

**Almacenes Éxito S.A.**

**Interim consolidated financial statements**

**At September 30, 2018 and December 31, 2017**

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**Almacenes Éxito S.A.**  
**Interim consolidated statements of financial position**  
 At September 30, 2018 and December 31, 2017  
 (Amounts expressed in millions of Colombian pesos)

	Notes	September 30, 2018	December 31, 2017 (1)
<b>Current assets</b>			
Cash and cash equivalents	7	2,819,814	5,281,684
Trade receivables and other accounts receivable	8	1,268,293	1,172,380
Prepaid expenses	9	157,219	145,761
Accounts receivable from related parties	10	73,051	230,623
Inventories	11	5,776,542	5,912,514
Tax assets	23	389,076	722,658
Other financial assets	12	88,962	11,588
Other non-financial assets	10	-	30,000
Non-current assets held for trading	43	16,128,412	20,452,803
<b>Total current assets</b>		<b>26,701,369</b>	<b>33,960,011</b>
<b>Non-current assets</b>			
Property, plant and equipment, net	13	10,694,519	12,505,418
Investment property, net	14	1,460,440	1,496,873
Goodwill, net	15	4,884,543	5,559,953
Intangible assets other than goodwill, net	16	4,574,060	5,544,031
Investments accounted for using the equity method	17	676,782	817,299
Trade receivables and other accounts receivable	8	548,348	667,920
Prepaid expenses	9	52,651	43,940
Accounts receivable from related parties	10	24,399	22,483
Deferred tax assets	23	1,766,631	1,553,715
Tax assets	23	1,973,327	1,575,743
Other financial assets	12	730,927	767,763
Other non-financial assets		398	398
<b>Total non-current assets</b>		<b>27,387,025</b>	<b>30,555,536</b>
<b>Total assets</b>		<b>54,088,394</b>	<b>64,515,547</b>
<b>Current liabilities</b>			
Financial liabilities	19	2,400,092	1,906,774
Employee benefits	20	5,406	3,464
Other provisions	21	34,680	29,329
Trade payables and other accounts payable	22	8,570,090	12,665,438
Accounts payable to related parties	10	238,532	202,533
Tax liabilities	23	201,846	289,376
Other financial liabilities	24	499,455	645,363
Other non-financial liabilities	25	179,179	275,210
Non-current liabilities held for trading	43	12,453,523	16,271,760
<b>Total current liabilities</b>		<b>24,582,803</b>	<b>32,289,247</b>
<b>Non-current liabilities</b>			
Financial liabilities	19	4,916,330	4,070,129
Employee benefits	20	28,538	28,538
Other provisions	21	2,043,537	2,457,220
Trade payables and other accounts payable	22	18,492	47,831
Accounts payable to related parties	10	-	10,122
Deferred tax liabilities	23	2,860,886	3,004,467
Tax liabilities	23	371,939	521,870
Other financial liabilities	24	3,036,212	2,302,008
Other non-financial liabilities	25	9,992	51,761
<b>Total non-current liabilities</b>		<b>13,285,926</b>	<b>12,493,946</b>
<b>Total liabilities</b>		<b>37,868,729</b>	<b>44,783,193</b>
<b>Shareholders' equity, see accompanying statement</b>		<b>16,219,665</b>	<b>19,732,354</b>
<b>Total liabilities and shareholders' equity</b>		<b>54,088,394</b>	<b>64,515,547</b>

(1) For comparison to 2018, these financial statements include certain minor reclassifications to trade receivables and other accounts receivable, accounts receivable from related parties, trade payables and other accounts payable, accounts payable to related parties and other financial liabilities.

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

  
 Carlos Mario Giraldo Moreno  
 Parent's Legal Representative

  
 Jorge Nelson Ortiz Chica  
 Parent's Head Accountant  
 Professional Card 67018-T

  
 Ángela Jaimes Delgado  
 Parent's Statutory Auditor  
 Professional Card 62183-T  
 Appointed by Ernst and Young Audit S.A.S. TR-530

**Almacenes Éxito S.A.**

**Interim consolidated statements of income**

For the nine-month and three-month periods ended September 30, 2018 and September 30, 2017

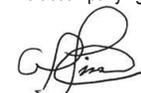
(Amounts expressed in millions of Colombian pesos)

	Notes	January 1 to September 30, 2018	January 1 to September 30, 2017 (1)	July 1 to September 30, 2018	July 1 to September 30, 2017 (1)
<b>Continuing operations</b>					
Revenue from ordinary activities under contracts with customers	28	39,370,408	40,713,177	12,746,030	13,919,543
Cost of sales	11	(29,712,199)	(30,542,739)	(9,781,357)	(10,659,599)
<b>Gross profit</b>		<b>9,658,209</b>	<b>10,170,438</b>	<b>2,964,673</b>	<b>3,259,944</b>
Distribution expenses	29	(4,059,500)	(4,302,339)	(1,319,654)	(1,425,532)
Administration and sales expenses	29	(542,615)	(551,877)	(163,720)	(191,797)
Employee benefit expenses	30	(3,423,944)	(3,677,211)	(1,108,373)	(1,234,081)
Other operating revenue	31	77,013	49,223	66,797	40,437
Other operating expenses	31	(146,922)	(271,052)	(47,694)	(121,253)
Other (loss) gains, net	31	(38,441)	(84,952)	15,793	(37,096)
<b>Profit from operating activities</b>		<b>1,523,800</b>	<b>1,332,230</b>	<b>407,822</b>	<b>290,622</b>
Financial revenue	32	366,657	244,926	194,569	51,202
Financial expenses	32	(1,024,153)	(1,055,650)	(407,365)	(301,828)
Share of profits in associates and joint ventures accounted for using the equity method.	33	(29,285)	(41,381)	(6,857)	(8,097)
<b>Profit from continuing operations before income tax</b>		<b>837,019</b>	<b>480,125</b>	<b>188,169</b>	<b>31,899</b>
Tax expense	23	(185,366)	(134,286)	(67,069)	(38,813)
<b>Net period profit (loss) from continuing operations</b>		<b>651,653</b>	<b>345,839</b>	<b>121,100</b>	<b>(6,914)</b>
Net period profit (loss) from discontinued operations	43	132,453	173,779	(45,879)	57,072
<b>Net period profit</b>		<b>784,106</b>	<b>519,618</b>	<b>75,221</b>	<b>50,158</b>
<b>Profit is attributable to:</b>					
<b>Profit (loss) attributable to shareholders of the controlling entity</b>		<b>119,312</b>	<b>30,339</b>	<b>(9,676)</b>	<b>(31,331)</b>
Profit attributable to non-controlling interests		664,794	489,279	84,897	81,489
<b>Earnings per share (*)</b>					
<b>Earnings per basic share (*):</b>					
Earnings (loss) per basic share attributable to the shareholders of the controlling entity	34	266.56	67.78	(21.62)	(70.00)
Earnings (loss) per basic share from continuing operations attributable to the shareholders of the controlling entity	34	248.94	47.07	(8.11)	(78.45)
Earnings (loss) per basic share from discontinued operations attributable to the shareholders of the controlling entity	34	17.62	20.71	(13.51)	8.45
<b>Earnings per diluted share (*):</b>					
Earnings (loss) per diluted share attributable to the shareholders of the controlling entity	34	266.56	67.78	(21.62)	(70.00)
Earnings (loss) per diluted share from continuing operations attributable to the shareholders of the controlling entity	34	248.94	47.07	(8.11)	(78.45)
Earnings (loss) per diluted share from discontinued operations attributable to the shareholders of the controlling entity	34	17.62	20.71	(13.51)	8.45

(\*) Amounts expressed in Colombian pesos.

(1) For comparison to 2018, these financial statements include certain reclassifications to cost of sales, distribution expenses, administration and sales expenses and employee benefit expenses.

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



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Parent's Legal Representative



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**Almacenes Éxito S.A.**

**Interim consolidated statements of comprehensive income**

For the nine-month and three-month periods ended September 30, 2018 and September 30, 2017

(Amounts expressed in millions of Colombian pesos)

	Notes	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
<b>Net profit (loss) for the period</b>		<b>784,106</b>	<b>519,618</b>	<b>75,221</b>	<b>50,158</b>
<b>Other comprehensive income for the period</b>					
<b>Components of other comprehensive income that will not be reclassified to period results, net of taxes</b>					
(Loss) gain from investments in equity instruments	27	(97,046)	-	84,126	-
Gain from new measurement of defined benefit plans	27	-	34	-	-
<b>Total other comprehensive income that will not be reclassified to period results, net of taxes</b>		<b>(97,046)</b>	<b>34</b>	<b>84,126</b>	<b>-</b>
<b>Components of other comprehensive income that will be reclassified to period results, net of taxes</b>					
(Loss) gain from translation exchange differences	27	(3,272,458)	(116,817)	(512,632)	(156,917)
Cash flow hedges	27	8,466	(9,632)	1,501	411
Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified to period results	27	(123,757)	(5,968)	(32,330)	(504)
<b>Total other comprehensive income that will be reclassified to period results, net of taxes</b>		<b>(3,387,749)</b>	<b>(132,417)</b>	<b>(543,461)</b>	<b>(157,010)</b>
<b>Total other comprehensive income</b>		<b>(3,484,795)</b>	<b>(132,383)</b>	<b>(459,335)</b>	<b>(157,010)</b>
<b>Total comprehensive income</b>		<b>(2,700,689)</b>	<b>387,235</b>	<b>(384,114)</b>	<b>(106,852)</b>
<b>Profit is attributable to:</b>					
(Loss) attributable to shareholders of the controlling entity		(1,251,557)	(70,092)	(283,074)	(169,971)
(Loss) profit attributable to non-controlling interests		(1,449,132)	457,327	(101,040)	63,119
<b>Earnings per share (*)</b>					
<b>Earnings per basic share attributable to the shareholders of the controlling entity (*):</b>					
(Loss) per basic share in total comprehensive income	34	(2,796.12)	(156.60)	(632.42)	(379.73)
<b>Earnings per diluted share attributable to the shareholders of the controlling entity (*):</b>					
(Loss) per diluted share in total comprehensive income	34	(2,796.12)	(156.60)	(632.42)	(379.73)

(\*) Amounts expressed in Colombian pesos.



Carlos Mario Giraldo Moreno  
Parent's Legal Representative



Jorge Nelson Ortiz Chica  
Parent's Head Accountant  
Professional Card 67018-T



Ángela Jaimes Delgado  
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Professional Card 62183-T  
Appointed by Ernst and Young Audit S.A.S. TR-530

**Almacenes Éxito S.A.**

**Interim consolidated statements of cash flows**

For the nine-month periods ended September 30, 2018 and September 30, 2017  
(Amounts expressed in millions of Colombian pesos)

	January 1 to September 30, 2018	January 1 to September 30, 2017
<b>Cash flows provided by operating activities</b>		
<b>Net income for the period</b>	<b>784,106</b>	<b>519,618</b>
<b>Adjustments to reconcile profit (loss) for the period</b>		
Current income tax	269,518	201,570
Deferred income tax	(84,152)	(67,284)
Financial costs	701,279	755,471
Impairment of receivables	395,652	504,882
Reversal of receivable impairment	(10,889)	(7,654)
Inventories impairment	3,294	-
Impairment	3,307	-
Reversal of inventory impairment	(8,770)	(24,092)
Employee benefits	1,942	1,996
Other provisions	1,115,653	754,180
Reversal of other provisions	(657,929)	(380,709)
Depreciation of fixed assets expense	663,098	689,197
Amortization of intangible assets expense	98,941	113,017
Share-based payments	38,164	-
Loss from application of the equity method	29,285	41,381
Loss from the disposal of non-current assets	32,784	83,471
<b>Operating income before changes in working capital</b>	<b>3,375,283</b>	<b>3,185,044</b>
(Increase) in trade receivables and other accounts receivable	(939,175)	(847,720)
(Increase) in prepaid expenses	(43,749)	(63,309)
Decrease (increase) in receivables from related parties	126,109	(14,600)
(Increase) in inventories	(815,272)	(175,282)
(Increase) in tax assets	(742,610)	(495,117)
(Decrease) in other provisions	(652,927)	(263,560)
(Decrease) in trade payables and other accounts payable	(2,516,585)	(2,436,311)
Increase (decrease) in accounts payable to related parties	37,895	(26,443)
(Decrease) in tax liabilities	(106,877)	(101,752)
(Decrease) in other non-financial liabilities	(107,679)	(186,892)
Other adjustments for which the effects on cash are cash flows provided by investment or financing activities	(237,448)	(116,829)
Decrease in non-current assets held for trading	1,426,669	566,729
(Decrease) in non-current liabilities held for trading	(768,380)	(1,154,369)
Net cash flows provided by discontinued operations (used in) operating activities	(1,635,419)	(2,666,993)
<b>Net cash flows (used in) operating activities</b>	<b>(3,600,165)</b>	<b>(4,797,404)</b>
<b>Cash flows provided by investment activities</b>		
Cash flows from the loss of control over subsidiaries or other businesses	19,806	-
Cash flows used to maintain joint control in joint ventures	(5,000)	(2,875)
Acquisition of property, plant and equipment	(1,084,945)	(982,378)
Acquisition of investment property	(138,091)	(158,982)
Acquisition of intangible assets	(307,553)	(167,381)
Proceeds from the sale of property, plant and equipment	96,843	198,261
Proceeds from the sale of intangible assets	35	1,852
Dividends received	-	143,907
Net cash flows provided by discontinued operations (used in) investment activities	(344,341)	(178,726)
<b>Net cash flows (used in) investment activities</b>	<b>(1,763,246)</b>	<b>(1,146,322)</b>
<b>Cash flows provided by financing activities</b>		
(Increase) in other financial assets	(181,739)	(65,068)
Cash flows provided by changes in the share of interest in subsidiaries that do not result in loss of control	124,486	-
Increase in other financial liabilities	1,196,404	359,430
Increase (decrease) in financial liabilities	1,770,567	(789,858)
(Decrease) in financial liabilities under lease agreements	(38,431)	(68,186)
Dividends paid	(191,238)	(118,155)
Financial yields	237,448	116,829
Interest paid	(711,747)	(769,941)
Transactions with non-controlling entities	(691,307)	167,877
Other cash (outflows) inflows	-	121,615
Net cash flows provided by discontinued operations (used in) financing activities	(544,333)	(387,084)
<b>Net cash flows provided by (used in) financing activities</b>	<b>970,110</b>	<b>(1,432,541)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(4,393,301)</b>	<b>(7,376,267)</b>
<b>Effects of variation in exchange rates</b>	<b>(961,218)</b>	<b>103,296</b>
<b>Cash and cash equivalents at the beginning of period of the discontinued operation</b>	<b>3,210,708</b>	<b>3,710,833</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>5,281,684</b>	<b>6,117,844</b>
<b>Less cash and cash equivalents at the end of period of the discontinued operation</b>	<b>(318,059)</b>	<b>(496,696)</b>
<b>Cash and cash equivalents at the end of period</b>	<b>2,819,814</b>	<b>2,059,010</b>



Carlos Mario Giraldo Moreno  
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Professional Card 67018-T



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**Consolidated statements of changes in shareholders' equity**

For the nine-month periods ended September 30, 2018 and September 30, 2017

(Amounts expressed in millions of Colombian pesos)

	Issued share capital	Premium on the issue of shares	Treasury shares repurchased	Legal reserve	Occasional reserve	Reacquisition of shares	Future dividends	Other reserves	Total reserves	Other accumulated comprehensive income	Retained earnings	Other equity components	Total equity of the controlling entity	Changes in non-controlling interests	Total in net equity
	Note 26	Note 26	Note 26	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27
<b>Balance at December 31, 2016</b>	<b>4,482</b>	<b>4,843,466</b>	<b>(2,734)</b>	<b>7,857</b>	<b>1,644,887</b>	<b>22,000</b>	<b>15,710</b>	<b>5,672</b>	<b>1,696,126</b>	<b>138,303</b>	<b>1,144,736</b>	<b>(102,692)</b>	<b>7,721,687</b>	<b>11,389,522</b>	<b>19,111,209</b>
Cash dividend declared	-	-	-	-	-	-	-	-	-	-	(21,771)	-	(21,771)	(29,027)	(50,798)
Net income for the period	-	-	-	-	-	-	-	-	-	-	30,339	-	30,339	489,279	519,618
Other comprehensive income	-	-	-	-	-	-	-	-	-	(100,431)	-	-	(100,431)	(31,952)	(132,383)
Appropriation for reserves	-	-	-	-	21,757	-	-	-	21,757	-	(21,757)	-	-	-	-
Increase from changes in the ownership interest in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	-	-	22,385	22,385
(Decrease) from other distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,519)	(2,519)
Increase from other contributions of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	131,173	131,173
Other developments in shareholders' equity	-	-	-	-	(1,435)	-	-	2,229	794	-	77,453	43,368	121,615	16,838	138,453
<b>Balance at September 30, 2017</b>	<b>4,482</b>	<b>4,843,466</b>	<b>(2,734)</b>	<b>7,857</b>	<b>1,665,209</b>	<b>22,000</b>	<b>15,710</b>	<b>7,901</b>	<b>1,718,677</b>	<b>37,872</b>	<b>1,209,000</b>	<b>(59,324)</b>	<b>7,751,439</b>	<b>11,985,699</b>	<b>19,737,138</b>
<b>Balance at December 31, 2017</b>	<b>4,482</b>	<b>4,843,466</b>	<b>(2,734)</b>	<b>7,857</b>	<b>1,665,209</b>	<b>22,000</b>	<b>15,710</b>	<b>9,662</b>	<b>1,720,438</b>	<b>(49,694)</b>	<b>1,312,737</b>	<b>10,873</b>	<b>7,839,568</b>	<b>11,892,786</b>	<b>19,732,354</b>
Cash dividend declared	-	-	-	-	-	-	-	-	-	-	(108,857)	-	(108,857)	(123,443)	(232,300)
Net income for the period	-	-	-	-	-	-	-	-	-	-	119,312	-	119,312	664,794	784,106
Other comprehensive income	-	-	-	-	-	-	-	-	-	(1,370,869)	-	-	(1,370,869)	(2,113,926)	(3,484,795)
Appropriation for reserves	-	-	-	-	108,856	-	-	-	108,856	-	(108,856)	-	-	-	-
(Decrease) from changes in the ownership interest in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	(63,414)	(63,414)	214,818	151,404
Decrease from other distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(692,131)	(692,131)
Increase from other contributions of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	825	825
Other developments in shareholders' equity	-	-	-	-	(1,494)	-	-	15,100	13,606	-	(13,496)	2,372	2,482	(42,280)	(39,798)
<b>Balance at September 30, 2018</b>	<b>4,482</b>	<b>4,843,466</b>	<b>(2,734)</b>	<b>7,857</b>	<b>1,772,571</b>	<b>22,000</b>	<b>15,710</b>	<b>24,762</b>	<b>1,842,900</b>	<b>(1,420,563)</b>	<b>1,200,840</b>	<b>(50,169)</b>	<b>6,418,222</b>	<b>9,801,443</b>	<b>16,219,665</b>

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

  
 Carlos Mario Giraldo Moreno  
 Parent's Legal Representative

  
 Jorge Nelson Ortiz Chica  
 Parent's Head Accountant  
 Professional Card 67018-T

  
 Ángela Jaimes Delgado  
 Parent's Statutory Auditor  
 Professional Card 62183-T  
 Appointed by Ernst and Young Audit S.A.S. TR-530

## Note 1. General information

Almacenes Éxito S.A., (hereinafter the Parent), 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 Parent goes to December 31, 2050.

The Parent is listed on the Colombia Stock Exchange (BVC) since 1994 and is under the control of the Financial Superintendence of Colombia.

The Parent'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 automotive 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 Parent'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 September 30, 2018, the controlling entity has a 55.30% interest (December 31, 2017 - 55.30%) in the share capital of the Parent.

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

### Note 1.1. Stock ownership in subsidiaries included in the consolidated financial statements

Below is a detail of the stock ownership in subsidiaries included in the consolidated financial statements at September 30, 2018 and December 31, 2017:

Name	Segment	Country	Functional Currency	Stock ownership 2018			Stock ownership 2017		
				Direct	Indirect	Total	Direct	Indirect	Total
Almacenes Éxito Inversiones S.A.S.	Colombia	Colombia	Colombian peso	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Logística, Transporte y Servicios Asociados S.A.S.	Colombia	Colombia	Colombian peso	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Distribuidora de Textiles y Confecciones S.A.S.	Colombia	Colombia	Colombian peso	94.53%	3.42%	97.95%	94.00%	3.75%	97.75%
Gemex O & W S.A.S.	Colombia	Colombia	Colombian peso	85.00%	0.00%	85.00%	85.00%	0.00%	85.00%
Éxito Viajes y Turismo S.A.S.	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Marketplace Internacional Éxito y Servicios S.A.S. (a)	Colombia	Colombia	Colombian peso	100.00%	0.00%	100.00%	0.00%	0.00%	0.00%
Carulla Vivero Holding Inc.	Colombia	British Virgin Islands	Colombian peso	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Fideicomiso Lote Girardot	Colombia	Colombia	Colombian peso	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Patrimonio Autónomo Viva Malls	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Patrimonio Autónomo Viva Sincelejo	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Patrimonio Autónomo Viva Villavicencio	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Patrimonio Autónomo San Pedro Etapa I	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Patrimonio Autónomo Centro Comercial	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Patrimonio Autónomo Iwana	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Patrimonio Autónomo Viva Laureles	Colombia	Colombia	Colombian peso	0.00%	40.80%	40.80%	0.00%	40.80%	40.80%
Patrimonio Autónomo Viva Palmas	Colombia	Colombia	Colombian peso	0.00%	26.01%	26.01%	0.00%	26.01%	26.01%
Patrimonio Autónomo Centro Comercial Viva Barranquilla	Colombia	Colombia	Colombian peso	0.00%	45.90%	45.90%	0.00%	45.90%	45.90%
Spice Investment Mercosur S.A.	Uruguay	Uruguay	Uruguayan peso	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Larenco S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Geant Inversiones S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Lanin S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Devoto Hermanos S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Mercados Devoto S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
5 Hermanos Ltda.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Sumelar S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Raxwy Company S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Grupo Disco del Uruguay S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Supermercados Disco del Uruguay S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Maostar S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	31.25%	31.25%	0.00%	31.25%	31.25%

Name	Segment	Country	Functional Currency	Stock ownership 2018			Stock ownership 2017		
				Direct	Indirect	Total	Direct	Indirect	Total
Ameluz S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Fandale S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Odaler S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
La Cabaña S.R.L.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Ludi S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Semin S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Randicor S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Setara S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Hiper Ahorro S.R.L.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Ciudad del Ferrol S.C.	Uruguay	Uruguay	Uruguayan peso	0.00%	61.24%	61.24%	0.00%	61.24%	61.24%
Mablicor S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	31.87%	31.87%	0.00%	31.87%	31.87%
Vía Artika S. A.	Argentina	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Spice España de Valores Americanos S.L.	Argentina	Spain	Euro	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Geant Argentina S.A.	Argentina	Argentina	Argentine peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Gelase S. A.	Argentina	Belgium	Euro	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Libertad S.A.	Argentina	Argentina	Argentine peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Ceibotel S.A. (b)	Argentina	Argentina	Argentine peso	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%
Onper Investment 2015 S.L.	Brazil	Spain	Colombian peso	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Ségisor S.A.	Brazil	France	Euro	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%
Oregon LLC	Brazil	United States of America	Euro	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%
Pincher LLC	Brazil	United States of America	Euro	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%
Bengal LLC	Brazil	United States of America	Euro	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%
Wilkes Participações S.A.	Brazil	Brazil	Brazilian real	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%
Companhia Brasileira de Distribuição - CBD	Brazil	Brazil	Brazilian real	0.00%	18.69%	18.69%	0.00%	18.70%	18.70%
Sendas Distribuidora S.A.	Brazil	Brazil	Brazilian real	0.00%	18.69%	18.69%	0.00%	18.70%	18.70%
Bellamar Empreend. e Participações Ltda.	Brazil	Brazil	Brazilian real	0.00%	18.69%	18.69%	0.00%	18.70%	18.70%
GPA Malls & Properties Gestão de Ativos e Serviços Imobiliários Ltda. ("GPA M&P")	Brazil	Brazil	Brazilian real	0.00%	18.69%	18.69%	0.00%	18.70%	18.70%
CBD Holland B.V.	Brazil	Holland	Euro	0.00%	18.69%	18.69%	0.00%	18.70%	18.70%
GPA 2 Empreend. e Participações Ltda.	Brazil	Brazil	Brazilian real	0.00%	18.69%	18.69%	0.00%	18.70%	18.70%
GPA Logística e Transporte Ltda.	Brazil	Brazil	Brazilian real	0.00%	18.69%	18.69%	0.00%	18.70%	18.70%
Companhia Brasileira de Distribuição Luxembourg Holding S.A.R.L.	Brazil	Luxembourg	Euro	0.00%	18.69%	18.69%	0.00%	18.70%	18.70%
Companhia Brasileira de Distribuição Netherlands Holding B.V.	Brazil	Holland	Euro	0.00%	18.69%	18.69%	0.00%	18.70%	18.70%
Novasoc Comercial Ltda.	Brazil	Brazil	Brazilian real	0.00%	18.69%	18.69%	0.00%	18.70%	18.70%
Via Varejo Luxembourg Holding S.A.R.L.	Brazil	Luxembourg	Euro	0.00%	8.09%	8.09%	0.00%	8.10%	8.10%
Via Varejo Netherlands Holding B.V.	Brazil	Holland	Euro	0.00%	8.09%	8.09%	0.00%	8.10%	8.10%
CNova Comércio Eletrônico S.A.	Brazil	Brazil	Brazilian real	0.00%	8.09%	8.09%	0.00%	8.10%	8.10%
E-Hub Consult. Particip. e Com. S.A.	Brazil	Brazil	Brazilian real	0.00%	8.09%	8.09%	0.00%	8.10%	8.10%
Nova Experiência PontoCom S.A.	Brazil	Brazil	Brazilian real	0.00%	8.09%	8.09%	0.00%	8.10%	8.10%
Via Varejo S.A.	Brazil	Brazil	Brazilian real	0.00%	8.09%	8.09%	0.00%	8.10%	8.10%
Indústria de Móveis Bartira Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.09%	8.09%	0.00%	8.10%	8.10%
VVLOG Logística Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.09%	8.09%	0.00%	8.10%	8.10%
Globex Administracao e Serviços Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.09%	8.09%	0.00%	8.10%	8.10%
Lake Niassa Empreend. e Participações Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.09%	8.09%	0.00%	8.10%	8.10%
Globex Administradora de Consórcio Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.09%	8.09%	0.00%	8.10%	8.10%
Cnova Finança B.V.	Brazil	Holland	Brazilian real	0.00%	6.56%	6.56%	0.00%	6.56%	6.56%

(a) A subsidiary incorporated on September 12, 2018, with 100% direct interest of the Parent.

(b) This subsidiary was sold by its Parent Geant Argentina S.A. on September 20, 2018.

#### Note 1.2. Colombian and foreign operating subsidiaries

The accompanying interim consolidated financial statements at September 30, 2018 include the same Colombian operating subsidiaries and the same largest foreign operating subsidiaries as included in the consolidated financial statements for the annual period ended December 31, 2017, exception made of subsidiary Marketplace Internacional Éxito y Servicios S.A.S., which was incorporated in September 2018 and subsidiary Ceibotel S.A., sold on September 20, 2018, as mentioned in the preceding subsection 1.1.

The corporate purpose and other relevant information regarding the following Colombian operating subsidiaries and the largest foreign operating subsidiaries were disclosed in the consolidated financial statements for the annual period ended December 31, 2017.

- Almacenes Éxito Inversiones S.A.S.
- Logística, Transporte y Servicios Asociados S.A.S.
- Distribuidora de Textiles y Confecciones S.A.S. (formerly Cdiscount Colombia S.A.S.)
- Gemex O & W S.A.S.
- Éxito Viajes y Turismo S.A.S.
- Fideicomiso Lote Girardot

- Patrimonio Autónomo Viva Malls
- Patrimonio Autónomo Viva Sincelejo
- Patrimonio Autónomo Viva Villavicencio
- Patrimonio Autónomo San Pedro Etapa I
- Patrimonio Autónomo Centro Comercial
- Patrimonio Autónomo Iwana
- Companhia Brasileira de Distribuição - CBD
- Libertad S.A.
- Supermercados Disco del Uruguay S.A.
- Devoto Hermanos S.A.
- Mercados Devoto S.A.

Below is the corporate purpose and other corporate information regarding Colombian operating subsidiaries incorporated during the nine-month period ended September 30, 2018:

Marketplace Internacional Éxito y Servicios S.A.S.

A subsidiary incorporated by private document on September 12, 2018. Its main corporate purpose is the provision of services to access the e-commerce platform enabling to carry out trade transactions; undertake all activities as required to achieve proper performance of the e-commerce platform; issue, trade, process and reimburse IOUs, coupons and physical or digital cards or bonds as mechanisms to access the goods and services offered.

**Note 1.3. Listing in public registries**

Almacenes Éxito S.A., the Parent company, is listed on the Colombian Stock Exchange (BVC) since 1994.

The shares of subsidiary Companhia Brasileira de Distribuição – CBD are listed on the São Paulo Stock Exchange ("BM&FBovespa") at "Corporate Governance Level 1" under the symbol "PCAR4" and on the New York Stock Exchange (ADR Level III), under the symbol "CBD".

Subsidiary Via Varejo S.A. (classified as a discontinued operation since November 2016) is a joint stock corporation subsidiary of Companhia Brasileira de Distribuição - CBD, admitted to the so-called "Corporate Governance Level 2" of the special offer segment of the Sao Paulo Stock Exchange - "BM&FBovespa", subject to the Regulations for Issuers Quote and Admission to the Trading of Securities.

Associate Cnova NV is a public limited liability company of the Netherlands incorporated on May 30, 2014, under the laws of the Netherlands. Its common shares were listed on the NASDAQ - Global Select Market in November 2014, and on January 23, 2015 were admitted for quote and negotiation on Euronext Paris.

**Note 2. Basis for preparation**

The interim consolidated financial statements for the nine-month and three-month periods ended September 30, 2018 and September 30, 2017, and for the year ended December 31, 2017 have been prepared in accordance with 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) 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. Neither the Parent or its subsidiaries have applied any of the exceptions to the IFRS contained in such decrees.

Regulatory Decrees 2420 and 2496 of 2015, Regulatory Decree 2131 of 2016 and Regulatory Decree 2170 of 2017 rule the preparation of financial statements based on International Financial Reporting Standards (IFRS/IAS), Interpretations (IFRIC and SIC) and Conceptual Framework issued until December 31, 2014, published by the *International Accounting Standards Board - IASB* in 2015. Application of such regulatory framework is mandatory in Colombia as of January 1, 2017, regardless that the conceptual framework for financial reporting is mandatory as of January 1, 2016; earlier application of both regulations is permitted. The Parent and its subsidiaries have decided for the earlier implementation of such regulations, in order to present financial information incorporating the amendments to the regulations that reflect the requirements of the various information users.

**Financial statements herein presented**

These interim consolidated financial statements of the Parent and its subsidiaries are made of the statements of financial position at September 30, 2018 and December 31, 2017, the statements of income and of comprehensive income for the nine-month and three-month periods ended September 30, 2018 and September 30, 2017, and the statements of changes in shareholders' equity and the statements of cash flows for the nine-month periods ended September 30, 2018 and September 30, 2017.

These consolidated financial statements have been prepared based on interim financial reporting requirements under IAS 34, and do not include all reporting disclosures required for consolidated annual financial statements under IAS 1. All disclosures required for annual financial statements have been included in the financial statements at December 31, 2017.

### **Statement of accountability**

Parent's management are responsible for the information contained in these consolidated 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) 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 without applying any of the exceptions to the IFRS therein contained, requires management's 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 accompanying consolidated 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 to assess and determine the indicator of impairment for non-financial assets,
- 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 Parent and its subsidiaries present their current and non-current assets, as well as their current and non-current liabilities, as separate categories in their 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.

### **Functional currency**

The Parent and each subsidiary define their functional currency and their transactions are measured in such currency. The Parent's functional currency is the Colombian peso, and the functional currencies of subsidiaries are disclosed in Note 1 - General Information, under the subsection relevant to share interest in subsidiaries included in the consolidated financial statements.

### **Hyperinflation**

Functional currencies used by the Parent and by each of its subsidiaries are not part of highly inflationary economies, and consequently the financial statements are not adjusted for inflation.

However, and regarding Argentina economy, the inflation rate accumulated during the last three years at September 30, 2018 estimated using various combinations of retail price indexes has exceeded 100% during several months and continues going up. Domestic forecasts in that country suggest that the inflation for retail prices accumulated during three years at the end of 2018 will reach 120% approximately, and it is not likely to significantly decrease under 100% during 2019. For these reasons, Argentina economy is hyperinflationary.

Subsidiaries Libertad S.A. and Geant Argentina S.A., located in Argentina, are in the process of building the information required to determine the inflation effects on non-monetary items in the statement of financial position and the impact thereof on the statement of income. The effects of this process will be properly recognized in the Parent's consolidated financial statements at the closing of December 31, 2018 under IAS 29 "Financial Reporting in Hyperinflationary Economies".

### **Reporting currency**

These consolidated financial statements are expressed in Colombian pesos, functional currency of the Parent, which is the currency used in the prime economic environment where it rules. Figures shown have been stated in millions of Colombian pesos.

Subsidiaries' financial statements carried in a functional currency other than the Colombian peso have been translated into Colombian pesos. Transactions and balances are translated as follows:

- Assets and liabilities are translated into Colombian pesos at the period closing exchange rate;
- Income-related items are translated into Colombian pesos using the period's average exchange rate;
- Equity transactions in foreign currency are translated into Colombian pesos at the exchange rate in force on the date of each transaction.

Exchange differences arising from the translation are directly recognized in a separate component of equity and are reclassified to the statement of income upon sale of the investment in a subsidiary.

#### **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 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 result 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 their fair value.

(\*) 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 consolidated 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 consolidated 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 and only 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. Basis for consolidation**

Consolidated financial statements include the financial statements of the Parent and all its subsidiaries. Subsidiaries (including special-purpose vehicles) are entities over which the Parent has direct or indirect control. Special-purpose vehicles (SPV) are stand-alone trust funds (Patrimonios Autónomos) established with a defined purpose or limited term. A listing of subsidiaries is included in Note 1.

"Control" is the power to govern relevant activities, such as the financial and operating policies of a controlled company (subsidiary). Control is reached when the Parent has power over a controlled company, is exposed to variable benefits from its involvement and has the capability of influencing the amount of benefits. Power arises from rights, generally along with the holding of 50% or more of voting rights, even though it sometimes is more complex and results from one or more contracts, reason why there may be entities not having such interest percentage but whose activities are understood to be carried out to the benefit of the Parent and the Parent is exposed to all risks and benefits attached to the controlled company.

Wherever there is control, the consolidation method applied is that of global integration method. Under this method, all of subsidiaries' assets, liabilities, shareholders' equity and income are incorporated into the Parent's financial statements, after elimination of equity investments in such subsidiaries, account balances and intercompany transactions.

All significant transactions and material balances among subsidiaries have been eliminated upon consolidation; non-controlled interest represented by third parties' ownership interests in subsidiaries (non-controlling interests) have been recognized and separately included in the consolidated shareholders' equity.

At the time of assessing whether the Parent has control over a subsidiary, analysis is made of the existence and effect of potential voting rights currently exercised. Subsidiaries are consolidated as of the date on which control is transferred to the Parent and excluded from consolidation upon termination of control.

All controlled companies are consolidated into the Parent's financial statements, regardless the ownership interest percentage.

Transactions involving a change in the Parent's ownership interest percentage without loss of control are recognized in shareholders' equity, given that there is no change of control over the economic entity. Cash flows provided by changes in ownership interests not resulting in a loss of control are classified as financing activities in the statement of cash flows.

In transactions involving a loss of control, the entire ownership interest in the subsidiary is derecognized, retained interests are recognized at fair value and the gain or loss arising from the transaction is recognized in period income, including the relevant items of other comprehensive income. Cash flows from the acquisition or loss of control over a subsidiary are classified as investment activities in the statement of cash flows.

Period income and each component in other comprehensive income are attributed to the owners of the controlling entity and to non-controlling ownership interests.

For the purpose of consolidating the financial statements of Spice Investments Mercosur S.A., a company with domicile in Uruguay, which in turn has control over all subsidiaries domiciled in Uruguay except Via Artika S.A., the accounting policies and principles adopted by the Parent were standardized in accordance with 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) at December 31, 2014, 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, without applying any of the exceptions to the IFRS therein contained; further, they were translated into Colombian pesos.

Companhia Brasileira de Distribuição - CBD and Libertad S.A. belonged to and consolidated their financial statements with Casino Guichard Perrachon S.A. prior to acquisition by the Parent. These subsidiaries have implemented accounting policies that are uniform and standardized with those of the Parent. The Parent values its inventories by applying the first-in-first-out method, while subsidiary Companhia Brasileira de Distribuição – CBD and its subsidiaries value their inventories at the weighted average cost, basically given the different taxes recognized upon the acquisition of inventories (in the Brazil segment) that would have an impact on the final valuation of the inventories under the FIFO method.

Subsidiaries' assets and liabilities, revenue and expenses, as well as the Parent's revenue and expenses in foreign currency, have been translated into Colombian pesos at market exchange rates on each closing date and at period average, as follows:

	Closing rates		Average rates	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
US Dollar	2,972.18	2,984.00	2,885.97	2,951.32
Uruguayan peso	89.46	103.72	96.07	103.05
Brazilian real	741.40	902.14	806.42	924.67
Argentine peso	72.89	158.51	120.46	178.69
Euro	3,452.19	3,583.19	3,444.94	3,336.46

#### Note 4. Significant accounting policies

The attached interim consolidated financial statements at September 30, 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) 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 without applying any of the exceptions to the IFRS therein contained.

The most significant policies applied to prepare the accompanying interim financial statements were the following, regarding which a summary was included in the separate financial statements for the annual period ended December 31, 2017:

Adoption of the new standards in force as of January 2018 mentioned in Note 5.2. did not result in significant changes in these accounting policies as compared to those applied in preparing the financial statements at December 31, 2017.

- Investments in subsidiaries, associates and joint arrangements
- Related parties
- Business combinations and goodwill
- Put options *granted to the holders of non-controlling interests*
- Intangible assets
- Research and development costs
- Property, plant and equipment
- Investment property
- Non-current assets held for trading and discontinued operations
- Leases
- Loan costs
- Impairment of non-financial assets
- Inventories
- Financial assets
- Financial liabilities
- Embedded derivatives
- Derivative financial instruments
- Hedge accounting
- Share-based payments
- Employee benefits
- Provisions, contingent assets and liabilities
- Taxes
- Share capital
- Revenue from ordinary activities under contracts with customers
- Loyalty programs
- Costs and expenses
- Earnings per share
- Operation segments

#### Note 5. New and modified standards and interpretations

##### Note 5.1. Standards not yet in force, issued during the nine-month period ended September 30, 2018

No Regulatory Decrees enabling the application of the new International Financial Reporting Standards authorized by the International Accounting Standards Board IASB were enacted in Colombia during the nine-month period ended September 30, 2018.

During the nine-month period ended September 30, 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.

##### Amendment to IAS 19 "Employee Benefits" (January 2018)

The amendment specifies how a company account 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.

## **Note 5.2. Standards effective as of 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. (\*)
- Amendments to IFRS 4. (\*)
- Amendments to IFRS 2. (\*)
- Annual improvements cycle 2014-2016. (\*)
- IFRS 15 - Revenue from Ordinary Activities under Contracts with Customers. (\*\*)
- IFRS 9 - Financial Instruments. (\*\*\*)

(\*) 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. Application of this IFRS did not have a significant impact on the Parent and its subsidiaries.

(\*\*) 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. Application of this IFRS did not have a significant impact on the Parent and its subsidiaries.

(\*\*\*) As mentioned in Note 5.8, the Parent and its subsidiaries started the early application of this standard as of January 1, 2014.

## **Note 5.3. Standards applied earlier during the nine-month period ended September 30, 2018**

During the nine-month period ended September 30, 2018 the Parent and its subsidiaries did not apply the early adoption of standards.

## **Note 5.4. Standards not yet effective at September 30, 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:

- IFRIC 23 - Uncertainty over Income Tax Treatments, to be applied as of January 2019.
- IFRS 17 - Insurance Contracts, to be applied as of January 2021.
- 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 nine-month period ended September 30, 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.

During the nine-month period ended September 30, 2018 no Regulatory Decrees have been issued in Colombia that allow application of IFRIC 22 - Foreign Currency Transactions and Advance Consideration, which, according to the IASB, should have been applied as of January 2018.

## **Note 5.5. 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 to be applied 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:

- IFRIC 23 - Uncertainty over Income Tax Treatments, to be applied as of January 2019.
- IFRS 17 - Insurance Contracts, to be applied as of January 2021.
- 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.

### IFRIC 23 - Uncertainties over Income Tax Treatments (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.

#### IFRS 17 - Insurance Contracts" (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 the 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.

#### Amendment to IAS 28 "Investments in Associates and Joint Ventures" (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.

#### Amendment to IFRS 9 "Financial Instruments" (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.

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

Improvements 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) 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 entities 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.

#### **Note 5.6 Standards adopted earlier during the year ended December 31, 2017**

During the year ended December 31, 2017 the Parent and its subsidiaries did not apply the early adoption of standards.

#### **Note 5.7 Standards effective as of 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, applicable as of January 2017.
- Amendment to IAS 7, applicable as of January 2017.

#### Amendment to IAS 12 - Income tax (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. Earlier application was not considered. No material effects resulted from application of this amendment.

#### Amendment to IAS 7 - Disclosure Initiative (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 is permitted. Earlier application was not considered. No material effects resulted from application of this amendment.

#### **Note 5.8 Standards not in force at December 31, 2017**

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

- IFRIC 23 - Uncertainty over Income Tax Treatments, to be applied as of January 2019.
- IFRS 17 - Insurance Contracts, to be applied as of January 2021.
- 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, to be applied as of January 2018.
- Amendment to IFRS 4, to be applied as of January 2018.
- Amendment to IFRS 2, to be applied 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, to be applied as of January 2018.
- IFRS 9 - Financial Instruments, to be applied as of January 2018.

#### IFRIC 22 - Foreign Currency Transactions and Advance Consideration (December 2016)

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 is permitted. Earlier application was not considered. No material effects are expected from the application of this IFRIC.

#### Amendment to IAS 40 - Investment property (December 2016)

The amendment sets out that an entity will transfer a property to, or from, investment property, when and only 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 is permitted. Earlier application was not considered. No material effects are expected from the application of this amendment.

#### Amendment to IFRS 4 - Insurance Contracts (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 does not apply to the Parent and its subsidiaries.

#### Amendment to IFRS 2 - Share-based Payments (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 is permitted. Earlier application was not considered. No material effects are expected from the application of this amendment.

#### IFRS 16 - Leases (January 2016)

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.

Company management are assessing 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 15 - Revenue from Ordinary Activities under Contracts with Customers (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. Earlier application was not considered.

The Parent and its subsidiaries have reviewed the changes in this standard as compared to what was required by previous standards and that are deleted by this standard. No material effects are expected from the application of this IFRS.

Some of the aspects that have been reviewed include:

- Regarding the performance obligation, retail sales represent the only performance obligation; consequently, the Parent and its subsidiaries do 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 physical delivery thereof;
- Parent and its subsidiaries recognize the revenue from the sale of goods measured at the fair value of the consideration received or to be received, including returns and discounts;
- Parent and its subsidiaries do not grant volume discounts to customers;

- Parent and its subsidiaries generally grant minor repair warranties but do 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;
- Parent and its subsidiaries 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 Parent and its subsidiaries do not expect an enlargement of 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.

#### IFRS 9 - Financial Instruments (July 2014)

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

Parent and its subsidiaries started to apply this standard as of January 1, 2014, without significant effects from implementation thereof.

### **Note 6. Business combinations**

#### **Note 6.1. Business combinations achieved at September 30, 2018**

No business combinations were carried out at June 30, 2018.

#### **Note 6.2. Business combinations achieved at December 31, 2017**

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

#### **Note 6.3. Business combinations completed during the year ended December 31, 2017**

##### **Note 6.3.1. 5 Hermanos Ltda. business combination**

On December 1, 2017 subsidiary Mercados Devoto S.A. completed the Purchase Price Allocation process started in 2016 and related with the acquisition of control over 5 Hermanos Ltda, pursuant to IFRS 3 - Business Combinations.

### **Note 7. Cash and cash equivalents**

The balance of cash and cash equivalents is as follows:

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Cash at hand and in banks	1,082,399	2,236,204
Term deposit certificates (1)	1,688,785	3,004,959
Fiduciary rights (2)	45,958	40,510
Other cash equivalents (3)	2,672	11
<b>Total cash and cash equivalents</b>	<b>2,819,814</b>	<b>5,281,684</b>

(1) Includes \$1,688,219 (2017 - \$3,002,818) relevant to fixed-term deposits of subsidiary Companhia Brasileira de Distribuição - CBD, with yields of 6.29% E.A.R. (2017 - 9.74% E.A.R.) equivalent to 94.54% of the Interbank Deposit Certificate - IDC. They mature in less than 90 days of negotiation date.

(2) The balance includes:

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Fiducolombia S.A.	38,828	23,516
Corredores Davivienda S.A.	5,085	10,629
Fondo de Inversión Colectiva Abierta Occirenta	104	-
Credicorp Capital	52	4
Fiduciaria Bogota S.A.	83	4,069
BBVA Asset S.A.	69	504
Itaú Asset Management Colombia S.A.	1,737	1,788
<b>Total fiduciary rights</b>	<b>45,958</b>	<b>40,510</b>

(3) The balance represents Monetary Regulation Drafts issued by the Central Bank of Uruguay and subscribed by subsidiaries Grupo Disco del Uruguay S.A. and Devoto Hermanos S.A. with a term under three months.

The Parent and its subsidiaries recognized yields from cash at hand and in banks and cash equivalents in amount of \$23,853 (September 30, 2017 - \$43,326), which were recorded as financial revenue as detailed in Note 32.

At September 30, 2018 and December 31, 2017, cash and cash equivalents were not restricted or levied in any way as to limit availability thereof.

#### Note 8. Trade receivables and other accounts receivable

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

	September 30, 2018	December 31, 2017
Trade accounts receivable (Note 8.1)	1,039,556	928,941
Other accounts receivable (Note 8.2)	777,085	911,359
<b>Total trade receivables and other receivables</b>	<b>1,816,641</b>	<b>1,840,300</b>
<b>Current (Note 8.3)</b>	<b>1,268,293</b>	<b>1,172,380</b>
<b>Non-current (Note 8.3)</b>	<b>548,348</b>	<b>667,920</b>

#### Note 8.1. Trade accounts receivable

The balance of trade receivables is as follows:

	September 30, 2018	December 31, 2017
Trade accounts (1)	891,372	729,092
Rentals and dealers	70,162	98,755
Accounts receivable from suppliers (2)	47,536	71,113
Employee funds and lending	34,778	49,134
Other trade receivables	17,891	4,286
Impairment of receivables (Note 8.3)	(22,183)	(23,439)
<b>Trade accounts receivable</b>	<b>1,039,556</b>	<b>928,941</b>

(1) Includes trade receivables from customers of Companhia Brasileira de Distribuição - CBD, relevant to sales under payment terms other than financing (direct credit to consumer with intervention DCCI). It additionally includes accounts receivable of Companhia Brasileira de Distribuição - CBD from financial entities or banks, arising from sales on credit cards "Administradoras de cartões de crédito", where Companhia Brasileira de Distribuição - CBD receives cash in as much as customers pay to the bank the instalments agreed upon.

(2) Refer to accounts receivable from suppliers of Companhia Brasileira de Distribuição - CBD relevant to the suppliers' contribution arising from purchase volume, price protection and agreements defining a supplier's participation in advertising-related expenses.

#### Note 8.2. Other accounts receivable

The balance of other accounts receivable is as follows:

	September 30, 2018	December 31, 2017
Accounts Receivable - Paes Mendonça S.A. (1)	395,073	479,960
Accounts receivable from insurance companies (2)	140,690	180,005
Accounts receivable from the sale of companies (3)	63,563	73,268
Employee funds and lending	53,008	62,489
Business agreements	21,820	23,077
Taxes receivable	21,246	10,288
Money remittances	4,017	5,902
Sale of property, plant and equipment, intangible assets and other assets	140	2,752
Tax claims	1,360	1,360
Money transfer services	663	3,970
Other	86,155	75,732
Impairment of receivables (Note 8.3)	(10,650)	(7,444)
<b>Total other accounts receivable</b>	<b>777,085</b>	<b>911,359</b>

- (1) Since 1999, certain stores owned by Paes Mendonça S.A. (a supermarket network in Brazil) were leased through subsidiary Novasoc Comercial Ltda. Novasoc Comercial Ltda. paid certain of Paes Mendonça S.A.'s liabilities, and even though the latter has made partial payments, Companhia Brasileira de Distribuição - CBD still shows a receivable from the transaction. Pursuant to payment agreements entered between the parties, balances receivable are updated from a monetary point of view by the IGP-M (Market Price General Index) and are secured with some stores operated by Novasoc Comercial Ltda. We are not aware of objective evidence showing impairment of such accounts receivable. Maturity of these accounts receivable is tied to lease agreements under the same conditions originally agreed upon; they are deemed non-current assets given the possibility of turning such accounts into trade rights on the leased stores.
- (2) Includes \$125,247 (2017 - \$152,402) recorded by subsidiary Companhia Brasileira de Distribuição - CBD arising from the willingness of the insurance company to pay for the claim filed regarding the casualty occurred on December 27, 2017 at the refrigerated products distribution center located at the municipality of Osasco. The variation as compared to the balance at December 31, 2017 is due to exchange difference.
- (3) Relates to accounts receivable arising from the exercise of the purchase option of certain fuel stations sold by subsidiary Companhia Brasileira de Distribuição - CBD. The amount of the account receivable is updated from a monetary point of view since the execution of the agreement on May 28, 2012, by 110% of the IDC (interbanking deposit certificate), with payment foreseen in 240 monthly instalments.

### Note 8.3. 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:

	September 30, 2018	December 31, 2017
Trade accounts receivable	852,398	657,053
Accounts receivable from insurance companies	140,690	180,005
Employee funds and lending	72,247	97,259
Rentals and dealers	70,162	98,131
Accounts receivable from suppliers	47,536	71,113
Business agreements	21,820	23,077
Taxes receivable	21,246	10,288
Money remittances	4,017	5,902
Tax claims	1,360	1,360
Money transfer services	663	3,970
Sale of property, plant and equipment, intangible assets and other assets	140	2,752
Other	68,847	52,353
Impairment of receivables (1)	(32,833)	(30,883)
<b>Total current</b>	<b>1,268,293</b>	<b>1,172,380</b>
	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Accounts Receivable - Paes Mendonça S.A.	395,073	479,960
Accounts receivable from the sale of companies	63,563	73,268
Employee funds and lending	15,539	14,364
Trade accounts receivable	38,974	72,039
Rentals and dealers	-	624
Other	35,199	27,665
<b>Total non-current</b>	<b>548,348</b>	<b>667,920</b>

- (1) The impairment of receivables is recognized as expense in period results. However, even if impaired, the Parent and its subsidiaries are of the opinion that these balances are recoverable, given the extensive credit risk analysis on customers, including credit ratings when they are available in credit databases recognized in the market. During the nine-month period ended September 30, 2018 the net effect of the impairment of receivables in the statement of income represents a revenue of \$75,508 (\$3,280 expense for the period ended September 30, 2017).

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

<b>Balance at December 31, 2017</b>	<b>30,883</b>
Recognized impairment loss	395,652
Receivables written-off	(460,271)
Reclassifications to non-current assets held for trading	83,529
Reversal of impairment loss	(10,889)
Effect of exchange difference	(6,071)
<b>Balance at September 30, 2018</b>	<b>32,833</b>

#### Note 8.4. Trade receivables and other accounts receivable by age

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

Period	Total	Not due	Overdue			
			< 30 days	31 - 60 days	61 - 90 days	> 90 days
September 30, 2018	1,849,474	1,677,227	60,990	32,614	4,415	74,228
December 31, 2017	1,871,183	1,574,034	196,044	36,331	3,569	61,205

#### Note 9. Prepaid expenses

The balance of prepaid expenses is:

	September 30, 2018	December 31, 2017
Leases	83,089	79,910
Taxes (1)	37,283	2,586
Bank fees	26,455	23,322
Insurance	20,046	21,910
Maintenance	11,544	17,220
Advertising	9,050	10,955
Employee benefits	-	9,241
Public utilities	-	8,139
Sales commissions	-	610
Licenses in use	-	197
Other advance payments	22,403	15,611
<b>Total prepaid expenses</b>	<b>209,870</b>	<b>189,701</b>
<b>Current</b>	<b>157,219</b>	<b>145,761</b>
<b>Non-current</b>	<b>52,651</b>	<b>43,940</b>

(1) Represents advance payment of IPTU tax of subsidiary Companhia Brasileira de Distribuição – CBD.

#### Note 10. Accounts receivable, other non-financial assets and accounts payable to related parties

Transactions with related parties mainly relate to the sale of financial services, provision of services, expatriate payment charges, collections and advance payments received.

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

	Accounts receivable		Other non-financial assets	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Joint ventures (1)	61,385	67,076	-	30,000
Associates (2)	23,772	175,531	-	-
Grupo Casino companies (3)	10,512	7,270	-	-
Controlling entity (4)	1,781	3,207	-	-
Key management personnel (5)	-	22	-	-
<b>Total</b>	<b>97,450</b>	<b>253,106</b>	<b>-</b>	<b>30,000</b>
<b>Current</b>	<b>73,051</b>	<b>230,623</b>	<b>-</b>	<b>30,000</b>
<b>Non-current</b>	<b>24,399</b>	<b>22,483</b>	<b>-</b>	<b>-</b>

(1) The balance receivable from joint ventures includes:

- Involvement in a corporate collaboration agreement \$19,748 (2017 - \$-) and reimbursement of shared expenses, collection of coupons and other items \$28,860 (2017 - \$66,977) with Compañía de Financiamiento Tuya S.A.
- Point redemption \$12,751 (2017 - \$-) and other services \$26 (2017 - \$99) 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) The balance of accounts receivable from associates mainly relates to balances with Financiera Itaú CBD - FIC Promotora de Vendas Ltda., mostly charges arising from trade agreements for the promotion and sale of financial services offered by Financiera Itaú CBD - FIC Promotora de Vendas Ltda. at the stores of Companhia Brasileira de Distribuição – CBD.

- (3) Mainly relates to the balance receivable for expatriate payments from Casino Services in amount of \$6,274 (2017 \$1,432), from Distribution Casino France in amount of \$82 (2017 - \$1,182) and from Casino International in amount of \$2,933 (2017 - \$4,529), and for energy efficiency services received from Greenyellow Energia de Colombia S.A.S. in amount of \$357 (2017 - \$57).
- (4) Relates to the balance receivable arising from the Latin America strategic direction service agreement entered with Casino Guichard-Perrachon S.A.; the balance also includes charges arising from the cost sharing agreement and bonuses receivable.
- (5) Balances from transactions with key management personnel, including legal representatives and/or administrators, mainly relate to labor agreements entered between the parties. Key management personnel include the CEO, Vice-presidents, business corporate managers, directors, and their family members.

The balance of accounts payable to related parties and collections and advance payments received from related parties is made as follows:

	Accounts payable		Other financial liabilities	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Grupo Casino companies (1)	141,759	161,607	-	-
Controlling entity (2)	74,056	28,960	-	-
Associates (3)	15,622	19,010	-	-
Joint ventures (4)	6,948	3,063	-	38,679
Members of the Board	53	15	-	-
Other related parties	94	-	-	-
<b>Total</b>	<b>238,532</b>	<b>212,655</b>	<b>-</b>	<b>38,679</b>
<b>Current</b>	<b>238,532</b>	<b>202,533</b>	<b>-</b>	<b>38,679</b>
<b>Non-current</b>	<b>-</b>	<b>10,122</b>	<b>-</b>	<b>-</b>

- (1) The balance mainly relates to accounts payable arising from the provision of energy efficiency solution services by Green Yellow Colombia S.A.S. to the Parent and to subsidiary Companhia Brasileira de Distribuição – CBD, and to the provision by other companies of merchandise import services.
- (2) The balance of accounts payable to the Controlling entity is made as follows:
  - (a) Cost sharing agreement entered by and between Companhia Brasileira de Distribuição - CDB and Casino Guichard-Perrachon S.A. on August 10, 2014, whose purpose is the reimbursement of expenses incurred by companies of Grupo Casino and their professional staff to the benefit of this subsidiary. This agreement was authorized by the Board of Directors on July 22, 2014.
  - (b) "Agency Agreement," entered by and between Companhia Brasileira de Distribuição - CBD and Casino Guichard-Perrachon S.A. on July 25, 2016 with the purpose of regulating procurement intermediation services for the provision of goods.
  - (c) "Cost Reimbursement Agreement" entered by and between Companhia Brasileira de Distribuição - CBD and Casino Guichard-Perrachon S.A. on July 25, 2016 with the purpose of regulating the reimbursement by Companhia Brasileira de Distribuição - CBD of expatriate (French associates) expenses relevant to French social contributions paid by Casino in France.
  - (d) Reimbursement of expenses between Companhia Brasileira de Distribuição - CBD and Casino Guichard-Perrachon S.A. related with the provision of intermediation services for the procurement of goods.
  - (e) Loan in American dollars known as "Triple S" with HSBC repaid by Casino Guichard-Perrachon S.A. to HSBC on behalf of Libertad S.A. In addition, there are some debts of subsidiary Libertad S.A. arising from expatriate personnel services.
  - (f) Consultancy and technical assistance services provided by Casino Guichard-Perrachon S.A. and Geant International B.V. in amount of \$133 (2017 - \$11,782) and dividends payable in amount of \$39,234 (2017 - \$3,010).
- (3) The balance payable mainly relate to balances with Financiara Itaú CBD - FIC Promotora de Vendas Ltda., arising from credit management expenses.
- (4) At September 30, 2018 the balance relates to an account payable to Puntos Colombia S.A.S. arising from the issue of points as part of the points accumulation pilot project in line with the change in the loyalty program implemented by the Parent. 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 \$63 intermediation fees payable to Compañía de Financiamiento Tuya S.A.

At September 30, 2018 and 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 24).

## Note 11. Inventories, net and Cost of sales

### Note 11.1. Inventories, net

The net balance of inventories is as follows:

	September 30, 2018	December 31, 2017
Inventories available for trading	5,533,648	5,720,955
Inventories in transit	233,144	172,045
Materials, small spares, accessories and consumable packaging.	15,420	17,436
Inventories of property under construction (1)	6,873	22,911
Raw materials	3,074	3,167
Production in process	921	169
Inventory impairment (2)	(16,538)	(24,169)
<b>Total inventories</b>	<b>5,776,542</b>	<b>5,912,514</b>

(1) Relates to the Figue real estate project owned by Companhia Brasileira de Distribuição – CBD, currently under construction for trading purposes. At December 31, 2017 the balance also included the Hotel Cota real estate project, owned by the Parent, under construction for trading purposes and which since 2015 was in a construction reorganization stage; at June 30, 2018 this asset was transferred to non-current assets held for trading (Note 43).

(2) The development of the provision during the reporting year is as follows:

<b>Balance at December 31, 2017</b>	<b>24,169</b>
Reversal of impairment provisions (Note 11.2)	(8,770)
Impairment loss recognized during the period	3,294
Effect from translation	(2,155)
<b>Balance at September 30, 2018</b>	<b>16,538</b>

At September 30, 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 Parent's and its subsidiaries' policies, inventories are valued at cost or at net realizable value (fair value less selling costs), whichever is less. The adjustments to this valuation are included in the costs of sale for the period.

### Note 11.2. 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 September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Cost of goods sold (1)	29,717,675	30,567,679	9,778,596	10,666,928
(Reversal) impairment loss (2)	(5,476)	(24,940)	2,761	7,329
<b>Total cost of sales</b>	<b>29,712,199</b>	<b>30,542,739</b>	<b>9,781,357</b>	<b>10,659,599</b>

(1) Includes \$45,173 of depreciation and amortization cost (September 30, 2017 - \$50,524).

(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 other activities.

## Note 12. Other financial assets

The balance of other financial assets is as follows:

	September 30, 2018	December 31, 2017
Financial assets measured at fair value through income (1)	605,351	701,848
Derivative financial instruments designated as hedge instruments (2)	139,446	25,533
Financial assets measured at amortized cost (3)	41,610	45,776
Financial assets measured at fair value through other comprehensive income	260	260
Derivative financial instruments (4)	33,222	5,934
<b>Total other financial assets</b>	<b>819,889</b>	<b>779,351</b>
<b>Current</b>	<b>88,962</b>	<b>11,588</b>
<b>Non-current</b>	<b>730,927</b>	<b>767,763</b>

(1) Financial assets measured at fair value through income relate to:

- (a) Balances in certain bank accounts regarding legal and tax deposits not available to subsidiary Companhia Brasileira de Distribucao - CBD given that they are restricted to be used for payments under some legal proceedings filed against it. The balance is monthly updated using an interest rate, and the variation is recognized as revenue or expense in the statement of income.

	September 30, 2018	December 31, 2017
Deposit for labor legal proceedings	365,019	427,579
Deposit for tax legal proceedings	170,639	184,036
Deposit for regulatory legal proceedings	31,040	37,890
Deposit for civil legal proceedings	25,345	37,890
<b>Total</b>	<b>592,043</b>	<b>687,395</b>

- (b) Legal deposits in amount of \$120 (2017 - \$219) relevant to subsidiary Libertad S.A.
- (c) Investment in bonds in amount of \$11,905 (2017 - \$12,948) relevant to subsidiary Grupo Disco del Uruguay S.A.
- (d) Investments in equity securities of Fondo Valorar Futuro to manage liquidity in amount of \$1,283 (2017 - \$1,286), 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.

(2) Balances at September 30, 2018 and at December 31, 2017 are made as follows:

- (2) Derivatives designated as hedge instruments that reflect the fair value of swap contracts for 100% of liabilities denominated in US Dollars at a fixed interest rate, of Companhia Brasileira de Distribuição – CBD, exception made of DCCI (Direct consumer credit through an intermediary). The fair value is measured by exchanging such instruments at a floating IDC rate. The term of these contracts equals that of the debt and they hedge both principal and interests. Average IDC annual rate at September 30, 2018 was 6.65% (9.93% at December 31, 2017). The fair values of these instruments are determined based on valuation models commonly used by market participants.

The detail of maturities of these instruments is as follows:

	<u>Derivative</u>	<u>Less than 1 month</u>	<u>From 1 to 3 months</u>	<u>From 3 to 6 months</u>	<u>From 6 to 12 months</u>	<u>More than 12 months</u>	<u>Total</u>
September 30, 2018	Swap	5,190	31,139	-	13,345	89,134	<b>138,808</b>
December 31, 2017	Swap	-	-	-	-	25,533	<b>25,533</b>

- (b) Derivative instruments designated as hedge instrument reflect swap transactions carried out by the Parent 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 September 30, 2018 relates to the following transactions:

	<u>Nature of risk hedged</u>	<u>Hedged item</u>	<u>Range of rates for the item hedged</u>	<u>Range of rates for hedging instruments</u>	<u>Fair value</u>
Swap	Interest rate	Financial obligations	IBR 3M	4.4% - 6.0%	638

The detail of maturities of these hedge instruments at September 30, 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	-	-	-	-	638	638

- (3) Financial assets measured at amortized cost mainly relate to investments in bonds issued by Compañía de Financiamiento Tuya S.A. in amount of \$40,727 (2017 - \$44,870), which the Parent has the intention and capability of maintaining until maturity. Such investments are part of the Tarjeta Éxito corporate collaboration agreement. At September 30, 2018 the nominal value amounts to \$39,500 (2017 - \$44,500) and maturities go from 1 to 10 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.
- (4) Derivative financial instruments reflect the fair value of forward contracts to cover the fluctuation in the exchange 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 the statement of financial position, the Parent measures the derivative financial instruments (forward) at fair value, on each accounting closing date. The variation between September 30, 2018 and December 31, 2017 relates to the decrease in the closing rates used to measure forwards and swaps, below the average of the rates agreed upon with various financial players, giving rise to a right (asset) but not to an obligation (liability).

The detail of maturities of these instruments at September 30, 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	6,568	5,860	-	-	-	12,428
Swap	-	512	-	10,124	10,158	20,794
	<b>6,568</b>	<b>6,372</b>	<b>-</b>	<b>10,124</b>	<b>10,158</b>	<b>33,222</b>

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
	<b>31</b>	<b>353</b>	<b>4,685</b>	<b>865</b>	<b>-</b>	<b>5,934</b>

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

	September 30, 2018	December 31, 2017
Derivative financial instruments	23,064	5,934
Financial assets measured at amortized cost	4,360	5,435
Financial assets measured at fair value through income	12,026	219
Derivative financial instruments designated as hedge instruments	49,512	-
<b>Total current</b>	<b>88,962</b>	<b>11,588</b>
Financial assets measured at fair value through income	593,326	701,628
Financial assets measured at amortized cost	37,250	40,342
Derivative financial instruments designated as hedge instruments	89,933	25,533
Financial assets measured at fair value through other comprehensive income	260	260
Derivative financial instruments	10,158	-
<b>Total non-current</b>	<b>730,927</b>	<b>767,763</b>

At September 30, 2018 and at December 31, 2017 no restrictions or liens have been imposed on other financial assets that limit negotiability or realization thereof, exception made of (a) the investment in bonds of Compañía de Financiamiento Tuya S.A., which were issued under a corporate collaboration agreement on Tarjeta Éxito; (b) legal and tax deposits of subsidiary Companhia Brasileira de Distribuicao - CBD intended for payment of certain legal claims filed against it and (c) legal deposits of subsidiary Libertad S.A.

None of the assets was impaired at September 30, 2018 or at December 31, 2017.

**Note 13. Property, plant and equipment, net**

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Land	2,104,458	2,546,325
Buildings	3,667,594	4,319,415
Machinery and equipment	2,485,233	2,792,992
Furniture and fixtures	1,439,538	1,642,094
Assets under construction	228,237	265,658
Premises	728,257	854,328
Improvements to third party properties	4,666,335	5,293,545
Vehicles	17,714	20,459
Computers	688,878	834,767
Other property, plant and equipment	162,406	183,382
<b>Total property, plant and equipment</b>	<b>16,188,650</b>	<b>18,752,965</b>
Accumulated depreciation	(5,492,104)	(6,245,197)
Impairment	(2,027)	(2,350)
<b>Total net property, plant and equipment</b>	<b>10,694,519</b>	<b>12,505,418</b>

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

Cost	Land	Buildings	Machinery and equipment	Furniture and fixtures	Assets under construction	Premises	Improvements to third party properties	Vehicles	Computers	Other property, plant and equipment	Total
<b>Balance at December 31, 2017</b>	<b>2,546,325</b>	<b>4,319,415</b>	<b>2,792,992</b>	<b>1,642,094</b>	<b>265,658</b>	<b>854,328</b>	<b>5,293,545</b>	<b>20,459</b>	<b>834,767</b>	<b>183,382</b>	<b>18,752,965</b>
Additions	16,837	73,258	73,923	44,581	544,501	37,324	253,106	129	19,053	22,280	1,084,992
Loan costs	-	3,693	260	257	970	162	4,375	-	150	-	9,867
Increase (decrease) from movements between property, plant and equipment accounts	13,169	41,771	32,902	13,440	(158,230)	4,721	13,503	714	6,502	(254)	(31,762)
Increase (decrease) from transfers from (to) investment property	(446)	(550)	1,195	484	12,412	432	-	-	266	(1)	13,792
Increase (decrease) from transfers from (to) other balance sheet accounts	4,142	(865)	101,579	53,781	(362,152)	5,686	149,164	368	49,979	(8,862)	(7,180)
(Disposal) of property, plant and equipment	(10,886)	(183,237)	(109,134)	(57,863)	(2,496)	(27,360)	(91,536)	(26,792)	(29,423)	(573)	(539,300)
(Derecognition) of property, plant and equipment	-	(818)	(1,563)	(1,281)	(2)	(105)	(13,465)	(4)	(773)	-	(18,011)
(Decrease) from transfers (to) non-current assets held for trading	(124,450)	(40,873)	(29,779)	(34,476)	(36,102)	2,408	(39,916)	26,380	(66,014)	(2,975)	(345,797)
Effect of exchange differences from translation to presentation currency	(340,233)	(544,200)	(376,911)	(222,778)	(32,870)	(149,339)	(904,502)	(3,540)	(125,912)	(30,591)	(2,730,876)
Other changes	-	-	(231)	1,299	(3,452)	-	2,061	-	283	-	(40)
<b>Balance at September 30, 2018</b>	<b>2,104,458</b>	<b>3,667,594</b>	<b>2,485,233</b>	<b>1,439,538</b>	<b>228,237</b>	<b>728,257</b>	<b>4,666,335</b>	<b>17,714</b>	<b>688,878</b>	<b>162,406</b>	<b>16,188,650</b>
<b>Accumulated depreciation</b>											
<b>Balance at December 31, 2017</b>		<b>1,106,622</b>	<b>1,337,636</b>	<b>875,414</b>		<b>354,753</b>	<b>1,860,005</b>	<b>13,427</b>	<b>586,614</b>	<b>110,726</b>	<b>6,245,197</b>
Depreciation expense/cost		71,380	164,492	91,825		38,007	199,797	2,021	62,623	14,236	644,381
Increase (decrease) from transfers from (to) other balance sheet accounts		(279)	(1,891)	691		(1,080)	(135)	-	354	1	(2,339)
Increase (decrease) from movements between property, plant and equipment accounts		(13,485)	(3,588)	1,507		(1,756)	(14,012)	(143)	(47)	(238)	(31,762)
(Disposal) of property, plant and equipment		(136,823)	(82,273)	(43,072)		(15,786)	(31,378)	(2,424)	(26,399)	(424)	(338,579)
Depreciation (reversals)		(818)	(1,548)	(1,279)		(44)	(6,218)	(4)	(768)	-	(10,679)
(Decrease) from transfers (to) non-current assets held for trading		(5,439)	(14,817)	(8,970)		6,896	(684)	2,154	790	63	(20,007)
Effect of exchange differences from translation to presentation currency		(173,406)	(195,524)	(128,697)		(62,982)	(316,406)	(2,527)	(94,432)	(20,347)	(994,321)
Other changes		(3)	(37)	30		-	13	-	210	-	213
<b>Balance at September 30, 2018</b>		<b>847,749</b>	<b>1,202,450</b>	<b>787,449</b>		<b>318,008</b>	<b>1,690,982</b>	<b>12,504</b>	<b>528,945</b>	<b>104,017</b>	<b>5,492,104</b>
<b>Impairment</b>											
<b>Balance at December 31, 2017</b>	-	-	-	-	-	<b>552</b>	<b>1,798</b>	-	-	-	<b>2,350</b>
Effect of exchange differences from translation to presentation currency	-	-	-	-	-	(76)	(247)	-	-	-	(323)
<b>Balance at September 30, 2018</b>	-	-	-	-	-	<b>476</b>	<b>1,551</b>	-	-	-	<b>2,027</b>

(1)The rate used to determine the amount of loan costs capitalized was 6.764%, calculated with the weighted average of loan costs applicable to borrowings, outstanding at the closing of September 30, 2018.

Assets under construction are represented by those assets not ready for their intended use as expected by the Parent's and its subsidiaries' 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:

	September 30, 2018	December 31, 2017
Computers	2,534	4,636
Buildings	15,110	18,480
Machinery and equipment	2,625	5,460
Furniture and fixtures	2,391	3,394
Other property, plant and equipment	12,740	13,331
Premises	257	357
<b>Total property, plant and equipment, net of depreciation</b>	<b>35,657</b>	<b>45,658</b>

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

At September 30, 2018, Companhia Brasileira de Distribuição - CBD has assets delivered as collateral to third parties to secure lawsuits in amount of \$630,927 (2017 - \$782,153).

Except for the above, at September 30, 2018 and at December 31, 2017 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 period ended September 30, 2018 no compensation was received from insurance companies (December 31, 2017 - \$903) on account of assets damaged, and no insurance companies' payment agreements for damaged assets were recorded (December 31, 2017 - \$71,319).

At September 30, 2018 no impairment of property, plant and equipment was recognized. During the year ended December 31, 2017 an impairment loss was recognized on the Torre Sur Building owned by the Parent in amount of \$1,481 arising from demolition thereof, and an impairment loss was recognized on real estate owned by subsidiary Mercados Devoto S.A. in amount of \$2,335.

#### Note 14. Investment property, net

The Parent's and its subsidiaries' investment properties are business premises and plots of land held to generate income from operating lease activities or future appreciation of the price thereof.

The net balance of investment properties is made as follows:

	September 30, 2018	December 31, 2017
Land	301,881	329,077
Buildings	926,903	1,031,395
Construction in progress	336,381	243,070
<b>Total cost of investment property</b>	<b>1,565,165</b>	<b>1,603,542</b>
Accumulated depreciation	(104,725)	(106,669)
<b>Total investment property, net</b>	<b>1,460,440</b>	<b>1,496,873</b>

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

Cost	Land	Buildings	Constructions in progress	Total
<b>Balance at December 31, 2017</b>	<b>329,077</b>	<b>1,031,395</b>	<b>243,070</b>	<b>1,603,542</b>
Additions	-	2,422	135,669	138,091
Capitalization of loan costs (1)	-	301	213	514
Increase (decrease) from transfers (to) property, plant and equipment	446	8,999	(23,237)	(13,792)
Disposals	-	(331)	-	(331)
Effect of exchange differences from translation into reporting currency	(19,655)	(110,884)	(3,700)	(134,239)
(Decrease) from transfers to non-current assets held for trading	(7,987)	(3,765)	-	(11,752)
Other changes	-	(1,234)	(15,634)	(16,868)
<b>Balance at September 30, 2018</b>	<b>301,881</b>	<b>926,903</b>	<b>336,381</b>	<b>1,565,165</b>

Accumulated depreciation	Buildings
<b>Balance at December 31, 2017</b>	<b>106,669</b>
Depreciation expense	18,717
Disposals	(95)
(Decrease) from transfers to non-current assets held for trading	(307)
Other changes	(1,274)
Effect of exchange differences from translation into reporting currency	(18,985)
<b>Balance at September 30, 2018</b>	<b>104,725</b>

- (1) The rate used to determine the amount of loan costs capitalized was 6.764%, calculated with the weighted average of loan costs applicable to borrowings, outstanding at the closing of September 30, 2018.

At September 2018 and December 31, 2017 there are no limitations or liens imposed on investment property that restrict realization or tradability thereof.

At September 30, 2018 and at December 31, 2017 the Parent and its subsidiaries are not committed to acquire, build or develop investment property or to repair, maintain or improve such property, other than existing constructions. Also, it has not received compensations from third parties arising from the damage or loss of investment property, nor has it recognized impairment losses.

Note 37 discloses the fair values of investment property, based on the appraisal carried out by an independent third party.

#### Note 15. Goodwill

The balance of goodwill is as follows:

	September 30, 2018	December 31, 2017
Companhia Brasileira de Distribuição – CBD (1)	2,053,329	2,498,512
Spice Investment Mercosur S.A. (2)	1,321,413	1,486,206
Carulla Vivero S.A. (3)	827,420	827,420
Super Inter (4)	453,649	453,649
Libertad S.A. (1)	55,707	121,141
Cafam (5)	122,219	122,219
Other (6)	50,806	50,806
<b>Total goodwill</b>	<b>4,884,543</b>	<b>5,559,953</b>

- (1) Refers to goodwill generated from the business combination completed in August 2015 for the acquisition of the operations of Companhia Brasileira de Distribuição - CBD in Brazil and Libertad S.A. in Argentina, through the Spanish company Onper Investments 2015 S.L.
- (2) The balance includes:
- The business combination accomplished by the Parent in 2011 for the acquisition of Uruguayan Spice Investments Mercosur S.A. in amount of \$287,844 (2017 - \$287,844). The value is the cost attributable in the opening balance sheet in exercise of the exemption of not to restate business combinations.
  - Goodwill recognized by Spice Investments Mercosur S.A. in the acquisition of its subsidiaries in Uruguay, pursuant to options offered by IFRS 1 in amount of \$231,946 (2017 - \$268,929).
  - Goodwill from the business combination accomplished by the Parent with Grupo Disco del Uruguay S.A. resulting from the acquisition of control at January 1, 2015 in amount of \$798,488 (2017 - \$925,799).
  - Goodwill from the business combination carried out by Mercados Devoto S.A. to acquire Sumelar S.A. in 2016 in amount of \$1,073 (2017 - \$1,244).
  - Goodwill from the business combination carried out in 2016 and completed in 2017 by Mercados Devoto S.A. to acquire 5 Hermanos Ltda. in amount of \$2,062 (2017 - \$2,390).
- (3) 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.
- (4) 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.

(5) 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.

(6) The balance includes:

- 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 from the business combination with Gemex O&W S.A.S. in amount of \$1,017.

During the nine-month period ended September 30, 2018 the following was the development of goodwill:

<b>Balance at December 31, 2017</b>	<b>5,559,953</b>
Effect of exchange differences from translation into reporting currency	(675,410)
<b>Balance at September 30, 2018</b>	<b>4,884,543</b>

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

Goodwill was not impaired at September 30, 2018 and at December 31, 2017.

#### Note 16. Intangible assets other than goodwill, net

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

	September 30, 2018	December 31, 2017
Trademarks (1)	2,845,316	3,453,343
Rights (2)	1,147,555	1,390,524
Computer software	1,265,095	1,423,838
Customer-related intangible assets (3)	28,914	35,183
Other	378	82
<b>Total cost of intangible assets other than goodwill</b>	<b>5,287,258</b>	<b>6,302,970</b>
Accumulated amortization	(713,198)	(758,939)
<b>Total intangible assets other than goodwill, net</b>	<b>4,574,060</b>	<b>5,544,031</b>

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

Cost	Trademarks		Computer software	Customer-related intangible assets (3)	Other	Total
	(1)	Rights (2)				
<b>Balance at December 31, 2017</b>	<b>3,453,343</b>	<b>1,390,524</b>	<b>1,423,838</b>	<b>35,183</b>	<b>82</b>	<b>6,302,970</b>
Additions	-	-	307,239	-	328	307,567
Loan costs	-	-	87	-	-	87
Effect of exchange differences from translation to reporting currency	(608,027)	(242,969)	(237,295)	(6,269)	(32)	(1,094,592)
Transfers	-	202,373	(214,687)	-	-	(12,314)
Transfer to non-current assets held for trading	-	(202,373)	28,223	-	-	(174,150)
Disposals and derecognition	-	-	(42,316)	-	-	(42,316)
Other changes	-	-	6	-	-	6
<b>Balance at September 30, 2018</b>	<b>2,845,316</b>	<b>1,147,555</b>	<b>1,265,095</b>	<b>28,914</b>	<b>378</b>	<b>5,287,258</b>

#### Accumulated amortization

<b>Balance at December 31, 2017</b>	<b>18</b>	<b>748,629</b>	<b>10,262</b>	<b>30</b>	<b>758,939</b>
Amortization expense/cost	-	4	95,971	2,948	18
Transfers	-	-	(548)	-	(548)
Effect of exchange differences from translation to reporting currency	-	(11)	(124,937)	(2,066)	(24)
Transfer to non-current assets held for trading	-	-	17,176	-	-
Disposals and derecognition	-	-	(34,006)	-	-
Other changes	-	-	(266)	-	-
<b>Balance at September 30, 2018</b>	<b>-</b>	<b>11</b>	<b>702,019</b>	<b>11,144</b>	<b>24</b>

(1) The balance relates to the following trademarks:

Operating segment	Banner	Useful life	September 30, 2018	December 31, 2017
Food	Extra (a)	Indefinite	1,329,796	1,618,109
Food	Pão de Açúcar (a)	Indefinite	772,534	940,027
Food	Assaí (a)	Indefinite	552,339	672,092
Uruguay	Miscellaneous (b)	Indefinite	94,734	109,839
Argentina	Libertad (c)	Indefinite	14,782	32,145
Surtimax-Súper Inter	Surtimax (d)	Indefinite	17,427	17,427
Surtimax-Súper Inter	Súper Inter (e)	Indefinite	63,704	63,704
			<b>2,845,316</b>	<b>3,453,343</b>

(a) Refers to trademarks of subsidiary Companhia Brasileira de Distribuição – CBD. These trademarks were registered during 2016 as result of the progress and further completion of the Purchase Price Allocation process as part of the acquisition of control over such subsidiary.

(b) Refers to trademarks of Grupo Disco del Uruguay S.A.

(c) Relates to trademarks of subsidiary Libertad S.A. These trademarks were registered during 2016 as result of the progress and further completion of the Purchase Price Allocation process as part of the acquisition of control over such subsidiary.

(d) Trademark received upon the merger with Carulla Vivero S.A.

(e) Trademark acquired under the business combination carried out with Comercializadora Giraldo Gómez y Cia S.A.

Such trademarks have indefinite useful lives on the grounds of the Parent's and its subsidiaries' considerations thereon, and consequently they are not amortized.

(2) The balance refers to the following rights:

a) \$1,120,550 (2017 - \$1,363,497) of Companhia Brasileira de Distribuição - CBD, in the food segment, relevant to trade rights acquired as trade usage of paying a "premium" to obtain a rental contract in commercially attractive places.

b) Rights of Libertad S.A. amounting to \$19 (2017 - \$41).

(c) Contracts executed by the Parent 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.

Such trademarks have indefinite useful lives on the grounds of the Parent's and its subsidiaries' considerations thereon, and consequently they are not amortized.

(3) Relates to non-contract relations with customers, an intangible recognized by subsidiary Companhia Brasileira de Distribuição – CBD, which is amortized over an average of 9 years.

At September 30, 2018 and at 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, and no impairment losses have been recognized, exception made of the loss regarding certain of the Parent's computer software in amount of \$3,307 (Note 31).

The balance of computer software includes the following assets, received under finance lease agreements:

	September 30, 2018	December 31, 2017
Software of Companhia Brasileira de Distribuição - CBD	80,071	127,201

#### Note 17. Investments accounted for using the equity method

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

Company	Classification	September 30, 2018	December 31, 2017
Cnova N.V.	Associate	342,453	523,741
Financiera Itaú CBD - FIC Promotora de Vendas Ltda.	Associate	153,042	159,769
Compañía de Financiamiento Tuya S.A.	Joint venture	178,369	126,576
Puntos Colombia S.A.S.	Joint venture	2,918	7,213
<b>Total investments accounted for using the equity method</b>		<b>676,782</b>	<b>817,299</b>

## Note 18. Changes in the classification of financial assets

During the nine-month period ended September 30, 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 19. Financial liabilities

The balance of financial liabilities is as follows:

	September 30, 2018	December 31, 2017
Bank overdrafts	31,362	26,694
Bank loans (1)	1,953,504	1,392,963
Put option (2)	367,831	426,479
Finance leases	31,031	49,242
Letters of credit	16,364	11,396
<b>Total current financial liabilities</b>	<b>2,400,092</b>	<b>1,906,774</b>
Bank loans (1)	4,823,486	3,928,804
Finance leases	92,844	141,325
<b>Total non-current financial liabilities</b>	<b>4,916,330</b>	<b>4,070,129</b>

- (1) In August 2015, the Parent 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 Parent is committed 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 debt wherever the result is breach of the credit agreement and/or without prior authorization from creditors; creditors shall automatically grant authorization if the occurrence index is complied with, measured using the latest financial statements released by the Parent, among other.

During January 2016 and April 2016, the Parent 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 by the Parent in August 2016; \$55,000 and \$500,000 of current loans were repaid in November 2016 and December 2016, respectively.

In February 2017 the Parent 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 June 2017 Distribuidora de Textiles y Confecciones S.A.S. obtained a loan from Bancolombia in amount of \$60,000 at a rate of IBR 3 months + 2.0% quarterly in arrears, with a term of 5 years and 24-month grace period for repayment of principal.

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

On December 22, 2017 the Parent 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 Parent'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 Parent's future payment outflows.

The Parent 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 and \$97,495 of the non-current bank loan balance were repaid by the Parent in February, June and August 2018, respectively.

The balance also includes short-term loans in amount of \$999,063 (2017 - \$638,440) and long-term loans in amount of \$619,748 (2017 - \$722,092) acquired by Companhia Brasileira de Distribuição - CBD, and long-term loans acquired by subsidiary Segisor S.A. in amount of \$1,371,474 (2017 - \$0).

- (2) Spice Investments Mercosur S.A. is a party to the put option contract entered with the owners of non-controlling interests in subsidiary Grupo Disco del Uruguay S.A. The exercise price of the option is based on a previously determined formula and the option may be exercised at any time. The option is measured at fair value. Until June 30, 2016 the Parent was a party to this put option contract but on such date the Parent transferred it to subsidiary Spice Investments Mercosur S.A.

Below is a detail of annual maturities of outstanding non-current bank loans and finance leases outstanding at September 30, 2018, discounted at present value:

Year	Total
2019	679,583
2020	1,863,363
2021	311,160
>2022	2,062,223
	<b>4,916,330</b>

#### Note 19.1. 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 Parent must pay in advance such obligations without accruing any prepayment commission or penalty, in the following events:

- Sale of assets: When at any time during the credit term the Parent 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.
- Insurance compensations: When at any time, during the credit term, the Parent 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 Parent 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.
- Prepayments under bridge credit agreements: Wherever the Parent intends to prepay bank credits in foreign currency, the Parent shall prepay the short-term trench in proportion to the amount prepaid of bank credits in foreign currency, and in proportion to each creditor.

#### Note 19.2. Obligations undertaken under credit contracts (financial obligations)

- Financial: The Parent 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.
- Indebtedness: The Parent is committed to refrain from: (i) incurring new debts in the event of being in default of the financial liability and/or if 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.

If the Parent intend to incur additional debt, it shall require the prior authorization of creditors, which shall be deemed automatically granted if the Parent complies with the occurrence indicator, which shall be measured based on the latest separate financial statements submitted to the National Register of Securities and Issuers.

#### Note 20. Employee benefits

The following are the balances of employee benefits:

	September 30, 2018	December 31, 2017
Defined benefit plans	31,762	29,986
Long-term benefit plan	2,182	2,016
<b>Total employee benefits</b>	<b>33,944</b>	<b>32,002</b>
<b>Current</b>	<b>5,406</b>	<b>3,464</b>
<b>Non-current</b>	<b>28,538</b>	<b>28,538</b>

## Note 21. Other provisions

The balance of other provisions is made as follows:

	September 30, 2018	December 31, 2017
Legal proceedings (1)	335,599	438,918
Taxes other than income tax (2)	1,681,380	1,974,396
Restructuring (3)	12,702	3,866
Other (4)	48,536	69,369
<b>Total other provisions</b>	<b>2,078,217</b>	<b>2,486,549</b>
<b>Current (21.1)</b>	<b>34,680</b>	<b>29,329</b>
<b>Non-current (21.1)</b>	<b>2,043,537</b>	<b>2,457,220</b>

At September 30, 2018 and December 31, 2017, the Parent and its subsidiaries 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 lawsuits brought against the Parent and its subsidiaries, related with labor, civil, administrative and regulatory matters, which are assessed based on the best estimation of cash outflows required to settle a liability on the date of preparation of the financial statements. The balance is comprised of \$243,556 (2017 - \$308,677) for labor proceedings, \$72,192 (2017 - \$98,734) for civil proceedings, \$19,851 (2017 - \$31,447) for administrative and regulatory proceedings and \$0 (2017 - \$60) for other proceedings.

Provisions for labor lawsuits mainly include Parent's proceedings in amount of \$9,726 (2017 - \$8,965) and subsidiary Companhia Brasileira de Distribuição - CBD and its subsidiaries' proceedings in amount of \$233,349 (2017 \$299,273); the later are updated using a table provided by the TST ('Tribunal Superior do Trabalho') plus a monthly interest of 1%.

Provisions for civil proceedings mainly include Parent's legal proceedings in amount of \$3,404 (2017 - \$3,710) and subsidiary Companhia Brasileira de Distribuição - CBD and its subsidiaries' legal proceedings in amount of \$68,520 (2017 - \$94,724). The balance of civil proceedings of subsidiary Companhia Brasileira de Distribuição - CBD and its subsidiaries includes legal actions relevant to the revision of lease agreements and renewals on agreed-upon lease instalments. A provision is recognized for the difference between amounts paid and amounts disputed by the counterparty in the legal action, when in the opinion of in-house and external counsels there is a probability of adjustment to the instalments paid. At September 30, 2018, the provisions to protect against such legal actions amounted to \$43,001 (2017 - \$55,030) for which there are no legal deposits covering said amount; should there be such deposits, they are recognized as other financial assets.

Provisions for administrative and regulatory proceedings relate to legal actions of subsidiary Companhia Brasileira de Distribuição - CBD. This balance includes proceedings related with fines imposed by regulatory agencies, mainly Brazilian consumer defense agencies PROCONs and INMETRO, and local mayor's offices. At September 30, 2018, such provision amounted to \$19,276 (2017 - \$30,673).

- (2) Provisions for taxes other than income tax include \$1,671,203 (2017 - \$1,960,203) relevant to tax legal proceedings of Companhia Brasileira de Distribuição - CBD and its subsidiaries, which are subject to monthly monetary adjustment at index rates used by each tax authority; \$8,377 (2017 - \$10,288) for tax legal proceedings of the Parent; and \$1,800 (2017 - \$3,905) for other proceedings of subsidiary Libertad S.A.

(a) The Parent's legal proceedings refer to:

- Industry and trade tax in amount of \$2,217 (2017 - \$2,217).
- Tax on real estate property in amount of \$2,926 (2017 - \$2,926).
- VAT payable in amount of \$3,234 (2017 - \$5,145).

(b) The most important tax lawsuits of Companhia Brasileira de Distribuição CBD and its subsidiaries, include:

- Social contribution for the funding of social security - COFINS and social integration program - PIS: Under the non-cumulative system to calculate PIS and COFINS, a request was filed claiming right to exclude the value of the Impuesto a la Circulación de Mercaderías y Servicios - ICMS (Tax on the Movement of Goods and Services) from the basis to assess these two contributions and other less relevant matters. The provision recognized at September 30, 2018 amounts to \$92,674 (2017 - \$66,758).
- Tax on the circulation of goods and services (ICMS): By means of a ruling dated October 16, 2014, the Higher Federal Court (STF) defined that ICMS taxpayers who trade basic basket products are not entitled to fully apply the credits arising from such tax; consequently, with the support of external advisors, it was deemed appropriate to recognize a provision in amount of \$80,071 (2017 - \$128,104).
- Complementary Law No. 110/2001: The right of not to recognize the contributions set forth in Complementary Law No. 110/2001, established to support the costs of the Fundo de Garantia do Tempo de Serviço (FGTS) is being discussed through judicial action. The provision recognized at September 30, 2018 amounts to \$62,277 (2017 - \$64,052).

- Other provisions relate to the following proceedings, in amount of \$155,692 (2017 - \$165,090):
  - (i) Proceedings referred to the purchase, industrialization and export of soy and derivative products (PIS, CONFIS and IRPJ);
  - (ii) Investigation regarding the failure to apply the Fator Acidentário de Prevenção (FAP) for 2011;
  - (iii) Investigations related with procurement from suppliers deemed disqualified from the registry with Secretaria da Fazenda Estadual, mistake in application of aliquot and ancillary obligations by state tax authorities;
  - (iv) Tax provisions of e-commerce companies abroad, and
- Provisions were recognized for taxes other than income tax in amount of \$1,127,571 (2017 - \$1,385,499), relevant to the adjustment arising from the purchase price allocation process of subsidiaries Companhia Brasileira de Distribuição - CBD and Libertad S.A.

Provisions recognized relate to proceedings associated with the following taxes:

- Tax on the Movement of Goods and Services - ICMS in amount of \$957,854 (2017 - \$1,178,986);
- (ii) Social Contribution for the Funding of Social Security - COFINS in amount of \$87,776 (2017 - \$106,807);
- (iii) Tax on industrial products - IPI in amount of \$55,932 (2017 - \$68,058);
- (iv) Brazilian tax on real estate property - IPTU in amount of \$25,548 (2017 - \$31,087), and
- (vi) Other in amount of \$461 (2017 - \$561).

(ut1(3) The restructuring provision relates to the reorganization processes announced to Parent's employees of stores and distribution centers in amount of \$5,755 (2017 - \$1,268), to the employees of Colombian subsidiaries in amount of \$4 (2017 - \$1) and to the employees of subsidiary Companhia Brasileira de Distribuição CBD in amount of \$6,943 (2017 - \$2,597) that will affect the Parent's and its subsidiaries' activities and operations. The provision is based on cash outflows required, directly associated with the restructuring plan. The disbursement and plan implementation date are expected to be in 2018. The restructuring provision was recognized in period results as other expenses.

(4) The balance of other provisions includes:

- (a) Provisions were recognized in amount of \$44,799 (2017 - \$64,950) as a result of the Purchase Price Allocation process of subsidiaries Companhia Brasileira de Distribuição - CBD and Libertad S.A., covering external counsel fees related with the defense of tax proceedings, whose compensation is tied to a success fee upon the legal closing thereof. Such percentages may vary, in accordance with qualitative and quantitative factors of each proceeding.
- (b) Provision to protect against reduction of goods "VMI" at the Parent in amount of \$3,258 (2017 - \$3,817).

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

	Legal Proceedings	Taxes other than income tax	Restructuring	Other	Total
<b>Balance at December 31, 2017</b>	<b>438,918</b>	<b>1,974,396</b>	<b>3,866</b>	<b>69,369</b>	<b>2,486,549</b>
Increase	806,926	152,047	49,822	4,067	1,012,862
Uses	(3)	-	-	(108)	(111)
Payments	(609,180)	(1,919)	(38,037)	(3,680)	(652,816)
Reversals (not used)	(583,763)	(61,904)	(2,065)	(10,197)	(657,929)
Increase from value updating based on the passage of time	95,735	7,056	-	0	102,791
Effect of exchange differences from translation to reporting currency	(73,528)	(356,665)	(884)	(10,981)	(442,058)
Increase (decrease) from classification to non-current assets held for trading and discontinued operations	260,494	(31,631)	-	66	228,929
<b>Balance at September 30, 2018</b>	<b>335,599</b>	<b>1,681,380</b>	<b>12,702</b>	<b>48,536</b>	<b>2,078,217</b>

#### Note 21.1. Other provisions classified as current and non-current

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

	September 30, 2018	December 31, 2017
Legal proceedings	5,264	4,787
Restructuring	12,702	3,866
Taxes other than income tax	586	1,179
Other	16,128	19,497
<b>Total other current provisions</b>	<b>34,680</b>	<b>29,329</b>
Taxes other than income tax	1,680,794	1,973,217
Legal proceedings	330,335	434,131
Other	32,408	49,872
<b>Total other non-current provisions</b>	<b>2,043,537</b>	<b>2,457,220</b>

## Note 21.2. Forecasted payments of other provisions

Forecasted payments of other provisions for which the Parent and its subsidiaries are responsible at September 30, 2018 are:

	Legal Proceedings	Taxes other than income tax	Restructuring	Other	Total
Less than 12 months	5,264	586	12,702	16,128	34,680
From 1 to 5 years	143,520	1,363,847	-	32,408	1,539,775
5 years and more	186,815	316,947	-	-	503,762
<b>Total estimated payments</b>	<b>335,599</b>	<b>1,681,380</b>	<b>12,702</b>	<b>48,536</b>	<b>2,078,217</b>

## Note 22. Trade payables and other accounts payable

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

	September 30, 2018	December 31, 2017
Suppliers	7,048,087	10,668,083
Employee benefits	746,802	841,596
Costs and expenses payable	322,222	434,464
Acquisition of property, plant and equipment	90,468	221,651
Dividends payable	79,884	84,425
Taxes collected payable	72,708	143,405
Other	209,919	271,814
<b>Total current trade payables and other accounts payable</b>	<b>8,570,090</b>	<b>12,665,438</b>
Other	18,492	47,831
<b>Total non-current trade payables and other accounts payable</b>	<b>18,492</b>	<b>47,831</b>

## Note 23. Income tax

### Note 23.1. Tax regulations applicable to the Parent and to its Colombian subsidiaries

#### Income tax regulations in force applicable to the Parent and its Colombian subsidiaries:

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

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

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

Under the tax stability contract, the base to assess the Company's income tax for 2017 was 3%.

- 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 who are resident in Colombia was established as of 2017 at a rate of 5% triggered when the amount distributed is between 600 UVT (\$19 for 2017) and 1000 UVT (\$32 for 2017) 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 based on Accounting and Financial Reporting Standards accepted 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) at 31 December 2014, 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, 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.
- g. The annual adjustment applicable at December 31, 2017 to 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 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 Parent might have requested in its income tax return 40% of said investments, given that section 158-3 of the Tax Code is an integral part of the Tax Stability Contract EJ-03, under Law 963 of July 2005, entered with the Colombian government for ten years as of August 2007.

Tax credits of the Parent and its Colombian subsidiaries

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 September 30, 2018 the Company assessed its income tax liability by applying the presumptive income system.

Pursuant to sections 188 and 189 of the Tax Code, at September 30, 2018 subsidiaries Distribuidora de Textiles y Confecciones S.A.S., Almacenes Éxito Inversiones S.A.S., Logística, Transporte y Servicios Asociados S.A.S., Éxito Viajes y Turismo S.A.S. and Gemex O&W S.A.S. assessed their income tax liability using the ordinary income method.

At September 30, 2018 the Parent has accrued \$408,176 (2017 - \$293,218) excess presumptive income over net income.

At September 30, 2018 the subsidiaries have accrued \$4,665 (2017 - \$5,579) excess presumptive income over net income. The detail of excess presumptive income over net income is as follows:

	September 30, 2018	December 31, 2017
Distribuidora de Textiles y Confecciones S.A.S.	4,663	5,578
Gemex O&W S.A.S.	2	1
<b>Total</b>	<b>4,665</b>	<b>5,579</b>

At September 30, 2018 the Parent has accrued tax losses amounting to \$836,563 (2017 - \$245,681).

At September 30, 2018, the subsidiaries have accrued tax losses amounting to \$69,730 (2017 - \$70,655). The detail of tax losses is as follows:

	September 30, 2018	December 31, 2017
Distribuidora de Textiles y Confecciones S.A.S.	47,172	50,933
Gemex O&W S.A.S.	21,884	17,907
Almacenes Éxito Inversiones S.A.S.	674	933
Logística, Transporte y Servicios Asociados S.A.S.	-	882
<b>Total</b>	<b>69,730</b>	<b>70,655</b>

#### 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.

Parent's income tax return for 2017 where tax losses and a balance receivable were assessed is open for review during 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 during 3 years as of filing of the balance receivable; income tax for equality CREE return for 2016 showing a balance receivable is open for review during 3 years as of filing of the balance receivable; income tax return for 2015 showing a balance receivable is open for review during 2 years as of filing of the balance receivable; income tax for equality CREE return for 2015 is open for review during 2 years as of filing date.

For subsidiary Distribuidora de Textiles y Confecciones S.A.S., income tax return for 2017 is open for review during 6 years; income tax return for 2016 where tax losses and a balance receivable were assessed is open for review during 3 years as of filing of the balance receivable; income tax returns for 2014 and 2015 are open for review during 5 years; income tax for equality CREE returns for 2014 and 2015 are open for review during 2 years as of filing date.

For subsidiary Almacenes Éxito Inversiones S.A.S., income tax return for 2017 where tax losses were offset and a balance receivable was assessed is open for review during 6 years as of filing of the balance receivable; income tax returns for 2013, 2014, 2015 and 2016 are open for review during 5 years as of filing date; income tax for equality CREE returns for 2016 and 2016 are open for review during 2 years as of filing date.

For subsidiary Gemex O&W S.A.S., income tax return for 2017 where tax losses and a balance receivable were assessed is open for review during 12 years as of filing of the balance receivable; income tax return for 2016 where tax losses were assessed is open for review during 6 years as of filing date; income tax returns and income tax for equality CREE returns for 2013, 2014 and 2015 are open for review during 5 years as of filing date.

For subsidiary Logística, Transporte y Servicios Asociados S.A.S., income tax return for 2017 where tax losses were offset, and a balance receivable was assessed is open for review for 6 years as of filing of the balance receivable; income tax return and income tax for equality CREE return for 2016 are open for review for 6 years as of filing date.

For subsidiary Éxito Viajes y Turismo S.A.S., income tax return for 2017 is open for review during 3 years as of filing date; income tax return for 2016 where tax losses were offset is open for review during 5 years as of filing date; income tax returns and income tax for equality CREE returns for 2014 and 2015 are open for review during 5 years as of filing date.

Tax advisors and management of the Parent and its subsidiaries are of the opinion that no additional taxes will be assessed, other than those for which a provision has been recorded at September 30, 2018.

#### Transfer pricing

Parent transactions with its controlling entity and 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 out 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 Parent 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.

### Note 23.2. Tax regulations applicable to foreign subsidiaries

Tax regulations in force applicable to foreign subsidiaries foresee the following income tax rates:

- Subsidiaries domiciled in Uruguay apply a 25% rate;
- The subsidiary domiciled in Brazil applies a 25% rate, and its subsidiaries apply a 34% rate, and
- Subsidiaries domiciled in Argentina apply a 35% rate.

### Note 23.3. Current tax assets and liabilities

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

#### Current tax assets

	September 30, 2018	December 31, 2017
Other current tax assets of subsidiary Onper Investment 2015 S.L.	224,456	461,593
Income tax balance receivable by Parent and its Colombian subsidiaries (1)	97,788	153,155
Other current tax assets of subsidiary Spice Investment Mercosur S.A.	37,582	14,016
Industry and trade tax advances and withholdings	15,913	13,692
Tax discounts of Parent from taxes paid abroad	12,176	21,288
Current income tax assets of subsidiary Onper Investment 2015 S.L. (2)	614	17,185
Income tax advances of Parent and its Colombian subsidiaries	547	1,058
Current income tax assets of subsidiary Spice Investment Mercosur S.A. (3)	-	39,279
Income tax for equality - CREE balance receivable from excess accrued as reported on tax assessments	-	1,392
<b>Total current tax assets</b>	<b>389,076</b>	<b>722,658</b>

- (1) The income tax balance receivable by Parent and its Colombian subsidiaries is comprised of:

	September 30, 2018	December 31, 2017
Income tax withholdings (a)	144,509	207,538
Less income tax (expense) (Note 23.4)	(46,721)	(54,383)
<b>Total income tax balance receivable</b>	<b>97,788</b>	<b>153,155</b>

- (a) Includes the net of income tax payable and balances receivable and taxes withheld applicable to the Parent's and its Colombian subsidiaries' income tax.

- (2) The balance of current income tax assets of subsidiary Onper Investment 2015 S.L. is comprised of:

	September 30, 2018	December 31, 2017
Current income tax assets	62,294	86,654
Current income tax liabilities	(61,680)	(69,469)
<b>Total</b>	<b>614</b>	<b>17,185</b>

- (3) At September 30, 2018 subsidiary Spice Investments Mercosur S.A. shows a current tax liability balance. At December 31, 2017 the balance of current income tax assets of subsidiary Spice Investments Mercosur S.A. is comprised of:

	December 31, 2017
Current income tax assets	65,918
Current income tax liabilities	(26,639)
<b>Total</b>	<b>39,279</b>

#### Current tax liabilities

	September 30, 2018	December 31, 2017
Taxes of subsidiary Onper Investment 2015 S.L. other than income tax	162,396	230,956
Industry and trade tax payable	32,223	44,728
Income tax of subsidiary Spice Investment Mercosur S.A. (1)	4,583	-
Taxes of subsidiary Spice Investment Mercosur S.A. other than income tax	-	12,323
Other taxes payable	2,644	1,369
<b>Total current tax liabilities</b>	<b>201,846</b>	<b>289,376</b>

- (1) At December 31, 2017 subsidiary Spice Investments Mercosur S.A. shows a current tax asset balance. At September 30, 2018 the balance of current income tax liabilities of subsidiary Spice Investments Mercosur S.A. is comprised of:

	<b>September 30, 2018</b>
Current income tax assets	26,039
Current income tax liabilities	(30,622)
<b>Total</b>	<b>(4,583)</b>

#### Note 23.4. Income tax

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

	<b>January 1 to September 30, 2018</b>	<b>January 1 to September 30, 2017</b>	<b>July 1 to September 30, 2018</b>	<b>July 1 to September 30, 2017</b>	<b>December 31, 2017</b>
<b>Earnings before income tax</b>	<b>837,019</b>	<b>480,125</b>	<b>188,169</b>	<b>31,899</b>	<b>974,788</b>
<b>Add</b>					
Non-deductible expenses	32,727	2,761	10,316	97	158,627
Tax on financial transactions	7,249	7,092	2,561	1,909	7,429
Taxes taken on and revaluation	4,218	1,545	402	60	4,732
Fines, penalties and litigation	808	1,119	151	23	2,523
Non-deductible inventory losses	513	3,252	66	1,437	4,931
Receivables written-off	324	10,218	(39)	434	14,255
Non-deductible taxes	20	15	-	-	15
Net income - recovery of depreciation of fixed assets sold	5	970	5	970	6,955
Tax on wealth	-	20,419	-	-	19,804
Tax losses for the period	-	637	-	637	-
Reimbursement of deduction from income-generating fixed assets arising from the sale thereof.	-	117	-	117	1,989
Selling price of fixed assets held less than two years	-	-	(24)	-	-
Presumptive interests	-	-	-	-	10
Excess presumptive income	-	-	-	-	-
<b>Less</b>					
Subsidiaries effect	(770,756)	(528,202)	(85,859)	(66,143)	(819,351)
IFRS adjustments with no tax effects	(303,733)	(35,659)	(182,592)	(42,813)	(193,510)
Tax-exempt dividends received from subsidiaries	(27,870)	(52,081)	(7,771)	(1,932)	(53,781)
Goodwill tax deduction, in addition to the accounting deduction	(15,263)	(143,829)	(5,088)	38,499	(279,655)
Amortization of tax losses and excess presumptive income	(5,425)	(10,073)	(4,103)	(122)	(12,329)
Impairment of receivables	(1,561)	-	(1,387)	-	(887)
Revenue from compensation for actual loss	(1,389)	-	(758)	-	-
Disabled employee deduction	(334)	(725)	(112)	(167)	(1,423)
Derecognition of gain from the sale of fixed assets reported as occasional gain	(13)	(5,094)	(13)	(1,440)	(18,993)
40% deduction of investment in income-generating assets	-	(84,908)	-	(26,363)	(54,363)
Recovery of provisions	-	(483)	-	21	(5,781)
<b>Net (loss)</b>	<b>(243,461)</b>	<b>(332,784)</b>	<b>(86,076)</b>	<b>(62,877)</b>	<b>(244,015)</b>
<b>Presumptive income of the Parent and of certain Colombian subsidiaries for the current period</b>	<b>115,626</b>	<b>111,335</b>	<b>36,830</b>	<b>22,467</b>	<b>149,587</b>
<b>Net income of certain Colombian subsidiaries for the current period</b>	<b>11,420</b>	<b>7,649</b>	<b>6,514</b>	<b>2,164</b>	<b>9,698</b>
<b>Net taxable income</b>	<b>127,046</b>	<b>118,984</b>	<b>43,344</b>	<b>24,631</b>	<b>159,285</b>
Income tax rate	33%	33%	33%	33%	33%
<b>Subtotal income tax (expense)</b>	<b>(41,925)</b>	<b>(39,379)</b>	<b>(14,303)</b>	<b>(7,299)</b>	<b>(52,717)</b>
Occasional gains tax (expense)	-	(347)	-	(79)	(1,097)
Income tax surcharge	(4,966)	(593)	(1,702)	(204)	(819)
Tax discounts	170	-	108	-	250
<b>Total income tax (expense)</b>	<b>(46,721)</b>	<b>(40,319)</b>	<b>(15,897)</b>	<b>(7,582)</b>	<b>(54,383)</b>
<b>Tax revenue (expense) prior year</b>	<b>2,294</b>	<b>118</b>	<b>-</b>	<b>(20)</b>	<b>936</b>
<b>Total income tax (expense) of the Parent and its Colombian subsidiaries</b>	<b>(44,427)</b>	<b>(40,201)</b>	<b>(15,897)</b>	<b>(7,602)</b>	<b>(53,447)</b>
<b>Total current tax (expense) of foreign subsidiaries</b>	<b>(225,091)</b>	<b>(161,369)</b>	<b>(112,641)</b>	<b>53,872</b>	<b>(211,168)</b>
<b>Total current income tax (expense)</b>	<b>(269,518)</b>	<b>(201,570)</b>	<b>(128,538)</b>	<b>46,270</b>	<b>(264,615)</b>

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

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017	December 31, 2017
Current income tax (expense)	(269,518)	(201,570)	(128,538)	46,270	(264,615)
Deferred income tax revenue (expense) (Note 23.5)	84,152	67,284	61,469	(85,083)	4,697
<b>Total income tax revenue (expense)</b>	<b>(185,366)</b>	<b>(134,286)</b>	<b>(67,069)</b>	<b>(38,813)</b>	<b>(259,918)</b>

A detail of the current tax expense of foreign subsidiaries is as follows:

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017	December 31, 2017
Uruguay	(33,988)	(31,446)	(11,062)	(10,790)	(26,826)
Brazil and Argentina	(191,103)	(129,923)	(101,579)	64,662	(184,342)
<b>Total current tax (expense)</b>	<b>(225,091)</b>	<b>(161,369)</b>	<b>(112,641)</b>	<b>53,872</b>	<b>(211,168)</b>

The estimation of the presumptive income of the Parent and of certain Colombian subsidiaries is as follows:

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017	December 31, 2017
Net shareholders' equities	3,367,808	3,755,400	1,073,661	1,172,624	5,045,062
Less net shareholders' equities to be excluded	(64,818)	(64,286)	(21,605)	(20,581)	(85,396)
<b>Base shareholders' equities</b>	<b>3,302,990</b>	<b>3,691,114</b>	<b>1,052,056</b>	<b>1,152,043</b>	<b>4,959,666</b>
<b>Presumptive income</b>	<b>115,605</b>	<b>111,335</b>	<b>36,823</b>	<b>22,467</b>	<b>149,587</b>
Add: Taxed dividends	21	-	7	-	-
<b>Total presumptive income</b>	<b>115,626</b>	<b>111,335</b>	<b>36,830</b>	<b>22,467</b>	<b>149,587</b>

#### Note 23.5 Deferred tax

The Parent and its subsidiaries recognize deferred taxes receivable or payable, arising from temporary differences representing a lower or higher payment of the current year income tax, estimated at expected recovery rates (2018 tax rates in force 33%), 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 Parent and its subsidiaries will generate enough taxable income in future that allow offsetting 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:

	September 30, 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
Other financial liabilities	3,339	(1,307,362)	(1,304,023)	12,478	(1,515,241)	(1,502,763)
Goodwill	4,883	(207,750)	(202,867)	7,989	(139,142)	(131,153)
Buildings	123,201	(212,065)	(88,864)	129,990	(223,952)	(93,962)
Investments in subsidiaries and joint ventures	273,848	(345,691)	(71,843)	235,734	(311,951)	(76,217)
Other property, plant and equipment	565,342	(595,201)	(29,859)	585,654	(615,917)	(30,263)
Investment property	-	(26,015)	(26,015)	-	(26,762)	(26,762)
Other financial assets	25	(9,962)	(9,937)	32	(1,967)	(1,935)
Land	5,309	(14,922)	(9,613)	5,309	(27,160)	(21,851)
Intangible assets other than goodwill	109,462	(117,628)	(8,166)	95,723	(104,971)	(9,248)
Trade and other payables	863	(7,831)	(6,968)	8	(12,497)	(12,489)
Non-current assets held for trading	-	(6,314)	(6,314)	-	-	-
Construction in progress	192	(1,079)	(887)	133	(2,643)	(2,510)
Accounts receivable from related parties	-	(55)	(55)	91	(26)	65
Tax losses	298,887	-	298,887	104,391	-	104,391
Other non-financial assets	168,603	(22)	168,580	121,799	(22)	121,777
Excess presumptive income	136,237	-	136,237	98,603	-	98,603
Tax credits	39,834	-	39,834	40,771	-	40,771
Other provisions	6,934	-	6,934	9,294	(4,037)	5,257
Employee benefits	5,362	(611)	4,752	5,535	(1,425)	4,110
Prepaid expenses	4,132	-	4,132	16,255	(13,420)	2,835
Financial liabilities	3,769	-	3,769	53,593	(1,066)	52,527
Other non-financial liabilities	9,921	(6,404)	3,516	9,790	(459)	9,331
Trade and other receivables	4,427	(1,795)	2,632	16,079	(1,635)	14,444
Inventories	1,561	-	1,561	4,408	-	4,408
Accounts payable to related parties	395	(119)	276	11	(62)	(51)
Cash and cash equivalents	105	(60)	46	45	(112)	(67)
<b>Total</b>	<b>1,766,631</b>	<b>(2,860,886)</b>	<b>(1,094,255)</b>	<b>1,553,715</b>	<b>(3,004,467)</b>	<b>(1,450,752)</b>

A detail of deferred tax carried in the statement of financial position and the breakdown of deferred tax assets and liabilities for the four geographical segments in which the Parent and its subsidiaries operations are grouped is as follows:

	September 30, 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
Colombia	1,598,029	(1,553,524)	44,505	1,431,916	(1,489,226)	(57,310)
Uruguay	11,718	-	11,718	7,498	-	7,498
Brazil and Argentina	156,884	(1,307,362)	(1,150,478)	114,301	(1,515,241)	(1,400,940)
<b>Total</b>	<b>1,766,631</b>	<b>(2,860,886)</b>	<b>(1,094,255)</b>	<b>1,553,715</b>	<b>(3,004,467)</b>	<b>(1,450,752)</b>

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

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Deferred income tax	86,268	80,691	61,537	(72,072)
Deferred occasional gains tax	(2,116)	(13,463)	(66)	(13,011)
Income tax surcharge	-	-	(2)	-
Retained earnings of subsidiaries in Uruguay and Brazil	-	56	-	-
<b>Total deferred income tax revenue (expense)</b>	<b>84,152</b>	<b>67,284</b>	<b>61,469</b>	<b>(85,083)</b>

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

	January 1 to September 30,	January 1 to September 30,	April 1 to September 30,	April 1 to September 30,
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	2018	2017	2018	2017
Gain from derivative financial instruments designated as hedge instruments	(4,169)	4,766	(739)	196
<b>Total</b>	<b>(4,169)</b>	<b>4,766</b>	<b>(739)</b>	<b>196</b>

The reconciliation of the development of the net deferred tax (liabilities), between September 30, 2018 and December 31, 2017 to the statement of income and the statement of other comprehensive income is as follows:

	September 30, 2018
Revenue from deferred tax recognized in income for the period	84,152
(Expense) from deferred tax recognized in other comprehensive income for the period.	(4,169)
Effect of the translation of the deferred tax recognized in other comprehensive income for the period (1)	(436,480)
<b>Total decrease in net deferred tax (liabilities) between September 30, 2018 and December 31, 2017</b>	<b>(356,497)</b>

(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. See Note 27.

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:

	September 30, 2018	December 31, 2017
Other	(2,919)	(2,919)
<b>Total</b>	<b>(2,919)</b>	<b>(2,919)</b>

Temporary differences related to investments in subsidiaries, associates and joint ventures, for which no deferred tax liabilities have been recognized at September 30, 2018 amount to \$346,366 (December 31, 2017 - \$1,118,113).

#### Note 23.6 Effects of the distribution of dividends on income tax.

Pursuant to Colombian tax regulations in force, neither the distribution of dividends nor retained earnings have an effect on the income tax rate or on the CREE tax rate.

#### Note 23.7 Non-current tax assets and liabilities

##### Non-current tax assets

The balance of \$1,973,327 (2017 - \$1,575,743) relates to taxes receivable of foreign subsidiaries, basically the ICMS tax (Tax on the Movement of Goods and Services) and the Social Security National Tax.

##### Non-current tax liabilities

The balance of \$371,939 (2017 - \$521,870) relates to federal taxes payable and instalment incentive payment program of foreign subsidiaries.

#### Note 24. Other financial liabilities

The balance of other financial liabilities is as follows:

	September 30, 2018	December 31, 2017
Bonds issued (1)	3,407,072	2,719,707
Collections received on behalf of third parties (2)	112,374	132,102
Derivative financial instruments designated as hedge instruments (3)	12,974	78,992
Derivative financial instruments (4)	3,247	16,570
<b>Total</b>	<b>3,535,667</b>	<b>2,947,371</b>
<b>Current</b>	<b>499,455</b>	<b>645,363</b>
<b>Non-current</b>	<b>3,036,212</b>	<b>2,302,008</b>

(1) Companhia Brasileira de Distribuição – CBD issues bonds to strengthen working capital, and to maintain its cash strategy and its debt and investment profile extension strategy. Bonds issued are not convertible, have no renegotiation clauses and are unsecured, exception made of the issue of bonds by subsidiaries, which are endorsed by the subsidiary. Amortization of bonds varies in accordance with the issue.

Amortization of bonds varies in accordance with the issue. The following amortization methods are foreseen:

- Annual instalments as of the fourth year of issue (12th issue) and biannual payments.
- Repayment only upon maturity with biannual compensation (13th, 14th, 15th and 16th issue).

12th, 13th and 14th issues are entitled to early redemption at any time in accordance with the conditions set by the issue instrument.

The 12th issue of trade papers of Companhia Brasileira de Distribuição – CBD was released on August 1, 2016. 200 titles with unit value of \$2,302 were issued, totaling \$460,401. Net resources from the issue were entirely used to reinforce working capital.

On December 20, 2016, Companhia Brasileira de Distribuição – CBD released the 13th issue of straight bonds, not convertible, unsecured, with unique serial number that were privately placed with Ares Serviços Imobiliários Ltda., which in turn assigned and transferred them to Ápice Securitizadora S.A., which acquired the bonds and credit rights of Agronegocio (CRA) with the purpose of linking them to the 2nd series of the 1st issue of certificates receivable of Agronegocio. Resources raised will be solely devoted to the purchase of agricultural products such as fruits, vegetables, dairy products, poultry and other animal proteins directly from rural producers and rural cooperatives. The attracted amount of \$932,773 matures on December 20, 2019 and bears an interest of 97.5% of the IDC payable biannually.

On February 23, 2017 Companhia Brasileira de Distribuição - CBD authorized the 14th issue of titles receivable of Agronegocio by Ápice Securitizadora S.A., represented in non-convertible straight bonds, unsecured, in one single series, which were placed by Bradesco BBI S.A., Banco Safra S.A. and BNP Paribas Brasil S.A. The collected amount of \$998,639 matures on April 13, 2020 with a final repayment of 96% of IDC after Bookbuilding. Resources were made available to Companhia Brasileira de Distribuição - CBD on April 17, 2017.

On January 17, 2018 Companhia Brasileira de Distribuição - CBD approved the 15th issue of certificates, represented in uncovered, non-convertible, unsecured, single-series bonds. The collected amount of \$668,925 matures on January 15, 2021 with a final repayment of 104.75% of IDC.

On September 11, 2018 Companhia Brasileira de Distribuição - CBD approved the 16th issue of certificates, represented in uncovered, non-convertible, unsecured, single-series bonds. The attracted amount of \$520,534 received for the first series matures on September 10, 2021, with a final payment of 106% of IDC, and the attracted amount of \$371,810 received for the second series matures on September 12, 2022, with a final payment of 107.4% of IDC.

At September 30, 2018 the detail and current value of each issue is as follows:

Issue	Type	Maturity	Rate	Balance
12th issue of bonds	Ordinary	September 12, 2019	107% of IDC	335,073
13th issue of bonds	Ordinary	December 20, 2019	97.5% of IDC	763,552
14th issue of bonds	Ordinary	April 13, 2020	96% of IDC	823,598
15th issue of bonds	Ordinary	January 15, 2021	104.75% of IDC	601,204
16th issue of bonds (1st series)	Ordinary	September 10, 2021	106% of IDC	520,401
16th issue of bonds (2nd series)	Ordinary	September 12, 2022	107.4% of IDC	372,140
Incremental costs of fund raising				(8,896)
				<b>3,407,072</b>

Subsidiary Companhia Brasileira de Distribuição – CBD is required to maintain financial ratios related with issues released. Such ratios are estimated based on consolidated financial information prepared pursuant to accounting principles adopted in Brazil, as follows: (i) net debt (debt less cash and cash equivalents and accounts receivable) not to exceed net shareholders' equity); and (ii) net consolidated debt ratio/Ebitda less than or equal to 3.25. The subsidiary complied with such ratios at September 30, 2018 and December 31, 2017.

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

	September 30, 2018	December 31, 2017
Revenue received on behalf of third parties (a)	27,671	27,759
Éxito Card collections (b)	35,474	38,679
Non-banking correspondent	37,665	53,701
Direct trading (market place)	4,202	5,114
Money transfer services	-	1,594
Other collections	7,362	5,255
<b>Total</b>	<b>112,374</b>	<b>132,102</b>

(a) The balance relates to:

- Collection of insurance premiums, extended warranties, telephone companies cell phone recharges and non-banking correspondent by subsidiary Companhia Brasileira de Distribuição - CBD on behalf of Financiara Itaú CBD - FIC Promotora de Vendas Ltda. in amount of \$7,474 (2017 - \$12,696).
- Collections received on behalf of third parties for hotel services, ground transportation, attendances, car rentals and reservation of air tickets as part of the intermediation of Éxito Viajes y Turismo S.A.S. as travel agency in amount of \$18,893 (2017 - \$12,610).
- Collections received on behalf of third parties from Grupo Disco del Uruguay S.A. and Mercados Devoto S.A. in amount of \$1,304 (2017 - \$2,543).

(b) Represents collections received from third parties related with Tarjeta Éxito (Éxito Credit Card), owned by Compañía de Financiamiento Tuya S.A. (Note 10).

- (3) Derivative instruments designated as hedge instrument reflect swap transactions carried out by the Parent and its subsidiaries 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 can 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.

Derivatives designated as hedge instruments reflect the fair value of swap contracts for 100% of liabilities denominated in US Dollars at a fixed interest rate, of Companhia Brasileira de Distribuição – CBD, exception made of DCCI (Direct consumer credit through an intermediary). The fair value is measured by exchanging such instruments at a floating IDC rate. The term of these contracts equals that of the debt and they hedge both principal and interests. Average IDC annual rate at September 30, 2018 was 7.35% (2017 - 9.93%).

The Parent and its subsidiaries document accounting hedging relationships and conduct efficacy testing from initial recognition and over the time of the hedging relationship until derecognition thereof. No inefficacy has been identified during the periods reported.

At September 30, 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%	8,701
Swap	Interest and exchange rates	Financial obligations	Libor USD 1M + 2.22%	9.06%	689
Swap	Interest and exchange rates	Financial obligations	1.94% to 9.80%	IDC	3,584
					<b>12,974</b>

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
Swap	Interest and exchange rates	Financial obligations	1.94% to 9.80%	IDC	57,751
					<b>78,992</b>

The detail of maturities of these hedge instruments at September 30, 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	-	1,177	2,438	4,467	4,892	<b>12,974</b>

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	37,823	-	1,121	24,246	15,802	<b>78,992</b>

- (4) Derivative financial instruments reflect the fair value of forward contracts to cover the fluctuation in the exchange 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 the statement of financial position, the Parent and its subsidiaries measure the derivative financial instruments (forward) at fair value, on each accounting closing date.

The detail of maturities of these instruments at September 30, 2018 is as follows:

Derivative	Less than 3 mos	From 3 to 6 mos	From 6 to 12 mos	More than 12 mos	Total
Forward	1,545	1,559	-	-	<b>3,104</b>
Swap	-	143	-	-	<b>143</b>
					<b>3,247</b>

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

Derivative	Less than 3 mos	From 3 to 6 mos	From 6 to 12 mos	More than 12 mos	Total
Forward	10,448	4,710	1,412	-	<b>16,570</b>

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

	September 30, 2018	December 31, 2017
Bonds issued	375,752	433,501
Collections received on behalf of third parties	112,374	132,102
Derivative financial instruments designated as hedge instruments	8,082	63,190
Derivative financial instruments	3,247	16,570
<b>Total current</b>	<b>499,455</b>	<b>645,363</b>
Bonds issued	3,031,320	2,286,206
Derivative financial instruments designated as hedge instruments	4,892	15,802
<b>Total non-current</b>	<b>3,036,212</b>	<b>2,302,008</b>

#### Note 25. Other non-financial liabilities

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

	September 30, 2018	December 31, 2017
Revenue received in advance (1)	82,879	165,410
Customer loyalty programs (2)	69,445	64,644
Extended warranty	15,362	22,215
Advance payments under contracts and other projects	8,613	19,157
Installments received under "plan reservalo"	1,542	850
Other	1,338	2,934
<b>Total other current non-financial liabilities</b>	<b>179,179</b>	<b>275,210</b>
Advance payments under contracts and other projects	741	32,206
Extended warranty	-	2,183
Other	9,251	17,372
<b>Total other non-current non-financial liabilities</b>	<b>9,992</b>	<b>51,761</b>

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

	September 30, 2018	December 31, 2017
Lease of furniture (a)	39,683	94,151
Gift card	26,426	47,724
Cafam comprehensive card	8,615	11,089
Exchange card	3,147	3,518
Other	1,871	5,380
Data and telephone minutes purchased in advance	1,706	1,728
Fuel card	824	794
Repurchase coupon	607	1,026
<b>Total current</b>	<b>82,879</b>	<b>165,410</b>

- (a) Relates to advance payments from third parties on rental of gondola ends and luminous paper to display products of subsidiary Companhia Brasileira de Distribuição - CBD.
- (2) Relates to customer loyalty programs "Puntos Éxito" and "Supercliente Carulla" of the Parent; "Hipermillas" of Mercados Devoto S.A.; "Tarjeta Más" of Supermercados Disco del Uruguay S.A.; "Puntos Extra" and "Pao de Acucar" of Companhia Brasileira de Distribuição - CBD and Club Libertad of Libertad S.A.

The following are the balances of these programs included in the statement of financial position:

	September 30, 2018	December 31, 2017
"Puntos Éxito" and "Supercliente Carulla" programs	29,966	37,797
"Hipermillas" and "Tarjeta Más" programs	23,510	26,058
"Meu Desconto" program	15,630	-
Club Libertad	339	789
<b>Total</b>	<b>69,445</b>	<b>64,644</b>

## Note 26. Share capital, treasury shares repurchased and premium on the issue of shares

At September 30, 2018 and December 31, 2017, the Parent'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.

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 Parent 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 September 30, 2018 and 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.

(\*) Expressed in Colombian pesos.

## Note 27. Reserves, Retained earnings and Other comprehensive income

### Reserves

Reserves are appropriations made by the Parent's General Meeting of Shareholders on the results of prior periods. In addition to the legal reserve, there is an occasional reserve for the reacquisition of shares and the payment of future dividends.

### Retained earnings

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.

### Other accumulated comprehensive income

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

	September 30, 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)	(100,022)	-	(100,022)	(2,976)	-	(2,976)
Measurement of defined benefit plans (2)	(4,449)	1,472	(2,977)	(4,449)	1,472	(2,977)
Translation exchange differences (3)	(2,269,986)	-	(2,269,986)	1,002,472	-	1,002,472
(Loss) from the hedging of cash flows (4)	(6,881)	2,271	(4,610)	(19,516)	6,440	(13,076)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method (5)	(109,585)	-	(109,585)	14,172	-	14,172
<b>Total other accumulated comprehensive income</b>	<b>(2,490,923)</b>	<b>3,743</b>	<b>(2,487,180)</b>	<b>989,703</b>	<b>7,912</b>	<b>997,615</b>

- (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 Parent's and its subsidiaries' defined benefit plans. 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 Parent's presentation currency of assets, liabilities, equity and results of foreign operations. Accumulated translation differences are reclassified to period results upon disposition of the foreign operation. Includes the effect of translation of deferred tax assets and liabilities in amount of \$436,480. See Note 23.
- (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 has an effect on 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 Parent of the other comprehensive income from its investments in associates and joint ventures through direct investment or through subsidiaries.

## Note 28. Revenue from ordinary activities under contracts with customers

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

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Retail sales (Note 41)	38,626,888	40,079,420	12,509,571	13,692,439
Service revenues (1)	656,421	595,057	195,202	216,356
Other ordinary revenue (2)	87,099	38,700	41,257	10,748
<b>Total revenue from ordinary activities under contracts with customers</b>	<b>39,370,408</b>	<b>40,713,177</b>	<b>12,746,030</b>	<b>13,919,543</b>

(1) The balance of service revenue relates to:

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Lease of real estate	240,367	214,352	76,663	73,118
Commissions	93,057	108,865	27,126	42,744
Distributors	76,930	78,403	25,779	26,361
Other revenue from the provision of services	65,143	24,813	3,763	9,340
Advertising	57,434	60,585	21,375	27,611
Lease of physical space	36,840	37,140	11,858	12,431
Transport	33,262	20,651	10,822	6,775
Telephone services	24,079	21,445	7,802	7,814
Non-banking correspondent	12,649	11,246	4,341	3,998
Administration of trade premises	6,281	7,326	2,012	2,656
Money transfers	5,628	5,535	1,801	1,930
Travel administration fees	4,751	4,696	1,860	1,578
<b>Total service revenue</b>	<b>656,421</b>	<b>595,057</b>	<b>195,202</b>	<b>216,356</b>

(2) Other ordinary revenue relates to:

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Involvement in collaboration agreement (a)	39,821	-	19,748	-
Royalty revenue	6,259	6,079	1,617	3,089
Other revenue from Latam strategic direction (Note 35)	5,268	5,240	1,775	1,535
Other exploitation activities	3,566	8,644	(1,311)	1,106
Revenue from financial services	1,824	1,457	517	336
Other	30,361	17,280	18,911	4,682
<b>Total other ordinary revenue</b>	<b>87,099</b>	<b>38,700</b>	<b>41,257</b>	<b>10,748</b>

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

## Note 29. Distribution expenses and Administration and sales expenses

The balance of distribution expenses is as follows:

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Leases	658,050	1,028,076	213,331	339,300
Depreciation and amortization	574,358	603,622	180,377	203,635
Advertising	489,427	437,109	183,498	145,051
Fuels and power	489,334	542,224	157,502	172,849
Public utilities	397,910	236,454	126,902	82,345
Commissions on debit and credit cards	278,988	292,186	88,006	98,542
Repairs and maintenance	253,789	274,042	72,766	95,785
Taxes other than income tax	250,448	230,068	59,478	65,316
Outsourced employees	170,261	192,370	58,794	63,450
Fees	61,558	56,904	19,295	22,916
Other provisions expense	55,455	(101)	54,705	(509)
Legal expenses	55,282	45,939	23,893	24,024
Transport	52,109	51,510	17,172	17,862
Packaging and marking materials	32,476	44,368	10,817	14,390
Insurance	26,541	35,623	10,238	10,062
Administration of trade premises	25,637	25,538	8,643	8,587
Travel expenses	14,854	16,012	5,711	6,521
Impairment expense	9,401	7,814	4,394	2,785
Contributions and affiliations	1,205	1,105	396	371
Other	162,417	181,476	23,736	52,250
<b>Total distribution expenses</b>	<b>4,059,500</b>	<b>4,302,339</b>	<b>1,319,654</b>	<b>1,425,532</b>

The balance of administration and sales expenses is as follows:

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Depreciation and amortization	142,507	146,750	45,477	52,409
Fees	100,970	94,290	39,463	31,861
Outsourced employees	77,576	79,739	27,877	27,203
Taxes other than income tax	47,359	36,639	9,028	11,177
Public utilities	44,055	52,964	2,463	18,380
Repairs and maintenance	21,026	22,269	6,806	8,815
Travel expenses	14,386	16,385	5,303	6,242
Leases	11,313	8,097	2,768	2,034
Fuels and power	7,709	6,217	2,724	2,513
Receivable impairment expense	5,712	1,795	3,003	272
Insurance	4,345	3,347	1,254	1,177
Legal expenses	3,560	4,654	1,031	1,365
Contributions and affiliations	2,361	2,324	1,067	1,131
Administration of trade premises	1,930	293	798	288
Transport	1,884	2,631	662	808
Advertising	342	387	148	131
Packaging and marking materials	217	180	92	76
Other	55,363	72,916	13,756	25,915
<b>Total administration and sales expenses</b>	<b>542,615</b>	<b>551,877</b>	<b>163,720</b>	<b>191,797</b>

**Note 30. Employee benefit expense**

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

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Wages and salaries	2,127,200	2,302,361	687,104	748,258
Contributions to the social security system	504,647	535,309	157,134	186,728
Other short-term employee benefits	206,040	216,624	66,398	86,957
<b>Total short-term employee benefit expense</b>	<b>2,837,887</b>	<b>3,054,294</b>	<b>910,636</b>	<b>1,021,943</b>
Post-employment benefit expenses, defined contribution plans	88,517	103,327	28,449	35,842
Post-employment benefit expenses, defined benefit plans	2,492	2,225	806	679
<b>Total post-employment benefit expenses</b>	<b>91,009</b>	<b>105,552</b>	<b>29,255</b>	<b>36,521</b>
Termination benefit expenses	200,673	182,331	73,774	63,536
Other long-term employee benefits	224	168	93	53
Other personnel expenses	294,151	334,866	94,615	112,028
<b>Total employee benefit expenses</b>	<b>3,423,944</b>	<b>3,677,211</b>	<b>1,108,373</b>	<b>1,234,081</b>

**Note 31. 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 Parent's and its subsidiaries' recurrent profitability; these are defined as significant elements of unusual revenue whose occurrence is exceptional and the effects of the items that given its nature are not included in an assessment of recurring operating performance of the Parent and its subsidiaries, such as impairment losses, disposal of non-current assets and the impact of business combinations, among other.

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

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
<b>Other recurring operating revenue</b>				
Recovery of other provisions related to labor legal proceedings (1)	35,824	592	35,824	491
Recovery of other provisions related to civil legal proceedings (2)	13,382	960	12,844	939
Recovery of allowance for trade receivables (3)	9,174	3,753	3,892	-
Recovery of other provisions related to administrative legal proceedings (4)	8,993	-	8,993	-
Reimbursement of tax-related costs and expenses (5)	1,911	1,980	-	1,980
Compensation from insurance companies	1,403	4,405	758	416
Recovery of other provisions	865	1,682	40	1,682
Reimbursement of ICA-related costs and expenses	255	488	-	41
<b>Total recurring</b>	<b>71,807</b>	<b>13,860</b>	<b>62,351</b>	<b>5,549</b>
<b>Non-recurring</b>				
Recovery of other provisions (6)	5,206	35,087	4,446	34,888
Revenue from insurance compensation	-	276	-	-
<b>Total non-recurring</b>	<b>5,206</b>	<b>35,363</b>	<b>4,446</b>	<b>34,888</b>
<b>Total other operating revenue</b>	<b>77,013</b>	<b>49,223</b>	<b>66,797</b>	<b>40,437</b>
<b>Other operating expenses</b>				
Restructuring expenses (7)	(124,243)	(143,533)	(32,129)	(53,133)
Tax restructuring expense (8)	(13,457)	(19,015)	(11,956)	21,424
Allowance for tax legal proceedings (9)	(5,219)	(83,434)	(3,421)	(87,794)
Other expenses	(3,441)	(5,040)	(194)	(1,750)
Tax on wealth expense (10)	(562)	(20,030)	6	-
<b>Total other operating expenses</b>	<b>(146,922)</b>	<b>(271,052)</b>	<b>(47,694)</b>	<b>(121,253)</b>
<b>Other (loss) gains, net</b>				
(Loss) from the sale of property, plant and equipment (11)	(44,375)	(75,495)	(1,420)	(36,576)
Derecognition of property, plant and equipment (12)	(7,348)	(6,719)	(1,495)	(64)
Impairment of non-current assets (13)	(3,307)	(1,481)	-	-
Loss from disposition of other assets	(2,350)	(1,257)	(229)	(456)
Gain from the sale of subsidiaries (14)	18,904	-	18,904	-
Gain from the sale of intangible assets	35	-	33	-
<b>Total other (loss) gains, net</b>	<b>(38,441)</b>	<b>(84,952)</b>	<b>15,793</b>	<b>(37,096)</b>

- (1) Represents the recovery of provisions for labor legal proceedings of the Parent and its subsidiaries in Colombia in amount of \$1,014 (2017 - \$592), and of Companhia Brasileira de Distribuição - CBD and its subsidiaries in amount of \$34,810 (2017 - \$-).
- (2) Represents the recovery of provisions for civil legal proceedings of the Parent and its subsidiaries in Colombia in amount of 1,779 (2017 - \$961), of Companhia Brasileira de Distribuição - CBD and its subsidiaries in amount of \$11,290 (2017 - \$-) and of Geant Argentina S.A. and its subsidiaries in amount of \$313 (2017 - \$-).
- (3) Represents the recovery of impairment of trade receivables of the Parent and its subsidiaries in Colombia.
- (4) Represents the recovery of provisions for administrative legal proceedings of Companhia Brasileira de Distribuição - CBD and its subsidiaries.
- (5) Represents the recovery of a provision for tax proceedings related with the VAT payable by the Parent.
- (6) Includes the recovery of tax proceedings of Companhia Brasileira de Distribuição - CBD and its subsidiaries in amount of \$4,200 (2017 - \$34,178).
- (7) Includes \$84,470 (2017 - \$119,284) relevant to the results of the measures implemented by Companhia Brasileira de Distribuição - CBD, to adapt the expense structure including all operating and administrative areas, seeking to mitigate the effects of inflation on fixed costs and a reduced dilution of costs. Additionally, includes expenses from the Parent's restructuring plan, which include the purchase of operating excellence plan and corporate retirement plan, in amount of \$36,161 (2017 - \$22,174). Includes restructuring plan expenses of Libertad S.A. in amount of \$3,221 (2017 - \$-).
- (8) In 2018 and 2017, refers to the amount paid by Companhia Brasileira de Distribuição - CBD, for legal proceedings related with the income tax and other taxes such as ICMS, PIS/COFINS.
- (9) In 2018 and 2017, refers to the provision booked by Companhia Brasileira de Distribuição - CBD, for legal proceedings related with the income tax and other taxes such as ICMS, PIS/COFINS.

- (10) In 2017, refers to the tax on wealth introduced by the Colombian National Government by means of Law 1739 of December 23, 2014, applicable to the Parent and its Colombian subsidiaries. It also includes the tax on wealth of subsidiaries in Uruguay.
- (11) Includes the loss from the sale of assets of Companhia Brasileira de Distribuição – CBD and its subsidiaries in amount of \$44,401 (2017 - \$76,754).
- (12) For 2018, relates to the closure of the following of Parent 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. For 2017, includes the loss at the Parent from the closure of Cedi Envigado in amount of \$4,610 and the closure of Carulla San Jerónimo in amount of \$1,152.
- (13) At September 30, 2018 relates to the computer software-related impairment loss at the Parent in amount of \$3,307. For 2017, relates to the impairment loss at the Parent arising from demolition of Edificio Torre Sur.
- (14) At September 30, 2018, represents the gain at subsidiary Geant Argentina S.A. arising from the sale of 100% of the interest in Ceibotel S.A.

### Note 32. Financial revenue and expenses

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Gain from derivative financial instruments	189,860	54,099	152,422	(12,766)
Gain from exchange difference	77,799	81,945	12,051	69,248
Revenue from interest, cash and cash equivalents (Note 7)	23,853	43,326	109	6,157
Interest revenue from supplier factoring transactions	2,131	3,678	1,041	657
Other financial revenue	73,014	61,878	28,946	(12,094)
<b>Total financial revenue</b>	<b>366,657</b>	<b>244,926</b>	<b>194,569</b>	<b>51,202</b>
Interest, bonds, loans and finance lease expenses	(433,477)	(521,662)	(45,082)	(30,195)
Loss from exchange difference	(241,472)	(52,702)	(189,929)	(8,738)
Expense from the amortized cost of loans and accounts receivable	(120,310)	-	(120,310)	-
Loss from derivative financial instruments	(104,497)	(253,224)	(4,333)	(170,631)
Commission expense	(38,096)	(2,117)	(36,123)	65,917
Interest expense on supplier factoring transactions	(25,004)	(21,738)	(8,182)	(5,853)
Other financial expenses	(61,297)	(204,207)	(3,406)	(152,328)
<b>Total financial expenses</b>	<b>(1,024,153)</b>	<b>(1,055,650)</b>	<b>(407,365)</b>	<b>(301,828)</b>

### Note 33. Share of profits in associates and joint ventures that are accounted for using the equity method

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

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Cnova N.V.	(83,314)	(78,714)	(19,906)	(27,246)
Puntos Colombia S.A.S.	(4,295)	(1,704)	(908)	(1,706)
Financiera Itaú CBD - FIC Promotora de Vendas Ltda.	41,535	47,652	14,937	17,323
Compañía de Financiamiento Tuya S.A.	16,789	(8,615)	(980)	3,532
<b>Total</b>	<b>(29,285)</b>	<b>(41,381)</b>	<b>(6,857)</b>	<b>(8,097)</b>

### Note 34. 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 Parent'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 Parent taking into consideration the dilutive effect (decrease in earnings or increase in losses) of outstanding potential ordinary shares during the period.

At September 30, 2018 and December 31, 2017, the Parent has not carried out transactions with potential ordinary shares, or 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:

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
<b>Net (loss) profit attributable to the shareholders of the controlling entity</b>	119,312	30,339	(9,676)	(31,331)
Weighted average of the number of ordinary shares attributable to basic earnings per share (basic and diluted)	447,604,316	447,604,316	447,604,316	447,604,316
<b>Basic earnings (loss) per share and diluted (in pesos)</b>	<b>266.56</b>	<b>67.78</b>	<b>(21.62)</b>	<b>(70.00)</b>
<b>Net period profit (loss) from continuing operations</b>	<b>651,653</b>	<b>345,839</b>	<b>121,100</b>	<b>(6,914)</b>
Net profits from discontinued operations attributable to non-controlling interests	540,226	324,768	124,730	28,198
<b>Net gains (loss) from continuing operations attributable to the shareholders of the controlling entity</b>	<b>111,427</b>	<b>21,071</b>	<b>(3,630)</b>	<b>(35,112)</b>
Weighted average of the number of ordinary shares attributable to basic earnings per share (basic and diluted)	447,604,316	447,604,316	447,604,316	447,604,316
<b>Basic and diluted earnings (loss) per share (in pesos) from continuing operations attributable to the shareholders of the controlling entity</b>	<b>248.94</b>	<b>47.07</b>	<b>(8.11)</b>	<b>(78.45)</b>
<b>Net period profit (loss) from discontinued operations</b>	<b>132,453</b>	<b>173,779</b>	<b>(45,879)</b>	<b>57,072</b>
Net profit (loss) from discontinued operations attributable to non-controlling interests	124,568	164,511	(39,833)	53,291
<b>Net profit (loss) from discontinued operations attributable to the shareholders of the controlling entity</b>	<b>7,885</b>	<b>9,268</b>	<b>(6,046)</b>	<b>3,781</b>
Weighted average of the number of ordinary shares attributable to basic earnings per share (basic and diluted)	447,604,316	447,604,316	447,604,316	447,604,316
<b>Basic and diluted earnings (loss) per share (in pesos) from discontinued operations attributable to the shareholders of the controlling entity</b>	<b>17.62</b>	<b>20.71</b>	<b>(13.51)</b>	<b>8.45</b>
<b>Net period profit (loss) from continuing operations</b>	<b>651,653</b>	<b>345,839</b>	<b>121,100</b>	<b>(6,914)</b>
Weighted average of the number of ordinary shares attributable to basic earnings per share (basic and diluted)	447,604,316	447,604,316	447,604,316	447,604,316
<b>Basic and diluted earnings (loss) per share (in pesos) from continuing operations</b>	<b>1,455.87</b>	<b>772.64</b>	<b>270.55</b>	<b>(15.45)</b>
<b>Net period profit (loss) from discontinued operations</b>	<b>132,453</b>	<b>173,779</b>	<b>(45,879)</b>	<b>57,072</b>
Weighted average of the number of ordinary shares attributable to basic earnings per share (basic and diluted)	447,604,316	447,604,316	447,604,316	447,604,316
<b>Basic and diluted earnings (loss) per share (in pesos) from discontinued operations</b>	<b>295.91</b>	<b>388.24</b>	<b>(102.50)</b>	<b>127.51</b>

In total period comprehensive results:

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
<b>Net (loss) attributable to the shareholders of the controlling entity</b>	<b>(3,484,795)</b>	<b>(132,384)</b>	<b>(459,335)</b>	<b>(157,011)</b>
Weighted average of the number of ordinary shares attributable to basic earnings per share (basic and diluted)	447.604.316	447.604.316	447.604.316	447.604.316
<b>Basic (loss) per share and diluted (in pesos) in total comprehensive income</b>	<b>(7,785.44)</b>	<b>(295.76)</b>	<b>(1,026.21)</b>	<b>(350.78)</b>

## Note 35. Transactions with related parties

### Note 35.1. Key management personnel compensation

Transactions between the Parent and its subsidiaries and key management personnel, including legal representatives and/or administrators, mainly relate to labor agreements executed by and between the parties.

Compensation of key management personnel is as follows:

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Short-term employee benefits (1)	(69,452)	(98,395)	4,061	(32,453)
Share-based payment plan	(7,732)	(19,635)	(2,391)	(3,092)
Post-employment benefits	(1,464)	(1,498)	(442)	(497)
Termination benefits	(1,289)	(119)	(273)	(119)
Long-term employee benefits	(56)	-	(56)	-
<b>Total</b>	<b>(79,993)</b>	<b>(119,647)</b>	<b>899</b>	<b>(36,161)</b>

- (1) A portion of short-term employee benefits is reimbursed by Casino Guichard Perrachon S.A. under a Latin American strategic direction service agreement entered with the controlling entity. Revenue from Latam strategic direction was recognized during the nine months ended September 30, 2018 in amount of \$5,268 (2017 - \$5,240) as described in Note 28.

### Note 35.2. 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			
	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Controlling entity (1)	6,147	5,240	2,654	1,535
Associates (2)	92,948	50,843	23,506	14,216
Grupo Casino companies (3)	535	17,770	422	16,249
Joint ventures (4)	97,948	20,748	66,522	7,048
<b>Total</b>	<b>197,578</b>	<b>94,601</b>	<b>93,104</b>	<b>39,048</b>

	Costs and expenses			
	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Controlling entity (1)	40,492	46,194	4,193	15,281
Grupo Casino companies (3)	48,086	60,785	23,258	36,909
Joint ventures (4)	15,011	1,867	13,581	563
Members of the Board	6,109	3,608	1,983	371
<b>Total</b>	<b>109,698</b>	<b>112,454</b>	<b>43,015</b>	<b>53,124</b>

- (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 mainly refer to the reimbursement of expenses incurred by professionals and companies of Grupo Casino for the benefit of Companhia Brasileira de Distribuição - CBD under a "cost sharing agreement" and to costs incurred by the Parent for consultancy and technical assistance services provided by Casino Guichard-Perrachon S.A. and Geant International B.V.

(2) Revenue mainly comes from the reimbursement of expenses arising from the infrastructure contract, commissions on the sale of financial products and lease of property, transactions carried out with FIC Promotora de Vendas Ltda, a financing company of Companhia Brasileira de Distribuição - CBD.

(3) Revenue mainly refers to sales of products to Distribution Casino France and to a supplier centralized negotiation with International Retail Trade and Services.

Costs and expenses mainly relate to expenses incurred by Companhia Brasileira de Distribuição - CBD under the cost sharing agreement, and to costs related with energy efficiency services received at the Parent and intermediation in the import of goods.

(4) Revenue mainly relates to the lease of real estate property to Compañía de Financiamiento Tuya S.A. and to Puntos Colombia S.A.S. and to revenue from its involvement in the corporate collaboration agreement with Compañía de Financiamiento Tuya S.A.

Costs and expenses mainly relate to commissions on means of payment generated with Compañía de Financiamiento Tuya S.A.

## **Note 36. Asset impairment**

### **Note 36.1. Financial assets**

No material losses arising from impairment of financial assets were recognized during the reporting periods.

### **Note 36.2. Non-financial assets**

At December 31, 2017 the Parent completed the annual impairment testing by cash-generating units, which is duly supported in the financial statements at the closing of such year.

Additionally, in June 2017 the Parent tested Edificio Torre Sur property for impairment given that at the time it was 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 Parent recognized impairment in its financial statements in amount of \$1,481.

At the closing of 2017, subsidiary Mercados Devoto S.A. tested its shops and stores for impairment based on the discounted cash flows method; as a result, impairment was recognized in amount of \$2,335 for certain property items.

During the nine-month period ended September 30, 2018 as part of the current modernization process of certain technological platforms, the Parent tested certain computer software for impairment. 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 Parent recognized a \$3,307 impairment loss in its financial statements.

Except for the above, during the nine-month period ended September 30, 2018 no significant losses were recognized from the impairment of non-financial assets.

## **Note 37. Fair value measurement**

Below is a comparison of book values and fair values of financial assets and liabilities and of non-financial assets and liabilities of the Parent and its subsidiaries at September 30, 2018 and December 31, 2017 on a periodic basis as required or permitted by an accounting policy; financial assets and liabilities whose carrying amounts 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.

	September 30, 2018		December 31, 2017	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Trade receivables and other accounts receivable at amortized cost	32,294	28,606	34,498	32,394
Investments in private equity funds (Note 12)	1,283	1,283	1,286	1,286
Forward contracts measured at fair value through income (Note 12)	12,428	12,428	690	690
Swap contracts measured at fair value through income (Note 12)	20,794	20,794	5,244	5,244
Derivative swap contracts denominated as hedge instruments (Note 12)	139,446	139,446	25,533	25,533
Investment in bonds (Note 12)	53,515	52,767	57,818	57,105
Equity investments (Note 12)	260	260	260	260
<b>Non-financial assets</b>				
Investment property (Note 14)	1,460,440	1,812,645	1,496,873	1,595,994
Net non-current assets classified as held for trading (Note 43)	3,674,889	3,674,889	26,204	26,204
<b>Financial liabilities</b>				
Financial liabilities and finance leases (Note 19)	6,948,591	6,917,694	5,550,424	5,551,308
Put option (1) (Note 19)	367,831	367,831	426,479	426,479
Bonds and trade papers issued (Note 24)	3,407,072	3,349,883	2,719,707	2,699,170
Swap contracts denominated as hedge instruments (Note 24)	12,974	12,974	78,992	78,992
Forward contracts measured at fair value through income (Note 24)	3,104	3,104	16,570	16,570
Derivative swap contracts measured at fair value through income (Note 24)	143	143	-	-
<b>Non-financial liabilities</b>				
Customer loyalty liability (Note 25)	69,445	69,445	64,644	64,644

(1) The development of the put option measurement during the period was:

<b>Balance at December 31, 2017</b>	<b>426,479</b>
Changes in fair value recognized in Investments (a)	(58,648)
<b>Balance at September 30, 2018</b>	<b>367,831</b>

(a) Changes arising mainly from the variations in the US Dollar-Uruguayan peso and US Dollar-Colombian peso exchange rates between valuation dates.

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

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
<b>Assets</b>				
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	<i>Peso-US Dollar forward</i>	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
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 IDC curves and discounting them at present value, using swap IDC market rates, both as displayed by BM&FBovespa.	IDC Curve Swap IDC rate
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

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
<b>Assets</b>				
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
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
Investment property	Level 3	Replacement cost method	The valuation method consists in calculating the value of a brand-new property, built at the date of the report, having the same quality and comforts as that under evaluation. Such value is called replacement value; then an analysis is made of property impairment arising from the passing of time and the careful or careless maintenance the property has received, which is called depreciation.	Physical value of building and land.
Non-current assets classified as held for trading	Level 2	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
<b>Liabilities</b>				
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	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.
Bonds issued	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for bonds in similar conditions on the date of measurement in accordance with maturity days.	CPI 12 months
Put option	Level 3	Given formula	Measured at fair value using a given formula under an agreement executed with non-controlling interests of Grupo Disco, using level 3 input data.	Net Income of Supermercados Disco del Uruguay S.A. at December 31, 2014 and 2015 Uruguayan peso-US Dollar exchange rate on the date of valuation US Dollar-Colombian peso exchange rate on the date of valuation

Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
<b>Liabilities</b>			

Total shares Supermercados Disco del Uruguay S.A.

Material non-observable data input and a valuation sensitivity analysis on the valuation of the "put option contract" refer to:

	Material non-observable input data	Range (weighted average)	Sensitivity of the input data on the estimation of the fair value
Put option	Net income of Supermercados Disco del Uruguay S.A. at December 31, 2017	\$106,969	A significant increase in any of input data severally considered would result in a significantly higher measurement of the fair value.
	Ebitda of Supermercados Disco del Uruguay S.A., consolidated over 24 months	\$139,416	
	Net financial debt of Supermercados Disco del Uruguay S.A., consolidated over 6 months	(\$97,321)	
	Fixed contract price	\$409,726	
	US Dollar-Uruguayan peso exchange rate on the date of valuation	\$31,47	
	US Dollar-Colombian peso exchange rate on the date of valuation	\$2,930.80	
	Total shares Supermercados Disco del Uruguay S.A.	443.071.575	

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 38. Contingent assets and liabilities**

### **Note 38.1. Contingent assets**

The Parent and its subsidiaries have not recognized material contingent assets at September 30, 2018 and December 31, 2017.

### **Note 38.2. Contingent liabilities**

Contingent liabilities at September 30, 2018 and at December 31, 2017 are as follows:

- (a) The following nullity of resolutions and restoration of rights proceedings are underway, seeking that the Parent be exempted from paying the amounts claimed by the complainant entity:
- Proceedings seeking nullity of the resolution on changes to the Bogotá Industry and Trade tax returns for the bi-monthly periods 4, 5 and 6 of 2011 in amount of \$11,830 (2017 - \$11,830).
  - Proceedings related with the assessment of property valuation in amount of \$1,163 (2017 - \$1,163)
  - Proceedings seeking nullity of resolutions on the inadequate offsetting of the Carulla Vivero S.A. 2008 income tax in amount of \$1,088 (2017 - \$1,088).
  - Proceedings seeking nullity of the resolutions issued by the Bogotá Treasury Secretary's office regarding changes to the Industry and Trade tax returns for the bi-monthly periods 2, 3, 4, 5 and 6 of 2012 in amount of \$5,000 (2017 - \$5,000). The purpose of the nullity and restoration of rights action is that the Company be exempted from paying the amounts claimed by the claimant entity.
  - Proceedings seeking nullity of resolution on errors in the assessment of contributions to the Social Security System in amount of \$900 (2017 - \$900).
  - Proceedings seeking nullity filed before the Superintendence of Industry and Trade on the grounds of accumulation of customer claims in amount of \$781 (2017 - \$0).
  - Statement of accountability on the improper use of the "Éxito para todos, todo" trademark in amount of \$696 (2017 - \$0).
  - Proceedings seeking nullity of resolution on differences in the payment of contributions to Retirement Pension Funds in amount of \$673 (2017 - \$673).
  - Proceedings seeking nullity of the official assessment by DIAN, seeking that the VAT return for the first bi-monthly period of taxable 2013 be declared firm and closed, in amount of \$544 (2017 - \$544).
  - Claim filed by the Superintendence of Industry and Trade on the grounds of elimination of personal data in amount of \$273 (2017 - \$0).
- (b) The following tax proceedings of subsidiary Companhia Brasileira de Distribuição - CBD:
- Imposto de Renda Pessoa Jurídica (IRPJ), Imposto de Renda Retido na Fonte (IRRF), Contribuição Social sobre o Lucro Líquido (CSLL), Imposto sobre operações financeiras (IOF), Imposto de renda sobre o lucro líquido (ILL); They relate to tax offsetting proceedings, rules on deductibility of provisions, payment discrepancies, excess payments, and fines on the failure to comply with ancillary obligations, among other minor proceedings. Such proceedings are pending administrative and judicial ruling. Such proceedings include those regarding the collection of differences in the receipts of IRPJ for years 2007 to 2013, arising from the incorrect deduction of the amortization of goodwill paid on and arising from transactions between shareholders Casino Guichard Perrachon S.A. and Abílio Diniz. Amounts discussed amount to \$546,408 (2017 - \$668,485).
  - Tax proceedings resulting from the deduction of amortization expenses during 2012 and 2013, of the goodwill gained upon acquisition of the Ponto Frio trademark in 2009. These proceedings are valued at \$65,243 (2017 - \$76,682).
  - Sales tax, procurement tax, bank taxes and taxes on industrial products (COFINS, PIS and CPMF and IPI): refer to offsetting proceedings on IPI credits - inputs subject to zero aliquot or exempt - acquired from third parties, other offsetting requests, collection of taxes with a bearing on soy exports, payment differences, excess payments, fines from the failure to comply with ancillary obligations, non-recognition of COFINS and PIS credits on products predominantly single-phase, among other issues. Such proceedings are pending administrative and judicial ruling. Amounts discussed reach \$1,290,892 (2017 - \$1,363,279).

- Tax on the movement of goods and services (ICMS): Companhia Brasileira de Distribuição - CBD was called by state tax authorities regarding the appropriation of credits related with: (i) electric power; (ii) procurement from suppliers deemed disqualified before the register of Secretaria da Fazenda Estadual; (iii) compensation of tax substitution without compliance with the ancillary obligations set forth in Portaria CAT n° 17 of the State of Sao Paulo; (iv) incidents on the goods procurement operation; and (v) arising from the trading of extended warranty, among other. Such proceedings are pending final administrative and judicial ruling. They amount to \$3,807,375 (2017 - \$4,678,031).
- Tax on services (ISS), Brazilian tax on real estate (IPTU), tax rates and other: refer to requirements on third party withholdings, differences in the payment of IPTU, fines from the failure to comply with ancillary obligations, ISS - compensation for advertising expenses, and miscellaneous levies. Such proceedings are pending administrative and judicial ruling. These proceedings are valued at \$79,730 (2017 - \$104,234).

(c) The following legal proceedings:

- A requirement by the National Social Security Institute of Brazil INSS to subsidiary Companhia Brasileira de Distribuição CBD in amount of \$346,973 (2017 - \$339,647) because of its failure to pay social contributions on benefits granted to its employees, among other matters. The requirements are being discussed in administrative and judicial proceedings.
- Parent's third-party liability lawsuit amounting to \$1,531 (2017 - \$1,531) for alleged injuries to a customer at Éxito Santa Marta store premises.
- Parent's 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.

(d) Other contingent liabilities:

- On June 1, 2017 the Parent granted a guarantee on behalf of its subsidiary 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.
- \$398,129 (2017 - \$488,958) of Companhia Brasileira de Distribuição - CBD arising from real estate-related actions filed on the grounds of extension of lease agreements at market prices, administrative proceedings brought by regulators such as consumer protection bodies (PROCONs), Instituto Nacional de Metrologia, Normalização e Qualidade Industrial - INMETRO, Agência Nacional de Vigilância Sanitária - ANVISA, among other.
- \$75,307 (2017 - \$99,239) of Companhia Brasileira de Distribuição - CBD for external counsel fees to defend tax proceedings, whose compensation is tied to a success fee upon legal closing of such proceedings. Such percentages may vary, in accordance with qualitative and quantitative factors of each proceeding.

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 39. Dividends declared and paid**

#### At September 30, 2018

The Parent'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.

(\*) Expressed in Colombian pesos.

Dividends paid during the nine-month period ended September 30, 2018 amounted to \$59,871.

Dividends declared and paid during the nine-month period ended September 30, 2018 to the holders of non-controlling interest in subsidiaries are as follows:

	Dividends declared	Dividends paid
Companhia Brasileira de Distribuição - CBD	92,559	93,567
Grupo Disco del Uruguay S.A.	11,802	11,987
Patrimonio Autónomo Viva Villavicencio	6,753	4,359
Éxito Viajes y Turismo S.A.S.	2,457	2,457
Patrimonio Autónomo Viva Malls	2,223	10,123
Patrimonio Autónomo Centro Comercial	2,211	1,878
Patrimonio Autónomo Viva Sincelejo	1,932	1,919
Patrimonio Autónomo Centro Comercial Viva Barranquilla	1,414	2,305
Patrimonio Autónomo Viva Laureles	1,229	1,290
Patrimonio Autónomo San Pedro Etapa I	794	802
Distribuidora de Textiles y Confecciones S.A.S.	69	76
Patrimonio Autónomo Viva Palmas	-	604
<b>Total</b>	<b>123,443</b>	<b>131,367</b>

#### At December 31, 2017

The Parent'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.

(\*) Expressed in Colombian pesos.

Dividends paid during the year ended December 31, 2017 amounted to \$91,920.

Dividends declared and paid during the year ended December 31, 2017 to the owners of non-controlling interests in the following subsidiaries are:

	Dividends declared	Dividends paid
Companhia Brasileira de Distribuição - CBD	145,306	77,415
Patrimonio Autónomo Viva Malls	21,906	14,599
Grupo Disco del Uruguay S.A.	21,163	20,817
Patrimonio Autónomo Viva Villavicencio	8,450	13,340
Éxito Viajes y Turismo S.A.S.	3,286	3,286
Patrimonio Autónomo Centro Comercial	2,896	6,627
Patrimonio Autónomo Viva Sincelejo	2,755	2,824
Patrimonio Autónomo Viva Laureles	1,605	1,298
Distribuidora de Textiles y Confecciones S.A.S.	1,291	1,291
Patrimonio Autónomo San Pedro Etapa I	1,140	1,075
Patrimonio Autónomo Viva Palmas	833	498
Patrimonio Autónomo Iwana	-	1
<b>Total</b>	<b>210,631</b>	<b>143,071</b>

#### **Note 40. Seasonality of transactions**

The Parent's and its subsidiaries' operation cycles indicate certain seasonality in operating and financial results; for the Parent and its Colombian subsidiaries, there is a concentration during the last quarter of the year, mainly because of Christmas and "Special Price Days", which is the second most important promotional event of the year; for foreign subsidiaries there is a concentration during the first half of the year, mainly arising from carnivals and Easter, and during the last quarter of the year, because of Christmas.

#### **Note 41. Information on operating segments**

For organizational and management purposes, the Parent and its subsidiaries are focused on seven operating segments divided in four geographic segments, namely Colombia (Éxito, Carulla, Surtimax-Súper Inter and B2B), Brazil (Food), Uruguay and Argentina. For each of the segments there is financial information that is used on an ongoing basis by senior management for making decisions on the operations, allocation of resources and strategic approach.

Total assets and liabilities by segment are not specifically reported internally for management purposes and consequently they are not disclosed in the framework of IFRS 8 - Operating segments.

Reportable segments include development of the following activities:

Colombia:

- Éxito: The most significant products and services in this segment come solely from retailing activities, with stores under the banner Éxito.
- Carulla: The most significant products and services in this segment come solely from retailing activities, with stores under the banner Carulla.
- Surtimax-Súper Inter: The most significant products and services in this segment come solely from retailing activities, with stores under the banners Surtimax and Súper Inter.
- B2B: The most significant products and services in this segment come solely from retailing activities in B2B format and with stores under the banner Surti wholesaler.

Brazil:

- *Food*: The most significant products and services in this segment come solely from food trading activities.

Argentina

- The most significant products and services in this segment come solely from retailing activities in Argentina, with stores under the banners Libertad and Mini Libertad.

Uruguay:

- The most significant products and services in this segment come solely from retailing activities in Uruguay, with stores under the banners Disco, Devoto and Géant.

Accounting policies of segments being reported are the same as the Parent's accounting policies described in Note 4.

The Parent discloses information by segment pursuant to IFRS 8 - Operating segments, which are defined as a component of an entity with separate financial information assessed by senior management on an ongoing basis.

Sales by each segment for the years ended September 30, 2018 and September 30, 2017 are as follows:

Geographic segment	Operating segment	January 1 to September 30, 2018	January 1 to September 30, 2017
Colombia	Éxito	5,210,859	5,227,064
	Carulla	1,096,954	1,096,486
	Surtimax-Súper Inter	1,013,692	1,123,256
	B2B	337,058	242,154
Brazil	<i>Food</i>	28,279,572	29,534,066
Argentina		830,893	982,062
Uruguay		1,862,951	1,884,257
<b>Total sales</b>		<b>38,631,979</b>	<b>40,089,345</b>
Eliminations		(5,091)	(9,925)
<b>Consolidated total (Note 28)</b>		<b>38,626,888</b>	<b>40,079,420</b>

Below is additional information by geographic segment:

	At September 30, 2018						
	Colombia	Brazil (1)	Argentina (1)	Uruguay (1)	Total	Eliminations (2)	Total
Retail sales	7,658,563	28,279,572	830,893	1,862,951	38,631,979	(5,091)	38,626,888
Trade margin	1,978,999	6,740,446	303,771	638,223	9,661,439	(3,230)	9,658,209
Total recurring expenses	(1,773,540)	(5,391,522)	(284,355)	(508,065)	(7,957,482)	3,230	(7,954,252)
ROI	205,459	1,348,924	19,416	130,158	1,703,957	-	1,703,957
Recurring Ebitda	385,610	1,856,310	29,062	149,840	2,420,822	-	2,420,822

	At September 30, 2017						
	Colombia	Brazil (1)	Argentina (1)	Uruguay (1)	Total	Eliminations (2)	Total
Retail sales	7,688,960	29,534,066	982,062	1,884,257	40,089,345	(9,925)	40,079,420
Trade margin	1,959,824	7,219,320	354,991	639,328	10,173,463	(3,025)	10,170,438
Total recurring expenses	(1,755,451)	(5,910,650)	(342,516)	(511,975)	(8,520,592)	3,025	(8,517,567)
ROI	204,373	1,308,670	12,475	127,353	1,652,871	-	1,652,871
Recurring Ebitda	388,614	1,844,490	24,305	145,833	2,403,242	-	2,403,242

(1) For information reporting purposes, non-operating companies (holding companies that hold interests in the operating companies) are allocated by segments to the geographic area to which the operating companies belong. Should a holding company hold interests in various operating companies, it is allocated to the most significant operating company.

(2) Relates to the balances of transactions carried out between segments, which are eliminated in the process of consolidation of financial statements.

#### Note 42. Financial risk management policy

During the nine-month period ended September 30, 2018, there have not been significant changes to the Parent's and its subsidiaries' risk management policies, or changes in the analysis of risk factors that might have an effect on them, such as the general risk management framework, financial risk management, credit risk, market risk, interest rate risk, currency risk, stock pricing risk and liquidity risk.

At December 31, 2017 the Parent and its subsidiaries submitted a detail of their risk management policies, which are duly supported in the financial statements at the closing of such year.

#### Note 43. Non-current assets held for trading and discontinued operations

The balance of non-current assets held for trading, included in the statement of financial position is as follows:

	September 30, 2018	December 31, 2017
Assets of Via Varejo S.A. (Note 43.1)	15,891,817	20,426,599
Property, plant and equipment (1)	225,776	26,204
Investment property (2)	10,819	-
<b>Total</b>	<b>16,128,412</b>	<b>20,452,803</b>

(2) Represents the following real estate property:

	September 30, 2018	December 31, 2017
Cedi and Industria Montevideo (land)	68,481	-
CD 01	65,549	-
Cedi and Industria Montevideo (building)	26,803	-
Lote NAR	18,161	-
Hotel Cota plot of land and project (land)	16,489	-
Lote Santana	11,746	14,210
Lote Viva Copacabana (land)	7,500	-
Lote John Boyd	4,633	5,637
Lote Paraná	2,923	6,357
Cedi and Industria Montevideo (construction in progress)	1,513	-
Lote Viva Copacabana (construction in progress)	1,477	-
Lote Jacinto Rios	501	-
<b>Total</b>	<b>225,776</b>	<b>26,204</b>

(2) Represents the following real estate property:

	September 30, 2018
Lote La Secreta (land)	5,960
Kennedy trade premises (building)	1,640
Kennedy trade premises (land)	1,229
Lote Casa Vizcaya (land)	595
Pereira Plaza trade premises (building)	556
Apartment 802 El Retiro (building)	497
Apartment 802 El Retiro (land)	203
Lote La Secreta (construction in progress)	139
<b>Total</b>	<b>10,819</b>

Parent and its subsidiaries believe that these assets will be sold in 2019.

No revenue or expense have been recognized in income or in other comprehensive income related with the group of assets for disposal.

The balance of non-current liabilities held for trading, included in the statement of financial position is as follows:

	September 30, 2018	December 31, 2017
Total liabilities of Via Varejo S.A. (Note 43.1)	12,453,523	16,271,760
<b>Total</b>	<b>12,453,523</b>	<b>16,271,760</b>

The effect of non-current assets held for trading on the statement of income is as follows:

	January 1 to September 30, 2018	January 1 to September 30, 2017	April 1 to September 30, 2018	April 1 to September 30, 2017
Via Varejo S.A. net gain (loss) (Note 43.1)	132,453	173,779	(45,879)	57,072
<b>Net gain (loss) from discontinued operations</b>	<b>132,453</b>	<b>173,779</b>	<b>(45,879)</b>	<b>57,072</b>

#### Note 43.1. Via Varejo S.A.

On November 23, 2016, the Board of Directors of Companhia Brasileira de Distribuição – CBD approved that the Administration Board started the process to sell the interest in Via Varejo S.A. in line with its long-term strategy of focusing on the development of the food segment.

Pursuant to IFRS 5 - Non-Current Assets Held for Trading and Discontinued Operations, the Parent is of the opinion that given the effort applied, the sale is highly likely, which involves the presentation of Via Varejo S.A.'s (and its subsidiary Cnova Comercio Electronico S.A.'s) net results after taxes in one single line in the statement of income and the balances of assets and liabilities as held for trading and discontinued operations.

The amount of assets and liabilities held for trading at September 30, 2018, is \$15,891,817 (2017 - \$20,426,599) and \$12,453,523 (2017 - \$16,271,760), respectively. The net results of Via Varejo S.A.'s discontinued operation during the nine-month period ended September 30, 2018 is a gain of \$132,453 (for the nine-month period ended September 30, 2017 - \$173,779).

The investment in Via Varejo S.A. must be recognized at the lower of the book value of net assets and the fair value less selling costs. Calculations have shown that the fair value less selling costs is higher than Via Varejo S.A.'s carrying amounts, based on the weighing of various valuation methods, including: (i) multiple of P/E (Price/Earnings), taking into consideration listed Brazilian companies with operations in the same segment as Via Varejo S.A., (ii) discounted cash flows prepared by external advisors, under the assumption of 15.7% discount rate and perpetual growth of 5.5%, (iii) average of premium paid on share price prior to announcement of the acquisition of listed companies, and (iv) objective share prices of financial analysts. Under all methods described above, the book value falls within the reasonable valuation interval, so the valuation is not highly sensitive to changes in method assumptions.

The shares of subsidiary Via Varejo S.A. are listed on the BM&FBovespa, with code "VVAR11" and "VVAR3".

Below is the financial position of Via Varejo S.A.'s discontinued operation, including the effects of the placement of purchase price in the acquisitions of Globex and Casa Bahia Ltda. and expenses directly related with discontinued operations:

	September 30, 2018	December 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	318,059	3,210,708
Trade receivables and other accounts receivable	3,321,706	3,597,523
Inventories	4,119,934	3,950,460
Other assets	97,864	349,127
<b>Total current assets</b>	<b>7,857,563</b>	<b>11,107,818</b>
<b>Non-current assets</b>		
Trade receivables and other accounts receivable	3,002,650	3,508,413
Deferred tax assets	261,713	319,357
Accounts receivable from related parties and associates	189,797	267,033
Investments accounted for using the equity method	74,881	80,290
Property, plant and equipment	1,370,840	1,543,557
Intangible assets	3,134,373	3,600,131
<b>Total non-current assets</b>	<b>8,034,254</b>	<b>9,318,781</b>
<b>Total assets</b>	<b>15,891,817</b>	<b>20,426,599</b>

**Liabilities****Current liabilities**

Trade payables and other accounts payable	7,340,515	9,327,829
Financial liabilities	2,566,711	3,429,927
Accounts payable to related parties and associates	79,329	59,541
Other provisions	1,751	3,078
<b>Total current liabilities</b>	<b>9,988,306</b>	<b>12,820,375</b>

**Non-current liabilities**

Financial liabilities	256,523	358,149
Deferred tax liabilities	743,568	903,074
Trade payables and other accounts payable	1,430,893	2,147,086
Other provisions	34,233	43,076
<b>Total non-current liabilities</b>	<b>2,465,217</b>	<b>3,451,385</b>
<b>Total liabilities</b>	<b>12,453,523</b>	<b>16,271,760</b>

Below is the result of Via Varejo S.A.'s discontinued operation:

	January 1 to September 30, 2018	January 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Revenue from ordinary activities	15,836,467	16,876,308	4,817,372	5,546,163
Cost of sales	(11,004,401)	(11,462,515)	(3,399,897)	(3,645,928)
<b>Gross profit</b>	<b>4,832,066</b>	<b>5,413,793</b>	<b>1,417,475</b>	<b>1,900,235</b>
Distribution, administration and sales expenses	(4,097,721)	(4,522,133)	(1,325,256)	(1,584,330)
Gain from investments accounted for using the equity method	16,935	18,521	7,745	5,654
Other (expenses), net	(106,031)	(196,321)	(40,371)	(22,619)
<b>Profit before financial results</b>	<b>645,249</b>	<b>713,860</b>	<b>59,593</b>	<b>298,940</b>
Net financial result	(455,627)	(516,730)	(152,349)	(207,008)
<b>Profit (loss) before taxes</b>	<b>189,622</b>	<b>197,130</b>	<b>(92,756)</b>	<b>91,932</b>
Tax revenue (expense)	(57,169)	(23,351)	46,877	(34,860)
<b>Net profit (loss)</b>	<b>132,453</b>	<b>173,779</b>	<b>(45,879)</b>	<b>57,072</b>
<b>Profit (loss), attributable to:</b>				
<b>Owners of the controlling entity</b>	<b>7,885</b>	<b>9,268</b>	<b>(6,046)</b>	<b>3,959</b>
<b>Non-controlling interests</b>	<b>124,568</b>	<b>164,511</b>	<b>(39,833)</b>	<b>53,113</b>

Below is a summary of Via Varejo S.A.'s cash flows:

	January 1 to September 30, 2018	January 1 to September 30, 2017
Net cash flows (used in) operating activities	(1,635,419)	(2,666,993)
Net cash flows (used in) investment activities	(344,341)	(178,726)
Net cash flows (used in) provided by financing activities	(544,333)	(387,084)
Translation difference	(368,556)	18,666
<b>Net development of cash and cash equivalents</b>	<b>(2,892,649)</b>	<b>(3,214,137)</b>

**Note 44. Facts and circumstances that extend the selling period of the discontinued operation to more than one year**Progress in the process to sell Via Varejo S.A.

Since November 23, 2016 subsidiary Companhia Brasileira de Distribuição – CBD started the process to sell its interest in Via Varejo S.A.

Certain external events related with the market, beyond the control of subsidiary Companhia Brasileira de Distribuição – CBD, made management review the original schedule foreseen for the sale of Via Varejo S.A., where the transaction was expected to be completed on November 23, 2017 at the latest.

Some of the external factors that had an effect on the sale transaction schedule were, among other:

- Lack of visibility, specially by the general market, of a recovery of the electric devices and household appliances market,
- Political unrest in Brazil, that continues until December 31, 2017.

Some significant events that affected the estimation of the selling price of Via Varejo S.A. included, among other:

- A significant volatility of stock prices along 2017;
- An increase in the price of the share of more than 100%, going from R\$10.75 at December 31, 2016 to R\$23 on December 8, 2017, and
- An increase in consumer confidence index, from 78.9% at the beginning of 2017 to 92.4% in November 2017.

Such external factors had an influence on the significant increase in the price of the stock of Via Varejo S.A. and consequently made management to adopt a more careful position regarding the selling process, to preserve the best interest of shareholders.

Despite management trust in general corporate recovery of the Brazil market, initial discussions with potential buyers showed that the interested parties had material concerns regarding the macroeconomic environment and were skeptic about the improved performance of Via Varejo S.A. in the short and medium term. Such lack of confidence had a negative impact on investor's ability to assess the real underlying value of Via Varejo S.A. in the long term.

Progressive and sustained improvement of performance along 2017 should provide greater visibility of the asset in future and help potential buyers to consolidate their purchase analyses.

Despite the challenges to complete a successful transaction during 2017, the management of subsidiary Companhia Brasileira de Distribuição – CBD has publicly reiterated the strategic decision to continue trying to sell Via Varejo S.A. discontinued operation. The management of subsidiary Companhia Brasileira de Distribuição – CBD has reaffirmed the strategic sale in all press releases since the sale announcement, in November 2016, to the closing of the year ended December 31, 2017.

The management of subsidiary Companhia Brasileira de Distribuição – CBD are confident that during 2018 there will be:

- A steadier macroeconomic scenario;
- Greater visibility of Via Varejo S.A.'s financial and operating performance, and
- Lower volatility in the price of the stock of Via Varejo S.A. Market price is an important valuation reference and as such a sustained price level will help potential buyers to consolidate their points of view on the valuation.

These situations will attract other interested parties to the process, thus improving the selling transaction dynamic.

On December 7, 2017 during the celebration of the "GPA Investor Day", the management of subsidiary Companhia Brasileira de Distribuição – CBD reiterated the intention of selling Via Varejo S.A. discontinued operation and including such sale as part of the company's strategic plan; such plan was submitted to the meeting of the Board of Directors on December 15, 2017 and approved on that same date.

Financial advisors HSBC Ltd., Rothschild Global Advisory and Bank Société Générale S.A. remain fully committed as the selling strategy advisors for subsidiary Companhia Brasileira de Distribuição – CBD and Casino Guichard Perrachon S.A.

Financial and operating information for the full year 2017 should reassure investors of a successful integration process; this situation was a concern of investors at the beginning of this year.

Given the important financial and operating improvement in Via Varejo S.A. during 2017, financial advisors have recently recommended to update marketing materials to include information for the entire year. This should mitigate the concerns of potential buyers regarding the business integration process and reassure the parties interested regarding the recovery of the technology and household appliance sector.

The selling process continues at September 30, 2018.

## **Note 45. Relevant facts**

### **At September 30, 2018**

#### General Meeting of Shareholders

The Parent'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.

#### Appointment of new members of the Board of Directors

On March 23, 2018, the Parent's General Meeting of Shareholders appointed the following Directors:

- a) Independent Members:
  1. Luis Fernando Alarcón Mantilla
  2. Daniel Cortés McAllister
  3. Felipe Ayerbe Muñoz
  4. Ana María Ibáñez Londoño

- b) Equity Members:
1. Jean Paul Mochet
  2. Philippe Alarcon
  3. Bernard Petit
  4. Hervé Daudin
  5. Guillaume Humbert

#### **At December 31, 2017**

##### Damages to the refrigerated product distribution center of subsidiary Companhia Brasileira de Distribuição - CBD

The refrigerated product distribution center located at the municipality of Osasco owned by subsidiary Companhia Brasileira de Distribuição - CBD suffered damages in structure, inventory of goods and property and equipment resulting from a casualty on December 27, 2017. The subsidiary properly filed supporting evidence of items damaged before the insurance company. A portion of the compensation for the casualty was recognized in 2017 upon the insurance company's agreement to pay.

##### New syndicated credit in US Dollars and restructuring of the syndicated revolving credit in Colombian pesos

On December 22, 2017 the Parent 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 Parent'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.

##### Action with non-controlling interests of associate Cnova N.V.

Associate Cnova N.V., some of its former and current directors and the subscribers of the initial public offer of Cnova N.V. - IPO, were named as defendants in an action before the New York South District Court (United States of America), in relation with the internal investigation completed on July 22, 2016, conducted by Cnova N.V., Cnova Comércio Eletrônico S.A. and counsels. On October 11, 2017, the New York South District Court (United States of America) preliminary approved an agreement with shareholders that were party to the proceeding.

Despite the terms of the agreement, Cnova N.V. will provide a USD28.5 million fund to be distributed among the former shareholders of Cnova Comércio Eletrônico S.A., as well as to the trial attorneys. A portion of such fund will be used to cover administration expenses. Additionally, still subject to the terms of the agreement, no debt burden fell on the defendants from allegations in the class action. Pursuant to the Court's instructions, the agreement will be finally approved on March 15, 2018. In the forthcoming months, notices will be sent to plaintiff attorneys containing information on the agreement.

##### Request for arbitration filed by Morzan

On October 3, 2017 the CVM Bar Association studied the appeal filed by the Company and unanimously decided for the comprehensive amendment of the Decision made by SRE, in the understanding that the CVM could not extend the indemnification foreseen in the Arbitral Award to minor shareholders of Globex pursuant to the Code of Civil Procedure, consistent with the legal due process and contradiction principle. In view of the final and favorable decision of the CVM Bar Association, all potential discussions were closed regarding an extension to minority shareholders of Via Varejo S.A. of a proportion of the amount paid to Morzan as indemnification.

##### Arbitration Fondo de Inversión Inmobiliario Península, against subsidiary Companhia Brasileira de Distribuição - CBD

On September 12, 2017, subsidiary Companhia Brasileira de Distribuição - CBD was served notice by the Brazil-Canada Chamber of Commerce of a request for arbitration filed by Banco Ourinvest SA, a financial institution, in its capacity as the administrator of and acting solely on behalf of the contributors to Fondo de Inversión Inmobiliario Península.

The proceeding is aimed at discussing the calculation of the rental value, as well as other matters related with stores owned by Fondo de Inversión Inmobiliario Península that are the purpose of several lease agreements and covenants entered into by and between subsidiary Companhia Brasileira de Distribuição - CBD and Fondo de Inversión Inmobiliario Península during 2005 (the "Contracts"). The Contracts grant subsidiary Companhia Brasileira de Distribuição - CBD the right to use and exploit such premises for 20 years as of execution date and may be extended over 20 additional years at the sole option of subsidiary Companhia Brasileira de Distribuição - CBD and govern the calculation of rental value.

The Proceeding refers to matters arising from the application of the agreements, and does not concern the continuity of rental values, which are guaranteed under the Contracts. It is the understanding of subsidiary Companhia Brasileira de Distribuição - CBD that the proceeding will be ruled for subsidiary Companhia Brasileira de Distribuição - CBD.

##### Damages at Éxito Buenaventura store

The structure, inventories and property and equipment of Éxito Buenaventura store (owned by the Parent) were damaged on May 19, 2017 as result of a situation of public order in the municipality of Buenaventura. The Parent 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 Parent 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 loyalty program called Puntos Colombia.

This program will supersede the existing loyalty programs of the Parent and Grupo Bancolombia and become the new loyalty program through which the customers of both companies and other partners that join the program will accumulate and redeem points in the loyalty ecosystem.

The Puntos Colombia program will be operated by an independent company, based in Colombia, of which the Parent and Banca de Inversión Bancolombia will be shareholders, each holding a 50% interest. The estimated initial capital investment to be contributed by the Parent amounts to \$9,000, which will be paid-in within the next 12 months.

It is expected that by virtue of the shareholders' agreement, during the forthcoming years the Parent 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 Parent 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 managing the Puntos Colombia loyalty program will offer a powerful loyalty tool both to the Parent and to Grupo Bancolombia, and 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 Parent'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 46. Events after the reporting period**

No events have occurred after the reporting period that entail significant changes in the Company.