WAL-MART DE MÉXICO, S.A.B. DE C.V.

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Walmart México y Centroamérica

REPRESENTATIVE SHARES OF CAPITAL STOCK FOR WAL-MART DE MÉXICO, S.A.B. DE C.V., ARE:

- FROM THE SAME SERIES
- COMMON
- REGISTERED
- NO-PAR VALUE
- FREE SUBSCRIPTION

TICKERS SYMBOL:

WALMEX

SAID SHARES ARE REGISTERED WITH THE NATIONAL REGISTRY FOR SECURITIES AND ARE TRADED IN THE MEXICAN STOCK EXCHANGE.

REGISTRATION WITH THE NATIONAL REGISTRY FOR SECURITIES DOES NOT IMPLY CERTIFICATION REGARDING THE SOUNDNESS OF THE SECURITY OR THE FINANCIAL STANDING OF THE ISSUER, OR ACCURACY OR VERACITY OF THE INFORMATION CONTAINED IN THE PROSPECT, NOR DOES IT CONFIRM ANY ACTIONS THAT MAY, OR MAY NOT, HAVE BEEN CONDUCTED IN VIOLATION OF THE LAW.

ANNUAL REPORT PRESENTED IN KEEPING WITH GENERAL PROVISIONS APPLICABLE TO SECURITIES ISSUERS AND OTHER MARKET PLAYERS: **YEAR ENDING DECEMBER 31, 2015**.

This document may contain certain references concerning Wal-Mart de Mexico S.A.B. de C.V.'s future performance that should be considered as good faith estimates made by the Company. These references are a reflection of Managements' expectations about the Company and are based upon currently available data. Actual results are always subject to future events, risks and uncertainties, which could materially impact the Company's actual performance.

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1) GENERAL INFORMATION

a) Glossary of Terms and Definitions

ADR	American Depositary Receipts
AMIPCI	National Internet Association
ANTAD	National Association of Self-service and Department Stores
Associate	Employee who works at Walmart de México y Centroamérica
BAE	Bodega Aurrerá Express
Bodegas & Discount stores	Austere stores offering basic merchandise, food and household items at the best prices
CAM	Central America
CDP	Carbon Disclosure Project
Center	Consisting of the following states: Aguascalientes, Colima, Hidalgo, State of Mexico, Guanajuato, Jalisco, Michoacán, Morelos, Puebla, Querétaro, San Luis Potosí and Tlaxcala
Cetes	Mexican Federal Treasury Certificates
Clubs	Membership warehouse clubs focused on businesses and consumers who seek the best possible prices
CNBV	Mexican National Banking and Securities Commission
CO_2eq	Carbon dioxide equivalent
Cofepris	Federal Commission for the Protection against Health Risks
Department store	Offering the best in fashion for the whole family at the best possible price
Distribution Center	Location for the receipt of goods from suppliers and store distribution
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
Every Day Low Prices	Permanent philosophy of Walmart de México y Centroamérica, in order to contribute towards improving the quality of life for the region
GDP	Gross Domestic Product
GhG	Greenhouse Gases
GRI	Global Reporting Initiative
HAP	Hazardous Air Pollutants
IPC	Mexico's Consumer Price Index
ISR	Income Tax
IVA	Value Added Tax
ISSSTE Stores	Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (Social Security and Services Institute for Government Employees)
LED	Light-emitting diode
MBA	Master of Business Administration
Metropolitan Area	Consisting of the following: Mexico City and the Metropolitan Area
MSE	Mexican Stock Exchange

Net sales	Income from the goods sold in our stores
NGO	Non-governmental Organization
NOM	Mexican Official Standards
North	Consisting of the following states: Coahuila, Chihuahua, Durango and Zacatecas
Northeast	Consisting of the following states: Nuevo Leon and Tamaulipas
Northwest	Consisting of the following states: Baja California Norte, Baja California Sur, Nayarit, Sinaloa and Sonora
NO_x	Nitrogen oxides
PM	Particulate matter
POP	Persistent Organic Pollutants
Profeco	Consumer Protection Agency
Sales floor	Surface area set aside for merchandise retail
SME	Small and medium enterprise
Southeast	Consisting of the following states: Campeche, Quintana Roo, Tabasco, Veracruz and Yucatán
Southwest	Consisting of the following states: Guerrero, Chiapas and Oaxaca
SO_x	Sulphur oxides
SSA	Secretary of Health
Supermarkets	Self-service stores located in residential areas
Total income	Net sales plus other income
UNAM Stores	Universidad Nacional Autónoma de México (National Autonomous University of Mexico)
VOC	Volatile Organic Compounds
Walmart	Self-service stores providing the widest assortment of goods from groceries and fresh, to apparel and general merchandise
Walmart de México y Centroamérica	Wal-Mart de México, S.A.B de C.V.
WALMEX	Ticker symbol for Wal-Mart de México S.A.B. de C.V.

b) Executive Summary

Walmart de México y Centroamérica is one of the most important retail chains in the region with operations in 589 cities located in six countries: Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Nicaragua. As of December 31, 2015 it operates 3,066 units, including self-service stores, warehouse membership clubs and apparel stores.

During 2015, Walmart de México y Centroamérica achieved once again, soundness results.

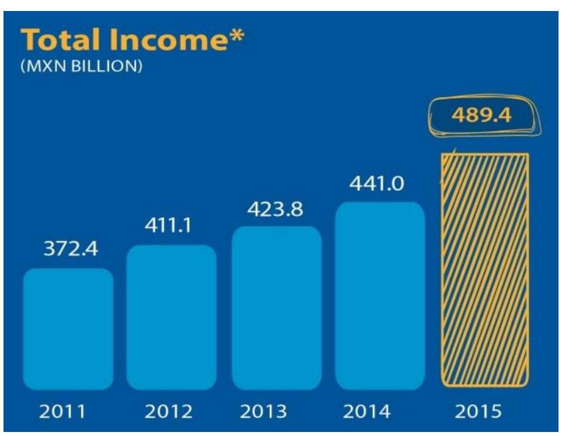
Financial Data

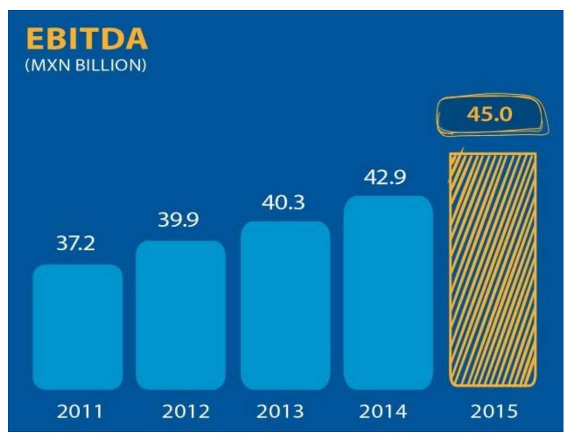
	Million pesos		Growth
	2015	**2014**	**(%)**
RESULTS			
Net sales	Ps. 485,864	Ps. 437,659	11.0
Other income	3,503	3,329	5.2
Total income	489,367	440,988	11.0
Gross profit	107,380	97,619	10.0
General expenses	72,235	64,010	12.8
Operating income	34,969	34,716	0.7
EBITDA	44,993	42,854	5.0
Income before income tax	35,024	34,562	1.3
Income Tax	10,087	9,521	5.9
Consolidated net income attributable to the parent	**Ps. 26,376**	**Ps. 30,426**	**-13.3**
FINANCIAL POSITION			
Cash	Ps. 24,791	Ps. 28,048	-11.6
Inventories	49,749	47,175	5.5
Other assets	15,831	19,475	-18.7
Fixed assets	130,222	125,996	3.4
Goodwill	33,057	28,020	18.0
Total assets	**Ps. 253,650**	**Ps. 248,714**	**2.0**
Suppliers	Ps. 56,396	Ps. 52,710	7.0
Other liabilities	45,433	45,758	-0.7
Equity	151,795	150,223	1.0
Non-controlling interests	26	23	13.0
Total Liabilities, Equity and Non- Controlling Interest	**Ps. 253,650**	**Ps. 248,714**	**2.0**

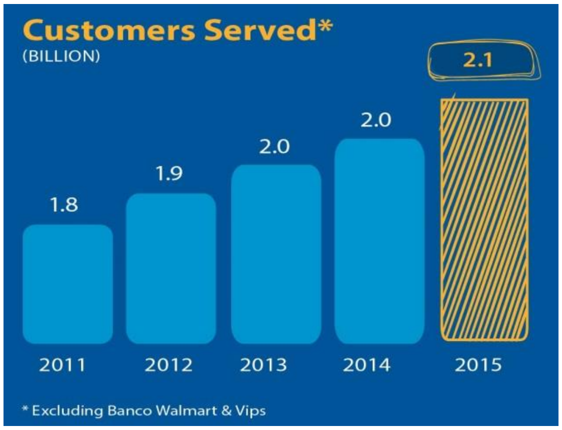
Under International Financial Reporting Standards

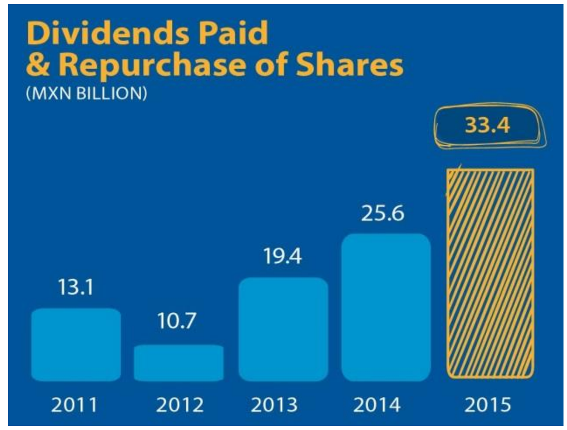
1. **Achieving considerable progress**

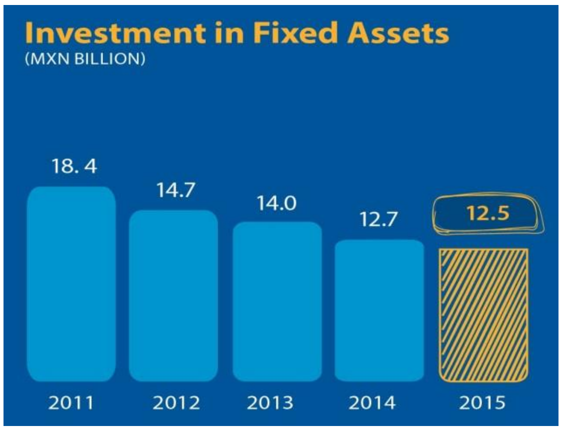
The results achieved during 2015 are proof we are on the right path to profitably doubling the size of our Company within 10 years, supported by growth in sales and EBITDA. Furthermore, we remain focused on investing in our expansion plan and store maintenance, and on developing our growing eCommerce business. Our shareholders' trust in us is acknowledged by paying solid dividends and repurchasing Company shares.

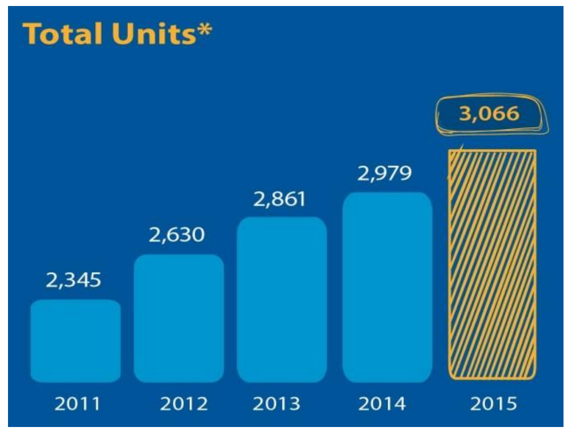


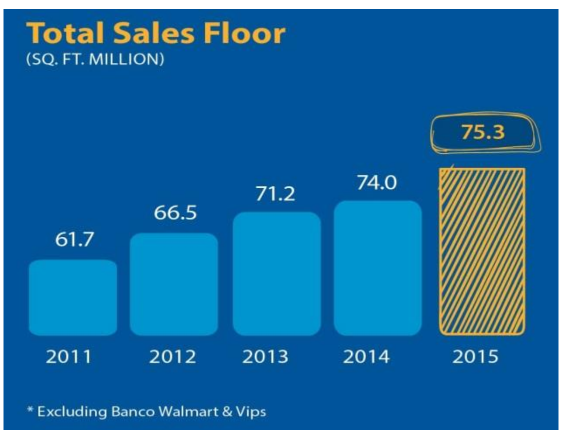


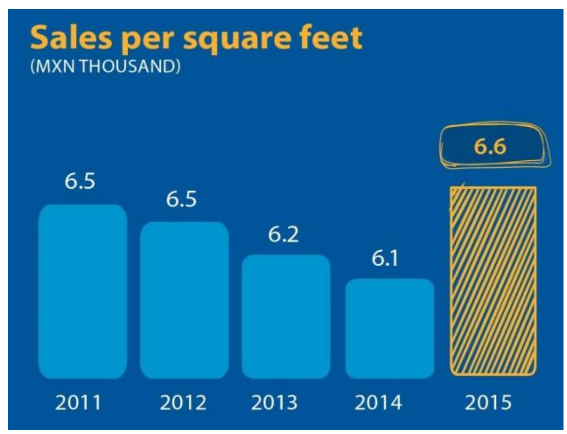












Consolidated Results:

- Total income amounted to 489.4 billion pesos, representing 11.0% growth, due to consistent sales in all our countries and formats.
- Margin was 21.9%, with a 20-basis-point decrease as percentage of total income versus the previous year, as a result of price investments and the effect of freight capitalization, with no impact on the Company's cash flow.
- Expenses, 14.8% of income, increased 30 basis points as compared to 2014, as a result of our investments for future operations, as well as of certain one-offs that increased the level of our expenses.

- Operating income recorded a slight increase of 0.7% as compared to last year base, resulting from the effects on margin and expenses, as well as of the positive accounting effect of the purchase of Central America operations reflected last year. The latter has no impact on the Company's cash flow.
- Our EBITDA amounted to 45.0 billion pesos, 5% above the previous year and 50 basis points lower than 2014 as a percentage of income, due to the effects mentioned previously.
- Investment in fixed assets totaled 12.5 billion pesos, which were mainly used to open new units, remodel, and maintain our installed capacity, and for our growing eCommerce business.
- The 31.6-billion-peso dividend paid in 2015 – a record high for Walmex – recorded a total of 1.83 pesos per share and is broken down as follows: 0.13 pesos per share from a remaining ordinary dividend announced in 2014 and paid in February 2015, 0.42 pesos per share from an ordinary dividend paid in 2015 with a 0.14 pesos per share payment pending in February 2016, and 1.28 pesos per share from an extraordinary dividend, which includes 0.19 pesos per share from the sale of Banco Walmart. What is more, the repurchase of more than 47 million shares came to 1.8 billion pesos, totaling 33.4 billion pesos paid to shareholders.
- Our cash-on-hand balance closed with 24.8 billion pesos on December 31, 2015.
- Installed capacity grew 1.8%, due to the opening of 97 units, thus adding 1,350,494 square feet to our overall sales floor.

Mexico:

- Total income grew 8.3%, a total of 410.2 billion pesos. Sales were driven by considerable progress in our Self-service formats and the turnaround in our membership clubs, growing in all the divisions of the business.
- Gross margin amounted to 21.8% as a percentage of income, thus representing a 30-basis point setback versus 2014, as a result of price investments and the effects of freight capitalization mentioned previously.
- Expenses, as a percentage of income, were 14.2%, an increase of 20 basis points as compared to the previous year, representing investments centered on our future operation and one-offs impacting this year.
- Our EBITDA posted an increase of 2.1% versus 2014, amounting to 39.3 billion pesos, equivalent to 9.6% as a percentage of total income, impacted by the aforementioned effects.
- Installed capacity grew 1.7%, due to the opening of 74 units, adding 1,147,776 square feet of sales floor.

Central America:

- Total income grew 27.2% of 7.2% on a constant currency basis, amounting to 79.1 billion pesos.
- Gross margin increased 29.7%, equivalent to 22.8% of total income, or 40 basis points above 2014 levels.
- Expenses grew 7.2%, on a constant currency basis, and maintained 2014 levels as percentage of total income.
- Operating income increased 33.8%, totaling 3.9 billion pesos.
- Our EBITDA came to 5.7 billion pesos – an increase of 30.6% in growth or 10.1% on a constant currency basis, as a result of the growth in sales and margin growing above sales.
- Installed capacity grew 3.0% due to the opening of 23 new stores, adding 202,718 square feet of sales floor in 2015.

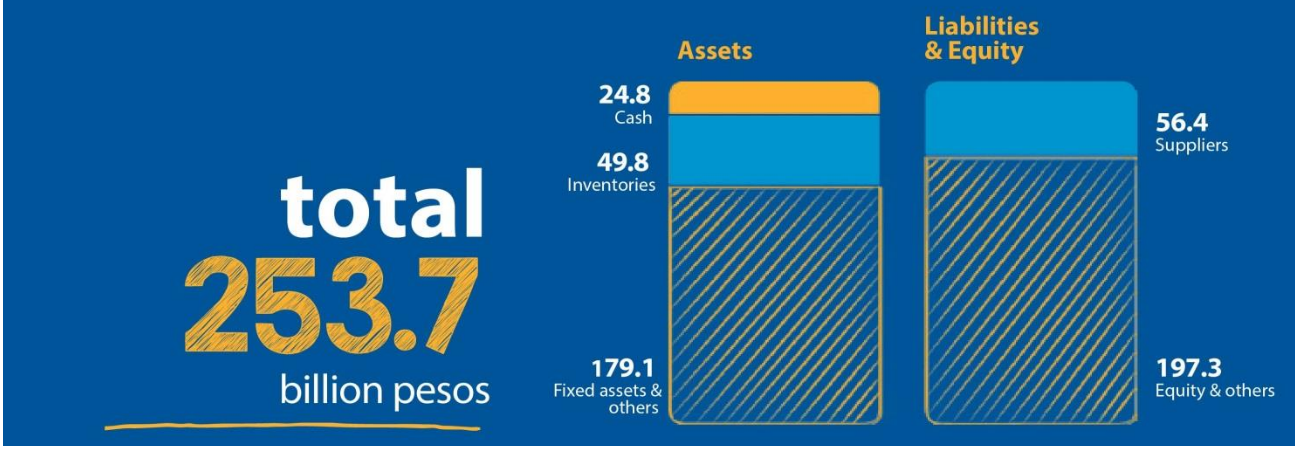
The growing generation of cash from operations and the prudent management of our financial policies place us in a privileged position to continue growing, paying dividends, and repurchasing Company shares. While one-offs impacted our results this year, our cash flow continued an upward trend. During 2015 our cash generation totaled 50.5 billion pesos, used to finance fixed assets investments, dividend payments, and the repurchase of shares, as well as to meeting our tax obligations.

In addition to our outstanding cash generation capacity we have a sound financial structure that is reflected in a debt-free balance sheet and negative working capital.

INCOME STATEMENT & BALANCE SHEET

As of December 31, 2015 (MXN billion)

Consolidated	2015	%	2014	%	% Inc.
Total income	489.4	100	441.0	100	11.0
Gross margin	107.4	21.9	97.6	22.1	10.0
General expenses	72.2	14.8	64.0	14.5	12.8
Operating income	35.0	7.1	34.7	7.9	0.7
EBITDA	45.0	9.2	42.9	9.7	5.0



2. **Improving our business for the benefit of our customers**

2015 was a year where significant progress was made, as witnessed by consistent sales growth in all business formats and divisions of the Company. We reinforced our price leadership with consistent gaps when compared to the industry; throughout the year we stood out among the rest with an assortment that helped support sales, having the right merchandise at the right moment for each one of our selling seasons; additionally, we worked continuously on initiatives aimed at improving standards and service so that they have a positive impact on the shopping experience of our customers.

By country

Total sales in Mexico grew 8.3%, whereas those stores in operation a year or more grew their sales by 6.4%. This was due in part to better insight into our customers, thereby allowing us to achieve improvements in our value proposition by format and letting us grow consistently in all regions of the country, even more than the rest of ANTAD's Self-service & Clubs segment.

This improvement in our value proposition was supported by various advertising campaigns, such as Markdowns, Loose Change and shopping occasions such as *El Buen Fin*. At the same time, we continued working in conjunction with our eCommerce division, the purpose being to continue driving the connection between our brick-and-mortar and digital businesses, thereby supplanting the product catalog available to our customers.

By the same token, total sales in Central America grew 7.3% while same-store sales increased by 4.7%, both on a constant currency basis. In 2015, as a result of detailed planning and understanding of our customers, we worked on increasing traffic in Food, Consumables and General Merchandise, supported by improvements in assortment and service.

We also focused on increasing sales from our Private Label products and delivering consistent execution throughout the year and during the region's more important selling seasons, such as Top Markdown Day, and Black Weekend, turning into greater appreciation by our customers in terms of value, quality and price.

By format

We are a Company very well positioned to serve customers from various segments, with different shopping habits and preferences, thanks to our solid and extensive portfolio of business formats. Our focus this year consisted of strengthening the value proposition of each one of our formats, witnessed in the results obtained in our Self-service formats as well as in our warehouse membership clubs. Now, through an ever growing Multichannel platform, we have been able to provide our customers an increasingly better shopping experience.

Bodega Aurrera adopted the strategy of strengthening its ties with the customers, meeting all expectations, and building medium and long term objectives so as to continue being a convenient destination for their purchases. We provided them with a variety of products known for their quality and price, thus translating into greater savings for their wallets. As a result of aggressive pricing campaigns such as Loose Change, Bodega Price and Anniversary, we were able to gain mind share with our customers as the most economical option for them, and our Private Label products have also generated additional loyalty among all of our Bodega customers.

Our Supercenter units always strive to have a comprehensive, differentiated, and innovative assortment at the best price. We kept building our value proposition throughout the year based on those attributes; additionally, this was the business format with the highest same-store sales growth, supported by solid performance across all divisions. We continue consolidating our Tuesday Freshness Program, extending the variety and price of Produce items offered. Early in the year, we launched a new price campaign – Climbing Downward Instead – meant to make the uphill struggle after the holidays easier by offering very attractive prices; the Renew Your Technology event was designed to help our customers face the switch from analog to digital TV by offering a broad range of products at affordable prices. We continued building our Multichannel platform supported by walmart.com.mx service kiosks in each of our stores, in case our customers need to make a purchase on our eCommerce sites while they are visiting a brick-and-mortar store.

This year Superama celebrated its 50th anniversary of being a well-rooted supermarket tradition in Mexico. As part of the anniversary celebration and to reiterate our commitment to our customers, we launched a new campaign – Pampering You Even More – as a continuation of the successful program launched in 2014, Being Your Store. Both campaigns are centered around enhancing the shopping experience, highlighting key attributes like quality and freshness, differentiated experience, competitive prices, product variety, and our home delivery service. In addition, we have reinforced our strategic pillars by further driving our Superama guarantees and, for the first time, conducting a campaign focused on our associates: Strive to Provide the Best Service.

At Sam's Club, 2015 was a year of recovery after a 2014 full of major challenges, thanks to different successful campaigns from the previous year, which were replicated this year. We extended the Centers of Excellence, a new concept operated with the highest of standards in all areas of our clubs, and in keeping with the shopping needs of our members, who look for differentiated products, god service, and wholesale prices in exchange for purchasing a membership card. In addition to a change in design, we invested in execution, differentiated products, better lighting and cleanliness throughout the clubs, all with the goal of becoming the best warehouse membership club in Mexico. By April 2015, all our clubs adopted this concept. As a result of consistently working to enhance our value proposition, we posted the highest growth in member base and in membership renewal rates in the last five years.

Our operations in Suburbia continue focusing on providing the best prices, assortment, quality and service for our customers, supported by several initiatives throughout the year that enabled us to meet their shopping needs. Programs such as Sales Floor Ambassador and Fitting Room Ambassador helped to improve the shopping experience. From the moment our customers enter our stores, an Ambassador gives them brief but helpful information on the promotions of the day and assists them in finding the products they prefer. We also created simpler and more direct communication campaigns, establishing a better connection with our customers. Special screens were set up in a group of stores; with them, we convey fashion information on our primary brands and promotions. This way we help our customers keep up with the latest products found in our stores. It is worth mentioning that the sales performance for Suburbia during *El Buen Fin* surpassed average industry figures for the period.

By division

Our consistent sales year round are also the product of improvements to and growth in all the divisions of the business, which cover Food, Consumables, General Merchandise, and Apparel.

Our most important divisions, Food and Consumables, delivered solid sales performance in 2015 thanks to initiatives aimed at enhancing assortment, price, and quality in terms of Consumables, Groceries and Perishables. With respect to the latter, we worked hard on improving its value proposition, starting with the supply stage. As a result, we have been able to grow sales in parallel with reducing shrink for this division.

Within Bodega, the initiatives undertaken translated into greater consistency in planning, supply chain, and product availability. Tuesday Freshness in Supercenter is one of the most important features for the Produce department, and therefore we worked this year on having greater variety and more attractive prices for our customers. We relied on a greater quantity of local Seafood products, which allowed us to be better prepared for our customers during Lent. In our Bakery, we developed more effective production plans, providing more clarity regarding our flagship programs in each business format.

Greater depth of variety was achieved in our Supercenter General Merchandise department, for instance in Electronics, with high-tech items made available for our customers, such as 4K screens, GoPro cameras, and drones.

Moreover, investments were made in licensing events for the Toy department, among which the favorites include items such as The Avengers, Star Wars, and Minions, to let us enhance the assortment within said division.

Worthy of mention is the focus placed on differentiated items for Sam’s Club, in conjunction with our commercial partners, so as to have novelty items, the right packaging for a warehouse membership club, imported items, quality brands, and exclusive items. We do all this with the purpose of providing greater value for each product our members buy, and at the best price on the market.

BY centralizing the Apparel division, we were able to accomplish greater synergy that translated into growth above the market within Self-service and Clubs formats; this was thanks to the strengthening of our buying volume and a clear by-format differentiation. Our Private Labels in Suburbia – Metropolis, Contempo, and Weekend – were further driven by using digital strategies such as fashion capsules and connection-generating content for our customers. Through these efforts our brands are solidly positioned within different social media.

We continue working to make our eCommerce business one of the driving forces of growth. Therefore, we have put together a comprehensive catalog for our Supercenter units and made it available at Walmart.com.mx, in addition to expanding our differentiated catalog, which focuses on high-value brands and products for our customers.

3. Investing continuously for the benefit of our customers

Since our Company focuses on long-term projects, we constantly invest in developing, maintaining, and expanding our current productive areas and capabilities for the future. These investments allow us to respond to our customers’ needs, since they are always at the center of our operation. With this, we are able to help our customers fulfill their shopping needs either at our brick-and mortar stores or through our digital sales channels.

Openings and remodeling

In 2015, we had over 3,000 operating units, after opening 97 new ones: 74 in Mexico and 23 in Central America. We reached 18 new cities and were present in a total of 589 communities.

We conducted ongoing efforts to find efficiencies for our internal processes that would lead to meeting our unit expansion plan. Throughout the year, thanks to a wide coverage in the six countries where we operate, we served 2.1 billion customers.

Moreover, we invested in maintenance and remodeling projects so our units could be in good operating condition, adding to our customers’ positive shopping experience. In 2015 alone, this sort of investment increased significantly and, as a consequence, we were able to offer facilities with greater comfort and safety. Additionally, we kept incorporating sustainable technology, as part of our commitment to the community and the environment.

eCommerce

During this year we worked to offer our customers a Multichannel shopping experience, which covers a wider scope that that of eCommerce pure play.

The purpose of this strategy is to blend our brick-and-mortar service into our digital one, so that our customers can purchase via any of our channels, whenever and wherever they prefer. Our current communication campaigns delivered through mass media have built synergies between eCommerce and traditional points of sale.

We currently have three internet sites that drive our eCommerce growth: walmart.com.mx, sams.com.mx and superama.com.mx. We have become online price leaders and worked towards developing a differentiated item file that complements our brick-and-mortar business. Al these efforts have paid off with more than 40% growth in traffic throughout all of our internet sites. Also, we are increasingly becoming an option for customers thanks to our performance during seasons and events. An example is the survey conducted by AMIPCI, which determined that our sites were the number one choice to buy online.

We decided to standardize our Internet sites and mobile applications for Grocery and General Merchandise shopping with walmart.com.mx, in an attempt to speed up the online process and enhance the customer experience. Our Supercenter home-delivery service has been made available in over 50% of our stores in 26 states throughout Mexico. We also have total presence with our kiosks, where trained personnel assist our customers as needed. This work was recognized as the best eCommerce site, where the CNN Expansión portal gave us the 2015 Bit Award.

With relation to sams.com.mx, we enhanced the site and the mobile app, now making it possible for our members not only to make payments, but also to buy or renew memberships online.

Changes have been made to our Superama home-delivery fleet to ensure product quality and freshness. We increased our unique customer base by widening our delivery scope to more cities, thus reinforcing the position of superama.com.mx as the market leader.

Our physical presence, guarantees, and brand prestige provide our customers with enough contact points for them to feel reassured that their purchases are backed by one of the leading companies in the country.

Credit availability

In our effort to find new ways to benefit our customers, in 2015 we worked on the consolidation of our business alliances, aimed at making a wider selection of credit products available to them.

Early in 2015, and after the corresponding authorities gave their approval, we completed the process of selling Banco Walmart. From that moment on, we began concentrating our efforts on working hand in hand with banks in developing a solid value proposition for consumer credit.

Since mid-2015, we have two types of credit cards available at Suburbia. One is to be used exclusively in this business format, with benefits such as free-interest months, special discounts, and raffles; the other is aimed at those customers needing to meet other buying needs. The consistent growth in issuance of cards as well as the increase in sales through these payment methods denotes the right execution of our credit offer to customers within this business format.

Systems

Throughout 2015 we completed various initiatives aimed at enhancing the systems that support our operations in Mexico and Central America.

We continue modernizing our computer equipment and telecommunications network in our stores, thus enhancing performance and productivity. The merchandise-receiving processes in our distribution centers have undergone improvements, thus better supporting our supply chain. Tools needed to measure on-shelf availability of the products we carry in Central America have been implemented, with favorable results produced.

Customer satisfaction and protection

Our Customer Insight and Analytics department is the voice of our customers within the Company, ensuring they are always at the center of relevant decisions for the business.

We measure customer satisfaction by using qualitative and quantitative analyses and detailer customer interviews regarding shopping experience in our units. Furthermore, we ask for ongoing feedback from various formal channels set up within the Company through key performance indicators created in conjunction with our operators.

Our customers can contact us via our corporate call center or miopinion@walmart.com in Mexico and sac@walmart.com, in Central America. These options are available at the Customer Service area of all of our units, and at our corporate site.

We enhanced our call center by segmenting the attention provided based on function and type of service required by customers. A main menu was created with clearer options and inquiries. As a consequence, the majority of our calls, which ask for information, can be handled by an automatic system; the rest, which entail requests for customized solutions, receive appropriate attention by personal operators. These changed resulted in a 98% service rate for incoming calls.

Our response rate for complaints was 100%, with 57% of them within 48 hours. One of our objectives for 2015 was to have a 30% application rate for satisfaction surveys regarding total complaints registered; our accomplishment was 103%.

By using the Recommendation Rate, we are able to provide our Self-service division with various perception indicators on the soundness of our brand, so that areas of opportunity can be detected and corrected, thus increasing our recommendation score. In 2015, the Recommendation Rate increased for our Supercenter and Bodega Aurrera formats.

In Central America, each month we measured our customer satisfaction level through the Store Track research tool. In 2015, our Satisfaction Index was 85.5%.

The Consumer Protection and Privacy areas were created, reporting to the Vice President for Compliance. The goal is to ensure the creation and implementation of policies, procedures, and programs that comply with all applicable laws, regulations, and standards. Moreover, every area of the Company has a Privacy Ambassador in charge of defining the necessary action plans. As a consequence, we received neither claims on privacy violation matters nor on the improper release of customer data in 2015.

4. Operating with greater efficiency for the benefit of our customers

This year we focused our efforts on simplifying processes in our stores, distribution centers, and offices through various initiatives aimed at reducing operating costs; the ensuing result will be to provide our customers an enhanced shopping experience.

Stores

Our capacity to deliver better service increases as our store operations become more efficient. Thus, we focus on leveraging our resources to increase both sales and customer satisfaction rates with every visit.

Knowing the hours of more traffic in our stores has allowed us to manage workloads with an optimum number of checkouts open, thereby better enabling our associates to focus on sales and service. We increased our productivity indicator – Units per Labor Hour – in Mexico and Central America by over 5% and 2%, respectively.

Additionally, on-shelf availability has improved, thus enhancing replenishment from the distribution centers. Shrink rates were also reduced in our comp Self-service stores in Mexico, equaling significant savings. At the same time, productivity initiatives set up in Central America led to reducing our in-store inventory levels. As a consequence, these achievements had a positive impact on our sales performance, as well as on the shopping experience of our customers.

Distribution centers

The volume and productivity of our logistics network are constantly growing, which is why we look forward to responding to the demand from our stores more efficiently.

Hence, we have worked throughout the year on different programs aimed at speeding up the shift of merchandise to and from our 24 distribution centers located in Mexico and Central America, so that our customers can find the products they are looking for in optimum conditions.

In 2015 over 983 million cases were moved within our distribution centers in Mexico, increasing our Cases per Labor Hour indicator by more than 10%. We drove over 219 million kilometers throughout the country, while considerable fuel savings were accomplished by reducing the number of trips with empty trailers. By the same token, we have worked hand-in-hand with our suppliers in Central America and improved fillrates. The Cases per Labor Hour indicator in the region increased, as compared to the previous year.

Starting this year we operate the multidisciplinary Freshness Committee, which meets to discuss improvement initiatives for Perishables. One of its most relevant programs involves the Cold Chain and focuses on providing better temperature control for products transported from the distribution centers to the stores. By fitting temperature monitors inside trucks, we help guarantee the freshness of the products making their way to our customers.

Offices

In order to strengthen our value proposition, it is essential to align our Staff associates when making straightforward decisions for each one of our formats. It is through different programs that we work to always have the voice of our customers in mind, so we can adapt our operation according to their needs.

One of the most important projects in the year was Committing to Our Customers, which helped align our Operations, Merchandising, and Marketing teams. Moreover, as part of our internal communication with associates, we have informed them of the opinions expressed by our customers, including why they shop or stop shopping, in order to provide them with a comprehensive and current picture of the market.

Through our Merchandising area in Mexico, we fostered business process simplification and the focus on planning with the specialization of functions within working cells. The aim is to create teams specifically devoted to inventory supply and planning, as well as strategies focused on customer insights. We continue training our associates through our Merchandising Academy, so they can learn more and at the same time optimize the work with our suppliers. Moreover, we keep adding new modules in our Self-service formats in order to better stock our shelves at the stores and make the buying process easier for our customers.

After the positive outcome from centralizing the Merchandising department in Mexico, we decided to replicate this initiative in Central America. Our goal is to focus on prices, leverage our expertise by divisions, and continue developing our Private Labels. Actions like these drive us to work with a higher degree of focus and efficiency with our suppliers, thereby meeting the needs of our customers in the countries where we serve.

We continue to be a Company operating with the highest efficiency standards, which can be witnessed by the ISO 9001 certification we have obtained for Logistics, Administration and Finance, Accounting, Operating Finance, Tax Compliance, and Payroll Taxes.

5. Creating opportunities

Our people

The everyday commitment, effort and contribution of our associates allow us to fulfill our vision in all the countries where we operate. The Walmart Culture is our framework towards strengthening the engagement levels of all our associates companywide. As a result, we foster behavior that are a reflection of our Culture, ensuring that our associates live by it through the example of others, recognition, training and communication.

Talent

As the primary private-sector employer in Mexico, we understand the importance of caring for our associates. We offer competitive wages and benefits, and training and development to foster new skills. We also listen to the suggestions and concerns expressed by our associates to continuously enhance their experience.

One of the best competitive advantages for Walmart de México y Centroamérica is our people. It is for this reason that we constantly update and innovate training programs for the development of leadership, teamwork and negotiation and technical skills in our associates, thereby being able to offer our customers an excellent service and shopping experience.

We provide classroom training through our Walmart Training Center and online training through the Integrated Management Training System, which includes individual and group development plans. Another thing we use is Walmart TV, an internal television channel that covers all of operations.

The evaluation covers annual and six-month individual development; in addition, 360° multidimensional performance evaluations and executive calibrations are carried out, thus being able to identify real talent and design development plans. Throughout 2015, we evaluate more than 121,000 permanent associates who have been with the Company for at least one year, corresponding to 83% of total headcount in Mexico and 23% in Central America.

Development programs

We train associates recognized for their leadership and professionalism in process execution, customer satisfaction, focus on business results, and in the commitment to overall development for them and their teams.

Mexico

We renewed our programs for Individual Mentoring and Mentoring Circles, which foster accelerated development for executives, either one-on-one or in group sessions. With the guidance of an associate having greater experience and know-how, these programs are designed to model behaviors aligned with the competencies that lead to improving performance so our Company may have more and better talent. Throughout 2015, 78 associates were given the assignment of individual mentors, 42 of these assignments were completed, and 69 new mentors were certified.

The Master's Program incorporated Mexican students currently enrolled in an MBA. These students are asked to lead a strategic project for three months during their internship, with the possibility of becoming part of the Company upon completion of their MBA. Since we started this program in 2010, we have hired 15 out of 45 summer interns, who currently work in the Company as Directors, Assistant Directors, or Managers. Of the six students who worked during the summer of 2015, five of them will join the Company in executive positions.

The Financing for Education Program helps to develop associates in executive positions, who have been identified as Top Talent, so they may begin or complete Bachelor, Master's, Special Certificate, or Language programs. Economic support is granted, with a ceiling amount, depending on the level of education involved. Throughout 2015 we awarded 80 scholarships to 63 Managers and 17 Assistant Directors.

Central America

The launching of the Learning Centers (CDA, per its acronym in Spanish) constitutes a key milestone in our training and development processes. Through these centers we guarantee the onboarding process and results for new Assistant Managers in stores. The CDA works in line with the Walmart Way of Working and promotes optimal leadership among the participants, who in turn become part of a seedbed for future store Manager positions once they graduate; they also become part of the talent needed to meet our future growth needs.

This year we made changes in the design and execution of the different Academies we now run:

We incorporated key training programs to our Operations Academy in order to guarantee the scope of our strategic priorities, such as the Integrated Fresh Program; with this we seek to reinforce efficient execution in processes, by format; standardize procedures and practices; ensure Compliance and Asset Protection guidelines.

Within this Academy we successfully executed DOE 2.0, which is aimed at operational leaders and whose content seeks to achieve operational excellence. We included programs such as I am a Leader, and I am a Guide, in addition to online training in Food Safety, Ethics, and Occupational and Environmental Safety.

The Merchandising Academy was reinforced with the inclusion of new courses aimed at improving the skills of our merchants, such as strategic negotiation, merchant ethics, and fundamentals of merchandising. Innovation has taken place with the use of webinars as a new training tool, through which competencies such as strategic thinking, effective leadership, and execution orientation are stressed.

We redesigned the Leadership Academy to include competency development programs, depending on the type of leadership and position. This segmentation and the redesign of the Academy have allowed us to be not only more assertive in developing our associates according to their current needs, but also able to increase target audience participation by 400%, as compared to 2014. New training methodologies have also been implemented, such as our use of webinars with facilitators from the ADEN International Business School, through which positive results and the elimination of paradigms concerning remote training were achieved.

As part of our innovation in training, the Real Estate and Development Academy was created with the purpose of reinforcing technical and leadership competencies, which help drive high performance within our teams and ultimately support the growth of our business.

We have begun design of the Logistics Academy, whose purpose will be to integrate all areas of the supply chain and train associates in the corresponding processes.

We have incorporated 68 newly-hired associates to the Buyer Trainee Program, who received instruction in matters pertaining to Replenishment, Merchandising and Operations areas. In addition, we have graduated the first generation of trainees, comprises by 20 associates from Replenishment and Operations.

A development program for Directors and Assistant Directors was launched in conjunction with the Central America Institute of Business Administration (INCAE, per its acronym in Spanish), with four modules aimed at developing executive competencies. The goal is to effectively align business objectives and priorities with a leadership that inspires and guides our executives so they can be true agents of change.

Work-life balance

One of our goals is to foster the well-being of our associates by offering work-life balance.

The Flexible Work Week Program for Staff associates consists of adjusted work hours from Monday to Thursday so that Friday afternoons are free. Operations associates have quarterly time off, and Managers and Assistant Managers get one full weekend off per month, in addition to their regular day off. We also offer special work schedules for students.

Postnatal leave for mothers in Staff positions allow them to enjoy time off, pursuant to legislation in force, and progressively return to their normal work schedule by the time the child is seven months old. Mothers in operating units are able to have fixed work schedules during the lactation period. Postnatal paternal leave for Staff offers flex time for the first month and fixed work schedules for single operations parents. Thanks to these initiatives, at December 31, 2015, 78% of associates returned to work after completing their maternal or paternal leave.

During the year we launched campaigns and offered conferences on subjects related to health, well-being, and nutrition to foster a healthy life style. Family Day was held in the six countries where we operate, in which our staff associates were invited to participate with their family members and friends.

Our associates are able to consult an internal microsite for agreements in force, promotions, health related matters, and other subjects of interest, in addition to send in their comments and/or suggestions.

Associate benefits G4-LA2

	Full Time		Part/ Temporary Time	
	Mexico	CAM	Mexico	CAM
Vacations, management	★	●		
Vacations, non-management	●	●	●	●
Days off (holidays)	★	●	●	★
Special permissions	◆	★	◆	★
Food subsidy		◆	◆	
Electronic coupon	◆			
Discounts granted	◆	◆	◆	◆
Company car, management*	◆	◆		
Car allowance, management		◆		
Medical check-up, management	◆	◆		
Life insurance	◆	◆		
Hospital insurance		◆		
Major medical insurance	◆	◆		
Disability subsidy	◆	★	●	◆
Holiday celebration events	◆	◆	◆	◆
Seniority recognition	◆	◆		
Maternal leave	★	★	●	●
Paternal leave	★	◆		●
Pension fund		●		

● It is granted according to law
◆ It is not required by law but the Company grants it
★ Higher than law requirements
* Divisional Manager and higher

Equality and inclusion

We have a workforce rich in valuable experiences, capacities, and results, which is evident in actions that continuously generate and reinforce equal opportunities.

The objective of our Equality and Inclusion Policy is to ensure equal opportunities and non-discrimination throughout all levels of the organization; therefore, our hiring criteria focuses on seeking the best candidate for the position, regardless of whether he/she is a local resident or not. The process consists of interviews, selection, psychometric testing, interviews by the format committee, economic offering, document request, onboarding, and the start of training. In 2015, 94% of top management associates were hired locally to fill positions as Assistant Directors, Directors, and Vice Presidents. In Central America, in keeping with local legislation, local residents have preference to a job, 88% of top management associates were hired locally to fill executive positions.

Wage differences are never based on gender, age, religion, sexual preference, or political ideology. We have a wage band; existing differences are based on the individual performance of each associate through annual evaluations, seniority, and competencies that are described in the Harassment and Discrimination-Free Work Atmosphere Policy.

Because we are convinced of the importance of having equal opportunities, where talent is above all else, we have an Equality and Inclusion Policy, with the sole purpose of fostering a diverse workforce. As of December 31, 2015, our headcount included 645 associates with some type of disability, working in the region.

As part of our Talent Attraction process for executive positions in Central America, we achieved the incorporation of women for 94% of the candidates suggested as part of the external selection process, thus balancing out the hiring of men and women by 50%.

We have an Equality and Inclusion Advisory Board (CCII, per its acronym in Spanish) which consists of top leaders and whose objective is to promote strategies, programs and initiatives that allow us to identify, promote, and retain talent, thus increasing the participation of men and women at all levels of the organization.

In order to improve the approach, CCII is divided into four committees: Cultural, Transformation, Governance and Processes, Work Flexibility, and Training and Development. The primary results for Mexico:

- Dissemination Equality and Inclusion Policy
- 2015 Gender Equality Model certification, with a score of "A"
- Execution of an agreement with the Telethon Foundation, to incorporate persons with disabilities
- Awareness in subjects related to disabilities
- Follow-up on the incorporation of persons with disabilities
- Continued dissemination of the Policies on Special Maternity and Paternity Leave.

The Reach High! Program focuses on high-potential female directors, with the purpose of promoting their development in skills such as strategic thinking, networking, and innovation. This is achievable through the exchange of both internal and outside experiences, and the know-how other female associates have regarding the business. There are currently 12 directors from different areas involved in the program.

The Special Diploma Program Course on Female Leadership strengthens our management talent, and fosters their involvement in different organizational opportunities. In this way, those who participate acquire the self-confidence and esteem to network with other leaders throughout the organization. Since the beginning of the course in 2010, 980 female associates have successfully graduated, of which 19% have been promoted.

Our Women in Retail Program ensures having a solid base of female talent needed for the growth of our Company, through actions and initiatives that promote the development of skills and competencies during a three-year period. By the close of 2015, 301 female associates for generations 1 and 2 are enrolled in the program, of which 21% haven been promoted.

We launched the first generation of group workshops in Central America through our Mentoring Circles: forums with female leaders from other multinational organizations; and discussion panels with the presence of top management discussing gender issues and key businesses for their position. By the close of 2015, 121 store associates have participated, of which 10% of these women have been promoted.

In Central America we created the Female Network Program, which seeks to reinforce and broaden the development and support of women executives, with the opportunity to exchange know-how, best practices, concerns, and needs. Male leaders and outstanding figures from the Central American business community participated.

Our associates G4-LA1, LA12

	Mexico			Central America		
	Total	%W	%M	Total	%W	%M
Associates	**199,072**	**53**	**47**	**32,924**	**41**	**59**
Management	2,659	33	67	389	34	66
Non-management	196,413	53	47	32,535	41	59
Permanent	**194,935**	**53**	**47**	**31,625**	**40**	**60**
Full-time	158,569	52	48	28,960	39	61
Part-time	36,366	56	44	2,665	56	44
Temporary	**4,137**	**47**	**53**	**1,299**	**44**	**56**
Full-time	2,948	45	55	897	41	59
Part-time	1,189	52	48	402	50	50
By age range						
New associates	**58,607**	**48**	**52**	**8,883**	**34**	**66**
=<25	33,222	40	60	4,429	29	71
26-30	8,724	51	49	2,162	36	64
31-35	5,384	60	40	1,209	39	61
36-40	4,256	65	35	594	47	53
>=41	7,021	62	38	489	42	58
Associates turnover	**100,142**	**44**	**56**	**8,687**	**35**	**65**
=<25	55,780	37	63	3,099	28	72
26-30	16,158	47	53	2,467	34	66
31-35	10,019	54	46	1,480	38	62
36-40	7,157	57	43	809	44	56
>=41	11,028	58	42	832	45	55

Health and safety

We continuously promote a culture of accident prevention, involving all our associates.

At Walmart de México y Centroamérica we are not exempt from risks and accidents on the job.

The primary pillars for our actions and programs are those centering around communication, training, and continuous improvement of our governing policies and procedures. With this we can guarantee the realization of a series of preventive measures aimed at creating safer places for everyone to shop and work.

Each country where we operate has its own Health & Safety Committee, whose duties include overseeing occupational health, safety and hygiene for our associates and customers alike, and protecting the working conditions of our people, pursuant to applicable legislation.

We have developed accident prevention programs that incorporate all safety measures and actions that all our associates must apply.

They serve to identify and handle the more frequent injuries that stem from customer and associate-related accidents in our different formats and in this way, through simpler actions, controls are established to combat the primary causes of these accidents.

A body of experts in safety and hygiene conduct constant audits of the different business units to detect and create actions plans that will cover the needs found in our businesses. We also document best practices being followed in our different units, and we investigate the causes of accidents that take place so we can prevent repeating them.

Our associates receive digital and classroom training in different fields of safety, such as On-the-Job Health and Safety, Civil Protection, and Emergency Brigades.

Special attention is paid to those associates whose job implies a higher risk of accidents or illness, like the case of maintenance and first-aid brigade associates who would come into contact with biological wastes; display personnel who could be affected by exposure to solvents; and distribution centers associates exposed to hazardous liquids, such as ammonia.

Health & Safety indicators G4-LA6

	2014	2015
Sick days	159,534	151,066
Recorded occupational risk-related accidents	12,565	11,498
Disabled associates	9,611	11,006
Absolute number of work-related fatalities	2	1

Labor standards

We are committed in all countries where we operate, to fully comply with all laws and regulations governing wages and schedules, including overtime pay, breaks, meal breaks, days off, severance pay, minimum wage requirements, forced labor, the ban on hiring underage workers or foreigners lacking the proper work permits, and the payment of all benefits established by labor legislation in force.

To be a product or service supplier, it is indispensable to firmly establish the terms and conditions of the commercial relationship, including all obligations pertaining to full compliance with applicable legal provisions and with labor responsibilities.
The Company complies with, and exceeds, minimum wage levels set forth by law. Depending on the geographical area, our general wage band is between 39.4% over the average minimum wage in Mexico.

We follow the pension plan in force, pursuant to the laws of each country. As an additional benefit, at the moment of retirement from the Company, three months of wages, as per our Employee Separation Policy.

We have responded to 6,237 lawsuits, accrued to 2015 and from previous years, filed by 5,444 associates and by 793 suppliers, of which 5,329 associate lawsuits and 239 supplier lawsuits were concluded in 2015.

Our suppliers

It is thanks to our suppliers that we are able to guarantee the best possible products at Every Day Low Prices for our customers. We are building solid alliances with micro, small, medium and large-sized suppliers we can trust, thus offering our customers variety, sufficient supply, high quality, and safe merchandise produced responsibly at affordable prices.

Responsible sourcing

We are committed to working with our suppliers and other stakeholders so as to continue driving responsibility in our supply chain. Our Responsible Sourcing Program establishes expectation and accountability, and provides the resources and training of our associates, suppliers, and factory management. By reinforcing our internal programs and working with partners who drive progress in key matters industry-wide, we are able to make an even greater difference for those working within our supply chain.

Standards for Suppliers

Our belief in respect for the safety of all individuals and for the Company has always been the fundamental basis of our business. Applying this to the supply chain implies that our suppliers operate with social and environmental responsibility everywhere, so we are constantly encouraging them to commit to high standards of responsibility, that they meet sound requirements in audits, and that they conduct comprehensive evaluations. Our goal is to lead the entire supply chain with responsible sourcing practices. This goal can only be accomplished through constant and proactive work with our suppliers, aimed at raising supply standards and having a positive impact on supply chain practices. For this reason we have a manual – Standards for Suppliers – which outlines the minimum operating standards expected of our suppliers and their factories, as pertains to the ethical treatment of workers, environmental safety, and proper operating practices.

Suppliers meet the Standards by respecting all human rights and by creating ethical and sustainable supply chains. These Standards must be visibly displayed, in the language spoken by the employees, in common areas of all facilities that manufacture products for the Company and its affiliates. Standards for Suppliers are:

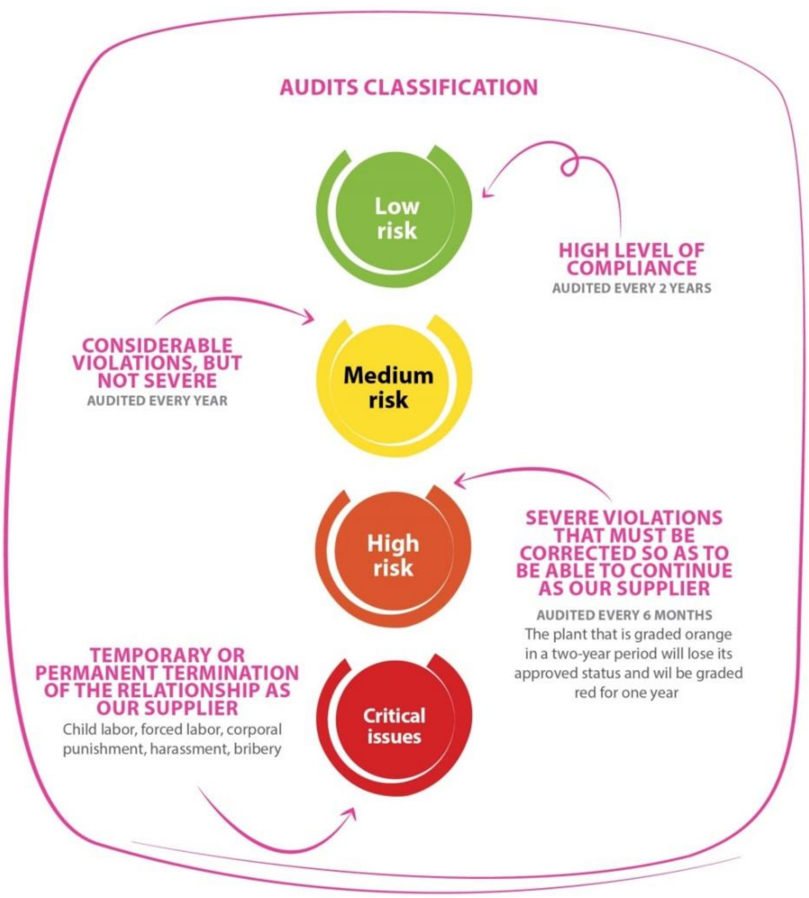
- Full compliance with all corresponding national and local laws and regulations, including those related to work, immigration, health, safety, and the environment.
- Zero tolerance for slavery, child labor and/or the hiring of minors, forced labor to pay debts and/or to pay guarantees. All labor must be voluntary.
- Grant days off for workers, and ensure that work schedules are neither excessive nor in violation of any and all labor legislation in force.
- Follow hiring practices that accurately verify – prior to hiring – the age of the worker as well as well as legal permission to work in the country in question. All labor terms and conditions, including hiring, payment, training, promotion, termination of the labor agreement, and retirement should be based on the capacity and will of the person to perform the work outlined.
- Payment of wages, overtime and fringe benefits to all workers pursuant to or in excess of, legal requirements or collective bargaining agreements, whichever of the two is greater.
- Respect for the right of workers to peacefully and legally assemble or join the unions of their choice or to engage in collective bargaining.
- Provide workers with a safe and healthy work environment. Suppliers should undertake the preventive measures needed to eliminate or properly manage any and all occupational hazards.

- Ensure compliance with environmental legislation by all manufacturing facilities, including laws governing waste disposal, gas emissions, discharges, hazardous materials, and hazardous waste disposal. Suppliers should verify that all materials and components have been obtained from authorized crops and that they comply with all international treaties and protocols, and local laws and regulations.
- Associates should not be offered gifts, gratuities or entertainment, as they are forbidden from accepting the same.
- No transactions with associates that could constitute conflict of interest.
- Zero toleration, permitting of, or participation in acts of bribery, corruption, or unethical practices either with public officials or persons from the private sector.
- Keep accurate records on all Company-related matters, as per standard accounting procedures such as the Financial Reporting Standards in Mexico (NIF) or the International Financial Information Standards (IFIS).

These standards are parallel to auditing standards used by us to measure the extent of compliance by suppliers of Private Labels. If a factory does not comply with our standards, corrective measures must be conducted to improve performance. If not, said supplier shall no longer be allowed to supply us with any merchandise.

We firmly believe that the voice of the workers plays a key role in driving health and safety throughout the entire supply chain. Therefore, within Responsible Sourcing we require that all facilities display the toll-free numbers, email address, and website where workers may anonymously report their concerns, and in their native language.

In general, the Responsible Sourcing audits are not announced, and they are conducted by third parties. The frequency of the repetition of an audit is based on the seriousness of previous findings. Results are assigned a color based on the seriousness of the issues found. We use this sort of classification to help with decision-making regarding suppliers and their factories. Audit results of factories are sent to each corresponding supplier using said facilities, and it is the responsibility of suppliers to work with the factories so as to remedy the audit findings.



Risk management with the supplier chain

In early 2015, we began to evolve our Responsible Sourcing Program, so as to center it around areas presenting the greatest potential risks for society, safety and environmental compliance. The risk is evaluated based on data, and the risk factors included are those currently used by the World Bank Global Governance Indicators. We evaluate how the effectiveness and stability of the corresponding government, the rule of law, and corruption control affect the risk of non-compliance in the facilities of each country.

For risk management in the supply chain beyond our own audits, programs, and training, we are also developing alliances with other companies, governments, and NGOs to approach complex matters that no Company can accomplish alone. We believe this collaborative approach will foster greater impact on our supply chain and will make it even more effective.

Supplier development

Our Company is convinced that we are embarked on the right path when we promote supply chain diversity. By working with us, our suppliers attain greater access to 2,069 million customers who shop in our stores. Supplier diversity for us means being able to provide better products and a broader selection that comes from the communities we serve.

We create economic opportunities for people and companies throughout the supply chain through programs that promote economic mobility for women; that supply development opportunities for local suppliers; and that help small companies grow. For said companies, access to any formal market requires installed capacity, access to capital, and compliance with specific requirements.

For this reason our development platforms are designed according to the nature of the suppliers so as to equip them with the know-how and the experience needed to become suppliers, to achieve permanence and sustainable growth with us, and to increase their capacity to grow into other markets.

Expense percentage regarding local suppliers G4-EC9

	Self-service		Sam's Club
Private Label	Mexico	CAM	Mexico
Products	1,965	1,441	288
Suppliers	407	172	177
% domestic/ regional suppliers	73	78	33
% sale domestic/ regional suppliers	93	90	60
% sales from Private Label	5	9	10

	Medimart Mexico
Domestic laboratories	14
International laboratories	7
Active products	349
New product launches	29
Savings in medication (mp)	1,935

	Fruits and Vegetables		Meat		Fish and Seafood		Poultry
Percentage	Mexico	CAM	Mexico	CAM	Mexico	CAM	CAM
Purchases from domestic/ regional suppliers	80	74	88	90	88	80	100
Purchases of domestic/ regional products	73	65	85	92	30	73	90
Purchases directly from local growers	46	57	82	90	14	43	NA

Different studies show that women are the driving force for social and economic development. When investing in a woman, the impact goes way beyond just her. Women also make up the large majority of our customers worldwide. Therefore, the empowerment of women is not only doing the right thing, but for our Company is also means making smart business decisions.

Women-Owned Business is a global initiative launched in 2011, whose purpose is to empower businesswomen, provide them greater access to markets, and give them the tools they need to grow their enterprises. The goal in Mexico is to duplicate the volume of purchases made from women in 2016, as compared to figures from 2011. By the close of 2015, we have accomplished 98% of this goal.

Adopt a SME in Mexico is a program that seeks to support businesses through our Merchandising and Supplier Development departments. The program is a form of temporary support so as to help small-sized businesses increase their productivity, competitiveness, sales, and product positioning in our Self-service units.

The first generation consisted of 100 SMEs and concluded with 94% accomplishment of the initial goal of duplicating their sales within 18 months. We are currently working with the second generation, which includes 115 new suppliers. They are selected based on their innovation, cost competitiveness in the market, delivery capacity, compliance with legal, quality and sanitary norms required for the product, and the sustainable practices aimed at improving the environment and their community.

In addition, the Company has specialized buyers who identify the best local products by region so as to include them in our stores. In 2015 we incorporated 41 new regional suppliers. Included among the list of benefits of pertaining to this program is the timely tracking of point of sale indicators, shared demos, and a course in Retail Link, among others.

Through our Program A Helping Hand, we have given direct support to 331 SMEs. Some 42 new suppliers were included, offering them business training in person and online. We have conducted six business sessions, through which information was provided on the requirements to become a Walmart supplier, and another session was held in Costa Rica in which different SMEs presented their products to the Commercial area. We sponsored SME Fairs for grocery products in Guatemala, El Salvador and Honduras; the results in sales growth were 300% in Guatemala and 200% in Honduras and El Salvador.

Small Supplier, in Mexico and Fertile Soil, in Central America are social programs for low-income farmers facing considerable difficulties, thus we help them develop diversified cropping techniques, based on the real needs of the market. We assisted 3,878 low-income growers this year by providing consultancy services on seed quality, soil use, crop yield and quality, efficient use of agro-chemical products, crop rotation, among other subjects.

The Small Supplier Program in Mexico also focuses on developing low-income manufacturers of related products made by hand; we help them by providing training, product advice, and we return 100% of the profits generated through the sale of their products. In 2015 we developed 19,947 suppliers and were able to add 55 products to our catalog for sale.

Each year we survey our large, medium and small-sized suppliers in Mexico with a third-party questionnaire, thereby obtaining an annual indicator that ranks the Self-service and Sam's Club divisions in the market. This survey helps us to identify key points for improving dialogue and commercial relationships, increasing efficiency, and achieving better execution in our units. Self-service was ranked #1 this year in the overall evaluation, and Sam's Club rose five positions, thus being ranked second in the survey.

The Supplier Advisory Board has allowed us to extend the dialog with our commercial partners, especially regarding the Consumer, Grocery, Fresh and General Merchandise divisions. The Board encompasses 14 companies in Mexico and 62 in Central America; the primary goal is to foster the exchange of ideas and establish collaborative working models that help to increase the competitiveness of our suppliers, all with the purpose of benefitting our customers.
There were 38 Top-to-Top meetings coordinated this year, with the participation of top management and our principal suppliers for Grocery, Fresh, and Consumables; the goal of these meetings is to review business performance and define new growth opportunities that guarantee compliance with annual agreements, opening the dialog towards better alignment with strategies amongst the companies involved.

In 2015 we reinitiated training sessions for suppliers in the basic tools of Walmart Systems in Central America, especially concerning the use of Decision Support System. We conducted 20 training sessions in the five countries, and 216 companies attended. Retail Link User Group (RLUG) sessions were conducted via videoconferencing. RLUG is a group of Walmart suppliers who meet periodically to learn about Retail Link and to share best practices.

Product responsibility

Our mission is to offer our customers affordable prices and, at the same time, continuously raise the bar for quality and food safety. Our customers are increasingly interested in knowing the origin of the products bought, what they contain, and how they are produced. They expect the products to satisfy their needs and not be a risk to their health or safety.

We conduct rigorous reviews of our supply chain so as to generate and maintain the trust of our customers in the food we sell. In Mexico we reinforced our Food Safety program, including the Prevention of Food-Related Fraud, through outside analysis by laboratories accredited in:

- Identifying raw materials in meat and cooking products, with a total of 465 tests conducted
- Verifying the integrity of Private Label product ingredients, such as honey, milk, olive oil, 100% natural juices, and coffee; with a total of 40 tests conducted
- Validating certificates for products sold as organic, accrediting a total of 380 products

A total of 87% of our Private Label suppliers are certified in norms acknowledged by the GFSI – Global Food Safety Initiative – a worldwide accepted food safety management system. Some 18 businesses in Mexico currently have the H Certificate awarded but h Secretary of Tourism to those establishments that accredit compliance with good practices in food preparation and serving hygiene.

Private Label suppliers evaluated in Mexico

Textiles	
Inspections	8,580
Audits	54
Domestic suppliers	318
Import suppliers	71
Auditing of maquiladoras from food suppliers	**189**
Not approved	1
Auditing of maquiladoras from general merchandise suppliers	**22**
Not approved	9
Auditing of maquiladoras of medications	**36**
Not approved	6
Distribution centers inspections	**701,079**
Shipments	287,347
Fruits and Vegetables	231,839
Processed food	181,893
Unnanounced store audits of Food Safety	**25,517**

Health & Safety Incidents G4-PR2

	Mexico	CAM
Visits from health authorities	3,102	1,175
Visits from consumer protection authorities	1,413	1,262
Expiration date withdrawal orders	54	0
Health & safety withdrawal orders	9	73
Results		
Fines or sanctions	409	0
Non-compliance with voluntary codes	73	0
Warnings	0	0

Training and auditing of Health & Well-being in Mexico

Pharmacies	
Associates trained online	9,618
Training hours	4,809
Associates distance training	6,641
Training hours	3,321
Associates trained in usage and dispensing of medicines	2,141
Training hours	85,640
Optical	
Associates trained	631
Number of courses	34
Pharmacies/ Optical	
External audits (Ecolab)	1,785
Internal store audits	1,475
Distribution centers	
Good Storage and Distribution Practices audits	10
Associates trained	331
Training hours	662
Product analysis of the quality parameters for Medimart by third-party authorized by Cofepris	227

Labeling

Our customers need accurate information regarding the impact of products and services so as to make fundamental decisions regarding purchases and so product availability reflects their preferences. Providing information and proper labeling regarding impact is our responsibility.

Private label information in Mexico undergoes review and validation by Legal and Corporate Quality. During 2015, some 1,424 labels were analyzed, of which 540 were for medical products and 884 for food items and general merchandise, validating the following:

- The origin of product or service components
- Content, especially pertaining to substances that can cause environmental or social impacts
- Product or service safety instructions
- Product elimination and environmental or social impact

In Central America we provided continuity regarding monitoring, advice and training in labeling requirements by product category and by country, including Private Labels. The training and certification process for champions in labeling was initiated to provide support for review and validation in 2016. We created labeling guidelines for easy identification and use.

Commercial agreements executed with suppliers include the obligation of complying with all regulations. Moreover, Corporate Quality randomly checks Private Label products in the distribution centers, to validate labeling information.

Regarding non-compliance with regulations governing marketing communication and advertising, in Mexico there were 35 issues stemming from the lack of information in advertising materials, which were rectified immediately. When necessary, evidence was filed with the Mexican Consumer Protection Agency – Profeco – in addition to paying a total of 57 fines concerning advertising in general. There were no cases reported in Central America.

Compliance continuously trains key areas and sends communiques to stores to remind them of the comparative advertising guidelines, among others.

In 2015, we received no significant fines due to non-compliance with regulations governing the supply and use of products and services in the region.

In neither Mexico nor Central America do we sell forbidden products, or those pending litigation. Pursuant to requirements set forth by the OFAC – Office of Foreign Assets Control – in Central America we declare the marketing of any product originating from any of the countries included in the sanction lists. Training in these matters took place in 2015 in the Commercial and Agroidustrial Development areas. Random reviews were made of store products to validate places of origin.

Labeling incidents G4-PR4

	Mexico	CAM
Non-compliance processes by the authorities	81	0
Private Label cases	8	0
Results		
Fines or sanctions	68	11
Non-compliance with voluntary codes	0	0
Warnings	0	0

6. Environmental sustainability

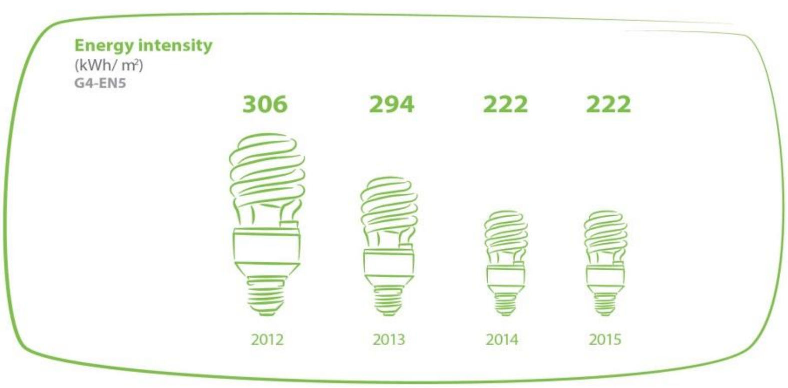
Reducing the impact on the environment caused by our operations and supply chain is good for the Company, the environment and society. That is why we work every day to reduce our carbon emissions, supply renewable energy, contribute to a revolving economy by using materials efficiently, and create a supply chain that resists environmental and social variables, thus running a sustainable business.

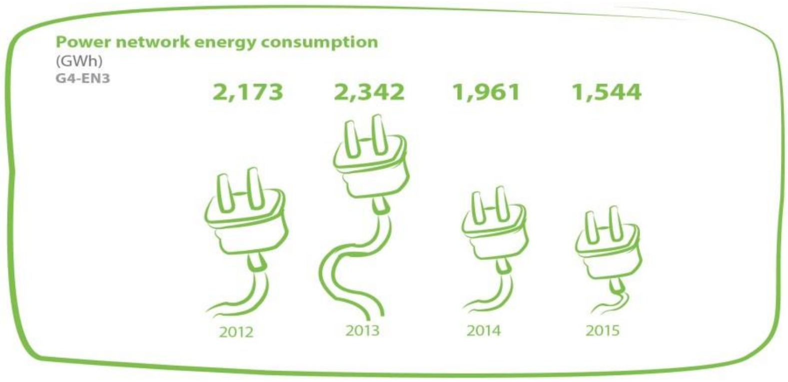
Energy

We keep on looking for innovative technologies and best practices aimed at reducing energy consumption.

In 2013, we challenged ourselves to reduce energy consumption by 20% per square meter of construction for stores in operation in 2010.

In Mexico, energy consumption per same stores was reduced 1.3%, the equivalent to 24.7 million kWh (89,194 GJ). The energy consumption information was obtained from suppliers' invoices. The conversion factor of 0.0036 GJ/kWh was used.





We were able to decrease our energy consumption due to our Energy Efficiency Program, which implements such technological initiatives as the following:

- Secondary measurement. It consists of installing consumption meters wherever consumption rates are high in the stores, such as refrigerated, illuminated, and air-conditioned areas. This initiative was implemented in 259 stores, with 4% savings in Mexico.
- LED illumination. We continue implementing state-of-the-art illumination technology at new stores. Lighting systems using LED lamps were installed in 9 stores, resulting in estimated savings of 12%. We installed LED lighting in Central America in 34 stores.
- Open refrigerator doors. We continue following our program to close all refrigerators on the sales floor. Doors were installed in 104 Bodega Aurrera Express stores, resulting in estimated savings of 12%. In Central America, 287 stores have undergone this program.
- Automatic doors. Automatic doors were installed at the entrance of 17 Mi Bodega stores to mitigate the loss of energy caused by permanently open doors. The resulting energy savings amount to approximately 4%.
- Control systems. Control systems for lighting levels and weatherization were installed in 15 Mi Bodega and Bodega Aurrera units, as per outdoor lighting and temperature conditions. Resulting energy savings amount to approximately 8%.

Total non-renewable energy consumption in Mexico G4-EN3

Source	GJ
Electricity	4,505,926
LP Gas	1,327,567
Natural gas	747,804
Diesel	216,754

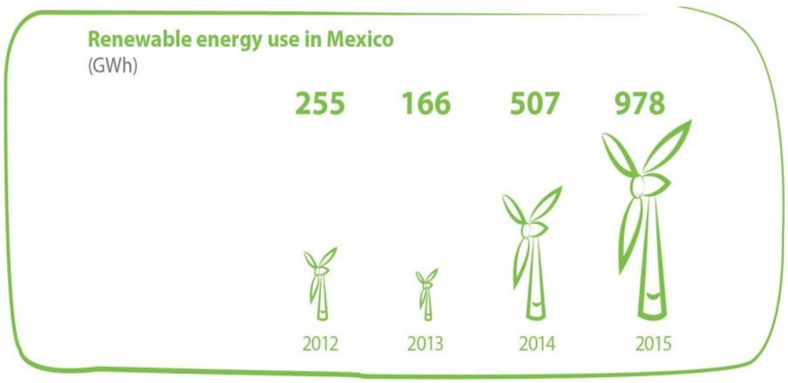
[1] Store base in 2010

Renewable energy

We supplied 1,191 stores in Mexico with renewable energy from four wind farms and a mini-hydroelectric plant; in other words, 1196 GWh of renewable energy, thus representing 51% of our total energy use.

Today we have an accomplishment of 50% concerning our goal of supplying 3,000 GWh of renewable energy by 2020.

Throughout the year we conducted tests for another mini-hydroelectric plant and we initiated the supply of energy to the national network, which as of January 2016 shall supply 150 additional stores.

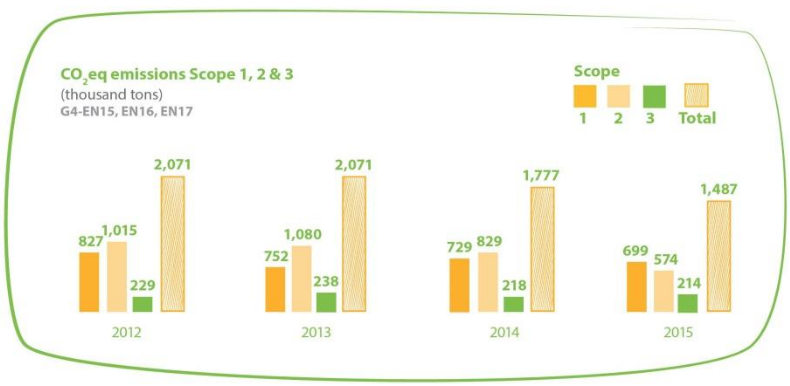


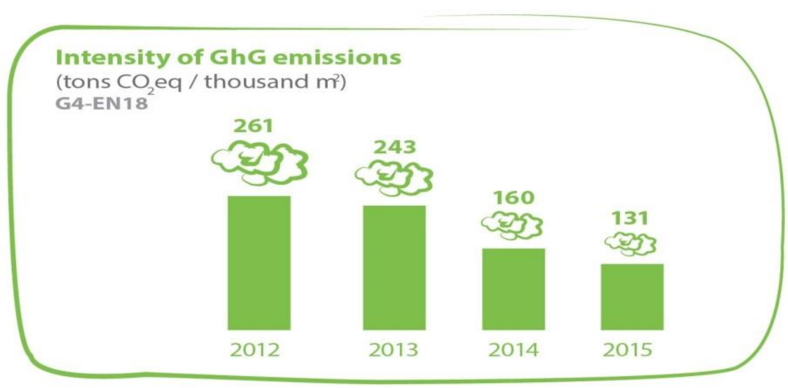
Emissions

The emissions profile constitutes Scope 1 emissions, including the burning of fossil fuel such as diesel, LP gas and natural gas; mobile combustion for automobiles pertaining to the Company; and the escape of refrigerating gas emissions.

We also have Scope 2 emissions, such as the purchase of electricity; and Scopre 3, which refers to mobile combustion from the subcontracted fleet used to distribute merchandise to the stores and back; air travel by associates for work-related reasons; and emissions generated by our suppliers due to the volume of business they have with us. The graph is for Scope 1, 2 & 3 emissions, both absolute and relative to square meters of construction.

In order to estimate greenhouse gas (GhG) emissions, the GhG Emission Protocol established in the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) is used. The data is obtained from acquired amounts of fuels, coolants, and electricity. Emissions are calculated by using published emission factors. Data on consumption corresponds to comparable units during comparable months.





For the second consecutive year, in 2015 we reduced Scope 1 & 2 emissions through the use of renewable energy, energy efficiency projects, and the Coolant Leak Control Program. In Mexico, emissions not generated by wind-farm energy amounted to 230,058 tons of CO_2eq.

We are the only Self-service Company in Mexico and in Central America that participates in the Supply Chain Program, which is part of the Carbon Disclosure Project, through which we provide our suppliers with a report on their carbon emissions and the analysis of risks and opportunities by sector. This is the first year we participated and we extended an invitation to 250 suppliers, of which 108 answered the questionnaire; 28 initially confirmed their intention to participate but in the end did not respond; 106 ignored the invitation; and eight companies declined.

In total, there were 1.2 million tons of Scope 3 emissions of CO_2eq. This is added to emissions from merchandise transport – 176,208 tons of CO_2eq – and 6,628 tons of CO_2eq from air travel by associates.

This year, we presented an unusual 6.4% increase in R-22 leakage equivalent to 15 tons.

Nonetheless, Mexico's emissions of nitrogen and sulphur dioxides and the particles and volatile organic compounds generated through mobile combustion have recorded a decrease of 16% over figures for the previous year, as shown in the table Significant atmospheric emissions. This is due to the decrease in consumption of LP gas, as it was replaced by natural gas.

Moreover, to reduce emissions we have employed an energy efficiency initiative for freight known as Backhauling, which is done in collaboration with our suppliers. It consists of combining our store supply routes so that the return trips to the distribution center include stopping to pick up products from supplier warehouses, and cardboard and shrink wrap from our stores, thereby reducing the need for additional commutes and improving costs and efficiency.

Our climate change strategy entails the evaluation of risks and opportunities, energy efficiency initiatives and the mitigation of GhG through corporate objectives. Prior to approval, all initiatives undergo rigorous review processes to ensure alignment with overall Company strategies. Risks and opportunities are evaluated at Company, market, and asset levels in terms of the scope of the impact. Information is continuously gathered to identify risks or opportunities from the widest range of sources, including corporate offices, sales floor associates, industry contacts, consultancy firms, government and non-government organizations, news agencies, professional associations, legislators, investors, and members of the financial community.

Significant atmospheric emissions G4-EN21

Emissions	Tons
NO_x	3,676
SO_x	457
PM particles	493
POP*	0.1
HAP*	0.02
VOC	491

* Excluding Central America

Savings from logistics projects and initiatives G4-EN30

Mexico			
Savings	Total	Backhaul	Reverse Logistics
Kilometers no longer traveled	36,974,276	7,459,802	29,514,474
Gallons saved	20,541,264	4,144,334	16,396,930
Materials sent for recycling (tons)	239,155	NA	239,155
Reduction in commutes	231,119	88,537	142,582
Emissions prevented (tons of CO_2eq)	26,449	5,336	21,113

Central America	
Savings	Total
Kilometers no longer traveled	1,774,320
Gallons saved	147,860
Emissions prevented (tons of CO_2eq)	1,506

Materials

Our operation in Mexico employs a wide variety of material resources.

The primary materials are listed by weight in the following table. Of these, 24% comes from renewable sources and the remainder from non-renewable ones.

In Mexico, 27% of materials contain recycled material, including plastic bags, bond paper, and sanitary paper. The plastic bags for our customers' merchandise contain 30% post-industrial recycled material; bond paper used for printing documents and commercial fliers with 81% post-consumption recycled materials; and the sanitary paper used in all our facilities contain 100% recycled material. We use over 28,909 tons of recycled material in our operations.

Primary materials used

Materials used	Tons
Non-renewable	
Plastic (shrink wrap, bags and pallets)	33,052
LP gas	26,930
Natural gas*	14,663
Diesel	5,328
Chemicals*	2,639
Renewable	
Wood*	20,626
Bond paper (printing, fliers)	3,539
Sanitary paper	2,176

* Excluding Central America

Wastes

Our zero waste objective represents actions conducted during the year in waste management in our operation.

In total, we generated 355,944 tons of wastes in Mexico, of which 121,609 tons are solid urban waste, and 51 tons of hazardous waste. Waste treatment methods are determined by existing infrastructure in each country and the potential for recycling. Recovered waste which has value is sent for recycling.

Composting is determined according to available infrastructure. Waste which cannot be recycled, reused, or composted is sent for final disposal in sites authorized for solid urban or hazardous wastes. We generated 118 tons of hazardous waste in 2015, representing 29% less than 2014 in the region.

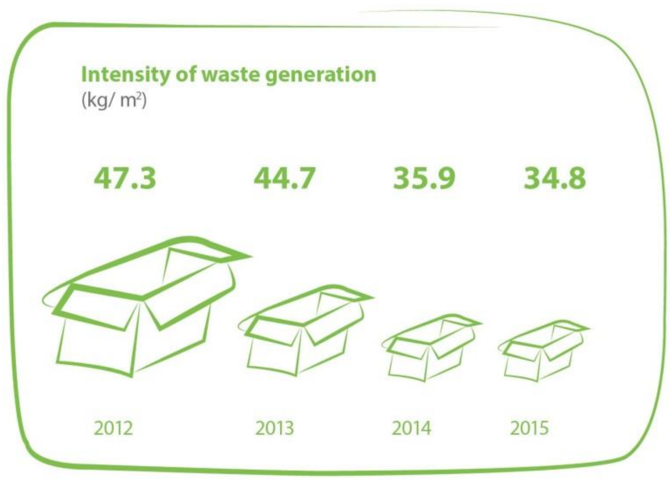
This year we changed the way in which our accomplishment of zero waste is measured; we included wasted that were not measurable in the past due to mixed contents. By broadening the waste base, our accomplishment is 73%, which is lower than the reported for previous years. In 2014 we reported 74% progress, but we had not considered this fraction of waste.

Our objective for Mexico was to reduce food waste by 15% for 2015; based on stores for 2011 this was surpassed, achieving a total reduction of 21%, which is equal to 3,248 tons. This was possible through a series of actions from Freshness Committee that considered improvements in logistics, the monitoring of the cold chain during deliveries to stores, best practices in stores, adjustments to orders, and greater involvement of store associates in reducing shrink in perishable products.

With this in mind, we once again launched the Reduce, Recycle, and Win campaign, whose purpose is to make associates aware of best practices they can implement in their units, thereby increasing the recovery of recyclable materials and reducing the number of perishable items that end up being thrown away.

These practices allow us to free up to 1,710,202 m^3 of sanitary landfill through the recovery of solid waste that can be recycled in the region.

In 2015, there were 25 reported cases of chemical spills in Central America. The causes were 18 cases of LP gas leakage; 3 cases of small liquid combustible spills; one case of fryer oil spill; two cases of spillage of wastewater; and one case of dust emissions.



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Water

In 2015 we consolidated initiatives that help us reduce water use in our stores and DCs, and we continue with the recovery of water condensate from air conditioning equipment.

As part of our Installation Program for Wastewater Treatment Plants in Mexico, we set up the first plant with low-voltage ionic electroflocculation, completely developed by Mexican researchers and which provides considerable advantages with regards to biological plants.

This plant, for example, consumes 1/10 the electricity needed, uses half the space, requires only 30 minutes for treatment – as compared to the 24 hours required by a biological plant – and the resulting sludges are inert, thus eliminating the need for a sludge treatment system. The existing treatment plants plus this new technology allow us to to reutilize 1,890,827 m^3 of treated water and discharge 2,550,488 m^3 of water into drains with the quality required by existing legislation. The treated water complies with standards NOM 001, 002, and 003, using biological systems.

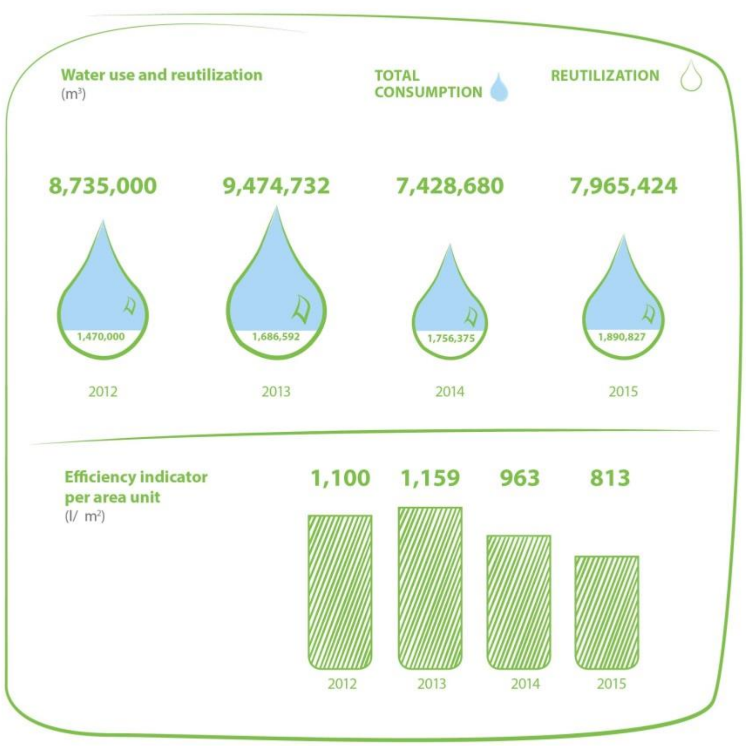
Total water catchment, according to the source in Mexico G4-EN8

Source	m^3
Municipal supply	5,988,169
Wells	16,814
Total consumption per m^2 (m^3/m^2)	0.86

A campaign to detect and repair water leaks in stores in Mexico took place, thus reducing water consumption by 7.2%, as compared to 2014. Store associates in Mexico City received training in enhanced water-saving techniques.

According to corresponding criteria, our regional consumption is not significant, thus water sources have not been negatively affected by water catchment.

For the fourth consecutive year, we have reported our water management performance in the CDP platform.



Value chain

The environmental impact of our suppliers within the value chain accounts for 90% of our own impacts.

As a consequence, we focus on reducing the environmental impact of the products that we sell wherever it makes the most sense in their life cycle in financial, environmental, and social terms. Since we believe that our customers should not have to choose between their favorite products and sustainability, we work towards achieving that their favored products have a reduced environmental impact. These are the foundations of our strategy with the value chain.

Sustainability index

A tool based on technical information stemming from life cycle analysis, the sustainable profile identifies those stages in product life cycles for each category when the impact is the highest. Suppliers answer a questionnaire so we can spot areas of opportunity together, aimed at closing gaps and having significant environmental benefits. After running a pilot to check its functionality, we start working with all suppliers in four categories: coffee, detergent, dairy and paper goods.

Supply chain

In 2015, we joined the CDP Supply Chain Program. As mentioned above, the purpose of this program is for our suppliers to report any carbon emissions in the CDP on-line platform so as to identify risks and opportunities associated with climate change in different product categories, and establish strategies and programs to reduce emissions.

The CDP Action Exchange Program allows suppliers with carbon emission issues to access technical know-how, which will help them develop carbon-emission reduction initiatives. Four companies accepted the invitation to join the program in 2015.

We currently carry 1,662 products with lower environment impact levels than their former versions or than other products in the same categories:

- 585 biodegradable items
- 504 organic or hydroponic food products
- 377 energy and water savers
- 161 products made of recycled material
- 35 with optimized packing

In Mexico, 80.5% of the cardboard used for product packaging, 5.2% of shrink wrap, and 0.8% of clothes hangers are recycled.

Biodiversity

The actions to mitigate the negative impact of our operations on biodiversity focus on two categories: those stemming from building and operating new stores, and those associated with producing the goods that we sell; that is, those coming from our supply chain.

The most significant impacts have not been accounted for, but they have to do with the degradation of the soil from intensive farming practices, water and soil contamination, improper use of pesticides, and fertilizers, possible changes in soil use to accommodate agriculture and cattle raising, deforestation due to agriculture and livestock activities, soild erosion, unsustainable fishing and aquaculture practices, and, in general, inefficient water use to grow food and produce consumer goods.

Biodiversity within the value chain

To mitigate some of these impacts, we wake worked on initiatives such as eliminating all unsustainable palm oil from our Private Label products; using cellulose coming from legal sources or from suppliers having custody chain or sustainable practice certifications, as the Forest Stewardship Council (FSC); sourcing fishery products from sustainable sources; and training small growers in sustainable farming practices regarding the efficient use of pesticides and fertilizers.

Sustainable palm oil

Our commitment is to replace palm oil from all of our Private Label products with different oil having a lower impact on the environment, or certified as sustainable. Consequentially, 84.6% of those products contain no palm oil, and 6.4% are currently undergoing certification. This initiative contributes to reducing tropical rainforest deforestation, mainly in Southeast Asia.

Sustainable fish and seafood

The demand for fish and seafood products increased five-fold within the last 50 years, and it's estimated that most fisheries in the world have exceeded natural limits for repopulating species, and that intensive aquaculture places the availability of these products for both present and future generations at risk. As a result, we are committed to sourcing sustainable fish and seafood, pursuant to the Seafood Sustainability Policy that we developed.

Our commitment includes assessing the fisheries currently supplying us; favoring fish and seafood coming from sustainable-certified aquaculture and fish farms; fostering the adoption of sustainable practices by fisheries and fish farms that are not sustainable; avoiding products that come from illegal, unregistered, unregulated fishing; and not buying species found on the International Union for Conservation of Nature red list.

Within the following two years, we shall work on assessing the fisheries and fish farms supplying us and on making sure they apply to the Policy correctly. As of 2018, we will begin promoting the development of projects to improve the fishing practices of those suppliers with the most opportunities.

Protected or restored habitats

We have various volunteer initiatives in place to protect or restore different habitats in all the countries that we serve. During National Volunteer Week, in Mexico we conducted maintenance and cleaning activities in San Juan de Aragón Park, with the collaboration of Mondelez and the park's neighbors. One of the main objectives of this park (considered the second most important green area in Mexico City, measuring 162 hectares in size) is biodiversity conservation. Local parks in the cities we serve have also benefitted from our volunteers with maintenance and cleaning activities throughout the year.

In Central America we conducted various cleaning, planting, reforestation, and maintenance activities for such places as the Poás volcano, the Pavas plant nursery in Costa Rica, and the El Izopo mountain in Honduras. We have also worked to maintain Bicentenario Park, free turtles in El Salvador, and benefit the United Nations National Park in Guatemala.

Protecting biodiversity when building and operating units

The policies, procedures, and agreement clauses used with those involved in building stores and with developers allow us to protect biodiversity and to use natural resources in a sustainable fashion, from the moment a property is acquired to the design and building of the store by third parties. The following policies implemented are worthy of mention:

- Before buying or selling any property, an environmental assessment must be conducted to learn of protected flora or fauna are present, or if there is soil or water contaminations. This information will be used to determine the feasibility of the project and any mitigation and compensation measures required. For example, at the location of our bodega Aurrerá Tuxpan unit in Mexico, the soil was contaminated with hydrocarbons. In light of this situation we removed and disposed of 13.5 tons of contaminated soil before building the store.
- Projects designed as per environmental regulations for green areas, permeable areas, use of renewable energy, and vegetation management.
- Environmental measures and compensation throughout the building process related to proper waste management, the rescue of flora and fauna, atmospheric emissions, noise pollution, and measures determined by environmental authorities.
- Third-party joint responsibility, including agreement clauses and bid guidelines for builders and suppliers to acquire authorized bank material, waste management in compliance with regulations in force, wastewater management, and compliance with all responsibilities in these matters.

In 2015 we did not own, rent or manage any operating unit next to, containing, or located within any protected area whatsoever, or in an area not protected but deemed of considerable value due to it biodiversity.

Nevertheless, we received eight notices to conduct corrective actions in Mexico because of a complaint filed regarding excessive noise emissions, and after discharging a mixture of rainwater onto the street.

7. Commitment to the community

Our social development programs are in line with the business strategy and the capacity to generate value. We measure social impact based on the reduction of social deficiencies, the effect on income and productivity, and on the availability of food. In the region, we participate with the community striving to be a good neighbor, benefiting our community, caring for the environment and supporting the economy of families; thus, we do not represent a negative impact on communities.

Communitary support

Keenly aware of the importance of our presence for the communities we serve, our commitment is clearly expressed in the actions undertaken to drive the productivity of small farmers having very scarce resources, working towards eliminating hunger, and rendering support during natural disasters.

This is accomplished by offering training, supplying financial and in-kind resources, and by sharing our commercial platform with small suppliers In addition, we encourage volunteerism amongst our associates in all communities and we serve as mentors for our small-sized suppliers.

Each year in Mexico we launch a public call for projects so as to finance NGOs seeking to collaborate with the well-being of our communities by aiding in the development of small suppliers and food security. The donation is granted to projects proving that considerable impact for society can be achieved and that self-sustainability is possible in the medium term.

In 2015, we financed 32 projects that were approved after a rigorous compliance process, which included evaluation by a Pre-selection Committee, the conducting of due diligence of the institution and of Directors of Trustees, approval given by the Walmart de México Foundation Board, a contract having anti-corruption clauses, and following up on social impact indicators as well as completion of the project.

Small supplier

Similar to what takes place in all markets where Walmart operated, at Walmart de México y Centroamérica we have created programs focused on developing low-income suppliers and, in particular, empowering women.

Through our programs Small Supplier, in Mexico; Fertile Soil and A Helping Hand, in Central America, we seek to increase productivity, achieve sustainable increases in income, and foster the local economy of small suppliers by strengthening their production capacity and developing their commercial capabilities. For this to be possible, Walmart's commercial expertise plays a fundamental role in the training and development of the farmers' skills, and in turn make their businesses stronger, as well as opening the necessary commercial channels for their sustainable growth. In all countries we have designed a development program for training, financing, market insight, and the strengthening of skills aimed at helping them to market their products in self-service and be more informed about their competitors. In addition, we help companies become more efficient and adopt better planning practices, with the ensuing development of business practices.

Small suppliers development

Country	Description
Costa Rica	Training in personal leadership, finance, and entrepreneurship for 1,200 women who are beneficiaries of food banks. Establishment of a cooperative of 386 women in the province of Limón.
El Salvador	Training and education for 75 women from the Apopa community, so they can obtain their first job in the self-service sector. Development of Artisanal Fishermen Cooperative in Usulután, benefiting 84 fishermen.
Guatemala	Empowerment and innovation for the development of 270 rural women.
Honduras	Business training for 90 women from the Zambrano community.
Mexico	The development of 19,947 farmers and manufacturers in 15 states, through technical and business training, consultancy regarding products, packing and logistics, and preferential buying conditions for small suppliers.
Nicaragua	Training for 66 female banana growers in technical, production and business skills.

For the first time, the EmprendedorES 2015 award was given, through which the Walmart Mexico Foundation, together with Endeavor Mexico, Enactus Mexico, and Technological Institute of Monterrey (ITESM) supported 30 social entrepreneurs chosen among a total of 131 semi-finalists. The total amount of the award was 1.6 million pesos in cash personalized business mentoring by top executives, who were trained by Endeavor, and access to the ITESM business incubator, with the purpose of developing and broadening their business projects. The first-prize winner was a production project Driving Economic Solidarity Deep in Mexico, which supports indigenous populations in the mountainous regions of the state of Guerrero, thus receiving 350,000 pesos, mentoring, and participation in the incubation process.

Some of the projects have received prior support from the Walmart Mexico Foundation through funding for production projects; they participate in the Small Supplier Program, selling their products as part of the commercial experience, or they receive support from the training initiative called Women Can Rely On Us.

Food security

We are one of the primary donors for food banks in Mexico and Central America; this is possible because our stores, clubs and distribution centers channel, through not-for-profit organizations, in-kind donations of unsellable merchandise that is suitable for human consumption.

Selection of the institution is based on its ability to pick up the in-kind donations at the unit(s) assigned, as well as their capacity to generate greater social impact as a result of their programs and list of beneficiaries. In order to be selected, the institutions must submit to a compliance process that includes due diligence and the execution of a contract.

In Central America we also consolidate and expand food banks by delivering financial donations with the purpose of opening two additional food banks in Costa Rica and Honduras, thus hoping to benefit some 15,000 people each year.

We also support communities suffering from food poverty by driving the construction of backyard farms, gardens, and rainwater catchment systems. This program fosters sustainable nutrition, increases in disposable income, and the empowerment of women. In addition, it helps build a development platform for production capacities.

In El Salvador we offered 14 Nutrition Workshops to promote nutritional eating habits at home, with which we are contributing overall to the development of children in communities and benefitting 1,160 people. These workshops include talks, nutrition counseling, healthy recipes, and advice provided by a medical specialist.

Valuable neighbor

One of our strengths is our human capital, who day after day not only helps provide enhanced shopping experiences for our customers, but who also provide community services.

In Mexico we launched the Valuable Neighbor Communication Program in 1,291 stores and clubs, so as to publicize the activities performed by our associates in favor of the communities they serve. With the placing of bulletin boards in visible areas, the Program communicates the contributions made by the corresponding store or club under three headings:

- Donations: Food donated to not-for-profit institutions
- Community Support Activities: Those performed inside or outside their units, such as volunteerism or assisting customers in vaccination campaigns or with specialized classes.
- Sustainability: Data on recycling, energy and water savings accomplished

Through this communication we have elevated the awareness of our customers and members on the positive effect our units have in the communities where we operate.

With the experience of our top management, we have been able to create the Specialized Volunteerism Program, whereby our top management shares its expertise so as to develop small suppliers by being personalized mentors, and by helping to select projects to be financed.

As motivation and in order to reward the participation of our volunteers, we recognize our volunteers, the format, the city, and the distribution center – of the year – during our most important annual meeting; they are all celebrated as examples of the service that characterizes our Walmart Culture.

During 2015, we migrated our Volunteer Baggers Program for Mexico from young to senior citizens, to whom we supply in-store accident insurance and uniforms, at no cost to them. We received recognition from INAPAM – the Mexican Institute for the Elderly – for having benefitted 5,803 senior citizens at the front-end of our Self-service units.

Support during natural disasters

Mexico and Central America are highly vulnerable to natural disasters and humanitarian emergencies. Existing poverty and a lack of prevention programs make these problems even more severe and put the population at greater risk.

Because of this reality, 10 years ago the Walmart Mexico Foundation entered into an agreement with the Mexican Red Cross for the creating of a revolving fund 5,000 pantry donations, which included basics and primary need items to be send and distributed among the members of communities hit by natural disasters. Said fund enables us to render assistance in record time to victims living in the most remote regions and to shelters and community kitchens who need it the most. In addition, thanks to the Suburbia campaign – Clothed in Hope – we send clothing items to 46,000 families during the winter season.

Moreover, in support of helping Small Supplier Program, in conjunction with World Vision of Mexico, in 2015 Walmart Mexico Foundation created a revolving fund meant to assist small businesses in agriculture and hand-manufactured goods that had been affected by some natural disaster. After analyzing damages, needs, conducting training in recovery of living spaces, risk reduction, awareness, operation and offering prevention workshops, financing was provided to recover production activities.

In 2006 we created the Center of Operations Continuity to protect our associates during disasters, reestablish unit operations in record time, ensure merchandise supply in as little time as possible to affected areas, and open assistance channels for our customers through collection centers or drives to support the community. Through the Center, this year we were able to provide assistance for 136 associates to whom we granted a total amount of 7.2 million pesos in cash.

In Guatemala, we delivered basic products and food items to render support for victims of the landslides that resulted from the torrential rains in Santa Catarina Pinula. In addition, customers donated 17,000 products in 17 stores adapted as collection centers through our Friendly Hands Program; all of this was channeled to the National Coordination for Disaster Mitigation (CONRED, per its acronym in Spanish). We also lent support to the crisis faced by the Guatemala Health System with an in-kind donation of 13,000 tons of essential items so the hospitals could continue serving the basic needs of the community.

8. Corporate Governance

Our Company is built on the foundations of integrity and the highest standards of ethics, and we always guarantee strict adherence to the legislation in force in all the countries where we operate. The structure and responsibilities of our board of Directors, the Statement of Ethics and all the activities undertaken by the Company are in complianc with the best practices of Corporate Governance.

Board of Directors

The management of the Company is overseen by the Board of Directors.

Membership and frequency

- Members are appointed each year by the General Ordinary Shareholders' Assembly
- Independent directors should make up a minimum of 25% of all directors
- Minority shareholders, whose shares represent a minimum of 10% of owners' equity for the Company, have the right to choose a Director and the corresponding Alternate Director, both of which may only be removed when the other members of Board of Directors are also removed
- The Board of Directors meets at least four times a year

Other practices

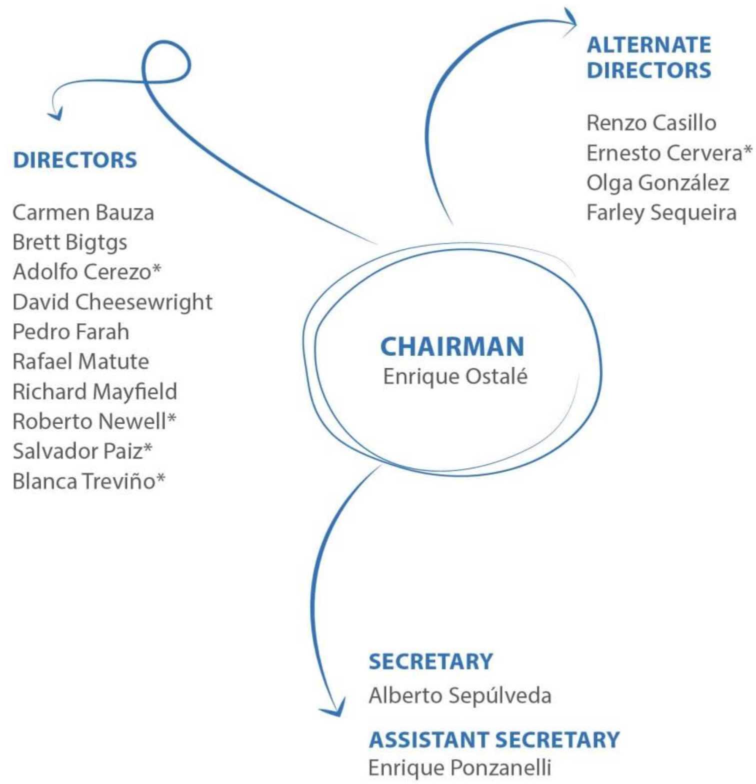
- The Board evaluates the performance of each Director
- Independent Directors are experienced in the main line of business of the Company
- The Board has access to independent advisers
- The Chairman of the Board is neither allowed to act as Secretary nor to preside over any Board Committees

Primary responsibilities

- Choosing the Chief Executive Officer
- Acting as adviser/consultant for top management of the Company
- Working actively with top management to develop overall strategies for the Company and any that the latter controls
- Overseeing performance of Company officers
-

- Approving information policies and communication with shareholders and the market
- Ensuing that overall strategy is in line with the Company's principles of Corporate Responsibility

The Board of Directors obtains the support of two Committees for its duties; said committees must conduct in-depth analysis of subjects pertaining to its field of expertise and offer recommendations to the Board so it may study the information and make the right decision, creating value for our shareholders and stakeholders.



Board of Directors at December 31, 2015
* Independent Director

Note: Wal-Mart de México, S.A.B. de C.V. held its Annual General Ordinary Shareholders' Assembly on March 31, 2016, where the composition of the new Board of Directors was determined, with only proprietary members.

DIRECTORS

Carmen Bauza
Adolfo Cerezo*
Ernesto Cervera*
Lori Flees
Guilherme Loureiro
Rafael Matute**
Richard Mayfield
Anne Myong
Roberto Newell*
Blanca Treviño*

CHAIRMAN
Enrique Ostalé

SECRETARY
Alberto Sepúlveda

ASSISTANT SECRETARY
Enrique Ponzanelli

* Independent directors
** Will be considered as independent director starting July 1, 2016.

Audit and Corporate Practices Committees

It is comprised of three independent directors and one alternate director, all of them independent.

Primary responsibilities

- Selecting the independent auditor for the Company and establishing fees.
- Ensuring the existence of the proper internal control scheme for the Company that meets any and all applicable accounting and legal provisions, and reviewing Company transactions with related parties.
- Reviewing financial statements and ensuring that they properly reflect the financial situation of the Company. They must also contain procedures to receive, keep, and respond to claims related to accounting practices and controls and to auditing matters. Moreover, the Committees have the necessary authority and resources to hire independent lawyers and advisers needed to fulfill their responsibilities.
- Reduce the risk of conducting operations under conditions that could affect the worth of the Company of granting favored conditions to any one group of shareholders.
- Approving policies for the use of properties pertaining to the net worth of the Company.
- Authorizing transactions with related parties, remuneration for the Chief Executive Officer, and remuneration policies regarding relevant Company officers.
- Serving as support for the Board of Directors in producing reports on accounting practices.
- Holding private meetings and receive periodic reports from Internal Audit, Legal, Compliance, and Ethics.
- Calling the shareholders to meetings and ensuring that the order of business includes all the points deemed necessary.

Primary requirements and practices

- All members must be independent Directors, experts in finance.
- Independent auditors are forbidden from providing consultancy services to the Company.
- The partner from the independent auditing firm that renders the opinion on the financial statements must be rotated periodically.

Members as of December 31, 2015

Adolfo Cerezo (Chairman)*
Ernesto Cervera (Alternate)*
Roberto Newell*
Blanca Treviño*
*Independent Director

Note: Wal-Mart de México, S.A.B. de C.V. held its Annual General Ordinary Shareholders' Assembly on March 31, 2016, where the member Adolfo Cerezo was ratified as Chairman of the Audit and Corporate Practices Committees. As part of the Board of Directors' Meeting held on the same day, the independent members were ratified, all of them as proprietary members of said committees.

Adolfo Cerezo (Chairman)
Ernesto Cervera
Roberto Newell
Blanca Treviño

Statement of Ethics

Our values – Integrity, Respect for the Individual, Customer Service, and the Strive for Excellence – set us aside from the rest and are the cornerstone of our culture. We are firmly committed to these values and under no circumstances are they negotiable. All our associates companywide, regardless of level, are responsible for understanding and complying with our Statement of Ethics, which is based on these values.

The Ethics Office in our Company reports to the EVP and General Counsel for Legal and Institutional Affairs for Mexico and Central America, and its primary duty is to disseminate and promote a culture of ethical behavior, of strict compliance with legal provisions that govern us, and handling any and all ethics-related inquiries and cases received. The Audit Committee receives periodic reports.

We are committed to maintaining a work atmosphere that encourages our associates to express their concerns regarding possible violations of our Statement of Ethics, and we forbid reprisals against anyone who does so. There are different internal communication mechanisms such as the Open-Door Policy, which is the most direct way of raising concerns with the leader; our Global Ethics Line is available for all associates worldwide, 24-7, and is equipped to serve the majority of local languages spoken. This line is operated by personnel from an organization independent of the Company.

In 2015, 1,850 cases were reported in Mexico, of which none were concerning the violation of human rights of indigenous communities. The disciplinary measures enforced may vary from verbal coaching for improvement to the dismissal of those involved, depending on the decisions reached. All ethics issues reported are confidentially investigated to determine if any law, policy or the Statement of Ethics has been violated.

During the year we also gave Statement of Ethics courses to our Operations and Staff associates, covering 70% and 91%, respectively, which represents 246,397 hours of training. Associates from Loss Prevention are continuously receiving training on policies, procedures, Walmart Culture, ethics, and anticorruption, this raising their awareness and reinforcing the proper way to comply with all human rights issues.

Security personnel subcontracted by Walmart are obligated to include clauses that are in line with the principles of human rights and they cover, among other things, anticorruption and compliance with all laws in force. What is more, the agreements signed by and between Walmart and our suppliers have a clause regarding being informed on our Statement of Ethics.

Compliance

Convinced that our values are of the utmost importance, at Walmart de México y Centroamérica we make an effort to convey confidence and transparency among our stakeholders. This is a fundamental subject of leadership because our continued success hinges on everyone's commitment to do the right thing for our customers, for ourselves, and for the well-being of our business.

This year we continue to work on the six elements of the Compliance Program: leadership, standards and controls, training, communication, risk analysis, and monitoring and response, all with the purpose of increasing the level of maturity of the areas that are part of the same.

The 14 areas comprising the Compliance Program include:

- Anticorruption
- Antitrust
- International trade
- Licenses and permits
- Environment
- Money laundering prevention
- Privacy
- Consumer protection
- Responsible sourcing
- Health and well-being
- Health and safety
- Food safety
- Product safety
- Work and employment

The Mexico and Central America VP for Compliance, who report to the VPs for Compliance LATAM and International, have a team of more than 470 associates and experts across the 14 program areas. Moreover, Continued Improvement department monitors activity in key business units and provides training, follow-up, and designs remediation plans for the compliance findings identified during the visits made to the units.

The Matrix for Compliance, Annual E-certification, and continuous training of our associates are fundamental mechanisms in the assurance process for said program. We have incorporated certain compliance indicators for top management, which are factors for their performance reviews.

Anticorruption continues to be a primary focus for the Compliance Program. The anticorruption team, which is led by Directors in Mexico and Central America, is charged with developing and executing the principled and processes that are part of the Global Anticorruption Procedure, based on risk analysis. It is also in charge of training our associates as well as third-party intermediaries and commercial partners. In 2015, classroom or online training was received by more than 43,000 associates and more than 1,370 suppliers in Mexico and Central America.

Due diligence was performed on those suppliers having any type of interaction with government agencies so as to verify if said suppliers have been directly or indirectly involved in any form of corruption whatsoever; if this involvement is with a government official, the purpose is to determine if these assumptions could constitute a risk for the Company and any negative social impact.

This process must be renewed at least every two years so as to ensure that there have been no significant changes in the supplier structure and that there are no risk factors of corruption that could affect the status of being approved as a supplier. All approved suppliers obtain training in the Anticorruption Policy to guarantee knowledge of the same and to ensure compliance throughout the commercial relationship.

As a result of our efforts to always do the right thing, and because of the processes, training and controls that we have, we are very proud to be able to categorically state:

- We make no contributions to any political party or to any related institution
- We have neither incurred in antitrade practices nor acted against free enterprise
- We received no fines or significant non-monetary sanctions for non-compliance with laws and regulations
- We received no claims on privacy violation matters and/or the improper release of customer data

Board of Walmart de México Foundation

The Walmart de México Foundation is the not-for-profit organization through which we channel support to our communities. It has a Board of Trustees, comprised of 11 members, of which five are independent.

Chairman
Enrique Ostalé

Trustees
Manuel Álvarez
Mercedes Aragonés*
Karina Awad
Roberto Delgado*
Jorge Familiar*
Rafael Matute
Marinela Servitje*
Martha Smith*
José Luis Torres
Iván Zapién

As of December 31, 2015
*Independent Director

Note: As part of the Associates' Assembly held on March 10, 2016, the composition of the new Board of Walmart de México Foundation was determined:

Chairman
Guilherme Loureiro

Trustees
Karina Awad
Álvaro de Arrigunaga
Roberto Delgado*
Jorge Familiar*
Tanya Farah
Kathleen Mclaughin
Marinela Servitje*
Martha Smith*
José Luis Torres

Alternate Trustees
Juan Carlos Alarcón
Julie Gherki
Iván Zapién

*Independent Directors

Corporate Responsibility Committee

In Mexico, Corporate Responsibility reports to the VP for Corporate Affairs. In Central America, it reports to the Managing Director of Central America. Overall strategies are reviewed with the Committee for Corporate Responsibility, which consists of the Company's Executive Vice Presidents in conjunction with the key areas of the Company; the strategies are conveyed to the Board of Directors. Moreover, the Committee establishes the action plans, indicators, and policies and procedures, all of which are fundamental to involving everyone in building a Company whose Corporate Responsibility is increasingly stronger and which honors the commitment of doing the right thing always in social, environmental and governance issues.
Corporate Responsibility is aimed at:

- Involving top management in the scope of proposed objectives, analyzing challenges, defining plans, and leading the initiative to generate value
- Establishing a long-term vision and strategic priorities based on what is good for our customers, good for the business and good for society
- Supporting the consolidation of structural changes, policies and procedures
- Identifying internal opportunities to improve our performance and lead our Company towards domestic and international trends that will maintain our leadership position

9. Walmex in the stock market

Walmart de México y Centroamérica (**WALMEX**) is listed in the Mexican Stock Exchange since 1977. It is one of the most important companies in the Mexican Stock Exchange index and in capitalization value. Its market value as of December 31, 2015 was 759.4 billion pesos, represented by 17,461 million shares.

Wal-Mart Stores, Inc., through one of its subsidiaries (Intersalt, S. de R.L. de C.V.), is the majority shareholder of Wal-Mart de México S.A.B. de C.V. and as of December 31, 2015, its equity interest represented 70.5% of the capital stock.

Top ten Companies in the MSE[1]

			Million pesos		
		Stock Symbol	**Market Capitalization**	**Total Revenues 2015**	**Employees**
1.	América Móvil	AMX	Ps. 809,898	Ps. 894,217	195,475
2.	**Walmart de México y Centroamérica**	**WALMEX**	**759,379**	**489,367**	**231,996**
3.	Fomento Económico Mexicano	FEMSA	555,917	311,589	122,624
4.	El Puerto de Liverpool	LIVEPOL	306,873	91,293	53,514
5.	Grupo México	GMEXICO	286,410	141,744	29,998
6.	Grupo Televisa	TLEVISA	272,907	88,052	43,964
7.	Grupo Financiero Banorte	GFNORTE	263,477	89,313	27,594
8.	Coca Cola Femsa	KOF	256,835	152,360	83,712
9.	Grupo Bimbo	BIMBO	216,112	219,186	127,152
10.	Grupo Financiero Inbursa	GFINBUR	207,345	39,169	9,554

c) Risk Factors

The risks described herein could have a material and adverse effect on our business, our business results, our financial standing and liquidity. They are not the only risks we face. Our business operations could also be affected by additional factors that apply to all the companies operating in Mexico and around the world, in addition to risks yet unknown that may arise and affect our operations.

Both domestic and international macroeconomic factors that could adversely affect our financial performance

The overall economic conditions, both global and in one or more countries where we operate, could have an adverse effect on our financial performance. In Mexico and Central America the list includes stock market fluctuations, volatility in the price of our shares, increases in interest rates, in the costs for fuel and other energy sources, the plummeting of the real estate market, inflation/deflation, rising costs for basic services, higher unemployment rates, reduced income for consumers, consumer credit restrictions, greater consumer indebtedness, exchange rate fluctuations, higher tax rates, new taxes, changes to tax legislation, other regulatory changes, economic slowdowns, and other economic factors could adversely affect consumer demand for the products and services offered in all our formats and markets where we operate, with the possibility of over demand or excess supply. The aforementioned conditions could have an adverse effect on our gross margins, sales costs, inventory sell-thru, and markdown policies. The factors that could affect our operations could also have repercussions on the operations and economic performance of our suppliers, both in Mexico as well as Central America. Said factors could possibly lead to cost increases for the products we sell our customers or, even worse, could cause problems for certain suppliers, making them unable to provide us with the volumes needed in our units.

[1] Source: Mexican Stock Exchange. Figures as of December 31, 2015.

Our current commercial strategy may not identify and respond effectively to consumer trends in a timely manner, whether involving physical retail, eCommerce retail or a combination of retail offerings, which could negatively affect our relationship with our customer, the demand for our products and services, and our market share

It is difficult to predict consistently and successfully the products and services our customer will demand. The success of our business depends in part on how accurately we predict consumer demand, availability of merchandise, the related impact on the demand for existing products and the competitive environment, whether for customers purchasing products at our stores and clubs, through our eCommerce businesses or through the combination of both retail offerings. A critical piece of identifying consumer preferences involves price transparency, assortment of products, customer experience and convenience. These factors are of primary importance to customers and they continue to increase in importance, particularly as a result of digital tools and social media available to consumers and the choices available to consumers for purchasing products online, at physical locations or through a combination of both retail offerings.

Failure to timely identify or effectively respond to changing consumer tastes, preferences (including key factors described above)and spending patterns, whether for our physical retail offerings, eCommerce offerings or through a combination of these retail offerings, could negatively affect our relationship with our customers, the demand for our products and services and our market share.

If we are not sufficiently able to properly manage our trademarks, it could affect our image, operations and financial performance

All commercial names for our different business formats -both in Mexico and in Central America- and all the commercial notices used in the advertising of our different private labels found on labels and products are duly registered by Wal-Mart de México, S.A.B. de C.V., and other companies of the group, rights that are used directly by the holders of the same and by the companies operating the different business formats under indefinite licensing and/or sublicensing agreements. Registered trademarks belonging to third parties are also used in Mexico, for which there are licensing agreements executed so as to guarantee the legal use of the same and to comply with applicable legislation regarding the subject of brands. Said property rights are protected and in use, pursuant to applicable legislation on brands and copyrights. The legal and proper use of the aforementioned copyrights is of crucial importance to the company, any violation of the same could generate harmful effects to our prestige, corporate wealth, and financial performance.

Delays and/or commercial expansion obstacles for our operations could affect our financial performance

In both Mexico and the Central American nations where we operate, our capacity to open new units, perform remodels, and relocate existing units depend largely on our ability to identify, hire and retain qualified personnel and on our capacity to locate, lease and/or acquire sites with acceptable terms. Compliance with municipal, state and federal legislation can affect and/or delay commercial expansion processes. Adherence to zoning and construction regulations, in addition to local opposition to the building of certain units at specific sites can affect our ability of opening new units, converting existing units to new formats, and/or relocating and expanding units in certain cities and states. Our growth opportunities could be limited by increases in real estate prices and construction/development costs. If we are kept from opening new units in our different formats, our financial performance, growth in net sales, and our operating income could be adversely affected. Moreover, if consumers in the markets where we expand our business are not receptive to our value proposition and to our self-service, club and apparel store concepts, or do not want us in their communities, then our financial performance could suffer.

Access to certain types of product and service suppliers could limit our ability to increase the number of units or to expand our selection of products in existing units in certain regions, particularly markets with consumers wanting to buy locally-produced goods. In addition, cultural differences in certain regions where we operate, or where we expand our self-service units, clubs and apparel stores could impact those consumers unable to respond as positively to our commercial proposition as we would have expected, thus potentially affecting our financial performance.

We may be unable to continue to identify suitable acquisition candidates at acceptable prices and may not be successful in completing the acquisition of any such candidate identified.

Although we ultimately believe we will be able to successfully integrate any newly acquired operations into our existing operations, no certainty exists that future acquisitions o alliances will be successfully integrated into our operations or can be successfully integrated in a reasonable time. Our failure to identify appropriate candidates for acquisition or alliances or to integrate effectively future acquisitions and alliances into our existing operations could adversely affect our growth and our future financial performance.

The inability to attract and retain qualified associated, changed to laws and labor matters could have an adverse effect on our financial performance

The capacity to continue expanding our operations hinges on our ability to attract and retain a growing number of qualified associates. The capacity to cover our needs for labor, including our ability to find talent to cover vacant positions in our existing stores, clubs, apparel stores and distribution centers while maintaining the nominal structure and other controlled labor-related costs are generally contingent on numerous external factors, including the availability of a sufficient number of qualified people within the set of the economically active population in the markets where we operate –labor force-, unemployment levels, salary levels in effect, changes in the demography, health and other related insurance costs, the implementation of new and/or amended labor laws, and applicable regulations. If we are incapable of identifying, attracting and retaining talent, if labor and related costs increase significantly or if new and/or amended labor and labor safety laws and regulations are adopted or enforced, our labor performance could be adversely affected.

We face fierce competition from existing and/or new market players (whether through physical retail, eCommerce retail or through a combination of both offers), which could have an adverse effect on our financial performance

The retail, club and apparel store sectors are highly competitive. Each one of our business segments competes for customers, employees, store sites, products, services and in other important aspects of its business with many other local, regional and international market players, which could increase in the future. Our competitors consist of companies from the retail, price club and apparel store sectors. They operate discount, department, pharmacy, single-price, convenience, specialty, supermarket, hypermart, price club, eCommerce and catalog segments. These operators compete in a variety of ways including merchandise assortment and availability, by offering added-value services, location site, operating hours and price. Our ability to respond effectively to these competitive pressures, the arrival of new market players, and changes in the retail, club and apparel store sectors could affect our financial performance.

Risks associated with suppliers providing products and the safety of said products could adversely affect our financial performance

The products we sell are sourced from a variety of national and international suppliers. The supply of products we sell is an important factor for our financial performance. All our suppliers must comply with applicable legislation, including labor, safety and environmental laws; they must also be certified regarding compliance with our quality and performance standards. Our ability to find qualified suppliers who meet our standards and who can access products efficiently and in time constitutes a significant challenge, especially in the case of suppliers and products sourced outside of Mexico and Central America. Political and economic instability in countries where our suppliers are located, financial instability, the inability to meet our quality and performance standards, access and availability of raw materials, merchandise quality issues, exchange rates, transportation availability, costs, and safety, inflation rates, and other factors related to suppliers and the countries where they are located are factors outside of our control.

In addition, regulations governing foreign trade, tariffs and other taxes on imported goods, commercial sanctions applied in certain countries, limitations regarding the importing of certain types of goods, or goods containing specific materials from certain counties, and other factors related to foreign trade are all beyond our control. These and other factors affecting our suppliers and the access we may have to products could adversely affect our financial performance.

Our customers trust that we will offer safe products. Therefore, matters concerning food safety and safe non-food products that we later sell could lead customer refusal to purchase certain products in our units, or that they seek out other alternatives to meet their food and non-food needs, especially if the entire matter is out of our control. Any loss of customer confidence could prove difficult and costly to regain.

Therefore, any matter pertaining to the safety of food and non-food products sold by us –regardless of the cause- could have a negative impact on our financial performance.

Our operations outside Mexico make us susceptible to legislative, judicial, accounting, regulatory, political, economic and environmental risks and conditions specific to the countries in which we operate, which could adversely affect our financial performance.

As a result of our expansion in Central America, our operating results could become affected by a variety of factors, many of which are out of our control. These include political conditions and/or instability, economic conditions, legal and regulatory limitations, money laundering prohibitory laws and regulations, commerce policies, exchange rate regulations, or any other similar matter in any of the countries where we currently operate and/or those situations or events which could affect us on an international level. Our future operating results in the countries where we operate could be negatively affected by a variety of factors, most of which are beyond our control. Exchange rate fluctuations can impact costs and future cash flows for our operations in Central America, which could then adversely affect our financial performance.

On the other hand, the economies for certain countries where we operate in Central America have, in the past, undergone high inflation rates and the devaluation of their currency, which if it happens again, could have a negative effect on our financial development. Other factors that could impact our operations in Central America include foreign trade, monetary and tax policies in Mexico and in other countries; laws, regulations and other foreign government activities; agencies and similar organizations and risks associated with having diverse installations located in countries which historically have been less stable than Mexico. Additional risks inherent to our operation generally include such things as the costs and difficulties of managing international operations, the consequences for adverse taxes and greater difficulty for having complied with intellectual property rights in countries other than Mexico. The range of risks inherent to doing business in Mexico generally exist when running commercial operations outside the country, and these may increase due to the difficulties of doing business in different venues due to cultural, legal and regulatory differences.

Both in Mexico and in the Central American nations where we operate there is the risk that our associates, contractors or agents, in violation of our policies, could conduct practices forbidden by Mexican and Central American laws and regulations. We maintain policies that prohibit such business practices and we have implemented anticorruption regulatory compliance programs designed to ensure full adherence to these laws and regulations. Nevertheless, we are subject to the risk that one or more associates, contractors or agents could perform business transaction that are forbidden under our policies, violating our regulatory compliance programs and therefore, violating said laws and regulations. Any infringement, even of our internal policies, could adversely affect our financial performance.

Natural disasters, climate changes and geopolitical events could adversely affect our financial performance

One or more natural, environmental and/or accidental disasters such as hurricanes, cyclones, typhoons, tropical storms, flooding, earthquakes, and droughts, or things such as geopolitical events like civil uprisings or terrorist attacks in any of the countries where we operate or in any country where our suppliers are located could have a negative impact on our operations and financial performance. Said events could cause physical damages and/or partial or total losses to one or more of our properties; the closing of one or more of our units of any type due to the lack of an adequate labor force in any given market; to the incapacity of our customers and associates of using means of transportation to the units directly affected by any such event; to the evacuation of the population located where our operating units are situated; to the change in consumer habits and in available income for shopping for the duration of the any of the aforementioned events, and/or definitive out-of-stock for products provided by suppliers both national and international; to the impact on the transportation of the imported goods; to lack of supplies or delays in product deliveries to our distribution centers, units or facilities; to the loss of communication with our stores. These events and the ensuing impact could alter and affect our operations in the areas where said events may have taken place and could adversely affect our financial performance.

We could be subject to liabilities, penalizations, and other sanctions and adverse consequences stemming from our ongoing investigations

The company is an indirect subsidiary of Wal-Mart Stores, Inc., who owns approximately 70% of the representative shares of its owner's equity and voting rights, with the possibility of appointing the majority of the members of the Board of Directors. The remainder its shares trade publicly on the Mexican Stock Exchange and, as far as we know, no shareholder with the exception of Wal-Mart Stores, Inc., and its related companies own more than 2% of shares in circulation.

Wal-Mart Stores, Inc., must comply with a wide range of laws and regulations in the United States of America and in the countries where we operate, including but not limited to the FCPA –the U.S. Foreign Corrupt Practices Act.

As was publicly announced on April 23, 2012, Wal-Mart Stores, Inc., is under investigation pursuant to the FCPA, by the Department of Justice and by the United States Foreign Exchange Commission, due to revelations made to said agencies in November 2011.

Wal-Mart Stores, Inc., is voluntarily conducting a global review of its policies, practices, and internal controls regarding FCPA compliance, with the purpose of strengthening its anticorruption program through implementation of measures to prevent corruption. Our company is part of said global review and strengthening of programs.

In the USA, claims have been filed regarding matters under investigation by shareholders of Walmart Stores, Inc., against said company, its current Directors, certain former Directors, and some of the current and former officers of the company.

The Audit and Corporate Practices committees and the Board of Directors have been informed of these matters, and its independent Directors have unanimously voted to continue cooperating with Walmart Stores, Inc., and with the Mexican and American agencies conducting these investigations.

In the best interest of the company and all its shareholders, the company cooperates with the independent investigation into alleged corrupt practices that the Audit Committee for Walmart Stores, Inc., is conducting of some of its subsidiaries outside the US, including the company. It is also cooperating with investigations initiated by Mexican authorities regarding this subject. As a result, the company could be exposed to a series of consequences stemming from these investigations and which could affect our business and its future financial performance.

We could be exposed to a series of consequences stemming from these matters. One or more measures by the authorities could be enforced related to the subject of the current investigations underway, and said measures, if the case, could lead to trials, out-of-court agreements, fines, penalizations, preliminary injunctions, discontinuances, dismissals and other legal actions and/or consequences. At this juncture we are unable to predict the outcome or impact of the government investigations, lawsuits by shareholders, or of our own investigations and reviews. These investigations could require the involvement of certain members of our top management, possibly affecting the time available to perform duties and functions required of their respective positions. We also estimate that the media and the government will continue interested in the case, to include additional newspaper articles that could impact the perception of our role as a company, vis-à-vis certain audiences. We continue with our processes to face and respond to the government investigations. Despite current estimates that these matters will not have a material adverse effect on our business, we cannot ensure that these issues will not in some way considerably affect our business in the future.

If the technology-based systems that provide the capacity to our customers of making online purchases of merchandise do not work efficiently, our operating results as well as our capacity to grow within the eCommerce segment could be adversely affected

A certain portion of our customers shop via our eCommerce sites, which in turn are part of a multichannel sales strategy. Increasingly more customers are using computers, tablets, smart phones and other devices to shop from us and our competitors online, and to compare offerings. Therefore, any failure by us in providing the necessary technological interfaces in our eCommerce programs, including user-friendly software for smart phones, tablets and other devices could place us in a disadvantageous position vis-à-vis our competitors, with the resulting loss in online sales, damage to our reputation with our customers, negative impacts on our eCommerce business, and also negatively affecting the results of our operations.

Any incident related to the security of the information we have on our customers, associates and suppliers, stemming from the activity of hackers, could damage our reputation and lead to very high additional costs, make us susceptible to lawsuits, and possibly affect our operations

Much like the majority of commercial sector companies, we obtain information on our customers, associates, and suppliers. In addition, our online commercial operations via our websites depend on the safe conveyance of confidential information through public networks, including information on electronic payments. Each year, hackers make countless attempts at accessing data stored in our information systems. We have considerable security measures to protect against and prevent unauthorized access to said data. Nevertheless, it is possible that some form of hacking –new methods are rapidly evolving and becoming increasingly sophisticated- may exceed our security measures in the future and manage to obtain personal data that we have on our customers, associates and suppliers. An infiltration of this type could adversely affect our reputation with our customers, associates, and suppliers and also affect our operations, our financial standing and liquidity, leading to possible litigation against us or the imposing of sanctions. What is more, a security violation could require the further investment of a considerable amount of resources to improve security measures employed in safeguarding such sensitive information against hackers and any other attempt at accessing the same, thus interrupting our operations, especially our online sales.

As a retailer who accepts debit and credit cards for payment, we are subject to compliance with guidelines and standards with regard to security surrounding the physical and electronic storage, processing and transmission of individual cardholder data. Despite our compliance with these standards and other information security measures, we cannot be certain that all of our information technology systems are able to prevent, contain or detect any cyberattacks, cyber terrorism, or security breaches from known malware or malware that may be developed in the future. To the extent that any disruption results in the loss, damage or misappropriation of information, we may be materially adversely affected by claims from customers, financial institutions, regulatory authorities, payment card associations and others. In addition, the cost of complying with stricter privacy and information security laws and standards could be significant to us.

We are highly dependent on computer systems to process transactions, consolidate results and manage our business. Any interruptions to our primary and backup systems could damage our capacity to manage the business

Despite having primary and backup computer systems that are independent, sufficient and physically separate, given the number of individual transactions we have each year it is critical to maintain the seamless operation of our computer systems. Said systems, including backups, are subject to damage or interruption due to cuts in the power supply, computer and telecommunication failures, viruses, security violations –from hackers and sophisticated organizations- catastrophic events such as fires, tornados, earthquakes, hurricanes, and incorrect use by our associates. If our computer and backup systems are damaged, violated or no longer work properly, we will be forced to invest heavily in the necessary repairs or replacements, leading to temporary interruptions in our operations. Any interruption in either the computer or backup systems could have considerable negative effects on our business and our operating results. The risk of interruption increases when significant changes to the systems are conducted; however, we feel our processes and management changes would mitigate this risk. If we fail in the integration of our systems and computer processes, we could fail to achieve the savings that are expected to stem from said initiatives.

d) Other Securities

Walmart de México y Centroamérica with its sponsored level 1 ADR program that has Bank of New York as depositary bank is one of the three first international issuers to trade in "International OTCQX Market Tier" (www.otcqx.com).

The "International OTCQX Market Tier" recognizes the companies that have ADRs trading in the Over the Counter market in the U.S., who distinguished themselves by providing credible information to investors, and meet the financial qualifications of the NYSE listing standards. Among the main benefits is the electronic quotation and trading system, and an online financial information system.

Walmart de México y Centroamérica has complied, in the last three fiscal periods, in form and time with the requirements of Mexican and foreign legislations regarding relevant matters and periodical information such as quarterly and yearly reports on results.

e) Significant changes to the registered securities' rights

This element does not apply to Walmex.

f) Use of Funds, if apply

This element does not apply to Walmex.

g) Public Documents

The following documents are available to the Investor Public at large, through the MSE website, www.bmv.com.mx, and Walmart de México y Centroamérica's website, www.walmartmexicoycam.com.mx and Investor Relations website www.walmex.mx:

- Annual report – MSE format
- Notification of important events
- Monthly sales report
- Quarterly report on results: Consolidated Financial Statements (Financial Statements compared against the same quarter of the previous year)
- Annual Report, including the Consolidated and Audited Financial Statements for the latest fiscal periods, as well as a comparison of the previous period.
- Annual Report is based on the methodology used in Global Reporting Initiative (GRI).
- Code of Corporate Best Practices
- Authenticated copy of the bylaws

2) THE COMPANY

a) Issuer Background and Development

1958 The first Aurrerá store was opened to the public in Mexico City.
1960 Superama begins operations.
1964 Vips begins operations.
1965 On October 25, the company is formed in Mexico City under the name Compañía Mexicana de Desarrollo Internacional, S.A., with a duration of 50 years.
1968 The company changes its name to Midco, S.A.
1970 Suburbia and Bodega Aurrerá initiate operations.
1973 The company changes its name to Aurrerá, S.A.
1977 Company shares were first traded in the Mexican Stock Exchange. Its Stock Symbol was AURRERÁ.
1982 Corporate conversion to Aurrerá, S.A. de C.V.
1986 The company changes its name to Cifra, S.A. de C.V. (Cifra).
1991 A joint venture agreement is signed with Wal-Mart Stores, Inc. (50%-50%) to open Sam's Club in Mexico. The first club opened its doors in December of the same year.
1992 Joining the agreement are the new Aurrerá, Bodega Aurrerá and Superama units, in addition to the Walmart Supercenters. With this purpose in mind, two companies are created: Cifra-Mart and WMHCM, of which Cifra owns 50% and Wal-Mart Stores, Inc., the other 50%.
Cifra keeps 100% of its units opened prior to May 1992.
1993 The duration of the company is extended 99 years, starting March 8, 1993.
1993 Walmart Supercenter initiates operations.
1994 The new Suburbia and Vips units are incorporated into the agreement.
1997 The joint venture companies merge into Cifra. Walmart Stores makes a public tender offer in the Mexican Stock Exchange acquiring control of the Company. Cifra remains a public company that operates all the businesses in Mexico (Bodega Aurrerá, Walmart Supercenter, Aurrerá, Sam's Club, Superama, Suburbia and Vips).
2000 The General Shareholders' Assembly approved the change in name from Cifra, S.A. de C.V., to Wal-Mart de México, S.A. de C.V. Its Stock Symbol is WALMEX.
2001 All Aurrerá stores are converted to either Walmart Supercenter or Bodega Aurrerá.
2004 Our Shareholders' Assembly granted voting rights to holders of Series "C" shares, and converted them to Series "V". The conversion was par value, that is, a Series "V" share for each share of Series "C". All capital stock for Walmart de México is represented by a single series, thus giving all Shareholders equal voting rights.
2006 The General Shareholders' Assembly approved the official name change from Wal-Mart de México, S.A. de C.V. to Wal-Mart de México, S.A.B. de C.V.
2007 Walmart Bank begins operations.
2009 We approved the acquisition of 100% of Walmart Centroamérica's operation, the leading retailer in the region in Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.
2010 On February 15, the acquisition of Walmart Centroamérica was completed, changing the commercial brand name to Walmart de México y Centroamérica
2011 First Walmart Supercenter in Central America (Honduras)
2013 Walmart.com.mx launches
2014 Sale of the restaurant division (Vips)
2015 Sale of Banco Wal-Mart de México Adelante, S.A.

Investment in Fixed assets	2015	2014	2013	2012
Openings (number of units)	97	132	235	291
Investment (billion pesos)	Ps. 12.5	Ps. 12.7	Ps. 14.0	Ps.14.7

During 2015 we invested 12.5 billion pesos with the opening of 97 new stores in the region. These openings have increased our installed capacity in 1.7% in sales floor in Mexico and 3.0% in Central America.

During 2014 we invested 12.7 billion pesos with the opening of 132 new stores in the region. These openings have increased our installed capacity in 3.6% in sales floor in Mexico and 7.1% in Central America.

During 2012 we invested 14.0 billion pesos with the opening of 235 new stores in the region. These openings have increased our installed capacity in 7.2% in sales floor in Mexico and 6.1% in Central America.

Corporate Offices

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Colonia Periodista

Delegación Miguel Hidalgo

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Telephone: +52 55 5283 0100

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walmex.mx

b) Business Description

i) Main Activity

As of December 31, 2015, Walmart de México y Centroamérica operates 3,066 units, including self-service stores, warehouse membership clubs, apparel stores, are located in 589 cities in the six countries.

Format	Value Proposition	Income Levels	Units
Bodegas & Discount Stores	Price	D, E	2,231
Walmart	Assortment & price	B, C, D	273
Supermarkets	Quality, convenience & service	A, B, C	189
Clubs	Price leader, volume, new & unique merchandise	A, B, C, Business	160
Suburbia	Fashion, value, price & quality	C, D	116
Medimart Pharmacies	Health solutions	C, D, E	10

In Mexico is present in 457 cities throughout the country.

Presence by geographical

	Total	Metropolitan	Center	Northwest	Southwest	Northeast	North	Southeast
Bodega Aurrerá	**1,719**	404	629	227	150	108	102	99
Walmart	**256**	61	76	27	27	33	22	10
Sam's Club	**160**	32	47	13	21	19	15	13
Superama	**95**	56	28	3	7	-	-	1
Total Self-service	***2,230***	*553*	*780*	*270*	*205*	*160*	*139*	*123*
Suburbia	**117**	45	34	9	12	6	4	7
Medimart Pharmacies	**10**	10	-	-	-	-	-	-
TOTAL	**2,357**	**608**	**814**	**279**	**217**	**166**	**143**	**130**

In Central America is present in 132 cities throughout the country.

Presence in Central by countries

	Total	Costa Rica	Guatemala	El Salvador	Nicaragua	Honduras
Bodegas and Discount stores	**586**	184	183	67	79	73
Supermarkets	**99**	33	31	20	8	7
Walmart	**24**	8	9	4	1	2
Clubs	**-**	-	-	-	-	-
TOTAL	**709**	**225**	**223**	**91**	**88**	**82**

Cyclical Performance

The demand for goods and services increases significantly during the last few months of each year as result of the holiday season. In 2015, the fourth quarter represented 29.8% of the year's total revenues.

Revenues by Quarter

	2015 Total revenues (millions pesos)	Contribution (%)
1st Quarter	Ps. 111,723	22.8
2nd Quarter	114,398	23.4
3rd Quarter	117,333	24.0
4th Quarter	145,914	29.8
TOTAL	**Ps. 489,367**	**100.0**

Vacations and Bank holidays also have a significant impact on sales performance.

ii) Distribution Channels

This year we operated over 983 million cases within our distribution network, traveling more than 200 million kilometers.

Distribution Centers: 13 in Mexico

City	Name	Service
Mexico	Cuautitlán	Dry goods
	Tultipark	Apparel distribution for Suburbia
	San Martín Obispo (2)	Dry goods / Perishables
	Santa Bárbara	Dry goods
	Chalco	Dry goods
Monterrey	Dry	Dry goods
	Perishables	Produce
Guadalajara	Dry	Dry goods
	Perishables	Produce
Villahermosa	Dry	Dry goods
	Perishables	Produce
Culiacán	Dry	Dry goods

Logística Walmart México

Distribution Centers: 11 Central America

Country	Name	Service
Guatemala	Amatitlán	Dry goods
	Bárcenas	Perishables
	Integrada	Dry goods
El Salvador	Apopa	Dry goods / Perishables
	Arboledas	Dry goods
Honduras	San Pedro (2)	Dry goods / Perishables
	Tegucigalpa	Food
Nicaragua	Managua	Dry goods / Perishables
Costa Rica	Desamparados	Food
	Santa Ana	General Merchandise

Logística Walmart Centroamérica

iii) Patents, Permits, Brands and Other Contracts

Most of the commercial brands for the different business formats in Mexico (Bodega Aurrerá, Mi Bodega Aurrerá, Bodega Aurrerá Express, Superama, Suburbia Medimart and Prichos), are owned by Wal-Mart de México, S.A.B. de C.V. as well that the trademarks Aurrerá, GRX, Weekend, MC Metropolis Company, Non Stop, etc. Additionally, trademarks for the business formats Wal-Mart and Sam's Club and other private trademarks such as (Great Value, Equate, Members Mark and Carrito Wal-Mart, etc.), are trademarks property of Wal-Mart Stores, Inc. Said trademarks are used by the operating companies under license agreements and/or sub-license agreements for an indefinite term. The Company also uses registered trademarks owned by third parties through license agreements to guarantee the correct use and compliance with the applicable and in force legislation.

All the banners for the different retail formats in Central America such as Despensa Familiar, Palí, la Despensa de Don Juan, La Unión, Paiz, Más x Menos, Maxi Despensa and MaxiPalí, as well as the different private labels such as SABEMAS, SuperMax and Suli, are registered as different subsidiaries of TFB Corporation N.V., that operates throughout Central America. The private labels Walmart, Great Value, Equate, SAM's Choice, George & Design are registered trademarks owned by Wal-Mart Stores, Inc.

Included among the distinct banners of the Group are the various brands owned by the subsidiaries of the Agroindustrial Division, an operation that was created with the purpose of supporting the Wal-Mart Centroamérica retail operations, through the supply, distribution and sale of fresh products and, separately, the development of private label grocery and consumer products.

The legal use and preservation of the rights of the private labels is of great importance to WALMEX, they grant value to the Company and in some way are responsible for the prestige of the Corporation. The customer identifies the products related to these private labels as quality goods.

Trademarks in Mexico to be expired in the next sixth months (by trademark and not by class) are Good for you; Con tu ayuda; Nuestra ayuda se nutre; De la tierra, los mejores hábitos; Nutriendo de corazón, and; Comprometidos por un México mejor, un México.

Wal-Mart de México has politics and procedures for the development of their products bearing our Trademarks that establishes the guidelines for the creation, management and marketing of said trademarks; as well as the steps and the specific scope of each of those involved in product development. Strategic brand direction is responsible for verifying that the products marketed by the area of strategic brands are used with trademark registrations owned by Walmart de Mexico and Centroamérica and / or by Walmart Stores, in those cases where Walmart México y Centroamérica is authorized to sell by.

There are about 4 policies that govern (and have governed for at least the last three years), plans for research, development and use of trademarks of our products and within which the importance of products marketed under strategic brands stands meet at least the following requirements of the company:

• Being utility generators, ie, have better margin than the competitor product and / or category where they participate according to the strategy of each brand.

• Signifying a proposed customer value. Have a lower price than the leader product, aligned with the strategy of each brand.

• Having strict adherence to company programs such as EDLC and EDLP to grow the competitiveness of the company.

• Comply with regulations and current regulations applicable to each product in each country (labeling, formulation, health requirements, etc.).

• Being products developed and managed in your business process by the area of Strategic Brands. Products that are made in store and / or which are only placed a label will not be considered or counted.

Regarding investment amounts, it is impossible to determine, since each product for each format carries different processes of evaluation and assessment but always attached to the policies and guidelines outlined above.

iv) Primary Customers

Our principal customer is the public in general. Throughout 2015, we had more than 2.1 billion customers served in Mexico and Central America.

Mexico and Central America is a country with great diversity, differing demographics, preferences and socioeconomic levels. During this year we worked to offer our customers a Multichannel shopping experience. Said buying platform incorporates our value proposition in brick-and-mortar and in virtual stores, enabling us to efficiently meet the needs of the different population sectors. The diversity in demographic characteristics and income levels in each of the countries are best served by the Multichannel approach, enabling us to serve our customers anytime, anywhere.

v) Applicable Legislation and Tax System

Wal-Mart de México, S.A.B de C.V., is a corporation established under Mexican law that complies with all the legal provisions for the construction and operation of its units, with special emphasis on: environmental and ecological constructions, urban development, operation, hygiene, the sale of alcoholic beverages, animal and pest control, and advertisements, pursuant to all applicable federal, state and municipal regulations.

Furthermore, Walmart de México y Centroamérica complies with the commercial basic principles ruling the relation between suppliers and consumers established by the Federal Consumer Protection Law.

Mexico is registered in the Ministry of Finance and Public Credit and consolidated its results for tax purposes, with exception of the Bank, until year 2013. WALMEX complies with all the tax regulations applicable to the business activities developed by the Corporation.

The primary laws that regulate WALMEX in Mexico are: the Securities Market Law, General Corporation and Partnership Law, Income Tax Law, Value-Added Tax Law, Tax on Cash Deposit Law, Luxury Tax Law, Intellectual Property Law, Federal Copyright Law, Federal Consumer Protection Law, Federal Anti-Trust Law, Foreign Investment Law, Banking Law, Federal Labor Law and Protection of Personal Data Federal Law.

The operation known as Walmart Central America was consolidated under TFB Corporation, N.V. (a company established in the Dutch Antilles, today Curaçao), a subsidiary of WMCA Central American Holding, S. de R.L. de C.V., who in turn is a direct subsidiary of Wal-Mart de México, S.A.B. de C.V., with the latter being an indirect subsidiary of Wal-Mart Stores, Inc. TFB Corporation, N.V., was established with the sole purpose of serving as the holding company for a number of indirect subsidiaries, who in turn are holdings of other subsidiaries that operate stores and agro-industrial businesses, established in Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.

Likewise, there is full compliance with the basic principles of commercial relations between suppliers and established consumers in each of the countries served.

Regarding the tax position of TFB Corporation, N.V. and its operating subsidiaries are subject to each country Fiscal Bylaws and are registered in their Tax ID and in compliance with any and all tax requirements related to the development of their respective businesses operation.

vi) Human Resources

Our people

The everyday commitment, effort and contribution of our associates allow us to fulfill our vision in all the countries where we operate. The Walmart Culture is our framework towards strengthening the engagement levels of all our associates companywide. As a result, we foster behavior that are a reflection of our Culture, ensuring that our associates live by it through the example of others, recognition, training and communication.

Talent

As the primary private-sector employer in Mexico, we understand the importance of caring for our associates. We offer competitive wages and benefits, and training and development to foster new skills. We also listen to the suggestions and concerns expressed by our associates to continuously enhance their experience.

One of the best competitive advantages for Walmart de México y Centroamérica is our people. It is for this reason that we constantly update and innovate training programs for the development of leadership, teamwork and negotiation and technical skills in our associates, thereby being able to offer our customers an excellent service and shopping experience.

We provide classroom training through our Walmart Training Center and online training through the Integrated Management Training System, which includes individual and group development plans. Another thing we use is Walmart TV, an internal television channel that covers all of operations.

The evaluation covers annual and six-month individual development; in addition, 360° multidimensional performance evaluations and executive calibrations are carried out, thus being able to identify real talent and design development plans. Throughout 2015, we evaluate more than 121,000 permanent associates who have been with the Company for at least one year, corresponding to 83% of total headcount in Mexico and 23% in Central America.

Development programs

We train associates recognized for their leadership and professionalism in process execution, customer satisfaction, focus on business results, and in the commitment to overall development for them and their teams.

Mexico

We renewed our programs for Individual Mentoring and Mentoring Circles, which foster accelerated development for executives, either one-on-one or in group sessions. With the guidance of an associate having greater experience and know-how, these programs are designed to model behaviors aligned with the competencies that lead to improving performance so our Company may have more and better talent. Throughout 2015, 78 associates were given the assignment of individual mentors, 42 of these assignments were completed, and 69 new mentors were certified.

The Master's Program incorporated Mexican students currently enrolled in an MBA. These students are asked to lead a strategic project for three months during their internship, with the possibility of becoming part of the Company upon completion of their MBA. Since we started this program in 2010, we have hired 15 out of 45 summer interns, who currently work in the Company as Directors, Assistant Directors, or Managers. Of the six students who worked during the summer of 2015, five of them will join the Company in executive positions.

The Financing for Education Program helps to develop associates in executive positions, who have been identified as Top Talent, so they may begin or complete Bachelor, Master's, Special Certificate, or Language programs. Economic support is granted, with a ceiling amount, depending on the level of education involved. Throughout 2015 we awarded 80 scholarships to 63 Managers and 17 Assistant Directors.

Central America

The launching of the Learning Centers (CDA, per its acronym in Spanish) constitutes a key milestone in our training and development processes. Through these centers we guarantee the onboarding process and results for new Assistant Managers in stores. The CDA works in line with the Walmart Way of Working and promotes optimal leadership among the participants, who in turn become part of a seedbed for future store Manager positions once they graduate; they also become part of the talent needed to meet our future growth needs.

This year we made changes in the design and execution of the different Academies we now run:

We incorporated key training programs to our Operations Academy in order to guarantee the scope of our strategic priorities, such as the Integrated Fresh Program; with this we seek to reinforce efficient execution in processes, by format; standardize procedures and practices; ensure Compliance and Asset Protection guidelines.

Within this Academy we successfully executed DOE 2.0, which is aimed at operational leaders and whose content seeks to achieve operational excellence. We included programs such as I am a Leader, and I am a Guide, in addition to online training in Food Safety, Ethics, and Occupational and Environmental Safety.

The Merchandising Academy was reinforced with the inclusion of new courses aimed at improving the skills of our merchants, such as strategic negotiation, merchant ethics, and fundamentals of merchandising. Innovation has taken place with the use of webinars as a new training tool, through which competencies such as strategic thinking, effective leadership, and execution orientation are stressed.

We redesigned the Leadership Academy to include competency development programs, depending on the type of leadership and position. This segmentation and the redesign of the Academy have allowed us to be not only more assertive in developing our associates according to their current needs, but also able to increase target audience participation by 400%, as compared to 2014. New training methodologies have also been implemented, such as our use of webinars with facilitators from the ADEN International Business School, through which positive results and the elimination of paradigms concerning remote training were achieved.

As part of our innovation in training, the Real Estate and Development Academy was created with the purpose of reinforcing technical and leadership competencies, which help drive high performance within our teams and ultimately support the growth of our business.

We have begun design of the Logistics Academy, whose purpose will be to integrate all areas of the supply chain and train associates in the corresponding processes.

We have incorporated 68 newly-hired associates to the Buyer Trainee Program, who received instruction in matters pertaining to Replenishment, Merchandising and Operations areas. In addition, we have graduated the first generation of trainees, comprises by 20 associates from Replenishment and Operations.

A development program for Directors and Assistant Directors was launched in conjunction with the Central America Institute of Business Administration (INCAE, per its acronym in Spanish), with four modules aimed at developing executive competencies. The goal is to effectively align business objectives and priorities with a leadership that inspires and guides our executives so they can be true agents of change.

Work-life balance

One of our goals is to foster the well-being of our associates by offering work-life balance.

The Flexible Work Week Program for Staff associates consists of adjusted work hours from Monday to Thursday so that Friday afternoons are free. Operations associates have quarterly time off, and Managers and Assistant Managers get one full weekend off per month, in addition to their regular day off. We also offer special work schedules for students.

Postnatal leave for mothers in Staff positions allow them to enjoy time off, pursuant to legislation in force, and progressively return to their normal work schedule by the time the child is seven months old. Mothers in operating units are able to have fixed work schedules during the lactation period. Postnatal paternal leave for Staff offers flex time for the first month and fixed work schedules for single operations parents. Thanks to these initiatives, at December 31, 2015, 78% of associates returned to work after completing their maternal or paternal leave.

During the year we launched campaigns and offered conferences on subjects related to health, well-being, and nutrition to foster a healthy life style. Family Day was held in the six countries where we operate, in which our staff associates were invited to participate with their family members and friends.

Our associates are able to consult an internal microsite for agreements in force, promotions, health related matters, and other subjects of interest, in addition to send in their comments and/or suggestions.

Associate benefits G4-LA2

	Full Time		Part/ Temporary Time	
	Mexico	CAM	Mexico	CAM
Vacations, management	★	●		
Vacations, non-management	●	●	●	●
Days off (holidays)	★	●	●	★
Special permissions	◆	★	◆	★
Food subsidy		◆	◆	
Electronic coupon	◆			
Discounts granted	◆	◆	◆	◆
Company car, management*	◆	◆		
Car allowance, management		◆		
Medical check-up, management	◆	◆		
Life insurance	◆	◆		
Hospital insurance		◆		
Major medical insurance	◆	◆		
Disability subsidy	◆	★	●	◆
Holiday celebration events	◆	◆	◆	◆
Seniority recognition	◆	◆		
Maternal leave	★	★	●	●
Paternal leave	★	◆		●
Pension fund		●		

● It is granted according to law
◆ It is not required by law but the Company grants it
★ Higher than law requirements
* Divisional Manager and higher

Equality and inclusion

We have a workforce rich in valuable experiences, capacities, and results, which is evident in actions that continuously generate and reinforce equal opportunities.

The objective of our Equality and Inclusion Policy is to ensure equal opportunities and non-discrimination throughout all levels of the organization; therefore, our hiring criteria focuses on seeking the best candidate for the position, regardless of whether he/she is a local resident or not. The process consists of interviews, selection, psychometric testing, interviews by the format committee, economic offering, document request, onboarding, and the start of training. In 2015, 94% of top management associates were hired locally to fill positions as Assistant Directors, Directors, and Vice Presidents. In Central America, in keeping with local legislation, local residents have preference to a job, 88% of top management associates were hired locally to fill executive positions.

Wage differences are never based on gender, age, religion, sexual preference, or political ideology. We have a wage band; existing differences are based on the individual performance of each associate through annual evaluations, seniority, and competencies that are described in the Harassment and Discrimination-Free Work Atmosphere Policy.

Because we are convinced of the importance of having equal opportunities, where talent is above all else, we have an Equality and Inclusion Policy, with the sole purpose of fostering a diverse workforce. As of December 31, 2015, our headcount included 645 associates with some type of disability, working in the region.

As part of our Talent Attraction process for executive positions in Central America, we achieved the incorporation of women for 94% of the candidates suggested as part of the external selection process, thus balancing out the hiring of men and women by 50%.

We have an Equality and Inclusion Advisory Board (CCII, per its acronym in Spanish) which consists of top leaders and whose objective is to promote strategies, programs and initiatives that allow us to identify, promote, and retain talent, thus increasing the participation of men and women at all levels of the organization.

In order to improve the approach, CCII is divided into four committees: Cultural, Transformation, Governance and Processes, Work Flexibility, and Training and Development. The primary results for Mexico:

- Dissemination Equality and Inclusion Policy
- 2015 Gender Equality Model certification, with a score of "A"
- Execution of an agreement with the Telethon Foundation, to incorporate persons with disabilities
- Awareness in subjects related to disabilities
- Follow-up on the incorporation of persons with disabilities
- Continued dissemination of the Policies on Special Maternity and Paternity Leave.

The Reach High! Program focuses on high-potential female directors, with the purpose of promoting their development in skills such as strategic thinking, networking, and innovation. This is achievable through the exchange of both internal and outside experiences, and the know-how other female associates have regarding the business. There are currently 12 directors from different areas involved in the program.

The Special Diploma Program Course on Female Leadership strengthens our management talent, and fosters their involvement in different organizational opportunities. In this way, those who participate acquire the self-confidence and esteem to network with other leaders throughout the organization. Since the beginning of the course in 2010, 980 female associates have successfully graduated, of which 19% have been promoted.

Our Women in Retail Program ensures having a solid base of female talent needed for the growth of our Company, through actions and initiatives that promote the development of skills and competencies during a three-year period. By the close of 2015, 301 female associates for generations 1 and 2 are enrolled in the program, of which 21% haven been promoted.

We launched the first generation of group workshops in Central America through our Mentoring Circles: forums with female leaders from other multinational organizations; and discussion panels with the presence of top management discussing gender issues and key businesses for their position. By the close of 2015, 121 store associates have participated, of which 10% of these women have been promoted.

In Central America we created the Female Network Program, which seeks to reinforce and broaden the development and support of women executives, with the opportunity to exchange know-how, best practices, concerns, and needs. Male leaders and outstanding figures from the Central American business community participated.

Our associates G4-LA1, LA12

	Mexico			Central America		
	Total	%W	%M	Total	%W	%M
Associates	**199,072**	**53**	**47**	**32,924**	**41**	**59**
Management	2,659	33	67	389	34	66
Non-management	196,413	53	47	32,535	41	59
Permanent	**194,935**	**53**	**47**	**31,625**	**40**	**60**
Full-time	158,569	52	48	28,960	39	61
Part-time	36,366	56	44	2,665	56	44
Temporary	**4,137**	**47**	**53**	**1,299**	**44**	**56**
Full-time	2,948	45	55	897	41	59
Part-time	1,189	52	48	402	50	50
By age range						
New associates	**58,607**	**48**	**52**	**8,883**	**34**	**66**
=<25	33,222	40	60	4,429	29	71
26-30	8,724	51	49	2,162	36	64
31-35	5,384	60	40	1,209	39	61
36-40	4,256	65	35	594	47	53
>=41	7,021	62	38	489	42	58
Associates turnover	**100,142**	**44**	**56**	**8,687**	**35**	**65**
=<25	55,780	37	63	3,099	28	72
26-30	16,158	47	53	2,467	34	66
31-35	10,019	54	46	1,480	38	62
36-40	7,157	57	43	809	44	56
>=41	11,028	58	42	832	45	55

Health and safety

We continuously promote a culture of accident prevention, involving all our associates.

At Walmart de México y Centroamérica we are not exempt from risks and accidents on the job.

The primary pillars for our actions and programs are those centering around communication, training, and continuous improvement of our governing policies and procedures. With this we can guarantee the realization of a series of preventive measures aimed at creating safer places for everyone to shop and work.

Each country where we operate has its own Health & Safety Committee, whose duties include overseeing occupational health, safety and hygiene for our associates and customers alike, and protecting the working conditions of our people, pursuant to applicable legislation.

We have developed accident prevention programs that incorporate all safety measures and actions that all our associates must apply.

They serve to identify and handle the more frequent injuries that stem from customer and associate-related accidents in our different formats and in this way, through simpler actions, controls are established to combat the primary causes of these accidents.

A body of experts in safety and hygiene conduct constant audits of the different business units to detect and create actions plans that will cover the needs found in our businesses. We also document best practices being followed in our different units, and we investigate the causes of accidents that take place so we can prevent repeating them.

Our associates receive digital and classroom training in different fields of safety, such as On-the-Job Health and Safety, Civil Protection, and Emergency Brigades.

Special attention is paid to those associates whose job implies a higher risk of accidents or illness, like the case of maintenance and first-aid brigade associates who would come into contact with biological wastes; display personnel who could be affected by exposure to solvents; and distribution centers associates exposed to hazardous liquids, such as ammonia.

Health & Safety indicators G4-LA6

	2014	2015
Sick days	159,534	151,066
Recorded occupational risk-related accidents	12,565	11,498
Disabled associates	9,611	11,006
Absolute number of work-related fatalities	2	1

Labor standards

We are committed in all countries where we operate, to fully comply with all laws and regulations governing wages and schedules, including overtime pay, breaks, meal breaks, days off, severance pay, minimum wage requirements, forced labor, the ban on hiring underage workers or foreigners lacking the proper work permits, and the payment of all benefits established by labor legislation in force.

To be a product or service supplier, it is indispensable to firmly establish the terms and conditions of the commercial relationship, including all obligations pertaining to full compliance with applicable legal provisions and with labor responsibilities.
The Company complies with, and exceeds, minimum wage levels set forth by law. Depending on the geographical area, our general wage band is between 39.4% over the average minimum wage in Mexico.

We follow the pension plan in force, pursuant to the laws of each country. As an additional benefit, at the moment of retirement from the Company, three months of wages, as per our Employee Separation Policy.

We have responded to 6,237 lawsuits, accrued to 2015 and from previous years, filed by 5,444 associates and by 793 suppliers, of which 5,329 associate lawsuits and 239 supplier lawsuits were concluded in 2015.

vii) Environmental Performance

Environmental sustainability

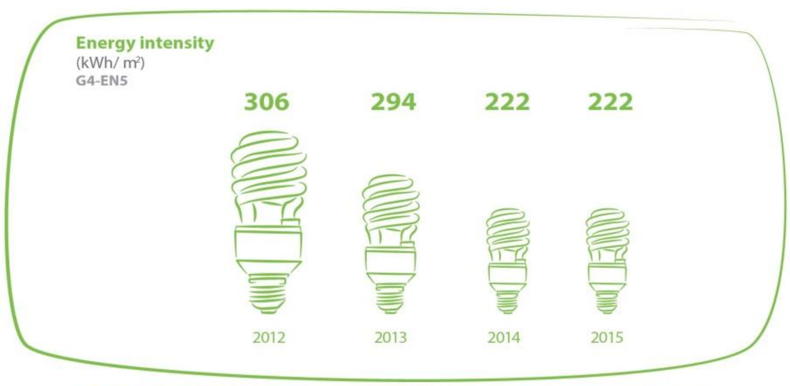
Reducing the impact on the environment caused by our operations and supply chain is god for the Company, the environment and society. That is why we work every day to reduce our carbon emissions, supply renewable energy, contribute to a revolving economy by using materials efficiently, and create a supply chain that resists environmental and social variables, thus running a sustainable business.

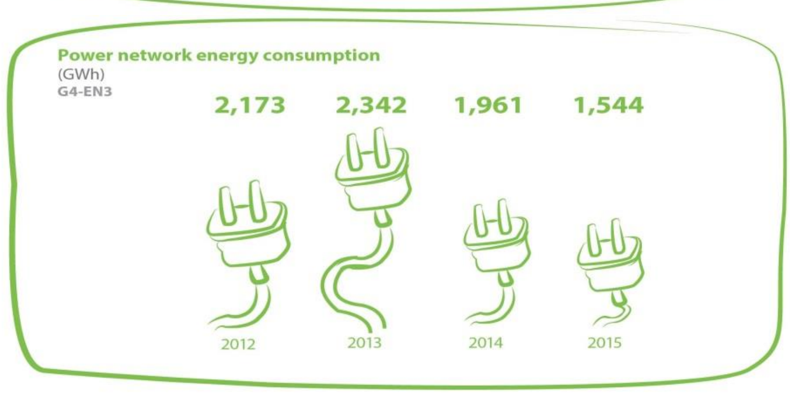
Energy

We keep on looking for innovative technologies and best practices aimed at reducing energy consumption.

In 2013, we challenged ourselves to reduce energy consumption by 20% per square meter of construction for stores in operation in 2010.

In Mexico, energy consumption per same stores was reduced 1.3%, the equivalent to 24.7 million kWh (89,194 GJ). The energy consumption information was obtained from suppliers' invoices. The conversion factor of 0.0036 GJ/kWh was used.





We were able to decrease our energy consumption due to our Energy Efficiency Program, which implements such technological initiatives as the following:

- Secondary measurement. It consists of installing consumption meters wherever consumption rates are high in the stores, such as refrigerated, illuminated, and air-conditioned areas. This initiative was implemented in 259 stores, with 4% savings in Mexico.
- LED illumination. We continue implementing state-of-the-art illumination technology at new stores. Lighting systems using LED lamps were installed in 9 stores, resulting in estimated savings of 12%. We installed LED lighting in Central America in 34 stores.
- Open refrigerator doors. We continue following our program to close all refrigerators on the sales floor. Doors were installed in 104 Bodega Aurrera Express stores, resulting in estimated savings of 12%. In Central America, 287 stores have undergone this program.
- Automatic doors. Automatic doors were installed at the entrance of 17 Mi Bodega stores to mitigate the loss of energy caused by permanently open doors. The resulting energy savings amount to approximately 4%.
- Control systems. Control systems for lighting levels and weatherization were installed in 15 Mi Bodega and Bodega Aurrera units, as per outdoor lighting and temperature conditions. Resulting energy savings amount to approximately 8%.

Total non-renewable energy consumption in Mexico G4-EN3

Source	GJ
Electricity	4,505,926
LP Gas	1,327,567
Natural gas	747,804
Diesel	216,754

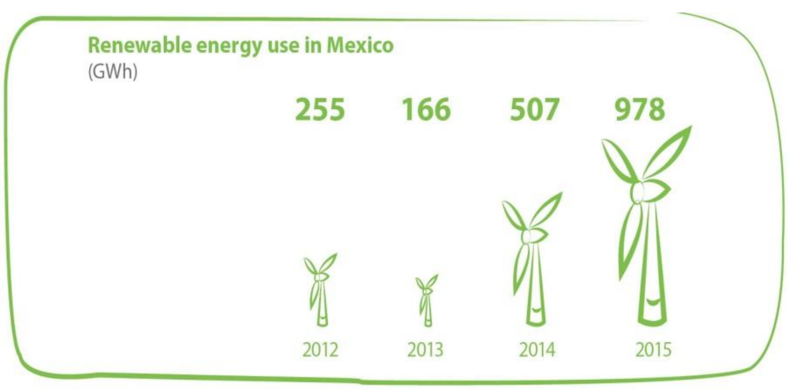
[1] Store base in 2010

Renewable energy

We supplied 1,191 stores in Mexico with renewable energy from four wind farms and a mini-hydroelectric plant; in other words, 1196 GWh of renewable energy, thus representing 51% of our total energy use.

Today we have an accomplishment of 50% concerning our goal of supplying 3,000 GWh of renewable energy by 2020.

Throughout the year we conducted tests for another mini-hydroelectric plant and we initiated the supply of energy to the national network, which as of January 2016 shall supply 150 additional stores.

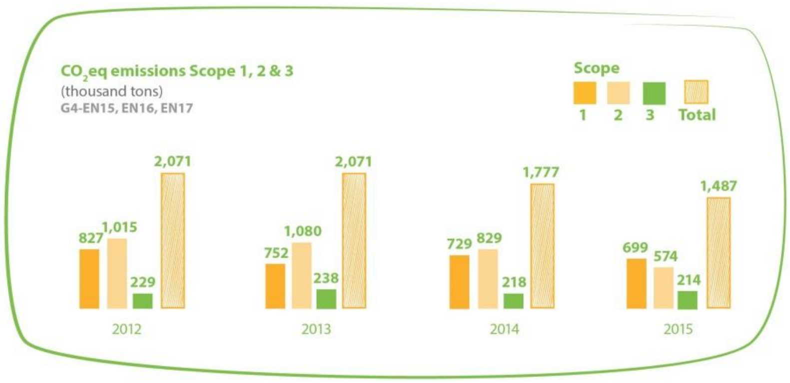


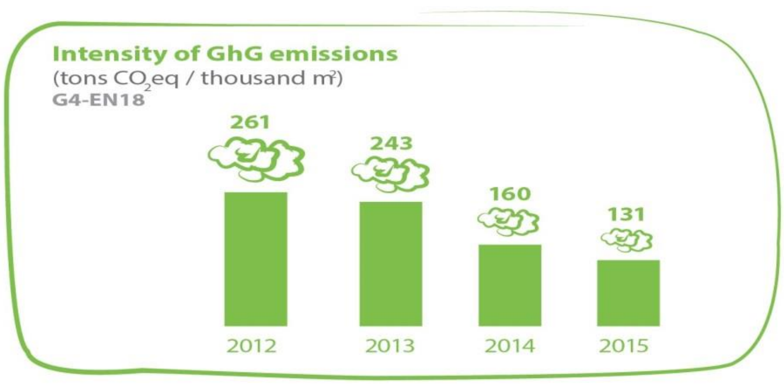
Emissions

The emissions profile constitutes Scope 1 emissions, including the burning of fossil fuel such as diesel, LP gas and natural gas; mobile combustion for automobiles pertaining to the Company; and the escape of refrigerating gas emissions.

We also have Scope 2 emissions, such as the purchase of electricity; and Scopre 3, which refers to mobile combustion from the subcontracted fleet used to distribute merchandise to the stores and back; air travel by associates for work-related reasons; and emissions generated by our suppliers due to the volume of business they have with us. The graph is for Scope 1, 2 & 3 emissions, both absolute and relative to square meters of construction.

In order to estimate greenhouse gas (GhG) emissions, the GhG Emission Protocol established in the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) is used. The data is obtained from acquired amounts of fuels, coolants, and electricity. Emissions are calculated by using published emission factors. Data on consumption corresponds to comparable units during comparable months.





For the second consecutive year, in 2015 we reduced Scope 1 & 2 emissions through the use of renewable energy, energy efficiency projects, and the Coolant Leak Control Program. In Mexico, emissions not generated by wind-farm energy amounted to 230,058 tons of CO_2eq.

We are the only Self-service Company in Mexico and in Central America that participates in the Supply Chain Program, which is part of the Carbon Disclosure Project, through which we provide our suppliers with a report on their carbon emissions and the analysis of risks and opportunities by sector. This is the first year we participated and we extended an invitation to 250 suppliers, of which 108 answered the questionnaire; 28 initially confirmed their intention to participate but in the end did not respond; 106 ignored the invitation; and eight companies declined.

In total, there were 1.2 million tons of Scope 3 emissions of CO_2eq. This is added to emissions from merchandise transport – 176,208 tons of CO_2eq – and 6,628 tons of CO_2eq from air travel by associates.

This year, we presented an unusual 6.4% increase in R-22 leakage equivalent to 15 tons.

Nonetheless, Mexico's emissions of nitrogen and sulphur dioxides and the particles and volatile organic compounds generated through mobile combustion have recorded a decrease of 16% over figures for the previous year, as shown in the table Significant atmospheric emissions. This is due to the decrease in consumption of LP gas, as it was replaced by natural gas.

Moreover, to reduce emissions we have employed an energy efficiency initiative for freight known as Backhauling, which is done in collaboration with our suppliers. It consists of combining our store supply routes so that the return trips to the distribution center include stopping to pick up products from supplier warehouses, and cardboard and shrink wrap from our stores, thereby reducing the need for additional commutes and improving costs and efficiency.

Our climate change strategy entails the evaluation of risks and opportunities, energy efficiency initiatives and the mitigation of GhG through corporate objectives. Prior to approval, all initiatives undergo rigorous review processes to ensure alignment with overall Company strategies. Risks and opportunities are evaluated at Company, market, and asset levels in terms of the scope of the impact. Information is continuously gathered to identify risks or opportunities from the widest range of sources, including corporate offices, sales floor associates, industry contacts, consultancy firms, government and non-government organizations, news agencies, professional associations, legislators, investors, and members of the financial community.

Significant atmospheric emissions G4-EN21

Emissions	Tons
NO_x	3,676
SO_x	457
PM particles	493
POP*	0.1
HAP*	0.02
VOC	491

* Excluding Central America

Savings from logistics projects and initiatives G4-EN30

Mexico			
Savings	Total	Backhaul	Reverse Logistics
Kilometers no longer traveled	36,974,276	7,459,802	29,514,474
Gallons saved	20,541,264	4,144,334	16,396,930
Materials sent for recycling (tons)	239,155	NA	239,155
Reduction in commutes	231,119	88,537	142,582
Emissions prevented (tons of CO_2eq)	26,449	5,336	21,113

Central America	
Savings	Total
Kilometers no longer traveled	1,774,320
Gallons saved	147,860
Emissions prevented (tons of CO_2eq)	1,506

Materials

Our operation in Mexico employs a wide variety of material resources.

The primary materials are listed by weight in the following table. Of these, 24% comes from renewable sources and the remainder from non-renewable ones.

In Mexico, 27% of materials contain recycled material, including plastic bags, bond paper, and sanitary paper. The plastic bags for our customers' merchandise contain 30% post-industrial recycled material; bond paper used for printing documents and commercial fliers with 81% post-consumption recycled materials; and the sanitary paper used in all our facilities contain 100% recycled material. We use over 28,909 tons of recycled material in our operations.

Primary materials used

Materials used	Tons
Non-renewable	
Plastic (shrink wrap, bags and pallets)	33,052
LP gas	26,930
Natural gas*	14,663
Diesel	5,328
Chemicals*	2,639
Renewable	
Wood*	20,626
Bond paper (printing, fliers)	3,539
Sanitary paper	2,176

* Excluding Central America

Wastes

Our zero waste objective represents actions conducted during the year in waste management in our operation.

In total, we generated 355,944 tons of wastes in Mexico, of which 121,609 tons are solid urban waste, and 51 tons of hazardous waste. Waste treatment methods are determined by existing infrastructure in each country and the potential for recycling. Recovered waste which has value is sent for recycling.

Composting is determined according to available infrastructure. Waste which cannot be recycled, reused, or composted is sent for final disposal in sites authorized for solid urban or hazardous wastes. We generated 118 tons of hazardous waste in 2015, representing 29% less than 2014 in the region.

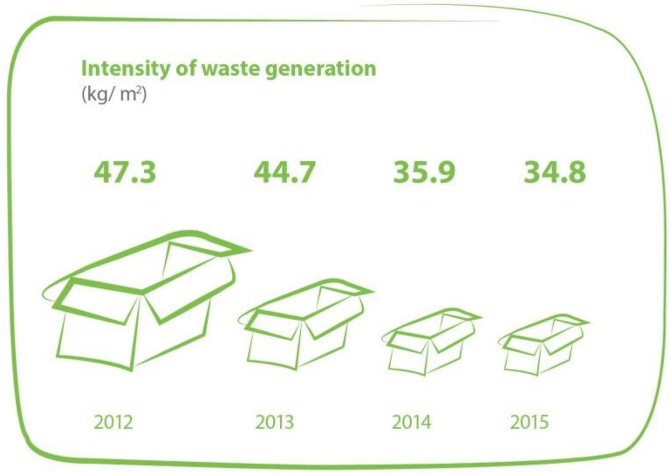
This year we changed the way in which our accomplishment of zero waste is measured; we included wasted that were not measurable in the past due to mixed contents. By broadening the waste base, our accomplishment is 73%, which is lower than the reported for previous years. In 2014 we reported 74% progress, but we had not considered this fraction of waste.

Our objective for Mexico was to reduce food waste by 15% for 2015; based on stores for 2011 this was surpassed, achieving a total reduction of 21%, which is equal to 3,248 tons. This was possible through a series of actions from Freshness Committee that considered improvements in logistics, the monitoring of the cold chain during deliveries to stores, best practices in stores, adjustments to orders, and greater involvement of store associates in reducing shrink in perishable products.

With this in mind, we once again launched the Reduce, Recycle, and Win campaign, whose purpose is to make associates aware of best practices they can implement in their units, thereby increasing the recovery of recyclable materials and reducing the number of perishable items that end up being thrown away.

These practices allow us to free up to 1,710,202 m^3 of sanitary landfill through the recovery of solid waste that can be recycled in the region.

In 2015, there were 25 reported cases of chemical spills in Central America. The causes were 18 cases of LP gas leakage; 3 cases of small liquid combustible spills; one case of fryer oil spill; two cases of spillage of wastewater; and one case of dust emissions.



Water

In 2015 we consolidated initiatives that help us reduce water use in our stores and DCs, and we continue with the recovery of water condensate from air conditioning equipment.

As part of our Installation Program for Wastewater Treatment Plants in Mexico, we set up the first plant with low-voltage ionic electroflocculation, completely developed by Mexican researchers and which provides considerable advantages with regards to biological plants.

This plant, for example, consumes 1/10 the electricity needed, uses half the space, requires only 30 minutes for treatment – as compared to the 24 hours required by a biological plant – and the resulting sludges are inert, thus eliminating the need for a sludge treatment system. The existing treatment plants plus this new technology allow us to to reutilize 1,890,827 m^3 of treated water and discharge 2,550,488 m^3 of water into drains with the quality required by existing legislation. The treated water complies with standards NOM 001, 002, and 003, using biological systems.

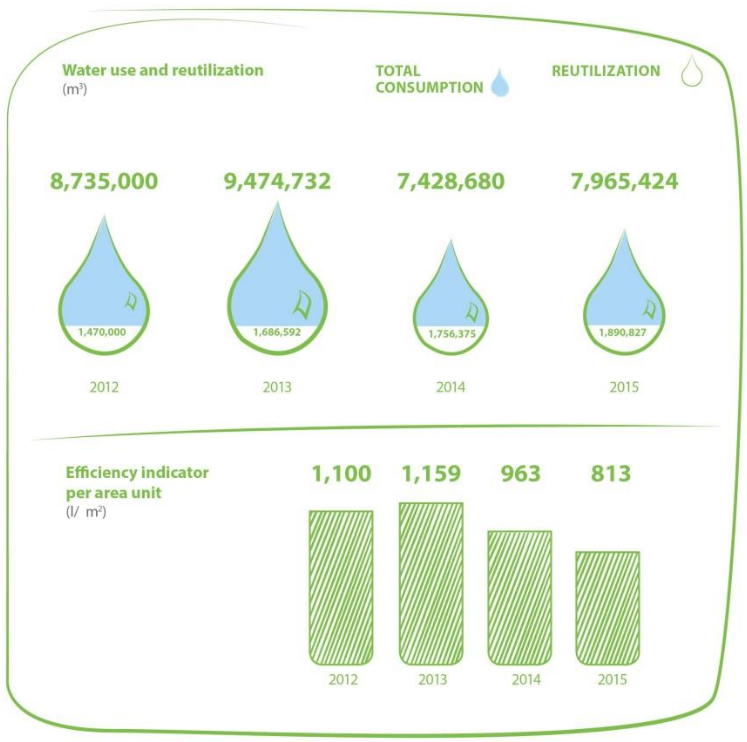
Total water catchment, according to the source in Mexico G4-EN8

Source	m^3
Municipal supply	5,988,169
Wells	16,814
Total consumption per m^2 (m^3/ m^2)	0.86

A campaign to detect and repair water leaks in stores in Mexico took place, thus reducing water consumption by 7.2%, as compared to 2014. Store associates in Mexico City received training in enhanced water-saving techniques.

According to corresponding criteria, our regional consumption is not significant, thus water sources have not been negatively affected by water catchment.

For the fourth consecutive year, we have reported our water management performance in the CDP platform.



Value chain

The environmental impact of our suppliers within the value chain accounts for 90% of our own impacts.

As a consequence, we focus on reducing the environmental impact of the products that we sell wherever it makes the most sense in their life cycle in financial, environmental, and social terms. Since we believe that our customers should not have to choose between their favorite products and sustainability, we work towards achieving that their favored products have a reduced environmental impact. These are the foundations of our strategy with the value chain.

Sustainability index

A tool based on technical information stemming from life cycle analysis, the sustainable profile identifies those stages in product life cycles for each category when the impact is the highest. Suppliers answer a questionnaire so we can spot areas of opportunity together, aimed at closing gaps and having significant environmental benefits. After running a pilot to check its functionality, we start working with all suppliers in four categories: coffee, detergent, dairy and paper goods.

Supply chain

In 2015, we joined the CDP Supply Chain Program. As mentioned above, the purpose of this program is for our suppliers to report any carbon emissions in the CDP on-line platform so as to identify risks and opportunities associated with climate change in different product categories, and establish strategies and programs to reduce emissions.

The CDP Action Exchange Program allows suppliers with carbon emission issues to access technical know-how, which will help them develop carbon-emission reduction initiatives. Four companies accepted the invitation to join the program in 2015.

We currently carry 1,662 products with lower environment impact levels than their former versions or than other products in the same categories:

- 585 biodegradable items
- 504 organic or hydroponic food products
- 377 energy and water savers
- 161 products made of recycled material
- 35 with optimized packing

In Mexico, 80.5% of the cardboard used for product packaging, 5.2% of shrink wrap, and 0.8% of clothes hangers are recycled.

Biodiversity

The actions to mitigate the negative impact of our operations on biodiversity focus on two categories: those stemming from building and operating new stores, and those associated with producing the goods that we sell; that is, those coming from our supply chain.

The most significant impacts have not been accounted for, but they have to do with the degradation of the soil from intensive farming practices, water and soil contamination, improper use of pesticides, and fertilizers, possible changes in soil use to accommodate agriculture and cattle raising, deforestation due to agriculture and livestock activities, soild erosion, unsustainable fishing and aquaculture practices, and, in general, inefficient water use to grow food and produce consumer goods.

Biodiversity within the value chain

To mitigate some of these impacts, we wake worked on initiatives such as eliminating all unsustainable palm oil from our Private Label products; using cellulose coming from legal sources or from suppliers having custody chain or sustainable practice certifications, as the Forest Stewardship Council (FSC); sourcing fishery products from sustainable sources; and training small growers in sustainable farming practices regarding the efficient use of pesticides and fertilizers.

Sustainable palm oil

Our commitment is to replace palm oil from all of our Private Label products with different oil having a lower impact on the environment, or certified as sustainable. Consequentially, 84.6% of those products contain no palm oil, and 6.4% are currently undergoing certification. This initiative contributes to reducing tropical rainforest deforestation, mainly in Southeast Asia.

Sustainable fish and seafood

The demand for fish and seafood products increased five-fold within the last 50 years, and it's estimated that most fisheries in the world have exceeded natural limits for repopulating species, and that intensive aquaculture places the availability of these products for both present and future generations at risk. As a result, we are committed to sourcing sustainable fish and seafood, pursuant to the Seafood Sustainability Policy that we developed.

Our commitment includes assessing the fisheries currently supplying us; favoring fish and seafood coming from sustainable-certified aquaculture and fish farms; fostering the adoption of sustainable practices by fisheries and fish farms that are not sustainable; avoiding products that come from illegal, unregistered, unregulated fishing; and not buying species found on the International Union for Conservation of Nature red list.

Within the following two years, we shall work on assessing the fisheries and fish farms supplying us and on making sure they apply to the Policy correctly. As of 2018, we will begin promoting the development of projects to improve the fishing practices of those suppliers with the most opportunities.

Protected or restored habitats

We have various volunteer initiatives in place to protect or restore different habitats in all the countries that we serve. During National Volunteer Week, in Mexico we conducted maintenance and cleaning activities in San Juan de Aragón Park, with the collaboration of Mondelez and the park's neighbors. One of the main objectives of this park (considered the second most important green area in Mexico City, measuring 162 hectares in size) is biodiversity conservation. Local parks in the cities we serve have also benefitted from our volunteers with maintenance and cleaning activities throughout the year.

In Central America we conducted various cleaning, planting, reforestation, and maintenance activities for such places as the Poás volcano, the Pavas plant nursery in Costa Rica, and the El Izopo mountain in Honduras. We have also worked to maintain Bicentenario Park, free turtles in El Salvador, and benefit the United Nations National Park in Guatemala.

Protecting biodiversity when building and operating units

The policies, procedures, and agreement clauses used with those involved in building stores and with developers allow us to protect biodiversity and to use natural resources in a sustainable fashion, from the moment a property is acquired to the design and building of the store by third parties. The following policies implemented are worthy of mention:

- Before buying or selling any property, an environmental assessment must be conducted to learn of protected flora or fauna are present, or if there is soil or water contaminations. This information will be used to determine the feasibility of the project and any mitigation and compensation measures required. For example, at the location of our bodega Aurrerá Tuxpan unit in Mexico, the soil was contaminated with hydrocarbons. In light of this situation we removed and disposed of 13.5 tons of contaminated soil before building the store.
- Projects designed as per environmental regulations for green areas, permeable areas, use of renewable energy, and vegetation management.
- Environmental measures and compensation throughout the building process related to proper waste management, the rescue of flora and fauna, atmospheric emissions, noise pollution, and measures determined by environmental authorities.
- Third-party joint responsibility, including agreement clauses and bid guidelines for builders and suppliers to acquire authorized bank material, waste management in compliance with regulations in force, wastewater management, and compliance with all responsibilities in these matters.

In 2015 we did not own, rent or manage any operating unit next to, containing, or located within any protected area whatsoever, or in an area not protected but deemed of considerable value due to it biodiversity.

Nevertheless, we received eight notices to conduct corrective actions in Mexico because of a complaint filed regarding excessive noise emissions, and after discharging a mixture of rainwater onto the street.

viii) Market Information

Walmart de México y Centroamérica is a publicly-held retail company that operates self-service stores, membership wholesale clubs, apparel stores and bank.

In Mexico competition consists of:

- Establishments with a sales area of more than 6,458 square feet, three or more exit lanes and scanning technology, as well as independent self-service stores with one or two exit lanes and a sales area no greater than 6,458 square feet, such as: Soriana, La Comer, Fresko, Chedraui, Casa Ley, Futurama, San Francisco de Asís, HEB, Almacenes Zaragoza, Casa Chapa, Calimax and Sumesa, among others.
- Convenience stores, a sales area of more than 1,080 square feet, such as: Oxxo, 7 Eleven, Extra, Six, Super City, Super Rapiditos Bip-Bip, Superette, Super K, Super Deli, Super Tiendas del Hogar, Círculo K, Comextra, JV, On the Run, etc.
- Apparel and specialized stores, such as: Coppel, El Palacio de Hierro, El Puerto de Liverpool, Sears, Sanborns Hermanos, Famsa, Elektra, Home Depot, Office Max, Office Depot, Zara, Radio Shack, La Marina, Deportes Martí and Best Buy.
- Membership warehouse clubs, such as: Costco and City Club.
- Establishments operated by public agencies, such as: ISSSTE, UNAM, etc.

As of December 2015, ANTAD membership included 107 retail chains: 35 self-service, 17 apparel and 55 specialized chains, overall it is estimated to gather over 49 thousand stores and reach over 26 million square meters and throughout 2015 posted sales for 1.33 trillion pesos, representing an increase of 10.3%[2].

ANTAD market share integration (sales): Self-service 57.4%, Department stores 23.2% and Specialized 19.4%.

Nevertheless, a major part of the population in our country customarily shops in traditional establishments, such as municipal markets, open-air markets, grocery stores and mom-and-pop businesses, or through the informal sector of the economy. Both maintain a high market share since they are able to supply populations that, due to mere numbers, cannot access other establishments.

In Central America, the market where it competes is described as follows:

- Supermarkets with over 13,993 square feet of sales floor, with three or more lines of cash registers, developed scanning technology, as well as mini-supermarkets, which are independent self-service units with one or two lines of cash registers, and a maximum of 3,983 square feet of sales floor. Among them are retail chains such as La Torre (Guatemala), La Colonia (Honduras), Súper Selectos (El Salvador), La Colonia (Nicaragua), Perimercados (Super Compro and Jumbo), Auto Mercados, MegaSuper and Price Smart (clubs in Costa Rica, Guatemala, El Salvador, Honduras, and Nicaragua), among others.
- Department and specialty stores such as Carrion, Siman, Cemaco, EPA, Monolit, ACE, Grupo M, Elektra, Curacao, Bullock's and Pequeño Mundo.

The formal market in the five countries where the Company operates (Guatemala, El Salvador, Honduras, Nicaragua y Costa Rica) is estimated at having 7,000 supermarkets and mini-supermarkets, 8,900 pharmacies, 1,000 general merchandise stores and large category killers, and 10,000 small-sized stores.

The region has a strong informal market. This market includes traditional establishments such as municipal markets, flea markets, grocery stores, second-hand clothing, and general merchandise, in addition to a large number of street vendors. Both sectors have considerable market share as they are able to supply communities that, due to mere size, restrict the entry of other establishments.

The investment made by Walmart de México y Centroamérica in growth, systems, logistics and distribution are meant to increase and modernize both installed capacity and distribution, thus resulting in a more efficient operation, reduced costs and ever improving service for its customers.

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2 Source: ANTAD December Press release and 2015 Figures

ix) Corporate Structure

Wal-Mart de México S.A.B. de C.V., is listed in the Mexican Stock Exchange whose major shareholder is Wal-Mart Stores, Inc., through Intersalt, S. de R.L. de C.V. one of its subsidiaries, holding 70.51% of the shares.

As of December 31, 2015, the company's market capitalization was 759.4 billion pesos.

WALMEX holds 99.9% equity interest in the following groups of companies:

Group	Line of Business
Nueva Walmart	Operation of 1,719 (1,660 in 2014) Bodega Aurrerá discount stores, 256 (251 in 2014) Walmart hypermarkets, 160 (159 in 2014) Sam's Club membership self-service wholesale stores, 95 (93 in 2014) Superama supermarkets and 10 Medimart pharmacies in both years.
Suburbia	Operation de 117 (116 en 2014) Suburbia stores with apparel and accessories for the entire family.
Importing Companies	Import of goods for sale.
Real Estate	Property developments and management of real estate companies.
Services companies	Rendering of professional services to Group companies, not-for-profit services to the community at large and shareholding.
Walmart Central America	Operation of 484 (477 in 2014) discount stores (Despensa Familiar and Palí), 99 (96 in 2014) supermarkets (Paiz, La Despensa de Don Juan, La Unión and Más x Menos), 102 (94 in 2014) discount warehouse stores (Maxi and Maxi Palí), 24 (22 in 2014) Walmart hypermarkets and 1 ClubCo membership self-service wholesale store in 2014. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

Wal-Mart Stores, Inc.

Wal-Mart Stores, Inc. American Society, through Intersalt, S. de R.L. de C.V., Mexican Society, one of its subsidiaries, is the majority shareholder for Wal-Mart de México, S.A.B. de C.V.

As part of its latest 10-K report to the SEC, Wal-Mart Stores, Inc. reported the operation of 10,873 commercial units throughout 28 countries, of which 4,574 are in the United States, 2,360 in Mexico, 225 are in Costa Rica, 223 in Guatemala, 91 in El Salvador, 88 in Nicaragua, 82 in Honduras, 408 in Africa, 108 in Argentina, 499 in Brazil, 400 in Canada, 395 in Chile, 432 in China, 21 in India, 346 in Japan and 621 in the United Kingdom. Sales for Wal-Mart Stores, Inc. during the last fiscal period amounted to 482.1 billion dollars, a decrease of 0.7% over the similar prior year period.

Walmart Stores, Inc. common stock is listed on the New York Stock Exchange and Pacific Stock Exchanges under ticker symbol WMT.

x) Description of Main Assets

As of December 31, 2015, our cash (24.8 billion pesos), inventories (49.7 billion pesos) and fixed assets such as real estate, stores, distribution centers, fixtures and equipment (130.2 billion pesos). We must point out that cash represents 9.8% of our assets, is wisely and carefully invested following highly conservative standards, and always based on security, liquidity, and yield criteria established by our Treasury Committee, in that order of importance.

Some of the units are owned and others are leased.

Fixed assets are formed by business units, as described:

Description by Business Format

Format	Description	Units	Sales area (square feet)
Mexico			
Bodega Aurrerá	Austere discount stores	1,719	28,241,196
Walmart	Hypermarts	256	21,397,930
Sam's Club	Membership warehouse clubs	160	12,267,373
Superama	Supermarkets	95	1,664,372
Suburbia	Apparel stores	117	4,790,483
Medimart Pharmacy	Pharmacy	10	28,686
Central America			
Despensa Familiar and Palí	Austere discount stores	484	2,294,439
Paiz, La Despensa de Don Juan, La Unión and MásxMenos	Supermarkets	99	1,471,479
Walmart	Hypermarkets	24	1,437,156
MaxiDespensa, MaxiPalí	Austere warehouses stores	102	1,750,272

Walmart de México y Centroamérica Growth Plan

Mexico and Central America offer considerable growth opportunities, since they have almost 112[3] and 38[4] million inhabitants respectively.

In Mexico, 28.9% of the population is below the age of 14, 26.4% between 15-29 years of age, 37.2% between 30-64 years of age, 6.2% more than 65 years of age. In the Central American countries where Walmart is present, 46.8% is below the age of 21, and 36.0% under 15 years of age. It is worth mentioning that 1/3 of the Central American population lives in Guatemala.

Our multi-format operation enables us to serve practically all income levels in Mexico and Central America and meet their different buying needs, either for use at home or outside the home. Also, we have developed different prototypes within the existing formats, thus allowing us to efficiently serve different types of communities.

In 2016, it estimates investing 14.7 billion pesos to grow its installations and modernize its operations.

An estimated 31% of the investment this year will be spent in remodels and maintenance, which will allow us to continue offering an attractive and consistent value proposition for each and every one of our customers.

Approximately 39% of 2016's investment program will be allocated to building new stores. The Company is focused on increasing productivity of the new stores, so as to grow in a profitable and consistent manner. The Company estimates that in 2016 sales from new stores will contribute with approximately 1.5%-1.7% to total sales growth.

The Company will continue to strongly invest to grow the eCommerce business at a fast pace, and this year it estimates that approximately 24% of the investment will be for eCommerce and systems.

3 Source: Population Census 2010

4 Source: Demographic Observatory Bulletin No. 3: Population Projections. CELADE (April 2009)

Finally, around 6% of the investments this year will be for logistics and distribution.

xi) Legal, Administrative or Arbitration Cases

There are currently no cases of this type that could individually or collectively affect the operation of the corporation in a substantial manner.

xii) Representative Shares of Capital Stock

As of December 31, 2015, 2014 and 2013, nominal capital stock was as follows:

Capital Stock

	Thousand pesos		
	2015	**2014**	**2013**
Fixed	Ps. 5,591,362	Ps. 5,591,362	Ps. 5,591,362
Variable	36,935,265	36,982,593	37,215,773
Total	**Ps. 42,526,627**	**Ps. 42,573,955**	**Ps. 42,807,135**

Capital stock at December 31, 2015, 2014 and 2013 consisted of the following registered shares with no par value:

Stock Structure

	Number of shares		
Series	**2015**	**2014**	**2013**
Single series Free subscription, common shares	**17,461,402,631**	**17,506,639,103**	**17,627,200,951**

During the year ended December 31, 2015, WALMEX repurchased 47,284,712 (112,676,160 in 2014) of its own shares, of which 2,980,000 (11,608,000 in 2014) were cancelled as per the resolution adopted at the shareholders' meeting held on March 24, 2015 (March 20, 2014). As a result of the share repurchases, the Company's historical capital stock was reduced by Ps. 115,149 (Ps. 298,294 in 2014). The difference between the theoretical value and the repurchase cost of the shares acquired was reflected against retained earnings.

The Company has entered into currency hedging through Over The Counter (OTC) currency forward transactions (Fx-forwards) to mitigate the effects caused by variability in the exchange rate of foreign currency on its accounts payable related to import goods for sale. In accordance with IFRS 9, *Financial Instruments*, derivatives are initially recognized at fair value at the end of the reporting period. The resulting gain or loss is recognized immediately in the financial income (expense) line in the consolidated statement of comprehensive income. The maturity of these contracts is a maximum duration of six months. At December 31, 2015, the Company has contracts Fx-forwards for a period of two months in the amount of US$ 14,267 thousand. The notional amount and fair value amounted to Ps. 245,733 and Ps. 447, respectively, and represents 2% of the accounts payable to foreign suppliers. The change in fair value that was recognized by those contracts is presented under financial income in the consolidated statement of comprehensive income. In accordance with our standards of corporate governance, the Company does not manage derivative financial instruments other than those hedges Fx-forwards.

xiii) Dividends

During recent years the Company has decreed dividend payments in cash.

Dividend payments (pesos)	
2012	0.55
2013	0.92
2014	1.38
2015	1.84

As a result of 2015's dividend payment, 31.6 billion pesos were paid in cash. The Company intends to continue paying yearly dividends, the amount of which will depend upon growth opportunities, the economic situation, and the competitive environment, among other factors.

xiv) Exchange controls and other limitations affecting title holders

This element does not apply to Walmex.

3) FINANCIAL INFORMATION

a) Selected Financial Information

MILLION PESOS	*IFRS 2015 (6)	*IFRS 2014 (4)	*IFRS 2013 (4)	*IFRS 2013 (1)	*IFRS 2012 (1)	*IFRS 2012	*IFRS 2011	**MFRS 2011
Mexico GDP (Growth,%)	2.5	2.1	1.1	1.1	3.9	3.9	3.9	3.9
Mexico Annual Inflation (%)	2.1	4.1	4.0	4.0	3.6	3.6	3.8	3.8
Peso Devaluation (%)	18.0	13.0	1.4	1.4	(7.9)	(7.9)	12.9	12.9
Average Exchange Rate	15.9	13.3	12.8	12.8	13.1	13.1	12.5	12.5
Year-end Exchange Rate	17.4	14.7	13.0	13.0	12.9	12.9	14.0	14.0
Mexico Average Interest Rate (28 Day Cetes,%)	3.0	3.0	3.8	3.8	4.2	4.2	4.2	4.2
RESULTS								
NET SALES	485,864	437,659	420,577	420,577	407,843	413,792	375,280	379,021
% of growth total units	*11*	*4*	*3*	*3*	*NA*	*10*	*12*	*13*
% of growth comp units	*9*	*1*	*(1)*	*(1)*	*4*	*4*	*4*	*4*
OTHER INCOME	3,503	3,329	3,246	4,584	4,217	4,259	3,570	1,885
% of growth	*5*	*3*	*NA*	*9*	*NA*	*19*	*NA*	*40*
TOTAL REVENUES	489,367	440,988	423,823	425,161	412,060	418,051	378,850	380,906
% of growth	*11*	*4*	*NA*	*3*	*NA*	*10*	*NA*	*13*
GROSS PROFIT	107,380	97,619	92,948	93,624	90,228	94,597	85,109	83,698
% of profit margin	*21.9*	*22.1*	*21.9*	*22.0*	*21.9*	*22.6*	*22.5*	*22.0*
GENERAL EXPENSES	72,235	64,010	61,318	62,102	58,541	61,926	55,574	53,619
% of total revenues	*14.8*	*14.5*	*14.5*	*14.6*	*14.2*	*14.8*	*14.7*	*14.1*
OPERATING INCOME	34,969	34,716	31,636	31,532	31,422	32,399	29,591	30,079
% of total revenues	*7.1*	*7.9*	*7.5*	*7.4*	*7.6*	*7.7*	*7.8*	*7.9*
% of growth	*1*	*10*	*NA*	*0*	*NA*	*9*	*NA*	*11*
EBITDA	44,993	42,854	40,305	40,222	39,860	41,166	37,188	37,415
% of total revenues	*9.2*	*9.7*	*9.5*	*9.5*	*9.7*	*9.8*	*9.8*	*9.8*
FINANCIAL (EXPENSES) INCOME, NET	55	*(154)*	*(16)*	*(15)*	401	399	189	191
INCOME BEFORE INCOME TAX	35,024	34,562	31,620	31,517	31,823	32,798	29,780	30,198
INCOME TAX	10,087	9,521	9,632	9,517	9,237	9,529	7,695	7,939
DISCONTINUED OPERATIONS	1,442	5,394	725	713	683	-	-	-
CONSOLIDATED NET INCOME (ATTRIBUTABLE TO THE PARENT)	26,376	30,426	22,717	22,717	23,275	23,275	22,080	22,254
% of growth	*(13.3)*	*33.9*	*(2.4)*	*(2.4)*	*5.4*	*5.4*	*NA*	*13.8*
FINANCIAL POSITION								
CASH	24,791	28,048	21,129	21,129	28,163	28,163	25,166	25,166
INVENTORIES	49,749	47,175	43,795	43,795	39,092	39,092	39,336	40,163
OTHER ASSETS	15,831	19,475	19,510	19,510	12,909	12,909	13,579	13,249
FIXED ASSETS	130,222	125,996	121,083	121,083	117,377	117,377	111,372	116,680
GOODWILL	33,057	28,020	24,745	24,745	24,745	24,745	29,768	29,768
TOTAL ASSETS	253,650	248,714	230,262	230,262	222,286	222,286	219,221	225,026
SUPPLIERS	56,396	52,710	47,609	47,609	44,770	44,770	50,854	50,854
OTHER LIABILITIES	45,433	45,758	39,702	39,702	37,679	37,679	39,184	40,894
EQUITY	151,795	150,223	142,931	142,931	139,701	139,701	128,867	132,962
NON-CONTROLLING INTEREST	26	23	20	20	136	136	316	316
TOTAL LIABILITIES, EQUITY AND NON-CONTROLLING INTEREST	253,650	248,714	230,262	230,262	222,286	222,286	219,221	225,026
NUMBER OF UNITS MEXICO								
Bodega Aurrerá	1,719	1,660	1,589	1,589	1,423	1,423	1,204	1,204
Walmart Supercenter	256	251	243	243	227	227	213	213
Sam's Club	160	159	156	156	142	142	124	124
Superama	95	93	92	92	90	90	88	88
Suburbia	117	116	109	109	100	100	94	94
Medimart Pharmacies	10	10	10	10	6	-	-	-
Restaurants Vips	-	-	-	-	365	365	364	364
TOTAL	2,357	2,289	2,199	2,199	2,353	2,347	2,087	2,087
NUMBER OF UNITS CENTRAL AMERICA								
Discount Stores	484	477	466	466	459	459	453	453
Supermakets	99	96	100	100	97	97	96	96
Bodegas	102	94	75	75	67	67	54	54
Walmart	24	22	20	20	17	17	17	17
Clubs	0	1	1	1	2	2	2	2
TOTAL	709	690	662	662	642	642	622	622
Banco Walmart								
Bank branches	-	-	201	201	263	263	263	263
OTHER INFORMATION AT THE END OF THE YEAR								
Number of Associates	231,996	228,063 (5)	224,901 (5)	226,289 (3)	248,246	248,246	238,128	238,128
Share Price (2) (pesos)	43.49	31.72	34.26	34.26	42.33	42.33	38.23	38.23
Number of Outstanding Shares (2) (millons)	17,461	17,507	17,627	17,627	17,722	17,722	17,747	17,747
Market Value	759,379	555,322	603,901	603,901	750,172	750,172	678,471	678,471
Earnings per Share (2) (pesos)	1.508	1.732	1.284	1.284	1.312	1.312	1.240	1.250
Dividends paid	31,562	21,643	16,056	16,056	9,612	9,612	9,659	9,659
Number of Shares Repurchased (2) (millions)	47	123	96	96	27	27	103	103
Repurchasing Operations	1,825	3,996	3,328	3,328	1,088	1,088	3,455	3,455

1 Vips is presented in Discontinued Operations
2 Adjusted according to split conducted in April 2010
3 Excluding Vips
4 Banco & Restaurant division result are presented in Discontinued Operations
5 Banco Walmart associates not included
6 Results from Banco Walmart and its sale are presented in Discontinued Operations
* IFRS = International Financial Reporting Standards
** MFRS = Mexican Financial Reporting Standards
NA = Not Apicable

ACQUISITIONS OF PROPERTY AND EQUIPMENT	12,526	12,691	13,987	13,987	14,660	14,660	18,352	18,352

b) Financial Information by Line of Business, Geographical Region and Export Sales

As of December 31, 2015, Mexico had 2,357 operating units, representing 68,390,039 square feet of sales floor. Central America had 709 operating units, representing 6,953,146 square feet of sales floor.

Shares in net sales by business format in Mexico

	2015	2014	2013	2012
Bodega Aurrerá	40%	39%	38%	38%
Walmart	29%	29%	28%	27%
Sam's Club	24%	24%	26%	26%
Superama	4%	4%	4%	4%
Suburbia	3%	4%	4%	3%
Vips				2%
Net sales (million pesos)	**Ps. 407,244**	**Ps. 375,944**	**Ps. 367,731**	**Ps. 361,789**

Shares in sales by business in Central America

	2015	2014	2013	2012
Costa Rica	42%	43%	45%	45%
Guatemala	27%	28%	27%	27%
El Salvador	11%	10%	10%	10%
Honduras	10%	10%	10%	10%
Nicaragua	10%	9%	8%	8%
Total income (million pesos)	**Ps. 78,620**	**Ps. 61,715**	**Ps. 57,430**	**Ps. 56,262**

The geographical breakdown of the business units for Mexico and Central America is as follows:

Breakdown of units by geographical region in Mexico

	2015	2014	2013
Metropolitan Area	25.8%	26.3%	27.4%
Center	34.5%	34.5%	34.5%
Northeast	11.8%	11.6%	11.1%
Southeast	9.2%	9.0%	8.9%
Northwest	7.1%	7.1%	7.1%
North	6.1%	5.9%	5.7%
Southwest	5.5%	5.6%	5.3%
Total Units	**2,357**	**2,289**	**2,199**

Breakdown of units by geographical region in Central America

	2015	2014	2013
Guatemala	31.5%	31.4%	31.6%
Costa Rica	31.7%	31.4%	32.3%
El Salvador	12.8%	13.0%	12.7%
Nicaragua	12.4%	12.5%	12.1%
Honduras	11.6%	11.7%	11.3%
Total Units	**709**	**690**	**662**

As of December 31, 2015, the installed capacity for the company by geographical region is as follow:

Breakdown of units by geographical region in Mexico

	Unit	Self-service + Clubs + Suburbia
Metropolitan Area	608	24.8%
Center	814	32.1%
Northeast	279	9.1%
Southeast	217	10.5%
Northwest	166	10.0%
North	143	7.7%
Southwest	130	5.8%
Total	**2,357**	**68,390,039** *square feet*

Breakdown of units by geographical region in Central America

	Unit	Self-service + Clubs
Guatemala	223	32.7%
Costa Rica	225	34.0%
El Salvador	91	14.0%
Nicaragua	88	8.6%
Honduras	82	10.7%
Total	**709**	**6,953,146** *square feet*

c) Information about Relevant Credits

WAL-MART DE MÉXICO, S.A.B. DE C.V. does not have credits with financial institutions.

d) Management's Discussion and Analysis of Results

i) Operation Results

2015 Results

Total sales

During Q4 2015, total sales for Mexico grew 10.2% and 7.0% for Central America in constant currency terms and on a consolidated basis, total sales grew 12.8%. Principal drivers of the increase included: macroeconomic tailwinds such as GDP, employment, and remittances; sustained operational excellence in Self-service, and the turnaround in Sam's Club.

2015 total sales grew by 11.0% on a headline basis, or 8.2% on a constant currency basis. Same store sales contributed with 6.0%; new store sales contributed with 2.0% and eCommerce contributed with 0.2%.

Same store sales

Fourth quarter comp sales growth in Mexico of 8.6% was the strongest in over eight years. Central America also continued to deliver strong comps of 4.6% during the quarter on a constant currency basis.

During full year 2015, Mexico delivered a strong 6.4% comp, and Central America 4.7%, on a constant currency basis. And more importantly, we grew sustainably with quality-profitability, and across our portfolio of countries, formats and categories.

Our self-service formats in Mexico delivered robust quarterly improvements over the course of the year, crowned by a remarkable 8.8% same store sales growth rate in Q4.

According to ANTAD, WALMEX dramatically outperformed the self-service market in comp sales growth – for both Q4 and full year 2015. First, for Q4, market same-store sales (excluding WALMEX) grew by 4.9%, while WALMEX Self-service grew by 8.8% - outperforming the market by 390 basis points. For the full year 2015, market same-store sales (excluding WALMEX) grew by 4.3%, while WALMEX Self-service grew by 6.6% - outperforming the market by 230 basis points.

All core formats individually outpaced ANTAD Self-service growth in 2015.

The Sam's Club turnaround continues to progress well. The format delivered comp sales of 5.8% for the full year, with a positive two-year stack of 0.3%. Moreover, in Q4 Sam's delivered its strongest quarterly result of the year, with 7% same store sales growth.

We continue to make good progress in eCommerce, giving our customers the ability to shop in whichever way they want. In Q4, same store sales had a strong 40.9% growth, contributing with approximately 35 basis points to our comp performance in Mexico during the quarter.

For the full year, eCommerce sales grew 30.1%, representing 0.8% of total sales, and 0.2% contribution to sales growth.

Walmart Central America produced a solid 4.6% constant currency same-store sales growth for the fourth quarter, on top of a 5.5% growth the same period last year.

Growth on a two-year-stack basis improved quarter over quarter with a strong 10.1% in the fourth quarter.

All formats and all countries had positive same store sales growth.

4Q15 results

In 2015 we made some important reinvestments in the business while also absorbing one-timers.

In 4Q14 there were two one-timers that impacted our comparable numbers in Q415.

- We began incorporating freight cost as part of inventory valuation components. The non-cash effect was 705 million pesos, driving gross margin up by 50 basis points.
- We also had a favorable non-cash effect of 1.1 billion pesos, increasing operating income by 90 basis points. This is an accounting adjustment related to the purchase of Central America.

Q415 profitability was impacted by several operating decisions and one-timers.

- First, gross margin was reduced by 40 bps to 22.1% as we decided to invest in prices this season, to improve our competitive position and reduce inventories to healthier levels.
- Second, we invested another 50 bps of SG&A in various areas. We increased our investments in advertising. We were pleased to provide a higher bonus to a great number of our associates for having delivered a great year; we believe this increase will continue to drive associate commitment. Finally, we have made some organization adjustments.

To summarize, on a reported basis, our EBITDA margin was 190 bps down as a result of:

- 50 bps from prior year one-time freight capitalization
- 90 bps due to Q415 decisions to improve our competitiveness
- Additionally, 50 bps related primarily to two one-time non-cash effects, which relate to impairment and store closures, as we continue to improve our portfolio, and a revised vacation accrual estimate.

2015 results

Mexico

- Total income grew 8.3%, a total of 410.2 billion pesos. Sales were driven by considerable progress in our Self-service formats and the turnaround in our membership clubs, growing in all the divisions of the business.
- Gross margin amounted to 21.8% as a percentage of income, thus representing a 30-basis point setback versus 2014, as a result of price investments and the effects of freight capitalization mentioned previously.
- Expenses, as a percentage of income, were 14.2%, an increase of 20 basis points as compared to the previous year, representing investments centered on our future operation and one-offs impacting this year.
- Our EBITDA posted an increase of 2.1% versus 2014, amounting to 39.3 billion pesos, equivalent to 9.6% as a percentage of total income, impacted by the aforementioned effects.

Central America

- Total income grew 27.2% of 7.2% on a constant currency basis, amounting to 79.1 billion pesos.
- Gross margin increased 29.7%, equivalent to 22.8% of total income, or 40 basis points above 2014 levels.
- Expenses grew 7.2%, on a constant currency basis, and maintained 2014 levels as percentage of total income.
- Operating income increased 33.8%, totaling 3.9 billion pesos.
- Our EBITDA came to 5.7 billion pesos – an increase of 30.6% in growth or 10.1% on a constant currency basis, as a result of the growth in sales and margin growing above sales.

Consolidated

- Total income amounted to 489.4 billion pesos, representing 11.0% growth, due to consistent sales in all our countries and formats.
- Margin was 21.9%, with a 20-basis-point decrease as percentage of total income versus the previous year, as a result of price investments and the effect of freight capitalization, with no impact on the Company's cash flow.
- Expenses, 14.8% of income, increased 30 basis points as compared to 2014, as a result of our investments for future operations, as well as of certain one-offs that increased the level of our expenses.
- Operating income recorded a slight increase of 0.7% as compared to last year base, resulting from the effects on margin and expenses, as well as of the positive accounting effect of the purchase of Central America operations reflected last year. The latter has no impact on the Company's cash flow.
- Our EBITDA amounted to 45.0 billion pesos, 5% above the previous year and 50 basis points lower than 2014 as a percentage of income, due to the effects mentioned previously.
- Net income before discontinued operations showed a slight decrease of 0.4%, given the aforementioned effects. Net income decreased 13.3% compared to last year, reflecting the one-time effect from the sale of the restaurant division in 2014.

2014 Results

Sale of the restaurant division

As a response to the announcement made on September 10, 2013, regarding the definite agreement reached with Alsea for it to acquire 100% of our restaurant division, on March 5, 2014 we received the notification from the Federal Economic Antitrust Commission (Cofece per its acronym in Spanish), through which this sale was approved, subject to certain conditions. Upon compliance with the conditions established by Cofece, on May 12, 2014, we informed our shareholders and the investment community that the transaction regarding the sale of the restaurant division to Alsea had been approved, including a total of 361 restaurants, from which 263 belonged to the Vips chain, 92 to El Portón and 6 to Ragazzi. Additionally, the operation comprised intellectual property rights for the 4 chains, as well as menus, product development, operation processes and others.

Sale of Banco Walmart

On December 18, 2014, we reached an agreement with Grupo Financiero Inbursa for it to acquire 100% of Banco Walmart, and the creation of a commercial alliance to strengthen the offer of financial services to our clients. The closing of the transaction is subject to the approval of competent authorities and other conditions that are customary to these types of transactions.

Mexico

Total income amounted to 378.8 billion pesos, a 3.4% increase over last year, and 85.9% of total consolidated income. This growth comes from stores opened throughout the year, based on a solid performance from the self-service division (2.0%) but soft sales at Sam's Club (-5.5%). Gross margin was 22.1%, 20 basis points higher than the one posted in 2013, given a slight change in the merchandise mix. General expenses rose 4.7%, representing 14.0% of total income, and reflect mostly the expenses from the opening of new stores. Efficiency initiatives were put into place to reduce expenses at stores with at least one year in operation. Operating income and EBITDA increased at a faster pace than total income, 4.0% and 4.5%, respectively, thanks to a 20-basis-points improvement in gross margin and cost control. EBITDA amounted to 38.5 billion pesos and represented 10.2% of total income.

Central America

Central America reported total income of 62.2 billion pesos, an 8.3% increase in peso terms and a 7.3% increase on a constant currency basis. Total income represents 14.1% of total consolidated income. Same-store sales rose to 4.1% on a constant currency basis thanks to solid performance from the stores with more than 12 months in operation as well as from the stores opened throughout the year. Gross margin for the year 2014 was 22.4%, equivalent to the one reached in 2013, showing an 8.5% increase in peso terms and a 7.4% increase on a constant currency basis. General expenses increased 2.1% on a constant currency basis with 90-basis point leverage, reflecting operating efficiencies as well as expenses from the opening of new stores. Operating income and EBITDA increased 34.7% and 24.5%, respectively, both on a constant currency basis, based on larger sales, stable gross margin and expense leverage.

Consolidated

Total income amounted to 441.0 billion pesos, some 17.2 billion pesos more than the previous year. This represents a 4.1% increase over the total consolidated income reported in 2013. On a consolidated level, gross margin was 22.1%, 20 basis points higher than the one reported in 2013. General expenses increased 4.4%, slightly over the increase in total income, given the sum of the previously mentioned factors impacting Mexico and Central America. Operating income totaled 34.7 billion pesos, representing a 9.7% increase compared to 2013. On the other hand, EBITDA registered 42.9 billion pesos, showing a 6.3% increase. The Company reports its results separating Banco Walmart as discontinued operations, in conformity with the International Financial Reporting Standard 5. Net income before discontinued operations increased 13.9% and net income increased 34.0% during the year, this amount reflects the net income from the business as well as one-time benefits, such as the proceeds from the sale of the restaurant division. In 2014 we repurchased 123 million shares, 27 million more than in 2013. Earnings per share were 1.732 pesos.

2013 Results

Mexico

Total income amounted to 367.7 billion pesos, a 3.4% increase over last year and 86.5% of total consolidated income. This growth comes from stores opened throughout the year, which countered a -1.3% decrease in sales from stores with more than 12 months in operations, comprising a slight decrease in the self-service division as well as in Sam's Club. Gross margin was 22.0%, 10 basis points below the one reported in 2012, due to slight changes in our merchandise mix. On a comparable basis, general expenses grew 5.3%, as a result of the opening of new stores as well as of cost-cutting measures, excluding a one-time expense, which had no effect in terms of cash flow, which impacts our results. Said charge is recognized in conformity with International Accounting Standards (IAS 17).

Central America

Total income registered 57.4 billion pesos, increasing 2.1% and 5.7% on a constant currency basis; representing 13.5% of total consolidated income. Same-store sales on a constant currency basis increased 1.7%, as a result of a good performance within stores with more than 12 months in operations and stores opened throughout the year. Gross margin in Central America was 22.4%, 170 basis points higher than the one reported in 2012, mostly as a result of the benefits provided by the integration with Mexico regarding systems, processes and formats. On a comparable basis, excluding the one-time charge discussed previously, general expenses grew 4.8%, as a result of the efficiency measures as well as the expenses involving the opening of new stores.

Consolidated

Total income amounted to 425.2 billion pesos, 13.0 billion pesos more than last year. This represented a 3.2% increase over the total income obtained in 2012. Gross margin was 22.0%, 10 basis points higher than the one registered in 2012. General expenses grew 5.2% on a comparable basis, excluding the one-time charge impacting our results in Mexico and Central America. Operating income amounted to 31.5 billion pesos, representing a 2.0% growth compared to 2012, excluding the effect of the one-time charge. EBITDA amounted to 40.2 billion pesos, increasing 2.2%. Excluding the effect of the one-time charge mentioned previously, net income decreased 0.8% during the year. In 2013 we repurchased 96 million shares, 69 million more shares than in 2012. Earnings per share amounted to 1.284 pesos.

ii) Cash and Cash Equivalents

Balance Sheet 2015

We exited 2015 with 24.8 billion pesos in cash and investments.

The Company has entered into currency hedging through Over The Counter (OTC) currency forward transactions (Fx-forwards) to mitigate the effects caused by variability in the exchange rate of foreign currency on its accounts payable related to import goods for sale. At December 31, 2015, the Company has contracts Fx-forwards for a period of two months in the amount of US$ 14,267 thousand. The notional amount and fair value amounted to Ps. 245,733 and Ps. 447, respectively, and represents 2% of the accounts payable to foreign suppliers. The change in fair value that was recognized by those contracts is presented under financial income in the consolidated statement of comprehensive income. In accordance with our standards of corporate governance, the Company does not manage derivative financial instruments other than those hedges Fx-forwards. The Company has not conducted any transactions not recorded in the financial statements.

Our balance sheet remains strong with a favorable working capital position. Our cash level decreased compared to 2014, reflecting the sale of the restaurant division last year, as well as the record-high dividend payment in 2015.

Full-year cash flow from operation was 50.5 billion pesos (includes net stock option outlays), a year-over-year increase of 6% reflecting earnings quality, and strong working capital performance, especially in our management of inventories and accounts payable. If we exclude calendar effects on the payment of vouchers from the Mexico City government, cash flow from operations would have grown by 11.9%, in line with our overall growth in sales.

Capital expenditures for the year were 12.5 billion pesos, down 1.3% vs. 2014, and in line with our guidance. The positive trend in inventories in the past few years respond to new store openings as well as to the investments in stores with more than 12 months in operations.

During 2015, we returned 33.4 billion pesos to shareholders in the form of 31.6 billion pesos in dividends and 1.8 billion pesos in share repurchases. This represents a 7.7 billion pesos, or 30% increase over prior year.

The following chart shows the dividends paid during the last 4 years, 2014 being a record in dividend payments.

Year	2012	2013	2014	2015
Dividend per share (pesos)	0.55	0.92	1.25	1.83
% of earning for the previous year	44%	69%	95%	104%
Cash spent (pesos)	9,612	16,056	21,643	31,562

Regarding share repurchase, the shareholders authorize the maximum amount available for the repurchase of shares. Shares repurchased are subtracted from shareholders' equity at the moment of repurchase and are formally cancelled each year during the Shareholders' Assembly.

The following chart shows the investment in the repurchase of shares during the last 4 years.

Program	Repurchased shares (millions)	Invested amount (millions of pesos)
2012	27	1,088
2013	96	3,328
2014	123	3,996
2015	47	1,825

Balance Sheet 2014

Cash and cash equivalents

Our cash position as of December 31, 2014, amounted to 28.0 billion pesos, some 6.9 billion pesos above our position in 2013, showing a 32.7% increase. Cash is invested in short-term debt securities. The Company neither conducts transactions with derivatives, nor does it invest in the stock market. The Company has not conducted any transactions not recorded in the financial statements.

Cash generation uses of cash

Cash generation amounted to 43.4 billion pesos. The uses of cash are investment in fixed assets, dividend payment and share repurchase. Investment in fixed assets during the year totals 12.7 billion pesos. We continue reinvesting our earnings in projects that serve to modernize our operating structure –ranging from information systems to logistics networks and the renovations of our stores and clubs–, and we added over 2.9 million square feet in sales floor area, as a result of the opening of 132 new units. In Mexico, we opened 100 units from different business formats, increasing the sales floor area by 3.6%.

	% of total sales	sq. ft. of sales floor	Openings	Units	Cities
Bodega Aurrerá	39.4%	27,490,378	79	1,660	433
Walmart	28.6%	21,119,686	8	251	79
Sam's Club	24.1%	12,163,215	4	159	86
Superama	4.4%	1,633,137	1	93	18
Suburbia	3.5%	4,807,154	8	116	44
Medimart Pharmacy		28,686	-	10	1

In Central America we opened 32 units, increasing our installed capacity by 7.1%.

	% of total sales	sq. ft. of sales floor	Openings	Units	Cities
Costa Rica	42.7%	2,267,824	4	217	15
Guatemala	27.7%	2,284,059	9	217	39
Honduras	10.3%	700,912	6	81	29
El Salvador	10.2%	974,740	6	89	20
Nicaragua	9.1%	522,916	7	86	23

After growth, the remaining cash generated is returned to our shareholders through dividends and repurchase of shares. This year we paid 21.6 billion pesos in dividends and repurchased 123 million own shares for the amount of 4.0 billion pesos.

Working capital

In 2014, the Company continued operating with negative working capital requirements, which has historically allowed for the self-financing of growth and modernization.

The inventory balance as of December 31, 2014, amounted to 47.2 billion pesos, a 7.7% increase compared to last year, while accounts payable to suppliers totaled 52.7 billion pesos, a 10.7% increase.

Balance Sheet 2013

Cash and cash equivalents

Cash generation amounted to 40.0 billion pesos, allowing us to finance investments in fixed assets for 14.0 billion pesos and compensate our shareholders with 19.4 billion pesos, a historical amount for Walmex. Our shares repurchase and dividend payment amounted to 3.3 billion pesos and 16.1 billion pesos, respectively. Our cash position as of December 31, 2013 amounted to 21.1 billion pesos, from which 17.3 billion pesos belong to Mexico, 2.6 billion pesos to Central America and the remaining 1.2 billion pesos to Banco Walmart.

Uses of cash

- Investment in fixed assets: We continue reinvesting our earnings in projects that serve to modernize our operating structure –ranging from information systems to logistics networks and the renovations of our stores and clubs, including the opening of new stores.
- Dividends: In 2013 we distributed 16.1 billion pesos in the form of dividends.
- Shares repurchase: In 2013 we repurchased 96 million shares on a 3.3 billion pesos investment.

Cash levels declined in 2013 given both the operating cycle and the results, but grew back in 2014 thanks to the operating cycle, the year´s results and the sale of the restaurant division.

The positive trend in inventories in the past few years respond to new store openings as well as to the investments in stores with more than 12 months in operations.

Similarly, fixed assets & others are increasing due to the constant investment in new stores and assets aimed at improving the operation.

Supplier levels are also increasing thanks to the increase in inventories, keeping a similar balance within inventories and accounts payable.

Lastly, the increase in shareholders' equity & others goes hand in hand with the growing operation.

iii) Internal Control

Having the highest regulation compliance standards and an appropriate control system is fundamental to achieving the objectives established by Walmart de México y Centroamérica.

The company's internal control assures:

- Assets safety.
- Compliance with the law and established policies.
- Proper operations registry.
- Reliable and timely information.
- Prevention, identification and detection of frauds.

The control of our operation is supported in several administrative systems in order to comply with fiscal regulatory requirements and obtain detailed information.

Our control processes are dynamic, continuously adapting to the changes in our environment:

1. Policies and procedures.
    - Restrictive regulatory environment.

2. Accounting control.
    - Account catalog.
    - Accounting guidelines and allocation of balance accounts.
    - Monthly conciliations and exception reports.

3. Segregation of duties.

As a Public Corporation, Walmart de México y Centroamérica operates with the Corporate Best Practices:

- Ethics Code.
- Board of Directors integrated in terms for Securities Market Law.
- Audit Committee.
- Corporative Practices Committee.
- Executive Committee.
- Financial transparency and communication of relevant information.
- Open-door policy; any associate can inform irregularities to higher hierarchy levels.
- The company adopted the Sarbanes-Oxley law for its main Balance Sheet and P&L accounts.
- The company adopted the FCPA regulations for its main Balance Sheet and P&L accounts.

e) Critical Accounting Policies

We follow International Financial Reporting Standards in preparing our financial statements. These principles require us to make certain estimates in some of the items. However, we do not have any Critical Accounting Policies.

4) ADMINISTRATION

a) Independent Auditors

The Consolidated Financial Statements for the company and its subsidiaries as of December 31 of each year have been audited by Mancera, S.C., a member of Ernst & Young Global since 1998, and there were no adverse comments for any of the periods audited. Approval of the Independent Auditor is the sole domain of the Board of Directors for **WALMEX**, after receiving the opinion of the Audit Committee. The fees paid in 2015 to the Independent Auditor amounted to 29.8 million pesos for auditing and other services rendered.

b) Operations with Other Related Parties and Conflict of Interest

There are operations conducted with Wal-Mart Stores, Inc., and other related parties. These consist of the purchasing of merchandise and the payment of services and royalties, which are performed under market conditions.

Related party balances

At December 31, 2015, 2014 and 2013, the consolidated statement of financial position includes the following balances with related parties:

	December 31, 2015		December 31, 2014		December 31, 2013	
Accounts payable to suppliers:						
C.M.A. – U.S.A., L.L.C. (affiliate)	$	916,863	$	990,986	$	343,919
Global George, LTD. (affiliate)		37,618		6,625		34,451
	$	954,481	$	997,611	$	378,370
Other accounts payable:						
Wal-Mart Stores, Inc. (holding company)	$	640,601	$	506,503	$	413,092

At December 31, 2015, 2014 and 2013, balances receivable due from and payable due to related parties consist of current accounts that bear no interest, payable in cash and without guarantees.

Related party transactions

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

- Agreement for imports of merchandise for sale, interest-free and payable monthly.
- Agreement for purchase commissions with Global George that are payable on a recurring basis.
- Agreement for technical assistance and services with Walmart Stores that are payable monthly.
- Agreement for royalties for trademark use with Walmart Stores, payable quarterly based on a percentage of sales of the retail businesses.

The Company had the following transactions with related parties during the years ended December 31, 2015, 2014 and 2013:

	December 31, 2015		December 31, 2014		December 31, 2013	
Import of merchandise for sale:						
C.M.A. – U.S.A., L.L.C. (affiliate)	$	4,680,065	$	3,774,128	$	3,131,719
Global George, LTD. (affiliate)		71,093		95,862		47,003
	$	4,751,158	$	3,869,990	$	3,178,722
Technical assistance, services and royalties:						
Wal-Mart Stores, Inc. (holding company)	$	2,527,818	$	2,398,523	$	2,164,810

Remuneration of principal officers

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

	December 31, 2015		December 31, 2014	
Short-term benefits	Ps.	1,066,727	Ps.	786,173
Termination benefits		123,429		75,044
Share-based payments		97,556		21,070
	Ps.	1,227,712	Ps.	882,287

c) Administrators and Shareholders

Our Company is built on the foundations of integrity and the highest standards of ethics, and we always guarantee strict adherence to the legislation in force in all the countries where we operate. The structure and responsibilities of our board of Directors, the Statement of Ethics and all the activities undertaken by the Company are in complianc with the best practices of Corporate Governance.

Board of Directors

The management of the Company is overseen by the Board of Directors.

Membership and frequency

- Members are appointed each year by the General Ordinary Shareholders' Assembly
- Independent directors should make up a minimum of 25% of all directors
- Minority shareholders, whose shares represent a minimum of 10% of owners' equity for the Company, have the right to choose a Director and the corresponding Alternate Director, both of which may only be removed when the other members of Board of Directors are also removed
- The Board of Directors meets at least four times a year

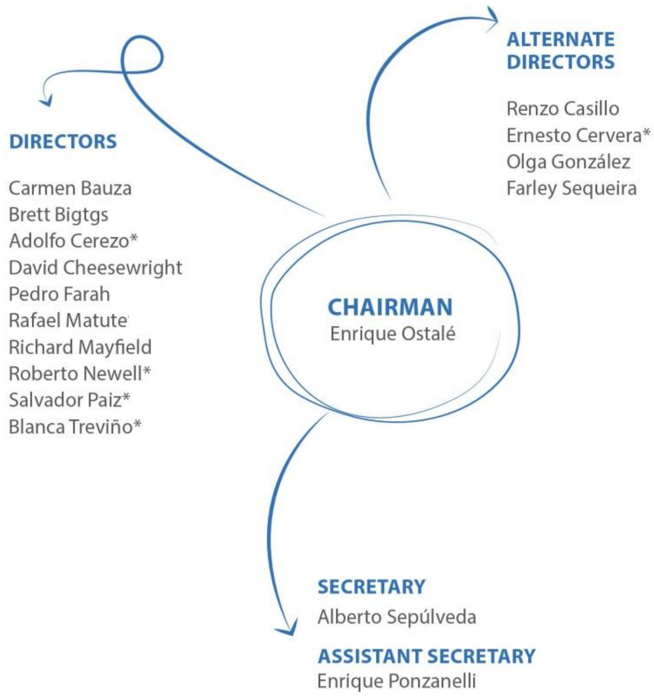
Other practices

- The Board evaluates the performance of each Director
- Independent Directors are experienced in the main line of business of the Company
- The Board has access to independent advisers
- The Chairman of the Board is neither allowed to act as Secretary nor to preside over any Board Committees

Primary responsibilities

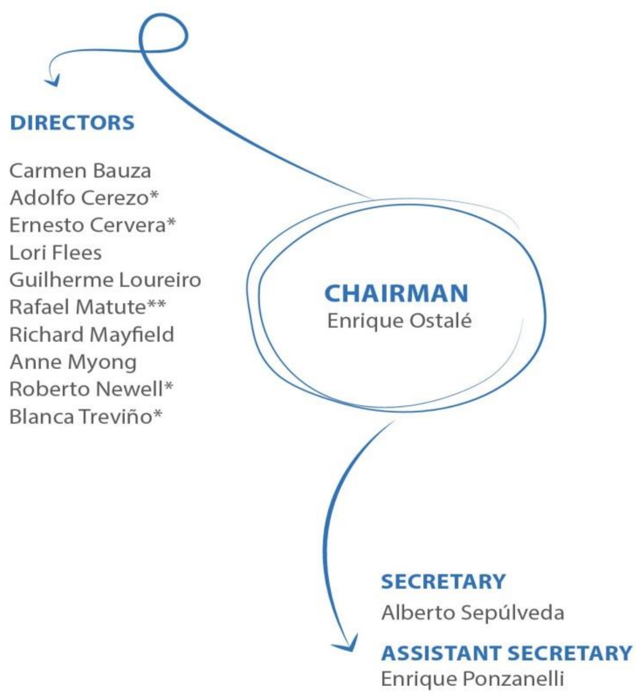
- Choosing the Chief Executive Officer
- Acting as adviser/consultant for top management of the Company
- Working actively with top management to develop overall strategies for the Company and any that the latter controls
- Overseeing performance of Company officers
- Approving information policies and communication with shareholders and the market
- Ensuing that overall strategy is in line with the Company's principles of Corporate Responsibility

The Board of Directors obtains the support of two Committees for its duties; said committees must conduct in-depth analysis of subjects pertaining to its field of expertise and offer recommendations to the Board so it may study the information and make the right decision, creating value for our shareholders and stakeholders.



Board of Directors at December 31, 2015
* Independent Director

Note: Wal-Mart de México, S.A.B. de C.V. held its Annual General Ordinary Shareholders' Assembly on March 31, 2016, where the composition of the new Board of Directors was determined, with only proprietary members.



* Independent directors
** Will be considered as independent director starting July 1, 2016.

	Member since
Enrique Ostalé	2013
Carmen Bauza	2014
Adolfo Cerezo	2012
Ernesto Cervera	2014
Lori Flees	2016
Guilherme Loureiro	2016
Rafael Matute	1998
Richard Mayfield	2015
Anne Myong	2016
Roberto Newell	2014
Blanca Treviño	2006

Audit and Corporate Practices Committees

It is comprised of three independent directors and one alternate director, all of them independent.

Primary responsibilities

- Selecting the independent auditor for the Company and establishing fees.
- Ensuring the existence of the proper internal control scheme for the Company that meets any and all applicable accounting and legal provisions, and reviewing Company transactions with related parties.
- Reviewing financial statements and ensuring that they properly reflect the financial situation of the Company. They must also contain procedures to receive, keep, and respond to claims related to accounting practices and controls and to auditing matters. Moreover, the Committees have the necessary authority and resources to hire independent lawyers and advisers needed to fulfill their responsibilities.
- Reduce the risk of conducting operations under conditions that could affect the worth of the Company of granting favored conditions to any one group of shareholders.
- Approving policies for the use of properties pertaining to the net worth of the Company.
- Authorizing transactions with related parties, remuneration for the Chief Executive Officer, and remuneration policies regarding relevant Company officers.
- Serving as support for the Board of Directors in producing reports on accounting practices.
- Holding private meetings and receive periodic reports from Internal Audit, Legal, Compliance, and Ethics.
- Calling the shareholders to meetings and ensuring that the order of business includes all the points deemed necessary.

Primary requirements and practices

- All members must be independent Directors, experts in finance.
- Independent auditors are forbidden from providing consultancy services to the Company.
- The partner from the independent auditing firm that renders the opinion on the financial statements must be rotated periodically.

Members as of December 31, 2015

Adolfo Cerezo (Chairman)*
Ernesto Cervera (Alternate)*
Roberto Newell*
Blanca Treviño*
*Independent Director

Note: Wal-Mart de México, S.A.B. de C.V. held its Annual General Ordinary Shareholders' Assembly on March 31, 2016, where the member Adolfo Cerezo was ratified as Chairman of the Audit and Corporate Practices Committees. As part of the Board of Directors' Meeting held on the same day, the independent members were ratified, all of them as proprietary members of said committees.

Adolfo Cerezo (Chairman)
Ernesto Cervera
Roberto Newell
Blanca Treviño

Statement of Ethics

Our values – Integrity, Respect for the Individual, Customer Service, and the Strive for Excellence – set us aside from the rest and are the cornerstone of our culture. We are firmly committed to these values and under no circumstances are they negotiable. All our associates companywide, regardless of level, are responsible for understanding and complying with our Statement of Ethics, which is based on these values.

The Ethics Office in our Company reports to the EVP and General Counsel for Legal and Institutional Affairs for Mexico and Central America, and its primary duty is to disseminate and promote a culture of ethical behavior, of strict compliance with legal provisions that govern us, and handling any and all ethics-related inquiries and cases received. The Audit Committee receives periodic reports.

We are committed to maintaining a work atmosphere that encourages our associates to express their concerns regarding possible violations of our Statement of Ethics, and we forbid reprisals against anyone who does so. There are different internal communication mechanisms such as the Open-Door Policy, which is the most direct way of raising concerns with the leader; our Global Ethics Line is available for all associates worldwide, 24-7, and is equipped to serve the majority of local languages spoken. This line is operated by personnel from an organization independent of the Company.

In 2015, 1,850 cases were reported in Mexico, of which none were concerning the violation of human rights of indigenous communities. The disciplinary measures enforced may vary from verbal coaching for improvement to the dismissal of those involved, depending on the decisions reached. All ethics issues reported are confidentially investigated to determine if any law, policy or the Statement of Ethics has been violated.

During the year we also gave Statement of Ethics courses to our Operations and Staff associates, covering 70% and 91%, respectively, which represents 246,397 hours of training. Associates from Loss Prevention are continuously receiving training on policies, procedures, Walmart Culture, ethics, and anticorruption, this raising their awareness and reinforcing the proper way to comply with all human rights issues.
Security personnel subcontracted by Walmart are obligated to include clauses that are in line with the principles of human rights and they cover, among other things, anticorruption and compliance with all laws in force. What is more, the agreements signed by and between Walmart and our suppliers have a clause regarding being informed on our Statement of Ethics.

Compliance

Convinced that our values are of the utmost importance, at Walmart de México y Centroamérica we make an effort to convey confidence and transparency among our stakeholders. This is a fundamental subject of leadership because our continued success hinges on everyone's commitment to do the right thing for our customers, for ourselves, and for the well-being of our business.

This year we continue to work on the six elements of the Compliance Program: leadership, standards and controls, training, communication, risk analysis, and monitoring and response, all with the purpose of increasing the level of maturity of the areas that are part of the same.

The 14 areas comprising the Compliance Program include:

- Anticorruption
- Antitrust
- International trade
- Licenses and permits
- Environment
- Money laundering prevention
- Privacy
- Consumer protection
- Responsible sourcing
- Health and well-being
- Health and safety
- Food safety
- Product safety
- Work and employment

The Mexico and Central America VP for Compliance, who report to the VPs for Compliance LATAM and International, have a team of more than 470 associates and experts across the 14 program areas. Moreover, Continued Improvement department monitors activity in key business units and provides training, follow-up, and designs remediation plans for the compliance findings identified during the visits made to the units.

The Matrix for Compliance, Annual E-certification, and continuous training of our associates are fundamental mechanisms in the assurance process for said program. We have incorporated certain compliance indicators for top management, which are factors for their performance reviews.

Anticorruption continues to be a primary focus for the Compliance Program. The anticorruption team, which is led by Directors in Mexico and Central America, is charged with developing and executing the principled and processes that are part of the Global Anticorruption Procedure, based on risk analysis. It is also in charge of training our associates as well as third-party intermediaries and commercial partners. In 2015, classroom or online training was received by more than 43,000 associates and more than 1,370 suppliers in Mexico and Central America.

Due diligence was performed on those suppliers having any type of interaction with government agencies so as to verify if said suppliers have been directly or indirectly involved in any form of corruption whatsoever; if this involvement is with a government official, the purpose is to determine if these assumptions could constitute a risk for the Company and any negative social impact.

This process must be renewed at least every two years so as to ensure that there have been no significant changes in the supplier structure and that there are no risk factors of corruption that could affect the status of being approved as a supplier. All approved suppliers obtain training in the Anticorruption Policy to guarantee knowledge of the same and to ensure compliance throughout the commercial relationship.

As a result of our efforts to always do the right thing, and because of the processes, training and controls that we have, we are very proud to be able to categorically state:

- We make no contributions to any political party or to any related institution
- We have neither incurred in antitrade practices nor acted against free enterprise
- We received no fines or significant non-monetary sanctions for non-compliance with laws and regulations
- We received no claims on privacy violation matters and/or the improper release of customer data

Board of Walmart de México Foundation

The Walmart de México Foundation is the not-for-profit organization through which we channel support to our communities. It has a Board of Trustees, comprised of 11 members, of which five are independent.

Chairman
Enrique Ostalé

Trustees
Manuel Álvarez
Mercedes Aragonés*
Karina Awad
Roberto Delgado*
Jorge Familiar*
Rafael Matute
Marinela Servitje*
Martha Smith*
José Luis Torres
Iván Zapién

As of December 31, 2015
*Independent Director

Note: As part of the Associates' Assembly held on March 10, 2016, the composition of the new Board of Walmart de México Foundation was determined:

Chairman
Guilherme Loureiro

Trustees
Karina Awad
Álvaro de Arrigunaga
Roberto Delgado*
Jorge Familiar*
Tanya Farah
Kathleen Mclaughin
Marinela Servitje*
Martha Smith*
José Luis Torres

Alternate Trustees
Juan Carlos Alarcón
Julie Gherki
Iván Zapién

*Independent Directors

Corporate Responsibility Committee

In Mexico, Corporate Responsibility reports to the VP for Corporate Affairs. In Central America, it reports to the Managing Director of Central America. Overall strategies are reviewed with the Committee for Corporate Responsibility, which consists of the Company's Executive Vice Presidents in conjunction with the key areas of the Company; the strategies are conveyed to the Board of Directors.

Moreover, the Committee establishes the action plans, indicators, and policies and procedures, all of which are fundamental to involving everyone in building a Company whose Corporate Responsibility is increasingly stronger and which honors the commitment of doing the right thing always in social, environmental and governance issues.
Corporate Responsibility is aimed at:

- Involving top management in the scope of proposed objectives, analyzing challenges, defining plans, and leading the initiative to generate value
- Establishing a long-term vision and strategic priorities based on what is good for our customers, good for the business and good for society
- Supporting the consolidation of structural changes, policies and procedures
- Identifying internal opportunities to improve our performance and lead our Company towards domestic and international trends that will maintain our leadership position

Senior Officers as of April 29, 2016

GUILHERME LOUREIRO **President and Chief Executive Officer** 3 years of experience in the Company	
JUAN CARLOS AJA **Vice President,** Merchandising Fresh Food, Wine & Liquor 20 years of experience in the Company	**ANA TERESA CONCEPCIÓN** **Vice President**, Human Resources Central America 3 years of experience in the Company
JUAN CARLOS ALARCÓN **Vice President,** Human Resources, Operations and Staff Mexico 2 years of experience in the Company	**CHRISTOPHER COOK** **Vice President,** Legal Central America 2 years of experience in the Company
MANUEL ÁLVAREZ **Vice President,** Suburbia, CATMEX & Apparel 22 years of experience in the Company	**FILIPE DA SILVA** **Vice President,** Finance Central America 1 month of experience in the Company
MAURICIO ARNÁBAR **Vice President**, Merchandising, Sam's Club 19 years of experience in the Company	**DAVID DÁGER** **Vice President,** Merchandising Services 30 years of experience in the Company
ÁLVARO ARRIGUNAGA **Senior Vice President**, Merchandising 22 years of experience in the Company	**GAELO DE LA FUENTE** **Vice President,** Perishables 3 years of experience in the Company
CARLOS GERARDO ARROYO **Senior Vice President** and General Manager**,** Central America 11 years of experience in the Company	**EDMUNDO DELGADO** **Vice President,** Merchandising, Basic & Processed Food 17 years of experience in the Company
KARINA AWAD **Senior Vice President,** People Division, Mexico & Central America 8 years of experience in the Company	**CARLOS DOUBLEDAY** **Senior Vice President,** Sam's Club 30 years of experience in the Company
CRISTIAN BARRIENTOS **Senior Vice President,** Bodega Aurrerá 16 years of experience in the Company	**PEDRO FARAH** **Executive Vice President** & CFO, Mexico and Central America 5 years of experience in the Company
PHILIP BEHN **Senior Vice President**, eCommerce 5 years of experience in the Company	**HÉCTOR FERNÁNDEZ** **Vice President,** Merchandising, Consumables & Pharmacy 13 years of experience in the Company
MIGUEL CAVAZZA **Vice President,** Logistics and Distribution 20 years of experience in the Company	**ALFONSO FERREIRA** **Vice President,** Innovation & Productivity 9 years of experience in the Company

JOHN GLEASON **Vice President,** Treasury, Tax and Investor Relations 10 months of experience in the Company	**ALFREDO NÁJERA** **Vice President,** ISD for Mexico and Central America 6 months of experience in the Company
MANUEL GÓMEZ **Vice President,** Strategic Planning 11 years of experience in the Company	**ENRIQUE PONZANELLI** **Vice President,** Legal for Real Estate 24 years of experience in the Company
OLGA GONZÁLEZ **Vice President,** Finance Commercial & Operations Mexico 6 years of experience in the Company	**JOSÉ MANUEL RODRÍGUEZ** **Vice President**, Operations, Central America 16 years of experience in the Company
SERGIO GUILLIN **Vice President,** Walmart Supercenter 12 years of experience in the Company	**ALBERTO SEPÚLVEDA** **Executive Vice President** and General Counsel for Legal and Corporate Affairs for Mexico and Central America 3 years of experience in the Company
GABRIELA GUTIÉRREZ **Vice President,** Real Estate Central America 22 years of experience in the Company	**FARLEY SEQUEIRA** **Senior Vice President,** Real Estate Development 23 years of experience in the Company
ENRIQUE GUZMÁN **Vice President,** General Merchandising 21 years of experience in the Company	**LUCAS SOMASCHINI** **Vice President,** Merchandising Central America 3 years of experience in the Company
TODD HARBAUGH **Executive Vice President** & General Manager, Self-service Mexico 25 years of experience in the Company	**ROBERTO SUCRE** **Vice President** and Controller for Accounting and Reports 20 years of experience in the Company
LILIA JAIME **Vice President,** Operations, Sam's Club 35 years of experience in the Company	**RICARDO VALDESPINO** **Vice President,** Commercial Real Estate 27 years of experience in the Company
JEFFREY LANGENFELD **Vice President,** Logistics, Central America 5 years of experience in the Company	**ROQUE VELASCO** **Vice President** and Controller for Government and Controls 9 years of experience in the Company
MÓNICA LOAIZA **Vice President,** Internal Audit Mexico & Central America 6 years of experience in the Company	**ADRIANA VELÁZQUEZ** **Vice President,** Chief Compliance Officer Mexico 3 years of experience in the Company
JAY MEALING **Vice President,** Asset Protection & Security 3 years of experience in the Company	**MARIANO VENTURA** **Vice President,** Superama 8 years of experience in the Company
MARÍA GUADALUPE MORALES **Vice President,** Operations, Walmart Supercenter 45 years of experience in the Company	**JUAN CARLOS ZAMORA** **Vice President,** Financial Services 3 years of experience in the Company
HERNÁN MUNTANER **Vice President,** Perishables & Agribusiness Division 21 years of experience in the Company	**IVÁN EDUARDO ZAPIEN** **Vice President,** Corporate Affairs 7 years of experience in the Company

Board or Executives are related to each other. No Director or Executive has significant holdings in the Company, either as individuals or as a group.

The total payment made from the Company to its Directors and main Executives during the year ended December 31, 2015 amounted to 1,227.7 million pesos. The payment made by the Company to the totality of its personnel, including its main Executives but excluding its Directors, consists of a fixed part and a variable component, represented by a bonus for results, whose amount depends on accomplishing the goals stated in the Business Plan for the year in question.

As of December 31, 2015, the Company had a Personnel Stock Option Plan, constituted by 218,286,764 **WALMEX** shares presented in the Balance Sheet of the Company at their purchase cost and restated according to the National Consumer Price Index. Said fund is to offer stock purchase programs to company Executives, pursuant to the authorization granted by the National Bank and Securities Commission and to that outlined in the company bylaws. During the period from January 1 to December 31, 2015, a total of 44,185,575 shares were assigned, and 56,630,756 shares were exercised. The Company purchased the stock necessary for this plan through the Mexican Stock Exchange.

The stock holdings in the Personnel Stock Option Plan Fund represent only 1.3% of outstanding shares as of December 31, 2015. Intersalt, S. de R.L. de C.V. is the majority shareholder of Wal-Mart de México, S.A.B. de C.V., and beneficiary of more than 10% of the Company's Capital Stock; its equity interests as of December 31, 2014 amount to 70.51% of the representative shares of the Capital Stock, making it a shareholder which executes control and significant influence in the Company. The remaining shares trade freely in the Mexican Stock Exchange.

Stock Situation as of December 31, 2015

	Million shares	%
Intersalt, S. de R.L. de C.V.	12,312	70.5
Personnel Stock Option Plan Fund	218	1.3
Subtotal	12,530	71.8
Market	4,931	28.2
Total	**17,461**	**100.0**

In turn, a subsidiary of Wal-Mart Stores, Inc. is the majority partner of Intersalt, S. de R.L. de C.V. Wal-Mart Stores, Inc. is a U.S. Corporation listed in the New York Stock Exchange; its ticker symbol is WMT.

It is important to indicate there are neither Board Members nor Senior Officers of the Company in possession of individual share holdings over 1% and under 10%.

d) Corporate Bylaws

WAL-MART DE MÉXICO, S.A.B. DE C.V.

BYLAWS

CHAPTER ONE

NAME, ADDRESS, PURPOSE, AND TERM

ONE. The name of the corporation is WAL-MART DE MÉXICO. This name shall always be followed by the words SOCIEDAD ANÓNIMA BURSÁTIL DE CAPITAL VARIABLE, or its abbreviation S.A.B. DE C.V. The corporation may use the word "Wal-Mart" as part of its name pursuant to a license agreement with Wal-Mart Stores, Inc. (the "Permanent Shareholder") or a corporation related to it. If the Permanent Shareholder ceases to be, directly or indirectly, the majority shareholder of the corporation, it shall immediately call for a general extraordinary shareholders' meeting to change its name, within sixty (60) calendar days, to any other not including the word "Wal-Mart" or any confusingly similar words.

TWO. The legal domicile for the corporation shall be in Mexico City, but representations or branch offices may be established or conventional domiciles may be stipulated in anywhere within the United Mexican States or abroad.

THREE. The purpose of the corporation is:

(a) To promote, incorporate, organize, exploit and take interest in the capital and equity of any commercial or civil corporation, partnership or industrial, commercial, service and other corporation, both domestic and foreign, as well as to participate in their management or liquidation;

(b) To acquire, through any legal means, shares or other equity interests in any type of corporations, commercial or civil, either upon incorporation or thereafter, and to sell, transfer, deal with shares or other interests, including any negotiable instruments;

(c) To provide, contract and receive any technical, consultation and advisory services and enter into any agreements or contracts for the attainment of these purposes.

(d) To assume any obligations on its own behalf or on behalf of third parties, to issue, subscribe, endorse, grant and protest any type of negotiable instruments, to issue guaranties, bonds, in rem or personal guaranties, on its own behalf or on behalf of third parties, to assume joint obligations and execute any instruments or documents permitted by law, with the participation, if any, of persons and institutions, domestic and foreign, if required by law;

(e) To acquire, issue and offer securities to the public, in accordance with the applicable provisions, and to repurchase shares in accordance with the terms of the Securities Market Law and those provisions derived therefrom;

(f) To acquire, dispose of, lease, sublease, and grant rights for the use and disposal of, and in general, the exploitation of, any movable property or real estate, including appurtenances and accessories;

(g) To execute any agreements and contracts with local, municipal or federal governments and authorities, with any entity, public or private, including affiliates and subsidiaries of the corporation, and with any individuals, domestic or foreign;

(h) To execute transactions with any type of securities and derivative transactions;

(i) To register, purchase, lease, assign, renew, prove use and dispose of trademarks, parents, invention certificates, trade names, industrial designs, trade notices, registration of models, copyright, inventions and processes;

(j) To establish, lease, operate and possess plants, facilities, workshops, warehouses, offices and agencies in the United Mexican States or abroad;

(k) To act as commission agent or mediator and represent any commercial enterprises;

(l) To maintain insurance policies with domestic or foreign insurance companies;

(m) To participate in any bidding process, whether national or international, including those conducted through electronic means, of the Federal Government, local or municipal governments, autonomous or decentralized public bodies, as well as any agency or instrumentality thereof; and

(n) In general, to carry out any acts, execute any contracts and agreements, as well as transactions of any nature in accordance with the terms of the applicable law.

FOUR. The term of the corporation shall be ninety-nine years beginning on the eighth day of March, in the year nineteen hundred and ninety-three.

CHAPTER TWO

CAPITAL STOCK AND SHARES

FIVE. (a) The capital of the corporation is variable.

(b) The minimum fixed capital amounts to $5’591,362,245.00 (five billion, five hundred and ninety-one million, three hundred and sixty two thousand, two hundred and forty-five Mexican pesos).

(c) The authorized maximum variable capital amounts to $100,000,000,000.00 (One hundred billion pesos, lawful currency of the United Mexican States).

(d) The capital, minimum, or fixed or variable, shall be represented by shares of the same series, registered, common or ordinary, without par value, of free subscription, representing one hundred percent (100%) of the voting shares, which may be subscribed or acquired by individuals or entities, domestic or foreign.

(e) The capital stock shall be represented by a minimum of 3,000,000,000 (three billion) and a maximum of 100,000,000,000 (one hundred billion). The Board of Directors may increase or decrease the number of shares outstanding, provided that it is within the minimum and maximum amounts provided for in this paragraph.

(f) Given that the corporation is a publicly-traded corporation (sociedad anónima bursátil) governed by the Securities Market Law, and that the right of withdrawal in accordance with the last paragraph of Article fifty (50) of the Securities Market Law is not applicable to said corporations, it is agreed that there shall be no distinction between the shares representing the fixed capital and those representing the variable capital; therefore, shareholders shall have a proportional interest in the shares of the fixed and variable capital. The corporation shall indicate in the stock certificate or provisional stock certificates the amount of its minimum fixed.

(g) The capital may be increased by further contributions of the shareholders or by the admission of new shareholders and in the events referred to in Article one hundred sixteen (116) of the General Corporations Law, and decreases of the capital by reimbursement to shareholders, to absorb losses and the repurchase of shares.

(h) Increases and, if applicable, decreases of the capital stock shall be approved by the general ordinary or extraordinary shareholders' meeting, as applicable, in any case, with the notarization of the relevant minutes, except when said increases or decreases result from the repurchase of the shares of the corporation.

(i) Any increase and decrease of capital resulting from one or more of the following events, except when modifying the minimum fixed capital or the maximum authorized variable capital, shall not require the approval of the meeting and may be declared by the Board of Directors: (i) capitalization of stockholders' equity items; (ii) a decrease in the capital stock to absorb losses; or (iii) increases or reductions resulting from the repurchase of shares. In the event of (i) and (ii) above, the number of shares outstanding shall not vary, given that shares have no par value.

(j) On an annual basis, at the general annual ordinary meeting, the Board of Directors shall inform the meeting: (i) the number of shares repurchased by the corporation and whether said shares have been made outstanding or their cancellation is applicable; (ii) the amount of the capital, within the minimum and maximum authorized; (iii) the number of shares outstanding at the close of the previous year; and (iv) the use given to the powers granted by this Article. This obligation is separate from the reporting obligations of the corporation.

(k) The corporation may repurchase shares in accordance with the terms of the Securities Market Law and the provisions derived therefrom, out of the capital stock and, if applicable, a fund created with net profits, called fund for the repurchase of shares.

(l) Corporations in which Wal-Mart de México, S.A.B. de C.V., is the majority shareholder shall not invest, directly or indirectly, in shares of the same, [nor of any other corporation that is a majority shareholder of Wal-Mart de México, S.A.B. de C.V.], except in the event where the shares are purchased to comply with stock options granted or that may be granted to the employees of said corporations, provided that the shares owned by them do not exceed twenty-five percent of the total shares of the corporation.

(m) The corporation may issue shares to be subscribed by the investing public, provided that it complies with the following: (i) the general extraordinary shareholders' meeting approves the maximum amount of the capital increase and the terms under which the relevant shares shall be issued; (ii) the subscription of shares is made in a public offering, after registration with the National Registry of Securities, in compliance with the provisions of the Securities Market Law and the general provisions derived therefrom; (iii) the amount of capital being subscribed and paid is disclosed by the corporation when it discloses the authorized capital stock represented by the issued and unsubscribed shares; and (iv) the preferential subscription right referred to in Article one hundred thirty two (132) of the General Corporations Law shall not be applicable with respect to capital increases made by public offering.

SIX.

1. All the shares into which the capital stock is divided are registered, indivisible, and with no par value. Shares confer rights on the holders and make them liable to those obligations corresponding to common stock.

The corporation, directly and/or through an institution for the deposit of securities or a credit institution acting as registration agents in the name and on behalf of the corporation, shall keep a shareholders' registry in accordance with Article one hundred twenty-eight (128) of the General Corporations Law, in which the subscriptions, acquisitions or transfers of shares representing the capital stock shall be recorded, stating the name of the subscriber and the acquirer. Any person acquiring one or more shares shall assume the sellers' rights and obligations with respect to the corporation. Ownership of one or more shares means the acceptance by a holder of the provisions of the bylaws of the corporation, the amendments or modifications hereto and the resolutions adopted by the general shareholders' meetings and the Board of Directors, regardless of the rights provided for herein.

The corporation shall only acknowledge as shareholder the persons registered as such in the shareholders' registry book maintained by the corporation directly and/or through an institution for the deposit of securities or a credit institution acting as registration agents in the name and on behalf of the corporation. However, with respect to shares intended to be outstanding among the investing public, the indication of this circumstance and of the institution for the deposit of securities in which the stock certificate or certificates representing said shares shall suffice for registration, and, in such case, the corporation shall also acknowledge as shareholders the persons that evidence such capacity with the certificates issued by the relevant institute for the deposit of securities, together with the list of holders of the relevant shares, prepared by whom appears as depositor of said certificates.

2. Shares shall be represented by printed certificates. Provisional stock certificates may be issued until final stock certificates are printed.

3. The provisional and final stock certificates representing the capital stock shall be consecutively numbered and shall represent one or more shares. Stock certificates shall contain the items listed in Article one hundred and twenty-five (125) of the General Corporations Law. Articles five (5), six (6) and twenty-five (25) herein shall be transcribed verbatim thereon. Stock certificates shall have two written or facsimile signatures of either the Chairman or the Chief Executive Officer, if a board member, or the secretary or alternate secretary of the Board of Directors, or the signatures of two members of the Board as appointed by the Board for said purpose. Stock certificates may have coupons attached and be duly numbered. Stock certificates or provisional stock certificates may be exchanged for others of different denominations, provided that new or provisional stock certificates represent the same number of shares as those given in exchange. Should the certificates or provisional certificates be lost, stolen or destroyed, they may be replaced pursuant to the provisions of Title One, Chapter One, Section Two of the General Law of Negotiable Instruments and Credit Transactions, with expenses for said replacement to be covered by the owner of the relevant certificates.

CHAPTER THREE

GENERAL SHAREHOLDERS' MEETING

SEVEN.

1. The supreme authority of the corporation is the General Shareholder' Meeting, which shall hold either ordinary or extraordinary meetings.

2. The ordinary shareholders' meeting shall meet:

I. To deal with the report referred to in Article one hundred seventy two (172) of the General Corporations Law with respect to the immediately preceding fiscal year of the corporation and the companies controlled by the corporation, as well as the other reports that, pursuant to Article twenty-eight (28), section IV of the Securities Market Law, must be submitted by the Board of Directors of the corporation. Said report shall state the main positions held by each director, indicating which director are independent and which are not.

II. If required, to designate the amount of capital stock that may be used to the repurchase of shares as well as the stockholders' equity maximum amount, with the only limitation being that the sum of the funds that may be allocated for said purpose shall under no circumstances exceed the aggregate balance for net income for the corporation.

III. To appoint and remove the Chairman of the Audit Committee as well as the Chairman of the Corporate Practices Committee.

IV. The general ordinary shareholders' meeting, in addition to the provisions of the General Corporations Law, shall meet to discuss and, if applicable, approve the transactions intended to be executed by the corporation or the entities controlled by it, during one fiscal year, when the transaction represents twenty percent (20%) or more of the consolidated assets of the corporation based on the figures corresponding to the close of the immediately preceding quarter, regardless of the manner in which such transactions are executed, either simultaneously or successively, but that due to their characteristics may be deemed a single transaction. The shareholders of voting shares, including limited or restrictive voting shares in accordance with Article forty-seven (47) of the Securities Market Law, may vote at such meetings.

V. Any other matter not expressly reserved by law or these bylaws to the General Extraordinary Shareholders' Meeting.

3. General ordinary meetings may be held at any time but must meet at least once each year within four months after the close of the fiscal year.

4. General Ordinary Meetings shall be deemed legally convened upon first call if at least half of the shares in the capital stock are represented thereat and resolutions shall be valid when taken by a majority of votes of those present at said meetings. If the meeting cannot be held on the date designated thereto, a second call shall be stating said circumstance. Meetings held upon second call shall be deemed legally convened with any number of shares represented thereat and its resolutions shall be valid if taken by a majority vote of those present thereat.

5. General Extraordinary Meetings shall be called to deal with the matters listed in Article one hundred and eighty-two (182) of the General Corporations Law:

I. Extension of the term of the corporation;

II. Advanced dissolution of the corporation;

III. Increase or reduction of the Capital Stock;

IV. Changes to the corporation's purpose;

V. Change of the corporation's nationality;

VI. Transformation of the corporation;

VII. Merger and spin-off of the corporation;

VIII. Issuance of preferred stock;

IX. Amortization by the corporation of its own shares, issuance of preferred stock (acciones de goce);

X. Issuance of bonds; and

XI. Any other change to the bylaws.

General Extraordinary Shareholder's Meetings shall be deemed legally convened, upon first call, if at least seventy-five percent (75%) of shares are represented thereat and their resolutions shall be valid if approved by the shareholders representing at least half of said shares. Upon second or subsequent call, the General Extraordinary Shareholder's Meetings shall be deemed legally convened when at least fifty percent (50%) of shares are present. Resolutions shall only be valid if approved by the shareholders representing at least fifty percent of the capital stock.

EIGHT. General Shareholders' Meetings shall be held pursuant to the following rules:

1. Meetings shall be held at the corporate domicile, except in the event of force majeure, and shall be called by the Board of Directors through the Electronic System for Publications of Corporations. Calls shall be published at least fifteen calendar days prior to the meeting, except in the event provided for in Article Seven, section two, subsection II hereof, which term shall be of at least five calendar days prior to the meeting. Call shall include the date, time and place for the meeting, the Agenda, and shall be signed by whom makes said call. During said term, the books and documents related to the items on the Agenda of the Meeting shall be made available at corporate offices to the shareholders for consultation and, if applicable, shall include the financial statements with exhibits.

2. No call shall be necessary if attendees to the meeting represent all issued shares and if a meeting is adjourned for any reason and is to continue on a different date and time. In both cases, this circumstance shall be noted in the relevant minutes.

3. Shareholders may be represented at the meetings by the person or persons appointed through proxy letters granted in accordance with the terms of the applicable law in the forms made available by the corporation in accordance with section III of Article forty-nine (49) of the Securities Market Law. The corporation shall make available to the intermediaries of the securities market that evidence having the representation of the shareholders of the corporation, for the term referred to in Article one hundred seventy-three (173) of the General Corporations Law, forms of proxy letters prepared by the corporation, in order for said intermediaries to provide the forms in a timely manner to those

represented by them. Proxy letters shall clearly indicate the name of the corporation and the respective agenda and shall provide space for the instructions of the grantor for the exercise of the proxy.

The secretary of the Board of Directors of the corporation shall be required to make sure the provisions of this Article have been complied with and inform so to the shareholders' meeting, which shall be stated in the respective minutes. Members of the Board of Directors shall not represent the shareholders at any meeting.

4. To attend the meetings, the shareholders shall be registered in the shareholders' registry maintained by the corporation (directly or through an institution for the deposit of securities and the lists of depositors evidencing participation of said shareholder) or by a credit institution acting as registration agent in the name and on behalf of the corporation, obtaining, within the period of time indicated in the respective call, from the secretary of the Board of Directors the admission ticket to attend the meeting, which shall be requested to the secretary of the Board of Directors no later than two (2) days prior to the date set for the meeting.

5. Before calling the meeting to order, the officer presiding over shall appoint one or more recount clerks, who shall verify the number of shares represented and shall make a list of the attendees, stating the number of shares each represents.

6. After quorum is established, the Chairman shall declare the meeting convened and shall proceed to go over the items on the Agenda, presiding over any agreements and debates.

7. The meeting shall be presided over the Chairman of the Board of Directors and should he be absent, the person elected by the meeting. The secretary of the Board of Directors shall act as secretary of the meeting. If absent, the person elected by the meeting shall act as secretary.

8. The Secretary shall draft the minutes of each meeting and shall create a file therefor. The file shall contain the following:

a) A copy of the call that was published, should it be the case.

b) The attendance list of the owners of stock.

c) Proxy letters or the extract of the document used to evidence capacity certified by the secretary or recount clerk.

d) A copy of the meeting's minutes.

e) All reports, opinions and other documents submitted during the meeting.

f) Certification by the secretary that provisions in paragraph III of Article forty-nine (49) of the Securities Market Law have been complied with.

9. If for any reason a legally called meeting is not convened, a document stating said circumstance and the reasons thereof shall be drafted and a file shall be created in connection with paragraph eight above.

10. Resolutions taken by the general meetings are legally binding for all shareholders, including dissident and absent shareholders, shall be final and without further recourse. The Board of Directors is thereby authorized to adopt resolutions, issue orders and take actions or enter into agreement necessary for the execution of any approved resolutions.

11. Shareholders holding twenty percent (20%) or more of the capital stock may judicially oppose to the decisions adopted by the meeting.

12. Shareholders holding ten percent (10%) or more of the corporation's capital stock shall be entitled to request the adjournment, for one time only, for three calendar days and without any further call, the voting of any matter with respect to which they are not sufficiently informed.

13. If there is no quorum at a general ordinary or extraordinary shareholders' meeting, duly called, the call shall be republished with the same requirements and the same time periods as set forth in paragraph one of this Article. The meeting upon second or subsequent call shall be held provided that the number of shares set forth in Article Seven hereof for these types of meetings is always represented.

14. Without being gathered at a meeting, shareholders may adopt resolutions with the unanimous vote of the shareholders representing all the voting shares in the applicable matters, as the case may be, which resolutions shall be as valid as if adopted by the general shareholders' meeting, respectively, provided that such resolutions are

confirmed in writing and entered into the applicable minutes book with the signature of the secretary of the Board of Directors.

CHAPTER FOUR

MANAGEMENT OF THE CORPORATION

NINE. Management of the corporation shall be entrusted to a Board of Directors and a Chief Executive Officer. The Board shall consist of the number of directors determined by the general ordinary shareholders' meeting, and they shall be no more than twenty-one, at least twenty-five percent of which shall be independent directors. Also, for each director, an alternate may be appointed. The alternate of an independent director shall also be independent.

Unless otherwise agreed by the general ordinary shareholders' meeting, the majority of the directors and alternates shall be citizens and residents of any jurisdiction that does not cause the corporation or the securities issued by it, be object of a registry, authorization, registration or any other similar act in a jurisdiction different from the United Mexican States only by virtue of the citizenship or residency of its directors.

Independent directors shall mean the persons that, in the judgment of the general ordinary shareholders' meeting, have the necessary experience, ability and reputation, and considering that they will be able to perform their duties free of any possible conflicts of interests or influenced by personal, economic or other interests. The general shareholders' meeting appointing or ratifying the members of the Board of Directors or, if applicable, the meeting at which said appointments or ratifications are informed, shall determine the independent capacity of the directors. Notwithstanding the foregoing, in no event the persons referred to in sections I through V of Article twenty-six (26) of the Securities Market Law may be appointed or act as independent shareholders. Independent directors that during office cease to be deemed independent shall inform so to the Board of Directors no later than the following meeting of the said body.

TEN. The Board of Directors shall be in charge of Corporate affairs and shall execute the transactions, acts and agreements related to the corporate purpose, with the exception of those expressly reserved by law of these bylaws to the general ordinary or extraordinary shareholders' meetings. Said Board shall represent the corporation before any administrative and judicial authorities, with general powers for acts of ownership and administration and for lawsuits and collections, without limitation, in accordance with Article two thousand five hundred and fifty-four (2554) of the Civil Code for the Federal District. It shall also be authorized to exercise the powers that according to law require special clause, including, but not limited to, the following:

a) To take the actions strictly pertaining to ownership matters such as, to sell, mortgage or otherwise dispose of or encumber, as well as to lease or pledge, the corporation's assets and property.

b) To borrow money, issue bonds, purchase in installments and execute credit transactions without any limitation whatsoever, including the execution and acceptance of any type of negotiable instruments and become joint obligor on behalf of the corporation.

c) In general, to direct, manage and control the corporate affairs and the administration of all its properties, overseeing compliance of any type of agreements and contracts in order to comply with the corporate purposes.

d) To prepare, approve and submit to the shareholders the annual financial statements as required by law, and recommend and propose to the shareholders the resolutions deemed appropriate in connection with the income, profits and losses.

e) To suggest plans and standards to be followed by the corporation, specifically with regards to the purchase, sale, lease, lien, mortgage and transfer of any type of movable properties or real estate, rights and concessions, franchises, incurrence of loans, and any other material management acts and concerns.

f) To appoint and remove, freely, proxies and other corporation's officials and employees, to grant them powers and modify their authority, but always setting the limits set forth in Article Seventeen, set their compensation and determine the personal guaranty to be provided to secure the faithful performance of their duties and approve the external auditor of the corporation, with the prior recommendation from the Audit Committee.

g) To establish and close branches and agency offices of the corporation.

h) With limitations set forth in Article Seventeen, to delegate, in whole or in part, powers to any person or individual, or group of persons, managers or other official or proxy, as well as to grant general or special powers, legal mandates or administrative authorities for any period of time, and to delegate to any person, whether member or not of the Board of Directors, the power to grant or revoke general and special powers, and to take any other action required to be completed.

i) To issue and exchange shares when it does not involve changes to the capital stock in accordance with the provisions of Article Five.

j) The non-delegable power to resolve the purchasing of shares representing the capital stock of the corporation, through the stock exchange, at the current market price, chargeable to stockholders' equity and, the capital stock, if applicable; and its later offering among the investing public.

k) The non-delegable power of the Board to approve transactions outside the ordinary course of business and intended to be executed by the corporation and its shareholders with persons who are members of the corporation's management, or with whom said persons have equity ties, or if applicable, blood ties or ties to the second degree, the spouse or common law spouse, and those transactions representing more than one percent of corporate assets; the purchase or sale of five percent or more of assets and the granting of guarantees in amounts exceeding five percent of assets.

l) After having first received an opinion from the Audit and Corporate Practices Committees, to decide on and approve those transactions that the corporation or its subsidiaries wish to execute with related parties or that compromise the corporation's estate.

m) To appoint among its members or alternates the members for the Audit and Corporate Practices Committees, provided that said Committees may act as one if they comply with the provisions of Articles forty-one (41), forty-two (42) and forty-three (43) of the Securities Market Law.

n) All others conferred by the Mexican laws and these bylaws that are not expressly reserved to the shareholders.

o) Create other Committees, internal or external, that are required for the effective performance of its obligations, and determine its integration and operation.

ELEVEN.

1. The members of the Board of Directors shall be appointed as set forth in Article Nine and shall hold office for the time period determined by the meeting, until such time as replacements have been elected and take office. Notwithstanding, a duly called shareholders' meeting may revoke the appointment of one or more Directors.

The Board of Directors may appoint provisional directors pursuant to and for the purposes set forth in Article twenty-four (24) of the Securities Market Law.

2. Unless otherwise required by the general ordinary shareholders' meeting, members of the Board of Directors are not required to guarantee any liability that could be incurred in the performance of their duties.

3. Directors shall be appointed with the majority vote of the shares entitled to vote at the general ordinary shareholders' meeting.

4. The minority shareholders representing at least ten percent (10%) of the capital stock, represented by shares subscribed by the corporation, shall be entitled to:

a) Appoint and remove a member of the Board of Directors. Such appointment may only be revoked when the other members of the Board of Directors are also removed, in which case, removed members shall not be appointed as such for a period of 12 months immediately following the date of removal.

b) Request the Chairman of the Board of Directors or the Chairman of the Audit and Corporate Practices Committees, at any time, to call for a general shareholders' meeting.

5. If upon holding elections of Directors as set forth in paragraph three of this Article, a minority shareholder or group of minority shareholders exercise the right granted by paragraph four above to appoint a director and its alternate for a fiscal year or a portion thereof, at any shareholders' meeting, said minority shareholder or group of minority shareholders may not vote during the appointment of the remaining directors for the same fiscal year or portion thereof.

TWELVE.

1. Meetings of the Board of Director shall be held at the corporate domicile, in the branch offices or agencies that have been established anywhere within the United Mexican States or abroad as determined by the Board. Meetings may also be held in person or with access through electronic or telecommunications means.

Resolutions taken in lieu of a board meeting, unanimously, shall be as valid as if taken by a meeting of the Board. In this case, resolutions may be taken regardless of the location of each Board member, or the means used for communication. Said resolutions shall be confirmed in writing, entered in the Board meeting's minutes' book and duly signed by the chairman and secretary or alternate secretary.

2. Meetings of the Board of Directors may be held at any time whenever called by the chairman, the secretary, the alternate secretary, the Audit and Corporate Practices Committees or twenty-five percent (25%) of the directors, in writing or otherwise, at least three (3) calendar days prior to the meeting, specifying the time, date, place and Agenda.

The Board of Directors shall meet at least four times each year.

3. Board members may waive in writing the need for a call to a meeting. If a director is present, it shall be deemed it has waived the call. No prior call is required for meetings included in the schedule approved by the Board. For other cases, any call made three (3) calendar days prior to the meeting shall suffice.

4. Except for cases outlined below in this same paragraph regarding the existence of quorum for any Board of Directors' meeting, attendance of at least half plus one directors or alternates is required. Resolutions on all matters reserved for the Board and listed on the Agenda shall be approved with the affirmative vote of at least half plus one of directors or alternates. To deal with and validly adopt resolutions on any of the matters listed below, the attendance of the chairman of the Board of Directors and at least half of the directors or alternate directors is required. Resolutions shall be adopted with the affirmative vote of the chairman of the Board of Directors and at least half of the directors or alternate directors. These matters are:

a) Any purchase or acquisition, through any means, sale or disposal of any title to property of the fixed assets of corporation or any permanent investment exceeding twenty-five percent of stockholders' equity pursuant to the most recent financial statements approved by the shareholders.

b) Incur debts maturing beyond twelve months and in an amount exceeding twenty-five percent of the stockholders' equity pursuant to the most recent document of financial information approved by the shareholders.

c) Grant bonds, pledges, mortgages and other guaranties of any kind in excess of twenty-five percent (25%) of the stockholders' equity pursuant to the most recent financial statements approved by the shareholders.

d) The appointment or removal of the Chairman of the Board of Directors and the Chief Executive Officer of the corporation, as well as the granting or revoking of their respective powers, in which case, neither the attendance nor the vote of the active chairman shall be required.

5. Minutes shall be drafted of any meetings of the Board of Directors. Said minutes shall be recorded in the Minutes book and signed by the Chairman and Secretary or Alternate Secretary of the Board.

6. For the provision of their services, directors shall receive the compensation set by the general shareholders' meeting, in addition to any travel expenses incurred in conducting the operations of the corporation, as well as those incurred for traveling to and from the place where the meeting is held.

The persons that have an employee relation with the Permanent Shareholder and its subsidiaries, including this corporation, that occupy a position of director, alternate director, secretary or alternate secretary, shall have no right to receive emoluments for its services, but only to the reimbursement of their traveling expenses.

7. Board members are in responsible for the resolutions adopted with respect to the matters referred to in section k) of Article Ten above, with the exception of the provisions of Article one hundred and fifty-nine (159) of the General Corporations Law and the events listed in Articles forty (40) of the Securities Market Law.

8. Members of the Board of Directors and the Chief Executive Officer shall meet the duties of care and loyalty as set forth in Articles thirty (30), thirty-one (31), thirty-two (32), thirty-four (34), and thirty-five (35) of the Securities Market Law, and shall refrain from engaging in conducts that may be deemed illicit deeds or actions pursuant to Article thirty-six (36) of the Securities Market Law.

9. The corporation shall indemnify and hold harmless the members of the Board of Directors with respect to any liability incurred to third parties in the performance of their duties and it shall pay the amount of said indemnification for any damages caused to third parties, the corporation or the entities it controls or in which it has significant influence, except with respect to acts that are intentionally malicious, in bad faith or illegal. In addition, the corporation may take out in favor of the members of the Board of Directors insurance, bonds or guaranties covering the amount of the indemnification for any damages caused in the performance of their duties to the corporation or the entities it controls or in which it has significant influence, except with respect to acts that are intentionally malicious, in bad faith or illegal.

CHAPTER FIVE

OFFICIALS AND PERMANENT SHAREHOLDER

THIRTEEN. Once the Board of Directors is duly formed, in its first meeting, it shall appoint among its members a Chairman. Also, a secretary and an alternate secretary may be appointed, none of which are required to be a Board member.

FOURTEEN.- The duties and obligations for the Chairman of the Board are:

I. Preside over general shareholders' meetings and comply with its resolutions when no special executor is appointed.

II. Call for Board of Director meetings, preside over meetings and comply with its resolutions when no special executor is appointed.

III. Sign the minutes of shareholders' and Board meetings presided over by him, as well as the copies of said documents when issued upon request of the interested parties.

IV. Supervise the strict compliance with these bylaws, the interior regulations of the corporation and any agreements approved by the Board and the Committees.

V. Submit to the Shareholders on an annual basis a detailed report on the state of affairs of the corporation.

VI. Any others granted or imposed by the Board of Directors.

FIFTEEN. The corporation is a subsidiary of, and is controlled by, the Permanent Shareholder, who has expressed to the corporation its intention to become the owner of at least the majority of the voting shares and the capital stock of the corporation. The Audit and Corporate Practices Committee, solely comprised of independent directors, has determined that it is in the best interests of the corporation and its shareholders, without any distinction, to become a member of the business group lead by the Permanent Shareholder. Therefore, the corporation, after obtaining the favorable opinion of its Audit and Corporate Practices Committee and that of its Board of Directors, in both cases solely through the directors that are independent, may adopt policies and procedures with respect to the consistency, reporting, information, compliance, regulation, organization and other that are consistent with those adopted by the Permanent Shareholder, provided that said policies and procedures are consistent with and do not contravene Mexican law.

SIXTEEN.- The powers and duties of the secretary and alternate secretary of the Board of Directors are:

1. To act as such at the Shareholders' and Board meetings, and to draft any minutes thereof and sign them together with the Chairman of the Board.

2. To keep the Shareholders' and Board meetings' minutes books, as well as the Shareholders' and Capital Variations Registry Books.

3. To issue, upon request, copies of the minutes recorded in said books, and documentation relating to the corporation, as well as to sign certificates and communications in compliance with the law applicable to publicly-traded corporations (sociedades anónimas bursátiles).

4. Formalize any resolutions adopted by the Board of Directors and Shareholders' meetings, and those resolutions that under the applicable law are required to be formalized.

SEVENTEEN. The Board of Directors may freely appoint and remove the Chief Executive Officer and other senior executive officers, who may or may not be shareholders, and who shall have the obligations, powers and compensation allocated by the Board of Directors and those stated by Law; and shall secure the performance of their duties in the same manner as the directors. The powers granted to said Chief Executive Officer as well as to any other official employed by the corporation or its subsidiaries shall always require the prior approval by the Board with respect to the matters listed in Article Twelve, paragraph four hereof. The positions of directors and Chief Executive Officer shall be compatible and may be held by the same person, in which case the aforementioned guarantee shall only be provided once.

The Chief Executive Officer shall perform the duties of management, administrative and execution of the business of the corporation and the legal entities controlled by the corporation, as well as those activities described in Articles forty-four (44), forty-five (45), forty-six (46) and those applicable under the Securities Market Law.

EIGHTEEN. The Chief Executive Officer, or in his absence, the Board, may freely appoint and remove one or more managers, assistant managers and agents of the corporation, and who may or may not be shareholders, and may designate their powers, duties and compensation, with clear indication given of the scope of their rights and duties to be exercised and performed in the businesses and locations determined by the Board.

CHAPTER SIX

SURVEILLANCE OF THE CORPORATION

NINETEEN. Surveillance of the corporation shall be the responsibility of the Board of Directors, through the Audit and Corporate Practices Committees, which shall consist of at least three independent directors. The person conducting the external audit of the corporation shall also perform the surveillance activities. The members of the Audit and Corporate Practices Committees shall be annually appointed by the Board of Directors and shall perform the duties set forth in Articles forty-two (42) and forty-three (43) of the Securities Market Law and shall hold their positions for one year or until replacements have been appointed and take office.

CHAPTER SEVEN

PROFITS AND RESERVE FUND

TWENTY. At the close of each fiscal year, the financial statements of the corporation and its subsidiaries shall be prepared, on a consolidated basis, based on the principles set forth in the Securities Market Law and the general provisions derived therefrom, pursuant to the accounting principles issued or acknowledged by the National Banking and Securities Commission and pursuant to the provisions of Article one hundred four (104) of the Securities Market Law. Said financial statements shall be completed within three months following the close of the fiscal year and shall be submitted to the general shareholders' meeting for approval. The following distribution shall be made of the net profits resulting from the financial statements approved by the shareholders' meeting:

a) At least five percent is to be set aside to establish the reserve fund in accordance with the provisions of Article twenty (20) of the General Corporations Law, until said fund amounts to twenty percent (20%) of the historic capital stock. Said amounts are also to be used to create any other funds approved by the general meeting, including, without limitation, a fund for the repurchase of shares.

b) The remaining profits shall be used as agreed by the general ordinary shareholders' meeting. As instructed by the shareholders' meeting, the Board of Directors may pay at any time dividends on profits earned pursuant to financial statements approved by the shareholders. Any dividends declared and not collected by the shareholders within a period of five (5) years shall be deemed waived in favor of the corporation.

c) When so agreed by the general extraordinary shareholders' meeting, the corporation may proceed to redeem shares with distributable income pursuant to the rules set forth in the General Corporations Law.

CHAPTER EIGHT

DISSOLUTION AND LIQUIDATION

TWENTY-ONE. The corporation shall be dissolved upon expiration of the term referred to in Article Four, unless said term is extended prior to its expiration by agreement of the general extraordinary shareholders' meeting or prior to said expiration for any of the reasons outlined in Article two hundred and twenty-nine (229) of the General Corporations Law.

TWENTY-TWO. Upon completion of the dissolution process of the corporation by the shareholders' meeting, one or two liquidators shall be appointed, who shall proceed to liquidate the corporation and distribute any proceeds among the shareholders in the direct proportion to the number of shares held by each shareholder. Said liquidators shall be granted full powers to liquidate the corporation and may, therefore, collect any amounts due to the corporation and pay any amounts owed by it. Also, liquidators shall initiate any suits and proceedings and pursue them to completion with full powers pursuant to Articles two thousand five hundred and fifty-four (2554) and two thousand five hundred and eighty-seven (2587) of the Civil Code for the Federal District. Liquidators are also authorized to cancel mortgages and other liens; settle disputes and sell properties or securities of any nature. With regards to any powers and obligations not specifically set forth in these bylaws, liquidators shall have those conferred by Articles two hundred and forty-two (242) and others in accordance with the General Corporations Law.

TWENTY-THREE. Shareholders shall be responsible for the corporation losses only to the extent of the value of their respective subscribed and unpaid shares.

TWENTY-FOUR. Founding partners as such do not reserve any special interest in the profits.

CHAPTER NINE

GENERAL PROVISIONS

TWENTY-FIVE. Any foreigner who upon the incorporation or at a later time acquires any interests or shares in the corporation shall, therefore, be deemed a Mexican national with respect to said interests or shares and it shall be understood that said foreigner agrees not to claim the protection of his government, under penalty, in case of failure to comply with this agreement, of forfeiting such interests or shares to the Mexican nation.

TWENTY-SIX. Fiscal years for the corporation shall run from January first through December thirty-first of each year.

TWENTY-SEVEN. For the purpose of canceling registration of the shares with the Registry, pursuant to the terms of Article one hundred eight (108), section II of the Securities Market Law, the corporation shall be exempted from making the public offering provided for in said legal provision; provided that the corporation proves to the National Banking and Securities Commission that the shareholders, representing at least ninety-five percent (95%) of the capital stock of the corporation, have given their consent by agreement of the meeting that the amount for the shares to be offered to the investing public is less than three hundred thousand (300,000) investment units and creates a the trust referred to in the last paragraph of section II of said Article one hundred eight (108) and notifies the cancellation and creation of the trust through the means provided in the Securities Markey Law.

TWENTY-EIGHT. The provisions of the Securities Market Law and the General Corporations Law shall apply to any matters not expressly provided for in these bylaws.

TWENTY-NINE. Any interpretation of any of the provisions of these bylaws shall be made pursuant to the laws applicable in the United Mexican States, including the provisions of the Securities Market Law, the general provisions issued by the National Banking and Securities Commission, the General Corporations Law and the other sources referred to in Article five (5) of the Securities Market Law. In case of interpretation or any dispute thereof, the federal courts sitting in the corporate domicile of the corporation shall be competent.

e) Other Corporate Practices

This element does not apply to Walmex.

5) STOCK MARKET

a) Stock Structure

Walmart de México y Centroamérica stock trades in the Mexican Stock Exchange under the **WALMEX** ticker symbol.

Stock Structure
As of December 31, 2015
Millions of Shares

Series		**Number of Shares**	**%**
Single	Free subscription, with voting rights	17,461	100

The company has a sponsored ADR program on its single series shares. The depositary bank is The Bank of New York.

b) Stock Performance in the Securities Market

Relevant Stock Indicators

	2011	**2012**	**2013**	**2014**	**2015**
Maximum Price	38.92	44.87	42.31	35.67	46.92
Minimum Price	29.42	34.32	31.42	28.06	28.44
Closing Price	38.23	42.33	34.26	31.72	43.49
Volume (millions)	3,689.5	4,575.4	4,683.8	4,614.4	3,973.4

Relevant Stock Indicators 2015

	QUARTER			
	1ST	**2ND**	**3RD**	**4TH**
Maximum Price	39.71	39.88	41.51	46.92
Minimum Price	28.44	35.63	37.71	41.13
Closing Price	38.11	38.23	41.51	43.49
Volume (millions)	1,385.3	973.0	811.6	803.6

Relevant Stock Indicators 2014

	QUARTER			
	1ST	**2ND**	**3RD**	**4TH**
Maximum Price	33.50	35.36	35.67	33.25
Minimum Price	28.06	30.10	32.80	28.49
Closing Price	30.98	34.70	33.77	31.72
Volume (millions)	1,367.6	1,087.5	864.6	1,294.7

Relevant Stock Indicators (October 2015 - March 2016)

	OCT	NOV	DEC	JAN	FEB	MAR
Maximum Price	44.28	46.92	44.84	45.58	47.22	43.60
Minimum Price	41.13	43.88	42.10	39.99	41.18	40.14
Closing Price	43.58	43.88	43.49	45.58	42.70	41.00
Volume (millions)	269.0	279.1	255.4	276.1	408.9	503.4

c) Market Maker

This element does not apply to Walmex.

6) PEOPLE IN CHARGE

"The undersigned hereby solemnly swear that, in the performance of our respective duties, we prepared the information relative to the issuer contained in the annual report herein and to the best of our knowledge said information reasonably reflects the situation of the aforementioned issuer. In addition, we hereby swear that we have no knowledge of the omission or falsification of material information contained in said annual report or that it contains any information that could mislead the investors and cause them to make erroneous judgments."

(Signed)

Guilherme Loureiro
President and Chief Executive Officer

(Signed)

Pedro Farah
Executive Vice President and CFO

(Signed)

Alberto Sepúlveda
Executive Vice President and General Counsel for Legal and Corporate Affairs

Date: April 29, 2016

Mexico City, April 29, 2016

Exclusively for purposes of information on the audited financial statements in accordance with paragraph 3 of paragraph a of section I of Article 33 of the General Provisions Applicable to Securities Issuers and other participants in the market, and any other financial information included in the annual report of Wal-Mart de México, S.A.B. de C.V., whose source comes from the financial statements audited by me:

The undersigned hereby solemnly swears that the financial statements for the years ending December 31, 2015 and 2014, contained in the annual report herein, were examined Feb. 3, 2016, pursuant to International Auditing Standards. Moreover, I hereby solemnly swear that the financial statements for the years ending December 31, 2014 and 2013, contained in the annual report herein, were examined Feb. 4, 2015, pursuant to International Auditing Standards.

Moreover, the undersigned swears to have read the annual report herein, in full, and based on said reading and within the scope of the auditing wok performed, has neither any knowledge of any material errors or inconsistencies in the information included, and that the source for said information are the examined financial statements mentioned hereinabove, nor of any omissions or falsifications in the annual report which could mislead the investors and cause them to make any erroneous judgments.

Notwithstanding, the undersigned was neither hired nor conducted any additional procedures with the purpose of expressing his opinion on the other information contained in said annual report that did not come from the financial statements examined by him."

Mancera, S.C.

A Member of

Ernst & Young Global Limited

(Signed)

David Sitt Cofradia

External Auditor and Legal Representative of
Mancera. S.C.

7) APPENDANT

a) Consolidated Financial Statements and Opinion of the Statutory Auditor

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

Consolidated Financial Statements

Years Ended December 31, 2015 and 2014

Contents

REPORT OF INDEPENDENT AUDITORS

To the Shareholders of
Wal-Mart de México, S.A.B. de C.V.

We have audited the accompanying consolidated financial statements of Wal-Mart de México, S.A.B. de C.V. and subsidiaries, which comprise the consolidated statements of financial position at December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, as well as a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wal-Mart de México, S.A.B. de C.V. and subsidiaries at December 31, 2015 and 2014, and their consolidated financial performance and cash flows for the years then ended, in conformity with the International Financial Reporting Standards.

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

Mancera, S.C.

A Member Practice of

Ernst & Young Global

David Sitt

Mexico City, February 3, 2016, except for Note 22 related to the approval of the consolidated financial statements, which is dated February 16, 2016.

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

		December 31, 2015		December 31, 2014
Assets				
Current assets:				
Cash and cash equivalents (Note 5)	Ps.	24,790,838	Ps.	28,047,848
Accounts receivable, net (Note 6)		9,758,720		6,382,321
Inventories (Note 7)		49,748,874		47,175,311
Prepaid expenses and other assets		550,253		858,363
Assets held for sale (Note 8)		-		7,988,358
Total current assets		84,848,685		90,452,201
Non-current assets:				
Property and equipment, net (Note 9)		130,222,356		125,996,056
Intangible assets (Note 10)		34,456,219		29,115,019
Deferred tax assets (Note 15)		3,461,109		2,633,559
Other non-current assets		661,750		517,280
Total assets	Ps.	253,650,119	Ps.	248,714,115
Liabilities and equity				
Current liabilities:				
Accounts payable to suppliers (Note 11)	Ps.	56,395,523	Ps.	52,710,227
Other accounts payable (Note 12)		16,682,373		13,640,563
Taxes payable		4,231,457		3,406,529
Liabilities relating to assets held for sale (Note 8)		-		5,770,732
Total current liabilities		77,309,353		75,528,051
Long-term liabilities:				
Other long-term liabilities (Note 14)		13,104,120		13,179,933
Deferred tax liabilities (Note 15)		9,786,893		8,455,407
Employee benefits (Note 16)		1,629,103		1,304,904
Total liabilities		101,829,469		98,468,295
Equity (Note 17):				
Capital stock		45,468,428		45,523,723
Legal reserve		9,104,745		8,085,178
Retained earnings		86,188,284		94,265,950
Other comprehensive income items		13,827,795		5,481,982
Premium on sale of shares		2,830,646		2,464,001
Employee stock option plan fund		(5,625,092)		(5,598,259)
Equity attributable to owners of the parent		151,794,806		150,222,575
Non-controlling interests		25,844		23,245
Total equity		151,820,650		150,245,820
Total liabilities and equity	Ps.	253,650,119	Ps.	248,714,115

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Year ended December 31			
	2015		2014	
Net sales	Ps.	485,863,932	Ps.	437,658,414
Other revenues (Note 18)		3,503,414		3,329,320
Total revenues		489,367,346		440,987,734
Cost of sales		(381,986,748)		(343,368,796)
Gross profit		107,380,598		97,618,938
General expenses		(72,235,179)		(64,009,927)
Income before other income and expenses		35,145,419		33,609,011
Other income		812,058		1,663,352
Other expenses		(988,923)		(556,167)
Operating income		34,968,554		34,716,196
Financial income (Note 19)		1,305,158		1,105,853
Financial expenses (Note 19)		(1,249,676)		(1,259,887)
Income before taxes on profits		35,024,036		34,562,162
Taxes on profits (Note 15)		(10,086,810)		(9,521,334)
Net Income from continuing operations		24,937,226		25,040,828
Net income from discontinued operations (Note 8)		1,441,862		5,394,065
Consolidated net income	Ps.	26,379,088	Ps.	30,434,893
Other comprehensive income items:				
Items that do not reclassify to profit and loss of the year:				
Actuarial loss on employee benefits	Ps.	(12,724)	Ps.	(158,054)
Items that may be reclassified subsequently to profit and loss:				
Cumulative translation adjustment		8,358,537		5,242,237
		8,345,813		5,084,183
Comprehensive income	Ps.	34,724,901	Ps.	35,519,076
Net income attributable to:				
Owners of the parent	Ps.	26,375,779	Ps.	30,425,945
Non-controlling interests		3,309		8,948
	Ps.	26,379,088	Ps.	30,434,893
Comprehensive income attributable to:				
Owners of the parent	Ps.	34,721,592	Ps.	35,510,128
Non-controlling interests		3,309		8,948
	Ps.	34,724,901	Ps.	35,519,076
Basic earnings per share from continuing operations attributable to owners of the parent (in pesos)	Ps.	1.426	Ps.	1.426
Basic earnings per share attributable to owners of the parent (in pesos)	Ps.	1.508	Ps.	1.732

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Notes 1, 3 and 17)
Amounts in thousands of Mexican pesos

	Capital stock	Legal reserve	Retained earnings	Other comprehensive income items	Premium on sale of shares	Employee stock option plan fund	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at December 31, 2013	Ps. 45,777,573	Ps. 6,949,333	Ps. 92,551,723	Ps. 397,799	Ps. 2,314,940	Ps. (5,061,161)	Ps. 142,930,207	Ps. 20,374	Ps. 142,950,581
Movements in employee stock option plan fund					149,061	(537,098)	(388,037)		(388,037)
Increase in legal reserve		1,135,845	(1,135,845)				-		-
Repurchase of shares	(318,964)		(3,677,377)				(3,996,341)		(3,996,341)
Dividends declared			(23,887,088)				(23,887,088)		(23,887,088)
Shares issued for the payment of the contingent liability	65,114						65,114		65,114
Purchase of shares of non-controlling interests			(11,408)				(11,408)	(6,077)	(17,485)
Comprehensive income			30,425,945	5,084,183			35,510,128	8,948	35,519,076
Balance at December 31, 2014	45,523,723	8,085,178	94,265,950	5,481,982	2,464,001	(5,598,259)	150,222,575	23,245	150,245,820
Movements in employee stock option plan fund					366,645	(26,833)	339,812		339,812
Increase in legal reserve		1,019,567	(1,019,567)				-		-
Repurchase of shares	(123,116)		(1,701,956)				(1,825,072)		(1,825,072)
Dividends declared			(31,731,812)				(31,731,812)		(31,731,812)
Shares issued for the payment of the contingent liability	67,821						67,821		67,821
Purchase of shares of non-controlling interests			(110)				(110)	(710)	(820)
Comprehensive income			26,375,779	8,345,813			34,721,592	3,309	34,724,901
Balance at December 31, 2015	Ps. 45,468,428	Ps. 9,104,745	Ps. 86,188,284	Ps. 13,827,795	Ps. 2,830,646	Ps. (5,625,092)	Ps. 151,794,806	Ps. 25,844	Ps. 151,820,650

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Year ended December 31	
	2015	2014
Operating activities		
Income before taxes on profits	Ps. 35,024,036	Ps. 34,562,162
Items related to investing activities:		
Depreciation and amortization	10,024,729	9,279,214
Loss from disposal of property, equipment and impairment	740,888	383,433
Impairment in goodwill	-	456,988
Contingent liability and effect of repatriation of earnings from Walmart Central America reversal	-	(1,598,604)
Stock option compensation expense	298,498	332,533
Interest earned	(503,892)	(480,560)
Items related to financing activities:		
Interest payable under finance leases	1,244,536	1,212,003
Other items	-	1,596
Cash flow from results of operations	46,828,795	44,148,765
Variances in:		
Accounts receivable	(898,674)	2,734,387
Inventories	(1,380,955)	(2,789,949)
Prepaid expenses and other assets	303,826	204,214
Accounts payable to suppliers	2,388,568	4,416,632
Other accounts payable	3,153,345	1,338,759
Taxes on profits paid	(11,605,744)	(10,638,552)
Employee benefits	114,510	148,623
Discontinued operations	-	(1,410,379)
Net cash flow from operating activities	38,903,671	38,152,500
Investing activities		
Purchase of property, equipment and software	(12,526,265)	(12,690,969)
Employee stock option plan fund	41,314	(720,570)
Interest collected	503,892	480,560
Purchase of shares of non-controlling interests	(157)	(17,503)
Proceeds from sale of property and equipment	226,448	120,170
Business disposal	3,726,761	8,744,186
Discontinued operations	-	(28,593)
Net cash flow used in investing activities	(8,028,007)	(4,112,719)
Financing activities		
Dividends paid	(31,562,146)	(21,642,721)
Repurchase of shares	(1,825,072)	(3,996,341)
Payment of finance leases	(1,624,105)	(1,604,607)
Net cash flow used in financing activities	(35,011,323)	(27,243,669)
Effect of changes in the value of cash	878,649	122,245
Net (decrease) increase in cash and cash equivalents	(3,257,010)	6,918,357
Cash and cash equivalents at beginning of year	28,047,848	21,129,491
Cash and cash equivalents at end of year	Ps. 24,790,838	Ps. 28,047,848

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

FREE TRANSLATION, NOT TO THE LETTER

Amounts in thousands of Mexican pesos, except where otherwise indicated

1.- DESCRIPTION OF THE BUSINESS AND RELEVANT EVENTS:

a. Description of the business

Wal-Mart de México, S.A.B. de C.V. (**WALMEX** or "the Company") is a Mexican company incorporated under the laws of Mexico and listed on the Mexican Stock Exchange, whose headquarters are located at Nextengo #78, Colonia Santa Cruz Acayucan, C.P. 02770, in Mexico City, Mexico. The principal shareholder of **WALMEX** is Wal-Mart Stores, Inc., a U.S. corporation, through Intersalt, S. de R.L. de C.V., a Mexican company with a 70.51% shares ownership.

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

Group	Line of business
Nueva Walmart	Operation of 1,719 (1,660 in 2014) Bodega Aurrerá discount stores, 256 (251 in 2014) Walmart hypermarkets, 160 (159 in 2014) Sam's Club membership self-service wholesale stores, 95 (93 in 2014) Superama supermarkets and 10 Medimart pharmacies in both years.
Suburbia	Operation of 117 (116 in 2014) Suburbia stores specializing in apparel and accessories for the entire family.
Importing companies	Import goods for sale.
Real estate	Property developments and management of real estate companies.
Service companies	Rendering of professional services to Group companies and not-for-profit services to the community at large, and shareholding.
Walmart Central America	Operation of 484 (477 in 2014) discount stores (Despensa Familiar and Palí), 99 (96 in 2014) supermarkets (Paiz, La Despensa de Don Juan, La Unión and Más x Menos), 102 (94 in 2014) discount warehouse stores (Maxi Bodega and Maxi Palí), 24 (22 in 2014) Walmart hypermarkets and 1 ClubCo membership self-service wholesale stores in 2014. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

b. Relevant events

I. Sale of the Walmart Bank (Note 8 paragraph a)

On December 18, 2014, the Company reached an agreement with Grupo Financiero Inbursa, S.A.B. de C.V. (Inbursa) for this company to acquire 100% of Walmart Bank.

On June 23, 2015, after receiving the approval from the competent authorities, **WALMEX** sold 100% of the Walmart Bank shares to Inbursa for an amount of Ps. 3,612 million pesos in cash, equivalent to 1.7 times its equity. In addition, certain **WALMEX**'s assets were sold to Inbursa for Ps. 115 million pesos.

The same day, **WALMEX** announced a commercial alliance with Inbursa for the last to offer certain financial services to Walmart's customers.

II. Sale of the Walmart Bank (Note 8 paragraph b)

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

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

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

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

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

2.- NEW ACCOUNTING PRONOUNCEMENTS:

The annual improvements corresponding to the 2012-2014 cycle of the International Financial Reporting Standards (IFRS) that will be in effect beginning January 1, 2016, are mentioned below. These improvements will not have a significant effect on the consolidated financial position or on the consolidated results of the Company:

- IAS 1, *Presentation of Financial Statements*. This disclosure initiative clarifies existing requirements in the standard concerning to materiality, specific items that may not be disclosed in the statement of comprehensive income and in the statement of financial position and have the flexibility the Companies have to order of the notes to the financial statements. It also clarifies the requirements that apply when additional subtotals are included in the statement of financial position and in the statement of comprehensive income.

- IFRS 5, *Non-current assets held for sale and discontinued operations*. Clarifies that the change from one to another method of disposal (sale or distribution to owners) would not be considered a new plan of arrangement, it is a continuation of the original plan. This improvement should be applied prospectively.

- IFRS 7, *Financial Instruments - Disclosure*. This improvement clarifies about service contracts including a commission that can constitute a continuous involvement in a financial asset. An entity must assess the nature of the commission and the contractual provisions in order to assess whether the disclosures are required. Also clarifies the disclosure requirements that do not apply to condensed interim financial statements, unless such disclosures provide a major update of the information reported in the latest annual report. The amendment should be applied retrospectively.

- IAS 19, *Employee Benefits*. This improvement clarifies about the discount rate which mentions that high-quality corporate bonds are evaluated on the basis of the currency in which the obligation is denominated instead of the country where the obligation is located. When there is not a large market for high-quality corporate bonds in that currency, rates on government bonds must be used. The amendment should be applied prospectively.

- IAS 34, *Interim Financial Reporting*. Disclosure of information elsewhere on the interim financial report. Clarifies that the required interim disclosures must be provided either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included in the interim financial information. The amendment should be applied retrospectively.

3.- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the significant accounting policies used in the preparation of the consolidated financial statements is described below. These policies have been applied consistently with those applied in the year ended December 31, 2014.

a. Basis of preparation

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

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

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

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

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

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

b. Risk factors

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

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

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

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

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

V. Changes in government regulations. The Company is exposed to the changes in different laws and regulations, which, after becoming effective, they could affect the Company's operating results, such as an impact on sales, expenses for payroll indirect taxes and changes in applicable rates. Currently, the level of scrutiny and discretion by the tax authorities has greatly increased. Mexican courts have changed their position favoring those authorities ignoring violations of form and procedure.

c. Consolidation

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

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

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

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

d. Financial assets and liabilities and fair value measurement

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

I. Financial assets. These assets are classified in one of the following categories, as required: financial assets at fair value through profit or loss, and accounts receivable, investments held to maturity or financial assets held for sale. The Company's financial assets primarily consist in trade receivables and other accounts receivable which are initially recognized at fair value. Fair value of an asset is the price in which such asset could be sold in an ordinary transaction with third parties, capable of being part of such transaction.

II. Financial liabilities. These liabilities are classified at its fair value, including accounts payable to suppliers, other accounts payable and financial leases, as required; these liabilities are initially recognized at fair value. Fair value of a liability is the amount that would be paid to transfer the responsibility to a new creditor in an ordinary transaction among those parties.

Assets and liabilities carried at fair value are measured using the fair value hierarchy, which prioritizes the inputs used in measuring fair value. The levels of the fair value hierarchy are as follows:

- Level 1. Observable data as they are quoted prices in active markets,

- Level 2. Other quoted prices in active markets that are directly or indirectly observable inputs, and

- Level 3. Unobservable for which there is little or no market data inputs, so that the Company develops its own assumptions.

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

e. Cash and cash equivalents

Cash and cash equivalents principally consist of bank deposits and highly liquid investments with original maturities of less than 90 days plus accrued interest and are stated at its fair value.

f. Derivative financial instruments

The Company has entered into currency hedging through Over The Counter (OTC) currency forward transactions (Fx-forwards) to mitigate the effects caused by variability in the exchange rate of foreign currency on its accounts payable related to import goods for sale.

In accordance with IFRS 9, *Financial Instruments*, derivatives are initially recognized at fair value at the date the derivative contract is subscribed and subsequently revalued at fair value at the end of the reporting period. The resulting gain or loss is recognized immediately in the financial income (expense) line in the consolidated statement of comprehensive income.

The maturity of these contracts is a maximum duration of six months.

In accordance with our standards of corporate governance, the Company does not manage derivative financial instruments other than those hedges Fx-forwards.

g. Accounts receivable and reserve for bad debts

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

Average aging of the accounts receivable to customers is 30 days.

h. Inventories

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

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

Freight and buying allowances on the Company's group are capitalized on the inventory and are recognized in the cost of sales based on the turnover of the inventories that gave rise to them.

i. Prepaid expenses

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

j. Property and equipment

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

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

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

k. Lease

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

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

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

l. Impairment in the value of property and equipment

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

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

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

m. Intangible assets

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

n. Assets and liabilities held for sale and discontinued operations

In conformity with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets are not subject to depreciation and are measured at the lower of their previous carrying amount and fair value less costs to sell.

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

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

o. Liabilities and provisions

In conformity with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, accrued liabilities are recognized whenever the Company has current obligations (legal or assumed) resulting from past events, that can be reasonably estimated and that will most likely give rise to a future cash disbursement for their settlement.

Reimbursements are recognized net of the related obligation when it is certain that the reimbursement will be obtained. Provision expenses are presented in the consolidated statement of comprehensive income net of any corresponding reimbursements.

p. Taxes on profits

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

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

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

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

q. Employee benefits

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

Mexico:

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

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

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

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

Central America:

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

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

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

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

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

r. Equity

Legal reserve:

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

Employee stock option plan fund:

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

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

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

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

Premium on sale of shares:

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

s. Revenue recognition

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

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

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

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

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

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

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

u. Operating segments

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

v. Foreign currency transactions

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

4.- RISK MANAGEMENT:

The Company's activities are exposed to various financial risks such as market risk, exchange rate risk and interest rate risk. The Company is in the care of those risks that impede or jeopardize their financial goals, seeking to minimize the potential negative effects through different strategies.

Note 3 paragraph b, describes, in general terms the risks to which the Company is exposed. More specifically, the risks of exchange rate, interest rate, and derivative financial instruments, are explained below:

Exchange rate risk:

The Company operates with foreign companies and therefore is exposed to the risk of exchange rate operations with foreign currencies, particularly the US dollar. This risk may arise from commercial transactions, recognized monetary assets and liabilities as well as the operation in Central America.

At December 31, 2015, the exchange rate used to translate assets and liabilities denominated in US dollars was Ps. 17.3832 per dollar (Ps. 14.7345 in 2014). At the date of issuance of these financial statements, the exchange rate is Ps. 18.4772 per dollar.

Considering the net monetary position in dollars at December 31, 2015, whether an increase or decrease in the exchange rate of the US dollar against the Mexican peso of Ps. 0.50 pesos arose, a favorable or unfavorable effect would be taken into the financial income (expenses) of the Company of Ps. 19,253.

Derivative financial instruments:

As mentioned in Note 3, paragraph f, the Company has entered into contracts Fx-forwards of foreign currency in order to protect itself from exposure to variability in the exchange rate for the payment of liabilities in Mexico for the purchase of import goods agreed in US dollars.

The valuation techniques used by the Company to determine and disclose the fair value of its financial instruments, are based on the hierarchy level 2 (Other quoted prices in active markets that are directly or indirectly observable inputs), in accordance with IFRS 13, *Fair Value Measurement*.

At December 31, 2015, the Company has contracts Fx-forwards for a period of two months in the amount of US$14,267 thousand. The notional amount and fair value amounted Ps. 245,733 and Ps. 447, respectively, and represents 2% of the accounts payable to foreign suppliers. The change in fair value that was recognized by those contracts is presented under financial income in the consolidated statement of comprehensive income.

Interest rate risk:

The Company has temporary investments which generate interests. By reducing the interest rate decreases the financial income of the Company. The interest rate of these investments fluctuated during the year between 3.0% and 3.10%. At December 31, 2015 financial income was obtained from interest in the amount of Ps. 503,892 (Ps. 480,560 in 2014).

Considering the highly liquid instruments at 31 December 2015, whether an increase or decrease in the interest rate of 0.50% is present, favorable or unfavorable effect would have on the financial income of the Company of Ps. 81,987.

5.- CASH AND CASH EQUIVALENTS:

An analysis of cash and cash equivalents at December 31, 2015 and 2014, is as follows:

	December 31, 2015		December 31, 2014	
Cash and cash in banks	Ps.	9,913,581	Ps.	11,820,670
Highly marketable investments		14,877,257		16,227,178
	Ps.	24,790,838	Ps.	28,047,848

6.- ACCOUNTS RECEIVABLE, NET:

An analysis of accounts receivable at December 31, 2015 and 2014, is as follows:

	December 31, 2015		December 31, 2014	
Recoverable taxes	Ps.	6,423,542	Ps.	4,198,189
Trade receivables		2,751,227		1,829,013
Other accounts receivable		894,186		603,134
Reserve for bad debts		(310,235)		(248,015)
	Ps.	9,758,720	Ps.	6,382,321

7.- INVENTORIES:

An analysis of inventories at December 31, 2015 and 2014, is as follows:

	December 31, 2015		December 31, 2014	
Merchandise for sale	Ps.	47,098,964	Ps.	44,425,969
Agro-industrial development		680,923		615,382
		47,779,887		45,041,351
Merchandise in transit		1,968,987		2,133,960
	Ps.	49,748,874	Ps.	47,175,311

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

As mentioned in Note 1 paragraph b subsections I and II, during 2015 and 2014, the Company completed the sale of the Walmart Bank and of its restaurant division, respectively.

For the year ended December 31, 2015, the line of discontinued operations includes the results of Walmart Bank; in 2014, includes the results of Walmart Bank and the restaurant division. At December 31, 2014, the assets and liabilities held for sale shown in the consolidated statement of financial position correspond to the Walmart Bank.

Both transactions are explained below:

a) Walmart Bank sale

On June 23, 2015, **WALMEX** sold 100% of the Walmart Bank shares to Inbursa for an amount of Ps. 3,612 million pesos in cash. In addition, certain **WALMEX**'s assets were sold to Inbursa for Ps. 115 million pesos.

Also, it was announced a commercial alliance with Inbursa for the last to offer certain financial services to Walmart's customers.

The main items of the result of the discontinued operation that is presented in the consolidated statement of comprehensive income that includes the results of the Walmart Bank for the six months period ended on June 30, 2015 and the effects derived from the sale and its results at December 31, 2014, are shown below:

	December 31, 2015		December 31, 2014	
Net revenues	Ps.	4,626,799	Ps.	1,726,085
Costs, expenses and taxes		(3,184,937)		(1,903,384)
Net income (loss) from discontinued operations	Ps.	1,441,862	Ps.	(177,299)

Assets and liabilities from the Walmart Bank at the sale date and at December 31, 2014, are as follows:

	June 30, 2015		December 31, 2014	
Credit portfolio	Ps.	4,823,626	Ps.	5,050,227
Other current assets		1,993,797		1,833,987
Current assets		6,817,423		6,884,214
Other non-current assets		1,055,947		1,104,144
Total assets	Ps.	7,873,370	Ps.	7,988,358
Traditional deposits	Ps.	5,346,015	Ps.	5,587,657
Other current liabilities		331,892		178,595
Current liabilities		5,677,907		5,766,252
Non-current liabilities		4,883		4,480
Total liabilities	Ps.	5,682,790	Ps.	5,770,732

b) Sale of restaurant division

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

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

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

		December 31, 2014
Net revenues	Ps.	10,809,678
Costs, expenses and taxes		(5,238,314)
Net income from discontinued operations	Ps.	5,571,364

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

		May 8, 2014
Current assets	Ps.	962,901
Property and equipment – net		2,910,307
Other assets		15,874
Total assets	Ps.	3,889,082
Suppliers	Ps.	140,299
Other liabilities		462,046
Current liabilities		602,345
Non-current liabilities		405,195
Total liabilities	Ps.	1,007,540

Legal, consulting, advisory and other expenses related with the disposals of the Walmart Bank and the restaurant division, are recognized in the year they are incurred in the line of discontinued operations in the consolidated statement of comprehensive income.

9.– PROPERTY AND EQUIPMENT, NET

An analysis of property and equipment at December 31, 2015 and 2014, is as follows:

Property and equipment owned by the Company

	December 31, 2013	Additions	Disposals	Transfers	Translation effect	December 31, 2014	Additions	Disposals	Transfers	Translation effect	December 31, 2015
Land	Ps. 29,533,130	Ps. 472,204	Ps. (50,955)	Ps. 119,948	Ps. 199,273	Ps. 30,273,600	Ps. 194,790	Ps. (22,389)	Ps. 390,712	Ps. 572,574	Ps. 31,409,287
Buildings	44,424,528	2,468,155	(53,886)	(289,336)	570,290	47,119,751	2,291,570	(170,144)	(4,703,460)	894,800	45,432,517
Facilities and leasehold improvements	39,872,160	1,884,859	(311,548)	760,719	277,300	42,483,490	2,626,734	(573,547)	5,982,656	862,525	51,381,858
Furniture and equipment	47,489,589	5,219,207	(1,865,997)	1,193,725	697,228	52,733,752	4,902,570	(1,654,270)	976,916	1,490,134	58,449,102
Subtotal	161,319,407	10,044,425	(2,282,386)	1,785,056	1,744,091	172,610,593	10,015,664	(2,420,350)	2,646,824	3,820,033	186,672,764
Accumulated depreciation	(55,262,816)	(8,531,668)	1,917,307	2,561	(577,278)	(62,451,894)	(9,269,521)	1,308,559	(56,745)	(1,165,739)	(71,635,340)
Work in process	2,611,938	2,527,164	(21,241)	(1,740,553)	106,653	3,483,961	2,075,568	(78,225)	(2,497,005)	245,746	3,230,045
Total	Ps. 108,668,529	Ps. 4,039,921	Ps. (386,320)	Ps. 47,064	Ps. 1,273,466	Ps. 113,642,660	Ps. 2,821,711	Ps (1,190,016)	Ps. 93,074	Ps. 2,900,040	Ps. 118,267,469

Leased property and equipment

	December 31, 2013	Additions	Disposals	Transfers	Translation effect	December 31, 2014	Additions	Disposals	Transfers	Translation effect	December 31, 2015
Buildings	Ps. 13,360,286	Ps. 402,712	Ps. (202,737)	Ps. -	Ps. 139,179	Ps. 13,699,440	Ps. 173,208	Ps. (441,654)	Ps. (3,904)	Ps. 249,028	Ps. 13,676,118
Furniture and equipment	1,896,610	169,218	-	(62,061)	-	2,003,767	379,000	-	(146,475)	-	2,236,292
Subtotal	15,256,896	571,930	(202,737)	(62,061)	139,179	15,703,207	552,208	(441,654)	(150,379)	249,028	15,912,410
Accumulated depreciation	(2,842,698)	(654,509)	172,133	23,929	(48,666)	(3,349,811)	(668,249)	99,829	57,011	(96,303)	(3,957,523)
Total	Ps. 12,414,198	Ps. (82,579)	Ps. (30,604)	Ps. (38,132)	Ps. 90,513	Ps. 12,353,396	Ps. (116,041)	Ps. (341,825)	Ps. (93,368)	Ps. 152,725	Ps. 11,954,887
Grand total	Ps. 121,082,727	Ps. 3,957,342	Ps. (416,924)	Ps. 8,932	Ps. 1,363,979	Ps. 125,996,056	Ps. 2,705,670	Ps. (1,531,841)	Ps. (294)	Ps. 3,052,765	Ps. 130,222,356

Depreciation expense for the years ended December 31, 2015 and 2014, was Ps. 9,844,748 and Ps. 9,107,587, respectively.

Property and equipment impairment for the years ended December 31, 2015 and 2014, was Ps. 407,953 and Ps. 128,083, respectively, and is presented in the disposals column.

At December 31, 2014, the transfer column includes the reclassification of fixed assets held for sale of Walmart Bank by Ps. 23,651.

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

10.– INTANGIBLE ASSETS:

An analysis of intangible assets at December 31, 2015 and 2014, is as follows:

Intangible Assets

	December 31, 2013	Additions	Disposals	Transfers	Translation effect	December 31, 2014	Additions	Disposals	Transfers	Translation effect	December 31, 2015
Goodwill	Ps. 24,745,086	Ps. -	Ps. (456,988)	Ps. -	Ps. 3,732,243	Ps. 28,020,341	Ps. -	Ps. -	Ps. -	Ps. 5,036,987	Ps. 33,057,328
Trademarks	663,420	-	-	-	60,603	724,023	-	-	-	108,301	832,324
Licences and software	1,396,329	144,445	(102,806)	(237,259)	18,478	1,219,187	425,320	(191,252)	975	43,774	1,498,004
Trade receivables	169,928	-	-	-	10,196	180,124	-	-	-	34,792	214,916
Patents	66,184	7,544	(7,040)	-	3,970	70,658	9,713	(49,513)	-	7,462	38,320
Subtotal	27,040,947	151,989	(566,834)	(237,259)	3,825,490	30,214,333	435,033	(240,765)	975	5,231,316	35,640,892
Acumulated amortization	(1,083,761)	(191,910)	13,169	188,393	(25,205)	(1,099,314)	(179,981)	156,296	(1,617)	(60,057)	(1,184,673)
Total	Ps. 25,957,186	Ps. (39,921)	Ps. (553,665)	Ps. (48,866)	Ps. 3,800,285	Ps. 29,115,019	Ps. 255,052	Ps. (84,469)	Ps. (642)	Ps. 5,171,259	Ps. 34,456,219

The disposals column includes the Goodwill impairment determined at December 31, 2014.

At December 31, 2014, the transfer column includes the reclassification of intangible assets held for sale of the Walmart Bank of Ps. 31,592.

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

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

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

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

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

As a result of this study, at December 31, 2015, there was no impairment in the value of the Company's Goodwill. At December 31, 2014, the Company recognized an impairment loss of Ps. 456,988 in the other expenses line and a translation effect of Ps. 70,223 in other comprehensive income items.

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

Licenses, software and customers amortization expense for the years ended December 31, 2015 and 2014, was Ps. 179,981 and Ps. 171,627, respectively.

11.- RELATED PARTIES:

a) Related party balances

At December 31, 2015 and 2014, the consolidated statement of financial position includes the following balances with related parties:

	December 31, 2015		December 31, 2014	
Accounts payable to suppliers:				
C.M.A. – U.S.A., L.L.C. (affiliate)	Ps.	916,863	Ps.	990,986
Global George, LTD. (affiliate)		37,618		6,625
	Ps.	954,481	Ps.	997,611
Other accounts payable:				
Wal-Mart Stores, Inc. (holding company)	Ps.	640,601	Ps.	506,503

At December 31, 2015 and 2014, balances receivable due from and payable due to related parties consist of current accounts that bear no interest, payable in cash and without guarantees.

b) Related party transactions

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

- Agreement for imports of merchandise for sale, interest-free and payable monthly.
- Agreement for purchase commissions with Global George that are payable on a recurring basis.
- Agreement for technical assistance and services with Walmart Stores that are payable monthly.
- Agreement for royalties for trademark use with Walmart Stores, payable quarterly based on a percentage of sales of the retail businesses.

The Company had the following transactions with related parties during the years ended December 31, 2015 and 2014:

		December 31, 2015		December 31, 2014
Import of merchandise for sale:				
C.M.A. – U.S.A., L.L.C. (affiliate)	Ps.	4,680,065	Ps.	3,774,128
Global George, LTD. (affiliate)		71,093		95,862
	Ps.	4,751,158	Ps.	3,869,990
Technical assistance, services and royalties:				
Wal-Mart Stores, Inc. (holding company)	Ps.	2,527,818	Ps.	2,398,523

c) Remuneration of principal officers

An analysis of remuneration to the Company's principal officers for the years ended December 31, 2015 and 2014 is as follows:

		December 31, 2015		December 31, 2014
Short-term benefits	Ps.	1,006,727	Ps.	786,173
Termination benefits		123,429		75,044
Share-based payments		97,556		21,070
	Ps.	1,227,712	Ps.	882,287

12.- OTHER ACCOUNTS PAYABLE:

An analysis of other accounts payable at December 31, 2015 and 2014, is as follows:

		December 31, 2015		December 31, 2014
Accrued liabilities and others	Ps.	10,959,660	Ps.	8,666,850
Dividends		2,488,350		2,300,168
Provisions		1,179,335		599,482
Deferred revenue		857,879		875,527
Related parties (Note 11)		640,601		506,503
Financial lease (Note 14)		556,548		559,050
Contingent liability (Note 13)		-		132,983
	Ps.	16,682,373	Ps.	13,640,563

13.– COMMITMENTS AND CONTINGENCIES:

a) Commitments

At December 31, 2015, the Company has commitments totaling Ps. 13,957,560 (Ps. 12,737,320 in 2014) for the acquisition of inventories, property and equipment, as well as for maintenance services.

b) Contingent liability

At December 31, 2014, the Company recognized a contingent liability for contingent compensation related to the acquisition of Walmart Central America that was valued to its present value. It was paid on February 16, 2015, in cash and in shares as follows:

Payment in shares	Ps.	67,821
Payment in cash		65,162
Total payment of contingent liability	Ps.	132,983
Number of shares		2,048,240

c) Legal proceedings

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

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

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

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

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

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

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

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

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

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

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

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

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

14.– OTHER LONG-TERM LIABILITIES:

At December 31, 2015 and 2014, the other long-term liabilities line includes the Company's obligations beyond one year under its finance leases.

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

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

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

The Company has entered into property lease agreements with third parties for compulsory terms ranging from 1 to 14 years.

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

Future rental payments are as follows:

			Finance leases (minimum payments)			
Year		Operating leases (compulsory term)		Present value		Future value
2016	Ps.	364,431	Ps.	556,548	Ps.	1,753,062
2017	Ps.	294,896	Ps.	548,642	Ps.	1,705,610
2018	Ps.	240,489	Ps.	452,159	Ps.	1,565,051
2019	Ps.	203,868	Ps.	407,274	Ps.	1,489,070
2020	Ps.	184,734	Ps.	411,813	Ps.	1,455,969
2021 and thereafter	Ps.	1,099,453	Ps.	10,573,622	Ps.	25,297,492

At December 31, 2015 and 2014, the liability derived from the use of the straight-line method under operating leases was Ps. 712,297 and Ps. 621,351, respectively, from which Ps. 26,565 and Ps. 22,485 are presented in the current liabilities line.

Total rent under operating leases charged to the income statement during the years ended December 31, 2015 and 2014 was Ps. 4,946,864 and Ps. 4,401,420, respectively.

15.– TAXES ON PROFITS:

WALMEX as an integrating entity and its integrated subsidiaries in Mexico, determine and pay its income tax under the optional integration regime for groups of entities. Also, the tax provision includes the tax income of subsidiaries located abroad, which is determined in accordance with applicable tax laws of each country.

An analysis of taxes on profits charged to the income statement for the years ended December 31, 2015 and 2014, is as follows:

	December 31, 2015		December 31, 2014	
Current year tax	Ps.	9,514,561	Ps.	10,863,537
Deferred tax		572,249		(1,342,203)
Total	Ps.	10,086,810	Ps.	9,521,334

An analysis of the effects of the temporary differences giving rise to deferred tax assets and liabilities at December 31, 2015 and 2014, is as follows:

	December 31, 2015		December 31, 2014	
Deferred tax assets				
Inventories	Ps.	565,092	Ps.	544,447
Advance collections		305,603		536,933
Labor obligations		547,287		461,510
Other long term liabilities		585,681		460,544
Provisions		295,599		179,844
Reserve for bad debts		93,070		74,405
Tax losses carryforward from subsidiaries		28,208		29,301
Other items		1,040,569		346,575
	Ps.	3,461,109	Ps.	2,633,559
Deferred tax liability				
Property and equipment	Ps.	9,573,657	Ps.	8,156,133
Prepaid expenses		186,016		281,314
Other items		27,220		17,960
	Ps.	9,786,893	Ps.	8,455,407

In the consolidated statement of financial position at December 31, 2014, a reclassification was made from deferred tax liabilities to deferred tax assets of Ps. 2,633,559, to make it comparable with the one presented in the current year.

The reconciliation between the statutory tax rate and Company's effective tax rate for the year ended December 31, 2015 and 2014, is as follows:

	2015	2014
Statutory tax rate	30.0%	30.0%
Non-deductible expenses from payments to associates exempt from income tax	0.9%	0.9%
Reversal of repatriation of earnings from Walmart Central America	-	(1.2)%
Other items	(2.1)%	(2.2)%
Effective tax rate	28.8%	27.5%

Income tax rates applicable are shown below:

	Rate
Mexico	30%
Costa Rica	30%
Guatemala	25%
Honduras	30%
Nicaragua	30%
El Salvador	30%

The Company has tax losses from subsidiaries that, in conformity with the current Mexican Income Tax Law, may be carried forward against the taxable income generated in future years, as follows:

Year of expiration	Amount	
2020	Ps.	43
2021		325
2022		746
2023		452
2024		81,883
2025		10,579
	Ps.	94,028

16.– EMPLOYEE BENEFITS:

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

Mexico:

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

At December 31, 2015 and 2014, an analysis of the Company's assets and liabilities for seniority premiums and retirement benefits is as follows:

	Seniority Premiums				Retirement benefits			
	2015		2014		2015		2014	
Defined benefit obligations	Ps.	935,158	Ps.	855,596	Ps.	123,396	Ps.	113,410
Plan assets		(730,709)		(684,207)		-		-
Net projected liability	Ps.	204,449	Ps.	171,389	Ps.	123,396	Ps.	113,410

Changes in the net present value of the defined benefit obligations (DBO) at December 31, 2015 and 2014, are shown below:

	Seniority Premiums		Retirement benefits	
	2015	2014	2015	2014
DBO at beginning of year	Ps. 855,596	Ps. 736,256	Ps. 113,410	Ps. 97,307
Net period cost charged to the results:				
- Labor cost from actual services	128,809	107,486	7,455	6,317
- Interest cost on DBO	58,401	53,744	7,763	7,133
Other comprehensive income items	(8,207)	39,193	(5,232)	3,718
Benefits paid	(99,441)	(77,668)	-	-
Transfers	-	(3,415)	-	(1,065)
DBO at year end	Ps. 935,158	Ps. 855,596	Ps. 123,396	Ps. 113,410

Changes in the net present value of the plan assets (PA), at December 31, 2015 and 2014, are shown below:

	Seniority premiums	
	2015	2014
PA at the beginning of year	Ps. (684,207)	Ps. (612,821)
Expected return on plan assets	(46,402)	(44,481)
Other comprehensive income items	41,187	12,069
Plan contributions	(140,719)	(115,684)
Benefits paid	99,432	76,710
PA at year end	Ps. (730,709)	Ps. (684,207)

Valuation techniques used by the Company to determine and disclose the fair value of its financial instruments is based on a Level 1 hierarchy (observable data as they are quoted prices in active markets) in conformity with IFRS 13, *Fair value measurement*.

At December 31, 2015 and 2014, the plan assets have been invested through the trust mostly in money market instruments.

At December 31, 2015 and 2014, actuarial gains/losses from the labor obligations are recognized in the other comprehensive income items line by Ps. 123,218 and Ps. 145,241, respectively.

Central America:

At December 31, 2015 and 2014, changes in the net present value of the DBO, is shown below:

	2015		2014	
DBO at beginning of year	Ps.	1,020,105	Ps.	750,835
Net period cost charged to the results:				
- Labor costs from actual services		187,372		112,665
- Interest cost on DBO		94,164		74,682
Other comprehensive income items		34,747		103,074
Benefits paid		(194,417)		(159,276)
Translation effects		159,287		138,125
DBO at year end	Ps.	1,301,258	Ps.	1,020,105

At December 31, 2015 and 2014, actuarial gain/losses from the labor obligations are recognized in the other comprehensive income items line by Ps. 260,851 and Ps. 226,104, respectively.

At December 31, 2015, the assumptions used in the actuarial valuations of Mexico and Central America, are as follows:

	Mexico	Central America
Financial:		
Discount rate	7.00%	7.91% - 12.77%
Salary increase rate	5.25%	3.10% - 7.50%
Minimum salary increase rate	4.00%	2.60% - 7.0%
Inflation rate	4.00%	2.60% - 7-0%
Biometrics:		
Mortality	IMSS97(1)	RP – 2000(2)
Disability	21.07%	15.4%
Retirement age	65 years	60-65 years

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

These assumptions are consistent with those used in the last year, except for the discount rate of Central America that ranged 7.19% to 12.37% in 2014.

A sensitivity analysis of the DBO at December 31, 2015, is as follows:

	Mexico		Central America	
DBO at December 31, 2015	Ps.	1,058,554	Ps.	1,301,258
DBO at discount rate +1%	Ps.	983,198	Ps.	1,445,192
DBO at discount rate -1%	Ps.	1,192,259	Ps.	1,641,688
Effects over DBO:				
Discount rate +1%	Ps.	(96,005)	Ps.	(90,670)
Discount rate -1%	Ps.	113,056	Ps.	105,826

The discount rate is determined using the curve of government bonds issued by the Federal Government known as M. Bonds.

17.– EQUITY:

a. At ordinary meeting held on March 24, 2015, the shareholders adopted the following resolutions:

   1. Approval of a cap of Ps. 5,000,000 on the amount the Company would use in 2015 to repurchase its own shares.
   2. Cancellation of 114,048,160 shares resulting from the repurchase of shares.
   3. Increase in the legal reserve of Ps. 1,019,567 to be charged to retained earnings.
   4. A declared ordinary cash dividend of Ps. 0.56 pesos per share to be paid in four installments of Ps. 0.14 pesos per share on April 28, 2015, August 25, 2015, November 24, 2015 and February 23, 2016; and one extraordinary cash dividend of Ps. 1.28 pesos per share to be paid in four installments of Ps. 0.64 pesos per share on April 28, 2015, Ps. 0.13 pesos per share on August 25, 2015, Ps. 0.32 pesos per share on November 24, 2015 and Ps. 0.19 pesos per share which is subject to the approval and closing of the sale of the Walmart Bank and will be paid on the date and subject to the terms determined by the Board of Directors.

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

   1. Approval of a cap of Ps. 5,000,000 on the amount the Company would use in 2014 to repurchase its own shares.
   2. Cancellation of 107,608,000 shares resulting from the repurchase of shares.
   3. Increase in the legal reserve of Ps. 1,135,845 to be charged to retained earnings.
   4. A declared ordinary cash dividend of Ps. 0.52 pesos per share to be paid in four installments of Ps. 0.13 pesos per share on April 29, 2014, August 26, 2014, November 25, 2014 and February 24, 2015; and two extraordinary cash dividends, the first one of Ps. 0.46 pesos per share to be paid in two installments, one of Ps. 0.27 pesos per share on April 29, 2014 and the second one of Ps. 0.19 pesos per share on November 25, 2014. The second extraordinary cash dividend of Ps. 0.40 pesos per share which is subject to the approval and closing of the sale of the Vips restaurant division.

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

   At December 31, 2015 and 2014, an analysis of historical paid-in stock and the number of shares representing it is as follows:

Capital stock		December 31, 2015		December 31, 2014
Fixed minimum capital	Ps.	5,591,362	Ps.	5,591,362
Variable capital		36,935,265		36,982,593
Total	Ps.	42,526,627	Ps.	42,573,955
Number of freely subscribed common shares:		17,461,402,631		17,506,639,103

   During the year ended December 31, 2015, **WALMEX** repurchased 47,284,712 (122,676,160 in 2014) of its own shares, of which 2,980,000 (11,608,000 in 2014) were cancelled as per the resolution adopted at the shareholders' meeting held on March 24, 2015 (March 20, 2014). As a result of the share repurchases, the Company's historical capital stock was reduced by Ps. 115,149 (Ps. 298,294 in 2014). The difference between the theoretical value and the repurchase cost of the shares acquired was reflected against retained earnings.

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

   At December 31, 2015 and 2014, the total balance of the tax accounts related to equity is Ps. 94,297,267 and Ps. 102,436,241, respectively, in conformity of the current tax laws effective January 1, 2014.

   Additionally the individuals residing in Mexico and residents abroad (individuals or corporations) are subject to pay income tax at an additional rate of 10% on dividends or profits distributed by corporations resident in Mexico. The latter are obliged to withhold tax to pay it to the federal treasury. The additional tax rate of 10% mentioned only applies to profits obtained beginning on 2014. For these purposes, the corporation is required to keep track of CUFIN with the profits generated until December 31, 2013. From the balance of this account, dividends paid from January 1, 2014, will be subtracted and once exhausted, this balance will begin to withhold an additional tax rate of 10%. At December 31, 2015 and 2014, the Company had a balance of CUFIN with the profits generated as of December 31, 2013 of Ps. 19,080,323 and Ps. 48,547,901, respectively.

e. At December 31, 2015, the legal reserve of the Company represents 20% of the equity, which according to the Mexican Corporations Act, has reached the maximum of its constitution. At December 31, 2014, the legal reserve represented 17.8% of the equity.

f. The employee stock option plan fund consists of 218,286,764 **WALMEX** shares, which have been placed in a trust created for the plan.

   The total compensation cost charged to operating results in the years ended December 31, 2015 and 2014 was Ps. 298,498 and Ps. 332,533, respectively, which represented no cash outlay for the Company.

   Changes in the stock option plan are as follows:

	Number of shares	Weighted average price per share (pesos)
Balance at December 31, 2013	224,777,509	26.87
Granted	49,367,214	30.89
Exercised	(29,358,139)	15.71
Cancelled	(12,159,746)	35.19
Balance at December 31, 2014	232,626,838	28.70
Granted	44,185,575	35.91
Exercised	(56,630,756)	21.78
Cancelled	(14,037,608)	34.28
Balance at December 31, 2015	206,144,049	31.77
Shares available for option grant:		
At December 31, 2015	12,142,715	
At December 31, 2014	9,626,682	

At December 31, 2015, an analysis of granted and exercisable shares under the stock option plan fund is as follows:

	Granted				Exercisable	
Year	Number of shares	Average remaining life (in years)	Weighted average price per share (pesos)	Range of price (pesos)	Number of shares	Weighted average price per share (pesos)
2006	6,082,595	0.2	14.41	14.40-15.02	6,082,595	14.41
2007	8,092,729	1.2	21.54	21.54	8,092,729	21.54
2008	11,614,382	2.2	19.35	19.35	11,614,382	19.35
2009	13,892,185	3.2	15.88	15.85-19.00	13,892,185	15.88
2010	15,119,452	4.2	29.70	29.69-31.05	15,119,452	29.70
2011	18,481,506	5.2	33.75	33.70-33.75	12,824,426	33.75
2012	26,055,731	6.2	39.76	34.74-40.05	15,153,710	39.75
2013	27,359,572	7.2	39.21	39.17-41.89	9,905,377	39.21
2014	38,504,772	8.2	30.91	30.84-39.17	5,356,807	30.93
2015	40,941,125	9.2	35.90	30.50-36.07	-	-
Total	206,144,049	6.2	31.77		98,041,663	28.00

18– OTHER REVENUES:

For the years ended December 31, 2015 and 2014, an analysis of other revenues related to the Company's primary business activities is as follow:

	December 31, 2015		December 31, 2014	
Memberships	Ps.	1,218,007	Ps.	1,225,248
Rental		1,170,188		964,532
Gasoline		228,349		268,675
Sale of waste		432,853		380,164
Service commissions		307,444		273,923
Parking		58,769		110,512
Others		87,804		106,266
Total	Ps.	3,503,414	Ps.	3,329,320

19.– FINANCIAL INCOME (EXPENSES):

An analysis of financial income (expenses) for the years ended December 31, 2015 and 2014, is as follows:

	December 31, 2015		December 31, 2014	
Financial income				
Financial income	Ps.	1,165,508	Ps.	1,044,108
Exchange gain		139,650		61,745
	Ps.	1,305,158	Ps.	1,105,853
Financial expenses				
Interest on finance leases	Ps.	(1,244,536)	Ps.	(1,212,003)
Others		(5,140)		(47,884)
	Ps.	(1,249,676)	Ps.	(1,259,887)

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

20.– SEGMENT FINANCIAL INFORMATION:

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

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

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

Mexico:

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

Central America:

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

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

Segment	Year ended December 31, 2015 Total revenues	Operating income	Financial income (expenses) -net	Income before taxes on profits
Mexico:				
Self-service	Ps. .396,518,063	Ps. 29,539,010	Ps. -	Ps. -
Others	13,730,785	1,579,392	-	-
Central America:				
Self-service	79,118,498	3,850,152	-	-
Consolidated	Ps. 489,367,346	Ps. 34,968,554	Ps. 55,482	Ps. 35,024,036

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

Segment	Year ended December 31, 2015 Purchase of property and equipment	Depreciation and amortization	Total assets	Current liabilities
Mexico:				
Self-service	Ps. 7,767,173	Ps. 7,625,367	Ps. 159,125,458	Ps. 54,045,672
Others	713,974	599,695	11,222,435	2,338,440
Unassignable Items	-	-	12,073,810	8,560,968
Central America:				
Self-service	4,045,118	1,799,667	38,171,088	12,364,273
Goodwill and contingent liability	-	-	33,057,328	-
Consolidated	Ps. 12,526,265	Ps. 10,024,729	Ps. 253,650,119	Ps. 77,309,353

Segment	Year ended December 31, 2014							
	Purchase of property and equipment		Depreciation and amortization		Total assets		Current liabilities	
Mexico:								
Self-service	Ps.	9,136,037	Ps.	7,282,731	Ps.	154,715,809	Ps.	50,868,727
Others		703,749		546,450		11,858,431		2,157,821
Unassignable Items		-		-		17,043,770		6,178,912
Assets and liabilities held for sale		-		-		7,988,358		5,770,732
Central America:								
Self-service		2,851,183		1,450,033		29,087,406		10,418,876
Goodwill and contingent liability		-		-		28,020,341		132,983
Consolidated	Ps.	12,690,969	Ps.	9,279,214	Ps.	248,714,115	Ps.	75,528,051

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

At December 31, 2015, assets and liabilities held for sale correspond to Walmart Bank.

21.– SUBSEQUENT EVENT:

On January 18, 2016, the Company reported that it had initiated a process to consider potential offers from third parties that in case of materialize, would lead to the sale of the division of Suburbia stores. This decision is in line with the Company's strategy to focus on its core business.

This process is at an early stage and cannot be guaranteed that the sale is to be carried out or other terms or conditions of a potential operation.

22.– APPROVAL OF THE FINANCIAL STATEMENTS:

The accompanying consolidated financial statements and its notes for the year ended December 31, 2015 and 2014 were approved for issue and public release by the Company's management on February 3, 2016. These financial statements and its notes were subsequently approved by the Company's Board of Directors in a meeting held on February 16, 2016.

AUDIT AND CORPORATE GOVERNANCE COMMITTEES REPORT

WAL-MART DE MÉXICO, S.A.B. DE C.V.

ANNUAL REPORT

Board of Directors of Wal-Mart de México, S.A.B. de C.V.

Dear Sirs,

In accordance with the current Securities Market Law ("LMV", as per its initials in Spanish), article 43 and the internal regulations approved by the Board of Directors of Wal-Mart de México, S.A.B. (jointly with its subsidiaries, the "Company"), we hereby inform you of the activities undertaken during fiscal year ended December 31, 2015 .

In the performance of our duties we have maintained strict compliance not only with the LMV, but we have also considered the recommendations contained in the Code of Corporate Best Practices issued by Consejo Coordinador Empresarial, A.C, the company's Code of Ethics, the General Internal Rules of the Mexican Stock Exchange and general provisions derived from the LMV.

In order to comply with our surveillance process, the Audit and Corporate Practices committees conducted ordinary quarterly meetings to analyze the overall situation in material matters related to accounting, legal, operational, and ethical subjects within the Company. These were supplemented by our participation in monthly meetings with the CEO and Legal; with reports provided by relevant officers as requested by us; and with extraordinary meetings called to discuss specific issues, as warranted, including the following:

I. Corporate Governance:

a) We were informed by Management, with no observations made, on:

1. Performance evaluation processes for relevant executive officers and authorized replacement plans, as well as the process to determine the complete remuneration package for the Chief Executive and the remuneration packages for the other relevant executive officers, as mentioned under note 11, paragraph c) of the consolidated financial statements for the Company.

2. Policies and procedures followed during the period in the execution of transaction with related parties, and the corresponding analysis of transfer prices, as per the concepts mentioned under note 11 of the financial statements.

3. Transactions related to the sale of Banco Walmart Adelante, S.A., as mentioned under note 1, paragraph b) number I; and the sale of the restaurant division owned by Wal-Mart de México S.A.B. de C.V., as per that mentioned under note 1, paragraph b) number II of the financial statements.

4. Lastly, we were periodically informed of the company's situation in terms of Ethics and Compliance and of measures taken by the company to reinforce these areas.

b) The Board of Directors granted no exemption to any director, relevant officer, or any person with the power of authority, whatsoever, as stated in LMV, art. 28, Section III, paragraph f).

c) During 2015, the company's management has been continuously informing us of the progress of the investigations conducted by the Walmart Stores, Inc.'s Audit Committee with support from independent lawyers and other advisors, on corrupt practices, and of all measures taken by the company to reinforce its internal organization by training directors, managing executives and associates and strengthening processes to be leaders in compliance globally, as explained in detail in paragraph c), Note 13 to the financial statements of Wal-Mart de México, S. A. B. de C.V. and Subsidiaries as of December 31, 2015. Additionally, it is our belief that cooperating with the above mentioned investigations is in the best interest of the company and every shareholder, without distinction whatsoever.

II. Auditing:

a) We analyzed the status of the internal control system and were informed in detail of the internal and independent audit programs and work performed in this regard, as well as of the main aspects requiring improvement and follow-up on preventive and corrective measures implemented by management. Therefore, in our opinion, the Company is able to operate within the proper control environment.

b) We evaluated the performance of the independent auditors who are responsible for rendering an opinion on the reasonability of the company's financial statements and their compliance with International Financial Reporting Standards. We consider that the partners at Mancera, S.C. firm (a member of EY Global) meet the necessary requirements of professional qualifications and independence for intellectual and financial action and we, therefore, recommended them to be appointment to examine, and issue a report on, the financial statements of Wal-Mart de México, S. A. B. de C.V. and Subsidiaries as of December 31, 2015. On another subject, any additional or complementary services provided to the company by the above mentioned auditors during 2015 did not interfere with their independence and were not substantial.

c) We attended several meetings to review the annual and quarterly financial statements of the company and recommended to release such financial information at that time.

d) We were informed of the accounting policies that were approved and implemented during 2015, and any modifications, including the elimination of the accounting policies for Banco Walmart Adelante, S.A., as a result of the sale of the same; and the adoption of the accounting policy related to the exchange rate coverage, as per that mentioned under note X, paragraph f) of the financial statements.

e) We followed up on relevant observations made by shareholders, directors, relevant officers, associates and in general any third party in regards to accounting, internal controls and matters pertaining to internal and external audits.

f) We followed up on the agreements reached during the company's Shareholders and Board of Directors meetings.

g) We were informed of the status of the investment plan and the impact on results that were filed with the MSE, pursuant to adjustments made to processes for the opening of units.

Based on work performed and the opinion issued by the independent auditors, we consider that the accounting policies, criteria, and information used by the Company adequate and sufficient, and have been consistently applied. As a result, the information submitted by the Chief Executive Officer reasonably reflects the company's financial position and results.

Therefore, we recommend that the Board of Directors submit the financial statements for Wal-Mart de México, S.A.B. de C.V. and Subsidiaries for the year ended December 31, 2015, for approval by the General Ordinary Shareholders' Assembly.

Sincerely,

Adolfo Cerezo, Eng.

Chairman

Audit and Corporate Governance Committees

Mexico City, February 15, 2016.

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

Consolidated Financial Statements

Years Ended December 31, 2014 and 2013

Contents

FREE TRANSLATION, NOT TO THE LETTER

REPORT OF INDEPENDENT AUDITORS

To the Shareholders of
Wal-Mart de México, S.A.B. de C.V.

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

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

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

Mancera, S.C.

A Member Practice of

Ernst & Young Global

David Sitt

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

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

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

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

FREE TRANSLATION, NOT TO THE LETTER

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

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

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

FREE TRANSLATION, NOT TO THE LETTER

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Notes 1, 3 and 15)
Amounts in thousands of Mexican pesos

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

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

Amounts in thousands of Mexican pesos, except where otherwise indicated

1.- DESCRIPTION OF THE BUSINESS AND RELEVANT EVENTS:

a. Description of the business

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

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

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

b. Relevant events

I. Legal proceedings

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

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

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

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

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

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

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

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

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

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

WALMEX could be exposed to a variety of negative consequences as a result of the matters noted above. There could be one or more enforcement actions in respect of the matters that are the subject of some or all of the ongoing government investigations, and such actions, if brought, may result in judgments, settlements, fines, penalties, injunctions, cease and desist orders or other relief, criminal convictions and/or penalties.

The shareholder lawsuits may result in judgments against WMT and its current and former directors and current and former officers of WMT and **WALMEX** named in those proceedings. **WALMEX** cannot predict accurately at this time the outcome or impact of the government investigations, the shareholder lawsuits, the internal investigation and review. In addition, **WALMEX** expects to incur costs in responding to requests for information or subpoenas seeking documents, testimony and other information in connection with the government investigations, and it cannot predict at this time the ultimate amount of all such costs. These matters may require the involvement of certain members of **WALMEX**'s senior management that could impinge on the time they have available to devote to other matters relating to the business. **WALMEX** may also see ongoing media and governmental interest in these matters that could impact the perception among certain audiences of its role as a corporate citizen.

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

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

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

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

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

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

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

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

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

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

2.- NEW ACCOUNTING PRONOUNCEMENTS:

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

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

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

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

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

c. *IFRS 2 Shared-based payments*
d. *IFRS 3 Business combinations*
e. *IFRS 8 Operating segments*
f. *IFRS 19 Fair value measurement*
g. *IAS 16 Property, plant and equipment*
h. *IAS 24 Related party disclosures*
i. *IAS 40 Investment property*
j. Amendments to IAS 16 and IAS 38 – Clarification of the acceptable methods of depreciation and amortization.

<u>3.- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>:

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

a. Basis of preparation

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

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

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

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

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

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

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

b. Risk factors

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

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

II. Changes in interest rates and exchange rates. Historically, Walmart has generated cash surpluses in Mexico and Central America on which it earns financial income. A reduction in interest rates could cause a decrease in the Company's financial income, which would affect its earnings growth. However, the Company believes that a reduction in interest rates would actually have a positive effect on its business in the medium- and long-term, since it would help improve the purchasing power of its customers.

On the other hand, exchange rate fluctuations tend to put upward pressure on inflation and reduce the population's purchasing power, which could ultimately hinder the Company's sales.

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

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

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

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

c. Consolidation

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

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

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

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

d. Cash and cash equivalents

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

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

e. Financial instruments

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

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

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

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

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

f. Accounts receivable and reserve for bad debts

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

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

g. Inventories

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

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

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

h. Prepaid expenses

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

i. Property and equipment

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

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

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

j. Lease

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

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

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

k. Impairment in the value of property and equipment

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

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

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

l. Intangible assets

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

m. Assets and liabilities held for sale and discontinued operations

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

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

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

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

n. Liabilities and provisions

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

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

o. Contingent liabilities

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

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

p. Taxes on profits

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

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

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

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

q. Employee benefits

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

Mexico:

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

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

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

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

Central America:

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

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

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

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

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

r. Equity

Legal reserve:

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

Employee stock option plan fund:

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

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

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

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

Premium on sale of shares:

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

s. Revenue recognition

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

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

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

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

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

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

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

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

u. Operating segments

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

v. Foreign currency transactions

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

4.- CASH AND CASH EQUIVALENTS:

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

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

5.- ACCOUNTS RECEIVABLE, NET:

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

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

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

6.- INVENTORIES:

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

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

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

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

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

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

Both transactions are explained below:

a) Sale of restaurant division

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

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

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

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

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

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

	May 8, 2014	December 31, 2013
Current assets	Ps. 962,901	Ps. 794,106
Property and equipment, net	2,910,307	3,116,581
Other assets	15,874	22,059
Total assets	Ps. 3,889,082	Ps. 3,932,746

	May 8, 2014	December 31, 2013
Suppliers	Ps. 140,299	Ps. 180,996
Other liabilities	462,046	345,282
Current liabilities	602,345	526,278
Non-current liabilities	405,195	439,949
Total liabilities	Ps. 1,007,540	Ps. 966,227

b) Sale of Walmart Bank

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

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

	December 31, 2014
Credit portfolio	Ps. 5,050,227
Other current assets	1,833,987
Current assets	6,884,214
Other non-current assets	1,104,144
Total assets	Ps. 7,988,358

Traditional deposits	Ps. 5,587,657
Other current liabilities	178,595
Current liabilities	5,766,252
Non-current liabilities	4,480
Total liabilities	Ps. 5,770,732

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

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

8.– PROPERTY AND EQUIPMENT, NET

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

Property and equipment owned by the Company

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

Leased property and equipment

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

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

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

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

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

9.– INTANGIBLE ASSETS:

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

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

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

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

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

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

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

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

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

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

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

10.- RELATED PARTIES:

a) Related party balances

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

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

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

b) Related party transactions

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

- Agreement for imports of merchandise for sale, interest-free and payable monthly.
- Agreement for purchase commissions with Global George that are payable on a recurring basis.
- Agreement for technical assistance and services with Walmart Stores that are payable monthly.
- Agreement for royalties for trademark use with Walmart Stores, payable quarterly based on a percentage of sales of the retail businesses.

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

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

c) Remuneration of principal officers

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

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

11.- OTHER ACCOUNTS PAYABLE:

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

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

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

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

12.– OTHER LONG-TERM LIABILITIES:

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

a) Leases:

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

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

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

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

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

Future rental payments are as follows:

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

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

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

b) Contingent liability

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

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

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

13.– TAXES ON PROFITS:

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

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

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

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

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

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

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

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

Income tax rates applicable are shown below:

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

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

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

14.– EMPLOYEE BENEFITS:

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

Mexico:

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

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

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

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

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

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

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

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

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

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

Central America:

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

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

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

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

	Mexico	Central America
Financial:		
Discount rate	7.00%	7.19% - 12.37%
Salary increase rate	5.25%	3.10% - 7.50%
Minimum salary increase rate	4.00%	2.60% - 7.0%
Inflation rate	4.00%	2.60% - 7-0%
Biometrics:		
Mortality	IMSS97[(1)]	RP – 2000[(2)]
Disability	21.07%	15.4%
Retirement age	65 years	60-65 years

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

15.– EQUITY:

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

   1. Approval of a cap of Ps. 5,000,000 on the amount the Company would use in 2014 to repurchase its own shares.
   2. Cancellation of 107,608,000 series "V" shares resulting from the repurchase of shares.
   3. Increase in the legal reserve of Ps. 1,135,845 to be charged to retained earnings.
   4. A declared ordinary cash dividend of Ps. 0.52 pesos per share to be paid in four installments of Ps. 0.13 pesos per share on April 29, 2014, August 26, 2014, November 25, 2014 and February 24, 2015; and two extraordinary cash dividends, the first one of Ps. 0.46 pesos per share to be paid in two installments, one of Ps. 0.27 pesos per share on April 29, 2014 and the second one of Ps. 0.19 pesos per share on November 25, 2014. The second extraordinary cash dividend of Ps. 0.40 pesos per share which is subject to the approval and closing of the sale of the Vips restaurant division.

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

   1. Approval of a cap of Ps. 5,000,000 on the amount the Company would use in 2013 to repurchase its own shares.
   2. Cancellation of 24,917,540 series "V" shares resulting from the repurchase of shares.
   3. Increase in the legal reserve of Ps. 1,163,758 to be charged to retained earnings.
   4. A declared cash dividend of Ps. 0.46 pesos per share to be paid on April 23, 2013 and two extraordinary cash dividends of Ps. 0.29 pesos per share and Ps. 0.17 pesos per share to be paid on April 23 and on November 26, 2013, respectively.
   5. Approval of the comprehensive amendment to the Company's bylaws.

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

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

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

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

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

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

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

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

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

Changes in the stock option plan are as follows:

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

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

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

16.– OTHER REVENUES:

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

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

17.– FINANCIAL EXPENSES, NET:

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

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

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

18.– SEGMENT FINANCIAL INFORMATION:

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

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

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

Mexico:

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

Central America:

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

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

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

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

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

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

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

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

19.– APPROVAL OF THE FINANCIAL STATEMENTS:

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

AUDIT AND CORPORATE GOVERNANCE COMMITTEES REPORT

WAL-MART DE MÉXICO, S.A.B. DE C.V.

ANNUAL REPORT

Board of Directors of Wal-Mart de México, S.A.B. de C.V.

Dear Sirs,

In accordance with the current Securities Market Law ("LMV", as per its initials in Spanish), article 43 and the internal regulations approved by the Board of Directors of Wal-Mart de México, S.A.B. (jointly with its subsidiaries, the "Company"), we hereby inform you of the activities undertaken during fiscal year ended December 31, 2014.

In the performance of our duties we have maintained strict compliance not only with the LMV, but we have also considered the recommendations contained in the Code of Corporate Best Practices issued by Consejo Coordinador Empresarial, A.C, the company's Code of Ethics, the General Internal Rules of the Mexican Stock Exchange and general provisions derived from the LMV.

In order to comply with our supervisory process, the Audit and Corporate Governance Committees have held quarterly meetings to analyze the company's most relevant accounting, legal, operating and ethical issues in broad terms, supplemented by our involvement in the monthly meetings held with the Chief Executive Officer and Legal areas, and by reports provided by the company's top officers upon our request, and highlights are as follows:

I. As to Corporate Governance:

h) We were informed by the company's Management of the following:

1. Performance evaluation processes for relevant executive officers and authorized replacement plan including, but not limited, to Scot Rank Crawford's resignation to his position as President and Executive Officer of the company and the appointment of Enrique Ostalé Cambiaso to take over his position as of January 1 2015 and, particularly, an analysis of multiple roles to be performed by Mr. Ostalé, with no observations noted.
2. Processes followed along the year to conduct transactions with related parties and relevant transfer price study, concepts which are mentioned by management in Note 10 to the Financial Statements of the Company, with no observations noted.
3. Processes followed to define a comprehensive compensation for the Chief Executive Officer and comprehensive compensation packages for other relevant executive officers, referred to in paragraph c), Note 10 to the financial statements of the company, with no observations noted.
4. Processes followed along the year to conduct transactions with related parties and relevant transfer price study, whose descriptions are referred to in Note 10 to the financial statements of the company, with no observations noted.
5. Transactions related to the sale of Wal-Mart de México S.A.B. de C.V.'s restaurant division referred to in paragraph b), number II, Note 1 to the financial statements of the company, and the sale of Banco Walmart Adelante, S.A., referred to in paragraph b), number III, Note 1 to the above mentioned financial statements, with no observations noted.
6. Lastly, we were periodically informed of the company´s situation in terms of Ethics and Compliance and of measures taken by the company to reinforce these areas, with no observations noted.

i) The Board of Directors granted no exemption to any director, relevant executive officer nor any person with power as stated in LMV, art.

j) During 2014, the company's management has been continuously informing us of the progress of the investigations conducted by the Walmart Stores, Inc.'s Audit Committee with support from independent lawyers and other advisors, on corrupt practices and of all measures taken by the company to reinforce its internal organization by training directors, managing executives and associates and strengthening processes to be leaders in compliance globally, as explained in detail in paragraph b), Note 1 to the financial statements of Wal-Mart de México, S.A.B. de C.V. and Subsidiaries as of December 31, 2014. Additionally, it is our belief that cooperating with the above mentioned investigations is in the best interest of the company and every shareholder, without distinction whatsoever.

II. As To Auditing:

a) We analyzed the status of the internal control system and were informed in detail of the internal and independent audit programs and work developed in this regard, as well as of the main aspects requiring to be improved and follow-up on preventive and corrective measures implemented by management. Therefore, it is our opinion that effectiveness requirements have been properly met for the company to operate under an overall control environment.
b) We evaluated the performance of the independent auditors who are responsible for rendering an opinion on the reasonability of the company's financial statements and their compliance with International Financial Reporting Standards. We consider that the partners at Mancera, S.C. firm (a member of EY Global) meet the necessary requirements of professional qualifications and independence for intellectual and financial action and we, therefore, recommended them to be appointment to examine, and issue a report on, the financial statements of Wal-Mart de México, S.A.B. de C.V. and Subsidiaries as of December 31, 2014. On another subject, any additional or complementary services provided to the company by the above mentioned auditors during 2014 did not interfere with their independence and were not substantial.
c) We attended several meetings to review the annual and quarterly financial statements and recommended to release such financial information at that time.
d) We were informed of the accounting policies approved and followed during 2014 and any amendments, and it is important to mention the policy on assets and liabilities for sale and discontinuous transactions, which was included as a result of the sale of the restaurant division and Banco Walmart whose effects are described in Note 7 to the financial statements of the company.
e) We followed up on relevant observations made by shareholders, directors, relevant executive officers, associates and overall, any third party in regarding to accounting, internal controls and matters related to internal and external audits.
f) We followed up on the agreement reached during the company's Shareholders and Board of Directors meetings.
g) We became aware of progress made in the investment plan and of any impacts on the results submitted to the Mexican Stock Exchange.
h) We were informed of the contingency and business continuity plans implemented by the company which in our opinion are reasonable based on its operating environment.

Based on performed work and an opinion from the independent auditors, it is our conclusion that the accounting and reporting policies and criteria followed by the company are adequate and sufficient, and have been consistently applied. As a result, the information submitted by the Chief Executive Officer reasonably reflects the company's financial position and results.

Therefore, we recommend the company's Board of Directors to submit for approval before the annual shareholders' meeting, the financial statements of Wal-Mart de México, S.A.B. de C.V. and Subsidiaries for the year ended December 31, 2014.

Sincerely,

Adolfo Cerezo, Eng.

President

Audit and Corporate Governance Committees

Mexico City, February 17, 2015.

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

Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

Contents

REPORT OF INDEPENDENT AUDITORS

To the Shareholders of
Wal-Mart de México, S.A.B. de C.V.

We have audited the accompanying consolidated financial statements of Wal-Mart de México, S.A.B. de C.V. and subsidiaries, which comprise the consolidated statements of financial position at December 31, 2013 and 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, as well as a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material 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 professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wal-Mart de México, S.A.B. de C.V. and subsidiaries at December 31, 2013 and 2012, and their consolidated financial performance and cash flows for the years then ended, in conformity with the International Financial Reporting Standards.

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

Mancera, S.C.

A Member Practice of

Ernst & Young Global

Enrique García

Mexico City, February 4, 2014, except for Note 19 related to the approval of the financial statements, which is dated February 18, 2014.

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	December 31, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents (Note 4)	Ps. 21,129,491	Ps. 28,163,229
Accounts receivable, net (Note 5)	12,778,413	10,376,438
Inventories (Note 6)	43,794,897	39,091,595
Prepaid expenses and other assets	1,013,525	1,016,091
Assets held for sale (Note 7)	3,932,746	-
Total current assets	82,649,072	78,647,353
Non-current assets:		
Property and equipment, net (Note 8)	121,082,727	117,376,902
Intangible assets (Note 9)	25,957,186	25,928,040
Other non-current assets	573,148	333,412
Total assets	Ps. 230,262,133	Ps. 222,285,707
Liabilities and equity		
Current liabilities:		
Accounts payable to suppliers (Note 10)	Ps. 47,609,438	Ps. 44,769,655
Other accounts payable (Note 11)	15,549,473	14,969,365
Taxes payable	1,596,262	2,424,526
Liabilities relating to assets held for sale (Note 7)	966,227	-
Total current liabilities	65,721,400	62,163,546
Long-term liabilities:		
Other long-term liabilities (Note 12)	13,766,917	12,638,523
Deferred tax (Note 13)	6,851,658	6,588,903
Employee benefits (Note 14)	971,577	1,058,117
Total liabilities	87,311,552	82,449,089
Equity (Note 15):		
Capital stock	45,777,573	45,959,724
Legal reserve	6,949,333	5,785,575
Retained earnings	92,551,723	90,370,930
Other comprehensive income items	397,799	162,781
Premium on sale of shares	2,314,940	2,067,980
Employee stock option plan fund	(5,061,161)	(4,646,088)
Equity attributable to owners of the parent	142,930,207	139,700,902
Non-controlling interests	20,374	135,716
Total equity	142,950,581	139,836,618
Total liabilities and equity	Ps. 230,262,133	Ps. 222,285,707

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

FREE TRANSLATION, NOT TO THE LETTER

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Year ended December 31 2013		Year ended December 31 2012	
Net sales	Ps.	420,577,021	Ps.	407,843,715
Other revenues (Note 16)		4,584,420		4,216,505
Total revenues		425,161,441		412,060,220
Cost of sales	(	331,537,855)	(	321,832,560)
Gross profit		93,623,586		90,227,660
General expenses	(	62,101,772)	(	58,541,066)
Income before other income (expenses), net		31,521,814		31,686,594
Other income (expenses), net		9,833	(	264,892)
Operating income		31,531,647		31,421,702
Financial (expenses) income, net (Note 17)	(	14,642)		400,937
Income before taxes on profits		31,517,005		31,822,639
Taxes on profits (Note 13)	(	9,516,938)	(	9,236,797)
Net Income from continuing operations		22,000,067		22,585,842
Net income from discontinued operations (Note 7)		713,153		682,821
Consolidated net income	Ps.	22,713,220	Ps.	23,268,663
Other comprehensive income items:				
Items that were not reclassified to profit and loss of the year:				
Actuarial gain (loss) on employee benefits	Ps.	57,007	Ps.(	217,680)
Items that may be reclassified subsequently to profit and loss:				
Cumulative translation adjustment		178,011	(	1,259,101)
		235,018	(	1,476,781)
Comprehensive income	Ps.	22,948,238	Ps.	21,791,882
Net income attributable to:				
Owners of the parent	Ps.	22,716,891	Ps.	23,275,163
Non-controlling interests	(	3,671)	(	6,500)
	Ps.	22,713,220	Ps.	23,268,663
Comprehensive income attributable to:				
Owners of the parent	Ps.	22,951,909	Ps.	21,798,382
Non-controlling interests	(	3,671)	(	6,500)
	Ps.	22,948,238	Ps.	21,791,882
Basic earnings per share from continuing operations attributable to owners of the parent (in pesos)	Ps.	1.244	Ps.	1.273
Basic earnings per share attributable to owners of the parent (in pesos)	Ps.	1.284	Ps.	1.312

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

FREE TRANSLATION, NOT TO THE LETTER

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Notes 1, 3 and 15)
Amounts in thousands of Mexican pesos

	Capital stock	Legal reserve	Retained earnings	Other comprehensive income items	Premium on sale of shares	Employee stock option plan fund	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at January 1, 2012	Ps. 45,966,579	Ps. 4,672,883	Ps. 78,866,293	Ps. 1,639,562	Ps. 1,911,758	Ps. (4,190,174)	Ps. 128,866,901	Ps. 316,176	Ps. 129,183,077
Movements in employee stock option plan fund					156,222	(455,914)	(299,692)		(299,692)
Increase in legal reserve		1,112,692	(1,112,692)				-		-
Repurchase of shares	(70,234)		(1,017,619)				(1,087,853)		(1,087,853)
Dividends paid			(9,611,672)				(9,611,672)		(9,611,672)
Shares issued for the payment of the contingent liability	63,379						63,379		63,379
Purchase of shares of non-controlling interests			(28,543)				(28,543)	(173,960)	(202,503)
Comprehensive income			23,275,163	(1,476,781)			21,798,382	(6,500)	21,791,882
Balance at December 31, 2012	45,959,724	5,785,575	90,370,930	162,781	2,067,980	(4,646,088)	139,700,902	135,716	139,836,618
Movements in employee stock option plan fund					246,960	(415,073)	(168,113)		(168,113)
Increase in legal reserve		1,163,758	(1,163,758)						
Repurchase of shares	(249,310)		(3,079,173)				(3,328,483)		(3,328,483)
Dividends paid			(16,056,467)				(16,056,467)		(16,056,467)
Shares issued for the payment of the contingent liability	67,159						67,159		67,159
Purchase of shares of non-controlling interests			(236,700)				(236,700)	(111,671)	(348,371)
Comprehensive income			22,716,891	235,018			22,951,909	(3,671)	22,948,238
Balance at December 31, 2013	Ps. 45,777,573	Ps. 6,949,333	Ps. 92,551,723	Ps. 397,799	Ps. 2,314,940	Ps. (5,061,161)	Ps. 142,930,207	Ps. 20,374	Ps. 142,950,581

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Year ended December 31	
	2013	2012
Operating activities		
Income before taxes on profits	Ps. 31,517,005	Ps. 31,822,639
Items related to investing activities:		
Depreciation and amortization	8,689,694	8,393,098
Loss from disposal of property and equipment	187,803	46,928
Impairment in goodwill and contingent liability	-	121,911
Stock option compensation expense	351,898	342,957
Interest earned	(539,565)	(673,161)
Items related to financing activities:		
Interest payable under finance leases	1,113,361	1,055,550
Accrued interest on contingent liability	42,206	44,891
Discontinued operations	1,261,230	975,460
Cash flow from results of operations	42,623,632	42,130,273
Variances in:		
Accounts receivable	(2,169,222)	1,045,546
Inventories	(4,803,437)	(201,926)
Prepaid expenses and other assets	(273,549)	33,870
Accounts payable to suppliers	2,887,686	(5,532,394)
Other accounts payable	905,405	810,628
Taxes on profits	(9,997,166)	(8,680,470)
Employee benefits	(19,774)	35,436
Discontinued operations	(450,736)	-
Net cash flow from operating activities	28,702,839	29,640,963
Investing activities		
Purchase of property, equipment and software	(13,987,014)	(14,659,555)
Employee stock option plan fund	(520,011)	(642,649)
Interest collected	539,565	673,161
Purchase of shares of non-controlling interests	(348,371)	(189,720)
Proceeds from sale of property and equipment	182,212	514,554
Discontinued operations	(157,272)	-
Net cash flow used in investing activities	(14,290,891)	(14,304,209)
Financing activities		
Dividends paid	(16,056,467)	(9,611,672)
Repurchase of shares	(3,328,483)	(1,087,853)
Payment of finance leases	(1,352,533)	(1,292,407)
Discontinued operations	(39,517)	-
Net cash flow used in financing activities	(20,777,000)	(11,991,932)
Effect of changes in the value of cash	(668,686)	(347,979)
Net (decrease) increase in cash and cash equivalents	(7,033,738)	2,996,843
Cash and cash equivalents at beginning of year	28,163,229	25,166,386
Cash and cash equivalents at end of year	Ps. 21,129,491	Ps. 28,163,229

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

Amounts in thousands of Mexican pesos, except where otherwise indicated

1.- DESCRIPTION OF THE BUSINESS AND RELEVANT EVENTS:

a. Description of the business

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

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

Group	Line of business
Nueva Walmart	Operation of 1,589 (1,423 in 2012) Bodega Aurrerá discount stores, 243 (227 in 2012) Walmart hypermarkets, 156 (142 in 2012) Sam’s Club membership self-service wholesale stores, 92 (90 in 2012) Superama supermarkets and 10 (6 in 2012) Medimart pharmacies.
Suburbia	Operation of 109 (100 in 2012) Suburbia stores specializing in apparel and accessories for the entire family.
Vips	Operation of 262 (266 in 2012) Vips restaurants serving international cuisine, 92 (in both years) El Portón restaurants serving Mexican food and 6 (7 in 2012) Ragazzi restaurants specializing in Italian food.
Importing companies	Import goods for sale.
Real estate	Property developments and management of real estate companies.
Service companies	Rendering of professional services to Group companies and not-for-profit services to the community at large, and shareholding.
Walmart Bank	Operation of 201 (263 in 2012) bank branches.
Walmart Central America	Operation of 466 (459 in 2012) discount stores (Despensa Familiar and Palí), 100 (97 in 2012) supermarkets (Paiz, La Despensa de Don Juan, La Unión and Más x Menos), 75 (67 in 2012) discount warehouse stores (Maxi Bodega and Maxi Palí), 20 (17 in 2012) Walmart hypermarkets and 1 (2 in 2012) ClubCo membership self-service wholesale stores. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

b. Relevant events

I. Legal proceedings

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

Currently, the Board of Directors of **WALMEX** is composed of 11 directors and 6 alternates. The Audit Committee and the Corporate Governance Committee of the Board of Directors are composed exclusively of independent directors (including alternate directors).

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

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

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

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

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

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

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

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

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

On June 20, 2012, **WALMEX** publicly disclosed a downward adjustment to its 2012 growth plan.

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

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

Sale of the restaurant line of business

On September 10, 2013, the Company reached a final agreement with ALSEA, S.A.B. de C.V. (ALSEA) for this company to acquire 100% of **WALMEX**' restaurant line of business, which includes the Vips, El Portón, Ragazzi and La Finca ("VIPS") restaurant chains. The closing of the transaction is subject to the approval of Mexico's Federal Economic Antitrust Commission (Note 7).

2.- NEW ACCOUNTING PRONOUNCEMENTS:

In 2012, the International Accounting Standards Board (IASB) issued the following International Financial Reporting Standards (IFRS).

a. IFRS 10, *Consolidated Financial Statements* - This standard establishes a single model of control that is applicable to any entity (including special purpose entities). IFRS 10 supersedes IAS 27, *Consolidated and Separate Financial Statements*, and SIC 12, *Consolidation – Special Purpose Entities*.

b. IFRS 11, Joint Arrangements – This standard establishes the principles for financial reporting by parties to a joint arrangement. The option of applying the proportional consolidation method is eliminated for joint ventures (understood based on the new definition). This standard supersedes IAS 31, Interests in Joint Ventures, and SIC 13, Jointly Controlled Entities – Non-monetary Contributions by Venturers.

c. IFRS. 12, Disclosure of Interests in Other Entities – This standard brings all of the different disclosure requirements for subsidiaries, joint arrangements, associates and structured entities together in a single standard.

d. IFRS 13, Fair Value Measurement – This standard defines the concept of fair value and requires the disclosure of fair value measurements.

These new standards became effective for fiscal years beginning on or after January 1, 2013. The adoption of these standards had no material effect on the Company´s financial statements.

3.- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the significant accounting policies used in the preparation of the consolidated financial statements is described below. These policies have been applied consistently with those applied in the year ended December 31, 2012.

a. Basis of preparation

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

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

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

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

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

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

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

b. Risk factors

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

I. Employment and salary. Positive or negative changes in employment and/or real salary levels could affect Mexico's per capita income and, consequently, the Company's business performance.
II. Changes in interest rates and exchange rates. Historically, Walmart has generated cash surpluses in Mexico and Central America on which it earns financial income. A reduction in interest rates could cause a decrease in the Company's financial income, which would affect its earnings growth. However, the Company believes that a reduction in interest rates would actually have a positive effect on its business in the medium- and long-term, since it would help improve the purchasing power of its customers. On the other hand, exchange rate fluctuations tend to put upward pressure on inflation and reduce the population's purchasing power, which could ultimately hinder the Company's sales.
In compliance with its corporate governance policies, the Company has no transactions with derivative financial instruments.

III. Competition. The retail sector has become very competitive in recent years, which has led to the need for all the players in the market to constantly look for ways to set themselves apart from the competition. This puts the Company's market share at risk. Other factors affecting the Company's market share could be the business expansion of its competitors and the possible entrance of new competitors into the market.
IV. Inflation. Over the last few years. The inflation rates in Mexico and Central America have remained at low levels. A significant increase in inflation rates could have a direct effect on the purchasing power of the Company's customers and the demand for its products and services.
V. Changes in government regulations. The Company is exposed to the changes in different laws and regulations, which, after becoming effective, they could affect the Company's operating results, such as an impact on sales, expenses for payroll indirect taxes and changes in applicable rates.

c. Consolidation

The accompanying consolidated financial statements include the Financial Statements of **WALMEX** and those of its subsidiaries in Mexico and abroad, which are grouped as described in Note 1 paragraph a, and they are prepared for the same accounting period. All related party balances and transactions have been eliminated in the consolidation, in conformity with IFRS 10, *Consolidated Financial Statements*.

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

d. Cash and cash equivalents

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

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

e. Financial instruments

The Company has no transactions with derivative financial instruments.

f. Accounts receivable and reserve for bad debts

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

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

g. Inventories

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

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

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

h. Prepaid expenses

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

i. Property and equipment

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

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

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

j. Lease

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

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

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

k. Impairment in the value of property and equipment

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

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

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

l. Intangible assets

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

m. Assets and liabilities held for sale and discontinued operations

In conformity with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations, n*on-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets are not subject to depreciation and are measured at the lower of their previous carrying amount and fair value less costs to sell.

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

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

n. Liabilities and provisions

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

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

o. Contingent liabilities

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

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

p. Taxes on profits

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

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

Current year taxes on profits are presented as a short-term liability or current asset, net of prepayments made during the year.

q. Employee benefits

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

Mexico:

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

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

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

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

Central America:

Termination retirement benefits to which employees of the Walmart Central America companies are entitled under the labor laws of each country and are recorded as liabilities based on actuarial valuations carried out by independent experts.

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

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

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

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

r. Equity

Legal reserve:

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

Employee stock option plan fund:

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

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

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

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

Premium on sale of shares:

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

s. Revenue recognition

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

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

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

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

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

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

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

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

u. Operating segments

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

v. Foreign currency transactions

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

4.- CASH AND CASH EQUIVALENTS:

An analysis of cash and cash equivalents at December 31, 2013 and 2012, is as follows:

	December 31, 2013	December 31, 2012
Cash and cash in banks	Ps. 7,826,506	Ps. 8,318,695
Highly marketable investments	13,302,985	19,844,534
	Ps. 21,129,491	Ps. 28,163,229

5.- ACCOUNTS RECEIVABLE, NET:

An analysis of accounts receivable at December 31, 2013 and 2012, is as follows:

	December 31, 2013	December 31, 2012
Walmart Bank loan portfolio	Ps. 5,307,153	Ps. 4,035,917
Recoverable taxes	3,958,463	3,308,944
Trade receivables	3,549,235	3,065,220
Other accounts receivable	606,153	489,200
Walmart Bank allowance for credit risks	(523,340)	(364,063)
Reserve for bad debts (trade receivables and others)	(119,251)	(158,780)
	Ps. 12,778,413	Ps. 10,376,438

6.- INVENTORIES:

An analysis of inventories at December 31, 2013 and 2012, is as follows:

	December 31, 2013	December 31, 2012
Merchandise for sale	Ps. 41,262,225	Ps. 37,426,732
Agro-industrial development	641,094	548,748
	41,903,319	37,975,480
Merchandise in transit	1,891,578	1,116,115
	Ps. 43,794,897	Ps. 39,091,595

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

As part of its business strategy, **WALMEX** reached a final agreement with ALSEA for this company to acquire 100% of **WALMEX**' restaurant line of business, which includes the Vips, El Portón, Ragazzi and La Finca ("VIPS") restaurant chains. The total sale price is Ps. 8,200 million. This deal is subject to the approval of Mexico's Federal Economic Antitrust Commission. Additionally, ALSEA shall pay **WALMEX** in the future rent for those restaurant units that are located where other **WALMEX**' stores are located.

The Vips restaurant business consists of 360 restaurants of which 262 operate under the "Vips" brand name, 92 units operate under the "El Portón" brand name and 6 units operate under the "Ragazzi" brand name. Additionally, this transaction includes the transfer of intellectual property related to the four brands, menus, product development, and operating processes, among others.

An analysis of assets and liabilities classified as held for sale at December 31, 2013, is as follows:

	December 31, 2013
Current assets	Ps. 794,106
Property and equipment, net	3,116,581
Other assets	22,059
	Ps. 3,932,746
Accounts payable to suppliers	Ps. 180,996
Other liabilities	345,282
Current liabilities	526,278
Non-current liabilities	439,949
Total liabilities	Ps. 966,227

Main lines of the results from discontinued operations shown in the consolidated statement of comprehensive income for the years ended December 31, 2013 and 2012, are as follows:

	December 31, 2013	December 31, 2012
Total revenues	Ps. 5,987,465	Ps. 5,990,781
Costs, expenses and taxes	(5,274,312)	(5,307,960)
Net income from discontinued operations	Ps. 713,153	Ps. 682,821

8.– PROPERTY AND EQUIPMENT, NET

An analysis of property and equipment at December 31, 2013 and 2012, is as follows:

Property and equipment owned by the Company

	January 1, 2012	Additions	Disposals	Transfers	Translation effect	December 31, 2012	Additions	Disposals	Transfers	Translation effect	December 31, 2013
Land	Ps. 27,295,427	Ps. 1,992,763	Ps.(270,023)	Ps.(12,437)	Ps. (220,610)	Ps. 28,785,120	Ps. 942,375	Ps.(60,796)	Ps. (186,479)	Ps. 52,910	Ps. 29,533,130
Buildings	40,803,393	3,677,521	(222,732)	632,148	(320,502)	44,569,828	2,627,787	(73,056)	(2,802,621)	102,590	44,424,528
Facilities and leasehold improvements	33,835,629	2,929,457	(331,765)	62,117	(209,436)	36,286,002	3,403,164	(432,713)	579,073	36,634	39,872,160
Furniture and equipment	41,430,843	5,610,947	(889,283)	271,306	(419,920)	46,003,893	5,233,276	(2,325,188)	(1,498,123)	75,731	47,489,589
Total	143,365,292	14,210,688	(1,713,803)	953,134	(1,170,468)	155,644,843	12,206,602	(2,891,753)	(3,908,150)	267,865	161,319,407
Accumulated depreciation	(46,489,962)	(7,701,317)	1,074,595	(46,764)	189,043	(52,974,405)	(8,241,071)	2,549,535	3,445,588	(42,463)	(55,262,816)
Work in process	3,591,072	247,085	116,540	(820,162)	(105,131)	3,029,404	1,677,410	5,965	(2,128,258)	27,417	2,611,938
Total owned property and equipment	Ps. 100,466,402	Ps. 6,756,456	Ps. (522,668)	Ps. 86,208	Ps. (1,086,556)	Ps.105,699,842	Ps. 5,642,941	Ps.(336,253)	Ps.(2,590,820)	Ps. 252,819	Ps.108,668,529

Leased property and equipment

	January 1, 2012	Additions	Disposals	Transfers	Translation effect	December 31, 2012	Additions	Disposals	Transfers	Translation effect	December 31, 2013
Property	Ps. 11,566,148	Ps. 1,145,128	Ps.(3,774)	Ps. -	Ps. (132,705)	Ps. 12,574,797	Ps. 1,454,057	Ps.(145,643)	Ps.(553,583)	Ps. 30,658	Ps. 13,360,286
Furniture and equipment	1,491,246	357,106	(4,780)	(126,233)	-	1,717,339	420,528	(4)	(241,253)	-	1,896,610
Total	13,057,394	1,502,234	(8,554)	(126,233)	(132,705)	14,292,136	1,874,585	(145,647)	(794,836)	30,658	15,256,896
Accumulated depreciation	(2,151,298)	(509,467)	165	53,880	(8,356)	(2,615,076)	(566,847)	54,967	324,569	(40,311)	(2,842,698)
Total leased property and equipment	Ps. 10,906,096	Ps. 992,767	Ps. (8,389)	Ps.(72,353)	Ps. (141,061)	Ps. 11,677,060	Ps. 1,307,738	Ps. (90,680)	Ps.(470,267)	Ps. (9,653)	Ps. 12,414,198
Total	Ps.111,372,498	Ps. 7,749,223	Ps. (531,057)	Ps. 13,855	Ps.(1,227,617)	Ps.117,376,902	Ps. 6,950,679	Ps.(426,933)	Ps.(3,061,087)	Ps. 243,166	Ps. 121,082,727

Depreciation expense for the years ended December 31, 2013 and 2012, was Ps. 8,496,420 and Ps. 7,841,915, respectively.

At December 31, 2013, the transfers column includes the reclassification of fixed assets held for sale in the amount of Ps. 3,116,581 pertaining to the restaurant line of business.

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

9.– INTANGIBLE ASSETS:

An analysis of intangible assets at December 31, 2013 and 2012, is as follows:

	December 31, 2013	December 31, 2012
Goodwill	Ps. 24,745,086	Ps. 24,745,086
Trademarks	620,167	609,428
Licenses and software	445,893	415,740
Trade receivables	102,484	115,441
Patents	43,556	42,345
	Ps. 25,957,186	Ps. 25,928,040

For the years ended December 31, 2013 and 2012, the Company acquired software in the amount of Ps. 288,454 and Ps. 201,783, respectively.

Amortization expense for the years ended December 31, 2013 and 2012, was Ps. 193,274 and Ps. 221,358, respectively.

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

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

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

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

As a result of this study, at December 31, 2013, there were no indicators of impairment in the value of the Company's goodwill. At December 31, 2012, the Company recognized an impairment loss of Ps. 5,023,011 in the other income (expenses), net line.

As a result of the above, the Company reassessed the contingent liability recognized in February 2010 as part of the acquisition of Walmart Central America. As a result of this analysis, no adjustment was made to the contingent liability at December 31, 2013. Conversely, at December 31, 2012, the Company cancelled Ps. 4,901,100 of the contingent liability, recognizing income of Ps. 4,649,277 in the other income (expense), net line, and a cancellation of interest in the amount of Ps. 251,823 that is presented in the financial (expense) income, net line.

10.- RELATED PARTIES:

a) Related party balances

At December 31, 2013 and 2012, the consolidated statement of financial position includes the following balances with related parties:

	December 31, 2013		December 31, 2012	
Accounts payable to suppliers:				
C.M.A. – U.S.A., L.L.C. (affiliate)	Ps.	343,919	Ps.	615,185
Global George, LTD. (affiliate)		34,451		17,109
	Ps.	378,370	Ps.	632,294
Other accounts payable:				
Wal-Mart Stores, Inc. (holding company)	Ps.	413,092	Ps.	377,254

At December 31, 2013 and 2012, balances receivable due from and payable due to related parties consist of current accounts that bear no interest, payable in cash and without guarantees.

b) Related party transactions

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

- Agreement for imports of merchandise for sale, interest-free and payable monthly.
- Agreement for purchase commissions with Global George that are payable on a recurring basis.
- Agreement for technical assistance and services with Walmart Stores that are payable monthly.
- Agreement for royalties for trademark use with Walmart Stores, payable quarterly based on a percentage of sales of the retail businesses.

The Company had the following transactions with related parties during the years ended December 31, 2013 and 2012:

	December 31, 2013		December 31, 2012	
Import of merchandise for sale:				
C.M.A. – U.S.A., L.L.C. (affiliate)	Ps.	3,131,719	Ps.	3,138,902
Global George, LTD. (affiliate)		47,003		17,072
	Ps.	3,178,722	Ps.	3,155,974
Technical assistance, services and royalties:				
Wal-Mart Stores, Inc. (holding company)	Ps.	2,164,810	Ps.	2,146,203

c) Remuneration of principal officers

An analysis of remuneration to the Company's principal officers for the years ended December 31, 2013 and 2012 is as follows:

	December 31, 2013		December 31, 2012	
Short-term benefits	Ps.	754,508	Ps.	695,027
Termination benefits		83,303		64,477
Share-based payments		93,951		53,906
	Ps.	931,762	Ps.	813,410

11.- OTHER ACCOUNTS PAYABLE:

An analysis of other accounts payable at December 31, 2013 and 2012, is as follows:

	December 31, 2013	December 31, 2012
Accrued liabilities and others	Ps. 8,830,905	Ps. 9,101,897
Walmart Bank traditional deposits	4,807,951	4,249,943
Provisions	606,153	597,918
Finance lease (Note 12)	723,059	476,019
Related parties (Note 10)	413,092	377,254
Contingent liability (Note 12)	127,674	131,685
Dividends	40,639	34,649
	Ps. 15,549,473	Ps. 14,969,365

At December 31, 2013, the Company has commitments totaling Ps. 10,150,325 (Ps. 9,003,254 in 2012) for the acquisition of inventories, property and equipment, as well as for maintenance services.

12.– OTHER LONG-TERM LIABILITIES:

At December 31, 2013 and 2012, the other long-term liabilities line includes the Company's obligations beyond one year under its finance leases and contingent liability, as described below:

a) Leases:

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

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

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

The Company has entered into property lease agreements with third parties for compulsory terms ranging from 2 to 15 years.

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

Future rental payments are as follows:

Year	Operating leases (compulsory term)	Finance leases (minimum payments)
2014	Ps. 321,429	Ps. 723,059
2015	Ps. 311,318	Ps. 817,880
2016	Ps. 272,739	Ps. 915,406
2017	Ps. 193,867	Ps. 509,273
2018	Ps. 130,490	Ps. 439,997
2019 and thereafter	Ps. 478,282	Ps. 9,622,614

At December 31, 2013, the liability derived from the use of the straight-line method under operating leases was Ps. 524,784, of which Ps. 25,085 is presented in the current liabilities line.

Total rent under operating leases charged to the income statement during the years ended December 31, 2013 and 2012 was Ps. 4,551,209 and Ps. 3,614,455, respectively.

b) Contingent liability

At December 31, 2013 and 2012, the Company recognized a contingent liability for contingent compensation related to the acquisition of Walmart Central America of Ps. 1,069,197 and Ps. 1,190,933, respectively, including amounts payable in less than one year of Ps. 127,674 and Ps. 131,685, respectively. This contingent compensation represents future payments in shares and in cash.

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

	2013	2012
Payment in shares	Ps. 67,159	Ps. 63,379
Payment in cash	64,526	60,894
Total payment of contingent liability	Ps. 131,685	Ps. 124,273
Number of Series “V” shares issued	1,606,084	1,586,861

13.– TAXES ON PROFITS:

Through December 31, 2013, the Company and its subsidiaries, except Walmart Bank and Walmart Central America, have been authorized by the Ministry of Finance and Public Credit to determine their tax results on a consolidated basis. Beginning January 1, 2014, each of the companies of **WALMEX** shall determine and pay income tax on an individual basis.

An analysis of taxes on profits charged to the income statement for the years ended December 31, 2013 and 2012, is as follows:

	December 31, 2013	December 31, 2012
Current year tax	Ps. 9,165,940	Ps. 8,736,951
Deferred tax	350,998	499,846
Total	Ps. 9,516,938	Ps. 9,236,797

An analysis of the effects of the temporary differences giving rise to deferred tax assets and liabilities at December 31, 2013 and 2012, is as follows:

	December 31, 2013	December 31, 2012
Property and equipment	Ps. 9,133,637	Ps. 8,200,595
Inventories	(663,248)	(787,232)
Repatriation of earnings of Walmart Central America	1,238,918	1,206,647
Walmart Bank available tax loss carryforward	(1,039,272)	(846,616)
Advance collections	(191,539)	(224,350)
Other long-term liabilities	(239,131)	(243,378)
Other items, net	(1,387,707)	(716,763)
Total	Ps. 6,851,658	Ps. 6,588,903

At December 31, 2013, the consolidated effective tax rate is 30.2% (29.0% in 2012). The difference between the statutory tax rate and the effective tax rate is due basically to the effects of annual inflation adjustment and other permanent items.

In Mexico, the legal income tax rate is 30%. For the other countries, the legal income tax rates are as follows:

	Rate
Costa Rica	30%
Guatemala	31%
Honduras	30%
Nicaragua	30%
El Salvador	30%

The goodwill resulting from the acquisition of Walmart Central America is not deductible under the Mexican Income Tax Law and thus, it has no effect on the Company's calculation of deferred taxes.

The Company has tax losses from Walmart Bank that, in conformity with the current Mexican Income Tax Law, may be carried forward against the taxable income generated in future years.

An analysis of the Company's available tax loss carryforward at December 31, 2013 is as follows:

Year of expiration		Amount
2017	Ps.	124,163
2018		683,098
2019		833,739
2020		811,847
2021		633,663
2022		145,605
	Ps.	3,232,115

14.– EMPLOYEE BENEFITS:

Mexico:

The Company has set up a defined benefits trust fund to cover seniority premiums accruing to employees. Workers make no contributions to this fund. These obligations are estimated using the projected unit credit method.

At December 31, 2013 and 2012, an analysis of the Company's assets and liabilities for seniority premiums and retirement benefits is as follows:

	Seniority premiums		Retirement benefits	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Defined benefit obligation	Ps. 736,256	Ps. 786,744	Ps. 97,307	Ps. 103,353
Plan assets	(612,821)	(603,038)	-	-
Net projected liability	Ps. 123,435	Ps. 183,706	Ps. 97,307	Ps. 103,353

An analysis of the Company's obligations for seniority premiums and retirement benefits for the years ended December 31, 2013 and 2012 is as follows:

	Seniority premiums		Retirement benefits	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Current-year service cost	Ps. 107,431	Ps. 86,338	Ps. 6,303	Ps. 4,970
Net interest	11,342	6,892	6,522	5,930
Cost of defined benefits	Ps. 118,773	Ps. 93,230	Ps. 12,825	Ps. 10,900

Payouts for seniority premiums in Mexico for the year ended December 31, 2013 were Ps. 61,199 (Ps. 53,113 in 2012).

At December 31, 2013, the plan assets have been invested through the trust as follows: 94% in money market instruments and 6% in mutual funds.

Central America:

For the years ended December 31, 2013 and 2012, an analysis of the liabilities associated with termination benefits in Central America is as follows:

Country	Defined benefit obligation	
	December 31, 2013	December 31, 2012
Costa Rica	Ps. 73,892	Ps. 62,522
Guatemala	534,557	564,658
Honduras	80,526	77,342
Nicaragua	11,781	12,798
El Salvador	50,079	53,738
Total	Ps. 750,835	Ps. 771,058

For the years ended December 31, 2013 and 2012, an analysis of the cost of termination benefits in Central America is as follows:

Country	Current-year service cost		Net interest	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Costa Rica	Ps. 13,328	Ps. 47,289	Ps. 14,297	Ps. 8,968
Guatemala	67,935	53,825	39,712	42,175
Honduras	16,878	16,802	8,210	7,844
Nicaragua	4,069	4,489	1,483	1,639
El Salvador	10,898	11,076	3,532	5,146
Total	Ps. 113,108	Ps. 133,481	Ps. 67,234	Ps. 65,772

Termination benefits paid out for the year ended December 31, 2013 were Ps. 161,318 (Ps. 147,720 in 2012).

At December 31, 2013, the actuarial assumptions used in the actuarial study for each country are as follows:

Country	Discount rate	Salary increase rate
Mexico	7.50%	5.25%
Costa Rica	10.12%	5.50%
Guatemala	8.50%	4.50%
Honduras	13.29%	6.00%
Nicaragua	12.99%	7.50%
El Salvador	8.30%	3.10%

15.– EQUITY:

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

1. Approval of a cap of Ps. 5,000,000 on the amount the Company would use in 2013 to repurchase its own shares.
2. Cancellation of 24,917,540 series "V" shares resulting from the repurchase of shares.
3. Increase in the legal reserve of Ps. 1,163,758 to be charged to retained earnings.
4. A declared cash dividend of Ps. 0.46 pesos per share to be paid on April 23, 2013 and two extraordinary cash dividends of Ps. 0.29 pesos per share and Ps. 0.17 pesos per share to be paid on April 23 and on November 26, 2013, respectively
5. Approval of the comprehensive amendment to the Company's bylaws.

b. At ordinary and extraordinary meetings held on March 27, 2012, the shareholders adopted the following resolutions:

1. Approval of a cap of Ps. 5,000,000 on the amount the Company would use in 2012 to repurchase its own shares.
2. Cancellation of 100,997,000 series "V" shares resulting from the repurchase of shares.
3. Increase in the legal reserve of Ps. 1,112,692 to be charged to retained earnings.
4. A declared cash dividend of Ps. 0.44 pesos per share and an extraordinary cash dividend of Ps. 0.11 pesos per share. Both dividends were to be paid on April 30, 2012.

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

At December 31, 2013 and 2012, an analysis of historical paid-in stock and the number of shares representing it is as follows:

Capital stock	December 31, 2013	December 31, 2012
Fixed minimum capital	Ps. 5,591,362	Ps. 5,591,362
Variable capital	37,215,773	37,381,747
Total	Ps. 42,807,135	Ps. 42,973,109
Number of freely subscribed common shares:	17,627,200,951	17,721,594,867

During the year ended December 31, 2013, **WALMEX** repurchased 96,000,000 (27,084,540 in 2012 of its own shares, of which 2,167,000 were cancelled as per the resolution adopted at the shareholders' meeting held on March 27, 2012). As a result of the share repurchases, the Company's historical capital stock was reduced by Ps. 233,133 (Ps. 65,670 in 2012). The difference between the theoretical value and the repurchase cost of the shares acquired was reflected against retained earnings.

d. Distributed earnings and capital reductions that exceed the net taxed profits account (CUFIN per its acronym in Spanish) and restated contributed capital account (CUCA per its acronym in Spanish) balances are subject to income tax, in conformity with Articles 11 and 89 of the Mexican Income Tax Law.

At December 31, 2013 and 2012, the total balance of these two tax accounts is Ps. 143,033,415 and Ps. 135,398,711, respectively.

e. The employee stock option plan fund consists of 231,976,659 **WALMEX** shares, which have been placed in a trust created for the plan.

The total compensation cost charged to operating results in the years ended December 31, 2013 and 2012 was Ps. 351,898 and Ps. 342,957, respectively, which represented no cash outlay for the Company.

Changes in the stock option plan are as follows:

	Number of shares	Weighted average price per share (pesos)
Balance at January 1, 2012	261,291,765	19.27
Granted	37,202,679	39.79
Exercised	(41,817,426)	14.82
Cancelled	(6,031,950)	29.54
Balance at December 31, 2012	250,645,068	22.81
Granted	38,214,955	39.21
Exercised	(55,080,437)	15.52
Cancelled	(9,002,077)	35.67
Balance at December 31, 2013	224,777,509	26.87
Shares available for option grant:		
At December 31, 2013	7,199,150	
At December 31, 2012	1,962,028	

At December 31, 2013, an analysis of granted and exercisable shares under the stock option plan fund is as follows:

	Granted				Exercisable	
Year	Number of shares	Average remaining life (in years)	Weighted average price per share (pesos)	Range of price (pesos)	Number of shares	Weighted average price per share (pesos)
2004	8,157,071	0.2	8.47	8.45-9.09	8,157,071	8.47
2005	14,306,364	1.2	9.90	9.90	14,306,364	9.90
2006	15,086,813	2.2	14.40	14.40-15.02	15,086,813	14.40
2007	13,563,239	3.2	21.54	21.54	13,563,239	21.54
2008	20,966,495	4.2	19.35	19.35	20,966,495	19.35
2009	29,590,705	5.2	15.99	15.85-22.80	18,225,167	16.02
2010	25,955,056	6.2	29.70	29.69-31.05	11,624,761	29.69
2011	28,698,940	7.2	33.75	33.70-33.75	6,894,443	33.75
2012	32,806,854	8.2	39.77	34.74-40.05	4,178,833	39.64
2013	35,645,972	9.2	39.20	39.17-41.89	-	-
Total	224,777,509	5.8	26.87		113,003,186	19.13

16.– OTHER REVENUES:

For the years ended December 31, 2013 and 2012, an analysis of other revenues related to the Company's primary business activities is as follow:

	December 31, 2013	December 31, 2012
Memberships	Ps. 1,212,672	Ps. 1,211,604
Walmart Bank revenues	1,338,474	943,158
Rental	839,743	789,967
Gasoline	306,159	337,154
Sale of waste	328,758	311,622
Service commissions	272,387	259,318
Parking	126,413	139,938
Other	159,814	223,744
Total	Ps. 4,584,420	Ps. 4,216,505

17.– FINANCIAL (EXPENSES) INCOME, NET:

An analysis of financial (expenses) income, net for the years ended December 31, 2013 and 2012, is as follows:

	December 31, 2013	December 31, 2012
Financial income		
Financial income	Ps. 1,086,330	Ps. 1,211,522
Exchange gain	54,595	9,368
	1,140,925	1,220,890
Financial expenses		
Interest on finance leases	1,113,361	1,026,885
Accrued interest on contingent liability	42,206	(206,932)
	1,155,567	819,953
Total	Ps. (14,642)	Ps. 400,937

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

Based on the analysis of the contingent liability, the Company cancelled accrued interest of Ps. 251,823 at December 31, 2012.

18.– SEGMENT FINANCIAL INFORMATION:

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

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

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

Mexico:

- Self-service: Operation of discount stores, hypermarkets, wholesale-price membership stores and supermarkets.
- Financial services: Operation of bank branches to provide banking and credit services.
- Other: Consists of department stores and real estate transactions with third parties.

Central America:

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

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

	Year ended December 31, 2013			
Segment	Total revenues	Operating income	Financial expenses, net	Income before taxes on profits
Mexico:				
Self-service	Ps.352,606,541	Ps. 27,789,651	Ps. -	Ps. -
Financial services	1,338,474	(414,715)	-	-
Other	13,786,148	2,040,758	-	-
Central America:				
Self-service	57,430,278	2,115,953	-	-
Consolidated	Ps.425,161,441	Ps. 31,531,647	Ps. (14,642)	Ps.31,517,005

	Year ended December 31, 2012			
Segment	Total revenues	Operating income	Financial income, net	Income before taxes on profits
Mexico:				
Self-service	Ps.341,480,071	Ps. 28,612,287	Ps. -	Ps. -
Financial services	943,158	(569,744)	-	-
Other	13,374,759	2,293,166	-	-
Central America:				
Self-service	56,262,232	1,459,727	-	-
Impairment of goodwill and cancellation of contingent liability	-	(373,734)	-	-
Consolidated	Ps.412,060,220	Ps. 31,421,702	Ps. 400,937	Ps.31,822,639

Segment	Year ended December 31, 2013 Purchase of property and equipment	Depreciation and amortization	Total assets	Current liabilities
Mexico:				
Self-service	Ps. 10,843,668	Ps. 6,712,881	Ps. 148,930,714	Ps.45,484,529
Financial services	73,334	20,367	6,350,972	5,055,558
Other	774,467	628,514	9,842,266	2,049,251
Unassignable items	-	-	12,351,574	3,441,417
Held for sale	-	-	3,932,746	966,227
Central America:				
Self-service	2,295,545	1,327,932	24,108,775	8,596,744
Goodwill and contingent liability	-	-	24,745,086	127,674
Consolidated	Ps. 13,987,014	Ps. 8,689,694	Ps. 230,262,133	Ps. 65,721,400

Segment	Year ended December 31, 2012 Purchase of property and equipment	Depreciation and amortization	Total assets	Current liabilities
Mexico:				
Self-service	Ps. 10,539,380	Ps. 6,126,671	Ps. 145,087,260	Ps. 42,562,503
Financial services	68,350	32,761	5,271,426	4,436,619
Other	894,838	592,148	16,827,486	3,549,776
Unassignable items	-	-	8,219,668	3,600,944
Central America:				
Self-service	3,156,987	1,311,693	22,134,781	7,882,019
Goodwill and contingent liability	-	-	24,745,086	131,685
Consolidated	Ps. 14,659,555	Ps. 8,063,273	Ps. 222,285,707	Ps. 62,163,546

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

Assets and liabilities held for sale refer to the restaurant line of service.

19.– APPROVAL OF THE FINANCIAL STATEMENTS:

The accompanying consolidated financial statements and its notes for the year ended December 31, 2013 and 2012 were approved for issue and public release by the Company´s management on February 4, 2014. These financial statements were subsequently approved by the Company's Board of Directors in a meeting held on February 18, 2014.

AUDIT AND CORPORATE GOVERNANCE COMMITTEES REPORT

WAL-MART DE MÉXICO, S.A.B. DE C.V.

ANNUAL REPORT

Board of Directors of Wal-Mart de México, S.A.B. de C.V.

Dear Sirs,

In accordance with article 43 of the Securities Market Law ("LMV", as per its initials in Spanish) in effect and with the internal regulations approved by the Board of Directors of Wal-Mart de México, S.A.B. (the "Company"), we hereby inform you of the activities undertaken during fiscal year ended December 31, 2013.

In the performance of our duties, we have maintained strict compliance not only with LMV, but we have also considered the recommendations contained in the Code of Corporate Best Practices issued by the Consejo Coordinador Empresarial, A.C. and the Company's Code of Ethics.

In order to comply with our supervisory process, the Audit and Corporate Governance Committees have held quarterly meetings to examine a general overview of the company's most relevant accounting, legal, operating and ethical issues, supplemented by our involvement in the results analysis meetings, Ethics Committee and monthly meetings with the CEO and Legal areas, and an emphasis on the following:

I. As to Corporate Governance:

a) We were informed by Management of the following:

7. Performance assessment processes for relevant executives and the authorized replacement plan, with no observations noted.
8. Processes followed along the year to conduct transactions with related parties and relevant transfer price study, concepts which are mentioned by management in Note 10 to the Financial Statements of the Company, with no observations noted.
9. We were also informed of a sale transaction involving the restaurant division of Wal-Mart de México S.A.B. de C.V. mentioned in Note 1, Paragraph b), Number II, to the financial statements.

Processes to determine comprehensive compensation packages for the CEO and other relevant executives listed under Note 10 to the Financial Statements of the Company, with no observations noted.

b) The Board of Directors did not grant any waivers to board members, relevant executives or any other person with any of the authorities specified under Article 28, Section III, Paragraph f) of the Securities Market Law.

c) During 2013, the Company's Management have been continuously informing us on the progress of the investigations conducted by Walmart Stores, Inc.'s Audit Committee with support from independent lawyers and other advisors on corrupt practices and of all measures taken by the Company to reinforce internal organization by training managing executives and associates and strengthening processes to be leaders in compliance worldwide, as explained in detail in Note 1, Paragraph b, Number I, to the Financial Statements of Wal-Mart de México, S.A.B. de C.V. and Subsidiaries as of December 31, 2013. Additionally, it is our knowledge that the Company shall willingly cooperate with such investigations.

II. As To Auditing:

a) We analyzed the status of the internal control system and were informed in detail of the Internal and Independent Audit programs and work development, as well as the main aspects requiring improvement and follow-up on preventive and corrective measures implemented by Management based on the results from investigations relating to compliances with the operating and accounting recording guidelines and policies of the Company and Subsidiaries. Therefore, it is our opinion that effectiveness requirements have been properly met for the Company to operate under a general control environment.
b) We evaluated the performance of the independent auditors who are responsible for rendering an opinion on the reasonability of the Company's Financial Statements and their compliance with International Financial Reporting Standards. We consider that the partners at Mancera, S.C. (a member of Ernst & Young Global) meet the necessary requirements of professional qualifications and independence for intellectual and financial action and we, therefore, recommend their appointment to examine and issue a report on the financial statements of Wal-Mart de México, S. A. B. de C.V. and Subsidiaries as of December 31, 2013. No additional or supplementary services for this concept were provided during 2013.
c) We attended several meetings to review the annual and quarterly financial statements of the Company and at that time, recommended releasing such financial information.
d) We were informed of the accounting policies approved and followed during year 2013 and any amendments, and it is important to mention the policy on assets and liabilities for sale and discontinuous transactions which was included as a result of the Restaurant division sale transaction, whose effect is described on Note 7 to the Company's financial statements.
e) We were informed of the progress on the investment plan and of any impacts on the results sent to the Mexican Stock Exchange based on the adjustments made to the store opening processes, with no observations noted.
f) We followed up on relevant observations made by shareholders, directors, relevant executives, associates and, in general, any third party as to the accounting, internal controls and matters relating to internal and external audits.
g) We followed up on the agreements reached at the Shareholders' and Board meetings of the Company, with no observations noted.

Based on performed work and an opinion from the independent auditors, it is our conclusion that the accounting and reporting policies and criteria followed by the Company are adequate and sufficient, and have been consistently applied. As a result, the information submitted by the CEO reasonably reflects the Company's financial position and results.

Therefore, we recommend that the Company's Board of Directors submit the Financial Statements of Wal-Mart de México, S.A.B. de C.V. and Subsidiaries for the year ended on December 31, 2013 for approval before the Shareholders' Meeting.

Sincerely,

Adolfo Cerezo, Eng.

President

Audit and Corporate Governance Committees

Mexico City, February 17, 2014.