

LEADERSHIP

2014 ANNUAL REPORT

CHEDRAUI

cuesta menos



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FINANCIAL HIGHLIGHTS

CONSOLIDATED INCOME STATEMENT

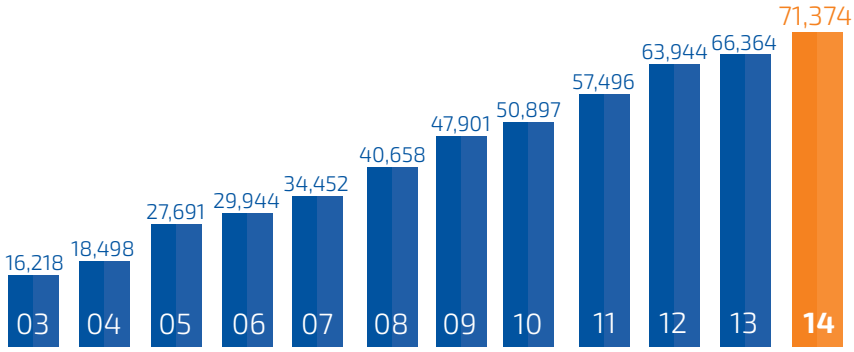
figures in millions of pesos

	2013	**2014**	**%**
Net Sales	66,364	**71,374**	7.5%
Gross Profit	13,402	**14,307**	6.8%
Operating Expenses (without depreciation)	8,966	**9,623**	7.3%
EBITDA	4,436	**4,684**	5.6%
Net Majority Income	1,645	**1,709**	3.9%
Basic Earnings per Share	1.71	**1.77**	3.5%
Outstanding Shares	963,917,211	**963,917,211**	
Share Price (Dec 31)	46.13	**42.30**	

CONSOLIDATED BALANCE SHEET

figures in millions of pesos

	2013	**2014**	**%**
Cash	443	**793**	79.2%
Inventories	6,744	**7,025**	4.2%
Fixed Assets (net)	26,000	**26,822**	3.2%
Total Assets	45,567	**46,094**	1.2%
Suppliers	10,780	**11,704**	8.6%
Total Liabilities	23,917	**22,725**	-5.0%
Majority Shareholder Investment	21,405	**23,129**	8.1%



CONSISTENT GROWTH

MILLIONS OF PESOS CAGR 14.4%

PRESENCE
in Mexico

↗216 STORES



- **164** TIENDAS CHEDRAUI
- **52** SÚPER CHEDRAUI
- **6** DISTRIBUTION CENTERS

PRESENCE
in the United States

↗ 49 STORES



- **49** EL SUPER
- **1** DISTRIBUTION CENTER



STORE DISTRIBUTION **MEXICO**

1	Aguascalientes	**1**	Hidalgo	**2**	San Luis Potosí
5	Baja California Sur	**7**	Jalisco	**1**	Sinaloa
6	Campeche	**2**	Michoacán	**17**	Tabasco
9	Chiapas	**4**	Morelos	**9**	Tamaulipas
17	Mexico City	**2**	Nayarit	**2**	Tlaxcala
1	Durango	**7**	Oaxaca	**39**	Veracruz
26	State of Mexico	**10**	Puebla	**9**	Yucatán
5	Guanajuato	**4**	Querétaro	**1**	Zacatecas
9	Guerrero	**20**	Quintana Roo		

DISTRIBUTION CENTERS

- **ZUMPANGO** in the State of Mexico
- **VILLAHERMOSA** in Tabasco
- **MONTERREY** in Nuevo León
- **LA PAZ** in Baja California Sur
- **GUADALAJARA** in Jalisco
- **CANCÚN** in Quintana Roo

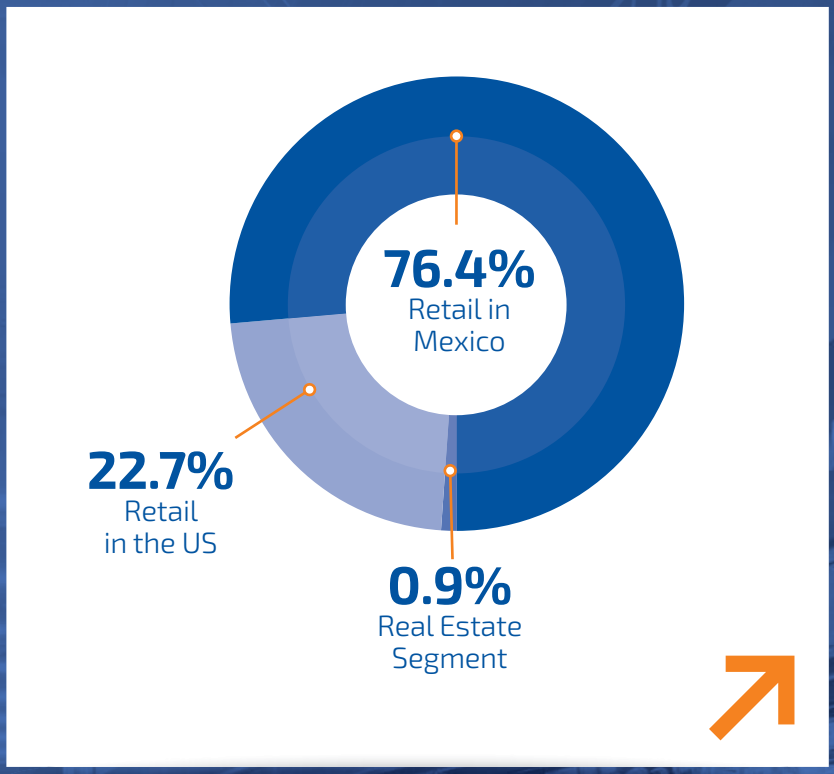
STORE DISTRIBUTION **UNITED STATES**

4	Arizona
43	California
2	Nevada

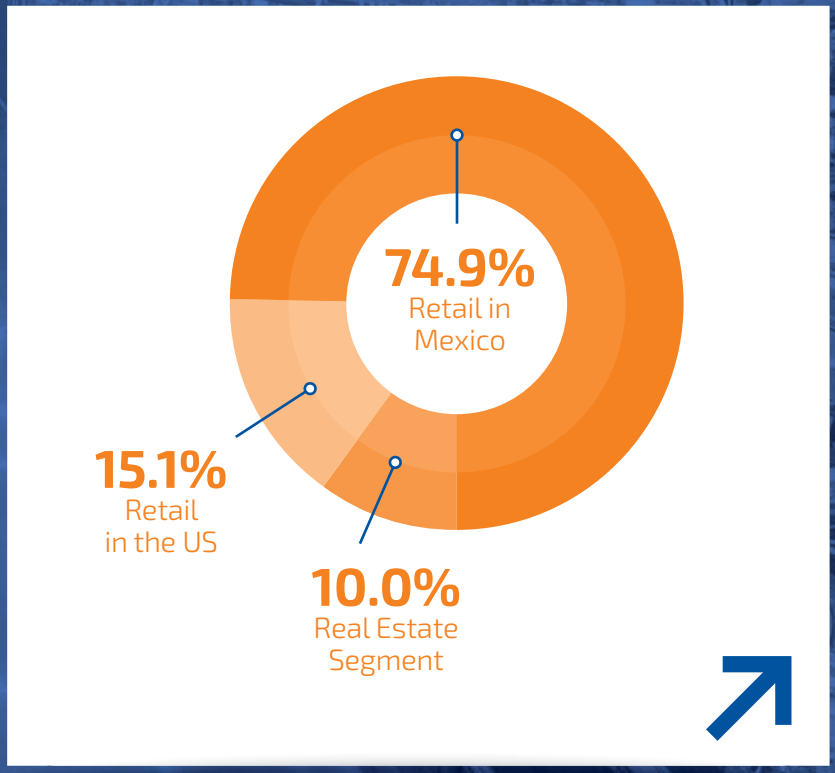
DISTRIBUTION CENTER

- **LOS ANGELES** in California

SALES
per segment



EBITDA
per segment



MESSAGE

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



Dear Shareholders,

As a result of the proper application of a solid business strategy, we achieved a 2.6% growth in same-store sales in Mexico, with which we outperformed both the sector and our competitors.

The global economic recovery that began in 2013 strengthened in 2014, although the growth rate still has not reached the expected momentum. Mexico, meanwhile, reported growth of 2.1% in 2014, higher than the 1.4% of the previous year but still below the almost 4.0% predicted at the beginning of the year. It should be noted that the passing of the structural reforms and their secondary laws will undoubtedly create favorable conditions for the expansion of the economy and consumption in the country.

Although the retail sector faced a complex year, Chedraui managed to successfully overcome the difficulties to further strengthen our position as the country's third largest retail chain.

Thus, we reported sales of $71,374 million, an increase of 7.5% compared to sales in 2013. The organic growth of our retail network was enhanced by the opening of nine stores, equivalent to a 2.4% increase in total sales floor area, to close the year with 265 stores in operation. Total capital investment (Capex) in 2014 was $2,094 million, and was channeled primarily to the expansion of our retail stores, as well as maintenance and technology solutions.

During the year, we rolled out business strategies that focus on better understanding the customer and their needs. Thus, we differentiated the assortment, so that each store has the right products based on the customers it receives, its location and competing

retailers. This ensures that each of our consumers finds, in their preferred store, th e variety they are looking for, with greater comfort, the best quality, and at the best price.

We also established a business strategy that includes mass promotions aimed at generating traffic, and promotions targeted to specific customers. These actions have generated a three-fold benefit for us, as customers buy more, buy items they would not previously buy and products that are strategic to Chedraui in terms of gross margin and inventory.

All this is reflected in our results. At the close of December 2014, we reached fifteen consecutive months of sales growth above the sector, and we improved the relationship with our business partners, the suppliers, by standardizing the way we trade, on a basis of mutual benefit.

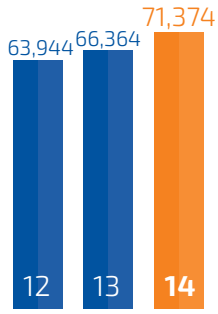
Two other elements have been crucial to implementing this new business strategy successfully: the committed engagement of our people and the effective use of technology. For one, our buyers have taken business courses to reach better agreements with suppliers; for the other, we have made better use of technological tools that give us strategic information while applying standardized work methodologies to ensure more accurate decision-making.

One of the objectives for 2015 is to work further on store segmentation by customer type and deepen customer knowledge, with the ongoing goal of making their shopping experience in any of our stores always the best. Another priority this year is the development of the omni-channel system to offer customers the opportunity to shop by telephone or by Internet.

The retail segment in the United States, meanwhile, which serves first, second, and third generation Mexicans in the southwest of the country, also had excellent results, posting a 2.3% growth in same-store sales. During 2014, we expanded our operations with the opening of four stores. Convinced of the potential of this business, we will continue to grow organically or through acquisitions in our area of influence.

In line with our other segments, the Chedraui Real Estate Division obtained promising results by the close of 2014 with a 95.6% occupancy rate. In addition to diversifying our portfolio, the real estate business is strategic for Chedraui because of it's contribution to the EBITDA, its growth potential, and because it complements the range of goods and services we provide our customers.

Our marketing strategy was essential to the robust sales growth we achieved in 2014



NET SALES
MILLIONS OF PESOS

▲ 7.5%



Operating efficiency and a solid financial management are key factors in our long-term profitability

▲ 5.6%

EBITDA
MILLIONS OF PESOS

We at Chedraui are convinced that our results must be accompanied by an equally solid social and environmental performance. We therefore maintain a deep commitment to sustainability.

Thus, the Chedraui Foundation contributes to community development in terms of health, nutrition, housing, education, welfare, and support for victims of natural disasters. During 2014, we helped victims of hurricane Odile in La Paz, Cabo San Lucas, and San José del Cabo, Baja California Sur. In total, the Chedraui Foundation granted $38,754,665 in resources to low-income sectors.

As to environmental care and protection during the year, we improved our efficiency in the use of several inputs with programs to save energy, paper, and cardboard, as well as campaigns for recycling and proper waste management. In short, energy efficiency initiatives saved us 6.83 million kW. It is worth mentioning that during 2014, 16.81% of our energy consumption came from non-polluting wind sources; at year-end this figure reached 80%, a very relevant number in terms of environmental care.



The year's successful operation and good results could not be explained without the close engagement of our near 36 thousand employees in Mexico and more than 4 thousand in the United States. We strive to match this commitment by offering the best possible work environment, which is why, for the third consecutive year, we have been considered one of the best companies to work for by the *Best Place to Work Institute Mexico*.

We would like to thank you, our shareholders, for the confidence you place year after year in the Board of Directors, which is key to achieving our business objectives.

In 2014, Chedraui showed that leadership is not only measured in size, but in the vocation to serve the customer in an increasingly better and more complete way. Today more than ever, we reiterate our commitment to making our mission to *"provide our customers with outstanding value by offering the products they desire at the lowest possible prices"*, a reality.

Alfredo Chedraui Obeso
CHAIRMAN OF THE BOARD OF DIRECTORS

José Antonio Chedraui Eguía
CHIEF EXECUTIVE OFFICER

Our business at a glance

CHEDRAUI TODAY

Chedraui

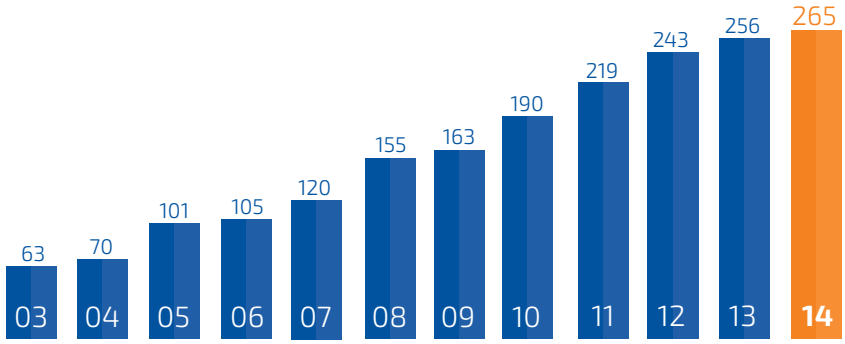
Chedraui is a publicly owned company with variable capital created under the name Grupo Comercial Chedraui, S.A.B. de C.V., that operates hypermarkets in Mexico and supermarkets in the United States and has a Real-Estate Division. In 2014 our total revenue amounted to $71,374 million, an increase of 7.5% over the previous year.

Chedraui's commercial strategy, in all its store formats, has three fundamental pillars: to provide the lowest **Prices**, the best store-by-store **Assortment** and the most gratifying **Shopping Experience** for its customers in clean, comfortable, and well-signed stores.

Retail in Mexico

In Mexico, Chedraui has 216 stores in 26 states, a network that positions us as the third biggest food retail chain in the country. The Group operates two retail formats: Tiendas Chedraui (164) and Súper Chedraui (52), which differ in size and depth of assortment. Selecto, meanwhile, is aimed at a higher socio-economic level with greater buying power, and has a wide selection of the highest quality products.

During 2014, the retail segment in Mexico saw a sales increase of 6.6% over the previous year, and contributed 76.4% of the Company's consolidated revenues.



HISTORIC GROWTH
CAGR STORES 14%

Retail in the United States

Our retail stores in the United States are located in three states in the southwest: California, Nevada, and Arizona. Their mission is to serve the growing market of first-, second-, and third-generation Mexicans. The network of 49 stores handles perishable goods and food and non-food groceries.

In line with our good profits for the year, retail in the United States has also seen a robust growth in sales of 11.0% compared to 2013, accounting for 22.7% of the Group's consolidated revenues.



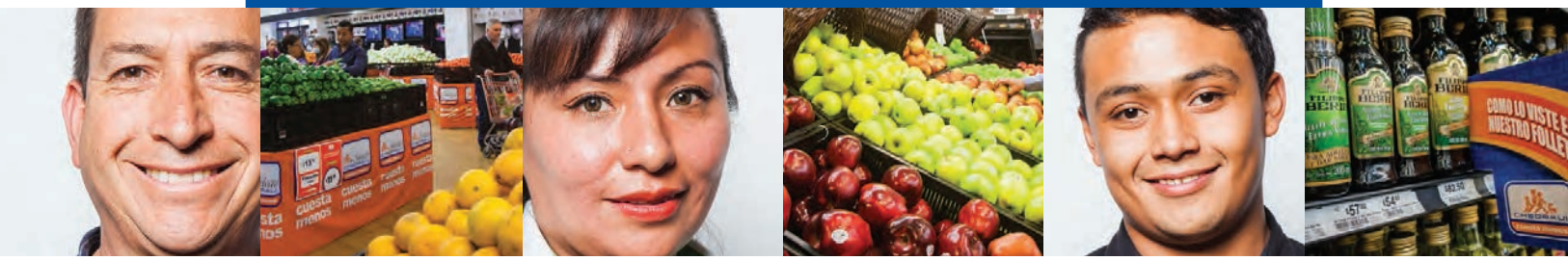
Real-Estate Business

The Real-Estate Division is responsible for locating and building our stores, remodeling the existing ones, and leasing commercial space in shopping malls where we have an anchor store. At the close of 2014, the segment had a leasable area of 295,413 m^2 and 95.6% occupancy rate.

During 2014 the real-estate segment contributed 0.9% of Chedraui's consolidated revenues.

THE CHEDRAUI

STRATEGY AND EXPERIENCE



In Chedraui, we have always distinguished ourselves by offering customers, stores where they will find the lowest prices, an assortment of products that best suits their needs, and greatest comfort, so that their shopping experience in any of our stores surpasses even the highest expectations. This characteristic differentiates us and is key to our business strategy.

To guarantee the lowest price, we conduct market checks on a daily basis in competitors' stores, both at local and central level and across a wide range of products. This practice enables our customers to be fully confident that they are buying at the best price regardless of the city or store they are visiting.

Our vision to provide the best store-by-store assortment is based on having a mix of products and brands that best satisfies the most diverse tastes and budgets, according to the preference and needs of each market. Thus, each store carries products that are differentiated based on its customers, the region where it is located, and close competitors. Tiendas Chedraui have an average of 66,000 product codes (SKUs), while Súper Chedraui offer an average of 29,000 SKUs, always under the strictest quality standards.

As a complementary value service to our customers, we receive payment of utility bills, property taxes, and pay television, among others, as well as credit card payments, cash withdrawals on debit cards and remittances from the United States. Finally, the cycle of an exceptional shopping experience is completed with the cleanliness, comfort, lighting, signage, and parking space offered in all our stores.

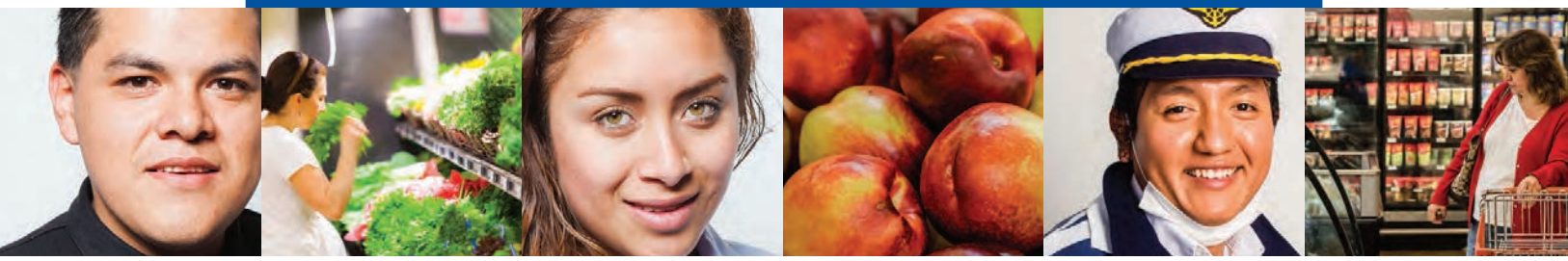
In addition to the above, we have updated our promotional strategy: we offer mass promotions to generate traffic but, at the same time, we have implemented smart promotions with instruments targeted to specific customers. As a result of this strategy, customers buy more, acquire products they would not usually buy and, more importantly, buy the articles we want to move.

The relationship with our suppliers, who we consider true business partners, is extremely important to the Company. For this reason, we have enhanced the way we collaborate with them through negotiations and more standardized processes, with the mutual conviction that a good deal for Chedraui also means a good deal for its suppliers.

Undoubtedly, the commercial strategy has contributed to the remarkable results we obtained in 2014. We see this not as a goal in itself, but rather as a solid foundation to continue on the path of long-term growth and profits. During 2015, we will work to deepen customer knowledge and store segmentation by customer type, as well as develop an omni-channel system to offer our customers the opportunity to shop by telephone or Internet.



RETAIL IN MEXICO



Our retail business in Mexico includes two formats of hypermarket that differ in size and depth of assortment: Tienda Chedraui and Súper Chedraui. The Selecto concept, meanwhile, is present in both formats and serves a stratum of the population with greater purchasing power.

In 2014, our business in Mexico reported robust growth, well above the market, confirming us as the country's third largest food retail chain. A solid commercial strategy based on best price, differentiated assortment and consumer knowledge has helped us add yet another year of growth above the market. Today, our customers can be confident that in the store of their choice, wherever it might be, they will find the assortment they are looking for, with the best quality and at the best price.

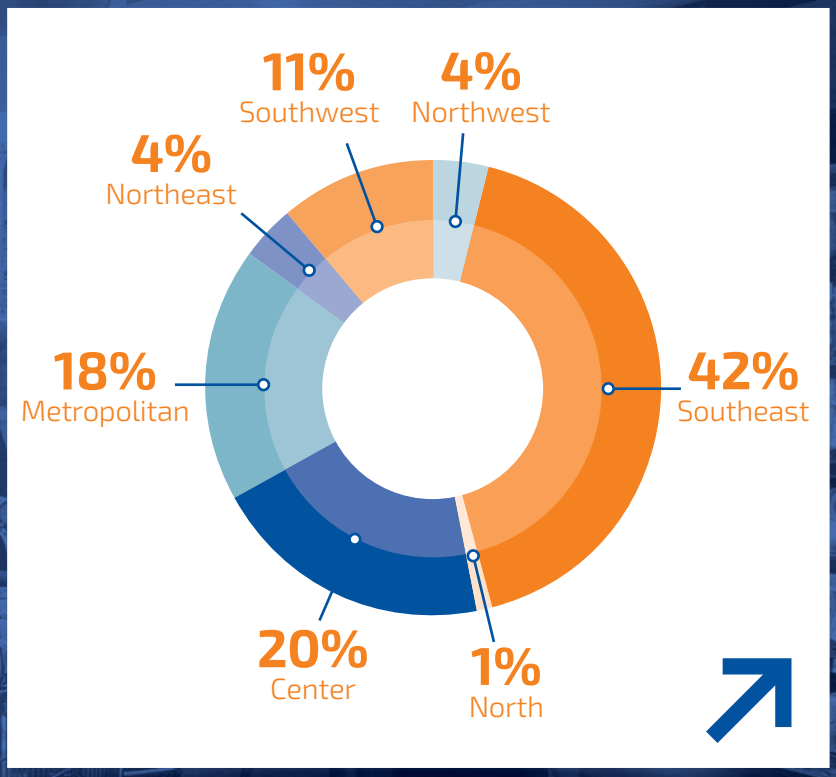
During the year, we maintained our organic growth strategy, with the opening of three Tiendas Chedraui and two Súper Chedraui, one of which is a Súper Chedraui Selecto in Cancún, Quintana Roo. These additions increase our total sales floor in Mexico by 1.7%. In short, Chedraui invested a total of $1,718 million in openings, remodeling and technology, improving our competitive position going forward.

Our retail business in Mexico reported revenues of $54,544 million in the year, a figure 6.6% higher than in 2013 and equivalent to 76.4% of the Company's consolidated revenues. This segment generated EBITDA in the amount of $3,508 million, 4.6% higher than in the previous year and 74.9% of the Group's consolidated EBITDA. The 2.6% growth in same store sales, driven largely by an increase in traffic, was 280 base points higher than that obtained by the market as a whole.

GEOGRAPHICAL DISTRIBUTION

ANTAD classification

In 2014 we further strengthened our position as the country's third largest food retail chain.

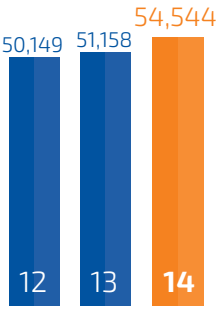


Store Formats

Tiendas Chedraui add up to 164 hypermarkets that carry food and non-food groceries, perishable goods, clothes, general merchandise and electronics. They are located in cities with a minimum of a hundred thousand residents, have an average 6,942 m^2 of sales floor, and a workforce of 27,839 people at the close of 2014. Ten of the Tiendas Chedraui operate under the Selecto concept.

Súper Chedraui comprise a network of 52 hypermarkets selling food and non-food groceries, perishable goods, general merchandise and electronics. Unlike Tiendas Chedraui, Súper Chedraui are located in cities of at least 25,000 residents and have an average sales floor of 2,078 m^2. As of December last year, these stores had 5,010 employees. Three of the Súper Chedraui operate under the Selecto concept.

In 2014 we achieved a solid growth, strongly outperforming our sector.



NET SALES
MILLIONS OF PESOS
▲ 6.6%



The constant growth in our EBITDA reflects our business's profitability.

▲ 4.6% **EBITDA**
MILLIONS OF PESOS









Distribution Centers

Our six distribution centers are a fundamental part of our operation, distributing 80% of the dry merchandise and 50% of the perishable goods we buy.

- **Zumpango, State of Mexico**

  Extension: 59,100 m^2

  Service capacity: 151 stores

  Merchandise: dry, refrigerated and frozen

  In 2014 it handled 53 million boxes of dry merchandise and 13 million boxes of fruit, vegetables and perishable goods.

  Docks: 169

- **La Paz, Baja California Sur**

  Extension: 506 m^2

  Service capacity: 5 stores

  Merchandise: dry and imported merchandise

  In 2014 it handled 180 thousand boxes of dry merchandise and 36 thousand boxes of imported merchandise.

  Docks: 4

- **Villahermosa, Tabasco**

  Extension: 60,457 m^2

  Service capacity: 151 stores

  Merchandise: dry, refrigerated and frozen

  In 2014 it handled 31 million boxes of dry merchandise and 8 million boxes of fruit, vegetables and perishable goods.

  Docks: 169

- **Guadalajara, Jalisco**

  Extension: 10,386 m^2

  Service capacity: 24 stores

  Merchandise: dry, refrigerated and frozen

  In 2014 it handled 7.6 million boxes of dry merchandise and 1.7 million boxes of perishable goods, fruit and vegetables.

  Docks: 30

- **Monterrey, Nuevo León**

  Extension: 883 m^2

  Service capacity: 11 stores

  Merchandise: dry and refrigerated

  In 2014 it handled 800 thousand boxes of dry merchandise and 2 million boxes of fruit, vegetables and perishable goods.

  Docks: 16

- **Cancún, Quintana Roo**

  Extension: 4,807 m^2

  Service capacity: 23 stores

  Merchandise: dry

  In 2014 it moved almost 1.5 million boxes of dry merchandise.

  Docks: 14



RETAIL IN THE UNITED STATES



Our retail segment in the United States serves customers of Mexican descent in California, Nevada, and Arizona, under the same strategy of offering the lowest price, best assortment, and greatest comfort that distinguishes the entire Group.

During the 2014 fiscal year, we increased the number of our stores by opening four new units. This takes our network of stores in the United States to 49 locations with an average sales floor of 3,652 m^2, which together amount to 178,954 m^2.

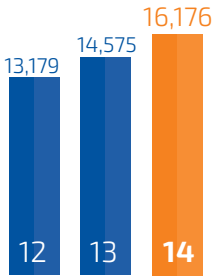
Our retail stores in the United States provide a balanced mix of high-quality groceries and perishable goods. They are supplied mainly from our distribution center in Los Angeles, California, which covers an area of 27,871 m^2 and handles 53% of total purchases in the retail business segment.

In line with the good results achieved throughout the Group, in 2014 our retail segment in the United States achieved sales of $16,176 million, 11.0% more than in 2013, contributed 22.7% of Chedraui's consolidated revenues, and managed a 2.3% growth in same-store sales. It generated EBITDA of $707 million, 11.5% more than the previous year, and equivalent to 15.1% of the consolidated EBITDA of the Group.

Today, we lead the market niche in the Los Angeles, California area. We expect the segment to continue its solid growth in the medium and long term in

virtue of the healthy demographic growth of the community we serve and the promising outlook for the North American economy. In light of this, we foresee further strengthening our competitive position either through the acquisition of existing stores under favorable conditions, or with organic growth in our area of influence.

Our retail segment in the United States achieved robust growth.



NET SALES
MILLIONS OF PESOS
11.0% ▲



REAL-ESTATE SEGMENT







Chedraui's Real-Estate Division is a strategic segment for the Group; as well as diversifying our business portfolio, it is responsible for three basic activities: managing the properties owned and leased by the Company; building and remodeling our retail stores in Mexico; and marketing and managing our shopping centers.

As of December 31, 2014 we had 39 shopping centers anchored by one of our stores, with a total leasable area of 295,413 m^2 and a total occupancy rate of 95.6%. The Real-Estate Division reported sales of $653 million in the year, a figure equal to 0.9% of the Group's revenues and 10% of consolidated EBITDA.

We expect this segment to continue to be an important source of income for the Company; indicators of demographic growth and domestic consumption in Mexico remain solid, and the varied mix of lines of business in our shopping centers are a valuable competitive advantage.



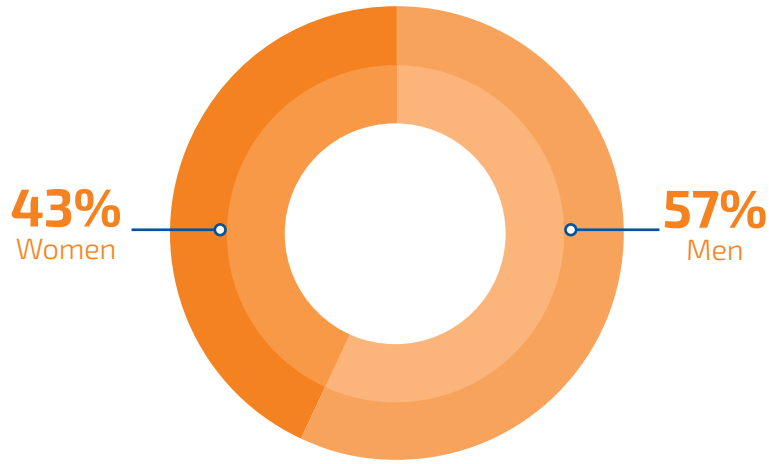
The Real-Estate segment contributed 10% of Chedraui's consolidated EBITDA

▲ 3.5% **NET REVENUES**
MILLIONS OF PESOS

OUR VALUES

Honesty, Commitment, Respect and Result-orientation

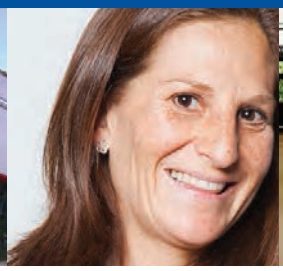
ASSOCIATES
by gender



41,365
Employees in Mexico and the United States

5,347
volunteer packers

SUSTAINABILITY




Sustainable operating has always been a distinguishing feature of Chedraui. For us, good economic performance, such as we reported in 2014, must go hand in hand with strong environmental and social performance, not just because it is ethically correct, but also because, from an economical point of view, we know that a sustainable business is a good long-term business.

With that in mind, to strengthen sustainability throughout the Group and provide better monitoring and attention to these major issues, the Board of Directors appointed Juan Félix Rodríguez Montemayor as advisor and Ignacio González Quirasco as Director of Sustainability and Social Responsibility.

Our People

In a year like the last, it is especially important to highlight the work of our employees; our results would not have been possible without their professionalism, commitment and daily effort. As of December 31, 2014 we had 41,365 employees, 57% men and 43% women, as well as 5,347 volunteer packers.

Since its creation, the Chedraui University has been an essential part of our human resources strategy. Through its virtual classrooms, our employees receive the necessary tools to perform their jobs optimally and thereby increase their productivity and efficiency. During 2014, they were provided 776,716 man-hours of training, which meant an investment of over $6 million.

Chedraui is a world-class company and, as such, we adhere to the highest standards in terms of employment and human rights. Thus, we provide a working environment that prioritizes health, safety, and team work, with no distinction whatsoever for race, gender,



religion, age, disability, or sexual preference. We respect and uphold respect for human rights unconditionally, hiring only people over the age of eighteen and ensuring equal opportunities for our employees in the hiring, training, development, and promotion processes.

In 2014, in recognition of the above and for the third consecutive year, the Great Place To Work Institute Mexico certified Chedraui as one of the best places to work, thereby strengthening our position as one of the top ten companies in the country in the category of companies with over five thousand employees. This is key to our strategy to attract and retain the best possible talent.

Environment

Our environmental efforts are focused on four strategies: optimizing energy consumption; saving and treating water; saving on the use of paper and cardboard; and programs to encourage recycling.

As far as efficient energy consumption, it is worth noting that during 2014, an average 16.81% of our energy consumption came from clean, non-polluting sources, saving us close to 7 million kW in the year. To put that in perspective, it is equivalent to stopping the emission of 3,761 tons of CO_2 and avoiding the felling of 376,090 trees. Suffice it to say that the implementation of effective savings programs enabled us to optimize our energy consumption.

Furthermore, during the year we reported savings of 126 million liters of water, enough to satisfy the needs of 6,904 Mexicans for one year. This was possible due to our water treatment plants, which in 2014 supplied a total of 86 million liters to health services, and to several awareness campaigns that we conducted among employees and customers.

During the year, we recycled a total of close to 28 thousand tons of cardboard, 1,346 tons of plastic wrap, and 8,367 print cartridges. With these specific, pro-environmental actions, we were able to avoid the consumption of 6 thousand barrels of oil and the felling of around 475 thousand trees, and save 112 million liters of water, all to the benefit of our ecosystem.

As well as our actions in the four guidelines mentioned above, all our stores use bags with biodegradable technology; similarly, throughout our operations, waste is handled and separated properly.








Sustainability in the United States

At year-end we had a workforce of 4,629 employees (49% men and 51% women) in our United States operations. Our training strategy also extends to this segment, and our employees here received training through an investment of US $581,766.

Environmentally, our stores already have fluorescent lights, which reduce greenhouse gas emissions and optimize energy consumption. With this and other actions to improve energy efficiency in 2014, we saved 1.5 million kW of electricity.

In line with the Group's strategy, we have initiated campaigns in the United States to save gas, water, paper, and cardboard. As a result, we have recycled almost 15 thousand tons of paper and cardboard, avoiding the felling of more than 250 thousand trees.

We know that one of the main causes of climate change is CO_2 emissions. For this reason, *El Super* has stepped up by purchasing thirty hybrid vehicles, an initiative which we expect to reduce CO_2 emissions by an average of 30 tons per year.



MISSION

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

VISION

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

CHEDRAUI FOUNDATION





Social responsibility has always been a priority strategy for our Company and we are aware of the importance our presence has on the communities where we operate. This commitment is clearly expressed in the initiatives of the Chedraui Foundation in terms of education, nutrition, health, housing, and support in the wake of natural disaster.

The issue of poverty present in some regions of the country makes nutrition a theme of particular importance. Thus, all our stores have donation programs to help families living in extreme poverty, the proceeds of which are delivered by welfare institutions. In 2014, Chedraui made food donations of almost 5 million kilos.

Our three *Liceos de Artes y Oficios, A.C.*, located in Xalapa, Villahermosa, and Veracruz, offer technical degrees, high school and other courses to give students more job opportunities, either with Chedraui or other organizations. Since their foundation, the *Liceos* have received more than 38 thousand students and enriched their professional outlook. During 2014, the teachers received evaluation and training to improve the quality of the education we provide.

Also in education, we continued the university scholarship program for students with good performance and limited resources at the *Universidad Veracruzana*.

We continue to collaborate with the Provivah Trust in terms of housing. During the year, we contributed to the construction of 150 homes in Reynosa, Tamaulipas and 140 in Morelia, Michoacán, to benefit 290 families without access to a loan for decent housing.



Health is also a priority issue. For several years we have contributed to various institutions, including the Federico Gómez Children's Hospital in Mexico City and *Ayúdame Hermano Tengo Cáncer A. C.* (AHTECA).

Many of our stores are located in areas which are hit year after year by natural disasters. In the year, we gave 4 million pesos in support to La Paz, Cabo San Lucas, and San José del Cabo, Baja California Sur, benefitting hundreds of affected families in the region.

In addition to our support and thanks to the confidence of our customers, we received more than 1.7 million pesos through the round-up campaigns in our stores. In conclusion, these acts of social responsibility by the Chedraui Foundation amounted to a total of $38,754,665 in support.

Social Responsibility in the United States

Our retail segment in the United States not only shares Chedraui's business philosophy, but also its solid social commitment. Thus, *El Super* has become an active and important community member in the southwest, working closely with authorities, educational institutions, and non-government organizations.

The total investment of *El Super* in pro-community actions in 2014 exceeded US $105 thousand.

MANAGEMENT'S DISCUSSION & ANALYSIS

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

Analysis and discussion of results for fiscal year 2014

Figures expressed in Mexican pesos, unless otherwise stated.

Net Sales

During 2014, our revenue increased by 7.5% over 2013, going from $66,364 million to $71,374 million. This increase came as a result of the three business segments discussed below:

- RETAIL IN MEXICO:
  Sales in our retail operations in Mexico grew 6.6% over the previous year, rising from $51,158 million in 2013 to $54,544 million in 2014, derived from a 2.6% increase in same-store sales and the incorporation of five new stores during the year which meant a 1.7% growth in sales floor.

- RETAIL IN THE UNITED STATES:
  Our retail operation in the United States reported a growth of 11.0% over last year's figures, going from $14,575 million in 2013 to $16,176 million in 2014, as a result of the incorporation of four new stores during the year and an increase in same-store sales over the same weeks of 2.3% in dollars.

- REAL-ESTATE SEGMENT:
  Operations in the real-estate business grew 3.5% in relation to revenue from the previous year, going from $631 million in 2013 to $653 million in 2014, as a result of increases in leasing contracts similar to inflation and a higher occupancy rate.

Gross Profit

The consolidated gross profit was $14,307 million and grew 6.8% compared to 2013, resulting in a gross-profit margin of 20.0%, 15 basis points lower than the 20.2% obtained in 2013. This drop in basis points came as a result of increased promotional activity in the retail business in Mexico, particularly in the fourth quarter of 2014.



Operating Expenses

Consolidated operating expenses, excluding depreciation and amortization, reached $9,623 million, 7.3% higher than the $8,966 million incurred in 2013. 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 $4,684 million, 5.6% above the $4,436 million achieved in 2013. The EBITDA margin was 6.6%.

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

- **RETAIL IN MEXICO:**
  EBITDA achieved in retail in Mexico was $3,508 million, 4.6% higher than the $3,353 million in 2013, and represented a margin on sales of 6.4%.

- **RETAIL IN THE UNITED STATES:**
  The retail division in the United States reached an EBITDA of $707 million, 11.5% higher than the $634 million achieved in 2013, with a margin on sales of 4.4%.

- **REAL-ESTATE BUSINESS:**
  EBITDA achieved in the Real-Estate Division was $469 million, 4.6% higher than the $449 million obtained in 2013 and represented a margin on sales of 71.9%.



Financing Cost

Due to lower interest rates, as well as a lower average debt rate than in 2013, the financing cost reached $898 million, 2.0% less than the $916 million incurred in 2013 and represented 1.3% on sales.

Income Tax

For the 2014 fiscal year, the official tax rate remained at 30.0%, whereas the Group's rate went from 22.0% in 2013 to 31.0% in 2014. Income taxes in 2014 amounted to $792 million, 64.4% higher than the $482 million generated in 2013.

Net Profit

Lastly, consolidated net profit reached $1,762 million, up 3.2% compared to the $1,708 million obtained in 2013, with a 2.5% margin on sales.

Debt and Capital Expenditures

Net interest-bearing bank debt as of December 31, 2014 ended at $3,371 million, falling by 19.1% compared to the $4,168 million at the close of 2013, and represented a Net Bank Debt/EBITDA ratio of 0.72 times.

Capital expenditures, including real estate, store, and IT equipment and intangible assets, amounted to $2,094 million and allowed us to open five stores in Mexico and four in the United States.

SENIOR EXECUTIVES

José Antonio Chedraui Eguía

CHIEF EXECUTIVE OFFICER

José Antonio Chedraui Eguía has worked at Chedraui for the past 25 years and has been a member of the Board and CEO since January 1995. Prior to this position, he served as CEO of our Galas division. Mr. José Antonio Chedraui Eguía has a Degree in Accounting and Finance from *Universidad Anáhuac*.

Pedro Benítez Obeso

DIRECTOR OF OPERATIONS AND REAL ESTATE ADMINISTRATION

Pedro Benítez Obeso holds a Degree in Business Administration from *Universidad Iberoamericana*. Mr. Benitez has served as Director of Operations and Real Estate Administration since August 2006 and has worked at Chedraui for 31 years.

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 20 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 14 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 15 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 D irector since September 2012, and has worked at Chedraui for 14 years

Ignacio Gonzalez 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 6 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 21 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 28 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 25 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 has worked at Chedraui for the past 22 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 4 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.

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, 2014.

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, 2014 and the degree of adherence to applicable accounting standards, taking into account that Galaz, Yamazaki, Ruiz Urquiza, S.C., a member of Deloitte Touche Tohmatsu and its partner, Francisco Javier Pérez Cisneros in charge of the audit, fulfill the necessary

requisites of professional quality and have the independence of intellectual and economic action that is required to audit the financial statements of the Company and its subsidiaries.

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

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

e. The Committee likewise prepared the opinion referred to in Article 28, section IV, paragraph c) of the Securities Market Law for subsequent presentation to the Shareholders' Meeting with respect to the audited consolidated financial statements of the Company and Its subsidiaries at December 31, 2014 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, 2014 be approved so that they may be included in the Annual Report of the Chief Executive Officer for fiscal year 2014 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


Súper
Chedraui
cuesta menos

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

CONSOLIDATED FINANCIAL STATEMENTS

for the Years Ended December 31, 2014 and 2013, and Independent Auditors' Report Dated February 19, 2015.



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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, 2014 and 2013, and the consolidated statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2014 and 2013, 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, 2014 and 2013, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited



C.P.C. Juan Antonio Rodríguez Espínola

MÉXICO CITY, MÉXICO

FEBRUARY 19, 2015

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2014 AND 2013

(IN THOUSANDS OF MEXICAN PESOS)

Assets	NOTES	2014	2013
Current assets:			
Cash		$ 793,162	$ 442,574
Accounts and notes receivable - Net	5	671,798	633,052
Recoverable taxes	6	1,366,042	1,934,855
Accounts receivable from related parties	25	43,792	42,707
Inventories – Net	8	7,024,812	6,743,752
Total current assets		9,899,606	9,796,940
Non-current assets:			
Property and equipment - Net	9	26,822,221	26,000,455
Investment properties	10	5,559,877	5,424,586
Investments in shares of associated entities		20,113	22,990
Other assets – Net	11	2,381,984	2,394,361
Long-term accounts receivable	19	89,053	89,053
Deferred income taxes	28	1,321,207	1,838,763
Total non-current assets		36,194,455	35,770,208
Total		$ 46,094,061	$ 45,567,148

The accompanying notes are part of the consolidated financial statements.

Liabilities and stockholders' equity	NOTES	2014	2013
Current liabilities:			
Accounts and notes payable to suppliers	12	$ 10,137,313	$ 9,374,419
Factoring Corporativo, S.A. de C.V. – supplier related party	12	1,566,330	1,405,537
Loans from financial institutions	14	-	46,740
Current portion of long-term liabilities	15	1,264,926	592,930
Accrued taxes and expenses		2,675,158	2,991,385
Total current liabilities		15,643,727	14,411,011
Non-current liabilities:			
Long-term bank loans	15	2,899,533	3,970,685
Lease obligations	13	315,765	434,253
Employee benefits	16	392,708	340,742
Derivative financial instruments	18	135,972	294,812
Collection rights of trust contracts	19	885,523	932,049
Income tax		2,211,403	3,317,105
Other long-term liabilities		240,291	216,687
Total non-current liabilities		7,081,195	9,506,333
Total liabilities		22,724,922	23,917,344
Stockholders' equity:	20		
Common stock		252,120	252,120
Share placement premium		4,079,399	4,183,289
Retained earnings		18,807,561	17,146,048
Equity-settled employee benefits reserve		(28,964)	(11,474)
Cumulative translation adjustment		172,473	48,482
Effect from recognizing the valuation of derivative instruments		(153,298)	(213,430)
Controlling interest		23,129,291	21,405,035
Non-controlling interest		239,848	244,769
Total stockholders' equity		23,369,139	21,649,804
Total		$ 46,094,061	$ 45,567,148

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(IN THOUSANDS OF MEXICAN PESOS)

	NOTES	2014	2013
Income:			
Net sales	30	$ 71,373,528	$ 66,363,770
Cost of sales		57,066,889	52,962,017
Gross profit		14,306,639	13,401,753
Operating expenses:			
Wages		4,416,840	3,761,581
Professional services		1,309,340	1,525,513
Advertising and publicity		855,148	759,272
Maintenance		531,496	497,881
Electricity		1,162,045	1,064,208
Leases		687,512	661,386
Depreciation and amortization		1,231,242	1,329,258
Other expenses		660,503	696,309
Total operating expenses		10,854,126	10,295,408
Income from operations		3,452,513	3,106,345
Interest expense		(493,069)	(614,560)
Interest income		42,045	59,268
Exchange income - Net		4,631	11,478
Other financial costs		(451,740)	(372,483)
		(898,133)	(916,297)
Profit before income taxes		2,554,380	2,190,048
Income taxes expense	28	791,929	481,810
Consolidated net profit		$ 1,762,451	$ 1,708,238
Controlling interest		$ 1,708,710	$ 1,644,926
Non-controlling interest		53,741	63,312
Consolidated net profit		$ 1,762,451	$ 1,708,238

(Continued)

	2014	2013
Consolidated net profit	$ 1,762,451	$ 1,708,238
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss:		
Changes in actuarial assumptions	(17,490)	38,299
Items that may be reclassified subsequently to profit or loss:		
Cumulative translation effects	123,991	3,373
Effect from recognizing the valuation of derivative instruments	60,132	53,258
Consolidated net comprehensive income of the year	$ 1,929,084	$ 1,803,168
Controlling interest	$ 1,875,343	$ 1,739,856
Non-controlling interest (Note 23)	53,741	63,312
Comprehensive income for the year	$ 1,929,084	$ 1,803,168

The accompanying notes are part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(IN THOUSANDS OF PESOS)

	Stockholders' equity		Retained earnings
	Common Stock	Net share placement premium	Retained earnings
Balance at January 1, 2013	$ 252,120	$ 4,192,010	$ 16,066,202
Dividends paid	-	-	(471,551)
Comprehensive income	-	-	1,644,926
Movements of of non-controlling interest	-	(8,721)	(93,529)
Balance at December 31, 2013	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

The accompanying notes are part of the consolidated financial statements.

Other items of comprehensive income				
Changes in actuarial assumptions	Cumulative translation adjustment	Effect from recognizing the valuation of derivative instruments	Non-controlling interest	Total
$ (49,773)	$ 45,109	$ (266,688)	$ 228,694	$ 20,467,674
-	-	-	-	(471,551)
38,299	3,373	53,258	63,312	1,803,168
-	-	-	(47,237)	(149,487)
(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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(IN THOUSANDS OF MEXICAN PESOS)

	2014	2013
Operating activities:		
Profit before income taxes	$ 2,554,380	$ 2,190,048
Items related to investment activities:		
Depreciation and amortization	1,250,697	1,332,073
Adjustment on revaluation of investment properties	(25,941)	(20,072)
Loss (gain) from sale of property and equipment	9,818	(63,354)
Interest received	(42,045)	(59,268)
Revaluation of derivative instruments	(98,707)	(14,691)
Interest paid	493,069	614,560
	4,141,271	3,979,296
(Increase) decrease of:		
Accounts and notes receivable - Net	98,596	(403,668)
Inventories – Net	(281,060)	(90,616)
Other assets – Net	491,670	839,410
Accounts receivable from related parties – Net	-	10,557
Increase (decrease) of:		
Accounts and notes payable to suppliers	923,687	256,392
Other accounts payable and taxes	(1,671,636)	(287,522)
Change in employee benefits	34,476	36,019
Net cash flows generated by operating activities	3,737,004	4,339,867
Investment activities:		
Acquisition of property and equipment	(2,144,164)	(2,208,281)
Sale of property and equipment	68,142	114,242
Acquisition of other assets	(164,517)	(116,666)
Interest gain	42,045	59,268
Net cash flows used in investment activities	(2,198,494)	(2,151,437)
Financing activities:		
Loan payment	(445,896)	(1,035,894)
Interest paid	(493,069)	(601,389)
Dividends paid	-	(471,551)
Dividends received	1,814	1,299
Lease obligations	(118,489)	(173,811)
Acquisition of non-controlling interest	(209,749)	(149,486)
Payment of obligations related to the right of trust contract collection rights	(46,525)	(27,315)
Net cash flows used in financing activities	(1,311,914)	(2,458,147)
Net increase (decrease) of cash	226,596	(249,645)
Effects from cash value changes	123,992	3,373
Cash at the beginning of the year	442,574	688,846
Cash at the end of the year	$ 793,162	$ 442,574

The accompanying notes are part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(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. New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Entity has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 19. *Defined Benefit Plans: Employees' Contributions of*
Annual Improvements to IFRSs 2010-2012 Cycle
Annual Improvements to IFRSs 2011-2013 Cycle
Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

The Entity's management concluded that the implementation of these modifications and amendments had no significant effects on the Entity's consolidated financial statements.

c. ***New and revised IFRSs in issue but not yet effective***

The Group 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.

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Changes in the Group's ownership interests in existing subsidiaries

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

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

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.	99.99%	A chain of 216 self-service stores specializing in the marketing of groceries, clothing and general goods, and which includes 52 self-service stores operating under the Super Chedraui commercial name.
Real estate division	99.99%	A group of companies engaged in the acquisition, construction, marketing and lease of real property used for real estate activities.
Services division	99.99%	A group of companies providing administrative, goods transportation and personnel services.
Bodega Latina Co.	83.36%	A chain of self-service stores with 49 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.

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	
		2014	2013	**2014**	2013	**2014**	2013
Bodega Latina Co.	USA	**83.36%**	81.40%	**$ 52,196**	$ 57,578	**$ 239,848**	$ 244,769

(i) The Entity owns 83.36% 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.

	2014	2013
Current assets	$ 852,832	$ 706,652
Non-current assets	$ 2,914,843	$ 2,399,920
Current liabilities	$ 1,635,745	$ 1,046,612
Non-current liabilities	$ 676,370	$ 893,397
Stockholders' equity	$ 1,455,560	$ 1,166,562
Non-controlling interest	$ 239,848	$ 244,769

	2014	2013
Revenue	$ 16,176,498	$ 14,575,087
Expenses	15,862,851	14,265,565
Net income of the year	313,647	309,522
Profit for the year attributable to owners of the Entity	261,451	251,944
Profit for the year attributable to non-.controlling interests	52,196	57,578
Net income of the year	313,647	309,522

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	2014	2013
Net cash flows from operating activities	$ 687,334	$ 563,501
Net cash flows from investing activities	$ (551,726)	$ (237,367)
Net cash flows from financing activities	$ (201,003)	$ (344,902)
Net decrease in cash	$ (65,395)	$ (18,768)

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 initial direct costs incurred to negotiate and agree an operating lease are added to the book value of the leased asset and recognized by means of the straight line method throughout the lease period.

– The Entity as leaseholder

Assets maintained under financial leases are recognized as the Entity's assets at their

fair value at the start of the lease period or, if this amount is lower, at the current value of minimum lease payments. The liability payable to the lessor is included in the consolidated statement of changes in financial position as a liability resulting from lease obligations.

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

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

j. ***Foreign currency transactions -*** In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. The conversion to the reporting currency is performed in accordance with accounting policies shown above

k. ***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.

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

For defined benefit retirement benefit plans, including seniority premiums and pensions, 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:

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- 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.

m. ***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. Until December 31, 2013, current income tax was calculated as the higher of the ISR and the Business Flat Tax ("IETU").

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.

n. ***Property and equipment***

Property and equipment are initially recorded at cost.

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

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

Freehold land is not depreciated.

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

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

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

An item of property 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.

o. ***Investment property***

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

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

p. ***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.

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

At the date of issuance of the consolidated financial statements, the Entity has not presented evidence of impairment at December 31, 2014 and 2013 that required adjustment to the value of their investments.

q. ***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.

r. ***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.

s. ***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.

t. *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

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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.

u. ***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.

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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.

v. ***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.

b. ***Key sources of uncertainty in the estimates***

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

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

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

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

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

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

- 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.

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5. Accounts and notes receivable – Net

	2014	2013
Customers	$ 617,102	$ 570,885
Allowance for doubtful accounts	(6,390)	(8,587)
	610,712	562,298
Sundry debtors	48,234	55,694
Notes receivable	12,852	15,060
	$ 671,798	$ 633,052

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:

	2014	2013
At 30 days	$ 21,307	$ 10,978
31 – 60 days	17,914	6,450
61 – 90 days	3,997	10,203
More than 90 days	30,560	36,841
Total	$ 73,778	$ 64,472

6. Recoverable taxes

	2014	2013
Recoverable income tax and tlat Tax	$ 4,562	$ 127,301
Tax on cash deposits	493	129,195
Creditable and recoverable taxes, mainly Value Added Tax	1,360,987	1,660,330
Creditable value recoverable added tax and excise tax	-	18,029
	$ 1,366,042	$ 1,934,855

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, 2014, 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 $738 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 2014 and based on the interest rate collars discussed above, the Entity paid an 11.13% rate and received a 3.29% 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.

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

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

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

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

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

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

8. Inventories

	2014	2013
Finished goods	$ 6,850,869	$ 6,563,788
Raw materials	198,586	202,466
Production in process	15,040	6,473
Others	49,636	55,193
	7,114,131	6,827,920
Inventory reserve	(89,319)	(84,168)
	$ 7,024,812	$ 6,743,752
Reserve at January 1,	$ 84,168	$ 67,693
Reserve created during the year	368,494	345,204
Reserve canceled during the year	(363,343)	(328,729)
Reserve at December 31,	$ 89,319	$ 84,168

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, 2013	$ 17,597,962	$ 7,360,298	$ 1,714,355	$ 120,220	$ 467,016	$ 5,536,102	$ 32,795,953
Acquisitions	1,072,348	507,222	76,890	28,021	418,437	66,720	2,169,638
Exchange rate differences - Net	7,660	5,466	58	-	47	-	13,231
Disposals	(52,767)	(261,601)	(49,897)	(7,439)	-	(10,605)	(382,309)
Transfers	117,631	135,891	21,187	1,852	(487,305)	84,813	(125,931)
Balance at December 31, 2013	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
Exchange rate differences - Net	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	$ 5,634,885	$ 36,357,428

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Depreciation	Building	Store equipment	Furniture and fixtures	Vehicles	Construction in progress	Land	Total
Balance as of January 1, 2013	$ (3,144,618)	$ (3,171,209)	$ (1,255,270)	$ (76,225)	$ -	$ -	$ (7,647,322)
Expense from depreciation	(364,684)	(516,108)	(248,963)	(25,539)	-	-	(1,155,294)
Disposals	26,594	249,892	49,585	6,418	-	-	332,489
Balance as of December 31, 2013	(3,482,708)	(3,437,425)	(1,454,648)	(95,346)	-	-	(8,470,127)
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)
Totals as of December 31, 2013	$ 15,260,126	$ 4,309,851	$ 307,945	$ 47,308	$ 398,195	$ 5,677,030	$ 26,000,455
Totals as of December 31, 2014	$ 15,757,049	$ 4,448,664	$ 312,003	$ 32,169	$ 637,452	$ 5,634,885	$ 26,822,221

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

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

(1) Presented within the furniture and fixtures heading

10. Investment properties

	2014	2013
Fair value of investment properties	$ 5,559,877	$ 5,424,586
Balances at the beginning of the year	$ 5,424,586	$ 5,274,314
Acquisitions	-	5,340
Disposals	-	(1,071)
Trasnfers from property and equipment	109,350	125,931
Net gains on property revaluation	25,941	20,072
Balances at year end	$ 5,559,877	$ 5,424,586

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.

Details of the investment properties of the Entity and information about the fair value hierarchy at December 31, 2014 are shown below:

	Level 3 2014 fair value	Level 3 2013 fair value
Commercial centers in Mexico	$ 5,559,877	$ 5,424,586

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	Long term 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. Other assets – Net

	2014	2013
Guarantee deposits	$ 395,335	$ 329,312
Goodwill (1)	920,093	843,815
Other long-term assets – mainly prepaids	652,645	856,230
	1,968,073	2,029,357
Intangible		
Software and licenses	1,406,563	1,231,836
Accumulated amortization	(992,652)	(866,832)
	413,911	365,004
	$ 2,381,984	$ 2,394,361

(1) Represents the excess of the price paid on the market value of the assets and assumed liabilities of 26 stores located in southern Los Angeles California, and 3 stores located in Baja California Sur, Mexico, so they have been considered as an asset intangible. Goodwill is subject to impairment testing at least annually. At December 31, 2014 and 2013, there were no indications of impairment.

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Reconciliation of intangibles is as follows:

Cost	2014	2013
Balance as of January 1	$ 1,231,836	$ 1,132,325
Transfers from property and equipment	8,994	-
Acquisitions	165,733	99,511
Balance as of December 31	$ 1,406,563	$ 1,231,836

Amortization	2014	2013
Balance as of January 1	$ (866,832)	$ (687,875)
Amortization Cost	(125,820)	(178,957)
Balance as of December 31	$ (992,652)	$ (866,832)

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, 2014 and 2013, the Entity's debt obligation is composed as follows:

	2014	2013
Current	$ 2,092,621	$ 1,639,075
At 30 days	5,058,124	4,864,286
At 60 days	2,753,008	2,614,901
At 90 days	1,225,097	1,235,545
More than 90 days	574,793	426,149
	$ 11,703,643	$ 10,779,956

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	
	2014	2013	**2014**	2013
Less than one year	**$ 228,333**	$ 217,714	**$ 210,061**	$ 182,873
Between one and five years	**96,276**	269,458	**90,677**	251,380
More than five years	**15,460**	-	**15,027**	-
	340,069	487,172	**315,765**	434,253
Less future financing charges	**(24,304)**	(52,919)	-	-
Current value of minimum lease payments	**$ 315,765**	$ 434,253	**$ 315,765**	$ 434,253

14. Loans from financial institutions

	2014	2013
Promissory note payable to BBVA Bancomer, S. A., Institución de Banca Múltiple, which enables the Entity to acquire working capital at an annual interest rate of 4.37% and with maturity on January 2, 2014.	**$ -**	$ 30,000
Credit line contracted with Santander, S.A., which allows the Entity to acquire working capital at the interest rate of 4.90%, with maturity on March 17, 2014.	**-**	16,740
	$ -	$ 46,740

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15. Long-term bank loans

	2014	2013
Loan from ScotiaBank Inverlat, S.A. warranted by several significant subsidiaries at an annual rate of TIIE plus 0.60%, with payment of principal beginning on August, 2015, with expiration on August 2, 2017. The rate charged as of December 31, 2014 and 2013 was 3.91% and 3.79%, respectively.	1,750,000	1,750,000
Loan from BBVA Bancomer, S.A. (BBVA), warranted by several significant subsidiaries at a rate of TIIE plus 1.10 percentage points, with a five-year grace period for payment of principal as of September 13, 2007. The same contract was amended by simple opening credit of $ 1,500,000 with effect from February 2, 2017 and payable by 16 quarterly installments from March 29, 2013. To a TIIE plus 1.1 to 2.5 percentage points. The rate charged as of December 31, 2014 and 2013 was 4.41% and 4.9%, respectively.	1,230,000	1,410,000
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, 2014 and 2013 was 6.48% in both years, according to contracted derivative instrument.	328,001	485,699
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, 2014 and 2013 was 2.75% in both years.	646,201	656,386
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, 2014 and 2013 was 4.48% and 4.99%, respectively.	210,257	261,530
Long-term liabilities	4,164,459	4,563,615
Less – current portion	1,264,926	592,930
	$ 2,899,533	$ 3,970,685

At December 31, 2014 and 2013, the Entity was in compliance with the covenants set forth in each of the contracts.

16. Employee benefits

a. *Defined contribution plans*

The Entity by law make payments equivalent to 2% of wage workers integrated (ceiling) plan defined contribution savings system of retirement establish by the law. The related expense was $47,132 and $37,446 in 2014 and 2013, 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.

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

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

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

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

	2014 %	2013 %
Discount of the projected benefit obligation at present value	**8.50%**	8.50%
Salary increase	**4.50%**	4.50%
Salary increase (minimum by law)	**3.50%**	3.50%

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Unamortized items are applied during the year.

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

	2014	2013
Service cost:		
Current service cost	$ 41,346	$ 37,388
Net interest expense	26,086	13,171
	$ 67,432	$ 50,559
Remeasurement on the net defined benefit liability:		
Actuarial (gains) arising from changes in demographic assumptions	$ (3,579)	$ (34,839)
Actuarial losses (gains) arising from experience adjustments	22,506	(3,460)
Total	$ 18,927	$ (38,299)

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:***

	2014	2013
Defined benefit obligation	$ 366,335	$ 316,786
Bodega Latina Co. liabilities	26,373	23,956
Net projected liability	$ 392,708	$ 340,742

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

	2014	2013
Present value of the defined benefit obligation as of January 1,	$ 340,742	$ 347,073
Current service cost	67,432	50,559
Payments made against the reserve	(34,393)	(18,591)
Cost recognized through comprehensive income	18,927	(38,299)
Present value of the defined benefit obligation as of December 31,	$ 392,708	$ 340,742

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 $33,847.

If the expected salary growth decreases by 1%, the defined benefit obligation would decrease by $26,436.

If the life expectancy increases by one year for both men and women, the defined benefit obligation would increase by $1,420.

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

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

17. Acquisition of non-controlling interest

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

- 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.

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18. 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 2013.

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 and 15 offset by cash and cash equivalents) and equity of the Entity (comprising issued capital, reserves, and retained earnings as detailed in Note 20).

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

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

i. Gearing ratio

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

	2014	2013
Debt (ii)	$ 4,164,459	$ 4,610,355
Cash	793,162	442,574
Net debt	$ 3,371,297	$ 4,167,781
Equity (iii)	$ 23,129,291	$ 21,405,035
Net debt to equity ratio	14.6%	19.5%

ii. Debt is defined as long- and short-term borrowings, as described in Notes 14 and 15.

iii. Equity includes all capital and reserves of the Group that are managed as capita

b. *Financial instrument categories*

	2014	2013
Financial assets		
Cash	$ 793,162	$ 442,574
Loans and receivables:		
Accounts and notes receivable - Net	671,798	633,052
Accounts receivable from related parties	43,792	42,707
Long-term accounts receivable	89,053	89,053
Financial liabilities		
At amortized cost:		
Accounts and notes payable to suppliers	$ 11,703,643	$ 10,779,956
Loans from financial institutions	-	46,740
Current portion of long-term debt	1,264,926	592,930
Long-term bank loan	2,899,533	3,970,685
Collection rights of trust contracts	885,523	932,049
At fair value:		
Derivative financial instruments	135,972	294,812
Lease obligations	315,765	434,253

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. The Entity identifies, assesses and hedges financial risks in collaboration with its subsidiaries. The Board of Directors has approved written policies of a general nature with respect to the management of financial risks, as well as policies and limits associated to other specific risks; guidelines for



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permissible losses, when the use of certain derivative financial instruments is approved, or when such instruments can be designated as hedges, or when they do not qualify for hedge accounting, but rather for trading, and certain interest rate and / or foreign currency forwards and swaps that have been contracted. Compliance by the Entity's management of established policies and exposure limits is reviewed by internal audit on an ongoing basis.

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

	2014	2013
Assets	$ 100,143	$ 88,351
Liabilities	(206,746)	(213,820)
Net US dollar liabilities	$ (106,603)	$ (125,469)
Year-end exchange rate (MXP per 1USD)	14.74	13.08

- Approximately 1.58% of goods inventories were imported by the Entity in 2014 and 1.41% in 2013.

- Transactions in thousands of US dollars as of December 31, 2014 and 2013 include import purchases of $61,455 and $57,017, respectively.

- **Foreign currency sensitivity analysis**

  The Entity is mainly exposed to the US dollar.

  The following analysis details the Entity's sensitivity to a 10% increase and/or decrease in the Mexican peso to US dollar exchange rate. Such fluctuation represents management's

assessment of the possible fair change in the exchange rate. The sensitivity analysis only includes the monetary position at the end of the period, eliminating the US$36.5 million liabilities whose fluctuation is covered with a financial instrument. The sensitivity analysis includes external loans as well as foreign transaction loans within the Entity where the loan is denominated in a currency other than that of the borrower or the lender, regardless of the elimination of intercompany balances in consolidation. When the Mexican peso appreciates 10% against the US dollar, there is an increase in results and stockholders' equity. When the Mexican peso depreciates, there is a decrease in results and stockholders' equity.

The exchange parity variance results in an adjustment of $103,237 and $89,400 for the years ended December 31, 2014 and 2013, 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

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 for both derivative and non-derivative instruments at the end of the reporting period. For variable rate liabilities, an analysis is prepared assuming that the liability amount is in effect at the end of the period. An increase or decrease of 10% over the average annual rate would represent management's assessment of the possible fair change in interest rates. If the interest rates had been 100 basis points above/below and all other variables had remained constant, the result and stockholders' equity would have varied by $6,944 and $12,630 as of December 31, 2014 and 2013, respectively.

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

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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. Note 5 includes a breakdown of accounts receivable. The maximum exposure to credit risk as of December 31, 2014 and 2013 is $617,102 and $570,885, 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 15. The Entity prepares financial runs to quarterly estimate its cash flows.

The following tables as of December 31, 2014 and 2013 show the Entity's remaining contractual maturities for non-derivative financial liabilities with agreed-upon payment periods. The tables have been designed based on the non-discounted cash flows of the financial liabilities as of the most recent date on which the Entity must make payments; consequently, they include both principal and interest cash flows, as applicable. Insofar as interest is calculated at a variable rate, the non-discounted amount derives from the interest rate curves at the end of the reporting period. Contractual maturities are based on the minimum date on which the Entity must make the payment:

2014	Less than one year	One to less than five years	Over five years	Total
Long-term liabilities (including current portion)	$ 523,212	$ 3,231,933	$ -	$ 3,755,145
Accounts and notes payable to suppliers	11,876,752	-	-	11,876,752
Collection rights of trust contracts	41,398	356,692	256,862	654,952
Lease obligations	228,333	96,276	15,460	340,069
Total	$ 12,669,695	$ 3,684,901	$ 272,322	$ 16,626,918

2013	Less than one year	One to less than five years	Over five years	Total
Bank loans	$ 46,740	$ -	$ -	$ 46,740
Long-term liabilities (including current portion)	361,160	3,783,586	-	4,144,746
Accounts and notes payable to suppliers	10,699,424	-	-	10,699,424
Collection rights of trust contracts	38,354	304,649	393,176	736,179
Lease obligations	217,714	269,458	-	487,172
Total	$ 11,363,392	$ 4,357,693	$ 393,176	$ 16,114,261

The following tables as of December 31, 2014 and 2013 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.

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

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

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.

	2014	2013
Financial Assets		
Long term receivables	**$ 89,053**	$ 89,053
Accounts receivable from related parties	**43,792**	42,707
Financial Liabilities		
Bank loans	**$ -**	$ 46,740
Current portion of long-term liabilities	**1,264,926**	592,930
Long term liabilities	**2,899,533**	3,970,685

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

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

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

Type of derivative contract or value	Notional amount	Reference variable	Fair Value	Amount due by year	Collateral
Interest Rate Collar	$ 1,750,000	TIIE of 28 days	$ 199,927	$350,000 in 2015,, $700,000 in 2016 and, $700,000 in 2017	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars
Interest Rate Collar	$ 241,326	TIIE of 28 days	23,396	$40,630 in 2014,, 57,136 in 2015,, $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	$ 260,074	LIBOR + 1.32 points, and TIIE + 1.04 points	(69,474)	$194,279 in 2014, $194,279 in 2015 and, $97,141 in 2016	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars
Cross Currency Swap	$ 188,000	LIBOR + 1.50 points, and TIIE + 1.18 points	(18,601)	$74,723 in 2015,, $74,723 in 2016 and, $37,361 in 2017	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars
Interest Rate Swap	$ 433,457	Fixed rate of 6.48%	724	$173,383 in 2015 and, $86,691 in 2016	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars
Total			$ 135,972		

19. Collection rights of trust contracts

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

The trust requires the creation of a cash reserve which will be recovered when the contract is

concluded. Such reserve is presented under noncurrent assets as a long-term account receivable.

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

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

As of December 31, 2014 and 2013, the Entity had recorded collection rights of $885,523 and $932,049, respectively, and a long-term account receivable of $89,053 in both years.

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

20. Stockholders' equity

a. Common stock as of December 31, 2014 and 2013 is composed of 963,917,211 no-par value common shares. Fixed capital shares are non with drawable and variable capital may not exceed ten times the fixed capital.

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

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

d. 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, 2014 and 2013, the legal reserve at par value was $36,687.

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e. 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.

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

	2014	2013
Contributed capital account	$ 174,879	$ 168,024
Net tax profit account (CUFIN)	951,347	899,867
Total	$ 1,126,226	$ 1,067,891

g. 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.

h. 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.

21. Other comprehensive income

	2014	2013
Cumulative translation effects	$ 172,473	$ 48,482
Effect from recognizing the valuation of derivative instruments	(153,298)	(213,430)
Changes in actuarial assumptions	(28,964)	(11,474)
	$ (9,789)	$ (176,422)

a. *Cumulative translation effects*

	2014	2013
Balance at beginning of the year	$ 48,482	$ 45,109
Exchange differences on translating foreign operations effects	123,991	3,373
Balance at end of the year	$ 172,473	$ 48,482

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

	2014	2013
Balance at beginning of the year	$ (213,430)	$ (266,688)
Effect from recognizing the valuation of derivative instruments	78,172	69,235
Income taxes related to valuation of derivative instruments	(18,040)	(15,977)
Balance at end of the year	$ (153,298)	$ (213,430)

22. Retained earnings

	2014	2013
Retained earnings	$ 18,807,561	$ 17,146,048

	2014	2013
Balance at beginning of the year	$ 17,146,048	$ 16,066,202
Net income attributable to owners of the Company	1,708,710	1,644,926
Dividends paid	-	(471,551)
Purchase of non-controlling interest	(47,197)	(93,529)
Balance at end of the year	$ 18,807,561	$ 17,146,048

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23. Non-controlling interest

	2014	2013
Balance at beginning of year	$ 244,769	$ 228,694
Participation in comprehensive income	53,741	63,312
Acquisition of non-controlling interest	(58,662)	(47,237)
Balance at end of the year	$ 239,848	$ 244,769

24. Earnings per share

	2014 Pesos por acción	2013 Pesos por acción
Basic and diluted earnings per share	$ 1.77	$ 1.71

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

	2014	2013
Net income attributable to owners of the Entity	$ 1,708,709	$ 1,644,926
Weighted average number of ordinary shares for the purposes of basic earnings per share	963,917,211	963,917,211

25. Transactions and balances with related parties

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

	2014	2013
Interest income	$ 887	$ 906
Leases revenues	586	1,360
Administrative revenues	11,135	1,072
Financial portal income	7,173	-
Leases expenses	(3,137)	(3,137)
Maintenance expenses	(106,543)	(97,703)
Interest expenses	(240)	(1,113)

b. Balances receivable from related parties are as follows:

	2014	2013
Operadora de Inmobiliarias del Sureste, S. A. de C. V.	$ 37,732	$ 37,169
Hípico Coapexpan, S. A. de C. V.	2,848	2,516
Supervisión y Mantenimiento de Inmuebles, S. A. de C. V.	1,760	2,097
Others	1,452	925
	$ 43,792	$ 42,707

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

	2014	2013
Direct benefits	$ 119,058	$ 117,909
Variable benefits	79,690	77,498
	$ 198,748	$ 195,407

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

26. 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 $687,512 and $661,386 as of December 31, 2014 and 2013, respectively.

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Operating lease commitments not subject to cancellation

	2014	2013
No later than 1 year	$ 851,566	$ 720,055
Later than 1 year and not longer than 5 years	2,963,022	2,653,003
Later than 5 years	3,623,535	3,457,605
	$ 7,438,123	$ 6,830,663

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

Lease agreements

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

The property rental income earned by the Entity on its investment property, all of which are leased under operating leases, amounted to $628,036 and $609,640 at December 31, 2014 and 2013, respectively.

The operating expenses related to the rental income earned from the investment properties are $187,689 and $182,822 as of December 31, 2014 and 2013, respectively.

– **Non-cancellable operating leases receivable:**

	2014	2013
No later than one year	$ 511,077	$ 498,996
Later than 1 year and not longer than 5 years	735,053	724,828
Later than 5 years	233,784	178,033
	$ 1,479,914	$ 1,401,857

27. Financing cost

In 2014 and 2013, qualifying assets of $1,068,906 and $1,820,709, respectively, were acquired; and capitalized comprehensive financing cost (FC) was $28,829 and $55,084, respectively. The capitalization of FC was determined using an annualized average rate of 3.87% and 5.35% in 2014 and 2013, respectively.

28. Income taxes

The Entity is subject to ISR and through December 31, 2013, to ISR and IETU. Therefore, the income tax payable was the higher between ISR and IETU through 2013.

ISR -The rate was 30% in 2014 and 2013 and as a result of the new 2014 ISR law ("2014 Tax Law"), the rate will continue at 30% thereafter. The Entity incurred ISR on a consolidated basis until 2013 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 2014 Tax Law, given that as of December 31, 2013, 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 2013 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.

IETU - IETU was eliminated as of 2014; therefore, up to December 31, 2013, this tax was incurred both on revenues and deductions and certain tax credits based on cash flows from each year. The respective rate was 17.5%. Due to the abolishment of the IETU law, the Entity cancelled in 2013 deferred IETU previously recorded. Additionally, unlike the ISR, IETU until 2013 was caused individually by the parent and its subsidiaries.

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 period ended December 31, are as follows:

	2014	2013
ISR expense:		
Incurred	$ 315,393	$ 178,411
Deferred	476,536	303,399
	$ 791,929	$ 481,810

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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:

	2014	2013
Legal rate	30%	30%
Effects of inflation	(10%)	(9%)
Effects of changes in rates	6%	-
Change in the asset tax valuation estimate	5%	(4%)
Effective rate	31%	22%

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

	2014	2013
Deferred ISR asset:		
Effect of tax loss carryforwards	$ 3,967,410	$ 4,424,704
Allowance for doubtful accounts	5,311	2,576
Accrued liabilities	633,451	780,415
Tax inventory of 2004, not yet taxable	-	2,288
Deferred ISR asset	4,606,172	5,209,983
Deferred ISR liability:		
Other assets	(312,196)	(146,028)
Derivative financial instruments	(26,077)	(68,535)
Property and equipment	(3,049,043)	(3,156,657)
Deferred ISR liability	(3,387,316)	(3371,220)
Recoverable IMPAC paid	102,351	-
Total asset	$ 1,321,207	$ 1,838,763

d. ISR liability as of December 31, 2014 related to the effects for benefits and tax deconsolidation will be paid in the following years:

Year	Amount
2015	$ 1,064,847
2016	884,561
2017	663,421
2018	663,421
	$ 3,276,250

e. Deferred payments to which reference is made in the preceding paragraph, shall be updated each year, starting from May 2014 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, 2014, are:

Year of expiration	Tax Loss Carryforwards	Recoverable IMAPC
2015	$ -	$ 116,357
2016	-	154,922
2017	-	95,240
2019	1,487,249	-
2020	7,142,974	-
2021	2,302,507	-
2022	842,883	-
2023	546,334	-
2024	902,756	-
	$ 13,224,703	$ 366,519

29. Contingencies

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

b. Derivative lawsuit filed against Grandes Superficies de México, S. A. de C. V. by various individuals and which claimed among other possession of the building located at Carretera Picacho-Ajusco No. 175, Colonia Heroes de Padierna, Tlalpan, C.P. 14200, Mexico, D.F. resolved by rulling the restitution of possession in favor of individuals. Furthermore, by resolution of first instance, Judgment rendered in adverse possession claimed by Grandes Superficies de México, S.A. de C.V. against the individuals, ownership and possession of the property were recognized in favor of Grandes Superficies de México, S.A. de C.V., being issued pending resolution of second instance.

c. On December 19, 2014 Crucero Chedraui, S. A. de C. V. filed a motion for reconsideration of the decision contained in official number DAD / S1 / 1st / 0847/2014 dated November 7, 2014 issued by the Dirección de Auditorías Directas de la Tesorería del Distrito Federal, through which was determined a tax credit in the total amount of $23,541 on account of alleged omissions in the whole property tax and related accessories. Currently pending the administrative authority required the company to effect exhibiting the evidence offered in the motion for reconsideration.

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

30. 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:

Segment	Revenues 2014	2013
Domestic supermarkets	$ 54,544,132	$ 51,157,690
US supermarkets	16,176,498	14,575,087
Real estate	652,898	630,993
Consolidated	$ 71,373,528	$ 66,363,770

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

	Profit before financing cost, and income taxes 2014	2013
Domestic supermarkets	$ 2,488,418	$ 2,213,560
US supermarkets	496,667	446,707
Real estate	467,428	446,078
Consolidated	$ 3,452,513	$ 3,106,345

Segments	Lease - Intersegments 2014	2013
Domestic supermarkets	$ 1,096,887	$ 1,681,308
Real estate	(1,096,887)	(1,681,308)
Consolidated	$ -	$ -

Segment	Total assets 2014	2013
Domestic supermarkets	$ 33,078,619	$ 32,600,830
US supermarkets	3,767,675	3,106,571
Real estate	5,761,288	5,616,462
Non-assignable items	3,482,835	4,243,285
Consolidated	$ 46,090,417	$ 45,567,148

Segments	Depreciation and amortization 2014	2013
Domestic supermarkets	$ 1,019,230	$ 1,139,403
US supermarkets	210,037	186,964
Real estate	1,975	2,891
Consolidated	$ 1,231,242	$ 1,329,258

Segment	Net fixed asset investments 2014	2013
Domestic supermarkets	$ 466,711	$ 809,782
US supermarkets	342,979	18,957
Real estate	147,393	173,378
Non-assignable items	(26)	(18)
Consolidated	$ 957,057	$ 1,002,099

31. Authorization to issue the financial statements

The issuance of the accompanying consolidated financial statements was authorized on February 19, 2015 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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MEXICO HEADQUARTERS

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STOCK **EXCHANGE**

Mexican Stock Exchange (BMV): ticker CHDRAUI

AUDITOR

Galaz Yamazaki, Ruiz Urquiza, S.C.
(Deloitte Touche Tohmatsu)

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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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