







CHEDRAUI
cuesta menos

EFFICIENT OPERATION WITH LONG-TERM VISION

2013 ANNUAL REPORT

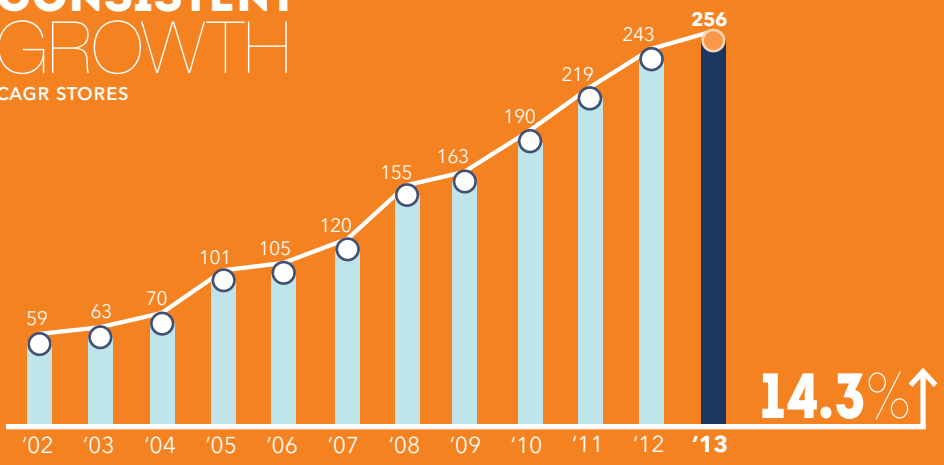
CHEDRAUI®

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CONSISTENT GROWTH

CAGR STORES



FINANCIAL HIGHLIGHTS

CONSOLIDATED INCOME STATEMENT

FIGURES IN MILLIONS OF PESOS

	2012	2013	%
Net Sales	63,944	66,364	3.8%
Gross Profit	12,586	13,402	6.5%
Operating Income (without depreciation)	8,333	8,966	7.6%
EBITDA	4,252	4,436	4.3%
Net Majority Income	1,502	1,645	9.5%
Basic Earnings per Share	1.56	1.71	9.5%
Outstanding Shares	963,917,211	963,917,211	
Share Price (Dic 31)	41.99	46.13	9.9%

CONSOLIDATED BALANCE SHEET

FIGURES IN MILLIONS OF PESOS

	2012	2013	%
Cash	689	443	-35.8%
Inventories	6,653	6,744	1.4%
Fixed Assets (net)	25,149	26,000	3.4%
Total Assets	43,390	45,613	5.1%
Suppliers	10,524	10,780	2.4%
Total Liabilities	22,922	23,963	4.5%
Majority Shareholder Investment	20,239	21,405	5.8%

PRESENCE IN

MEXICO

211 STORES

50 SÚPER CHEDRAUI

161 CHEDRAUI STORES

5 DISTRIBUTION CENTERS





PRESENCE IN THE

UNITED STATES

45 EL SUPER

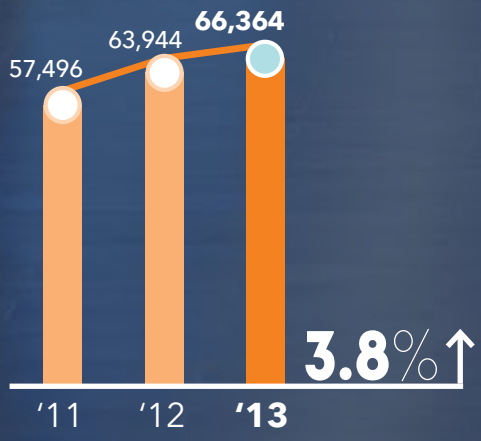
1 DISTRIBUTION CENTER




Selecto
CHEDRAUI

MESSAGE TO OUR SHAREHOLDERS

NET
SALES
MILLIONS OF PESOS





The fiscal year ending on December 31, 2013 was a period of moderate growth globally, during which some of the economies in crisis the previous year began on the road to recovery. Mexico, on its part, achieved GDP growth of 1.1%, less than expected in original estimates. However, on a more positive note, certain structural reforms were passed, which have improved the outlooks for growth in consumption and the country as a whole over the medium and long terms.

The prevailing economic landscape in the country had a significant impact on the food retail industry. On a consolidated level, Chedraui's growth in sales was larger than that of the competition, thus maintaining its position as the third largest food retailer in Mexico. Our sales were $66,364 million, 3.8% higher than those obtained in 2012.

In 2013, we continued with our expansion plans, finishing the year with 256 stores in operation, an increase of thirteen stores over the previous year that represented an expansion of 3.5% in total sales floor area. Total investments made during the past year were $2,325 million, which were allocated to the opening of the new stores, major maintenance, and technology investments.

One of the most important openings was that of the Chedraui Selecto store inaugurated at the Santa Fe Shopping Mall, which immediately became a flagship store for this concept.

TOTAL INVESTMENTS IN 2013 WERE $2,325 MILLION, ALLOCATED TO THE OPENING OF THE NEW STORES, MAJOR MAINTEINANCE, AND TECHNOLOGY INVESTMENTS.

The long-term vision used in the operation of our business has brought us to implement specific actions to increase operational efficiency. The benefits of this strategy are most clearly demonstrated by the results achieved despite the complex economic environment we faced in 2013. Undoubtedly, the implementation of SAP in our Mexican operations helped us to overcome the challenges of the past year from a position of strength.

Thus, during the past year, we at Chedraui have focused on strengthening operational processes at our stores, using the latest technology in the everyday work of our personnel. We strengthened the Operational Process and Management (Spanish acronym: PyGO) program, a system used to measure the performance of our employees in order to effect constant improvement, the final objective of which is to improve the shopping experience of our customers, this being reflected in increased sales.

Some of the benefits of the PyGO program are:

- Improving the display, rotation, and signage of products regarding price, promotions, and comparisons;
- Guaranteeing proper on-shelf supply;
- Increasing the comfort and cleanliness of stores;
- Optimizing the handling of inventory;
- Streamlining supplier relations;
- Encouraging decreased shrinkages;
- Promoting greater productivity and efficiency;
- In general, helping to provide better service to our customers.

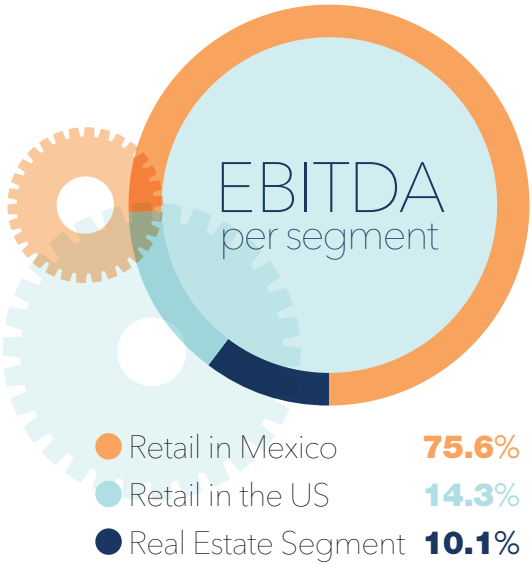
All the employees at our stores receive training on each of the PyGO elements through the Chedraui University. The goal of this program is to implement as many as 60 indicators to measure and ensure effective performance in store activities. At year-end 2013, we have included 44 indicators.

It bears mention that our efforts toward optimal use of SAP and other technological tools have increased productivity and efficiency, while also resulting in improvements in key indicators such as natural gross margin, turnover, reduced shrinkage, improved supply, and stockout reduction.

There is no doubt that elements such as the technological innovations we have experimented with over the last few years, and our commitment to offering the lowest price, optimal assortment, and the most comfortable stores, have significantly improved the shopping experience of our clients and contributed to the consolidation of our market position.

Our retail business in the United States is focused on serving first-, second-, and third-generation Mexican consumers in the Southwest region of the country, by using the same commitment to offer the best price, optimal assortment, and comfort. In 2013, we concentrated on successfully consolidating the eight stores purchased the previous year, and looking forward, we plan to continue growing in our area of influence, which we see as having great potential.

Chedraui's Real Estate Division concluded the year reporting 95.5% occupancy rate at its shopping centers. We are confident this segment will continue to be a significant generator of funds during the coming years, thanks to the country's solid macroeconomic conditions and to internal factors such as proper maintenance of the shopping centers and optimal diversification in retail types.



Our vision of sustainability stipulates that we must seek economic growth while also maintaining outstanding performance on social and environmental issues.

Our social outreach mechanism, the Chedraui Foundation, supports community development in the areas of nutrition, health, housing, wellbeing, education, and disaster aid. In this last category, donations were delivered to victims of natural disasters in several states of the country, totaling more than $18 million. Combining all of our activities in 2013, we were able to channel $70 million to the most disadvantaged sectors of our society.

Likewise, we have implemented actions to protect the environment, such as programs to reduce the use of energy, water, paper, and cardboard, as well as recycling and waste management campaigns. It also bears mention that our energy efficiency initiatives managed to achieve annual savings of more than 28 million kW.

We are convinced that Chedraui's most important investment is our more than 36,000 employees in Mexico and more than 5,000 in the United States, whose efforts, skills, and commitment are key to the success of this Company.

Moreover, for the second consecutive year, we were recognized as one of the best companies to work for, by the Best Place to Work Institute Mexico.

Equally important is the trust that you, our shareholders, again placed in the Board of Directors. For that reason, we wish to express our deepest gratitude and commitment.

Over the course of 2013, we consolidated efficient operations with a long-term vision to offer our customers the best shopping experience in the market, thus upholding our mission **"to bring to all possible locations, the products our customers prefer, at the best price."** We will continue making challenges into opportunities, in order to follow the path of profitability, thereby maximizing the value generated for our stakeholders.

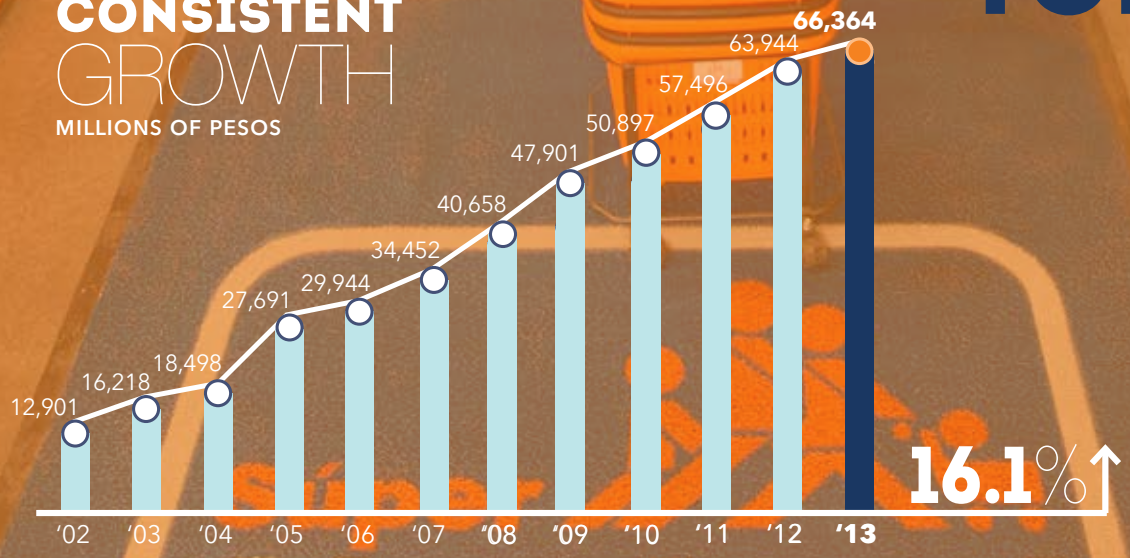
Alfredo Chedraui Obeso
CHAIRMAN OF THE BOARD OF DIRECTORS

José Antonio Chedraui Eguía
CHIEF EXECUTIVE OFFICER

CHEDRAUI TODAY

CONSISTENT GROWTH

MILLIONS OF PESOS





Chedraui is a publicly owned company with variable capital created under the name Grupo Comercial Chedraui, S.A.B. de C.V., that operates food retail stores in Mexico and the United States and has a real estate division. The Company had annual sales of $66,364 million in 2013, a growth of 3.8% over the previous year.

The strategy of Chedraui is based on offering the **lowest Price**, **optimal Assortment** store by store and a superior **Shopping Experience**.

RETAIL IN MEXICO

Chedraui has 211 stores in 26 states, an infrastructure that makes it the third largest food retail chain in Mexico. The Company operates two formats of hypermarket that vary in size and assortment range: 161 Tiendas Chedraui and 50 Súper Chedraui. Both formats include the Selecto concept, aimed at a higher socioeconomic level of the population and offering a carefully selected range of the highest quality products.

The retail stores in Mexico recorded a sales growth of 2.0% compared to 2012, and represented 77% of the Group's consolidated income.

RETAIL IN THE UNITED STATES

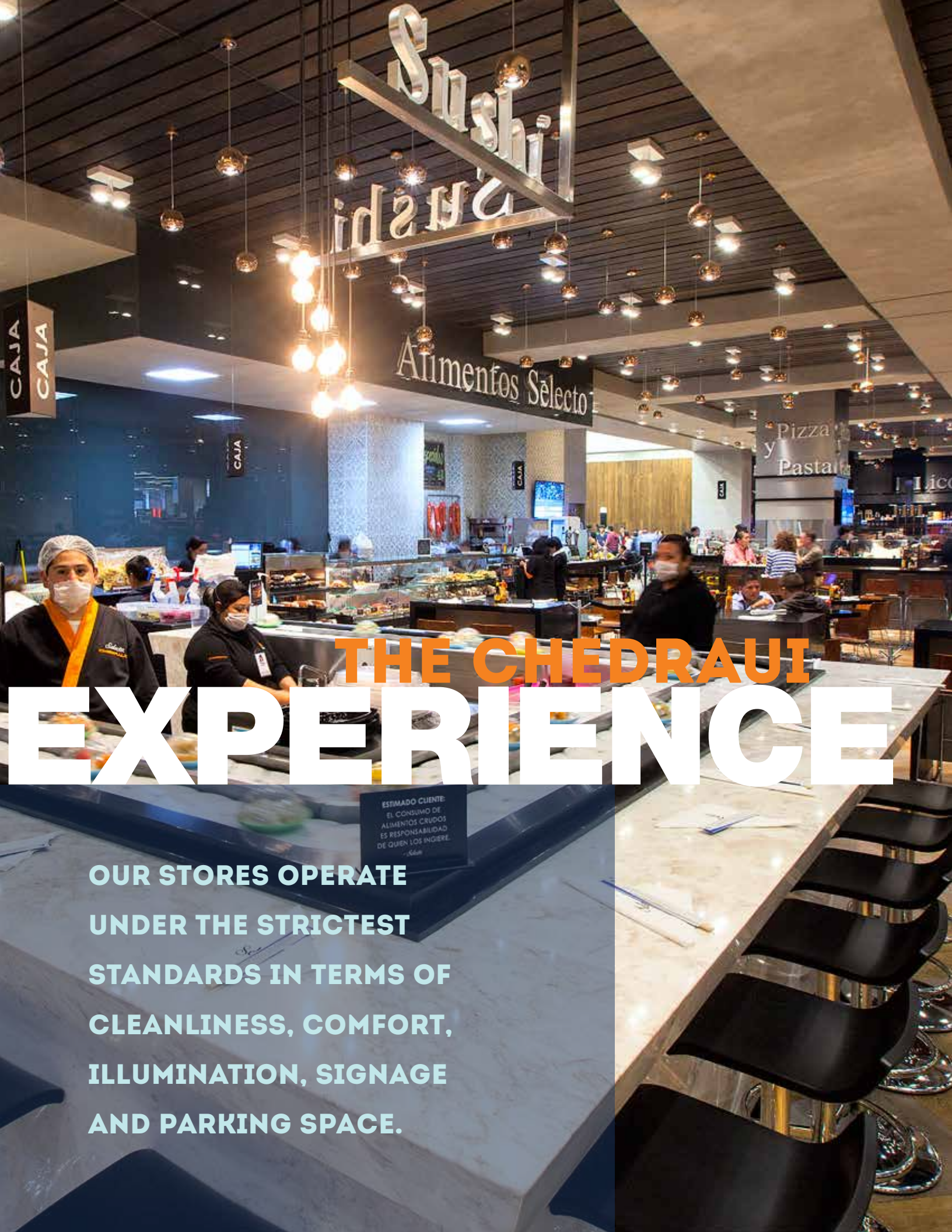
The Chedraui retail business in the United States is focused on serving Mexican first, second and third-generation consumers in the states of California, Nevada and Arizona. This business segment has 45 stores, in which we handle edible and non-edible groceries and perishable products. In 2013, we focused on consolidating the eight stores we bought during the previous fiscal year.

The retail stores in the United States recorded a sales growth of 10.6% compared to 2012, and contributed 22% of the Group's consolidated income.

REAL ESTATE BUSINESS

Chedraui's real estate business locates and builds new stores, remodels existing stores and leases commercial space in the areas adjacent to our stores. At the close of December, 2013 it had a leasable area of 281,472 square meters with 95.5% occupancy rate.

The Real Estate Division contributed 1% of the Group's consolidated income in 2013.



THE CHEDRAUI EXPERIENCE

OUR STORES OPERATE UNDER THE STRICTEST STANDARDS IN TERMS OF CLEANLINESS, COMFORT, ILLUMINATION, SIGNAGE AND PARKING SPACE.



One of Chedraui's most important qualities and which distinguishes us from our competitors is the shopping experience we offer. Our customers are confident that when visiting any of our stores they will find the **lowest price**, most **varied assortment** and **greatest comfort**.

Every day we conduct market research in stores of competitors at local and central levels on a broad basket of products. These reviews enable us to change a daily average of 1,900 prices at a chain level, so our customers can be confident that they are buying at the best price, regardless of the city or store they are in.

A fundamental part of our strategy is having the best assortment store by store, with products and brands for all tastes and price ranges. For that reason we have an average of 66,000 product codes (SKU's) in Tiendas Chedraui and 29,000 SKU's in Súper Chedraui. We know that not all markets are equal and that they serve different segments of the population so we adapt the assortment of products in our stores according to the preferences of our customers.

In the same way, to offer a superior shopping experience, our stores operate under the strictest standards in terms of cleanliness, comfort, illumination, signage and parking space. In addition, as an integral part of our value proposition, we offer collection of utility bills, property taxes and cable TV bills, as well as receiving deposits for credit card payments, cash withdrawals on debit cards and remittances from the United States, among other services. This is how we ensure that each stage of the customer's visit is satisfactory and we will be their first choice in hypermarkets.

To achieve the above, we at Chedraui have put special emphasis on technology as an essential element to optimize the management of all our stores. Besides the increased operating efficiency that the implementation of SAP has meant, during 2013 we strengthened the Process and Operation Management (Spanish acronym: PyGO) program, by which we measure the performance of our employees and thus foster the continual improvement of their work.

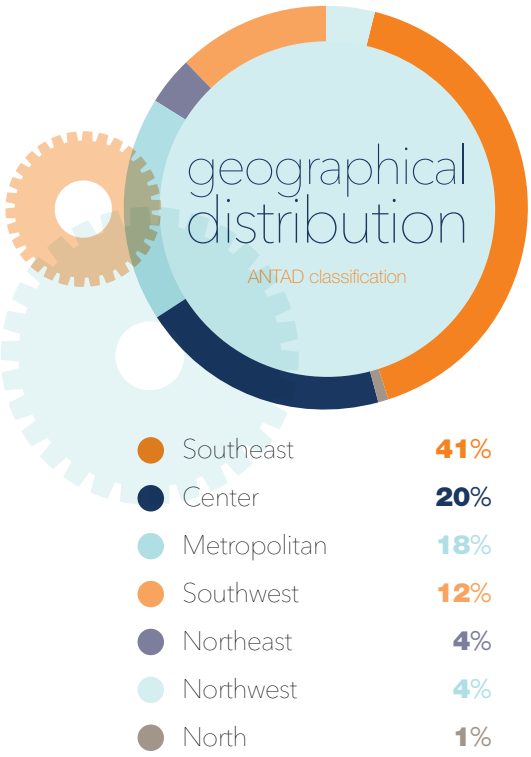
PyGO offers tangible benefits such as enhanced exhibition, rotation and signage of products; good shelf assortment; increased store cleanliness and comfort; optimized stock handling; fast service to suppliers, and reduced shrinkage, among others. Of course, all of the above translates into a superior shopping experience for our customers.

RETAIL IN MEXICO



NET SALES

MILLIONS OF PESOS



Our retail business in Mexico includes two formats of hypermarket: Tienda Chedraui and Súper Chedraui; in addition, both formats incorporate the Selecto concept that serve the higher socioeconomic levels of the population.

During 2013 we consolidated our place as the third largest chain in the country's competitive retail market. We strengthened our organic growth strategy with the opening of thirteen new stores: seven Tiendas Chedraui and six Súper Chedraui.

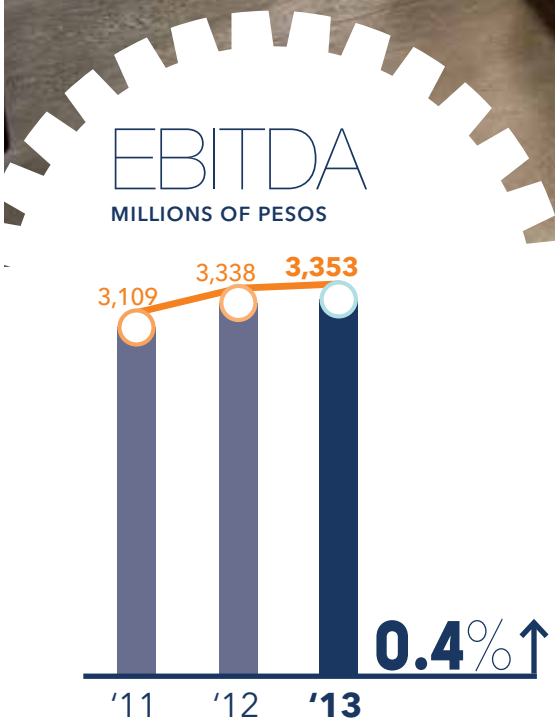
One of the most important openings was undoubtedly the Chedraui Selecto store in Santa Fe Mall, one of the top shopping malls in the country. Due to its excellent location and modern architecture, as well as the qualities that distinguish all Chedraui stores (assortment, price, comfort), we are convinced that Selecto Santa Fe will be one of our most profitable stores.

This year's openings increased our total sales space by 4% and were mainly in the metropolitan area of Mexico City. The total investment in openings, remodeling and technology was $2,143 million.

Our retail chain in Mexico obtained sales revenues in 2013 of $51,158 million, 2.0% higher than recorded in the previous year and representing 77% of the Group's consolidated sales. Similarly, the segment generated $3,353 million in EBITDA, 0.4% higher than in 2012, and contributed 76% of the Group's consolidated EBITDA. The behavior of same store sales was 2.0% lower

LAST YEAR'S OPENINGS INCREASED OUR TOTAL SALES SPACE BY 4%.





than obtained last year; however, during the fourth quarter this tendency reverted and we obtained a growth of 0.5%.

STORE FORMATS

Tiendas Chedraui consists of a network of 161 hypermarkets handling edible and non-edible groceries, perishable goods, clothing, general merchandise and electronics. They are located in cities of one hundred thousand inhabitants, have an average sales space of 6,977 m^2, and at year-end 2013 employed 27,893 people.

Súper Chedraui, meanwhile, are a total of 50 hypermarkets handling edible and non-edible groceries, perishable goods, general merchandise and electronics. Mostly located in cities with less than 25 thousand inhabitants, they have an average sales space of 2,051 m^2 and employed 4,625 people at year-end 2013.



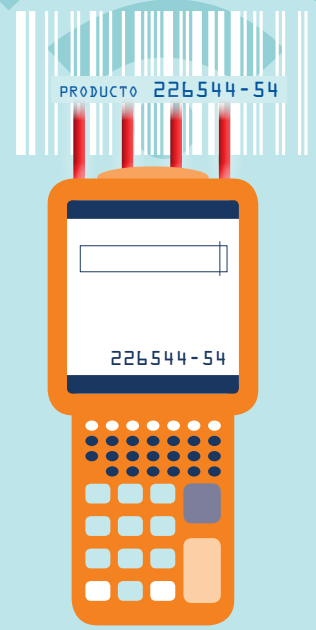
PyGO CONTRIBUTES to guarantee a PROPER ASSORTMENT, OPTIMIZE INVENTORY HANDLING AND STREAMLINE SUPPLIER RELATIONS

1,225,819 m²
OF SALES SPACE

In order to be closer to our customers, during the year we launched a new size of the Súper Chedraui store, with an average area of 1,000 m² and a narrower product range but with all the departments of a normal Súper Chedraui. By December 2013 we had four of these stores.

DISTRIBUTION CENTERS

We have five distribution centers around the country, through which we distribute 80% of the dry merchandise and 50% of the perishable items we buy.



Our 5 DISTRIBUTION CENTERS and the optimal OPERATION of SAP AND OTHER TECHNOLOGICAL TOOLS HAVE INCREASED productivity and efficiency



- **Zumpango, State of Mexico**
  Extension: 59,100 m²
  Service capacity: 151 stores
  Merchandise: dry, refrigerated and frozen
  In 2013 it handled 53 million boxes of dry merchandise and 13 million boxes of fruit, vegetables and other perishable products
  Docks: 169

- **Villahermosa, Tabasco**
  Extension: 60,457 m²
  Service capacity: 151 stores
  Merchandise: dry, refrigerated and frozen
  In 2013 it handled 31 million boxes of dry merchandise and 8 million boxes of fruit, vegetables and other perishable products.
  Docks: 169

- **Monterrey, Nuevo León**
  Extension: 883 m²
  Service capacity: 11 stores





131,332 m²
IN FIVE DISTRIBUTION CENTERS

MERCHANDISE: fruit and vegetables
In 2013 it handled 3 million boxes.
DOCKS: 16

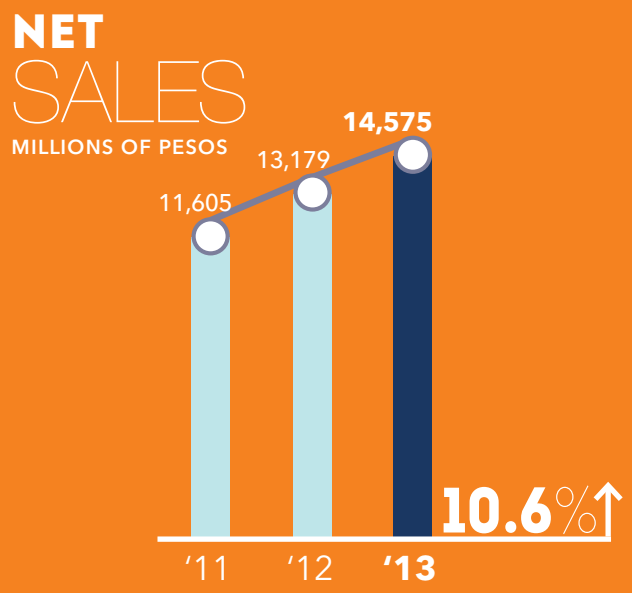
- **La Paz, Baja California Sur**
  EXTENSION: 506 m²
  SERVICE CAPACITY: 5 stores
  MERCHANDISE: refrigerated, frozen and imported merchandise
  In 2013 it handled 240,000 boxes of merchandise.
  DOCKS: 4

- **Guadalajara, Jalisco**
  EXTENSION: 10,386 m²
  SERVICE CAPACITY: 24 stores
  MERCHANDISE: dry, refrigerated and frozen
  In 2013 it handled 4 million boxes of dry merchandise and one million boxes of perishable goods, fruit and vegetables.
  DOCKS: 30

THROUGH OUR FIVE DISTRIBUTION CENTERS WE HANDLE 80% OF THE DRY MERCHANDISE AND 50% OF THE PERISHABLES THAT WE PURCHASE.



RETAIL IN THE UNITED STATES



WE FORESEE A HEALTHY GROWTH FOR THIS BUSINESS SEGMENT DUE TO THE RAPID INCREASE OF THE HISPANIC POPULATION IN THE UNITED STATES



Our retail business in the United States shares the same strategy of offering customers the best price, optimal assortment and greatest comfort to maximize the shopping experience. It is focused on serving customers of Mexican descent in California, Nevada and Arizona.

Although we did not open any new stores in 2013, we consolidated the eight stores we acquired the previous year. Thus, we ended the year with 45 stores, with an average sales floor of 3,708 m^2 and where we offer primarily high quality groceries and perishables.

Our stores in the United Sates are supported by our distribution center in Los Angeles, California, which covers an area of 27,871 m^2, handles 52.7% of total purchases and has helped us to achieve significant efficiencies that are reflected in an improvement in gross margin.

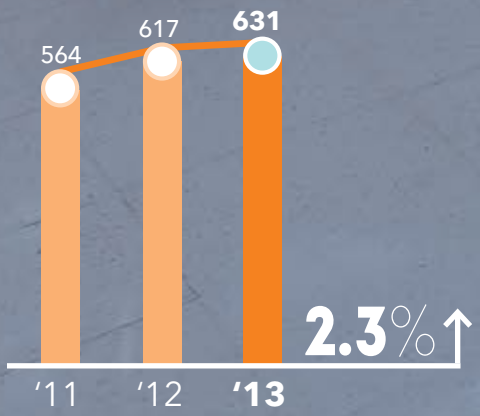
Today we are the largest retailer in our market niche in the Southwestern United States. It is worth noting that the rapid growth of the Hispanic population in this country, and in particular in those three states, is one factor that would indicate a healthy growth of this business sector in the medium and long term.

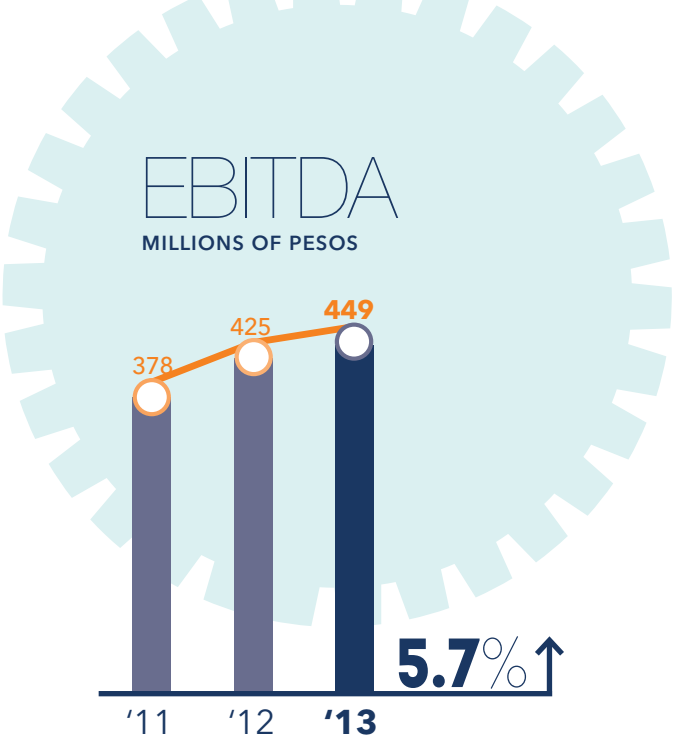
Total sales from our supermarkets in the United States reached $14,575 million during 2013, 10.6% higher than the previous year, which amounted to 22% of the consolidated revenues of the Group. The segment generated $634 million in EBITDA during the year, 29.5% above that obtained in 2012, and represented 14% of the Group's consolidated EBITDA.

In the coming years we will continue to strengthen our strategy to leverage the opportunities that arise to acquire stores in operation or grow organically in our area of influence.

REAL ESTATE SEGMENT

NET
REVENUES
MILLIONS OF PESOS





Our Real Estate Division is in charge of three strategic tasks: managing the properties owned and leased by the Company; building and remodeling our stores in Mexico; as well as marketing and managing our shopping centers.

This segment now operates 39 shopping centers anchored by a Tienda Chedraui or Súper Chedraui. At year-end 2013, we had a gross leasable area of 281,472 square meters, and an occupancy rate of 95.5%. Total sales in this segment were $631 million and represented 1% and 10% of the Group's consolidated income and EBITDA, respectively, which speaks to the profitability of the Division.

The Real Estate Division is strategic to Chedraui; the solid demographic growth of the country and its healthy levels of domestic consumption, added to the optimal mix of business lines in our leases, point towards the healthy growth of our current shopping centers in the years to come.

AT YEAR-END 2013, THE REAL ESTATE DIVISION HAD A GROSS LEASABLE AREA OF 281,472 M² AND AN OCCUPANCY RATE OF 95.5%.

SUSTAINABILITY

OUR VALUES

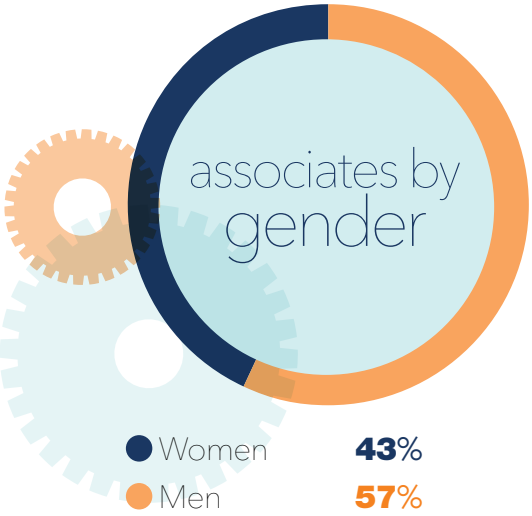
HONESTY,

COMMITMENT,

RESPECT AND

RESULT-ORIENTATION





The success of a company is measured not only by the value it generates for its shareholders, but also by the size of its commitment to the well-being of society and the care of the environment in which it operates. For this reason, in Chedraui we seek economic growth alongside an equally significant performance in social and environmental issues.

OUR PEOPLE

Chedraui employees are the heart and soul of this company and represent, without a doubt, the basis of its success. Our total workforce on December 31, 2013 comprised 41,081 employees, of whom 57% were men and the remaining 43%, women. In addition, 9,257 volunteer packers gave their services in Chedraui.

Our human resources are our most important investment in Chedraui, so we make sure we provide world class training to our employees. We do this through Chedraui University, a virtual classroom that offers tools to help them perform their activities most efficiently. During 2013, 550,303 man-hours of training were given, representing a total investment of $3,500,000.

AT CHEDRAUI, WE MEASURE OUR SUCCESS NOT ONLY BY THE VALUE WE GENERATE FOR OUR SHAREHOLDERS, BUT ALSO BY THE SIZE OF OUR SOCIAL AND ENVIRONMENTAL COMMITMENT.



41,081
FULL-TIME EMPLOYEES

9,257
VOLUNTEER PACKERS

GREAT PLACE TO WORK®



As a leading company in its field and in the Mexican business sector in general, in Chedraui we ensure that we provide a collaborative, healthy and safe work environment, free from any kind of discrimination whether it involves race, gender, religion, age, sexual preference or disability. We respect and uphold human rights and only hire people over eighteen years of age. Moreover, we offer equal opportunities to our employees in terms of hiring, training, development and promotions.

In 2013, for the second consecutive year, Chedraui was certified as one of the best companies to work for by the Great Place To Work Institute Mexico, positioning us as one of the top ten companies in the country in the more than 5,000 workers category.

ENVIRONMENT

Regarding our environmental commitment, Chedraui focuses on four guidelines: optimal energy consumption; water saving and treatment; reduced use of paper and cardboard, and recycling programs.

During 2013 we attained electricity savings in more than 28 million kW, equivalent to a reduction of 18,630 tons of CO_2 emis-



sions and saving 478,641 trees. This was the result of a number of specific measures and actions, such as the use of energy-saving lights and, in general, the good practices we have undertaken in all our stores and facilities.

During the fiscal year, we have saved more than 102 million liters of water, thanks to the operation of our treatment plants, the use of modern sanitation services and awareness campaigns that we have launched throughout the organization.

In the year, we have been able to avoid the felling of a thousand trees thanks to a reduction in paper consumption of almost 8 million sheets; similarly, recycling a total of 25,586 tons of cardboard has saved an additional 435,000 trees.

Finally, our plastics recycling program processed 1,043 tons of plastic, thus avoiding the consumption of 5,000 barrels of oil.

In addition to these efforts, all our stores use recyclable plastic bags with oxo-degradable technology, while in our stores, shopping centers and offices we have strict waste management and separation practices.

SUSTAINABILITY IN THE UNITED STATES

With regard to the United States operations, our supermarkets employ 5,042 workers, 52% men and 48% women, who received 11,300 man-hours of training with an investment of US $128,344.

We have updated the illumination system in 90% of our stores with fluorescent lighting to reduce greenhouse gas emissions, optimize electricity consumption and reduce energy consumption by 40% a year. As a result, we have achieved savings of more than 1.5 million kW of electricity in our stores.

We also conducted awareness campaigns and programs on saving gas, water, paper and cardboard, as a result of which we have reduced our water consumption by 1.8 million liters and recycled 12 thousand tons of materials, avoiding the felling of close to 204,000 trees.

CHEDRAUI FOUNDATION

MISSION:

Contribute to the development of Mexicans through decisive participation in education, health and social welfare.

VISION:

To be an institution that fosters human development and social welfare.



FUNDACIÓN CHEDRAUI
ayudamos de corazón



The Chedraui Foundation constitutes the social arm of the Group and its work in education, nutrition, health, housing and support during natural disasters is fundamental for the communities and regions where we operate.

Our three *Liceos de Artes y Oficios, A.C.*, are schools located in Xalapa, Villahermosa and Veracruz that offer high school, technical degrees and other courses that enable students to broaden their universe of work opportunities. The Liceos have received more than 32,000 students since they were opened, and in 2013 a quality education program was launched which allows close to two thousand current students to access better education, training and enjoy better infrastructure.

Also in education, during the fiscal year we continued the university scholarship program for distinguished and low-resource students at the *Universidad Veracruzana* and the Universidad Anáhuac of Xalapa.

Regarding nutrition, all our stores have donation programs for families in extreme poverty, through food banks and social welfare institutions. During the fiscal year, Chedraui donated more than 3.8 million kilos of food.

In health, we continued with the support we provide every year to the *Federico Gómez Children's Hospital in Mexico City*, and AHTECA *(Ayúdame Hermano Tengo Cáncer, A. C.)*, among other institutions. As far as housing, through the *Provivah Trust* we participated in the construction of 150 houses in Reynosa,

THE CHEDRAUI FOUNDATION CARRIES OUT AN IMPORTANT LABOR IN THE ISSUES OF EDUCATION, NUTRITION, HEALTH, HOUSING AND SUPPORT DURING NATURAL DISASTERS.



ALMOST $7 million

DONATED THROUGH OUR IN-STORE COLLECTION CENTERS

Tamaulipas and 226 more in Chetumal, Quintana Roo, for low-resource families.

The natural disasters that continually strike our country wreak havoc in many of the regions where we have presence. During the year, we helped victims in several states, including Guerrero. Our customers and employees donated $6'954,202 through our in-store collection centers and a further $608,300 in the rounding campaign. For its part, the Chedraui Foundation matched one peso for every peso donated and donated an additional $719,561 in kind. Several institutions also donated through us $9'397,251 in groceries for victims. In total, during 2013 Chedraui channeled $18'292,487 of resources to hundreds of low-resource families affected by natural disasters.

In social terms, the Chedraui Foundation donated $19'793,930 in cash, plus $9'826,436 in kind to different education, health, nutrition and social welfare institutions. In addition, we donated in our stores $3'895,985 in food and invested $15'337,019 in road works to benefit the population we serve. And in our rounding campaign, our customers donated $2'470,611 that was delivered in full to education, health and social welfare institutions.

All these acts of social responsibility directed by the Chedraui Foundation in 2013 give a grand total of $69'616,417 to the benefit of low-income families in Mexico.









SOCIAL RESPONSIBILITY IN THE UNITED STATES

In terms of the social support of our stores in the United States, it should be mentioned that El Super is an active member of the community and works alongside non-government organizations, schools and law enforcement agencies to contribute to building a healthy community.

One of the most representative programs of this is the Annual Thanksgiving Day Event, in which together with multiple organizations and public officials we provide meals to families in need. Since 2008, we have donated more than 5,000 meals in the San Diego, San Fernando and eastern Los Angeles regions.

In terms of education, El Super grants more than US $15,000 every year in scholarships for its employees and their dependents who are studying at university, which to date amounts to more than US $85,000. El Super also contributes to local schools and altruistic organizations by giving US $60,000 a year on average in financial and product donations.

In total, the support from Chedraui stores to the community in the United States reached US $287,000.

MANAGEMENT'S DISCUSSION & ANALYSIS

Grupo Comercial Chedraui, S.A.B. de C.V.

Analysis and discussion of results for fiscal year 2013

Figures expressed in Mexican pesos, unless otherwise stated.

NET SALES

In the 2013 fiscal year our revenue grew by 3.8% compared to 2012, going from $63,944 million to $66,364 million in 2013. This increase came as a result of the three business segments discussed below:

- **Retail in Mexico:**
  Sales in our retail operations in Mexico grew 2.0% over the previous year, rising from $50,149 million in 2012 to $51,158 million in 2013, derived from a decrease in same store sales of 2.0% and the incorporation of thirteen new stores during the fiscal year, which represented a 4% increase in sales floor.

- **Retail in the United States:**
  Our retail operations in the United States reported a 10.6% growth compared to the previous year, from $13,179 million in 2012 to $14,575 million in 2013, as a result of the incorporation of nine new stores during the 2012 fiscal year, of which eight were purchased and are currently operating under levels similar to older stores, and an increase in same store sales of 1.2% in dollars.

- **Real Estate Segment:**
  Operations in the real estate business grew by 2.3% in relation to revenue from the previous fiscal year, rising from $617 million in 2012 to $631 million in 2013, mainly as a result of increases in leasing contracts that approximated the inflation rate.

GROSS PROFIT

The consolidated gross profit was $13,402 million and grew by 6.5% in relation to 2012, resulting in a gross profit margin of 20.2%, 50 basis points above the 19.7% obtained in 2012. This came as a result of less markdowns, benefits in the logistics process and a reduction in dry merchandise shrinkage in Mexico, as well as a better sales mix in the eight stores purchased in the United States on August 2012.

OPERATING EXPENSES

Consolidated operating expenses, excluding depreciation and amortization, reached $8,966 million, 7.6% high-

er than the $8,333 million obtained in 2012. This growth was primarily due to the pre-operating expenses of the thirteen stores opened in Mexico during the year, which have still to reach maturity, and lesser dilution of operating expenses due to the drop in same store sales.

EBITDA

With the results described above, the consolidated EBITDA reached $4,436 million, a 4.3% increase over the $4,252 million achieved in 2012. The EBITDA margin was 6.7%, similar to the 2012 margin. Broken down into business segments, the results were as follows:

- **Retail in Mexico:**
  The EBITDA achieved in retail in Mexico was $3,353 million, higher by 0.4% than the $3,338 million of 2012, and represented a margin on sales of 6.6%, slightly lower than the 6.7% achieved in 2012.

- **Retail in the United States:**
  The retail division in the United States reached an EBITDA of $634 million, 29.5% higher than the $489 million achieved in 2012, with a margin on sales of 4.3%, higher than the 3.7% in 2012. This result was obtained due to operating enhancements in the eight stores purchased in 2012, and also includes a 2.1% depreciation in the exchange rate.

- **Real Estate Business**:
  The EBITDA achieved in the real estate division was $449 million, 5.7% higher than the $425 million obtained in 2012 and represented a margin on sales of 71.2%, higher than the 68.9% obtained in 2012.

FINANCING COST

Due to lower interest rates, as well as an average debt rate lower than that of 2012, the financing cost reached $916 million, 6.3% below the $978 million incurred in 2012, and represented 1.4% on sales, lower than the 1.5% on sales in 2012.

INCOME TAX

In the 2013 fiscal year, the official tax rate remained at 30%, whereas our rate remained at 22%. Income taxes in 2013 were $482 million, 10.5% above the $436 million generated in 2012.

NET PROFIT

Lastly, consolidated net profit rose to $1,708 million, an improvement of 10.6% compared to the $1,545 million obtained in 2012, with a margin on sales of 2.6%, higher than the 2.4% of the previous year.

DEBT AND CAPITAL EXPENDITURES

Net interest-bearing bank debt as of December 31, 2013 ended at $4,168 million, falling by 15.9% compared to the $4,957 million obtained at the close of 2012 and representing a Net Bank Debt/EBITDA ratio of 0.94 times.

Capital expenditures, including real estate, store and IT equipment and intangible assets, amounted to $2,325 million and allowed us to open thirteen stores in Mexico.

DIVIDENDS

For the 2013 fiscal year, the General Shareholders Meeting authorized a decree for two dividend payments, the first, equivalent to $240 million or 24.90 cents per ordinary share, and the second for the equivalent of $231 million or 24.02 cents per ordinary share.

SENIOR EXECUTIVES

JOSÉ ANTONIO CHEDRAUI EGUÍA

CHIEF EXECUTIVE OFFICER

José Antonio Chedraui Eguía has worked at Chedraui for the past 24 years and has been a member of the Board and CEO since January 1995. Prior to this position, he served as CEO of our Galas division. Mr. José Antonio Chedraui Eguía has a Degree in Accounting and Finance from Universidad Anáhuac.

PEDRO BENÍTEZ OBESO

DIRECTOR OF OPERATIONS AND REAL ESTATE ADMINISTRATION

Pedro Benítez Obeso holds a Degree in Business Administration from Universidad Iberoamericana. Mr. Benitez has served as Director of Operations and Real Estate Administration since August 2006 and has worked at Chedraui for 30 years.

JOSÉ RAMÓN CHEDRAUI EGUÍA

PRIVATE LABEL DIRECTOR

José Ramón Chedraui Eguía holds a Degree in Business Administration from Newport University. Mr. Chedraui has been Director of Private Label since January 2007 and has worked at Chedraui for 19 years.

ALFREDO CHEDRAUI LÓPEZ

DIRECTOR OF REAL ESTATE

Alfredo Chedraui López holds a Degree in Business Administration from Universidad Anáhuac and a Diploma in Economics from the University of California, Los Angeles. Mr. Chedraui has served as Director of Real Estate since 2005 and has worked at Chedraui for 13 years.

RAFAEL CONTRERAS GROSSKELWING

CHIEF FINANCIAL OFFICER

Rafael Contreras Grosskelwing graduated as an Industrial Engineer from Universidad Panamericana, has a Diploma in Accounting and Finance from ITAM, a specialization in senior management from IPADE, and a Diploma in Financial Securities from ITAM. Mr. Contreras has served as CFO since September 2000 and has worked at Chedraui for the past 14 years.

EDUARDO FUENTES DURÁN

COMMERCIAL DIRECTOR

Eduardo Fuentes Durán holds a Degree in Electronic Systems Engineering from ITESM. Mr. Fuentes has been the Commercial Director since September 2012, and has worked at Chedraui for 13 years

HÉCTOR NORBERTO GONZÁLEZ LÓPEZ

DIRECTOR OF INTERNAL AUDIT

Héctor Norberto González López holds a Degree in Public Accounting and a Masters in Planning and Information systems from Universidad Iberoamericana, and specialization in Senior Management from IPADE. Mr. González has served as Director of Internal Audit since May 2003 and has worked at Chedraui for the past 10 years.

EDUARDO GUIOT DE LA GARZA

DIRECTOR OF HUMAN RESOURCES

Eduardo Guiot de la Garza holds a Degree in Industrial Relations from Universidad Iberoamericana, completed his graduate studies in Labor Law and Marketing at ITAM, and has an MBA from the School of Business Administration and Management ("ESADE"). Mr. Guiot has been the Director of Human Resources since August 1993 and has worked at Chedraui for the past 20 years.

ALEJANDRO RAFAEL LARA HAKIM

DIRECTOR OF CONSTRUCTION

Alejandro Rafael Lara Hakim graduated as an Architect from Universidad Veracruzana. Mr. Lara has been Director of Construction since August 1986 and has worked at Chedraui for 27 years.

ALBERTO NAVA GUTIÉRREZ

DIRECTOR OF OPERATIONS

Alberto Nava Gutiérrez graduated as a public accountant from the Universidad Veracruzana. Mr. Nava has been Director of Operations since 1989 and has worked at Chedraui for 24 years.

RICARDO SALMÓN VALDÉS

DIRECTOR OF EXPANSION

Ricardo Salmón Valdés graduated as an Architect from Universidad Anáhuac and completed the Certification Module C1 101 at the Instituto CCIM. Mr. Salmón has been Director of Expansion since January 2007 and has worked at Chedraui for seven years.

ARTURO EDUARDO ANTONIO VASCONCELOS Y DE PABLO

DIRECTOR OF LOGISTICS

Arturo Eduardo Antonio Vasconcelos y de Pablo holds a Degree in Administration from Universidad Anáhuac. Mr. Vasconcelos has been Director of Logistics since June 2010 and has worked at Chedraui for three years.

PILAR ROJAS SUÁREZ

DIRECTOR OF IT

Pilar Rojas Suárez has a Degree in Applied Mathematics from Universidad Autónoma Metropolitana, has a certification in Project Management and graduate studies in Senior Management from IPADE. Mrs. Rojas has vast experience as Information Technology team leader and joined Chedraui in September, 2013.

Alfredo Chedraui Obeso | **CHAIRMAN OF THE BOARD**
José Antonio Chedraui Obeso | **DIRECTOR**
José Antonio Chedraui Eguía | **DIRECTOR**
Agustín Irurita Pérez[1] | **DIRECTOR**
Olegario Vázquez Aldir[1] | **DIRECTOR**
Alejandro Ramírez Magaña[1] | **DIRECTOR**
Federico Carlos Fernández Senderos[1] | **DIRECTOR**
Clemente Ismael Reyes-Retana Valdés[1] | **DIRECTOR**
Juan Félix Rodríguez Montemayor[1] | **DIRECTOR**
Julio Gutiérrez Mercadillo[1] | **DIRECTOR**
Guillermo Ortiz Martínez[1] | **DIRECTOR**
Primo Álvarez Villafañe | **DIRECTOR**
José Ramón Chedraui Eguía | **SECRETARY OF THE BOARD OF DIRECTORS**

AUDIT AND CORPORATE PRACTICES COMMITTEE

Clemente Ismael Reyes-Retana Valdés[1] | **CHAIRMAN**
Juan Félix Rodríguez Montemayor[1] | **MEMBER**
Julio Gutiérrez Mercadillo[1] | **MEMBER**

(1) Independent Director in accordance with the Securities Market Law

BOARD OF DIRECTORS

AUDITING AND CORPORATE PRACTICES COMMITTEE REPORT

To the Board of Directors and Shareholders of
Grupo Comercial Chedraui, S. A. B. de C. V.

In compliance with the provisions of article 43 of the Securities Market Law, the corporate By-Laws and the recommendations contained in the Code of best Corporate Practices, in my capacity as Chairman of the Committee on Auditing and Corporate Practices (hereinafter the "Committee") of Grupo Comercial Chedraui, S.A.B. de C.V., I am pleased to report to you the relevant activities conducted by the Committee during the Company's fiscal year ended December 31, 2013.

In order to analyze the results of operations and events relevant to the Company, the Committee held meetings that enabled it to assure strict, adequate and ongoing supervision of the resolutions adopted In the exercise of its functions and invited members of the management of the Company to its meetings as it considered appropriate.

I. ACTIVITIES RELATED TO AUDITING:

a. The Company has an internal auditing area and an internal control system that were monitored and evaluated along with the principal aspects that require improvement. For the purpose of making pertinent recommendations, the reports and opinions of the Independent Auditors and Independent Experts were taken into consideration. In addition, the preventive and corrective recommendations were reviewed that were implemented for the purpose of avoiding compliance failures under the guidelines and policies for operations and accounting records. In this respect, in the opinion of the Committee, no material differences or deviations were found that should be reported and these elements comply with what the Company requires to operate in a control environment.

b. We evaluated the performance of the independent auditing firm responsible for the opinion covering financial information for the fiscal period ended on December 31, 2013 and the degree of adherence to applicable accounting standards, taking into account that Galaz, Yamazaki, Ruiz Urquiza, S.C., a member of Deloitte Touche Tohmatsu and its partner, Francisco Javier Pérez Cisneros in charge of the audit, fulfill the necessary requisites of professional quality and have the independence of intellectual and economic action that is required to audit the financial statements of the Company and its subsidiaries.

c. The additional or supplemental services rendered to the Company by the independent auditing firm were evaluated and it was concluded that the execution of such services did not impede the issuance of an opinion about the financial information with the required independence and diligence.

d. The Committee reviewed the Consolidated Financial Statements of the Company and its subsidiaries on a quarterly basis, including an analysis and approval of the operating policies, procedures and accounting practices of the Company and its subsidiaries that are periodically furnished to the Mexican Stock Exchange and the National Banking and Securities Commission, assuring ourselves that such information has the necessary quality and sufficiency and were prepared following the same accounting procedures, criteria and practices employed in the preparation of the annual information.

e. The Committee likewise prepared the opinion referred to in Article 28, section IV, paragraph c) of the Securities Market Law for subsequent presentation to the Shareholders' Meeting with respect to the audited consolidated financial statements of the Company and Its subsidiaries at December 31, 2013 that were audited by the Company's Independent Auditors.

f. Jointly with the management of the Company, Independent Auditors and internal auditors, the Committee verified the risk factors that might affect the operations of the Company and its net worth and determined that such risks have been appropriately identified and managed through an adequate Internal control environment.

g. The Committee held regular meetings with the Company's management to keep itself informed on its progress, activities and general guidelines proposed for reporting important and unusual events. The Committee also met with the independent and internal auditors to discuss their work and limitations that may have been encountered and to facilitate any private communications they might wish to have with the Committee.

h. The Committee reviewed the degree of the Company's adherence to the Code of Best Corporate Practices recommended by the Mexican Stock Exchange.

i. The members of the Committee have been vigilant in following up on all the resolutions adopted at the Shareholders' Meeting and in meetings of the Board of Directors, fundamentally through reports and the matters addressed in the meetings of this Committee.

II. ACTIVITIES RELATED TO CORPORATE PRACTICES:

a. We obtained current information on the process of evaluating the performance of senior management.

No actions were detected or reported by senior management that were not in accordance with the legal framework for such actions, taking into account the circumstances under which they were carried out.

b. We reviewed the reports of transactions with related parties; these were carried out under market conditions and within the limits established in the Securities Market Law.

c. We reviewed the integral compensation packages and criteria for awards for the Chief Executive Officer and senior management and found no justification for any comments because they were within the policies established by the Board of Directors.

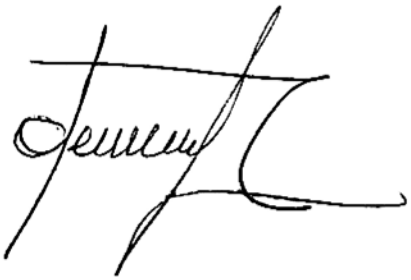
d. There were no exemptions of any kind contemplated by article 28, Section III, paragraph f) of the Securities Market Law during this fiscal period.

e. The corporate policies of the Company were analyzed and approval thereof was ratified.

Based on the reviews and comments set forth above and on the opinion on the financial information expressed by the Independent Auditor Galaz, Yamazaki, Ruiz Urquiza, S.C., the Committee believes that Grupo Comercial Chedraui, S.A.B. de C.V. has applied accounting policies and criteria appropriately and therefore its financial information is reasonable. Accordingly, it is RECOMMENDED to the Board of Directors that the audited consolidated financial statements of the Company for the fiscal year ended on December 31, 2013 be approved so that they may be included in the Annual Report of the Chief Executive Officer for fiscal year 2013 that is to be submitted at the appropriate time for approval at the Company's Shareholders' Meeting.

Sincerely,

COMMITTEE ON AUDITING AND CORPORATE PRACTICES



Clemente Ismael Reyes-Retana Valdés

CHAIRMAN



CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2013 and 2012,
and **Independent Auditors' Report** Dated March 11, 2014

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INDEPENDENT AUDITORS' REPORT

to the Board of Directors and Stockholders
of Grupo Comercial Chedraui, S. A. B. de C. V

We have audited the accompanying consolidated financial statements of Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the consolidated statements of income and other comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY OVER THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Grupo Comercial Chedraui, S. A. B. de C.V. and Subsidiaries as of December 31, 2013 and 2012, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
MEMBER OF DELOITTE TOUCHE TOHMATSU LIMITED



C.P.C. Francisco Pérez Cisneros
MARCH 11, 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2013 AND 2012
(IN THOUSANDS OF MEXICAN PESOS)

Assets	NOTES	2013	2012
Current assets:			
Cash		$ 442,574	$ 688,846
Accounts and notes receivable - Net	5	1,939,450	1,535,781
Recoverable taxes	6	628,457	1,467,866
Accounts receivable from related parties	24	42,707	53,264
Inventories – Net	8	6,743,752	6,653,136
Total current assets		9,796,9 40	10,398,893
Noncurrent assets:			
Property and equipment - Net	9	26,000,455	25,148,628
Investment properties	10	5,424,586	5,274,314
Investments in shares of associated entities		22,990	24,289
Long-term accounts receivable	19	89,053	89,053
Deferred income taxes	27	1,838,763	-
Other assets – Net	11	2,394,361	2,454,475
Total noncurrent assets		35,770,208	32,990,759
Total		$ 45,567,148	$ 43,389,652

The accompanying notes are part of the consolidated financial statements.

Liabilities and stockholders' equity	NOTES	2013	2012
Current liabilities:			
Accounts and notes payable to suppliers	12	$ 10,779,956	$ 10,523,564
Loans from financial institutions	14	46,740	681,574
Current portion of long-term liabilities	15	592,930	425,916
Accrued taxes and expenses		2,991,385	2,061,027
Total current liabilities		14,411,011	13,692,081
Noncurrent liabilities:			
Long-term bank loans	15	3,970,685	4,538,759
Deferred income taxes	27	-	2,222,263
Employee benefits	16	221,068	223,348
Derivative financial instruments	18	294,812	362,762
Collection rights of trust contracts	19	932,049	959,364
Lease obligations	13	434,253	608,064
Income tax		3,317,105	-
Other long-term liabilities		336,361	315,337
Total noncurrent liabilities		9,506,333	9,229,897
Total liabilities		23,917,344	22,921,978
Stockholders' equity:	20		
Common stock		252,120	252,120
Share placement premium		4,183,289	4,192,010
Retained earnings		17,134,574	16,016,429
Foreign transaction conversion effect		48,482	45,109
Effect from recognizing the valuation of derivative instruments		(213,430)	(266,688)
Controlling interest		21,405,035	20,238,980
Non-controlling interest		244,769	228,694
Total stockholders' equity		21,649,804	20,467,674
Total		$45,567,148	$43,389,652

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(IN THOUSANDS OF MEXICAN PESOS)

	NOTES	2013	2012
Income:			
Net sales		$ 66,363,770	$ 63,944,327
Cost of sales		52,962,017	51,358,620
Gross profit		13,401,753	12,585,707
Operating expenses:			
Wages		3,761,581	3,779,104
Professional services		1,525,513	1,078,718
Advertising and publicity		759,272	690,875
Maintenance		497,881	456,626
Electricity		1,064,208	1,007,332
Leases		661,386	611,066
Depreciation and amortization		1,329,258	1,293,234
Other expenses		696,309	709,591
Total operating expenses		10,295,408	9,626,546
Income from operations		3,106,345	2,959,161
Interest expense		(614,560)	(655,734)
Interest income		59,268	45,241
Exchange income - Net		11,478	16,997
Other financial costs		(372,483)	(384,839)
		(916,297)	(978,335)
Profit before income taxes		2,190,048	1,980,826
Income taxes expense	27	481,810	435,781
Consolidated net profit		$ 1,708,238	$ 1,545,045
Controlling interest		$ 1,644,926	$ 1,501,850
Non-controlling interest		63,312	43,195

(Continued)

	NOTES	2013	2012
Consolidated net profit		$ 1,708,238	$ 1,545,045
Other comprehensive (loss) income components:			
Items that will not be reclassified subsequently to profit or loss:			
Changes in actuarial assumptions		38,299	(49,773)
Items that may be reclassified subsequently to profit or loss:			
Foreign transaction conversion effects		3,373	(43,551)
Effect from recognizing the valuation of derivative instruments		53,258	56,690
Consolidated net comprehensive income of the year		$ 1,803,168	$ 1,508,411
Controlling interest		$ 1,739,856	$ 1,465,216
Non-controlling interest		63,312	43,195
Consolidated net profit		$ 1,803,168	$ 1,508,411

The accompanying notes are part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(IN THOUSANDS OF PESOS)

	Common stock	Net share placement premium	Retained earnings
Balance at January 1, 2012	$ 252,120	$ 4,427,196	$ 14,894,268
Dividends paid	-	-	(216,111)
Comprehensive income	-	-	1,501,850
Purchase of shares of non-controlling interest	-	(235,186)	(43,313)
Balance at December 31, 2012	252,120	4,192,010	16,136,689
Dividends paid	-	-	**(471,551)**
Comprehensive income	-		**1,644,926**
Purchase of shares of non-controlling interest	-	**(8,721)**	**(164,016)**
Balance at December 31, 2013	**$ 252,120**	**$ 4,183,289**	**$ 17,146,048**

The accompanying notes are part of the consolidated financial statements.

Equity-settled employee benefits reserve	Purchase in non-controlling shares	Foreign transaction conversion effects	Effect from recognizing the valuation of derivative instruments	Non-controlling interest	Total stockholders' equity
$ -	$ -	$ 88,660	$ (323,378)	$ 111,433	$ 19,450,299
-	-	-	-	-	(216,111)
(49,773)	-	(43,551)	56,690	43,195	1,508,411
-	(70,487)	-	-	74,066	(274,920)
(49,773)	(70,487)	45,109	(266,688)	228,694	20,467,674
-	-	-	-	-	**(471,551)**
38,299	-	**3,373**	**53,258**	**63,312**	**1,803,168**
-	**70,487**	-	-	**(47,237)**	**(149,487)**
$ **(11,474)**	$ -	$ **48,482**	$ **(213,430)**	$ **244,769**	$ **21,649,804**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(IN THOUSANDS OF MEXICAN PESOS)

	2013	2012
Operating activities:		
Profit before income taxes	$ 2,190,048	$ 1,980,826
Items related to investment activities:		
Depreciation and amortization	1,332,073	1,291,288
(Gain) loss from sale of property and equipment	(63,354)	17,174
Interest received	(59,268)	(45,239)
Decrease in items of comprehensive income	(63,952)	(284,960)
Revaluation of derivative instruments	(14,691)	30,542
Interest paid	614,560	655,734
	3,935,416	3,645,365
(Increase) decrease of:		
Accounts and notes receivable - Net	(403,668)	(392,280)
Inventories – Net	(90,616)	(278,450)
Other assets – Net	839,410	(36,399)
Accounts receivable from related parties – Net	10,557	12,196
Accounts and notes payable to suppliers	256,392	559,998
Other accounts payable	(287,522)	(145,774)
Change in employee benefits	(2,280)	34,048
Net cash flows generated by operating activities	4,257,689	3,398,704
Investment activities:		
Acquisition of property and equipment	(2,208,281)	(3,345,680)
Sale of property and equipment	114,242	29,398
Installation expenses and intangibles	(116,666)	(228,403)
Interest gain	59,268	45,239
Net cash flows used in investment activities	(2,151,437)	(3,499,446)
Financing activities:		
Loan payment	(1,035,894)	(625,836)
Proceeds from borrowing	-	1,038,900
Interest paid	(601,389)	(655,734)
Dividends paid	(471,551)	(216,116)
Dividends received	1,299	2,760
Lease obligations	(173,811)	(146,718)
Acquisition of non-controlling interest	(47,236)	(39,733)
Cash acquisition related to obligations in trust receivables	-	623,438
Payment of obligations related to the right of Trust contract collection rights	(27,315)	(20,792)
Net cash flows used in financing activities	(2,355,897)	(39,831)
Net decrease of cash	(249,645)	(140,573)
Effects from cash value changes	3,373	(43,551)
Cash at the beginning of the year	688,846	872,970
Cash at the end of the year	$ 442,574	$ 688,846

The accompanying notes are part of the consolidated financial statements.

1. Nature of business

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries (the Entity) are engaged in the operation of self-service stores and real estate companies; they specialize in the marketing of electronic goods, groceries and general merchandise.

The Entity is incorporated in Mexico; its domicile is located at Constituyentes No. 1150, Col. Lomas Altas, Mexico City, Miguel Hidalgo C.P. 11950 and conducts its business primarily in Mexico and the United States of America.

2. Basis for presentation

a. Explanation for translation into English - The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented on the basis of International Financial Reporting Standards ("IFRS"). Certain accounting practices applied by the Entity that conform with IFRS may not conform with accounting principles generally accepted in the country of use.

b. New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements
In the current year, the Entity has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2013.

IMPACT OF THE APPLICATION OF IFRS 10

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. Some guidance included in IFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

IMPACT OF THE APPLICATION OF IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint

arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

IFRS 13 FAIR VALUE MEASUREMENT

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realizable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from January 1, 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognized in the consolidated financial statements.

AMENDMENTS TO IAS 1 PRESENTATION OF ITEMS OF OTHER COMPREHENSIVE INCOME

The Group has applied the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the

amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

NEW AND REVISED IFRSS IN ISSUE BUT NOT YET EFFECTIVE

The Entity has been analyzing the application of the following revised IFRSs:

IFRS 9 *Financial Instruments-*

Effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in net income (loss).

- With regard to the measurement of financial liabilities designated as of fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

c. **Income from operations -** Income from operations is the result of subtracting cost of sales and general expenses from net sales. While IAS 12, Statement of Income, does not require inclusion of this line item within results, it has been included for a better understanding of the Entity's economic and financial performance.

3. Summary of principal accounting policies

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards released by IASB.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments, that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

i. **HISTORICAL COST**

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

ii. **FAIR VALUE**

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Grupo Comercial Chedraui, S.A.B. de C.V. and its subsidiaries controlled by it. Control is achieved when the Entity:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity losses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

Net income and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

CHANGES IN THE GROUP'S OWNERSHIP INTERESTS IN EXISTING SUBSIDIARIES

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Entity.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The consolidated financial statements include the financial statements of Grupo Comercial Chedraui, S. A. B. de C. V. and those of its subsidiaries where it holds control. Control is achieved where the entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Company or Group	Participation rate	Activity
Tiendas Chedraui, S. A. de C. V.	99.99%	A chain of 211 self-service stores specializing in the marketing of groceries, clothing and general goods, and which includes 50 self-service stores operating under the Super Chedraui commercial name.
Real estate division	99.99%	A group of companies engaged in the acquisition, construction, marketing and lease of real property used for real estate activities.
Services division	99.99%	A group of companies providing administrative, goods transportation and personnel services.
Bodega Latina Co.	81.40%	A chain of self-service stores with 45 units located in the southern United States and which operate under the El Super commercial name.
Grupo Crucero Chedraui, S. A. de C. V.	99.99%	Sub-holding company.

Significant intercompany balances and transactions have been eliminated.

d. Conversion of subsidiaries' financial statements denominated in foreign currency

The individual financial statements of each subsidiary of the Entity are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each entity are expressed in pesos of different purchasing power, which is the functional currency of the Entity and the reporting currency of the consolidated financial statements.

When preparing the financial statements of the individual companies, transactions denominated in currencies other than the entity's functional currency (foreign currency) are recognized by utilizing the exchange rates in effect at each transaction date. At the end of each reporting period, monetary items denominated in foreign currency are reconverted based on the exchange rates in effect at that date. Nonmonetary items recorded at their fair value and denominated in foreign currency are reconverted by using the exchange rates in effect when this fair value was determined.

e. Goodwill

In order to evaluate impairment, goodwill is assigned to each of the cash-generating units from which the Entity expects to obtain benefits from the synergies of this combination.

The cash-generating units to which goodwill is assigned are subject to impairment evaluations annually or more frequently whenever there are signs that the unit may have undergone impairment. If the recoverable amount of the cash-generating unit is lower than its book value, the impairment loss is initially assigned so as to reduce the book value of the goodwill assigned to the unit, after which it is proportionately assigned to the unit's other assets based on the book value of each of its assets. The impairment loss is recognized within the consolidated statements of income and other comprehensive income.

The impairment loss recognized for purposes of goodwill is not reversed in a subsequent period.

When the Entity has availability of a relevant cash-generating unit, the attributable amount of goodwill will be included in the determination of the profit or loss at disposition time.

At issuance of the consolidated financial statements date, the Entity has not presented evidence of impairment at December 31, 2013 and 2012 that required adjustment to the value of their investments.

f. Investments in shares of associated entities

An associated entity is one over which the Entity has a significant influence. Significant influence implies the power to participate in the determination of the financial and operating policies of the entity in which the investment is made, albeit without the control or joint control of these policies.

The investment in the shares of associated entities is valued according to the equity method from the date on which the investee becomes an associate. Any excess of the cost of acquisition over the Entity's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

g. Revenue recognition - Revenues are calculated based on the fair value of the collected or receivable payment, while considering the estimated amount of customer sales returns, rebates and other similar discounts.

– Sale of goods

Income generated by the sale of goods must be recognized when each of the following conditions has been fulfilled:

- The Entity has transferred the significant risks and rewards of goods ownership to the buyer;
- The Entity does not have continuous managerial participation at the level usually associated with ownership and does not retain effective control over the sold goods;
- The income amount can be reliably valued;
- It is likely that the Entity will receive the economic benefits derived from the transaction; and;
- The transaction costs incurred or to be incurred can be reliably valued.

Sales of goods resulting from customer credit incentives based on the Entity's electronic wallet scheme are recorded as transactions with income composed by multiple elements, while the fair value of the received or receivable payment is distributed among the delivered goods and incentive credits. The payment assigned to incentive credits is valued according to its fair value the amount for which these incentive credits can be separately sold. This payment is not recognized as income when the sale transaction initially takes place. However, the respective income is deferred and recognized once the incentive credits are applied and the Entity's obligations have been fulfilled.

– Dividend and interest income

Dividend income generated by investments is recognized once the stockholders' right to receive this payment has been established (provided it is likely that the Entity will generate economic benefits and that this income can be reliably valued).

Interest income is recognized when it is likely that the Entity will receive economic benefits and when this income can be reliably valued. Interest income is recorded according to a base period with reference to outstanding principal and the applicable effective interest rate, which exactly discounts the estimated cash flows to be received throughout the expected life of the financial asset and is equal to its initially recognized net book value.

– Income from the lease of premises

It is recorded when accrued.

h. Leases - Leases are classified as capital leases whenever their terms involves the substantial transfer of the risks and rewards of ownership to leaseholders. All other leases are classified as operating leases.

– The Entity as lessor

The rental income generated by operating leases is recognized by utilizing the straight line method during the lease period. The initial direct costs incurred to negotiate and agree an operating lease are added to the book value of the leased asset and recognized by means of the straight line method throughout the lease period.

– The Entity as leaseholder

Assets maintained under financial leases are recognized as the Entity's assets at their fair value at the start of the lease period or, if this amount is lower, at the current value of minimum lease payments. The liability payable to the lessor is included in the consolidated statement of changes in financial position as a liability resulting from lease obligations.

Lease payments are distributed among financial expenses and the reduction of lease obligations in order to attain a constant interest rate for the outstanding liability. Financial expenses are charged directly to results.

Operating lease rental payments are charged to results by using the straight line method throughout the lease period unless another systematic basis more clearly reflects the pattern of user lease benefits. Contingent rentals are recognized as expenses in the periods in which they are incurred.

i. Foreign currency transactions - In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Entity's foreign operations are translated into pesos using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any,

are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

j. **Loan costs -** Loan costs are general loan costs or those directly attributable to the acquisition, construction or production of qualifying assets, which constitute assets for which a substantial period of time is required to prepare them for their intended use. Costs subject to capitalization include exchange rate differences related to loans denominated in foreign currency, which are considered as an interest expense adjustment.

The income obtained from the temporary investment of specific loan funds intended for use in qualifying assets is deducted from the loan costs eligible for capitalization.

All other loan costs are recognized during the period in which they are incurred.

k. **Cost of long-term employee and retirement benefits and employee statutory profit-sharing (PTU) –**

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).

- Net interest expense or income.

- Remeasurement.

The Entity presents the first two components of defined benefit costs in profit or loss in the line item. Gains and losses for reduction of service are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Entity's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds

from the plans or reductions in future contributions to the plans.

Any indemnification obligation is recognized in profit or loss in the period in which the Entity has decided to do it.

EMPLOYEE STATUTORY PROFIT SHARING (PTU)

PTU is recorded in the results of the year in which it is incurred and presented net under the heading of general administrative expenses in the accompanying consolidated statements of profit or loss and other comprehensive income.

PTU is determined based on taxable income, according to Section I of Article 10 of the Income Tax Law.

I. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT TAX

Mexican income tax ("ISR") and Business Flat Tax ("IETU") are recorded in the results of the year in which they are incurred.

DEFERRED INCOME TAX

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

As a consequence of the 2014 Tax Reform, as of December 31, 2013 deferred IETU is no longer recognized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

CURRENT AND DEFERRED TAX FOR THE YEAR

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

TAX ON ASSETS

The tax on assets (IMPAC) expected to be recoverable is recorded as a tax credit and is presented in the balance sheet in the deferred taxes line item.

m. Property and equipment – Property and equipment are initially recorded at cost.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation (January 1, 2011), less any subsequent accumulated depreciation and subsequent accumulated impairment losses. After the adoption of IFRS, the buildings are valued at historical cost and depreciated on a straight line.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

n. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

o. Impairment of long-lived assets in use - At the end of each reporting period, the Entity reviews the book values of its tangible and intangible assets to determine signs of impairment losses. If indications of impairment are detected, the recoverable asset amount is calculated to determine the impairment loss (if applicable). When the recoverable amount of an individual asset cannot be estimated, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a fair, consistent distribution basis can be identified, corporate assets are also assigned to individual cash-generating units or to the smallest company with cash-generating units for which a fair, consistent distribution basis can be identified.

The recoverable amount is the higher of the asset's fair value less its sales cost and the use value. When evaluating use value, future estimated cash flows are discounted at their current value by utilizing a pretax discount rate reflecting the current market assessment of the value of money over time and the specific risks of the asset for which future cash flow estimates have not been adjusted.

If the recoverable amount of a given asset (or cash-generating unit) is considered to be less than its book value, the latter (or that of the cash-generating unit) is reduced to reflect the recoverable amount. Impairment losses are immediately recognized in results, unless the asset is carried at a revalued amount, in which case it should consider the impairment loss as a revaluation decrease.

When an impairment loss is subsequently reversed, the book value of the asset (or cash-generating unit) is increased to reflect the reviewed estimated value of the recoverable amount in such a way that the increased book value does not exceed the book value that would have been determined if an impairment loss had not been recognized for the asset in question (or cash-generating unit) in subsequent years. The reversal of an impairment loss is immediately recognized in results, unless the relevant asset is recognized on a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

At the date of issuance of the consolidated financial statements, the Entity has not presented evidence of impairment at December 31, 2013 and 2012 that required adjustment to the value of their investments.

p. **Inventories and cost of sales -**Inventories are presented at the lower of their acquisition cost or net realizable value. Costs, including an appropriate portion of indirect fixed and variable costs are assigned to inventories by using the method most applicable to the inventory in question, which is valued at its average cost. The net realizable value represents the estimated sales price less termination and sales costs.

q. **Provisions -** Provisions are recognized when the Entity has a current obligation (whether legal or assumed) as a result of a past event, when it is likely that the Entity will have to settle this obligation and its amount can be fairly estimated.

The amount recognized as a provision is the best estimate of the disbursement required to settle the current obligation at the end of the reporting period, while also considering the risks and uncertainty surrounding the obligation. When a provision is valued according to the estimated cash flows needed to settle a current obligation, its book value represents the current value of these cash flows.

When the Entity expects to recover some or all of the economic benefits needed to settle a provision from a third party, an account receivable and effect are recognized when it is virtually certain that the disbursement will be received and the account receivable amount can be fairly valued.

r. Financial instruments

The Entity obtains financing under different conditions. Consequently, when obtaining financing at a variable rate, it contracts these instruments to reduce its exposure to interest rate volatility risks. Other instruments are used when the contracted financing is denominated in foreign currency. Accordingly, the Entity mitigates its exposure to these risks by contracting derivative financial instruments involving interest or exchange rate swaps which convert its interest payment profile from variable to fixed or from foreign currency to Mexican pesos. The Entity only performs transactions involving derivative financial instruments with institutions of recognized solvency and based on the individual limits established with each. The Entity's policy is not to perform transactions with derivative financial instruments for speculative purposes.

The Entity recognizes all assets or liabilities generated by transactions involving derivative financial instruments at their fair value in the balance sheet, regardless of the reason for which these instruments were acquired. Fair value is determined based on the prices of recognized markets; however, when these instruments are not quoted on markets, their fair value is determined by using the valuation techniques accepted by the finance community.

When derivative instruments are contracted to hedge risks and fulfill hedging requirements, the designation is documented at the start of the hedge transaction by describing the purpose, characteristics, accounting recognition and how transaction effectiveness will be measured.

Derivative instruments designated as hedges recognize valuation changes according to the nature of each particular hedge: (1) in the case of fair value hedges, fluctuations affecting the derivative instrument and hedged item are valued at their fair value and recognized in results; (2) in the case of cash flow hedges, the effective portion is temporarily recognized in comprehensive income and applied to results when affected by the hedged item; the ineffective portion is immediately recognized in profit or loss.

The Entity suspends its hedge accounting when the derivative has expired, is sold, canceled, exercised, when it fails to reach the high effectiveness level needed to offset changes in the fair value or cash flows of the hedged item, or when the entity decides to cancel the hedge designation.

When the Entity suspends its hedge accounting, in the case of cash flow hedges, the amounts recorded under stockholders' equity as part of comprehensive income remain in equity until the effects of the forecast transaction or agreed commitment affect results. When it is unlikely that the agreed commitment or forecast transaction will take place, the gains or losses accrued to the comprehensive income account are immediately recognized in profit or loss.

s. Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. At the date of the financial statements, financial assets are classified as receivables.

i). Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

ii). Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables, bank balances and cash, are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

iii). Derecognition of financial assets

The Entity derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

t. Financial liabilities - Financial liabilities are recognized when the Entity becomes a party to the contractual provisions of the instruments.

Financial liabilities are initially valued at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial liabilities, as appropriate, in recognition initial. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

i). Classification as debt or capital

Debt instruments are classified as financial liabilities based on the terms of each contractual agreement.

ii). Financial liabilities

Financial liabilities are classified at their fair value with changes through results or as other financial liabilities.

iii). Financial liabilities at fair value with changes through profit and loss

A financial liability at fair value with changes through results is classified for trading purposes or designated at its fair value with changes through profit and loss.

Derivative financial instruments, except those designated as effective as hedges, are classified as held for trading purposes.

The Entity has no financial liabilities designated as with changes through profit or loss.

iv). Other financial liabilities

Other financial liabilities (including loans and payables) are subsequently valued at amortized cost using the method of effective interest rate.

The effective interest rate method is used to calculate the applied cost of a financial asset and the assignment of financial expenses throughout the period. The effective interest rate exactly discounts estimated cash payments throughout the expected life of the financial asset (or, when applicable, during a shorter period) from the net book value initially recognized for the financial asset.

v). Elimination of financial liabilities

The Entity only eliminates financial liabilities when its obligations have been fulfilled, canceled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in income.

u. **Profit per share** -The basic profit per ordinary share is calculated by dividing net consolidated profit by the weighted average of outstanding ordinary shares throughout the year.

4. Critical accounting judgment and key sources for estimating uncertainty

When applying the Entity's accounting policies, as described in Note 3, the Entity's management must utilize its judgment, estimates and assumptions regarding the book values of assets and liabilities. These estimates and assumptions are based on historical experience and other significant factors, although actual results may differ from these estimates.

Underlying estimates and assumptions are periodically reviewed. Accounting estimate reviews are recognized in the review and future periods if they affect current and future periods.

a. Essential judgments when applying accounting policies

Below we present essential judgments, apart from those involving estimates, made by management during the application of the Entity's accounting policies, and which have a significant effect on the consolidated financial statements.

- The Entity has entered into lease agreements, as lessor, with GE Capital, Water Capital and Apoyo Mercantil (BBVA) and IBM. The store operating assets are maintained in contracts for a period of seven years, whereas electronic equipment is leased for three years. Both types of assets contemplate a purchase option at market values when the lease ends and have fulfilled certain characteristics, therefore the Entity does not believe it complies with the definition of an operating lease.

- The defined benefit obligation of the Entity is discounted at a rate set at market rates of high quality corporate bonds at the end of the reporting period. Are required to use professional judgment in establishing criteria for the bonuses it must include on the population from which the yield curve is derived. The most important criteria considered for the selection of bonds include the size of the issuance of corporate bonds, the classification and identification of atypical bonds are excluded.

b. Key sources of uncertainty in the estimates

Below we discuss the basic assumptions regarding the future and other key sources of uncertainty in the estimates at the end of the reporting period, which have a significant risk of causing significant adjustments in the book values of the assets and liabilities over the coming year.

- The calculation of the use value to perform the impairment tests requires the Entity's base on its judgments to determine the future cash flows that should arise from the cash generating units and an appropriate discount rate to calculate the present value. Goodwill is assigned to each of the Entity's cash generating units which expects to obtain benefits from the synergies of this combination.

- In determining the deferred tax the Entity estimates the probability of generating taxable income in future periods to take benefit of the deferred tax assets generated by losses and asset taxes. The conclusion reached by the periods presented is that there will be tax base and therefore mostly recognizes the deferred taxes generated and asset tax losses. Its impact is in the business of deferred tax liability and expense for the period.

- The Entity prepares valuations of its financial derivatives which are contracted to mitigate the risk of interest rate volatility and exchange fluctuations.

- The Entity reviews the estimate of the useful life, residual value and amortization method for its fixed assets at the end of each reporting period and the effect of any change in the estimate is recognized prospectively. Furthermore, at the end of each reporting period the Entity reviews the book values of its tangible and intangible assets to determine whether there is any indication that they have suffered a loss from impairment.

- The Entity reviews the fair value of the investment properties based on future cash flows, applying an appropriate discount rate. At the end of each period, if applicable, it makes the respective adjustments in results for the year.

- Some of the assets and liabilities of the Entity are measured at fair value in the consolidated financial statements.

In estimating the fair value of an asset or a liability, the Company uses observable market data to the extent they are available. When the input data of level 1 are not available, the Entity hires qualified professional to perform independent valuation appraiser.

5. Accounts and notes receivable – Net

		2013		2012
Customers	$	570,885	$	599,795
Allowance for doubtful accounts		(8,587)		(4,528)
		562,298		595,267
Sundry debtors		55,694		150,991
Creditable taxes, mainly Value Added Tax		1,306,398		772,105
Notes receivable		15,060		17,418
	$	1,939,450	$	1,535,781

c. Accounts receivable from customers

The accounts receivable from customers detailed in the above table are classified as accounts receivable and valued at their amortized cost.

The accounts receivable from customers detailed in the preceding paragraphs include the amounts overdue at the end of the reporting period (see aging analysis below) for which the Entity has recognized an allowance for doubtful accounts because it is highly likely that customers will default on their payments. This provision is recorded following its determination, while the reserve amount is updated at least on every reporting date. The additional disclosures required by IFRS 7, "Presentation of financial instruments", for estimating the allowance for doubtful accounts have not been included as they are considered to be immaterial.

Accounts receivable aging is as follows:

		2013		2012
Current	$	506,413	$	510,584
At 30 days		10,978		18,004
31 – 60 days		6,450		2,992
61 – 90 days		10,203		13,001
More than 90 days		36,841		55,214
Total	$	570,885	$	599,795

6. Recoverable taxes

		2013		2012
Recoverable Income Tax and Flat Tax	$	127,301	$	114,278
Tax on Cash Deposits		129,195		131,107
Creditable Value Recoverable Added Tax and Excise Tax (IEPS)		371,961		1,148,880
Others, mainly IMPAC		-		73,601
	$	628,457	$	1,467,866

7. Derivative financial instruments

The Entity has contracted interest rate collars to manage the loan interest rate risk, while also controlling the movement of the debt from fixed to variable rates and vice versa. On December 3, 2009, the Entity contracted four interest rate collars under this scheme, through which it pays or receives amounts calculated according to a fixed interest rate floor and ceiling linked to the 28-day TIIE rate. As of December 31, 2013, there are only two current collars, the first one for a notional amount of $1,750 million pesos, expiring on August 4, 2017; and the second, for a notional amount of $339 million pesos,

expiring on December 28, 2016. The notional amounts and expiration dates of these derivative financial instruments are related to the hedged loans.

During the first quarter of 2013 and based on the interest rate collars discussed above, the Entity paid an 11.125% rate and received a 3.8692% interest rate. The difference was recorded in profit or loss, thereby offsetting the variable interest rate effect of the hedged loan.

In May 2011, the Entity contracted a dollar loan maturing on May 16, 2016 and a floating interest rate in dollars, so it took on a cross currency swap to convert the floating rate for converting weights and also commitment of capital payment in dollars to pesos. The derivative has a notional amount of US $37 million and it tied exactly with maturities that have credit, so it is considered a hedging instrument.

In August 2011, the Entity contracted an Interest Rate Swap linked to the loan contract for the amount of US$ 37 million, which established a fixed interest rate whereby the Entity pays annual interest at the 6.48% fixed rate on the notional amount converted to Mexican pesos. This instrument exactly reflects hedged loan maturities.

In April 2012, the Entity contracted another loan denominated in US dollars with maturity on April 24, 2017 and a floating interest rate denominated in that currency. Accordingly, it acquired a Cross Currency Swap to convert the floating interest rate and payment of principal denominated in US dollars to Mexican pesos. Given that the derivative instrument has a notional amount of US$20 million and exactly reflects loan maturities, it is considered as a hedge instrument.

During August 2012, Bodega Latina, Co., a subsidiary of the Entity, entered into a bank loan with Wells Fargo in the amount of USD $ 50 million with a term of five years and a quarterly amortization from March 2013. Because the bank loan was contracted with a variable rate, Bodega Latina Co., hired a derivative swaps to fix the interest rate you will pay for the bank loan since September 2013. The notional amount of the swap was USD$20.8 million covering 50% of the loan outstanding at the beginning of the term of the derivative in an amount of USD$41.7 million. There is a difference between the amount of the bank loan and the notional primary derivative for USD$8.2 million, corresponding to the installments between March and September 2013, all before the start of the period of hedging transaction. This instrument is tied exactly with the maturity of the credit that is covering, so it is considered a hedging instrument.

The Entity obtains financing under different conditions, when they are floating rate, in order to reduce their exposure to risks of volatility in interest rates and foreign currency, in order to reduce the risk of currency fluctuations, the entity contracts financial derivatives instruments swaps to interest rate that convert the profile interest payments from variable to fixed converting the foreign currency debt into local currency rate. The negotiations with derivatives are conducted only with institutions of recognized solvency and limits have been established for each institution. The policy of the Entity is to not trade for speculative purposes.

The Entity recognizes all assets or liabilities arising from derivative transactions in the balance sheet at fair value, regardless of the purpose for holding financial instruments. Fair value is determined based on recognized market prices, and when they not are listed in a market, market prices are determined based on valuation techniques accepted in the financial field.

When derivatives are contracted to coverage risks purposes, and meet all coverage requirements , their designation at the beginning of the coverage is documented, describing the objective, characteristics, accounting treatment and how it will perform the measurement effectiveness, applicable to that operation. Derivatives designated as coverage recognize changes in valuation according to the type of coverage involved: (1) when they are of fair value, changes in both the derivative and the covered item are recognized at fair value and are recognized in income, (2) when cash flows , the effective portion is temporarily recognized in comprehensive income and reclassified to current earnings when the hedged item affects, the ineffective portion is recognized immediately in income.

The Entity discontinues hedge accounting when the derivative has expired, been sold, canceled or exercised, when it has not reached highly effective in offsetting changes in fair values or cash flows of the hedged item, or the Entity decides to cancel the hedge designation.

By suspending coverage accounting, in the case of cash flow coverages, the amounts that have been recorded in equity as part of other comprehensive income remain in equity until the time when the effects of the forecasted transaction or firm commitment affect the results. In the event that it is no longer probable that the firm commitment or forecasted transaction will occur, the gains or losses that were accumulated in other comprehensive income are recognized immediately in income. When the hedge of a forecasted transaction subsequently proved unsatisfactory and does not meet the effectiveness test, the accumulated other comprehensive income in stockholders' effects are proportionately to the results, to the extent that the forecasted asset or liability affect the results.

8. Inventories

		2013		2012
Raw materials	$	202,466	$	211,144
Production in process		6,473		10,393
Finished goods		6,563,788		6,437,722
Others		55,193		61,570
		6,827,920		6,720,829
Inventory reserve		(84,168)		(67,693)
	$	6,743,752	$	6,653,136

Reserve at January 1, 2012	$	(77,526)
Reserve created during the year		(368,850)
Reserve canceled during the year		378,683
Reserve at December 31, 2012		(67,693)
Reserve created during the year		(345,204)
Reserve canceled during the year		328,729
Reserve at December 31, 2013	$	(84,168)

9. Property and equipment – Net

a. The reconciliation of property and equipment is as follows:

Cost	Building	Store equipment	Furniture and fixtures	Vehicles	Construction in progress	Land	Total
Balance at January 1, 2012	$ 16,021,243	$ 6,516,494	$ 1,609,775	$ 114,788	$ 338,434	$ 5,176,751	$ 29,777,485
Acquisitions	1,707,230	757,264	139,055	11,428	654,427	140,267	3,409,671
Exchange rate differences	(89,303)	(62,840)	(7,109)	-	(1,088)	-	(160,340)
Disposals	(36,686)	(43,843)	(32,509)	(5,811)	(983)	(20,797)	(140,629)
Transfers	(4,522)	193,223	5,143	(185)	(523,774)	239,881	(90,234)
Balance at December 31, 2012	17,597,962	7,360,298	1,714,355	120,220	467,016	5,536,102	32,795,953
Acquisitions	1,072,348	507,222	76,890	28,021	418,437	66,720	2,169,638
Exchange rate differences – Net	7,660	5,466	58	-	47	-	13,231
Disposals	(52,767)	(261,601)	(49,897)	(7,439)	-	(10,605)	(382,309)
Transfers	117,631	135,891	21,187	1,852	(487,302)	84,810	(125,931)
Balance at December 31, 2012	$ 18,742,834	$ 7,747,276	$ 1,762,593	$ 142,654	$ 398,198	$ 5,677,027	$ 34,470,582

Depreciation	Building	Store equipment	Furniture and fixtures	Vehicles	Construction in progress	Land	Total
Balance as of January 1, 2012	$ (2,848,882)	$ (2,767,378)	$ (1,043,043)	$ (60,807)	$ -	$ -	$ (6,720,110)
Expense from depreciation	(345,482)	(480,117)	(250,732)	(18,962)	-	-	(1,095,293)
Exchange rate differences	21,009	25,092	4,125	-	-	-	50,226
Disposals	28,737	51,194	34,380	3,544	-	-	117,855
Balance as of December 31, 2012	(3,144,618)	(3,171,209)	(1,255,270)	(76,225)	-	-	(7,647,322)
Expense from depreciation	(364,684)	(516,108)	(248,963)	(25,539)	-	-	(1,155,294)
Disposals	26,594	249,892	49,585	6,418	-	-	332,489
Balance as of December 31, 2013	$ (3,482,708)	$ (3,437,425)	$ (1,454,648)	$ (95,346)	-	-	$ (8,470,127)
Totals	$ 15,260,126	$ 4,309,851	$ 307,945	$ 47,308	$ 398,198	$ 5,677,027	$ 26,000,455

b. Depreciation is calculated according to the straight line method based on the useful life, as follows:

	Years
Buildings	60
Store equipment	12 on average
Furniture and fixtures	10
Computer equipment [1]	3
Vehicles	4

[1] Presented within the furniture and fixtures heading

10. Investment properties

	2013	2012
Fair value of investment properties	$ 5,424,586	$ 5,274,314
Balances at the beginning of the year	$ 5,274,314	$ 5,121,012
Acquisitions	5,340	42,449
Disposals	(1,071)	-
Transfers from property and equipment	125,931	90,237
Net gains on property revaluation	20,072	20,616
Balances at years end	$ 5,424,586	$ 5,274,314

The fair value of the Entity's investment properties was obtained at acquisition date, through an appraisal performed by a firm of independent appraisers which is not related to the Entity and financial projections prepared by the Entity's management which allowed them to measure the fair value of its assets.

The appraisal, which was performed according to International Valuation Standards, was based on evidence regarding the market prices of transactions with similar characteristics and the premise of continued use, whereby the goods in question will remain at their current location and will be utilized throughout their remaining useful life to generate benefits to allow their value to be recovered.

All the Entity's investment properties are free from third-party interests.

Details of the investment properties of the Entity and information about the fair value hierarchy at December 31, 2013 are shown below:

		Level 3
Commercial centers in Mexico	$	5,424,586

There were no transfers between levels of the fair value hierarchy during the year.

11. Other assets – Net

		2013		2012
Guarantee deposits	$	541,391	$	450,021
Goodwill [2]		843,815		934,437
Other long-term assets – Mainly prepaids		856,230		791,552
Restricted cash [1]		-		56,168
		2,241,436		2,232,178
Software and licenses		955,504		869,209
Accumulated amortization		(802,579)		(646,912)
		152,925		222,297
	$	2,394,361	$	2,454,475

(1) Represents the condition in contracting derivative financial instruments to hedge interest rate, financial institutions are required to maintain collateral to cover the excess of the market rate and the contracted. This surplus is secured by cash held in the bank account, which has a restriction on the use of the same.

(2) Represents the excess of the price paid on the market value of the assets and assumed liabilities of 26 stores located in southern Los Angeles California, and 3 stores located in Baja California Sur, Mexico, so they have been considered as an asset intangible. Goodwill is subject to impairment testing at least annually. At December 31, 2013 and 2012, there were no indications of impairment.

12. Accounts and notes payable to suppliers

The amount recognized for suppliers is based on source documentation, whether the amount indicated by the respective receipt or contract at the balance sheet date, or the disbursement required to settle

the current obligation. The Entity has implemented financial risk management policies to ensure that all accounts payable are settled according to pre-agreed credit terms.

The debt with suppliers is calculated according to agreed contractual maturities. At December 31, 2013 and 2012, the Entity's debt obligation is composed as follows:

		2013		2012
Current	$	2,365,717	$	3,380,846
At 30 days		4,463,982		4,151,134
At 60 days		2,412,791		1,888,606
At 90 days		1,132,813		810,039
More than 90 days		404,653		292,939
	$	10,779,956	$	10,523,564

13. Lease obligations

The Entity has executed operating and electronic equipment lease contracts with GE Capital, Water Capital and Apoyo Mercantil (BBVA), for the periods of 7.5 and 3 years, respectively. Similarly, it executed a five-year capital lease contract with IBM for computer equipment.

The Entity's lease obligations are guaranteed by its ownership title to the goods in question.

a. Capital lease liabilities

		Minimum lease payments			Current value of minimum payments		
		2013		2012	2013		2012
Less than one year	$	217,714	$	224,487	$ 182,873	$	172,764
Between one and five years		269,458		487,608	251,380		435,300
		487,172		712,095	434,253		608,064
Less future financing charges		(52,919)		(104,031)	-		-
Current value of minimum lease payments	$	434,253	$	608,064	$ 434,253	$	608,064

14. Loans from financial institutions

		2013		2012
Promissory note payable to BBVA Bancomer, S. A., Institución de Banca Múltiple, which enables the Entity to acquire working capital at an annual interest rate of 4.37% and with maturity on January 2, 2014.	$	30,000	$	200,000

Credit line contracted with BBVA (Switzerland) S.A., which allows the Entity to acquire working capital at the monthly LIBOR rate plus 0.75%, for the period from December 20, 2012 through December 20, 2013.	-	11,059
Credit line contracted with Santander, S.A., which allows the Entity to acquire working capital at the interest rate of 4.90%, with maturity on March 17, 2014.	16,740	70,515
Credit line contracted with Inbursa, S.A., which allows the Entity to acquire working capital at the 5.65% rate for a one-year period as of January 7, 2013.	-	400,000
	$ 46,740	$ 681,574

15. Long-term bank loans

	2013	2012
Loan from Banco Nacional de México, S.A. (Banamex) warranted by several significant subsidiaries at an annual rate of TIIE plus 0.60%, effective for ten years as of September 2007, with payment of principal beginning on August 3, 2015. The rate charged as of December 31, 2012 was 5.39%. On May 29, 2013, Banamex and Scotiabank Inverlat S.A. entered into a credit assignment regarding the credit agreement entered between the Entity and Banamex. Derived from this debt is now in charge of ScotiaBank Inverlat, S.A. under the original terms and conditions.	$ -	$ 1,750,000
Loan from ScotiaBank Inverlat, S.A. warranted by several significant subsidiaries at an annual rate of TIIE plus 0.60%, with payment of principal beginning on August, 2015. The rate charged as of December 31, 2013 was 3.79%.	1,750,000	-
Loan from BBVA Bancomer, S.A. (BBVA), warranted by several significant subsidiaries at a rate of TIIE plus 1.10 percentage points, with a five-year grace period for payment of principal as of September 13, 2007. The rate charged as of December 31, 2013 and 2012 was 4.9% and 5.75%, respectively. The same contract was amended by simple opening credit of $ 1,500,000 with effect from February 2, 2017 and payable by 16 quarterly installments from March 29, 2013. To a TIIE plus 1.1 to 2.5 percentage points.	1,410,000	1,500,000
Loan from Bank of America, S.A. warranted by Tiendas Chedraui, S.A. de C.V. at a rate of Libor plus 1.32 percentage points with a first repayment on May 16, 2013 and matures in 4 years. The rate charged as of December 31, 2013 and 2012 was 6.48% in both years.	485,699	676,525
Loan obtained by Bodega Latina Co. with Wells Fargo Bank for US$50,000 at a rate of 2.75%, with a grace period for payment of principal up to December 31, 2012.	656,386	777,948
Loan with Bank of America, S.A., warranted by Tiendas Chedraui, S.A. de C.V. at a rate of LIBOR plus 1.5 percentage points with a first repayment on April 24, 2014 and a validity of 4 years. The rate charged as of December 31, 2013 and 2012 was 4.99% and 6.02%, respectively.	261,530	260,202
Long-term liabilities	4,563,615	4,964,675
Less – current portion	592,930	425,916
	$ 3,970,685	$ 4,538,759

At December 31, 2013 and 2012, the Entity was in compliance with the covenants set forth in each of the contracts.

16. Employee benefits

a. Defined contribution plans

The Entity by law make payments equivalent to 2% of wage workers integrated (ceiling) plan defined contribution savings system of retirement establish by the law. The related expense was $ 37,446 and $39,328 in 2013 and 2012.

b. Defined benefit plans

The Entity maintains a defined benefit pension plan which covers all employees who reach 65 years of age.

This plan also provides seniority premium benefits, which consist of a lump sum payment of 12 days wage for each year worked, calculated using the most recent salary, not to exceed twice the minimum wage established by law. The related liability and annual cost of such benefits are calculated by an independent actuary on the basis of formulas defined in the plans using the projected unit credit method.

The plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.

The present value of the defined benefit obligation and the labor cost of the current service and past service cost were calculated using the method of projected unit credit.

The main assumptions used for the purposes of actuarial valuation are the following:

a. Nominal rates used in actuarial calculations are as follows:

	2013	2012
	%	%
Discount of the projected benefit obligation at present value	8.50%	6.75%
Salary increase	3.50%	3.50%

Unamortized items are applied during the year.

b. The amounts recognized in the results of these defined benefit plans are:

		2013		2012
Service cost:				
Current service cost	$	22,846	$	34,038
Net interest expense		13,171		-
	$	36,017	$	34,038
Remeasurement on the net defined benefit liability:				
Actuarial (gains) and losses arising from changes in demographic assumptions	$	(34,839)	$	10,696
Actuarial (gains) and losses arising from experience adjustments		(3,460)		-
Total	$	(38,299)	$	10,696

The remeasurement of the net defined benefit liability is included in other comprehensive income.

c. Present value of these obligations and the rates used for the calculations are:

		2013		2012
Defined benefit obligation	$	197,112	$	202,883
Bodega Latina Co. liabilities		23,956		20,465
Net projected liability	$	221,068	$	223,348

d. Changes in present value of the defined benefit obligation:

		2013		2012
Present value of the defined benefit obligation as of January 1,	$	223,348	$	189,300
Current service cost		36,017		23,352
Cost recognized through comprehensive income		(38,297)		10,696
Present value of the defined benefit obligation as of December 31,	$	221,068	$	223,348

The Entity engaged independent professionals to measure the present value of the defined benefit obligation and the market value of the respective assets for the pension plan, death or disability and seniority premium.

The appointed consultants issued their report in conformity with the guidelines of IFRSs.

Adjustments to actuarial assumptions, including the change in the discount rate for valuing employee benefits, are recognized directly in other comprehensive income in stockholders' equity without affecting profit or loss.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 100 basis points lower, the defined benefit obligation would increase by $18,754.

If the expected salary growth decreases by 1%, the defined benefit obligation would decrease by $13,189.

If the life expectancy increases by one year for both men and women, the defined benefit obligation would increase by $620.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

17. Acquisition of non-controlling interest

- In August 2012, the acquisition of non-controlling interest of Bodega Latina Co. was held for 1,111,509 stocks worth $268,480. The acquisition resulted in an excess of the book value by $235.180.

- In August 2013, the acquisition of non-controlling interest of Bodega Latina Co. was held for 35,000 stocks worth $10,239. The acquisition resulted in an excess of the book value for $8,721.

18. Financial instruments

a. Significant accounting policies

The details of the significant accounting policies and the methods used (including recognition criteria, valuation bases and the bases for income and expense recognition) for each class of financial asset, financial liabilities, and equity instruments are disclosed in Note 3.

b. Capital Management

The Entity manages its capital to ensure that the Entity and its subsidiaries will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Entity's overall strategy remains unchanged from 2012.

Entity's managementreviews the capital structure when presenting his financial projections as part of the business plan to the Board of Directors and shareholders of the Entity. As part of this review, the Board considers the cost of capital and the associated risks.

The Entity is constituted as a S.A.B. de C.V. in terms of the Mexican Securities Exchange Commission and in accordance with the General Law of Commercial Companies; the fixed minimum capital is $183,436.

The capital structure of the Entity consists of net debt (borrowings as detailed in note 15 offset by cash and cash equivalents) and equity of the Entity (comprising issued capital, reserves, and retained earnings as detailed in note 21).

The Entity is not subject to any externally imposed capital requirements.

The Entity's Boards of Directors reviews the capital structure of the Entity on a quarterly basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital.

1. Gearing ratio

The gearing ratio at end of the reporting period was as follows.

		2013		2012
Debt [i]	$	4,610,355	$	$5,646,249
Cash		442,574		688,846
Net debt	$	4,167,781	$	4,957,403
Equity [ii]	$	21,649,804	$	20,467,674
Net debt to equity ratio		19.25%		24.22%

[i] Debt is defined as long- and short-term borrowings, as described in notes 14 and 15.

[ii] Equity includes all capital and reserves of the Group that are managed as capital.

c. Financial instrument categories

		2013		2012
Financial assets				
Cash	$	442,574	$	688,846
Loans and receivables:				
Accounts and notes receivable - Net		1,939,450		1,535,781
Accounts receivable from related parties		42,707		53,264
Long-term accounts receivable		89,053		89,053
Financial liabilities				
At amortized cost:				
Accounts and notes payable to suppliers	$	10,779,956	$	10,523,564
Loans from financial institutions		46,740		681,574
Current portion of long-term debt		592,930		425,916
Long-term bank loan		3,970,685		4,538,759
Collection rights of trust contracts		932,049		959,364
At fair value:				
Derivative financial instruments		294,812		362,762
Lease obligations		434,253		608,064

d. Financial risk management objectives

The activities carried out by the Entity expose it to a number of financial risks, including market risk (which encompasses foreign exchange, interest rate and price risks – such as investment in share certificates and commodity prices futures), credit risk and liquidity risks.

The Entity seeks to minimize the potential negative effects of these risks on its financial performance through an overall risk management program. The Entity uses derivative and non-derivative financial instruments to hedge against some exposures to financial risks embedded in the balance sheet (recognized assets and liabilities) and off-balance sheet risks (firm commitments and highly probable forecasted transactions).

Both, financial risk management and the use of derivative and non-derivative financial instruments are ruled by Entity policies approved by the Board of Directors and are carried out by the Entity's treasury. The Entity identifies, assesses and hedges financial risks in collaboration with its subsidiaries. The Board of Directors has approved written policies of a general nature with respect to the management of financial risks, as well as policies and limits associated to other specific risks; guidelines for permissible losses, when the use of certain derivative financial instruments is approved, or when such instruments can be designated as hedges, or when they do not qualify for hedge accounting, but rather for trading, and certain interest rate and / or foreign currency forwards and swaps that have been contracted. Compliance by the Entity's management of established policies and exposure limits is reviewed by internal audit on an ongoing basis.

The Entity's policy is not to perform operations with the purpose of speculation with derivatives.

e. Market risk

The Entity's activities mainly expose it to exchange rate and interest rate financial risks.

The Entity executed interest rate collars to manage the interest rate risk on the loans received and control the integration of its debt from fixed to variable interest rates and vice versa. On December 3, 2009, the Entity executed four interest rate collars under this scheme whereby it pays or receives amounts calculated based on interest rates with a fixed floor and ceiling related to the 28-day TIIE. As of December 31, 2013 only two collars are current, the first collar has a notional amount of $1,750 million Mexican pesos expires on August 4, 2017 and the second has a notional amount of $339 million Mexican pesos and expires on December 28, 2016. The notional amounts and the expiration dates of the derivative instruments are related to the hedged loans.

During 2013, for the swaps discussed above, the Entity paid an interest rate of 11.25% and received an average weighted interest rate of 6.48%. The difference was recorded under comprehensive financing cost, offsetting the variable rate effect of the hedged loan. The asset generated by the collars is recognized in stockholders' equity under the comprehensive income line item and applied to results.

During August 2012, Bodega Latina, Co., a subsidiary of the Entity, entered into a bank loan with Wells Fargo of USD$50 million with a term of five years and quarterly amortizations from March 2013. Because the bank loan was contracted with a variable rate, Bodega Latina Co., hired a derivative swaps to fix

the interest rate that will pay for the bank loan since September 2013. The notional amount of the swap was USD$20.87 million that covers 50% of the loan outstanding at the beginning of the term of the derivative in an amount of USD$41.75millons. There is a difference between the amount of the bank loan and the notional primary derivative for USD$8.25 million, which corresponds to the amortizations between March and September 2013, all before the start of the period of the swap. This instrument is tied exactly with the maturity of the credit that is covering, so it is considered a hedging instrument.

f. Exchange risk management

The Entity carries out transactions in foreign currency, thereby generating exposure to exchange rate fluctuations, which are handled within the parameters of the approved policies using foreign currency forwards.

The book values of the foreign currency-denominated monetary assets and liabilities at the end of the reporting period are as follows:

		2013		2012
Assets	$	88,351	$	92,839
Liabilities		(213,820)		(252,522)
Net US dollar liabilities		(125,469)		(159,683)
Year-end exchange rate (MXP per 1USD)		13.08		12.97

- Approximately 1.41% of goods inventories were imported by the Entity in 2013 and 1.77% in 2012.

- Transactions in thousands of US dollars as of December 31, 2013 and 2012 include import purchases of $57,017 and $69,537, respectively.

- Foreign currency sensitivity analysis

  The Entity is mainly exposed to the US dollar.

  The following analysis details the Entity's sensitivity to a 10% increase and/or decrease in the Mexican peso to US dollar exchange rate. Such fluctuation represents management's assessment of the possible fair change in the exchange rate. The sensitivity analysis only includes the monetary position at the end of the period, eliminating the US$57.1 million liabilities whose fluctuation is covered with a financial instrument. The sensitivity analysis includes external loans as well as foreign transaction loans within the Entity where the loan is denominated in a currency other than that of the borrower or the lender, regardless of the elimination of intercompany balances in consolidation. When the Mexican peso appreciates 10% against the US dollar, there is an increase in results and stockholders' equity. When the Mexican peso depreciates, there is a decrease in results and stockholders' equity.

The exchange parity variance results in an adjustment of $89,400 and $113,687 for the years ended December 31, 2013 and 2012, respectively.

The sensitivity analysis may not be representative of the exchange risk during the period due to variances in the net foreign currency-denominated position

g. Interest rate risk management

The Entity is exposed to interest rate risks because it obtains loans at both fixed and variable interest rates. The risk is managed by the Entity by maintaining an appropriate combination of fixed rate and variable rate loans and by using interest rate collars. Hedging activities are regularly assessed to align them with interest rates and the defined risk appetite, ensuring the application of more profitable hedging strategies.

The Entity's exposures to the interest rates of financial assets and liabilities are detailed in the following liquidity risk management section in this note.

– Interest rate sensitivity analysis

The following sensitivity analyses have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For variable rate liabilities, an analysis is prepared assuming that the liability amount is in effect at the end of the period. An increase or decrease of 10% over the average annual rate would represent management's assessment of the possible fair change in interest rates. If the interest rates had been 100 basis points above/below and all other variables had remained constant, the result and stockholders' equity would have varied by $12,630 and $10,627 as of December 31, 2013 and 2012, respectively.

The sensitivity analysis may not be representative of the interest rate risk during the period due to variances in debt balances.

h. Credit risk management

Credit risk refers to the risk that the counterparties may default on their contractual obligations, resulting in a loss for the Entity. The main credit risk relates to cash and cash equivalents, accounts receivable and derivative financial instruments. The Entity's policy is to only execute transactions with renowned institutions with a high credit rating, thereby minimizing the exposure to risks derived from cash and cash equivalents and derivative financial instruments. In regard to accounts receivable, the Entity has credit and collection policies which include the periodic review and the creation of allowances in accordance with such policies. Note 5 includes a breakdown of accounts receivable. The maximum exposure to credit risk as of December 31, 2013 and 2012 is $570,885 and $599,795, respectively.

i. Liquidity risk management

The Entity manages liquidity risk by maintaining adequate reserves and bank loans, by continuously supervising projected and actual cash flows. Long-term debt maturities are presented in Note 15. The Entity prepares financial runs to quarterly estimate its cash flows.

The following tables as of December 31, 2013 and 2012 show the Entity's remaining contractual maturities for non-derivative financial liabilities with agreed-upon payment periods. The tables have been designed based on the non-discounted cash flows of the financial liabilities as of the most recent date on which the Entity must make payments; consequently, they include both principal and interest cash flows, as applicable. Insofar as interest is calculated at a variable rate, the non-discounted amount derives from the interest rate curves at the end of the reporting period. Contractual maturities are based on the minimum date on which the Entity must make the payment:

2013	Menos de 1 año	Más de 1 año y menos de 5	Más de 5 años	Total
Bank loans	$ 46,740	$ -	$ -	$ 46,740
Long-term liabilities (including current portion)	361,160	3,783,586	-	4,144,746
Accounts and notes payable to suppliers	10,699,424	-	-	10,699,424
Collection rights of trust contracts	38,354	304,649	393,176	736,179
Lease obligations	217,714	269,458	-	487,172
Total	$ 11,363,392	$ 4,357,693	$ 393,176	$ 16,114,261

2012	Menos de 1 año	Más de 1 año y menos de 5	Más de 5 años	Total
Bank loans	$ 681,574	$ -	$ -	$ 681,574
Long-term liabilities (including current portion)	277,543	3,454,759	595,679	4,327,981
Accounts and notes payable to suppliers	10,431,189	-	-	10,431,189
Collection rights of trust contracts	34,667	234,215	440,412	709,294
Lease obligations	224,487	487,608	-	712,095
Total	$ 11,649,460	$ 4,176,582	$ 1,036,091	$ 16,862,133

The following tables as of December 31, 2013 and 2012 presents the liquidity analysis of the Entity's derivative financial instruments. The table has been designed based on non-discounted contractual cash inflows and outflows which are settled on a net basis, and non-discounted gross cash inflows and outflows of those derivatives that require a gross settlement. When the amount payable or receivable is not fixed, the amount disclosed was determined in reference to projected interest rates, as shown by the yield curves as of the end of the reporting period.

2013	Less than one year	One to less than five years	Total
Derivative financial instruments	$ 157,648	$ 258,855	$ 416,503

2012	Less than one year	One to less than five years	Total
Derivative financial instruments	$ 132,804	$ 335,065	$ 467,869

j. Fair value of financial instruments

– Fair value of financial instruments recorded at amortized cost

Except for what is detailed in the following table, Entity's management believe that the book values of the financial assets and liabilities recognized at amortized cost in the consolidated financial statements are approximate to fair value.

	2013	2012
Financial Assets		
Long term receivables	$ 89,053	$ 89,053
Accounts receivable from related parties	42,707	53,264
Financial Liabilities		
Bank loans	$ 46,740	$ 681,574
Current portion of long-term liabilities	592,930	425,916
Long term liabilities	3,970,685	4,538,759

– Valuation techniques and assumptions used to determine fair value

The fair value of financial assets and liabilities is determined as follows:

The fair value of derivative instruments is calculated using quoted prices. When market prices are not available, an analysis of discounted cash flows using the applicable yield curve for the period of non-optional derivatives and pricing models for optional derivatives. The foreign currency forward contracts are valued using the forward exchange rates quoted and yield curves derived from quoted interest rates matching maturities of the contracts. The interest rate collars are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Type of derivative contract or value	Notional amount	Reference variable	Fair Value	Amount due by year	Collateral
Interest Rate collar	$1,750,000	TIIE of 28 days	$292,135	$350,000 in 2015, $700,000 in 2016 and $700,000 in 2017	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars
Interest Rate collar	$293,123	TIIE of 28 days	$38,973	$40,630 in 2014, 57,136 in 2015 and $162,825 in 2016 and $32,532 in 2017	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars
Cross Currency Swap	$485,699	Libor + 1.32 points, and TIIE + 1.04 points	$(49,453)	$194,279 in 2014, $194,279 in 2015 and $97,141 in 2016	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars
Cross Currency Swap	$261,530	Libor + 1.50 points, and TIIE + 1.18 points	$4,342	$74,723 in 2014, $74,723 in 2015, $74,723 in 2016 and $37,361 in 2017	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars
Interest Rate Swap	$433,457	Fixed rate at 6.48%	$7,478	$173,383 in 2014, $173,383 in 2015 and $86,691 in 2016	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars
Interest Rate Swap	$255,144	Fixed rate at 3.4%	$1,337	$71, 964 in 2014, $71,964 in 2015, $71,964 in 2016 and $39,252 in 2017	Do not have any Guarantee

19. Collection rights of trust contracts

The Entity together with six group subsidiaries (trustors) established a non-business trust with Supervisión y Mantenimiento de Inmuebles, S.A. de C.V. (Supermant), in which a multiple banking institution was designated as the trustee and was instructed by Supermant to execute a loan with another multiple banking institution and to acquire a loan by subscribing the trustor assignment agreement, the accounts receivable, the existing and future collection rights of certain lease, advertising, and parking contracts.

The trust requires the creation of a cash reserve which will be recovered when the contract is concluded. Such reserve is presented under noncurrent assets as a long-term account receivable.

Per the trust contract, as the collection rights are realized, the resources obtained will be used to cover the trust's expenses, such as, mainly, manager fees, taxes incurred, commissions and interest on the agreed-upon debt; the remnant will be applied to advance payments of the contracted debt. If such remnant does not cover the minimum debt payment, the difference is obtained from the cash reserve discussed above, which must be replenished with the realization of future collection rights; if the reserves are insufficient, the trustors may, but are not obligated to, assign and contribute in favor of the trustee the eligible collection rights necessary to replenish such shortage.

According to the Entity's projections on portfolio recovery and utilization, management believes that the loan will be settled ten years before the agreed-upon term.

As of December 31, 2013 and 2012, the Entity had recorded collection rights of $932,049 and $959,364, respectively, and a long-term account receivable of $89,053 in both years.

Revenues are recorded in the results of each year in the proportion in which such collection rights are earned or materialized.

20. Stockholders' equity

a. Common stock as of December 31, 2013 and 2012 is composed of 963,917,211 no-par value common shares. Fixed capital shares are non with drawable and variable capital may not exceed ten times the fixed capital.

b. During a Stockholders' Ordinary Meeting held on April 9, 2013, the stockholders approved the payment of cash dividends to the Entity's stockholders at $ 0.25 (twenty-five cents) per each outstanding paid-in share at the dividend payment date. The payment was made against the Entity's net tax income account through S.D. Indeval, S.A. de C.V., Institución para el Depósito de Valores. Dividends paid in 2013 were $240,015.

c. During a Stockholders' Ordinary Meeting held on December 16, 2013, the stockholders approved the payment of cash dividends to the Entity's stockholders at $ 0.2402 (zero pesos two four zero two cents) per each outstanding paid-in share at the dividend payment date. The payment was made against the Entity's net tax income account through S.D. Indeval, S.A. de C.V., Institución para el Depósito de Valores. Dividends paid in 2013 were $231,536.

d. During a Stockholders' Ordinary Meeting held on March 23, 2011, it was approved the creation of the reserve for the repurchase of shares by a maximum of $500,000. The Entity repurchased a total of 5,000 shares on October 25, 2011, of which 4000 shares were purchased at a price of $32.26 and 1,000 at a price of $32.36. On December 23, 2011, the 5,000 shares were sold; 4,600 shares at a price of $33.75 and 400 shares at a price of $ 33.89, representing movements in the variable portion of the Entity's capital stock.

e. Retained earnings include the statutory legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value. The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2013 and 2012, the legal reserve at par value was $36,687.

f. Stockholders' equity, except for restated paid-in capital and tax retained earnings will be subject to income tax payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income tax of the year in which the tax on dividends is paid and the following two fiscal years, against the tax of the year and the provisional payments thereof.

g. The balance of the tax income account as of December 31, are:

		2013		2012
Contributed capital account	$	168,024	$	161,608
Net tax profit account (CUFIN)		899,867		870,195
Total	$	1,067,891	$	1,031,803

h. Capital risk management

The Entity manages its capital to ensure that it will continue as a going concern while maximizing stockholder profits by optimizing its capital structure.

Entity management reviews the capital structure when presenting its financial projections as part of the business plan to the Board of Directors and the Entity's stockholders.

As part of this review, the Board of Directors considers the cost of capital and the associated risks.

The Entity is incorporated as an "S.A.B. de C.V." (Public Stock Entity with variable capital) pursuant to the Mexican Securities Act and, in conformity with the General Corporate Law, the minimum fixed capital is $183,436.

i. In 2010, the Entity signed an agreement with the minority shareholders of its subsidiary Bodega Latina Co., for the purchase of its shares to acquire all of them, starting in 2010 for USD $14 million and from 2012 for an amount of USD $10 million.

21. Other comprehensive income

	Foreign transaction conversion effects	Effect from recognizing the valuation of derivative instruments	Changes in actuarial assumptions
Balance at January 1, 2011	$ 88,660	$ (323,378)	$ -
Foreign transaction conversion effects	(43,551)	-	-
Effect from recognizing the valuation of derivative instruments - net	-	56,690	-
Changes in actuarial assumptions	-	-	(49,773)
Balance at December 31, 2012	45,109	(266,688)	(49,773)
Foreign transaction conversion effects	3,373	-	-
Effect from recognizing the valuation of derivative instruments - net	-	53,528	-
Changes in actuarial assumptions	-	-	38,299
Balance at December 31, 2013	$ 48,482	$ (213,430)	(11,474)

22. Non-controlling interest

	2013	2012
Balance at beginning of year	$ 228,694	$ 111,433
Participation in comprehensive income	63,312	43,195
Acquisition of non-controlling interest	(47,237)	74,066
Balance at end of the year	$ 244,769	$ 228,694

23. Earnings per share

	2013	2012
	Pesos por acción	Pesos por acción
Basic and diluted earnings per share	1.71	1.56

The utility and weighted average numbers of ordinary shares used in calculating basic and diluted earnings per share are as follows:

		2013		2012
Net income attributable to owners of the Entity	$	1,644,926	$	1,501,845
Weighted average number of ordinary shares for the purposes of basic earnings per share		963,917,211		963,917,211

24. Transactions and balances with related parties

a. Transactions with related parties, carried out in the ordinary course of business were as follows:

		2013		2012
Interest income	$	906	$	1,243
Lease revenues		1,360		1,222
Administrative revenues		1,072		5,479
Maintenance expenses		(97,703)		(96,034)
Interest expenses		(1,113)		(176)

b. Balances receivable from related parties are as follows:

		2013		2012
Operadora de Inmobiliarias del Sureste, S. A. de C. V.	$	37,169	$	41,249
Chefu de Tuxpan, S. A. de C. V.		-		2,405
Hípico Coapexpan, S. A. de C. V.		2,516		2,623
Supervisión y Mantenimiento de Inmuebles, S. A. de C. V.		2,097		6,325
Other		925		662
	$	42,707	$	53,264

c. Average employee benefits granted to the Entity's key personnel were as follows:

		2013		2012
Direct benefits	$	117,909	$	91,201
Variable benefits		77,498		61,177
	$	195,407	$	152,378

The compensation of the directors and key executives is determined by the compensation committee based on the performance of the individuals and market trends.

25. Operating lease agreements

The Entity has entered into operating leases for buildings and equipment operation. Some of these contracts require that the fixed portion of income is reviewed annually; waiting for contracts to expire will be renewed or replaced by similar agreements.

a. The Entity as lessee

LEASE AGREEMENTS

Operating leases are related to the lease of land and buildings with lease periods of up to 30 years with the possibility of renewal for up to 15 additional years. All operating lease agreements include clauses to adjust the rent for inflation and there is a variable lease component on the revenues generated.

Transportation equipment is also under a three-year lease, and an aircraft under a nine-year lease.

The Entity is not obligated to purchase the leased real property and equipment at the end of the lease periods but it does have right of first refusal on possible offers made by the lessor.

The Entity has recognized lease expenses of $661,386 and $611,066 as of December 31, 2013 and 2012, respectively.

– Operating lease commitments not subject to cancellation

		2013		2012
No later than 1 year	$	724,297	$	744,367
Later than 1 year and not longer than 5 years		2,679,038		2,743,176
Later than 5 years		3,457,605		3,670,511
	$	6,860,940	$	7,158,054

b. The Entity as lessor

LEASE AGREEMENTS

Operating leases relate to leases of land and buildings lease whose terms are up to 30 years, with the option of extending them for up to 20 additional years. All operating lease agreements include market and inflation lease review clauses with a variable rent for all the revenues generated. The lessee has no option to purchase the property at the date of expiry of the lease period.

The property rental income earned by the Entity on its investment property, all of which are leased under operating leases, amounted to $609,640 and $586,906 at December 31, 2013 and 2012, respectively.

The operating expenses related to the rental income earned from the investment properties are $182,822 and $198,161 as of December 31, 2013 and 2012

NON-CANCELLABLE OPERATING LEASES RECEIVABLE:

		2013		2012
No later than one year	$	498,996	$	485,884
Later than 1 year and not longer than 5 years		724,828		769,791
Later than 5 years		178,033		209,937
	$	1,401,857	$	1,465,612

26. Financing cost

In 2013 and 2012, qualifying assets of $1,820,709 and $1,851,294, respectively, were acquired; and capitalized comprehensive financing cost (FC) was $55,084 and $51,815, respectively. The capitalization of FC was determined using an annualized average rate of 5.35% and 5.85% in 2013 and 2012, respectively.

27. Income taxes

The Entity and Grupo Crucero Chedraui, S. A. de C. V. (subsidiary included in the consolidation) have separately been authorized by the Treasury Department to determine ISR and asset tax (the latter until the date it was repealed in 2007) under the tax consolidation scheme together with their direct and indirect subsidiaries, in conformity with the respective laws. According to the 2014 tax reform, both groups chose to not consolidate beginning January 1, 2014.

The Entity is subject to ISR.

ISR - The rate was 30% in 2013 and 2012 and as a result of the new 2014 ISR law (2014Tax Law), the rate will continue at 30%.

IETU - IETU was eliminated as of 2014; therefore, up to December 31, 2013, this tax was incurred both on revenues and deductions and certain tax credits based on cash flows from each year. The respective rate was 17.5%.

Income tax incurred will be the higher of ISR and IETU.

Based on its financial projections, the Entity determined that it will basically pay ISR. Therefore, it only recognizes deferred ISR.

Derived from the Tax Reform, the Entity recognized a liability for deconsolidation of $4,422,807, which will be paid in the next 5 years, mainly caused by dividends, comparison of Cufines, comparisons of Recufines, and tax losses at December 31, 2013. Therefore, the tax losses was activated for the same amount, which are presented net in the deferred income taxes in the consolidated statement of financial position attached. There was no effect in profit or loss from the tax deconsolidation at December 31, 2013.

Deferred payments to which reference is made in the previous paragraph must be updated each year, starting from May 2014 based on current tax legislation.

a. Income taxes for the period ended December 31, are as follows:

		2013		2012
ISR expense:				
Incurred	$	178,411	$	327,643
Deferred		303,399		108,138
	$	481,810	$	435,781

b. The reconciliation of the legal and effective ISR rates expressed as a percentage of profit before taxes as of December 31 is as follows:

	2013	2012
Legal rate	30%	30%
Effects of inflation	(9%)	(15%)
Effects of changes in rates	5%	(3%)
Change in the asset tax valuation estimate	(4%)	10%
Effective rate	22%	22%

c. The main items that give rise to the deferred ISR liability are:

		2013		2012
Deferred ISR asset:				
Effect of tax loss carryforwards	$	4,424,704	$	109,694
Allowance for doubtful accounts		2,576		1,313
Intangibles				14,910
Advances from customers		563,413		481,858
Accrued liabilitiess		109,056		89,889
Tax inventory of 2004, not yet taxable		2,288		2,392
Derivative financial instruments		39,411		21,902
Deferred ISR asset		5,141,448		721,958
Deferred ISR liability:				
Prepaid expenses		(76,939)		(65,406)
Intangible		(69,089)		-
Property and equipment		(3,897,378)		(3,540,088)
Deferred ISR liability		(4,043,406)		(3,605,494)
Recoverable IMPAC paid		740,721		1,092,861
Valuation allowance for recoverable IMPAC paid		-		(431,589)
Total asset (liability)	$	1,838,763	$	(2,222,264)

d. The benefits of restated tax loss carryforwards and recoverable IMPAC for which the deferred ISR asset and tax credit, respectively, have been recognized, can be recovered subject to certain conditions. Expiration dates and restated amounts as of December 31, 2013, are:

Year of expiration	Tax loss carryforwards	Recoverable IMPAC
2014	$ -	$ 198,191
2015	-	185,867
2016	1,511	214,532
2017	-	142,131
2018	603,099	-
2019	3,168,144	-
2020	6,864,651	-
2021	2,639,185	-
2022	940,657	-
2023	531,767	-
	$ 14,749,014	$ 740,721

28. Contingencies

a. As of December 31, 2013 and 2012, the Entity has filed some amparo lawsuits and proceedings for annulment challenging the rulings of various tax administrations and against some provisions arising from the 2014 tax reform, including the elimination of incentives provided by the law of the applicable income tax until December 31, 2013.

b. The Entity as its assets are subject, except as noted in the previous paragraph, type some legal action other than routine and to its activity.

c. Derivative lawsuit filed against Grandes Superficies de México, S. A. de C. V. by various individuals and which claimed among other possession of the building located at Carretera Picacho-Ajusco No. 175, Colonia Heroes de Padierna, Tlalpan, C.P. 14200, Mexico, D.F. resolved by rulling the restitution of possession in favor of individuals. Currently the trial is suspended derived from the final rendered in diverse injunction, and additionally, the Entity has brought trial prescription regard to the property whose possession is claim. Should obtain final decision in favor of individuals, the owner of which the Entity obtained the property, it would be required under a previous agreement to indemnify the Entity against any damages arising as a result of that decision, no one can guarantee that will indemnify the Entity.

29. Business segment information

The IFRS 8 requires the classification of segments of operation identified based on internal reports about components of the entity, which are regularly reviewed by the officer making the operational decisions of the Entity in order to allocate resources to the segments and assessing their performance. As a result, following the adoption of IFRS 8 did not alter the identification of segments of the Entity used in previous years, on which it has to be informed.

The Entity's main business is the sale of electronic goods, groceries, and general goods in its stores, as well as operating real property.

a. Analytical information by operating segment:

	Revenues	
Segment	**2013**	2012
Domestic supermarkets	$ 51,157,690	$ 50,148,910
US supermarkets	14,575,087	13,178,635
Real estate	630,993	616,782
	$ 66,363,770	$ 63,944,327

There are no individual clients that have contributed on 10% or more of the Entity's revenues.

	Profit before financing cost, and income taxes	
	2013	2012
Domestic supermarkets	$ 2,213,560	$ 2,215,048
US supermarkets	446,707	322,756
Real estate	446,078	421,357
	$ 3,106,345	$ 2,959,161

	Lease - Intersegments	
	2013	2012
Domestic supermarkets	$ 1,681,308	$ 1,695,989
Real estate	(1,681,308)	(1,695,989)
	$ -	$ -

Segment		Total assets 2013		2012
Domestic supermarkets	$	32,600,830	$	31,510,086
US supermarkets		3,106,571		3,149,084
Real estate		5,616,462		5,448,360
Non-assignable items		4,243,285		3,282,122
	$	45,567,148	$	43,389,652

		Depreciation and amortization 2013		2012
Domestic supermarkets	$	1,139,403	$	1,123,246
US supermarkets		186,964		166,463
Real estate		2,891		3,525
	$	1,329,258	$	1,293,234

Segment		Net fixed asset investments 2013		2012
Domestic supermarkets	$	809,782	$	1,978,501
US supermarkets		18,957		110,508
Real estate		173,378		162,614
Non-assignable items		(18)		(7,068)
	$	1,002,099	$	2,244,555

30. Authorization to issue the financial statements

The issuance of the accompanying consolidated financial statements was authorized on March 11, 2014 by the Engineer Rafael Contreras Grosskelwing, Administrative and Finance Director; consequently these consolidated financial statements does not include the events occurred after that date, is subject to the approval of the Entity's ordinary stockholders' meeting, where they may be modified, based on provisions set forth in the Mexican General Corporate Law.

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This annual report may contain future projections about Grupo Comercial Chedraui S.A.B. de C.V. and its subsidiaries based on assumptions made in good faith by management. Such information, as well as any statements about future events and expectations, are subject to risks and uncertainties as well as factors that could cause the results, performance or profits of the Company to be completely different at any time in the future. Such factors include changes in general economic conditions, domestic and international governmental and/or business policies as well as changes in interest rates, inflation and volatility in foreign exchange rates, etc.

Because of these risks and factors, actual results could vary materially from the estimates presented in this document. Grupo Comercial Chedraui, S.A.B. de C.V. does not accept responsibility for any such changes.