Grupo Sanborns

CONSOLIDATED FINANCIAL STATEMENTS

Grupo Sanborns, S.A.B. de C.V. and Subsidiaries (Subsidiary of Grupo Carso, S.A.B. de C.V.)

Deloitte.

INDEPENDENT AUDITORS´ REPORT

To the Board of Directors and Stockholders of Grupo Sanborns, S.A.B. de C.V.

We have audited the accompanying consolidated financial statements of Grupo Sanborns, S.A.B. de C.V. and Subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2014, 2013 and 2012, and the statements of profit or loss and other comprehensive income, statements of changes in stockholders' equity and statements of 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 for 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of Independent Auditors

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

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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 Sanborns, S.A.B. de C.V. and Subsidiaries as of December 31, 2014, 2013 y 2012 and their financial performance and their cash flows for the years ended December 31, 2014 and 2013 in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

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

C. P. C. Luis Javier Fernández Barragán
March 13, 2015

Grupo Sanborns, S.A.B. de C.V. and Subsidiaries (Subsidiary of Grupo Carso, S.A.B. de C.V.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2014, 2013 and 2012 (In thousands of Mexican pesos)

	Note	**2014**	2013	2012
ASSETS				
Current assets:				
Cash and cash equivalents	7	$ 3,572,499	$ 5,092,804	$ 2,327,855
Other cash equivalents		2,539,740	2,622,189	$ -
Accounts receivable, Net	8	10,593,654	10,131,258	9,121,536
Inventories, Net	9	8,966,031	9,070,572	8,840,163
Prepaid expenses		88,710	61,060	50,483
Total current assets		25,760,634	26,977,883	20,340,037
Non-current assets:				
Long-term accounts receivable		46,000	57,500	69,000
Property, machinery and equipment, Net	13	11,358,677	9,733,195	8,808,288
Investment property	14	1,908,604	1,687,705	1,477,628
Investment in associates		1,351	1,351	1,318
Employee retirement benefits	19	942,910	821,022	828,892
Deferred income taxes	25b	195,569	173,605	170,073
Other assets, Net		32,609	29,548	33,702
Total non-current assets		14,485,720	12,503,926	11,388,901
Total assets		**$ 40,246,354**	**$ 39,481,809**	**$ 31,728,938**
LIABILITIES				
Current liabilities:				
Notes payable to financial institutions	15	$ -	$ -	$ 2,774,069
Debt securities	16	-	-	2,498,970
Trade accounts payable		6,158,554	6,321,806	5,964,007
Other accounts payable and accrued liabilities	17	2,975,606	2,834,785	2,966,990
Due to related parties	21	265,181	207,315	250,860
Provisions	18	85,744	90,548	86,451
Direct employee benefits		414,933	390,713	385,617
Income tax payable		106,766	84,691	149,547
Derivative financial instruments	12	-	-	10
Total current liabilities		10,006,784	9,929,858	15,076,521
Non-current liabilities:				
Income tax payable long-term	25f	313,153	-	-
Employee retirement benefits	19	70,582	91,290	92,361
Deferred income taxes	25b	912,953	1,449,246	1,331,266
Total non-current liabilities		1,296,688	1,504,536	1,423,627
Total liabilities		11,303,472	11,470,394	16,500,148
STOCKHOLDERS' EQUITY				
Stockholders' equity:				
Capital stock	20	2,028,107	2,039,678	1,634,370
Additional paid – in capital		10,896,604	10,896,604	140,043
Retained earnings		14,285,028	13,626,312	12,183,563
Other comprehensive loss items		(66,078)	(169,026)	(180,544)
Controlling interest		27,143,661	26,393,568	13,777,432
Non-controlling interest		1,799,221	1,617,847	1,451,358
Total consolidated stockholders' equity		28,942,882	28,011,415	15,228,790
Total liabilities and stockholders' equity		**$ 40,246,354**	**$ 39,481,809**	**$ 31,728,938**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

As of December 31, 2014 and 2013 (In thousands of Mexican pesos, except for basic earnings per commons share data)

	Note		**2014**		2013
Income	22	$	41,202,547	$	40,514,434
Costs of sales	23		24,939,584		24,426,130
Gross profit			16,262,963		16,088,304
Selling and distribution expenses	23		9,255,910		8,920,272
Administrative expenses	23		2,103,156		1,932,187
Depreciation			793,681		677,362
Other income, Net	24		(318,258)		(447,743)
Interest expense			103,470		121,746
Interest income			(345,128)		(369,538)
Exchange gain			(45,566)		(106,795)
Exchange loss			78,964		103,326
Income before income taxes			4,636,734		5,257,487
Income taxes	25		1,432,036		1,709,964
Consolidated net income for the year			3,204,698		3,547,523
Other comprehensive income, net of income tax:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations			32,566		(1,688)
Item that will not be reclassified subsequently to profit or loss:					
Actuarial gain (losses)			100,063		18,866
Deferred income taxes			(29,681)		(5,660)
Consolidated comprehensive income of the year		**$**	**3,307,646**	**$**	**3,559,041**
Consolidated net income attributable to:					
Controlling interest		$	2,921,988	$	3,232,549
Non-controlling interest			282,710		314,974
		$	**3,204,698**	**$**	**3,547,523**
Consolidate comprehensive income attributable to:					
Controlling interest		$	3,024,936	$	3,244,067
Non-controlling interest			282,710		314,974
		$	**3,307,646**	**$**	**3,559,041**
Basic earnings per common share attributable to controlling interest		**$**	**1.24**	**$**	**1.47**
Weighted average number of shares			**2,349,883,558**		**2,202,405,000**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2014 and 2013 (In thousands of Mexican pesos)

	Capital stock	Additional paid –in capital	Retained earnings
Balances as of January 1, 2013	$ 1,634,370	$ 140,043	$ 12,183,563
Issuance of common stock	405,308	-	-
Net stock issuance premium	-	10,756,561	-
Dividends paid to controlling interest and non-controlling interest	-	-	(1,789,800)
Consolidated comprehensive income of the year	-	-	3,232,549
Balances as of December 31, 2013	2,039,678	10,896,604	13,626,312
Dividends paid to controlling interest and non-controlling interest	-	-	(1,884,000)
Repurchase of shares, net of dividends	(11,571)	-	(379,272)
Consolidated comprehensive income of the year	-	-	2,921,988
Balances as of December 31, 2014	**$ 2,028,107**	**$ 10,896,604**	**$ 14,285,028**

See accompanying notes to consolidated financial statements.

Translation effects of foreign operations	Actuarial (losses) gain	Total controlling interest	Non- controlling interest	Total Stockholder's Equity
$ (7,964)	$ (172,580)	$ 13,777,432	$ 1,451,358	$ 15,228,790
-	-	405,308	-	405,308
-	-	10,756,561	-	10,756,561
-	-	(1,789,800)	(148,485)	(1,938,285)
(1,688)	13,206	3,244,067	314,974	3,559,041
(9,652)	(159,374)	26,393,568	1,617,847	28,011,415
-	-	(1,884,000)	(101,336)	(1,985,336)
-	-	(390,843)	-	(390,843)
32,566	70,382	3,024,936	282,710	3,307,646
$ 22,914	**$ (88,992)**	**$ 27,143,661**	**$ 1,799,221**	**$ 28,942,882**

Grupo Sanborns, S.A.B. de C.V. and Subsidiaries (Subsidiary of Grupo Carso, S.A.B. de C.V.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2014 and 2013 (In thousands of Mexican pesos)

	2014	2013
Cash flows from operating activities:		
Consolidated net income for the year	$ 3,204,698	$ 3,547,523
Adjustments not requiring (providing) cash:		
Income tax recognized in earnings	1,432,036	1,709,964
Depreciation	819,973	704,052
Loss on sale of property, machinery and equipment	64,318	24,412
Gain arising on changes in fair value of investment properties	(220,899)	(210,077)
Interest expense	103,470	121,746
Interest income	(345,128)	(369,538)
Actuarial gain (losses)	70,382	13,206
	5,128,850	5,541,288
Items related to operating activities:		
(Increase) decrease in:		
Accounts receivable	(462,396)	(820,819)
Inventories	104,541	(230,409)
Prepaid expenses	(27,650)	(10,577)
Other assets	(3,061)	4,121
Long-term accounts receivable	11,500	11,500
Net assets projected for future benefits	(142,596)	6,799
(Decrease) increase in:		
Trade accounts payable	(163,252)	357,799
Other accounts payable and accrued liabilities	140,821	(251,268)
Due to related parties	57,866	(43,545)
Provisions	(4,804)	4,097
Direct employee benefits	24,220	5,096
Income taxes paid	(1,657,086)	(1,730,212)
Derivative financial instruments	-	(10)
Net cash flows generated by operating activities	3,006,953	2,843,860
Cash flows from investing activities:		
Purchase of property, machinery and equipment	(2,546,185)	(1,675,212)
Sales of property, machinery and equipment	36,412	21,841
Interest received	345,128	369,538
Net cash flows used in investing activities	(2,164,645)	(1,283,833)
Cash flows from financing activities:		
Issuance of common stock	-	11,161,869
Payment of debt securities	-	(2,498,970)
Payment of borrowings	-	(2,774,069)
Repurchase of shares	(397,954)	-
Interest paid	(103,470)	(121,746)
Dividends paid	(1,976,204)	(1,938,285)
Net cash flows (used in) provided by financing activities	(2,477,628)	3,828,799
Effects of exchange rate changes on cash and cash equivalents	32,566	(1,688)
Net (decrease) increase in cash and cash equivalents	(1,602,754)	5,387,138
Cash and cash equivalents at beginning of the year	7,714,993	2,327,855
Cash and cash equivalents at end of the year	$ 6,112,239	$ 7,714,993

See accompanying notes to consolidated financial statements.

1. ACTIVITIES

Grupo Sanborns, S.A. de C.V. ("Grupo Sanborns") and Subsidiaries (the "Entity") is a subsidiary of Grupo Carso, S.A.B. de C.V. ("Grupo Carso"). The Entity is the owner of a group of companies mainly domiciled in Lago Zurich Núm. 245 seventh floor, Colonia Ampliación Granada in Mexico City, Postal Code 11529 and is primarily engaged in the operation of retail stores and restaurants, including a department store chains, fashion boutiques, Sanborns stores, the distribution and sale of latest generation Apple products, a network for the sale of recorded music and videos, a chain of luxury department stores, distribution of regional cosmetics and perfumes, a chain of traditional Mexican restaurants, a chain of industrial cafeterias and the management and leasing of two shopping malls.

The detail of each of the Entity's subsidiaries and their primary activities is set out in Note 4c.

2. SIGNIFICANT EVENTS FOR THE YEAR

On February 8, 2013, Grupo Sanborns made a public offering of its common shares for $11,348,631 in Mexico and other international markets. Of this amount, 40.5% was placed on foreign markets, with the remaining 59.5% placed in Mexico. Considering over-allotment, this placement involved 17.2% of Grupo Sanborns' common stock. The proceeds received by this offering has been primarily used to fund the expansion plan and renovate existing stores and restaurants of Grupo Sanborns (Sears, Sanborns and iShop), and for other corporate purposes such as the repayment of financing and working capital. This transaction increased the net stock premium for the amount of $10,756,561.

3. BASIS OF PRESENTATION

a. Amendments to International Financial Reporting Standards (IFRS or IAS) and new interpretations which are mandatory as of 2014

During this year, the Entity applied a series of new and amended IFRS issued by the International Accounting Standards Board (IASB) which are mandatory and effective as of fiscal years beginning on or after January 1, 2014.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Entity has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The application of this standard had no significant effect on the consolidated financial statements of the Entity.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Entity has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Entity's consolidated financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Entity's defined benefit plans do not allow for the reception of contributions from its employees; therefore, the amendments to IAS 19 have no effect on the consolidated financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized in profit and loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after July 1, 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ' similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortization when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortization is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The application of these amendments did not have a significant impact on the Entity's consolidated financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 1 clarify the meaning of "effective IFRS" with which first adoptants are allowed to apply a new IFRS even if it is not compulsory, if such IFRS allows its anticipated application.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) The property meets the definition of investment property in terms of IAS 40; and
(b) The transaction meets the definition of a business combination under IFRS 3.

The application of these amendments did not have a significant impact on the Entity's consolidated financial statements.

b. New and revised IFRS in issue but not yet effective

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

IFRS 9,	Financial Instruments[3]
IFRS 15	Revenue from Contracts with Customers[2]
Modificaciones a la IAS 16 e IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]

1 Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted
2 Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted
3 Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted

IFRS 9, Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

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

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

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- Hedge accounting requirements include three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Entity's management anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Entity's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Entity undertakes a detailed review.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services

Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract;
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Similarly, the amount of required disclosures is increased.

The Entity's management anticipates that the application of IFRS 15 in the future may not have a material impact on the amounts reported and disclosures made in the Entity's consolidated financial statements because most of its sales are to the general public.

Amendments to IAS 16, IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Entity uses the straight-line method for depreciation and amortization for its property, plant and equipment, and intangible assets respectively. The Entity's management believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, does not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Entity's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICES

a. Statement of compliance

The consolidated financial statements of the Entity have been prepared in conformity with IFRS and related amendments and interpretations issued by the IASB.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain long-term assets and financial instruments which are valued at restated or fair value at each period end, as explained in the accounting policies discussed below. The consolidated financial statements are prepared in Mexican pesos, the legal currency in Mexico, and are presented in thousands of Mexican pesos, unless otherwise stated.

i. Historical cost

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

ii. Fair value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, 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 Entity 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 the financial statements

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

- 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.

When Grupo Sanborns has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. Grupo Sanborns considers all relevant facts and circumstances in assessing whether or not the Entity's voting rights in an investee are sufficient to give it power, including

- The size of Grupo Sanborns' holdings of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by Grupo Sanborns, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Entity has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when Grupo Sanborns, obtains control over the subsidiary and ceases when the Entity loses 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.

Profit or loss 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 Grupo Sanborns' accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated in full on consolidation.

The ownership percentages over the capital stock of its subsidiaries as of December 31 are show below:

		% Ownership		
Subsidiary	Activity	**December 31, 2014**	December 31, 2013	December 31, 2012
Sanborn Hermanos, S.A. and Subsidiaries ("Sanborns")(1)	Operation of department, gift, and record stores and restaurants under the Sanborns brand	99.23	99.94	99.94
Sears Operadora México, S.A. de C.V. and Subsidiarie ("Sears")	Operation of department stores under the Sears band	84.94	84.94	84.94
Promotora Comercial, Sanborns S.A. de C.V. and Subsidiaries	Operation of computer and record stores, restaurants and coffee shops under the Ishop, Mix-up and Sanborns Café brands	99.96	99.96	99.96
Operadora de Tiendas Internacionales, S.A. de C.V. and Subsidiarie	Operation of department stores under the Saks Fifth Avenue brand	100.00	100.00	100.00
Servicios Corporativos de Grupo Sanborns, S.A. de C.V. and Subsidiaries	Boutiques operator and subholding	100.00	100.00	100.00
Grupo Sanborns Internacional, S.A. and Subsidiarie (1)	Sanborns store in Panama	-	100.00	100.00
Corporación de Tiendas Internacionales, S.A. de C.V. ("Corpti")	Sanborns and Sears stores in El Salvador	100.00	100.00	100.00
Comercializadora Dax, S.A. de C.V. and Subsidiarie	Operation of department stores under Dax brand	100.00	100.00	100.00
Prestadora de Servicios Loreto y Cuicuilco, S.A. de C.V.(1)	Personnel services provided to shopping mall	-	100.00	100.00
Grupo Inmobiliario Sanborns, S.A de C.V.	Sale, lease or sublease of fixed assets.	100.00	100.00	-
C.E.G. Sanborns, S.A de C.V.	Generation and supply of electricity.	100.00	100.00	100.00
C.E.G. Sanborns Satélite, S.A. de C.V.	Generation and supply of electricity.	100.00	100.00	-
C.E.G. Sanborns Tezontle, S.A. de C.V.	Generation and supply of electricity.	100.00	100.00	-
C.E.G. Sanborns Monterrey, S.A de C.V.	Generation and supply of electricity.	100.00	100.00	-
C.E.G. Sanborns Perisur, S.A de C.V.	Generation and supply of electricity.	100.00	100.00	-

(1) During the year, Servicios Globales en Comercio, S.A. de C.V. (a subsidiary of Promotora Comercial Sanborns) merged with Sanborn Hermanos, S.A., Prestadora de Servicios Loreto y Cuicuilco, S.A. de C.V. merged with Sanborns Hermanos Productora de Alimentos, S.A. de C.V., and Grupo Sanborns Internacional, S.A. merged with Promotora Comercial Sanborns, S.A. de C.V. (a subsidiary of Grupo Sanborns, S.A.B. de C.V.)

i) Changes in the Entity's ownership interests in existing subsidiaries

Changes in the Entity's ownership interests in subsidiaries that do not result in losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Entity'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 Grupo Sanborns.

When the Entity 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 Entity 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.

ii) Seasonality

Historically the Entity has experienced seasonal patterns of sales in stores due to increased consumption activity during the Christmas and New Year period, in the months of May and June, because of Mother's Day and Father's Day, respectively, and at the start of the school year in September. During these periods they promote products such as toys or winter clothes, and school utensils and articles during the back-to-school period. By contrast, they suffer from a drop in sales in July and August. The Entity seeks to reduce the effect of seasonality in its results through commercial strategies such as agreements with suppliers, competitive pricing and intensive promotion, for which reason its impact in the statements of comprehensive income and of financial position is insignificant.

d. Cash and cash equivalents

Consist mainly of bank deposits in checking accounts and short-term investments, highly liquid and easily convertible into cash or with a maturity of three months upon its acquisition and are subject to insignificant value change risks. Cash is stated at nominal value and cash equivalents are valued at fair value; any fluctuations in value are recognized in results of the period. Cash equivalents are represented by money market funds and short-term bank investments in pesos and U.S. dollars.

e. Other cash equivalents

Correspond to daily investments available that are used primarily to fund the expansion plan and remodeling of the main formats Grupo Sanborns (Sears, Sanborns and iShop) plus other purposes as prepayment of debt and working capital.

f. Investment in shares

Permanent investments made by the Entity in companies where there is no control, joint control or significant influence are initially recorded at cost and dividends received are recognized in current earnings unless from earnings from previous periods acquisition, in which case they are deducted from the permanent investment. If impairment indicators are present investments are subject to impairment tests.

g. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable considering the amount of sales returns, discounts and other similar discounts or rebates. Revenues are recognized based on the criteria outlined below

i. **Sale of goods –** The sale of goods is recognized when the inherent risks and rewards are transferred to the customer, provided the respective income can be reliably measured, it is likely that the Entity will receive the economic benefits associated with the transaction, the costs that have been or will be incurred to perform the transaction can be reliably measured, the Entity is not continuously involved in the ownership of the goods and does not retain effective control over them. Generally, revenues recognition coincides with the date on which the goods are delivered and ownership is legally transferred to the customer.

ii. **Finance income on credit sales –** Finance income on credit sales recognized when it is accrued and is generated by credit card transactions (Sanborns, Sears, Saks, Mixup and Corpti).

iii. **Services -** Provided are recognized when the service is rendered.

iv. **Rentals -** Is recognized on a straight-line basis as lease services are provided and maintenance fees are collected; these amounts are recognized throughout the period of the lease contract from which they are derived.

h. Loyalty programs for customers

Awards are accounted for as a separate component of the initial sale transaction, measured at their fair value and recognized as deferred income in the statement of financial position, within other accounts payable and accrued liabilities. Deferred revenue is recognized in income once the award is redeemed or expires.

i. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they can be directly attributable to qualifying assets, in which case they are capitalized in accordance with the general policy of the Entity for borrowing costs.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

j. Foreign currencies

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

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Entity's foreign operations are translated into mexican pesos using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

The corresponding adjustments to goodwill and fair value generated in the acquisition of a foreign operation are treated as assets and liabilities of this operation and translated at the rate prevailing at the closing date. The resulting exchange differences are recognized in other comprehensive income.

The functional and recording currency and Grupo Sanborns and its subsidiaries is the Mexican peso, except for certain subsidiaries whose currencies recording and / or functional are different as follows:

Entity	Recording currency	functional currency
Sanborns Panamá, S.A.	US Dollar	US Dollar
Corporación de Tiendas Internacionales, S.A. de C.V. (El Salvador)	US Dollar	US Dollar

The entities listed above are considered foreign operations under IFRS.

k. Direct employee benefits, employee retirement benefits and statutory employee profit sharing (PTU)

The costs to direct employee benefits and defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The seniority premium liability for all personnel, non-union personnel pensions and retirement payments treated as pensions are considered in defined benefit plans. The cost of these benefits is determined by using the projected unit credit method and the actuarial valuations prepared at the end of each reporting period. Actuarial gains and losses are immediately recognized in other comprehensive income, net of deferred tax, based on the net asset or liability recognized in the consolidated statement of financial position, so as to reflect the over- or underfunded status of employee benefit plan obligations. Similarly, past service costs are recognized in results when the plan is modified or when restructuring costs are incurred.

Retirement benefit obligations recognized in the statement of financial position represent the current value of the defined benefit obligation adjusted according to actuarial gains and losses and the past service costs, less the fair value of plan assets. When plan assets exceed the liabilities of the defined benefit plan, they are valued according to the lower of: i) the defined benefit plan surplus, and ii) the present value of any economic benefits derived from the plan and available as future plan contribution reimbursements or reductions.

Statutory employee profit sharing

PTU is recorded in the results of the year in which it is incurred.

l. Income taxes

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

i. Current tax

The tax calculated corresponds to income tax (ISR) and recorded in the income year in which it is incurred. Until December 31, 2013 the tax was calculated as the higher of ISR and business flat tax (IETU).

ii. Deferred income taxes

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. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Entity 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 Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

iii. Current and deferred tax

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.

m. Inventories and cost of sales

Are stated at the lower of cost of acquisition and / or construction or net realizable value (estimated selling price less all costs to sell), as follows:

They are valued using the average cost methods, including the cost of materials and direct expenses that are incurred in the acquisition of inventory by the Entity. Impairments are reflected as reductions in the carrying amount of inventories.

n. Property, plant and equipment

As of January 1, 2011, property, plant and equipment were valued at deemed cost (depreciated cost adjusted for an inflation index), or fair value determined through appraisals for certain items of property, machinery and equipment. Subsequent acquisitions are recorded at acquisition cost. Depreciation is calculated using the straight-line method based on the remaining useful lives of the related assets which are reviewed yearly; the effect of any change in the accounting estimate is recognized on a prospective basis.

	Year life
Buildings and leasehold improvements	10 to 50 years
Machinery and equipment	20 years
Vehicles	4 and 5 years
Furniture and fixtures	20 years
Computers	4 and 6 years

Borrowing costs incurred during the period of construction and installation of qualifying property, machinery and equipment are capitalized.

The gain or loss on the sale or retirement of an item of property, plant and equipment is calculated as the difference between the resources received from sale and the carrying value of the asset, and is recognized in results.

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. Properties which are held as investments mainly include two shopping malls.

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. Other assets

Include mainly guarantee deposits and installation expenses for a new system which is in the testing stage; consequently, they are expected to be amortized once the implementation is concluded.

The costs incurred for the installation of a new system, with regard to a recognized intangible asset, are recorded in the financial statements. However, if the system is engaged in a testing stage, such costs are amortized once the implementation is concluded.

q. Impairment of tangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized in income.

Where an impairment loss subsequently reverses , the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable value amount, so that the increased carrying amount does not exceed the carrying amount that is would have resulted if it had not recognized an impairment loss for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized in earnings.

r. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

s. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

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

i. Financial assets

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

– Financial assets at FVTPL

Financial assets are classified as of FVTPL when the financial asset is either held for trading or it is designated as of FVTPL.

A financial asset is classified as held for trading if:

- It is purchased primarily for the purpose of selling in the near term; or
- Upon initial recognition, is part of a portfolio of identified financial instruments that the Company manages together and for which there is a recent actual pattern of making short-term profits; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as of FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire hybrid contract (asset or liability) to be designated as fair value through profit or loss.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income, Net' line item. Fair value is determined in the manner described in Note 11.

– Held to-maturity investment

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to maturity investments are measured at amortized cost using the effective interest method less any impairment.

– Financial assets classified as available-for-sale

  AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

  Dividends on equity instruments available for sale are recognized in income when the right of the Company is set to receive dividends.

  The fair value of monetary assets available for sale denominated in foreign currency is determined in that foreign currency and translated at the closing rate at the end of the reporting period. Gains and losses on foreign exchange recognized in income are determined based on the amortized cost of the monetary asset. Other gains and losses on changes recognized in other comprehensive income.

Capital investments available for sale that do not have a quoted market price in an active market and whose fair value cannot be estimated reliably and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are stated at cost less impairment losses identified at the end of each reporting.

– Loans and receivables

Loans, accounts receivable from customers and other accounts receivable with fixed or determinable payments which are not traded on an active market are classified as loans and accounts receivable. Loans and accounts receivable are valued at their applied cost by using the effective interest method less any impairment. Interest income is recognized by applying the effective interest rate, while excluding short-term accounts receivable when interest recognition is insignificant.

– 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.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as of FVTPL.

– Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed equity instruments quoted or not in an active market are classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or;
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on collection payments.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

Except for equity instruments available for sale, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve.

- **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. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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.

On derecognition of a financial asset other than in its entirety (e.g. when the Entity retains an option to repurchase part of a transferred asset), the Entity allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

ii. Financial liabilities and equity instruments

Classification as debit or equity - Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements

Equity Instruments - An equity instrument is any contract that evidences a residual interest in the assets of an entity. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issuance costs.

Repurchase of the Entity's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Entity's own equity instruments.

Financial liabilities - Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

iii. Other financial liabilities

Other financial liabilities including loans are initially valued at their fair value, net of transaction costs. They are subsequently valued at their applied cost by using the effective interest rate method, while interest expenses are recognized on an effective return basis.

iv. Derecognition of financial liabilities

The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

t. Derivative financial instruments

In 2011 the Entity contracted financial derivatives for trading and hedging purposes which mature in 2012, with the aim of managing its exposure to risks derived from: a) interest rates and b) exchange rates on debts. Note 12 includes for the detail on financial derivatives. During 2013 and 2014 the Entity did not contract this type of instrument.

When derivatives are entered into to hedge risks, and such derivatives meet all hedging requirements, their designation is documented at the beginning of the hedging transaction, describing the transaction's objective, characteristics, accounting treatment and how the effectiveness of the instrument will be measured.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Entity designates certain derivatives either as fair value hedges of recognized assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecasted transactions or foreign currency risk hedges of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a long-term asset or liability if the maturity date of the instrument is 12 months or more, and it is not expected to be realized or canceled within those 12 months. Other derivatives are presented as short-term assets and liabilities.

u. Hedge accounting

The Entity designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Entity documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

i. Cash flow hedges

At the start of each hedge, the Entity documents the hedging relationship and objective, together with its risk management strategy. This documentation includes the manner in which the Entity will measure the effectiveness of the hedge with regards to offsetting changes to the fair value of the hedged item or the cash flow attributable to the hedged risk.

The Entity recognizes all assets and liabilities resulting from transactions involving derivative financial instruments at fair value in the statement of changes in financial position, regardless of its reason for holding these instruments. Fair value is determined based on the prices reported on recognized markets; however, when they are not quoted on a market, the Entity utilizes valuation techniques accepted by the financial sector. The decision to enter into an economic or accounting hedge is based on an analysis of market conditions and expectations concerning domestic and international economic scenarios.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "valuation effects of derivative instruments" category. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

ii. Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the Entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

iii. Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and in included in profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

iv. Embedded derivatives

The Entity reviews its executed contracts to identify any embedded derivatives which must be separated from the host contract for valuation and accounting purposes. When an embedded derivative is identified in other financial instruments or other contracts (host contracts) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

An embedded derivative is presented as a long-term asset or liability when the respective hybrid instrument will mature in 12 months or more and when is not expected to be realized or canceled during that 12-month period. Other embedded derivatives are presented as short-term assets or liabilities.

During the reporting period, the Entity did not enter into any fair value hedges for its net investment in foreign transactions or embedded derivatives.

v. Statements of cash flows

The indirect method is used for presenting cash flows from operating activities, such that the net income is adjusted for changes in operating items not resulting in cash receipts or disbursements, and for items corresponding to cash flows from investing and financing activities. Interest received is presented as an investing activity and interest paid is presented as a financing activity.

w. Earnings per share

The basic earnings per common share is calculated by dividing the net consolidated profit attributable to the controlling interest by the weighted average of common outstanding shares during the year.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Entity's accounting policies, which are described in Note 4, the Entity's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgments and key sources of uncertainty in applying the estimations that may have a significant impact on the amounts recognized in the accompanying interim consolidated financial statements are as follows:

a. **Inventory and accounts receivable allowances -** The Entity use estimates to determine inventory and accounts receivable reserves. When calculating inventory reserves, the Entity considers production and sales volumes, as well as the demand for certain products. When determining the allowance for doubtful accounts, the Entity primarily considers the financial risk represented by each customer, unguaranteed accounts and significant collection delays based on established credit conditions.(See Notes 8 and 9 for further detail).

b. **Property, plant and equipment -** The Entity reviews the estimated useful lives of property, plant and equipment at the end of each reporting period, to determine the depreciation of these assets. Asset useful lives are defined according to the technical studies prepared by specialized internal personnel and with the participation of external specialists. The level of uncertainty related to useful life estimates is also linked to market changes and asset utilization based on production volumes and technological development.

c. **Investment property -** The Entity prepares an annual valuation of investment property with the assistance of independent appraisers. The valuation techniques are based on different methods including physical inspection, market and income approaches; the Entity has utilized the physical inspection. The valuation methodology includes observable assumptions for properties which, while dissimilar, nonetheless involve the same geographic zones and commercial use. The Entity considers the highest and best use of its assets.

   The valuation techniques used by the Entity were not modified in 2014 and 2013. Entity management considers that the valuation methodologies and assumptions utilized are appropriate for determining the fair value of the Entity's investment properties.

d. **Impairment of long-lived assets -** The carrying value of noncurrent assets is reviewed to detect indications of impairment; i.e., if certain situations or changing circumstances indicate that carrying values may not be recoverable. If indications of impairment are detected, the Entity performs a review to determine whether the carrying value exceeds its recovery value and is impaired. When applying asset impairment tests, the Entity must estimate the value in use assigned to property, plant and equipment and cash generating units, in the case of certain assets. Value in use calculations require that the Entity determine the future cash flows produced by cash generating units, together with an appropriate discount rate for calculating present value. The Entity utilizes cash flow projections by estimating market conditions, prices, production and sales volumes.

e. **Valuation of financial instruments -** The Entity uses valuation techniques for its financial instruments which include information that is not always based on an observable market to estimate the fair value of certain financial instruments. Note 10 contains detailed information on the key assumptions used to determine the fair value of the Entity's financial instruments, as well as an in-depth sensitivity analysis of these assumptions. Entity management considers that the valuation techniques and assumptions it has utilized are suitable for determining the fair value of its financial instruments.

f. **Contingencies -** As the Entity is involved in certain legal proceedings, it evaluates the probability of a payment obligation arising, accordingly, it considers the legal situation in effect at the estimate date and the opinion of its legal advisers; these evaluations are periodically reconsidered.

g. **Employee benefits at retirement -** The Entity uses assumptions to determine the best annual estimate of these benefits. Like the above assumptions, these benefits are jointly and annually determined in conjunction with independent actuaries. These assumptions include demographic hypotheses, discount rates, expected remuneration increases and future employee tenure, among other items. While the Entity considers that these assumptions are appropriate, any modification in this regard could affect the value of employee benefit assets (liabilities) and the statement of income and other comprehensive income of the period in which any such modification takes place.

6. NO-CASH TRANSACTIONS

During the current year, The Entity entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows and have regard to the payment of dividends to its shares repurchased during the year, which corresponded to them $7,111.

7. CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2014	2013	2012
Cash	$ 487,657	$ 542,466	$ 582,139
Cash equivalents:			
Other cash equivalents	2,021,178	2,237,811	-
Government paper	209,506	1,542,478	1,048,724
Certificates of deposit	852,853	738,238	676,836
Demand deposits in US dollars	88	30,550	18,004
Others	1,217	1,261	2,152
	$ 3,572,499	$ 5,092,804	$ 2,327,855

8. ACCOUNTS RECEIVABLE

	2014	2013	2012
Clients	$ 10,482,673	$ 9,791,604	$ 9,036,688
Allowance for doubtful accounts	(351,871)	(328,687)	(328,045)
	10,130,802	9,462,917	8,708,643
Sundry debtors	127,763	99,506	92,163
Due from related parties	62,167	14,667	16,748
Recoverable taxes mainly imposed by cash deposits and wage tax credit.	272,922	554,168	303,982
	$ 10,593,654	**$ 10,131,258**	**$ 9,121,536**

a. Trade accounts receivable

The Entity offers sales promotions through which it grants credit to its customers for different periods which, on average, are 201 and 203 days at December 31, 2014 and 2013, respectively. In the case of sales promotions with collection periods exceeding one year, the respective accounts receivable are classified as short-term because they form part of the Entity's regular transaction cycle, which is a common industry practice. Maturities exceeding one year are $1,273,053 and $1,117,653 as of December 31, 2014 and 2013, respectively.

b. Past due but not impaired

Accounts receivable from customers include amounts that are overdue at the end of the reporting period and for which the Entity has not recognized an allowance for bad debts as there has been no significant change in the customer's credit rating and the amounts in question are still deemed to be recoverable. A summary of customer accounts receivable which are overdue, but are not considered impaired is detailed below:

	2014	2013
1-30 days	$ 847,067	$ 807,110
31-60 days	275,960	240,175
61-90 days	149,587	126,222
More than 90 days	215,018	155,315
Total	**$ 1,487,632**	**$ 1,328,822**

The Entity carries out certain procedures to follow up on customers' compliance with payments for which collateral was not provided and which only have guarantors. According to the Entity's policies, if customer payments are delayed, the respective credit line is suspended for future purchases. Similarly, in the event of more significant delays, the Entity implements out-of-court and legal measures to recover the outstanding balance. However, if such measures are unsuccessful, the respective credit line and account are canceled. The Entity has recognized an allowance for doubtful accounts equal to 100% of all uncollectible accounts receivable.

c. Reconciliation of the allowance for doubtful accounts is presented below:

	December 31, **2014**	December 31, 2013
Beginning balance	$ 328,687	$ 328,045
Period accrual	409,489	275,895
Write offs and cancelations	(386,305)	(275,253)
Ending balance	**$ 351,871**	**$ 328,687**

9. INVENTORIES

	December 31, 2014	December 31, 2013	31 de diciembre 2012
Merchandise in stores	$ 8,952,341	$ 8,970,969	$ 8,762,282
Allowance for obsolescence and shrinkage inventories	(357,205)	(311,842)	(286,953)
	8,595,136	8,659,127	8,475,329
Goods in transit	260,617	301,587	245,568
Replacement parts and other inventories	110,278	109,858	119,266
	$ 8,966,031	**$ 9,070,572**	**$ 8,840,163**

The Entity recognizes two reserves for possible losses, one for obsolete and slow-moving goods and one for shrinkage.

The allowance for obsolescence and slow-moving inventories is determined based on prior-year experience by store and department, the displacement of goods on the market, their utilization at different locations, fashions and new product models. The Entity analyzes the possibility of increasing this allowance when goods have insufficient displacement.

The goods shrinkage allowance is determined based on the Entity's experience and the results of cyclical physical inventory counts. The Entity adjusts these inventories according to the variable shrinkage percentages of different stores.

A reconciliation of the allowance for obsolete, slow moving and missing inventories is presented below:

	December 31 2014	December 31 2013
Beginning balance	$ 311,842	$ 286,953
Period accrual	144,090	135,032
Write offs and cancelations	(98,726)	(110,143)
Ending balance	**$ 357,205**	**$ 311,842**

10. FINANCIAL RISK MANAGEMENT

The Entity is exposed to market, operating and financial risks as a result of its use of financial instruments, these include interest rate, credit, liquidity and exchange rate risks, which are managed in a centralized manner by Grupo Sanborns' corporate treasury.

The different financial instrument categories and amounts are detailed below:

	December 31,	December 31,	December 31,
	2014	2013	2012
Financial assets			
Cash and cash equivalents	$ 3,572,499	$ 5,092,804	$ 2,327,855
Other cash equivalents	2,539,740	2,622,189	-
Accounts receivable	10,531,487	10,116,591	9,104,788
• Long-term accounts receivable	46,000	57,500	69,000
• Due from related parties	62,167	14,667	16,748
Financial liabilities			
At amortized cost:			
• Loans payable to financial institutions	-	-	2,774,069
• Debt securities	-	-	2,498,970
• Payables to suppliers	6,158,554	6,321,806	5,964,007
• Due to related parties	265,181	207,315	250,860
• Other payables and accrued liabilities	2,975,606	2,834,785	2,966,990
Measured at fair value:			
• Derivative financial instruments	-	-	10

The Board of Directors establishes and monitors the policies and procedures used to measure risks, which are described below:

a. **Capital risk management -** The Entity manages its capital to ensure that it will continue as a going concern, while it maximizes returns to its shareholders through the optimization of the balances of debt and equity.

The capital structure of the Entity is composed by its net debt (mainly the bank loans, in and debt securities and intragroup detailed in Notes15 and 19) and stockholders' equity (issued capital, capital reserves, retained earnings and non-controlling equity detailed in Note 18). The Entity is not subject to any kind of capital requirement.

Management reviewed monthly its capital structure and borrowing costs and their relation to EBITDA (defined in this case as earnings before taxes, interest, exchange rate fluctuations, valuation of derivative financial instruments, depreciation and amortization) in connection with the preparation of financial projections as part of the business plan submitted to the Board of Directors and Shareholders. The Entity's policy is to maintain a net debt ratio of no more than three times EBITDA, determined as the ratio of net debt to EBITDA of the last 12 months. See Note 26.

The net debt ratio of the Entity is presented below:

	December 31, 2014	December 31, 2013	December 31, 2012
Loans payable to financial institutions and other	$ -	$ -	$ 2,774,069
Debt securities	-	-	2,498,970
Cash and cash equivalents	3,572,499	5,092,804	-
Other cash equivalents	2,539,740	2,622,189	2,327,855
(Cash surplus) Net debt payable to financial institutions and /or related parties	$ (6,112,239)	$ (7,714,993)	$ 2,945,184
EBITDA (See Note 28)	$ 5,027,548	$ 5,500,202	$ 5,225,703
Net debt ratio	N/A	N/A	0.56

b. Interest rate risk management - The Entity is exposed to interest rate risks from customer loans and financial debt contracted at variable rates. However, it manages this risk through an adequate combination of fixed and variable interest rates and by using interest rate swaps for its customer portfolio.

The Entity's exposure to interest rate risks is primarily based on the Mexican Interbank Equilibrium Offered rate (TIIE) applicable to financial liabilities and its customer portfolio. Accordingly, it periodically prepares a sensitivity analysis by considering the cost of the net exposure from its customer portfolio and financial liabilities derived that earn and bear interest at variable interest rates; it also prepares an analysis based on the amount of outstanding credit at the end of the period.

If benchmark interest rates had increased and/or decreased by 100 basis points in each reporting period and all other variables had remained constant, the pretax profit of 2014 and 2013 would have increased or decreased by approximately $82,272 and $84,432, respectively. At December 31, 2014 and 2013 there would be no impact on other comprehensive income because no derivative financial instruments outstanding at that date were recorded as trading , directly affecting the result of the year.

c. Exchange risk management - The Company's functional currency is the Mexican peso. Its acquisition of goods through foreign currency transactions represents less than 12% of its total purchases; however, when deemed appropriate, it contracts exchange rate hedges to manage the exchange rate risk.

The carrying values of monetary assets and liabilities denominated in foreign currency and which primarily generate exposure for the Entity at the end of the reporting period are as follows (figures in thousands):

	Liabilities			Assets		
	December 31, 2014	December 31, 2013	December 31, 2012	**December 31, 2014**	December 31, 2013	December 31, 2012
US Dollar	26,590	29,733	42,131	28,404	33,405	41,118

The following table indicates the Entity's sensitivity to a 10% increase or decrease of the Mexican peso versus the US dollar. This percentage is the sensitivity rate used to internally report the exchange rate risk to key management personnel and also represents management's evaluation of the possible fair value change to exchange rates. The sensitivity analysis only includes monetary items denominated in foreign currency and adjusts their conversion at the end of the period by applying a 10% fluctuation; it also includes external loans. A negative or positive figure, respectively (as detailed in the following table), indicates a (decrease) or increase in net income derived from a decrease in the value of the Mexican peso of 10% with regard to the US dollar (figures in thousands):

	December 31, **2014**	December 31, 2013	December 31, 2012
Mexican pesos	2,670	4,802	(1,318)

d. **Credit risk management -** El riesgo de crédito, se refiere al riesgo de que una de las partes incumpla con sus obligaciones contractuales resultando en una pérdida financiera para la Entidad, y se origina principalmente sobre las cuentas por cobrar a clientes y sobre los fondos líquidos. El riesgo de crédito sobre el efectivo y equivalentes de efectivo e instrumentos financieros derivados, es limitado debido a que las contrapartes son bancos con altas calificaciones de crédito asignadas por agencias calificadoras de crédito. La máxima exposición al riesgo crediticio está representada por su saldo en libros. La otra exposición al riesgo crediticio está representada por el saldo de cada activo financiero principalmente en las cuentas por cobrar comerciales. La Entidad vende sus productos y/o servicios a clientes que han demostrado su solvencia económica, y evalúa periódicamente las condiciones financieras de sus clientes y mantiene contratos de seguros de cobranza para las ventas domésticas y de exportación. Por lo tanto, la Entidad no considera que exista un riesgo significativo de pérdida por una concentración de crédito en su base de clientes del sector comercial, ya que se encuentran diluidas en 1,804,215 clientes, los cuales no representan una concentración de riesgo en lo individual. También considera que su riesgo potencial de crédito está adecuadamente cubierto por su reserva de cuentas incobrables que representa su estimado de pérdidas incurridas por deterioro respecto a las cuentas por cobrar (véase Nota 8).

e. **Liquidity risk management -** La Corporate treasury has the ultimate responsibility for liquidity management, and has established appropriate policies to control this through monitoring of working capital, managing short, medium and long-term funding requirements, maintaining cash reserves and available credit lines, continuously monitoring cash flows (projected and actual), and reconciling the maturity profiles of financial assets and liabilities.

The following table details the remaining contractual maturities of the Entity's non-derivative financial liabilities, based on contractual repayment periods. The table has been designed based on un-discounted projected cash flows of financial liabilities based on the date on which the Entity must make payments. The table includes both projected cash flows related to interest and capital on financial debt in the statements of financial position. Where the contractual interest payments are based on variable rates, the amounts are derived from interest rate at the end of the period.

The Entity expects to meet its obligations with cash flows from operations and resources received from the maturity of financial assets. Additionally, the Entity has access to credit lines with various banks and debt securities programs.

As of December 31, 2014	Weighted average effective interest rate	3 months		6 months		More than 6 months and less than 1 year		Total
Trade accounts payable		$	6,042,157	$	116,397	$	-	$ 6,158,554
Other accounts payable and accrued liabilities			2,975,606		-		-	2,975,606
Due to related parties			265,181		-		-	265,181
Total		**$**	**9,282,944**	**$**	**116,397**	**$**	**-**	**$ 9,399,341**

As of December 31, 2013	Weighted average effective interest rate	3 months		6 months		More than 6 months and less than 1 year		Total
Trade accounts proveedores		$	6,214,967	$	106,839	$	-	$ 6,321,806
Other accounts payable and accrued liabilities			2,834,785		-		-	2,834,785
Due to related parties			207,315		-		-	207,315
Total		**$**	**9,257,067**	**$**	**106,839**	**$**	**-**	**$ 9,363,906**

As of December 31, 2012	Weighted average effective interest rate	3 months		6 months		More than 6 months and less than 1 year		Total
Loans payable to financial institutions	3.55%	$	2,774,069	$	-	$	-	$ 2,774,069
Debt securities	4.5% and 4.6%		2,498,970		-		-	2,498,970
Trade accounts payable			5,807,111		156,896		-	5,964,007
Derivative financial instruments			10		-		-	10
Other accounts payable and accrued liabilities			2,966,990		-		-	2,966,990
Due to related parties			250,860		-		-	250,860
Total		**$**	**14,298,010**	**$**	**156,896**	**$**	**-**	**$ 14,454,906**

f. **Market risk -** The Entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates and commodities. The Entity enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- Swaps interest rate swaps to mitigate the risk of rising financing cost.
- Forward foreign exchange contracts to hedge the exchange rate risk arising on translation of investment in a foreign operation with functional currency different from the Mexican peso.

Exposure to market risk is measured using sensitivity analysis. There have been no changes in exposure to market risks or the manner in which those risks are being managed and measured.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Entity does not have instruments that are measured at fair value on a recurring basis.

This note provides information about the fair value of financial assets and liabilities not carried at fair value steadily (but fair value disclosures required).

Except as detailed in the table below, management believes that the carrying amounts of assets and liabilities recognized at amortized cost in the financial statements, approximates their fair value. The Entity calculates the fair value of accounts receivable since much of its sales are made through the revolving credit extended to customers. Fair value is calculated using the information available in the market or other valuation techniques which require judgment to develop and interpret the estimates of fair values also makes assumptions that are based on market conditions existing at each of the dates of the statement of financial position. Consequently, the estimated amounts presented are not necessarily indicative of the amounts the Company could realize in a current market Exchange. The use of different assumptions and / or estimation methods may have a material effect on the estimated fair value amounts presented below for disclosure purposes only.

The carrying amounts of financial instruments by category and their estimated fair values are as follows:

	December 31, 2014	
	Carrying amounts	Fair value
Financial assets:		
Cash and equivalent cash	$ 3,572,499	$ 3,572,499
Other cash equivalents		
	2,539,740	2,539,740
Notes and accounts receivables:		
Accounts receivable to customers and other	10,593,654	11,121,238
Accounts and notes payable:		
Notes payable to financial institutions including current portion of long-term debt		
Debt securities		
Trade accounts payable	6,158,554	6,158,554
Due to related parties	265,181	265,181
Other accounts payable and accrued liabilities	2,975,606	2,975,606
Derivative instruments not classified for hedge purposes:		
Interest rate swap	-	-
Total	**$ 7,306,552**	**$ 7,834,136**

December 31, 2013		December 31, 2012	
Carrying amounts	Fair value	Carrying amounts	Fair value
$ 5,092,804	$ 5,092,804	$ 2,327,855	$ 2,327,855
2,622,189	2,622,189		
10,131,258	10,355,594	8,856,549	9,262,046
		2,774,069	2,774,069
		2,498,970	2,499,366
6,321,806	6,321,806	5,964,007	5,964,007
207,315	207,315	250,860	250,860
2,834,785	2,834,785	2,966,990	2,966,990
-	-	10	10
$ 8,482,345	**$ 8,706,681**	**$ (3,005,515)**	**$ (2,865,401)**

12. FINANCIAL DERIVATIVE INSTRUMENTS

In the past the Entity had entered into financial derivatives contracts to partially hedge the financial risks generated by exposure to interest rates and exchange rates. The decision to take an economic or financial hedge reflects market conditions, the respective expectation thereof at a given date and the domestic and international economic context of the economic indicators which influence the Entity's operations.

		Valuation as of December 31, 2012		
Instrument	Liability	Net income of the year	Income of prior year	Loss on settlement
Total as of December 31, 2012	**$ (10)**	**$ 10**	**$ -**	**$ (45,075)**

13. PROPERTY, PLANT AND EQUIPMENT

Following is a reconciliation between the carrying amount at the beginning and end of the year 2014 and 2013:

	Balances as of December 31 2013	Adiciones Additions	Retirements / disposals	Balances as of December 31 2014
Investment:				
Buildings, leasehold improvements				
and constructions	$ 9,262,692	$ 950,828	$ (135,479)	$ 10,078,041
Machinery and equipment	2,342,807	154,291	(75,006)	2,422,092
Furniture and fixtures	3,336,276	498,652	(71,261)	3,763,667
Vehicles	309,794	41,338	(67,905)	283,227
Computers	1,016,739	74,650	(28,824)	1,062,565
Total investment	16,268,308	1,719,759	(378,475)	17,609,592
Accumulated depreciation:				
Buildings, leasehold improvements				
and constructions	(4,446,714)	(393,607)	91,594	(4,748,727)
Machinery and equipment	(1,584,720)	(106,748)	71,750	(1,619,718)
Furniture and fixtures	2,078,870)	(217,941)	58,796	(2,238,015)
Vehicles	(200,635)	(41,371)	59,382	(182,624)
Computers	(874,119)	(60,306)	32,834	(901,591)
Total accumulated depreciation	(9,185,058)	(819,973)	314,356	(9,690,675)
Subtotal	7,083,250	899,786	(64,119)	7,918,917
Land	1,911,357	559,676	-	2,471,033
Construction in progress	738,588	266,750	(36,611)	968,727
Net investment	**$ 9,733,195**	**$ 1,726,212**	**$ (100,730)**	**$ 11,358,677**

	Balances as of December 31 2012	Adiciones Additions	Retirements / disposals	Balances as of December 31 2013
Investment:				
Buildings, leasehold improvements and constructions	$ 9,089,000	$ 257,924	$ (84,232)	$ 9,262,692
Machinery and equipment	2,038,816	330,059	(26,068)	2,342,807
Furniture and fixtures	3,062,884	304,328	(30,936)	3,336,276
Vehicles	278,155	61,502	(29,863)	309,794
Computers	971,334	63,044	(17,639)	1,016,739
Total investment	15,440,189	1,016,857	(188,738)	16,268,308
Accumulated depreciation:				
Buildings, leasehold improvements and constructions	(4,138,149)	(364,206)	55,641	(4,446,714)
Machinery and equipment	(1,507,007)	(84,843)	7,130	(1,584,720)
Furniture and fixtures	(1,949,580)	(164,689)	35,399	(2,078,870)
Vehicles	(196,892)	(31,777)	28,034	(200,635)
Computers	(831,863)	(58,537)	16,281	(874,119)
Total accumulated depreciation	(8,623,491)	(704,052)	142,485	(9,185,058)
Subtotal	6,816,698	312,805	(46,253)	7,083,250
Land	1,791,817	119,540	-	1,911,357
Construction in progress	199,773	538,815	-	738,588
Net investment	**$ 8,808,288**	**$ 971,160**	**$ (46,253)**	**$ 9,733,195**

	Balances as of December 31 2011	Additions	Retirements / disposals	Balances as of December 31 2012
Investment:				
Buildings, leasehold improvements and constructions	$ 8,765,534	$ 408,001	$ (84,535)	$ 9,089,000
Machinery and equipment	1,971,254	93,191	(25,629)	2,038,816
Furniture and fixtures	2,976,423	119,712	(33,251)	3,062,884
Vehicles	268,788	46,946	(37,579)	278,155
Computers	911,517	68,716	(8,899)	971,334
Total investment	14,893,516	736,566	(189,893)	15,440,189
Accumulated depreciation:				
Buildings, leasehold improvements and constructions	(3,796,519)	(362,432)	20,802	(4,138,149)
Machinery and equipment	(1,463,706)	(65,631)	22,330	(1,507,007)
Furniture and fixtures	(1,815,986)	(147,612)	14,018	(1,949,580)
Vehicles	(207,754)	(22,578)	33,440	(196,892)
Computers	(777,749)	(61,928)	7,814	(831,863)
Total accumulated depreciation	(8,061,714)	(660,181)	98,404	(8,623,491)
Subtotal	6,831,802	76,385	(91,489)	6,816,698
Land	1,791,817	-	-	1,791,817
Construction in progress	187,448	12,325	-	199,773
Net investment	**$ 8,811,067**	**$ 88,710**	**$ (91,489)**	**$ 8,808,288**

14. INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and / or capital gains. The properties that are under construction or development may qualify as investment property.

Investment property acquired and improvements are recorded at cost, including transaction costs related to the acquisition of assets.

Subsequent to initial recognition, investment properties are measured at fair value. Fair values are determined by independent appraisers.

The gain in fair value is recorded in the "other income" in the statement of profit or loss and other comprehensive income during the period in which they occur.

Initial direct costs incurred in negotiating lease leases are added to the carrying amount of investment properties.

An investment property is derecognized on disposal or when the investment property is permanently out of use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between net income and book value of investment property) is included in profit or loss in the period in which the property is derecognized.

	2014	2013	2012
Investment properties	**$ 1,908,604**	**$ 1,687,705**	**$ 1,477,628**

The changes in investment properties are as follows:

	2014	2013	2012
Balance at beginning of period	$ 1,687,705	$ 1,477,628	$ 1,477,628
Gain on property revaluation	220,899	210,077	-
Balance at end of period	**$ 1,908,604**	**$ 1,687,705**	**$ 1,477,628**

All investment properties of Grupo Sanborns are held under freehold.

Grupo Sanborns is based on appraisals performed by independent experts with qualifications and relevant experience in the locations and categories of investment properties it holds.

The valuation techniques considered under the following different approaches:

In the cost approach the appraiser estimates the value of the asset compared to the cost of producing a new individual asset or a replacement property, which suggests the market as appropriate. The cost compared to the value of existing assets and is adjusted for differences in age, condition and value for the comparable asset. In its simplest form, the cost approach is represented by the net replacement value less all depreciation rates. Depreciation for valuation purposes is defined as the difference in value between real property and a new hypothetical property, taken as a basis of comparison.

In the market approach (comparable sales) the appraiser looks at recent sales with similar properties (comparable) to indicate the value of the asset. If there are no active subjects identical to comparable sales prices of comparable adjusted to match them to the characteristics of the subject asset.

The value of the asset can be estimated by expected future profits to its owner.

The income approach is widely used in real estate valuation, applies to assets of commercial nature.

Key metrics for all investment properties are shown below:

Recommended ranges for capitalization rates

Type of property	Low	Maxim
Shops	6.15%	8.86%

The Entity has two shopping malls, Loreto and Inbursa located in Mexico City, which generate rental income that is recognized as leasing services are provided and amounted to $222,978 and $220,448 for the years ended 31 December 2014 and 2013 respectively. At December 31, 2014 and 2013 the occupancy rate of shopping centers is 94% and 98%, respectively.

Direct operating expenses including maintenance costs incurred in relation to the investment property are recognized in income and constitute approximately 33% and 37% of rental income for years ended December 31, 2014 and 2013, respectively.

There has been no change in valuation technique during the year.

The estimated fair value of the properties considered the highest and best use of the properties is its current use.

Investment properties of the entity correspond to fair value hierarchy level 3.

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

	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
Commercial units located in Mexico City	Income capitalization approach	Capitalization rate, taking into account the capitalization of rental income potential, nature of the property, and prevailing market condition, of 6.15% - 8.86% and 6.57% - 8.86% in 2014 and 2013, respectively.	A slight increase in the capitalization rate used would result in a significant decrease in fair value, and vice versa.
		Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the property, at an average of $312 pesos and $282 per square meter (“sqm”) per month in 2014 and 2013, respectively.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

15. NOTES PAYABLE TO FINANCIAL INSTITUTIONS

Long-term debt is as follows:

	2014	2013	2012
a. Direct loans denominated in US dollars contracted with Banco Inbursa, S. A., a related party, with principal maturity in January 2013, which accrue interest payable	$ -	$ -	$ 24,069
b. Direct loans denominated in Mexican pesos contracted with Banco Nacional de México, S. A., with principal maturity in January 2013, which accrue interest payable monthly at the 4.79% annual rate.	-	-	100,000
c. Direct loans denominated in Mexican pesos contracted with BBVA Bancomer, S. A., with principal maturity in January 2013, which accrue interest payable monthly at the 4.86% annual rate.	-	-	1,700,000
d. Direct loans denominated in Mexican pesos contracted with Banco Nacional de México, S. A., with principal maturity in January 2013, which accrue interest payable monthly at the 4.79% annual rate.	-	-	950,000
	$ -	**$ -**	**$ 2,774,069**

16. DEBT SECURITIES

Through its subsidiary Sears Operadora de México, S.A. de C.V., the Entity was authorized by the CNBV on June 17, 2013 to issue securitized certificates in Mexican pesos under a two-year program. The authorized amount of the program was up to $2,500,000, on a revolving basis, and the combined amount of the current issues cannot exceed the authorized amount on any date. The maturity of each issue of securitized certificates was between one day and 365 days; the amount, rate and maturity of each issue were freely determined by the Entity on December 3, 2013, the program with CNBV was cancelled by the Entity.

17. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013	2012
Taxes payable	$ 1,202,637	$ 1,172,759	$ 1,234,453
Advertising	337,248	361,105	311,631
Maintenance contracts	201,030	203,056	185,599
Loyalty program	96,279	83,207	69,095
Unfilled orders	86,597	75,481	65,120
Leases	75,823	53,781	80,537
Electronics wallets	56,465	56,064	87,596
Electric power	64,191	69,005	69,714
Others	855,336	760,327	863,245
Total	**$ 2,975,606**	**$ 2,834,785**	**$ 2,966,990**

18. PROVISIONS

The provisions presented below, represent charges incurred during 2014, 2013 and 2012, expenses or contracted services attributable to the period, which are expected to be settled within a period not exceeding one year. The final amounts to be paid and the timing of any outflow of economic resources involve uncertainty and therefore may vary.

	2014	2013	2012
Opening balance	$ 90,548	$ 86,451	$ 74,708
Additions	39,959	96,174	16,181
Provision applied	(44,763)	(92,077)	(4,438)
Closing balance	**$ 85,744**	**$ 90,548**	**$ 86,451**

19. RETIREMENT EMPLOYEE BENEFITS

The Entity has plans for retirement, death or total disability payments for non-union employees in most of its subsidiaries. The defined benefit plans are administered by a legally separate fund of the Entity. The board of the pension fund is comprised of an equal number of representatives of both employer and (former) employees. The board of the pension fund is required according to the law and the articles of association to act in the interests of the Fund and all interested parties, active and inactive employees, retirees and employer. The board of the pension fund is responsible for investment policy in relation to the assets of the fund.

The Entity manages a plan that also covers seniority premiums for all staff working in Mexico, consisting of a single payment of 12 days per year worked based on final salary, not to exceed twice the minimum wage established by law.

Under these plans, employees are entitled to retirement benefits that add to the statutory pension are similar to final salary upon reaching the retirement age of 65. Other postretirement benefits are awarded.

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

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. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
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 most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as of October 31, 2014 by independent actuaries who are members of the Asociación Mexicana de Actuarios Consultores, A.C. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2014 %	2013 %
Discount rate	7.10	7.50
Expected rate of salary increase	4.54	4.00
Expected return on plan assets	7.10	7.50
Average longevity at retirement age for current pensioners (years)		
Males	65	65
Females	65	65

Items of defined benefit costs recognized in other comprehensive income.

	2014	2013
Remeasurement on the net defined benefit liability:		
Actuarial (profit)/losses on return on plan assets excluding amounts included in net interest expense	$ 94,899	-
Actuarial (profit)/losses arising from changes in demographic assumptions	(72,943)	-
Actuarial (profit)/losses arising from changes in financial assumptions	98,706	-
Actuarial (profit)/losses arising from past adjustments	4,011	-
Other actuarial (profit)/losses for experience	(24,127)	18,865
Items of defined benefit costs recognized in other comprehensive income	**$ 100,546**	**$ 18,865**

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss. The amount of expenditure 2014 (current working service cost) included $ 57,711 and $4,311 in the income statement as selling expenses and administrative expenses, respectively, the statement of income also includes interest income of $88,534.

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

The amount included in the consolidated statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	2014	2013
Present value of funded defined benefit obligation	$ (1,319,478)	$ (1,215,532)
Fair value of plan assets	2,191,806	1,945,264
Surplus	**$ 872,328**	**$ 729,732**
Net assets arising from defined benefit obligation	$ 942,910	$ 821,022
Net liabilities arising from defined benefit obligation.	(70,582)	(91,290)
	$ 872,328	**$ 729,732**

Movements in the present value of the defined benefit obligation in the current year:

	2014	2013
Opening defined benefit obligation	$ 1,215,532	$ 1,186,149
Current service cost	62,022	61,153
Cost (income) interest	88,534	(51,694)
Remeasurement (gains)/losses:		
Actuarial (gains) and losses arising from changes in demographic assumptions	72,943	-
Actuarial (gains) and losses arising from changes in financial assumptions	(98,706)	-
Actuarial (gains) and losses arising from adjustment past	(4,011)	-
Other (actuarial losses o (gains) from experience)	24,127	(18,865)
Past service cost includes	-	63,502
Transfer of staff	-	307
Actuarial losses/(gains) on liquidations or reductions	2,824	-
Benefits paid	(43,787)	(24,203)
Effects of reduction and liquidation other than restructuring	-	(817)
Closing defined benefit obligation	**$ 1,319,478**	**$ 1,215,532**

Movements in the fair value of the plan assets in the current year were as follows:

	2014	2013
Opening fair value of plan assets	$ 1,945,264	$ 1,922,680
Interest income	143,270	117,779
Remeasurement gains/(losses):		
Return on plan assets (excluding amounts included in net interest expense)	94,899	(106,116)
Entity contributions	52,160	34,817
Transfers of staff	-	307
Benefits paid	(43,787)	(24,203)
Closing fair value of plan assets	**$ 2,191,806**	**$ 1,945,264**

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 higher (lower), the defined benefit obligation would decrease by $ 148,678 (increase by $ 108,469).

If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by $ 137,756 (decrease by $ 116,168).

If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by $ 123,196 (decrease by $ 118,188).

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

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

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

The main strategic decisions that are made in the technical document of actuarial policy of the Fund are:

Asset mix based on 50% equity instruments and 50% debt instruments.

The average duration of the benefit obligation as of December 31, 2014 is 16.35 years, 16.66 years in 2013.

The Entity expects to make a contribution of $66,063 to the defined benefit plans during the next financial year.

The major categories of plan assets are:

	2014 %	2013 %	Fair value of plan assets 2014	2013
Equity instruments	50%	50%	$ 1,098,933	$ 969,181
Debt instruments	50%	50%	$ 1,092,873	$ 976,083

The actual return on plan assets amounted to $143 million and $118 million in 2014 y 2013, respectively.

20. STOCKHOLDERS' EQUITY

a. The historical amount of issued and paid-in common stock of Grupo Sanborns as of December 31, 2014 and 2013 is as follows:

	2014 Number of shares	2014 Amount	2013 Number of shares	2013 Amount
Series B1 historical	2,355,000,000	$ 2,039,678	2,355,000,000	$ 2,039,678
Treasury shares	(17,488,565)	(11,571)	-	-
Series B1	2,337,511,435	$ 2,028,107	2,355,000,000	$ 2,039,678

Common stock consists of ordinary, nominative shares with no par value. Series B1 shares represent fixed capital, while Series B2 shares represent variable capital, which is unlimited; these shares can be freely subscribed

b. During a Stockholders' Ordinary General Meeting held on April 28, 2014, the stockholders declared dividends of $1,884,000, which were paid as follows: 50% on June 20, 2014 and 50% on December 19, 2014, upon delivery of coupons 3 and 4, respectively, of Temporary Certificate No. 1, which is currently deposited in Institución para el Depósito de Valores, S.A. de C.V. (SD Indeval). Similarly, per Article 56, Section IV of the Stock Market Law, the stockholders approved $3,000,000 as the maximum amount of resources that Grupo Sanborns may use to acquire shares of its own stock.

During 2014, 17,488,565 shares have been repurchased for $ 397,254, which affects common stock by $11,571 and accrued results by $379,272.

c. On January 29, 2013, pursuant to a resolution of the Ordinary and Extraordinary General Stockholders' meeting:

Minimum nonwithdrawable fixed capital was increase for an amount of $432,308 through the issuance of 432,308,236 ordinary, nominative Series "B-1" shares, so the Entity's authorized nonwithdrawable minimum fixed capital is $1,585,410, represented by a total of up to 2,382,000,000 ordinary, nominative Series "B-1" shares, after taking into account the effect of the split of the common stock shares. The total amount of shares subject to the increase was offered for placement in the Offering and the placement price was $28 pesos per share. Only 405,308,236 shares were placed in the market, for $405,038, with a net premium in capital by $10,756,501.

d. Pursuant to a general ordinary stockholders' meeting on April 29, 2013, the payment of a dividend was approved by the shareholders for the total amount of $1,789,800, payable in two exhibitions of 50%, on June 20 and December 20, 2013.

e. Retained earnings include the statutory legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of common stock at par value (historical pesos). 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 December 31, 2014 and 2013, the legal reserve, in historical pesos, was $ 311,682 and $256,569.

f. Stockholders' equity, except 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 taxes of the year in which the tax on dividends is paid and the following two fiscal years.

g. An additional 10% income tax is applied to dividends paid when they are distributed to individuals and foreign residents. Such tax is withheld and paid by the stockholder. Tax treaties may apply to foreigners. This tax is applicable to the distribution of profits generated as of 2014.

h. The balances of the stockholders' equity tax accounts as of December 31 are:

	2014	2013	2012
Contributed capital account	$ 15,630,686	$ 15,408,461	$ 3,834,764
Consolidated net tax income account	7,379,608	8,029,209	10,508,079
Total	**$ 23,010,294**	**$ 23,437,670**	**$ 14,342,843**

21. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a. Balances receivable and payable with related parties are as follows:

	2014	2013	2012
Receivable-			
Teléfonos de México, S.A. B. de C. V.	$ 31,541	$ -	-
Radiomóvil Dipsa, S.A. de C.V.	14,026	-	-
Nacional de Conductores Eléctricos, S.A. de C.V.	4,003	2,808	1,757
Seguros Inbursa, S.A. de C. V.	3,087	1,417	-
Hipocampo, S.A. de C.V	2,496	1,117	-
Inmuebles Srom, S.A. de C.V.	1,698	-	-
Industrial Afiliada, S.A. de C.V.	739	435	-
Administración Especializada Integral, S.A. de C.V.	556	-	-
Nacobre Servicios Administrativos, S.A. de C.V	526	295	-
Bienes Raíces de Acapulco, S.A. de C.V.	445	394	-
Administradora y Operadora de Estacionamientos Ideal, S.A. de C.V.	443	443	1,067
Servicios Corporativos Ideal, S.A de C.V.	350	437	-
Imsalmar, S.A. de C.V.	337	157	693
Promotora del Desarrollo de América Latina, S. A. de C. V.	334	532	-
Compañía de Servicios Ostar, S.A. de C. V.	316	422	-
Grupo Técnico de Servicios Telvista, S. A. de C. V	224	3,070	3,621
Inmose, S. A. de C. V.	-	448	1,838
Nacional de Cobre, S.A. de C.V.	172	307	-
Others	874	2,385	7,772
	$ 62,167	**$ 14,667**	**$ 16,748**

	2014	2013	2012
Payable-			
Radiomóvil Dipsa, S.A. de C.V.	$ 125,341	$ 70,368	$ 64,738
Sears Brands Management Corporation	79,220	73,440	76,875
Inversora Bursátil, S.A. de C.V.	22,478	-	-
Dorians Tijuana, S.A. de C. V.	5,020	4,622	2,550
Consorcio Red Uno, S. A. de C. V.	4,870	6,455	3,618
América Móvil, S.A.B. de C.V.	4,578	13,056	13,278
Teléfonos de México, S.A.B. de C.V.	4,041	5,989	4,896
Constructora de Inmuebles PLCO, S.A. de C.V.	3,913	-	-
Inmuebles Srom, S. A. de C. V.	2,636	7,421	29,649
Selmec Equipos Industriales, S.A. de C.V.	2,432	1,541	-
Distribuidora Telcel, S.A. de C.V.	2,337	3,662	3,288
Telecomunicaciones Controladora de Servicios, S.A. de C.V.	1,667	-	-
Desarrollos Sagesco, S.A. de C.V.	1,572	1,162	5,754

	2014	2013	2012
Carso Global Telecom, S.A. de C.V.	749	-	-
Bajasur, S.A. de C.V.	339	3,023	5,909
Operadora Mercantil, S.A. de C.V.	-	1,572	2,265
Inmose, S.A. de C.V.	-	-	13,506
Seguros Inbursa, S.A. de C.V.			5,746
Others	3,988	15,004	18,788
	$ 265,181	$ 207,315	$ 250,860

i. Outstanding amounts are not guaranteed and will be settled in cash. No guarantees have been granted or received. No expenses have been recognized in the current or prior periods for bad debts or doubtful accounts regarding amounts owed by related parties.

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

	2014	2013
Sales-		
Radiomóvil Dipsa, S.A. de C.V.	$ 90,365	$ 48,055
Teléfonos de México, S.A.B. de C.V.	64,553	24,529
Seguros Inbursa, S.A.	29,470	24,497
Banco Inbursa, S.A.	21,646	18,792
Grupo Técnico de Servicios, S.A. de C. V.	21,076	23,379
Nacional de Conductores Eléctricos, S.A. de C.V.	20,792	14,008
Inversora Bursátil, S.A. de C.V.	8,852	8,391
Hipocampo, S.A. de C.V.	6,497	7,186
Seguros Inbursa Centro Histórico, S.A. de C.V.	6,373	5,658
Nacobre Servicios Administrativos, S.A. de C.V.	5,760	5,489
Sales (others)	42,554	42,547
Total	**$ 317,938**	**$ 222,531**
Interest income	**$ 36,028**	**$ 45,987**
Rentals-		
Radiomóvil Dipsa, S.A. de C.V.	$ 12,866	$ 11,074
Teléfonos de México, S.A.B. de C.V.	8,821	9,356
Microm, S.A. de C.V.	-	5,899
Banco Inbursa, S.A.	4,835	4,507
Lease income (others)	965	727
Total	**$ 27,487**	**$ 31,563**

		2014		2013
Services rendered-				
Radiomóvil Dipsa, S.A. de C.V.	$	79,756	$	75,826
Patrimonial Inbursa, S.A.		11,987		9,604
Banco Inbursa, S.A.		10,469		6,725
América Móvil, S.A.B. de C.V.		7,578		8,673
Teléfonos de México, S.A.B. de C.V.		7,107		7,714
Sociedad Financiera Inbursa, S.A. de C.V.		5,546		2,849
Seguros Inbursa, S.A.		5,435		4,223
Service income (others)		1,288		1,415
Total	**$**	**129,166**	**$**	**117,029**
Sales of fixed assets	**$**	**207**	**$**	**2,390**

		2014		2013
Purchases-				
Radiomóvil Dipsa, S.A. de C.V.	$	(1,269,514)	$	(1,554,111)
América Móvil, S.A.B. de C.V.		(241,027)		(268,389)
Sears Brands Management Corporation		(215,088)		(181,172)
Inventory purchases (others)		(21,314)		(146,356)
Total	**$**	**(1,746,943)**	**$**	**(2,150,028)**
Insurance expenses	**$**	**(97,235)**	**$**	**(93,608)**
Lease expenses-				
Inmuebles Srom, S.A. de C.V.	$	(181,524)	$	(199,364)
Inmose, S.A. de C.V.		(79,590)		(87,904)
Inmuebles General, S.A. de C.V.		(52,665)		(59,275)
Bienes Raíces de Acapulco, S.A. de C.V.		(43,233)		(41,348)
Bajasur, S.A. de C.V.		(27,304)		(33,051)
Desarrollos Sagesco, S.A. de C.V.		(27,857)		(24,454)
Gastos por arrendamientos (otros)		(97,775)		(94,737)
Total	**$**	**(509,948)**	**$**	**(540,133)**
Interest expenses	**$**	**(1,669)**	**$**	**-**

		2014		2013
Services received-				
Teléfonos de México, S.A.B. de C.V.	$	(454,725)	$	(285,510)
Sears Brands Management Corporation		(230,488)		(226,458)
Editorial Contenido, S.A. de C.V.		(14,434)		(19,723)
Grupo Telvista, S.A. de C.V.		(13,702)		(12,038)
Banco Inbursa, S.A.		(6,324)		(6,675)
Inversora Bursátil, S.A. de C.V.		(1,980)		(62,838)
Service expenses (others)		(9,391)		(11,987)
Total	**$**	**(741,044)**	**$**	**(625,229)**
Other expenses, net	**$**	**(168,018)**	**$**	**(143,126)**
Purchase of property to Inmobiliaria Diana Victoria, S.A. de C.V.	$	(310,386)	$	-
Purchases of fixed assets		(211,424)	$	(50,402)
Total	**$**	**(521,810)**	**$**	**(50,402)**

22. INCOME

		2014		2013
Sale of goods	$	37,630,971	$	37,097,074
Interests		2,813,026		2,695,076
Services		503,464		466,547
Rentals		228,551		231,502
Other		26,535		24,235
Total income	**$**	**41,202,547**	**$**	**40,514,434**

23. COST AND EXPENSES BY NATURE

2014

Concept	Cost of sales	Selling and distribution expenses	Administrative expenses	Total cost and expenses
Merchandise	$ 24,796,846	$ -	$ -	$ 24,796,846
Wages and salaries		3,194,988	582,943	3,777,931
Employee benefits	-	1,518,173	287,762	1,805,935
Lease	-	1,131,572	62,228	1,193,800
Electricity	4,835	635,025	7,079	646,939
Maintenance	13,479	405,607	44,554	463,640
Advertising	2,030	376,835	-	378,865
Royalties	-	225,915	3,240	229,155
Security services	14,891	71,607	4,507	91,005
Water	7,339	107,023	876	115,238
Expansion costs	-	-	86,635	86,635
Provision for impairment of loan portfolio	-	-	409,489	409,489
Other	73,872	1,589,165	613,843	2,276,880
	24,913,292	9,255,910	2,103,156	36,272,358
Depreciation	26,292	768,306	25,375	819,973
	$ 24,939,584	**$ 10,024,216**	**$ 2,128,531**	**$ 37,092,331**

2013

Concept	Cost of sales	Selling and distribution expenses	Administrative expenses	Total cost and expenses
Merchandise	$ 24,291,175	$ -	$ -	$ 24,291,175
Wages and salaries	6,687	3,090,892	545,351	3,642,930
Employee benefits	-	1,433,083	281,323	1,714,406
Lease	-	1,083,388	59,834	1,143,222
Electricity	4,599	623,514	6,999	635,112
Maintenance	11,170	395,584	37,647	444,401
Advertising	2,282	351,871	-	354,153
Royalties	-	223,559	3,254	226,813
Security services	14,314	81,850	4,072	100,236
Water	10,554	105,024	796	116,374
Expansion costs	-	-	130,582	130,582
Provision for impairment of loan portfolio	-	-	275,895	275,895
Other	58,659	1,531,507	586,434	2,176,600
	24,399,440	8,920,272	1,932,187	35,251,899
Depreciation	26,690	647,291	30,071	704,052
	$ 24,426,130	**$ 9,567,563**	**$ 1,962,258**	**$ 35,955,951**

24. OTHER (INCOME) EXPENSES, NET

		2014		2013
Cancellation on liabilities and provisions	$	(130,149)	$	(224,567)
Gain on investment property revaluation		(220,899)		(210,076)
Tax recovery		-		(35,044)
Loss on sale of fixed asset, net		64,318		24,412
Others, net		(31,528)		(2,468)
	$	**(318,258)**	**$**	**(447,743)**

25. 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 Grupo Carso, S.A.B. de C.V. As a result of the 2014 Tax, the tax consolidation regime was eliminated.

While the 2014 Tax Law repealed the tax consolidation regime, an option was established, which allows groups of companies to determine a joint calculation of ISR (tax integration regime). The new regime allows groups of consolidated companies that share common direct or indirect ownership of more than 80%, certain benefits in the tax payment (when the group of companies include both profit and loss entities in the same period), which can be deferred over three years and reported, as updated, at the filing date of the tax return corresponding to the tax year following the completion of the aforementioned three-year period.

The Entity and its subsidiaries opted to join the new scheme, so determined income tax for the year 2014 together.

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.

a. Income taxes consist of the following:

		2014	2013
ISR:			
	Current	$ 2,020,086	$ 1,550,412
	Deferred	(588,050)	159,552
		$ 1,432,036	**$ 1,709,964**

b. Following is an analysis of the deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	2014	2013	2012
ISR deferred (asset) liability:			
Property, machinery and equipment	$ 1,134,133	$ 1,481,879	$ 1,566,141
Inventories	-	11,990	126,317
Accounts receivable from installment sales	-	546,039	276,560
Allowances for assets and reserves for liabilities	(515,686)	(702,567)	(716,230)
Employee benefits	261,698	218,920	220,959
Other	(150,210)	(253,753)	(64,270)
Deferred ISR on temporary differences	729,935	1,302,508	1,409,477
Effect of tax loss carry- forwards	(12,551)	(26,867)	(37,130)
Asset tax recoverable	-	-	(900)
Effect of changes in statutory tax rate	-	-	(210,254)
Deferred income tax liability	**$ 717,384**	**$ 1,275,641**	**$ 1,161,193**

The net deferred income tax liability is as follows:

Net assets	$ 195,569	$ 173,605	$ 170,073
Net liabilities	(912,953)	(1,449,246)	(1,331,266)
Total	**$ 717,384**	**$ 1,275,641**	**$ 1,161,193**

c. Following is a reconciliation of the income tax liability:

	2014	2013	2012
Beginning balance	$ 1,275,641	$ 1,161,193	$ 1,442,850
Income tax applied to period results	(588,050)	159,552	(278,113)
Income tax recognized in other comprehensive income	29,793	(45,104)	(3,544)
	$ 717,384	**$ 1,275,641**	**$ 1,161,193**

d. Following is a reconciliation of the statutory and effective ISR rates expressed as a percentage of income before taxes on income:

	2014 %	2013 %
Statutory rate	30	30
Plus (less) permanent differences -		
Nondeductible expenses	3	1
Inflation effects	(2)	2
Effective rate	**31**	**33**

e. Benefits from restated tax loss carry forwards for which a deferred ISR asset has been recognized can be recovered by fulfilling certain requirements. The amount of tax loss carryforwards for all of the subsidiaries and their related expiration dates as of December 31, 2014 are as follows:

Year of Expiration	Tax loss carryforwards
2017	$ 338
2018	309
2019	747
2020 and thereafter	40,443
	$ 41,837

f. The Entity recorded long-term income tax based on a decree which states that the income tax resulting under the term sale scheme may be paid in three years at a rate of 33.3% per year, because the tax benefit of deferring such income tax on such sales was eliminated.

26. COMMITMENTS

a. As of December 31, 2014, contracts have been executed with suppliers for the remodeling and construction of some of its stores. The amount of the commitments contracted in this regard is approximately $2,071,540.

b. Furthermore, as of December 31, 2014, the Entity and its subsidiaries have entered into lease agreements in 320 of its stores (Sears, Saks, Sanborn Hermanos, Sanborn's - Café, Mix-Up, Discolandia, I Shop, Comercializadora Dax, Corpti and Sanborns Panama). The leases are for non-cancelable periods and range between one and twenty years. The rental expense during 2014 and 2013 was $1,193,800 and $1,143,222, respectively; also, the Entity and its subsidiaries, acting as lessees, have contracts whose terms range from one to fifteen years and the amount of rental income in 2014 and 2013 was de $254,402 y $254,842, respectively.

- The amount of rentals payable according to its due date amount to:

Maturity	December 31, 2014
1 year	$ 519,489
1 to 5 years	2,557,320
More than 5 years	3,587,085
	$ 6,663,894

- The amount of rentals receivable according to their due date amount to:

Maturity	December 31, 2014
1 year	$ 36,587
1 to 5 years	135,440
More than 5 years	147,405
	$ 319,432

c. c. In December, 2010, Sears Operadora México, S.A. de C.V. (formerly Sears Roebuck de México, S.A. de C.V.) and Sears Roebuck and Co., signed an agreement whereby they have decided to extend under the same terms the Brand Use License Contract and the Merchandise Sale and Advisory Contracts governing the commercial relationship between them, which establishes the payment of 1% of the revenues from merchandise sales, and allows the use of the Sears name both in its corporate name and in its stores, and the exploitation of the brands owned by Sears Roebuck and Co. The agreement will be in effect up to September 30, 2019, but allows for a seven-year extension under the same conditions, unless one of the parties decides not to do so, in which case it must notify the other party two years in advance.

d. Based on an agreement signed on September 12, 2006, the Entity executed a contract for the payment of consulting and brand use license for an initial term of 15 years with a 10 year renewal option, establishing the minimum annual payment of US $500,000 and allowing the use of the name Saks Fifth Avenue both in its corporate name and in its stores.

27. CONTINGENCY

As of the date of these financial statements, the Entity has judicial procedures in process with the competent authorities for diverse reasons, mainly for foreign trade duties, for the recovery of accounts receivable and of labor matters.

The estimated amount of these judgments to December 31, 2014 amounts to $593,916, for which the Entity has recognized provisions $85,744 which is included in other liabilities in the consolidated statements of financial position. During 2014 he Entity made payments related to these matters of approximately $37,576. While the results of these legal proceedings cannot be predicted with certainty, management does not believe that any such matters will result in a material adverse effect on the Entity's financial position or operating results.

28. INFORMATION BY SEGMENT

The information by operating segments is presented based on management's approach; general and geographical information is also presented. Balances with subsidiaries are presented in the "other and eliminations" column.

a. Information by operating segment is as follows:

	2014	
	Sears and Boutiques	Sanborns
Total revenue	$ 21,622,786	$ 12,395,945
EBITDA [(1)]	2,916,909	824,986
Consolidated comprehensive income	1,492,981	360,198
Interest income	27,161	102,513
Interest expense	184,690	146,260
Depreciation	406,653	307,748
Income taxes	824,227	181,766
Total assets	19,068,549	8,818,345
Current liabilities	9,656,799	4,196,268
Long-term liabilities	349,996	218,877
Total liabilities	10,006,795	4,415,145
Capital expenditures	1,411,702	378,707

	2013	
	Sears and Boutiques	Sanborns
Total revenue	$ 21,073,836	$ 12,646,630
EBITDA [(1)]	3,029,652	1,071,774
Consolidated comprehensive income	1,626,948	617,499
Interest income	24,007	99,211
Interest expense	185,253	145,032
Depreciation	306,564	290,371
Income taxes	974,867	240,991
Total assets	17,435,954	9,034,041
Current liabilities	8,700,949	4,459,166
Long-term liabilities	649,012	256,962
Total liabilities	9,349,961	4,716,128
Capital expenditures	993,107	342,354

(1) EBITDA reconciliation

2014

Mixup and Ishop	Other and eliminations	Total consolidated
$ 4,813,241	$ 2,370,575	$ 41,202,547
212,519	1,073,134	5,027,548
118,596	1,335,871	3,307,646
11,323	204,131	345,128
3,140	(230,620)	103,470
48,597	56,975	819,973
55,025	371,018	1,432,036
2,235,721	10,123,739	40,246,354
1,324,848	(5,171,131)	10,006,784
24,104	703,711	1,296,688
1,348,952	(4,467,420)	11,303,472
41,880	713,896	2,546,185

2013

Mixup and Ishop	Other and eliminations	Total consolidated
$ 4,494,172	$ 2,299,796	$ 40,514,434
267,021	1,131,755	5,500,202
158,540	1,156,054	3,559,041
9,913	236,407	369,538
3,100	(211,639)	121,746
55,536	51,581	704,052
60,417	433,689	1,709,964
2,035,795	10,976,019	39,481,809
1,194,453	(4,424,710)	9,929,858
20,304	614,258	1,540,536
1,214,757	(3,810,452)	11,470,394
42,997	296,754	1,675,212

		December 31, 2014		December 31, 2013
Income before income taxes	$	4,636,734	$	5,257,487
Depreciation		819,973		704,052
IInterest income		(345,128)		(369,538)
Interest expense		103,470		121,746
Exchange gain, net		33,398		(3,469)
Gain on investment property revaluation		(220,899)		(210,077)
EBITDA	**$**	**5,027,548**	**$**	**5,500,201**

b. General segment information by geographical area

The Entity operates in different locations and has distribution channels in Mexico and Central America through its commercial offices or representatives.

The distribution of such sales is as follows:

		December 31, 2014	%		December 31, 2013	%
Mexico	$	40,758,994	98.92	$	40,068,165	98.90
El Salvador		348,171	0.85		343,374	0.85
Panama		95,382	0.23		102,895	0.25
	$	**41,202,547**	**100.00**	**$**	**40,514,434**	**100.00**

29. AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issuance on March 13, 2015, by Lic. Mario Bermúdez Dávila, CFO; consequently, they do not reflect events occurred after that date, and are subject to the approval of the Entity's ordinary shareholders' meeting, where they may be modified, based on provisions set forth in the Mexican General Corporate Law. The consolidated financial statements for the year ended December 31, 2013, were approved at the ordinary shareholders' meeting that took place on April 28, 2014.