

ENHANCING OUR STRENGTHS



Annual Report

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GRUPO
AG
GIGANTE

Grupo Gigante is a company that has sought, throughout its history, to be an example not only in business, but also in its commitment to Mexico and its people. Since the beginning of its activity in 1962, it has constantly struggled for its growth, through the acquisition of commercial chain stores, making associations and strategic alliances, incorporating different businesses and formats and entering into United States, Central America and South America; in few words, it has strived to be part of the development of Mexico.

Today, Grupo Gigante has consolidated its presence through its different businesses: **Office Depot, The Home Store, Panda Express, Gigante Grupo Inmobiliario, Restaurantes Toks, PetCo and Cup Stop** without giving up the social responsibility side of the company, through the actions of its own subsidiaries and **Fundación Gigante**.

Vision

We strive constantly to be the leader in every market in which we participate; we are committed to the profitability of our businesses; and to the success and development of our customers, shareholders and collaborators.

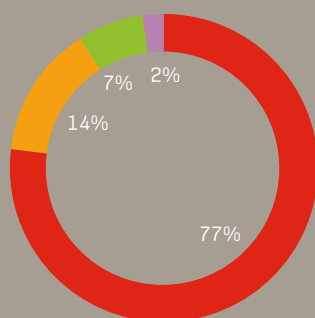
Mission

Ensure the creation of value for our customers, shareholders and collaborators through the integration, communication and exchange of experiences, in the search for profitability and synergies in our businesses within the Commercial, Services and Real Estate service fields.

Corporate Values

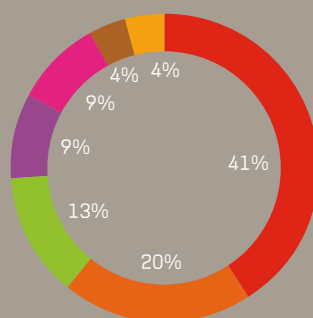
- Leadership
- Teamwork
- Excellence
- Creativity and Innovation
- Productivity
- Transparency
- Recognition
- Social Responsibility

Sales Breakdown by Format



- Office Depot
- Restaurantes Toks
- Gigante Grupo Inmobiliario
- The Home Store
- Panda Express
- Cup Stop

Regional Distribution of Units

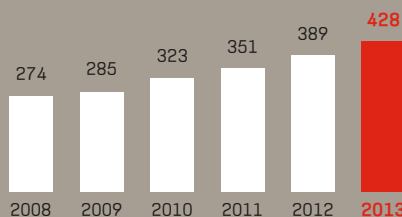


- Metropolitan Area
- Central Area
- Northeast
- Southeast
- Central and South America
- Southwest
- North

Sales floor Area by format

Business			
Unit	Units	m2	Seats
Office Depot	263	336,608	-
Restaurantes Toks	121	-	26,577
Panda	20	-	-
Cup Stop	8	-	-
The Home Store	16	22,564	-
Total	428	359,172	26,577

Consolidated Units



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FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENTS OF INTEGRAL INCOME

For the years ended December 31, 2013 and 2012. In thousands of Mexican pesos, except per share data.

	2013	2012	% VARIATION
Total revenues	19,165,600	18,860,847	1.6%
Operation flow (Ebitda)	2,733,358	2,499,733	9.3%
Income from continuing operations	1,720,226	1,489,468	15.5%
Income from discontinued operations	(26,110)	387,208	-106.7%
Consolidated net income	1,746,336	1,102,260	58.4%
Consolidated integral income	2,319,266	1,185,773	95.6%
Basic earnings per common share	1.58	0.69	129.0%
Common shares outstanding	994,227,341	994,227,341	-
Price of share	32.99	24.50	34.7%

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2013 and 2012. In thousands of Mexican pesos.

	2013	2012	% VARIACIÓN
Assets	31,223,526	28,467,812	9.7%
Cash and cash equivalents	1,525,927	968,659	57.5%
Financial instruments	3,447,722	3,095,453	11.4%
Inventories-Net	3,517,368	3,745,947	-6.1%
Property and equipment-Net	8,655,800	8,451,215	2.4%
Investment properties	11,408,024	10,473,634	8.9%
Other assets	2,668,685	1,732,904	54.0%
Liabilities and Stockholder's equity	31,223,526	28,467,812	9.7%
Suppliers	2,016,059	2,457,432	-18.0%
Bank loans	6,035,369	1,025,293	488.6%
Senior Notes payable	4,467,800	-	-
Other liabilities	3,609,413	3,168,428	13.9%
Stockholder's equity	15,094,885	21,816,659	-30.8%

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

Mexico City, Federal District
March 18, 2014

H. Board of Directors H. Shareholders' Meeting of Grupo Gigante, S.A.B. de C.V.

Friends, Shareholders and Board Members:

This report that I submit for your consideration gives me once again an opportunity and the privilege to address you and thank you for the trust placed on us. I am proud to head a conglomerate like Grupo Gigante, formed by persons and companies that in 2013 continued to consolidate their leadership in those industries in which they participate, in spite of the enormous challenges that we had to face.

In the macroeconomics area, 2013 was a very difficult year for Mexico. The Mexican economy grew a modest 1.1% last year, thus posting its lowest annual performance since the financial crisis of 2008-2009. Our economy has had poor results since the second half of 2012. All of these factors caused a significant drop in consumer spending, which in turn affected the different business segments of the Group.

I would like to first refer to our most important resource, our people, and to reiterate once again our recognition to all of the employees of Grupo Gigante and its subsidiaries, thanks to whom it has been possible to maintain our efforts and move forward, implement strategies and achieve satisfactory

results, notwithstanding the adverse climate mentioned above. We have been able to maintain and generate more than 19,000 direct jobs in our different subsidiaries. I would like to emphasize that each job represents one family and, therefore, a collective of aspirations and hopes of those who struggle to study, work and, ultimately, create a better country. To all of them, to the thousands of families in our country and beyond our borders, we again pledge our commitment to continue providing for them as they deserve.

A solid financial strategy coupled with a clear and efficient operational approach, based on our vision and concerns, have allowed Grupo Gigante to keep its business course and distance us from others who have had to reconsider their goals.

At the end of 2013 we had a total of 429 units, an increase of 10% versus the prior year, including stores and restaurants in Mexico, Central America and Colombia and including the first store of our new format of pet stores, thereby reaching over 359,000 m² of floor sales and over 26,500 seats. We have over 3.7 million m² of construction and land, including strategic land reserve to develop other real estate projects, having in mind our different customers in the specific sectors where we operate.

With respect to our results in 2013, we are pleased to report that once again

they are positive, with a total revenue of \$19,165.6 million pesos, which represents a 1.6% increase from the previous year. Gross profits grew 6.1% to a total of \$7,564.4 million pesos and represents a 39.5% of gross margin versus 37.8% of the previous year; operational profit was \$2,595.6 million pesos, a 22.1% increase.

EBITDA was \$2,733.4 million pesos, an increase of 9.3% from the preceding year. Finally, our net profit of continued operations registered a total of \$1,746.3 million pesos, an increase of 58.4% compared to the previous fiscal year.

Having basically concluded the second phase of the corporate reorganization that began in 2008 and allowed us to concentrate our businesses, according to their specialty, we now have 3 large divisions: specialized retail, through our sub-holding Gigante Retail; our hospitality business (restaurants and other services), through Hospitalidad y Servicios Especializados Gigante; and real-estate business through Gigante Grupo Inmobiliario. Our subsidiaries continue to maintain specific goals, develop actions and strategies according to well-defined plans and take care of the selectivity and profitability that we have set as goals.

The year just ended allowed us to continue establishing guidelines for the different sectors in Mexico in which we currently operate, thus consolidating our formats and businesses and, in



We will endeavor to meet the goals for **GROWTH IN A MANNER THAT IS ORDERLY, FOCUSED, CAREFUL AND SELECTIVE**, not only according to the obstacles that we must overcome, but also always bearing in mind Mexico and maintaining the position of a Mexican business corporation that continues to contribute its grain of sand to this great nation by its prestige and commitment to a better society where opportunities are generated for everyone.

a significant manner, achieving new and attractive projects, such as the acquisition of the remaining 50% of Office Depot de Mexico and the opening of our first Petco store within the framework of this new joint venture. We are certain that our business strategy has been correct and we have ratified our position as a key player with presence, commitment, shared history, and certainty in the future of Mexico. We are firmly committed to the growth potential of Office Depot Mexico in the country and in Latin America and the consolidation of our Toks restaurant businesses and the expansion of the Panda Express format; for GGI, the Migana project generates great expectations and promising results.

Office Depot de México, The Home Store, Petco México, Restaurantes Toks, Panda Express, Cup Stop and Gigante Grupo Inmobiliario, will continue to uphold the tradition and commitment to service and quality that we have undertaken and proved to satisfy. We will continue to be attentive to best practices in each of our business segments and seek to innovate in procedures, controls, and products and services that we offer, always committed to our employees, suppliers and customers. We will continue to identify and analyze new and different alternatives for formats and businesses so that we can respond in the future to the demands of Mexican consumers and

those who have placed their trust in us.

In matters of Social Responsibility, we have a clearly defined policy that forms an essential part of our day to day work and that each of our business segments continues to reinforce. That is why we continue to provide assistance, aware of the value of serving those who are most in need. Therefore, we will continue to strengthen Fundación Gigante as our arm to carry out our social responsibility commitment, and support children, teenagers and the elderly without losing sight of issues related to health, education, environment and direct assistance in emergency situations caused by natural disasters.

Grupo Gigante's mission, in addition to creating value and be profitable, has been to create formal and permanent employment and to implement strategies and policies that encourage comprehensive growth, from all angles, thereby maintaining constant growth through new investments and formats.

A little over half a century after its foundation, we are convinced that the Group is in permanent evolution, overcoming the challenges of our times and location, and confidently looking forward and reassuring our firm commitment to Mexico and the regions that we serve.

I want to thank everybody again, our shareholders, board members, officers and our more than 19,000 employees

for their commitment, guidance, participation and advice, for their trust and for at all times standing up to the challenges that we face. Be assured that we will keep our growth goals in an orderly, focused, careful and selective manner not only to overcome hurdles, but also keeping in mind our country and maintaining our position as a Mexican group that continues to contribute to the country and to building a better society with opportunities for everybody.

Sincerely,

Ángel Losada Moreno
Chairman of the Board of Directors
and Chief Executive Officer,
Grupo Gigante, S.A.B. de C.V.



CONSOLIDATING A SUCCESSFUL BUSINESS



In 2013, Office Depot Mexico improved its rating because since Grupo Gigante acquired the remaining 50% of its stock, it earned an outstanding rating. After 19 years in existence, Office Depot has confirmed its position as the leader in office supplies and stationery.





9,000
DIRECT EMPLOYEES



THE GOAL IS TO OPEN
400 UNITS
IN THE NEXT 5 YEARS



PRESENCE IN
7 COUNTRIES
WHIT MORE THAN
260 UNITS



9 **DISTRIBUTION**
CENTERS AND
A CROSS DOCK



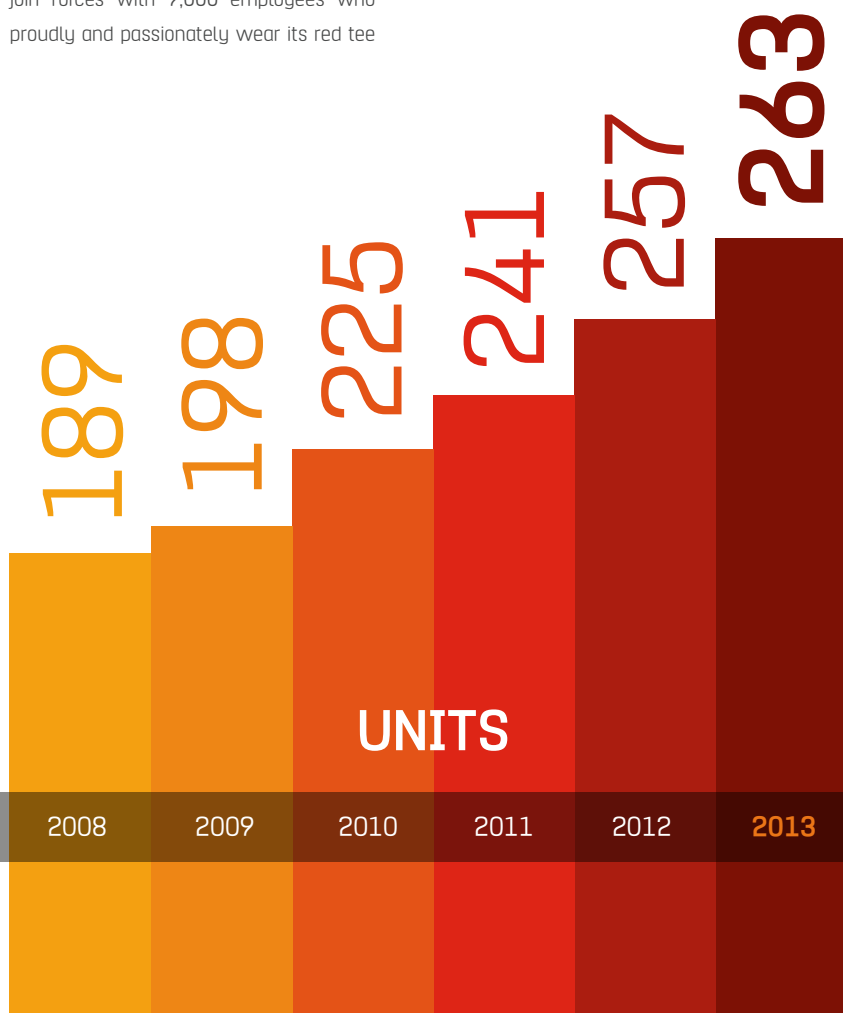
The purchase included the rights to the name and development of the concept of Office Depot in every Latin American country, without royalty payments, which provides an enormous opportunity for growth.

An example of this is its presence with 263 stores throughout 7 countries (Mexico, Colombia, Guatemala, Costa Rica, Panama, El Salvador and Honduras), which has permitted Office Depot to join forces with 9,000 employees who proudly and passionately wear its red tee

shirt. This has earned Office Depot a place among the Super Stores of Mexico, scaling to 11th position.

With a view to the future, the company specialized in stationery, office furniture and electronics. It estimates that it will have an organic growth that will reach 400 stores within the next 5 years, offering gadgets and innovative products and consolidating as a leader in e-commerce as well. This growth is based on the principles of profitability, efficiency, commitment and a high sense of social responsibility.

According to its business plan and in order to group in the most practical and functional manner possible its different businesses, Grupo Gigante announced the consolidation of its corporate reorganization to include its real-estate divisions, hospitality and specialized services as well as retain where Office Depot falls under.





CONSOLIDATION

With the acquisition of 50% of the remaining shares of Office Depot, Inc., a new stage of consolidation and growth in Latin America began.





the Home Store
{ inspiración para tu hogar }

TRANSFORMING AND DECORATING WITH PASSION

A house is a space that brings together our most cherished loved ones. The Home Store knows this and, for this reason, it has over 8,000 items to create new atmospheres with innovative styles that convert a house into a true home.





OPENED THREE NEW UNITS,
ADDING
OVER 4,200m²
OF FLOOR SALES



22,000m²
OF FLOOR SALES



OVER 8,000
AVERAGE PRODUCTS PER STORE



BETWEEN 700 AND 1,000
NEW PRODUCTS EACH MONTH

In 2013, The Home Store added to the net area of the sales floor over 4,200 m² by opening three new units; one in the city of León, Guanajuato; the fifth store in State of Jalisco, in the municipality of Tlaquepaque (Guadalajara) and most recently in Avenida Universidad, Mexico City, wherein another six stores already existed.

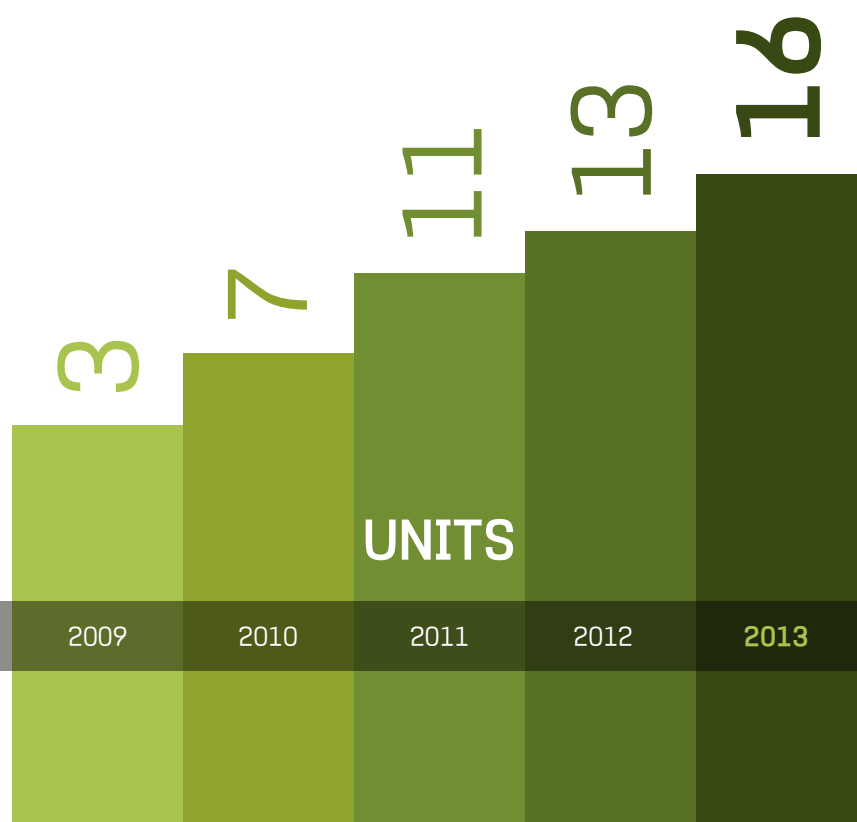
The strengths of this home décor concept have provided course of action so that in 2014 becomes a year of great objectives, such as opening two new stores in Juriquilla, Querétaro and in the Port of Veracruz. These markets promise enormous growth to position the company's own products and designs. The year will close with 18 stores in total; thus, consolidating this business, which has strengthened its own concept and earned a place in homes across Mexico.

The Home Store will also continue to update and renew its image by keeping up

with its commitment to be at the forefront of the Fashion-Home industry. In order to better position the brand among the Mexican consumer market, increasingly more demanding and expert, The Home Store offers over 8,000 products and between 700 to 1,000 new items each month.

Its commitment also lies in sustainability and efficiency; therefore, The Home Store changed its lighting to the latest generation technologies, in order to advance its commitment to the environment, as in the case of each business unit belonging to Grupo Gigante, according to its social responsibility policy.

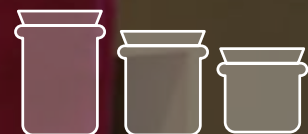
Currently, The Home Store has a total of 22,000 m² of surface for net sales and a team of professionals that makes the visit to its stores more pleasant. The Home Store is filled with surprises because 700 to 1,000 new items arrive each month.





DIVERSITY

Unique shopping
experience to make
a house a home
full of details.





INNOVATING

THE TASTE OF TRADITION



In the last year, Restaurantes Toks refreshed its image by launching a renovation plan in all of its units and additionally transforming its brand and logo in a more innovative one according to the company's guidelines and goals; always endeavoring to provide positive results.





GROWTH IN
SALES BY **12%**



OPENING OF **12** UNITS
TO REACH **121**
RESTAURANTS ACROSS THE COUNTRY



25 MILLIONS OF
CUSTOMERS
SERVED
DURING 2013



GENERATING OVER
800 NEW
JOBS



The design is sober, innovative, yet elegant, with a varied menu and new dishes that accentuate Mexican traditions and the style that characterizes it, like everyone's favorite restaurant. Its renewed image conveys the essence of Toks: friendly service together with the excellent seasoning of its chefs. The comfortable atmosphere of each branch invites customers to meet with clients, friends and family, or simply to enjoy a pleasant moment.

As proof of the success of the decisions and the actions of other significant initiatives that have been taken, is included the growth in sales by 12% in light of the marginal average growth of the industry of merely a 0.05%.

Toks opened 12 new restaurants, in order to close 2013 with 121 units; over 25 million customers were served. These openings allowed Toks to increase its capacity by 10.2% during 2013.

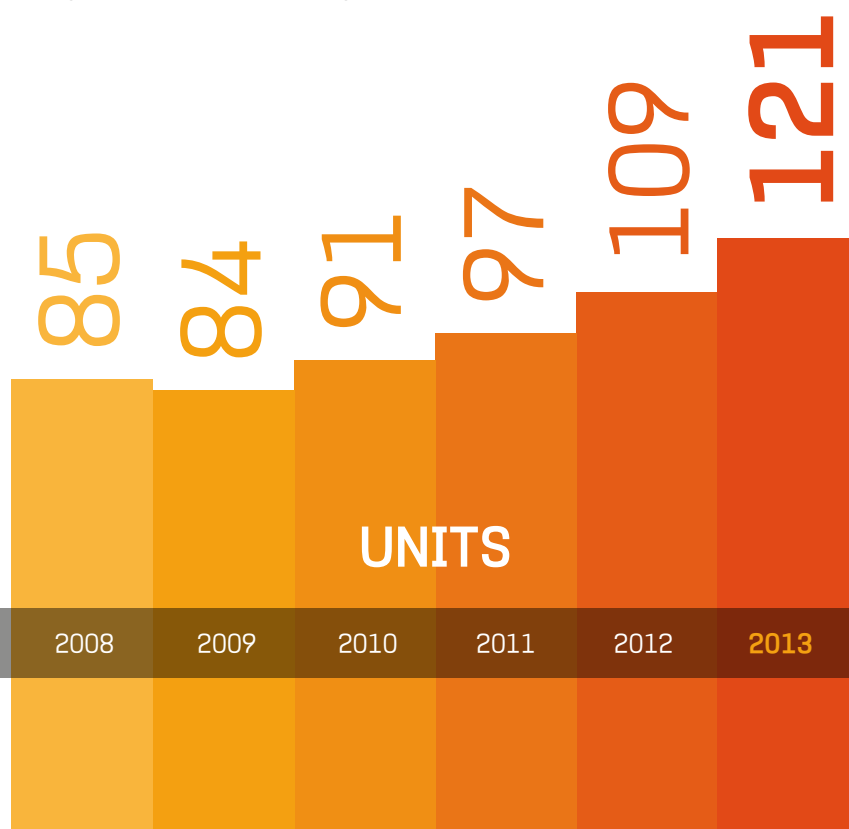
One of the key factors for the sustained growth of Toks in recent years has been its team; and, in 2013, it increased by more than 800 new employees. Toks became the 8th largest

company for job creation, in the category of permanent positions, by generating over 3,000 jobs. According to the magazine Expansion, this achievement caused Toks to strive every day to maintain the quality standards and customer service.

With the conviction of being consistent with the Grupo Gigante Social Responsibility Policy and as a fundamental part of its daily operation, Toks continues with its Productive Projects, which has allowed to take great strides in eradicating poverty in over 40 communities, in 13 states of Mexico with very satisfying results.

Additionally, for the 7th consecutive year, Toks was bestowed an award as a Socially Responsible Company and has formed part of Advisory Group on Supply Chain Sustainability of the UN Global Impact in addition to having the honor of presiding over the Global Impact Chapter in Mexico.

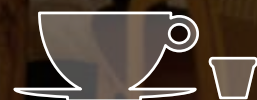
In 2014, Toks will continue with its expansion program; opening 14 new units in addition to constructing a Distribution Center with a surface of over 8,000 meters square.





SERVICE AND QUALITY

With a new image,
we reaffirm our
commitment with
taste, quality and
service for everyone
to enjoy.





EXPANDING ASIAN FLAVOR IN MEXICO

After opening the first Panda restaurant in Mexico, the market proved to be the ideal for growth. The MEX-US chain opened 13 new units during 2013 to reach a total of 20 units, where flavor, quality and service have become the key ingredients for its growth nationwide.





OPENED **13** UNITS FOR
A TOTAL OF **20**



SERVED OVER
560,000

CUSTOMERS, 151.4% MORE THAN THE PREVIOUS YEAR



SAME STORE SALES WERE
8.7%



TOTAL STORE SALES WERE INCREASED

163.4%





Dishes include high quality Mexican products, ranging from seafood to meat, which has led Panda Express to experiment with the traditional flavors of Mexico by adopting and adapting dishes such as the "Flank Steak Shanghai". Undoubtedly a delicious mix of flavors will continue during 2014 together with other gastronomical options.

Panda Express has the philosophy of loving its customers and serving them as if they were at home and it has resulted in a growth in same store sales of 8.7% and in total store sales of 163.4%. In terms of customers, Panda Express registered an increase of 151.4%. These figures are acceptable because Panda Express has satisfied over 560,000 customers.

In light of the Chinese horoscope, the Year of the Horse will bring the opening of 10 more restaurants in 2014 in various Mexican cities nationwide, which will allow the company to have a greater presence and to be more easily identified by its customers, who enjoy freshly prepared dishes and original Chinese gourmet recipes. This has produced that the business that was founded by Andrew Cherng has over 1,650 establishments in the US and 2 billion dollars in annual revenue.

Undoubtedly, Mexico is the location where Panda Express feels most at home—outside the US—because the conditions for an ideal habitat have been created for its consolidation.

20

7

2

UNITS

2011

2012

2013



INNOVATION

Estimated to have an exponential growth in the coming years, due to an innovative concept, attractive gastronomic offer and combination of flavors.





THE GOURMET **EXPERIENCE** OF OUR COFFEE

The traditional taste of good Mexican coffee combined with the aroma of an efficient and impeccable service is the best recipe for success.





8 UNITS AT THE CLOSE OF 2013;
10 PROGRAMED
OPENINGS
FOR 2014



382 THOUSAND
SATISFIED CUSTOMERS



AVERAGE TICKET INCREASED BY
3.7%



HIGH QUALITY
MEXICAN
COFFEE FROM **4** STATES





Starting the day with good coffee is ideal way to boost energy or simply to enjoy a good conversation with family or friends and to accompany these special moments with Mexican coffee makes all the difference.

During the first year of operation, Cup Stop has positioned itself among a very specific sector of customers, who appreciate a good cup of Mexican coffee, freshly baked pastry and a very competitive price while taking into account friendly and efficient service.

Roasted beans that give off aroma from the Mexican coffee state regions of Chiapas, Oaxaca, Nayarit and Veracruz are present at the 8 units in operation as of 2013, which gave us the opportunity to serve over 382,000 customers each year.

The coffee served in our establishments are harvested at heights between the 1,000 and 1,500 meters above the sea level, which provide the body and excellent aroma, thus ensuring a unique flavor throughout the year and many satisfied customers.

In 2014, we have the firm conviction to continue to promote the tradition of sharing the best Mexico has to offer by inaugurating a dozen branches. These will be placed in strategic locations that have a huge flow of persons, who will have the opportunity of having a gourmet experience in less than 5 minutes.



UNITS

2012

2013



PROUDLY

Mexican coffee from the states of Chiapas, Oaxaca, Nayarit and Veracruz confirm the company's appreciation for our land and our people.





BUILDING EACH SPACE ON A SOLID FOUNDATION

Diversity of the projects has resulted in the continuous presence of the Group in the residential and multiple use real estate developments, as well as shopping centers, giving us a place as a real competitor for premier construction that is based on sustainable awareness.





3.7 MILLION m²
OF CONSTRUCTION
AND LAND



OVER 1,500
LEASED ESTABLISHMENTS WITH A SURFACE EQUIVALENT
TO 1 MILLION m² LEASABLE SPACE



GAINED THE TRUST OF OVER
10 KEY
BRANDS
IN ITS SHOPPING CENTERS



THE DEVELOPMENT FOR MULTIPLE USES,
MIYANA
WILL BE AN ICON OF MEXICO CITY
IN LIGHT OF ITS DESIGN, FUNCTIONALITY AND QUALITY



Gigante Grupo Inmobiliario (GGI) continues to build on firm bases and solid foundation, earning its place as a relevant participant in the construction of new architectonic proposals for shopping centers, residential and multiple use developments. This has opened the doors to a sector that is increasing.

Location, innovative design and the use of materials and techniques that respect the environment together with the confident of the leaseholders of our commercial projects have resulted in the participation of prestigious firms in our developments. This secures a firm commitment to profitability and quality in our spaces while providing the company with the certainty that the real estate properties have been attractive centers for large companies and brands such as: Soriana, Cinépolis, Cinemex, Office Depot, Home Depot, Liverpool, La Surtidora, Viana, Incredible Pizza, Recórcholis and Deportes Martí, among others.

In a continuous search for quality, GGI maintains constant communication with these companies and with the local and federal authorities so all its activities may be in order and in complete compliance with the corresponding provisions of the authorities.

With respect to residential developments, GGI is very pleased with the work done in 2013 because the company notarized the first title deeds to houses. This led the company to formalize

for the first time the participation of the Group in projects of this kind. Its sales were principally in Puerta Santa Lucía 55% in houses and 42% in apartments, while Puerta Jardín reached 89% of Phases 1 and 2.

GGI is proud to be a part of the one of the most emblematic projects of Mexico City, called Miyana, a multiple use real estate development located in Polanco. During phase 1, 100% of the residential properties have been sold and 60% of phase II.

It is important to note that as part of the Group's strategic plan, the shopping centers currently in operation were adjusted and remodeled in addition to consolidating the Real Estate systems for residential and budgetary control. In this sense, GGI continues to analyze various projects to use existing real estate in the best manner possible and to generate value by reengineering each of these.

Currently, GGI has 3.7 million m² of construction and land and well over 1,500 establishments in a surface equivalent to 1 million m² leasable space where the investments, returns, quality and sustainability of each one of the projects strengthens GGI.



STRENGTH

Gigante Grupo Inmobiliario continues to build on firm bases and solid foundation, earning its place as a relevant participant in the construction sector.





OUR VISION IN ONE FORMULA

HEALTHIER PETS + HAPPIER PEOPLE = BETTER WORLD

Petco believes that life is better with pets; therefore, Petco offers a comprehensive proposal for their care in order to give them the best and healthiest life because pets provide companionship at any age.





DURING THE FIRST 3 MONTHS
OF OPERATION
123 PETS WERE
ADOPTED



ON AVERAGE, **7,000**
STORES HAVE OVER **ITEMS**



IN 2014, WE PRETEND TO OPEN
4 STORES



50 STORES
IN 2018



Petco is aware that there is a huge potential for growth in Mexico and also a deep commitment with its customers, who increasingly become more enthusiastic about adopting –rather than purchasing– a pet. This has led to reiterate the perspective of the joint venture with Petco US, since adopting implies opening the door to one's home to receive a new family member.

Petco is one of the most recent business units of Grupo Gigante, which recently opened in October 2013 in the city of Guadalajara, Jalisco. Its results are frankly staggering, which served as a preview of the next openings in Mexico City.

It is important to notice that during the first 3 months after the opening of the store, Petco has given 123 pets in adoption: 70 dogs, 50 cats, 1 reptile and 2 rodents. This outcome revealed the

acceptance of this new concept within the Mexican market.

One of the reasons that distinguish Petco is having highly trained staff to answer any concerns raised by customers and potential adoptive “pet parents”. Its inventory includes over 7,000 items in addition to specialized services such as a grooming salon, training center and a veterinary hospital inside its facilities that satisfies the highest standards of quality and service. Petco strives to make pets feel like family members.

In 2014, Petco plans on opening 4 stores in Mexico City and Guadalajara; and, in 2018, the goal is to have approximately 50 stores nationwide.



It is important to notice that during the first 3 months after the opening of the store, Petco has given 123 pets in adoption: 70 dogs, 50 cats, 1 reptile and 2 rodents. This outcome revealed the acceptance of this new concept within the Mexican market.



SPECIALIZED

Its inventory includes over 7,000 items in addition to specialized services and a veterinary hospital.





A BUSINESS THAT OFFERS SOLUTIONS

In January 2013 AlingPro, the new Business Unit of the Group, created after the Group reached and agreement to become a partner for the sale of licenses, consulting and mainly, to become a supplier solutions in “the Cloud” for the Retail and Real Estate industries.





This offer, resulting from the experience of Grupo Gigante for more than 12 years- allows companies to obtain reliable, integrated and timely information, indicators that help to the control of the operation and finances, to the alignment of objectives and to improve the culture of automated key procedures. Together, these programs lead to a greater transparency, a better control of procedures and the integration of information within the companies through a single access to Financial, Operating, Executive, Commercial and General Manager information.

With the AlignPro proposal, large investments are avoided, and the need to create specialized support areas and the training of specialists are eliminated, significantly decreasing the time to implement specific software solutions, and at the same time it accelerates the benefits for the business and reduces the total membership costs by more than 50%.

Regarding the scope of the real estate sector, for example, for the lease of premises

This new Business Unit of GG is within the context of its Strategic Plan, in which the Group will continue with the solid, selective and focused execution, making the most of the great opportunities presented by the current economic circumstances in Mexico.

it has information on locations, occupancy per unit, square meters and rent amounts, which helps to have comparative graphics that allow to detect the areas of opportunity in each location, therefore, it is an essential tool in each company that wishes to have a perfect control of its movements.

This new Business Unit of GG is within the context of its Strategic Plan, in which the Group will continue with the solid, selective

and focused execution, making the most of the great opportunities presented by the current economic circumstances in Mexico.

In the first 12 months of operation, we have already performed specialized services and engaged in the first project for more than 2 million Dollars.





CONTRIBUTING

WITH ACTIONS THAT BENEFIT SOCIETY

Encouraged by the spirit of aid of all our team members, we have proudly looked after the needs of the Mexican society, especially in the regions where we operate, contributing with this to improve their quality of life.





1,696 SUPPORTED
PEOPLE
IN NATURAL DISASTERS



401 CLEFT LIP
AND PALATE
SURGERIES
CHANGING THE LIFE AND THE FUTURE
OF THE CHILDREN SERVED



DELIVERING OF **8,153** SCHOOL
SUPPLIES
PACKAGES
AT A NATIONAL LEVEL



38,415
SUPPORTED PEOPLE
THROUGH THE DIFFERENT PROGRAMS
THAT ARE PROMOTED BY THE FOUNDATION

Social Responsibility is a relevant matter and a commitment of an integral policy within Grupo Gigante. The spirit of aid of Fundación Gigante, which is the executing arm of this policy, has permeated into Mexican society for more than one decade, with actions focused on Education, Health and, when necessary, support in the event of natural disasters, and have proved how much can be done when you put together will and enthusiasm to help those who are in need.

The testimony of thousands of people support the programs implemented by Fundación Gigante, contributing to the progress of the population and increasing their quality of life.

The commitment of Fundación Gigante has further been focused on establishing alliances with other institutions of similar

altruistic value, such as the joint effort carried out with Operation Smile, where 401 individuals, mainly children, have been benefitted through lip and cleft palate surgeries.

Certain of the meaning of the value of serving others, present times require a greater commitment with those in need, therefore, Fundación Gigante has become an experienced institution, that seeks to improve its procedures and times to continue reaching the most vulnerable sectors of our society. As a result, and as years go by, Fundación Gigante has gradually increased its supports and its network of institutions that share its view to help, such as the case of the Hospital Infantil de México "Federico Gómez", the Fundación Ver Bien Para Aprender Mejor, the Asociación Mexicana de Malta, the

Universidad Tecnológica del Valle de Chalco, the Asociación Nuestro Hogar Anar, the Fundación Mazahua and the Fundación Teletón, among others.

2013 was a year of challenges, but also of great satisfactions for Fundación Gigante and for our team members, who, having the desire to give a hand to those in need, managed to obtain more benefits that turned into an endless number of successful results, through several programs such as the Productive Projects launched in Huamelula, Oaxaca and its municipalities, the delivery of School Supplies, the benefit granted through Scholarships to students of the Universidad de Chalco, the Conservatorio Nacional de Música and the Curtiduría, as well as the delivery of glasses, among others.

Our commitment is to continue working every day with that same spirit in order to maintain the programs already established and to launch new actions that will give sustainable welfare in all the communities where we operate.

FUNDACIÓN GIGANTE 2013 RESULTS			
ACTIONS	PROJECT	SUPPORTED PEOPLE	TOTAL
HEALTH	Eyeglasses	5,833	
	Hearing aids	8	
	Hotline (psychological, medical and legal)	1,647	
	Cleft lip and palate surgeries	401	
	Health care	3,975	
	Childhood nutrition	4,607	16,471
EDUCATION	School supplies packages	8,153	
	Scholarship for Academic Excellence at the National Conservatory of Music	11	
	Scholarship for Contemporary Art in Oaxaca	10	
	Scholarship for Technological Studies	30	
	Scholarship for Higher Medical Specializations	70	
	Scholarship for Elementary School	134	
	Financing for Education	84	
	Productive Projects	100	
	Reading Promotional Programs	2,173	
	Financial Education	9,473	
	Scholarship for Technical Workshops	10	20,248
NATURAL DISASTERS	Flooding in Piedras Negras, Coahuila	20	
	Hurricanes "Ingrid and Manuel"	1,656	
	Earthquake in Acapulco, Guerrero	20	1,696
TOTAL			38,415



SUPPORTED PEOPLE

Contributions in
pantry supplies,
furniture and
construction material
to assist 1,696
persons affected
by natural
disasters.



AUDIT

Committee Report

Mexico City, March 18, 2014

To the Honorable Board of Directors

To the Honorable Shareholders Meeting of Grupo Gigante, S.A.B. de C.V.

Dear Directors and Shareholders:

Acting as the Members and Secretary of the Audit Committee, and in compliance with the provisions of Articles 42 and 43 of the Stock Market Law (Ley del Mercado de Valores), the By-Laws of the Committee and the Internal Regulations of the Board of Directors of Grupo Gigante, S.A.B. de C.V. (Grupo Gigante) and keeping in mind the recommendations of the Best Corporate Practices Code, following please find our annual report for financial year 2013, having carried out the following tasks:

- I. We analyzed and approved the quarterly and annual consolidated financial statements, having requested the External Auditor, the relevant written reports for each quarter, which confirm that the financial information of Grupo Gigante was prepared under the same financial reporting standards, criteria and practices under which annual reports are prepared, that, as mentioned in item III, have been prepared using the International Financial Reporting Standards (IFRS).
- II. We reviewed the status of the internal control and internal corporate auditing of Grupo Gigante. In order to reinforce the function of Internal Audit, the Committee reviewed and approved the restructuring of the Corporate Internal Audit Office, as well as its guidelines, annual review plan and their due compliance. Generally, we concluded that there is an appropriate internal control and corporate internal auditing systems.
- III. We approved the operation and accounting records guidelines and policies of Grupo Gigante and its subsidiaries, in accordance with that set forth in the IFRS.
- IV. We verified that the mechanisms set forth for the control of risks of the different business units of Grupo Gigante are observed.
- V. We assessed the performance of the accounting firm "Galaz, Yamazaki, Ruiz Urquiza, S.C." (Deloitte Mexico), that carried out the audit of the consolidated financial statements for the financial year, as well as that External Auditor, Mr. Francisco Pérez Cisneros, and we considered that both of them appropriately complied with their duties pursuant to the International Auditing Standards and to the applicable provisions of the Stock Market Law (Ley del Mercado de Valores). We approved their External Audit Annual Plan, their Executive Summary of Observations and Recommendations and their Opinion on the consolidated financial statements as of December 31, 2013.
- VI. We analyzed the description and assessment of the supplementary services rendered by the accounting firm Galaz, Yamazaki, Ruiz Urquiza, S.C. during financial year 2013.
- VII. We approved the external and internal legal counsel's reports to ensure that Grupo Gigante and its subsidiaries are in due compliance with the legal provisions, as well as with the timely disclosure of any contingency. In addition, we had meeting with the External Auditor, the Director (VP) of Internal Corporate Auditing and the officers we deemed adequate of the management of Grupo Gigante and its subsidiaries.
- VIII. The management submitted to the Committee the control measures implemented to duly comply with the Federal Law for Protection of Personal Data in Possession of Private Persons (Ley Federal de Protección de Datos Personales en Posesión de los Particulares), as well as with the Federal Law for the Prevention and Identification of Transactions with Illegal Funds (Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita).

- IX. We considered everything related to the relevant observations and possible complaints regarding facts deemed irregular carried out by the management, made by shareholders, directors, main officers and employees, regarding the accounting, internal controls and other matters related to the corporate internal or external auditing. In this respect, we have nothing to report.
- X. We followed up on the resolutions of the Shareholders Meetings and the Board of Directors Meetings related to this Committee.
- XI. We participated in a joint extraordinary meeting with the Corporate Practices and Finance and Planning Committees, during which a transaction between related parties was presented, regarding the interest in the Gigante Grupo Inmobiliario subsidiary, in the real estate project known as Miyana. Regarding the foregoing, it was recommended to the Board of Directors to approve it, in the light of a reasonable valuation and in terms of the market value, validated with the participation of independent experts, pursuant to that set forth by the applicable provisions.

Based on the work performed and on the opinion of the external auditors, we believe that the accounting and information policies and criteria used by the company are appropriate and sufficient and that they have been consistently applied, therefore, the information submitted by the General Manager reasonably reflects the financial situation and results of the company.

Due to the foregoing, we recommend to the Board of Directors to approve and to submit for approval by the Shareholders Meeting, the Financial Statements of Grupo Gigante, for the year ended December 31, 2013.

Consequently, by means of this report, we hereby comply with the obligations set forth in the above-mentioned articles of the Stock Market Law and the Corporate By-Laws and regulations of the Board of Directors of Grupo Gigante, S.A.B. de C.V.



Luis Santana Castillo
Committee Chairman



Roberto Salvo Horvilleur



Luis Rebollar Corona



Ernesto Valenzuela Espinoza
Committee Secretary

CORPORATE PRACTICES COMMITTEE REPORT

Mexico City, March 18, 2014

To the Honorable Board of Directors

To the Honorable Shareholders Meeting of Grupo Gigante, S.A.B. de C.V.

Dear Directors and Shareholders:

Acting as members of the Committee of Corporate Practices, and complying with the provisions of Article 43, Section I and all other applicable provisions of the Stock Market Law [Ley del Mercado de Valores], and also in light of the corporate by-laws of Grupo Gigante, S.A.B. de C.V. and the Board of Directors Regulations, following please find our Committee Report regarding the actions of financial year 2013.

During the year ended, this Committee met five times, and submitted to the Board of Directors its respective reports and recommendations during the ordinary and extraordinary meetings held on such year, mainly carrying out the following tasks and functions:

- I. As customary, and in accordance with the program known as **"Corporate Governance"**, the Committee provided oversight for the holding of meetings and the functioning of the corporate government bodies and their operating rules, as well as compliance with all legal provisions applicable thereto and the by-laws of Grupo Gigante. It is reported to the Board and the Shareholders Meeting that all these matters were developed in a timely and proper manner and all the various meetings of the Board and its Committees were carried out in this regard.
- II. The **"Integral Compensation Plan"**. Based on the compensation plan for the Chief Executive Officer (Director General-CEO) and the Key Managers (Directivos Relevantes) of Grupo Gigante and its subsidiaries, composed of its 4 integral elements, Basis Salary Structure, Variable Annual Compensation or Performance Bonus, Long-Term Incentive and Retirement Benefit, the Committee actively participated in the oversight of its execution. It is reported that everything corresponding to the long-term portion is already in full implementation, and regarding the retirement plan, it was duly funded in the last quarter of the financial year ended, both pursuant to that approved by the Board and in accordance with the applicable provisions.
- III. In compliance with the applicable provisions, we evaluated the performance by the CEO of the Company as well as that of the Key Managers, including performance, bonuses and incentives for the plans for 2013.
- IV. In compliance and execution of its responsibilities and authority, and based on the provisions of Article 28, section III, item b) of the Stock Market Law, after listening to the opinion and recommendation of the Audit Committee and Financing and Planning Committee of Grupo Gigante, as well as having the opinion of independent experts, the Committee had knowledge and analyzed a **transaction between related parties**, regarding the participation of the Gigante Grupo Inmobiliario subsidiary in the real estate project known as Miyana, considering at all times fair market values and market parameters in this transaction, for the benefit of the company and its subsidiary, and it recommended its approval to the Board of Directors, pursuant to that set forth in the applicable provisions.

- V. Since there was no situation related to the **waivers referred to under Article 28, section III, item f** of the Stock Market Law, there was no need to submit to the Board these transactions, and therefore there was nothing further to report.
- VI. Due to the acquisition of the remaining 50% of the shares of Office Depot de México, acting within its powers and responsibilities, the Committee actively participated in the analysis and valuation of the transaction and its effects, and taking into account the opinion of the Financing and Planning Committee, it issued its recommendation to approve the transaction to the Board of Directors.
- VII. Furthermore, in the scope of its authority and obligations, the Committee actively participated with the management and the Financing and Planning Committee in the analysis on the transaction for the acquisition of Vips, and it gave the specific recommendations to the Board of Directors.

In this respect, we hereby comply with the provisions of Article 43, section I and other applicable provisions of the Law and of the bylaws and the Board regulations of Grupo Gigante, S.A.B. de C.V.



Roberto Salvo Horvilleur
Committee President



Luis Santana Castillo



Gilberto Pérezalonso Cifuentes



Sergio Montero Querejeta
Committee Secretary

FINANCING AND PLANNING COMMITTEE REPORT

Mexico City, March 18, 2014

To the Honorable Board of Directors

To the Honorable Shareholders Meeting of Grupo Gigante, S.A.B. de C.V.

Dear Directors and Shareholders:

Acting as members of the Committee of Financing and Planning, and complying with the corporate by-laws of Grupo Gigante, S.A.B. de C.V. (Group) and the Board of Directors Regulations, following we submit for your consideration the Report for the activities for the year ended 2013.

Pursuant to that set forth in the paragraph above, during such financial year, this Committee met 7 times, submitting its relevant reports and recommendations to the Board of Directors, in all of its ordinary and extraordinary meetings during the year, regarding the content and development of the following issues and subjects:

- I.** In execution of its responsibilities, the Committee received detailed and timely information from the management regarding issues related to strategic, financial and budget aspects, which were the subject matter of the analysis and recommendations from this Committee to the Board of Directors. However, it is opportune to inform on the discussion and analysis of the following specific subjects:
 - I.1. 2013 Budget, follow-up and progress.
 - I.2. Cash flows of the Group and its subsidiaries.
 - I.3. Annual and quarterly profits/losses of the financial year for the Group and its subsidiaries and affiliates.
 - I.4. Integration and follow-up of the Capital Expenditures of the company and its business units.
 - I.5. Oversight and use of the lines of credit of the company and its controlled enterprises.
 - I.6. Analysis and discussion regarding the various financing sources and alternatives for the Group and its subsidiaries.
 - I.7. Analysis and definition of the main premises and aspects of the 2013 budget, as well as of the financial ratios to be applied and the performance benchmarks.
- II.** Throughout the year ended, a careful oversight of the management of the Corporate Treasury of the Group was developed. For the foregoing, alternatives were reviewed and guidelines and policies on investments were confirmed, overseeing their timely compliance. As is usual, and as a supplement to the annual report, it is reported that at the close of financial year 2013, the treasury of the company closed with the amount of \$ 4,973.6 million Pesos, after paying dividends and interests and after covering several investments of the Group, including revenues for financial interests.
- III.** The Committee received periodic reports regarding compliance with the policy for the repurchase of the company's own shares, there no being any transactions of this nature in the reported year. It is reported that at the close of the financial year there were 994,227,341 outstanding shares.
- IV.** As a follow-up on the policy defined by the Board of Directors, the Committee performed the analysis and recommendations, taking into account the 2012 – 2013 Capital Expenditures budget and the capacity of the treasury and the cash flow of the company, regarding the amount and terms of two dividends paid in May and December to the shareholders, both against the Company's Net Tax Income Account.
- V.** During the financial year reported, the Committee actively participated with the management in the analysis of the transaction for the acquisition of Vips, and it gave, when relevant, its specific recommendations to the Board of Directors.
- VI.** Within the scope of its authority and responsibilities, the Committee confirmed asset valuation criteria and recommended

the Board its approval for its acknowledgment in the balance sheet, pursuant to International Financial Reporting Standards ("IFRS").

- VII. Due to the acquisition of the remaining 50% of the shares of Office Depot de México, the Committee actively participated in the analysis and valuation of the transaction and its effects, as well as in the definition of financing strategies and conditions, approving the proposal by the management regarding the issuance of a Bond issued by ODM for 50% of the negotiated bridge loan and the remaining balance to be paid upon the placement of up to 35% of the shares of this subsidiary and/or through the execution of a long-term credit. The Committee held various meetings to address this issue, recommending to the Board of Directors to approve it in these terms.
- VIII. The Committee reviewed and proposed for its authorization to the Board, the completion of the second phase of the corporate restructuring, commenced in 2008, regrouping the company's formats by business specialty. The Group has been divided into 3 great divisions, the Real Estate Division, through "Gigante Grupo Inmobiliario", the restaurant and other service businesses division, through "Hospitalidad y Servicios Especializados Gigante" and the specialized retail division, through "Gigante Retail".
- IX. By virtue of the analysis of the participation of the Gigante Grupo Inmobiliario (GGI) subsidiary in the Miyana project, as a transaction between related parties, within the scope of its responsibilities and authority, the Committee held 2 extraordinary meetings and a joint meeting with the Corporate Practices and Audit Committees, and it recommended its approval to the Board of Directors, in the light of a reasonable valuation and in terms of the market, validated with the participation and opinion of independent experts, pursuant to that set forth by the applicable provisions. At the same time, it requested the management to focus on this project due to its relevance, as well as to reschedule or postpone other real estate projects, due to the financing flow required for the Office Depot transaction above described.

In this respect, we hereby comply with that set forth by the corporate by-laws and other applicable provisions of the Board of Directors Regulations of Grupo Gigante, S.A.B. de C.V.



Javier Molinar Horcasitas
Committee Chairman



Manuel Somoza Alonso



Roberto Salvo Horvilleur



Ángel Losada Moreno



Juan Carlos Mateos Durán de Huerta



Sergio Montero Querejeta
Committee Secretary

BOARD OF DIRECTORS

EQUITY BOARD MEMBERS

ÁNGEL LOSADA MORENO

Chairman of the Board of Directors and Chief Executive Officer of Grupo Gigante

BS in Business Administration, Universidad Anáhuac

BRAULIO ANTONIO ARSUAGA LOSADA

Chief Executive Officer, Grupo Presidente

BS in Business Administration, Universidad Anáhuac
MS in Business Administration, Southern Methodist University

GONZALO BARRUTIETA LOSADA

Chairman of the board, Operadora IPC de México

BS in Economics, ITAM
MS in Business Administration, Claremont Graduate University

RELATED BOARD MEMBERS

JOSÉ ALVERDE LOSADA

Chief Executive Officer, Desarrolladora A&L

BS in Business Administration, MS in Business Administration, Texas University

INDEPENDENT BOARD MEMBERS

ROBERTO SALVO HORVILLEUR

Independent board member in several companies in Mexico and Centroamérica

BS in Business Administration, University of Notre Dame

MS in Business Administration, INCAE Business School

LORENZO PEÓN ESCALANTE

Independent board member in several companies

BS in Business Administration, Universidad Iberoamericana

JAVIER MOLINAR HORCASITAS

Managing Partner, Ventura Capital Privado S.A. de C.V.

BS in Business Administration, Universidad La Salle

GILBERTO PÉREZALONSO CIFUENTES

Chairman of the Board of Directors of Volaris

BS in Legal Studies, Universidad Iberoamericana

BS in Business Administration, INCAE Business School

Corporate Finance Program, Harvard University

LUIS REBOLLAR CORONA

Independent board member in several companies

BS in Chemical Engineering, UNAM

LUIS SANTANA CASTILLO

Independent board member in several companies

BS in Philosophy, Pontifical Gregorian University, Roma, Italia.

MS in Administration, IPADE, México

MANUEL SOMOZA ALONSO

Chairman of the board, Somoza, Musi y Asociados, S. de R.L. de C.V.

BS in Economics, Universidad Anáhuac
MS in Business Administration, TEC de Monterrey México

ALFONSO SALEM SLIM

President of Inmuebles Carso

Civil Engineer

Universidad Anáhuac

JUAN CARLOS MATEOS

DURÁN DE HUERTA

Director of Equity Research, HSBC México

BS in Economics, Claremont McKenna College

MS in Business Administration, Harvard Business School

JAVIER MARTÍNEZ DEL CAMPO LANZ

Secretary of the Board of Grupo Gigante, S.A.B. de C.V.

AUDIT COMMITTEE

LUIS SANTANA CASTILLO

Committee Chairman

ROBERTO SALVO HORVILLEUR

LUIS REBOLLAR CORONA

ERNESTO VALENZUELA ESPINOZA

Committee Secretary

GOVERNANCE COMMITTEE

ROBERTO SALVO HORVILLEUR

Committee Chairman

GILBERTO PÉREZALONSO CIFUENTES

LUIS SANTANA CASTILLO

SERGIO MONTERO QUEREJETA

Committee Secretary

FINANCE & PLANNING COMMITTEE

JAVIER MOLINAR HORCASITAS

Committee Chairman

ÁNGEL LOSADA MORENO

JUAN CARLOS MATEOS DURÁN DE HUERTA

MANUEL SOMOZA ALONSO

ROBERTO SALVO HORVILLEUR

SERGIO MONTERO QUEREJETA

Committee Secretary



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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF GRUPO GIGANTE, S.A.B. DE C.V.

We have audited the accompanying consolidated financial statements of Grupo Gigante, S.A.B. de C.V. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the consolidated statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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 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 Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Grupo Gigante, S.A.B. de C.V. and its subsidiaries as of December 31, 2013 and 2012, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

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

C.P.C. Francisco Pérez Cisneros
April 1, 2014

Grupo Gigante, S. A. B. de C. V. and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Note	2013	2012
ASSETS			
Current assets:			
Cash and cash equivalents	5	\$ 1,525,927	\$ 968,659
Financial instruments	6	3,447,722	3,095,453
Accounts receivable – Net	7	1,476,943	1,340,725
Inventories – Net	8	3,517,368	3,745,947
Prepaid expenses		136,857	117,624
Total current assets		10,104,817	9,268,408
Property and equipment – Net	9	8,655,800	8,451,215
Investment property	10	11,408,024	10,473,634
Investments in joint ventures and other permanent investments	11	33,293	40,662
Goodwill	14	47,750	47,750
Intangibles and deferred charges – Net	15	973,842	186,143
Total		\$ 31,223,526	\$ 28,467,812
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Trade accounts payable		\$ 2,016,059	\$ 2,457,432
Current portion of long-term debt	17	4,748,612	337,085
Accrued expenses and taxes	16	1,142,903	1,162,641
Total current liabilities		7,907,574	3,957,158
Long-term debt	17	1,286,757	688,208
Senior Notes payable	18	4,467,800	-
Employee benefits	19	13,837	92,172
Deferred income taxes	28	1,706,498	1,733,618
Long-term income taxes	28	536,256	-
Prepaid rents and rent holidays received		209,919	179,997
Total liabilities		16,128,641	6,651,153
Stockholders' equity:			
Common stock	21	1,374,928	1,374,928
Additional paid-in capital		4,026,542	4,026,542
Retained earnings		7,904,128	11,939,512
Other comprehensive income	22	1,669,460	1,073,324
Equity attributable to owners of the Company		14,975,058	18,414,306
Non-controlling interest	23	119,827	3,402,353
Total stockholders' equity		15,094,885	21,816,659
Total		\$ 31,223,526	\$ 28,467,812

See accompanying notes to consolidated financial statements.

Grupo Gigante, S. A. B. de C. V. and Subsidiaries

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2013 and 2012. (In thousands of Mexican pesos, except earnings per share data)

	Note	2013	2012
Sale of goods — Net		\$ 17,960,910	\$ 17,888,843
Rental income		1,073,088	904,851
Other income		131,602	67,153
		19,165,600	18,860,847
Cost of sales	26	11,601,245	11,731,670
Operating expenses	26	5,360,807	5,106,320
Gain on revaluation of investment property	10	(392,017)	(102,854)
Interest expense		400,655	64,818
Interest income		(151,936)	(84,035)
Exchange loss — Net		84,295	106,735
Gain on revaluation of financial instruments — Net		(1,875)	(17,240)
Share of loss of a joint venture		3,027	-
Profit for the year from continuing operations before income taxes		2,261,399	2,055,433
Income taxes expense	28	541,173	565,965
Profit for the year from continuing operations		1,720,226	1,489,468
(Gain) loss for the year from discontinued operations — Net	29	(26,110)	387,208
Net consolidated income		\$ 1,746,336	\$ 1,102,260
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		\$ 43,256	\$ 36,819
Net fair value gain on available-for-sale financial assets		(894,751)	(160,714)
Deferred tax related to gain on available-for-sale financial assets	28	278,565	40,382
Other comprehensive income for the year, net of income tax		(572,930)	(83,513)
Total comprehensive income for the year		\$ 2,319,266	\$ 1,185,773
Profit for the year attributable to:			
Owners of the Company		\$ 1,575,520	\$ 690,604
Non-controlling interest		170,816	411,656
		\$ 1,746,336	\$ 1,102,260
Other comprehensive income attributable to:			
Owners of the Company		\$ 2,171,656	\$ 792,424
Non-controlling interest		147,610	393,349
		\$ 2,319,266	\$ 1,185,773
Earnings per share:			
Basic and diluted earnings from continued operations	30	\$ 1.55	\$ 1.08
Basic and diluted earnings from continued and discontinued operations	30	\$ 1.58	\$ 0.69

See accompanying notes to consolidated financial statements.

Grupo Gigante, S. A. B. de C. V. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2013 and 2012. (In thousands of Mexican pesos).

	Common stock	Additional paid-in capital	Retained earnings	Net cumulative fair value gain on available-for-sale financial assets	Cumulative exchange differences on translating foreign operations	Non-controlling interest	Total stockholders' equity
Balances as of January 1, 2012	\$ 1,374,928	\$ 4,026,542	\$ 11,334,114	\$ 898,897	\$ 72,607	\$ 3,009,004	\$ 20,716,092
Dividends paid	-	-	(85,206)	-	-	-	(85,206)
Comprehensive income	-	-	690,604	120,332	(18,512)	393,349	1,185,773
Balances as of December 31, 2012	1,374,928	4,026,542	11,939,512	1,019,229	54,095	3,402,353	21,816,659
Dividends paid	-	-	(228,571)	-	-	-	(228,571)
Acquisition of non-controlling interest	-	-	(5,382,333)	-	-	(3,430,136)	(8,812,469)
Comprehensive income	-	-	1,575,520	616,186	(20,050)	147,610	2,319,266
Balances as of December 31, 2013	\$1,374,928	\$4,026,542	\$ 7,904,128	\$1,635,415	\$ 34,045	\$ 119,827	\$15,094,885

See accompanying notes to consolidated financial statements.

Grupo Gigante, S. A. B. de C. V. and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2013 and 2012. (In thousands of Mexican pesos).

	2013	2012
Cash flow from operating activities:		
Profit before income taxes from continued operations	\$ 2,261,399	\$ 2,055,433
Adjustments:		
Depreciation and amortization	529,810	476,876
Gain on revaluation of investment property	(392,017)	(102,854)
Loss on disposal of property and equipment	133,352	49,518
Unrealized foreign exchange loss	149,516	-
Revaluation of financial instruments	(1,875)	(17,240)
Dividends received	(6,088)	(17,580)
Interest income	(151,936)	(84,035)
Interest expense	400,655	64,818
	2,922,816	2,424,936
Working capital adjustments:		
(Increase) decrease in:		
Accounts receivable — Net	(136,218)	(276,396)
Inventories — Net	228,579	(500,886)
Prepaid expenses	(17,502)	2,773
Increase (decrease) in:		
Trade accounts payable	(441,373)	64,059
Accrued expenses and taxes	273,734	(520,267)
Income taxes paid	(373,922)	(309,319)
Discontinued operations	26,110	247,037
Net cash generated by operating activities	2,482,224	1,131,937
Cash flow from investing activities:		
Acquisition of property and equipment	(817,392)	(1,514,845)
Acquisition of investment property	(542,373)	(489,135)
Sale of property and equipment	-	315
Acquisition of non-controlling interest	(8,812,469)	-
Adquisición de activos intangibles	(189,156)	-
Prepaid expenses	(650,629)	-
Dividends received in cash from available-for-sale equity instruments	6,088	17,580
Disposals of financial instruments held for trading	265,792	966,769
Investments in joint ventures and other permanent investments	(33,293)	(40,662)
Disposal of interest in joint operations	40,662	-
Interest received	151,936	84,035
Discontinued operations	-	64,962
Net cash used in investing activities	(10,580,834)	(910,981)
Cash flow from financing activities:		
Proceeds from borrowings	9,370,532	502,600
Re-payments of borrowings	(4,381,102)	(30,993)
Proceeds from trading debt issuance	4,338,931	-
Interest paid	(400,655)	(64,818)
Dividends paid	(228,571)	(85,206)
Net cash generated by financing activities	8,699,135	321,583
Net increase in cash and cash equivalents	600,525	542,539
Cash and cash equivalents at the beginning of year	968,659	462,939
Effects of exchange rates changes on cash	(43,257)	(36,819)
Cash and cash equivalents at the end of year	\$ 1,525,927	\$ 968,659

See accompanying notes to consolidated financial statements.

Grupo Gigante, S. A. B. de C. V. y Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2013 and 2012. (In thousands of Mexican pesos, except earnings per share data).

1. ACTIVITIES

Grupo Gigante, S. A. B. de C. V. ("Grupo Gigante") is a corporation under the laws of Mexico. The address of its corporate offices is Ejercito Nacional 350, Chapultepec Morales, 11570, in México City, Mexico.

Grupo Gigante, S. A. B. de C. V. and subsidiaries (collectively, the "Company") is engaged in the operation of restaurants, management and development of investment property and the operation of self-service stores that sell office supplies, electronic goods as well as housewares.

On July 9, 2013, the Company purchased the remaining 50% of the shares of Office Depot de México, S.A. de C.V., which it did not previously own, having complied with all conditions to which it was subject; i.e. approval from the Company's Shareholders' Meeting and authorization from the Federal Competition Commission.

On January 24, 2013, the Company announced its joint venture investment with Petco Animal Supplies Store, Inc., in which each company owns 50% interest. PETCO Animal Supplies Store, Inc., is headquartered in San Diego, California (USA) and is one of the leading chains of stores specializing in food, supplies and other related services for pets.

In June 2012, the Company signed a contract for the sale of all the shares of its, until then, wholly-owned subsidiary Tiendas Super Precio, S.A de C.V., which was engaged in the operation of retail stores that sold general merchandise and other supplies. During October 2012, such sale was completed; therefore the revenues, costs and expenses related to this operation are presented as discontinued operations in the accompanying consolidated financial statements.

2. BASIS OF PRESENTATION

Explanation for translation into English - The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented on the basis of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain accounting practices applied by the Company that conform with IFRS may not conform with accounting principles generally accepted in the country of use.

A. NEW AND REVISED IFRSs AFFECTING AMOUNTS REPORTED AND/OR DISCLOSURES IN THE FINANCIAL STATEMENTS

In the current year, the Company has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2013.

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Company has applied the amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IFRS 7 require entities to disclose information

about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to the IFRS 7, have been applied retrospectively. As the Company does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognized in the consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, the Company has applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 28 (as revised in 2011) together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding the transitional guidance.

The impact of the application of these standards is set out below.

Impact of the application of IFRS 10

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of a company so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. Some guidance included in IFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Company.

Impact of the application of IFRS 11

The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Previously, IAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets.

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to Companies that have interests in subsidiaries, associates and/or unconsolidated structured companies.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Company has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be put into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

IAS 19 Employee Benefits (as revised in 2011)

IAS 19 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The adoption of this revised standard as of December 31, 2013 and 2012 were not material, so the Company recognized all the effects of the actuarial gains and losses on the results of the year in which they were generated.

B. NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Company has not applied the following new and revised IFRSs:

IFRS 9, Financial Instruments²

Amendments to IFRS 9 and IFRS 7, Mandatory Effective Date of IFRS 9 and Transition Disclosures³

Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities¹

¹ Effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

² Effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards released by IASB. The Company's management believes that all ordinary and recurring necessary adjustments for the appropriate presentation of the financial statements were included.

B. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for, investment property and certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

i. Historical cost

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

ii. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable.

C. BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by it. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Net income and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

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

Changes in the Company's ownership interests in existing subsidiaries

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

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

D. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is a company over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5, *Non current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36, *Impairment of Assets*, as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Company retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Company continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Company reduces its ownership interest in an associate or a joint venture but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When the Company transacts with an associate or a joint venture of the Company, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Company's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.

E. INTERESTS IN JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a company undertakes its activities under joint operations, the Company as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a subsidiary of Company transacts with a joint operation in which the Company is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Company's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When the Company transacts with a joint operation in which the Company is a joint operator (such as a purchase of assets), the Company does not recognize its share of the gains and losses until it resells those assets to a third party.

F. CASH EQUIVALENTS

Cash equivalents consist mainly in short-term investments, highly liquid and easily convertible into cash, maturing within three months as of their acquisition date, which are subject to immaterial value change risks. Cash equivalents are measured at fair value; any fluctuations in fair value are recognized in profit for the year.

G. RESTRICTED CASH

Restricted cash represents cash and cash equivalents balances held by the Company that are only available for use under certain conditions pursuant to the guarantee agreement entered into by the Company (as discussed in Note 5). These restrictions are listed according to their restriction period: less than 12 months and over one

year, whereby the short-term restricted cash balance was classified within current assets under cash and cash equivalents and the long-term restricted cash, within deferred charges and other intangible assets.

H. FINANCIAL ASSETS

Financial assets are recognized when the Company or any of its subsidiaries becomes a party to the contract governing such financial instruments.

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

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

i. Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

ii. Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. See Note 6.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets held for trading are measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss in the Net gain on fair value of available- for- sale financial assets line item within the consolidated statements of profit and loss and other comprehensive income.

iii. Available-for-sale financial assets (AFS financial assets)

The Company maintains investments in equity instruments of other entities that have been designated as available-for-sale. These investments are measured at fair value at the report date and changes in fair value are recognized in other comprehensive income, net of tax. See Note 6.

Dividends on available- for- sale equity instruments are recognized in profit or loss, in the other income line item, when the right of the Company to receive dividends is established.

iv. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed payments or payments that may be determined and are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized using the effective interest rate, except for short-term accounts receivable if interest recognition is not significant.

Accounts receivable are mainly comprised of client receivables

v. Impairment of financial assets

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

For AFS investments in equity instruments, a significant or prolonged decline in the fair value of the equity instrument below its cost is considered to be objective evidence of impairment.

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

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

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

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

For financial assets recorded at cost, the amount for the impairment loss is calculated as the difference between the book value of the asset and the current value of the estimated future cash flows, deducted from the current rate of the exchange market for a similar financial asset. Such impairment loss will not be reverted to subsequent periods.

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

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

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

vi. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

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

I. INVENTORIES

Inventories are stated at the lower of cost or realizable value. The costs, including a portion of fixed and variable overhead costs are allocated to inventories using the most appropriate method for the particular kind of inventory, being mainly measured using the average cost. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

J. HOUSING INVENTORIES

Housing inventories consist of houses and apartments, land in process of being developed for its sale, costs and expenses incurred during the construction process of such inventories. They are stated at its construction cost, including all directly attributable costs such as the cost of the land used, construction in process and borrowing costs, without exceeding its realizable value.

K. PREPAID EXPENSES

Prepaid expenses are valued at the amount of cash or cash equivalents paid and recognized as assets from the date that the payment is made. They are recognized in profit or loss using the straight line method over the periods in which the related services are rendered or goods used. They are classified as short-term or long-term depending on whether the period of use of the services or goods goes beyond 12 months.

L. PROPERTY AND EQUIPMENT

Property and equipment are initially recognized at cost.

Land is not depreciated.

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

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in such estimates accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation is calculated using the straight-line method based on the estimated useful lives of the related assets, as follows:

	AVERAGE YEARS
Buildings	40
Leasehold improvements	9-25
Furniture and equipment	4-10
Vehicles	4
Computers	4

Leasehold improvements are amortized over the shorter of their useful life or the life of the lease.

M. INVESTMENT PROPERTY

Investment property are properties held to earn rentals and/or for capital appreciation, mainly buildings and land destined for use as which are supermarkets, stores and offices by the Company's customers which operate in the retail and specialty commerce industries. It includes investment property under construction for such purposes. Property occupied by the Company is segregated from the Company's investment property and classified as property and equipment, such segregation is made based on relative square meters.

Investment property is measured initially at cost, including transaction costs. Subsequent investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Fair values are based on market values, which are estimated to be the amount of money for which an investment property could be sold at the measurement date. Fair value for investment property and land occupied or ready to be occupied for the Company's tenants is determined internally using valuation techniques such as the discounted cash flows approach which uses the capitalization of rental income minus property operating expenses, such as maintenance, insurance and other direct costs. The valuations take into account the ability of market participants to generate economic benefits by selling the asset or by using it in its "highest and best use" which includes the consideration of the highest and best use that physically possible, legally permissible and financially feasible. Valuations are periodically made by a specialized department of the Company that has experience in location and category of valued investment properties. This valuation is performed for the investment properties currently in conditions to be rented; for territorial reserves, an appraisal is made by independent external experts that use the market approach to determine their fair value.

After initial recognition of the investment property, all repairs and maintenance expenses are recognized within profit or loss of the period in which they are incurred.

Investment property under construction are measured at its fair value only to the extent that such fair value can be reliably determined. In such determination, management considers, among other factors, the general conditions of the construction contract, the stage of completion of such construction, the existence of similar construction projects in the market, the reliability of the expected future cash inflows, the specific risk of the related property and past experiences.

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

The Company transfers from other categories of property to investment property when, and only when, there is a change in use, evidenced by commencement of development with a view to sell, the Company vacates an existing owner-occupied property with a view to begin redevelopment as investment property or the beginning of an operating lease with a third party.

N. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs incurred in the construction of investment property are recognized in profit or loss in the period in which the Company incurs them.

O. GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 14) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or the Company's of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

P. DEFERRED CHARGES

Costs incurred in the development phase that meet certain requirements and that the Company has determined will have future economic benefits are capitalized and amortized using the straight-line-method over their estimated useful lives. Disbursements that do not meet such requirements, as well as research cost, are recorded in profit or loss of the period in which they are incurred.

Q. CLIENT LISTS

Client lists represent the fair value of the intangible assets related to client lists identified as an asset at the acquisition date. Its expected economic life is estimated to be 5 years and is subject to impairment tests on an annual basis.

R. LEASING

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

i. The Company, as a lessor,

The Company, as a lessor, retains substantially all of the benefits and risks of ownership of the property and accounts for its leases as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease agreement

ii. The Company as a lessee

The Company recognizes operating lease payments as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Rent holidays are amortized over the lease term.

S. IMPAIRMENT IN VALUE OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL

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

individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset is estimated to be less (or a cash-generating unit) than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

T. FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

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

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

i. Classification as debt or equity

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

ii. Financial liabilities

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

iii. Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

iv. Derecognition of financial liabilities

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

v. Offset

Financial assets and liabilities are subject to offset and the net amount is shown in the financial status statement only when the Company has a legal right to offset the amounts and its purpose is to carry out liquidation on a net basis or to simultaneously realize the asset and liquidate the liability.

vi. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

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

U. DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

Derivative financial instruments shown as of the date of the report, even if they are entered into with hedging purposes from an economic perspective, have been given a negotiation nature for accounting effects. The fluctuation in the fair value of these derivatives is recognized in the estimated profits and losses for the period in the item for variation in assessment of derivative financial instruments.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset while a derivative with a negative fair value is recognized as a financial liability.

V. PROVISIONS

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties associated with the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows .

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

i. Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

ii. Restructurings

A restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

W. EMPLOYEE BENEFITS FROM TERMINATION, RETIREMENT AND STATUTORY EMPLOYEE PROFIT SHARING (PTU)

i. Direct employee benefits: are calculated based on the services rendered by employees, considering their most recent salaries and the liability is recognized as it accrues. These benefits include mainly statutory employee profit sharing ("PTU") payable, compensated absences, such as vacation and vacation premiums, and incentives.

ii. Post-employment benefits: The Company has different post-employment benefit plans (such as seniority premiums and pensions). For defined benefit plans the cost of providing benefits is determined using the Projected Unit Credit Method with actuarial gains and losses are recognized in profit or loss in the period in which they occur.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation and it is reduced by the fair value of plan assets.

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

iii. Employee benefits for termination: Employee benefits for termination are recorded in the results of the year in which they are incurred.

iv. Statutory employee profit sharing (PTU): PTU is a benefit for the employees pursuant to the Mexican Labor Law. The PTU is determined based on the tax profit pursuant to Section I of Article 16 of the Income Tax Law. PTU is recognized in profit or loss in the year in which it accrues and is presented in the line item of operating expenses in the consolidated statement of profit and loss and other comprehensive income.

X. INCOME TAXES

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

i. Current tax

Income tax ("ISR") and the Business Flat Tax ("IETU") are recognized in the results of the year in which they are incurred.

ii. Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

iii. Currents and deferred taxes

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Y. REPURCHASE OF TREASURY SHARES

In accordance with Mexico's Securities Market Law, the Company has appropriated retained earnings for a reserve for the repurchase of the Company's shares in order to strengthen the offer and demand of its shares in the stock market. Shares temporarily acquired by the Company that are withdrawn from the market are considered treasury shares.

Z. FOREIGN CURRENCIES

The individual financial statements of each of the Company's subsidiary are prepared in the currency of the primary economic environment in which the Company operates (its functional currency). For purposes of these financial statements, the results and financial position of each Company are expressed in Mexican pesos, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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

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

On the disposal (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled company that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

AA. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Company recognizes revenue related to the different activities it is engaged on as follows:

- i. Revenues from sale of products:** They are recognized in the period in which the risks and rewards of ownership of the inventories are transferred to customers, which generally coincides with the delivery of products to customers in satisfaction of orders.
- ii. Rental income:** Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are capitalized within non-current assets and recognized on a straight-line basis over the lease term. Income from maintenance services related to property for rent granted are recognized in the period in which they accrue. Leasing incentives are recognized on a straight-line basis over the life of the lease.

iii. Dividend and interest income: Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

BB. STATEMENT OF CASH FLOWS

The Company reports cash flows for investment transactions using the indirect method whereby the profit or loss is adjusted for the effects of transactions of a nature different than cash, any deferral of inflow or outflow of cash for past or future accumulation or entries of income or expenses associated with cash flows from investment or financing activities.

Since the Company presents discontinued operations, the starting point for the consolidated statements of cash flows is profit from continuing operations before income taxes.

Interests paid and interests and dividends received are classified as financing and investment activities, respectively.

CC. EARNINGS PER SHARE

Basic earnings per common share are calculated by dividing net income of the equity attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are determined by adjusting the profit for the year and common shares on the assumption that the Company's commitments to issue or exchange its own shares would be fulfilled.

During 2013 and 2012, the Company did not have any dilutive instruments; therefore, basic and diluted per share are the same.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Company's management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

A. CRITICAL ACCOUNTING JUDGMENTS WHEN APPLYING ACCOUNTING POLICIES

i. Leases classification — Leases are classified based on the extent that the risks and benefits inherent to the property of the leased asset are transferred or maintained, depending more on the substance

of the transaction than in the legal form. The Company set forth internal criteria to determine if the term of the leases is for most of the economic life of the leased property, as well as the criteria for the separation of the value allocated to the land and the construction by the participants on the lease of a real estate.

- ii. **Discount rate used to determine the carrying amount of the Company's defined benefit obligation** — The Company's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgment is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

B. KEY SOURCES OF ESTIMATION UNCERTAINTY:

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Investment property

The Company carries out internal valuations of its investment property which are occupied or ready to be occupied by leases (investment properties in operation). The valuation methodology includes assumptions that are not directly observable in the market to determine the fair value. The method used was the income capitalization method - income methodology, which consists of techniques and mathematic procedures to analyze the capacity for the future generation of economic benefits by the property measured at present value. The main assumptions used in such calculation are occupancy rates, the Company's historic trend of rental income and the discount rate applied to the net future cash inflows (the weighted average cost of capital). Significant decreases (increases) in occupancy levels and/or in the rental income, or, significant increases (decreases) in the discount rate, may result in a fair value for the investment properties significantly smaller (higher) and a related impact in profit or loss.

The valuation techniques used during the reported periods has been consistent. Management believes that the valuation methodologies and assumptions used are appropriate for the determination of the Company's investment property fair values.

For investment property that is not in condition for being occupied (land or land reserves maintained for future development or to obtain capital appreciation) external appraisals are performed periodically.

ii. Property and equipment

The Company determines the useful lives and residual values of its property and equipment based on its experience.

iii. Impairment testing

The Company is required to test for impairment of its long-lived assets in use, including goodwill and other intangible assets, at least on an annual basis. To calculate impairment loss of long-lived assets in use, it is necessary to determine the asset's recovery value. Recovery value is defined as the greater of the net sales price of an asset (or cash-generating) unit and the asset's (or cash-generating) unit's use value, which is the present value of estimated future cash flows. The determination of the underlying assumptions related to the recoverability of long-lived assets, including goodwill and other intangible assets, is subjective and requires the exercise of considerable judgment. Any changes in key assumptions about the Company's business and prospects, or changes in market conditions, could result in an impairment charge.

Determining whether goodwill is impaired requires an estimation of the value-in use of the cash-generating units to which goodwill has been allocated. The value-in use calculation requires management to estimate the present value of the future cash flows expected to arise from the cash-generating unit, determined using a suitable discount.

iv. Deferred taxes

Under IFRS, the Company is required to recognize income tax effects of basis differentials between the Company's assets and liabilities for financial accounting and tax reporting purposes. A deferred income tax asset related to future tax losses carryforwards is recognized in the consolidated financial statements to the extent that it is more likely than not that a future benefit will ultimately flow to the Company. Such estimates are based on management's knowledge of the business as well as projections of future profits, including tax strategies entered into by the Company.

v. Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses observable market data as they become available. Management informs the Board of Directors of any variations in fair value of financial instruments on a quarterly basis.

5. CASH AND CASH EQUIVALENTS

Cash consists mainly of bank deposits and short-term investment and it is measured at fair value.

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

	2013	2012
Cash	\$ 13,516	\$ 13,001
Cash equivalents	1,475,618	914,065
Restricted cash and cash equivalents (i)	36,793	41,593
	\$ 1,525,927	\$ 968,659

(i) Some of the Company's subsidiaries have borrowings from financial institutions whose contracts require certain amount of cash to be deposited as collateral. Such amounts are deposited in trusts related to the rental income from the property built by the Company using such borrowings and reserve funds have been established to service the borrowings such reserve funds are equivalent to five monthly payments of capital and interest. The deposited amounts are invested in debt instruments which are highly liquid such as government bonds. At the end of the reporting period, the balance maintained for the service of the debt in accordance with the borrowing agreements is presented as restricted cash.

6. FINANCIAL INSTRUMENTS

	2013	2012
Available-for-sale financial assets (i)	\$ 2,516,928	\$ 1,881,022
Held for trading financial assets (ii)	930,794	1,214,431
	\$ 3,447,722	\$ 3,095,453

(i) Investments in equity instruments of entities that are listed on stock exchanges measured at fair value.

(ii) Investments in financial instruments acquired with the intention of being sold in a short period of time

7. ACCOUNTS RECEIVABLE

A. ACCOUNTS RECEIVABLE ARE AS FOLLOWS:

	2013	2012
Trade accounts receivable	\$ 706,655	\$ 686,291
Allowance for doubtful accounts	(26,748)	(19,315)
	\$ 679,907	\$ 666,976
Recoverable taxes (mainly Value Added Tax)	610,456	590,098
Other accounts receivable	186,580	83,651
	\$ 1,476,943	\$ 1,340,725

B. MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE IS AS FOLLOWS:

	2013	2012
Balance at beginning of the year	\$ 19,315	\$ 17,349
Increases recognized during the year	9,344	7,935
Amounts written-off during the year as uncollectible	(1,911)	(5,969)
Balance at end of the year	\$ 26,748	\$ 19,315

Normal credit terms for most of the customers of the Company are 30 to 90 days; thereafter the payment is considered past due. As of December 31, 2013 and 2012, 92% and 86%, respectively, of all accounts receivable are current.

Balances past due but not impaired: The main accounts receivable that are past due but not impaired relates to the balance owed by one of the Company's clients, which even though are past due, management considers they have a high probability of being collected and therefore, an allowance for recoverability has not been created. As of December 31, 2013 and 2012, the amount of past due but not impaired receivables is \$26,814 and \$77,228, respectively.

The allowance for doubtful accounts receivable covers receivables past due for more than 90 days with low recovery possibilities.

8. INVENTORIES

	2013	2012
Office supplies inventories	\$ 3,032,645	\$ 3,390,842
Housware supplies inventories	101,599	82,173
Food inventories	50,761	32,688
Allowance for obsolete inventories	(15,880)	(20,403)
	3,169,125	3,485,300
Housing inventories	348,243	260,647
	\$ 3,517,368	\$ 3,745,947

9. PROPERTY AND EQUIPMENT

	2013	2012
Gross investment at cost:		
Land	\$ 2,042,627	\$ 1,969,375
Buildings and leasehold improvements	6,914,700	6,652,974
Furniture and equipment	1,966,223	1,714,509
Computers	521,728	478,270
Vehicles	246,443	266,017
Construction in-progress	133,044	198,598
Gross investment:	\$11,824,765	\$11,279,743
Accumulated depreciation:		
Buildings and leasehold improvements	\$ (1,650,681)	\$ (1,451,535)
Furniture and equipment	(992,030)	(908,109)
Computers	(373,685)	(330,403)
Vehicles	(152,569)	(138,481)
Accumulated depreciation	\$(3,168,965)	\$(2,828,528)
Net investment:		
Land	\$ 2,042,627	\$ 1,969,375
Buildings and leasehold improvements	5,264,019	5,201,439
Furniture and equipment	974,193	806,400
Computers	148,043	147,867
Vehicles	93,874	127,536
Construction in-progress	133,044	198,598
Total property and equipment – Net	\$ 8,655,800	\$ 8,451,215

A. The rollforward of the net book value of property and equipment is as follows:

	Land	Buildings and leasehold improvements	Furniture and equipment	Computers
Balance as of January 1, 2012	\$ 1,801,848	\$ 4,676,686	\$ 905,453	\$ 147,050
Additions	167,527	893,493	191,450	99,616
Depreciation expense	-	(203,746)	(110,684)	(48,147)
Disposals related to sale	-	(13,103)	(8,975)	(3,080)
Disposals related to sale of subsidiary	-	(151,891)	(170,844)	(47,572)
Balance as of December 31, 2012	\$ 1,969,375	\$ 5,201,439	\$ 806,400	\$ 147,867
Additions	73,252	302,823	293,366	51,118
Depreciation expense	-	(222,152)	(119,975)	(50,094)
Disposals related to sale	-	(18,091)	(5,598)	(848)
Balance as of December 31, 2013	\$ 2,042,627	\$ 5,264,019	\$ 974,193	\$ 148,043

	Vehicles	Construction in-progress	Net investment
Balance as of January 1, 2012	\$ 109,530	\$ 148,515	\$7,789,082
Additions	110,230	52,529	1,514,845
Depreciation expense	(82,552)	-	(445,129)
Disposals related to sale	(9,278)	(103)	(34,539)
Disposals related to sale of subsidiary	(394)	(2,343)	(373,044)
Balance as of December 31, 2012	\$ 127,536	\$ 198,598	\$8,451,215
Additions	62,540	34,293	817,392
Depreciation expense	(87,234)	-	(479,455)
Disposals related to sale	(8,968)	(99,847)	(133,352)
Balance as of December 31, 2013	\$ 93,874	\$ 133,044	\$8,655,800

B. Depreciation expense is presented in the operating expenses line item in the consolidated statements of profit and loss and other comprehensive income. As of December 31, 2013 and 2012, there are no accumulated impairment losses in property and equipment.

10. INVESTMENT PROPERTY

The Company, internally calculates the fair value of its investment property using valuation techniques such as the discounted cash flows approach, replacement cost approach and income cap rate approach. The techniques used include assumptions, the majority of which are not directly observable in the market, to estimate the fair value of the Company's investment property such as discount rates, capitalization rates and occupancy rates.

Gains or losses arising from changes in the fair values are included in the consolidated statements of profit and loss and other comprehensive income in the period in which they arise.

The direct operating expenses, including maintenance, arising from investment property that generated rental income are \$215,076 and \$175,857 of the years ended December 31, 2013 and 2012, respectively. The direct operating expenses, for property that did not generate rental income are \$4,026 and \$3,180 for the years ended December 31, 2013 and 2012, respectively.

As of December 31, 2013 and 2012, the Company's investment properties were 96% and 97%, occupied by tenants, respectively.

The Company's investment properties are located in México and they are classified as Level 3 in the IFRS fair value hierarchy. The following table provides information about how the fair values of the investment properties are determined (in particular, the valuation technique(s) and inputs used).

Property	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Value/range	Relationship of unobservable inputs to fair value
Buildings and land	Level 3	Discounted cash flows	Discount rate	11.48%	The higher the discount rate, the lower the fair value.
			Long-term NOI	Based on contractual rent and then on market related rents	The higher the NOI, the higher the fair value.
			Inflation rate	Mexico: 3.4%	The higher the inflation rate, the higher the fair value.
			Absorption period	From 1 to 6 months	The shorter the absorption period, the higher the fair value.
Land reserves	Level 3	Market value	Price per square meter	Depending on the location	The lower the price per square meter, the lower the fair value.

A. THE AGGREGATE VALUES OF THE COMPANY'S INVESTMENT PROPERTIES FOR THE YEARS INDICATED:

	2013	2012
Buildings and land	\$ 9,825,999	\$ 9,311,811
Land reserves	1,596,595	1,311,994
Less: Cost to complete construction-in-progress	(14,570)	(150,171)
Balance at end of year	\$ 11,408,024	\$ 10,473,634

B. THE RECONCILIATION OF INVESTMENT PROPERTY IS AS FOLLOWS:

	2013	2012
Balance at beginning of year	\$ 10,473,634	\$ 9,881,645
Additions	542,373	489,135
Gain on revaluation of investment property	392,017	102,854
Balance at end of year	\$ 11,408,024	\$ 10,473,634

The gain on revaluation of the property is driven by changes in: 1) discount rates used to calculate the fair value, 2) occupancy rates, 3) new operating leases entered into by the Company as well as changes in the market-related assumptions used to determine the fair value of the land reserves.

Five of the Company's investment properties are pledged as collateral for the long-term debt as discussed in Note 17. The fair value of such investment properties as of December 31, 2013 and 2012 is \$3,042,237 and \$2,618,328, respectively.

The operating lease contracts entered into by the Company with its customers, include rental incentives such as rent holidays periods, other incentives as well as one time payments charged (known as key money). Income from operating leases is recognized on a straight line basis over the lease term, including income related such lease incentives.

11. INVESTMENT IN JOINT VENTURE

Details of the Company's joint venture from January 29, 2013, are as follows:

Joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company	
			Historical investment	%
Mascotas y compañía, S.A.P.I. de C.V.	Retail specialized in selling pet products	Mexico	\$ 34,330	50%

The above joint venture is accounted for using the equity method.

Summarized financial information in respect of the Company's material joint venture is set out below. The summarized financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

The financials statements are following:

Statement of Financial Position as of December 31, 2013:		
Current assets	\$	47,661
Furniture and equipment		16,289
Other assets		7,364
Total assets	\$	71,314
Current liabilities	\$	8,567
Other long-term liabilities		240
Total liabilities		8,807
Stockholders' equity	\$	62,507
Statement of profit or loss for the period from January 01 to December 31, 2013:		
Sale of goods	\$	8,702
Cost of sales		(4,570)
Operating expenses		(15,916)
Interes income		2,266
Income taxes benefit		3,464
Net loss for the period	\$	(6,054)
Company's share in the joint venture's net loss for the period	\$	(3,027)

12. JOINT OPERATION

The Company has a joint operation, Proyecto Fideicomiso Andamar. The Company holds 40% ownership interest in the project, located in the city of Veracruz, in Mexico. The Company will be entitled to a proportional share of the rental income derived from the investment properties being constructed as well as a proportional share obligation in the costs of the joint operation. Since the project is in the process of completion, as of December 31, 2013, there are no operations and, therefore, no revenues, costs or expenses generated for which any proportional share should be recognized.

13. INVESTMENT IN SUBSIDIARIES

The subsidiaries listed below are companies incorporated in Mexico with operations along the national territory, except for some direct subsidiaries of Office Depot de Mexico, S.A. de C.V., which have operations in Central America and Colombia.

Shareholding participation in the capital stock of its subsidiaries is as follow:

Company	Ownership 2013	Ownership 2012	Activity
Gigante Retail, S.A. de C.V.	100.00%	-	Holding company; its subsidiaries are engaged in specialized in retail.
Hospitalidad y Servicios Especializados Gigante, S.A. de C.V.	100.00%	100.00%	Holding company; its subsidiaries are engaged in managing restaurants and selling food.
Gigante Grupo Inmobiliario, S.A. de C.V. and Subsidiaries	100.00%	100.00%	56 companies that own and manage properties where offices, stores and shopping centers leased to third parties are located as well as some of the Company's restaurants and stores and Subsidiaries
Gigante Fleming, S.A. de C.V.	100.00%	100.00%	Real estate company that owns investment property where 2 of the Company's stores that are rented to third parties, are located.
Signos Distintivos Fleming, S.A. de C.V.	100.00%	100.00%	Has the use and control of Company's trademarks. Initiated operations in 2012.
Controladora y Operadora de Inmuebles, S.A. de C.V.	100.00%	100.00%	Real estate company.
Servicios Gigante, S. A. de C. V.	99.99%	99.99%	Provides administrative services to the Company.
Servicios Toks, S. A. de C. V.	100.00%	100.00%	Provides administrative services to the Company.
Operadora Gigante, S. A. de C. V.	100.00%	100.00%	Provides administrative services to the Company.
Servicios Gastronómicos Gigante, S. A. de C. V.	100.00%	100.00%	Provides administrative services to the Company.
Servicios Operativos Gigante, S. A. de C. V.	100.00%	100.00%	Provides administrative services to the Company.
Servicios Técnicos y Administrativos Gigante, S. A. de C. V.	100.00%	100.00%	Provides administrative services to the Company.
Unidad de Servicios Compartidos Gigante, S.A. de C.V.	100.00%	100.00%	Provides administrative services to the Company.
Gigante IT, S.A. de C.V.	100.00%	-	Consulting, advisory and technical support information technology systems.
Tiendas Súper Precio, S.A. de C.V.	-	100.00%	Operated self-service stores that sold groceries and general merchandise. See Note 29.

Shareholding participation in the capital stock of its indirect subsidiaries is as follow:

Company	Participation 2013	Participation 2012	Activity
Office Depot de México, S. A. de C. V. and Subsidiaries	100.00%	50.00%	224 office supply stores in Mexico (including two Distribution Centers that also sell merchandise), 6 in Costa Rica, 9 in Guatemala, 4 in El Salvador, 2 in Honduras, 5 in Panama (including one distribution center that also sells merchandise), 13 in Colombia and 1 distribution center in Mexico.
Distribuidora Storehome, S. A. de C. V.	100.00%	100.00%	Operates 16 self-service stores that sell houseware
Restaurantes Toks, S. A. de C. V.	100.00%	100.00%	Chain of 121 restaurants.
Operadora de Fast Food Chino, S.A. de C.V.	100.00%	100.00%	Operate 16 Chinese fast food restaurants
Operadora de Café y Chocolate de especialidad, S. A. de C. V.	100.00%	100.00%	Operate 8 specialty coffees stores.

Significant intercompany balances and transactions have been eliminated.

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated noncontrolling interests	
		2013	2012	2013	2012	2013	2012
Office Depot de México, S.A. de C.V.	México	-	50.00%	\$ 171,912	\$ 412,698	\$ -	\$ 3,281,431
Inmobiliaria Lomo Lomas Verdes, S.A. de C.V.	México	50.01%	50.01%	(1,096)	(1,042)	119,827	120,922
				\$ 170,816	\$ 411,656	\$ 119,827	\$ 3,402,353

When the Company has less than the majority voting rights of an investee, it has power over such investee when voting rights are sufficient to give it the practical capacity to unilaterally handle the investee's relevant activities. The Company considers all relevant facts and circumstances to assess whether the voting rights of the Company in any subsidiary are sufficient to grant it power, including third parties;

- Rights arising from other contractual arrangements, and
- All other facts and circumstances indicating that the Company has, or does not have, actual capacity to handle the relevant activities at the time decisions must be made, including shareholders' voting trends at previous meetings.

Office Depot de México, S. A. de C. V. — During 1994, the Company and Office Depot, Inc., headquartered in the United States of America, entered into an agreement to develop and operate a chain of stores to sell office supplies and electronics. During July 2013, the Company acquired the 100% interest in Office Depot de México, S.A. de C.V.

Inmobiliaria Lomo Lomas Verdes, S.A. de C.V.- In November 2010, the Company established a subsidiary with a third party, to develop a shopping center including family entertainment, anchor stores, shopping, cinema and fast-food areas.

Summarized financial information in respect of each of the Company's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	2012
Office Depot de México, S.A. de C.V.:	
Statement of Financial Position as of December 31:	
Current assets	\$ 4,840,008
Property and equipment	4,318,765
Other assets	233,316
Total assets	\$ 9,392,089
Current liabilities	\$ 2,758,398
Non current liabilities	70,829
Total liabilities	2,829,227
Stockholders' equity	\$ 6,562,862

Information for the year ended December 31:	2012
Revenues	\$ 15,062,162
Profit for the year	\$ 815,994
Total comprehensive income for the year	\$ 777,535

	2013	2012
Inmobiliaria Lomo Lomas Verdes, S.A. de C.V.:		
Statements of Financial Position as of December 31:		
Current assets	\$ 94,050	\$ 83,317
Investment property	661,227	669,653
Other assets	25,952	22,912
Total assets	\$ 781,229	\$ 775,882
Current liabilities	\$ 276,430	\$ 235,603
Long-term debt	265,147	298,433
Total liabilities	541,577	534,036
Stockholders' equity	\$ 239,652	\$ 241,846
Information for the years ended December 31:		
Revenues	\$ 93,772	\$ 92,528
Net loss for the year	\$ 2,194	\$ 2,084
Total comprehensive income for the year	\$ 2,194	\$ 2,084

Change in the Company's ownership interest in a subsidiary

During the year, the Company acquired 50% of the shares of Office Depot de México, S.A. de C.V., which it did not previously own, increasing its ownership share to 100%. The consideration paid for the acquisition was \$8,812,469, including direct acquisition costs, paid in cash using the proceeds of the issuance of the bridge loan as discussed in Note 17. The carrying amount of the non-controlling interest at the date of acquisition was \$3,430,136. The difference between carrying amount of such non-controlling interest and the consideration paid, \$5,382,333, was recognized in retained earnings.

14. GOODWILL

Goodwill arose in the acquisition of a telemarketing company ("Casa Daga") in 1998. It represents the excess of the consideration paid over the fair value of the net assets acquired at acquisition date. The goodwill is subject to impairment tests annually taking into consideration the value in use of the telemarketing cash generating unit, which is included in the retail reportable segment. As of December 31, 2013 and 2012 there were no impairment losses.

15. INTANGIBLES AND DEFERRED CHARGES

	2013	2012
Deferred charges	\$ 68,137	\$ 40,921
Accumulated amortization	(30,319)	(23,083)
	37,818	17,838
Customer list	141,870	141,870
Accumulated amortization	(91,034)	(63,575)
	50,836	78,295
Software licenses	189,156	-
Accumulated amortization	(17,391)	-
	171,765	-
Restricted cash	17,796	10,911
Technical assistance paid in advance	17,152	15,844
Rent holidays and key money received	58,313	45,183
Advanced payment for bussiness combination	494,000	-
Other long-term advance payments	126,162	18,072
Total	\$ 973,842	\$ 186,143

Amortization expense is presented in the operating expenses line item in the consolidated statements of profit and loss and other comprehensive income. The following useful lives are used in the calculation of amortization:

	Average years
Deferred charges	4
Customer list	4
Software licenses	8

16. ACCRUED EXPENSES AND TAXES

	2013	2012
Taxes payable -- mainly ISR	\$ 268,745	\$ 359,012
Derivative financial instruments	22,645	3,978
Direct employee benefits	144,974	174,514
Accrued expenses	232,293	139,796
Advances from customers	84,136	57,245
Other accounts payable	390,110	428,096
	\$ 1,142,903	\$ 1,162,641

17. LONG-TERM DEBT

	2013	2012
Unguaranteed at amortized cost		
On October 17, 2012 a six-month simple loan agreement was entered into, with monthly interest at a fixed rate of 5.75%.	\$ -	\$ 2,597
Guaranteed at amortized cost		
On June 25, 2010, a simple mortgage loan was obtained, payable in 108 monthly installments, with a 12-month grace period only for principal. The first payment was made on July 25, 2011. Interest is payable on a monthly basis at the TIIE plus 3 percent. (i)	183,093	201,230
On June 25, 2010, the Company contracted a simple mortgage loan, payable in 96 monthly installments, with a 24-month grace period only for principal. The first of them was made on July 25, 2012. Interest will be paid monthly at the TIIE rate plus 3 percent. (i)	294,006	323,149
On October 26, 2012, the Company contracted a simple mortgage loan of \$400,000, payable on October 25, 2019. Interest is paid monthly at a fixed rate of the 6.97%. On August 2, 2013 this credit was increased by \$200,000, payable on August 1, 2020. Interest is paid monthly at a fixed rate of the 7.19%. (i)	597,805	398,317
On October 31, 2012, the Company contracted a simple credit, for an initial 7-month term at variable-rate with the option to convert it into a seven-year mortgage loan with monthly interest payable at a fixed rate of 7.5%. This option was exercised by the Company. (i)	122,759	34,211
On October 31, 2012, a simple credit was entered into, for an initial 7-month term at variable-rate with the option to convert it into a seven-year a mortgage loan with monthly interest payable at a fixed rate of 7.5%. The Company exercised this option. (i)	236,074	65,789
On March 27, 2013, a simple credit line was obtained, payable in 14 quarterly payments, with a 21-month grace period, only for principal. Interest is paid on a monthly basis at the interbank equilibrium interest rate (TIIE), plus 2 percent annually.	112,031	-
On July 9, 2013, a simple guaranteed, one-year term credit was entered into, with interest payable monthly at the London interbank offered rate (LIBOR) plus 1.60 points. The amount of the loan was US\$342,887,601, equivalent to \$4,438,680. In September 2013, approximately 50% of this credit was prepaid. (ii)	2,244,194	-
On July 9, 2013 a simple guaranteed, one-year term credit was entered into, with interest payable monthly at the TIIE rate plus 0.5 percent. The amount of the loan was \$4,438,680. In September 2013, approximately 50% of this credit was prepaid. (ii)	2,245,407	-
	6,035,369	1,022,696
Total debt	\$ 6,035,369	\$ 1,025,293
Less: current portion	\$ 4,748,612	\$ 337,085
Long-term debt	1,286,757	688,208
	\$ 6,035,369	\$ 1,025,293

TIIE was 3.7900%, and 4.8450%, as of December 31, 2013 and 2012, respectively. LIBOR was 0.1677%, as of December 31, 2013.

- (i) These loans are guaranteed with three of the Company's investment properties, the fair value of these properties as of December 31, 2013 is \$3,042,237.

In connection with two of these loans, the Company entered into two contracts for an option to limit the amount of TIIE for the calculation of the interest on the borrowings in order to manage the interest rate risk in these borrowings. Under these options TIIE is limited to 8%; both options expire on the 60th monthly payment. As of December 31, 2013 the Company has not exercised any of these options. These derivative financial instruments are measured at their fair value and the changes on their fair value are recognized in profit or loss of the period in which arise.

The restrictive clauses of the bank loan agreements set forth the obligation to keep certain financial ratios; such clauses have been complied as of December 31, 2013 for all the loans except for a loan granted to one of the subsidiaries of the Company. Due to the lack of compliance with such financial ratios, the outstanding balance of this loan as of December 31, 2013 for \$183,092, is presented as part of the current portion of the long-term debt, since the bank has the contractual right to demand repayment of such amount because such subsidiary failed to comply with its obligation to maintain the total liability to equity as of the date of these consolidated financial statements.

- (ii) These loans (together the bridge loan) are secured with the cash flows generated by certain subsidiaries of the Company. The Company entered into an interest rate and exchange rate hedging instrument (Cross-Currency Swap). The bridge loan contains certain limitations preventing the Company from incurring in additional liabilities, limitations on the payment of dividends under certain circumstances, limitations on capital investments and on the use of funds derived from sales of assets, as well as various financial ratios and restrictions. As of December 31, 2013, this limitations have been complied with.
- (iii) The Company has open lines of credit with certain financial institutions to be used in its working capital needs. The U.S. dollar unused available amounts as of December 31, 2013 and 2012 were 8,330,000 and 14,890,000, respectively.

18. SENIOR NOTES PAYABLE

On September 20, 2013, the Company through its subsidiary Office Depot de México, S.A. de C.V. issued 6.875% Senior Notes, through the rule 144A in domestic and international markets, for a total of 350 million U.S. dollars and maturing on September 20, 2020, payable in seven years. Interest will be paid every six months.

19. EMPLOYEE BENEFITS

A. DEFINED CONTRIBUTION PLANS

Under Mexican legislation, the Company must make payments equivalent to 2% of its workers' daily integrated salary to a defined contribution plan that is part of the retirement savings system. The expense in 2013 and 2012 was \$30,234 and \$33,630, respectively.

B. DEFINED BENEFIT PLAN

The Company has defined benefits pension plans which cover most of its employees who are 65 years old or older. These plans also cover seniority premiums, which is a plan included in the Mexican workers law and consists of a lump-sum payment equivalent to 12 days per each year worked based on the worker's last wage and it is limited to two times the minimum wage set forth by Mexican law. Eligible employees covered by the other pension plans who retire after 65 years of age receive a lump-sum payment determined based on the employees years of service with the Company. The related liability and the annual benefit cost are calculated by an independent actuary using the projected unit credit method. The valuations are performed on an annual basis.

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

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as of December 31, 2013. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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

	Valuation as of	
	2013	2012
	%	%
Discount rate	7.0	6.0
Expected return on plan assets	7.0	6.0
Expected rates of salary increase	5.0	4.7

ii. The net cost of the period in respect of these defined benefit plans are as follows:

	2013	2012
Current service cost	\$ 15,844	\$ 35,088
Net interest	4,912	(1,804)
Actuarial gains recognized in the year	(853)	(346)
Prior service cost	(2,824)	41
Curtailment gains	(3,903)	(1,950)
	\$ 13,176	\$ 31,029

iii. The amounts included in the consolidated statements of financial position arising from the Company's obligation in respect of its defined benefit plans are as follows:

	2013	2012
Defined benefit obligation	\$ 190,268	\$ 191,231
Fair value of plan assets	(176,431)	(95,740)
	13,837	95,491
Unrecognized net actuarial losses	-	720
Prior service costs and plan amendments	-	(4,039)
Net defined benefit obligation	\$ 13,837	\$ 92,172

iv. Movements in the present value of the defined benefit obligation were as follows:

	2013	2012
Opening defined benefit obligation	\$ 191,231	\$ 164,189
Current service cost	15,844	35,088
Interest cost	4,912	2,432
Actuarial gains	(19,145)	(5,260)
Prior service cost	-	41
Contribution made by participants	(290)	-
Benefits paid to plan participants	(2,284)	(5,259)
Closing defined benefit obligation	\$ 190,268	\$ 191,231

v. Movements in the fair value of the plan assets were as follows:

	2013	2012
Opening fair value of plan assets	\$ 95,740	\$ 82,294
Interest income on plan assets	4,895	4,236
Benefits paid to plan participants	(6,453)	(5,259)
Contributions from the Company	82,520	15,774
Actuarial losses	(271)	(1,305)
Closing fair value of plan assets	\$ 176,431	\$ 95,740

vi. The major categories of plan assets and the expected rate of return on plan assets at the end of the reporting period for each category, were as follows:

	2013	2012	2013	2012
	%	%		
Equity instruments			\$ 93,278	\$ 85,129
Government debt			83,153	10,611
Weighted average expected rate of return	7.0	6.0	\$ 176,431	\$ 95,740

The overall expected rate of return is a weighted average of the expected returns on the two categories of plan assets. Management assessment on expected returns is based on historical performance trends and analysts' predictions on the market for assets over the life of the related obligation..

The actual return on plan assets was \$2,284 and \$5,259 for the ended december 31, 2013 and 2012, respectively.

The plan assets include ordinary shares of the Company with an aggregate fair value of \$1,729 and \$73 for the year ended december 31, 2013 and 2012, respectively.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by \$40,157 (increase by \$44,830).

If the expected salary growth increases (decreases) by 100 basis points, the defined benefit obligation would increase by \$40,466 (decrease by \$37,450).

If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by \$30,014 (decrease by \$38,816).

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

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

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

The average duration of the benefit obligation as of December 31, 2013 is 14.06 years (2012: 10.15 years). This number can be analyzed as follows:

- Active members: 14.06 years (2012: 10.15 years);

20. FINANCIAL INSTRUMENTS

A. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2012.

The capital structure of the Company consists of net debt (long-term debt and the Senior Notes payable as detailed in Note 17 and 18 offset by cash and cash equivalents and financial instruments) and equity of the Company (comprising issued capital, additional paid-in capital, retained earnings and other comprehensive income as detailed in Note 21).

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

B. GEARING RATIO

The Finance Committee reviews the Company's capital structure on a regular basis. As part of this investment, the Committee considers the cost of capital and the risks associated with each type of shares. The Company's debt rate is determined as the net debt to capital ratio.

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

	2013	2012
Cash and cash equivalents	\$ (1,525,927)	\$ (968,659)
Financial instruments	(3,447,722)	(3,095,453)
Long-term debt (i)	6,035,369	1,025,293
Senior Notes payable	4,467,800	-
Net debt	5,529,520	3,038,819
Stockholders' equity	15,094,885	21,816,659
Net debt to equity ratio	37%	(14%)

(i) Short and long-term debt (See Note 17).

C. CATEGORIES OF FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial.

The main financial instruments of the Company as presented in the consolidated financial statements are as follows:

	2013	2012
i. Cash and cash equivalents	\$ 1,525,927	\$ 968,659
ii. Held for trading financial instruments	930,794	1,214,431
iii. Available-for-sale financial instruments	2,516,928	1,881,022
iv. Accounts receivable	1,476,943	1,340,725
v. Trade accounts payable	2,016,059	2,457,432
vi. Long-term debt at amortized cost	6,035,369	1,025,293
vii. Senior Notes payable	4,467,800	-
viii. Liability related to derivative financial instruments	22,645	3,978

During the year there were no reclassifications of financial instruments between categories.

D. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's Board of Directors through its Finance Committee supervises and manages the financial risks relating to the Company's exposure as a result of its operations. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using different instruments including derivative financial instruments to hedge its exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company does not enter into derivative financial instruments for speculative purposes.

The Corporate Treasury function reports quarterly to the Finance Committee, which is an independent body that monitors risks and policies implemented to mitigate risk exposures.

E. MARKET RISK

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

The Company seeks to minimize the potential negative effects of these risks on its financial performance through an overall risk management program. The Company uses derivative and non-derivative financial instruments to hedge some of its exposures to financial risks as described in Note 17. The Company identifies, assesses and hedges financial risks in collaboration with its subsidiaries.

F. FOREIGN CURRENCY RISK MANAGEMENT

The Company enters into transaction in foreign currencies and so it is exposed to foreign currency risk, primarily with respect to financial instruments and trade accounts payables maintained in U.S. dollars.

The carrying amounts of assets and liabilities denominated in foreign currencies at the end of the period are as follows:

Thousands of U.S. dollars:

	2013	2012
Monetary assets	245,368	208,078
Monetary liabilities	572,609	36,358
Net (liability) asset position	(327,241)	171,720
Equivalent in thousands of Mexican pesos	\$ (4,275,472)	\$ 2,230,299

The exchange rates at the date of the consolidated financial statements and the date of its issuance were as follows:

	April 1, 2014		
	2013	2012	2014
U.S. dollar	\$ 13.0652	\$ 12.9880	\$ 13.0549

G. FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Company is mainly exposed to the U.S. dollar. The following table details the Company's sensitivity to a 5% appreciation or depreciation in the U.S. dollar against the Mexican peso 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel, and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency exchange rates.

	2013	2012
Net position in thousands of U.S. dollar	\$ (327,241)	\$ 171,720
	13.7185	13.6374
Estimated exchanges rates:	12.4119	12.3386
Sensitivity + / -	5%	5%
Change in total comprehensive income of the year + / -	\$ 213,774	\$ 111,515

H. INTEREST RATE RISK MANAGEMENT

The Company obtains financing under different conditions; when such financing is subject to variable interest rates, the Company enters into derivative financial instruments (interest rate CAPS) in order to reduce its exposure to risks of volatility in interest rates. Such CAPS limit the Company's exposure to changes in variable interest rates. Negotiating with derivative instruments is done only with credit-worthy institutions and limits have been established for each institution. The Company's policy is to not perform transactions with derivative financial instruments for speculation purposes.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's:

- Net income (loss) for the year ended December 31, 2013 and 2012 would decrease/increase by \$12,803 and \$13,194. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings; and

- **Interest rate swap contracts**

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

I. CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Due to the nature of the Company's operations, its exposure to credit risk is low, since its trade accounts receivable mainly relate to credit sales to wholesalers that operate in the retail industry, the average turnover of the Company's trade accounts receivable during the year was under 13.5 and 14.5 days for 2013 and 2012, respectively.

The maximum credit exposure is represented by the balance of trade accounts receivable as presented in the consolidated statement of financial position. As of December 31, 2013, the allowance for doubtful accounts receivable includes accounts that have been identified as potentially not recoverable.

No one single client outstanding balance represented an amount higher than 10% of the total trade accounts receivable.

J. OTHER PRICE RISKS

The Company is exposed to equity price risk arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

Equity price sensitivity analysis

The Sensitivity analysis has been determined based on the exposure to equity price risk at the end of reporting period.

If equity prices had been 5% higher/lower:

- Other comprehensive income for the year ended December 31, 2013 would increase/decrease by \$132,139 as a result of the changes in fair value of available-for-sale shares.
- For the profit or loss ended December 31, 2013 would increase/decrease by \$ 1,100 as a result to the exposure to the variable interest rate on held for trading financial assets.

The Company's sensitivity to equity prices has not changed significantly from the prior year.

K. LIQUIDITY RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Ultimate responsibility for liquidity risk management rests with the Board of Directors. Management closely monitors the maturity of the Company's liabilities, and the cash needs of its operations,

it prepares a detailed cash flow analysis on a quarterly basis and it is presented to the Board of Directors. Decisions are made to obtain new financing, or limit cash investments in order to maintain a healthy projected cash balance for the period outflows.

The following tables detail the Company's remaining contractual maturity for its derivative and non-derivative financial liabilities is as follows:

	Less than 1 year	More than 1 year and less than 5 years	More than 5 years
Trade accounts payable	\$ 2,016,059	\$ -	\$ -
Direct employee benefits	144,974	-	-
Customers prepaid	56,266	-	-
Trade accounts	390,110	-	-
Long-term debt	4,748,612	210,150	1,076,607
Senior Notes payable	-	-	4,467,800
Future accrued interest	530,537	1,665,392	615,332

The weighted average interest rate on the long-term debt as of December 31, 2013 was 4.70%.

L. FAIR VALUE MEASUREMENTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, arranged into levels from 1 to 3 based on the degree to which the fair value is observed:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1. Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique (s) and inputs used).

Financial assets/financial liabilities	Fair value as of		Fair value hierarchy	Valuation technique(s) and key input(s)
	2013	2012		
Cash	\$ 13,516	\$ 13,001	Level 1	Quoted bid prices in an active market.
Cash equivalents	1,475,618	914,065	Level 1	Quoted bid prices in an active market.
Current restricted cash	36,793	41,593	Level 1	Quoted bid prices in an active market.
Non current restricted cash	17,796	10,911	Level 1	Quoted bid prices in an active market.
Available-for-sale financial assets	2,516,928	1,881,022	Level 1	Quoted bid prices in an active market.
Held for trading financial assets	930,794	1,214,431	Level 1	Quoted bid prices in an active market.
Derivative financial instruments	(22,645)	(3,978)	Level 2	Black Scholes method, considering the variable reference volatility
Investment property	11,408,024	10,473,634	Level 3	Discounted cash flow

Significant non-observable input data and their relationship with fair value. See Note 10.

There were no transfers among the levels during the period.

2. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the Company's management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities held at amortized cost:				
Long-term debt	\$ 6,035,369	\$ 6,162,893	\$ 1,025,293	\$ 1,016,378
Senior Notes payable	4,467,800	4,335,973	-	-
Total	\$ 10,503,169	\$ 10,498,866	\$ 1,025,293	\$ 1,016,378

	Level 1	Level 2	Level 3	Total
Financial liabilities				
held at amortized cost:				
Long-term debt	\$ -	\$ -	\$ 6,035,369	\$ 6,035,369
Senior Notes payable	4,467,800	-	-	4,467,800
	\$ 4,467,800	\$ -	\$ 6,035,369	\$ 10,503,169

21. STOCKHOLDERS' EQUITY

- A.** Common stock as of December 31, 2013 and 2012 consists of the following:

	Number of shares	Historical value
Fixed capital	176,734,102	\$ 18,922
Variable capital	817,493,239	\$ 87,525
	994,227,341	\$ 106,447

Common stock is comprised of common nominative shares. Fixed capital stock may not be withdrawn. Variable capital shares may be freely subscribed. Variable capital may not be greater than ten times fixed capital.

- B.** At December 31, 2013 and 2012, the Company maintains in its treasury 1,928,392 shares. The market value of such shares was \$32.99 and \$24.50, pesos per share as of December 31, 2013 and 2012, respectively.
- C.** During a Stockholders' Meeting held on December 23, 2013, the stockholders agreed to pay cash dividends to Company stockholders at \$ 0.1257 per paid-in outstanding share as of the dividend payment date. The payment was applied against the Company's net tax income account and was made through S.D. Indeval, S.A. de C.V. The dividend amount paid in 2013 was \$124,973.
- D.** During a Stockholders' Meeting held on April 26, 2013, the stockholders agreed to pay cash dividends to the Company's stockholders at \$ 0.1042 per paid-in outstanding share as of the dividend payment date. The payment was applied against the Company's net tax income account and was made through S.D. Indeval, S.A. de C.V. The dividend amount paid in 2013 was \$103,598.

- E.** During a Stockholders' Meeting held on April 23, 2012, the stockholders agreed to pay cash dividends to the Company's stockholders at \$ 0.0857 per paid-in outstanding share as of the dividend payment date. The payment was applied against the Company's net tax income account and was made through S.D. Indeval, S.A. de C.V. The dividend amount paid in 2012 was \$85,206.
- F.** Retained earnings include a statutory legal reserve. Mexican General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical pesos). The legal reserve may not be distributed, except in the form of a stock dividend, unless the company is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2013 and 2012, the legal reserve, in historical pesos, was \$21,290.
- G.** Stockholders' equity, except restated additional paid-in capital and tax retained earnings will be subject to ISR payable by the Company at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated ISR of the year in which the tax on the dividend is paid and the following two fiscal years.

22. OTHER COMPREHENSIVE INCOME

	2013	2012
Net fair value gain on available-for-sale financial assets	\$ 1,635,415	\$ 1,019,229
Cummulative exchange differences on translating foreign operations	34,045	54,095
	\$ 1,669,460	\$ 1,073,324

A. NET FAIR VALUE GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2013	2012
Balance at beginning of year	\$ 1,019,229	\$ 898,897
Net gain arising on revaluation	954,515	160,714
Cumulative gain reclassified to profit or loss	(59,764)	-
Related income taxes	(278,565)	(40,382)
Balance at end of year	\$ 1,635,415	\$ 1,019,229

B. EXCHANGE DIFFERENCES ON TRANSLATING FOREIGN OPERATIONS

	2013	2012
Balance at beginning of year	\$ 54,095	\$ 72,607
Exchange differences arising on translating the foreign operations	(20,050)	(18,512)
Balance at end of year	\$ 34,045	\$ 54,095

23. NON-CONTROLLING INTERESTS

	2013	2012
Balance at beginning of year	\$ 3,402,353	\$ 3,009,004
Share of net income	170,816	411,656
Decrease by the acquisition of the remaining 50% shares of Office Depot de México, S.A. de C.V.	(3,430,136)	-
Exchange differences arising on translating the foreign operations	(23,206)	(18,307)
Balance at end of year	\$ 119,827	\$ 3,402,353

24. FOREIGN CURRENCY TRANSACTION

- A.** Approximately 19% and 21% of inventory purchases were imported by the Company in 2013 and 2012, respectively.
- B.** Transactions denominated in thousands of U.S. dollars for the years ended December 31, 2013 and 2012 include import purchases of 181,122 and 193,824, respectively.

25. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

- A.** Transactions with related parties during the years, carried out in the ordinary course of business, were as follows:

	2013	2012
Purchases of fixed assets – other related parties	\$ 22,539	\$ 7,868
Rental expense – shareholders	27,837	41,498
Purchase of inventory – non-controlling interest until - June 2013	196,739	423,428
Consulting services received – other related parties	3,867	1,161
Consulting services provided – other related parties	1,035	-
Charitable contributions – other related parties	3,244	7,808

The transactions of goods to related parties were performed with the usual list of prices of the Company.

- B.** There are no related parties' outstanding balances as of December, 31, 2013. The related party payable balance as of December 31, 2012 is \$18,304.

C. Employee benefits granted to key management were as follows:

	2013	2012
Short-term benefits	\$ 195,962	\$ 137,398
Termination benefits	3,670	2,200

26. COST OF SALES AND OPERATING EXPENSES

A. Cost of sales is as follow:

	2013	2012
Cost of merchandise sold	\$ 10,996,022	\$ 11,254,888
Employee benefits	384,430	226,862
Electricity, water and gas	99,527	141,101
Depreciation	121,266	108,819
Total cost of sales	\$ 11,601,245	\$ 11,731,670

B. Operating expenses are as follows:

	2013	2012
Employee benefits	\$ 2,311,582	\$ 2,156,995
Rent expense	471,287	470,879
Insurance	601,120	578,580
Electricity, water and gas	321,930	333,383
Maintenance	299,039	292,667
Marketing	245,844	282,686
Depreciation and amortization	408,544	368,057
Other operating expenses	701,461	623,073
Total operating expenses	\$ 5,360,807	\$ 5,106,320

27. OPERATING LEASES

A. **THE COMPANY AS LESSOR** — Operating leases relate to the investment property owned by the Company with lease terms ranging from 5 to 25 years. Most operating lease contracts contain a minimum rental payment and contingent rents, which are based on a percentage of sales of the tenant and they are all subject to annual inflation increases.

Such operating leases grant the Company's tenants lease incentives such as rent holiday periods and improvements as required by such tenants. The Company, occasionally, also receives up front consideration as incentive to enter into the lease agreements (referred to as "key money"). Lease payments received from tenants, including incentives given or received, are recognized as rental income on a straight-line basis over the lease term.

The future minimum lease receivables related to non-cancelable operating leases are as follows:

	2013
Not later than 1 year	\$ 952,468
Later than 1 year and not later than 5 years	2,948,665
Later than 5 years	2,825,133
Total	\$ 6,726,266

B. THE COMPANY AS LESSEE — Operating leases relate to leases of land and buildings in which the Company has some of its stores, the lease terms range from 1 to 25 years. All operating lease agreements, greater than 1 year, include inflation escalation clauses. Key money paid as well as rent holiday periods received are recognized as rent expense on a straight-line basis over the lease terms unless another systematic basis is more representative of Company's benefit.

The future minimum payments related to non-cancelable operating leases are as follows:

	2013
Not later than 1 year	\$ 551,984
Later than 1 year and not later than 5 years	2,364,923
Later than 5 years	2,547,988
Total	\$ 5,464,895

28. INCOME TAXES

The Company is subject to ISR and through December 31, 2012, to ISR and IETU.

ISR - The rate was 30% in 2013 and 2012 and as a result of the new 2014 ISR law (2014 Tax Law), the rate will continue at 30% in 2014 and thereafter. The Company incurred ISR on a consolidated basis up to 2013 with its Mexican subsidiaries. As a result of the 2014 tax reform, the tax consolidation regime was eliminated, and the Company and its subsidiaries have the obligation to pay the deferred income tax determined as of that date during the subsequent five years beginning in 2014, as illustrated below.

Pursuant to Transitory Article 9, section XV, subsection d) of the 2014 Law, given that as of December 31, 2013 the Company was considered to be a holding company and was subject to the payment scheme contained in Article 4, Section VI of the transitory provisions of the ISR law published in the Federal Official Gazette on December 7, 2009, or article 70-A of the ISR law of 2013 which was repealed, it must continue to pay the tax that it deferred under the tax consolidation scheme in 2007 and previous years based on the aforementioned provisions, until such payment is concluded.

IETU – IETU was eliminated as of 2014; therefore, up to December 31, 2013, this tax was incurred both on revenues and deductions and certain tax credits based on cash flows from each year. The respective rate was 17.5%.

The current income tax is the greater of ISR and IETU up to 2013.

Until 2012, based on its financial projections, the Company determined that it will basically pay ISR. Therefore, it only recognized deferred ISR until then.

Income taxes in other countries, for Office Depot de Mexico, S.A. de C.V., its foreign subsidiaries calculate their individual income taxes, according to the regulations of each country.

A. Income taxes recognize in profit for the year are as follow:

	2013	2012
ISR Expense (benefit):		
Current	\$ 711,025	\$ 697,055
Deferred	(111,677)	(177,598)
	599,348	519,457
IETU Expense (benefit):		
Current	\$ 1,894	\$ 35,891
Deferred	(60,069)	10,617
	(58,175)	46,508
Total income taxes	\$ 541,173	\$ 565,965

B. The effective ISR rate for fiscal 2013 and 2012 differ from the statutory rate as follow:

	2013	2012
	%	%
Statutory rate	30	30
Permanent differences	1	1
Effects of inflation	(4)	(5)
Current IETU	-	2
Effect of future tax loss carryforwards partially recognized and changes in income tax rate	(3)	(1)
Effective rate	24%	27%

C. Income taxes recognized in other comprehensive income are as follows:

	2013	2012
Deferred ISR benefit:	\$ 278,565	\$ 40,382

D. The main items originating deferred taxes are:

	2013	2012
Deferred ISR assets (liabilities):		
Property and equipment and investment property	\$ (1,712,179)	\$ (1,492,382)
Inventories	(7,677)	(18,000)
Accrued expenses and accounts payable	102,861	92,106
Prepaid expenses and advances from customers	55,311	79,394
Available-for-sale financial instruments	(238,659)	(407,895)
	(1,800,343)	(1,746,777)
Effect of tax loss carryforwards	93,845	64,179
Net deferred ISR liability	(1,706,498)	(1,682,598)
Deferred IETU – mainly accounts receivable	-	(51,020)
Total deferred tax liability	\$ (1,706,498)	\$ (1,733,618)

In the determination of the deferred ISR as of December 31, 2013 and 2012, the effects of tax losses carryforwards for \$93,845 and \$64,179, respectively. Also, in the determination of the deferred ISR liability as of December, 31, 2013 and 2014, a total of \$62,532 and \$92,198, respectively, were excluded since the management believes that it is not likely that the benefits related to such tax losses carryforwards will be realized.

E. TAX CONSOLIDATION

ISR liability as of December 31, 2013 related to the effects for benefits and tax deconsolidation will be paid in the following years:

Year	
2014	\$ 194,526
2015	182,706
2016	144,786
2017	111,762
2018	97,002
	\$ 730,782

29. DISCONTINUED OPERATIONS

As part of the Company's strategic restructure process, the Company entered into an agreement with "Tiendas Neto", whereby the Company would sell its "Tiendas Super Precio" business, which would include the transfer of all of the Company's personnel working in this operation and all of the operations' assets (which included inventories, lease agreements, furniture and equipment, trademarks, etc.). This operation would be effected through the sale of all of the Company's shares it held until then of its subsidiary Tiendas Super Precio, S.A. de C.V. as well as other assets. This sale was effective in the last quarter of 2012. According to IFRSs this disposal constitutes a discontinued operation since it represented a significant line of business; therefore, the Company has presented the income, costs and expenses related to such discontinued operation within the line item "discontinued operations" in the consolidated statements of profit and loss and other comprehensive income.

The breakdown of the main items included in the discontinued operations (gain) loss is as follows:

	2013	2012
Revenues	\$ -	\$ 1,785,105
Cost of sales and operating expenses	92,275	2,309,559
Income tax recovery accrued cancellation	111,538	-
Interest expense – Net	-	5,904
Income tax effect	6,847	143,150
Gain (loss) from discontinued operations (attributable to owners of the parent)	\$ 26,110	\$ (387,208)

30. EARNINGS PER SHARE

The amounts used to determine earnings from continuing operations, discontinued operations and diluted earnings per share were as follows:

	2013	2012
	Mexican pesos per share	Mexican pesos per share
Basic and diluted earnings per share		
From continued operations	1.55	1.08
From discontinued operations	0.03	(0.39)
Total basic and diluted earnings per share	1.58	0.69

A. BASIC AND DILUTED EARNINGS PER SHARE

During the years ending on December 31, 2013 and 2012, the Company does have any commitments to issue or exchange its own shares; therefore there are no potentially dilutive instruments hence basic and diluted earnings per share are the same. The earnings amounts and the weighted average number of shares used for the calculation of the basic and diluted earnings per share are the following:

For the years ended December 31:

	2013	2012
Profit for the year attributable to owners of the Company	\$ 1,575,520	\$ 690,604
Earnings used in the calculation of the basic and diluted earnings per share	1,575,520	690,604
Minus:		
Gain (loss) for the year from discontinued operations used in the calculation of basic and diluted earnings per share	26,110	(387,208)
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	\$ 1,549,410	\$ 1,077,812
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	994,227,341	994,227,341

B. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

During years ended on December 31, 2013 and 2012 there were no movements in the number of outstanding shares, therefore, the weighted average of ordinary shares is equal to the number of outstanding shares at the end of each one of these periods.

C. DETERMINATION OF BASIC AND DILUTED EARNINGS PER SHARE

As of December 31:			
	2013		
	Income	Weighted average number of shares	Mexican pesos per share
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	\$ 1,549,410	\$ 994,227,341	1.55
Loss for the year from discontinued operations used in the calculation of basic and diluted earnings per share	26,110	994,227,341	0.03
Basic and diluted earnings per share	1,575,520	994,227,341	1.58

As of December 31:			
	2012		
	Income	Weighted average number of shares	Mexican pesos per share
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	\$ 1,077,812	\$ 994,227,341	1.08
Loss for the year from discontinued operations used in the calculation of basic and diluted earnings per share	(387,208)	994,227,341	(0.39)
Basic and diluted earnings per share	690,604	994,227,341	0.69

31. COMMITMENTS

The Company has entered into operating leases for land and buildings ranging from 1 to 25 years in which some of its stores and restaurants are located. Rental payments are calculated as a percentage of sales ranging from 1% to 6%, subject to minimum amounts which are adjusted annually for increases in inflation.

Also, certain operating lease agreements entered into by the Company as lessor gives tenants renewal options to extend the lease terms for up to 10 years.

The Company has no commitments for the acquisition of property and equipment or investment property.

32. REPORTABLE SEGMENTS

The information provided to the Chief Operating Decision Maker of the Company ("CODM") for purposes of allocating resources and assessing segment performance focuses on types of goods and services sold or rendered to customers, the type of customers of each of the operating segments of the Company and also in the way in which the Company delivers such goods or provides the related services to its customers. The Company, using this approach, has identified the following reportable segments:

- i. **Retail** — Specialized stores which sell:
 - a. Office supplies and furniture as well as office electronics
 - b. Houseware
- ii. **Restaurants** — family restaurant chain, which stands out for its innovative dishes, excellent service in a young and casual environment.
- iii. **Real Estate** — Development of investment property, retail stores, shopping malls and corporate office buildings, which are leased to tenants as well as development of housing to be sold to customers.
- iv. **Corporate** — Company management and corporate administration.

Reportable segments information is as follows:

A. SEGMENT REVENUES AND RESULTS

The following is an analysis of the Company's revenues and results from continuing operations by reportable segment.

	Revenues by segment		Profit by segment	
	2013	2012	2013	2012
Retail	\$ 15,181,598	\$ 15,414,246	\$ 1,265,117	\$ 1,216,815
Restaurants	2,740,848	2,400,050	397,828	310,403
Real Estate	1,276,703	1,007,533	1,202,835	727,567
Corporate	6,735	2,121	(233,578)	(163,330)
Other	(40,284)	36,897	(36,637)	34,256
Total continuing operations	\$ 19,165,600	\$ 18,860,847	\$ 2,595,565	\$ 2,125,711

Profit by segment

	2013	2012
Interest expense	\$ 398,914	\$ 64,818
Interest income	(150,195)	(84,035)
Exchange loss – Net	84,295	106,735
Gain on revaluation of financial instruments – Net	(1,875)	(17,240)
Share of loss of a joint ventures	3,027	-
Profit for the year from continuing operations before income taxes	\$ 2,261,399	\$ 2,055,433

Segment revenues reported above represent revenues generated from external customers. Inter-segment revenues are as follows:

Inter-segment revenues

	2013	2012
Retail	\$ 99,113	\$ 17,360
Restaurants	10,891	7,122
Real Estate	294,220	260,590
Corporate	424,585	302,957

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3. Segment profit represents the profit before tax earned by each reportable segment without allocation of corporate administration costs and the equity share in the profits or losses of associates.

B. SEGMENT ASSETS, LONG-TERM DEBT AND SENIOR NOTES PAYABLE

Total segment assets

	2013	2012
Retail	\$ 9,997,934	\$ 9,571,608
Restaurants	2,452,835	1,972,116
Real Estate	13,454,258	12,286,315
Corporate	1,459,516	3,680,040
Others	3,858,983	957,733
Total assets	\$ 31,223,526	\$ 28,467,812

Intercompany balances are not included.

Long-term debt and Senior notes payable

	2013	2012
Retail	\$ 4,467,800	\$ 2,597
Restaurants	1,433,737	1,022,696
Real Estate	4,489,601	-
Others	112,031	-
Total long-term debt and Senior Notes payable	\$ 10,503,169	\$ 1,025,293

C. OTHER SEGMENT INFORMATION

	Depreciation and amortization		Additions to long-term assets	
	2013	2012	2013	2012
Retail	\$ 352,495	\$ 344,751	\$ 387,270	\$ 512,643
Restaurants	116,602	91,496	406,979	304,533
Real Estate	6,614	6,591	542,373	851,418
Other	54,099	34,038	212,299	335,386
Total continuing operations	\$ 529,810	\$ 476,876	\$ 1,548,921	\$ 2,003,980

D. GEOGRAPHICAL INFORMATION

The Company operates in three principal geographical areas, Mexico, Central America y Colombia.

The Company's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from external customers		Non-current assets	
	2013	2012	2013	2012
Mexico	\$ 16,903,139	\$ 16,502,625	\$ 20,305,348	\$ 18,323,963
Central America	923,701	1,332,747	483,985	493,122
Colombia	1,338,760	1,025,475	329,376	382,319
	\$ 19,165,600	\$ 18,860,847	\$ 21,118,709	\$ 19,199,404

33. FINANCIAL STATEMENTS ISSUANCE AUTHORIZATION

On April 1, 2014, the issuance of the consolidated financial statements was authorized by the Board of Directors. These consolidated financial statements are subject to the approval at the General Ordinary Stockholders' Meeting, which may decide to modify such consolidated financial statements according to the Mexican General Corporate Law.

INVESTOR INFORMATION

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This annual report contains information regarding Grupo Gigante, S.A.B. de C.V. and its subsidiaries, based on the assumptions of its management. This information, as well as statements made about future events and expectations, is subject to risks and uncertainty, as well as to factors that may cause that the results, performance or progress of the Grupo Gigante might differ at any time. These factors include changes in general economic, political, government and commercial conditions on the national and global level, as well as change in interest rates, inflation, exchange-rate volatility, product prices, energy situation and others. Because of these risks and factors, the real results may vary substantially.

