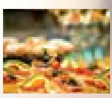
Liverpool



Annual Report 2015

Relevant facts

$ 91,293

total revenue

$ 14,870

EBITDA

$ 9,211

net profit

figures in million pesos

3.9 million

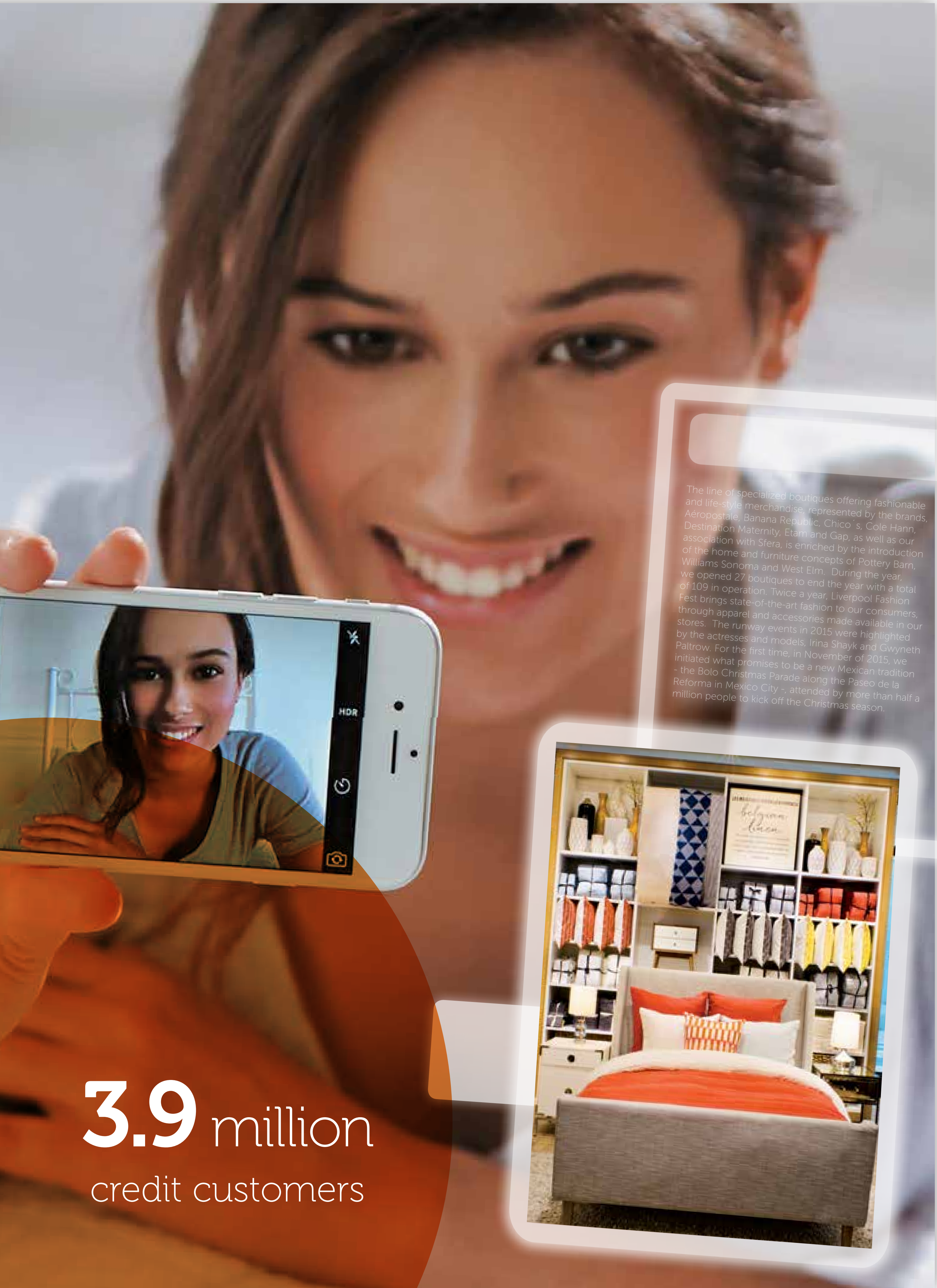
credit customers

Focus

The Liverpool and Fábricas de Francia credit cards often represent the first option for credit for many of our customers, all while allowing them to enjoy different benefits.

The Liverpool Premium Card offers a growing number of cardholders the broadened experience of making purchases outside of our stores, accompanying them in their different spending habits.

The supply chain is strengthened by means of installations that optimize the shipping of merchandise to customers and to the different stores and boutiques. Anticipating our growth during the year, we closed the purchase of a site in the State of Mexico, which will house a new distribution center. At the end of 2015, we processed more than 64 million articles and made two million deliveries to Mexican homes.



The line of specialized boutiques offering fashionable and life-style merchandise, represented by the brands, Aéropostale, Banana Republic, Chico´s, Cole Hann, Destination Maternity, Etam and Gap, as well as our association with Sfera, is enriched by the introduction of the home and furniture concepts of Pottery Barn, Williams Sonoma and West Elm. During the year, we opened 27 boutiques to end the year with a total of 109 in operation. Twice a year, Liverpool Fashion Fest brings state-of-the-art fashion to our consumers, through apparel and accessories made available in our stores. The runway events in 2015 were highlighted by the actresses and models, Irina Shayk and Gwyneth Paltrow. For the first time, in November of 2015, we initiated what promises to be a new Mexican tradition - the Bolo Christmas Parade along the Paseo de la Reforma in Mexico City -, attended by more than half a million people to kick off the Christmas season.

3.9 million

credit customers

Financial

highlights

Operations	2015	2014	%var	2013	2012	2011
Number of stores	**108**	101	6.9%	96	93	84
Number of shopping centers	**25**	24	4.2%	22	19	16
Credit customers	**3,954,716**	3,767,900	5.0%	3,485,210	3,118,995	2,903,472

Results	2015	2014	%var	2013	2012	2011
Total revenue	**91,292,889**	81,213,589	12.4%	74,105,444	66,246,504	58,656,809
Revenue from Retail Division	**79,242,312**	70,067,517	13.1%	65,715,987	58,777,686	52,348,382
Revenue from Real Estate Division	**3,020,831**	2,707,054	11.6%	2,579,680	2,115,854	1,731,041
Revenue from Credit Division	**9,029,746**	8,439,018	7.0%	5,809,777	5,352,964	4,577,386
Operating profit	**12,655,307**	11,113,306	13.9%	10,836,082	10,306,076	9,227,815
Net profit	**9,210,729**	7,763,480	18.6%	7,701,930	7,197,700	6,543,365
EBITDA	**14,870,389**	13,023,604	14.2%	12,536,327	11,768,983	10,510,561
EBITDA margin	**16.3%**	16.1%	1.2%	16.9%	17.8%	17.9%
Profit per share	**6.86**	5.78	18.7%	5.73	5.36	4.88

* Figures in thousand of Mexican pesos, except EBITDA margin and Profit per share.

Focus

The Liverpool and Fábricas de Francia credit cards often represent the first option for credit for many of our customers, all while allowing them to enjoy different benefits.

The Liverpool Premium Card offers a growing number of cardholders the broadened experience of making purchases outside of our stores, accompanying them in their different spending habits.

The supply chain is strengthened by means of installations that optimize the shipping of merchandise to customers and to the different stores and boutiques. Anticipating our growth during the year, we closed the purchase of a site in the State of Mexico, which will house a new distribution center. At the end of 2015, we processed more than 64 million articles and made two million deliveries to Mexican homes.

Letter
from the Chairman of the Board

To the Shareholders,

The worldwide economic environment is rapidly being transformed into a space that is primarily digital. With this situation in mind, Liverpool has focused upon a vision that is more and more global every day with respect to merchandise, brands, services and channels, as well as upon the continuous improvement in customer service.

During fiscal year 2015, total revenues amounted to Ps. 91,293 million, and net profits totaled Ps. 9,211 million, representing an increase of 12.4% and 18.6%, respectively, in comparison with the prior year of 2014. In the year, we invested Ps. 4,872 million.

The Company plans to open nine new stores during 2016: three Liverpools and six Fábricas de Francia. We will also concentrate our efforts upon enriching the technological and mobility platforms that support our operations, our Internet page, our social networks and our communication and collaboration portals, to bring us even closer to our customers and to facilitate the integration of our buyers, sellers and logistics teams.

The volatility of current financial markets requires us to exercise caution with respect to the management of resources and customer credit. Thus, we will pay close attention to the evolution of the respective indicators and we will proceed accordingly.

Our profitable growth motivates us to continue to find, develop and keep personnel and talent for the various divisions, placing special emphasis on the new digital culture.

Mr. Max Michel, Liverpool's Honorary President, passed away on February 11, 2016. Mr. Michel joined the Company in 1954 and was instrumental in its human and economic development. We express our deepest sympathy.

Once again, we thank you, our shareholders, for your constant support; we express our sincere gratitude to our collaborators, tenants, suppliers, financial institutions and business partners for their contributions to our Company's success, and; we extend special thanks to our customers for their ongoing patronage.

Sincerely,

Max David
Chairman of the Board of Directors

Mexico City, March 3, 2016

Letter from the Chief Executive Officer

Liverpool's revenues increased by 12.4% in 2015, while net profit increased by 18.6% due in part, to a favorable business environment in Mexico during the year, as well as to an improvement in the profit margin on the retail sale of products and services.

Our customers are our focal point. This is why, this year, we implemented the Net Promoter Score to be utilized to measure our service. This score is broadly used in Mexico and in other parts of the world, both in retail and in other areas as well. Our customers evaluated our service at 86.98 points, which surpassed our goal of 85 points, but which is still somewhat below the grade we would like to receive.

We are convinced that our primary strength is the personnel that work with us, for we can only achieve great results if we have great people. To this end, we imparted 678 Leadership courses during 2015. Our Liverpool Virtual University saw 312 team members graduate with masters' degrees, and 906 collaborators with bachelors' degrees.

During the year, we inaugurated seven new stores, five of which correspond to the Fábricas de Francia format, which has shown great growth and profitability potential. We also opened the Galerías Polanco shopping mall, thereby continuing with our diversification strategy in the business' areas.

Our credit portfolio continued to grow as the year progressed, while the results in this area benefitted from a substantial 30 basis points reduction in the overdue portfolio.

Sales through non-traditional means such as the Internet and the telephone recorded an increase of 87.7% this year, bringing us closer to our goal of having a Company that is actually an "omnichannel" one. We are working towards the cultural change involved in being a company that is fully integrated through all of our channels, platforms and points of contact with our customers.

Liverpool's expenses increased by 11.8%, derived primarily from the investments in new stores, shopping malls, systems and platforms, to bring the Company nearer to its goal of becoming an "omnichannel" organization. We fully expect the expenses-related pressures to continue, which is why the primary focus of all of our team members is to maximize our resources.

Mexico's macro-economic situation, as well as the world's constantly changing technological environment, both indicate that the coming years will be filled with significant challenges for the Country's commerce. It will therefore be those companies that are able to understand its customers that will have the opportunity to increase their loyalty and their preference. From this perspective, the purpose of our investments in systems, the "omnichannel" and Customer Relationship Management (CRM), among other areas, is to allow us to stay at the forefront of world's business activities. We seek excellence in service for any point of contact our customers prefer to have with Liverpool, constantly striving to increase our presence in their lives.

Sincerely,

Graciano Guichard
Chief Executive Officer

December 31, 2015

The Board of Directors' Report to the Shareholders' Meeting

Liverpool directs all of its actions to the customer. We encourage the loyalty of our existing customers, while at the same time reaching out to new ones, through department stores addressing different audiences; specialty boutiques of diverse brands, the mobile sales platform by Internet and telephone, and assorted, attractive shopping malls.

108

stores in

59 cities

Our focus on the customer

1.5

million square m^2
of selling space

We continue to expand our operations with the opening of seven new stores, to conclude the year with a total of 108 stores. Liverpool Tlalnepantla and Coacalco, Fábricas de Francia Chimalhuacán, Zumpango and Texcoco bring us closer to more customers in the Mexico City metropolitan zone, while Cuautla and Salamanca mark the first time the Company is present in these two cities.

The 25 Galerías malls are the destination points for more than 100 million people who visit them each year, where the shoppers discover a widely varied offering of different lines of business, services and entertainment, all situated within a safe and comfortable environment.

The Liverpool and Fábricas de Francia credit cards often represent the first option for credit for many of our customers, all while allowing them to enjoy different benefits.

Liverpool Insurgentes

We opened 5 Fábricas de Francia stores

The Liverpool Premium Card offers a growing number of cardholders the broadened experience of making purchases outside of our stores, accompanying them in their different spending habits.

The supply chain is strengthened by means of installations that optimize the shipping of merchandise to customers and to the different stores and boutiques. Anticipating our growth during the year, we closed the purchase of a site in the State of Mexico, which will house a new distribution center. At the end of 2015, we processed more than 64 million articles and made two million deliveries to Mexican homes.

Fábricas de Francia Zumpango

480
thousand
square m²
of gross leasing area

The experience of shopping in Liverpool satisfies our customers' different dreams of shopping in the famous department stores, by keeping a broad assortment of merchandise, brands, services, functionality, comfort, and above all, personalized attention.

109
boutiques
at the end of the year

More than
500,000
people attended Bolo's Christmas Parade

BOLO

Focus on the shopping experience

2
Fashion Fest
runways per year

The growth of Fábricas de Francia has allowed us to reach the aspirations of an increasing number of customers in emerging areas, through full-service stores with multiple merchandises.

The line of specialized boutiques offering fashionable and life-style merchandise, represented by the brands, Aéropostale, Banana Republic, Chico's, Cole Haan, Destination Maternity, Etam and Gap, as well as our association with Sfera, is enriched by the introduction of the home and furniture concepts of Pottery Barn, Williams Sonoma and West Elm. During the year, we opened 27 boutiques to end the year with a total of 109 in operation.

Twice a year, Liverpool Fashion Fest brings state-of-the-art fashion to our consumers, through apparel and accessories made available in our stores. The runway events in 2015 were highlighted by the actresses and models, Irina Shayk and Gwyneth Paltrow.

For the first time, in November of 2015, we initiated what promises to be a new Mexican tradition –the Bolo Christmas Parade along the Paseo de la Reforma in Mexico City–,

1st

Bolo's
Christmas Parade

West Elm Polanco

We started the exclusive operation in Mexico of the brands Pottery Barn, West Elm and Williams Sonoma attended by more than half a million people to kick off the Christmas season.

We redesigned the Preferred Customer program, centering the reason for its existence upon accessibility and functionality. We generate surprises by means of gifts or spontaneous discounts that encourage more frequent visits to our stores and the greater use of our Liverpool credit card.

The association with Regal Forest continues to be developed in the electrical appliance and furniture market in Central and South America, as well as in the Caribbean. In 2015, we concluded the acquisition of the brand, Radio Shack, for such regions, as well as the Electro Fácil chain in Paraguay.

new
Preferred Customer Program

Williams Sonoma Perisur

Focus on connectivity

Always attentive to the changes in our clients' tastes and preferences, we invested in channels that improve mobility to connect them to new possibilities.


mobile
devices
click &
collect
promotions in
stores
%

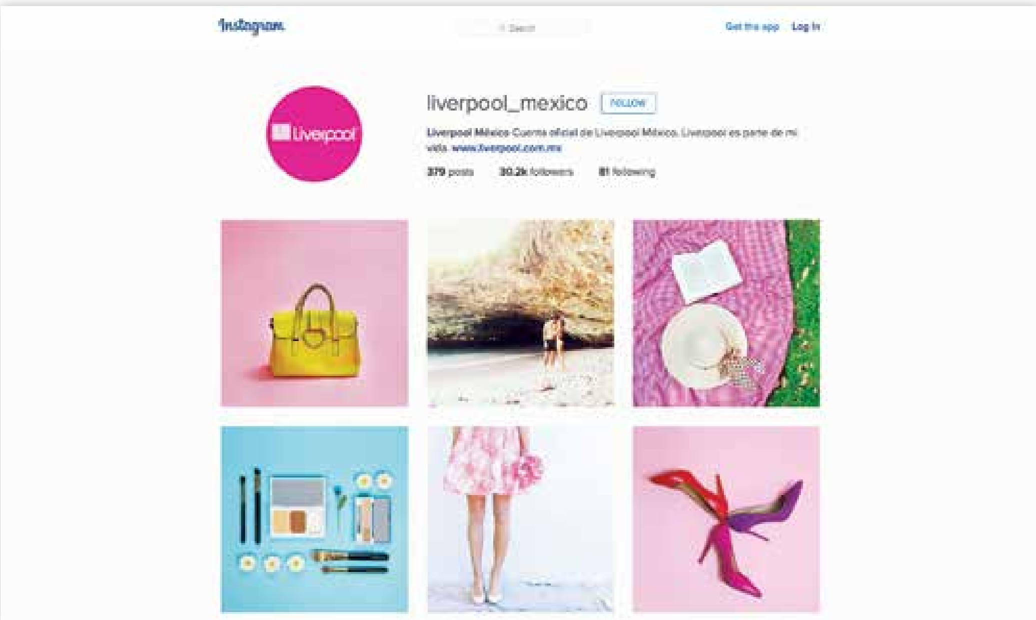
During the year, we launched a new version of the Internet sales page, with a more user-friendly navigation that is more adaptable to the device being used. We increased the payment options and developed the possibility of buying on line and picking up the merchandise in the store closest to the customer, in accordance with the 'Click & Collect' concept, which quickly represented 25% of total sales made by virtual means.

In 2015, the growth in sales in non-traditional channels was 87.7% in comparison to the prior year. Close to 65% of our merchandise is now available on line, which enables a large segment of our customers to consult our web page before deciding upon their purchase.

Our catalog reaches all of our stores, their floor space notwithstanding, thanks to electronic pads, a tool that permits the sales force to offer a more professional and complete service

87.7%

sales growth
in non-traditional
channels



+3 million

followers on
social media

to our customers every day. We also started up mobile point of sales operations to provide better and quicker attention when checking out customers in the stores.

We increased the ways to be in touch with our customers through the principal virtual communities, in which we share sales, news, fashion tips, lifestyles and ideas addressed to new segments or profiles of groups of consumers with whom we now interact. During the year, we received the 'Socially Devoted' recognition, which certifies that Liverpool is a company that responds to more than 95% of its customers' questions and comments posed on social media.

65%
of SKUs
available
to purchase on our website and pick up at the store of your choice with Click & Collect

Focus on people

In 2015, Liverpool was awarded first place in Mexico, of the “Best Companies to Work for in Mexico”, which is carried out by the Great Place to Work Institute. We were also ranked within the top 15 “Best Companies to Work for in Latin America”.


678
leadership
courses
Liverpool

The foregoing is the reflection of a series of projects that favor the quality of life of our team members: flexible hours and inclusive practices.

The fact that more than 62% of our team members are women moves us to work towards their well-being as well as that of their families. We established reduced shifts for pregnant women, as well as 'Mom' rooms where they can breast feed their babies, among other benefits.

We encourage the development of our team members and their families by means of various academic and training programs through the Liverpool Virtual University. During 2015, we had a total of 3,353 team members who participated in at least one of the educational programs that we offer.

In order to objectively measure the results of our team members' service, we adopted the international standard, Net Promoter Score (NPS), which, using only two questions, lets us know the evaluation granted by the customer, for the attention received.

62% of the employees are women

To objectively measure the results of our team members' service we adopted the

Net Promoter Score (NPS)

We developed the compensation plan for sales personnel, and for the first time, for the directors, managers and department heads in the stores, by means of a new Productivity and Service Model, through which we recognize the compliance with business goals, as well as the level of service.

As part of the campaign against Breast Cancer, we attended to the team members of 24 work centers in nine States of Mexico, including stores, warehouses and shopping malls; 2,125 mammograms and 2,680 ultrasound studies were performed in the referenced locations.

Liverpool Puebla Serdán

+1,200
graduates
at Liverpool University
during 2015

Operating Summary

Revenues for the year amounted to Ps. 91,293 million, representing an increase of 12.4% over 2014.

As the result of a sound consumer environment, retail sales and sales of services reached a total of Ps. 79,242 million, for a 13.1% increase of total stores, while same-store sales increased by 9.8%, both in comparison with the prior year.

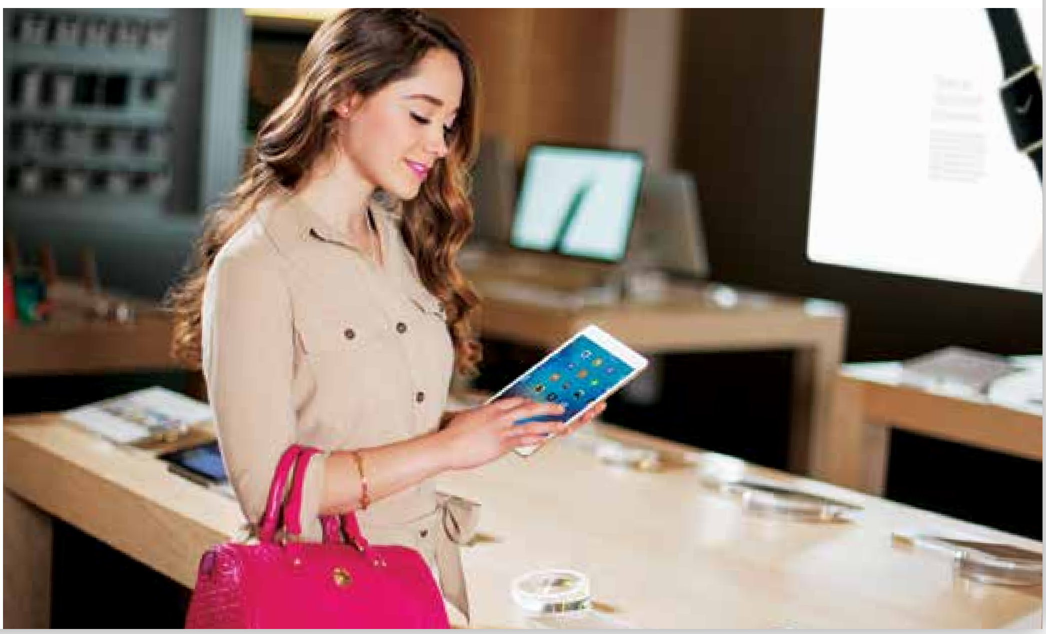
Income from the Liverpool credit cards grew by 7.0% in a complicated financial environment, while the portfolio increased by 7.1%. At the year end, accounts overdue by more than 90 days represented 3.7% of the total portfolio.

Income from real estate operations increased by 11.6% in comparison with the prior year, reaching the amount of Ps. 3,021 million. At the year end, occupancy was 97%, including the consolidation of the shopping malls in Puebla Serdán and Toluca, both of which opened in the last months of 2014.

As a result of the start-up of operations of new stores, as well as of the remodeling of existing stores and of investments in various systems (including those necessary to the omnichannel strategic initiative), operating expenses reflected a growth of 11.8% during the year.

Operating income before interest, taxes, depreciation and amortization (EBITDA) recorded a growth of 14.2% in comparison with 2014, reaching Ps. 14,870 million. Financing expenses were affected during the year by the volatility of the peso/dollar exchange rate, which amounted to Ps. 168 million, or 98.1% higher than the prior year.

Taxes on profits amounted to Ps. 3,263 million, which is 16.7% higher than the prior year. The amount of Ps. 5,365 million, including fees to the IMSS (Mexican Social Security Institute), payroll taxes, employee profit sharing and value added tax was also paid.



Net income recorded Ps. 9,211 million, for an increase of 18.6% as compared to 2014.

The Company's total cost-bearing debt at the close of the year was Ps. 14,096 million, representing a net leverage ratio of 0.4 times.

The cash balance at the year-end was Ps. 8,583 million, supported by the moderate and slow growth of the credit portfolio.

During 2015, Mr. Miguel Bordes, Liverpool's Real Estate Director, retired after twenty years of outstanding service. His position is now occupied by Mr. Ernesto Ynestrillas.

Dividends

The General Shareholders' Meeting held on March 5, 2015, declared a dividend of Ps. 1,087 million on the 1,342,196,100 shares representing the Company's capital stock.

Final considerations

Our initiatives and growth are centered on our customers; we strive to exceed their expectations by understanding their changing needs and adapting to them by means of new and leading practices, channels and markets that also guarantee the attraction of a growing number of new customers.

We wish to express our sincere gratitude to our shareholders for their constant support, as well as to all those who participated in this year of exceptional results: our suppliers, our tenants, our team members and especially, to our customers.

Sincerely,

The Board of Directors
Mexico City December 31, 2015

Pottery Barn Polanco

Williams Sonoma Perisur

Mr. Max Michel

We deeply regret his passing in 2016. He was a person with a visionary spirit, deep-seated values, a concerted approach, curiosity for doing things differently, strong composure and a great businessman –traits that define the person who was the fundamental pillar that led Liverpool to become the great Company it is today.

Upon his return to Mexico, after having completed engineering studies at the Massachusetts Institute of Technology, he arrived at the Downtown Liverpool store on June 1, 1954, with a sincere interest in learning the business. He occupied different positions in practically all of the Store's areas, including those of sales clerk, manager, and Store Director.

In 1977, Mr. Michel was named Chief Executive Officer, a position in which he broadened the Company's horizons with the opening of Liverpool Perisur and its Shopping Mall; he also led the way to national development, thereby consolidating the Organization as a company in constant and profitable growth.

He assumed the role of Chairman of the Board of Directors in 1995. On his journeys through the Company's different areas, he developed and reinforced the reason for our being –to service our customers.

As part of his philosophy of life, he showed interest in helping the community by supporting various schools and public welfare institutions. He dedicated much of his time to people, establishing development and well-being programs that included their families, always true to his belief in the importance of nurturing, motivating, appreciating, and above all, getting to know people.

Thank you, Mr. Michel, for your tireless commitment with Mexico, for teaching us that service and impeccable conduct are the indispensable means to success –that passion for what we do pave the way to achieving results.

Farewell, Max Michel Suberville.

Board of Directors

Max David[1]
Chairman

Madeleine Brémond[1]
Vice Chairman
Director of Orion Tours, S.A. de C.V.

Miguel Guichard[1]
Vice Chairman
Chairman, Executive Committee

Enrique Brémond S.[1]
Administrator, Victium, S.A. de C.V.

Juan David[1]
Director, Banco Invex, S.A. de C.V.

Juan Miguel Gandoulf[2,3]
Director, Sagnes Constructores, S.A. de C.V.

Armando Garza Sada[2]
Chairman, Alfa, S.A.B. de C.V.

Ricardo Guajardo[2]
Consultant

Graciano Guichard[1]
Director, M. Lambert y Cía. Sucs., S.A. de C.V.

Esteban Malpica[2]
Directing Partner, Praemia, S.C.

Maximino Michel G.[1]
Corporate Manager, Servicios Liverpool, S.A. de C.V.

Jorge Salgado[2]
Independent Consultant

Guillermo Simán[2]
Vicepresident, Grupo Unicomer

Luis Tamés[2,3]
Independent Businessman
Chairman of the Audit and
Societary Practices Committee

Pedro Velasco[2,3]
Partner, Santamarina y Steta, S.C.

Ignacio Pesqueira
Secretary
Partner, Galicia Abogados, S.C.

Norberto Aranzábal
Deputy Secretary
Legal Director, Servicios Liverpool, S.A. de C.V.

1 Patrimony Board Member
2 Independent Board Member
3 Audit Committee Member

Executive Committee

Miguel Guichard
Chairman

Miguel Bordes
Max David
Graciano Guichard G.
Enrique Güijosa

Norberto Aranzábal
Secretary

Patrimony Board

Enrique Brémond
Co-Chairman

Max Michel †
Co-Chairman

Juan David
Member of the Board

Juan Guichard
Member of the Board

Madeleine Brémond
Alternate Board Member

Monique David
Alternate Board Member

Magdalena Guichard
Alternate Board Member

Magdalena Michel
Alternate Board Member

Alejandro Duclaud
Secretary

Honorary Chairman
Enrique Brémond
Max Michel †

Honorary Board Members
José Calderón
J. Claudio Montant
Pedro Robert

Consolidated financial statements

Contents

Independent auditor's report

pwc

To the Stockholders of
El Puerto de Liverpool, S. A. B. de C. V.:

We have audited the consolidated financial statements of El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries ("the Company"), which comprise the consolidated balance sheet at December 31, 2015 and the consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the year then ended, as well as a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

The management of the company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and for such internal control as management determines is necessary to enable the preparation 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 audit. We conducted our audit 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 of 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 auditor's judgment including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessment, 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 evaluation 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries at December 31, 2015, and their consolidated results of operation and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Antonio Mansilla Ávila
Audit Partner

Mexico City, February 29, 2016

PricewaterhouseCoopers, S. C. Mariano Escobedo 573, Colonia Rincón del Bosque, C. P. 11580 Ciudad de México
T: (55) 5362 6000, www.pwc.com/mx

Report of the audit and societary practices committee

Mexico City, February 19, 2016

To the Board of Directors of
El Puerto de Liverpool, S. A. B. de C. V.

We, the undersigned, designated to form the Company's Audit and Societary Practices Committee, do hereby present the report on activities developed, in compliance with article 43 of the Mexican Securities Act.

We held four sessions of the Committee, at which the following points, among others, were addressed:

I. **The Company's General Shareholders'** meeting held on March 5, 2015, appointed Mr. Luis Tamés García as President of the Audit and Societary Practices Committee for the year 2015.

II. **In regards to the audit:**

a) We reviewed the external audit plan and the professional services proposal accepted by management and recommended that the Board of Directors appoint the firm, PricewaterhouseCoopers, as the independent auditor to audit the financial statements of the Company and those of its Subsidiaries, corresponding to the year ended December 31, 2015.

b) We evaluated that the Company has both the internal and external mechanisms in place, that afford reasonable assurance of compliance with all applicable Laws and Regulations.

c) We reviewed the Company's accounting record policies, as well as the impact thereof, on the financial statement figures at December 31, 2015 and 2014, obtaining assurance that the financial information is presented correctly.

d) We examined the organization and functioning of the Company's Internal Audit Department; we read its annual report of activities for the year 2015, the significant findings, and its audit plan for the year 2016.

e) We verified that the Company has operating procedures, policies and systems in place, that allow us to consider that it has a proper internal control and accounting records environment.

f) We became familiar with the degree of the Company's compliance with the Best Corporate Practices Code recommended by the Mexican Stock Exchange, per the report with information at December 31, 2014, filed on July 3, 2015.

g) We were informed as to the lawsuits and litigations in progress, as well as to the results of those already concluded.

h) We reviewed the consolidated financial statements at December 31, 2015, the notes thereto, and the audit report thereon, issued by the Independent Auditors.

i) We were informed as to the status of the reserves and estimates included in the financial statements at December 31, 2015.

j) We read the observations and recommendations of the External Auditors, related to the examination of the consolidated financial statements at December 31, 2014.

k) We reviewed the statistics of the transactions reported to the authorities in compliance with the regulations for the prevention of money laundering.

III. On the matter of societary practices:

a) We consider that the performance of senior management has been appropriate and efficient, taking into account the circumstances under which they have performed their duties.

b) We were informed as to the transactions with related parties, evaluating that their amounts are not significant with respect to the Company's operations, and that they adhere to market conditions.

c) We performed an overall review of the criteria of assignment of the comprehensive remunerations of the Company's directors; we consider such remunerations to be reasonable and in line with market conditions.

As a result of the activities carried out by this Committee, and in accordance with the opinion of the Company's Independent Auditors, we hereby recommend that the Board of Directors submit the financial statements of El Puerto de Liverpool, S.A.B. de C.V. and Subsidiaries at December 31, 2015, in the terms in which such statements have been prepared and presented by the Company's management, to the Shareholders' General Assembly, for the approval of the latter.

Sincerely,

The Audit and Societary Practices Committee

Juan MiguelGandoulf | Luis Tamés | Pedro Velasco

Consolidated balance sheets

(Notes 1, 2 and 3)
December 31, 2015 and 2014
Amounts expressed in thousands of pesos

	Note	December 31, 2015	2014
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	7	$ 8,583,219	$ 5,891,468
Loan portfolio - Net	8	22,762,580	21,049,700
Value added tax recoverable - Net		1,319,231	1,087,202
Other accounts receivable - Net	9	916,278	730,511
Inventories	10	13,849,931	11,754,464
Prepaid expenses		1,304,704	960,909
Total current assets		48,735,943	41,474,254
NON - CURRENT ASSETS:			
Long - term loan portfolio - Net	8	7,981,563	7,645,307
Other accounts receivable - Net	9	210,664	198,409
Derivative financial instruments	11	1,516,534	800,127
Investments in associates	12	5,633,502	5,027,798
Investment properties - Net	13	16,305,027	15,641,205
Property, furniture and equipment - Net	14	31,924,823	30,390,283
Intangible assets - Net	15	2,321,350	2,068,661
Employee benefits-Net	19	164,020	192,213
Deferred income tax	22.2	207,695	89,860
Total assets		$ 115,001,121	$ 103,528,117
Liabilities			
CURRENT LIABILITIES:			
Suppliers		$ 15,210,743	$ 12,949,987
Creditors		5,881,751	5,161,021
Provisions	16	2,665,966	1,905,755
Deferred income		1,760,558	1,624,620
Income tax		724,583	1,879,462
Total current liabilities		26,243,601	23,520,845
Long - term bank borrowings	17	921,456	921,456
Long - term Senior Notes	18	13,174,610	12,422,420
Derivative financial instruments	11	102,050	118,350
Employee benefits-Net	19	526,405	441,616
Deferred income tax	22.2	3,173,552	3,437,009
Total liabilities		44,141,674	40,861,696
Stockholders' equity			
Capital stock	23	3,374,282	3,374,282
Retained earnings:			
Prior years'		57,021,978	50,258,797
For the period		9,210,729	7,763,480
Capital reserves	23.2	1,247,202	1,266,684
Controlling Stockholders' investment		70,854,191	62,663,243
Non-controlling interests		5,256	3,178
Total stockholders' equity		70,859,447	62,666,421
Total liabilities and stockholders' equity		$ 115,001,121	$ 103,528,117

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

Consolidated statements of comprehensive income, expenses by function

(Notes 1, 2 and 3)

For the years ended December 31, 2015 and 2014
Amounts expressed in thousands of pesos, unless earnings per share

	Note	December 31, 2015	2014
Operating revenue:			
Net sales of merchandise		$ 78,547,671	$ 69,623,101
Interest income from customers		9,029,746	8,439,018
Leasing of investment property		3,020,831	2,707,054
Services and others		694,641	444,416
Total revenue	2.22	91,292,889	81,213,589
Costs and Expenses:			
Cost of sales		54,148,772	48,193,962
Administrative expenses		24,488,810	21,906,321
Total costs and expenses	21	78,637,582	70,100,283
Operating income		12,655,307	11,113,306
Finance costs		(970,015)	(1,164,789)
Finance income		259,016	201,761
Foreign exchange - net		(167,534)	(84,589)
Equity in income of associates	12	699,290	495,850
Profit before income tax		12,476,064	10,561,539
Income taxes	22	3,263,165	2,797,179
Consolidated net income		9,212,899	7,764,360
Other items comprising comprehensive income:			
Components of comprehensive income to be subsequently reclassified to the income statement			
Cash flow hedges- Net of income tax	11	(19,482)	163,765
Other comprehensive income items		(6,580)	20,411
Components of comprehensive income not to be subsequently reclassified to the income statement			
Actuarial loss on post-employment benefits obligations- Net of income tax	19	93,368	(109,447)
Consolidated comprehensive income		$ 9,280,205	$ 7,839,089
Net income attributable to:			
Controlling interest		$ 9,210,729	$ 7,763,480
Non-controlling interests		2,170	880
		$ 9,212,899	$ 7,764,360
Basic and diluted earnings per share	23.4	$ 6.86	$ 5.78
Comprehensive income attributable to:			
Controlling interest		$ 9,278,127	$ 7,838,260
Non-controlling interests		2,078	829
		$ 9,280,205	$ 7,839,089
Basic and diluted earnings per share		$ 6.91	$ 5.84

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

Consolidated statements of changes in stockholders' equity

(Notes 1, 2, 3 and 23)

For the years ended December 31, 2015 and 2014
Amounts expressed in thousands of pesos, unless dividends paid

	Capital stock	Retained earnings	Capital reserves	Total stockholders' equity attributable to the owners of the controlling Co.	Non controlling equity	Total stockholders' equity
Balance at January1, 2014	$ 3,374,282	$ 50,347,782	$ 1,102,919	$ 54,824,983	$ 2,349	$ 54,827,332
Comprehensive income:						
Net income	-	7,763,480	-	7,763,480	880	7,764,360
Actuarial loss on post-employment benefits- Net of income tax	-	(109,396)	-	(109,396)	(51)	(109,447)
Other comprehensive income items	-	20,411	-	20,411	-	20,411
Cash Flow hedges- Net of income tax	-	-	163,765	163,765	-	163,765
Total comprehensive income	-	7,674,495	163,765	7,838,260	829	7,839,089
Balance at December 31, 2014	3,374,282	58,022,277	1,266,684	62,663,243	3,178	62,666,421
Comprehensive income						
Net income	-	9,210,729		9,210,729	2,170	9,212,899
Actuarial loss on post-employment benefits- Net of income tax	-	93,460	-	93,460	(92)	93,368
Other comprehensive income items	-	(6,580)	-	(6,580)		(6,580)
Cash Flow hedges, Net of income tax	-		(19,482)	(19,482)	-	(19,482)
Total comprehensive income		9,297,609	(19,482)	9,278,127	2,078	9,280,205
Transaction with owners:						
Dividends paid at $0.82 pesos per share	-	(1,087,179)	-	(1,087,179)	-	(1,087,179)
Total transactions with stockholders	-	(1,087,179)	-	(1,087,179)	-	(1,087,179)
Balance at December 31, 2015	$ 3,374,282	$ 66,232,707	$ 1,247,202	$ 70,854,191	$ 5,256	$ 70,859,447

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

Consolidated cash flow statements

(Notes 1, 2 and 3)

For the years ended December 31, 2015 and 2014
Amounts expressed in thousands of pesos

	Note	December 31, 2015	2014
Operations			
Profit before income tax		$ 12,476,064	$ 10,561,539
Adjustment from items not implying cash flows:			
Depreciation and amortization included in costs and expenses		2,215,082	1,910,298
Provision for impairment of loan portfolio	8	1,959,842	2,161,867
Equity in income of associates	12	(699,290)	(495,850)
Gain on sale of investment properties		(58,651)	(4,889)
Gain on sale of property, furniture and equipment		(28,712)	(54,147)
Net cost for the period of labor obligations	19	18,162	183,584
Interest earned		(4,445,309)	(4,168,647)
Interest expense		970,015	1,164,789
		(68,861)	697,005
(Increase) decrease in:			
Interest earned from customers		4,442,729	3,940,078
Short - term loan portfolio		(3,670,142)	(1,748,051)
Inventories	10	(2,095,467)	(332,495)
Value added tax recoverable		(232,029)	(44,145)
Other accounts receivable		(185,767)	(133,452)
Income tax recoverable		-	814,611
Prepaid expenses		(343,794)	(382,561)
Long - term loan portfolio		(336,256)	(900,749)
Other long-term accounts receivable		(12,255)	(57,277)
Increase (decrease) in:			
Suppliers		2,260,756	1,495,613
Provisions		760,210	623,120
Deferred income		135,938	83,588
Creditors		494,212	(389,752)
Employee benefits paid		188,188	84,640
Tax recovery		3,784	178,518
Taxes paid		(4,748,610)	(2,834,674)
Net cash flows provided by operating activities		9,068,700	11,655,556
Investment activities			
Gain on investments		259,016	201,761
Acquisition of property, furniture and equipment - Net	14	(3,011,333)	(2,679,676)
Acquisition of investment property - Net	13	(1,166,856)	(1,650,234)
Sale of property, furniture and equipment		100,855	43,729
Sale of investment properties		193,457	96,196
Investment in new IT developments	15	(694,894)	(640,427)
Net cash flows provided by investment activities		(4,319,755)	(4,628,651)
Cash surplus to be used in financing activities		4,748,945	7,026,905
Financing activities			
Dividends paid	23.1	(1,087,179)	-
Interest paid		(970,015)	(1,164,789)
Bank Borrowings paid		-	(2,011,128)
Senior Notes paid		-	(4,000,000)
Issurance of senior notes		-	4,422,420
Net cash flows provided by financing activities		(2,057,194)	(2,753,497)
Increase in cash and cash equivalents		2,691,751	4,273,408
Cash and cash equivalents at beginning of year		5,933,384	1,663,000
Exchange loss on cash and cash equivalents		(41,916)	(44,940)
Cash and cash equivalents at end of year		$ 8,583,219	$ 5,891,468

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

Notes to the consolidated financial statements

December 31, 2015 and 2014

Note 1- General information:

El Puerto de Liverpool S.A. B. de C.V. and it's subsidiaries ("the Company" or "Group") operate a chain of department stores founded in 1847, engaged in selling a broad variety of products such as clothes and accessories for men, women and children, household articles, furniture, cosmetics and other consumer products. The Company is registered on the Mexican Stock Exchange and has an important presence in Mexico City and in 30 of the 32 states on Mexico. At December 31, 2015, the Company operated a total 112 department stores 79 under the name of Liverpool, 29 under the name Fábricas de Francia, four Duty Free stores and 84 specialized boutiques. In 2015, seven new stores started operations, two with Liverpool format; (Coacalco y Tlalnepantla, State of México), and five with the format of Fabricas de Francia: (Chimalhuacan, Zumpango, Texcoco, State of México, Cuautla in Morelos, and Salamanca in Guanajuato); and 24 specialty boutiques. Meanwhile in 2014 , five new stores started operations, three with Liverpool format; (Puebla, Puebla; Toluca, State of México, Querétaro, Querétaro), and two factories with the format of Fabricas de Francia, in State of México and 35 specialty boutiques.

The Company grants its customers financing through the "Liverpool Credit Card", with which customers can make purchases at exclusively at Company stores. Additionally, the Company offers the "Liverpool Premium Card ("LPC"), with which cardholders can acquire goods and services at both stores and boutiques pertaining to the chain, and at any establishment affiliated to the VISA system worldwide. During 2011, the Company began offering a third card, the"Galerías Fashion Card", which closely resembles the LPC.

Additionally, the Company is a partner, stockholder or co-owner of shopping malls and holds an interest in 25 different malls, known as "Galerías", through which it leases commercial space to tenants engaged in a broad number of businesses. In 2015, one new shopping malls started operations " Galerias" Polanco.

Meanwhile in 2014, two new shopping malls started operations, Puebla, Puebla, and Toluca, State of Mexico.

The Company's headquarters and main place of business is:

Mario Pani 200
Col. Santa Fe, Cuajimalpa
Ciudad de México
C.P. 05348

Note 2 - Summary of significant accounting policies:

The following is a summary of the main accounting policies applied in preparing the consolidated financial statements. These policies have been applied consistently in each of the years presented, unless otherwise specified.

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their Interpretations (IFRIC) issued by the International Accounting Standards Board (IASB). In accordance with the changes to the Rules for Public Companies traded on the Mexican Stock Exchange, as issued by the National Banking and Securities Commission on January 27, 2009, the Company is required to prepare its financial statements using IFRS as the regulatory framework for accounting purposes.

The consolidated financial statements have been prepared on the historical cost basis of accounting, except for cash and cash equivalents and cash-flow hedges which are both measured at fair value.

Preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. The areas involving a greater degree of judgment or complexity or the areas in which the assumptions and estimates are significant for the consolidated financial statements are described in Note 4.

2.1.1 Going concern

The Company meets its working capital needs through reinvestment of a significant portion of its annual profits, as well as by contracting short and long-term credit lines, while respecting the debt ceiling approved by the Board of Directors. The Company's financial structure allows the Company to take on debt, despite its investments in capital expenditures carried out annually to increase the Company's total sales space by opening new stores and shopping malls. Interest payments are covered more than 13 times by operating income, which is an objective established by the Board of Directors. Taking into account the possible variations in operating performance, the Company believes its budget and projections allow it to operate with its current level of financing and meet all debt obligations. The Company is currently in compliance with its payment obligations and all debt covenants.

Management expects the Company to secure the resources necessary to continue operating as a going concern in the foreseeable future. Consequently, the consolidated financial statements were prepared on a going-concern basis.

2.1.2 Changes in accounting policies and disclosures

New standards, amendments and interpretations issued and outstanding as of January 1, 2015, and which were adopted by the Company, which had no significant impact on the presentation of the consolidated financial statements:

1. Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles. In December 2013 the IASB issued the following amendments:

- IFRS 3 - Clarifies that the obligation to pay contingent consideration is classified as a financial liability or equity based on the definitions of IAS 32. It also clarifies that all contingent consideration that are not equity are measured at fair value each reporting period. Clarifies that the rule does not apply to the accounts of the creation of any joint venture.
- IFRS 8 - Requires disclosures judgments used by management to add operating segments and clarifies that a reconciliation of segment assets should only be disclosed if reported segment assets.
- IFRS 13 - Confirm that the accounts receivable and payable in the short term may continue measured at invoice amount when the effect of discounting is immaterial.
- IFRS 13 - Clarifies that the exemption in IFRS 13 portfolio (measuring the fair value of a group of financial assets and liabilities on a net basis) applies to all contracts within the scope of FRS 39 or IFRS 9.
- IAS 16 or IAS 38 - Clarifies how the gross carrying amount and accumulated depreciation is when an entity measures its assets revalued figures.
- IAS 24 - When an entity receives services from key management personnel of another entity, the reporting entity should disclose the consideration paid, but no compensation paid by the other entity to its employees or directors.
- IAS 40 - Clarifies that IFRS 40 and IFRS 3 are not mutually exclusive when distinguishing between investment properties and property occupied by its owner and to determine whether the purchase of an investment property is a business combination, this amendment is effective from July 1, 2014.

2. Defined benefit plans: Employee contributions (Amendments to IAS 19). The amendments clarify the accounting for defined benefit plans require employees or third parties to contribute to the cost of benefits.

In the previous version of IAS 19 were made, most entities contributions deducted the cost of benefits in the year they were paid. However, treatment of the revised 2011 standard was not very clear. It might be a bit complex to implement because it requires an estimate of future contributions receivable and an assignment of services in future periods.

For clarity, changes to FRS 19 were made. These allow contributions that are linked to services performed, but do not vary with the duration of the employee's services (eg. A fixed percentage of salary), to be deducted from the cost of benefits obtained in the period in which the service was provided. Consequently, many entities may (not must-way) continue to account for employee contributions with its current policy, this change is effective as of July 1, 2014.

The Company is in the process of assessing the impact of the following standards issued but not outstanding at January 1, 2015, in the consolidated financial statements:

1. IFRS 9 "Financial Instruments and related amendments to other standards." IFRS 9 replaces the classification and measurement models in IAS 39 "Financial Instruments: Recognition and Measurement" one model that initially has two classification categories: amortized cost and fair value.

   The classification of debt assets will be conducted by the business model in the state to manage the financial assets and the characteristics of contractual cash flows of financial assets. A debt instrument is measured at amortized cost if: a) the objective of the business model is to hold the financial asset for obtaining contractual cash flows and b) the contractual cash flows of the instrument merely represent payments of principal and interest.

   The rest of the debt and equity instruments, including investments in debt instruments and complex capital should be recognized at fair value.

   All movements in financial assets go through the income statement, except for equity instruments that are not held for sale, which can be recorded in the income statement or reservations (without being able subsequently recycled to the income statement).

   For financial liabilities that are measured at fair value, entities need to recognize part of the changes in fair value that are due to changes in credit risk in other comprehensive income instead of the income statement.

   The new rules for hedge accounting (issued in December 2013) align hedge accounting with management practices common risks. As a rule, it will be easier to apply hedge accounting. The new standard also introduces additional disclosure requirements and presentation changes.

In December 2014, the IASB made further to the rules of measurement and classification changes and introduced a new model of deterioration. With these modifications, IFRS is complete. The changes introduced:

• A third category of measurement (fair value through other comprehensive income [ORI]) for certain financial assets that are equity instruments.

• One of the main elements to be evaluated by the Company is a new model of expected credit losses that involves a 3-step approach for financial assets which pass through the three stages by switching their credit quality. The stage gives you as an entity measures impairment losses and applying the method of effective interest rate. A simplified approach allowed for financial assets that do not have significant financial component (eg. Accounts receivable). On initial recognition, entities recorded the day one losses equal to expected credit losses of 12 months (or the life of the expected credit losses for accounts receivable), unless such assets are considered impaired credit .

For financial periods beginning before February 1, 2015, entities may choose early application of IFRS 9 by the following:

• The credit risk requirements for financial liabilities.

• Classification and measurement requirements for financial assets and liabilities and hedge accounting.

This amendment is effective from January 1, 2018.

2. IFRS 15 "Revenue from contracts with customers and related amendments to other standards." The IASB issued a new standard for revenue recognition. It replaces IAS 18 contracts covering goods and services and covering IAS 11 construction contracts.

The new standard is based on the principle that revenues are recognized when control of the good or service is transferred to the customer, so the notion of control replaces the current notion of risks and benefits.

A five steps process should be applied before revenue can be recognized:

• Identify customer contracts.

• Identify the separate performance obligation.

• Determine the transaction price in the contract.

• Allocate the transaction price to each performance obligation, and

• Recognize revenue when it meets each performance obligation.

Key changes to the current practice:

- The revenue can be recognized before the current rules if the consideration varies for any reason (eg. Incentives, rebates, performance fees, royalties, successful outcome, etc.). Should be recognized minimums if they are not at risk reversed.
- The point at which revenue can be recognized can vary, part of the revenues are now recognized at a point in time at the end of a contract may have been recognized over the term of the contract and vice versa.
- There are specific rules on new licenses, warranties, nonrefundable prepayments, consignment agreements, to name a few.
- As with any new standard, additional disclosures are required.

These accounting changes may have effects on business practices in relation to systems, processes and controls, bonuses and compensation plans, contracts, tax planning and communication with investors.

Entities have the option to complete retrospective or prospective application with additional disclosures. This amendment is effective from January 1, 2018.

The company has decided not to adopt this standard in advance.

3. Accounting for the acquisition of interests in joint ventures - Amendments to IFRS 11. The amendments to IFRS 11 clarifies the accounting for acquisitions of interests in joint ventures where operating activities constitute a business. Require to an investor to apply the principles of accounting for business combinations when acquires stock in a joint venture that is a business.

This includes:

• Measure identifiable assets and liabilities at fair value.

• Send to costs acquisition costs.

• Recognize deferred income taxes, and

• Recognize the residual as goodwill and annual impairment testing.

Existing shares in joint ventures are not premeasured at the acquisition of additional shares, considering that control is maintained.

The amendments also apply when a business is formed and an existing business is contributed. This amendment is effective from January 1, 2016.

4. Classification of acceptable methods of depreciation and amortization - Amendments to IAS 16 and IAS 38. The amendments clarify that the method of depreciation or amortization based on income is generally not appropriate.

The IASB amended IAS 16 "Property, plant and equipment" to clarify that an income-based method should not be used to calculate depreciation of items of PP&E.

IAS 38 "Intangible Assets" now includes a rebuttable presumption that the amortization of intangible assets based on income is inappropriate, this presumption can be overcome if the intangible asset is expressed as a measure of income (i.e., when the measure of income is the determining asset value) factor, or it can be shown that the income and consumption of the economic benefits generated by the assets are highly correlated. This modification is effective from of January 1, 2016.

5. Annual Improvements to IFRS cycle 2012-2014.- The latest enhancements clarify:

- NIF 5- When an asset (or disposal group) is reclassified from "Held for sale" to "Held for distribution" or vice versa, this is not a change in the sale or distribution plan and should not be counted as such.
- IFRS 7 - Specific guidelines for transferred financial assets to help management determine whether the terms of the service agreement are "continuing involvement" and therefore if the asset qualifies for derecognition.
- IFRS 7 - That the additional disclosures related to compensation or financial assets and liabilities only be included in interim periods if required by IAS 34.
- IAS 19 - That when the discount rate for post-employment benefit obligations are determined, it is the currency in which the liabilities referred to what is important and not in the country where they are generated.
- IAS 34 - With respect for the rule reference to "information disclosed elsewhere in the interim financial report" and adds a requirement to cross the interim financial statements of the location of that information. This amendment is effective January 1, 2016.

6. Investments in entities: Applying the exception of consolidation - Changes to IFRS 10, IFRS 12 and IAS 28. Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures clarify that:

- The exception to prepare consolidated financial statements also allows for intermediate controlling entities that are subsidiaries of investment.
- An investment entity should consolidate a subsidiary which is not an investment entity and its main purpose and activity is to provide services in support of investment activities of the investment firm.

Entities that are not investment companies but have interest in an associate or joint venture is an investment entity, have a policy choice when the equity method is applied. The fair value of the entity applying for investment or joint venture partner may be retained, or you can perform a consolidation at the level of associate or joint venture, which then adjust the fair value measurement. Earlier application is permitted. This amendment is effective from January 1, 2016.

2.2 Consolidation

a. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The balances and unrealized profits or losses in intercompany operations are eliminated in the consolidation process. When necessary, accounting policies have been modified in subsidiary entities in order to be consistency with the policies adopted by the Company.

The following is a summary of the Company's interest in subsidiaries at December 31, 2015 and 2014:

Company	Shareholding %	Activity
Operadora Liverpool, S. A. de C. V.	100%	Sub-holding of Distribuidora Liverpool, S. A. de C. V. and other companies that operate the department stores.
Bodegas Liverpool, S. A. de C. V. y Almacenadora Liverpool, S.A. de C.V.	99.99%	Storage and distribution of merchandise.
Servicios Liverpool, S. A. de C. V.	99.99%	Advisory and administrative services provided to the Company's subsidiaries.
Nine real estate companies	99.93%	Development of real-estate projects, mainly shopping malls.

Additionally, the Company consolidates two trusts over which it has control on the basis of the indicators mentioned in IFRS 10 "Consolidated Financial Statements". These are described in Note 13 to the consolidated financial statements.

b. Associates

Associates are all those entities over which the Company exercises significant influence, but not control. Usually, associates are those of which the Company holds between 20% and 50% of the voting rights. Investments in associates are recorded by the equity method and are initially recognized at cost. The Company's investment in associates includes goodwill (net of any accumulated impairment loss, if any) identified at the time of the acquisition. The Company's equity in the profits or losses following acquisition of associates is recognized in the statement of income and its equity in the comprehensive results of an associated company, following its acquisition, is recognized in the Company's "Other comprehensive results". Post-acquisition accrued movements are adjusted against the book value of the investment. When the Company's equity in the losses of an entity equals or exceeds its interest in the entity, including any unsecured account receivable, the Company does not recognize a greater loss, unless it has incurred obligations or has made payments on behalf of the associated. The associated companies' accounting policies have been modified when necessary, for consistency with the policies adopted by the Company.

2.3 Segment information

Segmental information is presented to be consistent with the internal reports provided to the Operations Committee, which is the body responsible for making operating decisions, of assigning the resources and evaluating the operating segments' yield.

2.4 Foreign currency transactions

a. Functional and presentation currency

The items included in each of the subsidiaries' financial statements are stated in the currency of the primary economic environment in which the entity operates (the "functional currency").

The Company's currency reporting for preparation of the consolidated financial statements is the Mexican Peso, which in turn is the functional currency of El Puerto de Liverpool, S. A. B. de C. V. and of all its subsidiaries.

b. Transactions and balances

Foreign currency transactions are converted to the functional currency using the exchange rates in effect on the transaction or valuation dates, when the items are re-measured. The profits and losses resulting from such transactions and from other conversion at the exchange rates in effect at the year-end close of all monetary assets and liabilities denominated in foreign currency are recognized as exchange fluctuations under foreign exchange (loss) gain - net in the statement of comprehensive income.

2.5. Financial assets

2.5.1 Classification

The Company classifies its financial assets as loans and accounts receivable, and at fair value through profit and loss. Classification depends on the purpose of the financial assets. Management determines the classification of its financial assets at the date of initial recognition.

a. Loans and accounts receivable

Loans and accounts receivable are non-derivative financial assets allowing for fixed or determinable payments and which are not quoted on an active market. They are classified as current assets, except for those maturing in over 12 months, which are classified as non-current assets.

b. Financial assets held at fair value that affect profit and loss

Financial assets held at fair value that affect profit and loss are financial assets that are held for sale. A financial asset could be classified under such category only if it's acquired mainly with the purpose of selling in the short term. Derivative financial instruments are also classified as held for sale unless they are designated as cash flow hedges. Financial Assets held for sale are classified as current if they are expected to be recovered within a period of less than twelve months; otherwise, they will be classified as a non-current.

2.5.2 Recognition and measurement

Financial assets held at fair value that affect profit and loss are

a. investments in highly liquid government bonds with a maturity of less than 28 days, and are included Cash and Cash equivalents. These assets are stated at fair value and fluctuations are recorded in the results of the period.

b. Accounts receivable comprise loans granted by the Company to its customers to acquire goods and services at its department stores or establishments affiliated to the VISA system. If recovery of these receivables is expected in a year or less, these loans are classified as current assets; otherwise, they are shown as non-current assets.

   Accounts receivable are initially recognized at fair value and subsequently measured at their amortized cost, using the effective interest rate method, less the reserve for impairment.

c. Loans and accounts receivable are no longer recognized when the rights to receive cash flows from investments mature or are transferred and the Company has transferred all the risks and benefits arising from ownership. If the Company does not transfer or substantially retain all the risks and benefits inherent to ownership and continues to retain control of the assets transferred, the Company recognizes its equity in the asset and the related obligation with respect to the amounts it would be required to pay. If the Company substantially retains all the risks and benefits inherent to ownership of a financial asset that has been transferred, the Company continues to recognize the financial asset, as well as a liability for the resources received.

2.6. Impairment of non-financial assets

2.6.1 Assets carried at amortized cost

At the end of every reporting period, the Company evaluates whether there is objective evidence of impairment of a financial assets or group of financial assets. Impairment of a financial asset or group of financial assets and the impairment loss are recognized only if there is objective evidence of impairment resulting from one or more events (a 'loss event') and the loss event or events have an impact on the estimated cash flows of the financial asset that can be reliably estimated.

The Company records a provision for impairment of its loan portfolio, when receivables surpass 90 days due with no payment. This provision is done according to an individual assessment of each account and the results of the evaluation of the portfolio's behavior and the seasonality of the business. The increases to this provision are recorded as administrative expenses in the statement of income. The methodology used by the Company in determining the balance of this provision has been applied consistently during at least the last ten years and has historically been sufficient to cover the losses pertaining to the following twelve months arising from irrecoverable loans. See Note 3.3.2.

2.7. Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized at fair value on the date on which the derivative financial instrument agreement was entered into and are subsequently re-measured at their fair value. The method for recognizing the profit or loss of changes in fair value of derivative financial instruments depends on whether or not they are designated as cash flow hedge, and if so, on the nature of the item being hedged. The Company has only contracted cash flow hedge derivative financial instruments.

At the outset of the transaction, the Company documents the relationship between the hedging instruments and the items covered, as well as the objectives and Risk Management's strategy to back its hedging transactions. The Company periodically documents whether or not the derivative financial instruments used in hedging transactions are highly effective in hedging the cash flows of the items hedged.

The fair value of the derivative financial instruments used as hedging instruments is disclosed in Note 10. The total fair value of the derivative financial instruments used as hedging instruments is classified as a non-current asset or liability when maturity of the remaining hedge amount is more than twelve months, and is classified as a current asset or liability when the remaining hedge amount is under twelve months.

When a hedging instrument matures or is sold, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognized in the income statement.

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is applied to comprehensive income. The profit or loss related to the ineffective portion is immediately applied to the statement of income as other expenses or income.

2.8. Cash and cash equivalents

Cash and cash equivalents include available cash, deposits in checking accounts, and bank deposits in foreign currency and short-term investments. These short-term investments are highly liquid securities that mature in less than 28 days and are not subject to material changes in value. Cash is shown at its nominal value and cash equivalents are valued at fair value. Fluctuations in value are applied to income for the period. They are included in the statement of income as "Finance Income". Cash equivalents are mainly represented by investments in government instruments. See Note 7.

2.9. Inventories

Inventories are recorded at the lower of cost or its net realizable value. Cost of sales includes the cost of merchandise, plus costs related to importation, freight, handling, shipment, and storage at customs and at distribution centers, less the value of the returns. The net realization value is the selling price estimated in the normal course of operations, less sales costs. The cost is determined by the average cost method.

Physical inventory counts are conducted periodically at the stores, boutiques and distribution centers and inventory records are adjusted to the results of physical inventory counts. Historically, due to the Company's loss prevention programs and control procedures, shrinkage has been immaterial.

2.10. Investment properties

Investment properties are real property (land and buildings) held to obtain economic benefits through collection of rent or for the capital gains, and are initially valued at cost, including transaction costs. After their initial recognition, investment properties continue to be valued at cost, less accumulated depreciation and impairment losses, if any.

The Company owns shopping malls that house their department stores, as well as commercial space it leases to third parties. In such cases, only the portion leased to third parties is considered as Investment Property and the Company's stores are recorded as property, furniture and equipment, in the statement of financial position. See Note 13.

Depreciation is calculated by the straight-line method to distribute the cost at its residual value over their remaining useful lives, as follows:

Shell and core stage of construction	75 years
Structural work	75 years
Fixed facilities and accessories	35 years

2.11. Property, furniture and equipment

The items comprising property, furniture and equipment are recognized at their historical cost, less depreciation and impairment losses. The historical cost includes expenses directly attributable to the acquisition of these assets and all expenses related to the location of assets at the site and in the conditions necessary for them to operate as expected by Management. For qualified assets, the cost includes the cost of loans capitalized in accordance with the Company's policies. (See Note 2.12).

Expansion, remodeling and improvement costs represent an increase in capacity and so they are recognized as an extension of the useful life of goods are they capitalized. Maintenance and repair expenses are charged to income for the period in which they are incurred. The carrying amount of replaced assets is derecognized when they are replaced, recording the entire amount in the income statement.

Works in progress represent stores under construction and includes investments and costs directly attributable to the startup of operations. These investments are capitalized upon opening the store and depreciation is computed from that point.

Land is not depreciated. Depreciation of other assets is calculated by the straight-line method to distribute the cost at its residual value over their remaining useful lives, as follows:

Buildings:

Shell and core stage of construction	75 years
Structural work	75 years
Fixed facilities and accessories	35 years

Other assets:

Operating, communications and security equipment	10 years
Furniture and equipment	10 years
Computer equipment	3 years
Transportation equipment	4 years
Leasehold improvements	Over the term of the lease agreement

The Company assigns the amount initially recorded with respect to an element of property, furniture and equipment, in its different significant parts (components) and depreciates separately each of those components.

The residual values and useful life of the Company's assets are reviewed and adjusted, if necessary, at the date of each statement of financial position. See Note 14.

The book value of an asset is written off at its recovery value if the book value of the asset is greater than its estimated recovery value. See Note 2.14.

Gains and losses from the sale of assets are due to the difference between income from the transaction and the book value of the assets. They are included in the statement of income as services income and other.

2.12. Borrowings Costs

Borrowing costs directly attributable to the acquisition and construction of qualified assets, which constitute assets requiring a substantial period of time up until they are ready for use or sale are added to the cost during that time, until such time as they are ready for use or sale.

Income obtained from the temporary investment of specific loans not yet used on qualified assets is deducted from the cost of loans eligible for capitalization.

At December 31, 2015 and 2014, there was no capitalization of comprehensive financing income due to the fact that during those periods, there were no assets that, according to the Company's policies, qualified as requiring a construction period longer than a year.

2.13. Intangible assets

Activities involved in the development of computer systems and programs include the plan or design and production of a new or substantially improved software or computer system. Expenses pertaining to the development of computer programs are only capitalized when they meet the following criteria:

- It is technically possible to complete the computer program so that it is available for use;
- Management intends to complete the computer program and use it;
- The Company has the capacity to use the computer program;
- It can be proven that the computer program will generate future economic benefits;
- The Company has the technical, financial and other resources necessary to conclude the development of the program for its use; and
- Expenses related to the development of the computer program can be reliably measured.

The licenses acquired for use of programs, software and other systems are capitalized at the value of the costs incurred for their acquisition and preparation for their use. Other development costs failing to meet these criteria and research expenses, as well as maintenance expenses are recognized and expensed as they are incurred. Development costs previously recognized as expenses are not recognized as assets in subsequent periods.

The costs incurred in the development of software recognized as assets are amortized over their estimated useful lives, which fluctuate between five (licenses and fees) and ten years. (New IT developments). They are included in the statement of income as administrative expenses. See Note 15.

2.14. Impairment of non-financial assets

Non-financial assets subject to depreciation are subject to impairment testing. Impairment losses correspond to the amount at which the book value of the asset exceeds its recovery value. The recovery value of assets is the greater of the fair value of the asset less costs incurred for its sale and its value in use. For the purposes of impairment assessment, assets are grouped at the lowest levels at which they generate identifiable cash flows (cash-generating units). Non-financial assets subject to write-offs due to impairment are valued at each reporting date to identify possible reversals of the impairment.

2.15. Accounts payable

Accounts payable are obligations of goods or services acquired from vendors in the normal course of operations. Accounts payable are classified as current liabilities if the payment is to be made within a year or less (or in the normal cycle of business operations if it is greater). Otherwise, they are shown as non-current liabilities.

Accounts payable are initially recognized at fair value and subsequently re-measured at their amortized cost, using the effective interest rate method.

2.16. Bank borrowings and issuance of senior notes

Loans from financial institutions and issuance of senior notes are initially recognized at fair value, net of costs incurred in the transaction. This financing is subsequently recorded at its amortized cost. Differences, if any, between the funds received (net of transaction costs) and the redemption value are recognized in the statement of income during the period of the financing, using the effective interest rate method.

Fees incurred to obtain said financing are recognized as transaction costs to the extent that a part of or the entire loan is likely to be received.

2.17. Cancellation of financial liabilities

The Company cancels financial liabilities if, and only if, the Company's obligations are met, cancelled or matured.

2.18. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of cash flows to settle the obligation and the amount can be estimated reliably required. The amount recognized as a provision is the best estimate on the reporting period, the expenditure required to settle the present obligation, the payment is made by the amount assessed rationally, the Company has to pay to settle the obligation to end of the reporting period under review, or to transfer it to a third party at that time. See Note 16.

2.19. Income tax

The income tax comprises currently-payable and deferred taxes. The tax is recognized in the statement of income, except when it relates to items applied directly to other comprehensive income or losses or to stockholders' equity. In this case, the tax is also recognized in other items pertaining to comprehensive income or directly to stockholders' equity, respectively.

Deferred income tax is recognized on temporary differences arising from comparing the book and tax values of all assets and liabilities of the Group. However, deferred tax liabilities are not recognized if it arises from initial recognition of goodwill; nor deferred income tax is recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the end of the year and are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled.

The charge corresponding to taxes on profits currently payable is calculated according to the tax laws approved as of the balance sheet date in Mexico and in the countries in which the Company's associates operate and generate a taxable base. Management periodically evaluates their tax positions with respect to tax refunds as tax laws are subject to interpretation. According to this assessment as of December 31, 2015 and 2014, there are no uncertain positions.

The deferred tax asset, tax-on-profits, is only recognized to the extent future tax benefits are likely to be achieved and can be applied against any temporary differences in liabilities.

The deferred tax on profits is generated on the basis of the temporary differences between investments in subsidiaries and associates, except when the Company can control when those temporary differences will be reinvested and the temporary difference is unlikely to be reinvested in the foreseeable future.

The balances of deferred asset and liabilities, tax-on-profits, are offset when there is a legal right to offset current tax assets against current tax liabilities and when the deferred tax-on-profit assets and liabilities relate to the same tax entity, or different tax entities where the balances are to be settled on a net basis. See Note 22.

2.20. Employee benefits

a. Pensions and seniority premium

The Company's subsidiaries operate pension plans and seniority premiums that are usually funded through payments to trust funds, based on annual actuarial calculations. The Company also has defined benefit plans. A defined benefit pension plan is a plan that determines the amount of the pension benefits to be received by an employee upon retirement, which usually depends on one or more factors, such as the employee's age, years of service and compensation.

The liability or asset recognized in the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the plan assets, along with the adjustments arising from unrecognized actuarial profits or losses and the costs of past services. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method. The present value of defined benefit obligations is determined, discounting estimated cash flows at the interest rates of government bonds denominated in the same currency as that in which the benefits are to be paid, and that have expiration terms that approximate the terms of pension obligations.

Actuarial remeasurements arising from adjustments based on the experience and changes in actuarial assumptions are charged or credited to stockholders' equity in other comprehensive-income items in the period in which they arise.

b. The plans in Mexico generally expose the Company to actuarial risks, including investment risk, interest rate risk, longevity risk and risk of salary, according to the following:

Investment risk: The rate of return expected for the funds is equivalent to the discount rate, which is calculated using a discount rate determined by reference to long-term government bonds; if the return on assets is less than the fee, this will create a deficit in the plan. Currently the plan has a balanced investment in fixed income instruments and actions. Due to the long term nature of the plan, the Company considers it appropriate that a reasonable portion of the plan assets are invested in equities to leverage the yield generated by the fund, taking at least an investment in government instruments 30% stipulated in the Law on Income Tax.

Interest Rate Risk: A decrease in the interest rate increase plan liabilities; volatility in rates depends exclusively on the economic environment.

Longevity risk: The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants. An increase in life expectancy of plan participants increased liabilities.

Risk salary: The present value of the defined benefit obligation is calculated by reference to future wages of participants. Therefore, an increase in expectation of salary increase participants plan liabilities.

c. Annual bonus for retaining executives

Some of the Company's executives receive an annual retainer bonus, calculated as a percentage of their annual compensation and depending on the completion of certain goals established for each officer at the beginning of the year. The Company has set up a reserve of $ 286,670 at December 31, 2015 ($322,703 at December 31, 2014), that is included in Note 16 within Bonds and Compensation paid to employees.

d. Employees' statutory profit sharing and bonuses

The Company recognizes a liability and a bonus expense and employees' statutory profit sharing based on a calculation that considers the profit after certain adjustments. The Company recognizes a provision when it is contractually obligated or when there is a past practice that generates an assumed obligation.

e. Other benefits granted to employees

The Company grants certain benefits to employees that leave the Company either by termination or voluntary decision after 20 years of service. In accordance with IAS 19 (revised) "Employee Benefits", this practice constitutes an assumed obligation of the Company with its employees, which is recorded based on annual actuarial studies prepared by independent actuaries. See Note 19.

f. Benefits paid to employees for severance required by the law

The Company recognizes and pays compensation in the first of the following dates: a) the Company may not withdraw the offer of those benefits and b) when the Company recognizes the costs of restructuring that is within the scope of IAS 37 and involves payment termination benefits.

2.21. Capital stock

Common shares are classified as capital.

2.22. Revenue recognition

Income represents the fair value of cash collected or receivable arising from the sale of goods or the rendering of services in the normal course of Company operations. Income is shown net of discounts granted to customers.

The Company recognizes revenue when the related amount can be measured reliably, the entity is likely to receive future economic benefits and the transaction meets the specific criteria for each of the Company's activities, as described above.

a. Sale of merchandise

Revenues from sales of goods is recognized when the customer purchases in stores, by phone or by internet, and takes possession of the property, at the time of delivery of the goods. About half of merchandise sales are settled by customers with the cards operated by the Company, and the remainder is paid in cash or through bank debit and credit cards.

In accordance with IAS 18 "Revenue", the cash received from promotions involving interest free sales on credit for a determined number of months is deferred over time and therefore, its fair value can be less than the nominal amount of the sale. In these cases, the Company determines the fair value of the cash to be received, less all future cash flows, using an interest rate prevailing in the market for a similar instrument.

The difference between the nominal value of the sale at a certain number of months free of interest and the value discounted as per the above paragraph is recognized as interest income. See point c. of this Note.

The Company's policy is to sell a number of products with the right to return them. Customer returns usually involve a change of size, color, etc.; however, in those cases in which the customer wishes to return the product, the Company offers its customers the possibility of crediting the value of the merchandise to their account, if the purchase was made with the Company's own cards, or to return the amount of the purchase in an e-wallet or a credit to the customer's bank credit card, if the purchase was made in cash or with external cards, respectively. In the Company's experience, returns on sales are not material with respect to total sales, therefore, the Company does not set up a reserve in this regard.

b. E-wallets and gift certificates

- E-wallets

The Company offers promotions, some of which involve benefits granted to its customers represented by e-wallets, the value of which is referred to a percentage of the selling price. E-wallets can be used by customers to settle future purchases at the Company's department stores. The Company deducts the amount granted to its customers in e-wallets from revenue. In the Company's historical experience, the likelihood of customers using e-wallets accounts that have been inactive for 24 months is very low. Therefore, e-wallets showing these characteristics are cancelled, with a credit to sales, is included in the deferred revenue account in the statement of financial position.

- Gift certificates

The Company offers its customers gift certificates with no specific expiration date. Upon their sale, gift certificates are recognized in the deferred revenue account in the statement of financial position. This account is cancelled when the customer redeems the gift certificate; whether partially or entirely, through the acquisition of merchandise, recognizing revenue in the same amount. In the Company's historical experience, the likelihood of customers using gift certificates that have been inactive for 24 months being is remote. Therefore, certificates with these characteristics are cancelled against service income.

c. Interest income

In accordance with IAS 18 "Revenue", interest income is recognized by the effective interest rate method. See Note 4.1.1.

Late payment interest is recorded as income as it is earned and late payment interest is not accrued once the credit has remained past due for 90 days.

Income from the recovery of previously-cancelled credit is recorded as service income.

d. Lease revenue

The Company's policy for recognition of operating lease revenue is described in Note 2.25.1

e. Services and other

Income stemming from service agreements is determined as follows:

- Commission income from the sale of insurance policies are recorded as income as they are incurred.
- Service income is recognized when the customer receives the benefit of the service, such as: beauty salon, travel agency, opticians or interior design.

2.23. Deferred income

The Company records deferred income arising from different transactions in which cash was received, and in which the conditions for revenue recognition described in paragraph 2.22, b) have not been met. Deferred revenue is shown separately in the statement of financial position.

2.24. Other accounts receivable

The Company classifies as other accounts receivable all loans or advance payments made to employees and other parties or companies other than the general public. If collection rights or recovery of this amount is realized within 12 months from the period close, they are classified as short term; otherwise, they are shown as long term.

2.25. Leases

Leases are classified as capital leases when the terms of the lease transfer all the risks and benefits inherent in the property to the lessee. All other leases are classified as operating leasing.

2.25.1 Lessor

Rent income pertaining to the Company's Investment Property is recognized by the straight-line method over the term of the lease. Initial direct costs incurred in negotiating an operating lease are added to the book value of the leased asset, and are recognized by the straight-line method over the term of the lease. The Company has no assets leased through capital leasing plans.

2.25.2 Lessee

Rent payments under operating leases are charged to income by the straight-line method during the term of the lease. Variable rent is recognized as an expense in the period in which it is incurred.

2.26. Earnings per share

Basic earnings per ordinary share are calculated by dividing the holding interest by the weighted average of ordinary shares outstanding during the period. Earnings per diluted share are determined by adjusting the holding interest and ordinary shares, under the assumption that the entity's commitments to issue or exchange the Company's own shares would be realized. Basic earnings are the same as diluted earnings due to the fact that there are no transactions that could dilute earnings. See Note 23.

2.27. Supplier rebates

The Company receives rebates from suppliers as reimbursement of discounts granted to customers. Supplier reimbursements related to discounts granted to customers with respect to merchandise sold are negotiated and documented by the purchasing areas and are credited to the cost of sales in the period in which they are received.

2.28. Prepaid payments

The Company recognizes prepaid payments for television advertisement and insurance premiums. Those amounts are recorded at the value that was contracted and are recorded in income when the advertisements are broadcasted and on a straight line basis for insurance premiums. Contracts for television advertisement and insurance policies are less than one year.

Note 3 - Risk management:

The main risks to which the Company is exposed are:

3.1. Real estate risk
3. 2. Market risks
- 3.2.1. Exchange rate risk
- 3.2.2. Interest rate risk
- 3.2.3. Inflation risk

3.3. Financial risks
- 3.3.1. Liquidity risk
- 3.3.2. Credit risk

3.1 Real estate risk

The Company owns department stores and either owns or co-owns 25 shopping malls. The Board of Directors is responsible for authorizing the purchase of land and buildings proposed by the Company's real estate area. For every real estate investment, sales are estimated per square meter and the return on the investment to be generated. The Company has no risk concentration in accounts receivable from lessees, as it has a diversified base and periodically evaluates their payment capacity, especially prior to renewing their lease agreements. Although the value of real property in Mexico is relatively stable, economic development and structural changes in the country are risk factors that could affect the supply and demand of real property, and affect rent levels and the risk of vacant commercial space. Commonly, real property in Mexico is quoted in US dollars, and thus an excessive rise in the exchange rate of the peso to the dollar or in the prices of property available to the Company or in construction materials could limit the Company's plans to expand, the rent-related uncollectible rate has historically remained below 2%, thus the credit risk related to lease agreements is considered low. The Company has insurance that duly covers its assets against the risk of fire, earthquake and other natural disasters. All insurance has been contracted with leading companies in the insurance market.

3.2 Market risks:

The Company's risk management is handled by the Operations Committee, including interest rate risks, the use of hedge derivative financial instruments and investment of treasury surpluses. Company Management identifies and evaluates the decisions for hedging the market risks to which it is exposed.

The Company contracts derivative financial instruments to reduce the uncertainty of the return on its projects. The derivative financial instruments contracted are assigned for hedge accounting purposes and are closely linked to the financing contracted by the Company. The Company's policies require that quotes be obtained by three different financial instruments in order to guarantee the best rates on derivative contracts.

The Company's internal control policies require that the representatives of the finance and legal areas conduct an analysis prior to contracting financing or to conducting operations with derivative financial instruments. In evaluating the use of derivatives, to cover the financing risks, sensitivity analysis are conducted of the different variables and effectiveness testing is conducted to determine the book treatment of the derivative financial instrument, once contracted.

3.2.1 Exchange rate risk

Except as mentioned in Note 18, the Company has not contracted financing in foreign currencies; however, the Company is exposed to risks related to movements in the exchange rate of the peso to the US dollar and the euro with respect to importations of merchandise mainly from Europe and Asia. Purchases of merchandise in a currency other than the Mexico peso represent approximately 20% of total purchases. At December 31, 2015 and 2014, the Company's exposure to exchange rate risks amounted to US$353,483, €15,671 and US$347,879, €12,231, respectively. In the event of a 20% increase in the exchange rate of the peso to the US dollar, the Company's loss would approximate $184,502 and $70,580. The 20% represents the sensitivity rate used when the exchange risk is reported internally to the Operations Committee, and represents Management's assessment of possible changes in exchange rates. The sensitivity analysis includes only those monetary items not yet settled that are denominated in foreign currency at the period close.

Additionally, the Company maintains an investment in Regal Forest Holding (RFH), and the cash flows received from RFH are denominated in US dollars. The risk of conversion is the risk that the variations in exchange rates will cause volatility in the peso value of these cash flows. The Company has not hedged the cash flows that it receives from this investment.

The Company had the following foreign currency monetary assets and liabilities:

	December 31,	
Thousands of US dollars:	2015	2014
Monetary assets	US$ 15,942	US$ 6,842
Monetary liabilities	(369,425)	(354,721)
Net active position	US$ (353,483)	US$ (347,879)
Equivalent in pesos	$ (6,097,122)	$ (5,128,223)

	December 31,	
Thousands of Euros:	2015	2014
Monetary assets	€ 1,296	€ 583
Monetary liabilities	(16,967)	(12,814)
Net liability position	€ (15,671)	€ (12,231)
Equivalent in pesos	$ (294,416)	$ (219,158)

The exchange rates of the peso to the dollar, in effect at the date of the consolidated balance sheet and at the date of the independent auditor's report, were as follows:

	February 29, 2016	December 31 2015
US dollar	$ 18.2762	$ 17.2487
Euro	$ 20.2921	$ 18.7873

3.2.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the Company's net financing cost. Bank borrowings and long-term issues of Senior Notes are subject to both fixed and variable interest rates and expose the Company to the risk of variability in interest rates, and thus variability its cash flows. Bank borrowings and debt issuances contracted at fixed rates expose the Company to the risk of drops in reference rates, possibly representing a greater financial cost of the liability. The Company's policy is to hedge most of its bank borrowings and issuances of senior notes and its preference is to maintain fixed interest rates for its debt. However, fixed to variable interest rate swaps are also contracted on a temporary basis to streamline financial costs when market rates allow it. The main reason for using derivative financial instruments is to better predict the cash flows that the Company will pay to meet its contractual obligations. With these interest-rate swaps, the Company agrees with other parties to deliver or receive, monthly, the existing difference between the interest amount of variable rates set forth in debt agreements and the interest amount corresponding to fixed rates contracted in derivative financial instruments. 90 % of the debt is fixed rate and the remaining part is a variable rate. 100% of the variable rate debt is covered by derivatives financial instruments.

The Company continuously analyzes its exposure to interest rates. A number of different interest rate scenarios are evaluated such as, refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the corresponding impact on results or on its financial position.

Sensitivity analysis for interest rates

The following sensitivity analyses have been determined considering the current derivative financial instruments at December 31, 2015 and assuming the following:

If interest rates had been 10 basis points higher and all the other variables remained constant:

The other items comprising comprehensive income for the year ended December 31, 2015 and 2014 would have increased by $130,418 and $118,678, net of deferred taxes, mainly as a result of the changes in fair value of hedge derivative financial instruments contracted to hedge against exposure to changes in interest rates.

The information corresponding to interest rate derivative financial instruments contracted is shown in Note 10 to the consolidated financial statements.

3.2.3. Inflation risk

At December 31, 2015, the Company had financing denominated in Investment Units (UDIs, the monetary unit linked to inflation in Mexico). The Company contracted a swap to hedge against exposure to the risk that the value of the issuance of senior notes could be affected by the increase in the inflation rate in Mexico. Assuming inflation of 10% or higher in Mexico and maintaining all the other variables constant, the effect on the other comprehensive income items due to exposure of the debt in UDIs, net of deferred taxes, would be a loss of approximately $57,315 and $49,316, respectively.

3.3. Financial risks

3.3.1. Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its fund requirements. Company management has established policies, procedures and limits that govern the Treasury function. The Treasury is responsible for ensuring the Company's liquidity and for managing its working capital to guaranty payments to vendors.

The Company finances its operations through a combination of: 1) reinvestment of a significant portion of profits and 2) contracting financing and leasing denominated in pesos.

The Company has immediately available credit lines not used of approximately $12,850,000 as well as overdraft lines of credit to give the Company immediate access to short-term debt instruments.

The following table shows the contractual maturities of the Company's financial liabilities according to the expiration periods. The table was prepared on a cash flow basis without discounting, from the first date on which the Company will be required to pay.

The table includes interest and the main cash flows.

December 31, 2015	Between 1 month and 1 year	Between 1 and 5 years	More than 5 years
Senior Notes and contractual interests	$ 884,543	$ 8,836,018	$ 8,276,758
Bank borrowings	86,979	1,051,567	-
Derivative financial instruments	-	102,050	-
Standby letters	413,130	794,467	68,994
Vendors and creditors	23,758,460	-	-
	$ 25,143,112	$ 10,784,102	$ 8,345,752

December 31, 2014	Between 1 month and 1 year	Between 1 and 5 years	More than 5 years
Senior Notes and contractual interests	$ 884,543	$ 6,754,101	$ 10,524,568
Bank borrowings	86,979	1,138,546	-
Derivative financial instruments	-	118,350	-
Standby letters	886,445	-	-
Vendors and creditors	20,016,763	-	-
	$ 21,874,730	$ 8,010,997	$ 10,524,568

3.3.2. Credit risk

Credit risk is the risk of the Company suffering losses as a result of customers defaulting on payments, financial institutions in which it maintains investments or the counterparties with which derivative financial statements are contracted.

Loan portfolio

The Company's accounts receivable are comprised of loans granted to our customers through the use of credit cards issued by the Company to purchase merchandise, goods and services at our stores or at establishments affiliated to the Visa system.

Due to the fact that Company sales are made to the general public, there is no risk concentration on one particular customer or group of customers.

The Company has a risk management system for the loan portfolio, whose main components include: 1) the risk of default and loss, 2) the operational risk, which includes the information security, technology infrastructure and processes and procedures, both in-store and corporate, of the Credit Management, 3) the regulatory risk, which includes aspects related to compliance with the provisions issued by the Consumer Advocacy Agency, and 4) the risk of fraud.

Credit application forms are evaluated and approved through automated procedures using parameterized scorecards (grading factors) determined by the Company, both for applicants with credit experience in the credit bureau, and for those with none. Scorecard performance is reviewed periodically and, as required, evaluation of the credit application forms is complemented with a telephone check and visit to corroborate the veracity of the information provided by the applicant. Initial credit limits are also calculated individually and automatically by the Company's system and are periodically monitored by the corporate credit department to increase or decrease them based on the cardholder's record. The Company has a process in place for review of its customer's credit quality, for early identification of potential changes in payment capacity, prompt corrective decision taking and determination of current and potential losses.

Through automated systems, monthly account cutoffs are conducted and any accounts failing to show the requirement payment are detected. Accounts not receiving payment are immediately blocked to prevent the balance from continuing to grow and the automated computation of late-payment interest begins. Based on the evaluation of certain variables, late-payment risks of the accounts in default and the actions to be taken on those accounts are determined. The following actions are taken on accounts in default: telephone calls to customers, sending of letters and home visits, among others. Accounts showing no payment after 150 days are automatically assigned to collection agencies to take over collection efforts, and accounts showing more than 240 days default are written off.

The Company permanently monitors recovery of its portfolio based on a broad range of tools and mathematical models, as well as considering a number of factors that include historical trends of portfolio aging, record of cancellations and future expectations of performance, including trends in unemployment rates in Mexico. In times of economic crisis and with high unemployment indexes, the Company restricts approval of applications and loans made, as well as restricting credit limits of current customers. Given the Company's line of business, there are no real guarantees related to accounts receivable. The best way to represent the maximum exposure to credit risk is the carrying value of accounts receivable.

Financial institutions and counterparties in derivative operations

Cash surpluses are invested in credit institutions with a high credit rating such as in government instruments and counterparties in derivative operations are high credit quality financial institutions. It should be mentioned that none of the Company's derivative financial instruments require the Company to keep cash deposits in margin accounts to guarantee these operations.

3.4. Fair value estimate

The financial instruments in the statement of financial position are recorded at fair value based on the following hierarchy.

- Level 1 fair values are derived from prices quoted (not adjusted) in active markets for identical liabilities or assets.
- Level 2 fair values are derived from indicators different from the quoted prices included in Level 1, but that include indicators that are observable directly to quoted prices or indirectly, that is to say, derived from these prices; and
- Level 3 fair values are derived from valuation techniques that include indicators for assets or liabilities that are not based on observable market information.

December 31, 2015	Book value	Level 1	Level 2	Level 3
Assets arising from hedge derivative financial instruments	$ 1,516,534	$ -	$ 1,516,534	$ -
Cash and cash equivalents	7,904,161	7,904,161	-	-
Liabilities arising from hedge derivative financial instruments	(102,050)	-	(102,050)	-
Total	$ 9,318,645	$ 7,904,161	$ 1,414,484	$ -

December 31, 2014	Book value	Level 1	Level 2	Level 3
Assets arising from hedge derivative financial instruments	$ 800,127	$ -	$ 800,127	$ -
Cash and cash equivalents	5,321,803	5,321,803	-	-
Liabilities arising from hedge derivative financial instruments	(118,350)	-	(118,350)	-
Total	$ 6,003,580	$ 5,321,803	$ (681,777)	$ -

During the years ended December 31, 2015 and 2014, there were no transfers between levels 1 and 2. The carrying amount of short-term financial instruments is similar to its fair value due to materialize in the short term.

Financial derivative instruments that are classified at level 2, for determining fair value, the pricing model recognized in the financial sphere was used, (estimated future cash flows brought to present value) using available market information to the valuation date. The key assumptions of market inputs used were as follows: a) futures curve US government bonds b) futures curve Mexican government.

Note 4 - Critical accounting judgments and key sources of uncertainty in estimates:

In applying the Company's accounting policies, which are described in Note 2, management makes judgments, estimates and assumptions on the book figures of assets and liabilities. The related estimates and assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

Estimates and underlying assumptions are analyzed on a regular basis. The reviews of book estimates are recognized in the review period or future periods, if the review affects both the current period and subsequent periods.

4.1. Critical accounting judgments

Following is a summary of the most essential judgments, aside from those that involve estimates (See Note 4.2) made by management in applying the company's accounting policies and that have an significant effect on the amounts recognized in the consolidated financial statements.

4.1.1. Revenue recognition - sales with months without interest

Notes 2.22 a. and c. describe the Company's policies for recording of sales when payment includes months without interest. This implies that the Company's management applies its judgment to identify the discount rate similar to that charged by commercial banks in promotions months interest applicable (the rates used are between 3% and 12 %, according to within months of sale) to determine the present value of sales months without interest. To determine its discounted cash flows, the Company uses an imputed interest rate, taking into account the rate that can best be determined between: i) the rate prevailing in the market for a similar instrument available to Company customers with a similar credit rating, or ii) the interest rate that equals the nominal value of the sale, duly discounted, at the cash price of the merchandise sold.

In making its judgment, management considered the interest rates used by the main banking institutions in Mexico to finance programs of sales at months without interest.

4.1.2. Consolidation structure entities

The Company evaluates the control indicators established by IFRS 10 "Consolidated financial statements" for consolidation of the trusts in which the Company has no ownership; however, the activities, decision making and economic aspects indicate that the Company exercises control.

These trust are described in Note 13 to the consolidated financial statements.

4.2. Key sources of uncertainty in estimates

Following are the key sources of uncertainty in the estimates made at the date of the statement of financial position and that represent a significant risk of leading to an adjustment to the book values of assets and liabilities during the following financial period.

4.2.1. Provision for impairment of loan portfolio

The methodology applied by the Company in determining the balance of this provision is described in Note 2.6.1. Also, see Note 8.

4.2.2. Estimate of useful lives and residual values of property, furniture and equipment

As described in Note 2.14, the Company reviews the estimated useful life and residual values of property, furniture and equipment at the end of every annual period. During this period, it was determined that the life and residual values do not need to be modified, as according to management's assessment, the useful lives and residual values reflect the economic conditions of the Company's operating environment.

4.2.3. Fair value of derivative financial instruments

As mentioned in Note 2.7, the Company determines the value of its derivative financial instruments using valuation techniques, usually used by the counterparties with which it maintains current operations, and which require judgments to develop and interpret fair value estimates in using assumptions based on the existing market conditions at each of the dates of the consolidated statement of financial position. Consequently, the estimated amounts presented are not necessarily indicative of the amounts that the Company could use in a real market exchange. The use of estimation methods could result in amounts different from those shown at maturity.

4.2.4 Employee benefits

The cost of employee benefits that qualify as defined benefit plans according to IAS 19 (revised) "Employee Benefits" is determined using actuarial valuations. The actuarial valuation involves assumptions about discount rates, future salary increases, staff turnover rates and mortality rates, among others. Due to the long-term nature of these plans, such estimates are subject to a significant amount of uncertainty.

Note 5 - Category of financial instruments:

December 31, 2015	Loans and accounts receivable	Financial assets through profit and loss	Derivatives used for hedging	Total
Financial assets:				
Cash one hand and banks	$ 679,058	$ -	$ -	$ 679,058
Investments	7,904,161	-	-	7,904,161
Short and long-term loan portfolio	30,744,143	-	-	30,744,143
Other short and long-term accounts receivable	1,126,942	-	-	1,126,942
Derivative financial instruments	-	-	1,516,534	1,516,534

	Derivatives used for hedging	Other financial liabilities at amortized cost	Total
Financial liabilities:			
Issuance of long-term senior notes	$ -	$ 13,174,610	$ 13,174,610
Long-term bank borrowings	-	921,456	921,456
Suppliers and creditors	-	21,092,494	21,092,494
Derivative financial instruments	102,050	-	102,050

December 31, 2014	Loans and accounts receivable	Financial assets through profit and loss	Derivatives used for hedging	Total
Financial assets:				
Cash one hand and banks	$ 569,665	$ -	$ -	$ 569,665
Investments	5,321,803	-	-	5,321,803
Short and long-term loan portfolio	28,695,007	-	-	28,695,007
Other short and long-term accounts receivable	928,920	-	-	928,920
Derivative financial instruments	-	-	800,127	800,127

	Derivatives used for hedging	Other financial liabilities at amortized cost	Total
Financial liabilities:			
Issuance of long-term senior notes	$ -	$ 12,422,420	$ 12,422,420
Long-term bank borrowings	-	921,456	921,456
Suppliers and creditors	-	18,111,008	18,111,008
Derivative financial instruments	118,350	-	118,350

Note 6 - Credit quality of financial instruments:

The credit quality of the financial assets that are neither past-due or impaired is assessed with respect to the external risk ratings, if any, or based on historical information of counterparty default index.

	December 31, 2015	2014
Accounts receivable		
Counterparties without external risk ratings:		
Group 1 - Customers with Liverpool credit card	$ 24,467,277	$ 22,955,638
Group 2 - Customers with Visa credit card	5,306,995	4,627,587
Total unimpaired accounts receivable	29,774,272	27,583,225
Cash in banks and short-term bank deposits [1]		
AAA	8,563,996	5,872,516
AA	-	-
A	-	-
	8,563,996	5,872,516
Financial assets - derivative financial instruments [2]		
AAA	1,516,534	800,127
AA	-	-
	1,516,534	800,127
	$ 39,854,802	$ 34,255,868

- Group 1 - For the Company, loans granted through the Liverpool credit card represent a lesser risk due to the fact that its use is sporadic and seasonal and is restricted to the products sold at Company stores.
- Group 2 - The Visa credit cards operated by the Company imply a different risk level, due mainly to the fact that they can be used at a broad number of establishments, allow their holders to draw cash from ATMs and are intended for continuous use.

[1] The rest of cash equivalents in the balance sheet correspond to cash on hand.

[2] The Company does not consider there are risk factors arising from default on counterparty obligations, due to which, it has not been necessary to set up reserves in this regard at December 31, 2015 and 2014.

Note 7 - Cash and cash equivalents:

	December 31, 2015	2014
Cash one hand and banks	$ 679,058	$ 569,665
Investments	7,904,161	5,321,803
Total	$ 8,583,219	$ 5,891,468

Note 8 - Short-term and long-term loan portfolio-Net:

	December 31, 2015	2014
Current loans	$ 29,774,272	$ 27,583,225
Past due loans	3,189,444	3,327,830
	32,963,716	30,911,055
Provision for impairment of loan portfolio	(2,219,573)	(2,216,048)
	$ 30,744,143	$ 28,695,007
Total short-term	$ 22,762,580	$ 21,049,700
Total long-term	$ 7,981,563	$ 7,645,307

At December 31 2015 and 2014 loan portfolio 's fair value is similar to book value.

8.1. Movements in provision for impairment of loan portfolio:

	December 31, 2015	2014
Balance at beginning of year	$ 2,216,048	$ 1,767,007
Impairment provisions	1,959,842	2,161,867
Write-offs	(1,956,317)	(1,712,826)
Balance at end of year	$ 2,219,573	$ 2,216,048

8.2. Aging of past due balances

Accounts receivable at the closing of each year include past due amounts of $3,189,444 and $3,327,830 at December 31, 2015 and 2014. Amounts more than 30 days past due are entirely covered by the impairment provision.

8.3. Aging of past due balances not impaired is as follows:

	December 31, 2015	2014
Up to 1 month	$ 1,227,064	$ 1,307,767
From 1 to 3 months	741,791	770,508
Total	$ 1,968,855	$ 2,078,275

Note 9 - Other accounts receivable - Net:

	December 31, 2015	2014
Short-term accounts receivable:		
Other debtors [1]	$ 794,065	$ 574,590
Short - term loans to employees	121,565	126,544
Insurance companies	648	29,377
	916,278	730,511
Long-term accounts receivable:		
Long - term loans to employees	210,664	198,409
Total	$ 1,126,942	$ 928,920

[1] Includes accounts receivable to tenants, companies that issue coupons and other recoverable taxes.

Note 10 - Inventories:

	December 31, 2015	2014
Merchandise for sale	$ 13,849,931	$ 11,754,464

The cost of sales includes at December 31, 2015 and 2014 $664,556 and $541,774, respectively, related to inventory write-offs.

Note 11 - Derivative financial instruments:

The Company uses hedge derivative financial instruments ("IFD") to reduce the risk of adverse movements in the interest rates of its long-term debt and inflationary increases in Mexico, to reduce the volatility of the cash flows to be paid for compliance with its contractual obligations. The main instruments used are interest rate swaps and the positions contracted at the close of each year are as follows:

	Dates		Interest date		Fair value at December 31,	
Notional amount1	Contracting	Maturity	Contracted by IFD	Agreed in the debt	2015	2014
Assets						
US$ 300,000	October 2014	October 2024	6.81%	3.95%	$ 1,260,798	$ 496,459
$ 1,000,000	September 2008	August 2018	TIIE+ 0.18%	9.36%	142,279	170,722
750,000	June 2010	May 2020	8.48%	4.22%	113,457	132,946
	Total				$ 1,516,534	$ 800,127
Less IFD long-term					1,516,534	800,127
Current short-term portion					$ -	$ -
Liabilities						
1,000,000	April 2009	August 2018	TIIE + 0.18%	7.95%	$ (102,050)	$ (118,350)
IFD les long term					102,050	118,350
Current short-term portion					$ -	$ -

[1] The notional amounts related to derivative financial instruments reflect the reference volume contracted; however, they do not reflect the amounts at risk as concerns future flows. Amounts at risk are generally limited to the unrealized profit or loss in from valuation to market of those instruments, which can vary depending on changes in the market value of the underlying item, its volatility and the credit rating of the counterparties.

Note 12 - Investments in associates:

			Proportion of shareholding and voting power December 31,		Decembe	
Concept	Activity	Place of incorporation and operations	2015	2014	2015	2014
Investment in associated companies (i) and (ii)	Sales	Mexico and Central America	50%	50%	$ 4,892,007	$ 4,347,663
Other investments (iii) In associated	Malls	Mexico	Several	Several	741,495	680,135
					$ 5,633,502	$ 5,027,798

(i) RFH

RFH is a private company that operates a chain of stores engaged in the sale of furniture and household appliances, with different formats in Central America, South America and the Caribbean. The Company has a 50% shareholding in RFH. This acquisition gave rise to goodwill of $757,623, which is included as part of the investment value. The Company does not exercise joint control over RFH because the criteria for control is not met. Under IFRS it exercises significant influence over RFH, due to the fact that it owns 50% of the voting rights and is entitled to designate two members of the Board of Directors.

(ii) Moda Joven Sfera México, S. A. de C. V.

In 2006, the Company incorporated an entity in association with El Corte Inglés, S. A. (the leading department store chain in Spain). This entity operates a chain of 33 stores in Mexico, specialized in family clothing and accessories under the commercial name Sfera.

(iii) Other investments

Mainly correspond to the Company's equity in the following malls: Angelópolis in the city of Puebla, Plaza Satélite in the state of México and Galerías Querétaro in the city of Querétaro.

12.1 Following is a summary of the combined financial information pertaining to the Company's associates:

	December 31, 2015	2014
Total assets	$ 31,512,011	$ 25,394,045
Total liabilities	21,516,231	17,765,815
Net assets	$ 9,995,780	$ 7,628,230
Equity in net assets of associates	$ 4,545,932	$ 3,814,157
Total income	$ 24,889,063	$ 19,118,228
Net income for the year	$ 1,409,722	$ 984,060
Company's equity in profits of associates	$ 699,290	$ 495,850

12.2 The reconciliation of associated companies is as follow:

Balance at January 1, 2014	$ 4,616,854
Equity method	410,944
Balance at December 31, 2014	5,027,798
Equity method	605,704
Balance at December 31, 2015	$ 5,633,502

Note 13 - Investment properties - Net:

	Amount
Balance at January 1, 2014	
Cost	$ 16,067,177
Accumulated depreciation	(1,833,391)
	14,233,786
Acquisitions	1,648,045
Disposals	(39,859)
Depreciation	(200,767)
Balance at December 31, 2014	15,641,205
Acquisitions	1,098,436
Disposals	(168,173)
Depreciation	(266,441)
Balance at December 31, 2015	$ 16,305,027

Investment properties include shopping malls, works in progress and other land intended for construction of future shopping malls.

In May 2008, the Company sold its interest in the shopping malls in Mérida, Yucatán and Puerto Vallarta, Jalisco to a Trust set up for these purposes. In accordance with IFRS 10, this Trust was considered a structure entity; therefore, the assets and liabilities pertaining to this trust were consolidated in the corresponding captions.

The fair value of investment properties of the Company at December 31, 2015, and 2014 amounts to $41,639,702 and $40,303,648, respectively, through discounted the key assumptions , used was the projected annual growth of business and the expected useful life, it using an average discount rate of 3% (2.50% in 2014) for both years, cataloged level 2.

The operating costs directly related to the income from the leasing of investment property is comprised as follows:

	December 31, 2015	2014
Repairs and maintenance	$ 596,206	$ 435,755
Advertising	119,568	111,150
Real estate taxes and water	63,511	57,998
Personnel compensation and benefits	62,779	56,812
Services contracted	6,743	8,180
Other expenses	6,551	5,079
Electrical power and utilities	6,396	6,973
Travel expenses	3,672	3,166
Rent of equipment	2,556	2,386
Total	$ 867,982	$ 687,499

Note 14 - Property, furniture and equipment - Net:

	Land	Buildings	Furniture and equipment	Leasehold improvements	Computer equipment	Transportation equipment	Works in progress	Total
Ending balance								
At December 31, 2015								
Beginning balance	$ 3,636,834	$ 19,441,521	$ 3,811,550	$ 1,712,726	$ 536,427	$ 134,930	$ 1,116,295	$ 30,390,283
Acquisitions	80,827	811,748	757,042	429,469	376,694	57,775	706,876	3,220,431
Disposals	(141,199)	(6,072)	(29,699)	(37,935)	(11,449)	(2,064)	-	(228,418)
Depreciation	-	(285,598)	(687,427)	(183,255)	(258,121)	(43,072)	-	(1,457,473)
Ending balance	$ 3,576,462	$ 19,961,599	$ 3,851,466	$ 1,921,005	$ 643,551	$ 147,569	$ 1,823,171	$ 31,924,823
At December 31, 2015								
Cost	3,576,462	23,712,507	10,418,391	3,362,234	2,069,671	352,223	1,823,171	45,314,659
Accumulated depreciation	-	(3,750,908)	(6,566,925)	(1,441,229)	(1,426,120)	(204,654)	-	(13,389,836)
Ending balance	$ 3,576,462	$ 19,961,599	$ 3,851,466	$ 1,921,005	$ 643,551	$ 147,569	$ 1,823,171	$ 31,924,823
At December 31, 2014								
Beginning balance	3,632,410	17,795,118	3,635,041	1,529,164	522,132	113,418	1,826,980	29,054,263
Acquisitions	6,414	1,937,372	803,262	340,013	240,539	59,187	-	3,386,787
Disposals	(1,990)	(11,633)	(14,284)	(937)	(3,344)	(2,025)	(710,685)	(744,898)
Depreciation	-	(279,336)	(612,469)	(155,514)	(222,900)	(35,650)	-	(1,305,869)
Ending balance	3,636,834	19,441,521	3,811,550	1,712,726	536,427	134,930	1,116,295	30,390,283
At December 31, 2014								
Cost	3,636,834	22,906,833	9,691,047	2,970,700	3,417,377	296,512	1,116,295	44,035,598
Accumulated depreciation	-	(3,465,312)	(5,879,497)	(1,257,974)	(2,880,950)	(161,582)	-	(13,645,315)
Ending balance	$ 3,636,834	$ 19,441,521	$ 3,811,550	$ 1,712,726	$ 536,427	$ 134,930	$ 1,116,295	$ 30,390,283

The balance of work in progress at the 2015 period close corresponds to sundry projects in which the Company is building stores, and remodeling existing stores.

Note 15 - Intangible assets - Net:

	Licenses and fees	New IT developments	Total
At December 31, 2015			
Investments	$ 86,138	$ 586,171	$ 672,309
Disposals	-	-	-
Amortization	(116,805)	(302,815)	(419,620)
Ending balance	(30,667)	283,356	252,689
At December 31, 2015			
Cost	1,357,292	3,373,582	4,730,874
Accumulated amortization	(881,611)	(1,527,913)	(2,409,524)
Ending balance	$ 475,681	$ 1,845,669	$ 2,321,350
At December 31, 2014			
Investments	$ 76,365	$ 564,047	$ 640,412
Disposals	-	-	-
Amortization	(113,138)	(252,525)	(365,663)
Ending balance	(36,773)	311,522	274,749
At December 31, 2014			
Cost	1,271,154	2,787,411	4,058,565
Accumulated amortization	(764,806)	(1,225,098)	(1,989,904)
Ending balance	$ 506,348	$ 1,562,313	$ 2,068,661

Note 16 - Provisions:

	Bonnus and compensation paid to employees	Advertising	Other provisions	Total
At January 1, 2014	$ 727,639	$ 71,830	$ 483,167	$ 1,282,636
Charged to income statement	2,528,884	1,097,983	1,003,491	4,630,358
Used during the year	(2,054,884)	(950,537)	(1,001,818)	(4,007,239)
At December 31, 2014	1,201,639	219,276	484,840	1,905,755
Charged to income statement	2,671,606	1,228,088	1,577,878	5,477,572
Used during the year	(2,579,194)	(1,085,319)	(1,052,848)	(4,717,361)
At December 31, 2015	$ 1,294,051	$ 362,045	$ 1,009,870	$ 2,665,966

Other provisions include liabilities for services rendered by consultants and maintenance of stores and offices.

Note 17 - Bank Borrowings:

	December 31, 2015	2014
Borrowings received by the trust F/789, mentioned in Note 13, from Inbursa, payable in June 2018 and bearing a fixed annual interest rate of 9.31% (1)	$ 921,456	$ 921,456
Less - Long-term liabilities	(921,456)	(921,456)
Current portion	$	$ -

(1) At December 31, 2015 and 2014 the fair value of the borrowing received by the Trust F/789 was $937,510 and $931,920, respectively, and it cataloget Level 1.

Note 18 - Issuance of Senior Notes:

Maturity	Interest payable	Interest rate	December 31 2015	2014
Aug 2018	Semiannually	Fixed at 9.36%	$ 1,000,000 (2)	$ 1,000,000
May 2020	Semiannually	Fixed at 4.22%	750,000 (2)	750,000 (*)
May 2020	Semiannually	Fixed at 8.53%	2,250,000 (2)	2,250,000
Mar 2017	Monthly	TIIE at 28 days plus 0.35 points	2,100,000 (2)	2,100,000
Mar 2022	Semiannually	Fixed at 7.64%	1,900,000 (2)	1,900,000
Oct 2024	Semiannually	Fixed 3.95%	5,174,610 (1)	4,422,420
			$ 13,174,610	$ 12,422,420
Less - Issuance of long-term Senior Notes			(13,174,610)	(12,422,420)
Current short-term portion			$ -	$ -

(*) Issuance of senior notes equivalent to 169,399,100 UDIs.

Maturities pertaining to the long term portion of this liability at December 31, 2015 are as follows:

Year	Amount
2017	$ 2,100,000
2018	1,000,000
2020	3,000,000
2022	1,900,000
2024	5,174,610
	$ 13,174,610

(1) In September 2014, the Company bid debt securities in Senior Notes for an amount of US $300,000., with an interest rate of 3.95% per annum and maturing in 2024. The Securities constitute obligations payable by the Company and have the unconditional guarantee of Distribuidora Liverpool, SA de C.V., (subsidiary).

(2) Debt contracted in mexican pesos.

Values were subject of a private offering to institutional investors in the United States and other foreign markets under Rule 144A and Regulation S under the Securities Act 1933 of the United States of America (US Securities Act of 1933 as it has been amended to date, the "US Securities Act") and the applicable regulations of the other markets in which such offer was conducted. Finally, the Company has submitted an application for listing of the Securities on the Official List of the Irish Stock Exchange (Official List of the Irish Stock Exchange).

Debt convenants from Senior Notes require that the Company and the significant subsidiaries set out in the respective agreements comply with certain restrictions for payment of dividends, mergers, spinoffs, change of business purpose, issuance and sale of capital stock, capital investments and encumbrances. At December 31, 2015 and 2014 the Company was in compliance with the aforementioned conditions.

The Company has contracted a "cross currency swap" on the issuance of unsecured notes denominated in UDIs and interest rate derivative financial instruments on the financings mentioned above. See Note 11.

The fair value of issuances of Senior Notes is as follows:

	December 31,			
	2015		2014	
Maturity date	Book Value	Fair value	Book Value	Fair value
Mar 2017	$ 2,100,000	$ 2,104,798	$ 2,100,000	$ 2,109,555
Aug 2018	1,000,000	1,100,695	1,000,000	1,124,820
May 2020	750,000	909,850	750,000	944,028
May 2020	2,250,000	2,425,493	2,250,000	2,498,265
Mar 2022	1,900,000	1,961,309	1,900,000	2,026,464
Oct 2024	5,174,610	5,063,925	4,422,420	4,347,104
	$ 13,174,610	$ 13,566,070	$ 12,422,420	$ 13,050,236

Note 19 - Employee benefits:

The value of employee benefit obligations at December 31, 2015 and 2014, amounted to $362,385 and $249,403 are as follows:

	December 31,	
	2015	2014
Pension plans	$ 164,020	$ 192,213
Seniority premium	(105,270)	(71,898)
Other employee benefits	(421,135)	(369,718)
	$ (362,385)	$ (249,203)

The net cost for the period for the years ended on December 31, 2015 and 2014 is as follows:

	December 31,	
	2015	2014
Pension plans	$ (78,036)	$ 94,087
Seniority premium	33,415	38,174
Other employee benefits	62,783	51,323
	$ 18,162	$ 183,584

The significant actuarial assumptions in nominal and real terms are as follows:

	December 31,	
	2015	2014
Discount rate	8.00%	7.50%
Inflation rate	3.50%	3.50%
Salary growth rate	4.75%	4.75%

Principal categories of plan assets at the end of the reporting period are as follows:

	Fair value of plan assets at December 31,	
	2015	2014
Debt instruments	$ 664,228	$ 630,819
Equity instruments	476,304	446,644
	$ 1,140,532	$ 1,077,463

The expected return on plan assets represents the weighted average expected return for the different categories of plan assets. The Company's assessment of expected yields is based on historical trends and analysts predictions on the market of assets for the life of related obligations.

Note 20 - Balances and transactions with related parties:

During 2015 and 2014, Grupo Financiero Invex, S. A. de C. V. ("Invex") provided the Company with pension plan and workers' savings fund administration services, as well as with fiduciary services. Invex and the Company share some stockholders. Fees paid to Invex for these services amount $11,022 and $5,905 in 2015 and 2014 respectively. At December 31, 2015 and 2014 there were no outstanding balances for these items.

During 2015 and 2014, the Company contracted corporate travel services for its employees with Orion Tours, S. A. de C. V. ("Orión"), whose General Director is Vice-Chairman of the Company's Board of Directors. These services were contracted using market conditions. Fees paid to Orion for these services amount $63,311 and $53,621 in 2015 and 2014 respectively. At December 31, 2015 and 2014 there were no balances pending to be paid for these items.

Compensation for directors and other key members of management during the year was as follows:

	December 31, 2015	December 31, 2014
Short-term benefits	$ 39,205	$ 11,000
Post - retirement benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total	$ 39,205	$ 11,000

Compensation paid to directors and key executives is determined by the Operations Committee based on their performance and market trends.

Note 21 - Costs and expenses by nature:

The cost of sales and administration expenses are comprised as shown below:

	December 31, 2015	December 31, 2014
Cost of merchandise	$ 52,574,718	$ 46,805,812
Cost of distribution and logistics	1,574,054	1,388,150
Personnel compensation and benefits	10,109,489	9,005,541
Services contracted	3,403,823	2,796,258
Depreciation and amortization	2,086,042	1,784,243
Repairs and maintenance	1,779,286	1,335,852
Provision for impairment of loan portfolio	1,959,842	2,161,867
Leases	940,569	778,710
Electrical power and utilities	695,906	823,246
Other [1]	3,513,853	3,220,604
Total	$ 78,637,582	$ 70,100,283

[1] Includes insurance premiums, travel expenses, real estate taxes and other non significant expenses.

Personnel compensation benefits are comprised as follows:

	December 31, 2015	December 31, 2014
Salary and bonds	$ 8,228,438	$ 7,216,216
Commissions paid to sales staff	1,682,240	1,549,807
Other payments	198,811	239,518
	$ 10,109,489	$ 9,005,541

Note 22 - Income Tax :

22.1. The income tax is comprised as follows:

	December 31, 2015	December 31, 2014
Current income tax	$ 3,648,242	$ 4,540,175
Deferred income tax	(385,077)	(1,742,996)
	$ 3,263,165	$ 2,797,179

22.2. The deferred tax balance is composed as follows:

Deferred income tax asset:	December 31, 2015	December 31, 2014
Tax loss carry-forwards	$ 123,077	$ 277,214
Provision for impairment of loan potfolio	872,743	822,117
Provisions	1,018,983	467,595
Inventories	148,004	105,911
Other items	26,754	131,381
	2,189,561	1,804,218
Deferred income tax liability		
Real estate and property,furniture and equipment	3,829,595	3,910,128
Investment in associates	401,921	356,246
Other items	981,265	946,141
	5,212,781	5,212,515
Deferred income tax	3,023,220	3,408,297
Asset tax recoverable	(57,363)	(61,148)
Total	$ 2,965,857	$ 3,347,149

Deferred tax assets and liabilities are analyzed as follows:

Deferred tax asset:	December 31, 2015	December 31, 2014
Deferred tax asset recoverable over the following 12 months	$ 2,189,561	$ 1,804,218
Deferred tax asset recoverable after 12 months	-	-
	2,189,561	1,804,218
Deferred tax liability:		
Deferred tax liability payable within the following 12 months	323,537	470,656
Deferred tax liability payable after 12 months	4,889,244	4,741,859
	5,212,781	5,212,515
Asset tax recoverable	(57,363)	(61,148)
Deferred tax liability (net)	$ 2,965,857	$ 3,347,149

Net movements of deferred tax assets and liabilities during the year are explained as follows:

	Unamortized tax losses	Provisions, for impairment of loan portfolio	Provisions	Installments sales	Property furtine and equipment	Investement in associates	Inventory	Other	Total
At January 1, 2014	$ 418,919	$ 700,570	$ 342,028	$ (1,430,477)	$ (4,212,810)	$ (268,875)	$ 110,744	$ (811,392)	$ (5,151,293)
Charged / credited to the Statement of income	(141,705)	121,547	125,567	1,430,477	302,682	(87,371)	(4,833)	(3,368)	1,742,996
At December 31, 2014	$ 277,214	$ 822,117	$ 467,595	$ (-)	$ (3,910,128)	$ (356,246)	$ 105,911	$ (814,760)	$ (3,408,297)
Charged / credited to the Statement of income	$ (154,137)	$ 50,626	$ 551,388	$ (-)	$ 80,533	$ (45,675)	$ 42,093	$ (139,751)	$ 385,077
At December 31, 2015	$ 123,077	$ 872,743	$1,018,983	$ (-)	$ (3,829,595)	$ (401,921)	$ 148,004	$ (954,511)	$ (3,023,220)

At December 31, 2015, the Company has unamortized tax loss carry-forwards for income tax purposes, to be indexed in the year in which they are applied, for a restated amount of:

Amortizable Year	tax loss carry-forwards
2016	$ 66
2018	3,121
2019	17,393
2020	11,255
2021	12,565
2022	14,646
2023	349,974
2024	474
2025	1,716
	$ 411,210

In determining deferred income tax at December 31, 2015 and 2014, the Company applied to temporary differences, the applicable rates according to their estimated date of reversal.

22.3. The reconciliation of the legal income tax rate and the effective rate, stated as a percentage of the profit before income tax is as follows:

	December 31 2015	2014
Pre – tax income	$ 12,476,064	$ 10,561,539
Statutory rate	30%	30%
Income tax at statutory rate	3,742,819	3,168,462
Plus (less) effects of taxes of the following items:		
Non deductible expenses	218,999	172,281
Non taxable income	(22,017)	(29,550)
Annual inflation adjustment	(37,987)	43,977
Equity in income of associates	(209,787)	(148,755)
Investment property, furniture and equipment - net	(144,073)	(217,740)
Other permanent items	(284,789)	(191,496)
Income tax in the income statement	$ 3,263,165	$ 2,797,179
Effective income tax rate	26%	26%

22.4 Applicable tax rates

In October 2013 the Chamber of Mexican Parliament, passed major reforms to our tax framework effective on January 1, 2014. Main changes in tax laws and the impact it will have on our operations are described below:

In 2002, the Income Tax Law in effect at that time was repealed and a new one was issued. Under this new tax law, income could be accumulated under installment sales, rather than when collected. The above scheme allowed the company to accumulate tax amounts actually received and beginning with this new tax law, the Company will now have to pay the tax from the time of sales, regardless of when collected, which will impact the cash flow of the Company because the tax must be paid even if the cash is not collected (as in a credit card transaction). Regarding the installment sales made until December 31, 2013, the tax authorities gave companies three years to pay the amounts that would be accumulated in 2014, 2015 and 2016.

The current tax law eliminates the immediate deduction of fixed assets and limits deductions to pension contributions, exempt wages, car leasing and social security contributions. Eliminating these deductions, especially the immediate deduction of fixed assets, will also impact the cash flow that the Company will allocate to the payment of taxes. Now, the Company can no longer rapidly deduct investments in new stores, remodels and other assets, but the Company must do so within normal limits established in the new Income Tax Law, which are significantly longer.

This law also modifies the procedure for determining the tax base for the Employees' Profit Sharing ("PTU").

An income tax rate beginning in 2014 was also established in the tax law of 30%, in contrast to the previously stated rates of 30%, 29% and 28% for 2013, 2014 and 2015, respectively.

Also, the October 1, 2007 flat tax was repealed in these tax reforms; however, the Company did not recognized any current or deferred flat tax and therefore the repeal had no effect in the financial statements of the Company.

The Company also appealed to the Law on Cash Deposits which had no effect on the results of the Company because this tax is credited against the income tax payable.

Note 23 - Stockholders' equity:

23.1. Capital stock at December 31, 2015 and 2014, is comprised of the follows:

	Minimum fixed Capital
1,144,750,000 Series "1" shares with no par value, entirely subscribed and paid in 197,446,100 Series "C-1" shares with no par value, entirely subscribed and paid in	$ 269,112
Cumulative inflation increase at December 31, 1997	3,105,170
Total	$ 3,374,282

The Board of Directors approved on March 5, 2015 the payment of dividends from the income tax earnings ("CUFIN") in the amount of $1,087,179, which $657,676 was paid on May 29 and the remaining $429,503 in October 16, both in 2015, through the Society for the Securities Depository.

In accordance with IAS 29 "Hyperinflation", an entity must recognize the effects of inflation in the financial information when an economy accumulates 100% inflation in a three - year period. Mexico was considered a hyperinflationary economy until 1997, and for that reason the Company recognized all the cumulative inflation effects up to that year.

The Company has a control group of non public investors made up of approximately of 10 person owning 80,897,219 shares of series-1 and 11,314,218 shares of series C-1 a total of 6.87% of all outstanding shares. Additionally, the entities and the trust mention below own approximately 79% of all outstanding shares of series-1 common stock as of December 31, 2015, and 31, 2014.

Ownership of Shareholder	Number of Shares of Common Stock	Percentage Common Stock (%)
Banco Nacional de México, S.A., Institución de Banca Múltiple, Grupo Financiero Banamex-Trust No. 15228-3	278,691,361	20.7
Banco INVEX, S.A., Institución de Banca Múltiple, INVEX Grupo Financiero-Trust No. 0327	217,169,450	16.2
UBS-ZURICH	123,165,000	9.2
Banco Nacional de México, S.A., Institución de Banca Múltiple, Grupo Financiero Banamex-Trust No. 504288-5	109,114,664	8.1
Banco INVEX, S.A., Institución de Banca Múltiple, INVEX Grupo Financiero-Trust No. 0387	101,119,450	7.5
BBVA Bancomer Servicios, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer-Trust No. 25078-7	76,047,567	5.7
Pictet Bank & Trust Limited	57,137,573	4.3
Scotiabank Inverlat S.A., Institución de Banca Múltiple-Trust No. 11033735	36,839,656	2.7
Pictec and Cie	5,434,000	0.4
Citiacciones Flexible, S.A. de C.V. Sociedad de Inversión de Renta Variable	2,769,555	0.2
Banco Credit Suisse (México), S.A., Institución de Banca Múltiple	2,076,213	0.2
Others	332,631,611	24.8
Total	1,342,196,100	100%

23.2 Capital reserves

Capital reserves are comprised as follows:

	December 31, 2015	2014
Legal reserve	$ 582,500	$ 582,500
Reserve for acquisition of own shares	467,432	467,432
Investment reserve	94,319	94,319
Reserve for valuation of derivative financial instruments	102,951	122,433
	$ 1,247,202	$ 1,266,684

23.3 The reconciliation of the reserve for valuation of derivative financial instruments is as follow:

At January 1, 2014	$ (41,332)
Charged to income	163,765
At December 31, 2014	122,433
Charged to income	(19,482)
At December 31, 2015	$ 102,951

The Company's Stockholders have authorized a reserve for the acquisition of its own shares. The Company must comply with its bylaws and the provisions of the Securities Market Law, in order to acquire its own shares.

According to the Corporations Law, a minimum of 5% must be set aside from net earnings for the period in order to meet the legal reserve until funds in reserve reaches 20% of the capital stock. The legal reserve can be capitalized, but must not be distributed unless the Company is dissolved, and the difference must be made up if the reserve falls below 20% of capital stock for any reason.

23.4. The balances of the tax accounts of stockholders' equity are:

	December 31,	
	2015	2014
Capital contributions account	$ 32,579,214	$ 30,277,701
After-tax earnings account (CUFIN)	77,893,053	68,855,366
Reinvested after tax earnings account (CUFINRE)	129,416	126,717
Total	$ 110,601,683	$ 99,259,784
Average weighted number of ordinary shares to determine the basic earnings per share at December 31, 2015 and 2014	$1,342,196,100	$1,342,196,100

23.5. Tax provisions related to stockholders' equity:

Dividends are free of income tax if paid out from the After Tax Earnings Account ("CUFIN"). Any dividend paid in excess of the CUFIN is taxable at a rate fluctuating between 4.62% and 7.69%, if paid out from the reinvested CUFIN ("CUFINRE"). Dividends in excess of the after tax earnings account (CUFIN) are subject to 42.86% tax if paid in 2015. Tax incurred is payable by the Company and may be credited against income tax for the period and for the following two periods or, if applicable, against the flat tax for the period. Dividends paid from previously taxed earnings are not subject to any tax withholdings or additional taxes.

In the event of a capital reduction, any excess of stockholders' equity over the capital contributions account is given the same tax treatment as dividends.

Note 24 - Contingencies and commitments:

24.1 Contingencies

The Company has several lawsuits and claims arising from the normal course of its operations. Management does not expect these lawsuits will have a significant adverse effect on its consolidated financial statements.

24.2 Commitments

The Company has granted stand-by letters to certain vendors in the amount of $1,276,591 ($886,445 in 2014). These letters are used by the vendors to obtain the financing required to satisfy production requests and/or the acquisition of merchandise ordered by the Company. In the event of default by vendors with the financial institutions that granted the financing, the Company would be obligated to settle the aforementioned amount. At the date of issuance of the consolidated financial statements, the Company has not been informed of any default of such vendors.

24.3 Capital investments

The Company has entered into a number of agreements with third parties, for the acquisition of real property, in connection with which $315,427 ($758,851 in 2014) has yet to be settled uder the terms established in the contracts.

Note 25 - Operating leases:

25.1 The Company as lessee:

The Company has entered into a number of operating lease agreements for 23 stores, 4 Duty Free and 84 commercial spaces for the boutiques it operates. Additionally, it has entered into lease agreements for tractor trailers and trailers for delivery of merchandise to the stores, and has also acquired computer equipment and servers. The lease terms are between one and five years. All operating lease agreements for more than five years contain clauses for a review of market rent every five years. The Company does not have an option to buy the space leased at the date of expiration of the lease terms.

The following table summarizes the lease expenses recognized in:

	December 31, 2015	2014
Fixed rent	$ 343,639	$ 288,220
Variable rent	345,718	291,674
	$ 689,357	$ 579,894

The following table summarizes the minimum annual payments stipulated in lease agreements entered into at terms of over one year:

	Amount
Up to 1 year	$ 369,307
From 1 to 5 years	2,215,842
Over 5 years	2,769,802
Total minimum payments agreed	$ 5,354,951

25.2 The Company as lessor:

Operating leases are related to the leasing of commercial space. The lease periods range from one to five years. All operating lease agreements for more five years contain clauses for the review of market rent every two years. The agreements do not establish the option for tenants to buy the space leased at the date of expiration of the lease terms.

Following is an analysis of lease income:

	December 31, 2015	2014
Fixed rent	$ 1,995,818	$ 1,815,363

Following is an analysis of the minimum annual payments agreed with the lessees in the lease agreements entered into at terms of over one year:

	Amount
Up to 1 year	$ 2,007,636
From 1 to 5 years	6,045,816
Over 5 years	4,917,514
Total minimum payments agreed	$ 12,970,966

Note 26 - Segment information:

Information per segment is reported on the basis of the information used by the Operations Committee in making strategic and operating decisions. An operating segment is defined as a component of an entity in which there is separate financial information which is evaluated on a regular basis. Income from the Company's segments arises mainly from the sale of products at retail (commercial segment), and from real property activities involving the renting of commercial space (real estate segment).

IFRS 8 requires disclosure of assets and liabilities pertaining to one segment, if measurement is regularly provided to the decision making body; however, with respect to the Company, the Operations Committee only evaluates the performance of the operating segments based on an analysis of income and operating profit, but not of each segment's assets and liabilities.

The income reported by the Company represents income generated by external customers.

Commercial segment

Due to the fact that the Company specializes in retail sales of merchandise to the general public, it has no main customers that would account for a significant percentage of total sales, and does not rely on a particular product that would represent 10% of consolidated sales. Also, the Company operates with a broad base of different size vendors, and therefore does not rely on any particular vendor as concerns the products it sells.

Real estate segment

The Company owns or co-owns, manages and leases commercial space located in shopping malls throughout Mexico. This segment is engaged in the design, expansion and remodeling of stores, shopping malls and other facilities.

26.1. Income and results per segment

The Company reports its results for each operating segments at the income, costs and expenses, and operating profit level. The other income statement items are not assigned, as they are managed on a corporate level. The following is an analysis of income and results per segment to be reported:

December 31, 2015	Commercial	Real property	Consolidated
Net revenue	$ 88,272,058	$ 3,020,831	$ 91,292,889
Costs and expenses	(77,394,354)	(1,243,228)	(78,637,582)
Operating income	10,877,704	1,777,603	12,655,307
Financing costs, gain on investments, exchange fluctuations and results of associated companies	-	-	(179,243)
Income tax	-	-	(3,263,165)
Consolidated net income	$ 10,877,704	$ 1,777,603	$ 9,212,899

December 31, 2014	Commercial	Real property	Consolidated
Net revenue	$ 78,506,535	$ 2,707,054	$ 81,213,509
Costs and expenses	(69,090,177)	(1,010,106)	(70,100,283)
Operating income	9,416,358	1,696,948	11,113,306
Financing costs, gain on investments, exchange fluctuations and results of associated companies	-	-	(551,767)
Income tax	-	-	(2,797,179)
Consolidated net income	$ 9,416,358	$ 1,696,948	$ 7,764,360

The information disclosed in each segment is shown net of eliminations corresponding to transactions conducted between Group companies. Inter-segment results and transactions are eliminated at the consolidated level, as a result of the Group's final consolidation. This form of presentation is the same as that used by management in its periodic review processes of the Company's performance.

Taxes and financing costs are viewed at the Group level and not within the reporting segments. As a result, this information is not shown in each reporting segment. Operating income is the key performance metric for management, which is reported on a monthly basis to the Operations Committee.

26.2. Geographic information

All income obtained from third parties is realized in Mexico and therefore, no information is disclosed per geographic segment.

Note 27 - Authorization of issuance of consolidated financial statements:

The consolidated financial statements were authorized for issuance on February 19, 2016 by the Board of Directors and are subject to approval by the stockholders meeting.

Information for investors

José Antonio Diego
jadiego@liverpool.com.mx
Phone: +52(55) 5268.3262
Fax: +52(55) 5268.3348

Enrique Griñán
emgrinang@liverpool.com.mx
Phone: +52(55) 5268.3475
Fax: +52(55) 5268.3348

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Bolsa Mexicana
LIVEPOL

El Puerto de Liverpool, S. A. B. de C. V.
Mario Pani #200
Col. Santa Fe Cuajimalpa
C. P. 05348, Mexico City

The 2015 Annual Report may include certain expectations regarding the results of El Puerto de Liverpool, S.A.B. de C.V. and its Subsidiaries. All such projections, which depend on the judgment of the Company's management, are based on up-to-date, known information; however, expectations may vary as a result of the facts, circumstances and events beyond the control of El Puerto de Liverpool, S.A.B. de C.V. and its Subsidiaries.

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