REPORT OF INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF WAL-MART DE MÉXICO, S.A.B. DE C.V.

We have audited the accompanying consolidated financial statements of Wal-Mart de México, S.A.B. de C.V. and subsidiaries, which comprise the consolidated statements of financial position at December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, as well as a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S 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 misstatements.

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 professional 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 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 referred to above present fairly, in all material respects, the consolidated financial position of Wal-Mart de México, S.A.B. de C.V. and subsidiaries at December 31, 2014 and 2013, and their consolidated financial performance and cash flows for the years then ended, in conformity with the International Financial Reporting Standards.

Our audit opinion and the accompanying financial statements and footnotes have been translated from the original Spanish version to English for convenience purposes only.

Mancera, S.C.
A Member Practice of Ernst & Young Global

David Sitt

Mexico City, February 4, 2015, except for Note 19 related to the approval of the consolidated financial statements, which is dated February 17, 2015.

WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Notes 1 and 3)
Amounts in thousands of Mexican pesos

		December 31, 2014		December 31, 2013
Assets				
Current assets:				
Cash and cash equivalents (Note 4)	Ps.	28,047,848	Ps.	21,129,491
Accounts receivable, net (Note 5)		6,382,321		12,778,413
Inventories (Note 6)		47,175,311		43,794,897
Prepaid expenses and other assets		858,363		1,013,525
Assets held for sale (Note 7)		7,988,358		3,932,746
Total current assets		90,452,201		82,649,072
Non-current assets:				
Property and equipment, net (Note 8)		125,996,056		121,082,727
Intangible assets (Note 9)		29,115,019		25,957,186
Other non-current assets		517,280		573,148
Total assets	Ps.	246,080,556	Ps.	230,262,133
Liabilities and equity				
Current liabilities:				
Accounts payable to suppliers (Note 10)	Ps.	52,710,227	Ps.	47,609,438
Other accounts payable (Note 11)		13,640,563		15,549,473
Taxes payable		3,406,529		1,596,262
Liabilities relating to assets held for sale (Note 7)		5,770,732		966,227
Total current liabilities		75,528,051		65,721,400
Long-term liabilities:				
Other long-term liabilities (Note 12)		13,179,933		13,766,917
Deferred tax (Note 13)		5,821,848		6,851,658
Employee benefits (Note 14)		1,304,904		971,577
Total liabilities		95,834,736		87,311,552
Equity (Note 15):				
Capital stock		45,523,723		45,777,573
Legal reserve		8,085,178		6,949,333
Retained earnings		94,265,950		92,551,723
Other comprehensive income items		5,481,982		397,799
Premium on sale of shares		2,464,001		2,314,940
Employee stock option plan fund		(5,598,259)		(5,061,161)
Equity attributable to owners of the parent		150,222,575		142,930,207
Non-controlling interests		23,245		20,374
Total equity		150,245,820		142,950,581
Total liabilities and equity	Ps.	246,080,556	Ps.	230,262,133

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

WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Notes 1 and 3)
Amounts in thousands of Mexican pesos

	Year ended December 31			
		2014		2013
Net sales	Ps.	437,658,414	Ps.	420,577,021
Other revenues (Note 16)		3,329,320		3,245,946
Total revenues		440,987,734		423,822,967
Cost of sales		(343,368,796)		(330,874,486)
Gross profit		97,618,938		92,948,481
General expenses		(64,009,927)		(61,318,468)
Income before other income, net		33,609,011		31,630,013
Other income, net		1,107,185		6,123
Operating income		34,716,196		31,636,136
Financial expenses, net (Note 17)		(154,034)		(15,744)
Income before taxes on profits		34,562,162		31,620,392
Taxes on profits (Note 13)		(9,521,334)		(9,631,575)
Net Income from continuing operations		25,040,828		21,988,817
Net income from discontinued operations (Note 7)		5,394,065		724,403
Consolidated net income	Ps.	30,434,893	Ps.	22,713,220
Other comprehensive income items:				
Items that do not reclassify to profit and loss of the year:				
Actuarial (loss) gain on employee benefits	Ps.	(158,054)	Ps.	57,007
Items that may be reclassified subsequently to profit and loss:				
Cumulative translation adjustment		5,242,237		178,011
		5,084,183		235,018
Comprehensive income	Ps.	35,519,076	Ps.	22,948,238
Net income attributable to:				
Owners of the parent	Ps.	30,425,945	Ps.	22,716,891
Non-controlling interests		8,948		(3,671)
	Ps.	30,434,893	Ps.	22,713,220
Comprehensive income attributable to:				
Owners of the parent	Ps.	35,510,128	Ps.	22,951,909
Non-controlling interests		8,948		(3,671)
	Ps.	35,519,076	Ps.	22,948,238
Basic earnings per share from continuing operations attributable to owners of the parent (in pesos)	Ps.	1.426	Ps.	1.243
Basic earnings per share attributable to owners of the parent (in pesos)	Ps.	1.732	Ps.	1.284

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

WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Notes 1, 3 and 15)
Amounts in thousands of Mexican pesos

	Capital stock	Legal reserve	Retained earnings	Other comprehensive income items	Premium on sale of shares	Employee stock option plan fund	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at December 31, 2012	Ps. 45,959,724	Ps. 5,785,575	Ps. 90,370,930	Ps. 162,781	Ps. 2,067,980	Ps. (4,646,088)	Ps. 139,700,902	Ps. 135,716	Ps. 139,836,618
Movements in employee stock option plan fund					246,960	(415,073)	(168,113)		(168,113)
Increase in legal reserve		1,163,758	(1,163,758)				-		-
Repurchase of shares	(249,310)		(3,079,173)				(3,328,483)		(3,328,483)
Dividends declared			(16,056,467)				(16,056,467)		(16,056,467)
Shares issued for the payment of the contingent liability	67,159						67,159		67,159
Purchase of shares of non-controlling interests			(236,700)				(236,700)	(111,671)	(348,371)
Comprehensive income			22,716,891	235,018			22,951,909	(3,671)	22,948,238
Balance at December 31, 2013	45,777,573	6,949,333	92,551,723	397,799	2,314,940	(5,061,161)	142,930,207	20,374	142,950,581
Movements in employee stock option plan fund					149,061	(537,098)	(388,037)		(388,037)
Increase in legal reserve		1,135,845	(1,135,845)				-		-
Repurchase of shares	(318,964)		(3,677,377)				(3,996,341)		(3,996,341)
Dividends declared			(23,887,088)				(23,887,088)		(23,887,088)
Shares issued for the payment of the contingent liability	65,114						65,114		65,114
Purchase of shares of non-controlling interests			(11,408)				(11,408)	(6,077)	(17,485)
Comprehensive income			30,425,945	5,084,183			35,510,128	8,948	35,519,076
Balance at December 31, 2014	Ps. 45,523,723	Ps. 8,085,178	Ps. 94,265,950	Ps. 5,481,982	Ps. 2,464,001	Ps. (5,598,259)	Ps. 150,222,575	Ps. 23,245	Ps. 150,245,820

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

WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Notes 1 and 3)
Amounts in thousands of Mexican pesos

	Year ended December 31 2014	Year ended December 31 2013
Operating activities		
Income before taxes on profits	Ps. 34,562,162	Ps. 31,620,392
Items related to investing activities:		
Depreciation and amortization	9,279,214	8,689,694
Loss from disposal of property, equipment and impairment	383,433	187,803
Impairment in goodwill	456,988	-
Contingent liability and effect of repatriation of earnings from Walmart Central America reversal	(1,598,604)	-
Stock option compensation expense	332,533	351,898
Interest earned	(480,560)	(539,565)
Items related to financing activities:		
Interest payable under finance leases	1,212,003	1,113,361
Accrued interest on contingent liability	24	42,206
Discontinued operations	1,572	1,157,843
Cash flow from results of operations	44,148,765	42,623,632
Variances in:		
Accounts receivable	2,734,387	(2,169,222)
Inventories	(2,789,949)	(4,803,437)
Prepaid expenses and other assets	204,214	(273,549)
Accounts payable to suppliers	4,416,632	2,887,686
Other accounts payable	1,338,759	905,405
Taxes on profits	(10,638,552)	(9,997,166)
Employee benefits	148,623	(19,774)
Discontinued operations	(1,410,379)	(450,736)
Net cash flow from operating activities	38,152,500	28,702,839
Investing activities		
Purchase of property, equipment and software	(12,690,969)	(13,987,014)
Employee stock option plan fund	(720,570)	(520,011)
Interest collected	480,560	539,565
Purchase of shares of non-controlling interests	(17,503)	(348,371)
Proceeds from sale of property and equipment	120,170	182,212
Business disposal	8,744,186	-
Discontinued operations	(28,593)	(157,272)
Net cash flow used in investing activities	(4,112,719)	(14,290,891)
Financing activities		
Dividends paid	(21,642,721)	(16,056,467)
Repurchase of shares	(3,996,341)	(3,328,483)
Payment of finance leases	(1,604,607)	(1,352,533)
Discontinued operations	-	(39,517)
Net cash flow used in financing activities	(27,243,669)	(20,777,000)
Effect of changes in the value of cash	122,245	(668,686)
Net increase (decrease) in cash and cash equivalents	6,918,357	(7,033,738)
Cash and cash equivalents at beginning of year	21,129,491	28,163,229
Cash and cash equivalents at end of year	Ps. 28,047,848	Ps. 21,129,491

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

Amounts in thousands of Mexican pesos, except where otherwise indicated

1.- DESCRIPTION OF THE BUSINESS AND RELEVANT EVENTS:

a. Description of the business

Wal-Mart de México, S.A.B. de C.V. (or “the Company”) is a Mexican company incorporated under the laws of Mexico and listed on the Mexican Stock Exchange, whose headquarters are located at Nextengo #78, Colonia Santa Cruz Acayucan, C.P. 02770, in Mexico City, Mexico. The principal shareholder of is Wal-Mart Stores, Inc., a U.S. corporation, through Intersalt, S. de R.L. de C.V., a Mexican company with a 70.31% shares ownership.

WALMEX holds 99.9% equity interest in the following groups of companies in Mexico and Central America:

Group	Line of business
Nueva Walmart	Operation of 1,660 (1,589 in 2013) Bodega Aurrerá discount stores, 251 (243 in 2013) Walmart hypermarkets, 159 (156 in 2013) Sam’s Club membership self-service wholesale stores, 93 (92 in 2013) Superama supermarkets and 10 Medimart pharmacies in both years.
Suburbia	Operation of 116 (109 in 2013) Suburbia stores specializing in apparel and accessories for the entire family
Importing companies	Import goods for sale
Real estate	Property developments and management of real estate companies.
Service companies	Rendering of professional services to Group companies and not-for-profit services to the community at large, and shareholding.
Walmart Bank	Operation of 130 (201 in 2013) bank branches
Walmart Central America	Operation of 477 (466 in 2013) discount stores (Despensa Familiar and Palí), 96 (100 in 2013) supermarkets (Paiz, La Despensa de Don Juan, La Unión and Más x Menos), 94 (75 in 2013) discount warehouse stores (Maxi Bodega and Maxi Palí), 22 (20 in 2013) Walmart hypermarkets and 1 ClubCo membership self-service wholesale stores in both years. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

b. Relevant events

I. Legal proceedings

Wal-Mart de México, S.A.B. de C.V. (“**WALMEX**”) is a subsidiary of Wal-Mart Stores, Inc. (“WMT”). WMT owns approximately 70% of the shares and voting power in **WALMEX** and has the ability to designate at least a majority of the directors of **WALMEX**. The remaining shares of **WALMEX** are publicly traded on the Mexican Stock Exchange and, to the best of the knowledge of **WALMEX**, no shareholder other than WMT and its affiliates owns more than 2% of the outstanding shares of **WALMEX**.

Currently, the Board of Directors of **WALMEX** is composed of 11 directors and 4 alternates. The Audit Committee and the Corporate Governance Committee of the Board of Directors are composed exclusively of independent directors (including alternate directors).

WMT is subject to a wide variety of laws and regulations in the United States of America and in the countries in which it operates, including but not limited to the U.S. Foreign Corrupt Practices Act (the “FCPA”).

As **WALMEX** publicly disclosed on April 23, 2012, WMT is the subject of an investigation under the FCPA by the U.S. Department of Justice and the U.S. Securities and Exchange Commission following a disclosure that WMT made to those agencies in November 2011.

The Audit Committee of the Board of Directors of WMT, which is composed solely of independent directors, is conducting an internal investigation into, among other things, alleged violations of the FCPA and other alleged crimes or misconduct in connection with foreign subsidiaries, including **WALMEX** and whether prior allegations of such violations and/or misconduct were appropriately handled by WMT. The Audit Committee of WMT and WMT have engaged outside counsel from a number of law firms and other advisors who are assisting in the on-going investigation of these matters. **WALMEX** has also engaged outside counsel to assist in these matters.

WMT is also conducting a voluntary global review of its policies, practices and internal controls for FCPA compliance. WMT is engaged in strengthening its global anti-corruption compliance programs through appropriate remedial anti-corruption measures. **WALMEX** is taking part in such voluntary global review and strengthening of programs.

Furthermore, lawsuits relating to the matters under investigation have been filed by several of WMT's shareholders against it, its current directors, certain of its former directors, certain of its current and former officers and certain of **WALMEX's** current and former officers.

WALMEX is cooperating with WMT in the review of these matters and it intends to continue fully cooperating in such regard.

A number of federal and local government agencies in Mexico have also initiated investigations of these matters. **WALMEX** is cooperating with the Mexican governmental agencies conducting these investigations.

The Audit Committee and the Corporate Governance Committee of the Board of Directors of **WALMEX**, as well as the Board of Directors of **WALMEX**, have been informed about these matters and have determined, by an unanimous vote of the independent directors only, that it is in the best interests of **WALMEX** to continue to cooperate at this time with WMT and the U.S. and Mexican agencies conducting these investigations.

WALMEX could be exposed to a variety of negative consequences as a result of the matters noted above. There could be one or more enforcement actions in respect of the matters that are the subject of some or all of the ongoing government investigations, and such actions, if brought, may result in judgments, settlements, fines, penalties, injunctions, cease and desist orders or other relief, criminal convictions and/or penalties. The shareholder lawsuits may result in judgments against WMT and its current and former directors and current and former officers of WMT and **WALMEX** named in those proceedings. **WALMEX** cannot predict accurately at this time the outcome or impact of the government investigations, the shareholder lawsuits, the internal investigation and review. In addition, **WALMEX** expects to incur costs in responding to requests for information or subpoenas seeking documents, testimony and other information in connection with the government investigations, and it cannot predict at this time the ultimate amount of all such costs. These matters may require the involvement of certain members of **WALMEX's** senior management that could impinge on the time they have available to devote to other matters relating to the business. **WALMEX** may also see ongoing media and governmental interest in these matters that could impact the perception among certain audiences of its role as a corporate citizen.

WALMEX, its Board of Directors and its Audit Committee and Corporate Governance Committee will at all times ensure compliance with applicable Mexican law and ensure that they create value to **WALMEX**, acting diligently and adopting reasoned decisions, without favoring any shareholder or group of shareholders.

Although **WALMEX** does not presently believe, based on the information currently available and the advise of its external Mexican counsel, that these matters will have a material adverse effect on its business, given the inherent uncertainties in such situations, **WALMEX** can provide no assurance that these matters will not be material to its business in the future.

II. Sale of the restaurant line of business (Note 7 paragraph a)

On September 10, 2013, the Company reached a final agreement with ALSEA, S.A.B. de C.V. (ALSEA) for this company to acquire 100% of **WALMEX**'s restaurant line of business, which included the Vips, El Portón, Ragazzi and La Finca ("VIPS") restaurant chains.

On March 5, 2014, **WALMEX** received a notification from the Federal Economic Antitrust Commission (COFECE per its acronym in Spanish), about the approval of the sale of the restaurant line of business to ALSEA, subject to certain conditions.

On April 8, 2014, the Company delivered to COFECE the supporting documentation related to its compliance of the conditions previously laid down by it to which the sale of the restaurant line of business was subject to approval.

On May 5, 2014, COFECE finally approved **WALMEX** to sell the restaurant line of business to ALSEA after all the conditions set by it were fulfilled.

On May 12, 2014, the Company informed to its shareholders and the investing public that on May 9, 2014, the sale of its restaurant line of business to ALSEA was materialized. The sale included 361 restaurants from which, 263 operate under the VIPS chain, 92 El Porton and 6 Ragazzi. Additionally, the transaction included intellectual property rights of the four chains, menus, product development, operation processes and others.

III. Sale of the Walmart Bank (Note 7 paragraph b)

On December 18, 2014, the Company reached an agreement with Grupo Financiero Inbursa, S.A.B. de C.V. (Inbursa) for this company to acquire 100% of Walmart Bank, and the creation of a commercial alliance to strength the offer of financial services to its clients. The closing of the transaction is subject to the approval of competent authorities and other conditions that are customary to these types of transactions.

2.- NEW ACCOUNTING PRONOUNCEMENTS:

The standards that are issued, but not yet effective, up to date to the issuance of the accompanying consolidated financial statements that are applicable to the Company, are described below:

- IFRS 9 *Financial Instruments.* In July 2014, the International Accounting Standards Board (IASB) issued the final version of the International Financial Reporting Standard (IFRS) 9 Financial Instruments, which describes the new requirements for classification and measurement, impairment and hedge accounting. This IFRS replaces the International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 is permitted if the date of initial application is before February 1, 2015.

- IFRS 15 *Revenue from Contracts with Customers.* On May 28, 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. This standard replaces, almost entirely, the existing standards on revenue recognition, applies to all revenue contracts and offers a five-steps model for the recognition and measurement of disposals of certain non-financial assets, as property and equipment, among others. Also, it requires the Company to make more use of estimates and judgments. Its application is mandatory for annual periods beginning on January 1, 2017, although early adoption is permitted. The transition will be made using a retrospective or modified approach.

The Company evaluated the application of these standards on its financial situation and estimates they will not have any impact of its consolidated financial statements.

Annual improvements 2010-2012 and 2011-2013 cycles.- These improvements were applicable beginning July 1, 2014 and did not have material effects on the financial situation nor in the results of the Company:

- IFRS 2 *Shared-based payments*
- IFRS 3 *Business combinations*
- IFRS 8 *Operating segments*
- IFRS 13 *Fair value measurement*
- IAS 16 *Property, plant and equipment*
- IAS 24 *Related party disclosures*
- IAS 40 *Investment property*
- Amendments to IAS 16 and IAS 38 – Clarification of the acceptable methods of depreciation and amortization

3.- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the significant accounting policies used in the preparation of the consolidated financial statements is described below. These policies have been applied consistently with those applied in the year ended December 31, 2013.

a. Basis of preparation

The accompanying consolidated financial statements have been prepared in conformity with IFRS issued by the IASB, as well as all the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), including those issued by the former Standing Interpretations Committee (SIC).

The consolidated statements of comprehensive income were prepared on a functional basis, which allows for the disclosure of cost of sales separately from other costs, operating and administrative expenses, in conformity with IAS 1, *Presentation of Financial Statements*. The consolidated statement of comprehensive income also includes a separate operating income line to provide a better understanding of the Company's business performance.

The preparation of consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions in some items.

Walmart Bank's financial statements, which are included in the Company's consolidated financial statements, were prepared based on the accounting criteria established by the Mexican National Banking and Securities Commission (CNBV per its acronym in Spanish), as issued as part of the General Provisions for Credit Institutions. Up to date, there are no significant differences between these standards and IFRS.

Before the financial statements of the Company's foreign subsidiaries are consolidated, they are prepared under IFRS and translated to Mexican pesos using the average exchange rate for the consolidated statement of comprehensive income and the year-end exchange rate for the consolidated statement of financial position, in conformity with IAS 21, *The Effects of Changes in Foreign Exchange Rates.*

The cumulative translation adjustment is the effect of translating the financial statements of the Company's foreign subsidiaries into Mexican pesos. This effect is recognized in equity.

WALMEX has sufficient resources to continue operating as a going concern and accordingly, the accompanying consolidated financial statements have been prepared on a going-concern basis and on a historical-cost basis. The Mexican peso is the Company's functional and reporting currency.

b. Risk factors

The Company is exposed to the effects of future events that could affect the purchasing power and/or buying habits of its population. These events may be economic, political or social in nature and some of the most important are described below:

I. Employment and salary. Positive or negative changes in employment and/or real salary levels could affect Mexico's per capita income and, consequently, the Company's business performance.

II. Changes in interest rates and exchange rates. Historically, Walmart has generated cash surpluses in Mexico and Central America on which it earns financial income. A reduction in interest rates could cause a decrease in the Company's financial income, which would affect its earnings growth. However, the Company believes that a reduction in interest rates would actually have a positive effect on its business in the medium and long-term, since it would help improve the purchasing power of its customers. On the other hand, exchange rate fluctuations tend to put upward pressure on inflation and reduce the population's purchasing power, which could ultimately hinder the Company's sales.

In compliance with its corporate governance policies, the Company has no transactions with derivative financial instruments.

III. Competition. The retail sector has become very competitive in recent years, which has led to the need for all the players in the market to constantly look for ways to set themselves apart from the competition. This puts the Company's market share at risk. Other factors affecting the Company's market share could be the business expansion of its competitors and the possible entrance of new competitors into the market.

IV. Inflation. Over the last few years, inflation rates in Mexico and Central America have remained at low levels. A significant increase in inflation rates could have a direct effect on the purchasing power of the Company's customers and the demand for its products and services.

V. Changes in government regulations. The Company is exposed to the changes in different laws and regulations, which, after becoming effective, they could affect the Company's operating results, such as an impact on sales, expenses for payroll indirect taxes and changes in applicable rates.

c. Consolidation

The accompanying consolidated financial statements include the Financial Statements of **WALMEX** and those of its subsidiaries in which has control in Mexico and abroad, which are grouped as described in Note 1 paragraph a, and they are prepared for the same accounting period.

Subsidiaries are consolidated from the date on which control is transferred to **WALMEX**, and are no longer consolidated from the date that control is lost. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of sale, as appropriate.

All related party balances and transactions have been eliminated in the consolidation, in conformity with IFRS 10, *Consolidated Financial Statements.*

Non-controlling interests represent the portion of equity interest in the net assets of a subsidiary not attributable to the controlling company. Non-controlling interests is presented as a separate component of equity.

d. Cash and cash equivalents

Cash and cash equivalents principally consist of bank deposits and highly liquid investments with original maturities of less than 90 days. Such investments are stated at historical cost plus accrued interest, not in excess of their market value.

Walmart Bank makes the monetary regulation deposits required by Banco de México (the Central Bank), the amounts of which are calculated based on traditional deposits in Mexican pesos.

e. Financial assets and liabilities

A financial instrument is any contract that give rise to a financial asset for one entity and a financial liability or equity instrument for another entity. The Company determines the classification of its financial assets and liabilities at its initial recognition, as described below:

I. Financial assets. These assets are classified in one of the following categories, as required: financial assets at fair value through profit or loss, and accounts receivable, investments held to maturity or financial assets held for sale. The Company's financial assets primarily consist in trade receivables and other accounts receivable which are initially recognized at fair value.

II. Financial liabilities. These liabilities are classified at its fair value, including accounts payable to suppliers, other accounts payable and financial leases, as required. The Company does not operate with derivative financial instruments.

Subsequent measurement of the Company's financial assets and liabilities is determined based on its classification.

At December 31, 2014 and 2013, the Company does not have liabilities recognized through profit or loss.

f. Accounts receivable and reserve for bad debts

The balance of Walmart Bank's loan receivables portfolio is represented by outstanding loan balances, plus uncollected earned interest. The preventive allowance for credit risks is presented net of portfolio balances.

WALMEX recognizes the reserve for bad debts at the time the legal collection process begins in conformity with its internal procedures.

g. Inventories

Inventories are valued using the retail method, except for merchandise for the Sam's Club, ClubCo and distribution centers, which are valued using the average-cost method. These inventory valuation methods are the same as those applied in the prior year. Inventories, including obsolete, slow-moving and defective items or items in poor condition, are stated at amounts not in excess of their net realizable value.

Inventory pertaining to the Agro-industrial Development of grains, edibles and meat is valued using the average-cost method.

Buying allowances are recognized in the income statement based on the turnover of the inventories that gave rise to them.

h. Prepaid expenses

Prepaid expenses are recognized as current assets in the consolidated statement of financial position as of the date the prepayments are made. At the time the goods are received, prepaid expenses are charged to the income statement or capitalized in the corresponding asset line when there is certainty that the acquired goods will generate future economic benefits.

i. Property and equipment

Property and equipment are recorded at acquisition cost and presented net of accumulated depreciation.

Depreciation of property and equipment is computed on a straight-line method at the following annual rates:

Buildings, facilities and leasehold improvements	2.5%	to	33.3%
Furniture and equipment	5.0%	to	33.3%

j. Lease

In conformity with IAS 17, Leases, the Company classifies its property lease agreements as either finance or operating leases.

A lease is considered a finance lease if it transfers substantially all the risks and rewards incident to ownership of the underlying property to the lessee, considering the renewals established in each lease agreement. Rent is recognized in the income statement over the lease term as incurred.

Lease agreements that do not qualify as finance leases are treated as operating leases. Fixed lease payments are recognized in the income statement on a straight-line method over the lease term. The commencement date of lease is considered the occupancy date of the leased property, including the lessee's rights to renewal. Variable lease payments are based on a percentage of the Company's sales, and are recognized as an expense in the period in which they are incurred.

k. Impairment in the value of property and equipment

Based on the guidelines of IAS 36, *Impairment of Assets,* the Company recognizes impairment in the value of property and equipment by applying the expected present value technique to determine value in use, considering each store or restaurant as the minimum cash generating unit.

The present value technique requires detailed budget calculations, which are prepared separately for each cash-generating unit. These budgets generally cover five years and for those projected beyond five years, an expected growth percentage is applied.

Impairment losses are recognized in the consolidated statement of comprehensive income in the other income, net line.

l. Intangible assets

Intangible assets are valued at the lower of either acquisition cost or their fair value at the acquisition date and are classified based on their useful lives, which may be definite or indefinite. Indefinite-lived assets are not amortized; however, they are tested annually for impairment, in conformity with IAS 36, *Impairment of Assets.* Definite-lived assets are amortized using the straight-line method.

m. Assets and liabilities held for sale and discontinued operations

In conformity with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

These assets are not subject to depreciation and are measured at the lower of their previous carrying amount and fair value less costs to sell.

Assets and liabilities that meet the criteria to be classified as held for sale are presented separately in the statement of financial position from the rest of the assets and liabilities.

Incomes, expenses and costs related to this transaction are separately disclosed and recognized as part of the discontinued operations line in the consolidated statement of comprehensive income.

n. Liabilities and provisions

In conformity with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, accrued liabilities are recognized whenever the Company has current obligations (legal or assumed) resulting from past events, that can be reasonably estimated and that will most likely give rise to a future cash disbursement for their settlement. Reimbursements are recognized net of the related obligation when it is certain that the reimbursement will be obtained. Provision expenses are presented in the consolidated statement of comprehensive income net of any corresponding reimbursements.

Liabilities for traditional deposits of the Walmart Bank are comprised of demand deposits in debit card accounts and compulsory term deposits. These liabilities are recorded at deposit or placement cost, plus accrued interest.

o. Contingent liabilities

The contingent liability related to the acquisition of Walmart Central America is valued at present value at the date of the financial statements.

The acquisition will require additional payments in shares and in cash provided Walmart Central America reaches a certain profitability level during a period of no longer than ten years after the agreement signing date.

p. Taxes on profits

Taxes on profits are classified on current and deferred, and are recognized in the consolidated statement of comprehensive income in the year they are expensed or accrued, except when they come from items directly recognized in other comprehensive income, in which case, the corresponding taxes are recognized in equity.

Current taxes on profits are determined based on the tax laws approved in the countries on which **WALMEX** has operations, and is the result of applying the applicable tax rates at the date of the consolidated financial statements on the taxable profits of each entity of the Group. It is presented as a current liability/asset net of prepayments made during the year.

Deferred taxes on profits are recognized using the asset and liability method, in conformity with IAS 12, *Income Taxes.* Under this method, deferred taxes are recognized on all temporary differences between the financial reporting and tax values of assets and liabilities, applying the enacted income tax rate, effective as of the date of the consolidated statement of financial position, or the enacted rate that will be in effect when the deferred tax assets and liabilities are expected to be recovered or settled.

The Company periodically evaluates the possibility of recovering deferred tax assets.

q. Employee benefits

In conformity with the laws of each country in which the Company operates, the termination benefits for retirement or death to which the Company's employees are entitled, are as follows:

Mexico:

Seniority premiums accruing to employees under the Mexican Labor Law and termination retirement benefits are recognized as a cost of the years in which services are rendered, based on actuarial computations made by an independent expert, using the projected unit credit method, in conformity with IAS 19, *Employee Benefits.*

Actuarial gains and losses are recognized as they accrue directly in the consolidated statement of comprehensive income, in conformity with IAS 19.

Employee profit sharing is presented in operating results as part of the general expenses line and represents a liability due and payable in less than one year.

All other payments accruing to employees or their beneficiaries in the event of involuntary retirement or death, in terms of the Mexican Labor Law, are expensed as incurred.

Central America:

Labor termination benefits at retirement to which the employees of the Walmart Central America companies are entitled, under the labor laws of each country are recognized as a cost during the years the employees render their services based on the actuarial calculations for each country carried out by independent experts, using the projected unit credit method, in conformity with IAS 19.

In Guatemala, employees are entitled to labor termination benefits at retirement after three years of service in the Company, except in the case of justified dismissals.

In El Salvador and Honduras, employees are entitled to labor termination benefits at retirement after one years of service in the Company, except in the case of justified dismissals.

In Nicaragua, payouts for to labor termination benefits at retirement vary from one to five months of salary for the period the services were provided.

In Costa Rica, labor termination benefits at retirement are paid to employees based on current corporate policy and in conformity with the laws of such country.

r. Equity

Legal reserve:

In conformity with the Mexican Corporations Act, the Company appropriates at least 5% of the net income of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Company's capital stock.

Employee stock option plan fund:

The employee stock option plan fund is comprised of **WALMEX** shares presented at acquisition cost. The plan is designed to grant stock options to executives of the companies in the Group, as approved by the CNBV.

All employee stock options are granted to executives of subsidiary companies at a value that is no less than the market value on the grant date.

In accordance with current corporate policy, **WALMEX** executives may exercise their option to acquire shares in equal parts over five years. The right to exercise an employee stock option expires after ten years as of the grant date or after sixty days following the date of the employee's termination.

The compensation cost of stock option is calculated using the Black-Scholes financial valuation technique, in conformity with IFRS 2, *Share-Based Payments.*

Premium on sale of shares:

The premium on sale of shares represents the difference between the cost of shares granted under the stock option plan and the value at which such shares were sold to executives of companies in the Group, net of the corresponding income tax.

s. Revenue recognition

Revenue from merchandise sales is recognized in the consolidated statement of comprehensive income at the time ownership of the products sold is transferred to the customer and the services income at the time the service is provided, in conformity with IAS 18, *Revenue.*

Sam's Club and ClubCo membership income is deferred over the twelve-month term of the membership and it is presented in the other revenues line in the consolidated statement of comprehensive income.

Rental income is recognized as it accrues over the terms of the lease agreements entered into with third parties and it is presented in the other revenues line in the consolidated statement of comprehensive income.

The Company recognizes the net amount of cell phone minutes revenues in the net sales line in its consolidated statement of comprehensive income at the time the service is provided.

Walmart Bank's interest and fee revenues are recognized as they accrue in the other revenues line in the consolidated statement of comprehensive income.

Revenues from the sale of waste, extended warranties and service commissions are recognized in the other revenues line in the consolidated statement of comprehensive income at the time ownership of the products sold is transferred to the customer or the service is provided.

t. Basic earnings per share attributable to owners of the parent

The basic earnings per share is the result of dividing the net income of the year attributable to owners of the parent by the weighted average number of outstanding shares, in conformity with the guidelines of IAS 33, *Earnings per Share*. Diluted earnings per share is the same as basic earnings per share since there is currently no potentially dilutive common stock.

u. Operating segments

Segment financial information is prepared based on the information used by the Company's senior management to make business decisions and assess the Company's performance. Segment information is presented based on the geographical zones in which the Company operates, in conformity with IFRS 8, *Operating Segments*.

v. Foreign currency transactions

The Company's foreign currency denominated assets and liabilities are translated to functional currency at the prevailing exchange rate at the date of the consolidated statement of financial position. Exchange differences are recognized in the consolidated statement of comprehensive income under the financial expenses, net line, in conformity with IAS 21, *The Effects of Changes in Foreign Exchange Rates.*

4.- CASH AND CASH EQUIVALENTS:

An analysis of cash and cash equivalents at December 31, 2014 and 2013, is as follows:

		December 31, 2014		December 31, 2013
Cash and cash in banks	Ps.	11,820,670	Ps.	7,826,506
Highly marketable investments		16,227,178		13,302,985
	Ps.	28,047,848	Ps.	21,129,491

5.- ACCOUNTS RECEIVABLE, NET:

An analysis of accounts receivable at December 31, 2014 and 2013, is as follows:

		December 31, 2014		December 31, 2013
Recoverable taxes	Ps.	4,198,189	Ps.	3,958,463
Walmart Bank portfolio		-		5,307,153
Trade receivables		1,829,013		3,549,235
Other accounts receivable		603,134		606,153
Reserve for bad debts		(248,015)		(642,591)
	Ps.	6,382,321	Ps.	12,778,413

At December 31, 2014, Walmart Bank portfolio is shown in the assets held for sale line, in conformity with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations.

6.- INVENTORIES:

An analysis of inventories at December 31, 2014 and 2013, is as follows:

		December 31, 2014		December 31, 2013
Merchandise for sale	Ps.	44,425,969	Ps.	41,262,225
Agro-industrial development		615,382		641,094
		45,041,351		41,903,319
Merchandise in transit		2,133,960		1,891,578
	Ps.	47,175,311	Ps.	43,794,897

7.-ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS:

As mentioned in Note 1 paragraph b, during 2014, the Company completed the sale of its restaurant division and announced the sale of Walmart Bank.

At December 31, 2014 and 2013, assets and liabilities held for sale, which are presented in the consolidated statement of financial position, correspond to Walmart Bank and the restaurant division, respectively.

The line of discontinued operations, which is presented in the consolidated statement of comprehensive income include the results of Walmart Bank and the restaurant division in both years.

Both transactions are explained below:

a) Sale of restaurant division

On May 9, 2014, the Company completed the sale of the restaurant division to ALSEA in the amount of Ps. 8,152 million pesos plus the amount of the operating working capital by Ps. 592 million pesos. This division operated with the "Vips", "El Porton", "Ragazzi" and "La Finca" chains. Additionally, ALSEA will pay **WALMEX** in the future rents over the units that are located in properties in which other **WALMEX's** formats coexists.

Vips transaction included a total of 361 restaurants of which 263 are "Vips", 92 units of "El Porton" and 6 units of "Ragazzi". Additionally, the transaction included intellectual property rights of the four chains, menus, product development, operation processes and others.

The main items of the result of the discontinued operation that is presented in the consolidated statement of comprehensive income for the period from January 1 to May 8, 2014, that include the effects derived from the sale, and for the year ended December 31, 2013 are shown below:

		May 8, 2014		December 31, 2013
Net revenues	Ps.	10,809,678	Ps.	5,987,465
Costs, expenses and taxes		(5,238,314)		(5,274,312)
Net income from discontinued operations	Ps.	5,571,364	Ps.	713,153

Legal, consulting, advisory and other expenses related with the business disposal are recognized in the year they are incurred in the line of discontinued operations in the consolidated statement of comprehensive income.

Assets and liabilities from the restaurant division at May 8, 2014 and at December 31, 2013, are as follows:

		May 8, 2014		December 31, 2013
Current assets	Ps.	962,901	Ps.	794,106
Property and equipment - net		2,910,307		3,116,581
Other assets		15,874		22,059
Total assets	Ps.	3,889,082	Ps.	3,932,746
Suppliers	Ps.	140,299	Ps.	180,996
Other liabilities		462,046		345,282
Current liabilities		602,345		526,278
Non-current liabilities		405,195		439,949
Total liabilities	Ps.	1,007,540	Ps.	966,227

b) Sale of Walmart Bank

As part of its business strategy, **WALMEX** reached an agreement to sell 100% of Walmart Bank to Inbursa at a price equivalent to 1.7 times its equity at the closing date of the transaction, and the creation of a commercial alliance to strength the offer of financial services to all its customers. The closing of the transaction is subject to approval by the competent authorities and other conditions that are customary for this type of transaction.

Assets and liabilities of Walmart Bank classified as held for sale at December 31, 2014 are shown below:

		December 31, 2014
Credit portfolio	Ps.	5,050,227
Other current assets		1,833,987
Current assets		6,884,214
Other non-current assets		1,104,144
Total assets	Ps.	7,988,358
Traditional deposits	Ps.	5,587,657
Other current liabilities		178,595
Current liabilities		5,766,252
Non-current liabilities		4,480
Total liabilities	Ps.	5,770,732

The main items of the result of the discontinued operation that is presented in the consolidated statement of comprehensive income for the year ended December 31, 2014 and 2013 are shown below:

		December 31, 2014		December 31, 2013
Total revenues	Ps.	1,726,085	Ps.	1,338,474
Costs, expenses and taxes		(1,903,384)		(1,327,224)
Net (loss) income from discontinued operations	Ps.	(177,299)	Ps.	11,250

8.- PROPERTY AND EQUIPMENT – NET:

An analysis of property and equipment at December 31, 2014 and 2013, is as follows:

	Property and equipment owned by the Company										
	December 31, 2012	Additions	Disposals	Transfers	Translation effect	December 31, 2013	Additions	Disposals	Transfers	Translation effect	December 31, 2014
Land	Ps. 28,785,120	Ps. 942,375	Ps. (60,796)	Ps. (186,479)	Ps. 52,910	Ps. 29,533,130	Ps. 472,204	Ps. (50,955)	Ps. 119,948	Ps. 199,273	Ps. 30,273,600
Buildings	44,569,828	2,627,787	(73,056)	(2,802,621)	102,590	44,424,528	2,468,155	(53,886)	(289,336)	570,290	47,119,751
Facilities and leasehold improvements	36,286,002	3,403,164	(432,713)	579,073	36,634	39,872,160	1,884,859	(311,548)	760,719	277,300	42,483,490
Furniture and equipment	46,003,893	5,233,276	(2,325,188)	(1,498,123)	75,731	47,489,589	5,219,207	(1,865,997)	1,193,725	697,228	52,733,752
Subtotal	155,644,843	12,206,602	(2,891,753)	(3,908,150)	267,865	161,319,407	10,044,425	(2,282,386)	1,785,056	1,744,091	172,610,593
Accumulated depreciation	(52,974,405)	(8,241,071)	2,549,535	3,445,588	(42,463)	(55,262,816)	(8,531,668)	1,917,307	2,561	(577,278)	(62,451,894)
Work in process	3,029,404	1,677,410	5,965	(2,128,258)	27,417	2,611,938	2,527,164	(21,241)	(1,740,553)	106,653	3,483,961
Total	Ps. 105,699,842	Ps. 5,642,941	Ps. (336,253)	Ps. (2,590,820)	Ps. 252,819	Ps. 108,668,529	Ps. 4,039,921	Ps. (386,320)	Ps. 47,064	Ps. 1,273,466	Ps. 113,642,660

	Leased property and equipment										
	December 31, 2012	Additions	Disposals	Transfers	Translation effect	December 31, 2013	Additions	Disposals	Transfers	Translation effect	December 31, 2014
Buildings	Ps. 12,574,797	Ps. 1,454,057	Ps. (145,643)	Ps. (553,583)	Ps. 30,658	Ps. 13,360,286	Ps. 402,712	Ps. (202,737)	Ps. -	Ps. 139,179	Ps. 13,699,440
Furniture and equipment	1,717,339	420,528	(4)	(241,253)	-	1,896,610	169,218	-	(62,061)	-	2,003,767
Subtotal	14,292,136	1,874,585	(145,647)	(794,836)	30,658	15,256,896	571,930	(202,737)	(62,061)	139,179	15,703,207
Accumulated depreciation	(2,615,076)	(566,847)	54,967	324,569	(40,311)	(2,842,698)	(654,509)	172,133	23,929	(48,666)	(3,349,811)
Total	Ps. 11,677,060	Ps. 1,307,738	Ps. (90,680)	Ps. (470,267)	Ps. (9,653)	Ps. 12,414,198	Ps. (82,579)	Ps. (30,604)	Ps. (38,132)	Ps. 90,513	Ps. 12,353,396
Grand total	Ps. 117,376,902	Ps. 6,950,679	Ps. (426,933)	Ps. (3,061,087)	Ps. 243,166	Ps. 121,082,727	Ps. 3,957,342	Ps. (416,924)	Ps. 8,932	Ps. 1,363,979	Ps. 125,996,056

Depreciation expense for the years ended December 31, 2014 and 2013, was Ps. 9,107,587 and Ps. 8,492,229, respectively.

Property and equipment impairment for the years ended December 31, 2014 and 2013, was Ps. 128,083 and Ps. 20,828, respectively.

At December 31, 2014 and 2013, the transfer column includes the reclassification of fixed assets held for sale of Walmart Bank by Ps. 23,651 and for the restaurant division by Ps. 3,116,581, respectively.

Work in process mostly consists of Company´s investments mainly for the construction of new stores.

9.- INTANGIBLE ASSETS:

An analysis of intangible assets at December 31, 2014 and 2013, is as follows:

		December 31, 2014		December 31, 2013
Goodwill	Ps.	28,020,341	Ps.	24,745,086
Trade marks		677,458		620,167
Licenses and software		280,741		445,893
Trade receivables		90,204		102,484
Patents		46,275		43,556
	Ps.	29,115,019	Ps.	25,957,186

Goodwill represents the excess of the purchase price over the fair value of the net assets of Walmart Central America at the acquisition date, plus the fair value of the non-controlling interests, computed in conformity with the guidelines in IFRS 3, *Business Combinations.*

Goodwill was assigned in conformity with IAS 38, *Intangible Assets,* applying the perpetuity value technique to determine the goodwill's value in use, considering each Central American country (Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador) as a minimum cash generating unit.

Goodwill is translated to the applicable exchange rates at year end and the corresponding effect is recognized in other comprehensive income items.

The Company engaged the services of an independent expert to test its goodwill for impairment. This evaluation was performed in conformity with IAS 36, *Impairment of Assets*, using the discounted cash flow technique (expected present value) to estimate the value in use of each cash generating unit based on the estimated revenues, costs, expenses, working capital requirements and fixed asset investments of each unit. This technique includes projection assumptions and value estimates and is consistent with the technique used to determine the purchase price of Walmart Central America at the time of the acquisition, which was the basis for estimating the goodwill to be allocated to each country.

Recoverable goodwill was computed based on value in use, which was calculated using cash flow projections considering the five-year business plan that underlies the decision making of the Company's senior management, except for El Salvador and Nicaragua, where the business plan covers ten years.

As a result of this study, at December 31, 2014, the Company recognized an impairment loss of Ps. 456,988 in the other income, net line and a translation effect of Ps. 70,223 in other comprehensive income items. At December 31, 2013, there were no indicators of impairment in the value of the Company's goodwill.

Trade marks represents those that were acquired at the time of the acquisition of Walmart Central America such as: Palí, Despensa Familiar, Maxi Bodega, ClubCo., among others. They are translated at the year end exchange rate and the corresponding effect is recognized in other comprehensive income items.

For the years ended December 31, 2014 and 2013, the Company acquired software in the amount of Ps. 151,989 and Ps. 288,454, respectively.

Licenses, software and customers amortization expense for the years ended December 31, 2014 and 2013, was Ps. 171,627 and Ps. 177,098, respectively.

10.- RELATED PARTIES:

a) Related party balances

At December 31, 2014 and 2013, the consolidated statement of financial position includes the following balances with related parties:

		December 31, 2014		December 31, 2013
Accounts payable to suppliers:				
C.M.A. – U.S.A., L.L.C. (affiliate)	Ps.	990,986	Ps.	343,919
Global George, LTD. (affiliate)		6,625		34,451
	Ps.	997,611	Ps.	378,370
Other accounts payable:				
Wal-Mart Stores, Inc. (holding company)	Ps.	506,503	Ps.	413,092

At December 31, 2014 and 2013, balances receivable due from and payable due to related parties consist of current accounts that bear no interest, payable in cash and without guarantees.

b) Related party transactions

WALMEX has entered into the following open-ended agreements with related parties:

- Agreement for imports of merchandise for sale, interest-free and payable monthly.

- Agreement for purchase commissions with Global George that are payable on a recurring basis.

- Agreement for technical assistance and services with Walmart Stores that are payable monthly.

- Agreement for royalties for trademark use with Walmart Stores, payable quarterly based on a percentage of sales of the retail businesses.

The Company had the following transactions with related parties during the years ended December 31, 2014 and 2013:

		December 31, 2014		December 31, 2013
Import of merchandise for sale:				
C.M.A. – U.S.A., L.L.C. (affiliate)	Ps.	3,774,128	Ps.	3,131,719
Global George, LTD. (affiliate)		95,862		47,003
	Ps.	3,869,990	Ps.	3,178,722
Technical assistance, services and royalties:				
Wal-Mart Stores, Inc. (holding company)	Ps.	2,398,523	Ps.	2,164,810

c) Remuneration of principal officers

An analysis of remuneration to the Company's principal officers for the years ended December 31, 2014 and 2013 is as follows:

		December 31, 2014		December 31, 2013
Short-term benefits	Ps.	786,173	Ps.	754,508
Termination benefits		75,044		83,303
Share-based payments		21,070		93,951
	Ps.	882,287	Ps.	931,762

11.- OTHER ACCOUNTS PAYABLE:

An analysis of other accounts payable at December 31, 2014 and 2013, is as follows:

		December 31, 2014		December 31, 2013
Accrued liabilities and others	Ps.	9,542,377	Ps.	8,830,905
Dividends		2,300,168		40,639
Walmart Bank traditional deposits		-		4,807,951
Provisions		599,482		606,153
Finance lease (Note 12)		559,050		723,059
Related parties (Note 10)		506,503		413,092
Contingent liability (Note 12)		132,983		127,674
	Ps.	13,640,563	Ps.	15,549,473

At December 31, 2014, Walmart Bank traditional deposits are included in the liabilities related to assets held for sale, in conformity with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations.*

At December 31, 2014, the Company has commitments totaling Ps. 12,737,320 (Ps. 10,150,325 in 2013) for the acquisition of inventories, property and equipment, as well as for maintenance services.

12.- OTHER LONG-TERM LIABILITIES:

At December 31, 2014 and 2013, the other long-term liabilities line includes the Company's obligations beyond one year under its finance leases and contingent liability, as described below.

a) Leases:

In order to determine if the suppliers transfer the right to use an asset, **WALMEX** analyses the provision of services agreement that do not have the legal form of a lease but that involve the use of an asset. **WALMEX** does not have a provision of services agreement that must be classified as a lease, in conformity with IFRIC 4, *Determining Whether an Arrangement Contains a Lease.*

The Company has entered into operating leases with third parties. Rental expense under these leases is recognized on a straight-line basis over the term of the lease agreements considering as the commencement date of the lease the occupancy date of the leased property and including the lessee's rights to renewal.

The Company has entered into property lease agreements that qualify as finance leases. These agreements are recorded at the lower of either the present value of future minimum lease payments or at the market value of the property, and they are amortized over the term of the lease agreements, which includes the lessee's rights to renewal.

The Company has entered into property lease agreements with third parties for compulsory terms ranging from 1 to 15 years.

The Company has also entered into finance leases for the rental of residual water treatment plants used to meet environmental protection standards. The terms of these agreements are 7 and 10 years.

Future rental payments are as follows:

Year	Operating leases (compulsory term)		Finance leases (minimum payments)			
			Present value		Future value	
2015	Ps.	387,370	Ps.	559,050	Ps.	1,729,776
2016	Ps.	328,786	Ps.	493,621	Ps.	1,653,431
2017	Ps.	247,811	Ps.	443,562	Ps.	1,588,684
2018	Ps.	182,194	Ps.	394,202	Ps.	1,487,883
2019	Ps.	145,351	Ps.	341,787	Ps.	1,450,014
2020 and thereafter	Ps.	821,822	Ps.	10,896,513	Ps.	26,428,593

At December 31, 2014 and 2013, the liability derived from the use of the straight-line method under operating leases was Ps. 621,351 and Ps. 524,784, respectively, from which Ps. 22,485 and Ps. 25,085 are presented in the current liabilities line.

Total rent under operating leases charged to the income statement during the years ended December 31, 2014 and 2013 was Ps. 4,401,420 and Ps. 4,548,458, respectively.

b) Contingent liability

At December 31, 2014 and 2013, the Company recognized a contingent liability for contingent compensation related to the acquisition of Walmart Central America of Ps. 132,983 and Ps. 1,069,197, respectively. This contingent compensation represents future payments in shares and in cash.

An analysis of the payments made by the Company in cash and shares in February of each year to cover the contingent liability payable as part of acquisition is as follows:

		2014		2013
Payment in shares	Ps.	65,114	Ps.	67,159
Payment in cash		62,560		64,526
Total payment of contingent liability	Ps.	127,674	Ps.	131,685
Number of Series "V" shares issued		2,114,312		1,606,084

13.- TAXES ON PROFITS:

Effective January 1, 2014, **WALMEX** as an integrating entity and its integrated subsidiaries in Mexico, determine and pay its income tax under the optional integration regime for groups of entities.

An analysis of taxes on profits charged to the income statement for the years ended December 31, 2014 and 2013, is as follows:

	December 31, 2014		December 31, 2013	
Current year tax	Ps.	10,863,537	Ps.	9,161,839
Deferred tax		(1,342,203)		469,736
Total	Ps.	9,521,334	Ps.	9,631,575

An analysis of the effects of the temporary differences giving rise to deferred tax assets and liabilities at December 31, 2014 and 2013, is as follows:

	December 31, 2014		December 31, 2013	
Deferred liability:				
Property and equipment	Ps.	8,156,133	Ps.	9,133,637
Prepaid expenses		281,314		288,507
Repatriation of earnings from Walmart Central America		-		1,238,918
		8,437,447		10,661,062
Deferred assets:				
Inventories		(544,447)		(663,248)
Advance collections		(536,933)		(191,539)
Labor obligations		(461,510)		(376,605)
Other long term liabilities		(460,544)		(396,566)
Provisions		(179,844)		(181,846)
Reserve for bad debts		(59,052)		(368,841)
Tax losses carryforward from subsidiaries		(29,301)		(1,039,272)
Other items		(343,968)		(591,487)
		(2,615,599)		(3,809,404)
Total	Ps.	5,821,848	Ps.	6,851,658

Walmart Bank deferred tax is included in the assets held for sale line.

The reconciliation between the statutory tax rate and Company's effective tax rate for the year ended December 31, 2014 and 2013, is as follows:

	2014	2013
Statutory tax rate	30.0%	30.0%
Non-deductible expenses from payments to associates exempt from income tax	0.9%	-
Reversal of repatriation of earnings from Walmart Central America	(1.2)%	-
Effect from changes in rates	-	1.6%
Other items	(2.2)%	(1.1)%
Effective tax rate	27.5%	30.5%

Income tax rates applicable are shown below:

	Rate
Mexico	30%
Costa Rica	30%
Guatemala	28%
Honduras	30%
Nicaragua	30%
El Salvador	30%

The Company has tax losses from Walmart Bank by Ps. 2,904,562 and from other subsidiaries by Ps. 100,298, that, in conformity with the current Mexican Income Tax Law, may be carried forward against the taxable income generated in future years, as follows:

Year of expiration		Amount
2017	Ps.	246
2018		381,531
2019		868,102
2020		842,130
2021		657,091
2022		158,596
2023		858
2024		96,306
	Ps.	3,004,860

14.- EMPLOYEE BENEFITS:

Annually, the Company engages an independent expert to perform the actuarial calculations related to its labor obligations and it is prepared in conformity with IAS 19, *Employee Benefits.*

Mexico:

The Company has set up a defined benefits trust fund to cover seniority premiums accruing to employees. Workers make no contributions to this fund. Also, the Company recognizes the liability for termination benefits for retirement. These obligations are determined using the projected unit credit method.

At December 31, 2014 and 2013, an analysis of the Company's assets and liabilities for seniority premiums and retirement benefits is as follows:

	Seniority Premiums		Retirement benefits	
	2014	2013	2014	2013
Defined benefit obligations	Ps. 855,596	Ps. 736,256	Ps. 113,410	Ps. 97,307
Plan assets	(684,207)	(612,821)	-	-
Net projected liability	Ps. 171,389	Ps. 123,435	Ps. 113,410	Ps. 97,307

Changes in the net present value of the defined benefit obligations (DBO) at December 31, 2014 and 2013, are shown below:

	Seniority Premiums		Retirement benefits	
	2014	2013	2014	2013
DBO at beginning of year	Ps. 736,256	Ps. 786,744	Ps. 97,307	Ps. 103,353
Net period cost charged to the results:				
-Labor cost from actual services	107,486	117,115	6,317	6,764
-Interest cost on DBO	53,744	53,384	7,133	7,074
Other comprehensive income items	39,193	(64,760)	3,718	(11,559)
Benefits paid	(77,668)	(66,147)	-	-
Transfers	(3,415)	(90,080)	(1,065)	(8,325)
DBO at year end	Ps. 855,596	Ps. 736,256	Ps. 113,410	Ps. 97,307

Changes in the net present value of the plan assets (PA), at December 31, 2014 and 2013, are shown below:

	Seniority premiums	
	2014	2013
PA at beginning of year	Ps. (612,821)	Ps. (603,038)
Expected return on plan assets	(44,481)	(40,535)
Other comprehensive income items	12,069	21,535
Plan contributions	(115,684)	(128,902)
Benefits paid	76,710	65,487
Transfers	-	72,632
PA at year end	Ps. (684,207)	Ps. (612,821)

Valuation techniques used by the Company to determine and disclose the fair value of its financial instruments is based on a Level 1 hierarchy (market quotes in active markets considering similar assets or liabilities at fair value) in conformity with IFRS 13 *Fair value measurement.*

At December 31, 2014, the plan assets have been invested through the trust mostly in money market instruments.

At December 31, 2014 and 2013, actuarial gains/losses from the labor obligations are recognized in the other comprehensive income items line by Ps. 145,241 and Ps. 90,261, respectively.

Central America:

At December 31, 2014 and 2013, changes in the net present value of the DBO, is shown below:

	2014	2013
DBO at beginning of year	Ps. 750,835	Ps. 771,058
Net period cost charged to the results:		
-Labor costs from actual services	112,665	113,108
-Interest cost on DBO	74,682	67,234
Other comprehensive income items	103,074	(2,223)
Benefits paid	(159,276)	(161,318)
Translation effects	138,125	(37,024)
DBO at year end	Ps. 1,020,105	Ps. 750,835

At December 31, 2014 and 2013, actuarial gains/losses from the labor obligations are recognized in the other comprehensive income items line by Ps. 226,104 and Ps. 123,030, respectively.

At December 31, 2014, the assumptions used in the actuarial valuations of Mexico and Central America, are as follows:

	Mexico	Central America
Financial:		
Discount rate	7.00%	7.19% -12.37%
Salary increase rate	5.25%	3.10% -7.50%
Minimum salary increase rate	4.00%	2.60% - 7.0%
Inflation rate	4.00%	2.60% - 7.0%
Biometrics:		
Mortality	IMSS97(1)	RP – 2000(2)
Disability	21.07%	15.4%
Retirement age	65 years	60-65 years

(1) Experience from the Mexican Institute for Social Security for males and females.
(2) RP-2000 for Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

15.- EQUITY:

a. At ordinary meeting held on March 20, 2014, the shareholders adopted the following resolutions:

1. Approval of a cap of Ps. 5,000,000 on the amount the Company would use in 2014 to repurchase its own shares.

2. Cancellation of 107,608,000 series “V” shares resulting from the repurchase of shares.

3. Increase in the legal reserve of Ps. 1,135,845 to be charged to retained earnings.

4. A declared ordinary cash dividend of Ps. 0.52 pesos per share to be paid in four installments of Ps. 0.13 pesos per share on April 29, 2014, August 26, 2014, November 25, 2014 and February 24, 2015; and two extraordinary cash dividends, the first one of Ps. 0.46 pesos per share to be paid in two installments, one of Ps. 0.27 pesos per share on April 29, 2014 and the second one of Ps. 0.19 pesos per share on November 25, 2014. The second extraordinary cash dividend of Ps. 0.40 pesos per share which is subject to the approval and closing of the sale of the Vips restaurant division.

b. At ordinary and extraordinary meetings held on March 14, 2013, the shareholders adopted the following resolutions:

1. Approval of a cap of Ps. 5,000,000 on the amount the Company would use in 2013 to repurchase its own shares.

2. Cancellation of 24,917,540 series “V” shares resulting from the repurchase of shares.

3. Increase in the legal reserve of Ps. 1,163,758 to be charged to retained earnings.

4. A declared cash dividend of Ps. 0.46 pesos per share to be paid on April 23, 2013 and two extraordinary cash dividends of Ps. 0.29 pesos per share and Ps. 0.17 pesos per share to be paid on April 23 and on November 26, 2013, respectively.

5. Approval of the comprehensive amendment to the Company’s bylaws.

c. Capital stock is represented by registered shares with no par value. The Company’s capital stock must be represented by a minimum of 3,000,000,000 shares and a maximum of 100,000,000,000 shares.

At December 31, 2014 and 2013, an analysis of historical paid-in stock and the number of shares representing it is as follows:

Capital stock		December 31, 2014		December 31, 2013
Fixed minimum capital	Ps.	5,591,362	Ps.	5,591,362
Variable capital		36,982,593		37,215,773
Total	Ps.	42,573,955	Ps.	42,807,135
Number of freely subscribed common shares:		17,506,639,103		17,627,200,951

During the year ended December 31, 2014, **WALMEX** repurchased 122,676,160 (96,000,000 in 2013) of its own shares, of which 11,608,000 were cancelled as per the resolution adopted at the shareholders' meeting held on March 20, 2014. As a result of the share repurchases, the Company's historical capital stock was reduced by Ps. 298,294 (Ps. 233,133 in 2013). The difference between the theoretical value and the repurchase cost of the shares acquired was reflected against retained earnings.

d. Distributed earnings and capital reductions that exceed the net taxed profits account (CUFIN per its acronym in Spanish) and restated contributed capital account (CUCA per its acronym in Spanish) balances are subject to income tax, in conformity with Articles 10 and 78 of the Mexican Income Tax Law.

At December 31, 2014 and 2013, the total balance of the tax accounts related to equity is Ps. 102,436,241 and Ps. 104,813,504, respectively, in conformity of the current tax laws effective January 1, 2014.

Additionally the individuals residing in Mexico and residents abroad (individuals or corporations) are subject to pay income tax at an additional rate of 10% on dividends or profits distributed by corporations resident in Mexico. The latter are obliged to withhold tax to pay it to the federal treasury. The additional tax rate of 10% mentioned only applies to profits obtained beginning on 2014. For these purposes, the corporation is required to keep track of net taxable income (CUFIN) with the profits generated until December 31, 2013. From the balance of this account, dividends paid from January 1, 2014, will be subtracted and once exhausted, this balance will begin to withhold an additional tax rate of 10%. At December 31, 2014 and 2013, the Company had a balance of CUFIN with the profits generated as of December 31, 2013 of Ps. 48,547,901 and Ps. 55,367,880, respectively.

e. The employee stock option plan fund consists of 242,253,520 **WALMEX** shares, which have been placed in a trust created for the plan.

The total compensation cost charged to operating results in the years ended December 31, 2014 and 2013 was Ps. 332,533 and Ps. 351,898, respectively, which represented no cash outlay for the Company.

Changes in the stock option plan are as follows:

	Number of shares	Weighted average price per share (pesos)
Balance at December 31, 2012	250,645,068	22.81
Granted	38,214,955	39.21
Exercised	(55,080,437)	15.52
Cancelled	(9,002,077)	35.67
Balance at December 31, 2013	224,777,509	26.87
Granted	49,367,214	30.89
Exercised	(29,358,139)	15.71
Cancelled	(12,159,746)	35.19
Balance at December 31, 2014	232,626,838	28.70
Shares available for option grant:		
At December 31, 2014	9,626,682	
At December 31, 2013	7,199,150	

At December 31, 2014, an analysis of granted and exercisable shares under the stock option plan fund is as follows:

	Granted				Exercisable	
Year	Number of shares	Average remaining life (in years)	Weighted average price per share (pesos)	Range of price (pesos)	Number of shares	Weighted average price per share (pesos)
2005	11,085,363	0.2	9.90	9.90	11,085,363	9.90
2006	12,540,832	1.2	14.40	14.40-15.02	12,540,832	14.40
2007	11,486,202	2.2	21.54	21.54	11,486,202	21.54
2008	18,060,208	3.2	19.35	19.35	18,060,208	19.35
2009	22,593,935	4.2	16.02	15.85-22.80	22,593,935	16.02
2010	22,737,266	5.2	29.70	29.69-31.05	15,572,118	29.70
2011	25,750,092	6.2	33.75	33.70-33.75	11,213,760	33.75
2012	29,910,681	7.2	39.79	34.74-40.05	8,655,292	39.71
2013	32,324,470	8.2	39.21	39.17-41.89	3,807,693	39.22
2014	46,137,789	9.2	30.89	30.84-39.17	-	
Total	232,626,838	5.9	28.70		115,015,403	22.46

16.- OTHER REVENUES:

For the years ended December 31, 2014 and 2013, an analysis of other revenues related to the Company's primary business activities is as follow:

	December 31, 2014	December 31, 2013
Memberships	Ps. 1,225,248	Ps. 1,212,672
Rental	964,532	839,743
Gasoline	268,675	306,159
Sale of waste	380,164	328,758
Service commissions	273,923	272,387
Parking	110,512	126,413
Others	106,266	159,814
Total	Ps. 3,329,320	Ps. 3,245,946

17.- FINANCIAL EXPENSES, NET:

An analysis of financial expenses, net for the years ended December 31, 2014 and 2013, is as follows:

	December 31, 2014	December 31, 2013
Financial income		
Financial income	Ps. 1,044,108	Ps. 1,085,261
Exchange gain	61,745	54,562
	1,105,853	1,139,823
Financial expenses		
Interest on finance leases	1,212,003	1,113,361
Others	47,884	42,206
	1,259,887	1,155,567
Total	Ps. (154,034)	Ps. (15,744)

Financial income primarily consists of interest earned on investments and income earned on factoring transactions.

18.- SEGMENT FINANCIAL INFORMATION:

Segment financial information is prepared based on the information used by the Company's senior management to make business decisions and on the criteria established in IFRS 8, *Operating Segments.*

The Company operates in Mexico and Central America and sells to the general public, and it is primarily engaged in operating self-service stores.

The Company has identified the following operating segments by geographical zone:

Mexico:

- Self-service: Operation of discount stores, hypermarkets, wholesale-price membership stores and supermarkets.
- Others: Consists of department stores and real estate transactions with third parties.

Central America:

Operation of discount stores, supermarkets, hypermarkets, warehouse stores and wholesale-price membership stores in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

An analysis of financial information by operating segments and geographical zones is as follows:

	Year ended December 31, 2014			
Segment	Total revenues	Operating income	Financial expenses - net	Income before taxes on profits
Mexico:				
Self-service	Ps. 365,450,584	Ps. 29,250,810	Ps. -	Ps. -
Others	13,326,879	1,446,300	-	-
Central America:				
Self-service	62,210,271	2,877,470	-	-
Impairment of goodwill and cancellation of contingent liability	-	1,141,616	-	-
Consolidated	Ps. 440,987,734	Ps. 34,716,196	Ps. (154,034)	Ps. 34,562,162

Segment		Year ended December 31, 2013 Total revenues		Operating income		Financial expenses - net		Income before taxes on profits
Mexico:								
Self-service	Ps.	352,606,541	Ps.	27,789,651	Ps.	-	Ps.	-
Others		13,786,148		1,730,532		-		-
Central America:								
Self-service		57,430,278		2,115,953		-		-
Consolidated	Ps.	423,822,967	Ps.	31,636,136	Ps.	(15,744)	Ps.	31,620,392

Segment		Year ended December 31, 2014 Purchase of property and equipment		Depreciation and amortization		Total assets		Current liabilities
Mexico:								
Self-service	Ps.	9,136,037	Ps.	7,282,731	Ps.	154,715,809	Ps.	50,868,727
Others		703,749		546,450		11,858,431		2,157,821
Unassignable Items		-		-		14,410,211		6,178,912
Assets and liabilities held for sale		-		-		7,988,358		5,770,732
Central America:								
Self-service		2,851,183		1,450,033		29,087,406		10,418,876
Goodwill and contingent liability		-		-		28,020,341		132,983
Consolidated	Ps.	12,690,969	Ps.	9,279,214	Ps.	246,080,556	Ps.	75,528,051

Segment		Year ended December 31, 2013 Purchase of property and equipment		Depreciation and amortization		Total assets		Current liabilities
Mexico:								
Self-service	Ps.	10,843,668	Ps.	6,712,881	Ps.	148,930,714	Ps.	45,484,529
Financial Services		73,334		-		6,350,972		5,055,558
Others		774,467		628,514		9,842,266		2,049,251
Unassignable Items		-		-		12,351,574		3,441,417
Assets and liabilities held for sale		-		-		3,932,746		966,227
Central America:								
Self-service		2,295,545		1,327,932		24,108,775		8,596,744
Goodwill and contingent liability		-		-		24,745,086		127,674
Consolidated	Ps.	13,987,014	Ps.	8,669,327	Ps.	230,262,133	Ps.	65,721,400

Unassignable items refer primarily to reserve land, cash and cash equivalents of the parent and real estate companies, as well as income tax payable.

At December 31, 2014 and 2013, assets and liabilities held for sale correspond to Walmart Bank and the restaurant division, respectively.

19.- APPROVAL OF THE FINANCIAL STATEMENTS:

The accompanying consolidated financial statements and its notes for the year ended December 31, 2014 and 2013 were approved for issue and public release by the Company´s management on February 4, 2015. These financial statements and its notes were subsequently approved by the Company's Board of Directors in a meeting held on February 17, 2015.