Almacenes Éxito S.A.

Interim separate financial statements

At June 30, 2018 and December 31, 2017

Almacenes Éxito S.A.
Interim separate financial statements
At June 30, 2018 and December 31, 2017

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

	Notes	June 30, 2018	December 31, 2017
Current assets			
Cash and cash equivalents	6	1,482,016	1,619,695
Trade receivables and other accounts receivable	7	128,052	189,750
Prepaid expenses	8	15,348	22,837
Accounts receivable from related parties	9	77,947	114,969
Inventories, net	10	1,273,348	1,111,981
Tax assets	22	237,473	173,580
Other non-financial assets	9	-	30,000
Other financial assets	11	23,262	10,462
Non-current assets held for trading	41	132,662	-
Total current assets		**3,370,108**	**3,273,274**
Non-current assets			
Property, plant and equipment, net	12	2,064,010	2,382,495
Investment property, net	13	209,132	339,704
Goodwill	14	1,453,077	1,453,077
Intangible assets other than goodwill, net	15	147,333	156,218
Investments accounted for using the equity method, net	16	6,886,034	8,287,426
Trade receivables and other accounts receivable	7	17,907	15,203
Prepaid expenses	8	10,548	5,432
Accounts receivable from related parties	9	1,517	7,587
Other financial assets	11	44,798	41,888
Deferred tax assets	22	6,693	-
Other non-financial assets		398	398
Total non-current assets		**10,841,447**	**12,689,428**
Total assets		**14,211,555**	**15,962,702**
Current liabilities			
Financial liabilities	18	1,453,129	799,920
Employee benefit provisions	19	4,745	3,457
Other provisions	20	30,008	17,558
Trade payables and other accounts payable	21	2,527,959	3,301,661
Accounts payable to related parties	9	111,128	116,490
Tax liabilities	22	27,578	41,816
Other financial liabilities	23	91,962	128,239
Other non-financial liabilities	24	266,178	258,078
Total current liabilities		**4,512,687**	**4,667,219**
Non-current liabilities			
Financial liabilities	18	2,940,074	3,292,824
Employee benefit provisions	19	28,430	28,430
Other provisions	20	16,712	19,699
Deferred tax liabilities	22	-	68,841
Other financial liabilities	23	5,319	13,915
Other non-financial liabilities	24	14,285	32,206
Total non-current liabilities		**3,004,820**	**3,455,915**
Total liabilities		**7,517,507**	**8,123,134**
Shareholders' equity, see accompanying statement		**6,694,048**	**7,839,568**
Total liabilities and shareholders' equity		**14,211,555**	**15,962,702**

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

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Almacenes Éxito S.A.
Interim separate statements of income
For the six-month and three-month periods ended June 30, 2018 and June 30, 2017
(Amounts expressed in millions of Colombian pesos)

	Notes	January 1 to June 30, 2018	January 1 to June 30, 2017 (1)	April 1 to June 30, 2018	April 1 to June 30, 2017 (1)
Continuing operations					
Revenue from ordinary activities	27	5,285,791	5,242,734	2,634,456	2,593,084
Cost of sales	10	(4,061,501)	(3,998,559)	(2,024,469)	(1,989,331)
Gross profit		**1,224,290**	**1,244,175**	**609,987**	**603,753**
Distribution expenses	28	(673,023)	(685,556)	(325,799)	(341,039)
Administration and sales expenses	28	(82,373)	(73,902)	(37,575)	(36,463)
Employee benefit expenses	29	(381,791)	(388,864)	(192,324)	(197,983)
Other recurring operating revenue	30	9,949	8,689	7,053	4,202
Other operating expenses	30	(38,117)	(42,699)	(2,120)	(9,360)
Other losses, net	30	(9,273)	(8,903)	(7,348)	(7,716)
Profit from operating activities		**49,662**	**52,940**	**51,874**	**15,394**
Financial revenue	31	84,790	89,523	(39,658)	21,032
Financial expenses	31	(265,852)	(305,545)	(54,856)	(123,942)
Share of profits in subsidiaries, associates and joint ventures that are accounted for using the equity method	32	207,575	133,220	132,841	74,679
(Loss) from continuing operations before income tax		**76,175**	**(29,862)**	**90,201**	**(12,837)**
Tax revenue	22	52,813	91,532	28,803	82,100
Net period profit from continuing operations		**128,988**	**61,670**	**119,004**	**69,263**
Earnings per share (*)					
Earnings per basic share (*):					
Earnings per basic share from continuing operations	33	288.17	137.78	265.87	154.74
Earnings per diluted share (*):					
Earnings per diluted share from continuing operations	33	288.17	137.78	265.87	154.74

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

(*) Amounts expressed in Colombian pesos.

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

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Almacenes Éxito S.A.
Interim separate statements of comprehensive income
For the six-month and three-month periods ended June 30, 2018 and June 30, 2017
(Amounts expressed in millions of Colombian pesos)

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Net period profit	**128,988**	**61,670**	**119,004**	**69,263**
Other comprehensive income for the period				
Components of other comprehensive income that will not be reclassified to period results, net of taxes				
(Loss) gain from investments in equity instruments	(3,305)	-	2,361	-
Gain from new measurement of defined benefit plans	-	34	-	-
Total other comprehensive income that will not be reclassified to period results, net of taxes	**(3,305)**	**34**	**2,361**	**-**
Components of other comprehensive income that will be reclassified to period results, net of taxes				
(Loss) gain from translation exchange differences	(1,036,549)	50,262	(557,697)	90,877
Gain (loss) from the hedging of cash flows	6,965	(10,043)	4,762	(10,043)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified to period results	(64,582)	(1,023)	(34,249)	(847)
Total other comprehensive income that will be reclassified to period results, net of taxes	**(1,094,166)**	**39,196**	**(587,184)**	**79,987**
Total other comprehensive income	**(1,097,471)**	**39,230**	**(584,823)**	**79,987**
Total comprehensive income	**(968,483)**	**100,900**	**(465,819)**	**149,250**
Earnings per share (*)				
Earnings per basic share (*):				
(Loss) earnings per basic share from continuing operations	(2,163.70)	225.42	(1,040.69)	333.44
Earnings per diluted share (*):				
(Loss) earnings per diluted share from continuing operations	(2,163.70)	225.42	(1,040.69)	333.44

(*) Amounts expressed in Colombian pesos.

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Almacenes Éxito S.A.
Interim separate statements of cash flows
For the six-month periods ended June 30, 2018 and June 30, 2017
(Amounts expressed in millions of Colombian pesos)

	January 1 to June 30, 2018	January 1 to June 30, 2017
Cash flows provided by operating activities		
Net income for the period	**128,988**	**61,670**
Adjustments to reconcile profit for the period		
Current income tax	26,151	29,528
Deferred income tax	(78,964)	(121,060)
Financial costs	235,666	267,595
Allowance for doubtful accounts	4,765	5,930
Reversal of allowance for doubtful accounts	(5,093)	(3,752)
Reversal of inventory allowance	(8,226)	(14,404)
Impairment	3,307	1,481
Employee benefit provisions	1,288	1,301
Other provisions	43,447	27,235
Reversal of other provisions	(5,580)	(5,687)
Depreciation of fixed assets expense	99,513	102,402
Amortization of intangible assets expense	8,712	12,773
Gain from the application of the equity method	(207,575)	(133,220)
Loss from the disposal of non-current assets	5,794	6,621
Operating income before changes in working capital	**252,193**	**238,413**
Decrease in trade receivables and other accounts receivable	59,323	34,911
Decrease in prepaid expenses	2,373	12,136
Decrease (increase) in receivables from related parties	52,113	(2,241)
(Increase) in inventories	(153,975)	(125,376)
(Increase) decrease in tax assets	(90,045)	76,202
(Decrease) in other provisions	(28,404)	(17,785)
(Decrease) in trade payables and other accounts payable	(809,236)	(504,634)
(Decrease) in receivables from related parties	(47,504)	(74,704)
(Decrease) in tax liabilities	(14,239)	(5,202)
(Decrease) increase in other non-financial liabilities	(1,513)	109,885
Income tax paid	-	(603)
Other adjustments for which the effects on cash are cash flows provided by investment or financing activities	(60,823)	(66,457)
Other adjustment from items other than cash	-	(1,435)
Net cash flows (used in) operating activities	**(839,737)**	**(326,890)**
Cash flows provided by investment activities		
Cash flows provided by reimbursement of contributions in subsidiaries or other businesses.	688,434	5,412
Cash flows used to gain control of subsidiaries or other businesses	(5,000)	(2,098)
Acquisition of property, plant and equipment	(52,174)	(56,667)
Acquisition of investment property	(450)	(108,718)
Acquisition of intangible assets	(2,900)	(3,718)
Dividends received	33,162	104,330
Other cash inflows (outflows)	(1,771)	87
Net cash flows provided by (used in) investment activities	**659,301**	**(61,372)**
Cash flows provided by financing activities		
Decrease in other financial assets	(14,412)	(42,803)
Increase in other financial liabilities	(35,776)	(54,790)
Increase in financial liabilities	302,225	564,866
(Decrease) in financial liabilities under lease agreements	(1,767)	(1,317)
Dividends paid	(32,668)	(81,033)
Financial yields	60,823	66,457
Interest paid	(235,666)	(267,594)
Other cash inflows (outflows)	(2)	-
Net cash flows provided by financing activities	**42,757**	**183,786**
Net (decrease) in cash and cash equivalents	**(137,679)**	**(204,476)**
Cash and cash equivalents at the beginning of period	**1,619,695**	**1,098,825**
Cash and cash equivalents at the end of period	**1,482,016**	**894,349**

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Almacenes Éxito S.A.
Interim separate statements of changes in shareholders' equity
For the six-month periods ended June 30, 2018 and June 30, 2017
(Amounts expressed in millions of Colombian pesos)

	Issued share capital	Premium on the issue of shares	Treasury shares repurchased	Legal reserve	Occasional reserve	Reserve for the reacquisition of shares	Reserve for future dividends	Other reserves	Total reserves	Other accumulated comprehensive income	Retained earnings	Other equity components	Total equity
	(Note 25)	(Note 25)	(Note 25)	(Note 26)	(Note 26)	(Note 26)	(Note 26)	(Note 26)	(Note 26)	(Note 26)			
Balance at December 31, 2016	**4,482**	**4,843,466**	**(2,734)**	7,857	1,644,887	22,000	15,710	5,672	**1,696,126**	**138,303**	**1,144,736**	**(102,692)**	**7,721,687**
Cash dividend declared (Note 38)	-	-	-	-	-	-	-	-	-	-	(21,771)	-	(21,771)
Net period results	-	-	-	-	-	-	-	-	-	-	61,670	-	61,670
Other comprehensive income	-	-	-	-	-	-	-	-	-	39,230	-	-	39,230
Appropriation for reserves	-	-	-	-	21,757	-	-	-	21,757	-	(21,757)	-	-
Other increase (decrease) in shareholders' equity, net	-	-	-	-	(1,435)	-	-	2,228	793	-	77,453	(23,676)	54,570
Balance at June 30, 2017	**4,482**	**4,843,466**	**(2,734)**	7,857	1,665,209	22,000	15,710	7,900	**1,718,676**	**177,533**	**1,240,331**	**(126,368)**	**7,855,386**
Balance at December 31, 2017	**4,482**	**4,843,466**	**(2,734)**	7,857	1,665,209	22,000	15,710	9,662	**1,720,438**	**(49,694)**	**1,312,737**	**10,873**	**7,839,568**
Cash dividend declared (Note 38)	-	-	-	-	-	-	-	-	-	-	(108,857)	-	(108,857)
Net period results	-	-	-	-	-	-	-	-	-	-	128,988	-	128,988
Other comprehensive income	-	-	-	-	-	-	-	-	-	(1,097,471)	-	-	(1,097,471)
Appropriation for reserves	-	-	-	-	108,856	-	-	-	108,856	-	(108,856)	-	-
(Decrease) from changes in the ownership of subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	(63,414)	(63,414)
Other increase (decrease) in shareholders' equity, net	-	-	-	-	(1,494)	-	-	15,094	13,600	-	(22,410)	4,044	(4,766)
Balance at June 30, 2018	**4,482**	**4,843,466**	**(2,734)**	7,857	1,772,571	22,000	15,710	24,756	**1,842,894**	**(1,147,165)**	**1,201,602**	**(48,497)**	**6,694,048**

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

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Note 1. General information

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

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

The Company's main corporate purpose is:

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

The Company's ultimate controlling entity is Casino Guichard Perrachon S.A.(France). The control situation has been registered with the Aburrá Sur Chamber of Commerce. At June 30, 2018, the controlling entity had a 55.30% interest (December 31, 2017 - 55.30%) in the share capital of the Company.

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

Note 2. Basis for preparation

The separate financial statements for the six-month and three-month periods ended June 30, 2018 and June 30, 2017, and for the year ended December 31, 2017 have been prepared in accordance with accounting and financial reporting standards accepted in Colombia, set out in Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB) at December 31, 2014, regulated in Colombia by Regulatory Decree 2420 of 2015, "Single Regulatory Decree on accounting, financial reporting and information assurance standards", amended on December 23, 2015 by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170. The Company did not apply any of the exceptions to the IFRS contained in such decrees.

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

Financial statements herein presented

These interim separate financial statements of the Company are made of the statements of financial position at June 30, 2018 and December 31, 2017, the statements of income and of comprehensive income for the six-month and three-month periods ended June 30, 2018 and June 30, 2017, and the statements of changes in shareholders' equity and the statements of cash flows for the six-month periods ended June 30, 2018 and June 30, 2017.

These separate financial statements are prepared based on interim financial reporting requirements under IAS 34, and do not include all reporting disclosures required for annual financial statements under IAS 1.

Statement of accountability

Company's management are responsible for the information contained in these separate financial statements. Preparing such financial statements pursuant to accounting and financial reporting standards accepted in Colombia, set out by Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB) at December 31, 2014, regulated in Colombia by Regulatory Decree 2420 of 2015, "Single Regulatory Decree on accounting, financial reporting and information assurance standards", amended on December 23, 2015, by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170 and without applying any of the exceptions to the IFRS therein contained, requires management's judgment to apply the accounting policies.

Estimates and accounting judgments

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

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

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

Distinction between current and non-current items

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

Functional currency

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

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

Foreign currency transactions

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

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

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

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

Accounting accrual basis

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

Materiality

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

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

Offsetting of balances and transactions

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

Classification as liability or equity

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

Fair value measurement

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

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

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

Note 3. Significant accounting policies

The attached interim separate financial statements at June 30, 2018 have been prepared using the same accounting policies, measurements and bases used to present the separate financial statements for the annual period ended December 31, 2017, except for the standards mentioned in note 4.2 that came into effect as of January 1, 2018 and regarding which there was no significant impact, pursuant to accounting and financial reporting standards accepted in Colombia, set out in Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS), officially translated and authorized by the International Accounting Standards Board (IASB) at December 31, 2014, regulated in Colombia by Regulatory Decree 2420 of 2015, "Single Regulatory Decree on accounting, financial reporting and information assurance standards", amended on December 23, 2015 by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170 and without applying any of the exceptions to the IFRS therein contained.

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

Adoption of the new standards in force as of January 2018 mentioned in Note 4.2. did not result in significant changes in these accounting policies as compared to those applied in preparing the financial statements at December 31, 2017.

- Investments in subsidiaries, associates and joint arrangements
- Related parties
- Business combinations and goodwill
- Put options *granted to the holders of non-controlling interests*
- Intangible assets
- Research and development costs
- Property, plant and equipment
- Investment property
- Non-current assets held for trading
- Leases
- Loan costs
- Impairment of non-financial assets
- Inventories
- Financial assets
- Financial liabilities
- Embedded derivatives
- Derivative financial instruments

- Hedge accounting
- Employee benefits
- Provisions, contingent assets and liabilities
- Taxes
- Share capital
- Ordinary revenue
- Loyalty programs
- Costs and expenses
- Earnings per share

Note 4. New and modified standards and interpretations

Note 4.1. Standards issued during the six-month period ended June 30, 2018

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

During the six-month period ended June 30, 2018 the International Accounting Standards Board IASB issued the following new standards and amendments:
- Amendment to IAS 19, Employee Benefits, to be applied as of January 2019.

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

The amendment specifies how a company 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.

Note 4.2. Standards effective as of January 1, 2018

The following standards started to be applied as of January 1, 2018 according to the adoption date set by the IASB:
- Amendment to IAS 40. (*)
- Amendments to IFRS 4. (*)
- Amendments to IFRS 2. (*)
- Annual improvements cycle 2014-2016. (*)
- IFRS 15 - Revenue from Ordinary Activities under Contracts with Customers. (**)
- IFRS 9 - Financial Instruments. (***)

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

(**) 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. No material effects resulted from application of this IFRS.

(***) As mentioned in Note 4.8, the Company started the early application of this standard as of January 1, 2014.

Note 4.3. Standards applied earlier during the six-month period ended June 30, 2018

During the six-month period ended June 30, 2018 the Company did not apply the early adoption of standards.

Note 4.4. Standards not yet effective at June 30, 2018

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

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

During the six-month period ended June 30, 2018 the International Accounting Standards Board IASB issued the following new standards and amendments:
- Amendment to IAS 19, Employee Benefits, to be applied as of January 2019.

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

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

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

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

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

<u>IFRIC 23 - Uncertainties over Income Tax Treatments (June 2017)</u>

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.

<u>IFRS 17 - Insurance Contracts"(May 2017)</u>

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.

<u>Amendment to IAS 28 "Investments in Associates and Joint Ventures" (October 2017)</u>

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.

<u>Amendment to IFRS 9 "Financial Instruments" (October 2017)</u>

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.

<u>Annual improvement to IFRS Cycle 2015-2017 (December 2017)</u>

Improvements include the following amendments:

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

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

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

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

Note 4.6 Standards adopted earlier during the year ended December 31, 2017

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

Note 4.7 Standards effective as of January 1, 2017

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

Amendment to IAS 12 - Income tax (January 2016)

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

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

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

Amendment to IAS 7 - Disclosure Initiative (January 2016)

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

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

Note 4.8 Standards not in force at December 31, 2017

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

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

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

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

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

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

The amendments are effective for periods commencing on or after January 1, 2018. Earlier application is permitted. Earlier application was not considered. No material effects are expected from the application of this IFRIC.

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

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

The amendments are effective for periods commencing on or after January 1, 2018. Earlier application is permitted. Earlier application was not considered. No material effects are expected from the application of this amendment.

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

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

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

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

The amendment relates to the following aspects:

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

The amendments are effective for periods commencing on or after January 1, 2018. Earlier application is permitted. Earlier application was not considered. No material effects are expected from the application of this amendment.

IFRS 16 - Leases (January 2016)

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

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

Company management are assessing the quantitative impact on information systems and processes as well as changes in internal controls, arising from the new requirements set out by the standard.

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

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

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

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

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

The standard is effective for periods commencing on or after January 1, 2018. Earlier application was not considered.

The Company has reviewed the changes in this standard as compared to what was required by previous standards, which were repealed by the former. No material effects are expected from the application of this IFRS.

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

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

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

The Company started to apply this standard as of January 1, 2014, without significant effects from implementation thereof.

Note 5. Business combinations

No business combinations were carried out at June 30, 2018 and December 31, 2017.

Note 6. Cash and cash equivalents

The balance of cash and cash equivalents is as follows:

	June 30, 2018	December 31, 2017
Cash at hand and in banks	1,424,804	1,601,621
Fiduciary rights (1)	57,212	16,194
Term deposit certificates	-	1,880
Total cash and cash equivalents	**1,482,016**	**1,619,695**

(1) The balance includes:

	June 30, 2018	December 31, 2017
Fiducolombia S.A.	14,073	5,555
Fondo de Inversión Colectiva Abierta Occirenta	10,169	-
Credicorp Capital	10,060	4
Corredores Davivienda S.A.	9,469	6,062
Fiduciaria Bogota S.A.	8,078	4,069
BBVA Asset S.A.	5,363	504
Total fiduciary rights	**57,212**	**16,194**

The Company recognized yields from cash at hand and in banks and cash equivalents in amount of $2,531 (June 30, 2017 - $4,295), which were recorded as financial revenue as detailed in Note 31.

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

Note 7. Trade receivables and other accounts receivable

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

	June 30, 2018	December 31, 2017
Other accounts receivable (Note 7.1)	81,419	100,997
Trade accounts receivable (Note 7.2)	64,540	103,956
Total trade receivables and other receivables	**145,959**	**204,953**
Current (Note 7.3)	**128,052**	**189,750**
Non-current (Note 7.3)	**17,907**	**15,203**

Note 7.1. Other accounts receivable

The balance of other accounts receivable is as follows:

	June 30, 2018	December 31, 2017
Employee funds and lending	50,764	61,197
Business agreements	17,470	20,211
Money remittances	3,010	5,902
Tax claims	1,360	1,360
Money transfer services	757	3,970
Taxes receivable	165	165
Sale of property, plant and equipment	3	2
Other accounts receivable	7,890	8,190
Total other accounts receivable	**81,419**	**100,997**

Note 7.2. Trade accounts receivable

The balance of trade receivables is as follows:

	June 30, 2018	December 31, 2017
Trade accounts	61,901	86,173
Rental fees and concessions receivable	7,533	8,552
Employee funds and lending	2,910	18,057
Impairment of receivables (1)	(7,804)	(8,826)
Total trade receivables	**64,540**	**103,956**

(1) The impairment of receivables is recognized as expense in period results. However, even if impaired, the Company believes these balances are recoverable, given the extensive credit risk analysis conducted on customers, including credit ratings when they are available in credit databases recognized in the market. During the six-month period ended June 30, 2018 the net effect of the impairment of receivables in the statement of income represents a recovery revenue of $328 ($541 expense for the year ended December 31, 2017).

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

Balance at December 31, 2017	**8,826**
Impairment loss recognized during the period	4,765
Reversal of impairment losses	(5,093)
Receivables written-off	(694)
Balance at June 30, 2018	**7,804**

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

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

	June 30, 2018	December 31, 2017
Trade accounts	61,901	86,173
Other employee funds and lending	35,504	46,954
Business agreements	17,470	20,211
Rental fees and concessions receivable	7,533	8,552
Money remittances	3,010	5,902
Employee funds and lending	2,910	18,057
Tax claims	1,360	1,360
Money transfer services	757	3,970
Taxes receivable	165	165
Sale of property, plant and equipment	3	2
Other	5,243	7,230
Impairment of receivables	(7,804)	(8,826)
Total current	**128,052**	**189,750**
Other employee funds and lending	15,260	14,243
Other	2,647	960
Total non-current	**17,907**	**15,203**

Note 7.4. Trade receivables and other accounts receivable by age

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

			Overdue			
Period	**Total**	**Not due**	**< 30 days**	**31 - 60 days**	**61 - 90 days**	**> 90 days**
June 30, 2018	153,763	98,951	13,541	1,258	733	39,280
December 31, 2017	213,779	72,966	104,296	6,442	1,656	28,419

Note 8. Prepaid expenses

The balance of prepaid expenses is:

	June 30, 2018	December 31, 2017
Maintenance (1)	6,926	11,139
Insurance	1,095	10,402
Leases (2)	12,026	6,455
Advertising (3)	5,300	28
Other advance payments	549	245
Total prepaid expenses	**25,896**	**28,269**
Current	**15,348**	**22,837**
Non-current	**10,548**	**5,432**

(1) Includes advance payments in amount of $6,821 (2017 - $10,967) for software maintenance and support; $81 for software and hardware maintenance (2017 - $0), and $24 for hardware maintenance and support (2017 - $71).

(2) Includes rental fees paid in advance for the Éxito San Martin store in amount of $5,587 (2017 - $5,832), covering the lease contract until 2034, and rental fees paid in advance for the Carulla Castillo Grande store in amount of $5,000 (2017 - $0), covering the lease contract from September 2019 to September 2023.

(3) At June 30, 2018 represents an advance payment to Puntos Colombia S.A.S. for the future purchase of loyalty program points.

Note 9. 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	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Joint ventures (1)	14,878	67,064	-	30,000
Subsidiaries (2)	55,278	48,947	-	-
Controlling entity (3)	3,514	3,365	-	-
Grupo Casino companies (4)	5,794	3,158	-	-
Key management personnel (5)	-	22	-	-
Total	**79,464**	**122,556**	**-**	**30,000**
Current	**77,947**	**114,969**	**-**	**30,000**
Non-current	**1,517**	**7,587**	**-**	**-**

(1) The balance receivable from joint ventures includes:
- Participation in the corporate collaboration agreement, reimbursement of shared expenses and collection of coupons of Compañía de Financiamiento Tuya S.A. $14,753 (2017 - $66,977).
- Redemption of points and other services with Puntos Colombia S.A.S. in amount of $125 (2017 - $87).

The balance of other non-financial assets at December 31, 2017 relates 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 receivable from subsidiaries includes:
- Direct operations of Almacenes Éxito Inversiones S.A.S. where Almacenes Éxito S.A. acts as the payor to third parties under a mandate agreement, in amount of $3,246 (2017 - $2,184);
- Collection of dividends declared, administration services and reimbursement of expenses to Patrimonios Autónomos in amount of $23,343 (2017 - $18,655);
- Administration services, reimbursement of expenses and loans to Gemex O & W S.A.S. in amount of $21,029 (2017 - $19,589);
- Transfer of the put option contract to Spice Investments Mercosur S.A. por $3,460 (2017 - $3,460);
- Strategic direction to Libertad S.A. in amount of $1,428 (2017 - $1,292);
- Retail sales, administration services and reimbursement of expenses to Logística, Transporte y Servicios Asociados S.A.S. in amount of $913 (2017 - $2,297), and
- Other collections from other subsidiaries in amount of $1,859 (2017 - $1,470).

(3) Relates to a Latin America strategic direction service agreement entered with Casino Guichard-Perrachon S.A.

(4) Mainly relates to the balance receivable for expatriate payments from Casino Services in amount of $152 (2017 $152), from Distribution Casino France in amount of $82 (2017 - $104) and from Casino International in amount of $4,513 (2017 - $2,845), and for energy efficiency services received from Greenyellow Energía de Colombia S.A.S. in amount of $1,047 (2017 - $57).

(5) Balances from transactions with key management personnel, including legal representatives and/or administrators, mainly relate to labor agreements entered between the parties. Key management personnel include the CEO, Vice-presidents, business corporate managers, directors, and their family members

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

	Accounts payable		Other financial liabilities		Other non-financial liabilities	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Joint ventures (1)	172	3,025	34,112	38,679	-	-
Subsidiaries (2)	59,466	89,065	-	-	180,689	151,332
Controlling entity (3)	45,366	14,792	-	-	-	-
Grupo Casino companies (4)	6,097	9,593	-	-	-	-
Members of the Board	27	15	-	-	-	-
Total current	**111,128**	**116,490**	**34,112**	**38,679**	**180,689**	**151,332**

(4) At June 30, 2018 the balance relates to an account payable to Puntos Colombia S.A.S. arising from the issue of points as part of the points accumulation pilot project in line with the change in the loyalty program that the Company is currently implementing. The balance of accounts payable at December 31, 2017 relates to $3,000 payable to Puntos Colombia S.A.S. arising from the subscription of 9,000,000 shares and $25 intermediation fees payable to Compañía de Financiamiento Tuya S.A.

At June 30, 2018 and December 31, 2017, the balance of other financial liabilities represents collections received from third parties related with Tarjeta Éxito (Éxito Credit Card), owned by Compañía de Financiamiento Tuya S.A. (Note 23).

(2) The balance payable to subsidiaries relates to:
- Reimbursement of expenses to Gemex O & W S.A.S. in amount of $1,089 (2017 - $800);
- Loan received from Carulla Vivero Holding Inc. in amount of $4,446 (2017 - $4,527);
- Transport services received from Logística, Transporte y Servicios Asociados S.A.S. in amount of $5,892 (2017 - $5,039);
- Leases, purchase of merchandise and tax withholdings on dividends declared by Patrimonios Autónomos in amount of $7,476 (2017 - $5,838);
- Collections, purchase of tour packages and redemption of points to Éxito Viajes y Turismo S.A.S. in amount of $9 (2017 - $3,431);
- Lease of property and purchase of inventories and assets to Distribuidora de Textiles y Confecciones S.A.S. in amount of $40,554 (2017 - $69,430, which includes a balance pending capitalization).

At June 30, 2018, the balance of other non-financial assets relates to advance payments from Patrimonio Autónomo Viva Malls under a mandate agreement whose purpose is the constructions of real estate property (Note 24).

(3) The balance of accounts payable relates to consultancy and technical assistance services provided by Casino Guichard-Perrachon S.A. and Geant International B.V. in amount of $214 (2017 - $11,782) and dividends payable in amount of $42,152 (2017 - $3,010).

(4) Accounts payable to Grupo Casino companies mainly arise from energy optimization services and intermediation in the import of goods.

Note 10. Inventories, net and Cost of sales

Note 10.1. Inventories, net

The net balance of inventories is as follows:

	June 30, 2018	December 31, 2017
Inventories available for trading	1,241,067	1,084,841
Inventories in transit	37,315	40,025
Materials, small spares, accessories and consumable packaging.	2,684	2,976
Production in process	507	-
Raw materials	2,660	2,416
Inventories of property under construction (1)	-	834
Inventory impairment (2)	(10,885)	(19,111)
Total inventories, net	**1,273,348**	**1,111,981**

(1) At December 31, 2017 the balance related to Cota Hotel real estate project then in the construction stage for trading purposes. This project was in a construction reorganization stage since 2015. At June 30, 2018 the asset was transferred to non-current assets held for trading (Note 41).

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

Balance at December 31, 2017	**19,111**
Reversal of impairment provisions (10.2)	(8,226)
Balance at June 30, 2018	**10,885**

At June 30, 2018 and at December 31, 2017 inventories are not subject to limitation or liens that restrict tradability or realization thereof and have been duly insured against all risks.

Pursuant to Company's policy, inventories are valued at cost or fair value less selling costs, whichever is less. The adjustments to this valuation are included in the costs of sale for the period.

Note 10.2. Cost of sales

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

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Cost of goods sold (1)	4,442,147	4,422,336	2,214,524	2,176,593
Trade discounts and rebates on purchases	(646,451)	(672,225)	(321,021)	(318,032)
Logistics costs (2)	201,789	188,427	101,753	93,049
Damage and unknown reduction	72,242	74,425	33,559	37,274
(Reversal) impairment loss recognized during the period (3)	(8,226)	(14,404)	(4,346)	447
Total cost of sales (1)	**4,061,501**	**3,998,559**	**2,024,469**	**1,989,331**

(1) At June 30, 2018 includes $8,113 of depreciation and amortization cost (2017 - $8,690).

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

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Public utilities	61,210	58,106	31,680	28,585
Employee benefits	107,416	96,141	53,563	47,532
Leases	26,505	26,790	13,176	13,250
Depreciation and amortization	6,658	7,390	3,334	3,682
Total	**201,789**	**188,427**	**101,753**	**93,049**

(3) 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, delimiting 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 11. Other financial assets

The balance of other financial assets is as follows:

	June 30, 2018	December 31, 2017
Financial assets measured at amortized cost (1)	39,825	44,870
Derivative financial instruments (2)	25,379	5,934
Derivative financial instruments designated as hedge instruments (3)	1,299	-
Financial assets measured at fair value through income (4)	1,297	1,286
Financial assets measured at fair value through other comprehensive income	260	260
Total other financial assets	**68,060**	**52,350**
Current	**23,262**	**10,462**
Non-current	**44,798**	**41,888**

(1) Financial assets measured at amortized cost are investments in bonds issued by Compañía de Financiamiento Tuya S.A., which the Company has the intention and capability of holding until maturity. Such investments are part of the Tarjeta Éxito corporate collaboration agreement. At June 30, 2018 the nominal value amounts to $39,500 (2017 - $44,500) and maturities go from 1 to 10 years yielding CPI + 6%. Compañía de Financiamiento Tuya S.A. was capitalized in March 2018 maintaining the 50% interest in this company; bonds in amount of $5,000 were used to pay for this capitalization.

(2) 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 variation between June 30, 2018 and December 31, 2017 relates to the decrease in the closing rates used to measure forwards and swaps, below the average of the rates agreed upon with various financial players, giving rise to a right (asset) but not to an obligation (liability).

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

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Forward	809	7,353	5,356	-	-	13,518
Swap	-	-	-	6,325	5,536	11,861
	809	**7,353**	**5,356**	**6,325**	**5,536**	**25,379**

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**

(3) As of 2017, derivative instruments designated as hedge instrument reflect swap transactions carried out by the Company under contracts executed with financial entities whose purpose is the exchange, at specific intervals, of the difference between the amounts of fixed and variable interest rates calculated in relation with an agreed-upon nominal principal amount, which turns variable rates into fixed rates and cash flows then may be determined in local currency. The fair values of these instruments are determined based on valuation models commonly used by market participants.

At June 30, 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%	1,299

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

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Swap	-	-	-	-	1,299	1,299

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

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

	June 30, 2018	December 31, 2017
Financial assets measured at amortized cost	3,419	4,528
Derivative financial instruments	19,843	5,934
Total current	**23,262**	**10,462**
Financial assets measured at amortized cost	36,406	40,342
Derivative financial instruments	5,536	-
Derivative financial instruments designated as hedge instruments	1,299	-
Financial assets measured at fair value through income	1,297	1,286
Financial assets measured at fair value through other comprehensive income	260	260
Total non-current	**44,798**	**41,888**

At June 30, 2018 and December 31, 2017 there are no restrictions or liens on other financial assets that restrict the tradability or realization thereof, exception made of the Company's investment in Tuya S.A.'s bonds, which were issued as part of the business collaboration agreement on Tarjeta Éxito.

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

Note 12. Property, plant and equipment, net

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

	June 30, 2018	December 31, 2017
Land	442,904	632,046
Buildings	868,523	957,388
Machinery and equipment	697,076	657,169
Furniture and fixtures	393,490	390,358
Assets under construction	19,259	25,472
Improvements to third party properties	268,406	270,284
Vehicles and transportation equipment	5,145	5,284
Computers	146,312	141,535
Other property, plant and equipment	16,050	16,050
Total cost of property, plant and equipment	**2,857,165**	**3,095,586**
Accumulated depreciation	(793,155)	(713,091)
Total net property, plant and equipment	**2,064,010**	**2,382,495**

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

Cost	Land	Buildings	Machinery and equipment	Furniture and fixtures	Assets under construction	Improvements to third party properties	Transportation equipment	Computers	Other	Total
Balance at December 31, 2017	**632,046**	**957,388**	**657,169**	**390,358**	**25,472**	**270,284**	**5,284**	**141,535**	**16,050**	**3,095,586**
Additions	-	982	7,427	1,735	38,761	2,641	-	628	-	52,174
(Decrease) increase from transfers (to) from investment property (Nota 13)	(446)	-	-	-	11,412	-	-	-	-	10,966
(Decrease) from transfers (to) non-current assets held for trading (Note 41)	(88,595)	(30,281)	-	-	(5,751)	(126)	-	-	-	(124,753)
Increase (decrease) from movements between property, plant and equipment accounts	1,920	2,708	33,164	2,363	(50,635)	5,704	(140)	4,916	-	-
Derecognition of property, plant and equipment (1)	-	-	(684)	(966)	-	(10,097)	-	(742)	-	(12,489)
(Decrease) from contribution to Patrimonios Autónomos (2)	(102,021)	(62,274)	-	-	-	-	-	-	-	(164,295)
Other minor changes	-	-	-	-	-	-	1	(25)	-	(24)
Balance at June 30, 2018	**442,904**	**868,523**	**697,076**	**393,490**	**19,259**	**268,406**	**5,145**	**146,312**	**16,050**	**2,857,165**
Accumulated depreciation										
Balance at December 31, 2017	**-**	**109,208**	**245,326**	**150,804**	**-**	**119,097**	**3,155**	**83,068**	**2,433**	**713,091**
Depreciation expense/cost	-	13,517	35,515	22,529	-	13,709	313	11,746	394	97,723
Depreciation reversals (1)	-	-	(684)	(966)	-	(4,303)	-	(742)	-	(6,695)
(Decrease) from contribution to Patrimonios Autónomos (2)	-	(7,574)	-	-	-	-	-	-	-	(7,574)
(Decrease) from transfers (to) non-current assets held for trading (Note 41)	-	(3,478)	-	-	-	(126)	-	-	-	(3,604)
Other minor changes	-	(3)	(5)	1	-	13	-	208	-	214
Balance at June 30, 2018	**-**	**111,670**	**280,152**	**172,368**	**-**	**128,390**	**3,468**	**94,280**	**2,827**	**793,155**

(1) Relates to the closure of the following stores: Éxito Barranquilla Alto Prado $3,007, Carulla Express Olaya Herrera $473, 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 Ciudad Bolivar $167, Éxito Mini Parque de las Cigarras $132, Éxito Mini Yerbabuena $121. These values are the carrying amounts of the stores.

(2) Relates to a property in Envigado that was delivered to Patrimonio Autónomo Viva Malls as part of the memorandum of understanding executed on December 23, 2016 with Fondo Inmobiliario Colombia.

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

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

	June 30, 2018	December 31, 2017
Machinery and equipment	-	769
Other property, plant and equipment	15,761	15,761
Total cost of property, plant and equipment	**15,761**	**16,530**
Accumulated depreciation	(2,824)	(2,653)
Total net property, plant and equipment	**12,937**	**13,877**

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

At June 30, 2018 and December 31, 2017 there are no limitations or liens imposed on property, plant and equipment that restrict realization or tradability thereof.

No insurance compensation has been received at June 30, 2018 because of assets damaged. (2017 - $1,202).

At June 30, 2018 no impairment of property, plant and equipment was recognized. During the year ended December 31, 2017 an impairment loss was recognized on Torre Sur Building in amount of $1,481, resulting from demolition thereof.

Note 13. Investment property, net

Company's 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:

	June 30, 2018	December 31, 2017
Land	57,562	65,103
Buildings	141,940	213,909
Construction in progress	16,828	67,682
Total cost of investment property	**216,330**	**346,694**
Accumulated depreciation	(7,198)	(6,990)
Total investment property, net	**209,132**	**339,704**

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

Cost	Land	Buildings	Constructions in progress	Total
Balance at December 31, 2017	**65,103**	**213,909**	**67,682**	**346,694**
Additions	-	222	228	450
Increase (decrease) from transfers from (to) property, plant and equipment (Note 12).	446	-	(11,412)	(10,966)
(Decrease) from transfers to non-current assets held for trading (Note 41)	(7,987)	(3,000)	-	(10,987)
Transfers between investment property accounts	-	31,361	(31,361)	-
(Decrease) from contribution to Patrimonios Autónomos (1)	-	(100,552)	-	(100,552)
Other changes (2)	-	-	(8,309)	(8,309)
Balance at June 30, 2018	**57,562**	**141,940**	**16,828**	**216,330**

Accumulated depreciation	Buildings
Balance at December 31, 2017	**6,990**
Depreciation expense	1,790
(Decrease) from transfers (to) non-current assets held for trading (Note 14)	(308)
(Decrease) from contribution to Patrimonios Autónomos (1)	(1,274)
Balance at June 30, 2018	**7,198**

(1) Relates to a property in Envigado that was delivered to Patrimonio Autónomo Viva Malls as part of the memorandum of understanding executed on December 23, 2016 with Fondo Inmobiliario Colombia.

(2) Includes down payment and offsetting of constructions in progress under the mandate agreement entered between Almacenes Éxito S.A. and Patrimonio Autónomo Viva Malls.

At June 30, 2018 and December 31, 2017 there are no limitations or liens imposed on investment property that restrict realization or tradability thereof.

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

Investment property was not impaired at June 30, 2018 and at December 31, 2017.

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

Note 14. Goodwill

The balance of goodwill is as follows:

	June 30, 2018	December 31, 2017
Carulla Vivero S.A. (1)	827,420	827,420
Super Inter (2)	453,649	453,649
Cafam (3)	122,219	122,219
Other (4)	49,789	49,789
Total goodwill	**1,453,077**	**1,453,077**

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

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

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

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

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

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

Note 15. Intangible assets other than goodwill, net

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

	June 30, 2018	December 31, 2017
Computer software	111,429	129,008
Trademarks	81,131	81,131
Rights	26,986	26,986
Other	239	31
Total cost of intangible assets other than goodwill	**219,785**	**237,156**
Accumulated amortization	(72,452)	(80,938)
Total intangible assets other than goodwill, net	**147,333**	**156,218**

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

Cost	Trademarks (1)	Computer software (2)	Rights (3)	Other	Total
Balance at December 31, 2017	**81,131**	**129,008**	**26,986**	**31**	**237,156**
Additions	-	2,692	-	208	2,900
Disposal and derecognition of impaired assets (2)	-	(20,262)	-	-	(20,262)
Other changes	-	(9)	-	-	(9)
Balance at June 30, 2018	**81,131**	**111,429**	**26,986**	**239**	**219,785**
Accumulated amortization					
Balance at December 31, 2017	**-**	**80,938**	**-**	**-**	**80,938**
Amortization expense/cost	-	8,712	-	-	8,712
Disposal and derecognition of impaired assets (2)	-	(16,955)	-	-	(16,955)
Other changes	-	(243)	-	-	(243)
Balance at June 30, 2018	**-**	**72,452**	**-**	**-**	**72,452**
Accumulated impairment					
Balance at December 31, 2017	**-**	**-**	**-**	**-**	**-**
Amortization expense/cost	-	3,307	-	-	-
Disposals and derecognition	-	(3,307)	-	-	-
Balance at June 30, 2018	**-**	**-**	**-**	**-**	**-**

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

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

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

	June 30, 2018	December 31, 2017
System application and products (SAP)	10,108	12,634
Sistema de información comercial (Sinco)	8,334	11,054
WMS	4,066	2,843
Databases	3,831	4,402
Demand forecasts	3,800	4,299
Single customer	2,494	3,091
Central equipment virtualizer	1,245	1,391
Pos and pin pads	845	1,021
Sinemax	718	980
Slotting	597	762
Market Place	469	-
Assortment and space (a)	-	708
Pricing (a)	-	1,904
Other minor items	2,470	2,981
Net total	**38,977**	**48,070**

(a) An impairment loss of such computer software was recognized at June 30, 2018 (Note 35).

(3) Recognitions of contracts executed in December 2017 in amount of $2,226, December 2016 in amount of $11,522 and September 2016 in amount of $13,238 for the acquisition of rights to exploit commercial premises.

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

At June 30, 2018 and at December 31, 2017 intangible assets other than goodwill are not limited or subject to lien that would restrict realization or tradability thereof. In addition, there are no commitments to acquire or develop intangible assets other than goodwill.

Except for that mentioned in section 2-a above, at June 30, 2018 and at December 31, 2017 no impairment was recognized for intangible assets other than goodwill.

Note 16. Investments accounted for using the equity method

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

Company	Classification	June 30, 2018	December 31, 2017
Onper Investment 2015 S.L.	Subsidiary	3,834,236	5,366,939
Spice Investment Mercosur S.A.	Subsidiary	1,749,045	1,858,653
Patrimonio Autónomo Viva Malls	Subsidiary	734,573	537,572
Compañía de Financiamiento Tuya S.A.	Joint venture	179,320	126,551
Distribuidora de Textiles y Confecciones S.A.S.	Subsidiary	130,074	134,172
Patrimonio Autónomo Viva Villavicencio	Subsidiary	108,503	108,124
Patrimonio Autónomo Centro Comercial	Subsidiary	57,409	57,294
Patrimonio Autónomo Viva Sincelejo	Subsidiary	41,422	41,947
Patrimonio Autónomo San Pedro Etapa I	Subsidiary	17,349	17,534
Cnova N.V.	Associate	9,222	9,222
Logística, Transporte y Servicios Asociados S.A.S.	Subsidiary	5,271	4,121
Carulla Vivero Holding Inc.	Subsidiary	4,360	4,439
Fideicomiso Lote Girardot	Subsidiary	3,850	3,850
Puntos Colombia S.A.S.	Joint venture	3,825	7,213
Éxito Viajes y Turismo S.A.S.	Subsidiary	3,802	3,755
Patrimonio Autónomo Iwana	Subsidiary	3,047	3,196
Almacenes Éxito Inversiones S.A.S.	Subsidiary	726	2,844
Total investments accounted for using the equity method		**6,886,034**	**8,287,426**

Note 17. Changes in the classification of financial assets

During the six-month period ended June 30, 2018, there were no material changes in the classification of financial assets, arising from a change in the purpose or use of such assets.

Note 18. Financial liabilities

The balance of financial liabilities is as follows:

	June 30, 2018	December 31, 2017
Bank loans (1)	1,449,650	796,390
Finance leases	3,479	3,530
Total current financial liabilities	**1,453,129**	**799,920**
Bank loans (1)	2,930,009	3,281,044
Finance leases	10,065	11,780
Total non-current financial liabilities	**2,940,074**	**3,292,824**

(1) In August 2015, the Company entered into credit agreements with local banks in amount of $3.25 trillion and with foreign banks in amount of $1.21 trillion (USD 400 million at the exchange rate of $3,027.20 Colombian pesos) for the acquisition of the operations in Brazil and Argentina through the Spanish company Onper Investment 2015 S.L. Such credits are measured at amortized cost using the effective interest method, where transaction costs are included in amount of $14,332.

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

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

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

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

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

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

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

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

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

Year	**Total**
2019	314,694
2020	1,762,739
2021	266,798
>2022	595,843
	2,940,074

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

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

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

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

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

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

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

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

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

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

Note 19. Employee benefit provisions

The balance of employee benefit provisions is:

	June 30, 2018	December 31, 2017
Defined benefit plans	31,063	29,885
Long-term benefit plan	2,112	2,002
Total employee benefit provisions	**33,175**	**31,887**
Current	**4,745**	**3,457**
Non-current	**28,430**	**28,430**

Note 20. Other provisions

The balance of other provisions is made as follows:

	June 30, 2018	December 31, 2017
Legal proceedings (1)	11,335	12,675
Taxes other than income tax (2)	8,377	10,288
Restructuring (3)	12,170	1,268
Other (4)	14,838	13,026
Total other provisions	**46,720**	**37,257**
Current Note 20.1	**30,008**	**17,558**
Non-current Note 20.1	**16,712**	**19,699**

At June 30, 2018 and December 31, 2017, the Company did not recognize provisions for contracts for consideration.

The detail of provisions is as follows:

(1) Provisions for lawsuits are recognized to cover estimated potential losses arising from labor and civil lawsuits brought against the Company, assessed based on the best estimation of cash outflows required to settle the liability on the date of preparation of the financial statements. The balance is comprised of $8,241 (2017 - $8,965) for labor lawsuits and $3,094 (2017 - $3,710) for civil lawsuits.

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

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

(4) The balance of other provision relates to:

	June 30, 2018	December 31, 2017
Gemex O&W S.A.S. (a)	10,981	9,209
Provision to protect against the loss of merchandise "*VMI*"	3,752	3,817
Provision for money remittance campaign (b)	105	-
Total other provisions	**14,838**	**13,026**

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

(b) Represents a liability recorded to recognize the estimated future payment to be disbursed to a third party based on an advertisement strategy related with the money remittance business.

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

	Legal proceedings	Taxes other than income tax	Restructuring	Other	Total
Balance at December 31, 2017	**12,675**	**10,288**	**1,268**	**13,026**	**37,257**
Increase	1,979	-	35,630	5,839	43,447
Uses	-	-	-	(517)	(517)
Payments	(850)	-	(24,289)	(2,750)	(27,887)
Reversal of unused amounts	(2,469)	(1,911)	(439)	(760)	(5,580)
Balance at June 30, 2018	**11,335**	**8,377**	**12,170**	**14,838**	**46,720**

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

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

	June 30, 2018	December 31, 2017
Legal proceedings	3,000	3,264
Restructuring	12,170	1,268
Other	14,838	13,026
Total current	**30,008**	**17,558**
Legal proceedings	8,335	9,411
Taxes other than income tax	8,377	10,288
Total non-current	**16,712**	**19,699**

Note 20.2. Forecasted payments of other provisions

Forecasted payments of other provisions for which the Company is responsible at June 30, 2018 are:

	Legal proceedings	Taxes other than income tax	Restructuring	Other	Total
Less than 12 months	3,000	-	12,170	14,838	30,008
More than one year	8,335	8,377	-	-	16,712
Total estimated payments	**11,335**	**8,377**	**12,170**	**14,838**	**46,720**

Note 21. Trade payables and other accounts payable

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

	June 30, 2018	December 31, 2017
Suppliers	1,913,456	2,642,486
Costs and expenses payable	221,850	331,585
Employee benefits	101,436	141,763
Financing for the acquisition of assets	63,550	87,241
Tax withholdings payable	101,545	37,135
Taxes collected payable	73,216	38,934
Dividends payable	37,840	3,793
Other	15,066	18,724
Total trade payables and other accounts payable	**2,527,959**	**3,301,661**

Note 22. Income tax

Tax rules applicable to the Company

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

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

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

For 2017, the base to assess the Company's income tax is 3% under 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 ($19 for 2017) and 1000 UVT ($32 for 2017) and 10% on higher amounts when such dividends have been taxed upon the distributing companies.

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

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

e. As of 2017 the tax base adopted is the accounting system based on Accounting and Financial Reporting Standards accepted in Colombia, set forth by Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB) at 31 December 2014, regulated in Colombia by Regulatory Decree 2450 of 2015, "Single Regulatory Decree on accounting, financial reporting and information assurance standards", amended on December 23, 2015 by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170, with certain exceptions regarding the realization of revenue, recognition of costs and expenses and the accounting effects of the opening balance upon adoption of these standards.

f. The tax on financial transactions is a permanent tax.

g. The annual adjustment applicable at December 31, 2017 to movable assets and real estate deemed fixed assets is 4.07%.

<u>Tax stability</u>

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

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

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

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

<u>Tax credits</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 June 30, 2018 and December 31, 2017 the Company assessed its income tax by applying the presumptive income system.

At June 30, 2018 the Company has accrued $369,633 (December 31, 2017 - $293,218) excess presumptive income over net income.

At June 30, 2018 the Company has accrued $743,680 /(December 31, 2017 - $245,681) tax losses.

Closing of tax returns

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

The income tax return for 2017 where tax losses and a balance receivable were assessed is open for review for 12 years as of filing of the balance receivable; income tax return for 2016 where tax losses and a balance receivable were assessed is open for review for 3 years as of filing of the balance receivable; income tax for equality CREE return for 2016 showing a balance receivable is open for review for 3 years as of filing of the balance receivable; income tax return for 2015 showing a balance receivable is open for review for 2 years as of filing of the balance receivable; income tax for equality CREE return for 2015 is open for review for 2 years as of filing date. Tax advisors and Company management believe no additional taxes will be assessed, other than those for which a provision has been recorded at June 30, 2018.

Transfer pricing

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

Foreign controlled entities

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

Note 22.1. Current tax assets and liabilities

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

Current tax assets

	June 30, 2018	December 31, 2017
Total income tax balance receivable (1)	213,091	138,796
Tax discounts from taxes paid abroad	12,176	21,288
Industry and trade tax advances and withholdings	12,206	13,496
Total current tax assets	**237,473**	**173,580**

(1) The balance is comprised of:

	June 30, 2018	December 31, 2017
Income tax withholdings	241,535	187,166
Subtotal	**241,535**	**187,166**
Income tax (expense) (Note 22.2)	(28,444)	(48,370)
Total income tax balance receivable	**213,091**	**138,796**

Current tax liabilities

	June 30, 2018	December 31, 2017
Industry and trade tax payable	26,039	41,816
Real estate tax	1,539	-
Total current tax liabilities	**27,578**	**41,816**

Note 22.2. Income tax

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

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017	December 31, 2017
Earnings (loss) before income tax	**76,175**	**(29,862)**	**90,201**	**(12,837)**	**140,323**
Add					
Non-deductible expenses	23,039	2,649	20,024	1,222	158,314
Tax on financial transactions	4,048	4,527	1,456	1,436	7,158
Taxes taken on and revaluation	3,575	1,447	2,021	1,220	4,637
Fines, penalties and litigation	597	1,073	98	339	2,312
Non-deductible inventory losses	508	1,579	56	878	4,678
Derecognition of gain from the sale of fixed assets reported as occasional gain	24	(3,654)	24	-	(18,993)
Non-deductible taxes	20	17	3	-	15
IFRS adjustments with no tax effects	-	18,850	-	68,610	-
Tax on wealth	-	19,804	-	(577)	19,804
Accounting provisions and receivables written off (recovered)	-	9,472	-	3,753	13,597
Net income - recovery of depreciation of fixed assets sold	-	-	-	-	6,955
Reimbursement of deduction from income-generating fixed assets	-	-	-	-	1,989
Less					
IFRS adjustments with no tax effects	(234,663)	-	(253,524)	-	(193,475)
Tax-exempt dividends received from subsidiaries	(19,969)	(50,149)	-	(50,149)	(51,849)
Goodwill tax deduction, in addition to the accounting deduction	(10,175)	(182,328)	39,289	(154,739)	(279,655)
Revenue from loss insurance compensation	(631)	-	(252)	-	-
Disabled employee deduction	(222)	(552)	(148)	(552)	(1,406)
Allowance for doubtful accounts	(106)	-	908	-	-
40% deduction of investment in income-generating assets	-	(58,545)	-	(33,613)	(54,363)
Recovery of provisions	-	(384)	-	(22)	(5,722)
Net (loss)	**(157,780)**	**(266,056)**	**(99,844)**	**(175,031)**	**(245,681)**
Current year presumptive income	**77,084**	**86,057**	**36,588**	**86,057**	**144,009**
Net taxable income	**77,084**	**86,057**	**36,588**	**86,057**	**144,009**
Income tax rate	33%	34%	33%	34%	33%
Subtotal income tax (expense)	**(25,438)**	**(29,261)**	**(12,074)**	**(29,261)**	**(47,523)**
Income tax surcharge	(3,068)	-	(1,456)	-	-
Occasional gains tax (expense)	-	(267)	-	-	(1,097)
Adjustment to effective rate	-	-	-	(41,062)	-
Tax discounts	62	-	62	-	250
Total income tax (expense) revenue	**(28,444)**	**(29,528)**	**(13,468)**	**(70,323)**	**(48,370)**
Recovery of prior year's tax	**2,293**	**-**	**2,293**	**-**	**789**
Total current income tax (expense) revenue	**(26,151)**	**(29,528)**	**(11,175)**	**(70,323)**	**(47,581)**

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

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Total current income tax (expense) revenue	(26,151)	(29,528)	(11,175)	(70,323)
Deferred income tax revenue (expense) (Note 22.3)	78,964	121,060	39,978	152,423
Total revenue from income tax	**52,813**	**91,532**	**28,803**	**82,100**

Presumptive income was determined as follows:

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017	December 31, 2017
Net shareholders' equity	2,245,206	2,502,471	1,065,879	2,502,471	4,885,686
Less net shareholders' equity to be excluded	(43,213)	(43,705)	(20,718)	(43,705)	(85,396)
Net shareholders' equity base	**2,201,993**	**2,458,766**	**1,045,161**	**2,458,766**	**4,800,290**
Presumptive income	**77,070**	**86,057**	**36,581**	**86,057**	**144,009**
Add: Taxed dividends	14	-	7	-	-
Total presumptive income	**77,084**	**86,057**	**36,588**	**86,057**	**144,009**

Note 22.3. Deferred tax

The Company recognizes deferred taxes receivable or payable, arising from temporary differences representing a lower or higher payment of the current year income tax, estimated at expected recovery rates (2018 tax rates in force 33%), provided there is reasonable expectation that such differences will revert in future. Should there be any deferred tax asset, an analysis will be made of whether the Company will generate enough taxable income in future to offset the asset, in full or in part.

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

	June 30, 2018			December 31, 2017		
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets (liabilities), net**	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets (liabilities), net**
Other property, plant and equipment	554,991	(783,902)	(228,911)	578,287	(821,978)	(243,691)
Goodwill	7,804	(208,992)	(201,188)	7,804	(138,957)	(131,153)
Investments in subsidiaries and joint ventures	274,659	(346,496)	(71,837)	235,734	(311,951)	(76,217)
Land	5,309	(20,473)	(15,164)	5,309	(27,160)	(21,851)
Intangible assets other than goodwill	104,524	(117,619)	(13,095)	90,575	(104,620)	(14,045)
Investment property	-	(8,893)	(8,893)	-	(12,814)	(12,814)
Other financial assets	1,057	(9,850)	(8,793)	32	(1,967)	(1,935)
Trade and other payables	856	(7,831)	(6,975)	-	(12,497)	(12,497)
Non-current assets held for trading	-	(2,895)	(2,895)	-	-	-
Construction in progress	938	(3,819)	(2,881)	950	(4,157)	(3,207)
Accounts receivable from related parties	1,185	(1,240)	(55)	91	(26)	65
Other non-financial assets	-	(22)	(22)	-	(22)	(22)
Tax losses	245,414	-	245,414	81,075	-	81,075
Excess presumptive income	121,979	-	121,979	96,762	-	96,762
Buildings	117,925	(9,625)	108,300	128,146	(7,876)	120,270
Tax credits	39,834	-	39,834	40,771	-	40,771
Trade and other receivables	10,565	(1,627)	8,938	15,891	(1,635)	14,256
Prepaid expenses	17,604	(8,844)	8,760	27,990	(20,371)	7,619
Other provisions	12,503	(4,035)	8,468	9,111	(4,037)	5,074
Other financial liabilities	7,980	-	7,980	12,478	-	12,478
Other non-financial liabilities	14,255	(6,404)	7,851	9,790	(459)	9,331
Employee benefit provisions	5,914	(1,416)	4,498	5,489	(1,416)	4,073
Financial liabilities	4,260	(480)	3,780	53,593	(1,066)	52,527
Inventories	1,330	(41)	1,289	4,408	-	4,408
Accounts payable to related parties	395	(127)	268	11	(62)	(51)
Cash and cash equivalents	106	(63)	43	45	(112)	(67)
Total	**1,551,387**	**(1,544,694)**	**6,693**	**1,404,342**	**(1,473,183)**	**(68,841)**

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

	January 1 to June 30, 2018	**January 1 to June 30, 2017**	**April 1 to June 30, 2018**	**April 1 to June 30, 2017**
Deferred income tax	81,014	121,456	39,841	153,200
Deferred occasional gains tax	(2,050)	(452)	137	(777)
Retained earnings of subsidiaries in Uruguay and Brazil	-	56	-	-
Total deferred income tax revenue (expense)	**78,964**	**121,060**	**39,978**	**152,423**

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

	January 1 to June 30, 2018	**January 1 to June 30, 2017**	**April 1 to June 30, 2018**	**April 1 to June 30, 2017**
Gain from derivative financial instruments designated as hedge instruments	(3,430)	4,962	(2,345)	4,962
Total	**(3,430)**	**4,962**	**(2,345)**	**4,962**

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

	June 30, 2018
Revenue from deferred tax recognized in income for the period	78,964
Revenue from deferred tax recognized in other comprehensive income for the period	(3,430)
Total decrease in net deferred tax (liabilities) between June 30, 2018 and December 31, 2017	**75,534**

The Company has not recognized deferred tax assets generated by certain Colombian and foreign subsidiaries and other minor investments that have shown losses during the current or prior periods. The amount of losses is as follows:

	June 30, 2018	December 31, 2017
Other	(2,919)	(2,919)
Total	**(2,919)**	**(2,919)**

Temporary differences related to investments in subsidiaries, associates and joint ventures, for which no deferred tax liabilities have been recognized at June 30, 2018 amount to $808,025 (December 31, 2017 - $1,118,113).

Note 23. Other financial liabilities

The balance of other financial liabilities is as follows:

	June 30, 2018	December 31, 2017
Collections received on behalf of third parties (1)	73,100	104,343
Derivative financial instruments designated as hedge instruments (2)	7,898	7,326
Derivative financial instruments (3)	10,964	16,570
Total current	**91,962**	**128,239**
Derivative financial instruments designated as hedge instruments (2)	4,468	13,915
Derivative financial instruments (3)	851	-
Total non-current	**5,319**	**13,915**

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

	June 30, 2018	December 31, 2017
Éxito Card collections (a)	34,112	38,679
Non-banking correspondent	27,255	53,701
Direct trading (market place)	4,742	5,114
Money transfer services	-	1,594
Other collections	6,991	5,255
Total	**73,100**	**104,343**

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

(2) As of 2017, derivative instruments designated as hedge instrument reflect swap transactions carried out by the Company under contracts executed with financial entities whose purpose is the exchange, at specific intervals, of the difference between the amounts of fixed and variable interest rates calculated in relation with an agreed-upon nominal principal amount, which turns variable rates into fixed rates and cash flows then may be determined in local currency. The fair values of these instruments are determined based on valuation models commonly used by market participants.

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

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

At June 30, 2018 relates to the following transactions:

Hedging instrument	Nature of risk hedged	Hedged item	Range of rates for hedged item	Range of rates for hedge instruments	Fair value
Swap	Interest rate	Financial obligations	IBR 3M	5.1% - 6.0%	11,388
Swap	Interest and exchange rates	Financial obligations	Libor USD 1M + 2.22%	9.06%	978
					12,366

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

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Swap	-	-	3,950	3,948	4,468	**12,366**

At December 31, 2017 relates to the following transactions:

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

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

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

(3) Derivative financial instruments reflect the fair value of forward and swap contracts to hedge the fluctuation in the exchange rates and interest rates of liabilities in foreign currency. The fair values of these instruments are estimated based on valuation models commonly applied by market participants who use variables other than prices quoted, directly or indirectly perceptible for assets or liabilities. In its statement of financial position, the Company measures derivative financial instruments (forward and swap) at fair value, on each accounting closing date. The variation between June 30, 2018 and December 31, 2017, relates to the variation of closing valuation rates for forwards and swaps, which reached values over the average rates agreed upon with the various financial players.

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

	Less than 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Forward	7,166	408	-	-	7,574
Swap	-	3,390	-	851	4,241
					11,815

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

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

Note 24. Other non-financial liabilities

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

	June 30, 2018	December 31, 2017
Advance payments for real estate projects (1)	180,689	151,332
Revenue received in advance (2)	44,962	63,666
Customer loyalty programs (3)	38,593	37,797
Advance payments under lease agreements and other projects	1,002	3,948
Instalments received under "plan resérvalo"	827	850
Repurchase coupon	105	485
Total current	**266,178**	**258,078**
Advance payments under lease agreements and other projects	14,285	32,206
Total non-current	**14,285**	**32,206**

(1) Relates to advance payments from Patrimonio Autónomo Viva Malls under a mandate agreement whose purpose is the constructions of real estate property (Note 9).

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

	June 30, 2018	December 31, 2017
Gift card	26,609	47,851
Cafam comprehensive card	11,622	11,089
Exchange card	3,260	3,518
Fuel card	786	794
Other	2,685	414
Total	**44,962**	**63,666**

(3) Represents customer loyalty programs, namely "Puntos Éxito" and "Supercliente Carulla". At June 30, 2018, the effect of the valuation, issue, redemption and expiry of points related with these programs, in Company results, was a lower value in sales revenue in amount of $797 (2017 higher value in sales revenue in amount of $2,208).

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

At June 30, 2018 and December 31, 2017, the Company's authorized capital is represented in 530,000,000 common shares with a nominal value of $10 (*) each; subscribed and paid-in capital amounts to $4,482; the number of outstanding shares is 447,604,316 and the number of treasury shares reacquired is 635,835 valued at $2,734.

(*) Expressed in Colombian pesos.

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

The premium on placement of shares represents the higher value paid over the par value of the shares and amounts to $4,843,466 at June 30, 2018 and December 31, 2017. Pursuant to legal regulations, this balance may be distributed as profits upon winding-up of the company, or upon capitalization of this value. Capitalization means the transferring of a portion of such premium to a capital account, as result of the issue of a share-based dividend.

Note 26. Reserves, Retained earnings and Other comprehensive income

Reserves

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

Retained earnings

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

Other accumulated comprehensive income

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

	June 30, 2018			December 31, 2017		
	Gross amount	**Tax effect**	**Net amount**	**Gross amount**	**Tax effect**	**Net amount**
Measurement of financial assets at fair value through other comprehensive income (1)	(6,281)	-	(6,281)	(2,976)	-	(2,976)
Measurement of defined benefit plans (2)	(4,449)	1,472	(2,977)	(4,449)	1,472	(2,977)
Translation exchange differences (3)	(1,055,453)	-	(1,055,453)	(18,904)	-	(18,904)
(Loss) from the hedging of cash flows (4)	(9,121)	3,010	(6,111)	(19,516)	6,440	(13,076)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method (5)	(76,343)	-	(76,343)	(11,761)	-	(11,761)
Total other accumulated comprehensive income	**(1,151,647)**	**4,482**	**(1,147,165)**	**(57,606)**	**7,912**	**(49,694)**

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

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

(3) Represents the accumulated value of exchange differences arising from the translation to the Company's presentation currency of assets, liabilities, equity and results of operations abroad under the equity method. Accumulated translation differences are reclassified to period results upon disposition of the foreign operation.

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

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

Note 27. Revenue from ordinary activities

The balance of revenue from ordinary activities is as follows:

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Total retail sales (1)	5,108,402	5,103,245	2,537,885	2,506,218
Service revenue (2)	134,402	117,846	71,100	75,644
Other ordinary revenue (3)	42,987	21,643	25,471	11,222
Total revenue from ordinary activities	**5,285,791**	**5,242,734**	**2,634,456**	**2,593,084**

(1) The balance of retail sales represents the sale of goods net of returns and rebates.

(2) The balance of service revenue relates to:

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Distributors	47,693	49,505	23,642	24,778
Advertising	29,626	30,675	19,440	30,340
Lease of real estate	28,095	12,268	13,355	7,293
Commissions	10,569	10,195	5,069	5,101
Non-banking correspondent	8,308	7,247	4,245	3,836
Money transfers	3,827	3,604	1,931	1,947
Administration of trade premises	2,752	1,794	1,554	1,057
Lease of physical space	922	-	499	-
Other services	2,610	2,558	1,365	1,292
Total service revenue	**134,402**	**117,846**	**71,100**	**75,644**

(3) The balance of other revenue relates to:

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Involvement in collaboration agreement (a)	20,073	-	13,997	-
Exploitation of assets	5,034	5,183	2,767	2,340
Latam strategic direction (Note 34)	4,878	5,258	2,553	2,574
Royalties	4,642	2,990	2,096	2,268
Marketing events	4,360	4,884	2,099	2,125
Financial services	1,307	1,121	306	321
Use of parking spaces	858	691	535	429
Technical assistance	733	894	448	677
Other	1,102	622	670	488
Total other ordinary revenue	**42,987**	**21,643**	**25,471**	**11,222**

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

Note 28. Distribution expenses and Administration and sales expenses

The balance of distribution expenses is as follows:

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Leases	138,362	134,065	68,667	67,364
Fuels and power	83,066	83,073	41,473	42,387
Depreciation and amortization	82,376	88,200	40,696	44,020
Taxes other than income tax	81,820	84,980	28,515	33,748
Advertising	47,317	60,488	22,143	30,915
Repairs and maintenance	44,326	41,266	21,938	22,766
Security services	32,857	30,991	17,218	15,580
Public utilities	24,791	27,137	13,501	13,810
Administration of trade premises	20,090	19,056	10,234	9,521
Cleaning services	19,481	18,601	9,684	9,302
Commissions on debit and credit cards	13,633	13,665	6,872	6,683
Transport	13,135	11,721	7,497	6,106
Fees	12,199	10,975	6,108	6,161
Insurance	9,286	14,140	4,684	8,567
Packaging and marking materials	7,422	14,723	3,862	8,243
Cleaning and cafeteria	4,394	5,094	2,200	3,047
Impairment expense	2,619	4,644	2,044	656
Travel expenses	2,530	2,934	1,227	1,845
Legal expenses	1,963	2,249	593	1,109
Contributions and affiliations	649	674	333	359
Other	30,707	16,880	16,310	8,850
Total distribution expenses	**673,023**	**685,556**	**325,799**	**341,039**

The balance of administration and sales expenses is as follows:

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Fees	19,937	18,805	9,620	9,664
Depreciation and amortization	17,736	18,285	8,303	8,905
Taxes other than income tax	9,218	13,231	3,548	6,248
Leases	7,462	929	3,798	554
Public utilities	7,306	1,736	1,116	927
Repairs and maintenance	4,774	2,850	2,441	872
Travel expenses	2,863	3,464	1,318	1,950
Impairment expense	2,146	1,296	1,855	-277
Insurance	1,717	1,156	877	655
Outsourced employees	1,586	1,606	749	822
Commissions	1,532	1,708	744	768
Fuels and power	1,086	1,264	557	659
Telephone services	1,052	1,577	671	819
Transport	685	760	386	433
Contributions and affiliations	441	564	278	355
Legal expenses	254	1,045	53	1,000
Fines, penalties and litigation	198	338	59	152
Other	2,380	3,288	1,202	1,957
Total administration and sales expenses	**82,373**	**73,902**	**37,575**	**36,463**

Note 29. Employee benefit expense

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

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Wages and salaries	318,854	316,329	160,166	161,431
Contributions to the social security system	4,936	5,443	2,350	2,617
Other short-term employee benefits	22,291	23,921	11,114	11,862
Total short-term employee benefit expense	**346,081**	**345,693**	**173,630**	**175,910**
Post-employment benefit expenses, defined contribution plans	27,858	34,994	13,609	17,466
Post-employment benefit expenses, defined benefit plans	1,677	1,542	954	858
Total post-employment benefit expenses	**29,535**	**36,536**	**14,563**	**18,324**
Termination benefit expenses	980	1,297	521	549
Other long-term employee benefits	130	115	47	53
Other personnel expenses	5,065	5,223	3,563	3,147
Total employee benefit expenses	**381,791**	**388,864**	**192,324**	**197,983**

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

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

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

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Other recurring operating revenue				
Recovery of allowance for trade receivables	5,093	3,753	3,384	-
Recovery of other provisions related to civil lawsuits	537	-	(62)	(248)
Compensation from insurance companies	630	3,974	251	3,974
Reimbursement of ICA-related costs and expenses	192	168	54	-
Recovery of other provisions related to labor lawsuits	-	101	(71)	(24)
Reimbursement of tax-related costs and expenses (1)	1,911	217	1,911	24
Recovery of other provisions	826	-	826	-
Total recurring	**9,189**	**8,213**	**6,293**	**3,726**
Non-recurring				
Recovery of other provisions	760	199	760	199
Revenue from insurance compensation	-	277	-	277
Total non-recurring	**760**	**476**	**760**	**476**
Total other operating revenue	**9,949**	**8,689**	**7,053**	**4,202**
Other operating expenses				
Restructuring expenses (2)	(35,951)	(20,534)	(570)	(10,318)
Other expenses (3)	(2,166)	(2,361)	(1,550)	380
Tax on wealth expense (4)	-	(19,804)	-	578
Total other operating expenses	**(38,117)**	**(42,699)**	**(2,120)**	**(9,360)**
Other losses, net				
Derecognition of property, plant and equipment (5)	(5,794)	(6,621)	(3,876)	(5,462)
Expenses from the disposition of assets	(172)	(801)	(165)	(773)
Impairment (6)	(3,307)	(1,481)	(3,307)	(1,481)
Total other net losses	**(9,273)**	**(8,903)**	**(7,348)**	**(7,716)**

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

(1) Relates to the recovery of a provision related with VAT payable.

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

(3) For 2018, relates to expenses arising from the closure of shops and stores in amount of $1,264, expenses from the restructuring of shops in amount of $812 and other minor expenses in amount of $90. For 2017, relates to expenses incurred in establishing real estate vehicles in amount of $1,427; expenses arising from the closure of shops and stores in amount of $268; costs of the transaction related with the acquisition of the operations in Brazil and Argentina in amount of $315 and other minor expenses in amount of $351.

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

Relates to the closure of the following stores: Éxito Barranquilla Alto Prado $3,007, Carulla Express Olaya Herrera $473, 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 Ciudad Bolivar $167, Éxito Mini Parque de las Cigarras $132, Éxito Mini Yerbabuena $121. For 2017, includes the closing of Carulla San Jerónimo in amount of $1,152.

(6) At June 30, 2018 represents an impairment loss related with computer software in amount of $3,307 (Note 15). For 2017, represents an impairment loss related with Edificio Torre Sur arising from demolition thereof (Note 12).

Note 31. Financial revenue and expenses

The balance of financial revenue and expenses is as follows:

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Gain from exchange difference	43,137	10,245	(76,587)	(51,519)
Gain from derivative financial instruments	34,772	66,865	34,531	66,755
Other financial revenue	4,350	8,118	1,796	4,416
Revenue from interest, cash and cash equivalents (Note 6)	2,531	4,295	602	1,380
Total financial revenue	**84,790**	**89,523**	**(39,658)**	**21,032**
Interest, loans and finance lease expenses	(157,355)	(171,690)	(81,898)	(85,024)
Loss from derivative financial instruments	(88,940)	(82,593)	37,876	7,416
Loss from exchange difference	(16,274)	(41,378)	(9,185)	(38,080)
Other financial expenses	(1,655)	(8,747)	(915)	(7,910)
Commission expense	(1,628)	(1,137)	(734)	(344)
Total financial expenses	**(265,852)**	**(305,545)**	**(54,856)**	**(123,942)**

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

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

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Onper Investments 2015 S.L.	109,360	61,494	94,376	37,598
Spice Investments Mercosur S.A.	65,814	59,413	20,315	18,400
Compañía de Financiamiento Tuya S.A.	17,769	(12,147)	4,879	753
Patrimonio Autónomo Viva Malls	9,683	10,694	8,931	6,645
Patrimonio Autónomo Viva Villavicencio	5,311	4,687	3,628	3,204
Patrimonio Autónomo Centro Comercial	1,625	1,574	842	731
Patrimonio Autónomo Viva Sincelejo	1,442	1,361	719	744
Éxito Viajes y Turismo S.A.S.	1,303	1,700	590	828
Logística, Transportes y Servicios Asociados S.A.S.	1,150	1,897	732	1,415
Patrimonio Autónomo Fideicomiso San Pedro Etapa I	552	602	296	307
Patrimonio Autónomo Centro Comercial Viva Riohacha (1)	-	385	-	-
Patrimonio Autónomo Centro Comercial Viva Barranquilla (2)	-	441	-	357
Distribuidora de Textiles y Confecciones S.A. (3)	-	(2,847)	-	(269)
Carulla Vivero Holding Inc.	(79)	193	224	193
Patrimonio Autónomo Iwana	(134)	(45)	(48)	2
Almacenes Éxito Inversiones S.A.S.	(157)	7,585	(142)	5,623
Distribuidora de Textiles y Confecciones S.A.S. (formerly Cdiscount Colombia S.A.S.) (3)	(906)	(366)	448	(217)
Gemex O & W S.A.S.	(1,771)	(3,403)	(871)	(1,637)
Puntos Colombia S.A.S. (4)	(3,387)	2	(2,078)	2
Total	**207,575**	**133,220**	**132,841**	**74,679**

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

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

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

(4) Joint venture established on April 19, 2017 jointly with Banca de Inversión Bancolombia S.A.

Note 33. Earnings per share

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

At June 30, 2018 and December 31, 2017, the Company has not carried out transactions with potential ordinary shares, or after the closing date or at the date of release of these financial statements.

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

<u>In period results:</u>

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Net profit attributable to continuing operations	128,988	61,670	119,004	69,263
Net gain attributable to the holders of ordinary equity instruments of the controlling entity (basic and diluted)	**128,988**	**61,670**	**119,004**	**69,263**
Weighted average of the number of ordinary shares attributable to earnings per share (basic and diluted)	447.604.316	447.604.316	447.604.316	447.604.316
Basic and diluted earnings per share (in Colombian pesos)	**288.17**	**137.78**	**265.87**	**154.74**

In total period comprehensive results:

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Net (loss) earnings attributable to total comprehensive income	(968,483)	100,900	(465,819)	149,250
Net (loss) gain attributable to the holders of ordinary equity instruments of the controlling entity (basic and diluted)	**(968,483)**	**100,900**	**(465,819)**	**149,250**
Weighted average of the number of ordinary shares attributable to earnings per share (basic and diluted)	447.604.316	447.604.316	447.604.316	447.604.316
(Loss) earnings per basic and diluted share (in Colombian pesos)	**(2,163.70)**	**225.42**	**(1,040.69)**	**333.44**

Note 34. Transactions with related parties

Note 34.1. Key management personnel compensation

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

Compensation of key management personnel is as follows:

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Short-term employee benefits (1)	21,630	21,498	10,835	9,748
Post-employment benefits	822	761	384	348
Termination benefits	1,016	-	124	-
Total	**23,468**	**22,259**	**11,343**	**10,096**

(1) A portion of short-term employee benefits is being reimbursed by Casino Guichard Perrachon S.A. and Libertad S.A. under a Latin American strategic direction service agreement entered with these companies. Revenue from Latam strategic direction was recognized during the six-month period ended June 30, 2018 in amount of $4,878 (2017 - $5,258) as described in Note 27.

Note 34.2. Transactions with related parties

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

Revenue

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Controlling entity (1)	3,493	3,705	1,825	1,706
Subsidiaries (2)	22,912	7,883	17,225	4,618
Grupo Casino companies (3)	113	1,112	(754)	875
Joint ventures (4)	31,426	13,700	20,220	7,151
Total	**57,944**	**26,400**	**38,516**	**14,350**

Costs and expenses

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Controlling entity (1)	13,618	12,328	6,897	6,229
Subsidiaries (2)	231,592	200,679	124,279	105,185
Grupo Casino companies (3)	4,728	7,356	972	1,656
Joint ventures (4)	1,425	1,304	758	585
Members of the Board	714	532	275	301
Total	**252,077**	**222,199**	**133,181**	**113,956**

Other transactions

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Subsidiaries (2)	788	2,823	788	-
Total	**788**	**2,823**	**788**	**-**

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

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

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

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

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

Revenue

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Distribuidora de Textiles y Confecciones S.A.S. (a)	883	41	515	41
Logística, Transporte y Servicios Asociados S.A.S.	458	354	216	213
Patrimonios Autónomos (Stand-alone trust funds)	5,103	4,345	2,593	2,805
Almacenes Éxito Inversiones S.A.S.	12,979	1,790	12,308	860
Gemex O & W S.A.S.	1,409	687	725	375
Éxito Viajes y Turismo S.A.S.	624	476	69	223
Companhia Brasileira de Distribuição - CBD	62	-	62	-
Distribuidora de Textiles y Confecciones S.A. (a)	-	190	-	101
Devoto Hermanos S.A.	9	-	9	-
Libertad S.A.	1,385	-	728	-
Total	**22,912**	**7,883**	**17,225**	**4,618**

Costs and expenses

	January 1 to June 30, 2018	January 1 to June 30, 2017	April 1 to June 30, 2018	April 1 to June 30, 2017
Distribuidora de Textiles y Confecciones S.A.S. (a)	129,608	-	63,816	-
Logística, Transporte y Servicios Asociados S.A.S.	62,077	36,850	32,421	21,986
Patrimonios Autónomos (Stand-alone trust funds)	27,686	22,769	16,075	11,371
Almacenes Éxito Inversiones S.A.S.	11,787	7,509	11,728	4,137
Gemex O & W S.A.S.	203	197	170	8
Éxito Viajes y Turismo S.A.S.	121	177	69	61
Distribuidora de Textiles y Confecciones S.A. (a)	-	133,177	-	67,622
Libertad S.A.	110	-	-	-
Total	**231,592**	**200,679**	**124,279**	**105,185**

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

Other transactions at June 30, 2018 relate to the purchase of fixed assets from Distribuidora de Textiles y Confecciones S.A.S. and at June 30, 2017 relate to a loan granted to subsidiary Gemex O & W S.A.S.

(3) Revenue mainly relates to the provision of services. Costs and expenses accrued mainly arise from energy optimization services received and intermediation in the import of goods.

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

Costs and expenses mainly relate to commissions on means of payment generated with Compañía de Financiamiento Tuya S.A. and to the purchase of points of the Puntos Colombia loyalty program.

Note 35. Asset impairment

Note 35.1. Financial assets

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

Note 35.2. Non-financial assets

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

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

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

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

Note 36. Fair value measurement

Below is a comparison of book values and fair values of financial assets and liabilities of the Company at June 30, 2018 and December 31, 2017 on a periodic basis as required or permitted by an accounting policy; financial assets and liabilities whose carrying values are an approximation of fair values are excluded, considering that they mature in the short term (in less than or up to one year), namely: trade receivables and other debtors, trade payables and other creditors, collections on behalf of third parties and short-term financial liabilities.

	June 30, 2018		December 31, 2017	
	Book value	Fair value	Book value	Fair value
Financial assets				
Trade receivables and other accounts receivable at amortized cost	33,174	30,278	33,538	31,434
Investments in private equity funds (Note 11)	1,297	1,297	1,286	1,286
Equity investments (Note 11)	260	260	260	260
Investment in bonds (Note 11)	39,825	39,927	44,870	44,157
Forward contracts measured at fair value through income (Note 11)	13,518	13,518	690	690
Swap contracts measured at fair value through income (Note 11)	11,861	11,861	5,244	5,244
Swap contracts denominated as hedge instruments (Note 11)	1,199	1,199	-	-
Non-financial assets				
Investment property (Note 13)	209,132	300,827	339,704	455,614
Financial liabilities				
Financial liabilities at amortized cost (Note 18)	4,379,659	4,465,244	4,077,434	4,080,377
Finance leases at amortized cost (Note 18)	13,544	13,506	15,310	15,306
Forward contracts measured at fair value through income (Note 23)	7,574	7,574	16,570	16,570
Swap contracts measured at fair value through income (Note 23)	4,241	4,241	-	-
Swap contracts denominated as hedge instruments (Note 23)	12,366	12,366	21,241	21,241
Non-financial liabilities				
Customer loyalty liability (Note 24)	38,593	38,593	37,797	37,797

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

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

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

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

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

Balance at December 31, 2017	**37,797**
Issue	56,802
Maturity	(13,126)
Redemption	(46,743)
Valuation	3,863
Balance at June 30, 2018	**38,593**

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

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

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

Note 37. Contingent assets and liabilities

Note 37.1. Contingent assets

The Company has no significant contingent assets at June 30, 2018 and December 31, 2017.

Note 37.2. Contingent liabilities

The following are the contingent liabilities at June 30, 2018 and December 31, 2017:

a. The following nullity of resolutions and restoration of rights proceedings, seeking that the Company be exempted from paying the amounts claimed by the complainant entity:

   - Proceedings seeking nullity of the resolution on changes to the Bogotá Industry and Trade tax returns for the bi-monthly periods 4, 5 and 6 of 2011 in amount of $11,830 (2017 - $11,830).
   - Proceedings related with the assessment of property valuation in amount of $1,163 (2017 - $1,163)
   - Proceedings seeking nullity of resolutions on the inadequate offsetting of the Carulla Vivero S.A. 2008 income tax in amount of $1,088 (2017 - $1,088).
   - Proceedings seeking nullity of the resolutions issued by the Bogotá Treasury Secretary's office regarding changes to the Industry and Trade tax returns for the bi-monthly periods 2, 3, 4, 5 and 6 of 2012 in amount of $5,000 (2017 - $5,000). The purpose of the nullity and restoration of rights action is that the Company be exempted from paying the amounts claimed by the claimant entity.
   - Proceedings seeking nullity of resolution on errors in the assessment of contributions to the Social Security System in amount of $900 (2017 - $900).
   - Proceedings seeking nullity filed before the Superintendence of Industry and Trade on the grounds of accumulation of customer claims in amount of $781 (2017 - $0).
   - Statement of accountability on the improper use of the "éxito para todos, todo" trademark in amount of $696 (2017 - $0).
   - Proceedings seeking nullity of resolution on differences in the payment of contributions to Retirement Pension Funds in amount of $673 (2017 - $673).
   - Proceedings seeking nullity of the official assessment by DIAN, seeking that the VAT return for the first bi-monthly period of taxable 2013 be declared firm and closed, in amount of $544 (2017 - $544).
   - Claim filed by the Superintendence of Industry and Trade on the grounds of elimination of personal data in amount of $273 (2017 - $0).

b. Other proceedings:

   - Third-party liability lawsuit amounting to $1,531 (2017 - $1,531) for alleged injuries to a customer at Éxito Santa Marta store premises.
   - Third-party liability lawsuit amounting to $700 (2017 - $700) for alleged damages to the plaintiff's property during the demolition of Club Campestre Sincelejo and subsequent construction of Almacén Éxito Sincelejo on the same land.

c. Other contingent liabilities:

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

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

Note 38. Dividends declared and paid

At June 30, 2018

The Company's General Meeting of Shareholders held on March 23, 2018, declared a dividend of $108,857, equivalent to an annual dividend of $243.20 per share (*), payable in four quarterly installments and enforceable between the sixth and tenth working day of April, July and October 2018, and January 2019.

Dividends paid during the six-month period ended June 30, 2018 amounted to $32,668.

(*) Expressed in Colombian pesos.

At December 31, 2017

The Company's General Meeting of Shareholders held on March 31, 2017, declared a dividend of $21,771, equivalent to an annual dividend of $48.64 per share (*), payable in four quarterly installments and enforceable between the sixth and tenth working day of April, July and October 2017, and January 2018.

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

Dividends paid during the six-month period ended June 30, 2017 amounted to $81,033.

(*) Expressed in Colombian pesos.

Note 39. Seasonality of transactions

The seasonality of the Company's operation cycles is reflected in its operating and financial results, with peaks during the last quarter of the year, particularly at Christmas time, and the second most important promotion event of the year "Special Price Days".

Note 40. Risk management policy

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

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

Note 41. Non-current assets held for trading

As of June 2018, Company management started a plan to sell certain property to structure projects that allow using such real estate property, increase the potential future selling price and generate resources to the Company. Consequently, certain property, plant and equipment, certain investment property and a project that was carried as inventory of buildings under construction were classified as non-current assets held for trading.

Assets classified as held for trading are: Lote Viva Copacabana, Cota plot of land and project, Cedi and Industria Montevideo, Lote La Secreta, Lote Casa Vizcaya, Locales Pereira Plaza, Local Kennedy and Apartment 802 El Retiro. The Company believes that such assets will be sold by June 2019.

The balance of non-current assets held for trading at June 30, 2018 as included in the statement of financial position is as follows:

	June 30, 2018	December 31, 2017
Property, plant and equipment	121,149	-
Investment property	10,679	-
Inventories of property under construction	834	-
Total	**132,662**	**-**

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

Note 42. Relevant facts

At June 30, 2018

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.

Appointment of new members of the Board of Directors

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

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

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

At December 31, 2017

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

On December 22, 2017 the Company obtained a new syndicated revolving credit in amount of USD 450 million, maturing in December 2020. These resources allowed paying in advance the Us Dollar syndicated credit outstanding at that date in the same amount, maturing in December 2018. Also, the peso revolving syndicated credit in amount of $500,000 was restructured to extend maturity from August 2018 to August 2020; all other contract conditions remain unchanged.

The Company's debt level after the above two transactions does not vary; however, the average term of the debt goes from 2.2 years to 2.9 years, optimizing the Company's future payment outflows.

Damages at Éxito Buenaventura store

The structure, inventories and property and equipment of Éxito Buenaventura store were damaged on May 19, 2017 as result of a situation of public order in the municipality of Buenaventura. The Company properly filed supporting evidence of items damaged before the insurance company. The store was reopened on June 28, 2017. Compensation for damages was fully received in 2017.

New customer loyalty program "Puntos Colombia"

On April 19, 2017, The Company executed a shareholders' agreement with Banca de Inversión Bancolombia S.A., a subsidiary of Bancolombia S.A., to create a new company whose corporate purpose is developing a customer loyalty program called Puntos Colombia.

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

The Puntos Colombia program will be operated by an independent company based in Colombia, of which the Company and Grupo Bancolombia will be shareholders, each with 50% interest. The estimated initial capital investment to incorporate the Company amounts to $9,000, which will be paid-in within 12 months.

It is expected that by the shareholders' agreement, during the forthcoming years the Company will purchase points for its on-line customers using the points it currently grants under its Éxito and Carulla points programs.

Under this agreement, the Company not only seeks to strengthen the loyalty of its existing customers, but gain the loyalty of new customers through Puntos Colombia, improving consumption of its products and services.

The creation of this new Company solely devoted to managing the Puntos Colombia customer loyalty program will offer a powerful loyalty tool both to the Company 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 Company's General Meeting of Shareholders was held on March 31, 2017, to resolve, among other topics, on the approval of the Management Report, approval of separate and consolidated financial statements at December 31, 2016 and approval of dividend distribution to shareholders.

Note 43. Events after the reporting period

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