

**Revenues for more than COP\$6 billion recorded Grupo Éxito during the first half of the year, a growth of recurring operating income of 15.8% and net income which reached COP\$229 billion, growing 19.6%.**

- ***During the first half of 2015 net revenues grew 22.2% to more than 6 billion Colombian pesos.***
- ***Recurring operating income grew by 24.6% during the second quarter and 15.8% in the first half of the year.***
- ***During the second quarter net income had a 71.3% growth as a result of operational efficiencies and the contribution of other non-recurring income from the sale of the drugstores to Cafam. Meanwhile, net income for the quarter grew by 19.6%.***
- ***Grupo Éxito started its expansion plan in Uruguay of the express stores format, with the first opening of two express stores under the Devoto banner in Montevideo.***
- ***The Company signed an agreement with Bancolombia by which Grupo Éxito will acquire 50% of the outstanding shares of the finance company "Tuya S.A."***
- ***Colombians are preparing to explore the country with "Colombia Magia Salvaje" (Colombia Wild Magic), an unprecedented film production in the country, with the highest technology of filming, scientific rigor and a worldwide team.***

Amid a challenging macroeconomic environment, Grupo Éxito recorded significant growth in all figures during the first half of 2015.

**Net revenues**

Grew by 22% in the first semester and 16.4% in the second quarter of 2015. These results included the effect of some non-comparable aspects as to the same period of 2014, such as the consolidation of sales of the Disco in Uruguay, as well as those of Super Inter, banner acquired in the third quarter of 2014.

**Gross profit**

In the second quarter grew 26.8%, with a margin of 25.8%, 210 basis points compared to the same period of 2014. During the first half it grew by 27.1%

**Operating income**

The **recurring operating income** grew by 24.6% in the second quarter, while for the half of 2015 increased 15.8% with operative margins of 5.2% and 4.5%, respectively.

**Ebitda**

Similarly, in the second quarter recurring EBITDA increased 22.2%, reaching COP\$210 billion, with a margin of 7.1%, while for the first half increased 14.1% to a total of COP\$389,000 million.

**Net income**

Consequently, net income increased by 71.3% in the second quarter, with a margin of 5.4%, benefiting from operational efficiencies and the non-recurring income from the sale of Éxito's

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**For more information:**

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and Carulla branded pharmacies to Cafam. For the first half, net income grew by 19.6% with a margin of 3.8%

**Financial results under IFRS** (figures in millions of pesos) includes Colombia and Uruguay.

	Second quarter			First half		
	2015	2014	% change	2015	2014	% change
Net revenue	2,953,483	2,536,681	16.4%	6,044,883	4,945,114	22.2%
Gross profit	762,526	601,571	26.8%	1,544,328	1,215,448	27.1%
Recurring operating income	154,938	124,307	24.6%	274,557	237,179	15.8%
Net income	159,739	93,240	71.3%	229,701	192,004	19.6%
Recurring EBITDA	210,373	172,123	22.2%	389,232	341,070	14.1%

We emphasize a positive performance, based on the adequate strategy implementation of the Company.

#### **Omni-channel strategy for the customer to choose what, how, when and where to shop.**

- 9 new outlets (two Éxito express, one Éxito outlet, one Carulla supermarket, one Carulla Express; two Super Inter, two Devoto Express) for a total of 544 stores in Colombia and 56 in Uruguay.
- 11 shopping centers.
- 4 shopping centers under construction: , Viva Waiijra, Viva Las Palmas, Viva La Ceja, which will add 70,000 new square meters of gross leasable area between 2015 and 2016.
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- 111 virtual catalogs in 111 banner stores of Éxito, Carulla, Surtimax and Super Inter, in 65 Colombian municipalities.
- Todohogar, direct sales channel catalog.

#### **Grupo Éxito's express format reaches Uruguay through Devoto banner**

Thanks to the acceptance the Express format of our Éxito, Carulla and Super Inter banners have had in Colombia, which now total 110 stores under this concept, Grupo Éxito decided to cross borders and bring to Uruguay all the benefits of this convenience store, this time under the Devoto brand. On June 8<sup>th</sup>, the Company opened its first two express stores in Montevideo: the "Devoto express 21 de septiembre" and "Devoto express Avenida Rivera."

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In late 2015, the goal is to have more than 10 stores of this format in Uruguay. Devoto, Disco and Géant, are Grupo Éxito's banners in Uruguay with about 45% market share of the official retail.

### **Grupo Éxito signs agreement to become a member of Tuya**

On June 30<sup>th</sup> Grupo Éxito and Bancolombia signed a share purchase agreement whereby Éxito acquires 50% of the outstanding shares of the finance company Tuya S.A. This means a restructuring on how the Company participates in the alliance it has with Bancolombia, for the past decade. This alliance has served for the development of the "Tarjeta Éxito" card and other financial products. This contract shall be subject to review and approval by Colombia's Financial Authority.

### **e-commerce, became very active during the second quarter of 2015**

Advancing on the development of its Omni-channel strategy which combines the physical world with the virtual, Grupo Éxito, by means of its e-commerce channels, developed important activities, such as "**Jueves Online**" and "**Cyber Lunes**" and strengthen the customers trust for online shopping. "**Jueves Online**" had 80% growth in sales compared to the same event last year. On the other hand, the "**Cyber Lunes**" grew by 83% in orders and sales increased by 125%.

### **Colombians are preparing to explore the country with "Colombia Magia Salvaje"**

#### **(Colombia Wild Magic)**

Grupo Éxito announced on Friday July 3<sup>rd</sup> the trailer of **Colombia Magia Salvaje, (Colombia Wild Magic)**, an unprecedented film production in Colombia, with the highest technology of filming, scientific rigor and a worldwide team.

Colombia is one of the most biodiverse countries in the world, with the largest number of species of birds, amphibians, orchids, climates and the largest system of moorlands in the earth, among other gifts of nature, but how much do we know them?

This production embarks in a journey from the "Sierra Nevada de Santa Marta" and explores the lands of the "Llanos Orientales," the "Choco," the islands of "Malpelo" and "Gorgona," the Colombian Caribbean, the "Chiribiquete" mountains, the island of "Providencia" and the Andean region, among others. This film has natural protagonists as "arawana negro" fish, the jaguar, the condor, the Orinoco crocodile, blue morpho butterfly, humpback whales, the sloth or the hummingbirds.

*"Colombia Magia Salvaje is a Grupo Éxito's gift for all Colombians, a way to create shared social value. This film has been a wonderful experience, a discovery and a re-encounter with our country, with our resources, with who we are. We hope that Colombia enjoys it as much as we have done," said Carlos Mario Giraldo Moreno, Grupo Éxito CEO.*

The objective of this monumental 90 minutes work, produced by **Grupo Éxito**, supported by the Ecoplanet Foundation and produced by British producer Off TheFence, is to reach the 47 million Colombians so that together we value and care for our natural resources.

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The background is decorated with various overlapping shapes in red, teal, green, yellow, and light blue. A large red shape is at the top, a teal shape is in the middle, and a green shape is at the bottom. There are also several smaller circles in various colors scattered throughout.

# Condensed Consolidated Interim Financial Statements

The logo for Grupo Éxito, featuring the word "grupo" in a light red font and "éxito" in a bold black font, with a yellow circle containing a red exclamation point above the "i" in "éxito".

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF INTERIM PERIOD .....	8
CONDENSED CONSOLIDATED STATEMENT OF INCOME OF INTERIM PERIOD .....	10
CONDENSED CONSOLIDATED STATEMENT OF INCOME OF INTERIM PERIOD .....	11
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF INTERIM PERIOD .....	12
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTERIM PERIOD .....	14
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS .....	15
1. General Information .....	15
2. Summary of principal accounting policies and practices applied .....	19
2.1 Preparation and presentation bases .....	19
2.2 Measurement bases.....	20
2.3 Periods covered .....	20
2.4 Declaration of responsibility .....	21
2.5 Functional Currency.....	21
2.6 Cumulative accounting base .....	21
2.7 Relative importance and materiality .....	21
2.8 Consolidation bases and methods .....	21
2.9 Equity method.....	23
2.10 Business combinations.....	23
2.11 Transactions in foreign currency .....	24
2.12 Compensation (Offsetting) of balances and transactions .....	25
2.13 Related parties .....	25
2.14 Goodwill and intangible assets.....	25
2.15 Property, plant and equipment .....	27
2.16 Investment properties .....	28
2.17 Non-current assets maintained for sale and discontinued operations .....	29
2.18 Leases .....	29
2.19 Loans costs .....	30
2.20 Impairment of non-financial assets.....	30
2.21 Inventories .....	31
2.22 Financial Assets.....	31
2.23 Financial liabilities.....	34
2.24 Derivative financial instruments.....	34
2.25 Hedge accounting .....	34
2.26 Implicit derivatives .....	36
2.27 Payments based on shares .....	36
2.28 Measurement of fair value .....	36



2.29 Benefits to employees.....	37
2.30 Provisions .....	38
2.31 Taxes .....	39
2.32 Ordinary revenues.....	39
2.33 Operation segments.....	40
2.34 Seasonal nature of transactions.....	41
2.35 Earning per share.....	41
2.36 Classification as debt or equity .....	41
2.37 Social Capital .....	41
2.38 First time adoption .....	42
2.39 New Statements .....	42
3. Significant accounting judgments, estimations and assumptions .....	47
4. Business combinations entered into during the period.....	47
5. Cash and cash equivalents.....	51
6. Trade accounts receivable and other accounts receivable .....	52
7. Transactions with related parties.....	54
8. Inventories .....	56
9. Other financial assets .....	57
10. Non-current assets maintained for sale .....	58
11. Property, plant and equipment.....	59
12. Investment properties .....	61
13. Goodwill.....	62
14. Intangible assets other than Goodwill.....	63
15. Investments in associates and joint business.....	65
16. Assets and liabilities upon deferred taxes .....	65
16.1 Composition of the asset (liability) for deferred tax .....	66
16.2 Reconciliation between tax profit and accounting profit for current tax.....	67
17. Financial obligations .....	67
18. Post-employment and long term benefits to employees .....	69
18.1 Defined benefits plans.....	69
18.2 Long term benefits.....	72
19. Other provisions .....	75
20. Trade accounts payable and other accounts payable .....	76
21. Other financial liabilities .....	77
22. Other non-financial liabilities .....	78
23. Equity .....	79

24. Fair value measurement.....	80
25. Operation segments.....	81
26. Earnings per share.....	83
27. Contingent assets and liabilities.....	84
28. Conversion Base.....	84
29. Events occurred after the period reported.....	84
30. Significant events during the reporting period.....	84
31. First time adoption.....	85

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF INTERIM PERIOD

At June 30, 2015.

(Amounts expressed in millions of Colombian pesos)

Assets	Note	At		
		June 30 2015	December 31 2014	January 1 2014
<b>Currents assets</b>				
Cash an cash equivalents	5	1,931,075	2,953,937	2,717,162
Trade accounts receivable and other accounts receivable	6	349,835	251,521	257,645
Accounts receivable from related parties and associates	7	41,139	30,662	1,859
Inventories	8	1,319,642	1,244,231	1,012,723
Current tax assets		270,291	93,877	111,689
Other financial assets	9	6,790	25,119	1,977
<b>Total current assets other than non-current assets or group of assets for their disposition classified as maintained for sale or maintained for distribution to owners</b>		<b>3,918,772</b>	<b>4,599,347</b>	<b>4,103,055</b>
Non-current assets or groups of assets for their dispositiin classified as maintained for sale	10	-00	6,740	-00
<b>Total current assets</b>		<b>3,918,772</b>	<b>4,606,087</b>	<b>4,103,055</b>
<b>Non-current assets</b>				
Property, plant, and equipment	11	3,289,315	3,112,876	3,044,214
Investment property	12	743,953	647,691	537,915
Surplus	13	3,119,158	1,592,133	1,391,543
Intangible assets other than surplus	14	166,334	82,070	79,829
Investments recorded using the equity method	15	7,827	1,052,157	996,853
Trade accounts receivable and other accounts receivable	6	28,605	29,601	31,019
Deferred tax assets	16	57,480	28,719	54,085
Other financial assets	9	147,594	147,100	138,385
Other non-financial assets		398	398	398
<b>Total non-currents assets</b>		<b>7,560,664</b>	<b>6,692,745</b>	<b>6,274,241</b>
<b>Total assets</b>		<b>11,479,436</b>	<b>11,298,832</b>	<b>10,377,296</b>

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements.

Equity and Liabilities	Nota	At		
		June 30 2015	December 31 2014	January 1 2014
<b>Liabilities</b>				
<b>Current liabilities</b>				
Financial obligations	17	254,535	7,917	98,640
Provisions for benefits to employees	18	3,739	5,420	5,931
Other provisions	19	54,002	50,796	34,668
Trade accounts payable and other accounts payable	20	2,312,219	2,658,642	2,053,565
Accounts payable to related parties and associates	7	137,387	51,597	56,521
Liabilities on current taxes		306,476	107,823	187,954
Other financial liabilities	21	723	158,085	14,409
Other non-financial liabilities	22	126,173	79,361	75,077
<b>Total current liabilities</b>		<b>3,195,254</b>	<b>3,119,641</b>	<b>2,526,765</b>
<b>Non-current liabilities</b>				
Financial obligations	17	17,610	36,416	4,996
Provisions for benefits to employees	18	34,235	42,775	41,846
Other provisions	19	9,959	13,213	-00
Trade accounts payable and other accounts payable	20	-00	573	488
Liability for deferred taxes	16	64,005	53,238	8,074
Other financial liabilities	21	-00	-00	137,699
Other non-financial liabilities	22	62,999	51,588	53,688
<b>Total non-current liabilities</b>		<b>188,808</b>	<b>197,803</b>	<b>246,791</b>
<b>Total liabilities</b>		<b>3,384,062</b>	<b>3,317,444</b>	<b>2,773,556</b>
<b>Equity</b>				
Issued capital	23	4,482	4,482	4,482
Own shares reacquired	23	(2,735)	(2,735)	(2,735)
Bonus issue	23	4,843,466	4,843,466	4,843,466
Result of the period		229,701	500,674	-00
Accumulated profits		1,119,227	1,077,560	1,517,247
Other participations in equity		(36,054)	(1,012)	-00
Reserves		7,856	7,856	7,856
Other reserves		1,461,507	1,276,338	1,009,011
<b>Equity attributable to the controlling entity owners</b>		<b>7,627,450</b>	<b>7,706,629</b>	<b>7,379,327</b>
Share of non controlling entities		467,924	274,759	224,413
<b>Total equity</b>		<b>8,095,374</b>	<b>7,981,388</b>	<b>7,603,740</b>
<b>Total equity and liabilities</b>		<b>11,479,436</b>	<b>11,298,832</b>	<b>10,377,296</b>

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CONDENSED CONSOLIDATED STATEMENT OF INCOME OF INTERIM PERIOD

Corresponding to the three months and six months ended on June 30, 2015 and 2014.  
(Amounts expressed in millions of Colombian pesos)

Income statement	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Revenues from ordinary activities	6,044,883	4,945,114	2,953,483	2,536,681
Costo of sales	(4,500,555)	(3,729,666)	(2,190,957)	(1,935,110)
<b>Gross profit</b>	<b>1,544,328</b>	<b>1,215,448</b>	<b>762,526</b>	<b>601,571</b>
Other income	29,681	6,666	-00	4,189
Distribution expenses	(644,184)	(510,264)	(297,999)	(242,656)
Administrative and selling expenses	(84,084)	(69,233)	(43,004)	(34,841)
Expenses of employees' benefits	(541,503)	(398,772)	(266,585)	(199,767)
Other expenses	(71,973)	-00	(11,453)	-00
Other earnings (losses)	71,711	(362)	71,672	(363)
<b>Earning (loss) from operating activities</b>	<b>303,976</b>	<b>243,483</b>	<b>215,157</b>	<b>128,133</b>
Financial revenues	99,084	76,790	36,737	36,483
Financial costs	(52,458)	(44,429)	(14,839)	(24,113)
Share in profits (losses) of associates and joint ventures accounted for using the equity method	(7,624)	21,183	(4,530)	8,054
<b>Profit (loss) before taxes</b>	<b>342,978</b>	<b>297,027</b>	<b>232,525</b>	<b>148,557</b>
Income (expense) from tax	(87,430)	(99,743)	(61,687)	(52,552)
<b>Earning (loss) originated by continued operations</b>	<b>255,548</b>	<b>197,284</b>	<b>170,838</b>	<b>96,005</b>
<b>Earning (loss) attributable to:</b>				
Earning (loss) attributable to the controlling entity owners	229,701	192,004	159,739	93,240
Earning (loss) attributable to non-controlling share	25,847	5,280	11,099	2,765
<b>Earning per basic share</b>				
<b>Earning (loss) per basic shared in continued operations*</b>	<b>513.18</b>	<b>428.96</b>	<b>356.88</b>	<b>208.31</b>
<b>Earning from diluted shares</b>				
<b>Earning (loss) diluted per share originated by continued operations*</b>	<b>513.18</b>	<b>428.96</b>	<b>356.88</b>	<b>208.31</b>

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Statement of comprehensive income	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Profit (loss)	255,548	197,284	170,838	96,005
<b>Components of other comprehensive income which will be reclassified to the period result, net of taxes</b>				
Profit (losses) upon new measurements of financial assets at fair value with changes in the other comprehensive result, net of taxes	749	-00	(1,255)	-00
<b>Total other comprehensive income which will be reclassified to the result of the period, net of taxes</b>	<b>749</b>	<b>-00</b>	<b>(1,255)</b>	<b>-00</b>
<b>Components of other comprehensive income which will be reclassified to the result of the period, net of taxes</b>				
Gains (losses) from foreign currency conversion, net of tax	(26,028)	(66,432)	(43,044)	(42,602)
<b>Total other comprehensive income which will be reclassified to the result of the period, net of taxes</b>	<b>(26,028)</b>	<b>(66,432)</b>	<b>(43,044)</b>	<b>(42,602)</b>
<b>Total comprehensive income</b>	<b>230,269</b>	<b>130,852</b>	<b>126,539</b>	<b>53,403</b>
<b>Earning (loss) attributable to</b>				
Earning (loss) attributable to the owners of the controlling entity	210,176	126,709	124,665	51,366
Earning (loss) attributable to participations of non controlling entities	20,093	4,143	1,874	2,037

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF INTERIM PERIOD**

Corresponding to the three months and six months ended on June 30, 2015 and 2014.  
(Amounts expressed in millions of Colombian pesos)

	At	
	June 30, 2015	June 30, 2014
<b>Cash flows originated by (used in) operating activities</b>		
Profit (loss)	255,548	197,284
<b>Adjustments to reconcile profit (loss)</b>		
Adjustments for tax expense on profits	87,430	99,743
Adjustments for decreases (increases) in inventories	36,172	(35,925)
Adjustments upon the decrease (increase) of accounts receivable of a trade origin	28,449	11,651
Adjustments for decreases (increases) in other accounts receivable deriving from operating activities	(15,855)	46,935
Adjustments for increase (decrease) of accounts payable of a trade origin	(657,077)	(292,762)
Adjustments for increases (decreases) in other accounts payable deriving from operating activities	69,924	(91,989)
Adjustments for depreciation and amortization expenses	121,895	111,965
Adjustments for provisions	52,796	73,965
Adjustments for unrealized losses (profits) of foreign currency	(16,516)	(1,629)
Adjustments for losses (profits) of foreign currency	(29,681)	-00
Adjustments for undistributed profits by applying the equity method	7,625	(21,183)
Other adjustments for items other than cash	(27,365)	10,561
Adjustments for profits (losses) for the disposition of non-current assets	(78,998)	497
Other adjustments in order that the effects on cash are cash flows of investment or financing	(35,507)	(30,910)
<b>Total adjustments to reconcile net income (loss)</b>	<b>(456,708)</b>	<b>(119,081)</b>
<b>Net cash flows deriving (used in) operating activities</b>	<b>(201,160)</b>	<b>78,203</b>
Income taxes refunded (paid)	(137,050)	(110,609)
<b>Net cash flows deriving from (used in) operating activities</b>	<b>(338,210)</b>	<b>(32,406)</b>
<b>Cash flows deriving from (used in) investing activities</b>		
Cash flows deriving from obtaining control of subsidiaries or other businesses	(35,043)	-00
Other payments to acquire equity of debt instruments from other entities	(891)	(8)
Amount deriving from the sale of properties, plant and equipment	9,041	4,005
Purchases of property, plant and equipment	(144,505)	(151,869)
Amounts from sales of intangible assets	86,189	270
Purchase of intangible assets	(469,326)	(16,566)
Resources from sales of other long-term assets	4,202	-00
Cash advances and loans granted to third parties	(240)	-00
Interest received	40,595	38,037
Other cash inflows (outflows)	147,150	1,865
<b>Net Cash flows deriving from (used in) investing activities</b>	<b>(362,828)</b>	<b>(124,266)</b>
<b>Cash flows deriving from (used in) financing activities</b>		
Loan repayments	(150,152)	(96,017)
Payments of finance lease liabilities	(101)	-00
Dividends paid	(124,356)	(118,778)

## Condensed Consolidated Interim Financial Statements



Interest paid	(9,548)	(7,363)
<b>Net Cash flows deriving from (used in) financing activities</b>	<b>(284,157)</b>	<b>(222,158)</b>
<b>Net increase (decrease) of cash and cash equivalents, before the effect of changes in the exchange rate</b>	<b>(985,195)</b>	<b>(378,830)</b>
Effects of the variation in the exchange rate on cash and cash equivalents	(2,407)	(4,931)
Adjustments for Minority Interest	(35,260)	28,054
<b>Net increase (decrease) of cash and cash equivalents</b>	<b>(1,022,862)</b>	<b>(355,707)</b>
Cash and cash equivalents at the beginning of period	2,953,937	2,717,162
Cash and cash equivalents at the end of period	1,931,075	2,361,455

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTERIM PERIOD**

Corresponding to the six months ended on June 30, 2015 and 2014.

(Amounts expressed in millions of Colombian pesos)

	Reserves											Changes in equity attributable to the controlling entity	Changes in minority participations	Total in net equity
	Issued capital	Issue premium	Treasury shares	Legal reserve	Occasional reserve	Reacquisition of shres	Future dividends	Other comprehensive result	Total Reserve	Accumulated earnings	Other equity components			
Initial balance Januart 1, 2014	4,482	4,843,466	(2,735)	7,856	988,568	22,000	1,419	(2,976)	1,016,867	1,517,247	-00	7,379,327	224,413	7,603,740
Divided declared in cash					(42,720)				(42,720)	(194,958)		(237,678)		(237,678)
Income statement										192,004		192,004	5,280	197,284
Other comprehensive statement								(65,295)	(65,295)			(65,295)	(1,137)	(66,432)
Other increase (decrease) in net equity					243,450				243,450	(244,031)		(581)	29,191	28,610
Balance at June 30, 2014	4,482	4,843,466	(2,735)	7,856	1,189,298	22,000	1,419	(68,271)	1,152,302	1,270,262	-00	7,267,777	257,747	7,525,524

	Reserves											Changes in equity attributable to the controlling entity	Changes in minority participations	Total in net equity
	Issued capital	Issue premium	Treasury shares	Legal reserve	Occasional reserve	Reacquisition of shres	Future dividends	Other comprehensive result	Total Reserve	Accumulated earnings	Other equity components			
Initial balance December 31, 2014	4,482	4,843,466	(2,735)	7,856	1,189,298	22,000	1,419	63,621	1,284,194	1,578,234	(1,012)	7,706,629	274,759	7,981,388
Divided declared in cash									-00	(260,022)		(260,022)		(260,022)
Income statement									-00	229,701		229,701	25,847	255,548
Other comprehensive statement								(19,525)	(19,525)			(19,525)	(5,754)	(25,279)
Other increase (decrease) in net equity					168,841		30,000		198,841	(198,985)	(35,042)	(35,186)		(35,186)
Minority Fair value measurement Group Disco Uruguay								5,853	5,853			5,853	173,072	178,925
Balance at June 30, 2015	4,482	4,843,466	(2,735)	7,856	1,358,139	22,000	31,419	49,949	1,469,363	1,348,928	(36,054)	7,627,450	467,924	8,095,374

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. General Information

#### Almacenes Éxito S.A. and its Subsidiaries

Almacenes Éxito S.A., parent company, was formed on March 24, 1950 according to Colombian law. Its corporate purpose consists of:

- Acquisition, storage, transformation, and in general, distribution and sale under any commercial system, including the financing thereof, of all types of goods and national and foreign products, in the wholesale or retail market.
- Give or take in lease commercial premises, receive or give in lease or under any other system of simple tenancy, sales or commercial spaces or points within its commercial establishments intended for the exploitation of distribution business of goods or products and for the rendering of complementary services.
- Organize, finance or promote with other individuals or legal entities, enterprises or businesses which purpose is the production of objects, goods, articles or the rendering of services related with the exploitation of the commercial establishments.
- Acquire real estate, build commercial premises intended for the establishment of stores, shopping centers or other appropriate sites for the distribution of goods notwithstanding that, with a criteria of rational uses of land, it may dispose of floors or commercial premises, give them in lease or exploit them in another appropriate form, as well as invest in real estate, promote and execute real estate projects of any type and of real estate.
- Apply resources for investment purposes for the acquisition of shares, bonds, commercial papers and other securities of free circulation in the market for the use of tax incentives established by the law, as well as to make transitory investments in prompt liquidity securities for temporary productive use, enter into firm factoring operations with its own resources, set up guarantees on its movable assets and real estate and enter into financial operations allowing it to acquire funds or other assets.
- The wholesale or retail distribution of liquid fuels, oil derivatives through automotive service stations, alcohols, bio-fuels, vehicles' natural gas and any other fuel applied to the automotive, industrial, fluvial, maritime and air sectors in all its classes.

Below is a detail of the information of its subsidiaries:

- **Distribuidora de Textiles y Confecciones S.A. "DIDETEXCO S.A."**, subsidiary company, was incorporated on July 13, 1976, by means of public deed N° 1138 of the Seventh Notary's Office of Medellín. Its corporate purpose consists of acquiring, storing, transforming, manufacturing, selling and in general distributing under any modality all types of textile goods manufactured locally or abroad and acquiring, giving or taking under lease real estate intended for the establishment of stores, shopping centers and other appropriate sites for the distribution of goods and the sale of goods or services. Its principal domicile is located in the Municipal

jurisdiction of Envigado, Colombia, carrera 48 N° 32 Sur - 29. The company's duration term expires on July 13, 2026.

- **Almacenes Éxito Inversiones S.A.S.**, subsidiary company incorporated by means of a private document on September 27, 2010. Its corporate purpose is:
  - Organize, finance, promote, invest individually or join other individuals or legal entities to incorporate companies, enterprises or business which purpose is the production or commercialization assets, objects, goods, articles or elements or the rendering of services related with the exploitation of commercial establishments and establish links with those companies as associate, by means of contribution of money, in goods or in services.
  - Promote, invest individually or join other individuals or legal entities, to provide networks, services and telecommunication added values, particularly all those activities permitted in Colombia or abroad of telecommunications, mobile telephone, and added value services. Its principal domicile is located in the Municipal jurisdiction of Envigado, Colombia, carrera 48 N° 32B Sur - 139. The company's duration term is indefinite.
  - At June 30, 2015, the company accumulates losses of COP\$19,150 million, which decreased its equity below 50% of its capital falling under special dissolution cause per article 457 of the Code of Commerce. The parent management has the commitment of taking the measures aimed to resolve said situation within a term of 12 months.
- **Carulla Vivero Holding Inc.**, was a subsidiary of Carulla Vivero S.A. which in accordance with the merger passed to be a subsidiary of the parent Almacenes Éxito S.A. Carulla Vivero Holding Inc. was incorporated on September 14, 2000 under the laws of the Britain Virgin Islands, its corporate purpose is doing business to invest, purchase, own, acquire in any way, sell, assign, administrate any movable asset or real estate which is not prohibited or regulated by the laws of the British Virgin Islands. The Company is not audited by an independent auditor.
- **Éxito Viajes y Turismo S.A.S.**, was formed on May 30, 2013, in accordance with Colombian laws, which corporate purpose is the exploitation of the activities related with the tourism service, as well as the touristic representation and the establishment of travel agencies in any of their modalities and the promotion of the national and international tourism. Its principal domicile is located in the municipal jurisdiction of Envigado, Colombia, carrera 48 N° 32B Sur - 139. The company's duration is indefinite.
- **Gemex O & W S.A.S.**, was incorporated on March 12, 2008, its corporate purpose consists of the commercialization of goods through alternative sales channels, such as direct sale or by catalogue. Its principal domicile is located in the municipal jurisdiction of Medellín, Colombia. carrera 43 N° 31 - 166.

At June 30, 2015, the company accumulates losses of COP\$2,991, which decreased its equity below 50% of its capital falling under special dissolution cause per article 457 of the Code of Commerce. The parent management has the commitment of taking the measures aimed to resolve said situation within a term of 12 months.

- **Spice Investments Mercosur S.A.**, a subsidiary company, was acquired in September 2011 by

the parent Almacenes Éxito S.A., an Uruguayan closed stock company, with nominative shares. Its principal activity is making investments in general, in accordance with article N° 47 of Law 16.060 of Uruguay, being able to develop activities related and linked with investments in the country and abroad. Its principal domicile is located in Montevideo, Avenida General José María Paz N° 1404.

- Spice Investments Mercosur S.A. is the owner of the shares of the following companies: 62.49% of Grupo Disco del Uruguay S.A., 47.25% of Larenco S.A., 7.23% of Lanin S.A. (during 2013 it acquired 0.13% of the company) and 100% of Geant Inversiones S.A. In 2014 it acquired 100% of Raxwy and 30% of C-Latam S.A.
- Grupo Disco del Uruguay S.A. is in turn the owner of 100% of Supermercados Disco del Uruguay S.A., 50% of Maostar S.A., 100% of Ameluz S.A., 100% of Odaler S.A. and 100% of Fandale S.A., which in turn is the owner of 51% of Mabicor S.A. (owner of a real estate). In 2013 it acquired 100% of “La Cabaña”, Supermarket leader in sales in the coast of Uruguay.
- Larenco S.A., on its part is the owner of 92.64% of Lanin S.A. (during 2015, 3.19% of the Company was acquired, which is the owner of 100% of the shares of Devoto Hermanos S.A.
- Geant Inversiones S.A. is the owner of 52.75% of Larenco S.A. shares.
- Supermercados Disco del Uruguay S.A., is the owner of 100% of Ludi S.A., Semin S.A., Randicor S.A., Dulcemar S.A., Actimar S.A., Ciudad del Ferrol S.C., and 51 % of Maraluz S.A.
- Odaler S.A., is the owner of 100% of Setara S.A.
- **Logística, Transporte y Servicios Asociados S.A.S.**, a Company formed on May 23, 2014 in accordance with Colombian laws, which corporate purpose is the rendering of national and international air, terrestrial, maritime, fluvial, railroad and multimodal cargo transportation services of all type of goods in general. Its principal domicile is located in the municipal jurisdiction of Envigado, Colombia, carrera 48 N° 32B Sur - 139. The company’s duration term is indefinite.
- **Patrimonio Autónomo Viva Laureles**, set up on May 31, 2012 under the juridical form of autonomous equity through Fiduciaria Bancolombia S.A. Sociedad Fiduciaria. The corporate purpose is developing the operation of the shopping center Viva Laureles, which comprises maintaining the legal ownership of the real estate, subscribing lease contracts, their extensions, renewals, amendments and terminations, in accordance with the instructions that for such purpose issues the trustor Almacenes Éxito in its condition of real estate administrator, managing resources, making the payments required to take care of the administration and operation of the premises and other units making them up. The principal domicile of the shopping center is the municipal jurisdiction of Medellín, Colombia, carrera 81 N° 37 - 100.
- **Patrimonio Autónomo Viva Sincelejo**, set up on March 8, 2013 under the juridical form of autonomous equity through Fiduciaria Bancolombia S.A. Sociedad Fiduciaria. The corporate purpose is developing the operation of the shopping center Viva Sincelejo, which comprises maintaining the legal ownership of the real estate, subscribing lease contracts, their extensions, renewals, amendments and terminations, in accordance with the instructions that for such

purpose issues the trustor Almacenes Éxito in its condition of real estate administrator, managing resources, making the payments required to take care of the administration and operation of the premises and other units making them up. The principal domicile of the shopping center is the municipal jurisdiction of Sincelejo, Colombia, carrera 25 N° 23 - 49.

- **Patrimonio Autónomo Viva Villavicencio**, set up on April 1, 2013 under the juridical form of autonomous equity through Fiduciaria Bancolombia S.A. Sociedad Fiduciaria. The corporate purpose is developing the operation of the shopping center Viva Sincelejo, which comprises maintaining the legal ownership of the real estate, subscribing lease contracts, their extensions, renewals, amendments and terminations, in accordance with the instructions that for such purpose issues the trustor Almacenes Éxito in its condition of real estate administrator, managing resources, making the payments required to take care of the administration and operation of the premises and other units making them up. The principal domicile of the shopping center is the municipal jurisdiction of Villavicencio, Colombia, calle 7A N° 45- 185.
- **Patrimonio Autónomo San Pedro Etapa I**, set up on June 30, 2005 under the juridical form of autonomous equity through Fiduciaria Bancolombia S.A. Sociedad Fiduciaria. The corporate purpose is developing the operation of the shopping center San Pedro Plaza, which comprises maintaining the legal ownership of the real estate, subscribing lease contracts, their extensions, renewals, amendments and terminations, in accordance with the instructions that for such purpose issues the trustor Almacenes Éxito in its condition of real estate administrator, managing resources, making the payments required to take care of the administration and operation of the premises and other units making them up. The principal domicile of the shopping center is the municipal jurisdiction of Neiva, Colombia, carrera 8ª between calles 38 and 48.
- **Patrimonio Autónomo Centro Comercial San Pedro Stage II**, set up on December 1, 2010 under the juridical form of autonomous equity through Fiduciaria Bancolombia S.A. Sociedad Fiduciaria. The corporate purpose is developing the operation of the shopping center San Pedro Stage II, which comprises maintaining the legal ownership of the real estate, subscribing lease contracts, their extensions, renewals, amendments and terminations, in accordance with the instructions that for such purpose issues the trustor Almacenes Éxito in its condition of real estate administrator, managing resources, making the payments required to take care of the administration and operation of the premises and other units making them up. The principal domicile of the shopping center is the municipal jurisdiction of Neiva, Colombia, carrera 8ª between calles 38 and 48.
- **Patrimonio Autónomo Iwana**, set up on December 22, 2011, under the juridical form of autonomous equity through Fiduciaria Bancolombia S.A. Sociedad Fiduciaria. The corporate purpose is developing the operation of the shopping center Iwana, which comprises maintaining the legal ownership of the real estate, subscribing lease contracts, their extensions, renewals, amendments and terminations, in accordance with the instructions that for such purpose issues the trustor Almacenes Éxito in its condition of real estate administrator, managing resources, making the payments required to take care of the administration and operation of the premises and other units making them up. The principal domicile of the shopping center is the municipal jurisdiction of Barrancabermeja, Colombia, carrera 11 N° 50-19.
- **Girardot Lot Trust**, was acquired by means of an assignment of fiduciary rights on February 11, 2011 through Alianza Fiduciaria S.A. Sociedad Fiduciaria. Its corporate purpose is acquiring the

proprietorship title of the real estate in the name of Almacenes Éxito. The principal domicile is the municipal jurisdiction of Girardot, Colombia, carrera 10 and 11 with calle 25.

- **Autonomous Equity Local 108**, was acquired by means of assignment of fiduciary rights on August 3, 2012 through Alianza Fiduciaria S.A. Sociedad Fiduciaria. Its corporate purpose is acquiring the proprietorship title of the real estate, subscribing purchase-sale agreements as prominent buyer or seller, granting the use and enjoyment of the real estate by way of lease to those indicated, distributing the proceeds of the funds received as rentals and taking care of the instructions on remittances. The principal domicile is the municipal jurisdiction of Medellín, Colombia, calle 10 N ° 32-115.
- **Patrimonio Autónomo Centro Comercial Viva Barranquilla**, set up on December 23, 2014 under the legal form of autonomous equity through Fiduciaria Bancolombia S.A. Sociedad Fiduciaria. The corporate purpose in the development stage is receiving and maintaining the legal ownership of the real estate and of those which in the future the Trustors instruct or require to contribute, subscribing lease contracts, their extensions, renewals, amendments and terminations, in accordance with the instructions that for such purpose issues the trustor Almacenes Éxito in its condition of real estate administrator, managing resources, making the payments required to take care of the administration and operation of the premises and other units making them up. The principal domicile is the municipal jurisdiction of Barranquilla, Colombia, Carrera 51 B 87 - 50.

## 2. Summary of principal accounting policies and practices applied

The principal accounting policies applied in the preparation of the consolidated financial statements are described below. These policies have been consistently applied in respect to all the periods presented, unless as otherwise indicated.

### 2.1 Preparation and presentation bases

The condensed consolidated interim financial statements for the period ended at June 30, 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS), adopted in Colombia pursuant to Law 1314 de 2009 and its applicable regulatory decrees corresponding to Decree 2784 of 2012, which amends Decree 3023 of 2013 and Decree 2615 of 2014, including the International Financial Reporting Standard NIC 34 - Interim Financial Information, which was approved for Colombia, per Decree 2784 of 2012 and its amendments. Decree 2784 of 2012 and Decree 3023 of 2013, regulate the preparation of financial statements based on Standards (IFRS/ NIC), Interpretations (CINIIF and SIC) and the Conceptual Framework issued until December 31, 2012, published by the IASB in 2013. For presentation purposes, the instructions issued by the Financial Superintendence of Colombia.

The condensed interim financial statements do not include all the information and the disclosures required for an annual financial statement, and should be read together with the annual financial statements at December 31, 2014; however, given that the respective annual financial statement has not yet been issued, a significant detail of information is included in these notes which permits users knowing the Group policies, understanding the financial composition and the principal impacts under IFRS.

The IFRS preliminary condensed consolidated statements of financial position at December 31, 2014 and the condensed consolidated opening financial statement at January 1, 2014, with which this comparison is made, have been prepared exclusively to be used by the Company's Management as part of the conversion process thereof to International Financial Reporting Standards (IFRS) in order to present the information for the year ending December 31, 2015 on a comparative basis.

It should be considered that the financial statements submitted to the General Shareholders' Meeting and to the regulatory entities and stakeholders, for the year ended December 31, 2014, were prepared by Grupo Éxito in accordance with accounting principles general accepted in Colombia, which are prescribed upon legal provision, by standards and instructions of the Financial Superintendence of Colombia, the Superintendence of Corporations and other legal rules; such principles may differ by certain aspects from those established by other State control entities and other international accounting standards. For the consolidation at December 31, 2014, of the financial statements of Spice Investments Mercosur S.A., a Company domiciled in Uruguay, the policies and principles adopted at Grupo Éxito were homologated, in accordance with Colombian accounting standards, and were converted into Colombian pesos.

Notwithstanding that in the preparation of the condensed consolidated financial statements of Grupo Éxito at December 31, 2014 prepared under IFRS, Management has used its best knowledge and belief, the standards and interpretations and the current facts and circumstances, they could experience changes, e.g., amendments in rules or additional standards and interpretations could be issued by International Accounting Standards Board ("IASB") that change the current regulations. Therefore, until such time as the Company and its Subsidiaries prepare their first complete set of consolidated financial statements under IFRS at December 31, 2015 and establish their transition date as defined in IFRS 1, the likelihood exists that the consolidated comparative statements be adjusted.

These consolidated financial statements fairly reflect the financial position of Almacenes Éxito S.A. and its subsidiaries at June 30, 2015, and the results of the operations, the changes in net equity and the cash flows for the period then ended.

### 2.2 Measurement bases

The financial statements have been prepared on the basis of the historical cost, except for:

- Assets and liabilities generated in transactions of business combinations, which are measured at their fair value in accordance with principles established in IFRS 3;
- Derived financial instruments and equity instruments which changes in fair value are presented in Other Comprehensive Statement of Income which are measured at fair value.

### 2.3 Periods covered

These condensed consolidated financial statements of Grupo Éxito comprise the statement of financial position and the statement of change in equity at January 1, 2014 (transition date), December 31, 2014 and June 30, 2015 and the comprehensive statements of income and of cash flow

for the six and three months ended on June 30, 2014 and June 30, 2015; and of cash flow for the period ended on June 30, 2014 and June 30, 2015.

### 2.4 Declaration of responsibility

The Management of Almacenes Éxito S.A. and its subsidiaries is responsible for the information contained in these condensed consolidated financial statements. The preparation thereof based on International Financial Reporting Standards require the use of judgment and estimations, as well as the use of judgment of Management for the application of the accounting policies. These estimations have been made using the best information available at the date of issuing these condensed consolidated financial statements. However, it is possible that future events demand a change in subsequent periods; should this occur, the change will be made as established in IAS 8 “Accounting policies, changes in accounting estimations and errors” in a prospective basis, recognizing the effects of the change of estimation on the respective condensed consolidated interim financial statements.

### 2.5 Functional Currency

These condensed consolidated interim financial statements, re presented in Colombian pesos, which is the functional currency of the Group parent Company that corresponds to the principal economic environment this Company operates in. The figures shown have been rounded up to the nearest figure in million pesos and are presented in millions of pesos, therefore, totals and subtotals could not correspond exactly to the accumulated figures.

### 2.6 Cumulative accounting base

The financial statements have been prepared on the cumulative accounting basis, except for information related with cash flows.

### 2.7 Relative importance and materiality

The recognition and presentation of the economic facts are determined in accordance with their relative importance. An economic fact is deemed to be material when due to its nature or amount and taking into account the surrounding circumstances, knowing or not knowing it could significantly alter the economic decisions of information users.

Upon preparing the interim financial statements, including their notes, the relative importance for presentation purposes was determined on a basis of 5% applied to current and non-current assets, to current and non-current liabilities, to equity, results of the period and to each general ledger account, individually considered of the interim period.

### 2.8 Consolidation bases and methods

The consolidated financial statements include the financial statements of the parent Company and of all the subsidiaries (includes the special purpose partnerships).

**Subsidiaries:** Subsidiaries are entities (including special purpose entities) over which the Parent Company exercises control directly or indirectly.



**Special purpose entity (“SPE”):** An entity of special purpose (“SPE”), is considered as an organization that is formed for a defined purpose or limited duration. These SPEs frequently serve as intermediary organizations. The group participates in Autonomous Equities which meet this definition.

**Control:** this is achieved when the parent Company has power over the entity, is exposed to variable yields arising from the its implication thereon and has the capacity to use such power to influence on the amount of its yields, i.e., is the capacity of conducting relevant activities such as the entity’s financial and operating policies. The power arises from rights, it is generally present accompanied by the tenancy of 50% or more of the voting rights, although in other occasions it is more complex and arises from one or more contractual agreements, a reason why entities could exist that despite not having this sharing percentage, it is understood that its activities are carried out for the benefit of the parent Company, being exposed to all risks and benefits of the dependent entity.

When control exists, the consolidation method used is the global integration.

**Global integration:** total assets, liabilities, equity and results of the subsidiaries are incorporated to the parent Company’s financial statements by means of this method, upon the previous elimination of the matrix of investments made in the equity thereof, as well as the reciprocal balances of the subsidiaries, either directly or indirectly.

All transactions and significant intercompany balances have been eliminated in consolidation, and recognition has also been given to the non-controlled interest corresponding to the percentage of participation of third parties in subsidiaries, which is incorporated separately in the Group’s equity.

At the time of evaluating if the Company controls another entity, the existence and the effect of potential voting rights currently exercised are considered. Subsidiaries are consolidated as of the date control is transferred to the Group and are excluded from the consolidation on the date it ceases.

The consolidated financial statements include the financial statements of the subsidiaries from the date the parent company acquires control and are excluded from consolidation on the date it ceases. All controlled entities are consolidated in the parent company’s financial statements irrespective of their share percentage.

Transactions involving a change in share percentage of the Parent without loss of control are recognized in equity given that there is no change of control of the economic entity. Cash flows arising from changes in shares that do not give rise to a loss of control are classified for the statement of cash flows as financing activities.

In transactions that involve a loss of control the total participation in the subsidiary is written off, any retained participation is recognized by its fair value, and the profit or loss resulting from the operation is recognized in results of the period, including items corresponding to other comprehensive result. Cash flows deriving from the acquisition or loss of control of a subsidiary are classified in the statement of cash flows as investing activities.

The result of the period and each component of the other comprehensive result are attributed to the owners of the controlling entity and to the non controlling participations.

### 2.9 Equity method

The parent Company applies the equity method to all investments in associates and combined business in its consolidated financial statements.

**Associates:** An associate is an entity on which the Parent Company is in the position to exercise significant influence, but not a control, nor joint control, by means of the power of participating in the decisions of its operating and financial Policies.

In general, significant influence is presumed of those cases where the Group owns a participation higher than 20%, although as well as control, should be evaluated.

**Joint Agreement:** is a joint agreement whereby the parties that have joint control of the agreement have right to the agreement net assets. The joint control is produced only when the decisions on the relevant activities require the unanimous consent of the parties sharing control.

**Equity method** is an accounting method which demands recording the investment initially at cost and then, in subsequent periods, adjust the book value of the investment to reflect the Group share in the net assets of the participated party. If the investment results negative, the share is left until the investment is carried to zero, except that that there is a commitment of the entity to restore the equity position of the investment, in which case the respective provision is recorded.

Dividends perceived from these companies are recorded reducing the investment value, and the results achieved by these companies are incorporated to the Comprehensive Statement of Income.

Transactions involving the loss of a significant influence in the associate or in the joint agreement is recorded recognizing any participation retained at its fair value and the profit or loss resulting of the operation is recognized in results of the period including the items corresponding to other comprehensive result.

In transactions which do not involve a loss of significant influence on the associate or on the joint business, the application of the equity method continues and the portion of the profit or loss recognized in the other comprehensive income relating to the reduction of the participation in the ownership is reclassified.

### 2.10 Business combinations

Business combinations are recorded using the acquisition method; this involves the identification of the acquirer, the determination of the acquisition date, the recognition and measurement of identifiable assets acquired, of assumed liabilities and of any non-controlling participation in the acquired entity, and the recognition and measurement of goodwill.

The consideration transferred in a business combination is measured at its fair value, which is the sum of fair value of the assets transferred by the acquirer, the liabilities assumed by the acquirer with the previous owners of the acquired entity and the participations in equity issued by the acquirer.

Any contingent consideration is included in the transferred consideration at its fair value on the acquisition date. Subsequent changes in the fair value of the contingent consideration due to facts and

circumstances existing at the acquisition date, are recorded by means of the adjustment of goodwill if they occur during the measurement period or directly in the period results, if they arise after the measurement period, unless the obligation is liquidated in variable yield instruments, in which case, the contingent consideration is measured again.

Identifiable assets acquired and liabilities assumed are recorded on the acquisition date at their fair values.

Any excess of the transferred consideration and the fair value of the acquired identifiable assets (including intangible assets not previously recognized) and assumed liabilities (including contingent liabilities) is recognized as goodwill; when the excess is negative, a gain is recognized immediately in the period results.

In the event of a business combination by stages, the previous sharing in the acquired entity is measured again at its fair value on the acquisition date. The difference between the fair value and the net accounting value of this sharing is recognized directly in the period result.

Disbursements related with the business combination, other than those associated to the debt issue or equity instruments of the acquirer, are recorded as expenses in the periods incurred.

For each business combination, the Group may elect measuring any non-controlling interest at its fair value or as a proportional sharing of the identifiable net assets of the acquired entity.

### **Sale options (“*Put option*”) granted to the owners of non-controlling sharings**

The Group recognizes the sale’s option contracts (“*Put option*”) entered into with the owners of non-controlling sharings of subsidiaries, in accordance with IAS 32 “Presentation of Financial Instruments”. The obligations arising from this type of contracts, which are related with consolidated subsidiaries upon global integration are recognized as financial liabilities, at their discounted current value or fair value.

### **2.11 Transactions in foreign currency**

The consolidated financial statements are presented in Colombian pesos, the functional currency of the Group parent company; each subsidiary of the parent determines its functional currency, and its transactions are measured in that currency. The financial statements of Spice Investments Mercosur S.A., domiciled in Uruguay, which functional currency is the Uruguayan peso, are converted into Colombian pesos and likewise, for Carulla Vivero Holding INC., which functional currency is the U.S. dollar.

Transactions and balances are converted into the parent Company functional currency:

- Assets and liabilities are converted into Colombian pesos at the close rate, which corresponds to the representative market rate (RMR) on the balance sheet date, certified by the Financial Superintendence of Colombia;
- Result items are translated into Colombian pesos based on the period average rate, unless significant variances have occurred;

- Equity transactions in foreign currency are translated into Colombian pesos at the exchange rate of the transaction date.

Exchange differences derived from the conversion are recognized directly in a separate component of equity and are reclassified to the comprehensive statement of income when the investment is sold. Monetary items denominated in foreign currency are translated at the close rate and the resulting exchange rates are recognized in the statement of income; non-monetary items are translated at the exchange rate of the transaction date.

### 2.12 Compensation (Offsetting) of balances and transactions

Financial assets and liabilities are offset and reported net in the financial statements, if and only if there is a demandable legal right at the close date that obliges receiving or canceling the amounts recognized for their net value, and when an intention exists of offsetting in a net base to realize assets and liquidate liabilities simultaneously.

### 2.13 Related parties

The information of related parties consists mainly of ordinary operations entered into with the Group controlling entities, subsidiaries, associates, key management personnel and other entities having relation with the Group.

Transactions between related parties are entered under conditions equivalent to those existing between independent parties.

### 2.14 Goodwill and intangible assets

An intangible asset is recognized as such when the the element is identifiable and separable; the Group has the capacity to control future economic benefits associated to it and the element will generate future economic benefits.

Intangible assets acquired in a business combination are recognized as goodwill when they do not meet these criterions.

#### **Goodwill:**

When the Group acquires the business control, it is recorded as goodwill; the difference between the transferred consideration and the fair value of the identifiable assets, assumed liabilities and any non-controlling share in the acquired entity.

On the acquisition date, goodwill is measured at their fair value, and subsequently, it is monitored at the level of the income generating unit or groups of cash generation groups of units benefited by the business combination. The goodwill is not amortized and it is subject to value impairment tests annually or each time there are indications that its value has been impaired. Value impairment losses applied to goodwill are recorded in the period results and its effect is not reversed.

The method used by the Group for the impairment test is described in note 2.20. A negative goodwill arising in a business combination, is recognized directly in the period results, once the recognition and measurement of identifiable assets, assumed liabilities and possible contingencies are verified.

**Intangible assets:**

These are identifiable assets, of a non-monetary nature and without physical substance, which are controlled by the Company as a result of past facts and of which future economic benefits are expected.

Intangible assets acquired separately are measured at cost and those acquired through a business combination are measured at fair value. Intangible assets are comprised mainly of softwares acquired, brands, among others. The brands generated internally are not recognized in the statement of financial position.

The cost of intangible assets includes the acquisition cost, importation tariffs, non-recoverable indirect taxes and costs directly attributable to put the asset in the place and condition of use foreseen by management net of trade discounts and rebates, if any.

Indefinite useful life intangibles are not amortized, but are subject to impairment value tests annually or each time there are indications that its value has been impaired. The defined useful life intangibles are amortized by the straight-line method, during their estimated life. The main useful lives are the following:

Groups of assets	Useful life
Development cost	3 years
Franchises, patents, licenses, brands and software	
“Systems” of software created or acquired	3 years
“Applications” of software created or acquired	5 years
ERP type software created or acquired	8 years
Acquired brands	Indefinite
Patent acquired or created	5 years
Lease right	
Lease bonus	Indefinite

An intangible asset is written off at the time of its sale or when no future economic benefits are expected for its use or disposal. The profit or loss which arises at the time of writing off an asset is calculated as difference between the net sale revenues, its case, the book value of the asset. This effect is recognized in results.

Residual values, useful lives and amortization methods are reviewed at the close of each annual period and are applied prospectively if necessary.

**Research and development costs**

Research costs are recognized as expenses as incurred. Disbursements for development in an individual project are recognized as intangible asset when the Group may demonstrate:

- The technical feasibility of completing the intangible asset in order to be available for use or sale;
- Its intention of completing the asset and its capacity of using or selling the asset;
- The capacity to use or sell the intangible asset;
- How the asset will generate future economic benefits;

- The availability of resources to complete the asset; and
- The capacity of reliably measuring the disbursement during the development.

## 2.15 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated loss of value from impairment.

Charges for additions or improvements are charged to the asset when they increase productivity or efficiency thereof or its useful life is prolonged and meet the criteria defined by the Company.

Denominated as property, plant and equipment are all tangible assets of the Group which are owned for the use in production or supply of goods and services, or for administrative purposes and which in addition that it is expected to use during more than one period, i.e., more than one year, and that meet the following conditions:

- It is probable that the Group obtains the future economic benefits derived therefrom;
- Cost may be reliably measured;
- The Group possess the risks and benefits derived from the use or possession of the asset; and
- They are assets which individual or group acquisition cost exceed 50 UVTs (Unit of Tax Value - COP \$1.4 million, 2015 base), except those assets defined by Management which are related with the business purpose and there is interest to control them.

The cost of the elements of property, plant and equipment includes the acquisition cost, importation tariffs, non-recoverable indirect taxes, initial dismantling costs, if any, costs from loans directly attributable to the acquisition of an apt asset and costs directly attributable to put the asset in the place and conditions of use foreseen by Management net of trade discounts and rebates.

Land is not depreciated. All other elements of property, plant and equipment are depreciated on a linear basis during their estimated life, without taking into account their residual value. The principal useful lives are the following:

Group of assets	Useful life
Minor assets	3 years
Computers	5 years
Vehicles	5 years
Machinery and equipment	10 years
Office furniture and equipment	10 years
Other transportation equipment	10 years
Surveillance armament	10 years
Land	Not depreciated
Buildings	40 years
Leasehold improvement	Lower between 40 years and the contract term or the remaining term thereof.
Urban development improvement	Expense

The group calculates depreciation by components, which involves depreciating individually the parts of the asset that have useful lives other than those of the asset taken as a whole and has a material cost in relation to the entire fixed asset. It is considered as a material cost if the component exceeds 50% of the asset total value or it may be identified individually, taking as a basis an individual cost of the component of 32 SMMLV (Minimum Monthly Current Legal Salary) - COP\$20 million, 2015 base.

The residual values, useful lives and amortization methods are reviewed at the close of each year and are applied prospectively, if necessary.

An element of property, plant and equipment is written off at the time of its sale or when no future economic benefits are expected from its use or disposal. The profit or loss arisen when an asset is written off is calculated as the difference between revenues from the net sale, in its case, the book value of the asset. This effect is recognized in results.

**2.16 Investment properties**

These represent real estate maintained to obtain revenues or capital gains and not for their use in production of goods or services, or either for administrative purposes or their sale in the ordinary course of operations. Shopping centers owned by the Grup are classified as investment properties.

Investment properties are initially measured at cost, including transaction costs. Subsequent to the initial recognition, they are valued at their historical cost less accumulated depreciation and accumulated impairment losses.

Investment properties are depreciated on a linear basis during their estimated useful life, without taking into account their residual value. The useful lives are the following:

Group of assets	Useful life
Investment land	Not depreciated
Investment buildings	40 years

Transfers are made to, or from the investment properties, only when a change in their use is made. In the case of a transfer from an investment property to property, plant and equipment, the cost taken into account for its subsequent registration is the fair value at the date of the change of use. If property, plant and equipment is converted into an investment property, it will be recorded at its fair value.

Transfers are made to or from an investment property when a change in its use of the asset exists. Transfers that could be generated are:

- The Group occupies the asset classified as investment property; in these cases, the asset is reclassified to property, plant and equipment,
- The initiation of a development on the investment property or property, plant and equipment with the purpose of selling it, provided that a significant advance arises in the development of the tangible assets or of the project that will be sold as a whole; in these cases, the asset is reclassified to inventory,
- The realization of an operating leasing to a third party or the purpose of occupation by the Group; in these cases, the asset is reclassified to investment property.

Investment properties are written off at the time of their sale or when future economic benefits are expected upon their use or disposal. The profit or loss arising upon writing off investment properties is calculated as the difference between the revenues of the net sale, in their case, and the book value of the asset. This effect is recognized in results of the period they were written off.

## 2.17 Non-current assets maintained for sale and discontinued operations

Non-current assets and the groups of assets for their disposal are classified as maintained for sale if their book value is recovered through a sale transaction, rather than their continued use. This condition is met if the asset or the group of assets is available, in their current conditions, for their immediate sale and the sale's transaction is highly probable. For the sale to be highly probable management should be committed with a plan to sell the asset (or group for disposal) and the sale is expected to be closed within the year following the classification date.

Non-current assets and the groups of assets for their disposal are valued at the lower between their book value or its fair value less costs of sale and are not depreciated or amortized from the date of their classification as maintained for sale.

Revenues, costs and expenses coming from a discontinued operation are presented separately from those coming from continued activities, in a single figure after income tax, in the consolidated comprehensive statement of income of the current period and of the comparative period of the prior year, although the Group retains a non-controlling share in the subsidiary after the sale.

## 2.18 Leases

Leases are classified under financial and operating leasing. Leases that transfer substantially all the risks and benefits of the property of the asset are classified as financial leasing; otherwise, they are classified as operating leasing.

The contingent installments of leases are determined based on the factor that makes that the installment varies due to reasons other than the the pass of time.

### Financial leasing

- **When the Group acts as lessee**

When the Group companies act as lessees of an asset under financial leasing, the cost of the assets leased is presented in the consolidated statement of financial position, in accordance with the nature of the contract object and, simultaneously, a liability is recorded in the consolidated statement of financial position for the same value, which will be lower between the fair value of the asset leased or the present value of the minimum payments payable to the lessor plus, in their case, the price of exercising the purchase option.

These assets are amortized with the same criteria applied to the elements of property, plant and equipment of own use. The payments of the lease are divided between interest and the debt decrease. Financial expenses are recognized in the statement of income.

- **When the Group acts as lessor**



When the Group companies act as lessors of an asset under financial leasing, the assets are not presented as property, plant and equipment given that the risks associated with the property have been transferred to the lessee and in exchange a financial asset is recognized for the present value of the minimum payments to be received for the lease and any residual value not guaranteed.

### **Operating leasing**

These are leases where the property of the asset leased and all the substantial risks and benefits of the asset remain with the lessor.

The payments for operating leases are recognized as expenses (or revenues) in the statement of income on a linear basis during the lease term. The contingent payments are recognized in the period they occur.

When the Group makes lease payments in advance related with the use of real estate. These payments are recorded as advance payments and are amortized during the duration of the lease.

### **2.19 Loans costs**

Costs of loans directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial time period to be ready for its intended use or sale (generally more than six months) are capitalized as part of the cost of the respective assets. All other costs for loans are recorded as expenses in the period they are incurred. The costs of loans consist of interest and other costs incurred in regard to the loan of funds.

### **2.20 Impairment of non-financial assets**

The Group evaluates if there is any indication that an asset may be impaired in its value on each date of presentation of the financial statements. The intangible assets that have an indefinite useful life are not subject to amortization and should be submitted annual to tests of loss from impairment of value. Assets with a defined useful life are subject to impairment loss tests provided that objective evidence exists that, as a result of one or more events occurred after the initial recognition, the book value may not be recoverable and by policy at least each year.

Indicators of impairment defined by the Group, besides external data sources (economic environment, the market value of the assets, etc.), are based on the nature of the assets:

- Movable assets related with a business (assets of the cash generator unit): relationship between the net book value of the assets related with each store divided by sales (VAT included). If this proportion is higher than the percentage defined for each format, an indication of impairment arises;
- Real estate: comparison between the book value net of the assets with their market value.

In order to evaluate losses from impairment of value, assets are grouped at a level of cash generator unit or groups of cash generator units and the recoverable value thereof is estimated. The Group has defined each store and business as a separate cash generator unit.

The recoverable value is the higher amount between the fair value less the costs of sale of the cash generator unit or groups of cash generator units and their value in use and is determined for an individual asset, except that the asset does not generate flows. An impairment loss is recognized upon the excess of the book value of the asset over its recoverable value.

To determine the fair value less costs of sale, the valuation model is used in accordance with the cash generator unit or groups of cash generator units, if it is possible to be determined.

To evaluate the value in use:

- Future cash flows of the cash generator unit or groups of cash generator units are estimated for a period no longer than five years. The cash flows beyond the projection period are calculated upon applying a constant or decreasing growth rate.
- The terminal value is determined upon applying a perpetual growth rate per the projection of cash flow of the end of the explicit period.
- The cash flows and the terminal value are discounted at their present value, using a discount rate before taxes which reflects the current market rates that show the value of money and the specific risks of the cash generator unit or groups of cash generator units.

The Group evaluates if the impairment losses of the value previously recognized no longer exist or have decreased; in these cases, the book value of the cash generator unit or groups of cash generator units increase at the reviewed estimate of the recoverable value, up to the point that it does not exceed the book value that would have been determined if an impairment had not been recognized previously. This reversion is recognized as revenue in the period results, except for the goodwill, which impairment is not reversed.

## 2.21 Inventories

Assets acquired with the intention to be sold within the ordinary course of business are classified as inventories, in the production process in consideration of such sale; or consume them in the production process or rendering of services. Inventories in transit are recognized when the Group has received the risks and substantial benefits of the asset. Inventories include real estate where the Group has initiated a development or a project on the property for purposes of its sale.

Inventories are valued at the lower between cost and the net realization value.

Inventories are valued by the first-in, first out (FIFO) method, and their cost comprises purchase costs, conversion costs and other attributable costs incurred to give them their current condition and location, i.e., when their production has been completed or when received in the store. Logistic costs and discounts of suppliers are recognized in cost of goods sold.

The net realizable value is the estimated sales price in the normal course of business, less estimated costs to terminate their production and the estimated costs necessary to realize the sale. The Group evaluates if the impairment losses of value previously recognized in inventory no longer exist or have decreased; in these cases, the book value of inventories is the lower between cost and the net realizable value. This reversion is recognized as a decrease of the impairment cost.

The Group makes estimates of obsolescence and physical inventory losses, taking into consideration the age of inventory, changes in the conditions of production and sale, the commercial and trade provisions, the probability of loss and other variables that affect the recoverable value.

## 2.22 Financial Assets

Financial assets are recognized in the statement of financial position when the Group is converted in part in accordance with the contractual conditions of the instrument.

### Classification

Financial assets are classified under the following categories:

- Financial assets at fair value through results;
- Financial assets at amortized cost;
- Financial assets at fair value with changes in other comprehensive income;
- Loans and accounts receivable;
- Cash and cash equivalents

The classification depends upon the business model used by the entity to manage financial assets and of the characteristics of the contractual cash flows of the financial asset; this classification is determined at the time of the initial recognition. Financial assets are presented as current if their maturity is lower than one year, otherwise, they are classified as non-current.

- **Financial assets at fair value through results:** Their characteristic is that they are incurred mainly in order to obtain liquidity administration with frequent sales of the instrument. These instruments are measured at fair value and their variations are recorded in results at the time they occur.
- **Financial assets at amortized cost:** They correspond to financial assets not derived with known payments and fixed maturity, that the Group Management has the intention and capacity of collecting the instrument's contractual cash flows.

These instruments are valued at their amortized cost using the effective interest method. The amortized cost is calculated adding or deducting any Premium or discount during the residual value of the instrument. Profits and losses are recognized in the results account when assets are recognized, upon the amortization or if there were objective evidence of the impairment.

These financial assets are included in non-current assets except for those which maturity is lower than 12 months as of the date of the statement of financial position.

- **Financial assets at fair value with changes in other comprehensive income:** These correspond to investments in variable yield which are not maintained for negotiation nor correspond to a contingent consideration of an acquirer in a business combination. For these investments, the Group could elect the initial recognition and an irrevocable manner present profits or losses upon the subsequent measurement at fair value in other comprehensive income.

These instruments are measured at their fair value. Profits and losses deriving from the new measurement at fair value are recognized in other comprehensive result up to the write-off in asset accounts. In these cases, profits and losses previously recognized in equity are reclassified to results of the period.

These financial assets are included in non-current assets unless Management intends to dispose of the investment within 12 months following the date of the statement of financial position.

- **Loans and accounts receivable:** Loans and accounts receivable are financial assets issued or acquired by the Group on exchange of cash, assets or services which are delivered to a debtor.

Accounts receivable from sales are recognized by the original invoice value net of losses from impairment of accumulated losses. These accounts receivable are recognized when all risks and benefits are transferred to the third party.

Long-term loans (higher than one year from their issue date) are valued at their amortized cost using the effective interest method when the amounts involved are material. Losses from impairment are recognized in results.

These instruments are included in current assets, except for maturities higher than 12 months from the balance sheet which are classified as non-current assets.

- **Cash and cash equivalents:** They include cash and banks and high liquidity investments. To be classified as cash equivalent, investments should meet the following criteria:
  - Short-term investments, i.e., lower than three months of the acquisition date;
  - Highly liquid investments;
  - Easily convertible in cash;
  - Subject to a non-significant risk of changes in their value.

Bank overdrafts which are an integral part of the Group cash management, represent a component of cash and cash equivalents in the statement of cash flows. In the statement of financial position, accounts reflecting existing overdrafts at the level of the financial entity, are classified as financial obligations.

#### **Impairment of financial assets**

Financial assets other than those measured at fair value through results, are evaluated at the date of each statement of financial position to establish the presence of impairment indicators. Financial assets are impaired when there is objective evidence that, as a result of one or more events occurred after the initial recognition, future estimated cash flows of the investment have been impacted.

The loss from impairment of financial assets at the amortized cost is determined as the difference between the book value of the asset and the present value of estimated future cash flows discounted at the effective original interest rate of the financial asset.

#### **Write off in accounts**

A financial asset or a part thereof, is written off in accounts when it is sold, transferred, expires or control is lost over the contractual rights or on the instrument cash flows. When substantially all risks and benefit of the property are retained by the Group, the financial asset continues being recognized in the balance sheet at its total value.

#### **Method of the effective interest rate**

This corresponds to the calculation method of the amortized cost of a financial asset and of the assignment of income from interest during the corresponding period. The effective interest rate corresponds to the rate that exactly discounts the estimated future net cash flows receivable (including all charges and revenues received which are an integral part of the effective interest rate, transaction costs and other premiums or discounts), during the expected life of the financial asset.

### 2.23 Financial liabilities

Financial liabilities are recognized in the statement of financial position when the Group becomes part of the instrument contractual conditions.

#### Classification

Financial liabilities are classified as financial liabilities at fair value through results or at amortized cost.

- **Financial liabilities at fair value through results:** Financial liabilities are classified as fair value through results when they are maintained for negotiation or designated at fair value through results.
- **Financial liabilities at amortized cost:** They include loans received and bonds issued, which are initially recognized by the cash amount received, net of transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method, recognizing interest expenses on the basis of effective profitability.

#### Write-off in accounts

A financial liability or a part thereof is written off in accounts when the contractual obligation has been liquidated or has expired.

#### Method of effective interest rate

The method of the effective interest rate corresponds to the calculation method of the amortized cost of a financial liability and of the assignment of interest expenses during the corresponding period. The effective interest rate corresponds to the rate that exactly discounts the estimated future net cash flows payable during the expected life of the financial liability or, when appropriate, a lower period when the associated liability has a prepaid option that is estimated will be exercised.

### 2.24 Derivative financial instruments

Derivative financial instruments are recognized initially and subsequently at their fair values. Derivatives are recorded as financial assets when their fair value is positive, and as financial liabilities when their fair value is negative.

Any profit or loss arising from the changes in the fair value of derivatives is recognized directly in the statement of income, except those which are under hedge accounting.

### 2.25 Hedge accounting

The Group enters into hedge operations with term contracts (“Forward”) to cover risks associated with fluctuations in the exchange rates of its investments and obligations.

Hedge instruments are measured at their fair value and may be use only if:

- The hedge relation is clearly defined and documented at the initiation; and
- The hedge efficacy may be demonstrated at the initiation and during the entire life.

The documentation includes the identification of the hedging instrument, of the hedged item or transaction, of the risk nature being hedged and of the form in which the Group will measure the

hedging instrument to compensate the exposure of the changes in the fair value of the hedged figure or the changes in cash flows attributable to the risk hedged.

A hedge is considered highly effective when the changes in the fair value or in the cash flows of the underlying attributable to the risk hedged, are compensated with the changes in the fair value or in the cash flows of the hedging instrument, with an effectiveness ranging between 80% - 125%.

Hedging instruments are recognized at the initial moment at fair value, corresponding to the date the derivative contract is signed and subsequently, they are measured at their fair value. They are presented as a non-current asset or liability if the remaining maturity of the hedged figure exceeds 12 months, and otherwise as current, if the maturity of the hedged figure is lower than 12 months.

Hedges are classified and recorded as follows, once the strict criteria for the accounting of hedges are met:

- **Cash flow hedges:** classified in this category are hedges covering the exposure to variation in cash flows attributed to a particular risk associated with a recognized asset or liability or a highly probable foreseen transaction and that could affect the results of the period.

The effective portion of the changes in the fair value of derivative instruments qualified as hedge instruments of cash flows is recognized in other comprehensive result. The profit or loss related with the ineffective portion is recognized immediately in the statement of income.

The values recognized in other comprehensive result are reclassified to the statement of income when the hedged transaction affects the result, in the same line of the statement of income where the item hedged was recognized. However, when the foreseen transaction hedged results in the recognition of a non-financial asset or a non-financial liability, profits and losses previously recognized in other comprehensive statement of income are reclassified to the initial value of said asset or liability.

The hedge accounting is discontinued when the Group annuls the hedge relation; when the hedging instrument expires or is sold, the hedge is finalized or exercised, or no longer qualifies for the hedging accounting. In these cases, any profit or loss recognized in other comprehensive statement of income is maintained in equity and is recognized when the foreseen transaction finally affects the period results. When it is no longer expected that a foreseen transaction occurs, the profit or accumulated loss recognized in other comprehensive statement of income is immediately recognized in results.

- **Hedges of fair value:** classified in this category are hedges covering exposure to changes in fair value of recognized assets or liabilities or of non-recognized firm commitments.

The change in the fair value of a derivative which is a hedging instrument of fair value is recognized in the statement of income as a financial expense or income. The change in the fair value of the hedged figure attributable to the risk covered is recorded as the book value of the figure hedged and it is also recognized in the statement of income as a financial income expense or income.

When a firm commitment not recognized is designated as a hedged figure, the subsequent accumulated change in the fair value of the firm commitment attributable to the hedged risk will

be recognized as an asset or liability with their corresponding profit or loss recognized in the period result.

- **Hedges of a net investment abroad:** classified in this category are hedges covering exposure to variances in the exchange rate upon the effect of the business conversion abroad to the Group presentation currency.

The effective portion of the changes in the fair value of derivative instruments qualifying as hedging instruments of a net investment abroad is recognized in other comprehensive statement of income. The profit or loss related with the ineffective portion is recognized immediately in the statement of income.

When the Group realizes a total or partial disposal of a business abroad, the accumulated value of the efficient portion recorded in other comprehensive statement of income is reclassified in the statement of income.

## 2.26 Implicit derivatives

The Group has established a procedure that permits evaluating the existence of implicit derivatives in financial and non-financial contracts. In the event an implicit derivative exists, and if the principal contract is not recorded at fair value, the procedure determines if the characteristics and risks thereof are not closely related with the principal contract, in which case it requires a separate accounting.

The procedure consists of an initial characterization of each contract which permits distinguishing those where an implicit derivative could exist. In such case, that contract is subject to a deeper analysis. If as a result of this evaluation it is determined that the contract contains an implicit derivative that requires separate accounting, it is valued and the changes in its fair value are recorded in the statement of income.

To date, the analyses made indicate that there are no implicit derivatives in the Group contracts that require being recorded separately.

## 2.27 Payments based on shares

Transactions with payments based on shares are measured at the fair value of the options at their granting date, based on an appropriate model for the valuation of options, per IFRS 2 "Payments based on shares".

The Group has no compensation plans based on shares for its employees at the date of presenting the financial statements.

## 2.28 Measurement of fair value

The fair value is defined as the price that would be received upon selling an asset or the price paid for transferring a liability in a transaction ordered between participants in the market on the measurement date (starting price).

The measurements of the fair value are made using a fair value hierarchy which reflects the importance of the inputs used in the determination of measurements.

- Based on the quoted prices (without adjustment) in active markets for identical assets or liabilities (level 1).
- Based on valuation models commonly used by market participants that use different variables of quoted prices which are observable for assets or liabilities, directly or indirectly (level 2).
- Based on internal valuation models of the Group using non observable estimated variables for the asset or liability (level 3).

The fair value of financial instruments is determined at the financial statements presentation date, for the measurement of financial assets, such as derivatives, considering the above criterions.

## 2.29 Benefits to employees

### Plans of defined contributions

These are post-employment benefit plans, where the Group has the obligation to make contributions of a predetermined nature to a separate entity (pension funds) and it has no legal or implicit obligation of making additional contributions. These contributions are recognized as expenses in the statement of income, as it has the obligation to make the respective contribution.

### Defined benefits plans

These are post-employment benefit plans where the Group has the obligation to provide directly the retirement pension payments and retroactive severance, in accordance with the requirements established in the laws. The Group does not have specific assets intended to support the defined benefit plans.

The liability for defined benefits plans is determined separately for each plan, by means of the actuarial valuation method of the projected credit unit, using actuarial assumptions at the date of the period reported. Actuarial profits or losses are recognized in other comprehensive statement of income. Interest expense from defined benefits is recognized in the period results as well as any liquidation or plan reduction.

### Long term benefits

These are benefits not expected to be fully liquidated before twelve months after the presentation date of the statement of financial position where the employees render the related services. These benefits correspond to seniority bonuses. The Group does not have specific assets intended to support long-term benefits.

The liability for long term benefits is determined separately for each plan by means of the actuarial valuation method of the projected credit unit, using actuarial assumptions at the date of the period reported. The cost of the current service, the cost of the past service, the interest cost, actuarial profits and losses, as well as any liquidation or reduction of the plan is recognized immediately in results.

### Short term benefit

These are benefits expected to be liquidated before twelve months after the date of the statement of financial position where employees render the related services, and includes the participation of



employees in profits determined based on the compliance with the proposed objectives. The liability for short term benefits is measured on the basis of the best estimation of the disbursement that would be required to pay the obligation on the date on which it is reported.

### **Termination benefit**

The Group recognizes benefits to employees for termination; when the Group decides to terminate the employee's work contract before the normal retirement date, or when the employee accepts an offer of benefits in exchange for the work contract termination.

Benefits upon termination are measured as short term benefits to employees, against the period results, when it is expected that benefits for termination are fully liquidated before twelve months after the annual period on which we are reporting and as a benefit to long-term employees when it is expected that the benefits upon termination are liquidated after twelve months of the annual period on which we are reporting.

### **2.30 Provisions**

The Group recognizes as provisions the existing obligations at the date of the statement of financial position, which arise as a result of past events; they may be measured reliably and for their cancellation an outflow of resources is probable which incorporate economic benefits.

Provisions are recorded for the best estimation of Management of the necessary disbursements to pay the present obligation and it is discounted at its present value when the effect is deemed material, using the rate of B type bonuses issued by the National Government. The effects of the value of money in time are recognized as a financial expense. In the cases the Group expects that the provision is fully or partially reimbursed, the reimbursement is recognized as a separate asset and a revenue in results when its reimbursement is practically true.

Provisions are reviewed periodically and are quantified taking into consideration the best information available at the date of the statement of financial position.

### **Provision for onerous contracts**

Current obligations deriving from an onerous contract are recognized as a provision when the unavoidable costs to comply with the contract obligations exceed the economic benefit expected to be received from it. At the date of the statement of financial position, the Group does not reflect provisions of onerous contracts.

### **Provision for restructuring**

A provision for restructuring is recognized when the Group has an implicit obligation to make a restoration. This is the case when Management has prepared a detailed, formal plan and a valid expectation has arisen among the affected ones, that a restructuring will take place, upon having announced its principal characteristics before the end of the year.

### **Contingent liabilities**

Contingent liabilities are obligations arising from past events, which existence is subject to the occurrence or not of future events which are not entirely under the Group control, or present obligations which arise from past events of which the obligation amount may not be reliably estimated,

or it is not probable that an outflow of resources for its cancellation takes place. The Group does not record contingent liabilities; in exchange, they are disclosed in notes to the financial statements.

### Contingent Assets

Contingent assets are assets of a possible nature, arising as a result of past events, which existence is to be confirmed only by the occurrence or not of future events which are not entirely under the Group control. Contingent assets are not recognized in the statement of financial position until the realization of its income is practically true; in exchange they are disclosed in notes to the financial statements.

### 2.31 Taxes

This heading comprises obligations in favor of the State in charge of Group Companies, determined based on private liquidations generated in the respective tax period, among others, income tax, tax on equity CREE, sales tax and industry and commerce tax.

#### Current income tax

The income tax is calculated at the official rate of 34% in 2015 and 2014 (this rate includes both income tax of 25% and the tax for equity CREE of 9%), on the higher between presumptive income and net taxable income. The income tax expense is recognized in the statement of income.

Current assets and liabilities from current tax are compensated for presentation purposes, if a legally demandable right exists for that purpose; they are with the same tax authority and the intention is to liquidate them for the net value or to realize the asset and liquidate the liability simultaneously.

#### Deferred income tax

The deferred tax arises from temporary differences and other events which create differences between the accounting base and the tax base of assets and liabilities. The deferred tax is recognized at the non-discounted value, which the Group Company expects to recover or pay to the tax authority based on tax rates which it is expected is applicable in the period the asset is realized or the liability is paid.

The deferred tax asset is only recognized insofar as it is probable that the Group Company has tax earnings in the future against which it may charge such timing deductible differences. Assets and liabilities for deferred taxes resulting from a business combination affect the goodwill.

The deferred tax is recognized in the period statement of income or in other comprehensive income where profits or losses have been recorded and are presented in the statement of financial position as non-current.

Assets and liabilities from deferred tax are compensated for presentation purposes if a legal right demandable for such purpose exists and are with the same tax authority.

The Group considers in the calculation of the deferred income tax the exemption of IAS 12 related with the investments in subsidiaries, associates and joint business.

### 2.32 Ordinary revenues

Net operating revenues include sales of assets in stores, rendering of services and special businesses such as insurance, travel, financing, among others.

Revenues are measured at the fair value of the consideration received or pending receipt, net of rebates and trade discounts, financial and volume; in addition sales taxes are excluded.

Revenues from the sale of assets are recognized when significant risks and advantages of the ownership of assets are transferred to the buyer, in the majority of cases when the legal title is transferred, the value of revenues may be measured reliably and it is probable that the economic benefit of the transaction flow to the Group.

Revenues from rendering of services, such as extended guarantees, services directly related with the sale of assets and rendering of services to suppliers are recognized in the period they occur. When a service is combined with the various commitments, such as volume commitments, the Group analyzes facts and legal standards in order to determine the appropriate recognition time. Consequently, revenues may be recognized immediately (when the service is considered as having been rendered) or deferred in the period during which the service is rendered or the commitment achieved.

Intermediation contracts are analyzed based on specific criteria to determine when the Group acts in the capacity of principal or agent.

Revenues from dividends are recognized when the right to receive the payment is established.

Royalty revenues are recognized when the conditions established in the contracts are complied with.

Revenues from operating leasing on investment properties are recognized on a linear manner during the contract term.

Revenues from interest are recognized using the effective interest rate method. The effective interest rate corresponds to the rate that discounts exactly the estimated future net cash flows receivable or payable (during the expected life of the financial instrument, or a period of lower duration, as appropriate, in respect to the net book value of the financial asset or liability).

### **Loyalty programs**

The Group under its loyalty program grants points to its customers for purchases, which may be exchanged in the future for benefits such as: payment means, redemptions in alliances, continuity programs, among others. Points are measured at their fair value, which corresponds to the value of the point perceived by the customer, considering the various redemption strategies. The fair value of the point is calculated at the end of each accounting period.

The obligation of providing these points is recorded as a deferred revenue corresponding to the portion of benefits not redeemed valued at their fair value, considering that for such purpose the portion of points it is expected that customers will not redeem.

### **2.33 Operation segments**

An operation segment is a component of the Group which develops business activities from which it may obtain revenues of the ordinary activities and incur costs and expenses, which operation results are regularly reviewed by the highest authority in decision making of the Group operations, which is the

Board of Directors, on which differenced financial information is available. Management evaluates the yield of these segments on the basis of revenues from ordinary activities.

The information by segments is structured in reportable 5 segments, which correspond to Éxito, Carulla, Discount, B2B and Uruguay. Total assets and liabilities by segment are not reported internally for management purposes and therefore, they do not appear in the note of Information disclosure by segments.

The information by segments is prepared on the same accounting policies of the consolidated financial statements.

### **2.34 Seasonal nature of transactions**

Grupo Éxito is a company which cycles denote a high seasonal nature in respect to the operating and financial results, which are strongly concentrated during the last quarter, due to the great Christmas and Carol wave mainly, as well as for the second greatest promotional event “Días de precios especiales” (Days of Special Prices). The latter quarter reflects operating results representing approximately 45% of the total result of the company’s year.

### **2.35 Earning per share**

The basic earning per share is calculated upon dividing the net earning (loss) of the period attributable to the Company, without including the average number of the Company’s shares held by any subsidiary Company, if the case would be, between the weighted average of the outstanding common shares during the period, not considering, if any, the common shares acquired by the Company and maintained as own shares in the portfolio.

The diluted earning per share is calculated by dividing the net earning (loss) of the period attributable to the Company, between the weighted average of the common shares that would result issued in case of converting all potential common shares with dilutive effects. The period net profit (loss) is adjusted, if any, by the amount of dividends and interest related with convertible bonds and subordinated debt instruments.

The Group has not carried out any type of operation of potential dilutive effect that involves a diluted earning per share other than the basic earning per share.

### **2.36 Classification as debt or equity**

Debt and equity instruments are classified either as financial liabilities or as equity, in accordance with the substance of the contractual agreement.

### **2.37 Social Capital**

Capital is comprised by common shares. The shares of Almacenes Éxito S.A. are quoted at the Colombian Securities Exchange.

Increased costs directly attributable to the issue of new shares or options are shown in equity as a deduction of the amount received, net of taxes.

## 2.38 First time adoption

By means of Law 1314 of July 2009, the Accounting Principles Generally Accepted in Colombia converge to International Financial Reporting Standards (hereinafter, IFRS). Likewise, by means of Decree 2784 of December 28, 2012, the regulatory framework is established by the preparers of financial information which make up Group 1. Almacenes Éxito and subsidiaries belong to Group 1.

Accordingly, Almacenes Éxito and its subsidiaries should: prepare the opening statement of financial position at January 1, 2014, comparative period at December 31, 2014 and reporting period at December 31, 2015.

Note 30 explains the significant adjustments made in the transition from consolidated financial statements prepared under its previous GAAP to IFRS.

## 2.39 New Statements

### **New and amended Standards and Interpretations of mandatory compliance for the current year**

#### **- CINIIF 21 - Taxes (May 2013)**

The interpretation includes the accounting of outflows of resources imposed by the Government (governmental agencies and similar organisms) pursuant to the laws and/or regulations, other than the income tax (IAS 12), fines and penalties for infractions of the legislation and amounts gathered by the entities in the name of the governments.

It establishes that the event that generates the obligation is the activity produced by the payment of the tax, indicating the date of payment thereof does not affect the time of the recognition of the liability.

The Group initiated the application of this interpretation from January 1, 2014, date of preparation of the Opening Statement of Financial Position.

#### **- Amendment IAS 36 Information to be disclosed on the recoverable amount of non-financial assets (May 2013)**

This amendment contemplates requirements of information to be disclosed on the recoverable value of non-monetary assets for which an impairment loss would have been set up or reversed. In these cases, it is asked to disclose if the recoverable value of the assets was established based on its fair value less disposal costs or its use value. In case of using fair values the disclosure is demanded of the value hierarchy used as established in IFRS 13 - Measurements of fair value.

For the Group, the application of this amendment has not been relevant.

#### **- Amendment IAS 39 Novation of derivatives and continuation of hedging accounting (June 2013)**

The amendment of IAS 39 provides assistance for the management of the discontinuance requirements of the hedgings accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendment also clarifies any change in the fair value of a derivative designated as hedging instrument resulting from the novation should be included in the evaluation and measurement of the hedging effectiveness.

For the Group, the application of this amendment has not been relevant as no hedging instruments have been presented that had been novated.

### **Standards issued and new and amended Interpretations without effective application**

#### **- Amendment IFRS 11 Joint Agreements - Accounting for acquisitions of participations in Joint Operations (May 2014)**

The amendment establishes a joint operator which should account for the acquisition of a joint participation, where the activity associated with the joint operation constitutes a business, using the principles related with business combinations contained IFRS 3 “Business combinations” and other standards.

In the extension of its interest in the joint operation, the joint operator is required to: a) measure the identifiable assets and liabilities at a fair value (except for certain exceptions), b) recognize as expenses costs related with the acquisition (except debt issue costs and equity instruments), c) recognize the deferred assets and liabilities (except deferred liabilities arising from the initial recognition of goodwill, d) recognize goodwill at the acquisition date, for any excess in the consideration transferred on net identifiable assets; and e) perform an impairment test annually for the cash generator unit to which the goodwill has been assigned.

It is required that the joint operator discloses the relevant information required by IFRS 3 and other standards for business combinations.

The amendments of IFRS 11 apply prospectively for periods starting as of January 1, 2016. For this accounting period the Group does not consider its advanced application, nor are significant impacts expected in its application.

#### **- Amendment of IAS 16 and IAS 38 Acceptable depreciation and amortization methods (May 2014)**

The amendments clarify that the amortization methods based on revenues are not permitted, as they do not reflect the expected consumption standard of the future economic benefits of an asset. For intangible assets, this general rule could be refused if the intangible asset is expressed as a measurement of revenues, and it may be demonstrated that the revenues and consumption of the economic benefits of intangible assets are highly correlated.

The amendments are applied prospectively as of January 1, 2016, the early application being permitted. For this accounting period, the Group does not consider its early application, nor are significant impacts considered in their application.

**- IFRS 15 Revenue of contracts with clients (May 2014)**

This standard establishes a comprehensive single model in the accounting for ordinary revenues arising from contracts with clients. IFRS 15 will replace the guidelines on the recognition of ordinary revenues included in IAS 18 “Revenues”, IAS 11 “Contracts in Construction” and the related interpretations when it becomes effective.

The central principle of IFRS 15 is that the entity recognizes the revenues from ordinary activities to describe the transfer of goods or services promised to clients in exchange for an amount that reflects the consideration the entity wants to be entitled to in the exchange of these goods or services.

An entity recognizes revenues from ordinary activities in accordance with this basic principle by means of the application of the following stages:

- State 1: Identify the contract with the client.
- Stage 2: Identify the performance obligations in the contract.
- Stage 3: Determine the transaction price.
- Stage 4: Assign the transaction price to the performance obligations of the contract.
- Stage 5: Recognize the entry of ordinary activities when (or while) the entity complies with a performance obligation.

In accordance with IFRS 15, revenues are recognized when an obligations is complied with. The standard includes in addition specific guideline on specific topics related with the recognition of revenues and requires a higher level of disclosures.

The standard is effective for the periods starting on or after January 1, 2017. The Company’s management is evaluating the quantitative impacts on information systems, processes and internal controls due to the new requirements of the standard. For this accounting period the Group does not consider its early application.

**- IFRS 9 “Financial Instruments” (July 2014)**

IFRS 9 introduced new requirements for the classification, measurement and derecognition of financial assets and liabilities, as well as new requirements for hedgings accounting and financial assets impairment. The last review of this standard was issued in July 2014.

For all the financial assets recognized which are within the scope of IAS 39 “Financial instruments: Recognition and measurement”, their subsequent measurement at amortized cost or at fair value is required. Specifically, investments in debt instruments which are maintained within a business model which purpose is receiving the contractual cash flows, are measured at amortized cost at the end of the period and in subsequent periods. Financial instruments that are maintained within a business model which purpose is achieving both the contractual cash flows and those associated with the sale of the financial asset, are measured at fair value.

Additionally, an entity may make an irrevocable election of presenting subsequent changes at the fair value of an equity instrument (which is not maintained to negotiate) in comprehensive statement of income and only recognize in results revenues from dividends.

In connection with the impairment of financial assets, the standard requires a model of future credit losses, in opposition to the model of credit losses incurred under IAS 39. The model of expected credit losses requires that an entity accounts for expected credit losses and the changes in such losses as of the initial recognition. In other words, it will no longer be necessary that a credit non-compliance has arisen before the losses are recognized.

The new accounting of general hedgings maintains three types of accounting mechanisms of hedgings currently available in IAS 39. Under IAS 39, greater flexibility for the types of eligible transactions for the hedging accounting was introduced, the types of financial instruments that qualify as hedging instruments and the types of components of risk of non-financial items which are eligible for hedging accounting. Additionally, the effectiveness test has been revised and replaced with the principle of an “economic relation”. The retroactive evaluation of the hedging is no longer required.

The annex of Decree 2784 of 2012, which is amended by Decrees 3023 of December 27, 2013 and Decree 2615 of 2014, whereby the preparation of financial statements based on International Financial Reporting Standards in force at December 31, 2013, published by the IASB in 2014, is regulated in Colombia, includes IFRS 9 as far as the classification and measurement of financial instruments, which makes it of mandatory compliance in the adoption in Colombia.

Due to the foregoing, the Group complies with the requirements of recognition and measurement of financial assets and liabilities of IFRS 9, not presenting significant impacts in its application. The requirements of hedging accounting and impairment of value of assets have not been early applied.

IFRS 9 is effective for periods starting on January 1, 2018, permitting its early application. The Company’s Management is evaluating the impacts of its application in respect to the accounting of hedgings and impairment of the fair value of assets.

- **Amendment of IFRS 10 and IAS 28 IAS 27 Sale or Contribution of assets between an investor and its Associate or Joint Business (September 2014)**

Amendments address a recognized inconsistency in the requirements of IFRS 10 and those of IAS 28 (2011), in the treatment of the sale or contribution of goods between an investor and its associate or joint business.

The principal consequence of the amendments is that a complete profit or loss are recognized when the transaction involves a business (if it is found in a subsidiary or not). A partial profit or loss is recognized when the transaction involves assets which do not constitute a business, even if those assets are in a subsidiary.

The amendments of IFRS 10 and IAS 28 apply prospectively for periods which start as of January 1, 2016. For this accounting period the Group does not consider its early application, nor are significant impacts on its application.

- **Annual improvements to IFRS cycle 2012 - 2014 (september 2014)**

Annual improvements to IFRS for cycle 2012 - 2014 include:



- IFRS 5 “Non-current assets maintained for sale and discontinued operations”, where it is clarified that when an asset (or group for their disposal) is reclassified from “maintained for sale” to “maintained for distribution”, or viceversa, this does not constitute a change of the sale or distribution plan. This means that the asset (or group for disposal) does not need to be reintegrated as if it was never classified as “maintained for sale” or “maintained for distribution”.
- IFRS 7 “Financial instruments: Information to disclose”, includes two amendments for purposes of analysis of information requirements to disclose on financial instruments:
  - specifies the guideline to help management determine if the terms of an agreement to offer an administration service of financial assets constitutes continued implication, and
  - clarifies that the additional information to be disclosed on the compensation of financial assets and financial liabilities is not in a specific way for all interim periods.
- IAS 19 “Benefits to employees”, clarifies that to determine the discount rate for obligations of post-employment benefits, what is important is the currency of the liabilities and not the country where they are generated. Likewise, where there is no wide market of high quality corporate bonds in that currency, the government bonds in the respective currency should be used.
- IAS 34 “Interim financial information”, requires a crossed reference of the interim financial statements to the location of such information.

The improvements will be applied as of January 1, 2016. The Grup does not expect significant impacts in its application.

**- Amendments to IFRS 10, IFRS 12 and IAS 28 Exception of consolidation for investment entities and their subsidiaries (December 2014)**

The amendments to IFRS 10 clarify that the exception of preparing consolidated financial statements is available for interim controlling entities which are subsidiaries of investment entities. The exception is available when the controller of the investment entity measures its subsidiaries at fair value. The interim controller would also have to comply with other criterions for the exceptions named in IFRS 10.

The amendments to IFRS 10 clarify that an investment entity must consolidate a subsidiary which is not an investment entity and that renders services to support the investment activities of the entity so that it acts as an extension of the investment entity.

However. The amendments also confirm that if the subsidiary is by itself an investment entity, the controlling investment entity should measure its investment in the subsidiary at its fair value with changes in results. This approach is necessary, irrespective of whether the subsidiary provides services related with the investment to the controller or to third parties.

The amendments to IAS 28 permit an entity which is not of investment, but which has a participation in the associate or joint business which is an investment entity, a policy option upon

applying the equity method. The entity may opt for maintaining the measurement of fair value applied by the associate of the investment entity or joint business, or reverse the measurement of the fair value applied by the associate of the investment entity or joint business, or reverse the measurement of the fair value and in its place make a consolidation at the level of the associate of the investment entity or joint business.

The amendments of IFRS 10 and IAS 28 are effective as of January 1, 2016. For this accounting period the Group does not consider its early application, nor does it expect significant impacts on its application.

### 3. Significant accounting judgments, estimations and assumptions

The Group makes accounting judgments, estimations and assumptions affecting the amounts of revenues and expenses, assets and liabilities, and disclosures related with the Financial Statements at the close of the period on which we are reporting. In this sense, the uncertainty on such assumptions and estimations could give rise in the future to results which could require significant adjustments to the book values of the assets and liabilities affected.

Described below are the key assumptions related with estimations of uncertainties at the date of the close period being reported, which are based on variables available at the time of preparing these consolidated financial statements. These assumptions could vary due to changes in the market and new circumstances that could arise beyond the Group control:

- Acquisition of the control of Grupo Disco Uruguay (See note 4)
- Fair value of assets and liabilities acquired in a combination of business (See note 4)
- Taxes on current assets and deferred assets (See note 16)
- Defined benefits plans (See note 18)
- Recognition of revenues - Loyalty program of clients (See note 22)
- Fair value of financial instruments (See notes 9, 21 y 24)
- Provisions (See note 19)

The changes in assumptions are reflected in the period they occur.

### Positions adopted by the Group for accounting treatments not contemplated in IFRS

In the absence of standards and interpretations applicable to the conditional and non-conditional sales options (*“Put option”*) and of purchase (*“Call option”*) on non-controlling participations, management has used its judgment to define and apply the more appropriate accounting treatment (See note 2.10).

### 4. Business combinations entered into during the period

#### Acquisition of control of Grupo Disco Uruguay

In September 2011, Éxito had acquired a shareholding participation of 62.49% of the Grupo Disco Uruguay (GDU) under a joint control situation originated in the capital structure and the different types of shares which was recorded using the equity method until December 31, 2014.

On April 27, Éxito subscribed a Shareholders' Agreement with the Grupo Disco Uruguay which grants the voting rights of more than 75% of the capital of Grupo Disco, with an initial term of 2 years

counted as of January 1, 2015. As a result of this agreement Éxito guarantees the exercise of effective control over the Disco Group and its global consolidation in the financial statements.

At the date of signing the agreement, Grupo Disco had 28 establishments of the Disco and Geant chains, which added to the operation of Devoto acquired in 2011 and where Éxito currently owns 100% of capital, represents the greatest retail operation in Uruguay.

The valuation method used for the measurement of the fair value of the previous participation had in Grupo Disco Uruguay, was based mainly in the discounted cash flow method.

The Group recognized earnings of COP\$29,681, as a result of the measurement at the fair value of the share of 62.49% that Éxito maintained in GDU before the business combination, for the period finalized on March 31, 2015.

The share of the non-controlled in GDU was measured at fair value.

Below is a summary of the fair value of net fixed assets acquired on the date of the business combination, which at provisional values could be adjusted during the measurement period:

	Provisional fair values at January 1, 2015
Cash and cash equivalentes	143,882
Accounts Receivable	138,329
Non-current accounts receivable	3,822
Inventories	115,931
Financial assets	1,228
Property, plant and equipment	249,614
Intangible assets	732
Deferred tax assets	30,130
<b>Identifiable assets</b>	<b>683,668</b>
Short term financial obligations	4,117
Accounts payable	309,127
Other current liabilities	10,545
Non-current accounts payable	12,741
<b>Assumend liabilities</b>	<b>336,530</b>
<b>Total net identifiable assets at their fair value (*)</b>	<b>347,138</b>

(\*) The determination of fair value of identifiable assets and liabilities will be conducted by an independent expert during the second semester of 2015.

The fair value on the acquisition date of the total consideration transferred as well as the goodwill value is:

Fair value of shares previously maintained in the acquiree	1,067,037
Value of the non-controlling sharing in the acquiree (**)	448,347
Less - fair value of net identifiable assets	(347,138)
<b>Surplus value generated in acquisition</b>	<b>1,168,246</b>

(\*\*) The non-controlling interest was recognized at fair value, which considers a discount in value by the lack of control and restriction associated with the sale of the securities.

Consolidation of Grupo Disco from January 1, 2015 amounted to COP\$612,217. Additionally, GDU generated a profit of COP\$48,275 million for the same period.

Transaction costs related with the acquisition of the participated entity were not significant; they were recognized as other operating expenses in the consolidated statement of income for the period ended on June 30, 2015.

#### Purchases of commercial establishments.

On february 23, 2015, Éxito acquired 6 commercial establishments dedicated to retail sale of consumption goods.

The combination of business seeks to strengthen the participation in the discount market in two zones of significant importance of for the country, as are Valle del Cauca and the Eje Cafetero, applying the best practices of both companies for the benefit of consumers.

Provisional fair values of the net assets acquired at the business combination date correspond to COP\$2.168 million, represented in inventories and property, plant and equipment, which generated a goodwill of COP\$6.884 million.

The goodwill is attributed to the scale economies expected from the business combination and was assigned to the Discounts segment.

Revenues included in the consolidated income statement from the date of acquisition to June 30, 2015 were COP\$9,773. This store also generated an operating profit of COP\$64 during the same period.

If Si estas tiendas hubiesen sido consolidadas desde el 1 de enero de 2015, el estado de resultados consolidado hubiera reflejado unos ingresos de \$15,779 y una pérdida operacional de \$235.

If these stores had been consolidated from January 1, 2015, the consolidated results would have reflected an income of COP\$15.779 and an operating loss of COP\$235.

#### Disposal agreement of commercial establishment between Almacenes Exito (“Éxito”) and Caja de Compensación Familiar - CAFAM (“Cafam”):

The group celebrated a disposal agreement of commercial establishment (“Disposal Agreement”) with Caja de Compensación Familiar - CAFAM, which was signed on February 23, 2015, which main purpose consisted of:

- The acquisition by Éxito of the stores property of Cafam which had been operated by Éxito from September 2010, the date on which inventories and property, plant and equipment associated with these stores were purchased. The consideration transferred was COP\$122.219, value provisionally recognized as goodwill which is expected to be deductible for tax purposes;
- The sale to Cafam of pharmacies owned by Éxito, some of which had been operated by Cafam from September 2010 for a total amount of COP\$74.803, value recognized as "Other income";
- The termination of the Collaboration Agreement signed between the parties in September 2010.

The precedent conditions of the agreement including the approval of the competent authority which were completed on May 27, 2015.

### Purchase option on commercial establishments of Super Inter

On April 15, 2015, Éxito exercised the purchase option it had with Comercializadora Giraldo y CIA S.A. granted by the acquisition of 29 commercial establishments of the Super Inter Brand, which had been under Éxito operation since October 2014, and the brand Super Inter.

The purchase price amounts to COP\$343,920, out of which COP\$250,000 were disbursed up to June 30, 2015.

The provisional fair values of the identifiable assets and liabilities of Super Inter at the date of acquisition as determined by an independent expert, are summarized below:

	Provisional fair values at April 1, 2015
Super Inter banner	95,121
Property, plant and equipment	18,169
<b>Total identifiable assets</b>	<b>113,290</b>
<b>Total liabilities assumed</b>	<b>-00</b>
<b>Total identifiable net assets at fair value</b>	<b>113,290</b>

The goodwill in the transaction amounts to:

<b>Compensation transferred</b>	<b>343,920</b>
Less fair value of net identifiable assets	(113,290)
<b>Surplus value generated in acquisition</b>	<b>230,630</b>

The provisional goodwill of COP\$230.630, which is expected to be deductible for tax purposes, is attributable to the acquired customer base and economies of scale expected from the integration of the operations of the Super Inter stores with those of Grupo Éxito.

Expenses related to the acquisition of these stores were not significant.

### Other business combinations

On June 23, 2015, Éxito acquired a commercial establishment dedicated to the retail of consumer goods, seeking to strengthen its share on the discount market.

The fair values of the net assets acquired at the date of the business combination correspond to COP\$448 represented in inventories and property, plant and equipment, which generated a capital gain of COP\$3,326, which is attributed to the economies of scale expected from combining business and assigned to the discount segment.

Revenues included in the consolidated income statement from the date of acquisition to June 30 were \$228. This store also generated an operating profit of COP\$15 during the same period.

If these stores had been consolidated from January 1, 2015, the consolidated income statement would reflect revenues of COP\$5,507 and an operating profit of COP\$33.

### 5. Cash and cash equivalents

The composition of the book balances are the following:

	6/30/15	12/31/14	1/1/14
Cash and banks	1,279,236	1,526,832	1,726,359
Cash equivalents	651,839	1,427,105	990,803
<b>Total</b>	<b>1,931,075 0</b>	<b>2,953,937 0</b>	<b>2,717,162</b>

Cash and cash equivalents has no restrictions or liens limiting their disposition.

## 6. Trade accounts receivable and other accounts receivable

The composition of the book balances is the following:

	6/30/15	12/31/14	1/1/14
<b>Current</b>			
Clients (1)	152,372	137,030	127,419
Employees' funds (2)	42,581	22,086	13,077
Compañía de Financiamiento Tuya S.A. (3)	22,512	21,210	23,090
Concessionary (4)	8,140	8,441	14,184
Advances (5)	12,454	10,152	13,802
Other accounts receivable (6)	97,745	36,109	49,146
On disposal of fixed assets and intangibles (7)	9,171	282	4,250
Prepaid expenses (8)	20,983	27,012	17,030
Impairment of accounts receivable (9)	(16,123)	(10,801)	(4,353)
<b>Total current debtors</b>	<b>349,835</b>	<b>251,521</b>	<b>257,645</b>
<b>Non current</b>			
Employees' funds (2)	14,132	15,412	14,843
Advances (5)	230	138	-00
Other accounts receivable (6)	2,073	1,132	1,198
Prepaid expenses (8)	12,170	12,919	14,978
<b>Total non-current debtors</b>	<b>28,605</b>	<b>29,601</b>	<b>31,019</b>
<b>Total debtors, net</b>	<b>378,440</b>	<b>281,122</b>	<b>288,664</b>

- (1) Trade debtors do not earn interest and their average payment usually range from 7 to 30 days, which is considered within the normal negotiation terms.
- (2) Loans to Fondo Presente, which exceed twelve months from the issue date; they are valued at amortized cost, using the effective interest method provided that the amount due is material.
- (3) Covers opinions associated with the operation of Tarjeta Éxito, such as royalties, reimbursement of expenses shared and collection through coupons, which will be paid within the short term.
- (4) Refers to the account receivable for the agreements with the principal family subsidy entites of the country, as well as with several employee funds of the public and private sector of our economy.
- (5) This heading comprises the advances made by the Company to suppliers, contractors and employees, as well as tax advances and contributions or balances in favor.

- (6) Until June 2015, other receivables include: mobilization money wires services COP\$34,349, receivables promotional bonuses by COP\$6,265, accounts receivable, leases for COP\$3,033, loans to employees for COP\$3,655, accounts receivable foreclosure by COP\$1,524, collect accounts insurance business COP\$477, accounts receivable travel business COP\$2,020, business agreements COP\$14,860, and other accounts for COP\$33,635.
- (7) At June 30, 2015 accounts receivable from sale of fixed and intangible assets comprise: contributions from indirect costs (Real Estate property) of the Patrimonio Autónomo Villavicencio by COP\$4,372, sale of commercial establishments Super Inter Hacienda and Poblado COP\$4,487 required by the Superintendency of Industry and Trade, and the sale of other assets for COP\$312.
- (8) Up to June 30, 2015 includes the following items: insurance COP\$1,631, leases COP\$21,621, maintenance COP\$2,961, advertising COP\$2,177, and other prepaid expenses amounting to COP\$4,763.
- (9) The impairment of accounts receivable is made individually for significant clients and collectively for those which are not individually significant. The impairment of accounts receivable is recognized as an expense in the period results. The movement of the impairment of accounts receivable during the period is:

<b>Balance at January 1, 2014</b>	<b>4,353</b>
Loss from impairment recognized during the period	10,867
Reversals of loss from value impairment	(1,708)
Accounts receivable written off	(2,711)
<b>Balance at December 31, 2014</b>	<b>10,801</b>
Loss from impairment recognized during the period	7,320
Reversals of loss from value impairment	(52)
Accounts receivable written off	(1,946)
<b>Balance at June 30, 2014</b>	<b>16,123</b>

The detail of impairment losses net value recoveries recognized in profit or loss for each period presented correspond to:

Detail	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Loss from impairment recognized during the period	7,320	3,126	5,407	1,512
Reversals of loss from value impairment	(52)	(5)	(27)	(5)
Accounts receivable written off	(1,946)	-00	(1,490)	-00
<b>Total</b>	<b>5,322</b>	<b>3,121</b>	<b>3,890</b>	<b>1,507</b>



## 7. Transactions with related parties

The group considers as related parties:

- The Group’s controlling company and those which are within the consolidation perimeter.
- Companies which exercise joint control or significant influence on the entity.
- Subsidiaries.
- Associates.
- Subsidiaries, associates or joint business of the associates and joint business.
- Management key personnel, which includes: Board of Directors, Presidents, Directors, and Heads who have the capacity to conduct, plan and control the Group activities.
- Companies on which management key personnel may exercise control or joint control.
- Relative close to key Management personnel that could influence the Group.

Sales and purchases between related parties are entered into under conditions equivalent to those existing for transactions between independent parties. Below is the total value of transactions made by the group with its related parties during the corresponding period.

### - Remuneration to key management personnel

The value of costs related with compensation of key management personnel corresponded to:

Detail	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Short term benefits to employees	30,714	23,604	14,844	12,365
Long term benefits	60	227	27	87
Pension plans’ benefit	4,351	5,750	2,623	1,878
Benefits upon termination of work	4,137	1,218	127	89
<b>Total</b>	<b>39,262</b>	<b>30,799</b>	<b>17,621</b>	<b>14,419</b>

### - Transactions with related parties

Below are the total values of transactions with related parties during the respective period. Transactions between the Group and its subsidiaries have been eliminated in the consolidation process and are not disclosed in this note:

Detail	Revenues (1)			
	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Associates	24,703	-00	5,897	-00
Other related parties	2,325	647	1,655	630
<b>Total</b>	<b>27,028</b>	<b>647</b>	<b>7,552</b>	<b>630</b>

Detalle	Costs and expenses (2)			
	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Controlling entity	9,509	-00	4,806	-00
Associates	9	-00	9	-00
Other related parties	20,653	21,343	8,252	13,080
<b>Total</b>	<b>30,171</b>	<b>21,343</b>	<b>13,067</b>	<b>13,080</b>

Detalle	Accounts receivable (3)			Accounts payable (4)		
	6/30/15	12/31/14	1/1/14	6/30/15	12/31/14	1/1/14
Controlling entity	754	862	709	124,041	41,969	41,185
Associates	38,316	24,537	-00	675	1,020	-00
Key management executives	117	149	99	-00	-00	-00
Other related parties	1,952	5,114	1,051	12,671	8,608	15,336
<b>Total</b>	<b>41,139</b>	<b>30,662</b>	<b>1,859</b>	<b>137,387</b>	<b>51,597</b>	<b>56,521</b>

(1) Revenues include the sale of assets, leases and other services. Assets' sale transactions to Cdiscount Colombia S.A.S. were made to \$5,898 (second quarter of 2014, (the Company was not associated with the Group).

(2) Costs and expenses with related parties correspond to assistance in risk management and technical assistance, purchase of goods and services received.

(3) Accounts receivable from associates correspond to transactions of the operation with Cdiscount Colombia S.A.S., which reflected a variation during 2014 of \$24,537.

(4) Las cuentas por pagar a partes relacionadas corresponde a las transacciones del día a día, la variación entre enero y junio de 2015 corresponde a dividendos pendientes por pagar a las compañías controladoras del Grupo por \$124,041.

Accounts payable to related party transactions corresponds to the day to day variation between January and June 2015 corresponds to pending dividends payable to the parent companies of the Group for \$124.041

Accounts payable do not have interest rates or warranties. There have been no default on these obligations.

**- Guarantees to related parties**

On April 29, 2015, Almacenes Éxito S.A. gave Cdiscount Colombia S.A.S. and Cdiscount Panama guarantees to cover their obligations for purchases of goods in case of default, worth \$2,500 and \$905, respectively. To fulfill the guarantee given to Cdiscount Panama it will be taken into account the TRM of the day when payment, the calculation was done to June 30th, 2015 based on a TRM of COP\$2,585.11. These guarantees are valid for one year from the date of its conclusion, generating an annual fee of 1.77% on the value of the collateral.

**8. Inventories**

	6/30/15	12/31/14	1/1/14
Goods for sale	1,253,643	1,189,082	968,832
Inventory in transit	38,328	24,794	15,050
Materials, small spare parts, accessories and packing	15,237	13,535	16,464
Products in process	5,381	10,554	5,359
Raw materials	7,053	6,266	7,018
<b>Total</b>	<b>1,319,642</b>	<b>1,244,231</b>	<b>1,012,723</b>

The composition of balances in books is the following:

The value of inventories recognized as cost of goods sold en the results for the periods here analyzed, and the value of impairment losses amount to:

Detail	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Cost of goods sold	4,500,555	3,729,666	2,190,957	1,935,110
Impairment losses recognized during the period	42,412	38,981	17,454	21,132
<b>Total</b>	<b>4,542,967</b>	<b>3,768,647</b>	<b>2,208,411</b>	<b>1,956,242</b>

Inventories do not have restrictions or liens limiting their marketability or realization and are duly assured against all risk.

## 9. Other financial assets

The composition of book balances is the following:

	6/30/15	12/31/14	1/1/14
Financial assets measured at amortized cost(1)	136,604	141,208	138,323
Financial assets measured at fair value with changes in results (2)	10,441	9,693	1,035
Derivates designated as hedge instruments (3)	6,382	20,343	111
Financial assets measured at fair value with changes in other comprehensive results (4)	957	975	893
<b>Total</b>	<b>154,384</b>	<b>172,219</b>	<b>140,362</b>
<b>Current portion</b>	<b>6,790</b>	<b>25,119</b>	<b>1,977</b>
<b>Non-current portion</b>	<b>147,594</b>	<b>147,100</b>	<b>138,385</b>

(1) Financial assets measured at amortized cost are investments where the Group has the intention and capacity of maintaining through maturity. These investments are comprised of:

	6/30/15	12/31/14	1/1/14
Tuya S.A. bonds (a)	136,177	136,398	137,820
Other investments to maintain through maturity (b)	427	4,810	503
<b>Total</b>	<b>136,604 0</b>	<b>141,208</b>	<b>138,323</b>

(a) Bonds issued by Compañía de Financiamiento Tuya S.A. as part of the shared publicity agreement with the parent for the Éxito Card, for a nominal amount of COP\$134,500 million, over a term of 10 years with a yield of IPC + 2% plus the agreement profit percentage..

(b) They correspond mainly to TIDIS (Tax Refund Securities) issued by the Ministry of Finance and Public Credit, in order that the DIAN makes the refund of taxes on balances in favor that taxpayers are entitled to. These securities do not earn interest. In the secondary market, their yield is determined by the difference between the purchase price and its nominal value, and for the term elapsed between the purchase date and the utilization date for the payment of taxes, and have a term of one calendar year following their issue date.

These investments do not have restrictions or liens limiting their marketability or realization, except for the investment of the parent in bonds of Tuya S.A., which were issued as part of the shared publicity by Tarjeta Éxito. Additionally. During the periods presented none of the investment reflected value impairment.

(2) Financial assets measured at their fair value with changes in other comprehensive income are equity investments which are not maintained to negotiate. The fair values of these investments are determined by reference to quotation prices published in active markets in cases where the Companies negotiate in this market; in other cases, investments are measured at the attributed cost determined in the opening balance sheet considering that the effect is not material and that making a measurement through a valuation technique commonly used by market participants may generate higher costs than benefits. The fair value at each presentation date is:

	6/30/15	12/31/14	1/1/14
CNova	9,412	8,663	-00
Automercados de la Salud S.A. Panamá (a)		-00	-00
Fogansa S.A.	798	798	798
Other small equity investments	231	232	237
<b>Total</b>	<b>10,441</b>	<b>9,693</b>	<b>1,035</b>

(a)The fair value of Automercados de la Salud S.A. Panamá is estimated as zero, as the recoverability of resources invested is not too probable.

Below is a detail of the participation and activity of each one of the investments:

Class of investment per the economic entity	Economic activity	Class of share	Number of shares			% of participation on subscribed capital		
			30.06.2015	31.12.2014	01.01.2014	30.06.2015	31.12.2014	01.01.2014
CNova	Comercio	Ordinarias	659,383	659,383	-	0.16	0.16	-
Automercados de la Salud S.A. Panamá	Comercio	Ordinarias	20.000	20.000	20,000	20.00	20.00	20.00
Fogansa S.A.	Ganadería	Ordinarias	500.000	500.000	500,000	0.82	0.82	0.82

During the periods presented no revenues from dividends were received from investments or sales thereof.

(3) Derivatives designated as hedging instruments reflect the fair value of forward contracts designated as hedging instruments fair value to cover fluctuations in exchange rates on investments and obligations. The fair values of these instruments are determined using valuation models commonly used by market participants.

(4) Include investments in equity securities of Fondo Valorar Futuro to manage liquidity, which are measured at fair value by the value of the unit of the Fund. Changes in fair value are recognized as income or expenses in the results.

## 10. Non-current assets maintained for sale

As a result of the agreements signed with Comercializadora Giraldo y Gómez y Cía. S.A., and after the guarantee of the Superintendence of Industry and Commerce “SIC”, the parent acquired the property of 19 commercial establishments and the power of operating 31, for a period of 5 years

consolidating the leadership in the region of Valle del Cauca and the Eje Cafetero. Of these stores, 4 were conditioned by the SIC, by means of Resolution N° 54416 of September 12, 2014, to be sold to a third party in the first quarter of 2015. (See Note 4 Business combination for more detail on the purchase option of the 31 stores operated.).

According to the foregoing, 2 of the stores acquired and conditioned in 2014 were classified as a group of assets maintained for sale considering that:

- Book values of these assets will be recovered through their sale and not by their use.
- Assets are available for sale in the current conditions.
- The necessary actions were undertaken by Management to complete the sale thereof within a period of less than one year.
- The sale of the assets was required by a control entity and approved by the Group Management.

These assets were recognized at their fair value; for that purpose, Almacenes Éxito made a valuation for the estimation of the fair value using the revenue approach, which resulted in COP \$6,739 million.

In February 2015, the two commercial establishments were disposed of, generating a loss of COP \$1,714 million recognized in the goodwill; the foregoing considering that the Group is in the measurement period of the combination of business with Super Inter.

## 11. Property, plant and equipment

The composition of the book balances is the following:

	6/30/15	12/31/14	1/1/14
Land and buildings	2,428,352	2,298,484	2,253,745
Assets under construction	177,492	129,079	174,827
Machinery and equipment	380,328	383,446	344,095
Other property, plant and equipment	303,143	301,867	271,547
<b>Total</b>	<b>3,289,315</b>	<b>3,112,876</b>	<b>3,044,214</b>

The movements in property, plant and equipment are the following:

	Land and buildings	Assets under construction	Machinery and equipment	Other	Total
<b>Cost</b>					
<b>Balance at January 1, 2014</b>	<b>2,325,946</b>	<b>174,827 0</b>	<b>357,554 0</b>	<b>337,085</b>	<b>3,195,412</b>
Additions	34,223 0	251,227 0	56,026 0	47,002	388,478
Acquisitions through business combinations	-00	-00	6,935	1,757	8,692
Effect of exchange differences	37,915 0	10,874 0	2,591 0	5,879	57,259
Other changes	46,938 0	(307,849) 0	30,089 0	30,583	(200,239)
<b>Balance at December 31, 2014</b>	<b>2,445,022 0</b>	<b>129,079 0</b>	<b>453,195 0</b>	<b>422,306 0</b>	<b>3,449,602</b>
Additions	25,335	58,859	40,374	5,014	129,582
Acquisitions through business combinations	296,437	55,143	49,447	50,232	451,259
Effect of exchange differences	26,229 0	4,271	3,807	7,102	41,409
Other changes	(59,241) 0	(69,860) 0	(26,694) 0	3,363	(152,432)
<b>Balance at June 30, 2015</b>	<b>2,733,782 0</b>	<b>177,492 0</b>	<b>520,129 0</b>	<b>488,017 0</b>	<b>3,919,420</b>
	Land and buildings	Assets under construction	Machinery and equipment	Other	Total
<b>Accumulated depreciation and impairment</b>					
<b>Balance at January 1, 2014</b>	<b>72,201</b>	<b>-00 0</b>	<b>13,459 0</b>	<b>65,538</b>	<b>151,198</b>
Depreciation expense	46,790 0	-00 0	42,980 0	36,637	126,407
Effect of exchange differences	16,613 0	-00 0	4,814 0	8,726	30,153
Other changes	10,934 0	-00 0	8,496 0	9,538	28,968
<b>Balance at December 31, 2014</b>	<b>146,538 0</b>	<b>-00 0</b>	<b>69,749 0</b>	<b>120,439 0</b>	<b>336,726</b>
Depreciation expense	146,411 0	-00 0	62,850 0	57,448	266,709
Effect of exchange differences	12,311	-00	3,341	6,034	21,686
Other changes	170	-00	3,861	953	4,984
<b>Balance at June 30, 2015</b>	<b>305,430 0</b>	<b>-00 0</b>	<b>139,801 0</b>	<b>184,874 0</b>	<b>630,105</b>

Construction in progress include advances delivered to contractors of COP\$8,752 million (to December 31st, 2014 and COP\$1,370 million and to Jan 1, 2014, COP\$502 million).

La depreciación de las propiedades, planta y equipo se reconoce en el estado de resultados como costo de ventas y gastos de venta, administración y distribución respectivamente; el valor reconocido en resultados al 30 de junio de 2015 y 2014 es el siguiente:

The depreciation of property, plant and equipment is recognized in the income statement as cost of sales and cost of sell, administration and distribution respectively; fair value recognized in income at June 30, 2015 and 2014 is as follows:

Detail	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Depreciation expense	259,624	89,292	9,904	40,274
Depreciation Cost	7,085	7,909	4,029	4,135
<b>Total</b>	<b>266,709</b>	<b>97,201</b>	<b>13,933</b>	<b>44,409</b>

During the periods reported no value impairment occurred of property, plant and equipment.

Properties, plant and equipment do not reflect restrictions or liens limiting their realization or marketability. For the periods presented, the Group does not have commitments of acquisition, construction or development of property, plant and equipment nor does it reflect revenues from compensations of third parties for assets involved in accidents or lost.

## 12. Investment properties

Investment properties of the Group correspond to commercial premises and lots which are maintained to generate income from their leases or future appreciation of their price. Movements in investment properties are the following:

	Land and construction
<b>Cost</b>	
Balance at January 1, 2014	537,915
Additions	11,547
Disposals	(33,076)
Other changes	142,777
<b>Balance at December 31, 2014</b>	<b>659,163</b>
Additions	78,879
Transfers to / from property, plant and equipment	24,648
<b>Balance at June 30, 2015</b>	<b>762,690</b>
<b>Accumulated depreciation and impairment</b>	
Balance at January 1, 2014	-00
Depreciation expense	12,133
Disposals	(661)
<b>Balance at December 31, 2014</b>	<b>11,472</b>
Depreciation expense	7,265
<b>Balance at June 30, 2015</b>	<b>18,737</b>



Depreciation of investment properties is recognized in the income statement as selling and administrative expenses; fair value recognized in income at June 30, 2015 and 2014 is as follows:

Detail	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Depreciation expense	7,265	5,272	3,830	2,765
<b>Total</b>	<b>7,265</b>	<b>5,272</b>	<b>3,830</b>	<b>2,765</b>

During the periods reported no impairment arose in investment properties.

Investment properties do not have restrictions or liens limiting their realization or marketability. For the periods reported, the Group does not have commitments for acquisition, construction or development of investment properties, or for repairs, maintenance or investment properties improvements or revenues from compensations of third parties for assets involved in accidents or lost.

### 13. Goodwill

Movements occurred in goodwill are the following:

<b>Balance at January 1, 2014</b>	<b>1,391,543</b>
Additions upon business combinations	179,892
Effects of exchange differences	20,698
<b>Balance at December 31, 2014</b>	<b>1,592,133</b>
Additions upon business combinations	1,531,306
Effects of exchange differences	(6,260)
Other changes	1,979
<b>Balance at June 30, 2015</b>	<b>3,119,158</b>

Goodwill corresponds to the following business combinations:

	6/30/15	12/31/14	1/1/14
Spice Investment Mercosur (Uruguay) S.A. (1)	1,696,481	534,495	513,797
Carulla Vivero S.A. (2)	827,420	827,420	827,420
Super Inter (3)	422,232	179,412	-00
Cafam	122,219	-00	-00
Other	50,806	50,806	50,326
<b>Total</b>	<b>3,119,158</b>	<b>1,592,133</b>	<b>1,391,543</b>

(1) Corresponds to the business combination which took place during 2011 by the parent upon the acquisition of the Uruguayan company Spice Investments Mercosur S.A. The amount corresponds to the cost attributed in the opening balance sheet in accordance with the use of the exemption of not re-expressing business combinations. Additionally, it includes the goodwills of the goodwill recognized by Spice in the acquisition of its subsidiaries of Uruguay in accordance with the options of IFRS 1. (See Note 29 First time adoption). Additionally, it includes the business combination carried out with Grupo Disco of Uruguay which took place on January 1, 2015.

(2) Corresponds to the business combination carried out in 2007 by the parent upon the acquisition of Carulla Vivero S.A. The amount corresponds to the cost attributed in the opening balance sheet pursuant to the use of the exemption of not re-expressing business combinations. (See Note 29 First time adoption)

(3) Corresponds to the acquisition of 48 commercial establishments of the Super Inter brand. 19 were acquired by the end of 2014, and the remaining 29, in April 2015. This also include the acquisition of seven commercial establishments between February 23 and June 24, 2015. (See Note 4, Business combinations and Note 10 Non-current assets held for sale).

During the periods reported no impairment of value in goodwill occurred.

#### 14. Intangible assets other than Goodwill

The composition of book balances is the following:

	6/30/15	12/31/14	1/1/14
Brands	112,551	17,427	17,427
Computer software	50,900	47,633	35,882
Rights	2,335	16,374	26,520
Software in financial leasing	548	636	-00
<b>Total</b>	<b>166,334</b>	<b>82,070</b>	<b>79,829</b>

Below are the movements in intangible assets:

	Brands	Computer software	Rights	Software in financial leasing	Total
<b>Cost</b>					
Balance at January 1, 2014	17,427	40,337	27,824	-00	85,588
Additions	-00	36,369	4,499	636	41,504
Effect of exchange differences	-00	409		-00	409
Other changes	-00	(7,179)	(13,580)	-00	(20,759)
<b>Balance at December 31, 2014</b>	<b>17,427</b>	<b>69,936</b>	<b>18,743</b>	<b>636 0</b>	<b>106,742</b>
Additions	-00	10,659	-00	-00	10,659
Acquisitions through business combinations	95,124	5,911	-00	-00	101,035
Effect of exchange differences	-00	21	-00	-00	21
Other changes	-00	(209)	(11,364)	-00	(11,573)
<b>Balance at June 30, 2015</b>	<b>112,551 0</b>	<b>86,318 0</b>	<b>7,379 0</b>	<b>636 0</b>	<b>206,884</b>

	Brands	Computer software	Rights	Software in financial leasing	Total
<b>Amortización acumulada y deterioro</b>					
Balance at January 1, 2014	-00	4,455	1,304	-00	5,759
Amortization expense	-00	17,372	1,065	-00	18,437
Effect of exchange differences	-00	400	-00	-00	400
Other changes	-00	76	-00	-00	76
<b>Balance at December 31, 2014</b>	<b>-00</b>	<b>22,303</b>	<b>2,369</b>	<b>-00</b>	<b>24,672</b>
Amortization expense	-00	8,506	2,675	88	11,269
Effect of exchange differences	-00	(185)	-00	-00	185
Other changes	-00	4,794	-00	-00	4,794
<b>Balance at June 30, 2015</b>	<b>-00</b>	<b>35,418</b>	<b>5,044</b>	<b>88</b>	<b>40,550</b>

The brand recognized in the financial statements corresponds to Surtimax, received from the merger with Carulla Vivero S.A. and the brand Super Inter acquired by business combination with Comercializadora Giraldo Gomez y Cia S.A. (See Note 4 Business combinations).

The financial leasing corresponds to the software license for the new telephone plant with Leasing Bancolombia.

La amortización de los activos intangibles se reconoce en el estado de resultados como gastos de venta, administración y distribución respectivamente. The value recognized in income at June 30, 2015 and 2014 is as follows:

The amortization of intangible assets is recognized in the statement of income as selling expenses, administration and distribution, respectively. The value Recognized in income at June 30, 2015 and 2014 is as Follows:

Detail	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Amortization expense	11,136	9,326	6,060	4,775
Amortization cost	133	156	66	66
<b>Total</b>	<b>11,269</b>	<b>9,482</b>	<b>6,126</b>	<b>4,841</b>

For the periods reported, the Group does not have commitments of acquisition or development of intangible assets; value impairment neither arose.

### 15. Investments in associates and joint business

The Group has participation in the following associates and joint businesses, which are measured using the equity method:

- **CDiscount Colombia S.A.S.** is a company formed by a private document on June 26, 2014. Its corporate purpose is: (I) Launching and operating electronic commerce in Colombia; (II) Entering into all type of contracts, including but not limited to, lease contract, distribution, operation, association, purchase-sale, technical assistance, supply, inspection, control and services for the appropriate development of the corporate purpose; (III) Render all type of services, including but not limited to administration, assistance, consulting, technical, of presentation, for the appropriate development of the corporate purpose; and (IV) Develop any licit activity. Its principal domicile is located in the municipal jurisdiction of Envigado, Colombia, Carrera 48 N° 32B Sur - 139. The Group has a participation of 49% in the Company and is classified as an associate.
- **Fideicomiso ADM - Del Este:** Almacenes Éxito and ALG Propiedad Raíz S.A developed on a real state a mixed project by stages which contains a shopping center called Del Este, of which the companies would be in turn beneficiaries. The Group has a participation of 50% in the Company and is classified as joint business.
- **C-Latam:** The Group has a participation of 30% in C-Latam formed by means of public deed 2932 issued by the General Management of Registers on March 18, 2014. Its principal purpose is participating in other trade companies in Uruguay or abroad, make and administrate all type of investments, on its own account or of third parties, purchase, sell, lease, administrate, construct and enter into all type of operations with real estate. Its principal domicile is located in Montevideo, Circunvalación Durango 1429 2D, in the Republic of Uruguay.

No restrictions exist on the capacity of joint business or associates of transferring funds to the entity by way of dividends in cash, or reimbursement of loan or advances made by the entity. Additionally, the Group does not own contingent liabilities incurred in connection with its participations in joint business or associates, nor have commitments been entered with the associates or joint businesses.

### 16. Assets and liabilities upon deferred taxes

The current income tax rate for the Group Companies located in Colombia is of 39% in 2015; this rate includes the income tax rate of 25%, the tax for equity CREE of 9% and the surtax on CREE of 5%. For 2014, the applicable rate was of 34%, the variance in tax rates applicable corresponds to the creation of the surtax on CREE by means of the tax reform of Law 1739 of December 23, 2014. The income tax is calculated on the higher between presumptive income and net taxable income.

The current income tax rate for the Group Companies located in Uruguay is of 25% in 2015 (2014 - 25%). The income tax is calculated on net taxable income.

The Group recognizes the deferred tax receivable or payable derived from the effect of temporary differences involving the payment of a lower or higher value of the income tax in the current year, calculated at the current rates when recovery is expected (2016 - 40%; 2017 - 42%; 2018 - 43% and as of 2019 34% in Colombia and 25% in Uruguay), provided that a reasonable expectation exists that such differences will reverse in the future and in the event a deferred tax asset is generated, it is analyzed if the Group Company will generate enough taxable income in the future allowing to impute against it a total or a part of the asset.

The income and deferred tax is recognized in results, in equity or in the other comprehensive statement of income in accordance with the items that have originated it. The income tax is shown net, after deducting advances paid and tax withholdings in favor.

### 16.1 Composition of the asset (liability) for deferred tax

The deferred income tax corresponds to the following items:

	Statement of financial position		
	6/30/15	12/31/14	1/1/14
Investments at amortized cost	(149)	(62)	(10)
Equity investments	5,921	4,618	(18,407)
Accounts receivable	1,643	8,512	14,545
Inventories	43,822	40,345	30,560
Land	(38,994)	(43,455)	(43,361)
Fiscal consolidation and readjustments	23,410	23,410	24,252
Buildings	(109,500)	(87,899)	(78,282)
Non-operating premises	123	123	123
Investment properties	(8,132)	(8,051)	(9,446)
Constructions in progress	(7,797)	(11,836)	(2,847)
Other fixed assests	(20,035)	(29,746)	(12,514)
Intangibles	(24,210)	(30,747)	56,779
Defferred charges	14,332	15,691	15,196
Other assets	59,045	28,719	30,679
Financial liabilities	104	14,327	1,728
Other liabilities	53,892	51,532	37,016
<b>Total deferred tax (net)</b>	<b>(6,525)</b>	<b>(24,519) 0</b>	<b>46,011</b>

The main components of deferred tax expense in the income statement for the periods of three and six months ended June 30, 2015 and 2014 are:

	Statement of income			
	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Deferred income tax 25%	22,471	40,286	10,361	21,640
Deferred CREE tax 9%	16,792	9,187	3,278	1,150
Surtax of deferred CREE 5%	(10,980)	-00	13,236	-00
Deferred capital gain 10%	(19,384)	562	(17,429)	458
Retained earnings Uruguay deferred 7%	1,695	-00	0	-00
<b>Total effect deferred tax (net)</b>	<b>10,594</b>	<b>50,035</b>	<b>9,446</b>	<b>23,248</b>

The deferred tax asset recognized in the financial statements generated by the Group Companies which have reflected losses in the current or prior period amounts to \$2,074 (at December 31, 2014 COP\$1,328 and on January 1, 2014 COP\$2,341); this asset is supported on the base that Grupo Éxito is generating positive taxable income and is projected to generate them in the future with which to compensate the deferred tax asset generated by tax losses of prior periods.

The group has unused tax losses without expiration which it has not recognized as asset for deferred tax amounting to COP\$13,365 million at June 2015 (at December 31, 2014 - COP\$13,365 million and at January 1, 2014 - COP\$4,722 million).

Temporary differences related with investments in subsidiaries, associate and participations in joint businesses for which liabilities from deferred tax have not been recognized, correspond to:

	6/30/15	12/31/14	1/1/14
Subsidiaries in Colombia	83,732	79,280	79,255
Subsidiaries in a foreign country	1,103	817	44
Others	7	7	404
<b>Total</b>	<b>84,842 0</b>	<b>80,104 0</b>	<b>79,703</b>

## 16.2 Reconciliation between tax profit and accounting profit for current tax

The reconciliation between profit (tax loss) and profit (accounting loss) for current tax for periods of six and three months ended in June 30, 2015 and 2014 is shown below:

## 17. Financial obligations

The composition of book balances is the following:

	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
<b>Accounting profit before income tax</b>	<b>342,978</b>	<b>297,027</b>	<b>232,525</b>	<b>148,557</b>
<b>Plus:</b>				
- Investments impairment	-00	-00	-00	(53)
- Impairment of unknown shortage (CMV)	-00	91	-00	18
- Portfolio provision	5,927	3,170	4,043	1,605
- Non-deductible expenses	57	406	30	41
- Non-deductible taxes	59,381	22	242	-00
- Assumed Taxes and Valuation	10,351	2,296	306	1,921
- Fines, penalties and litigation	1,634	1,021	1,552	414
- Accounting deduction of goodwill	-00	35,246	-00	19,131
- 50% Tax on financial transactions	3,855	3,999	(187)	1,722
<b>Less:</b>				
- Additional tax deduction of goodwill to the accounting	(20,003)	(92,117)	(9,800)	(46,059)
- Deduction of 40% of the investment in income producing assets	(26,955)	(27,239)	(19,074)	(16,526)
- Retirement of accounting profit on sale of fixed assets declared as capital gains	(84,725)	(43)	(84,725)	(43)
- IFRS adjustments without tax incidence	(160,752)	(93,254)	(28,050)	(31,112)
- Recovery of provisions	(1,296)	(4,040)	(358)	(3,478)
- INCRNGO		(4)	0	0
- Tax losses and amortizations	5,847	(1,398)	0	(504)
<b>Total ordinary net income</b>	<b>136,299</b>	<b>125,183</b>	<b>96,504</b>	<b>75,634</b>
<b>% INCOME TAX RATE</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>
<b>Subtotal Income Tax</b>	<b>34,075</b>	<b>31,296</b>	<b>24,126</b>	<b>18,908</b>
Occasional profits tax	6,398	-00	-00	-00
Taxes paid in Uruguay for subsidiary Space	16,184	3,721	11,744	1,790
<b>Total income tax and complementary</b>	<b>56,657</b>	<b>35,017</b>	<b>35,870</b>	<b>20,698</b>
<b>Income tax for equity CREE</b>	<b>13,233</b>	<b>14,691</b>	<b>9,667</b>	<b>8,606</b>
<b>Income surtax for equity CREE</b>	<b>8,709</b>	<b>-00</b>	<b>6,703</b>	<b>-00</b>
<b>Current tax recovery last year</b>	<b>(1,765)</b>	<b>-00</b>	<b>-00</b>	<b>-00</b>
<b>Total income tax and current complementary</b>	<b>76,834</b>	<b>49,708</b>	<b>52,240</b>	<b>29,304</b>

	6/30/15	12/31/14	1/1/14
<b>Current</b>			
Bank overdrafts (1)	-00	53	95,150
PUT option (2)	245,593	-00	-00
Credit letters	6,304	1,074	3,445
Financial leasing	2,589	5,414	-00
Financial obligations	28	1,303	-00
Credit cards	21	73	45
<b>Total current financial liabilities</b>	<b>254,535</b>	<b>7,917</b>	<b>98,640</b>
<b>Non-current</b>			
Financial leasing	17,610	36,416	4,996
<b>Total non-current financial liabilities</b>	<b>17,610</b>	<b>36,416</b>	<b>4,996</b>
<b>Total financial liabilities</b>	<b>272,145</b>	<b>44,333</b>	<b>103,636</b>

(1) Bank overdrafts are attributed to a great extent to checks drawn not cashed.

(2) The Group is part of a sales option contract (“Put option”) with owners of non-controlling participations of the subsidiary Grupo Disco del Uruguay, through its parent company. The exercise price thereof is based on a predetermined formula, which may be exercised at any time. The existing option for the period ended June 31, 2015 is measured at fair value.

During the periods reported, the Group has not shown delays in the payment of its financial obligations.

## 18. Post-employment and long term benefits to employees

The composition of book balances is the following:

	6/30/15	12/31/14	1/1/14
Defined benefit plans (18.1)	23,692	21,217	21,756
Long term benefits (18.2)	14,282	26,978	26,021
<b>Total</b>	<b>37,974</b>	<b>48,195</b>	<b>47,777</b>
<b>Current portion</b>	<b>3,739</b>	<b>5,420</b>	<b>5,931</b>
<b>Non-current portion</b>	<b>34,235</b>	<b>42,775</b>	<b>41,846</b>

### 18.1 Defined benefits plans

The parent and its subsidiaries have the following defined benefit plans:



- a) Pensions plan whereby an employee upon his retirement will receive a monthly amount as pension, pension readjustments in accordance with legal standards, survival income, funeral allowance and the June and December bonuses, legally established. These amounts depend upon factors such as: Employee age, years of service and salary. The Company is responsible for the payments of retirement pensions to employees who meet the following requirements: employees who at January 1, 1967 had more than 20 years of services (total responsibility) and employees and former employees with more than 10 years of services and less than 20, at January 1, 1967 (partial responsibility).
- b) Severance plan whereby the employee will be paid a retroactive amount for severance upon his/her retirement from the Company, once advance severance payments are discounted. The retroactivity of severance is liquidated to those employees belonging to the labor regime prevailing before Law 50 of 1990 and who did not opt for the change of regime. This fringe benefit is liquidated for the total time worked based on the last salary earned.
- c) Bonus retirement age pension and disability: In which an employee who meets the age requirements and density of contributions for old-age pension in the “Prima Media” regime with defined benefit is granted a cash bonus represented by value of COP\$1 million once his/her duty has just finished. This benefit for the company policy is given by collective agreement.

These benefits are valued annually by means of the projected credit unit. Below are the main assumptions included in the last valuation of the actuarial calculation as well as the reconciliation of the movements shown:

	Pensions	Retroactive severances	Retirement bonus for senior age and disability pension	Total
<b>Balance at January 1, 2014</b>	<b>20,936</b>	<b>820</b>	<b>-00</b>	<b>21,756</b>
Cost of current service	-00 0	27	-00	27
Interest income or expenses	1,405 0	56	-00	1,461
Actuarial earnings (losses) from demographic assumptions	(152) 0	39	-00	(113)
Actuarial earnings (losses) from financial assumptions	309 0	9	-00	318
Contributions made to the plan by the Group	(2,072) 0	(160)	-00	(2,232)
	-00	-00	-00	
<b>Balance at December 31, 2014</b>	<b>20,426</b>	<b>791</b>	<b>0</b>	<b>21,217</b>
Cost of current service	-00	13	-00	13
Interest income or expenses	670	27	-00	697
Other changes	-00	-00	1,765	1,765
<b>Balance at June 30, 2015</b>	<b>21,096</b>	<b>831</b>	<b>1,765</b>	<b>23,692</b>

During the period, the Group recognizes in the results the service cost in the line of expenses for employee benefits and financial component; The value recognized in the six and three months ended June 30, 2015 and 2014 are as follows:

Detail	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Expense (income) cost on retroactive severance service	13	13	7	7
Expense (income) interest retroactive severance	27	28	14	14
Expense (income) pension interest	670	703	335	351
Other expense (income) bonus for senior age and disability pension	905	-00	905	-00
<b>Total</b>	<b>1,615</b>	<b>744</b>	<b>1,261</b>	<b>372</b>

The principal actuarial assumptions used in the valuation of the defined benefits plans are:

	6/30/15	12/31/14	1/1/14
Turnover rates between employees, disabilities and early retirements %			
Discount rate	6.90%	6.90%	7.10%
Annual salary increase rate	3.25%	3.25%	3.25%
Future increase rate in annual pension	3.25%	3.25%	3.25%
Annual inflation rate	3.25%	3.25%	3.25%
Mortality rate - man (years)	60-62	60-62	60-62
Mortality rate - woman (years)	55-57	55-57	55-57
Mortality rate - man (%)	0.001117% -0.034032%	0.001117% -0.034032%	0.001117% -0.034032%
Mortality rate - woman (%)	0.000627% -0.019177%	0.000627% -0.019177%	0.000627% -0.019177%

Turnover rates between employees, disabilities and early retirements %

A quantitative sensitivity analysis in respect to a significant key assumption would generate the following effect on the net obligation for defined benefits:

Service	Rate
0	29.98%
5	14.60%
10	8.59%
15	6.41%
20	4.92%
25	3.71%

The sensibility analysis was prepared with the Projected Unit of Credit (PUC) method which estimates the effect of the obligation for benefits defined as a result of changes reasonably possible in the key assumptions used at each presentation date. No changes in the methods and presumptions used upon preparing the sensitivity analysis of prior years.

The following payments are the contributions foreseen by the Group for the next years which were financed with own resources:

	Pensions to 31/12/2014	Retroactive severances to 31/12/2014	Bonus retirement age pension and disability at 30/06/2015
Discount rate +25	20,042	779	1,727
Discount rate -25	20,826	801	1,804
Discount rate +50	19,670	769	1,691
Discount rate -50	21,240	812	1,845
Annual salary increase rate +25	20,427	813	1,765
Annual salary increase rate -25	20,427	767	1,765
Annual salary increase rate +50	20,427	837	1,765
Annual salary increase rate -50	20,427	744	1,765

	Pensions		Retroactive severances		Bonus retirement age pension and disability
	12/31/14	1/1/14	12/31/14	1/1/14	6/30/15
2015	2,010	2,285	40	57	45
2016	1,997	2,279	60	13	90
2017	1,974	2,286	69	80	112
2018	1,951	2,263	101	74	153
2019	1,942	2,237	136	123	163
>2019	31,163	10,842	803	534	1,038
<b>Total contributions</b>	<b>41,037</b>	<b>22,192</b>	<b>1,209</b>	<b>881</b>	<b>1,601</b>

The average duration of the obligation for defined benefits plans at June 30, 2015 was 9.88 years (at December 31, 2014 was 7 years at January 01, 2014 it was 7.9 years).

## 18.2 Long term benefits

In the long term benefits' plans the seniority bonus is included which consists of granting to employees benefits associated with their service time.

This benefit is valued annually by means of the projected credit unit. Below are the principal assumptions included in the last valuation of the actuarial calculation as well as the reconciliation of the movements presented:

	Seniority premiums
<b>Balance at January 1, 2014</b>	<b>26,021</b>
Cost of current service	1,461
Interest income or expenses	1,730
Actuarial earnings (losses) from demographic assumptions	1,064
Actuarial earnings (losses) from financial assumptions	307
Contributions made to the plan by the Group	(3,605)
<b>Balance at December 31, 2014</b>	<b>26,978</b>
Cost of current service (*)	(12,438)
Interest income or expenses	909
Actuarial earnings (losses) from demographic assumptions	93
Contributions made to the plan by the Group	(1,260)
<b>Balance at June 30, 2015</b>	<b>14,282</b>

During the period, the Group recognizes in its results the service cost in the line of expenses for employee benefits and financial component; The value recognized in the six and three months ended June 30, 2015 and 2014 is as follows:

Detail	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Expense (income) cost for premium service seniority (*)	(12,438)	736	(12,790)	368
Expense (income) premium interest seniority	909	845	483	423
<b>Total</b>	<b>(11,529)</b>	<b>1,581</b>	<b>(12,307)</b>	<b>791</b>

(\*) During the first half of 2015 the Company agreed with some employees eliminating seniority premium benefit, giving a unique and special payment for one time only to those who expressed the intention to obtain such removal bonus.

The main actuarial assumptions used in the valuation of long-term benefits' plans are:

	6/30/15	12/31/14	1/1/14
Discount rate	6.80%-6.90%	6.80%-6.90%	7.10%
Annual salary increase rate	3.25%	3.25%	3.25%
Future increase rate in annual pension	0%	0%	0%
Annual inflation rate	3.25%	3.25%	3.25%
Mortality rate - man (years)	0.001117% -0.034032%	0.001117% -0.034032%	0.001117% -0.034032%
Mortality rate - woman (years)	0.000627% -0.019177%	0.000627% -0.019177%	0.000627% -0.019177%

Turnover between employees, disability and early retirements %

Service	Rate
0	29.98%
5	14.60%
10	8.59%
15	6.41%
20	4.92%
25	3.71%

A quantitative sensibility analysis in respect to a significant key assumption at June 30, 2014 would generate the following effect on the net obligation for defined benefits:

	Seniority premiums
Discount rate +25	14,086
Discount rate -25	14,483
Discount rate +50	13,894
Discount rate -50	14,690
Annual salary increase rate +25	14,490
Annual salary increase rate -25	14,078
Annual salary increase rate +50	14,704
Annual salary increase rate -50	13,879

The sensitivity analyses have been determined on the basis of a method that extrapolates the effect of the net obligation of defined benefits as a result of reasonably possible changes in the key assumptions used at each presentation date. No changes arose in the methods and presumptions used upon preparing the sensitivity analysis of prior years.

Below are the payments of contributions foreseen by the Group for the next years which are financed with own resources.

	Seniority premiums		
	6/30/15	12/31/14	1/1/14
2015	934	3,370	3,315
2016	1,735	3,767	3,016
2017	1,880	3,432	3,508
2018	1,779	3,145	3,193
2019	1,860	2,842	2,932
>2019	7,731	26,693	11,832
<b>Total contributions</b>	<b>15,919</b>	<b>43,249</b>	<b>27,796</b>

The average duration of the obligation for defined benefits' plans at June 30, was 3.5 (at December 31, 2014 is 5.2 - 5.8 years (at January 1, 2014 it was of 5.9 - 6.6 years).

## 19. Other provisions

The composition of the book balances is the following:

	6/30/15	12/31/14	1/1/14
Provision for litigation	37,881	35,060	24,357
Provision for taxes other than income taxes	12,953	10,412	10,166
Provision for restructuring	8,294	14,500	-00
Other provisions	4,833	4,037	145
<b>Total</b>	<b>63,961</b>	<b>64,009</b>	<b>34,668</b>
<b>Current portion</b>	<b>54,002</b>	<b>50,796</b>	<b>34,668</b>
<b>Non-current portion</b>	<b>9,959</b>	<b>13,213</b>	<b>-00</b>

The movements presented for each provision are detailed below:

The above provisions consist of:

### Provision for litigation

This provision is recognized to look after probable estimated losses from labor, civil and tax litigations against the Group and is calculated on the basis of the best estimation of the disbursement required at the presentation date to pay the obligation discounted at its present value when the effect is material.

### Provision for taxes other than income taxes

This provision relates to tax litigation concept of Industry and Trade tax and its complementary of signs and boards, property tax and others.

### Provision upon restructuring

This provision is mainly related by the restructuring concepts in process of stores and Distribution Centers; and is calculated on the basis o disbursements directly associated with the restructuring plan which was announced to the Group employees.

	Provision for litigation	Provision for taxes other than income taxes	Provision for restructuring	Other provisions	Total
<b>Balance at January 1, 2014</b>	<b>24,357</b>	<b>10,166</b>		<b>145</b>	<b>34,668</b>
Increases	16,031 0	286	14,500	4,037	34,854
Use	(5,328)	(40)	-00	(145)	(5,513)
<b>Balance at December 31, 2014</b>	<b>35,060</b>	<b>10,412</b>	<b>14,500</b>	<b>4,037</b>	<b>64,009</b>
Increases	7,556	3,311	-00	2,796	13,663
Use	(4,170) 0	(447) 0	(6,206)	(2,000)	(12,823)
Reversals (not used)	(2,150) 0	(323) 0	-00	-00	(2,473)
Increase adjustments arising from the passage of time, other provisions	1,585	-00	-00	-00	1,585
<b>Balance at June 30, 2015</b>	<b>37,881</b>	<b>12,953</b>	<b>8,294</b>	<b>4,833</b>	<b>63,961</b>

### Other provisions

Below are the payments estimated of the provisions which are in charge of the Grupo at the June 30th, 2015 cut-off:

	Provision for litigation	Provision for taxes other than income taxes	Provision for restructuring	Other provisions	Total
In the coming 12 months	27,922	12,953	8,294	4,833	54,002
From 2 to 5 years	9,959	-00	-00	-00	9,959
<b>Total estimated payments</b>	<b>37,881</b>	<b>12,953</b>	<b>8,294</b>	<b>4,833</b>	<b>63,961</b>

## 20. Trade accounts payable and other accounts payable

Suppliers and accounts payable do not earn interest and their average payment term usually ranges between 45 and 60 days which are considered within the normal negotiation terms. The detail of these obligations corresponds to:

	6/30/15	12/31/14	1/1/14
Local suppliers	1,509,006	1,916,905	1,528,604
Foreign suppliers	168,515	245,000	138,015
Costs and expenses payable	351,523	349,864	251,236
Dividends payable (a)	91,693	32,194	40,333
Short term benefits to employees	153,598	111,533	92,424
Other sundry creditors	37,884	3,719	3,441
<b>Total</b>	<b>2,312,219</b>	<b>2,659,215</b>	<b>2,054,053</b>
Current portion	2,312,219	2,658,642	2,053,565
Non-current portion	-00	573	488

(a) At the Annual Shareholders Meeting of the parent held on March 17th, 2015, a dividend of \$145.23 per share was declared, payable in four quarterly installments, payable between the sixth and tenth business day of the months of April, July, October 2015, and January 2016.

Dividends paid by June 30, 2015 correspond to \$124,354, equivalent to \$277.82 per share at June 30, 2014 corresponded to \$118.778, equivalent to \$265.36 per share.

During the year, the group has presented no delays in payments of its financial obligations.

## 21. Other financial liabilities

The composition of the book balances is the following:

	6/30/15	12/31/14	1/1/14
Bonds issued (1)	-00	152,441	152,108
Forward contracts (2)	723	5,644	-00
<b>Total</b>	<b>723</b>	<b>158,085</b>	<b>152,108</b>
Current portion	723	158,085	14,409
Non-current portion	-00	-00	137,699

(1) By means of Resolution N° 0335 of April 27, 2005, the Superintendence of Securities (today Financial Superintendence of Colombia), Carulla Viviero S.A. (company absorbed by Almacenes Éxito in 2010) was authorized to make an issue of bonds with the following characteristics:



Authorized amount:	\$150,000
Amount placed at May 31, 2005:	\$150,000
Nominal value:	\$10
Form of payment:	At maturity
Maturity date:	05.05.2015
Issue administrator:	Depósito Centralizado de Valores de Colombia S.A. - DECEVAL S.A
Interest	IPC + 7.5%

At the General Shareholders Meeting the holders of bonds of Carulla Viviero held on June 18, 2010 in the city of Bogotá, the change of issuer of these bonds was approved, becoming the name of Almacenes Éxito S.A. According to the due date; these bonuses were paid in full on May 5, 2015.

(2) Derivatives designated as hedging instruments reflect the variation in the fair value of the Forward contracts designated as hedges of fair value to cover the fluctuations in the exchange rate of investments and obligations. The fair values of these investments are determined by means of valuation models commonly used by market participants that use different variables of prices quoted which are observable for assets or liabilities, directly or indirectly. The Group measures in the statement of financial position the derivative financial instruments (“forward”) at their fair value, in each date of accounting close.

## 22. Other non-financial liabilities

The composition of book balances is the following:

	6/30/15	12/31/14	1/1/14
<b>Current</b>			
Proceeds received for third parties <sup>1)</sup>	49,983	36,883	42,320
Customer loyalty programs (2)	48,923	37,784	25,814
Withholding Payable (3)	16,461	33	111
Advances leases and other projects (4)	6,022	1,191	4,252
Income received in advance	3,012	1,743	723
Fees received book “Resévalo” plan	1,772	1,727	1,857
<b>Total other non-current financial liabilities</b>	<b>126,173</b>	<b>79,361</b>	<b>75,077</b>
<b>Non-current</b>			
Other liabilities (5)	62,999	51,588	53,688
<b>Total other non-current financial liabilities</b>	<b>62,999</b>	<b>51,588</b>	<b>53,688</b>
<b>Total other non-financial liabilities</b>	<b>189,172</b>	<b>130,949</b>	<b>128,765</b>

(1) At June 30th, 2015 includes the collections for third parties of headings such as: collections of Tarjeta Éxito \$30,147 (at December 31, 2014, \$15,478 and at January 1, 2014, \$19,903); non-

bank correspondents \$13,458 (At December 31, 2014, \$15,375 and at January 1, 2014, \$ 6,752) and others for \$22,837 (at December 31, 2014 \$6,064 and at January 1, 2014, \$15,665).

(2) The deferred liability corresponds to the loyalty program of clients denominated “Puntos Éxito” and “Supercliente CARULLA” and the programs “Hipermillas” of Supermercados Devoto and “Tarjeta Más” of Supermercados Disco de Uruguay S.A. which reflect the following balances and their respective effect on the P&L:

<i>Book value</i>	6/30/15	12/31/14	1/1/14
“Puntos Éxito” and “Puntos Carulla” point programs	32,364	31,039	19,399
“Hipermillas” and “Tarjeta Mas”	16,559	6,745	6,415
<b>Total</b>	<b>48,923</b>	<b>37,784</b>	<b>25,814</b>

<i>Effect of results</i>	Accumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
“Puntos Éxito” and “Puntos Carulla” point programs	1,325	9,246	412	9,067
“Hipermillas” and “Tarjeta Mas” (*)	9,354	33	(927)	82
<b>Total</b>	<b>10,679</b>	<b>9,279</b>	<b>(515)</b>	<b>9,149</b>

(3) At June 30, 2015 the balance of \$16,641 corresponds to ICA withholdings, IVA withholding tax and payment withholdings for payments to “Administración de Impuestos y Aduanas Nacionales” (DIAN).

(4) At June 30 it includes advanced leases by \$4,091 (December 31, 2014 \$964 and January 1, 2014 \$3,423) and other advances to June 30, 2015 \$1,931 (December 31, 2014 \$227 and 1 January 2014 \$4,084).

(5) At June 30, 2015 includes:

- The outstanding balance carryforwards for \$49,375, related to the three business cooperation contracts signed in 2008 with EASY Colombia, which corporate purpose is the delivery by the parent Almacenes Éxito S.A. of the tenance of premises in Éxito Occidente, Éxito Norte and Éxito Américas in Bogotá and permits to EASY Colombia for the economic installation and exploitation. (Accumulated balance of the construction at December 31st, 2014 was \$50,425 and on January 1, 2014 of \$52,525).
- The promise of sale signed in 2010 on the building of a Locatel facility in Éxito Colombia in Medellin for \$1,163.
- Advance payment of \$12,461 received from the future sale of a premise of Grupo Disco de Uruguay S.A. which will be formalized once the buyer party obtains the permits to install a new chain store.

## 23. Equity

Authorized capital of the parent is represented by 530,000,000 common shares at a par value of 447,604,316 (\*) each, subscribed and paid-in capital amounts to COP\$4,482 million for the periods

reported. The number of outstanding shares amounts to 447,604,316 and the number of own reacquired shares amounts to 635,835 shares, COP\$2,735 million at each presentation date.

The rights granted on the shares correspond to the voice and vote per each share. No privileges have been granted on the shares, nor are there restrictions thereon. Additionally, there are no options contracts on the Group shares.

Additional paid-in capital represents the highest value paid on the nominal value of the shares which amounts to COP\$ 4,843,466 for the periods presented. In accordance with legal provisions, this balance may be distributed as profit when the entity is liquidated or its value is capitalized. Capitalization is understood when a portion of this additional paid-in capital is transferred to a capital account, as a result of the issue of a dividend in shares.

(\*) Expressed in Colombian pesos.

## 24. Fair value measurement

The following is a comparison of the book values and fair values of financial assets and financial liabilities of the Group. Financial assets and financial liabilities whose book values are an approximation of their fair value considering their maturities are short term (less than or equal to one year) among them are excluded: trade accounts receivable and other receivables, trade payables and other creditors and short-term financial obligations:

	Book value	Fair value
	6/30/15	6/30/15
<b><i>Financial assets</i></b>		
Loans at amortized cost	18,481	16,035
Forward contracts	6,382	6,382
Equity investments	10,441	10,441
<b>Total</b>	<b>35,304</b>	<b>32,858</b>
<b><i>Financial liabilities</i></b>		
Financial obligations	245,593	245,593
Financial leases	19,221	20,688
Forwards	723	723
<b>Total</b>	<b>265,537</b>	<b>267,004</b>

The fair value reported for financial assets and financial liabilities presented in the table above represents the value at which the instrument could be exchanged in an orderly transaction between market participants at the measurement date. To estimate the fair values, the following methods and assumptions were used:

<i>Financial assets</i>	Hierarchy level	Valuation technique	Description of the valuation technique
Loans at amortized cost	Level 2	Method of discounted cash flows	It is discounted to present value of future cash flows with the market rate for loans under similar conditions at the measurement date in line with the maturity dates.
Forwards	Level 2	Forward Peso-US Dollar	The difference between the rate 'forward' rate agreed and 'forward' on the valuation date corresponding to the remaining term of the derivative and are discounted to their present value using a zero interest rate coupon is established. To determine the "forward" rate the average closing prices of purchase ('bid') and sale ('ask') is used.
Equity investments	Level 1	Quoted prices	It is based on quote prices close to the measurement date.
<hr/>			
<i>Financial liabilities</i>	Hierarchy level	Valuation technique	Description of the valuation technique
PUT option	Level 3	Established formula	It is measured at fair value by a predetermined formula under contract with non-controlling interests of Disco Group, using input data level 3.
Finance leases	Level 2	Method of discounted cash flows	It is discounted to present value of future cash flows with the market rate for loans under similar conditions at the measurement date in line with the maturity dates.
Forwards	Level 2	Forward Peso-US Dollar	The difference between the rate 'forward' rate agreed and 'forward' on the valuation date corresponding to the remaining term of the derivative and are discounted to their present value using a zero interest rate coupon is established. To determine the "forward" rate the average closing prices of purchase ('bid') and sale ('ask') is used.

No hierarchy transfers between levels 1 and 2 for the periods over which reportedly occurred.

## 25. Operation segments

“For organizational and management purposes, Grupo Éxito is focused on five operating segments fragmented into two geographical segments: Colombia (Éxito, Carulla, Descuento & BTB) and international (“Uruguay”. For each one of these segments there is financial information that is used regularly by the executive body for decision making regarding their operations, assignment of economic resources and strategic focus.

On its part, the total Assets and Liabilities by segments are not specifically reported internally for administrative purposes and therefore are not disclosed by the Group under the framework of IFTS 8”.

The reportable segments include the development of the following activities:

- Éxito: The principal products and services for this segment come specifically from the commercialization of the retail products activity, with stores under the Éxito brand.
- Carulla: The principal products and services for this segment come specifically from the commercialization of the retail products activity, with stores under the Carulla Brand
- Uruguay: The principal products and services for this segment come specifically from the commercialization of the retail products activity, with stores under the Disco, Devoto and Géant brand.
- BTB: The principal products and services for this segment come specifically from the commercialization of the retail products in the BTB format and with stores under the Surti-mayorista brand.

The Group has not aggregated segments of operation to conform the reportable segments

The accounting policies of the segments on which it is reported are the same Group accounting policies described in note 2

The Group discloses the information by segments as established in the framework of IFRS 8 “Operating Segments”, which are defined as a component of an entity on which we have separate financial information that is evaluated regularly by to management.

Sales per each one of the segments for the periods presented are:

Sales	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Éxito	3,326,998	3,393,199	1,623,341	1,760,447
Carulla	709,857	697,951	362,853	354,791
Discount	755,201	328,128	385,506	168,034
Uruguay	966,122	317,506	439,411	143,924
BTB	117,153	58,714	63,752	33,554
<b>Total sales</b>	<b>5,875,331</b>	<b>4,795,498</b>	<b>2,874,863</b>	<b>2,460,750</b>

Sales and the Recurring Operating Result (- ROI- Recurring Operating Income) by geographic area correspond to:

Accumulated	Colombia		Uruguay	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From January 1 to June 30, 2015	From January 1 to June 30, 2014
Sales	4,909,209	4,477,992	966,122	317,506
ROI	207,364	221,035	67,193	16,144

Quarter	Colombia		Uruguay	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Sales	2,435,452	2,316,826	439,411	143,924
ROI	126,686	118,137	28,252	6,170

## 26. Earnings per share

Earnings per share are divided into basic and diluted; the basic ones have as purpose providing a measurement of the of the participation of each common share of the controlling entity in the yield that the Group has had in the periods presented. The purpose of diluted ones is giving a measurement of the participation of each common share in the performance of the Group considering the dilutive effects (reduction of earnings or increase in losses) of the outstanding potential common shares during the period.

The Group has not entered into transactions for the periods presented with potential common shares nor even after the close date and the issue date of the financial statements presented. Below is the information on earnings and the quantity of shares used in the calculations of earnings per basic and diluted share:

	Acumulated		Quarter	
	From January 1 to June 30, 2015	From January 1 to June 30, 2014	From April 1 to June 30, 2015	From April 1 to June 30, 2014
Net income from continuing operations	229,701	192,004	159,739	93,240
Net income attributable to holders of ordinary equity of the parent (basic and diluted)	229,701	192,004	159,739	93,240
Weighted average number of common shares attributable to the basic earnings per share (basic and diluted)	447,604,316	447,604,316	447,604,316	447,604,316
Basic and diluted earnings per share*	513.18	428.96	356.88	208.31

(\*) Expressed in Colombian pesos.

## 27. Contingent assets and liabilities

The principal contingent assets of the Group at June 30th correspond to the following processes with their respective estimated values: liquidation process of the appraisal of real estate of COP \$1,163 million, tax processes for 2005 ICA in Huila for COP\$1,010 and Annulment of resolutions which declared the penalty for non-applicable compensation for 2008 income tax in CVSA for CP \$1,088 million.

Grupo Éxito has no significant contingent liabilities at June 31st

## 28. Conversion Base

Assets and liabilities as well as income and expenses in foreign currency have been converted into Colombian pesos at the exchange rates observed at each balance sheet date and averages as follows:

Currency	Close Rates			Average Rates		
	6/30/15	12/31/14	1/1/14	6/30/15	12/31/14	6/30/14
Uruguayan Peso	27.0170	24.3690	21.4240	26.8550	24.1180	22.9500

## 29. Events occurred after the period reported

On July 1st, 2015, Éxito and Almacenes Éxito Investments S.A.S. (a company 100% owned by Éxito), signed a share purchase agreement with Bancolombia S.A., the Fundación Bancolombia and the Fund for Employees of Grupo Bancolombia - FEBANC, whereby Success Investments S.A.S. and Almacenes Éxito acquires 50% of the outstanding shares of Compañía de Financiamiento Tuya S.A. ("Tuya").

The contract is subject to certain conditions precedent, including obtaining the permits required by the Financial Superintendence of Colombia.

Whereas the basic terms of the alliance remain, upon completion of the conditions precedent for the improvement of the transaction significant financial effects in Éxito are not expected to occur.

## 30. Significant events during the reporting period

The city of Valledupar suffered extensive damage following the heavy rains brought on the evening of June 23. Our POS Éxito Las Flores was also affected by this incident and an important part of the roof structure was lifted. Fortunately no serious situations nor with customers who were at that time at the point of sale, nor to employees who were working; all people were evacuated.

The managers of the Company and specialized technical staff visited Éxito Las Flores to verify the conditions of the store and even though are waiting for the technical concept by the Fire

Department and experts assessing the consequences of incident, the Company has decided, as an act of responsibility to its employees, customers and dealers, to temporarily close the store. Once the technical concepts are known and the type of intervention required at the point of sale, as well as a possible date for reopening the store will be defined, always trying to offer the best service to customers, with the essential safety requirements.

At June 30, 2015, the Company recognized in its financial statements COP\$1,450 corresponding to the value of the insurance deductible while information was available to establish the financial impact of the loss. At this time the Company's management still in the process of reviewing the financial impact, considering that to date technically hasn't been defined the best choice for the replacement of the building based on its partial damages. At the time of the incident own inventories amounted to approximately COP\$8,200, with a loss between 60% and 70%, which is expected to be recognized by the insurer estimates.

### 31. First time adoption

The Group prepared and presented its consolidated financial statements until December 31, 2014 complying with Decree 2649 of 1993 and in addition standards applicable to the Group issued by the Financial Superintendence.

In accordance with legal provisions, the Group prepared the opening statement of financial position at January 1, 2014 and its transition period is 2014. The consolidated financial statements at December 31, 2015 will be the first consolidated financial statements prepared in accordance with Financial Information Standards (NIF), adopted in Colombia per Law 1314 of 2009 and its applicable regulatory decrees corresponding to Decree 2784 of 2012, which is amended by Decree 3023 of 2013 and Decree 2615 of 2014, including the International Standard of Financial Information NIC 34 - Información Financiera Intermedia, which was approved for Colombia, per Decree 2784 of 2012 and its amendments. Decree 2784 of 2012 and Decree 3023 of 2013, regulates the preparation of financial statements based on the Standards Normas (NIIF/NIC), Interpretations (CINIIF and SIC) and the Conceptual Framework issued until December 31, 2012, published by the IASB in 2013.

The first time adoption of the IFRS requires that the Company applies the current standards and interpretations in a retroactive form. The foregoing involves returning at the time of initial recognition of an item of assets, liabilities and equity and adjust them to the requirements of the IFRS as of that time to the opening statement of financial position. The standard prohibits the retroactive application of some standards and establishes exemptions of voluntary character to that retroactivity principle.

Exemptions selected and exceptions applied by Grupo Éxito on the transition date to IFRS, correspond to:

#### **Property, plant and equipment, and Investment Properties**

- The cost attributed to real estate will be its fair value, which corresponds to the technical appraisal under IFRS on the transition date.
- The cost attributed for movable assets will be its revalued amount which corresponds to the last technical appraisal made per the Accounting Principles Generally Accepted in Colombia (COLGAAP).



**Intangible assets**

- Fair value for the brands
- Restatement of the cost of intangible assets to eliminate non capitalizable disbursements in accordance with IFRS.

**Capitalization of costs of loans in apt assets**

- Prospective application of IAS 23, which involves capitalizing costs for loans in apt assets as of the transition date to IFRS.

**Business combinations in associates and joint business, investments in associates and joint business in the consolidated financial statements and non controlling participations**

- No restatement of business combinations and acquisitions made, at the transition date to IFRS, in the consolidated and individual financial statements for the goodwill arising from mergers.
- For subsidiaries, associates and joint business which adopted the IFRS before Almacenes Éxito, the measurement of their assets and liabilities in the consolidated financial statements of Grupo Éxito, will be for the amounts in books which appear in the financial statements of subsidiaries, associates, and joint business, after making the corresponding adjustments upon consolidating and applying the equity method.

**Conversion differences accumulated in the consolidated financial statements**

- No restatement of accumulated conversion differences of a business abroad. The foregoing involves that accumulated conversion differences of business abroad will be considered null at the transition date to IFRS.

**Designation of financial instruments previously recognized**

- The classification of financial instruments previously recognized under COLGAAP, will be at the transition date to IFRS.

**Measurement at fair value of financial assets or liabilities in the initial recognition**

- Apply the requirements of IFRS 9 in a prospective form to transactions entered as of the transition date to IFRS.

**Write-off in asset accounts and financial liabilities**

- Apply the requirements of the IFRS 9 in a prospective form for the write-offs of assets accounts and financial liabilities made as of the transition date to IFRS.

**Implicit derivatives**

- The evaluation of separating an implicit derivative from the principal contract, on the existing conditions in the last of the following dates:
  - The date when the Group becomes one of the parties of the contract.
  - The date amendments to the contract were made which significantly change the contract flows.

**Accounting of Hedges**

- Do not reflect in the opening statement of financial position, the relations of hedges which do not meet the conditions of the accounting of hedges per IAS 39 Financial instruments and measurement

- Apply the hedge accounting for derivatives that designated as hedge instrument under the local GAAP and at the date of the opening statement of financial position it meets all the hedge accounting requirements.

### **Implicit leases**

- Do not evaluate again if a current agreement on the transition date to IFRS contains an implicit lease if previously under local GAAP the Group has already made this evaluation
- Evaluate if a current agreement on the transition date to IFRS, which previously was not evaluated under local GAAP if a current agreement on the date of transition to IFRS, that was not previously evaluated under local GAAP, contains an implicit lease on the conditions at the date of the opening balance sheet.

Included below are the significant adjustments made in the transition to consolidated financial statements prepared under GAAP before the IFRS:

Equity reconciliation

		1/1/14	12/31/14
<b>Equity value GAAP</b>	<b>Note</b>	<b>7,860,630</b>	<b>8,159,057</b>
<b>Change in assets</b>			
Other increases (decreases) in debtors	A	(500)	(495)
Adjustment at amortized cost of other financial assets	B	(630)	(16,323)
Adjustment at fair value of financial assets	C	(127)	(4,502)
Other increases (decreases) in current assets	D	(64,924)	(75,698)
Adjustments from changes in application or elimination of the equity method in investments	E	39,668	(38,864)
Adjustment from measurement of cost attributed in property, plant and equipment	F	758,417	752,156
Adjustment for depreciation of property, plant and equipment	F		150,940
Elimination of valuations in property, plant and equipment	F	(1,311,642)	(1,347,320)
Elimination of deferred charges	G	5,850	7,009
Adjustment of intangibles	H	146,640	186,303
Adjustment of financial leases	I	207	2,316
Other assets	J		80,916
<b>Total increase (decrease) of assets</b>		<b>(427,041)</b>	<b>(303,562)</b>
<b>Change in liabilities</b>			
Adjustment amortized cost in financial liabilities	K	(127)	159
Recognition or adjustment in provisions	L	16,520	15,561
Adjustment of pension liability	M	4,894	4,894
Adjustment of liability upon other long term benefits to employees	M	26,081	27,130
Recording of deferred tax asset	N	13,977	84,670
Adjustment of customer's loyalty programs	O		11,652
Adjustment of Equity Tax	P	(1,715)	(1,715)
Other liabilities	Q	(992)	(619)
<b>Total increase (decrease) of liabilities</b>		<b>58,638</b>	<b>141,732</b>
Adjustment of minority interest	R	228,789	267,625
<b>Total increase (decrease) in equity</b>		<b>228,789</b>	<b>267,625</b>
<b>Total IFRS adjustments</b>		<b>(256,890)</b>	<b>(177,669)</b>
<b>Value IFRS equity</b>		<b>7,603,740</b>	<b>7,981,388</b>

## Reconciliation of the total comprehensive statement of income

		6/30/14
<b>Value of local GAAP profit</b>	<b>Nota</b>	<b>180,329</b>
<b>Change in assets</b>		
Adjustment to amortized cost of other financial assets	B	(8,368)
Other increases (decreases) in current assets	D	(2,399)
Adjustment from measurement of cost attributed in property, plant and equipment	F	428
Adjustmentes for depreciation of property, plant and equipment	F	79,731
Elimination of deferred charges	G	1,097
Adjustment of financial leases	I	725
Other assets	J	11,272
<b>Total increase (decrease) of assets</b>		<b>82,486</b>
<b>Change in liabilities</b>		
Adjustment amortized cost in financial liabilities	K	1,598
Recognition or adjustment in provisions	L	(7,034)
Adjustment of liability upon other long term benefits to employees	M	2,260
Recording of deferred tax asset	N	54,219
Adjustment of customer's loyalty programs	O	5,557
Other liabilities	Q	9,369
<b>Total increase (decrease) of liabilities</b>		<b>65,969</b>
Adjustment of minority interest	R	(4,842)
<b>Total increase (decrease) in equity</b>		<b>(4,842)</b>
<b>Total IFRS adjustments</b>		<b>11,675</b>
<b>IFRS Profit</b>		<b>192,004</b>

Notes to the equity reconciliation at January 1, 2014 and December 31, 2014 and to the comprehensive statements of income for the period ended June 30, 2014 from the local GAAP to IFRS.

**Nota A: Deudores****Note A: Debtors**

In accordance with IFRS, in the financial statements assets which do not generate future economic benefits are not recognized; in this regard, the Group made an analysis of recoverability of advances and wrote off in accounts those which do not meet recognition criterions under IFRS.

**Note B: Amortized cost financial assets**

Certain investments and accounts receivable were classified at amortized cost in accordance with the conditions existing on the date of the opening balance per the exemption of IFRS 1 elected by the Group given that Management within its business model has the intention and capacity of collecting the instrument contractual cash flows.

In accordance with the foregoing, and considering that for the measurement of these financial instruments, IFRS 1 does not establish an exemption of a voluntary carácter to facilitate the transition to IFRS; the Group carried out the measurement of the financial assets at amortized cost, using the method of the effective interest rate retroactively, including loans made at lower rates than the market rates.

### **Note C: Fair value of financial assets**

The adjustment recognized in equity includes:

- The application of the requirements of IAS 39 on the hedge accounting to derivative designated as hedge instruments under local GAAP and that at the date of the opening balance meets the hedge accounting requirements. These hedge instruments were recognized at their fair value which is determined by means of a valuation technique commonly used by market participants.
- The measurement of investments at fair value with changes in the other comprehensive result where the Group used the exemption of designing these financial instruments on the transition date to IFRS on the basis of the facts and circumstance that exist on the transition to IFRS. The fair values of these investments were determined by reference to quotation prices published in active markets when the instrument is settled in this market; in the other cases, the fair value was determined as the book value under local GAAP considering that the effect is not material and that making a measurement by means of a technical valuation commonly used by market participants could generate higher costs than benefits.

### **Note D: Other adjustments in current assets**

Under NIF, the cost of inventories comprises all costs derived from their acquisition and transformation, as well as other costs incurred to give them their current condition and location, net of commercial discounts, rebates, and other similar items. Under local GAAP, financial discounts and other discounts related with the purchase of inventories, are recognized as revenues in the Group results. As a result of applying the IFRS criteria in the opening balance, the discounts granted by suppliers on the acquisition of inventories were included in the cost of inventory.

### **Note E: Equity method in associates and joint businesses**

The Group owns certain joint business in its consolidated financial statement which at the date of the opening balance of the Group had adopted the IFRS on a previous date. In accordance with the exemption of IFRS 1, net assets of these joint businesses in the consolidated financial statements were recognized by the same book values appearing in the financial statements of the joint business under IFRS. After making the respective adjustments of applying the equity method in accordance with the guidelines of NIC 28 and the guidelines issued by the Financial Superintendence. The impact of applying this procedure was recognized in retained earnings.

### **Nota F: Property, plant and equipment**

On the date of the opening statement of financial position the Group has opted for measuring the elements of property, plant and equipment and investment properties under the following options per IFRS 1:

- The cost attributed to real estate was determined based on its fair value at the transition date in accordance with IFRS 13 "Measurement of fair value", which was estimated by an independent firm which used the valuation technique of discounted cash flows.
- The cost attributed for movable assets was determined based on the revalued GAAP which corresponds to the last technical appraisal made in accordance with Accounting Principles Generally Accepted in Colombia (COLGAAP) at the date of transition or on a previous date and recalculate depreciation from the appraisal date through the opening balance date with the remaining technical useful life determined on the appraisal date.
- The cost attributed for those real estate which had not been subject to appraisal at their fair value and for other movable assets not included in the previous numeral, was determined based on the restated cost which was established as the book value under local GAAP.

### **Note G: Deferred**

Under local GAAP, goods or services received are recognized as deferred charges, of which economic benefits are expected in other future periods and are amortized during the time that it is considered will be used or receive the benefit. According to the criteria of recognition of IAS 38 for intangible assets, the Group wrote off in disbursement accounts deferred charges for publicity purposes and certain concepts capitalized in leasehold improvements, which do not meet the definition of asset under IFRS.

### **Note H: Goodwill and other intangible assets**

Under local GAAP, the goodwill recognized in subsidiaries of Uruguay was amortized as part of the homologation processes of accounting policies. In accordance with the options of IFRS 1, the balances of the assets and liabilities in the consolidated financial statements of the subsidiaries that have adopted the IFRS before its parent, may be recognized for the same book values reflected in the subsidiary financial statements after making the consolidation adjustments; the above involved making a reversal of the amortization of goodwill of the Uruguay companies, which are not amortized by the subsidiary since its IFRS adoption and inclusion of the adjustments for inflation of those goodwills by the subsidiary in its balance sheet of first time adoption on January 1, 2012.

The registered brand corresponding to Surtimax was received upon the merger with Carulla Vivero S.A. The Group determined its cost attributed in the opening balance upon the option of the fair value by means of the revenue approach, specifically the royalties method.

The other intangible assets other than goodwill and brands, in accordance with the options of IFRS 1. The cost attributed was determined on the restatement option, which consists of determining the attributed cost of acquisition, recalculate the amortization as of the purchase date until the opening balance with the technical useful life for the intangible assets with finite useful life and measures the impairment of the assets value.

In accordance with the above procedure, intangible assets which do not meet the criteria of recognition were written off and a value impairment loss was recognized in the Surtimax brand.

### **Note I: Leases**

Under local GAAP, certain lease contracts where the Group is the lessee, were classified as operating leasing.. Under IFRS, the Group analyzed the transfer of risks and benefits of these

contracts on the initiation date of the obligation, considering that IFRS 1 does not establish an exemption of a voluntary character in the classification and measurement of NIC 17 Leases. As a result thereof, the lease contracts were classified as financial in the opening balance, recognizing the corresponding asset and liability associated in the opening statement of financial position.

### **Note J: Other assets**

This heading corresponds to the effect of the conversion to the presentation currency of the Group, the assets and liabilities of the participations abroad which reflect differences in their book values between local GAAP and IFRS.

### **Note K: Amortized cost financial liabilities**

In accordance with the measurement requirements established in IFRS 9, the Group made the valuation of financial liabilities at amortized cost by means of the effective interest rate method adding or deducting any bonus or discount during the residual life of the instrument as of the obligation initiation date, i.e., that the measurement is made retroactively given that there is no voluntary exception in IFRS 1 on the measurement of these financial instrument.

### **Note L: Provisions**

The Group recognized the existing obligations at the opening balance date where an inflow of resources is probable for its cancellation. The amount recorded corresponds to a better estimation of the disbursement required for its liquidation. In addition, the write off in provision accounts which did not comply the recognition criteria of NIC 37 Provisions, contingent assets and liabilities.

### **Note M: Pension liability and other long term benefits**

The Group calculated the pension liability and of other long term benefits by means of an actuarial calculation in accordance with the projected credit unit method established in NIC 19. The effects of this measurement were recognized in retained earnings.

### **Note N: Deferred tax**

Under local GAAP, the deferred tax is determined based on the temporary differences of accounting and tax results Under IFRS, the deferred tax is determined based on the temporary differences of the asset and liability balances of the statement of financial position and the tax balances and including assets for deferred taxes deriving from tax losses, tax credits and excess of presumptive income when recovery is probable in the future.

### **Note O: Loyalty program**

This corresponds to the measurement of the liability from clients' loyalty at its fair value.

### **Note P: Equity tax**

At January 1 2014, the Group reflects an obligation of the equity tax. This tax is generated by the possession of wealth at January 1, 2011, which amount is equal or higher than one thousand million pesos (1,000,000,000). For purposes of this tax, the concept of wealth is total net equity of the entity obliged at January 1, 2011.-In accordance with tax regulations, this tax must be paid in 8 equal installments during 4 years (two installments per year), based on the terms established by the National Government. In accordance with Colombian regulations the equity tax may be recognized as a debit in the Equity Revaluation account (accumulated inflation adjustments of equity).

Considering that there is no specific IFRS that defines how to measure a long term tax liability which does not meet the definition of a financial instrument, the Group applied criteria defined in NIC 8 Changes in Accounting Policies, Estimations and Errors, and made the measurement of this long term liability at its discounted value and recognized the valuation effect in retained earnings.

### **Note Q: Other liabilities**

Under local GAA, the Group recognizes the inflation adjustments made to the constructions in progress and to non-monetary deferred charges which were in preoperative stage until December 31., 2006 as a credit deferred monetary correction and its amortization is made as of the date revenues are received and during the term established by the respective deferred charge.

Likewise, the inflation adjustments of the proportional part of equity is recognized, converging the assets which generated a credit in the credit deferred monetary correction as the deferred monetary correction debit and its amortization is made as of the date revenues are perceived and during the term established for the respective deferred.

Considering that under IFRS the inflation adjustments are not applicable in the Group, given that none of the companies is located in a hyper-inflationary economy in accordance with the guidelines of NIC 29, these balances were recognized in retained earnings.

### **Note R: Minority interest**

At the date of the opening balance the Group made a control analysis, joint control and significant influence in accordance with the IFRS requirements on Autonomous Equities which under local regulations are classified as investments. As a result thereof, the Group classified these investments as subsidiaries and assets and liabilities are incorporated by means of the global consolidation as recognition of the non-controlling participations.

### **Note Q: Equity revaluation**

Under local GAAP, the Group recognized in equity the inflation adjustments of balances of equity accounts originated until December 31, 2006, excluding valuation goodwill. Per the regulations this balance may be distributed as profit when the entity is liquidated or its value is capitalized. Upon the issue of Law 1111 of December 27, 2006, the National Government eliminated the integral inflation adjustments for tax purposes. They were eliminated in the account by means of Decree 1536 of May 7, 2007 as of January 1, 2007.

Considering that under IFRS inflation adjustments are not applicable, given that none of the companies is located in a hyper-inflationary economy in accordance with the guidelines of NIC 29 these balances were transferred to retained earnings.