Annual Report 2013

Liverpool®


Liverpool

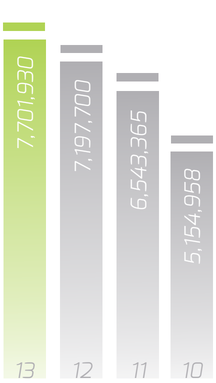
QUOTE OF THE
DREAM

Financial Highlights

	2013	2012	%VAR	2011	2010
Operations					
Number of stores	**96**	93	3.2	84	80
Number of shopping centers	**22**	19	15.8	16	16
Own brand credit cards	**3,485,210**	3,118,995	11.7	2,903,472	2,700,597
Results*					
Total revenue	74,105,444	66,246,504	11.9	58,656,809	52,160,681
Revenue from Retail Division	**65,715,987**	58,777,686	11.8	52,348,382	46,730,797
Revenue from Real-estate Division	**2,579,680**	2,115,854	21.9	1,731,041	1,551,745
Revenue from Credit Division	**5,809,777**	5,352,964	8.5	4,557,386	3,878,139
Operating profit	**10,836,082**	10,306,076	5.1	9,227,815	7,727,110
Net profit	**7,701,930**	7,197,700	7.0	6,543,365	5,154,958
EBITDA	**12,536,327**	11,768,983	6.5	10,510,561	8,940,378
EBITDA margin	**16.9%**	17.8%	(4.8)	17.9%	17.1%
Profit per share	**5.73**	5.36	6.9	4.88	3.84

* Figures expressed in thousands of pesos, except EBITDA margin and Profit per share.

Total Revenue
thousands of pesos



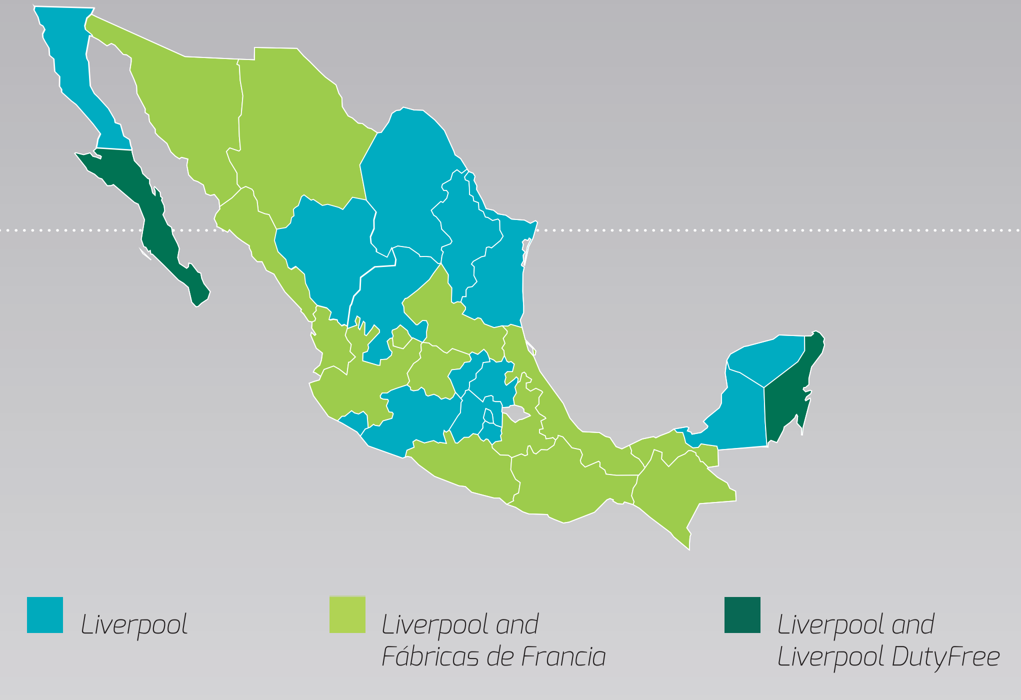
Net Profit
thousands of pesos

EBITDA
thousands of pesos

1.4 million
square meters
of selling space

395 thousand
square meters
of gross leasing space

3.5 million
own brand credit cards



Adaptability

Letter from the **Chairman of the Board**

To the Shareholders,

The 2013 business environment recorded significant challenges arising from the slowdown of economic activity in Mexico which weakened consumer spending and increased competition.

Liverpool responded to these challenges by making significant capital investment that amounted to $5,667million pesos. Our expansion plans will continue throughout 2014. We are building department stores in the cities of Queretaro, Puebla and Toluca, as well as shopping malls in the two latter cities. Additionally, we will start operations of three Fabricas de Francia stores and 50 boutiques under the banner of several brands.

Besides expanding our retail outlets, we continued developing the virtual sales channel for online shopping, which brings us closer to our customer base by offering it a more accessible shopping experience. Consequently, in 2013 we invested $878 million pesos on our technological platforms as well as in our supply chain with the objective of fostering the further development and growth of our current businesses. We are committed to continue this steady effort in the future.

Our net income grew by 11.9% in 2013, at the same time our net profit grew by 7.0% reaching figures of $74,105 million pesos and $7,702 million pesos respectively. As a result, we sustained a healthy financial position with low leverage levels and high capitalization; a fact that enables us to guarantee the continuity of our operations with a promising future.

We are well aware that human capital is fundamental for our growth. Therefore, our search for the bond with our associates is continuously intensified and tightened. This in itself encourages the personal and professional skill development that translates into excellence standards of service and a stronger organization facing new challenges.

We acknowledge and are deeply grateful for the trust and assistance conferred to our corporation by our shareholders, board members, suppliers, tenants, financial institutions, business partners, associates and customers.

Sincerely,

Max David
Chairman of the Board of Directors
Mexico City, March 6, 2014

Letter from the **Chief Executive Officer**

Continuous and profitable expansion is one of the pillars of our strategy. In 2013, the growth plan was executed according to what had been predetermined. We added a 5.1% of commercial space in four new department stores, an additional 16.9% of leasing space in three new shopping malls and 23 more boutiques with different brands.

In the same token, in 2013, consumer credit continued its growing trend, amounting 3.5 million cardholders for a loan book that totaled $28,181 million pesos and reached an annual growth of a 17.7%.

Our main concern is focused on our customer. We have adapted our operations to deliver a better shopping experience through closer facilities which offer a broad assortment of merchandise and brands targeted to satisfy its needs. Additionally, online-shopping has become increasingly important in our customers preference. Therefore, we invested in improving our merchandise assortment, our delivery time and the search engine of our e-commerce website.

Efficiency is yet another of our strategic pillars; therefore Management has promoted and maintained a low cost and expense structure. The competitive environment intensified in the fiscal year. Despite such fact, gross margin maintained practically at the same levels than those of the previous year. As a result of the expansion plan that brought about the opening of 12 stores in the past 15 months, operating expenses grew by 15.8% compared to those of 2012.

Human capital development anticipates to our growth needs. Inasmuch, we foster training plans, talent retention, and promotion to all key positions in our organization in order to keep the steady growth pace that enables Liverpool to be as a continuous, avant-garde and adaptive corporation.

Sincerely,

Jorge A. Salgado M.
Chief Executive Officer
December 31, 2013

Growing **Presence** and Continuous Adaptability

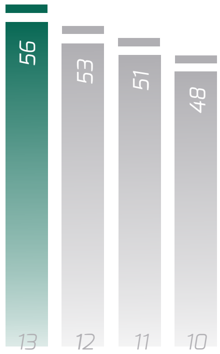
4

new stores opened throughout the year

Mexicali

Insurgentes

3
new shopping centers



Cities with presence

Profitable and steady growth has been a constant for Liverpool. In 2013, four department stores were added to our commercial offer in the cities of Mazatlán, Sinaloa; Ciudad del Carmen, Campeche; Tuxpan, Veracruz and Mexicali, Baja California, in order to encourage the longing of an ever-increasing segment of families, by offering them a greater assortment of merchandise that is continuously adapting to their needs.

Our shopping malls have our visitors in mind and have been adapted to suit their needs, by providing a diverse range of experiences, entertainment and services as well as broad assortment of merchandise, in comfortable, functional and safe environments. In 2013, three new shopping malls became part of our offer, namely: Galerías in Campeche, Campeche; Mazatlán, Sinaloa and San Juan del Río, Querétaro.

Consumer spending habits favor the use of traditional shopping channels as well as those more accessible and comfortable for their shopping experience. Consequently, in 2013 we broadened the mobility services by re-launching our e-commerce platform, offering a greater merchandise catalog, strengthening the search engine and improving home delivery through our own logistics network.

In 2013, we increased by 72% the merchandise warehousing and handling capacity of the Huehuetoca, Estado de México durable goods distribution center, by building a new 97-thousand square-meter wing of conventional warehouse, yards and roads. Additionally, in compliance with the requirements of our supply chain, the merchandise handling operation was migrated to a flow and in-line processing system in all our locations.

To maintain functional, avant-garde and conveniently located facilities that go hand-in-hand with a solid service infrastructure, supply chain and accessible IT services, are the bases and engine of a steady growth that enables us to reach more locations by offering integral alternatives.

Creating Innovative Alternatives of Profitable **Growth**

40

boutiques with different banners

Total boutiques

The diversification of the economy and the quick changes of global marketplaces have altered the way of servicing the customer. Today, more than ever, there are abundant commercial alternatives that make our customers more sophisticated and knowledgeable.

Consequently, it is essential for Liverpool to have a quick response to those ever-changing new markets, one that goes hand-in-hand with the anticipation of needs. Both of these features foster a continuous improvement and the strengthening of our operations.

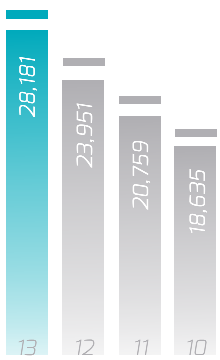
Our partnership with Regal Forest (Unicomer Group), a renowned corporation in Central and South America as well as the Caribbean, specializing in selling furniture, appliances and electronics has become stronger and continued to increase soundly its financial position.


63
63

Extending our **Service** Platforms

Huehuetoca Distribution Center


ENVÍO GRATIS
En toda la tienda
Liverpool
MESA REGALOS
Ahora TUS ENVÍOS llegan sin NINGÚN COSTO
SIN COSTO DE ENVÍO
Hogar DECORACIÓN
Halloween
MODA



Credit loan book

Personalized service is a pillar for building our day-to-day relationship with the customer. To respond to the unfavorable economic environment that affected consumer spending, we offered a diverse range of promotions to stimulate customer shopping.

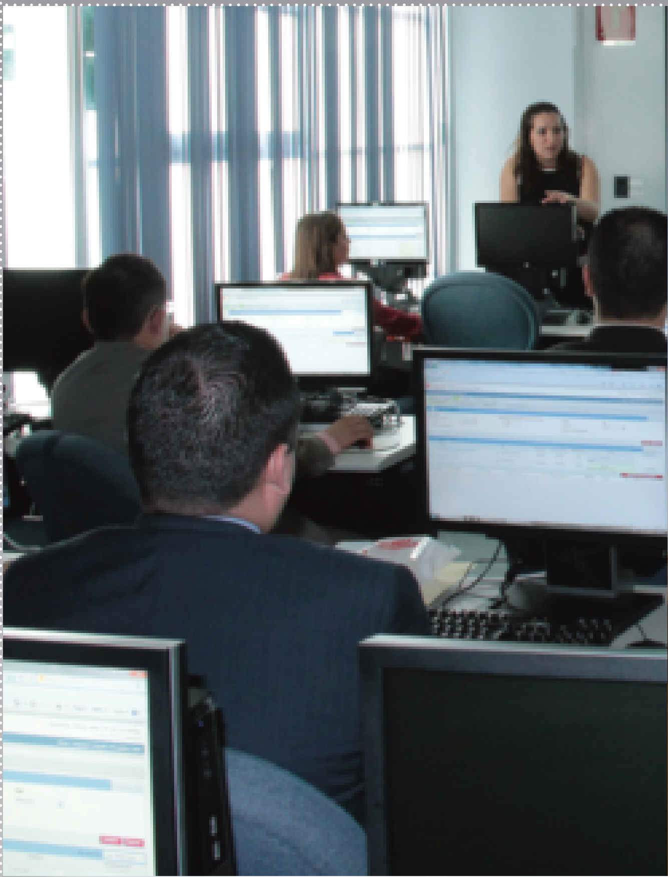
The Liverpool credit card has traditionally been the most frequent payment channel for our customers in our stores. In 2013, the credit portfolio grew by 17.7%; at the same time, we were able to maintain low levels of non performing loans.

We continued expanding our service and insurance offer by presenting home, health, life and general welfare coverage. Income on commissions brought about by said activity grew by 17.1% versus that of 2012.

Moreover, in 2013, in response to our efforts to keep-up with cutting edge technology and offer immediate and efficient customer service, we introduced the golden customer record function by which all existing databases unify into a central one to simplify our processes and personalize our service offer.

Our customer centric focus favors the alignment of our commercial offer by providing particularized merchandise in the right stores at the right price at the right time. Additionally, we optimized the selling space in our different departments, by tailoring the merchandise catalogue and targeting the preferences and needs of the customer according to each location and channel, while we favor profitability.

Our *Personnel* Development



A key value is to promote the personal and professional growth of our associates.

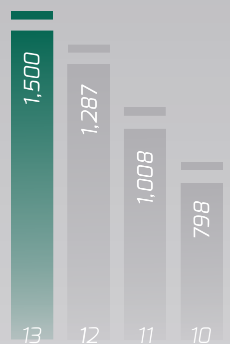
We continued offering career plans that enable us to adapt the development of our associates to corporate growth needs. In this regard, we encourage customer service skills, improve internal processes and increase profitability.

Supported by the *Instituto de Formación Liverpool*, for 11 years we have been able to give our associates and their families, personal development options that comprise from senior high-school programs up to graduate studies.

Having our interest at heart, we have intensified our talent detection programs targeted to unearth individuals with the potential that can be an asset to our corporation in order to make it stronger and to guarantee the continuity of our principles and business philosophy.

By encouraging the growth of our associates, we foster a high degree of corporate unity and identity. In 2013, the resources provided by the corporation and its associates were channeled to the damages caused by flooding in the states of Guerrero, Veracruz, Tabasco and Chiapas, benefiting thousands of victims.

Liverpool has an outstanding bond with its associates. Their perception regarding quality of life in the job, sense of belonging and affinity with corporate values are high; a fact that has positioned us, once again, as one of the best places to work in Mexico.



UVL´s graduates

Results

In 2013, total income reached $74,105 million pesos, a growth of 11.9% compared to the previous year's figure.

Income coming from department store operations totaled $65,716 million pesos, 11.8% higher than that of 2012. On the other hand, same store sales increased by 6.5%.

Credit card income grew by 8.5% compared to the one in 2012. Our more than 3.5 million cards stand as the most important source of payment, representing 52.6% of our total sales.

On the other hand, leasing income related to shopping centers reached $2,580 million pesos, 21.9% above 2012. We have kept a high occupancy rate at 97%.

Operating expenses grew by 15.8%. It is worth mentioning that such increase considers both the current year store openings as well as the nine ones opened in 2012.

EBITDA grew by 6.5% versus fiscal year 2012 and totaled $12,536 million pesos.

Financing expenses increased by 22.6% due to a greater need for financing related to the growth plan as well as working capital needs. By year's end, net debt amounted to $14,933 million pesos, a 1.2-times EBITDA Ratio.

At year's end we had a net profit of $ 7,702 million pesos, a figure that is 7.0% higher than that of the previous year.

Dividends

The General Stockholder's Meeting held on March 7, 2013 declared a $980 million pesos dividend on the 1,342,196,100 shares representing the Company´s capital stock. Additionally, in compliance with article 27 of the bylaws and according to the consensus of the above-mentioned Meeting, on November 15, 2013, the Board of Directors approved a dividend of $1.20 per share, payable in exchange for coupon No. 95, as of December 6, 2013, totaling $1,611 million pesos.

Operating
Summary

Sustainability

The corporate growth model intends to integrate economic, social and environmental objectives with the purpose of maintaining the current wellbeing of the community, without compromising its capacity to satisfy its future needs.

To that end, we implemented several energy and water savings plans among which we can name a few: LED lightning, air conditioning savings –that came about by using waterproofing sealants with high reflectance materials, treatment plants and water reutilization; building with permeable concrete systems and using vegetable fuels.

Final Considerations

Our search for exceeding customer expectations keeps us adapting continuously. Multichannel and personalized customer service will continue promoting the proximity that tightens the bonds that link us to the great Mexican family and at the same enable us to continue having a profitable growth.

We express our appreciation and recognition for the joint efforts of our shareholders, suppliers, tenants and associates that helped us, once again, maintain the preference of our customer.

Sincerely,

The Board of Directors,

Mexico City, December 31, 2013

Board of **Directors**

Max David [1]
Chairman

Madeleine Brémond S. [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.

José Calderón [2,3]
Independent Consultant

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

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

Juan Miguel Gandoulf [2,3]
Chairman of the Audit and Societary Practices Committee
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.

Guillermo Simán [2]
Vicepresident, Grupo Unicomer

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

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

Luis Tamés [2]
Independent Businessman

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

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

HONORARY CHAIRMAN
Max Michel
Enrique Brémond

HONORARY BOARD MEMBERS
J. Claudio Montant
Pedro Robert

[1] Patrimony Board Member
[2] Independent Board Member
[3] Audit Committee Memeber

Executive Committee

Miguel Guichard
Chairman
Miguel Bordes
Max David
Graciano Guichard
Jorge Salgado
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

Independent auditor's report

Mexico City, February 21, 2014.

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

Report on the consolidated financial statements

We have audited the consolidated financial statements of El Puerto de Liverpool, S.A.B. de C.V. and subsidiaries, which comprise the consolidated balance sheet at December 31, 2013 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 main accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for the internal control structure considered by Management to be necessary to allow for ensuring that the consolidated financial statements are free of 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 consists of applying procedures to obtain audit evidence to support the balances and disclosures contained in the consolidated financial statements. The procedures applied are determined on the basis of the auditor's judgment and include an assessment of the risk of material errors in the consolidated financial statements, either due to fraud or error. In conducting this risk assessment, the auditor considers the Company's internal control relevant for 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 assessing whether or not the accounting principles applied are appropriate and the accounting estimates used by Management are reasonable, as well as an evaluation of 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, 2013, and their consolidated results of operation and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

José Luis Guzmán
Audit Partner

PricewaterhouseCoopers, S. C., Mariano Escobedo 573, Colonia Rincón del Bosque, C.P. 11580 México, Distrito Federal
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Report of the audit and societary practices committee

Mexico, D. F. February 14, 2014

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

We, the undersigned, appointed to comprise the Audit and Societary Practices Committee of the company, El Puerto de Liverpool, S.A.B. de C.V. (hereinafter, the Company), and in compliance with article 43 of the Mexican Securities Act, do hereby submit the following report on activities carried out.

We held four Committee meetings at which, among other matters, we addressed the following:

I. The Company's regular stockholders' meeting, held on March 7, 2013, appointed Juan Miguel Gandoulf as President of the Audit and Societary Practices Committee for the year 2013.

II. With regards to the audit:

a) We evaluated the external audit plan and the professional services proposal accepted by management, and recommended to the Board of Directors that it appoint the firm, PricewaterhouseCoopers, through its audit partner, certified public accountant, Mr. José Luis Guzmán Ortiz, as independent auditor to report on the financial statements of the Company and of its Subsidiaries, corresponding to the year ended December 31, 2013.

b) We evaluated that the Company has the internal and external mechanisms with which to guarantee compliance with the laws and regulations applicable to it.

c) We reviewed the Company's accounting policies, as well as the impact of such policies, on the financial statement figures at December 31, 2013 and 2012, obtaining assurance that the financial information is presented correctly.

d) We reviewed the organization and functioning of the Company's internal audit department; we read its annual report on activities carried out in year 2013, relevant findings and its audit plan for year 2014.

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

f) We reviewed the Company's degree of adhesion to the Best Corporate Practices Code recommended by the Mexican Stock Market, in accordance with the report with information at December 31, 2012, presented on June 27, 2013.

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

h) We reviewed the consolidated financial statements at December 31, 2013, the corresponding notes thereto, and the audit report thereon, issued by the independent auditors.

i) We were made aware of the status of the reserves and estimates included in the financial statements at December 31, 2013.

j) We were informed as to the independent auditors' observations and recommendations related to the examination of the consolidated financial statements at December 31, 2012.

k) We were informed as to the activities for the prevention of money laundering associated with the Liverpool Premium Card and the Galerias Fashion Card (VISA).

III. With regards to societary practices:

a) We consider that the performance of senior management has been adequate and efficient, considering the circumstances under which such management has performed its duties.

b) We were informed as to the transactions with related parties, evaluating that the amounts thereof are not significant in relation to the Company's operations, and that such amounts are in accordance with market conditions.

c) Generally speaking, we were informed as to the criteria of the assignment of the overall remunerations made to the Company's relevant directors. We consider such remunerations to be reasonable and that they are in accordance 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 are pleased to 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, 2013, in the terms in which such statements have been prepared by the Company's Management, and presented to the Stockholders' Meeting for its approval.

Sincerely,

The Audit and Societary Practices Committee

Pedro Velasco | Juan Miguel Gandoulf | José Calderón

Consolidated balance sheets

December 31, 2013 and 2012
(Thousands of pesos)

	Note	December 31, 2013	2012
Assets			
Current assets:			
Cash and cash equivalents	7	$ 1,618,060	$ 2,910,124
Short - term loan portfolio - net	8	21,436,709	17,561,620
Value added tax recoverable - net		1,043,057	994,584
Income tax recoverable - net	23	814,611	402,997
Other accounts receivable - net	9	597,059	920,354
Inventory	11	11,421,969	10,558,247
Derivative financial instruments	10	7,759	-
Prepaid expenses	2.29	617,387	520,160
Total current assets		37,556,611	33,868,086
Non - current assets:			
Long - term loan portfolio - net	8	6,744,558	6,389,578
Long - term other accounts receivable - net	9	141,132	172,117
Derivative financial instruments	10	312,114	318,364
Investment in shares of associated companies	12	4,616,854	4,007,211
Intangibles - net	15	1,793,911	1,503,847
Investment properties - net	13	14,233,786	12,360,087
Property, furniture and equipment - net	14	29,054,263	26,490,563
Employee benefits - net	19	483,675	-
Total		$ 94,936,904	$ 85,109,853
Liabilities and stockholders' equity			
Current liabilities:			
Suppliers		$ 11,454,374	$ 10,288,069
Provisions	16	1,282,636	1,501,543
Deferred income	2.24	1,541,032	1,480,314
Creditors		5,189,318	4,446,520
Loans from financial institutions	17	2,011,128	-
Issuance of unsecured notes	18	4,000,000	-
Derivative financial instruments	10	147,983	-
Total current liabilities		25,626,471	17,716,446
Long - term loans from financial institutions	17	921,456	921,456
Long - term unsecured notes	18	8,000,000	12,000,000
Derivative financial instruments	10	120,599	341,237
Employee benefits - net	19	355,459	398,645
Deferred income tax	23.2	5,085,587	4,202,359
Total liabilities		40,109,572	35,580,143
Stockholders' equity:			
Capital stock	24	3,374,282	3,374,282
Retained earnings:			
Prior years'		42,645,852	37,919,186
For the period		7,701,930	7,197,700
Capital reserves	24	1,102,919	1,036,515
Stockholders' equity attributable to owners of the Holding company		54,824,983	49,527,683
Non-controlling interest		2,349	2,027
Total stockholders' equity		54,827,332	49,529,710
Total		$ 94,936,904	$ 85,109,853

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

Consolidated statements of comprehensive income, expenses by function

For the years ended December 31, 2013 and 2012
(Thousands of pesos, unless earnings per share)

	Note	December 31, 2013	2012
Operating revenue:			
Net sales of merchandise	2.23	$ 63,528,386	$ 57,017,252
Interest earned from customers	2.23	5,809,777	5,352,964
Leasing of investment property	2.23	2,579,680	2,115,854
Services	2.23	2,187,601	1,760,434
Total revenue		74,105,444	66,246,504
Costs and Expenses:			
Cost of sales	21	44,134,370	39,526,608
Administration expenses	21	19,397,781	16,756,502
Total costs and expenses		63,532,151	56,283,110
Other income - net	22	262,789	342,682
Operating income		10,836,082	10,306,076
Financing costs	18	(1,088,892)	(985,129)
Return on investments	7	181,983	200,660
Foreign exchange fluctuation - net		(38,236)	12,776
Equity in the results of associated companies	12	510,011	414,941
Pre-tax income		10,400,948	9,949,324
Taxes	23	2,698,115	2,750,744
Consolidated net income		7,702,833	7,198,580
Other items comprising comprehensive income:			
Valuation of financial instruments contracted for cash flow hedging	10	66,404	95,026
Other movements in equity		51,576	-
Remeasurements of employee benefits		67,247	(123,614)
Consolidated comprehensive income		$ 7,888,060	$ 7,169,992
Net income attributable to:			
Owners of holding company		$ 7,701,930	$ 7,197,700
Non-controlling interest		903	880
		$ 7,702,833	$ 7,198,580
Basic and diluted earnings per share	24	$ 5.73	$ 5.36
Comprehensive income attributable to:			
Owners of holding company		$ 7,887,738	$ 7,169,382
Non-controlling interest		322	610
		$ 7,888,060	$ 7,169,992
Basic and diluted earnings per share		$ 5.87	$ 5.34

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

Consolidated statements of changes in stockholders' equity

At December 31, 2013 and 2012
(Thousands of pesos)

	Capital stock	Retained earnings	Capital reserves	Total stockholders' equity attributable to the owners of the holding	Non controlling equity	Total stockholders' equity
Balances at January 1, 2012	$ 3,374,282	$ 38,941,801	$ 941,489	$ 43,257,572	$ 1,417	$ 43,258,989
Comprehensive income						
Net income		7,197,700		7,197,700	880	7,198,580
Actuarial Remeasurements of employee benefits		(123,344)		(123,344)	(270)	(123,614)
Valuation of derivative financial instruments	-	-	95,026	95,026	-	95,026
Total comprehensive income	-	7,074,356	95,026	7,169,382	610	7,169,992
Transactions with owners:						
Dividends paid at $0.67 pesos per share	-	(899,271)	-	(899,271)	-	(899,271)
Total transactions with stockholders	-	(899,271)	-	(899,271)	-	(899,271)
Balances at December 31, 2012	3,374,282	45,116,886	1,036,515	49,527,683	2,027	49,529,710
Comprehensive income						
Net income		7,701,930		7,701,930	903	7,702,833
Actuarial Remeasurements of employee benefits		67,247		67,247	(581)	66,666
Other movements in equity		52,157		52,157		52,157
Valuation of derivative financial instruments	-	-	66,404	66,404	-	66,404
Total comprehensive income	-	7,821,334	66,404	7,887,738	322	7,888,060
Transactions with owners:						
Dividends paid at $1.93 pesos per share	-	(2,590,438)	-	(2,590,438)	-	(2,590,438)
Total transactions with stockholders	-	(2,590,438)	-	(2,590,438)	-	(2,590,438)
Balances at December 31, **2013**	$ 3,374,282	$ 50,347,782	$ 1,102,919	$ 54,824,983	$ 2,349	$ 54,827,332

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

Consolidated cash flow statements

December 31, 2013 and 2012
(Thousands of pesos)

	December 31, 2013	2012
Operations		
Pre-tax income	$ 10,400,948	$ 9,949,324
Adjustment from items not implying cash flows:		
Depreciation and amortization included in costs and expenses	1,700,245	1,462,907
Provision for impairment of loan portfolio	1,640,312	1,076,930
Equity in income of associated companies	(510,011)	(414,941)
Profit on sale of investment properties	45,384	(3,592)
Profit on sale of property, furniture and equipment	(69,371)	(78,427)
Net cost for the period of labor obligations	112,166	90,411
Interest earned	(3,576,015)	(3,334,932)
Accrued interest expense	1,088,892	985,129
	431,602	(216,515)
(Increase) decrease in:		
Interest earned from customers	3,388,167	3,149,057
Short - term loan portfolio	(5,509,536)	(2,663,209)
Inventory	(863,722)	(449,224)
Value added tax recoverable	(48,473)	(75,309)
Other accounts receivable	323,295	(75,158)
Income tax recoverable	(611,169)	(402,997)
Prepaid expenses	(136,483)	(17,561)
Long - term loan portfolio	(354,980)	(1,621,104)
Other long-term accounts receivable	30,985	(13,471)
Deferred income	60,718	141,770
Suppliers	1,166,305	704,310
Creditors	1,011,299	525,876
Taxes paid	(2,191,361)	(2,645,973)
Provisions	(218,907)	109,111
Employee benefits paid	(571,780)	9,683
Tax recovery	199,555	5,784
Net cash flows provided by operating activities	6,506,463	6,414,394
Investment activities		
Return on investments	181,983	200,660
Acquisition of property, furniture and equipment	(3,802,540)	(5,284,038)
Sale of property, furniture and equipment	50,161	116,633
Sale of investment properties	182,274	59,555
Acquisition of investment property	(2,146,941)	(2,447,588)
Investment in new IT developments	(595,262)	(830,607)
Net cash flows provided by investment activities	(6,130,325)	(8,185,385)
Cash (insufficiency) surplus to be used in financing activities	376,138	(1,770,991)
Financing activities		
Issuance of unsecured notes	-	4,000,000
Dividends paid	(2,590,438)	(899,271)
Loans repaid	2,011,128	-
Interest paid	(1,088,892)	(985,129)
Net cash flows provided by financing activities	(1,668,202)	2,115,600
Decrease (increase) in cash and cash equivalents	(1,292,064)	344,609
Cash and cash equivalents at beginning of year	2,952,408	2,681,547
Exchange fluctuations of cash	(42,284)	(116,032)
Cash and cash equivalents at end of year	$ 1,618,060	$ 2,910,124

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

Notes to the consolidated financial statements

December 31, 2013 and 2012
(Thousands of pesos, unless otherwise specified)

Note 1- General information:

El Puerto de Liverpool, S.A. B. de C.V. and subsidiaries (hereinafter the Company) 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 with the Mexican Securities Market and has an important presence in the Federal District (Mexico City) and in 30 states in Mexico. At December 31, 2013, the Company operated a total 96 department stores, 73 under the name of Liverpool, 23 under the name of Fábricas de Francia, aside from 5 Duty Free stores and 39 specialized boutiques. In 2012, nine new stores started up operations: Villahermosa, Tabasco; Guadalajara, Jalisco; San Juan del Río, Queretaro; Veracruz, Veracruz; Playa del Carmen, Quintana Roo; León, Guanajuato; Ciudad Jardin, Estado de México; Campeche, Campeche; and Salina Cruz, Oaxaca. In 2013 four new stores started up operations: Mazatlan , Sinaloa; Ciudad del Carmen, Campeche; Tuxpan, Veracruz; Mexicali, Baja California; as well as 23 boutiques.

The Company grants its customers financing through the "Liverpool Credit Card", with which customers can make purchases at Company stores exclusively. Additionally, the Company operates 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 handling a third card denominated "Galerías Fashion Card", which closely resembles the LPC.

Additionally, the Company manages, is a partner, stockholder or co-owner of shopping malls and holds an interest in 22 of them known as "Galerías", through which it leases commercial space to tenants engaged in a broad number of businesses. In 2013, three new shopping malls started up operations: San Juan del Rio, Queretaro; Campeche, Campeche and Mazatlan, Sinaloa.

In 2012, two new shopping started up operations: Zacatecas, Zacatecas; Celaya, Guanajuato, and acquired a one in Acapulco, Guerrero.

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

Mario Pani 200
Col. Santa Fe , Cuajimalpa
México, D.F
C.P. 05348

Note 2 - Summary of significant accounting policies:

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 and Other Companies traded on the Mexican Securities Market, 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 Company early adopted IAS 19 (revised) - "Employee Benefits". The application of this standard is required for periods beginning on January 1, 2013, however early adoption is allowed.

The consolidated financial statements have been prepared on the historical cost basis of accounting, except for the cash equivalents and financial instruments of cash-flow hedge 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 annually generated profits, as well as by contracting short and long-term credit lines, but respecting the debt ceiling approved by the Board of Directors. The Company's financial structure has allowed for operating with liquidity, despite the important investments in capital goods carried out annually to expand the sales floor through opening of new stores and shopping malls. Interest payment is covered more than 8 times by operating income and is one of the objectives established by the Board of Directors. Taking into account the possible variations in operating performance, the Company's budget and projections show it is able to operate with its current level of financing. The Company is in compliance up to date with its payment obligations, and its obligations to do and not to do established under financing agreements.

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 policies and disclosures

New standards, changes and interpretations issued but not in effect as from January 1, 2013, and have been adopted by the company.

- IFRS 7 "Financial Instruments". This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposure relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets.
- IAS 1 "Presentation of financial statement". This modification requires that the entity separates the elements presented in other comprehensive-income items into two groups, based on whether or not then can be recycled to income in the future. Elements not to be recycled must be presented separately from those that can be recycled in the future. The modification is applicable for periods as from July 1, 2013.
- IFRS 10 "Consolidated Financial Statements" establishes the principles for presentation and preparation of consolidated financial statements, when an entity controls one or more entities, based on any of the items currently considered. This new standard modifies the definition of the control principle and provides additional guidelines for the determination of control for more complex situations. The standard replaces IAS 27 "Consolidated and Individual Consolidated Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". This standard is mandatory as from January 1, 2013.
- IFRS 12 "Disclosure of Interest in Other Entities" requires disclosure of information that allows the users of financial information to evaluate the nature and risk related to their interest in other entities, including joint ventures, associated companies, special purpose entities and other off balance sheet vehicles, aside from the effects of said interests on their financial position and performance, as well as on their cash flows. This standard is mandatory as from January 1, 2013.
- IFRS 13 "Fair Value Measurement" provides a definition for fair value and establishes, in a single standard, the framework for measuring said fair value and the requirements for disclosure of said measurements. This standard is applicable when other IFRS require or allow for fair value measurement, except for transactions under the scope of IFRS 2 "Share-based Payments", IAS 17 "Leases", measurements closely resembling fair value, but which are not considered as such, as well as the net realization value under the scope of IAS 2 "Inventories" or the value in use in IAS 36 "Impairment of Long-lived Assets". This standard is mandatory as from January 1, 2013.
- IAS 27 "Individual Financial Statements" establishes the standards applicable to investments in subsidiary and associates , and joint ventures, when an entity opts or is required by local regulations to present non-consolidated financial statements. This standard does not specify which entities are to produce individual financial statements available for public use, and applies to entities preparing individual financial statements in accordance with IFRS. Individual financial statements are those presented by a holding company, an investor with joint control or significant influence, on which investments are recognized at cost as per IFRS 9 "Financial Instruments". This modified standard is mandatory as from January 1, 2013.
- IAS 28 "Investments in Associates and Joint Ventures" prescribes the requirements for applying the equity method for investments in associates and joint ventures. The standard replaces the prior version of IAS 28 "Investments in Associates " and is mandatory as from January 1, 2013.

The Company is currently in the process of evaluating the impact of these standards on its financial statements. The are no other additional standards, changes or interpretations that although mandatory, could have a material impact on the Company's financial information.

- IFRS9 "Financial instruments" addresses classification, recognition and measurement of financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010. This standard partially replaces IAS 39 "Financial Instruments: Recognition and Valuation" on matters related to classification and measurement of financial instruments. IFRS 9 requires that financial assets be classified in either of the following two categories: assets measured at fair value and those measured at their amortized cost. The determination must be on the amount of the initial recognition of said assets. The classification depends on the business model used by the entity in handling its financial instruments and the contractual characteristics of the instruments' cash flows. For financial liabilities, the standard has retained most of the requirements of IAS 39. The main change is that if the fair value option is used, the valuation effect related to own credit risk must be recognized as part of comprehensive income or loss, unless it gives rise to an accounting mismatch. The Company expects to adopt this standard on January 1, 2015.

2.2 Consolidation

a. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns thorough its power over the entity. Subsidiaries are fully consolidated from the date on wich control is transferred to the group. 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. The subsidiary companies' accounting policies have been modified when necessary, for consistency with the policies adopted by the Company.

Following is a summary of the Company's interest in subsidiaries at December 31, 2013 and 2012:

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
7 real estate companies	99.93%	Development of real-estate projects, mainly shopping malls

Additionally, the Company consolidates a trust over which it has control on the basis of the indicators mentioned in IFRS 11 "Consolidated Financial Statements". That trust is described in Note 13 to the consolidated financial statements.

b. Associates

The 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 shares. Investments in associates are recorded by the equity method and are initially recorded 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 therein, 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 Information per segment

Information per segment is presented consistently 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 exchanges profits and losses resulting from said transactions and from conversion, at the exchange rates in effect at the year-end close, of monetary assets and liabilities denominated in foreign currency are recognized as exchange fluctuations under financing cost in the statement of income.

2.5. Financial assets

2.5.1 Classification

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

Loans and accounts receivable are non-derivative financial assets allowing for fixed or determinable payments and which are not quoted in a deep market. They are shown as current assets, except for those maturing in over 12 months as from the closing date of the period reported, which are classified as non-current assets.

Financial assets held at fair value that affect profit and loss are financial assets that are held for business purposes. 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 business unless they are designated as hedges. Financial Assets held for business purposes 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

a. Loans and receivables

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 thereof is expected in a year or under, said 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.

Loans and accounts receivable are no longer recognized when the rights to receive cash flows from investments expire or are transferred and the Company has transferred all the risks and benefits arising from ownership thereof. If the Company does not transfer or substantially retain all the risks and benefits inherent to ownership and continues retaining 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 transferred, the Company continues recognizing the financial asset, as well as a liability for the resources received.

b. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are investments in highly liquid government bonds maturing at terms of under 28 days. These assets are stated at fair value and value fluctuations are recorded in the results of the period.

2.6. Impairment of non-financial assets

2.6.1 Assets valued at their amortized cost

At the end of every reporting period, the Company evaluates whether or not there is 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 occurred after initial recognition of the asset 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, increasing the balance of this provision, according to the 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 hedges, 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 thereof 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 expires 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

In the consolidated cash flow statements, cash and cash equivalents include available cash, deposits in checking accounts, bank deposits in foreign currency and short-term investments in highly liquid securities, easily converted to cash, maturing at terms of under 28 days as from the date of acquisition and subject to immaterial risks of 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. Cash equivalents are mainly represented by investments in government instruments. See Note 7.

2.9. Inventory stock

Inventory stock is recorded at the lower of cost or its net realization value. Cost includes the cost of merchandise, plus costs related to importation, freight, handling, shipment, storage at customs and at distribution centers, less the value of the respective returns. The net realization value is the selling price estimated in the normal course of operations, less costs estimated to conduct the sale. 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 has implemented loss prevention programs and control procedures, shrinkage has been immaterial. See Note 11.

2.10. Investment properties

Investment properties are real property (land and buildings) held to obtain economic benefits through collection of rent or to obtain the increase in value, 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 own 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 own stores are recorded as property, furniture and equipment, in the statement of financial position.

Depreciation is calculated by the straight - line method to distribute the cost thereof 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 thereof. 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 2.13.

Expansion, remodeling and improvement costs representing an increase in capacity and thus an extension of the useful life of goods are also 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 process represent stores under construction and include investments and costs directly attributable to startup of operations. These investments are capitalized upon opening the store and depreciation thereof is computed as from that point.

Land is not depreciated. Depreciation of other assets is calculated by the straight-line method to distribute the cost thereof 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
Operating, communications and security equipment	10 years
Furniture and equipment	10 years
Computer equipment	3 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 and reviewed and adjusted, if necessary, at the date of each statement of financial position.

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 2.15.

Profits 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 "Other income (expenses)".

2.12. Cost of loans

The costs of loans 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 thereof 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, 2013 and 2012, 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, qualify for requiring a construction period longer than a year.

2.13. Intangibles

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 us;
- 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 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 as expenses as they are incurred. Development costs previously recognized as expenses are not recognized as assets in subsequent periods.

Costs incurred in the development of computer programs recognized as assets are amortized on the basis of their estimated useful lives, provided they do not exceed five years.

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 said impairment.

2.15. Accounts payable

Accounts payable are payment obligations on 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 show 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. Loans from financial institutions and issuance of unsecured notes

Loans from financial institutions and issuance of unsecured notes are initially recognized at fair value, net of costs incurred in the transaction. Said 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 part 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 expired.

2.18. Provisions

Provisions are estimated of the expenditure required to settle the present obligation is the amount assessed rationally, that the entity would pay to setlle the obligation at the end of the reporting period under review, or for transfer to a third party at that date.

2.19. Tax on profits

The tax on profits 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.

The tax on profits currently payable is comprised of income tax and flat tax, applied to income for the year in which said taxes were incurred. The tax currently payable is the greater of the two. These taxes are based on tax profits and cash flows for each year, respectively.

The charge corresponding to tax on profits currently payable is calculated as per the tax laws approved at the balance sheet date in Mexico and in the countries in which the Company's associates operate and generate a tax base. Management periodically evaluates the position assumed with respect to tax refunds as they relate to situations in which the tax laws are subject to interpretation.

In recognizing deferred taxes, it is determined whether or not, based on financial projections, the Company will incur income tax or flat tax, and the deferred tax is recognized that corresponds to the tax to be paid in each period. Deferred income tax is reserved in its entirety, by the assets and liabilities method, on the temporary differences arising between the tax bases of assets and liabilities and their respective values, as shown in the consolidated financial statements. The deferred tax on profits is determined using the tax rates and laws in effect at the balance sheet date and which are expected to be applicable when the deferred tax on profits asset is realized or the deferred tax on profits liability is paid.

The deferred tax-on-profits asset is only recognized to the extent future tax benefits are likely to be obtained against which temporary difference liabilities can be used.

The deferred tax on profits is generated on the basis of the temporary differences of investments in subsidiary and associates , except when the possibility that temporary differences will be reinvested is under the Company's control and the temporary difference is unlikely to be reinvested in the foreseeable future.

The balances of deferred tax-on-profits assets and liabilities are offset when there is a legal right to offset current tax assets against current tax liabilities and when 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.

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 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 Remeasurements of employee benefits 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 of employee benefits 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.

Due to the Company early adopted IAS 19 (revised) "Employee Benefits"; the costs of past services were immediately applied to capital reserves on equity.

b. 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 level of compliance on the goals established for each officer at the beginning of the year. The Company has set up a reserve of $ 121,334 , at December 31, 2013 ($212,751 at December 31, 2012), that is included in Note 16 within Bonds and Compensation paid to employees.

c. 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.

d. Other benefits granted to employees

The Company grants a benefit to employees that after 20 years of service finish their labor relationship, either for lay off or voluntary decision. 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.

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

This kind of benefits is payable and recorded in the income statement upon termination of the labor relationship with the personnel before the retirement date or when the employees accept a voluntary resignation in exchange of such 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 ahead.

a. Sale of merchandise

Revenue from the sale of merchandise is recognized when the customer takes possession of the goods at the stores or when the merchandise is delivered at the customer's domicile. Approximately half of merchandise sales are paid for by the customers with the credit cards handled by the Company, and the other half is settled in cash or through bank debit or credit cards.

In accordance with IAS 18 "Revenue", in promotions involving interest free sales on credit for a determined number of months, the cash received 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 determined using as reference, the 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 definitively 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. Accumulated experience shows that returns on sales are not representative with respect to total sales, due to which, 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 e-wallets showing no movements in 24 months being redeemed is remote. Therefore, e-wallets showing these characteristics are cancelled, with a credit to sales. At December 31, 2013 and 2012 the value of e-wallets issued and not yet redeemed totals $1,541,032 and $1,480,314, respectively, and 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 and entirely, through the acquisition of merchandise, recognizing revenue in the same amount. In the Company's historical experience, the likelihood of gift certificates showing no movements in 24 months being redeemed is remote. Therefore, certificates with these characteristics are cancelled against service income and other operating 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 recording thereof is suspended after ninety days the credit has remained past due.

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

d. Services

Income stemming from service agreements is determined as follows:

- Commission income corresponding to 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.

e. Lease revenue

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

2.23. Deferred income

The Company records deferred income arising from different transactions in which cash was received, but in which the conditions for revenue recognition described in paragraph 2.22 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

Leasing is classified as capital leasing when the terms of the lease transfer all the risks and benefits inherent to the property to the lessees. 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 leasing 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 dividing the holding interest by the weighted average of ordinary shares outstanding during the period. Earnings per diluted share are determined adjusting the holding interest and ordinary shares, under the assumption that the entity's commitments to issue or exchange own shares would be realized. Basic earnings are the same as diluted earnings due to the fact that there are no transactions that could potentially dilute earnings. See Note 24.

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 at the cost of sales in the period in which they are received.

2.28. Prepaid payments

The Company recognizes as prepaid payments those corresponding to advertisement on television and insurance premiums. Those amounts are recorded at the value contracted and are recorded in income when the advertisements are broadcasted and on a straight line basis for insurance premiums. In no event the amounts contracted exceed 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
    3.3.3. Capital risk

3.1 Real estate risk

The Company has a diversified real estate property base distributed throughout 30 states in Mexico and 52 cities of different sizes. The Company owns department stores and either owns or co-owns 22 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. Real estate activities constitute a source of income through the leasing of approximately 2,050 commercial spaces located in 22 company-owned shopping malls.

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 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. It is Company policy to request that lessees deposit, as a guarantee, one or two monthly rent payments prior to taking possession of the commercial space. The historical occupancy rate of the Company's commercial space is above 95% and the rent-related uncollectibility 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. Company's policies require that derivative financial instruments be quoted from three different financial institutions to guarantee the best market conditions.

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, analyses are conducted of the sensitiveness to the different levels of the pertinent 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 17, the Company has contracted no 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 18% of total purchases. At December 31, 2013 and 2012, at the consolidated level, the Company's exposure to exchange rate risks amounted to US$ 180,502 , €6,452 and US$2,867, €2,471, respectively. In the event of a 10% increase in the exchange rate of the peso to the US dollar, the Company's loss would approximate $236,174 and $3,717 ($ 645, income and $4,223, respectively for the Euro position), in each of those years. Said 10% represents the sensitivity rate used when the exchange risk is reported internally to the Operations Committee, and represents the management's assessment of possible changes in exchange rates. The sensitivity analysis includes only those monetary items not yet settled 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 contracted no hedging for the flows it receives from this investment.

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

	December 31, 2013		December 31, 2012	
Thousands of US dollars:				
Monetary assets	US$	5,107	US$	5,553
Monetary liabilities		(185,609)		(8,420)
Net (short) position	US$	(180,502)	US$	(2,867)
Equivalent in pesos	$	(2,361,742)	$	(37,173)

	December 31, 2013		December 31, 2012	
Thousands of Euros:				
Monetary assets	€	3,883	€	5,855
Monetary liabilities		(10,335)		(3,384)
Net (short) long position	€	(6,452)	€	2,471
Equivalent in pesos	$	(116,200)	$	42,227

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

	February 21, 2014		December 31 2013	
US dollar	$	13.2913	$	13.0843
Euro	$	18.2455	$	18.0079

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. Loans and long-term issues of unsecured notes are subject to both fixed and variable interest rates and expose the Company to the risk of variability in interest rates, thus exposing its cash flows. Loans 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 consists of hedging most of its loans and issuances of unsecured notes towards a fixed rate profile; however, fixed to variable interest rate swaps are also contracted on a temporary basis to streamline financial costs when market rates allow it. However, the Company's preference is to maintain fixed interest rates for its debts. The main reason for using derivative financial instruments is to know for certain 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.

The Company is permanently analyzing its exposure to interest rates. A number of different scenarios are simulated, that consider 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, 2013 and assuming the following:

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

The other items comprising comprehensive income for the year ended December 31, 2013 and 2012 would have decreased / increased by $ 98,975 and $ 75,415, 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, 2013, the Company has financing denominated in Investment Units (UDIs, the monetary unit linked to inflation in Mexico). The Company has contracted a swap to hedge against exposure to the risk that the value of the issuance of unsecured notes could be affected by the increase in the inflation rate in Mexico. In 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 $ 32,145 and $23,986, 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 authority 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, who finance a significant part of inventory stock, the debt service and fund operating costs and expenses. The Treasury prepares a cash flow daily to maintain the required level of cash available and plan the investment of surpluses. The months with highest operations for the Company and consequently with the highest accumulation of cash are May, July and the last quarter of the year. Most of the Company's investments are made in pesos and small portion in US dollars.

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 of approximately $10,600,000, as well as overdraft lines of credit to allow for immediately accessing 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.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years
December 31, 2013				
Issuance of unsecured notes	$ 222,148	$ 4,678,786	$ 5,755,472	$ 5,324,465
Loans from financial institutions	2,034,782	65,532	1,225,525	-
Derivative financial instruments	-	147,983	120,599	-
Standby letters	39,392	452,040	-	-
Vendors and creditors	13,870,115	3,839,891	216,322	-
	$ 16,166,437	$ 9,184,232	$ 7,317,918	$ 5,324,465

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years
December 31, 2012				
Issuance of unsecured notes	$ 227,619	$ 695,502	$ 10,250,156	$ 5,730,715
Loans from financial institutions	21,447	65,532	1,312,504	-
Derivative financial instruments	-	-	205,086	136,151
Standby letters	5,126	218,305	72,664	-
Vendors and creditors	11,274,985	4,820,794	140,353	-
	$ 11,529,177	$ 5,800,133	$ 11,980,763	$ 5,866,866

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. The Company handles a wide variety of credit pans, the most common of which are: 1) Budget; 2) sales at Months without Interest (MSI for its acronym in Spanish), and 3) the Fixed Payment Plan. In the Budget Plan, an average monthly balance is determined, based on which interest is generated. In the MSI Plan, the card holder makes fixed payments at a 0% interest rate, whereas with the Fixed Payment Plan, the customer pays the same amount for an established term at the same interest rate as that of the Budget Plan. In the Fixed Payment Plan, a deferral option is periodically granted, whereby the customer purchases on a particular date, to begin paying at a later day with fixed payments that already include interest. Under the MSI Plan, the Company offers its customers the possibility of refinancing their monthly payments, allowing for paying only 10% thereof and transferring the remaining balance to the Budget Plan, with which interest begins to be generated. Loan terms fluctuate from 6, 13 and occasionally to 18 months.

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's target market is mainly represented by the segment of the population located in socioeconomic levels A, B, and C.

The Company has a risk management system for the loan portfolio, whose main components include: 1) the risk of default and loss, involved in the process for granting loans, authorization of purchase transactions and collections management; 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, with respect to the Liverpool Premium card and Galerias Fashion Card, the regulation for preventing money laundering and those established by the National Protection and Defense of Financial Services Users Commission (Condusef for its Spanish acronym); and 4) the risk of fraud, which comprises the prevention, analysis and detection, recovery and solution. These activities include, among others, a transactional analysis of cardholders' behavior patterns, contracting of anti-fraud insurance, managing of plastics, implementation of a safe web portal and use of automated detection systems.

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 different accounts showing default and the actions to be taken are determined, which include the following: telephone calls to customers, sending of letters and telegrams, home visits, etc. 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 credit, as well as extending of credit limits of current customers. Given the Company's line of business, there are no real guarantees related to accounts receivable.

Financial institutions and counterparties in derivative operations

Cash surpluses are invested in credit institutions with a high credit rating, in government instruments with high availability also, the counterparties in derivative operations are high credit quality financial institutions. It should be mentioned that none of the agreements signed to operate derivative financial instruments establish an obligation for the Company to keep cash deposits in margin accounts to guarantee these operations.

3.3.3. Capital risk

The Company's objective is to safeguard its capability to continue operating as a going concern, so as to maintain a financial structure that will optimize the cost of capital and maximize stockholders' yields. The Company's capital structure comprises the debt, which includes financing contracted via issuance of unsecured notes and bank loans, cash and cash equivalents, and stockholders' equity, that includes subscribed capital, retained earnings and reserves. Historically, the Company has invested substantial resources in capital goods to expand its operations, through reinvesting earnings. The Company has no established policy for decreeing dividends; however, the dividend payment approved annual has represented 13% of the majority net income for the immediately prior year.

The Board of Directors has established the following rules for management of financial and capital risks.

- The debt with cost must not exceed 15% of total assets.
- All debts must be subject to a fixed interest rate.

All these rules were complied with at December 31, 2013 and 2012.

Management annually reviews the Company's capital structure when it presents the budget to the Board of Directors and the stockholders. The Board of Directors verifies that the level of indebtedness planned does not exceed the established limit.

3.4. Fair value estimate

The financial instruments recorded at fair value in the statement of financial position are classified on the basis of the manner of obtaining its fair value.

- Level 1 fair value derived from prices quoted (not adjusted) in active markets for identical liabilities or assets.
- Level 2 fair value 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 value derived from valuation techniques that include indicators for assets or liabilities that are not based on observable market information.

		Book value		Level 1		Level 2		Level 3
December 31, 2013								
Assets arising from hedge derivative financial instruments	$	319,873	$	-	$	319,873	$	-
Cash and cash equivalents		1,014,760		1,014,760		-		-
Liabilities arising from hedge derivative financial instruments		(268,582)		-		(268,582)		-
Total	$	1,066,051	$	1,014,760	$	51,291	$	-

		Book value		Level 1		Level 2		Level 3
December 31, 2012								
Assets arising from hedge derivative financial instruments	$	318,364	$	-	$	318,364	$	-
Cash and cash equivalents		2,210,787		2,210,787		-		-
Liabilities arising from hedge derivative financial instruments		(341,237)		-		(341,237)		-
Total	$	2,187,914	$	2,210,787	$	(22,873)	$	-

During the years ended December 31, 2013 and 2012, there were no transfers between levels 1 and 2.

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 is required to make 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 to be 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 during in applying the entity's accounting policies and that have an significant effect on the amounts recognized in the consolidated financial statements.

4.1.1. Revenue recognition - sales at months without interest

Notes 2.22 a. and c. describe the Company's policies for recording of sales at months without interest. The above implies that Company Management applies its judgment to identify the interest rate applicable to calculate the present value of sales at months with no 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 of 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 shareholding; however, the activities, decision making and economic aspects indicate that the Company exercises control there over.

That trust is 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. Determination of tax on profits

For the purpose of determining deferred taxes, the Company must make tax projections to determine whether or not the Company is to incur flat tax or income tax, and thus consider the tax incurred as the base for determining deferred taxes.

4.2.3. 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 the period, it was not determined that the life and residual values must be modified, as according to management's assessment, the useful lives and residual values reflect the economic conditions of the Company's operating environment.

4.2.4. 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.

4.2.5 Employee benefits

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

Note 5 - Category of financial instruments:

	Loans and accounts receivable	Financial assets through profit and loss	Derivatives used for hedging	Total
December 31, 2013				
Financial assets:				
Cash one hand and banks	$ 603,300			$ 603,300
Investments		$ 1,014,760		1,014,760
Short and long-term loan portfolio	28,181,267			28,181,267
Other short and long-term accounts receivable	738,191			738,191
Derivative financial instruments to short and long term			$ 319,873	319,873

	Derivatives used for hedging	Other financial liabilities at amortized cost	Total
Financial liabilities:			
Issuance of long-term unsecured notes		$ 12,000,000	$ 12,000,000
Short and long-term loan portfolio		2,932,584	2,932,584
Suppliers and creditors		16,643,692	16,643,692
Derivative financial instruments to short and long term	$ 268,582		268,582

	Loans and accounts receivable	Financial assets through profit and loss	Derivatives used for hedging	Total
December 31, 2012				
Financial assets:				
Cash one hand and banks	$ 699,337			$ 699,337
Investments		$ 2,210,787		2,210,787
Short and long-term loan portfolio	23,951,198			23,951,198
Other short and long-term accounts receivable	1,092,471			1,092,471
Derivative financial instruments			$ 318,364	318,364

	Derivatives used for hedging	Other financial liabilities at amortized cost	Total
Financial liabilities:			
Issuance of long-term unsecured notes		$ 12,000,000	$ 12,000,000
Long-term loans from financial institutions		921,456	921,456
Suppliers and creditors		14,734,589	14,734,589
Derivative financial instruments	$ 341,327		341,327

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, 2013	2012
Accounts receivable		
Counterparties without external risk ratings:		
Group 1 - Customers with Liverpool credit card	$ 22,779,492	$ 20,416,688
Group 2 - Customers with Visa credit card	4,018,486	2,357,806
Total unimpaired accounts receivable	26,797,978	22,774,494
Cash in banks and short-term bank deposits[1]		
AAA	1,601,126	2,693,259
AA	-	200,000
A	-	-
	1,601,126	2,893,259
Financial assets - derivative financial instruments[2]		
AAA	319,873	318,364
AA	-	-
	319,873	318,364
	$ 28,718,977	$ 25,986,117

- 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 commercialized 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, 2013 and 2012.

Note 7 - Cash and cash equivalents:

	December 31, 2013	2012
Cash one hand and banks	$ 603,300	$ 699,337
Investments	1,014,760	2,210,787
Total	$ 1,618,060	$ 2,910,124

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

	December 31, 2013	2012
Current loans	$ 26,797,978	$ 22,774,494
Past due loans	3,150,296	2,485,395
	29,948,274	25,259,889
Provision for impairment of loan portfolio	(1,767,007)	(1,308,691)
	$ 28,181,267	$ 23,951,198
Total short-term	$ 21,436,709	$ 17,561,620
Total long-term	$ 6,744,558	$ 6,389,578

8.1. Movements in provision for impairment of loan portfolio:

	December 31, 2013	2012
Balance at beginning of year	$ 1,308,691	$ 1,173,720
Impairment provisions	1,640,312	1,076,930
Write-offs	(1,181,996)	(941,959)
Balance at end of year	$ 1,767,007	$ 1,308,691

8.2. Aging of past due balances

Accounts receivable at the closing of each year include past due amounts of $ 3,150,296 and $2,485,395 at December 31, 2013 and 2012. Amounts more than 30 days past due are entirely covered by the impairment provision.

Note 9 - Other accounts receivable:

	December 31, 2013	2012
Short-term accounts receivable:		
GPR Controladora, S. A. de C. V.	$ -	$ 337,652
Insurance companies	7,414	39,583
Short - term loans to employees	61,651	170,161
Other debtors [1]	527,994	372,958
	597,059	920,354
Long-term accounts receivable:		
Long - term loans to employees	141,132	172,117
Total	$ 738,191	$ 1,092,471

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

Note 10 - Derivative financial instruments:

The Company uses hedge derivative financial instruments to reduce the risk of adverse movements in the interest rates of its long-term debt and inflationary increases in Mexico, to ensure certainty 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 amount[1]	Contracting	Maturity	Contracted by IFD	Agreed in the debt	2013	2012
					Assets	
$ 1,000,000	September 2008	August 2018	TIIE + 0.18%	9.36%	$ 184,129	$ 209,830
750,000	June 2010	May 2020	8.48%	4.22%	127,985	108,534
1,000,000	September 2013	January 2014	Libor + 0.04%	TIIE - 0.10%	2,668	-
1,000,000	September 2013	March 2014	Libor + 0.46%	TIIE- 0.15%	5,091	-
Total					$ 319,873	$ 318,364
IFD less long-term					$ 312,114	$ 318,364
Portion current short-term					$ 7,759	$ -
					Liabilities	
$ 2,000,000	March 2008	December 2014	7.47%	TIIE + 0.04%	$ (69,816)	$ (94,478)
2,000,000	March 2008	December 2014	7.89%	TIIE + 0.04%	(78,167)	(110,608)
1,000,000	April 2009	August 2018	TIIE + 0.18%	7.95%	(120,599)	(136,151)
	Total				$ 268,582	$ (341,237)
IFD les long term					$ 120,599	$ 341,327
Portion current short-term					$ 147,983	$ -

[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 11 - Inventory stock:

	December 31, 2013	December 31, 2012
Merchandise for sale	$ 11,421,969	$ 10,558,247

The cost of sales includes, at December 31, 2013 and 2012 $456,883 and $699,521, respectively, related to inventory write-offs.

Note 12 - Investments in shares of associates:

Concept	Activity	Place of incorporation and operations	Proportion of shareholding and voting power December 31, 2013	2012	Amount December 31, 2013	2012
Investment in associated companies (i) and (ii)	Sales	Mexico and Central America	50%	50%	$ 3,944,927	$ 3,500,396
Other investments (iii)	Malls	Mexico	Several	Several	671,927	506,815
In associated					$ 4,616,854	$ 4,007,211

(i) Regal Forest Holding Co. (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, whose 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 due to the criteria 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 ten 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, 2013	December 31, 2012
Total assets	$ 21,429,320	$ 19,732,318
Total liabilities	15,085,146	14,103,669
Net assets	$ 6,344,174	$ 5,628,649
Equity in net assets of associates	$ 3,172,074	$ 2,809,708
Total income	$ 19,013,027	$ 14,688,774
Net income for the year	$ 1,044,540	$ 824,014
Company's equity in profits of associates	$ 510,011	$ 414,941

12.2. The reconciliation of associated companies is as follow:

Balance at January 1, 2012	$ 3,568,978
Equity method	438,233
Balance at December 31, 2012	4,007,211
Equity method	609,643
Balance at December 31, 2013	$ 4,616,854

Note 13 - Investment properties:

		Amount
Balance at January 1, 2012		
Cost	$	11,623,756
Accumulated depreciation		(1,520,963)
		10,102,793
Acquisitions		2,489,817
Disposals		(80,434)
Depreciation		(152,089)
Balance at December 31, 2012		12,360,087
Acquisitions		2,094,424
Disposals		(60,386)
Depreciation		(160,339)
Balance at December 31, 2013	$	14,233,786

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 the Company's investment properties at December 31, 2013 totals $35,561,678.

Revenue from leasing of investment properties is described in Note 26. At December 31, 2013 and 2012, the Company holds the following accounts receivable under non cancelable agreements:

	December 31,			
		2013		2012
Up to one year	$	1,528,755	$	1,317,453
From one year to five years		7,241,391		5,913,028
More than five years		5,807,530		4,742,195
Total	$	14,577,676	$	11,972,676

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

	December 31,			
		2013		2012
Personnel compensation and benefits	$	54,283	$	48,877
Advertising		82,133		70,449
Real estate taxes and water		57,273		46,985
Electrical power and utilities		16,362		5,670
Services contracted		5,936		6,478
Other expenses		17,012		10,058
Travel expenses		4,007		3,505
Rent of equipment		2,350		12,550
Repairs and maintenance		381,344		381,816
Total	$	620,700	$	586,388

Note 14 - Property, furniture and equipment - net:

	Land	Buildings and structures	Furniture and equipment	Leasehold improvements	Computer equipment	Transportation equipment	Works in progress	Total
At January 1, 2012								
Cost	3,350,502	16,025,737	7,018,837	2,101,687	2,634,911	155,017	1,152,314	32,439,005
Accumulated depreciation	-	(2,643,869)	(4,143,551)	(853,092)	(2,398,208)	(80,880)	-	(10,119,600)
Ending balance	3,350,502	13,381,868	2,875,286	1,248,595	236,703	74,137	1,152,314	22,319,405
At December 31, 2012								
Beginning balance	3,350,502	13,381,868	2,875,286	1,248,595	236,703	74,137	1,152,314	22,319,405
Acquisitions	71,449	3,139,361	940,158	313,728	286,309	55,638	6,574,883	11,381,526
Disposals	(5,403)	(16,470)	(14,764)	(84,982)	(43,933)	(9,363)	(6,071,958)	(6,246,873)
Depreciation	-	(219,447)	(536,800)	(109,376)	(81,350)	(16,522)	-	(963,495)
Ending balance	3,416,548	16,285,312	3,263,880	1,367,965	397,729	103,890	1,655,239	26,490,563
At December 31, 2012								
Cost	3,416,548	19,148,628	7,944,231	2,330,433	2,877,287	201,292	1,655,239	37,573,658
Accumulated depreciation	-	(2,863,316)	(4,680,351)	(962,468)	(2,479,558)	(97,402)	-	(11,083,095)
Ending balance	3,416,548	16,285,312	3,263,880	1,367,965	397,729	103,890	1,655,239	26,490,563
At December 31, 2013								
Beginning balance	3,416,548	16,285,312	3,263,880	1,367,965	397,729	103,890	1,655,239	26,490,563
Acquisitions	258,596	1,986,954	971,398	344,472	304,340	38,470	5,053,278	8,957,508
Disposals	(42,734)	(154,487)	(13,560)	(43,282)	(1,447)	(412)	(4,881,537)	(5,137,459)
Depreciation	-	(322,661)	(586,677)	(139,991)	(178,490)	(28,530)	-	(1,256,349)
Ending balance	3,632,410	17,795,118	3,635,041	1,529,164	522,132	113,418	1,826,980	29,054,263
At December 31, 2013								
Cost	3,632,410	20,981,094	8,902,070	2,631,624	3,180,181	239,349	1,826,980	41,393,708
Accumulated depreciation	-	(3,185,976)	(5,267,029)	(1,102,460)	(2,658,049)	(125,931)	-	(12,339,445)
Ending balance	$ 3,632,410	$ 17,795,118	$ 3,635,041	$ 1,529,164	$ 522,132	$ 113,418	$ 1,826,980	$ 29,054,263

The balance of work in progress at the 2013 period close corresponds to sundry projects in which the Company is building stores, and remodeling existing stores.

Note 15 - Intangibles, net:

	Licenses and fees	New IT developments	Total
At January 1, 2012			
Cost	$ 739,785	$ 1,252,519	$ 1,992,304
Accumulated amortization	(457,259)	(607,903)	(1,065,162)
Ending balance	282,526	644,616	927,142
At December 31, 2012			
Investments	351,639	478,968	830,607
Disposals	-	-	-
Amortization	(87,307)	(166,595)	(253,902)
Ending balance	264,332	312,373	576,705
At December 31, 2012			
Cost	1,091,424	1,731,487	2,822,911
Accumulated amortization	(544,566)	(774,498)	(1,319,064)
Ending balance	546,858	956,989	1,503,847
At December 31, 2013			
Investments	103,365	491,877	595,242
Disposals	-	-	-
Amortization	(107,102)	(198,075)	(305,177)
Ending balance	(3,737)	293,802	290,065
At December 31, 2013			
Cost	1,194,790	2,223,363	3,418,153
Accumulated amortization	(651,669)	(972,573)	(1,624,242)
Ending balance	$ 543,121	$ 1,250,790	$ 1,793,911

Note 16 - Provisions:

		Bonds and compensation paid to employees		Advertising		Other provisions		Total
At January 1, 2012	$	917,585	$	96,865	$	377,982	$	1,392,432
Charged to income		2,052,109		948,985		872,071		3,873,165
Used in the year		(2,007,807)		(960,308)		(795,939)		(3,764,054)
At December 31, 2012		961,887		85,542		454,114		1,501,543
Charged to income		2,248,225		957,825		926,341		4,132,391
Used in the year		(2,482,473)		(971,537)		(897,288)		(4,351,298)
At December 31, 2013	$	727,639	$	71,830	$	483,167	$	1,282,636

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

Note 17 - Loans from financial institutions:

		December 31, 2013		2012
Loan received by the trust F/789, mentioned in Note 13, from Credit Suisse, payable in June 2018 and bearing a fixed interest rate of 9.31%. [(1)]	$	921,456	$	921,456
Loans in US dollars payable in January 2014 subject and interest rate of TIIE - 0.10% [(2)]		1,005,564		-
Loans in US dollars payable in March 2014 subject an interest rate of TIIE - 0.15% [(3)]		1,005,564		
	$	2,932,584	$	921,456
Less - Long-term liabilities		(921,456)		(921,456)
Current portion	$	2,011,128	$	-

[(1)] At December 31, 2012 the fair value of the loan received by the Trust F/789 was $928,932.

[(2)] At December 31, 2012 the fair value of the loan payable in January 2014 was $ 1,003,506.

[(3)] At December 31, 2012 the fair value of the loan payable in march 2014 was $ 1,000,071.

Note 18 - Issuance of unsecured notes:

Maturity	Interest payable	Interest rate		December 31 2013		2012
Dec 2014	Monthly	TIIE at 28 days plus 0.04 points	$	4,000,000	$	4,000,000
Aug 2018	Semiannually	Fixed at 9.36%		1,000,000		1,000,000
May 2020	Semiannually	Fixed at 4.22%		750,000		750,000
May 2020	Semiannually	Fixed at 8.53%		2,250,000		2,250,000
Mar 2017	Monthly	TIIE at 28 days plus 0.35 points		2,100,000		2,100,000
Mar 2022	Semiannually	Fixed at 7.64%		1,900,000		1,900,000
			$	12,000,000	$	12,000,000
Long term issuance of unsecured notes portion			$	(8,000,000)	$	(12,000,000)
Short-term portion			$	4,000,000	$	-

[(*)] Issuance of unsecured notes equivalent to 169,399,100 UDIs.

Maturities pertaining to the long term portion of this liability at December 31, 2013 are as follows:

Year		Amount
2017	$	2,100,000
2018		1,000,000
2020		3,000,000
2022		1,900,000
	$	8,000,000

Issuances of unsecured 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, 2013 and 2012, 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 10.

The fair value of issuances of unsecured notes is as follows:

	December 31,			
	2013		2012	
Maturity date	Book value	Fair value	Book Value	Fair value
Dec 2014	$ 4,000,000	$ 4,009,530	$ 4,000,000	$ 4,000,368
Mar 2017	2,100,000	2,112,060	2,100,000	2,107,564
Aug 2018	1,000,000	1,153,600	1,000,000	1,176,311
May 2020	750,000	793,970	750,000	833,761
May 2020	2,250,000	2,443,229	2,250,000	2,400,995
Mar 2022	1,900,000	1,960,705	1,900,000	2,078,394
	$ 12,000,000	$ 12,473,094	$ 12,000,000	$ 12,597,393

Note 19 - Employee benefits:

The value of employee benefit obligations at December 31, 2013 and 2012, amounted to $128,216 and $398,645, and is as follows:

	December 31,	
	2013	2012
Pension plans	$ 483,675	$ (92,473)
Seniority premium	(33,724)	(51,212)
Other employee benefits	(321,735)	(254,960)
	$ 128,216	$ (398,645)

The net cost for the period for the years ended on December 31, 2013 and 2012, is as follows:

	December 31,	
	2013	2012
Pension plans	$ (1,518)	$ 110,219
Seniority premium	10,687	33,652
Other employee benefits	35,750	69,884
	$ 44,919	$ 213,755

Pension plans

The economic assumptions in nominal and real terms are as follows:

	December 31,	
	2013	2012
Discount rate	8.00%	6.75%
Inflation rate	3.50%	3.50%
Salary growth rate	4.75%	4.75%

Net cost for the period is as follows:

	December 31,	
	2013	2012
Service cost	$ 29,371	$ 22,795
Interest cost - Net	6,242	1,374
Labor cost settlements	-	1,913
Actuarial Remeasurements of employee benefits	(37,131)	84,137
Net cost for the period	$ 1,518	$ 110,219

The amount included as liability in the balance sheets is as follows:

	December 31, 2013		December 31, 2012	
Defined benefit obligations	$	(642,037)	$	(722,969)
Fair value of plan assets		1,125,712		630,496
Actual situation		483,675		(92,473)
Present value of unfunded obligation		-		-
Unrecognized prior service costs		-		-
Assets (liability) in the consolidated balance sheet	$	483,675	$	(92,473)

The movement in the defined benefit obligation is as follows:

	2013		2012	
Beginning balance at January 1	$	(722,969)	$	(619,551)
Service cost		(29,371)		(24,708)
Interest cost		(46,064)		(43,539)
Actuarial Remeasurements of employee benefits		25,862		(131,969)
Benefits paid		130,505		96,798
Ending balance at December 31	$	(642,037)	$	(722,969)

The movement in the liability is as follows:

	2013		2012	
Beginning balance at January 1	$	(92,473)	$	(17,733)
Provision for the year		(35,613)		(26,083)
Company contributions		540,305		35,480
Actuarial Remeasurements of employee benefits		71,456		(84,137)
Ending balance at December 31	$	483,675	$	(92,473)

The movement in plan assets is as follows:

	2013		2012	
Beginning balance at January 1	$	630,496	$	601,818
Return on plan assets		39,823		42,164
Company contributions		540,305		35,480
Amortization effects of beginning balance		(22,964)		(23,432)
Actuarial Remeasurements of employee benefits		11,269		47,832
Benefits paid		(73,217)		(73,366)
Ending balance at December 31	$	1,125,712	$	630,496

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

	Fair value of plan assets at December 31, 2013		2012	
Debt instruments	$	270,171	$	226,979
Equity instruments		855,541		403,517
	$	1,125,712	$	630,496

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.

Seniority premium

Economic assumptions in real and nominal terms are as follows:

	December 31, 2013	2012
Discount rate	8.00%	6.75%
Inflation rate	3.50%	3.50%
Salary growth rate	4.75%	4.75%

Net cost for the period is as follows:

		December 31, 2013		2012
Service cost	$	24,718	$	20,030
Interest cost - Net		3,457		991
Actuarial Remeasurements of employee benefits		(17,488)		12,631
Net cost for the period	$	10,687	$	33,652

The amount included as liability in the consolidated balance sheet is as follows:

		December 31, 2013		2012
Defined benefit obligations	$	(187,862)	$	(183,370)
Fair value of plan assets		154,138		132,158
Actual situation		(33,724)		(51,212)
Present value of unfunded obligation		-		-
Unrecongnized prior service costs		-		-
Liability in the balance sheet	$	(33,724)	$	(51,212)

The movement in the net project liability is as follows:

		2013		2012
Beginning balance at January 1	$	(51,212)	$	(38,581)
Company contributions		28,175		23,020
Provision for the year		(28,175)		(23,020)
Actuarial Remeasurements of employee benefits		17,488		(12,631)
Ending balance at December 31	$	(33,724)	$	(51,212)

The movement in the defined benefit obligation is as follows:

		2013		2012
Beginning balance at January 1	$	(183,370)	$	(149,382)
Service cost		(24,718)		(20,030)
Interest cost		(11,608)		(10,928)
Actuarial Remeasurements of employee benefits		19,469		(13,978)
Benefits paid		12,365		10,948
Ending balance at December 31	$	(187,862)	$	(183,370)

The movement in plan assets is as follows:

		2013		2012
Beginning balance at January 1	$	132,158	$	110,801
Return on plan assets		8,152		7,938
Company contributions		28,175		23,020
Actuarial Remeasurements of employee benefits		(1,981)		1,347
Benefits paid		(12,365)		(10,948)
Ending balance at December 31	$	154,139	$	132,158

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

	Fair value of plan assets at December 31, 2013	2012
Debt instruments	$ 114,061	$ 96,475
Equity instruments	40,076	35,683
	$ 154,137	$ 132,158

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.

Other employee benefits

Economic assumptions in real and nominal terms are as follows:

	December 31, 2013	2012
Discount rate	8.00%	6.75%
Inflation rate	3.50%	3.50%
Salary growth rate	4.75%	4.75%

Net cost for the period is as follows:

	December 31, 2013	2012
Service cost	$ 31,867	$ 24,517
Actuarial Remeasurements of employee benefits	16,511	26,576
Interest cost	(12,628)	18,791
Net cost for the period	$ 35,750	$ 69,884

The amount included as liability in the consolidated balance sheet is as follows:

	December 31, 2013	2012
Defined benefit obligations	$ (321,735)	$ (254,960)
Fair value of plan assets	-	-
Actual situation	(321,735)	(254,960)
Present value of unfunded obligations	-	-
Unrecognized prior service cost	-	-
Liability in the balance sheet	$ (321,735)	$ (254,960)

The movement in the net projected liability is as follows:

	2013	2012
Beginning balance at January 1	$ (254,960)	$ (208,690)
Provision for the year	(82,703)	(43,308)
Actuarial Remeasurements of employee benefits	12,628	(26,576)
Benefits paid	3,300	23,614
Ending balance at December 31	$ (321,735)	$ (254,960)

The movement in the defined benefit obligation is as follows:

	2013	2012
Beginning balance at January 1	$ (254,960)	$ (208,690)
Service cost	(31,867)	(24,517)
Interest cost	(16,512)	(16,172)
Actuarial Remeasurements of employee benefits	(21,696)	(29,195)
Benefits paid	3,300	23,614
Ending balance at December 31	$ (321,735)	$ (254,960)

Note 20 - Balances and transactions with related parties:

During 2013 and 2012, 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 totaled $1,758 and $1,769 in 2013 and 2012 respectively. At December 31, 2013 and 2012, there are no outstanding balances for these items.

During 2013 and 2012, the Company contracted corporate travel services for its employees with Orion Tours, S. A. de C. V., 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 totaled $185,435 and $153,211 in 2013 and 2012 respectively. At December 31, 2013 and 2012 there are no balances pending to pay for these items.

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

	December 31,	
	2013	**2012**
Short-term benefits	$ 51,259	$ 25,641
Post - retirement benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total	$ 51,259	$ 25,641

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,	
	2013	**2012**
Cost of merchandise	$ 42,914,982	$ 38,446,753
Cost of distribution and logistics	1,219,388	1,079,855
Personnel compensation and benefits	8,217,062	7,273,801
Services contracted	2,390,845	2,139,793
Depreciation and amortization	1,700,245	1,462,907
Repairs and maintenance	1,322,163	1,116,724
Provision for impairment of loan portfolio	1,640,312	1,076,930
Leases	686,824	657,533
Electrical power and utilities	771,380	697,806
Other (1)	2,668,950	2,331,008
Total	$ 63,532,151	$ 56,283,110

(1) Includes insurance premiums, travel expenses, real estate taxes and other non significant expenses.

Personnel compensation benefits are comprised as follows:

	December 31,	
	2013	**2012**
Salary and bonds	$ 6,601,186	$ 5,827,801
Commissions paid to sales staff	1,441,047	1,297,673
Other payments	174,829	148,327
	$ 8,217,062	$ 7,273,801

Note 22 - Other income (expenses):

	December 31, 2013	2012
Other income:		
Suppliers' recovery	$ 8,765	$ 11,784
VISA commissions earned	55,241	38,066
Recovered amount from insurance companies	-	165,917
Ticketmaster commissions earned	11,369	11,838
Advertising recovery	21,973	16,191
Rent of logistic units	23,418	17,706
Other	160,521	98,242
Total other income	$ 281,287	$ 359,744

	December 31, 2013	2012
Other expenses:		
Expenses of merchandise stolen	$ 18,498	$ 17,062
Other income - net	$ 262,789	$ 342,682

Note 23 - Taxes:

23.1. The tax on profits is comprised as follows:

	December 31, 2013	2012
Income tax	$ 1,809,376	$ 2,174,364
Deferred income tax	888,739	576,380
	$ 2,698,115	$ 2,750,744

23.2. The deferred tax balance is composed as follows:

	December 31, 2013	2012
Deferred income tax asset:		
Unamortized tax losses	$ 418,919	$ 8,537
Provision for impairment of loan portfolio	700,570	491,621
Provisions	342,028	621,089
Inventory	110,744	106,671
Other items	161,337	42,053
	1,733,598	1,269,971
Deferred income tax liability		
Installment sales - Net	1,430,477	1,368,465
Real estate property,furniture and equipment	4,212,810	3,530,130
Investment in shares of associates	268,875	189,227
Other items	972,729	456,312
	6,884,891	5,544,134
Deferred income tax	5,151,293	4,274,163
Asset tax recoverable	(65,706)	(71,804)
Total liabilities	$ 5,085,587	$ 4,202,359

Deferred tax assets and liabilities are analyzed as follows:

	December 31, 2013	2012
Deferred tax asset:		
Deferred tax asset recoverable over the following 12 months	$ 1,699,909	$ 1,154,953
Deferred tax asset recoverable after 12 months	-	3,069
	1,699,909	1,158,022
Deferred tax liability:		
Deferred tax liability payable within the following 12 months	1,701,000	1,398,650
Deferred tax liability payable after 12 months	5,150,202	4,033,535
	6,851,202	5,432,185
Asset tax recoverable	(65,706)	(71,804)
Deferred tax liability (net)	$ 5,085,587	$ 4,202,359

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

	Unamortized tax losses	Provision for impairment of loan portfolio	Provisions	Installment sales	Real estate property, furniture and equipment	Investment in associated companies	Inventory	Other	Total
At January 1, 2012	$ 776,600	$ 421,721	$ 572,555	$ (1,251,562)	$ (3,059,584)	$ (116,761)	$ (123,106)	$ (218,646)	$ (3,697,783)
Charged / credited to the statement of income	(69,062)	69,901	48,540	(116,902)	(470,546)	(72,466)	229,777	(195,622)	(576,380)
At December 31, 2012	8,538	491,622	621,095	(1,368,464)	(3,530,130)	(189,227)	106,671	(414,268)	(4,274,163)
Charged / credited to the statement of income	410,381	208,948	(117,730)	(62,013)	(682,680)	(79,648)	4,073	(558,461)	(877,130)
At December 31, 2013	$ 418,919	$ 700,570	$ 503,365	$ (1,430,477)	$ (4,212,810)	$ (268,875)	$ (110,744)	$ (972,729)	$ (5,151,293)

At December 31, 2013, the Company has unamortized tax losses for income tax purposes, to be indexed in the year in which they are applied, for a restated amount of:

Year	Amortizable tax loss
2016	$ 60
2018	17,460
2019	16,363
2020	11,028
2021	27,561
2022	22,257
2023	1,296,388
	$ 1,391,117

In determining deferred income tax at December 31, 2013 and 2012, the Company applied to temporary differences, the applicable rates according to their estimated date of reversal.

23.3. 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, 2013	December 31, 2012
Pre – tax income	$ 10,400,948	$ 9,949,324
Statutory rate	30%	30%
Income tax at statutory rate	3,120,284	2,984,797
Plus (less) effects of taxes of the following permanent items:		
Non deductible expenses	14,877	6,332
Income not taxable	(161,870)	(202,550)
Annual inflation adjustment	115,895	72,157
Participation in the results of associated companies	(153,003)	(124,482)
Investment property, furniture and equipment - net	(183,190)	93,550
Other permanent items	(54,878)	(79,060)
Income tax in the income statement	$ 2,698,115	$ 2,750,744
Effective income tax rate	26%	28%

23.4 Applicable tax rates

In October 2013, Congress passed major reforms to our tax framework, which went into force on January 1, 2014. Following is a description of the main changes in tax laws and the impact they will have on our operations:

The Income Tax Law issued in 2002 was repealed and a new one was issued. Income from installment sales is included in taxable income when the sales are made rather than when collected. The previous arrangement allowed the Company to pay tax on amounts actually received, but it will now have to pay the tax at the time of sale, regardless of when collected, which will impact on cash flow, since the Company will have to pay tax even when clients have not yet made the respective payments. Regarding the installment sales made up to December 31, 2013, the tax authorities have allowed three years for companies to pay tax on the amounts that would be accrued income in 2014, 2015 and 2016.

The immediate deduction in fixed assets has been eliminated and limits have been set on the deduction of pension contributions and exempt wages, car leasing and social security contributions. Eliminating these deductions, especially the immediate deduction of fixed assets, will also impact the cash flow necessary for the payment of taxes, since instead of rapidly deducting investments in new stores, remodels and other assets, this must now be done within the normal time frames established in the new Income Tax Law, which are significantly longer.

The procedure for determining the tax base for the Employees' Profit Sharing (PTU) has been modified. The Company does not expect significant impact from this change.

The income tax rate for 2014 and following years is 30% rather then the 30%, 29% and 28% for 2013, 2014 and 2015 previously established.

The Flat Rate Tax Law has been repealed. However, the Company was incurring income tax and was therefore not recognizing any current or deferred flat tax, which means that the repeal had no effect on the financial statements of the Company.

The Cash Deposits Law was repealed, but this had no effect on the results of the Company because that tax was credited against income tax payable.

Note 24 - Stockholders' equity:

24.1. Capital stock at December 31, 2013, 2012, are comprised as 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

At the March 7, 2013 Annual Ordinary General Stockholders' Meeting, the stockholders approved dividends to be paid out of the After Tax Earnings Account (CUFIN for its acronym in Spanish) in the amount of $979,803 ($899,271 in 2012), which were paid on May 2, 2012 and October 19, 2012, through the securities depository firm. At the November 15, 2013, the Board of Directors approved the payment of dividends the payment of dividends to be paid out of the After Tax Earnings Account (CUFIN) in the amount of $ 1,610,635, which was paid on 5 December of the same year, through the securities depository firm.

In accordance with IAS 29 "Hyperinflation", an entity must recognize the effects of inflation in the financial information when an economy accumulates 100% 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.

24.2 Capital reserves

Capital reserves are comprised as follows:

	December 31,			
		2013		2012
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		(41,332)		(107,736)
	$	1,102,919	$	1,036,515

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

At January 1, 2012		
Reserve	$	(202,762)
Charged to income		95,026
At January 1, 2013	$	(107,736)
Charged to income	$	66,404
Used in the year		
At December 31, 2013	$	(41,332)

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 for the legal reserve until it reaches 20% of the capital stock. The legal reserve can be capitalized, but must not be distributed unless the Company is dissolved, and must be made up if it shrinks for any reason.

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

	December 31, 2013	2012
Capital contributions account	$ 27,291,660	$ 27,237,938
After-tax earnings account (CUFIN)	57,077,812	52,794,410
Reinvested after tax earnings account (CUFINRE)	121,750	117,101
Total	$ 84,491,222	$ 80,149,449
Average weighted number of ordinary shares to determine the basic earnings per share at December 31, 2013 and 2012	$1,342,196,100	$ 1,342,196,100

24.5. Tax provisions related to stockholders' equity:

Dividends are free of income tax if paid out from the After Tax Earnings Account (CUFIN). Any excess over 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 2013. 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 flat tax for the period. Dividends paid from previously taxed earnings are not subject to any tax withholding or additional tax.

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

Note 25 - Contingencies and commitments:

25.1 Contingencies

The Company is party to a number of lawsuits and claims arising from the normal course of its operations, which Management does not expect will have a significant adverse effect on its financial position and results of future operations.

25.2 Commitments

The Company has granted Stand-by letters to certain vendors in the amount of $ 491,432 million. These letters are used by the vendors to obtain the financing required to satisfy production 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.

25.3 Capital investments

The Company has entered into a number of agreements with third parties, for the acquisition of real property, in connection with which $38,000 has yet to be settled, in the terms established in said agreements.

Note 26 - Operating leases:

The Company as lessee

The Company has entered into a number of operating lease agreements for 17 stores, 5 Duty Free and 22 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 periods range from one to five years. All operating lease agreements for more than 5 years contain clauses for review of market rent every five years. The Company has not option to buy the space leased at the date of expiration of the lease terms.

Following are the leasing expenses recognized in 2013 and 2012:

	December 31, 2013	2012
Fixed rent	$ 243,928	$ 218,208
Variable rent	286,638	278,479
	$ 530,566	$ 496,687

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

Year ending December 31,	Amount
2014	$ 315,445
2015	351,721
2016	392,169
2017	437,268
2018 and thereafter	1,637,317
Total minimum payments agreed	$ 3,133,920

The Company as lessor

Operating leasing is related to the leasing of commercial space. The lease periods range from one to five years. All operating lease agreements for more that 5 years contain clauses for 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, 2013	2012
Fixed rent	$ 1,742,569	$ 1,368,742

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:

Year ending December 31,	Amount
2014	$ 1,829,697
2015	1,912,034
2016	1,988,515
2017	2,058,113
Total minimum payments agreed	$ 7,788,359

Note 27 - 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 on 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, as there are no intersegment sales.

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 concentrate 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 and realization of expansion and remodeling works for stores, shopping malls and other facilities.

Other Segment

Income from other services such as commissions for insurance, travel agency, etc. is included in this segment.

27.1. Income and results per segment

The Company controls its results for every of the 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. Following is an analysis of income and results per segment to be reported:

December 31, 2013	Commercial	Real property	Other	Consolidated
Net revenue	$ 71,525,764	$ 2,579,680	$ -	$ 74,105,444
Costs and expenses	(62,618,693)	(913,458)	-	(63,532,151)
Other Income	-	-	262,789	262,789
Operating income	8,907,071	1,666,222	262,789	10,836,082
Financing costs, returns on investments, exchange fluctuations and results of associated companies				(435,134)
Tax on profits				(2,698,115)
Consolidated net income	$ 8,907,071	$ 1,666,222	$ 262,789	$ 7,702,833

December 31, 2012	Commercial	Real property	Other	Consolidated
Net revenue	$ 64,130,650	$ 2,115,854	-	$ 66,246,504
Costs and expenses	(55,435,529)	(847,581)	-	(56,283,110)
Other Income	-	-	342,682	342,682
Operating income	8,695,121	1,268,273	342,682	10,306,076
Financing costs, returns on investments, exchange fluctuations and results of associated companies				(356,752)
Tax on profits				(2,750,744)
Consolidated net income	$ 8,695,121	$ 1,268,273	$ 342,682	$ 7,198,580

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 total level, forming part 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 dealt at Group level and not within the reportable segments. As a result, this information is not shown distributed in each reportable segments. Operating income is the key performance indicator for management, which is reported on a monthly basis to the Operations Committee.

27.2. Geographic information

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

Note 28 - Authorization of issuance of consolidated financial statements:

The consolidated financial statements were authorized for issuance on February 14, 2014 by the Board of Directors, and are subject to approval by the Stockholders Meeting.

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The 2013 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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