Almacenes Éxito S.A.

Consolidated financial statements

At December 31, 2018 and December 31, 2017

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Consolidated financial statements
At December 31, 2018 and December 31, 2017

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

Envigado, February 28, 2019

To the Shareholders of
Almacenes Éxito S.A.

We, the undersigned Legal Representative and Head Accountant of Almacenes Éxito S.A., Parent company, each of us duly empowered and under whose responsibility the accompanying financial statements have been prepared, do hereby certify that regarding the consolidated financial statements of the Parent and its subsidiaries, at December 31, 2018 and at December 31, 2017, the following assertions therein contained have been verified prior to making them available to you and to third parties:

1. All assets and liabilities included in the consolidated financial statements do exist, and all transactions included in such consolidated financial statements have been achieved during the years ended on those dates.

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

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

4. All items have been recognized at proper values.

5. All economic events affecting the Parent and its subsidiaries have been properly classified, described and disclosed in the consolidated financial statements.

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

Further, the undersigned legal representative of Almacenes Éxito S.A., Parent company, does hereby certify that the consolidated financial statements and the operations of the Parent and its subsidiaries at December 31, 2018 and December 31, 2017, are free from fault, inaccuracy or misstatement that prevent users from having a true view of its financial position.

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

Carlos Mario Giraldo Moreno
Parent's Legal Representative

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

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

	Notes	December 31, 2018	December 31, 2017 (1)
Current assets			
Cash and cash equivalents	7	5,973,764	5,281,618
Trade receivables and other accounts receivable	8	1,000,298	1,172,380
Prepaid expenses	9	156,829	145,761
Accounts receivable from related parties	10	131,720	230,689
Inventories	11	6,720,396	5,912,514
Other financial assets	12	141,214	11,588
Other non-financial assets	10	-	30,000
Tax assets	23	724,290	722,658
Non-current assets held for trading	46	20,289,112	20,452,803
Total current assets		**35,137,623**	**33,960,011**
Non-current assets			
Property, plant and equipment, net	13	12,334,581	12,505,418
Investment property, net	14	1,633,625	1,496,873
Goodwill	15	5,436,868	5,559,953
Intangible assets other than goodwill, net	16	5,767,176	5,544,022
Investments accounted for using the equity method	17	814,039	817,299
Trade receivables and other accounts receivable	8	135,284	667,920
Prepaid expenses	9	59,912	43,940
Accounts receivable from related parties	10	28,316	22,483
Tax assets	23	2,302,451	1,575,743
Other financial assets	12	754,065	767,772
Deferred tax assets	23	703,763	471,490
Other non-financial assets		398	398
Total non-current assets		**29,970,478**	**29,473,311**
Total assets		**65,108,101**	**63,433,322**
Current liabilities			
Financial liabilities	19	2,320,284	1,906,774
Employee benefits	20	3,657	3,464
Other provisions	21	36,997	29,329
Trade payables and other accounts payable	22	13,226,708	12,665,438
Accounts payable to related parties	10	236,698	202,533
Tax liabilities	23	298,699	289,376
Other financial liabilities	24	1,037,191	645,363
Other non-financial liabilities	25	338,735	275,210
Non-current liabilities held for trading	46	16,458,772	16,271,760
Total current liabilities		**33,957,741**	**32,289,247**
Non-current liabilities			
Financial liabilities	19	4,732,106	4,070,129
Employee benefits	20	27,680	28,538
Other provisions	21	2,330,648	2,457,220
Trade payables and other accounts payable	22	40,720	47,831
Accounts payable to related parties	10	-	10,122
Deferred tax liabilities	23	2,069,442	1,922,242
Tax liabilities	23	397,014	521,870
Other financial liabilities	24	2,583,089	2,302,008
Other non-financial liabilities	25	11,963	51,761
Total non-current liabilities		**12,192,662**	**11,411,721**
Total liabilities		**46,150,403**	**43,700,968**
Shareholders' equity, see accompanying statement		**18,957,698**	**19,732,354**
Total liabilities and shareholders' equity		**65,108,101**	**63,433,322**

(1) For comparison to 2018, these financial statements include certain minor reclassifications to trade receivables and other accounts receivable, accounts receivable from related parties, intangible assets other than goodwill, other financial assets, 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	Jorge Nelson Ortiz Chica	Ángela Jaimes Delgado
Parent's Legal Representative	Parent's Head Accountant	Parent's Statutory Auditor
(See accompanying certificate)	Professional Card 67018-T	Professional Card 62183-T
	(See accompanying certificate)	Appointed by Ernst and Young Audit S.A.S. TR-530
		(See accompanying report dated February 28, 2019)

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

	Notes	December 31, 2018	December 31, 2017 (1)
Continuing operations			
Revenue from ordinary activities under contracts with customers	29	55,036,170	56,442,803
Cost of sales	11	(41,591,610)	(42,148,122)
Gross profit		**13,444,560**	**14,294,681**
Distribution expenses	30	(5,540,140)	(5,875,864)
Administration and sales expenses	30	(758,317)	(759,764)
Employee benefit expenses	31	(4,731,687)	(5,074,812)
Other operating revenue	32	123,714	111,606
Other operating expenses	32	(287,618)	(284,459)
Other net gains (losses)	32	86,715	(279,825)
Profit from operating activities		**2,337,227**	**2,131,563**
Financial revenue	33	619,533	420,035
Financial expenses	33	(1,453,455)	(1,540,773)
Share of profits in associates and joint ventures accounted for using the equity method	34	67,168	(36,037)
Profit from continuing operations before income tax		**1,570,473**	**974,788**
Tax expense	23	(338,441)	(259,918)
Net period profit from continuing operations		**1,232,032**	**714,870**
Net period profit (loss) from discontinued operations	46	(59,088)	356,196
Net period profit		**1,172,944**	**1,071,066**
Profit is attributable to:			
Profit attributable to the shareholders of the controlling entity		**279,403**	**217,713**
Profit attributable to non-controlling interests		893,541	853,353
Earnings per share (*)			
Earnings per basic share (*):			
Earnings per basic share attributable to the shareholders of the controlling entity	35	624.22	486.40
Earnings per basic share from continuing operations attributable to the shareholders of the controlling entity	35	644.63	433.10
Earnings (loss) per basic share from discontinued operations attributable to the shareholders of the controlling entity	35	(20.41)	53.30
Earnings per diluted share (*):			
Earnings per diluted share attributable to the shareholders of the controlling entity	35	624.22	486.40
Earnings per diluted share from continuing operations attributable to the shareholders of the controlling entity	35	644.63	433.10
Loss per diluted share from discontinued operations attributable to the shareholders of the controlling entity	35	(20.41)	53.30

(*) Amounts expressed in Colombian pesos.

(1) For comparison to 2018, these financial statements include certain reclassifications in cost of sales, distribution expenses, administration and sales expenses, other operating expenses and other net gains and losses.

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

Carlos Mario Giraldo Moreno
Parent's Legal Representative
(See accompanying certificate)

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

	Notes	December 31, 2018	December 31, 2017
Net period profit		**1,172,944**	**1,071,066**
Other comprehensive income for the period			
Components of other comprehensive income that will not be reclassified to period results, net of taxes			
(Loss) from new measurements of defined benefit plans	27	(351)	(1,570)
(Loss) from investments in equity instruments		(104,756)	-
Total other comprehensive income that will not be reclassified to period results, net of taxes		**(105,107)**	**(1,570)**
Components of other comprehensive income that will be reclassified to period results, net of taxes			
(Loss) from translation exchange differences	27	(1,412,473)	(442,140)
Gain (loss) from the hedging of cash flows	27	9,052	(13,076)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified to period results	27	(52,521)	12,578
Total other comprehensive income that will be reclassified to period results, net of taxes		**(1,455,942)**	**(442,638)**
Total other comprehensive income		**(1,561,049)**	**(444,208)**
Total comprehensive income		**(388,105)**	**626,858**
Profit is attributable to:			
(Loss) profit attributable to the shareholders of the controlling entity		**(379,595)**	**29,716**
(Loss) profit attributable to non-controlling interests		(8,510)	597,142
Earnings per share (*)			
Earnings per basic share (*):			
(Loss) earnings per basic share from continuing operations	35	(848.06)	66.39
Earnings per diluted share (*):			
(Loss) earnings per diluted share from continuing operations	35	(848.06)	66.39

(*) Amounts expressed in Colombian pesos.

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

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

	December 31, 2018	December 31, 2017
Cash flows provided by operating activities:		
Net income for the period	**1,172,944**	**1,071,066**
Adjustments to reconcile profit (loss) for the period		
Current income tax	381,438	264,615
Deferred income tax	(42,997)	(4,697)
Financial costs	962,560	1,151,323
Impairment of receivables	528,195	684,318
Reversal of receivable impairment	(17,784)	(8,424)
Inventory impairment	1,552	-
Reversal of inventory impairment	(4,668)	(14,990)
(Reversal) increase in impairment	(2,386)	2,335
Employee benefit provisions	2,452	1,888
Other provisions	1,554,487	1,408,116
Reversal of other provisions	(851,269)	(734,151)
Depreciation of property, plant and equipment expense	891,766	927,414
Amortization of intangible assets expense	136,362	162,700
Share-based payments	44,505	-
(Gain) loss from the application of the equity method	(67,168)	36,037
Loss (gain) from the disposal of non-current assets	(96,327)	276,009
Other adjustments for which the effects on cash are cash flows provided by investment or financing activities	(279,115)	(249,176)
Operating income before changes in working capital	**4,314,547**	**4,974,383**
(Increase) in trade receivables and other accounts receivable	(782,943)	(682,885)
(Increase) in prepaid expenses	(35,023)	(9,480)
Decrease (increase) in receivables from related parties	106,211	(179,644)
(Increase) in inventories	(1,056,576)	(119,351)
(Increase) in tax assets	(1,207,119)	(1,105,884)
Employee benefits paid	(3,420)	-
(Decrease) in other provisions	(887,287)	(449,811)
Increase in trade payables and other accounts payable	1,219,285	1,136,784
Increase (decrease) in accounts payable to related parties	9,140	(30,640)
(Decrease) in tax liabilities	(94,531)	(162,402)
Increase (decrease) in other non-financial liabilities	35,869	(124,813)
Decrease (increase) in non-current assets held for trading	57,401	(1,959,215)
Increase in non-current liabilities held for trading	1,529,302	1,370,715
Net cash flows of discontinued operations provided by operating activities	683,537	64,727
Net cash flows provided by operating activities	**3,888,393**	**2,722,484**
Cash flows provided by investment activities		
Cash flows (used) to gain control over subsidiaries or other businesses	(2,480)	-
Cash flows from the loss of control over subsidiaries or other businesses	13,825	-
Cash flows (used) to maintain joint control in joint ventures	(5,106)	(36,000)
Acquisition of property, plant and equipment	(2,437,741)	(1,558,308)
Acquisition of investment property	(150,801)	(224,216)
Acquisition of intangible assets	(464,436)	(280,422)
Proceeds of the sale of property, plant and equipment	383,302	297,390
Proceeds of the sale of intangible assets	35	7,415
Dividends received	-	286,093
Net cash flows provided by discontinued operations (used in) investment activities	(479,533)	(307,914)
Net cash flows (used in) investment activities	**(3,142,935)**	**(1,815,962)**
Cash flows provided by financing activities		
Cash flows provided by changes in the share of interest in subsidiaries that do not result in loss of control	279,225	-
(Increase) decrease in other financial assets	(164,857)	24,633
Increase in other financial liabilities	854,348	287,231
Increase (decrease) in financial liabilities	1,124,124	(1,251,395)
(Decrease) in financial liabilities under lease agreements	(36,249)	(89,692)
Dividends paid	(310,726)	(234,991)
Financial yields	307,215	249,176
Interest paid	(981,726)	(1,177,326)
Transactions with non-controlling interests	(690,981)	116,753
Other cash inflows	156	109,936
Net cash flows provided by discontinued operations (used in) financing activities	(80,464)	(192,331)
Net cash flows provided by (used in) financing activities	**300,065**	**(2,158,006)**
Net increase (decrease) in cash and cash equivalents	**1,045,523**	**(1,251,484)**
Effects of variation in exchange rates	**(451,471)**	**(84,867)**
Cash and cash equivalents at the beginning of period of the discontinued operation	**3,210,708**	**3,710,833**
Cash and cash equivalents at the beginning of period	**5,281,618**	**6,117,844**
Less cash and cash equivalents at the end of period of the discontinued operation	**(3,112,614)**	**(3,210,708)**
Cash and cash equivalents at the end of period	**5,973,764**	**5,281,618**

Carlos Mario Giraldo Moreno
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Parent's Statutory Auditor
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(See accompanying report dated February 28, 2019)

Almacenes Éxito S.A.
Consolidated statements of changes in shareholders' equity
For the years ended December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	Issued share capital	Premium on the issue of shares	Treasury shares repurchased	Legal reserve	Occasional reserve	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					
Balance at December 31, 2016	**4,482**	**4,843,466**	**(2,734)**	7,857	1,644,887	22,000	15,710	5,672	**1,696,126**	**138,303**	**1,144,736**	**(102,692)**	**7,721,687**	**11,389,522**	**19,111,209**
Cash dividend declared	-	-	-	-	-	-	-	-	-	-	(21,771)	-	(21,771)	(210,631)	(232,402)
Net income for the period	-	-	-	-	-	-	-	-	-	-	217,713	-	217,713	853,353	1,071,066
Other comprehensive income	-	-	-	-	-	-	-	-	-	(187,997)	-	-	(187,997)	(256,211)	(444,208)
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	-	-	-	-	-	-	-	-	-	-	-	-	-	27,395	27,395
(Decrease) from other distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,561)	(11,561)
Increase from other contributions of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	138,133	138,133
Measurement of the *put option* at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	(56,185)	(56,185)
Other developments in shareholders' equity	-	-	-	-	(1,435)	-	-	3,990	2,555	-	(6,184)	113,565	109,936	18,971	128,907
Balance at December 31, 2017	**4,482**	**4,843,466**	**(2,734)**	7,857	1,665,209	22,000	15,710	9,662	**1,720,438**	**(49,694)**	**1,312,737**	**10,873**	**7,839,568**	**11,892,786**	**19,732,354**
Balance at December 31, 2017	**4,482**	**4,843,466**	**(2,734)**	7,857	1,665,209	22,000	15,710	9,662	**1,720,438**	**(49,694)**	**1,312,737**	**10,873**	**7,839,568**	**11,892,786**	**19,732,354**
Cash dividend declared	-	-	-	-	-	-	-	-	-	-	(108,857)	-	(108,857)	(203,152)	(312,009)
Net income for the period	-	-	-	-	-	-	-	-	-	-	279,403	-	279,403	893,541	1,172,944
Other comprehensive income	-	-	-	-	-	-	-	-	-	(658,998)	-	-	(658,998)	(902,051)	(1,561,049)
Appropriation for reserves	-	-	-	-	108,856	-	-	-	108,856	-	(108,856)	-	-	-	-
Increase from changes in the ownership interest in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	(74,822)	(74,822)	351,568	276,746
(Decrease) from other distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(692,464)	(692,464)
Increase from other contributions of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	1,483	1,483
Measurement of the *put option* at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	22,791	22,791
Other developments in shareholders' equity	-	-	-	-	(1,494)	-	-	17,579	16,085	-	(130,927)	488,288	373,446	(56,544)	316,902
Balance at December 31, 2018	**4,482**	**4,843,466**	**(2,734)**	7,857	1,772,571	22,000	15,710	27,241	**1,845,379**	**(708,692)**	**1,243,500**	**424,339**	**7,649,740**	**11,307,958**	**18,957,698**

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

Carlos Mario Giraldo Moreno
Parent's Legal Representative
(See accompanying certificate)

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Ángela Jaimes Delgado
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(See accompanying report dated February 28, 2019)

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 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 December 31, 2018, the controlling entity had 55.30% interest (December 31, 2017 - 55.30%) in the share capital of the Parent.

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 December 31, 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%
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.) (a)	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. (b)	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 (c)	Colombia	Colombia	Colombian peso	0.00%	26.01%	26.01%	51.00%	0.00%	51.00%
Patrimonio Autónomo Viva Villavicencio (c)	Colombia	Colombia	Colombian peso	0.00%	26.01%	26.01%	51.00%	0.00%	51.00%
Patrimonio Autónomo San Pedro Etapa I (c)	Colombia	Colombia	Colombian peso	0.00%	26.01%	26.01%	51.00%	0.00%	51.00%
Patrimonio Autónomo Centro Comercial (c)	Colombia	Colombia	Colombian peso	0.00%	26.01%	26.01%	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%
	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%

Name	Segment	Country	Functional currency	Stock ownership 2018 Direct	Stock ownership 2018 Indirect	Stock ownership 2018 Total	Stock ownership 2017 Direct	Stock ownership 2017 Indirect	Stock ownership 2017 Total
Ameluz S.A.									
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%
Tipsel S.A. (d)	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Tedocan S.A. (d)	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
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. (e)	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 (f)	Brazil	United States of America	Euro	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%
Pincher LLC (f)	Brazil	United States of America	Euro	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%
Bengal LLC (f)	Brazil	United States of America	Euro	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%
Wilkes Partipações 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%	18.68%	18.68%	0.00%	18.70%	18.70%
Sendas Distribuidora S.A.	Brazil	Brazil	Brazilian real	0.00%	18.68%	18.68%	0.00%	18.70%	18.70%
Bellamar Empreend. e Participações Ltda.	Brazil	Brazil	Brazilian real	0.00%	18.68%	18.68%	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%	18.68%	18.68%	0.00%	18.70%	18.70%
CBD Holland B.V.	Brazil	Holland	Euro	0.00%	18.68%	18.68%	0.00%	18.70%	18.70%
GPA 2 Empreed. e Participações Ltda.	Brazil	Brazil	Brazilian real	0.00%	18.68%	18.68%	0.00%	18.70%	18.70%
GPA Logística e Transporte Ltda.	Brazil	Brazil	Brazilian real	0.00%	18.68%	18.68%	0.00%	18.70%	18.70%
Companhia Brasileira de Distribuição Luxembourg Holding S.A.R.L.	Brazil	Luxembourg	Euro	0.00%	18.68%	18.68%	0.00%	18.70%	18.70%
SCB Distribuição e Comércio Varejista de Alimentos Ltda.	Brazil	Brazil	Brazilian real	0.00%	18.68%	18.68%	0.00%	18.70%	18.70%
Bitz Fidelidade e Inteligência S.A.	Brazil	Brazil	Brazilian real	0.00%	18.68%	18.68%	0.00%	18.70%	18.70%
Leji Intermediação S.A.	Brazil	Brazil	Brazilian real	0.00%	18.68%	18.68%	0.00%	18.70%	18.70%
Companhia Brasileira de Distribuição Netherlands Holding B.V.	Brazil	Holland	Euro	0.00%	18.68%	18.68%	0.00%	18.70%	18.70%
Novasoc Comercial Ltda.	Brazil	Brazil	Brazilian real	0.00%	18.68%	18.68%	0.00%	18.70%	18.70%
Via Varejo Luxembourg Holding S.A.R.L. (g)	Brazil	Luxembourg	Euro	0.00%	0.00%	0.00%	0.00%	8.10%	8.10%
Via Varejo Netherlands Holding B.V. (g)	Brazil	Holland	Euro	0.00%	0.00%	0.00%	0.00%	8.10%	8.10%
CNova Comércio Eletrônico S.A.	Brazil	Brazil	Brazilian real	0.00%	8.08%	8.08%	0.00%	8.10%	8.10%
E-Hub Consult. Particip. e Com. S.A. (g)	Brazil	Brazil	Brazilian real	0.00%	0.00%	0.00%	0.00%	8.10%	8.10%
Nova Experiência PontoCom S.A. (g)	Brazil	Brazil	Brazilian real	0.00%	0.00%	0.00%	0.00%	8.10%	8.10%
Via Varejo S.A.	Brazil	Brazil	Brazilian real	0.00%	8.08%	8.08%	0.00%	8.10%	8.10%
Indústria de Móveis Bartira Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.08%	8.08%	0.00%	8.10%	8.10%
VVLOG Logística Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.08%	8.08%	0.00%	8.10%	8.10%
Globex Administracao e Serviços Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.08%	8.08%	0.00%	8.10%	8.10%
Lake Niassa Empreend. e Participações Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.08%	8.08%	0.00%	8.10%	8.10%
Globex Administradora de Consórcio Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.08%	8.08%	0.00%	8.10%	8.10%
Cnova Finança B.V. (g)	Brazil	Holland	Brazilian real	0.00%	0.00%	0.00%	0.00%	6.56%	6.56%

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

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

(c) These stand-alone trust funds were contributed to Patrimonio Autónomo Viva Malls.

(d) Subsidiaries acquired through the business combinations carried out by Mercados Devoto S.A. on June 20, 2018 (Tipsel S.A.) and on July 2, 2018 (Tedocan S.A.)

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

(f) Companies merged with Wilkes Partipações S.A.

(g) These subsidiaries were closed during 2018.

Note 1.2. Colombian and foreign operating subsidiaries

The accompanying consolidated financial statements at December 31, 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, Tipsel S.A., acquired on June 20, 2018, Tedocan S.A., acquired on July 2, 2018, and subsidiary Ceibotel S.A., sold on September 20, 2018, as mentioned in the preceding subsection 1.1.

Below is a detail of the corporate purpose and other company information regarding Colombian operating subsidiaries and the most important operating subsidiaries abroad:

Almacenes Éxito Inversiones S.A.S.

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

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

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

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

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

Gemex O & W S.A.S.

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

Éxito Viajes y Turismo S.A.S.

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

Fideicomiso Lote Girardot

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

Patrimonio Autónomo Viva Malls

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

Patrimonio Autónomo Viva Sincelejo

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

Patrimonio Autónomo Viva Villavicencio

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

Patrimonio Autónomo San Pedro Etapa I

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

Patrimonio Autónomo Centro Comercial

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

Patrimonio Autónomo Iwana

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

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.

Companhia Brasileira de Distribuição - CBD

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

The main corporate purpose of Companhia Brasileira de Distribuição – CBD is the sale of finished and semi-finished products or Brazilian and foreign raw materials of any kind, nature or quality, provided the sale thereof is not forbidden by law. The life span of the company is indefinite.

Directly or through its subsidiaries, it is engaged in the retailing of food, clothes, domestic appliances, technology and other products at its chain of hypermarkets, supermarkets, specialty shops and department stores, mainly under the banners "Pão de Açúcar", "Minuto Pão de Açúcar", "Extra Hiper", "Extra Super", "Minimercado Extra", "Assai ", "Ponto Frio" and "Casas Bahia", as well as the e-commerce sites "CasasBahia.com" , "Extra.com", "Pontofrio.com", "Barateiro.com", "Partiuviagens.com" and "Cdiscount.com" and the neighborhood mall banner "Conviva".

Libertad S.A.

A company with domicile in Argentina. It was incorporated on July 8, 1994, under registration number 618 with the Direction for Inspection of Legal Entities (DIPJ) in the Argentine Republic. Its main corporate purpose is the exploitation of supermarkets and wholesale stores, carrying out all kinds of ancillary transactions related with its core business. The life span of the company goes to July 8, 2084.

Supermercados Disco del Uruguay S.A.

A company with domicile in Uruguay. Its core business is the local market retailing of mass consumption products through a chain of supermarkets located in the departments of Montevideo, Canelones and Maldonado.

Devoto Hermanos S.A.

A company with domicile in Uruguay. Its core business is the local market retailing of mass consumption products through a chain of supermarkets located in the departments of Montevideo, Canelones and Maldonado.

Mercados Devoto S.A.

A company with domicile in Uruguay. Its core business is the local market retailing of mass consumption products through a chain of supermarkets located in the departments of Montevideo and Maldonado.

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 non-current asset held for trading 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 1.4. Subsidiaries with material non-controlling interests

At December 31, 2018 and December 31, 2017, the following subsidiaries, taken as reporting entities, have been included in the consolidated financial statements as subsidiaries with material non-controlling interests.

	Material non-controlling ownership percentage (1)	
	December 31, 2018	**December 31, 2017**
Grupo Disco del Uruguay S.A.	37.51%	37.51%
Éxito Viajes y Turismo S.A.S.	49.00%	49.00%
Patrimonio Autónomo Viva Malls	49.00%	49.00%
Patrimonio Autónomo Viva Sincelejo	73.99%	49.00%
Patrimonio Autónomo Viva Villavicencio	73.99%	49.00%
Patrimonio Autónomo San Pedro Etapa I	73.99%	49.00%
Patrimonio Autónomo Centro Comercial	73.99%	49.00%
Patrimonio Autónomo Iwana	49.00%	49.00%
Patrimonio Autónomo Centro Comercial Viva Barranquilla	54.10%	54.10%
Patrimonio Autónomo Viva Laureles	59.20%	59.20%
Patrimonio Autónomo Viva Palmas	73.99%	73.99%
Companhia Brasileira de Distribuição - CBD	81.32%	81.30%

(1) Total non-controlling interest, considering the Parent's direct and indirect interest.

Below is a summary of financial information relevant to assets, liabilities, period results and cash flows of subsidiaries that hold material non-controlling interests, taken as reporting entities and included in the consolidated financial statements. Balances are shown before the eliminations required as part of the consolidation process.

	Statement of financial position							Statement of comprehensive income				
Company	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Equity**	**Controlling ownership**	**Non-Controlling ownership**	**Revenue from ordinary activities**	**Income from continuing operations**	**Total comprehensive income**	**Controlling ownership**	**Non-controlling ownership**
							At December 31, 2018					
Grupo Disco del Uruguay S.A.	406,021	720,225	381,798	-	744,448	1,585,850	279,242	1,619,936	111,001	111,001	68,460	41,636
Éxito Viajes y Turismo S.A.S.	27,070	2,064	21,290	-	7,844	-	3,843	24,439	5,496	5,496	-	2,693
Patrimonio Autónomo Viva Malls	92,004	2,076,120	42,346	-	2,125,778	-	1,041,631	206,885	81,473	81,473	-	39,922
Patrimonio Autónomo Viva Sincelejo	3,548	79,835	2,037	-	81,346	41,486	39,860	11,690	5,628	5,628	460	2,758
Patrimonio Autónomo Viva Villavicencio	21,460	211,655	12,015	-	221,100	109,803	108,339	26,909	18,577	18,577	1,265	9,103
Patrimonio Autónomo San Pedro Etapa I	1,296	33,468	845	-	33,919	17,298	16,620	3,752	2,316	2,316	111	1,135
Patrimonio Autónomo Centro Comercial	8,439	109,337	3,384	-	114,392	57,446	56,052	10,457	6,206	6,206	353	3,041
Patrimonio Autónomo Iwana	127	6,107	160	-	6,074	-	2,976	310	(131)	(131)	-	(64)
Patrimonio Autónomo Centro Comercial Viva Barranquilla	21,007	315,765	22,043	-	314,729	283,256	154,217	43,796	12,943	12,943	11,649	6,342
Patrimonio Autónomo Viva Laureles	1,721	109,304	2,551	-	108,474	86,779	21,695	15,775	8,083	8,083	6,466	1,617
Patrimonio Autónomo Viva Palmas	2,306	32,134	2,545	-	31,895	16,266	15,629	3,211	(143)	(143)	(73)	(70)
Companhia Brasileira de Distribuição – CBD	30,100,981	17,490,518	27,689,112	7,190,545	12,711,842	4,797,787	10,337,270	40,141,725	1,059,973	1,059,973	188,890	861,970
							At December 31, 2017					
Grupo Disco del Uruguay S.A.	402,742	724,997	414,305	-	713,434	1,581,645	267,609	1,635,120	125,776	125,776	77,730	47,179
Éxito Viajes y Turismo S.A.S.	21,949	2,359	16,945	-	7,363	3,755	3,608	20,517	5,793	5,793	2,955	2,838
Patrimonio Autónomo Viva Malls	199,944	945,377	41,459	-	1,103,862	537,572	540,892	115,072	52,644	52,644	24,413	25,796
Patrimonio Autónomo Viva Sincelejo	2,107	81,494	1,352	-	82,249	41,947	40,302	11,955	5,622	5,622	2,867	2,755
Patrimonio Autónomo Viva Villavicencio	10,318	215,461	7,145	-	218,634	108,124	107,131	24,585	17,244	17,244	8,794	8,450
Patrimonio Autónomo San Pedro Etapa I	625	34,165	410	-	34,380	17,534	16,846	3,774	2,326	2,326	1,186	1,140
Patrimonio Autónomo Centro Comercial	3,498	112,258	1,413	-	114,343	57,294	56,028	9,930	5,911	5,911	3,015	2,896
Patrimonio Autónomo Iwana	179	6,254	166	-	6,267	3,196	3,071	351	(108)	(108)	(55)	(53)
Patrimonio Autónomo Centro Comercial Viva Barranquilla	7,014	209,567	8,569	-	208,012	187,211	20,801	39,547	23,372	23,372	21,035	2,337
Patrimonio Autónomo Viva Laureles	3,314	111,618	4,832	-	110,100	88,080	22,020	14,963	8,024	8,024	6,419	1,605
Patrimonio Autónomo Viva Palmas	2,319	30,470	2,566	-	30,223	15,414	14,809	3,794	1,701	1,701	868	833
Companhia Brasileira de Distribuição – CBD	29,587,982	17,216,931	26,357,858	7,440,690	13,006,365	4,807,240	10,576,776	41,272,009	542,000	496,020	71,941	403,363

	Cash flows for the year ended December 31, 2018				Cash flows for the year ended December 31, 2017			
Company	**Operating activities**	**Investment activities**	**Financing activities**	**Net increase (decrease in cash**	**Operating activities**	**Investment activities**	**Financing activities**	**Net increase (decrease) in cash**
Grupo Disco del Uruguay S.A.	72,461	(34,105)	(34,215)	4.141	103,052	(37,555)	(46,924)	(18,573)
Éxito Viajes y Turismo S.A.S.	9,563	(256)	(1,293)	8,014	5,933	333	(6,707)	(441)
Patrimonio Autónomo Viva Malls	196,444	(309,221)	104,607	(4,170)	45,727	(172,309)	235,680	17,644
Patrimonio Autónomo Viva Sincelejo	6,505	(419)	(5,676)	410	7,761	(69)	(6,768)	924
Patrimonio Autónomo Viva Villavicencio	21,873	(1,903)	(9,654)	10,316	6,165	(8,940)	(19,251)	(22,026)
Patrimonio Autónomo San Pedro Etapa I	2,723	-	(2,339)	384	3,085	-	(3,162)	(77)
Patrimonio Autónomo Centro Comercial	7,909	47	(4,330)	3,626	1,476	-	(5,911)	(4,435)
Patrimonio Autónomo Iwana	9	-	(56)	(47)	155	-	(58)	97
Patrimonio Autónomo Centro Comercial Viva Barranquilla	22,716	(2,194)	(7,573)	12,949	25,615	(1,035)	(29,371)	(4,791)
Patrimonio Autónomo Viva Laureles	10,253	(225)	(11,537)	(1,509)	13,186	(2)	(12,546)	638
Patrimonio Autónomo Viva Palmas	1,062	(209)	(846)	7	3,097	(290)	(2,453)	354
Companhia Brasileira de Distribuição - CBD	3,282,399	(2,684,992)	(4,302)	593,105	1,751,896	(1,472,068)	(1,935,362)	(1,655,534)

Note 1.5. Restrictions on the transfer of funds

At December 31, 2018 and at December 31, 2017 there are no restrictions on the capability of subsidiaries to transfer funds to the Parent in the form of cash dividends, or loan repayments or advance payments.

Note 2. Basis for preparation

The financial statements for the years ended December 31, 2018 and December 31, 2017 have been prepared in accordance with accounting and financial information standards accepted in Colombia, set out in Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB), regulated in Colombia by Regulatory Decree 2420 of 2015, "Single Regulatory Decree on accounting, financial information and information assurance standards", amended on December 23, 2015 by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170, and updated on December 28, 2018 by Regulatory Decree 2483. Neither the Parent or its subsidiaries have applied any of the exceptions to the IFRS contained in such decrees.

Financial statements herein presented

These consolidated financial statements include the financial statements of the Parent and its subsidiaries and are comprised of the statements of financial position and statements of changes in shareholders' equity at December 31, 2018 and December 31, 2017, as well as the statements of income, the statements of comprehensive income and the statements of cash flows for the years ended on December 31, 2018 and December 31, 2017.

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

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), regulated in Colombia by Regulatory Decree 2420 of 2015, "Single Regulatory Decree on accounting, financial reporting and information assurance standards", amended on December 23, 2015, by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170 and updated on December 28, 2018 by Regulatory Decree 2483 without applying any of the exceptions to the IFRS therein contained, requires management judgment to apply the accounting policies.

Accounting estimates and judgments

The Parent's and its subsidiaries' estimations to quantify some of the assets, liabilities, revenue, expenses and commitments therein contained have been used to prepare the accompanying financial statements. Basically, such estimations refer to:

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

Such estimations are based on the best information available regarding the facts analyzed at the date of preparation of the accompanying consolidated 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. All other assets and liabilities are classified as non-current.

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 of the Parent and of each of its subsidiaries belong to non-hyperinflationary economies, exception made of Argentina whose accumulated inflation rate over the past three years calculated using different consumer price index combinations has exceeded 100%, reason why the consolidated financial statements include inflation adjustments.

Domestic forecasts for such country suggest that there is low probability that the inflation rate would significantly decrease under 100% during 2019. For these reasons, Argentina economy is hyperinflationary.

Subsidiaries in Argentina present their financial statements adjusted for inflation as provided for in 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 results in the statement of income. For this purpose, monetary balances are translated into the functional currency using the market representative exchange rate (*).

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

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

Accounting accrual basis

The 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 consolidated financial statements, 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.

In consolidating the financial statements, all subsidiaries apply the same policies and accounting principles implemented by the Parent, pursuant to accounting and financial reporting standards accepted in Colombia, set out by Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB), regulated in Colombia by Regulatory Decree 2420 of 2015, "Single Regulatory Decree on accounting, financial reporting and information assurance standards", amended on December 23, 2015, by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170 and updated on December 28, 2018 by Regulatory Decree 2483 without applying any of the exceptions to the IFRS therein contained.

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**	
	December 31, 2018	**December 31, 2017**	**December 31, 2018**	**December 31, 2017**
US Dollar	3,249.75	2,984.00	2,956.43	2,951.32
Uruguayan peso	100.25	103.72	96.36	103.05
Brazilian real	838.75	902.14	812.77	924.67
Argentine peso	86.29	158.51	111.63	178.69
Euro	3,714.98	3,583.19	3,486.88	3,336.46

Note 4. Significant accounting policies

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

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

Investments in associates and joint arrangements

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

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

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

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

Investments in associates or joint ventures are recognized using the equity method.

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

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

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

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

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

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

Related parties

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

The following are deemed related parties by the Parent: its associates and joint ventures; entities exercising joint control or significant influence over the Parent and its subsidiaries; key management personnel, including members of the Board of Directors, CEOs, Vice-presidents, business corporate managers and Officers with the ability of directing, planning and controlling the activities of the Parent and its subsidiaries; companies over which key management personnel may exercise control or joint control, and the close relatives of the key management who might have an influence on the Parent and its subsidiaries.

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

Business combinations and goodwill

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

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

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

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

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

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

For each business combination, the Parent measures non-controlling interests at fair value and as a proportion of the identifiable net assets of the business acquired.

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

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

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

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

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

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

Intangible assets

Refer to non-monetary assets, with no physical substance, controlled by the Parent as a result of past events and from which future economic benefits may be expected.

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

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

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

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

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

Intangible assets having indefinite useful lives are not amortized, but are subject to impairment testing, on an annual basis or wherever there is indication that value thereof has been impaired.

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

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

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

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

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

Research and development costs

Research costs are recognized as expenses as they are incurred. Disbursements for development of individual projects are recognized as intangible assets wherever the Parent and its subsidiaries are in the capacity of demonstrating:

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

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

Property, plant and equipment

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

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

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

The cost of property, plant and equipment elements includes acquisition cost, import duties, non-recoverable indirect taxes, future dismantling costs, if any, costs from loans directly attributable to the acquisition of a qualifying asset and the costs individually attributable to place the asset in the site and usage conditions foreseen by the Parent's and its subsidiaries' management, net of trade discounts and rebates.

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

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

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

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

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

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

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

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

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

Investment property

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

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

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

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

Situations that can lead to transfer are:

- The Parent and its subsidiaries will occupy the asset classified as investment property; in this event, the asset is reclassified to property, plant and equipment,
- The Parent and its subsidiaries start a development on the investment property or property, plant and equipment towards its sale, provided there is a significant advance in the development of tangible assets or in the project to be sold as a whole. In these events, the asset is reclassified to inventories,
- The Company and its subsidiaries enter into an operating lease agreement with a third party on a property, plant and equipment item. In this event, the asset is reclassified to investment property.

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

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

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

Non-current assets held for trading and discontinued operations

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

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

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

The revenue, costs and expenses from a discontinued operation are presented separately from those from continuing activities, in one single line item after income tax, in the statement of income for the current period and the comparative period for the preceding year, even if a non-controlling interest in the discontinued operation is kept after the sale. An operation is deemed to be discontinued wherever it meets the definition of non-current assets held for trading and represents a business line or geographical area of operations that are material to the Parent and its subsidiaries, or a subsidiary acquired with trading purposes or are part of a single coordinated plan to maintain a business line or geographical area of operations that are material and are deemed separate.

Finance leases

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

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

a. The Parent and its subsidiaries as lessees

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

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

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

b. The Parent and its subsidiaries as lessors

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

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

Operating leases

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

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

Wherever the Parent and its subsidiaries make or receive advance lease payments on account of the use of an asset, such payments are booked as expenses paid in advance and collections are booked as revenue received in advance, and both are amortized over the term of the lease agreement.

Loan costs

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

Impairment of non-financial assets

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

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

Impairment indicators as defined by the Parent and its subsidiaries, in addition to external data sources (economic environment and the market value of the assets, among other), are based on the nature of assets:
- Movable assets attached to a cash-generating unit: ratio between the net book value of the assets related to each store and sales value (VAT included). Should this proportion be higher than the percentage defined for each format, then there is indication of impairment;
- Real estate: comparison of the net book value of assets to the market value thereof.

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

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

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

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

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

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

Inventories

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

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

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

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

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

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

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

Financial assets

Financial assets are recognized in the statement of financial position when the Parent and its subsidiaries become a party pursuant to the instrument terms and conditions. Financial assets are classified in the following categories:

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

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

a. Financial assets measured at fair value through income

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

b. Financial assets measured at amortized cost

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

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

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

c. Financial assets at fair value through other comprehensive income

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

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

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

d. Derecognition

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

e. Effective interest method

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

f. Impairment of financial assets

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

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

g. Loans and accounts receivable

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

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

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

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

h. Cash and cash equivalents

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

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

Financial liabilities

Financial liabilities are recognized in the statement of financial position when the Parent and its subsidiaries become a party pursuant to the instrument terms and conditions. Financial liabilities are classified as financial liabilities at fair value through income and financial liabilities measured at amortized cost.

a. Financial liabilities measured at fair value through income

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

b. Financial liabilities measured at amortized cost

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

c. Derecognition

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

d. Effective interest method

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

Embedded derivatives

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

Derivative financial instruments

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

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

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

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

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

Even if it is true that the Parent and its subsidiaries do not use derivative financial instruments for speculative purposes, in these financial statements such derivatives have not been deemed hedge instruments given that they do not meet the requirements set by the International Financial Reporting Standards adopted in Colombia.

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

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

Hedge accounting

Parent and its subsidiaries carry out hedge transactions under term *forward and swap* contracts, to cover the risks associated with changes in the exchange rates applicable to their investments and in the exchange rates and interests rates applicable to their liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Share-based payments

Employees (including senior management) of subsidiary Grupo Companhia Brasileira de Distribuição - CBD, receive compensation in the form of share-based payments, by means of which employees render services in exchange for equity instruments ("Transactions settled with shares").

The cost of transactions settled with shares is recognized as a period expense with an increase in net shareholders' equity as balancing entry, over the period during which the performance and service conditions are met. Service conditions require that an employee complete a certain service period, and performance conditions require than an employee complete a certain service period and certain performance goals.

Accrued expenses recognized from equity instruments at the closing of each period until the vesting date (irrevocability) of the benefit, reflect the degree in which the vesting period has expired and the best estimation of the number of equity instruments that will eventually vest. It is understood that the vesting date is that on which subsidiary Companhia Brasileira de Distribuição – CBD and employees reach agreement on share-based payments, that is to say, when the parties reach understanding on the terms and conditions of the agreement. On such date, subsidiary Companhia Brasileira de Distribuição – CBD confer upon its counterparty the right to receive equity instruments, subject to compliance, where appropriate, of certain vesting conditions (irrevocability).

When an equity instrument is amended, the minimum expense recognized is the expense that would have been incurred if the conditions had not changed; additional expense is recognized for any change that may increase the fair value of the share-based payment, or is of benefit to the employee, measured on the date of the amendment.

Upon cancellation of an equity instrument, treatment is given as if fully vested on the date of cancellation, and any unrecognized expense related to the premium is immediately recognized in period results. This includes any premium whose non-consolidation conditions, under the control of subsidiary Companhia Brasileira de Distribuição - CBD or under the control of the employee, are not met. However, if the plan that has been cancelled is replaced by another plan and is named as replacement on the date it is carried out, the granting plan cancelled and the new plan are treated as if they were and amendment of the original plan, as described in the preceding paragraph. All cancellations of settled equity instrument transactions are treated equally (Note 28 Share-based payments)

Employee benefits

a. Defined contribution plans

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

b. Defined post-employment benefit plans

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

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

c. Long-term employee benefits

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

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

d. Short-term employee benefits

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

e. Employee termination benefits

The Parent and its subsidiaries pay to employees certain benefits upon termination, wherever decision is made to terminate a labor contract earlier than on the ordinary retirement date, or wherever an employee accepts a benefits offer in exchange for termination of his labor contract.

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

Provisions, contingent assets and liabilities

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

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

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

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

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

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

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

Taxes

Taxes include liabilities payable to Government by the Parent and its subsidiaries, determined based on private assessments generated during the relevant taxable period.

Taxes include:

Colombia:
- Income tax,
- Real estate tax, and
- Industry and trade tax.

Brazil:
- Financial Contribution to Social Security (COFINS),
- Social Security Tax (PIS),
- Tax on Services (ISS),
- Tax on Property (IPTU),
- Social Contribution on Net Income (CSLL), and
- Imposto de Renta de Personas Jurídicas (IRPJ).

Argentina:
- Income tax,
- Province taxes,
- Tax on personal property - substitute responsible party, and
- Municipal trade and industry tax.

Uruguay:
- Income tax (IRIC),
- Tax on equity,
- Real property tax,
- Industry and trade tax,
- Tax on Control of Stock Corporations (ICOSA),
- National tax on wine production (INAVI), and
- Tax on the Disposal of Transfer of Agricultural and Livestock Assets (IMEBA)

Current income tax

The current income tax for the Parent and its subsidiaries in Colombia is assessed on the higher of the presumptive income and the taxable net income at the official rate applicable annually on each closing of presentation of financial statements. The income tax expense is recognized with charge to income.

In the case of Brazilian subsidiaries, the income tax includes the “Imposto de Renda da Pessoa Jurídica (“IRPJ”)” and the “Contribuição Social sobre o Lucro Líquido (“CSLL”)”, assessed on the income adjusted pursuant to legal regulations. Official tax rates are 15% on the adjusted income, and additional 10% on the adjusted income exceeding R$240,000 for the IRPJ and 9% for the CSLL.

Regarding subsidiaries in Uruguay, the income tax is assessed at the official rate of 25%: and for subsidiaries in Argentina, the rate applicable is 25%.

The income tax expense is recognized with charge to income.

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

Deferred income tax

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

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

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

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

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

Share capital

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

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

Revenue from ordinary activities under contracts with customers

Revenue from ordinary activities under contracts with customers include retail sales at stores, provision of services, sales of real estate projects and inventories, sale of extended warranties, lease of property and physical space and supplementary businesses such as insurance, travel, telephone, transportation and financing to customers, among other.

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

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

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

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

Intermediation contracts are analyzed on the grounds of specific criteria to determine when the Parent and its subsidiaries act as principal and when as a commission agent.

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

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

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

Revenue from interest is recognized using the effective interest method.

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

Loyalty programs

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

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

Costs and expenses

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

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

Earnings per share (basic and diluted)

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

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

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

Operation segments

An operating segment is a component that develops business activities from which it obtains revenue under ordinary activities and incurs costs and expenses, whose operating results are reviewed on an ongoing basis by the highest operating decision-making authority of the Parent, namely the Board of Directors, and regarding which distinct financial information is available. Parent's Management assesses the profitability of such segments based on the revenue from ordinary activities under contracts with customers.

Information by segment is structured in 4 main segments: Colombia, Brazil, Uruguay and Argentina. In turn, such segments are subdivided as follows:

- Colombia: Éxito, Surtimax-Suúper Inter and B2B (includes all Colombian direct subsidiaries of the Parent).
- Brazil: Food, Non-Food and E-Commerce (includes all subsidiaries of Companhia Brasileira de Distribuição – CBD and holding companies).
- Uruguay and holding companies.
- Argentina and holding companies.

For presentation purposes, non-operating companies - holding companies that hold interests in the operating companies - are allocated by segments to the geographical 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.

Total assets and liabilities by segment are not reported internally for management purposes and consequently they are not disclosed in the note regarding disclosure of information by segment.

Information by segment is prepared under the same accounting policies as those applied to consolidated financial statements.

Note 5. New and modified standards and interpretations

Note 5.1. Standards issued during the year ended December 31, 2018

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

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

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

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

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

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

Note 5.2. Standards applied as of 2018, issued prior to January 1, 2018

The following standards started to be applied as of January 1, 2018 according to the adoption date set by the IASB:
- Amendment to IAS 40. (a)
- Amendments to IFRS 4. (a)
- Amendments to IFRS 2. (a)
- Annual improvements cycle 2014-2016. (a)
- IFRS 15 - Revenue from Ordinary Activities under Contracts with Customers. (b)
- IFRS 9 - Financial Instruments (c)
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration (d)

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

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

(c) The Parent and its subsidiaries started the early application of this standard as of January 1, 2014. No material effects resulted from application of this IFRS.

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

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

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

The amendments are effective for periods commencing on or after January 1, 2018. Earlier application was permitted. No earlier application was considered by the Parent and its subsidiaries.

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

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

The amendments are effective for periods commencing on or after January 1, 2018. This amendment does not apply to the Parent and its subsidiaries.

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

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

The amendments are effective for periods commencing on or after January 1, 2018. Earlier application was permitted. No earlier application was considered by the Parent and its subsidiaries.

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

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

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

An entity recognizes revenue from ordinary activities pursuant to such basic principle, by applying the following stages:
- Stage 1: Identify customer contract.
- Stage 2: Identify performance obligations under the contract.
- Stage 3: Define the transaction price.
- Stage 4: Allocate the transaction price to performance obligations under the contract.
- Stage 5: Recognize ordinary revenue when (or in as much as) the entity fulfills a performance obligation.

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

The standard is effective for periods commencing on or after January 1, 2018. No earlier application was considered by the Parent and its subsidiaries.

The Parent and its subsidiaries have reviewed the changes in this standard as compared to what was required by previous standards that are deleted by this standard.

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 did not change the notes to the financial statements given that there are no changes related with judgments applied in the definition of the transaction price, or in the disaggregation of the revenue recognized from contracts with customers, or in the information on revenue for each reporting segment.

IFRS 9 - "Financial Instruments" (issued 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.

IFRIC 22 - "Foreign Currency Transactions and Advance Consideration" (issued 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 was permitted. No earlier application was considered by the Parent and its subsidiaries. No material effects resulted from application of this IFRIC.

Note 5.3. Standards adopted earlier during the year ended December 31, 2018

During the year ended December 31, 2018 the Parent and its subsidiaries did not apply the early adoption of standards.

Note 5.4. Standards not yet in force at December 31, 2018, issued prior to January 1, 2018

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

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

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

IFRS 16 - "Leases" (issued 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.

Note 42 discloses the assessment of the quantitative impact on information systems and processes as well as changes in internal controls, arising from the new requirements set out by the standard.

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

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

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

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

Additionally, it requires 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.

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

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

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

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

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

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

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

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

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

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

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

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

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 entity outstanding during the period. Nevertheless, an entity will exclude from this calculation the loan costs applicable to loans specifically obtained to fund a qualifying asset until all activities required to prepare such asset for its foreseen use or sale are completed. The amount of borrowing costs that an entity is entitled to capitalize during the period will not exceed total loan costs incurred during the same period.

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

Note 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 applicable as of January 1, 2018.

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

Note 5.4 summarizes these standards and amendments.

Note 5.6 Standards applied as of 2017, issued prior to January 1, 2017

During the year ended December 31, 2016, the IASB issued several standards, as detailed in section 4.8. Out of such standards issued, the following started to be applied as of January 1, 2017 according to the adoption date set by the IASB:
- Amendment to IAS 12.
- Amendment to IAS 7.

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

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

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

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

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

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

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

Note 5.7 Standards adopted earlier during the year ended December 31, 2017

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

Note 5.8 Standards not yet in force at December 31, 2017, issued prior to January 1, 2017

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

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

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

Note 6. Business combinations

Note 6.1. Business combinations carried out and completed during the year ended December 31, 2018

The following business combinations were carried out and completed during the year ended December 31, 2018:

Note 6.1.1. Tipsel S.A. business combination

Seeking to expand operations in Uruguay, on June 20, 2018, subsidiary Mercados Devoto S.A. acquired 100% of the shares of Tipsel S.A., a company engaged in the food self-service business.

Acquisition price on the date of acquisition amounted to $586 and was fully allocated to goodwill.

Goodwill was fully allocated to the Uruguay segment and is attributable to the synergies expected from the integration of the operation of stores acquired in this country.

Expenses associated with the acquisition of this company were not material.

The consolidation of Tipsel S.A. from the date of acquisition resulted in revenue from ordinary activities in amount of $77 and no earnings.

The goodwill has shown the following variations from the time of business acquisition to the balance carried at December 31, 2018:

Goodwill from the acquisitions at June 20, 2018	584
Effect of exchange difference	49
Goodwill at December 31, 2018 (Note 15)	633

Note 6.1.2 Tedocan S.A. business combination

Seeking to expand operations in Uruguay, on July 2, 2018, subsidiary Mercados Devoto S.A. acquired 100% of the shares of Tedocan S.A., a company engaged in the food self-service business.

Acquisition price on the date of acquisition amounted to $1,055 and was fully allocated to goodwill.

Goodwill was fully allocated to the Uruguay segment and is attributable to the synergies expected from the integration of the operation of stores acquired in this country.

Expenses associated with the acquisition of this company were not material.

The consolidation of Tedocan S.A. from the date of acquisition resulted in revenue from ordinary activities in amount of $139 and loss of $4.

The goodwill has shown the following variations from the time of acquisition to December 31, 2018:

Goodwill from the acquisitions at July 2, 2018	1,258
Effect of exchange difference	98
Goodwill at December 31, 2018 (Note 15)	1,356

Note 6.2. Business combinations carried out during the year ended December 31, 2018

The following business combinations were carried out and completed during the year ended December 31, 2018:

Note 6.2.1. Cheftime business combination

On November 12, 2018, Companhia Brasileira de Distribuição - CBD entered a strategic association with Cheftime to allocate and sell gastronomic packages online. The agreement entitles Companhia Brasileira de Distribuição - DBC to acquire control over Cheftime. Companhia Brasileira de Distribuição - CBD paid $680 for the purchase option to acquire 51% of interests for R$1; the purchase option can be exercised within 18 months, with extension of a like period to the discretion of the subsidiary or imperative if certain goals are met. In addition to that amount, Companhia Brasileira de Distribuição - CBD disbursed $340 to Cheftime as a loan convertible into one share of stock if the option is exercised.

Exercising the purchase option is a current enforceable right of Companhia Brasileira de Distribuição -CBD and requires vesting. The exercise of the option is dependent upon a contingent consideration of meeting the goals set 18 months after execution of the agreement, at the latest. Such consideration under the contract is valued from R$20 to R$30. Company estimation is R$20.

Pursuant to the agreement, Companhia Brasileira de Distribuição - CBD is entitled to appoint 3 of 5 members of the Board; making decisions regarding certain important administration issues requires 75% of voting rights.

The price of acquisition as well as the fair values of identifiable assets and liabilities from the business acquired at acquisition date and at the closing of the measurement period are as follows:

	Provisional fair values at November 12, 2018	Measurement period adjustments	Final fair values at November 12, 2018
Property, plant and equipment	587	-	587
Total identifiable assets	-	-	-
Total liabilities taken on	-	-	-
Net assets and liabilities measured at fair value	587	-	587

Goodwill arising from the operation amounts to:

	Provisional fair values at November 12, 2018	Measurement period adjustments	Final fair values at November 12, 2018
Consideration transferred	17,781	-	17,781
Less fair value of identifiable net assets	(587)	-	(587)
Goodwill from the acquisition	17,194	-	17,194

Goodwill was fully allocated to the Brazil segment and is attributable to the synergies expected from the integration of the operation of stores acquired in this country.

No expenses associated with the acquisition of this company were incurred.

The goodwill has shown the following variations from the time of business acquisition to the balance carried at December 31, 2018:

Goodwill from the acquisitions at July 2, 2018	18,014
Effect of exchange difference	(820)
Goodwill at December 31, 2018 (Note 15)	17,194

Note 6.2.2. James Delivery business combination

On December 26, 2018 Companhia Brasileira de Distribuição - CBD executed a stock purchase-sale agreement with James Delivery to acquire 100% of the shares of stock. Consideration amounts to $16,775 and will be paid in January 2019*. James Delivery offers a multi-service product order and delivery platform.

The price of acquisition as well as the fair values of identifiable assets and liabilities from the business acquired at acquisition date and at the closing of the measurement period are as follows:

	Provisional fair values at December 26, 2018	Measurement period adjustments	Final fair values at December 26, 2018
Property, plant and equipment	168	-	168
Total identifiable assets	-	-	-
Total liabilities taken on	-	-	-
Net assets and liabilities measured at fair value	168	-	168

Goodwill arising from the operation amounts to:

	Provisional fair values at December 26, 2018	Measurement period adjustments	Final fair values at December 26, 2018
Consideration transferred	16,775	-	16,775
Less fair value of identifiable net assets	(168)	-	(168)
Goodwill from the acquisition	16,607	-	16,607

Goodwill was fully allocated to the Brazil segment and is attributable to the synergies expected from the integration of the operation of stores acquired in this country.

No expenses associated with the acquisition of this company were incurred.

The goodwill has shown the following variations from the time of acquisition to December 31, 2018:

Goodwill from the acquisitions at December 26, 2016	16,915
Effect of exchange difference	(308)
Goodwill at December 31, 2018 (Note 15)	16,607

Note 6.3. Business combinations carried out during the year ended December 31, 2017

No business combinations were achieved during the year ended December 31, 2017.

Note 6.4. Business combinations completed during the year ended December 31, 2017

Note 6.4.1. 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:

	December 31, 2018	December 31, 2017
Cash at hand and in banks	2,606,044	2,236,138
Term deposit certificates (1)	3,279,648	3,004,959
Fiduciary rights (2)	62,788	40,510
Other cash equivalents (3)	25,284	11
Total cash and cash equivalents	**5,973,764**	**5,281,618**

(1) Includes $3,257,389 (2017 - $3,002,818) relevant to fixed-term deposits of subsidiary Companhia Brasileira de Distribuição - CBD, with yields of 5.51% E.A.R. (2017 - 9.74% E.A.R.) equivalent to 85.78% of the Interbank Deposit Certificate - IDC. TDCs mature in less than 90 days of negotiation date.

(2) The balance includes:

	December 31, 2018	December 31, 2017
Fiducolombia S.A.	50,785	23,516
Corredores Davivienda S.A.	6,545	10,629
Fondo de Inversión Colectiva Abierta Occirenta	5,225	-
Credicorp Capital	97	4
Fiduciaria Bogota S.A.	87	4,069
BBVA Asset S.A.	49	504
Itaú Asset Management Colombia S.A.	-	1,788
Total fiduciary rights	**62,788**	**40,510**

(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 $14,957 (2017 - $58,980), which were recorded as financial revenue as detailed in Note 33.

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

Note 8. Trade receivables and other accounts receivable

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

	December 31, 2018	December 31, 2017
Trade accounts receivable (Note 8.1)	657,941	928,941
Other accounts receivable (Note 8.2)	477,641	911,359
Total trade receivables and other receivables	**1,135,582**	**1,840,300**
Current (Note 8.3)	**1,000,298**	**1,172,380**
Non-current (Note 8.3)	**135,284**	**667,920**

Note 8.1. Trade accounts receivable

The balance of trade receivables is as follows:

	December 31, 2018	December 31, 2017
Trade accounts (1)	466,563	729,092
Rentals and dealers	94,346	98,755
Accounts receivable from suppliers (2)	84,893	71,113
Employee funds and lending	37,963	49,134
Other trade receivables	-	4,286
Impairment of receivables (Note 8.3)	(25,824)	(23,439)
Trade accounts receivable	**657,941**	**928,941**

(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:

	December 31, 2018	December 31, 2017
Accounts receivable from insurance companies (2)	172,392	180,005
Employee funds and lending	77,070	62,489
Accounts receivable from the sale of companies (2)	68,792	73,268
Sale of property, plant and equipment, intangible assets and other assets	42,961	2,752
Business agreements	30,695	23,077
Money remittances	6,938	5,902
Tax claims	1,360	1,360
Taxes receivable	627	10,288
Money transfer services	572	3,970
Accounts Receivable - Paes Mendonça S.A. (3)	-	479,960
Other	89,436	75,732
Impairment of receivables (Note 8.3)	(13,202)	(7,444)
Total other accounts receivable	**477,641**	**911,359**

(2) Includes $145,943 (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 in the municipality of Osasco. The variation as compared to the balance at December 31, 2017 is due to exchange difference.

(2) 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 (interbank deposit certificate), with payment foreseen in 240 monthly instalments.

(3) 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 later has made partial payments, at December 31, 2018 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. The balance was offset at December 31, 2018 with the acquisition of a contract right negotiated for the extension of this contract for a term of 30 years, as disclosed in Note 16.

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:

	December 31, 2018	December 31, 2017
Trade accounts receivable	463,471	657,053
Accounts receivable from insurance companies	172,392	180,005
Employee funds and lending	94,395	97,259
Rentals and dealers	94,346	98,131
Accounts receivable from suppliers	84,893	71,113
Sale of property, plant and equipment, intangible assets and other assets	42,961	2,752
Business agreements	30,695	23,077
Money remittances	6,938	5,902
Tax claims	1,360	1,360
Taxes receivable	627	10,288
Money transfer services	572	3,970
Other	46,674	52,353
Impairment of receivables (1)	(39,026)	(30,883)
Total current	**1,000,298**	**1,172,380**
Accounts receivable from the sale of companies	68,791	73,268
Employee funds and lending	20,639	14,364
Trade accounts receivable	3,092	72,039
Accounts Receivable - Paes Mendonça S.A.	-	479,960
Rentals and dealers	-	624
Other	42,762	27,665
Total non-current	**135,284**	**667,920**

(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 period ended December 31, 2018 the net effect of the impairment of receivables in the statement of income represents revenue in amount of $127,786 ($3,280 expense for the period ended December 31, 2017).

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

Balance at December 31, 2017	**30,883**
Recognized impairment loss	528,195
Receivables written-off	(638,822)
Reclassifications to non-current assets held for trading	139,509
Reversal of impairment loss	(17,784)
Effect of exchange differences from translation into reporting currency	(2,955)
Balance at December 31, 2018	**39,026**

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:

			Overdue			
Period	**Total**	**Not due**	**< 30 days**	**31 - 60 days**	**61 - 90 days**	**> 90 days**
December 31, 2018	1,174,608	952,955	116,864	58,373	7,621	38,795
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:

	December 31, 2018	December 31, 2017
Leases	98,006	79,910
Bank fees	32,865	23,322
Insurance	27,141	21,910
Advertising	25,737	10,955
Public utilities	9,890	8,139
Maintenance	9,750	17,220
Licenses in use	1,797	197
Taxes	243	2,586
Sales commissions	29	610
Employee benefits	-	9,241
Other advance payments	11,283	15,611
Total prepaid expenses	**216,741**	**189,701**
Current	**156,829**	**145,761**
Non-current	**59,912**	**43,940**

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

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

	Accounts receivable		Other non-financial assets	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Joint ventures (1)	58,812	67,142	-	30,000
Associates (2)	76,674	175,531	-	-
Grupo Casino companies (3)	20,643	7,270	-	-
Controlling entity (4)	3,907	3,207	-	-
Key management personnel	-	22	-	-
Total	**160,036**	**253,172**	**-**	**30,000**
Current	**131,720**	**230,689**	**-**	**30,000**
Non-current	**28,316**	**22,483**	**-**	**-**

(1) The balance of accounts receivable is made as follows:
- Involvement in a corporate collaboration agreement $7,019 (2017 - $-) and reimbursement of shared expenses, collection of coupons and other items $36,579 (2017 - $67,043) with Compañía de Financiamiento Tuya S.A.
- Point redemption $14,804 (2017 - $-) and other services $410 (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 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 $12,487 (2017 $1,432), from Distribution Casino France in amount of $82 (2017 - $1,182) and from Casino International in amount of $5,057 (2017 - $4,529), and for energy efficiency services received from Greenyellow Energía de Colombia S.A.S. in amount of $527 (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.

The balance of accounts payable to related parties and the balance of other financial liabilities are:

	Accounts payable		**Other financial liabilities**	
	December 31, 2018	**December 31, 2017**	**December 31, 2018**	**December 31, 2017**
Grupo Casino companies (1)	146,481	161,607	-	-
Controlling entity (2)	54,447	28,960	-	-
Associates (3)	25,771	19,010	-	-
Joint ventures (4)	9,986	3,063	44,860	38,679
Members of the Board	13	15	-	-
Other related parties	-	-		
Total	**236,698**	**212,655**	**44,860**	**38,679**
Current	**236,698**	**202,533**	**44,860**	**38,679**
Non-current	**-**	**10,122**	**-**	**-**

(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:

- 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.

- "*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.

- "*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) "Triple S" loan in US Dollars with HSBC, repaid by Grupo Casino on behalf of Libertad S.A.

(f) Liabilities of subsidiary Libertad S.A. related with services provided to expatriates.

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

(3) The balance payable mainly relate to balances with Financiera Itaú CBD - FIC Promotora de Vendas Ltda., arising from credit management expenses.

(4) At December 31, 2018 the balance relates to an account payable to Puntos Colombia S.A.S. arising from the issue of points (accumulations) in line with the change in the loyalty program implemented by the Parent. The balance of accounts payable at December 31, 2018 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 December 31, 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:

	December 31, 2018	December 31, 2017
Inventories available for trading	6,420,659	5,720,955
Inventories in transit	181,338	172,045
Materials, small spares, accessories and consumable packaging.	23,846	17,436
Inventories of property under construction (1)	109,823	22,911
Raw materials	3,278	3,167
Production in process	610	169
Inventory impairment (2)	(19,158)	(24,169)
Total inventories	**6,720,396**	**5,912,514**

(1) At December 31, 2018 relates to the Figue real estate project owned by Companhia Brasileira de Distribuição – CBD in amount of $4,362, currently under construction for trading purposes and real estate projects Montevideo in amount of $96,483 and Copacabana in amount of $8,978 owned by the Parent .

At December 31, 2017 in addition to the Figue real estate project owned by Companhia Brasileira de Distribuição – CBD in amount of $22,076, the balance included the Hotel Cota real estate project owned by the Parent, at that time under construction for trading purposes. This project was in a construction reorganization stage since 2015. At June 30, 2018 the asset was transferred to non-current assets held for trading (Note 46).

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

Balance at December 31, 2017	**24,169**
Reversal of impairment provisions (Note 11.2)	(4,668)
Impairment loss recognized during the period (Note 11.2)	1,152
Effect of exchange differences from translation into reporting currency	(1,495)
Balance at December 31, 2018	**19,158**

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

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

Note 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 December 31, 2018	January 1 to December 31, 2017
Cost of goods sold (1)	41,595,126	42,164,816
(Reversal) impairment loss (2)	(3,516)	(16,694)
Total cost of sales	**41,591,610**	**42,148,122**

(1) Includes $59,925 of depreciation and amortization cost (December 31, 2017 - $68,337).

(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:

	December 31, 2018	December 31, 2017
Financial assets measured at fair value through income (1)	652,100	702,754
Derivative financial instruments designated as hedge instruments (2)	75,296	25,533
Financial assets measured at amortized cost (3)	40,899	44,870
Derivative financial instruments (4)	113,541	5,934
Financial assets at fair value through other comprehensive income (5)	13,443	269
Total other financial assets	**895,279**	**779,360**
Current	**141,214**	**11,588**
Non-current	**754,065**	**767,772**

(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 Brasileria de Distribuicao - 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.

	December 31, 2018	December 31, 2017
Deposit for labor legal proceedings	388,276	427,579
Deposit for tax legal proceedings	198,831	184,036
Deposit for regulatory legal proceedings	35,228	37,890
Deposit for civil legal proceedings	28,405	37,890
Total	**650,740**	**687,395**

(b) Legal deposits in amount of $159 (2017 - $219) relevant to subsidiary Libertad S.A.

(c) Investment in bonds in amount of $- (2017 - $13,854) relevant to subsidiary Grupo Disco del Uruguay S.A.

(d) Investments in equity securities of Fondo Valorar Futuro to manage liquidity in amount of $1,201 (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) Derivative financial instruments designated as hedge instruments refer to:

(a) 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. The average annual IDC rate at December 31, 2018 was 6.42% (December 31, 2017 - 9.93%). 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:

	Derivative	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
December 31, 2018	*Swap*	-	-	839	37,506	36,471	**74,816**
December 31, 2017	*Swap*	-	-	-	-	25,533	**25,533**

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

At December 31, 2018 relates to the following transactions:

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

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

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

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

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

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

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

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

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

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

	December 31, 2018	December 31, 2017
Investment in bonds	12,735	-
El Tesoro stages 4A and 4C trust	448	9
Associated Grocers of Florida, Inc.	113	113
Central de Abastos del Caribe S.A	71	71
La Promotora S.A.	50	50
Sociedad de Acueducto, Alcantarillado y Aseo de Barranquilla S.A. E.S.P.	14	14
Carnes y Derivados de Occidente S.A.S.	12	12
Total	**13,443**	**269**

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

	December 31, 2018	December 31, 2017
Derivative financial instruments	85,507	5,934
Derivative financial instruments designated as hedge instruments	38,345	-
Financial assets measured at fair value through other comprehensive income	12,735	-
Financial assets measured at amortized cost	4,468	5,435
Financial assets measured at fair value through income	159	219
Total current	**141,214**	**11,588**
Financial assets measured at fair value through income	651,941	701,628
Derivative financial instruments designated as hedge instruments	36,951	25,533
Financial assets measured at amortized cost	36,431	40,342
Derivative financial instruments	28,034	-
Financial assets measured at fair value through other comprehensive income	708	269
Total non-current	**754,065**	**767,772**

At December 31, 2018 and 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 December 31, 2018 and December 31, 2017.

Note 13. Property, plant and equipment, net

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

	December 31, 2018	December 31, 2017
Land	2,406,067	2,546,325
Buildings	4,167,695	4,319,415
Machinery and equipment	2,893,704	2,792,992
Furniture and fixtures	1,659,721	1,642,094
Assets under construction	213,271	265,658
Premises	845,833	854,328
Improvements to third party properties	5,452,094	5,293,545
Vehicles	21,631	20,459
Computers	813,358	834,767
Other property, plant and equipment	183,281	183,382
Total property, plant and equipment	**18,656,655**	**18,752,965**
Accumulated depreciation	(6,319,141)	(6,245,197)
Impairment	(2,933)	(2,350)
Total net property, plant and equipment	**12,334,581**	**12,505,418**

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

Cost	Land	Buildings	Machinery and equipment	Furniture and fixtures	Assets under construction	Premises	Improvements to third party properties	Vehicles	Computers	Other property, plant and equipment	Total
Balance at December 31, 2017	**2,546,325**	**4,319,415**	**2,792,992**	**1,642,094**	**265,658**	**854,328**	**5,293,545**	**20,459**	**834,767**	**183,382**	**18,752,965**
Additions	37,231	145,614	149,154	89,515	888,606	66,021	400,763	1,047	35,042	31,651	1,844,644
Loan costs	-	6,090	567	408	4,046	292	6,431	-	283	-	18,117
Increase (decrease) from movements between property, plant and equipment accounts	15,027	72,942	274,924	128,562	(894,045)	21,748	270,407	952	92,380	(14,368)	(31,471)
Increase (decrease) from transfers from (to) investment property (Note 14)	(446)	187	764	11,465	19,400	448	-	-	23	-	31,841
Increase (decrease) from transfers from (to) other balance sheet accounts	2,438	(24,345)	5,535	5,416	(41,441)	(234)	48,409	(99)	2,048	294	(1,979)
(Disposal) of property, plant and equipment	(45,651)	(192,247)	(166,314)	(74,603)	(11,411)	(37,055)	(162,884)	(28,060)	(36,261)	(2,398)	(756,884)
(Derecognition) of property, plant and equipment	-	(988)	(21,114)	(22,807)	(1,730)	(172)	(16,780)	(6)	(2,647)	-	(66,244)
(Decrease) from transfers (to) non-current assets held for trading	(17,326)	2,289	(7,834)	(35,075)	1,022	(5,312)	(54,697)	26,819	(71,428)	(3,884)	(165,426)
Effect of exchange differences from translation into presentation currency	(154,491)	(244,804)	(146,730)	(86,912)	(13,456)	(54,231)	(328,594)	(2,358)	(53,896)	(11,396)	(1,096,868)
Other changes	(69,824)	(30,905)	(240)	(9,841)	(3,452)	-	(4,506)	-	(226)	-	(118,994)
Net currency position result	92,784	114,447	12,000	11,499	74	-	-	2,877	13,273	-	246,954
Balance at December 31, 2018	**2,406,067**	**4,167,695**	**2,893,704**	**1,659,721**	**213,271**	**845,833**	**5,452,094**	**21,631**	**813,358**	**183,281**	**18,656,655**
Accumulated depreciation											
Balance at December 31, 2017		**1,106,622**	**1,337,636**	**875,414**		**354,753**	**1,860,005**	**13,427**	**586,614**	**110,726**	**6,245,197**
Depreciation expense/cost		89,604	221,703	124,709		51,221	270,739	2,582	82,653	19,113	862,324
Increase (decrease) from transfers from (to) other balance sheet accounts		(4)	(1,841)	293		34	(23)	(99)	(160)	(1)	(1,801)
Increase (decrease) from movements between property, plant and equipment accounts		(14,665)	(7,773)	6,465		(2,825)	(13,082)	(100)	733	(224)	(31,471)
Increase (decrease) from transfers from (to) investment property (Note 14)		3,129	-	407		-	-	-	-	-	3,536
(Disposal) of property, plant and equipment		(133,643)	(104,969)	(52,814)		(20,808)	(62,544)	(3,322)	(30,944)	(1,960)	(411,004)
Depreciation (reversals)		(988)	(15,138)	(17,213)		(58)	(7,395)	(6)	(2,297)	-	(43,095)
(Decrease) from transfers (to) non-current assets held for trading		(2,209)	4,405	(756)		6,949	6,058	2,271	9,424	43	26,185
Effect of exchange differences from translation into presentation currency		(81,976)	(76,813)	(49,855)		(21,693)	(113,073)	(1,485)	(37,454)	(7,092)	(389,441)
Other changes		(5,792)	(40)	(590)		-	-	-	(6)	-	(6,428)
Net currency position result		33,247	9,950	8,426		-	-	2,185	11,331	-	65,139
Balance at December 31, 2018		**993,325**	**1,367,120**	**894,486**		**367,573**	**1,940,685**	**15,453**	**619,894**	**120,605**	**6,319,141**
Impairment											
Balance at December 31, 2017	**-**	**-**	**-**	**-**	**-**	**552**	**1,798**	**-**	**-**	**-**	**2,350**
Impairment loss	-	-	-	-	-	-	2,819	-	-	-	2,819
Impairment (reversals)	-	-	-	-	-	(513)	(1,670)	-	-	-	(2,183)
Effect of exchange differences from translation into presentation currency	-	-	-	-	-	(39)	(14)	-	-	-	(53)
Balance at December 31, 2018	**-**	**-**	**-**	**-**	**-**	**-**	**2,933**	**-**	**-**	**-**	**2,933**

The rate used to determine the amount of loan costs capitalized was 6.534%, calculated with the weighted average of loan costs applicable to borrowings, outstanding at the closing of December 31, 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:

	December 31, 2018	December 31, 2017
Computers	2,362	4,636
Buildings	17,066	18,480
Machinery and equipment	2,456	5,460
Furniture and fixtures	2,536	3,394
Other property, plant and equipment	12,543	13,331
Premises	277	357
Total property, plant and equipment, net of depreciation	**37,240**	**45,658**

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 December 31, 2018, Companhia Brasileira de Distribuição - CBD has assets delivered as collateral to third parties to secure lawsuits in amount of $715,467 (2017 - $782,153).

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

At December 31, 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 impairment losses were 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:

	December 31, 2018	December 31, 2017
Land	327,844	329,077
Buildings	1,443,356	1,031,395
Construction in progress	7,253	243,070
Total cost of investment property	**1,778,453**	**1,603,542**
Accumulated depreciation	(144,828)	(106,669)
Total investment property, net	**1,633,625**	**1,496,873**

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

Cost	**Land**	**Buildings**	**Constructions in progress**	**Total**
Balance at December 31, 2017	**329,077**	**1,031,395**	**243,070**	**1,603,542**
Additions	118	13,907	136,776	150,801
Capitalization of loan costs (1)	-	725	188	913
Increase (decrease) from movements between investment property accounts	-	356,372	(356,372)	-
Increase (decrease) from transfers (to) from property, plant and equipment (Note 13)	446	44	(32,331)	(31,841)
Disposals	-	(334)	-	(334)
Effect of exchange differences from translation into reporting currency	(9,926)	(81,720)	(6,875)	(98,521)
(Decrease) increase from transfers (to) from non-current assets held for trading	(7,987)	4,726	(8,471)	(11,732)
Reclassifications (to) other balance sheet accounts	-	-	-	-
Other minor changes	2,354	(17,288)	31,071	16,137
Net currency position result	13,762	135,529	197	149,488
Balance at December 31, 2018	**327,844**	**1,443,356**	**7,253**	**1,778,453**

Accumulated depreciation	Buildings
Balance at December 31, 2017	**106,669**
Depreciation expense	29,442
Disposals	(95)
(Decrease) from transfers (to) non-current assets held from trading	(307)
(Decrease) from transfers (to) property, plant and equipment (Note 13)	(3,536)
Reclassifications (to) other balance sheet accounts	-
Other minor changes	(2,852)
Net currency position result	26,938
Effect of exchange differences from translation into reporting currency	(11,431)
Balance at December 31, 2018	**144,828**

(1) The rate used to determine the amount of loan costs capitalized was 6.534%, calculated with the weighted average of loan costs applicable to borrowings, outstanding at the closing of December 31, 2018.

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

At December 31, 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 38 discloses the fair values of investment property, based on the appraisal carried out by an independent third party.

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

	December 31, 2018	December 31, 2017
Revenue from leases (Note 42)	288,465	206,819
Operation expenses related to revenue-generating investment properties	(23,988)	(29,228)
Operating expenses related to non-revenue-generating investment properties	(92,690)	(42,476)
Net gain from investment properties	**171,787**	**135,115**

Note 15. Goodwill

The balance of goodwill is as follows:

	December 31, 2018	December 31, 2017
Companhia Brasileira de Distribuição – CBD (1)	2,357,021	2,498,512
Spice Investment Mercosur S.A. (2)	1,448,468	1,486,206
Carulla Vivero S.A. (3)	827,420	827,420
Súper Inter (4)	453,649	453,649
Libertad S.A. (1)	177,285	121,141
Cafam (5)	122,219	122,219
Other (6)	50,806	50,806
Total goodwill	**5,436,868**	**5,559,953**

(1) Refers to goodwill 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. It also includes goodwill from the business combinations completed in 2018 by Companhia Brasileira de Distribuição - CBD with Cheftime and James Delivery.

(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 $259,944 (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 $894,874 (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 $1,203 (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 $2,614 (2017 - $2,390).

- Goodwill from the business combination carried out and completed in 2018 by Mercados Devoto S.A. to acquire Tipsel S.A. in amount of $633 (2017 - $-).

- Goodwill from the business combination carried out and completed in 2018 by Mercados Devoto S.A. to acquire Tedocan S.A. in amount of $1,356 (2017 - $-).

(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 three-month period ended December 31, 2018 the following was the development of goodwill:

Balance at December 31, 2017	**5,559,953**
Goodwill from business combinations	36,771
Effect of exchange differences from translation into reporting currency	(303,886)
Net currency position result	144,030
Balance at December 31, 2018	**5,436,868**

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 December 31, 2018 and December 31, 2017. Information about the methodology applied to test for impairment is disclosed in Note 37.

Note 16. Intangible assets other than goodwill, net

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

	December 31, 2018	December 31, 2017
Trademarks (1)	3,237,799	3,453,343
Rights (2)	1,861,168	1,390,524
Computer software	1,460,509	1,423,838
Customer-related intangible assets (3)	32,711	35,183
Other	84	73
Total cost of intangible assets other than goodwill	**6,592,271**	**6,302,961**
Accumulated amortization	(825,095)	(758,939)
Total intangible assets other than goodwill, net	**5,767,176**	**5,544,022**

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

Cost	Trademarks (1)	Rights (2)	Computer software	Customer-related intangible assets (3)	Other	Total
Balance at December 31, 2017	**3,453,343**	**1,390,524**	**1,423,838**	**35,183**	**73**	**6,302,961**
Additions	-	19,510	444,489	-	453	**464,452**
Loan costs	-	-	137	-	-	**137**
Effect of exchange differences from translation into reporting currency	(245,271)	(78,269)	(86,026)	(2,472)	(24)	**(412,062)**
Net currency position result	29,727	28	-	-	30	**29,785**
Transfers	-	733,971	(206,826)	-	(448)	**526,697**
Transfer to non-current assets held for trading	-	(204,216)	(54,532)	-	-	**(258,748)**
Disposals and derecognition	-	(360)	(61,140)	-	-	**(61,500)**
Other changes	-	(20)	569	-	-	**549**
Balance at December 31, 2018	**3,237,799**	**1,861,168**	**1,460,509**	**32,711**	**84**	**6,592,271**
Accumulated amortization						
Balance at December 31, 2017	**-**	**18**	**748,629**	**10,262**	**30**	**758,939**
Amortization expense/cost	-	4,186	128,200	3,962	14	**136,362**
Transfers	-	-	(9,213)	-	-	**(9,213)**
Effect of exchange differences from translation into reporting currency	-	126	(43,168)	(594)	(14)	**(43,650)**
Net currency position result	-	21	-	-	15	**36**
Transfer to non-current assets held for trading	-	-	17,311	-	-	**17,311**
Disposals and derecognition	-	-	(34,690)	-	-	**(34,690)**
Balance at December 31, 2018	**-**	**4,351**	**807,069**	**13,630**	**45**	**825,095**

(1) The balance relates to the following trademarks:

Operating segment	Banner	Useful life	December 31, 2018	December 31, 2017
Food	Extra (a)	Indefinite	1,504,724	1,618,109
Food	Pão de Açúcar (a)	Indefinite	873,981	940,027
Food	Assaí (a)	Indefinite	624,568	672,092
Uruguay	Miscellaneous (b)	Indefinite	106,170	109,839
Argentina	Libertad (c)	Indefinite	47,225	32,145
Surtimax-Súper Inter	Surtimax (d)	Indefinite	17,427	17,427
Surtimax-Súper Inter	Súper Inter (e)	Indefinite	63,704	63,704
			3,237,799	**3,453,343**

(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 Cía 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) $1,834,132 (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 $50 (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 rights 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 December 31, 2018 and December 31, 2017 intangible assets other than goodwill are not limited or subject to lien that would restrict realization or tradability thereof. In addition, there are no commitments to acquire or develop intangible assets other than goodwill.

No impairment of intangible assets other than goodwill was recognized at December 31, 2018 and at December 31, 2017, exception made of the loss from certain computer software at the Parent in amount of $3,307 (Note 32). Information about the methodology applied to test for impairment is disclosed in Note 37.

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

	December 31, 2018	December 31, 2017
Software of Companhia Brasileira de Distribuição - CBD	93,674	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	December 31, 2018	December 31, 2017
Cnova N.V.	Associate	435,574	523,741
Financiera Itau CBD - FIC Promotora de Vendas Ltda.	Associate	169,161	159,769
Compañía de Financiamiento Tuya S.A.	Joint venture	203,704	126,576
Puntos Colombia S.A.S.	Joint venture	5,600	7,213
Total investments accounted for using the equity method		**814,039**	**817,299**

Note 17.1. Non-financial information regarding investments accounted for using the equity method

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

Company	Country	Functional currency	Primary economic activity	Ownership percentage		Number of shares	
				December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Cnova N.V.	Holland	Euro	Trade	6.56%	6.56%	117.063.947	117.063.947
Financiera Itau CBD - FIC Promotora de Vendas Ltda.	Brazil	Brazilian real	Investment	35.76%	35.76%	386.923.764	386.923.764
Compañía de Financiamiento Tuya S.A.	Colombia	Colombian peso	Credit	50%	50%	7.913.553.273	6.707.489.728
Puntos Colombia S.A.S.	Colombia	Colombian peso	Public utilities	50%	50%	9.000.000	9.000.000

Note 17.2. Financial information regarding investments accounted for using the equity method

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

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue from ordinary activities	Income from continuing operations
Cnova N.V.	2,609,106	1,061,978	4,227,576	96,363	(652,855)	7,581,440	(122,972)
Financiera Itau CBD - FIC Promotora de Vendas Ltda.	4,992,357	49,066	4,427,689	8,164	605,570	787,658	176,870
Compañía de Financiamiento Tuya S.A.	2,836,770	-	2,464,644	-	372,126	1,094,747	84,258
Puntos Colombia S.A.S.	65,768	29,734	82,171	4,293	9,038	35,491	(5,388)

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

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue from ordinary activities	Income from continuing operations
Cnova N.V.	2,567,924	714,854	3,646,891	71,460	(435,573)	7,080,061	(307,904)
Financiera Itau CBD - FIC Promotora de Vendas Ltda.	4,168,777	62,247	3,632,005	9,924	589,096	913,570	170,139
Compañía de Financiamiento Tuya S.A.	2,571,106	-	2,353,238	-	217,868	1,344,712	41,556
Puntos Colombia S.A.S.	12,386	7,704	5,664	-	14,426	-	(3,574)

Note 17.3. Corporate purpose of investments accounted for using the equity method

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

Cnova N.V.

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

Financiera Itaú CBD - FIC Promotora de Vendas Ltda.

A company established jointly with Itaú Unibanco S.A. and Compañía Brasileña de Distribuição – CBD in 2004; its main place of business is Sao Paulo, Brazil. Its main corporate purpose is to engage in credit, finance and investment activities and the management of credit cards.

Compañía de Financiamiento Tuya S.A.

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

Puntos Colombia S.A.S.

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

Note 17.4. Other information regarding investments accounted for using the equity method

The reconciliation of summarized financial information reported to the book value of associates and joint ventures in the consolidated financial statements is:

	December 31, 2018					
Companies	Equity	Equity base to apply the method	Ownership percentage	Value of Parent ownership (1)	Fair value	Book value (2)
Cnova N.V.	-	-	6.56%	9,222	-	425,501
Financiera Itaú CBD - FIC Promotora de Vendas Ltda.	605,570	473,045	35.76%	-	-	169,161
Compañía de Financiamiento Tuya S.A.	372,126	407,416	50.00%	203,708	-	203,708
Puntos Colombia S.A.S.	9,038	9,038	50.00%	5,600	-	5,600

	December 31, 2017					
Companies	Equity	Equity base to apply the method	Ownership percentage	Value of Parent ownership (1)	Fair value	Book value (2)
Cnova N.V.	-	-	34.05%	9,222	523,741	523,741
Financiera Itaú CBD - FIC Promotora de Vendas Ltda.	589,096	446,781	35.76%	-	-	159,769
Compañía de Financiamiento Tuya S.A.	217,868	253,152	50.00%	126,576	-	126,576
Puntos Colombia S.A.S.	14,426	14,426	50.00%	7,213	-	7,213

(1) Direct interest of the Parent (Almacenes Éxito S.A.).

(2) Investment amount carried in the books of the Parent and its subsidiaries.

Dividends received from associates and joint ventures during 2018 amounted to $50,449 (2017 - $263,901).

There are no restrictions on the capability of the associates and joint ventures to transfer funds to the Parent in the form of cash dividends, or loan repayments or advance payments.

Additionally, the Parent has no contingent assets incurred related to its participation therein.

There are no constructive obligations acquired by the Parent on behalf of associates or joint ventures arising from losses exceeding the interest held in them.

The investments recognized using the equity method have no restrictions or liens that affect the interest held in them.

Note 18. Changes in the classification of financial assets

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

Note 19. Financial liabilities

The balance of financial liabilities is as follows:

	December 31, 2018	December 31, 2017
Bank overdrafts	85	26,694
Bank loans (1)	1,845,638	1,392,963
Put option (2)	435,023	426,479
Finance leases	32,923	49,242
Letters of credit	6,615	11,396
Total current financial liabilities	**2,320,284**	**1,906,774**
Bank loans (1)	4,624,056	3,928,804
Finance leases	108,050	141,325
Total non-current financial liabilities	**4,732,106**	**4,070,129**

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

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

The balance also includes short-term loans in amount of $794,904 (2017 - $638,440) and long-term loans in amount of $361,492 (2017 - $722,092) acquired by Companhia Brasileira de Distribuição - CBD, and long-term loans acquired by subsidiary Segisor S.A. in amount of $1,476,494 (2017 - $0).

It also includes $182,848 received on December 21, 2018 by subsidiary Companhia Brasileira de Distribuição - CBD under the contract commitment to sell 3.86% of the interests in the equity of Vía Varejo S.A. through a total return swap transaction. Through this transaction, amounts received are subject to further adjustment from the subsequent resale of the shares in the market during the contract term. Exposure of the subsidiary to the variation in the market value of underlying assets prevents shares from being deleted from accounting records at December 31, 2018.

(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.

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

Year	Total
2020	2,179,960
2021	345,081
2022	215,341
>2023	1,991,724
	4,732,106

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:

a. 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.

b. 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.

c. 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)

a. 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.

b. 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 19.3. Net financial debt

Below is the estimation of net financial debt:

	December 31, 2018	December 31, 2017
Current liabilities		
Current financial liabilities (1)	(2,320,284)	(1,906,774)
Other current financial liabilities (2) (Note 24)	(905,865)	(513,261)
Other current financial assets (3) (Note 12)	123,852	5,934
Non-current liabilities		
Non-current financial liabilities (1)	(4,732,106)	(4,070,129)
Other non-current financial liabilities (2) (Note 24)	(2,583,089)	(2,302,008)
Other non-current financial assets (3) (Note 12)	64,985	25,533
Contingent Liabilities		
Guarantees granted and letters of credit (4)	(4,469)	(2,813)
Total gross liabilities	**(10,356,976)**	**(8,763,518)**
Cash and cash equivalents	**5,973,764**	**5,281,618**
Total net liabilities	**(4,383,212)**	**(3,481,900)**
Ebitda (5)	**3,566,246**	**3,686,398**
Adjustment to recurring Ebitda (6)	**-**	**(254,255)**
Adjusted recurring Ebitda	**3,566,246**	**3,432,143**
Net liabilities/Adjusted recurring Ebitda	**1.23**	**1.01**

The calculation of the consolidated net financial debt includes:

(1) Current financial liabilities:

	December 31, 2018	December 31, 2017
Bank loans	1,845,638	1,392,963
Put option	435,023	426,479
Finance leases	32,923	49,242
Bank overdrafts	85	26,694
Letters of credit	6,615	11,396
Total current financial liabilities	**2,320,284**	**1,906,774**

Non-current financial liabilities:

	December 31, 2018	December 31, 2017
Bank loans	4,624,056	3,928,804
Finance leases	108,050	141,325
Total non-current financial liabilities	**4,732,106**	**4,070,129**

(2) Other current financial liabilities:

	December 31, 2018	December 31, 2017
Bonds issued	896,073	433,501
Derivative financial instruments	1,770	16,570
Derivative financial instruments designated as hedge instruments	8,022	63,190
Total other current financial liabilities	**905,865**	**513,261**

Other non-current financial liabilities:

	December 31, 2018	December 31, 2017
Bonds issued	2,581,638	2,286,206
Derivative financial instruments designated as hedge instruments	1,451	15,802
Total other non-current financial liabilities	**2,583,089**	**2,302,008**

(3) Other current financial assets:

	December 31, 2018	December 31, 2017
Derivative financial instruments	85,507	5,934
Derivative financial instruments designated as hedge instruments	38,345	-
Total other current financial assets	**123,852**	**5,934**

Other non-current financial assets:

	December 31, 2018	December 31, 2017
Derivative financial instruments designated as hedge instruments	36,951	25,533
Derivative financial instruments	28,034	-
Total other non-current financial assets	**64,985**	**25,533**

(4) At December 31, 2018 the Parent and its subsidiaries have unused open letters of credit in amount of $- (2017 - $182).

At December 31, 2018 the Parent issued financial guarantees to certain of its subsidiaries in amount of $2,631 (December 31, 2017 $2,631); at the same date, subsidiary Éxito Viajes y Turismo S.A.S. issued financial guarantees to certain of its suppliers in amount of $1,838 (December 31, 2017 $-) (Note 39).

(5) Under contract terms, the estimation of the Ebitda is as follows:
- Operating profit for the last 12 months,
- Add: depreciation and amortization and all other expenses not involving cash outflows, accrued during the same 12-month period,
- Add: dividends distributed by subsidiaries, directly or through special-purpose vehicles, under control of the Parent, effectively received,
- Add: proforma dividends of subsidiaries acquired during the last 12 months of activity. Proforma dividends are those dividends that would have been received if the Parent had acquired or maintained under control a subsidiary during the entire 12-month period.

(6) Relates to excess non-recurring profit as compared to operating profit. Such excess is calculated when non-recurring operating profit is higher than 10% of total operating profit.

Note 20. Employee benefits

The following are the balances of employee benefits:

	December 31, 2018	December 31, 2017
Defined benefit plans	29,441	29,986
Long-term benefit plan	1,896	2,016
Total employee benefits	**31,337**	**32,002**
Current	**3,657**	**3,464**
Non-current	**27,680**	**28,538**

Note 20.1. Defined benefit plans

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

a. Retirement pension plan

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

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

For subsidiary Companhia Brasileira de Distribução - CBD and its subsidiaries, the defined benefit plan is offered only to the employees of subsidiaries based in France, upon recognition of eligibility of such employees to receive a compensation on the date of retirement.

b. Retroactive severance pay plan

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

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

Under the plan, wherever an employee of the Parent and of subsidiaries Éxito Industrias y Servicios S.A.S. and Logística, Transporte y Servicios Asociados S.A.S. meets the age and contribution requirements to obtain a retirement pension under the average defined benefit system, he is granted a single $1 cash bonus upon the employee's completion of his time of service.

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

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

Wherever an employee of the Parent or of subsidiaries Éxito Industrias y Servicios S.A.S. and Logística, Transporte y Servicios Asociados S.A.S. is granted a disability pension by the relevant pension administration entity, he will be granted a single retirement bonus in amount of $4, provided a loss of 50% or more of capacity for work was qualified during the term of the labor relation with the Parent.

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

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

Balances and development:

The following are balances and development of defined benefit plans:

	Retirement pensions	Retroactive severance pay	Old-age pension and disability retirement bonus	Total
Balance at December 31, 2017	**21,711**	**1,129**	**7,146**	**29,986**
Cost of services	-	31	385	416
Interest expense	1,417	69	460	1,946
Actuarial loss from changes in experience	555	-	169	724
Actuarial (gain) from financial assumptions	(297)	(4)	(112)	(413)
Benefits directly (paid) by the Parent and its subsidiaries	(2,349)	(100)	(767)	(3,216)
Other changes	-	-	(2)	(2)
Balance at December 31, 2018	**21,037**	**1,125**	**7,279**	**29,441**

Variables used to make the calculations:

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

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

Employee turnover, disabilities and early retirement rates:

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

Sensitivity analysis:

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

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

Contributions for the next years funded with the Parent's and its subsidiaries' own resources are foreseen as follows:

	December 31, 2018			December 31, 2017		
Year	Retirement pensions	Retroactive severance pay	Old-age pension and disability retirement bonus	Retirement pensions	Retroactive severance pay	Old-age pension and disability retirement bonus
2018	-	-	-	2,356	168	715
2019	2,355	205	748	2,346	125	527
2020	2,354	137	540	2,350	152	529
2021	2,350	267	579	2,340	256	644

>2022	37,464	830	12,270	36,780	781	11,432
Total	**44,523**	**1,439**	**14,137**	**46,172**	**1,482**	**13,847**

Other considerations:

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

The Parent and its subsidiaries have no specific assets intended for guaranteeing the defined benefit plans.

The defined contribution plan expense at December 31, 2018 amounted to $58,862 (2017 - $133,829).

Note 20.2. Long-term benefit plan

The long-term benefit plan involves a time-of-service bonus associated to years of service payable to the employees of the Parent and to the employees of subsidiaries Logística, Transporte y Servicios Asociados S.A.S.

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

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

Balances and development:

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

Balance at December 31, 2017	**2,016**
Cost of services	96
Interest expense	126
Actuarial (gain) from changes in experience	(119)
Actuarial gain from financial assumptions	(19)
Benefits directly (paid) by the Parent and its subsidiaries	(204)
Balance at December 31, 2018	**1,896**

Variables used to make the calculations:

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

	December 31, 2018	**December 31, 2017**
Discount rate	6.80%	6.60%
Annual salary increase rate	3.50%	3.50%
Annual inflation rate	3.50%	3.50%
Death rate - men	0.001117% - 0.034032%	0.001117% - 0.034032%
Death rate - women	0.000627% - 0.019177%	0.000627% - 0.019177%

Employee turnover, disabilities and early retirement rates:

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

Sensitivity analysis:

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

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

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

Year	December 31, 2018	December 31, 2017
2018	-	225
2019	348	360
2020	306	308
2021	234	232
>2022	1,929	1,903
Total	**2,817**	**3,028**

Other considerations:

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

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

Effects on the statement of income from the long-term benefit plan at December 31, 208 was an expense in amount of $84 (December 31, 2017 $143).

Note 21. Other provisions

The balance of other provisions is made as follows:

	December 31, 2018	December 31, 2017
Legal proceedings (1)	357,052	438,918
Taxes other than income tax (2)	1,945,660	1,974,453
Restructuring (3)	9,296	3,866
Other (4)	55,637	69,312
Total other provisions	**2,367,645**	**2,486,549**
Current (Note 21.1)	**36,997**	**29,329**
Non-current (Note 21.1)	**2,330,648**	**2,457,220**

At December 31, 2018 and at 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 $255,095 (2017 - $308,419) for labor proceedings; $79,011 (2017 - $96,303) for civil proceedings; $22,946 (2017 - $31,566) for administrative and regulatory proceedings and $- (2017 - $2,630) for other proceedings.

Provisions for labor proceedings include:

- Lawsuits filed against the Parent on the grounds of collective claims $30 (2017 - $30), indemnifications $2,524 (2017 - $2,252), salary adjustments and social benefits $160 (2017 - $180), health and retirement pensions $5,135 (2017 - $4,541) and labor relation and solidarity $2,200 (2017 - $1,962).
- Lawsuits filed against subsidiary Companhia Brasileira de Distribuição - CBD and its subsidiaries amounting to $244,392 (2017 - $298,841), which are updated in line with a table provided by the TST ('Tribunal Superior do Trabalho') plus a 1% monthly interest.
- Lawsuits filed against subsidiary Libertad S.A. in amount of $112 (2017 - $492).
- Lawsuits filed against Spice Investment Mercosur S.A. and its subsidiaries $491 (2017 - $71).
- Lawsuits filed against Colombian subsidiaries $51 (2017 - $50).

Provisions for civil proceedings include:

- Lawsuits filed against the Parent on the grounds of third-party liability $1,145 (2017 - $1,360); consumer protection $873 (2017 - $181); real estate-related $557 (2017 - $200) and other small claims $1,147 (2017 - $1,912).
- Lawsuits filed against subsidiary Companhia Brasileira de Distribuição - CBD and its subsidiaries $74,832 (2017 - $92,406). This balance includes certain legal actions seeking the revision of contracts and renewals on lease instalments agreed upon. 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 December 31, 2018, the provisions to protect against such legal actions amounted to $41,099 (December 31, 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.
- Lawsuits filed against Spice Investment Mercosur S.A. and its subsidiaries $210 (2017 - $10).
- Lawsuits filed against Colombian subsidiaries $247 (2017 - $234).

Provisions for administrative and regulatory proceedings relate to lawsuits of subsidiary Companhia Brasileira de Distribuição - CBD, including certain proceedings on the grounds of fines applied by regulatory agencies of which the most relevant are those of Brazilian consumer protection agencies PROCONs, INMETRO and local Mayor's offices. At December 31, 2018, such provision amounted to $22,946 (at December 31, 2017 - $30,673).

(2) Provisions for taxes other than income tax include $1,934,825 (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; $8,632 (2017 - $10,345) for tax legal proceedings of the Parent; and $2,203 (2017 - $3,905) for other proceedings of subsidiary Libertad S.A.

(a) 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).
   - VAT payable on beer in amount of $255 (2017 - $57).

(b) The most relevant 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 value of the provision at December 31, 2018 is $72,133 (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 $77,165 (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 value of the provision at December 31, 2018 is $73,810 (2017 - $64,052).
   - Other provisions relate to the following proceedings, in amount of $285,176 (2017 - $165,090):
     (i) Investigation regarding the failure to apply the Fator Acidentário de Prevenção (FAP) for 2011;
     (ii) 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;
     (iii) Undue credit.
   - Provisions for taxes other than income tax in amount of $1,240,748 (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 $1,078,939 (2017 - $1,178,986);
     (ii) Social Contribution for the Funding of Social Security - COFINS in amount of $69,108 (2017 - $106,807);
     (iii) Tax on industrial products - IPI in amount of $63,277 (2017 - $68,058);
     (iv) Brazilian tax on real estate property - IPTU in amount of $28,902 (2017 - $31,087), and
     (vi) Other in amount of $522 (2017 - $561).

(3) The restructuring provision relates to the reorganization processes announced to Parent's employees of stores and distribution centers in amount of $911 (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 $8,381 (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. Disbursement and plan implementation are expected to be completed during 2019. The restructuring provision was recognized in period results as other expenses.

(4) The balance of other provision relates to:

(a) Provisions were recognized in amount of $47,636 (2017 - $65,218) 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 $2,237 (2017 - $3,817).

(c) Other minor provisions at Colombian subsidiaries in amount of $332 (2017 - $277).

(d) Closing down of Parent stores in amount of $5,432 (2017 - $-).

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

	Legal proceedings	Taxes other than income tax	Restructuring	Other	Total
Balance at December 31, 2017	**438,918**	**1,974,453**	**3,866**	**69,312**	**2,486,549**
Increase	1,084,426	268,933	58,675	12,610	1,424,644
Uses	(483)	-	-	(850)	(1,333)
Payments	(829,933)	(1,934)	(49,350)	(4,737)	(885,954)
Reversals (not used)	(701,905)	(129,856)	(3,897)	(15,611)	(851,269)
Increase from value updating based on the passage of time	127,119	2,724	-	-	129,843
Effect of exchange differences from translation into reporting currency	(31,726)	(136,022)	2	(5,087)	(172,833)
Increase (decrease) from classification to non-current assets held for trading and discontinued operations	270,636	(32,638)	-	-	237,998
Balance at December 31, 2018	**357,052**	**1,945,660**	**9,296**	**55,637**	**2,367,645**

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:

	December 31, 2018	December 31, 2017
Legal proceedings	4,518	4,787
Restructuring	9,296	3,866
Taxes other than income tax	974	1,179
Other	22,209	19,497
Total other current provisions	**36,997**	**29,329**
Taxes other than income tax	1,944,686	1,973,274
Legal proceedings	352,534	434,131
Other	33,428	49,815
Total other non-current provisions	**2,330,648**	**2,457,220**

Note 21.2. Forecasted payments of other provisions

Forecasted payments of other provisions for which the Parent and its subsidiaries are liable at December 31, 2018 are:

	Legal proceedings	Taxes other than income tax	Restructuring	Other	Total
Less than 12 months	4,518	974	9,296	22,209	36,997
From 1 to 5 years	152,952	1,539,568	-	33,428	1,725,948
5 years and more	199,582	405,118	-	-	604,700
Total estimated payments	**357,052**	**1,945,660**	**9,296**	**55,637**	**2,367,645**

Note 22. Trade payables and other accounts payable

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

	December 31, 2018	December 31, 2017
Suppliers	11,262,261	10,668,083
Employee benefits	819,985	841,596
Costs and expenses payable	449,734	434,464
Purchase of assets	212,719	221,651
Dividends payable	54,781	84,425
Taxes collected payable	54,078	78,898
Tax withholdings payable	67,831	64,507
Acquisition of companies	33,550	-
Other	271,769	271,814
Total current trade payables and other accounts payable	**13,226,708**	**12,665,438**
Other	40,720	47,831
Total non-current trade payables and other accounts payable	**40,720**	**47,831**

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 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 for equality CREE and surcharge thereon were eliminated as of 2017.

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

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

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

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

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

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

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

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

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

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

Tax stability

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

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

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

Up to 2017, the 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.

<u>Tax credits of the Parent and its Colombian subsidiaries</u>

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

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

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

Pursuant to sections 188 and 189 of the Tax Code, at December 31, 2018 the Parent and its subsidiary Distribuidora de Almacenes Éxito Inversiones S.A.S. assessed their income tax liability using the presumptive income method.

Pursuant to sections 188 and 189 of the Tax Code, at December 31, 2018 subsidiaries Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S), Logística, Transporte y Servicios Asociados S.A.S. and Éxito Viajes y Turismo S.A.S. assessed their income tax liability using the ordinary income method.

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

At December 31, 2018 the subsidiaries have accrued $4,681 (2017 - $5,251) excess presumptive income over net income. The detail of excess presumptive income over net income is as follows:

	December 31, 2018	December 31, 2017
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.)	4,663	5,250
Almacenes Éxito Inversiones S.A.S.	18	-
Gemex O&W S.A.S.	-	1
Total	**4,681**	**5,251**

In Colombian subsidiaries where excess presumptive income does not match presumptive income, the development of excess presumptive income during the period ended December 31, 2018 are as follows:

- Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.), offsetting of excess presumptive income ($587);
- Gemex O&W S.A.S., decrease in excess presumptive income ($1) due to expiration of time limit for offsetting.
- Almacenes Éxito Inversiones S.A., recognition of excess presumptive income $18 and presumptive income $77.

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

At December 31, 2018, the subsidiaries have accrued tax losses amounting to $58,185 (December 31, 2017 - $68,960). The detail of tax losses is as follows:

	December 31, 2018	December 31, 2017
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.)	36,508	50,802
Gemex O&W S.A.S.	21,677	16,950
Almacenes Éxito Inversiones S.A.S.	-	-
Logística, Transporte y Servicios Asociados S.A.S.	-	1,208
Total	**58,185**	**68,960**

The development of tax losses during the period ended December 31, 2018 is as follows:

Almacenes Éxito S.A.	(27,064)
Gemex O&W S.A.S.	(4,727)
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.)	18,307
Éxito Viajes y Turismo S.A.S.	9,980
Almacenes Éxito Inversiones S.A.S.	59
Logística, Transporte y Servicios Asociados S.A.S.	4,949
Tax effect of offsetting the excess presumptive income of Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.)	200
Total	**1,704**

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.

For the Parent, the income tax return for 2017 where tax losses and a balance receivable were assessed is open for review for 12 years as of filing of the balance receivable; income tax return for 2016 where tax losses and a balance receivable were assessed is open for review for 5 years as of filing of the balance receivable; income tax for equality CREE return for 2016 showing a balance receivable is open for review for 5 years as of filing of the balance receivable; income tax return for 2015 showing a balance receivable is open for review for 2 years as of filing of the balance receivable; income tax for equality CREE return for 2015 is open for review for 2 years as of filing date.

For subsidiary Éxito Industrias S.A.S. (formerly 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 5 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 5 years as of filing date.

For subsidiary Éxito Inversiones S.A.S., the income tax return for 2017 showing a balance receivable is open for review for 3 years as of filing of the balance receivable; income tax return for 2016 showing a balance receivable is open for review for 2 years as of filing of the balance receivable; income tax return for 2015 where tax losses and a balance receivable were assessed is open for review for 5 years as of filing of the balance receivable; income tax for equality CREE return for 2016 showing a balance receivable is open for review for 2 years as of filing of the balance receivable; income tax for equality CREE return for 2015 showing a balance receivable is open for review for 5 years as of filing of the balance receivable.

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 and a balance receivable were assessed is open for review during 5 years as of filing of the balance receivable; income tax returns and income tax for equality CREE returns for 2013, 2014, 2015 and 2016 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 during 6 years as of filing of the balance receivable; income tax returns for 2016 and 2015 where tax losses and a balance receivable were assessed are open for review during 5 years as of filing of the balance receivable; income tax for equality CREE returns for 2016 and 2015 are open for review during 5 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 were 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 carried at December 31, 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.

Law 1943 of December 28, 2018 - Public Financing Act

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

The following are the most significant amendments regarding the income tax, applicable to the Parent and its Colombian subsidiaries, in effect as of 2019:

a. Income tax

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

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

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

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

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

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

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

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

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

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

b. Tax on dividends

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

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

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

c. Other regulations

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

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

Note 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;
- Certain subsidiaries domiciled in Brazil apply a 25% rate and other 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

	December 31, 2018	December 31, 2017
Other current tax assets of subsidiary Onper Investment 2015 S.L.	511,964	461,593
Income tax balance receivable by Parent and its Colombian subsidiaries (1)	154,686	153,155
Other current tax assets of subsidiary Spice Investment Mercosur S.A.	29,913	14,016
Industry and trade tax advances and withholdings of Parent and its Colombian subsidiaries	23,375	13,692
Current income tax assets of subsidiary Spice Investment Mercosur S.A. (2)	4,067	39,279
Tax discounts of Parent from taxes paid abroad	285	21,288
Current income tax assets of subsidiary Onper Investment 2015 S.L. (3)	-	17,185
Income tax advances of Colombian subsidiaries	-	1,058
Income tax for equality - CREE balance receivable from excess accrued as reported on tax assessments	-	1,392
Total current tax assets	**724,290**	**722,658**

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

	December 31, 2018	December 31, 2017
Income tax withholdings (a)	219,186	207,538
Less income tax (expense) (Note 23.4)	(64,500)	(54,383)
Total income tax balance receivable	**154,686**	**153,155**

(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 Spice Investments Mercosur S.A. is comprised of:

	December 31, 2018	December 31, 2017
Current income tax assets	5,532	65,918
Current income tax liabilities	(1,465)	(26,639)
Total	**4,067**	**39,279**

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

	December 31, 2017
Current income tax assets	86,654
Current income tax liabilities	(69,469)
Total	**17,185**

Current tax liabilities

	December 31, 2018	December 31, 2017
Taxes of subsidiary Onper Investment 2015 S.L. other than income tax	210,978	230,956
Income tax of subsidiary Onper Investment 2015 S.L. (1)	32,520	-
Industry and trade tax payable	53,023	44,728
Taxes of subsidiary Spice Investment Mercosur S.A. other than income tax	648	12,323
Other taxes payable	1,530	1,369
Total current tax liabilities	**298,699**	**289,376**

(1) The balance of current income tax liabilities of subsidiary Onper Investment 2015 S.L. is comprised of:

	December 31, 2018
Current income tax liabilities	106,835
Current income tax assets	(74,315)
Total	**32,520**

Note 23.4. Income tax

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

	December 31, 2018	December 31, 2017
Earnings before income tax	**1,570,473**	**974,788**
Add		
Taxes taken on and revaluation	50,488	4,732
Non-deductible expenses	46,616	158,627
Reimbursement of deduction of income-generating fixed assets arising from the sale of assets	33,798	1,989
Selling price of fixed assets held less than two years	25,147	-
Net income - recovery of depreciation of fixed assets sold	27,794	6,955
Tax on financial transactions	8,270	7,429
Receivables written-off	5,381	14,255
Fines, penalties and litigation	1,611	2,523
Non-deductible taxes	427	15
Non-deductible inventory losses	315	4,931
Tax on wealth	-	19,804
Presumptive interests	-	10
Less		
Effect of accounting results of foreign subsidiaries	(1,304,642)	(819,351)
IFRS adjustments with no tax effects (1)	(309,805)	(193,510)
Cost of sales of fixed assets held less than two years	(77,140)	-
Tax-exempt dividends received from subsidiaries	(27,870)	(53,781)
Derecognition of gain from the sale of fixed assets reported as occasional gain	(26,585)	(18,993)
Goodwill tax deduction, in addition to the accounting deduction	(20,351)	(279,655)
Amortization of tax losses and excess presumptive income	(16,089)	(12,329)
Deduction additional 30% on salary of voluntary apprentices	(1,739)	
Disabled employee deduction	(445)	(1,423)
Recovery of provisions	(239)	(5,781)
40% deduction of investment in income-generating assets	-	(54,363)
(Recovery) of receivables	-	(887)
Net current period (loss) of the Parent and of certain Colombian subsidiaries	**(14,585)**	**(244,015)**
Presumptive income of the Parent and of certain Colombian subsidiaries for the current period	**148,743**	**149,587**
Net income for the current period of certain Colombian subsidiaries	**17,147**	**9,698**
Net taxable income	**165,890**	**159,285**
Income tax rate	33%	33%
Subtotal income tax (expense)	**(54,744)**	**(52,717)**
Occasional gains tax (expense)	(3,625)	(1,097)
Income tax surcharge	(6,504)	(819)
Tax discounts	373	250
Total income tax (expense)	**(64,500)**	**(54,383)**
Tax revenue prior year	**2,286**	**936**
Total income tax (expense) of the Parent and its Colombian subsidiaries	**(62,214)**	**(53,447)**
Total current tax (expense) of foreign subsidiaries	**(319,224)**	**(211,168)**
Total current income tax (expense)	**(381,438)**	**(264,615)**

(1) IFRS adjustments with no tax effects are:

	December 31, 2018	December 31, 2017
Net results from applying the equity method	(396,749)	(329,244)
Higher accounting depreciation over depreciation for tax purposes	(44,545)	(63,252)
Excess personnel expenses for tax purposes over accounting personnel expenses	(34,900)	(128,699)
Other accounting (not for tax purposes) (revenue), net	(26,436)	(8,619)
Non-accounting costs for tax purposes	(17,215)	35,357
Recovery of provisions	(383)	486
Non-deductible fines and penalties	-	(174)
Non-accounting tax assessments	-	1,082
Non-deductible taxes	3	1,551
Accounting provisions	66	137
Taxed actuarial estimation	2,288	1,988
Exchange difference, net	36,980	5,071
Taxed leases	77,528	69,982
Taxed dividends of subsidiaries	93,558	220,824
Total	**(309,805)**	**(193,510)**

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

	December 31, 2018	December 31, 2017
Current income tax (expense)	(381,438)	(264,615)
Deferred income tax revenue (Note 23.5)	42,997	4,697
Total income tax revenue (expense)	**(338,441)**	**(259,918)**

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

	December 31, 2018	December 31, 2017
Uruguay	(34,462)	(26,826)
Brazil and Argentina	(284,762)	(184,342)
Total current tax (expense)	**(319,224)**	**(211,168)**

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

	December 31, 2018	Rate	December 31, 2017	Rate
Earnings before income tax	**1,570,473**		**974,788**	
Tax expense at applicable tax rate	(97,005)	(6%)	(50,546)	(5%)
Tax effect of tax rates levied abroad	(319,224)	(20%)	(211,168)	(22%)
Other tax effects from the reconciliation of accounting income to tax expense	(24,133)	(2%)	(33,285)	(3%)
Tax effect of non-deductible expenses to determine taxable loss	(41,743)	(3%)	(69,845)	(7%)
Tax effect from changes in tax rates	(2,378)	-	-	-
Tax effect of adjustment of current taxes from prior periods	2,281	-	666	-
Tax effect of tax losses	61,995	4%	20,215	2%
Tax effect of untaxed revenue to determine taxable loss	81,766	5%	84,045	9%
Total income tax revenue	**(338,441)**	**(22%)**	**(259,918)**	**(27%)**

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

	December 31, 2018	December 31, 2017
Net shareholders' equities	4,334,744	5,045,062
Less net shareholders' equities to be excluded	(85,766)	(85,396)
Base shareholders' equities	**4,248,978**	**4,959,666**
Presumptive income	**148,714**	**149,587**
Add: Taxed dividends	29	-
Total presumptive income	**148,743**	**149,587**

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, 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.

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:

	December 31, 2018			December 31, 2017		
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets (liabilities), net	Deferred tax assets	Deferred tax liabilities	Deferred assets (liabilities), net
Tax losses	196,376	-	196,376	81,075	-	81,075
Excess presumptive income	140,258	-	140,258	96,762	-	96,762
Tax credits	56,282	-	56,282	40,771	-	40,771
Financial liabilities	46,168	-	46,168	52,527	-	52,527
Other provisions	14,896	-	14,896	5,074	-	5,074
Accounts payable to related parties	8,196	-	8,196	-	(51)	(51)
Inventories	5,360	-	5,360	4,408	-	4,408
Trade and other receivables	4,113	-	4,113	14,256	-	14,256
Prepaid expenses	3,681	-	3,681	2,956	-	2,956
Employee benefit provisions	3,642	-	3,642	4,073	-	4,073
Other non-financial liabilities	3,386	-	3,386	9,331	-	9,331
Other financial liabilities	2,850	-	2,850	12,478	-	12,478
Cash and cash equivalents	-	-	-	-	(67)	(67)
Other non-financial assets	-	(20)	(20)	-	(22)	(22)
Accounts receivable from related parties	-	(523)	(523)	65	-	65
Non-current assets held for trading	-	(555)	(555)	-	-	-
Construction in progress	-	(915)	(915)	-	(2,510)	(2,510)
Trade and other payables	-	(1,209)	(1,209)	-	(12,497)	(12,497)
Intangible assets other than goodwill	-	(7,654)	(7,654)	-	(9,288)	(9,288)
Investment property	-	(8,561)	(8,561)	-	(12,814)	(12,814)
Land	-	(9,623)	(9,623)	-	(21,851)	(21,851)
Real estate projects	-	(12,457)	(12,457)	-	-	-
Other property, plant and equipment	-	(26,512)	(26,512)	-	(30,250)	(30,250)
Other financial assets	-	(37,331)	(37,331)	-	(1,935)	(1,935)
Investments in subsidiaries and joint ventures	-	(60,657)	(60,657)	-	(76,217)	(76,217)
Buildings	-	(91,758)	(91,758)	-	(93,962)	(93,962)
Goodwill	-	(185,781)	(185,781)	-	(131,153)	(131,153)
Total Parent	**485,208**	**(443,556)**	**41,652**	**323,776**	**(392,617)**	**(68,841)**
Colombian subsidiaries	**13,891**	**(14,025)**	**(134)**	**25,915**	**(14,384)**	**11,531**
Total Colombia segment	**499,099**	**(457,581)**	**41,518**	**349,691**	**(407,001)**	**(57,310)**
Uruguay segment	**25,994**	**-**	**25,994**	**7,498**	**-**	**7,498**
Brazil and Argentina segment	**178,670**	**(1,611,861)**	**(1,433,191)**	**114,301**	**(1,515,241)**	**(1,400,940)**
Total	**703,763**	**(2,069,442)**	**(1,365,679)**	**471,490**	**(1,922,242)**	**(1,450,752)**

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

	December 31, 2018	December 31, 2017
Deferred income tax	40,923	15,882
Deferred occasional gains tax	2,074	(11,248)
Income tax surcharge	-	7
Retained earnings of subsidiaries in Uruguay and Brazil	-	56
Total deferred income tax revenue	**42,997**	**4,697**

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

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

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

	December 31, 2018
Revenue from deferred tax recognized in income for the period	42,997
(Expense) from deferred tax recognized in other comprehensive income for the period.	(4,526)
Gain from deferred tax recognized in other equity interests	17,545
Effect of the translation of the deferred tax recognized in other comprehensive income for the period (1)	29,057
Total decrease in net deferred tax (liabilities) between December 31, 2018 and December 31, 2017	**85,073**

(1) Such effect resulting from the translation at the closing rate of deferred tax assets and liabilities of foreign subsidiaries is included in the line item "Exchange difference from translation" in other comprehensive income (Note 27).

Deferred tax assets generated by certain minor investments that have shown losses during the current or prior periods have not been recognized. The amount of losses is as follows:

	December 31, 2018	December 31, 2017
Other minor investments	(11,780)	(2,919)
Total	**(11,780)**	**(2,919)**

Temporary differences related to investments in subsidiaries, associates and joint ventures, for which no deferred tax liabilities have been recognized at December 31, 2018 amount to $53,361 (December 31, 2017 - $-).

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 influence the income tax rate.

Note 23.7 Non-current tax assets and liabilities

<u>Non-current tax assets</u>

The balance of $2,302,451 (2017 - $1,575,743) relates to taxes receivable of subsidiary Companhia Brasileira de Distribuição - CBD, basically the ICMS tax (Tax on the Movement of Goods and Services) and the Social Security National Tax.

<u>Non-current tax liabilities</u>

The balance of $397,014 (2017 - $521,870) relates to taxes payable of subsidiaries Companhia Brasileira de Distribuição - CBD and Libertad S.A. for federal taxes and incentive program by instalments.

Note 24. Other financial liabilities

The balance of other financial liabilities is as follows:

	December 31, 2018	December 31, 2017
Bonds issued (1)	3,477,711	2,719,707
Collections received on behalf of third parties (2)	131,326	132,102
Derivative financial instruments designated as hedge instruments (3)	9,473	78,992
Derivative financial instruments (4)	1,770	16,570
Total	**3,620,280**	**2,947,371**
Current	**1,037,191**	**645,363**
Non-current	**2,583,089**	**2,302,008**

(1) Subsidiary 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 subsidiary Companhia Brasileira d Distribuição - CBD. Amortization of bonds varies in accordance with the issue.

Amortization of bonds varies in accordance with the issue. The following amortization schedules are foreseen at 31 December for current issues:

- Repayment only upon maturity with biannual compensation (13th, 14th, 15th and 16th issue).

13th and 14th issues are entitled to early redemption at any time in accordance with the conditions set by the issue instrument. 15th issue is entitled to early redemption as of December 15, 2018 and 16th issue as of December 10, 2018 pursuant to the conditions of the issue of bonds.

On December 20, 2016, the 13th issue of straight, not convertible, unsecured bonds was issued with unique serial number and 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 the 14th issue by Ápice Securitizadora S.A. of titles receivable from Agronegocio, represented in straight, not convertible, unsecured bonds with unique serial number, which were placed by Bradesco BBI S.A., Safra S.A. and BNP Paribas Brasil S.A. The attracted amount of $998,639 matures on April 13, 2020 with final compensation of 96% of IDC after book building. Resources were made available to Companhia Brasileira de Distribuição - CBD on April 17, 2017.

The 15th issue of certificates, represented in uncovered, non-convertible, unsecured, single-series bonds was approved on January 17, 2018. The attracted amount of $668,925 matures on January 15, 2021 with a final repayment of 104.75% of IDC.

The 16th issue of certificates, represented in uncovered, non-convertible, unsecured, two-series bonds was approved on September 11, 2018. The amount attracted with the first series $520,534 matures September 10, 2021 with a final repayment of 106% of IDC and the amount attracted with the second series $371,810 matures on September 12, 2022 with a final repayment of 107.4% of IDC.

At December 31, 2018 the detail and current value of outstanding issues is as follows:

Issue	Type	Maturity	Rate	Balance
13th issue of bonds	Ordinary	December 20, 2019	97.5% of IDC	850,554
14th issue of bonds	Ordinary	April 13, 2020	96% of IDC	917,659
15th issue of bonds	Ordinary	January 15, 2021	104.75% of IDC	691,180
16th issue of bonds (1st series)	Ordinary	September 10, 2021	106% of IDC	598,911
16th issue of bonds (2nd series)	Ordinary	September 12, 2022	107.4% of IDC	427,794
Incremental costs of fund raising				(8,387)
				3,477,711

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 December 31, 2018 and at December 31, 2017.

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

	December 31, 2018	December 31, 2017
Éxito Card collections (a)	44,860	38,679
Non-banking correspondent	47,340	53,701
Revenue received on behalf of third parties (b)	27,287	27,759
Direct trading (market place)	5,000	5,114
Money transfer services	-	1,594
Other collections	6,839	5,255
Total	**131,326**	**132,102**

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

(b) The balance relates to:

- Insurance premiums, extended warranties, telephone companies cell phone recharges and other collections by subsidiary Companhia Brasileira de Distribuição - CBD on behalf of Financiera Itaú CBD - FIC Promotora de Vendas Ltda. in amount of $9,454 (2017 - $12,696).

- Collections received on behalf of third parties for hotel services, ground transportation, 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 $15,508 (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 $2,325 (2017 - $2,453).

(3) Derivatives denominated as hedge instruments represent:

(2) Financial exchange transactions - 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 may be determined in local currency. The fair values of these instruments are determined based on valuation models commonly used by market participants.

(b) 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 DCCIs (Direct consumer credits 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. The average annual IDC rate at December 31, 2018 was 6.42% (December 31, 2017 - 9.93%).

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

The 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 December 31, 2018 relates to the following transactions:

Hedging instrument	Nature of risk hedged	Hedged item	Range of rates for hedged item	Range of rates for hedge instruments	Fair value
Swap	Interest rate	Financial obligations	IBR 3M	5.1% - 6.0%	6,890
Swap	Interest and exchange rates	Financial obligations	Libor USD 1M + 2.22%	9.06%	21
Swap	Interest and exchange rates	Financial obligations	1.94% to 9.80%	IDC	2,562
					9,473

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
					78,992

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

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Swap	-	295	2,752	4,975	1,451	**9,473**

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	**78,992**

(4) Derivative financial instruments reflect the fair value of forward and swap 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 and swap) at fair value, on each accounting closing date.

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

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

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

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

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

	December 31, 2018	December 31, 2017
Bonds issued	896,073	433,501
Collections received on behalf of third parties	131,326	132,102
Derivative financial instruments designated as hedge instruments	8,022	63,190
Derivative financial instruments	1,770	16,570
Total current	**1,037,191**	**645,363**
Bonds issued	2,581,638	2,286,206
Derivative financial instruments designated as hedge instruments	1,451	15,802
Total non-current	**2,583,089**	**2,302,008**

Note 25. Other non-financial liabilities

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

	December 31, 2018	December 31, 2017
Revenue received in advance (1)	256,885	164,925
Customer loyalty programs (2)	48,636	64,644
Extended warranty	15,712	22,215
Advance payments under contracts and other projects	7,256	19,157
Instalments received under "plan resérvalo"	647	850
Repurchase coupon	176	485
Other (3)	9,423	2,934
Total other current non-financial liabilities	**338,735**	**275,210**
Advance payments under contracts and other projects	727	32,206
Extended warranty	-	2,183
Other (3)	11,236	17,372
Total other non-current non-financial liabilities	**11,963**	**51,761**

(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.

	December 31, 2018	December 31, 2017
Lease of furniture (a)	182,922	94,151
Gift card	57,199	47,851
Cafam comprehensive card	7,210	11,089
Exchange card	3,492	3,518
Other	4,263	5,794
Data and telephone minutes purchased in advance	979	1,728
Fuel card	820	794
Total current	**256,885**	**164,925**

(a) Relates to advance payments from third parties on rental of gondola ends and luminous paper to display products at 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:

	December 31, 2018	December 31, 2017
“Puntos Éxito” and “Supercliente Carulla” programs	18,539	37,797
"Hipermillas" and "Tarjeta Más" programs	26,665	26,058
“Meu Desconto” program	2,919	-
Club Libertad	513	789
Total	**48,636**	**64,644**

The effect on the statement of income of the valuation, issue, redemption and expiry of points related with such programs is as follows:

	December 31, 2018	December 31, 2017
“Puntos Extra” and “Pao de Acucar” programs	44,948	25,626
Club Libertad	(69)	821
“Puntos Éxito” and “Supercliente Carulla” programs	19,258	(463)
"Hipermillas" and "Tarjeta Más" programs	608	(804)
Total	**64,745**	**25,180**

(3) mainly relates to a payment received by subsidiary Companhia Brasileira de Distribuição – CBD from "Allpark" under a car parking service agreement.

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

At December 31, 2018 and at 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.

(*) Expressed in Colombian pesos.

The rights attached to the shares are speaking and voting rights per each share. No privileges have been granted on the shares, nor are they restricted in any way. Additionally, there are no option contracts on 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 December 31, 2018 and at December 31, 2017. Pursuant to legal regulations, this balance may be distributed as profits upon winding-up of the company, or upon capitalization of this value. Capitalization means the transferring of a portion of such premium to a capital account, as result of the issue of a share-based dividend.

Note 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 and updated on December 28,m 2018 by Regulatory Decree 2483.

Other accumulated comprehensive income

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

	December 31, 2018			December 31, 2017		
	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
Measurement of financial assets at fair value through other comprehensive income (1)	(107,732)	-	(107,732)	(2,976)	-	(2,976)
Measurement of defined benefit plans (2)	(4,760)	1,432	(3,328)	(4,449)	1,472	(2,977)
Translation exchange differences (3)	(410,001)	-	(410,001)	1,002,472	-	1,002,472
(Loss) from the hedging of cash flows (4)	(5,978)	1,954	(4,024)	(19,516)	6,440	(13,076)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method (5)	(38,349)	-	(38,349)	14,172	-	14,172
Total other accumulated comprehensive income	**(566,820)**	**3,386**	**(563,434)**	**989,703**	**7,912**	**997,615**

(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 translating deferred tax assets and liabilities in amount of $29,416 (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 influences period results or a highly-likely transaction is not foreseen to occur, or is included, as part of the carrying value, in a non-financial hedged item.

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

Note 28. Share-based payments

Note 28.1. Option plan to acquire preferred shares, in force at December 31, 2018 and December 31, 2017

Compensation Plan - Plano de Remuneração (issued in 2014, 2015, 2016 and 2017).

Managed by the Board of Directors of Companhia Brasileira de Distribuição - CBD, through the Human Resources and Compensation Committee ("Committee").

The members of the Committee meet to award the options of the series of the "Compensation Plan", and to make decisions on matters related to such plan. Each series under this plan shall be given letter "B" followed by a number. Series issued in 2014 and 2015 are named B1 to B2.

Options awarded to a participant shall not be exercised for 36 months as of awarding date ("grace period"), and shall only be exercised between the first day of month 37 and the last day of month 42, as of awarding date ("Exercise Period"), save exceptions authorized by the Company on a case-by-case basis.

A participant may exercise his options in full or in part, at once or several times, provided that during the exercise period a "term of exercise of the option" is provided for each option exercised.

The price of exercise of each share purchase option awarded pursuant to the Compensation Plan is R$0.01 (one cent of a Brazilian real) ("Exercise Price").

The exercise price of the options shall be fully paid in Brazilian reals by check or bank transfer to the bank account of subsidiary Companhia Brasileira de Distribuição CBD, taking into consideration that the final date of payment shall always be the tenth (10) day prior to the share acquisition date.

A participant shall not, over a period of 180 (one hundred and eighty) days as of the share acquisition date, directly or indirectly, sell, assign, exchange, dispose of, transfer, contribute to the capital of another company, grant an option or enter into any act or agreement resulting in or that may result in the disposition, direct or indirect, for consideration or else, of all or some of the shares acquired through the exercise of the purchase option, under the Compensation Plan.

Subsidiary Companhia Brasileira de Distribuição - CBD shall apply tax withholdings as required by Brazilian tax law, by deducting the amount equivalent to taxes withheld from the number of shares delivered to a participant.

On May 31, 2018 and on May 31, 2017, Companhia Brasileira de Distribuição - CBD defined two preferred share purchase option plans, approved by the Extraordinary General Meeting of Shareholders held in such years. Pursuant to plan terms, each option confers upon a beneficiary the right to acquire preferred shares. The plan defines a grace period of 18 months and a granting period of 36 months, as of the date on which the Board of Directors approved the issue of the respective series of options. Share options may be exercised during the term mentioned in the plan description. The condition to exercise an option is that the beneficiary continues being an employee of the Company during such term. These plans differ from previous ones only in the option exercise price and whether there is a restriction period to dispose of the shares acquired in exercise of the option. Plans have been named B4 and B5.

Companhia Brasileira de Distribuição - CBD defined a preferred share purchase option plan, approved by the Extraordinary General Meeting of Shareholders held on May 30, 2016. Pursuant to plan terms, each option confers upon a beneficiary the right to acquire preferred shares. This new plan foresees a grace period of 36 months, as of the date on which the Board of Directors approved the issue of the respective series of options. Share options may be exercised during the term mentioned in the plan description. The condition to exercise an option is that the beneficiary continues being an employee of the Company during such term. This plan differs from previous ones only in the exercise price of the options and whether there is a restriction period to dispose of the shares acquired in exercise of the option. The plan has been named B3.

Share options awarded under each of the plans may represent a 0.7% of total shares of Companhia Brasileira de Distribuição - CBD at the most.

Options awarded under series B3, B4 and B5 were valid at December 231, 2018. Options awarded under series B2, B3 and B4 were valid at December 31, 2017.

Option Plan - Plano de Opção (issued in 2014, 2015, 2016, 2017 and 2018).

Managed by the Board of Directors of Companhia Brasileira de Distribuição - CBD, through the Human Resources and Compensation Committee ("Committee").

The members of the Committee meet to award the options of the series of the Option Plan, and to make decisions on matters related to such plan. Each series under this plan shall be given letter "C" followed by a number. Series issued in 2014 and 2015 are named C1 to C2.

For each series of share options, the exercise price of each option is 80% of the average of trading of preferred shares issued by Companhia Brasileira de Distribuição CBD during the last 20 sessions of the Stock, Goods and Futures Exchange - BM & FBOVESPA S.A. prior to the calling date for the meeting of the Committee held to decide on the awarding of options under such series ("Exercise Price").

Options awarded to a participant shall not be exercised for 36 months as of awarding date ("grace period"), and shall only be exercised between the first day of month 37 and on the last day of month 42, as of awarding date ("Exercise Period"), save exceptions included in the Option Plan.

A participant may exercise his options in full or in part, at once or several times, provided that during the exercise period the term of exercise of the option is provided for each option exercised.

The exercise price of the options shall be fully paid in Brazilian reals by check or bank transfer to the bank account of subsidiary Companhia Brasileira de Distribuição CBD, taking into consideration that the final date of payment shall always be the tenth (10) day prior to the share acquisition date.

Companhia Brasileira de Distribuição - CBD shall apply tax withholdings as required by Brazilian tax law, by deducting the amount equivalent to taxes withheld from the number of shares delivered to a participant.

An option plan for the purchase of preferred shares was implemented on May 31, 2017 as approved by the Extraordinary General Meeting of Shareholders. Pursuant to plan terms, each option confers upon a beneficiary the right to acquire preferred shares. The plan defines a grace period and awarding period of 36 months, as of the date on which the Board of Directors approved the issue of the respective series of options. Share options may be exercised during the term mentioned in the plan description. The condition to exercise an option is that the beneficiary continues being an employee of the Company during such term. This plan differs from previous ones only in the exercise price of the options and whether there is a restriction period to dispose of the shares acquired in exercise of the option. The plan has been named C5.

On May 31, 2017 and on May 31, 2016, two preferred share purchase option plans were defined as approved by the Extraordinary General Meeting of Shareholders held in such years. Pursuant to plan terms, each option confers upon a beneficiary the right to acquire preferred shares. These new plans foresee a grace period of 36 months, as of the date on which the Board of Directors approved the issue of the respective series of options. Share options may be exercised during the term mentioned in the plan description. The condition to exercise an option is that the beneficiary continues being an employee of the Company during such term. These plans differ from previous ones only in the option exercise price and whether there is a restriction period to dispose of the shares acquired in exercise of the option. These plans have been named C3 and C4.

Share options awarded under each of the plans may represent a 0.7% of total shares of Companhia Brasileira de Distribuição - CBD at the most.

Options awarded under series C3, C4 and C5 were valid at December 31, 2018. Options awarded under series C2, C3 and C4 were valid at December 31, 2017.

Note 28.2. Information regarding option plans to acquire preferred shares, in force at December 31, 2018 and 2017.

The information relevant to the Compensation Plan and the Option Plan at December 31, 2018 is summarized as follows:

				Price in Brazilian reals (1)		Options batch (in thousands)			
Series awarded (1)	**Date awarded**	**First exercise date**	**Second exercise date and expiry date**	**At awarding date**	**At period closing**	**Number of options awarded**	**Number of options exercised**	**Number of options cancelled**	**Number of options in effect**
Series B3	30/05/2016	30/05/2019	30/11/2019	0.01	0.01	823	(281)	(75)	467
Series C3	30/05/2016	30/05/2019	30/11/2019	37.21	37.21	823	(274)	(108)	441
Series B4	31/05/2017	31/05/2020	30/11/2020	0.01	0.01	537	(159)	(43)	335
Series C4	31/05/2017	31/05/2020	30/11/2020	56.78	56.78	537	(157)	(44)	336
Series B3 – Trench 2	27/04/2018	30/05/2019	30/11/2019	0.01	0.01	95	-	-	95
Series C3 – Trench 2	27/04/2018	30/05/2019	30/11/2019	56.83	56.83	95	-	-	95
Series B5	31/05/2018	31/05/2021	30/11/2021	0.01	0.01	499	(1)	(5)	493
Series B5	31/05/2018	30/06/2018	30/06/2018	0.01	0.01	95	(95)	-	-
Series C5	31/05/2018	31/05/2021	30/11/2021	62.61	62.61	499	(1)	(5)	493
Series C5	31/05/2018	30/06/2018	30/06/2018	62.61	62.61	95	(95)	-	-
Total						**4,098**	**(1,063)**	**(280)**	**2,755**

The information relevant to the Compensation Plan and the Option Plan at December 31, 2017 is summarized as follows:

				Price in Brazilian reals (1)		Options batch (in thousands)			
Series awarded (1)	**Date awarded**	**First exercise date**	**Second exercise date and expiry date**	**At awarding date**	**At period closing**	**Number of options awarded**	**Number of options exercised**	**Number of options cancelled**	**Number of options in effect**
Series B2	29/05/2015	01/06/2018	30/11/2018	0.01	0.01	337	(119)	(37)	181
Series C2	29/05/2015	01/06/2018	30/11/2018	77.27	77.27	337	-	(71)	266
Series B3	30/05/2016	30/05/2019	30/11/2019	0.01	0.01	823	(246)	(41)	536
Series C3	30/05/2016	30/05/2019	30/11/2019	37.21	37.21	823	(130)	(42)	651
Series B4	31/05/2017	31/05/2020	30/11/2020	0.01	0.01	537	(146)	(11)	380
Series C4	31/05/2017	31/05/2020	30/11/2020	56.78	56.78	537	(1)	(11)	525
Total						**3,394**	**(642)**	**(213)**	**2,539**

(2) The values taken to the income arising from purchase options plans on preferred shares of Companhia Brasileira de Distribuição - CBD for the period ended December 31, 2018 amounted to $16,255 (December 31, 2017 - $14,795).

Note 28.3. Other information regarding option plans to acquire preferred shares

At December 31, 2018 there were 233,000 treasury preferred shares (December 31, 2017 - 233,000), which might be used as collateral for the options awarded under the plans; the quote of preferred shares on the Stock, Goods and Futures Exchange - BM & BOVESPA S.A. was $65,818 (2017 - $71,206) per each share.

The following chart shows the maximum dilution percentage of the interest that will have the existing shareholders of Companhia Brasileira de Distribuição - CBD for all options awarded:

	December 31, 2018	**December 31, 2017**
Total number of shares	266,845	266.579
Balance of outstanding series awarded	2,755	2,539
Dilution percentage	1.03%	0.95%

The fair value of each option awarded is estimated on the awarding date using the Black & Scholes option valuation model, taking into consideration the following assumptions for B2 and C2 series:

1. Dividend expectation 1.37%,
2. Volatility expectation, approximately 24.34% and
3. Risk-free weighted average interest rate of 12.72%.

The fair value of each option awarded is estimated on the awarding date using the Black & Scholes option valuation model, taking into consideration the following assumptions for B3 and C3 series:
1. Dividend expectation 2.50%,
2. Volatility expectation, approximately 30.20% and
3. Risk-free weighted average interest rate of 13.25%.

The fair value of each option awarded is estimated on the awarding date using the Black & Scholes option valuation model, taking into consideration the following assumptions for B4 and C4 series:
1. Dividend expectation 0.57%,
2. Volatility expectation, approximately 35.19% and
3. Risk-free weighted average interest rate of 9.28% and 10.07%; validity term from 18 to 36 months.

The fair value of each option awarded is estimated on the awarding date using the Black & Scholes option valuation model, taking into consideration the following assumptions for B5 and C5 series:
1. Dividend expectation 0.41%,
2. Volatility expectation, approximately 36.52% and
3. Risk-free weighted average interest rate of 9.29%.

The remaining weighted average term of the series valid at 31 December 2018 is 1.25 years (December 31, 2017 - 1.53 years). The weighted average fair value of options awarded at December 31, 2018 represented $36,770 (2017 - $35,247).

Below is information on the number and weighted average exercise prices of share options, in share-based payment agreements:

At December 31, 2018	**Number of options (thousands)**	**Weighted average of exercise price (in Brazilian reals)**	**Weighted average for the remaining contract term**
Number of options on outstanding shares at beginning of period	2,539	29.48	-
Awarded	1,378	30.91	-
Void	(229)	38.64	-
Exercised	(697)	31.96	-
Expired	(236)	68.62	-
Number of options on outstanding shares at end of period	2,755	26.03	1.37
Total options to be exercised at December 31, 2018	2,755	26.03	1.37

At December 31, 2017	**Number of options (thousands)**	**Weighted average of exercise price (in Brazilian reals)**	**Weighted average for the remaining contract term**
Number of options on outstanding shares at beginning of period	2,394	29.21	-
Awarded	1,073	28.40	-
Void	(110)	40.56	-
Exercised	(699)	22.14	-
Expired	(119)	83.22	-
Number of options on outstanding shares at end of period	2,539	29.48	1.53
Total options to be exercised at December 31, 2017	2,539	29.48	1.53

Note 29. Revenue from ordinary activities under contracts with customers

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

	December 31, 2018	**December 31, 2017**
Retail sales (Note 44)	54,009,077	55,556,241
Service revenue (2)	885,067	830,842
Other ordinary revenue (3)	142,026	55,720
Revenue from ordinary activities under contracts with customers	**55,036,170**	**56,442,803**

(1) The balance of service revenue relates to:

	December 31, 2018	December 31, 2017
Lease of real estate	319,197	310,174
Commissions	126,410	145,580
Distributors	106,790	108,978
Advertising	82,750	83,663
Other revenue from the provision of services	68,499	35,481
Lease of physical space	64,367	50,745
Transport	45,710	27,832
Telephone services	30,937	29,707
Non-banking correspondent	17,970	15,144
Administration of trade premises	8,441	9,742
Money transfers	7,483	8,030
Travel administration fees	6,513	5,766
Total service revenue	**885,067**	**830,842**

(2) Other ordinary revenue relates to:

	December 31, 2018	December 31, 2017
Involvement in collaboration agreement (a)	67,465	-
Marketing events	14,526	10,250
Royalty revenue	10,459	6,973
Other exploitation activities	9,837	13,174
Other revenue from Latam strategic direction (Note 36)	7,389	7,003
Revenue from financial services	2,389	1,825
Use of parking spaces	1,592	1,923
Other	28,369	14,572
Total other ordinary revenue	**142,026**	**55,720**

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

Note 30. Distribution expenses and Administration and sales expenses

The balance of distribution expenses is as follows:

	December 31, 2018	December 31, 2017
Leases	944,970	1,012,398
Depreciation and amortization	770,738	812,786
Fuels and power	664,882	720,154
Advertising	623,823	624,390
Public utilities	544,891	554,895
Commissions on debit and credit cards	386,732	403,562
Taxes other than income tax	352,764	392,249
Repairs and maintenance	345,433	380,287
Outsourced employees	234,430	256,513
Other provisions expense	88,991	-
Fees	79,579	98,168
Legal expenses	70,722	58,552
Transport	70,524	71,120
Packaging and marking materials	44,785	58,339
Insurance	36,777	45,232
Administration of trade premises	34,071	33,962
Travel expenses	21,084	23,146
Impairment expense	13,178	10,372
Contributions and affiliations	1,623	1,440
Other	210,143	318,299
Total distribution expenses	**5,540,140**	**5,875,864**

The balance of administration and sales expenses is as follows:

	December 31, 2018	December 31, 2017
Depreciation and amortization	200,159	206,300
Fees	139,982	132,694
Outsourced employees	107,936	96,871
Taxes other than income tax	54,432	49,584
Public utilities	53,736	74,810
Repairs and maintenance	28,378	32,621
Travel expenses	20,251	21,395
Leases	15,628	5,512
Impairment expense	12,131	2,274
Fuels and power	10,602	10,501
Other provisions expense	7,545	2
Insurance	6,211	5,278
Legal expenses	3,651	5,828
Transport	2,915	3,477
Administration of trade premises	2,733	770
Contributions and affiliations	2,626	2,941
Advertising	336	364
Packaging and marking materials	325	261
Other	88,740	108,281
Total administration and sales expenses	**758,317**	**759,764**

Note 31. Employee benefit expense

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

	December 31, 2018	December 31, 2017
Wages and salaries	2,975,377	3,247,903
Contributions to the social security system	688,001	688,408
Other short-term employee benefits	281,023	287,542
Total short-term employee benefit expense	**3,944,401**	**4,223,853**
Post-employment benefit expenses, defined contribution plans	108,455	133,820
Post-employment benefit expenses, defined benefit plans	307	224
Total post-employment benefit expenses	**108,762**	**134,044**
Termination benefit expenses	269,083	262,256
Other long-term employee benefits	(84)	143
Other personnel expenses	409,525	454,516
Total employee benefit expenses	**4,731,687**	**5,074,812**

Note 32. 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 Parent's and its subsidiaries' recurrent profitability analysis; these are defined as significant elements of unusual revenue and expense 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 effect of business combinations, among other.

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

	December 31, 2018	December 31, 2017
Other operating revenue		
Recurring		
Recovery of other provisions related to labor legal proceedings (1)	61,263	822
Recovery of allowance for trade receivables (2)	15,688	3,753
Recovery of other provisions	15,551	1,780
Recovery of other provisions related to civil legal proceedings (3)	14,582	1,748
Recovery of other provisions related to administrative legal proceedings (4)	8,805	-
Compensation from insurance companies (5)	2,953	5,233
Reimbursement of tax-related costs and expenses (6)	1,911	803
Reimbursement of ICA-related costs and expenses	255	595
Total recurring	**121,008**	**14,734**
Non-recurring		
Recovery of other provisions (7)	41	24,351
Revenue from insurance compensation (8)	-	72,521
Recovery of other provisions related to reorganization proceedings	2,665	-
Total non-recurring	**2,706**	**96,872**
Total other operating revenue	**123,714**	**111,606**
Other operating expenses		
Reorganization expenses (9)	(161,465)	(125,490)
Allowance for tax legal proceedings (10)	(71,997)	(90,660)
Tax restructuring expense (11)	(29,449)	(18,043)
Tax on wealth expense (12)	(12,195)	(32,918)
Other expenses	(12,512)	(12,051)
Indemnifications expense	-	(5,297)
Total other operating expenses	**(287,618)**	**(284,459)**
Other net gains (losses)		
Gain (loss) from the sale of property, plant and equipment (13)	94,296	(138,789)
Gain from the sale of subsidiaries (14)	13,542	-
Recovery (expense) of impairment of intangible assets and of property, plant and equipment (15)	2,386	(3,816)
Gain from the sale of intangible assets	35	-
Derecognition of property, plant and equipment (16)	(21,021)	(134,603)
Loss from disposal of other assets	(2,523)	(2,617)
Total other gains (loss), net	**86,715**	**(279,825)**

(1) Represents the recovery of provisions for labor legal proceedings of the Parent in amount of $1,553 (2017 - $822), of Companhia Brasileira de Distribuição - CBD and its subsidiaries in amount of $59,682 (2017 - $-) and of subsidiary Devoto Hermanos S.A. in amount of $28 (2017 $-)

(2) Represents the recovery of impairment of trade receivables of the Parent and its subsidiaries in Colombia.

(3) Represents the recovery of provisions for civil legal proceedings of the Parent and its subsidiaries in Colombia in amount of $2,566 (2017 - $1,748), and of Companhia Brasileira de Distribuição - CBD and its subsidiaries in amount of $12,016 (2017 - $-).

(4) Represents the recovery of provisions for administrative legal proceedings of Companhia Brasileira de Distribuição - CBD and its subsidiaries.

(5) For 2018 represents revenue received by the Parent from insurance companies and other third parties as compensation for losses incurred on assets, merchandise, loss of profits and indirect losses from damage to third parties for which the Parent is liable in amount of $2,939, and revenue from compensations received by Grupo Disco Uruguay S.A. in amount of $14.

For 2017 relates to revenue received by the Parent from Mapfre Seguros Generales de Colombia S.A. as insurance compensation for loss of profits, inventories and other extraordinary expenses incurred from the casualty at Éxito Buenaventura store in amount of $2,791 and at Viva Buenaventura shopping mall in amount of $151; revenue received by the Parent from insurance companies and other third parties as compensation for asset and goods-related losses and loss of profits, and for indirect losses arising from damages to third parties for which the Parent is liable in amount of $2,277, and to revenue received by subsidiary Grupo Disco del Uruguay S.A. in amount of $14.

(6) Represents the recovery of a provision for tax proceedings related with the VAT payable by the Parent.

(7) For 2018 represents the recovery of proceedings of the Parent and its subsidiaries in amount of $41.

For 2017 represents the recovery of tax proceedings of subsidiary Companhia Brasileira de Distribuição - CBD and its subsidiaries in amount of $23,992; of Onper Investment 2015 S.L. in amount of $220 and or Spice Investment Mercosur S.A. and its subsidiaries in amount of 139.

(8) For 2017 includes $1,202 revenue received as compensation for damages to the Parent's property and equipment, and $71,319 revenue received by subsidiary Companhia Brasileira de Distribuição – CBD as compensation for damages to property and equipment damaged on December 27, 2017 at the refrigerated products distribution center located in the municipality of Osasco.

(9) Relates to expenses in amount of $118,949 (2017 - $99,338) incurred by subsidiary Companhia Brasileira de Distribuição - CBD arising from the measures implemented to adapt the expense structure including all operating and administration areas, seeking to mitigate the effects of inflation on fixed costs and a reduced dilution of costs; and expenses related with the provision at the Parent and its Colombian subsidiaries for the reorganization plan in amount of $38,245 (2017 - $26,152) that include the purchase of the plan of operating excellence and corporate retirement plan; and expenses arising from the reorganization plan for subsidiary Libertad S.A. in amount of $4,271 (2017 - $-).

(10) Represents a provision for legal proceedings related with the income tax and other taxes such as ICMS, PIS/COFINS at the subsidiary Companhia Brasileira de Distribuição - CBD in amount of $71,742 (2017 - $90,660) and to minor tax proceedings at the Parent in amount of $255 (2017 - $-)

(11) Represents 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.

(12) For 2018 represents the tax on wealth of subsidiaries in Uruguay; for 2017, represents 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 in amount of $20,422 and the tax on wealth of subsidiaries in Uruguay in amount of $12,496.

(13) For 2018 represents the loss from the sale of equipment in amount of ($811), gain from the sale of the property Apartamento 802 El Retiro in amount of $53 and the loss from the sale of other small assets ($11) at the Parent; gain from the sale of assets of subsidiary Companhia Brasileira de Distribuição - CBD and its subsidiaries in amount of $91,047; gain from the sale of assets of subsidiary Libertad S.A. in amount of $3,905 and gain from the sale of real estate property at subsidiaries Grupo Disco del Uruguay S.A., Mercados Devoto S.A. and Devoto Hermanos S.A. in amount of $113.

For 2017 relates to the Parent's gain from the sale of the buildings Carulla Tesoro in amount of $7,102, Éxito San Francisco in amount of $2,263, Éxito Envigado Centro in amount of $812, Éxito Santa Marta Centro in amount of $437 and Calle 80 Apartment in amount of $94; gains at subsidiaries Grupo Disco del Uruguay S.A., Mercados Devoto S.A. and Devoto Hermanos S.A. from the sale of real estate property in amount of $18,333; gains at Colombian subsidiaries from the sale of furniture in amount of $7, and loss at subsidiary Companhia Brasileira de Distribuição – CBD from the sale of real estate property and furniture in amount of ($167,837).

(14) Represents the gain at subsidiary Geant Argentina S.A. arising from the sale of 100% of the interest in Ceibotel S.A.

(15) For 2018 represents the impairment loss at the Parent related with computer software ($3,307); property impairment loss at subsidiary Mercados Devoto S.A. (2,818) and gain from recovery of property impairment loss at subsidiary Devoto Hermanos S.A. in amount of $8,511)

For 2017 relates to a loss from the impairment of the Torre Sur Building owned by the Parent in amount of $1,481 arising from demolition thereof, and a loss from impairment of real estate properties owned by subsidiary Mercados Devoto S.A. in amount of $2,335.

(16) For 2018 represents the closing down at the Parent of 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 Bolívar $167, Éxito Mini Parque de las Cigarras $132, Éxito Mini Yerbabuena $121, Surtimax Olaya $587, Surtimax Villaluz $77, Surtimax Torices $363, Surtimax Baranoa $232 and other minor $797; derecognition at the Parent of machinery and equipment, furniture and fixtures, improvements to third party properties and computers arising from the physical inventory of property, plant and equipment in amount of $11,105; derecognition of furniture at Colombia subsidiaries in amount of $40 and closing down of five stores of Uruguayan subsidiary Mercados Devoto S.A. in amount of $1,799.

For 2017 relates to a loss at the Parent from closing down of the stores Cedi Envigado in amount of $4,610, Carulla San Jeronimo in amount of $1,152, Edificio Torre Sur in amount of $539, Éxito Portal Plaza in amount of $410, Éxito Buenaventura in amount of $278, Éxito Villavicencio Centro in amount of $191, Éxito Portal Libertador in amount of $56, Éxito Outlet in amount of $34 and Éxito Express Terminal del Norte in amount of $8; loss at subsidiaries Grupo Disco del Uruguay S.A., Mercados Devoto S.A. and Devoto Hermanos S.A. in amount of $494 from derecognition of furniture, and loss at subsidiary Companhia Brasileira de Distribuição – CBD in amount of $126,831 from derecognition of the building and furniture of the refrigerated products distribution center located at the municipality of Osasco damaged on December 27, 2017.

Note 33. Financial revenue and expenses

	December 31, 2018	December 31, 2017
Gain from derivative financial instruments	346,085	27,574
Gain from exchange difference	100,350	180,425
Revenue from interest, cash and cash equivalents (Note 7)	14,957	58,980
Interest revenue, factoring and/or suppliers	2,758	4,499
Other financial revenue	155,383	148,557
Total financial revenue	**619,533**	**420,035**
Interest, loans and finance lease expenses	(392,342)	(883,610)
Loss from exchange difference	(388,804)	(181,657)
Interest expense, bonds	(206,338)	-
Expense from the amortized cost of loans and accounts receivable	(169,864)	-
Loss from derivative financial instruments	(105,839)	(117,980)
Commission expense	(55,210)	(136,238)
Interest expense on supplier factoring transactions	(21,564)	(42,603)
Net monetary position results, effect of the statement of financial position (1)	(10,741)	-
Net monetary position results, effect of the statement of income (1)	(54,023)	-
Other financial expenses	(48,730)	(178,685)
Total financial expenses	**(1,453,455)**	**(1,540,773)**

(1) Represents results arising from the net monetary position of financial statements of subsidiary Libertad S.A.

The financial statements of this subsidiary at December 31, 2018 were restated for inflation by applying the following method:

1. Non-monetary items in the statement of financial position were restated from the date of acquisition of control by the Parent, on August 21, 2015. Revaluation multiple of assets recorded from such acquisition date was 2.69 times.

2. Restatement of reserves and accumulated results recorded under shareholders' equity was estimated by applying the revaluation multiple to each reserve and to accumulated results, according to the recognition period.

3. The statement of income was restated by applying the monthly revaluation multiple to each item in the statement of income, according to date of recognition.

For the purpose of presentation and consolidation of the financial statements, the financial statements of Libertad S.A. are translated into Colombian pesos which is the functional currency and reporting currency of the Parent, which is part of a non-inflationary economy; for this reason, the financial statements of prior periods of Libertad S.A. were not restated for inflation.

Note 34. 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:

	December 31, 2018	December 31, 2017
Financiera Itau CBD - FIC Promotora de Vendas Ltda.	63,979	60,329
Compañía de Financiamiento Tuya S.A.	42,129	20,778
Cnova N.V.	(37,327)	(115,357)
Puntos Colombia S.A.S.	(1,613)	(1,787)
Total	**67,168**	**(36,037)**

Note 35. 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 December 31, 2018 and at December 31, 2017 the Parent has not carried out transactions with potential ordinary shares, nor after the closing date or at the date of release of these financial statements.

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

In period results:

	December 31, 2018	December 31, 2017
Net profit attributable to shareholders of the controlling entity	**279,403**	**217,713**
Weighted average of the number of common shares attributable to the basic earnings per share (basic and diluted)	447,604,316	447.604.316
Basic and diluted earnings per share (in Colombian pesos)	**624.22**	**486.40**

	December 31, 2018	December 31, 2017
Net period profit from continuing operations	**1,232,032**	**714,870**
Net gains from continuing operations attributable to non-controlling interests	943,490	521,017
Net gains from continuing operations attributable to shareholders of the controlling entity	**288,542**	**193,853**
Weighted average of the number of common shares attributable to the basic profit per share (basic and diluted)	447,604,316	447.604.316
Earnings per share and diluted from continuing operations attributable to the owners of the controlling entity (in Colombian pesos)	**644.63**	**433.10**

	December 31, 2018	December 31, 2017
Net period profit (loss) from discontinued operations	**(59,088)**	**356,196**
Net profit from discontinued operations attributable to non-controlling interests	(49,949)	332,336
Net (loss) profit from discontinued operations attributable to the shareholders of the controlling entity	**(9,139)**	**23,860**
Weighted average of the number of common shares attributable to the basic profit per share (basic and diluted)	447,604,316	447.604.316
Basic (loss) earnings per share and diluted from discontinued operations attributable to the shareholders of the controlling entity (in Colombian pesos)	**(20.41)**	**53.30**

	December 31, 2018	December 31, 2017
Net period profit from continuing operations	**1,232,032**	**714,870**
Weighted average of the number of common shares attributable to the basic earnings per share (basic and diluted)	447,604,316	447.604.316
Basic earnings per share and diluted (in pesos) from continuing operations	**2,752.50**	**1,597.10**

	December 31, 2018	December 31, 2017
Net period profit (loss) from discontinued operations	**(59,088)**	**356,196**
Weighted average of the number of common shares attributable to the basic profit per share (basic and diluted)	447,604,316	447.604.316
(Loss) gain per share and diluted from discontinued operations (in Colombian pesos)	**(132.01)**	**795.78**

In total period comprehensive results:

	December 31, 2018	December 31, 2017
Net (loss) profit attributable to shareholders of the controlling entity	**(379,595)**	**29,716**
Weighted average of the number of common shares attributable to the basic profit per share (basic and diluted)	447.604.316	447.604.316
Basic (loss) earnings per share and diluted in total comprehensive income (in Colombian pesos)	**(848.06)**	**66.39**

Note 36. Transactions with related parties

Note 36.1. 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:

	December 31, 2018	December 31, 2017
Short-term employee benefits (1)	148,574	129,165
Share-based payment plan	22,849	22,566
Post-employment benefits	1,728	1,977
Termination benefits	1,752	119
Long-term employee benefits	55	33
Total	**174,958**	**153,860**

(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 Parent. Revenue from Latam strategic direction was recognized during the year ended December 31, 201 in amount of $7,389 (December 31, 2017 - $7,003) as described in Note 30.

Note 36.2. Transactions with related parties

Transactions with related parties relate to revenue from retail sales and other services, as well as to costs and expenses related to risk management and technical assistance support, purchase of goods and services received.

The amount of revenue, costs and expenses arising from transactions with related parties is as follows:

	Revenue		Costs and expenses	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Controlling entity (1)	8,268	8,382	68,274	72,574
Associates (2)	123,296	77,481	-	-
Grupo Casino companies (3)	3,600	3,237	80,568	68,139
Joint ventures (4)	90,662	28,159	39,920	2,376
Members of the Board	-	-	10,473	6,839
Total	**225,826**	**117,259**	**199,235**	**149,928**

(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 represent 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 represent 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 represents the lease of real estate property to Compañía de Financiamiento Tuya S.A. and to Puntos Colombia S.A.S. in amount of $23,197 (2017 - $28,159) and to revenue from its involvement in the corporate collaboration agreement with Compañía de Financiamiento Tuya S.A. in amount of $67,465 (2017 - $-).

Costs and expenses mainly represent commissions on means of payment generated with Compañía de Financiamiento Tuya S.A. in amount of $2,094 (2017 - $2,376) and to the purchase of points of the Puntos Colombia S.A.S. loyalty program in amount of $37,826 (2017 - $-). .

Note 37. Impairment of assets

Note 37.1. Financial assets

No material losses from the impairment of financial assets were identified at December 31, 2018 and at December 31, 2017. Note 8 contains information related to the development of impairment of Company's trade receivables.

Note 37.2. Non-financial assets

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

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

The book value of the groups of cash-generating units is made of the balances of goodwill, property, plant and equipment, investment properties, other intangible assets other than goodwill, net working capital items and finance lease liabilities associated with working capital items; for subsidiaries domiciled in Uruguay, Argentina and Brazil represents the equity value of such subsidiaries plus the goodwill balances.

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

	Groups of cash-generating units									
	Éxito	**Carulla**	**Surtimax**	**Súper Inter**	**Todo Hogar**	**Surtimayorista**	**Uruguay (1)**	**Brazil (2)**	**Argentina (3)**	**Total**
Goodwill	90,674	856,495	37,402	464,332	1,017	4,174	1,448,468	2,357,021	177,285	**5,436,868**
Trademarks with indefinite useful life	-	-	17,427	63,704	-	-	106,170	3,003,273	47,225	**3,237,799**
Rights with indefinite useful life	19,856	-	1,524	5,606	-	-	-	1,834,132	50	**1,861,168**

(1) Note 15 discloses a detail of the goodwill allocated to Spice Investments Mercosur S.A., Grupo Disco del Uruguay S.A., Mercados Devoto S.A. and 5 Hermanos Ltda.

(2) The goodwill generated from the business combination for the acquisition of the operation of Companhia Brasileira de Distribuição – CBD is detailed in Note 15. Trademarks with indefinite useful life and rights with indefinite useful life are detailed in Note 16.

(3) The goodwill generated from the business combination for the acquisition of the operation of Libertad S.A. is detailed in Note 15. Trademarks with indefinite useful life and rights with indefinite useful life are detailed in Note 16.

Even if trade establishments allocated to Surtimayorista cash-generating unit do not have goodwill acquired through business combinations, this value allocated for the purpose of impairment testing results from the change of stores in the Surtimax format to this new format; goodwill allocated to trade establishments of the Surtimax cash-generating unit comes from the business combination in 2007 under the merger with Carulla Vivero S.A. as disclosed in Note 15.

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

The value in use was estimated based on the expected cash flows as forecasted by management over a five-year period, on the grounds of the price growth rate in Colombia (Consumer Price Index - CPI), trend analyses based on historic results, expansion plans, strategic projects to increase sales and optimization plans; in addition, for the Argentina and Brazil segments a forecast period of 5 to 10 years was used to more reasonably reflect management's future perspectives.

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

The tax rate included in the forecast of cash flows is the rate at which the Parent expects to pay its taxes during the next years. The rate used to estimate the impairment of goodwill of the Éxito, Carulla, Surtimax, Súper Inter, Todo Hogar and Surtimayorista cash-generating was 33% for 2019 onwards, rate in force in Colombia at November 30, 2018.

For goodwill allocated to the Uruguay cash-generating unit, the tax rate used was 25%. For goodwill allocated to the Argentina cash-generating unit, the tax rate used was 30%. For goodwill allocated to the Brazil cash-generating unit, the tax rate used was 25%.

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

The weighted average cost of capital (WACC) used in the valuation of the goodwill allocated to the Uruguay cash-generating unit was 11.2%. The weighted average cost of capital (WACC) used in the valuation of the goodwill allocated to the Argentina cash-generating unit was 40.6% for 2019, 24.6% for 2020, 20.1% for 2021, 16.2% for 2022 and 14.4% for 2023. The weighted average cost of capital (WACC) used in the valuation of the goodwill allocated to the Brazil cash-generating unit was 9.8%.

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

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

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

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

Note 38. 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 December 31, 2018 and at December 31, 2017 on a periodic basis as required or permitted by an accounting policy; financial assets and liabilities whose carrying 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.

	December 31, 2018		December 31, 2017	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial assets				
Trade receivables and other accounts receivable at amortized cost	36,130	34,064	34,498	32,394
Investments in private equity funds (Note 12)	1,201	1,201	1,286	1,286
Forward contracts measured at fair value through income (Note 12)	38,675	38,675	690	690
Swap contracts measured at fair value through income (Note 12)	74,866	74,866	5,244	5,244
Derivative *swap* contracts denominated as hedge instruments (Note 12)	75,296	75,296	25,533	25,533
Investment in bonds (Note 12)	40,899	39,983	58,724	58,011
Equity investments (Note 12)	13,443	13,443	269	269
Non-financial assets				
Investment property (Note 14)	1,633,625	2,276,252	1,496,873	1,595,994
Property, plant and equipment, and Investment property held for trading (Note 46)	61,696	61,696	26,204	26,204
Financial liabilities				
Financial liabilities and finance leases (Note 19)	6,617,367	6,632,308	5,550,424	5,551,308
Put option (1) (Note 19)	435,023	435,023	426,479	426,479
Bonds and trade papers issued (Note 24)	3,477,711	3,432,042	2,719,707	2,699,170
Swap contracts denominated as hedge instruments (Note 24)	9,473	9,473	78,992	78,992
Forward contracts measured at fair value through income (Note 24)	1,698	1,698	16,570	16,570
Derivative swap contracts measured at fair value through income (Note 24)	72	72	-	-
Non-financial liabilities				
Customer loyalty liability (Note 25)	48,636	48,636	64,644	64,644

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

Balance at December 31, 2017	**426,479**
Changes in fair value recognized in Investments (a)	8,544
Balance at December 31, 2018	**435,023**

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

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

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
Liabilities				
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 31 December 2014 and 2015 US Dollar-Uruguayan peso exchange rate on the date of valuation US Dollar-Colombian peso exchange rate on the date of valuation 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, 2018	$116,869	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 12 months	$147,238	
	Net financial debt of Supermercados Disco del Uruguay S.A., consolidated over 6 months	($98,164)	
	Fixed contract price	$454,431	
	US Dollar-Uruguayan peso exchange rate on the date of valuation	$32.41	
	US Dollar-Colombian peso exchange rate on the date of valuation	$3,249.75	
	Total shares Supermercados Disco del Uruguay S.A.	443.071.575	

The Parent identifies 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 39. Contingent assets and liabilities

Note 39.1. Contingent assets

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

Note 39.2. Contingent liabilities

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

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

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

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

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

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

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

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

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

(b) Tax proceedings of subsidiary Companhia Brasileira de Distribuição - CBD:

- Imposto de Renda Pessoa Juridica (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 $781,718 (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 Frío trademark in 2009. These proceedings are valued at $74,649 (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 $1,532,541 (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 $4,441,214 (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. This proceeding is valued at $96,910 (2017 - $104,234).

(c) Other proceedings:

- A requirement by the National Social Security Institute of Brazil INSS to subsidiary Companhia Brasileira de Distribuição CBD in amount of $352,276 (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.

- On August 15, 2018 and October 31, 2018 subsidiary Éxito Viajes y Turismo S.A.S. granted collaterals in amount of $526 y $1,312, respectively, to certain suppliers to protect against potential failure in issuing travel tickets.

- $430,280 (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), Instituo Nacional de Metrologia, Normalização e Qualidade Industrial – INMETRO, Agência Nacional de Vigilância Sanitária - ANVISA, among other.

- $108,561 (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 40. Offsetting of financial assets and liabilities

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

Year	Financial assets	Gross value of recognized financial assets	Gross value of related recognized financial liabilities	Net value of recognized financial assets
2018	Derivative financial instruments and hedging (Note 12) (1)	-	-	188,837
2017	Derivative financial instruments and hedging (Note 12) (1)	-	-	31,467

Year	Financial liabilities	Gross value of recognized financial liabilities	Gross value of related recognized financial assets	Net value of recognized financial liabilities
2018	Derivative financial instruments and hedging (Note 24) (1)	-	-	11,243
	Trade payables and other accounts payable (2)	1,216,651	106,614	1,110,037
2017	Derivative financial instruments and hedging (Note 24) (1)	-	-	95,562
	Trade payables and other accounts payable (2)	2,666,900	253,901	2,412,999

(1) The Parent and its subsidiaries carry out derivative transactions and enter hedging "*forward*" and "*swap*" contracts to hedge against fluctuation in exchange rates and interest rates on accounts payable and financial liabilities. Such items are measured at fair value. Note 38 discloses the fair value of these financial instruments. For 2018, the valuation of derivative financial instruments comprises intrinsic value plus temporary value, reason why right and obligation may not be individualized.

(2) The Parent and its subsidiaries have executed offsetting agreements with suppliers, arising from the acquisition of inventories. Such items are included in trade payables.

No uncleared amounts related to collaterals or other financial instruments have been recognized in the Parent's and its subsidiaries' statement of financial position.

Note 41. Dividends declared and paid

At December 31, 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 year ended December 31, 2018 amounted to $87,072.

Dividends declared and paid during the year ended December 31, 2018 to the owners of non-controlling interests in the following subsidiaries are:

	Dividends declared	Dividends paid
Companhia Brasileira de Distribuição - CBD	157,393	184,497
Grupo Disco del Uruguay S.A.	22,310	12,024
Patrimonio Autónomo Viva Villavicencio	7,894	4,900
Éxito Viajes y Turismo S.A.S.	2,457	2,457
Patrimonio Autónomo Viva Malls	2,223	10,123
Patrimonio Autónomo Centro Comercial	2,704	1,878
Patrimonio Autónomo Viva Sincelejo	2,316	1,919
Patrimonio Autónomo Centro Comercial Viva Barranquilla	2,017	2,817
Patrimonio Autónomo Viva Laureles	1,617	1,557
Patrimonio Autónomo San Pedro Etapa I	1,028	802
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones S.A.S.)	76	76
Patrimonio Autónomo Viva Palmas	-	604
Total	**202,035**	**223,654**

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. (at present Éxito Industrias 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
Total	**210,631**	**143,071**

Note 42. Leases

Note 42.1. Finance leases when the Parent and its subsidiaries are the lessees

The Parent and its subsidiaries have executed finance lease agreements on property, plant and equipment. Total minimum instalments and present values thereof under finance lease agreements are as follows:

	December 31, 2018	December 31, 2017
Up to one year	43,526	93,742
From 1 to 5 years	116,091	240,431
More than 5 years	118,260	144,106
Minimum instalments under finance leases	**277,877**	**478,279**
Future financing expense	(141,098)	(195,715)
Total net minimum instalments on finance leases	**136,779**	**282,564**

No contingent instalments were recognized in income during the period.

Note 42.2. Operating leases when the Parent and its subsidiaries are the lessees

The Parent and its subsidiaries have entered into operating lease agreements mainly related to business premises, vehicles and machinery. Total future minimum installments under irrevocable operating lease agreements for the reporting periods are:

	December 31, 2018	December 31, 2017
Up to one year	543,517	1,147,110
From 1 to 5 years	796,034	1,298,022
More than 5 years	767,562	1,539,515
Total minimum instalments on irrevocable operating leases	**2,107,113**	**3,984,647**

Operating lease agreement terms range from 1 to 25 years. The Parent and its subsidiaries made an analysis and concluded that operating lease agreements may not be cancelled during its term. In the event of termination, a minimum cancellation charge shall be paid, ranging from 1 to 12 monthly installments, or a fixed percentage on the remaining of the term.

The Parent and its subsidiaries consider payment of additional instalments as contingent payments that may range from 0.01% to 6% of sales. The agreements may be extended pursuant to legal regulations in force and include periodic adjustment clauses according to inflation.

At December 31, 2018 lease expenses and cost recognized in income amounted to $1,141,597 (December 31, 2017 - $1,212,239) including contingent instalments in amount of $581,471 (2017 - $536,711).

At December 31, 2018 and at December 31, 2017 there are no operating lease agreements that are individually material.

Note 42.3. Operating leases when the Parent and its subsidiaries are the lessors

The Parent and its subsidiaries have executed operating lease agreements on investment properties. Total future minimum instalments under irrevocable operating lease agreements for the reporting periods are:

	December 31, 2018	December 31, 2017
Up to one year	217,772	192,964
From 1 to 5 years	503,523	359,165
More than 5 years	438,547	396,377
Total minimum instalments on irrevocable operating leases	**1,159,842**	**948,506**

The Parent and its subsidiaries made an analysis and concluded that operating lease agreements may not be cancelled during its term. Prior agreement of the parties is needed to terminate, and a minimum cancellation payment is required ranging from 1 to 12 monthly instalments, or a fixed percentage on the remaining term.

At December 31, 2018 revenue from leases recognized in period results amounted to $319,197 (December 31, 2017 - $260,796) including revenue from the lease of investment property in amount of $288,645 (2017 - $206,819). Contingent instalments included in the revenue from leases amounted to $17,302 (2017 $70,821).

Note 42.4. Transition and effects of the adoption of IFRS 6 - Leases

In January 2016, the International Accounting Standards Board issued IFRS 16 - Leases, to be applied as of January 2019.

IFRS 16 supersedes IAS 17 - Leases, IFRIC 4 - Determine Whether an Arrangement Contains a Lease, SIC 15 - Operating Leases - Incentives and SIC 27 - Evaluating the Essence of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out principles for the recognition, measurement, reporting and disclosure of leases for lessors and lessees and deletes the dual accounting model for leases that made a difference between finance lease agreements carried in the balance sheet and operating lease agreements for which it was not required to recognize future lease instalments; instead, it develops a balance sheet single model like the recognition of finance leases under the preceding IAS 17.

IFRS 16 sets out the following, among other aspects:
- At the beginning of a lease agreement, an entity shall evaluate whether an agreement is or contains a lease, in other words, whether it transfers the right to control the use of an asset identified over a period for a consideration.
- Subsequent to such evaluation, on the initial date of the lease agreement, a lessee shall recognize an asset for the right to use and a liability for lease instalments.
- The asset represents the right to use the asset underlying in the agreement over the lease term (an asset from the right to use). The liability represents future payments under the lease agreement (a liability for lease instalments).
- During the term of the agreement, interest expense on the lease liability must be recognized separately from the depreciation expense attached to the right to use-related asset.
- Lessees must remeasure the lease liability upon occurrence of certain events, for example a change in the term of the lease agreement or a change in future lease instalment payments arising from a change in an index or rate used to determine such payments. These changes arising from the remeasurement of lease liabilities shall be recognized as an adjustment to the right to use the asset.

IFRS 16 sets out two exemptions to the recognition of lease agreements and not to apply standard requirements to:
- Short-term leases, and
- Leases where the underlying asset is low-value.

The Parent and its subsidiaries have determined that they will apply the exemptions provided by the standard and shall neither apply them to agreements expiring within twelve months of the date of initial application, nor to agreements whose term is twelve months or to agreements where the underlying asset is low-value, e.g. certain office equipment, computers and the like.

The accounting method for lessors under IFRS 16 is substantially maintained with no changes regarding those methods set out by IAS 17 - Leases. In other words, lessors shall continue classifying and individualizing all leases as operating leases or finance leases, using certain principles for proper classification.

The Parent and its subsidiaries have defined that they shall apply IFRS 16 retrospectively to each period preceding the date of initial application. In addition, they decided to apply the standard to agreements previously identified as leases at the closing of the year ended December 31, 2018.

During 2018, the Parent and its subsidiaries have carefully assessed the effects of applying this IFRS. In summary, the expected effect of the adoption is as follows:
Right to use-related assets USD $4,710,084;
Lease liabilities $5,403,628:
Shareholders' equity $693,544;
Expense from the depreciation of rights to use USD $642,111;
Expense from variable lease instalment payments $25,843;
Financial expense from lease liabilities $574,288.

These estimated values may vary as compared to actual values at the time of full adoption of the standard, given that information systems to control such new economic events are in the process of completion.

Note 43. Seasonality of transactions

The Parent's and it 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 44. 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 of the segments for the periods ended December 31, 2018 and December 31, 2017 are as follows:

Geographic segment	Operating segment	December 31, 2018	December 31, 2017
Colombia	Éxito	7,281,012	7,260,881
	Carulla	1,519,237	1,504,340
	Surtimax-Súper Inter	1,345,332	1,476,648
	B2B	480,946	381,536
Brazil	*Food*	39,809,809	40,975,960
Argentina		1,036,864	1,383,591
Uruguay		2,544,430	2,589,761
Total sales		**54,017,630**	**55,572,717**
Eliminations		(8,553)	(16,476)
Consolidated total (Note 29)		**54,009,077**	**55,556,241**

Below is additional information by geographic segment:

	At December 31, 2018						
	Colombia	Brazil (1)	Argentina (1)	Uruguay (1)	Total	Eliminations (2)	Total
Retail sales	10,626,527	39,809,809	1,036,864	2,544,430	54,017,630	(8,553)	54,009,077
Trade margin	2,803,217	9,391,076	385,100	868,617	13,448,010	(3,450)	13,444,560
Total recurring expenses	(2,396,351)	(7,467,467)	(351,482)	(697,286)	(10,912,586)	3,450	(10,909,136)
ROI	406,866	1,923,609	33,618	171,331	2,535,424	-	2,535,424
Recurring Ebitda	651,796	2,610,737	45,661	198,127	3,506,321	-	3,506,321

	At December 31, 2017						
	Colombia	Brazil (1)	Argentina (1)	Uruguay (1)	Total	Eliminations (2)	Total
Retail sales	10,623,405	40,975,960	1,383,591	2,589,761	55,572,717	(16,476)	55,556,241
Trade margin	2,737,701	10,161,412	511,759	887,076	14,297,948	(3,267)	14,294,681
Total recurring expenses	(2,357,793)	(8,170,134)	(464,140)	(706,906)	(11,698,973)	3,267	(11,695,706)
ROI	379,908	1,991,278	47,619	180,170	2,598,975	-	2,598,975
Recurring Ebitda	632,768	2,716,620	63,769	204,904	3,618,061	-	3,618,061

(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 45. Financial risk management policy

The Parent's and its subsidiaries' financial instruments are classified according to its nature, features and the purpose for which they have been acquired or issued.

The Parent and its subsidiaries maintain instruments measured at fair value through income, with the purpose of holding them for investment or risk management in the case of derivative financial instruments not classified as cash flow hedge instruments.

The Parent and its subsidiaries use derivative financial instruments just as a positive defense measure against identified risks. Total underlying assets and liabilities under financial instrument contracts are limited to the amount of actual assets and liabilities entailing an underlying risk. The only purpose of transactions with financial derivative instruments is to reduce the exposure to fluctuation of interest rates and foreign exchange rates and maintain a proper structure of the financial position.

At December 31, 2018 and at December 31, 2017 the Parent's and its subsidiaries' financial instruments are represented by:

	December 31, 2018	December 31, 2017
Financial assets		
Cash and cash equivalents (Note 7)	5,973,764	5,281,618
Trade receivables and other accounts receivable (Note 8)	1,135,582	1,840,300
Accounts receivable from related parties (Note 10) (1)	160,036	253,172
Other financial assets (Note 12)	895,279	779,360
Total financial assets	**8,164,661**	**8,154,450**
Financial liabilities		
Accounts payable to related parties (Note 10) (1)	236,698	212,655
Trade payables and other accounts payable (Note 22)	13,267,428	12,713,269
Total financial liabilities (Note 19)	7,052,390	5,976,903
Other financial liabilities (Note 24)	3,620,280	2,947,371
Total financial liabilities	**24,176,796**	**21,850,198**
Net liability exposure	**(16,012,135)**	**(13,695,748)**

(1) Transactions with related parties refer to transactions between the Parent and its associates, joint ventures and other related parties, and are carried in accordance with market general prices, terms and conditions.

Considerations regarding risk factors that may influence the Parent's business

General risk management framework

The Parent has implemented a Comprehensive Risk Management system that covers the various risk management levels: strategic, tactic or business-related and operating.

Activities, roles and accountabilities are defined in the risk management model implemented by the Parent and endorsed by the Audit and Risk Committee, in the context of risk policy guidelines.

Management cycles at various levels include identification, valuation and definition of management measures, which were applied during 2017 and informed at the different instances depending on the relevant management level and in line with a defined control architecture.

In accordance with such architecture, controls have been implemented at all levels, processes and areas of the Parent, through a set of defined principles, regulations, procedures and verification and assessment mechanisms.

Some of the monitoring mechanisms put in place to achieve control purposes are:
- A self-control program, which allows a self-assessment of the most critical risks and key controls, carried out half-yearly by process leaders, and a definition of corrective action plans wherever deviations are identified.
- A compliance process from which the system for the prevention and control of money-laundering and the financing of terrorism, the transparency program and the system for protection of personal data are managed in a comprehensive manner.
- Periodic risk management reports.
- And all other control systems managed from the various processes that make the first and second defense line.

Risk management and internal control system reporting bodies:
- At a strategic level: Board of Directors, Audit and Risk Committee, Presidency Committee and Senior Management Committee.
- At a tactic level: Business responsible parties and Risk Internal Committee.
- At an operating level: Process owners through self-control.

Internal audit, in an independent and objective manner, conducted a risk-based assessment to support compliance with business goals, focused on improving risk management, control and governance for the Parent's most significant processes, systems and/or projects.

The Board of Directors, through the Audit and Risk Committee, supervised information and financial reporting processes; risk management comprehensive management; internal control system and architecture, including monitoring of Internal Audit's and Statutory Audit's activities; compliance with rules applicable to the Parent and its subsidiaries, transparency program, personal data protection system and system for the prevention and control of money-laundering and financing or terrorism. Also, transactions among related parties and the resolution of conflicts of interests between senior management and the Board of Directors were submitted to the consideration of the Audit Committee.

Financial risk management

Besides derivative instruments, the most significant of the Parent's and its subsidiaries' financial liabilities include debt, finance leases and interest-bearing loans, trade accounts payable and other accounts payable. The main purpose of such liabilities is financing Parent's and its subsidiaries' operations and maintaining proper levels of working capital and net financial debt.

The most significant of the Parent's and its subsidiaries' financial assets include loans, trade debtors and other accounts receivable, as well as cash and short-term placements directly resulting from day-to-day transactions. The Parent and its subsidiaries also have other investments classified as financial assets measured at fair value, which, according to the business model, have effects on period results or in other comprehensive income. Further, other rights that will be recorded as financial assets may arise from transactions with derivative instruments.

The Parent and its subsidiaries are exposed to market, credit and liquidity risks. Parent's and its subsidiaries' management monitor the way such risks are managed, through the relevant bodies of the organization designed for such purpose. The scope of the activities of the Board of Directors of the Parent includes a financial committee that supervises such financial risks and the financial risk management corporate framework that is most appropriate to the Company. The financial committee supports Parent's and its subsidiaries' management in that financial risk assumption activities fall within the approved corporate policies and procedures framework, and that such financial risks are identified, measured and managed pursuant to such corporate policies.

Financial risk management related to all transactions with derivative instruments is carried out by teams of specialists with the required skills and experience who are supervised by the organizational structure. Pursuant to the Parent's and its subsidiaries' corporate policies, no transactions with derivative instruments may be carried out solely for speculation. Even if accounting hedge models not always are applied, derivatives are negotiated based on an underlying element that in fact requires such hedging in accordance with internal analyses.

The Board of Directors of the Parent reviews and agrees on the policies applicable to manage each of these risks, which are summarized below:

a. Credit risk

A credit risk is the risk that a counterpart fails to comply with his obligations taken on under a financial instrument or trade agreement, resulting in financial loss. The Parent and its subsidiaries are exposed to credit risk arising from its operating activities (particularly from trade debtors) and from its financial activities, including deposits in banks and financial institutions and other financial instruments. The book value of financial assets represents the maximum exposure to credit risks.

Cash and cash equivalents

The credit risk arising from balances with banks and financial entities is managed through the Parent's liquidity and capital structure guidelines, and in accordance with corporate policies defined for such purpose. Surplus funds are only invested with counterparties approved by the Board of Directors and within previously established jurisdictions. On an ongoing basis, Parent's and its subsidiaries management reviews the general financial conditions of counterparties, assessing the most significant financial ratios and market ratings.

Trade receivables and other accounts receivable

The credit risk associated with trade receivables is low given that most of the Parent and its subsidiaries sales are cash sales (cash and credit cards) and financing activities are conducted under trade agreements that reduce the Parent's and its subsidiaries' exposure to risk. In addition, there are administrative collections departments that permanently monitor ratios, figures, payment behaviors and risk models by each third party. A portion of trade receivables is sold to financial entities; such sale is recognized as a derecognition of trade receivables, and the credit risk, benefits and control over such assets is transferred to the mentioned entities.

There are no trade receivables that individually are equivalent to or exceed 5% of accounts receivable or sales, respectively.

Guarantees

The Parent's policy is to provide financial guarantees only to its subsidiaries. At December 31, 2017 the Parent has issued a financial guarantee to Almacenes Éxito Inversiones S.A.S. in amount of $2,631 to protect against potential failure to comply with its obligations vis-a-vis one of its largest suppliers.

b. Market risk

Market risk is the risk that changes in market prices, namely changes in exchange rates, interest rates or stock prices, have a negative effect on the Parent's and its subsidiaries' revenue or on the value of the financial instruments they hold. The purpose of market risk management is to manage and control exposure to this risk within reasonable parameters while optimizing profitability.

Interest rate risk

Interest rate risk is the risk that the fair value of financial assets and liabilities, or the future cash flows of financial instruments, fluctuate due to changes in market interest rates. The Parent's and its subsidiaries'' exposure to the interest rate risk is mainly related to debt obligations incurred at variable interest rates or indexed to an index beyond the control of the Parent and its subsidiaries.

Most of the Parent's and its subsidiaries' financial liabilities are indexed to market variable rates. To manage the risk, the Parent and its subsidiaries execute financial exchange transactions via derivative financial instruments (interest rate swaps) with previously approved financial institutions, under which they agree on exchanging, at specific intervals, the difference between the amounts of fixed interest rates and variable interest rates estimated over an agreed upon nominal principal amount, which turns variable rates into fixed rates and cash flows may then be determined.

Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments fluctuate due to changes in exchange rates. The Parent's and its subsidiaries' exposure to exchange rate risk is attached to liability transactions in foreign currency associated with long-term debt liabilities and with the Parent's and its subsidiaries' operating activities (wherever revenues and expenses are denominated in a currency other than the functional currency), as well as with the Parent's and its subsidiaries' net investments abroad.

The Parent and its subsidiaries manage their exchange rate risk via derivative financial instruments (namely forwards and swaps) wherever such instruments are efficient to mitigate volatility.

Wherever the nature of the hedge is not economic, Parent's and its subsidiaries' policy is to negotiate the conditions of derivative instruments in such a way that they correlate with the terms of the underlying elements that are the purpose of the hedge, seeking to maximize the efficacy in the exposure to such variables. Not all financial derivatives are classified as hedging transactions; however, Parent's and its subsidiaries' policy is not to carry out transactions solely for speculation, and consequently even if not classified as hedge accounting, derivative financial instruments are associated to an underlying element and a notional amount that expose the Parent to variations in exchange rates.

At December 31, 2018 and at December 31, 2017, the Parent and its subsidiaries had hedged almost 100% of their purchases and liabilities in foreign currency.

Stock price risk

Share capital issued, premium on the issue or placement of shares and all other equity reserves attributable to the shareholders of the controlling entity are included for the purposes of managing the Parent's stock price. The main purpose of managing Parent's equity is to maximize the value to shareholders.

The Parent manages its equity structure and makes the required adjustments as a function of changes in economic conditions and requirements under financial clauses. To maintain and adjust its capital structure, the Parent may also modify the payment of dividends to shareholders, reimburse capital contributions or issue new shares.

c. Liquidity risk

Liquidity risk is the risk that the Parent and its subsidiaries face difficulties to fulfil its obligations associated with financial liabilities, which are settled by delivery of cash or other financial assets. Parent's approach to manage liquidity is to ensure, in as much as possible, that it will always have the liquidity required to meet its obligations at maturity, both under ordinary or stress circumstances, without incurring unacceptable losses or putting its reputation at risk.

The Parent and its subsidiaries manage liquidity risks by monitoring their cash flows and maturities of financial assets and liabilities daily, and by maintaining proper relations with the relevant financial institutions in each country.

The purpose of the Parent and its subsidiaries is to maintain a balance between business continuity and the use of financing sources through short-term and long-term bank loans according to needs, unused credit lines available from financial institutions and finance leases, among other mechanisms. At December 31, 2018 approximately 27% of Parent's and its subsidiaries' debt matures in less than one year (December 31, 2017 - 32%) taking into consideration the book value of loans included in the accompanying financial statements.

The Parent and its subsidiaries have rated the concentration of liquidity risk as low with respect to the possibility of refinancing its debt. Access to financing sources is widely ensured, and debt maturing within twelve months of reporting period closing was restructured with existing creditors without significant restriction.

The following table shows a profile of maturities of the Parent's and its subsidiaries' financial liabilities based on non-discounted contract payments arising from the relevant agreements.

At December 31, 2018	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
Finance lease liabilities, gross	50,888	109,038	126,390	286,316
Other relevant contractual liabilities	4,895,470	3,581,745	1,122,903	9,600,118
Total	**4,946,358**	**3,690,783**	**1,249,293**	**9,886,434**

At December 31, 2017	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
Finance lease liabilities, gross	63,994	154,775	140,733	359,502
Other relevant contractual liabilities	2,049,885	6,543,474	720,006	9,313,365
Total	**2,113,879**	**6,698,249**	**860,739**	**9,672,867**

Sensitivity analysis for 2018 balances

Based on statistical information, the Parent and its subsidiaries have assessed potential changes in the interest rates of financial liabilities and other relevant contractual liabilities.

Assuming complete normality and considering 10% variation in interest rates, three scenarios have been assessed:

- Scenario I: Latest interest rates known at the closing of 2018.
- Scenario II: An increase of 0.4143% is assumed for the Banking Reference Rate and an increase of 0.2503% is assumed for LIBOR at 90 days. All increases on the latest published interest rate.
- Scenario III: A reduction of 0.4143% is assumed for the Banking Reference Rate and a reduction of 0.2503% is assumed for LIBOR at 90 days. All reductions on the latest published interest rate.

The sensitivity analysis did not result in significant variance among the three scenarios and consequently they are not perceptible when rounding amounts to millions. Potential changes are as follows:

Transactions	Risk	Balance at December 31, 2018	Market forecast		
			Scenario I	Scenario II	Scenario III
Loans	Changes in interest rates	4,136,492	3,926,350	3,951,727	3,900,975
Finance leases	Changes in interest rates	15,310	13,338	13,398	13,278
Total		**4,151,802**	**3,939,688**	**3,965,125**	**3,914,253**

For subsidiary Companhia Brasileira de Distribuição - CBD, the Parent made the assessment under the most likely scenario for risk evaluation using currency and interest market curves, B3, at the maturity dates of each transaction. Assessed scenarios are as follows:

- Most likely scenario (I), no impact on the fair value of financial instruments.
- Scenarios (II) and (III), only for sensitivity analysis purposes, 25% and 50% of impairment, respectively, were considered among risk variables of financial assets, up to one year, pursuant to CVM standards.

For the most likely scenario, the weighted exchange rate was defined as $3,347 on maturity date, and the weighted interest rate was 6.66% p.a.

In the case of derivative financial instruments (intended for hedging financial debt), the variations in the scenarios are the purpose of the hedging, which means that the effects are not material. The Parent reports a net exposure of derivative financial instruments and other financial instruments under each of the mentioned scenarios as shown in the sensitivity analysis chart below:

Transactions	Risk (IDC increase)	Balance at December 31, 2018	Scenario I	Market forecast Scenario II	Scenario III
Fixed interest rate swap contract (short position)	101.88% of IDC	(84,714)	(169,428)	(171,944)	(174,461)
Exchange of contract currencies (short position)	102.59% of IDC	(643,324)	(733,070)	(744,813)	(755,717)
Bonds	107.00% of IDC	(1,717,767)	(1,870,420)	(1,909,003)	(1,946,747)
Bonds (12th issue of September 17, 2014	97.50% of IDC	(850,496)	(925,984)	(944,436)	(963,728)
Bonds (3rd issue of December 20, 2016)	96.00% of IDC	(917,596)	(998,955)	(1,019,924)	(1,040,054)
Bank credits - CDB	104.80% of IDC	(199,623)	(215,560)	(219,753)	(223,108)
Trade lease	100.19% of IDC	(35,228)	(37,744)	(38,583)	(39,421)
Trade lease	100.00% of IDC	(1,678)	(1,678)	(1,678)	(1,678)
Trade lease	95.00% of IDC	(57,874)	(62,907)	(63,745)	65,423
Total loans and financing exposure		**(4,508,300)**	**(5,015,746)**	**(5,113,879)**	**(5,079,491)**
Cash equivalents (*)	85.78% of IDC	3,256,879	3,490,892	3,548,766	3,607,478
Net exposure		**(1,251,421)**	**(1,524,854)**	**(1,565,113)**	**(1,472,013)**
Net effect - (loss)			**(273,433)**	**(313,692)**	**(220,592)**

(*) Weighted average

d. Insurance policies

At December 31, 2018, the Parent and its subsidiaries have acquired the following insurance policies to mitigate the risks associated with the entire operation:

Insurance lines of coverage	Coverage limits	Coverage
All risk, damages and loss of profits	In accordance with replacement and reconstruction value, with a maximum limit of liability for each policy.	Losses or sudden and unforeseen damage and incidental damage sustained by covered property, directly arising from any event not expressly excluded. Covers buildings, furniture and fixtures, machinery and equipment, goods, electronic equipment, facility improvements, loss of profits and other property of the insured party.
Transport of goods and money	In accordance with the statement of transported values and a maximum limit per dispatch. Differential limits and sub limits apply by coverage.	Property and goods owned by the insured that are in transit, including those on which it has an insurable interest.
Third party liability	Differential limits and sub limits apply by coverage.	Covers damages to third parties in development of the operation.
Director's and officers' third-party liability insurance	Differential limits and sub limits apply by coverage.	Covers claims against directors and officers arising from error or omission while in office.
Deception and financial risks	Differential limits and sub limits apply by coverage.	Loss of money or securities in premises or in transit.

Insurance lines of coverage	Coverage limits	Coverage
		Willful misconduct of employees that result in financial loss
Group life insurance and personal accident insurance	The insured amount relates to the number of wages defined by the Company.	Death and total and permanent disability arising from natural or accidental events.
Vehicles	There is a ceiling per each coverage	Third party liability Total and partial loss - Damages. Total and partial loss - Theft Earthquake Other coverages as described in the policy
Cyber risk	Differential limits and sub limits apply by coverage.	Direct losses arising from malicious access to the network and indirect losses from third party liability whose personal data have been affected by an event covered by the policy.

e. Derivative financial instruments

As mentioned above, the Parent and its subsidiaries use derivative financial instruments to hedge risk exposure, with the main purpose of hedging exposure to interest rate risk and exchange rate risk, turning the financial debt into fixed interest rates and domestic exchange rates.

At December 31, 2018, the reference value of these contracts amounted to USD 838.09 million and EUR 55.35 million (December 31, 2017 – USD 1,107.77 million and EUR 54.35 million). Such transactions are generally contracted under identical conditions regarding amounts, terms and transaction costs and, preferably, with the same financial institutions, always in compliance with Company limits and policies.

Pursuant to Parent's and subsidiaries' policies, swaps may be acquired with restriction, with prior authorization of the Parent and its subsidiaries.

The Parent and its subsidiaries have designed and implemented internal controls to ensure that these transactions are carried out in compliance with previously defined policies.

f. Fair value of derivative financial instruments

The fair value of derivative financial instruments is estimated under the operating cash flow forecast model, using government treasury security curves in each country and discounting them at present value, using market rates for swaps as disclosed by the relevant authorities in such countries.

Swap market values were obtained by applying efficient market exchange rates valid on the date of the interim financial information available, and rates are forecasted by the market based on currency discount curves. A convention of 365 consecutive days was used to calculate the coupon of foreign currency indexed positions.

Note 46. Non-current assets held for trading and discontinued operations

As of June 2018, Parent management started a plan to sell certain property to structure projects that allow using such real estate property, increase the potential future selling price and generate resources to the Parent. Consequently, certain property, plant and equipment and certain investment property were classified as non-current assets held for trading.

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

	December 31, 2018	December 31, 2017
Assets of Via Varejo S.A. (Note 46.1)	20,227,416	20,426,599
Property, plant and equipment (1)	51,577	26,204
Investment property (2)	10,119	-
Total	**20,289,112**	**20,452,803**

(1) Represents the following real estate property:

	December 31, 2018	December 31, 2017
Lote NAR	20,546	-
Hotel Cota plot of land and project	16,489	-
Lote Paraná	9,301	6,357

Lote John Boyd	5,241	5,637
Lote Santana	-	14,210
Total	**51,577**	**26,204**

(2) Represents the following real estate property:

	December 31, 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
Lote La Secreta (construction in progress)	139
Total	**10,119**

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:

	December 31, 2018	December 31, 2017
Liabilities of Via Varejo S.A. (Note 46.1)	16,458,772	16,271,760
Total	**16,458,772**	**16,271,760**

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

	December 31, 2018	December 31, 2017
Via Varejo S.A. net gain (loss) (Note 46.1)	(59,088)	356,196
Net gain (loss) from discontinued operations	**(59,088)**	**356,196**

Note 46.1. 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 Via Varejo S.A.'s assets and liabilities available for trading at December 31, 2018, is $20,227,416 (December 31, 2017 - $20,426,599) and $16,458,772 (December 31, 2017 - $16,271,760), respectively. The net result of the discontinued operation of Via Varejo S.A. during the period ended December 31, 2018 is a loss in amount of ($59,088) (December 31, 2017 - gain of $356,196).

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 Bahía Ltda. and expenses directly related with discontinued operations:

	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	3,112,614	3,210,708
Trade receivables and other accounts receivable	4,048,982	3,597,523
Inventories	4,003,370	3,950,460
Other assets	83,875	349,127
Total current assets	**11,248,841**	**11,107,818**
Non-current assets		
Trade receivables and other accounts receivable	3,120,162	3,508,413
Deferred tax assets	373,245	319,357
Accounts receivable from related parties	149,298	267,033
Investments accounted for using the equity method	90,585	80,290
Property, plant and equipment	1,614,600	1,543,557
Intangible assets	3,630,685	3,600,131
Total non-current assets	**8,978,575**	**9,318,781**
Total assets	**20,227,416**	**20,426,599**
Liabilities		
Current liabilities		
Trade payables and other accounts payable	9,495,341	9,327,829
Financial liabilities	2,833,309	3,429,927
Accounts payable to related parties	117,425	59,541
Other provisions	2,862	3,078
Total current liabilities	**12,448,937**	**12,820,375**
Non-current liabilities		
Financial liabilities	855,528	358,149
Deferred tax liabilities	841,361	903,074
Trade payables and other accounts payable	2,275,538	2,147,086
Other provisions	37,408	43,076
Total non-current liabilities	**4,009,835**	**3,451,385**
Total liabilities	**16,458,772**	**16,271,760**

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

	December 31, 2018	December 31, 2017
Revenue from ordinary activities	21,851,253	23,721,385
Cost of sales	(15,419,824)	(16,073,471)
Gross profit	**6,431,429**	**7,647,914**
Distribution, administration and sales expenses	(5,494,999)	(6,277,420)
Gain from investments accounted for using the equity method	32,511	24,041
Other (expenses), net	(471,226)	(201,451)
Profit before financial results	**497,715**	**1,193,084**
Net financial result	(590,069)	(692,575)
(Loss) profit before taxes	**(92,354)**	**500,509**
Tax revenue (expense)	33,266	(144,313)
Net (loss) profit	**(59,088)**	**356,196**
(Loss) profit attributable to		
owners of the controlling entity	**(9,139)**	**23,860**
Non-controlling interests	**(49,949)**	**332,336**

Below is a summary cash flows of the discounted operation of Via Varejo S.A.:

	December 31, 2018	December 31, 2017
Net cash flows provided by operating activities	683,537	64,727
Net cash flows (used in) investment activities	(479,533)	(307,914)
Net cash flows (used in) provided by financing activities	(80,464)	(192,331)
Translation difference	(221,634)	(64,607)
Net development of cash and cash equivalents	**(98,094)**	**(500,125)**

Note 47. 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.

At December 31, 2018 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 influenced the sale transaction schedule at December 31, 2018 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 at December 31, 2018.

Some significant events that affected the estimation of the selling price of Via Varejo S.A. at the closing of December31, 2018 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.

Management of subsidiary Companhia Brasileira de Distribuição – CBD were confident that during 2018 there would 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 would attract other interested parties to the process, thus improving the selling 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. remained 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 2018.

Given the important financial and operating improvement in Via Varejo S.A. during 2017, financial advisors had 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.

During a meeting of the Board of Directors held on December 21, 2018, subsidiary Companhia Brasileira de Distribuição - CBD was authorized to dispose of 50,000,000 common shares of Vía Varejo S.A., representing 3.86% of its interest in equity, through a total-return swap (TRS) transaction.

The TRS concretizes the first stage of the process and the disinvestment strategy at Vía Varejo S.A. The Board of Directors directed the management of subsidiary Companhia Brasileira de Distribuição - CBD to work actively on the selling of the remaining share interest in Vía Varejo S.A. Company Management are of the opinion that the goal may be achieved in 2019 through transactions available in the equity market.

Note 48. Relevant facts

At December 31, 2018

Contribution to Patrimonio Autónomo Viva Malls

On December 28, 2018 the Parent made an additional contribution of the following assets to Patrimonio Autónomo Viva Malls, as part of the memorandum of understanding executed on December 23, 2016 with Fondo Inmobiliario Colombia:

Fiduciary interests:
- Patrimonio Autónomo Viva Villavicencio,
- Patrimonio Autónomo Centro Comercial,
- Patrimonio Autónomo Viva Sincelejo, and
- Patrimonio Autónomo San Pedro Etapa I.

Real estate property:
- Lote Sincelejo, and
- Lote Fontibón.

With the mentioned contributions, the Parent remains the trustor with 51% of interest in Patrimonio Autónomo Viva Malls, but changed its interest in contributed Patrimonios from 51% to 26.01%

Sale of interest in the equity of Vía Varejo S.A.

An agreement was reached on December 21, 2018 to sell 3.86% of the interest in the equity of Vía Varejo S.A. through a total return swap (TRS) transaction. Through this transaction, amounts received are subject to further adjustment from the subsequent resale of the shares in the market during the contract term.

General Meeting of Shareholders

The Company's General Meeting of Shareholders was held on March 23, 2018, to resolve, among other topics, on the approval of the Management Report, approval of separate and consolidated financial statements at December 31, 2017 and approval of dividend distribution to shareholders.

At December 31, 2017

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 Vía 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 49. Events after the reporting period

Sale of interest in the equity of Vía Varejo S.A.

On February 20, 2018 a new total return swap (TRS) agreement was executed authorizing the sale of 3.09% of the interest in the equity of Vía Varejo S.A.