BRT REALTY TRUST
Form 8-K
August 13, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 8, 2008

BRT REALTY TRUST
(Exact name of Registrant as specified in charter)

Massachusetts	001-07172	13-2755856
(State or other jurisdiction of incorporation)	(Commission file No.)	(IRS Employer I.D. No.)

60 Cutter Mill Road, Suite 303, Great Neck, New York	11021
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code 516-466-3100

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On August 8, 2008, BRT Realty Trust issued a press release announcing its results of operations for the three and nine months ended June 30, 2008. The press release is attached as an exhibit to this Current Report on Form 8-K. This information and the exhibit attached hereto are being furnished pursuant to Item 2.02 of Form 8-K and are not to be considered "filed" under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and shall not be incorporated by reference into any previous or future filing by registrant under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

Not applicable.

(b) Pro Forma Financial Information.

Not applicable.

(c) Shell Company Transactions.

Not applicable.

(d) Exhibits.

99.1	Press release dated August 8, 2008.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BRT REALTY TRUST

Date: August 13, 2008

By: /s/ Simeon Brinberg

Simeon Brinberg
Senior Vice President

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ly:arial" COLOR="#ffffff"> EMPLOYEES

Many of our employees are members of labor unions with which we conduct collective negotiations on wages, benefits and working conditions. We believe that we have good current relations with our workforce.

The following table sets forth the total number of employees and a breakdown of employees by main category of activity and geographic location, as of the end of each year in the three-year period ended December 31, 2017.

	DECEMBER 31,		
	2015	**2016**	**2017**
NUMBER OF EMPLOYEES	**195,475**	**194,431**	**191,851**
CATEGORY OF ACTIVITY:			
Wireless	77,701	78,887	78,910
Fixed	101,077	97,104	94,496
Other businesses	16,697	18,440	18,445
GEOGRAPHIC LOCATION:			
Mexico	88,446	90,306	88,417
South America	69,269	65,817	64,619
Central America	9,581	9,767	9,694
United States	902	848	852
Caribbean	9,605	9,488	9,311
Europe	17,672	18,205	18,958

In each of the countries in which we operate, we are party to various legal proceedings in the ordinary course of business. These proceedings include tax, labor, antitrust, contractual matters and administrative and judicial proceedings concerning regulatory matters such as interconnection and tariffs. We are party to a number of proceedings regarding our compliance with administrative rules and regulations and concession standards.

Our material legal proceedings are described in Note 16 to our audited consolidated financial statements included in this annual report and in Regulation under Part VI.

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AUDIT AND NON-AUDIT FEES

The following table sets forth the fees billed to us and our subsidiaries by our independent registered public accounting firm, Mancera, during the fiscal years ended December 31, 2016 and 2017:

	YEAR ENDED DECEMBER 31,			
	2016		2017	
	(in millions of Mexican pesos)			
Audit fees[1]	Ps.	241	Ps.	245
Audit-related fees[2]		15		31
Tax fees[3]		31		34
Total fees	Ps.	287	Ps.	310

[1]Audit fees represent the aggregate fees billed by Mancera and its Ernst & Young Global affiliated firms in connection with the audit of our annual financial statements and statutory and regulatory audits.

[2] Audit-related fees represent the aggregate fees billed by Mancera and its Ernst & Young Global affiliated firms for the review of reports on our operations submitted to IFT and attestation services that are not required by statute or regulation.

[3]Tax fees represent fees billed by Mancera and its Ernst & Young Global affiliated firms for tax compliance services, tax planning services and tax advice services.

AUDIT AND CORPORATE PRACTICES COMMITTEE APPROVAL POLICIES AND PROCEDURES

Our audit and corporate practices committee has established policies and procedures for the engagement of our independent auditors for services. Our audit and corporate practices committee expressly approves any engagement of our independent auditors for audit or non-audit services provided to us or our subsidiaries. Prior to providing any service that requires specific pre-approval, our independent auditor and our Chief Financial Officer present to the audit committee a request for approval of services in which they confirm that the request complies with the applicable rules.

EXCHANGE RATES

Mexico has had a free market for foreign exchange since 1991, and the government has allowed the peso to float freely against the U.S. dollar since December 1994.

The following table sets forth, for the periods indicated, the high, low, average and period-end rate reported by Banco de México for December 31, 2017 as published in the Official Gazette, expressed in pesos per U.S. dollar.

PERIOD	HIGH	LOW	AVERAGE [1]	PERIOD END
2013	13.4394	11.9807	12.8210	13.0765
2014	14.7853	12.8462	13.3580	14.7180
2015	17.3776	14.5559	16.0379	17.2065
2016	21.0511	17.1767	18.6567	20.6640
2017	21.9076	17.4937	18.9066	19.6629
October	19.2188	18.2113	18.8161	19.1478
November	19.2268	18.5190	18.9158	18.6229
December	19.7867	18.6399	19.1812	19.6629
2018				
January	19.4899	18.4672	18.9074	18.6069
February	18.8949	18.3447	18.6592	18.8381
March	18.8508	18.1869	18.6027	18.1869
April (through April 24)	18.9429	18.0115	18.2956	18.8188

[1] Average of month-end rates.

On April 24, 2018 the rate published by the Official Gazette was Ps.18.8188 to U.S.$1.00.

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We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. You may read and copy any materials filed with the SEC at its public reference rooms in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

Any filings we make electronically will be available to the public over the internet at the SEC s web site at www.sec.gov and at our website at www.americamovil.com. This URL is intended to be an inactive textual reference only. It is not intended to be an active hyperlink to our website. The information on our website, which might be accessible through a hyperlink resulting from this URL, is not and shall not be deemed to be incorporated into this annual report.

The following documents have been filed with the SEC as exhibits to this annual report:

1.1	Amended and Restated Bylaws (*estatutos sociales*) of América Móvil, S.A.B. de C.V., dated as of April 16, 2018 (together with an English translation).
7.1	Computation of Ratios of Earnings to Fixed Charges.
8.1	List of certain subsidiaries of América Móvil, S.A.B. de C.V.
12.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification pursuant to Section 906 of the Sarbanes- Oxley Act of 2002.
14.1	Code of Ethics.
15.1	Consent of independent registered public accounting firm.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Document.

Omitted from the exhibits filed with this annual report are certain instruments and agreements with respect to long-term debt of América Móvil, none of which authorizes securities in a total amount that exceeds 10% of the total assets of América Móvil. We hereby agree to furnish to the SEC copies of any such omitted instruments or agreements as the Commission requests.

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Some of the information contained or incorporated by reference in this annual report constitutes forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although we have based these forward-looking statements on our expectations and projections about future events, it is possible that actual events may differ materially from our expectations. In many cases, we include, together with the forward-looking statements themselves, a discussion of factors that may cause actual events to differ from our forward-looking statements. Examples of forward-looking statements include the following:

- projections of our commercial, operating or financial performance, our financing, our capital structure or our other financial items or ratios;
- statements of our plans, objectives or goals, including those relating to acquisitions, competition and rates;
- statements concerning regulation or regulatory developments;
- statements about our future economic performance or that of Mexico or other countries in which we operate;
- competitive developments in the telecommunications sector;
- other factors and trends affecting the telecommunications industry generally and our financial condition in particular; and
- statements of assumptions underlying the foregoing statements.

We use words such as believe, anticipate, plan, expect, intend, target, estimate, project, predict, for should and other similar expressions to identify forward-looking statements, but they are not the only way we identify such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under Risk Factors, include economic and political conditions and government policies in Mexico, Brazil, Colombia, Europe and elsewhere, inflation rates, exchange rates, regulatory developments, technological improvements, customer demand and competition. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. You should evaluate any statements made by us in light of these important factors.

Forward-looking statements speak only as of the date they are made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.

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Term	Definition
AWS	Advanced Wireless Services. This is a wireless telecommunications spectrum band used for wireless voice and data services, video and messaging.
Broadband	High-speed data transmission in which a single cable (coaxial cable or optical fiber) can carry a large amount of data at once.
Bundle or bundling	The marketing of different services as one combined service.
Churn rate	Disconnection rate. The ratio of wireless subscribers disconnected during a given period to the number of subscribers at the beginning of that period.
Covered population	Population covered by our wireless networks, expressed as the population count or as a percentage of the total population.
Cloud services	Internet-based services providing users with on-demand access to resources, data and information.
Data administration	Services that plan, organize and control data resources for customers according to their needs.
Data center	A facility used to house computer systems and associated components. We use our data centers to manage a number of cloud solutions.
DTH	Direct-to-home broadcasting is a method for transmitting satellite signals directly to the subscriber s home.
Fixed-line	Telephone services requiring the use of a metal wire or fiber optic telephone line for transmission.
Fixed RGUs	RGUs from fixed voice, fixed data and Pay TV services.
GSM	Global System for Mobile Communications. A standard used to describe the protocols for certain digital cellular networks.
GSM EDGE	Enhanced Data Rates for GSM Evolution is a 3rd generation (3G) standard for wireless communication of data for mobile phones and data terminals.
HFC	Hybrid fiber-coaxial is a broadband network that combines optical fiber and coaxial cable.
Hosting services	Services allowing customers to provide content on the internet, either through maintaining a webpage, an email address or other services.
IAAS	Infrastructure as a service is a cloud-service model offering virtual machines and other resources.
IMT-2000	International Mobile Telecommunciations-2000 is a set of global standards by the International Telecommunication Union for 3G wireless telecommunications services and equipment.
Interconnection rates	The charges that one telecommunications network operator charges another network operator for allowing customers to access its network.

IPTV	Internet Protocol television, which refers to the use of Internet technology to deliver television programs on demand
Licensed population	Population covered by the licenses that each of our subsidiaries manages.
Long-distance	Long-distance calls are calls made outside a defined area and may incur additional charges or be subject to specific regulations.
LTE/4G	Long-term evolution is a 4th generation (4G) standard for wireless communication of high-speed data for mobile phones and data terminals.
Machine-to-machine services	Services allowing direct communication between devices over a network, including fixed and wireless devices.
Market share	A company s subscriber base in a given country divided by the total number of subscribers in that country.
Mobile payment	Refers to payment services and applications operated and performed on a mobile device.

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Term	Definition
MHz	Megahertz. The unit of frequency to measure one thousand cycles per second that is used to determine radio frequencies.
MVNO	Mobile Virtual Network Operator. A wireless communications services provider that does not own the wireless network infrastructure but enters into agreements with other mobile service providers for the use of their networks.
Net debt	Total debt minus cash and cash equivalents, minus marketable securities or other short-term investments.
On-demand	Describes services providing customers with the ability to stream content over our network immediately upon their request.
OTT services	Over-the-top Services. The provision of content, including videos, television and other information, directly from the content provider to the viewer or end user.
Pay TV	Pay Television. This refers to television services we offer to subscribers through cable and satellite networks.
PCS	Personal Communications Service refers to a wide range of wireless communication technologies, including cellular, mobile data, Internet or paging services. Similar but distinct from cellular telephone services in the frequencies on which they operate and the power levels each uses to transmit signals, among other differences.
Prepaid subscriber	A subscriber who does not hold a contract with the company for voice and data services but pays in advance for specific use of services.
Postpaid subscriber	A subscriber who has a contract with the company for voice and data services and is billed recurrently for use of services.
RGU	Revenue Generating Unit. This is an individual subscriber who provides recurring revenue.
Roaming	Allows wireless subscribers to access networks other than our own, enabling them to use their devices, including for voice and data transmission. Typically refers to using accessing a network while abroad.
SMS	Short Message Service. A text messaging service component of a fixed or wireless communication system.
SAAS	Software as a service is a cloud-service model offering users access to software applications and databases.
Subscriber acquisition cost	The sum of handset subsidies, marketing expenses and commissions to distributors for handset activation. Handset subsidy is the difference between equipment cost and equipment revenues.
Total RGUs	Fixed RGUs and wireless subscribers.
UMTS	Universal Mobile Telecommunications System is a 3G mobile cellular system for networks based on the GSM standard.
VPN	Virtual private network grants users access to a private network virtually across a public network.
Wireless penetration	Total wireless subscribers in a given country divided by the total population in that country.

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The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Dated: April 26, 2018

AMÉRICA MÓVIL, S.A.B. DE C.V.

By:	/s/ Carlos José García Moreno Elizondo
Name:	Carlos José García Moreno Elizondo
Title:	Chief Financial Officer

By:	/s/ Alejandro Cantú Jiménez
Name:	Alejandro Cantú Jiménez
Title:	General Counsel

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AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Financial Statements

Years Ended December 31, 2015, 2016 and 2017

with Report of Independent Registered Public Accounting Firm

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AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Financial Statements

Years Ended December 31, 2015, 2016, and 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of

América Móvil, S.A.B. de C.V.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of América Móvil, S.A.B. de C.V. and subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of comprehensive income, changes in shareholders equity and cash flows for each of three years in the period ended December 31, 2017, and the related notes (collectively referred to as the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company´s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated April 26, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company´s management. Our responsibility is to express an opinion on the Company´s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ MANCERA, S.C.

We have served as the Company´s auditor since 1993.

Mexico City, Mexico

April 26, 2018

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AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Financial Position

(In thousands of Mexican pesos)

	Note		2016		**2017**		**2017 Millions of U.S. dollars**
				At December 31,			
Assets							
Current assets:							
Cash and cash equivalents	3	Ps.	23,218,383	**Ps.**	**24,270,473**	**US$**	**1,227**
Marketable securities and other short-term investments	4		54,857,157		**59,120,676**		**2,988**
Accounts receivable:							
Subscribers, distributors, recoverable taxes and other, net	5		205,774,539		**193,776,144**		**9,793**
Related parties	6		740,492		**868,230**		**44**
Derivative financial instruments	7		909,051		**8,037,384**		**406**
Inventories, net	8		36,871,292		**38,809,565**		**1,961**
Other current assets, net	9		19,538,093		**17,352,746**		**877**
Total current assets		Ps.	341,909,007	**Ps.**	**342,235,218**	**US$**	**17,296**
Non-current assets:							
Property, plant and equipment, net	10	Ps.	701,190,066	**Ps.**	**676,343,198**	**US$**	**34,182**
Intangibles, net	11		152,369,446		**143,539,626**		**7,254**
Goodwill	11		152,632,635		**151,463,232**		**7,655**
Investments in associated companies			3,603,484		**3,735,172**		**189**
Deferred income taxes	13		112,651,699		**116,571,349**		**5,891**
Accounts receivable, subscribers and distributors	5		11,184,860		**9,786,581**		**495**
Other assets, net	9		39,501,077		**42,537,476**		**2,150**
Total assets		Ps.	1,515,042,274	**Ps.**	**1,486,211,852**	**US$**	**75,112**
Liabilities and equity							
Current liabilities:							
Short-term debt and current portion of long-term debt	14	Ps.	82,607,259	**Ps.**	**51,745,841**	**US$**	**2,615**
Accounts payable	15a		237,265,126		**212,673,407**		**10,749**
Accrued liabilities	15b		70,479,230		**67,752,758**		**3,425**
Income tax			3,200,673		**9,362,009**		**473**
Other taxes payable			22,087,957		**24,387,484**		**1,233**
Derivative financial instruments	7		14,136,351		**10,602,539**		**536**
Related parties	6		2,971,325		**2,540,412**		**128**

Deferred revenues			37,255,328		**34,272,047**		**1,732**
Total current liabilities		Ps.	470,003,249	**Ps.**	**413,336,497**	**US$**	**20,891**
Non-current-liabilities:							
Long-term debt	14	Ps.	625,194,144	**Ps.**	**646,139,058**	**US$**	**32,655**
Deferred income taxes	13		14,061,881		**11,997,364**		**606**
Income tax			2,348,069		**8,622,500**		**436**
Deferred revenues			1,625,270		**3,183,727**		**161**
Derivative financial instruments	7		3,448,396		**3,756,921**		**190**
Asset retirement obligations	15c		16,288,631		**18,245,129**		**922**
Employee benefits	17		111,048,867		**120,297,139**		**6,080**
Total non-current liabilities		Ps.	774,015,258	**Ps.**	**812,241,838**	**US$**	**41,050**
Total liabilities		Ps.	1,244,018,507	**Ps.**	**1,225,578,335**	**US$**	**61,941**
Equity:							
Capital stock	19	Ps.	96,337,514	**Ps.**	**96,338,508**	**US$**	**4,869**
Retained earnings:							
Prior years			149,065,873		**141,761,677**		**7,164**
Profit for the year			8,649,427		**29,325,921**		**1,482**
Total retained earnings			157,715,300		**171,087,598**		**8,646**
Other comprehensive loss items			(45,137,571)		**(73,261,794)**		**(3,703)**
Equity attributable to equity holders of the parent			208,915,243		**194,164,312**		**9,812**
Non-controlling interests			62,108,524		**66,469,205**		**3,359**
Total equity			271,023,767		**260,633,517**		**13,171**
Total liabilities and equity		Ps.	1,515,042,274	**Ps.**	**1,486,211,852**	**US$**	**75,112**

The accompanying notes are an integral part of these consolidated financial statements.

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AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(In thousands of Mexican pesos, except for earnings per share)

		For the year ended December 31			
	Note	2015	2016	**2017**	**2017 Millions of U.S. dollars, except for earnings per share**
Operating revenues:					
Mobile voice services		Ps. 256,146,766	Ps. 242,302,380	**Ps. 221,751,600**	**US$ 11,207**
Fixed voice services		95,470,187	95,299,154	**89,856,743**	**4,541**
Mobile data services		226,723,039	256,936,895	**308,526,994**	**15,593**
Fixed data services		109,257,140	126,278,206	**139,277,613**	**7,039**
Pay television		66,050,857	78,268,778	**86,882,606**	**4,391**
Sales of equipment, accessories and computers		115,938,623	143,527,123	**143,222,212**	**7,238**
Other related services		24,151,127	32,799,952	**32,115,767**	**1,623**
		Ps. 893,737,739	Ps. 975,412,488	**Ps. 1,021,633,535**	**US$ 51,632**
Operating costs and expenses:					
Cost of sales and services		420,263,931	485,060,579	**496,335,746**	**25,084**
Commercial, administrative and general expenses		201,360,956	228,101,116	**240,634,431**	**12,161**
Other expenses		4,984,956	4,114,562	**24,345,113**	**1,230**
Depreciation and amortization	9,10 and 11	125,714,735	148,525,921	**160,174,942**	**8,095**
		Ps. 752,324,578	Ps. 865,802,178	**Ps. 921,490,232**	**US$ 46,570**
Operating income		Ps. 141,413,161	Ps. 109,610,310	**Ps. 100,143,303**	**US$ 5,062**
Interest income		4,853,012	4,192,595	**2,925,648**	**148**
Interest expense		(31,197,372)	(33,862,012)	**(30,300,781)**	**(1,531)**
Foreign currency exchange loss, net		(78,997,988)	(40,427,407)	**(13,818,951)**	**(698)**
	21	21,496,316	(16,225,841)	**(1,943,760)**	**(98)**

Valuation of derivatives, interest cost from labor obligations and other financial items, net									
Equity interest in net (loss) income of associated companies			(1,426,696)		189,950		**91,385**		**5**
Profit before income tax			56,140,433		23,477,595		**57,096,844**		**2,888**
Income tax	13		19,179,651		11,398,856		**24,941,511**		**1,261**
Net profit for the year		Ps.	36,960,782	Ps.	12,078,739	**Ps.**	**32,155,333**	**US$**	**1,627**
Net profit for the year attributable to:									
Equity holders of the parent		Ps.	35,054,772	Ps.	8,649,427	**Ps.**	**29,325,921**	**US$**	**1,482**
Non-controlling interests			1,906,010		3,429,312		**2,829,412**		**145**
		Ps.	36,960,782	Ps.	12,078,739	**Ps.**	**32,155,333**	**US$**	**1,627**
Basic and diluted earnings per share attributable to equity holders of the parent		Ps.	0.52	Ps.	0.13	**Ps.**	**0.44**	**US$**	**0.02**
Other comprehensive income (loss) items:									
Net other comprehensive (loss) income that may be reclassified to profit or loss in subsequent years:									
Effect of translation of foreign entities		Ps.	(35,606,320)	Ps.	107,498,708	**Ps.**	**(18,309,877)**	**US$**	**(925)**
Effect of fair value of derivatives, net of deferred taxes			37,495		49,129		**12,292**		**1**
Unrealized gain (loss) on available for sale securities, net of deferred taxes			4,011		(6,673,731)		**622,424**		**31**
Items that will not be reclassified to (loss) or profit in subsequent years:									
Re-measurement of defined benefit plan, net			(17,980,418)		14,773,399		**(7,046,089)**		**(356)**

of deferred taxes

Total other comprehensive (loss) income items for the year, net of deferred taxes	20		(53,545,232)		115,647,505		**(24,721,250)**		**(1,249)**
Total comprehensive (loss) income for the year		Ps.	(16,584,450)	Ps.	127,726,244	**Ps.**	**7,434,083**	**US$**	**378**
Comprehensive (loss) income for the year attributable to:									
Equity holders of the parent		Ps.	(16,750,963)	Ps.	120,974,842	**Ps.**	**1,201,698**	**US$**	**62**
Non-controlling interests			166,513		6,751,402		**6,232,385**		**316**
		Ps.	(16,584,450)	Ps.	127,726,244	**Ps.**	**7,434,083**	**US$**	**378**

The accompanying notes are an integral part of these consolidated financial statements.

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AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders Equity

For the year ended December 31, 2015, 2016 and 2017

(In thousands of Mexican pesos)

Legal reserve	Retained earnings	Effect of derivative financial instruments acquired for hedging purposes	Unrealized gain (loss) on available for sale securities	Re-measurement of defined benefit plans	Cumulative translation adjustment	Total equity attributable to equity holders of the parent	co
Ps. 358,440	Ps. 191,975,968	Ps. (1,556,693)	Ps.	Ps. (62,992,683)	Ps. (39,783,387)	Ps. 184,384,276	Ps.
	35,054,772					35,054,772	
		37,011				37,011	
			4,011			4,011	
				(17,791,354)		(17,791,354)	
					(34,055,403)	(34,055,403)	
	35,054,772	37,011	4,011	(17,791,354)	(34,055,403)	(16,750,963)	
	(37,192,594)					(37,192,594)	
	(33,942,627)					(33,951,781)	

	16,193,640					16,158,640
		1,458,894		(2,060,910)	348,593	(253,423)
	(116,160)					(116,160)
358,440	171,972,999	(60,788)	4,011	(82,844,947)	(73,490,197)	112,277,995
	8,649,427					8,649,427
		48,496				48,496
			(6,673,731)			(6,673,731)
				14,771,770		14,771,770
					104,178,880	104,178,880
	8,649,427	48,496	(6,673,731)	14,771,770	104,178,880	120,974,842
	(18,339,294)					(18,339,294)
	4,606,274					4,607,786
	(7,213,397)					(7,215,872)

				68,127	(1,139,192)	(1,071,065)	
	(2,319,149)					(2,319,149)	
358,440	157,356,860	(12,292)	(6,669,720)	(68,005,050)	29,549,491	208,915,243	
	29,325,921					**29,325,921**	
		12,292				**12,292**	
			622,424			**622,424**	
				(7,075,606)		**(7,075,606)**	
					(21,683,333)	**(21,683,333)**	
	29,325,921	**12,292**	**622,424**	**(7,075,606)**	**(21,683,333)**	**1,201,698**	
	(19,815,470)					**(19,815,470)**	
	4,902,818					**4,904,082**	
	(1,040,686)					**(1,040,956)**	
	(285)					**(285)**	
Ps. 358,440	**Ps. 170,729,158**	**Ps.**	**Ps. (6,047,296)**	**Ps. (75,080,656)**	**Ps. 7,866,158**	**Ps. 194,164,312**	**Ps.**

The accompanying notes are an integral part of these consolidated financial statements.

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AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In thousands of Mexican pesos)

		For the year ended December 31			
	Note	2015	2016	**2017**	**2017 Millions of U.S. dollars**
Operating activities					
Profit before income tax		Ps. 56,140,433	Ps. 23,477,595	**Ps. 57,096,844**	**US$ 2,888**
Items not requiring the use of cash:					
Depreciation	10	110,155,403	127,662,344	**135,206,080**	**6,833**
Amortization of intangible and other assets	9 and 11	15,559,332	20,863,577	**24,968,862**	**1,262**
Equity interest in net loss (income) of associated companies		1,426,696	(189,950)	**(91,385)**	**(5)**
Gain on derecognition of equity method investment		(11,988,038)			
Loss on sale of property, plant and equipment		127,379	8,059	**145,225**	**7**
Net period cost of labor obligations	17	9,278,081	14,240,271	**13,636,182**	**689**
Foreign currency exchange loss, net		59,251,486	34,049,726	**11,699,985**	**591**
Interest income		(4,853,012)	(4,192,595)	**(2,925,648)**	**(148)**
Interest expense		31,197,372	33,862,012	**30,300,781**	**1,531**
Employee profit sharing		3,311,887	2,235,267	**1,751,312**	**89**
Loss on partial sales of shares of associated company		545			
(Gain) loss in valuation of derivative financial instruments, capitalized interest expense and other, net		(18,313,877)	85,216	**(19,010,851)**	**(961)**
Working capital changes:					
Accounts receivable from subscribers, distributors, recoverable taxes and other, net		(17,641,833)	(14,192,651)	**1,799,095**	**91**
Prepaid expenses		(1,765,071)	792,979	**4,588,584**	**232**
Related parties		113,662	829,632	**(558,651)**	**(28)**

Inventories		(83,902)	3,076,159	**(2,991,009)**	**(151)**
Other assets		(8,378,977)	(2,944,581)	**(4,763,394)**	**(241)**
Employee benefits		(3,058,536)	(5,384,944)	**(14,692,218)**	**(743)**
Accounts payable and accrued liabilities		(6,269,338)	18,196,349	**5,190,137**	**262**
Employee profit sharing paid		(4,055,711)	(3,297,439)	**(1,471,946)**	**(74)**
Financial instruments and other		(1,882,540)	28,878,632	**1,515,668**	**77**
Deferred revenues		782,803	(972,376)	**(452,913)**	**(23)**
Interest received		5,275,303	3,239,845	**819,940**	**41**
Income taxes paid		(50,602,556)	(44,525,073)	**(23,988,305)**	**(1,211)**
Net cash flows provided by operating activities		Ps. 163,726,991	Ps. 235,798,054	**Ps. 217,772,375**	**US$ 11,008**
Investing activities					
Purchase of property, plant and equipment		(128,039,913)	(138,707,157)	**(119,185,137)**	**(6,024)**
Acquisition of intangibles		(23,532,826)	(16,316,738)	**(17,538,541)**	**(886)**
Dividends received	21	1,645,712	5,740,092	**2,385,559**	**121**
Proceeds from sale of plant, property and equipment		27,329	115,600	**133,349**	**7**
Acquisition of businesses, net of cash acquired		(3,457,153)	(1,823,813)	**(6,878,793)**	**(348)**
Partial sale of shares of associated company		633,270		**340,040**	**17**
Proceeds from repayment of related party loan		21,000,000			
Investments in associate companies		(177,965)	(3,487)		
Net cash flows used in investing activities		Ps. (131,901,546)	Ps. (150,995,503)	**Ps. (140,743,523)**	**US$ (7,113)**
Financing activities					
Loans obtained		189,073,791	64,281,631	**143,607,726**	**7,258**
Repayment of loans		(133,110,776)	(125,672,444)	**(171,041,215)**	**(8,644)**
Interest paid		(32,830,432)	(32,125,872)	**(31,196,441)**	**(1,577)**
Repurchase of shares		(34,443,084)	(7,021,247)	**(1,233,371)**	**(62)**
Dividends paid		(37,359,600)	(13,809,957)	**(16,091,390)**	**(813)**
Derivative financial instruments		(503,444)	(351,213)	**(71,474)**	**(4)**
Partial sale of shares in subsidiary			6,323,336		
Acquisition of non-controlling interests		(1,031,049)	(2,280,278)	**(11,930)**	**(1)**
Net cash flows used in financing activities		Ps. (50,204,594)	Ps. (110,656,044)	**Ps. (76,038,095)**	**US$ (3,843)**

Net (decrease) increase in cash and cash equivalents	Ps.	(18,379,149)	Ps.	(25,853,493)	**Ps.**	**990,757**	**US $**	**52**
Adjustment to cash flows due to exchange rate fluctuations, net		(2,934,522)		3,911,844		**61,333**		**3**
Cash and cash equivalents at beginning of the year		66,473,703		45,160,032		**23,218,383**		**1,172**
Cash and cash equivalents at end of the year	Ps.	45,160,032	Ps.	23,218,383	**Ps.**	**24,270,473**	**US$**	**1,227**
Non-cash transactions related to:								
Acquisitions of property, plant and equipment in accounts payable at end of year	Ps.	12,785,347	Ps.	13,497,804	**Ps.**	**18,869,210**	**US$**	**954**

The accompanying notes are an integral part of these consolidated financial statements.

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AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years ended December 31, 2015, 2016 and 2017

(In thousands of Mexican pesos [Ps.] and thousands of

U.S. dollars [US$], unless otherwise indicated)

1. Description of the Business and Relevant Events

I. Corporate Information

América Móvil, S.A.B. de C.V. and subsidiaries (hereinafter, the Company , América Móvil or AMX) was incorporated under laws of Mexico on September 25, 2000. The Company provides telecommunications services in 25 countries throughout Latin America, the United States, the Caribbean and Europe. These telecommunications services include mobile and fixed-line voice services, wireless and fixed data services, internet access and Pay TV, over the top and other related services. The Company also sells equipment, accessories and computers.

Voice services provided by the Company, both wireless and fixed, mainly include the following: airtime, local, domestic and international long-distance services, and network interconnection services.

Data services include value added, corporate networks, data and Internet services.

Pay TV represents basic services, as well as pay per view and additional programming and advertising services.

AMX provides other related services to advertising in telephone directories, publishing and call center services.

The Company also provides video, audio and other media content that is delivered through the internet directly from the content provider to the end user.

In order to provide these services, América Móvil has licenses, permits and concessions (collectively referred to herein as licenses) to build, install, operate and exploit public and/or private telecommunications networks and provide miscellaneous telecommunications services (mostly mobile and fixed voice and data services) and to operate frequency bands in the radio-electric spectrum for point-to-point and point-to-multipoint microwave links. The Company holds licenses in the 24 countries where it has networks, and such licenses have different dates of expiration through 2046.

Certain licenses require the payment to the respective governments of a share in sales determined as a percentage of revenues from services under concession. The percentage is set as either a fixed rate or in some cases based on certain size of the infrastructure in operation.

The corporate offices of América Móvil are located in Mexico City, Mexico, at Lago Zurich 245, Colonia Ampliación Granada, Delegación Miguel Hidalgo, 11529, Mexico City, Mexico.

The accompanying consolidated financial statements were approved for their issuance by the Company s Chief Financial Officer on April 26, 2018, and subsequent events have been considered through that date.

II. Relevant events in 2017

a) On July 25, 2017, an arbitration tribunal, constituted at the request of Colombia s Ministry of Information Technologies and Communications (the ITC Ministry) to implement a decision of the Colombian

Constitutional Court, ordered the reversion of certain assets of our subsidiary Comunicación Celular, S.A. (Comcel) to the ITC Ministry. Such asset reversion was ordered under Comcel s original concession agreements granted in 1994 and extended through 2013 without applying laws 422 of 1998 and 1341 of 2009 which had eliminated such reversion. In lieu of surrendering the assets, the arbitration tribunal ordered Comcel to pay the ITC Ministry an amount of 3,155 billion Colombian pesos (Ps.18,547,629). On that date Comcel booked the obligation as part of other expenses in the Consolidated Statement of Comprehensive Income. As required by the ITC Ministry, on August 29, 2017, Comcel made such payment under protest reserving all of its rights and those of its shareholders. The Company and Comcel have challenged the legality of the decisions of the Constitutional Court and the arbitration tribunal before all competent national and international fora. See Note 16 c).

b) During 2017, there was a currency depreciation of the Mexican peso against the Euro and the Great Britain Pound (GBP). Because a significant portion of the Company´s debt is denominated in Euros and in GBPs, even when the portion of the debt denominated in US dollars reported a foreign exchange gain due to the appreciation of the Mexican peso against the US dollar, the currency depreciation adversely affected the results of the Company as part of the foreign currency exchange loss of the period.

c) In addition, during 2017 the Mexican peso appreciated against the Brazilian real. Due to the fact that a significant portion of the Company´s subsidiary operations has the Brazilian real as functional currency, the Company recognized an adverse effect in the Cumulative Translation adjustment in the Shareholders Equity.

2. Basis of Preparation of the Consolidated Financial Statements and Summary of Significant Accounting Policies and Practices

a) Basis of preparation

The accompanying consolidated financial statements have been prepared in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB) (hereafter referred to as IFRS).

The consolidated financial statements have been prepared on the historical cost basis, except for the derivative financial instruments, the trust assets of post-employment and other employee benefit plans and the investments in marketable securities which are presented at their market value.

The preparation of these consolidated financial statements under IFRS requires the use of critical estimates and assumptions that affect the amounts reported for certain assets, liabilities, income and expenses. It also requires that management exercise judgment in the application of the Company s accounting policies. Actual results could differ from these estimates and assumptions.

The Mexican peso is the functional currency of the Company s Mexican operations and the consolidated reporting currency of the Company.

i) Basis of consolidation

The consolidated financial statements include the accounts of América Móvil, S.A.B. de C.V. and those subsidiaries over which the Company exercises control. The consolidated financial statements for the subsidiaries were prepared for the same period as the Company´s and applying consistent accounting policies. All of the subsidiary companies operate in the telecommunications sector or related.

Subsidiaries are entities over which the Company has control. Control is achieved when the Company has power over the investee, when it is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor s returns. Subsidiaries are consolidated on a line by line basis from the date which control is achieved by the Company. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

Changes in the Company s ownership interests in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the equity attributable to owners of the parent and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the carrying amount of the non-controlling interests and the fair value of the consideration paid or received in the transaction is recognized directly in the equity attributable to the owners.

Subsidiaries are deconsolidated from the date which control ceases. When the Company ceases to have control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts, derecognizes the carrying amount of non-controlling interests in the former subsidiary and recognizes the fair value of any consideration received from the transaction. Any retained interest in the former subsidiary is then remeasured to its fair value.

All intra-Company balances and transactions, and any unrealized gains and losses arising from intra-Company transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent the portion of profits or losses and net assets not held by the Company. Non-controlling interests are presented separately in the consolidated statements of comprehensive income and in equity in the consolidated statements of financial position separately from América Móvil s own equity.

Associates:

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those decisions.

The Company s investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses.

The investments in associated companies in which the Company exercises significant influence are accounted for using the equity method, whereby América Móvil recognizes its share in the net profit (losses) and equity of the associate.

The results of operations of the subsidiaries and associates are included in the Company s consolidated financial statements beginning as of the month following their acquisition and its share of other comprehensive income after acquisition is recognized directly in other comprehensive income.

The Company assesses at each reporting date whether there is objective evidence that investment in associates is impaired. If so, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

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The equity interest in the most significant subsidiaries at December 31, 2016 and 2017, is as follows:

Company name	Country	Equity interest at December 31 2016	2017
Subsidiaries:			
América Móvil B.V. a)	Netherlands	100.0%	**100.0%**
Compañía Dominicana de Teléfonos, S.A. (Codetel b))	Dominican Republic	100.0%	**100.0%**
Sercotel, S.A. de C.V. a)	Mexico	100.0%	**100.0%**
Radiomóvil Dipsa, S.A. de C.V. and subsidiaries (Telcel b))	Mexico	100.0%	**100.0%**
Puerto Rico Telephone Company, Inc. b)	Puerto Rico	100.0%	**100.0%**
Servicios de Comunicaciones de Honduras, S.A. de C.V. (Sercom Honduras b))	Honduras	100.0%	**100.0%**
TracFone Wireless, Inc. (TracFone b))	USA	100.0%	**100.0%**
Claro S.A. (Claro Brasil) b)	Brazil	97.7%	**97.7%**
Telecomunicaciones de Guatemala, S.A. (Telgua b))	Guatemala	99.3%	**99.3%**
Empresa Nicaragüense de Telecomunicaciones, S.A. (Enitel b))	Nicaragua	99.6%	**99.6%**
Compañía de Telecomunicaciones de El Salvador, S.A. de C.V. (CTE b))	El Salvador	95.8%	**95.8%**
Comunicación Celular, S.A. (Comcel b))	Colombia	99.4%	**99.4%**
Telmex Colombia, S.A. b)	Colombia	99.3%	**99.3%**
Consorcio Ecuatoriano de Telecomunicaciones, S.A. (Conecel b))	Ecuador	100.0%	**100.0%**
AMX Argentina, S.A. b)	Argentina	100.0%	**100.0%**
AMX Paraguay, S.A. b)	Paraguay	100.0%	**100.0%**
AM Wireless Uruguay, S.A. b)	Uruguay	100.0%	**100.0%**
Claro Chile, S.A. b)	Chile	100.0%	**100.0%**
América Móvil Perú, S.A.C b)	Peru	100.0%	**100.0%**
Claro Panamá, S.A. b)	Panama	100.0%	**100.0%**
Teléfonos de México, S.A.B. de C.V. b)	Mexico	98.7%	**98.8%**
Telekom Austria AG b)	Austria	51.0%	**51.0%**

a) Holding companies
b) Operating companies of mobile and fixed services

ii) Basis of translation of financial statements of foreign subsidiaries and associated companies

The operating revenues of foreign subsidiaries jointly represent approximately 69%, 72% and 74% of consolidated operating revenues of 2015, 2016 and 2017, respectively, and their total assets jointly represent approximately 83% and 81% of consolidated total assets at December 31, 2016 and 2017, respectively.

The financial statements of foreign subsidiaries have been prepared under or translated to IFRS in the respective local currency (which is their functional currency) and then translated into the Company´s reporting currency as follows:

all monetary assets and liabilities were translated at the closing exchange rate of the period;

all non-monetary assets and liabilities at the closing exchange rate of the period;

equity accounts are translated at the exchange rate at the time the capital contributions were made and the profits were generated;

revenues, costs and expenses are translated at the average exchange rate of the period;

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the resulting difference from the translation process is recognized in equity in the caption Cumulative translation adjustment;

the consolidated statements of cash flows presented using the indirect method were translated using the weighted-average exchange rate for the applicable period, and the resulting difference is shown in the consolidated statement of cash flows under the heading Adjustment to cash flows due to exchange rate fluctuations, net .

The difference resulting from the translation process is recognized in equity in the caption Effect of translation of foreign entities . At December 31, 2016 and 2017, the cumulative translation adjustment was Ps. 29,549,491 and Ps. 7,866,158, respectively.

b) Revenue recognition

Revenues are recognized at the time the related service is rendered or the equipment is delivered to the customer, provided that the revenue can be measured reliably, it is probable that the entity will receive the economic benefits associated with the transaction, the stage of completion of the transaction may be reliably measured and there is high certainty of its collectability.

For some postpaid plans, the amount billed to customers combines a fixed tariff for a specific quantity of services, plus the rates for the use above the specified quantities (minutes and Mega Bytes included in each plan). Revenues billed for services to be rendered in the future are initially recorded as deferred revenues. Costs related to these services are recognized when the service is rendered.

The Company accounts separately for multiple elements. To recognize the multi-elements or multiple services at its fair value, the Company assigns its fair value to each type of element.

c) Cost of sales

The cost of mobile equipment and computers is recognized at the time the client and distributor receives the device that is when all significant risks and rewards of ownership are transferred to the customer. The costs related to the sale of such equipment are recognized in the ¨cost of sales and services¨ line in the consolidated statements of comprehensive income.

d) Cost of services

The cost of services represents the costs incurred to properly deliver the services to the customers, it includes the network operating costs and licenses related costs and is accounted at the moment in which such services are provided.

e) Comissions to distributors

The Company pays commissions to its distribution network mainly for acquiring and retaining customers for the Company. Such commissions are recognized in commercial, administrative and general expenses in the consolidated statements of comprehensive income at the time in which the distributor either reports an activation or reaches certain number of lines activated or obtained at a certain point of time.

f) Cash and cash equivalents

Cash and cash equivalents represent bank deposits and liquid investments with maturities of less than three months. These amounts are stated at cost plus accrued interest, which is similar to their market value.

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The Company also maintains restricted cash held as collateral to meet certain contractual obligations. Restricted cash is presented as part of Other assets within other non-current financial assets given that the restrictions are long-term in nature (See Note 9).

g) Marketable securities and other short term investments

Marketable securities and other short term investments are primarily composed of investment securities available for sale and other short-term financial investments. Amounts are initially recorded at cost and adjusted to their estimated fair value. Fair value adjustments for available for sale securities are recorded through other comprehensive income, while fair value adjustments for other short-term investments are recorded in the Consolidated Statement of Comprehensive Income as they occur. An available-for-sale equity security is considered to be impaired if there is objective evidence that the cost may not be recovered and if there is a significant or prolonged decline in the fair value of an investment below its cost to determine if such impairment exists.

h) Allowance for bad debts

The Company periodically recognizes a provision for doubtful accounts based mainly on its past experience, the aging of its accounts receivable, the delay in resolving its disputes with other carriers, and the market segments conditions (government, business and mass market).

Collection policies and procedures vary depending on the credit history of the customer, the credit granted and the age of the unpaid balances among other reasons.

Cash deposits from customers in default are deducted from the account balance to be impaired once the deposit has been identified.

i) Inventories

Inventories are initially recognized at historical cost and are valued using the average cost method without exceeding their net realizable value.

The estimate of the realizable value of inventories on-hand is based on their age and turnover.

j) Business combinations and goodwill

Business combinations are accounted for using the acquisition method, which in accordance with IFRS 3, *Business acquisitions*, consists in general terms as follows:

(i) Identify the acquirer

(ii) Determine the acquisition date

(iii) Value the acquired identifiable assets and assumed liabilities

(iv) Recognize the goodwill or a bargain purchase gain

For acquired subsidiaries, goodwill represents the difference between the purchase price and the fair value of the net assets acquired at the acquisition date. The investment in acquired associates includes goodwill identified on acquisition, net of any impairment loss.

Goodwill is reviewed annually to determine its recoverability or more often if circumstances indicate that the carrying value of the goodwill might not be fully recoverable.

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The possible loss of value in goodwill is determined by analyzing the recovery value of the cash generating unit (or the group thereof) to which the goodwill is associated at the time it was originated. If this recovery value is lower than the carrying value, an impairment loss is charged to the results of operations.

For the years ended December 31, 2015, 2016 and 2017, no impairment losses were recognized for the goodwill shown in the Company s consolidated statements of financial position.

k) Property, plant and equipment

i) Property, plant and equipment are recorded at acquisition cost, net of accumulated depreciation. Depreciation is computed on the cost of the assets using the straight line method, based on the estimated useful lives of the related assets, beginning the month after they become available for use.

Borrowing costs that are incurred for general financing for construction in progress for periods exceeding six months are capitalized as part of the cost of the asset. During 2015, 2016 and 2017 the borrowing costs that were capitalized amounted to Ps. 3,524,841, Ps. 2,861,307 and Ps. 2,875,034, respectively.

In addition to the purchase price and costs directly attributable to preparing an asset in terms of its physical location and condition for operating as intended by management, when required, the cost also includes the estimated costs of dismantling and removal of the asset and for restoration of the site where it is located (See Note 15c).

ii) The net book value of property, plant and equipment is removed from the consolidated statements of financial position at the time the asset is sold or when no future economic benefits are expected from its use or sale. Any gains or losses on the sale of property, plant and equipment represent the difference between net proceeds of the sale and the net book value of the item at the time of sale. These gains or losses are recognized as either other operating income or other operating expenses upon sale.

iii) The Company periodically assesses the residual values, useful lives and depreciation methods associated with its property, plant and equipment. If necessary, the effects of any changes in accounting estimates is recognized prospectively, at the closing of each period, in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* .

For property, plant and equipment made up of several components with different useful lives, the major individual components are depreciated over their individual useful lives. Maintenance costs and repairs are expensed as incurred.

Annual depreciation rates are as follows:

Network infrastructure	5%-33%
Buildings and leasehold improvement	2%-33%
Other assets	10%-50%

iv) The carrying value of property, plant and equipment is reviewed if there are indicators of impairment in such assets. If an asset s recovery value is less than the asset s net carrying value, the difference is recognized as an impairment loss.

During the years ended December 31, 2015, 2016 and 2017, no impairment losses were recognized.

v) Inventory for network operation is valued using the average cost method, without exceeding its net realizable value.

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The valuation of inventory for network considered obsolete, defective or slow-moving, is reduced to their estimated net realizable value. The estimate of the recovery value of inventories is based on their age and turnover.

l) Intangibles

i) Licenses

Licenses to operate wireless telecommunications networks granted by the governments of the countries in which the Company operates are recorded at acquisition cost or at fair value at their acquisition date, net of accumulated amortization. Certain licenses require payments to the goverments, such payments are recognized in the cost of service and equipment.

The licenses that in accordance with government requirements are categorized as automatically renewable, for a nominal cost and with substantially consistent terms, are considered by the Company as intangible assets with an indefinite useful life. Accordingly, they are not amortized. Licenses are amortized when the Company does not have a basis to conclude that they are indefinite lived. Licenses are amortized using the straight-line method over a period ranging from 3 to 30 years, which represents the usage period of the assets.

The Company has conducted an internal analysis on the applicability of the International Financial Reporting Interpretation Committee (IFRIC) No. 12 (Service Concession Agreements) and has concluded that its concessions are outside the scope of IFRIC 12. To determine the applicability of IFRIC 12, the Company analyzes each concession or group of similar concessions in a given jurisdiction. As a threshold matter, the Company identifies those government concessions that provide for the development, financing, operation or maintenance of infrastructure used to render a public service, and that set out performance standards, mechanisms for adjusting prices and arrangements for arbitrating disputes.

With respect to those services, the Company evaluates whether the grantor controls or regulates (i) what services the operator must provide, (ii) to whom it must provide them and (iii) the applicable price (the Services Criterion). In evaluating whether the applicable government, as grantor, controls the price at which the Company provides its services, the Company looks at the terms of the concession agreement according to all applicable regulations. If the Company determines that the concession under analysis meets the Services Criterion, then the Company evaluates whether the grantor would hold a significant residual interest in the concession s infrastructure at the end of the term of the arrangement.

In some of the jurisdictions where the Company operates and under certain circumstances, the Company may be required to transfer certain assets covered by some of its concessions to the government pursuant to valuation methodologies that vary in each jurisdiction. In Brazil, for example, Claro Brasil is required to maintain and file before the Brazilian Agency of Telecommunications (*Agência Nacional de Telecomunicações*, or Anatel) a list of assets potentially subject to reversion. The list of potentially reversible assets, delivered in 2017 (referring to the base year 2016) identified an estimated gross book value of Ps. 20,637,743 (3,450,100 Brazilian reals). The Company believes that this list significantly overstates the extent of assets that would as a legal matter be subject to reversion, but there is no regulatory requirement or legal basis for a more refined analysis. See also Notes 10 and 16c).

ii) Trademarks

Trademarks are recorded at their fair value at the valuation date when acquired. The useful lives of trademarks are assessed as either definite or indefinite. Trademarks with finite useful lives are amortized using the straight-line method over a period ranging from 1 to 10 years. Trademarks with indefinite useful lives are not amortized, but are tested for impairment annually at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable, if not, the change in useful life from indefinite to definite is made on a prospective basis.

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iii) Rights of use

Rights of use are recognized according to the amount paid for the right and are amortized over the period in which they are granted.

The carrying values of the Company s licenses and trademarks are reviewed annually and whenever there are indicators of impairment in the value of such assets. When an asset s recoverable amount, which is the higher of the asset s fair value, less disposal costs and its value in use (the present value of future cash flows), is less than the asset s carrying value, the difference is recognized as an impairment loss.

iv) Customer relationships

The value of customer relations is determined and valued at the time that a new subsidiary is acquired, as determined by the Company with the assistance of independent appraisers, and is amortized on a 5 year period.

During the years ended December 31, 2015, 2016 and 2017, no impairment losses were recognized for licenses, trademarks, rights of use or customer relationships.

m) Impairment in the value of long-lived assets

The Company assesses the existence of indicators of impairment in the carrying value of long-lived assets, investments in associates, goodwill and intangible assets according to IAS 36 *Impairment of assets* . When there are such indicators, or in the case of assets whose nature requires an annual impairment analysis (goodwill and intangible assets with indefinite useful lives), the Company estimates the recoverable amount of the asset, which is the higher of its fair value, less disposal costs, and its value in use. Value in use is determined by discounting estimated future cash flows, applying a pre-tax discount rate that reflects the time value of money and taking into consideration the specific risks associated with the asset. When the recoverable amount of an asset is below its carrying value, impairment is considered to exist. In this case, the carrying value of the asset is reduced to the asset s recoverable amount, recognizing the loss in results of operations for the respective period. Depreciation and/or amortization expense of future periods is adjusted based on the new carrying value determined for the asset over the asset s remaining useful life. Impairment is computed individually for each asset. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In the estimation of impairments, the Company uses the strategic plans established for the separate cash-generating units to which the assets are assigned. Such strategic plans generally cover a period from 3 to 5 years. For longer periods, beginning in the fifth year, projections are based on such strategic plans while applying a constant or declining expected growth rate.

Key assumptions used in value in use calculations

The forecasts are made in real terms (net of inflation) and in the functional currency of the subsidiary as of December 31, 2017.

Financial forecasts, premises and assumptions are similar to what any other market participant in similar conditions would consider.

Local synergies, that any other market participant would not have taken into consideration to prepare similar forecasted financial information, have not been included.

The assumptions used to develop the financial forecasts were validated for each of the cash generating units (CGUs), typically identified by country and by service (in the case of Mexico) taking into consideration the following:

Current subscribers and expected growth.

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- Type of subscribers (prepaid, postpaid, fixed line, multiple services)
- Market environment and penetration expectations
- New products and services
- Economic environment of each country
- Expenses for maintaining the current assets
- Investments in technology for expanding the current assets
- Market consolidation and synergies

The foregoing forecasts could differ from the results obtained through time; however, América Móvil prepares its estimates based on the current situation of each of the CGUs.

The recoverable amounts are based on value in use. The value in use is determined based on the method of discounted cash flows. The key assumptions used in projecting cash flows are:

- Margin on EBITDA is determined by dividing EBITDA (operating income plus depreciation and amortization) by total revenues.
- Margin on CAPEX is determined by dividing capital expenditures (CAPEX) by total revenues.
- Pre-tax weighted average cost of capital (WACC) used to discount the projected cash flows.

As discount rate, the Company uses the WACC which was determined for each of the cash generating units and is described in the following paragraphs.

The estimated discount rates to perform the IAS 36 *Impairment of assets* , impairment test for each CGU consider market participants assumptions. Market participants were selected taking into consideration size, operations and characteristics of the business that were similar to those of América Móvil.

The discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments. The WACC takes into account both debt and equity costs. The cost of equity is derived from the expected return on investment by América Móvil s investors. The cost of debt is based on the interest bearing borrowings América Móvil is obliged to service. Segment-specific risk is incorporated by applying individual beta factors.

The beta factors are evaluated annually based on publicly available market data.

Market participant assumptions are important because, not only do they include industry data for growth rates, but also management assesses how the CGU s position, relative to its competitors, might change over the forecasted period.

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The most significant forward looking estimates used for the 2016 and 2017 impairment evaluations are shown below:

	Average margin on EBIDTA	Average margin on CAPEX	Average pre-tax discount rate (WACC)
2016:			
Europe (7 countries)	23.61% - 51.58%	8.29% - 20.72%	8.74% - 20.07%
Brazil (fixed line, wireless and TV)	31.65%	18.21%	9.70%
Puerto Rico	28.91%	9.08%	11.29%
Dominican Republic	45.83%	10.55%	19.70%
Mexico (fixed line and wireless)	33.38%	10.75%	14.34%
Ecuador	35.80%	7.92%	22.84%
Peru	28.92%	14.18%	14.20%
El Salvador	39.43%	23.69%	21.95%
Chile	25.92%	8.61%	7.87%
Colombia	38.34%	14.40%	13.93%
Other countries	10.1% - 48.92%	0.5% - 21.39%	7.39% - 23.79%

	Average margin on EBITDA	Average margin on CAPEX	Average pre-tax discount rate (WACC)
2017:			
Europe (7 countries)	**25.59% - 52.46%**	**7.34% - 14.97%**	**9.06% - 19.04%**
Brazil (fixed line, wireless and TV)	**35.28%**	**22.13%**	**11.71%**
Puerto Rico	**23.31%**	**8.31%**	**4.42%**
Dominican Republic	**45.79%**	**15.55%**	**19.23%**
Mexico (fixed line and wireless)	**35.48%**	**8.72%**	**16.13%**
Ecuador	**37.83%**	**10.07%**	**23.57%**
Peru	**29.64%**	**16.75%**	**13.61%**
El Salvador	**40.36%**	**17.99%**	**25.14%**
Chile	**22.04%**	**12.45%**	**6.15%**
Colombia	**41.93%**	**19.88%**	**19.06%**
Other countries	**9.16% - 48.18%**	**0.43% - 23.43%**	**7.89% - 24.28%**

Sensitivity to changes in assumptions:

The implications of the key assumptions for the recoverable amount are discussed below:

Margin on CAPEX- The Company performed a sensitivity analysis by increasing its CAPEX by 5% and maintaining all other assumptions the same. The sensitivity analysis would require the Company to adjust the amount of its long-lived assets in its CGUs with potential impairment of approximately Ps. 2,386,782.

WACC- Additionally, should the Company increase by 50 base points in WACC per CGU and maintain all other assumptions the same, the carrying amount of the long-lived assets in its CGUs with potential impairment, would be impaired by approximately Ps. 3,517,584.

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n) Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement and requires the Company to assess if performance of the agreement is dependent on the use of a specific asset and whether the agreement transfers the right of use of the asset to the Company.

Operating leases

Leases under which the lessor retains a significant portion of the risks and benefits inherent to the ownership of the leased asset are considered operating leases. Payments made under operating lease agreements are charged to results of operations on a straight-line basis over the rental period.

Finance leases

Lease agreements that substantially transfer all the risks and benefits of ownership of the leased assets to the Company are accounted for as finance leases. Accordingly, upon commencement of the lease, the asset, which is classified based on its nature, and its associated debt are recorded at the lower of the fair value of the leased asset or the present value of the lease payments. Finance lease payments are apportioned between the reduction of lease liability and the finance cost so that a constant interest rate is determined on the outstanding liability balance. Finance costs are charged to results of operations over the life of the agreement.

o) Financial assets and liabilities

Financial assets

Financial assets are categorized, at initial recognition, as (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity investments, (iv) available-for-sale financial assets, or as (v) derivatives designated as hedging instruments in an effective hedge, as appropriate.

Initial recognition and measurement

Financial assets are initially recognized at fair value, plus directly attributable transactions costs, except for financial assets designated upon initial recognition at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of assets depends on their categorization as either financial assets and liabilities measured at fair value through profit and loss, loans and receivables, held to maturity or available for sale financial assets, or derivatives designated as hedging instruments in an effective hedge.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading if they are acquired for the purpose of selling or repurchasing in the short term. Derivatives, including separated embedded derivatives, are also classified as held for trading fair value through profit or loss, unless they are designated as effective hedging instruments as defined in IAS 39. Financial assets at fair value through profit or loss are recorded in the consolidated statements of financial position at fair value with net changes in fair value in the consolidated statements of comprehensive income within Valuation of derivatives, interest cost from labor obligations and other financial items .

Held-to-maturity investments

Held-to-maturity investments are those that the Company has the intention and ability to hold to maturity and are recorded at cost which includes transaction costs and premiums or discounts related to the investment that are amortized over the life of the investment based on its outstanding balance, less any impairment. Interest and dividends on investments classified as held-to-maturity are included within interest income.

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Available-for-sale financial assets

Available-for-sale financial assets are recorded at fair value, with gains and losses, net of tax, reported in other comprehensive income. Interest and dividends on investments classified as available-for-sale are included in valuation of derivatives, interest cost from labor obligations and other financial items . The fair value of investments is readily available based on market value. The foreign exchange gain or losses of securities available for sale are recognized in the caption ¨Foreign currency exchange loss, net¨ of the consolidated statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. Loans and receivables with a relevant period (including accounts receivable to subscribers, distributors and other receivables) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for accounts receivable from subscribers, distributors and other in the short term when the recognition of interest would be immaterial.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the consolidated statement of financial position) when: the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company s continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indicators that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment

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exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

Financial liabilities

Financial liabilities are classified into the following categories based on the nature of the financial instruments contracted or issued: (i) financial liabilities measured at fair value, and (ii) financial liabilities measured at amortized cost. The Company s financial liabilities include accounts payable to suppliers, deferred revenues, other accounts payable, loans and derivative financial instruments. Derivative financial instruments are measured at fair value; short- and long-term debt and accounts payable are accounted for as financial liabilities and measured at amortized cost.

Initial recognition

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39, *Financial Instruments: Recognition and Measurement* . Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognized in the consolidated statements of comprehensive income in the line valuation of derivatives, interest cost from labor obligations and other financial items .

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition only if the criteria in IAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through the effective interest rate (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the consolidated statements of comprehensive income.

This category generally applies to interest-bearing loans and borrowings. For more information refer to Note 14.

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Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or when it expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statements of financial position if, and only if, there is:

(i) a current legally enforceable right to offset the recognized amounts, and

(ii) the intention to either settle them on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

At each financial statement reporting date, the fair value of financial instruments traded in active markets is determined based on market prices, or prices quoted by brokers (purchase price for asset positions and sales price for liability positions), without any deduction for transaction costs.

For financial instruments that are not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm s length market transactions, references to the current fair value of another financial instrument that is substantially similar, a discounted cash flow analysis or other valuation models.

Notes 7 and 18 provide an analysis of the fair values of the Company s financial instruments.

p) Transactions in foreign currency

Transactions in foreign currency are initially recorded at the prevailing exchange rate at the time of the related transactions. Foreign currency denominated assets and liabilities are subsequently translated at the prevailing exchange rate at the financial statement reporting date. Exchange differences determined from the transaction date to the time foreign currency denominated assets and liabilities are settled or translated at the financial statement reporting date are charged or credited to the results of operations.

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The exchange rates used for the translation of foreign currencies against the Mexican peso are as follows:

Country or Zone	Currency	Average exchange rate 2015	2016	2017	Closing exchange rate at December 31, 2016	2017
Argentina (1)	Argentine Peso (AR$)	1.7152	1.2632	**1.1489**	1.3047	**1.0610**
Brazil	Real (R$)	4.8068	5.3868	**5.9346**	6.3611	**5.9815**
Colombia	Colombian Peso (COP$)	0.0058	0.0061	**0.0064**	0.0069	**0.0066**
Guatemala	Quetzal	2.0704	2.4548	**2.5755**	2.7561	**2.6940**
U.S.A. (2)	US Dollar	15.8504	18.6529	**18.9400**	20.7314	**19.7867**
Uruguay	Uruguay Peso	0.5810	0.6206	**0.6606**	0.7066	**0.6869**
Nicaragua	Cordoba	0.5813	0.6515	**0.6307**	0.7071	**0.6428**
Honduras	Lempira	0.7171	0.8109	**0.8007**	0.8759	**0.8330**
Chile	Chilean Peso	0.0243	0.0276	**0.0292**	0.0310	**0.0322**
Paraguay	Guaraní	0.0031	0.0033	**0.0034**	0.0036	**0.0035**
Peru	Sol (PEN$)	4.9746	5.5232	**5.8054**	6.1701	**6.0976**
Dominican Republic	Dominican Peso	0.3515	0.4048	**0.3983**	0.4438	**0.4095**
Costa Rica	Colon	0.0293	0.0338	**0.0331**	0.0369	**0.0346**
European Union	Euro	17.3886	20.6334	**21.3649**	21.8032	**23.7539**
Bulgaria	Lev	9.3785	10.5483	**10.9223**	11.1561	**12.1406**
Belarus (3)	New Belarusian Ruble	9.9808	9.3929	**9.8087**	10.5622	**9.9882**
Croatia	Croatian Kuna	2.4096	2.7392	**2.8619**	2.8886	**3.1954**
Macedonia	Macedonian Denar	0.2984	0.3350	**0.3471**	0.3546	**0.3861**
Serbia	Serbian Denar	0.1517	0.1676	**0.1762**	0.1768	**0.2009**

(1) In the years ended December 31, 2016 and 2017, the Argentine peso depreciated against the US dollar by 21.8% and 17.4%, respectively. The Company considers on the basis of the quantitative and qualitative indicators in IAS 29, that Argentina should not be considered a hyperinflationary economy as of December 31, 2017. However, it is possible that certain market participants and regulators could have varying views on this topic during 2018 as Argentina s economy evolves. The Company will continue to carefully monitor the situation and make appropriate changes if and when necessary.

(2) Includes U.S.A., Ecuador, El Salvador, Puerto Rico and Panama.

(3) In July 2016, a new ruble was introduced, at a rate of 1 BYN = 10,000 BYR. Old and new rubles circulated in parallel from July 1 to December 31, 2016.

On the disposal of a foreign operation (i.e. a disposal of the Company s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in other comprehensive income in respect of that operation attributable to the owners of the Company are recognized in the consolidated statements of comprehensive income.

As of April 26, 2018, the exchange rate between the US dollar and the Mexican Peso was $18.8139.

q) Accounts payable, accrued liabilities and provisions

Liabilities are recognized whenever (i) the Company has current obligations (legal or assumed) resulting from a past event, (ii) when it is probable the obligation will give rise to a future cash disbursement for its settlement, and (iii) the amount of the obligation can be reasonably estimated.

When the effect of the time value of money is significant, the amount of the liability is determined as the present value of the expected disbursements to settle the obligation. The discount rate is determined on a pre-tax basis and reflects current market conditions at the financial statements´ reporting date and, where appropriate, the risks specific to the liability. Where discounting is used, an increase in the liability is recognized as finance expense.

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Contingent liabilities are recognized only when it is probable they will give rise to a future cash disbursement for their settlement. Also, contingencies are only recognized when they will generate a loss.

r) Employee benefits

The Company has defined benefit pension plans for its subsidiaries Puerto Rico Telephone Company, Teléfonos de Mexico, Claro Brasil, and Telekom Austria. Claro Brasil also has medical plans and defined contribution plans and Telekom Austria provides retirement benefits to its employees under a defined contribution plan. The Company recognizes the costs of these plans based upon independent actuarial computations and are determined using the projected unit credit method. The latest actuarial computations were prepared as of December 31, 2017.

Mexico

Mexican subsidiaries have the obligation to pay seniority premiums to personnel based on the Mexican Federal labor law which also establishes the obligation to make certain payments to personnel who cease to provide services under certain circumstances. Pensions (for Telmex) and seniority premiums are determined based on the salary of employees in their final year of service, the number of years worked at and their age at the moment of retirement.

The costs of pensions, seniority premiums and severance benefits, are recognized based on calculations by independent actuaries using the projected unit credit method using financial hypotheses, net of inflation.

Telmex has established an irrevocable trust fund and makes annual contributions to that fund.

Puerto Rico

In Puerto Rico, the Company has noncontributing pension plans for full-time employees, which are tax qualified as they meet Employee Retirement Income Security Act of 1974 requirements.

The pension benefit is composed of two elements:

(i) An employee receives an annuity at retirement if they meet the rule of 85 (age at retirement plus accumulated years of service). The annuity is calculated by applying a percentage times years of services to the last three years of salary.

(ii) The second element is a lump-sum benefit based on years of service ranging from 9 to 12 months of salary. Health care and life insurance benefits are also provided to retirees under a separate plan (post-retirement benefits).

Brazil

Claro Brasil provides a defined benefit plan and post-retirement medical assistance plan, and a defined contribution plan, through a pension fund that supplements the government retirement benefit for certain employees.

Under the defined benefit plan, the Company makes monthly contributions to the pension fund equal to 17.5% of the employee s aggregate salary. In addition, the Company contributes a percentage of the aggregate salary base for funding the post-retirement medical assistance plan for the employees who remain in the defined benefit plan. Each employee makes contributions to the pension fund based on age and salary. All newly hired employees automatically adhere to the defined contribution plan and no further admittance to the defined benefit plan is allowed. For the defined contribution plan, see Note 17.

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Austria

Telekom Austria provides retirement benefits to its employees under defined contribution and defined benefit plans.

The Company pays contributions to publicly or privately administered pension or severance insurance plans on mandatory or contractual basis. Once the contributions have been paid, the Company has no further payment obligations. The regular contributions are recognized as employee expenses in the year in which they are due.

All other employee benefit obligations provided in Austria are unfunded defined benefit plans for which the Company records provisions which are calculated using the projected unit credit method. The future benefit obligations are measured using actuarial methods on the basis of an appropriate assessment of the discount rate, rate of employee turnover, rate of compensation increase and rate of increase in pensions.

For severance and pensions, the subsidiary recognizes actuarial gains and losses in other comprehensive income. The re-measurement of defined benefit plans relates to actuarial gains and losses only as Telekom Austria holds no plan assets. Interest expense related to employee benefit obligations is reported in the Valuation of derivatives, interests cost from labor obligation and other financial item, net.

Other subsidiaries

For the rest of the Company s subsidiaries, there are no defined benefit plans or compulsory defined contribution structures. However, certain subsidiaries make contributions to national pension, social security and severance plans in accordance with the percentages and rates established by the applicable social security and labor laws of each country. Such contributions are made to the entities designated by the countries legislation and are recorded as direct labor expenses in the consolidated statements of comprehensive income as they are incurred.

Remeasurements of defined benefit plans, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

(i) The date of the plan amendment or curtailment, and

(ii) The date that the Company recognizes restructuring-related costs

Net interest on liability for defined benefits is calculated by applying the discount rate to the net defined benefit liability or asset and it is recognized in the valuation of derivatives, interest cost from labor obligations and other financial items in the consolidated statements of comprehensive income. The Company recognizes the changes in the net defined benefit obligation under Cost of sales and services and Commercial, administrative and general expenses in the consolidated statements of comprehensive income.

Paid absences

The Company recognizes a provision for the cost of paid absences, such as vacation time, based on the accrual method.

s) Employee profit sharing

Employee profit sharing is paid by certain subsidiaries of the Company to its eligible employees. The Company has employee profit sharing in Mexico, Ecuador and Peru. In Mexico, employee profit sharing is computed at the rate of 10% on the individual subsidiaries taxable base adjusted for employee profit sharing purposes as provided by law.

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Employee profit sharing is presented as an operating expense in the consolidated statements of comprehensive income.

t) Taxes

Income taxes

Current income tax payable is presented as a short-term liability, net of prepayments made during the year.

Deferred income tax is determined using the liability method based on the temporary differences between the tax values of the assets and liabilities and their book values at the consolidated financial statements reporting date.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be in effect in the period when the asset will materialize or the liability will be settled, based on the enacted tax rates (and tax legislation) that have been enacted or substantially enacted at the financial statements reporting date. The value of deferred tax assets is reviewed by the Company at each financial statements reporting date and is reduced to the extent that it is more likely that the Company will not have sufficient future tax profits to allow for the realization of all or a part of its deferred tax assets. Unrecognized deferred tax assets are revalued at each financial statements reporting date and are recognized when it is more likely that there will be sufficient future tax profits to allow for the realization of these assets.

Deferred taxes relating to items recognized in Other Comprehensive Income are recognized together with the concept that generated such deferred taxes. Deferred taxes consequence on unremitted foreign earnings are considered as temporary differences, except to the extent that the Company is not able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future. Taxes withheld on remitted foreign earnings are creditable against Mexican taxes, thus to the extent that a remittance is to be made, the deferred tax would be limited to the incremental difference between the Mexican tax rate and the rate of the remitting country. As of December 31, 2016 and 2017, the Company has not provided for any deferred taxes related to unremitted foreign earnings.

The Company offsets tax assets and liabilities if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the tax authorities is included as part of the current receivables or payables in the consolidated statements of financial position unless they are due in more than a year in which case they are classified as non-current.

u) Advertising

Advertising expenses are recognized as incurred. For the years ended December 31, 2015, 2016 and 2017, advertising expenses were Ps. 24,673,557, Ps. 28,180,538 and Ps. 28,718,563, respectively, and are recorded in the consolidated statements of comprehensive income in the caption Commercial, administrative and general expenses .

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v) Earnings per share

Basic and diluted earnings per share are determined by dividing net profit of the year by the weighted-average number of shares outstanding during the year. In determining the weighted average number of outstanding shares, shares repurchased by the Company have been excluded.

w) Financial risks

The main risks associated with the Company s financial instruments are: (i) liquidity risk, (ii) market risk (foreign currency exchange risk and interest rate risk) and (iii) credit risk and counterparty risk. The Board of Directors approves the policies submitted by management to mitigate these risks.

i) Liquidity risk

Liquidity risk is the risk that the Company may not meet its financial obligations associated with financial instruments when they are due. The Company s financial obligations and commitments are included in Notes 14 and 16.

ii) Market risk

The Company is exposed to certain market risks derived from changes in interest rates and fluctuations in exchange rates of foreign currencies. The Company s debt is denominated in foreign currencies, mainly in US dollars and euros, other than its functional currency. In order to reduce the risks related to fluctuations in the exchange rate of foreign currency, the Company uses derivative financial instruments such as cross-currency swaps and forwards to adjust exposures resulting from foreign exchange currency. The Company does not use derivatives to hedge the exchange risk arising from having operations in different countries.

Additionally, the Company occasionally uses interest rate swaps to adjust its exposure to the variability of the interest rates or to reduce their financing costs. The Company s practices vary from time to time depending on judgments about the level of risk, expectations of change in the movements of interest rates and the costs of using derivatives. The Company may terminate or modify a derivative financial instrument at any time. See Note 7 for disclosure of the fair value of derivatives as of December 31, 2016 and 2017.

iii) Credit risk

Credit risk represents the loss that could be recognized in case the counterparties fail to comply with their contractual obligations.

The financial instruments that potentially represent concentrations of credit risk are cash and short-term deposits, trade accounts receivable and financial instruments related to debt and derivatives. The Company s policy is designed in order to limit its exposure to any one financial institution; therefore, the Company s financial instruments are contracted with several different financial institutions located in different geographic regions.

The credit risk in accounts receivable is diversified because the Company has a broad customer base that is geographically dispersed. The Company continuously evaluates the credit conditions of its customers and generally does not require collateral to guarantee collection of its accounts receivable. The Company monitors on a monthly basis its collection cycle to avoid deterioration of its results of operations.

A portion of the Company s cash surplus is invested in short- term deposits with financial institutions with high credit ratings.

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iv) Sensitivity analysis for market risks

The Company uses sensitivity analyses to measure the potential losses based on a theoretical increase of 100 basis points in interest rates and a 5% fluctuation in exchange rates:

Interest rate

In the event that the Company s agreed-upon interest rates at December 31, 2017 increased/(decreased) by 100 basis points, the increase in net interest expense would increase/(decrease) by Ps. 8,221,411 and Ps. (8,002,209), respectively.

Exchange rate fluctuations

Should the Company s debt at December 31, 2017 of Ps. 697,884,899, suffer a 5% increase/(decrease) in exchange rates, the debt would increase/(decrease) by Ps. 36,079,857 and Ps. (33,821,548), respectively.

v) Concentration of risk

The Company depends on several key suppliers and sellers. During the years ended December 31, 2015, 2016 and 2017, approximately 67%, 73% and 69%, respectively, of the total cost of the cellular phones of the Company represented purchases made from three suppliers. If any of these suppliers were to cease to provide equipment and services to the Company, or to provide them in a timely manner and at a reasonable cost, the Company s business and results of operations might be adversely affected.

vi) Capital management

The Company manages its capital to ensure that its subsidiaries continue as going concerns while maximizing the return to stakeholders through the optimization of their balances and debt capital to maintain the lowest cost of capital available. The Company manages its capital structure and makes adjustments according to economic conditions. To maintain the capital structure, the Company may adjust the dividend payment to shareholders or its share buyback program for which the Company holds a reserve. In addition, the Company creates a legal reserve, as required by law (See Note 19).

x) Derivative financial instruments

Derivative financial instruments are recognized in the consolidated statement of financial position at fair value. Valuations obtained by the Company are compared against those of the financial institutions with which the agreements are entered into, and it is the Company s policy to compare such fair value to a valuation provided by an independent pricing provider in case of discrepancies. Changes in the fair value of derivatives that do not qualify as hedging instruments are recognized immediately in the line Valuation of derivatives, interest cost from labor obligations and other financial items, net .

The Company is exposed to interest rate and foreign currency risks, which tries to mitigate through a controlled risk management program that includes the use of derivative financial instruments. The Company principally uses cross-currency swaps and foreign currency forwards to offset the risk of exchange rate fluctuations. For purposes of reducing the risks from changes in interest rates, the Company utilizes interest rate swaps through which it pays or receives the net amount resulting from paying or receiving a fixed rate, and from receiving or paying cash based on a variable rate. Additionally, for the years ended December 31, 2016 and 2017, certain of the Company s derivative financial instruments had been designated, and had qualified, as cash flow hedges. The effective portion of gains or losses on the cash flow derivatives is recognized in equity under the heading Effect for fair value of derivatives , and the ineffective portion is charged to results of operations of the period.

The change in fair value recognized in results of operations, corresponding to derivatives that qualify as hedges, is presented in the same caption of the consolidated statements of comprehensive income as the gain or loss of the hedged item (interests and foreign exchange rate).

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The policy of the Company in this regard comprises: (i) the formal documentation of all transactions between the hedging instruments and hedged positions, (ii) risk management objectives, and (iii) the strategy for executing hedging transactions. This documentation also includes the relationship between the cash flows of the derivatives with those of the Company s assets and liabilities recognized in the consolidated statement of financial position.

The hedge effectiveness of the Company s derivatives is evaluated prior to their designation as hedges, as well as during the hedging period, which is performed at least quarterly based on recognized statistical techniques. Whenever it is determined that a derivative ceases to be a highly effective hedge, the Company ceases to apply hedge accounting for the derivative on a prospective basis.

y) Current versus non-current classification

The Company presents assets and liabilities in its consolidated statements of financial position based on current/non-current classification.

An asset is current when it is either:

(i) Expected to be realized or intended to be sold or consumed in the normal operating cycle.

(ii) Held primarily for the purpose of trading.

(iii) Expected to be realized within twelve months after the reporting period.

(iv) Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

It is expected to be settled in the normal operating cycle.

It is held primarily for the purpose of trading.

It is due to be settled within twelve months after the reporting period.

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other assets and liabilities, including deferred tax assets and liabilities, as non-current.

z) Presentation of consolidated statements of comprehensive income

The costs and expenses shown in the consolidated statements of comprehensive income are presented in combined manner (based on both their function and nature), which allows a better understanding of the components of the Company s operating income. This classification allows a comparison to the telecommunications industry.

The Company presents operating income in its consolidated statements of comprehensive income since it is a key indicator of the Company s performance. Operating income represents operating revenues less operating costs and expenses.

The employee benefits expense recognized in 2015, 2016 and 2017 of Ps. 41,366,183, Ps. 46,759,415 and Ps. 48,696,331, respectively is presented as Cost of sales and services and of Ps. 58,977,212, Ps. 63,691,855 and Ps. 66,920,537 is presented respectively in Commercial, administrative and general expenses .

aa) Operating Segments

Segment information is presented based on information used by management in its decision-making processes. Segment information is presented based on the geographic areas in which the Company operates.

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The management of the Company is responsible for making decisions regarding the resources to be allocated to the Company s different segments, as well as evaluating the performance of each segment. Intersegment revenues and costs, intercompany balances as well as investments in shares in consolidated entities are eliminated upon consolidation and reflected in the eliminations column in Note 22.

None of the segments records revenue from transactions with a single external customer amounting to at least 10% or more of the revenues.

ab) Convenience Translation

At December 31, 2017, amounts in U.S. dollars have been included in the financial statements solely for the convenience of the reader and have been translated from Mexican pesos at December 31, 2017 at an exchange rate of Ps. 19.7867 per U.S. dollar, which was the exchange rate at that date. Such translation should not be construed as a representation that the Mexican peso can be converted to U.S. dollars at the exchange rate in effect on December 31, 2017 or any other exchange rate.

ac) Significant Accounting Judgments, Estimates and Assumptions

In preparing its consolidated financial statements, América Móvil makes estimates concerning a variety of matters. Some of these matters are highly uncertain, and its estimates involve judgments it makes based on the available information. In the discussion below, América Móvil has identified several of these matters for which its financial statements would be materially affected if either (1) América Móvil uses different estimates that it could have reasonably used or (2) in the future América Móvil changes its estimates in response to changes that are reasonably likely to occur.

The following discussion addresses only those estimates that América Móvil considers most important based on the degree of uncertainty and the likelihood of a material impact had it used a different estimate. There are many other areas in which América Móvil uses estimates about uncertain matters, but the reasonably likely effect of changed or different estimates is not material to the financial presentation for those other areas.

Fair Value of Financial Assets and Liabilities

América Móvil has substantial financial assets and liabilities that it recognizes at their fair value, which is an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties. The methodologies and assumptions América Móvil uses to estimate an instrument s fair value depend on the type of instrument and include (i) recognizing cash and cash equivalents, trade receivables, trade payables and other current liabilities at close to their carrying amount, (ii) recognizing quoted instruments at their price quotations on the reporting date, (iii) recognizing unquoted instruments, such as loans from banks and obligations under financial leases, by discounting future cash flows using rates for similar instruments and (iv) applying various valuation techniques, such as net present value calculations. Using different methodologies or assumptions to estimate the fair value of América Móvil s financial assets and liabilities could materially impact the reported financial results. See Note 18.

The Company maintains investments in available for sale securities that are valued at market prices obtained from the stock exchange where these shares are listed. At each reporting date, the Company evaluates whether impairment exists on its available for sale securities according to the accounting policy outlined in Note 2. This analysis first involves an evaluation of the objective measures of impairment as described in IAS 39. The Company will then evaluate whether the loss recognized in other comprehensive income on its available for sale securities is either prolonged or significant, as described in the accounting policies in Note 2. At December 31, 2017, the Company has not observed an objective measure of impairment on its available for sale securities, nor has significant or prolonged unrealized losses on its available for sale securities.

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Estimated useful lives of plant, property and equipment

América Móvil currently depreciates most of its network infrastructure based on an estimated useful life determined upon the expected particular conditions of operation and maintenance in each of the countries in which it operates. The estimates are based on AMX s historical experience with similar assets, anticipated technological changes and other factors, taking into account the practices of other telecommunications companies. América Móvil reviews estimated useful lives each year to determine, for each particular class of assets, whether they should be changed. América Móvil may shorten/extend the estimated useful life of an asset class in response to technological changes, changes in the market or other developments. This results in increased/decreased depreciation expense. See Notes 2k) and 10.

Impairment of Long-Lived Assets

América Móvil has large amounts of long-lived assets, including property, plant and equipment, intangible assets, investments in affiliates and goodwill on its consolidated statements of financial position. América Móvil is required to test long-lived assets for impairment when circumstances indicate a potential impairment or, in some cases, at least on an annual basis. The impairment analysis for long-lived assets requires the Company to estimate the recovery value of the asset, which is the higher of its fair value (minus any disposal costs) and its value in use. To estimate the fair value of a long-lived asset, América Móvil typically takes into account recent market transactions or, if no such transactions can be identified, América Móvil uses a valuation model that requires making certain assumptions and estimates. Similarly, to estimate the value in use of long-lived assets, América Móvil typically makes various assumptions about the future prospects for the business to which the asset relates, considers market factors specific to that business and estimates future cash flows to be generated by that business. Based on this impairment analysis, including all assumptions and estimates related thereto, as well as guidance provided by IFRS relating to the impairment of long-lived assets different assumptions and estimates could materially impact the Company s reported financial results. More conservative assumptions of the anticipated future benefits from these businesses could result in impairment charges, which would decrease net income and result in lower asset values on the consolidated statements of financial position. Conversely, less conservative assumptions could result in smaller or no impairment charges, higher net income and higher asset values. The key assumptions used to determine the recoverable amount for the Company s CGUs, are further explained in Notes 2m), 10 and 11.

Deferred Income Taxes

América Móvil is required to estimate its income taxes in each of the jurisdictions in which it operates. This process involves the jurisdiction-by-jurisdiction estimation of actual current tax exposure and the assessment of temporary differences resulting from the differing treatment of certain items, such as accruals and amortization, for tax and financial reporting purposes, as well as net operating loss carry-forwards and other tax credits. These items result in deferred tax assets and liabilities as discussed in Note 2 t). The analysis is based on estimates of taxable income in the jurisdictions in which América Móvil operates and the period on which the deferred tax assets and liabilities will be recovered or settled. If actual results differ from these estimates, or América Móvil adjusts these estimates in future periods, its financial position and results of operations may be materially affected.

In assessing the future realization of deferred tax assets, the Company considers future taxable income, ongoing planning strategies and future results in its operations. In the event that the estimates of projected future taxable income are lowered, or changes in current tax regulations are enacted that would impose restrictions on the timing or extent of the ability to utilize the tax benefits of net operating loss carry-forwards in the future, an adjustment to the recorded amount of deferred tax assets would be made, with a related charge to income. See Note 13.

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Accruals

Accruals are recorded when, at the end of the period, the Company has a present obligation as a result of past events, whose settlement requires an outflow of resources that is considered probable and can be measured reliably. This obligation may be legal or constructive, arising from, but not limited to, regulation, contracts, common practice or public commitments, which have created a valid expectation for third parties that the Company will assume certain responsibilities. The amount recorded is the best estimation performed by the Company s management in respect of the disbursement that will be required to settle the obligations, considering all the information available at the date of the financial statements, including the opinion of external experts, such as legal advisors or consultants. Accruals are adjusted to account for changes in circumstances for ongoing matters and the establishment of additional accruals for new matters.

If América Móvil is unable to reliably measure the obligation, no accrual is recorded and information is then presented in the notes to its consolidated financial statements. Because of the inherent uncertainties in these estimations, actual expenditures may be different from the originally estimated amount recognized. See Note 15.

América Móvil is subject to various claims and contingencies related to tax, labor and legal proceedings as described in Note 16(c).

Labor Obligations

América Móvil recognizes liabilities on its consolidated statement of financial position and expenses in its statement of comprehensive income to reflect its obligations related to its post-retirement seniority premiums, pension and retirement plans in the countries in which it operates and offer defined contribution and benefit pension plans. The amounts the Company recognizes are determined on an actuarial basis that involves estimations and accounts for post-retirement and termination benefits.

América Móvil uses estimates in four specific areas that have a significant effect on these amounts: (i) the rate of return América Móvil assumes its pension plans will earn on its investments, (ii) the salaries increase rate that the Company assumes it will observe in future years, (iii) the discount rates that the Company uses to calculate the present value of its future obligations and (iv) the expected inflation rate. The assumptions applied are further disclosed in Note 17. These estimates are determined based on actuarial studies performed by independent experts using the projected unit-credit method.

Allowance for Bad Debts

América Móvil maintains an allowance for bad debts for estimated losses resulting from the failure of its customers, distributors and telecommunications operators to make required payments. The Company bases these estimates on the individual conditions of each of the markets in which it operates that may impact the collectability of accounts. In particular, in making these estimates, the Company takes into account the number of days invoices are overdue and with telecommunications operators, both the number of days since the invoices are due and any disputes with respect to such invoiced traffic. The loss that América Móvil actually experiences with respect to these accounts may differ from the amount of the estimated allowance maintained in connection with them. See Note 5.

3. Cash and Cash Equivalents

Cash and cash equivalents are comprised of short-term deposits with different financial institutions. Cash equivalents only include instruments with purchased maturity of less than three months. The amount includes the amount deposited, plus any interest earned.

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4. Marketable securities and other short-term investments

As of December 31, 2016 and 2017, marketable securities and other short-term investments includes an available for sale investment in KPN for Ps. 41,463,511 and Ps. 46,682,657, respectively, and other short-term investments for Ps. 13,393,646 and Ps. 12,438,019, respectively.

The investment in KPN is carried at fair value with changes in fair value being recognized through other comprehensive (loss) items (equity) in the Company s consolidated statements of financial position. When the Company changed the classification of its KPN investment, the Company recorded a pre-tax gain of approximately Ps. 11,988,038 in its 2015 consolidated statements of comprehensive income. As of December 31, 2016 and 2017, the Company has recognized in equity changes in fair value of the investment of Ps. (6,673,731) and Ps. 622,424, respectively, net of deferred taxes, through other comprehensive (loss) gain items (equity).

At December 31, 2017, the Company has not observed an objective measure of impairment on its available for sale securities, nor has unrealized losses on its available for sale securities been considered either significant or prolonged.

During the years ended December 31, 2015, 2016 and 2017, the Company received dividends from KPN for an amount of Ps. 1,645,712, Ps. 5,740,092 and Ps. 2,370,559, respectively; which are included within Valuation of derivatives, interest cost from labor obligations, and other financial items, net in the consolidated statements of comprehensive income. Another short-term investment item of Ps. 12,438,019, as of December 31, 2017 (Ps. 13,393,646 in 2016) represents a cash deposit used to guarantee a short term obligation for one of the Company s foreign subsidiaries and are presented at their carrying value, which approximates fair value.

5. Accounts receivable from subscribers, distributors, recoverable taxes and other, net

a) An analysis of accounts receivable by component at December 31, 2016 and 2017 is as follows:

	At December 31,	
	2016	**2017**
Subscribers and distributors	Ps. 186,744,954	**Ps. 178,722,706**
Telecommunications carriers for network interconnection and other services	9,649,849	**8,671,416**
Recoverable taxes	41,899,517	**40,477,188**
Sundry debtors	16,016,756	**14,736,340**
	254,311,076	**242,607,650**
Less: Allowance for bad debts	(37,351,677)	**(39,044,925)**
Net	Ps. 216,959,399	**Ps. 203,562,725**
Non-current subscribers and distributors	11,184,860	**9,786,581**
Total current Subscribers, distributors, recoverable taxes and other, net	Ps. 205,774,539	**Ps. 193,776,144**

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b) Changes in the allowance for bad debts were as follows:

	For the years ended December 31,		
	2015	2016	2017
Balance at beginning of year	Ps. (25,685,528)	Ps. (27,495,158)	**Ps. (37,351,677)**
Increases recorded in expenses	(13,171,120)	(16,987,769)	**(20,744,242)**
Write-offs	9,555,734	12,587,567	**17,713,992**
Business combination			**(22,120)**
Translation effect	1,805,756	(5,456,317)	**1,359,122**
Balance at end of year	Ps. (27,495,158)	Ps. (37,351,677)	**Ps. (39,044,925)**

c) The following table shows the aging of accounts receivable at December 31, 2016 and 2017, for subscribers and distributors:

			Past due			
	Total	Unbilled services provided	1-30 days	31-60 days	61-90 days	Greater than 90 days
December 31, 2016	Ps. 186,744,954	Ps. 113,014,706	Ps. 19,175,008	Ps. 5,835,162	Ps. 4,209,456	Ps. 44,510,622
December 31, 2017	**Ps. 178,722,706**	**Ps. 78,384,174**	**Ps. 46,758,825**	**Ps. 6,780,671**	**Ps. 4,375,188**	**Ps. 42,423,848**

In accordance with the Company s accounting policy for the allowance for bad debts, as of December 31, 2016 and 2017, there are certain accounts receivable greater than 90 days that are not impaired as they are primarily due from government institutions and distributors for which the Company has a collateral. To estimate the recoverability of accounts receivable, the Company considers any change in the credit quality of the subscribers and distributors from the date the credit was granted until the end of period.

d) The following table shows the accounts receivable from subscribers and distributors included in the allowance for doubtful accounts, as of December 31, 2016 and 2017:

	Total	61-90 days	Greater than 90 days
December 31, 2016	Ps. 37,351,677	Ps. 3,970,770	Ps. 33,380,907
December 31, 2017	**Ps. 39,044,925**	**Ps. 3,807,945**	**Ps. 35,236,980**

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6. Related Parties

a) The following is an analysis of the balances with related parties as of December 31, 2016 and 2017. All of the companies were considered affiliates of América Móvil since the Company s principal shareholders are either direct or indirect shareholders in the related parties.

	2016	2017
Accounts receivable:		
Sears Roebuck de Mexico, S.A. de C.V.	Ps. 230,974	**Ps. 211,491**
Sanborns Hermanos, S.A.	119,423	**91,233**
Carso Infraestructura y Construcción, S.A. de C.V and Subsidiaries	112,834	**89,585**
Enesa, S.A. de C.V. and Subsidiaries	93,360	**33,208**
Grupo Condumex, S.A. de C.V. and Subsidiaries	41,057	**47,269**
Operadora de Sites Mexicanos, S.A. de C.V.	22,629	**14,252**
Patrimonial Inbursa, S.A.	9,299	**246,874**
Other	110,916	**134,318**
Total	Ps. 740,492	**Ps. 868,230**

	2016	2017
Accounts payable:		
Carso Infraestructura y Construcción, S.A. de C.V and Subsidiaries	Ps. 1,291,062	**Ps. 947,761**
Grupo Condumex, S.A. de C.V. and Subsidiaries	753,603	**812,427**
Fianzas Guardiana Inbursa, S.A. de C.V.	409,293	**276,633**
PC Industrial, S.A. de C.V. and Subsidiaries	117,841	**136,859**
Grupo Financiero Inbursa, S.A.B. de C.V.	40,737	**38,847**
Enesa, S.A. de C.V. and Subsidiaries	53,670	**50,609**
Other	305,119	**277,276**
Total	Ps. 2,971,325	**Ps. 2,540,412**

For the years ended December 31, 2015, 2016 and 2017, the Company has not recorded any impairment of receivables in connection with amounts owed by related parties.

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b) For the years ended December 31, 2015, 2016 and 2017, the Company conducted the following transactions with related parties:

	2015	2016	2017
Investments and expenses:			
Construction services, purchases of materials, inventories and property, plant and equipment (i)	Ps. 5,975,677	Ps. 9,917,280	**Ps. 11,030,944**
Insurance premiums, fees paid for administrative and operating services, brokerage services and others (ii)	4,332,331	4,118,469	**4,135,578**
Rent of towers (iii)	927,678	4,748,503	**5,326,366**
Other services	1,379,269	1,899,818	**2,802,667**
	Ps. 12,614,955	Ps. 20,684,070	**Ps. 23,295,555**
Revenues:			
Telecommunications services	Ps. 271,196	Ps. 411,076	**Ps. 416,047**
Sale of materials and other services	2,398,994	2,679,591	**2,313,840**
	Ps. 2,670,190	Ps. 3,090,667	**Ps. 2,729,887**

i) In 2017, this amount includes Ps. 9,829,991 (Ps. 9,547,530 in 2016 and Ps. 5,823,537 in 2015) for network construction services and construction materials purchased from subsidiaries of Grupo Carso, S.A.B. de C.V. (Grupo Carso).

ii) In 2017, this amount includes Ps. 789,253 (Ps. 812,247 in 2016 and 721,416 in 2015) for network maintenance services performed by Grupo Carso subsidiaries; Ps. 15,695 in 2017 (Ps. 705,074 in 2016, and Ps. 216,910 in 2015) for software services provided by an associate; Ps. 3,330,038 in 2017 (Ps. 2,406,058 in 2016 and Ps. 2,635,342 in 2015) for insurance premiums with Seguros Inbursa S.A. and Fianzas Guardiana Inbursa, S.A., which, in turn, places most of such insurance with reinsurers.

iii) In October 2015, following the approval of the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, or IFT) and confirmation by the Mexican Tax Administration Service (*Servicio de Administración Tributaria*) of its tax implications the Company completed the spin-off process of its telecom towers located in Mexico creating the company Telesites, S.A.B. de C.V. (Telesites). Such spin-off was approved in an extraordinary meeting of shareholders held in April 2015. The National Securities and Banking Commission (*Comisión Nacional Bancaria y de Valores*) authorized the registration of the shares of Telesites in December 2015, and the Company concluded the listing process on December 21, 2015.

c) During 2017, the Company paid Ps. 1,229,442 (Ps. 1,255,326 and Ps. 915,135 in 2016 and 2015, respectively) for short-term direct benefits to its executives.

The aggregate compensation paid to the Company s, directors (including compensation paid to members of the Audit and Corporate Practices Committee), and senior management in 2017 was approximately Ps. 5,100 and Ps. 66,700, respectively. None of the Company s directors is a party to any contract with the Company or any of its subsidiaries that provides for benefits upon termination of employment. The Company does not provide pension, retirement or similar benefits to its directors in their capacity as directors. The Company s executive officers are eligible for retirement and severance benefits required by Mexican law on the same terms as all other employees.

d) Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB) is considered a related party due to it is a significant non-controlling shareholder in Telekom Austria. Through Telekom Austria, América Móvil is related to the Republic of Austria and its subsidiaries, which are mainly ÖBB Group, ASFINAG Group and Post Group as well as Rundfunk und Telekom Reguliegungs-GmbH, all of which these are related parties. In 2017, 2016 and 2015, none of the individual transactions associated with government agencies or government-owned entities of Austria are considering significant to América Móvil.

7. Derivative Financial Instruments

To mitigate the risks of future increases in interest rates and foreign exchange rates for the servicing of its debt, the Company has entered into interest-rate swap contracts in over-the-counter transactions carried out with financial institutions. No collateral is given as security in connection with these transactions. In 2017 the weighted-average interest rate of the total debt including the impact of interest rate derivatives held by the Company is 4.0% (3.7% and 3.9% in 2016 and 2015, respectively).

An analysis of the derivative financial instruments contracted by the Company at December 31, 2016 and 2017 is as follows:

	At December 31,			
	2016		**2017**	
Instrument	Notional amount in millions	Fair value	**Notional amount in millions**	**Fair value**
Assets:				
Swaps US Dollar-Mexican peso	US$		**US$ 2,800**	**Ps. 4,766,102**
Swaps Euro-Mexican peso	70	Ps. 479,007		
Swaps Yen-US Dollar	¥ 13,000	430,044	**¥ 13,000**	**521,270**
Forwards US Dollar-Mexican peso	US$		**US$ 1,744**	**1,600,666**
Forwards US Dollar-Brazilian real	US$		**US$ 100**	**44,280**
Swaps Swiss Franc-US Dollar	CHF		**CHF 475**	**178,710**
Swaps Euro-Brazilian real			**450**	**359,671**
Interest rate swap	Ps.		**Ps. 200**	**916**
Forwards Euro-Brazilian real			**400**	**330,427**
Forwards US Dollar-Swiss franc	CHF		**CHF 75**	**121,981**
Forwards Euro-US Dollar			**204**	**113,361**
Total Assets		Ps. 909,051		**Ps. 8,037,384**

	At December 31,			
	2016		**2017**	
Instrument	Notional amount in millions	Fair value	**Notional amount in millions**	**Fair value**
Liabilities:				
Interest rate swaps in Mexican peso	Ps. 15,750	Ps. (131,998)	**Ps.**	**Ps.**
Forwards US Dollar-Mexican peso	US$ 80	(99,228)	**US$**	
Forwards Euro-US Dollar	460	(1,142,155)		

Swaps Euro-US Dollar		500		(1,807,332)			
Swaps US Dollar-Euro	US$	2,192		(698,917)	**US$**	**2,092**	**(8,340,970)**
Swaps Swiss franc-US Dollar	CHF	745		(745,263)	**CHF**		
Swaps Pound sterling-Euro	£	740		(2,585,890)	**£**	**740**	**(3,376,091)**
Swap Pound sterling-US Dollar	£	2,010		(5,961,324)	**£**	**2,010**	**(1,676,636)**
Call spread option		750		(155,950)		**750**	**(48,422)**
Put option		374		(2,379,434)		**374**	**(482,645)**
Call spread option		3,000		(1,877,256)		**3,000**	**(434,696)**
Total liability			Ps.	(17,584,747)			**Ps. (14,359,460)**
Non-current liability			Ps.	(3,448,396)			**Ps. (3,756,921)**
Total current liability			Ps.	(14,136,351)			**Ps. (10,602,539)**

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The changes in the fair value of these derivative financial instruments for the years ended December 31, 2015, 2016 and 2017 amounted to a gain (loss) of Ps. 15,128,269, Ps. (9,622,233) and Ps. 8,192,567, respectively, and such amounts are included in the consolidated statements of comprehensive income as part of the caption Valuation of derivatives interest cost from labor obligations and other financial items, net and Ps. 37,011, Ps. 48,496 and Ps. 12,292, net of tax, respectively, that are accounted for as Effect of derivative financial instruments acquired for hedging purposes in equity.

The maturities of the notional amount of the derivatives are as follows:

Instrument		Notional amount in millions	2018	2019	2020	2021	2022 Thereafter
Assets							
Swaps US Dollar-Mexican peso	**US$**	**2,800**					2,800
Swaps Yen-US Dollar	**¥**	**13,000**					13,000
Forwards US Dollar-Mexican peso	**US$**	**1,744**	1,744				
Forwards US Dollar-Brazilian real	**US$**	**100**	100				
Swaps Swiss franc-US Dollar	**CHF**	**475**	475				
Swaps Euro-Brazilian real		**450**	150	300			
Interest rate swap	**Ps.**	**200**		200			
Forwards Euro-Brazilian real		**400**	400				
Forwards US Dollar-Swiss franc	**CHF**	**75**	75				
Forwards Euro-US Dollar		**204**	204				
Liabilities							
Swaps US Dollar-Euro	**US$**	**2,092**	67	25			2,000
Swaps Pound sterling-Euro	**£**	**740**					740
Swap Pound sterling-US Dollar	**£**	**2,010**			550		1,460
Call spread option		**750**	750				
Put option		**374**					374
Call spread option		**3,000**			3,000		

8. Inventories, net

An analysis of inventories at December 31, 2016 and 2017 is as follows:

	2016	2017
Mobile phones, accessories, computers, TVs, cards and other materials	Ps. 41,020,172	**Ps. 42,262,511**
Less: Reserve for obsolete and slow-moving inventories	(4,148,880)	**(3,452,946)**
Total	Ps. 36,871,292	**Ps. 38,809,565**

For the years ended December 31, 2015, 2016 and 2017, the cost of inventories recognized in cost of sales was Ps. 145,491,598, Ps. 172,495,376 and Ps. 170,154,336, respectively.

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9. Other assets, net

An analysis of other assets at December 31, 2016 and 2017 is as follows:

		2016		2017
Current portion:				
Advances to suppliers (different from PP&E and inventories)	Ps.	12,078,114	**Ps.**	**9,536,654**
Costs of mobile equipment and computers associated with deferred revenues		5,914,166		**6,182,010**
Prepaid insurance		786,683		**683,091**
Other		759,130		**950,991**
	Ps.	19,538,093	**Ps.**	**17,352,746**
Non-current portion:				
Recoverable taxes	Ps.	9,971,482	**Ps.**	**12,249,372**
Prepayments for the use of fiber optics		4,262,387		**4,361,668**
Prepaid expenses and judicial deposits [(1)]		25,267,208		**25,926,436**
Total		Ps. 39,501,077		**Ps. 42,537,476**

For the years ended December 31, 2015, 2016 and 2017, amortization expense for other assets was Ps. 558,457, Ps. 1,340,609 and Ps. 620,680, respectively.

(1) Judicial deposits represent cash and cash equivalents pledged in order to fulfill the collateral requirements for tax contingencies mainly in Brazil. At December 31, 2016 and 2017, the amount for these deposits is Ps. 20,030,041 and Ps. 20,288,382, respectively. Based on its evaluation of the underlying contingencies, the Company believes that such amounts are recoverable.

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10. Property, Plant and Equipment, net

a) An analysis of property, plant and equipment, net at December 31, 2015, 2016 and 2017 is as follows:

	At December 31, 2014	Additions	Retirements	Business combinations	Spin-off effects (Note 12)	Effect of translation of foreign subsidiaries	Depreciation of the year	De
	Ps. 642,617,237	Ps. 78,632,899	Ps. (16,061,956)	Ps. 4,293,671	Ps.	Ps. (68,097,149)	Ps.	Ps.
	56,463,536	2,559,088	(2,492,288)	54,902		(1,790,852)		
	105,550,807	27,711,493	(10,169,829)	820,329	(12,643,381)	(4,800,817)		
	39,107,185	72,899,705	(68,666,020)	160,311	(348,395)	(4,302,010)		
	20,848,714	44,423,898	(43,911,307)			(1,018,916)		
	864,587,479	226,227,083	(141,301,400)	5,329,213	(12,991,776)	(80,009,744)		
	234,527,131		(31,529,529)		(7,403,656)	(51,082,202)	92,219,984	
	3,728,405		(433,368)			(1,334,962)	2,607,513	
	38,276,028		(4,533,893)			(1,995,119)	15,310,068	
	(50,265)		(13,405)			1,409	17,838	
	Ps. 276,481,299	Ps.	Ps. (36,510,195)	Ps.	Ps. (7,403,656)	Ps. (54,410,874)	Ps. 110,155,403	Ps.
	Ps. 588,106,180	Ps. 226,227,083	Ps. (104,791,205)	Ps. 5,329,213	Ps. (5,588,120)	Ps. (25,598,870)	Ps. (110,155,403)	Ps.

At December 31, 2015	Additions	Retirements	Business combinations	Effect of translation of foreign subsidiaries	Depreciation of the year	At December 2016

ork in tion and ment	Ps. 641,384,702	Ps. 101,794,197	Ps. (8,963,076)	Ps. 1,873,445	Ps. 235,186,745	Ps.	Ps. 971,276
and ngs	54,794,386	2,900,511	(2,845,298)	3,839	7,281,973		62,135
assets	106,468,602	24,368,918	(10,717,096)	69,937	24,736,655		144,927
ruction cess and ces plant ers [(1)]	38,850,776	70,517,319	(70,911,593)	11,255	11,252,127		49,719
tories for tion network	20,342,389	34,010,751	(27,641,919)	5,520	1,566,307		28,283
	861,840,855	233,591,696	(121,078,982)	1,963,996	280,023,807		1,256,341
mulated ciation							
ork in tion and ment	236,731,728		(1,968,376)		153,147,349	107,976,385	495,887
ings	4,567,588		(975,284)		3,709,952	3,179,066	10,481
assets	47,057,084		(25,099,710)		10,396,438	16,105,885	48,459
tories for tion of twork	(44,423)		(54,280)		20,896	401,008	323
	Ps. 288,311,977	Ps.	Ps. (28,097,650)	Ps.	Ps. 167,274,635	Ps. 127,662,344	Ps. 555,151
ost	Ps. 573,528,878	Ps. 233,591,696	Ps. (92,981,332)	Ps. 1,963,996	Ps. 112,749,172	Ps. (127,662,344)	Ps. 701,190

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	At December 31, 2016	Additions	Retirements	Business combinations	Effect of translation of foreign subsidiaries	Depreciation of the year	At December 3 2017
t							
work in ration and pment	**Ps. 971,276,013**	**Ps. 78,272,882**	**Ps. (21,657,715)**	**Ps. 599,306**	**Ps. (38,824,540)**	**Ps.**	**Ps. 989,665,**
d and dings	**62,135,411**	**2,858,996**	**(415,219)**	**27,686**	**(2,022,685)**		**62,584,**
er assets	**144,927,016**	**19,287,525**	**(8,112,571)**	**80,734**	**(5,866,897)**		**150,315,**
struction rocess and ances plant pliers [1]	**49,719,884**	**66,383,381**	**(41,279,573)**	**34,705**	**(737,023)**		**74,121,**
entories for ration ne network	**28,283,048**	**27,013,148**	**(27,979,816)**	**3,576**	**(728,358)**		**26,591,**
l	**1,256,341,372**	**193,815,932**	**(99,444,894)**	**746,007**	**(48,179,503)**		**1,303,278,**
umulated reciation							
work in ration and pment	**495,887,086**		**(21,214,724)**		**(32,860,339)**	**110,533,486**	**552,345,**
dings	**10,481,322**		**(1,568,542)**		**(940,054)**	**2,682,559**	**10,655,**
er assets	**48,459,697**		**(4,572,509)**		**(2,251,958)**	**21,724,299**	**63,359,**
entories for ration of network	**323,201**		**(9,205)**		**(4,339)**	**265,736**	**575,**
l	**Ps. 555,151,306**	**Ps.**	**Ps. (27,364,980)**	**Ps.**	**Ps. (36,056,690)**	**Ps. 135,206,080**	**Ps. 626,935,**
Cost	**Ps. 701,190,066**	**Ps. 193,815,932**	**Ps. (72,079,914)**	**Ps. 746,007**	**Ps. (12,122,813)**	**Ps. (135,206,080)**	**Ps. 676,343,**

(1) Construction in progress includes fixed and mobile network facilities as well as satellite developments and fiber optic which is in the process of being installed.

The completion period of construction in progress is variable and depends upon the type of fixed assets under construction.

b) At December 31, 2016 and 2017, property, plant and equipment include the following assets under capital leases:

	2016	**2017**

Assets under capital leases	Ps. 8,210,557	**Ps. 8,116,532**
Accumulated depreciation	(4,839,007)	**(3,475,014)**
	Ps. 3,371,550	**Ps. 4,641,518**

c) At December 31, 2017, Claro Brasil has land and buildings and other equipment that are pledged in guarantee of legal proceedings in the amount of Ps. 3,521,082 (Ps. 3,530,845 as of December 31, 2016).

d) Relevant information related to the computation of the capitalized borrowing costs is as follows:

	Years ended December 31,		
	2015	**2016**	**2017**
Amount invested in the acquisition of qualifying assets	Ps. 52,922,105	Ps. 52,974,400	**Ps. 49,642,370**
Capitalized interest	3,524,841	2,861,307	**2,875,034**
Capitalization rate	6.7%	5.4%	**5.8%**

Capitalized interest is being amortized over a period of seven years, which is the estimated useful life of the related assets.

e) On October 20, 2017, our subsidiary Star One signed a contract with SSL Space Systems Loral for construction of the Star One D2 satellite, which will be equipped with transponders 52 in the C and Ku bands,

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20 Gbps of capacity in Band Ka and a certain capacity in X-band. The cost of this Project is estimated to be approximately Ps. 6,391,104 (US$ 323,000) and the launch will take place at the end of 2019. At December 31, 2017 the amount recorded in Construction in progress amounts to Ps. 916,240 (R$153,179).

f) The Company s concessions in Brazil establish certain conditions under which assets may be reverted to the government, as discussed in Note 16(c).

g) During 2016, Claro Brasil reviewed the useful life of its set top boxes. Such review was supported by historical data, change in the economic environment in which Claro Brasil operates and based on a professional technical evaluation. Based on the review the Company shortened such useful lives and recorded an increase in depreciation expense for Ps. 2,468,415 (R$458,234).

In some of the jurisdictions where the Company operates and under certain circumstances, the Company may be required to transfer certain assets covered by some of their concessions to the government pursuant to valuation methodologies that vary in each jurisdiction (assets reversion). It is uncertain whether reversion would ever be applied and how reversion provisions would be interpreted in practice.

11. Intangible assets, net and goodwill

a) An analysis of intangible assets at December 31, 2015, 2016 and 2017 is as follows:

	For the year ended December 31, 2015						
	Balance at beginning of year	**Acquisitions**	**Acquisitions in business combinations**	**Disposals and other**	**Amortization of the year**	**Effect of translation of foreign subsidiaries**	**Balance at end of year**
icenses and ghts of use	Ps. 174,795,094	Ps. 19,507,462	Ps. 448,364	Ps. 1,109,172	Ps.	Ps. (20,564,317)	Ps. 175,295,775
ccumulated mortization	(91,231,249)			(25,976)	(7,419,551)	13,830,252	(84,846,524
et	83,563,845	19,507,462	448,364	1,083,196	(7,419,551)	(6,734,065)	90,449,251
rademarks	22,274,991		252,728	207,251		89,043	22,824,013
ccumulated mortization	(10,829,402)				(936,606)	242,301	(11,523,707
et	11,445,589		252,728	207,251	(936,606)	331,344	11,300,306
ustomer elationships	15,306,167		949,915	791,548		1,346,777	18,394,407
ccumulated mortization	(485,951)				(3,452,760)	(24,164)	(3,962,875
et	14,820,216		949,915	791,548	(3,452,760)	1,322,613	14,431,532

oftware icenses	7,297,177	2,245,027	42,760	(307,955)		(494,241)	8,782,768
ccumulated mortization	(1,510,514)			1,434,129	(2,921,767)	573,554	(2,424,598
et	5,786,663	2,245,027	42,760	1,126,174	(2,921,767)	79,313	6,358,170
ontent ghts	1,862,030	768,888				3,609	2,634,527
ccumulated mortization	(158,555)				(270,191)		(428,746
et	1,703,475	768,888			(270,191)	3,609	2,205,781
otal of ntangibles, et	Ps. 117,319,788	Ps. 22,521,377	Ps. 1,693,767	Ps. 3,208,169	Ps. (15,000,875)	Ps. (4,997,186)	Ps. 124,745,040
oodwill Note 12)	Ps. 140,903,391	Ps. 220,124	Ps. 711,723	Ps.	Ps.	Ps. (4,721,522)	Ps. 137,113,716

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For the year ended December 31, 2016

	Balance at beginning of year	Acquisitions	Acquisitions in business combinations	Disposals and other	Amortization of the year	Effect of translation of foreign subsidiaries	Balance at end of year
icenses and ghts of use	Ps. 175,295,775	Ps. 9,129,949	Ps. 360,144	Ps. 1,269,478	Ps.	Ps. 56,684,016	Ps. 242,739,362
ccumulated mortization	(84,846,524)				(10,255,271)	(31,606,303)	(126,708,098
et	90,449,251	9,129,949	360,144	1,269,478	(10,255,271)	25,077,713	116,031,264
rademarks	22,824,013		101,655	(13,820)		4,877,302	27,789,150
ccumulated mortization	(11,523,707)				(330,576)	(3,367,974)	(15,222,257
et	11,300,306		101,655	(13,820)	(330,576)	1,509,328	12,566,893
ustomer lationships	18,394,407		1,904,503			5,946,598	26,245,508
ccumulated mortization	(3,962,875)				(3,231,518)	(5,240,681)	(12,435,074
et	14,431,532		1,904,503		(3,231,518)	705,917	13,810,434
oftware censes	8,782,768	3,854,066	26,871	(829,680)		1,040,771	12,874,796
ccumulated mortization	(2,424,598)	(41,185)	(8,367)	829,680	(3,469,461)	(9,809)	(5,123,740
et	6,358,170	3,812,881	18,504		(3,469,461)	1,030,962	7,751,056
ontent ghts	2,634,527	2,242,556		(217,057)		216,272	4,876,298
ccumulated mortization	(428,746)			(1,612)	(2,236,141)		(2,666,499
et	2,205,781	2,242,556		(218,669)	(2,236,141)	216,272	2,209,799
otal of tangibles, et	Ps. 124,745,040	Ps. 15,185,386	Ps. 2,384,806	Ps. 1,036,989	Ps. (19,522,967)	Ps. 28,540,192	Ps. 152,369,446
oodwill Note 12)	Ps. 137,113,716	Ps.	Ps. 3,953,023	Ps. (356,832)	Ps.	Ps. 11,922,728	Ps. 152,632,635

For the year ended December 31, 2017

	Balance at beginning of year	Acquisitions	Acquisitions in business combinations	Disposals and other	Amortization of the year	Effect of translation of foreign subsidiaries	Balance at end of year
icenses and ights of use	Ps. 242,739,362	Ps. 12,347,051	Ps. 53,923	Ps. (1,037,458)	Ps.	Ps. (6,689,054)	Ps. 247,413,824
ccumulated mortization	(126,708,098)			244,564	(11,879,489)	4,233,585	(134,109,438
et	116,031,264	12,347,051	53,923	(792,894)	(11,879,489)	(2,455,469)	113,304,386
rademarks	27,789,150	127,823	82,868	(29,804)		809,175	28,779,212
ccumulated mortization	(15,222,257)			34,464	(3,179,461)	(474,151)	(18,841,405
et	12,566,893	127,823	82,868	4,660	(3,179,461)	335,024	9,937,807
ustomer elationships	26,245,508		512,667	(882,338)		1,109,877	26,985,714
ccumulated mortization	(12,435,074)			882,338	(3,769,777)	(806,982)	(16,129,495
et	13,810,434		512,667		(3,769,777)	302,895	10,856,219
oftware censes	12,874,796	3,351,200		(1,698,118)		527,720	15,055,598
ccumulated mortization	(5,123,740)			1,212,669	(3,699,363)	(204,727)	(7,815,161
et	7,751,056	3,351,200		(485,449)	(3,699,363)	322,993	7,240,437
ontent ights	4,876,298	2,099,084		(63,137)		(194,803)	6,717,442
ccumulated mortization	(2,666,499)			(195,658)	(1,820,092)	165,584	(4,516,665
et	2,209,799	2,099,084		(258,795)	(1,820,092)	(29,219)	2,200,777
otal of ntangibles, et	Ps. 152,369,446	Ps. 17,925,158	Ps. 649,458	Ps. (1,532,478)	Ps. (24,348,182)	Ps. (1,523,776)	Ps. 143,539,626
oodwill Note 12)	Ps. 152,632,635	Ps.	Ps. 951,348	Ps. (134,525)	Ps.	Ps. (1,986,226)	Ps. 151,463,232

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b) The aggregate carrying amount of goodwill is allocated as follows:

	December 31, 2016	December 31, 2017
Europe (7 countries)	Ps. 52,207,877	**Ps. 53,143,542**
Brazil (Fixed, wireless and TV)	26,106,623	**24,708,740**
Puerto Rico	17,463,393	**17,463,394**
Dominican Republic	14,186,724	**14,186,723**
Mexico (includes Telmex)	9,936,857	**9,852,912**
Ecuador	2,155,385	**2,155,385**
Peru	3,792,950	**3,958,110**
El Salvador	2,510,596	**2,510,577**
Chile	2,758,653	**2,834,134**
Colombia	14,659,892	**13,981,033**
Other countries	6,853,685	**6,668,682**
	Ps. 152,632,635	**Ps. 151,463,232**

c) The following is a description of the major changes in the Licenses and rights of use caption during the years ended December 31, 2015, 2016 and 2017:

2015 Acquisitions

i) In October 2015, Radiomóvil Dipsa renewed a license to provide cellular service in the 800 MHz frequency band. The frequency band expires in 2030. The amount paid was Ps. 1,007,410.

ii) In May 2015, Claro Ecuador acquired licenses related to 4G/LTE services. The frequency band expires in 2023. The amount paid was Ps. 2,861,060.

iii) In 2015, Claro Brasil obtained renewals related with the frequency bands of national 700Mhz. Funding for these procedures must be transmitted by operators in four annual installments adjusted by the IGP-ID of Ps. 4,412,730 (R$ 1,001,414) for which the corresponding renewal was performed.

iv) In November 2015, Vipnet located in Croatia acquired 2 x 3 MHz and 2 x 4.8 MHz in the 1.800 MHz spectrum for EUR 18,513. Vipnet already holds 2 x 29.4 MHz in the lower frequency band (below 1 GHz), 2 x 25.0 in the higher frequency band (above 1 GHz) as well as 5.0 MHz TDD spectrum. The amount paid was Ps. 321,915.

v) In November 2015, Vip mobile, the Serbian subsidiary acquired 2 x 5 MHz of the 800 MHz spectrum. The new spectrum will be used by VIP mobile for the LTE rollout and will enhance the high-speed data service in rural areas as well as data usage in connection with smartphones. Vip mobile already holds a 2 x 4.2 MHz in the lower frequency band (below 1 GHz) as well as 2 x 45.0 MHz in the higher frequency band (above 1 GHz). The amount paid was Ps. 1,129,988 (EUR 60,942).

As a part of the business combinations, the Company recognized licenses for an amount of Ps. 448,364. The Company holds licenses provided by the regulatory authorities in those jurisdictions. These licenses are estimated to have a remaining useful life of 10 years.

vi) In 2015, Argentina paid Ps. 5,599,745 (AR$ 3,269,312) for the acquisition of 4G licenses to increase the service throughout the country.

vii) Additionally the Company acquired other licenses in Puerto Rico, Panama and others countries in the amount of Ps. 4,174,614.

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2016 Acquisitions

i) In February 2016, the Company´s subsidiary in Paraguay was granted with the use of 30 MHz of spectrum in the 1700/2100 Mhz frequency. The total cost was Ps. 830,719 (US$ 46,000).

ii) In February 2016, the Company through its subsidiary Radiomóvil Dipsa, S.A. de C.V. (Telcel), acquired through an auction a total of 20MHz in the national wide AWS-1 band and 40 MHz in the AWS-3 band. The concession expires in October 2030. The Company paid an amount of Ps. 2,098,060.

iii) In May 2016, Mtel, located in Bulgaria, acquired 2 x 5 MHz in the 1,800-MHz spectrum for Ps. 135,441 (EUR 6,212). During 2016, Telekom Austria paid Ps. 410,713 (EUR 18,837) for the renewals referring to an obligation obtained from concessions granted in previous years.

iv) On May 26, 2016, the Company s subsidiary in Peru acquired spectrum in a public auction of the 700 MHz band. The frequency band expires in 2036. The cost of the spectrum was Ps. 5,627,316 (PEN$. 1,002,523).

v) In July 2016, Ecuador Telecom acquired a license to operate TV in Ecuador for a period that ends in 2031. The amount paid was Ps. 27,700 (US$ 1,500).

2017 Acquisitions

i) In 2017, Claro Brasil increased its licenses value by Ps. 3,592,034 due to the cleaning process of the 700 MHz national frequency acquired in September 2014.

ii) On February 24, 2017 Radiomóvil Dipsa renewed its 8.4 MHz national license by paying Ps. 917,431, and on July 14, 2017, it acquired 43 concession titles for frequencies of 2.5 GHz in the amount of Ps. 5,305,498.

iii) Additionally in 2017, the Company acquired other licenses in Chile, Europe, Uruguay and others countries in the amount of Ps. 2,532,088.

Amortization of intangibles for the years ended December 31, 2015, 2016 and 2017 amounted to Ps. 15,000,875, Ps. 19,522,968 and Ps. 24,348,182, respectively.

In September 2017, the Company decided to consolidate the brands in Telekom Austria Group. Depending on the respective markets, the Austrian brand A1 will be rolled out to all the subsidiaries through the third quarter 2019, at the latest, and the local brands are amortized accordingly.

Some of the jurisdictions in which the Company operates can revoke their concessions under certain circumstances such as imminent danger to national security, national economy and natural disasters.

12. Business combinations, acquisitions, sale and non-controlling interest

a) The following is a description of the major acquisitions of investments in associates and subsidiaries during the years ended December 31, 2015, 2016 and 2017:

Acquisitions 2015

a) In February 2015, the Company acquired throughout its Telmex and Consertel subsidiaries an additional 35% of Hitss Solutions, S. A. de C.V. (Hitss) increasing its equity interest in this entity to 68.9%. Hitss offers information technology service. This acquisition was valued at is fair value at the purchase date. The Company started consolidating this subsidiary beginning March, 2015. The amount paid for the additional equity interest was Ps. 472,481, net of cash, and the goodwill recorded as part of this acquisition was Ps. 205,141. The identified goodwill has been allocated to the Mexico segment. The goodwill recognized is not deductible for income tax purposes.

b) The following entities were acquired by Telekom Austria:

i) In June 2015, acquired 100% of eight cable operators in the Republic of Macedonia through its subsidiary Blizoo.

ii) In September 2015, acquired 100% of Amisco NV (Amis), the holding entity of Amis Slovenia and Amis Croatia. Amis operates as a fixed-line reseller in Slovenia and owns a fiber network in Croatia. The companies offer internet, IPTV and telephone services.

iii) In September 2015, acquired 100% of Bultel Cable Bulgaria EAD (Blizoo Bulgaria).

The acquired companies were consolidated beginning October 2015. The amount paid was Ps. 2,864,968, net of cash, and the goodwill recognized as part of these acquisitions was Ps. 711,723. The identified goodwill has been allocated to the Europe segment. The goodwill recognized is not deductible for income tax purposes.

c) During 2015, the Company acquired throughout its Mexican and Brazil subsidiaries other entities for which they paid Ps. 119,704, net of cash.

d) The Company acquired an additional non-controlling interest in its Mexican and Brazil entities for an amount of Ps. 1,031,049.

Acquisitions and sale 2016

a) In January 2016, in order to expand and strengthen its operations in Brazil, the Company through its Brazilian subsidiary, acquired a controlling interest of 99.99% in Brazil Telecomunicações S.A. (BRTel), a company operating in the market for Pay TV, Internet and broadband services and serving various municipalities of Brazil under the BLUE brand. The amount paid for the business acquisition was Ps. 1,088,668, net of acquired cash. The goodwill recognized amounted to Ps. 1,046,253.

b) In May 2016, the Company acquired an additional non-controlling interest of 1.8% in Tracfone Wireless Inc. thereby obtaining 100% of its capital stock. The amount paid was Ps. 2,300,553 (US$ 124,673). This transaction was recorded as an equity transaction, and therefore, no gain or loss was recognized.

c) In May 2016, the Company through his subsidiary, América Móvil Perú, S.A.C. acquired 100% of the capital stock of Olo del Perú S.A.C. (Olo), and TVS Wireless S.A.C. (TVS). Olo and TVS provide telecommunications services throughout Peru and hold radio spectrum in the 2.5 GHz band. The transaction was conditioned to the obtention of the approval of the Peruvian regulator, such approval was finally obtained in December 2016. The amount of the transaction was Ps. 1,854,379 (US$. 102,343) net of acquired cash. In May 2016 the Company paid Ps. 152,214 (US$ 7,554) and in January 2017, after the approval, Ps. 2,079,095 (US$ 94,789). The goodwill recognized amounted to Ps. 1,454,333 in December 2016 and Ps. 188,452 in December 2017.

d) Based on a 2014 shareholder agreement, the Company agreed to ensure a minimal free float of Telekom Austria shares in the market. Consequently, in July 2016, the Company sold shares corresponding to 7.8% of the outstanding common stock of Telekom Austria AG. This sale reduced the overall shareholding of América Movil in Telekom

Austria AG from 59.70% to 51.89%. Additionally, in August 2016, the Company sold 0.89% of the outstanding common stock of Telekom Austria AG. Following the successful completion of this transaction, AMX s stake was reduced to 51.0%. The amount of cash received for these transactions was Ps. 6,323,336. As América Móvil still retains control over Telekom Austria AG, these transactions were recorded as equity transactions.

e) In September 2016, the Company, through his subsidiary Tracfone, acquired certain assets of T-Mobile, that represented a business, which included the brands known as Walmart Mobile and Go Smart. These assets were acquired in order to expand the Company s distribution channels, add an incremental revenue stream, and assist in the growth of subscribers. There was no cash exchanged in the acquisition. The goodwill recognized amounted to Ps. 1,251,464.

f) In November 2016, Telekom Austria Group acquired 100% of the Belarusian fixed-line operator Atlant Telecom (Atlant) and its subsidiary TeleSet. After the acquisition, Atlant was renamed velcom ACS. Both companies are the leading privately owned fixed-line operators in Belarus offering fixed-line broadband, IPTV and cable TV as well as a video and audio library. The acquisition of Atlant and TeleSet is a further step in Telekom Austria Group s convergence strategy. The final allocation of consideration transferred will be determined once all necessary information regarding identifiable assets is available. The amount paid for the business acquisition was Ps. 582,931, net of acquired cash. The goodwill recognized amounted to Ps. 200,973.

Acquisitions 2017

a) In February 2017, Telekom Austria Group acquired 97.68% of Metronet telekomunikacije through its Croatian subsidiary Vipnet. Metronet is one of the leading alternative fixed business solutions provider in Croatia. The fair values of the assets acquired and liabilities assumed at the acquisition date are reported in the Europe segment. The amount paid for the business acquisition was Ps. 1,550,534, net of acquired cash. The goodwill recognized amounted to Ps. 502,574.

b) During 2017, the Company acquired through its subsidiaries, other entities for which if paid Ps. 3,249,164, net of acquired cash. The identified goodwill has been allocated to the Europe segment. The goodwill recognized amounted to Ps. 260,355.

c) The Company acquired an additional non-controlling interest in its Mexican entities for an amount of Ps. 23,881.

b) Consolidated subsidiaries with non-controlling interests

The Company has a material non-controlling interest in Telekom Austria. Set out below is summarized information as of December 31, 2016 and 2017 of TKA s consolidated financial statements. The amounts disclosed for this subsidiary are before inter-company eliminations and using the same accounting policies of América Móvil.

Selected financial data from the statements of financial position

	December 31, 2016	December 31, 2017
Assets:		
Current assets	Ps. 31,371,809	**Ps. 29,128,486**
Non-current assets	143,708,470	**150,225,260**
Total assets	Ps. 175,080,279	**Ps. 179,353,746**
Liabilities and equity:		
Current liabilities	Ps. 40,961,299	**Ps. 30,192,384**
Non-current liabilities	80,966,903	**89,048,150**
Total liabilities	121,928,202	**119,240,534**
Equity attributable to equity holders of the parent	23,527,370	**25,808,318**
Non-controlling interest [1]	29,624,707	**34,304,894**

Total equity	Ps. 53,152,077	**Ps. 60,113,212**
Total liabilities and equity	Ps. 175,080,279	**Ps. 179,353,746**

(1) In 2017 this amount includes Ps. 14,942,886 (Ps. 13,715,747 in 2016) for the undated subordinated fixed rate bond (see Note 19).

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Summarized statements of comprehensive income

	For the year ended December 31,		
	2015	2016	2017
Operating revenues	Ps. 73,159,960	Ps. 85,185,177	**Ps. 93,644,173**
Operating costs and expenses	66,913,434	81,590,233	**86,920,692**
Operating income	6,246,526	3,594,944	**6,723,481**
Net income	6,157,758	7,065,770	**5,656,132**
Total comprehensive income	Ps. 4,968,909	Ps. 8,450,837	**Ps. 7,737,797**
Net income attributable to:			
Equity holders of the parent	Ps. 3,674,886	Ps. 3,241,556	**Ps. 2,884,627**
Non-controlling interest	2,482,872	3,824,214	**2,771,505**
	Ps. 6,157,758	Ps. 7,065,770	**Ps. 5,656,132**
Comprehensive income attributable to:			
Equity holders of the parent	Ps. 2,967,698	Ps. 4,311,801	**Ps. 3,978,263**
Non-controlling interest	2,001,211	4,139,036	**3,759,534**
	Ps. 4,968,909	Ps. 8,450,837	**Ps. 7,737,797**

13. Income Taxes

As explained previously in these consolidated financial statements, the Company is a Mexican corporation which has numerous consolidated subsidiaries operating in different countries. Presented below is a discussion of income tax matters that relates to the Company s consolidated operations, its Mexican operations and significant foreign operations.

i) Consolidated income tax matters

The composition of income tax expense for the years ended December 31, 2015, 2016 and 2017 is as follows:

	2015	2016	2017
In Mexico:			
Current year income tax	Ps. 17,156,638	Ps. 14,316,005	**Ps. 16,568,274**
Deferred income tax	(4,095,128)	(12,086,232)	**2,582,287**
Foreign:			
Current year income tax	17,775,360	15,367,903	**13,524,729**

Deferred income tax	(11,657,219)	(6,198,820)	**(7,733,779)**
	Ps. 19,179,651	Ps. 11,398,856	**Ps. 24,941,511**

Deferred tax related to items recognized in OCI during the year:

	2015	2016	2017
Remeasurement of defined benefit plans	Ps. 7,786,292	Ps. (7,734,732)	**Ps. 3,032,403**
Effect of financial instruments acquired for hedging purposes	(16,069)	(21,046)	**(5,337)**
Available for sale securities	169,529	2,858,452	**(266,753)**
Other	(4,019)	136,879	
Deferred tax benefit (expense) recognized in OCI	Ps. 7,935,733	Ps. (4,760,447)	**Ps. 2,760,313**

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A reconciliation of the statutory income tax rate in Mexico to the consolidated effective income tax rate recognized by the Company is as follows:

	Year ended December 31,		
	2015	**2016**	**2017**
Statutory income tax rate in Mexico	30.0%	30.0%	**30.0%**
Impact of non-deductible and non-taxable items:			
Tax inflation effects	6.2%	15.9%	**17.8%**
Derivatives	0.5%	8.0%	**1.0%**
Employee benefits	1.7%	4.4%	**2.2%**
Other	(0.1%)	9.8%	**2.6%**
Effective tax rate on Mexican operations	38.3%	68.1%	**53.6%**
Use of tax credits in Brazil	0.4%	(0.6%)	**(0.4%)**
Equity interest in net loss (income) of associated companies	0.8%	(0.2%)	
Gain on derecognition of equity method investment	(6.4%)		
Dividends received from associates	(0.9%)	(7.9%)	**(1.2%)**
Foreign subsidiaries and other non-deductible items, net	2.0%	(10.8%)	**(8.3%)**
Effective tax rate	34.2%	48.6%	**43.7%**

An analysis of temporary differences giving rise to the net deferred tax liability is as follows:

	Consolidated statement of financial position		Consolidated statement of comprehensive income		
	2016	**2017**	**2015**	**2016**	**2017**
Provisions	Ps. 25,850,131	**Ps. 26,268,666**	Ps. (126,330)	Ps. 1,622,132	**Ps. 1,579,604**
Deferred revenues	8,222,412	**7,461,802**	1,065,242	(12,128)	**(965,010)**
Tax losses carry forward	38,208,079	**38,332,408**	(1,222,172)	12,706,245	**(323,506)**
Property, plant and equipment	(9,716,615)	**(9,929,129)**	7,110,085	2,445,783	**1,974,753**
Inventories	1,522,739	**2,003,049**	(1,527,453)	(229,571)	**519,046**
Licenses and rights of use	(2,530,747)	**(2,455,877)**	2,548,353	54,182	**348,201**
Employee benefits	28,243,207	**33,253,071**	2,614,932	3,616,952	**1,225,310**
Other	8,790,612	**9,639,995**	5,289,690	(1,918,543)	**793,094**
Net deferred tax assets	Ps. 98,589,818	**Ps. 104,573,985**			
Deferred tax expense in net profit for the year			Ps. 15,752,347	Ps. 18,285,052	**Ps. 5,151,492**

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Reconciliation of deferred tax assets and liabilities, net:

	2015	2016	2017
Opening balance as of January 1,	Ps. 52,310,097	Ps. 69,817,147	**Ps. 98,589,818**
Deferred tax benefit	15,752,347	18,285,052	**5,151,492**
Effect of translation	(6,259,252)	15,273,228	**(1,687,276)**
Deferred tax benefit (expense) recognized in OCI	7,935,732	(4,760,447)	**2,760,313**
Deferred taxes acquired in business combinations	78,223	(25,162)	**(240,362)**
Closing balance as of December 31,	Ps. 69,817,147	Ps. 98,589,818	**Ps. 104,573,985**
Presented in the consolidated statements of financial position as follows:			
Deferred income tax assets	Ps. 81,407,012	Ps. 112,651,699	**Ps. 116,571,349**
Deferred income tax liabilities	(11,589,865)	(14,061,881)	**(11,997,364)**
	Ps. 69,817,147	Ps. 98,589,818	**Ps. 104,573,985**

The deferred tax assets are in tax jurisdictions in which the Company considers that based on financial projections of its cash flows, results of operations and synergies between subsidiaries, will generate sufficient taxable income in subsequent periods to utilize or realize such assets.

The Company does not recognize a deferred tax liability related to the undistributed earnings of its subsidiaries, because it currently does not expect these earnings to be taxable or to be repatriated in the near future. The Company s policy has been to distribute the profits when it has paid the corresponding taxes in its home jurisdiction and the tax can be accredited in Mexico.

At December 31, 2016 and 2017, the balance of the contributed capital account (CUCA) is Ps. 478,087,224 and Ps. 510,832,194, respectively. On January 1, 2014, the *Cuenta de Utilidad Fiscal Neta* (CUFIN) is computed on an América Móvil s stand-alone basis. The balance of the América Móvil s stand-alone basis CUFIN amounted to Ps. 191,795,991 and Ps. 225,105,342 as of December 31, 2016 and 2017, respectively.

Corporate tax rate

The income tax rate applicable in Mexico from 2015 through 2017 was 30%.

ii) Significant foreign income tax matters

a) Results of operations

The foreign subsidiaries determine their taxes on profits based on their individual taxable income, in accordance with the specific tax regimes of each country.

The combined income before taxes and the combined provision for taxes of such subsidiaries in 2015, 2016 and 2017 are as follows:

	2015	2016	2017
Combined income before taxes	Ps. 27,933,182	Ps. 45,697,258	**Ps. 38,286,046**
Combined tax provision differences not deductible-not cumulative in the foreign subsidiaries	Ps. 6,118,142	Ps. 9,169,083	**Ps. 5,790,950**

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The effective income tax rate for the Company s foreign jurisdictions was 22% in 2015, 20% in 2016 and 15% in 2017 as shown in the table above. The statutory tax rates in these jurisdictions vary, although many approximate 22% to 40%. The primary difference between the statutory rates and the effective rates in 2015 was attributable to the gain on derecognition of the equity method investment in KPN. The primary difference between the statutory rates and the effective rates in 2016 and 2017 was attributable to dividends received from KPN and other non-deductible items and non-taxable income.

iii) Tax losses

a) At December 31, 2017, the available tax loss carryforwards recorded in deferred tax assets are as follows on a country by country basis:

Country	Balance of available tax loss carryforwards at December 31, 2017	Tax loss carryforward benefit
Brazil	Ps.78,617,318	**Ps.26,729,887**
Mexico	1,850,216	**555,065**
Colombia	11,221,937	**4,488,775**
Peru	421,788	**124,427**
Austria	25,733,966	**6,433,492**
Nicaragua	2,536	**762**
Total	Ps. 117,847,761	**Ps. 38,332,408**

b) The tax loss carryforwards in the different countries in which the Company operates have the following terms and characteristics:

bi) The Company has accumulated Ps. 78,617,318 in net operating loss carryforwards (NOL s) in Brazil as of December 31, 2017. In Brazil there is no expiration of the NOL s. However, the NOL´s amount used against taxable income in each year may not exceed 30% of the taxable income for such year. Consequently, in the year in which taxable income is generated, the effective tax rate is 25% rather than the 34% corporate tax rate.

The Company believes that it is more likely than not that the accumulated balances of its net deferred tax assets are recoverable, based on the positive evidence of the Company to generate taxable temporary differences related to the same taxation authority which will result in taxable amounts against which the available tax losses can be utilized before they expire. Positive evidence includes the Company s recent restructure in 2017 of its operations in Brazil, resulting in an organizational structure that is anticipated to be more efficient and profitable.

bii) The Company has accumulated Ps. 25,733,966 in NOL s in Austria as of December 31, 2017. In Austria, the NOL´s have no expiration, but its annual usage is limited to 75% of the taxable income of the year. The realization of deferred tax assets is dependent upon the expected generation of future taxable income during the periods in which these temporary differences become deductible.

biii) The Company has accumulated Ps. 11,221,937 in NOL s in Colombia that in accordance with the Colombian tax law can be carried forward with no time limitation. The Company expects to generate operating tax profits in the following years and realize the deferred tax asset. NOL s were generated in 2017 by the transaction described in Note 1.II.a)

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14. Debt

a) The Company s short- and long-term debt consists of the following:

		At December 31, 2016		
Currency	**Loan**	**Interest rate**	**Maturity**	**Total**
Senior Notes				
U.S. dollars				
	Fixed-rate Senior notes (i)	5.625%	2017	Ps. 12,088,686
	Fixed-rate Senior notes (i)	5.000%	2019	15,548,550
	Fixed-rate Senior notes (i)	5.500%	2019	7,823,657
	Fixed-rate Senior notes (i)	5.000%	2020	44,050,390
	Fixed-rate Senior notes (i)	3.125%	2022	33,170,240
	Fixed-rate Senior notes (i)	6.375%	2035	20,344,345
	Fixed-rate Senior notes (i)	6.125%	2037	7,654,551
	Fixed-rate Senior notes (i)	6.125%	2040	25,914,250
	Fixed-rate Senior notes (i)	6.125%	2040	15,548,550
	Fixed-rate Senior notes (i)	4.375%	2042	23,841,110
	Subtotal U.S. dollars			**Ps. 205,984,329**
Mexican pesos				
	Domestic Senior notes (ii)	8.390%	2017	Ps. 2,000,000
	Domestic Senior notes (ii)	8.110%	2018	1,750,000
	Domestic Senior notes (ii)	8.270%	2018	1,160,109
	Domestic Senior notes (ii)	8.600%	2020	7,000,000
	Domestic Senior notes (ii)	0.000%	2025	4,133,793
	Domestic Senior notes (ii)	8.360%	2037	5,000,000
	Fixed-rate Senior notes (i)	6.000%	2019	10,000,000
	Fixed-rate Senior notes (i)	6.450%	2022	22,500,000
	Fixed-rate Senior notes (i)	7.125%	2024	11,000,000
	Fixed-rate Senior notes (i)	8.460%	2036	7,871,700
	Subtotal Mexican pesos			**Ps. 72,415,602**
Euros				
	Fixed-rate Senior notes (i)	4.250%	2017	Ps. 10,962,292
	Fixed-rate Senior notes (i)	3.750%	2017	21,803,213
	Fixed-rate Senior notes (i)	1.000%	2018	13,081,928
	Fixed-rate Senior notes (i)	4.125%	2019	21,803,213
	Exchangeable Bonds (i)	0.000%	2020	61,961,244
	Fixed-rate Senior notes (i)	3.000%	2021	21,803,213
	Fixed-rate Senior notes (i)	3.125%	2021	17,399,163
	Fixed-rate Senior notes (i)	4.000%	2022	18,067,554
	Fixed-rate Senior notes (i)	4.750%	2022	16,352,410
	Fixed-rate Senior notes (i)	3.500%	2023	7,047,557
	Fixed-rate Senior notes (i)	3.259%	2023	16,352,410

Fixed-rate Senior notes (i)	1.500%	2024	18,532,731
Fixed-rate Senior notes (i)	1.500%	2026	10,901,607
Fixed-rate Senior notes (i)	2.125%	2028	14,172,089
Subtotal Euros			**Ps. 270,240,624**

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		At December 31, 2016		
Currency	**Loan**	**Interest rate**	**Maturity**	**Total**
Pound sterling				
	Fixed-rate Senior notes (i)	5.000%	2026	Ps. 12,791,274
	Fixed-rate Senior notes (i)	5.750%	2030	16,628,656
	Fixed-rate Senior notes (i)	4.948%	2033	7,674,764
	Fixed-rate Senior notes (i)	4.375%	2041	19,186,911
	Subtotal Pound sterling			**Ps. 56,281,605**
Swiss francs				
	Fixed-rate Senior notes (i)	2.000%	2017	Ps. 5,493,109
	Fixed-rate Senior notes (i)	1.125%	2018	11,189,666
	Subtotal Swiss francs			**Ps. 16,682,775**
Other currencies				
Japanese yen				
	Fixed-rate Senior notes (i)	2.950%	2039	Ps. 2,306,643
	Subtotal Japanese yen			**Ps. 2,306,643**
Chilean pesos				
	Fixed-rate Senior notes (i)	3.961%	2035	Ps. 4,079,443
	Subtotal Chilean pesos			**Ps. 4,079,443**
	Subtotal other currencies			**Ps. 6,386,086**
Hybrid Notes				
Euros				
	Euro NC5 Series A Capital Securities (iv)	5.125%	2073	Ps. 19,622,892
	Euro NC10 Series B Capital Securities (iv)	6.375%	2073	11,991,767
	Subtotal Euros			**Ps. 31,614,659**
Pound sterling				
	GBP NC7 Capital Securities (iv)	6.375%	2073	Ps. 14,070,401
	Subtotal Pound sterling			**Ps. 14,070,401**
	Subtotal Hybrid Notes			**Ps. 45,685,060**

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		At December 31, 2016			
Currency	**Loan**	**Interest rate**	**Maturity**		**Total**
Lines of Credit and others					
U.S. dollars					
	Lines of credit (iii)	1.500% - 8.500%	2017	Ps.	14,929,806
Mexican pesos					
	Lines of credit (iii)	TIIE + 0.150% - TIIE + 2.000%	2017	Ps.	15,111,048
Euros					
	Lines of credit (iii)	3.525%	2018	Ps.	491,144
Brazilian reals					
	Lines of credit (iii)	3.000% - 9.500%	2018 - 2021	Ps.	3,467,091
Chilean pesos					
	Financial Leases	8.700% - 8.970%	2018 - 2027	Ps.	126,233
	Subtotal lines of credit and others			**Ps.**	**34,125,322**
	Total debt			**Ps.**	**707,801,403**
	Less: Short-term debt and current portion of long-term debt				**82,607,259**
	Long-term debt			**Ps.**	**625,194,144**

		At December 31, 2017			
Currency	**Loan**	**Interest rate**	**Maturity**		**Total**
Senior Notes					
U.S. dollars					
	Fixed-rate Senior notes (i)	5.000%	2019	Ps.	14,840,025
	Fixed-rate Senior notes (i)	5.500%	2019		7,467,145
	Fixed-rate Senior notes (i)	5.000%	2020		42,043,077
	Fixed-rate Senior notes (i)	3.125%	2022		31,658,720
	Fixed-rate Senior notes (i)	6.375%	2035		19,417,282
	Fixed-rate Senior notes (i)	6.125%	2037		7,305,744
	Fixed-rate Senior notes (i)	6.125%	2040		39,573,400
	Fixed-rate Senior notes (i)	4.375%	2042		22,754,705
	Subtotal U.S. dollars			**Ps.**	**185,060,098**
Mexican pesos					
	Domestic Senior notes (ii)	8.110%	2018	Ps.	1,750,000
	Domestic Senior notes (ii)	8.270%	2018		1,160,110
	Domestic Senior notes (ii)	8.600%	2020		7,000,000
	Domestic Senior notes (ii)	0.000%	2025		4,409,873
	Domestic Senior notes (ii)	8.360%	2037		5,000,000

Fixed-rate Senior notes (i)	6.000%	2019	10,000,000
Fixed-rate Senior notes (i)	6.450%	2022	22,500,000
Fixed-rate Senior notes (i)	7.125%	2024	11,000,000
Fixed-rate Senior notes (i)	8.460%	2036	7,871,700
Subtotal Mexican pesos			**Ps. 70,691,683**

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Currency	Loan	At December 31, 2017 Interest rate	Maturity	Total
Euros				
	Fixed-rate Senior notes (i)	1.000%	2018	Ps. 14,252,360
	Fixed-rate Senior notes (i)	4.125%	2019	23,753,933
	Exchangeable Bonds (i)	0.000%	2020	67,504,878
	Fixed-rate Senior notes (i)	3.000%	2021	23,753,933
	Fixed-rate Senior notes (i)	3.125%	2021	18,727,775
	Fixed-rate Senior notes (i)	4.000%	2022	19,333,685
	Fixed-rate Senior notes (i)	4.750%	2022	17,815,450
	Fixed-rate Senior notes (i)	3.500%	2023	7,594,262
	Fixed-rate Senior notes (i)	3.259%	2023	17,815,450
	Fixed-rate Senior notes (i)	1.500%	2024	20,190,843
	Fixed-rate Senior notes (i)	1.500%	2026	17,815,450
	Fixed-rate Senior notes (i)	2.125%	2028	15,440,057
	Subtotal Euros			**Ps. 263,998,076**
Pound sterling				
	Fixed-rate Senior notes (i)	5.000%	2026	Ps. 13,368,884
	Fixed-rate Senior notes (i)	5.750%	2030	17,379,549
	Fixed-rate Senior notes (i)	4.948%	2033	8,021,330
	Fixed-rate Senior notes (i)	4.375%	2041	20,053,326
	Subtotal Pound sterling			**Ps. 58,823,089**
Swiss francs				
	Fixed-rate Senior notes (i)	1.125%	2018	Ps. 11,169,748
	Subtotal Swiss francs			**Ps. 11,169,748**
Brazilian reals				
	Domestic Senior notes (ii)	102.9% of CDI	2020	Ps. 8,972,204
	Domestic Senior notes (ii)	102.4% of CDI	2019	5,981,469
	Domestic Senior notes (ii)	103.9% of CDI	2019	5,981,469
	Subtotal Brazilian reals			**Ps. 20,935,142**
Other currencies				
Japanese yen				
	Fixed-rate Senior notes (i)	2.950%	2039	Ps. 2,282,608
	Subtotal Japanese yen			**Ps. 2,282,608**
Chilean pesos				
	Fixed-rate Senior notes (i)	3.961%	2035	Ps. 4,312,424
	Subtotal Chilean pesos			**Ps. 4,312,424**

	Subtotal other currencies			**Ps.**	**6,595,032**
Hybrid Notes					
Euros					
	Euro NC5 Series A Capital Securities (iv)	5.125%	2073	Ps.	21,378,540
	Euro NC10 Series B Capital Securities (iv)	6.375%	2073		13,064,663
	Subtotal Euros			**Ps.**	**34,443,203**

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		At December 31, 2017			
cy	Loan	Interest rate	Maturity		Tot
terling					
	GBP NC7 Capital Securities (iv)	6.375%	2073	Ps.	14,
	Subtotal Pound sterling			**Ps.**	**14,**
	Subtotal Hybrid Notes			**Ps.**	**49,**
Credit					
s					
lars					
	Lines of credit (iii)	L + 0.020% & 1.500% -7.250%	2018 - 2019	Ps.	14,
n pesos					
	Lines of credit (iii)	TIIE + 0.040% -TIIE + 0.175%	2018 - 2019	Ps.	12,
n reals					
	Lines of credit (iii)	107.000% of CDI -TJLP + 3.500% & 3.000% -9.500%	2018 - 2027	Ps.	4,
pesos					
	Financial Leases	8.700% - 8.970%	2018 - 2027	Ps.	
	Subtotal Lines of Credit and others			**Ps.**	**31,**
	Total debt			**Ps.**	**697,**
	Less: Short-term debt and current portion of long-term debt				**51,**
	Long-term debt			**Ps.**	**646,**

L = LIBOR (London Interbank Offer Rate)

TIIE = Mexican Interbank Rate

EURIBOR = Euro Interbank Offered Rate

CDI = Brazil Interbank Deposit Rate

TJLP = Brazil Long Term Interest Rate

Interest rates on the Company s debt are subject to variances in international and local rates. The Company s weighted average cost of borrowed funds at December 31, 2016, and December 31, 2017 was approximately 4.2% and 4.3%, respectively.

Such rates do not include commissions or the reimbursements for Mexican tax withholdings (typically a tax rate of 4.9%) that the Company must pay to international lenders.

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An analysis of the Company s short-term debt maturities as of December 31, 2016, and December 31, 2017, is as follows:

	2016	2017
Domestic Senior Notes	Ps. 2,000,000	**Ps. 2,910,110**
International Senior Notes	50,955,191	**26,084,386**
Lines of credit	29,619,908	**22,714,383**
Financial Leases	32,160	**36,962**
Total	Ps. 82,607,259	**Ps. 51,745,841**
Weighted average interest rate	5.1%	**4.0%**

The Company s long-term debt maturities as of December 31, 2017 are as follows:

Years	**Amount**
2019	**Ps. 76,492,210**
2020	**126,769,569**
2021	**42,453,673**
2022 and thereafter	**400,423,606**
Total	**Ps. 646,139,058**

(i) Senior Notes

The outstanding Senior Notes at December 31, 2016, and December 31, 2017, are as follows:

Currency*	**2016**	**2017**
U.S. dollars	Ps. 205,984,329	**Ps. 185,060,098**
Mexican pesos	72,415,602	**70,691,683**
Euros**	270,240,624	**263,998,076**
Pound sterling**	56,281,605	**58,823,089**
Swiss francs	16,682,775	**11,169,748**
Japanese yens	2,306,643	**2,282,608**
Brazilian reals		**20,935,142**
Chilean pesos	4,079,443	**4,312,424**

* Thousands of Mexican pesos

** Includes secured and unsecured senior notes.

(ii) Domestic Senior Notes

At December 31, 2016, and December 31, 2017, debt under Domestic Senior Notes aggregated to Ps. 21,044 million and Ps. 40,255 million, respectively. In general these issues bear a fixed-rate or floating rate determined as a differential on the TIIE and CDI rate.

(iii) Lines of credit

At December 31, 2016, and December 31, 2017, debt under lines of credit aggregated to Ps. 33,999 million and Ps. 31,364 million, respectively.

The Company has two undrawn revolving syndicated facilities one for the Euro equivalent of U.S. 2,000 million and the other for U.S. 2,500 million maturing in 2021 and 2019, respectively. These loans bear interest at variable rates based on LIBOR and EURIBOR. Telekom Austria has also an undrawn revolving syndicated facility in Euros for 1,000 million at a variable rate based on EURIBOR that matures in 2019.

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(iv) Hybrid Notes

In September 2013 the Company issued three series of Capital Securities (hybrid notes) maturing in 2073: two series denominated in Euros for 1,450 million with a coupon of 5.125% and 6.375% respectively, and one series denominated in pound sterling in the amount of £550 million with a coupon of 6.375%. The Capital Securities are deeply subordinated, and when they were issued the principal rating agencies stated that they would treat only half of the principal amount as indebtedness for purposes of evaluating our leverage (an analysis referred to as 50.0% equity credit). The Capital Securities are subject to redemption at our option at varying dates beginning in 2018 and 2023, respectively, for the euro-denominated series and beginning in 2020 for the sterling-denominated series.

Restrictions

A portion of the debt is subject to certain restrictions with respect to maintaining certain financial ratios, as well as restrictions on selling a significant portion of groups of assets, among others. At December 31, 2017, the Company was in compliance with all these requirements.

A portion of the debt is also subject to early maturity or repurchase at the option of the holders in the event of a change in control of the Company, as defined in each instrument. The definition of change in control varies from instrument to instrument; however, no change in control shall be considered to have occurred as long as its current shareholders continue to hold the majority of the Company s voting shares.

Covenants

In conformity with the credit agreements, the Company is obliged to comply with certain financial and operating commitments. Such covenants limit in certain cases, the ability of the Company or the guarantor to: pledge assets, carry out certain types of mergers, sell all or substantially all of its assets, and sell control of Telcel.

Such covenants do not restrict the ability of AMX s subsidiaries to pay dividends or other payment distributions to AMX. The more restrictive financial covenants require the Company to maintain a consolidated ratio of debt to EBITDA (defined as operating income plus depreciation and amortization) that does not exceed 4 to 1, and a consolidated ratio of EBITDA to interest paid that is not below 2.5 to 1 (in accordance with the clauses included in the credit agreements).

Several of the financing instruments of the Company may be accelerated, at the option of the debt holder in the case that a change in control occurs.

At December 31, 2017, the Company was in compliance with all the covenants.

15. Accounts Payable, Accrued Liabilities and Asset Retirement Obligations

a) The components of the caption accounts payable and accrued liabilities are as follows:

	At December 31,	
	2016	**2017**
Suppliers	Ps. 132,796,101	**Ps. 106,483,848**
Sundry creditors	89,494,976	**91,842,929**

Interest payable	9,971,959	**8,930,561**
Guarantee deposits from customers	1,258,065	**1,460,286**
Dividends payable	3,744,025	**3,955,783**
Total	Ps. 237,265,126	**Ps. 212,673,407**

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b) The balance of accrued liabilities at December 31, 2016 and 2017 are as follows:

	At December 31, 2016	At December 31, 2017
Current liabilities		
Direct employee benefits payable	Ps. 19,713,160	**Ps. 16,673,627**
Contingencies	50,766,070	**51,079,131**
Total	Ps. 70,479,230	**Ps. 67,752,758**

The movements in contingencies for the years ended December 31, 2016 and 2017 are as follows:

	Balance at December 31, 2015	Business combination	Effect of translation	Increase of the year	Applications: Payments	Applications: Reversals	Balance at December 31, 2016
Contingencies	Ps. 34,611,091	Ps. 30,333	Ps. 15,397,279	Ps. 12,199,311	Ps. (8,959,551)	Ps. (2,512,393)	Ps. 50,766,070

	Balance at December 31, 2016	Business combination	Effect of translation	Increase of the year	Applications: Payments	Applications: Reversals	Balance at December 31, 2017
Contingencies	**Ps. 50,766,070**	**Ps. 115,971**	**Ps. (648,685)**	**Ps. 10,510,473**	**Ps. (7,618,520)**	**Ps. (2,046,178)**	**Ps. 51,079,131**

Contingencies include tax, labor, regulatory and other legal type contingencies. See Note 16 c) for detail of contingencies.

c) The movements in the asset retirement obligations for the years ended December 31, 2016 and 2017, are as follows:

	Balance at December 31, 2015	Effect of translation	Increase of the year	Applications: Payments	Applications: Reversals	Balance at December 31, 2016
Asset retirement obligations	Ps. 11,569,897	Ps. 2,806,374	Ps. 2,510,635	Ps. (121,317)	Ps. (476,958)	Ps. 16,288,631

	Balance at December 31, 2016	Effect of translation	Increase of the year	Applications: Payments	Applications: Reversals	Balance at December 31, 2017
Asset retirement obligations	**Ps. 16,288,631**	**Ps. (119,928)**	**Ps. 3,160,320**	**Ps. (126,088)**	**Ps. (957,806)**	**Ps. 18,245,129**

The discount rates used for the asset retirement obligation are based on market rates that are expected to be undertaken by the dismantling or restoration of cell sites, and may include labor costs.

16. Commitments and Contingencies

a) Leases

At December 31, 2016 and 2017, the Company has entered into several lease agreements with related parties and third parties for the buildings where its offices are located (as a lessee), as well as with the owners of towers and or premises where the Company has installed radio bases. The lease agreements generally have terms from one to fourteen years.

An analysis of the minimum rental payments for the next five years is shown below. In some cases, rental amounts are increased each year based on the National Consumer Price Index.

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The Company has the following non-cancelable commitments under finance leases:

Year ended December 31,	
2018	**Ps. 45,355**
2019	**10,244**
2020	**10,244**
2021	**10,244**
2022	**10,244**
2023 and thereafter	**47,812**
Total	**134,143**
Less: amounts representing finance charges	**(34,697)**
Present value of net minimum lease payments	**99,446**
Less current portion	**(36,965)**
Long-term obligations	**Ps. 62,481**

An analysis of non-cancellable operating leases is as follows:

Year ended December 31,		
2018	**Ps.**	**20,385,429**
2019		**19,465,817**
2020		**17,828,512**
2021		**11,868,287**
2022		**11,698,510**
2023 and thereafter		**44,304,913**
Total	**Ps.**	**125,551,468**

Rent expense for the years ended December 31, 2015, 2016 and 2017 was Ps. 22,015,761, Ps. 32,300,963 and Ps. 35,571,283, respectively.

b) Commitments

At December 31, 2017, there were commitments in certain subsidiaries for the acquisition of equipment for incorporation into their 4G networks for an amount up to approximately Ps. 13,186,926 (US$ 666,454). The completion period of these projects depends upon the type of fixed assets under construction. In the case of telephone plant (switching transmission), it takes six months on average; for others, it may take more than 2 years.

These commitments will be paid as follows:

Less than 1 year	**Ps. 11,920,981**
1 to 3 years	**1,265,945**
Total	**Ps. 13,186,926**

As of December 31, 2017, the Company has purchase commitments with telephone manufacturers for cellular phones for resale for approximately Ps. 12,307,327 (US$622,000), for delivery through March 2018.

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In addition, Tracfone has entered into long-term contracts with wireless carriers for the purchase of airtime minutes and data at current market prices. The purchase commitments are with two carriers and at December 31, 2017, these commitments are expected to be paid as follows:

Year ended December 31,	
2018	**Ps. 72,201,668**
2019	**53,621,957**
2020	**16,027,227**
Total	**Ps. 141,850,852**

c) Contingencies

I. MEXICO

a. América Móvil

Tax Assessment

In December 2014, the Mexican Tax Administration Service (*Servicio de Administración Tributaria*, or SAT) notified the Company of a Ps. 529,700 tax assessment related to the Company s tax return for the fiscal year ended December 31, 2005, and reduced the Company s consolidated tax loss for that year from Ps. 8,556,000 to zero. The Company has challenged this assessment in federal tax court, and the challenge is still pending. The Company has not established a provision in the accompanying consolidated financial statements for a loss arising from this assessment, which it does not consider probable.

ICSID (Additional Facility) Arbitration Proceedings

In August 2016, AMX initiated an arbitration claim against the Republic of Colombia (the ICSID Arbitration) on behalf of itself and its subsidiary Comcel under the ICSID Additional Facility Rules pursuant to the investment chapter of the Mexico-Colombia Free Trade Agreement (the Mexico-Colombia FTA). The claim relates to certain measures adopted by Colombia since August 2013, including the Colombian Constitutional Court s decision of 2013 holding that certain laws eliminating the reversion of telecommunication assets did not apply to concessions granted prior to 1998, among them, Comcel s concessions. As a result, the Ministry of Information Technology and Communications (*Ministerio de Tecnologías de la Información y las Comunicaciones* or ITC Ministry) refused to recognize Comcel s property rights over its assets following the termination of its concession contracts and decided that Comcel must pay a fee to rent those assets. Moreover, the ITC Ministry initiated an arbitration proceeding pursuant to the concession contracts seeking the reversion of all assets related to those contracts. This has prevented Comcel from using or disposing of its assets freely. AMX has requested compensation on the basis of Colombia s breach of the Mexico-Colombia FTA and other international legal obligations.

In September 2017, the tribunal issued the first procedural order setting out the procedural calendar. AMX submitted its memorial on jurisdiction and the merits of its claim in December 2017. The parties to the arbitration will exchange further written pleadings in 2018. No hearing date has yet been fixed.

b. Telcel

Mobile Termination Rates

The mobile termination rates between Telcel and other operators have been the subject of various legal proceedings. As of the date of this report, all proceedings arising from interconnection disagreements in which the IFT set the tariffs applicable for 2014 have been resolved, confirming the IFT s rates. As such resolutions were not subject to suspension, there was no contingency at the expense of the Company.

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All proceedings related to the interconnection rates between 2015 and 2016 were resolved by the IFT. Telcel has contested the fact that the rates set by the IFT were not determined as of the date of the applicable resolutions but since January, 2015, and such challenge was resolved in favor of the Company by the Mexican Supreme Court (*Suprema Corte de Justicia de la Nación* or SCJN). As a consequence, Telcel has a balance it may collect from other operators, due to the difference between the amount actually paid and the amount that should have been paid in accordance with the applicable rates.

With respect to the termination rates for 2017, Telcel has challenged the applicable resolutions and such challenges are still pending.

Given the fact that the zero rate that prevented Telcel from charging interconnection rates in its mobile network was held unconstitutional by the SCJN, the IFT has determined asymmetric interconnection rates for the termination of traffic in Telcel s and other operators networks for 2018. The resolutions setting said rates have been challenged by Telcel and such challenges are still pending.

The Company expects that mobile termination rates, as well as other rates applicable to mobile interconnection (such as transit), will continue to be the subject of litigation and administrative proceedings in Mexico. The Company cannot predict when or how these matters will be resolved or the financial effects of any such resolution. As of December 31, 2017, the Company has a provision of approximately Ps. 494,488 in the accompanying consolidated financial statements to cover the losses considered probable.

Class Action Lawsuits

The Federal Consumer Bureau (*Procuraduría Federal del Consumidor*, or Profeco) initiated a proceeding before Mexican courts in 2011 on behalf of customers who alleged deficiencies in the quality of Telcel s network in 2010 and breach of customer agreements. In June 2017, this proceeding was resolved in favor of Telcel, as Profeco failed to prove any breach by Telcel of the standard contract form executed by Telcel s customers.

Telcel is also subject to two class action lawsuits initiated by customers allegedly affected by Telcel s quality of service and wireless and broadband rates. The Company does not currently have enough information on these proceedings to determine whether any of the class action lawsuits could have an adverse effect on the Company s business and results of operations in the event that they are resolved against Telcel. Consequently, the Company has not established a provision in the accompanying consolidated financial statements for a loss arising from these proceedings.

c. Telmex and Telnor

Monopolistic Practices Investigation

During 2007, Cofeco initiated one investigation into alleged monopolistic practices of Telmex and Telnor related to the fixed-network interconnection services market. Telmex and Telnor have filed legal proceedings in connection with this ruling, including an appeal for relief, which was resolved against Telmex and Telnor on April 16, 2018.

IFT Proceedings Against Telmex

In November 2008, Telmex entered into certain commercial agreements with Dish México Holdings, S. de R.L. de C.V. and its related companies (Dish), involving billing, collection services, distribution and equipment leasing. In addition, Telmex had an option that allowed it to purchase shares representing 51% of the capital stock of Dish

México, S. de R.L. de C.V. (Dish México). In July 2014, Telmex waived its rights under such option.

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In January 2015, the IFT imposed a fine on Telmex for an amount of Ps. 14,414 on the grounds that an alleged merger (*concentración*) between Telmex and Dish was not notified in November 2008. Telmex filed an appeal for relief against this resolution (*amparo*) and the case is pending. The Company cannot predict the outcome of such proceedings.

In August 2015, in relation with some Dish operations, the IFT initiated several proceedings in order to determine potential violations of (i) Telmex s concession, with respect to an alleged indirect exploitation of a public television services concession and (ii) certain provisions of the Mexican Constitution (*Constitución Política de los Estados Unidos Mexicanos*) and the Federal Telecommunications and Broadcasting Law (*Ley Federal de Telecomunicaciones y Radiodifusión*) regarding the cost-free rule of re-transmission of television broadcast signals (commonly known as must offer), through other operators.

d. America Central Tel

Tax Assessment

In August 2016, the SAT notified the Company s subsidiary América Central Tel, S.A. de C.V. (ACT) of a tax assessment of approximately Ps. 1,244,000, for alleged tax improprieties for the fiscal year ended December 31, 2008. The SAT alleged that certain taxes paid by ACT in Guatemala in relation to dividends received in Mexico could not be applied as tax credits for income tax purposes in Mexico. ACT has challenged the SAT s assessment though an administrative appeal and a resolution is still pending. The Company has not established a provision in the accompanying consolidated financial statements for a loss arising from this assessment, which the Company does not consider probable.

e. Sercotel

Tax Assessment

In March 2012, the SAT notified the Company and its subsidiary Sercotel, S.A. de C.V. (Sercotel) of a fine of approximately Ps. 1,400,000 for alleged tax improprieties arising from the transfer of certain accounts receivable from one of the Company s other subsidiaries to Sercotel. In July 2014, the Company challenged the fine before the federal tax court, and the challenge is still pending. The Company has not established a provision in the accompanying consolidated financial statements for a loss arising from this fine, which the Company does not consider probable.

II. BRAZIL

Following the merger in 2014 of the Company s subsidiaries Empresa Brasileira de Telecomunicações S.A. (Embratel), Embratel Participações S.A. (Embrapar) and Net Serviços de Comunicação S.A. (Net Serviços) into Claro S.A. (Claro Brasil), Claro Brasil became the legal successor of Embratel, Embrapar and Net Serviços.

a. Tax Matters

ICMS

As of December 31, 2017, the Company s Brazilian subsidiaries Claro Brasil, Star One S.A. (Star One), Primesys Soluções Empresariais S.A. (Primesys), Telmex Do Brasil Ltda. (TdB), Americel S.A. (Americel), Brasil Telecomunicações S.A. (BrTel) and TVSAT Telecomunicações S.A. (TV SAT), had aggregate tax contingencies related to value-added tax (ICMS) of approximately Ps. 64,749,404 (R$10,825 million). As of December 31, 2017, the

Company has established a provision of Ps. 3,541,030 (R$ 592 million) in the accompanying consolidated financial statements for the losses arising from these contingencies that the Company considers probable. Such ICMS contingencies include:

Tax assessments against Star One in the amount of Ps. 23,668,673 (R$ 3,957 million) based on allegations that the provision of satellite capacity by Star One is subject to ICMS. The Company is

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contesting these tax assessments in separate proceedings at different litigation stages and has obtained favorable judicial decisions in two proceedings. The Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from these assessments, which the Company does not consider probable.

Tax assessments against Claro Brasil and Americel in the amount of Ps. 7,363,189 (R$ 1,231 million), due to a decision that held certain benefits granted by the Brazilian states unconstitutional. The Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from these assessments, which the Company does not consider probable.

A tax assessment against Primesys in the amount of Ps. 4,510,028 (R$ 754 million), related to ICMS over certain activities not deemed as part of data communication services. The Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from this assessment, which the Company does not consider probable.

CSLL/IRPJ

As of December 31, 2017, Claro Brasil, Americel, BrTel and Star One had aggregate tax contingencies related to social contribution on net income (CSLL) and corporate income tax (IRPJ) in an amount of Ps. 20,929,161 (R$ 3,499 million). As of December 31, 2017, the Company has established a provision of Ps. 3,158,216 (R$ 528 million) in the accompanying consolidated financial statements for the losses arising from these contingencies that the Company considers probable.

The aforementioned CSLL/IRPJ contingencies include a tax assessment against Claro Brasil in the amount of Ps. 12,728,566 (R$ 2,128 million) alleging the undue amortization of goodwill amounts between 2009 and 2012, and charging CSLL, IRPJ and penalties due to the late payment of taxes. Claro Brasil has challenged this assessment at the administrative level and the challenge is still pending. The Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from this assessment, which the Company does not consider probable.

PIS/COFINS

As of December 31, 2017, Claro Brasil, Americel, Star One, TdB and Brasil Center Comunicações Ltda. (Brasil Center) had aggregate tax assessments related to social integration program (PIS) and contribution for social security financing (COFINS) in the amount of Ps. 32,999,765 (R$ 5,517 million). As of December 31, 2017, the Company has established a provision of Ps. 20,743,735 (R$ 3,468 million) in the accompanying consolidated financial statements for the losses arising from the PIS/COFINS assessments that the Company considers probable. With respect to such PIS/COFINS assessments:

Claro Brasil and Americel have commenced lawsuits against the Brazilian Federal Revenue Service seeking a ruling on constitutional grounds to exclude ICMS payments and interconnection fees from the base used to calculate PIS and COFINS tax obligations. Pending a final ruling and pursuant to applicable Brazilian procedure, the companies have paid the tax based on their position in the lawsuits, and have established a provision for the disputed amounts. As of December 31, 2017, the total amount in dispute was approximately Ps. 20,636,069 (R$ 3,450 million).

Tax assessments against Claro Brasil and Americel related to the offset of PIS and COFINS credits recorded in the non-cumulative method in an amount of Ps. 9,426,795 (approximately R$ 1,576 million) as of December 31, 2017. The Company has not established a provision in the accompanying consolidated financial statements to cover the losses arising from this contingency, which the Company does not consider probable.

FUST/FUNTTEL

Anatel has initiated administrative proceedings against Claro Brasil, Americel, Primesys, TdB, Star One, BrTel and TVSAT in an aggregate amount of Ps. 17,107,002 (R$ 2,860 million) mainly based on an allegedly improper

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exclusion of interconnection revenues and costs from the basis used to calculate its fund for universal telecommunication services (FUST) obligations. The companies are contesting these assessments. As of December 31, 2017, the Company has established a provision of Ps. 11,963 (R$ 2 million) in the accompanying consolidated financial statements to cover the losses arising from these assessments that the Company considers probable.

In addition, the Brazilian Ministry of Communications (*Ministério das Comunicações*) has initiated administrative proceedings against Claro Brasil, Americel, Primesys, TdB, Star One, BrTel and TVSAT totaling an amount of Ps. 5,736,229 (R$ 959 million) as of December 31, 2017, due to an alleged underpayment of their obligations to telecommunications technology development fund (FUNTTEL). The companies have challenged these assessments, which are still pending. As of December 31, 2017, the Company has established a provision of Ps. 5,981 (R$ 1 million) in the accompanying consolidated financial statements to cover the losses arising from these assessments that the Company considers probable.

ISS

The Municipal Revenue Services have issued tax assessments against Claro Brasil, Brasil Center and Primesys, totaling an aggregate amount of approximately Ps. 3,535,048 (R$ 591 million) due to the alleged nonpayment of Brazilian services tax (ISS) over several telecommunication services, including Pay TV services, considered as taxable for ISS by these authorities. The companies have challenged the tax assessments on the grounds that the services cited are not subject to ISS tax and these challenges are still pending. As of December 31, 2017, the Company has established a provision of Ps. 29,907 (R$ 5 million) in the accompanying financial statements for the losses arising from these assessments that the Company considers probable.

TFI

As of December 31, 2017, Anatel has fined Claro Brasil and Americel a total of Ps. 13,793,268 (R$ 2,306 million), for an unpaid installation inspection fee (*Taxa de Fiscalização de Instalação,* or TFI) allegedly due for the renovation of radio base stations. Claro Brasil and Americel have challenged the fine, arguing that there was no new equipment installation that could lead to this charge, and the challenges are still pending. The Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from these proceedings, which the Company does not consider probable.

Other Tax Contingencies

There are several other tax contingencies involving Claro Brasil, Americel, Star One, TdB and Primesys in an aggregate amount of Ps. 12,620,900 (R$ 2,110 million) related to a variety of taxes and government programs. As of December 31, 2017, the Company has established a provision of Ps. 5,084,249 (R$ 850 million) in the accompanying consolidated financial statements for the losses arising from these contingencies that the Company considers probable.

b. Regulatory Matters

Inflation-Related Adjustments

Anatel has challenged the calculation of inflation-related adjustments due under the concession agreements with Tess S.A. (Tess), and Algar Telecom Leste S.A. (ATL), two of the Company s subsidiaries that were previously merged into Claro Brasil. Anatel rejected Tess and ATL s calculation of the inflation-related adjustments applicable to 60% of the concessions price (which was due in three equal annual installments, subject to inflation-related adjustments and interest), claiming that the companies calculation of the inflation-related adjustments resulted in a shortfall of the installment payments. The companies have filed declaratory and consignment actions seeking resolution of the disputes and have obtained injunctions from a federal appeals court suspending payment until the pending appeals are resolved.

The amount of the alleged shortfall as well as the method used to calculate monetary correction are subject to judicial disputes. If other methods or assumptions are applied, the amount may increase. In January 2018, Anatel calculated the monetary correction in a total amount of Ps. 20,336,995 (R$ 3.4 billion). As of December 31, 2017, the Company has established a provision of Ps. 3,983,658 (R$ 666 million) in the accompanying consolidated financial statements for the losses arising from these contingencies that the Company considers probable.

Reversible Assets

Claro Brasil s long-distance fixed-line concessions provide that the concessionaire s assets that are indispensable for the provision of domestic and international long-distance fixed-line services cannot be disconnected, replaced or sold without the prior regulatory approval of Anatel. Upon expiration of these concessions, those assets that are indispensable to provide domestic and international long distance fixed-line services will revert to the Brazilian government, in which case any compensation for investments made in those assets would be the depreciated cost of such assets. Brazilian law does not provide any guidance as to which assets would be subject to reversion under these concessions, and there is no precedent establishing: (i) which assets are indispensable under these concessions at the time of their expiration or (ii) the treatment of assets that are also used for telecommunications services not regulated by the concessions. Those assets Claro Brasil uses exclusively in the provision of wireless and Pay TV services are not subject to reversion. See Note 2.

In the second half of 2015, Anatel fined Claro Brasil approximately Ps. 59,815 (R$ 10 million) and imposed the obligations listed below on Claro Brasil in connection with the alleged non-compliance with requirements set out in the Reversible Assets Regulation (*Regulamento de Bens Reversíveis*).

To make a deposit within 180 days of approximately Ps. 5,203,878 (R$ 870 million) in an escrow account to buy other assets which would be subject to reversion and thereby replace the assets removed. However, if the assets were replaced, Claro Brasil may instead deposit the difference between their sale price and the price of assets purchase to replace them. According to Anatel, such amount represents the value of the assets that were being allegedly removed from the assets list reported to Anatel without a justification for the alleged removal.

Within 180 days following Anatel s decision, the inclusion in all agreements executed after the Reversible Assets Regulation (*Regulamento de Bens Reversíveis*) came into effect, of mandatory provisions related, among others, to the indispensability of those assets for the provision of the services under the concessions, Anatel s subrogation rights under those agreements and the obligation of their counterparty not to encumber the assets used by Claro Brasil thereunder.

To file an appeal against any order imposing a lien on any Claro Brasil s reversible assets within 30 days from the date Claro Brasil received notice of the decision.

In 2015, Claro Brasil appealed the decision, causing a temporary suspension of its obligations. On January 18, 2018, Anatel issued a new decision eliminating the obligation to deposit the Ps. 5,203,878 (R$ 870 million) in an escrow account and reducing the fine from Ps. 59,815 (R$ 10 million) to Ps. 14,954 (R$ 2.5 million).

Other regulatory disputes

Claro Brasil is party to other judicial disputes with Anatel in an aggregate amount of Ps. 12,267,993 (R$ 2,051 million). As of December 31, 2017, the Company has established a provision of Ps. 645,999 (R$ 108 million) in the accompanying consolidated financial statements for the losses arising from these disputes that the Company considers probable.

c. Other Civil, Environmental and Labor Contingencies

Claro Brasil and its subsidiaries are party to other civil, environmental and labor claims, as described below. In each case, the Company is contesting the claims at different stages. As of December 31, 2017, the Company has established the following provisions for those losses arising from these claims that the Company considers probable.

Civil: Claims for Ps. 29,458,736 (R$ 4,925 million), including those filed by its Pay TV, internet access and telephone service customers and a provision of Ps. 939,091 (R$ 157 million) in the accompanying consolidated financial statements.

Environmental: Claims for Ps. 4,019,547 (R$ 672 million) and a provision of Ps. 65,796 (R$ 11 million) in the accompanying consolidated financial statements.

Labor: Claims for Ps. 53,952,852 (R$ 9,020 million) filed by current and former employees and a provision of Ps. 2,667,735 (R$ 446 million) in the accompanying consolidated financial statements.

d. Third-Party Disputes

Claro Brasil, Americel, TdB, Primesys, Brasil Center and their subsidiaries are parties to certain disputes with third parties in connection with former sales agents, outsourced companies contract cancellation, increases in monthly subscription rates and channel transmission, class actions, real estate issues, disputes with former employees regarding health care payments and other matters. The cases, which are in advanced stages of litigation, are for claims in an aggregate amount of Ps. 25,307,596 (R$ 4,231 million). As of December 31, 2017, the Company has established a provision of Ps. 2,350,717 (R$ 393 million) in the accompanying consolidated financial statements for the losses arising from these disputes that the Company considers probable.

III. COLOMBIA

Local Arbitration Proceedings (Bogotá Chamber of Commerce)

In 2013, the Colombian Constitutional Court rendered a decision holding that certain laws eliminating the reversion of telecommunication assets in Colombia did not apply to concessions granted prior to 1998 and that the reversion of assets under those earlier concession agreements would be governed by their contractual terms. Following the termination of Comcel s concession contracts, Comcel and the ITC Ministry initiated discussions with respect to the liquidation of Comcel s concession contracts. However, as a result of the Constitutional Court s decision, the ITC Ministry took the position that assets under Comcel s concession contracts should revert to the Colombian government. Comcel disputes the ITC Ministry s interpretation of the Constitutional Court s decision and contends that the reversion of assets should not apply.

In February 2016, the ITC Ministry initiated an arbitration claim against Comcel before the Bogotá Chamber of Commerce pursuant to the concession contracts. In its claim, the ITC Ministry requested (a) the liquidation of the concession contracts, (b) the reversion of all assets related to the concession contracts and (c) monetary compensation in case the assets cannot be reverted without affecting the continuity of the mobile services.

In July 2017, the arbitral tribunal ordered the reversion of certain assets of Comcel to the ITC Ministry. Such asset reversion was ordered under Comcel s original concession agreements granted in 1994 and extended through 2013 without applying laws 422 of 1998 and 1341 of 2009 which had eliminated such reversion. In lieu of surrendering the assets, the arbitration tribunal ordered Comcel to pay Ps. 18,547,629 (approximately COP$ 3,155 billion). As required by the ITC Ministry, in August 2017, Comcel made such payment under protest reserving all of its rights and those of its shareholders. Comcel has challenged the decision of the arbitral tribunal in accordance with Colombian legislation.

IV. ECUADOR

a. Conecel

Tax Assessments

In 2011 and 2012, the Ecuadorian Internal Revenue Services (*Servicios de Rentas Internas del Ecuador,* or SRI) notified Conecel of tax assessments of Ps. 2,354,617 (US$ 119,000) relating to income tax for fiscal years

2007 through 2009, which were challenged by Conecel. Following an amnesty law enacted by the National Assembly (*Asamblea Nacional*) in May 2015, that granted the remission of interest and penalties from tax obligations, Conecel applied for amnesty pursuant this new law in connection with the tax assessments for the 2007 and 2009 fiscal years and paid a total amount of Ps. 1,278,221 (US$ 64,600) in connection with such fiscal years. In October 2015, the National Court of Justice (*Corte Nacional de Justicia*) ruled in favor of SRI with regard to the tax assessment for the fiscal year 2008. As of December 31, 2017, Conecel has made payments in the amount of Ps. 892,499 (US$ 45,106), in connection with the 2008 tax assessment, representing the total amount owed in connection with such assessment.

Monopolistic Practices Proceedings

In February 2014, following a regulatory claim filed in 2012 by state-owned operator *Corporación Nacional de Telecomunicaciones* (CNT), the Superintendency of Control of Market Power (*Superintendencia de Control del Poder del Mercado,* or SCPM) imposed a fine on Conecel of Ps. 2,738,479 (US$ 138,400) for alleged monopolistic practices. CNT alleged that Conecel had exclusive rights to deploy its network in five locations and was thereby preventing CNT from deploying its own network in the same locations. In March 2014, Conecel challenged the fine and posted a guarantee for 50% of its value. Through a judicial order issued the same month, the fine was suspended while it is pending. Conecel denies any wrongdoing and contends that CNT had other alternative sites in the same locations where it could have deployed its network. As of December 31, 2017, the Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from this proceeding that the Company does not consider probable.

Conecel was also subject to one proceeding initiated by the SCPM to assess Conecel s compliance with the administrative injunction issued by the SCPM as part of its decision that admitted the claim filed by CNT in 2012. In August 2016, the SCPM, imposed a fine on Conecel of Ps. 1,622,509 (US$ 82 million). Conecel challenged this decision and posted a guarantee for Ps. 817,191 (US$ 41.3 million). On September 1, 2017, the District Court ruled in favor of Conecel overruling the SCPM s decision. The SCPM filled several challenges against this ruling all of which have been ruled in favor of Conecel. On January 5, 2018, Conecel was notified of a definitive and unappealable ruling by the Constitutional Court and a as consequence thereof, the guarantee posted by Conecel was returned in full and the proceeding is considered terminated.

V. BULGARIA

a. Mobiltel

Tax Assessments

In June 2014, the Bulgarian tax authorities issued a tax assessment against Mobiltel EAD (Mobiltel) in connection with the amortization of its brand name and customer base for fiscal year 2007, in an amount of approximately Ps. 539,214 (22.7 million), including interest as of December 31, 2017. In 2015, Mobiltel challenged this assessment. In October 2015, the Administrative Court issued a ruling favorable to Mobiltel, which was subsequently challenged by the tax authorities and forwarded to the Supreme Administrative Court. In February 2017, the Supreme Administrative Court ruled in favor of Mobiltel with respect to Mobiltel s customer base and rejected the appeal related to the brand name.

In September 2015, the tax authorities issued a second tax assessment based on the same allegations for fiscal year 2008, in October 2016 for the year 2009 and in September 2017 for the year 2010. All three tax assessments covering the years 2008 2010 were challenged before the higher tax authority. In July 2017, Mobiltel received tax assessments for the years 2008 and 2009 and in November 2017, for the year 2010. All of these assessments once again included

Mobiltel s brand name and customer base as item not tax deductible in an amount totaling Ps. 1,482,245 (62.4 million), including interest calculated as of December 31, 2017.

In July 2017, Mobiltel challenged the 2008 and 2009 tax assessments before the administrative court in Sofia. The accounting expertise appointed has confirmed that Mobiltel correctly treated and booked both trade name

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and customer base. In December 2017, Mobiltel challenged the 2010 tax assessment. As of December 31, 2017 Mobiltel has issued bank guarantees covering up to Ps. 1,496,498 (63 million) to secure the tax liability in connection with these tax assessments.

A subsequent tax audit covering the years 2011 to 2013 has already finished and the audit reports were received in December 2017. However, these reports did not take into consideration the Supreme Administrative Court ruling with respect to the 2007 fiscal year and additional tax was imposed in connection with the amortization of brand name and customer base in an amount equal to Ps. 581,971 (24.5 million). These tax assessments have also been challenged by Mobiltel and a resolution is still pending. Tax and interests for brand name for the years 2008 to 2012 have been provided for.

17. Employee Benefits

An analysis of the net liability and net period cost for employee benefits is as follows:

	At December 31,	
	2016	2017
Liability:		
Mexico	Ps. 70,073,351	**Ps. 84,821,197**
Puerto Rico	17,736,616	**13,962,128**
Brazil	7,222,762	**6,276,780**
Europe	15,748,433	**14,833,840**
Ecuador	267,705	**403,194**
Total	Ps. 111,048,867	**Ps. 120,297,139**

	For the year ended December 31,		
	2015	2016	2017
Net period cost (benefit)			
Mexico	Ps. 8,962,953	Ps. 12,281,154	**Ps. 11,586,065**
Puerto Rico	(455,117)	1,058,131	**776,238**
Brazil	451,353	633,159	**735,855**
Austria	260,850	226,447	**385,689**
Ecuador	58,042	41,380	**152,335**
Total	Ps. 9,278,081	Ps. 14,240,271	**Ps. 13,636,182**

a) Defined benefit plans

The defined benefit obligation (DBO) and plan assets for the pension and other benefit obligation plans, by country, are as follows:

At December 31							
2016				2017			
DBO	Plan Assets	Effect of asset celling	Net employee benefit liability	DBO	Plan Assets	Effect of asset celling	Net em benefit
Ps. 249,101,141	Ps. (179,871,258)	Ps.	Ps. 69,229,883	**Ps. 266,304,948**	**Ps. (182,539,376)**	**Ps.**	**Ps. 8**
39,909,853	(22,173,237)		17,736,616	**38,711,695**	**(24,749,567)**		**1**
19,752,908	(20,301,126)	7,083,218	6,535,000	**19,369,664**	**(20,399,661)**	**6,519,560**	
4,366,245			4,366,245	**4,554,912**			
Ps. 313,130,147	Ps. (222,345,621)	Ps. 7,083,218	Ps. 97,867,744	**Ps. 328,941,219**	**Ps. (227,688,604)**	**Ps. 6,519,560**	**Ps. 10**

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Below is a summary of the actuarial results generated for the pension and retirement plans as well as the medical services in Puerto Rico and Brazil; the pension plans and seniority premiums related to Telmex; the pension plan, the service awards plan and severance in Austria corresponding to the years ended December 31, 2015, 2016 and 2017:

	At December 31, 2015			
	DBO	Plan Assets	Effect of asset celling	Net employee benefit liability
Balance at the beginning of the year	Ps. 309,639,799	Ps. (242,360,329)	Ps. 6,257,074	Ps. 73,536,544
Current service cost	4,540,925			4,540,925
Interest cost on projected benefit obligation	25,811,047			25,811,047
Expected return on plan assets		(20,710,965)		(20,710,965)
Changes in the asset ceiling during the period and others			601,540	601,540
Past service costs and other	(1,365,096)	118,725		(1,246,371)
Actuarial gain for changes in experience	(27,949)			(27,949)
Actuarial loss from changes in financial assumptions	30,285			30,285
Net period cost	Ps. 28,989,212	Ps. (20,592,240)	Ps. 601,540	Ps. 8,998,512
Actuarial gain for changes in experience	(2,021,790)			(2,021,790)
Actuarial gain from changes in demographic assumptions	(685,110)			(685,110)
Actuarial gain from changes in financial assumptions	(2,502,344)			(2,502,344)
Changes in the asset ceiling during the period and others			(754,357)	(754,357)
Return on plan assets greater than discount rate		31,026,539		31,026,539
Recognized in other comprehensive income	Ps. (5,209,244)	Ps. 31,026,539	Ps. (754,357)	Ps. 25,062,938
Contributions made by plan participants	231,619			231,619
Contributions to the pension plan made by the Company		(2,954,839)		(2,954,839)
Benefits paid	(22,321,686)	22,149,262		(172,424)
Payments to employees	(19,929)			(19,929)
Effect of translation	2,739,958	497,167	(1,281,110)	1,956,015
Others	Ps. (19,370,038)	Ps. 19,691,590	Ps. (1,281,110)	Ps. (959,558)
Balance at the end of the year	314,049,729	(212,234,440)	4,823,147	106,638,436

Less short-term portion	(118,411)			(118,411)
Non-current obligation	Ps. 313,931,318	Ps. (212,234,440)	Ps. 4,823,147	Ps. 106,520,025

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	At December 31, 2016			
	DBO	**Plan Assets**	**Effect of asset celling**	**Net employee benefit liability**
Balance at the beginning of the year	Ps. 314,049,729	Ps. (212,234,440)	Ps. 4,823,147	Ps. 106,638,436
Current service cost	4,606,856			4,606,856
Interest cost on projected benefit obligation	27,275,363			27,275,363
Expected return on plan assets		(18,972,042)		(18,972,042)
Changes in the asset ceiling during the period and others			875,192	875,192
Past service costs and other		165,851		165,851
Actuarial gain for changes in experience	(28,867)			(28,867)
Actuarial loss from changes in financial assumptions	7,784			7,784
Net period cost	Ps. 31,861,136	Ps. (18,806,191)	Ps. 875,192	Ps. 13,930,137
Actuarial gain for changes in experience	(20,976,837)			(20,976,837)
Actuarial loss from changes in demographic assumptions	397,985			397,985
Actuarial loss from changes in financial assumptions	1,718,189			1,718,189
Changes in the asset ceiling during the period and others			(754,535)	(754,535)
Return on plan assets greater than discount rate		(4,724,041)		(4,724,041)
Recognized in other comprehensive income	Ps. (18,860,663)	Ps. (4,724,041)	Ps. (754,535)	Ps. (24,339,239)
Contributions made by plan participants	255,760	(255,760)		
Contributions to the pension plan made by the Company		(2,756,519)		(2,756,519)
Benefits paid	(25,694,301)	25,517,599		(176,702)
Payments to employees	(525,612)			(525,612)
Effect of translation	12,196,546	(9,086,269)	2,139,414	5,249,691
Others	Ps. (13,767,607)	Ps. 13,419,051	Ps. 2,139,414	Ps. 1,790,858
Balance at the end of the year	313,282,595	(222,345,621)	7,083,218	98,020,192
Less short-term portion	(152,448)			(152,448)
Non-current obligation	Ps. 313,130,147	Ps. (222,345,621)	Ps. 7,083,218	Ps. 97,867,744

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	At December 31, 2017			
	DBO	Plan Assets	Effect of asset celling	Net employee benefit liability
Balance at the beginning of the year	Ps. 313,282,595	Ps. (222,345,621)	Ps. 7,083,218	Ps. 98,020,192
Current service cost	4,285,693			4,285,693
Interest cost on projected benefit obligation	28,922,385			28,922,385
Expected return on plan assets		(20,916,104)		(20,916,104)
Changes in the asset ceiling during the period and others			716,330	716,330
Past service costs and other		53,032		53,032
Actuarial gain for changes in experience	(35,145)			(35,145)
Actuarial gain from changes in demographic assumptions	(85)			(85)
Actuarial gain from changes in financial assumptions	(4,294)			(4,294)
Net period cost	Ps. 33,168,554	Ps. (20,863,072)	Ps. 716,330	Ps. 13,021,812
Actuarial loss for changes in experience	11,671,860			11,671,860
Actuarial gain from changes in demographic assumptions	(381,172)			(381,172)
Actuarial loss from changes in financial assumptions	2,438,078			2,438,078
Changes in the asset ceiling during the period and others			(856,188)	(856,188)
Return on plan assets greater than discount rate		(2,483,430)		(2,483,430)
Recognized in other comprehensive income	Ps. 13,728,766	Ps. (2,483,430)	Ps. (856,188)	Ps. 10,389,148
Contributions made by plan participants	198,713	(198,713)		
Contributions to the pension plan made by the Company		(2,697,621)		(2,697,621)
Benefits paid	(18,841,754)	18,841,754		
Payments to employees	(9,843,743)			(9,843,743)
Effect of translation	(2,579,506)	2,058,099	(423,800)	(945,207)
Others	Ps. (31,066,290)	Ps. 18,003,519	Ps. (423,800)	Ps. (13,486,571)
Balance at the end of the year	329,113,625	(227,688,604)	6,519,560	107,944,581
Less short-term portion	(172,406)			(172,406)
Non-current obligation	Ps. 328,941,219	Ps. (227,688,604)	Ps. 6,519,560	Ps. 107,772,175

In the case of other subsidiaries in Mexico, the net period cost of other employee benefits for the years ended December 31, 2015, 2016 and 2017 was Ps. 160,835, Ps. 200,455 and Ps. 165,884, respectively. The balance of other employee benefits at December 31, 2016 and 2017 was Ps. 843,467 and Ps. 1,055,625 respectively.

In the case of Brazil, the net period cost of other benefits for the years ended December 31, 2015, 2016 and 2017 was Ps. 23,121, Ps. 65,101 and Ps. 93,742, respectively. The balance of employee benefits at December 31, 2016 and 2017 was Ps. 522,221 and Ps. 650,815, respectively.

In the case of Ecuador, the net period cost of other benefits for the years ended December 31, 2015, 2016 and 2017 was Ps. 58,042, Ps. 41,380 and Ps. 152,335, respectively. The balance of employee benefits at December 31, 2016 and 2017 was Ps. 267,705 and Ps. 403,194, respectively.

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Plan assets are invested in:

	At December 31					
	2016			2017		
	Puerto Rico	Brazil	Mexico	Puerto Rico	Brazil	Mexico
Equity instruments	30%	4%	65%	**37%**	**6%**	**61%**
Debt instruments	68%	90%	35%	**61%**	**88%**	**39%**
Others	2%	6%		**2%**	**6%**	
	100%	100%	100%	**100%**	**100%**	**100%**

Included in the Telmex s net pension plan liability are plan assets of Ps. 179,871,258 and Ps. 182,539,376 as of December 31, 2016 and 2017, respectively, of which 31.6% and 32.0% during 2016 and 2017, respectively, were invested in equity and debt instruments of both América Movil and also of related parties, primarily entities that are under common control of the Company s principal shareholder. The Telmex pension plan recorded a re-measurement of its defined pension plan of Ps. (26,940,226) and Ps. 12,394,617 during 2016 and 2017, respectively, attributable to a change in actuarial assumptions, and also a decline in the fair value of plan investments from December 31, 2016 to December 31, 2017. The increase (decrease) in fair value of the aforementioned related party pension plan investments approximated Ps. 3,071,275 and Ps. (437,663) during the year ended December 31, 2016 and 2017, respectively.

The assumptions used in determining the net period cost were as follows:

	2015				2016				2017			
	Puerto Rico	Brazil	Mexico	Europe	Puerto Rico	Brazil	Mexico	Europe	Puerto Rico	Brazil	Mexico	E
ate rate	4.42%	12.57%	9.20%	1.25% & 2.25%	4.16%	10.84%	10.70%	1.0%, 1.5% & 1.75%	**3.61%**	**10.18%**	**10.70%**	
ure	3.50%	5.00%	4.50%	4.9%, 3.0% & 4.5%	3.50%	4.85%	4.50%	3.0.%, 3.9% & 4.4%	**2.75%**	**4.50%**	**4.50%**	
of he ar	5.70%	11.50%			4.20%	11.35%			**3.57%**	**11.00%**		
hich l	2027				N/A	2017			**N/A**	**2028**		

*	1.60%	1.60%	
te*	0.0%-2.06%	0.0%-1.88%	**0.0**

* Depending on years of service

Biometric

Puerto Rico:	
Mortality:	RP 2014, MSS 2017 Tables.
Disability:	1985 Pension Disability Table
Brazil:	
Mortality:	2000 Basic AT Table for gender
Disability for assets:	UP 84 modified table for gender
Disability retirement:	80 CSO Code Table
Rotation:	Probability of leaving the Company other than death, Disability and retirement is zero

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Austria

Life expectancy in Austria is base on AVÖ 2008-P- Rechnungsgrundlagen für die Pensionsversicherung-Pagler & Pagler .

Telmex	
Mortality:	Mexican 2000 (CNSF) adjusted
Disability:	Mexican Social Security adjusted by Telmex experience
Turnover:	Telmex experience
Retirement:	Telmex experience

For the year ended December 31, 2017, the Company conducted a sensitivity analysis on the most significant variables that affect the DBO, simulating independently, reasonable changes to roughly 100 basis points in each of these variables. The increase (decrease) would have resulted in the DBO pension and other benefits at December 31, 2017 are as follows:

	-100 points	+100 points
Discount rate	Ps. 24,711,314	Ps. (33,606,469)
Health care cost trend rate	Ps. (635,289)	Ps. 738,685

Telmex Plans

Part of the Telmex´s employees are covered under defined benefit pension plans and seniority premiums. Pension benefits and seniority premiums are determined on the basis of compensation received by the employees in their final year of employment, their seniority, and their age at the time of retirement. Telmex has set up an irrevocable trust fund to finance these employee benefits and has adopted the policy of making contributions to such fund when it is considered necessary.

Defined benefits plan in Austria

Telekom Austria Group provides defined benefits for certain former employees in Austria. All such employees are retired and were employed prior to 1 January 1975. This unfunded plan provides benefits based on a percentage of salary and years employed, not exceeding 80% of the salary before retirement, and taking into consideration the pension provided by the social security system. Telekom Austria Group is exposed to the risk of development of life expectancy and inflation because the benefits from pension plans are lifetime benefits.

Service awards in Austria

Civil servants and certain employees (together employees) are eligible to receive service awards. Under these plans, eligible employees receive a cash bonus of two months salary after 25 years of service and four months salary after 40 years of service. Employees with at least 35 years of service when retiring (at the age of 65) or who are retiring based on specific legal regulations are eligible to receive four monthly salaries. The compensation is accrued as earned over the period of service, taking into account the employee turnover rate. The risk Telekom Austria Group is exposed to is mainly the risk of development of salary increases and changes of interest rates.

Severance in Austria

Employees starting to work for Telekom Austria Group in Austria on or after 1 January 2003 are covered by a defined contribution plan. Telekom Austria Group paid Ps. 44,217 and Ps. 46,084 (1.53% of the salary) into this defined contribution plan (BAWAG Allianz Mitarbeitervorsorgekasse AG) in 2016 and 2017, respectively.

Severance benefit obligations for employees hired before 1 January 2003, excluding civil servants, are covered by defined benefit plans. Upon termination by Telekom Austria Group or retirement, eligible employees receive severance payments equal to a multiple of their monthly compensation which comprises fixed compensation plus variable elements such as overtime or bonuses. Maximum severance is equal to a multiple of twelve times the eligible monthly compensation. In case of death, the heirs of eligible employees receive 50% of the severance benefits. Telekom Austria Group is exposed to the risk of development of salary increases and changes of interest rates.

b) The defined contribution plans (DCP)

Brazil

Claro makes contributions to the DCP through Embratel Social Security Fund Telos. Contributions are computed based on the salaries of the employees, who decide on the percentage of their contributions to the plan (participants enrolled before October 31st, 2014 is from 3% to 8% and, for those subscribed after that date, the contribution is from 1% to 7% of their salaries). Claro contributes the same percentage as the employee, capped at 8% of the participant s balance for the employees that are eligible to participate in this plan.

The unfunded liability represents Claro s obligation for those participants that migrated from the DBP to the DCP. This liability is being paid over a term of 20 years as of January 1, 1999. Unpaid balances are adjusted monthly based on the yield of the asset portfolio at that date and is increased based on the General Price Index of Brazil plus 6 percentage points per year.

At December 31, 2016 and 2017, the balance of the DCP liability was Ps. 165,541 and Ps. 136,402, respectively.

For the years ended December 31, 2015, 2016 and 2017 the cost (income) of labor were Ps. 198, Ps. (935) and Ps. 374, respectively.

Austria

In Austria, pension benefits generally are provided by the social security system, for employees, and by the government, for civil servants. Telekom Austria Group contributed for its employees 12.55% to social security amounting to Ps. 657,563 and Ps. 667,077 in 2016 and 2017, respectively. Contributions for active civil servants amount to 12.55% and 15.75%. In 2016 and 2017, these contributions to the government amounted to Ps. 836,655 and Ps. 642,080, respectively.

Additionally, Telekom Austria Group sponsors a defined contribution plan for employees of some of its Austrian subsidiaries. Telekom Austria Group s contributions to this plan are based on a percentage of the compensation not exceeding 5%. The annual expenses for this plan amounted to Ps. 252,368, Ps. 258,891 and Ps. 256,507 in 2015, 2016 and 2017, respectively.

As of December 31, 2016 and 2017 the liability related to this defined contribution plan amounted to Ps. 130,689 and Ps. 120,892, respectively.

Other countries

For the rest of the countries where the Company operates and that do not have defined benefit plans or defined contribution plans, the Company makes contributions to the respective governmental social security agencies which are recognized in results of operations as they are incurred.

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Long-term direct employee benefits

	Balance at December 31, 2015	Effect of translation	Increase of the year	Applications		Balance at December 31, 2016
				Payments	Reversals	
Long-term direct employee benefits	Ps. 11,116,581	Ps. 1,856,606	Ps. 2,210,026	Ps. (1,832,675)	Ps. (2,099,039)	Ps. 11,251,499

	Balance at December 31, 2016	Effect of translation	Increase of the year	Applications		Balance at December 31, 2017
				Payments	Reversals	
Long-term direct employee benefits	**Ps. 11,251,499**	**Ps. 795,581**	**Ps. 771,274**	**Ps. (2,077,632)**	**Ps. (582,686)**	**Ps. 10,158,036**

In 2008, a comprehensive restructuring programme was initiated in the segment Austria. The provision for restructuring includes future compensation of employees who will no longer provide services for Telekom Austria Group but who cannot be laid off due to their status as civil servants. These employment contracts are onerous contracts under IAS 37, as the unavoidable cost related to the contractual obligation exceeds the future economic benefit. The restructuring programme also includes social plans for employees whose employments will be terminated in a socially responsible way. In 2009 and every year from 2011 to 2017, new social plans were initiated which provide for early retirement, special severance packages and golden handshake options. Due to their nature as termination benefits, these social plans are accounted for according to IAS 19.

18. Financial Assets and Liabilities

Set out below is the categorization of the financial instruments, excluding cash and cash equivalents, held by the Company as of December 31, 2016 and 2017:

	December 31, 2016		
	Loans and Receivables	Fair value through profit or loss	Fair value through OCI
Financial Assets:			
Available for sale marketable securities and other short term investments	Ps. 13,393,646	Ps.	Ps. 41,463,511
Accounts receivable from subscribers, distributors, and other, net	175,059,881		
Related parties	740,492		
Derivative financial instruments		909,051	

Total	Ps.	189,194,019	Ps.	909,051	Ps.	41,463,511
Financial Liabilities:						
Debt	Ps.	707,801,403	Ps.		Ps.	
Accounts payable		237,265,126				
Related parties		2,971,325				
Derivative financial instruments				17,504,910		79,837
Total	Ps.	948,037,854	Ps.	17,504,910	Ps.	79,837

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	December 31, 2017		
	Loans and Receivables	Fair value through profit or loss	Fair value through OCI
Financial Assets:			
Available for sale marketable securities and other short term investments	**Ps. 12,438,019**	**Ps.**	**Ps. 46,682,657**
Accounts receivable from subscribers, distributors, and other, net	**163,085,537**		
Related parties	**868,230**		
Derivative financial instruments		**8,037,384**	
Total	**Ps. 176,391,786**	**Ps. 8,037,384**	**Ps. 46,682,657**
Financial Liabilities:			
Debt	**Ps. 697,884,899**	**Ps.**	**Ps.**
Accounts payable	**212,673,407**		
Related parties	**2,540,412**		
Derivative financial instruments		**14,359,460**	
Total	**Ps. 913,098,718**	**Ps. 14,359,460**	**Ps.**

Fair value hierarchy

The Company s valuation techniques used to determine and disclose the fair value of its financial instruments are based on the following hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Variables other than quoted prices in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

Level 3: Variables used for the asset or liability that are not based on any observable market data (non-observable variables).

The fair value for the financial assets (excluding cash and cash equivalents) and financial liabilities shown in the consolidated statements of financial position at December 31, 2016 and 2017 is as follows:

	Measurement of fair value at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Available for sale marketable securities and other short term investments	Ps. 41,463,511	Ps. 13,393,646	Ps.	Ps. 54,857,157
Derivative financial instruments		909,051		909,051
Pension plan assets	214,051,693	8,175,469	118,459	222,345,621

Total	Ps. 255,515,204	Ps. 22,478,166	Ps. 118,459	Ps. 278,111,829
Liabilities:				
Debt	Ps. 666,457,233	Ps. 80,214,836	Ps.	Ps. 746,672,069
Derivative financial instruments		17,584,747		17,584,747
Total	Ps. 666,457,233	Ps. 97,799,583	Ps.	Ps. 764,256,816

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	Measurement of fair value at December 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Available for sale marketable securities and other short term investments	**Ps. 46,682,657**	**Ps. 12,438,019**	**Ps.**	**Ps. 59,120,676**
Derivative financial instruments		**8,037,384**		**8,037,384**
Pension plan assets	**218,518,358**	**9,039,270**	**130,976**	**227,688,604**
Total	**Ps. 265,201,015**	**Ps. 29,514,673**	**Ps. 130,976**	**Ps. 294,846,664**
Liabilities:				
Debt	**Ps. 691,769,785**	**Ps. 63,147,153**	**Ps.**	**Ps. 754,916,938**
Derivative financial instruments		**14,359,460**		**14,359,460**
Total	**Ps. 691,769,785**	**Ps. 77,506,613**	**Ps.**	**Ps. 769,276,398**

Fair value of derivative financial instruments is valued using valuation techniques with market observable inputs. To determine its Level 2 fair value, the Company applies different valuation techniques including forward pricing and swaps models, using present value calculations. The models incorporate various inputs including credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. Fair value of debt Level 2 has been determined using a model based on present value calculation incorporating credit quality of AMX. The Company s investment in available for sale securities, specifically the investment in KPN, is valued using the quoted prices (unadjusted) in active markets for identical assets. The net realized losses related to derivative financial instruments for the years ended December 31, 2016 and 2017 was Ps. 28,878,632 and Ps. 1,515,668, respectively.

For the years ended December 31, 2015, 2016 and 2017, no transfers were made between Level 1 and Level 2 fair value measurement hierarchies.

Changes in liabilities arising from financing activities

	At January 1, 2016	Cash flow	Foreing currency exchange and other	At December 31, 2016
Total liabilities from financing activities	Ps. 683,216,744	Ps. (61,390,813)	Ps. 85,975,472	Ps. 707,801,403

	At January 1, 2017	Cash flow	Foreing currency exchange and other	At December 31, 2017
Total liabilities from financing activities	Ps. 707,801,403	Ps. (27,433,489)	Ps. 17,516,985	Ps. 697,884,899

19. Shareholders Equity

a) Pursuant to the Company s bylaws, the capital structure of the Company consists of a minimum fixed portion of Ps. 362,873 (nominal amount), represented by a total of 95,489,724,196 shares (including treasury shares available for placement in accordance with the provisions of the *Ley del Mercado de Valores*), of which (i) 23,384,632,660 are AA shares (full voting rights); (ii) 642,279,095 are A shares (full voting rights); and (iii) 71,462,812,441 are L shares (limited voting rights).

b) As of December 31, 2017 and 2016, the Company s capital structure was represented by 66,069,035,539 (20,601,632,660 AA shares, 566,661,526 A shares and 44,900,741,353 L shares), and 65,798,000,000 (20,634,632,660 AA shares, 592,084,871 A shares and 44,571,282,469 L shares), respectively.

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c) As of December 31, 2017 and 2016, the Company s treasury held for placement in accordance with the provisions of the *Ley del Mercado de Valores* and the *Disposiciones de carácter general aplicables a las emisoras de valores y a otros participantes en el Mercado de valores* issued by the *Comisión Nacional Bancaria y de Valores,* a total amount of (i) 29,420,688,657 shares (29,419,120,359 L shares and 1,568,298 A shares); and 29,691,724,196 shares (29,691,076,321 L shares and 647,875 A shares), respectively, all acquired pursuant to the Company s share repurchase program.

d) The holders of AA and A shares are entitled to full voting rights. The holders of L shares may only vote in limited circumstances, and they are only entitled to appoint two members of the Board of Directors and their respective alternates. The matters in which the holders of L shares who are entitled to vote are the following: extension of the Company s corporate life, dissolution of the Company, change of Company s corporate purpose, change of nationality of the Company, transformation of the Company, a merger with another company, any transaction representing 20% or more of the Company s consolidated assets, as well as the cancellation of the registration of the shares issued by the Company in the *Registro Nacional de Valores* and any other foreign stock exchanges where they may be registered, except for quotation systems or other markets not organized as stock exchanges. Within their respective series, all shares confer the same rights to their holders.

The Company s bylaws contain restrictions and limitations related to the subscription and acquisition of AA shares by non-Mexican investors.

e) Pursuant to the Company s bylaws, AA shares must at all times represent no less than 20% and no more than 51% of the Company s capital stock, and they also must represent at all times no less than 51% of the common shares (entitled to full voting rights, represented by AA and A shares) representing said capital stock.

A shares, which may be freely subscribed, must not represent more than 19.6% of capital stock and must not exceed 49% of the common shares representing such capital. Common shares (entitled to full voting rights, represented by AA and A shares), must represent no more than 51% of the Company s capital stock.

Lastly, L shares which have limited voting rights and may be freely subscribed, and A shares may not exceed 80% of the Company s capital stock. For purposes of determining these restrictions, the percentages mentioned above refer only to the number of the Company s shares outstanding.

Dividends

On April 5, 2017, the Company s shareholders approved, among others resolutions, the payment of a dividend of Ps. 0.30 (thirty peso cents) per share to each of the shares series of its capital stock AA , A and L , such dividend was payable, at each share holders election, in cash, L series shares or a combination thereof, in two installments of Ps. 0.15 (fifteen peso cents) each, on July 17, 2017 and November 13, 2017 respectively. As a result of the shareholders elections, on July 17, 2017 and November 13, 2017, AMX placed into circulation 325,264,125 and 16,905,414 L shares, respectively.

On April 18, 2016, the Company s shareholders approved, among others resolutions, the payment of a

dividend of Ps. 0.28 (twenty eight peso cents) per share to each of the shares of its capital stock AA , A and L , such dividend was payable in two installments of Ps. 0.14 (fourteen peso cents) each. On October 8, 2016, the company s shareholders approved the simultaneous grant to company s shareholders of a right, at each shareholders election, to receive the dividend payment in either cash, L series shares or a combination thereof, as a result, 397,909,031 L shares were placed into circulation.

Legal Reserve

According to the *Ley General de Sociedades Mercantiles*, companies must allocate from the net profit of each year, at least 5% to increase the legal reserve until it reaches 20% of its capital stock. This reserve may not be distributed to shareholders during the existence of the Company, except as a stock dividend. As of December 31, 2016 and 2017, the legal reserve amounted to Ps. 358,440.

Restrictions on Certain Transactions

Pursuant to the Company s bylaws any transfer of more than 10% of the full voting shares (A shares and AA shares), effected in one or more transactions by any person or group of persons acting in concert, requires prior approval by our Board of Directors. If the Board of Directors denies such approval, however, the Company by laws require it to designate an alternate transferee, who must pay market price for the shares as quoted on the *Bolsa Mexicana de Valores, S.A.B. de C.V.*

Payment of Dividends

Dividends, either in cash or in kind, paid with respect to the A Shares, L Shares, A Share ADSs or L Share ADSs w generally be subject to a 10% Mexican withholding tax (provided that no Mexican withholding tax will apply to distributions of net taxable profits generated before 2015). Nonresident holders could be subject to a lower tax rate, to the extent that they are eligible for benefits under an income tax treaty to which Mexico is a party.

Earnings per Share

The following table shows the computation of the basic and diluted earnings per share:

	For the years ended December 31,		
	2015	**2016**	**2017**
Net profit for the period attributable to equity holders of the parent	Ps. 35,054,772	Ps. 8,649,427	**Ps. 29,325,921**
Weighted average shares (in millions)	66,869	65,693	**65,909**
Earnings per share attributable to equity holders of the parent	Ps. 0.52	Ps. 0.13	**Ps. 0.44**

Undated Subordinated Fixed Rate Bond

In January 2013, Telekom Austria issued an Undated Subordinated Fixed Rate Bond with a face value of 600 million euros, which is subordinated with indefinite maturity and which is, based on its conditions, classified as stockholders equity according to IFRS.

The bond pays an annual coupon of 5.625%. Telekom Austria has the right (call), to redeem the bond on February 1, 2018. Telekom Austria has an early termination right under certain conditions. After that period (2018), the bond establishes conditions and increases the coupon rate every five years. After analyzing the conditions of the issuance, Telekom Austria recognized the instrument in equity, since it does not meet the criteria for classification as financial liability, not because it does not represent an obligation to pay.

On the consolidated statements of financial position, the Company recognized this bond as a component of equity (non-controlling interest), as financial instruments issued by its subsidiary are classified as equity in the subsidiary s financial statements and are thus considered non-controlling interest in the Company s consolidated financial statements. See Note 24.

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20. Components of other comprehensive (loss) income

The movement on the components of the other comprehensive (loss) income for the years ended December 31, 2015, 2016 and 2017 is as follows:

	2015	2016	2017
Controlling interest:			
Valuation of the derivative financial instruments, net of deferred taxes	Ps. 37,011	Ps. 48,496	**Ps. 12,292**
Available for sale securities, net of deferred taxes	4,011	(6,673,731)	**622,424**
Translation effect of foreign entities	(34,055,403)	104,178,880	**(21,683,333)**
Remeasurement of defined benefit plan, net of deferred taxes	(17,791,354)	14,771,770	**(7,075,606)**
Non-controlling interest of the items above	(1,739,497)	3,322,090	**3,402,973**
Other comprehensive (loss) income	Ps. (53,545,232)	Ps. 115,647,505	**Ps. (24,721,250)**

21. Valuation of derivatives, interest cost from labor obligations and other financial items, net

For the years ended December 31, 2015, 2016 and 2017, valuation of derivatives and other financial items are as follows:

	2015	2016	2017
Gain (loss) in valuation of derivatives, net	Ps. 15,128,269	Ps. (9,622,233)	**Ps. 8,192,567**
Capitalized interest expense (Note 10 d)	3,524,841	2,861,307	**2,875,034**
Commissions	(1,399,479)	(2,034,972)	**(1,263,701)**
Interest cost of labor obligations (Note 17)	(5,701,622)	(9,178,513)	**(8,722,611)**
Interest expense on taxes	(135,569)	(245,922)	**(1,503,981)**
Dividend received	1,645,712	5,740,092	**2,385,559**
Loss on partial sale of shares in associated Company	(545)		
Gain on de-recognition of equity method investment (Note 12)	11,988,038		
Other financial cost	(3,553,329)	(3,745,600)	**(3,906,627)**
	Ps. 21,496,316	Ps. (16,225,841)	**Ps. (1,943,760)**

22. Segments

América Móvil operates in different countries. As mentioned in Note 1, the Company has operations in Mexico, Guatemala, Nicaragua, Ecuador, El Salvador, Costa Rica, Brazil, Argentina, Colombia, United States, Honduras, Chile, Peru, Paraguay, Uruguay, Dominican Republic, Puerto Rico, Panama, Austria, Croatia, Bulgaria, Belarus, Macedonian, Serbia and Slovenia. The accounting policies for the segments are the same as those described in Note 2.

The Chief Executive Officer, who is the Chief Operating Decision Maker (CODM), analyzes the financial and operating information by operating segment. All operating segments that (i) represent more than 10% of

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consolidated revenues, (ii) more than the absolute amount of its reported 10% of profits or loss or (iii) more than 10% of consolidated assets, are presented separately.

The Company presents the following reportable segments for the purposes of its consolidated financial statements: Mexico (includes Telcel and Corporate operations and Assets), Telmex (Mexico), Brazil, Southern Cone (includes Argentina, Chile, Paraguay and Uruguay), Colombia, Andean (includes Ecuador and Peru), Central-America (which aggregates the operating segments of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama), U.S.A. (excludes Puerto Rico), Caribbean (which aggregates the operating segments of Dominican Republic and Puerto Rico), and Europe (includes Austria, Bulgaria, Croatia, Belarus, Slovenia, Macedonia and Serbia).

The Company considers that the quantitative and qualitative aspects of any aggregated operating segments (that is, Central America and Caribbean reportable segments) are similar in nature for all periods presented. In evaluating the appropriateness of aggregating operating segments, the key indicators considered included but were not limited to: (i) the similarity of key financial statement measures and trends, (ii) all entities provide telecommunications services, (iii) similarities of customer base and services, (iv) the methods to distribute services are the same, based on telephone plant in both cases, wireless and fixed lines, (v) similarities of governments and regulatory entities that oversee the activities and services of telecom companies, (vi) inflation trends, and (vii) currency trends.

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co	Telmex	Brazil	Southern Cone	Colombia	Andean	Central America	U.S.A.	Caribbean	E
50,997	93,657,944	174,722,286	68,520,541	65,871,301	51,738,731	34,515,781	110,653,812	29,625,274	72
73,782	7,420,418	3,451,846	427,609	265,474	220,094	235,779		32,699	
24,779	101,078,362	178,174,132	68,948,150	66,136,775	51,958,825	34,751,560	110,653,812	29,657,973	72
61,516	15,416,456	38,219,152	8,608,518	9,279,871	6,368,233	9,699,082	741,038	5,315,349	17
26,013	15,947,164	10,878,548	9,185,471	13,361,859	7,853,311	1,750,027	1,293,706	3,891,263	6
94,408	272,284	1,616,356	3,505,616	366,533	743,028	227,590	232,856	396,314	
23,466	1,413,686	16,450,388	2,599,901	577,440	713,895	349,449		48,751	2
76,111	2,896,465	(4,846,932)	2,621,598	3,997,944	2,944,548	2,257,695	605,809	1,483,187	
12,226)	65,033	(5,243)	21,856						
60,395	5,852,674	(12,785,017)	(6,806,573)	3,468,029	3,766,425	(680,599)	1,142,975	2,073,287	6
34,316	163,955,665	311,838,555	118,217,618	81,170,568	87,619,264	68,425,540	36,072,729	76,084,634	182
48,006	105,177,653	147,884,562	52,735,563	44,811,656	30,254,858	37,930,783	1,783,612	29,063,549	66
67,441	392,523	17,931,543	2,672,724	11,612,051	4,396,090	5,213,703	1,903,762	14,186,723	51
26,446	346,566	341,750		522			686,052	242,175	8
95,698	72,557	28,442,759	8,318,161	3,661,838	6,256,297	3,660,240		6,443,439	29
18,612	1,955,186	700	115,452	371		16,259			
59,636	139,362,960	221,907,486	101,601,641	31,254,646	33,048,503	33,514,380	31,170,822	31,727,281	121
27,903	93,343,612	193,796,237	71,553,356	67,330,768	55,825,972	42,131,666	140,856,365	36,467,781	86
88,858	8,872,248	3,560,388	776,719	257,767	304,834	289,465		30,210	
66,761	102,215,860	197,356,625	72,330,075	67,588,535	56,130,806	42,421,131	140,856,365	36,497,991	86
51,496	17,150,013	47,170,935	9,739,634	11,283,749	7,764,474	10,474,681	1,073,623	5,225,498	22
19,505	12,275,892	6,325,323	8,317,053	11,209,959	6,086,638	3,830,974	1,220,601	6,143,183	5
59,372	303,915	3,747,684	2,649,539	104,304	944,945	462,779	239,797	691,132	
04,944	1,135,552	22,970,335	5,049,457	1,079,989	1,147,380	411,597		143,322	2
02,242	921,803	(4,294,040)	2,021,090	4,456,750	1,768,066	3,291,776	767,295	2,542,080	(2
67,472	116,368	(270)	(23,319)			171			
78,150	902,282	(10,357,493)	3,765,015	4,022,633	3,621,863	538,890	987,790	3,318,960	7
98,204	161,133,722	461,831,754	140,617,162	103,361,235	113,839,981	80,832,029	42,812,349	93,941,695	227
93,242	112,220,236	203,270,555	67,023,143	59,690,886	37,716,772	41,808,573	1,949,166	33,854,428	78
86,328	213,926	26,106,622	3,006,448	14,659,891	5,948,335	5,652,268	3,464,217	14,186,723	52
15,318	307,881	366,727		194			788,228	284,665	10
87,092	42,867	41,496,209	8,760,860	4,603,793	12,882,210	3,993,120		7,694,798	30
05,220	2,218,824	699	81,284	470		17,390			1
44,609	117,663,161	349,915,118	124,149,687	40,811,337	52,949,608	38,095,161	41,369,767	44,790,656	121

2,612	89,731,238	210,536,673	81,092,885	72,435,460	56,393,595	44,094,835	148,589,487	35,092,578	93,
8,428	8,753,525	4,785,601	1,250,983	304,555	177,856	187,086	44	122,656	
1,040	98,484,763	215,322,274	82,343,868	72,740,015	56,571,451	44,281,921	148,589,531	35,215,234	93,
0,251	18,902,238	51,486,652	10,639,591	12,373,790	8,328,705	9,668,439	1,594,727	5,349,757	25,
6,028	7,921,524	11,601,369	11,676,427	(4,704,165)	5,650,477	5,252,401	2,915,123	4,752,168	4,
3,437	619,748	3,792,242	2,884,613	211,521	1,793,974	1,064,992	394,196	1,111,980	
5,868	1,028,593	23,578,083	4,637,989	1,955,688	1,573,929	485,684		377,727	2,
2,482	387,145	(2,991,377)	3,535,302	(1,874,594)	1,806,085	2,025,618	1,803,555	3,529,253	(1,
9,044	16,564	(232)	(9,801)						
1,442	184,387	(6,617,381)	4,421,938	(6,209,530)	1,595,382	3,713,301	1,793,875	1,262,073	5,
6,406	170,402,561	428,281,963	133,136,177	108,362,023	113,478,626	81,529,691	40,761,830	88,672,466	203,
7,555	109,713,770	187,459,628	69,006,093	57,060,931	35,930,966	39,050,481	1,693,642	32,173,524	85,
2,384	213,926	24,708,739	3,073,444	13,981,033	6,113,495	5,597,990	3,341,956	14,186,723	53,
6,723	274,786	246,557					631,024	262,641	8,
7,720	13,175	35,662,305	8,885,086	4,197,498	11,295,202	3,376,106		7,276,039	31,
9,662	546,872	640	63,110	451		16,999			
8,013	133,428,178	322,620,030	119,123,646	54,756,152	48,656,628	35,501,900	38,249,957	43,978,410	119,

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23. Recently Issued Accounting Standards

New standards and amendments effective from January 1, 2017

The following new standards and amendments applicable from January 1, 2017 were adopted by America Movil:

Amendments to IAS *12 Income Taxes* that clarify how to account for deferred tax assets related to debt instruments measured at fair value. There was no effect to the consolidated financial statements from the adoption of these amendments.

Amendments to IAS 7 *Statement of Cash Flows* introducing additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The required disclosures have been included in Note 18 to the consolidated financial statements.

Amendments to IFRS 12 *Disclosure of Interests in Other Entities,* included within the Annual Improvements to IFRS Standards 2014 2016 Cycle. There was no effect to the Company s consolidated financial statements from the adoption of these amendments.

New standards, amendments and interpretations not yet effective

The estimated impact and evaluation of the recently issued accounting standards not yet in effect as of December 31,2017 are as follow:

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments, was issued in July 2014 and relates to the classification and measurement of financial assets and financial liabilities, hedge accounting and impairment of financial assets. The new standard became effective on January 1, 2018. The Company does not expect significant changes to its existing accounting policies surrounding classification and measurement for available-for-sale securities as they are currently recognized at fair value on the consolidated statement of financial condition with changes in fair value recognized in other comprehensive income. As for the recognition of impairment of financial assets as they would relate to trade accounts receivable, the Company currently adopted the simplified approach of IFRS 9 in order to account for the expected loss of accounts receivable. Based on currently available information on the assessment undertaken to date, the Company effect of adopting this standard in the consolidated financial statements is approximately between Ps. 2,500,000 and Ps. 2,750,000 reflecting an adjustment to the net fair value of trade accounts receivables and beginning of the year retained earnings.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued the new standard IFRS 15 Revenue from Contracts with Customers . The new standard for revenue recognition aims at standardizing the multitude of regulations previously included in various standards, and may require more judgment and estimates than with the revenue recognition processes that are required under the existing revenue recognition standards. The amount of revenue recognized and its timing is determined based on a five-step model. IFRS 15 contains additional qualitative and quantitative disclosure obligations. These are aimed at enabling users of the financial statements to understand the nature, amount, timing and uncertainties of revenue and the resulting cash flows arising from contracts with customers. Under IFRS 15, revenue is recognized for an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or providing services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

IFRS allows two adoption methods under IFRS 15: retrospectively to each reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the standard in beginning retained earnings. The Company will adopt the new standard on the required effective date as of January 1, 2018, using the modified retrospective method .

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IFRS 15 provides presentation and disclosure requirements which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and increases the volume of disclosures required in Company s consolidated financial statements.

Under that method, the Company will apply the rules to all contracts existing as of January 1, 2018, recognizing in retained earnings an adjustment for the cumulative effect of the change and it will be providing additional disclosures comparing results to previously recorded revenue on its 2018 consolidated financial statements.

During 2017 the Company performed an impact assessment and analysis of the new standard IFRS 15. The most significant judgements and impacts upon the adoption of IFRS 15 include the following topics:

a) Service revenues and sale of equipment

The Company provides fixed and mobile services. These services are offered independently in contracts with customers or together with the sale of handsets (mobile) under the postpaid model. Before 2018, the Company accounted for equipment and service as separated performance obligations and assigned the consideration to both performance obligations using the fair value for each element.

In accordance with IFRS 15, the transaction price should be assigned to the different performance obligations based on their relative standalone selling price.

The Company concluded that regarding the provided services, it has market observable information, to determine the standalone selling price of the services. On the other hand, in the case of the sale of bundled mobile phones sold (including service and handset) by the Company, the allocation of the sales will be done based on their relative standalone selling price of each individual component related to the total bundled price. The result is that more equipment revenue will be recognized at the moment of a sale and, therefore, less service revenue from the monthly fee will be recognized under the new standard.

The Company concluded as well that the provided services are satisfied over the time of the contract period, given that the customer simultaneously receives and consumes the benefits provided by the Company.

In connection with the sale of handsets, the Company will recognize the revenue at the moment in which it transfers control of such devices to the customer, which is the time of the physical delivery, and accordingly a higher revenue will be recognized at the beginning of the contract.

Additionally, the Company sells to its customers bundles of different services (fixed line, mobile, broad band internet, streaming and pay TV, among others). Such service bundles accomplish the criteria mentioned in IFRS 15 of being substantially similar and of having the same transfer pattern which is why the Company concluded that the revenue from these different services offered to its customers will be considered as a single performance obligation with revenue being recognized over the time.

b) Revenue from goods sold

Under IFRS 15, for those contracts with customers in which generally the sale of equipment and other electronic equipment is a single performance obligation, the Company recognizes the revenue at the moment when it transfers control to the customer which generally occurs when such goods are delivered. The latter is consistent with the previous accounting policy.

c) Contract costs

The Company pays commissions to its distributors for obtaining new customers, such commissions are expensed as incurred under the previous accounting. Under IFRS 15, are considered incremental contract acquisition costs that will be capitalized and will be amortized over the expected period of benefit, during the average duration of customer contracts.

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d) Significant financial component

The Company frequently sells equipment under a financing model ranging from 12 to 36 months. According to IFRS 15, if the price of the product on credit is higher than the one paid upfront, the existence of an interest component is considered. Such amount will be recognized by the Company as a separate line in revenue as long as it is significant.

e) Contract completion costs

The Company charges installation costs to its customers, such costs are currently recognized as expenses in the moment in which control to the customer is transferred, however, if the installation costs are part of a single performance obligation together with the telecommunication services, these costs will amortized during the average lifetime of the contracts.

As a result of the analysis prepared by the Company of the impact of the adoption of the new criteria for revenue recognition, required by IFRS 15, the Company estimated that the initial recognition will increase its equity between Ps. 30,000,000 and Ps. 32,000,000, approximately, primarily related to the deferral of contract costs.

The Company has also identified and implemented changes to its accounting policies and practices, systems and controls, as well as designated and implemented specific controls over its evaluation of the impact of the new guidance the company, including the cumulative effect calculation, disclosure requirements and the collection of relevant data into the reporting process.

IFRS 16, Leases

In January 2016, the IASB issued the new accounting standard, IFRS 16 Leases. The fundamental changes in this new standard affect the lessees recognition of leases in the financial statements. Generally, all leases have to be recognized based on the right of use approach .

The new standard is effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted. The standard includes two recognition exemptions for lessees leases of low-value assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 also requires lessees to make more extensive disclosures than under IAS 17.

According to the initial assessment made by the Company, the primary effect of the new standard will be to require the Company to establish a liability and a right of use asset equal to the value of most of the Company s leases that are currently accounted for as operating leases.

Based on a preliminary analysis in process and subject to changes, the Company may need to record on the consolidated statement of financial position, liabilities and right of use assets of operating leases as disclosed in Note

16a under non-cancellable operating leases. However this preliminary analysis has not been finalized and is subject to change.

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In December 2016, the IASB issued IFRIC Interpretation 22 ***Foreign Currency Transactions and Advance Consideration*** which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The interpretation is effective January 1, 2018. Company does not expect a material impact to our consolidated financial statements upon adoption of the interpretation.

In May 2017, the IASB issued IFRS 17 ***Insurance Contracts*** **(IFRS 17), which replaces IFRS 4** ***Insurance Contracts*****.** IFRS 17 requires all insurance contracts to be accounted for in a consistent manner and insurance obligations to be accounted for using current values, instead of historical cost. The new standard requires current measurement of the future cash flows and the recognition of profit over the period that services are provided under the contract. IFRS 17 also requires entities to present insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses, and requires an entity to make an accounting policy choice of whether to recognize all insurance finance income or expenses in profit or loss or to recognize some of those income or expenses in other comprehensive income. The standard is effective for annual periods beginning on or after January 1, 2021 with earlier adoption permitted. Company is currently evaluating the impact of adoption on its consolidated financial statements.

In June 2017, the IASB issued IFRIC ***Interpretation 23 Uncertainty over Income Tax Treatment,*** **(the Interpretation),** which clarifies application of recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: (i) whether an entity considers uncertain tax treatments separately, (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities, (iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and (iv) how an entity considers changes in facts and circumstances. The Interpretation does not add any new disclosure requirements, however it highlights the existing requirements in IAS 1 *Presentation of Financial Statements*, related to disclosure of judgments, information about the assumptions made and other estimates and disclosures of tax-related contingencies within IAS 12 *Income Taxes*. The Interpretation is applicable for annual reporting periods beginning on or after January 1, 2019 and it provides a choice of two transition approaches: (i) retrospective application using IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*, only if the application is possible without the use of hindsight, or (ii) retrospective application with the cumulative effect of the initial application recognized as an adjustment to equity on the date of initial application and without restatement of the comparative information. The date of initial application is the beginning of the annual reporting period in which an entity first applies this Interpretation. Company is currently evaluating the implementation and the impact of adoption of the interpretation on our consolidated financial statements.

In October 2017, the IASB issued ***Prepayment Features with Negative Compensation (Amendments to IFRS 9)*****,** allowing companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss, effective January 1, 2019. Company is currently evaluating the impact of adoption on the consolidated financial statements.

In October 2017, the IASB issued ***Long-term interests in associates and joint ventures (Amendments to IAS 28)*****,** which clarifies that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9, effective January 1, 2019. Company is currently evaluating the impact of adoption on the consolidated financial statements.

In December 2017, the IASB issued the ***Annual Improvements to IFRS 2015-2017*****,** a series of amendments to IFRS in response to issues raised mainly on IFRS 3 *Business Combinations*, which clarifies that a company remeasure its previously held interest in a joint operation when it obtains control of the business, on IFRS 11 *Joint Arrangements*, a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business, on IAS 12 *Income Taxes*, which clarifies that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises, and on IAS 23 *Borrowing Costs*, which clarifies that a company treats as part of general borrowing any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. The effective date of the amendments is January 1, 2019. Company is currently evaluating the impact of adoption on the consolidated financial statements.

In February 2018, the IASB issued *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)* which specifies how companies determine pension expenses when changes to a defined benefit pension plan occur. IAS 19 *Employee Benefits* specifies how a company accounts for a defined benefit plan. When a change to a plan-an amendment, curtailment or settlement-takes place, IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. The amendments are effective on or after 1 January 2019. The Company is currently evaluating the impact of adoption on the consolidated financial statements.

24. Subsequent Events

a) On January 3, 2018, the Company decided to call and redeem the Telekom Austria undated subordinated Fixed Rate Bond (hybrid bond) amounting to 600 million of Euros, according to the terms and conditions of the bond, at its nominal value plus all interest on February 1, 2018, the first call date. See Note 19.

b) On March 5, 2018 América Móvil received the resolution issued by the Federal Telecommunications Institute (IFT) in which it provides the final terms of implementation under which its subsidiaries Telmex and Telnor must legally and functionally separate the provision of regulated wholesale fixed services, through the creation of (i) new wholly-owned subsidiaries with an independent corporate structure, bodies and governance and (ii) a wholesale unit within Telmex and Telnor. The resolution provides for a 2-year implementation period with specific events and dates regarding the separation to be achieved during such 2-year period. We have presented a series of appeals to the separation order issued by the IFT. However, given that under Mexican law IFT s determinations are not subject to a stay or suspension pending a final resolution to our legal challenges, the separation ordered by the IFT shall be complied with and therefore the separation shall be implemented as ordered under the resolution. The Company is in the process of evaluating the impact of the resolution and can not yet estimate its impact on its consolidated financial statements.

25. Supplemental Guarantor Information

Condensed Consolidating Financial Information

The following consolidating information presents condensed consolidating statements of financial position as of December 31, 2016 and 2017 and condensed consolidating statements of comprehensive income and cash flows for each of the three years in the period ended December 31, 2017 of the Company and Telcel (the wholly-owned Guarantor Subsidiary). The unconsolidated financial statements of América Móvil and Telcel reflect their investments in subsidiaries on the basis of the equity method. These unconsolidated entities are the Guarantors of most of América Móvil s consolidated obligations. The guarantees of the Guarantor are full and unconditional.

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The Company s consolidating condensed financial information for the (i) Company; (ii) its wholly-owned guarantor subsidiary Telcel (on standalone basis), which is a wholly and unconditional guarantor under the Senior Notes; (iii) the combined non-guarantor subsidiaries; iv) eliminations and v) the Company s consolidated financial statements are as follows:

Condensed consolidating statements of financial position

	As of December 31, 2016				
	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Assets:					
Cash and cash equivalents	Ps. 4,107,645	Ps. 1,948,159	Ps. 17,162,579	Ps.	Ps. 23,218,383
Marketable securities	11,716,039		43,141,118		54,857,157
Accounts receivable, net	41,086,859	23,541,672	142,056,406	(1,347)	206,683,590
Related parties	271,373,391	14,461,731	379,358,127	(664,452,757)	740,492
Inventories, net	323,642	10,246,083	26,575,972	(274,405)	36,871,292
Other current assets		951,739	18,586,354		19,538,093
Property, plant and equipment, Net	2,774,540	24,124,644	674,290,882		701,190,066
Investments in associated companies	704,272,725	134,150,348	59,589,480	(894,409,069)	3,603,484
Intangible assets and other non-current assets, net	11,734,707	25,653,093	430,951,917		468,339,717
Total assets	Ps. 1,047,389,548	Ps. 235,077,469	Ps. 1,791,712,835	Ps. (1,559,137,578)	Ps. 1,515,042,274
Liabilities:					
Short-term debt and current portion of long-term debt	Ps. 57,213,648	Ps.	Ps. 25,393,611	Ps.	Ps. 82,607,259
Current liabilities	222,336,894	178,205,640	643,759,333	(656,905,877)	387,395,990
Long-term debt	555,475,368		69,718,776		625,194,144
Other non-current liabilities	3,448,396	885,834	152,707,752	(8,220,868)	148,821,114
Total liabilities	Ps. 838,474,306	Ps. 179,091,474	Ps. 891,579,472	Ps. (665,126,745)	Ps. 1,244,018,507
Equity attributable to equity holders of the parent	208,915,242	55,985,995	714,469,820	(770,455,814)	208,915,243
Non-controlling interests			185,663,543	(123,555,019)	62,108,524
Total equity	208,915,242	55,985,995	900,133,363	(894,010,833)	271,023,767

Total liabilities and equity	Ps.	1,047,389,548	Ps.	235,077,469	Ps.	1,791,712,835	Ps.	(1,559,137,578)	Ps.	1,515,042,274

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	As of December 31, 2017				
	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Assets:					
Cash and cash equivalents	Ps. 7,018,559	Ps. 3,553,352	Ps. 13,698,562	Ps.	Ps. 24,270,473
Marketable securities	10,303,535		48,817,141		59,120,676
Accounts receivable, net	9,874,652	24,064,936	167,873,940		201,813,528
Related parties	208,240,067	957,704	503,895,549	(712,225,090)	868,230
Inventories, net	264,649	16,700,837	21,844,079		38,809,565
Other current assets	17,805,747	922,245	(1,375,246)		17,352,746
Property, plant and equipment, Net	1,996,721	24,287,904	650,058,573		676,343,198
Investments in associated companies	747,771,790	35,569,788	3,457,152	(783,063,558)	3,735,172
Intangible assets and other non-current assets, net	4,104,268	73,557,904	386,236,092		463,898,264
Total assets	Ps. 1,007,379,988	Ps. 179,614,670	Ps. 1,794,505,842	Ps. (1,495,288,648)	Ps. 1,486,211,852
Liabilities:					
Short-term debt and current portion of long-term debt	Ps. 34,345,398	Ps.	Ps. 17,400,443	Ps.	Ps. 51,745,841
Current liabilities	161,940,198	41,304,845	797,880,314	(639,534,701)	361,590,656
Long-term debt	547,728,176		98,410,882		646,139,058
Other non-current liabilities	69,201,904	132,728,838	40,909,234	(76,737,196)	166,102,780
Total liabilities	Ps. 813,215,676	Ps. 174,033,683	Ps. 954,600,873	Ps. (716,271,897)	Ps. 1,225,578,335
Equity attributable to equity holders	194,164,312	5,580,987	741,988,231	(747,569,218)	194,164,312

of the parent										
Non-controlling interests						**97,916,738**		**(31,447,533)**		**66,469,205**
Total equity		**194,164,312**		**5,580,987**		**839,904,969**		**(779,016,751)**		**260,633,517**
Total liabilities and equity	**Ps.**	**1,007,379,988**	**Ps.**	**179,614,670**	**Ps.**	**1,794,505,842**	**Ps.**	**(1,495,288,648)**	**Ps.**	**1,486,211,852**

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Condensed consolidating statements of comprehensive income

For the year ended December 31, 2015

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Total revenues	Ps. 173,615,615	Ps. 157,930,068	Ps. 743,147,639	Ps. (180,955,583)	Ps. 893,737,739
Total cost and operating expenses	126,724,721	142,902,403	663,102,125	(180,404,671)	752,324,578
Operating income	46,890,894	15,027,665	80,045,514	(550,912)	141,413,161
Interest (expense) income, net	(16,668,472)	(9,031,432)	(872,237)	227,781	(26,344,360)
Foreign currency exchange (loss) gain, net	(51,209,235)	(2,060,917)	(25,727,836)		(78,997,988)
Other financing cost, net	14,115,563		7,380,753		21,496,316
Income tax	1,150,992	1,747,302	16,281,357		19,179,651
Equity interest in net income of associated companies	43,077,014	(4,722,363)	(2,534,350)	(37,246,997)	(1,426,696)
Net profit (loss) for year	Ps. 35,054,772	Ps. (2,534,349)	Ps. 42,010,487	Ps. (37,570,128)	Ps. 36,960,782
Distribution of the net profit (loss) to:					
Equity owners of holding company	Ps. 35,054,772	Ps. (2,534,349)	Ps. 41,711,424	Ps. (39,177,075)	Ps. 35,054,772
Non-controlling interest			299,063	1,606,947	1,906,010
Net profit (loss)	Ps. 35,054,772	Ps. (2,534,349)	Ps. 42,010,487	Ps. (37,570,128)	Ps. 36,960,782
Other comprehensive income (loss) items:					

Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:										
Effect of translation of foreign entities	Ps.	(34,224,932)	Ps.	(4,664,901)	Ps.	(34,129,089)	Ps.	37,412,602	Ps.	(35,606,320)
Effect of fair value of derivatives, net of deferred taxes		37,011				22,482		(21,998)		37,495
Items not to be reclassified to profit or loss in subsequent years:										
Remeasurement of defined benefit plan, net of income tax effect		(17,791,354)				(10,750,136)		10,561,072		(17,980,418)
Available for sale		173,540				(169,529)				4,011
Total other comprehensive income items for the period		(51,805,735)		(4,664,901)		(45,026,272)		47,951,676		(53,545,232)
Total comprehensive income for the period	Ps.	(16,750,963)	Ps.	(7,199,250)	Ps.	(3,015,785)	Ps.	10,381,548	Ps.	(16,584,450)
Comprehensive income for the period attributable to:										
Equity holders of the parent	Ps.	(16,750,963)	Ps.	(7,199,250)	Ps.	(10,304,830)	Ps.	17,504,080	Ps.	(16,750,963)
Non-controlling interests						7,289,045		(7,122,532)		166,513
	Ps.	(16,750,963)	Ps.	(7,199,250)	Ps.	(3,015,785)	Ps.	10,381,548	Ps.	(16,584,450)

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Condensed consolidating statements of comprehensive income

For the year ended December 31, 2016

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Total revenues	Ps. 137,236,301	Ps. 173,714,225	Ps. 857,137,822	Ps. (192,675,860)	Ps. 975,412,488
Total cost and operating expenses	117,835,634	160,949,691	778,483,079	(191,466,226)	865,802,178
Operating income	19,400,667	12,764,534	78,654,743	(1,209,634)	109,610,310
Interest (expense) income, net	(12,331,095)	97,314	(17,207,855)	(227,781)	(29,669,417)
Foreign currency exchange (loss) gain, net	(46,625,392)	(5,853,669)	12,051,654		(40,427,407)
Other financing cost, net	(10,475,673)	(11,203,533)	5,453,365		(16,225,841)
Income tax	(7,712,179)	1,139,631	17,971,404		11,398,856
Equity interest in net income of associated companies	50,968,741	(1,342,073)	(6,677,059)	(42,759,659)	189,950
Net profit (loss) for year	Ps. 8,649,427	Ps. (6,677,058)	Ps. 54,303,444	Ps. (44,197,074)	Ps. 12,078,739
Distribution of the net profit (loss) to:					
Equity owners of holding company	8,649,427	(6,677,058)	50,049,280	(43,372,222)	8,649,427
Non-controlling interest			4,254,164	(824,852)	3,429,312
Net profit (loss)	Ps. 8,649,427	Ps. (6,677,058)	Ps. 54,303,444	Ps. (44,197,074)	Ps. 12,078,739
Other comprehensive income items:					
Net other comprehensive income (loss) to be reclassified to					

profit or loss in subsequent years:										
Effect of translation of foreign entities		104,178,880		755,978		108,291,984		(105,728,134)		107,498,708
Effect of fair value of derivatives, net of deferred taxes		48,496				30,206		(29,573)		49,129
Items not to be reclassified to profit or loss in subsequent years:										
Remeasurement of defined benefit plan, net of income tax effect		14,771,770		(12,300)		7,477,926		(7,463,997)		14,773,399
Available for sale		(6,673,731)				(6,673,731)		6,673,731		(6,673,731)
Total other comprehensive income items for the period	Ps.	112,325,415	Ps.	743,678	Ps.	109,126,385	Ps.	(106,547,973)	Ps.	115,647,505
Total comprehensive income for the period	Ps.	120,974,842	Ps.	(5,933,380)	Ps.	163,429,829	Ps.	(150,745,047)	Ps.	127,726,244
Comprehensive income for the period attributable to:										
Equity holders of the parent	Ps.	120,974,842	Ps.	(5,933,380)	Ps.	150,900,984	Ps.	(144,967,604)	Ps.	120,974,842
Non-controlling interests						12,528,845		(5,777,443)		6,751,402
	Ps.	120,974,842	Ps.	(5,933,380)	Ps.	163,429,829	Ps.	(150,745,047)	Ps.	127,726,244

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Condensed consolidating statements of comprehensive income

For the year ended December 31, 2017

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Total revenues	Ps. 160,057,511	Ps. 170,991,493	Ps. 887,951,615	Ps. (197,367,084)	Ps. 1,021,633,535
Total cost and operating expenses	123,548,341	163,152,868	832,429,198	(197,640,175)	921,490,232
Operating income	36,509,170	7,838,625	55,522,417	273,091	100,143,303
Interest (expense) income, net	(16,779,235)	(12,365,116)	1,810,523	(41,305)	(27,375,133)
Foreign currency exchange (loss) gain, net	(15,223,111)	1,320,667	83,493		(13,818,951)
Other financing cost, net	6,775,455		(8,719,215)		(1,943,760)
Income tax	14,201,399	1,386,519	9,353,593		24,941,511
Equity interest in net income of associated companies	32,245,041	(8,977,146)	(13,466,845)	(9,709,665)	91,385
Net profit (loss) for year	Ps. 29,325,921	Ps. (13,569,489)	Ps. 25,876,780	Ps. (9,477,879)	Ps. 32,155,333
Distribution of the net profit (loss) to:					
Equity owners of holding company	29,325,921	(13,569,489)	21,417,549	(7,848,060)	29,325,921
Non-controlling interest			4,459,231	(1,629,819)	2,829,412
Net profit (loss)	Ps. 29,325,921	Ps. (13,569,489)	Ps. 25,876,780	Ps. (9,477,879)	Ps. 32,155,333
Other comprehensive income items:					

Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:										
Effect of translation of foreign entities		**(21,683,333)**		**(1,897,936)**		**(18,309,877)**		**23,581,269**		**(18,309,877)**
Effect of fair value of derivatives, net of deferred taxes		**12,292**				**12,292**		**(12,292)**		**12,292**
Items not to be reclassified to profit or loss in subsequent years:										
Remeasurement of defined benefit plan, net of income tax effect		**(7,075,606)**		**(8,439)**		**(7,046,089)**		**7,084,045**		**(7,046,089)**
Available for sale		**622,424**				**622,424**		**(622,424)**		**622,424**
Total other comprehensive income items for the period	**Ps.**	**(28,124,223)**	**Ps.**	**(1,906,375)**	**Ps.**	**(24,721,250)**	**Ps.**	**30,030,598**	**Ps.**	**(24,721,250)**
Total comprehensive income for the period	**Ps.**	**1,201,698**	**Ps.**	**(15,475,864)**	**Ps.**	**1,155,530**	**Ps.**	**20,552,719**	**Ps.**	**7,434,083**
Comprehensive income for the period attributable to:										
Equity holders of the parent	**Ps.**	**1,201,698**	**Ps.**	**(15,475,864)**	**Ps.**	**(5,076,855)**	**Ps.**	**20,552,719**	**Ps.**	**1,201,698**
Non-controlling interests						**6,232,385**				**6,232,385**
	Ps.	**1,201,698**	**Ps.**	**(15,475,864)**	**Ps.**	**1,155,530**	**Ps.**	**20,552,719**	**Ps.**	**7,434,083**

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Condensed consolidating statements of cash flows

For the year ended December 31, 2015

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:					
Profit before taxes	Ps. 36,205,763	Ps. (787,047)	Ps. 58,291,845	Ps. (37,570,128)	Ps. 56,140,433
Non-cash items	(4,256,606)	20,449,298	141,713,565	37,246,997	195,153,254
Changes in working capital:	(72,746,155)	(1,580,787)	(13,562,885)	323,131	(87,566,696)
Net cash flows (used in) provided by operating activities	Ps. (40,796,998)	Ps. 18,081,464	Ps. 186,442,525	Ps.	Ps. 163,726,991
Investing activities:					
Purchase of property, plant and equipment	1,498	(6,894,071)	(121,147,340)		(128,039,913)
Acquisition of intangibles		(3,292,490)	(20,240,336)		(23,532,826)
Dividends received from associates	74,901,349			(73,255,637)	1,645,712
Proceeds from sale of plant, property and equipment			27,329		27,329
Acquisition of business, net of cash acquired			(3,457,153)		(3,457,153)
Partial sale of shares of associate company			633,270		633,270
Spin of company		(216,626)	21,216,626		21,000,000
Investment in associates companies	(2,213,277)	(1,404,489)	3,439,801		(177,965)

Net cash flows provided by (used in) investing activities	Ps.	72,689,570	Ps.	(11,807,676)	Ps.	(119,527,803)	Ps.	(73,255,637)	Ps.	(131,901,546)
Financing activities:										
Bank loans, net		50,879,779				5,083,236				55,963,015
Acquisition of no controlling interest		(34,970)				(996,079)				(1,031,049)
Interest paid		(23,379,273)		(6,200,848)		(3,250,311)				(32,830,432)
Repurchase of shares and others		(34,684,520)				241,436				(34,443,084)
Payment of dividends		(36,524,317)				(74,090,920)		73,255,637		(37,359,600)
Derivative financial instruments						(503,444)				(503,444)
Net cash flows (used in) financing activities	Ps.	(43,743,301)	Ps.	(6,200,848)	Ps.	(73,516,082)	Ps.	73,255,637	Ps.	(50,204,594)
Net (decrease) increase in cash and cash equivalents		(11,850,729)		72,940		(6,601,360)				(18,379,149)
Adjustment to cash flow for exchange rate differences						(2,934,522)				(2,934,522)
Cash and cash equivalents at beginning of the period		25,654,313		1,395,096		39,424,294				66,473,703
Cash and cash equivalents at end of the period	Ps.	13,803,584	Ps.	1,468,036	Ps.	29,888,412	Ps.		Ps.	45,160,032

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Condensed consolidating statements of cash flows

For the year ended December 31, 2016

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:					
Profit before taxes	Ps. 937,247	Ps. (5,537,427)	Ps. 28,077,775	Ps.	Ps. 23,477,595
Non-cash items	(997,587)	19,800,396	209,821,118		228,623,927
Changes in working capital:	74,520,320	9,130,768	(93,359,195)	(6,595,361)	(16,303,468)
Net cash flows provided by operating activities	Ps. 74,459,980	Ps. 23,393,737	Ps. 144,539,698	Ps. (6,595,361)	Ps. 235,798,054
Investing activities:					
Purchase of property, plant and equipment		(7,860,232)	(130,846,925)		(138,707,157)
Acquisition of intangibles		(4,947,506)	(11,369,232)		(16,316,738)
Dividends received from associates	21,950		5,988,938	(270,796)	5,740,092
Proceeds from sale of plant, property and equipment	20,078		95,522		115,600
Acquisition of business, net of cash acquired		(2,796,254)	(1,823,813)	2,796,254	(1,823,813)
Partial sale of shares of associate company	756,444		2,796,254	(3,552,698)	
Investment in associates companies		663,203	(666,690)		(3,487)
	Ps. 798,472	Ps. (14,940,789)	Ps. (135,825,946)	Ps. (1,027,240)	Ps. (150,995,503)

Net cash flows provided by (used in) investing activities					
Financing activities:					
Bank loans, net	(39,598,698)		(21,792,115)		(61,390,813)
Acquisition of no controlling interest			(2,280,278)		(2,280,278)
Interest paid	(24,826,139)	(7,972,827)	(5,922,267)	6,595,361	(32,125,872)
Paid-In capital			(756,444)	756,444	
Sale of shares of subsidiaries			6,323,336		6,323,336
Repurchase of shares and others	(7,092,385)		71,138		(7,021,247)
Payment of dividends	(13,437,168)		(643,585)	270,796	(13,809,957)
Derivative financial instruments			(351,213)		(351,213)
Net cash flows (used in) financing activities	Ps. (84,954,390)	Ps. (7,972,827)	Ps. (25,351,428)	Ps. 7,622,601	Ps. (110,656,044)
Net (decrease) increase in cash and cash equivalents	(9,695,938)	480,121	(16,637,676)		(25,853,493)
Adjustment to cash flow for exchange rate differences			3,911,844		3,911,844
Cash and cash equivalents at beginning of the period	13,803,584	1,468,036	29,888,412		45,160,032
Cash and cash equivalents at end of the period	Ps. 4,107,645	Ps. 1,948,159	Ps. 17,162,579	Ps.	Ps. 23,218,383

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Condensed consolidating statements of cash flows

For the year ended December 31, 2017

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:					
Profit before taxes	Ps. 43,527,320	Ps. (12,182,970)	Ps. 35,230,373	Ps. (9,477,879)	Ps. 57,096,844
Non-cash items	(17,017,287)	30,000,109	171,062,158	11,635,563	195,680,543
Changes in working capital:	(18,973,478)	(9,486)	(66,062,629)	50,040,581	(35,005,012)
Net cash flows provided by operating activities	Ps. 7,536,555	Ps. 17,807,653	Ps. 140,229,902	Ps. 52,198,265	Ps. 217,772,375
Investing activities:					
Purchase of property, plant and equipment	16,526	(5,571,410)	(113,630,253)		(119,185,137)
Acquisition of intangibles		(3,053,345)	(14,485,196)		(17,538,541)
Dividends received from associates	21,465,687	970,000	2,385,559	(22,435,687)	2,385,559
Proceeds from sale of plant, property and equipment			133,349		133,349
Acquisition of business, net of cash acquired		(3,381,505)	(3,497,288)		(6,878,793)
Investment in associates companies		1,925,898		(1,925,898)	
Sale of associated company			340,040		340,040
Net cash flows provided by	Ps. 21,482,213	Ps. (9,110,362)	Ps. (128,753,789)	Ps. (24,361,585)	Ps. (140,743,523)

(used in) investing activities					
Financing activities:					
Bank loans, net	**13,548,138**		**16,382,838**	**(57,364,465)**	**(27,433,489)**
Acquisition of no controlling interest			**(11,930)**		**(11,930)**
Interest paid	**(24,009,216)**	**(7,092,098)**	**(7,187,225)**	**7,092,098**	**(31,196,441)**
Repurchase of shares and others	**(1,240,028)**		**6,657**		**(1,233,371)**
Payment of dividends	**(14,406,748)**		**(24,120,329)**	**22,435,687**	**(16,091,390)**
Derivative financial instruments			**(71,474)**		**(71,474)**
Net cash flows used in financing activities	**Ps. (26,107,854)**	**Ps. (7,092,098)**	**Ps. (15,001,463)**	**Ps. (27,836,680)**	**Ps. (76,038,095)**
Net (decrease) increase in cash and cash equivalents	**2,910,914**	**1,605,193**	**(3,525,350)**		**990,757**
Adjustment to cash flow for exchange rate differences			**61,333**		**61,333**
Cash and cash equivalents at beginning of the period	**4,107,645**	**1,948,159**	**17,162,579**		**23,218,383**
Cash and cash equivalents at end of the period	**Ps. 7,018,559**	**Ps. 3,553,352**	**Ps. 13,698,562**	**Ps.**	**Ps. 24,270,473**

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