CHEDRAUI
cuesta menos

WE STRENGTHEN OUR COMMITMENT TO THE CUSTOMER









price. quality. service. assort-ment.

2015 ANNUAL REPORT

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El Super at Pico Rivera
CALIFORNIA | US

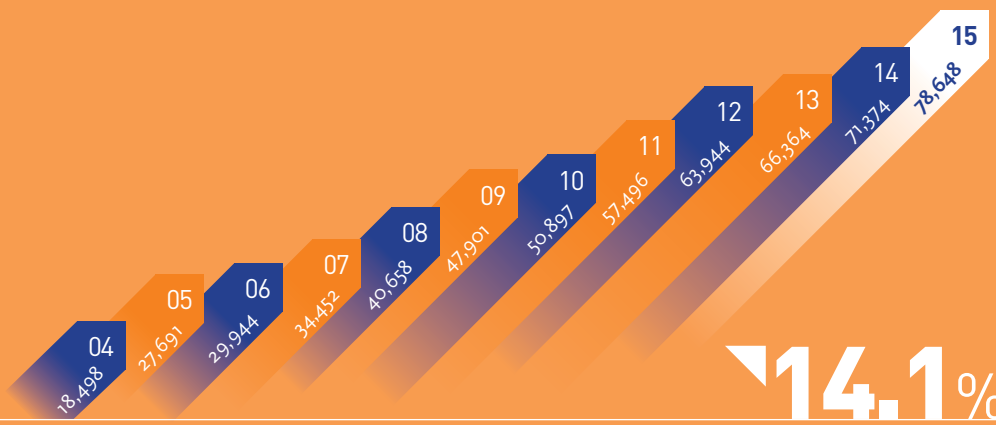
FINANCIAL HIGHLIGHTS

CONSOLIDATED INCOME STATEMENT

figures in millions of pesos	2014	2015	%
Net Sales	71,374	**78,648**	10.2
Gross Profit	14,307	**15,580**	8.9
Operating Expenses (without depreciation and amortization)	9,623	**10,599**	10.1
EBITDA	4,684	**4,981**	6.3
Net Majority Income	1,709	**1,740**	1.8
Basic Earnings per Share	1.77	**1.80**	1.7
Outstanding Shares	963,917,211	**963,917,211**	
Share Price (Dec 31)	42.3	**45.9**	

CONSOLIDATED BALANCE SHEET

figures in millions of pesos	2014	2015	%
Cash	793	**2,048**	158.2
Inventories	7,025	**7,495**	6.7
Fixed Assets (net)	26,822	**28,142**	4.9
Total Assets	46,094	**49,154**	6.6
Suppliers	10,137	**11,266**	11.1
Total Liabilities	22,725	**24,065**	5.9
Majority Shareholder Investment	23,129	**24,790**	7.2



CONSISTENT GROWTH

CAGR SALES
MILLIONS OF PESOS

PRESENCE IN **MEXICO**

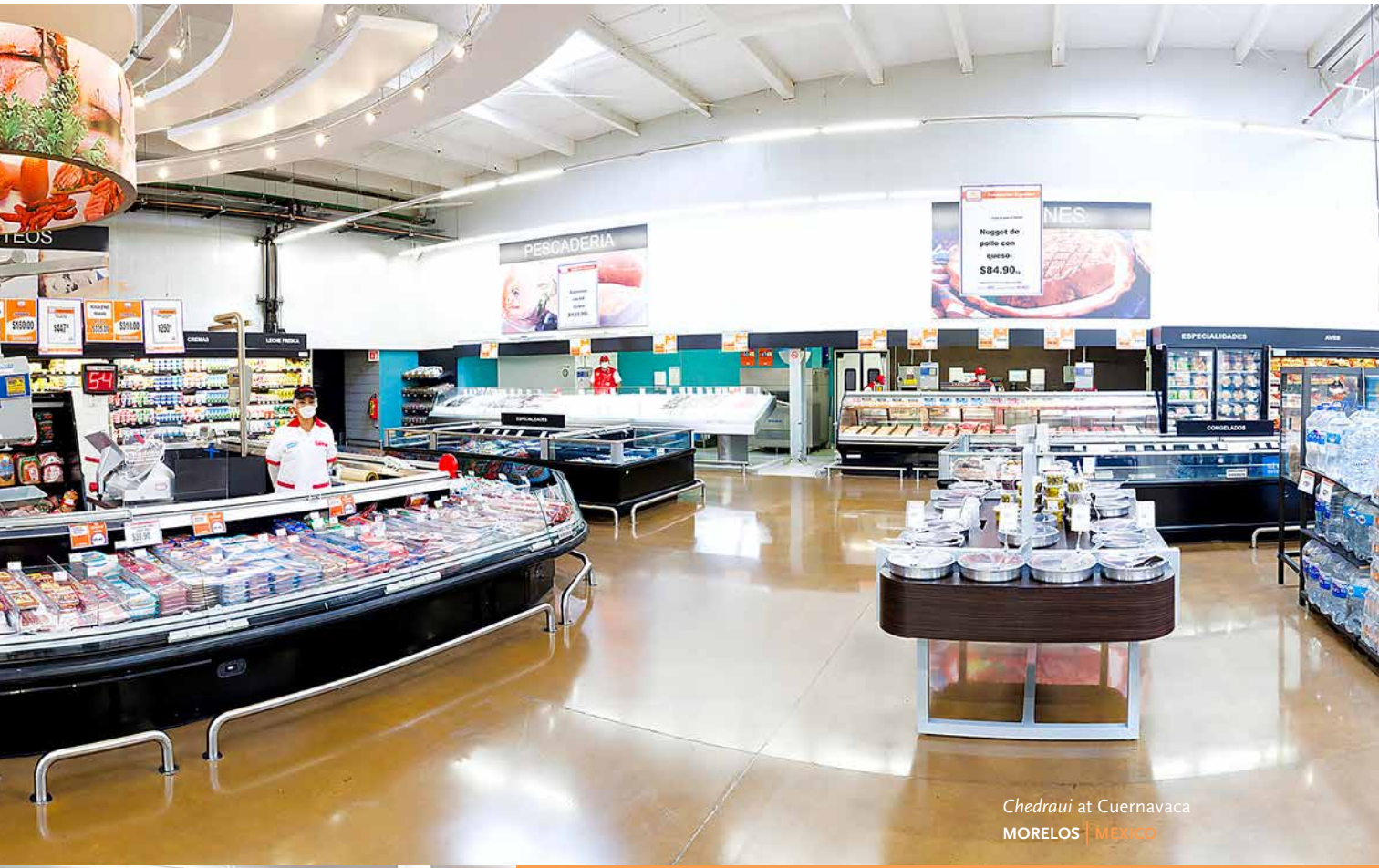


168 *Tiendas Chedraui*
56 *Súper Chedraui*
6 Distribution Centers

224 stores





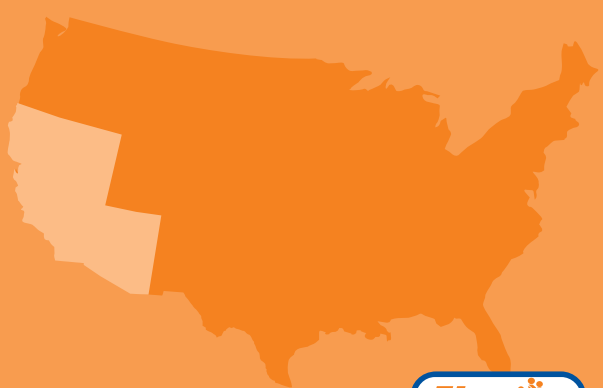


Chedraui at Cuernavaca
MORELOS | MEXICO



El Super at Long Beach
CALIFORNIA

PRESENCE IN THE **UNITED STATES**



5 Arizona
46 California
3 Nevada
1 Distribution Center

El Super cuesta menos

54 stores



73.5% Retail in Mexico

25.6% Retail in the US

0.9% Real-Estate Segment

SALES
PER SEGMENT

72.5% Retail in Mexico

17.7% Retail in the US

9.9% Real-Estate Segment

EBITDA
PER SEGMENT

Chedraui at Interlomas
STATE OF MEXICO | MEXICO

MESSAGE
FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

Dear Shareholders,

During 2015, Chedraui focused on strengthening our commitment to customers, with strategies aimed at improving their shopping experience and ensuring the best price, assortment and quality in every one of our stores.

The Mexican economy saw a growth of 2.5% during the year, higher than the figure for 2014 but once again falling short of the original forecast of 3.5%. Furthermore, the behavior of the retail industry as a whole surpassed the economy. In this scenario, Chedraui recorded a growth of 4.1% in same-store sales, firmly establishing our position as the third largest food retailer in the country.

Our sales in 2015 reached $78,648 million, an increase of 10.2% over the previous year. We furthered our expansion initiative with the opening of fifteen stores that increased our total sales floor area by 2.8%, and brought the number of stores in operation to 278 at the end of 2015. The Company's total capital expenditure (Capex) was $2,778 million, the majority going towards the store openings, maintenance of existing stores and cutting edge technology.

In 2015 we took decisive steps towards omnichannel sales. For us, omnichannel sales mean putting our customers in the center of our commercial strategy, giving them an exceptional shopping experience every time they come into contact with Chedraui, regardless of the channel they choose. Because for Chedraui, each customer is unique.

In the past we looked at consumer behavior by store and by basket to define the assortment per store. Now the most important variable is the customer; the challenge of omnichannel sales is to recognize the specific characteristics of each one and thus be able to send highly personalized offers (via mobile, email, coupon, etc.).

During 2016, we will finish development of the database, decide on the CRM platform to use and integrate the Company's systems to the omnichannel system, to launch the initiative at the end of the year.

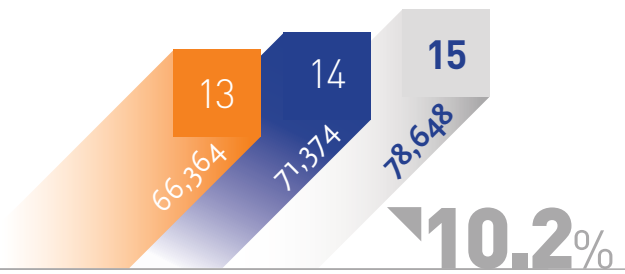
In 2015, we strengthened the operation of the Súper Chedraui between 800 and 1,000 m^2. One of the advantages of this kind of store is that placement locations are easy to find in large cities.

We believe this size of store can be a great growth path for Chedraui since it is easy to find sites and adapt them to our format, which speeds up openings. Personnel structure is minimal and we expect return on investment in these stores to be higher.

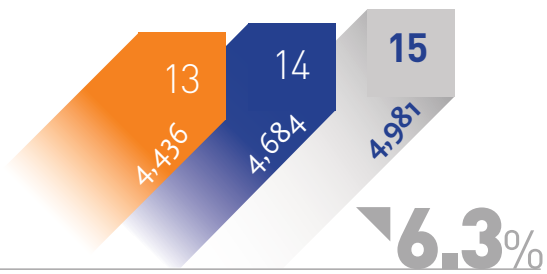
As of December 31, 2015 we have opened eight stores under this format, mainly in Mexico City and neighboring State of Mexico. We expect dynamic growth from these stores over the next few years.

Our retail segment in the United States had a very positive year, with the opening of five stores and the consolidation of existing stores. El Super stores serve mainly first-, second-, and third-generation Mexican-Americans in the southern states, and have become an important fixture in these communities.

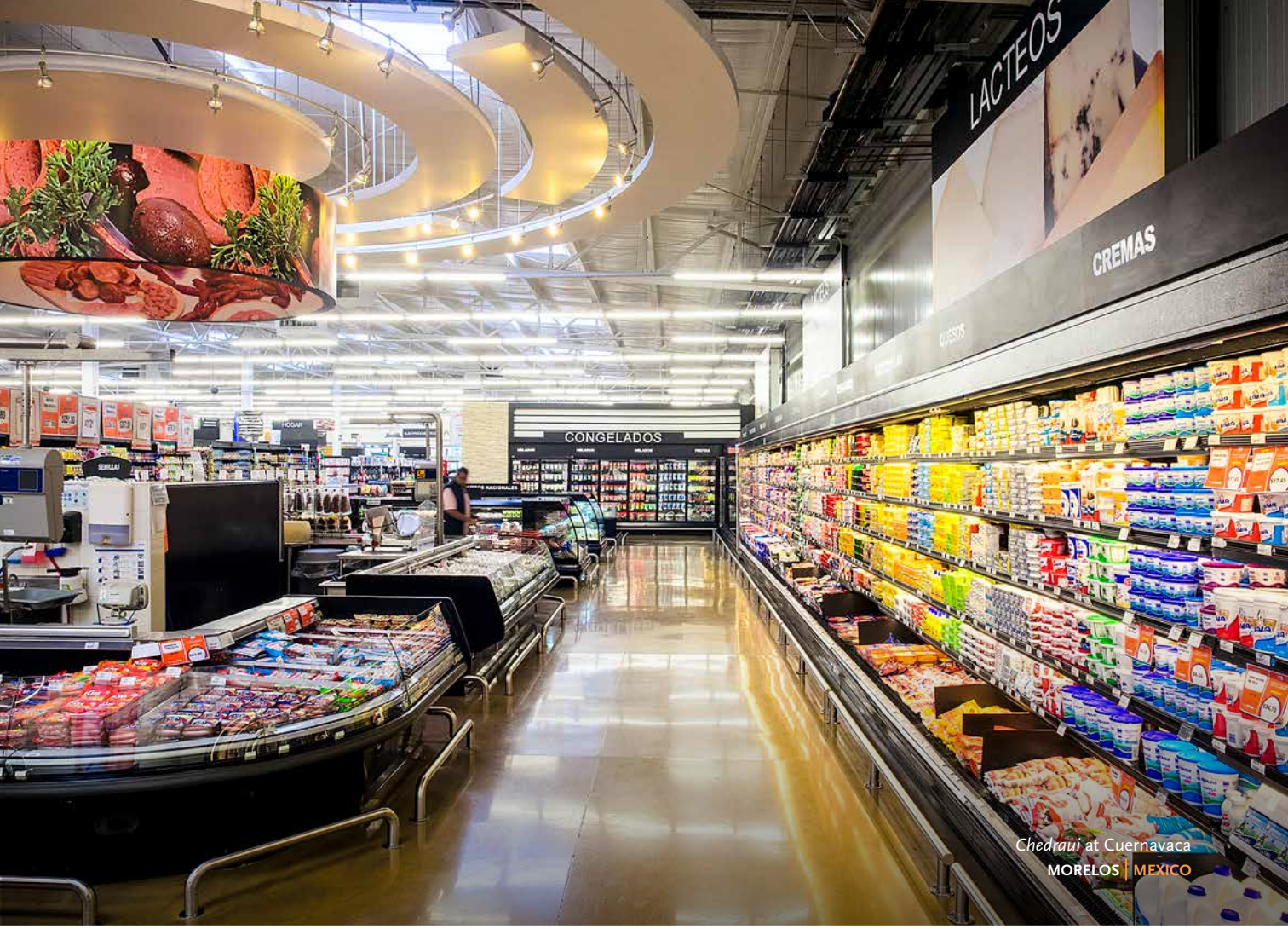
During 2015, El Super was able to maintain its profit margins, in spite of facing a less than favorable environment. Our strategy in this segment continues to be organic growth or through the acquisition of existing stores in our area of influence.



NET SALES
MILLIONS OF PESOS



EBITDA
MILLIONS OF PESOS



Chedraui at Cuernavaca
MORELOS | **MEXICO**



El Super at Long Beach
CALIFORNIA | **US**



The Real-Estate Division is a fundamental part of the diversification of Chedraui. In 2015, this business once again performed well, reaching an occupancy rate of 96.3% at the end of the year. The Real-Estate Division complements our range of products and services and generates significant flow, making it highly important to the Company.

Being a good corporate citizen, we want to leave a positive and lasting footprint in this country and the world at large. For this reason we have long walked the path of sustainability with determination.

As our community engagement arm, the Chedraui Foundation is vital for the communities with which we are in contact. As it does every year, the Foundation did a remarkable job in education, housing, health, nutrition and welfare.

The environment is also a priority for Chedraui. Our aim is to leave a better planet for future generations. During 2015, we reduced our carbon footprint by 57%, the equivalent of 122,459 tons of CO_2, and one of the biggest savings in our sector. This action is very valuable and reaffirms our deep commitment to changing from traditional sources to clean energy sources such as wind, to benefit the environment and our country. This effort goes hand in hand with our recycling and resource management campaigns, which result in savings in energy, water, paper, cardboard and plastics.

Our 37,716 associates in Mexico and 5,108 in the United States are our biggest strength and the most important reason behind Chedraui's success. We strive to provide a working environment that is conducive to the well being and personal and professional growth of our personnel; as a result of this, and for the



Distribution Center at Zumpango
STATE OF MEXICO | **MEXICO**

fourth consecutive year, Chedraui received a distinction as one of the best companies to work for from the Best Place to Work Institute Mexico.

The results we have achieved would not have been possible without the confidence, support and active engagement of our shareholders, to whom the Board of Directors extends its gratitude.

In Chedraui, we live by our mission to "To provide our customers with outstanding value by offering the products they desire at the lowest possible price." In 2015, this commitment was evident, with actions to better know our customers in order to satisfy their needs more efficiently, and thus consolidate our competitive position in the Mexican retail sector.

Alfredo Chedraui Obeso
CHAIRMAN OF THE BOARD OF DIRECTORS

José Antonio Chedraui Eguía
CHIEF EXECUTIVE OFFICER



HISTORIC GROWTH

CAGR STORES

Selecto Chedraui at Santa Fé

CDMX | **MEXICO**

CHEDRAUI TODAY

Chedraui is a publicly owned company created under the name Grupo Comercial Chedraui, S.A.B. de C.V., that operates hypermarkets in Mexico and supermarkets in the United States and has a real-estate division in Mexico. In 2015 our total revenue was $78,648 million, an increase of 10.2% over the previous year.

Chedraui's commercial strategy is based on: providing the lowest **Prices**; having the best store by store **Assortment**; and offering a superior **Shopping Experience** for all customers at any point of contact with the Company, through comfortable, clean and well-signed stores.

RETAIL
IN MEXICO

This segment operates 224 stores in 25 states around the country, making us the third largest food retailer in Mexico. We have two hypermarket formats which differ in size and depth of assortment: 168 Tiendas Chedraui and 56 Súper Chedraui. The Selecto concept, present in both formats, is aimed at customers with higher purchasing power and has a wide range of the highest quality products.

In 2015, retail in Mexico reported a sales increase of 6.0% compared to 2014, and contributed 73.5% of the Group's consolidated income.

RETAIL
IN THE UNITED STATES

We have a sizeable presence in the southwest region of the United States, through a network of 54 stores in California, Nevada and Arizona. These stores serve first-, second-, and third-generation Mexican-American customers and have a variety of perishable goods and edible and non-edible groceries.

Sales in this segment increased 24.4% in 2015, its second consecutive double-digit growth, and represented 25.6% of Chedraui's consolidated income.

REAL-ESTATE
DIVISION

The Real-Estate Division fulfills three vital tasks for the Group: locating and building new stores and remodeling existing ones; managing the Company's properties; and leasing the commercial space in our shopping centers. At year-end, the Real-Estate Division operated 301,679 m^2 of leasable area, with a 96.3% occupancy rate.

In 2015, this business segment contributed 0.9% of the Group's consolidated income.

OUR COMMERCIAL STRATEGY IS BASED ON OFFERING IN ALL OUR STORES THE LOWEST PRICES, BEST ASSORTMENT AND MOST COMFORT.

El Super at Paramount
CALIFORNIA | US



El Super at Pico Rivera
CALIFORNIA | US



El Super at Paramount
CALIFORNIA | US

CHEDRAUI STRATEGY & EXPERIENCE

Consumers identify us as the food retailer where they find the lowest prices, best assortment to satisfy their needs and the most comfortable stores. All this make for an exceptional experience in each one of our stores, since we exceed expectations at all stages of the shopping process.

In order to guarantee that Chedraui customers will always find the best prices, whichever store they visit, we conduct daily market checks in competitor stores, on a wide variety of products and at local and central levels.

We ensure that store-by-store we have the best assortment by offering a product mix that satisfies all customer types and economies, based on customer preferences and needs, nearby competitors and the region where each store is located. Thus, Tiendas Chedraui offer an average of 74,000 product codes (SKUs), while Súper Chedraui has close to 23,000 SKUs on average.

As an additional service, each of our stores can receive, among others, payments for electricity, property tax and cable tv, as well as credit cards, cash withdrawal on debit cards, and remittances from the United States. This enables our customers to perform a number of activities in a single visit to Chedraui.

In terms of customer comfort, all our stores have high standards of cleanliness, lighting, signage and parking space.

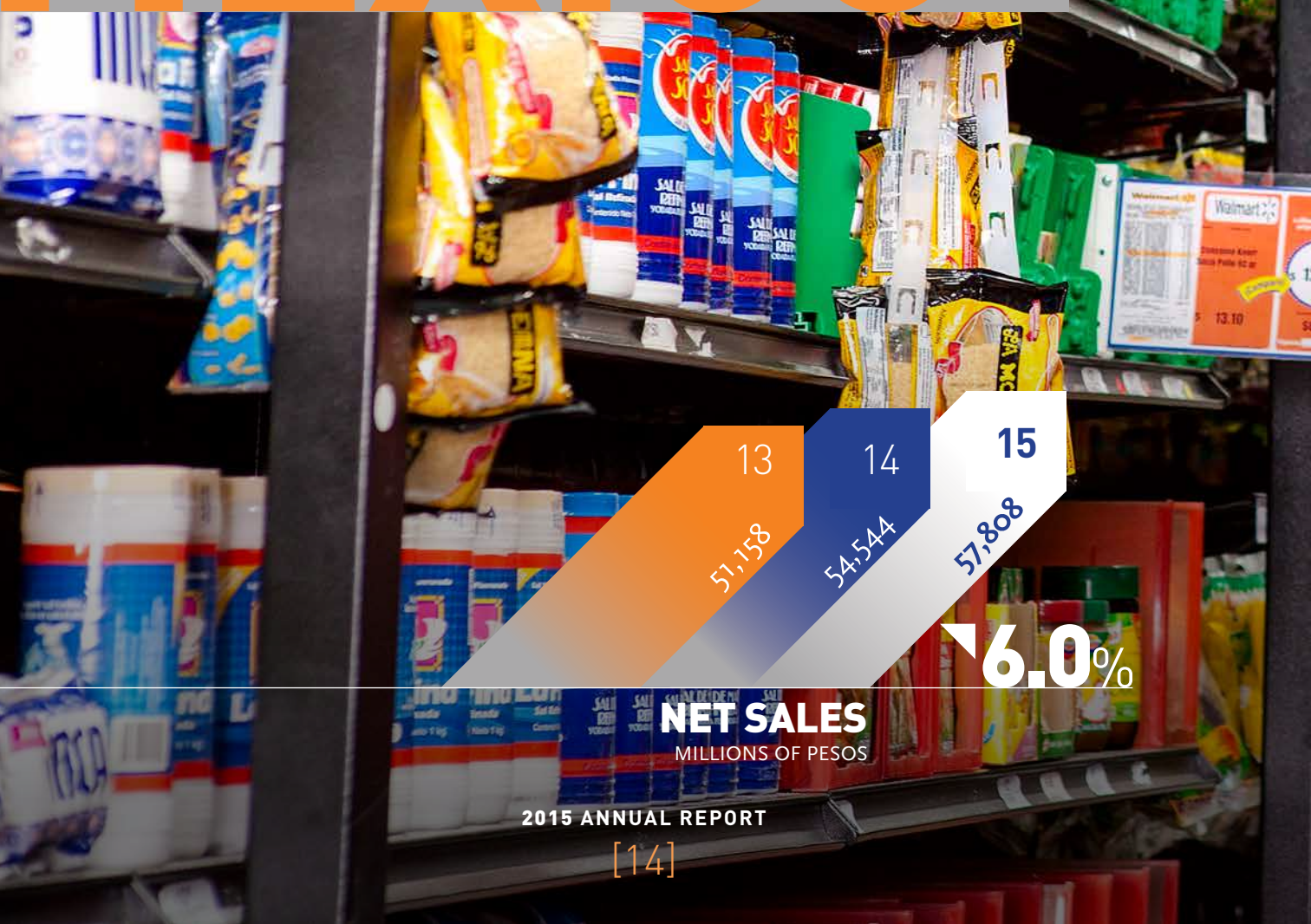
Our commercial strategy since 2015 has been customer-focused in large cities, through the opening of more Súper Chedraui stores of 1,000 m^2 as a proximity format. Similarly, we are venturing into omnichannel sales, which means that each customer has an exceptional and unique experience at every point of contact with Chedraui.

A vital part of omnichannel sales is recognizing the particular characteristics and consumer behavior exclusive to each customer, so that we can send them personalized offers, whether via mobile, email, store coupon or any other means. We believe this way of interacting with customers will gradually replace mass promotions.

In 2016, we will complete the development of our databases and the integration of company systems to the omnichannel system, whose launch is expected by the end of the year.

- We have a network of **224** stores, of which **168** are Tiendas Chedraui and **56** are Súper Chedraui.
- **15** of our supermarkets operate under the Selecto concept.
- Retail in Mexico contributed **72.5%** of the Group's consolidated EBITDA in 2015

RETAIL IN MEXICO



NET SALES
MILLIONS OF PESOS



Súper Che at Cuautepec
CDMX | **MEXICO**



- We have a network of **54** stores in the southwestern region of the United States, giving service mainly to first-, second-, and third-generation Mexican American customers.

- ***El Super*** holds a leading position in the greater Los Angeles area, California.

RETAIL IN THE UNITED STATES



NET SALES
MILLIONS OF PESOS

El Super at Long Beach
CALIFORNIA | US

WE STRENGTHEN OUR COMMITMENT TO THE CUSTOMER

- At year-end 2015, the Real-Estate Division had an occupancy rate of **96.3%**.

- The real-estate segment posted an EBITDA of **$493** million, close to 10% of the Group's consolidated EBITDA.

REAL-ESTATE SEGMENT



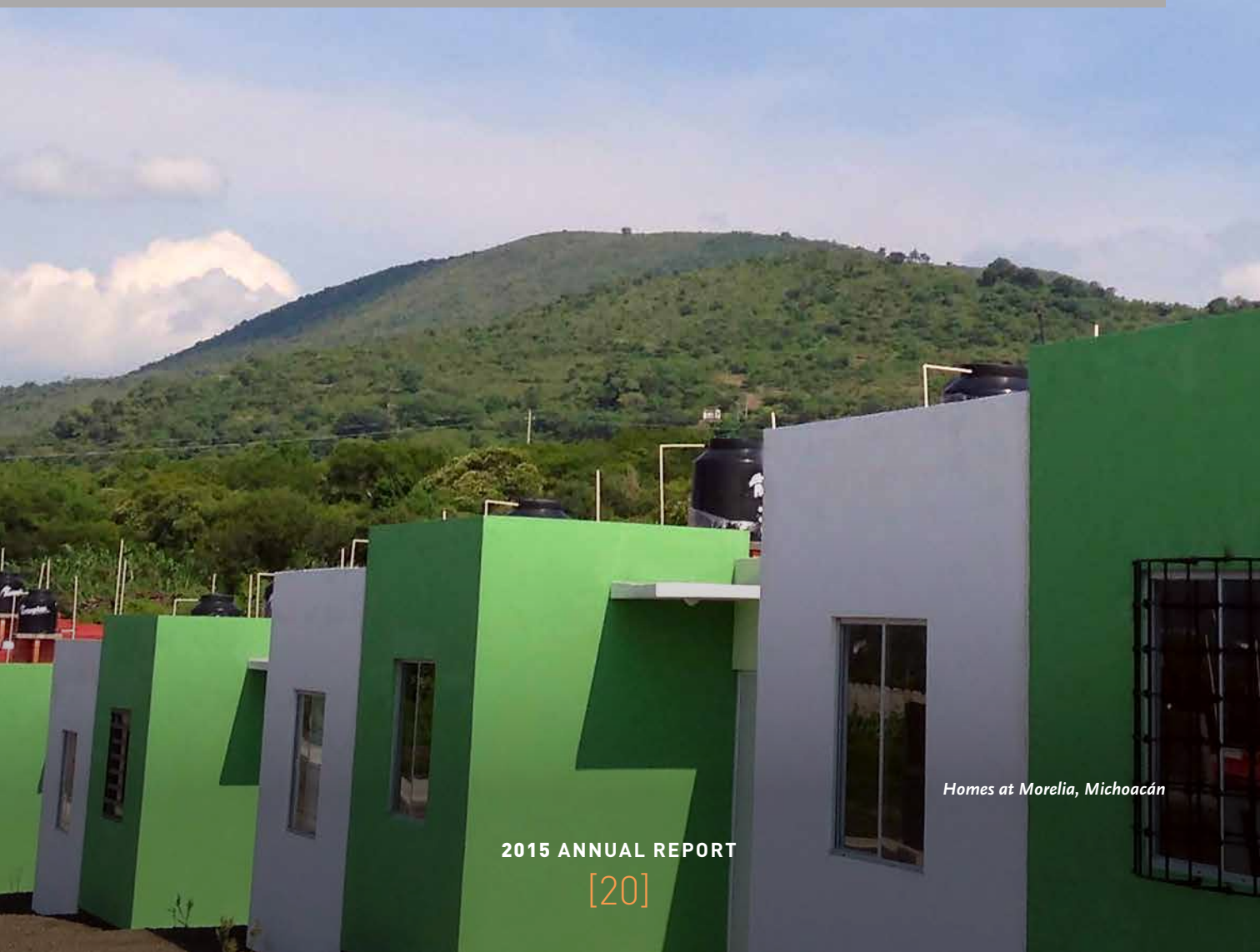
NET REVENUES
MILLIONS OF PESOS



Chedraui at Coapa
CDMX | MEXICO

SUSTAINABILITY

- In 2015 we achieved a **57%** reduction in our CO_2 emissions, one of the largest in our sector.
- The total raised by the Chedraui Foundation in 2015 amounted to a social investment of **$48,095,348**.
- We invested over **$12** million in personnel training, which translated to **916,100** man hours.



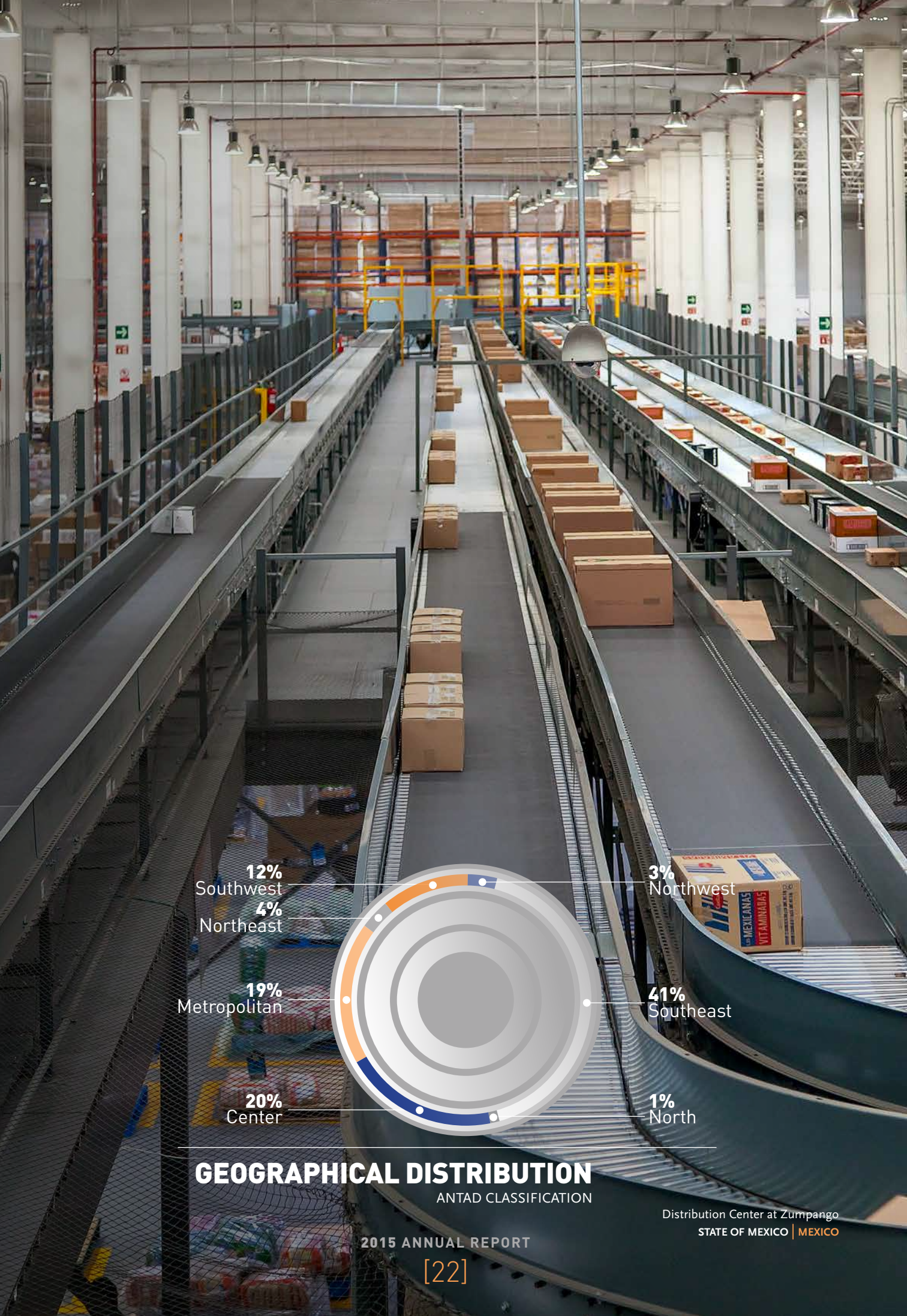
Homes at Morelia, Michoacán



Liceo de Artes y Oficios at Veracruz



Federico Gómez Children's Hospital, Mexico City



GEOGRAPHICAL DISTRIBUTION

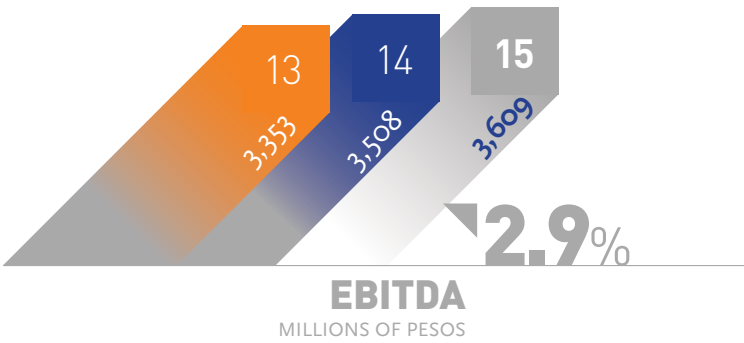
ANTAD CLASSIFICATION

Distribution Center at Zumpango
STATE OF MEXICO | MEXICO

RETAIL IN

MEXICO

Chedraui's primary business is our retail in Mexico. This segment includes two hypermarket formats, Tienda Chedraui and Súper Chedraui, which differ in size and depth of assortment. Selecto is a concept that exists in both formats and serves customers with greater purchasing power than the average population. With these two formats and the Selecto concept, Chedraui has presence in 25 states throughout national territory, positioning us as the third largest food retailer in the country.



EBITDA
MILLIONS OF PESOS

Our commercial strategy in Mexico has a clear focus on the customer, our main motivation. We make constant efforts to enhance the customer's shopping experience and ensure that each one, regardless of where they live or which store they visit, always finds an excellent range of top quality products at the best prices.

Our commitment to the customer does not end there; during 2015 we moved forward with our goal to be a 100% omnichannel company, which means that each time a consumer comes into contact with Chedraui, through whatever channel they choose, we can offer the products and services they really need.

Our organic growth strategy was strengthened in 2015 with the opening of six Tiendas Chedraui and four Súper Chedraui, two of which opened under the Selecto concept. These new stores expanded our sales floor by 2%.

During 2015, the retail business in Mexico achieved a 4.1% growth in same-store sales and obtained income of $57,808 million, 6.0% higher than reported in 2014 and which contributed 73.5% of Chedraui's total consolidated income. This segment generated EBITDA of $3,609 million, a figure 2.9% higher than that obtained the previous year and representing 72.5% of the Company's consolidated EBITDA.

STORE FORMATS

Tiendas Chedraui sell edible and non-edible groceries, perishable goods, clothing, general merchandise and electronic goods. They are located in cities of at least 100,000 inhabitants, have an average sales floor of 6,893 m² and a total of 28,319 employees at the close of 2015. Of the 168 Tiendas Chedraui that operate nationwide, twelve operate under the Selecto concept.

For their part, Súper Chedraui handles edible and non-edible groceries, perishable goods, general merchandise and electronics, are located in smaller towns with at least 25,000 inhabitants, and in large cities as a proximity format. They have an average sales floor of 2,034 m² and employed 4,818 people at the end of the year. Of the 56 Súper Chedraui, three operate under the Selecto concept.

DISTRIBUTION CENTERS

Our six distribution centers handle 80% of dry merchandise and 50% of the perishables we buy, therefore playing an important role in Chedraui's operation.

ZUMPANGO
STATE OF MEXICO
Surface: 59,100 m²
Service capacity: 129 stores in dry merchandise, 152 stores in perishables and 2 distribution centers (*Intercedis* Villahermosa and Guadalajara).
Merchandise: dry, refrigerated and frozen.
In 2015 it handled 65.2 million boxes of dry merchandise and 14.6 million boxes of fruit, vegetables and perishable goods.
Docks: 169

VILLAHERMOSA
TABASCO
Surface: 60,457 m²
Service capacity: 151 stores
Merchandise: dry, refrigerated and frozen.
In 2015 it handled 27.8 million boxes of dry merchandise and 8.3 million boxes of fruit, vegetables and perishable goods.
Docks: 169

MONTERREY
NUEVO LEÓN
Surface: 883 m²
Service capacity: 11 stores
Merchandise: fruits and vegetables.
In 2015 it handled 826 thousand boxes of dry merchandise and 1.7 million boxes of fruits and vegetables.
Docks: 16

LA PAZ
BAJA CALIFORNIA SUR
Surface: 506 m²
Service capacity: 5 stores
Merchandise: dry, frozen and imported merchandise.
In 2015 it handled 193 thousand boxes of dry merchandise and 34 thousand boxes of frozen and imported merchandise.
Docks: 4

GUADALAJARA
JALISCO
Surface: 10,386 m²
Service capacity: 24 stores
Merchandise: dry, refrigerated and frozen.
In 2015 it handled 8.5 million boxes of dry merchandise and 1.6 million boxes of perishable goods, fruits and vegetables.
Docks: 30

CANCÚN
QUINTANA ROO
Surface: 4,807 m²
Service capacity: 18 stores
Merchandise: dry.
In 2015 it handled 2.9 million boxes of dry merchandise.
Docks: 14

RETAIL IN THE

UNITED STATES



El Super at Paramount
CALIFORNIA | US

Our retail business in the United States mainly serves first-, second-, and third-generation Mexican American consumers, with the same commitment to the best prices, assortment and quality as the rest of the Group.

Our network of supermarkets north of the border saw an increase of five new units, making a total chain of 54 stores. This increase brought the total sales floor up to 137,701 m², an average of 2,550 m² per store. It should be said that El Super maintains its leadership position in the area of Los Angeles, California.

Our stores in the United States provide high quality groceries and perishable goods and are mainly supplied from our distribution center in Los Angeles, which covers a total area of 27,871 m² and handles 53% of total purchases in the segment.

2015 was a positive year for our retail business in the United States; the segment held its profit margins at the same levels as the previous year in spite of a less than favorable environment. Sales amounted to $20,129 million, 24.4% higher than in 2014, and represented 25.6% of Chedraui's consolidated income.

Our outlook for this business segment is encouraging; the population we serve continues to show interesting growth and domestic economic activity continues to recover. We will continue to take advantage of the opportunities that present themselves to acquire more stores or grow the business organically in our area of influence.



Selecto Chedraui at Polanco
CDMX | MEXICO

REAL ESTATE SEGMENT

Although retail accounts for the majority of Grupo Chedraui's income, the Real-Estate Division is also a priority segment as it provides diversification and fulfills important tasks: handling the Company's owned and leased properties; building and remodeling our stores in Mexico; and marketing and leasing our shopping centers.

The Real-Estate Division operated 39 shopping centers anchored by a Tienda or Súper Chedraui, which amounted to a total leasable area of 301,679 m^2, and which at the end of the year reported an occupancy rate of 96.3%. This segment obtained sales of $710 million, the equivalent of 0.9% of the Group's total income, and EBITDA of $493 million, 10% of Chedraui's consolidated EBITDA.

The real-estate segment maintains good profitability prospects due, in part, to Mexico's economic activity and demographic bonus that remain healthy, and also to our shopping centers with the right mix of business lines. For this reason we are convinced that the Division will continue to be an important source of revenue for Chedraui in the medium and long term.

SUSTAINABILITY



We increased the consumption of renewable energy, such as wind

In Chedraui, we are convinced that a sustainable operation is the most efficient path towards creating long-term value for our stakeholder groups. Thus, our goal is to preserve environmental and social conditions that guarantee the development of both our Company and present and future generations.

CORPORATE **GOVERNANCE**

Our commitment to sustainability begins with the Board of Directors and permeates throughout the Company. A member of the Board specializes in sustainability and we have a Director in this area. In addition, the Risk Assessment Committee determines the major risks facing Chedraui so they can be properly addressed.

Chedraui has had a Code of Ethics for some time, to which all our collaborators adhere and which helps us to prevent acts of corruption such as bribery and fraud. The Code of Ethics can be downloaded from our web page: www.grupochedraui.com.mx.

Chedraui interacts with various stakeholder groups: shareholders, customers, employees, suppliers, government and communities. Our relationships with them are based on honesty, transparency, openness and mutual benefit, always in accordance with our Code of Ethics.

ENVIRONMENT

In Chedraui we believe that having environment-friendly operations is essential to the success of our business.

During 2015, we reduced our carbon footprint by 57%, one of the biggest reductions in our sector, avoiding the emission of 122,459 tons of CO_2 into the air. This is a highly valuable action and reaffirms our deep commitment to change from traditional energy sources to clean sources such as wind, to benefit the environment and our country. To put the impact of this reduction into perspective, it is the equivalent of planting more than 6,123,000 trees, or taking 51,025 vehicles out of circulation, or even avoiding the use of 59,736 barrels of oil.

Moreover, we reported saving of 169.5 million liters of water in the year, thanks to our treatment plants (which treated a total of 122 million liters of water in 2015), efficient sanitary services and several awareness campaigns that we carry out among employees and customers.

Our recycling campaigns have been a feature of Chedraui for some years. In 2015 we were able to recycle 28,698 tons of cardboard and 1,469 tons of plastic wrap. In total, these campaigns avoided the felling of 487,000 trees and the consumption of 114,752 million liters of water, and saved 17 million kW of electricity and 7,000 barrels of oil.

In addition, both the Mexico and the United States stores handle recyclable/reusable bags with biodegradable technology, and properly separate waste.

In terms of our El Super stores in the United States, this division saved more than 1,810,889 kW of electricity in 2015, thanks to actions such as the installation of LED lights in stores.

Our retail operation in the United States also carries out optimization campaigns for the use of water, paper, cardboard and gas. During 2015, these actions translated into a saving of 16,000 tons of recyclable material, thus avoiding the felling of 272,000 trees.

El Super now has a fleet of 37 hybrid vehicles that serve our stores, seven of which were purchased in 2015. This enabled us to help in the fight against climate change by reducing CO_2 emissions by a total of approximately 37 tons during the year.

SOCIAL RESPONSIBILITY

Chedraui Foundation

For almost twenty years, the Chedraui Foundation has been our arm of Corporate Social Responsibility. The Foundation's actions in matters of education, housing, health, nutrition and welfare, and the rounding campaigns in stores are of great value to the communities of which we are part and a highly valuable part of our social engagement strategy.

During the year, we maintained our collaboration with the Provivah Trust Fund to provide decent homes to Mexican families. Thus, in 2015 we contributed with the construction of housing in the states of Mexico, Chiapas and Michoacan, for the benefit of low-income families and those without access to credit for the purchase of housing.

In terms of health, our objective is to work alongside social welfare institutions and contribute to the quality of life of more people in poverty. During 2015, we continued our support to the Federico Gómez Children's Hospital and Ayúdame Hermano Tengo Cáncer, A.C. (AHTECA), among other institutions.





Donations to low-income families

Aware that one of the most serious problems facing the country is malnutrition, our retail stores have donation programs for families living in extreme poverty, through which 5,438,857 kilos of food were gifted during 2015. It should be mentioned that these donations were made through food banks and other non-profit institutions.

Providing a good education to Mexican youth is another fundamental line in our social responsibility strategy. During the year, we gave scholarships to students of the Veracruz University with outstanding performance and limited resources.

Along the same lines, our three Liceos de Artes y Oficios, A.C. (located in Veracruz, Villahermosa and Xalapa) offer high school, technical degree and other courses that further the employability of their students. From their creation, the schools have trained more than 37,000 students, and in 2015 more than 1,500 attended courses.

In Chedraui, we make our customers partake in our philosophy of social responsibility. Last year, we collected more than $1.5 million through our rounding campaign in stores.

The total raised by the Chedraui Foundation in 2015 amounted to a social investment of $48,095,348.

As part of Chedraui, our retail in the United States also has a firm commitment to the community it serves, which translates into social responsibility actions in coordination with authorities, non-governmental organizations and education institutions through the donation of food and scholarships. Thus, during the year, the total investment of El Super in this regard was close to US $89,800.



Our People

Chedraui employees are an essential part of the Company's success and therefore our most important investment. At the end of the year we had 37,716 employees, of which 44% were women and 56% men, plus a total of 8,003 voluntary packers.

A vital part of our human resources strategy is undoubtedly training; we know that the better prepared our workers are, the more value they will generate in personal, social and professional spheres.

The Chedraui University is a highly valuable institution in this sense; our employees receive the necessary training and instruction in its virtual classrooms to perform to their fullest extent. During 2015, more than $12,654,000 was invested in this area, representing a total of 916,100 man-hours of training in the year.

We strive for our operations to be conducive to the health and safety of our collaborators. In the year, we worked on health campaigns, in which a large part of the personnel participated, and once again kept work accidents to a minimum.

In Chedraui, we firmly and resolutely encourage diversity, gender equality and respect for human rights. All our associates are over eighteen years of age. We have created a work environment that promotes teamwork and we make no distinction whatsoever for race, gender, religion, age, sexual orientation or disability. We pursue a good quality



of life for our employees and promote family, personal and working life.

In this regard, our compensation plan is competitive and equitable; we guarantee equal opportunities for all in terms of hiring, training, development and promotion, in accordance with the Federal Labor Law; and offer a career plan to every employee based on her or his abilities, potential and perspectives.

We comply fully with safety and hygiene standards and provide our employees with personal protective equipment (PPE); this, along with other programs and actions, helps to instill a precautionary culture in our personnel, and has enabled us to reach low claim rates.

As a result of all of the above and in recognition of the Chedraui's excellence in human resources, in 2015 and for the fourth consecutive year we earned certification as one of the best companies to work for by Great Place To Work Institute Mexico, in the category of companies with more than 5,000 employees.

For their part, our retail stores in the United States had 5,108 associates at the end of the year, 52% women and 48% men. El Super shares our vision in terms of human resources, prioritizing employee training as vital to its success. Thus, during the year, a total of 15,292 man-hours of training were given, with an investment of US $159,801.



El Super at Long Beach
CALIFORNIA | US

mda

MANAGEMENT'S DISCUSSION & ANALYSIS

GRUPO COMERCIAL CHEDRAUI, S.A.B. DE C.V.

Figures expressed in Mexican pesos, unless otherwise stated.

NET SALES

In 2015 our income grew by 10.2% compared to 2014, going from $71,374 million to $78,648 million. This growth came as a result of the three business segments discussed below:

- **Retail in Mexico:**
  Sales in our retail operations in Mexico grew 6.0% over the previous year, rising from $54,544 million in 2014 to $57,808 million in 2015, derived from a 4.1% increase in same-store sales and the incorporation of ten new stores during the year, which meant a growth of 2.0% in the sales floor.

- **Retail in the United States:**
  Our retail operation in the United States reported a growth of 24.4% over last year's figures, going from $16,176 million in 2014 to $20,129 million in 2015, as a result of the incorporation of five new stores during the year and a decrease in same-week same-store sales equivalent to 0.1% in dollars.

- **Real-Estate Segment**:
  Operations in the real-estate business grew 8.8% in relation to revenue from the previous year, going from $653 million in 2014 to $710 million in 2015, as a result of increases in leasing contracts that approximated inflation and a higher occupancy rate.

GROSS PROFIT

Consolidated gross profit was $15,580 million, a growth of 8.9% compared to 2014, resulting in a gross profit margin of 19.8%, 20 basis points lower than the 20.0% obtained in the previous year. This was due to greater promotional activity in the Retail business in Mexico, particularly in the fourth quarter of 2015.

OPERATING EXPENSES

Consolidated operating expenses, excluding depreciation and amortization, reached $10,599 million, 10.1% higher than the $9,623 million incurred in 2014. The growth in operating expenses was very similar to that obtained in sales, so as a percentage of sales, remained stable at 13.5%.

EBITDA

With the aforementioned results, consolidated EBITDA reached $4,981 million, 6.3% above the $4,684 million achieved in 2014. The EBITDA margin was 6.3%, slightly lower than in 2014.

Broken down into business segments, the results were as follows:

- **Retail in Mexico:**
  EBITDA achieved in Retail in Mexico was $3,609 million, 2.9% higher than the $3,508 million in 2014, and represented a margin on sales of 6.2%, slightly less than last year's 6.4%.

- **Retail in the United States:**
  The retail division in the United States reached an EBITDA of $879 million in 2015, 24.4% higher than the $707 million in 2014, with a margin on sales of 4.4%, unchanged from 2014.

- **Real-Estate Business:**
  EBITDA achieved in the Real-Estate Division was $493 million, 4.9% higher than the $469 million obtained in 2014 and represented a margin on sales of 69.4%, down from the 71.9% achieved in 2014.

FINANCING COST

The financing cost reached $1,039 million, 15.7% up on the $898 million of 2014 and represented 1.3% on sales, unchanged from 2014.

INCOME TAX

For the 2015 fiscal year, the official tax rate remained at 30%, while the Group's tax rate went from 31.0% in 2014 to 32.2% in 2015. Income tax in 2015 was $850 million, 7.3% higher than the $792 million incurred in 2014.

NET PROFIT

Lastly, consolidated net profit reached $1,790 million, up 1.5% compared to the $1,762 million obtained in 2014, with a margin on sales of 2.3%.

DEBT AND CAPITAL EXPENDITURE

Net interest-bearing bank debt as of December 31, 2015 ended at $2,805 million, falling by 16.8% compared to the 3,371 million at the close of 2014, and represented a Net Bank Debt/EBITDA ratio of 0.56 times.

Capital expenditures, including real estate, store and IT equipment and intangible assets, amounted to $2,778 million, and allowed us to open ten stores in Mexico and five in the United States.

SENIOR EXECUTIVES

José Antonio Chedraui Eguía

CHIEF EXECUTIVE OFFICER

José Antonio Chedraui Eguía has worked at Chedraui for the past 26 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*.

Edgar Iván Mondragón Millán

DIRECTOR OF OPERATIONS AND REAL-ESTATE ADMINISTRATION

Edgar Iván Mondragón Millán holds a Degree in Business Administration and Law from Centro Universitario ETAC and *Colegio en Alta Dirección de Empresas*, a Master's degree in Business Administration from ITESM, and postgraduate studies from IPADE. Mr. Mondragón has vast experience in shopping mall operation and joined Chedraui in September, 2015.

José Ramón Chedraui Eguía

DIRECTOR OF PRIVATE LABEL AND BODEGA LATINA

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 21 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 15 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 16 years.

Eduardo Fuentes Durán

COMMERCIAL DIRECTOR

Eduardo Fuentes Durán holds a Degree in Electronic Systems Engineering from ITESM and has a specialization in Senior Management from IPADE. Mr. Fuentes has been the Commercial Director since September 2012, and has worked at Chedraui for 15 years.

Ignacio González Quirasco

DIRECTOR OF SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Ignacio González Quirasco has a bachelor's degree in Communication Sciences and an MBA from *Universidad Anáhuac*. Mr. González has been Director of Sustainability and Social Responsibility since September 2014 and has worked at Chedraui for 7 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 22 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 29 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 2012 and has worked at Chedraui for 26 years.

Carlos Smith Matas

CEO BODEGA LATINA

Carlos Smith Matas holds a degree in Engineering Management from the Southern Methodist University. Mr. Smith has served as CEO of Bodega Latina since 1997 and has worked at Chedraui for the past 23 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 5 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.

Ricardo Krasovsky Santamarina

DIRECTOR OF EXPANSION

Ricardo Krasovsky Santamarina holds a Degree in Accounting from *Universidad Intercontinental* and a Master's degree in Business Administration from ITAM. Mr. Krasovsky is Director of Expansion since March, 2015.

BOARD OF DIRECTORS

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
José Antonio Fernández Guerra | 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 Laws.

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, 2015.

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, 2015 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, Juan Antonio Rodríguez Espínola in charge of the audit, fulfill the necessary requisites of pro-fessional 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, 2015 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.

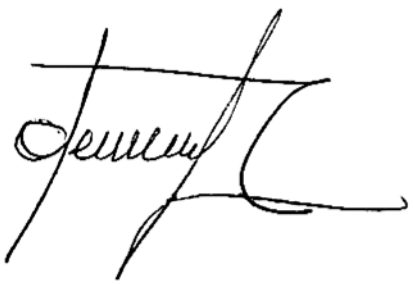
d. There were no exemptions of any kind contemplated by article 28, Section III, paragraph f) of the Securities Market Law during this fiscal period.

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, 2015 be approved so that they may be included in the Annual Report of the Chief Executive Officer for fiscal year 2015 that is to be submitted at the appropriate time for approval at the Company's Shareholders' Meeting.

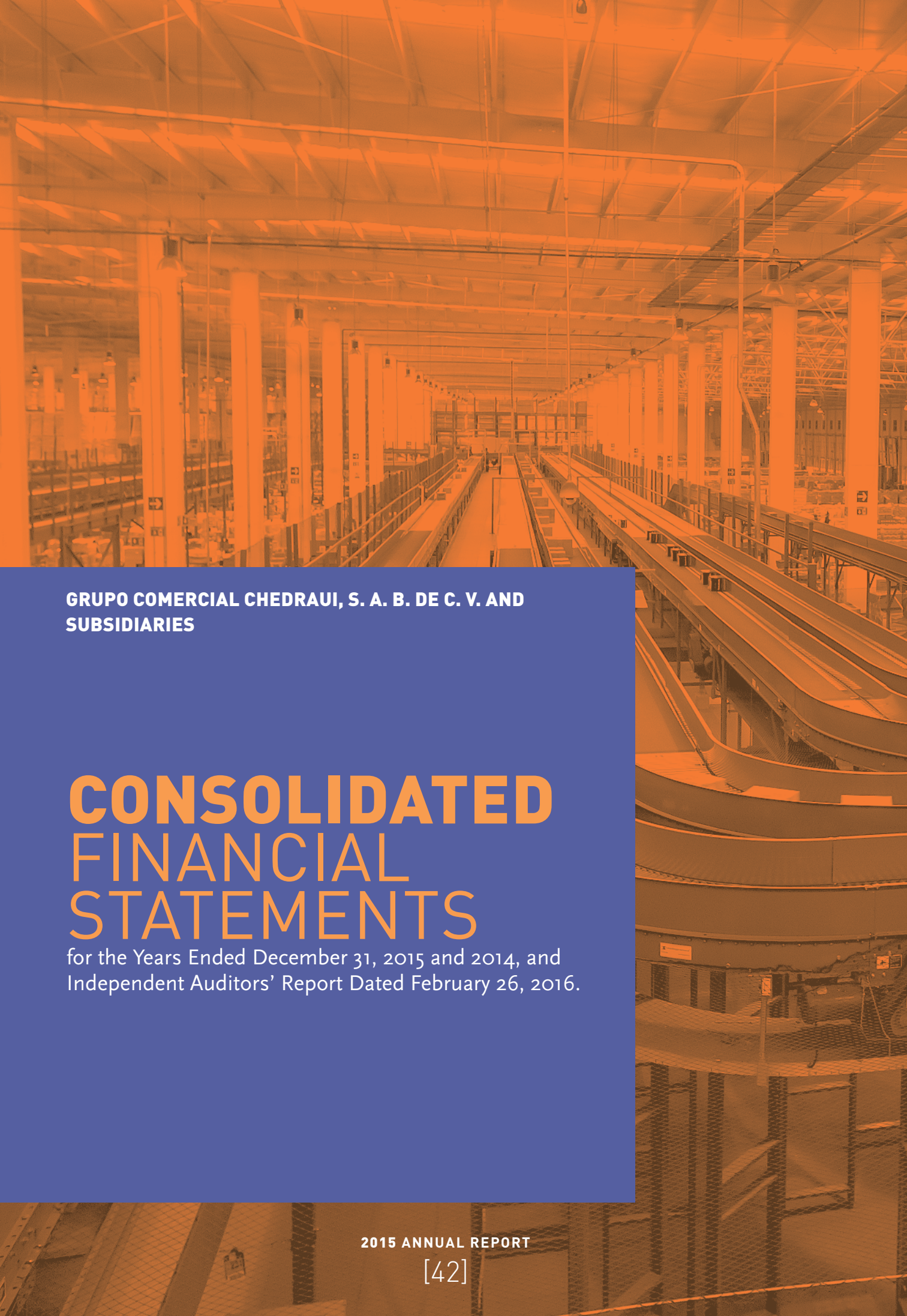
Sincerely,

AUDITING AND CORPORATE PRACTICES COMMITTEE



Clemente Ismael Reyes-Retana Valdés

PRESIDENT



GRUPO COMERCIAL CHEDRAUI, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

for the Years Ended December 31, 2015 and 2014, and Independent Auditors' Report Dated February 26, 2016.



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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, 2015 and 2014, and the consolidated statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the years then ended December 31, 2015 and 2014, 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, 2015 and 2014, 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.

Other Matters

The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico.

GALAZ, YAMAZAKI, RUIZ URQUIZA, S. C.
MEMBER OF DELOITTE TOUCHE TOHMATSU LIMITED



C.P.C. Juan Antonio Rodríguez Espínola

MÉXICO CITY, MÉXICO

FEBRUARY 26, 2016

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2015 and 2014
(In thousands of Mexican pesos)

Assets	Notes	2015	2014
Current assets:			
Cash		$ 2,047,939	$ 793,162
Accounts and notes receivable - Net	5	794,740	671,798
Recoverable and to be paid taxes	6	1,405,303	1,366,042
Accounts receivable from related parties	24	7,692	6,757
Inventories – Net	8	7,494,804	7,024,812
Total current assets		11,750,478	9,862,571
Non-current assets:			
Property and equipment - Net	9	28,141,851	26,822,221
Investment properties	10	5,878,718	5,559,877
Investments in shares of associated entities		18,776	20,113
Other assets – Net	11	2,465,429	2,381,984
Long-term related parties	24	37,035	37,035
Long-term accounts receivable	18	94,370	89,053
Deferred income taxes	27	767,838	1,321,207
Total non-current assets		37,404,017	36,231,490
Total		$ 49,154,495	$ 46,094,061

The accompanying notes are part of the consolidated financial statements.

Liabilities and stockholders' equity	Notes	2015	2014
Current liabilities:			
Accounts and notes payable to suppliers	12	$ 11,266,278	$ 10,137,313
Factoring Corporativo, S.A. de C.V. – supplier related party	12	1,668,342	1,566,330
Current portion of long-term liabilities	14	1,960,240	1,264,926
Current portion of lease obligations	13	117,253	210,061
Accrued taxes and expenses		3,020,083	2,675,158
Total current liabilities		18,032,196	15,853,788
Non-current liabilities:			
Long-term bank loans	14	2,892,618	2,899,533
Lease obligations	13	151,507	105,704
Employee benefits	15	478,023	392,708
Derivative financial instruments	17	22,658	135,972
Collection rights of trust contracts	18	839,160	885,523
Income tax		1,326,843	2,211,403
Other long-term liabilities		322,047	240,291
Total non-current liabilities		6,032,856	6,871,134
Total liabilities		24,065,052	22,724,922
Stockholders' equity:	19		
Common stock		252,120	252,120
Share placement premium		3,953,387	4,079,399
Retained earnings		20,314,623	18,807,561
Equity-settled employee benefits reserve		(34,294)	(28,964)
Cumulative translation adjustment		374,887	172,473
Effect from recognition of the valuation of derivative instruments		(71,210)	(153,298)
Controlling interest		24,789,513	23,129,291
Non-controlling interest		299,930	239,848
Total stockholders' equity		25,089,443	23,369,139
Total		$ 49,154,495	$ 46,094,061

CONSOLIDATED STATEMENTS
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2015 and 2014
(In thousands of Mexican pesos)

	Notes	2015	2014
Income:			
Net sales	29	$ 78,647,865	$ 71,373,528
Cost of sales		63,068,195	57,066,889
Gross profit		15,579,670	14,306,639
Operating expenses:			
Wages		4,934,702	4,416,840
Professional services		1,508,465	1,309,340
Advertising and publicity		925,827	855,148
Maintenance		611,082	531,496
Electricity		1,113,264	1,162,045
Leases		865,970	687,512
Depreciation and amortization		1,302,622	1,231,242
Other expenses		639,259	660,503
Total operating expenses		11,901,191	10,854,126
Income from operations		3,678,479	3,452,513
Interest expense		(542,518)	(493,069)
Interest income		34,516	42,045
Exchange income - Net		(5,340)	4,631
Other financial costs		(525,945)	(451,740)
		(1,039,287)	(898,133)
Profit before income taxes		2,639,192	2,554,380
Income taxes expense	27	849,664	791,929
Consolidated net profit		$ 1,789,528	$ 1,762,451
Controlling interest	23	$ 1,739,588	$ 1,708,710
Non-controlling interest	22	49,940	53,741
Consolidated net profit		$ 1,789,528	$ 1,762,451

(Continued)

	Notes	2015	2014
Consolidated net profit		$ 1,789,528	$ 1,762,451
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Changes in actuarial assumptions		(5,330)	(17,490)
Items that may be reclassified subsequently to profit or loss:			
Cumulative translation effects		202,414	123,991
Effect from recognition of the valuation of derivative instruments		82,088	60,132
Consolidated net comprehensive income of the year		$ 2,068,700	$ 1,929,084
Controlling interest		$ 2,018,760	$ 1,875,343
Non-controlling interest		49,940	53,741
Comprehensive income for the year		$ 2,068,700	$ 1,929,084

The accompanying notes are part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2015 and 2014
(In thousands of pesos)

	Stockholders' equity		Retained earnings
	Common Stock	Net share placement premium	Retained earnings
Balance at January 1, 2014	$ 252,120	$ 4,183,289	$ 17,146,048
Comprehensive income	-	-	1,708,710
Movements of non-controlling interest	-	(103,890)	(47,197)
Balance at December 31, 2014	252,120	4,079,399	18,807,561
Dividends declared	-	-	(240,979)
Comprehensive income	-	-	1,739,588
Movements of non-controlling interest	-	(126,012)	8,453
Balance at December 31, 2015	$ 252,120	$ 3,953,387	$ 20,314,623

The accompanying notes are part of the consolidated financial statements.

Other items of comprehensive income				
Changes in actuarial assumptions	Cumulative translation adjustment	Effect from recognition of the valuation of derivative instruments	Non-controlling interest	Total
$ (11,474)	$ 48,482	$ (213,430)	$ 244,769	$ 21,649,804
(17,490)	123,991	60,132	53,741	1,929,084
-	-	-	(58,662)	(209,749)
(28,964)	172,473	(153,298)	239,848	23,369,139
-	-	-	-	(240,979)
(5,330)	202,414	82,088	49,940	2,068,700
-	-	-	10,142	(107,417)
$ (34,294)	$ 374,887	$ (71,210)	$ 299,930	$ 25,089,443

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014

(In thousands of Mexican pesos)

	2015	2014
Operating activities:		
Profit before income taxes	$ 2,639,192	$ 2,554,380
Items related to investment activities:		
Depreciation and amortization	1,322,829	1,250,697
Adjustment on revaluation of investment properties	(26,088)	(25,941)
Loss from sale of property and equipment	121,006	9,818
Interest received	(34,516)	(42,045)
Revaluation of derivative instruments	(31,350)	(98,707)
Interest paid	542,518	493,069
	4,533,591	4,141,271
(Increase) decrease of:		
Accounts and notes receivable - Net	(106,433)	98,596
Inventories – Net	(357,689)	(281,060)
Other assets – Net	84,616	491,670
Increase (decrease) of:		
Accounts and notes payable to suppliers	1,049,369	923,687
Other accounts payable and taxes	(864,395)	(1,671,636)
Change in employee benefits	80,830	34,476
Net cash flows generated by operating activities	4,419,889	3,737,004
Investment activities:		
Acquisition of property and equipment	(2,860,729)	(2,144,164)
Sale of property and equipment	221,313	68,142
Acquisition of other assets	(129,875)	(164,517)
Interest gain	34,516	42,045
Net cash flows used in investment activities	(2,734,775)	(2,198,494)
Financing activities:		
Loans payment	(3,356,088)	(445,896)
Loans received	3,934,578	-
Interest paid	(542,518)	(493,069)
Dividends paid	(240,979)	-
Lease obligations	(47,005)	(118,489)
Acquisition of non-controlling interest	(107,417)	(209,749)
Payment of obligations related to the right of trust contract collection rights	(51,680)	(46,525)
Other items	(3,993)	1,814
Net cash flows used in financing activities	(415,102)	(1,311,914)
Net increase of cash	1,270,012	226,596
Effects of exchange rate changes on the balance of cash held in foreign currencies	(15,235)	123,992
Cash at the beginning of the year	793,162	442,574
Cash at the end of the year	$ 2,047,939	$ 793,162

The accompanying notes are part of the consolidated financial statements

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2015 and 2014
(In thousands of Mexican pesos)

1. Activities

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries (the Entity or the Group) 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 (USA).

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 to IFRS may not conform to accounting principles generally accepted in the country of use.

b. ***Application of new and revised International Financing Reporting Standards ("IFRSs" or "IAS") and interpretations that are mandatorily effective for the current year***

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, 2015.

Amendments to IAS 19. *Defined Benefit Plans: Employees Contributions*

Entity's Management concluded that the implementation of these modifications and amendments had no effects on the Entity's consolidates financial statements.

c. ***New and revised IFRSs issued but not yet effective***

The Entity has not applied the following new and revised IFRS that have been issued but are not yet effective:

IFRS 9 Financial Instruments[1]

1 Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

d. ***Income from operations*** **-** Income from operations is the result of subtracting cost of sales and general expenses from net sales. While IFRS, 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 of financial statements***

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.

All intercompany balances and transactions have been eliminated in the existing subsidiaries.

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.

At the date of preparation of the financial statements, the Entity has not lost control over its subsidiaries; consequently, there is no determination of gain or loss in the related disposal in conformity with applicable IFRS.

The consolidated financial statements include those of the Entity and those of its subsidiaries or group of subsidiaries in which it has control.

Subsidiaries listed below are companies incorporated and operating in Mexico, except for Bodega Latina Co., which has its registered and operations in the United States of America (USA).

The shareholding in its capital during presented periods is listed below:

Company or Group	Participation rate	Activity
Tiendas Chedraui, S. A. de C. V.	99.88%	A chain of 224 self-service stores specializing in the marketing of groceries, clothing and general goods, and which includes 53 self-service stores operating under the Super Chedraui commercial name, 12 stores operating under Tiendas Chedraui Selecto commercial name and 3 stores as Super Chedraui Selecto.
Real estate division	99.99%	Five companies engaged in the acquisition, construction, marketing and lease of real property used for real estate activities.
Services division	99.99%	Seven companies providing administrative, goods transportation and personnel services.
Bodega Latina Co.	84.85%	A chain of self-service stores with 54 units located in the southern of USA and which operate under the El Super commercial name.
Grupo Crucero Chedraui, S. A. de C. V.	99.99%	Sub-holding company.
Fundación Antonio Chedraui Caram, AC		A foundation whereby the Entity has control and is established to help create institutes, scholarships and support the humanistic, scientific, educational, art and teaching activities related to health and social assistance.

d. ***Detail of the subsidiaries not completely owned which have a significant non-controlling interest***

Name of the subsidiary	Place of registration and operation	Proportion of shareholding and voting rights of the non-controlling interest		Assigned income to the non-controlling interest		Retained non-controlling interest	
		2015	2014	**2015**	2014	**2015**	2014
Bodega Latina Co.	USA	84.85%	83.36%	$ 50,042	$ 52,196	$ 282,030	$ 242,233

(i). The Entity owns 84.85% of the equity of Bodega Latina Co. and based on the contractual arrangements between the Entity and other investors, the Entity has the power to appoint and remove a majority of the Board of Bodega Latina Co. the relevant activities of Bodega Latina Co. are determined by the Board of Bodega Latina Co. based on a simple majority vote. Therefore, Bodega Latina Co. is controlled by the Entity and are consolidated in these consolidated financial statements.

A summary of the Bodega Latina Co.'s financial information before intercompany eliminations is detailed below.

	2015	2014
Current assets	$ 1,218,322	$ 852,832
Non-current assets	$ 3,618,945	$ 2,914,843
Current liabilities	$ 2,008,171	$ 1,635,745
Non-current liabilities	$ 968,054	$ 676,370
Stockholders' equity	$ 1,861,042	$ 1,455,560
Non-controlling interest	$ 282,030	$ 242,233
Revenue	$ 20,129,140	$ 16,176,498
Costs, expenses and taxes	19,798,924	15,862,851
Net income of the year	$ 330,216	$ 313,647
Profit for the year attributable to owners of the Entity	$ 280,174	$ 261,451
Profit for the year attributable to non-.controlling interests	50,042	52,196
Net income of the year	$ 330,216	$ 313,647
Net cash flows from operating activities	$ 497,769	$ 687,334
Net cash flows from investing activities	$ (502,932)	$ (551,726)
Net cash flows from financing activities	$ (70,805)	$ (201,003)
Net decrease in cash	$ (75,968)	$ (65,395)

e. ***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.

f. ***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.

g. ***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.

h. ***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.

i. *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 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.

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 or sale, are added to the cost of those assets during that time until the moment they are ready for use or sale.. 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. ***Employee benefits***

Retirement benefits costs from termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

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

Current income tax (ISR) is recognized in the results of the year in which is 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.

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 consolidated statements of financial position 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.

An item of property 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 properties***

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.

At the date of issuance of the consolidated financial statements, the Entity has not presented evidence of impairment at December 31, 2015 and 2014 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. ***Derivative 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. When the hedge of

a forecasted transaction has proven satisfactory, but subsequently fails to meet the test of effectiveness, accumulated effects in other comprehensive income in stockholders' equity, are proportionately recognized in profit or loss, to the extent that the forecasted asset or liability affect the 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, 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.

- 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.

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.

- 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.

- 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

	2015	2014
Customers	$ 736,168	$ 617,102
Allowance for doubtful accounts	(14,574)	(6,390)
	721,594	610,712
Sundry debtors	58,223	48,234
Notes receivable	14,923	12,852
	$ 794,740	$ 671,798

a. *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.

The accounts receivable aging past due but not fully included in the reserve is as follows:

	2015	2014
At 30 days	$ 22,437	$ 21,307
31 – 60 days	32,450	17,914
61 – 90 days	9,325	3,997
More than 90 days	32,779	30,560
Total	$ 96,991	$ 73,778

6. Recoverable and payable taxes

	2015	2014
Recoverable income tax and Flat Tax	$ 51,064	$ 4,562
Payable and recoverable taxes, mainly Value Added Tax	1,228,337	1,361,480
Payable tax for production and services	125,902	-
	$ 1,405,303	$ 1,366,042

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, 2015, 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 $782 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 2015 and based on the interest rate collars discussed above, the Entity paid an 11.12% rate and received a 3.39% 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 $52 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$ 52 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 2014. 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 2014. 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 2014, 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 or the Entity is to not trade for speculative purposes.

The Entity's policy is to not carry out transactions for speculative purposes using derivatives.

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.

8. Inventories

	2015	2014
Finished goods	$ 7,298,542	$ 6,850,869
Raw materials	221,783	198,586
Production in process	11,652	15,040
Others	57,192	49,636
	7,589,169	7,114,131
Inventory reserve	(94,365)	(89,319)
	$ 7,494,804	$ 7,024,812

9. Property and equipment

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, 2014	$ 18,742,834	$ 7,747,276	$ 1,762,593	$ 142,654	$ 398,195	$ 5,677,030	$ 34,470,582
Acquisitions	648,136	384,910	153,088	12,129	755,151	12,340	1,965,754
Net effect of foreign currency exchange differences	101,498	82,910	1,313	1,140	553	-	187,414
Disposals	(4,770)	(58,368)	(18,684)	(22,006)	-	(44,150)	(147,978)
Transfers	152,868	228,315	27,000	256	(516,447)	(10,336)	(118,344)
Balance at December 31, 2014	19,640,566	8,385,043	1,925,310	134,173	637,452	5,634,884	36,357,428
Acquisitions	986,996	603,859	290,092	80,419	796,112	63,145	2,820,623
Net effect of foreign currency exchange differences	154,544	149,123	3,884	1,570	321	-	309,442
Disposals	(231,722)	(104,922)	(42,045)	(10,433)	24	(64,490)	(453,588)
Transfers	276,981	243,892	33,442	52,699	(775,721)	(97,083)	(265,790)
Balance at December 31, 2015	$ 20,827,365	$ 9,276,995	$ 2,210,683	$ 258,428	$ 658,188	$ 5,536,456	$ 38,768,115

Depreciation	Building	Store equipment	Furniture and fixtures	Vehicles	Construction in progress	Land	Total
Balance as of January 1, 2014	$ (3,482,708)	$ (3,437,425)	$ (1,454,648)	$ (95,346)	$ -	$ -	$ (8,470,127)
Expense from depreciation	(401,556)	(543,003)	(171,240)	(19,288)	-	-	(1,135,087)
Transfers	-	58	8	(66)	-	-	-
Disposals	747	43,991	12,573	12,696	-	-	70,007
Balance as of December 31, 2014	(3,883,517)	(3,936,379)	(1,613,307)	(102,004)	-	-	(9,535,207)
Expense from depreciation	(453,051)	(585,164)	(162,117)	(15,138)	-	-	(1,215,470)
Transfers	-	48,806	1,667	(50,473)	-	-	-
Disposals	19,633	58,849	39,648	6,283	-	-	124,413
Balance as of December 31, 2015	$ (4,316,935)	$ (4,413,888)	$ (1,734,109)	$ (161,332)	$ -	$ -	$ (10,626,264)
Totals as of December 31, 2014	$ 15,757,049	$ 4,448,664	$ 312,003	$ 32,169	$ 637,452	$ 5,634,884	$ 26,822,221
Totals as of December 31, 2015	$ 16,510,430	$ 4,863,107	$ 476,574	$ 97,096	$ 658,188	$ 5,536,456	$ 28,141,851

b. The following useful lives are used in the calculation of depreciation :

	YEARS
Buildings	60
Store equipment	12, average
Furniture and fixtures	10
Computer equipment [1]	3
Vehicles	4
Air equipment [2]	15

(1) Presented within the furniture and fixtures heading

(2) Presented within the vehicles heading

10. Investment properties

	2015	2014
Fair value of investment properties	$ 5,878,718	$ 5,559,877
Balances at the beginning of the year	$ 5,559,877	$ 5,424,586
Acquisitions	40,106	-
Disposals	(13,143)	-
Trasnfers from property and equipment	265,790	109,350
Net gains on property revaluation	26,088	25,941
Balances at year end	$ 5,878,718	$ 5,559,877

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

There has been no change in valuation technique on the current year. The fair value of the Entity's investment properties, considered the highest and best use of the property in its current use.

The following information is relevant to investment properties classified as Level 3 hierarchy:

Property	Fair Value hierarchy	Valuation Technique	Significant unobservable inputs	Value / Range	Relationship unobservable inputs of fair value
Land and construction	Level 3	Cash flows	Discount rate	11.07%	At higher discount rate, lower fair value
			Earnings before interest, taxes, depreciation and amortization	Based on the contractual rent at market price.	At higher earnings before interest , taxes, depreciation and amortization, fair value increased
			Growth rates	Mexico: 3.66%	At higher inflation rate, higher fair value.
			Occupation factor	92%, depending on location	At higher percentage of occupation, higher fair value

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

11. Otros activo - Neto

	2015	2014
Guarantee deposits	$ 410,102	$ 415,544
Goodwill [1]	1,085,419	920,093
Other long-term assets – mainly prepaids	544,566	632,436
	2,040,087	1,968,073
Intangible		
Software and licenses	1,555,633	1,409,703
Accumulated amortization	(1,130,291)	(995,792)
	425,342	413,911
	$ 2,465,429	$ 2,381,984

(1) Represents the excess of the price paid on the market value of the assets and assumed liabilities of 29 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, 2015 and 2014, there were no indications of impairment.

During the year the Entity acquired 3 stores in the United States, whose acquisition values were as follows:

	Balances at December 31, 2015
Fixed assets – Net	$ 53,584
Intangibles	1,715
	55,299
Assets acquisition price	105,214
Goodwill	$ 49,915

Reconciliation of intangibles is as follows:

Cost	2015	2014
Balance as of January 1,	$ 1,409,703	$ 1,266,791
Transfers from property and equipment	-	8,994
Acquisitions	145,930	133,918
Balance as of December 31,	$ 1,555,633	$ 1,409,703

Amortization	2015	2014
Balance as of January 1,	$ (995,792)	$ (875,009)
Amortization cost	(134,499)	(120,783)
Balance as of December 31,	$ (1,130,291)	$ (995,792)

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 (including liabilities to affiliated parties related to suppliers) is calculated according to agreed contractual maturities. At December 31, the Entity's debt obligation is composed as follows:

	2015	2014
Current	$ 4,541,923	$ 2,092,621
At 30 days	4,648,002	5,058,124
At 60 days	1,964,399	2,753,008
At 90 days	1,414,594	1,225,097
More than 90 days	365,702	574,793
	$ 12,934,620	$ 11,703,643

13. Lease obligations

The Entity has executed operating and electronic equipment lease contracts, for the periods of 7.5 and 3 years, respectively. Similarly, it executed a five-year capital lease contract 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	
	2015	2014	2015	2014
One year	$ 121,217	$ 228,333	$ 117,253	$ 210,061
Between two and three years	91,956	80,803	89,430	76,171
More than three years	62,696	30,933	62,077	29,533
	275,869	340,069	268,760	315,765
Less future financing charges	(7,109)	(24,304)	-	-
Current value of minimum lease payments	$ 268,760	$ 315,765	$ 268,760	$ 315,765

14. Long-term bank loans

	2015	2014
Loan from ScotiaBank Inverlat, S.A. warranted by Tiendas Chedraui, S. A. de C. V. at an annual rate of TIIE plus 0.55%, with payment of principal beginning on August, 2015, with expiration on August 2, 2017. The rate charged as of December 31, 2015 and 2014 was 3.85% and 3.91%, respectively.	$ 1,400,000	$ 1,750,000
Loan from Banco Nacional de Comercio Exterior, S. N. C. warrented by Tiendas Chedraui, S. A. de C. V. and Inmobiliaria Kira, S. A. de C. V. at an annual rate of TIIE plus 0.98% with expiration on 10 years, with payment of principal beginning on July 4, 2017. The rate charged as of December 31, 2015 was 4.28%.	1,548,330	-
Loan from BBVA Bancomer, S.A. (BBVA), warranted by Tiendas Chedraui, S. A. de C. V. at a rate of TIIE plus 1.10 percentage points, by simple opening credit of $ 1,500 with one-year grace period for payment of principal as of March 29, 2013. The expiration of contract is for 5 years ending on December 30, 2016 payable by 16 quarterly installments at an annual rate of TIIE plus 1.1 to 2.5 percentage points. The rate charged as of December 31, 2015 and 2014 was 4.42% and 4.41%, respectively.	780,000	1,230,000
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, 2015 and 2014 was 6.48% in both years, according to contracted derivative instrument.	127,820	328,001
Loan obtained by Bodega Latina Co. with Wells Fargo Bank for US$50,000 with expiration on June, 2017. The rate charged as of December 31, 2015 and 2014 was 2.27 and 2.75%, respectively.	849,224	646,201
Loan with Bank of America, S.A., warranted by Tiendas Chedraui, S.A. de C.V. at a rate of LIBOR plus 1.5% points with a first repayment on April 24, 2014 and a validity of 4 years. The rate charged as of December 31, 2015 and 2014 was 4.51% and 4.48%, respectively.	147,484	210,257
Long-term liabilities	4,852,858	4,164,459
Less – current portion	1,960,240	1,264,926
	$ 2,892,618	$ 2,899,533

At December 31, 2015 and 2014, the Entity was in compliance with the covenants set forth in each of the contracts.

15. 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 $51,915 and $47,132 in 2015 and 2014, respectively.

b. *Defined benefit plans*

The Entity maintains a defined benefit pension plan which covers all employees who reach 65 and 60 years of age, according to the benefit plan defined by the Entity.

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.

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:

c. ***Nominal rates used in actuarial calculations are as follows:***

	2015 %	2014 %
Discount of the projected benefit obligation at present value	8.00	8.50
Salary increase	4.50	4.50
Salary increase (minimum by law)	3.50	3.50

Unamortized items are applied during the year.

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

	2015	2014
Service cost:		
Current service cost	$ 56,417	$ 41,346
Net interest expense	26,728	26,086
	$ 83,145	$ 67,432
Remeasurement on the net defined benefit liability:		
Actuarial (gains) arising from changes in demographic assumptions	$ (8,587)	$ (3,579)
Actuarial losses (gains) arising from experience adjustments	22,259	22,506
Total	$ 13,672	$ 18,927

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

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

	2015	2014
Defined benefit obligation	$ 433,302	$ 366,335
Bodega Latina Co. liabilities	44,721	26,373
Net projected liability	$ 478,023	$ 392,708

f. *Changes in present value of the defined benefit obligation:*

	2015	2014
Present value of the defined benefit obligation as of January 1,	$ 392,708	$ 340,742
Current service cost	83,145	67,432
Payments made against the reserve	(11,502)	(34,393)
Cost recognized through comprehensive income	13,672	18,927
Present value of the defined benefit obligation as of December 31,	$ 478,023	$ 392,708

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 $38,881.

If the expected salary growth decreases by 1%, the defined benefit obligation would decrease by $30,083.

If the life expectancy increases by one year for both men and women, the defined benefit obligation would increase by $1,628.

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.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

16. Acquisition of non-controlling interest

In August 2014, the acquisition of non-controlling interest of Bodega Latina Co. was held for 10,000 stocks worth $3,094. The acquisition resulted in an excess of the book value for $2,568.

17. Financial instruments

a. ***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 2014.

The Entity's management reviews 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 notes 14 offset by cash and cash equivalents) and equity of the Entity (comprising issued capital, reserves, and retained earnings as detailed in Note 19).

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.

i). Gearing ratio

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

	2015	2014
Debt [(i)]	$ 4,852,858	$ 4,164,459
Cash	2,047,939	793,162
Net debt	$ 2,804,919	$ 3,371,297
Controlling interest [(ii)]	$ 24,789,513	$ 23,129,291
Net debt to equity ratio	11.3%	14.6%

(i) Debt is defined as long- and short-term borrowings, as described in Notes 14.

(ii) The controlling interest includes all capital and reserves of the Group that are managed as capital.

b. *Financial instrument categories*

	2015	2014
Financial assets		
Cash	$ 2,047,939	$ 793,162
Loans and receivables:		
Accounts and notes receivable - Net	809,314	678,188
Accounts receivable from related parties	44,727	43,792
Long-term accounts receivable	94,370	89,053
Guarantee deposits	410,102	415,543
Financial liabilities		
At amortized cost:		
Accounts and notes payable to suppliers	$ 12,934,620	$ 11,703,643
Other accounts payables (*)	1,819,198	1,583,244
Current portion of long-term debt	1,960,240	1,264,926
Current portion of lease obligations	117,253	210,061
Long-term bank loan	2,892,618	2,899,533
Collection rights of trust contracts	839,160	885,523
Lease obligations	151,507	105,704
At fair value:		
Derivative financial instruments	22,658	135,972

(*) Included in the balance into the accrued taxes and expenses.

c. *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, identifying, evaluating and covering the financial risks in cooperation with its subsidiaries.

In addition, the Board of Directors has approved the permissible limits associated losses.

d. ***Market risk***

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

e. ***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:

	2015	2014
Assets	$ 112,270	$ 100,143
Liabilities	(210,114)	(206,746)
Net US dollar liabilities	$ (97,844)	$ (106,603)
Year-end exchange rate ($ per 1 dollar)	17.25	14.74

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

	2015	2014
Assets	$ 18,415	$ 8,560
Liabilities	(37,566)	(46,400)
Net US dollar liabilities	$ (19,151)	$ (37,840)
Year-end exchange rate ($ per 1 dollar)	17,21	14.74

— Approximately 1.97% and 1.58% of goods inventories were imported by the Entity in 2015 and 2014, respectively.

— Transactions in thousands of US dollars as of December 31, 2015 and 2014 include import purchases of $72,576 and $61,455, respectively.

— **Foreign currency sensitivity analysis**

The Entity performs transactions in different currencies; however, its most significant exposure is with the US dollar.

The following analysis details the Entity's sensitivity to an increase and/or decrease of 20% in the exchange rate of the Mexican peso against the US dollar. Such fluctuation represent management's assessment of the possible reasonable change in the exchange rate.

The sensitivity analysis includes only the monetary position at the close of the period, eliminating the commitments covered with financial instruments, and the transactions performed in a functional currency comparable with the dollar.

When the peso appreciates, the results and stockholders' equity will increase; conversely, when the peso depreciates it would result in a decrease in results and stockholders' equity.

The exchange parity variance results in an adjustment of $10,843 and $3,739 for the years ended December 31, 2015 and 2014, 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.

The most important commitments carried out in foreign currency are covered by a cash flow hedge instrument; consequently, the Entity does not expect significant adverse effects if the exchange rate suffers changes in excess of the 20% used for the aforementioned sensitivity test.

f. ***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 both for the derivative instruments and non-derivative instruments at the end of the reporting period.

For variable-rate liabilities, an analysis is prepared on the basis that the liability amount remains in effect at the close of the period.

Management evaluates the rates based on the historical behavior of the market and projections obtained from public and private financial institutions. Based on these and the cash flows generated by its operation, it visualizes risks when the rates have a variance of 27% (equivalent to 100 basis points) above the average annual rate handled.

If the exchange rates had been 20% above or below the real rate obtained and all the other variables remained constant, the result and stockholders' equity would have varied by $15,311 and $6,944 as of December 31, 2015 and 2014, respectively, if such a situation should arise, the management would have to evaluate the option of contracting an instrument to cover the rates contracted or seek to renegotiate different payment or collection conditions.

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

g. ***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. The maximum exposure to credit risk as of December 31, 2015 and 2014 is $1,299,212 and $1,176,394, respectively.

h. ***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 14. The Entity prepares financial runs to quarterly estimate its cash flows.

The following tables as of December 31, 2015 and 2014 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2015 and 2014
(In thousands of Mexican pesos)

2015	One year	Two years	Three years	More than three years	Total
Long-term liabilities (including current portion) (*)	$ 2,128,629	$ 1,467,491	$ 254,601	$ 1,561,968	$ 5,412,689
Accounts and notes payable to suppliers	12,934,620	-	-	-	12,934,620
Collection rights of trust contracts (*)	134,505	139,898	145,678	656,886	1,076,967
Lease obligations	121,217	45,978	45,978	62,697	275,870
Total	$ 15,318,971	$ 1,653,367	$ 446,257	$ 2,281,551	$ 19,700,146

(*) TIIE 4%, LIBOR 0.2% for interest projection plus spread of each credit.

2014	One year	Two years	Three years	More than three years	Total
Long-term liabilities (including current portion)	$ 1,414,763	$ 1,910,479	$ 1,077,917	$ -	$ 4,403,159
Accounts and notes payable to suppliers	11,746,363	-	-	-	11,746,363
Collection rights of trust contracts (*)	86,621	130,484	136,359	789,607	1,143,071
Lease obligations	228,333	66,168	14,635	30,933	340,069
Total	$ 13,476,080	$ 2,107,131	$ 1,228,911	$ 820,540	$ 17,632,662

(*) TIIE 3.5%, LIBOR 0.15% for interest projection plus spread of each credit.

The following tables as of December 31, 2015 and 2014 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.

2015	Less than one year	More than one year and less than five years	Total
Derivative financial instruments	$ 87,639	$ 22,828	$ 110,467

2014	Less than one year	More than one year and less than five years	Total
Derivative financial instruments	$ 147,230	$ 110,680	$ 257,910

i. 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.

	2015	2014
Financial Assets		
Long term receivables	$ 94,370	$ 89,053
Accounts receivable from related parties	44,727	43,792
Financial Liabilities		
Collection rights of trust contracts	839,160	885,523
Current portion of long-term liabilities	1,960,240	1,264,926
Long term liabilities	2,892,618	2,899,533

— ***Valuation techniques and assumptions used to determine fair value***

Financial instruments are shown at market value indicated by the financial institution with whom it was hired at the end of the year by which it is reported.

As of December 31,2015:

Type of derivative contract or value	Notional amount	Reference variable	Fair Value	Amount due by year	Collateral
Interest Rate Collar	$1,400,000	TIIE of 28 days	($91,958)	$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	$195,35	TIIE of 28 days	(8,000)	$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	$127,820	LIBOR + 1.32 points, and TIIE + 1.04 points	42,000	$127,820 in 2016	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars
Cross Currency Swap	$147,484	LIBOR + 1.50 points, and TIIE + 1.18 points	36,000	$98,323 in 2016 and $49,161 in 2017	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars
Interest Rate Swap	$86,691	Fixed rate of 6.48%	(700)	$86,691 in 2016	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars
Total			$ 22,658		

18. 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, 2015 and 2014, the Entity had recorded collection rights of $839,160 and $885,523, respectively, and a long-term account receivable of $94,370 and $89,053 in 2015 and 2014, respectively.

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

19. Stockholders' equity

a. Common stock as of December 31, 2015 and 2014 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. A Stockholders' Ordinary General Meeting held on March 30, 2015 approved a cash dividend payable to the Entity's shareholders in the amount of $ 0.25 (twenty five cents) for each share released and outstanding at the dividend payment date. The payment was made against the net tax income account of the Entity, through S.D. Indeval, S.A. de C.V., Institución para el Depósito de Valores, and the dividend amount paid was $240,980.

c. 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, 2015 and 2014, the legal reserve at par value was $36,687.

d. 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.

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

	2015	2014
Contributed capital account	$ 174,879	$ 174,879
Net tax profit account (CUFIN)	454,541	951,347
Total	$ 629,420	$ 1,126,226

f. 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.

g. 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. The agreement does not require the sale of shares and only constitutes an offer to purchase.

At December 31, 2014, Bodega Latina Co. subsidiary of the Group, has reduced its capital in 492,333 shares, which generated a premium reduction in capital of 101.322 by the overpayment on such shares.

At December 31, 2015, Bodega Latina Co. subsidiary of the Group, has reduced its capital in 388,750 shares, which generated a premium reduction in capital of 126,012 by the overpayment on such shares.

20. Other comprehensive income

	2015	2014
Cumulative translation effects	$ 374,887	$ 172,473
Effect from recognizing the valuation of derivative instruments, net of deferred taxes	(71,210)	(153,298)
Changes in actuarial assumptions, net of deferred taxes	(34,294)	(28,964)
	$ 269,383	$ (9,789)

a. *Cumulative translation effects*

	2015	2014
Balance at beginning of the year	$ 172,473	$ 48,482
Exchange differences on translating foreign operations effects	202,414	123,991
Balance at end of the year	$ 374,887	$ 172,473

b. *Effect from recognizing the valuation of derivative instruments*

	2015	2014
Balance at beginning of the year	$ (153,298)	$ (213,430)
Effect from recognition of the valuation of derivative instruments	106,714	78,172
Income taxes related to valuation of derivative instruments	(24,626)	(18,040)
Balance at end of the year	$ (71,210)	$ (153,298)

21. Retained earnings

	2015	2014
Balance at beginning of the year	$ 18,807,561	$ 17,146,048
Net income attributable to owners of the Company	1,739,588	1,708,710
Dividends paid	(240,979)	-
Purchase of non-controlling interest	8,453	(47,197)
Balance at end of the year	$ 20,314,623	$ 18,807,561

22. Non-controlling interest

	2015	2014
Balance at beginning of year	$ 239,848	$ 244,769
Participation in comprehensive income	49,940	53,741
Increase on non-controlling interest	20,294	-
Acquisition of non-controlling interest	(10,152)	(58,662)
Balance at end of the year	$ 299,930	$ 239,848

23. Earnings per share

	2015	2014
	Pesos per share	Pesos per share
Basic and diluted earnings per share	$ 1.80	$ 1.77

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

	2015	2014
Net income attributable to owners of the Entity	$ 1,739,588	$ 1,708,710
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:

	2015	2014
Interest income	$ 1,393	$ 887
Leases revenues	2,973	2,666
Administrative revenues	13,652	11,135
Financial portal income	5,599	7,173
Leases expenses	(3,231)	(3,137)
Maintenance expenses	(116,770)	(106,543)
Interest expenses	(235)	(240)

b. Balances receivable from related parties are as follows:

	2015	2014
Operadora de Inmobiliarias del Sureste, S. A. de C. V.	$ 304	$ 697
Hípico Coapexpan, S. A. de C. V.	388	2,848
Supervisión y Mantenimiento de Inmuebles, S. A. de C. V.	2,953	1,760
Others	4,047	1,452
	$ 7,692	$ 6,757

c. Balances receivable from related parties long-term are as follows:

	2015	2014
Operadora de Inmobiliarias del Sureste, S. A. de C. V.-	$ 37,035	$ 37,035

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

	2015	2014
Direct benefits	$ 137,612	$ 119,058
Variable benefits	91,255	79,690
	$ 228,867	$ 198,748

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 twelve-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 $865,970 and $687,512 as of December 31, 2015 and 2014, respectively.

— Operating lease commitments not subject to cancellation

	2015	2014
No more than 1 year	$ 1,027,467	$ 851,566
More than 1 year and no more than 5 years	2,987,019	2,963,022
More than 5 years	4,306,434	3,623,535
	$ 8,320,920	$ 7,438,123

b. ***The Entity as lessor***

Lease agreements

Operating leases relate to leases of land and buildings lease owned by the Entity with lease terms from 1 to 20 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 $661,582 and $628,036 at December 31, 2015 and 2014, respectively.

The operating expenses related to the rental income earned from the investment properties are $185,022 and $187,689 as of December 31, 2015 and 2014, respectively.

— Non-cancellable operating leases receivable:

	2015	2014
No more than one year	$ 508,062	$ 511,077
More than 1 year and no more than 5 years	746,765	735,053
More than 5 years	296,769	233,784
	$ 1,551,596	$ 1,479,914

26. Financing cost

In 2015 and 2014, qualifying assets of $1,436,487 and $1,068,906, respectively, were acquired; and capitalized comprehensive financing cost (FC) was $20,697 and $29,829, respectively. The capitalization of FC was determined using an annualized average rate of 3.62% and 3.87% in 2015 and 2014, respectively.

27. Income taxes

The Entity is subject to ISR. The rate of current income is 30%. The Entity incurred ISR on a consolidated basis until 2014 with its Mexican subsidiaries. As a result of the 2014

Tax Law, the tax consolidation regime was eliminated, and the Entity and its subsidiaries have the obligation to pay the deferred income tax benefit calculated as of that date over a five-year period beginning in 2014, as illustrated below.

Pursuant to Transitory Article 9, section XV, subsection d) of the 2015 Tax Law, given that as of December 31, 2014, the Entity was considered to be a holding company and was subject to the payment scheme contained in Article 4, Section VI of the transitory provisions of the ISR law published in the Federal Official Gazette on December 7, 2009, or article 70-A of the ISR law of 2014 which was repealed, it must continue to pay the tax that it deferred under the tax consolidation scheme in 2007 and previous years based on the aforementioned provisions, until such payment is concluded.

As of 2008, the Asset Tax Law (LIMPAC) was eliminated, but under certain the amount of this tax paid in the 10 years immediately prior to that in which ISR is first paid may be recovered in accordance with applicable tax provisions.

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

	2015	2014
ISR expense:		
Incurred	$ 316,856	$ 315,393
Deferred	532,808	476,536
	$ 849,664	$ 791,929

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:

	2015	2014
Legal rate	30%	30%
Effects of inflation	(4%)	(10%)
Effects of changes in rates	6%	6%
Other items	-	5%
Tasa efectiva	32%	31%

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

	2015	2014
Deferred ISR asset:		
Effect of tax loss carryforwards	$ 3,465,660	$ 3,967,410
Allowance for doubtful accounts	5,267	5,311
Inventories	111,432	-
Accrued expenses	522,313	633,451
Deferred ISR asset	4,104,672	4,606,172
Deferred ISR liability:		
Other assets	(65,009)	(312,196)
Derivative financial instruments	(52,322)	(26,077)
Property and equipment	(3,240,721)	(3,049,043)
Deferred ISR liability	(3,358,052)	(3,387,316)
Recoverable IMPAC paid	21,218	102,351
Total asset	$ 767,838	$ 1,321,207

d. ISR liability as of December 31, 2015 related to the effects for benefits and tax deconsolidation will be paid in the following years:

Year	Amount
2016	$ 884,560
2017	663,421
2018	663,422
	$ 2,211,403

Deferred payments to which reference is made in the preceding paragraph, shall be updated each year, starting from May 2015 based on current tax legislation.

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, 2015, are:

Year of expiration	Tax Loss Carryforwards	Recoverable IMAPC
2016	$ -	$ 81,477
2017	-	374,997
2019	-	-
2020	7,266,842	-
2021	2,391,878	-
2022	718,722	-
2023	475,614	-
2024	448,359	-
2025	250,784	-
	$ 11,552,199	$ 456,474

28. Contingencies

a. As of December 31, 2015 and 2014, 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 2015 tax reform, including the elimination of incentives provided by the law of the applicable income tax until December 31, 2015.

b. Derivative lawsuit filed against Grandes Superficies de México, S. A. de C. V. by various individuals seeking, among others, possession of the building located at Carretera Picacho-Ajusco No. 175, Colonia Heroes de Padierna, Tlalpan, C.P. 14200, Mexico City, in which the court granted relief restoring possession to the individuals. By the same token, in the Adverse Possession Lawsuit filed against the individuals by Grandes Superficies de México, S.A. de C.V., the ownership and possession of the Real Property was acknowledged for the latter, at the trial and appeals level. Accordingly, the individuals filed an Amparo lawsuit, at which time Grandes Superficies de México, S.A. de C.V. requested that such lawsuit be transferred for admission and judgment by the Mexican Supreme Court.

c. As a result of supposed difference in the payment of real estate property tax for the period from 2009 through 2013 of a real property owned by the company Crucero Chedraui, S.A. de C.V., the Direct Audit Department of the Mexico City Treasury assessed a due and payable tax liability for $23,541,359.78, against which a motion for reconsideration was filed, whose result confirmed the validity of the aforementioned tax liability. For this reason, on September 10, 2015, the company Crucero Chedraui, S.A. de C.V. filed an action for annulment, which has yet to be resolved.

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

29. Business segment information

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	2015	2014
Domestic supermarkets	$ 57,808,443	$ 54,544,132
US supermarkets	20,129,140	16,176,498
Real estate	710,282	652,898
Consolidated	$ 78,647,865	$ 71,373,528

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

	PROFIT BEFORE FINANCING COST, AND INCOME TAXES	
SEGMENT	2015	2014
Domestic supermarkets	$ 2,580,582	$ 2,488,418
US supermarkets	607,733	496,667
Real estate	490,164	467,428
Consolidated	$ 3,678,479	$ 3,452,513

	LEASE - INTERSEGMENTS	
SEGMENTS	2015	2014
Domestic supermarkets	$ 1,035,192	$ 1,096,887
Real estate	(1,035,192)	(1,096,887)
Consolidated	$ -	$ -

	TOTAL ASSETS	
SEGMENTS	2015	2014
Domestic supermarkets	$ 33,748,862	$ 33,078,619
US supermarkets	4,714,713	3,767,675
Real estate	6,167,681	5,761,288
Non-assignable items	4,523,239	3,486,479
Consolidated	$ 49,154,495	$ 46,094,061

	DEPRECIATION AND AMORTIZATION	
SEGMENTS	2015	2014
Domestic supermarkets	$ 1,028,563	$ 1,019,230
US supermarkets	271,600	210,037
Real estate	2,459	1,975
Consolidated	$ 1,302,622	$ 1,231,242

	NET FIXED ASSET INVESTMENTS	
SEGMENTS	2015	2014
Domestic supermarkets	$ 1,003,946	$ 466,711
US supermarkets	241,941	342,979
Real estate	392,607	147,393
Non-assignable items	(23)	(26)
Consolidated	$ 1,638,471	$ 957,057

30. Authorization to issue the consolidated financial statements

The issuance of the accompanying consolidated financial statements was authorized on February 26, 2016 by the Engineer Rafael Contreras Grosskelwing, Legal Representative; 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.

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