COCA-COLA FEMSA

ANNUAL REPORT 2014

A TIME FOR...

TRANSFO

RMATION

Throughout our long history as a bottler, our talented, skilled, and passionate people have expanded our geographic footprint to 10 countries, performed successfully—delivering sustainable revenue growth and profitability—and enabled us to become the largest franchised Coca-Cola Bottler in the world.

Today, we are engaged in an intensive transformation designed to enhance our people's capabilities and create a nimbler, more agile, and efficient organization that will successfully face the unique challenges demanded by the next wave of growth.

STRATEGIC FRAMEWORK

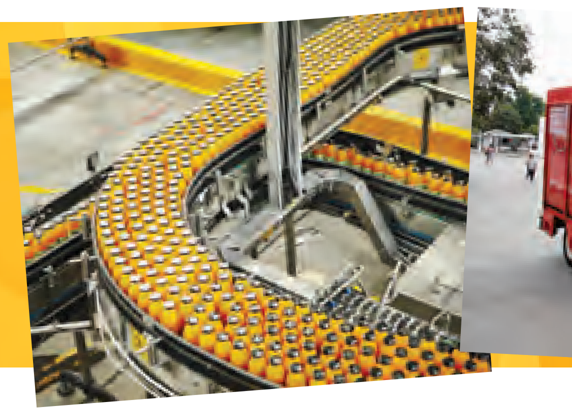
TRANSFORM TO ACHIEVE FULL OPERATING POTENTIAL

We are transforming to achieve the full potential of our business, adapt to ever-changing market dynamics, and successfully transform our industry's challenges into opportunities.

TRANSFORM TO GROW THROUGH INNOVATION

Through transformative growth and innovation, we ensure our ability to anticipate and satisfy consumers' evolving needs, adapt to ever-changing market dynamics, and capitalize on new business opportunities.

TRANSFORM TO STRENGTHEN STRATEGIC CAPABILITIES

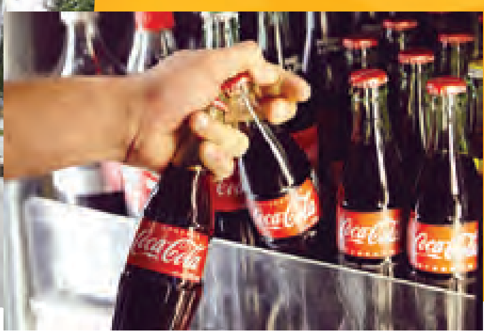


TRANSFORM TO CAPTURE MARKET OPPORTUNITIES

Building on our accretive mergers and acquisitions over the past several years, we continue to transform our company by identifying and embracing new ways of complementing our business' organic growth through strategic long-term value-creating market opportunities.

TRANSFORM TO ENSURE SUSTAINABLE DEVELOPMENT

We embrace a holistic approach to sustainable development. Focused on three core areas—our people, our community, and our planet—our vision is to ensure the sustainability of our business by positively transforming our communities through the simultaneous creation of economic, social, and environmental value.



We are transforming our business to create a leaner, more agile, and flexible organization with the right capabilities to drive our competitiveness and prepare for the next wave of growth.

FINANCIAL HIGHLIGHTS

Millions of Mexican pesos and U.S. dollars as of December 31, 2014 (except volume and per share data).

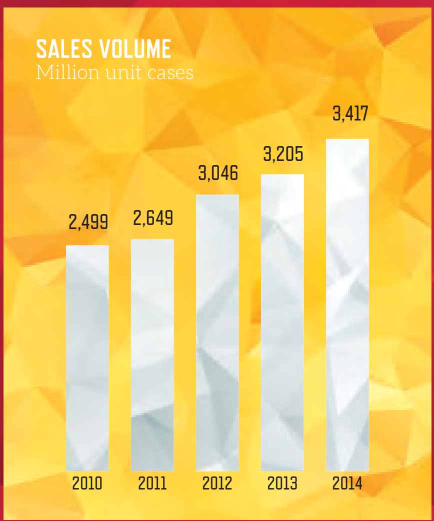
Results under International Financial Reporting Standards. Figures do not include results of Coca-Cola Bottlers Philippines, Inc.

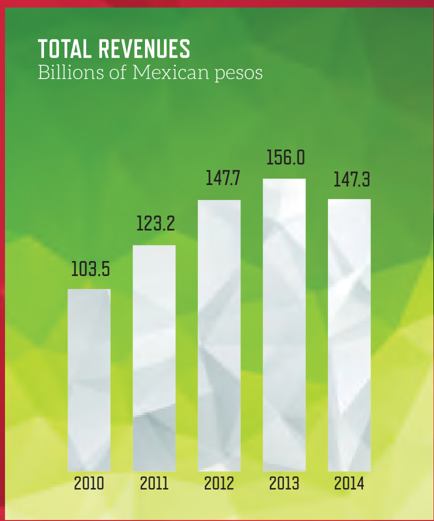
The 2014 results of our Venezuelan operation were translated using the SICAD II[4] alternate exchange rate of 49.99 bolivars per U.S. dollar. The results of 2013 were translated using an exchange rate of 6.30 bolivars per U.S. dollar.

	(US$) 2014 [1]	(Ps.) 2014	(Ps.) 2013	% CHANGE
Sales Volume (million unit cases)	3,417.3	3,417.3	3,204.6	6.6%
Total Revenues	9,987	147,298	156,011	-5.6%
Income from Operations	1,406	20,743	21,450	-3.3%
Controlling Interest Net Income	715	10,542	11,543	-8.7%
Total Assets	14,398	212,366	216,665	-2.0%
Long-Term Bank Loans and Notes Payable	4,395	64,821	56,875	14.0%
Controlling Interest	7,167	105,717	113,111	-6.5%
Capital Expenditures	767	11,313	11,703	-3.3%
Book Value per Share [2]	3.46	51.00	55.02	-7.3%
Controlling Interest Earnings per Share [3]	0.34	5.09	5.61	-9.4%

(1) U.S. dollar figures are converted from Mexican pesos using the exchange rate for Mexican pesos published by the U.S. Federal Reserve Board on December 31, 2014, which exchange rate was Ps. 14.75 to U.S.$1.00.
(2) Based on 2,072.9 million outstanding ordinary shares in 2014 and 2013.
(3) Based on 2,072.9 and 2,056.0 million weighted average outstanding ordinary shares in 2014 and 2013, respectively.
(4) *Sistema Cambiario Alternativo de Divisas* (Supplementary Currency Administration System).

At Coca-Cola FEMSA, we take proactive steps to further strengthen our capital structure and financial flexibility—increasing our focus on financial discipline across our organization, while keeping our company on track to meet our cash flow generation targets and financial commitments.

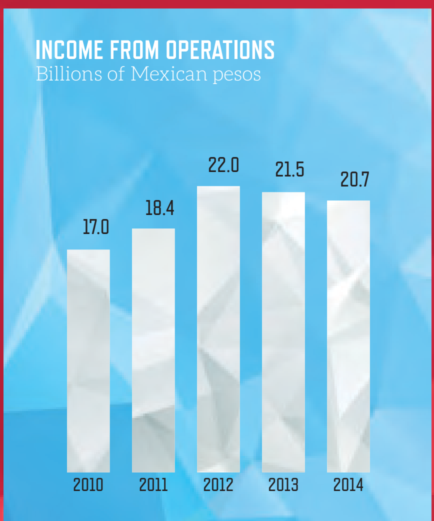


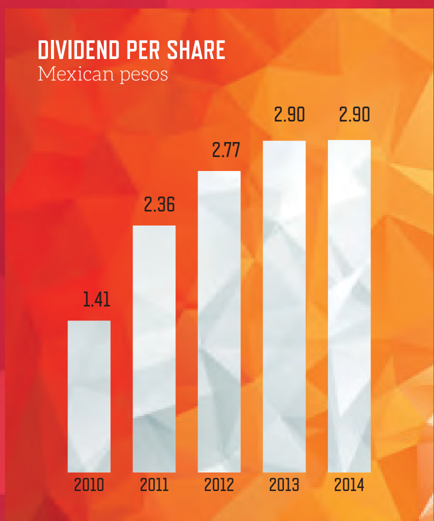


+170

BPS EXPANSION

IN OPERATIVE CASH FLOW MARGIN





DEAR FELLOW SHAREHOLDERS

This was an exciting, eventful, and transformational year. Our company overcame an extremely challenging macroeconomic, fiscal, and consumer environment to deliver top-line growth across our territories and bottom-line improvement in Mexico, Brazil, Venezuela, Argentina, and Central America.

For 2014, our total sales volume grew 6.6% to more than 3.4 billion unit cases, representing close to 21 billion transactions in Latin America for the year. Our consolidated total revenues were Ps. 147.3 billion. Our consolidated operating income was Ps. 20.7 billion, and our consolidated net controlling interest income was Ps. 10.5 billion, resulting in earnings per share of Ps. 5.09. On a comparable, currency neutral basis, we achieved double-digit revenue, operating income, and operating cash flow growth, with an operating cash flow margin expansion.

Our key focus for the year was the successful integration of our recently acquired franchises in Brazil and Mexico, coupled with our incremental investments in our manufacturing and distribution infrastructure to accelerate our volume and transaction growth and to transform the face of our company.

Throughout the year, we faced strong headwinds across our operations. In Mexico, the soft macroeconomic situation, magnified by structural reforms, increased taxation, excise tax-driven price increases on most soft drinks, and higher VAT rates in southern border states, compounded a sluggish consumer environment for our business. In our major South American markets, we experienced adverse foreign exchange dynamics, combined with decelerating GDP growth in Brazil, a weak economy in Argentina, and a demanding operating landscape in Venezuela. Moreover, in the Philippines, we faced natural disasters and a complex operating transformation.

In light of these and other challenges, we embarked on an intensive process to create a leaner, more agile, and flexible organization with the right set of skills to drive our competitiveness, enhance our innovative capabilities, accelerate our decision-making, and prepare for the next wave of growth through an efficient and effective management structure. We further strengthened our talent management programs to develop and recruit a deep, multicultural bench of professionals who can address growing market and industry complexity in an ever-changing environment, while furthering our company's strategic vision and results. We also continued to transform our portfolio by launching and reinforcing innovative, affordable packaging alternatives that enabled us to connect more intensively with our consumers and bolster our transactions in each of our markets.

TRANSFORMATION: MARKET HIGHLIGHTS

To achieve these results and address the demands ahead, we continued to transform our operations to adapt to ever-changing market dynamics, successfully convert our industry's challenges into opportunities, and achieve the full potential of our business. This year, our robust and innovative portfolio enabled us to connect more closely with our consumers, generating more than 70 million transactions daily across our franchise territories. This represents a tremendous opportunity to further increase our interaction with our more than 351 million consumers, given that we currently achieve only 0.2 transactions per person per day.

In Mexico, our operations acted swiftly to protect our profitability and cash flow generation, proactively implementing portfolio and revenue management initiatives. To successfully overcome the new tax environment, our operations emphasized returnable presentations, low-calorie, and single-serve sparkling beverages—coupled with packaging and brand innovation—to enable us to connect with our consumers' needs, generating more than 9 billion transactions, while outpacing our volume performance for the year. Additionally, to navigate such tough market dynamics, we restructured our operations, reducing costs and expenses, while aggressively managing our working capital. These initiatives, combined with our relentless focus on point-of-sale execution and overall efficiency, set us on the right path to deliver operating cash flow growth and margin expansion for the year.

Across Central America, our recently initiated acceleration plan, including enhanced point-of-sale execution, expanded cooler coverage, and the introduction of our Magic Price Points strategy, yielded positive results. Building on our expanding manufacturing capability, as well as our investments in packaging and coolers throughout these countries, we are taking this operation from low growth rates to high single-digit volume and transaction growth across Costa Rica, Guatemala, Nicaragua, and Panama during the year.

In Colombia, our transaction growth outpaced our already remarkably strong volume growth thanks to a major two-year acceleration plan, which is transforming the face of our operation across the country. Supported by such commercial initiatives as our Magic Price Points strategy, we extended this operation's positive track record of

6.6%

TOTAL SALES VOLUME GROWTH

performance to a second consecutive year of 8% volume growth. To keep pace with market demand, we plan to open our new state-of-the-art bottling plant in Tocancipá, north of Bogotá, during the first quarter of 2015. With an initial annual capacity of 130 million unit cases, this facility, built to LEED certification standards, offers additional flexibility for future expansion.

Our Venezuelan operation's focus on maintaining operating continuity in a challenging landscape enabled us to effectively launch innovative new products, gain market share in the most important beverage categories, and deliver record volume and transaction growth, while meeting the evolving demands of our clients and consumers. Our team also managed to improve productivity by prioritizing the production of the fastest-moving SKUs in our portfolio and maximizing the efficiency of our distribution network.

In Argentina, we benefited from our transformed infrastructure capabilities, including our mega-distribution center, a new high-speed one-way PET bottling line, and a new returnable PET production line in Buenos Aires. These facilities enable us to considerably increase our production capacity, while efficiently satisfying our inventory requirements during peak seasons. Despite industry contraction, thanks to these and other initiatives, we gained both share of market and sales in all of our beverage categories.

Despite a sluggish macro environment, we increased the size of our Brazilian operation by more than 50% with the integration of Companhia Fluminense and Spaipa—solidifying our position as Brazil's leading Coca-Cola bottler. Thanks to our team's efforts, we are capturing our targeted synergies of approximately US$52 million faster than anticipated. We also made strategic capital investments across the supply chain to keep up with potential demand. In November, we began operations at our new state-of-the-art bottling plant in Itabirito, Minas Gerais, Brazil, with an annual capacity of approximately 200 million unit cases. This efficient, eco-friendly facility enhances our position to capture the benefits of this dynamic market's great long-term prospects. Indeed, in the midst of an eventful year, our focus on developing an affordable packaging portfolio for our consumers enabled our operation to deliver more than 3% organic volume growth.

Among our strategic initiatives in the Philippines, we simplified the portfolio, focusing on the highest potential SKUs. We expanded the coverage of "Mismo," our popular single-serve, one-way, 250-ml and 300-ml PET presentations, regaining market share in the Coca-Cola category. We also enlarged the coverage of "Kasalo," our attractive 750-ml, multi-serve, returnable glass presentation, in the region of Luzon and to Davao, the capital city of Mindanao. To regain direct contact with our customers, we converted more than 60% of our volumes across the country to our direct pre-sale system—achieving 7% volume growth in these territories for the year. Additionally, we transformed our production and distribution capabilities, installing four new high-speed tri-block bottling lines in our Manila and Mindanao facilities to meet growing demand for our appealing PET presentations. Overall, in the midst of a thorough operational transformation and in the face of natural disasters that affected the country's infrastructure, our initiatives enabled us to grow the volume of our core sparkling beverage portfolio by more than 8%.

TRANSFORMATION: CORPORATE HIGHLIGHTS

As the complexity and demands of our business grow, we ignited a transformation process designed to infuse our company with the right set of capabilities. To this end, we are developing a deep pool of talented professionals, while creating a nimbler, faster, and increasingly competitive organization prepared to continue growing in the years to come.

Consequently, we redesigned our corporate structure to strengthen the core functions of the organization. Through this restructuring, we established centers of excellence, focused on our supply chain, commercial, and IT innovation areas. These centers not only enable centralized collaboration and knowledge sharing, but also drive standards of excellence and best practices in our key strategic capabilities. Our priorities include enhanced manufacturing efficiency, improved distribution and logistics, and cutting-edge IT-enabled commercial innovation—leaping into the 21st century with both feet technologically.

We also commenced streamlining and de-layering our organization to create a tighter, leaner, more agile management that will enable greater efficiency and bring us closer to the market. For example, in Mexico, over the past two years, we moved from four regions to a single commercial zone, encompassing the 11 states where we do business. This broader, more simplified structure not only positions every manager closer to our customers, but also enables us to respond more rapidly to market challenges and opportunities.

We are further reinforcing our talent management to develop a deep bench of professionals who can address growing market and industry complexity, while furthering our company's strategic vision. Specifically, we are strengthening the performance management process; developing future leaders by defining and communicating clear career paths and processes to encourage their development; and, ultimately, fostering a talent culture throughout our company.

With this in mind, our renewed vision is to become one of the fastest growing, most profitable commercial beverage companies in the world along with our partners at The Coca-Cola Company. To realize this vision, we are creating a single, unified, and strong corporate culture that thrives on our diversity and our ability to develop and retain the best talent in the industry.

Our culture is founded on the key attributes of our company. Based on our keystones of trust and collaboration, every member of our organization must act together and take pride in themselves and our corporation. Whatever the challenges we may face in the future, it's up to each one of us to continue growing, profoundly transforming our company, while simultaneously delivering economic, social, and environmental value for all of our stakeholders.

On behalf of every employee who proudly and passionately works for our company daily, we would like to thank you for your continued confidence and support.

JOSÉ ANTONIO FERNÁNDEZ CARBAJAL
Chairman of the Board

JOHN SANTA MARIA OTAZUA
Chief Executive Officer

IN MEMORIAM:

DONALD R. KEOUGH

(1926-2015)

If we are fortunate in our lives, we are privileged to know a very few great and fascinating leaders. Donald R. Keough was one of them.

The Coca-Cola Company, FEMSA and Coca-Cola FEMSA directors and executive officers, October 2011.
First row from left to right: Muhtar Kent, José Antonio Fernández Carbajal, Donald R. Keough and Eva Garza Lagüera de Fernández.

At FEMSA, we appreciate the character and the values of leaders such as Don Keough, and strive to carry their values beyond the workplace and into our broader lives.

We recognize the admirable way Don lived his life as a great man, a talented business leader, and a dedicated philantropist for many educational and charitable causes.

Don will certainly be remembered for his many business and personal accomplishments in challenging times. He was a key figure in the history and growth of iconic institutions such as The Coca-Cola Company, Allen & Company, and the University of Notre Dame.

He was a dear friend and cherished mentor to so many. He truly believed that people are at the heart of successful companies. His legacy includes a new leadership model; unmatched operating skills; an expansive vision; and, above all, a deep commitment to developing people who possess the potential to positively transform our world.

Don had high regards for Coca-Cola FEMSA, where he contributed his passion, talent, visionary leadership, and counsel to help build the company that it is today. We will always remember and be thankful for his devotion to our company.

His impact will be forever present in our shared committment to create economic, social, and environmental value for our stakeholders and communities.

"In admiration and affection for a man whom it was a privilege and an inspiration to have known, we will miss Don Keough´s sharp wit and generous spirit."

José Antonio Fernández, Executive Chairman of the Board

TRANSFORM

617

DIRECTORS AND MANAGERS ROTATED ACROSS OUR DIFFERENT OPERATIONS TO ENHANCE THEIR SKILLS OVER THE LAST THREE YEARS

TO STRENGTHEN STRATEGIC

CAPABILITIES

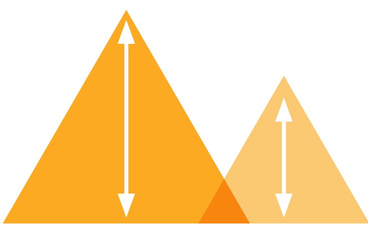
As the complexity and demands of our business grow, we are transforming our company to create a leaner, more agile, and flexible organization with the right capabilities to drive our competitiveness and prepare for the next wave of growth.

To this end, we redesigned our corporate structure to strengthen the core functions of the organization. In conjunction with this restructuring, we established centers of excellence, focused on our supply chain, commercial, and IT innovation areas. These centers not only enable centralized collaboration and knowledge sharing, but also drive standards of excellence and best practices in these key strategic capabilities. Our priorities include enhanced manufacturing efficiency, ensuring best-in-class practices across all of our operations; improved distribution and logistics, including integrated supply chain management—from the supplier to manufacturing and distribution to the client; optimal point-of-sale execution; and cutting-edge IT-enabled commercial innovation.

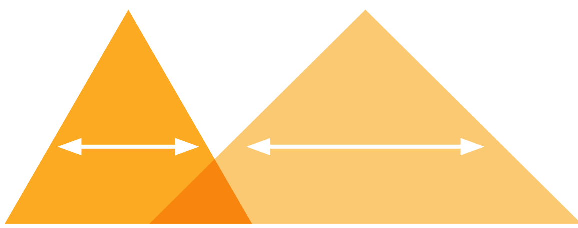
Among our initiatives, we are rolling out our new proprietary manufacturing model to eight bottling plants across Mexico, Colombia, and Brazil. This operating model captures all of our shared knowledge and experience in this core capability. Through this process, we are matching our experts' technical skills with each of the different areas of the plant such as fillers, packers, palletizers, and auxiliary services. As a result of this new model, we have cut costs, improved motivation, better aligned compensation with individual responsibilities, gained efficiency, and raised productivity.

We further enhanced and optimized our organizational spans and de-layered our corporation to create a tighter, leaner, more agile management that will enable greater efficiency and bring us closer to the market. For example, in Brazil, we took advantage of the integration of Companhia Fluminense and Spaipa to restructure our organization in order to position us closer to the marketplace. Specifically, we moved from two large territories to four equally balanced zones: 1) metropolitan São Paulo; 2) the states of Minas Gerias, with the city of Belo Horizonte serving as the focal point, and Matto Grosso do Sul; 3) the coastal region, connecting our footprint in the state of Rio de Janeiro with São Paulo; and 4) the former Spaipa territory, incorporating the state of Paraná and part of the state of São Paulo. Thanks to this reorganization, we significantly improved our logistics and, more importantly, brought corporate management closer to our customers and consumers.

ON AVERAGE, WE REDUCED 2 ORGANIZATIONAL LAYERS AND INCREASED CONTROL SPANS BY 30%, CAPTURING EFFICIENCIES ACROSS THE COMPANY.



REDUCED LAYERS



INCREASED SPANS

Over the past three years, we have trained 1,876 managers and 145 directors in effective leadership to maximize their management skills.

WE ESTABLISHED CENTERS OF EXCELLENCE, FOCUSED ON OUR SUPPLY CHAIN, COMMERCIAL, AND IT INNOVATION AREAS.

Additionally, we are reinforcing our talent management to develop a deep bench of professionals who can address growing market and industry complexity, while furthering our company's strategic vision. Utilizing such tools as Critical Success Factors, 360-Degree Reviews, and the 9 Box Performance-Potential Matrix, we are strengthening the performance management process to systematically recognize and reward positive performance, while appropriately differentiating and dealing with varying levels of accomplishment across our organization. We are growing future leaders by defining and communicating clear career paths, policies, and processes to encourage development; providing systematic coaching and feedback; and deploying current and future leaders into stretch roles to accelerate their growth. For example, over the past three years, we moved 617 directors and managers across our countries, assuming new responsibilities as part of the management development program.

Ultimately, we are fostering a talent culture—where every employee is a coach or mentor to their peers and supervisors—throughout our company.

TRANSFORM


$630
MILLION U.S. DOLLARS INVESTED
IN INFRASTRUCTURE
IN 2014
Coca-Cola
Reg. Phil. Pat. Off.

TO ACHIEVE FULL OPERATING
POTENTIAL

As we face an evolving, more demanding environment, we are transforming our operations to adapt to ever-changing market dynamics, successfully convert our industry's challenges into opportunities, and achieve the full potential of our business.

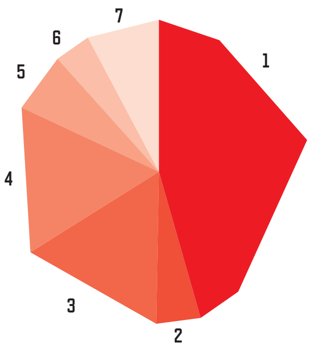
Today, we have close to 1.6 million coolers across our 10 countries.

With that in mind, we continue to transform our infrastructural capacity along the supply chain to achieve untapped operating potential. In November, we opened our state-of-the-art bottling plant in Itabirito, Brazil. Built to LEED certification standards, this facility employs a tetra-cogeneration system, which uses up to 30% less energy to simultaneously generate electricity and heat to produce hot water, cold water, and carbon dioxide (CO_2). With an annual capacity of approximately 200 million unit cases, this new plant will generate considerable cost savings, improved productivity and logistics, and the ability to expand the coverage of our 2-liter returnable presentation to serve the growing demand of our consumers in the state of Minas Gerais, Brazil.

Following our success at our Toluca mega-plant in Mexico, we installed four new high-speed tri-block bottling lines in our Manila and Mindanao facilities in the Philippines. Unlike conventional bottling lines—where the blower, labeler, and filler processes are connected by conveyors, requiring extra time and effort to feed material from one operation to the other—this new tri-block technology combines all three processes in one interconnected high-speed line or block. Indeed, two of our tri-block lines in the Philippines enjoy a maximum capacity of up to 81,000 bottles per hour, making them the fastest bottling lines in the world. However, technology by itself cannot yield high efficiency rates. It is only through our experienced, knowledgeable manufacturing teams that we are able to run these lines at very high benchmark efficiency levels. This powerful combination of technology and know-how enables us to reinforce our company's position as one of the most efficient and productive manufacturers across the entire Coca-Cola bottling system.

We also continued to benefit from the warehouse automation system concept, already installed in our Jundiaí, Brazil, and Toluca, Mexico facilities. Instead of traditional forklifts, which stack pallets up to three levels, the warehouse automation system uses laser-guided vehicles that stack pallets significantly higher. Consequently, we gain greater inventory capacity, while deferring the need to construct new distribution facilities as our plants' productivity ratios and markets grow.

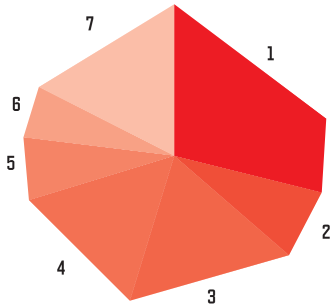
OUR JUNDIAÍ MEGA-PLANT, SERVING SÃO PAULO, BRAZIL, SURPASSED 300 MILLION UNIT CASES THIS YEAR—REAFFIRMING ITS POSITION AS THE WORLD'S LARGEST COCA-COLA BOTTLING FACILITY.



COOLERS PER OPERATION

Thousands

1.	MEXICO	727
2.	CENTRAL AMERICA	75
3.	BRAZIL	252
4.	COLOMBIA	251
5.	VENEZUELA	103
6.	ARGENTINA	60
7.	PHILIPPINES	123



PRODUCTION LINES PER OPERATION

1.	MEXICO	95
2.	CENTRAL AMERICA	24
3.	BRAZIL	60
4.	COLOMBIA	51
5.	VENEZUELA	21
6.	ARGENTINA	18
7.	PHILIPPINES	57

Moreover, we continued to bolster our distribution infrastructure through our investments in the new Sumaré mega-distribution center in São Paulo, Brazil, and the enhanced mega-distribution center in Buenos Aires, Argentina. On top of additional warehouse capacity, we further improved the productivity and efficiency of these facilities through our voice picking and warehouse management systems. On the one hand, our warehouse management system enables us to improve the efficiency of our facilities, assure the freshness of products sent to the marketplace, and reduce inventories required to fulfill sales. On the other hand, our voice picking system eliminates paper, minimizes errors, and tracks and improves the productivity of our pallet picking process.

Beyond transforming our capacity along the supply chain, we continue to enhance our point-of-sale execution. For example, in Mexico, we increased our ICE score in the traditional trade channel by more than 10 percentage points for the year—setting a benchmark for the Coca-Cola system across the country. Among other indicators, our ICE score measures the efficiency and effectiveness of our point-of-sale portfolio, commercial and promotional activity, price communication, and cooler placement.

Magnifying our point-of-sale execution, we continued to increase our cooler coverage—a distinct competitive advantage—across our franchise territories. In 2014, we installed an additional 68 thousand coolers, particularly in Brazil, Central America, and Colombia. Coolers are an integral part of our clients' picture of success, attracting more in-store traffic and playing an important role in our consumers' decision-making process. The number of cooler doors allocated to each customer offers significant potential to generate value at the point of sale. Indeed, despite Mexico's tough consumer environment, our expanded weighted average cooler coverage and number of cooler doors bolstered our company's leading point-of-sale execution.

WITH AN INITIAL CAPACITY OF 200 MM UNIT CASES, WE BEGAN OPERATIONS AT OUR ITABIRITO PLANT DURING 2014.

TRANSFORM

7%

GROWTH OF LOW-CALORIE SPARKLING BEVERAGES IN 2014

TO GROW THROUGH INNOVATION

Through transformative growth and innovation, we ensure our ability to anticipate and satisfy consumers' evolving needs, adapt to ever-changing market dynamics, and capitalize on new business opportunities.

We significantly increased our installed vending machine base in Mexico, reaching more than 20,000 units.

We successfully launched Coca-Cola Life across our Mexican operations this year. Sweetened with natural ingredients, Coca-Cola Life offers consumers a reduced calorie alternative for one of the world's most beloved brands. Launched in multiple presentations, we not only achieved more than 70% point-of-sale coverage, but also gained share, while revitalizing the Coca-Cola category among consumers. In Mexico, we additionally launched our successful "Share a Coke" campaign from July through October. This innovative promotion connected with consumers mainly through personalized 12-ounce cans and 600-ml presentations, sporting more than 300 different names. Through this campaign, we generated a significant amount of incremental transactions throughout our Mexican territories. Subsequently, we rolled out this campaign in our franchise territories in Brazil, Argentina, Colombia, Costa Rica, Nicaragua, Guatemala, Panama, and the Philippines.

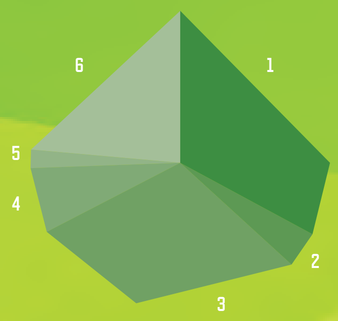
We continue to satisfy health-conscious consumers' growing demand for isotonic sports drinks with the innovative growth of Powerade. In Mexico, Powerade achieved the leading position in this category across three of our four territories during the year, reaching close to 48% market share in our overall Mexican franchise by the end of 2014. Building on the brand's popularity, our volume of Powerade more than doubled in Argentina, increasing share among consumers attracted to this drink's refreshing qualities.

DURING 2014, POWERADE GAINED LEADERSHIP IN MOST OF OUR TERRITORIES IN MEXICO.

In Argentina, we reaped the benefit of our transformed infrastructure capabilities, including our mega-distribution center and a new returnable PET bottling line in Buenos Aires. These facilities enable us to considerably increase our production capacity, while efficiently satisfying our inventory requirements during peak seasons. Thanks to these and other initiatives, we gained both share of market and sales in all of our beverage categories and across most of our distribution channels despite a relatively weak consumer environment.

We also continue to satisfy our cost-conscious consumers through our strong portfolio of affordable, returnable packaging alternatives. In Mexico, we broadened the coverage of our convenient, affordable 500-ml returnable glass presentation for brand Coca-Cola, fostering point-of-sale or at home consumption. In the Valley of Mexico, we significantly expanded the volume of our 3-liter multi-serve returnable PET presentation for brand Coca-Cola, enhancing an attractive value proposition for our consumers to enjoy. In the rest of our Mexican territories, we also reinforced the coverage of our 2.5-liter multi-serve returnable PET presentation for Coca-Cola, expanding the opportunity to share this popular brand in a segmented way. In Mexico, we further expanded the coverage of our 1.25-liter multi-serve returnable glass presentation for brand Coca-Cola, catering to families across the country. In Brazil, we expanded the coverage of our 2-liter multi-serve returnable PET presentation for brand Coca-Cola, enabling more consumers to share the magic of Coke at home. Through our broad array of returnable presentations, we look to provide the right package at the right price for every consumer.

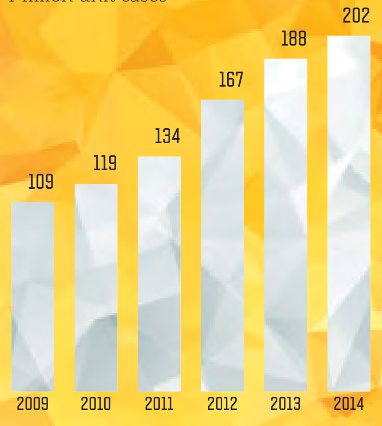
To intensify our connection with consumers, we continued our Magic Price Points strategy across our franchise territories. Specifically for brand



LOW-CALORIE SPARKLING BEVERAGES
As % of consolidated volume of this category

1. MEXICO	32.9
2. CENTRAL AMERICA	3.8
3. BRAZIL	30.8
4. COLOMBIA	7.2
5. VENEZUELA	1.9
6. ARGENTINA	23.5

STILL BEVERAGES
Million unit cases



Coca-Cola in Colombia, we launched a convenient, entry-level 6.5-ounce returnable glass presentation at COP500 for on-the-go consumption. We also reinforced the coverage of our 1.4-liter one-way presentation, capturing transactions at the magic price point of COP2,000. Moreover, in Brazil, we continued to reinforce the availability of Coca-Cola, Coca-Cola Zero, and Fanta in our 200-ml one-way presentation at R$1, while increasing the coverage of our 300-ml one-way PET presentation for brand Coca-Cola at R$2. Thanks to this strategy, we expanded the growth of our sparkling beverage brands across these countries with the right portfolio at the magic price for our consumers.

We additionally continued to satisfy and stimulate demand among our consumers for our growing portfolio of low-calorie, affordable sparkling beverages. Complementing the appeal of our popular 400-ml single-serve presentations of Coca-Cola Zero and Sprite Zero, we launched 400-ml presentations at attractive price points for Fanta Zero, Fresca Zero, and Sidral Mundet Light throughout Mexico. Consequently, we increased the coverage and volume of these zero-calorie beverages throughout the country.

Furthermore, we are expanding our profitable vending machine business, installing close to 6,000 additional machines in Mexico. We are increasing our presence at a growing number of high-traffic locations, while capturing irregular spaces with our new smaller, slimmer machines. We are also improving our prospecting process to maintain momentum in the market, while increasing the productivity of our machines and the efficiency of the company's operating model.

FOR THOSE CONSUMERS WHO COULD NOT FIND THEIR NAME, WE INSTALLED MORE THAN 180 PERSONALIZATION CENTERS IN MEXICO, ENABLING US TO ENGAGE MORE THAN 520,000 ADDITIONAL CONSUMERS THROUGH "SHARE A COKE."

TRANSFORM

9

SUCCESFULLY INTEGRATED COCA-COLA FRANCHISES AND DAIRY BUSINESSES SINCE 2011

TO CAPTURE MARKET

OPPORTUNITIES

Building on our accretive mergers and acquisitions over the past several years, we continue to transform our company by identifying and embracing new ways of complementing our business' organic growth through strategic long-term value-creating market opportunities.

Despite a difficult environment, we integrated the operations of Companhia Fluminense and Spaipa, solidifying our position as Brazil's leading Coca-Cola bottler. Through our team's efforts, we captured our targeted synergies of approximately US$52 million faster than anticipated. These synergies primarily come from back-office consolidation, portfolio optimization, reconfiguration of the supply chain network, and IT implementation.

Beyond the synergies, the cross-fertilization of talent and best practices remain key ingredients to success. The integration of these franchises was no different. Many of their talented executives now occupy important positions in Coca-Cola FEMSA's operations. Moreover, in terms of best practices, we are in the process of implementing Spaipa's exemplary commercial approach across our Brazilian operations. Instead of opening a new distribution center, we will distribute our products from our bottling plants to distant client locations through an innovative system of cross docks and cross trucks—serving a wider area with less infrastructure investment, while reaching customers and consumers more efficiently with our multi-category portfolio of products.

We also completed the integration of Grupo Yoli, our fourth recent merger in Mexico. Through our operations' endeavors, we generated total synergies from these transactions of approximately Ps. 1.1 billion. The efficiencies achieved through the smooth integration of these franchises significantly improved the profitability of our merged franchise territories.

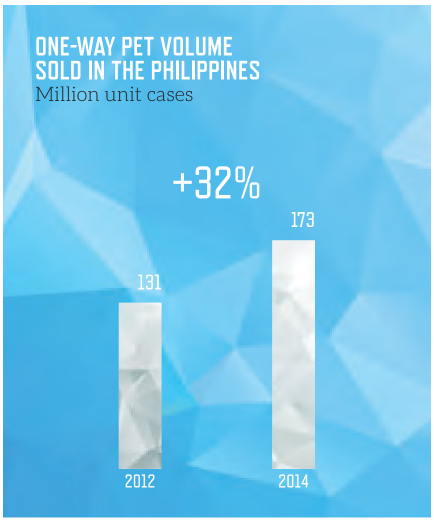
Additionally, under our Jugos del Valle joint venture with The Coca-Cola Company, we capitalized on our position in Mexico's milk and value-added dairy category. During the year, we rolled out wholesome Santa Clara brand white UHT milk in regular, lactose-free, light, and lactose-free light 1-liter presentations, along with chocolate, cappuccino, vanilla, and strawberry flavored UHT milk in 250-ml presentations for children. We distributed these new presentations through 38 distribution centers in 32 cities using regular and more than 800 specialized home delivery routes—reaching over 65,000 households. These products further transform our broad still beverage portfolio, complementing our consumers' healthy lifestyles.

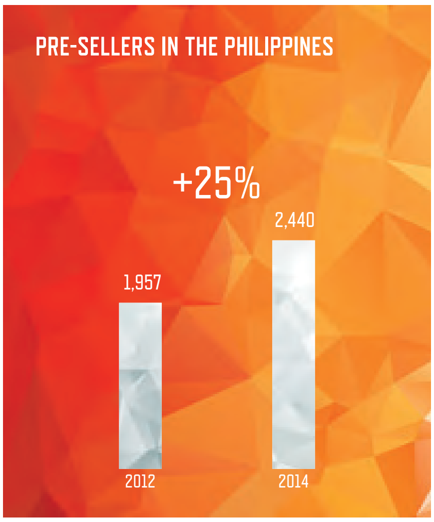
WE DELIVER SANTA CLARA PRODUCTS TO MORE THAN 65,000 HOUSEHOLDS EVERY DAY THROUGHOUT OUR TERRITORIES IN MEXICO.

In the Philippines, we have 330 delivery partners, close to 300 KOF dealers, and more than 2,400 pre-sellers.

In the Philippines, we continue to develop the pillars of an ambitious strategic framework: portfolio, route to market, and supply chain. Among our initiatives, we keep simplifying the portfolio, concentrating on the highest potential SKUs. We are refocusing on a limited assortment of single-serve returnable glass presentations below the PHP10 price point, including our 8-ounce bottle and "Sakto" 200-ml presentation. We expanded the coverage of "Mismo," our exceptionally popular single-serve, one-way PET presentation for on-the-go consumption of brand Coca-Cola and Sprite, beyond the greater Manila metropolitan area (GMA) to the rest of Luzon and the most important cities of Mindanao and Visayas. Through 250-ml and 300-ml offerings at PHP10 and PHP12, respectively, we broadened our mix of PET presentations and regained market share—producing almost 145 thousand unit cases of "Mismo" daily in Luzon. We also enlarged the coverage of "Kasalo," our appealing 750-ml, multi-serve, returnable glass presentation at PHP18 for shared consumption of brand Coca-Cola, Sprite, and Royal, from the GMA to Luzon and Davao, the capital city of Mindanao. We further plan to broaden the coverage of our refreshing Minute Maid Fresh orangeade in an affordable 250-milliliter, single-serve presentation at PHP12 that appeals to Filipino consumers' palates and pocketbooks.

To regain direct contact with our customers, we converted more than 60% of our volumes across the country to our new route to market. Implementation of this pre-sale platform with our exclusive partners positions us to execute the best commercial initiatives, enhance our point-of-sale execution, and guide market evolution through the right business model. Additionally, we established a team to optimize the supply chain, ensuring more efficient logistics from our suppliers through our manufacturing and distribution centers to our customers. This strategy sets us firmly on the path to long-term profitability.





TRANSFORM

1ST

MEXICAN COMPANY TO GAIN MEMBERSHIP IN ROBECOSAM'S "THE SUSTAINABILITY YEARBOOK".

TO ENSURE SUSTAINABLE
DEVELOPMENT

We embrace a holistic approach to sustainable development, strategically addressing the material issues that most impact our business. Focused on three core areas—our people, our community, and our planet—our vision is to ensure the sustainability of our business by positively transforming our communities through the creation of economic, social, and environmental value.

Underscoring our commitment to sustainability, Coca-Cola FEMSA was once again selected as one of only 8 beverage companies to be included in the Dow Jones Sustainability Emerging Markets Index. Moreover, the Mexican Stock Exchange chose our company to participate in its Sustainability Index for the fourth consecutive year. Importantly, we became the first Mexican company to not only gain membership in RobecoSAM's 2015 "The Sustainability Yearbook," but also receive this prestigious institution's Industry Mover Sustainability Award.

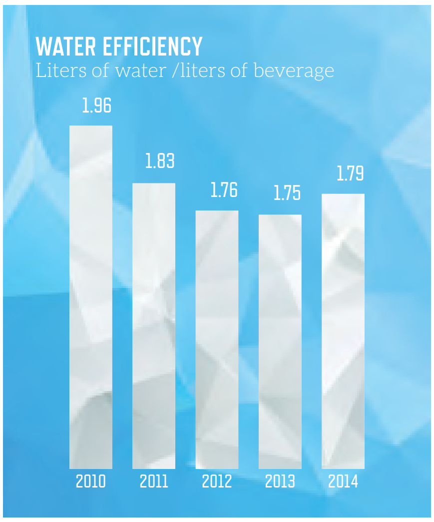
Sustainable development begins with us. Hence, we are committed to offering our more than 120,000 employees the best place to work, founded on respect for human rights. As part of our transformation process, we are reinforcing our talent management system to develop executives and employees with the capabilities to meet new challenges, drive competitiveness, and prepare for the next wave of growth.

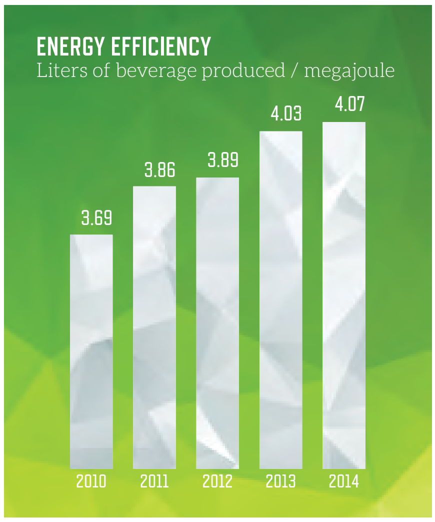
Beyond the workplace, we are devoted to the positive transformation of the communities we serve. To this end, we are committed to helping people achieve healthy and active lifestyles, including good nutrition habits, hydration, and regular physical activity. Accordingly, we conduct and promote a variety of health and physical activity programs among children and young people. On top of the 26,000 people who reaped the advantages of our nutritional initiatives, in 2014, more than 515,000 people benefited from our company's health and physical activity programs.

At Coca-Cola FEMSA, we are dedicated to improving the environmental impact of our operations. Specifically, we are focused on three areas: water, energy, and waste and recycling.

We join our partner, The Coca-Cola Company, in the global goal to return to nature the same amount of water we use to produce our beverages, and guarantee a more efficient use of water across our entire value chain. Despite our integration of new

AT ONLY 18 GRAMS, OUR 600-ML COCA-COLA PET BOTTLE IS 12% LIGHTER, EMITTING LESS CO_2 AND UNDERSCORING ITS POSITION AS THE LIGHTEST COKE BOTTLE IN THE SYSTEM.





In 2014, over 515,000 people benefited from our company's health and physical activity programs.

franchises in Mexico, Brazil, and the Philippines, our average consumption of water was 1.79 liters of water per liter of beverage produced in 2014. Moreover, we improved our water consumption ratio by 2.1% when compared to a ratio of 1.83 liters of water per liter of beverage produced in 2011, adjusted to include all of these new territories.

As part of our commitment to replenish water, we are now part of the Water for Our Future initiative in collaboration with The Coca-Cola Company, the Latin American Water Funds Partnership, and other Coca-Cola bottlers. Water for Our Future will help conserve more than 6,000 hectares of watersheds, replenishing 6.9 million cubic meters of water to nature through an investment of US$7.4 million in at least 5 countries in the region.

Consistent with our commitment to grow our business without increasing our carbon footprint, our objective is to decrease the amount of carbon dioxide equivalent (CO_2(eq)) that we emit, as measured in grams per liter of beverage produced. In 2014, we reduced the CO_2(eq) emitted per liter of beverage produced by 4% year over year to 18.90 grams. We also optimized our bottling facilities' consumption of energy by 1.3% versus 2013, achieving an average of 4.07 liters of beverage produced per megajoule of energy consumed.

We continue to invest in advanced refrigeration technology across our franchise territories. Our coolers' attributes include intelligent feature control, low-maintenance condensers, and high-efficiency doors—ensuring greater efficiency and durability.

Furthermore, we invest in technologies that enable us to produce increasingly environmentally friendly packaging. In 2014, we used 11.1% of recycled and renewable material in the production of our PET bottles—a total of almost 32,000 tons.

We additionally foster a culture of recycling in the communities we serve. In 2014, close to 8,600 volunteers from nine different countries participated in our International Coastal Cleanup. Thanks to this program, we collected over 67 tons of trash along beaches, shorelines, and waterways.

WE PLANTED 41,189 TREES ACROSS OUR COUNTRIES THROUGH THE PARTICIPATION OF 980 VOLUNTEERS, INCLUDING OUR ASSOCIATES AND THEIR FAMILIES.

BALANCED GEOGRAPHIC FOOTPRINT

	POPULATION SERVED (Millions)	TOTAL BEVERAGE PER CAPITA CONSUMPTION (8 oz. presentations)	POINTS OF SALE	PLANTS	DISTRIBUTION CENTERS
Mexico	69.3	607	849,725	17	144
Central America	20.8	189	105,658	5	32
Colombia	46.9	153	413,200	7	25
Venezuela	30.5	190	181,605	4	33
Brazil	72.1	244	329,764	10	37
Argentina	11.5	470	71,900	2	4
Philippines	100.0	123	853,242	19	54
Total	**351.0**	**269**	**2,805,094**	**64**	**329**

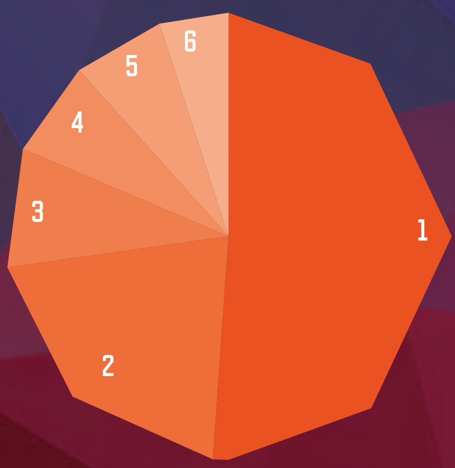

MEXICO &
CENTRAL AMERICA
SOUTH AMERICA
SOUTHEAST ASIA
5 LITROS
AGUA PURA
brisa
sin gas
LA MARCA
DEL AGUA PURA
Valle
FRUT
SABOR UVA
POWER
ADE
FRUTAS

OPERATING

HIGHLIGHTS

	SPARKLING	WATER(1)	BULK WATER(2)	STILL
Mexico	72.2%	5.8%	17.0%	5.1%
Central America	83.9%	5.7%	0.2%	10.2%
Colombia	72.2%	8.0%	9.7%	10.0%
Venezuela	85.7%	5.7%	0.8%	7.8%
Brazil	88.1%	6.0%	0.7%	5.2%
Argentina	86.7%	8.3%	0.3%	4.7%

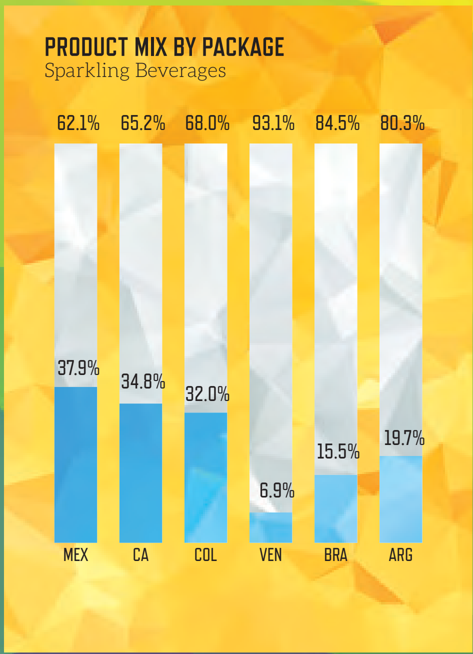
(1) Excludes still bottled water in presentations of 5.0 Lt. or larger. Includes flavored water.
(2) Bulk water - still water in presentations of 5.0 Lt. or larger. Includes flavored water.



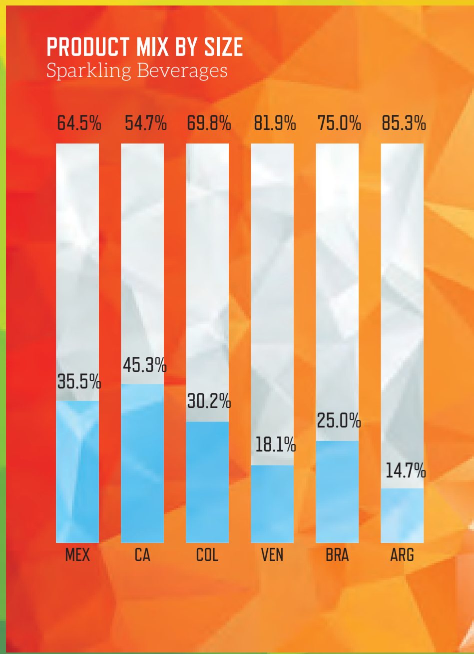
TOTAL VOLUME

Million unit cases

1. MEXICO	1,754.9
2. BRAZIL	733.5
3. COLOMBIA	298.4
4. VENEZUELA	241.1
5. ARGENTINA	225.7
6. CENTRAL AMERICA	163.6



Non-Returnable Returnable



Multi-serve Single-serve

SPARKLING BEVERAGES

2,668.4

Million unit cases

7.5%

GROWTH VS. 2013

WATER & BULK WATER

546.5

Million unit cases

2.4%

GROWTH VS. 2013

STILL BEVERAGES

202.5

Million unit cases

8.0%

GROWTH VS. 2013

DEAR SHAREHOLDERS

We have demonstrated our ability to return capital to our shareholders, while deleveraging our balance sheet, capitalizing on our financial flexibility, and continuing to invest in the future of our company.

This year, our company successfully navigated a soft and challenging macroeconomic and consumer environment, characterized by fiscal reforms and increased taxation in Mexico, adverse foreign exchange dynamics across our operations, an economic slowdown in Brazil, Argentina and Central America, on top of a demanding operating landscape in Venezuela, along with natural disasters and a complex operating transformation in the Philippines.

We delivered local currency top-line growth in every market but Mexico—where volumes were affected by excise tax driven price increases—and margin expansion in Mexico, Brazil, Venezuela, Argentina, and Central America.

In addition to the results from our recently integrated territories in Mexico and Brazil, the main drivers of our performance for the year were our strong and committed team of professionals, our organizational flexibility, our proactive revenue management initiatives in every operation, our reinforced marketplace execution, and our ability to adapt our broad portfolio of beverages to connect with cost-conscious consumers, increasing transactions across our franchise territories—always mindful of protecting the profitability and the cash flow generation of every operation through our strict financial discipline.

Given current operating and macroeconomic conditions in Venezuela, we decided to use the previously denominated SICAD II exchange rate of 50 bolivars per U.S. dollar to translate this operation's 2014 results into our reporting currency, the Mexican peso. Consequently, Venezuela's contribution to our consolidated results reduced significantly, and now represents 7% of our volumes and 6% of both our revenues and operating cash flow. Including this adjustment, we produced the following results in 2014:

- Consolidated revenues were Ps. 147.3 billion.
- Consolidated operating income was Ps. 20.7 billion.
- Consolidated net controlling interest income was Ps. 10.5 billion, resulting in earnings per share of Ps. 5.09 or Ps. 50.86 per ADS.
- Total net debt at year-end was approximately Ps. 53.1 billion.

Our strong balance sheet, along with our reaffirmed investment-grade credit ratings, continues to underscore the financial strength and flexibility of our company. As of December 31, 2014, we had a cash balance of Ps. 13.0 billion, and our total debt was Ps. 66.0 billion. For the year, our operating cash flow was Ps. 28.4 billion. In 2014, our operating cash flow-to-net interest coverage ratio was 5.49 times, and our net-debt-to-operating cash flow ratio was 1.87 times. During the second and fourth quarters of 2014, we made dividend payments in the total amount of Ps. 6.0 billion, demonstrating our company's ability to return capital to shareholders, while deleveraging our balance sheet, capitalizing on our financial flexibility, and continuing to invest in the future of our company.

The strategic capital investments we make in every one of our markets create a solid foundation to take advantage of the

opportunities that we envision in the beverage business across our operations. Among our most recent investments, we continue to reinforce our cooler coverage—a distinct competitive advantage—across our franchise territories. We remain at the forefront of technology through our installation of high-speed tri-block bottling lines and our light-weighting initiatives. We carry on our construction of sustainable, state-of-the-art bottling and distribution facilities, including our recently opened Itabirito plant in the state of Minas Gerais, Brazil, our new Tocancipá plant to the northeast of Bogotá, Colombia, and our new Sumaré mega-distribution center in the northern part of the state São Paulo, Brazil. Through these investments, we maximize our operations' capacity to achieve the full potential of our business more efficiently, productively, and profitably, while always ensuring that we take care of the environment.

We also continued to complement our business' organic growth through strategic long-term value-creating market opportunities. Despite a difficult environment, we increased the size of our Brazilian operation by more than 50% with the integration of Companhia Fluminense and Spaipa—solidifying our position as Brazil's leading Coca-Cola bottler. Through our team's efforts, we are capturing our targeted synergies of approximately US$52 million faster than anticipated. These synergies primarily come from back-office consolidation, portfolio optimization, reconfiguration of the supply chain network, and IT implementation. We further completed the integration of Grupo Yoli, our fourth merger in Mexico since 2011. As a result of our operation's endeavors, we generated total synergies from these four transactions of approximately Ps. 1.1 billion. The efficiencies achieved through the smooth integration of these franchises significantly improved the profitability of our acquired and merged franchise territories.

As always, we took proactive steps to further strengthen our capital structure and financial flexibility. Our increased focus on financial discipline across our organization—from more efficient, prudent, and stricter working capital and capital investment management, to the development of the talent and capability to carry out in-depth financial and profitability analysis on many fronts, to the implementation of an organizational transformation, yielding increased efficiency in every process across our territories to make more, better informed decisions—enables us to continue reducing our net debt position, while maintaining our company's strong cash flow generation.

Thanks to our team's ability to effectively manage a tough macroeconomic, operating, and consumer environment, our consolidated sales volume grew 6.6% to 3,417 million unit cases for the year. Organically, excluding the integrated territories in Brazil and Mexico, our sales volume remained almost flat. On the same basis, our bottled water portfolio grew 5.0%, and our still beverage category grew 1.6%. These increases partially compensated for a volume decline in our sparkling beverage category and our bulk water business. Our reported consolidated revenues decreased 5.6%, driven by the negative translation effect resulting from our use of the SICAD II exchange rate to translate the results of our Venezuelan operation.

In the face of structural changes and an exceptionally difficult consumer landscape—triggered mainly by increased taxes on most of our beverages in Mexico—our Mexico & Central America division's volume declined 1.8% for the year, totaling 1,919 million unit cases of beverages. Organically, excluding the integration of Grupo Yoli in Mexico, our volumes in the division decreased only 3.8%, underscoring the resilience of our packaging portfolio amid a 16% price increase designed to pass along the excise tax to our consumers in Mexico.

Our Mexico & Central America division's total revenues grew 1.8% to Ps. 72.0 billion. Organically, the division's total revenues decreased 0.5%, driven by the volume contraction resulting from excise tax-related price increases in Mexico.

Our Mexico & Central America division's operating income improved 0.6% to Ps. 11.6 billion. Organically, the exemplary tight control of expenses by our division's management yielded flat year-over-year operating expenses. On the same basis, our operating income remained flat for the year, resulting in an organic operating margin of 16.1% for 2014.

Our Mexico & Central America division's operating cash flow rose 7.1% to Ps. 16.3 billion. Organically, our operating cash flow grew 5.9% to Ps. 16.1 billion. Consequently, our organic operating cash flow margin expanded 140 basis points to 22.9% in 2014—a truly remarkable achievement, given the circumstances faced during the year.

In Venezuela, despite the complex operating and consumer environment, our volumes grew by an exceptional 8% reaching 241 million unit cases in 2014. Our Venezuela revenues declined 71.6% to Ps. 9.0 billion, driven by the negative translation effect resulting from our use of the SICAD II exchange rate to translate the results of this operation. In local currency, our revenue management initiatives enabled us to compensate for inflation during the year. Due to the application of the country's official exchange rate to certain key imported raw materials and to increased productivity levels, our operating cash flow margin expanded significantly to 19.8%.

In a very challenging consumer and economic environment, our South America division, excluding Venezuela, generated 22.3% volume growth for the year, reaching 1,258 million unit cases of beverages, supported by the integration of our recently acquired territories in Brazil. Organically, excluding the integrated franchises of Companhia Fluminense and Spaipa, our volumes increased 3.4%.

Our South America division's total revenues, excluding Venezuela, increased 23.4% to Ps. 66.4 billion, mainly supported by revenue management initiatives in Brazil and Argentina, and volume growth in Colombia and Brazil. Our beer revenues in Brazil contributed Ps. 7.1 billion during the year.

Our South America division's reported operating income, excluding Venezuela, increased 31.7% to Ps. 7.9 billion. In local currency, including the integration of Companhia Fluminense and Spaipa in Brazil, we generated operating income growth in both Brazil and Argentina. Our reported operating margin expanded 70 basis points to 11.8%, and our organic operating margin expanded 120 basis points to 12.3% for the year.

Our South America division's reported operating cash flow, excluding Venezuela, increased 27.0% to Ps. 10.3 billion. Our reported operating cash flow margin expanded 40 basis points to 15.5%, and our organic operating cash flow margin expanded 110 basis points to 16.2% for the year.

In the Philippines, in the face of natural disasters that affected the country's infrastructure and, in part, our operations, we

$320

MILLION U.S. DOLLARS INVESTED IN OUR BRAZILIAN INFRASTRUCTURE DURING THE YEAR.

continued to advance successfully on the thorough transformation of this franchise. We kept simplifying the portfolio, while expanding the coverage of "Mismo," our exceptionally popular one-way PET presentations, and "Kasalo," our attractive returnable glass presentation. During the year, we advanced the rollout of our new route to market, regaining direct contact with our clients and achieving 7% volume growth in these territories. Additionally, we continued investing in our operation's infrastructure, installing state-of-the-art, high-speed bottling lines in our facilities, including two of the fastest bottling lines in the world. Thanks to our initiatives, our core sparkling beverage volume in the Philippines grew by more than 8% over the course of the year.

Despite structural changes in recent years, such as the more complex tax environment in Mexico and changes to the tax and distribution landscape in Brazil, we continue to transform our company's talent and management capabilities and our product portfolio and operations, while investing in our supply chain infrastructure, our packaging innovation, and our route-to-market and commercial models to meet our consumers' ever-changing needs in the face of an evolving, challenging market environment.

Going forward, our financial discipline, our team's operating strength and ability to adapt to the changing market dynamics of our geographically diversified portfolio of territories, and our company's capacity to create a leaner, more agile, and flexible organization will enable us to capture the long-term growth opportunities that we envision in the beverage industry.

We are proud to enjoy the opportunity to continue creating sustainable value for you now and into the future. Thank you for your continued trust and support in Coca-Cola FEMSA.

HÉCTOR TREVIÑO GUTIÉRREZ
Chief Financial Officer

FINANCIAL
SECTION

FINANCIAL SUMMARY

Amounts expresed in millions of U.S. dollars and Mexican pesos, except data per share and headcount.

	U.S. (*)	2014	2013 [3]	2012 [2]	2011 [1]
INCOME STATEMENT					
Total revenues	9,987	**147,298**	156,011	147,739	123,224
Cost of goods sold	5,350	**78,916**	83,076	79,109	66,693
Gross profit	4,637	**68,382**	72,935	68,630	56,531
Operative expenses	3,176	**46,850**	51,315	46,440	37,233
Other expenses, net	11	**158**	623	952	1,375
Comprehensive financing result	436	**6,422**	3,773	1,246	1,129
Income before income taxes and share of the profit of associates and joint ventures accounted for using the equity method	1,014	**14,952**	17,224	19,992	16,794
Income taxes	262	**3,861**	5,731	6,274	5,667
Share of the profit of associates and joint ventures accounted for using the equity method, net of taxes	(8)	**(125)**	289	180	86
Consolidated net income	744	**10,966**	11,782	13,898	11,213
Equity holders of the parent	715	**10,542**	11,543	13,333	10,662
Non-controlling interest	29	**424**	239	565	551
RATIOS TO REVENUES (%)					
Gross margin	46.4	**46.4**	46.7	46.5	45.9
Net income margin	7.4	**7.4**	7.6	9.4	9.1
CASH FLOWS					
Cash flow from operating activities	1,655	**24,406**	22,097	23,650	13,893
Capital expenditures [4]	767	**11,313**	11,703	10,259	7,862
Cash and cash equivalents	879	**12,958**	15,306	23,222	11,843
Marketable securities	-	**-**	-	12	330
Total cash, cash equivalents and marketable securities	879	**12,958**	15,306	23,234	12,173
BALANCE SHEET					
Current assets	2,585	**38,128**	43,231	45,897	32,724
Investment in associates and joint ventures	1,175	**17,326**	16,767	5,352	3,656
Property, plant and equipment, net	3,426	**50,527**	51,785	42,517	38,102
Intangible assets, net	6,578	**97,024**	98,974	67,013	62,163
Deferred charges and other assets, net	634	**9,361**	5,908	5,324	5,093
Total Assets	14,398	**212,366**	216,665	166,103	141,738
Liabilities					
Short-term bank loans and notes payable	81	**1,206**	3,586	5,139	5,540
Interest payable	25	**371**	324	194	206
Other current liabilities	1,820	**26,826**	28,488	24,217	20,029
Long-term bank loans and notes payable	4,395	**64,821**	56,875	24,775	16,821
Other non-current liabilities	612	**9,024**	10,239	6,950	6,061
Total Liabilities	6,933	**102,248**	99,512	61,275	48,657
Equity	7,465	**110,118**	117,153	104,828	93,081
Non-controlling interest in consolidated subsidiaries	298	**4,401**	4,042	3,179	3,053
Equity attributable to equity holders of the parent	7,167	**105,717**	113,111	101,649	90,028
FINANCIAL RATIOS (%)					
Current	1.34	**1.34**	1.33	1.55	1.27
Leverage	0.93	**0.93**	0.85	0.58	0.52
Capitalization	0.38	**0.38**	0.35	0.23	0.20
Coverage	4.72	**4.72**	8.22	15.45	12.48
DATA PER SHARE					
Book Value [5]	3.457	**50.999**	54.566	50.060	45.344
Income tributable to the holders of the parent [6]	0.345	**5.086**	5.614	6.616	5.715
Dividends paid [7]	0.197	**2.900**	2.870	2.824	2.365
Headcount [8]	83,371	**83,371**	84,922	73,395	78,979

(1) Information considers full-year of KOF's territories, three months of Administradora de Acciones del Noreste, S.A. de C.V. ("Grupo Tampico") and one month of Corporación de los Angeles, S.A. de C.V ("Grupo CIMSA").

(2) Information considers full-year of KOF's territories and eight months of Grupo Fomento Queretano, S.A.P.I. ("Grupo Fomento Queretano")

(3) Information considers full-year of KOF's territories and seven months of Grupo Yoli S.A de C.V. (Grupo YOLI), four months of Companhia Fluminense de Refrigerantes (Compañía Fluminense) and two months of SPAIPA S.A. Industria Brasileira de Bebidas (SPAIPA)

(4) Includes investments in property, plant and equipment, refrigeration equipment and returnable bottles and cases, net of disposals of property, plant and equipment.

(5) Based on 2,072.92 million ordinary shares as of December 31 2014 and 2013, 2,030.54 and 1,985.45 million ordinary shares as of December 31, 2012 and 2011, respectively.

(6) Computed based on the weighted average number of shares outstanding during the periods presented: 2,072.92, 2,056.20, 2,015.14 and 1,865.55 million on 2014, 2013, 2012 and 2011, respectively.

(7) Dividends paid during the year based on the prior year's net income, using 2,072.92 million oustanding ordinary shares on 2014 and 2013 and 2,030.54 and 1,846.53 million oustanding ordinary shares on 2012 and 2011, respectively.

(8) Includes third-parties.

(*) Exchange; rate as of the December 31st, 2014, Ps 14.75 per U.S. dollar, solely for the convenience of the reader.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results from Operations for the Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

CONSOLIDATED RESULTS

Total Revenues

Our reported consolidated total revenues decreased 5.6% to Ps. 147,298 million in 2014 driven by the negative translation effect resulting from using the SICAD II exchange rate to translate the results of our Venezuelan operation. Excluding the recently integrated territories of *Companhia Fluminense de Refrigerantes* ("Fluminense") and *Spaipa S.A. Industria Brasileira de Bebidas* ("Spaipa") in Brazil and the integration of *Grupo Yoli* ("Yoli") in Mexico, total revenues were Ps. 134,088. On a currency neutral basis and excluding the non-comparable effect of Fluminense and Spaipa in Brazil, and Yoli in Mexico, total revenues grew 24.7%, driven by average price per unit case growth in most operations and volume growth in Brazil, Colombia, Venezuela and Central America.

Total sales volume increased 6.6% to 3,417.3 million unit cases in 2014, as compared to 2013. Excluding the integration of Yoli in Mexico and Fluminense and Spaipa in Brazil, volumes declined 0.7% to 3,182.8 million unit cases, mainly due to the volume contraction originated by the price increases implemented due to the excise tax in Mexico. On the same basis, the bottled water portfolio grew 5.0%, driven by *Crystal* in Brazil, *Aquarius* and *Bonaqua* in Argentina, *Nevada* in Venezuela and *Manantial* in Colombia. The still beverage category grew 1.9%, mainly driven by the performance of the *Jugos del Valle* line of business in Colombia, Venezuela and Brazil, and *Powerade* across most of our territories. These increases partially compensated the performance of our sparkling beverage category which declined 0.9% driven by the volume contraction in Mexico and a 3.5% volume decline in our bulk water business.

Consolidated average price per unit case decreased 13.2% reaching Ps. 40.92 in 2014, as compared to Ps. 47.15 in 2013. This decline was driven by the previously mentioned negative translation effect in Venezuela. In local currency, average price per unit case increased in all of our territories, with the exception of Colombia.

Gross Profit

Our reported gross profit decreased 6.2% to Ps. 68,382 million in 2014. This decline was driven by the previously mentioned negative translation effect in Venezuela. In local currency, lower sweetener and PET prices in most of our operations were offset by the depreciation of the average exchange rate of the Argentine peso, the Brazilian real, the Colombian peso and the Mexican peso as applied to our U.S. dollar-denominated raw material costs. Reported gross margin reached 46.4% in 2014.

The component of cost of goods sold include raw materials (principally soft drink concentrate sweeteners and packaging materials), depreciation costs attributable to our production facilities, wages and other employment costs associated with labor force employed at our production facilities and certain overhead costs. Concentrate prices are determined as a percentage of the retail price of our products in the local currency, net of applicable taxes. Packaging materials, mainly polyethylene terephthalate ("PET") and aluminum, and High Fructose Corn Syrup ("HFCS"), used as a sweetener in some countries, are denominated in U.S. dollars.

Administrative and Selling Expenses

Administrative and selling expenses as a percentage of total revenues decreased 110 basis points to 31.8% in 2014 as compared to 2013. Administrative and selling expenses in absolute terms decreased 8.7% mainly as a result of the lower contribution of Venezuela, which was driven by the previously mentioned negative translation effect. In local currency, operating expenses decreased as a percentage of revenues in most of our operations, despite of continued marketing investments across our territories to support our marketplace execution and bolster our returnable presentation base, higher labor costs in Venezuela and Argentina, and higher freight cost in Brazil and Venezuela.

During 2014, the other operative expenses line recorded an expense of Ps. 548 million, mainly due to (i) an operative currency fluctuation effect in Venezuela recorded during the second quarter of 2014, (ii) operative currency fluctuation effects across the operations in the fourth quarter of 2014, (iii) restructuring charges mainly in our Mexican operation and (iv) the loss on sale of certain fixed assets.

The share of the profits of associates and joint ventures line recorded an expense of Ps. 125 million in 2014, mainly due to an equity method loss from our participation in Coca-Cola FEMSA Philippines, Inc., which was partially compensated by equity method gains from the non-carbonated joint-ventures in Brazil and Mexico.

Comprehensive Financing Result

The term "comprehensive financing result" refers to the combined financial effects of net interest expenses, net financial foreign exchange gains or losses, and net gains or losses on monetary position from the hyperinflationary countries in which we operate. Net financial foreign exchange gains or losses represent the impact of changes in foreign-exchange rates on financial assets or liabilities denominated in currencies other than local currencies and gains or losses resulting from derivative financial instruments. A financial foreign exchange loss arises if a liability is denominated in a foreign currency that appreciates relative to the local currency between the date the liability is incurred or the beginning of the period, whichever comes first, and the date it is repaid or the end of the period, whichever comes first, as the appreciation of the foreign currency results in an increase in the amount of local currency, which must be exchanged to repay the specified amount of the foreign currency liability.

Our comprehensive financing result in 2014 recorded an expense of Ps. 6,422 million as compared to an expense of Ps. 3,773 million in 2013. This increase was mainly driven by (i) a higher interest expenses due to a larger debt position and (ii) a foreign exchange loss mainly as a result of the depreciation of the end-of-period exchange rate of the Mexican peso during the year, as applied to a higher US dollar-denominated net debt position.

Income Taxes

During 2014, income tax, as a percentage of income before taxes, was 25.8% as compared to 33.3% in 2013. The lower effective tax rate registered during 2014 is mainly related to a one-time benefit resulting from the settlement of certain contingent tax liabilities under the tax amnesty program offered by the Brazilian tax authorities, which was registered during the third quarter of 2014.

Net Controlling Interest Income

Our consolidated net controlling interest income reached Ps. 10,542 million in 2014 as compared to Ps. 11,543 million in 2013. Earnings per share ("EPS") in the full year of 2014 were 5.09 (Ps. 50.86 per ADS) computed on the basis of 2,072.9 million shares outstanding (each ADS represents 10 local shares).

CONSOLIDATED RESULTS FROM OPERATIONS BY REPORTING SEGMENT

Mexico and Central America

Total Revenues. Reported total revenues from our Mexico & Central America division increased 1.8% to Ps. 71,965 million in 2014, as compared to 2013, driven by the integration of Yoli in our Mexican operation. Excluding the integration of Yoli, total revenues decreased 0.5%, as a result of the volume contraction driven by the excise tax related price increase in Mexico.

Reported total sales volume decreased 1.8% to 1,918.5 million unit cases in 2014, as compared to 2013. Excluding the integration of Yoli, total volume decreased 3.8%. On the same basis, the volume contraction in Mexico was partially compensated by a 5.1% volume increase in Central America, mainly driven by growth in Nicaragua and Guatemala. Our water portfolio, including bulk water, decreased 2.7%. Our sparkling beverage category decreased 3.9% and our still beverage category decreased 6.9%.

Total sales volume in Mexico decreased 2.4% to 1,754.9 million unit cases, as compared to 1,798.0 million unit cases in 2013. Excluding the integration of Yoli, total volume decreased 4.6%. The volume contraction in our Mexican operation was driven by the price increase implemented in the country as a result of the excise tax on sugary beverages. Organic sales volume of our sparkling beverage portfolio decreased 4.8%. Our bottled water portfolio and bulk water business decreased 2.3% and 3.2% respectively. The still beverage portfolio decreased 8.8%.

Total sales volume in Central America increased 5.1% to 163.6 million unit cases, as compared to 155.6 million unit cases in 2013. The sales volume of our sparkling beverage portfolio grew 5.0% supported by the strong performance of the *Coca-Cola* brand in Guatemala and Nicaragua. Sales volume in the still beverage category increased 3.9%, due to the performance of *Powerade* in Guatemala and Panamá, and *Hi-C* in Nicaragua. The bottled water business, including bulk water, grew 11.4%.

Gross Profit. Our reported gross profit increased 4.3% to Ps. 36,453 million in 2014 as compared to 2013. Lower sweetener and PET prices in the division were partially offset by the depreciation of the average exchange rate of most of our division's currencies as applied to our U.S. dollar-denominated raw material costs. Reported gross margin reached 50.7% in 2014, an expansion of 122 basis points as compared to the previous year.

Administrative and Selling Expenses. Administrative and selling expenses as a percentage of total revenues increased 30 basis points to 33.4% in 2014, as compared with the same period in 2013. Administrative and selling expenses in absolute terms increased 2.9%, as compared to 2013. Excluding the non-comparable effect of the integration of Yoli, administrative and selling expenses were flat as compared to the previous year due to a tight control of expenses.

South America (excluding Venezuela)

Total Revenues. Reported total revenues were Ps. 66,367 million in 2014, an increase of 23.4%, as compared to 2013, mainly driven by the integration of the new territories in Brazil; average price per unit case increases in local currency in Argentina and Brazil, and volume growth in Colombia and Brazil (excluding the acquired territories). Excluding beer, which accounted for Ps. 7,117.7 million, total revenues increased 17.8% as compared to 2013. Excluding the integration of Fluminense and Spaipa, total revenues grew 1.8%.

Total sales volume in our South America division, excluding Venezuela, increased 22.3% to 1,257.7 million unit cases in 2014, as compared to 2013, as a result of growth in Brazil and Colombia, which compensated for a volume decline in Argentina. Excluding the non-comparable effect of Fluminense and Spaipa, volumes grew 3.5%, as compared to 2013. On the same basis, the still beverage portfolio grew 15.5%, mainly driven by the *Jugos del Valle* line of business in Colombia and Brazil, and the performance of *Powerade* in Argentina and Colombia. Our bottled water portfolio, including bulk water increased 7.7%, mainly driven by *Crystal* in Brazil and *Aquarius* and *Bonaqua* in Argentina. The sparkling beverage portfolio increased 2.1, as compared to 2013.

Total sales volume in Colombia increased 8.2% to 298.4 million unit cases in 2014, as compared to 275.7 million unit cases in 2013. The sales volume in the sparkling beverage category grew 8.1%, mainly driven by a 7.2% increase of the *Coca-Cola* brand. Sales volume in the still beverage category increased 34.8%, mainly driven by del *Valle Fresh* and *Fuze* tea. The bottled water business, including bulk water, decreased 2.2% driven by *Brisa* bulk water.

Total sales volume in Argentina decreased 0.6% to 225.7 million unit cases in 2014, as compared to 227.1 million unit cases in 2013. The sales volume in the sparkling beverage category decreased 2.5%. Sales volume in the still beverage category increased 7.5%, mainly driven by *Powerade*. The bottled water business increased 18.3% driven by *Aquarius* and *Bonaqua*.

Reported total sales volume in Brazil increased 39.7% to 733.5 million unit cases in 2014, as compared to 525.2 million unit cases in 2013. Excluding the integration of Fluminense and Spaipa, volume grew 2.7% to 539.5 million unit cases in 2014. On the same basis sales volume in the bottled water business, including bulk water, increased 18.7%. The sales volume in the still beverages category increased 2.7% due to the performance of the *Jugos del Valle* line of business and the sparkling beverage category increased 1.6%.

Gross Profit. Gross profit reached Ps. 27,372 million, an increase of 22.3% in 2014, as compared to 2013. In local currency, cost of goods sold increased as a result of the depreciation of the average exchange rate of the Argentine peso, the Brazilian real and the Colombian peso as applied to our U.S. dollar-denominated raw material costs, which were partially compensated by lower PET prices in Colombia and Argentina, and lower sweetener prices in Argentina and Brazil. Reported gross margin reached 41.2% in 2014.

Administrative and Selling Expenses. Administrative and selling expenses as a percentage of total revenues decreased 110 basis points to 29.3% in 2014, as compared to 2013. Administrative and selling expenses in absolute terms increased 18.9%, as compared to 2013. Excluding the non-comparable effect of Spaipa and Fluminense in Brazil, administrative and selling expenses remained flat as compared to the previous year, despite of higher freight cost in Brazil, higher labor cost in Argentina, and increased marketing investments in the division to support our marketplace execution and bolster our returnable packaging base in Brazil.

Venezuela

Total Revenues. Total revenues in Venezuela reached Ps. 8,966 million in 2014, a decrease of 71.6% as compared to 2013. This result was driven by the negative translation effect resulting from using the SICAD II exchange rate to convert the results of the operation into Mexican pesos. Average price per unit case was Ps. 37.18 in 2014, a decrease of 73.7% as compared to 2013. On a currency neutral basis, our revenues in Venezuela increased by 100.3%.

Total sales volume increased 8.2% to 241.1 million unit cases in 2014, as compared to 222.9 million unit cases in 2013. The sales volume in the sparkling beverage category grew 8.4%, driven by the strong performance of the *Coca-Cola* brand, which grew 15.9%. The still beverage category increased 12.0%, due to the performance of the del *Valle Fresh* orangeade, *Powerade* and *Kapo*. The bottled water business, including bulk water, grew 1.5%.

Gross Profit. Gross profit was Ps. 4,557 million in 2014, a decrease of 70.8% as compared to 2013, driven by the negative translation effect resulting from using the SICAD II exchange rate to convert the results of the operation into Mexican pesos. In local currency, cost of goods sold increased mainly driven by higher sugar prices. Gross margin expanded 132 basis points reaching 50.8% in 2014.

Administrative and Selling Expenses. Administrative and selling expenses as a percentage of total revenues decreased 150 basis points to 35.1% in 2014, as compared to 2013. Administrative and selling expenses in absolute terms decreased 72.7%, as compared to 2013, due to the previously mentioned negative currency translation effect. In local currency, administrative and selling expenses grew ahead of inflation as a consequence of higher labor and freight cost in the country.

CORPORATE GOVERNANCE

Coca-Cola FEMSA prides itself on its standards of corporate governance and the accuracy of its disclosures. Our corporate governance practices are governed by our bylaws, the Mexican Securities Market Law and the regulations issued by the CNBV. We also disclose the extent to which we comply with the Código de Mejores Prácticas Corporativas (Mexican Code of Best Corporate Practices), which was created by a group of Mexican business leaders and was endorsed by the BMV. We apply the same strict standards accross our operations, including our new operations, and will continue to do so. We believe that the independence of our directors provides an invaluable contribution to the decision-making process in our corporation and to shareholder value protection.

ENVIRONMENTAL STATEMENT

Coca-Cola FEMSA is dedicated to the principles of sustainable development. While the Company's environmental impact is small, Coca-Cola FEMSA is committed to managing that impact in a positive manner. Compliance, waste minimization, pollution prevention and continuous improvement are hallmarks of the Company's environmental management system. The Company has achieved significant progress in areas such as recovery and recycling, water and energy conservation and wastewater quality. These efforts simultaneously help Coca-Cola FEMSA to protect the environment and to develop its business. For more information on our commitment to sustainable development, visit www.coca-colafemsa.com.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL CONTROL

The management of Coca-Cola FEMSA is responsible for the preparation and integrity of the accompanying consolidated financial statements and for maintaining a system of internal control. These checks and balances serve to provide reasonable assurance to shareholders, to the financial community, and to other interested parties that transactions are executed in accordance with management authorization, that accounting records are reliable as a basis for the preparation of the consolidated financial statements, and that assets are safeguarded against loss from unauthorized use or disposition.

In fulfilling its responsibilities for the integrity of financial information, management maintains and relies on the Company's system of internal control. This system is based on an organizational structure that efficiently delegates responsibilities and ensures the selection and training of qualified personnel. In addition, it includes policies, which are communicated to all personnel through appropriate channels. This system of internal control is supported by an ongoing internal audit function that reports its findings to management throughout the year. Management believes that to date, the internal control system of the Company has provided reasonable assurance that material errors or irregularities have been prevented or detected and corrected promptly.

ANNUAL REPORT OF THE AUDIT COMMITTEE

TO THE BOARD OF DIRECTORS
COCA COLA FEMSA, S.A.B. DE C.V. (THE ¨COMPANY¨):

Pursuant to Articles 42 and 43 of the Mexican Securities Law (Ley del Mercado de Valores) and the Charter of the Audit Committee, we submit to the Board of Directors our report on the activities performed during, 2014. We considered the recommendations established in the Code of Corporate Best Practices and, since the Company is a publicly-listed company in the New York Stock Exchange (¨NYSE¨), we also complied with the applicable provisions set forth in Sarbanes-Oxley Act. We met at least on a quarterly basis and, based on a work program, we carried out the activities described below:

RISK ASSESSMENT

We periodically evaluated the effectiveness of the Enterprise Risk Management Process, which is established to identify, measure, record, assess, and manage the Company´s risks, as well as for the implementation of follow-up measures to ensure its effective operation.

We reviewed with the Management and both External and Internal Auditors of the Company, the key risk factors that could adversely affect the Company´s operations and assets, and we determined that they have been appropriately identified, managed, and considered in both audit programs.

INTERNAL CONTROL

We verified the compliance by management of its responsibilities regarding internal control, and the establishment of general guidelines and the procedures necessary for their application and compliance. Additionally, we followed the comments and remarks made in this regard by External Auditors as a result of their findings.

We verified the actions taken by the Company in order to comply with section 404 of Sarbanes-Oxley Act regarding the self-assessment of internal controls performed by the Company to be reported for the year 2014. Throughout this process, we verified the preventive and corrective measures implemented.

EXTERNAL AUDIT

We recommended to the Board of Directors the appointment of the external auditors (who have been the same for the past seven years) for the Company and its subsidiaries for fiscal year 2014. For this purpose, we verified their independence and their compliance with the requirements established by applicable laws and regulations. We analyzed their approach, work program as well as their coordination with Internal Audit.

We were in permanent and direct communication with them to be timely informed of their progress and their observations, and also to consider any comments that resulted from their review of the quarterly financial statements. We were timely informed of their conclusions and reports, regarding the annual financial statements and followed up on the actions implemented resulting from the findings and recommendations provided during the year.

We authorized the fees of the external auditors for their annual audit and other permitted services, and verify that such services would not compromise their Independence.

With the appropriate input from Management, we carried out an evaluation of their services for the previous year and initiated the evaluation process for fiscal year 2014.

INTERNAL AUDITING

In order to maintain its independence and objectivity, the Internal Audit area reports to the Audit Committee therefore:

We reviewed and approved the annual work program and budget, in order to comply with the requirements of Sarbanes-Oxley Act. For its preparation, the Internal Audit area participated in the risk assessment process and the validation of the internal control system.

We received periodic reports regarding the progress of the approved work program, any deviations and the causes thereof.

We followed up the implementation of the observations developed by Internal Audit.

We confirmed the existence of an Annual Training program.

We reviewed and discuss with the responsible of the IA function the evaluations of the Internal Audit service performed by the responsible of each business unit and the Audit Committee.

FINANCIAL INFORMATION, ACCOUNTING POLICIES AND REPORTS TO THE THIRD PARTIES

We reviewed the quarterly and annual financial statements of the Company with the individuals responsible for its preparation and recommended to the Board of Directors, its approval and authorize its publication. As part of this process, we consider account the comments of the external auditors and confirm the criteria, accounting policies and information used by Management to prepare financial information were adequate, sufficient, and consistently applied with the prior year. As a consequence, the information submitted by Management reasonably reflects the financial position of the Company, its operating results and cash flows for the fiscal year ending on December 31, 2014.

We also reviewed the quarterly reports prepared by Management and submitted to shareholders and the financial community, verifying that such information was prepared under International Financial Reporting Standards (IFRS) and the same accounting criteria for preparing the annual information. We also reviewed the existence of an integral process that provides a reasonable assurance of fairness in the information content. To conclude, we recommended to the Board to authorize the release of such information.

Our reviews also included reports and any other financial information required by Mexican and United States regulatory authorities.

We reviewed and approved the changes to the accounting standards used by the Company that became effective in 2014, recommending their approval to the Board of Directors.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS, LEGAL ISSUES AND CONTINGENCIES

We verified the existence and reliability of the Company-established controls to ensure compliance with the various legal provisions applicable to the Company. When required, we verified its appropriate disclosure in the financial reports.

We made periodic reviews of the various tax, legal and labor contingencies of the Company. We supervised the efficiency of the procedures established for their identification and follow-up, as well as their adequate disclosure and recording.

CODE OF CONDUCT

We reviewed the new version of the Business Code of Ethics of the Company which incorporates among other changes an update of its values, validating that it includes a compliance provision with the Anti-Money Laundering laws in the countries where we operate, as well as compliance with anti corruption laws (FCPA) recommending its approval to the Board of Directors.

With the support of Internal Audit and other departments of the company, we verified the compliance of the Business Code of Ethics, the existence of adequate processes to update it and its communication to employees, as well as the application of sanctions in those cases where violations were detected.

We reviewed the complaints received in the Company´s Whistle-Blowing System and followed up on their correct and timely handling.

ADMINISTRATIVE ACTIVITIES

We held regular meetings with Management to be informed of any relevant or unusual activities and events. We also met individually with external and internal auditors to review their work, and observations.

In those cases where we deemed advisable, we requested the support and opinion from independent experts. We are not aware of any significant non-compliance with the operating policies, the internal control system or the accounting records of the Company.

We held executive meetings and when applicable reviewed with management our resolutions.

We submitted quarterly reports to the Board of Directors, on the activities performed by the Committee.

We reviewed the Audit Committee Charter and made the amendments that we deemed appropriate, submitting such changes for its approval by the Board of Directors.

We verified that the financial expert of the Committee meets the technical background and experience requirements to be considered as such, and that each Committee Member meets the independence requirements set forth in by the applicable laws and regulations.

Our activities were duly documented in the minutes prepared for each meeting. Such minutes were properly reviewed and approved by Committee members.

We made our annual performance self-assessment, and submitted the results to the Chairman of the Board of Directors.

Sincerely

José Manuel Canal Hernando
February 24, 2015

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF COCA-COLA FEMSA, S.A.B. DE C.V.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Coca-Cola FEMSA, S.A.B. de C.V. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Coca-Cola FEMSA, S.A.B. de C.V. and its subsidiaries as at December 31, 2014 and 2013, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2014, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Mancera, S.C.
A member practice of Ernst & Young Global

Adan Aranda Suarez
February 24, 2015
Mexico City, MEXICO

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At December 31, 2014 and 2013
Amounts expressed in millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.)

	NOTE		DECEMBER 2014 (*)		DECEMBER 2014		DECEMBER 2013
ASSETS							
Current assets:							
Cash and cash equivalents	5	$	879	Ps.	12,958	Ps.	15,306
Accounts receivable, net	6		701		10,339		9,958
Inventories	7		530		7,819		9,130
Recoverable taxes			277		4,082		4,120
Other current financial assets	8		105		1,544		3,134
Other current assets	8		93		1,386		1,583
Total current assets			2,585		38,128		43,231
Non-current assets:							
Investments in associates and joint ventures	9		1,175		17,326		16,767
Property, plant and equipment, net	10		3,426		50,527		51,785
Intangible assets, net	11		6,578		97,024		98,974
Deferred tax assets	23		200		2,956		1,326
Other non-current financial assets	12		214		3,160		1,319
Other non-current assets, net	12		220		3,245		3,263
Total non-current assets			11,813		174,238		173,434
TOTAL ASSETS		$	14,398	Ps.	212,366	Ps.	216,665

	NOTE		DECEMBER 2014 (*)		DECEMBER 2014		DECEMBER 2013
LIABILITIES AND EQUITY							
Current liabilities:							
Bank loans and notes payable	17	$	20	Ps.	301	Ps.	495
Current portion of non-current debt	17		61		905		3,091
Interest payable			25		371		324
Suppliers			959		14,151		16,220
Accounts payable			363		5,336		4,950
Taxes payable			370		5,457		5,575
Other current financial liabilities	24		128		1,882		1,743
Total current liabilities			1,926		28,403		32,398
Non-current liabilities:							
Bank loans and notes payable	17		4,395		64,821		56,875
Post-employment and other non-current employee benefits	15		158		2,324		2,555
Deferred tax liabilities	23		74		1,085		887
Other non-current financial liabilities	24		20		288		1,263
Provisions and other non-current liabilities	24		360		5,327		5,534
Total non-current liabilities			5,007		73,845		67,114
Total liabilities			6,933		102,248		99,512
Equity:							
Capital stock	21		139		2,048		2,048
Additional paid-in capital			2,813		41,490		41,490
Retained earnings			5,059		74,624		70,094
Cumulative other comprehensive (loss) income			(844)		(12,445)		(521)
Equity attributable to equity holders of the parent			7,167		105,717		113,111
Non-controlling interest in consolidated subsidiaries	20		298		4,401		4,042
Total equity			7,465		110,118		117,153
TOTAL LIABILITIES AND EQUITY		$	14,398	Ps.	212,366	Ps.	216,665

(*) Convenience translation to U.S. dollars ($) – See Note 2.2.3

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

CONSOLIDATED INCOME STATEMENTS

For the years ended December 31, 2014, 2013 and 2012
Amounts expressed in millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.), except per share amounts

	NOTE		2014 (*)		2014		2013		2012
Net sales		$	9,963	Ps.	146,948	Ps.	155,175	Ps.	146,907
Other operating revenues			24		350		836		832
Total revenues			9,987		147,298		156,011		147,739
Cost of goods sold			5,350		78,916		83,076		79,109
Gross profit			4,637		68,382		72,935		68,630
Administrative expenses			433		6,385		6,487		6,217
Selling expenses			2,743		40,465		44,828		40,223
Other income	18		68		1,001		478		545
Other expenses	18		79		1,159		1,101		1,497
Interest expense			376		5,546		3,341		1,955
Interest income			26		379		654		424
Foreign exchange (loss) gain, net			(66)		(968)		(739)		272
Loss on monetary position for subsidiaries in hyperinflationary economies			22		312		393		—
Market value gain on financial instruments	19		2		25		46		13
Income before income taxes and share of the profit of associates and joint ventures accounted for using the equity method			1,014		14,952		17,224		19,992
Income taxes	23		262		3,861		5,731		6,274
Share of the profit of associates and joint ventures accounted for using the equity method, net of taxes	9		(8)		(125)		289		180
Consolidated net income		$	744	Ps.	10,966	Ps.	11,782	Ps.	13,898
Attributable to:									
Equity holders of the parent		$	715	Ps.	10,542	Ps.	11,543	Ps.	13,333
Non-controlling interest			29		424		239		565
Consolidated net income		$	744	Ps.	10,966	Ps.	11,782	Ps.	13,898
Net equity holders of the parent (U.S. dollars and Mexican pesos):									
Earnings per share	22	$	0.34	Ps.	5.09	Ps.	5.61	Ps.	6.62

(*) Convenience translation to U.S. dollars ($) – See Note 2.2.3
The accompanying notes are an integral part of these consolidated income statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2014, 2013 and 2012
Amounts expressed in millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.)

	NOTE		2014 (*)		2014		2013		2012
Consolidated net income		$	744	Ps.	10,966	Ps.	11,782	Ps.	13,898
Other comprehensive income:									
Other comprehensive income to be reclassified to profit or loss in subsequent periods:									
Unrealized loss on available-for sale securities, net of taxes			—		—		(2)		(2)
Valuation of the effective portion of derivative financial instruments, net of taxes	19		15		215		(279)		(201)
Exchange differences on the translation of foreign operations and associates			(812)		(11,994)		(1,565)		(2,361)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods			(797)		(11,779)		(1,846)		(2,564)
Items that will not be reclassified to profit or loss in subsequent periods:									
Remeasurements of the net defined benefit liability, net of taxes	15		(13)		(192)		(145)		(125)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods			(13)		(192)		(145)		(125)
Total other comprehensive loss, net of tax			(810)		(11,971)		(1,991)		(2,689)
Consolidated comprehensive income for the year, net of tax		$	(66)	Ps.	(1,005)	Ps.	9,791	Ps.	11,209
Attributable to:									
Equity holders of the parent		$	(92)	Ps.	(1,382)	Ps.	9,391	Ps.	10,967
Non-controlling interest			26		377		400		242
Consolidated comprehensive income for the year, net of tax		$	(66)	Ps.	(1,005)	Ps.	9,791	Ps.	11,209

(*) Convenience translation to U.S. dollars ($) – See Note 2.2.3
The accompanying notes are an integral part of these consolidated statements of comprehensive income.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2014, 2013 and 2012
Amounts expressed in millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.)

ATTRIBUTABLE TO:		CAPITAL STOCK		ADDITIONAL PAID-IN CAPITAL		RETAINED EARNINGS		UNREALIZED GAIN ON AVAILABLE-FOR-SALE SECURITIES		VALUATION OF THE EFFECTIVE PORTION OF DERIVATIVE FINANCIAL INSTRUMENTS
Balances at January 1, 2012	Ps.	2,009	Ps.	27,230	Ps.	56,792	Ps.	4	Ps.	44
Net income		—		—		13,333		—		—
Other comprehensive income, net of tax		—		—		—		(2)		(179)
Total comprehensive income		—		—		13,333		(2)		(179)
Dividends declared		—		—		(5,624)		—		—
Acquisition of Grupo Fomento Queretano		20		6,258		—		—		—
Acquisition of non-controlling interest		—		—		—		—		—
Balances at December 31, 2012		2,029		33,488		64,501		2		(135)
Net income		—		—		11,543		—		—
Other comprehensive income, net of tax		—		—		—		(2)		(233)
Total comprehensive income		—		—		11,543		(2)		(233)
Increase in share of non-controlling interest		—		—		—		—		—
Dividends declared		—		—		(5,950)		—		—
Acquisition of Grupo Yoli		19		8,002		—		—		—
Balances at December 31, 2013		2,048		41,490		70,094		—		(368)
Net income		—		—		10,542		—		—
Other comprehensive income, net of tax		—		—		—		—		220
Total comprehensive income		—		—		10,542		—		220
Dividends declared		—		—		(6,012)		—		—
Balances at December 31, 2014	**Ps.**	**2,048**	**Ps.**	**41,490**	**Ps.**	**74,624**	**Ps.**	**—**	**Ps.**	**(148)**

(*) Convenience translation to U.S. dollars ($) – See Note 2.2.3
The accompanying notes are an integral part of these consolidated statements of changes in equity.

EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND ASSOCIATES	REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
Ps. 4,073	Ps. (124)	Ps. 90,028	Ps. 3,053	Ps. 93,081
—	—	13,333	565	13,898
(2,054)	(131)	(2,366)	(323)	(2,689)
(2,054)	(131)	10,967	242	11,209
—	—	(5,624)	(109)	(5,733)
—	—	6,278	—	6,278
—	—	—	(7)	(7)
2,019	(255)	101,649	3,179	104,828
—	—	11,543	239	11,782
(1,777)	(140)	(2,152)	161	(1,991)
(1,777)	(140)	9,391	400	9,791
—	—	—	515	515
—	—	(5,950)	(52)	(6,002)
—	—	8,021	—	8,021
242	(395)	113,111	4,042	117,153
—	—	10,542	424	10,966
(11,973)	(171)	(11,924)	(47)	(11,971)
(11,973)	(171)	(1,382)	377	(1,005)
—	—	(6,012)	(18)	(6,030)
Ps. (11,731)	**Ps. (566)**	**Ps. 105,717**	**Ps. 4,401**	**Ps. 110,118**

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2014, 2013 and 2012
Amounts expressed in millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.)

		2014 (*)		2014		2013		2012
Cash flows from operating activities:								
Income before income taxes	$	1,006	Ps.	14,827	Ps.	17,513	Ps.	20,172
Adjustments for:								
Non-cash operating expenses		30		438		(42)		218
Unrealized gain on marketable securities		—		—		—		(2)
Depreciation		411		6,072		6,371		5,078
Amortization		59		877		761		614
Gain (loss) on disposal of long-lived assets		2		33		(27)		(99)
Write-off of long-lived assets		3		39		39		14
Share of the loss (profit) of associates and joint ventures accounted for using the equity method, net of taxes		8		125		(289)		(180)
Interest income		(26)		(379)		(654)		(424)
Interest expense		227		3,352		2,604		1,796
Foreign exchange loss (gain), net		66		968		739		(272)
Non-cash movements in post-employment and other non-current employee benefits obligations		(2)		(27)		216		571
Monetary position loss, net		21		312		393		—
Market value loss on financial instruments		167		2,460		1,053		138
(Increase) decrease:								
Accounts receivable and other current assets		(53)		(777)		(1,072)		(1,545)
Other current financial assets		(146)		(2,156)		(3,094)		(1,218)
Inventories		(40)		(588)		(623)		(731)
Increase (decrease):								
Suppliers and other accounts payable		339		4,978		2,921		5,231
Other liabilities		(98)		(1,442)		89		(346)
Employee benefits paid		(16)		(235)		(127)		(88)
Income taxes paid		(303)		(4,471)		(4,674)		(5,277)
Net cash flows from operating activities		1,655		24,406		22,097		23,650
Investing activities:								
Acquisition of Grupo Fomento Queretano, net of cash acquired (Note 4)		—		—		—		(1,114)
Acquisition of Grupo Yoli, net of cash acquired (Note 4)		—		—		(1,046)		—
Acquisition of Companhia Fluminense de Refrigerantes, net of cash acquired (Note 4)		—		—		(4,648)		—
Acquisition of Grupo Spaipa, net of cash acquired (Note 4)		—		—		(23,056)		—
Proceeds from the sale of marketable securities		—		—		—		273
Interest received		26		379		654		424
Acquisitions of long-lived assets		(736)		(10,862)		(10,615)		(9,741)
Proceeds from the sale of long-lived assets		10		147		195		293
Acquisition of intangible assets		(44)		(634)		(1,256)		(235)
Other non-current assets		(17)		(257)		(734)		(420)
Investment in shares Coca-Cola FEMSA Philippines, Inc. (Note 9)		—		—		(8,904)		—
Investment in shares		6		90		(71)		(469)
Net cash flows used in investing activities		(755)		(11,137)		(49,481)		(10,989)
Financing activities:								
Proceeds from borrowings		419		6,180		66,748		16,429
Repayment of borrowings		(424)		(6,254)		(36,744)		(8,464)
Interest paid		(216)		(3,182)		(2,328)		(1,694)
Dividends paid		(409)		(6,030)		(6,002)		(5,733)
Acquisition of non-controlling interests		—		—		—		(7)
Increase in shares of non-controlling interest		—		—		515		—
Other financing activities		(124)		(1,828)		1,546		(270)
Payments under finance leases		(16)		(236)		(229)		(201)
Net cash flows (used in) / from financing activities		(770)		(11,350)		23,506		60
Net increase (decrese) in cash and cash equivalents		130		1,919		(3,878)		12,721
Initial balance of cash and cash equivalents		1,038		15,306		23,222		11,843
Effects of exchange rate changes and inflation effects on cash and cash equivalents held in foreign currencies		(289)		(4,267)		(4,038)		(1,342)
Ending balance of cash and cash equivalents	$	879	Ps.	12,958	Ps.	15,306	Ps.	23,222

(*) Convenience translation to U.S. dollars ($) – See Note 2.2.3
The accompanying notes are an integral part of these consolidated statements of cash flow.

NOTES TO THE CONSOLIDATED STATEMENTS

As of December 31, 2014, 2013 and 2012
Amounts expressed in millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.)

NOTE 1. ACTIVITIES OF THE COMPANY

Coca-Cola FEMSA, S.A.B. de C.V. ("Coca-Cola FEMSA" or "the Company") is a Mexican corporation, mainly engaged in acquiring, holding and transferring all types of bonds, shares and marketable securities.

Coca-Cola FEMSA is indirectly owned by Fomento Economico Mexicano, S.A.B. de C.V. ("FEMSA"), which holds 47.9% of its capital stock and 63% of its voting shares and The Coca-Cola Company ("TCCC"), which indirectly owns 28.1% of its capital stock and 37% of its voting shares. The remaining 24% of Coca-Cola FEMSA's shares trade on the Bolsa Mexicana de Valores, S.A.B. de C.V. (BMV: KOF). Its American Depositary shares ("ADS") trade on the New York Stock Exchange, Inc. The address of its registered office and principal place of business is Mario Pani No. 100 Col. Santa Fe Cuajimalpa Delegacion Cuajimalpa de Morelos, Mexico D.F. 05348, Mexico.

Coca-Cola FEMSA and its subsidiaries (the "Company"), as an economic unit, are engaged in the production, distribution and marketing of certain Coca-Cola trademark beverages in Mexico, Central America (Guatemala, Nicaragua, Costa Rica and Panama), Colombia, Venezuela, Brazil and Argentina.

As of December 31, 2014 and 2013 the most significant subsidiaries over which the Company exercises control are:

COMPANY	ACTIVITY	COUNTRY	OWNERSHIP PERCENTAGE 2014	OWNERSHIP PERCENTAGE 2013
Propimex, S. de R.L. de C.V.	Manufacturing and distribution	Mexico	100.00%	100.00%
Controladora Interamericana de Bebidas, S. de R.L. de C.V.	Holding	Mexico	100.00%	100.00%
Spal Industria Brasileira de Bebidas, S.A.	Manufacturing and distribution	Brazil	96.06%	96.06%
Distribuidora y Manufacturera del Valle de México, S. de R.L. de C.V.	Manufacturing and distribution	México	100.00%	100.00%
Servicios Refresqueros del Golfo, S. de R.L. de C.V.	Manufacturing and distribution	Mexico	100.00%	100.00%

NOTE 2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company's consolidated financial statements and notes were authorized for issuance by the Company's Chief Executive Officer John Santa Maria Otazua and Chief Financial and Administrative Officer Héctor Treviño Gutiérrez on February 21, 2015 and subsequent events have been considered through that date (see Note 28). These consolidated financial statements and notes will be presented at the Company's Board of Directors meeting and Shareholders meeting on February 24, 2015 and March 12, 2015, respectively. The Company´s Board of Directors and Shareholders have the authority to approve or modify the Company´s consolidated financial statements.

2.2 Basis of measurement and presentation

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Available-for-sale investments
- Derivative financial instruments
- Trust assets of post-employment and other non-current employee benefit plans

The financial statements of subsidiaries whose functional currency is the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the end of the reporting period.

2.2.1 Presentation of consolidated income statement

The Company classifies its costs and expenses by function in the consolidated income statement, in order to conform to the industry practices where the Company operates.

2.2.2 Presentation of consolidated statements of cash flows.

The Company´s consolidated statement of cash flows is presented using the indirect method.

2.2.3 Convenience translation to U.S. dollars ($)

The consolidated financial statements are stated in millions of Mexican pesos ("Ps.") and rounded to the nearest million unless stated otherwise. However, solely for the convenience of the readers, the consolidated statement of financial position as of December 31, 2014, the consolidated income statement, the consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended December 31, 2014 were converted into U.S. dollars at the exchange rate of Ps. 14.75 per U.S. dollar as published by the Federal Reserve Bank of New York as of that date. This arithmetic conversion should not be construed as representations that the amounts expressed in Mexican pesos may be converted into U.S. dollars at that or any other exchange rate.

2.3 Critical accounting judgments and estimates

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

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

2.3.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.3.1.1 Impairment of indefinite lived intangible assets, goodwill and other depreciable long-lived assets

Intangible assets with indefinite lives as well as goodwill are subject to annual impairment tests. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. In order to determine whether such assets are impaired, the Company initially calculates an estimation of the value in use of the cash-generating units to which such assets have been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The Company reviews annually the carrying value of its intangible assets with indefinite lives and goodwill for impairment based on recognized valuation techniques. While the Company believes that its estimates are reasonable, different assumptions regarding such estimates could materially affect its evaluations. Impairment losses are recognized in current earnings in the period the related impairment is determined.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. The key assumptions used to determine the recoverable amount for the Company's CGUs, including a sensitivity analysis, are further explained in Notes 3.16 and 11.

2.3.1.2 Useful lives of property, plant and equipment and intangible assets with defined useful lives

Property, plant and equipment, including returnable bottles are expected to provide benefits over a period of more than one year, as well as intangible assets with defined useful lives are depreciated/amortized over their estimated useful lives. The Company bases it estimates on the experience of its technical personnel as well as based on its experience in the industry for similar assets, see Notes 3.12, 10 and 11.

2.3.1.3 Post-employment and other non-current employee benefits

The Company regularly evaluates the reasonableness of the assumptions used in its post-employment and other non-current employee benefit computations. Information about such assumptions is described in Note 15.

2.3.1.4 Income taxes

Deferred income tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. The Company regularly reviews its deferred tax assets for recoverability, and records a deferred tax asset based on its judgment regarding the probability of historical taxable income, projected future taxable income and the expected timing of the reversals of existing temporary differences, see Note 23.

2.3.1.5 Tax, labor and legal contingencies and provisions

The Company is subject to various claims and contingencies related to tax, labor and legal proceedings as described in Note 24. Due to their nature, such legal proceedings involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. Management periodically assesses the probability of loss for such contingencies and accrues a provision and/ or discloses the relevant circumstances, as appropriate. If the potential loss of any claim or legal proceeding is considered probable and the amount can be reasonably estimated, the Company accrues a provision for the estimated loss.

2.3.1.6 Valuation of financial instruments

The Company is required to measure all derivative financial instruments at fair value.

The fair values of derivative financial instruments are determined considering quoted prices in recognized markets. If such instruments are not traded, fair value is determined by applying techniques based upon technical models supported by sufficient, reliable and verifiable data, recognized in the financial sector. The Company bases its forward price curves upon market price quotations. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments, see Note 19.

2.3.1.7 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities assumed by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12, Income Taxes and IAS 19, Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2, Share- based Payment at the acquisition date, see Note 3.24; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Company previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Company previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

For each business combination, the Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

2.3.1.8 Investments in associates

If the Company holds, directly or indirectly, 20 per cent or more of the voting power of the investee, it is presumed that it has significant influence, unless it can be clearly demonstrated that this is not the case. If the Company holds, directly or indirectly, less than 20 per cent of the voting power of the investee, it is presumed that the Company does not have significant influence, unless such influence can be clearly demonstrated. Decisions regarding the propriety of utilizing the equity method of accounting for a less than 20 per cent-owned corporate investee requires a careful evaluation of voting rights and their impact on the Company's ability to exercise significant influence. Management considers the existence of the following circumstances, which may indicate that the Company is in a position to exercise significant influence over a less than 20 per cent-owned corporate investee:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the Company and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

Management also considers the existence and effect of potential voting rights that are currently exercisable or currently convertible should also be considered when assessing whether the Company has significant influence.

In addition, the Company evaluates the indicators that provide evidence of significant influence:

- the Company's extent of ownership is significant relative to other shareholdings (i.e. a lack of concentration of other shareholders);
- the Company's significant shareholders, its parent, fellow subsidiaries, or officers of the Company, hold additional investment in the investee; and
- the Company is a part of significant investee committees, such as the executive committee or the finance committee.

2.3.1.9 Joint Arrangements
An arrangement can be a joint arrangement even though not all of its parties have joint control of the arrangement. When the Company is a party to an arrangement it shall assess whether the contractual arrangement gives all the parties, or a group of the parties, control of the arrangement collectively; joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that control the arrangement collectively. Management needs to apply judgment when assessing whether all the parties, or a group of the parties, have joint control of an arrangement. When assessing joint control, management considers the following facts and circumstances:

a) If all the parties, or a group of the parties, control the arrangement, considering definition of joint control, as described in Note 3.1; and

b) If decisions about the relevant activities require the unanimous consent of all the parties, or of a group of the parties

As mentioned in Note 9, on January 25, 2013, the Company finalized the acquisition of 51% of Coca-Cola FEMSA Philippines, Inc. (CCFPI) (formerly known as Coca-Cola Bottlers Philippines, Inc.). The Company currently jointly controls CCFPI with TCCC. This is based on the following factors: (i) during the initial four-year period some relevant activities require joint approval between the Company and TCCC; and (ii) potential voting rights to acquire the remaining 49% of CCFPI are not probable to be executed in the foreseeable future due to the fact the call option is "out of the money" as of December 31, 2014 and 2013.

2.3.1.10 Venezuela Exchange Rates
As is further explained in Note 3.3 below, the exchange rate used to account for foreign currency denominated monetary items arising in Venezuela, and also the exchange rate used to translate the financial statements of the Company's Venezuelan subsidiary for group reporting purposes are both key sources of estimation uncertainty in preparing the accompanying consolidated financial statements.

2.4 Changes in accounting policies
The Company has adopted the following new IFRS and amendments to IFRS during 2014:

- Amendments to IFRS 10, IFRS 12 and IAS 27 (revised 2011), *Consolidated Financial Statements, Disclosures of Interest in Other Entities and Separate Financial Statements*
- Amendments to IAS 32, *Offsetting Financial Assets and Financial Liabilities*
- Amendments to IAS 36, *Impairment of assets*
- Amendments to IAS 39, *Financial instruments: recognition and measurement*
- IFRIC 21, Levies
- Annual Improvements 2010-2012 Cycle

The nature and the effect of the changes are further explained below.

Amendments to IFRS 10, IFRS 12 and IAS 27 (revised 2011), *Consolidated Financial Statements, Disclosures of Interest in Other Entities and Separate Financial Statements*
Amendments to IFRS 10, IFRS 12 and IAS 27, provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 or IAS 39. In addition, the amendments also require disclosures about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not have participation in an investment entity therefore the adoption of these admendments had no impact on the Company's consolidated financial statements.

Amendments to IAS 32, *Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 32, "Offsetting Financial Assets and Financial Liabilities", clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required. The adoption these amedments had no impact on the Company´s consolidated financial statements because the Company's policy for offsettings financial instruments is already in accordance with the amedments of IAS 32.

Amendments to IAS 36, *Impairment of assets*

Amendments to IAS 36 "Impairment of Assets", reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014. The adoption of these amedments had no impact on the Company´s consolidated financial statements because the Company had no impairment charges in the current and previous years and in consequence there is no amount that could be reversed.

Amendments to IAS 39, *Financial Instruments: Recognition and Measurement*

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014. The Company did not have novated derivates designated as hedging during 2014.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning on January 1, 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 had no impact on the Company´s consolidated financial statements.

The amendment to IFRS 8 is effective for annual periods beginning on or after July 1, 2014 however the amendements were early adopted for the current year. The amendments require disclosing a) the judgments made by management in applying the aggregation criteria of reportable segments, and b) provide reconciliations of all of the total of the reportable segments' assets to the entity's assets if the segment assets are reported to the CODM. These amendments were incorporated in Note 25.

IFRIC 21, *Levies*

IFRIC 21 Levies, provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides guidance on recognition of a liability to pay levies, where the liability is recognized progressively if the obligating event occurs over a period of time; and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This interpretation is effective for accounting periods beginning on or after January 1, 2014, with early adoption permitted. The Company adopted this interpretation and had no material impact on the financial statements because the rates to which is subject are recorded at the time the event giving rise to the payment obligation arises.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2014. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities

3.1.1 Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are measured at carrying amount and reflected in equity, as part of additional paid in capital.

3.1.2 Loss of control

Upon the loss of control, the Company derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated net income. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity method or as a financial asset depending on the level of influence retained.

3.2 Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Company. In assessing control, the Company takes into consideration substantive potential voting rights.

The Company measures goodwill at the acquisition date as the fair value of the consideration transferred plus the fair value of any previously-held equity interest in the acquiree and the recognized amount of any non-controlling interests in the acquiree (if any), less the net recognized amount of the identifiable assets acquired and liabilities assumed. If after reassessment, the excess is negative, a bargain purchase gain is recognized in consolidated net income at the time of the acquisition.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, if after reassessment subsequent changes to the fair value of the contingent considerations are recognized in consolidated net income.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete, and discloses that its allocation is preliminary in nature. Those provisional amounts are adjusted during the measurement period (not greater than 12 months), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

3.3 Foreign currencies and consolidation of foreign subsidiaries, investments in associates and joint ventures

In preparing the financial statements of each individual subsidiary, associate and joint venture, transactions in currencies other than the individual entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not remeasured.

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

- The variations in the net investment in foreign subsidiaries generated by exchange rate fluctuation are included in the cumulative translation adjustment, which is recorded in equity as part of the cumulative translation adjustment within the cumulative other comprehensive income.

- Intercompany financing balances with foreign subsidiaries that are considered as non-current investments, since there is no plan to pay such financing in the foreseeable future. Monetary position and exchange rate fluctuation regarding this financing is included in the cumulative translation adjustment, which is recorded in equity as part of the cumulative translation adjustment within the cumulative other comprehensive income.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

For incorporation into the Company's consolidated financial statements, each foreign subsidiary, associate or joint venture's individual financial statements are translated into Mexican pesos, as described as follows:

- For hyperinflationary economic environments, the inflation effects of the origin country are recognized, and subsequently translated into Mexican pesos using the year-end exchange rate for the consolidated statements of financial position and consolidated income statement and comprehensive income; and
- For non-inflationary economic environments, assets and liabilities are translated into Mexican pesos using the year-end exchange rate, equity is translated into Mexican pesos using the historical exchange rate, and the income statement and comprehensive income is translated using the exchange rate at the date of each transaction. The Company uses the average exchange rate of each month only if the exchange rate does not fluctuate significantly.

		EXCHANGE RATES OF LOCAL CURRENCIES TRANSLATED TO MEXICAN PESOS				
		AVERAGE EXCHANGE RATE FOR			EXCHANGE RATE AS OF	
COUNTRY OR ZONE	FUNCTIONAL/CURRENCY	2014	2013	2012	2014	2013
Mexico	Mexican peso	Ps. 1.00	Ps. 1.00	Ps. 1.00	Ps. 1.00	Ps. 1.00
Guatemala	Quetzal	1.72	1.62	1.68	1.94	1.67
Costa Rica	Colon	0.02	0.03	0.03	0.03	0.03
Panama	U.S. dollar	13.30	12.77	13.17	14.72	13.08
Colombia	Colombian peso	0.01	0.01	0.01	0.01	0.01
Nicaragua	Cordoba	0.51	0.52	0.56	0.55	0.52
Argentina	Argentine peso	1.64	2.34	2.90	1.72	2.01
Venezuela	Bolivar	1.28	2.13	3.06	0.29	2.08
Brazil	Reais	5.66	5.94	6.76	5.54	5.58
Philippines	Philippines peso	0.30	0.30	0.31	0.33	0.29

The Company has operated under exchange controls in Venezuela since 2003 that affect its ability to remit dividends abroad or make payments other than in local currencies and that may increase the real price of raw materials purchased in local currency. Cash balances of the Company's Venezuela subsidiary which are not readily available for use within the group are disclosed in Note 5.

As of December 31, 2014, Venezuela's entities were able to convert bolivars to US dollars at one of three legal exchange rates:

i) The official exchange rate. Used for transactions involving what the Venezuelan government considers to be "essential goods and services".

ii) SICAD I. Used for certain transactions, including payment of services and payments related to foreign investments in Venezuela were transacted at the state-run Supplementary Foreign Currency Administration System (SICAD-I) exchange rate. The SICAD-I determined an alternative exchange rate based on limited periodic sales of US dollars through auction.

iii) SICAD II. The Venezuelan government enacted a new law in 2014 that authorized an additional method of exchanging Venezuelan bolivars to U.S. dollars at rates other than either the official exchange rate or the SICAD-I exchange rate. SICAD-II was used for certain types of defined transactions not otherwise covered by the official exchange rate or the SICAD-I exchange rate.

As of December 31, 2014, the official exchange rate was 6.30 bolivars per U.S. dollar, the SICAD-I exchange rate was 12.00 bolivars per US dollar (1.35 Mexican peso per bolivar), and the SICAD-II exchange rate was 49.99 bolivars per US dollar (0.29 Mexican peso per bolivar).

The Company's recognition of its Venezuela operations involves a two-step accounting process in order to translate into bolivars all transactions in a different currency than the Venezuelan currency and then to translate to Mexican Pesos.

Step-one.- Transactions are first recorded in the stand-alone accounts of the Venezuelan subsidiary in its functional currency, that is the bolivars. Any non-bolivar denominated monetary assets or liabilities are translated into bolivar at each balance sheet date using the exchange rate at which we expect them to be settled, with the corresponding effect of such translation being recorded in the income statement.

As of December 31, 2014 the Company had US $ 449 million in monetary liabilities recorded using the official exchange rate. The Company believes that these payables for imports of essential goods should continue to qualify for settlement at the official exchange rate. If there is a change in the official exchange rate in the future, or should we determine these amounts no longer qualify, we will recognize the impact of this change in the income statement.

Step-two.- In order to integrate the results of the Venezuelan operations into the consolidated figures of the Company, such Venezuelan results are translated from Venezuelan bolivars into Mexican pesos. During the first three quarters of 2014, the Company used SICAD-I exchange rate as the rate for the translation of the Venezuelan amounts based on the expectation this would have been the exchange rate to what dividends will be settled. During the fourth quarter, the Company decided to move from SICAD I to SICAD II- exchange rate to reflect its revised estimate. In accordance with IAS 21 and given the fact that Venezuela is considered a hyper-inflationary economy, we have translated the results for the entire year using SICAD II exchange rate. Prior to 2014, the Company used the official exchange rate of 6.30 and 4.30 bolivars per US dollar in 2013 and 2012, respectively.

As a result of the change in exchange rate applied to translate financial statements during 2014 and the devaluation of Bolivar in 2013, the statement of financial position reflects a reduction in equity of Ps. 11,836 and Ps. 3,700, respectively. These reductions in equity are presented as part of other comprehensive income.

Official exchange rates for Argentina are published by the Argentine Central Bank. The Argentine peso has experienced significant devaluation over the past several years and the government has adopted various rules and regulations since late 2011 that established new restrictive controls on capital flows into the country. These enhanced exchange controls have practically closed the foreign exchange market to retail transactions. It is widely reported that the Argentine peso/U.S. dollar exchange rate in the unofficial market substantially differs from the official foreign exchange rate. The Argentine government could impose further exchange controls or restrictions on the movement of capital and take other measures in the future in response to capital flight or a significant depreciation of the Argentine peso.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in other comprehensive income in respect of that operation attributable to the owners of the Company are recognized in the consolidated income statement.

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

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Foreign exchange differences arising are recognized in equity as part of the cumulative translation adjustment.

The translation of assets and liabilities denominated in foreign currencies into Mexican pesos is for consolidation purposes and does not indicate that the Company could realize or settle the reported value of those assets and liabilities in Mexican pesos. Additionally, this does not indicate that the Company could return or distribute the reported Mexican peso value equity to its shareholders.

3.4 Recognition of the effects of inflation in countries with hyperinflationary economic environments

The Company recognizes the effects of inflation on the financial information of its Venezuelan subsidiary that operates in hyperinflationary economic environments (when cumulative inflation of the three preceding years is approaching, or exceeds, 100% or more in addition to other qualitative factors), which consists of:

- Using inflation factors to restate non-monetary assets, such as inventories, property, plant and equipment, intangible assets, including related costs and expenses when such assets are consumed or depreciated.
- Applying the appropriate inflation factors to restate capital stock, additional paid-in capital, net income, retained earnings and items of other comprehensive income by the necessary amount to maintain the purchasing power equivalent in the currency of the corresponding hyperinflationary country on the dates such capital was contributed or income was generated up to the date of these consolidated financial statements are presented; and
- Including the monetary position gain or loss in consolidated net income.

The Company restates the financial information of subsidiaries that operate in hyperinflationary economic environment using the consumer price index of each country.

As of December 31, 2014, 2013, and 2012, the operations of the Company are classified as follows:

COUNTRY	CUMULATIVE INFLATION 2012- 2014	TYPE OF ECONOMY	CUMULATIVE INFLATION 2011- 2013	TYPE OF ECONOMY	CUMULATIVE INFLATION 2010- 2012	TYPE OF ECONOMY
Mexico	12.4%	Non-hyperinflationary	12.2%	Non-hyperinflationary	12.3%	Non-hyperinflationary
Guatemala	11.5%	Non-hyperinflationary	14.8%	Non-hyperinflationary	15.8%	Non-hyperinflationary
Costa Rica	14.6%	Non-hyperinflationary	13.1%	Non-hyperinflationary	15.9%	Non-hyperinflationary
Panama	9.7%	Non-hyperinflationary	15.2%	Non-hyperinflationary	16.7%	Non-hyperinflationary
Colombia	8.1%	Non-hyperinflationary	7.8%	Non-hyperinflationary	9.6%	Non-hyperinflationary
Nicaragua	21.9%	Non-hyperinflationary	20.7%	Non-hyperinflationary	25.7%	Non-hyperinflationary
Argentina	52.6%	Non-hyperinflationary	34.0%	Non-hyperinflationary	34.6%	Non-hyperinflationary
Venezuela	210.2%	Hyperinflationary	139.3%	Hyperinflationary	94.8%	Hyperinflationary
Brazil	19.0%	Non-hyperinflationary	18.9%	Non-hyperinflationary	19.4%	Non-hyperinflationary
Philippines (equity method investment)	9.9%	Non-hyperinflationary	11.3%	Non-hyperinflationary	11.1%	Non-hyperinflationary

While the Venezuelan economy's cumulative inflation rate for the period 2010-2012 was less than 100%, it was approaching 100%, and qualitative factors support its classification as a hyper-inflationary economy.

During 2014, the International Monetary Fund (IMF) issued a declaration of censure and called on Argentina to adopt remedial measures to address the quality of its official inflation data. The IMF noted that alternative data sources have shown considerably higher inflation rates than the official data since 2008. Consumer price data reported by Argentina from January 2014 onwards reflect the new national CPI (IPCNu), which differs substantively from the preceding CPI. Because of the differences in geographical coverage, weights, sampling, and methodology, the IPCNu data cannot be directly compared to the earlier CPI-GBA data.

3.5 Cash and cash equivalents

Cash is measured at nominal value and consists of non-interest bearing bank deposits. Cash equivalents consist principally of short-term bank deposits and fixed rate investments, both with maturities of three months or less at the acquisition date and are recorded at acquisition cost plus interest income not yet received, which is similar to market prices.

The Company also maintains restricted cash held as collateral to meet certain contractual obligations (see Note 8). Restricted cash is presented within other current financial assets given that the restrictions are short-term in nature.

3.6 Financial assets

Financial assets are classified into the following specified categories: "fair value through profit or loss (FVTPL)", "held-to-maturity investments", "available-for-sale" and "loans and receivables". The classification depends on the nature and purpose of holding the financial assets and is determined at the time of initial recognition.

When a financial asset is recognized initially, the Company measures it at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

The Company's financial assets include cash and cash equivalents, marketable securities, loans and receivables, derivative financial instruments and other financial assets.

3.6.1 Effective interest rate method (EIR)

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

3.6.2 Marketable securities

Marketable securities consist of debt securities and bank deposits with maturities of more than three months at the acquisition date. Management determines the appropriate classification of investments at the time of purchase and assesses such designation as of each reporting date. As of December 31, 2014, and 2013 there were no marketable securities.

3.6.2.1 Available-for-sale marketable securities are carried at fair value, with the unrealized gains and losses, net of tax, reported in other comprehensive income. Interest and dividends on investments classified as available-for-sale are included in interest income. The fair values of the investments are readily available based on quoted market prices. The exchange effects of securities available for sale are recognized in the consolidated income statement in the period in which they arise.

3.6.2.2 Held-to maturity marketable securities are those that the Company has the positive intent and ability to hold to maturity, and are carried at acquisition cost which includes any cost of purchase and premium or discount related to the investment which is amortized over the life of the investment based on its outstanding balance utilizing the effective interest method less any impairment. Interest and dividends on investments classified as held-to maturity are included in interest income. As of December, 31 2014 and 2013 there was no held-to maturity marketable securities balances.

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

3.6.3 Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. Loans and receivables with a relevant period (including trade and other receivables) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. For the years ended December 31, 2014, 2013 and 2012 the interest income on loans and receivables recognized in the interest income line item within the consolidated income statements is Ps. -, Ps. 61 and Ps. 58, respectively.

3.6.4 Other financial assets
Other financial assets are non-current accounts receivable and derivative financial instruments. Other financial assets with a relevant period are measured at amortized cost using the effective interest method, less any impairment.

3.6.5 Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial assets that can be reliably estimated.

Evidence of impairment may include indicators as follows:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquent in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

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

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

3.6.6 Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the financial asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.6.7 Offsetting of financial instruments
Financial assets are required to be offset against financial liabilities and the net amount reported in the consolidated statement of financial position if, and only when the Company:

- Currently has an enforceable legal right to offset the recognized amounts, and
- Intends to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.7 Derivative financial instruments
The Company is exposed to different risks related to cash flows, liquidity, market and third party credit. As a result, the Company contracts different derivative financial instruments in order to reduce its exposure to the risk of exchange rate fluctuations between the Mexican peso and other currencies, and interest rate fluctuations associated with its borrowings denominated in foreign currencies and the exposure to the risk of fluctuation in the costs of certain raw materials.

The Company values and records all derivative financial instruments and hedging activities, in the consolidated statement of financial position as either an asset or liability measured at fair value, considering quoted prices in recognized markets. If such instruments are not traded in a formal market, fair value is determined by applying techniques based upon technical models supported by sufficient, reliable and verifiable market data, recognized in the financial sector. Changes in the fair value of derivative financial instruments are recorded each year in current earnings or as a component of cumulative other comprehensive income based on the item being hedged and the effectiveness of the hedge.

3.7.1 Hedge accounting
The Company designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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

3.7.2 Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading valuation of the effective portion of derivative financial instruments. The gain or loss relating to the ineffective portion is recognized immediately in consolidated net income, and is included in the market value (gain) loss on financial instruments line item within the consolidated statements of income.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to consolidated net income in the periods when the hedged item is recognized in consolidated net income, in the same line of the consolidated statement of income as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

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

3.7.3 Fair value hedges
The change in the fair value of a hedging derivative is recognized in the statement of profit or loss as foreign exchange gain or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit or loss as foreign exchange gain or loss.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit and loss.

3.8 Fair value measurement
The Company measures financial instruments, such as, derivatives, and non-financial assets such, at fair value at each balance sheet date. Also, fair values of bank loans and notes payable carried at amortized cost are disclosed in Note 17.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- **Level 2:** inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

The Company determines the policies and procedures for both recurring fair value measurement, such as those described in Note 19 and unquoted liabilities such as debt described in Note 17.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.9 Inventories and cost of goods sold

Inventories are measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Inventories represent the acquisition or production cost which is incurred when purchasing or producing a product, and are based on the weighted average cost formula.

Cost of goods sold is based on average cost of the inventories at the time of sale. Cost of goods sold includes expenses related to the purchase of raw materials used in the production process, as well as labor costs (wages and other benefits), depreciation of production facilities, equipment and other costs, including fuel, electricity, equipment maintenance, inspection and plant transfer costs.

3.10 Other current assets

Other current assets, which will be realized within a period of less than one year from the reporting date, are comprised of prepaid assets and agreements with customers.

Prepaid assets principally consist of advances to suppliers of raw materials, advertising, promotional, leasing and insurance costs, and are recognized as other current assets at the time of the cash disbursement, and are unrecognized in the consolidated statement of financial position or consolidated income statement caption when the risks and rewards of the related goods have been transferred to the Company or services have been received, respectively.

The Company has prepaid advertising costs which consist of television and radio advertising airtime paid in advance. These expenses are generally amortized over the period based on the transmission of the television and radio spots. The related production costs are recognized in consolidated net income as incurred.

The Company has agreements with customers for the right to sell and promote the Company's products over a certain period. The majority of these agreements have terms of more than one year, and the related costs are amortized using the straight-line method over the term of the contract, with amortization presented as a reduction of net sales. During the years ended December 31, 2014, 2013 and 2012, such amortization aggregated to Ps. 338, Ps. 696 and Ps. 970, respectively.

3.11 Investments in associates and joint arrangements

3.11.1 Investments in associates

Associates are those entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

Investments in associates are accounted for using the equity method and initial recognition comprises the investment's purchase price and any directly attributable expenditure necessary to acquire it.

When the Company's share of losses exceeds the carrying amount of the associate, including any non-current investments, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has a legal or constructive obligation or has made payments on behalf of the associate.

Goodwill identified at the acquisition date is presented as part of the investment in shares of the associate in the consolidated statement of financial position. Any goodwill arising on the acquisition of the Company's interest in associate is accounted for in accordance with the Company's accounting policy for goodwill arising in a business combination, see Note 3.2.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on its investment in its associate. The Company determines at each reporting date whether there is any objective evidence that the investment in the associates is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the share of the profit or loss of associates accounted for using the equity method in the consolidated statements of income.

3.11.2 Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Company classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Company's rights to the assets and obligations for the liabilities of the arrangements

Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Company recognizes its interest in the joint ventures as an investment and accounts for that investment using the equity method. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. As of December 31, 2014 and 2013 the Company does not have an interest in joint operations.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on its investment in its joint venture. The Company determines at each reporting date whether there is any objective evidence that the investment in the joint ventures is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognizes the amount in the share of the profit or loss of joint ventures accounted for using the equity method in the consolidated statements of income.

3.12 Property, plant and equipment

Property, plant and equipment are initially recorded at their cost of acquisition and/or construction and are presented net of accumulated depreciation and/or accumulated impairment losses, if any. The borrowing costs related to the acquisition or construction of qualifying asset is capitalized as part of the cost of that asset.

Major maintenance costs are capitalized as part of total acquisition cost. Routine maintenance and repair costs are expensed as incurred.

Investments in progress consist of long-lived assets not yet in service, in other words, that are not yet used for the purpose that they were bought, built or developed. The Company expects to complete those investments during the following 12 months.

Depreciation is computed using the straight-line method over acquisition cost. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted and depreciated for as separate items (major components) of property, plant and equipment. The Company estimates depreciation rates, considering the estimated useful lives of the assets.

The estimated useful lives of the Company's principal assets are as follows:

	YEARS
Buildings	40 – 50
Machinery and equipment	10 – 20
Distribution equipment	7 – 15
Refrigeration equipment	5 – 7
Returnable bottles	1.5 – 4
Other equipment	3 – 10

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (if any) and the carrying amount of the asset and is recognized in consolidated net income.

Returnable and non-returnable bottles:

The Company has two types of bottles: returnable and non-returnable.

- Non-returnable: Are recorded in consolidated net income at the time of product sale.
- Returnable: Are classified as long-lived assets as a component of property, plant and equipment. Returnable bottles are recorded at acquisition cost; for countries with hyperinflationary economies, restated according to IAS 29. Depreciation of returnable bottles is computed using the straight-line method considering their estimated useful lives.

There are two types of returnable bottles:

- Those that are in the Company's control within its facilities, plants and distribution centers; and
- Those that have been placed in the hands of customers, but still belong to the Company.

Returnable bottles that have been placed in the hands of customers are subject to an agreement with a retailer pursuant to which the Company retains ownership. These bottles are monitored by sales personnel during periodic visits to retailers and the Company has the right to charge any breakage identified to the retailer. Bottles that are not subject to such agreements are expensed when placed in the hands of retailers.

The Company's returnable bottles are depreciated according to their estimated useful lives (3 years for glass bottles and 1.5 years for PET bottles). Deposits received from customers are amortized over the same useful estimated lives of the bottles.

3.13 Borrowing costs

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

- interest expense; and
- exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in consolidated net income in the period in which they are incurred.

3.14 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance and represent payments whose benefits will be received in future years. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition (see Note 3.2). Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite, in accordance with the period over which the Company expects to receive the benefits.

Intangible assets with finite useful lives are amortized and mainly consist of information technology and management system costs incurred during the development stage which are currently in use. Such amounts are capitalized and then amortized using the straight-line method over their expected useful lives. Expenses that do not fulfill the requirements for capitalization are expensed as incurred.

Amortized intangible assets, such as finite lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable through its expected future cash flows.

Intangible assets with an indefinite life are not amortized and are subject to impairment tests on an annual basis as well as whenever certain circumstances indicate that the carrying amount of those intangible assets exceeds their recoverable value.

The Company's intangible assets with an indefinite life mainly consist of rights to produce and distribute Coca-Cola trademark products in the Company's territories. These rights are contained in agreements that are standard contracts that The Coca-Cola Company has with its bottlers.

As of December 31, 2014, the Company had nine bottler agreements in Mexico: (i) the agreements for Mexico's Valley territory, which expire in April 2016 and June 2023, (ii) the agreements for the Central territory, which expire in March 2015 (two agreements), May 2015 and July 2016, (iii) the agreement for the Northeast territory, which expires in March 2015 (iv) the agreement for the Bajio territory, which expires in May 2015, and (v) the agreement for the Southeast territory, which expires in June 2023. As of December 31, 2014, the Company had four bottler agreements in Brazil, two expiring in October 2017 and the other two expiring in April 2024. The bottler agreements with The Coca-Cola Company will expire for territories in other countries as follows: Argentina in September 2024; Colombia in June 2024; Venezuela in August 2016; Guatemala in March 2025; Costa Rica in September 2017; Nicaragua in May 2016 and Panama in November 2024. All of these bottler agreements are automatically renewable for ten-year terms, subject to the right of either party to give prior notice that it does not wish to renew the applicable agreement. In addition, these agreements generally may be terminated in the case of material breach. Termination would prevent the Company from selling Coca-Cola trademark beverages in the affected territory and would have an adverse effect on the Company´s business, financial conditions, results from operations and prospects.

3.15 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.16 Impairment of non-financial assets

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

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

For goodwill and other indefinite lived intangible assets, the Company tests for impairment on an annual basis and whenever certain circumstances indicate that the carrying amount of the cash generating unit might exceed its recoverable amount.

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

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in consolidated net income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in consolidated net income. Impairment losses related to goodwill are not reversible.

As of December, 31 2014 and 2013 there was no impairment recognized in non-financial assets.

3.17 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in consolidated net income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Leasehold improvements, on operating leases are amortized using the straight-line method over the shorter of either the useful life of the assets or the related lease term.

3.18 Financial liabilities and equity instruments

3.18.1 Classification as debt or equity

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

3.18.2 Equity instruments

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

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

3.18.3 Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at FVTPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Company financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments, see Note 3.7.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

3.18.4 Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method. The effective interest method amortization is included in interest expense in the consolidated statements of income.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

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

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

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

The Company recognizes a provision for a loss contingency when it is probable (i.e. the probability that the event will occur is greater than the probability that it will not) that certain effects related to past events, would materialize and can be reasonably quantified. These events and their financial impact are also disclosed as loss contingencies in the consolidated financial statements when the risk of loss is deemed to be other than remote. The Company does not recognize an asset for a gain contingency until the gain is realized, see Note 24.

Restructuring provisions are recognized only when the recognition criteria for provisions are fulfilled. The Company has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected must have been notified of the plans main features.

3.20 Post-employment and other non-current employee benefits
Post-employment and other non-current employee benefits, which are considered to be monetary items, include obligations for pension and post-employment plans and seniority premiums, all based on actuarial calculations, using the projected unit credit method.

In Mexico, the economic benefits and retirement pensions are granted to employees with 10 years of service and minimum age of 60. In accordance with Mexican Labor Law, the Company provides seniority premium benefits to its employees under certain circumstances. These benefits consist of a one-time payment equivalent to 12 days wages for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with 15 or more years of service, as well as to certain employees terminated involuntarily prior to the vesting of their seniority premium benefit.

For defined benefit retirement plans and other non-current employee benefits, such as the Company's sponsored pension and retirement plans and seniority premiums, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. All remeasurements of the Company's defined benefit obligation such as actuarial gains and losses and return on plan assets are recognized directly in other comprehensive income ("OCI"). The Company presents service costs within cost of goods sold, administrative and selling expenses in the consolidated statements of income. The Company presents net interest cost within interest expense in the consolidated statements of income. The projected benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation as of the end of each reporting period. Certain subsidiaries of the Company have established plan assets for the payment of pension benefits and seniority premiums through irrevocable trusts of which the employees are named as beneficiaries, which serve to increase the funded status of such plans' related obligations.

Costs related to compensated absences, such as vacations and vacation premiums, are recognized on an accrual basis. Cost for mandatory severance benefits are recorded as incurred.

The Company recognizes a liability and expense for termination benefits at the earlier of the following dates:

a. When it can no longer withdraw the offer of those benefits; and

b. When it recognizes costs for a restructuring that is within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits.

The Company is demonstrably committed to a termination when, and only when, the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

A settlement occurs when an employer enters into a transaction that eliminates all further legal of constructive obligations for part or all of the benefits provided under a defined benefit plan. A curtailment arises from an isolated event such as closing of a plant, discontinuance of an operation or termination or suspension of a plan. Gains or losses on the settlement or curtailment of a defined benefit plan are recognized when the settlement or curtailment occurs.

During 2014, the Company settled its pension plan in Brazil and consequently recognized the corresponding effects of the settlement on the results of the current period, refer to note 15.

3.21 Revenue recognition

Sales of products are recognized as revenue upon delivery to the customer, and once all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

All of the above conditions are typically met at the point in time that goods are delivered to the customer at the customers' facilities. Net sales reflect units delivered at list prices reduced by promotional allowances, discounts and the amortization of the agreements with customers to obtain the rights to sell and promote the Company's products.

Rendering of services and other

Revenue arising from services of sales of waste material and packing of raw materials are recognized in the other operating income caption in the consolidated income statement.

The Company recognized these transactions as revenues in accordance with the requirements established in the IAS 18, delivery of goods and rendering of services, which are:

a) The amount of revenue can be measured reliably;

b) It is probable that the economic benefits associated with the transaction will flow to the entity;

c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and

d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income revenue arising from the use by others of entity assets yielding interest is recognized once all the following conditions are satisfied:

- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The amount of the revenue can be measured reliably.

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for- sale, interest income or expense is recorded using the effective interest rate ("EIR"), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. The related interest income is included in the consolidated statements of income.

3.22 Administrative and selling expenses

Administrative expenses include labor costs (salaries and other benefits, including employee profit sharing "PTU" of employees not directly involved in the sale of the Company's products, as well as professional service fees, the depreciation of office facilities, amortization of capitalized information technology system implementation costs and any other similar costs.

Selling expenses include:

- Distribution: labor costs (salaries and other related benefits), outbound freight costs, warehousing costs of finished products, write off of returnable bottles in the distribution process, depreciation and maintenance of trucks and other distribution facilities and equipment. For the years ended December 31, 2014, 2013 and 2012, these distribution costs amounted to Ps. 19,236, Ps. 17,971 and Ps. 16,839, respectively;
- Sales: labor costs (salaries and other benefits including PTU) and sales commissions paid to sales personnel;
- Marketing: labor costs (salaries and other benefits), promotional expenses and advertising costs.

PTU is paid by the Company's Mexican and Venezuelan subsidiaries to its eligible employees. In Mexico, employee profit sharing is computed at the rate of 10% of the individual company taxable income, except for considering cumulative dividends received from resident legal persons in Mexico, depreciation of historical rather tax restated values, foreign exchange gains and losses, which are not included until the asset is disposed of or the liability is due and other effects of inflation are also excluded. PTU in Mexico is calculated from the same taxable income for income tax, except for the following: a) neither tax losses from prior years nor the PTU paid during the year are being decrease; and b) payments exempt from taxes for the employees are fully deductible in the PTU computation.

In Venezuela, employee profit sharing is computed at a rate equivalent to 15% of after tax income, and it is no more than four months of salary.

3.23 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Income taxes are charged to consolidated net income as they are incurred, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

3.23.1 Current income taxes

Income taxes are recorded in the results of the year they are incurred.

3.23.2 Deferred income taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized and if any, future benefits from tax loss carry forwards and certain tax credits. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, except in the case of Brazil, where certain goodwill amounts are at times deductible for tax purposes.

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

Deferred income taxes are classified as a non-current asset or liability, regardless of when the temporary differences are expected to reverse. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

In Mexico, the income tax rate is 30% for 2012, 2013 and 2014. As a result of the Mexican Tax Reform discussed below, it will also be 30% for 2015.

3.24 Share-based payments transactions

Senior executives of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments. The equity instruments are granted and then held by a trust controlled by FEMSA. They are accounted for as equity settled transactions. The award of equity instruments is granted to a fixed value.

Share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the share-based payments is expensed and recognized based on the graded vesting method over the vesting period.

3.25 Earnings per share

The Company presents basic earnings per share (EPS) data for its shares. The Company does not have potentially dilutive shares and therefore its basic earnings per share is equivalent to its diluted earnings per share. Basic EPS is calculated by dividing the net income attributable to controlling interest by the weighted average number of shares outstanding during the period adjusted for the weighted average of own shares purchased in the year.

3.26 Issuance of stock

The Company recognizes the issuance of own stock as an equity transaction. The difference between the book value of the shares issued and the amount contributed by the non-controlling interest holder or third party is recorded as additional paid-in capital.

NOTE 4. MERGERS AND ACQUISITIONS

4.1 Mergers and Acquisitions

The Company have had certain business mergers and acquisitions that were recorded using the acquisition method of accounting. The results of the acquired operations have been included in the consolidated financial statements since the date on which the Company obtained control of the business, as disclosed below. Therefore, the consolidated statements of income and the consolidated statements of financial position in the years of such acquisitions are not comparable with previous periods. The consolidated statements of cash flows for the years ended December 31, 2013 and 2012 show the merged and acquired operations net of the cash related to those mergers and acquisitions. For the year ended December 31, 2014, the Company did not have any acquisitions or mergers.

While all of the acquired companies disclosed below represent bottlers of Coca-Cola trademarked beverages, such acquired entities were not under common ownership control prior to their acquisition.

4.1.1 Acquisition of Grupo Spaipa

On October 29, 2013, the Company through its Brazilian subsidiary Spal Industria Brasileira de Bebidas, S.A. completed the acquisition of 100% of Grupo Spaipa. Grupo Spaipa is comprised of the bottler entity Spaipa S.A. Industria Brasileira de Bebidas and three Holding Companies (collectively "Spaipa") for Ps. 26,856 in an all cash transaction. Spaipa was a bottler of Coca-Cola trademark products which operated mainly in Sao Paulo and Paraná, Brazil. This acquisition was made to reinforce the Company's leadership position in Brazil. Transaction related costs of Ps. 8 were expensed by the Company as incurred, and recorded as a component of administrative expenses in the accompanying consolidated income statements. Spaipa was included in the operating results from November 2013.

The fair value of Grupo Spaipa net assets acquired is as follows:

		PRELIMINARY ESTIMATE DISCLOSED IN 2013		ADDITIONAL FAIR VALUE ADJUSTMENTS		FINAL PURCHASE PRICE ALLOCATION
Total current assets, including cash acquired of Ps. 3,800	Ps.	5,918	Ps.	-	Ps.	5,918
Total non-current assets		5,390		(300)[1]		5,090
Distribution rights		13,731		(1,859)		11,872
Total assets		25,039		(2,159)		22,880
Total liabilities		(5,734)		(1,073)[2]		(6,807)
Net assets acquired		19,305		(3,232)		16,073
Goodwill		7,551		3,232		10,783
Total consideration transferred	Ps.	26,856	Ps.	-	Ps.	26,856

(1) Originated by changes in fair value of property, plant and equipment and investment in associates.

(2) Originated by identification of new contingencies existed before adquisition date as well as changes in valuation of contingencies identified at adquisition date.

The Company expects to recover the amount recorded as goodwill through synergies related to the available production capacity. Goodwill has been allocated to the Company´s cash generating unit in Brazil. The goodwill recognized and expected to be deductible for income tax purposes according to Brazil tax law, is Ps. 22,202.

Selected income statement information of Spaipa for the period from the acquisition date through to December 31, 2013 is as follows:

INCOME STATEMENT		2013
Total revenues	Ps.	2,466
Income before taxes		354
Net income		311

4.1.2 Acquisition of Companhia Fluminense de Refrigerantes

On August 22, 2013, the Company through its Brazilian subsidiary Spal Industria Brasileira de Bebidas S.A., completed the acquisition of 100% of Companhia Fluminense de Refrigerantes ("Companhia Fluminense") for Ps. 4,657 in an all cash transaction. Companhia Fluminense was a bottler of Coca-Cola trademark products which operated in the states of Minas Gerais, Rio de Janeiro, and Sao Paulo, Brazil. This acquisition was made to reinforce the Company's leadership position in Brazil. Transaction related costs of Ps. 11 were expensed by the Company as incurred, and recorded as a component of administrative expenses in the accompanying consolidated income statements. Companhia Fluminense was included in operating results from September 2013.

The fair value of Companhia Fluminense net assets acquired is as follows:

	PRELIMINARY ESTIMATE DISCLOSED IN 2013	ADDITIONAL FAIR VALUE ADJUSTMENTS	FINAL PURCHASE PRICE ALLOCATION
Total current assets, including cash acquired of Ps. 9	Ps. 515	Ps. -	Ps. 515
Total non-current assets	1,467	254 (1)	1,721
Distribution rights	2,634	(557)	2,077
Total assets	4,616	(303)	4,313
Total liabilities	(1,581)	(382)(2)	(1,963)
Net assets acquired	3,035	(685)	2,350
Goodwill	1,622	685	2,307
Total consideration transferred	Ps. 4,657	Ps. -	Ps. 4,657

(1) Originated by changes in fair value of property, plant and equipment and investment in associates.

(2) Originated by identification of new contingencies existed before adquisition date as well as changes in valuation of contingencies identified at adquisition date.

The Company expects to recover the amount recorded as goodwill through synergies related to the available production capacity. Goodwill has been allocated to the Company cash generating unit in Brazil. The goodwill recognized is expected to be deductible for income tax purposes according to Brazil tax law is Ps. 4,581.

Selected income statement information of Companhia Fluminense for the period from the acquisition date through to December 31, 2013 is as follows:

INCOME STATEMENT	2013
Total revenues	Ps. 981
Loss before taxes	(39)
Net loss	(34)

4.1.3 Merger with Grupo Yoli

On May 24, 2013, the Company completed the merger of 100% of Grupo Yoli. Grupo Yoli comprised the bottler entity Yoli de Acapulco, S.A. de C.V. and nine other entities. Grupo Yoli was a bottler of Coca-Cola trademark products which operates mainly in the state of Guerrero, as well as in parts of the state of Oaxaca in Mexico. This merger was made to reinforce the Company's leadership position in Mexico. The transaction involved the issuance of 42,377,925 new L shares of Coca-Cola FEMSA, along with a cash payment immediately prior to closing of Ps. 1,109, in exchange for 100% share ownership of Grupo Yoli, which was accomplished through a merger. The total purchase price was Ps. 9,130 based on a share price of Ps. 189.27 per share on May 24, 2013. Transaction related costs of Ps. 82 were expensed by the Company as incurred, and recorded as a component of administrative expenses in the accompanying consolidated income statements. Grupo Yoli was included in operating results from June 2013.

The fair value of Grupo Yoli net assets acquired is as follows:

	2013
Total current assets, including cash acquired of Ps. 63	Ps. 837
Total non-current assets	2,144
Distribution rights	3,503
Total assets	6,484
Total liabilities	(1,487)
Net assets acquired	4,997
Goodwill	4,133
Total consideration transferred	Ps. 9,130

The Company expects to recover the amount recorded as goodwill through synergies related to the available production capacity. Goodwill has been allocated to the Company's cash generating unit in Mexico. The entire amount of goodwill will not be tax deductible.

Selected income statement information of Grupo Yoli for the period from to the acquisition date through December 31, 2013 is as follows:

INCOME STATEMENT	2013
Total revenues	Ps. 2,240
Income before taxes	70
Net income	44

4.1.4 Merger with Grupo Fomento Queretano

On May 4, 2012, Coca-Cola FEMSA completed the merger of 100% of Grupo Fomento Queretano. Grupo Fomento Queretano comprised the bottler entity Refrescos Victoria del Centro, S. de R.L. de C.V. and three other entities. Grupo Fomento Queretano was a bottler of Coca-Cola trademark products in the state of Queretaro in Mexico. This merger was made to reinforce the Company's leadership position in Mexico. The transaction involved the issuance of 45,090,375 new L shares of Coca-Cola FEMSA, along with a cash payment prior to closing of Ps. 1,221, in exchange for 100% share ownership of Grupo Fomento Queretano, which was accomplished through a merger. The total purchase price was Ps. 7,496 based on a share price of Ps. 139.22 per share on May 4, 2012. Transaction related costs of Ps. 12 were expensed by the Company as incurred, and recorded as a component of administrative expenses in the accompanying consolidated statements of income. Grupo Fomento Queretano was included in operating results from May 2012.

The fair value of the Grupo Fomento Queretano's net assets acquired is as follows:

		2012
Total current assets, including cash acquired of Ps. 107	Ps.	445
Total non-current assets		2,123
Distribution rights		2,921
Total assets		5,489
Total liabilities		(598)
Net assets acquired		4,891
Goodwill		2,605
Total consideration transferred	Ps.	7,496

The Company expects to recover the amount recorded as goodwill through synergies related to the available production capacity. Goodwill has been allocated to Coca-Cola FEMSA's cash generating unit in Mexico. The entire amount of goodwill will not be tax deductible.

Selected income statement information of Grupo Fomento Queretano from the acquisition date through to December 31, 2012 is as follows:

STATEMENT OF INCOME		2012
Total revenues	Ps.	2,293
Income before taxes		245
Net income		186

Unaudited Pro Forma Financial Data.

The following unaudited 2013 consolidated pro forma financial data represent the Company's historical financial statements, adjusted to give effect to (i) the acquisition of Spaipa, Companhia Fluminense and merger of Grupo Yoli, mentioned in the preceding paragraphs as if they occurred on January 1, 2013; and (ii) certain accounting adjustments mainly related to the pro forma depreciation of fixed assets of the acquired companies.

		UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2013
Total revenues	Ps.	168,618
Income before taxes		15,958
Net income		10,357
Earnings per share		4.88

Below are pro-forma 2012 results as if Grupo Fomento Queretano was acquired on January 1, 2012.

		UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012
Total revenues	Ps.	148,727
Income before taxes		20,080
Net income		13,951
Earnings per share		6.64

NOTE 5. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and cash equivalents, which are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with a maturity date of three months or less at their acquisition date. Cash at the end of the reporting period consists of the following:

		2014		2013
Cash and bank balances	Ps.	7,212	Ps.	10,542
Cash equivalents (see Note 3.5)		5,746		4,764
	Ps.	12,958	Ps.	15,306

As explained in Note 3.3 above, the Company operates in Venezuela, which has a certain level of exchange control restricitons, which might prevent cash and cash equivalent balances from be available for use elsewhere in the group. At December 31, 2014 and 2013, cash and cash equivalent balances of the Company's Venezuela subsidiary were Ps. 1,950 and Ps. 5,548, respectively.

NOTE 6. ACCOUNTS RECEIVABLE

		2014		2013
Trade receivables	Ps.	7,428	Ps.	7,406
Current trade customer notes receivable		227		184
The Coca-Cola Company (related party) (Note 13)		1,584		1,700
Loans to employees		154		211
Travel advances to employees		18		47
FEMSA and subsidiaries (related parties) (Note 13)		480		27
Other related parties (Note 13)		246		199
Other		569		583
Allowance for doubtful accounts on trade receivables		(367)		(399)
	Ps.	10,339	Ps.	9,958

6.1 Trade receivables

Accounts receivable representing rights arising from sales and loans to employees or any other similar concept, are presented net of discounts and the allowance for doubtful accounts.

Coca-Cola FEMSA has accounts receivable from The Coca-Cola Company arising from the latter's participation in advertising and promotional programs and investment in refrigeration equipment and returnable bottles made by Coca-Cola FEMSA.

The carrying value of accounts receivable approximates its fair value as of December 31, 2014 and 2013.

AGING OF TRADE RECEIVABLES PAST DUE BUT NOT IMPAIRED		2014		2013
60-90 days	Ps.	33	Ps.	20
90-120 days		7		8
120 + days		27		34
Total	Ps.	67	Ps.	62

6.2 Changes in the allowance for doubtful accounts

		2014		2013		2012
Balance at beginning of the year	Ps.	399	Ps.	329	Ps.	298
Allowance for the year		82		138		280
Charges and write-offs of uncollectible accounts		(78)		(24)		(221)
Restatement of beginning balance in hyperinflationary economies and effects of changes in foreign exchange rates		(36)		(44)		(28)
Balance at end of the year	Ps.	367	Ps.	399	Ps.	329

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

AGING OF IMPAIRED TRADE RECEIVABLES		2014		2013
60-90 days	Ps.	13	Ps.	67
90-120 days		10		11
120+ days		344		321
Total	Ps.	367	Ps.	399

6.3 Payments from The Coca-Cola Company:

The Coca-Cola Company participates in certain advertising and promotional programs as well as in the Company's refrigeration equipment and returnable bottles investment program. Contributions received by the Company for advertising and promotional incentives are recognized as a reduction in selling expenses and contributions received for the refrigeration equipment and returnable bottles investment program are recorded as a reduction in the investment in refrigeration equipment and returnable bottles items. For the years ended December 31, 2014, 2013 and 2012 contributions received were Ps. 4,118, Ps. 4,206 and Ps. 3,018, respectively.

NOTE 7. INVENTORIES

		2014		2013
Finished products	Ps.	2,724	Ps.	2,402
Raw materials		2,995		4,295
Non strategic spare parts		1,111		1,232
Inventories in transit		819		946
Packing materials		61		92
Other		109		163
	Ps.	7,819	Ps.	9,130

As of December 31, 2014, 2013 and 2012, the Company recognized write-downs of its inventories for Ps. 248, Ps. 457 and Ps. 95, respectively to net realizable value for any periods presented in these consolidated financial statements.

For the years ended at 2014, 2013 and 2012, changes in inventories are comprised as follows and included in the consolidated income statement under the cost of goods sold caption:

		2014		2013		2012
Changes in inventories of finished goods and work in progress	Ps.	13,409	Ps.	9,247	Ps.	9,606
Raw materials and consumables used		53,535		49,075		50,363
Total	Ps.	66,944	Ps.	58,322	Ps.	59,969

NOTE 8. OTHER CURRENT ASSETS AND OTHER CURRENT FINANCIAL ASSETS

8.1 Other Current Assets:

		2014		2013
Prepaid expenses	Ps.	1,051	Ps.	1,334
Agreements with customers		161		148
Other		174		101
	Ps.	1,386	Ps.	1,583

Prepaid expenses as of December 31, 2014 and 2013 are as follows:

		2014		2013
Advances for inventories	Ps.	364	Ps.	469
Advertising and promotional expenses paid in advance		142		141
Advances to service suppliers		363		212
Prepaid insurance		24		28
Others		158		484
	Ps.	1,051	Ps.	1,334

Amortization of advertising and promotional expenses paid in advance recorded in the consolidated income statements for the years ended December 31, 2014, 2013 and 2012 amounted to Ps. 3,488, Ps. 5,391 and Ps. 3,681, respectively.

8.2 Other Current Financial Assets:

		2014		2013
Restricted cash	Ps.	1,213	Ps.	3,106
Derivative financial instruments (See note 19)		331		28
	Ps.	1,544	Ps.	3,134

The Company has pledged part of its short-term deposits in order to fulfill the collateral requirements for the accounts payable in different currencies. As of December 31, 2014 and 2013, the fair value of the short-term deposit pledged were:

		2014		2013
Venezuelan bolivars	Ps.	550	Ps.	2,658
Brazilian reais		640		340
Colombian pesos		23		108
Total restricted cash	Ps.	1,213	Ps.	3,106

NOTE 9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Details of the investments accounted for under the equity method at the end of the reporting period are as follows:

			OWNERSHIP PERCENTAGE		CARRYING AMOUNT			
INVESTEE	PRINCIPAL ACTIVITY	PLACE OF INCORPORATION	2014	2013		2014		2013
Joint ventures:								
Compañía Panameña de Bebidas, S.A.P.I. de C.V.	Beverages	Mexico	50.0%	50.0%	Ps.	1,740	Ps.	892
Dispensadoras de Café, S.A.P.I. de C.V.	Services	Mexico	50.0%	50.0%		190		187
Estancia Hidromineral Itabirito, LTDA	Bottling and distribution	Brazil	50.0%	50.0%		164		142
Coca-Cola FEMSA Philippines, Inc.	Bottling	Philippines	51.0%	51.0%		9,021		9,398
Associates:								
Jugos del Valle, S.A.P.I. de C.V. [1]	Beverages	Mexico	26.3%	26.2%		1,470		1,470
Leao Alimentos e Bebidas, LTDA [1] [2]	Beverages	Brazil	24.4%	26.1%		1,670		2,176
Industria Envasadora de Querétaro, S.A. de C.V. ("IEQSA") [1]	Caned bottling	Mexico	32.8%	32.8%		194		181
Industria Mexicana de Reciclaje, S.A. de C.V. ("IMER") [1]	Recycling	Mexico	35.0%	35.0%		98		90
Promotora Industrial Azucarera, S.A. de C.V. [1]	Sugar production	Mexico	36.3%	36.3%		2,082		2,034
KSP Participacoes LTDA [1]	Beverages	Brazil	38.7%	38.7%		91		85
Other	Various	Various	Various	Various		606		112
					Ps.	17,326	Ps.	16,767

Accounting method:

(1) The Company has significant influence due to the fact that it has power to participate in the financial and operating policy decisions of the investee.

(2) During March 2013, Holdfab2 Participações Societárias, LTDA and SABB- Sistema de Alimentos e Bebidas Do Brasil, LTDA. were merged into Leao Alimentos e Bebidas, Ltda.

As mentioned in Note 4, on May 24, 2013 and May 4, 2012, the Company completed the acquisition of 100% of Grupo Yoli and Grupo Fomento Queretano, respectively. As part of these acquisitions, the Company increased its equity interest to 36.3% and 26.1% in Promotora Industrial Azucarera, S.A de C.V., respectively. The Company has recorded the incremental interest acquired at its estimated fair value.

During 2014 the Company converted its account receivable from Compañía Panameña de Bebidas, S.A.P.I. de C.V. in the amount of Ps. 814 into an additional capital contribution in the investee.

During 2014 and 2013 the Company made capital contributions to Jugos del Valle, S.A.P.I. de C.V. in the amount of Ps, 25 and Ps 27, respectively.

During 2014 the Company received dividends from Jugos del Valle, S.A.P.I. de C.V. in the amount of Ps. 48.

On January 25, 2013, the Company finalized the acquisition of 51% of CCFPI for an amount of $688.5 U.S. dollars (Ps. 8,904) in an all-cash transaction. As part of the agreement, the Company obtained a call option to acquire the remaining 49% of CCFPI at any time during the seven years following the closing. The Company also has a put option to sell its 51% ownership to The Coca-Cola Company at any time from the fifth anniversary of the date of acquisition until the sixth anniversary, at a price which is based in part on the fair value of CCFPI at the date of acquisition (See Note 19.7).

From the date of the investment acquisition through December 31, 2014, the results of CCFPI have been recognized by the Company using the equity method, this is based on the following factors: (i) during the initial four-year period some relevant activities require joint approval between the Company and TCCC; and (ii) potential voting rights to acquire the remaining 49% of CCFPI are not probable to be executed in the foreseeable future due to the fact the call option is "out of the money" as of December 31, 2014 and 2013.

The following table shows the combined summarized financial information for individually immaterial Company's associates accounted for under the equity method.

	2014	2013	2012
Total current assets	Ps. 8,622	Ps. 8,232	Ps. 6,958
Total non-current assets	17,854	18,957	12,023
Total current liabilities	5,612	4,080	3,363
Total non-current liabilities	2,684	3,575	2,352
Total revenue	20,796	20,889	16,609
Total cost and expenses	20,173	20,581	15,514
Net income	534	497	858

The following table shows the combined summarized financial information for individually immaterial Company's joint ventures accounted for under the equity method.

	2014	2013	2012
Total current assets	Ps. 8,735	Ps. 8,622	Ps. 1,612
Total non-current assets	22,689	18,483	2,616
Total current liabilities	5,901	6,547	1,977
Total non-current liabilities	2,699	1,939	106
Total revenue	18,557	16,844	2,187
Total cost and expenses	19,019	16,622	2,262
Net (loss) income	(321)	125	(77)

NOTE 10. PROPERTY, PLANT AND EQUIPMENT, NET

COST	LAND	BUILDINGS	MACHINERY AND EQUIPMENT	REFRIGERATION EQUIPMENT	RETURNABLE BOTTLES	INVESTMENTS IN FIXED ASSETS IN PROGRESS	LEASEHOLD IMPROVEMENTS	OTHER	TOTAL
Cost as of January 1, 2012	Ps. 3,404	Ps. 10,887	Ps. 28,644	Ps. 11,296	Ps. 4,115	Ps. 3,028	Ps. 425	Ps. 581	Ps. 62,380
Additions	97	214	2,262	1,544	1,434	3,838	166	186	9,741
Additions from business combinations	206	390	486	84	18	-	-	-	1,184
Adjustments of fair value of past business combinations	57	312	(462)	(39)	(77)	-	(1)	-	(210)
Transfer of completed projects in progress	137	210	1,106	901	765	(3,125)	6	-	-
Transfer (to)/from assets classified as held for sale	-	-	(27)	-	-	-	-	-	(27)
Disposals	(16)	(99)	(847)	(591)	(324)	(14)	(1)	(69)	(1,961)
Effects of changes in foreign exchange rates	(107)	(485)	(1,475)	(451)	(134)	(28)	(58)	(41)	(2,779)
Changes in value on the recognition of inflation effects	85	471	1,138	275	17	(31)	-	83	2,038
Capitalization of borrowing costs	-	-	16	-	-	-	-	-	16
Cost as of December 31, 2012	Ps. 3,863	Ps. 11,900	Ps. 30,841	Ps. 13,019	Ps. 5,814	Ps. 3,668	Ps. 537	Ps. 740	Ps. 70,382

COST	LAND	BUILDINGS	MACHINERY AND EQUIPMENT	REFRIGERATION EQUIPMENT	RETURNABLE BOTTLES	INVESTMENTS IN FIXED ASSETS IN PROGRESS	LEASEHOLD IMPROVEMENTS	OTHER	TOTAL
Cost as of January 1, 2013	Ps. 3,863	Ps. 11,900	Ps. 30,841	Ps. 13,019	Ps. 5,814	Ps. 3,668	Ps. 537	Ps. 740	Ps. 70,382
Additions	77	120	1,512	1,445	1,435	5,685	-	341	10,615
Additions from business combinations	534	2,268	2,414	428	96	614	-	264	6,618
Transfer of completed projects in progress	389	750	875	1,144	785	(3,991)	48	-	-
Transfer (to)/from assets classified as held for sale	-	-	(189)	-	-	-	-	-	(189)
Disposals	(1)	(168)	(968)	(749)	(324)	(332)	(12)	(14)	(2,568)
Effects of changes in foreign exchange rates	(250)	(1,331)	(3,588)	(1,135)	(466)	(208)	(99)	(55)	(7,132)
Changes in value on the recognition of inflation effects	228	1,191	2,252	603	46	165	-	277	4,762
Capitalization of borrowing costs	-	-	32	-	-	-	-	-	32
Cost as of December 31, 2013	Ps. 4,840	Ps. 14,730	Ps. 33,181	Ps. 14,755	Ps. 7,386	Ps. 5,601	Ps. 474	Ps. 1,553	Ps. 82,520

COST	LAND	BUILDINGS	MACHINERY AND EQUIPMENT	REFRIGERATION EQUIPMENT	RETURNABLE BOTTLES	INVESTMENTS IN FIXED ASSETS IN PROGRESS	LEASEHOLD IMPROVEMENTS	OTHER	TOTAL
Cost as of January 1, 2014	Ps. 4,840	Ps. 14,730	Ps. 33,181	Ps. 14,755	Ps. 7,386	Ps. 5,601	Ps. 474	Ps. 1,553	Ps. 82,520
Additions	532	42	542	327	398	8,787	-	234	10,862
Adjustments of fair value of past business combinations	(115)	(610)	891	(57)	-	(68)	99	(253)	(113)
Transfer of completed projects in progress	-	1,263	2,708	1,523	1,994	(7,581)	90	3	-
Transfer (to)/from assets classified as held for sale	-	-	(134)	-	-	-	-	-	(134)
Disposals	(10)	(113)	(1,516)	(632)	(60)	(1)	(14)	(79)	(2,425)
Effects of changes in foreign exchange rates	(663)	(3,117)	(5,959)	(1,975)	(323)	-	(42)	(506)	(12,585)
Changes in value on the recognition of inflation effects	110	355	536	186	7	29	-	110	1,333
Capitalization of borrowing costs	-	-	33	-	-	263	-	-	296
Cost as of December 31, 2014	Ps. 4,694	Ps. 12,550	Ps. 30,282	Ps. 14,127	Ps. 9,402	Ps. 7,030	Ps. 607	Ps. 1,062	Ps. 79,754

ACCUMULATED DEPRECIATION	LAND	BUILDINGS	MACHINERY AND EQUIPMENT	REFRIGERATION EQUIPMENT	RETURNABLE BOTTLES	INVESTMENTS IN FIXED ASSETS IN PROGRESS	LEASEHOLD IMPROVEMENTS	OTHER	TOTAL
Accumulated depreciation as of January 1, 2012	Ps. -	Ps. (3,485)	Ps. (13,020)	Ps. (6,419)	Ps. (1,031)	Ps. -	Ps. (115)	Ps. (208)	Ps. (24,278)
Depreciation for the year	-	(252)	(2,279)	(1,301)	(1,149)	-	(25)	(72)	(5,078)
Transfer (to)/from assets classified as held for sale	-	-	12	-	-	-	-	(26)	(14)
Disposals	-	138	520	492	200	-	7	1	1,358
Effects of changes in foreign exchange rates	-	200	754	303	(5)	-	68	(5)	1,315
Changes in value on the recognition of inflation effects	-	(288)	(672)	(200)	(3)	-	-	(5)	(1,168)
Accumulated depreciation as of December 31, 2012	Ps. -	Ps. (3,687)	Ps. (14,685)	Ps. (7,125)	Ps. (1,988)	Ps. -	Ps. (65)	Ps. (315)	Ps. (27,865)

ACCUMULATED DEPRECIATION		LAND		BUILDINGS		MACHINERY AND EQUIPMENT		REFRIGERATION EQUIPMENT		RETURNABLE BOTTLES		INVESTMENTS IN FIXED ASSETS IN PROGRESS		LEASEHOLD IMPROVEMENTS		OTHER		TOTAL
Accumulated depreciation as of January 1, 2013	Ps.	-	Ps.	(3,687)	Ps.	(14,685)	Ps.	(7,125)	Ps.	(1,988)	Ps.	-	Ps.	(65)	Ps.	(315)	Ps.	(27,865)
Depreciation for the year		-		(297)		(2,639)		(1,631)		(1,662)		-		(46)		(96)		(6,371)
Transfer (to)/from assets classified as held for sale		-		-		88		-		-		-		-		-		88
Disposals		-		160		953		785		33		-		12		6		1,949
Effects of changes in foreign exchange rates		-		587		2,044		755		143		-		8		73		3,610
Changes in value on the recognition of inflation effects		-		(583)		(993)		(442)		(6)		-		-		(122)		(2,146)
Accumulated depreciation as of December 31, 2013	Ps.	-	Ps.	(3,820)	Ps.	(15,232)	Ps.	(7,658)	Ps.	(3,480)	Ps.	-	Ps.	(91)	Ps.	(454)	Ps.	(30,735)

ACCUMULATED DEPRECIATION		LAND		BUILDINGS		MACHINERY AND EQUIPMENT		REFRIGERATION EQUIPMENT		RETURNABLE BOTTLES		INVESTMENTS IN FIXED ASSETS IN PROGRESS		LEASEHOLD IMPROVEMENTS		OTHER		TOTAL
Accumulated depreciation as of January 1, 2014	Ps.	-	Ps.	(3,820)	Ps.	(15,232)	Ps.	(7,658)	Ps.	(3,480)	Ps.	-	Ps.	(91)	Ps.	(454)	Ps.	(30,735)
Depreciation for the year		-		(317)		(2,320)		(1,396)		(1,879)		-		(45)		(115)		(6,072)
Transfer (to)/from assets classified as held for sale		-		-		62		-		-		-		-		-		62
Disposals		-		56		1,474		602		57		-		13		1		2,203
Effects of changes in foreign exchange rates		-		1,512		3,479		1,046		105		-		1		236		6,379
Changes in value on the recognition of inflation effects		-		(175)		(692)		(135)		(8)		-		-		(54)		(1,064)
Accumulated depreciation as of December 31, 2014	Ps.	-	Ps.	(2,744)	Ps.	(13,229)	Ps.	(7,541)	Ps.	(5,205)	Ps.	-	Ps.	(122)	Ps.	(386)	Ps.	(29,227)

CARRYING AMOUNT		LAND		BUILDINGS		MACHINERY AND EQUIPMENT		REFRIGERATION EQUIPMENT		RETURNABLE BOTTLES		INVESTMENTS IN FIXED ASSETS IN PROGRESS		LEASEHOLD IMPROVEMENTS		OTHER		TOTAL
As of December 31, 2012	Ps.	3,863	Ps.	8,213	Ps.	16,156	Ps.	5,894	Ps.	3,826	Ps.	3,668	Ps.	472	Ps.	425	Ps.	42,517
As of December 31, 2013	Ps.	4,840	Ps.	10,910	Ps.	17,949	Ps.	7,097	Ps.	3,906	Ps.	5,601	Ps.	383	Ps.	1,099	Ps.	51,785
As of December 31, 2014	Ps.	4,694	Ps.	9,806	Ps.	17,053	Ps.	6,586	Ps.	4,197	Ps.	7,030	Ps.	485	Ps.	676	Ps.	50,527

During the years ended December 31, 2014, 2013 and 2012 the Company capitalized Ps. 296, Ps. 32 and Ps. 16, respectively of borrowing costs in relation to Ps. 1,915, Ps. 790 and Ps. 196 in qualifying assets. The effective interest rates used to determine the amount of borrowing costs eligible for capitalization were 4.8%, 4.1% and 4.3% respectively.

For the years ended December 31, 2014, 2013 and 2012 interest expenses and net foreign exchange losses (gains) are analyzed as follows:

		2014		2013		2012
Interest expense and foreign exchange, net	Ps.	6,760	Ps.	3,830	Ps.	1,284
Amount capitalized (1)		338		57		38
Net amount in consolidated statements of income	Ps.	6,422	Ps.	3,773	Ps.	1,246

(1) Amount capitalized in property, plant and equipment and amortized intangible assets. Commitments related to acquisitions of property, plant and equipment are disclosed in Note 24.

NOTE 11. INTANGIBLE ASSETS

COST	RIGHTS TO PRODUCE AND DISTRIBUTE COCA-COLA TRADEMARK PRODUCTS	GOODWILL	OTHER INDEFINITE LIVED INTANGIBLE ASSETS	TECHNOLOGY COSTS AND MANAGEMENT SYSTEMS	DEVELOPMENT SYSTEMS	OTHER AMORTIZABLES	TOTAL
Balance as of January 1, 2012	Ps. 54,938	Ps. 4,515	Ps. 96	Ps. 1,873	Ps. 1,431	Ps. 142	Ps. 62,995
Purchases	—	—	6	34	90	105	235
Acquisition from business combinations	2,973	2,605	—	—	—	—	5,578
Changes in fair value of past acquisitions	(42)	(148)	—	—	—	—	(190)
Capitalization of internally developed systems	—	—	—	—	38	—	38
Transfer of completed development systems	—	—	—	559	(559)	—	—
Effect of movements in exchange rates	(478)	—	—	(97)	(3)	(3)	(581)
Changes in value on the recognition of inflation effects	(121)	—	—	—	—	—	(121)
Capitalization of borrowing cost	—	—	—	—	22	—	22
Cost as of December 31, 2012	Ps. 57,270	Ps. 6,972	Ps. 102	Ps. 2,369	Ps. 1,019	Ps. 244	Ps. 67,976
Balance as of January 1, 2013	Ps. 57,270	Ps. 6,972	Ps. 102	Ps. 2,369	Ps. 1,019	Ps. 244	Ps. 67,976
Purchases	—	—	—	107	565	82	754
Acquisition from business combinations	19,868	13,306	55	43	—	17	33,289
Transfer of completed development systems	—	—	—	172	(172)	—	—
Effect of movements in exchange rates	(1,828)	(356)	(10)	(75)	—	(14)	(2,283)
Changes in value on the recognition of inflation effects	417	—	—	—	—	—	417
Capitalization of borrowing cost	—	—	—	25	—	—	25
Cost as of December 31, 2013	Ps. 75,727	Ps. 19,922	Ps. 147	Ps. 2,641	Ps. 1,412	Ps. 329	Ps. 100,178
Balance as of January 1, 2014	Ps. 75,727	Ps. 19,922	Ps. 147	Ps. 2,641	Ps. 1,412	Ps. 329	Ps. 100,178
Purchases	-	-	-	73	179	29	281
Changes in fair value of past acquisitions	(2,416)	3,917	—	—	—	—	1,501
Transfer of completed development systems	-	—	—	278	(278)	—	—
Effect of movements in exchange rates	(5,343)	(246)	(8)	(152)	(1)	(13)	(5,763)
Changes in value on the recognition of inflation effects	2,295	—	—	—	—	—	2,295
Capitalization of borrowing cost	—	—	—	42	—	—	42
Cost as of December 31, 2014	Ps. 70,263	Ps. 23,593	Ps. 139	Ps. 2,882	Ps. 1,312	Ps. 345	Ps. 98,534
Amortization expense							
Balances as of January 1, 2012	Ps. —	Ps. —	Ps. —	Ps. (788)	Ps. —	Ps. (44)	Ps. (832)
Amortization expense	—	—	—	(158)	—	(60)	(218)
Disposals	—	—	—	25	—	—	25
Effect of movements in exchange rate	—	—	—	65	—	(3)	62
Balances as of December 31, 2012	—	—	—	(856)	—	(107)	(963)
Amortization expense	—	—	—	(223)	—	(64)	(287)
Disposals	—	—	—	2	—	—	2
Effect of movements in exchange rate	—	—	—	35	—	9	44
Balances as of December 31, 2013	—	—	—	(1,042)	—	(162)	(1,204)
Amortization expense	—	—	—	(231)	—	(84)	(315)
Effect of movements in exchange rate	—	—	—	—	—	9	9
Balances as of December 31, 2014	Ps. —	Ps. —	Ps. —	Ps. (1,273)	Ps. —	Ps. (237)	Ps. (1,510)
Balance as of December 31, 2012	Ps. 57,270	Ps. 6,972	Ps. 102	Ps. 1,513	Ps. 1,019	Ps. 137	Ps. 67,013
Balance as of December 31, 2013	Ps. 75,727	Ps. 19,922	Ps. 147	Ps. 1,599	Ps. 1,412	Ps. 167	Ps. 98,974
Balance as of December 31, 2014	Ps. 70,263	Ps. 23,593	Ps. 139	Ps. 1,609	Ps. 1,312	Ps. 108	Ps. 97,024

During the years ended December 31, 2014, 2013 and 2012 the Company capitalized Ps. 42, Ps. 25 and Ps. 22, respectively of borrowing costs in relation to Ps. 600, Ps. 630 and Ps. 674 in qualifying assets. The effective interest rates used to determine the amount of borrowing costs eligible for capitalization were 4.2%, 4.1% and 4.3%.

For the year ended in December 31, 2014, the amortization of intangible assets is recognized in cost of goods sold, selling expenses and administrative expenses and amounted to Ps. 3, Ps. 188 and Ps. 255, respectively.

For the year ended in December 31, 2013, the amortization of intangible assets is recognized in cost of goods sold, selling expenses and administrative expenses and amounted to Ps. 1, Ps. 80 and Ps. 206, respectively.

For the year ended in December 31, 2012, the amortization of intangible assets is recognized in cost of goods sold, selling expenses and administrative expenses and amounted to Ps. 1, Ps. 56 and Ps. 161, respectively.

The Company's intangible assets such as technology costs and management systems are subject to amortization with a range in useful lives from 3 to 10 years.

Impairment Tests for Cash-Generating Units Containing Goodwill and Distribution Rights

For the purpose of impairment testing, goodwill and distribution rights are allocated and monitored on an individual country basis, which is considered to be the CGU.

The aggregate carrying amounts of goodwill and distribution rights allocated to each CGU are as follows:

N MILLIONS OF PS.		2014		2013
Mexico	Ps.	55,137	Ps.	55,126
Guatemala		352		303
Nicaragua		418		390
Costa Rica		1,188		1,134
Panama		884		785
Colombia		5,344		5,895
Venezuela		823		3,508
Brazil		29,622		28,405
Argentina		88		103
Total	Ps.	93,856	Ps.	95,649

Goodwill and distribution rights are tested for impairments annually. The recoverable amounts of the CGUs are based on value-in-use calculations. Value in use was determined by discounting the future cash flows generated from the continuing use of the CGU.

The foregoing forecasts could differ from the results obtained over time; however, the Company prepares its estimates based on the current situation of each of the CGUs.

The recoverable amounts are based on value in use. The value in use of CGUs is determined based on the method of discounted cash flows. The key assumptions used in projecting cash flows are: volume, expected annual long-term inflation, and the weighted average cost of capital ("WACC") used to discount the projected flows.

To determine the discount rate, the Company uses the WACC as determined for each of the cash generating units in real terms and as described in following paragraphs.

The estimated discount rates to perform the IAS 36 "Impairment of assets", impairment test for each CGU consider market participants' assumptions. Market participants were selected taking into consideration the size, operations and characteristics of the business that are similar to those of the Company.

The discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by Company's investors. The cost of debt is based on the interest bearing borrowings Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Market participant assumptions are important because, not only do they include industry data for growth rates, management also assesses how the CGU's position, relative to its competitors, might change over the forecasted period.

The key assumptions used for the value-in-use calculations are as follows:

- Cash flows were projected based on actual operating results and the five-year business plan. Cash flows for a further five-year were forecasted maintaining the same stable growth and margins per country of the last year base. The Company believes that this forecasted period is justified due to the non-current nature of the business and past experiences.

- Cash flows after the first ten-year period were extrapolated using a perpetual growth rate equal to the expected annual population growth, in order to calculate the terminal recoverable amount.

- A per CGU-specific Weighted Average Cost of Capital ("WACC") was applied as a hurdle rate to discount cash flows to get the recoverable amount of the units; the calculation assumes, size premium adjusting.

The key assumptions by CGU for impairment test as of December 31, 2013 were as follows:

CGU	PRE-TAX WACC	WACC REAL	EXPECTED ANNUAL LONG-TERM INFLATION 2014-2023	EXPECTED VOLUME GROWTH RATES 2014-2023
Mexico	5.7%	5.1%	3.9%	1.3%
Colombia	6.6%	6.0%	3.0%	5.0%
Venezuela	11.5%	10.8%	32.2%	2.5%
Costa Rica	7.5%	7.2%	5.0%	2.4%
Guatemala	10.4%	9.7%	5.2%	5.2%
Nicaragua	13.1%	12.5%	6.3%	4.1%
Panama	7.7%	7.1%	4.2%	5.7%
Argentina	11.6%	10.9%	11.1%	3.8%
Brazil	6.6%	5.9%	6.0%	4.4%

The key assumptions by CGU for impairment test as of December 31, 2014 were as follows:

CGU	PRE-TAX WACC	WACC REAL	EXPECTED ANNUAL LONG-TERM INFLATION 2015-2024	EXPECTED VOLUME GROWTH RATES 2015-2024
Mexico	5.5%	5.0%	3.5%	2.3%
Colombia	6.4%	5.9%	3.0%	5.3%
Venezuela	12.9%	12.3%	51.1%	3.9%
Costa Rica	7.7%	7.6%	4.7%	2.7%
Guatemala	10.0%	9.4%	5.0%	4.3%
Nicaragua	12.7%	12.2%	6.0%	2.7%
Panama	7.6%	7.2%	3.8%	4.1%
Argentina	9.9%	9.3%	22.3%	2.5%
Brazil	6.2%	5.6%	6.0%	3.8%

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data). The Company consistently applied its methodology to determine CGU specific WACC's to perform its annual impairment testing.

Sensitivity to Changes in Assumptions

At December 31, 2014 the Company performed an additional impairment sensitivity calculation, taking into account an adverse change in post-tax WACC, according to the country risk premium, using for each country the relative standard deviation between equity and sovereign bonds and an additional sensitivity to the volume of a 100 basis points, except for Costa Rica and concluded that no impairment would be recorded.

CGU	CHANGE IN WACC	CHANGE IN VOLUME GROWTH CAGR[1]	EFFECT ON VALUATION
Mexico	+1.5%	-1.0%	Passes by 6.62x
Colombia	+0.6%	-1.0%	Passes by 6.17x
Venezuela	+5.8%	-1.0%	Passes by 8.94x
Costa Rica	+2.2%	-0.6%	Passes by 1.78x
Guatemala	+1.9%	-1.0%	Passes by 4.67x
Nicaragua	+3.6%	-1.0%	Passes by 1.77x
Panama	+1.9%	-1.0%	Passes by 7.00x
Argentina	+3.5%	-1.0%	Passes by 65.61x
Brazil	+2.0%	-1.0%	Passes by 1.86x

[1] Compound Annual Growth Rate (CAGR)

NOTE 12. OTHER NON-CURRENT ASSETS AND OTHER NON-CURRENT FINANCIAL ASSETS

12.1 Other Assets:

		2014		2013
Agreement with customers, net	Ps.	239	Ps.	314
Non-current prepaid advertising expenses		87		102
Guarantee deposits [1]		1,265		991
Prepaid bonuses		100		116
Advances to acquire property, plant and equipment		988		866
Share based payments		276		306
Other		290		568
	Ps.	3,245	Ps.	3,263

[1] As it is customary in Brazil, the Company is required to collaterize tax, legal and labor contingencies by guarantee deposits.

12.2 Other Financial Assets:

		2014		2013
Non-current accounts receivable to Compañía Panameña de Bebidas, S.A.P.I. de C.V., due 2021	Ps.	-	Ps.	893
Non-current accounts receivable to Grupo Estrella Azul, due 2016		59		-
Other non-current financial assets		98		176
Derivative financial instruments		3,003		250
	Ps.	3,160	Ps.	1,319

As of December 31, 2014 there are no significant variances between the fair value and the carrying value of long term receivables. As of December 31, 2013, the fair value of long term accounts receivable amounted to Ps. 957. The fair value is calculated based on the discounted value of contractual cash flows whereby the discount rate is estimated using rates currently offered for receivable of similar amounts and maturities, which is considered to be level 2 in the fair value hierarchy.

NOTE 13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES AND AFFILIATED COMPANIES

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

The consolidated statements of financial position and consolidated statements of income include the following balances and transactions with related parties and affiliated companies:

		2014		2013
Balances:				
Assets (current included in accounts receivable)				
Due from FEMSA and Subsidiaries (see Note 6) (1) (4)	Ps.	480	Ps.	27
Due from The Coca-Cola Company (see Note 6) (1) (4)		1,584		1,700
Due from Heineken Group (1)		171		163
Other receivables (1)		75		36
Assets (non-current included in other non-current financial assets)				
Grupo Estrella Azul		59		-
Compañía Panameña de Bebidas, S.A.P.I. de C.V. (5)		-		893
	Ps.	2,369	Ps.	2,819

		2014		2013
Liabilities (current included in suppliers and other liabilities and loans)				
Due to FEMSA and Subsidiaries (3) (4)	Ps.	1,083	Ps.	877
Due to The Coca-Cola Company (3) (4)		4,343		5,562
Due to Heineken Group (3)		389		291
Banco Nacional de México, S.A. (2) (6)		-		1,962
Compañía Panameña de Bebidas, S.A.P.I. de C.V. (5)		-		2
Other payables (3)		885		395
Liabilities (non-current liabilities)				
BBVA Bancomer, S.A. (2) (6)		-		979
	Ps.	6,700	Ps.	10,068

(1) Presented within accounts receivable.

(2) Recorded within bank loans.

(3) Recorded within accounts payable.

(4) Holding

(5) Joint venture

(6) Board member

Balances due from related parties are considered to be recoverable. Accordingly, for the years ended December 31, 2014 and 2013, there was no expense resulting from the uncollectibility of balances due from related parties.

Details of transactions between the Company and other related parties are disclosed as follows:

TRANSACTIONS		2014		2013		2012
Income:						
Sales to affiliated parties	Ps.	3,502	Ps.	3,271	Ps.	5,111
Interest income received from Compañía Panameña de Bebidas, S.A.P.I. de C.V.		—		61		58
Interest income received from Grupo Financiero Banamex, S.A. de C.V.		1		34		—
Interest income received from BBVA Bancomer, S.A. de C.V.		17		36		—
Expenses:						
Purchases and other expenses of FEMSA		7,368		5,200		4,484
Purchases of concentrate from The Coca-Cola Company		28,084		22,988		23,886
Purchases of raw material, beer and operating expenses from Heineken		6,288		3,734		2,598
Advertisement expense paid to The Coca-Cola Company		1,167		1,291		1,052
Interest expense and fees paid to BBVA Bancomer, S.A. de C.V. (1)		4		46		51
Purchases from Jugos del Valle		1,803		1,814		1,577
Purchase of sugar from Promotora Industrial Azucarera, S.A. de C.V.		1,020		956		423
Purchase of sugar from Beta San Miguel		1,389		1,557		1,439
Purchase of sugar, cans and aluminum lids from Promotora Mexicana de Embotelladores, S.A. de C.V.		567		670		711
Purchase of canned products from IEQSA		591		615		483
Interest expense paid to Grupo Financiero Banamex, S.A. de C.V. (1)		2		19		—
Purchase of plastic bottles from Embotelladora del Atlantico, S.A. (formerly Complejo Industrial Pet, S.A.)		174		124		99
Purchase of resin from Industria Mexicana de reciclaje, S.A. de C.V.		266		—		—
Donations to Instituto Tecnologico y de Estudios Superiores de Monterrey, A.C. (1)		11		69		68
Interest expense paid to The Coca-Cola Company		4		60		24
Insurance premiums for policies with Grupo Nacional Provincial, S.A.B. (1)		41		16		17
Other expenses with related parties		19		44		191

(1) One or more members of the Board of Directors or senior management of the Company are also members of the Board of Directors or senior management of the counterparties to these transactions.

Also as disclosed in Note 9, during January 2013, the Company purchased its 51% interest in CCFPI from The Coca-Cola Company. The remainder of CCFPI is owned by The Coca Cola Company and the Company has currently outstanding certain call and put options related to CCFPI's equity interests.

The benefits and aggregate compensation paid to executive officers and senior management of the Company were as follows:

		2014		2013		2012
Current employee benefits	Ps.	584	Ps.	770	Ps.	635
Termination benefits		106		5		13
Shared based payments		59		273		253

NOTE 14. BALANCES AND TRANSACTIONS IN FOREIGN CURRENCIES

Assets, liabilities and transactions denominated in foreign currencies are those realized in a currency different from the functional currency of the Company. As of December 31, 2014, 2013 and 2012, assets, liabilities and transactions denominated in foreign currencies, expressed in Mexican pesos (contractual amounts) are as follows:

	ASSETS		LIABILITIES	
BALANCES	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
As of December 31, 2014				
U.S. dollars	4,270	727	6,566	51,412
Euros	—	—	23	—
As of December 31, 2013				
U.S. dollars	3,163	793	5,479	40,852
Euros	—	—	36	—

TRANSACTIONS	REVENUES	PURCHASES OF RAW MATERIALS	INTEREST EXPENSE	OTHER
Year ended December 31, 2014 U.S. dollars	606	13,161	1,652	1,741
Year ended December 31, 2013 U.S. dollars	409	13,068	432	731
Year ended December 31, 2012 U.S. dollars	307	10,715	254	870

Mexican peso exchange rates in effect at the dates of the consolidated statements of financial position and at the issuance date of the Company's consolidated financial statements were as follows:

		DECEMBER 31,		FEBRUARY 24,
	2014	2013	2012	2015
U.S. dollar	14.7180	13.0765	13.0101	14.9712

NOTE 15. POST-EMPLOYMENT AND OTHER NON-CURRENT EMPLOYEE BENEFITS

The Company has various labor liabilities for employee benefits in connection with pension and retirement plans, seniority premiums and post-employment benefits. Benefits vary depending upon the country where the individual employees are located. Presented below is a discussion of the Company's labor liabilities in Mexico and Venezuela, which comprise the substantial majority of those recorded in the consolidated financial statements.

During 2014, the Company settled its pension plan in Brazil and consequently recognized the corresponding effects of the settlement as disclosed below.

15.1 Assumptions

The Company annually evaluates the reasonableness of the assumptions used in its labor liability for post-employment and other non-current employee benefits computations. Actuarial calculations for pension and retirement plans and seniority premiums, as well as the associated cost for the period, were determined using the following long-term assumptions to non-hyperinflationary most significant countries:

MEXICO	2014	2013	2012
Financial:			
Discount rate used to calculate the defined benefit obligation	7.00%	7.50%	7.10%
Salary increase	4.50%	4.79%	4.79%
Future pension increases	3.50%	3.50%	3.50%
Biometric:			
Mortality	EMSSA 2009(1)	EMSSA82-89(1)	EMSSA82-89(1)
Disability	IMSS-97(2)	IMSS-97(2)	IMSS-97(2)
Normal retirement age	60 years	60 years	60 years
Rest of employee turnover	BMAR2007(3)	BMAR2007(3)	BMAR2007(3)

(1) EMSSA. Mexican Experience of Social Security (for its initials in Spanish)

(2) IMSS. Mexican Experience of Instituto Mexicano del Seguro Social (for its initials in Spanish)

(3) BMAR. Actuary experience

BRAZIL	2014	2013	2012
Financial:			
Discount rate used to calculate the defined benefit obligation	12.00%	10.70%	9.30%
Salary increase	7.20%	6.80%	5.00%
Future pension increases	6.20%	5.80%	4.00%
Biometric:			
Disability	IMSS-97(1)	IMSS-97(1)	IMSS-97(1)
Mortality	EMSSA 2009(2)	UP84(3)	UP84(3)
Normal retirement age	65 years	65 years	65 years
Rest of employee turnover	Brazil(4)	Brazil(4)	Brazil(4)

(1) IMSS.

(2) EMSSA.

(3) UP84. Unisex mortality table.

(4) Rest of employee turnover based on the experience of the Company's subsidiary in Brazil.

Venezuela is a hyper-inflationary economy. The actuarial calculations for post-employment benefit (termination indemnity), as well as the associated cost for the period, were determined using the following long-term assumptions which are real assumptions (excluding inflation):

VENEZUELA	2014	2013
Financial:		
Discount rate used to calculate the defined benefit obligation	1.00%	1.00%
Salary increase	1.00%	1.50%
Biometric:		
Mortality	EMSSA 2009(1)	EMSSA82-89(1)
Disability	IMSS-97(2)	IMSS-97(2)
Normal retirement age	65 years	65 years
Rest of employee turnover	BMAR2007(3)	BMAR2007(3)

(1) EMSSA.

(2) IMSS.

(3) BMAR. Actuary experience

In Mexico the methodology used to determine the discount rate was the Yield or Internal Rate of Return ("IRR") which involves a yield curve. In this case, the expected rates of each period were taken from a yield curve of the Mexican Federal Government Treasury Bond (known as CETES in Mexico).

In order to valuate the effects of the settlement in Brazil the methodology used to determine the discount rate was the Yield or Internal Rate of Return ("IRR") which involves a yield curve. In this case, the expected rates of each period were taken from a yield curve of fixed long term bonds of the Federal Republic of Brazil.

In Venezuela the methodology used to determine the discount rate started with reference to the interest rate bonds of similar denomination issued by the Republic of Venezuela, with subsequent consideration of other economic assumptions appropriate for hyper-inflationary economy. Ultimately, the discount rates disclosed in the table below are calculated in real terms (without inflation).

In Mexico upon retirement, the Company purchases an annuity for senior executives, which will be paid according to the option chosen by the employee.

Based on these assumptions, the amounts of benefits expected to be paid out in the following years are as follows:

	PENSION AND RETIREMENT PLANS	SENIORITY PREMIUMS	POST-EMPLOYMENT BENEFITS
2015	222	38	7
2016	108	27	8
2017	118	27	9
2018	114	27	9
2019	98	27	10
2020 to 2024	615	150	75

15.2 Balances of the liabilities for post-employment and other non-current employee benefits

		2014		2013
Pension and Retirement Plans:				
Vested benefit obligation	Ps.	471	Ps.	773
Non-vested benefit obligation		1,390		1,187
Accumulated benefit obligation		1,861		1,960
Excess of projected defined benefit obligation over accumulated benefit obligation		840		706
Defined benefit obligation		2,701		2,666
Pension plan funds at fair value		(872)		(1,211)
Effect due to asset ceiling		-		94
Net defined benefit liability	Ps.	1,829	Ps.	1,549
Seniority Premiums:				
Vested benefit obligation	Ps.	15	Ps.	20
Non-vested benefit obligation		183		202
Accumulated benefit obligation		198		222
Excess of projected defined benefit obligation over accumulated benefit obligation		195		131
Defined benefit obligation		393		353
Seniority premium plan funds at fair value		(92)		(90)
Net defined benefit liability	Ps.	301	Ps.	263
Post-employment:				
Vested benefit obligation	Ps.	9	Ps.	32
Non-vested benefit obligation		32		113
Accumulated benefit obligation		41		145
Excess of projected defined benefit obligation over accumulated benefit obligation		153		598
Net defined benefit liability	Ps.	194	Ps.	743
Total post-employment and other non-current employee benefits	Ps.	2,324	Ps.	2,555

As of December 2013, the net defined benefit liability of the pension and retirement plan includes an asset generated in Brazil (the following information is included in the consolidated information of the tables above), which is as follows:

		2013
Pension and retirement plans:		
Vested benefit obligation	Ps.	165
Non-vested benefit obligation		101
Accumulated benefit obligation		266
Excess of projected defined benefit obligation over accumulated benefit obligation		47
Defined benefit obligation		313
Pension plan funds at fair value		(498)
Net defined benefit asset		(185)
Effect due to asset ceiling		94
Net defined benefit asset after asset ceiling	Ps.	(91)

15.3 Trust assets

Trust assets consist of fixed and variable return financial instruments recorded at market value, which are invested as follows:

TYPE OF INSTRUMENT	2014	2013
Fixed return:		
Traded securities	35%	20%
Life annuities	20%	5%
Bank instruments	3%	2%
Federal government instruments	27%	48%
Variable return:		
Publicly traded shares	15%	25%
Total	100%	100%

In Mexico, the regulatory framework for pension plans is established in the Income Tax Law and its Regulations, the Federal Labor Law and the Mexican Social Security Institute Law. None of these laws establish minimum funding levels or a minimum required level of contributions.

At December 2013, in Brazil, the regulatory framework for pension plans is established by the Brazilian Social Security Institute (INSS), which indicates that the contributions must be made by the company and the workers. There are not minimum funding requirements of contributions in Brazil neither contractual nor given.

In Venezuela, the regulatory framework for post-employment benefits is established by the Organic Labor Law for Workers (LOTTT). The organic nature of this law means that its purpose is to defend constitutional rights, and therefore has precedence over other laws.

In Mexico, the Income Tax Law requires that, in the case of private plans, certain notifications must be submitted to the authorities and a certain level of instruments must be invested in the Federal Government, among others.

The Company's various pension plans have a technical committee that is responsible for verifying the correct operation of the plan with regard to the payment of benefits, actuarial valuations of the plan, and the monitoring and supervision of the trust beneficiary. The committee is responsible for determining the investment portfolio and the types of instruments the fund will be invested in. This technical committee is also responsible for reviewing the correct operation of the plan in all of the countries in which the Company has these benefits.

The risks related to the Company's employee benefit plans are primarily attributable to the plan assets. The Company's plan assets are invested in a diversified portfolio, which considers the term of the plan so as to invest in assets whose expected return coincides with the estimated future payments.

Since the Mexican Tax Law limits the plan asset investment to 10% for related parties, this risk is not considered to be significant for purposes of the Company's Mexican subsidiaries.

In Mexico, the Company's policy is to invest at least 30% of the fund assets in Mexican Federal Government instruments. Guidelines for the target portfolio have been established for the remaining percentage and investment decisions are made to comply with these guidelines insofar as the market conditions and available funds allow.

At December 2013, in Brazil, the investment target was to obtain the consumer price index (inflation), plus six percent. Investment decisions are made to comply with this guideline insofar as the market conditions and available funds allow.

On May 7, 2012, the President of Venezuela amended the Organic Law for Workers (LOTTT), which establishes a minimum level of social welfare benefits to which workers have a right when their labor relationship terminates with or without cause. This benefit is computed based on the last salary received by the worker and retroactive to June 19, 1997 for any employee who joined the Company prior to that date. For employees who joined the Company after June 19, 1997, the benefit is computed based on the date on which the employee joined the Company. An actuarial computation must be performed using the projected unit credit method to determine the amount of the labor obligations that arise. As a result of the initial calculation, there was an amount of Ps. 381 to other expenses caption in the consolidated statement of income reflecting past service costs during the year ended December 31, 2012 (See Note 18).

In Mexico, the amounts and types of securities of the Company in related parties included in portfolio fund are as follows:

		2014		2013
Mexico				
Portfolio:				
Debt:				
Grupo Televisa, S.A.B. de C.V.	Ps.	17	Ps.	3
Grupo Financiero Banorte, S.A.B. de C.V.		7		—
Grupo Industrial Bimbo, S.A.B. de C. V.		3		3
Grupo Financiero Banamex, S.A.B. de C.V.		—		22
El Puerto de Liverpool, S.A.B. de C.V.		5		5
Teléfonos de México, S.A.B. de C.V.		—		4
Capital:				
Fomento Económico Mexicano, S.A.B de C.V.		10		11
Coca-Cola FEMSA, S.A.B. de C. V.		12		19
Grupo Televisa, S.A.B. de C.V.		—		3
Grupo Aeroportuario del Sureste, S.A.B. de C.V.		—		1
Alfa, S.A.B. de C.V.		8		4
Grupo Industrial Bimbo, S.A.B. de C.V.		—		1
Gentera, S.A.B. de C.V.		7		—
The Coca-Cola Company		11		—

At December 2013, in Brazil, the amounts and types of securities of the Company included in plan assets are as follows:

		2013
Brazil		
Portfolio:		
Debt:		
HSBC - Sociedad de inversión Atuarial INPC (Brazil)	Ps.	383
Capital:		
HSBC - Sociedad de inversión Atuarial INPC (Brazil)		114

During the years ended December 31, 2014 and 2013, the Company did not make significant contributions to the plan assets and does not expect to make material contributions to the plan assets during the following fiscal year.

15.4 Amounts recognized in the consolidated income statements and the consolidated statements of comprehensive income

	Income Statement								OCI	
2014		Current Service Cost		Past Service Cost		Gain or Loss on Settlement		Net Interest on the Net Defined Benefit Liability		Remeasurements of the Net Defined Benefit Liability Net of Taxes
Pension and retirement plans	Ps.	137	Ps.	52	Ps.	(230)	Ps.	201	Ps.	481
Seniority premiums		39		—		(27)		19		47
Post-employment		24		—		—		17		72
Total	Ps.	200	Ps.	52	Ps.	(257)	Ps.	237	Ps.	600

	Income Statement								OCI	
2013		Current Service Cost		Past Service Cost		Gain or Loss on Settlement		Net Interest on the Net Defined Benefit Liability		Remeasurements of the Net Defined Benefit Liability Net of Taxes
Pension and retirement plans	Ps.	139	Ps.	8	Ps.	(7)	Ps.	90	Ps.	178
Seniority premiums		28		—		—		15		25
Post-employment		48		—		—		67		205
Total	Ps.	215	Ps.	8	Ps.	(7)	Ps.	172	Ps.	408

	Income Statement								OCI	
2012		Current Service Cost		Past Service Cost		Gain or Loss on Settlement		Net Interest on the Net Defined Benefit Liability		Remeasurements of the Net Defined Benefit Liability Net of Taxes
Pension and retirement plans	Ps.	119	Ps.	—	Ps.	—	Ps.	71	Ps.	174
Seniority premiums		22		—		—		11		18
Post-employment		49		381		—		63		71
Total	Ps.	190	Ps.	381	Ps.	—	Ps.	145	Ps.	263

For the years ended December 31, 2014, 2013 and 2012, service costs of Ps. 200, Ps. 215 and Ps. 190 have been included in the consolidated statements of income as cost of goods sold, administration and selling expenses.

Remeasurements of the net defined benefit liability recognized in other comprehensive income are as follows (amounts are net of tax):

		2014		2013		2012
Amount accumulated in other comprehensive income as of the beginning of the periods	Ps.	408	Ps.	263	Ps	138
Recognized during the year (obligation liability and plan assets)		280		180		99
Actuarial gains and losses arising from changes in financial assumptions		87		(19)		48
Changes in the effect of limiting a net defined benefit asset to the asset ceiling		—		—		(9)
Foreign exchange rate valuation (gain)		(175)		(16)		(13)
Amount accumulated in other comprehensive income as of the end of the period, net of tax	Ps.	600	Ps.	408	Ps	263

Remeasurements of the net defined benefit liability include the following:

- The return on plan assets, excluding amounts included in interest expense.
- Actuarial gains and losses arising from changes in demographic assumptions.
- Actuarial gains and losses arising from changes in financial assumptions.
- Changes in the effect of limiting a net defined benefit asset to the asset ceiling, excluding amounts included in interest expense.

15.5 Changes in the balance of the defined benefit obligation for post-employment and other non-current employee benefits

		2014		2013		2012
Pension and Retirement Plans:						
Initial balance	Ps.	2,666	Ps.	2,394	Ps.	2,160
Current service cost		137		139		119
Effect on settlement		(521)		(7)		—
Interest expense		198		171		159
Actuarial gains or losses		220		(73)		81
Foreign exchange (gain) loss		41		(55)		(69)
Benefits paid		(92)		(85)		(87)
Amendments		—		8		—
Acquisitions		—		174		31
Past service cost		52		—		—
	Ps.	2,701	Ps.	2,666	Ps.	2,394
Seniority Premiums:						
Initial balance	Ps.	353	Ps.	226	Ps.	167
Current service cost		39		28		22
Gain or loss on settlement		(27)		-		-
Interest expense		26		19		11
Actuarial losses		28		7		24
Benefits paid		(26)		(26)		(12)
Acquisitions		—		99		14
	Ps.	393	Ps.	353	Ps.	226
Post-employment:						
Initial balance	Ps.	743	Ps.	594	Ps.	—
Current service cost		24		48		49
Interest expense		17		67		63
Actuarial losses		54		237		108
Foreign exchange gain		(638)		(187)		(1)
Benefits paid		(6)		(16)		(6)
Past service cost		—		—		381
	Ps.	194	Ps.	743	Ps.	594

15.6 Changes in the balance of trust assets

		2014		2013		2012
Pension and retirement plans:						
Balance at beginning of year	Ps.	1,211	Ps.	1,113	Ps.	1,068
Actual return on trust assets		70		8		100
Foreign exchange gain		(2)		(73)		(91)
Life annuities		128		18		—
Benefits paid		—		—		(12)
Amendments		—		16		—
Acquisitions		—		129		48
Effect of settlement		(535)		—		—
Balance at end of year	Ps.	872	Ps.	1,211	Ps.	1,113
Seniority premiums						
Balance at beginning of year	Ps.	90	Ps.	18	Ps.	19
Actual return on trust assets		2		—		(1)
Acquisitions		—		72		—
Balance at end of year	Ps.	92	Ps.	90	Ps.	18

As a result of the Company's investments in life annuities plan, management does not expect the Company will need to make material contributions to the trust assets in order to meet its future obligations.

15.7 Variation in assumptions

The Company decided that the relevant actuarial assumptions that are subject to sensitivity and valuated through the projected unit credit method, are the discount rate and the salary increase rate. The reasons for choosing these assumptions are as follows:

- Discount rate: The rate that determines the value of the obligations over time.
- Salary increase rate: The rate that considers the salary increase which implies an increase in the benefit payable.

The following table presents the impact in absolute terms of a variation of 0.5% in the assumptions on the net defined benefit liability associated with the Company's defined benefit plans. The sensibility of this 0.5% on the significant actuarial assumptions is based on a projected long-term discount rates to Mexico and a yield curve projections of long-term sovereign bonds:

+0.5%:					INCOME STATEMENT				OCI	
DISCOUNT RATE USED TO CALCULATE THE DEFINED BENEFIT OBLIGATION AND THE NET INTEREST ON THE NET DEFINED BENEFIT LIABILITY		CURRENT SERVICE COST		PAST SERVICE COST		GAIN OR LOSS ON SETTLEMENT		NET INTEREST ON THE NET DEFINED BENEFIT LIABILITY		REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY
Pension and retirement plans	Ps.	128	Ps.	51	Ps.	(95)	Ps.	113	Ps.	237
Seniority premiums		38		—		(25)		20		38
Post-employment		22		—		—		17		85
Total	Ps.	188	Ps.	51	Ps.	(120)	Ps.	150	Ps.	360

EXPECTED SALARY INCREASE		CURRENT SERVICE COST		PAST SERVICE COST		GAIN OR LOSS ON SETTLEMENT		NET INTEREST ON THE NET DEFINED BENEFIT LIABILITY		REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY
Pension and retirement plans	Ps.	142	Ps.	54	Ps.	(111)	Ps.	123	Ps.	559
Seniority premiums		41		—		(29)		21		83
Post-employment		27		—		—		19		124
Total	Ps.	210	Ps.	54	Ps.	(140)	Ps.	163	Ps.	766

-0.5%:										
DISCOUNT RATE USED TO CALCULATE THE DEFINED BENEFIT OBLIGATION AND THE NET INTEREST ON THE NET DEFINED BENEFIT LIABILITY		CURRENT SERVICE COST		PAST SERVICE COST		GAIN OR LOSS ON SETTLEMENT		NET INTEREST ON THE NET DEFINED BENEFIT LIABILITY		REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY
Pension and retirement plans	Ps.	145	Ps.	55	Ps.	(108)	Ps.	118	Ps.	564
Seniority premiums		42		—		(29)		19		91
Post-employment		26		—		—		19		117
Total	Ps.	213	Ps.	55	Ps.	(137)	Ps.	156	Ps.	772

EXPECTED SALARY INCREASE		CURRENT SERVICE COST		PAST SERVICE COST		GAIN OR LOSS ON SETTLEMENT		NET INTEREST ON THE NET DEFINED BENEFIT LIABILITY		REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY
Pension and retirement plans	Ps.	128	Ps.	51	Ps.	(99)	Ps.	107	Ps.	243
Seniority premiums		38		—		(27)		18		62
Post-employment		21		—		—		15		79
Total	Ps.	187	Ps.	51	Ps.	(126)	Ps.	140	Ps.	384

15.8 Employee benefits expense

For the years ended December 31, 2014, 2013 and 2012, employee benefits expenses recognized in the consolidated income statements are as follows:

		2014		2013		2012
Included in cost of goods sold:						
Wages and salaries	Ps.	3,823	Ps.	5,978	Ps.	4,590
Social security costs		742		837		603
Employee profit sharing		141		399		323
Pension and seniority premium costs (Note 15.4)		53		51		43
Share-based payment expense (Note 16.2)		3		3		7
Included in selling and distribution expenses:						
Wages and salaries		11,999		12,878		8,417
Social security costs		2,860		2,416		1,210
Employee profit sharing		449		1,181		1,015
Pension and seniority premium costs (Note 15.4)		60		56		47
Share-based payment expense (Note 16.2)		3		6		9
Included in administrative expenses:						
Wages and salaries		2,937		3,939		5,877
Social security costs		420		504		462
Employee profit sharing		50		81		76
Pension and seniority premium costs (Note 15.4)		63		60		51
Post-employment benefits other (Note 15.4)		24		48		49
Share-based payment expense (Note 16.2)		173		184		165
Included in other expenses:						
Post-employment (Note 15)		—		—		381
Total employee benefits expense	Ps.	23,800	Ps.	28,621	Ps.	23,325

NOTE 16. BONUS PROGRAMS

16.1 Quantitative and qualitative objectives

The bonus program for executives is based on achieving certain goals established annually by management, which include quantitative and qualitative objectives and special projects.

The quantitative objectives represent approximately 50% of the bonus, and are based on the Economic Value Added ("EVA") methodology. The objective established for the executives at each entity is based on a combination of the EVA generated per entity and by our Company and the EVA generated by our parent Company (FEMSA). The qualitative objectives and special projects represent the remaining 50% of the annual bonus and are based on the critical success factors established at the beginning of the year for each executive.

The bonus amount is determined based on each eligible participant's level of responsibility and based on the EVA generated by the applicable business unit the employee works for. This formula is established by considering the level of responsibility within the organization, the employees' evaluation and competitive compensation in the market.

The incentive plan target is expressed in months of salary, and the final amount payable is computed based on a percentage of achievement of the goals established every year. The bonuses are recorded as a part of the income statement and are paid in cash the following year. During the years ended December 31, 2014, 2013 and 2012 the bonus expense recorded amounted to Ps. 523, Ps. 533 and Ps. 375, respectively.

16.2 Share-based payment bonus plan

The Company has a stock incentive plan for the benefit of its senior executives. This plan uses as its main evaluation metric the Economic Value Added, or EVA. Under the EVA stock incentive plan, eligible employees are entitled to receive a special annual bonus (fixed amount), to purchase FEMSA and Coca-Cola FEMSA shares or options, based on the executive's responsibility in the organization, their business' EVA result achieved, and their individual performance. The acquired shares or options are deposited in a trust, and the executives may access them one year after they are vested at 20% per year. The 50% of Coca-Cola FEMSA's annual executive bonus is to be used to purchase FEMSA shares or options and the remaining 50% to purchase Coca-Cola FEMSA shares or options. As of December 31, 2014, 2013 and 2012, no stock options have been granted to employees.

The special bonus is granted to the eligible employee on an annual basis and after withholding applicable taxes. The Company contributes the individual employee's special bonus (after taxes) in cash to the Administrative Trust (which is controlled and consolidated by FEMSA), which then uses the funds to purchase FEMSA and Coca-Cola FEMSA shares (as instructed by the Corporate Practices Committee), which are then allocated to such employee.

Coca-Cola FEMSA accounts for its share-based payment bonus plan as an equity-settled share based payment transaction, since it is its parent company, FEMSA, who ultimately grants and settles with shares these obligations due to executives.

At December 31, 2014, 2013 and 2012, the shares granted under the Company's executive incentive plans are as follows:

	Number of Shares		
	FEMSA	KOF	Vesting Period
2009	1,888,680	1,340,790	2010-2014
2010	1,456,065	1,037,610	2011-2015
2011	968,440	656,400	2012-2016
2012	956,685	741,245	2013-2017
2013	539,020	370,200	2014-2018
2014	489,345	331,165	2015-2019
Total	6,298,235	4,477,410	

For the years ended December 31, 2014, 2013 and 2012, the total expense recognized for the period arising from share-based payment transactions, using the grant date model, was of Ps. 179, Ps. 193 and Ps. 181, respectively.

As of December 31, 2014 and 2013, the asset recorded by Coca-Cola FEMSA in its consolidated statements of financial position amounted to Ps. 276 and Ps. 306, respectively, see Note 12.

NOTE 17. BANK LOANS AND NOTES PAYABLES

(IN MILLIONS OF MEXICAN PESOS)	2015	2016	2017	2018	2019	2020 AND THEREAFTER	CARRYING VALUE DECEMBER 31, 2014	FAIR VALUE AT DECEMBER 31, 2014	CARRYING VALUE DECEMBER 31, 2013
Short-term debt:									
Fixed rate debt:									
Argentine pesos									
Bank loans	Ps. 301	Ps. —	Ps. —	Ps. —	Ps. —	Ps. —	Ps. 301	Ps. 304	Ps. 495
Interest rate	30.9%	—	—	—	—	—	30.9%	—	25.4%
Total short-term debt	Ps. 301	Ps. —	Ps. —	Ps. —	Ps. —	Ps. —	Ps. 301	Ps. 304	Ps. 495
Long-term debt:									
Fixed rate debt:									
Argentine pesos									
Bank loans	124	131	54	—	—	—	309	302	358
Interest rate	24.9%	27.5%	30.2%	—	—	—	26.9%	—	20.3%
Brazilian reais									
Bank loans	17	24	31	31	31	99	233	183	111
Interest rate	3.8%	4.1%	4.6%	4.6%	4.6%	4.9%	4.6%	—	3.4%
Capital leases	221	192	168	88	41	50	760	640	959
Interest rate	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	—	4.6%
U.S. dollars									
Senior notes	—	—	—	14,668	—	29,225	43,893	46,924	34,272
Interest rate	—	—	—	2.4%	—	4.5%	3.8%	—	3.7%
Bank loans	30	—	—	—	—	—	30	30	123
Interest rate	3.9%	—	—	—	—	—	3.9%	—	3.8%
Mexican pesos									
Domestic bonds	—	—	—	—	—	9,988	9,988	9,677	9,987
Interest rate	—	—	—	—	—	6.2%	6.2%	—	6.2%
Subtotal	392	347	253	14,787	72	39,362	55,213	57,756	45,810
Variable rate debt:									
U.S. dollars									
Bank loans	—	2,108	—	4,848	—	—	6,956	7,001	5,843
Interest rate	—	0.9%	—	0.9%	—	—	0.9%	—	0.9%
Mexican pesos									
Domestic bonds	—	2,473	—	—	—	—	2,473	2,502	2,517
Interest rate	—	3.4%	—	—	—	—	3.4%	—	3.9%
Bank loans	—	—	—	—	—	—	—	—	4,132
Interest rate	—	—	—	—	—	—	—	—	4%
Argentine pesos									
Bank loans	17	215	—	—	—	—	232	227	180
Interest rate	24.9%	21.3%	—	—	—	—	21.5%	—	25.7%
Brazilian reais									
Bank loans	4	17	17	17	17	11	83	75	28
Interest rate	7.7%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	—	9.8%
Colombian pesos									
Bank loans	492	277	—	—	—	—	769	766	1,456
Interest rate	5.9%	5.9%	—	—	—	—	5.9%	—	5.6%
Subtotal	513	5,090	17	4,865	17	11	10,513	10,571	14,156
Long-term debt	905	5,437	270	19,652	89	39,373	65,726	68,327	59,966
Current portion of long term debt	905	—	—	—	—	—	905	—	3,091
Long-term debt	Ps. —	Ps. 5,437	Ps. 270	Ps. 19,652	Ps. 89	Ps. 39,373	Ps. 64,821	Ps. 68,327	Ps. 56,875

(1) All interest rates shown in this table are weighted average contractual annual rates.

For the years ended December 31, 2014, 2013 and 2012, the interest expense related to the bank loans and notes payable is comprised as follows and included in the consolidated income statement under the interest expense caption:

		2014		2013		2012
Interest on debts and borrowings	Ps.	3,113	Ps.	2,397	Ps.	1,603
Finance charges payable under finance leases		-		5		21
	Ps.	3,113	Ps.	2,402	Ps.	1,624

Coca-Cola FEMSA has the following bonds: a) registered with the Mexican stock exchange: i) Ps. 2,500 (nominal amount) with a maturity date in 2016 and a variable interest rate, ii) Ps. 2,500 (nominal amount) with a maturity date in 2021 and fixed interest rate of 8.3% and iii) Ps. 7,500 (nominal amount) with a maturity date in 2023 and fixed interest rate of 5.5%; b) registered with the SEC : i) Senior notes of US. $ 500 with interest at a fixed rate of 4.6% and maturity date on February 15, 2020, ii) Senior notes of US. $ 1,000 with interest at a fixed rate of 2.4% and maturity date on November 26, 2018, iii) Senior notes of US. $ 750 with interest at a fixed rate of 3.9% and maturity date on November 26, 2023 and iv) Senior notes of US. $ 400 with interest at a fixed rate of 5.3% and maturity date on November 26, 2043 which are guaranteed by its subsidiaries: Propimex, S. de R.L. de C.V., Comercializadora La Pureza de Bebidas, S. de R.L. de C.V., Controladora Interamericana de Bebidas, S. de R.L. de C.V., Grupo Embotellador Cimsa, S. de R.L. de C.V., Refrescos Victoria del Centro, S. de R.L. de C.V., Servicios Integrados Inmuebles del Golfo, S. de R.L. de C.V. and Yoli de Acapulco, S.A. de C.V. ("Guarantors"). Presented in Note 27 is supplemental subsidiary guarantor consolidating financial information.

During 2013, Coca-Cola FEMSA contracted and prepaid in part the following Bank loans denominated in U.S. million dollars: i) $500 (nominal amount) with a maturity date in 2016 and variable interest rate and prepaid $ 380 (nominal amount) in November 2013, the outstanding amount of this loan is $ 120 (nominal amount) and ii) $ 1,500 (nominal amount) with a maturity date in 2018 and variable interest rate and prepaid $ 1,170 (nominal amount) in November 2013, the outstanding amount of this loan is $ 330 (nominal amount). In December 2013, Coca-Cola FEMSA prepaid in full outstanding Bank loans denominated in U.S. million dollars for a total amount of $ 600 (nominal amount).

The Company has financing from different financial institutions under agreements that stipulate different restrictions and covenants, which mainly consist of maximum levels of leverage and capitalization as well as minimum consolidated net worth and debt and interest coverage ratios. As of the date of these consolidated financial statements, the Company was in compliance with all restrictions and covenants contained in its financing agreements.

In November, 2013, the Company issued U.S.$ 1,000 in aggregate principal amount of 2.375% Senior Notes due 2018, U.S.$ 750 in aggregate principal amount of 3.875% Senior Notes due 2023 and U.S.$ 400 in aggregate principal amount of 5.250% Senior Notes due 2043, in a SEC registered offering. These notes are guaranteed by the Guarantors Subsidiaries.

On January 13, 2014 the Company issued an additional U.S. $ 350 million of Senior Notes comprised of 10 year and 30 year bonds. The interest rates and maturity dates of the new notes are the same as those of the initial 2013 notes offering. These notes are also guaranteed by the same Guarantors Subsidiaries.

In February 2014, Coca-Cola FEMSA prepaid in full outstanding Bank loans denominated in million pesos for a total amount of Ps. 4,175 (nominal amount).

NOTE 18. OTHER INCOME AND EXPENSES

		2014		2013		2012
Other income:						
Gain on sale of long-lived assets	Ps.	150	Ps.	194	Ps.	293
Cancellation of contingencies		697		114		76
Other		154		170		176
	Ps.	1,001	Ps.	478	Ps.	545
Other expenses:						
Provisions for contingencies from past acquisitions	Ps.	232	Ps.	201	Ps.	157
Loss on the retirement of long-lived assets		39		39		14
Loss on sale of long-lived assets		183		167		194
Other taxes from Colombia		—		—		5
Severance payments		272		190		342
Donations		66		103		148
Effect of new labor law in Venezuela (LOTTT) (See Note 15)		—		—		381
Other		367		401		256
	Ps.	1,159	Ps.	1,101	Ps.	1,497

NOTE 19. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Company uses a three-level fair value hierarchy to prioritize the inputs used to measure the fair value of its financial instruments. The three input levels are described as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The Company measures the fair value of its financial assets and liabilities classified as level 1 and 2, applying the income approach method, which estimates the fair value based on expected cash flows discounted to net present value. The following table summarizes the Company's financial assets and liabilities measured at fair value, as of December 31, 2014 and 2013:

	2014		2013	
	LEVEL 1	LEVEL 2	LEVEL 1	LEVEL 2
Derivative financial instruments (asset)	Ps. —	Ps. 3,334	Ps. 2	Ps. 276
Derivative financial instruments (liability)	409	16	272	1,153
Trust assets of labor obligations	964	—	1,301	—

19.1 Total debt

The fair value of bank and syndicated loans is calculated based on the discounted value of contractual cash flows whereby the discount rate is estimated using rates currently offered for debt of similar amounts and maturities, which is considered to be level 2 in the fair value hierarchy. The fair value of the Company's publicly traded debt is based on quoted market prices as of December 31, 2014 and 2013, which is considered to be level 1 in the fair value hierarchy (See Note 17).

19.2 Interest rate swaps

The Company uses interest rate swaps to offset the interest rate risk associated with its borrowings, pursuant to which it pays amounts based on a fixed rate and receives amounts based on a floating rate. These instruments have been designated as cash flow hedges and are recognized in the consolidated statement of financial position at their estimated fair value. The fair value is estimated using market prices that would apply to terminate the contracts at the end of the period. Changes in fair value are recorded in "cumulative other comprehensive income" until such time as the hedged amount is recorded in the consolidated income statements.

At December 31, 2014, the Company has no outstanding interest rate swap agreements.

At December 31, 2013, the Company had the following outstanding interest rate swap agreements:

MATURITY DATE	NOTIONAL AMOUNT	FAIR VALUE (LIABILITY) DEC 31, 2013
2014	Ps. 575	Ps. (18)
2015	1,963	(122)

The net effect of expired contracts treated as hedges are recognized as interest expense within the consolidated income statements.

19.3 Forward agreements to purchase foreign currency

The Company has entered into forward agreements to reduce its exposure to the risk of exchange rate fluctuations among the Mexican peso and other currencies.

These instruments have been designated as cash flow hedges and are recognized in the consolidated statement of financial position at their estimated fair value which is determined based on prevailing market exchange rates to terminate the contracts at the end of the period. Changes in the fair value of these forwards are recorded as part of "cumulative other comprehensive income". Net gain/loss on expired contracts is recognized as part of foreign exchange or cost of goods sold, depending on the nature of the hedge in the consolidated income statements.

Net changes in the fair value of forward agreements that do not meet hedging criteria for hedge accounting are recorded in the consolidated income statements under the caption "market value gain/(loss) on financial instruments".

At December 31, 2014, the Company has the following outstanding forward agreements to purchase foreign currency:

		FAIR VALUE DEC.31, 2014	
MATURITY DATE	NOTIONAL AMOUNT	(LIABILITY)	ASSET
2015	Ps. 2,617	Ps. (16)	Ps. 269

At December 31, 2013, the Company had the following outstanding forward agreements to purchase foreign currency:

MATURITY DATE		NOTIONAL AMOUNT		FAIR VALUE ASSET DEC 31, 2013
2014	Ps.	1,518	Ps.	28

19.4 Options to purchase foreign currency

The Company has executed collar strategies to reduce its exposure to the risk of exchange rate fluctuations. A collar is a strategy that limits the exposure to the risk of exchange rate fluctuations in a similar way as a forward agreement.

These instruments have been designated as cash flow hedges and are recognized in the consolidated statement of financial position at their estimated fair value which is determined based on prevailing market exchange rates to terminate the contracts at the end of the period. Changes in the fair value of these options, corresponding to the intrinsic value, are initially recorded as part of "cumulative other comprehensive income". Changes in the fair value, corresponding to the extrinsic value, are recorded in the consolidated income statements under the caption "market value gain/ (loss) on financial instruments," as part of the consolidated net income. Net gain/(loss) on expired contracts including the net premium paid, is recognized as part of cost of goods sold when the hedged item is recorded in the consolidated income statements.

At December 31, 2014, the Company has the following outstanding collars agreements to purchase foreign currency:

MATURITY DATE		NOTIONAL AMOUNT		FAIR VALUE ASSET DEC 31, 2014
2015	Ps.	402	Ps.	56

At December 31, 2013, the Company had no outstanding collars to purchase foreign currency.

19.5 Cross-currency swaps

The Company has contracted a number of cross-currency swaps to reduce its exposure to risks of exchange rate and interest rate fluctuations associated with its borrowings denominated in U.S. dollars. The estimated fair value is estimated using market prices that would apply to terminate the contracts at the end of the period. The fair value changes related to exchange rate fluctuations of the notional of those cross currency swaps and the accrued interest are recorded in the consolidated income statements. The remaining portion of the fair value changes, when designated as Cash Flow Hedges, are recorded in the consolidated balance sheet in "cumulative other comprehensive income". If they are designated as Fair Value Hedges the changes in this remaining portion are recorded in the income statements as "market value (gain) loss on financial instruments".

At December 31, 2014, the Company had the following outstanding cross currency swap agreements designated as Cash Flow Hedges:

MATURITY DATE		NOTIONAL AMOUNT		FAIR VALUE (LIABILITY) DEC.31, 2014		FAIR VALUE ASSET DEC.31, 2014
2018	Ps.	20,311	Ps.	—	Ps.	1,381

At December 31, 2013, the Company had the following outstanding cross currency swap agreements designated as Cash Flow Hedges:

MATURITY DATE		NOTIONAL AMOUNT		FAIR VALUE (LIABILITY) DEC.31, 2013		FAIR VALUE ASSET DEC.31, 2013
2014	Ps.	1,308	Ps.	—	Ps.	13
2018		18,046		(981)		—

At December 31, 2014, the Company had the following outstanding cross currency swap agreements designated as Fair Value Hedges:

MATURITY DATE		NOTIONAL AMOUNT		FAIR VALUE ASSET DEC 31, 2014
2015	Ps.	30	Ps.	6
2018		13,099		1,622

At December 31, 2013, the Company had the following outstanding cross currency swap agreements designated as Fair Value Hedges:

MATURITY DATE		NOTIONAL AMOUNT		FAIR VALUE ASSET DEC 31, 2013
2014	Ps.	50	Ps.	5
2015		83		11
2018		5,884		156

The Company had certain cross-currency swaps that do not meet the criteria for hedge accounting purposes. Consequently, changes in the estimated fair value were recorded in the income statements as "market value (gain) loss on financial instruments".

At December 31, 2014, the Company has no outstanding cross currency swap agreements that do not meet the criteria for hedge accounting.

At December 31, 2013, the Company had the following outstanding cross currency swap agreements that do not meet the criteria for hedge accounting.

MATURITY DATE		NOTIONAL AMOUNT		FAIR VALUE ASSET DEC 31, 2013
2014	Ps.	2,615	Ps.	63

19.6 Commodity price contracts

The Company has entered into various commodity price contracts to reduce its exposure to the risk of fluctuation in the costs of certain raw material. The fair value is estimated based on the market valuations to terminate the contracts at the end of the period. These instruments are designated as Cash Flow Hedges and the changes in their fair value are recorded as part of "cumulative other comprehensive income".

The fair value of expired or sold commodity contracts are recorded in cost of goods sold with the hedged items.

At December 31, 2014, the Company had the following sugar price contracts:

MATURITY DATE		NOTIONAL AMOUNT		FAIR VALUE (LIABILITY) DEC 31, 2014
2015	Ps.	1,341	Ps.	(285)
2016		952		(101)
2017		37		(2)

At December 31, 2013, the Company had the following sugar contracts:

MATURITY DATE		NOTIONAL AMOUNT		FAIR VALUE (LIABILITY) DEC.31, 2013	FAIR VALUE ASSET DEC.31, 2013
2014	Ps.	1,183	Ps.	(246)	–
2015		730		(48)	–
2016		103		–	2

At December 31, 2014, the Company has the following aluminum price contracts:

MATURITY DATE		NOTIONAL AMOUNT		FAIR VALUE (LIABILITY) DEC 31, 2014
2015	Ps.	361	Ps.	(12)
2016		177		(9)

At December 31, 2013, the Company had the following aluminum contracts:

MATURITY DATE		NOTIONAL AMOUNT		FAIR VALUE (LIABILITY) DEC 31, 2013
2014	Ps.	205	Ps.	(10)

19.7 Derivative financial Instruments for CCFPI acquisition:

The Company's call option related to the remaining 49% ownership interest in CCFPI is recorded at fair value in its financial statements using a Level 3 concept. The call option had an estimated fair value of approximately Ps. 859 million at inception of the option, and approximately Ps. 799 million and Ps. 755 million as of December 31, 2013 and 2014, respectively. Changes in the fair value of the option during that period are recorded through the income statement. Significant observable inputs into that Level 3 estimate include the call option's expected term (7 years at inception), risk free rate as expected return (LIBOR), implied volatility at inception (19.77%) and the underlying enterprise value of the CCFPI. The enterprise value of CCFPI for the purpose of this estimate was based on CCFPI's long-term business plan. The Company acquired its 51% ownership interest in CCFPI in January 2013 and continues to integrate CCFPI into its global operations using the equity method of accounting, and currently believes that the underlying exercise price of the call option is "out of the money". The Level 3 fair value of the Company's put option related to its 51% ownership interest approximates zero as its exercise price as defined in the contract adjusts proportionately to the underlying fair value of CCFPI.

19.8 Net effects of expired contracts that met hedging criteria

TYPE OF DERIVATIVES	IMPACT IN CONSOLIDATED INCOME STATEMENT		2014		2013		2012
Interest rate swaps	Interest expense	Ps.	137	Ps.	105	Ps.	147
Forward agreements to purchase foreign currency	Foreign exchange		–		(1,591)		–
Option to purchase foreign currency	Cost of goods sold		–		(9)		–
Forward agreements to purchase foreign currency	Cost of goods sold		(22)		(22)		–
Commodity price contracts	Cost of goods sold		291		362		(6)

19.9 Net effect of changes in fair value of derivative financial instruments that did not meet the hedging criteria for accounting purposes

TYPE OF DERIVATIVES	IMPACT IN CONSOLIDATED INCOME STATEMENT		2014		2013		2012
Forward agreements to purchase foreign currency	Market value (loss) gain on financial instruments	Ps.	(1)	Ps.	(20)	Ps.	30
Cross-currency swaps	Market value gain on financial instruments		26		66		–

19.10 Net effect of expired contracts that did not meet the hedging criteria for accounting purposes

TYPE OF DERIVATIVES	IMPACT IN CONSOLIDATED INCOME STATEMENT		2014		2013		2012
Options to purchase foreign currency	Cost of goods sold	Ps.	–	Ps.	–	Ps.	(1)
Cross-currency swaps	Market value loss on financial instruments		–		–		(43)

19.11 Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, interest rates risk and commodity prices risk including:

- Forward Agreements to Purchase Foreign Currency in order to reduce its exposure to the risk of exchange rate fluctuations.
- Interest Rate Swaps in order to reduce its exposure to the risk of interest rate fluctuations.
- Cross-Currency Swaps in order to reduce its exposure to the risk of exchange rate fluctuations.
- Commodity price contracts in order to reduce its exposure to the risk of fluctuation in the costs of certain raw materials.

The Company tracks the fair value (mark to market) of its derivative financial instruments and its possible changes using scenario analyses. The following disclosures provide a sensitivity analysis of the market risks, which the Company is exposed to as it relates to foreign exchange rates, interests rates and commodity prices, which it considers in its existing hedging strategy:

FORWARD AGREEMENTS TO PURCHASE USD (MXN/USD)	CHANGE IN U.S.$ RATE		EFFECT ON EQUITY		EFFECT ON PROFIT OR LOSS
2014	(7%)	Ps.	(99)	Ps.	–
2013	(11%)		(67)		–
2012	(11%)		(122)		–

FORWARD AGREEMENTS TO PURCHASE USD (BRL/USD)	CHANGE IN U.S.$ RATE		EFFECT ON EQUITY		EFFECT ON PROFIT OR LOSS
2014	(14%)	Ps.	(96)	Ps.	–
2013	(13%)		(86)		–

FORWARD AGREEMENTS TO PURCHASE USD (COP/USD)	CHANGE IN U.S.$ RATE		EFFECT ON EQUITY		EFFECT ON PROFIT OR LOSS
2014	(9%)	Ps.	(33)	Ps.	–
2013	(6%)		(19)		–

FORWARD AGREEMENTS TO PURCHASE USD (ARS/USD)	CHANGE IN U.S.$ RATE		EFFECT ON EQUITY		EFFECT ON PROFIT OR LOSS
2014	(11%)	Ps.	(22)	Ps.	–

OPTIONS TO PURCHASE FOREIGN CURRENCY (MXN/USD)	CHANGE IN U.S.$ RATE		EFFECT ON EQUITY		EFFECT ON PROFIT OR LOSS
2014	(7%)	Ps.	(20)	Ps.	–
2012	(11%)		(82)		–

OPTIONS TO PURCHASE FOREIGN CURRENCY (COP/USD)	CHANGE IN U.S.$ RATE	EFFECT ON EQUITY	EFFECT ON PROFIT OR LOSS
2014	(9%)	Ps. (9)	Ps. —

INTEREST RATE SWAPS	CHANGE IN U.S.$ RATE	EFFECT ON EQUITY	EFFECT ON PROFIT OR LOSS
2013	(50 bps)	Ps. (16)	Ps. —
2012	(50 bps)	(28)	—

CROSS CURRENCY SWAPS (USD INTO MXN)	CHANGE IN U.S.$ RATE	EFFECT ON EQUITY	EFFECT ON PROFIT OR LOSS
2014	(7%)	Ps. —	Ps. (481)
2013	(11%)	—	(392)
2012	(11%)	—	(234)

CROSS CURRENCY SWAPS (USD INTO BRL)	CHANGE IN U.S.$ RATE	EFFECT ON EQUITY	EFFECT ON PROFIT OR LOSS
2014	(14%)	Ps. —	Ps. (3,935)
2013	(13%)	—	(3,719)

SUGAR PRICE CONTRACTS	CHANGE IN U.S.$ RATE	EFFECT ON EQUITY	EFFECT ON PROFIT OR LOSS
2014	(27%)	Ps. (528)	Ps. —
2013	(18%)	(298)	—
2012	(30%)	(732)	—

ALUMINUM PRICE CONTRACTS	CHANGE IN U.S.$ RATE	EFFECT ON EQUITY	EFFECT ON PROFIT OR LOSS
2014	(17%)	Ps. (87)	Ps. —
2013	(19%)	(36)	—
2012	(20%)	(66)	—

19.12 Interest rate risk

The Company is exposed to interest rate risk because it and its subsidiaries borrow funds at both fixed and variable interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and variable rate borrowings, and by the use of the different derivative financial instruments. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The following disclosures provide a sensitivity analysis of the interest rate risks, management considered to be reasonably possible at the end of the reporting period, which the Company is exposed to as it relates to its fixed and floating rate borrowings, which considers its existing hedging strategy:

INTEREST RATE RISK	CHANGE IN U.S.$ RATE	EFFECT ON PROFIT OR LOSS
2014	+100 bps	Ps. (231)
2013	+100 bps	(239)
2012	+100 bps.	(74)

19.13 Liquidity risk

The Company's principal source of liquidity has generally been cash generated from its operations. A significant majority of the Company's sales are on a short-term credit basis. The Company has traditionally been able to rely on cash generated from operations to fund its capital requirements and its capital expenditures. The Company's working capital benefits from the fact that most of its sales are made on a cash basis, while it's generally pays its suppliers on credit. In recent periods, the Company has mainly used cash generated operations to fund acquisitions. The Company has also used a combination of borrowings from Mexican and international banks and issuances in the Mexican and international capital markets to fund acquisitions.

Ultimate responsibility for liquidity risk management rests with the Company's board of directors, which has established an appropriate liquidity risk management framework for the evaluation of the Company's short-, medium- and long-term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and credit facilities, by continuously monitoring forecasted and actual cash flows and by maintaining a conservative debt maturity profile.

The Company has access to credit from national and international bank institutions in order to face treasury needs; besides, the Company has the highest rating for Mexican companies (AAA) given by independent rating agencies, allowing the Company to evaluate capital markets in case it needs resources.

As part of the Company's financing policy, management expects to continue financing its liquidity needs with cash from operations. Nonetheless, as a result of regulations in certain countries in which the Company operates, it may not be beneficial or, as in the case of exchange controls in Venezuela, practicable to remit cash generated in local operations to fund cash requirements in other countries. Exchange controls like those in Venezuela may also increase the real price of remitting cash from operations to fund debt requirements in other countries. In the event that cash from operations in these countries is not sufficient to fund future working capital requirements and capital expenditures, management may decide, or be required, to fund cash requirements in these countries through local borrowings rather than remitting funds another country. In addition, the Company's liquidity in Venezuela could be affected by changes in the rules applicable to exchange rates as well as other regulations, such as exchange controls. In the future management may finance our working capital and capital expenditure needs with short-term or other borrowings.

The Company's management continuously evaluates opportunities to pursue acquisitions or engage in strategic transactions. The Company would expect to finance any significant future transactions with a combination of cash from operations, long-term indebtedness and capital stock.

See Note 17 for a disclosure of the Company's maturity dates associated with its non-current financial liabilities as of December 31, 2014.

The following table reflects all contractually fixed and variable pay-offs for settlement, repayments and interest resulting from recognized financial liabilities. It includes expected gross cash outflows from derivative financial liabilities that are in place as per December 31, 2014.

Such expected net cash outflows are determined based on each particular settlement date of an instrument. The amounts disclosed are undiscounted net cash outflows for the respective upcoming fiscal years, based on the earliest date on which the Company could be required to pay. Cash outflows for financial liabilities (including interest) without fixed amount or timing are based on economic conditions (like interest rates and foreign exchange rates) existing at December 31, 2014.

(IN MILLIONS OF PS)		2015		2016		2017		2018		2019		2020 AND THEREAFTER
Non-derivative financial liabilities:												
Notes and bonds	Ps.	2,375	Ps.	4,821	Ps.	2,283	Ps.	16,972	Ps.	1,934	Ps.	54,283
Loans from banks		1,280		2,908		175		4,953		55		122
Obligations under finance leases		249		212		180		94		45		54
Derivatives financial liabilities		2,361		2,367		2,367		(1,906)		-		-

The Company generally makes payments associated with its non-current financial liabilities with cash generated from its operations.

19.14 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties.

The Company has a high receivable turnover; hence management believes credit risk is minimal due to the nature of its businesses, which have a large portion of their sales settled in cash.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company manages the credit risk related to its derivative portfolio by only entering into transactions with reputable and credit-worthy counterparties as well as by maintaining a Credit Support Annex (CSA) that establishes margin requirements. As of December 31, 2014 the Company concluded that the maximum exposure to credit risk related with derivative financial instruments is not significant given the high credit rating of its counterparties.

NOTE 20. NON-CONTROLLING INTEREST IN CONSOLIDATED SUBSIDIARIES

An analysis of Coca-Cola FEMSA's non-controlling interest in its consolidated subsidiaries for the years ended December 31, 2014, 2013 and 2012 is as follows:

		2014		2013		2012
Mexico	Ps.	3,614	Ps.	3,309	Ps.	2,782
Colombia		15		16		24
Brazil		772		717		373
	Ps.	4,401	Ps.	4,042	Ps.	3,179

The changes in the Coca-Cola FEMSA's non-controlling interest were as follows:

		2014		2013		2012
Balance at beginning of the year	Ps.	4,042	Ps.	3,179	Ps.	3,053
Net income of non controlling interest [1]		424		239		565
Exchange differences on translation of foreign operations		(21)		212		(307)
Remeasurements of the net defined employee benefit liability		(21)		(7)		6
Valuation of the effective portion of derivative financial instruments, net of taxes		(5)		(44)		(22)
Acquisitions effects		—		—		(7)
Increase in shares of non-controlling interest		—		515		—
Dividends paid		(18)		(52)		(109)
Balance at end of the year	Ps.	4,401	Ps.	4,042	Ps.	3,179

[1] For the years ended at 2014, 2013 and 2012, the Company's net income allocated to non-controlling interest was Ps. 424, Ps. 239, and Ps. 565, respectively.

NOTE 21. EQUITY

21.1 Equity accounts

As of December 31, 2014, the capital stock of Coca-Cola FEMSA is represented by 2,072,922,229 common shares, with no par value. Fixed capital stock is Ps. 922 (nominal value) and variable capital is unlimited.

The characteristics of the common shares are as follows:

- Series "A" and series "D" shares are ordinary, have unlimited voting rights, are subject to transfer restrictions, and at all times must represent a minimum of 75% of subscribed capital stock;
- Series "A" shares may only be acquired by Mexican individuals and may not represent less than 51% of the ordinary shares.
- Series "D" shares have no foreign ownership restrictions and may not represent more than 49% of the ordinary shares.
- Series "L" shares have no foreign ownership restrictions and have limited voting rights and other corporate rights.

As of December 31, 2014, 2013 and 2012, the number of each share series representing Coca-Cola FEMSA's capital stock is comprised as follows:

		THOUSANDS OF SHARES	
SERIES OF SHARES	2014	2013	2012
"A"	992,078	992,078	992,078
"D"	583,546	583,546	583,546
"L"	497,298	497,298	454,920
	2,072,922	2,072,922	2,030,544

The changes in the share are as follows:

		THOUSANDS OF SHARES	
SERIES OF SHARES	2014	2013	2012
Initial shares	2,072,922	2,030,544	1,985,454
Shares issuance	—	42,378	45,090
Final shares	2,072,922	2,072,922	2,030,544

The net income of the Company is subject to the legal requirement that 5% thereof be transferred to a legal reserve until such reserve equals 20% of capital stock at nominal value. This reserve may not be distributed to shareholders during the existence of the Company. As of December 31, 2014, 2013 and 2012, this reserve is Ps. 164 for the three years.

Retained earnings and other reserves distributed as dividends, as well as the effects derived from capital reductions, are subject to income tax at the rate in effect at the date of distribution, except for restated shareholder contributions and distributions made from net consolidated taxable income, denominated "Cuenta de Utilidad Fiscal Neta" ("CUFIN").

Dividends paid in excess of CUFIN are subject to income tax at a grossed-up rate based on the current statutory rate. Since 2003, this tax may be credited against the income tax of the year in which the dividends are paid, and in the following two years against the income tax and estimated tax payments. As of December 31, 2014, the Company's balances of CUFIN amounted to Ps. 17,044.

For the years ended December 31, 2014, 2013 and 2012 the dividends declared and paid per share by the Company are as follows:

	THOUSANDS OF SHARES					
SERIES OF SHARES		2014		2013		2012
"A"	Ps.	2,877	Ps.	2,877	Ps.	2,747
"D"		1,692		1,692		1,617
"L"		1,443		1,381		1,260
	Ps.	6,012	Ps.	5,950	Ps.	5,624

(1) At an ordinary shareholders' meeting of Coca-Cola FEMSA held on March 6, 2014, the shareholders declared a dividend of Ps. 6,012 that was paid in May 4, 2014 and November 5, 2014. Represents a dividend of Ps. 2.90 per each ordinary share.

21.2 Capital management

The Company manages its capital to ensure that its subsidiaries will be able to continue as going concerns while maximizing the return to shareholders through the optimization of its debt and equity balance in order to obtain the lowest cost of capital available. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2014 and 2013.

The Company is not subject to any externally imposed capital requirements, other than the legal reserve and debt covenants (see Note 17 and Note 21.1).

The Company's finance committee reviews the capital structure of the Company on a quarterly basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. In conjunction with this objective, the Company seeks to maintain the highest achievable credit rating both nationally and internationally and is currently rated AAA in a national scale and A- in a global scale. To maintain the current ratings, the Company has to at least stay at a debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio of 2. A sustained increase above this level could result in a one notch downgrade. As a result, prior to entering into new business ventures, acquisitions or divestures, management evaluates the optimal ratio of debt to EBITDA in order to maintain its credit rating.

NOTE 22. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing consolidated net income for the year attributable to controlling interest by the weighted average number of shares outstanding during the period adjusted for the weighted average of own shares purchased in the period.

Basic earnings per share amounts are as follows:

	2014					
		PER SERIES "A" SHARES		PER SERIES "D" SHARES		PER SERIES "L" SHARES
Consolidated net income	Ps.	5,248	Ps.	3,087	Ps.	2,631
Consolidated net income attributable to equity holders of the parent		5,045		2,968		2,529
Weighted average number of shares for basic earnings per share (millions of shares)		992		584		497

	2013					
		PER SERIES "A" SHARES		PER SERIES "D" SHARES		PER SERIES "L" SHARES
Consolidated net income	Ps.	5,685	Ps.	3,343	Ps.	2,754
Consolidated net income attributable to equity holders of the parent		5,569		3,276		2,698
Weighted average number of shares for basic earnings per share (millions of shares)		992		584		481

	2012					
		PER SERIES "A" SHARES		PER SERIES "D" SHARES		PER SERIES "L" SHARES
Consolidated net income	Ps.	6,842	Ps.	4,025	Ps.	3,031
Consolidated net income attributable to equity holders of the parent		6,564		3,861		2,908
Weighted average number of shares for basic earnings per share (millions of shares)		992		584		439

NOTE 23. INCOME TAXES

23.1 Income Tax

The major components of income tax expense for the years ended December 31, 2014, 2013 and 2012 are:

		2014		2013		2012
Current tax expense:						
Current year	Ps.	5,002	Ps.	5,889	Ps.	5,371
Deferred tax expense:						
Origination and reversal of temporary differences		1,808		(4)		606
(Benefit) utilization of tax losses recognized		(2,949)		(154)		297
Total deferred tax expense		(1,141)		(158)		903
Total income tax expense in consolidated net income	Ps.	3,861	Ps.	5,731	Ps.	6,274

2014		MEXICO		FOREIGN		TOTAL
Current tax expense:						
Current year	Ps.	2,974	Ps.	2,028	Ps.	5,002
Deferred tax expense:						
Origination and reversal of temporary differences		(249)		2,057		1,808
Benefit of tax losses recognized		(490)		(2,459)		(2,949)
Total deferred tax expense (benefit)		(739)		(402)		(1,141)
Total income tax expense in consolidated net income	Ps.	2,235	Ps.	1,626	Ps.	3,861

2013		MEXICO		FOREIGN		TOTAL
Current tax expense:						
Current year	Ps.	2,949	Ps.	2,940	Ps.	5,889
Deferred tax expense:						
Origination and reversal of temporary differences		(311)		307		(4)
Utilization of tax losses recognized		(24)		(130)		(154)
Total deferred tax expense (benefit)		(335)		177		(158)
Total income tax expense in consolidated net income	Ps.	2,614	Ps.	3,117	Ps.	5,731

2012		MEXICO		FOREIGN		TOTAL
Current tax expense:						
Current year	Ps.	3,030	Ps.	2,341	Ps.	5,371
Deferred tax expense:						
Origination and reversal of temporary differences		(318)		924		606
Benefit of tax losses recognized		214		83		297
Total deferred tax expense (benefit)		(104)		1,007		903
Total income tax expense in consolidated net income	Ps.	2,926	Ps.	3,348	Ps.	6,274

Recognized in Consolidated Statement of Other Comprehensive Income (OCI)

INCOME TAX RELATED TO ITEMS CHARGED OR RECOGNIZED DIRECTLY IN OCI DURING THE YEAR:		2014		2013		2012
Unrealized gain on cash flow hedges	Ps.	99	Ps.	(147)	Ps.	(95)
Unrealized gain on available for sale securities		-		(1)		(2)
Remeasurements of the net defined benefit liability		(51)		(75)		(62)
Total income tax recognized in OCI	Ps.	48	Ps.	(223)	Ps.	(159)

Balance of income tax of Other Comprehensive Income (OCI) as of:

INCOME TAX RELATED TO ITEMS CHARGED OR RECOGNIZED DIRECTLY IN OCI AS OF YEAR END:		2014		2013		2012
Unrealized gain on derivative financial instruments	Ps.	(107)	Ps.	(208)	Ps.	(67)
Unrealized gain on available for sale securities		—		—		1
Comprehensive income to be reclassified to profit or loss in subsequent periods		(107)		(208)		(66)
Re-measurements of the net defined benefit liability		(167)		(196)		(120)
Balance of income tax in OCI	Ps.	(274)	Ps.	(404)	Ps.	(186)

A reconciliation between tax expense and income before income taxes and share of the profit or loss of associates and joint ventures accounted for using the equity method multiplied by the Mexican domestic tax rate for the years ended December 31, 2014, 2013 and 2012 is as follows:

	2014	2013	2012
Mexican statutory income tax rate	30%	30%	30%
Income tax from prior years	0.09	(0.96)	(0.75)
Loss on monetary position for subsidiaries in hyperinflationary economies	0.62	0.68	—
Annual inflation tax adjustment	(3.29)	0.05	0.24
Non-deductible expenses	2.58	0.77	0.61
Non-taxable income	(0.99)	(0.19)	(0.24)
Income taxed at a rate other than the Mexican statutory rate	0.84	1.85	1.59
Effect of restatement of tax values	(1.97)	(1.39)	(1.04)
Effect of change in statutory rate	0.09	(0.21)	0.14
Effect of changes in Mexican Tax Law	—	0.48	—
Other	(2.15)	2.19	0.67
	25.82%	33.27%	31.22%

Deferred income tax

An analysis of the temporary differences giving rise to deferred income tax liabilities (assets) is as follows:

	Consolidated Statement of Financial Position as of		Consolidated Income Statement		
Consolidated Statement of Financial Position	2014	2013	2014	2013	2012
Allowance for doubtful accounts	Ps. (122)	Ps. (127)	Ps. 5	Ps. (8)	Ps. (14)
Inventories	148	31	117	22	76
Prepaid expenses	82	106	(24)	108	(118)
Property, plant and equipment, net	(45)	920	(544)	(537)	(53)
Investments in associates companies and joint ventures	—	—	—	3	7
Other assets	(609)	(160)	(449)	110	584
Finite useful lived intangible assets	193	223	(30)	111	(34)
Indefinite lived intangible assets	74	227	(153)	166	46
Post-employment and other non-current employee benefits	(340)	(255)	(85)	48	26
Derivative financial instruments	3	13	(10)	19	(14)
Contingencies	(1,309)	(851)	(458)	(109)	91
Employee profit sharing payable	(149)	(164)	15	(12)	(9)
Tax loss carryforwards	(3,126)	(178)	(2,948)	(154)	297
Cumulative other comprehensive income	(274)	(404)	—	—	—
Deductible tax goodwill of business acquisition	(3,334)	(5,109)	1,775	203	—
Liabilities of amortization of goodwill of business acquisition	5,255	5,306	(12)	—	—
Other liabilities	1,682	(17)	1,660	(128)	18
Deferred tax expense (income)			Ps. (1,141)	Ps. (158)	Ps. 903

	2014	2013
Deferred tax, asset	Ps. (2,956)	Ps. (1,326)
Deferred tax, liability	1,085	887
Deferred income taxes, net	Ps. (1,871)	Ps. (439)

The changes in the balance of the net deferred income tax liability are as follows:

		2014		2013		2012
Balance at beginning of the year	Ps.	(439)	Ps.	(597)	Ps.	(1,238)
Deferred tax provision for the year		(1,155)		(121)		876
Change in the statutory rate		14		(37)		27
Acquisition of subsidiaries, see Note 4		(445)		491		(77)
Effects in equity:						
Unrealized gain on derivative financial instruments		99		(147)		(95)
Unrealized gain on available for sale securities		-		(1)		(2)
Cumulative translation adjustment		99		(2)		(17)
Remeasurements of the net defined benefit liability		(51)		(75)		(62)
Restatement effect of beginning balances associated with foreign exchanges effects		7		50		(9)
Balance at end of the year	Ps.	(1,871)	Ps.	(439)	Ps.	(597)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

Tax Loss Carryforwards

The subsidiaries in Mexico and Brazil have tax loss carryforwards. Unused tax loss carryforwards, for which a deferred income tax asset has been recognized, may be recovered provided certain requirements are fulfilled. The tax losses carryforwards and their years of expiration are as follows:

		TAX LOSS CARRYFORWARDS
2015	Ps.	-
2017		-
2018		3
2019		25
2021		
2022		15
2023 and thereafter		1,700
No expiration (Brazil)		7,657
	Ps.	9,400

During 2013 the Company completed certain acquisitions in Brazil as disclosed in Note 4. In connection with those acquisition the Company recorded certain goodwill balances that are deductible for Brazilian income tax reporting purposes. The deduction of such goodwill amortization has resulted in the creation of NOLs in Brazil. NOLs in Brazil have no expiration, but their usage is limited to 30% of Brazilian taxable income in any given year. As of December 31, 2014 the Company believes that it is more likely than not that it will ultimately recover such NOLs through the reversal of temporary differences and future taxable income. Accordingly no valuation allowance has been provided.

The changes in the balance of tax loss carryforwards are as follows:

		2014		2013		2012
Balance at beginning of the year	Ps.	537	Ps.	75	Ps.	1,087
Increase		8,912		641		852
Usage of tax losses		(94)		(177)		(1,813)
Translation effect of beginning balances		45		(2)		(51)
Balance at end of the year	Ps.	9,400	Ps.	537	Ps.	75

There were no withholding taxes associated with the payment of dividends in either 2014, 2013 or 2012 by the Company to its shareholders.

The Company has determined that undistributed profits of its subsidiaries, joint ventures or associates will not be distributed in the foreseeable future. The temporary differences associated with investments in subsidiaries, associates and joint ventures that have not been recognized, aggregate to December 31, 2014: Ps. 7,326, December 31, 2013: Ps. 8,852 and, December 31, 2012: Ps. 7,501.

On January 1, 2014 an amendment to the Mexican income tax law became effective. The most important effects in the Company involve changes in the income tax rate, which shall be of 30% in 2014.

During 2014, the Company took advantage of a Brazilian tax amnesty program. The settlement of certain outstanding matters under that amnesty program generated a benefit of Ps. 455 which is reflected in other income during the year ended December 31, 2014.

23.2 Other taxes

The operations in Guatemala, Nicaragua, Colombia and Argentina are subject to a minimum tax, which is based primary on a percentage of assets. Any payments are recoverable in future years, under certain conditions.

23.3 Tax Reform

On January 1, 2014, annual changes to Mexican legislation became effective. The most significant changes are described as follows:

- A new withholding tax of 10 % on dividends and / or earnings generated in 2014 and beyond;
- New taxes of 1 Mexican peso per liter on the sale of flavored beverages with added sugar;
- the tax on cash deposits (IDE) and the Business Flat Tax (IETU) are eliminated;
- the income tax deduction of exempt payroll items for workers is limited to 53%, or 47% in case the percentile of exempt items changes in comparison with prior year;
- the credit of income tax paid abroad is limited to 30% of the taxable income and it is calculated considering the inflows by country and by year, proportionally to the net income distributed by the affiliates; and
- the income tax rate remains at 30 % for 2014 and subsequent years.

The effects of these changes have been incorporated into the Company's consolidated financial statements as of December 31, 2014.

On November 18, 2014, the Venezuelan government published two decrees enacting several significant changes which are effective as of the date of publication.

This reform establishes that segregated loss carryforward (i.e. foreign operating or domestic operating) may be used only against future income of the same type. Additionally the three year carryforward for net operating losses is maintained, but the amount of losses available for carryforwards may not exceed twenty five percent of the tax period's taxable income, the carryforward of losses relating to inflationary adjustments has been eliminated.

NOTE 24. OTHER LIABILITIES, PROVISIONS AND COMMITMENTS

24.1 Other current financial liabilities

		2014		2013
Sundry creditors	Ps.	1,569	Ps.	1,439
Derivative financial instruments		313		304
Total	Ps.	1,882	Ps.	1,743

24.2 Provisions and other liabilities

		2014		2013
Provisions	Ps.	4,168	Ps.	4,479
Taxes payable		270		253
Other		889		802
Total	Ps.	5,327	Ps.	5,534

24.3 Other non-current financial liabilities

		2014		2013
Derivative financial instruments	Ps.	112	Ps.	1,121
Security deposits		176		142
Total	Ps.	288	Ps.	1,263

24.4 Provisions recorded in the consolidated statement of financial position

The Company has various loss contingencies, and has recorded reserves as other liabilities for those legal proceedings for which it believes an unfavorable resolution is probable. The following table presents the nature and amount of the loss contingencies recorded as of December 31, 2014 and 2013:

		2014		2013
Taxes	Ps.	2,198	Ps.	3,147
Labor		1,543		1,021
Legal		427		311
Total	Ps.	4,168	Ps.	4,479

24.5. Changes in the balance of provisions recorded

24.5.1 Taxes

		2014		2013		2012
Balance at beginning of the year	Ps.	3,147	Ps.	921	Ps.	925
Penalties and other charges		89		1		107
New contingencies		10		217		—
Cancellation and expiration		(327)		(5)		(124)
Contingencies added in business combinations		1,191		2,108		117
Payments		(1,255)		(31)		(15)
Brazil tax amnesty		(599)		—		—
Restatement of the beginning balance of subsidiaries in hyperinflationary economies		(58)		(64)		(89)
Balance at end of the year	Ps.	2,198	Ps.	3,147	Ps.	921

24.5.2 Labor

		2014		2013		2012
Balance at beginning of the year	Ps.	1,021	Ps.	934	Ps.	1,128
Penalties and other charges		107		139		189
New contingencies		145		187		134
Cancellation and expiration		(53)		(226)		(359)
Contingencies added in business combinations		442		114		15
Payments		(57)		(69)		(91)
Restatement of the beginning balance of subsidiaries in hyperinflationary economies		(62)		(58)		(82)
Balance at end of the year	Ps.	1,543	Ps.	1,021	Ps.	934

A roll forward for legal contingencies is not disclosed because the amounts are not considered to be material.

While provision for all claims has already been made, the actual outcome of the disputes and the timing of the resolution cannot be estimated by the Company at this time.

24.6 Unsettled lawsuits

The Company has entered into several proceedings with its labor unions, tax authorities and other parties that primarily involve Coca-Cola FEMSA and its subsidiaries. These proceedings have resulted in the ordinary course of business and are common to the industry in which the Company operates. Such contingencies were classified by the Company as less than probable but not remote, the estimated amount as of December 31, 2014 of these lawsuits is Ps. 24,909, however, the Company believes that the ultimate resolution of such proceedings will not have a material effect on its consolidated financial position or result of operations.

The Company has tax contingencies, amounting to approximately Ps.21,217, with loss expectations assessed by management and supported by the analysis of legal counsel which it considers possible. Among these possible contingencies, are Ps. 8,625 in various tax disputs related primarily to credits for ICMS (VAT) and IPI. Possible claims also include Ps. 10,194 related to the disallowance of IPI credits on the acquisition of inputs from the Manaus Free Trade Zone. Possible claims also include Ps. 1,817 related to compensation of federal taxes not approved by the IRS (Tax authorities). Finally, possible claims include Ps. 538 related to the requirement by the Tax Authorities of State of São Paulo for ICMS (VAT), interest and penalty due to the alleged underpayment of tax arrears for the period 1994-1996. The Company is defending its position in these matters and final decision is pending in court.

At December 31, 2014 there are not important labor and legal contingencies that require disclosure.

In recent years in its Mexican and Brazilian territories, Coca-Cola FEMSA has been requested to present certain information regarding possible monopolistic practices. These requests are commonly generated in the ordinary course of business in the soft drink industry where this subsidiary operates. The Company does not expect any material liability to arise from these contingencies.

24.7 Collateralize contingencies

As is customary in Brazil, the Company has been required by the tax authorities there to collateralize tax contingencies currently in litigation amounting to Ps. 3,026, Ps. 2,248 and Ps. 2,164 as of December 31, 2014, 2013 and 2012, respectively, by pledging fixed assets and entering into available lines of credit covering the contingencies.

24.8 Commitments

As of December 31, 2014, the Company has contractual commitments for financing leases for machinery and transport equipment and operating leases for the rental of production machinery and equipment, distribution and computer equipment.

The contractual maturities of the operating leases commitments by currency, expressed in Mexican pesos as of December 31, 2014, are as follows:

	MEXICAN PESOS	U.S. DOLLARS	OTHER
Not later than 1 year	Ps. 167	Ps. 77	Ps. 5
Later than 1 year and not later than 5 years	744	302	15
Later than 5 years	421	147	3
Total	Ps. 1,332	Ps. 526	Ps. 23

Rental expense charged to consolidated net income was Ps. 940, Ps. 949 and Ps. 1,019 for the years ended December 31, 2014, 2013 and 2012, respectively.

Future minimum lease payments under finance leases with the present value of the net minimum lease payments are as follows:

	2014 MINIMUM PAYMENTS	PRESENT VALUE OF PAYMENTS	2013 MINIMUM PAYMENTS	PRESENT VALUE OF PAYMENTS
Not later than 1 year	Ps. 255	Ps. 222	Ps. 278	Ps. 237
Later than 1 year and not later than 5 years	501	474	775	717
Later than 5 years	62	64	4	5
Total minimum lease payments	818	760	1,057	959
Less amount representing finance charges	58	—	98	—
Present value of minimum lease payments	Ps. 760		Ps. 959	

The Company has firm commitments for the purchase of property, plant and equipment of Ps. 2,077 as December 31, 2014.

24.9 Restructuring provision

Coca-Cola FEMSA recorded a restructuring provision. This provision relates principally to reorganization in the structure of the Company. The restructuring plan was drawn up and announced to the employees of the Company in 2014 when the provision was recognized in its consolidated financial statements. The restructuring of the Company is expected to complete by 2015 and it is presented in current liabilities within accounts payable caption in the consolidated statement of financial position.

	2014	2013	2012
Balance at beginning of the year	Ps. -	Ps. 90	Ps. 153
New	199	179	191
Payments	(142)	(234)	(254)
Cancellation	(25)	(35)	—
Balance at end of the year	Ps. 32	Ps. —	Ps. 90

NOTE 25. INFORMATION BY SEGMENT

The Company's Chief Operating Decision Maker ("CODM") is the Chief Executive Officer, who reviews periodically reviews financial information at the country level. Thus, each of the seperate countries in wich the Company operates are considered operating segments, with the exception of Central America which representes a single operating segment.

The Company has aggregated operating segments into the following reporting segments for the purposes of its consolidated financial statements: (i) Mexico and Central America division (comprising the following countries: Mexico (including corporate operations), Guatemala, Nicaragua, Costa Rica and Panama) and (ii) the South America division (comprising the following countries: Brazil, Argentina, Colombia and Venezuela). Venezuela operates in an economy with exchange control and hyper-inflation; and as a result, IAS 29, "Financial Reporting in Hyperinflationary Economies" does not allow its aggregation into the South America segment and (iii) the Asian division comprised of the Company's equity method investment in CCFPI (Philippines) which was acquired in January 2013 (see Note 9).

The Company is of the view that the quantitative and qualitative aspects of the aggregated operating segments are similar in nature for all periods presented. In evaluating the appropriatness of aggregating operating segments, the key indicators considered included but were not limited to: (i) similarities of customer base, products, production processes and distribution processes, (ii) similarities of governments, (iii) inflation trends, (iv) currency trends, (v) acquisition opportunities, including efficiencies to be achieved through the continued integration of acquisitions, and (vi) historical and projected financial and operating statistics.

Segment disclosure for the Company's consolidated operations is as follows:

2014	MEXICO AND CENTRAL AMERICA[1]	SOUTH AMERICA[2]	VENEZUELA	CONSOLIDATED
Total revenues	Ps. 71,965	Ps. 66,367	Ps. 8,966	Ps. 147,298
Intercompany revenue	3,471	4	—	3,475
Gross profit	36,453	27,372	4,557	68,382
Income before income taxes and share of the profit or loss of associates and joint ventures accounted for using the equity method	9,171	4,748	1,033	14,952
Depreciation and amortization	4,046	2,660	243	6,949
Non cash items other than depreciation and amortization [3]	693	(204)	204	693
Equity in earnings of associated companies and joint ventures	(326)	201	—	(125)
Total assets	126,818	78,674	6,874	212,366
Investments in associate companies and joint ventures	14,827	2,499	—	17,326
Total liabilities	80,280	19,109	2,859	102,248
Capital expenditures, net [4]	3,952	6,198	1,163	11,313

2013	MEXICO AND CENTRAL AMERICA[1]	SOUTH AMERICA[2]	VENEZUELA	CONSOLIDATED
Total revenues	Ps. 70,679	Ps. 53,774	Ps. 31,558	Ps. 156,011
Intercompany revenue	3,186	—	—	3,186
Gross profit	34,941	22,374	15,620	72,935
Income before income taxes and share of the profit or loss of associates and joint ventures accounted for using the equity method	9,089	4,622	3,513	17,224
Depreciation and amortization	3,806	2,285	1,041	7,132
Non cash items other than depreciation and amortization [3]	(72)	(133)	217	12
Equity in earnings of associated companies and joint ventures	239	49	1	289
Total assets	121,685	72,451	22,529	216,665
Investments in associate companies and joint ventures	14,251	2,516	—	16,767
Total liabilities	72,077	19,255	8,180	99,512
Capital expenditures, net [4]	5,287	4,447	1,969	11,703

2012	MEXICO AND CENTRAL AMERICA[1]	SOUTH AMERICA[2]	VENEZUELA	CONSOLIDATED
Total revenues	Ps. 66,141	Ps. 54,821	Ps. 26,777	Ps. 147,739
Intercompany revenue	2,876	4,008	—	6,884
Gross profit	31,643	23,667	13,320	68,630
Income before income taxes and share of the profit or loss of associates and joint ventures accounted for using the equity method	9,578	7,353	3,061	19,992
Depreciation and amortization	3,037	1,906	749	5,692
Non-cash items other than depreciation and amortization [3]	15	150	110	275
Equity in earnings of associated companies and joint ventures	55	125	—	180
Total assets	108,768	40,046	17,289	166,103
Investments in associate companies and joint ventures	4,002	1,349	1	5,352
Total liabilities	42,387	13,161	5,727	61,275
Capital expenditures, net [4]	5,350	3,878	1,031	10,259

(1) Central America includes Guatemala, Nicaragua, Costa Rica and Panama. Domestic (Mexico only) revenues were Ps. 62,990, Ps. 62,364 and Ps. 57,945 during the years ended December 31, 2014, 2013 and 2012, respectively. Domestic (Mexico only) total assets were Ps. 117,949, Ps. 114,254 and Ps. 101,635 as of December 31, 2014, 2013 and 2012, respectively. Domestic (Mexico only) total liabilities were Ps. 78,358, Ps. 70,805 and Ps. 40,661 as of December 31, 2014, 2013 and 2012, respectively.

(2) South America includes Brazil, Argentina, Colombia and Venezuela, although Venezuela is shown separately above. South America revenues include Brazilian revenues of Ps. 43,573, Ps. 30,265 and Ps. 30,578 during the years ended December 31, 2014, 2013 and 2012, respectively. Brazilian total assets were Ps. 59,836, Ps. 53,441 and Ps. 21,955 as of December 31, 2014, 2013 and 2012, respectively. Brazilian total liabilities Ps. 12,629, Ps. 12,484 and Ps. 6,544 as of December 31, 2014, 2013 and 2012, respectively. South America revenues also include Colombian revenues of Ps. 13,118, Ps. 12,780 and Ps. 13,973 during the years ended December 31, 2014, 2013 and 2012, respectively. Colombian total assets were Ps. 14,864, Ps. 15,512 and Ps. 14,557 as of December 31, 2014, 2013 and 2012, respectively. Colombian total liabilities were Ps. 3,594, Ps. 3,974 and Ps. 3,885 as of December 31, 2014, 2013 and 2012, respectively. South America revenues also include Argentine revenues of Ps. 9,676, Ps, 10,729 and Ps. 10,270 during the years ended December 31, 2014, 2013 and 2012, respectively. Argentine total assets were Ps. 3,974, Ps. 3,498 and Ps. 3,534 as of December 31, 2014, 2013 and 2012, respectively. Argentine total liabilities were Ps. 2,886, Ps. 2,797 and Ps. 2,732 as of December 31, 2014, 2013 and 2012, respectively.

(3) Includes foreign exchange loss, net; gain on monetary position, net; and market value (gain) loss on financial instruments.

(4) Includes acquisitions and disposals of property, plant and equipment, intangible assets and other long-lived assets.

(5) The Asian division consists of the 51% equity investment in CCFPI (Philippines) which was acquired in 2013, and is accounted for using the equity method of accounting (see Note 9). The equity in earnings of the Asian division were Ps. (334) and Ps. 108 in 2014 and 2013, repectively and are presented as part of the Company's corporate operations in 2014 and 2013 and thus disclosed net in the table above as part of the "equity in earnings of associated companies" in the Mexico & Central America division, as is the equity method investment in CCFPI Ps. 9,021 and Ps. 9,398. However, the Asian division represents a separate reporting segment under IFRS 8 and is represented by the following investee level amounts, prior to reflection of the Company's 51% equity interest in the accompanying consolidated financial statements: revenues Ps. 16,548 and Ps. 13,438, gross profit Ps. 4,913 and Ps. 4,285, income before income taxes Ps. 664 and Ps. 310, depreciation and amortization Ps. 643 and Ps. 1,229, total assets Ps. 19,877 and Ps. 17,232, total liabilities Ps. 6,614 and Ps. 4,488, capital expenditures Ps. 2,215 and Ps. 1,889.

NOTE 26. FUTURE IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET IN EFFECT:

The Company has not applied the following the standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Amendments to IAS 19, Employee benefits

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014. The Company has not early adopted this IFRS, and the Company has yet to complete its evaluation of whether it will have a material impact on its consolidated financial statements.

Annual Improvements 2010-2012 Cycle

These improvements are effective from July 1, 2014 and are not expected to have a material impact on the Company. Annual Improvements 2010-2012 Cycle makes amendments to: IFRS 2 "Share-based payment", by amending the definitions of vesting condition and market condition, and adding definitions for performance condition and service condition; IFRS 3 "Business combinations", which require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date; IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets" clarifying that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount; and IAS 24 "Related party Disclosures", clarifying how payments to entities providing management services are to be disclosed. These improvements are applicable to annual periods beginning on or after July 1, 2014. The Company has not early adopted this IFRS, and the Company has yet to complete its evaluation of whether it will have a material impact on its consolidated financial statements.

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company´s financial assets, but no impact on the classification and measurement of the Company's financial liabilities. The Company has not early adopted this IFRS, and the Company has yet to complete its evaluation of whether it will have a material impact on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15, "Revenue from Contracts with Customers", was issued in May 2014 and applies to annual reporting periods beginning on or after 1 January 2017, earlier application is permitted. Revenue is recognized as control is passed, either over time or at a point in time.

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. In applying the revenue model to contracts within its scope, an entity will: 1) Identify the contract(s) with a customer ; 2) Identify the performance obligations in the contract; 3) Determine the transaction price; 4) Allocate the transaction price to the performance obligations in the contract; 5) Recognize revenue when (or as) the entity satisfies a performance obligation. Also, an entity needs to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company has yet to complete its evaluation of whether these changes will have a significant impact on its consolidated financial statements.

NOTE 27. SUPPLEMENTAL GUARANTOR INFORMATION

Consolidating Condensed Financial Information

The following consolidating information presents consolidating condensed statements of financial position as of December 31, 2014 and 2013 and condensed consolidating statements of income, other comprehensive income and cash flows for each of the three years in the period ended December 31, 2014, 2013 and 2012 of the Company and Propimex, S. de R.L. de C.V., Comercializadora la Pureza de Bebidas, S. de R.L. de C.V., Controladora Interamericana de Bebidas, S. de R.L. de C.V., Grupo Embotellador CIMSA, S. de R.L. de C.V., Refrescos Victoria del Centro, S. de R.L. de C.V., Servicios Integrados Inmuebles del Golfo, S. de R.L. de C.V. and Yoli de Acapulco, S.A. de C.V. (the Guarantors).

These statements are prepared in accordance with IFRS, as issued by the IASB, with the exception that the subsidiaries are accounted for as investments under the equity method rather than being consolidated. The guarantees of the Guarantors are full and unconditional.

The Company's consolidating condensed financial information for the (i) Company; (ii) its 100% owned guarantors subsidiaries (on standalone basis), which are wholly and unconditional guarantors under both prior years debt and current year debt referred to as "Senior Notes" in Note 17; (iii) the combined non-guarantor subsidiaries; iv) eliminations and v) the Company's consolidated financial statements are as follows:

		PARENT		WHOLLY-OWNED GUARANTORS SUBSIDIARIES		COMBINED NON-GUARANTOR SUBSIDIARIES		ELIMINATIONS		CONSOLIDATED TOTAL
				CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2014						
Assets:										
Current assets:										
Cash and cash equivalents	Ps.	7,282	Ps.	755	Ps.	4,921	Ps.	-	Ps.	12,958
Accounts receivable, net		42,614		4,733		43,794		(80,802)		10,339
Inventories		-		3,509		4,310		-		7,819
Recoverable taxes		72		1,675		2,335		-		4,082
Other current assets and financial assets		36		1,015		1,879		-		2,930
Total current assets		50,004		11,687		57,239		(80,802)		38,128
Non-current assets:										
Investments in associates and joint ventures		94,347		57,839		13,676		(148,536)		17,326
Property, plant and equipment, net		-		17,049		33,478		-		50,527
Intangible assets, net		29,348		34,920		32,756		-		97,024
Other non-current assets and financial assets		1,281		7,672		6,931		(6,523)		9,361
Total non-current assets		124,976		117,480		86,841		(155,059)		174,238
Total assets	Ps.	174,980	Ps.	129,167	Ps.	144,080	Ps.	(235,861)	Ps.	212,366
Liabilities:										
Current liabilities:										
Short-term bank loans and notes payable and current portion of non-current debt	Ps.	352	Ps.	-	Ps.	1,225	Ps.	-	Ps.	1,577
Suppliers		15		2,832		11,304		-		14,151
Other current liabilities		5,890		63,412		24,175		(80,802)		12,675
Total current liabilities		6,257		66,244		36,704		(80,802)		28,403
Non-current liabilities:										
Bank loans and notes payable		62,968		-		1,853		-		64,821
Other non-current liabilities		38		1,382		14,127		(6,523)		9,024
Total non-current liabilities		63,006		1,382		15,980		(6,523)		73,845
Total liabilities		69,263		67,626		52,684		(87,325)		102,248
Equity:										
Equity attributable to equity holders of the parent		105,717		61,541		86,995		(148,536)		105,717
Non-controlling interest in consolidated subsidiaries		-		-		4,401		-		4,401
Total equity		105,717		61,541		91,396		(148,536)		110,118
Total liabilities and equity	Ps.	174,980	Ps.	129,167	Ps.	144,080	Ps.	(235,861)	Ps.	212,366

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013

	PARENT	WHOLLY-OWNED GUARANTORS SUBSIDIARIES	COMBINED NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED TOTAL
Assets:					
Current assets:					
Cash and cash equivalents	Ps. 5,485	Ps. 1,220	Ps. 8,601	Ps. —	Ps. 15,306
Accounts receivable, net	46,093	16,155	24,552	(76,842)	9,958
Inventories	—	3,740	5,390	—	9,130
Recoverable taxes	305	1,142	2,673	—	4,120
Other current assets and financial assets	47	427	4,243	—	4,717
Total current assets	51,930	22,684	45,459	(76,842)	43,231
Non-current assets:					
Investments in associates and joint ventures	93,089	57,404	14,032	(147,758)	16,767
Property, plant and equipment, net	—	17,043	34,742	—	51,785
Intangible assets, net	29,348	38,020	31,606	—	98,974
Other non-current assets and financial assets	1,107	6,385	3,619	(5,203)	5,908
Total non-current assets	123,544	118,852	83,999	(152,961)	173,434
Total assets	Ps. 175,474	Ps. 141,536	Ps. 129,458	Ps. (229,803)	Ps. 216,665
Liabilities:					
Current liabilities:					
Short-term bank loans and notes payable and current portion of non-current debt	Ps. 1,679	Ps. —	Ps. 2,231	Ps. —	Ps. 3,910
Suppliers	16	3,146	13,058	—	16,220
Other current liabilities and financial liabilities	5,038	75,941	8,131	(76,842)	12,268
Total current liabilities	6,733	79,087	23,420	(76,842)	32,398
Non-current liabilities:					
Bank loans and notes payable	55,384	—	1,491	—	56,875
Other non-current liabilities	246	1,137	14,059	(5,203)	10,239
Total non-current liabilities	55,630	1,137	15,550	(5,203)	67,114
Total liabilities	62,363	80,224	38,970	(82,045)	99,512
Equity:					
Equity attributable to equity holders of the Parent	113,111	61,312	86,446	(147,758)	113,111
Non-controlling interest in consolidated subsidiaries	—	—	4,042	—	4,042
Total equity	113,111	61,312	90,488	(147,758)	117,153
Total liabilities and equity	Ps. 175,474	Ps. 141,536	Ps. 129,458	Ps. (229,803)	Ps. 216,665

		PARENT		WHOLLY-OWNED GUARANTORS SUBSIDIARIES		COMBINED NON-GUARANTOR SUBSIDIARIES		ELIMINATIONS		CONSOLIDATED TOTAL
				CONSOLIDATED CONSOLIDATING INCOME STATEMENTS FOR THE ENDED DECEMBER 31, 2014						
Total revenues	Ps.	1	Ps.	61,431	Ps.	103,506	Ps.	(17,640)	Ps.	147,298
Cost of goods sold		-		29,790		52,170		(3,044)		78,916
Gross profit		1		31,641		51,336		(14,596)		68,382
Administrative expenses		178		4,255		6,374		(4,422)		6,385
Selling expenses		-		20,617		30,022		(10,174)		40,465
Other (income) expenses, net		18		(52)		192		-		158
Interest expense, net		748		3,021		1,398		-		5,167
Foreign exchange (loss) gain, net		(1,718)		21		729		-		(968)
Other financing (cost) revenues, net		27		3		(317)		-		(287)
Income taxes		(605)		1,069		3,397		-		3,861
Share of the profit of subsidiaries, associates and joint ventures accounted for using the equity method, net of taxes		12,571		6,209		(78)		(18,827)		(125)
Consolidated net income	Ps.	10,542	Ps.	8,964	Ps.	10,287	Ps.	(18,827)	Ps.	10,966
Attributable to:										
Equity holders of the parent	Ps.	10,542	Ps.	8,964	Ps.	9,863	Ps.	(18,827)	Ps.	10,542
Non-controlling interest		-		-		424		-		424
Consolidated net income	Ps.	10,542	Ps.	8,964	Ps.	10,287	Ps.	(18,827)	Ps.	10,966

		PARENT		WHOLLY-OWNED GUARANTORS SUBSIDIARIES		COMBINED NON-GUARANTOR SUBSIDIARIES		ELIMINATIONS		CONSOLIDATED TOTAL
				CONSOLIDATED CONSOLIDATING INCOME STATEMENTS FOR THE ENDED DECEMBER 31, 2013						
Total revenues	Ps.	—	Ps.	62,750	Ps.	109,054	Ps.	(15,793)	Ps.	156,011
Cost of goods sold		—		30,398		53,779		(1,101)		83,076
Gross profit		—		32,352		55,275		(14,692)		72,935
Administrative expenses		111		8,459		6,504		(8,587)		6,487
Selling expenses		—		16,293		34,640		(6,105)		44,828
Other (income) expenses, net		(3)		107		519		—		623
Interest expense (income), net		353		2,744		(410)		—		2,687
Foreign exchange loss, net		(160)		(98)		(481)		—		(739)
Other financing revenues (cost), net		82		(26)		(403)		—		(347)
Income taxes		75		1,896		3,760		—		5,731
Share of the profit of subsidiaries, associates and joint ventures accounted for using the equity method, net of taxes		12,157		5,528		216		(17,612)		289
Consolidated net income	Ps.	11,543	Ps.	8,257	Ps.	9,594	Ps.	(17,612)	Ps.	11,782
Attributable to:										
Equity holders of the parent	Ps.	11,543	Ps.	8,257	Ps.	9,355	Ps.	(17,612)	Ps.	11,543
Non-controlling interest		—		—		239		—		239
Consolidated net income	Ps.	11,543	Ps.	8,257	Ps.	9,594	Ps.	(17,612)	Ps.	11,782

		PARENT		WHOLLY-OWNED GUARANTORS SUBSIDIARIES		COMBINED NON-GUARANTOR SUBSIDIARIES		ELIMINATIONS		CONSOLIDATED TOTAL
				CONSOLIDATED CONSOLIDATING INCOME STATEMENTS FOR THE ENDED DECEMBER 31, 2012						
Total revenues	Ps.	14	Ps.	58,087	Ps.	106,885	Ps.	(17,247)	Ps.	147,739
Cost of goods sold		—		29,460		53,125		(3,476)		79,109
Gross profit		14		28,627		53,760		(13,771)		68,630
Administrative expenses		166		7,378		5,875		(7,202)		6,217
Selling expenses		—		14,001		32,791		(6,569)		40,223
Other expenses, net		46		198		708		—		952
Interest (income) expense, net		(85)		2,669		(1,053)		—		1,531
Foreign exchange gain (loss), net		424		(55)		(97)		—		272
Other financing revenues (cost), net		32		(19)		—		—		13
Income taxes		269		1,961		4,044		—		6,274
Share of the profit of subsidiaries, associates and joint ventures accounted for using the equity method, net of taxes		13,259		7,642		156		(20,877)		180
Consolidated net income	Ps.	13,333	Ps.	9,988	Ps.	11,454	Ps.	(20,877)	Ps.	13,898
Attributable to:										
Equity holders of the parent	Ps.	13,333	Ps.	9,988	Ps.	10,889	Ps.	(20,877)	Ps.	13,333
Non-controlling interest		—		—		565		—		565
Consolidated net income	Ps.	13,333	Ps.	9,988	Ps.	11,454	Ps.	(20,877)	Ps.	13,898

		PARENT		WHOLLY-OWNED GUARANTORS SUBSIDIARIES		COMBINED NON-GUARANTOR SUBSIDIARIES		ELIMINATIONS		CONSOLIDATED TOTAL
		CONDENSED CONSOLIDATING STATEMENTS OFCOMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014								
Consolidated net income	Ps.	10,542	Ps.	8,964	Ps.	10,287	Ps.	(18,827)	Ps.	10,966
Other comprehensive income:										
Other comprehensive income to be reclassified to profit or loss in subsequent periods:										
Unrealized gain on available-for sale securities, net of taxes		-		-		-		-		-
Valuation of the effective portion of derivative financial instruments, net of taxes		214		85		47		(131)		215
Exchange differences on translation of foreign operations		(11,992)		(9,922)		(2,072)		11,992		(11,994)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:		(11,778)		(9,837)		(2,025)		11,861		(11,779)
Items not to be reclassified to profit or loss in subsequent periods:										
Remeasurements of the net defined benefit liability, net of taxes		(192)		(101)		(108)		209		(192)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:		(192)		(101)		(108)		209		(192)
Total comprehensive (loss) income, net of tax		(11,970)		(9,938)		(2,133)		12,070		(11,971)
Consolidated comprehensive income for the year, net of tax	Ps.	(1,428)	Ps.	(974)	Ps.	8,154	Ps.	(6,757)	Ps.	(1,005)
Attributable to:										
Equity holders of the parent	Ps.	(1,428)	Ps.	(974)	Ps.	7,777	Ps.	(6,757)	Ps.	(1,382)
Non-controlling interest		-		-		377		-		377
Consolidated comprehensive income for the year, net of tax	Ps.	(1,428)	Ps.	(974)	Ps.	8,154	Ps.	(6,757)	Ps.	(1,005)

		PARENT		WHOLLY-OWNED GUARANTORS SUBSIDIARIES		COMBINED NON-GUARANTOR SUBSIDIARIES		ELIMINATIONS		CONSOLIDATED TOTAL
		CONDENSED CONSOLIDATING STATEMENTS OFCOMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2013								
Consolidated net income	Ps.	11,543	Ps.	8,257	Ps.	9,594	Ps.	(17,612)	Ps.	11,782
Other comprehensive income:										
Other comprehensive income to be reclassified to profit or loss in subsequent periods:										
Unrealized gain on available-for sale securities, net of taxes		—		—		(2)		—		(2)
Valuation of the effective portion of derivative financial instruments, net of taxes		(279)		(220)		(256)		476		(279)
Exchange differences on translation of foreign operations		(1,618)		(1,455)		(110)		1,618		(1,565)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:		(1,897)		(1,675)		(368)		2,094		(1,846)
Items not to be reclassified to profit or loss in subsequent periods:										
Remeasurements of the net defined benefit liability, net of taxes		(145)		(131)		(146)		277		(145)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:		(145)		(131)		(146)		277		(145)
Total comprehensive (loss) income, net of tax		(2,042)		(1,806)		(514)		2,371		(1,991)
Consolidated comprehensive income for the year, net of tax	Ps.	9,501	Ps.	6,451	Ps.	9,080	Ps.	(15,241)	Ps.	9,791
Attributable to:										
Equity holders of the parent	Ps.	9,501	Ps.	6,451	Ps.	8,680	Ps.	(15,241)	Ps.	9,391
Non-controlling interest		—		—		400		—		400
Consolidated comprehensive income for the year, net of tax	Ps.	9,501	Ps.	6,451	Ps.	9,080	Ps.	(15,241)	Ps.	9,791

		PARENT		WHOLLY-OWNED GUARANTORS SUBSIDIARIES		COMBINED NON-GUARANTOR SUBSIDIARIES		ELIMINATIONS		CONSOLIDATED TOTAL
		CONDENSED CONSOLIDATING STATEMENTS OFCOMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2012								
Consolidated net income	Ps.	13,333	Ps.	9,988	Ps.	11,454	Ps.	(20,877)	Ps.	13,898
Other comprehensive income:										
Other comprehensive income to be reclassified to profit or loss in subsequent periods:										
Unrealized gain on available-for sale securities, net of taxes		(2)		—		(2)		2		(2)
Valuation of the effective portion of derivative financial instruments, net of taxes		(179)		(292)		(166)		436		(201)
Exchange differences on translation of foreign operations		(2,055)		(6,264)		(2,361)		8,319		(2,361)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:		(2,236)		(6,556)		(2,529)		8,757		(2,564)
Items not to be reclassified to profit or loss in subsequent periods:										
Remeasurements of the net defined benefit liability, net of taxes		(131)		(25)		(145)		176		(125)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:		(131)		(25)		(145)		176		(125)
Total comprehensive (loss) income, net of tax		(2,367)		(6,581)		(2,674)		8,933		(2,689)
Consolidated comprehensive income for the year, net of tax	Ps.	10,966	Ps.	3,407	Ps.	8,780	Ps.	(11,944)	Ps.	11,209
Attributable to:										
Equity holders of the parent	Ps.	10,966	Ps.	3,407	Ps.	8,538	Ps.	(11,944)	Ps.	10,967
Non-controlling interest		—		—		242		—		242
Consolidated comprehensive income for the year, net of tax	Ps.	10,966	Ps.	3,407	Ps.	8,780	Ps.	(11,944)	Ps.	11,209

		PARENT		WHOLLY-OWNED GUARANTORS SUBSIDIARIES		COMBINED NON-GUARANTOR SUBSIDIARIES		ELIMINATIONS		CONSOLIDATED TOTAL
		CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31,2014								
Cash flows from operating activities:										
Income before income taxes	Ps.	9,937	Ps.	10,033	Ps.	13,684	Ps.	(18,827)	Ps.	14,827
Non-cash items		(12,814)		(751)		6,016		21,819		14,270
Changes in working capital		232		2,952		(7,875)		-		(4,691)
Net cash flows (used in)/from operating activities		(2,645)		12,234		11,825		2,992		24,406
Investing activities:										
Interest received		2,499		463		1,743		(4,326)		379
Acquisition of long-lived assets, net		-		(2,499)		(8,216)		-		(10,715)
Acquisition of intangible assets and other investing activities		5,951		(1,951)		(19,715)		14,824		(891)
Investments in shares		3		(315)		402		-		90
Dividends received		53		451		-		(504)		-
Net cash flows (used in)/from investing activities		8,506		(3,851)		(25,786)		9,994		(11,137)
Financing activities:										
Proceeds from borrowings		61,752		-		(55,572)		-		6,180
Repayment of borrowings		(61,130)		-		54,876		-		(6,254)
Interest paid		(237)		(3,668)		(3,603)		4,326		(3,182)
Dividends paid		(6,011)		-		(523)		504		(6,030)
Other financing activities		834		(5,179)		1,299		982		(2,064)
Net cash flows (used in)/from financing activities		(4,792)		(8,847)		(3,523)		5,812		(11,350)
Net (decrease) increase in cash and cash equivalents		1,069		(464)		(17,484)		18,798		1,919
Initial balance of cash and cash equivalents		5,485		1,220		8,601		-		15,306
Effects of exchange rate changes and inflation effects on the balance sheet of cash held in foreign currencies		728		(1)		(4,994)		-		(4,267)
Ending balance of cash and cash equivalents	Ps.	7,282	Ps.	755	Ps.	(13,877)	Ps.	18,798	Ps.	12,958

	PARENT	WHOLLY-OWNED GUARANTORS SUBSIDIARIES	COMBINED NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED TOTAL
	CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31,2013				
Cash flows from operating activities:					
Income before income taxes	Ps. 11,618	Ps. 10,153	Ps. 13,354	Ps. (17,612)	Ps. 17,513
Non-cash items	(13,719)	(1,420)	5,699	20,604	11,164
Changes in working capital	(358)	2,211	(8,433)	—	(6,580)
Net cash flows from operating activities	(2,459)	10,944	10,620	2,992	22,097
Investing activities:					
Acquisitions	(1,078)	46	(36,621)	—	(37,653)
Interest received	3,524	1,940	(827)	(3,983)	654
Acquisition of long-lived assets, net	—	(3,302)	(7,118)	—	(10,420)
Acquisition of intangible assets and other investing activities	(53,740)	(214)	60,168	(8,205)	(1,991)
Investments in shares	684	(12,581)	11,826	—	(71)
Dividends received	23,372	1,115	—	(24,487)	—
Net cash flows (used in)/from investing activities	(27,238)	(12,996)	27,428	(36,675)	(49,481)
Financing activities:					
Proceeds from borrowings	61,752	—	4,996	—	66,748
Repayment of borrowings	(32,567)	—	(4,177)	—	(36,744)
Interest paid	(1,538)	(3,358)	(1,414)	3,982	(2,328)
Dividends paid	(5,950)	(20,986)	(3,553)	24,487	(6,002)
Acquisition of non-controlling interests	—	—	515	—	515
Other financing activities	(268)	26,672	(30,301)	5,214	1,317
Net cash flows from / (used in) financing activities	21,429	2,328	(33,934)	33,683	23,506
Net increase (decrease) in cash and cash equivalents	(8,268)	276	4,114	—	(3,878)
Initial balance of cash and cash equivalents	14,394	981	7,847	—	23,222
Effects of exchange rate changes and inflation effects on the balance sheet of cash held in foreign currencies	(641)	(37)	(3,360)	—	(4,038)
Ending balance of cash and cash equivalents	Ps. 5,485	Ps. 1,220	Ps. 8,601	Ps. —	Ps. 15,306

	PARENT	WHOLLY-OWNED GUARANTORS SUBSIDIARIES	COMBINED NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED TOTAL
		CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31,2012			
Cash flows from operating activities:					
Income before income taxes	Ps. 13,602	Ps. 11,949	Ps. 15,498	Ps. (20,877)	Ps. 20,172
Non-cash items	(13,854)	(2,758)	424	23,640	7,452
Changes in working capital	(32)	(3,083)	(859)	—	(3,974)
Net cash flows from operating activities	(284)	6,108	15,063	2,763	23,650
Investing activities:					
Acquisitions	(1,221)	87	20	—	(1,114)
Proceeds from the sale of marketable securities	—	—	273	—	273
Interest received	1,993	517	4,791	(6,877)	424
Acquisition of long-lived assets, net	—	(3,278)	(6,170)	—	(9,448)
Acquisition of intangible assets and other investing activities	—	6,735	(4,353)	(3,037)	(655)
Investments in shares	29	(65)	(433)	—	(469)
Dividends received	5,085	1,569	—	(6,654)	—
Net cash flows (used in)/from investing activities	5,886	5,565	(5,872)	(16,568)	(10,989)
Financing activities:					
Proceeds from borrowings	11,837	—	4,592	—	16,429
Repayment of borrowings	(3,394)	(40)	(5,030)	—	(8,464)
Interest paid	(1,761)	(3,382)	(3,428)	6,877	(1,694)
Dividends paid	(5,625)	(4,838)	(1,925)	6,654	(5,734)
Acquisition of non-controlling interests	—	—	(6)	—	(6)
Other financing activities	3,623	(3,083)	(1,285)	274	(471)
Net cash flows from / (used in) financing activities	4,680	(11,343)	(7,082)	13,805	60
Net increase in cash and cash equivalents	10,282	330	2,109	—	12,721
Initial balance of cash and cash equivalents	4,046	676	7,121	—	11,843
Effects of exchange rate changes and inflation effects on the balance sheet of cash held in foreign currencies	66	(25)	(1,383)	—	(1,342)
Ending balance of cash and cash equivalents	Ps. 14,394	Ps. 981	Ps. 7,847	Ps. —	Ps. 23,222

NOTE 28. SUBSEQUENT EVENTS

On February 11, 2015, the Venezuelan government announced plans for a new foreign currency exchange system with three markets. The new legislation, maintains the official exhange rate of 6.3 bolivars to the US dollar that will continue to be available for certain foods and medicines, furthermore the new legislation merges SICAD I and SICAD II into a new SICAD that is currently valued at 12 bolivars per USD, and creates a new open market foreign exchange system (SIMADI) that started at 170 Bolivars per USD. At the date of this report, no specific guidance has been defined with respect to the use of each exchange rate available. The Company will closely monitor developments in this area, which may affect the exchange rate(s) used prospectively.

GLOSSARY

The Coca-Cola Company: Founded in 1886, The Coca-Cola Company is the world's largest beverage company, refreshing consumers with more than 500 sparkling and still brands. The Coca-Cola Company's corporate headquarters are in Atlanta with local operations in more than 200 countries around the world.

Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA): FEMSA is a leading company that participates in the beverage industry through Coca-Cola FEMSA, the largest franchise bottler of Coca-Cola products in the world; and in the beer industry, through its ownership of the second largest equity stake in Heineken, one of the world's leading brewers with operations in over 70 countries. In the retail industry it participates with FEMSA Comercio, operating various small-format chain stores, including OXXO, the largest and fastest-growing chain of stores in Latin America. All of which is supported by a Strategic Business unit.

Consumer: Person who consumes Coca-Cola FEMSA products.

Customer: Retail outlet, restaurant or other operation that sells or serves the company's products directly to consumers.

Per Capita Consumption: The average number of eight-ounce servings consumed per person, per year in a specific market. To calculate per capita consumption, the company multiplies its unit case volume by 24 and divides by the population.

Serving: Equals eight fluid ounces of a beverage.

Unit Case: Unit of measurement that equals 24 eight fluid ounce servings.

Sparkling beverage: A non-alcoholic carbonated beverage containing flavorings and sweeteners. It excludes flavored waters and carbonated or non-carbonated tea, coffee and sports drinks.

Still beverage: Non-carbonated beverages.

BOARD PRACTICES

1. Finance and Planning Committee. The Finance and Planning Committee works with management to set our annual and long-term strategic and financial plans and monitors adherence to these plans. It is responsible for setting our optimal capital structure and recommends the appropriate level of borrowing as well as the issuance of securities. Financial risk management is another responsibility of the Finance and Planning Committee. Irial Finan is the chairman of the Finance and Planning Committee. The additional members include: Federico Reyes García, Ricardo Guajardo Touché and Enrique Senior Hernández. The secretary of the Finance and Planning Committee is Héctor Treviño Gutiérrez, our Chief Financial Officer.

2. Audit Committee. The Audit Committee is responsible for reviewing the accuracy and integrity of quarterly and annual financial statements in accordance with accounting, internal control and auditing requirements. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent auditor, who reports directly to the Audit Committee; the internal auditing function also reports to the Audit Committee. The Audit Committee has implemented procedures for receiving, retaining and addressing complaints regarding accounting, internal control and auditing matters, including the submission of confidential, anonymous complaints from employees regarding questionable accounting or auditing matters. To carry out its duties, the Audit Committee may hire independent counsel and other advisors. As necessary, we compensate the independent auditor and any outside advisor hired by the Audit Committee and provide funding for ordinary administrative expenses incurred by the Audit Committee in the course of its duties. José Manuel Canal Hernando is the chairman of the Audit Committee and the "audit committee financial expert". The additional members are: Alfonso González Migoya, Charles H. McTier, Francisco Zambrano Rodríguez and Ernesto Cruz Velázquez de León. Each member of the Audit Committee is an independent director, as required by the Mexican Securities Market Law and applicable New York Stock Exchange listing standards. The secretary of the Audit Committee, who is not a member, is José González Ornelas, head of FEMSA's auditing and operating control area.

3. Corporate Practices Committee. The Corporate Practices Committee, which consists of exclusively of independent directors, is responsible for preventing or reducing the risk of performing operations that could damage the value of our company or that benefit a particular group of shareholders. The committee may call a shareholders meeting and include matters on the agenda for that meeting that it deems appropriate, approve policies on related party transactions, approve the compensation plan of the chief executive officer and relevant officers, and support our board of directors in the elaboration of related reports. The chairman of the Corporate Practices Committee is Daniel Servitje Montul. The additional members include: Alfredo Livas Cantú and Karl Frei Buechi. The secretaries of the Corporate Practices Committee are Gary Fayard and Javier Astaburuaga Sanjines.

EXECUTIVE OFFICERS

John Santa Maria Otazua
Chief Executive Officer
19 years as an Officer

Héctor Treviño Gutiérrez
Chief Financial and Administrative Officer
21 year as an Officer

Ernesto Silva Almaguer
Chief Operating Officer – Mexico & Central America
17 year as an Officer

José Ramon Martínez
Chief Operatin Officer - Brazil
1 year as an Officer

Juan Ramón Félix Castañeda
Chief Operating Officer – Philippines
5 year as an Officer

Rafael Suárez Olaguibel
Chief Operating Officer – South America
20 year as an Officer

Raymundo Yutani Vela
Human Resources Officer
1 year as an Officer

Alejandro Duncan Ancira
Technical Officer
12 years as an Officer

Francisco Suárez Hernández
Corporate Affairs Officer
1 year as an Officer

Tanya Avellán Pinoargote
Strategic Planning and Commercial Development Officer
3 years as an Officer

DIRECTORS

Directors Appointed by Series A Shareholders

José Antonio Fernández Carbajal
Chairman of the Board, Coca-Cola FEMSA.
Executive Chairman of the Board, FEMSA
22 years as a Board Member
Alternate: Mariana Garza Lagüera Gonda

Alfonso Garza Garza
Chief Officer of Strategic Business, FEMSA
19 years as a Board Member
Alternate: Eva María Garza Lagüera Gonda

Carlos Salazar Lomelín
Chief Executive Officer, FEMSA
14 years as a Board Member
Alternate: Max Michel González

Ricardo Guajardo Touché
Chairman of the Board of Directors, SOLFI, S.A.
22 years as a Board Member
Alternate: Eduardo Padilla Silva

Paulina Garza Lagüera Gonda
Private Investor
6 years as a Board Member

Federico Reyes García
Corporate Development Officer, FEMSA
23 years as a Board Member
Alternate: Alejandro Bailleres Gual

Javier Gerardo Astaburuaga Sanjines
Chief Corporate Officer and Chief Financial Officer, FEMSA
9 years as a Board Member
Alternate: Francisco José Calderón Rojas

Alfonso González Migoya (1)
Chairman of the Board and Chief Executive Officer, Grupo Industrial Saltillo, S.A.B. de C.V.
9 years as a Board Member
Alternate: Ernesto Cruz Velázquez de León

Daniel Servitje Montull (1)
Chairman of the Board of Directors and Chief Executive Officer, Grupo Bimbo
17 years as a Board Member
Alternate: Sergio Deschamps Ebergenyi

Enrique F. Senior Hernández
Managing Director of Allen & Company
11 years as a Board Member
Alternate: Herbert Allen III

José Luis Cutrale
Chief Executive Officer of Sucrocítrico Cutrale, Ltda.
11 years as a Board Member
Alternate: José Luis Cutrale Jr.

Alfredo Livas Cantú
Private Investor
1 year as a Board Member

John Santa Maria Otazua
Chief Executive Officer of Coca-Cola FEMSA
1 year as a Board Member
Alternate: Héctor Treviño

Directors Appointed by Series D Shareholders

Gary Fayard
Executive Vice-President and Chief Financial Officer, The Coca-Cola Company
12 years as a Board Member
Alternate: Wendy Clark

Irial Finan
Executive Vice-President and President of Bottling Investments Group and Supply Chain, The Coca-Cola Company
11 years as a Board Member
Alternate: Sunil Ghatnekar

Charles H. McTier (1)
Trustee, Robert W. Woodruff
17 years as a Board Member

Bárbara Garza Lagüera Gonda
Private Investor
14 years as a Board Member
Alternate: Kathy Waller

Marie Quintero-Johnson
Corporate Vice-President of Mergers and Acquisitions, The Coca-Cola Company
3 years as a Board Member
Alternate: Gloria Bowden

Directors Appointed by Series L Shareholders

Robert A. Fleishman Cahn
Chief Executive Officer,
Grupo Tampico S.A. de C.V.
3 years as a Board Member
Alternate: Herman Harris Fleishman Cahn

José Manuel Canal Hernando (1)
Private Consultant
12 years as a Board Member

Francisco Zambrano Rodríguez (1)
Chief Executive Officer of Desarrollo de Fondos Inmobiliarios, S.A. de C.V. (DFI) and Vice-president of Desarrollos Inmobiliarios y de Valores, S.A. de C.V. (DIV)
12 years as a Board Member
Alternate: Karl Frei Buechi

Secretary
Carlos Eduardo Aldrete Ancira
General Counsel, FEMSA
22 years as Secretary
Alternate: Carlos Luis Díaz Sáenz

(1) *Independent*

SHAREHOLDER AND ANALYST INFORMATION

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Stock Exchange Information

Coca-Cola FEMSA's common stock is traded on the Bolsa Mexicana de Valores, (the Mexican Stock Exchange) under the symbol KOF L and on the New York Stock Exchange, Inc. (NYSE) under the symbol KOF.

Transfer Agent and Registrar

Bank of New York
101 Barclay Street 22W
New York, New York 10286, U.S.A

KOF

New York Stock Exchange

Quarterly Stock Information

U.S. DOLLARS PER ADS — 2014

Quarter Ended	$ High	$ Low	$ Close
dec-31	105.80	84.22	126.64
sep-30	115.78	98.31	133.89
jun-30	120.08	99.60	99.71
mar-31	117.83	91.60	86.52

U.S. DOLLARS PER ADS — 2013

Quarter Ended	$ High	$ Low	$ Close
dec-31	129.55	111.66	121.77
sep-30	149.0	120.02	120.02
jun-30	178.66	128.1	140.29
mar-31	168.64	149.99	163.77

KOF L

Mexican Stock Exchange

Quartery Stock Information

MEXICAN PESOS PER SHARE — 2014

Quarter Ended	$ High	$ Low	$ Close
dec-31	142.07	124.45	126.64
sep-30	149.54	131.80	133.89
jun-30	155.38	129.58	145.68
mar-31	153.49	121.59	134.58

MEXICAN PESOS PER SHARE — 2013

Quarter Ended	$ High	$ Low	$ Close
dec-31	171.0	146.23	157.92
sep-30	189.32	159.17	164.93
jun-30	219.7	170.37	182.46
mar-31	215.88	191.81	199.99

COCA-COLA FEMSA, S.A.B. DE C.V.
(BMV: KOF L; NYSE: KOF) is the largest Coca-Cola franchise bottler in the world, delivering close to 4.0 billion unit cases a year.

Coca-Cola FEMSA, S.A.B. de C.V. produces and distributes Coca-Cola, Fanta, Sprite, del Valle, and other trademark beverages of The Coca-Cola Company in Mexico (a substantial part of central Mexico, including Mexico City, as well as southeast and northeast Mexico), Guatemala (Guatemala City and surrounding areas), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (greater São Paulo, Campiñas, Santos, the state of Mato Grosso do Sul, the state of Paraná, part of the state of Goias, part of the state of Rio de Janeiro, and part of the state of Minas Gerais), Argentina (federal capital of Buenos Aires and surrounding areas) and Philippines (nationwide), along with bottled water, juices, teas, isotonics, beer, and other beverages in some of these territories.

The company's capital stock is owned 47.9% by Fomento Económico Mexicano S.A.B. de C.V. (FEMSA), 28.1% by wholly-owned subsidiaries of The Coca-Cola Company, and 24.0% by the public. The publicly traded shares of KOF are Series L shares with limited voting rights that are listed on the Bolsa Mexicana de Valores (BMV: KOF L) and as American Depository Shares (ADSs) on the New York Stock Exchange (NYSE: KOF). Each ADS represents 10 Series L shares.

MIX
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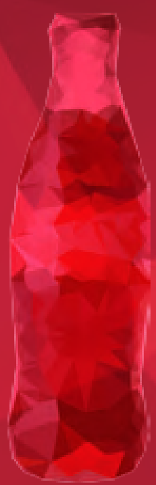
Consistent with its commitment to preserve the environment and benefit the communities where it operates, Coca-Cola FEMSA selected the materials to produce this report, using paper certified by the Forest Stewardship Council® (FSC®). The FSC®'s principles and criteria encompass economic, social, and environmental concerns, and its measures are implemented through "chain-of-custody" certification. Furthermore, the document used soy- and vegetable-based inks.

www.coca-colafemsa.com



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