260,721

At December 31, 2013, the Group had signed a contract with Credit Suisse for the handling of cash in investments such as bank deposits, shares or corporate bonds, which at December 31, 2013 amounted to $260,721. That figure is invested in a moderate risk portfolio totaling $215,450 and in a high risk portfolio totaling $45,271. In April 2014, the Group withdrew its high and moderate risk investments from Credit Suisse.

The high risk portfolio is divided into bank deposits of $679 and variable rate investments in different companies, totaling $44,592.

The balance at December 31, 2013 is as follows:

	Amount	
Cash deposits	$	39,196
Cash withdrawals		(144)
Dividends/interest		954
Fees		(353)
Change in valuation of the account		5,618
Total variable-rate investments		45,271

The moderate risk portfolio is comprised of shares amounting to $3,423, $6,716 of investments in mutual funds, and fixed-rate investments include sovereign debt, corporate bonds and the financial margin, totaling $210,232, for a total of $220,371.

The balance at December 31, 2013 is as follows:

	Amount	
Cash deposits	$	218,467
Dividends/interest		22,616
Fees		(653)
Change in valuation of the account		(24,980)
Total investments in mutual funds and corporate bonds	$	215,450

Note 7 - Accounts receivable - Net:

Accounts receivable are comprised as follows:

	At December 31, 2014		At December 31, 2013	
Customers	$	815,015	$	869,947
Sundry debtors		45,246		64,303
Advance payments (see Note 2.5)		77,569		97,483
		937,830		1,031,733
Allowance for doubtful accounts receivable from customers		(198,757)		(141,865)
Net total	$	739,073	$	889,868

At December 31, 2014 and 2013, in general, accounts receivable are fully in compliance with contractual terms.

Past-due but not impaired accounts receivable are related to a number of independent customers with no recent history of default. The aging analysis of those accounts receivable balances is as follows:

	At December 31, 2014		At December 31, 2013	
90 to 120 days	$	40,591	$	2,075
120 to 150 days		35,149		28,737
Total	$	75,740	$	30,812

The book value of the Group's accounts receivable and other accounts receivable are mainly denominated in Mexican pesos.

Impaired accounts receivable correspond to customers facing an unexpected difficult economic situation or whose credit history has shown default. Estimates show that only a small portion of these accounts receivable will be recovered. Aging of those accounts receivable is as follows:

	At December 31, 2014		At December 31, 2013	
Total (over 180 days)	$	198,757	$	141,865

The movement of the impairment reserve for trade receivables is as follows:

	At December 31,			
		2014		2013
Balance at beginning of year	$	141,865	$	129,299
Increase		56,892		12,566
Applications		-		-
Ending balance for the year	$	198,757	$	141,865

The creation and authorization of the allowance for impaired doubtful accounts is included in operating expenses under the "selling expenses" in the statement of income. The amounts charged to the provision are usually written off when there are no expectations of recovery of additional cash.

Other items of accounts receivable and other accounts receivable have no impaired assets.

Maximum exposure to credit risk at the reporting date is the book value of each type of account receivable mentioned. The Group requires no collateral guarantee.

The book value of customers and other accounts receivable denominated in dollars are as follows:

		2014		2013
US dollar	$	2,806	$	5,577

Note 8 - Inventories:

Inventories are analyzed as follows:

	At December 31,			
		2014		2013
Materials and equipment for operations	$	112,124	$	103,771
Inventory in transit		19,612		31,307
Advances to suppliers		22,537		66,491
	$	154,273	$	201,569

The cost of inventories recognized as expenses and included in "cost of services" totals $369,621 in 2014 ($309,273 in 2013).

Note 9 - Investment in shares of associated company and joint venture:

The investment in shares of associated company and joint venture is comprised of the following items:

Compañía	At December 31, 2014	2013	Objeto Social
Productora y Comercializadora de Señal Televisión, S. A. de C. V (associate) (1)	-	28.02%	Sale of programing cable television of television signals for industry cable television
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (joint Business)	33.33%	33.33%	Holds license for the operation of dark fiber owned by the Commission Federal Electricity

(1) In the 2014 period, the Group acquired 53% of Productora y Comercializadora de Televisión, S. A. de C. V., which ceased to be an associated company and is now controlled by part of the Group. In 2013, shareholding was 28%. See Note 27.

The capital stock of the following joint business consists only of ordinary shares, directly held by the Group.

The nature of the investment in joint businesses at December 31, 2014 and 2013.

Name of the entity	Place of bussines/ country of incorporation	% of shareholding	Nature of the relationship	Method of measurement
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V.	Mexico City	33.33%	Supplier of Trunk capacity	Equity method

Condensed statement of financial position

Current	Productora y Comercializadora de Televisión, S. A. de C. V. December 31, 2014	2013	Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V December 31, 2014	2013
Cash and cash equivalents	$ -	$ 175,463	$ 97,606	$ 45,396
Other current assets	-	134,867	78,983	316,771
Total current assets	-	310,330	176,589	362,167
Financial liabilities (except accounts payable)	$ -	$ -	$ -	$ -
Other Current Liabilities (Including accounts payable)	-	246,040	115,546	306,325
Total current liabilities	-	246,040	115,546	306,325

Current	Productora y Comercializadora de Televisión, S. A. de C. V. December 31,		Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V December 31,	
	2014	2013	2014	2013
Long-term				
Assets	-	260,020	1,735,802	1,915,722
Financial liabilities	-	-		-
Other liabilities	-	51,884	1,957,237	2,078,005
Total liabilities	**-**	**51,884**	**1,957,237**	**2,078,005**
(Liabilities) assets net	$ -	$ 208,136	($ 221,435)	($ 162,283)
Condensed statement of comprehensive income:				
Income	$ -	$ 1,444,953	$ 147,405	$ 117,596
Depreciation and amortization	-	147,624	1,597	1,324
Interest income	-	4,932	47,187	38,714
Interest expense	-	-	109,630	118,842
Income from continuous operations	-	76,307	(68,344)	-72,576
Income taxes	-	(13,112)	14,393	-12,276
Profit on continuous operations after tax	-	63,195	(53,951)	-84,852
Other comprehensive income	-	-		-
Total comprehensive income	**$ -**	**$ 63,195**	**($ 53,951)**	**($ 84,852)**
Dividends received	$ -	$ -	$ -	$ -

The investment in shares of associated companies and the gain or loss on equity in the results of associated companies is as follows:

Equity in stockholders' equity of associated company and joint business is as follows:

	At December 31, 2014		2013	
Productora y Comercializadora de Televisión, S. A. de C. V.	$	-	$	101,770
Grupo Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (1)		-		-
	$	-	$	101,770

Equity in the results of associated company and joint business is as follows:

	Year ended December 31, 2014		2013	
Productora y Comercializadora de Televisión, S. A. de C. V.	$	-	$	14,930
Grupo Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (1)		-		-
	$	-	$	14,930

The balance of the investment in shares of associated companies and joint business is as follows:

Productora y Comercializadora de Televisión, S. A. de C. V. (PCTV)
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (GTAC)

	PCTV		GTAC		Total	
At January 1, 2013	$	86,393	$	-	$	86,393
Capital stock increase		447		-		447
Equity in income for the period		14,930		-		14,930
At December 31, 2013		101,770		-		101,770
Equity in income for the period (1)		(101,770)		-		(101,770)
Effect of Group PCTV consolidation (See Note 27)		-		-		-
At December 31, 2014	$	-	$	-	$	-

(1) At December 31, 2014 and 2013, the Group stopped recognizing a loss in its equity in GTAC, associated company, of $28,187 and $28,176, respectively.

Principal subsidiaries:

The Group has the following subsidiaries (all S. A. de C. V., except Liderazgo Empresarial en Tecnologías de la Información, S. A.P. I. de C. V.) at December 31, 2014 and 2013.

Name	County of incorporation and place of business	Nature of the business	Percentage of ordinary shares held by			Porcentage of preferential shares held by the Group (%)
			the holders (%)	the Group (%)	by the noncontrolling interest(%)	
Myc Red	México	Cable system operator	51%	51%	49%	-
Servicio y Equipo en Telefonía, Internet y Televisión	México	Cable system operator	51%	51%	49%	-
Corporativo de Comunicación y Redes de GDL	México	Leasing of fixed assets	51%	51%	49%	-
Liderazgo Empresarial en Tecnologías de la Información	México	Communication services telefonía	51%	51%	49%	-

All subsidiary companies are included in the consolidation, The percentage of voting rights in the subsidiary companies held directly by the holding company is the same as the percentage of ordinary shares held. The holding company holds no interest in the subsidiaries included in the Group, and therefore those entities are consolidated with those in which the Group holds a 51% interest.

Management considers that the Group holds control with 51% of the voting shares. The Company is the majority stockholder with 51% of the shares, while other stockholders individually hold no more than 20% of the capital. There is no history of stockholders forming a group in order to exercise their votes jointly. The overall noncontrolling interest in 2014 and 2013 is $86,881 and $144,015, respectively.

Following is condensed financial information for each subsidiary with noncontrolled interest that is material for the Group.

Condensed statement of financial position

	Myc Red, S. A. de C.V For the year ended December 31		Servicio y Equipo en Telefonía, Internet y Televisión, S.A. de C.V. For the year ended December 31	
	2014	2013	2014	2013
Short term				
Assets	$ 4,092	$ 7,990	$ 126,251	$ 108,927
Liabilities	(8,926)	(30,829)	(563,546)	(392,094)
Total net short-term liablities	(4,834)	(22,839)	(437,295)	(283,167)
Long-term				
Assets	32,527	52,020	218,243	216,866
Liabilities	-	-	-	-
Total short-term net assets	32,527	52,020	218,243	216,866
Assets (Liabilities) net	$ 27,693	$ 29,181	($ 219,052)	($ 66,301)

	Corporativo de Comunicaciones Redes de GDL, S. A. de C.V. For the year ended December 31		Liderazgo Empresarial en Tecnología de la Información, S.A.P.I. de C.V. For the year ended December 31	
	2014	2013	2014	2013
Corto plazo				
Assets	$ 444,194	$ 343,929	$ 174,696	$ 157,843
Liabilities	-	-	(272,311)	(196,169)
Total net short-term assets	444,194	343,929	(97,615)	(38,326)
Long-term				
Assets	375,646	408,732	323,492	196,916
Liabilities	(49,003)	(34,942)	(139,334)	(79,054)
Total short-term net assets	326,643	373,790	184,158	117,152
Assets (Liabilities) net	$ 770,837	$ 717,719	$ 86,543	$ 78,826

Condensed statement of comprehensive income

	Myc Red, S. A. de C.V For the year ended December 31,				Servicio y Equipo en Telefonía, Internet y Televisión, S.A. de C.V. For the year ended December 31,			
	2014		2013		2014		2013	
Income	$	44,690	$	41,741	$	513,901	$	408,658
Profit (loss) before taxes		(1,706)		(2,932)		13,012		28,575
Income taxes (expense) income		217		(2,475)		(3,695)		(35,782)
Total comprehensive income	($	1,489)	($	5,407)	$	9,316	($	7,207)

	Corporativo de Comunicaciones Redes de GDL, S. A. de C.V. For the year ended December 31,				Liderazgo Empresarial en Tecnología de la Información, S.A.P.I. de C.V. For the year ended December 31,			
	2014		2013		2014		2013	
Income	$	94,000	$	93,400	$	447,746	$	130,117
Pre-tax profits		67,179		63,263		4,111		15,073
Incomes taxes expense		(14,061)		(13,310)		(2,803)		(2,225)
Total comprehensive income	$	53,118	$	49,953	$	1,308	$	12,848

Condensed statement of cash flow

	Myc Red, S. A. de C.V For the year ended December 31, 2014	Myc Red, S. A. de C.V For the year ended December 31, 2013	Servicio y Equipo en Telefonía, Internet y Televisión, S.A. de C.V. For the year ended December 31, 2014	Servicio y Equipo en Telefonía, Internet y Televisión, S.A. de C.V. For the year ended December 31, 2013
Cash flows from operating activities				
Interest paid	$ 765	$ 1,366	$ -	$ 3,725
Income taxes paid	-		- (12,661)	(3,971)
Net cash arising from operating activities	(2,343)	3,312	235,947	122,569
Net effect used in investment activities	1,970	(1,867)	(65,361)	(68,728)
Net cash used in financing activities	-	-	(165,000)	(69,000)
Net increases (decreases) in Cash and cash equivalents	(373)	1,445	5,586	(15,159)
Cash and cash equivalents at beginning of year	1,804	360	26,216	41,375
Cash and cash equivalents at end of year	$ 1,431	$ 1,805	$ 31,802	$ 26,216

	Corporativo de Comunicaciones Redes de GDL, S. A. de C.V. For the year ended December 31, 2014	Corporativo de Comunicaciones Redes de GDL, S. A. de C.V. For the year ended December 31, 2013	Liderazgo Empresarial en Tecnología de la Información, S.A.P.I. de C.V. For the year ended December 31, 2014	Liderazgo Empresarial en Tecnología de la Información, S.A.P.I. de C.V. For the year ended December 31, 2013
Cash flows from operating activities				
Income taxes paid	$ -	$ -	$ 9,471	$ 5,824
Net cash arising from operating activities	-		- (12,647)	(6,800)
Net cash used in investing activities	(15,958)	50,384	(20,835)	74,563
Net cash used in financing activities	6,322	(875)	(9,991)	(118,331)
Net (decreases)/increases in cash and cash equivalents		-	38,113	40,173
Cash and cash equivalents at beginning of year	(9,635)	49,509	7,287	(3,595)
Cash and cash equivalents at end of year	133,675	84,166	339	3,934
Cash and cash equivalents at end of year	$ 124,040	$ 133,675	$ 7,626	$ 339

The above information represents the figure prior to intercompany eliminations.
At December 31, 2014 and 2013, there were no contingent commitments or liabilities

Note 10 - Property, networks and equipment:

a. Property, networks and equipment are comprised as follows:

	Land	Buildings	Network & technical equip. for dist. and signal	Computer equipment office furniture & equipment
At December 31, 2013:				
Beginning net balance in books	$ 49,876	$ 83,902	$ 10,859,036	$ 191,632
Business Acquisitions (Note 27)			179,039	8,869
Acquisitions by Financial leasing			212,244	
Additions		3,313	1,603,689	65,330
Disposals				(1,908)
Charges for depreciation		(2,487)	(1,101,713)	(98,055)
Net final book balance	49,876	84,728	11,752,295	165,868
Cost	49,876	97,015	18,463,580	816,656
Accumulated depreciation	-	(12,287)	(6,711,285)	(650,788)
Net book Value	$ 49,876	$ 84,728	$ 11,752,295	$ 165,868

	Land	Buildings	Network & technical equip. for dist. and signal	Computer equipment office furniture & equipment
At December 31, 2014:				
Beginning net balance in books	$ 49,876	$ 84,728	$ 11,752,295	$ 165,868
Business Acquisitions (Note 27)	22,966	17,042	18,045	4,996
Acquisitions by Financial leasing			94,275	
Additions	16,935	28,863	2,242,571	293,239
Disposals				(20,976)
Charges for depreciation		(28,918)	(1,285,733)	(92,851)
Net final book balance	89,777	101,715	12,821,453	371,252
Cost	89,777	142,920	21,127,037	1,008,695
Accumulated depreciation	-	(41,205)	(8,305,584)	(637,443)
Net book Value	$ 89,777	$ 101,715	$ 12,821,453	$ 371,252

Transportation equipment	Leasehold improvements	Communic. equipment	Tools and equipment	Total
$ 240,456	$ 53,690	$ 14,724	$ 78,166	$ 11,571,482
213	16,856			204,977
				212,244
34,609	20,461	187	35,530	1,763,119
(13,952)				(15,860)
(15,055)	(20,367)	(1,394)	(10,986)	(1,250,057)
246,271	70,640	13,517	102,710	12,485,905
406,846	222,164	24,517	154,798	20,235,452
(160,575)	(151,524)	(11,000)	(52,088)	(7,749,547)
$ 246,271	$ 70,640	$ 13,517	$ 102,710	$ 12,485,905

Transportation equipment	Leasehold improvements	Communic. equipment	Tools and equipment	Total
$ 246,271	$ 70,640	$ 13,517	$ 102,710	$ 12,485,905
4,676	3,077		65,079	135,881
				94,275
132,134	26,751	161	392,929	3,133,583
				(20,976)
(39,632)	(24,188)	(1,333)	(26,255)	(1,498,910)
322,473	76,280	12,345	534,463	14,329,758
517,541	251,868	24,789	615,090	23,777,717
(195,068)	(175,588)	(12,444)	(80,627)	(9,447,959)
$ 322,473	$ 76,280	$ 12,345	$ 534,463	$ 14,329,758

b. Depreciation expense for the periods ended December 31, 2014 totaled $1,429,910 ($1,250,057 in 2013), of which $1,262,444 ($1,125,051 in 2013) was recorded in cost of services and a $167,466 complement ($125,006 in 2013) was recorded under selling and administration expenses.

c. Financial leasing included and related to the components of property, networks and equipment is as follows (see Note 18):

	At December 31, 2014		2013	
Network and technical equipment for signal distribution.	$	870,459	$	907,544

Note 11 - Goodwill:

Based on its origin, goodwill is comprised as follows:

	Acotel (1)	TCO (2)	IMATEL	IRA	SIGETEL	Others	Total
Balances at December 31, 2014							
Initial net balance	$ 2,296,815	$ 381,098	$ 331,811	$ 240,378	$ 54,893	$ 1,073,402	$ 4,378,397
Additions	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Ending net balance	$ 2,296,815	$ 381,098	$ 331,811	$ 240,378	$ 54,893	$ 1,073,402	$ 4,378,397
Cost	$ 2,296,815	$ 381,098	$ 331,811	$ 240,378	$ 54,893	$ 1,073,402	$ 4,378,397
Accumulated Impairment	-	-	-	-	-	-	-
Net book value	$ 2,296,815	$ 381,098	$ 331,811	$ 240,378	$ 54,893	$ 1,073,402	$ 4,378,397

	Acotel (1)	TCO (2)	IMATEL	IRA	SIGETEL	Others	Total
Balances at December 31, 2013							
Initial net balance	$ 2,296,815	$ 381,098	$ 331,811	$ 240,378	$ 54,893	$ 972,041	$ 4,277,036
Additions	-	-	-	-	-	101,361	101,361
Impairment	-	-	-	-	-	-	-
Ending net balance	$ 2,296,815	$ 381,098	$ 331,811	$ 240,378	$ 54,893	$ 1,073,402	$ 4,378,397
Cost	$ 2,296,815	$ 381,098	$ 331,811	$ 240,378	$ 54,893	$ 1,073,402	$ 4,378,397
Accumulated Impairment	-	-	-	-	-	-	-
Net book value	$ 2,296,815	$ 381,098	$ 331,811	$ 240,378	$ 54,893	$ 1,073,402	$ 4,378,397

(1) On August 7, 2007, the Group signed a purchase agreement for the $256 million US dollar acquisition of 100% of the capital stock of Acotel, S. A. de C. V. and subsidiaries, a company engaged in cable operations. With this transaction, the Group acquired, among other assets, the market to operate in 28 towns in six states in Mexico.

(2) On November 21, 2007, the Group signed a share purchase agreement to acquire 51% of the capital stock of Tele Cable Centro Occidente, S. A. de C. V. (TCO) for $39.2 million U.S. dollars. That company is engaged in operating cable and Internet services in Morelia, Pátzcuaro and other minor neighboring locations.

Goodwill impairment testing:

Management reviews business performance based on the geography and type of business. The Mexican states where the Group operates have been determined. The Group provides cable, telephone and Internet service in all geographic areas. Goodwill is controlled by management at the operating segment level. Following is a summary of the allocation of goodwill to each operating segment:

At December 31, 2014	Beg. balance	Additions	Disposals	Impairment	Other adjustments	Ending balance
Cable	$ 2,489,520	$ -	$ -	$ -	$ -	$ 2,489,520
Telephone	826,987	-	-	-	-	826,987
Internet	907,540	-	-	-	-	907,540
Other segments	154,350	-	-	-	-	154,350
Total	$ 4,378,397	$ -	$ -	$ -	$ -	$ 4,378,397

At December 31, 2013	Beg. balance	Additions	Disposals	Impairment	Other adjustments	Ending balance
Cable	$ 2,489,520	$ -	$ -	$ -	$ -	$ 2,489,520
Telephone	826,987	-	-	-	-	826,987
Internet	907,540	-	-	-	-	907,540
Other segments	52,989	101,361	- -	-	-	154,350
Total	$ 4,277,036	$ 101,361	$ -	$ -	$ -	$ 4,378,397

The recovery amount of all CGU is determined on the basis of calculations of value in use. These calculations use cash flow projections before taxes based on financial budgets approved by Management, covering a five-year period. Cash flows exceeding the five-year term are extrapolated using the following estimated growth rates: Growth rates do not exceed the average long-term growth rate for the telecommunications business in which the CGUs operate.

Recovery values of each CGU are as follows:

	Amount
North	$ 2,634,858
West	9,145,019
Pacific	8,658,673
Southeast	5,380,695
TCO	1,757,929
Bajío	5,694,852
Center	7,125,962
Gulf	3,637,597

The key assumptions used in calculating the value in use for 2014 are as follows (global, as it includes all segments):

	Gross margin	Growth rate	Discount rate
North	46.8%	13.3%	11.36%
West	55.3%	13.7%	11.36%
Pacific	52.9%	12.5%	11.36%
Southeast	52.3%	14.0%	11.36%
TCO	54.8%	13.4%	11.36%
Bajío	59.5%	16.6%	11.36%
Center	53.7%	15.3%	11.36%
Gulf	53.8%	13.3%	11.36%

The key assumptions used in calculating the value in use for 2013 are as follows (global, as it includes all segments):

	Gross margin	Growth rate	Discount rate
North	51.5%	7.2%	12.26%
West	58.4%	7.1%	12.26%
Pacific	55.6%	5.9%	12.26%
Southeast	54.5%	5.6%	12.26%
TCO	57.0%	7.9%	12.26%
Bajío	54.4%	13.2%	12.26%
Center	53.0%	6.8%	12.26%
Gulf	59.2%	6.5%	12.26%

These assumptions have been used in the analysis of each CGU within the operating segment.

Management determined the budgeted gross margins based on past results and its expectations of market development. The weighted average growth rates used are consistent with the projections included in industry reports. The discount rates used are pretax and reflect the specific risks related to relevant operating segments.

The sales volume is the average annual weighted growth rate for the forecast five-year period. It is based on past performance and Management expectations for market development.

The sales volume is the average annual weighted growth rate for the forecast five-year period. It is based on actual industry trends and includes long-term inflation forecasts for each territory.

Note 12 - Other intangible assets, net:

Intangible assets are comprised as follows:

	At December 31, 2014	2013
With a defined lifetime:		
Customer base	$ 1,491,666	$ 1,417,494
Accumulated amortization	(1,366,025)	(1,132,908)
	125,641	284,586
With defined lifetime (2):		
Licenses and software, net	7,449	7,449
Brands and patents. net	32,619	6,636
Total	$ 165,709	$ 298,671

(1) Corresponds to the cost of acquiring portfolio/subscribers. Movements in the net client base are as follows:

Customer base, net:	
At January, 1, 2013	$ 448,755
Additions (i)	95,894
Amortization	(260,063)
At December 1, 2013	$ 284,586
Additions (ii)	77,496
Amortization	(236,441)
At December 31, 2014	$ 125,641

Amortization is calculated by the straight-line method, taking into account the estimated lifetime of assets (4 years). At December 31, 2014 and 2013, it was recorded in the cost of sales and totaled $236,441 and $260,063, respectively.

(i) In 2013, the subsidiary Telefonía por Cable acquired intangible assets worth $32,407. Additionally, with the acquisition of Grupo Hola, they were recorded as intangible assets amounting to $63,487 (see Note 27).
(ii) In 2014, the subsidiary Telefonía por Cable acquired intangible assets worth $31,496. Additionally, with the acquisition of Grupo PCTV, they were recorded as intangible assets amounting to $46,000 (see Note 27).

Intangible assets correspond to the portfolio of the subscribers acquired, which conducted a fair value analysis, which resulted in an average useful lifetime of 4 years.

The Group has obtained a number of concessions granted at no charge by the Federal Government to install and operate a public telecommunications network; however, because they were granted free of charge, they were not recognized for accounting purposes. For further details, see Note 1.

(2) Refers to the trademark registration for "Video Rola música para tu ojos" and its design, granted by the Mexican Institute of Industrial Property (renewable in accordance with applicable provisions), which applies to video entertainment and the manufacture of same, discs, cassettes and videos covered in this classification. Amortized at the 5% annual rate.

Brands and patents		
At January 1, 2013	$	184
Additions (see Note 27)		6,452
At December 31, 2013	$	6,636
Additions (see Note 27)		26,000
At December 31, 2014	$	32,619

Note 13 - Financial instruments per category:

a) Per category

	December 31, 2014		
	Loans and accounts receivable	Assets measured at fair value with changes recognized in income	Total
Assets according to statement of financial position			
Accounts receivable, net, excluding advance payments	$ 739,073	$ -	$ 739,073
Related parties	660,757	-	660,757
Cash and cash equivalents	2,485,404	1,521,585	4,006,989
Total	$ 3,885,234	$ 1,521,585	$ 5,406,819

	Liabilities at fair Value with changes in income	Other finantial liabilities at amortized cost	Total
Liabilities according to statement of financial position			
Bank loans	$ -	$ 2,787,181	$ 2,787,181
Suppliers	-	934,681	934,681
Related parties	-	758,451	758,451
Documents payable	-	4,501	4,501
Other accounts payable, excluding nonfinancial liabilities	-	731,727	731,726
Total	$ -	$ 5,216,541	$ 5,216,541

	Loans and accounts receivable	December 31, 2013 Assets measured at fair value with changes recognized in income	Total
Assets according to balance sheet			
Accounts receivable, net, excluding advance payments	$ 892,049	$ -	$ 892,049
Related parties	689,956	-	689,956
Financial assets carried at fair value through income	-	260,721	260,721
Cash and cash equivalents	1,904,599	441,844	2,346,443
Total	$ 3,486,604	$ 702,565	$ 4,189,169

	Liabilities at fair Value with changes in income	Other finantial liabilities at amortized cost	Total
Liabilities according to balance sheet			
Bank loans	$ -	$ 2,171,690	$ 2,171,690
Suppliers		-	-
Related parties	-	682,929	682,929
Documents payable	-	41,825	41,825
Documentos por pagar	-	3,183	3,183
Other accounts payable, excluding nonfinancial liabilities	-	569,479	569,479
Total	$ -	$ 3,469,106	$ 3,469,106

Note 14 - Bank loans:

Bank loans are comprised as follows:

	At December 31,	
	2014	2013
Simple interest loan of $2,100,000 (nominal) maturing on August 20, 2013, renewed on July 31, 2013 and maturing on July 31, 2016, subject to monthly interest at the TIIE rate plus a margin of 0.49% upon maturity (1).	$ 2,085,231	$ 2,093,097
Simple interest revolving loan of USD $40 million from Santander, subject to 0.45% annual interest. Settled in January 2015.	589,192	-
Simple interest loans of up to $20,000 pesos from BBVA Bancomer, S.A., maturing in July 2015, subject to monthly interest at the TIIE rate +1.1 points. The effective rate determined at December 31, 2014 and 2013 were 1.32% and 1.50%, respectively.	5,000	15,000
Simple interest loans of up to $30,000 pesos from Scotiabank Inverlat, maturing in December 2015, subject to monthly interest at the TIIE rate 2.5 points. The effective rate determined at December 31, 2014 and 2013 were 1.23% and 1.50%, respectively.	3,333	6,667
Simple interest loan of $58,000 (nominal) from Banamex, maturing on April 16, 2017, subject to monthly interest at the TIIE rate plus a margin of 0.90% and 0.49% at maturity. The effective rate determined at December 31, 2014 was1.32% and 1.24%.	48,333	-
Simple interest loan of $40,000 (nominal) from Banamex, maturing on June 6, 2017, subject to monthly interest at the TIIE rate plus a margin of 0.49% at maturity. The effective rate determined at December 31, 2014 was1.26%.	33,333	-
Current account credit line in US dollars from Santander S.A. of up to USD $1 .1 million, subject to annual interest at a rate of from 3% to 5%, maturing in February 2016. The effective rate determined at December 31, 2014 and 2013 were 0.55% and 0.88%, respectively.	14,750	13,326
Current account credit lines from Santander S:A. of up to $6,000 and $2,850, automatically renewable, maturing in 12 and eight months, respectively, subject to interest at the TIIE rate +2.50 percentage points per month. The effective rates determined at December 31, 2014 and 2013 were 2.13% and 0.88%, respectively.	8,009	8,850
Current account credit lines from Banamex S.A. for a maximum of $31,750, for a term of 180 days, automatically renewable, subject to interest at the TIIE rate, plus 0.49 percentage points per month. Settled on December 22, 2014	-	31,750
Working capital credit line in pesos from IXE S.A. of up to $3,000, subject to interest at the TIIE rate +4.50 percentage points per month, maturing in May 2014. Settled in May 2014.	-	3,000
Total bank loans	2,787,181	2,171,690
Less		
Short-term portion of long-term bank loans	(605,488)	(56,926)
Bank loans maturing at a term of over one year	**$ 2,181,693**	**$ 2,114,764**

(1) On July 31, 2013, Mega Cable (an accredited subsidiary) and Telefonía por Cable S. A. de C. V. as well as Servicios Especiales Turandot and Werther Administración Integral, both SAPI de C. V. subsidiaries (joint obligors), renewed the simple interest loan agreement signed with Banco Nacional de México, S.A. (Banamex) for $900,000, BBVA Bancomer, S.A. for $900,000 and Grupo Financiero Santander Serfin, S.A. for $300,000, with Banamex acting as administrative agent. Matures on July 31, 2016.

At December 31, 2014 and 2013, in respect of the most significant loan of $2,100,000 (nominal) mentioned above, the Group determined an effective interest rate in 2014 and 2013 of o.97% and 1.05%, respectively, based on which it recorded the financial cost of said loan; in addition, the fair value at said dates, amounting to $1,971,289 and $1,867,213, respectively, were determined using the contractual discount rate of the TIIE, plus 0.49%.

The current loan establishes different positive and negative obligations and covenants applicable to Mega Cable and its subsidiaries, including obligations with respect to limitations on: (a) mergers or consolidation with any third party; (b) selling, transferring or leasing assets; (c) certain investments; (d) amounts of borrowings; (d) certain payments of dividends or capital stock distributions by Mega Cable or its subsidiaries, or the purchase, redemption or other acquisition of capital stock of any of its subsidiaries; (f) hedge agreements, unless intended to mitigate certain risks or acquire benefits and (g) changes in accounting; the loan also requires Mega Cable and subsidiaries to comply with certain financial rates, including a consolidated leverage rate no higher than 3.00 and a consolidated interest hedge rate of over 3.50.

The positive and negative obligations specified in this contract make it possible to pay cash dividends to Mega cable Holdings as follows: a) for a total not exceeding a percentage of the consolidated net income of Mega Cable and the guarantors, subject to a reduction in the event of distributions or dividends or other payments in respect of shareholding interest, b) in additional amounts at any time equal to cash resources net of issuance and sale of Mega Cable shares (but not of its subsidiaries) and as a Mega Cable capital contribution (but not of its subsidiaries), among others.

At December 31, 2014 and 2013, the Company has complied with all its obligations.

Exposure of the Group’s loans to changes in interest rates and to contractual dates is as follows:

	2014	2013
Less than 6 months	$ 589,146	$ 48,076
From 6 to 12 months	16,342	8,850
From more than a year to 5 years	2,181,647	2,114,764
	$ 2,787,181	$ 2,171,690

The book value and fair value of long-term loans are as follows:

	Book value		Fair value	
	2014	2013	2014	2013
Obligations and other loans	$ 2,181,693	$ 2,114,764	$ 2,075,477	$ 1,890,330

The fair value of short-term loans is the equivalent of book value, as the discount impact is not significant.

Fair values are based on discounted cash flows using the rate calculated by management and are on level 2 in the hierarchy of fair value.

The book value of the Group’s loans is denominated in the following currencies:

	2014	2013
US dollar	$ 39,995	$ 13,326

Note 15 - Income taxes payable:

	December 31, 2014		December 31, 2013	
Income tax payable	$	-	$	187,436
Flat Tax		-		22,114
Total	$	-	$	209,550

Note 16 - Other accounts payable:

	December 31, 2014		December 31, 2013	
Loans payable	$	39,420	$	45,623
Sundry creditors		641,890		569,479
Employees' Statutory Profit Sharing		22,912		26,780
Total	$	704,222	$	641,882

The fair value of accounts payable to sundry creditors current loans is the equivalent of book value, as the discount impact is not significant.

Note 17 - Employee benefits:

The value of benefit obligations acquired is as shown below:

	December 31, 2014		December 31, 2013	
Seniority premium	$	102,609	$	81,470
Retirements benefits		57,238		58,885
	$	159,847	$	140,355

The net cost for the period for the years ended December 31, 2014 and 2013 is as follows:

	December 31, 2014		December 31, 2013	
Seniority premium	$	19,647	$	17,817
Retirements benefits		10,636		11,351
	$	30,283	$	29,168

a) Seniority premium

The economic hypotheses used in nominal and real terms were as follows:

	December 31, 2014	December 31, 2013
Discount rate	6.50%	7.25%
Inflation rate	3.50%	3.50%
Salary increase rate	4.50%	4.50%

The net cost for the period is as follows:

	December 31, 2014		2013	
Labor cost	$	14,171	$	13,901
Financial cost		5,476		3,916
Net cost for the period	$	19,647	$	17,817

The amount shown for liabilities in the statement of financial position is comprised as follows.

	December 31, 2014		2013	
Obligations for defined benefits	$	102,609	$	81,470
Plan assets		-		-
Liabilities in the statement of financial position	$	102,609	$	81,470

Defined benefit obligation movements were as follows:

	2014		2013	
Beginning balance for the year	$	81,470	$	75,999
Labor cost		14,171		13,901
Financial cost		5,476		3,916
Remediation:		22,912		26,780
Losses (profits) for experience		1,492		(12,346)
Ending balance at December 31	$	102,609	$	81,470

The expected general rate of return represents the weighted average of expected returns from the different categories of plan assets. Management's evaluation of expected returns is based on the historical trends of historical returns and on analysts' predictions of the asset market throughout the lifetime of the obligation in question.

b) Retirement benefits

The economic hypotheses used in nominal and real terms were as follows:

	December 31, 2014	2013
Discount rate	6.50%	7.25%
Inflation rate	3.50%	3.50%
Salary increase rate	4.50%	4.50%

The net cost for the period is as follows:

	December 31,	
	2014	2013
Labor cost	$ 5,802	$ 6,639
Financial cost	4,834	4,712
Net cost for the period	$ 10,636	$ 11,351

The amount shown for liabilities in the statement of financial position is comprised as follows.

	December 31,	
	2014	2013
Obligations for defined benefits	$ 57,238	$ 58,885
Plan assets	-	-
Liabilities in the statement of financial position	$ 57,238	$ 58,885

Defined benefit obligation movements were as follows:

	2014	2013
Beginning balance at January 1	$ 58,885	$ 49,448
Labor cost	5,802	6,639
Financial cost	4,834	4,712
Re-measurements:	22,912	26,780
(Gain) loss from experience	(12,283)	(1,914)
Ending balance at December 31	$ 57,238	$ 58,885

The expected general rate of return represents the weighted average of expected returns from the different categories of plan assets. Management's evaluation of expected returns is based on the historical trends of historical returns and on analysts' predictions of the asset market throughout the lifetime of the obligation in question.

The Group operates defined pension plans in Mexico, as per similar regulatory frameworks. All pension plans are based on ending salaries, which provide benefits to the members in such a way that they guarantee a lifetime pension payment. The level of benefits depends on the length of a member's service and salary over the last few years prior to retirement. In the plans for the country in which it operates, current pensions are generally updated in line with the index of retail prices, while in the plans for Mexico, plans are not usually subject to adjustments for inflation once they begin to be paid. With the exception of the inflationary risk in the country in which it operates, plans are exposed to similar risks, as described below: Most benefit payments are made from trust funds; however, there is also a certain number of unfunded plans where the company makes benefit payments upon the due dates. Management responsibility for the plans - including investment decisions contribution programs - is shared jointly with the company and the Board of Directors. The Board of Directors must be made up of company representatives and plan participants, as per plan regulations.

The weighted average of the duration of the defined benefit obligation is 7.4 years.

The sensitivity analysis of the principal assumptions for defined benefit obligations were as follows:

	Impact on defined benefit obligation	
	Change in assumption	**Increase in obligation**
Discount rate	1%	Disminuye en un 7%
Salary growth rate	1%	Aumenta en un 10%
Minimum wage increase	1%	Aumenta en un 1%

As concerns the pension plan, beginning in 2013, management has implemented an annual ten-year contributions plan. Those contributions are handled through the Sura Investment Management México investment account. Contributions made in 2014 and 2013 were for $10,010 and $12,802, respectively. At the date of these financial statements, management has made the 2015 contribution, amounting to $9,944.

Note 18 - Leases:

The leasing expense is recorded by the straight-line method in the period in which the leasing contract is in effect.

a) Operating leases

The Company has entered into a number of agreements for straight leasing of the buildings that house some of its offices and warehouses. The terms stipulated in said contracts fluctuate from one to five years and the minimum amounts payable are adjusted applying factors derived from the National Consumer Price Index. Minimum future payments for each of the five following years are summarized as follows:

	December 31,	
	2014	**2013**
Up to 1 year	$ 91,795	$ 96,987
More than a year to 5 years	213,904	245,764
	$ 305,699	$ 342,751

The amount charged to income for straight leasing (property) totaled $179,633 in 2014 and $163,747 in 2013.

b) Financial leasing

On August 1, 2012, the subsidiary Mega Cable, S. A. de C. V. (MEGA) signed a high-capacity telecommunications service agreement with Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C. V. (GTAC),; the latter was granted, through the Department of Communications and Transport, certain concessions through the Federal Electricity Commission (FEC) in 2010, for a 20-year term, fully or partially renewable, covering the Pacific, Central and Gulf regions of Mexico. This means that MEGA will be making annual advance payments of $41,400 from July 2013 to 2020 for use of the trunk capacity from July 2013 to 2027. The purpose of said payments is for GTAC to maintain and repair the public network.

Future minimum payments are summarized as follows:

	2014	2013
Up to 1 year	$ 106,579	$ 100,546
More than a year to 5 years	636,842	600,795
Over 5 years	24,491	171,295
	$ 767,912	$ 872,636

Following is the reconciliation of payments

	2014	2013
Total financial leases		
At January 1	$ 883,815	$ 953,382
Increases	94,275	98,320
Payments	(172,151)	(167,887)
At December 31	$ 805,939	$ 883,815

Note 19 - Stockholders' equity:

a. The paid-in capital stock and number of shares are as follows:

	Series "A" shares	
	Amount	IRA
Capital stock at December 31, 2014 and 2013	1,718,589,932	$ 910,244

Shares representing the Company's capital stock, issued and outstanding, are entirely paid in; they have no par value.

At December 31, 2014, 1,721,355,673 shares were issued (1,721,355,673 shares in 2013) as a result of the conversion of obligations.

Series A shares have voting rights only at ordinary stockholders' meetings and hold preference in the distribution of Company profits.

Following is the reconciliation of outstanding shares at the beginning and end of the year:

	2014		2013	
	Ordinary Shares	Preferential Shares	Ordinary Shares	Preferential Shares
At January 1	1,721,355,673	-	1,721,355,673	-
Shares issued during the year, net purchases (i)				
At December 31,	1,721,355,673	-	1,721,355,673	-

At December 31, 2014 and 2013, the Company holds 1,709,942 and 1,634,250 shares issued, respectively (treasury shares).

In the periods ended on December 31, 2014 and 2013, no share issuance, placement or registration expenses were incurred.

Participation certificates (CPOs from Spanish) are nominative securities representing the -provisional right over the returns and other benefits or goods held in an irrevocable trust, issued by the Group to be quoted on the Mexican Stock Exchange. A CPO is equivalent to two shares.

i. In the period ended on December 31, 2013, the company sold 1,672,089 ordinary participation certificates (CPOs), equivalent to 3,344,178 shares of the variable portion of series A shares.

In the period ended December 31, 2013, the Company purchased 1,654,250 CPOs, equivalent to 3,308,500 shares pertaining to the variable portion of series A shares. These operations represented .19%.

In the period ended December 31, 2013, the Group made net sales of 17,839 CPOs, equivalent to 35,678 shares pertaining to the variable portion of series A shares. These operations represented .002%.

ii. In the period ended on December 31, 2014, the company sold 1,634,250 ordinary participation certificates (CPOs), equivalent to 3,268,500 shares of the variable portion of series A shares.

In the period ended December 31, 2014, the Company purchased 1,709,942 CPOs, equivalent to 3,419,884 shares pertaining to the variable portion of series A shares. These operations represented .19%.

In the period ended December 31, 2014, the Group made net purchases of 75,692 CPOs, equivalent to 151,384 shares pertaining to the variable portion of series A shares. These operations represented .004%.

At the Ordinary Stockholders' Meetings held in 2013, the stockholders agreed to declare dividends for a net total of $1,568,225.

b. The balances of the stockholders' equity tax accounts are:

	December 31,	
	2014	**2013**
Capital contributions account (CUCA)	$ 21,839,736	$ 16,793,799
The after-tax earnings account (CUFIN)	3,045,242	1,518,000
Total	$ 24,884,978	$ 18,311,799

c. Tax provisions related to stockholders' equity:

Dividends are free of income tax if paid from the After Tax Earnings Account (CUFIN). Any excess over the CUFIN is taxable at a rate of from 4.62% to 7.69% if paid from the reinvested CUFIN (CUFINRE). Dividends in excess of the CUFIN are subject to 42.86% tax if paid in 2013. The tax is payable by the Company and may be credited against its income tax arising in the same year or the following two years, or against flat tax for the period. Dividends paid from profits on which income tax has previously been paid are subject to no tax withholding and to no additional tax. See adjustment arising from the tax amendments in Note 21, point iii.

According to the procedures established in the Income Tax Law, in the event of a capital reduction, any excess of stockholders' equity over the capital contributions account is accorded the same tax treatment as dividends.

Profit sharing and capital stock reductions in excess of the balance of the CUFIN and CUCA are subject to tax in accordance with the provisions of articles 11 and 89 of the Income Tax Law and are subject to payment of corporate income tax at the rate in effect at the time of distribution.

In October 2013, Congress approved the issuance of a new Income Tax Law, which went into effect on January 1, 2014. Among other aspects, this law establishes a 10% tax on earnings generated as from 2014, on dividends paid to residents in Mexico and abroad, and establishes that for the periods from 2001 to 2014, the net tax profit must be determined in the terms of the current Income Tax Law in effect in the tax period in question.

According to the procedures established in the Income Tax Law, in the event of a capital reduction, any excess of stockholders' equity over the capital contributions account is accorded the same tax treatment as dividends.

At December 31, 2014 and 2013, the Group had complied with all capital commitments (financial leveraging ratio).

Note 20 - Earnings per share:

Net earnings per share is calculated by dividing the net profit for the year by the weighted average of shares outstanding during the year, excluding common shares acquired by the company and held as treasury shares.

	December 31,	
	2014	2013
Net profit of the controlling interest	$ 2,409,002	$ 1,940,767
Weighted average of the shares	1,718,552	1,718,532
Profit per ordinary share (pesos)	$ 1.4	$ 1.12
CPO value per share	0.7	0.56

Note 21 - Income taxes:

In October 2013, Congress approved issuance of the new Income Tax Law, which went into effect on January 1, 2014, repealing the ITL published on January 1, 2002 (the previous Law). The new Income Tax Las builds on the essence of the former Law, but makes important changes, the most outstanding of which are that it:

i. Places restrictions on the deduction of contributions to pension funds and exempt salaries, car leasing, restaurant expenses and Social Security dues. It also eliminates the immediate deduction of fixed assets.

ii. Modifies the procedure for including income from term sales in the tax base and generalizes the procedure for determining the gain on the sale of shares.

iii. Modifies the procedures for determining the tax base for Employees' Statutory Profit Sharing (ESPS), establishes the mechanics for determining the opening balance of the capital contributions account (CUCA) and of the CUFIN.

iv. Establishes the 30% income tax rate applicable for 2014 and subsequent years, unlike the former Law, which established a rate of 30%, 29%, and 28% for 2013, 2014 and 2015, respectively.

As a result of these tax amendments, the Group is no longer entitled to take the immediate deduction of fixed assets, which will be reflected in the cash flow for the payment of income tax incurred. At December 31, 2013, the Group took deductions totaling $1,698,846.

Furthermore, the 2014 tax amendments pertaining to investors in SIBRAS makes it likely that income taxes will have to be paid in 2016 on the profit arising from contributions to those entities. For that reason, at December 31, 2013, $606,829 was reclassified as a long-term liability.

The Company has reviewed and adjusted the deferred income balance at December 31, 2013. Determination of temporary differences considers the application of these new provisions, the impact of which is detailed in the reconciliation of the effective rate shown below: However, the effects on the limitation on deductions and others mentioned above will be applied as from 2014, and will mainly affect tax incurred as from said period.

In October 2013, the Senate and House of Representatives approved the repeal of the Flat Tax Law published on October 1, 2007. Therefore, as from the date the Decree approved in October 2013 went into effect, the resolutions and general administrative provisions, as well as all resolutions issued in response to consultations, interpretations, authorizations or permits granted to individual parties, in respect to the tax established in the repealed law are rendered null and void.

Due to the aforementioned change, in 2013, the Company canceled deferred flat tax recognized at December 31, 2012 with a charge to income for the year and recognized the respective deferred income tax.

1. Income taxes are comprised as follows:

	December 31, 2014	December 31, 2013
IT incurred	$ 644,947	$ 285,992
Deferred IT	14,180	650,966
Flat tax incurred	-	88,843
Cancelation of deferred flat tax	-	(154,051)
Total	$ 659,127	$ 871,750

2. Following is a reconciliation of the rate incurred and the effective consolidated income tax rate:

	December 31, 2014	2013
Profit before income taxes	$ 3,141,241	$ 2,932,082
Rate incurred	30%	30%
IT at the statutory rate	942,373	879,625
Plus (less) income tax effect of the		
following items:	3,090	10,045
Annual adjustment for inflation	5,169	6,648
Non deductible	(291,505)	-
Financial leasing of infrastructure	-	(144,192)
Benefits from amortization of tax losses	-	147,348
Restatement and immediate deduction (fixed assets)	-	126,327
Effect of change in rates	-	(154,051)
Cancelation of deferred flat tax		
	$ 659,127	$ 871,750
Effective rate	21%	30%

3. The deferred income tax balance is composed as follows:

	December 31,	
Deferred income tax asset	**2014**	**2013**
Unamortized tax losses	$ 62,710	$ 275,269
Intangible assets	349,204	268,937
Properties, networks and equipment, net	34,369	49,744
Bad debt reserve	76,422	44,121
Labor obligations	26,435	42,542
Provisions	155,944	105,454
	$ 705,084	$ 786,067
Deferred income tax liability		
Property and equipment, net	($ 1,769,019)	($ 1,824,912)
Advance payments	(13,839)	(24,749)
	($ 1,782,858)	($ 1,849,661)
Total deferred incomes taxes	($ 1,077,774)	($ 1,063,594)

4. Following is an analysis of deferred tax assets and liabilities:

	December 31,	
Deferred tax asset:	**2014**	**2013**
Deferred tax asset recoverable after 12 months	$ 63,051	$ 73,390
Deferred tax asset recoverable within 12 months	202,602	106,525
	265,653	179,915
Deferred tax liability:		
Deferred tax asset to be recovered after 12 months	(215,391)	(42,729)
Deferred tax liability to be recovered within 12 months	(1,128,036)	(1,200,780)
	(1,343,427)	(1,243,509)
Deferred tax liability, net	($ 1,077,774)	($ 1,063,594)

5. The movement in deferred income tax assets and liabilities during the year was as follows:

Deferred income tax asset:	Property, Networks and equipment, net	Unamortized tax losses	Intangible assets	Bad debt reserve	Provisions and others	Total
At January 1, 2013	$ 309,072	$ 189,543	$ 362,729	$ 38,205	$ 127,089	$ 1,026,638
Charged (credited) to the statement of income	(259,328)	85,726	(93,792)	5,916	20,907	(240,571)
At December 31, 2013	$ 49,744	$ 275,269	$ 268,937	$ 44,121	$ 147,996	$ 786,067
Effect of acquisition (Note 27)	(15,375)	(212,559)	80,267	32,301	34,383	(80,983)
At December 31, 2014	$ 34,369	$ 62,710	$ 349,204	$ 76,422	$ 182,379	$ 705,084

ISR diferido pasivo:	Property, Networks and equipment, net	Others	Total
At January 1, 2013	($ 2,108,137)	($ 16,914)	($ 2,125,051)
Charged (credited) to the statement of income	283,225	(7,835)	275,390
At December 31, 2013	($ 1,824,912)	($ 24,749)	($ 1,849,661)
Charged to the statement of income	55,893	10,910	66,803
At December 31, 2014	($ 1,769,019)	($ 13,839)	($ 1,782,858)

6. At December 31, 2014 and 2013, the Group had accrued consolidated tax losses amounting to $429,576 and $937,139, respectively. The right to amortize those losses against future consolidated -profits expires as follows:

	December 31, 2014	
Year in which Loss was generated	**Restated figure**	**Year of expiration**
2006	$ 170,596	2016
2007	46,920	2017
2008	87,959	2018
2009	40,551	2019
2010	4,592	2020
2011	3,248	2021
2012	9,451	2022
2013	3,144	2023
2014	63,115	2024
	$ 429,576	

	December 31, 2013	
Year in which Loss was generated	**Restated figure**	**Year of expiration**
2004	$ 62,731	2014
2006	707,524	2016
2007	46,920	2017
2008	68,887	2018
2009	37,621	2019
2011	499	2020
2012	6,386	2021
2013	6,571	2022
	$ 937,139	

At December 31, 2014 and 2013, no tax losses were recognized, as there was no certainty of the recoverability of $276,997 and $19,578, respectively.

Note 22 - Costs and expenses classified by their nature:

Cost of service, sales and administration are analyzed as follows:

	December 31,	
	2014	2013
Cost of services:		
	-	260,020
Programming	$ 1,479,595	$ 1,511,370
Depreciation	1,331,444	1,125,051
Network connection and installment	465,113	490,918
Labor - technical personnel	605,611	456,071
Amortization	255,969	260,063
Advertising and promotion	295,451	206,270
Network Links	157,259	147,160
Sources of power	157,519	142,389
Call traffic	83,367	115,187
External work	76,871	66,164
Other minor	34,576	4,128
Total cost of service	$ 4,942,775	$ 4,524,771

	December 31, 2014	2013
Selling expenses		
Labor and benefits	$ 1,632,079	$ 1,318,286
Maintenance and conservation expenses	410,545	435,101
Leasing	284,171	245,631
Depreciation	156,655	115,871
Sales commissions	99,249	87,525
Electrical power	86,730	77,271
Bad debt reserve	56,892	10,414
Preparation of account statements and courier service	50,237	54,099
Travel expenses	48,308	29,958
Bank commissions	44,691	41,195
Transfer of securities	43,150	41,560
Stationery and office supplies	43,052	40,442
Security and hygiene	38,152	38,394
Insurance	28,129	25,234
Telephone service	20,567	20,119
Security services	19,501	20,964
Dues and licenses	16,904	17,137
Non deductibles	13,967	16,312
Training and recruiting	18,242	15,902
Recovery of equipment	12,786	12,804
Freight	12,772	9,027
Fees	12,791	11,567
Conventions	2,469	6,089
Other expenses	40,970	28,600
Total selling expenses	$ 3,193,009	$ 2,719,502

	December 31, 2014	2013
Administration expenses		
Labor and benefits	$ 1,632,079	$ 1,318,286
Advisory services	$ 152,547	$ 122,697
Leasing	89,147	73,877
Depreciation	12,750	11,021
Security and hygiene	10,811	9,135
Seguridad e higiene	3,008	3,027
Total administration expenses	$ 268,263	$ 219,757

	December 31, 2014	December 31, 2013
Cost of services, selling and administration expenses:		
Programming	$ 1,479,595	$ 1,511,370
Labor and benefits (1)	2,390,237	1,897,053
Depreciation	1,498,910	1,250,057
Network connections and installment	465,113	490,918
Maintenance and conservation expenses	410,545	435,101
Amortization	255,969	260,063
Leasing	296,921	256,652
Advertising and promotion	295,451	206,270
Network Links	157,259	147,160
Sources of power	157,519	142,389
Call traffic	83,367	115,187
Sales commissions	99,249	87,525
Electrical power	86,730	77,271
Advisory services	89,147	73,877
External work	76,871	66,164
Bad debt reserve	56,892	10,414
Preparation of account statements and courier service	50,237	54,099
Travel expenses	48,308	29,958
Transfer of securities	43,150	41,560
Stationery and office supplies	43,054	40,442
Security and hygiene	41,160	41,420
Bank commissions	44,692	41,195
Insurance	28,129	25,234
Security services	19,501	20,964
Telephone service	20,567	20,119
Dues and licenses	16,904	17,137
Non deductibles	13,967	16,312
Training and recruiting	18,242	15,902
Recovery of equipment	12,786	12,804
Freight	12,772	9,027
Fees	12,791	11,567
Conventions	2,469	6,089
Other expenses	75,543	32,730
Total	$ 8,404,047	$ 7,464,030

(1) Following is a breakdown of personnel compensation and benefits:

	December 31, 2014	2013
Wages, benefits and bonuses	$ 1,503,377	$ 1,201,847
Taxes and dues	403,041	340,503
Commissions	453,536	325,535
Net cost for the period	30,283	29,168
	$ 2,390,237	$ 1,897,053

Note 23 - Analysis of other income and expenses:

	December 31, 2014	2013
Otros ingresos:		
Cancellation of provisions	$ 50,699	$ 16,568
Profit on acquisition of PCTV (see Note 27)	74,300	-
Petty cash surpluses	2,549	1,643
Restatement of taxes	1,087	4,663
Refunded taxes	-	18,070
Third party works	-	8,094
Other minor expenses	37,580	25,796
Total other income	166,215	74,834
Other expenses:		
Cost of the sale of fixed assets	($ 59,443)	($ 5,494)
Promotional items	-	(637)
Total other expenses	($ 59,443)	($ 6,131)
Total other income, net	$ 106,772	$ 68,703

Note 24 - Financing income:

	December 31, 2014	2013
Interest expenses:		
Interest on bank loans	$ 127,553	$ 171,317
Exchange loss	72,636	
Financial expenses	200,189	171,317
Financial income:		
Interest income on short-term bank deposits	$ 128,297	$ 143,480
Interest income on loans to related parties (Note 26)	34,646	37,817
Exchange gain	-	23,183
Financial expenses	162,943	204,480
Financing income - net	($ 37,246)	$ 33,163

Note 25 - Commitments and Contingencies

1. Commitments

1.1. Concessions.-

In accordance with the terms and conditions of the concessions, the subsidiary companies holding concession titles granted by the SCT to operate the services must comply with certain obligations.

Failure to comply with said obligations could lead to sanctions. In addition, the Group's concessions are subject to rescission for different reasons, including interruption of the service, failure to comply with the obligations or conditions established in the concession titles, the assignment or transfer of concession rights or failure to pay the agreed-upon consideration to the federal government.

Under any of those assumptions, the concession could be canceled without the need for the -government to pay Mega Cable, S. A. de C. V. any kind of compensation. If the SCT revokes any of the Group's concessions, it would be unable to operate in the area covered by the concession or to obtain new concessions to operate in that or any other area for a period of five years.

Rescission of any of the Company's concessions would have a significant adverse effect on its activities, financial position and operating income.

1.2. Contractual obligations

The Group has obligations guaranteed by Mega Cable and some of its subsidiaries, owing to financial entities with which it has contracted a straight loan. Said loan includes clauses prohibiting the Group from conducting activities such as selling fixed assets and merging with third parties (except with previous notification of and approval from the financial entity). Additionally, the loan agreement requires compliance with certain financial ratios.

At December 31, 2014 and 2013, the Group had complied with all of its contractual commitments.

Note 26 - Related parties:

a) The main balances with related parties are shown below:

			December 31,	
Entity	**Type of relation**	**Item**	**2014**	**2013**
Long-term accounts receivable:				
Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. (GTAC)[1]	Joint business	Loan made	$ 645,432	$ 687,008
Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. (GTAC)	Joint business	Advances	15,325	16,501
Total			$ 660,757	$ 703,509

Entity	Type of relation	Item	December 31, 2014	2013
Accounts payable:				
Productora y Comercializadora de Televisión, S.A. de C.V.	Associated cost	Programming	$ -	$ 41,825
Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. (GTAC)(1)	Joint business	Finantial leasing	758,451	844,363
			758,451	886,188
Total			$ 660,757	$ 703,509
Less short-term accounts payable			(113,740)	(142,372)
Total long-term accounts receivable			$ 644,711	$ 743,816

(1) The long-term account receivable at December 31, 2014 and 2013 pertains to a loan made to the associate GTAC with a credit line of up to $688,217. The loan matures on December 31, 2021 and is subject to monthly interest at the 28-day interbank rate plus 2 percentage points. The effective income tax rate for 2010 and 2013 is 4.69% and 6.2%, respectively. At December 31, 2014 and 2013, the fair value of the account receivable is $434,302 and $407,417, respectively.

(2) The account receivable at December 31, 2013 and 2012 corresponds to the capacity agreement -signed with GTAC for telecommunications services. That agreement specifies that over the next 18 years, the Group will make annual payments of $41,400, increasing annually on the basis of the National Consumer Price Index (NCPI). It also establishes that payments for years 10 and 18 may be made in advance. There is compliance with the requirements specified in NIC 17 in order to qualify as financial leasing. See Note 18, point b.

The implicit annual interest rate determined for the payments to be made by the Group is the lesser of the TIIE plus 1.22 and 6%. At December 31, 2012 and 2013, the average interest rate was .53% and 5.6%, respectively.

Fair value of the account payable at December 31, 2014 and 2013 is $808,037 and $777,598, respectively, are based on discounted cash flows using the rate calculated by management and are on level 2 in the hierarchy of fair value.

b) Durante el año se celebraron las siguientes operaciones:

Entity	Type of relation	Item	December 31, 2014	2013
Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. (GTAC)	Joint business	Interest collected	$ 34,696	$ 37,817
Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. (GTAC)	Joint business	Maintenance	$ 44,000	$ 39,240

Goods are acquired from the joint business in regular commercial terms and conditions.

c) Key personnel compensation

Key personnel include the directors and members of the Executive Committee. Compensation paid or payable to these executives for their services is as follows:

	December 31, 2014		December 31, 2013	
Salary and other short-term benefits	$	36,702	$	30,365
Retirement benefits		3,803		4,070
	$	40,505	$	34,435

d) Loans to related parties

	December 31, 2014		December 31, 2013	
Total loans to related parties (1):				
At January 1	$	689,956	$	652,633
Loans made in the year		114,114		87,913
Loan payments collected		(132,574)		(96,048)
Interest collected		(60,760)		(2,948)
Interest charged (including VAT)		34,696		45,458
At December 31	$	645,432	$	687,008

1) See point a).1) above.

For the years ended December 31, 2014 and 2013, there are no outstanding balances on loans made to key management personnel.

Nota 27 - Acquisitions:

a) PCTV

In 2014, the Group acquired the following shares:
In August, November and December 2014, the Group acquired 53% of the potential voting shares of Productora y Comercializadora de Televisión, S. A. de C. V. and subsidiaries (PCTV). At December 31, 2013, 28% of the shares were held.

The purchase price of the shares was $92.3 million, which was settled on September 4, October 28 and November 4, respectively, 2014. The valuation method for business acquisitions used was the acquisition method. The subsidiaries consolidate as from that date.

The Group recorded a profit of $51,200 as a result of measuring at fair value its 53% interest in PCTV held prior to the business combination. The profit is included in other income in the Group's statement of comprehensive income.

That profit is not expected to have a tax effect as concerns income taxes. The principal factors giving rise to the profit are non-separable intangible assets.

The following table summarizes the consideration paid by the Group and the fair value of the assets -acquired and the liabilities assumed.

	Amount (definitive)
Profit on the investment in associate	$ 51,200
Fair value of the investment in associate (28%)	$ 141,000
Consideration paid at November 4, 2014	
Cash - total consideration transferred	$ 92,300
Recorded amounts of identifiable assets acquired and liabilities assumed	
Net working capital	$ 23,100
Fixed assets (Note 10)	135,800
Brands (included in intangibles) (Note 12)	26,000
Customer portfolio (included in intangibles) (Note 12)	46,000
	230,900
Deferred income tax (Note 21)	(20,700)
Total identifiable net assets	210,200
Profit from acquisition at bargain price	$ 23,100

Because the consideration paid on that acquisition was less than the identifiable net assets, the Group recorded a profit of $23,100 as a result of measuring the 53% interest in PCTV ¬at fair value. The profit is included in other income in the Group's statement of comprehensive income. That Note considers that there was previously an investment in the associate, in which control was secured as a result of this purchase.

Income shown in the consolidated statement of comprehensive income since November 4, 2014 contributed by PCTV was $182,105. PCTV also contributed profits of $1,731 in the same period.

Had PCTV been consolidated since January 1, 2014, the consolidated statement of comprehensive income would show income of $12,154,755 and profits of $2,568,350.

b) Grupo Hola

In 2013, the Group acquired the following shares:

In August 2013, the Group acquired 51 % of the potential voting shares¬ of Liderazgo Empresarial en Tecnologías de la Información, S. A.P. I. de C. V. and Fidelizar, S. A. de C. V.

With those acquisitions, the Group strengthens its position in the business, corporate and public sector market, and extends telecommunications solutions services and data and information handling solutions. The purchase price of the ¬shares was $89.4 million, which was settled on September 23, 2013. The valuation method for business acquisitions used was the acquisition method. The subsidiaries consolidate as from that date.

Goodwill amounts to $91,907. With the following tax effects, goodwill recorded is not ¬expected to be deductible from income taxes. The principal factors giving ¬rise to goodwill are nonseparable intangible assets.

The following table summarizes the consideration paid by the Group, the fair value of the assets -acquired, the liabilities assumed and the noncontrolling interest at the acquisition date.

	Amount (definitive)	
Consideration paid at September 23, 2013		
Cash - total consideration transferred	$	89,406
Recorded amounts of identifiable assets acquired and liabilities assumed		
Fixed/deferred assets, net (Note 10)	$	81,486
Net working capital		15,856
Brands (included in intangibles) (Note 12)		6,452
Customer portfolio (included in intangibles) (Note 12)		63,487
		167,281
Liabilities acquired (Note 14)	($	56,925)
Employee benefits (Note 17)		(7,910)
Deferred income tax (Note 21)		(19,046)
		(83,881)
Total identifiable net assets		83,400
Noncontrolling portion		83,400
Goodwill		91,907
Total	$	175,307

Note 28 - Financial information by operating segment:

The Board of Directors is the maximum decision-making authority as concerns Group operations. Consequently, management has determined the operating segments to be reported based on internal management reports reviewed by the Board of Directors when making strategic business decisions.

The Board of Directors analyzes the business from a geographic, product and fixed¬ asset perspective. Geographically, the Board of Directors analyzes results by state.

In 2014, the "business" segment did not qualify as a reportable segment. However, following the acquisition of Group PCTV and Group Hola in 2014 and 2013, respectively, that segment was required to be reported separately, and the comparative information has therefore been reformulated.

The Board of Directors evaluates the performance of the operating segments on the basis of adjusted EBITDA. Determination of the EBITDA excludes nonrecurring expenses of the operating segments, as well as payments based on shares settled with capital and profits/losses ¬not realized on financial instruments. The result on interest gained and lost is not assigned to the segments, since that is the responsibility of the treasury, which manages the liquidity of the Group. Neither are the results of discontinuous operations included in measuring adjusted EBITDA.

Information by business segment is reported on the basis of the information used by the Operations Committee in making strategic and operating decisions. An operating segment is defined as a component of an entity on which there is separate financial information which is evaluated on a regular basis. Income of Group segments are as follows:

Cable

Includes the operation of cable television systems in several states of Mexico and derives revenues primarily from basic and premium services. This segment also includes installation fees from cable subscribers, pay-per-view fees and local and national advertising sales.

Internet

Includes high-speed Internet services provided to residential and commercial customers.

Telephony

Although the Telephony segment does not comply with the quantitative limits established by NIIF 8 for separate reporting, management has done so because it considers that potential growth of this segment means it will contribute significantly to Group revenue in the¬ future. Telephony receives its revenue from fixed digital telephony of the Internet protocol and from s¬ervices rendered to residential and commercial customers.

Business

Consists of the Metrocarrier, MCM, Ho1a and PCTV units, focused on different¬ segments of connectivity outfitting, administrative services and content.

Others

Represents segments individually amounting less than 10% of the consolidated ¬total. Others includes the production of TV programs and broadcasting, distribution services from multiple points and channels (MMDS), virtual private network and other network services. Corporate costs are distributed among the different business segments.

NIIF 8 requires disclosure of assets and liabilities pertaining to one segment, if measurement is regularly provided to the decision making body; however, with respect to the Group, the Operations Committee only evaluates the performance of the operating segments based on an analysis of income, operating profit and assets, but not of each segment's liabilities.

Income r¬eported by the Company represents the income obtained from external customers, as no inter-segment sales are conducted.

28.1. Income and results per segment:

	December 31, 2014					
	Cable	Internet	Telephony	Business	Others (*)	Total consolidated
Income	$ 6,082,993	$ 2,603,960	$ 1,290,439	$ 1,221,346	$ 277,024	$ 11,475,762
Costs and expenses	4,405,897	1,915,579	949,299	898,472	165,800	8,335,047
Profit before other income	1,677,096	688,381	341,140	322,874	111,224	3,140,715
Other income	69,380	1,644	1,661	(210,091)	244,178	106,772
Operating profit	1,746,477	690,025	342,801	112,783	355,401	3,247,487
Financing costs, exchange fluctuation and results of associates						(37,246)
Profits not distributed by subsidiaries						-
Income taxes						659,127
Consolidated net income						2,542,710

	December 31, 2013					
	Cable	Internet	Telephony	Business	Others (*)	Total consolidated
Income	$ 5,789,583	$ 2,128,449	$ 1,228,386	$ 687,515	$ 445,383	$ 10,279,316
Costs and expenses	4,203,939	1,545,512	891,957	499,219	323,403	7,464,030
Profit before other income	1,585,644	582,937	336,429	188,296	121,980	2,815,286
Other income					68,703	68,703
Operating profit	1,585,644	582,937	336,429	188,296	190,683	2,883,989
Financing costs, exchange fluctuation and results of associates						33,163
Profits not distributed by subsidiaries						14,930
Income taxes						(871,750)
Consolidated net income						2,060,332

(*) The "Other" segment is mainly comprised of income from advertising, metrocarrier, megacanal, etc.

Presentation by the segments disclosed above is the same as that used by management in its periodic review processes of the Company's performance.

Taxes and financing costs are handled at the Group level and not within each of the s¬egments¬ reported. As a result, said information is not shown distributed in each of the segments reported. Operating income is the key performance indicator for ¬management, which is reported monthly to the Operations Committee.

28.2 Other information by business segment:

	December 31, 2014					
	Cable	Internet	Digital telephony	Business	Others	Total consolidated
Total assets per segment	$ 10,341,232	$ 2,287,724	$ 620,228	$ 875,558	$ 205,016	$ 14,329,758
Acquisitions in the year of property, networks and equipment	$ 2,095,978	$ 475,591	$ 228,961	$ 535,038	$ 7,195	$ 3,342,763
Depreciation and amortization of fixed assets	$ 1,575,146	$ 93,775	$ 9,124	$ 50,792	$ 6,514	$ 1,735,351

	December 31, 2013					
	Cable	Internet	Digital telephony	Business	Others	Total consolidated
Total assets per segment	$ 9,376,065	$ 1,917,904	$ 400,677	$ 666,693	$ 124,566	$ 12,485,905
Acquisitions in the year of property, networks and equipment	$ 1,676,872	$ 205,004	$ 88,766	$ 188,194	$ 5,644	$ 2,164,480
Depreciation and amortization of fixed assets	$ 938,708	$ 192,016	$ 40,115	$ 66,748	$ 12,470	$ 1,250,057

Some of the fixed assets included in the cable segment are also used in other segment¬s, such as Internet¬ and telephone; however, the cost of said assets is¬ assigned only to cable.

28.3 Information by geographic location:

a. Analysis of net income by geographic location:

State	Total service income At December 31, 2014	2013
Jalisco	$ 1,700,920	$ 1,756,601
Sonora	1,266,944	1,122,405
Sinaloa	1,109,047	1,067,913
Veracruz	887,151	836,152
Puebla	926,863	817,000
Michoacán	784,894	730,469
Guanajuato	729,196	689,438
Estado de México	798,145	644,764
Durango y Coahuila	610,491	579,216
México, D.F.	963,820	541,589
Querétaro	393,066	333,142
Nayarit	277,418	260,468
Chiapas	261,665	234,834
Baja California Sur	163,545	170,711
Oaxaca	122,063	108,645
Colima	123,258	107,093
Zacatecas	106,971	88,590
Morelos	58,900	54,326
Guerrero	32,007	34,038
Chihuahua	38,838	33,336
Monterrey	27,832	16,872
Quintana Roo	23,424	16,123
Hidalgo	16,575	15,949
Tabasco	4,835	4,648
San Luis Potosí	4,636	4,519
Others	43,258	10,475
Total consolidated	$ 11,475,762	$ 10,279,316

State	Total assets At December 31, 2014	2013	Acquisitions of networks and equipment At December 31, 2014	2013
Jalisco	$ 4,443,392	$ 3,812,556	$ 1,579,832	$ 814,325
Sonora	1,358,298	1,209,222	217,757	179,258
Sinaloa	1,109,563	986,520	195,532	138,081
Puebla	1,050,803	944,159	188,700	146,710
Veracruz	1,075,216	911,018	215,629	143,999
México, D.F.	909,748	768,412	196,433	166,600
Guanajuato	854,491	684,465	218,525	152,876
Durango y Coahuila	784,099	679,825	170,434	110,542
Michoacán	515,128	493,589	72,795	44,977
Querétaro	522,344	476,485	74,744	83,413
Chiapas	360,151	308,962	67,574	62,643
Colima	231,124	231,354	26,575	10,814
Baja California Sur	254,335	226,138	41,450	20,017
Oaxaca	223,266	222,025	10,993	34,487
Nayarit	186,458	176,990	21,346	22,434
Zacatecas	129,503	120,835	17,442	10,855
Guerrero	87,388	79,025	11,265	12,743
Morelos	70,379	68,484	5,433	4,024
Chihuahua	59,260	59,821	6,863	1,778
Others	104,812	26,020	3,441	3,904
Total consolidated	$ 14,329,758	$ 12,485,905	$ 3,342,763	$ 2,164,480

b. Analysis of income from services provided to external customers per product:

	December 31, 2014	2013
Cable segment		
Basic cable	$ 3,585,129	$ 3,481,737
Lifeline cable	1,642,913	1,524,052
Premier cable	770,508	705,360
Mini Basic cable	(672)	(9,359)
Other services	85,116	87,793
Total cable segment	$ 6,082,994	$ 5,789,583
Internet segment		
High-speed residential Internet	$ 2,287,435	$ 1,874,314
High-speed commercial Internet	316,525	254,135
Total Internet segment	$ 2,603,960	$ 2,128,449

	December 31, 2014	2013
Digital telephone service segment		
Residential telephone service	$ 1,127,952	$ 1,094,113
Commercial telephone service	162,486	134,273
Total Digital telephone service	$ 1,290,438	$ 1,228,386
Business segment		
Metrocarrier	$ 131,453	$ 131,934
MCM	531,211	425,459
Ho1a	447,746	130,117
PCTV	110,936	-
Total digital telephone service segment	$ 1,221,346	$ 687,510
Others and elimination segments	$ 277,024	$ 445,388
Total consolidated	$ 11,475,762	$ 10,279,316

Note 29- Authorization of issuance of consolidated financial statements:

The financial statements and the notes thereto were authorized for issuance by C.P. Luis Antonio Zetter Zermeño (Administration and Finance Director) on April 21, 2015 for approval by the Audit Committee and the Board of Directors. These¬ financial statements will be submitted at a Shareholders' Meeting for approval.

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