

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Form 10-K/A
(Amendment No. 1)**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014,
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 001-32601

LIVE NATION ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

20-3247759
(I.R.S. Employer Identification No.)

**9348 Civic Center Drive
Beverly Hills, CA 90210**
(Address of principal executive offices, including zip code)
(310) 867-7000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on which Registered</u>
Common Stock, \$.01 Par Value per Share; Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

On June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the Common Stock beneficially held by non-affiliates of the registrant was approximately \$3,565,000,000. (For purposes hereof, directors, executive officers and 10% or greater stockholders have been deemed affiliates).

On February 20, 2015, there were 201,500,637 outstanding shares of the registrant's common stock, \$0.01 par value per share, including 1,385,134 shares of unvested restricted stock awards and excluding 408,024 shares held in treasury.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of our Definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, filed on April 27, 2015, were incorporated by reference into Part III of our Annual Report on Form 10-K for the year ended December 31, 2014, filed on February 26, 2015.

Explanatory Note

On February 26, 2015, Live Nation Entertainment, Inc. ("Live Nation" or the "Company") filed with the Securities and Exchange Commission its Annual Report on Form 10-K for the year ended December 31, 2014.

This Amendment No. 1 to Form 10-K ("Amendment No. 1") of Live Nation is being filed solely to amend Item 15(c) to include the separate financial statements of Venta de Boletos por Computadora, S.A. de C.V. ("VBC") as required under Rule 3-09 of Regulation S-X. The financial statements of VBC for its fiscal year ended December 31, 2014 were not available at the time the Company filed its Annual Report on Form 10-K. The required financial statements are now provided as Exhibits 99.1 and 99.2 to this Amendment No. 1.

Item 15(c) is the only portion of the Company's Annual Report on Form 10-K being supplemented or amended by this Form 10-K/A. This Amendment No. 1 does not change any other information set forth in the original filing of the Company's Annual Report on Form 10-K for the year ended December 31, 2014. This Amendment No. 1 consists solely of the preceding cover page, this explanatory note, the information required by Item 15(c) of Form 10-K as provided in Exhibits 99.1 and 99.2, a signature page, the accountants' consent for VBC and certifications required to be filed as exhibits hereto.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)1. Financial Statements.

The following consolidated financial statements are included in Item 8 of the Company's Annual Report on Form 10-K filed on February 26, 2015:

Consolidated Balance Sheets as of December 31, 2014 and 2013

Consolidated Statements of Operations for the Years Ended December 31, 2014, 2013 and 2012

Consolidated Statements of Comprehensive Loss for the Years Ended December 31, 2014, 2013 and 2012

Consolidated Statements of Changes in Equity for the Years Ended December 31, 2014, 2013 and 2012

Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013 and 2012

Notes to Consolidated Financial Statements

(a)2. Financial Statement Schedule.

The following financial statement schedule for the years ended December 31, 2014, 2013 and 2012 is filed as part of Item 15 of the Company's Annual Report on Form 10-K filed on February 26, 2015 and should be read in conjunction with the consolidated financial statements.

Schedule II Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(a)3. Exhibits.

The information in the Exhibit Index of this Amendment No. 1 is incorporated into this Item 15(a)3 by reference.

(c) Separate financial statements of subsidiaries not consolidated and fifty percent or less owned persons.

The financial statements included in Exhibit 99.1 for the years ended December 31, 2014 and 2013 and the financial statements included in Exhibit 99.2 for the years ended December 31, 2013 and 2012 are filed as part of Item 15 of the Company's Annual Report filed on February 26, 2015 and should be read in conjunction with the Company's consolidated financial statements.

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference					Filed HereWith
		Form	File No.	Exhibit No.	Filing Date	Filed By	
3.1	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Live Nation Entertainment, Inc.	8-K	001-32601	3.1	6/7/2013	Live Nation	
3.2	Fifth Amended and Restated Bylaws of Live Nation Entertainment, Inc.	8-K	001-32601	3.2	6/7/2013	Live Nation	
4.1	Rights Agreement, dated December 21, 2005, between CCE Spinco, Inc. and The Bank of New York, as Rights Agent.	8-K	001-32601	4.1	12/23/2005	Live Nation	
4.2	First Amendment to Rights Agreement, dated February 25, 2009, between Live Nation, Inc. and The Bank of New York Mellon, as Rights Agent.	8-K	001-32601	4.1	3/3/2009	Live Nation	
4.3	Second Amendment to Rights Agreement, effective as of September 23, 2011, entered into by and between Live Nation Entertainment, Inc. and The Bank of New York Mellon, as Rights Agent.	8-K	001-32601	4.1	9/28/2011	Live Nation	
4.4	Third Amendment to Rights Agreement, effective as of January 11, 2013, entered into by and between Live Nation Entertainment, Inc. and Computershare Shareowner Services, LLC, as Rights Agent.	8-K	001-32601	4.1	1/17/2013	Live Nation	
4.5	Form of Certificate of Designations of Series A Junior Participating Preferred Stock.	8-K	001-32601	4.2	12/23/2005	Live Nation	
4.6	Form of Right Certificate.	8-K	001-32601	4.3	12/23/2005	Live Nation	
10.1	Lockup and Registration Rights Agreement, dated May 26, 2006, among Live Nation, Inc., SAMCO Investments Ltd., Concert Productions International Inc., CPI Entertainment Rights, Inc. and the other parties set forth therein.	8-K	001-32601	4.1	6/2/2006	Live Nation	
10.2	Stockholder Agreement, dated February 10, 2009, among Live Nation, Inc., Liberty Media Corporation, Liberty USA Holdings, LLC and Ticketmaster Entertainment, Inc.	8-K	001-32601	10.2	2/13/2009	Live Nation	
10.3	Note, dated January 24, 2010, among Ticketmaster Entertainment, Inc., Azoff Family Trust of 1997 and Irving Azoff.	10-K	001-32601	10.17	2/25/2010	Live Nation	
10.4	Registration Rights Agreement, dated January 25, 2010, among Live Nation, Inc., Liberty Media Corporation and Liberty Media Holdings USA, LLC.	8-K	001-32601	10.1	1/29/2010	Live Nation	

Incorporated by Reference

Exhibit No.	Exhibit Description	Form	File No.	Exhibit No.	Filing Date	Filed By	Filed HereWith
10.5	Tax Matters Agreement, dated December 21, 2005, among CCE Spinco, Inc., CCE Holdco #2, Inc. and Clear Channel Communications, Inc.	8-K	001-32601	10.2	12/23/2005	Live Nation	
10.6	Tax Sharing Agreement, dated August 20, 2008, among IAC/InterActiveCorp, HSN, Inc., Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc.	8-K	001-34064	10.2	8/25/2008	Ticketmaster	
10.7	Form of Indemnification Agreement.	10-K	001-32601	10.23	2/25/2010	Live Nation	
10.8 §	Live Nation Entertainment, Inc. 2005 Stock Incentive Plan, as amended and restated as of April 15, 2011.	8-K	001-32601	10.3	6/20/2011	Live Nation	
10.9 §	Amended and Restated Ticketmaster Entertainment, Inc. 2008 Stock and Annual Incentive Plan.	S-8	333-164507	10.1	1/26/2010	Live Nation	
10.10 §	Amendment No. 1 to the Amended and Restated Ticketmaster Entertainment, Inc. 2008 Stock and Annual Incentive Plan.	10-Q	001-32601	10.1	11/4/2010	Live Nation	
10.11 §	Live Nation Entertainment, Inc. 2006 Annual Incentive Plan, as amended and restated as of April 15, 2011.	8-K	001-32601	10.2	6/20/2011	Live Nation	
10.12 §	Amended and Restated Live Nation, Inc. Stock Bonus Plan.	8-K	001-32601	10.1	1/25/2010	Live Nation	
10.13 §	Employment Agreement, dated October 21, 2009, among Live Nation, Inc., Live Nation Worldwide, Inc. and Michael Rapino.	8-K	001-32601	10.1	10/22/2009	Live Nation	
10.14 §	First Amendment to Employment Agreement, dated December 27, 2012 by and between Live Nation Entertainment, Inc. and Michael Rapino.	10-K	001-32601	10.29	2/26/2013	Live Nation	
10.15 §	Employment Agreement, effective January 1, 2014, between Live Nation Entertainment, Inc. and Michael Rowles.	10-K	001-32601	10.17	2/24/2014	Live Nation	
10.16 §	Employment Agreement, effective January 1, 2014, between Live Nation Entertainment, Inc. and Kathy Willard.	10-K	001-32601	10.19	2/24/2014	Live Nation	
10.17 §	Employment Agreement, effective December 17, 2007, between Live Nation Worldwide, Inc. and Brian Capo.	10-Q	001-32601	10.4	8/7/2008	Live Nation	
10.18 §	First Amendment to Employment Agreement, effective December 31, 2008, between Live Nation Worldwide, Inc. and Brian Capo.	10-K	001-32601	10.30	3/5/2009	Live Nation	
10.19 §	Employment Agreement, effective January 1, 2014, between Live Nation Entertainment, Inc. and Joe Berchtold.	10-K	001-32601	10.24	2/24/2014	Live Nation	

Incorporated by Reference

Exhibit No.	Exhibit Description	Form	File No.	Exhibit No.	Filing Date	Filed By	Filed HereWith
10.20	Credit Agreement entered into as of May 6, 2010, among Live Nation Entertainment, Inc., the Foreign Borrowers party thereto, the Guarantors identified therein, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Agent and J.P. Morgan Europe Limited, as London Agent.	10-Q	001-32601	10.4	8/5/2010	Live Nation	
10.21	Amendment No. 1, to the Credit Agreement, dated as of June 29, 2012, entered into by and among Live Nation Entertainment, Inc., the relevant Credit Parties identified therein, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders.	10-Q	001-32601	10.2	8/7/2012	Live Nation	
10.22	Amendment No. 2 to the Credit Agreement, dated as of August 16, 2013, entered into by and among Live Nation Entertainment, Inc., the Guarantors identified therein, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent for the Lenders, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian agent and J.P. Morgan Europe Limited, as London agent.	10-Q	001-32601	10.2	5/6/2014	Live Nation	
10.23	Incremental Term Loan Joinder Agreement No. 1, dated August 20, 2012, by and among Live Nation Entertainment, Inc., JPMorganChase Bank, N.A., as administrative agent, each Incremental Term Loan Lender defined therein and the relevant Credit Parties identified therein.	10-Q	001-32601	10.2	11/5/2012	Live Nation	
10.24	Indenture, dated August 20, 2012, by and among Live Nation Entertainment, Inc., the Guarantors defined therein, and the Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.1	11/5/2012	Live Nation	
10.25	First Supplemental Indenture, entered into as of October 4, 2012, among Live Nation Entertainment, Inc., the Guarantors listed in Appendix I attached thereto, Live Nation Ushtours (USA), LLC, and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.3	11/5/2012	Live Nation	
10.26	Second Supplemental Indenture, entered into as of August 13, 2013, among Live Nation Entertainment, Inc., the Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	8-K	001-32601	10.1	8/16/2013	Live Nation	

Incorporated by Reference

Exhibit No.	Exhibit Description	Form	File No.	Exhibit No.	Filing Date	Filed By	Filed HereWith
10.27	Third Supplemental Indenture, dated as of February 6, 2014 among Live Nation Entertainment, Inc., BigChampagne, LLC, the Existing Guarantors Party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.1	5/6/2014	Live Nation	
10.28	Fourth Supplemental Indenture, dated as of May 27, 2014, among Live Nation Entertainment, Inc., Reigndeer Entertainment Corp., the Existing Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.3	7/31/2014	Live Nation	
10.29	Fifth Supplemental Indenture, dated as of August 27, 2014, among Live Nation Entertainment, Inc., Ticketstoday, LLC, the Existing Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.2	10/30/2014	Live Nation	
10.30	Sixth Supplemental Indenture, dated as of October 31, 2014, among Live Nation Entertainment, Inc., EXMO Inc., Artist Nation Management, Inc., Guyo Entertainment, Inc., the Existing Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-K	001-32601	10.30	2/26/2015	Live Nation	
10.31	Indenture, dated as of May 23, 2014, among Live Nation Entertainment, Inc., the Guarantors and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.1	7/31/2014	Live Nation	
10.32	First Supplemental Indenture, dated as of August 27, 2014, among Live Nation Entertainment, Inc., Ticketstoday, LLC, the Existing Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-Q	001-32601	10.1	10/30/2014	Live Nation	
10.33	Second Supplemental Indenture, dated as of October 31, 2014, among Live Nation Entertainment, Inc., EXMO, Inc., Artist Nation Management, Inc., Guyo Entertainment, Inc., the Existing Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-K	001-32601	10.33	2/26/2015	Live Nation	
10.34	Indenture, dated as of May 23, 2014, between Live Nation Entertainment, Inc., and HSBC Bank USA, National Association, as trustee.	10-Q	001-32601	10.2	7/31/2014	Live Nation	
12.1	Computation of Ratio of Earnings to Fixed Charges.	10-K	001-32601	12.1	2/26/2015	Live Nation	
14.1	Code of Business Conduct and Ethics.	10-K	001-32601	14.1	2/26/2015	Live Nation	
21.1	Subsidiaries of the Company.	10-K	001-32601	21.1	2/26/2015	Live Nation	
23.1	Consent of Ernst & Young LLP.	10-K	001-32601	23.1	2/26/2015	Live Nation	

Exhibit No.	Exhibit Description	Incorporated by Reference					Filed HereWith
		Form	File No.	Exhibit No.	Filing Date	Filed By	
23.2	Consent of PricewaterhouseCoopers S.C.	10-K/A	001-32601	23.2	6/30/2014	Live Nation	
24.1	Power of Attorney (see signature page 111 of 10-K).	10-K	001-32601	24.1	2/26/2015	Live Nation	
31.1	Certification of Chief Executive Officer.						X
31.2	Certification of Chief Financial Officer.						X
32.1	Section 1350 Certification of Chief Executive Officer.						X
32.2	Section 1350 Certification of Chief Financial Officer.						X
99.1	Financial statements of Venta de Boletos por Computadora, S.A. de C.V. as of and for the years ended December 31, 2014 and 2013.						X
99.2	Financial statements of Venta de Boletos por Computadora, S.A. de C.V. as of and for the years ended December 31, 2013 and 2012.						X
101.INS	XBRL Instance Document	10-K	001-32601	101.INS	2/26/2015	Live Nation	
101.SCH	XBRL Taxonomy Schema Document	10-K	001-32601	101.SCH	2/26/2015	Live Nation	
101.CAL	XBRL Taxonomy Calculation Linkbase Document	10-K	001-32601	101.CAL	2/26/2015	Live Nation	
101.DEF	XBRL Taxonomy Definition Linkbase Document	10-K	001-32601	101.DEF	2/26/2015	Live Nation	
101.LAB	XBRL Taxonomy Label Linkbase Document	10-K	001-32601	101.LAB	2/26/2015	Live Nation	
101.PRE	XBRL Taxonomy Presentation Linkbase Document	10-K	001-32601	101.PRE	2/26/2015	Live Nation	

§ Management contract or compensatory plan or arrangement.

The Company has not filed long-term debt instruments of its subsidiaries where the total amount under such instruments is less than ten percent of the total assets of the Company and its subsidiaries on a consolidated basis. However, the Company will furnish a copy of such instruments to the Commission upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on June 30, 2015.

LIVE NATION ENTERTAINMENT, INC.

By: _____ /s/ Michael Rapino

Michael Rapino
President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

CERTIFICATION

I, Kathy Willard, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of Live Nation Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

Date: June 30, 2015

By: /s/ Kathy Willard
Kathy Willard
Chief Financial Officer

SECTION 1350 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

In connection with this Annual Report of Live Nation Entertainment, Inc. (the “Company”) on Form 10-K/A (Amendment No. 1) for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Rapino, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 30, 2015

By: /s/ Michael Rapino
Michael Rapino
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

SECTION 1350 CERTIFICATION OF CHIEF FINANCIAL OFFICER

In connection with this Annual Report of Live Nation Entertainment, Inc. (the "Company") on Form 10-K/A (Amendment No. 1) for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kathy Willard, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 30, 2015

By: /s/ Kathy Willard
Kathy Willard
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

(a subsidiary of Ocesa Entretenimiento, S. A. de C. V., in turn a subsidiary of Corporación Interamericana de Entretenimiento, S. A. B. de C. V.)

Consolidated Financial Statements

December 31, 2014 and 2013

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

(a subsidiary of Ocesa Entretenimiento, S. A. de C. V., in turn a subsidiary of Corporación Interamericana de Entretenimiento, S. A. B. de C. V.)

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December 31, 2014 and 2013

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Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

(a subsidiary of Ocesa Entretenimiento, S. A. de C. V., in turn a subsidiary of Corporación Interamericana de Entretenimiento, S. A. B. de C. V.)

Consolidated Statements of Financial Position

December 31, 2014 and 2013

Amounts expressed in Mexican pesos

	<u>December 31,</u>	
	2014	2013
	<u>Unaudited</u>	
<u>Assets</u>		
CURRENT ASSETS:		
Cash and cash equivalents (Note 6)	Ps 279,971,575	Ps 269,272,118
Accounts receivable (Note 7)	67,980,595	59,675,774
Related parties (Note 9)	241,905,187	161,813,782
Costs of future events	8,119,730	10,768,527
Total current assets	<u>597,977,087</u>	<u>501,530,201</u>
FURNITURE AND EQUIPMENT - Net (Note 10)	39,677,188	35,396,023
UNAMORTIZED EXPENSES AND OTHER ASSETS - Net (Note 11)	43,750,692	50,120,521
DEFERRED INCOME TAX (Note 16)	—	17,246
Total assets	<u>Ps 681,404,967</u>	<u>Ps 587,063,991</u>
<u>Liabilities and Stockholders' Equity</u>		
CURRENT LIABILITIES:		
Suppliers	Ps 15,299,202	Ps 36,851,498
Accounts payable	324,168,236	213,972,536
Related parties (Note 9)	1,632,643	15,373,107
Value added tax payable	7,660,274	5,573,071
Revenue from future events	4,653,716	2,999,863
Total current liabilities	<u>353,414,071</u>	<u>274,770,075</u>
DEFERRED INCOME TAX (Note 16)	3,349,113	—
Total liabilities	<u>356,763,184</u>	<u>274,770,075</u>
STOCKHOLDERS' EQUITY (Note 13):		
Capital stock	21,854,275	21,854,275
Share premium	2,628,300	2,628,300
Retained earnings	294,410,774	283,940,824
Controlling interest	318,893,349	308,423,399
Non-controlling interest	5,748,434	3,870,517
Total stockholders' equity	<u>324,641,783</u>	<u>312,293,916</u>
COMMITMENTS AND CONTINGENCIES (Notes 17 and 18)		
Total liabilities and stockholders' equity	<u>Ps 681,404,967</u>	<u>Ps 587,063,991</u>

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

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

(a subsidiary of Ocesa Entretenimiento, S. A. de C. V., in turn a subsidiary of Corporación Interamericana de Entretenimiento, S. A. B. de C. V.)

Consolidated Statements of Comprehensive Income

(Note 9)

For the years ended on December 31, 2014 and 2013

Amounts expressed in Mexican pesos

	Year ended	
	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>Unaudited</u>	
Service revenue (Note 14)	Ps 592,427,661	Ps 674,977,500
Cost of services (Note 15)	<u>(183,286,331)</u>	<u>(200,496,744)</u>
Gross profit	409,141,330	474,480,756
Operating expenses (Note 15)	<u>(147,040,661)</u>	<u>(123,254,359)</u>
Operating income	<u>262,100,669</u>	<u>351,226,397</u>
Comprehensive financing result:		
Interest income - Net	16,921,633	28,322,731
Exchange gain - Net	<u>17,692</u>	<u>281,878</u>
Comprehensive financing income - Net	<u>16,939,325</u>	<u>28,604,609</u>
Income before income taxes	<u>279,039,994</u>	<u>379,831,006</u>
Provisions for income taxes (Note 16):		
Income tax payable	(78,248,691)	(113,162,504)
Deferred income tax	<u>(3,366,359)</u>	<u>702,059</u>
	<u>(81,615,050)</u>	<u>(112,460,445)</u>
Net income for the year	<u>197,424,944</u>	<u>267,370,561</u>
Other Comprehensive income	<u>—</u>	<u>—</u>
Comprehensive income	<u>Ps 197,424,944</u>	<u>Ps 267,370,561</u>
Distribution of consolidated net income for the year:		
Controlling interest	Ps 195,547,027	Ps 266,600,003
Non-controlling interest	<u>1,877,917</u>	<u>770,558</u>
	<u>Ps 197,424,944</u>	<u>Ps 267,370,561</u>

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

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

(a subsidiary of Ocesa Entretenimiento, S. A. de C. V., in turn a subsidiary of Corporación Interamericana de Entretenimiento, S. A. B. de C. V.)

Consolidated Statement of Changes in Stockholders' Equity

For the years ended December 31, 2014 and 2013

	<i>Amounts expressed in Mexican pesos</i>						
	<u>Capital stock</u>	<u>Share premium</u>	<u>Retained earnings</u>			<u>Non-controlling interest</u>	<u>Total</u>
			<u>Holding</u>	<u>Subsidiary</u>	<u>Total</u>		
Balances at December 31, 2012 (Unaudited)	Ps 21,854,275	Ps 2,628,300	Ps 260,852,273	Ps 103,488,548	Ps 364,340,821	Ps 3,099,959	Ps 391,923,355
Dividends received	—	—	55,499,996	(55,499,996)	—	—	—
Dividends paid	—	—	(347,000,000)	—	(347,000,000)	—	(347,000,000)
Change in non-controlling interest	—	—	—	—	—	770,558	770,558
Comprehensive income for the year (Note 3p)	—	—	195,726,404	70,873,599	266,600,003	—	266,600,003
Balances at December 31, 2013	21,854,275	2,628,300	165,078,673	118,862,151	283,940,824	3,870,517	312,293,916
Dividends received	—	—	63,061,895	(63,061,895)	—	—	—
Dividends paid	—	—	(185,077,077)	—	(185,077,077)	—	(185,077,077)
Change in non-controlling interest	—	—	—	—	—	1,877,917	1,877,917
Comprehensive income for the year (Note 3p)	—	—	144,983,500	50,563,527	195,547,027	—	195,547,027
Balances at December 31, 2014 (Unaudited)	Ps 21,854,275	Ps 2,628,300	Ps 188,046,991	Ps 106,363,783	Ps 294,410,774	Ps 5,748,434	Ps 324,641,783

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

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

(a subsidiary of Ocesa Entretenimiento, S. A. de C. V., in turn a subsidiary of Corporación Interamericana de Entretenimiento, S. A. B. de C. V.)

Consolidated Statements of Cash Flow

December 31, 2014 and 2013

Amounts expressed in Mexican pesos

	Year ended December 31,	
Operating activities	<u>2014</u> <u>Unaudited</u>	<u>2013</u>
Income before income tax	Ps 279,039,994	Ps 379,831,006
Depreciation and amortization	25,891,930	25,762,961
Interests receivable	<u>(16,921,633)</u>	<u>(28,322,731)</u>
	288,010,291	377,271,236
Increase in receivables and other	(5,685,615)	(55,290,144)
(Increase) decrease in related parties	(92,900,475)	170,146,715
Increase (decrease) in suppliers and other accounts payables	91,072,930	(109,092,780)
Increase in revenue from future events	1,653,853	—
Income taxes paid	<u>(79,290,423)</u>	<u>(85,580,347)</u>
Net cash flows from operating activities	<u>202,860,561</u>	<u>297,454,680</u>
Investing activities		
Investment in furniture and equipment	(20,439,182)	(14,202,412)
Interest collected	16,921,633	28,322,731
Investment in other assets	<u>(3,566,478)</u>	<u>(9,978,499)</u>
Net cash flows from investing activities	<u>(7,084,027)</u>	<u>4,141,820</u>
Financing activities		
Non-controlling interest	—	770,558
Dividends paid	<u>(185,077,077)</u>	<u>(347,000,000)</u>
Net cash flows from financing activities	<u>(185,077,077)</u>	<u>(346,229,442)</u>
Net increase (decrease) in cash and cash equivalents	10,699,457	(44,632,942)
Cash and cash equivalents at beginning of year	<u>269,272,118</u>	<u>313,905,060</u>
Cash and cash equivalents at end of year	<u>Ps 279,971,575</u>	<u>Ps 269,272,118</u>

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

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

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Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

Amounts expressed in Mexican pesos

Note 1 - Company operations:

Venta de Boletos por Computadora, S.A. de C.V. (VBC or the Company), a subsidiary of OCESA Entretenimiento, S. A. de C. V., in turn a subsidiary of Corporación Interamericana de Entretenimiento, S. A. B. de C. V., was incorporated under Mexican Laws for a period of 99 years and is mainly engaged in the following:

- a. Ticket sales through automated sales systems for all types of shows and telemarketing services (incoming and outgoing phone calls).
- b. Marketing of databases generated as a result of their activities. VBC is also holder of shares.

The company and its subsidiaries have no employees, which means that all administrative and operating services are rendered by affiliated companies.

The accompanying consolidated financial statements include VBC and its subsidiaries Servicios Especializados para la Venta Automatizada de Boletos, S. A. de C. V. (SEVAB), which the Company holds by 100% and ETK Boletos, S. A. de C. V., which the Company holds by 72.5%. (See Note 8).

Note 2 - Preparation basis:

Mexican Financial Reporting Standards (MFRS)

The accompanying consolidated financial statements at December 31, 2014 and 2013 meet the provisions of the MFRS to show a fair presentation of the Company's financial position. The MFRS establish that the International Financial Reporting Standard (IFRS), International Accounting Standards (IAC), International Financial Reporting Interpretations (IFRIC) and the Interpretation Committee (SIC) are a suppletory part of the MFRS when the absence of an MFRS requires it. Accordingly, in recognizing, valuing and disclosing its own specific transactions, the Company applies the suppletory IAS-18 "Revenue".

MFRS effective from January 1, 2014

As of January 1, 2014, the Company retrospectively adopted the following MFRS and their Interpretations, issued by Mexican Financial Reporting Standards Board (CINIF for its acronym in Spanish), which became effective as of the aforementioned date. No relevant effects were considered to arise from such MCRS and Interpretations over the financial information presented by Company.

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

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Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

2014

- MFRS B-12 “Offsetting financial assets and financial liabilities”. Establishes standards concerning the offsetting rights to be considered in order to present a financial asset and a financial liability at their offsetting amount in the statement of the financial position, and the characteristics that must be met to offset an amount, based on the principle that a financial asset and a financial liability should always be recorded in their offsetting amount, provided that the future cash flow from collection or settlement is net.
- MFRS C-11 “Stockholders’ equity”. Establishes the valuation, presentation and disclosure standards for items comprising stockholders' equity in the statement of the financial position of profit entities. The main changes in relation to the previous standard are: it requires setting the price per share to be issued for advances for future equity increases and it establishes that shares cannot be repaid before they are capitalized to qualify as equity, and it includes rules for financial instruments to be identified as equity at initial recognition.
- MFRS C-12 “Financial instruments with features of liability and equity”. Establishes the standards for initial recognition of financial instruments with features of liability and equity in the financial statements of profit entities. The concept of subordination is incorporated.
- MFRS C-14 “Transfer and derecognition of financial assets”. Establishes the principle of transfer of risks and rewards of ownership of a financial asset as an underlying condition to derecognition. When entities deduct accounts or notes receivable with resources, they must not show the discount amount as a credit to accounts and notes receivable, but rather as a liability.

MFRS Revisions

- MFRS C-5 “Prepayments”. Establishes the accounting treatment of prepayments for the purchase of items for which payment is expressed in foreign currency. It also specifies that impairment losses in the value of prepayments (and reversals thereof) must be shown as part of the net profit or loss for the period in the line item that the Company deems appropriate according to its professional judgment, rather than in the statement of income for the period under other income and expenses.
- Statement C-15 “Impairment in the value of long-lived assets and their disposal”. Establishes that an impairment loss, and its reversal, in the value of intangible assets with indefinite lives (including goodwill) should be presented in the statement of income for the period under depreciation costs and amortization of assets of the cash-generating unit to which such intangible assets are associated. Impairment losses must not be presented as part of the costs that have been capitalized in the value of an asset.
- The requirement to present certain operations under other income and expenses is removed from MFRS B-3 “Statement of comprehensive income”, MFRS B-16 “Financial statements of non-profit entities”, MFRS C-6 “Property, Plant and Equipment”, Statement C-9 “Liabilities, provisions, contingent assets and liabilities and commitments”, and MFRS D-3 “Employee benefits”, and instead the use of that item is left to the discretion of the Company.

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

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Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

Interpretation of MFRS

IMFRS -20 “Accounting effects of the 2014 Tax Reform”. Interpretation 20 was issued to address the manner in which the effects of the 2014 Tax Reform must be recognized in the financial statements of entities.

Financial statement authorization

The accompanying consolidated financial statements and their notes were authorized for issue on March 6, 2015 by George González and Beata Baczyk Wolinska, who are legally empowered to approve financial statements the notes thereto.

Note 3 - Summary of significant accounting policies:

The most significant accounting policies are summarized as follows, which have been consistently applied in the reporting years, unless otherwise indicated.

The MFRS require the use of some critical accounting estimates in the preparation of the financial statements. Management judgment is also required in the process of determining the Company’s accounting policies. The areas including a higher degree of judgment or complexity and those where the assumptions and estimates are significant to the consolidated statements are described in Note 4.

Effects of inflation on the financial information

According to the provisions of MFRS B-10 “Inflation Effects”, as of January 1,2008, the Mexican economy is not an inflationary environment, since cumulative inflation has been below 26% (limit to define an economy as inflationary). Therefore, recognition of the inflation effects on the financial information has been discontinued. Accordingly, the figures of the accompanying financial statements at December 31, 2014 and 2013 are stated in historical Mexican pesos modified by the inflation effects on the financial information recognized up to December 31, 2007.

The inflation rates are shown below:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
	(%)	(%)
Annual inflation rate	4.08	3.97
Cumulative inflation in the last three years	11.80	12.26

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

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Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

a. Consolidation

Subsidiaries

Subsidiaries are all entities over which the Company has control to direct its relevant activities, has the right (and is exposed) to variable returns from its interest and has the ability to affect those returns through its power. In assessing whether the Company controls an entity, the existence and effect of potential voting rights that are currently exercisable or convertible were considered. The existence of control in cases where the Company has no more than 50% of voting rights but it may decide on the financial and operating policies is also assessed.

Subsidiaries are consolidated from the date on which they are controlled by the Company and are no longer consolidated when that control is lost.

The Company uses the acquisition method to recognize the business acquisitions. The consideration for the acquisition of a subsidiary is determined based on the fair value of the net transferred assets, the assumed liabilities and the share capital issued by the Company. The consideration of an acquisition also includes the fair value of such contingent amounts receivable or payable as part of the agreement. Acquisition-related costs are recognized as expenses when incurred. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The non-controlling interests in the acquired entity are recognized at fair value at the acquisition date.

The surplus of the consideration paid, the non-controlling interest in the acquired equity over the fair value of the Company's equity in the net identifiable assets of the acquired entity, is recognized as goodwill. If such comparison results in a deficit, as in the case of a bargain purchase, the difference is recognized reducing the acquired non-current assets.

Transactions, balances and unrealized gains and losses resulting from transactions between the consolidated companies have been eliminated. The accounting policies for subsidiaries have been changed to ensure consistency with the accounting policies adopted by the Company, in cases where it was necessary.

Transactions with non-controlling shareholders

The Company recognizes transactions with non-controlling shareholders as transactions between shareholders. When a non-controlling interest is acquired, the difference between any consideration paid and the share of the subsidiary acquired measured at their carrying value is recorded in equity. Gains or losses on disposal of an interest in a subsidiary that does not involve the loss of control by the Company are also recognized in equity.

The consolidated financial statements include the accounts of VBC and its subsidiaries mentioned in Note 1. All significant balances and transactions between consolidated companies have been eliminated in consolidation. The consolidation was carried out based on the financial statements of all its subsidiaries.

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

(a subsidiary of Ocesa Entretenimiento, S. A. de C. V., in turn a subsidiary of Corporación Interamericana de Entretenimiento, S. A. B. de C. V.)

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

b. Cash and cash equivalents

Cash and cash equivalents include cash balances, bank deposits and other highly liquid investments with minor risks for changes in value. (See Note 6).

c. Ticket sales accounts receivable

The accounts receivable for ticket sales balances comprise the recoverable amount from the sale of tickets through credit cards. The company collects these accounts receivable in a period between 7 and 15 days. (See Note 7).

d. Costs of future events

Costs of future events include ticket printing and ticket inventory which are charged to the statement of income when they are used.

e. Prepayments

Prepayments represent such expenditures made by the Company where the risks and benefits inherent to the goods to be acquired or services to be received have not been transferred. Prepayments are recorded at their cost and presented in the statement of financial position as current or non-current assets, depending on the item under which they are to be recorded. Prepayments in foreign currencies are recognized at the exchange rate at transaction date, without changes for subsequent fluctuations between the currencies.

f. Furniture and equipment

At December 31, 2014 and 2013, furniture and equipment are expressed as follows: i) acquisitions subsequent to January 1, 2008, at their historical cost and ii) domestic acquisitions until December 31, 2007 at their restated value determined by applying National Consumer Price Index (NCPI) factors to their acquisition values until December 31, 2007.

Furniture and equipment are subject to annual impairment tests only when there are impairment indicators. Accordingly, they are expressed at their modified historical cost, less cumulative depreciation and, when applicable, impairment losses. Annual impairment tests are part of a sole Cash Generating Unit (CGU), and therefore, as of December 31, 2014 and 2013, there has been no indication of impairment.

Depreciation is calculated by the straight line method based on the useful lives of the assets estimated by the Company's management applied to the furniture and equipment values, (see Note 10).

g. Unamortized expenses

As of at December 31, 2014 and 2013, unamortized expenses and other assets are expressed as follows: i) items acquired since January 1, 2008, at historical cost and ii) items acquired until December 31, 2007, at restated values determined by applying NCPI factors until December 31, 2007 to their acquisition values.

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Amortization is calculated using the straight-line method over a period of 20 years or the term of the contract, whichever is less, from the month following disbursement or acquisition. The value of these assets is subject to annual impairment testing.

At December 31, 2014 and 2013, net investments included the rights of access and facilities in different properties, with which the Company conducts surveys and market research to develop new products.

h. Intangible assets

Intangible assets are recognized when they meet the following features: they are identifiable, they provide future economic benefits and there is control over those benefits. Intangible assets are classified as follows:

- i) Definite life: are assets whose potential to generate expected future economic benefits is limited by legal or economic conditions and which are amortized on a straight line, based on their estimated useful lives and are subject to annual impairment testing when impairment indicators are identified.
- ii) Indefinite life: are assets that are not amortized but subject to annual impairment assessment.

Intangible assets either acquired or developed, are expressed as follows: i) as of January 1, 2008, at historical cost, and ii) up to December 31, 2007 at restated values determined through the application of NCPI factors to their acquisition or development costs at that date. Consequently, those assets are stated at their modified historical cost, less the respective cumulative amortization and, when applicable, impairment losses.

i. Suppliers and accounts payable

This item includes obligations with suppliers for purchases of goods or services acquired in the regular course of Company operations. When collectability is expected in a period of one year or less from the closing date (or in the regular operating cycle of the business if this cycle exceeds that period), they are presented as current liabilities. If the above is not met, they are presented as non-current liabilities.

Accounts payable from ticket sales comprise the balance payable the companies promoting future events.

j. Provisions

Liability provisions represent present obligations for past events, which will probably require the use of economic resources to settle said obligations. The provisions have been recorded under Management's best estimate.

k. Income tax payable and deferred income tax

Tax payable and deferred is recognized as an expense in period income, except when arising from a transaction or event that is recognized outside the statement of income as other comprehensive income or an item directly recognized in stockholders' equity.

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The deferred income tax is recorded based on the comprehensive asset-and-liability method, which consists of recognizing deferred tax on all temporary differences between the accounting and tax values of assets and liabilities to be materialized in the future, at the rates enacted in the tax provisions in force at financial statement dates (see Note 16).

l. Revenue from future events

Revenue from future events represents future advertising space sales, which are applied to income when the customer uses those advertising spaces, such as the VBC newsletter "La Guía de Entretenimiento", the tickets and envelopes, as well as advertising by telephone and internet.

m. Revenue from commissions on ticket sales and advertising

Revenue from commissions on ticket sales is recorded as income when the tickets are sold and the commission represents a percentage of the ticket value. The Company delivers the value of the tickets sold to the venue at which the event took place within two working days after the event is finished. Tickets sold in advance are recorded as a liability payable to the venue where the event will take place.

n. Stockholders' equity

The capital stock, the net premium on share subscription and retained earnings are expressed as follows: i) movements made as of January 1, 2008 at historical cost, and ii) movements made before January 1, 2008 at indexed values determined by applying NCPI factors up to December 31, 2007 to their originally determined values (See Note 13). Consequently, the different stockholders' equity items are expressed at modified historical cost.

o. Other Comprehensive income

The other comprehensive income (OCI) is composed of the result from translation of foreign operations, the change in fair value of cash flow hedges, interest in the OCI of associates and the income taxes relating to the OCI. The OCI represents revenue, costs and expenses already accrued but still pending completion, which is expected in the medium term and whose value may change due to changes in the fair value of assets or liabilities from which they arise, which means that they may not be realized in part or in full. The OCI is recycled when it is realized and is recognized as a separate component in stockholders' equity to be recognized in income (loss) the period in which the assets or liabilities from which they rise are realized. At December 31, 2014 and 2013 no items have been recorded under OCI.

p. Comprehensive income

The comprehensive income comprises the net income, as well as items required under specific MFRS provisions, which are shown in stockholders' equity and do not constitute equity payments, reductions and distributions. Comprehensive income for 2014 and 2013 is expressed in modified historical pesos.

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Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

q. Costs, expenses and additional line items presentation in the statement of income

The Company presents costs and expenses in the statement of income based on the function of items, which mainly separates sales costs from the other costs and expenses. Additionally, in order to insure a better analysis of its financial position, the Company has deemed it necessary to present the operating profit separately in the statement of income, as such information is a common disclosure practice of the sector to which the entity belongs.

r. Revenue recognition

Revenue from phone marketing services involving incoming and outgoing calls, tickets sales and commercialization of data bases is recorded when they are carried out and services are rendered.

The Company and its subsidiaries make estimates and projections about future events to be recognized and measure certain financial statement items. The resulting recognized accounting estimates may differ from actual results or events.

The doubtful account estimation is recognized based on Management's analysis and is considered sufficient to absorb losses according to company policies.

s. Other income allowances

The allowance for bad debts is recognized based on studies made by Company Management and is considered sufficient to absorb losses accordance with the policies established by the Company.

t. Exchange gain
(loss)

Transactions in foreign currencies are initially recorded at the recording currency applying the exchange rates prevailing on the dates they are entered into and/or settled. Assets and liabilities expressed in such currencies are translated at the exchange rate prevailing on the balance sheet date. Exchange gain or loss differences arising from fluctuations in the exchange rates between the transaction and settlement dates, or valuation at the period closing, are recognized in income as a component of the comprehensive financing result (CFR), with exception of those exchange differences that, as a part of the cost of eligible assets, are capitalized with other components of CFR.

Note 4 - Accounting estimates:

The Company and its subsidiaries make estimates and projections about future events to recognize and measure certain financial statement items. The resulting recognized accounting estimates may differ from actual results or events. The estimates and projections that have a significant risk of material adjustments to assets and liabilities recognized during the following year are described below:

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

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Notes to the Consolidated Financial Statements

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The Company is subject to taxes on income (in many jurisdictions). Significant judgments are required to recognize the payable and deferred income tax. There are many transactions and calculations for which an accurate tax determination is uncertain. The Company recognizes a liability for those matters observed during tax audits that are considered likely to result in the determination of tax additional to that originally incurred. When the result of these processes is different from the estimated liability, the differences are recognized under deferred and/or payable income tax.

Note 5 - Foreign currency position:

- a. The figures in this note are stated in U.S. dollars (Dls.), except for exchange rates.

As of December 31, 2014 and 2013, the company and its subsidiaries had the following foreign currency monetary assets and liabilities:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>Unaudited</u>	
Assets	Dls. 252,485	Dls. 223,508
Liabilities	<u>(455,343)</u>	<u>(262,317)</u>
Net short position	<u>(Dls. 202,858)</u>	<u>(Dls. 38,809)</u>

At December 31, 2014 and 2013, the exchange rate was Ps14.74 and Ps13.08 per dollar, respectively. At the date of issuance of the financial statements, the exchange rate was approximately Ps15.07 per US dollar.

- b. The most significant foreign currency transactions carried out by the Company and its subsidiaries were as follows:

	<u>Year Ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>Unaudited</u>	
Sales	Dls. 456,141	Dls. 553,289
Costs and operating expenses	(2,039,452)	(2,499,042)
Royalty costs	(250,000)	(250,000)

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Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

Note 6 - Cash and cash equivalents:

The cash and cash equivalents balance at December 31, 2014 and 2013 is mainly comprised of cash on hand, bank deposits, foreign currency balances and demand investments, all highly liquid and subject to immaterial risk for change in value. The breakdown of this balance is as follows:

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>Unaudited</u>	
Cash	Ps 2,590,599	Ps 166,890
Bank deposits	18,397,976	4,644,228
Demand investments	<u>258,983,000</u>	<u>264,461,000</u>
Total cash and cash equivalents	<u>Ps 279,971,575</u>	<u>Ps 269,272,118</u>

Investments in securities are subject to several kinds of risk, the principal ones are those related to operating market, term associated interest rates, exchange rates and credit and liquidity market risks.

Note 7 - Accounts receivable:

Accounts receivable at December 31, 2014 and 2013 are as follows:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>Unaudited</u>	
Accounts receivable from sales of tickets	Ps 28,476,792	Ps 24,434,401
Recoverable income tax	39,965,575	36,246,031
Other accounts receivable	<u>155,554</u>	<u>903,711</u>
	68,597,921	61,584,143
Allowance for doubtful accounts	<u>(617,326)</u>	<u>(1,908,369)</u>
	<u>Ps 67,980,595</u>	<u>Ps 59,675,774</u>

Note 8 - Equity investments in subsidiaries:

Following are the main consolidated subsidiaries for which the equity method was recognized:

<u>Company</u>	Shareholding	<u>Main operations</u>
	Percentage	
	<u>2014 and</u> <u>2013</u>	
Servicios Especializados para la Venta Automatizada de Boletos, S. A. de C. V. (SEVAB)	100%	Providing Administrative, marketing, technical, and technological services.
ETK Boletos, S. A. de C. V. ¹	72.5%	Automated ticket sales.

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Notes to the Consolidated Financial Statements

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¹ Acquired on April 9, 2012.

Preparation of the consolidated financial statements included the financial statement of the subsidiaries at December 31, 2014 and 2013 and for the periods ending on those dates.

Note 9 - Balances and transactions with related parties:

As pointed in Note 1, the Company is a direct subsidiary of Ocesa Entretenimiento, S. A. de C. V., with which the Company just has a purely subsidiary/holding relationship.

a. The balances receivable from and payable to related parties at December 31, 2014 and 2013 were as follows:

	<u>December 31,</u>	
<u>Accounts receivable:</u>	2014	<u>2013</u>
	<u>Unaudited</u>	
<u>Affiliates</u>		
Operadora de Centros de Espectáculos, S. A. de C. V.	Ps 196,946,741	Ps 123,494,980
Ocesa Promotora, S. A. de C. V.	43,193,521	321,177
Servicios Corporativos CIE, S. A. de C. V.	368,251	335,983
Televisa, S. A. de C. V.	272,310	361,965
Servicios Compartidos de Alta Dirección, S. A. de C. V.	230,352	108,770
Administradora Mexicana del Hipódromo, S. A. de C. V.	197,417	476,509
OCESA Presenta, S. A. de C. V. ⁽¹⁾	176,568	36,209,674
Cie Internacional, S. A. de C. V.	165,573	—
Serinem, S. A. de C. V.	99,698	—
Creatividad y Espectáculos, S. A. de C. V.	75,018	—
Fútbol del Distrito Federal, S. A. de C. V.	64,332	274,726
Make Pro, S. A. de C. V.	54,265	—
Car Sport Racing, S. A. de C. V.	32,055	—
Inmobiliaria de Centros de Espectáculos, S. A. de C. V.	15,486	—
Ideas Marketing, S. A. de C. V.	13,600	—
Other	—	124,984
Unimarket, S. A. de C. V.	—	105,014
	<u>Ps 241,905,187</u>	<u>Ps 161,813,782</u>

⁽¹⁾ Formerly Solo Elementum, S. A. de C. V.

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Accounts receivable have no expiration terms and no guarantees, and they accrue monthly interest of Mexican Interest Rate Interbank Equilibrium plus two points.

December 31,

Accounts payable:

	2014	2013
	<u>Unaudited</u>	
<u>Affiliates</u>		
Servicios Administrativos del Entretenimiento, S. A. de C. V.	Ps 1,145,343	Ps 14,168,015
Needish México, S. A. de C. V.	480,528	754,456
TicketMaster LLC CA	3,083	445,716
Servicios de Protección Privada Lobo, S. A. de C. V.	3,689	—
Other	—	4,920
	<u>Ps 1,632,643</u>	<u>Ps 15,373,107</u>

b. During the years ended on December 31, 2014 and 2013, the Company carried out the following operations with related parties:

Income from:

	2014	2013
	<u>Unaudited</u>	
<u>Affiliates</u>		
Commissions and charges from ticket sales	Ps 30,081,063	Ps 45,911,289
Sponsorship income	19,571,780	24,040,630
Equipment leasing	1,190,523	1,045,966
Interest earned	12,684,886	24,582,566
Other income	957,880	140,008

Costs and expenses:

<u>Affiliates</u>		
Personnel, administrative and security services	Ps (91,587,884)	Ps (81,481,390)
Corporate fees	(7,289,376)	(6,995,765)
Lease of properties	(9,794,815)	(9,420,446)
Advertising commissions	(2,052,460)	(4,878,378)
Other expenses	(4,223,640)	(3,720,898)

Stockholders:

Other	(4,118,653)	(3,358,465)
Royalties	(3,300,256)	(3,184,687)

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Note 10 - Furniture and equipment:

The investment in furniture and equipment at December 31, 2014 and 2013 was as follows:

	December 31,		Annual depreciation or amortization rate (%)
	2014	2013	
	<u>Unaudited</u>	<u>2013</u>	
Computer and peripheral equipment	Ps 171,852,958	Ps 159,305,029	30
Furniture and equipment	15,165,621	12,997,240	10
Transportation equipment	4,119,798	3,265,307	25
	<u>191,138,377</u>	<u>175,567,576</u>	
Accumulated depreciation	<u>(151,461,189)</u>	<u>(140,171,553)</u>	
	<u>Ps 39,677,188</u>	<u>Ps 35,396,023</u>	

Depreciation recorded in the statement of income for 2014 and 2013 totals Ps17,690,198 and Ps16,937,069, respectively, and is recognized in operating expenses.

There are fully depreciated assets in the amount of Ps120,339,721 and Ps110,989,253 at December 31, 2014 and 2013, respectively.

Note 11 - Unamortized expenses and others assets:

Intangible assets at December 31, 2014 and 2013 are as follows:

<u>Intangible assets</u>	2014	2013
	<u>Unaudited</u>	
Access to properties to carry out ticket sales ("3 de Marzo" stadium, "Conciertos y Más conciertos" "Bull fighting ring" and others)	Ps 42,212,904	Ps 38,646,426
EDB-Ticket Software	6,715,900	6,715,900
Amortization	<u>(25,861,534)</u>	<u>(16,994,773)</u>
Subtotal	23,067,270	28,367,553
E- Ticket Brand	1,900,100	1,900,100
Non-compete agreement - ETK Boletos ¹	<u>5,600,000</u>	<u>5,600,000</u>
	30,567,370	35,867,653
Other assets	38,093,223	38,305,617
Amortization	<u>(24,909,901)</u>	<u>(24,052,749)</u>
Intangible assets	<u>Ps 43,750,692</u>	<u>Ps 50,120,521</u>

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(1) The non-compete Agreement entered into with ETK - Tickets is valid for the period in which the parties maintain their status as shareholders and / or employees of ETK-Boletos, and for an additional 5 years from the date they lose either status for any cause, in the understanding that it is computed individually for each bound party.

Note 12 - Liability provisions:

Following is an analysis of the movements in liability provisions at December 31, 2014 and 2013:

	2014 <u>Unaudited</u>	<u>2013</u>
Beginning balance	Ps 23,178,580	Ps 19,613,233
Increases	9,515,734	23,178,581
Applications	(23,179,580)	(17,207,291)
Cancellations	1,000	(2,405,942)
Ending balance	<u>Ps 9,515,734</u>	<u>Ps 23,178,581</u>

The balance of provisions are grouped under accrued liabilities.

Note 13 - Stockholders' Equity:

Capital stock

As of December 31, 2014 and 2013, the Company's capital stock is comprised of 21,854,275 common, nominative shares, with a par value of one Mexican historical peso each, classified in two series as follows:

Number of Shares	Description	Amount
17,975	Series "A" shares, comprising the minimum fixed capital stock without withdrawal rights	Ps 17,975
32,025	Series "B" shares, comprising the minimum fixed capital stock, without withdrawal rights	32,025
<u>50,000</u>	Subtotal	<u>50,000</u>
10,529,241	Series "A" shares, comprising the variable portion of capital stock, with an unlimited maximum	10,529,241
4,095,148	Series "A-1" shares, comprising the variable portion of capital stock, with an unlimited maximum	4,095,148
7,179,886	Series "B" shares, comprising the variable portion of capital stock, with an unlimited maximum	7,179,886
<u>21,854,275</u>	Capital stock	<u>Ps 21,854,275</u>

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Retained earnings

At the July 18 and December 16, 2014 meetings, the stockholders agreed to declare and pay dividends in the amount of Ps176,630,552 and Ps8,446,525, respectively, from the left-over balance of the CUFIN, on which tax of Ps31,462 and Ps3,898,747 was accrued, respectively.

At the June 28, 2013 meeting, the stockholders agreed to declare and pay dividends of Ps347,000,000, of which Ps236,899,472 was paid out of the after-tax earnings account. The Ps110,100,528 difference not paid from the CUFIN accrued tax of Ps35,208,000.

The net income for the year is subject to the legal provision requiring that at least 5% of income for each period be set aside to increase the legal reserve until it equals one fifth of paid-in capital. At the date of issuance of the financial statements, the Company has not met this obligation.

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

Dividends are not subject to income tax if paid from the After-Tax Earnings Account (CUFIN for its acronym in Spanish), and they are subject to a tax from 4.62% to 7.69% if paid from the reinvested CUFIN. Any dividends paid in excess of this account are subject to tax equivalent to 42.86% if paid in 2015. The current tax is payable by the company and may be credited against its income tax for the same year or the following two years, or otherwise against the Flat tax for the period. Dividends paid from previously taxed profits are not subject to tax withholding or additional tax payment.

In the event of a capital reduction, any excess of stockholders' equity over capital contributions, the latter restated in accordance with the provisions of the Income Tax Law, is accorded the same tax treatment as dividends.

Note 14 - Revenue:

Revenue at December 31, 2014 and 2013 is as follows:

<u>Revenue:</u>	2014	2013
	<u>Unaudited</u>	
Internal charges	Ps 447,412,366	Ps 475,660,149
Credit card recovery	65,527,146	76,768,584
Entertainment guide	35,576,708	58,098,889
Advertising	23,226,360	31,779,756
Others	15,594,238	25,997,094
Import Services	5,090,843	6,673,028
	<u>Ps 592,427,661</u>	<u>Ps 674,977,500</u>

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Note 15 - Costs and expenses:

The analysis of relevant costs and expenses as of December 31, 2014 and 2013 is shown below:

<u>Costs:</u>	2014	2013
	<u>Unaudited</u>	
Commissions	Ps (88,722,066)	Ps (99,026,297)
Other costs	(18,439,137)	(13,856,584)
Entertainment guide	(16,456,397)	(24,831,235)
Administrative services	(12,906,687)	(9,824,573)
Tickets	(9,472,212)	(11,256,987)
Computing	(8,419,873)	(8,738,649)
Production	(7,335,822)	(7,415,151)
Non-capitalizable assets	(4,853,841)	(6,254,009)
Royalties	(3,300,256)	(3,188,521)
Lease	(2,679,646)	(1,758,555)
Maintenance	(1,302,565)	(846,404)
Advertising	(602,938)	(1,946,142)
Professional services	(593,159)	(2,727,745)
	<u>(175,084,599)</u>	<u>(191,670,852)</u>
Amortization	(8,201,732)	(8,825,892)
	<u>Ps (183,286,331)</u>	<u>Ps (200,496,744)</u>
 <u>Expenses:</u>		
Administrative services	Ps (83,332,289)	Ps (76,119,895)
Other expenses	(27,737,782)	(13,102,308)
Lease	(11,488,159)	(10,713,477)
Corporate fees	(6,641,376)	(6,363,209)
Computing	(150,857)	(18,401)
	<u>(129,350,463)</u>	<u>(106,317,290)</u>
Depreciation and amortization ¹	(17,690,198)	(16,937,069)
	<u>Ps (147,040,661)</u>	<u>Ps (123,254,359)</u>

⁽¹⁾ Includes fixed asset disposals.

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Note 16 - Income tax and flat tax (IETU):

a. New income tax law (new ITL)

During October 2013 Congress approved the issuance of a new Income Tax Law, which came into force on January 1, 2014, thus repealing the Income Tax Law issued on January 1 2002 (previous ITL). Although the new Income Tax Law retains the essence of the previous Income Tax Law, a number of important amendments have been made, of which the following are the most significant:

- i. It modifies the mechanics for taxing income arising from installment sales and generalizes the procedure for determining the profit on the sale of shares.
- ii. Establishes an income tax rate for 2014 and the following years of 30%, as compared to the previous Income Tax Law, under which the rates were 30%, 29%, and 28% for 2013, 2014 and 2015, respectively.
- iii. It establishes the procedure to determine the opening capital contributions account (CUCA for its acronym in Spanish) and CUFIN balances.

The Company has reviewed and adjusted the deferred tax balance at December 31, 2013, considering these new provisions in determining the temporary differences, whose impacts are described in the reconciliation of the effective tax rate presented below. However, the effects of limiting deductions and other previously listed effects apply from 2014 and mainly affect the tax paid as from that year.

- i. In 2014 and 2013, the Company determined a tax profit of Ps260,828,970 and Ps377,208,348, respectively. The tax result differs from the accounting result mainly due to items that accrue over time and that are deducted differently for accounting and tax purposes, to recognition of inflation effects for tax purposes, and to items only affecting either the accounting or tax result.
- ii. The reconciliation between the statutory and the effective income tax rates is shown below:

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>Unaudited</u>	
Income before income tax provisions	Ps 279,039,994	Ps 379,831,006
Income tax statutory rate	30%	30%
Income tax at statutory rate	<u>83,711,998</u>	<u>113,949,302</u>
Plus (less) effect of income tax on the following permanent items:		
Inflation	(2,823,380)	(2,737,567)
Nondeductible expenses	695,749	1,080,281
Other items	<u>30,683</u>	<u>168,429</u>
Income tax at actual rate	<u>Ps 81,615,050</u>	<u>Ps 112,460,445</u>
Effective income tax rate	<u>30%</u>	<u>30%</u>

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iii. At December 31, 2014 and 2013, the principal temporary differences on which deferred income tax was recorded are as follows:

	<u>December 31,</u>	
	2014	2013
	<u>Unaudited</u>	
Costs of future events	Ps (8,119,731)	Ps (10,768,527)
Unamortized expenses	(17,712,902)	(19,520,034)
Furniture and equipment	2,612,300	2,259,235
Revenue from future events	1,923,564	2,999,863
Provisions and estimations	9,515,734	23,178,581
Allowance for doubtful accounts	617,326	1,908,369
	<u>(11,163,709)</u>	<u>57,487</u>
Applicable income tax rate	<u>30%</u>	<u>30%</u>
Deferred income tax (liability) asset	Ps <u>(3,349,113)</u>	Ps <u>17,246</u>

b. Flat tax

In October 2013 the Congress approved the repeal of the Flat Tax Law, as a result of which, starting on January 1, 2014, the Company is not subject to flat tax.

Note 17 - Commitments:

- a. Offices: VBC signed an agreement with OCESA, an affiliated company, for the use of office space and for certain cleaning and security services at said spaces located within the premises of the "Palacio de los Deportes" in Mexico City. This agreement grants the company use of the facilities it uses as office space and its call center in that city in exchange for which the company pays OCESA a monthly fixed fee. In addition, VBC has signed a lease agreement with an individual involving a building located in Guadalajara, Jalisco, to house its offices in that city. VBC pays a fixed fee for this building lease that increases annually based on the NCPI.
- b. Offices: Servicios Especializados para la Venta Automática de Boletos, S. A. de C. V. (SEVAB) has signed agreements with OCESA, an affiliated company, for the use of space and to render certain cleaning and security services in the areas located inside the Palacio de los Deportes, Mexico City. This agreement awards SEVAB use of the facilities to house their offices in exchange for which SEVAB pays OCESA a monthly fixed fee.

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- c. As part of its daily business activities, VBC and ETK Boletos are engaged in the distribution and sale of tickets to certain artistic events to be conducted in the immediately following year, in exchange for which it receives amounts from third parties for the purchase of tickets to said events. The Company holds those amounts in cash, so that if the events in question are not held, the amounts are returned in accordance with the applicable legal provisions. At December 31, 2014 and 2013, cash and cash equivalents included deposits received from third parties for the acquisition of tickets totaling Ps298,537,722 and Ps203,213,308 respectively.
- d. Ticketmaster Brand Name and System. VBC entered into license agreements (expiring on March 31, 2015) with Ticketmaster Corporation for use of the TicketMaster brand names and system for which it pays a fixed royalty fee expressed in dollars.

There is no guarantee that those permits or contracts will be extended or renewed, or that the new conditions agreed to will be the same. Nevertheless, on the basis of experience, the Company's management considers that the permits and contracts may be renewed under similar terms to those currently in effect when they expire.

Note 18 - Contingencies:

- a. Under the provisions of the Income Tax Law, parties carrying out operations with related parties, either resident in Mexico or abroad, are subject to tax limitations and obligations related to the determination of transfer, which must be similar to those agreed with unrelated parties in comparable transactions.

In the event of an official review, the tax authorities could consider that the above-mentioned prices are not in line with the provisions of the Law, in which case, aside from restatement and surcharges, the tax authorities could impose fines of up to 100% of any omitted taxes.

- b. On July 24, 2012, the Procedures Department of the Mexican Better Business Bureau (PROFECO) issued a ruling sanctioning VBC for an alleged violation of article 10 of the Consumer Protection Act, as it considers that marketing and sale of the service denominated "La Guía" is an unfair practice for consumers, and therefore imposed a Ps.1,690,331 fine and instructed the Company to stop marketing "La Guía" as it has so far. A motion for review was filed against said ruling, with a second ruling issued on October 25, 2012 by the Procedures Department declaring the company's grievances unfounded.

In light of the foregoing, on January 21, 2013, a motion for annulment was filed against the resolution that confirmed the sanction. The Eighth Regional Metropolitan Chamber of the Federal Tax and Administrative Court received the motion for annulment and declared the validity of the ruling in question.

VBC then filed a motion for review on January 10, 2014, as a result of which the Tenth Collegiate Court for Administrative Matters of the First Circuit granted the appeal to VBC on November 21, 2014 and declared invalidity of the contested decision due to inconsistencies by the authorities in the procedure for the determination of the penalty, but without ruling on the merits.

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However, in order to obtain a ruling on the merits, a motion for direct protection was filed requesting the Federal Court to consider the legality of the actions of VBC. The Company's external consultants consider that there is high probability that the Company will be exempt from any penalty and that legality of its actions will be confirmed.

- c. On 22 June 2012, the Advertising and Standards Office of PROFECO required information from OCESA for its alleged role in the violation of various rules in relation to the sale of tickets to public performances through the internet portal www.ticketbis.com.mx. OCESA addressed said request on July 6, 2012, stating that the probable offender in that issue was Evandti, S. A. de C. V. The Company therefore expects to no longer be considered liable for the unlawful conduct and for a new legal process to start against the Evandti, SA de C.V. In September 21, 2012 the latter company was notified of the request for information.

Parallel to this process, OCESA and VBC filed a complaint with PROFECO against Evandti, S.A. de C.V. for the same violations to the Federal Consumer Protection Act, which will likely be accumulated in file described in the previous paragraph. The purpose of the complaint is to report different violations to the Federal Consumer Protection Act by that entity.

Through a ruling dated June 13, 2013, the PROFECO excluded OCESA from the process regarding the resale of tickets, and stated that the procedure will be followed only with Evandti, S.A. de C.V.

- d. VBC and its subsidiaries are regularly called by the PROFECO when consumers of their services do not consider that the conditions offered are met and complain to this office. Sometimes the PROFECO has imposed fines for alleged violations of administrative procedures or to the law, of which there are currently four complaints under reconciliation, twenty one cases are at the Federal Court of Fiscal and Administrative Justice and three appeals at other Federal courts regarding several fines or penalties between Ps.2,000 to Ps.20,000 that as a whole add up to approximately Ps.400,000. To date, the Company has not suffered any damages from those complaints and all fines have been removed. Therefore, in the opinion of the VCB advisors, these matters do not pose a material contingency, and it is very unlikely that any of those amounts will be payable, or where appropriate, that the above criteria under which VCB has never condemned to pay amounts due to these causes be reversed.
- e. VBC filed a request with the Mexican Industrial Property Institute (MIPI) for a declaration of the infractions committed by Wal-Mart de México, S. A. B. de C. V. ("Wal-Mart") related to improper use of the "La Guía de Entretenimiento" brand owned by VBC. In its counterclaim, Wal-Mart requested that VBC's brand be declared invalid. The authorities declared that the claims filed by VCB were well-grounded and determined that Wal-Mart had committed the infractions in question, and imposed a fine of 2,500 days minimum salary in effect in Federal District, and dismissed Wal-Mart's request for VCB's brand to be declared invalid. That decision was challenged by Walmart at the Federal Court of Fiscal and Administrative Justice. On September 11, 2013, the Judges of the Federal Tax Court handed down a favorable sentence to VBC acknowledging the validity of the ruling issued by the Mexican Industrial Property Institute (MIPI), and confirmed that the "LA GUIA DE ENTRETENIMIENTO" brand is the property of VCB. Wal-Mart filed an appeal against that ruling, and a new ruling was issued on October 31, 2014 dismissing the appeal and confirming the validity of the favorable sentence handed down VBC.

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- f. VBC requested that infractions be declared against Wal-Mart for improper use of the reservation of rights to the “La Guía de Entretenimiento” publication, in the following genres: Periodic publications, qualifying as a guide, to which Wal-Mart responded by filing a request for statement of administrative action for nullity of VBC’s reservation of rights. The National Copyrights Institute (“INDAUTOR”) ruled in favor of VBC and dismissed Wal-Mart’s counterclaim. This resolution was contested by Wal-Mart at the Federal Tax Courts, which ruled in favor of VBC on September 13, 2012, recognizing the validity of the resolution issued by the INDAUTOR, confirming that the reservation of rights to exclusive use of the title LA GUÍA DE ENTRETENIMIENTO was duly granted. Dissatisfied with said resolution, Wal-Mart filed a motion for review of said sentence, to which, on May 7, 2013, VBC responded as injured third party in the review proceedings. The Collegiate Court confirmed the validity of the ruling, which means that the IMPI is empowered to declare WAL-MART’S infraction for commercial purposes, and consequently, impose a fine; additionally, the INDAUTOR could dictate a resolution invalidating and/or dictating the expiration of the reservation of rights to obtained by Wal-Mart.
- g. On October 1, 2012, a motion for annulment was brought to the Chamber specialized in intellectual property matters of the Federal Tax and Administrative Court against the resolution issued by coordinating office C for trademark examination regarding rejection of hallmark Laguiatm.tv, requested by VBC. On April 30, 2013, the Tax Courts handed down a sentence ordering the IMPI issue the title of the brand that was issued on July 9, 2014. Dissatisfied with said resolution, Teléfonos de México, S. A. B. DE C. V. filed for constitutional protection of civil rights known as an “amparo” against granting of the Laguiatm.tv trademark, arguing that it can be mistaken for its TL trademark. VBC answered the amparo and presented arguments in the respective trial. No sentence has yet been issued in this regard. In the opinion of our advisors, it is possible the authorities will confirm the sentence and grant VBC the Laguiatm.tv trademark.
- h. On February 20, 2014, ETK Boletos, SA de CV (ETK) filed a suit at the Civil Court in the state of Querétaro against AJL Fútbol Gulf, SA de CV, AMRH International Soccer, SA de CV, and Fútbol Club Querétaro, in response to the request to suspend sales through the ETK channels at the “Estadio Corregidora” in the city of Queretaro, which ETK was performing under a Service agreement. In the Complaint, ETK requested, in addition to Forced Compliance with the Service agreement, payment of the agreed contractual penalty and a severance payment for moral damage repair to ETK. In light of the intervention by the federal authorities, ETK preferred to recover the investment for which purpose on February 20, 2014 it signed a transaction agreement with the defendants whereby it resolved the dispute with the payment made to ETK in the amount of Ps. 968,580 (which is almost the entirety of the agreed contractual penalty), and the return to ETK of all purchased equipment that was installed at the Stadium.
- i. ETK Boletos , SA de CV filed an appeal at the Regional chamber for Intellectual Property against the ruling dismissing pending trademarks E TICKET, E-TICKET, E TICKET TU ACCESO... DIRECTO Y DISEÑO and the commercial notice of E TICKET TU ACCESO DIRECTO. The Company is awaiting approval of those brands together with the respective ruling.
- j. VBC filed an appeal at the Regional Court for Intellectual Property Matters against the ruling dismissing pending brand TRAVEL TICKET. The Company is awaiting approval of that brand together with the respective ruling.

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- k. The Mexican Authors and Composers Society filed a complaint against Mr. Edgardo Sanchez Polo for violation of the Copyright Act in relation to the performance of the artist known as “Paquita la del Barrio”, as a result of which ETK Boletos, SA de CV “ETK” was summoned to submit different information. ETK submitted the information in question and was released from all responsibilities.
- l. VBC and its subsidiaries regularly contract the services of specialists in areas such as security, cleaning, access control, production, mounting, assembling and other similar services required to conduct its business activities, and they sign multiple contracts with third parties who agree to develop activities for VBC and its subsidiaries. Under the provisions of the labor legislation and recent amendments thereto on the subject of social security, some of the subcontractors or workers of these service providers may take steps in order for VBC and its subsidiaries to be considered the beneficiary of those services or liable for possible related contingencies.
- m. According to the agreements reached by the shareholders and subsidiaries of VCB, Corporacion Interamericana de Entretenimiento, S. A. B. de C. V. (“CIE”) is responsible for dealing with any contingency filed against the Company and its subsidiaries arising from acts prior to October 18, 2012, thus binding CIE to defend, indemnify and if necessary release the Company from all obligations (including the obligation to pay amounts related to penalties). Therefore, the Company has no records of such procedures, which are directly handled by CIE further to the agreement in question.

Note 19 - New accounting pronouncements:

Following are the MFRS issued by the CINIF in December 2013 and 2014, which become effective in the year specified. It is considered that those MFRS will not have a significant effect on the financial information presented by the Company.

2018:

MFRS C-3 “Accounts receivable”. Establishes the valuation, presentation and disclosure standards for the initial and subsequent recognition of trade receivables and other receivables in the financial statements of an economic entity. It specifies that the accounts receivable based on a contract represent a financial instrument. Earlier adoption is permitted as of January 1, 2016, only if applied jointly with MFRS C-20 “Financing Instruments Receivables”.

MFRS C-9 “Provisions, contingencies and commitments”. Establishes standards for the accounting recognition of provisions in the financial statements of entities, and the rules for disclosure of contingent assets, contingent liabilities and commitments in the financial statements. It reduces the scope to relocate the accounting treatment of financial liabilities to MFRS C-19 “Financial instruments payable”. Additionally, the terminology used throughout the regulatory approach is updated. Earlier adoption is permitted as of January 1, 2016, only if applied jointly with the MFRS C-19 “Financial instruments payable”.

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MFRS C-19 “Financial instruments payable”. Establishes the valuation, presentation and disclosure standards for the initial and subsequent recognition of accounts payable, borrowings and other financial liabilities in the financial statements of an economic entity. It introduces the concepts of amortized cost to value financial liabilities and the effective interest method, based on the effective interest rate, to prepare such valuations. Both discounts and costs of issuance of a financial liability are deducted from the liability. Earlier adoption is permitted as of January 1, 2016, only if applied jointly with MFRS C-3 “Accounts receivable”, MFRS C-9 “Provisions, contingencies and commitments”, and MFRS C-20 “ Financing Instruments Receivable “.

MFRS C-20 “ Financing Instruments Receivable “. Establishes the valuation, presentation and disclosure standards for the initial and subsequent recognition of financing instruments receivable in the financial statements of an economic entity operating funding. It discards the concept of intent of acquisition and holding of those instruments to determine their classification. It adopts the concept of management business model. Earlier adoption is permitted as of January 1, 2016, only if applied jointly with the MFRS C-3 “Accounts receivable”.

2016

MFRS D-3 “Employee benefits”. Establishes the valuation, presentation and disclosure standards for the initial and subsequent recognition of short and long term liabilities for termination and post-employment benefits. The concept of remeasurement of assets or liabilities for defined benefits is established and it eliminates the possibility to defer recognition of actuarial gains and losses directly in income for the period as accrued. Therefore, such gains and losses should be recognized immediately in other comprehensive income (OCI), requiring subsequent recycling to net profit or loss. Earlier adoption is permitted as of January 1, 2015.

MFRS 2015 Revisions

MFRS B-8 “Consolidated or Combined Financial Statements”. Guidance is included to identify investment entities and help them to understand their primary activity and main characteristics, in order to support whether or not there is control in each specific situation that could result in the need for such investment entities to be consolidated in the financial statements.

NIF B-16 “Financial statements of non-profit entities”. The treatment of OCI is included without the need to present it separately from other lines in the statement of operations.

Statement C-9 “Liabilities, Provisions, contingent assets and liabilities and commitments”. It establishes the accounting treatment of advances from customers for the sale of goods or services payable in a foreign currency, requiring that the customer advances balance not be changed in the event of exchange fluctuations between the functional currency and the payment currency. This provides consistency with the accounting prepayments in a foreign currency.

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MFRS C-3 “Accounts receivable” and MFRS C-20 “Financing instruments receivable”. The effective dates were modified for those MFRS from January 1, 2016 (early adoption permitted as of January 1, 2015, only if both NIF are jointly adopted) to January 1, 2018 (early adoption is permitted as of January 1, 2016, only if both NIF are jointly adopted).

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

Note - 20 Summary of Significant Differences between Mexican Financial Reporting Standards and U.S. GAAP

The Company’s consolidated financial statements have been prepared in accordance with Mexican Financial Reporting Standards (MFRS), which differs in certain significant respects from U.S. Generally Accepted Accounting Principles. (U.S. GAAP). Such differences involve methods of measuring certain amounts shown in the consolidated financial statements, as well as additional disclosures required by U.S. GAAP and regulations of the Securities and Exchange Commission (SEC). Pursuant to Item 15 of Form 10K, this reconciliation does not include the disclosure of all information that would be required by U.S. GAAP and regulations of the SEC.

I. Differences in measurement methods

- a. The figures of non-monetary line items at December 31, 2014 and 2013 are stated in historical Mexican pesos modified by the inflation effects up to December 31, 2007. Starting January 1, 2008, according to the provisions of MFRS B-10 “Inflation Effects”, the Company discontinued the recognition of inflation accounting as the Mexican economy is not an inflationary environment, since cumulative inflation has been below 26% (limit to define an economy as inflationary under MFRS). Under U.S. GAAP effects of inflation recognized under MFRS up to 2007 might not be recognized. The reconciliation does not include the reversal of the adjustments to the consolidated financial statements for the effects of inflation, because, as permitted by the SEC, it represents a comprehensive measure of the effects of price-level changes in the Mexican economy, and as such, is considered a more meaningful presentation than historical cost-based financial reporting for U.S. GAAP.
- b. The company provides financing to related parties, for which interest is determined by using the nominal interest rate. In accordance with ASC 470 “Debt” the borrower's periodic interest cost shall be determined by using the effective interest method considering in the determination of interest, the debt issuance costs, discounts and premium throughout the outstanding term of the loan using a constant interest rate.

The Company quantified the effects of the differences in the measurement methods explained above, and determined that the impact to the consolidated financial statements under U.S. GAAP derived from those differences was not significant neither to the net income nor the stockholders’ equity; therefore a reconciliation of net income and stockholders' equity from MFRS to U.S. GAAP is not presented for the years ended December 31, 2014 and 2013.

II. Additional accounting policies under U.S. GAAP and reclassifications

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a. Consolidation

Subsidiaries

Subsidiaries are all entities over which the Company has control to direct its relevant activities, has the right and is exposed to variable returns from its interest and have the ability to affect those returns through its power. In assessing whether the Company controls an entity, the existence and effect of potential voting rights that are currently exercisable or convertible were considered. The existence of control in cases where the Company has no more than 50% of voting rights but it may decide the financial and operating policies is also assessed.

Subsidiaries are consolidated as of the date they are controlled by the Company and are no longer consolidated when the control is lost.

The Company uses the acquisition method to recognize the business acquisitions. The consideration of the acquisition of a subsidiary is determined based on the fair value of the net transferred assets, the assumed liabilities and the share capital issued by the Company. The acquisition consideration also includes the fair value of such contingent amounts receivable or payable as part of the agreement.

The acquisition-related costs are recognized as expenses when incurred. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The non-controlling interest in the acquiree is recognized at fair value at the acquisition date.

The excess of the consideration paid and the non-controlling interest in the acquiree equity over the fair value of the Company's share in the net identifiable assets of the acquired entity is recognized as goodwill. If such comparison results in a negative amount, as in the case of a bargain purchase, the difference is recognized reducing the acquired non-current assets.

Transactions, balances and unrealized gains and losses resulting from transactions between the consolidated companies have been eliminated. The accounting policies for subsidiaries have been changed to ensure consistency with the accounting policies adopted by the Company, in cases where it was necessary.

The consolidation was carried out by using the financial statements of its subsidiaries.

Transactions with non-controlling shareholders

The Company recognizes transactions with non-controlling shareholders as transactions between shareholders. When a non-controlling interest is acquired, the difference between any consideration paid and the share of the subsidiary acquired measured at their carrying value is recorded in equity. Gains or losses on disposal of an interest in a subsidiary that does not involve the loss of control by the Company are also recognized in equity.

Recording, functional and reporting currency

The recording, functional and reporting currencies of the Company, its subsidiaries and associates is the Mexican peso, therefore, no translation process was necessary.

b. Accounts receivables for ticket sales

The Company evaluates the collectability of its accounts receivable based on a combination of factors. Generally, it records specific allowances to reduce the amounts of the receivables recorded when a customer's account matures beyond typical collection patterns, or the Company becomes aware of a customer's inability to meet its financial obligations.

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The Company believes that the credit risk with respect to trade receivables is limited due to the massive diversification of its customers.

c. Furniture and Equipment -
Impairment

The Company performs tests for possible impairment of furniture and equipment whenever events or circumstances change, such as a current period operating cash flow loss combined with a history of, or projected, operating cash flow losses or a significant adverse change in the manner in which the asset is intended to be used, which may indicate that the carrying amount of the asset may not be recoverable. If indicators exist, the estimated undiscounted future cash flows related to the assets is compared with the carrying amount of those assets. If the carrying value is greater than the estimated undiscounted future cash flows, the cost basis of the asset is reduced to reflect its current fair value. The Company uses various assumptions in determining the current fair market value of these assets, including future expected cash flows and discount rates and other fair value measures. Impairment loss calculations requires to apply judgment in estimating future cash flows, including forecasting useful lives of the assets and selecting the discount rate that reflects the risk inherent in future cash flows.

If actual results are not consistent with the assumptions and judgments used in estimating future cash flows and asset fair values, the Company may be exposed to future impairment losses that could be material to our results of operations.

Furniture and equipment are stated at cost at date of acquisition. Depreciation is computed using the straight-line method over their estimated useful lives, which are as follows:

Computer and peripheral equipment - 3 years
Furniture and equipment - 10 years
Transportation equipment - 4 years

Leasehold improvements are depreciated over the shorter of the economic life or associated lease term assuming the Company exercises renewal periods, if appropriate. Expenditures for maintenance and repairs are charged to operations as incurred, whereas expenditures for asset renewal and improvements are capitalized.

d. Intangibles

The intangible assets are recognized when they meet the following conditions: are identifiable, provide future economic benefits and the Company has control over such benefits. The intangible assets are classified as follows:

- i. Definite-lived: are those which expected future economic benefits is limited by any legal or economic condition and are amortized on a straight line basis, based on the best estimate of their useful life and are subject to annual impairment testing when impairment indicators are identified.
- ii. Indefinite-lived assets are not amortized but are subject to annual impairment assessment. Depending on facts and circumstances, qualitative factors may first be assessed to determine whether the existence of events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired. If it is concluded that it is more likely than not impaired, then the Company performs a quantitative impairment test by comparing the fair value with the carrying amount.

The Company tests for possible impairment of definite-lived intangible assets whenever events or circumstances change, such as a current period operating cash flow loss combined with a history of, or projected, operating cash flow losses or a significant adverse change in the manner in which the asset is intended to be used, which may indicate that the

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carrying amount of the asset may not be recoverable. When specific assets are determined to be unrecoverable, the cost basis of the asset is reduced to reflect the current fair value.

The Company test for possible impairment of indefinite-lived intangible assets on at least an annual basis. Based on facts and circumstances, the Company performs either a qualitative or a quantitative assessment for impairment. If a qualitative assessment is performed, and the existence of events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired, then perform the quantitative impairment test by comparing the fair value with the carrying amount. When specific assets are determined to be impaired, the cost basis of the asset is reduced to reflect the current fair value.

The Company uses various assumptions in determining the current fair market value of these definite-lived and indefinite-lived intangible assets, including future expected cash flows and discount rates, as well as other fair value measures. Our impairment loss calculations require us to apply judgment in estimating future cash flows, including forecasting useful lives of the assets and selecting the discount rate that reflects the risk inherent in future cash flows.

If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, the Company may be exposed to future impairment losses that could be material to our results of operations.

e. Ticketing Contract Advances

Ticketing contract advances, represent amounts paid in advance to the Company's clients pursuant to ticketing agreements, which are reflected as intangible assets with definite-life if the amount is expected to be recouped or recognized over a period of more than 12 months. Recoupable ticketing contract advances are generally recoupable against future royalties earned by the clients, based on the contract terms, over the life of the contract. Ticketing contract advances, are fixed additional incentives paid by the Company to secure exclusive rights with certain clients and are normally amortized over the life of the contract on a straight-line basis. Amortization of these ticketing contract advances is included in depreciation and amortization in the statements of income.

f. Revenue

a. Revenue from future events

Revenue from future events represents future advertising space sales, which are recognized in income when the customer uses those advertising spaces, such as: the VBC bulletin "La Guía de Entretenimiento", the tickets and envelopes, as well as advertising by telephone and internet.

b. Revenue from commissions on ticket sales

Revenue from ticketing operations primarily consists of convenience and order processing fees charged at the time a ticket for an event is sold and is recorded on a net basis (net of the face value of the ticket). Revenue for these ticket service charges collected in advance of the event is recorded as deferred revenue until the event occurs. The Company delivers the face value of the tickets sold to the venue at which the event took place within two working days after the event occurs.

c. Revenue recognition for services

The revenues from marketing services, commercialization of databases and other services are recognized in the accounting period in which the services are rendered.

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III. Additional disclosure requirements

a. Fair Value Measurements

Disclosures

ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Effective January 2010, the Company adopted new accounting guidance under ASC 820 that requires additional disclosures including, among other things, (i) the amounts and reasons for certain significant transfers among the three hierarchy levels of inputs, (ii) the gross, rather than net, basis for certain level 3 roll forward information, (iii) use of a “class” rather than a “major category” basis for assets and liabilities, and (iv) valuation techniques and inputs used to estimate level 2 and level 3 fair value measurements.

In addition, ASC 820-10 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows.

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following instruments were recognized at fair value using the aforementioned hierarchy (mainly level 1):

Cash and cash equivalents: consist of cash in hand and money market funds. Fair values for cash equivalents are based on quoted prices in an active market.

Account receivables and account payables: The book value of the account receivables and accounts payables is similar to their fair value and corresponds to current account receivables and current accounts payable.

b. Related-party transactions

Relationship with Operadora de Centros de Espectaculos, S. A. de C. V.

Operadora de Centros de Espectaculos is an entity that has contracts with show centers and other venues, and maintain business relationships with VBC to give exclusive access for the ticketing operation.

Relationship with OCESA Presenta, S.A. de C.V. (Formerly Solo Elementum, S. A. de C. V.)

OCESA Presenta, S.A. de C.V. (Formerly Solo Elementum, S. A. de C. V.) is an entity that has contracts with show centers and other venues, and maintains business relationships with VBC to give exclusive access for the ticketing operation.

Relationship with Servicios Administrativos de Entretenimiento, S. A. de C. V.

Servicios Administrativos del Entretenimiento provides all administrative services to VBC.

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Key Management compensations

The company does not have employees, as mentioned before; these services are provided by a related party and are considered in note 9 to the financial statements.

c. Intangible and other assets:

Intangible assets at December 31, 2014 and 2013 are as follows:

<u>Definite-lived Intangible assets</u>	<u>2014</u> <u>Unaudited</u>	<u>2013</u>
Ticketing contracts - Gross	Ps 42,212,904	Ps 38,646,426
Accumulated amortization	(23,967,102)	(15,765,370)
Software EDB-Ticket - Gross	6,715,900	6,715,900
Accumulated amortization	<u>(1,894,432)</u>	<u>(1,229,403)</u>
Subtotal	23,067,270	28,367,553
<u>Indefinite-lived Intangible assets</u>		
E-Ticket Brand	1,900,100	1,900,100
Non-compete agreement - ETK boletos ¹	<u>5,600,000</u>	<u>5,600,000</u>
Total Intangible assets	30,567,370	35,867,653
Lease hold improvements - Gross	38,093,223	38,305,617
Accumulated amortization	<u>(24,909,901)</u>	<u>(24,052,749)</u>
Total	<u>Ps 43,750,692</u>	<u>Ps 50,120,521</u>

Amortization of definite-lived intangible assets and lease hold improvements for the years ended December 31, 2014 and 2013 was Ps. 9,723,913 million, and Ps 10,868,713 million, respectively.

There were no additions in 2014, the 2013 additions to definite-lived intangible assets from acquisitions have weighted-average lives as follows:

	weighted- average lives (years)	
	<u>2014</u>	<u>2013</u>
	<u>Unaudited</u>	
Revenue generating contracts	—	3

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The following table presents the Company's estimate of amortization expense for each of the five succeeding fiscal years for definite-lived intangible assets outstanding as of December 31, 2014:

	<u>Amortization</u>
2015	Ps 6,882,724
2016	3,638,072
2017	3,001,666
2018	2,060,833
2019	1,400,000

Indefinite-lived Intangibles

The Company has indefinite-lived intangible assets which consist primarily to trade names and non-compete agreements. These indefinite-lived intangible assets had a carrying value of Ps7,500,100 and Ps7,500,100 as of December 31, 2014 and 2013, respectively.

Management signed a non-compete agreement with the owners of the non-controlling interest; the contract will be effective only if the non-controlling interest determines to sell their ownership of the Company. Since Management do not have the elements to determine when the contract will be effective, the non-compete agreement is considered as an in-definitive lived intangible asset.

The Company tests for possible impairment of indefinite-lived intangible assets on at least an annual basis. There was no impairment charge on these assets recorded for the years ended December 31, 2014 and 2013.

d. Revenue
analysis

Gross versus Net presentation of Revenue

The Company reports revenue on a gross or net basis based on management's assessment of whether the Company acts as a principal or agent in the transaction. To the extent the Company acts as the principal, revenue is reported on a gross basis. The determination of whether the Company acts as a principal or an agent in a transaction is based on an evaluation of whether the Company has the substantial risks and rewards of ownership under the terms of an arrangement. The Company's revenue, which primarily consists of convenience charges and order processing fees from its ticketing operations, is recorded net of the face value of the ticket as the Company generally acts as an agent in these transactions. These reclassifications do not affect the operating income. Revenue associated with fees charged to Clients to cover bank commissions for the use of credit cards are presented on a gross basis.

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A reclassification is considered in the analysis below to present costs of bank commissions net of the relating revenue:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>Unaudited</u>	
Revenue as reported under MFRS	Ps 592,427,661	Ps 674,977,500
Reclassification from Cost of Services (1)	<u>(56,784,450)</u>	<u>(62,510,733)</u>
Revenue under US GAAP	<u>Ps 535,643,211</u>	<u>Ps 612,466,767</u>

(1) Bank commissions paid for the sale of tickets with credit cards are recovered as part of the price of the services. Amounts paid are recognized within the Cost of Services and amounts charged to clients for this concept are recognized as revenue on a gross basis. The reclassification is to present the amount paid for bank commissions net of the amounts recognized for credit card recovery.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	<u>2014</u>	<u>2013</u>
	<u>Unaudited</u>	
Deferred taxes included within:		
Assets:		
Furniture and equipment	Ps 783,690	Ps 677,771
Deferred revenue	577,069	899,959
Accruals	2,854,720	6,953,574
Allowance for doubtful accounts	<u>185,198</u>	<u>572,511</u>
Total deferred tax assets	4,400,677	9,103,815
Liabilities:		
Cost of future events	(2,435,919)	(3,230,559)
Intangible and other assets	<u>(5,313,871)</u>	<u>(5,856,010)</u>
Total deferred liabilities	(7,749,790)	(9,086,569)
Net deferred income taxes	<u>Ps (3,349,113)</u>	<u>Ps 17,246</u>

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e. Commitments and contingent liabilities

As of December 31, 2014, the Company's future minimum rental commitments under non-cancelable operating lease agreements with terms in excess of one year consist of the following:

	<u>Non-cancelable Operating Leases</u>
2015	Ps 10,159,182
2016	10,535,071
2017	10,912,227
2018	11,302,885
2019	11,721,091
Total	<u>Ps 54,630,456</u>

f. New authoritative pronouncements

Accounting standards and amendments issued but not yet applied

In May 2014, the FASB issued a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The new standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle of the guidance is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is effective for annual and interim periods beginning after December 15, 2016, and early adoption of the standard is not permitted. The guidance should be applied retrospectively, either to each prior period presented in the financial statements, or only to the most current reporting period presented in the financial statements with a cumulative-effect adjustment as of the date of adoption. The Company is currently assessing the impact its adoption will have on U.S. GAAP disclosures and financial information.

In February 2015, the FASB issued new guidance for evaluating whether a reporting organization should consolidate certain legal entities. This guidance is effective for annual and interim periods beginning after December 15, 2015, and early adoption is permitted. The guidance should be applied either using a modified retrospective approach or retrospectively. The Company is currently assessing the impact its adoption will have on U.S. GAAP disclosures and financial information.

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***Venta de Boletos por Computadora, S. A. de .C. V. and
subsidiaries***

Report of Independent Auditors

December 31, 2013

Report of Independent Auditors

To the Board of Directors and Shareholders:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of comprehensive income, changes in stockholders' equity and cash flow present fairly, in all material respects, the financial position of Venta de Boletos por Computadora, S. A. de C. V. and its subsidiaries at December 31, 2013, and the results of their operations and their cash flow for the year then ended in conformity with Mexican Financial Reporting Standards. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit of these consolidated statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

The consolidated financial statements referred to above have been presented in conformity with the Mexican Financial Reporting Standards which vary in certain significant respects from Accounting Principles Generally Accepted in the United States of America (United States). Information relating to the nature and effect of such differences are presented in Note 19 to the consolidated financial statements.

PricewaterhouseCoopers, S. C.

/s/ Maximino Manuel Sañudo Bolaños

Maximino Manuel Sañudo Bolaños

Audit Partner

Mexico City, June 27, 2014

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Consolidated Balance Sheets

December 31, 2013 and 2012

Amounts expressed in Mexican pesos

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
		<u>Unaudited</u>
<u>Assets</u>		
CURRENT ASSETS:		
Cash and cash equivalents (Note 6)	Ps 269,272,118	Ps 313,905,060
Accounts receivable for ticket sales (net of allowance for doubtful of Ps1,908,369 and Ps697,680 in 2013 and 2012)	22,526,032	8,357,845
Related parties (Note 8)	161,813,782	321,829,938
Income tax recoverable	36,246,031	19,924,762
Costs of future events	10,768,527	10,790,570
Other accounts receivable	903,711	4,062,429
Total current assets	<u>501,530,201</u>	<u>678,870,604</u>
FURNITURE AND EQUIPMENT - Net (Note 9)	35,396,023	36,176,926
EXPENSES TO AMORTIZE AND OTHER ASSETS -TO AMORTIZE - Net (Note 10) Ps41,047,522 and Ps30,178,809 in 2013 and 2012	50,120,521	51,292,934
DEFERRED INCOME TAX (Note 15)	17,246	—
Total assets	<u>Ps 587,063,991</u>	<u>Ps 766,340,464</u>
<u>Liabilities and Stockholders' Equity</u>		
CURRENT LIABILITIES:		
Suppliers	Ps 36,851,498	Ps 36,411,533
Accounts payable and accrued liabilities	213,972,536	323,293,287
Related parties (Note 8)	15,373,107	5,242,549
Value added tax payable	5,573,071	5,785,064
Revenue from future events	2,999,863	2,999,863
Total current liabilities	<u>274,770,075</u>	<u>373,732,296</u>
DEFERRED INCOME TAX (Note 15)	—	684,813
Total liabilities	<u>274,770,075</u>	<u>374,417,109</u>
STOCKHOLDERS' EQUITY (Note 12):		
Capital stock	21,854,275	21,854,275
Share premium	2,628,300	2,628,300
Retained earnings	283,940,824	364,340,821
Majority stockholders' equity	308,423,399	388,823,396
Non-participation controlling	3,870,517	3,099,959
Total stockholders' equity	<u>312,293,916</u>	<u>391,923,355</u>
COMMITMENTS AND CONTINGENCIES (Notes 16 and 17)		
Total liabilities and stockholders' equity	<u>Ps 587,063,991</u>	<u>Ps 766,340,464</u>

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

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

(a subsidiary of Ocesa Entretenimiento, S. A. de C. V., in turn a subsidiary of Corporación Interamericana de Entretenimiento, S. A. B. de C. V.)

Consolidated Statements of Comprehensive Income

December 31, 2013 and 2012

Amounts expressed in Mexican pesos

	Year ended <u>December 31,</u>	
	<u>2013</u>	<u>2012</u> <u>Unaudited</u>
Service revenue (Note 13)	Ps 674,977,500	Ps 647,657,909
Cost of services (Note 14)	<u>(200,496,744)</u>	<u>(203,185,833)</u>
Gross profit	474,480,756	444,472,076
Operating expenses (Note 14)	<u>(123,254,359)</u>	<u>(97,343,606)</u>
Operating income	<u>351,226,397</u>	<u>347,128,470</u>
Comprehensive financing result:		
Interest income - Net	28,322,731	28,289,378
Exchange gain - Net	<u>281,878</u>	<u>473,785</u>
Comprehensive financing income - Net	<u>28,604,609</u>	<u>28,763,163</u>
Income before the following provision	<u>379,831,006</u>	<u>375,891,633</u>
Provisions for (Note 15):		
Current income tax	(113,162,504)	(102,330,759)
Deferred income tax	<u>702,059</u>	<u>(6,390,917)</u>
	<u>(112,460,445)</u>	<u>(108,721,676)</u>
Net income for the year	<u>Ps 267,370,561</u>	<u>Ps 267,169,957</u>
Distribution net income consolidate for the year:		
Participation controlling	Ps 266,600,003	Ps 266,763,073
Non participation controlling	<u>770,558</u>	<u>406,884</u>
	267,370,561	267,169,957
Other Comprehensive income	<u>—</u>	<u>—</u>
Comprehensive income	<u>Ps 267,370,561</u>	<u>Ps 267,169,957</u>

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

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

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Consolidated Statement of Changes in Stockholders' Equity

(Note 12)

For the years ended December 31, 2013 and 2012

	Capital <u>stock</u>	Share <u>premium</u>	Retained earnings			Profit of <u>no</u> <u>controller</u>	<u>Total</u>
			<u>Holding</u>	<u>Subsidiary</u>	<u>Total</u>		
Balances at December 31, 2011 (Unaudited)	Ps 21,854,275	Ps 2,628,300	Ps 221,872,462	Ps 85,493,528	307,365,990	Ps —	Ps 331,848,565
Dividends received	—	—	49,999,996	(49,999,996)	—	—	—
Change in minority interest	—	—	—	—	—	3,099,959	3,099,959
Comprehensive income for the year (Note 3p)	—	—	198,768,057	67,995,016	266,763,073	—	266,763,073
Dividends paid	—	—	(209,788,242)	—	(209,788,242)	—	(209,788,242)
Balances at December 31, 2012 (Unaudited)	21,854,275	2,628,300	260,852,273	103,488,548	364,340,821	3,099,959	391,923,355
Dividends received	—	—	55,499,996	(55,499,996)	—	—	—
Change in minority interest	—	—	—	—	—	770,558	770,558
Comprehensive income for the year (Note 3p)	—	—	195,726,404	70,873,599	266,600,003	—	266,600,003
Dividends paid	—	—	(347,000,000)	—	(347,000,000)	—	(347,000,000)
Balances at December 31, 2013	<u>Ps 21,854,275</u>	<u>Ps 2,628,300</u>	<u>Ps 165,078,673</u>	<u>Ps 118,862,151</u>	<u>Ps 283,940,824</u>	<u>Ps 3,870,517</u>	<u>Ps 312,293,916</u>

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

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

(a subsidiary of Ocesa Entretenimiento, S. A. de C. V., in turn a subsidiary of Corporación Interamericana de Entretenimiento, S. A. B. de C. V.)

Consolidated Cash Flow Statements**December 31, 2013 and 2012***Amounts expressed in Mexican pesos*

	Year ended <u>December 31,</u>	
<u>Operating activities</u>	<u>2013</u>	<u>2012</u> <u>Unaudited</u>
Income before income tax	Ps 379,831,006	Ps 375,891,633
Depreciation and amortization	25,762,961	18,231,118
Interests gained	<u>(28,322,731)</u>	<u>(28,289,378)</u>
	377,271,236	365,833,373
(Increase) decrease in receivables and other	(55,290,144)	35,004,201
Decrease (increase) in related parties	170,146,715	(266,742,248)
(Decrease) increase in suppliers and other payables	(109,092,780)	21,578,749
Decrease in revenue from future events	—	(9,070,704)
Income tax paid	<u>(85,580,347)</u>	<u>(119,224,222)</u>
Operating activities net cash flow	<u>297,454,680</u>	<u>27,379,149</u>
<u>Investing activities</u>		
Investment in furniture and equipment	(14,202,412)	(18,149,114)
Interests collected	28,322,731	28,289,378
Other related	<u>(9,978,499)</u>	<u>(24,428,393)</u>
Investing activities net cash flow	<u>4,141,820</u>	<u>(14,288,129)</u>
<u>Financing activities</u>		
Non participation controlling	770,558	3,099,959
Dividends paid	<u>(347,000,000)</u>	<u>(209,788,242)</u>
Financing activities net cash	<u>(346,229,442)</u>	<u>(206,688,283)</u>
Net cash decrease and temporary investment	(44,632,942)	(193,597,263)
Cash and cash equivalents at beginning of year	<u>313,905,060</u>	<u>507,502,323</u>
Cash and cash equivalents at end of year	<u>Ps 269,272,118</u>	<u>Ps 313,905,060</u>

The accompanying nineteen notes are an integral part of these financial statements

Venta de Boletos por Computadora, S. A. de C. V. and subsidiaries

(a subsidiary of Ocesa Entretenimiento, S. A. de C. V., in turn a subsidiary of Corporación Interamericana de Entretenimiento, S. A. B. de C. V.)

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

Amounts expressed in Mexican pesos

Note 1 - Company activities:

Venta de Boletos por Computadora, S.A. de C.V. (VBC or the Company) is a subsidiary of OCESA Entretenimiento, S. A. de C. V. in turn a subsidiary of Corporación Interamericana de Entretenimiento, S. A. B. de C. V., which was incorporated under Mexican Laws with a duration of 99 years, and whose purpose is mainly:

- a. Ticket sales through automated sales systems for all types of shows, telemarketing services in and out of phone calls.
- b. The marketing database generated by their activities. VBC is also holding company.

The Company and its subsidiaries do not have employees, which means that all administrative and operating services are rendered by affiliated companies.

The accompanying consolidated financial statements include VBC and its subsidiaries Servicios Especializados para la Venta Automatizada de Boletos, S. A. de C. V. (SEVAB) of which the Company possesses stock holding to the 100% and ETK Boletos, S. A. de C. V., of which the Company possesses stock holding to 72.5% equity. (See Note 7).

Note 2 - Preparation basis:

The accompanying consolidated financial statements at December 31, 2013 and 2012, fairly meet the provisions of the MFRS to show a fair presentation of the Company's financial position. The MFRS state that the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAC), International Financial Reporting Interpretations (IFRIC) and the Interpretation Committee (SIC) are a suppletory part of the MFRS when the absence of the MFRS requires it. Accordingly, the Company, with the purpose of recognizing, valuing, and disclosing its own particular transactions, applies the suppletory IFRS, Interpretations and SIC issued by the International Accounting Standards Board (IASB); in its case IAS-18 "Revenue".

MFRS of retrospective and/or prospective for accounting changes and MFRS effective as of January 1, 2013 and 2012:

As of January 1, 2013, the Company retrospectively adopted the following MFRS and their Interpretations, issued by Consejo Mexicano para la Información Financiera and Desarrollo de Información Financiera (CINIF) and which became effective as of the aforementioned date.

MFRS B-3 "Comprehensive income statement". Establishes the rules for the presentation of the comprehensive income as a result of adding other comprehensive income (OCI) plus the net profit or loss of the period. It states that for the presentation of the comprehensive income the first choice is to present all items comprising the net profit or loss as well as the OCI to get to that result in only one statement. The second choice is to present the comprehensive result in two separated statements, the first named

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“statement of income” only with the items comprising the net profit or loss of the period and the second named “statement of other comprehensive income” beginning with the net profit or loss of the period and following with OCI to get to the comprehensive result.

MFRS B-4 “Statement of changes in stockholders' equity”. Establishes the rules for disclosing: i) initial stockholders' equity balances, ii) adjustments due to the retrospective application of accounting changes and misstatement correction, iii) initial adjusted balances, iv) movements of owners, v) changes in reserves, vi) comprehensive income and vii) ending balances of stockholders' equity.

MFRS B-6 “Statement of the financial position”. States in only one standard the structure of the financial position statement, as well as the related presentation and disclosure standards.

MFRS B-8 “Consolidated or combined financial statements”. The definition of control is modified in order to state that “an entity controls another participating entity when it has power over it to lead its relevant activities; it is exposed or has the right for variable returns from such participation, and has the ability to affect those returns through its power over the investee. The concepts of “protective rights”, “principal”, “agent”, and “structured entity” are introduced and the concept of “special purpose entity” (SPE) is eliminated within the assessment of significant influence and control.

MFRS C-7 “Investment in associates, joint ventures and other permanent investment”. The name of the standard is modified to make it consistent with its new objective and scope that now also includes joint ventures. It establishes that investments in joint ventures should be accounted for by the application of the equity method. The concept of SPE is eliminated and instead the concept “structured entity” is presented to identify the existence of control, joint control or significant influence. This new standard requires more disclosure than the former that is repealed.

MFRS C-21 “Joint control agreements”. Establishes the definition of an agreement with joint control and states that there are two types: joint operation and joint venture. It points that joint operations can or cannot be structured through a vehicle, while joint ventures always have a vehicle. It establishes that a participant in a joint venture should recognize its interest in it as a permanent investment and value it based on the equity method. This MFRS converges with IFRS 11.

Improvements to MFRS.

MFRS C- 5 “Advanced payments”, Bulletin C-9 “Liabilities, provisions, contingent assets and liabilities and commitments” and Bulletin C-12 “Financial instruments with characteristics of liabilities, equity or both”. Obligations issuance costs should be presented as a reduction in the corresponding liability and should be applied to income based on the effective equity method. Previously, it was provided that such costs should be recognized as deferred charges and, therefore, an asset was recognized for the costs of issuance in different items of the statement of financial position.

MFRS D-4 “Income tax”. It clarifies the recognition of current and deferred taxes related to transactions or events that do not pass through the income of the period should be done. It is now clear that there are transactions or events recognized directly in the item of stockholders' equity, in which case the related taxes are also recognized directly in such shareholders' equity item, since previously only referred to the related to other comprehensive income.

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Bulletin D-5 “Leasing”. It eliminates the diversity that existed in practice for the treatment of initial direct costs (costs directly incurred associated with the negotiation and consummation of the lease) and provides that such costs incurred are recognized based on an accrual basis, as it is considered a benefit is obtained over time from them.

MFRS A-1 “Structure of financial reporting standards” and Bulletin C-9 “Liabilities, provisions, contingent assets and liabilities and commitments”. It specifies the meaning of likely mentioned that is when there is certainty that the future event will occur based on information, evidence or data available.

MFRS B-3 “Comprehensive income statement”. It removes the references to other income and expenses mentioned in the Appendixes.

MFRS B-7 “Business acquisitions”. It removes the concept of non-ordinary items from the comprehensive income statement

Bulletin B-14 “Earnings per share”. It specifies the determination of ordinary shares potentially dilutive in interim periods.

MFRS B-15 “Translation of foreign currencies” It specifies the presentation of cumulative translation effect associated with non-controlling interest.

Bulletin C-15 “Impairment in the long-lived assets value and their disposal”. It modifies the Bulletin C-15 in order to include in the impairment indicators the potential impact of a significant increase in market interest rates.

Financial statements authorization

The accompanying consolidated financial statements and their notes were authorized to be issued on March 6, 2014, by George González and Beata Baczyk Wolinska whom have legal authorization to approve financial statements and their notes except for the Note 19 which were authorized for issuance on June 27, 2014 by Gerardo Ledesma.

Note 3 - Summary of significant accounting policies:

The most significant accounting policies are summarized as follows, which have been consistently applied in the reporting years, unless otherwise indicated.

The MFRS require the use of some critical accounting estimates in the preparation of the financial statements. Also, management judgment is required in the process of defining the Company’s accounting policies. The areas including a higher degree of judgment or complexity, and that the assumptions and estimates are significant to the statements consolidates are described in Note 4.

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December 31, 2013 and 2012

Inflation effects in financial information

According with the provisions in the MFRS B-10 "Inflation Effects" (MFRS B-10), the Mexican economy is not in an inflationary environment, since there has been a cumulative inflation below 26% (threshold to define that an economy should be considered as inflationary) in the most recent three year period. Therefore, as of January 1, 2008 it has been required to discontinue the recognition of the inflation effects in the financial information (disconnection from inflationary accounting). Consequently, the figures of the accompanying financial statements at December 31, 2013 and 2012 are stated in historical Mexican pesos (Ps Mex) modified by the cumulative inflation effects on the financial information recognized up to December 31, 2007.

The inflation percentages are indicated as follows:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
	(%)	(%)
Yearly by inflation	3.97	3.57
Cumulative inflation for the last three years	12.26	12.26

a. Consolidation

The consolidated financial statements include the figures of VBC and its subsidiary mentioned in Note 1. All significant balances and transactions among the consolidated companies have been eliminated. The consolidation was carried out on the basis of audited financial statements.

b. Cash and cash equivalents

Cash and cash equivalents, including cash balances, bank deposits and other highly liquid investments with minor risks by changes in value. (See Note 6).

c. Ticket sales accounts receivable

The accounts receivable for ticket sales balance represents the VBC recoverable amount related to the sale of tickets through credit cards. The company collects these accounts receivable in a period between 7 and 15 days.

d. Cost of future events

Cost of future events include prepaid travel services and ticket printing as well as the ticket inventory which are charged to the income statement when they are used.

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e. Furniture and equipment

At December 31, 2013 and 2012, the furniture and equipment, are expressed as follows: i) acquisitions subsequent to January 1, 2008, at their historical cost and ii) acquisitions until December 31, 2007 of national origin at their restated value determined by applying National Consumer Price Index (NCPI) factors to their acquisition value until December 31, 2007.

Property, plant and equipment are subject to annual impairment tests only when there are impairment indicators. Accordingly, they are expressed at their modified historical cost, less the cumulative depreciation and, if it is the case less, the impairment losses. The annual impairment tests are part of cash generating unit, therefore, as of December 31, 2013 and 2012 company didn't have impairment problems.

Depreciation is calculated by the straight line method based on the estimated useful lives of the assets estimated by the Company's management applied to the furniture and equipment values, (see Note 9).

f. Unamortized expenses

As of at December 31, 2013 and 2012, unamortized expenses and other assets are expressed as follows:

i) items acquired since January 1, 2008, at historical cost and ii) items acquired until December 31, 2007, at restated values determined by applying NCPI factors until December 31, 2007 to their acquisition costs.

g. Intangible assets

The intangible assets are recognized when they meet the following conditions: are identifiable, provide future economic benefits and the Company has control over such benefits. The intangible assets are classified as follows:

i. Definite life: are those which expected future economic benefits is limited by any legal or economic condition and are amortized in straight line, based on the best estimate of their useful life and are subject to annual impairment testing when impairment indicators are identified.

ii. Indefinite useful live, which are not amortized but subject to annual impairment assessment.

h. Suppliers

This item includes obligations with suppliers for purchases of goods or services acquired in the normal course of Company's operations. When collectability is expected in a period of one year or less from the closing date (or in the normal operating cycle of the business if this cycle exceeds this period), they are presented as current liabilities. If the above is not complied, they are presented as non-current liabilities.

i. Accounts payable

Accounts payable for ticket sales, represents the balance to be settled at the companies promoting future events.

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December 31, 2013 and 2012

j. Provisions

The provisions of liabilities represent present obligations for past events in which it is probable an expenditure of economic resources. The provisions have been registered under the better estimate carried out by the Administration.

k. Deferred income tax and deferred flat tax

The deferred income tax and/or flat tax are recorded based on the comprehensive asset-and-liability method, which consists of recognizing a deferred tax on all temporary differences between the book and tax value of assets and liabilities to be materialized in the future. The Company and its subsidiary recognized deferred income tax since the Company's financial and tax projections indicate that they would pay income tax in the future (see Note 15).

l. Revenue from future events

Revenue from future events represents future advertising space sales, which are applied to income when the customer uses those advertising spaces, such as: the VBC bulletin "La Guía de Entretenimiento", the tickets and envelopes, as well as advertising by telephone and internet.

m. Revenue from commissions on ticket sales and advertising

Revenue from commissions on ticket sales are recorded as income when the tickets are sold and the commission represents a percentage of the ticket value. The Company delivers the value of the tickets sold to the venue at which the event took place within two working days after the event is finished. Tickets sold in advance are recorded as a liability payable to the venue where the event will take place.

n. Stockholders' equity

The Capital stock, the net premium in shares issuance and thereafter and the retained earnings, are expressed as follows: i) movements done since of January 1, 2008 at historical cost, and ii) movements done before January 1, 2008 at indexed values determined through the application to their originally determined values of factors derived from the NCPI up to December 31, 2007. See Note 12. Consequently, the different stockholders equity concepts are expressed at modified historical cost.

o. Other Comprehensive income

The other comprehensive income (OCI) are composed of the result from translation of foreign operations, the change in fair value of cash flow hedges, participation in the OCI of associates as well as income taxes relating to the OCI. The OCI represent revenues, costs and expenses while already accrued, are pending completion which is expected in the medium term and its value may change due to changes in the fair value of assets or liabilities that gave origin, so it may not come to fruition in part or in full. The OCI are recycled when they are no longer made and recognized as a separate component in stockholders' net capital to be recognized in income (loss) the period in which the asset or liability that gave rise to take place.

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p. Comprehensive income

The comprehensive income comprises the net income, as well as those departures that for specific disposition of the MFRS are required, which is reflected in the capital stock and do not constitute equity payments, reductions and distributions. The comprehensive income amounts of 2013 and 2012 are expressed at modified historical pesos.

Costs, expenses and additional line items presentation in the income statement

The Company presents costs and expenses in the income statement under the classification criterion based on the function of items, which main characteristic is to take away the sales costs from the other costs and expenses based on the items nature since it breaks the costs and expenses items addressing the specific essence of the entity's type of cost or expense.

Additionally, in order to obtain a better analysis of its financial position, the Company has deemed necessary to present separately the amount of the operating profit in the income statement as such information is a common disclosure practice of the sector which the entity belongs to.

q. Revenue recognition

The revenues from services of phone marketing of entering and exiting of phone calls, tickets sales and commercialization of data basis are registered when they are carried out and sales services are rendered.

The Company and its subsidiaries make estimates and projections about future events to recognize and measure certain financial statement items. The resulting recognized accounting estimates may differ from actual results or events.

The doubtful estimation account is recognized basing an administration analysis and it's considered reasonably enough to absorb losses according to company politics.

r. Exchange gain (loss)

Transactions in foreign currencies are initially recorded at the recording currency applying the exchange rates prevailing on the dates they are entered into and/or settled. Assets and liabilities denominated in such currencies are translated at the exchange rate prevailing on the balance sheet date. Exchange gain or loss differences arising from fluctuations in the exchange rates between the transaction and settlement dates, or valuation at the period closing are recognized in the income as a component of the financing comprehensive result (FCR) with exception of those exchange differences that, as a part of the eligible assets cost, are capitalized with other components of FCR.

Note 4 - Accounting estimates:

The Company and its subsidiaries make estimates and projections about future events to recognize and measure certain financial statement items. The resulting recognized accounting estimates may differ from actual results or events. The estimates and projections that have a significant risk of material adjustments on assets and liabilities recognized during the following year are detailed below.

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The Company is subject to tax on income (in many jurisdictions). Significant judgments are required to recognize the current and deferred income tax. There are many transactions and calculations for which accurate tax determination is uncertain. The Company recognizes a liability for those matters observed in tax audits which are considered likely resulting in the determination of tax additional to that originally caused. When the outcome of these processes is different to the estimated liability, the differences are recognized in the deferred and/or current income tax.

Note 5 - Foreign currency position:

- a. The figures in this note are stated in U.S. dollars (Dls.), except for exchange rates.

As of December 31, 2013 and 2012, the company and its subsidiaries had the following foreign currency monetary assets and liabilities:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
		<u>Unaudited</u>
Assets	Dls. 223,508	Dls. 326,302
Liabilities	<u>(262,317)</u>	<u>(870,227)</u>
Net short position	<u>(Dls. 38,809)</u>	<u>(Dls. 543,925)</u>

- b. At December 31, 2013 and 2012, the exchange rate was Ps13.08 and Ps12.97 per dollar, respectively. At the date of issuance of the audited financial statements, the exchange rate was Ps13.25 per US dollar, approximately.

- c. The most significant foreign currency transactions carried out by the company were as follows:

	<u>Year ended</u>		<u>December 31,</u>	
	<u>2013</u>		<u>2012</u>	
			<u>Unaudited</u>	
Sales	Dls. 553,289	Dls.	337,519	
Costs and operating expenses	(2,493,967)		(2,292,285)	
Royalties cost	(250,000)		(250,000)	
Interest income	(5,075)		(1,028)	

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Note 6 - Cash and cash equivalents:

The cash, cash equivalents and temporary investments balance at December 31, 2013 and 2012 are mainly comprised by cash at banks including foreign currency amounts and temporary investments, which are available to be used and subject to non-significant value change risks. The analysis of such balance is shown as follows:

	Year ended December 31,	
	<u>2013</u>	<u>2012</u> <u>Unaudited</u>
Cash	Ps 166,890	Ps 111,000
Bank deposits	4,644,228	10,168,606
Liquid investments	<u>264,461,000</u>	<u>303,625,454</u>
Total of cash and cash equivalents	<u>Ps 269,272,118</u>	<u>Ps 313,905,060</u>

Liquid investments are subject to several kinds of risk, the principal ones are those related to operating market, term associated interest rates, exchange rates and credit and liquidity market risks.

Note 7 - Equity investments in subsidiaries:

See below main consolidated subsidiaries in which maintained control and equity method was recognized:

<u>Company</u>	<u>Percentage of holding 2013 and 2012</u>	<u>Main activity</u>
Servicios Especializados para la Venta Automatizada de Boletos, S. A. de C. V. (SEVAB)	100%	Provide Administrative, technical, marketing and technology services during the ticket sales.
ETK Boletos, S. A. de C. V. ¹	72.5%	Automated Ticket sales.

¹ Established on April 9, 2012.

In order to the consolidated financial statements were used the subsidiaries statements at December 31, 2013 and 2012, and for the periods ending on those dates.

Note 8 - Balances and transactions with related parties:

As pointed on Note 1, the Company is direct subsidiary of Ocesa Entretenimiento, S. A. de C. V.; with it the Company just maintains a pure subsidiary/holding relationship.

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The balances receivable from and payable to related parties at December 31, 2013 and 2012 were as follows:

	<u>December 31,</u>	
<u>Accounts receivable:</u>	<u>2013</u>	<u>2012</u>
<u>Affiliate</u>		<u>Unaudited</u>
Operadora de Centros de Espectáculos, S. A. de C. V.	Ps 123,494,980	Ps 186,256,883
Solo Ele-Mentum, S. A. de C. V.	36,209,674	38,004,393
Administradora Mexicana del Hipódromo, S. A. de C. V.	476,509	479,751
Televisa, S. A. de C. V.	361,965	228,134
Servicios Corporativos CIE, S. A. de C. V.	335,983	203,219
Ocesa Promotora, S. A. de C. V.	321,177	95,706,331
Futbol del Distrito Federal, S. A. de C. V.	274,726	812,185
Servicios Compartidos de Alta Dirección, S. A. de C. V.	108,770	—
Unimarket, S. A. de C. V.	105,014	—
Others	124,984	139,042
	<u>Ps 161,813,782</u>	<u>Ps 321,829,938</u>

Accounts receivable are without an expiration term and no warranty also accrues monthly interest of TIIE plus two points.

	<u>December 31,</u>	
<u>Accounts payable:</u>	<u>2013</u>	<u>2012</u>
<u>Affiliate</u>		<u>Unaudited</u>
Make Pro, S. A. de C. V. ¹	Ps —	Ps 2,239,738
Servicios Administrativos del Entretenimiento, S. A. de C. V.	14,168,015	1,947,241
Needish México, S. A. de C. V.	754,456	922,699
TicketMaster LLC CA	445,716	108,084
Servicios Compartidos en Alta Dirección, S. A. de C. V.	—	23,523
CIE Servicios Profesionales, S. A. de C. V.	—	1,264
Others	4,920	—
	<u>Ps 15,373,107</u>	<u>Ps 5,242,549</u>

⁽¹⁾ Represents redeem outstanding tickets

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During the years ended December 31, 2013 and 2012, the Company carried out the following operations with related parties:

<u>Income from affiliated companies for:</u>	<u>2013</u>		<u>2012</u>	
			<u>Unaudited</u>	
Commissions and charges from ticket sales	Ps	44,701,324	Ps	38,561,577
Sponsorship income		24,040,630		46,115,108
Equipment leasing		1,045,966		1,192,281
Interest		24,571,823		20,794,221
Other income		449,471		477,697

Costs and expenses with affiliated companies for:

Personnel, administrative and security services	(Ps	81,481,390)	(Ps	63,550,312)
Corporate fees		(6,995,765)		(7,011,551)
Lease of properties		(9,420,446)		(9,095,728)
Advertising commissions		(4,878,378)		(2,524,699)
Other expenses		(2,807,228)		(2,072,759)
Network services		—		(600,638)

Stockholders cost:

Royalties		(3,184,687)		(3,318,462)
Other		(3,358,465)		(5,043,526)

Note 9 - Analysis of furniture and equipment:

The investment in furniture and equipment at December 31, 2013 and 2012 was as follows:

	<u>December 31,</u>		Annual depreciation or amortization rate (%)
	<u>2013</u>	<u>2012</u>	
		<u>Unaudited</u>	
Computer and peripheral equipment	Ps 147,591,720	Ps 138,507,208	30
Telephone equipment	10,970,794	10,970,794	10
Furniture and equipment	12,997,240	10,447,002	10
Radio and communication equipment	742,515	742,515	10
Transportation equipment	3,265,307	3,131,898	25
	175,567,576	163,799,417	
Accumulated depreciation and amortization	(140,171,553)	(127,622,491)	
	Ps 35,396,023	Ps 36,176,926	

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The depreciation recorded in the income statement of 2013 and 2012 amounts Ps 16,937,069 and Ps 13,620,259 respectively which are recognized in the operating expenses.

There are fully depreciated assets amounts of Ps 110,989,253 and Ps 103,072,941 at December 31, 2013 and 2012 respectively.

Note 10 - Unamortized expenses and others assets:

Intangible assets at December 31, 2013 and 2012 are as follows:

<u>Intangible assets</u>	<u>2013</u>	<u>2012</u>
		<u>Unaudited</u>
Access to property ticket sales (stadium March 3, concerts, bullring and others	Ps 38,646,426	Ps 28,950,126
Software EDB-Ticket	6,715,900	6,715,900
Amortization	<u>(16,994,773)</u>	<u>(7,005,078)</u>
Subtotal	28,367,553	28,660,948
E-Ticket Brand	1,900,100	1,900,100
Non-compete agreement - ETK boletos ¹	<u>5,600,000</u>	<u>5,600,000</u>
	35,867,653	36,161,048
Other assets	<u>14,252,868</u>	<u>15,131,886</u>
Intangible assets	<u>Ps 50,120,521</u>	<u>Ps 51,292,934</u>

⁽¹⁾ The Agreement non-compete agreement with ETK - Tickets will be valid for as long as required to maintain the quality as any shareholders and / or employees of ETK-Tickets for an additional 5 years from the date they have lost both grades for any cause, with the understanding that shall be computed individually for each bound.

Note 11 - Analysis of liability provisions:

Following is an analysis of the movements of the liability provisions at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
		<u>Unaudited</u>
Beginning balance	Ps 19,613,233	Ps 23,952,990
Increases	23,178,581	19,573,340
Applications	(17,207,291)	(23,085,870)
Cancellations	<u>(2,405,942)</u>	<u>(827,227)</u>
Ending balance	<u>Ps 23,178,581</u>	<u>Ps 19,613,233</u>

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The balance of provisions are grouped within accrued liabilities.

Note 12 - Stockholders' Equity:

Capital stock

As of December 31, 2013 and 2012, the company's capital stock is comprised of 21,854,275, respectively ordinary nominative shares, with a par value of one Mexican historical peso each, and which are classified in two series, as follows:

<u>Number of shares</u>	<u>Description</u>	<u>Amount</u>
17,975	"A" shares, serial representing the minimum fixed capital stock, without the right to withdrawal	Ps 17,975
<u>32,025</u>	"B" shares, serial representing the minimum fixed capital stock, without the right to withdrawal	<u>32,025</u>
50,000	Subtotal	50,000
10,529,241	"A" shares, serial representing the variable portion of capital stock, with an unlimited maximum	10,529,241
4,095,148	Serial "A-1" share, serial representing the variable portion of capital stock, with an unlimited maximum	4,095,148
<u>7,179,886</u>	"B" shares, serial representing the variable portion of capital stock, with an unlimited maximum	<u>7,179,886</u>
<u>21,854,275</u>	Capital stock	<u>Ps 21,854,275</u>

In the event of a capital reduction, the procedures of the Income Tax Law arrange that any excess of stockholders' equity over capital contributions is accounted with the same tax treatment as dividends, established in accordance with the procedures in the law of income tax.

Retained earnings

On June 28, 2013, without the benefit of a stockholders meeting, the stockholders' agreed to declare and pay dividends in the amount of Ps 347,000,000. Ps 236,899,472 of which come from the net tax profit account, also by the difference of Ps 110,100,528 which generated a tax of Ps 35,208,000 not come from CUFIN.

On June 29, 2012, without the benefit of a stockholders meeting, the stockholders' agreed to declare and pay dividends in the amount of Ps 209,788,242.

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The net income of the year is subject to the legal disposition that requires that, at least, a 5% of the income of each exercise is destined to increase the legal reserve until this is equal to import the fifth part of the social paid capital.

In October 2013 the Chamber of Senators and Representatives approved the issuance of a new Law on Income Tax (Income Tax Law) which came into force on January 1, 2014. Among other things, this Act sets a tax of 10% by the profits generated as of 2014 to dividends paid to foreign residents and Mexican individuals, it also states that for the years 2001-2013, the net taxable profit is determined in terms of the Income Tax Law in force in the fiscal year concerned.

The company and subsidiaries do not consolidate for tax purposes.

Dividends paid are not subject to income tax, if paid out from the net tax profit account (CUFIN by its Spanish acronym) and will be taxed at a rate that fluctuates between 4.62% and 7.69% if they are paid from the reinvested net tax profit account. Any dividends paid in excess of this account are subject to a tax equivalent to 42.86%, if paid in 2014. The current tax is payable by the company and may be credited against its income tax for the same year or the following two years or in its case against the Flat tax of the period. Dividends paid coming from profits previously taxed by income tax are not subject to withholding tax or additional tax payment.

Note 13 - Revenue analysis:

Operations and integrations of revenue of December 31, 2013 and 2012 are show as follows:

<u>Revenue:</u>	<u>2013</u>	<u>2012</u>
		<u>Unaudited</u>
Internal charges	Ps 475,660,149	Ps 420,907,764
Credit card recovery	76,768,584	63,925,550
Entertainment guide	58,098,889	104,421,860
Advertising	31,779,756	48,673,663
Others	25,997,094	9,729,072
Services imports	<u>6,673,028</u>	<u>—</u>
	<u>Ps 674,977,500</u>	<u>Ps 647,657,909</u>

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Note 14 - Costs and expenses analysis:

Operations and integration of costs and expenses at December 31, 2013 and 2012 are show as follows:

<u>Costs:</u>	<u>2013</u>	<u>2012</u> <u>Unaudited</u>
Commissions	(Ps 99,026,297)	(Ps 89,767,670)
Entertainment guide	(24,831,235)	(38,468,155)
Administrative services	(9,824,573)	(11,877,803)
Computing	(8,738,649)	(9,567,919)
Tickets	(11,256,987)	(9,477,623)
Other costs	(13,856,584)	(12,918,288)
Advertising	(1,946,142)	(7,673,666)
Non-capital assets	(6,254,009)	(6,991,675)
Professional services	(2,727,745)	(4,260,955)
Royalties	(3,188,521)	(3,322,462)
Lease	(1,758,555)	(2,224,092)
Maintenance	(846,404)	(1,622,306)
Production	(7,415,151)	(402,360)
	<u>(191,670,852)</u>	<u>(198,574,974)</u>
Amortization	<u>(8,825,892)</u>	<u>(4,610,859)</u>
	<u>(Ps 200,496,744)</u>	<u>(Ps 203,185,833)</u>
<u>Expenses:</u>		
Administrative services	(Ps 76,119,895)	(Ps 55,945,736)
Lease	(10,713,477)	(10,661,315)
Others expenses	(13,102,308)	(9,821,966)
Corporative share	(6,363,209)	(6,561,550)
Computing	(18,401)	(732,780)
	<u>(106,317,290)</u>	<u>(83,723,347)</u>
Depreciation and amortization ¹	<u>(16,937,069)</u>	<u>(13,620,259)</u>
	<u>(Ps 123,254,359)</u>	<u>(Ps 97,343,606)</u>

⁽¹⁾ Included written-off of furniture and equipment

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Note 15 - Income tax, and special unique flat tax:

a. New income tax law (new ITL)

During October 2013 the Chamber of Senators and Representatives approved the issuance of a new Law on Income Tax (new ITL) which came into force on January 1, 2014, repealing the Income Tax Law issued on January 1 2002 (previous ITL). The new ITL captures the essence of the previous ITL; however, makes significant changes among which we can highlight the following:

- i. Amendment mechanics to accumulate the income from alienation forward and generalizes the method to determine the gain on disposal of shares.
- ii. Provides the mechanism to determine the opening balance of the capital account of contributions (CUCA by its Spanish acronym) and CUFIN and establishes a new mechanism for recovery Tax Assets (TA).
- iii. Establishes an income tax rate for 2014 and the following years of 30%, in contrast to previous ITL establishing a rate of 30%, 29%, and 28% for 2013, 2014 and 2015, respectively.

The Company has reviewed and adjusted the deferred tax balance at December 31, 2013, considering in determining the temporary differences applying these new provisions, whose impacts are detailed in the reconciliation of the effective tax rate presented below. However, the effects on limiting deductions and other previously listed will apply from 2014 and mainly will affect the tax paid from that year.

In 2013 and 2012, VBC and subsidiaries determined a tax profit of \$377,208,348 and \$341,112,580, which in case of VBC exceeds the determined for Flat tax purposes. The tax result differs from the accounting result, mainly in such items cumulative by the time and deducted differently for accounting and tax purposes, by the recognition of the inflation effects for tax purposes, as well as such items only affecting either the accounting or tax result.

The reconciliation between the statutory and the effective income tax rates is shown below:

	Year ended <u>December 31,</u>	
	<u>2013</u>	<u>2012</u> <u>Unaudited</u>
Income before income tax provisions	Ps 379,831,006	Ps 375,891,634
Statutory income tax rate	<u>30%</u>	<u>30%</u>
Income tax at statutory rate	113,949,301	112,767,490
Plus (less) effect of the income tax on:		
Inflation	(2,737,567)	(3,392,111)
Nondeductible expenses or (taxable income)	1,080,281	1,572,046
Other items	<u>168,430</u>	<u>(2,225,749)</u>
Maximum charge to income for income tax	Ps <u>112,460,445</u>	Ps <u>108,721,676</u>
Effective income tax rate	<u>30%</u>	<u>29%</u>

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At December 31, 2013 and 2012, the principal temporary differences on which deferred income tax was recorded are shown below:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
		<u>Unaudited</u>
Costs of future events	(Ps 10,768,527)	(Ps 10,790,570)
Expenses to amortize	(19,520,034)	(17,052,821)
Furniture and equipment	2,259,235	2,249,904
Revenue of future events - Net	2,999,863	2,999,863
Liability provisions and estimations	23,178,581	19,613,233
Allowance for doubtful accounts	<u>1,908,369</u>	<u>697,680</u>
	57,487	(2,282,711)
Income tax rate	<u>30%</u>	<u>30%</u>
Deferred income tax asset (liability)	Ps <u>17,246</u>	(Ps <u>684,813</u>)

b. Flat tax

i. Flat Tax of the 2013 and 2012 is calculated at the 17.5% rate on the profit determined with base on the cash flows, such net income represents the difference between the total income collected by taxable activities, less the authorized tax deductions. In addition, it is also allowed to reduce this amount with the Flat tax credits, based on the procedures established in the effective law and the rate change effect of temporary differences has been recognized in previous periods.

The Company and its subsidiaries had not recognized any deferred tax as it was not causing flat tax so that repeal had no effect on the financial statements of the Company.

ii. According with the effective tax law, the Company must pay annually the higher tax between Income tax and Flat tax.

During October 2013 the Chamber of Senators and Representatives approved the repeal of the Act of Flat Tax (flat tax) published on October 1, 2007, so that, after the entry into force of the Decree approved in October 2013, will void the resolutions and general administrative provisions and resolutions to questions, interpretations, authorizations or permits issued to individual capacity on the tax for the Flat Tax Law that are repealed.

In 2013 and 2012 VBC and SEVAB determined a tax profit of Ps260,938,530 and Ps68,397,225, respectively, and ETK determined a tax loss of Ps1,557,347 in 2012, VBC and SEVAB determined a tax profit of Ps299,537,378 and Ps347,429,864, respectively and ETK determined a tax loss of Ps9,129,468. The result differs from the accounting result mainly because, for accounting purposes, the transactions are recognized on the basis of the accrued while for tax purposes, these are recognized on the basis of the cash flow and for such items only affecting the accounting or tax result of the year.

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Note 16 - Commitments:

- a. Offices: BVC signed an agreement with OCESA, an affiliated company for the use of office space, and for providing certain cleaning and security services at said spaces located within the premises of the "Palacio de los Deportes" in Mexico City. This agreement grants the company use of the facilities it uses as office space and its call center in this city. The company pays to OCESA a monthly fixed fee. In addition, VBC has signed a lease agreement with an individual, involving a building located in the city of Guadalajara, Jalisco, to house its offices in that city. VBC pays a fixed fee for this building lease which annually increases based on the NCPI.
- b. "Offices: Servicios Especializados para la Venta Automática de Boletos, S. A. de C. V. (SEVAB) has signed agreements with OCESA, an affiliated company, for the use of space and to the provision of certain cleaning and security services in these areas located inside the Palacio de los Deportes, Mexico City. This agreement gives SEVAB use of facilities used to their offices. OCESA SEVAB paid monthly to a fixed amount".
- c. As part of its daily business activities, VBC and ETK boletos are engaged in the distribution and sale of tickets to certain artistic events to be conducted in the immediately following year. In this regard, certain amounts are received from third parties for the purchase of tickets to said events. The Company holds these amounts in cash, so that if the events in question are not held, the amounts should be returned in accordance with the applicable legal provisions. At December 31, 2013 and 2012, cash and cash equivalents included deposits totaling, received from said third parties for the eventual acquisition of tickets Ps 203,213,308 and 313,692,752 respectively.
- d. Ticketmaster Brand Name and System. BVC entered into license agreements (expiring on March 31, 2015) with Ticketmaster Corporation for use of the TicketMaster brand names and system, paying a fixed royalty fee denominated in dollars.

There is no guarantee that those permits or contracts will be extended or renewed, or that the new conditions agreed to will be the same. Nevertheless, on the basis of experience, the Company's management considers that the permits and contracts are renewable under similar terms to those currently in effect, when they expire.

Note 17 - Contingencies:

- a. Under the provisions of the Income Tax Law, parties carrying out operations with related parties, either resident in Mexico or abroad, are subject to tax limitations and obligations as the determination of transfer prices concerns, which must be similar to those agreed with unrelated parties in comparable transactions.

In the event of an official review, the tax authorities could consider that the above-mentioned prices are not in line with the provisions of the Law, in which case, aside from restatement and surcharges, the tax authorities could impose fines of up to 100% of any omitted taxes.

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- b. On May 14, 2012, VBC filed a request at the Zapopan Municipal Treasury for confirmation that it is not subject to payment of the Tax on Public Entertainment regulated by the Municipal Treasury Law for the State of Jalisco, and therefore, that articles 13 (section I) and 50 of the Zapopan Jalisco Revenue Law do not apply to it with respect to fiscal year 2012, as well as article 131 Bis-A of the Municipal Treasury Law for the State of Jalisco, due to the fact that it is engaged in issuing tickets by electronic means, but not in exploitation of public entertainment events. Official communication dated July 5, 2012, issued by the Director of Revenue of the Zapopan Municipal Treasury, resolved that because they receive payment corresponding to the cost of tickets, companies handling electronic ticket sales (such as Venta de Boletos por Computadora, S. A. de C.V.) become jointly liable in terms of payment of the tax on public entertainment. The above official communication represented the first act, for Venta de Boletos por Computadora, S. A. de C. V., in terms of applying the provisions that regulate the Tax on Public Entertainment, due to which, on August 3, 2012, an appeal was filed for injunction against this law. On August 31, 2012, a motion was filed for stay of execution. Through an agreement dated September 5, 2012, the company was granted a temporary stay of execution. Through the September 26, 2012 resolution, the company was granted a definitive stay of execution to have the corresponding authorities abstain from collecting the Tax on Public Entertainment from the claimant, in accordance with articles 13 and 50 of the Revenue Law of the Municipality of Zapopan Jalisco. In addition, the precautionary measure is to take effect prior to depositing with the Municipal Treasury Department of the Municipality of Zapopan, Jalisco of the cash amount ultimately incurred by the company corresponding to the Tax on Public Entertainment, in accordance with articles 13 and 50 of the Revenue Law of the Municipality of Zapopan Jalisco, for fiscal year 2012, thus securing the tax debt. Through the sentence handed down on December 12, 2012, the District Judge determined to dismiss the injunction, considering that the company's juridical interest is not affected, until it is directly required to pay the tax. In light of the above, on December 28, 2012, an appeal was filed by the tax authorities against said court decision, and the matter was turned over to the Third Collegiate Court with file no 36/2013, which was in turn sent to the Ninth Collegiate Circuit Court of the Auxiliary Center of the First Region, located in Cuernavaca, Morelos, for resolution. The Ninth Collegiate Circuit Court of the Auxiliary Center for the First Region, located in Cuernavaca Morelos, handed down a sentence on May 3, 2013, confirming the judgment under appeal and therefore, dismissing the injunction, with which the matter is thus definitely concluded, with said resolution causing no damage to the company.
- c. On July 24, 2012, the Procedures Department of the Mexican Better Business Bureau (PROFECO) issued a resolution, sanctioning VBC for an alleged violation of article 10 of the Consumer Protection Act, as it considers that marketing and sale of the service denominated "La Guía" consists of an unfair practice for the consumer, imposing a Ps1,690,331 fine, in addition to obligating the company to stop marketing "La Guía" as it has so far. A motion for review was filed against said resolution, with a second resolution issued on October 25, 2012 by said Procedures Department, declaring the company's grievances unfounded.
- d. In light of the above, on January 21, 2013, an action for annulment * was filed against the resolution that confirmed the sanction. The Eighth Regional Metropolitan Chamber of the Federal Tax and Administrative Court received the action for annulment, which is currently under analysis by the proper authorities. The Company's attorneys believe there is a high probability that the sanction imposed on the Company as a result of this procedure will be lifted.

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- e. On 22 June 2012 the Directorate of Advertising and Standards PROFECO to OCESA information required for his alleged role in the violation of various rules generated by the sale of tickets for public performances through the internet portal www.ticketbis.com.mx OCESA mx relief such request the July 6, 2012, stating that the probable cause of the offending behavior was the company Evandti, S. A. de C. V. for that reason is intended to be left to consider OCESA as likely responsible for the unlawful conduct and start a new legal process against the company Evandti, SA de C.V. In September 21, 2012 the company notified the request for information. Meanwhile OCESA and VBC facts filed complaints against PROFECO Evandti Company, S. A. de C. V. for violations of the Federal Consumer Protection, which are processed with the file number PFC.B.B.13/000065/2012, which could be accumulated with the file number PFC.B.B.13/000054/2011. In this procedure is intended to integrate more violations of the Federal Protection Consumer Law different from the violation of advertising rules. By official memorandum number SPS/DGP/0660/2013, dated on June 13, 2013, "PROFECO" determined the exclusion of OCESA respect to the procedure followed by the resale of tickets, noting that the procedure will continue only against Evandti, SA de C.V.
- f. VBC and its subsidiaries are regularly called by the Federal Consumer when consumers of their services do not consider the conditions in which they are offered and complain to this office. Sometimes the administrative authority has brought some fines for alleged violations of administrative procedures to the law of matter, of which there are currently four process complaints in conciliation stage, twenty one cases are on the Federal Court of Fiscal and Administrative Justice and four lawsuits on other Federal courts, regarding several fines or penalties between Ps2,000 to Ps102,933 that they all together add up to approximately Ps400,000. At the date, the Company has not suffered any prejudice by these complaints and all similar processes has been release of the of the resolutions that have been imposed, so the opinion of advisors of VBC, is not a material contingency, and it is very unlikely that any of these amounts are payable, or where appropriate, that the above criteria that has never condemned VBC to pay amounts due to these causes are reversed.
- g. VBC filed a request with the Mexican Industrial Property Institute (MIPI) for a declaration of the infractions committed by Wal-Mart de México, S. A. B. de C. V. ("Wal-Mart"), for improper use of the "La Guía de Entretenimiento" brand owned by VBC. In its counterclaim, Wal-Mart requested that VBC's brand be declared invalid. The authorities declared VBC's requested as well-grounded and determined that Wal-Mart had committed the infractions in question, and imposed a fine of 2,500 days minimum salary in effect in Federal District, and dismissed Wal-Mart's request for VCB's brand to be declared invalid. That decision was challenged by Walmart in the Federal Courte of Fiscal and Administrative Justice. On September 11, 2013, the Judges of the Federal Tax Court issued a favorable judgment to VBC recognizing the validity of the resolution issued by the Mexican Industrial Property Institute (MIPI), namely, the administrative declaration of infringement is confirmed regarding the "LA GUIA DE ENTRETENIMIENTO" brand, by the part of Walmart, is confirmed a fine of 2,500 days minimum salary, and it is confirmed that the "LA GUIA DE ENTRETENIMIENTO" brand is owned by VBC.
- h. VBC requested that the infractions be declared against Wal-Mart, for improper use of the reservation of rights to the "La Guía de Entretenimiento" publication, in the following genres: Periodic publications, qualifying as a guide, to which Wal-Mart responded by filing a request for statement of administrative action for nullity of VBC's reservation of rights. The National Copyrights Institute ("INDAUTOR") ruled in favor of VBC and dismissed Wal-Mart's counterclaim. This resolution was

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contested by Wal-Mart at the Federal Tax Courts, which ruled in favor of VBC on September 13, 2012, recognizing the validity of the resolution issued by the INDA, confirming that the reservation of rights to exclusive use of the the title LA GUÍA DE ENTRETENIMIENTO was duly granted. Dissatisfied with said resolution, Wal-Mart filed a request for injunction against said sentence, to which, on May 7, 2013, VBC responded as injured third party in the injunction proceedings.. In the opinion of OCESA's advisors, the authorities may confirm the validity of the resolution, and once the sentence has been executed, the IMPI could dictate a resolution, declaring WAL-MART'S infraction for commercial purposes, and consequently, imposing a fine; the UNDAUTOR could dictate a resolution invalidating and/or dictating the expiration of the reservation of rights to WALMART AHORRAS DINERO. VIVES MEJOR. GUÍA DE ENTRETENIMIENTO obtained by Wal-Mart.

- i. On November 22, 2010, VBC contested the April 19, 2010 resolution, whereby INDAUTOR dismissed the action for renewal of the reservation of rights for exclusive use of the "La Guía de Entretenimiento" Title, in the magazine genre, against which VBC filed an appeal at the Federal Tax Courts. This proceeding is currently in the pleadings phase. In the opinion of VBC's advisors, the authorities may possibly demand that INDAUTOR renew said registration. However, as a preventive measure, VBC has obtained a new registration for said publications, which is currently in effect.
- j. On October 1, 2012, an action for annulment was brought to the Chamber specialized in intellectual property matters of the Federal Tax and Administrative Court against the resolution issued by coordinating office C for trademark examination regarding rejection of hallmark Laguíatm.tv, requested by VBC. On April 30, 2013, the Tax Courts handed down a sentence, ordering the IMPI to issue Title of the brand. Dissatisfied with said resolution, Teléfonos de México, S. A. B. DE C. V. filed for constitutional protection of civil rights known as an "amparo" against granting of the Laguíatm.tv trademark, arguing that it is mistaken for its TL trademark. VBC answered the amparo and presented arguments in the corresponding trial. No sentence has yet been issued in this regard. In the opinion of our advisors, it is possible the authorities will confirm the sentence and grant VBC the Laguíatm.tv hallmark.
- k. ETK Boletos, S.A. de C.V. contested the rejection statements of the following brands in process: 1298297, 01 800 E TICKET, in class 9, No. 1272799, E-TICKET, in class 42 and No. 1276202, E TICKET TU ACCESODIRECTO Y DISEÑO, in class 9, as well as commercial notice No. 75946, E TICKET TU ACCESO DIRECTO, in class 9 at the Regional Chamber for Intellectual Property Matters, which are still to be admitted.
- l. VBC filed an appeal against rejection of the TRAVEL TICKET brand, in process No.1303262, in class 39 at the Regional Chamber for Intellectual Property Matters. The appeal has yet to be admitted.
- m. The Legal Representative of Trébol Beat filed a lawsuit against the promoter of the September 22, 2011 LADYTRON show at Six Flags. Although the tickets to said event were sold through the Ticket, aster system, the Public Prosecutor's Office had VBC provide the sales report for the event, which was duly submitted. VBC's external advisors consider there is a high probability that it will be held harmless from any responsibility related to this incident.
- n. VBC and its subsidiaries regularly contracts the services of specialists in areas such as security, cleaning, access control, production, mounting, assembling and other similar services required to conduct its business activities and held multiple contracts with third parties undertake to develop

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activities for VBC and its subsidiaries. Under the provisions of the labor legislation and recent amendments thereto on the subject of social security, some of the contractors or workers of these service providers may take steps for VBC and its subsidiaries to be considered the beneficiary of those services or responsible for possible related contingencies.

- o. According to the agreements of the shareholders of the Corporación Interamericana de Entretenimiento, S. A. B. de C. V. ("CIE"), is responsible for dealing with, any contingency that is filed against the Company and its subsidiaries which has arisen from acts prior to October 18, 2012, forcing CIE to defend, indemnify and if take out harmless the Company (including the obligation to pay any amount that has to be done is payable by a penalty), so the Company has no record of such procedures, substance directly to CIE by the agreement.

Note 18 - New accounting pronouncements

During December 2013 and 2012, the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF) issued a series of Mexican Financial Reporting Standards (MFRS) and interpretations to those standards, which will become effective as of January 1, 2014, with exception of MFRS C-3 "Accounts Receivable" and MFRS C-20 "Receivable financial instruments" which will become effective as of January 1, 2016, which early application is allowed. Those MFRS and their interpretation are not considered to have a significant affectation in the financial information to be presented by the Company.

2014

MFRS B-12 "Offsetting financial assets and financial liabilities". Establishes standards concerning the rights of compensation to be considered in order to present a financial asset and a financial liability in their offsetting amount within the statement of the financial position, as well as which are the characteristics required contemplating compensation, based on the principle that a financial asset and a financial liability should always be recorded in their offsetting amount and provided the future cash flow of collection or settlement is net.

MFRS C-11 "Stockholders' equity". Establishes the valuation, presentation and disclosure standards for those items comprising stockholders' equity in the statement of the financial position of profit entities. The main changes in relation to the above standard are: it requires the pricing per share to be issued by advances for future capital increases and that it is established that it cannot be repaid before capitalized, in order to qualify as equity, and includes the standard related to financial instruments that at initial recognition are identified as equity.

MFRS C-12 "Financial instruments with features of liability and equity". Establishes the standards for the initial recognition of financial instruments with features of liability and equity in the profit entities' financial statements. The concept of subordination is incorporated.

MFRS C-14 "Transfer and derecognition of financial assets". Establishes the principle of transfer of risks and rewards of ownership of the financial asset, as underlying condition to derecognition. When entities deduct accounts or notes receivable with resources, they must not show the discount amount as a credit to accounts and notes receivable, but as a liability.

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Improvements to MFRS:

MFRS C-5 "Advance payments". Establishes the accounting treatment of advanced payments by the purchase of items for which payment is denominated in foreign currency. It also states that impairment losses in the value of advanced payments (and reversals thereof) must be submitted as part of the net profit or loss for the period in the line item that the Company deems appropriate according to its professional judgment, rather than income statement of the period under other income and expenses.

Bulletin C-15 "Impairment in the long-lived assets value and their disposal". Establishes that an impairment loss and its reversal in the value of intangible assets with indefinite lives (including goodwill) should be presented in the income statement of the period in item showing the depreciation and amortization of assets of the cash-generating unit to which such intangible assets are associated. It is not allowed to present impairment losses as part of the costs that have been capitalized in the value of any asset.

The requirement to submit certain operations in the item of other income and expenses is removed from MFRS B-3 "Comprehensive income statement", MFRS B-16 "Financial statements of non-profit entities", MFRS C-6 "Property, Plant and Equipment", Bulletin C-9 "Liabilities, provisions, contingent assets and liabilities and commitments", MFRS D-3 "Employee benefits", and, instead, the use of those items is left to the discretion of the Company.

Interpretation to MFRS:

Interpretation to MFRS 20 "Accounting effects of the Tax Reform 2014". The Interpretation to MFRS 20 was issued in response to how the accounting effects of the Tax Reform 2014 should be recognized in the financial statements of entities.

2016

MFRS C-3 "Accounts receivable" Establishes the valuation, presentation and disclosure standards for the initial and subsequent recognition of trade receivables and other receivables in the financial statements of an economic entity. Specifies that the accounts receivable based on a contract represent a financial instrument.

MFRS C-20 "Receivables Financing Instruments" Establishes the valuation, presentation and disclosure for the initial and subsequent recognition of receivables financing instruments in the financial statements of an economic entity operating funding. Discard the concept of intent for the acquisition and holding of these to determine ranking. It adopts the concept of management business model.

The accompanying nineteen notes are an integral part of these financial statements, which were authorized for issuance on March 6, 2014 by the directors that sign the financial statements and their related notes except for the Note 19 which were authorized for issuance on June 27, 2014 by Gerardo Ledesma.

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Note - 19 Summary of Significant Differences between Mexican Financial Reporting Standards and U.S. GAAP

The Company's consolidated financial statements have been prepared in accordance with Mexican Financial Reporting Standards (MFRS), which differs in certain significant respects from U.S. Generally Accepted Accounting Principles (U.S. GAAP). Such differences involve methods of measuring the amounts shown in the consolidated financial statements, as well as additional disclosures required by U.S. GAAP and regulations of the Securities and Exchange Commission (SEC). Pursuant to Item 17 of Form 20-F, this reconciliation does not include disclosure of all information that would be required by U.S. GAAP and regulations of the SEC.

I. Differences in measurement methods

- a. Inflation as from December 31, 2007, inflation accounting was discontinued. The following reconciliation does not include the reversal of the adjustments to the consolidated financial statements for the effects of inflation, because, as permitted by the SEC, it represents a comprehensive measure of the effects of price-level changes in the Mexican economy, and as such, is considered a more meaningful presentation than historical cost-based financial reporting for both MFRS and U.S. GAAP.
- b. The company provides financing to related parties and interest is determined by using the nominal interest rate as required by MFRS. In accordance with ASC 470 "Debt" the borrower's periodic interest cost shall be determined by using the effective interest method based on the estimated outstanding term of the debt. The effective interest rate used for calculating amortization under the effective interest method generally discounts contractual cash flows through the contractual life of the instrument and amortized over the contractual or expected life.

The Company quantified the effects of the differences in the measurement methods and determined that the impact to the consolidated financial statements were not significant to neither the net income nor the Stockholder's equity therefore a reconciliation of net income and stockholders' equity from MFRS to U.S. GAAP is not presented.

II. Additional accounting policies

- a. Consolidation

Subsidiaries

Subsidiaries are all entities over which the Company has control to direct its relevant activities, has the right and is exposed to variable returns from its interest and have the ability to affect those returns through its power. In assessing whether the Company controls an entity, the existence and effect of potential voting rights that are currently exercisable or convertible were considered. The existence of control in cases where the Company has no more than 50% of voting rights but it may decide the financial and operating policies is also assessed.

Subsidiaries are consolidated as of the date they are controlled by the Company and are no longer consolidated when the control is lost.

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The Company uses the acquisition method to recognize the business acquisitions. The consideration of the acquisition of a subsidiary is determined based on the fair value of the net transferred assets, the assumed liabilities and the share capital issued by the Company. The acquisition consideration also includes the fair value of such contingent amounts receivable or payable as part of the agreement. The acquisition-related costs are recognized as expenses when incurred. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The non-controlling interest in the acquiree is recognized at fair value at the acquisition date.

The excess of the consideration paid and the non-controlling interest in the acquiree equity over the fair value of the Company's share in the net identifiable assets of the acquired entity is recognized as goodwill. If such comparison results in a negative amount, as in the case of a bargain purchase, the difference is recognized reducing the acquired non-current assets.

Transactions, balances and unrealized gains and losses resulting from transactions between the consolidated companies have been eliminated. The accounting policies for subsidiaries have been changed to ensure consistency with the accounting policies adopted by the Company, in cases where it was necessary.

The consolidation was carried out by using the financial statements of its subsidiaries.

Transactions with non-controlling shareholders

The Company recognizes transactions with non-controlling shareholders as transactions between shareholders. When a non-controlling interest is acquired, the difference between any consideration paid and the share of the subsidiary acquired measured at their carrying value is recorded in equity. Gains or losses on disposal of an interest in a subsidiary that does not involve the loss of control by the Company are also recognized in equity.

Recording, functional and reporting currency

Due to the recording currency as the functional and reporting currencies of the Company and its subsidiaries and associates is Mexican peso, no translation process was necessary.

- b. Accounts receivables for ticket sales

The Company evaluates the collectability of its accounts receivable based on a combination of factors. Generally, it records specific allowances to reduce the amounts of the receivables recorded when a customer's account matures beyond typical collection patterns, or the Company becomes aware of a customer's inability to meet its financial obligations.

The Company believes that the credit risk with respect to trade receivables is limited due to the massive diversification of its customers.

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c. Furniture and Equipment -
Impairment

The Company tests for possible impairment of furniture and equipment whenever events or circumstances change, such as a current period operating cash flow loss combined with a history of, or projected, operating cash flow losses or a significant adverse change in the manner in which the asset is intended to be used, which may indicate that the carrying amount of the asset may not be recoverable. If indicators exist, we compare the estimated undiscounted future cash flows related to the assets to the carrying amount of those assets. If the carrying value is greater than the estimated undiscounted future cash flows, the cost basis of the asset is reduced to reflect the current fair value. We use various assumptions in determining the current fair market value of these assets, including future expected cash flows and discount rates, as well as future salvage values and other fair value measures. Our impairment loss calculations require us to apply judgment in estimating future cash flows, including forecasting useful lives of the assets and selecting the discount rate that reflects the risk inherent in future cash flows.

If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, we may be exposed to future impairment losses that could be material to our results of operations.

Furniture and equipment are stated at cost at date of acquisition. Depreciation is computed using the straight-line method over their estimated useful lives, which are as follows:

Computer and peripheral equipment - 3 years

Furniture and other equipment - 10 years

Transportation equipment - 20 years

Leasehold improvements are depreciated over the shorter of the economic life or associated lease term assuming the Company exercises renewal periods, if appropriate. Expenditures for maintenance and repairs are charged to operations as incurred, whereas expenditures for asset renewal and improvements are capitalized.

d. Intangibles

The intangible assets are recognized when they meet the following conditions: are identifiable, provide future economic benefits and the Company has control over such benefits. The intangible assets are classified as follows:

- i. Definite-lived: are those which expected future economic benefits is limited by any legal or economic condition and are amortized on a straight line basis, based on the best estimate of their useful life and are subject to annual impairment testing when impairment indicators are identified.
- ii. Indefinite-lived assets are not amortized but are subject to annual impairment assessment. Depending on facts and circumstances, qualitative factors may first be assessed to determine whether the existence of events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired. If it is concluded that it is more likely than not impaired, then the Company performs a quantitative impairment test by comparing the fair value with the carrying amount.

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The Company tests for possible impairment of definite-lived intangible assets whenever events or circumstances change, such as a current period operating cash flow loss combined with a history of, or projected, operating cash flow losses or a significant adverse change in the manner in which the asset is intended to be used, which may indicate that the carrying amount of the asset may not be recoverable. When specific assets are determined to be unrecoverable, the cost basis of the asset is reduced to reflect the current fair value.

The Company test for possible impairment of indefinite-lived intangible assets on at least an annual basis. Based on facts and circumstances, we perform either a qualitative or a quantitative assessment for impairment. If a qualitative assessment is performed, and the existence of events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired, then we perform the quantitative impairment test by comparing the fair value with the carrying amount. When specific assets are determined to be impaired, the cost basis of the asset is reduced to reflect the current fair value.

The Company uses various assumptions in determining the current fair market value of these definite-lived and indefinite-lived intangible assets, including future expected cash flows and discount rates, as well as other fair value measures. Our impairment loss calculations require us to apply judgment in estimating future cash flows, including forecasting useful lives of the assets and selecting the discount rate that reflects the risk inherent in future cash flows.

If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, we may be exposed to future impairment losses that could be material to our results of operations.

e. Ticketing Contract Advances

Ticketing contract advances, represent amounts paid in advance to the Company's clients pursuant to ticketing agreements and are reflected in intangible assets with definite-life if the amount is expected to be recouped or recognized over a period of more than 12 months. Recoupable ticketing contract advances are generally recoupable against future royalties earned by the clients, based on the contract terms, over the life of the contract. Ticketing contract advances, are fixed additional incentives paid by the Company to secure exclusive rights with certain clients and are normally amortized over the life of the contract on a straight-line basis. Amortization of these ticketing contract advances is included in depreciation and amortization in the statements of income.

f. Revenue

a. Revenue from future events

Revenue from future events represents future advertising space sales, which are recognized in income when the customer uses those advertising spaces, such as: the VBC bulletin "La Guía de Entretenimiento", the tickets and envelopes, as well as advertising by telephone and internet.

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b. Revenue from commissions on ticket sales

Revenue from ticketing operations primarily consists of convenience and order processing fees charged at the time a ticket for an event is sold and is recorded on a net basis (net of the face value of the ticket). Revenue for these ticket service charges collected in advance of the event is recorded as deferred revenue until the event occurs. The Company delivers the face value of the tickets sold to the venue at which the event took place within two working days after the event occurs.

c. Revenue recognition for services

The revenues from marketing services, commercialization of databases and other services are recognized in the accounting period in which the services are rendered.

III. Additional disclosure requirements

a. Fair Value Measurements Disclosures

ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Effective January 2010, the Company adopted new accounting guidance under ASC 820 that requires additional disclosures including, among other things, (i) the amounts and reasons for certain significant transfers among the three hierarchy levels of inputs, (ii) the gross, rather than net, basis for certain level 3 roll forward information, (iii) use of a "class" rather than a "major category" basis for assets and liabilities, and (iv) valuation techniques and inputs used to estimate level 2 and level 3 fair value measurements.

In addition, ASC 820-10 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows.

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Cash equivalents consist of money market funds. Fair values for cash equivalents are based on quoted prices in an active market.

The book value of the account receivables is similar to their fair value and corresponds to current account receivables.

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- b. Certain relationships and related-party transactions

Relationship with Operadora de Centros de Espectaculos, S. A. de C. V.

Operadora de Centros de Espectaculos is an entity that has contracts with show centers and other venues, and maintain business relationships with VBC to give exclusive access for the ticketing operation.

Relationship with Solo Elementum, S. A. de C. V.

Solo Elementum is an entity that has contracts with show centers and other venues, and maintains business relationships with VBC to give exclusive access for the ticketing operation.

Relationship with Servicios Administrativos de Entretenimiento, S. A. de C. V.

Servicios Administrativos del Entretenimiento this entity provides all the administrative services to VBC.

Transactions Involving Executives

VBC does not have transactions that involve executives since the company does not have employees, as mentioned before these services are provided by Servicios Administrativos del Entretenimiento

- c. Intangible and other assets:

Intangible assets at December 31, 2013 and 2012 are as follows:

<u>Definite-lived Intangible assets</u>	<u>2013</u>	<u>2012</u>
		<u>Unaudited</u>
Ticketing contracts - Gross	Ps 38,646,426	Ps 28,950,126
Accumulated amortization	(15,765,370)	(7,005,078)
Software EDB-Ticket - Gross	6,715,900	6,715,900
Accumulated amortization	(1,229,403)	
Subtotal	28,367,553	28,660,948
<u>Indefinite-lived Intangible assets</u>		
E-Ticket Brand	1,900,100	1,900,100
Non-compete agreement - ETK boletos ¹	5,600,000	5,600,000
Total Intangible assets	35,867,653	36,161,048
Lease hold improvements - Gross	38,305,617	38,327,483
Accumulated amortization	(24,052,749)	(23,195,597)
Total	Ps 50,120,521	Ps 51,292,934

Amortization of definite-lived intangible assets for the years ended December 31, 2013 and 2012 was Ps. 10,868,713 million, and Ps 5,468,011 million, respectively.

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The 2013 and 2012 additions to definite-lived intangible assets from acquisitions have weighted-average lives as follows:

	weighted- average lives (years)	
	<u>2013</u>	<u>2012</u> <u>Unaudited</u>
Revenue generating contracts	3	7

The following table presents the Company's estimate of amortization expense for each of the five succeeding fiscal years for definite-lived intangible assets that exist at December 31, 2013

	<u>Amortization</u>
2014	Ps. 6,205,459
2015	5,427,525
2016	3,461,406
2017	2,950,000
2018	<u>2,053,333</u>

Indefinite-lived Intangibles

The Company has indefinite-lived intangible assets which consist primarily of the intangible value related to trade names and Non-compete agreement. These indefinite-lived intangible assets had a carrying value of \$7,500,100 million and \$7,500,100 million as of December 31, 2013 and 2012, respectively.

Management signed a Non-compete agreement with the owners of the non-controlling interest; the contract will be effective only if the non-controlling interest determines to sell their ownership on the company. Since Management do not have the elements to determine when the contract will be effective, the non-compete agreement is considered as an in-definitive lived intangible asset.

The Company tests for possible impairment of indefinite-lived intangible assets on at least an annual basis. There was no impairment charge on these assets recorded for the years ended December 31, 2013 and 2012.

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d. Revenue
analysis

Gross versus Net Revenue Recognition

The Company reports revenue on a gross or net basis based on management's assessment of whether the Company acts as a principal or agent in the transaction. To the extent the Company acts as the principal, revenue is reported on a gross basis. The determination of whether the Company acts as a principal or an agent in a transaction is based on an evaluation of whether the Company has the substantial risks and rewards of ownership under the terms of an arrangement. The Company's revenue, which primarily consists of convenience charges and order processing fees from its ticketing operations, is recorded net of the face value of the ticket as the Company generally acts as an agent in these transactions. These reclassifications do not affect the operating income.

The following table presents the breakdown of the Company's revenue analysis:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
		<u>Unaudited</u>
Gross Revenue under MFRS		
Gross Revenue as reported	Ps 674,977,500	Ps 647,657,909
Reclassification to Net revenue	<u>(76,758,584)</u>	<u>(63,925,550)</u>
Gross Revenue U.S. GAAP	598,218,916	583,732,359
Net Revenue U.S. GAAP	<u>14,247,851</u>	<u>575,081</u>
Total Revenue	<u>Ps 612,466,767</u>	<u>Ps 584,307,440</u>

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e. Income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	<u>2013</u>	<u>2012</u> <u>Unaudited</u>
Deferred taxes included within:		
Assets:		
Furniture and equipment	Ps 677,771	Ps 674,971
Deferred revenue	899,959	899,959
Accruals	6,953,574	5,883,970
Allowance for doubtful accounts	<u>572,511</u>	<u>209,304</u>
Total deferred tax assets	9,103,815	7,668,204
Liabilities:		
Cost of future events	(3,230,559)	(3,237,171)
Intangible and other assets	<u>(5,856,010)</u>	<u>(5,115,846)</u>
Total deferred liabilities	(9,086,569)	(8,353,017)
Net deferred income taxes	<u>Ps 17,246</u>	<u>(Ps 684,813)</u>

f. Commitments and contingent liabilities

As of December 31, 2013, the Company's future minimum rental commitments under non-cancelable operating lease agreements with terms in excess of one year consist of the following:

	<u>Non-cancelable</u> <u>Operating Leases</u>
2014	Ps 9,794,815
2015	10,140,572
2016	10,493,463
2017	10,869,129
2018	<u>11,258,244</u>
Total	<u>Ps 52,556,223</u>

g. New authoritative pronouncements

Accounting standards and amendments issued but not yet applied

In April 2013, the FASB issued ASU 2013-07, "Presentation of Financial Statements (Topic 205) - Liquidation Basis of Accounting". There is minimal guidance in current U.S. GAAP that addresses when it is appropriate to apply, or how to apply, the liquidation basis of accounting. Consequently, there is

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diversity in practice. The amendments in this Update are being issued to clarify when an entity should apply the liquidation basis of accounting. In addition, the guidance provides principles for the recognition and measurement of assets and liabilities and requirements for financial statements prepared using the liquidation basis of accounting. The amendments are effective for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013, and interim reporting periods therein. Entities should apply the requirements prospectively from the day that liquidation becomes imminent. Early adoption is permitted. The Company is in the process of evaluating the impact of adopting this ASU and does not expect any significant effect in the U.S. GAAP disclosures and financial information.

In July 2013, the FASB issued ASU No. 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force)". This new standard requires the netting of unrecognized tax benefits (UTBs) against a deferred tax asset for a loss or other carryforward that would apply in settlement of the uncertain tax positions. Under the new standard, UTBs will be netted against all available same-jurisdiction loss or other tax carryforwards that would be utilized, rather than only against carryforwards that are created by the UTBs. The amendments will be effective for public companies for annual and interim periods in fiscal years beginning after December 15, 2013. The ASU can be adopted early and may be adopted either on a prospective or retroactive basis. The Company is in the process of evaluating the impact of adopting this ASU and does not expect any significant effect in the U.S. GAAP disclosures and financial information.

j. Reclassifications

Certain reclassifications have been made to the 2012 consolidated financial statements to conform to the 2013 presentation. There is no impact to the consolidated financial statements.