Almacenes Éxito S.A.

Separate financial statements

At December 31, 2018 and at December 31, 2017

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Almacenes Éxito S.A.
Certification by the Company's Legal Representative and Head Accountant

Envigado, February 28, 2019

To the Shareholders of
Almacenes Éxito S.A.

We, the undersigned Legal Representative and Head Accountant of Almacenes Éxito S.A., each of us duly empowered and under whose responsibility the attached financial statements have been prepared, do hereby certify that the separate financial statements of the Company at December 31, 2018 and at December 31, 2017 have been fairly taken from the books of accounts, and that the following assertions therein contained have been verified prior to making them available to you and to third parties:

1. All assets and liabilities included in the Company's separate financial statements do exist and all transactions included in such separate financial statements have been carried out during the years ended on such dates.

2. All economic events achieved by the Company during the years ended December 31, 2018 and December 3, 2017, have been recognized in the financial statements.

3. Assets represent likely future economic benefits (rights) and liabilities represent likely future economic sacrifice (obligations) obtained by or in charge of the Company at December 31, 2018 and December 31, 2017.

4. All items have been recognized at proper values.

5. All economic events having an impact on the Company have been properly classified, described and disclosed in the separate financial statements.

We do certify the above assertions pursuant to section 37 of Law 222 of 1995.

Further, the undersigned Legal Representative of Almacenes Éxito S.A., does hereby certify that the separate financial statements and the operations of the Company at December 31, 2018 and December 31, 2017, are free from fault, inaccuracy or misstatement that prevent users from having a true view of its financial position.

I do certify the above assertion pursuant to section 46 of Law 964 of 2005.

Carlos Mario Giraldo Moreno
Legal Representative

Jorge Nelson Ortiz Chica
Head Accountant
Professional Card 67018-T

Almacenes Éxito S.A.
Separate statements of financial position
At December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	Notes	December 31, 2018	December 31, 2017 (1)
Current assets			
Cash and cash equivalents	6	1,885,868	1,619,695
Trade receivables and other accounts receivable	7	218,109	189,750
Prepaid expenses	8	18,539	22,837
Accounts receivable from related parties	9	108,951	114,969
Inventories, net	10	1,398,724	1,111,981
Tax assets	22	168,907	173,580
Other non-financial assets	9	-	30,000
Other financial assets	11	89,022	10,462
Non-current assets held for trading	43	26,608	-
Total current assets		**3,914,728**	**3,273,274**
Non-current assets			
Property, plant and equipment, net	12	2,055,879	2,382,495
Investment property, net	13	97,680	339,704
Goodwill	14	1,453,077	1,453,077
Intangible assets other than goodwill, net	15	144,245	156,209
Investments accounted for using the equity method, net	16	7,851,746	8,287,426
Trade receivables and other accounts receivable	7	23,177	15,203
Prepaid expenses	8	10,231	5,432
Accounts receivable from related parties	9	3,807	7,587
Deferred tax assets, net	22	41,652	-
Other financial assets	11	66,729	41,897
Other non-financial assets		398	398
Total non-current assets		**11,748,621**	**12,689,428**
Total assets		**15,663,349**	**15,962,702**
Current liabilities			
Financial liabilities	18	1,042,781	799,920
Employee benefits	19	3,648	3,457
Other provisions	20	12,292	8,349
Trade payables and other accounts payable	21	3,567,527	3,301,661
Accounts payable to related parties	9	120,972	116,490
Tax liabilities	22	50,458	41,816
Other financial liabilities	23	111,269	128,239
Other non-financial liabilities	24	197,708	258,078
Total current liabilities		**5,106,655**	**4,658,010**
Non-current liabilities			
Financial liabilities	18	2,838,433	3,292,824
Employee benefits	19	27,560	28,430
Other provisions	20	38,783	28,908
Deferred tax liabilities	22	-	68,841
Other financial liabilities	23	1,451	13,915
Other non-financial liabilities	24	727	32,206
Total non-current liabilities		**2,906,954**	**3,465,124**
Total liabilities		**8,013,609**	**8,123,134**
Shareholders' equity, see accompanying statement		**7,649,740**	**7,839,568**
Total liabilities and shareholders' equity		**15,663,349**	**15,962,702**

(1) For comparison to 2018, certain minor reclassifications have been introduced to intangible assets other than goodwill, other financial assets and other provisions in these financial statements.

The accompanying notes are an integral part of the separate financial statements.

Carlos Mario Giraldo Moreno
Legal Representative
(See accompanying certificate)

Jorge Nelson Ortiz Chica
Head Accountant
Professional Card 67018-T
(See accompanying certificate)

Ángela Jaimes Delgado
Statutory Auditor
Professional Card 62183-T
Appointed by Ernst and Young Audit S.A.S. TR-530
(See accompanying report dated February 28, 2019)

Almacenes Éxito S.A.
Separate statements of income
For the years ended December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	Notes	December 31, 2018	December 31, 2017 (1)
Continuing operations			
Revenue from ordinary activities under contracts with customers	27	11,021,135	10,904,958
Cost of sales	10	(8,423,947)	(8,336,713)
Gross profit		**2,597,188**	**2,568,245**
Distribution expenses	28	(1,392,148)	(1,369,693)
Administration and sales expenses	28	(174,140)	(152,420)
Employee benefit expenses	29	(783,170)	(786,619)
Other operating revenue	30	26,602	16,720
Other operating expenses	30	(49,862)	(48,836)
Other gains, net	30	(23,549)	(668)
Profit from operating activities		**200,921**	**226,729**
Financial revenue	31	268,480	228,502
Financial expenses	31	(628,288)	(644,152)
Share of profits in subsidiaries, associates and joint ventures that are accounted for using the equity method.	32	396,749	329,244
Profit from continuing operations before income tax		**237,862**	**140,323**
Tax revenue	22	41,541	77,390
Net period profit from continuing operations		**279,403**	**217,713**
Earnings per share (*)			
Earnings per basic share (*)			
Earnings per basic share from continuing operations	33	624.22	486.40
Earnings per diluted share (*)			
Earnings per diluted share from continuing operations	33	624.22	486.40

(1) For comparison to 2018, certain minor reclassifications were introduced to operating expenses and other net gains in these financial statements.

(*) Amounts expressed in Colombian pesos.

The accompanying notes are an integral part of the separate financial statements.

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Almacenes Éxito S.A.
Separate statements of comprehensive income
For the years ended December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	Notes	December 31, 2018	December 31, 2017
Net period profit		**279,403**	**217,713**
Other comprehensive income for the period			
Components of other comprehensive income that will not be reclassified to period results, net of taxes			
(Loss) from new measurements of defined benefit plans	26	(351)	(1,570)
(Loss) from investments in equity instruments		(4,224)	-
Total other comprehensive income that will not be reclassified to period results, net of taxes		**(4,575)**	**(1,570)**
Components of other comprehensive income that will be reclassified to period results, net of taxes			
(Loss) from translation exchange differences	26	(633,751)	(169,428)
Gain (loss) from the hedging of cash flows	26	9,052	(13,076)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified to period results	26	(29,724)	(3,923)
Total other comprehensive income that will be reclassified to period results, net of taxes		**(654,423)**	**(186,427)**
Total other comprehensive income		**(658,998)**	**(187,997)**
Total comprehensive income		**(379,595)**	**29,716**
Earnings per share (*)			
Earnings per basic share (*)			
(Loss) earnings per basic share from continuing operations	33	(848.06)	66.39
Earnings per diluted share (*):			
(Loss) earnings per diluted share from continuing operations	33	(848.06)	66.39

(*) Amounts expressed in Colombian pesos.

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Almacenes Éxito S.A.
Separate statements of cash flows
For the years ended December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	December 31, 2018	December 31, 2017
Cash flows provided by operating activities		
Net period profit	**279,403**	**217,713**
Period profit reconciliation adjustments		
Current income tax	55,933	47,581
Deferred income tax	(97,474)	(124,971)
Financial costs	542,552	581,673
Impairment of receivables	14,518	8,461
Reversal of receivable impairment	(11,815)	(3,753)
Reversal of inventory impairment	(3,218)	(11,804)
Impairment	3,307	1,481
Employee benefit provisions	2,426	2,438
Other provisions	67,847	44,161
Reversal of other provisions	(11,555)	(22,825)
Expense from depreciation of property, plant and equipment, and investment property	196,384	203,923
Amortization of intangible assets expense	17,681	33,018
(Gain) from the application of the equity method	(396,749)	(329,244)
Loss (gain) from the disposal of non-current assets	19,951	(3,430)
Other cash (outflows)	(10,882)	-
Other adjustments for which the effects on cash are cash flows provided by investment or financing activities	(212,885)	(199,103)
Operating income before changes in working capital	**455,424**	**445,319**
(Increase) in trade receivables and other accounts receivable	(39,036)	(4,786)
(Increase) decrease in prepaid expenses	(2,391)	1,098
Decrease (increase) in receivables from related parties	16,740	(29,971)
(Increase) in inventories	(178,898)	(22,518)
(Increase) in tax assets	(51,260)	(29,869)
Employee benefits paid	(3,420)	(3,064)
(Decrease) in other provisions	(42,474)	(30,973)
(Increase) in trade payables and other accounts payable	254,625	377,578
(Decrease) in accounts payable to related parties	(7,579)	(40,053)
Increase (decrease) in tax liabilities	8,642	(1,985)
(Decrease) increase in other non-financial liabilities	(91,849)	91,620
Net cash flows provided by operating activities	**318,524**	**752,396**
Cash flows provided by investment activities		
Cash flows provided by reimbursement of contributions in subsidiaries or other businesses	695,853	51,051
Cash flows (used) to maintain joint control in joint ventures	(5,000)	(20,126)
(Increase) in other non-financial assets	-	(30,000)
Proceeds of the sale of property, plant and equipment	1,448	66,925
Acquisition of property, plant and equipment	(171,043)	(146,355)
Acquisition of investment property	(10,551)	(28,965)
Acquisition of intangible assets	(8,950)	(15,161)
Dividends received	39,665	179,124
Other cash inflows	-	165
Net cash flows provided by investment activities	**541,422**	**56,658**
Cash flows provided by financing activities		
Cash flows provided by changes in the share of interest in subsidiaries that do not result in loss of control	153,333	-
(Increase) decrease in other financial assets	(102,463)	33,734
(Decrease) increase in other financial liabilities	(16,374)	35,180
(Decrease) increase in financial liabilities	(209,556)	127,236
(Decrease) in financial liabilities under lease agreements	(1,974)	(3,307)
Dividends paid	(87,072)	(91,920)
Financial yields	212,885	199,102
Interest paid	(542,552)	(588,209)
Net cash flows provided by (used in) financing activities	**(593,773)**	**(288,184)**
Net increase in cash and cash equivalents	**266,173**	**520,870**
Cash and cash equivalents at the beginning of period	**1,619,695**	**1,098,825**
Cash and cash equivalents at the end of period	**1,885,868**	**1,619,695**

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Almacenes Éxito S.A.
Separate statements of changes in shareholders' equity
At December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	Issued share capital	**Premium on the issue of shares**	**Treasury shares repurchased**	Legal reserve	Occasional reserve	Reserve for the reacquisition of shares	Reserve for future dividends	Other reserves	**Total reserves**	**Other accumulated comprehensive income**	**Retained earnings**	**Other equity components**	**Total equity**
	(Note 25)	(Note 25)	(Note 25)	(Note 26)	(Note 26)	(Note 26)	(Note 26)	(Note 26)	(Note 26)	(Note 26)	(Note 25)		
Balance at December 31, 2016	**4,482**	**4,843,466**	**(2,734)**	7,857	1,644,887	22,000	15,710	5,672	**1,696,126**	**138,303**	**1,144,736**	**(102,692)**	**7,721,687**
Cash dividend declared (Note 38)	-	-	-	-	-	-	-	-	-	-	(21,771)	-	(21,771)
Net period results	-	-	-	-	-	-	-	-	-	-	217,713	-	217,713
Other comprehensive income	-	-	-	-	-	-	-	-	-	(187,997)	-	-	(187,997)
Appropriation for reserves	-	-	-	-	21,757	-	-	-	21,757	-	(21,757)	-	-
Gain from changes in the ownership of subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	118,069	118,069
Other increase (decrease) in shareholders' equity, net	-	-	-	-	(1,435)	-	-	3,990	2,555	-	(6,184)	(4,504)	(8,133)
Balance at December 31, 2017	**4,482**	**4,843,466**	**(2,734)**	7,857	1,665,209	22,000	15,710	9,662	**1,720,438**	**(49,694)**	**1,312,737**	**10,873**	**7,839,568**
Balance at December 31, 2017	**4,482**	**4,843,466**	**(2,734)**	7,857	1,665,209	22,000	15,710	9,662	**1,720,438**	**(49,694)**	**1,312,737**	**10,873**	**7,839,568**
Cash dividend declared (Note 38)	-	-	-	-	-	-	-	-	-	-	(108,857)	-	(108,857)
Net period results	-	-	-	-	-	-	-	-	-	-	279,403	-	279,403
Other comprehensive income	-	-	-	-	-	-	-	-	-	(658,998)	-	-	(658,998)
Appropriation for reserves	-	-	-	-	108,856	-	-	-	108,856	-	(108,856)	-	-
(Decrease) from changes in the ownership of subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	(74,822)	(74,822)
Other increase (decrease) in shareholders' equity, net	-	-	-	-	(1,494)	-	-	17,579	16,085	-	(130,927)	488,288	373,446
Balance at December 31, 2018	**4,482**	**4,843,466**	**(2,734)**	7,857	1,772,571	22,000	15,710	27,241	**1,845,379**	**(708,692)**	**1,243,500**	**424,339**	**7,649,740**

The accompanying notes are an integral part of the separate financial statements.

Carlos Mario Giraldo Moreno
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Note 1. General information

Almacenes Éxito S.A., (hereinafter the Company), was incorporated pursuant to Colombian laws on March 24, 1950; its main place of business is at Carrera 48 No. 32B Sur - 139, Envigado, Colombia. The life span of the Company goes to December 31, 2050.

The Company is listed on the Colombia Stock Exchange (BVC) since 1994 and is under the surveillance of the Colombian Financial Superintendence.

The Company's Board of Directors authorized the issuance of the Company's financial statements for the periods ended December 31, 2018 and December 31, 2017, as recorded in the Minutes of such corporate body dated February 28, 2019 and February 19, 2018, respectively.

The Company's main corporate purpose is:

- Acquire, store, transform and, in general, distribute and sell under any trading figure, including funding thereof, all kinds of goods and products, produced either locally or abroad, on a wholesale or retail basis, physically or online.
- Provide supplementary services, namely grant credit facilities for the acquisition of goods, grant insurance coverage, carry out money transfers and remittances, provide mobile phone services, trade tourist package trips and tickets, repair and maintain furnishings, complete paperwork.
- Give or receive in lease trade premises, receive or give, in lease or under occupancy, spaces or points of sale or commerce within its trade establishments intended for the exploitation of businesses of distribution of goods or products, and the provision of ancillary services.
- Incorporate, fund or promote with other individuals or legal entities, enterprises or businesses intended for the manufacturing of objects, goods, articles or the provision of services related with the exploitation of trade establishments.
- Acquire property, build commercial premises intended for establishing stores, malls or other locations suitable for the distribution of goods, without prejudice to the possibility of disposing of entire floors or commercial premises, give them in lease or use them in any convenient manner with a rational exploitation of land approach, as well as invest in property, promote and develop all kinds of real estate projects.
- Invest resources to acquire shares, bonds, trade papers and other securities of free movement in the market to take advantage of tax incentives established by law, as well as make temporary investments in highly liquid securities with a purpose of short-term productive exploitation; enter into firm *factoring* agreements using its own resources; encumber its chattels or property and enter into financial transactions that enable it to acquire funds or other assets.
- In the capacity as wholesaler and retailer, distribute oil-based liquid fuels through service stations, alcohols, biofuels, natural gas for vehicles and any other fuels used in the automotive, industrial, fluvial, maritime and air transport sectors, of all kinds.

The Company's ultimate controlling entity is Casino Guichard Perrachon S.A.(France). The control situation has been registered with the Aburrá Sur Chamber of Commerce. At December 31, 2018, the controlling entity had 55.30% interest (December 31, 2017 - 55.30%) in the share capital of the Company.

Almacenes Éxito S.A., registered before the Aburrá Sur Chamber of Commerce a situation of entrepreneurial Group regarding its subsidiaries.

Note 2. Basis for preparation

The financial statements for the years ended December 31, 2018 and December 31, 2017 have been prepared in accordance with accounting and financial information standards accepted in Colombia, set out in Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB), regulated in Colombia by Regulatory Decree 2420 of 2015, "Single Regulatory Decree on accounting, financial information and information assurance standards", amended on December 23, 2015 by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170, and updated on December 28, 2018 by Regulatory Decree 2483. The Company did not apply any of the exceptions to the IFRS contained in such decrees.

Financial statements herein presented

These separate financial statements include the financial statements of the Company and the statements of financial position and statements of changes in shareholders' equity at December 31, 2018 and December 31, 2017, as well as the statements of income, the statements of comprehensive income and the statements of cash flows for the years ended on December 31, 2018 and December 31, 2017.

These separate financial statements are prepared and include all reporting disclosures required for annual financial statements under IAS 1.

Statement of accountability

Company's management are responsible for the information contained in these separate financial statements. Preparing such financial statements pursuant to accounting and financial reporting standards accepted in Colombia, set out by Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB), regulated in Colombia by Regulatory Decree 2420 of 2015, "Single Regulatory Decree on accounting, financial reporting and information assurance standards", amended on December 23, 2015, by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170 and updated on December 28, 2018 by Regulatory Decree 2483 without applying any of the exceptions to the IFRS therein contained, requires management judgment to apply the accounting policies.

Estimates and accounting judgments

Company's estimations to quantify some of the assets, liabilities, revenue, expenses and commitments therein contained have been used to prepare the attached separate financial statements. Basically, such estimations refer to:

- The hypotheses used to estimate the fair value of financial instruments,
- The appraisal of financial assets to identify actual impairment losses,
- The useful lives of property, plant and equipment and of intangible assets,
- Variables used and hypotheses used to assess and determine the impairment of non-financial assets,
- Variables used to assess and determine inventory losses and obsolescence,
- Actuarial assumptions used to estimate retirement benefits and long-term employee benefit liabilities, such as inflation rate, death rate, discount rate, and the possibility of future salary increases,
- The probability of occurrence and the value of liabilities that serve as a basis to recognize provisions related to lawsuits and business reorganizations,
- The assumptions used to recognize liabilities arising from the customer loyalty program,
- The probability of making future profits to recognize deferred tax assets,
- The valuation technique applied to determine the fair values of elements in business combinations.

Such estimations are based on the best information available regarding the facts analyzed at the date of preparation of the accompanying financial statements, which may give rise to future changes by virtue of potential situations that may occur and would result in prospective recognition thereof; this situation would be treated as a change in accounting estimations in future financial statements.

Distinction between current and non-current items

The Company presents its current and non-current assets, as well as its current and non-current liabilities, as separate categories in its statement of financial position. For this purpose, current assets are understood as those amounts that will be realized or will become available in a term not to exceed one year, and current liabilities are those amounts that will be enforceable or payable also in a term not to exceed one year. All other assets and liabilities are classified as non-current.

Functional currency

The separate financial statements are presented in Colombian pesos, which is the Company's functional currency. Figures shown have been stated in millions of Colombian pesos.

Company's functional currency is not part of a highly inflationary economy, and consequently the financial statements are not adjusted for inflation.

Foreign currency transactions

Transactions in foreign currency are defined as those denominated in a currency other than the functional currency. During the reporting periods, exchange differences arising from the settlement of such transactions, between the historical exchange rate when recognized and the exchange rate in force on the date of collection or payment, are accounted for as exchange gains or losses and shown as part of the net financial result in the net statement of income.

Monetary balances at period closing expressed in a currency other than the functional currency are updated based on the exchange rate at the closing of the reporting period, and the resulting exchange differences are recognized as part of the net financial results in the statement of income. For this purpose, monetary balances are translated into the functional currency using the market representative exchange rate (*).

Non-monetary items are not translated at period closing exchange rate but are measured at historical cost (at the exchange rates in force on the date of each transaction), except for non-monetary items measured at fair value such as forward and swap financial instruments, which are translated using the exchange rates in force on the date of measurement of the fair value thereof.

(*) Market Representative Exchange Rate means the average of all market rates negotiated during the closing day (closing exchange rate), equivalent to the international "spot rate", as also defined by IAS 21 - Effects of Changes in Foreign Exchange Rates, as the spot exchange rate in force at the closing of the reporting period.

Accounting accrual basis

The separate financial statements have been prepared on the accounting accrual basis, except for information on cash flows.

Materiality

Economic events are recognized and presented in accordance with materiality thereof. An economic event is material wherever awareness or unawareness thereof, given its nature or value and considering the circumstances, may have a material impact on the economic decisions to be made by the users of the information.

When preparing the separate financial statements, including the notes thereto, the materiality for presentation purposes was defined on a 5% basis applied to current and non-current assets, current and non-current liabilities, shareholders' equity, period results and to each individual account at a general ledger level for the reporting period.

Offsetting of balances and transactions

Assets and liabilities are offset and reported net in the financial statements, if they arise from the same transaction, there is an enforceable legal right on the closing date that makes it mandatory to receive or pay recognized amounts at net value, and wherever there is an intention to offset on a net basis towards realizing assets and settling liabilities simultaneously.

Classification as liability or equity

Debt and equity instruments are classified as financial liabilities or as equity, following the substance of the relevant legal agreement.

Fair value measurement

The fair value is the price to be received upon the sale of an asset, or paid out upon transferring a liability under an orderly transaction carried out by market participants on the date of measurement.

Measurements of the fair value are carried out using a fair value hierarchy that reflects the importance of inputs used to determine the measurements:

- Based on (unadjusted) prices quoted in active markets for identical assets or liabilities (level 1).
- Based on valuation models commonly applied by market participants who use variables other than prices quoted, directly or indirectly perceptible for assets or liabilities (level 2).
- Based on the Company's own valuation models applying non-perceptible estimated variables for assets or liabilities (level 3).

Note 3. Significant accounting policies

The accompanying consolidated financial statements at December 31, 2018 have been prepared using the same accounting policies, measurements and bases used to present the consolidated financial statements for the annual period ended December 31, 2017, except for the standards mentioned in note 5.2 that came into effect as of January 1, 2018 and regarding which there was no significant impact, pursuant to accounting and financial reporting standards accepted in Colombia, set out in Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS), officially translated and authorized by the International Accounting Standards Board (IASB), regulated in Colombia by Regulatory Decree 2420 of 2015, "Single Regulatory Decree on accounting, financial reporting and information assurance standards", amended on December 23, 2015 by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170 and updated on December 28, 2018 by Regulatory Decree 2483 and without applying any of the exceptions to the IFRS therein contained.

The most significant accounting policies applied in the preparation of the attached financial statements are the following:

Investments in subsidiaries, associates and joint arrangements

Subsidiaries are entities under Company's control.

An associate is an entity over which the Company is in a position of exercising significant influence, but not control or joint control, through the power of participating in the decisions on the operating and financial policies of the associate. In general, significant influence is alleged in those cases where the Company has an ownership interest higher than 20%, even though such influence, as well as the control, must be assessed.

A joint arrangement is an agreement by means of which two or more parties maintain joint control. Joint arrangements can be joint businesses or joint ventures. There is joint control only when decisions on significant activities require the unanimous consent of the parties sharing control. Acquisitions of such arrangements are recorded using the principles applicable to business combinations set out by IFRS 3.

A joint venture is a joint arrangement by which the parties having joint control over the arrangement are entitled to the net assets of the arrangement. Such parties are known as participants in a joint venture.

A joint operation is a joint arrangement by means of which the parties having joint control over the arrangement are entitled to the assets and liability-related obligations associated with the arrangement. Such parties are known as joint operators.

Investments in subsidiaries, associates and joint ventures are recognized using the equity method.

Under the equity method, upon initial recognition the investment in associates and joint ventures is recorded at cost and subsequently the book value is increased or decreased to recognize the Company's share of the invested company's comprehensive results. Such share will be recognized in period income or in other comprehensive income, as appropriate. Profit distributions or dividends received from the invested company are deducted from the book value of the investment.

Wherever the Company's share of the losses of a subsidiary, associate and joint venture equals or exceeds its interest therein, the Company ceases to recognize its share of further losses. A provision is recognized once the Company's interest comes to zero, only in as much as the Company has incurred legal or implicit liabilities.

Unrealized gains or losses from transactions between the Company and subsidiaries, associates and joint ventures are eliminated in the proportion of the Company's interest in such entities upon application of the equity method.

Once the equity method has been applied, the Company decides whether there is need to recognize impairment losses related with its interest in the invested company.

Transactions involving a significant loss of control or influence over an associate or joint venture are booked recognizing any ownership interest retained at its fair value, and the gain or loss arising from the transaction is recognized in period income including the relevant items of other comprehensive income.

Regarding transactions not involving a significant loss of control over subsidiaries or a significant loss of influence over associates and joint ventures, the equity method continues being applied and the portion of the gain or loss recognized in other comprehensive income relevant to the decrease in the ownership interest is reclassified to income.

Related parties

All transfers of resources, services and obligations between the Company and its related parties are deemed to be related party transaction.

The Company has defined as related parties: its parent; its subsidiaries, associates and joint ventures; those entities having joint control or significant influence over the Company; key senior management, including Board directors, CEOs, vice-presidents, corporate business managers and senior officers, with the capacity of directing, planning and controlling Company activities; companies over which key senior management can exercise control or joint control; and the immediate family of key senior management with ability to influence the Company.

No transaction contains special terms and conditions; transactions carried out are like those carried out with third parties, and do not involve market price differences for similar transactions; sales and purchases are carried out arms' length.

Business combinations and goodwill

Business combinations are booked using the acquisition method; this involves the identification of the acquirer, the definition of the acquisition date, the recognition and measurement of identifiable assets acquired, liabilities taken on and the recognition and measurement of goodwill.

If at the closing of the accounting period during which a business combination takes place the initial booking is incomplete, the Company will inform in its financial statements the provisional amounts of assets and liabilities whose booking is incomplete, and within 12 months of the measurement period, the Company will retroactively adjust such provisional amounts recognized to reflect the new information obtained from the Purchase Price Allocation (PPA) survey.

The measurement period will end as soon as the Company has received information on the purchase price allocation survey or concludes that no further information can be obtained, but in any event one year after the acquisition date at the latest.

The consideration transferred in a business combination is measured at fair value, which is the aggregate of the fair values of the assets transferred by the acquirer, the liabilities taken on by the acquirer vis-a-vis the former owners of the acquired company and the ownership interests in the equity issued by the acquirer.

Contingent consideration is included in the consideration transferred at its fair value on the date of acquisition. Subsequent changes in the fair value of the contingent consideration, arising from events and circumstances existing on the date of acquisition, are booked by adjusting the goodwill if occurring during the measurement period, or directly to period results if arising after the measurement period, unless the liability is settled using variable-income instruments, in which event the contingent consideration is not remeasured.

The Company recognizes acquired identifiable assets and liabilities taken from a business combination, regardless of whether they had been recognized prior to the acquisition in the financial statements of the business acquired. Identifiable assets acquired and identifiable liabilities taken on are booked at fair values on the date of acquisition. Excess consideration transferred and the fair value of identifiable assets acquired (including intangible assets not previously recognized) and identifiable liabilities taken on (including contingent liabilities) are recognized as goodwill.

For each business combination, the Company measures non-controlling interests at fair value and as a proportion of the acquiree's identifiable net assets.

In the event of a business combination achieved in stages, the previous ownership interest in the acquiree is remeasured at fair value on the date control is gained. The difference between the fair value and the book value of such ownership interest is directly recognized in period results.

Disbursements related to a business combination, other than those related to the issue of debt, are booked as expenses in the periods they are incurred.

On the date of acquisition, goodwill is measured at fair value and subsequently monitored at the level of the cash-generating unit or groups of cash-generating units benefited from the business combination. Goodwill is not amortized, and is subject to impairment testing within one year or earlier, should there be indications of impairment. Impairment losses applied to goodwill are booked to period results and the effect thereof is not reverted.

The method applied by the Company to test for impairment is described in the asset impairment policy. Negative goodwill arising from a business combination is directly recognized in period results, upon recognition and measurement of identifiable assets, liabilities taken on and potential contingencies.

Put options *granted to the holders of non-controlling interests*

The Company recognizes *put option* agreements entered with the holders of non-controlling ownership interests in subsidiaries pursuant to IAS 32 "Financial Instruments: Presentation". Liabilities arising from these agreements, related to subsidiaries consolidated under the global integration method, are recognized as financial liabilities at fair value.

Intangible assets

They refer to identifiable non-monetary assets, without physical substance, controlled by the Company as a result of past events and from which future economic benefit may be expected.

An intangible asset is recognized as such wherever the item is identifiable, severable and will bring future economic benefit. It is identifiable wherever the asset is severable or arises from rights. An asset is controllable if the company has the power to control future economic benefits associated to the asset.

Intangible assets acquired under a business combination are recognized as goodwill wherever they do not meet these criteria.

Intangible assets acquired separately are initially recognized at cost, and intangible assets acquired under a business combination are recognized at fair value.

Internally-generated trademarks are not recognized in the statement of financial position.

The cost of intangible assets includes acquisition cost, import duties, indirect not-recoverable taxes and costs directly incurred to bring the asset to the place and use conditions foreseen by Management, after trade discounts and rebates, if any.

Intangible assets having indefinite useful lives are not amortized, but are subject to impairment testing, on an annual basis or wherever there is indication of impairment.

Intangible assets having a defined useful life are amortized using the straight-line method over their estimated useful lives. The most significant useful lives are:

Acquired software	Between 3 and 5 years
ERP-like acquired software	Between 5 and 8 years

Intangible assets are subsequently measured using the cost model, and amortization as a function of the estimated useful lives and impairment losses are deducted from the amount initially recognized. The effects of amortization and potential impairment are taken to income for the period, unless amortization has been booked as a higher value in the construction or production of a new asset.

An intangible asset is derecognized upon its sale or wherever no future economic benefit is expected from the use or disposition thereof. The gain or loss from derecognition of an asset is estimated as the difference between the net proceeds of sale and the carrying amount of the asset. Such effect is recognized in period results.

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

Research and development costs

Research costs are recognized as expenses as they are incurred. Disbursements for development of individual projects are recognized as intangible assets wherever the Company is in the capacity of demonstrating:

- The technical feasibility of completing the intangible asset to have it available for use or sale;
- Its intention of completing the asset and the ability to use or sell the asset;
- The ability to use or sell the intangible asset;
- How the asset will generate future economic benefit;
- The availability of resources to complete the asset; and
- The ability to accurately measure the disbursement during development.

Development costs not complying with these criteria for capitalization are taken to period results. Development costs recognized as intangible assets are subsequently measured using the cost model.

Property, plant and equipment

The name property, plant and equipment is given to all of Company's tangible assets held for use in production or in the provision of goods and services, or for administration purposes, and which are further expected to be used over one period, that is to say, more than one year, and that meet the following conditions:

- It is probable that the Company will obtain future economic benefit from the asset;
- The cost may be accurately measured;
- The Company has taken the risks and benefits arising from the use or possession of the asset, and
- They are assets whose individual acquisition cost exceeds 50 UVT (Tax-Value Units), except for those assets defined by Company management as related to the core business purpose and there is an interest in controlling them given that the Company procures them frequently and in significant amounts.

Property, plant and equipment are initially measured at cost; subsequently they are measured at cost less accumulated depreciation and less accumulated impairment loss.

The cost of property, plant and equipment elements includes price of acquisition, import duties, non-recoverable indirect taxes, future dismantling costs, if any, costs from loans directly attributable to the acquisition of a suitable asset and the costs individually attributable to place an asset on the site and usage conditions foreseen by Company management, net of trade discounts and rebates.

Costs incurred for expansion, modernization and improvements that increase productivity, capacity or efficiency, or an increase in the useful lives thereof, are carried as a higher value of the asset. Maintenance and repair costs from which no future benefit is foreseen are taken to period results.

Land and buildings are deemed to be individual assets, wherever they are material and physical separation is feasible from a technical viewpoint, even if they have been jointly acquired.

Constructions in progress are transferred to operating assets upon completion of the construction or commencement of operation, and depreciated as of that moment.

The useful life of land is unlimited and consequently it is not depreciated. All other items of property, plant and equipment are depreciated using the straight-line method over their estimated useful lives, considering nil residual value. The groups of property, plant and equipment and relevant useful lives are as follows:

Low-value assets	3 years
Computers	5 years
Vehicles	5 years
Machinery and equipment	From 10 to 20 years
Furniture and office equipment	From 10 to 12 years
Other transportation equipment	From 5 to 20 years
Surveillance team armament	10 years
Buildings	From 40 to 50 years
Improvements to third party properties	40 years or the term of the lease agreement or the remaining of the lease term(*), whichever is less.

(*) Urban improvements related to the construction or delivery of environmental resources and/or related to the visual or architectural improvement of the zone affected by a construction or work under the responsibility of the Company, are recognized in period results.

The Company estimates depreciation by components, which means applying individual depreciation to the components of an asset with useful lives that are different from the asset as a whole and has a material cost in relation to the entire fixed asset. Cost is deemed material when the component exceeds 50% of the total asset value, or when it can be individually identified, based on an individual cost of the component of 32 Minimum Legal Monthly Wages in force (SMMLV).

Residual values, useful lives and depreciation methods are reviewed at the closing of each annual period and changes, if any, are applied prospectively.

An item of property, plant and equipment is derecognized upon its sale or wherever no future economic benefit is expected from the use or disposition thereof. The gain or loss from derecognition of an asset is estimated as the difference between the net proceeds of sale and the book value of the asset. Such effect is recognized in period results.

Investment property

Is property held to obtain revenue or capital gains and not for use in the production or supply of goods or services, or for administrative use or sale in the normal course of business. This category includes the shopping malls and other real estate property owned by the Company.

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

Investment property is depreciated using the straight-line method over the estimated useful life, considering nil residual value. The useful life estimated to depreciate buildings classified as investment property is from 40 to 50 years.

Transfers are made from investment properties to other assets and from other assets to investment properties only wherever there is a change in the use of the asset. For transfers from investment property to property, plant and equipment or to inventories, the cost taken into consideration for subsequent accounting is the book value on the date the use is changed. If a property, plant and equipment item would become investment property, it will be recorded at book value on the date it changes.

Situations that can lead to transfer are:
- The Company occupies an asset classified as investment property; in this event, the asset is reclassified to property, plant and equipment,
- The Company starts a development on investment property or property, plant and equipment towards its sale, provided there is a significant advance in the development of tangible assets or in the project to be sold as a whole. In these events, the asset is reclassified to inventories,
- The Company enters into an operating lease agreement with a third party on a property, plant and equipment item. In this event, the asset is reclassified to investment property.

Investment property is derecognized upon its sale or wherever no future economic benefit is expected from the use or disposition thereof.

The gain or loss from derecognition of investment properties is estimated as the difference between the net proceeds of sale and the book value of the asset. The effect is taken to income during the period where the asset was derecognized.

The fair values of investment property are updated on an annual basis for the purposes of disclosure in the financial statements.

Non-current assets held for trading

Non-current assets for disposal are classified as held for trading if their book value will be recovered via a sale instead of continued use thereof and do not meet the conditions to be classified as real estate inventory.

Such condition is met wherever an asset or group of assets are available for immediate sale, under current condition, and the sale is highly probable to occur. For the sale to be highly probable, the Company's management must be committed to a plan to sell the asset (or assets) and the sale is expected within the year following the classification date.

Non-current assets or disposal are measured at the lower of book value or fair value, less costs of sale, and are not depreciated or amortized as of the date they are classified as held for trading. Such assets are shown under current assets.

Finance leases

Leases are classified as finance leases when all risks and benefits of ownership of the leased property are substantially transferred to the lessee. Some of the criteria to be taken into consideration to define whether substantial risks and benefits have been transferred include (a) where the term of the lease is equal to or higher than 75% of the economic life of the asset and/or (b) where the present value of minimum payments under the lease agreement is equal to or higher than 90% of the fair value of the asset.

Contingent lease instalments are estimated based on the cause that results in the instalment variance for reasons other than the passage of time.

a. If the Company acts as the lessee

   Wherever the Company acts as the lessee of an asset under finance lease, the leased asset is shown in the statement of financial position as an asset, according to the nature of the asset pursuant to the lease agreement, and at the same time, a liability in the same value is recorded in the statement of financial position, estimated as the lower of the fair value of the leased asset and the present value of minimum instalments payable to the lessor, plus, as applicable, the price of the purchase option.

   Regarding useful lives, such assets are depreciated or amortized with the same criteria applied to elements of property, plant and equipment, or intangible assets for own use, provided ownership on the asset is transferred to the Company at the end of the contract, via purchase option or else; otherwise, useful lives are set as the term of the agreement or the useful life of the element of property, plant and equipment, whichever is less.

   Lease instalments are split between interest and the decrease of the principal. Financial expenses are recognized in the statement of income for the period.

b. If the Company acts as the lessor

   Wherever the Company acts as the lessor of an asset under finance lease, the leased asset is not shown as property, plant and equipment given that the risks associated to the property have been transferred to the lessee; instead, a financial asset is recognized for the present value of the minimum lease instalments receivable plus the unsecured residual value.

   Lease instalments received are split between interest and the decrease of the principal. Interest-related financial revenue is recognized in the statement of income for the period.

Operating leases

They are lease agreements under which all substantial risks and benefits attached to the asset remain with the lessor.

Payments or collections on account of operating lease are recognized as expenses or revenue in the statement of income on a linear basis over the term of the lease agreement. Contingent payments or collections are recognized during the period they are incurred.

Wherever the Company makes advance payments or receives advance payments on account of lease agreements, related to the usage of assets, such payments are booked as expenses paid in advance and collections are booked as revenue received in advance, and both are amortized over the term of the lease agreement.

Loan costs

Loan costs directly attributable to the acquisition, construction or manufacturing of a qualifying asset, in other words an asset that necessarily takes a substantial period (generally more than six months) to become ready for its intended use or sale, are capitalized as part of the cost of the respective asset. Other loan costs are accounted for as expenses during the period they are incurred. Loan costs are made of interest and other costs incurred for securing the loan.

Impairment of non-financial assets

At the closing of each annual period, the Company assesses whether there is indication that the value of an asset may be impaired. Assets with a defined useful life are subject to impairment testing, provided there is objective evidence that, as result of one or more events subsequent to initial recognition, the book value thereof cannot be recovered, in full or in part.

Intangible assets with an indefinite useful life not subject to amortization are tested for impairment at the closing of each year, except for those intangible assets attached to a business combination still undergoing a measuring period where the purchase price allocation survey has not been completed.

Impairment indicators as defined by the Company, in addition to external data sources (economic environment and the market value of the assets, among other), are based on the nature of assets:

- Movable assets attached to a cash-generating unit: ratio between the net book value of the assets related to each store and sales value (VAT included). Should this proportion be higher than the percentage defined for each format, then there is indication of impairment;
- Real estate: comparison of the net book value of assets to the market value thereof.

To assess impairment losses, assets are grouped at the level of cash-generating units or groups of cash-generating units as applicable, and estimation is made of the recoverable value thereof. The Company has defined each store or each shop as an individual cash-generating unit. Regarding goodwill, the generating units are grouped based on the brand, which represents the lowest value at which goodwill is monitored.

The recoverable value is the higher of the fair value less costs of sale of the cash-generating unit or groups of cash-generating units and the value in use. This recoverable value is estimated for an individual asset unless such asset does not generate any cash flows independently from the cash inflows obtained by other assets or groups of assets.

Impairment losses are recognized with charge to period results in amount of the excess of book value of the asset over recoverable value thereof, first reducing the book value of the goodwill allocated to the cash-generating unit or group of cash-generating units; should there be a remaining balance, by reducing all other assets of the cash-generating unit or group of units as a function of the book value of each asset until such book value reaches zero.

To determine the fair value less the costs of sale, a pricing model is used in accordance with the cash-generating unit or groups of cash-generating units, if it can be established.

To assess the value in use:

- Estimation is made of future cash flows of the cash-generating unit or groups of cash-generating units over a period not to exceed five years. Cash flows beyond the forecasted period are estimated by applying a steady or declining growth rate.
- The terminal value is estimated by applying a perpetual growth rate, according to the forecasted cash flow at the end of the explicit period.
- The cash flows and terminal value are discounted at present value, using a discount rate before taxes that corresponds to outstanding market rates reflecting the value of money over time and the risks attached to the cash-generating unit or groups of cash-generating units.

The Company assesses whether the impairment losses previously recognized no longer exist or have decreased; in such events, the book value of the cash-generating unit or groups of cash-generating units is increased to the revised estimation of the recoverable value, without exceeding the book value that would have been determined if no previous impairment had been recognized. Such reversal is recognized as a revenue in period results, except for goodwill whose impairment is not reverted.

Inventories

Inventories include goods acquired with the purpose of being sold in the ordinary course of business, goods in process of manufacturing or construction with a view to such sale, and goods to be consumed in the process of production or provision of services.

Inventories in transit are recognized upon receipt of all substantial risks and benefits attached to the asset, according to performance obligations satisfied by the seller, as appropriate under procurement conditions.

Inventories also include real estate property where construction or development of a real estate project has been initiated with a view to future selling.

Inventories are valued using the first-in-first-out (FIFO) method, and initial recognition cost includes the costs of purchase, costs of transformation and other costs incurred in bringing the inventories to their present location and condition, that is to say, upon completion of the production process or receipt at the store. Logistics costs and supplier discounts are capitalized as part of the inventories and recognized in the cost of goods sold upon sale thereof.

Inventories are valued at period closing at the lower of cost and net realization value.

The Company assesses whether the impairment losses previously recognized in the inventory no longer exist or have decreased; in these events, the book value of inventories is the lower of cost and net realizable value. This reversal is recognized as a decrease in impairment cost.

The Company makes an estimation of obsolescence and physical losses of inventory, based on the age of inventories, changes in manufacturing and sale conditions, trade regulations, probability of loss and other variables affecting the recoverable value.

Financial assets

Financial assets are recognized in the statement of financial position when the Company becomes a party pursuant to the contract terms and conditions. Financial assets are classified in the following categories:

- Financial assets at fair value through income;
- Financial assets measured at amortized cost, and
- Financial assets at fair value through other comprehensive income.

The classification depends on the business model used to manage financial assets and on the characteristics of the cash flows from the financial asset; such classification is defined upon initial recognition. Financial assets are classified as current assets, if they mature in less than one year; otherwise they are classified as non-current assets.

a. Financial assets measured at fair value through income

   Includes financial assets incurred mainly seeking to manage liquidity through frequent sales of the instrument. These instruments are measured at fair value and the variations in value are taken to income upon their occurrence.

b. Financial assets measured at amortized cost

   These are non-derivative financial assets with known payments and fixed maturity dates, for which there is an intention and capability of collecting the cash flows from the instrument under a contract.

   These instruments are measured at amortized cost using the effective interest method. The amortized cost es estimated by adding or deducting any premium or discount, revenue or incremental cost, during the remaining life of the instrument. Gains and losses are recognized in the statement of income by the amortization or if there were objective evidence of impairment.

   These financial assets are shown as non-current assets, exception made of those maturing in less than 12 months as of the date of the statement of financial position.

c. Financial assets at fair value through other comprehensive income

   They represent variable-income investments not held for trading nor deemed an acquirer's contingent consideration in a business combination. Regarding these investments, upon initial recognition irrevocable decision was made of presenting the gains or losses in other comprehensive income based on a subsequent measurement at fair value.

   The gains and losses arising from the new measurement at fair value are recognized in other comprehensive income until the asset is derecognized. In this event, the gains and losses previously recognized in equity are reclassified to retained earnings.

   These financial assets are included as non-current assets, unless the intention is to dispose of the investment within 12 months of the date of the statement of financial position.

d. Derecognition

   A financial asset, or a portion thereof, is derecognized upon its sale, transfer, expiry or loss of control over contract rights or over the cash flows from the instrument. When substantially all risks and benefits of ownership are retained by the Company, the financial asset continues being recognized in the statement of financial position at its full value.

e. Effective interest method

Is the method to estimate the amortized cost of a financial asset and the allocation of interest revenue during the entire relevant period. The effective interest rate is the rate that exactly discounts the estimated net future cash flows receivable (including all charges and revenue received that are an integral part of the effective interest rate, transaction costs and other rewards or discounts), during the expected life of a financial asset.

f. Impairment of financial assets

Given that trade accounts receivable and other accounts receivable are deemed to be short-term receivables of less than 12 months as of the date of issue and not containing a significant financial component, impairment thereof is estimated from initial recognition and on each presentation date as the expected loss for the following 12 months.

For financial assets other than those measured at fair value, expected losses are measured over the life of the relevant asset. For this purpose, determination is made of whether the credit risk arising from the asset assessed on an individual basis has significantly increased, by comparing the risk of default on the date of presentation against that on the date of initial recognition; if so, an impairment loss is recognized in period results in the amount of the credit losses expected over the following 12 months.

g. Loans and accounts receivable

Loans and accounts receivable are financial assets issued or acquired in exchange for cash, goods or services delivered to a debtor.

Accounts receivable from sales transactions are measured at invoice values less accrued impairment losses. These accounts receivable are recognized when all risks and benefits have been transferred to a third party and all performance obligations agreed upon with the customer have been met or are in the process of being met.

Long-term loans (more than one year of issuance date) are valued at amortized cost using the effective interest method wherever the amounts involved are material. Impairment losses are recognized in the statement of income.

These instruments are included as current assets, except for those maturing after 12 months of the date of the statement of financial position, which are classified as non-current assets. Accounts receivable expected to be settled over a period of more than 12 months and include payments during the first 12 months, are shown as non-current portion and current portion, respectively.

h. Cash and cash equivalents

Include cash at hand and in banks, and highly liquid investments. To be classified as cash equivalents, investments should meet the following criteria:
- Short-term investments, in other words, with terms less than or equal to three months as of acquisition date;
- High-liquidity investments;
- Readily converted into cash, and
- Subject to a low risk of change in value.

In the statement of financial position, the accounting accounts showing actual overdrafts with financial institutions are classified as financial liabilities. In the statement of cash flows such overdrafts are shown as a component of cash and cash equivalents, provided they are an integral part of the Company's cash management system.

Financial liabilities

Financial liabilities are recognized in the statement of financial position when the Company becomes a party pursuant to the contractual terms and conditions governing an instrument. Financial liabilities are classified as financial liabilities at fair value through income and financial liabilities measured at amortized cost.

a. Financial liabilities measured at fair value through income

Financial liabilities are classified under this category when held for trading or when upon initial recognition they are designated at fair value through income.

b. Financial liabilities measured at amortized cost

Include loans received and bonds issued, which are initially measured at the actual amount received net of transaction costs and later measured at amortized cost using the effective interest method, recognizing interest expense based on effective profitability.

c. Derecognition

A financial liability or a part thereof is derecognized upon settlement or expiry of the contract obligation.

d. Effective interest method

The effective interest method is the method to calculate the amortized cost of a financial liability and the allocation of interest expenses over the relevant period. The effective interest rate is the rate that accurately discounts estimated future cash flows payable during the expected life of a financial liability, or, as appropriate, a shorter period wherever a prepayment option is associated to the liability and it is likely to be exercised.

Embedded derivatives

The Company has implemented a procedure that enables assessing the existence of embedded derivatives in financial and non-financial agreements. Should there be an embedded derivative, and if the main agreement is not accounted for at fair value, the procedure defines whether the characteristics and risks thereof are not closely related with the core agreement, in which event separate booking is required.

Derivative financial instruments

Derivative financial instruments are recognized at fair value, both initially and subsequently. Derivative instruments are recognized as financial assets when its fair value involves a right, and as financial liabilities when its fair value involves an obligation.

The fair value of these instruments is estimated on the closing date of presentation of the financial statements.

The gains or losses arising from changes in the fair value of derivative instruments are directly recognized in the statement of income, except those maintained under hedge accounting and deemed to be cash flow hedges or net investment hedges abroad.

Derivative transactions involve *forwards and swaps*, aimed at reducing the market risk of assets and liabilities by using the best hedging structures available in the market, being able to stabilize debt service cash flows.

Regarding *forwards* the intention is to manage the foreign exchange risk, and regarding *swaps* additionally to manage the interest rate risk in foreign currency. The effects of both, derivative financial instruments and elements hedged are recognized in the statement of income under the net financial results line item.

Even if it is true that the Company does not use derivative financial instruments for speculative purposes, in these financial statements such derivatives have not been deemed hedge instruments given that they do not meet the requirements of International Financial Reporting Standards accepted in Colombia.

Forwards and swaps that meet hedge accounting requirements are recognized pursuant to the hedge accounting policy.

Financial derivatives are measured at fair value using financial valuation techniques based on discounted cash flows. The variables used for valuation are exchange rates in force on the valuation date applicable to the currencies agreed upon in the instrument and the interest rates associated thereto.

Hedge accounting

The Company carries out hedge transactions under future-performance *forward and swap* contracts, to cover the risks associated with changes in the exchange rates applicable to its investments and in the exchange rates and interests rates applicable to its liabilities.

Hedge instruments are measured at fair value and hedge accounting shall only be used if:
- The hedge relationship has been clearly defined and documented initially, and
- The efficacy of the hedge may be evidenced initially and throughout its life.

Documents include the identification of the hedge instrument, the item or transaction hedged, the nature of the risk being hedged and the manner in which the efficacy of the hedge instrument will be measured when offsetting the exposure to changes in the fair value of the item hedged or to changes in the cash flows attributable to the hedged risk.

Hedges are deemed to be efficient when there is an economic relationship between the item hedged and the hedge instrument, the effects of the credit risk do not prevail over the value changes arising from such economic relationship, and the hedge ratio is the same as that arising from the item hedged and the amount of the hedge instrument used.

Hedge instruments are recognized initially at fair value, that is on the date of execution of the derivative contract, and subsequently measured at fair value. They are shown as non-current assets or non-current liabilities wherever the remaining maturity of the item hedged goes beyond 12 months, and, failing that, as current assets and current liabilities if the maturity of the item hedged does not exceed 12 months.

Hedges are classified and booked as follows, upon compliance with strict hedge accounting criteria:

- Cash flow hedges: this category includes hedges covering the exposure to the variation in cash flows arising from a particular risk associated to a recognized asset or liability or to a foreseen transaction whose occurrence is highly probable and may have an impact on period results.

  The effective portion of the changes in the fair value of derivative instruments defined as cash flow hedge instruments is recognized in other comprehensive income. The gain or loss related to the non-effective portion is promptly recognized in the statement of income.

Values recognized in other comprehensive income are reclassified to the statement of income wherever the hedged transaction has an impact on the results, on the same line item of the statement of income where the hedged item was recognized. However, when the foreseen transaction that is hedged results in recognition of a non-financial asset or a non-financial liability, the gains or losses previously recognized in other comprehensive income are reclassified at the initial value of such asset or liability.

Hedge accounting is discontinued upon voiding of the hedge relation, when the hedge instrument matures or is sold, expires, or is exercised, or no longer qualifies for hedge accounting. In those events, any gain or loss recognized in other comprehensive income is maintained in shareholders' equity and recognized when the foreseen transaction has an impact on period results. When it is no longer expected that a foreseen transaction would occur, then the accrued gain or loss recognized in other comprehensive income is immediately recognized in the statement of income.

- Fair-value hedges: this category includes hedges covering the exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments.

  A change in the fair value of a derivative that is a fair-value hedging instrument is recognized in the statement of income as financial expense or revenue. A change in the fair value of a hedged item attributable to the hedged risk is booked as part of the book value of the hedged item, and is also recognized in the statement of income as financial expense or revenue.

  Wherever an unrecognized firm commitment is identified as a hedged item, the subsequent accrued change in the fair value of the firm commitment attributable to the hedged risk will be recognized as an asset or liability and the relevant gain or loss will be recognized in period results.

- Net investment hedges abroad: this category includes hedges covering exposure to the variation in exchange rates arising from the translation of foreign businesses to the Company's presentation currency.

  The effective portion of the changes in the fair value of derivative instruments defined as instruments to hedge a net investment abroad is recognized in other comprehensive income. The gain or loss related to the non-effective portion is promptly recognized in the statement of income.

  If the Company would dispose of a foreign business, in whole or in part, the accrued value of the effective portion recorded to other comprehensive income is reclassified to the statement of income.

Employee benefits

a. Defined contribution plans

   Post-employment benefit plans under which there is an obligation to make certain predetermined contributions to a separate entity (a retirement fund or insurance company) and there is no further legal or constructive obligation to pay additional contributions. Such contributions are recognized as expenses in the statement of income, in as much as the relevant contributions are enforceable.

b. Defined post-employment benefit plans

   Post-employment benefit plans are those under which there is an obligation to directly provide retirement pension payments and retroactive severance pay, pursuant to Colombian legal requirements. The Company has no specific assets intended for guaranteeing the defined benefit plans.

   Defined post-employment benefit plan liabilities are estimated severally for each plan with the support of independent third parties and applying the projected credit unit's actuarial valuation method using actuarial assumptions on the date of the period reported, such as: salary increase expectations, average time of employment, life expectancy and personnel turnover. For 2018 and 2017, information on actuarial assumptions is taken as a reference to Regulatory Decree 2131 of December 22, 2016. Actuarial gains or losses are recognized in other comprehensive income. Interest expense on defined post-employment benefits, as well as settlements and plan reductions, are recognized in period results as financial costs

c. Long-term employee benefits

   These are benefits not expected to be fully settled within twelve months following the closing date of the statement of financial position regarding which employees render their services. These benefits relate to time-of-service bonuses and similar benefits. The Company has no specific assets intended for guaranteeing the long-term benefits.

   The liability for long-term benefits is determined separately for each plan with the support of independent third parties and following the actuarial valuation of the forecasted credit unit method, using actuarial assumptions on the date of the reporting period. The cost of current service, cost of past service, cost for interest, actuarial gains and losses, as well as settlements or reductions in the plan are immediately recognized in the statement of income.

d. Short-term employee benefits

These are benefits expected to be fully settled within twelve months and after the closing date of the statement of financial position regarding which the employees render their services. Such benefits include vacations and a share of profits payable to employees based on performance. Short-term benefit liabilities are measured based on the best estimation of disbursements required to settle the obligations on the closing date of the reporting period.

e. Employee termination benefits

The Company pays to employees certain benefits upon termination wherever it decides to terminate a labor contract earlier than on the ordinary retirement date, or wherever an employee accepts a benefits offer in exchange for termination of his labor contract.

Termination benefits are classified as short-term employee benefits and are recognized in period results when they are expected to be fully settled within 12 months of the closing of the reporting period; and are classified as long-term employee benefits when they are expected to be settled after 12 months of the closing of the reporting period.

Provisions, contingent assets and liabilities

The Company recognizes as provisions all liabilities outstanding on the date of the statement of financial position, resulting from past events, which may be accurately measured, and settlement thereof may require an outflow of resources incorporating economic benefits and which timing and/or amount are uncertain.

Provisions are recognized at the present value of the best estimation of cash outflows required to settle the liability. In those cases where there is expectation that the provision will be reimbursed, in full or in part, the reimbursement is recognized as an independent asset with a revenue to income as balancing entry only when such reimbursement is virtually certain.

The provisions are revised periodically, and quantified based on the best information available on the date of the statement of financial position.

Provisions under contracts for consideration are present liabilities arising from contracts for consideration and recognized as provisions wherever unavoidable costs to be incurred in performing under the contract exceed the economic benefits expected to be received thereunder.

A business reorganization provision is recognized wherever there is a constructive obligation to conduct a reorganization when a formal and detailed plan of reorganization has been prepared and has raised a valid expectation in those affected because its overall conditions were announced prior to the closing of the reporting period.

Contingent liabilities are obligations arising from past events, whose existence is subject to the occurrence or non-occurrence of future events not entirely under the control of the Company or current obligations arising from past events from which the amount of the obligation cannot be accurately estimated or it is not likely that an outflow of resources will be required to settle the obligation. Contingent liabilities are not included in the financial statements; instead they are disclosed in notes to the financial statements, except for those individually included in the purchase pricing report under a business combination, whose fair value may be accurately established and regarding which an outflow of resources is deemed remote to settle the obligation.

A contingent asset is a likely asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of future events not entirely under the control of the Company. Contingent assets are not recognized in the statement of financial position until revenue realization is virtually true; instead, they are disclosed in the notes to the financial statements.

Taxes

Taxes include liabilities payable to Government by the Company, estimated based on private assessments made during the relevant taxable periods, and include, among other: income tax, real estate tax, and industry and trade tax.

<u>Current income tax</u>

Current income tax payable by the Company is assessed on the higher of the presumptive income and the taxable net income at the official tax rate applicable annually on each year of presentation of financial statements. Current income tax expense is recognized with charge to income.

Current tax assets and liabilities are offset for presentation purposes if there is a legally enforceable right, they have been incurred with the same tax authority and the intention is to settle them at net value, or realize the asset and settle the liability simultaneously.

<u>Deferred income tax</u>

Deferred income tax arises from temporary differences and other events that give rise to differences between the accounting base and the taxable base of assets and liabilities. Deferred income tax is recognized at the non-discounted value that the Company expects to recover from or pay to tax authorities, assessed at expected tax rates to be applied during the period when the asset will be realized, or the liability will be settled.

Deferred income tax assets are only recognized if it is probable that there will be future taxable income against which such deductible temporary differences may be offset. Deferred income tax liabilities are always recognized. Deferred tax assets and liabilities arising from a business combination have an impact on goodwill.

The effects of the deferred tax are recognized in income for the period or in other comprehensive income depending on where the originating profits or losses were booked, and they are shown in the statement of financial position as non-current items.

For presentation purposes, deferred tax assets and liabilities are offset if there is a legally enforceable right and they have been incurred with the same tax authority.

No deferred income tax liabilities are carried for the total of the differences that may arise between the accounting balances and the tax balances of investments in subsidiaries, associates and joint ventures, since the exception contained in IAS 12 is applied when recording such deferred tax liabilities.

Share capital

The Company's contributed capital is made of common shares.

Incremental costs directly attributable to the issue of new shares or options are shown under shareholders' equity as a deduction from the amount received, net of taxes.

Revenue from ordinary activities under contracts with customers

Revenue from ordinary activities under contracts with customers include retail sales at stores, provision of services, sales of real estate projects and inventories and supplementary businesses such as insurance, lease, collaboration agreements and financing to customers, among other.

Revenue is measured at the fair value of the consideration received or to be received, net of trade rebates, cash discounts and volume discounts; value added tax is excluded.

Revenue from retail sales is recognized when (a) significant risks and benefits attached to the ownership of goods are transferred to purchaser and the performance obligations with the customer have been satisfied, in most cases upon transfer of legal title, (b) such revenue can be reliably measured and (c) there is a probability that economic benefits from the transaction will be received.

Revenue from the provision of services is recognized in the period of realization provided the performance obligations agreed upon with the customer have been satisfied. If performance obligations of the provision of services are subject to compliance with several commitments, then the adequate time for recognition is assessed, either over the time of service provision or at a single time. Consequently, revenue from the provision of services can either be recognized immediately (when the service is deemed rendered) or be deferred over the period during which the service is provided, or the commitment is fulfilled.

When goods are sold along with customer loyalty incentives, the revenue is allotted to retail sales and to the sale of incentives, at fair values. Deferred revenue from the sale of incentives is recognized in the statement of income upon customer redemption of products, or upon expiry.

Intermediation contracts are analyzed on the grounds of specific criteria to determine when the Company acts as principal and when as a commission agent.

Revenue from dividends is recognized when the right to receive payment for investments classified as financial instruments arise; dividends received from subsidiaries, associates and joint ventures that are recognized using the equity method are recognized as a lower value of the investment.

Revenue from royalties is recognized upon fulfilment of the conditions set out in the agreements.

Revenue from operating leases on investment properties is recognized on a linear basis over the term of the agreement.

Revenue from interest is recognized using the effective interest method.

Revenue from barter transactions is recognized upon actual bartering and (a) assets are recognized at the fair value of the consideration received on the date of exchange; or (b) at the fair value of goods delivered.

Loyalty programs

Under its loyalty program, the Company awards its customers points on their purchases, which may be exchanged in future for benefits such as prizes or goods available at the stores, means of payment or discounts, redemption with allies and continuity programs, among other. Points are measured at fair value, which is the value of each point received by the customer, taking the various redemption strategies into consideration. The fair value of each point is estimated at the end of each accounting period.

The obligation of awarding such points is recorded in the liability side as a deferred revenue that represents the portion of unredeemed benefits at fair value, considering for such effect the redemption rate and the estimated portion of points expected not to be redeemed by the customers.

Costs and expenses

Costs and expenses are recognized in period results upon a decrease in economic benefits associated with a decrease in assets or an increase in liabilities, and the value thereof may be reliably measured.

Costs and expenses include all cash outflows necessary to complete the sales as well as the expenses required to provide the services, such as depreciation of property, plant and equipment, personnel expenses, payments under service agreements, repairs and maintenance, operating costs, insurance, fees and lease expenses, among other.

Earnings per basic and diluted share

The profit per basic share is calculated by dividing the net profit for the period attributable to the Company not including the average number of company shares held by any subsidiary, if any, by the weighted average of common shares outstanding during the period, excluding, if any, common shares acquired by the Company and held as Treasury shares.

The profit per diluted share is calculated by dividing the net profit for the period attributable to the Company by the weighted average of common shares that would be issued should all potential common shares be converted with dilutive effect. The net profit for the period, if any, is adjusted by the amount of dividends and interest related to convertible bonds and subordinated debt instruments.

The Company has not carried out any transaction having a potential dilutive effect leading to earnings per share on a diluted basis other than the earnings per basic share.

Note 4. New and modified standards and interpretations

Note 4.1. Standards issued during the year ended December 31, 2018

Regulatory Decree 2483 of December 28, 2018 was enacted in Colombia during the year ended December 31, 2018. Such decree compiled and updated the technical frameworks ruling the preparation of financial reporting set out in Regulatory Decree 2420 of 2015 amended by Regulatory Decree 2496 of 2016, Regulatory Decree 2130 of 2016 and Regulatory Decree 2170 of 2017, allowing the application of International Financial Reporting Standards authorized by the International Accounting Standards Board in force at December 31, 2018 and those applicable as of January 1, 2019.

During the year ended December 31, 2018 the International Accounting Standards Board IASB issued the following new standards and amendments:

- Amendment to IAS 19, Employee Benefits, to be applied as of January 2019.

<u>Amendment to IAS 19 "Employee Benefits" (January 2018)</u>

The amendment specifies how a company accounts for a defined-benefits plan. IAS 19 requires a company to update its assumptions and remeasure its net defined benefit-related liabilities or assets upon occurrence of a plan event (e.g. a change, reduction or settlement). The amendment also clarifies that after a plan event, a company would use such updated assumptions to measure the cost of the current service and the net interest for the remaining of the reporting period following the plan event.

No material effects are expected from the application of this amendment.

Note 4.2. Standards applied as of 2018, issued prior to January 1, 2018

The following standards started to be applied as of January 1, 2018 according to the adoption date set by the IASB:

- Amendment to IAS 40. (a)
- Amendments to IFRS 4. (a)
- Amendments to IFRS 2. (a)
- Annual improvements cycle 2014-2016. (a)
- IFRS 15 - Revenue from Ordinary Activities under Contracts with Customers. (b)
- IFRS 9 - Financial Instruments. (c)
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration. (d)

(a) In Colombia, these standards were made part of Regulatory Decree 2420 of December 14, 2015 by means of Regulatory Decree 2170 of December 22, 2017. No material effects resulted from application of this amendment and annual improvements.

(b) In Colombia, this standard was made part of Regulatory Decree 2420 of December 14, 2015 by means of Regulatory Decree 2496 of December 23, 2015. The Company reviewed the changes to this IFRS against the rules contained in the previous standards and which were deleted by it, and no significant effects resulted from application of this IFRS.

(c) The Company started to apply this standard as of January 1, 2014. No material effects resulted from application of this IFRS.

(d) In Colombia, this standard was enacted by means of Regulatory Decree 2483 of December 28, 2018.

Amendment to IAS 40 – "Investment property" (issued December 2016).

The amendment sets out that an entity will transfer a property to, or from, investment property, when there is evidence of a change in use, which occurs if the property meets, or ceases to meet, the definition of investment property. A change in management intentions regarding the use of a property is not evidence of a change in use by itself. The listing of situations that evidence a change in use of investment property provided by the standard was defined as a non-exhaustive listing of examples.

The amendments are effective for periods commencing on or after January 1, 2018. Earlier application was permitted. The Company did not consider early application thereof.

Amendment to IFRS 4 - "Insurance Contracts" (issued September 2016).

The amendment allows entities mainly developing insurance activities an option to continue carrying its accounts under current IFRS and delay the application of IFRS 9 - "Financial Instruments" until the earlier of application of the new insurance standard or for periods commencing on or after January 1, 2021. Following full adoption of IFRS 9, the amendment grants all entities having insurance contracts an option to present in other comprehensive income and not in profit or loss the changes in the fair value of qualifying designated financial assets.

The amendments are effective for periods commencing on or after January 1, 2018. This amendment is not applicable to the Company.

Amendment to IFRS 2 - "Share-based Payments" (issued June 2016)

The amendment relates to the following aspects:

- Addresses the effects of vesting and non-vesting consolidation conditions on the measurement of the fair value of liabilities incurred from cash-settled share-based payments.
- Classifies share-based payment transactions that include net settlement features for tax purposes.
- Defines the accounting of share-based payments when the transaction changes from cash-settled to equity-settled.

The amendments are effective for periods commencing on or after January 1, 2018. Earlier application was permitted. The Company did not consider early application thereof.

IFRS 15 - "Revenue from Ordinary Activities under Contracts with Customers" (issued May 2014).

The standard sets out a unique comprehensive accounting model for ordinary revenue arising from contracts with customers. IFRS 15 will supersede the guidelines on recognition of ordinary revenue included in IAS 18 - Revenue, IAS 11 - Construction Contracts and related interpretations, once applicable.

The core principle of IFRS 15 is that an entity recognizes the revenue from ordinary activities to describe the transfer of goods or services promised to customers, in exchange for an amount that reflect the consideration the entity expects to be entitled to in exchange for such goods or services.

An entity recognizes revenue from ordinary activities pursuant to such basic principle, by applying the following stages:

- Stage 1: Identify customer contract.
- Stage 2: Identify performance obligations under the contract.
- Stage 3: Define the transaction price.
- Stage 4: Allocate the transaction price to performance obligations under the contract.
- Stage 5: Recognize ordinary revenue when (or in as much as) the entity fulfills a performance obligation.

Pursuant to IFRS 15, revenue is recognized upon fulfillment of a performance obligation. The standard also includes guidance on specific aspects related with the recognition of revenue, and requires a higher level of disclosure.

The standard is effective for periods commencing on or after January 1, 2018. The Company did not consider early application thereof.

The Company has reviewed the changes in this standard as compared to what was required by previous standards, which were repealed by the former.

Some of the aspects that have been reviewed include:
- Regarding the performance obligation, retail sales represent the only performance obligation; consequently, the Company does not expect an effect on the recognition of revenue, given that like under prior standards revenue is recognized when control over the asset is transferred to the customer, generally upon delivery thereof;
- The Company recognizes revenue from retail sales measured at the fair value of the consideration received or to be received, including returns and discounts;
- The Company does not grant volume discounts to its customers;
- The Company generally grants minor repair warranties but does not offer extended warranties under contracts with customers. The amount of such warranties is non-material;
- Regarding customer loyalty programs, no material changes are expected since liabilities representing points granted that have not been redeemed or expired are measured at the fair value of points and recognized as deferred revenue;
- The Company concluded that services provided to customers are delivered over time, taking into consideration that customers receive and consume benefits simultaneously. In line with this definition, revenue from such service contracts will continue to be recognized over time;
- Regarding disclosures and presentation requirements, the Company did not change the notes to the financial statements given that there are no changes related with judgments applied in the definition of the transaction price, or in the disaggregation of the revenue recognized from contracts with customers, or in the information on revenue for each reporting segment.

<u>IFRS 9 - "Financial Instruments" (issued July 2014)</u>

IFRS 9 introduced new requirements for the classification, measurement and derecognition of financial assets and liabilities, as well as new requirements for hedge accounting and impairment of financial assets.

<u>IFRIC 22 - "Foreign Currency Transactions and Advance Consideration" (issued December 2016).</u>

This interpretation clarifies the accounting of transactions including the receipt or payment of advance consideration in foreign currency.

The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from payment or receipt of advance consideration before it recognizes the related asset, expense or revenue. It does not apply when an entity measures the related asset, expense or revenue on initial recognition at fair value or at the fair value of the consideration received or paid on a date other than the date of initial recognition of a non-monetary asset or a non-monetary liability. Also, it is not required to apply this interpretation to income taxes, insurance contracts or reinsurance contracts.

The amendments are effective for periods commencing on or after January 1, 2018. Earlier application was permitted. The Company did not consider early application thereof. No material effects resulted from application of this IFRIC.

Note 4.3. Standards adopted earlier during the year ended December 31, 2018

During the year ended December 31, 2018 the Company did not apply any Standards earlier.

Note 4.4. Standards not yet in force at December 31, 2018, issued prior to January 1, 2018

During the year ended December 31, 2016 the International Accounting Standards Board IASB issued the following new standards and amendments:
- IFRS 16 - Leases, to be applied as of January 2019.

During the year ended December 31, 2017 the International Accounting Standards Board IASB issued the following new standards and amendments:
- IFRS 17 - Insurance Contracts, to be applied as of January 2021.
- IFRIC 23 - Uncertainty over Income Tax Treatments, to be applied as of January 2019.
- Amendment to IAS 28, to be applied as of January 2019.
- Amendment to IFRS 9, to be applied as of January 2019.
- Annual improvements to IFRS standards cycle 2015-2017, to be applied as of January 2019.

During the year ended December 31, 2018 the International Accounting Standards Board IASB issued the following new standards and amendments:
- Amendment to IAS 19, Employee Benefits, to be applied as of January 2019.

<u>IFRS 16 - "Leases" (issued January 2016)</u>

The standard sets out the principles for recognition, measurement, presentation and disclosure of leases, applicable to lessors and lessees. It deletes the dual accounting model for lessees, which makes a distinction between finance lease agreements that are carried in the balance sheet and operating leases for which recognition of future lease instalments is not required. Instead, a single model is developed, in the balance sheet, like the current finance lease.

IFRS 16 supersedes IAS 17 - Leases and relevant interpretations, and is applicable to periods commencing on or after January 1, 2019; earlier application is permitted, if IFRS 15 - Revenue from Contracts with Customers has been applied. Earlier application was not considered.

Note 40.4 discloses the assessment of the quantitative impact on information systems and processes as well as changes in internal controls, arising from the new requirements set out by the standard.

IFRS 17 – "Insurance Contracts" (issued May 2017)

This IFRS sets out the principles for recognition, measurement, presentation and disclosure of insurance contracts, and supersedes IFRS 4 - Insurance Contracts.

This standard requires a company issuing insurance contracts to disclose such contracts in the statement of financial position as the aggregate of: (a) cash flows from compliance less current estimates of the amounts the company expects to collect on premiums, as well as claims, benefits and expense payouts, including an adjustment relevant to the timeliness and risk attached to such amounts; and (b) the contract margin associated with the service less the expected gain from providing the insurance coverage.

The expected gain from the insurance coverage is recognized in income during the term when the insurance coverage is provided.

Additionally, it requires a company to differentiate the groups of contracts from which it expects to obtain a gain and those from which it expects a loss, the latter being recognized in income as soon as the company identifies such expected losses.

On each reporting date, companies are required to update cash flows from compliance, using current estimates of the amount, timeliness and uncertainty of cash flows and discount rates.

Regarding measurement, historic cost changes to current value. This allows including committed cash flows (both rights and liabilities), and updating them on each reporting date.

No material effects are expected from the application of this IFRS.

IFRIC 23 Uncertainties Over Income Tax Treatments (issued June 2017)

This interpretation clarifies how to account for the income tax regarding the effects of uncertainties, pursuant to IAS 12 - Income tax.

The purpose of the interpretation is to limit the diversity of views under which companies recognize and measure a tax liability or a tax asset when tax treatments are uncertain, given that there is no clarity regarding how to apply the tax law to a certain transaction, or whether the tax authority will accept the tax treatment given by the company.

No material effects are expected from the application of this IFRIC.

Amendment to IAS 28 "Investments in Associates and Joint Ventures" (issued October 2017)

The amendment clarifies that a company applies IFRS 9 - Financial Instruments to long-term interests in an associate or joint venture that is part of the net investment in the associate or joint venture.

No material effects are expected from the application of this amendment.

Amendment to IFRS 9 "Financial Instruments" (issued October 2017)

This amendment allows companies to measure financial assets terminated early with negative compensation at amortized cost or fair value through other comprehensive income, provided a condition is met, instead of at fair value through income.

No material effects are expected from the application of this amendment.

Annual improvement to IFRS Cycle 2015-2017 (issued December 2017)

Include the following amendments:

- IFRS 3 - Business Combinations. The following paragraph is added: "When a party to a joint arrangement (as defined in IFRS 11 - Joint Arrangements) obtains control of a business that is a joint operation (as defined by IFRS 11), and it had title to the rights and obligations arising from the liabilities related with such joint operation immediately before acquisition date, the transaction is a business combination carried out in stages. Consequently, the acquirer shall apply the requirements relevant to a business combination carried out in stages, including the remeasurement of the interest previously held in the joint operation as described in section 42. In doing so, the acquirer shall remeasure all of its interest previously held in the joint operation".

- IFRS 11 - Joint Arrangements. The following paragraph is added: "A party that participates in a joint operation, but does not have joint control, may obtain joint control of the joint venture whose activity is a business, as defined by IFRS 3. In these events, the interests previously held in the joint operation are not remeasured".

- IAS 12 - Income Tax. Modifies the basis for the conclusions regarding the consequences of payments on financial instruments classified as equity in the income tax.

- IAS 23 - Loan Costs. Paragraph 14 is amended as follows: "Where funds are part of a general pool, and they are used to obtain a qualifying asset, such entity will determine the amount of costs eligible for capitalization by applying a capitalization rate to the expenditure on that asset. The capitalization rate will be the weighted average of loan costs applicable to all loans received by the entity outstanding during the period. Nevertheless, an entity will exclude from this calculation the loan costs applicable to loans specifically obtained to fund a qualifying asset until all activities required to prepare such asset for its foreseen use or sale are completed. The amount of borrowing costs that an entity is entitled to capitalize during the period will not exceed total loan costs incurred during the same period.

No material effects are expected from the application of these improvements.

Note 4.5. Standards issued during the year ended December 31, 2017

On December 22, 2017 the Colombian Ministry of Finance and Public Credit issued Regulatory Decree 2170 by means of which IFRS 16, amendments to IAS 40, IFRS 2 and IFRS 4, and the annual improvements cycle 2014-2016 are incorporated to Regulatory Decree 2420 of December 14, 2015. Such Regulatory Decree is applicable as of January 1, 2018.

During the year ended December 31, 2017 the International Accounting Standards Board IASB issued the following new standards and amendments:

- IFRS 17 - Insurance Contracts, to be applied as of January 2021.
- IFRIC 23 - Uncertainty over Income Tax Treatments, to be applied as of January 2019.
- Amendment to IAS 28, to be applied as of January 2019.
- Amendment to IFRS 9, to be applied as of January 2019.
- Annual improvements to IFRS standards cycle 2015-2017, to be applied as of January 2019.

Note 4.4 summarizes these standards and amendments.

Note 4.6 Standards applied as of 2017, issued prior to January 1, 2017

During the year ended December 31, 2016, the IASB issued several standards, as detailed in section 4.8. Out of such standards issued, the following started to be applied as of January 1, 2017 according to the adoption date set by the IASB:

- Amendment to IAS 12.
- Amendment to IAS 7.

Amendment to IAS 12 - "Income tax" (issued January 2016)

The amendment clarifies how to account for deferred tax assets related with debt instruments measured at fair value.

IAS 12 sets out the requirements for recognition and measurement of current or deferred tax assets or liabilities. The amendments clarify the requirements for recognition of deferred tax assets arising from unrealized losses, to address diversity in the accounting practice.

The amendments are effective for periods commencing on or after January 1, 2017. Earlier application was permitted. The Company did not consider early application thereof. No material effects resulted from application of this amendment.

Amendment to IAS 7 - "Disclosure Initiative" (Issued January 2016)

The amendment clarifies IAS 7 to improve the information provided to the users of the financial statements regarding the entity's financing activities.

The amendments are effective for periods commencing on or after January 1, 2017. Earlier application was permitted. The Company did not consider early application thereof. No material effects resulted from application of this amendment.

Note 4.7 Standards adopted earlier during the year ended December 31, 2017

During the year ended December 31, 2017 the Company did not apply any Standards earlier.

Note 4.8 Standards not yet in force at December 31, 2017, issued prior to January 1, 2017

During the year ended December 31, 2017 the International Accounting Standards Board IASB issued the following new standards and amendments:

- IFRS 17 - Insurance Contracts, to be applied as of January 2021.
- IFRIC 23 - Uncertainty over Income Tax Treatments, to be applied as of January 2019.
- Amendment to IAS 28, to be applied as of January 2019.
- Amendment to IFRS 9, to be applied as of January 2019.
- Annual improvements to IFRS standards cycle 2015-2017, to be applied as of January 2019.

During the year ended December 31, 2016 the International Accounting Standards Board IASB issued the following new standards and amendments:
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration, to be applied as of January 2018.
- Amendment to IAS 40, applicable as of January 2018.
- Amendment to IFRS 4, applicable as of January 2018.
- Amendment to IFRS 2, applicable as of January 2018.
- IFRS 16 - Leases, to be applied as of January 2019.

During the year ended December 31, 2014 the International Accounting Standards Board IASB issued the following new standards and amendments:
- IFRS 15 - Revenue from Ordinary Activities under Contracts with Customers, applicable as of January 2018.
- IFRS 9 - Financial Instruments, applicable as of January 2018.

Note 5. Business combinations

No business combinations were carried out at December 31, 2018 and at December 31, 2017.

Note 6. Cash and cash equivalents

The balance of cash and cash equivalents is as follows:

	December 31, 2018	December 31, 2017
Cash at hand and in banks	1,869,999	1,601,621
Fiduciary rights (1)	15,869	16,194
Term deposit certificates	-	1,880
Total cash and cash equivalents	**1,885,868**	**1,619,695**

(1) The balance includes:

	December 31, 2018	December 31, 2017
Fiducolombia S.A.	5,306	5,555
Fondo de Inversión Colectiva Abierta Occirenta	5,225	-
Corredores Davivienda S.A.	5,105	6,062
Credicorp Capital	97	4
Fiduciaria Bogotá S.A.	87	4,069
BBVA Asset S.A.	49	504
Total fiduciary rights	**15,869**	**16,194**

At December 31, 2018 the Company recognized yields from cash and cash equivalents in amount of $8,982 (December 31, 2017 - $9,153), which were recorded as financial revenue as detailed in Note 31.

At December 31, 2018 and December 31, 2017, cash and cash equivalents were not restricted or levied in any way as to limit availability thereof.

Note 7. Trade receivables and other accounts receivable

The balance of trade receivables and other accounts receivable is as follows:

	December 31, 2018	December 31, 2017
Other accounts receivable (Note 7.1)	136,080	100,997
Trade accounts receivable (Note 7.2)	105,206	103,956
Total trade receivables and other receivables	**241,286**	**204,953**
Current (Note 7.3)	**218,109**	**189,750**
Non-current (Note 7.3)	**23,177**	**15,203**

Note 7.1. Other accounts receivable

The balance of other accounts receivable is as follows:

	December 31, 2018	December 31, 2017
Employee funds and lending	75,619	61,197
Business agreements	26,877	20,211
Sale of property, plant and equipment (1)	11,565	2
Money remittances	6,938	5,902
Tax claims	1,360	1,360
Money transfer services	572	3,970
Taxes collected receivable	352	165
Other accounts receivable (2)	12,797	8,190
Total other accounts receivable	**136,080**	**100,997**

(1) The balance includes balances receivable from the following third parties:

	December 31, 2018	December 31, 2017
Arquitectura y Comercio S.A.	10,993	-
Permoda Ltda.	570	-
Tacmo S.A.S.	2	2
Total	**11,565**	**2**

(2) The balance is comprised of:

	December 31, 2018	December 31, 2017
Factoring of trade receivables	5,995	4,435
Attachment orders receivable	1,815	1,536
Shortfalls receivable from employees	599	459
Other minor items	4,388	1,760
Total	**12,797**	**8,190**

Note 7.2. Trade accounts receivable

The balance of trade receivables is as follows:

	December 31, 2018	December 31, 2017
Trade accounts	98,471	86,173
Rental fees and concessions receivable	8,458	8,552
Employee funds and lending	6,606	18,057
Impairment of receivables (1)	(8,329)	(8,826)
Total trade receivables	**105,206**	**103,956**

(1) The impairment of receivables is recognized as expense in period results. However, even if impaired, the Company is of the opinion that these balances are recoverable, given the extensive credit risk analysis conducted on customers, including credit ratings when they are available in credit databases recognized in the market. During the year ended December 31, 2018 the net effect of the impairment of receivables in the statement of income represents an impairment loss in amount of $2,703 (December 31, 2017 - $541).

The development of the impairment of receivables during the period was as follows:

Balance at December 31, 2017	**8,826**
Impairment loss recognized during the period	14,518
Reversal of impairment losses	(11,815)
Receivables written-off	(3,200)
Balance at December 31, 2018	**8,329**

Note 7.3. Trade receivables and other accounts receivable classified as current and non-current

The balance of trade receivables and other accounts receivable classified as current and non-current is as follows:

	December 31, 2018	December 31, 2017
Trade accounts	98,471	86,173
Other employee funds and lending	55,104	46,954
Business agreements	26,877	20,211
Sale of property, plant and equipment	11,565	2
Rental fees and concessions receivable	8,458	8,552
Money remittances	6,938	5,902
Employee funds and lending	6,606	18,057
Tax claims	1,360	1,360
Money transfer services	572	3,970
Taxes receivable	352	165
Other	10,135	7,230
Impairment of receivables	(8,329)	(8,826)
Total current	**218,109**	**189,750**
Other employee funds and lending	20,515	14,243
Other	2,662	960
Total non-current	**23,177**	**15,203**

Note 7.4. Trade receivables and other accounts receivable by age

The aging of trade receivables and other receivables, irrespective of impairment, is as follows:

			Overdue			
Period	**Total**	**Not due**	**< 30 days**	**31 - 60 days**	**61 - 90 days**	**> 90 days**
December 31, 2018	249,615	90,278	100,312	50,612	1,502	6,911
December 31, 2017	213,779	72,966	104,296	6,442	1,656	28,419

Note 8. Prepaid expenses

The balance of prepaid expenses is:

	December 31, 2018	December 31, 2017
Insurance (1)	11,526	10,402
Leases (2)	11,052	6,455
Maintenance (3)	5,415	11,139
Other advance payments	777	273
Total prepaid expenses	**28,770**	**28,269**
Current	**18,539**	**22,837**
Non-current	**10,231**	**5,432**

(1) Represents multi-risk insurance contracts in amount of $8,873 (2017 - $7,580); third-party liability insurance $774 (2017 - $717); life insurance $653 (2017 - $534); transport insurance $412 (2017 - $493) and other insurance policies $814 (2017 - $1,078).

(2) Includes (a) rental fees paid in advance for the Éxito San Martin store in amount of $5,344 (2017 - $5,832), covering the lease contract until 2034, and (b) rental fees paid in advance for the Carulla Castillo Grande store in amount of $5,000 (2017 - $0), covering the lease contract from September 2019 to September 2023.

(3) Represents payments in advance for software maintenance and support in amount of $5,226 (2017 - $10,967); payments in advance for hardware maintenance and support in amount of $189 (2017- $71) and other minor advance payments in amount of $0 (2017 - $101).

Note 9. Accounts receivable, other non-financial assets and accounts payable to related parties

The balance of accounts receivable from related parties and the balance of other non-financial assets associated with related parties is made as follows:

	Accounts receivable		Other non-financial assets	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Joint ventures (1)	58,311	67,064	-	30,000
Subsidiaries (2)	45,770	48,947	-	-
Grupo Casino companies (3)	4,770	3,158	-	-
Controlling entity (4)	3,907	3,365	-	-
Key Management personnel	-	22	-	-
Total	**112,758**	**122,556**	**-**	**30,000**
Current	**108,951**	**114,969**	**-**	**30,000**
Non-current	**3,807**	**7,587**	**-**	**-**

(1) The balance of accounts receivable is made as follows:
- Involvement in a corporate collaboration agreement $7,019 (2017 - $-) and reimbursement of shared expenses, collection of coupons and other items $36,078 (2017 - $66,977) with Compañía de Financiamiento Tuya S.A.
- Point redemption $14,804 (2017 - $-) and other services $410 (2017 - $87) with Puntos Colombia S.A.S.

The balance of other non-financial assets at December 31, 2017 related to a payment made to Compañía de Financiamiento Tuya S.A. for the subscription of shares. Given that at December 31, 2017 Compañía de Financiamiento Tuya S.A. had not received authorization from the Colombian Financial Superintendence to register a capital increase, the amount disbursed was not recognized as an investment in such company; this balance was capitalized during the first quarter of 2018.

(2) Represents:
- Direct operations of Almacenes Éxito Inversiones S.A.S. where Almacenes Éxito S.A. acts as the payor to third parties under a mandate agreement, in amount of $3,720 (2017 - $2,184);
- Collection of dividends declared, administration services and reimbursement of expenses to Patrimonios Autónomos in amount of $10,991 (2017 - $18,655);
- Administration services, reimbursement of expenses and loans to Gemex O & W S.A.S. in amount of $22,459 (2017 - $19,589);
- Transfer of the put option contract to Spice Investments Mercosur S.A. por $3,856 (2017 - $3,460);
- Strategic direction to Libertad S.A. in amount of $3,112 (2017 - $1,292);
- Retail sales, administration services and reimbursement of expenses to Logística, Transporte y Servicios Asociados S.A.S. in amount of $510 (2017 - $2,297);
- Request to Carulla Vivero Holding Inc, for reimbursement of $94 (2017 - $172);
- Recovery of personnel expenses from Companhia Brasileira de Distribuição - CBD in amount of $135 (2017 - $135);
- Procurement of merchandise, marketplace services and other services to Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.) in amount of $231 (2017 - $126);
- Request to Éxito Viajes y Turismo S.A.S. for reimbursement of expenses in amount of $142 (2017 - $522);
- Collection of a loan disbursed to Onper Investment 2015 S.L. in amount of $520 (2017 - $502), and
- Reimbursement of personnel expenses from Devoto Hermanos S.A. in amount of $0 (2017 -$13).

(3) Mainly relates to the balance receivable for expatriate payments from Casino Services in amount of $8 (2017 $152), from Distribution Casino France in amount of $82 (2017 - $104) and from Casino International in amount of $4,151 (2017 - $2,845); from Greenyellow Energía de Colombia S.A.S. for energy efficiency services provided in amount of $527 (2017 - $57); from International Retail Trade and Services for lower value of purchase commission in amount of $1 (2017 - $0), and from Monoprix Exploitation for discounts for damaged goods in amount of $1 (2017 - $0).

(4) Represents the balance receivable under the Latin America strategic direction service agreement entered with Casino Guichard-Perrachon S.A.

The balance of accounts payable to related parties and the balance of other financial and non-financial liabilities with related parties is:

	Accounts payable		Other financial liabilities		Other non-financial liabilities	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Subsidiaries (1)	89,505	89,065	10	-	108,597	151,332
Controlling entity (2)	15,285	14,792	-	-	-	-
Joint ventures (3)	9,909	3,025	44,860	38,679	-	-
Grupo Casino companies (4)	6,260	9,593	-	-	-	-
Members of the Board	13	15	-	-	-	-
Total current	**120,972**	**116,490**	**44,870**	**38,679**	**108,597**	**151,332**

(1) The balance of accounts payable relates to:
- Reimbursement of expenses to Gemex O & W S.A.S. in amount of $1,624 (2017 - $800);
- Loan received from Carulla Vivero Holding Inc. in amount of $4,930 (2017 - $4,527);
- Transport services received from Logística, Transporte y Servicios Asociados S.A.S. in amount of $4,535 (2017 - $5,039);
- Leases and tax withholdings on dividends declared by Patrimonios Autónomos in amount of $2,819 (2017 - $5,838);
- Collections, purchase of tourist packages and redemption of points to Éxito Viajes y Turismo S.A.S. in amount of $106 (2017 - $3,431);
- Lease of property and purchase of inventories and assets to Distribuidora de Textiles y Confecciones S.A.S. in amount of $71,280 (2017 - $69,430, which includes a balance pending capitalization in amount of $5,195).
- Capital contribution for the incorporation of subsidiary Marketplace Internacional Éxito y Servicios S.A.S. in amount of $20 (2017 - $0).
- Mobile phones refill collection services to Almacenes Éxito Inversiones S.A.S. in amount of $3,997 (2017 - $0).
- Reimbursement of expenses to Companhia Brasileira de Distribuição - CBD in amount of $194 (2017 - $0).

At December 31, 2018 and at December 31, 2017, the balance of other non-financial liabilities relates to advance payments received from Patrimonio Autónomo Viva Malls under a mandate agreement whose purpose is the constructions of real estate property (Note 24).

(2) Consultancy and technical assistance services provided by Casino Guichard-Perrachon S.A. and Geant International B.V. in amount of $235 (2017 - $11,782) and dividends payable in amount of $15,050 (2017 - $3,010).

(3) At December 31, 2018 the balance relates to an account payable to Puntos Colombia S.A.S. arising from the issue of points (accumulation) in line with the change in the loyalty program implemented by the Company. The balance of accounts payable at December 31, 2017 relates to $3,000 payable to Puntos Colombia S.A.S. arising from the subscription of 9,000,000 shares and $25 intermediation fees payable to Compañía de Financiamiento Tuya S.A.

At December 31, 2018 and at December 31, 2017 the balance of other financial liabilities represents collections received from third parties related with Tarjeta Éxito (Éxito Credit Card), owned by Compañía de Financiamiento Tuya S.A. (Note 23).

(4) Mainly relates to energy optimization services and intermediation in the import of goods.

Note 10. Inventories, net and Cost of sales

Note 10.1. Inventories, net

The net balance of inventories is as follows:

	December 31, 2018	December 31, 2017
Inventories available for trading	1,268,067	1,084,841
Inventories of property under construction (1)	105,461	834
Inventories in transit	34,333	40,025
Materials, small spares, accessories and consumable packaging.	3,487	2,976
Raw materials	2,680	2,416
Production in process	589	-
Inventory impairment (2)	(15,893)	(19,111)
Total inventories, net	**1,398,724**	**1,111,981**

(1) At December 31, 2018 the balance represents Montevideo and Copacabana real estate projects in amount of $96,483 and $8,978, respectively.

At December 31, 2017 the balance related to Cota Hotel real estate project then in the construction stage for trading purposes. This project was in a construction reorganization stage since 2015. At June 30, 2018 the asset was transferred to non-current assets held for trading (Note 43).

(2) The development of the provision during the period reported is as follows:

Balance at December 31, 2017	**19,111**
Reversal of impairment provisions (10.2)	(3,218)
Balance at December 31, 2018	**15,893**

At December 31, 2018 and at December 31, 2017 inventories are not subject to limitation or liens that restrict tradability or realization thereof, and have been duly insured against all risks.

Pursuant to Company's policies, inventories are valued at cost or at net realizable value (fair value less selling costs), whichever is less. Adjustments to this valuation are included in the costs of sales for the period.

Note 10.2. Cost of sales

The following is the information related with the cost of sales, impairment and reversals of impairment recognized in inventories:

	January 1 to December 31, 2018	January 1 to December 31, 2017
Cost of goods sold	9,258,821	9,202,913
Trade discounts and rebates on purchases	(1,388,044)	(1,377,478)
Logistics costs (1)	416,326	375,333
Damage and loss	140,062	147,749
(Reversal) impairment recognized during the period (2)	(3,218)	(11,804)
Total cost of sales	**8,423,947**	**8,336,713**

(1) The following is a detail of items included in logistics costs:

	January 1 to December 31, 2018	January 1 to December 31, 2017
Employee benefits	220,876	183,989
Public utilities	126,913	123,481
Leases	52,643	53,338
Depreciation and amortization	15,894	14,525
Total	**416,326**	**375,333**

(2) The circumstances that gave rise to the reversal of impairment mainly relate to logistic adaptations and optimization of the goods storage space at the distribution center, limiting the exposure of goods at the warehouses. Also, they relate to a change in the management of physical counts (which are now managed through general inventories instead of revolving inventories), increase in post-season critical controls, assessment of critical merchandise and supplementary activities.

Note 11. Other financial assets

The balance of other financial assets is as follows:

	December 31, 2018	December 31, 2017
Derivative financial instruments (1)	113,541	5,934
Financial assets measured at amortized cost (2)	39,821	44,870
Financial assets measured at fair value through income (3)	1,201	1,286
Derivative financial instruments designated as hedge instruments (4)	480	-
Financial assets at fair value through other comprehensive income (5)	708	269
Total other financial assets	**155,751**	**52,359**
Current	**89,022**	**10,462**
Non-current	**66,729**	**41,897**

(1) Derivative financial instruments reflect the fair value of forward and swap contracts to hedge the fluctuation in the exchange rates and interest rates of liabilities in foreign currency. The fair values of these instruments are estimated based on valuation models commonly applied by market participants who use variables other than prices quoted, directly or indirectly perceptible for assets or liabilities. In its statement of financial position, the Company measures derivative financial instruments (forward and swap) at fair value, on each accounting closing date.

The detail of maturities of these instruments at December 31, 2018 is as follows:

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Forward	21,145	13,060	4,470	-	-	38,675
Swap	-	-	22,423	24,409	28,034	74,866
	21,145	**13,060**	**26,893**	**24,409**	**28,034**	**113,541**

The detail of maturities of these instruments at December 31, 2017 is as follows:

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Forward	31	353	171	135	-	690
Swap	-	-	4,514	730	-	5,244
	31	**353**	**4,685**	**865**	**-**	**5,934**

(2) Financial assets measured at amortized cost mainly relate to investments in bonds issued by Compañía de Financiamiento Tuya S.A. which the Company has the intention and capability of maintaining to maturity obtain contract cash flows. Such investments are part of the Tarjeta Éxito corporate collaboration agreement. At December 31, 2018 the nominal value amounts to $39,500 (2017 - $44,500) and maturities go from 5 to 8 years yielding CPI + 6%. Compañía de Financiamiento Tuya S.A. was capitalized in March 2018 maintaining the 50% interest in this company; bonds in amount of $5,000 were used to pay for this capitalization.

(3) Financial assets measured at fair value through income include investments in equity securities of Fondo Valorar Futuro to manage liquidity, which are measured at fair value based on the Fondo's unit value. Changes in fair value are recognized as revenue or expense in the statement of income.

(4) Derivative instruments designated as hedge instrument reflect swap transactions carried out by the Company under contracts executed with financial entities whose purpose is the exchange, at specific intervals, of the difference between the amounts of fixed and variable interest rates calculated in relation with an agreed-upon nominal principal amount, which turns variable rates into fixed rates and cash flows then may be determined in local currency. The fair values of these instruments are determined based on valuation models commonly used by market participants.

At December 31, 2018 relates to the following transactions:

	Nature of risk insured	Hedged item	Range of rates for the item hedged	Range of rates for hedging instruments	Fair value
Swap	Interest rate	Financial obligations	IBR 3M	4.4% - 6.0%	480

The detail of maturities of these hedging instruments at December 31, 2018 is as follows:

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Swap	-	-	-	-	480	480

(5) Financial assets measured at fair value through other comprehensive income are equity investments not held for trading. The detail of these investments is as follows:

	December 31, 2018	December 31, 2017
El Tesoro stages 4A and 4C trust	448	9
Associated Grocers of Florida, Inc.	113	113
Central de Abastos del Caribe S.A	71	71
La Promotora S.A.	50	50
Sociedad de Acueducto, Alcantarillado y Aseo de Barranquilla S.A. E.S.P.	14	14
Carnes y Derivados de Occidente S.A.S.	12	12
Total	**708**	**269**

The balance of other financial assets classified as current and non-current is as follows:

	December 31, 2018	December 31, 2017
Financial assets measured at amortized cost	3,515	4,528
Derivative financial instruments	85,507	5,934
Total current	**89,022**	**10,462**
Financial assets measured at amortized cost	36,306	40,342
Derivative financial instruments	28,034	-
Derivative financial instruments designated as hedge instruments	480	-
Financial assets measured at fair value through income	1,201	1,286
Financial assets measured at fair value through other comprehensive income	708	269
Total non-current	**66,729**	**41,897**

At December 31, 2018 and at December 31, 2017 there are no restrictions or liens on other financial assets that restrict the tradability or realization thereof, exception made of the Company's investment in Tuya S.A.'s bonds, which were issued as part of Tarjeta Éxito's business collaboration agreement.

None of the assets was impaired at December 31, 2018 and December 31, 2017.

Note 12. Property, plant and equipment, net

The net balance of property, plant and equipment is as follows:

	December 31, 2018	December 31, 2017
Land	436,670	632,046
Buildings	868,735	957,388
Machinery and equipment	712,647	657,169
Furniture and fixtures	401,251	390,358
Assets under construction	27,551	25,472
Improvements to third party properties	286,352	270,284
Vehicles and transportation equipment	4,983	5,284
Computers	154,457	141,535
Other property, plant and equipment	16,050	16,050
Total cost of property, plant and equipment	**2,908,696**	**3,095,586**
Accumulated depreciation	(852,817)	(713,091)
Total net property, plant and equipment	**2,055,879**	**2,382,495**

The development of the cost of property, plant and equipment, and depreciation thereof, during the reporting period is as follows:

Cost	**Land**	**Buildings**	**Machinery and equipment**	**Furniture and fixtures**	**Assets under construction**	**Improvements to third party properties**	**Transportation equipment**	**Computers**	**Other**	**Total**
Balance at December 31, 2017	**632,046**	**957,388**	**657,169**	**390,358**	**25,472**	**270,284**	**5,284**	**141,535**	**16,050**	**3,095,586**
Additions	-	3,830	18,433	8,152	129,828	7,922	-	2,737	-	170,902
(Decrease) increase from transfers (to) from investment property (Note 13) (1)	(446)	-	-	11,106	31,520	-	-	-	-	42,180
(Decrease) from transfers (to) non-current assets held for trading (Note 43) (2)	(12,613)	(384)	-	-	(6,136)	(126)	-	-	-	(19,259)
Increase (decrease) from movements between property, plant and equipment accounts	1,920	9,842	70,490	28,321	(153,133)	29,416	(297)	13,441	-	-
(Disposal and derecognition) of property, plant and equipment (3)	(117)	(988)	(23,794)	(22,823)	-	(14,577)	(4)	(2,637)	-	(64,940)
(Decrease) from contribution to Patrimonios Autónomos (4)	(108,139)	(67,577)	(9,651)	(13,863)	-	(6,567)	-	(56)	-	(205,853)
(Decrease) from transfers to inventories of real estate projects (Note 10) (5)	(75,981)	(33,376)	-	-	-	-	-	-	-	(109,357)
Other minor changes	-	-	-	-	-	-	-	(563)	-	(563)
Balance at December 31, 2018	**436,670**	**868,735**	**712,647**	**401,251**	**27,551**	**286,352**	**4,983**	**154,457**	**16,050**	**2,908,696**
Accumulated depreciation										
Balance at December 31, 2017	**-**	**109,208**	**245,326**	**150,804**	**-**	**119,097**	**3,155**	**83,068**	**2,433**	**713,091**
Depreciation expense/cost	-	25,595	70,652	46,353	-	27,584	572	23,192	788	194,736
(Disposals and derecognition) of depreciation (3)	-	(988)	(16,421)	(17,212)	-	(7,328)	(4)	(2,288)	-	(44,241)
(Decrease) from transfers (to) non-current assets held for trading (Note 43) (2)	-	(3,478)	-	-	-	(126)	-	-	-	(3,604)
(Decrease) from contribution to Patrimonios Autónomos (4)	-	(3,092)	-	(584)	-	-	-	-	-	(3,676)
(Decrease) from transfers to inventories of real estate projects (Note 10) (5)	-	(3,896)	-	-	-	-	-	-	-	(3,896)
Increase arising from transfers from investment property (Note 13) (1)	-	-	-	407	-	-	-	-	-	407
Increase (decrease) from movements between property, plant and equipment accounts	-	48	(3,092)	3,370	-	36	(100)	(262)	-	-
Balance at December 31, 2018	**-**	**123,397**	**296,465**	**183,138**	**-**	**139,263**	**3,623**	**103,710**	**3,221**	**852,817**

- Represents the transfer of amounts related with fire-control networks, air ducts and safety assets that were part of the Envigado building in construction under investment property. Later, such amounts were made part of the assets under machinery and equipment upon completion of the construction of the building.

2 Represents transfer of Cota Hotel Plot of Land and project in amount of $15,655.

(3) Includes derecognition of machinery and equipment, furniture and fixtures, improvements to third party properties and computers arising from the physical inventory of property, plant and equipment, in amount of $11,105. It also includes the closure of stores Éxito Barranquilla Alto Prado $3,007, Carulla Express Olaya Herrera $473, Surtimax San Carlos $389, Éxito Express Altos de la Carolina $319, Surtimax Los Olivos $309, Éxito Express Ciudadela $291, Éxito Express Costa de Oro $232, Éxito Mini Barzal $201, Éxito Express Avenida 60 $196, Surtimax El Real $184, Surtimax Ciudad Bolivar $167, Éxito Mini Parque de las Cigarras $132, Éxito Mini Yerbabuena $121, Surtimax Olaya $587, Surtimax Villa Luz $77, Surtimax Torices $363 and Surtimax Baranoa $232. And includes the disposal via sale of a land in Sincelejo in amount of $117.

(4) Represents Envigado property in amount of $156,721, Sincelejo plot of land $2,353, Éxito Fontibón property $11,348, roofs of Éxito Colombia and Éxito Envigado $6,567 and Viva Barranquilla property in amount of $25,188, which were delivered to Patrimonio Autónomo Viva Malls as part of the MOU completed on December 23, 2016 with Fondo Inmobiliario Colombia.

(5) Represents the transfer of Montevideo and Copacabana real estate projects in amount of $96,483 and $8,978, respectively.

Assets under construction are represented by those assets not ready for their intended use as expected by Company Management and on which costs directly attributable to the construction process continue to be capitalized.

The carrying amounts of property, plant and equipment under finance lease are as follows:

	December 31, 2018	**December 31, 2017**
Machinery and equipment	-	769
Other property, plant and equipment	15,761	15,761
Total cost of property, plant and equipment	**15,761**	**16,530**
Accumulated depreciation	(3,218)	(2,653)
Total net property, plant and equipment	**12,543**	**13,877**

The cost of property, plant and equipment does not include the balance of estimated dismantling and similar costs, since the assessment and analysis carried out by the Company made it clear that there are no contractual or legal obligations requiring such estimation at the time of acquisition.

At December 31, 2018 no restrictions or liens have been imposed on items of property, plant and equipment that limit realization or tradability thereof, and there are no commitments to acquire, build or develop property, plant and equipment.

At December 31, 2017, except for the Envigado property on which there was a commitment to contribute to the Patrimonio Autónomo Viva Malls as part of the MOU completed on December 23, 2016 with Fondo Inmobiliario Colombia, no restrictions or liens have been imposed on items of property, plant and equipment that limit realization or tradability thereof, and there are no commitments to acquire, build or develop property, plant and equipment.

During the year ended December 31, 2018, the Company did not receive any compensation for assets damaged (2017 - $1,202).

At December 31, 2018 no impairment of property, plant and equipment was recognized. At December 31, 2017 an impairment loss was recognized on Torre Sur Building in amount of $1,481, resulting from demolition thereof (Note 30). Information about the methodology applied to test for impairment is disclosed in Note 35.

Note 13. Investment property, net

Investment properties are business premises and plots of land held to generate revenue from operating lease agreements or future appreciation of the price thereof.

The net balance of investment properties is made as follows:

	December 31, 2018	**December 31, 2017**
Land	55,716	65,103
Buildings	39,341	213,909
Construction in progress	6,471	67,682
Total cost of investment property	**101,528**	**346,694**
Accumulated depreciation	(3,848)	(6,990)
Total investment property, net	**97,680**	**339,704**

The development of the cost of investment property and depreciation thereof, during the reporting period, is as follows:

Cost	Land	Buildings	Constructions in progress	Total
Balance at December 31, 2017	**65,103**	**213,909**	**67,682**	**346,694**
Additions	-	9,171	1,380	10,551
Increase (decrease) from transfers from (to) property, plant and equipment (Note 12).	446	(11,106)	(31,520)	(42,180)
(Decrease) from transfers to non-current assets held for trading (Note 43) (1)	(7,987)	(3,000)	-	(10,987)
Transfers between investment property accounts	-	31,071	(31,071)	-
(Decrease) from contribution to Patrimonios Autónomos (2)	(1,846)	(200,704)	-	(202,550)
Balance at December 31, 2018	**55,716**	**39,341**	**6,471**	**101,528**

Accumulated depreciation	Buildings
Balance at December 31, 2017	**6,990**
Depreciation expense	1,648
(Decrease) from transfers (to) property, plant and equipment (Note 12).	(407)
(Decrease) from transfers (to) non-current assets held for trading (Note 43) (1)	(307)
(Decrease) from contribution to Patrimonios Autónomos (2)	(4,076)
Balance at December 31, 2018	**3,848**

(1) Represents the transfer of the following properties: Lote La Secreta (land) $5,960, Kennedy business premises (land) $1,229, Kennedy business premises (building) $1,640, Pereira Plaza business premises (building) $556, Lote Casa Vizcaya (land) $595, Apartment 802 El Retiro (land) $203 and Apartment 802 El Retiro (building) $497.

(2) Represents Envigado property in amount of $99,278, Éxito Fontibón property $12,371 and Viva Barranquilla property in amount of $86,825, which were delivered to Patrimonio Autónomo Viva Malls as part of the MOU completed on December 23, 2016 with Fondo Inmobiliario Colombia.

At December 31, 2018 there are no limitations or liens imposed on investment property that restrict realization or tradability thereof.

At December 31, 2017, except for the Envigado property in amount of $56,438 that was in a construction stage and was delivered to Patrimonio Autónomo Viva Malls in 2018 as part of the memorandum of understanding completed on December 23, 2016 with Fondo Inmobiliario Colombia, investment properties are not restricted or encumbered in any way as to limit the realization or tradability thereof.

At December 31, 2018 and at December 31, 2017 the Company is not committed to acquire, build or develop investment property or to repair, maintain or improve such property, other than existing constructions. Neither has it received compensations from third parties arising from the damage or loss of investment property, nor has it recognized impairment losses.

Investment property was not impaired at December 31, 2018 and at December 31, 2017. Information about the methodology applied to test for impairment is disclosed in Note 35.

Note 36 discloses the fair values of investment property, based on the appraisal carried out by an independent third party.

At December 31, 2018 and at December 31, 2017 the results in the Company from the use of investment property are as follows:

	December 31, 2018	December 31, 2017
Revenue from leases (Note 27)	6,121	5,998
Operation expenses related to revenue-generating investment properties	(1,472)	(1,482)
Operating expenses related to non-revenue-generating investment properties	(2,947)	(2,316)
Net gain from investment properties	**1,702**	**2,200**

Note 14. Goodwill

The balance of goodwill is as follows:

	December 31, 2018	December 31, 2017
Carulla Vivero S.A. (1)	827,420	827,420
Súper Inter (2)	453,649	453,649
Cafam (3)	122,219	122,219
Other (4)	49,789	49,789
Total goodwill	**1,453,077**	**1,453,077**

(1) Relates to goodwill from the business combination carried out in 2007 resulting from the merger with Carulla Vivero S.A. The amount was determined in the opening statement of financial position using the deemed cost option, pursuant to the exemption of IFRS 1 of not to restate business combinations.

(2) Includes $179,412 from the acquisition of 19 Súper Inter business establishments carried out in September 2014; $264,027 from the acquisition of 29 Súper Inter business establishment carried out in April 2015; and $10,210 from the acquisition of 7 business establishments carried out between February 23, 2015 and June 24, 2015.

(3) Refers to the agreement executed on February 23, 2015, to acquire Cafam stores that had been operated by the Company since 2010. Business establishments acquired were subsequently turned into Éxito, Carulla and Surtimax stores. For impairment testing purposes, as of December 31, 2015 such goodwill was allocated to Éxito $80,134, to Carulla $29,075 and to Surtimax $13,010.

(4) Minor acquisitions of other business establishments that were subsequently turned into Éxito, Carulla and Surtimax stores. For impairment testing purposes, as of December 31, 2015 such goodwill was allocated to Éxito $10,540, to Surtimax $28,566 and to Súper Inter $10,683.

Goodwill has indefinite useful life on the grounds of the Company's considerations thereon, and consequently it is not amortized.

Goodwill was not impaired at December 31, 2018 and December 31, 2017. Information about the methodology applied to test for impairment is disclosed in Note 35.

Note 15. Intangible assets other than goodwill, net

The net balance of intangible assets other than goodwill is made as follows:

	December 31, 2018	December 31, 2017
Computer software	117,754	129,008
Trademarks	81,131	81,131
Rights	26,986	26,986
Other	19	22
Total cost of intangible assets other than goodwill	**225,890**	**237,147**
Accumulated amortization	(81,645)	(80,938)
Total intangible assets other than goodwill, net	**144,245**	**156,209**

The development of intangible assets other than goodwill during the reporting period is as follows:

Cost	**Trademarks (1)**	**Computer software (2)**	**Rights (3)**	**Other**	**Total**
Balance at December 31, 2017	**81,131**	**129,008**	**26,986**	**22**	**237,147**
Additions	-	8,505	-	445	8,950
Disposal and derecognition of impaired assets	-	(20,272)	-	-	(20,272)
Other changes	-	513	-	(448)	65
Balance at December 31, 2018	**81,131**	**117,754**	**26,986**	**19**	**225,890**
Accumulated amortization					
Balance at December 31, 2017	**-**	**80,938**	**-**	**-**	**80,938**
Amortization expense/cost	-	17,681	-	-	17,681
Disposal and derecognition of impaired assets	-	(16,965)	-	-	(16,965)
Other changes	-	(9)	-	-	(9)
Balance at December 31, 2018	**-**	**81,645**	**-**	**-**	**81,645**

(1) Relates to Surtimax trademark in amount of $17,427 acquired in the merger with Carulla Vivero S.A., and Super Inter trademark acquired in the business combination with Comercializadora Giraldo Gómez y Cía. S.A. in amount of $63,704.

Such trademarks have indefinite useful life on the grounds of the Company's considerations thereon, and consequently they are not amortized.

(2) Represents the net value of the following computer software, used by the Company in its business operation:

	December 31, 2018	December 31, 2017
System application and products (SAP)	7,442	12,634
WMS	6,955	2,843
Sistema de información comercial (Sinco)	5,973	11,054
Demand forecasts	3,228	4,299
Databases	3,164	4,402
Single customer	1,897	3,091
Central equipment virtualizer	1,098	1,391
Market Place Pragma (Seller Center)	1,000	-
Direct trade (Éxito app, Carulla app and Mi Descuento app)	996	-
Rotar	865	-
Pos and pin pads	720	1,021
Sinemax	535	980
Slotting	432	762
Innovation at points of payment	250	-
Assortment and space (a)	-	708
Pricing (a)	-	1,904
Other minor (a)	1,554	2,981
Net total	**36,109**	**48,070**

(a) An impairment loss in amount of $3,308 on such computer software was recognized at December 31, 2018 (Note 35).

(3) Recognitions of contracts executed in December 2017 in amount of $2,226, December 2016 in amount of $11,552 and September 2016 in amount of $13,238 for the acquisition of rights to exploit commercial premises.

Given the relevant usage considerations that the Company has thereon, such rights have indefinite useful life, and consequently they are not amortized.

At December 31, 2018 and December 31, 2017 intangible assets other than goodwill are not limited or subject to lien that would restrict realization or tradability thereof. In addition, there are no commitments to acquire or develop intangible assets other than goodwill.

Except for that mentioned in section 2-a above, at December 31, 2018 and at December 31, 2017 no impairment was recognized for intangible assets other than goodwill. Information about the methodology applied to test for impairment is disclosed in Note 35.

Note 16. Investments accounted for using the equity method

The balance of investments accounted for using the equity method is made as follows:

Company	Classification	December 31, 2018	December 31, 2017
Onper Investment 2015 S.L.	Subsidiary	4,620,336	5,366,939
Spice Investment Mercosur S.A.	Subsidiary	1,900,098	1,858,653
Patrimonio Autónomo Viva Malls	Subsidiary	940,411	537,572
Compañía de Financiamiento Tuya S.A.	Joint venture	203,679	126,551
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.) (1)	Subsidiary	148,515	134,172
Cnova N.V.	Associate	9,222	9,222
Logística, Transporte y Servicios Asociados S.A.S.	Subsidiary	7,852	4,121
Puntos Colombia S.A.S.	Joint venture	5,600	7,213
Carulla Vivero Holding Inc.	Subsidiary	4,834	4,439
Éxito Viajes y Turismo S.A.S.	Subsidiary	4,000	3,755
Fideicomiso Lote Girardot	Subsidiary	3,850	3,850
Patrimonio Autónomo Iwana	Subsidiary	3,098	3,196
Almacenes Éxito Inversiones S.A.S.	Subsidiary	231	2,844
Marketplace Internacional Éxito y Servicios S.A.S. (2)	Subsidiary	20	-
Patrimonio Autónomo Viva Villavicencio (3)	Subsidiary	-	108,124
Patrimonio Autónomo Centro Comercial (3)	Subsidiary	-	57,294
Patrimonio Autónomo Viva Sincelejo (3)	Subsidiary	-	41,947
Patrimonio Autónomo San Pedro Etapa I (3)	Subsidiary	-	17,534
Total investments accounted for using the equity method		**7,851,746**	**8,287,426**

(1) On October 22, 2018 subsidiary Distribuidora de Textiles y Confecciones S.A.S. changed its name to Éxito Industrias S.A.S.

(2) A subsidiary incorporated on September 12, 2018, with 100% direct interest of Almacenes Éxito S.A.

(3) In December 2018 these Patrimonios Autónomos were contributed to Patrimonio Autónomo Viva Malls under the MOU executed on December 23, 2016 with Fondo Inmobiliario Colombia.

Note 16.1. Non-financial information regarding investments accounted for using the equity method

Information regarding country of domicile, functional currency, main economic activity, ownership percentage and shares held in investments accounted for using the equity method is as follows:

Company	Country	Functional currency	Primary economic activity	Ownership percentage		Number of shares	
				December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Onper Investment 2015 S.L.	Spain	Euro	Holding	100%	100%	3.000	3.000
Spice Investment Mercosur S.A.	Uruguay	Uruguayan peso	Holding	100%	100%	6.550.177.757	6.550.177.757
Patrimonio Autónomo Viva Malls	Colombia	Colombian peso	Real Estate	51%	51%	N/A	N/A
Compañía de Financiamiento Tuya S.A.	Colombia	Colombian peso	Credit	50%	50%	7.912.031.150	6.706.154.298
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.)	Colombia	Colombian peso	Trade	97.95%	97.75%	3,990,707	3,982,670
Cnova N.V.	Holland	Euro	Trade	0.15%	0.15%	659.383	659.383
Logística, Transporte y Servicios Asociados S.A.S.	Colombia	Colombian peso	Transport	100%	100%	5.774.786	5.774.786
Puntos Colombia S.A.S.	Colombia	Colombian peso	Public utilities	50%	50%	9.000.000	9.000.000
Carulla Vivero Holding Inc.	British Virgin Islands	Colombian peso	Investment	100%	100%	385.900	385.900
Éxito Viajes y Turismo S.A.S.	Colombia	Colombian peso	Public utilities	51%	51%	2.500.000	2.500.000
Fideicomiso Lote Girardot	Colombia	Colombian peso	Real Estate	100%	100%	N/A	N/A
Patrimonio Autónomo Iwana	Colombia	Colombian peso	Real Estate	51%	51%	N/A	N/A
Almacenes Éxito Inversiones S.A.S.	Colombia	Colombian peso	Telephone services	100%	100%	300.000	300.000
Marketplace Internacional Éxito y Servicios S.A.S.	Colombia	Colombian peso	Trade	100%	-	20.000	-
Patrimonio Autónomo Viva Villavicencio	Colombia	Colombian peso	Real Estate	-	51%	-	N/A
Patrimonio Autónomo Centro Comercial	Colombia	Colombian peso	Real Estate	-	51%	-	N/A
Patrimonio Autónomo Viva Sincelejo	Colombia	Colombian peso	Real Estate	-	51%	-	N/A
Patrimonio Autónomo San Pedro Etapa I	Colombia	Colombian peso	Real Estate	-	51%	-	N/A
Gemex O & W S.A.S.	Colombia	Colombian peso	Trade	85%	85%	1.270.703	1.270.703

Note 16.2. Financial information regarding investments accounted for using the equity method

Financial information regarding investments accounted for using the equity method at December 31, 2018:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Revenue from ordinary activities	Income from continuing operations	Total comprehensiv income
Onper Investment 2015 S.L.	30,463,691	20,901,708	27,899,090	8,792,364	14,673,945	41,242,199	1,043,191	1,012,53
Spice Investment Mercosur S.A.	639,273	2,079,830	1,049,735	-	1,669,368	2,571,308	156,254	89,73
Patrimonio Autónomo Viva Malls	91,679	2,080,296	46,197	-	2,125,778	206,885	81,473	81,47
Compañía de Financiamiento Tuya S.A.	2,836,770	-	2,464,644	-	372,126	1,094,747	84,258	84,25
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.)	107,697	141,274	36,671	56,248	156,052	252,149	14,819	14,84
Cnova N.V.	2,609,106	1,061,978	4,227,576	96,363	(652,855)	7,581,440	(122,972)	(107,445
Logística, Transporte y Servicios Asociados S.A.S.	17,494	3,719	13,314	46	7,853	145,576	3,032	3,02
Puntos Colombia S.A.S.	65,768	29,734	82,171	4,293	9,038	35,491	(5,388)	(5,388
Carulla Vivero Holding Inc.	4,928	-	94	-	4,834	-	395	39
Éxito Viajes y Turismo S.A.S.	27,070	2,064	21,290	-	7,844	14,428	2,942	2,94
Fideicomiso Lote Girardot	-	3,850	-	-	3,850	-	-	
Patrimonio Autónomo Iwana	127	6,107	160	-	6,074	310	(131)	(131
Almacenes Éxito Inversiones S.A.S.	9,018	5,156	11,660	-	2,514	33,475	(521)	(521
Marketplace Internacional Éxito y Servicios S.A.S.	20	-	-	-	20	-	-	
Gemex O & W S.A.S. (1)	11,795	929	33,731	3,827	(24,834)	24,418	(12,803)	(12,803

Financial information regarding investments accounted for using the equity method at December 31, 2017:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Revenue from ordinary activities	Income from continuing operations	Total comprehensiv income
Onper Investment 2015 S.L.	30,031,406	20,637,607	26,708,665	7,562,275	16,398,073	42,738,829	525,529	425,54
Spice Investment Mercosur S.A.	637,812	2,105,854	1,111,498	-	1,632,168	2,612,979	165,588	190,71
Patrimonio Autónomo Viva Malls	199,768	952,698	47,029	-	1,105,437	115,072	52,644	52,64
Compañía de Financiamiento Tuya S.A.	2,571,106	-	2,353,238	-	217,868	1,344,712	41,556	41,55
Distribuidora de Textiles y Confecciones S.A.S. (at present Éxito Industrias S.A.S.)	142,045	151,592	93,697	55,316	144,624	348,099	17,314	17,33
Cnova N.V.	2,567,924	714,854	3,646,891	71,460	(435,573)	7,080,061	(307,904)	(334,692
Logística, Transporte y Servicios Asociados S.A.S.	12,053	4,174	10,055	2,051	4,121	107,196	2,277	2,28
Puntos Colombia S.A.S.	12,386	7,704	5,664	-	14,426	-	(3,574)	(3,574
Carulla Vivero Holding Inc.	4,525	-	86	-	4,439	-	94	9
Éxito Viajes y Turismo S.A.S.	21,949	2,359	16,945	-	7,363	19,850	5,793	5,79
Fideicomiso Lote Girardot	-	3,850	-	-	3,850	-	-	
Patrimonio Autónomo Iwana	179	6,254	166	-	6,267	351	(108)	(108
Almacenes Éxito Inversiones S.A.S.	4,158	5,376	4,538	-	4,996	40,593	11,012	11,01
Patrimonio Autónomo Viva Villavicencio	10,290	215,489	7,145	-	218,634	24,585	17,244	17,24
Patrimonio Autónomo Centro Comercial	3,442	112,314	1,413	-	114,343	9,930	5,911	5,91
Patrimonio Autónomo Viva Sincelejo	2,094	81,507	1,352	-	82,249	11,955	5,622	5,62
Patrimonio Autónomo San Pedro Etapa I	613	34,177	410	-	34,380	3,774	2,326	2,32
Gemex O & W S.A.S. (1)	10,316	6,707	23,462	5,592	(12,031)	19,267	(2,272)	(2,272

At December 31, 2018, the subsidiary accrued losses amounting to $26,329 ($13,526 at December 31, 2017) that decreased its net equity below 50% of its share capital, thus giving rise to the special grounds for dissolution foreseen in section 457 of the Code of Commerce. Subsidiary Management are committed to undertake all measures as required to overcome this situation. As part of the commitment taken on, a business plan aiming at generating profits was submitted to the General Meeting of Shareholders on March 18, 2016. However, the plan has not proven positive, reason why there is no decrease in total accumulated losses.

There are no restrictions on the capability of the subsidiaries to transfer funds to the Company in the form of cash dividends, or loan repayments or advance payments. Additionally, the Company has no contingent liabilities incurred related to its participation therein.

Embedded obligations acquired by the Company on behalf of its subsidiaries, whose losses are higher than the investment therein held are described in Note 20 Other provisions.

Note 16.3. Corporate purpose of investments accounted for using the equity method

The corporate purpose and other corporate information of investments accounted for using the equity method is the following:

Onper Investments 2015 S.L.

A subsidiary with domicile in Spain. Onper Investments 2015 S.L. is the Parent of Companhia Brasileira de Distribuição - CBD (a company domiciled in Brazil) where it has a 18.70% share in the capital and 49.97% of voting rights; Parent of Wilkes Partipações S.A. (a company domiciled in Brazil), Ségisor S.A. (a company domiciled in France), Oregon LLC, Pincher LLC and Bengal LLC (companies domiciled in the United States of America) where it has a 50% share of capital quotas, and Parent of Libertad S.A., Ceibotel S.A. and Geant Argentina S.A. (companies domiciled in Argentina), Vía Artika S.A. (a company domiciled in Uruguay), Spice España de Valores Americanos S.L. (a company domiciled in Spain) and Gelase S.A. (a company domiciled in Belgium) where it has a 100% share in the capital stock.

The subsidiary's corporate purpose is to carry out the following activities, in Spain and abroad:

- Manage and administer securities representing the funds of non-resident entities in Spanish territory, through the organization of physical and human resources. CNAE Code 66.30/64.20.
- Purchase, subscribe, hold, manage, administer, barter and sell domestic and foreign movable securities on its own without intermediation, through the organization of physical and human resources. CNAE Code 66.12.
- Promote and develop all kinds of real estate, urban or soil management plans, whether for industrial, commercial or housing purposes. This shall include purchasing, holding, managing, administering, bartering and selling all kinds of real estate assets. CNAE Code 4110 and 683.2.
- Perform all kinds of economic, financial and commercial surveys, as well as real estate-related surveys including those regarding the management, administration, merger and concentration of companies, and the provision of trade and entrepreneurial services. CNAE Code 69.20.
- Exception is made of activities reserved by Law to Collective Investments Institutions, as well as those expressly reserved by the Stock Exchange Law to stockbroking agents and/or companies.
- Should legal provisions require a certain professional title, administrative authorization or filing with public registers to perform any of the activities included in the corporate purpose, such activities shall be carried out by individuals holding such title and, as the case may be, shall not be initiated without compliance with administrative requirements.

The company may carry out the mentioned activities, in full or in part, indirectly through investments in other companies having the same or similar corporate purpose as that described above, or under any form pursuant to the Law.

Spice Investments Mercosur S.A.

A Uruguayan closed stock company, with nominative share titles. Its core purpose is investing in general, pursuant to section 47 of Uruguayan Law 16060, and it may develop investment activities in the country and abroad. Its main place of business is at Avenida General José María Paz No. 1404, Montevideo, Uruguay.

Patrimonio Autónomo Viva Malls

Established on July 15, 2016 by means of public deed 679 granted before the Notary 31st of Medellín as a stand-alone trust fund through Itaú Fiduciaria. Its main business purpose is the acquisition, whether directly or indirectly, of material rights to real estate property, mainly shopping centers and the development thereof, and the development of other real estate assets as well as the exploitation and operation thereof. The business purpose includes to lease the trade premises to third parties or to related parties, grant concessions on spaces that are part of the property, exploit, market and maintain the premises, raise funds and dispose of the assets, as well as perform all related activities as required to meet business goals. Its main place of business is at Carrera 7 No. 27 - 18 14th floor, Bogotá, Colombia.

Compañía de Financiamiento Tuya S.A.

A joint business, joint control over which was acquired on October 31, 2016. It is a private entity, authorized by the Colombian Financial Superintendence, incorporated by means of public deed No. 7418 granted on November 30, 1971 before the Notary First of Bogotá, having its main place of business in Medellín. The company's main corporate purpose is attracting resources using term-deposits with the primary purpose of engaging in credit active operations, to ease the trading of goods and services, without affecting operations and investments that it may carry out in compliance with the conditions or limitations set out by the legal regime applicable to financing companies.

Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.)

A subsidiary incorporated by private document on June 26, 2014. As result of a merger with Distribuidora de Textiles y Confecciones S.A., by means of public deed 1563 dated December 29, 2017 the subsidiary changed its name to Distribuidora de Textiles y Confecciones S.A.S. and changed its corporate purpose. Later, on October 22, 2018 the company changed its name to Éxito Industrias S.A.S. Its corporate purpose is (i) acquire, store, transform, manufacture, sell and in general distribute under any type of contract textile goods of domestic or foreign make, and acquire, give or receive property under lease agreements devoted for opening stores, shopping malls and other locations adequate for the distribution of merchandise and the sale of goods or services; (ii) launch and operate e-commerce activities in Colombia; (iii) enter into all kinds of contracts including, without limitation, lease, distribution, operation, association, purchase-sale, technical assistance, supply, inspection, control and service contracts seeking to adequately perform its corporate purpose; (iv) provide all kinds of services including, without limitation, administration, advisory, consultancy, technical and presentation services seeking to adequately perform its corporate purpose; and (v) carry out all kinds of licit activities Its main place of business is at Carrera 48 No. 32 Sur - 29, Envigado, Colombia.

Cnova N.V.

An associate incorporated on May 30, 2014. Its corporate purpose is participating or carrying out all activities and operations related with or suitable for e-commerce and regular trade, and the provision of services in the fields of retail sales, advertising, transportation, data communications, business advisory and business funding. Its main place of business is Amsterdam, Holland.

Logística, Transporte y Servicios Asociados S.A.S.

A subsidiary incorporated on May 23, 2014, under Colombian laws. Its main corporate purpose is the provision of air, land, maritime, fluvial, railway and multimodal domestic and international freight services for all kinds of goods in general. Its main place of business is at Carrera 48 No. 32B Sur - 139, Envigado, Colombia. The company's life span is indefinite.

Puntos Colombia S.A.S.

A joint venture established on April 19, 2017 under Colombian law. Its main corporate purpose is the purchase and sale of loyalty points, and the design, development, implementation, operation and administration of a loyalty program for the development of loyalty strategies applicable to the customers of alliance partners, through the recognition, accumulation, issue and redemption of loyalty points, as well as the purchase and sale of loyalty points. Its main place of business is at Carrera 48 No. 32B Sur - 139, Envigado, Colombia. The company's life span is indefinite.

Carulla Vivero Holding Inc.

A subsidiary incorporated on September 14, 2000 under the laws of the British Virgin Islands; Its corporate purpose is carrying out businesses to invest, buy, hold, acquire at any title, sell, assign and manage any chattels or real estate not forbidden or regulated by the laws of the British Virgin Islands.

Éxito Viajes y Turismo S.A.S.

A subsidiary incorporated on May 30, 2013, under Colombian laws. Its main corporate purpose is the exploitation of tourism-related activities, as well as the representation of the tourism industry and the opening of travel agencies whatever its nature and the promotion of domestic and international tourism. The company's life span is indefinite.

Fideicomiso Lote Girardot

The plot of land was acquired by means of assignment of fiduciary rights on February 11, 2011 through Alianza Fiduciaria S.A. Its purpose is to acquire title to the property on behalf of the Company. Its main place of business is at Carrera 10 and 11 with Calle 25, Girardot, Colombia.

Patrimonio Autónomo Iwana

Established on December 22, 2011 as a stand-alone trust fund through Fiduciaria Bancolombia S.A. Its business purpose is to operate Iwana shopping mall, including maintaining legal title to the property; execute lease agreements and the extension, renewal, amendment and termination of such agreements in accordance with the instructions received from the trustor (Parent) in its capacity as real estate administrator; the business purpose also includes manage resources, make payments as required to administer and operate the business premises and other units that are part thereof. The main place of business of the shopping mall is at Carrera 11 No. 50 – 19, Barrancabermeja, Colombia.

Almacenes Éxito Inversiones S.A.S.

A subsidiary incorporated by private document on September 27, 2010. Its corporate purpose is mainly (i) incorporate, finance, promote, invest, individually or jointly with other individuals or legal entities, in the incorporation of companies o businesses whose purpose is the manufacturing or trading of goods, objects, merchandise, articles or elements or the provision of services related with the exploitation of trade establishments and link with such companies as associate, by contributing cash, goods or services; and (ii) promote, invest, individually or jointly with other individuals or legal entities, in the provision of networks, services and telecommunications added value, particularly all activities permitted in Colombia or abroad related with telecommunications, mobile phone and added value services. The company's life span is indefinite.

Marketplace Internacional Éxito y Servicios S.A.S.

A subsidiary incorporated on September 12, 2018 under Colombian laws. Its main corporate purpose is carrying out the following activities in one or several free-trade zones: (i) provision of services to access the e-commerce platform made available by the company, through which those logging in may perform trade transactions; (ii) activities required to ensure an adequate performance of the e-commerce platform through which accessing sellers and buyers conduct transactions: (iii) issue, commercialization, processing and reimbursement of IOUs, coupons, cards or bonuses, whether physical or digital, or through any other technological means used as a mechanism to access the goods and services offered. Its main place of business is at vereda Chachafruto, Zona Franca, oficina 11, Rionegro, Antioquia. The company's life span is indefinite.

Gemex O & W S.A.S.

Incorporated on March 12, 2008. Its corporate purpose is the trading of all kinds of goods and services through alternative sales channels, such as, without limitation, direct sales or mail sales, web sites or e-commerce, through vending machines, and in general using all technology-based channels or special methods to trade goods and services. Its main place of business is at Carrera 43 No. 31 - 166, Medellín, Colombia. The company's life span is indefinite.

Patrimonio Autónomo Viva Villavicencio

Established on April 1, 2013 as a stand-alone trust fund through Fiduciaria Bancolombia S.A. Its business purpose is to operate Viva Villavicencio shopping mall, including maintaining legal title to the property; execute lease agreements and the extension, renewal, amendment and termination of such agreements in accordance with the instructions received from the trustor (Parent) in its capacity as real estate administrator; the business purpose also includes manage resources, make payments as required to administer and operate the business premises and other units that are part thereof. The main place of business of the shopping center is at Calle 7A No. 45 – 185, Villavicencio, Colombia.

Patrimonio Autónomo Centro Comercial

Established on December 1, 2010 as a stand-alone trust fund through Fiduciaria Bancolombia S.A. Its business purpose is to operate San Pedro Etapa II shopping mall, including maintaining legal title to the property; execute lease agreements and the extension, renewal, amendment and termination of such agreements in accordance with the instructions given by the trustors to the retained real estate administrator; the business purpose also includes manage resources, make payments as required to administer and operate the business premises and other units that are part thereof. The main place of business of the shopping mall is at Carrera 8 between Calles 38 and 48, Neiva, Colombia.

Patrimonio Autónomo Viva Sincelejo

Established on March 8, 2013 as a stand-alone trust fund through Fiduciaria Bancolombia S.A. Its business purpose is to operate Viva Sincelejo shopping mall, including maintaining legal title to the property; execute lease agreements and the extension, renewal, amendment and termination of such agreements in accordance with the instructions received from the trustor (Parent) in its capacity as real estate administrator; the business purpose also includes manage resources, make payments as required to administer and operate the business premises and other units that are part thereof. The main place of business of the shopping mall is at Carrera 25 No. 23 – 49, Sincelejo, Colombia.

Patrimonio Autónomo San Pedro Etapa I

Established on June 30, 2005 as a stand-alone trust fund through Fiduciaria Bancolombia S.A. Its business purpose is to operate San Pedro Plaza shopping mall, including maintaining legal title to the property; execute lease agreements and the extension, renewal, amendment and termination of such agreements in accordance with the instructions given by the trustors to the retained real estate administrator; the business purpose also includes manage resources, make payments as required to administer and operate the business premises and other units that are part thereof. The main place of business of the shopping mall is at Carrera 8 between Calles 38 and 48, Neiva, Colombia.

Note 16.4. Investments in associates and joint ventures with material non-controlling interests

At December 31, 2018 and at December 31, 2017 the following are associates and joint ventures with material non-controlling interests:

Material non-controlling interests

Investment	December 31, 2018	December 31, 2017
Joint venture		
Compañía de Financiamiento Tuya S.A.	50%	50%
Puntos Colombia S.A.S.	50%	50%
Associate		
Cnova N.V.	93.44%	93.44%

Below is a summary of financial information on associates and joint ventures with material non-controlling interests at December 31, 2018:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Revenue from ordinary activities	Income from continuing operations	Total comprehensive income
Compañía de Financiamiento Tuya S.A.	2,836,770	-	2,464,644	-	372,126	1,094,747	84,258	84,258
Puntos Colombia S.A.S.	65,768	29,734	82,171	4,293	9,038	35,491	(5,388)	(5,388)
Cnova N.V.	2,609,106	1,061,978	4,227,576	96,363	(652,855)	7,581,440	(122,972)	(107,445)

Below is a summary of financial information on the joint venture with material non-controlling interests at December 31, 2017:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Revenue from ordinary activities	Income from continuing operations	Total comprehensive income
Compañía de Financiamiento Tuya S.A.	2,571,106	-	2,353,238	-	217,868	1,344,712	41,556	41,556
Puntos Colombia S.A.S.	12,386	7,704	5,664	-	14,426	-	(3,574)	(3,574)
Cnova N.V.	2,567,924	714,854	3,646,891	71,460	(435,573)	7,080,061	(307,904)	(334,692)

Note 17. Changes in the classification of financial assets

During the year ended December 31, 2018, there were no material changes in the classification of financial assets, arising from a change in the purpose or use of such assets.

Note 18. Financial liabilities

The balance of financial liabilities is as follows:

	December 31, 2018	December 31, 2017
Bank loans (1)	1,038,942	796,390
Finance leases	3,839	3,530
Total current financial liabilities	**1,042,781**	**799,920**
Bank loans (1)	2,828,936	3,281,044
Finance leases	9,497	11,780
Total non-current financial liabilities	**2,838,433**	**3,292,824**

(1) In August 2015, the Company entered into credit agreements with local banks in amount of $3.25 trillion and with foreign banks in amount of $1.21 trillion (USD 400 million at the exchange rate of $3,027.20 Colombian pesos) for the acquisition of the operations in Brazil and Argentina through the

Spanish company Onper Investment 2015 S.L. Such credits are measured at amortized cost using the effective interest method, where transaction costs are included in amount of $14,332.

Under both agreements, the Company commits to request approval from the banks if it requires to carry out the following transactions: encumber assets, enter into extraordinary agreements with any affiliated company, incur additional liabilities wherever the result is breach of the credit agreement and/or without prior authorization from creditors; creditors will automatically grant authorization if the occurrence index is complied with, measured using the latest financial statements released by the Company, among others.

During January 2016 and April 2016, the Company requested disbursements in amount of $400,000 and $100,000, respectively, against the revolving trench under the credit agreement executed in July 2015. The revolving credit in amount of $500,000 with a term of two years, and the revolving cash credit with a term of one year, were restructured in August 2016.

$97,495 of the balance of non-current bank loans were repaid in August 2016; $55,000 and $500,000 of current bank loans were repaid in November 2016 and December 2016, respectively.

In February 2017 the Company obtained a loan in amount of $530,000; in March 2017, $70,000; in April 2017, $158,380; in May 2017, $79,216; and in September $120,000.

In February 2017 and in August 2017, $194,990 ($97,495 each month) were repaid of the outstanding balance of non-current bank loans; other repayments: in June 2017 $200,000; in August 2017 $50,000; in October 2017 120,000; in November 2017 $100,000 and in December 2017 $150,000 of current bank loans (syndicated revolving credit).

On December 22, 2017 the Company obtained a new syndicated revolving credit in amount of USD 450 million, maturing in December 2020. These resources allowed paying in advance the US Dollar syndicated credit outstanding at that date in the same amount, maturing in December 2018. Also, the peso revolving syndicated credit in amount of $500,000 was restructured to extend maturity from August 2018 to August 2020; all other contract conditions remain unchanged. The Company's debt level after the above two transactions does not vary; however, the average term of the debt goes from 2.2 years to 2.9 years, optimizing the Company's future payment outflows.

The Company requested disbursements in amount of $120,000, $350,000 and $30,000 during January, February and May 2018, respectively, against the syndicated revolving credit.

$97,495, $73,015, $97,495 and $73,015 of the non-current bank loan balance were repaid in February, June, August and December 2018, respectively.

$120,000 and $380,000 of the balance of syndicated revolving loans were repaid in July and August 2018, respectively.

Below is a detail of annual maturities of non-current bank loans and finance leases outstanding at December 31, 2018, discounted at present value:

Year	**Total**
2020	1,941,401
2021	277,672
2022	191,637
>2023	427,723
	2,838,433

Note 18.1. Commitments undertaken under credit contracts (financial obligations)

The purpose of commitments undertaken under credit contracts is to ensure compliance with the financial clauses applicable to debt and loans obtained in August 2015 and December 2017 that define the capital structure requirements (covenants) and other debtor obligations. Failure to comply with such financial clauses would result in the banks' promptly claiming repayment of debt and loans. No failure to comply with financial clauses has been reported regarding any interest-bearing debt or loan during the current period.

The Company has committed to pay in advance such obligations without accruing any prepayment commission or penalty, in the following events:

a. Sale of assets: When at any time during the loan term the Company dispose of its own assets, in one single or several transactions, which in the aggregate exceed 20% of the assets included in (i) 2014 financial statements, or (ii) the latest available annual financial statements, whichever is higher, it shall prepay an amount equivalent to 40% or 80% of the net proceeds of such sales, except (i) arising from disposals in the ordinary course of business, or (ii) if the net cash proceeds of the sale are reinvested in other assets within 12 months of receipt.

b. Insurance compensations: When at any time, during the credit term, the Company receive one or several insurance compensations as payment for one or several claims arising from the loss or damage of one or several of its assets, whose aggregate amount exceed 20% of the assets included in the latest available annual financial statements, the Company shall prepay an amount equivalent to 40% or 80% of the net payments received, in accordance with the time when the prepayment is to be made, except if reinvestment of such resources begins within 18 months of receipt of the net cash compensation.

c. Prepayments under bridge credit agreements: Wherever the Company intends to prepay bank credits in foreign currency, the Company shall prepay the short-term trench in proportion of the amount prepaid of bank credits in foreign currency, and in proportion of the share of each creditor.

Note 18.2. Obligations undertaken under credit contracts (financial obligations)

a. Financial: The Company is committed to maintain a financial leverage ratio of maximum 3.5x. Such ratio will be measured annually on April 30 based on audited consolidated financial statements at each period closing.

b. Indebtedness: The Company is committed to refrain from: (i) incurring new debts in the event of being in default of the financial liability and/or in the event that incurring the new debt would result in failure to comply with an existing financial liability, and (ii) incurring additional debt without the authorization of creditors.

   In the event that the Company intends to incur additional debt, it will require the prior authorization of creditors, authorization that will be deemed automatically granted if the Company complies with the occurrence indicator, which will be measured based on the latest separate financial statements submitted to the National Register of Securities and Issuers.

Note 19. Employee benefits

The following are the balances of employee benefits:

	December 31, 2018	December 31, 2017
Defined benefit plans (19.1)	29,335	29,885
Long-term benefit plan (19.2)	1,873	2,002
Total employee benefits	**31,208**	**31,887**
Current	**3,648**	**3,457**
Non-current	**27,560**	**28,430**

Note 19.1. Defined benefit plans

The Company has implemented the following defined benefit plans:

a. Retirement pension plan

   Under the plan, each of Company's employees will receive, upon retirement, a monthly pension payment, pension adjustments pursuant to legal regulations, survivor's pension, assistance with funeral expenses and June and December bonuses established by law. Such amounts depend on factors such as: employee age, time of service and salary.

   The Company is responsible for the payment of retirement pensions to employees who meet the following requirements: (a) employees who at January 1, 1967 had served more than 20 years (full liability), and (b) employees and former employees who at January 1, 1967 had served more than 10 years but less than 20 years (partial liability).

b. Retroactive severance pay plan

   Retroactivity of severance pay is estimated for those employees to whom labor laws applicable are those prior to Law 50 of 1990, and who did not migrate to the new system. Under the plan, the Company will pay employees upon retirement a retroactive amount as severance pay, after deduction of advance payments. This social benefit is calculated over the entire time of service, based on the latest salary earned.

c. Retirement bonus upon meeting the requirements to obtain an old-age pension

   Under the plan, wherever an employee of the Company meets the age and contribution requirements to obtain a retirement pension under the average defined benefit system, he is granted a single $1 cash bonus upon the employee's completion of his time of service.

   The old-age pension or disability pension bonus is granted under a collective bargain agreement.

d. Retirement bonus upon meeting the requirements to obtain a disability pension

Under the plan, wherever an employee of the Company is granted a disability pension by the relevant pension administration entity, he will be granted a single retirement bonus in amount of $4, provided a loss of 50% or more of capacity for work was qualified during the term of the labor relation with the Company.

The disability pension bonus is granted under a collective bargain agreement.

Such benefits are estimated on an annual basis or wherever there are material changes, using the forecasted credit unit. During the period ended December 31, 2018 there were no material changes in the methods or assumptions applied when preparing the estimations and sensitivity analyses.

Balances and development:

The following are balances and development of defined benefit plans:

	Retirement pensions	Retroactive severance pay	Old-age pension and disability retirement bonus	Total
Balance at December 31, 2017	**21,711**	**1,129**	**7,045**	**29,885**
Cost of services	-	31	380	411
Interest expense	1,417	69	460	1,946
Actuarial loss from changes in experience	555	-	169	724
Actuarial (gain) from financial assumptions	(297)	(4)	(112)	(413)
Benefits directly (paid) by the Company	(2,349)	(100)	(767)	(3,216)
Other changes	-	-	(2)	(2)
Balance at December 31, 2018	**21,037**	**1,125**	**7,173**	**29,335**

Variables used to make the calculations:

Discount rates, salary increase rates, inflation rates and death dates are as follows:

	December 31, 2018			December 31, 2017		
	Retirement pensions	Retroactive severance pay	Old-age pension and disability retirement bonus	Retirement pensions	Retroactive severance pay	Old-age pension and disability retirement bonus
Discount rate	7.10%	6.50%	7.10%	6.90%	6.40%	6.90%
Annual salary increase rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Future annuity increase rate	3.50%	-	-	3.50%	-	-
Annual inflation rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Death rate - men (years)	60-62	60-62	60-62	60-62	60-62	60-62
Death rate - women (years)	55-57	55-57	55-57	55-57	55-57	55-57
Death rate - men	0.001117% - 0.034032%	0.001117% - 0.034032%	0.001117% - 0.034032%	0.001117% - 0.034032%	0.001117% - 0.034032%	0.001117% - 0.034032%
Death rate - women	0.000627% - 0.019177%	0.000627%- 0.019177%	0.000627% - 0.019177%	0.000627% - 0.019177%	0.000627%- 0.019177%	0.000627% - 0.019177%

Employee turnover, disability and early retirement rates:

Years of service	December 31, 2018	December 31, 2017
From 0 to less than 5	34.26%	34.26%
From 5 to less than 10	16.68%	16.68%
From 10 to less than 15	9.82%	9.82%
From 15 to less than 20	7.32%	7.32%
From 20 to less than 25	5.62%	5.62%
25 and more	4.24%	4.24%

Sensitivity analysis:

A quantitative sensitivity analysis regarding a change in a key assumption would result in the following variation of the defined benefit net liability:

	December 31, 2018			December 31, 2017		
Variation expressed in basis points	**Retirement pensions**	**Retroactive severance pay**	**Old-age pension and disability retirement bonus**	**Retirement pensions**	**Retroactive severance pay**	**Old-age pension and disability retirement bonus**
Discount rate + 25	(360)	(9)	(133)	(386)	(11)	(135)
Discount rate - 25	372	10	137	398	11	139
Discount rate + 50	(709)	(19)	(261)	(758)	(21)	(265)
Discount rate - 50	757	19	279	811	22	283
Discount rate + 100	(1,375)	(36)	(506)	(1,468)	(41)	(513)
Discount rate - 100	1,567	39	577	1,679	44	586
Annual salary increase rate + 25	N/A	16	N/A	N/A	18	N/A
Annual salary increase rate - 25	N/A	(16)	N/A	N/A	(18)	N/A
Annual salary increase rate + 50	N/A	33	N/A	N/A	37	N/A
Annual salary increase rate - 50	N/A	(32)	N/A	N/A	(36)	N/A
Annual salary increase rate + 100	N/A	66	N/A	N/A	75	N/A
Annual salary increase rate - 100	N/A	(63)	N/A	N/A	(71)	N/A

Contributions for the next years funded with Company's own resources are foreseen as follows:

	December 31, 2018			December 31, 2017		
Year	**Retirement pensions**	**Retroactive severance pay**	**Old-age pension and disability retirement bonus**	**Retirement pensions**	**Retroactive severance pay**	**Old-age pension and disability retirement bonus**
2018	-	-	-	2,356	168	708
2019	2,355	205	744	2,346	125	520
2020	2,354	137	535	2,350	152	539
2021	2,350	267	579	2,340	256	663
>2022	37,464	830	12,064	36,780	781	11,216
Total	**44,524**	**1,440**	**13,923**	**46,172**	**1,482**	**13,646**

Other considerations:

The average duration of the liability for defined benefit plans at December 31, 2018 is 7.6 years (December 31, 2017 - 7.9 years).

The Company has no specific assets intended for guaranteeing the defined benefit plans.

The defined contribution plan expense at December 31, 2018 amounted to $7,341 (December 31, 2017 - $67,944).

Note 19.2. Long-term benefit plan

The long-term benefit plan involves a time-of-service bonus payable to employees, which is a benefit associated with time of service.

Such benefit is estimated on an annual basis or wherever there are material changes, using the forecasted credit unit. During the period ended December 31, 2018 there were no material changes in the methods or assumptions applied when preparing the estimations and sensitivity analyses.

Since 2015 the Company has reached agreement with several employees who voluntarily decided to replace the time-of-service bonus with a single one-time bonus.

Balances and development:

The following are balances and development of the long-term defined benefit plan:

Balance at December 31, 2017	**2,002**
Cost of services	95
Interest expense	126
Actuarial (gain) from changes in experience	(128)
Actuarial gain from financial assumptions	(18)
Benefits directly (paid) by the Company	(204)
Balance at December 31, 2018	**1,873**

Variables used to make the calculations:

Discount rates, salary increase rates, inflation rates and death dates are as follows:

	December 31, 2018	**December 31, 2017**
Discount rate	6.80%	6.6%
Annual salary increase rate	3.50%	3.50%
Annual inflation rate	3.50%	3.50%
Death rate - men	0.001117% - 0.034032%	0.001117% - 0.034032%
Death rate - women	0.000627% - 0.019177%	0.000627% - 0.019177%

Employee turnover, disability and early retirement rates are as follows:

Years of service	**December 31, 2018**	**December 31, 2017**
From 0 to less than 5	34.26%	34.26%
From 5 to less than 10	16.68%	16.68%
From 10 to less than 15	9.82%	9.82%
From 15 to less than 20	7.32%	7.32%
From 20 to less than 25	5.62%	5.62%
25 and more	4.24%	4.24%

Sensitivity analysis:

A quantitative sensitivity analysis regarding a change in a key assumption would result in the following variation of the long-term net benefit liability:

Variation expressed in basis points	**December 31, 2018**	**December 31, 2017**
Discount rate + 25	(23)	(26)
Discount rate - 25	23	26
Discount rate + 50	(45)	(51)
Discount rate - 50	47	54
Discount rate + 100	(87)	(100)
Discount rate - 100	96	110
Annual salary increase rate + 25	24	27
Annual salary increase rate - 25	(23)	(27)
Annual salary increase rate + 50	48	55
Annual salary increase rate - 50	(46)	(53)
Annual salary increase rate + 100	98	112
Annual salary increase rate - 100	(91)	(103)

Contributions for the next years funded with Company's own resources are foreseen as follows:

Year	**December 31, 2018**	**December 31, 2017**
2018	-	225
2019	342	356
2020	302	305
2021	231	232
>2022	1,905	1,890
Total	**2,780**	**3,008**

Other considerations:

The average duration of the liability for long-term benefits at December 31, 2018 is 5.2 years (December 31, 2017 - 5.6 years).

The Company has not devoted specific assets to guarantee payment of the time-of-service bonus.

The effect on the statement of income from the long-term benefit plan at December 31, 2018 was an expense in amount of $93 (December 31, 2017 $139).

Note 20. Other provisions

The balance of other provisions is made as follows:

	December 31, 2018	December 31, 2017
Legal proceedings (1)	13,771	12,618
Taxes other than income tax (2)	8,632	10,345
Restructuring (3)	911	1,268
Other (4)	27,761	13,026
Total other provisions	**51,075**	**37,257**
Current Note 20.1	**12,292**	**8,349**
Non-current Note 20.1	**38,783**	**28,908**

At December 31, 2018 and at December 31, 2017 the Company did not recognize provisions for contracts for consideration.

The detail of provisions is as follows:

(1) Provisions for lawsuits are recognized to cover estimated potential losses arising from labor and civil lawsuits brought against the Company, assessed based on the best estimation of cash outflows required to settle the liability on the date of preparation of the financial statements. The balance is comprised of $10,049 (2017 - $8,965) for labor lawsuits and $3,722 (2017 - $3,653) for civil lawsuits.

Provisions for civil lawsuits relate with third party liability $1,145 (2017 - $1,360); consumer protection $873 (2017 - $181); real estate-related $557 (2017 - $200) and other small claims $1,147 (2017 - $1,912).

Provisions for labor lawsuits relate with collective claims $30 (2017 - $30), indemnifications $2,524 (2017 - $2,252), salary adjustments and social benefits $160 (2017 - $180), health and retirement pensions $5,135 (2017 - $4,541) and labor relation and solidarity $2,200 (2017 - $1,962).

(2) Provisions for taxes other than income tax relate to the industry and trade tax in amount of $2,217 (2017 - $2,217), real estate tax in amount of $2,926 (2017 - $2,926), value added tax payable in amount of $3,234 (2017 - $5,145) and value added on beer in amount of $255 (2017 - $57),

(3) The restructuring provision relates to reorganization processes announced to the employees of stores, corporate and distribution centers during the first quarter of 2018 that will affect Company activities. The provision is based on cash outflows required, directly associated with the restructuring plan. The disbursement and plan implementation are expected to be carried out during 2019. The restructuring provision was recognized in period results as other expenses.

(4) The balance of other provision relates to:

	December 31, 2018	December 31, 2017
Gemex O&W S.A.S. (a)	20,092	9,209
Closure of stores	5,432	-
Reduction for merchandise VMI	2,237	3,817
Total other provisions	**27,761**	**13,026**

(a) Represents liabilities carried to recognize additional subsidiary losses exceeding the value of the amount invested in them by the Company. Company management have decided to carry such liability to recognize cash outflows likely required to settle these subsidiaries' liabilities.

Balances and development of provisions during the period are as follows:

	Legal proceedings	Taxes other than income tax	Restructuring	Other	Total
Balance at December 31, 2017	**12,618**	**10,345**	**1,268**	**13,026**	**37,257**
Increase	6,460	198	37,855	23,334	67,847
Uses	(38)	-	-	(850)	(888)
Payments	(1,302)	-	(35,547)	(4,737)	(41,586)
Reversal of unused amounts	(3,967)	(1,911)	(2,665)	(3,012)	(11,555)
Balance at December 31, 2018	**13,771**	**8,632**	**911**	**27,761**	**51,075**

Note 20.1. Other provisions classified as current and non-current

The balance of other provisions, classified as current and non-current is as follows:

	December 31, 2018	December 31, 2017
Legal proceedings	3,457	3,207
Restructuring	911	1,268
Taxes other than income tax	255	57
Other	7,669	3,817
Total current	**12,292**	**8,349**
Legal proceedings	10,314	9,354
Taxes other than income tax	8,377	10,345
Other	20,092	9,209
Total non-current	**38,783**	**28,908**

Note 20.2. Forecasted payments of other provisions

Forecasted payments of other provisions for which the Company is liable at December 31, 2017 are:

	Legal proceedings	Taxes other than income tax	Restructuring	Other	Total
Less than 12 months	3,457	255	911	7,669	12,292
More than one year	10,314	8,377	-	20,092	38,783
Total estimated payments	**13,771**	**8,632**	**911**	**27,761**	**51,075**

Note 21. Trade payables and other accounts payable

The balance of trade payables and other accounts payable is as follows:

	December 31, 2018	December 31, 2017
Suppliers	2,940,874	2,642,486
Costs and expenses payable	319,170	331,585
Employee benefits	124,701	141,763
Purchase of assets	78,741	87,241
Tax withholdings payable	44,549	37,135
Dividends payable	13,538	3,793
Other	25,036	18,724
Taxes collected payable	20,918	38,934
Total trade payables and other accounts payable	**3,567,527**	**3,301,661**

Note 22. Income tax

Tax rules applicable to the Company

a. For 2018, the applicable income tax rate is 33% and for 2017 was 34%; for 2018, the surcharge on income tax applicable to domestic companies is 4% and 6% for 2017, assessed on taxable income higher than $800. The income tax for equality CREE and surcharge thereon were eliminated as of 2017.

   For 2017, the income tax rate applicable to the Company was 33%, under the tax stability contract.

b. As of 2017, the taxable base to assess the income tax under the presumptive income model cannot be less than 3.5% of the net equity held on the last day of the immediately preceding taxable period.

   For 2017, the base to assess the Company's income tax under the presumptive income model is 3% pursuant to the tax stability contract.

c. Comprehensive inflation adjustments were eliminated for tax purposes as of 2007, and the tax on occasional gains was reinstated at a current rate of 10%, payable by legal entities on total occasional gains obtained during the taxable year.

d. A tax on dividends paid to individuals resident in Colombia was established as of 2017 at a rate of 5% triggered when the amount distributed is between 600 UVT ($20 for 2018) and 1000 UVT ($33 for 2018) and 10% on higher amounts when such dividends have been taxed upon the distributing companies.

   For non-resident individuals and foreign companies, the tax rate is 5% when such dividends have been taxed upon the distributing companies.

   When the earnings that give rise to dividends have not been taxed upon the distributing company, the tax rate applicable to shareholders will be 35%.

e. As of 2017 the tax base adopted is the accounting system pursuant to the accounting technical rules framework in force in Colombia, set forth by Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB), regulated in Colombia by Regulatory Decree 2450 of 2015, "Single Regulatory Decree on accounting, financial reporting and information assurance standards", amended on December 23, 2015 by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170, and updated on December 28, 2018 by Regulatory Decree 2483 with certain exceptions regarding the realization of revenue, recognition of costs and expenses and the accounting effects of the opening balance upon adoption of these standards.

f. The tax on financial transactions is a permanent tax. 50% of this tax is tax-deductible.

g. The annual adjustment applicable at December 31, 2018 to the cost of movable assets and real estate deemed fixed assets is 4.07%.

Tax stability

As of 2007 and until taxable 2009, the deduction of effective investments made in productive fixed assets is 40%, and application thereof does not give rise to profits taxed on individual partners or shareholders.

Taxpayers who acquire depreciable productive fixed assets as of January 1, 2007 and use such deduction, are only allowed to depreciate such assets under the straight-line method and will not be entitled to the audit benefit, even if they meet the requirements to claim such benefit pursuant to tax regulations. Prior to January 1, 2007 the same deduction applied to investments in productive fixed assets without the obligation of depreciating such assets using the straight-line method. Wherever the assets on which the above-mentioned deduction benefit was applied cease to be used in an income-producing activity, or wherever they are sold, the proportion of such deduction equivalent to the remaining useful life at the time of abandonment or sale becomes income taxable at applicable rates.

Law 1370 of 2009 reduced from 40% to 30% the deduction rate arising from effective investments in productive fixed assets for 2010; Law 1430 of 2010 eliminated the special deduction from investment in productive fixed asset as of taxable 2011. However, the possibility of stabilizing such regulation for a maximum term of three years is authorized to investors who prior to November 1, 2010 filed a request to be part to a tax stability agreement.

Up to 2017, the Company was entitled to request in its income tax return 40% of said investments, given that section 158-3 of the Tax Code is an integral part of the Legal Stability Contract EJ-03, under Law 963 of July 2005, entered with the Colombian government for ten years as of August 2007.

Tax credits

Pursuant to tax regulations in force as of 2017, the time limit to offset tax losses is 12 years following the year in which the loss was incurred.

Excess presumptive income over ordinary income obtained as of taxable 2007 may be offset against ordinary net income assessed within the following five (5) years.

Company losses are not transferrable to shareholders. In no event tax losses arising from revenue other than income and occasional gains, and from costs and deductions not directly related with the generation of taxable income will be offset against the taxpayer's net income.

Pursuant to sections 188 and 189 of the Tax Code, at December 31, 2018 and at December 31, 2017 the Company assessed its income tax by applying the presumptive income system.

At December 31, 2018 the Company has accrued $445,924 (December 31, 2017 - $297,258) excess presumptive income over net income.

At December 31, 2018, the Company has accrued tax losses amounting to $624,343 (December 31, 2017 $597,279).

Closing of tax returns

As of 2017, the general term to close tax returns is 3 years, and 6 years for taxpayers required to report transfer pricing information. Tax returns where tax losses are assessed will be closed in 12 years and those including offsetting of tax losses will be closed in 6 years.

The income tax return for 2017 where tax losses and a balance receivable were assessed is open for review for 12 years as of filing of the balance receivable; income tax return for 2016 where tax losses and a balance receivable were assessed is open for review for 5 years as of filing of the balance receivable; income tax for equality CREE return for 2016 showing a balance receivable is open for review for 5 years as of filing of the balance receivable; income tax return for 2015 showing a balance receivable is open for review for 2 years as of filing of the balance receivable; income tax for equality CREE return for 2015 is open for review for 2 years as of filing date. Tax advisors and Company management are of the opinion that no additional taxes payable will be assessed, other than those for which a provision has been recorded at December 31, 2018.

Transfer pricing

Company transactions with its parent, subsidiaries and/or foreign related parties have been carried out in accordance with the arm's length principle as if they were independent parties, as required by Transfer Pricing provisions set forth by domestic tax regulations. Independent advisors updated the transfer pricing survey as required by tax regulations, aimed at demonstrating that transactions with foreign related parties were carried out at market values during 2017. For this purpose, the Company filed an information statement and has the mentioned survey available as of September 13, 2018.

Foreign controlled entities

Under the special regime applicable to foreign subsidiaries that are investment vehicles, as of 2017 the standard sets out that passive revenue obtained by such vehicles must be included in the year of accrual and not in the year of effective distribution of profits.

Law 1943 of December 28, 2018 - Public Financing Act

On December 28, 2018 the Congress of Colombia enacted Law 1943 containing financing regulations to restore the general public budget balance, among other provisions.

The following are the most significant amendments regarding the income tax applicable to the Company, in effect as of 2019:

a. Income tax

- The base to assess the income tax using the presumptive income method shall be 1.5% of net equity for taxable 2019 and 2020, and 0% as of taxable 2021.

- The income tax rate for legal entities shall be 33% for taxable 2019, 32% for taxable 2020, 31% for taxable 2021 and 30% from taxable 2022 onwards.

- Taxes, levies and contributions actually paid during the taxable year or period are 100% deductible, if they are related with the company's economic activity including fees paid to business associations.

- 50% of the industry and trade tax can be taken as a tax discount for taxable 2019 to 2021. As of 2022, 100% can be taken as a tax discount.

- The time limit to recover tax discounts from taxes paid abroad is eliminated; such taxes can be taken as tax discount during the taxable year of payment, or during any subsequent taxable period.

- Regarding contributions to employee education, payments meeting the following conditions shall be deductible as of 2019: (a) devoted for scholarships and education forgivable loans to the benefit of employees, (b) payments to programs or care centers for the children of employees and (c) payments to primary, secondary, technical, technological and higher education institutions.

- The new law creates a Colombian Holding Companies model (CHC) applicable to domestic companies where one of the core activities is the holding of securities, investment or holding of shares or interests in Colombian and/or foreign companies and/or management of such investments. Under this new model, the following shall be tax-exempt: (a) dividends received by CHCs from foreign companies, (b) distribution of dividends by CHCs to their shareholders non-resident in Colombia, (c) the disposal of shares of foreign companies by CHCs, and (d) the disposal of shares of CHSs by nonresidents in Colombia.

- VAT on the acquisition, formation, construction or import of productive real fixed assets may be discounted from the income tax.

- The income withholding tax on payments abroad shall be 20% for consultancy services, technical services, technical assistance, professional fees, royalties, leases, compensations and management or administration services.

- Investors in private equity funds shall not be entitled to defer for tax purposes the recognition of revenue from such funds, except in the following events: (a) if the fund would cease to exist or be closed and participations are negotiated on the Colombia Stock Exchange, (b) if the fund is not owned, directly or indirectly, by one beneficiary (or his family members) in more than 50%, or if no fund beneficiary would have control over distributions therefrom.

b. Tax on dividends

- For legal entities, dividends from earnings already taxed at the distributing company are taxed at a 7.5% rate.

- For individuals, dividends from earnings already taxed at the distributing company are taxed at a 15% rate.

- For both, legal entities and individuals, dividends from earnings untaxed at the distributing company are taxed at a rate of 33% for taxable 2019, 32% for taxable 2020, 31% for taxable 2021 and 30% as of taxable 2022.

c. Other regulations

- As of January 1, 2020, electronic invoicing is required by tax authorities to accept discountable taxes and deductible costs and expenses, pursuant to the following table.

Year	Ceiling not requiring electronic invoice
2020	30%
2021	20%
2022	10%

Note 22.1. Current tax assets and liabilities

The balances of current tax assets and liabilities recognized in the statement of financial position are:

Current tax assets

	December 31, 2018	December 31, 2017
Total income tax balance receivable (1)	145,812	138,796
Tax discounts from taxes paid abroad	285	21,288
Industry and trade tax advances and withholdings	22,810	13,496
Total current tax assets	**168,907**	**173,580**

(1) The balance is comprised of:

	December 31, 2018	December 31, 2017
Income tax withholdings	204,038	187,166
Subtotal	**204,038**	**187,166**
Income tax (expense) (Note 22.2)	(58,226)	(48,370)
Total income tax balance receivable	**145,812**	**138,796**

Current tax liabilities

	December 31, 2018	December 31, 2017
Industry and trade tax payable	50,313	41,816
Real estate tax	145	-
Total current tax liabilities	**50,458**	**41,816**

Note 22.2. Income tax

The reconciliation of accounting income to taxable (loss), and the tax expense estimation are as follows:

	December 31, 2018	December 31, 2017
Earnings before income tax	**237,862**	**140,323**
Add		
Taxes taken on and revaluation	50,220	4,637
Non-deductible expenses	44,309	158,314
Reimbursement of deduction from income-generating fixed assets	33,798	1,989
Net income - recovery of depreciation of fixed assets sold	27,794	6,955
Selling price of fixed assets held less than two years	25,147	-
Tax on financial transactions	7,101	7,158
Accounting provisions and receivables written off (recoveries)	4,832	13,597
Fines, penalties and litigation	1,532	2,312
Non-deductible taxes	427	15
Non-deductible inventory losses	315	4,678
Tax on wealth	-	19,804
Less		
IFRS adjustments with no tax effects (1)	(306,212)	(193,475)
Selling price of fixed assets held less than two years	(77,138)	-
Untaxed dividends of subsidiaries	(27,739)	(51,849)
Derecognition of gain from the sale of fixed assets reported as occasional gain	(26,585)	(18,993)
Goodwill tax deduction, in addition to the accounting deduction	(20,351)	(279,655)
Deduction additional 30% on salary of voluntary apprentices	(1,739)	-
Disabled employee deduction	(445)	(1,406)
Recovery of provisions	(193)	(5,722)
40% deduction of investment in income-generating assets	-	(54,363)
Net (loss)	**(27,064)**	**(245,681)**
Current period presumptive income	**148,666**	**144,009**
Net taxable income	**148,666**	**144,009**
Income tax rate	33%	33%
Subtotal income tax (expense)	**(49,060)**	**(47,523)**
Income tax surcharge (expense)	(5,914)	-
Occasional gains tax (expense)	(3,625)	(1,097)
Tax discounts	373	250
Total income tax (expense)	**(58,226)**	**(48,370)**
Revenue from recovery of prior year's tax	**2,293**	**789**
Total current income tax (expense)	**(55,933)**	**(47,581)**

(1) IFRS adjustments with no tax effects are:

	December 31, 2018	December 31, 2017
Net results from applying the equity method	(396,749)	(329,244)
Higher accounting depreciation over depreciation for tax purposes	(41,229)	(60,927)
Excess personnel expenses for tax purposes over accounting personnel expenses	(34,900)	(128,699)
Other accounting (not for tax purposes) (revenue), net	(26,437)	(7,813)
Non-accounting costs for tax purposes	(17,215)	35,357
Taxed actuarial estimation	2,274	1,979
Exchange difference, net	36,959	5,066
Taxed leases	77,528	69,982
Taxed dividends of subsidiaries	93,558	220,824
Total	**(306,212)**	**(193,475)**

The components of the income tax revenue recognized in the statement of income are:

	December 31, 2018	December 31, 2017
Current income tax (expense)	(55,933)	(47,581)
Deferred income tax revenue (Note 22.3)	97,474	124,971
Total revenue from income tax	**41,541**	**77,390**

The reconciliation of average effective tax rate to applicable tax rate is as follows:

	December 31, 2018	Rate	December 31, 2017	Rate
Earnings before income tax	**237,862**		**140,323**	
Tax expense at applicable tax rate	(87,977)	(37%)	(46,307)	(33%)
Tax effect of non-deductible expenses to determine taxable loss	(40,201)	(17%)	(69,470)	(50%)
Tax effect from changes in tax rates	(3,245)	(1%)	-	-
Tax effect of adjustment of current taxes from prior periods	2,293	1%	789	1%
Other tax effects from the reconciliation of accounting income to tax expense	20,926	9%	113,359	81%
Tax effect of tax losses	69,466	29%	(3,826)	(3%)
Tax effect of untaxed revenue to determine taxable loss	80,279	34%	82,845	59%
Total income tax revenue	**41,541**	**18%**	**77,390**	**55%**

Presumptive income was determined as follows:

	December 31, 2018	December 31, 2017
Net shareholders' equity	4,330,108	4,885,686
Less net shareholders' equity to be excluded	(83,340)	(85,396)
Net shareholders' equity base	**4,246,768**	**4,800,290**
Presumptive income	**148,637**	**144,009**
Add: Taxed dividends	29	-
Total presumptive income to net equity	**148,666**	**144,009**

Note 22.3. Deferred tax

The Company recognizes deferred taxes receivable or payable, arising from temporary differences representing a lower or higher payment of the current year income tax, estimated at expected payment or recovery rates, provided there is reasonable expectation that such differences will revert in future. Should there be any deferred tax asset, an analysis will be made of whether the Company will generate enough taxable income in future to offset the asset, in full or in part.

Deferred tax carried in the statement of financial position and the breakdown of deferred tax assets and liabilities are as follows:

	December 31, 2018			December 31, 2017		
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets (liabilities), net	Deferred tax assets	Deferred tax liabilities	Deferred tax assets (liabilities), net
Tax losses	196,376	-	196,376	81,075	-	81,075
Excess presumptive income	140,258	-	140,258	96,762	-	96,762
Tax credits	56,282	-	56,282	40,771	-	40,771
Financial liabilities	46,168	-	46,168	52,527	-	52,527
Other provisions	14,896	-	14,896	5,074	-	5,074
Accounts payable to related parties	8,196	-	8,196	-	(51)	(51)
Inventories	5,360	-	5,360	4,408	-	4,408
Trade and other receivables	4,113	-	4,113	14,256	-	14,256
Prepaid expenses	3,681	-	3,681	2,956	-	2,956
Employee benefit provisions	3,642	-	3,642	4,073	-	4,073
Other non-financial liabilities	3,386	-	3,386	9,331	-	9,331
Other financial liabilities	2,850	-	2,850	12,478	-	12,478
Cash and cash equivalents	-	-	-	-	(67)	(67)
Other non-financial assets	-	(20)	(20)	-	(22)	(22)
Accounts receivable from related parties	-	(523)	(523)	65	-	65
Non-current assets held for trading	-	(555)	(555)	-	-	-
Construction in progress	-	(915)	(915)	-	(2,510)	(2,510)
Trade and other payables	-	(1,209)	(1,209)	-	(12,497)	(12,497)
Intangible assets other than goodwill	-	(7,654)	(7,654)	-	(9,288)	(9,288)
Investment property	-	(8,561)	(8,561)	-	(12,814)	(12,814)
Land	-	(9,623)	(9,623)	-	(21,851)	(21,851)
Real estate projects	-	(12,457)	(12,457)	-	-	-
Other property, plant and equipment	-	(26,512)	(26,512)	-	(30,250)	(30,250)
Other financial assets	-	(37,331)	(37,331)	-	(1,935)	(1,935)
Investments in subsidiaries and joint ventures	-	(60,657)	(60,657)	-	(76,217)	(76,217)
Buildings	-	(91,758)	(91,758)	-	(93,962)	(93,962)
Goodwill	-	(185,781)	(185,781)	-	(131,153)	(131,153)
Total	**485,208**	**(443,556)**	**41,652**	**323,776**	**(392,617)**	**(68,841)**

The effect of the deferred tax on the statement of income is as follows:

	December 31, 2018	December 31, 2017
Deferred income tax	95,400	136,163
Deferred occasional gains tax	2,074	(11,248)
Retained earnings of subsidiaries in Uruguay and Brazil	-	56
Total deferred income tax revenue	**97,474**	**124,971**

The effect of the deferred tax on the statement of comprehensive income is as follows:

	December 31, 2018	December 31, 2017
Gain from derivative financial instruments designated as hedge instruments	(4,486)	6,440
Gain from measurement of defined benefit plans	(40)	796
Total	**(4,526)**	**7,236**

The reconciliation of the development of deferred tax to the statement of income and the statement of other comprehensive income between December 31, 2018 and December 31, 2017 is as follows:

	December 31, 2018
Deferred tax recognized in income for the period.	97,474
Deferred tax recognized in other comprehensive income for the period.	(4,526)
Gain from deferred tax recognized in other equity interests (1)	17,545
Total decrease in deferred tax between December 31, 2018 and December 31, 2017	**110,493**

(1) Such effect resulting from the translation at the closing rate of deferred tax assets and liabilities of foreign subsidiaries is included in the line item "Exchange difference from translation" in other comprehensive income (Note 26).

No deferred tax assets generated by certain Colombian and foreign subsidiaries and other minor investments that have shown losses during the current or prior periods have been recognized. The amount of losses is as follows:

	December 31, 2018	December 31, 2017
Other minor investments	(212,032)	(2,919)
Total	**(212,032)**	**(2,919)**

Temporary differences related to investments in subsidiaries, associates and joint ventures, for which no deferred tax liabilities have been recognized at December 31, 2018 amount to $1,464,354 (December 31, 2017 - $1,118,113).

Note 23. Other financial liabilities

The balance of other financial liabilities is as follows:

	December 31, 2018	December 31, 2017
Collections received on behalf of third parties (1)	104,039	104,343
Derivative financial instruments designated as hedge instruments (2)	5,460	7,326
Derivative financial instruments (3)	1,770	16,570
Total current	**111,269**	**128,239**
Derivative financial instruments designated as hedge instruments (2)	1,451	13,915
Total non-current	**1,451**	**13,915**

(1) The balance of collections received on behalf of third parties is as follows:

	December 31, 2018	December 31, 2017
Éxito Card collections (a)	44,860	38,679
Non-banking correspondent	47,340	53,701
Direct trading (market place)	5,000	5,114
Money transfer services	-	1,594
Other collections	6,839	5,255
Total	**104,039**	**104,343**

(a) Represents collections received from third parties related with Tarjeta Éxito (Éxito Credit Card), owned by Compañía de Financiamiento Tuya S.A. (Note 9).

(4) Derivative instruments designated as hedge instrument reflect swap transactions carried out by the Company under contracts executed with financial entities whose purpose is the exchange, at specific intervals, of the difference between the amounts of fixed and variable interest rates calculated in relation with an agreed-upon nominal principal amount, which turns variable rates into fixed rates and cash flows then may be determined in local currency. The fair values of these instruments are determined based on valuation models commonly used by market participants.

Financial bartering is used to hedge exchange rate and/or interest rate risks of financial liabilities arising from the acquisition of property, plant and equipment, as well as from the business combinations of Companhia Brasileira de Distribuição - CBD and of Libertad S.A. The coverage ratio is 100% of the item hedged, this being the total or a portion of the relevant financial liability.

The Company maintains supporting evidence of accounting hedging relationships and conducts efficacy testing from initial recognition and along the hedging relationship to its derecognition. No inefficacy has been identified during the periods reported.

At December 31, 2018 relates to the following transactions:

Hedging instrument	Nature of risk hedged	Hedged item	Range of rates for hedged item	Range of rates for hedge instruments	Fair value
Swap	Interest rate	Financial obligations	IBR 3M	5.1% - 6.0%	6,890
Swap	Interest and exchange rates	Financial obligations	Libor USD 1M + 2.22%	9.06%	21
					6,911

The detail of maturities of these hedging instruments at December 31, 2018 is as follows:

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Swap	-	295	2,752	2,413	1,451	**6,911**

At December 31, 2017 relates to the following transactions:

Hedging instrument	Nature of risk hedged	Hedged item	Range of rates for hedged item	Range of rates for hedge instruments	Fair value
Swap	Interest rate	Financial obligations	IBR 3M	5.1% - 6.0%	20,287
Swap	Interest and exchange rates	Financial obligations	Libor USD 1M + 2.22%	9.06%	954
					21,241

The detail of maturities of these hedging instruments at December 31, 2017 is as follows:

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Swap	-	-	1,121	6,205	13,915	**21,241**

(3) Derivative financial instruments reflect the fair value of forward and swap contracts to hedge the fluctuation in the exchange rates and interest rates of liabilities in foreign currency. The fair values of these instruments are estimated based on valuation models commonly applied by market participants who use variables other than prices quoted, directly or indirectly perceptible for assets or liabilities. In its statement of financial position, the Company measures derivative financial instruments (forward and swap) at fair value, on each accounting closing date.

The detail of maturities of these instruments at December 31, 2018 is as follows:

	Less than 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Forward	192	1,506	-	-	1,698
Swap	-	72	-	-	72
					1,770

The detail of maturities of these instruments at December 31, 2017 is as follows:

	Less than 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Forward	10,448	4,710	1,412	-	**16,570**

Note 24. Other non-financial liabilities

The balance of other non-financial liabilities is as follows:

	December 31, 2018	December 31, 2017
Advance payments for real estate projects (1)	108,597	151,332
Revenue received in advance (2)	68,772	63,666
Customer loyalty programs (3)	18,539	37,797
Advance payments under lease agreements and other projects	977	3,948
Instalments received under "plan resérvalo"	647	850
Repurchase coupon	176	485
Total current	**197,708**	**258,078**
Advance payments under lease agreements and other projects	727	32,206
Total non-current	**727**	**32,206**

(1) Relates to advance payments from Patrimonio Autónomo Viva Malls under a mandate agreement whose purpose is the constructions of real estate property (Note 9). At December 31, 2018 the Company has construction contracts pending legalization for the purpose of finally settling the construction of buildings, which is expected during the last quarter of 2019. The relevant fees will be recognized after legalization.

(2) Mainly relates to revenue received in advance from third parties on the sale of various products through means of payment and strategic alliances.

	December 31, 2018	December 31, 2017
Gift card	57,199	47,851
Cafam comprehensive card	7,210	11,089
Exchange card	3,492	3,518
Fuel card	820	794
Other	51	414
Total	**68,772**	**63,666**

(3) Represents customer loyalty programs, namely "Puntos Éxito" and "Supercliente Carulla". At December 31, 2018, the effect on Company results of the valuation, issue, redemption and expiry of points related with these programs was a higher value of sales revenue in amount of $19,258 (December 31, 2017 - lower value of $463).

Note 25. Share capital, treasury shares repurchased and premium on the issue of shares

At December 31, 2018 and at December 31, 2017 the Company's authorized capital is represented in 530,000,000 common shares with a nominal value of $10 (*) each; subscribed and paid-in capital amounts to $4,482; the number of outstanding shares is 447,604,316 and the number of treasury shares reacquired is 635,835 valued at $2,734.

(*) Expressed in Colombian pesos.

The rights attached to the shares are speaking and voting rights per each share. No privileges have been granted on the shares, nor are they restricted in any way. Additionally, there are no option contracts on Company shares.

The premium on placement of shares represents the higher value paid over the par value of the shares, and amounts to $4,843,466 at December 31, 2018 and at December 31, 2017. Pursuant to legal regulations, this balance may be distributed as profits upon winding-up of the company, or upon capitalization of this value. Capitalization means the transferring of a portion of such premium to a capital account as result of the issue of a share-based dividend.

Note 26. Reserves, Retained earnings and Other comprehensive income

<u>Reserves</u>

Reserves are appropriations of prior period results by the General Meeting of Shareholders. In addition to the legal reserve, there is an occasional reserve, a reserve for the reacquisition of shares and a reserve for payment of future dividends.

<u>Retained earnings</u>

Retained earnings include the effect on shareholders' equity of the convergence to IFRS in amount of $1,070,092 resulting from the opening financial statement prepared in 2014 under IFRS 1, included in the accounting and financial reporting standards accepted in Colombia, set out in Law 1314 of 2009 in line with International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB) at December 31, 2014, regulated in Colombia by Regulatory Decree 2420 of 2015, "Single Regulatory Decree on accounting, financial reporting and information assurance standards", amended on December 23, 2015 by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170 and updated on December 28,m 2018 by Regulatory Decree 2483.

Other accumulated comprehensive income

The balance of each component of other comprehensive income in the statement of financial position is as follows:

	December 31, 2018			December 31, 2017		
	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
Measurement of financial assets at fair value through other comprehensive income (1)	(7,200)	-	(7,200)	(2,976)	-	(2,976)
Measurement of defined benefit plans (2)	(4,760)	1,432	(3,328)	(4,449)	1,472	(2,977)
Translation exchange differences (3)	(652,655)	-	(652,655)	(18,904)	-	(18,904)
(Loss) from the hedging of cash flows (4)	(5,978)	1,954	(4,024)	(19,516)	6,440	(13,076)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method (5)	(41,485)	-	(41,485)	(11,761)	-	(11,761)
Total other accumulated comprehensive income	**(712,078)**	**3,386**	**(708,692)**	**(57,606)**	**7,912**	**(49,694)**

(1) Relates to accumulated gains or losses arising from the valuation at fair value of investments in financial instruments through equity, less amounts transferred to retained earnings upon sale of such investments. Changes in fair value are not reclassified to income for the period.

(2) Represents the accumulated value of actuarial gains or losses arising from the Company's and its subsidiaries' defined benefit plans under the equity method. The net value of the new measurements is transferred to retained earnings and is not reclassified to income for the period.

(3) Represents the accumulated value of exchange differences arising from the translation to the Company's presentation currency of assets, liabilities, equity and results of operations abroad under the equity method. Accumulated translation differences are reclassified to period results upon disposition of the foreign operation. Includes the effect of translating deferred tax assets and liabilities in amount of $17,545 (Note 22).

(4) Represents the accumulated value of the effective portion of gains or losses arising from changes in the fair value of hedging instruments in a cash flow hedging. The accumulated value of gains or losses is reclassified to period results only when the hedged transaction influences period results or a highly-likely transaction is not foreseen to occur, or is included, as part of the carrying value, in a non-financial hedged item.

(5) Value allocated to the Company of the other comprehensive income from its investments in associates and joint ventures through direct investment or through subsidiaries.

Note 27. Revenue from ordinary activities under contracts with customers

The balance of revenue from ordinary activities under contracts with customers is as follows:

	December 31, 2018	December 31, 2017
Total retail sales (1)	10,619,523	10,588,484
Service revenue (2)	280,943	272,648
Other ordinary revenue (3)	120,669	43,826
Total revenue from ordinary activities	**11,021,135**	**10,904,958**

(1) The balance of retail sales represents the sale of goods and real estate projects net of returns and rebates. Includes the following items:

	December 31, 2018	December 31, 2017
Sale of goods, net of sales returns and rebates	10,619,523	10,584,998
Sale of real estate projects (a)	-	3,486
Total retail sales	**10,619,523**	**10,588,484**

(a) For 2017, relates to revenue obtained from the sale of Éxito Univalledupar real estate project.

(2) The balance of service revenue relates to:

	December 31, 2018	December 31, 2017
Distributors	98,904	103,135
Advertising	69,515	76,018
Lease of buildings (a)	50,957	37,545
Commissions	21,154	20,462
Non-banking correspondent	17,970	15,144
Money transfers	7,483	8,030
Administration of trade premises	6,715	6,570
Lease of physical space	1,625	475
Other services	6,620	5,269
Total service revenue	**280,943**	**272,648**

(a) Includes $6,121 (2017 - $5,998) lease revenue from the use of investment properties (Nota 14).

(3) The balance of other ordinary revenue relates to:

	December 31, 2018	December 31, 2017
Involvement in collaboration agreement (a)	67,465	-
Marketing events	14,526	10,250
Latam strategic direction (Note 34)	10,492	9,805
Royalties	10,440	6,973
Exploitation of assets	9,675	10,606
Financial services	2,389	1,825
Use of parking spaces	1,592	1,923
Technical assistance	950	799
Other	3,140	1,645
Total other ordinary revenue	**120,669**	**43,826**

(a) Relates to the involvement in the corporate collaboration agreement with Compañía de Financiamiento Tuya S.A.

Note 28. Distribution expenses and Administration and sales expenses

The balance of distribution expenses is as follows:

	December 31, 2018	December 31, 2017
Leases	292,438	278,310
Fuels and power	165,638	165,187
Depreciation and amortization	162,148	178,288
Taxes other than income tax	153,207	156,601
Advertising	105,107	114,987
Repairs and maintenance	93,440	88,318
Security services	63,992	63,819
Public utilities	51,357	32,284
Administration of trade premises	40,781	38,685
Cleaning services	38,846	36,905
Commissions on debit and credit cards	28,465	27,545
Transport	27,860	25,071
Fees	24,547	23,963
Insurance	20,396	25,061
Packaging and marking materials	16,552	26,683
Cleaning and cafeteria	9,633	10,445
Impairment expense	9,282	6,509
Other commissions	5,556	6,561
Travel expenses	5,329	5,994
Stationery	4,701	6,471
Ground transportation	4,380	4,946
Legal expenses	3,501	3,536
Contributions and affiliations	1,311	1,297
Other	63,681	42,227
Total distribution expenses	**1,392,148**	**1,369,693**

The balance of administration and sales expenses is as follows:

	December 31, 2018	December 31, 2017
Fees	42,498	40,403
Depreciation and amortization	36,023	41,461
Leases	18,324	4,654
Taxes other than income tax	16,468	17,668
Public utilities	9,824	4,726
Repairs and maintenance	9,721	8,946
Legal provision expense	6,404	50
Travel expenses	5,551	6,571
Impairment expense	5,236	1,715
Outsourced employees	3,849	3,631
Insurance	3,256	2,662
Fuels and power	2,665	2,581
Commissions	2,438	2,415
Telephone services	1,722	3,093
Transport	1,609	1,587
Entertainment	1,160	1,372
Contributions and affiliations	1,100	1,484
Administration of trade premises	969	8
Other commissions	906	926
Fines, penalties and litigation	514	478
Legal expenses	328	1,178
Packaging and marking materials	100	87
Other	3,475	4,724
Total administration and sales expenses	**174,140**	**152,420**

Note 29. Employee benefit expense

The balance of employee benefit expenses incurred by each significant category is as follows:

	December 31, 2018	December 31, 2017
Wages and salaries	653,792	643,690
Contributions to the social security system	9,947	10,601
Other short-term employee benefits	44,110	46,174
Total short-term employee benefit expense	**707,849**	**700,465**
Post-employment benefit expenses, defined contribution plans	57,341	67,944
Post-employment benefit expenses, defined benefit plans	300	220
Total post-employment benefit expenses	**57,641**	**68,164**
Termination benefit expenses	2,494	2,237
Other long-term employee benefits	(93)	139
Other personnel expenses	15,279	15,614
Total employee benefit expenses	**783,170**	**786,619**

Note 30. Other operating revenue, other operating expenses and other net gains

Other operating revenue, other operating expenses and other net gains include the effects of the most significant events occurred during the period which would distort the analysis of the Company's recurrent profitability; these are defined as unusual revenue and expense significant elements whose occurrence is exceptional and the effects arising from items that given its nature are not included in an assessment of recurring operating performance of the Company, such as impairment losses, disposal of non-current assets and the effects of business combinations, among other.

The balance of other operating revenue, other operating expense and other net gains, is as follows:

	December 31, 2018	December 31, 2017
Other operating revenue		
Recurring		
Recovery of allowance for trade receivables	11,815	3,753
Recovery of other provisions	3,012	1,780
Compensation from insurance companies (1)	2,998	5,219
Recovery of other provisions related to civil lawsuits	2,414	1,705
Reimbursement of tax-related costs and expenses	1,911	803
Recovery of other provisions related to labor lawsuits	1,553	822
Reimbursement of ICA-related costs and expenses	193	533
Total recurring	**23,896**	**14,615**
Non-recurring		
Recovery of restructuring expenses	2,665	-
Recovery of other provisions	41	903
Compensation from insurance companies (2)	-	1,202
Total non-recurring	**2,706**	**2,105**
Total other operating revenue	**26,602**	**16,720**
Other operating expenses		
Restructuring expenses (3)	(37,855)	(24,169)
Other expenses (4)	(11,752)	(4,864)
Provision for tax proceeding expenses	(255)	-
Tax on wealth expense (5)	-	(19,803)
Total other operating expenses	**(49,862)**	**(48,836)**
Other net gains (losses)		
Derecognition of property, plant and equipment (6)	(19,182)	(7,278)
Impairment of intangible assets and of property, plant and equipment (7)	(3,307)	(1,481)
(Loss) gain from the sale of property, plant and equipment (8)	(769)	10,708
Expenses from the disposal of assets (9)	(291)	(2,617)
Total other gains, net	**(23,549)**	**(668)**

The balance of other operating revenue, other operating expense and other net gains, is as follows:

(1) For 2018 represents revenue received from insurance companies and other third parties as compensation for losses incurred on assets, merchandise, loss of profits and indirect losses from damage to third parties for which the Company is liable in amount of $2,998.

For 2017 relates to revenue received from Mapfre Seguros Generales de Colombia S.A. as insurance compensation for loss of profits, inventories and other extraordinary expenses incurred from the casualty at Éxito Buenaventura store in amount of $2,791 and at Viva Buenaventura shopping mall in amount of $151; revenue received from insurance companies and other third parties as compensation for asset and goods-related losses and loss of profits, and for indirect losses arising from damages to third parties for which the Company is liable in amount of $2,277.

(2) Represents revenue received as compensation for damaged property and equipment.

(3) Refers to expenses from the Company's restructuring plan provision, which include the purchase of the operating excellence plan and corporate retirement plan.

(4) For 2018 represents expenses incurred in the closure of shops and stores in amount of $3,172; reorganization of stores $1,592; advisory expenses $754; expenses incurred in establishing real estate vehicles $463; provision for the closure of stores $5,432 and other minor expenses $339.

For 2017, relates to expenses incurred in establishing real estate vehicles in amount of $1,427; expenses arising from the closure of shops and stores in amount of $1,873; expenses incurred in the acquisition of investments $874; costs of the transaction related with the acquisition of the operations in Brazil and Argentina in amount of $315 and other minor expenses in amount of $630.

(5) For 2017 refers to the tax on wealth introduced by the National Government by means of Law 1739 of December 23, 2014.

(6) For 2018, includes the closure of stores Éxito Barranquilla Alto Prado $3,007, Carulla Express Olaya Herrera $473, Surtimax San Carlos $389, Éxito Express Altos de la Carolina $319, Surtimax Los Olivos $309, Éxito Express Ciudadela $291, Éxito Express Costa de Oro $232, Éxito Mini Barzal $201, Éxito Express Avenida 60 $196, Surtimax El Real $184, Surtimax Ciudad Bolivar $167, Éxito Mini Parque de las Cigarras $132, Éxito Mini Yerbabuena $121, Surtimax Olaya $587, Surtimax Villa Luz $77, Surtimax Torices $363 and Surtimax Baranoa $232. It also includes derecognition of machinery and equipment, furniture and fixtures, improvements to third party properties and computers arising from the physical inventory of property, plant and equipment, in amount of $11,105.

For 2017 relates to loss from the closure of stores: Cedi Envigado in amount of $4,610, Carulla San Jeronimo in amount of $1,152, Edificio Torre Sur in amount of $539, Éxito Portal Plaza in amount of $410, Éxito Buenaventura in amount of $278, Éxito Villavicencio Centro in amount of $191, Éxito Portal Libertador in amount of $56, Éxito Outlet in amount of $34 and Éxito Express Terminal del Norte in amount of $8.

(7) For 2018, represents an impairment loss related with computer software (Note 15).

For 2017, represents an impairment loss related with Edificio Torre Sur arising from demolition thereof (Note 12).

(8) For 2018 represents a loss from the sale of equipment in amount of $811, gain from the sale of Apartment 802 El Retiro property in amount of $53 million and loss from the sale of other minor assets in amount of $11 million.

For 2017 relates to a gain from the sale of buildings: Carulla Tesoro in amount of $7,102, Éxito San Francisco in amount of $2,263, Éxito Envigado Centro in amount of $812, Éxito Santa Marta Centro in amount of $437 and Calle 80 Apartment in amount of $94.

(9) For 2018, represents expenses associated with the contribution of assets to Patrimonio Autónomo Viva Malls $254; expenses associated with the sale of Apartment 802 el Retiro property in amount of $30 and expenses from registering retail space 11 of Centro Comercial Niza in amount of $7.

For 2017 relates to expenses associated with the sale of the buildings Éxito Belén, Éxito Fusagasugá, Éxito Avenida Quinta, Éxito Panorama Calle 30 and Éxito Popayán.

Note 31. Financial revenue and expenses

The balance of financial revenue and expenses is as follows:

	December 31, 2018	December 31, 2017
Gain from derivative financial instruments	219,389	27,574
Gain from exchange difference	32,543	177,215
Revenue from interest, cash and cash equivalents (Note 6)	8,982	9,153
Other financial revenue	7,566	14,560
Total financial revenue	**268,480**	**228,502**
Interest, loans and finance lease expenses	(317,090)	(335,972)
Loss from exchange difference	(195,974)	(175,456)
Loss from derivative financial instruments	(105,839)	(117,980)
Other financial expenses	(5,059)	(12,235)
Commission expense	(4,326)	(2,509)
Total financial expenses	**(628,288)**	**(644,152)**

Note 32. Share of profits in subsidiaries, associates and joint ventures that are accounted for using the equity method

The share of profits in subsidiaries, associates and joint ventures that are accounted for using the equity method is as follows:

	December 31, 2018	December 31, 2017
Onper Investments 2015 S.L.	183,666	122,348
Spice Investments Mercosur S.A.	113,712	117,541
Compañía de Financiamiento Tuya S.A.	42,129	20,778
Patrimonio Autónomo Viva Malls	31,924	24,413
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.)	17,253	16,973
Patrimonio Autónomo Viva Villavicencio	8,630	8,794
Logística, Transportes y Servicios Asociados S.A.S.	3,032	2,277
Patrimonio Autónomo Centro Comercial	2,940	3,015
Éxito Viajes y Turismo S.A.S.	2,803	2,955
Patrimonio Autónomo Viva Sincelejo	2,410	2,867
Patrimonio Autónomo Fideicomiso San Pedro Etapa I	1,070	1,186
Carulla Vivero Holding Inc.	395	94
Patrimonio Autónomo Iwana	(67)	(55)
Almacenes Éxito Inversiones S.A.S.	(652)	8,860
Puntos Colombia S.A.S.	(1,613)	(1,787)
Gemex O & W S.A.S.	(10,883)	(1,930)
Patrimonio Autónomo Centro Comercial Viva Barranquilla (1)	-	1,109
Patrimonio Autónomo Centro Comercial Viva Riohacha (2)	-	385
Distribuidora de Textiles y Confecciones S.A. (3)	-	(579)
Total	**396,749**	**329,244**

(1) Patrimonio Autónomo Centro Comercial Viva Barranquilla was contributed to Patrimonio Autónomo Viva Malls in December 2017.

(2) Patrimonio Autónomo Centro Comercial Viva Riohacha was settled in February 2017.

(3) A merger between Cdiscount Colombia S.A.S. and Distribuidora de Textiles y Confecciones S.A. was completed on December 29, 2017, where the acquiring company was Cdiscount Colombia S.A.S. As a result of this merger, Cdiscount Colombia S.A.S. changed its name to Distribuidora de Textiles y Confecciones S.A.S.

Note 33. Earnings per share

Earnings per share are classified as basic and diluted. The purpose of basic earnings is to give a measure of the participation of each ordinary share of the controlling entity in the Company's performance during the reporting periods. The purpose of diluted earnings is to give a measure of the participation of each ordinary share in the performance of the Company taking into consideration the dilutive effect (decrease in profits or increase in losses) of outstanding potential ordinary shares during the period.

At December 31, 2018 and at December 31, 2017 the Company has not carried out transactions with potential ordinary shares, nor after the closing date or at the date of release of these financial statements.

Below is information regarding earnings and number of shares used in the calculation of basic and diluted earnings per share:

In period results:

	December 31, 2018	December 31, 2017
Net gain attributable to the holders of ordinary equity instruments of the controlling entity (basic and diluted)	**279,403**	**217,713**
Weighted average of the number of ordinary shares attributable to earnings per share (basic and diluted)	447.604.316	447.604.316
Earnings per basic and diluted share (in Colombian pesos)	**624.22**	**486.40**

In total period comprehensive results:

	December 31, 2018	December 31, 2017
Net (loss) gain attributable to the holders of ordinary equity instruments of the controlling entity (basic and diluted)	**(379,595)**	**29,716**
Weighted average of the number of ordinary shares attributable to earnings per share (basic and diluted)	447.604.316	447.604.316
(Loss) earnings per basic and diluted share (in Colombian pesos)	**(848.06)**	**66.39**

Note 34. Transactions with related parties

Note 34.1. Key management personnel compensation

Transactions between the Company and key management personnel, including legal representatives and/or administrators, mainly relate to labor agreements entered between the parties.

Compensation of key management personnel is as follows:

	December 31, 2018	December 31, 2017
Short-term employee benefits (1)	43,977	39,459
Post-employment benefits	1,637	1,496
Termination benefits	1,289	105
Long-term employee benefits	167	33
Total	**47,070**	**41,093**

(1) A portion of short-term employee benefits is being reimbursed by Casino Guichard Perrachon S.A. and Libertad S.A. under a Latin American strategic direction service agreement entered with these companies. Revenue from Latam strategic direction was recognized during the year ended December 31, 2018 in amount of $10,492 (December 31, 2017 - $9,805) as described in Note 27.

Note 34.2. Transactions with related parties

Transactions with related parties relate to revenue from the sale of goods and other services, as well as to costs and expenses related to risk management and technical assistance support, and to the purchase of goods and services received. The amount of revenue, costs and expenses arising from transactions with related parties is as follows:

	Revenue		Costs and expenses		Other transactions	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Controlling entity (1)	7,389	7,003	29,041	26,424	-	-
Subsidiaries (2)	23,979	21,004	431,534	477,607	788	5,200
Grupo Casino companies (3)	4,660	993	28,672	9,481	-	-
Joint ventures (4)	90,407	28,159	39,823	2,376	-	-
Members of the Board	-	-	1,464	1,057	-	-
Total	**126,435**	**57,159**	**530,534**	**516,945**	**788**	**5,200**

(1) Revenue from the controlling entity relate to a Latin America strategic direction service agreement entered with Casino Guichard-Perrachon S.A.

Costs and expenses accrued with the controlling entity arise from consultancy and technical assistance services provided by Casino Guichard-Perrachon S.A. and Geant International B.V.

(2) Revenue from subsidiaries relate to the sale of goods to Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.); provision of administration services to Almacenes Éxito Inversiones S.A.S., Gemex O & W S.A.S., Logística, Transporte y Servicios Asociados S.A.S. and Patrimonios Autónomos (stand-alone trust funds), and installments on lease of property to Patrimonios Autónomos and to Éxito Viajes y Turismo S.A.S.

Cost and expenses arising from transactions with subsidiaries mainly refer to the purchase of goods for trading from Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.) transportation services provided by Logística, Transporte y Servicios Asociados S.A.S.; leases and real estate management activities with Patrimonios Autónomos; purchase of corporate plans from Almacenes Éxito Inversiones S.A.S.; and services received, purchase of goods and reimbursements with other subsidiaries.

The following is the detail of revenue, cost and expense transactions:

	Revenue		Costs and expenses	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Patrimonios Autónomos (Stand-alone trust funds)	11,330	10,960	62,082	45,310
Libertad S.A.	3,103	1,549	-	-
Gemex O & W S.A.S.	2,760	1,721	1,167	560
Almacenes Éxito Inversiones S.A.S.	2,666	4,335	1,360	10,723
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.)	1,883	432	234,617	324,210
Éxito Viajes y Turismo S.A.S.	1,175	1,203	298	470
Logística, Transporte y Servicios Asociados S.A.S.	991	804	131,706	96,334
Companhia Brasileira de Distribuição - CBD	62	-	304	-
Devoto Hermanos S.A.	9	-	-	-
Total	**23,979**	**21,004**	**431,534**	**477,607**

At December 31, 2018 other transactions represent the purchase of assets from Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.) in amount of $788 and at December 31, 2017 represent a loan granted to subsidiary Gemex O & W S.A.S.

Other transactions at December 31, 2017 relate to a loan granted to subsidiary Gemex O & W S.A.S. in amount of $5,200

(3) Revenue mainly relates to the provision of services and success fees from suppliers. Costs and expenses accrued mainly arise from energy optimization services received and intermediation in the import of goods. The following is the detail of transactions:

	Revenue		Costs and expenses	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2016
Casino International	3,846	-	-	-
Greenyellow Energía de Colombia S.A.S.	814	993	17,485	5,429
Distribution Casino France	-	-	7,769	613
Casino Services	-	-	2,098	1,599
Monoprix Exploitation	-	-	1,296	-
Cdiscount S.A.	-	-	24	510
International Retail Trade and Services	-	-	-	1,330
Total	**4,660**	**993**	**28,672**	**9,481**

(4) Revenue mainly represents the lease of real estate property to Compañía de Financiamiento Tuya S.A. and to Puntos Colombia S.A.S. in amount of $22,942 (2017 - $28,159) and to revenue from its involvement in the corporate collaboration agreement with Compañía de Financiamiento Tuya S.A. in amount of $67,465 (2017 - $-)

Costs and expenses mainly represent commissions on means of payment generated with Compañía de Financiamiento Tuya S.A. in amount of $2,094 (2017 - $2,376) and to the purchase of points of the Puntos Colombia S.A.S. loyalty program in amount of $37,739 (2017 - $-).

Note 35. Impairment of assets

Note 35.1. Financial assets

No material losses from the impairment of financial assets were identified at December 31, 2018 and at December 31, 2017. Note 7 contains information related to the development of impairment of trade receivables.

Note 35.2. Non-financial assets

At September 30, 2018 as part of the current modernization process of certain technological platforms, the Company tested for impairment certain computer software. Based on the analyses conducted, it was identified that such assets show a high degree of obsolescence, they are useless for the operation, do not provide economic benefit and additionally the estimated remaining useful life does not reflect the expected time for realization of the asset. Consequently, the recoverable value of such assets was defined as $0, and the Company recognized a $3,307 impairment loss in its financial statements.

The Company conducted the annual impairment testing at December 31, 2018 by cash-generating units.

The book value of the groups of cash-generating units is made of the balances of goodwill, property, plant and equipment, investment property, other intangible assets other than goodwill, net working capital and related financial lease liabilities.

For the purposes of impairment testing, the goodwill obtained via business combinations, trademarks and the rights to exploit trade premises with indefinite useful lives were allocated to the following groups of cash-generating units:

	Groups of cash-generating units					
	Éxito	Carulla	Surtimax	Súper Inter	Surtimayorista	Total
Goodwill	90,674	856,495	37,402	464,332	4,174	**1,453,077**
Trademarks with indefinite useful life	-	-	17,427	63,704	-	**81,131**
Rights with indefinite useful life	19,856	-	1,524	5,606	-	**26,986**

Even if trade establishments allocated to Surtimayorista cash-generating unit do not have goodwill acquired through business combinations, this value allocated for the purpose of impairment testing results from the change of stores in the Surtimax format to this new format; goodwill allocated to trade establishments of the Surtimax cash-generating unit comes from the business combination in 2007 under the merger with Carulla Vivero S.A. as disclosed in Note 14.

The method used for testing was the value in use given the difficulty of finding an active market that enables establishing the fair value of such intangible assets.

The value in use was estimated based on the expected cash flows as forecasted by Company management over a five-year period, on the grounds of the price growth rate in Colombia (Consumer Price Index - CPI), trend analyses from historic results, expansion plans, strategic projects to increase sales and optimization plans.

Cash flows beyond the five-year period were inferred using a real growth rate of 0%. According to the Company, this is a conservative approach that reflects the ordinary growth expected for the industry in absence of unexpected factors that might influence growth.

The tax rate included in the forecast of cash flows is the rate that the Company is expected to pay as taxes during the next years. The rate used to estimate the impairment of goodwill of cash-generating was 33% for 2019 onwards, rate in force in Colombia at November 30, 2018.

Expected cash flows were discounted at the weighted average cost of capital (WACC) using a market indebtedness structure for the type of industry where the Company operates; as a result, the weighted average cost of capital (WACC) used in the valuation was 8.96% for 2019 onwards.

No impairment of the groups of cash-generating units was identified from this analysis.

In June 2017 the Company tested Edificio Torre Sur property for impairment given that it was currently in the process of being demolished for the construction of Centro Comercial Viva Envigado. At December 31, 2017, the building was fully demolished. The recoverable value of the building was estimated using the depreciated reposition cost method, which consists of establishing a fair value of the asset based on an estimation of the total cost of a similar asset at market prices less accumulated depreciation, implementing a system that takes into consideration the age and state of preservation of the assets appraised, in this case affected by dismantling costs. Such appraisal determined $539 as the recoverable value of the asset, and the Company recognized impairment in its financial statements in amount of $1,481.

The variables that have the greater impact on the determination of the value in use of the cash-generating units are the discount rate and the perpetual growth rate. These variables are defined as follows:

(a) Growth rate in perpetuity: The estimation of the growth rate is based on the price growth expectations for the country pursuant to published market surveys, reason why a reduction in the rate below the expected rate is not deemed reasonable, given that the units' cash flows are expected to grow to the same level or even 1% above the general price increase in the economy.

(b) Discount rate: The estimation of the discount rate is based on an analysis of the market indebtedness for the Parent; a change is deemed reasonable if the discount rate would increase by 1.00%, in which event no impairment in the value of the groups of cash-generating units would arise.

Note 36. Fair value measurement

Below is a comparison of book values to fair values of financial assets and liabilities and non-financial assets of the Company at December 31, 2018 and at December 31, 2017 on a periodic basis as required or permitted by an accounting policy; financial assets and liabilities whose carrying values are an approximation of fair values are excluded, considering that they mature in the short term (in less than or up to one year), namely: trade receivables and other debtors, trade payables and other creditors, collections on behalf of third parties and short-term financial liabilities.

	December 31, 2018		December 31, 2017	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial assets				
Trade receivables and other accounts receivable at amortized cost	36,130	34,064	33,538	31,434
Investments in private equity funds (Note 11)	1,201	1,201	1,286	1,286
Equity investments (Note 11)	708	708	269	269
Investment in bonds (Note 11)	39,821	39,983	44,870	44,157
Forward contracts measured at fair value through income (Note 11)	38,675	38,675	690	690
Swap contracts measured at fair value through income (Note 11)	74,866	74,866	5,244	5,244
Swap contracts denominated as hedge instruments (Note 11)	480	480	-	-
Non-financial assets				
Investment property (Note 13)	97,680	163,617	339,704	455,614
Financial liabilities				
Financial liabilities at amortized cost (Note 18)	3,867,878	3,882,015	4,077,434	4,080,377
Finance leases at amortized cost (Note 18)	13,336	13,324	15,310	15,306
Forward contracts measured at fair value through income (Note 23)	1,698	1,698	16,570	16,570
Swap contracts measured at fair value through income (Note 23)	72	72	-	-
Swap contracts denominated as hedge instruments (Note 23)	6,911	6,911	21,241	21,241
Non-financial liabilities				
Customer loyalty liability (Note 24)	18,539	18,539	37,797	37,797

The following methods and assumptions were used to estimate the fair values:

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
Assets				
Loans at amortized cost	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for loans under similar conditions on the date of measurement in accordance with maturity days.	Commercial rate of banking institutions for consumption receivables without credit card for similar term horizons. Commercial rate for VIS housing loans for similar term horizons.
Investments in private equity funds	Level 1	Unit value	The value of the fund unit is given by the preclosing value for the day, divided by the total number of fund units at the closing of operations for the day. The fund administrator appraises the assets daily.	N/A
Forward contracts measured at fair value through income	Level 2	*Peso-US Dollar forward*	The difference is measured between the forward agreed upon rate and the forward rate on the date of valuation relevant to the remaining term of the derivative financial instrument and discounted at present value using a zero-coupon interest rate. The forward rate is determined based on the average price quoted for the two-way closing price ("bid" and "ask").	Peso/US Dollar exchange rate set out in the forward contract. Market representative exchange rate on the date of valuation. Forward points of the Peso-US Dollar forward market on the date of valuation. Number of days between valuation date and maturity date. Zero-coupon interest rate.
Swap contracts measured at fair value through income	Level 2	Operating cash flows forecast model	The method uses swap cash flows, forecasted using treasury security curves of the State that issues the currency in which each flow has been expressed, for further discount at present value, using swap market rates disclosed by the relevant authorities of each country. The difference between cash inflows and cash outflows represents the *swap* net value at the closing under analysis.	Reference Banking Index Curve (RBI) 3 months. Zero-coupon TES curve. Swap *LIBOR curve.* Treasury Bond curve. CPI 12 months
Equity investments	Level 1	Market quote prices	The fair value of such investments is determined as reference to the prices listed in active markets if companies are listed; in all other cases, the investments are measured at the deemed cost as determined in the opening balance sheet, considering that the effect is immaterial and that carrying out a measurement using a valuation technique commonly used by market participants may generate costs higher than the value of benefits.	N/A
Investment in bonds	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for investments under similar conditions on the date of measurement in accordance with maturity days.	CPI 12 months + Basis points negotiated
Investment property	Level 1	Comparison or market method	This technique involves establishing the fair value of goods from a survey of recent offers or transactions for goods that are similar and comparable to those being appraised.	N/A

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
Assets				
Investment property	Level 3	Discounted cash flows method	This technique provides the opportunity to identify the increase in revenue over a previously defined period of the investment. Property value is equivalent to the discounted value of future benefits. Such benefits represent annual cash flows (both, positive and negative) over a period, plus the net gain arising from the hypothetical sale of the property at the end of the investment period.	Weighted average cost of capital Growth in lessee sales Vacancy Growth in revenue
Investment property	Level 3	Realizable-value method	This technique is used wherever the property is suitable for urban development, applied from an estimation of total sales of a project under construction, pursuant to urban legal regulations in force and in accordance with the final saleable asset market.	Realizable value

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
Liabilities				
Financial liabilities and finance leases measured at amortized cost	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for loans under similar conditions on the date of measurement in accordance with maturity days.	Reference Banking Index (RBI) + Negotiated basis points. LIBOR rate + Negotiated basis points.
Swap contracts measured at fair value through income	Level 2	Operating cash flows forecast model	The method uses swap cash flows, forecasted using treasury security curves of the State that issues the currency in which each flow has been expressed, for further discount at present value, using swap market rates disclosed by the relevant authorities of each country. The difference between cash inflows and cash outflows represents the *swap* net value at the closing under analysis.	Reference Banking Index Curve (RBI) 3 months. Zero-coupon TES curve. Swap *LIBOR curve.* Treasury Bond curve. CPI 12 months
Derivative instruments measured at fair value through income	Level 2	*Peso-US Dollar forward*	The difference is measured between the forward agreed upon rate and the forward rate on the date of valuation relevant to the remaining term of the derivative financial instrument and discounted at present value using a zero-coupon interest rate. The forward rate is determined based on the average price quoted for the two-way closing price ("bid" and "ask").	Peso/US Dollar exchange rate set out in the forward contract. Market representative exchange rate on the date of valuation. Forward points of the Peso-US Dollar forward market on the date of valuation. Number of days between valuation date and maturity date. Zero-coupon interest rate.
Derivative *swap* contracts denominated as hedge instruments	Level 2	Discounted cash flows method	The fair value is calculated based on forecasted future cash flows of transactions using market curves and discounting them at present value, using *swap* market rates.	Swap curves calculated by Forex Finance Market Representative Exchange Rate (TRM)
Customer loyalty liability (1)	Level 3	Market value	The customer loyalty liability is updated in accordance with the point average market value for the last 12 months and the effect of the expected redemption rate, determined on each customer transaction.	Number of points redeemed, expired and issued. Point value. Expected redemption rate.

(1) The development of the measurement of customer loyalty liability during the period is as follows:

Balance at December 31, 2017	**37,797**
Issue	66,404
Maturity	(25,318)
Redemption	(65,138)
Valuation	4,794
Balance at December 31, 2018	**18,539**

The Company determines whether transfers between fair value hierarchy levels have occurred, through a change in valuation techniques, in such a way that the new measurement is the most accurate picture of the new fair value of the appraised asset or liability.

Changes in hierarchies may occur if new information is available, certain information used for valuation is no longer available, there are changes resulting in the improvement of valuation techniques or changes in market conditions.

There were no transfers between level 1 and level 2 hierarchies during the year.

Note 37. Contingent assets and liabilities

Note 37.1. Contingent assets

The Company has not recognized material contingent assets at December 31, 2018 and at December 31, 2017.

Note 37.2. Contingent liabilities

The following are contingent liabilities at December 31, 2018 and at December 31, 2017:

a. The following proceedings are underway, seeking that the Company be exempted from paying the amounts claimed by the complainant entity:

   - Resolutions by means of which the District Tax Direction of Bogotá issued to the Company an official revision settlement of the industry and trade tax for the bimonthly periods 4, 5 and 6 of 2011 on the grounds of alleged inaccuracy in payments, in amount of $11,830 (2017 - $11,830).

   - Administrative discussion with DIAN amounting to $18,483 (2017 - $0) regarding notice of special requirement 112382018000126 of September 17, 2018 informing of a proposal to amend the income tax return for 2015.

   - Resolutions issued by the District Finance Direction of Bogotá by means of which the industry and trade tax return of the Company for the bimonthly periods 2, 3, 4, 5 and 6 of 2012 were amended on the grounds of alleged inaccuracy in payments in amount of $5,000 (2017 - $5,000).

   - Resolution defining the budget and approving the distribution and individual allocation of the reappraisal of the general benefit contribution for the development of a public works program regarding Company property in amount of $1,163 (2017 - $1,163).

   - Resolutions by means of which a penalty was imposed on the grounds of inadequate offsetting of the Carulla Vivero S.A. 2008 income tax in amount of $1,088 (2017 - $1,088).

   - Resolution and official assessment imposing penalties on the Company on the grounds of errors in the self-assessment of contributions to the Social Security System in amount of $940 (2017 - $940).

   - Resolution by means of which the DIAN issued official revision assessment regarding sales tax of the first bimonthly period of taxable 2013, on the grounds of alleged inaccuracy in payments in amount of $544 (2017 – $544).

b. Other proceedings:

   - Third-party liability lawsuit amounting to $1,531 (2017 - $1,531) for alleged injuries to a customer at Éxito Santa Marta store premises.

   - Third-party liability lawsuit amounting to $700 (2017 - $700) for alleged damages to the plaintiff's property during the demolition of Club Campestre Sincelejo and subsequent construction of Almacén Éxito Sincelejo on the same land.

c. Other contingent liabilities:

   - On June 1, 2017 the Company granted a guarantee on behalf of Almacenes Éxito Inversiones S.A.S. in amount of $2,631 to cover a potential failure to comply with its obligations with one of its main suppliers.

These contingent liabilities, whose nature is that of potential liabilities, are not recognized in the statement of financial position; instead, they are disclosed in the notes to the financial statements.

Note 38. Offsetting of financial assets and liabilities

Below is a detail of financial assets and liabilities that are shown offset in the statement of financial position:

Year	Financial assets	Gross value of financial assets recognized	Gross value of related financial liabilities recognized	Net value of financial assets recognized
2018	Derivative financial instruments and hedging (Note 11) (1)	-	-	114,021
2017	Derivative financial instruments and hedging (Note 11) (1)	-	-	5,934

Year	Financial liabilities	Gross value of financial liabilities recognized	Gross value of related financial assets recognized	Net value of financial liabilities recognized
2018	Derivative financial instruments and hedging (Note 23) (1)	-	-	8,681
	Trade payables and other accounts payable (2)	1,216,651	106,614	1,110,037
2017	Derivative financial instruments and hedging (Note 23) (1)	-	-	37,811
	Trade payables and other accounts payable (2)	2,666,900	253,901	2,412,999

(1) The Company carries out derivative and hedge "*forward*" and "*swap*" transactions to hedge against fluctuation in exchange rates and interest rates of accounts payable and financial liabilities. These items are measured at fair value; fair values of these financial instruments are disclosed in Note 36. For 2018, the valuation of derivative financial instruments comprises intrinsic value plus temporary value, reason why right and obligation may not be individualized.

(2) The Company has entered offsetting agreements with suppliers, arising from the procurement of inventories. Such items are included in trade payables.

The Company's statement of financial position shows no uncleared amounts related to collaterals or other financial instruments.

Note 39. Dividends declared and paid

<u>At December 31, 2018</u>

The Company's General Meeting of Shareholders held on March 23, 2018, declared a dividend of $108,857, equivalent to an annual dividend of $243.20 per share (*), payable in four quarterly installments and enforceable between the sixth and tenth working day of April, July and October 2018, and January 2019.

Dividends paid during the year ended December 31, 2018 amounted to $87,072.

(*) Expressed in Colombian pesos.

<u>At December 31, 2017</u>

The Company's General Meeting of Shareholders held on March 31, 2017, declared a dividend of $21,771, equivalent to an annual dividend of $48.64 per share (*), payable in four quarterly installments and enforceable between the sixth and tenth working day of April, July and October 2017, and January 2018.

Dividends paid during the period ended December 31, 2017 amounted to $91,920.

(*) Expressed in Colombian pesos.

Note 40. Leases

Note 40.1. Finance leases when the Company acts as the lessee

The Company has executed finance lease agreements on property, plant and equipment. Total minimum instalments and present values thereof under finance lease agreements are as follows:

	December 31, 2018	December 31, 2017
Up to one year	3,784	3,532
From 1 to 5 years	9,553	9,454
More than 5 years	-	2,324
Minimum instalments under finance leases	**13,337**	**15,310**
Future financing expense	(1,186)	(1,371)
Total net minimum instalments on finance leases	**12,151**	**13,939**

No contingent instalments were recognized in income during the reporting periods.

Note 40.2. Operating leases when the Company acts as the lessee

The Company has entered into operating lease agreements mainly related to business premises, vehicles and machinery. Total future minimum installments under irrevocable operating lease agreements for the reporting periods are:

	December 31, 2018	December 31, 2017
Up to one year	242,759	285,537
From 1 to 5 years	844,002	919,406
More than 5 years	1,285,946	1,132,644
Total minimum instalments on irrevocable operating leases	**2,372,707**	**2,337,587**

Operating lease agreements vary from 1 to 15 years and relate to 550 agreements on 450 leased stores. The Company made an analysis and concluded that lease agreements may not be cancelled during its term. In the event of termination, a minimum cancellation charge shall be paid, ranging from 1 to 12 monthly installments, or a fixed percentage on the remaining of the term.

Company management considers payment of additional instalments as contingent payments that may range from 0.01% to 6.00% on sales. The agreements may be extended pursuant to legal regulations in force and include periodic adjustment clauses according to inflation.

At December 31, 2018 lease expenses and cost recognized in income amounted to $363,406 (December 31, 2017 - $336,302) including contingent instalments in amount of $90,136 (2017 - $85,109).

At December 31, 2018 and at December 31, 2017 there are no operating lease agreements that are individually material.

Note 40.3. Operating leases when the Company acts as the lessor

The Company has entered into operating lease agreements to third parties on investment properties. Total future minimum installments under irrevocable operating lease agreements for the reporting periods are:

	December 31, 2018	December 31, 2017
Up to one year	2,687	12,918
From 1 to 5 years	4,668	23,740
More than 5 years	1,761	39,048
Total minimum instalments under irrevocable operating leases	**9,116**	**75,706**

The Company made an analysis and concluded that operating lease agreements may not be cancelled during its term. Prior agreement of the parties is needed to terminate, and a minimum cancellation payment is required ranging from 1 to 12 monthly instalments, or a fixed percentage on the remaining term.

At December 31, 2018 revenue from leases recognized in period results amounted to $39,886 (December 31, 2017 - $37,545) including revenue from the lease of investment property in amount of $6,121 (2017 - $5,855). Contingent instalments included in the revenue from leases amounted to $2,677 (2017 $4,361).

Note 40.4. Transition and effects of the adoption of IFRS 6 - Leases

In January 2016, the International Accounting Standards Board issued IFRS 16 - Leases, to be applied as of January 2019.

IFRS 16 supersedes IAS 17 - Leases, IFRIC 4 - Determine Whether an Arrangement Contains a Lease, SIC 15 - Operating Leases - Incentives and SIC 27 - Evaluating the Essence of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out principles for the recognition, measurement, reporting and disclosure of leases for lessors and lessees and deletes the dual accounting model for leases that made a difference between finance lease agreements carried in the balance sheet and operating lease agreements for which it was not required to recognize future lease instalments; instead, it develops a balance sheet single model like the recognition of finance leases under the preceding IAS 17.

IFRS 16 sets out the following, among other aspects:
- At the beginning of a lease agreement, an entity shall evaluate whether an agreement is or contains a lease, in other words, whether it transfers the right to control the use of an asset identified over a period of time for a consideration.
- Subsequent to such evaluation, on the initial date of the lease agreement, a lessee shall recognize an asset for the right to use and a liability for lease instalments.
- The asset represents the right to use the asset underlying in the agreement over the lease term (an asset from the right to use). The liability represents future payments under the lease agreement (a liability for lease instalments).
- During the term of the agreement, interest expense on the lease liability must be recognized separately from the depreciation expense attached to the right to use-related asset.
- Lessees must remeasure the lease liability upon occurrence of certain events, for example a change in the term of the lease agreement or a change in future lease installment payments arising from a change in an index or rate used to determine such payments. These changes arising from the remeasurement of lease liabilities shall be recognized as an adjustment to the right to use the asset.

IFRS 16 sets out two exemptions to the recognition of lease agreements and not to apply standard requirements to:
- Short-term leases, and
- Leases where the underlying asset is low-value.

The Company has determined that it will apply the exemptions provided by the standard and shall neither apply them to agreements expiring within twelve months of the date of initial application, nor to agreements whose term is twelve months or to agreements where the underlying asset is low-value, e.g. certain office equipment, computers and the like.

The accounting method for lessors under IFRS 16 is substantially maintained with no changes regarding those methods set out by IAS 17 - Leases. In other words, lessors shall continue classifying and individualizing all leases as operating leases or finance leases, using certain principles for proper classification.

The Company has defined that it shall apply IFRS 16 retrospectively to each period preceding the date of initial application. In addition, they decided to apply the standard to agreements previously identified as leases at the closing of the year ended December 31, 2018.

During 2018, the Company has carefully assessed the effects of applying this IFRS. In summary, the expected effect of the adoption is as follows:
Right to use-related assets $1,342,128;
Lease liabilities $1,561,059;
Shareholders' equity $218,931;
Expense from the depreciation of rights to use $192,177;
Expense from variable lease instalment payments $24,496;
Financial expense from lease liabilities $133,346.

These estimated values may vary as compared to actual values at the time of full adoption of the standard, given that information systems to control such new economic events are in the process of completion.

Note 41. Seasonality of transactions

Company's operating cycles show certain seasonality in operating and financial results, with a concentration during the last quarter of the year, mainly due to Christmas and "Special Price Days", which is the second most important promotional event of the year.

Note 42. Financial risk management policy

Net financial exposure

The Company's financial instruments are classified according to its nature, features and the purpose for which they have been acquired or issued.

The Company maintains instruments measured at fair value through income, with the purpose of holding them for investment or risk management in the case of derivative financial instruments not classified as cash flow hedge instruments.

The Company uses derivative financial instruments just as a positive defense measure against identified risks. Total underlying assets and liabilities under financial instrument contracts are limited to the amount of actual assets and liabilities entailing an underlying risk. The only purpose of transactions with financial derivative instruments is to reduce the exposure to fluctuation of interest rates and foreign exchange rates and maintain a proper structure of the financial position.

At December 31, 2018 and at December 31, 2017 Company's financial instruments were represented by:

	December 31, 2018	December 31, 2017
Financial assets		
Cash and cash equivalents (Note 6)	1,885,868	1,619,695
Trade receivables and other accounts receivable (Note 7)	241,286	204,953
Accounts receivable from related parties (Note 9) (1)	112,758	122,556
Other financial assets (Note 11)	155,751	52,359
Total financial assets	**2,395,663**	**1,999,563**
Financial liabilities		
Accounts payable to related parties (Note 9) (1)	120,972	116,490
Trade payables and other accounts payable (Note 21)	3,567,527	3,301,661
Financial liabilities (Note 18)	3,881,214	4,092,744
Other financial liabilities (Note 23)	112,720	142,154
Total financial liabilities	**7,682,433**	**7,653,049**
Net (passive) financial exposure	**(5,286,770)**	**(5,653,486)**

(1) Transactions with related parties refer to transactions between the Company and other related parties, and are carried in accordance with market prices and general terms and conditions.

Considerations of risk factors that might influence Company business

General risk management framework

The Company has implemented a Comprehensive Risk Management system that covers the various risk management levels: strategic, tactic or business-related and operating.

Activities, roles and accountabilities are defined in the risk management model implemented by the Company and endorsed by the Audit and Risk Committee, in the context of risk policy guidelines.

Management cycles at various levels include identification, valuation and definition of management measures, which were applied during 2018 and informed at the different instances depending on the relevant management level and in line with a defined control architecture.

In accordance with such architecture, controls have been implemented at all levels, processes and areas of the Company, through a set of defined principles, policies, regulations, procedures and verification and assessment mechanisms.

Some of the monitoring mechanisms put in place to achieve control purposes are:
- The self-control program, which allows a self-assessment of the most critical risks and key controls, carried out half-yearly by process leaders, and a definition of corrective action plans wherever deviations are identified.
- A compliance process from which the system for the prevention and control of money-laundering and the financing of terrorism, the transparency program and the system for protection of personal data are managed in a comprehensive manner.
- Periodic risk management reports.
- And all other control systems managed from the various processes that make the first and second defense line.

Risk management and internal control system reporting bodies:
- At a strategic level: Board of Directors, Audit and Risk Committee, Presidency Committee and Senior Management Committee.
- At a tactic level: Business responsible parties and Risk Internal Committee.
- At an operating level: Process owners through self-control.

Internal audit, in an independent and objective manner, conducted a risk-based assessment of compliance with business goals, focused on improving risk management, control and governance for the Company's most significant processes, systems and/or projects.

The Board of Directors, through the Audit and Risk Committee, supervised information and financial reporting processes; risk management comprehensive management; internal control system and architecture, including monitoring of Internal Audit's and Statutory Audit's activities; compliance with rules applicable to the Company, transparency program, personal data protection system and system for the prevention and control of money-laundering and financing or terrorism. Also, transactions among related parties and the resolution of conflicts of interests between senior management and the Board of Directors were submitted to the consideration of the Audit Committee.

Financial risk management

Besides derivative instruments, the most significant of the Company's financial liabilities include debt, finance lease liabilities and interest-bearing loans, trade accounts payable and other accounts payable. The main purpose of such liabilities is to finance the Company's operations and maintain proper levels of working capital and net financial debt.

The most significant of the Company's financial assets include loans, trade debtors and other accounts receivable, as well as cash and short-term placements directly resulting from routine transactions. In addition, the Company has other investments classified as financial assets measured at fair value, which, according to the business model, have effects on period results or on other comprehensive income. Further, other rights that will be recorded as financial assets may arise from transactions with derivative instruments.

The Company has an exposure to market, credit and liquidity risks. Company management monitors the way such risks are managed, through the relevant levels of the organization. The scope of the Board of Directors' activities includes a financial committee that oversees such financial risks and the financial risk management corporate framework that is most appropriate. The financial committee supports Company Management in that financial risk assumption activities fall within the approved corporate policies and procedures framework, and that such financial risks are identified, measured and managed pursuant to such corporate policies.

Financial risk management related to all transactions with derivative instruments is carried out by teams of specialists with the required skills and experience who are supervised by the organizational structure. Pursuant to the Company's corporate policies, no transactions with derivative instruments may be carried out solely for speculation. Even if accounting hedge models not always are applied, derivatives are negotiated based on an underlying element that in fact requires such hedging in accordance with internal analyses.

The Board of Directors reviews and agrees on the policies applicable to manage each of these risks, which are summarized below:

a. Credit risk

A credit risk is the risk that a counterpart fails to comply with his obligations taken on under a financial instrument or trade agreement, resulting in financial loss. The Company is exposed to credit risk arising from its operating activities (particularly from trade debtors) and from its financial activities, including deposits in banks and financial institutions and other financial instruments. The book value of financial assets represents the maximum exposure to credit risks.

Cash and cash equivalents

The credit risk arising from balances with banks and financial entities is managed through the Company's liquidity and capital structure guidelines, and in accordance with corporate policies defined for such purpose. Surplus funds are only invested with counterparties approved by the Board of Directors and within previously established jurisdictions. On an ongoing basis, management reviews the general financial conditions of counterparties, assessing the most significant financial ratios and market ratings.

Trade receivables and other accounts receivable

The credit risk associated with trade receivables is low given that most of the Company sales are cash sales (cash and credit cards) and financing activities are conducted under trade agreements that reduce the Company's exposure to risk. In addition, there are administrative collections departments that permanently monitor ratios, figures, payment behaviors and risk models by each third party. A portion of trade receivables is negotiated with financial entities; such negotiation is recognized as a derecognition of trade receivables, and consequently the credit risk, benefits and control over such assets is transferred to the mentioned entities.

There are no trade receivables that individually are equivalent to or exceed 5% of accounts receivable or sales, respectively.

Guarantees

It is the Company's policy to provide financial guarantees only to its subsidiaries. At December 31, 2018 the Company has issued a financial guarantee to Almacenes Éxito Inversiones S.A.S. in amount of $2,631 to protect against potential failure to comply with its obligations vis-a-vis one of its largest suppliers.

b. Market risk

Market risk is the risk that changes in market prices, namely changes in exchange rates, interest rates or stock prices, have a negative effect on Company revenue or on the value of the financial instruments it holds. The purpose of market risk management is to manage and control exposure to this risk within reasonable parameters while optimizing profitability.

Interest rate risk

Interest rate risk is the risk that the fair value of financial assets and liabilities, or the future cash flows of financial instruments, fluctuate due to changes in market interest rates. The Company's exposure to the interest rate risk is mainly related to debt obligations incurred at variable interest rates or indexed to an index beyond the control of the Company.

Most of the Company's financial liabilities are indexed to market variable rates. To manage the risk, the Company enters into financial exchange transactions via derivative financial instruments (interest rate swaps) with previously approved financial institutions, under which it agrees on exchanging, at specific intervals, the difference between the amounts of fixed interest rates and variable interest rates estimated on an agreed upon nominal principal amount, which turns variable rates into fixed rates and cash flows may then be determined.

Financial assets and liabilities by type of interest rate:

	December 31, 2018		December 31, 2017	
	Variable-income rate	**Fixed-income rate**	**Variable-income rate**	**Fixed-income rate**
Financial assets	2,001,798	393,865	1,672,054	327,509
Financial liabilities	3,889,895	3,792,538	4,130,555	3,522,494

Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments fluctuate due to changes in exchange rates. Company's exposure to exchange rate risk is attached, in the first place, to passive transactions in foreign currency associated with long-term liabilities and with the Company's operating activities (wherever revenue and expenses are denominated in a currency other than the functional currency), as well as with Company's net investments in foreign subsidiaries.

The Company manages its exchange rate risk via derivative financial instruments (namely forwards and swaps) wherever such instruments are efficient to mitigate volatility.

Wherever the nature of the hedge is not economic, the Company's policy is to negotiate the conditions of derivative instruments in such a way that they correlate with the terms of the underlying elements that are the purpose of the hedge, seeking to maximize the efficacy in the exposure to such variables. Not all financial derivatives are classified as hedging transactions; however, Company policy is not to carry out transactions solely for speculation, and consequently even if not classified as hedge accounting, derivative financial instruments are associated to an underlying element and a notional amount that expose the Company to variations in exchange rates.

At 31 December 2018 and at December 321, 2017, the Company had hedged almost 100% of its purchases and liabilities in foreign currency.

Financial assets and liabilities in foreign currency:

	December 31, 2018		December 31, 2017	
	Euro	**US Dollar**	**Euro**	**US Dollar**
Financial assets	3,213,708	18,120,120	3,625,264	14,704,424
Financial liabilities	13,349,145	479,778,221	7,240,481	558,863,941

Stock price risk

Share capital issued, premium on the issue or placement of shares and all other equity reserves attributable to the shareholders of the controlling entity are included for the purposes of managing the price of Company stock. The main purpose of managing the Company's share capital is to maximize the value to shareholders.

The Company manages its equity structure and makes the required adjustments as a function of changes in economic conditions and requirements of financial clauses. In order to maintain and adjust its capital structure, the Company may also modify the payment of dividends to shareholders, reimburse capital contributions or issue new shares.

c. Liquidity risk

Liquidity risk is the risk that the Company might face difficulties to fulfil its obligations associated with financial liabilities, which are settled by delivery of cash or other financial assets. The Company's approach to manage liquidity is to ensure, in as much as possible, that it will always have the liquidity required to meet its obligations at maturity, both under ordinary and stress circumstances, without incurring unacceptable losses or putting its reputation at risk.

The Company manages liquidity risks by daily monitoring its cash flows and maturities of financial assets and liabilities, and by maintaining proper relations with the relevant financial institutions.

The purpose of the Company is maintaining a balance between business continuity and the use of financing sources through short-term and long-term bank loans according to needs, unused credit lines available from financial institutions and finance leases, among other mechanisms. Approximately 27% of Company debt will mature in less than one year as of December 31, 2018 (2017 - 20%) taking into consideration the book value of loans included in these financial statements.

The Company has rated the concentration of liquidity risk as low with respect to the possibility of refinancing its debt. Access to financing sources is widely ensured, and debt maturing within twelve months of reporting period closing was restructured with existing creditors without significant restriction.

The following table shows a profile of maturities of the Company's financial liabilities based on non-discounted contract payments arising from the relevant agreements.

At December 31, 2018	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
Finance lease liabilities, gross	3,932	10,628	-	14,559
Other relevant contractual liabilities	1,074,703	2,949,358	417,129	4,441,190
Total	**1,078,635**	**2,959,986**	**417,129**	**4,455,749**

At December 31, 2017	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
Finance lease liabilities, gross	3,551	13,139	-	16,690
Other relevant contractual liabilities	824,430	3,377,427	652,346	4,854,203
Total	**827,981**	**3,390,566**	**652,346**	**4,870,893**

Sensitivity analysis for 2018 balances

From a statistical standpoint, the Company assessed the potential changes in interest rates of financial liabilities and other significant contract liabilities.

Assuming complete normality and considering 10% variation in interest rates, three scenarios have been assessed:

- Scenario I: Latest interest rates known at the closing of 2018.
- Scenario II: An increase of 0.4143% is assumed for the Banking Reference Rate and an increase of 0.2503% is assumed for LIBOR at 90 days. All increases on the latest published interest rate.
- Scenario III: A reduction of 0.4143% is assumed for the Banking Reference Rate and a reduction of 0.2503% is assumed for LIBOR at 90 days. All reductions on the latest published interest rate.

The sensitivity analysis did not result in significant variance among the three scenarios and consequently they are not perceptible when rounding amounts to millions. Potential changes are as follows:

Operations	**Risk**	**Balance at December 31, 2018**	**Market forecast**		
			Scenario I	**Scenario II**	**Scenario III**
Loans	Changes in interest rates	3,867,878	3,867,086	3,891,953	3,842,221
Finance leases	Changes in interest rates	13,336	13,338	13,398	13,278
Total		**3,881,214**	**3,880,424**	**3,905,351**	**3,855,499**

d. Insurance policies

At 31 December 2018, the Company has acquired the following insurance policies to mitigate the risks associated with the entire operation:

Insurance lines of coverage	**Coverage limits**	**Coverage**
All risk, damages and loss of profits	In accordance with replacement and reconstruction value, with a maximum limit of liability for each policy.	Losses or sudden and unforeseen damage and incidental damage sustained by covered property, directly arising from any event not expressly excluded. Covers buildings, furniture and fixtures, machinery and equipment, goods, electronic equipment, facility improvements, loss of profits and other property of the insured party.
Transport of goods and money	In accordance with the statement of transported values and a maximum limit per dispatch. Differential limits and sub limits apply by coverage.	Property and goods owned by the insured that are in transit, including those on which it has an insurable interest.
Third party liability	Differential limits and sub limits apply by coverage.	Covers damages to third parties in development of the operation.

Insurance lines of coverage	Coverage limits	Coverage
Director's and officers' third-party liability insurance	Differential limits and sub limits apply by coverage.	Covers claims against directors and officers arising from error or omission while in office.
Deception and financial risks	Differential limits and sub limits apply by coverage.	Loss of money or securities in premises or in transit. Willful misconduct of employees that result in financial loss
Group life insurance and personal accident insurance	The insured amount relates to the number of wages defined by the Company.	Death and total and permanent disability arising from natural or accidental events.
Vehicles	There is a defined ceiling per each coverage	Third party liability. Total and partial loss - Damages. Total and partial loss - Theft Earthquake Other coverages as described in the policy
Cyber risk	Differential limits and sub limits apply by coverage.	Direct losses arising from malicious access to the network and indirect losses from third party liability whose personal data have been affected by an event covered by the policy.

e. Derivative financial instruments

As mentioned above, the Company uses derivative financial instruments to hedge risk exposure, with the main purpose of hedging its exposure to interest rate risk and exchange rate risk, turning the financial debt into fixed interest rates and domestic exchange rates.

At December 31, 2018, the reference value of these contracts amounted to USD 568.09 million and EUR 5.35 million (December 31, 2017 – USD 542.77 million and EUR 4.35 million). Such transactions are generally contracted under identical conditions regarding amounts, terms and transaction costs and, preferably, with the same financial institutions, always in compliance with Company limits and policies.

Pursuant to Company policies, swaps may be acquired with restriction, with prior authorization of Company management.

The Company has designed and implemented internal controls to ensure that these transactions are carried out in compliance with previously defined policies.

f. Fair value of derivative financial instruments

The fair value of derivative financial instruments is estimated under the operating cash flow forecast model, using government treasury security curves in each country and discounting them at present value, using market rates for swaps as disclosed by the relevant authorities in such countries.

Swap market values were obtained by applying efficient market exchange rates valid on the date of the interim financial information available, and rates are forecasted by the market based on currency discount curves. A convention of 365 consecutive days was used to calculate the coupon of foreign currency indexed positions.

Note 43. Non-current assets held for trading

As of June 2018, Company Management started a plan to sell certain property to structure projects that allow using such real estate property, increase the potential future selling price and generate resources to the Company. Consequently, certain property, plant and equipment and certain investment property were classified as non-current assets held for trading.

The balance of non-current assets held for trading at December 31, 2018 as included in the statement of financial position is as follows:

	December 31, 2018
Property, plant and equipment (1)	16,489
Investment property (2)	10,119
Total	**26,608**

(1) Represents the plot of land and Hotel Cota project transferred from property, plant and equipment (Note 12) and from inventories (Note 10).

(2) Represents the following real estate property:

	December 31, 2018
Lote La Secreta (land) (a)	5,960
Lote La Secreta (construction in progress)	139
Kennedy trade premises (land) (a)	1,229
Kennedy trade premises (building) (a)	1,640
Pereira Plaza trade premises (building) (a)	556
Lote Casa Vizcaya (land) (a)	595
Total	**10,119**

(a) Transfers from investment property (Nota 13)

The Company believes that such assets will be sold during 2019.

No revenue or expense have been recognized in income or in other comprehensive income related with the group of assets for disposal.

Note 44. Relevant facts

At December 31, 2018

Contribution to Patrimonio Autónomo Viva Malls

On December 28, 2018 the Company made an additional contribution of the following assets to Patrimonio Autónomo Viva Malls, as part of the memorandum of understanding executed on December 23, 2016 with Fondo Inmobiliario Colombia:

Fiduciary interests:
- Patrimonio Autónomo Viva Villavicencio,
- Patrimonio Autónomo Centro Comercial,
- Patrimonio Autónomo Viva Sincelejo, and
- Patrimonio Autónomo San Pedro Etapa I.

Real estate property:
- Lote Sincelejo, and
- Fontibón real estate property

With the mentioned contributions, the Company remains the trustor with 51% of interest in Patrimonio Autónomo Viva Malls, but changed its interest in contributed Patrimonios from 51% to 26.01%

General Meeting of Shareholders

The Company's General Meeting of Shareholders was held on March 23, 2018, to resolve, among other topics, on the approval of the Management Report, approval of separate and consolidated financial statements at December 31, 2017 and approval of dividend distribution to shareholders.

At December 31, 2017

New syndicated credit in US Dollars and restructuring of the syndicated revolving credit in Colombian pesos

On December 22, 2017 the Company obtained a new syndicated revolving credit in amount of USD 450 million, maturing in December 2020. These resources allowed paying in advance the US Dollar syndicated credit outstanding at that date in the same amount, maturing in December 2018. Also, the peso revolving syndicated credit in amount of $500,000 was restructured to extend maturity from August 2018 to August 2020; all other contract conditions remain unchanged.

The Company's debt level after the above two transactions does not vary; however, the average term of the debt goes from 2.2 years to 2.9 years, optimizing the Company's future payment outflows.

Damages at Éxito Buenaventura store

The structure, inventories and property and equipment of Éxito Buenaventura store were damaged on May 19, 2017 as result of a situation of public order in the municipality of Buenaventura. The Company properly filed supporting evidence of items damaged before the insurance company. The store was reopened on June 28, 2017. Compensation for damages was fully received in 2017.

New customer loyalty program "Puntos Colombia"

On April 19, 2017, The Company executed a shareholders' agreement with Banca de Inversión Bancolombia S.A., a subsidiary of Bancolombia S.A., to create a new company whose corporate purpose is developing a customer loyalty program called Puntos Colombia.

This program will supersede the existing customer loyalty programs of the Company and Grupo Bancolombia, and become the new customer loyalty program through which the customers of both companies and other partners that join the program will be able to accumulate and redeem points in the customer loyalty ecosystem.

The Puntos Colombia program will be operated by an independent company based in Colombia, of which the Company and Grupo Bancolombia will be shareholders, each with 50% interest. The estimated initial capital investment to incorporate the Company amounts to $9,000, which will be paid-in within 12 months.

It is expected that by virtue of the shareholders' agreement, during the forthcoming years the Company will purchase points for its on-line customers using the points it currently grants under its Éxito and Carulla points programs.

Under this agreement, the Company not only seeks to strengthen the loyalty of its existing customers, but gain the loyalty of new customers through Puntos Colombia, improving consumption of its products and services.

The creation of this new Company solely devoted to manage the Puntos Colombia customer loyalty program will offer a powerful loyalty tool both to the Company and to Grupo Bancolombia, and also to all partners who join the program, thus turning itself into a potential lever to unveil the value of an activity currently embedded in the Retail operation.

General Meeting of Shareholders

The Company's General Meeting of Shareholders was held on March 31, 2017, to resolve, among other topics, on the approval of the Management Report, approval of separate and consolidated financial statements at December 31, 2016 and approval of dividend distribution to shareholders.

Note 45. Events after the reporting period

No events have occurred after the reporting period that entail significant changes in the Company.