Almacenes Éxito S.A.

Consolidated financial statements

At December 31, 2017 and 2016

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

Envigado, February 19, 2018

To the Shareholders of
Almacenes Éxito S.A.

We, the undersigned Legal Representative and Head Accountant of Almacenes Éxito S.A., Parent company, each of us duly empowered and under whose responsibility the attached financial statements have been prepared, do hereby certify that the consolidated financial statements of the Parent and its subsidiaries, at December 31, 2017 and at December 31, 2016, have been fairly taken from the books of accounts, and that the following assertions therein contained have been verified prior to making them available to you and to third parties:

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

2. All economic events achieved by the Parent and its subsidiaries during the years ended December 31, 2017 and December 3, 2016, have been recognized in the financial statements.

3. Assets represent likely future economic benefits (rights) and liabilities represent likely future economic sacrifice (obligations) obtained by or in charge of the Parent and its subsidiaries at December 31, 2017 and December 31, 2016.

4. All items have been recognized at proper values.

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

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

Further, the undersigned Legal Representative of Almacenes Éxito S.A. does hereby certify that the consolidated financial statements and the operations of the Parent and its subsidiaries at December 31, 2017 and December 31, 2016, are free from fault, inaccuracy or misstatement that prevent users from having a true view of its financial position.

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

Carlos Mario Giraldo Moreno
Parent's Legal Representative

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

Almacenes Éxito S.A.
Consolidated statements of financial position
At December 31, 2017 and December 31, 2016
(Amounts expressed in millions of Colombian pesos)

	Notes	December 31, 2017	December 31, 2016 (1)
Current assets			
Cash and cash equivalents	7	5,281,618	6,117,844
Trade receivables and other accounts receivable	8	1,172,458	1,130,394
Prepaid expenses	9	145,761	119,733
Accounts receivable from related parties	10	230,611	57,766
Inventories	11	5,912,514	5,778,173
Tax assets	23	722,658	875,185
Other financial assets	12	11,588	113,142
Other non-financial assets	10	30,000	15,977
Non-current assets held for trading	46	20,452,803	18,429,787
Total current assets		**33,960,011**	**32,638,001**
Non-current assets			
Property, plant and equipment, net	13	12,505,418	12,256,656
Investment property, net	14	1,496,873	1,843,593
Goodwill, net	15	5,559,953	5,618,492
Intangible assets other than goodwill, net	16	5,544,031	5,663,422
Investments accounted for using the equity method	17	817,299	1,068,087
Trade receivables and other accounts receivable	8	667,920	586,485
Prepaid expenses	9	43,940	60,488
Accounts receivable from related parties	10	22,483	15,684
Deferred tax assets	23	1,553,715	1,456,866
Tax assets	23	1,575,743	581,947
Other financial assets	12	767,763	690,842
Other non-financial assets		398	398
Total non-current assets		**30,555,536**	**29,842,960**
Total assets		**64,515,547**	**62,480,961**
Current liabilities			
Financial liabilities	19	1,906,774	2,963,111
Employee benefit provisions	20	3,464	3,276
Other provisions	21	29,329	36,545
Trade payables and other accounts payable	22	12,665,749	11,537,028
Accounts payable to related parties	10	202,274	230,303
Tax liabilities	23	289,376	303,418
Other financial liabilities	24	645,311	805,413
Other non-financial liabilities	25	275,210	382,297
Non-current liabilities held for trading	46	16,271,760	14,592,207
Total current liabilities		**32,289,247**	**30,853,598**
Non-current liabilities			
Financial liabilities	19	4,070,129	4,354,879
Employee benefit provisions	20	28,538	26,872
Other provisions	21	2,457,220	2,706,629
Trade payables and other accounts payable	22	47,831	42,357
Accounts payable to related parties	10	10,122	12,733
Deferred tax liabilities	23	3,004,467	2,965,586
Tax liabilities	23	521,870	502,452
Other financial liabilities	24	2,302,008	1,835,159
Other non-financial liabilities	25	51,761	69,487
Total non-current liabilities		**12,493,946**	**12,516,154**
Total liabilities		**44,783,193**	**43,369,752**
Shareholders' equity, see attached statement		**19,732,354**	**19,111,209**
Total liabilities and shareholders' equity		**64,515,547**	**62,480,961**

(1) For comparison to 2017, these financial statements include certain minor reclassifications in trade receivables and other accounts receivable, accounts receivable from related parties, tax assets, other financial assets, property, plant and equipment, investment property, trade payables and other accounts payable, accounts payable to related parties, tax liabilities, other financial liabilities, other non-financial liabilities and deferred tax liabilities. They also include the effect on goodwill of the adjustments from the completion of the Purchase Price Allocation process, arising from the acquisition of control of 5 Hermanos Ltda. by subsidiary Mercados Devoto S.A., as set out in IFRS 3 - Business Combinations, as described in Note 15.

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

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(See attached certificate)

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(See attached certificate)

Sandra Milena Buitrago E.
Parent's Statutory Auditor
Professional Card 67229-T
Appointed by Ernst and Young Audit S.A.S. TR-530
(See report attached, dated February 19, 2018)

Almacenes Éxito S.A.
Consolidated statements of income
For the years ended December 31, 2017 and December 31, 2016
(Amounts expressed in millions of Colombian pesos)

	Notes	December 31, 2017	December 31, 2016 (1)
Continuing operations			
Revenue from ordinary activities	29	56,442,803	51,606,955
Cost of sales	11	(42,412,180)	(39,077,440)
Gross profit		**14,030,623**	**12,529,515**
Distribution expenses	30	(5,675,867)	(5,254,835)
Administration and sales expenses	30	(695,703)	(615,088)
Employee benefit expenses	31	(5,074,812)	(4,659,672)
Other operating revenue	32	111,606	28,847
Other operating expenses	32	(288,275)	(396,438)
Other (losses), net	32	(276,009)	(54,058)
Profit from operating activities		**2,131,563**	**1,578,271**
Financial revenue	33	420,035	482,357
Financial expenses	33	(1,540,773)	(1,744,110)
Share of profits in associates and joint ventures that are accounted for using the equity method	34	(36,037)	63,752
Profit before income tax from continuing operations		**974,788**	**380,270**
Tax expense	23	(259,918)	(167,814)
Net period profit from continuing operations		**714,870**	**212,456**
Net period profit (loss) from discontinued operations	46	356,196	(834,851)
Net profit (loss) for the period		**1,071,066**	**(622,395)**
Profit is attributable to:			
Profit attributable to the owners of the controlling entity		**217,713**	**43,528**
Net profit (loss) attributable to non-controlling interests		853,353	(665,923)
Earnings per share (*)			
Basic earnings per share (*):			
Basic earnings per share attributable to the shareholders of the controlling entity	35	486.40	97.25
Basic earnings per share from continuing operations attributable to the shareholders of the controlling entity	35	432.68	235.45
Basic earnings (loss) per share from discontinued operations attributable to the shareholders of the controlling entity	35	53.72	(138.20)
Diluted earnings per share (*):			
Diluted earnings per share attributable to the shareholders of the controlling entity	35	486.40	97.25
Basic earnings per share from continuing operations attributable to the shareholders of the controlling entity	35	432.68	235.45
Diluted earnings (loss) per share from discontinued operations attributable to the shareholders of the controlling entity	35	53.72	(138.20)

(*) Amounts expressed in Colombian pesos.

(1) For comparison to 2017, these financial statements include certain reclassifications in revenue from ordinary activities, cost of sales, distribution expenses, administration and sales expenses, employee benefit expenses and other operating revenue.

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

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Almacenes Éxito S.A.
Consolidated statements of comprehensive income
For the years ended December 31, 2017 and December 31, 2016
(Amounts expressed in millions of Colombian pesos)

	Notes	December 31, 2017	December 31, 2016 (1)
Net profit (loss) for the period		**1,071,066**	**(662,395)**
Other comprehensive income for the period			
Components of other comprehensive income that will not be reclassified to period results, net of taxes			
(Loss) from new measurements of defined benefit plans	27	(1,570)	(3,111)
Total other comprehensive income that will not be reclassified to period results, net of taxes		**(1,570)**	**(3,111)**
Components of other comprehensive income that will be reclassified to period results, net of taxes			
(Loss) gain from translation exchange differences	27	(442,140)	2,351,267
(Loss) from investment hedges in foreign businesses	27	-	(902)
Cash flow hedges	27	(13,076)	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method, which will be reclassified to period results	27	12,578	27,404
Total other comprehensive income that will be reclassified to period results, net of taxes		**(442,638)**	**2,377,769**
Total other comprehensive income		**(444,208)**	**2,374,658**
Total comprehensive income		**626,858**	**1,752,283**
Profit attributable to:			
Profit attributable to the shareholders of the controlling entity		29,716	567,134
Profit attributable to non-controlling interests		597,142	1,185,129
Earnings per share (*)			
Basic earnings per share attributable to the shareholders of the controlling entity (*):			
Basic earnings per share in total comprehensive income	35	66.39	1,267.04
Diluted earnings per share attributable to the shareholders of the controlling entity (*):			
Diluted earnings per share in total comprehensive income	35	66.39	1,267.04

(*) Amounts expressed in Colombian pesos.

(1) Certain minor reclassifications were included in these financial statements for comparison to 2017.

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Almacenes Éxito S.A.
Consolidated statements of cash flows
For the years ended December 31, 2017 and December 31, 2016
(Amounts expressed in millions of Colombian pesos)

	December 31, 2017	December 31, 2016
Cash flows provided by operating activities		
Net profit (loss) for the period	**1,071,066**	**(622,395)**
Period profit reconciliation adjustment		
Income tax	404,231	213,460
Financing costs	1,214,796	1,482,056
Financial revenue	(1,815)	(15,252)
(Increase) decrease in inventories	(1,473,992)	129,368
(Increase) in trade receivables	(2,132,340)	(1,120,166)
(Increase) in other accounts receivable from operating activities	(144,577)	(1,111,646)
(Increase) decrease in prepaid expenses	(14,523)	44,415
Increase (decrease) in trade payables	2,806,394	(1,645,360)
(Decrease) increase in other accounts payable arising from operating activities	(551,896)	696,259
Depreciation and amortization of fixed assets and intangible assets	1,090,462	1,244,492
Provisions	1,154,165	1,344,160
Net unrealized gain (loss) from foreign currency transactions	163,540	(7,603)
Share-based payments	25,056	25,458
(Gain) loss from reappraisal at fair value	5,535	(1,410)
Undistributed gain (loss) from the application of the equity method	11,996	(81,309)
Other adjustment from items other than cash	372,819	11,735
(Increase) decrease in other assets	(55,480)	103,590
Loss from the disposal of non-current assets	206,380	78,282
(Loss) from the sale of subsidiaries	-	(75,400)
(Increase) in deposits under legal proceedings	(338,428)	(191,377)
(Increase) in taxes recoverable	(668,534)	-
Other profit reconciliation adjustments	(1,776)	2,701
Total period profit reconciliation adjustments	**2,072,013**	**1,126,453**
Net cash flows provided by operating activities	**3,143,079**	**504,058**
Dividends received	285,722	-
Income tax paid	(285,619)	(390,913)
Net cash flows provided by operating activities	**3,143,182**	**113,145**
Cash flows provided by investment activities		
Cash flows (used in) provided by the loss of control over subsidiaries or other businesses	(249)	120,721
Cash flows (used) to gain control over subsidiaries or other businesses	(6,000)	(41,709)
Proceeds from the sale of property, plant and equipment	220,577	134,924
Acquisition of property, plant and equipment	(1,841,553)	(1,754,217)
Acquisition of intangible assets	(353,894)	(293,772)
Proceeds from the sale of other long-term assets	71	-
Acquisition of other long-term assets	-	(16,003)
Interest received	26,765	28,640
Payments from a share-based transaction between Cnova N.V. and Cnova Comércio Eletrônico S.A.	-	(44,383)
Cash and cash equivalents in company reorganization	-	(578,667)
Dividends received	371	-
Other proceeds from the sale of other entities' equity or debt instruments	658	-
Net cash flows (used in) investment activities	**(1,953,254)**	**(2,444,466)**
Cash flows provided by financing activities		
Resources from changes in the share of interest in subsidiaries that do not result in loss of control	-	388,595
(Payments) from changes in the share of interest in subsidiaries that do not result in loss of control	-	(69,471)
Borrowings	9,426,273	8,692,143
(Repayment) of financial liabilities	(10,078,968)	(6,817,063)
(Repayment) of finance lease liabilities	(89,692)	(63,701)
Dividends (paid)	(234,991)	(384,965)
Interest (paid)	(1,418,386)	(935,927)
(Payments) to acquire companies	(7,377)	-
Transactions with non-controlling entities	10,344	(4,165)
Other cash inflows	-	3,770
Net cash flows (used in) provided by financing activities	**(2,392,797)**	**809,216**
Net (decrease) in cash and cash equivalents, before the effects of changes in exchange rates	**(1,202,869)**	**(1,522,105)**
Effects of the variation in the exchange rates on cash and cash equivalents	(133,482)	1,282,065
Net (decrease) in cash and cash equivalents	**(1,336,351)**	**(240,040)**
Cash and cash equivalents at the beginning of period provided by non-current assets held for trading	**3,710,833**	**-**
Cash and cash equivalents at the beginning of period	**6,117,844**	**10,068,717**
Less cash at the end of period provided by non-current assets held for trading	**3,210,708**	**3,710,833**
Cash and cash equivalents at the end of period	**5,281,618**	**6,117,844**

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Almacenes Éxito S.A.
Consolidated statements of changes in shareholders' equity
At December 31, 2017 and December 31, 2016
(Amounts expressed in millions of Colombian pesos)

	Issued share capital	Premium on the issue of shares	Treasury shares repurchased	Legal reserve	Occasional reserve	Reacquisition of shares	Future dividends	Other reserves	Total reserves	Other accumulated comprehensive income	Retained earnings	Other equity components	Total equity of the controlling entity	Changes in non-controlling interests	Total in net equity
	Note 26	Note 26	Note 26	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27					
Balance at December 31, 2015	**4,482**	**4,843,466**	**(2,734)**	7,857	1,358,140	22,000	31,419	895	**1,420,311**	**(379,247)**	**1,672,715**	**(41,026)**	**7,517,967**	**10,658,057**	**18,176,024**
Cash dividend declared	-	-	-	-	-	-	(15,709)	-	(15,709)	-	(286,748)	-	(302,457)	(83,732)	(386,189)
Net period profit	-	-	-	-	-	-	-	-	-	-	43,528	-	43,528	(665,923)	(622,395)
Other comprehensive income	-	-	-	-	-	-	-	-	-	523,606	-	-	523,606	1,851,052	2,374,658
Appropriation for reserves	-	-	-	-	286,747	-	-	-	286,747	-	(286,747)	-	-	-	-
(Decrease) from changes in the ownership interest in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,844)	(3,844)
(Decrease) from other distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,030)	(32,030)
Increase from other contributions of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	400,360	400,360
Adjustments from reclassification of subsidiaries to associates (Cnova N.V.)	-	-	-	-	-	-	-	-	-	-	-	-	-	(727,402)	(727,402)
Adjustments from the restatement of business combinations	-	-	-	-	-	-	-	-	-	(6,056)	1,820	203	(4,033)	-	(4,033)
Measurement of the *Put option* at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	(31,003)	(31,003)
Other developments in shareholders' equity	-	-	-	-	-	-	-	4,777	4,777	-	168	(61,869)	(56,924)	23,987	(32,937)
Balance at December 31, 2016	**4,482**	**4,843,466**	**(2,734)**	7,857	1,644,887	22,000	15,710	5,672	**1,696,126**	**138,303**	**1,144,736**	**(102,692)**	**7,721,687**	**11,389,522**	**19,111,209**
Balance at December 31, 2016	**4,482**	**4,843,466**	**(2,734)**	7,857	1,644,887	22,000	15,710	5,672	**1,696,126**	**138,303**	**1,144,736**	**(102,692)**	**7,721,687**	**11,389,522**	**19,111,209**
Cash dividend declared	-	-	-	-	-	-	-	-	-	-	(21,771)	-	(21,771)	(210,631)	(232,402)
Net period profit	-	-	-	-	-	-	-	-	-	-	217,713	-	217,713	853,353	1,071,066
Other comprehensive income	-	-	-	-	-	-	-	-	-	(187,997)	-	-	(187,997)	(256,211)	(444,208)
Appropriation for reserves	-	-	-	-	21,757	-	-	-	21,757	-	(21,757)	-	-	-	-
Increases from changes in the ownership of interest in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	-	-	27,395	27,395
Decrease from other distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,561)	(11,561)
Increase from other contributions of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	138,133	138,133
Measurement of the *Put option* at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	(56,185)	(56,185)
Other developments in shareholders' equity	-	-	-	-	(1,435)	-	-	3,990	2,555	-	(6,184)	113,565	109,936	18,971	128,907
Balance at December 31, 2017	**4,482**	**4,843,466**	**(2,734)**	7,857	1,665,209	22,000	15,710	9,662	**1,720,438**	**(49,694)**	**1,312,737**	**10,873**	**7,839,568**	**11,892,786**	**19,732,354**

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

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Note 1. General information

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

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

The Parent's Board of Directors authorized the issuance of the Parent's and subsidiaries' consolidated financial statements for the periods ended December 31, 2017 and December 31, 2016, as reflected in the Minutes of such corporate body dated February 19, 2018 and February 27, 2017, respectively.

The Parent's main corporate purpose is:

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

The Parent's ultimate controlling entity is Casino Guichard Perrachon S.A. (France). The control situation has been registered with the Aburrá Sur Chamber of Commerce. At December 31, 2017, the controlling entity had a 55.30% interest (2016 - 55.30%) in the share capital of the Parent.

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

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

Below is a detail of the stock ownership in subsidiaries included in the consolidated financial statements at December 31, 2017 and December 31, 2016:

Name	Segment	Country	Currency Functional currency	Stock ownership 2017			Stock ownership 2016		
				Direct	Indirect	Total	Direct	Indirect	Total
Almacenes Éxito Inversiones S.A.S.	Colombia	Colombia	Colombian peso	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Logística, Transporte y Servicios Asociados S.A.S.	Colombia	Colombia	Colombian peso	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Distribuidora de Textiles y Confecciones S.A.S. (a)	Colombia	Colombia	Colombian peso	94.00%	3.75%	97.75%	100.00%	0.00%	100.00%
Gemex O & W S.A.S.	Colombia	Colombia	Colombian peso	85.00%	0.00%	85.00%	85.00%	0.00%	85.00%
Éxito Viajes y Turismo S.A.S.	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Carulla Vivero Holding Inc.	Colombia	British Virgin Islands	Colombian peso	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Distribuidora de Textiles y Confecciones S.A. (a)	Colombia	Colombia	Colombian peso	0.00%	0.00%	0.00%	94.00%	3.75%	97.75%
Fideicomiso Lote Girardot	Colombia	Colombia	Colombian peso	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Patrimonio Autónomo Viva Malls	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Patrimonio Autónomo Viva Sincelejo	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Patrimonio Autónomo Viva Villavicencio	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Patrimonio Autónomo San Pedro Etapa I	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Patrimonio Autónomo Centro Comercial	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Patrimonio Autónomo Iwana	Colombia	Colombia	Colombian peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Patrimonio Autónomo Viva Laureles	Colombia	Colombia	Colombian peso	0.00%	40.80%	40.80%	0.00%	40.80%	40.80%
Patrimonio Autónomo Viva Palmas	Colombia	Colombia	Colombian peso	0.00%	26.01%	26.01%	0.00%	26.01%	26.01%
Patrimonio Autónomo Centro Comercial Viva Barranquilla (b)	Colombia	Colombia	Colombian peso	0.00%	45.90%	45.90%	5.18%	43.26%	48.44%
Patrimonio Autónomo Centro Comercial Viva Riohacha (c)	Colombia	Colombia	Colombian peso	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
Spice Investment Mercosur S.A.	Uruguay	Uruguay	Uruguayan peso	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Larenco S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Geant Inversiones S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Lanin S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Devoto Hermanos S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Mercados Devoto S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%

Name	Segment	Country	Currency Functional currency	Stock ownership 2017 Direct	Indirect	Total	Stock ownership 2016 Direct	Indirect	Total
5 Hermanos Ltda.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Sumelar S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Raxwy Company S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Grupo Disco del Uruguay S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Supermercados Disco del Uruguay S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Maostar S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	31.25%	31.25%	0.00%	31.25%	31.25%
Ameluz S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Fandale S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Odaler S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
La Cabaña S.R.L.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Ludi S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Semin S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Randicor S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Setara S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Hiper Ahorro S.R.L.	Uruguay	Uruguay	Uruguayan peso	0.00%	62.49%	62.49%	0.00%	62.49%	62.49%
Ciudad del Ferrol S.C.	Uruguay	Uruguay	Uruguayan peso	0.00%	61.24%	61.24%	0.00%	61.24%	61.24%
Mablicor S.A.	Uruguay	Uruguay	Uruguayan peso	0.00%	31.87%	31.87%	0.00%	31.87%	31.87%
Lublo S.A. (d)	Uruguay	Uruguay	Uruguayan peso	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%
Ducellmar S.A. (d)	Uruguay	Uruguay	Uruguayan peso	0.00%	0.00%	0.00%	0.00%	62.49%	62.49%
Actimar S.A. (d)	Uruguay	Uruguay	Uruguayan peso	0.00%	0.00%	0.00%	0.00%	62.49%	62.49%
Maraluz S.A. (d)	Uruguay	Uruguay	Uruguayan peso	0.00%	0.00%	0.00%	0.00%	31.87%	31.87%
Vía Artika S. A.	Argentina	Uruguay	Uruguayan peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Spice España de Valores Americanos S.L.	Argentina	Spain	Euro	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Geant Argentina S. A.	Argentina	Argentina	Argentine peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Gelase S. A.	Argentina	Belgium	Euro	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Libertad S.A.	Argentina	Argentina	Argentine peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Ceibotel S.A.	Argentina	Argentina	Argentine peso	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
Onper Investment 2015 S.L.	Brazil	Spain	Colombian peso	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Ségisor S.A.	Brazil	France	Euro	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%
Oregon LLC	Brazil	United States of America	Euro	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%
Pincher LLC	Brazil	United States of America	Euro	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%
Bengal LLC	Brazil	United States of America	Euro	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%
Wilkes Partipações S.A.	Brazil	Brazil	Brazilian real	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%
Companhia Brasileira de Distribuição - CBD (e)	Brazil	Brazil	Brazilian real	0.00%	18.70%	18.70%	0.00%	18.72%	18.72%
Sendas Distribuidora S.A. (e)	Brazil	Brazil	Brazilian real	0.00%	18.70%	18.70%	0.00%	18.72%	18.72%
Bellamar Empreend. e Participações Ltda. (e)	Brazil	Brazil	Brazilian real	0.00%	18.70%	18.70%	0.00%	18.72%	18.72%
GPA Malls & Properties Gestão de Ativos e Serviços Imobiliários Ltda. (“GPA M&P”) (e)	Brazil	Brazil	Brazilian real	0.00%	18.70%	18.70%	0.00%	18.72%	18.72%
CBD Holland B.V. (e)	Brazil	Holland	Euro	0.00%	18.70%	18.70%	0.00%	18.72%	18.72%
GPA 2 Empreed. e Participações Ltda. (e)	Brazil	Brazil	Brazilian real	0.00%	18.70%	18.70%	0.00%	18.72%	18.72%
GPA Logística e Transporte Ltda. (e)	Brazil	Brazil	Brazilian real	0.00%	18.70%	18.70%	0.00%	18.72%	18.72%
Companhia Brasileira de Distribuição Luxembourg Holding S.A.R.L. (e)	Brazil	Luxembourg	Euro	0.00%	18.70%	18.70%	0.00%	18.72%	18.72%
Companhia Brasileira de Distribuição Netherlands Holding B.V. (e)	Brazil	Holland	Euro	0.00%	18.70%	18.70%	0.00%	18.72%	18.72%
Novasoc Comercial Ltda. (f)	Brazil	Brazil	Brazilian real	0.00%	18.70%	18.70%	0.00%	1.87%	1.87%
Via Varejo Luxembourg Holding S.A.R.L.	Brazil	Luxembourg	Euro	0.00%	8.10%	8.10%	0.00%	8.11%	8.11%
Via Varejo Netherlands Holding B.V.	Brazil	Holland	Euro	0.00%	8.10%	8.10%	0.00%	8.11%	8.11%
CNova Comércio Eletrônico S.A.	Brazil	Brazil	Brazilian real	0.00%	8.10%	8.10%	0.00%	8.11%	8.11%
E-Hub Consult. Particip. e Com. S.A.	Brazil	Brazil	Brazilian real	0.00%	8.10%	8.10%	0.00%	8.11%	8.11%
Nova Experiência PontoCom S.A.	Brazil	Brazil	Brazilian real	0.00%	8.10%	8.10%	0.00%	8.11%	8.11%
Via Varejo S.A.	Brazil	Brazil	Brazilian real	0.00%	8.10%	8.10%	0.00%	8.11%	8.11%
Indústria de Móveis Bartira Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.10%	8.10%	0.00%	8.11%	8.11%
VVLOG Logística Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.10%	8.10%	0.00%	8.11%	8.11%
Globex Administracao e Serviços Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.10%	8.10%	0.00%	8.11%	8.11%
Lake Niassa Empreend. e Participações Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.10%	8.10%	0.00%	8.11%	8.11%
Globex Administradora de Consórcio Ltda.	Brazil	Brazil	Brazilian real	0.00%	8.10%	8.10%	0.00%	8.11%	8.11%
Cnova Finança B.V.	Brazil	Holland	Brazilian real	0.00%	6.56%	6.56%	0.00%	6.56%	6.56%

(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.

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

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

(d) A process to wind-up some entities has begun as result of corporate reorganization, and consequently Maraluz S.A. was closed during the first quarter of 2017; Lublo S.A., Ducellmar S.A. and Actimar S.A. were closed during the second semester, all being companies of the Grupo Disco del Uruguay S.A.

(e) The decrease basically results from the increase in preferred shares upon the share-based payment to the employees and management of Companhia Brasileira de Distribuição – CBD.

(f) The increase represents the acquisition of 100 % of this subsidiary by Companhia Brasileira de Distribuição - CBD

Note 1.2. Colombian and foreign operating subsidiaries

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

Almacenes Éxito Inversiones S.A.S.

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

For the year ended December 31, 2017 the subsidiary shows a net profit of $11,012 thus overcoming the special grounds for dissolution it had at December 31, 2016, pursuant to section 34-7 of Law 1258 of 2008. At the closing of that year, the subsidiary accumulated losses in amount of $9,051. At December 31, 2017 net profits in equity reach $1,961. The above is the outcome of the commitment made by Management to the General Meeting of Shareholders on March 18, 2016 for taking measures aimed at overcoming such grounds for dissolution. The business plan submitted has allowed the company to generate profits and obtain positive results, reason why accumulated losses have been fully offset.

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

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

At December 31, 2017 the subsidiary accrues losses in amount of $1,649 (at December 31, 2016 losses amounted to $3,926); such losses do not result in company's equity being below 50% of its share capital, situation existing at December 31, 2016 that gave rise to the special grounds for dissolution foreseen in section 457 of the Code of Commerce. Subsidiary management committed to undertake all measures as required to overcome this situation. As part of the commitment, a business plan to generate profits was submitted to the Extraordinary General Meeting of Shareholders on December 22, 2016. The plan has proven positive, reason why there is a decrease in accumulated losses.

Distribuidora de Textiles y Confecciones S.A.S. (formerly Cdiscount Colombia S.A.S.)

A subsidiary incorporated by private document on June 26, 2014. As result of a merger with Distribuidora de Textiles y Confecciones S.A., by means of public deed 1563 dated December 29, 2017 the subsidiary changed its name to Distribuidora de Textiles y Confecciones S.A.S. and also changed its corporate purpose. Its corporate purpose is (i) acquire, store, transform, manufacture, sell and in general distribute under any type of contract textile goods of domestic or foreign make, and acquire, give or receive property under lease agreements intended for opening stores, shopping malls or other premises adequate to distribute goods and sell goods or services; (ii) launch and operate e-commerce activities in Colombia; (iii) execute all kinds of contracts including, without limitation, lease, distribution, operation, association, purchase-sale, technical assistance, supply, inspection, control and service agreements, as required for the adequate development of its corporate purpose; (iv) provide all kinds of services including, without limitation, administration, advisory, consultancy, technical and representation services as required for the adequate development of its corporate purpose; and (v) develop all lawful activities. Its main place of business is at Carrera 48 No. 32B Sur - 139, Envigado, Colombia.

At December 31, 2017, following the merger, Distribuidora de Textiles y Confecciones S.A.S. accrues losses in amount of $12,389 (at December 31, 2016, prior to the merger, subsidiary Cdiscount Colombia S.A.S. accrued losses in amount of $61,590); such losses do not result in the subsidiary's net equity being less than 50% of its share capital, a situation existing at December 31, 2016 which placed the subsidiary in special grounds for dissolution pursuant to section 457 of the Code of Commerce. Subsidiary management committed to undertake all measures as required to overcome this situation. As part of the commitment taken on, during the ordinary meeting held on March 16, 2016, the General Meeting of Shareholders approved a capitalization in amount of $51,000, to increase subscribed and paid-in capital (including a premium on the placement of shares) from $32,150 to $83,150, increasing shareholders' equity to $33,852, thus overcoming the grounds for dissolution. Under this circumstance, the equity of Distribuidora de Textiles y Confecciones S.A.S. at December 31, 2017 is not negative.

Gemex O & W S.A.S.

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

At December 31, 2017, the subsidiary accrued losses amounting to $13,526 ($11,254 at December 31, 2016) that decreased its equity below 50% of its share capital, thus giving rise to the special grounds for dissolution foreseen in section 457 of the Code of Commerce. Subsidiary Management are committed to undertake all measures as required to overcome this situation. As part of the commitment taken on, a business plan aiming at generating profits was submitted to the General Meeting of Shareholders on March 18, 2016. However, the plan has not proven positive, reason why there is no decrease in total accumulated losses.

Éxito Viajes y Turismo S.A.S.

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

Fideicomiso Lote Girardot

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

Patrimonio Autónomo Viva Malls

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

Patrimonio Autónomo Viva Sincelejo

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

Patrimonio Autónomo Viva Villavicencio

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

Patrimonio Autónomo San Pedro Etapa I

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

Patrimonio Autónomo Centro Comercial

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

Patrimonio Autónomo Iwana

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

Patrimonio Autónomo Centro Comercial Viva Barranquilla

Established on December 23, 2014 as a stand-alone trust fund through Fiduciaria Bancolombia S.A. Its business purpose during the development stage is to receive and maintain legal title to the building and to other buildings as trustors may in future instruct or contribute; execute lease agreements and the extension, renewal, amendment and termination of such agreements in accordance with the instructions received from the trustor (Parent) in its capacity as real estate administrator; manage resources, make payments as required to administer and operate the business premises and other units that are part thereof. The main place of business of the shopping center is at Carrera 51 B 87 - 50, Barranquilla, Colombia.

Patrimonio Autónomo Centro Comercial Viva Riohacha

Established on November 4, 2015 as a stand-alone trust fund through Fiduciaria Bancolombia S.A. Its business purpose during the development stage is to receive and maintain legal title to the building and to other buildings as trustors may in future instruct or contribute; execute lease agreements and the extension, renewal, amendment and termination of such agreements in accordance with the instructions received from the trustor (Parent) in its capacity as real estate administrator; manage resources, make payments as required to administer and operate the business premises and other units that are part thereof. The main place of business of the shopping center is at Calle 15 No. 18 – 274, Riohacha, Colombia.

Companhia Brasileira de Distribuição - CBD

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

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

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

Libertad S.A.

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

Supermercados Disco del Uruguay S.A.

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

Devoto Hermanos S.A.

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

Mercados Devoto S.A.

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

Note 1.3. Listing in public registries

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

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

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

Associate Cnova N.V. (a subsidiary until October 2016) is a public limited liability company of the Netherlands incorporated on May 30, 2014, under the laws of the Netherlands. Its common shares were listed on the NASDAQ - Global Select Market in November 2014, and on January 23, 2015 were admitted for quote and negotiation on Euronext Paris.

Note 1.4. Subsidiaries with material non-controlling interests

At December 31, 2017 and December 31, 2016, the following subsidiaries, taken as reporting entities, have been included in the consolidated financial statements as subsidiaries with material non-controlling interests.

	Percentage of non-controlling, significant interest (1)	
	December 31, 2017	**December 31, 2016**
Grupo Disco del Uruguay S.A.	37.51%	37.51%
Éxito Viajes y Turismo S.A.S.	49.00%	49.00%
Patrimonio Autónomo Viva Malls	49.00%	49.00%
Patrimonio Autónomo Viva Sincelejo	49.00%	49.00%
Patrimonio Autónomo Viva Villavicencio	49.00%	49.00%
Patrimonio Autónomo San Pedro Etapa I	49.00%	49.00%
Patrimonio Autónomo Centro Comercial	49.00%	49.00%
Patrimonio Autónomo Iwana	49.00%	49.00%
Patrimonio Autónomo Centro Comercial Viva Barranquilla	54.10%	51.56%
Patrimonio Autónomo Viva Laureles	59.20%	59.20%
Patrimonio Autónomo Viva Palmas	73.99%	73.99%
Companhia Brasileira de Distribuição - CBD	81.30%	81.28%

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

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

Company	Statement of financial position							Statement of comprehensive income				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Controlling interest	Non-controlling interest	Revenue from ordinary activities	Result from continuing operations	Total comprehensive income	Controlling interest	Non-controlling interest
							At December 31, 2017					
Grupo Disco del Uruguay S.A.	402,742	746,455	414,305	21,457	713,436	706,807	6,629	1,635,120	139,330	139,330	124,389	1,388
Éxito Viajes y Turismo S.A.S.	21,949	2,359	16,945	-	7,363	3,755	3,608	19,850	5,793	5,793	2,954	2,839
Patrimonio Autónomo Viva Malls	199,768	952,698	47,029	-	1,105,437	591,208	514,229	115,072	52,644	52,644	29,189	23,455
Patrimonio Autónomo Viva Sincelejo	2,094	81,507	1,352	-	82,249	41,947	40,302	11,955	5,622	5,622	2,867	2,755
Patrimonio Autónomo Viva Villavicencio	10,290	215,489	7,145	-	218,634	111,503	107,131	24,585	17,244	17,244	8,794	8,450
Patrimonio Autónomo San Pedro Etapa I	613	34,177	410	-	34,380	17,534	16,846	3,774	2,326	2,326	2,096	1,140
Patrimonio Autónomo Centro Comercial	3,442	112,314	1,413	-	114,343	58,315	56,028	9,930	5,911	5,911	3,015	2,896
Patrimonio Autónomo Iwana	179	6,254	166	-	6,267	3,196	3,071	351	(108)	(108)	(55)	(53)
Patrimonio Autónomo Centro Comercial Viva Barranquilla	6,794	209,787	8,569	-	208,012	187,211	20,801	39,547	23,372	23,372	21,035	2,337
Patrimonio Autónomo Viva Laureles	3,241	111,691	4,832	-	110,100	88,080	22,020	14,963	8,024	8,024	6,419	1,605
Patrimonio Autónomo Viva Palmas	2,299	30,491	2,566	-	30,224	15,414	14,810	3,794	1,701	1,701	868	833
Companhia Brasileira de Distribuição - CBD	29,587,982	17,107,572	26,357,860	7,331,330	13,006,364	2,398,447	10,607,917	41,272,009	542,000	496,020	(5,308)	501,328
							At December 31, 2016					
Grupo Disco del Uruguay S.A.	352,796	737,391	385,156	73,563	631,468	624,744	6,724	1,500,854	105,911	105,911	104,707	1,204
Éxito Viajes y Turismo S.A.S.	20,418	1,821	13,962	-	8,277	4,221	4,056	12,623	3,918	3,918	1,998	1,920
Patrimonio Autónomo Viva Malls	64,060	714,179	5,235	-	773,004	392,256	380,748	7,444	(3,216)	(3,216)	(3,216)	-
Patrimonio Autónomo Viva Sincelejo	1,558	83,493	1,656	-	83,395	42,531	40,864	11,979	6,243	6,243	3,184	3,059
Patrimonio Autónomo Viva Villavicencio	35,989	212,002	27,351	-	220,640	112,526	108,114	32,386	21,654	21,654	11,044	10,610
Patrimonio Autónomo San Pedro Etapa I	617	34,975	376	-	35,216	17,960	17,256	3,851	2,611	2,611	1,332	1,279
Patrimonio Autónomo Centro Comercial	8,083	115,174	8,914	-	114,343	58,315	56,028	17,861	11,654	11,654	5,944	5,710
Patrimonio Autónomo Iwana	100	6,400	68	-	6,432	3,280	3,152	467	115	115	58	57
Patrimonio Autónomo Centro Comercial Viva Barranquilla	9,426	212,449	7,865	-	214,010	192,609	21,401	4,309	(29)	(29)	(26)	(3)
Patrimonio Autónomo Viva Laureles	2,691	114,168	2,237	-	114,622	91,698	22,924	14,720	7,843	7,843	6,275	1,569
Patrimonio Autónomo Viva Palmas	1,842	30,738	1,604	-	30,976	15,798	15,178	3,442	1,611	1,611	822	789
Companhia Brasileira de Distribuição - CBD	28,845,211	16,530,226	25,695,031	7,126,088	12,554,618	2,347,714	10,206,904	36,391,221	76,368	1,797,260	626,448	1,170,812

Company	Cash flows for the year ended December 31, 2017				Cash flows for the year ended December 31, 2016			
	Operating activities	Investment activities	Financing activities	Net increase (decrease) in cash	Operating activities	Investment activities	Financing activities	Net Increase (decrease) in cash
Grupo Disco del Uruguay S.A.	103,052	(37,555)	(46,924)	(18,573)	100,086	(49,471)	(182,085)	(131,470)
Éxito Viajes y Turismo S.A.S.	5,933	333	(6,707)	(441)	15,315	(646)	-	14,668
Patrimonio Autónomo Viva Malls	45,727	(172,309)	235,680	17,644	2,863	(380,391)	382,164	4,636
Patrimonio Autónomo Viva Sincelejo	7,761	(69)	(6,768)	924	8,154	-	(8,756)	(602)
Patrimonio Autónomo Viva Villavicencio	6,165	(8,940)	(19,251)	(22,026)	28,274	(2,041)	(22,632)	3,601
Patrimonio Autónomo San Pedro Etapa I	3,085	-	(3,162)	(77)	3,404	-	(3,416)	(12)
Patrimonio Autónomo Centro Comercial	1,476	-	(5,911)	(4,435)	17,405	(1,432)	(12,555)	3,418
Patrimonio Autónomo Iwana	155	-	(58)	97	229	-	(247)	(18)
Patrimonio Autónomo Centro Comercial Viva Barranquilla	25,615	(1,035)	(29,371)	(4,791)	3,796	-	-	3,796
Patrimonio Autónomo Viva Laureles	13,186	(2)	(12,546)	638	10,303	(27)	(10,280)	(4)
Patrimonio Autónomo Viva Palmas	3,097	(290)	(2,453)	354	2,671	(2)	(1,591)	1,078
Companhia Brasileira de Distribuição - CBD	1,751,896	(1,472,068)	(1,935,362)	(1,655,534)	(1,142,033)	(1,817,253)	1,295,350	(1,663,936)

Note 1.5. Restrictions on the transfer of funds

At December 31, 2017 and 2016 there are no restrictions on the capability of subsidiaries to transfer funds to the Parent in the form of cash dividends, or loan repayments or advance payments.

Note 2. Basis for preparation

The financial statements for the years ended December 31, 2017 and December 314, 2016 have been prepared in accordance with accounting and financial information standards accepted in Colombia, set out in Law 1314 of 2009 as a translation of the International Financial Reporting Standards (IFRS) 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 information and information assurance standards", amended on December 23, 2015 by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170. Parent and subsidiaries 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 Parent and its subsidiaries have decided for the earlier implementation of such regulations, to present financial information incorporating the amendments to the regulations that reflect the requirements of the various information users.

Financial statements herein presented

These consolidated financial statements include the financial statements of the Parent and its subsidiaries and are comprised of the statements of financial position and statements of changes in shareholders' equity at December 31, 2017 and December 31, 2016, as well as the statements of income, the statements of comprehensive income and the statements of cash flows for the years ended on December 31, 2017 and December 31, 2016.

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

Statement of accountability

Parent's management are responsible for the information contained in these 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 consolidated financial statements. Basically, such estimations refer to:

- The hypotheses used to estimate the fair value of financial instruments,
- The appraisal of financial assets to identify actual impairment losses,
- The useful lives of property, plant and equipment and of intangible assets,
- Variables used to assess and determine the 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 as 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 Parent and its subsidiaries presents their current and non-current assets, as well as their current and non-current liabilities, as separate categories in their statement of financial position. For this purpose, current assets are understood as those amounts that will be realized or will become available in a term not to exceed one year, and current liabilities are those amounts that will be enforceable or payable also in a term not to exceed one year.

Functional currency

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

Functional currencies used by the Parent and by each of its subsidiaries are not part of highly inflationary economies, and consequently the financial statements are not adjusted for inflation. In the case of subsidiary Libertad S.A., based in Argentina, the Professional Council for Economic Sciences of the Province of Santafé issued a president's resolution setting out, among other, that the accounting statements for annual and interim periods closed prior to March 31, 2017, will not be restated in uniform currency. Further, the same resolution sets out the qualitative and quantitative characteristics of the economic environment that should be assessed to identify whether the accounting statements are to be adjusted to be expressed in a currency of purchasing power on the relevant dates, which will be applied to accounting statements for the annual periods closed as of and including March 31, 2017 and to interim periods after such annual closing. At December 31, 2017, and following an assessment of such qualitative and quantitative characteristics of Argentina environment, decision was made that this subsidiary's financial statements are not to be restated for inflation

Reporting currency

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

Subsidiaries' financial statements carried in a functional currency other than the Colombian peso have been translated into Colombian pesos. Transactions and balances are translated as follows:
- Assets and liabilities are translated into Colombian pesos at the period closing exchange rate;
- Income-related items are translated into Colombian pesos using the period's average exchange rate;
- Equity transactions in foreign currency are translated into Colombian pesos at the exchange rate in force on the date of each transaction.

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

Foreign currency transactions

Transactions in foreign currency are 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 consolidated financial statements have been prepared on the accounting accrual basis, except for information on cash flows.

Materiality

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

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

Offsetting of balances and transactions

Assets and liabilities are offset and reported net in the financial statements, if and only if they arise from the same transaction, there is an enforceable legal right on the closing date that makes it mandatory to receive or pay recognized amounts at its 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 a transaction carried out by market participants on the date of measurement.

Measurements of the fair value are carried out using a fair value hierarchy that reflects the importance of inputs used to determine the measurements:
- Based on (unadjusted) prices quoted in active markets for identical assets or liabilities (level 1).
- Based on valuation models commonly applied by market participants who use variables other than prices quoted, directly or indirectly perceptible for assets or liabilities (level 2).
- Based on the Company's own valuation models applying non-perceptible estimated variables for assets or liabilities (level 3).

Note 3. Basis for consolidation

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

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

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

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

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

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

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

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

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

For the purpose of consolidating the financial statements of Spice Investments Mercosur S.A., a company with domicile in Uruguay, which in turn has control over all subsidiaries domiciled in Uruguay except Vía Artika S.A., the accounting policies and principles adopted by the Parent were standardized in accordance with accounting and financial reporting standards accepted in Colombia, set out in Law 1314 of 2009 in line with the International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB) at December 31, 2014, regulated in Colombia by Regulatory Decree 2450 of 2015, "Single Regulatory Decree on accounting, financial reporting and information assurance standards", amended on December 23, 2015, by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170, without applying any of the exceptions to the IFRS therein contained; further, they were translated into Colombian pesos.

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

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

	Closing rates		**Average rates**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
US Dollar	2,984.00	3,000.71	2,951.32	3,050.98
Uruguayan peso	103.72	102.26	103.05	101.37
Brazilian real	902.14	920.80	924.67	877.88
Argentine peso	158.51	189.62	178.69	207.11
Euro	3,583.19	3,164.99	3,336.46	3,375.00

Note 4. Significant accounting policies

The attached consolidated financial statements at December 31, 2017 have been prepared using the same accounting policies, measurements and bases used to present the consolidated financial statements for the annual period ended December 31, 2016, 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 information and information assurance standards", amended on December 23, 2015 by Regulatory Decree 2496, on December 22, 2016 by Regulatory Decree 2131 and on December 22, 2017 by Regulatory Decree 2170 and without applying any of the exceptions to the IFRS therein contained.

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

Investments in associates and joint arrangements

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

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

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

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

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

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

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

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

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

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

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

Related parties

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

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

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

Business combinations and goodwill

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

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

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

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

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

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

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

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

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

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

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

Put options granted to the holders of non-controlling interests

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

Intangible assets

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

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

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

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

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

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

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

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

Acquired software	From 3 to 5 years
ERP-like acquired software	From 5 to 8 years

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

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

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

Research and development costs

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

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

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

Property, plant and equipment

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

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

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

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

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

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

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

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

The groups of property, plant and equipment and relevant useful lives are as follows:

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

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

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

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

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

Investment property

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

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

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

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

Situations that can lead to transfer are:

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

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

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

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

Non-current assets held for trading and discontinued operations

Non-current assets and the groups of assets for disposal are classified as held for trading if their book value will be recovered via a sale instead of continued use thereof and do not meet the conditions to be classified as real estate inventory. Such condition is met wherever an asset or group of assets are available for immediate sale, under current condition, and the sale is highly probable to occur. For the sale to be highly probable, the Parent's and its subsidiaries' management must be committed to a plan to sell the asset (or group for disposition) and the sale is expected within the year following the classification date.

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

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

Leases

Lease agreements are classified as finance lease and operating lease. Lease agreements that transfer substantially all risks and benefits arising from the title to the assets are classified as finance lease, otherwise they are classified as operating lease. Some of the criteria to be taken into consideration to define whether substantial risks and benefits have been transferred include (i) where the term of the lease is equal to or higher than 75% of the economic life of the asset and/or (ii) where the present value of minimum payments under the lease agreement is equal to or higher than 90% of the fair value of the asset.

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

<u>Finance leases</u>

a. The Parent and its subsidiaries as lessees

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

   Such assets are depreciated or amortized with the same criteria applied to elements of property, plant and equipment, or intangible assets for own use, regarding useful life, provided the property of the asset is transferred to the Parent and its subsidiaries at the end of the contract, via purchase option or else; otherwise, the useful life is set as the term of the agreement or the useful life of the element of property, plant and equipment, whichever is less. Lease instalments are split between interest and the decrease of the principal. Financial expenses are recognized in the statement of income for the period.

b. The Parent and its subsidiaries as lessors

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

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

Operating leases

Are lease agreements under which all substantial risks and benefits attached to the asset remain with the lessor. The Parent and its subsidiaries have assets received and delivered under operating lease agreements.

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

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

Loan costs

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

Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

Inventories

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

Inventories in transit are recognized upon receipt of all substantial risks and benefits attached to the asset, according to procurement conditions.

Inventories include real estate where an urban development or project on the property has started with a view of selling it.

Inventories are valued by applying the first-in-first-out method (FIFO), while subsidiary Companhia Brasileira de Distribuição – CBD and its subsidiaries value their inventories at the weighted average cost, basically given the different taxes recognized upon the acquisition of inventories (in the Brazil segment) that would have an impact on the final valuation of the inventories under the FIFO method. The cost of initial recognition includes acquisition costs, costs of processing and other costs incurred in bringing the inventories to their present location and condition upon completion of the production process or receipt at the store. Logistics costs and supplier discounts are capitalized as part of the inventories and recognized in the cost of goods sold upon sale thereof.

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

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

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

Financial assets

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

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

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

a. Financial assets measured at fair value through income

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

b. Financial assets measured at amortized cost

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

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

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

c. Financial assets at fair value through other comprehensive income

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

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

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

d. Derecognition

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

e. Effective interest method

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

f. Impairment of financial assets

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

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

g. Loans and accounts receivable

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

Accounts receivable from sales transactions are measured at invoice values less accrued impairment losses. These accounts receivable are recognized when all risks and benefits have been transferred to a third party.

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

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

h. Cash and cash equivalents

Include cash at hand and in banks, and highly liquid investments. To be classified as cash equivalents, investments should meet the following criteria:

- Short-term investments, in other words, with terms less than or equal to three months as of acquisition date;
- High-liquidity investments;
- Readily converted into cash, and
- Subject to a low risk of change in value.

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

Financial liabilities

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

a. Financial liabilities measured at fair value through income

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

b. Financial liabilities measured at amortized cost

Include loans received and bonds issued, which are initially recognized at the amount of cash received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method, recognizing interest expenses based on the effective return.

c. Derecognition

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

d. Effective interest method

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

Embedded derivatives

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

Derivative financial instruments

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

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

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

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

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

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

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

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

Hedge accounting

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

Hedge instruments are measured at fair value and hedge accounting shall only be used if:

- The hedge relationship has been clearly defined and documented initially, and
- The efficacy of the hedge may be evidenced initially and throughout its life.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Share-based payments

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

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

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

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

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

Employee benefits

a. Defined contribution plans

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

b. Defined post-employment benefit plans

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

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

c. Long-term employee benefits

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

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

d. Short-term employee benefits

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

e. Employee termination benefits

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

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

Provisions, contingent assets and liabilities

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

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

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

Current obligations under contracts for consideration are recognized as provisions wherever unavoidable costs to be incurred in performing under the contract exceed the economic benefits expected to be received thereunder.

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

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

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

Taxes

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

Taxes include:

<u>Colombia:</u>

- Income tax,
- Income tax for equality - CREE (only until 2016),
- Tax on wealth and tax standardization,
- Property tax, and
- Industry and trade tax.

<u>Brazil:</u>

- Financial Contribution to Social Security (COFINS),
- Social Security Tax (PIS),
- Corporate Income Tax (IRPJ),
- Tax on Services (ISS),
- Tax on Property (IPTU),
- Social Contribution on Net Income (CSLL), and
- Imposto de Renda de Pessoa Jurídica (IRRF).

<u>Argentina:</u>

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

<u>Uruguay:</u>

- Income tax (IRIC),
- Tax on equity,
- Real property tax,
- Industry and trade tax, and
- ICOSA tax.

<u>Current income tax</u>

The income tax for the Parent and its subsidiaries in Colombia is assessed on the higher of the presumptive income and the taxable net income at the official rate applicable annually on each closing of presentation of financial statements. In addition to the income tax, there is the tax for equality CREE, and for the years 2015 and 2016 a CREE surtax, assessed on the same base as the income tax with certain additional clearance items.

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

Regarding subsidiaries in Uruguay, the income tax is assessed at the official rate of 25%: and for subsidiaries in Argentina, the rate applicable is 35%.

The income tax expense is recognized with charge to income.

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

Deferred income tax

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

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

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

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

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

Share capital

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

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

Ordinary revenue

Ordinary revenue includes retail sales at stores, sales of real estate projects and inventories, sale of extended warranties, lease of property and physical space and supplementary businesses such as insurance, travel, telephone, transportation and financing to customers, among other.

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

Revenue from the sale of goods is recognized when significant risks and benefits attached to the ownership of goods are transferred to purchaser, in most cases upon transfer of legal title, such revenue can be accurately measured and there is a probability that economic benefits from the transaction will be received.

Revenue from services is recognized in the period during which services are rendered. Wherever the provision of a service is subject to compliance with several commitments, analysis is made of the proper timing for recognition. Consequently, revenue or sales of goods can either be recognized immediately (when the service is deemed rendered) or be deferred over the period during which the service is provided, or the commitment is fulfilled.

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

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

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

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

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

Revenue from interest is recognized using the effective interest method.

Revenue from exchange is recognized: (i) upon actual bartering, assets are recognized at the fair value of the consideration received on the date of exchange; (ii) or at the fair value of goods delivered.

Loyalty programs

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

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

Costs and expenses

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

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

Earnings per share

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

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

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

Operation segments

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

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

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

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

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

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

Note 5. New and modified standards and interpretations

Note 5.1. Standards issued during the year ended December 31, 2017

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

During the year ended December 31, 2017 the International Accounting Standards Board (IASB) did not issue new standards or amendments to standards already issued.

Note 5.2. Standards adopted earlier during the year ended December 31, 2017

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

Note 5.3. Standards effective as of January 1, 2017

During the year ended December 31, 2016, the IASB issued several standards, as detailed in section 4.4. Out of such standards issued, the following started to be applied as of January 1, 2017 according to the adoption date by the IASB:
- Amendment to IAS 12, in force as of January 2017.
- Amendment to IAS 7, in force 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. The Parent and its subsidiaries did not consider early application. 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. The Parent and its subsidiaries did not consider early application. No material effects resulted from application of this amendment.

Note 5.4. Standards not in force at December 31, 2017

No Regulatory Decrees enabling the application of the new International Financial Reporting Standards authorized by the International Accounting Standards Board IASB were enacted in Colombia during the year ended December 31, 2016.

During the year ended December 31, 2016 the International Accounting Standards Board IASB issued the following standards and amendments, which are not in force at December 31, 2017:
- IFRIC 22 - Foreign currency transactions and advance consideration, in force as of January 2018.
- Amendment to IAS 40, in force as of January 2018.
- Amendment to IFRS 4, in force as of January 2018.
- Amendment to IFRS 2, in force as of January 2018.
- IFRS 16 - Leases, in force as of January 2019.

During the year ended December 31, 2014 the International Accounting Standards Board IASB issued the following standards and amendments, which are not in force at December 31, 2017:
- IFRS 15 - Revenue from ordinary activities under contracts with customers, in force as of January 2018.
- IFRS 9 - Financial instruments, in force as of January 2018.

IFRIC 22 - Foreign currency transactions and advance consideration (December 2016).

This interpretation clarifies the accounting of transactions including the receipt 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. The Parent and its subsidiaries did not consider early application. 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. The Parent and its subsidiaries did not consider early application. 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 application of the new insurance standard or for periods commencing on or after January 1, 2021, whichever is earlier. Further, the amendment grants all entities having insurance contracts an option, following the full adoption of IFRS 9, to present in other comprehensive income and not in profit or loss the changes in the fair value of qualifying designated financial assets.

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

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

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

The amendments are effective for periods commencing on or after January 1, 2018. Earlier application is permitted. The Parent and its subsidiaries did not consider early application. 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. The Parent and its subsidiaries did not consider early application.

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 the 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 the ordinary revenue when (or in as much as) the entity fulfills a performance obligation.

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

The standard is effective for periods commencing on or after January 1, 2018. The Parent and its subsidiaries did not consider early application.

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

Some of the aspects that have been reviewed include:

- Regarding the performance obligation arising from the sale of goods, the Parent and its subsidiaries do not expect an effect on the recognition of revenue, in that as set out in prior standards revenue is recognized when control over the asset is transferred to the customer, generally upon delivery thereof;
- Parent and its subsidiaries recognize the revenue from the sale of goods measured at the fair value of the consideration received or to be received, including returns and discounts;
- Parent and its subsidiaries do not grant volume discounts to customers;
- Parent and its subsidiaries generally grant minor repair warranties but do not offer extended warranties under contracts with customers. The amount of such warranties is immaterial;
- Regarding customer loyal 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 Parent and its subsidiaries have defined that services provided to customers such as rentals, transportation, hotel, sale of air tickets and sale of data and telephone plans are delivered over time, taking in mind that customers receive and consume benefits simultaneously. In line with this definition, revenue from such service contracts will continue to be recognized over time;
- Regarding disclosures and presentation requirements, the Parent and its subsidiaries do not expect an enlargement of the notes to the financial statements given that there are no changes related with judgments applied in the definition of the transaction price, or in the disaggregation of the revenue recognized from contracts with customers, or in the information on revenue for each reporting segment.

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

Note 5.5. Standards applied earlier at December 31, 2016

During the year ended December 31, 2016, and based on section 5.4, the Parent and its subsidiaries did not apply any Standards earlier.

Note 6. Business combinations

Note 6.1. Business combinations achieved during the year ended December 31, 2017

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

Note 6.2. Business combinations completed during the year ended December 31, 2017

Note 6.2.1. 5 Hermanos Ltda. business combination

On December 1, 2017 subsidiary Mercados Devoto S.A. completed the Purchase Price Allocation process started in 2016 (as mentioned in Note 6.3.2) and related with the acquisition of control over 5 Hermanos Ltda. pursuant to IFRS 3 - Business combinations.

Below is a detail of developments from the time of acquisition of the business to the closing balance at December 31, 2017:

Goodwill at December 31, 2016 (Note 15)	**2,356**
Effect of exchange difference	34
Goodwill at December 31, 2017 (Note 15)	**2,390**

Note 6.3. Business combinations achieved during the year ended December 31, 2016

Note 6.3.1. Sumelar S.A. business combination

Seeking to expand operations in Uruguay, on September 1, 2016, subsidiary Mercados Devoto S.A. acquired 100% of the shares of Sumelar S.A., a company engaged in the food self-service business.

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

	Provisional fair values at September 1, 2016	Measurement period adjustments	Final fair values at September 1, 2016
Current tax assets	4	-	4
Current inventories	91	-	91
Property, plant and equipment	11	-	11
Total identifiable assets	**106**	**-**	**106**
Total liabilities taken on	**-**	**-**	**-**
Net assets and liabilities measured at fair value	**106**	**-**	**106**

Goodwill arising from the operation amounts to:

	Provisional fair values at September 1, 2016	Measurement period adjustments	Final fair values at September 1, 2016
Consideration transferred	1,322	-	1,322
Less fair value of identifiable net assets	(106)	-	(106)
Goodwill from the acquisition	**1,216**	-	**1,216**

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

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

The consolidation of Sumelar S.A. from the date of acquisition resulted in revenue from ordinary activities in amount of $91 and a loss of $2.

The goodwill has shown the following variations from the time of acquisition to December 31, 2017:

Goodwill from the acquisitions at September 1, 2016	1,216
Effect of exchange difference	11
Goodwill at December 31, 2016 (Note 15)	**1,227**
Effect of exchange difference	17
Goodwill at December 31, 2017 (Note 15)	**1,244**

Note 6.3.2. 5 Hermanos Ltda. business combination

Seeking to expand operations in Uruguay, on December 1, 2016 subsidiary Mercados Devoto S.A. acquired 100% of the shares of 5 Hermanos Ltda., a company engaged in the food self-service business.

Acquisition price on the date of acquisition amounted to $2,356 and was fully allocated to goodwill.

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

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

The goodwill has shown the following variations from the time of acquisition to December 31, 2016:

Goodwill from the acquisitions at December 1, 2016	2,513
Effect of exchange difference	(157)
Goodwill at December 31, 2016 (Note 15)	**2,356**

Note 6.4. Business combinations completed during the year ended December 31, 2016

Note 6.4.1. Control over Companhia Brasileira de Distribuição – CBD and Libertad S.A.

With the advisory of an independent third party, on August 31, 2016 the Parent completed the Purchase Price Allocation process started in 2015 and related with the acquisition of control over Companhia Brasileira de Distribuição - CBD and Libertad S.A., pursuant to IFRS 3 - Business combinations.

Information on the consideration paid for these interests, the goodwill generated from the acquisition and the fair value of assets acquired and liabilities taken on at the date of gaining control, taken from the books, and business combination adjustments identified until August 31, 2016, which are detailed as measurement period adjustments, were disclosed in the financial statements at the closing of the annual period ended December 31, 2016:

	Provisional fair values August 31, 2015 (*)			Adjustments during measurement period			Fair values at August 31, 2015 (**)		
	Brazil	Argentina	Total	Brazil	Argentina	Total	Brazil	Argentina	Total
Assets									
Cash and cash equivalents	1,460,170	76,012	1,536,182	(11,070)	3,044	(8,026)	1,449,100	79,056	1,528,156
Trade accounts receivable	6,121,468	126,934	6,248,402	(129,112)	(5,929)	(135,041)	5,992,356	121,005	6,113,361
Prepaid expenses	-	-	-	276,715	5,930	282,645	276,715	5,930	282,645
Inventories	7,189,300	235,424	7,424,724	(88,058)	-	(88,058)	7,101,242	235,424	7,336,666
Current tax assets	3,230,960	6,141	3,237,101	(5,783)	-	(5,783)	3,225,177	6,141	3,231,318
Assets classified as held for trading	13,208	-	13,208	405	-	405	13,613	-	13,613
Property, plant and equipment	8,623,140	109,858	8,732,998	155,084	333,318	488,402	8,778,224	443,176	9,221,400
Investment property	21,608	63,594	85,202	-	203,231	203,231	21,608	266,825	288,433
Intangible assets other than goodwill	3,718,046	14	3,718,060	6,212,612	67,712	6,280,324	9,930,658	67,726	9,998,384
Investments accounted for using the equity method	400,714	-	400,714	-	-	-	400,714	-	400,714
Deferred tax assets	559,284	9,745	569,029	(102,367)	-	(102,367)	456,917	9,745	466,662
Other non-current financial assets	831,297	-	831,297	-	-	-	831,297	-	831,297
Total identifiable assets	**32,169,195**	**627,722**	**32,796,917**	**6,308,426**	**607,306**	**6,915,732**	**38,477,621**	**1,235,028**	**39,712,649**
Liabilities									
Current financial liabilities	3,614,591	-	3,614,591	(1,118,275)	-	(1,118,275)	2,496,316	-	2,496,316
Non-current employee benefit provisions	10,916	-	10,916	-	-	-	10,916	-	10,916
Other current provisions	20,551	1,562	22,113	19,657	-	19,657	40,208	1,562	41,770
Accounts payable	10,276,713	350,148	10,626,861	333,971	49	334,020	10,610,684	350,197	10,960,881
Current tax liabilities	763,424	26,319	789,743	5,718	302	6,020	769,142	26,621	795,763
Other current financial liabilities	-	-	-	1,118,275	-	1,118,275	1,118,275	-	1,118,275
Other current non-financial liabilities	651,097	6,975	658,072	(1,277)	-	(1,277)	649,820	6,975	656,795
Non-current financial liabilities	3,415,787	-	3,415,787	(763,681)	-	(763,681)	2,652,106	-	2,652,106
Other non-current provisions	1,159,034	7,438	1,166,472	1,624,149	-	1,624,149	2,783,183	7,438	2,790,621
Non-current accounts payable	65,171	-	65,171	-	-	-	65,171	-	65,171
Deferred tax liabilities	1,075,624	-	1,075,624	1,555,582	211,491	1,767,073	2,631,206	211,491	2,842,697
Non-current tax liabilities	524,749	-	524,749	-	-	-	524,749	-	524,749
Other non-current financial liabilities	-	-	-	763,681	-	763,681	763,681	-	763,681
Other non-current non-financial liabilities	569,392	-	569,392	-	-	-	569,392	-	569,392
Total liabilities taken on	**22,147,049**	**392,442**	**22,539,491**	**3,537,800**	**211,842**	**3,749,642**	**25,684,849**	**604,284**	**26,289,133**
100% identifiable net assets and liabilities	**10,022,146**	**235,280**	**10,257,426**	**2,770,626**	**395,464**	**3,166,090**	**12,792,772**	**630,744**	**13,423,516**
Non-controlling interest	3,091,745	-	3,091,745	(20,718)	-	(20,718)	3,071,027	-	3,071,027
Net identifiable assets	**6,930,401**	**235,280**	**7,165,681**	**2,791,344**	**395,464**	**3,186,808**	**9,721,745**	**630,744**	**10,352,489**
Segisor S.A.'s net identifiable assets	21,443	-	21,443	(11,071)	-	(11,071)	10,372	-	10,372
Share									
Argentina	-	100.00%	100.00%	0.00%	100%	100.00%	-	100.00%	100.00%
Segisor S.A.	50.00%	-	50.00%	50.00%	0%	50.00%	50.00%	-	50.00%
Companhia Brasileira de Distribuição - CBD	18.76%	-	18.76%	18.76%	0%	18.76%	18.76%	-	18.76%
Net identifiable assets and liabilities after application of the ownership percentage	**1,307,065**	**235,280**	**1,542,345**	**520,287**	**395,464**	**915,751**	**1,827,353**	**630,744**	**2,458,097**
Consideration transferred	**4,650,802**	**885,925**	**5,536,727**	**-**	**-**	**-**	**4,650,802**	**885,925**	**5,536,727**
Fair value of the previous interest in Cnova N.V. less net assets	9,189	-	9,189	1,723	-	1,723	10,912	-	10,912
Less fair value of identifiable net assets	(1,307,065)	(235,280)	(1,542,345)	(520,287)	(395,464)	(915,751)	(1,827,352)	(630,744)	(2,458,096)
Goodwill from the acquisition	**3,352,926**	**650,645**	**4,003,571**	**(518,564)**	**(395,464)**	**(914,028)**	**2,834,362**	**255,181**	**3,089,543**
Decrease from the loss of control over subsidiaries							(19,042)	-	(19,042)
Reclassification to non-current assets held for trading							(112,765)	-	(112,765)
Increase (decrease) from exchange differences, net							238,123	(110,268)	127,855
Reclassification to investments accounted for using the equity method							(390,497)	-	(390,497)
Goodwill at December 31, 2016							**2,550,181**	**144,913**	**2,695,094**
Allocation Brazil operations									**2,550,181**
Allocation Argentina operations									**144.913**

(*) Relates to provisional fair values at August 31, 2015 as informed by management in its quarterly report at September 30, 2015.

(**) Relates to provisional fair values at August 31, 2015, after application of the business combinations adjustments identified during the measurement period ended August 31, 2016.

Note 7. Cash and cash equivalents

The balance of cash and cash equivalents is as follows:

	December 31, 2017	December 31, 2016
Cash at hand and in banks	2,236,138	1,702,012
Term deposit certificates (1)	3,004,959	4,331,939
Fiduciary rights	40,510	81,840
Current investments	11	2,053
Total cash and cash equivalents	**5,281,618**	**6,117,844**

(1) Includes $3,002,818 (2016 - $4,331,939) relevant to fixed-term deposits of subsidiary Companhia Brasileira de Distribuição - CBD, with yields of 9.74% E.A.R. (2016 - 12.66% E.A.R.) equivalent to 98.07% of the Interbank Deposit Certificate - IDC. They mature in less than 90 days of negotiation date.

The Parent and its subsidiaries recognized yields from cash at hand and in banks and cash equivalents in amount of $58,980 (2016 - $99,706), which were recorded as financial revenue as detailed in Note 33.

At December 31, 2017 and 2016, cash and cash equivalents were not restricted or levied in any way as to limit availability thereof.

Note 8. Trade receivables and other accounts receivable

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

	December 31, 2017	December 31, 2016
Trade accounts receivable (8.1)	929,019	949,544
Other accounts receivable (8.2)	911,359	767,335
Total trade receivables and other receivables	**1,840,378**	**1,716,879**
Current (8.3)	**1,172,458**	**1,130,394**
Non-current (8.3)	**667,920**	**586,485**

Note 8.1. Trade accounts receivable

The balance of trade receivables is as follows:

	December 31, 2017	December 31, 2016
Trade accounts (1)	729,170	777,469
Rentals and dealers	98,755	100,553
Accounts receivable from suppliers (2)	71,113	87,476
Employee funds and lending	49,134	3,909
Other trade receivables	4,286	-
Impairment of receivables (3)	(23,439)	(19,863)
Trade accounts receivable	**929,019**	**949,544**

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

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

(3) The impairment of receivables is independently analyzed for large customers and jointly analyzed for those customers whose balances are not material taken separately, based on debts overdue exceeding historic payment. Impairment is recognized as expense in period results. However, even if impaired, the Parent and its subsidiaries believe these balances are recoverable, given the extensive credit risk analysis on customers, including credit ratings when they are available in credit databases recognized in the market. The net effect of the impairment of receivables on the statement of income at December 31, 2017 relates to an expense in amount of $3,576 (at December 31, 2016 related to revenue from recovery in amount of $310,136).

The development of the impairment of receivables during the year is as follows:

Balance at December 31, 2016	**19,863**
Recognized impairment loss	684,318
Receivables written-off	(555,235)
Reclassifications to non-current assets held for trading	(116,508)
Reversal of impairment loss	(8,424)
Effect of exchange difference	(575)
Balance at December 31, 2017	**23,439**

Note 45, Policies on financial risk management, includes the considerations on the credit risk for trade debtors.

Note 8.2. Other accounts receivable

The balance of other accounts receivable is as follows:

	December 31, 2017	**December 31, 2016**
Accounts Receivable - Paes Mendonça S.A. (1)	479,960	489,867
Accounts receivable from the sale of companies (2)	73,268	63,188
Employee funds and lending	62,489	63,513
Taxes receivable	10,288	5,140
Accounts receivable from insurance companies (3)	180,005	9,003
Business agreements	23,077	52,504
Sale of property, plant and equipment, intangible assets and other assets	2,752	18,694
Money transfer services	3,970	1,227
Money remittances	5,902	3,026
Tax claims	1,360	1,442
Other	68,288	59,731
Total other accounts receivable	**911,359**	**767,335**

(1) Since 1999, certain stores owned by Paes Mendonça S.A. (a supermarket network in Brazil) were leased through subsidiary Novasoc Comercial Ltda. Novasoc Comercial Ltda. paid certain of Paes Mendonça S.A.'s liabilities, and even though the later has made partial payments, Companhia Brasileira de Distribuição - CBD still shows a receivable from the transaction. Pursuant to payment agreements entered between the parties, balances receivable are updated from a monetary point of view by the IGP-M (Market Price General Index) and are secured with some stores operated by Novasoc Comercial Ltda. We are not aware of objective evidence showing impairment of such accounts receivable. Maturity of these accounts receivable is tied to lease agreements under the same conditions originally agreed upon; they are deemed non-current assets given the possibility of turning such accounts into trade rights on the leased stores.

(2) Relates to accounts receivable arising from the exercise of the purchase option of certain fuel stations sold by subsidiary Companhia Brasileira de Distribuição - CBD. The amount of the account receivable is updated from a monetary point of view since the execution of the agreement on May 28, 2012, by 110% of the IDC (interbanking deposit certificate), with payment foreseen in 240 monthly instalments.

(3) Includes $152,402 recorded by subsidiary Companhia Brasileira de Distribuição - CBD arising from the willingness of the insurance company to pay for the claim filed regarding the casualty occurred on December 27, 2017 at the refrigerated products distribution center located at the municipality of Osasco.

Note 8.3. Trade receivables and other accounts receivable classified as current and non-current

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

	December 31, 2017	**December 31, 2016**
Trade accounts receivable	657,131	633,926
Rentals and dealers	98,131	98,195
Employee funds and lending	49,134	47,014
Accounts receivable from suppliers	71,113	87,476
Taxes receivable	10,288	5,140
Sale of property, plant and equipment, intangible assets and other assets	2,752	18,694
Business agreements	23,077	52,454
Accounts receivable from insurance companies	180,005	9,003
Money transfer services	3,970	1,227
Tax claims	1,360	1,442
Money remittances	5,902	3,026
Accounts receivable from the sale of companies	-	973
Other	93,034	191,687
Impairment of receivables	(23,439)	(19,863)
Total current	**1,172,458**	**1,130,394**

	December 31, 2017	December 31, 2016
Accounts Receivable - Paes Mendonça S.A.	479,960	489,867
Accounts receivable from the sale of companies	73,268	62,215
Trade accounts receivable	72,039	-
Other	27,665	11,643
Employee funds and lending	14,364	20,402
Rentals and dealers	624	2,358
Total non-current	**667,920**	**586,485**

Note 8.4. Trade receivables and other accounts receivable by age

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

			Overdue			
Period	**Total**	**Not due**	**< 30 days**	**31 - 60 days**	**61 - 90 days**	**> 90 days**
December 31, 2017	1,863,817	1,566,668	196,044	36,331	3,569	61,205
December 31, 2016	1,736,742	1,498,219	172,508	38,070	1,677	26,268

Note 9. Prepaid expenses

The balance of prepaid expenses is:

	December 31, 2017	December 31, 2016
Leases	79,910	81,902
Bank expenses	23,322	23,020
Insurance	21,910	22,746
Maintenance	17,220	10,740
Advertising	10,955	6,991
Employee benefits	9,241	10,129
Services	8,139	4,604
Taxes	2,586	3,683
Sales commissions	610	1,843
Licenses in use	197	921
Other advance payments	15,611	13,642
Total prepaid expenses	**189,701**	**180,221**
Current	**145,761**	**119,733**
Non-current	**43,940**	**60,488**

Note 10. Accounts receivable from and accounts payable to related parties

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

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

	Accounts receivable		Other non-financial assets	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Joint ventures (1)	67,064	40,597	30,000	15,977
Associates (2)	175,531	13,318	-	-
Controlling entity (3)	3,207	10,661	-	-
Grupo Casino companies (4)	7,270	8,845	-	-
Key management personnel (5)	22	29	-	-
Total	**253,094**	**73,450**	**30,000**	**15,977**
Current	**230,611**	**57,766**	**30,000**	**15,977**
Non-current	**22,483**	**15,684**	**-**	**-**

(1) The balance receivable represents the balance with Compañía de Financiamiento Tuya S.A. and refers to royalties, reimbursement of shared expenses and coupon-related charges, that will be paid in the short term.

The balance of other non-financial assets at December 31, 2017 relates to a payment made by the Parent and its subsidiary Almacenes Éxito Inversiones S.A.S. 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. The balance at December 31, 2016 also includes a payment to Compañía de Financiamiento Tuya S.A. for the subscription of shares; like in 2017, at the closing of 2016 Compañía de Financiamiento Tuya S.A. had not received authorization from the Colombian Financial Superintendence to register a capital increase; this balance was capitalized during the first quarter of 2017.

(2) The balance of accounts receivable from associates mainly relates to balances with Financiera Itaú CBD - FIC Promotora de Vendas Ltda., mostly charges arising from trade agreements for the promotion and sale of financial services offered by Financiera Itaú CBD - FIC Promotora de Vendas Ltda. at the stores of Companhia Brasileira de Distribuição – CBD.

(3(Relates to the balance receivable arising from the Latin America strategic direction service agreement entered with Casino Guichard-Perrachon S.A.; the balance also includes charges arising from the cost sharing agreement and bonuses receivable.

(4) Mainly relates to the balance receivable for expatriate payments from Casino Services in amount of $1,432 (2016 - $1,276), from Distribution Casino France in amount of $1,182 (2016 - $1,221) and from Casino International in amount of $4,529 (2016 - $4,753), and for energy efficiency services received from Greenyellow Energía de Colombia S.A.S. in amount of $57 (2016 - $249).

(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 members of their families.

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**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Joint ventures (1)	3,025	558	38,679	27,812
Associates (2)	19,010	12,580	-	-
Controlling entity (3)	28,960	71,393	-	-
Grupo Casino companies (4)	161,386	158,412	-	-
Members of the Board	15	93	-	-
Total	**212,396**	**243,036**	**38,679**	**27,812**
Current	**202,274**	**230,303**	**38,679**	**27,812**
Non-current	**10,122**	**12,733**	**-**	**-**

(1) The balance of accounts payable represents the balance outstanding from the subscription of 9,000,000 shares of Puntos Colombia S.A.S.

The balance of other financial liabilities represents collections received from third parties related with Tarjeta Éxito (Éxito Credit Card), owned by Compañía de Financiamiento Tuya S.A. (Note 24).

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

(3) The balance of accounts payable to the Controlling entity is made as follows:

(a) Cost sharing agreement entered by and between Companhia Brasileira de Distribuição - CDB and Casino Guichard-Perrachon S.A. on August 10, 2014, whose purpose is the reimbursement of expenses incurred by companies of Grupo Casino and their professional staff to the benefit of this subsidiary. This agreement was authorized by the Board of Directors on July 22, 2014.

(b) (b)*Agency agreement, entered by and between Companhia Brasileira de Distribuição - CBD and Casino Guichard-Perrachon S.A. on July 25, 2016 with the purpose of regulating procurement intermediation services for the provision of goods.*

(c) Cost Reimbursement Agreement entered by and between Companhia Brasileira de Distribuição - CBD and Casino Guichard- Perrachon S.A. on July 25, 2016 with the purpose of regulating the reimbursement by Companhia Brasileira de Distribuição - CBD of expatriate (French associates) expenses relevant to French social contributions paid by Casino in France.

(d) Expense reimbursement agreement entered by and between Companhia Brasileira de Distribuição - CBD and Casino Guichard-Perrachon S.A. related with the provision of intermediation services for the procurement of goods.

(e) Loan in American dollars known as "Triple S" with HSBC repaid by Casino Guichard-Perrachon S.A. to HSBC on behalf of Libertad S.A. In addition, there are some debts of subsidiary Libertad S.A. arising from expatriate personnel services.

(f) Consultancy and technical assistance services provided by Casino Guichard-Perrachon S.A. and Geant International B.V. in amount of $11,782 (2016 - $11,170) and dividends payable in amount of $3,010 (2016 - $41,818).

(4) The balance mainly relates to accounts payable arising from the provision of energy efficiency solution services by Green Yellow Colombia S.A.S. to the Parent and to subsidiary Companhia Brasileira de Distribuição – CBD, and to the provision by other companies of merchandise import services.

Note 11. Inventories, net and Cost of sales

Note 11.1. Inventories, net

The net balance of inventories is as follows:

	December 31, 2017	December 31, 2016
Inventories available for trading	5,720,955	5,692,621
Inventories in transit	172,045	39,981
Inventories of property under construction (1)	22,911	58,066
Materials, small spares, accessories and consumable packaging.	17,436	17,790
Product in process	169	4,050
Raw materials	3,167	4,824
Inventory impairment (2)	(24,169)	(39,159)
Total inventories	**5,912,514**	**5,778,173**

(1) For 2017, relates to the Figue real estate projects owned by Companhia Brasileira de Distribuição – CBD, and Cota Hotel, owned by the Parent, currently under construction for trading purposes. The latter is in a construction reorganization stage since 2015.

For 2016, relates to Cota Hotel and Univalledupar real estate projects owned by the Parent, under construction for trading purposes, and to the Figue real estate project owned by Companhia Brasileira de Distribuição - CBD. Parent's projects were in a construction reorganization stage since 2015.

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

Balance at December 31, 2016	**39,159**
Reversal of impairment provisions (11.2)	(14,990)
Balance at December 31, 2017	**24,169**

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

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

Note 11.2. Cost of sales

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

	January 1 to December 31, 2017	January 1 to December 31, 2016
Cost of goods sold (1)	42,428,874	39,073,375
Impairment loss (reversal) recognized during the period	-	7,761
(Reversal) of impairment loss recognized during the period (2)	(16,694)	(3,696)
Total cost of sales	**42,412,180**	**39,077,440**

(1) Includes $68,337 of depreciation and amortization cost (2016 - $65,352).

It also includes a net cost of $15,127 representing the loss of inventories resulting from a casualty at the refrigerated product distribution center owned by subsidiary Companhia Brasileira de Distribuição - CBD located in the municipality of Osasco. Inventories damaged amount to $96,210 and insurance compensation booked amounts to $81,083.

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

Note 12. Other financial assets

The balance of other financial assets is as follows:

	December 31, 2017	December 31, 2016
Financial assets measured at fair value through income (1)	701,848	622,285
Derivative financial instruments designated as hedge instruments (2)	25,533	96,684
Financial assets measured at amortized cost (3)	45,776	75,220
Financial assets measured at fair value through other comprehensive income (4)	260	248
Derivative financial instruments (5)	5,934	9,547
Total other financial assets	**779,351**	**803,984**
Current	**11,588**	**113,142**
Non-current	**767,763**	**690,842**

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

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

	December 31, 2017	December 31, 2016
Deposit for tax legal proceedings	184,036	166,665
Deposit for labor legal proceedings	427,579	381,212
Deposit for civil legal proceedings	37,890	23,941
Deposit for regulatory legal proceedings	37,890	36,832
Total	**687,395**	**608,650**

(b) Legal deposits in amount of $219 (2016 - $230) relevant to subsidiary Libertad S.A.

(c) Investment in bonds in amount of $12,948 (2016 - $ 12,263) relevant to subsidiary Grupo Disco del Uruguay S.A.

(d) Investments in equity securities of Fondo Valorar Futuro to manage liquidity in amount of $1,286 (2016 - $1,142), which are measured at fair value based on the Fondo's unit value. Changes in fair value are recognized as revenue or expense in the statement of income.

(2) Derivatives designated as hedge instruments reflect the fair value of swap contracts for 100% of liabilities denominated in US Dollars at a fixed interest rate, of Companhia Brasileira de Distribuição – CBD, exception made of DCCI (Direct consumer credit through an intermediary). The fair value is measured by exchanging such instruments at a floating IDC rate. The term of these contracts equals that of the debt and they hedge both principal and interests. The average annual IDC rate at December 31, 2017 was 9.93% (2016 - 14.00%). The fair values of these instruments are determined based on valuation models, commonly used by market participants.

The detail of maturities of these instruments is as follows:

	Derivative	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
December 31, 2017	*Swap*	-	-	-	-	25,533	**25,533**
December 31, 2016	*Swap*	54,327	-	-	34,070	8,287	**96,684**

(3) Financial assets measured at amortized cost mainly relate to investments in bonds issued by Compañía de Financiamiento Tuya S.A. in amount of $44,870, which the Parent has the intention and capability of maintaining until maturity. Such investments are part of the corporate collaboration agreement on Tarjeta Éxito. At December 31, 2017 the nominal value amounts to $44,500 (2016 - $74,500) and maturities go from 1 to 10 years yielding CPI + 6%. Compañía de Financiamiento Tuya S.A. was capitalized in November and December 2017 maintaining the Parent's 50% interest in this company; bonds were used to pay for this capitalization in amount of $30,000.

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

	December 31, 2017	December 31, 2016
Carnes y Derivados S.A.	12	12
Sociedad de Acueducto, Alcantarillado y Aseo de Barranquilla S.A. E.S.P.	14	14
Central de Abastos del Caribe S.A.	71	71
La Promotora S.A.	50	50
Associated Grocers of Florida, Inc.	113	101
Total	**260**	**248**

(5) Derivative financial instruments reflect the fair value of forward contracts, to cover the fluctuation in the exchange rates of liabilities in foreign currency. The fair values of these instruments are estimated based on valuation models commonly applied by market participants who use variables other than prices quoted, directly or indirectly perceptible for assets or liabilities. In the statement of financial position, the Parent measures the derivative financial instruments (forward) at fair value, on each accounting closing date. The variation between December 31, 2017 and December 31, 2016 relates to the decrease in the valuation of closing rates for forwards and swaps, below the average of the rates agreed upon with various financial players, giving rise to an obligation (a liability) but not to a right (an asset).

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**

The detail of maturities of these instruments at December 31, 2016 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	41	1,219	309	-	-	1,569
Swap	-	2,279	952	-	4,747	7,978
	41	**3,498**	**1,261**	-	**4,747**	**9,547**

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

	December 31, 2017	December 31, 2016
Derivative financial instruments	5,934	4,800
Financial assets measured at amortized cost	5,435	7,452
Financial assets measured at fair value through income	219	12,493
Derivative financial instruments designated as hedge instruments	-	88,397
Total current	**11,588**	**113,142**
Financial assets measured at fair value through income	701,628	609,792
Financial assets measured at amortized cost	40,342	67,768
Derivative financial instruments designated as hedge instruments	25,533	8,287
Financial assets measured at fair value through other comprehensive income	260	248
Derivative financial instruments	-	4,747
Total non-current	**767,763**	**690,842**

At December 31, 2017 and 2016 no restrictions or liens have been imposed on other financial assets that limit negotiability or realization thereof, exception made of (a) the investment in bonds of Compañía de Financiamiento Tuya S.A., which were issued under a corporate collaboration agreement on Tarjeta Éxito; (b) legal and tax deposits of subsidiary Companhia Brasileira de Distribuicao - CBD intended for payment of certain legal claims filed against it and (c) legal deposits of subsidiary Libertad S.A.

None of the assets was impaired at December 31, 2017 and 2016.

Note 13. Property, plant and equipment, net

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

	December 31, 2017	December 31, 2016
Land	2,546,325	2,496,768
Buildings	4,319,415	4,164,276
Machinery and equipment	2,792,992	3,318,480
Furniture and fixtures	1,642,094	1,562,913
Assets under construction	265,658	291,473
Premises	854,328	770,937
Improvements to third party properties	5,293,545	4,986,744
Vehicles	20,459	21,266
Computers	834,767	227,424
Other property, plant and equipment	183,382	170,752
Total property, plant and equipment	**18,752,965**	**18,011,033**
Accumulated depreciation	(6,245,197)	(5,754,377)
Impairment	(2,350)	
Total net property, plant and equipment	**12,505,418**	**12,256,656**

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

Cost	Land	Buildings	Machinery and equipment	Furniture and fixtures	Assets under construction	Premises	Improvements to third party properties	Vehicles	Computers	Other property, plant and equipment	Total
Balance at December 31, 2016	**2,496,768**	**4,164,276**	**3,318,480**	**1,562,913**	**291,473**	**770,937**	**4,986,744**	**21,266**	**227,424**	**170,752**	**18,011,033**
Additions	59	100,241	174,661	66,258	774,274	103,798	292,113	306	8,344	38,254	1,558,308
Loan costs (1)	-	14,795	-	-	-	-	-	-	-	-	14,795
Increase (decrease) from movements between property, plant and equipment accounts	7,664	85,200	152,656	97,768	(704,365)	4,291	347,752	3,941	15,525	(10,432)	-
Increase from transfers from other investment properties	157,848	380,397	-	-	-	-	-	-	-	-	538,245
Increase (decrease) from transfers from (to) other balance sheet accounts	-	3,569	(593,417)	1,055	(20,781)	8,307	1,783	700	607,133	648	8,997
(Disposal) from the sale of property, plant and equipment	(48,598)	(217,655)	(135,683)	(29,020)	(4,325)	(16,939)	(178,467)	(5,537)	(749)	(6,937)	(643,910)
(Derecognition) of property, plant and equipment	-	(136,938)	(43,058)	(9,175)	(297)	(7,450)	(41,291)	(1)	(4,803)	(338)	(243,351)
Increase (decrease) from classification to non-current assets held for trading	(20,343)	189	(40,102)	(23,301)	(69,188)	5,470	(17,600)	697	-	(5,035)	(169,213)
Effect of exchange differences from translation to reporting currency	(47,073)	(74,659)	(40,546)	(24,404)	(990)	(14,086)	(97,726)	(913)	(18,394)	(3,530)	(322,321)
Other changes	-	-	1	-	(143)	-	237	-	287	-	382
Balance at December 31, 2017	**2,546,325**	**4,319,415**	**2,792,992**	**1,642,094**	**265,658**	**854,328**	**5,293,545**	**20,459**	**834,767**	**183,382**	**18,752,965**
Accumulated depreciation											
Balance at December 31, 2016		**1,106,176**	**1,600,014**	**787,678**		**316,431**	**1,696,454**	**10,907**	**138,381**	**98,336**	**5,754,377**
Depreciation expense/cost		94,275	296,049	125,929		50,276	270,883	3,261	31,666	20,110	892,449
(Decrease) increase from transfers from (to) other balance sheet accounts		(254)	(428,006)	(369)		466	(5,790)	(118)	434,239	508	676
Increase from transfers from other investment properties		25,258	-	-		-	-	-	-	-	25,258
(Disposal) from the sale of property, plant and equipment		(32,146)	(88,796)	(18,587)		(3,008)	(58,766)	(29)	(212)	(5,592)	(207,136)
(Derecognition) of property, plant and equipment		(63,026)	(20,570)	(5,887)		(3,813)	(10,253)	(2)	(4,639)	(340)	(108,530)
Effect of exchange differences from translation to reporting currency		(23,671)	(20,646)	(13,234)		(5,599)	(33,231)	(532)	(13,015)	(2,296)	(112,224)
Other changes		10	(409)	(116)		-	708	(60)	194	-	327
Balance at December 31, 2017		**1,106,622**	**1,337,636**	**875,414**		**354,753**	**1,860,005**	**13,427**	**586,614**	**110,726**	**6,245,197**
Impairment											
Balance at December 31, 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impairment loss	-	1,787	-	-	-	548	-	-	-	-	2,335
Effect of exchange differences from translation to reporting currency	-	11	-	-	-	4	-	-	-	-	15
Balance at December 31, 2017	**-**	**1,798**	**-**	**-**	**-**	**552**	**-**	**-**	**-**	**-**	**2,350**

(1) The rate used to determine the amount of loan costs capitalized was 8.681%, calculated with the weighted average of loan costs applicable to borrowings, outstanding at the closing of December 31, 2017.

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

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

	December 31, 2017	December 31, 2016
Computers	4,636	7,366
Buildings	18,480	18,416
Machinery and equipment	5,460	8,907
Furniture and fixtures	3,394	5,525
Other property, plant and equipment	13,331	14,119
Premises	357	-
Total property, plant and equipment, net of depreciation	**45,658**	**54,333**

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

At December 31, 2017, Companhia Brasileira de Distribuição - CBD has assets delivered as collateral to third parties to secure lawsuits in amount of $782,153 (2016 - $794,652).

Except for the above, at December 31, 2017 and 2016 no restrictions or liens have been imposed on items of property, plant and equipment that limit realization or tradability thereof, and there are no commitments to acquire, build or develop property, plant and equipment.

During the year ended December 31, 2017 $903 (2016 - $6,588) were received as insurance compensation for assets damaged, and $71,319 (2016 - $0) were recorded as result of the insurance companies' willingness to pay for assets damaged.

During the year ended December 31, 2017 an impairment loss was recognized on the Torre Sur Building owned by the Parent in amount of $1,481 arising from demolition thereof, and an impairment loss as recognized on real estate owned by subsidiary Mercados Devoto S.A. in amount of $2,335. (Note 32).

No impairment of other items of property, plant and equipment was recognized at December 31, 2017 and 2016.

Information about the methodology applied to test for impairment is disclosed in Note 37.

Note 14. Investment property, net

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

The net balance of investment properties is made as follows:

	December 31, 2017	December 31, 2016
Land	329,077	489,048
Buildings	1,031,395	1,319,568
Construction in progress	243,070	135,859
Total cost of investment property	**1,603,542**	**1,944,475**
Accumulated depreciation	(106,669)	(100,882)
Total investment property, net	**1,496,873**	**1,843,593**

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, 2016	**489,048**	**1,319,568**	**135,859**	**1,944,475**
Additions	3	40,832	183,381	224,216
Capitalization of loan costs (1)	-	-	11,208	11,208
Increase (decrease) from movements between investment property accounts.	-	84,729	(84,729)	-
(Decrease) from transfers (to) property, plant and equipment	(157,848)	(380,227)	(170)	(538,245)
(Derecognition) of investment property (2)	(43)	(1,781)	-	(1,824)
Effect of exchange differences from translation into reporting currency	(2,083)	(31,822)	(2,479)	(36,384)
Other changes	-	94	-	94
Balance at December 31, 2017	**329,077**	**1,031,395**	**243,070**	**1,603,542**

Accumulated depreciation	Buildings
Balance at December 31, 2016	**100,882**
Depreciation expense	34,965
Derecognition from sale	(20)
(Decrease) from transfers (to) property, plant and equipment	(25,258)
Effect of exchange differences from translation into reporting currency	(3,900)
Other changes	-
Balance at December 31, 2017	**106,669**

(1) The rate used to determine the amount of loan costs capitalized was 8.681%, calculated with the weighted average of loan costs applicable to borrowings, outstanding at the closing of December 31, 2017.

(2) Includes the sale of investment property by subsidiary Companhia Brasileira de Distribuição - CBD in amount of $1,608.

At December 31, 2017 and 2016 there are no limitations or liens imposed on investment property that restrict realization or tradability thereof.

At December 31, 2017 and 2016, the Parent and its subsidiaries are not committed to acquire, build or develop investment property or to repair, maintain or improve such property, other than existing constructions. Also, the Company has not received compensations from third parties arising from the damage or loss of investment property, nor has it recognized impairment losses.

Information about the methodology applied to test for impairment is disclosed in Note 37.

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

At December 31, 2017 and 2016 the results in the Parent and its subsidiaries from the use of investment property are as follows:

	December 31, 2017	December 31, 2016
Revenue from leases	206,819	196,822
Operation expenses related to revenue-generating investment properties	(29,228)	(55,180)
Operating expenses related to non-revenue-generating investment properties	(42,476)	(20,545)
Net gain from investment properties	**135,115**	**121,097**

Note 15. Goodwill

The balance of goodwill is as follows:

	December 31, 2017	December 31, 2016 (1)	December 31, 2016 (2)
Companhia Brasileira de Distribuição – CBD (3)	2,498,512	2,550,181	2,550,181
Spice Investment Mercosur S.A. (4)	1,486,206	1,469,304	1,466,948
Carulla Vivero S.A. (5)	827,420	827,420	827,420
Super Inter (6)	453,649	453,649	453,649
Libertad S.A. (3)	121,141	144,913	144,913
Cafam (7)	122,219	122,219	122,219
Other (8)	50,806	50,806	50,806
Total goodwill	**5,559,953**	**5,618,492**	**5,616,136**

(1) Adjusted balances for Spice Investment Mercosur S.A. from the effect on goodwill of the adjustments from the completion of the Purchase Price Allocation process, arising from the acquisition of control of 5 Hermanos Ltda. by subsidiary Mercados Devoto S.A., as set out in IFRS 3 - Business Combinations, as described in subsection (4).

(2) Goodwill balances as shown in the financial statements at December 31, 2016.

(3) Refers to goodwill generated from the business combination completed in August 2015 for the acquisition of the operations of Companhia Brasileira de Distribuição - CBD in Brazil and Libertad S.A. in Argentina, through the Spanish company Onper Investments 2015 S.L.

(4) The balance includes:

- The business combination accomplished by the Parent in 2011 for the acquisition of Uruguayan Spice Investments Mercosur S.A. in amount of $287,844 (2016 - $287,844). The value is the cost attributable in the opening balance in exercise of the exemption of not to restate business combinations.

- Goodwill recognized by Spice Investments Mercosur S.A. in the acquisition of its subsidiaries in Uruguay, pursuant to options offered by IFRS 1 in amount of $268,929 (2016 - $265,135).

- Goodwill from the business combination accomplished by the Parent with Grupo Disco del Uruguay S.A. resulting from the acquisition of control at January 1, 2015 in amount of $925,799 (2016 - $912,742).

- Goodwill from the business combination with Grupo Disco del Uruguay S.A. to acquire Sumelar S.A. in 2016 in amount of $1,244 (2016 - $1,227). Note 6.3.1.

- Goodwill from the business combination carried out in 2016 and completed in 2017 by Mercados Devoto S.A. to acquire 5 Hermanos Ltda. in amount of $2,390 (2016 - $2,356). Note 6.2.1. and Note 6.3.2.

(5) Relates to goodwill from the business combination carried out in 2017 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.

(6) 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.

(7) 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, since December 31, 2015 such goodwill was allocated to Éxito $80,134, to Carulla $29,075 and to Surtimax $13,010.

(8) The balance includes:

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

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

The following is the development of goodwill during 2017:

Balance at December 31, 2016	**5,616,136**
Adjustment from the completion of the price allocation process relevant to the acquisition of 5 Hermanos Ltda. by subsidiary Mercados Devoto S.A.	2,356
Adjusted balance at December 31, 2016	**5,618,492**
Effect of exchange differences from translation to reporting currency	(58,539)
Balance at December 31, 2017	**5,559,953**

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

Goodwill was not impaired at December 31, 2017 and 2016.

Information about the methodology applied to test for impairment is disclosed in Note 37.

Note 16. Intangible assets other than goodwill, net

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

	December 31, 2017	**December 31, 2016**
Trademarks (1)	3,453,343	3,525,265
Rights (2)	1,390,524	1,409,678
Computer software	1,423,838	1,324,953
Customer-related intangible assets (3)	35,183	35,911
Other	82	1,522
Total cost of intangible assets other than goodwill	**6,302,970**	**6,297,329**
Accumulated amortization	(758,939)	(633,907)
Total intangible assets other than goodwill, net	**5,544,031**	**5,663,422**

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

Cost	Trademarks (1)	Rights (2)	Computer software	Customer-related intangible assets (3)	Other	Total
Balance at December 31, 2016	**3,525,265**	**1,409,678**	**1,324,953**	**35,911**	**1,522**	**6,297,329**
Additions	-	6,865	273,492	-	65	**280,422**
Effect of exchange differences from translation to reporting currency	(71,922)	(26,944)	(29,805)	(728)	(6)	**(129,405)**
Transfers	-	925	(9,523)	-	-	**(8,598)**
Transfer to non-current assets held for trading	-	-	(108,186)	-	-	**(108,186)**
Disposals and derecognition	-	-	(27,093)	-	(1,499)	**(28,592)**
Balance at December 31, 2017	**3,453,343**	**1,390,524**	**1,423,838**	**35,183**	**82**	**6,302,970**
Accumulated amortization						
Balance at December 31, 2016		**17**	**626,414**	**5,985**	**1,491**	**633,907**
Amortization expense/cost		4	158,179	4,508	9	**162,700**
Transfers		-	(96)	-	32	**(64)**
Effect of exchange differences from translation to reporting currency		(3)	(16,190)	(231)	(3)	**(16,427)**
Disposals and derecognition		-	(19,678)	-	(1,499)	**(21,177)**
Balance at December 31, 2017		**18**	**748,629**	**10,262**	**30**	**758,939**

(1) The balance relates to the following trademarks:

Operating segment	Banner	Useful life	December 31, 2017	December 31, 2016
Food	Extra (a)	Indefinite	1,618,109	1,651,918
Food	Pão de Açúcar (a)	Indefinite	940,027	959,476
Food	Assaí (a)	Indefinite	672,092	685,998
Uruguay	Miscellaneous (b)	Indefinite	109,839	108,289
Argentina	Libertad (c)	Indefinite	32,145	38,453
Surtimax-Súper Inter	Surtimax (d)	Indefinite	17,427	17,427
Surtimax-Súper Inter	Súper Inter (e)	Indefinite	63,704	63,704
			3,453,343	**3,525,265**

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

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

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

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

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

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

(2) The balance refers to the following rights:

a) $1,363,497 (2016 - $1,384,886) of Companhia Brasileira de Distribuição - CBD, in the food segment, relevant to trade rights acquired as trade usage of paying a "premium" to obtain a rental contract in commercially attractive places.

b) Rights of Libertad S.A. amounting to $41 (2016 - $32).

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

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

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

At December 31, 2017 intangible assets other than goodwill are not restricted or subject to lien that would restrict realization or tradability thereof. In addition, there are no commitments to acquire or develop intangible assets other than goodwill, and no impairment losses have been recognized.

Information about the methodology applied to test for impairment is disclosed in Note 37.

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

	December 31, 2017	December 31, 2016
Software of Companhia Brasileira de Distribuição - CBD	127,201	146,408

Note 17. Investments accounted for using the equity method

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

Company	Classification	December 31, 2017	December 31, 2016
Cnova N.V.	Associate	523,741	686,922
Financiera Itaú CBD - FIC Promotora de Vendas Ltda.	Associate	159,769	290,973
Compañía de Financiamiento Tuya S.A.	Joint venture	126,576	90,192
Puntos Colombia S.A.S. (1)	Joint venture	7,213	-
Total investments accounted for using the equity method		**817,299**	**1,068,087**

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

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

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

Company	Country	Functional currency	Main economic activity	Ownership percentage		Number of shares	
				2017	2016	2017	2016
Cnova N.V.	Holland	Euro	Trade	6.56%	6.56%	117.063.947	117.063.947
Financiera Itaú CBD - FIC Promotora de Vendas Ltda.	Brazil	Brazilian real	Investment	35.76%	35.76%	386.923.764	386.923.764
Compañía de Financiamiento Tuya S.A.	Colombia	Colombian peso	Credit	50%	50%	4.998.827.740	4.124.061.485
Puntos Colombia S.A.S.	Colombia	Colombian peso	Services	50%	-	9.000.000	-

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

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

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

Financial information regarding investments accounted for using the equity method at December 31, 2016:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Revenue from ordinary activities	Result from continuing operations
Cnova N.V.	2,148,130	469,540	2,639,931	44,980	(67,241)	6,263,040	(220,024)
Financiera Itaú CBD - FIC Promotora de Vendas Ltda.	3,738,456	39,594	2,808,446	13,812	955,792	961,467	207,179
Compañía de Financiamiento Tuya S.A.	2,474,730	-	1,393,875	935,756	145,099	857,706	10,156

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

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

Cnova N.V.

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

Financiera Itaú CBD - FIC Promotora de Vendas Ltda.

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

Compañía de Financiamiento Tuya S.A.

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

Puntos Colombia S.A.S.

Joint venture established on April 19, 2017 under Colombian law. Its purpose is the design, development, implementation, operation and administration of a loyalty program for the development of loyalty strategies applicable to the customers of alliance partners, through the recognition, accumulation, issue and redemption of loyalty points, as well as the purchase and sale of loyalty points. Its main place of business is at Carrera 48 No. 26 - 85, Medellín, Colombia. The company's life span is indefinite.

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

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

	December 31, 2017					
Companies	**Shareholders' equity**	**Equity base to apply the method**	**Ownership percentage**	**Value of Parent ownership**	**Fair value**	**Book value**
Cnova N.V.	-	-	34.05%	-	523,741	523,741
Financiera Itaú CBD - FIC Promotora de Vendas Ltda.	589,096	446,781	35.76%	159,769	-	159,769
Compañía de Financiamiento Tuya S.A.	217,868	253,152	50.00%	126,576	-	126,576

	December 31, 2016					
Companies	**Shareholders' equity**	**Equity base to apply the method**	**Ownership percentage**	**Value of Parent ownership**	**Fair value**	**Book value**
Cnova N.V.	-	-	34.05%	-	686,922	686,922
Financiera Itaú CBD - FIC Promotora de Vendas Ltda.	955,792	813,684	35.76%	290,973	-	290,973
Compañía de Financiamiento Tuya S.A.	145,099	180,384	50.00%	90,192	-	90,192

The dividends received from associates and joint ventures during 2017 amounted to $263,901 (2016 - $24,581).

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

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

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

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

Note 18. Changes in the classification of financial assets

During the year ended December 31, 2017, there were no material changes in the classification of financial assets, arising from a change in the purpose or use of such assets.

Note 19. Financial liabilities

The balance of financial liabilities is as follows:

	December 31, 2017	December 31, 2016
Bank overdrafts	26,694	-
Bank loans (1)	1,392,963	2,546,724
Put option (2)	426,479	364,867
Finance leases	49,242	41,415
Letters of credit	11,396	10,105
Total current financial liabilities	**1,906,774**	**2,963,111**
Bank loans (1)	3,928,804	4,179,703
Finance leases	141,325	175,176
Total non-current financial liabilities	**4,070,129**	**4,354,879**

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

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

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

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

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

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

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

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

The balance also includes short-term loans acquired by Companhia Brasileira de Distribuição - CBD in amount of $665,134 (2016 - $2,118,766) and long-term loans in amount of $722,092 (2016 - $855,435).

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

Below is a detail of annual maturities of outstanding non-current bank loans and finance leases for the period ended December 31, 2016 discounted at present value:

Year	Total
2019	1,159,290
2020	1,975,311
2021	256,674
>2022	678,854
	4,070,129

Note 19.1. Commitments undertaken under credit contracts (financial obligations)

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

The Parent must pay in advance such obligations without accruing any prepayment commission or penalty, in the following events:

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

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

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

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

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

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

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

Note 19.3. Net financial debt

In accordance with the obligations taken on by the Parent arising from the borrowings to acquire control of Companhia Brasileira de Distribuição – CBD and Libertad S.A., below is an estimation of the net financial debt:

	December 31, 2017	December 31, 2016
Current liabilities		
Current financial liabilities (1)	(1,906,774)	(2,963,111)
Other current financial liabilities (2) (Note 24)	(513,261)	(709,130)
Other current financial assets (3) (Note 12)	5,934	93,197
Non-current liabilities		
Non-current financial liabilities (1)	(4,070,129)	(4,354,879)
Other non-current financial liabilities (2) (Note 24)	(2,302,008)	(1,835,159)
Other current financial assets (3) (Note 12)	25,533	13,034
Contingent liabilities		
Guarantees granted and letters of credit (4)	(2,813)	(9,058)
Total gross liabilities	**(8,763,518)**	**(9,765,106)**
Cash and cash equivalents	**5,281,618**	**6,117,844**
Total net liabilities	**(3,481,900)**	**(3,647,262)**
Ebitda (a)	**3,680,063**	**2,914,981**
Adjustment to recurring Ebitda (b)	**(247,920)**	**(274,888)**
Adjusted recurring Ebitda	**3,432,143**	**2,640,093**
Net liabilities/Adjusted recurring Ebitda	**1.01**	**1.38**

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

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

The calculation of the consolidated net financial debt includes the following balances:

(1) Current financial liabilities:

	December 31, 2017	December 31, 2016
Bank loans	1,392,963	2,546,724
Put option	426,479	364,867
Finance leases	49,242	41,415
Bank overdrafts	26,694	-
Letters of credit	11,396	10,105
Total current financial liabilities	**1,906,774**	**2,963,111**

Non-current financial liabilities:

	December 31, 2017	December 31, 2016
Bank loans	3,928,804	4,179,703
Finance leases	141,325	175,176
Total non-current financial liabilities	**4,070,129**	**4,354,879**

(2) Other current financial liabilities:

	December 31, 2017	December 31, 2016
Bonds issued	433,501	34,990
Derivative financial instruments	79,760	186,115
Trade papers	-	488,025
Total other current financial liabilities	**513,261**	**709,130**

Other non-current financial liabilities:

	December 31, 2017	December 31, 2016
Bonds issued	2,286,206	1,753,208
Derivative financial instruments	15,802	81,951
Total other non-current financial liabilities	**2,302,008**	**1,835,159**

(3) Other current financial assets:

	December 31, 2016	December 31, 2015
Derivative financial instruments	5,934	4,800
Derivative financial instruments designated as hedge instruments	-	88,397
Total other current financial assets	**5,934**	**93,197**

Other non-current financial assets:

	December 31, 2016	December 31, 2015
Derivative financial instruments designated as hedge instruments	25,533	8,287
Derivative financial instruments	-	4,747
Total other non-current financial assets	**25,533**	**13,034**

(4) The Parent and its subsidiaries have unused open letters of credit in amount of $182 (2016 - $8,996). Additionally, the Parent issued financial guarantees on behalf of some of its subsidiaries in amount of $2,631 (2016 - $62).

Note 20. Employee benefit provisions

The balance of employee benefit provisions is:

	December 31, 2017	December 31, 2016
Defined benefit plans (20.1)	29,986	28,244
Long-term benefit plan (20.2)	2,016	1,904
Total employee benefit provisions	**32,002**	**30,148**
Current	**3,464**	**3,276**
Non-current	**28,538**	**26,872**

Note 20.1. Defined benefit plans

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

a. Retirement pension plan

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

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

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

b. Retroactive severance pay plan

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

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

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

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

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

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

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

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

Balances and development:

The following are balances and development of defined benefit plans:

	Retirement pensions	Retroactive severance pay	Old-age pension and disability retirement bonus	Total
Balance at December 31, 2016	**20,676**	**1,080**	**6,488**	**28,244**
Cost of services	-	31	353	384
Interest expense	1,465	70	478	2,013
Actuarial loss from changes in experience	958	120	8	1,086
Actuarial loss from financial assumptions	904	33	373	1,310
Benefits directly (paid) by the Parent and its subsidiaries	(2,292)	(205)	(394)	(2,891)
Other changes	-	-	(160)	(160)
Balance at December 31, 2017	**21,711**	**1,129**	**7,146**	**29,986**

Variables used to make the calculations:

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

	December 31, 2017			December 31, 2016		
	Retirement pensions	Retroactive severance pay	Old-age pension and disability retirement bonus	Retirement pensions	Retroactive severance pay	Old-age pension and disability retirement bonus
Discount rate	6.90%	6.40%	6.90%	7.50%	7.20%	7.60%
Annual salary increase rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Future annuity increase rate	3.50%	-	-	3.50%	-	-
Annual inflation rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Death rate - men (years)	60-62	60-62	60-62	60-62	60-62	60-62
Death rate - women (years)	55-57	55-57	55-57	55-57	55-57	55-57
Death rate - men	0.001117% - 0.034032%	0.001117% - 0.034032%	0.001117% - 0.034032%	0.001117% - 0.034032%	0.001117% - 0.034032%	0.001117% - 0.034032%
Death rate - women	0.000627% - 0.019177%	0.000627% - 0.019177%	0.000627% - 0.019177%	0.000627% - 0.019177%	0.000627% - 0.019177%	0.000627% - 0.019177%

Employee turnover, disabilities and early retirement rates:

Years of service	December 31, 2017	December 31, 2016
From 0 to less than 5	34.26%	34.26%
From 5 to less than 10	16.68%	16.68%
From 10 to less than 15	9.82%	9.82%
From 15 to less than 20	7.32%	7.32%
From 20 to less than 25	5.62%	5.62%
25 and more	4.24%	4.24%

Sensitivity analysis:

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

Variation expressed in basis points	December 31, 2017 Retirement pensions	December 31, 2017 Retroactive severance pay	December 31, 2017 Old-age pension and disability retirement bonus	December 31, 2016 Retirement pensions	December 31, 2016 Retroactive severance pay	December 31, 2016 Old-age pension and disability retirement bonus
Discount rate + 25	(386)	(11)	(135)	(359)	(11)	(123)
Discount rate - 25	398	11	139	371	11	127
Discount rate + 50	(758)	(21)	(265)	(706)	(22)	(242)
Discount rate - 50	811	22	283	754	23	258
Discount rate + 100	(1,468)	(41)	(513)	(1,368)	(43)	(468)
Discount rate - 100	1,679	44	586	1,560	47	534
Annual salary increase rate + 25	N/A	18	N/A	N/A	21	N/A
Annual salary increase rate - 25	N/A	(18)	N/A	N/A	(20)	N/A
Annual salary increase rate + 50	N/A	37	N/A	N/A	41	N/A
Annual salary increase rate - 50	N/A	(36)	N/A	N/A	(40)	N/A
Annual salary increase rate + 100	N/A	75	N/A	N/A	84	N/A
Annual salary increase rate - 100	N/A	(71)	N/A	N/A	(79)	N/A

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

Year	December 31, 2017 Retirement pensions	December 31, 2017 Retroactive severance pay	December 31, 2017 Old-age pension and disability retirement bonus	December 31, 2016 Retirement pensions	December 31, 2016 Retroactive severance pay	December 31, 2016 Old-age pension and disability retirement bonus
2017	-	-	-	2,338	140	536
2018	2,356	168	715	2,268	109	370
2019	2,346	125	527	2,277	160	466
>2019	41,470	1,189	12,605	39,317	1,114	12,399
Total	**46,172**	**1,482**	**13,847**	**46,200**	**1,523**	**13,771**

Other considerations:

The average duration of the liability for defined benefit plans at December 31, 2017 is 7.9 years (2016 - 7.9 years).
The Parent and its subsidiaries have no specific assets intended for guaranteeing the defined benefit plans.
The defined contribution plan expense at December 31, 2017 amounted to $133,829 (2016 - $127,071).

Note 20.2. Long-term benefit plan

The long-term benefit plan involves a time-of-service bonus payable to the employees of the Parent (and until 2016 to the employees of subsidiaries Distribuidora de Textiles y Confecciones S.A. and Logística, Transporte y Servicios Asociados S.A.S.) associated to years of service.

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

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

Balances and development:

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

Balance at December 31, 2016	**1,904**
Cost of services	93
Interest expense	119
Actuarial loss from changes in experience	4
Actuarial loss from financial assumptions	71
Benefits directly (paid) by the Parent	(175)
Balance at December 31, 2017	**2,016**

Variables used to make the calculations:

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

	December 31, 2017	December 31, 2016
Discount rate	6.60%	7.30%
Annual salary increase rate	3.50%	3.50%
Annual inflation rate	3.50%	3.50%
Death rate - men	0.001117% - 0.034032%	0.001117% - 0.034032%
Death rate - women	0.000627% - 0.019177%	0.000627% - 0.019177%

Employee turnover, disabilities and early retirement rates:

Years of service	**December 31, 2017**	**December 31, 2016**
From 0 to less than 5	34.26%	34.26%
From 5 to less than 10	16.68%	16.68%
From 10 to less than 15	9.82%	9.82%
From 15 to less than 20	7.32%	7.32%
From 20 to less than 25	5.62%	5.62%
25 and more	4.24%	4.24%

Sensitivity analysis:

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

Variation expressed in basis points	**December 31, 2017**	**December 31, 2016**
Discount rate + 25	(26)	(25)
Discount rate - 25	26	25
Discount rate + 50	(51)	(49)
Discount rate - 50	54	51
Discount rate + 100	(100)	(95)
Discount rate - 100	110	105
Annual salary increase rate + 25	27	26
Annual salary increase rate - 25	(27)	(26)
Annual salary increase rate + 50	55	53
Annual salary increase rate - 50	(53)	(51)
Annual salary increase rate + 100	112	108
Annual salary increase rate - 100	(103)	(99)

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

Year	**December 31, 2017**	**December 31, 2016**
2017	-	225
2018	225	237
2019	360	341
> 2019	2,443	2,217
Total	**3,028**	**3,020**

Other considerations:

The average duration of the liability for long-term benefits at December 31, 2017 is 5.6 years (2016 - 5.6 years).

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

The long-term benefit plan expense at December 31, 2017 amounted to $143 (2016 - revenue in amount of $9,382).

Note 21. Other provisions

The balance of other provisions is made as follows:

	December 31, 2017	December 31, 2016
Legal proceedings (1)	438,918	426,960
Taxes other than income tax (2)	1,974,396	2,221,272
Restructuring (3)	3,866	6,824
Other (4)	69,369	88,118
Total other provisions	**2,486,549**	**2,743,174**
Current (21.1)	**29,329**	**36,545**
Non-current (21.1)	**2,457,220**	**2,706,629**

At December 31, 2017 and 2016 the Parent and its subsidiaries did not recognize provisions for contracts for consideration.

The detail of provisions is as follows:

(1) Provisions for lawsuits are recognized to cover estimated potential losses arising from lawsuits brought against the Parent and its subsidiaries, related with labor, civil, administrative and regulatory matters, which are assessed based on the best estimation of cash outflows required to settle a liability on the date of preparation of the financial statements. The balance is comprised of $308,677 (2016 - $288,912) for labor proceedings, $98,734 (2016 - $107,797) for civil proceedings, $31,447 (2016 - $30,183) for administrative and regulatory proceedings and $60 (2016 - $68) for other proceedings.

Provisions for labor lawsuits mainly include the Parent's proceedings in amount of $8,965 (2016 - $10,155) and subsidiary Companhia Brasileira de Distribuição - CBD and its subsidiaries' proceedings in amount of $299,273 (2016 - $278,082; the later are updated using a table provided by the TST ('Tribunal Superior do Trabalho') plus a monthly interest of 1%.

Provisions for civil proceedings mainly include Parent's legal proceedings in amount of $3,710 (2016 - $5,415) and subsidiary Companhia Brasileira de Distribuição - CBD and its subsidiaries' legal proceedings in amount of $94,724 (2016 - $100,367).

The balance of proceedings of subsidiary Companhia Brasileira de Distribuição - CBD and its subsidiaries includes the following legal proceedings:

(a) Legal actions seeking the revision of contracts and renewals on lease instalments agreed upon. A provision is recognized for the difference between amounts paid and amounts disputed by the counterparty in the legal action, when in the opinion of in-house and external counsels there is a probability of adjustment to the instalments paid. At December 31, 2017, the provisions to protect against such legal actions amounted to $55,030 (2016 - $45,119) for which there are no legal deposits covering said amount; should there be such deposits, they are recognized as other financial assets.

Provisions for administrative and regulatory proceedings relate to legal actions of subsidiary Companhia Brasileira de Distribuição - CBD. Balance includes the following lawsuits:

(a) Fines imposed by regulatory agencies, mainly Brazilian consumer defense agencies PROCONs and INMETRO, and local mayor's offices. At December 31, 2017, such provision amounted to $30,673 (2016 - $29,466).

(2) Provisions for taxes other than income tax include $1,960,203 (2016 - $2,205,399) relevant to tax legal proceedings of Companhia Brasileira de Distribuição - CBD and its subsidiaries, which are subject to monthly monetary adjustment at index rates used by each tax authority; $10,288 (2016 - $11,091) for tax legal proceedings of the Parent, and $3,905 (2016 - $4,782) for other proceedings of subsidiary Libertad S.A.

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

- Industry and trade tax in amount of $2,217 (2016 - $4,986).
- Tax on real estate property in amount of $2,926 (2016 - $5,571).
- VAT payable in amount of $5,145 (2016 - $534).

Regarding industry and trade provisions, the decrease as compared to 2016 results from an appeal ruling by the Council of State in July 2017 favorable to the Parent, in a lawsuit related with the industry and trade tax filed in 2005 in the municipality of Neiva; also, in December 2017 a favorable ruling for the Parent was issued in a lawsuit related with the collection of stamp tax based on the industry and trade tax amounting to $766 in Barranquilla.

Regarding provisions related with tax on real estate property, the decrease as compared to 2016 is because certain cadastral claims on some lands owned by the Parent in amount of $2,774 were closed in December 2017.

Regarding provisions related with VAT payable, the increase as compared to 2016 results from new tax claims filed. At December 31, 2017, based on the Parent's management analyses, decision was made to increase the provision in $4,611.

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

- Social contribution for the funding of social security - COFINS and social integration program - PIS: Under the non-cumulative system to calculate PIS and COFINS, a request was filed claiming right to exclude the value of the Impuesto a la Circulación de Mercaderías y Servicios - ICMS (Tax on the Movement of Goods and Services) from the basis to assess these two contributions and other less relevant matters. The value of the provision at December 31, 2017 is $66,758 (2016 - $136,279).

- Tax on the circulation of goods and services (ICMS): By means of a ruling dated October 16, 2014, the Higher Federal Court (STF) defined that ICMS taxpayers who trade basic basket products are not entitled to fully apply the credits arising from such tax; consequently, with the support of external advisors, it was deemed appropriate to recognize a provision in amount of $128,104 (2016 - $140,883).

- Complementary Law No. 110/2001: The right of not to recognize the contributions set forth in Complementary Law No. 110/2001, established to support the costs of the Fundo de Garantia do Tempo de Serviço (FGTS) is being discussed through judicial action. The value of the provision at December 31, 2017 is $64,052 (2016- $70,902).

Other provisions relate to the following proceedings, in amount of $165,090 (2016 - $327,805):

(i) Proceedings referred to the purchase, industrialization and export of soy and derivative products (PIS, CONFIS and IRPJ);
(ii) Investigation regarding the failure to apply the Fator Acidentário de Prevenção (FAP) for 2011;
(iii) Investigations related with procurement from suppliers deemed disqualified from the registry with Secretaria da Fazenda Estadual, mistake in application of aliquot and ancillary obligations by state tax authorities;
(iv) Tax provisions of e-commerce companies abroad, and
(v) Provisions relevant to Bartira's business combination.

- Provisions were recognized for taxes other than income tax in amount of $1,385,499 (2016 - $1,529,530), relevant to the adjustment arising from the purchase price allocation process of subsidiaries Companhia Brasileira de Distribuição - CBD and Libertad S.A.

  Provisions recognized relate to proceedings associated with the following taxes:

  - Tax on the Movement of Goods and Services - ICMS in amount of $1,178,986 (2016 - $1,212,167);
  (ii) Social Contribution for the Funding of Social Security - COFINS in amount of $106,807 (2016 - $165,200);
  (iii) Tax on industrial products - IPI in amount of $68,058 (2016 - $69,467);
  (iv) Brazilian tax on real estate property - IPTU in amount of $31,087 (2016 - $31,730), and
  (v) Provisional Contribution on Financial Transactions - CPMF in amount of $0 (2016 - $50,393);
  (vi) Other in amount of $561 (2016 - $573).

(3) The restructuring provision relates to the reorganization processes announced to Parent's employees of stores and distribution centers in amount of $1,268 (2016 - $3,141) and to the employees of subsidiary Companhia Brasileira de Distribuição CBD in amount of $2,598 (2016 - $3,683) that will affect the Parent's and this subsidiary's activities and operations. The provision is estimated based on the cash outflows required, directly associated with the restructuring plan. The disbursement and plan implementation date are expected to occur in 2017. The restructuring provision was recognized in period results as other expenses.

(4) The balance of provisions includes:

Provisions were recognized in amount of $64,950 (2016 - $80,500) because of the Purchase Price Allocation process of subsidiaries Companhia Brasileira de Distribuição - CBD and Libertad S.A., covering external counsel fees related with the defense of tax proceedings, whose compensation is tied to a success fee upon the legal closing thereof. Such percentages may vary, in accordance with qualitative and quantitative factors of each proceeding.

(b) Provision to protect against reduction of goods "VMI" at the Parent in amount of $3,817 (2016 - $5,599).

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

	Legal proceedings	Taxes other than income tax	Restructuring	Other	Total
Balance at December 31, 2016	**426,960**	**2,221,272**	**6,824**	**88,118**	**2,743,174**
Increase	1,060,981	154,846	32,489	5,354	1,253,670
Uses	(665)	-	-	(353)	(1,018)
Payments	(380,993)	(34,235)	(29,744)	(3,821)	(448,793)
Reversals (not used)	(504,096)	(205,888)	(5,673)	(18,494)	(734,151)
Increase from updating based on the passage of time	143,350	11,096	-	-	154,446
Effect of exchange differences from translation to reporting currency	(9,061)	(40,468)	(30)	(1,435)	(50,994)
(Decrease) from classification to non-current assets held for trading	(297,742)	(11,096)	-	-	(308,838)
Other changes	184	(121,131)	-	-	(120,947)
Balance at December 31, 2017	**438,918**	**1,974,396**	**3,866**	**69,369**	**2,486,549**

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

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

	December 31, 2017	December 31, 2016
Legal proceedings	4,787	6,650
Restructuring	3,866	6,824
Taxes other than income tax	1,179	1,247
Other	19,497	21,824
Total other current provisions	**29,329**	**36,545**
Taxes other than income tax	1,973,217	2,220,025
Legal proceedings	434,131	420,310
Other	49,872	66,294
Total other non-current provisions	**2,457,220**	**2,706,629**

Note 21.2. Forecasted payments of other provisions

Forecasted payments of other provisions for which the Parent and its subsidiaries are responsible at December 31, 2017 are:

	Legal proceedings	Taxes other than income tax	Restructuring	Other	Total
Less than 12 months	4,787	1,179	3,866	19,497	29,329
From 1 to 5 years	188,084	1,637,621	-	49,872	1,875,577
5 years and more	246,047	335,596	-	-	581,643
Total estimated payments	**438,918**	**1,974,396**	**3,866**	**69,369**	**2,486,549**

Note 22. Trade payables and other accounts payable

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

	December 31, 2017	December 31, 2016
Suppliers	10,668,083	9,596,228
Employee benefits	841,596	776,589
Costs and expenses payable	434,516	497,934
Acquisition of property, plant and equipment	221,651	269,213
Dividends payable	84,425	51,711
Taxes collected payable	143,405	-
Other	272,073	345,353
Total current trade payables and other accounts payable	**12,665,749**	**11,537,028**
Acquisition of property, plant and equipment	-	3,683
Other	47,831	38,674
Total non-current trade payables and other accounts payable	**47,831**	**42,357**

Note 23. Income tax

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

Tax regulations in force applicable to the Parent and its Colombian subsidiaries:

a. Until 2016 the applicable income tax rate was 25%; the income tax for equality CREE rate was 9%, and the surcharge on the income tax for equality CREE was 6%.

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

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

b. Until 2016, the taxable base to assess the income tax and the income tax for equality CREE was not less than 3% of the net equity held on the last day of the preceding taxable period. The base was increased to 3.5% as of 2017.

   For 2017, the base to assess the Parent's income tax and income tax for equality CREE is 3% under the tax stability contract.

c. Comprehensive inflation adjustments were eliminated for tax purposes from 2007 onwards, 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 ($31 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 for 2017 to movable assets and real estate deemed fixed assets is 4.07% (2016 - 7.08%).

Tax stability

As of 2007 and until taxable 2009, the deduction of effective investments made in productive fixed assets is 40%, and application thereof does not give rise to taxable profits for 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 December 29, 2010 eliminated the special deduction from investment in productive fixed asset as of taxable 2011. However, the possibility of stabilizing such regulation for a maximum term of three years is authorized to investors who prior to November 1, 2010 filed a request to be part to a tax stability agreement.

Up to 2017, the Parent 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 Tax Stability Contract EJ-03, under Law 963 of July 2005, entered with the Colombian government for ten years as of August 2007.

Tax credits of the Parent and its Colombian subsidiaries

Pursuant to tax regulations in force as of 2007 and until 2016, companies were entitled to offset tax losses adjusted for tax purposes against ordinary net income without prejudice to the presumptive income for the period, with no limitation as to percentage and at any time. 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 2007 may be offset against ordinary net income assessed within the following five (5) years adjusted for tax purposes.

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, for 2017 and 2016 the Parent and subsidiaries Distribuidora de Textiles y Confecciones S.A.S. and Logística, Transporte y Servicios Asociados S.A.S. assessed their income tax liability using the presumptive income method; and for 2016, they assessed their income tax for equality CREE liability using he net income method.

Pursuant to sections 188 and 189 of the Tax Code, for 2017 and 2016 the Parent and subsidiaries Almacenes Éxito Inversiones S.A.S., Éxito Viajes y Turismo S.A.S. and Gemex O&W S.A.S. assessed their income tax liability using the ordinary income method; and for 2016, they assessed their income tax for equality CREE liability using he net income method.

At December 31, 2017, the Parent has accrued excess presumptive income over net income in amount of $292,344 (2016 - $155,352) and excess presumptive income over income tax for equality CREE in amount of $0 (2016 - $115,570).

At December 31, 2017, the subsidiaries have accrued excess presumptive income over net income in amount of $5,579 (2016 - $588) and have no excess presumptive income over income tax for equality CREE. The detail of excess presumptive income over net income is as follows:

	December 31, 2017	December 31, 2016
Distribuidora de Textiles y Confecciones S.A.S.	5,578	587
Gemex O&W S.A.S.	1	1
Total	**5,579**	**588**

At December 31, 2017, the Parent has accrued tax losses amounting to $245,681 (2016 - $0).

At December 31, 2017, the subsidiaries have accrued tax losses amounting to $70,655 (2016 - $73,637). The detail of tax losses is as follows:

	December 31, 2017	December 31, 2016
Distribuidora de Textiles y Confecciones S.A.S.	50,933	50,802
Logística, Transporte y Servicios Asociados S.A.S.	882	3,228
Almacenes Éxito Inversiones S.A.S.	933	9,731
Gemex O&W S.A.S.	17,907	9,876
Total	**70,655**	**73,637**

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 including offsetting of tax losses will be closed in 6 years.

The Parent's income tax return and income tax for equality CREE return for 2016 are open for review for 3 years counted as of filing date; the income tax return and the income tax for equality CREE return for 2015 are open for review for 2 years as of filing date.

For subsidiary Distribuidora de Textiles y Confecciones S.A.S., the income tax return for 2016 containing tax losses is open for review during the same term available to offset the tax loss generated; income tax returns for 2014 and 2015 are open for review for 5 years; income tax for equality CREE returns for taxable 2014 and 2015 are open for review for 2 years as of filing date.

For subsidiary Almacenes Éxito Inversiones S.A.S., the income tax returns for 2013, 2014, 2015 and 2016 are open for review for 5 years as of filing date; income tax for equality CREE returns for taxable 2015 and 2016 are open for review for 2 years as of filing date.

For subsidiary Gemex O&W S.A.S., the income tax return for 2016 containing tax losses is open for review for 6 years as of filing date; the income tax return and the income tax for equality CREE returns for taxable 2013, 2014 and 2015 are open for review for 5 years as of filing date.

For subsidiary Logística, Transporte y Servicios Asociados S.A.S., the income tax return for 2017 will be open for review for 3 years; the income tax return for 2016 and the income tax for equality CREE returns for the same year, both of which contain tax losses, are open for review for 6 years as of filing date.

Tax advisors and management of the Parent and its subsidiaries believe no additional taxes will be assessed, other than those for which a provision has been recorded at December 31, 2017.

Transfer pricing

Parent transactions with its controlling entity and foreign related parties have been carried out in accordance with the arm's length principle as if they were independent parties, as required by Transfer Pricing provisions set out by domestic tax regulations. Independent advisors 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 Parent will file an information statement and will make the mentioned survey available by 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 as authorized until 2016.

Note 23.2. Tax regulations applicable to foreign subsidiaries

Tax regulations in force applicable to foreign subsidiaries foresee the following income tax rates:
- Subsidiaries domiciled in Uruguay apply a 25% rate.
- The subsidiary domiciled in Brazil applies a 25% rate, and its subsidiaries apply a 34% rate, and
- Subsidiaries domiciled in Argentina apply a 35% rate.

Note 23.3. Current tax assets and liabilities

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

Current tax assets

	December 31, 2017	December 31, 2016
Current income tax assets of subsidiary Onper Investment 2015 S.L. (1)	392,124	611,161
Income tax balance receivable by Parent and its Colombian subsidiaries (2)	153,155	123,411
Other current tax assets of subsidiary Onper Investment 2015 S.L.	86,654	-
Other current tax assets of subsidiary Spice Investment Mercosur S.A.	40,655	18,281
Tax discounts of Parent from taxes paid abroad	21,288	19,376
Industry and trade tax advances and withholdings.	13,692	12,427
Current income tax assets of subsidiary Spice Investment Mercosur S.A. (3)	12,640	40,531
Income tax for equality - CREE balance receivable from excess assessments	1,392	-
Income tax advances of Parent and its Colombian subsidiaries	1,058	-
Income tax for equality - CREE advances and self-withholdings (4)	-	26,658
Income tax for equality - CREE paid in advance	-	23,097
Other minor items	-	243
Total current tax assets	**722,658**	**875,185**

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

	December 31, 2017	December 31, 2016
Current income tax assets	461,593	627,766
Current income tax liabilities	(69,469)	(16,605)
Total	**392,124**	**611,161**

(2) Income tax balance receivable by Parent and its Colombian subsidiaries is comprised of:

	December 31, 2017	December 31, 2016
Income tax withholdings	207,538	166,438
Less income tax (expense) (Note 23.4)	(54,383)	(43,027)
Total income tax balance receivable	**153,155**	**123,411**

(3) The balance of current income tax assets of subsidiary Spice Investments Mercosur S.A. is comprised of:

	December 31, 2017	December 31, 2016
Current income tax assets	39,279	60,590
Current income tax liabilities	(26,639)	(20,059)
Total	**12,640**	**40,531**

(4) The balance of income tax for equality - CREE advances and self-withholdings is comprised of:

	December 31, 2017	December 31, 2016
Income tax for equality CREE withholdings	-	51,150
Less income tax for equality CREE (expense) (Note 23.4)	-	(24,492)
Total income tax for equality - CREE balance receivable	**-**	**26,658**

Current tax liabilities

	December 31, 2017	December 31, 2016
Taxes of subsidiary Onper Investment 2015 S.L. other than income tax	230,956	245,070
Taxes of subsidiary Spice Investment Mercosur S.A. other than income tax	12,323	11,233
Industry and trade tax payable	44,728	44,719
Other taxes payable	1,369	2,396
Total current tax liabilities	**289,376**	**303,418**

Note 23.4. Income tax

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

	December 31, 2017	December 31, 2016
Earnings before income tax	**974,788**	**380,270**
Add:		
Non-deductible expenses	158,627	14,498
Tax on wealth	19,804	52,622
Receivables written-off (recovery of receivables)	14,255	(4,707)
Tax on financial transactions	7,429	9,313
Net income - recovery of depreciation of fixed assets sold	6,955	21,356
Inventory loss	4,931	-
Taxes taken on and revaluation	4,732	7,259
Fines, penalties and litigation expenses	2,523	3,171
Reimbursement of deduction of income-generating fixed assets arising from the sale of assets	1,989	90,404
Non-deductible taxes	15	19
Presumptive Interests	10	-
Excess presumptive income	-	159,370
Tax losses for the period	-	36,043
Provision for industry and trade tax	-	3,418
Less:		
Subsidiaries effect	(819,351)	(310,718)
Goodwill tax deduction, in addition to the accounting deduction	(279,655)	(18,362)
IFRS adjustments with no tax effects	(193,510)	(52,590)
40% deduction of investment in income-generating assets	(54,363)	(128,076)
Tax-exempt dividends received from subsidiaries	(53,781)	-
Derecognition of gain from the sale of fixed assets reported as occasional gain	(18,993)	(72,984)
Amortization of tax losses	(12,329)	(8,209)
Recovery of provisions	(5,781)	(1,988)
Disabled employee deduction	(1,423)	(811)
Allowance for doubtful accounts	(887)	-
Net income (loss)	**(244,015)**	**179,298**
Presumptive income of the Parent and of certain Colombian subsidiaries for the current period	**149,587**	**-**
Net income of certain Colombian subsidiaries for the current period	**9,698**	**-**
Net taxable income	**159,285**	**179,298**
Income tax rate	33%	25%
Subtotal income tax (expense)	**(52,717)**	**(44,825)**
Occasional gains tax (expense)	(1,097)	(1,988)
Income tax surcharge	(819)	-
Tax discounts	250	3,786
Total income tax (expense)	**(54,383)**	**(43,027)**
Income tax for equality - CREE (expense)	**-**	**(13,868)**
Income tax for equality - CREE surcharge (expense)	**-**	**(10,624)**
Current tax (expense) prior year	**936**	**(1,720)**
Total income tax (expense) of the Parent and its subsidiaries in Colombia	**(53,447)**	**(69,239)**
Total foreign subsidiaries current tax (expense)	**(211,168)**	**(139,610)**
Total current income tax (expense)	**(264,615)**	**(208,849)**

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

	December 31, 2017	December 31, 2016
Current income tax (expense)	(264,615)	(208,849)
Deferred income tax revenue (expense) (Note 23.5)	4,697	41,035
Total income tax revenue (expense)	**(259,918)**	**(167,814)**

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

	December 31, 2017	Rate	December 31, 2016	Rate
Earnings before income tax	**974,788**		**380,270**	
Total tax expense at applicable tax rate	(321,680)	(33%)	(152,108)	(40%)
Tax effect of non-deductible expenses to determine taxable income	(9,161)	(1%)	(146,721)	(38%)
Tax effect of tax rates levied abroad	(211,168)	(22%)	(80,411)	(47%)
Tax effect of excess presumptive income and tax losses	(80,525)	(8%)	(71,566)	(21%)
Other tax effects from the reconciliation of accounting income to tax expense	362,616	37%	282,992	74%
Total revenue (expense) from income tax	**(259,918)**	**39%**	**(167,814)**	**(72%)**

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

	December 31, 2017	December 31, 2016
Net shareholders' equities	5,045,062	5,500,228
Less net shareholders' equities to be excluded	(85,396)	(47,962)
Base shareholders' equities	**4,959,666**	**5,452,266**
Presumptive income	**149,587**	**163,568**

Note 23.5 Deferred tax

The Parent and its subsidiaries recognize deferred taxes receivable or payable, arising from temporary differences representing a lower or higher payment of the current year income tax, estimated at the recovery rates expected (tax rates in force 2017 - 33%; 2018 onwards - 33%), provided there is reasonable expectation that such differences will revert in future. Should there be any deferred tax asset, an analysis will be made of whether the Parent and its subsidiaries will generate enough taxable income in future that allow offsetting the asset, in full or in part.
Deferred tax carried in the statement of financial position and the breakdown of deferred tax assets and liabilities are as follows:

	31 December 2017			December 31, 2016		
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax assets	Deferred tax liabilities	Deferred tax assets
Excess presumptive income and tax losses	202,997	-	202,997	121,734	-	121,734
Other fixed assets	543,121	(442,691)	100,430	587,588	(449,160)	138,428
Buildings	149,233	(85,802)	63,431	132,782	(222,035)	(89,253)
Tax credits	40,771	-	40,771	-	-	-
Other liabilities	37,060	(18,481)	18,579	54,669	(63,161)	(8,492)
Accounts receivable	20,772	(3,619)	17,153	14,380	(11,542)	2,838
Inventories	4,458	-	4,458	31,725	(5,696)	26,029
Deferred charges	87,183	(86,862)	321	108,517	(99,566)	8,951
Non-operating real estate property	103	-	103	103	-	103
Financial liabilities	53,593	(1,516,307)	(1,462,714)	2,019	(1,466,878)	(1,464,859)
Investment property	-	(156,746)	(156,746)	-	(16,150)	(16,150)
Intangible assets	24,297	(167,289)	(142,992)	33,450	(144,935)	(111,485)
Equity investments	239,651	(315,445)	(75,794)	198,624	(272,838)	(74,214)
Construction in progress	145,122	(183,266)	(38,144)	145,193	(167,834)	(22,641)
Land	5,309	(27,849)	(22,540)	5,559	(44,590)	(39,031)
Investments at amortized cost	45	(110)	(65)	1,116	(1,118)	(2)
Real estate for trading	-	-	-	-	(83)	(83)
Tax consolidation and readjustment	-	-	-	19,407	-	19,407
Total	**1,553,715**	**(3,004,467)**	**(1,450,752)**	**1,456,866**	**(2,965,586)**	**(1,508,720)**

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

	December 31, 2017			December 31, 2016		
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax assets	Deferred tax liabilities	Net deferred tax assets (liabilities)
Uruguay	7,498	-	7,498	67,222	(60,247)	6,975
Brazil and Argentina	114,301	(1,515,241)	(1,400,940)	165,574	(1,466,878)	(1,301,304)
Colombia	1,431,916	(1,489,226)	(57,310)	1,224,070	(1,438,461)	(214,391)
Total	**1,553,715**	**(3,004,467)**	**(1,450,752)**	**1,456,866**	**(2,965,586)**	**(1,508,720)**

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

	December 31, 2017	December 31, 2016
Deferred income tax	15,882	29,369
Retained earnings of subsidiaries in Uruguay and Brazil	56	4,072
Deferred CREE tax surcharge	7	(55)
Deferred occasional gains tax	(11,248)	4,315
Deferred CREE tax	-	3,334
Total deferred tax revenue	**4,697**	**41,035**

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

	December 31, 2017	December 31, 2016
Gain from derivative financial instruments designated as hedge instruments	6,440	-
Gain from new measurement of defined benefit plans	796	676
Total	**7,236**	**676**

The reconciliation of the development of net deferred tax (liabilities), between December 31, 2017 and December 31, 2016 to the statement of income and the statement of other comprehensive income is as follows:

	December 31, 2017
Revenue from deferred tax recognized in income for the period.	4,697
Revenue from deferred tax recognized in other comprehensive income for the period.	7,236
Effect of the translation of the deferred tax recognized in other comprehensive income for the period (1)	46,035
Total decrease in net deferred tax (liabilities) between December 31, 2017 and December 31, 2016	**57,968**

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

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

	December 31, 2017	December 31, 2016
Subsidiaries domiciled abroad	-	(187,362)
Subsidiaries domiciled in Colombia	-	(27,620)
Other	(2,919)	(13,133)
Total	**(2,919)**	**(228,115)**

At December 31, 2017 temporary differences related to investments in subsidiaries, associates and joint ventures, for which no deferred tax liabilities have been recognized amounted to $1,118,113 (2016 - $1,522,480).

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

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

Note 23.7 Non-current tax assets and liabilities

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

The balance of $1,575,743 (2016 - $581,947) relates to taxes receivable of foreign subsidiaries, basically the ICMS tax (Tax on the Movement of Goods and Services) and the Social Security National Tax.

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

The balance of $521,870 (2016 - $502,452) relates to federal taxes payable and instalment incentive payment program of foreign subsidiaries.

Note 24. Other financial liabilities

The balance of other financial liabilities is as follows:

	December 31, 2017	December 31, 2016
Bonds issued (1)	2,719,707	1,788,198
Collections received on behalf of third parties (2)	132,050	96,283
Derivative financial instruments designated as hedge instruments (3)	78,992	250,458
Derivative financial instruments (4)	16,570	17,608
Trade papers (5)	-	488,025
Total	**2,947,319**	**2,640,572**
Current	**645,311**	**805,413**
Non-current	**2,302,008**	**1,835,159**

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

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

- Repayment only upon maturity with annual compensation (10th issue of CBD);
- Repayment only upon maturity with biannual compensation (11th issue of CBD);
- Annual instalments as of the fourth year of issue (12th issue of CBD) and biannual repayments.

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

The 2nd issue of trade papers of Companhia Brasileira de Distribuição – CBD was released on August 1, 2016. The issue consisted of 200 certificates with unit value of $2,302 for total $460,401. Net resources from the issue were entirely used to reinforce working capital.

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

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

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

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

	December 31, 2017	December 31, 2016
Revenue received on behalf of third parties (a)	27,707	24,672
Éxito Card collections (b)	38,679	27,812
Non-banking correspondent	53,701	34,376
Direct trading (market place)	5,114	3,967
Money transfer services	1,594	1,364
Other collections	5,255	4,092
Total	**132,050**	**96,283**

(a) The balance relates to:

- Insurance premiums, extended warranties, telephone companies cell phone recharges and non-banking correspondent collections by subsidiary Companhia Brasileira de Distribuição - CBD on behalf of Financiera Itaú CBD - FIC Promotora de Vendas Ltda. in amount of $12,696 (2016 - $13,812).

(2) Collections received on behalf of third parties for hotel services, ground transportation, car rentals and reservation of air tickets as part of the intermediation of Éxito Viajes y Turismo S.A.S. as travel agency in amount of $12,468 (2016 - $10,860).

- Collections received on behalf of third parties from Grupo Disco del Uruguay S.A. and Mercados Devoto S.A. in amount of $2,543 (2016 - $0).

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

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

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

Derivatives designated as hedge instruments reflect the fair value of swap contracts for 100% of liabilities denominated in US Dollars at a fixed interest rate, of Companhia Brasileira de Distribuição – CBD, exception made of DCCI (Direct consumer credit through an intermediary). The fair value is measured by exchanging such instruments at a floating IDC rate. The term of these contracts equals that of the debt and they hedge both principal and interests. The average annual IDC rate at December 31, 2017 was 9.93% (2016 - 14.00%).

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

At December 31, 2017 relates to the following transactions:

Hedging instrument	Nature of risk hedged	Hedged item	Range of rates for hedged item	Range of rates for hedge instruments	Fair value
Swap	Interest rate	Financial obligations	IBR 3M	5.1% - 6.0%	20,287
Swap	Interest and exchange rates	Financial obligations	Libor USD 1M + 2.22%	9.06%	954
Swap	Interest and exchange rates	Financial obligations	1.94% to 9.80%	IDC	57,751
					78,992

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 and exchange rates	Financial obligations	1.94% to 9.80%	IDC	250,458
					250,458

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	More than 6 months	Total
Swap	37,823	-	1,121	40,048	**78,992**

The detail of maturities of these instruments at December 31, 2016 is as follows:

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	More than 6 months	Total
Swap	56,169	49,723	-	144,566	**250,458**

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

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

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

The detail of maturities of these instruments at December 31, 2016 is as follows:

Derivative	Less than 1 year	More than 1 year	Total
Forward	16,346	-	16,346
Swap	1,262	-	1,262
			17,608

(5) The balance at December 31, 2016 relates to debt certificates issued by subsidiary Companhia Brasileira de Distribuição - CBD on August 1, 2016 maturing on January 30, 2017.

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

	December 31, 2017	December 31, 2016
Bonds issued	433,501	34,990
Collections received on behalf of third parties	132,050	96,283
Derivative financial instruments designated as hedge instruments	63,190	168,507
Derivative financial instruments	16,570	17,608
Trade papers	-	488,025
Total current	**645,311**	**805,413**
Bonds issued	2,286,206	1,753,208
Derivative financial instruments designated as hedge instruments	15,802	81,951
Total non-current	**2,302,008**	**1,835,159**

Note 25. Other non-financial liabilities

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

	December 31, 2017	December 31, 2016
Revenue received in advance (1)	165,410	233,234
Customer loyalty programs (2)	64,644	91,218
Extended warranty	22,215	22,099
Advance payments under contracts and other projects	19,157	31,718
Instalments received under "plan resérvalo"	850	1,266
Other (3)	2,934	2,762
Total other current non-financial liabilities	**275,210**	**382,297**
Advance payments under contracts and other projects	32,206	47,387
Extended warranty	2,183	10,129
Other (3)	17,372	11,971
Total other non-current non-financial liabilities	**51,761**	**69,487**

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

	December 31, 2017	December 31, 2016
Lease of furniture (a)	94,151	78,411
Gift card	47,724	43,264
Cafam comprehensive card	11,089	9,035
Exchange card	3,518	3,326
Data and telephone minutes purchased in advance	1,728	1,213
Fuel card	794	932
Repurchase coupon	1,026	49
Commitment to sell real estate property (b)	-	92,080
Other	5,380	4,924
Total current	**165,410**	**233,234**

(a) Relates to advance payments from third parties on rental of gondola ends and luminous paper to display products of subsidiary Companhia Brasileira de Distribuição - CBD.

(b) 2016 includes an advance payment in amount of $92,080, received on a distribution center sales commitment in subsidiary Companhia Brasileira de Distribuição - CBD.

(2) Relates to customer loyalty programs “Puntos Éxito” and “Supercliente Carulla” of the Parent; “Hipermillas” of Mercados Devoto S.A., “Tarjeta Más” of Supermercados Disco del Uruguay S.A., “Puntos Extra” and “Pao de Azucar” of Companhia Brasileira de Distribuição – CBD and Club Libertad of Libertad S.A.

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

	December 31, 2017	December 31, 2016
“Puntos Éxito” and “Supercliente Carulla” programs	37,797	37,334
"Hipermillas" and "Tarjeta Más" programs	26,058	26,862
Club Libertad	789	1,240
“Puntos Extra” and “Pao de Azucar” programs	-	25,782
Total	**64,644**	**91,218**

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

	December 31, 2017	December 31, 2016
“Puntos Extra” and “Pao de Azucar” programs	25,626	2,654
Club Libertad	821	165
“Puntos Éxito” and “Supercliente Carulla” programs	463	1,718
"Hipermillas" and "Tarjeta Más" programs	(804)	1,665
Total	**26,106**	**6,202**

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

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

At December 31, 2017 and 2016 the Parent's authorized capital is represented in 530,000,000 common shares with a nominal value of $10 (*) each; subscribed and paid-in capital amounts to $4,482; the number of outstanding shares is 447,604,316 and the number of treasury shares reacquired is 635,835 valued at $2,734.

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

The premium on placement of shares represents the higher value paid over the par value of the shares and amounts to $4,843,466 at December 31, 2017 and 2016. Pursuant to legal regulations, this balance may be distributed as profits upon winding-up of the company, or upon capitalization of this value. Capitalization means the transferring of a portion of such premium to a capital account, as result of the issue of a share-based dividend.

(*) Expressed in Colombian pesos.

Note 27. Reserves, Retained earnings and Other comprehensive income

Reserves

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

Retained earnings

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

Other accumulated comprehensive income

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

	December 31, 2017			December 31, 2016		
	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
Measurement of financial assets at fair value through other comprehensive income (1)	(2,976)	-	(2,976)	(2,976)	-	(2,976)
Measurement of defined benefit plans (2)	(4,449)	1,472	(2,977)	(2,083)	676	(1,407)
Translation exchange differences (3)	1,002,472	-	1,002,472	1,444,612	-	1,444,612
(Loss) from the hedging of cash flows (4)	(19,516)	6,440	(13,076)	-	-	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method (5)	14,172	-	14,172	1,594	-	1,594
Total other accumulated comprehensive income	**989,703**	**7,912**	**997,615**	**1,441,147**	**676**	**1,441,823**

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

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

(3) Represents the accumulated value of exchange differences arising from the translation to the Parent's presentation currency of assets, liabilities, equity and results of foreign operations. Accumulated translation differences are reclassified to period results upon disposition of the operation abroad. Includes the effect of translation of deferred tax assets and liabilities in amount of $46,033. See Note 23.

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

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

Note 28. Share-based payments

Note 28.1. Option plan to acquire preferred shares, in force at December 31, 2016

Old Option Plan - Plano de opção Antigo (issued in 2013).

Managed by a committee appointed by the Board of Directors of Companhia Brasileira de Distribuição CBD, called Stock Option Plan Administration Committee ("*Comitê de Stock Option*"). Regularly this committee identifies the employees who will be awarded share purchase options, based on their position, responsibilities and performance under applicable conditions.

The *Comitê de Stock Option* conducts annual option awarding cycles. Each awarding cycle is given a series number that begins with letter A. At 31 December 2016, options awarded of series A7 of the Old Option Plan were valid. Options awarded under the Old Option Plan are classified either as "*Gold*" or "*Silver*", and the difference is the price to exercise the options.

For options classified as "*Silver*", the exercise price per preferred share is the average price at the closing of trading of preferred shares issued by Companhia Brasileira de Distribuição CBD during the last 20 sessions of the Stock, Goods and Futures Exchange - BM & FBOVESPA S.A. prior to the date on which the *Comitê de Stock Option* approved awarding the option. A 20% discount is applied on such estimated average price. For options classified as "*Gold*", the exercise price per preferred share is equivalent to R$0,01 (one cent of a Brazilian real). Prices are not updated in either case.

In 2013, the *Comitê de Stock Option* approved new criteria to estimate the reduction and/or increase rate for the number of "*Gold*" options awarded, for each series of the Old Option Plan, according to a performance analysis of the ROIC (return on invested capital) index. The Committee decided that as of series A6 and A7, the reduction or increase in "*Gold*" options is based on the ROCE- return on used capital of Companhia Brasileira de Distribuição CBD.

There is no limit for the reduction or increase in the number of options awarded pursuant to the new criteria approved. Vesting rights are calculated using the average ROIC/ROCE for the last 3 years, as compared with the ROIC/ROCE defined when awarding each series.

As a rule, the right to exercise an option begins in month 36 and ends in month 48, as of the date of execution of the respective pre-formulated standard contract, where beneficiary is entitled to purchase 100% of shares whose option was classified as "*Silver*". Options classified as "*Gold*" shall be exercised during the same period, but the exercise percentage for such options shall be determined by the *Comitê de Stock Option* during month 35 as of the date of execution of the respective pre-formulated standard contract.

Options awarded under the Old Option Plan may be exercised in full or in part. "*Gold*" options are in addition to "*Silver*" options; consequently "*Gold*" options may only be exercised jointly with "*Silver*" options.

The price of exercise of options awarded under the Old Option Plan shall be paid in full by the beneficiary in Brazilian reals in a lump sum 30 days as of the date of subscription of the relevant shares.

Note 28.2. Option plan to acquire preferred shares, in force at December 31, 2017 and 2016

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

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

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

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

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

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

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

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

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

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

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

An option plan for the purchase of preferred shares was implemented on May 31, 2017 as approved by the Extraordinary General Meeting of Shareholders. Pursuant to plan terms, each option confers upon a beneficiary the right to acquire preferred shares. The plan defines a grace period of 18 months and a granting period of 36 months, as of the date on which the Board of Directors approved the issue of the respective series of options. Share options may be exercised during the term mentioned in the plan description. The condition to exercise an option is that the beneficiary continues being an employee of the Company during such term. This plan differs from previous ones only in the exercise price of the options and whether there is a restriction period to dispose of the shares acquired in exercise of the option. The plan has been named B4.

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

Options awarded under series B2, B3 and B4 were valid at December 31, 2017 (December 31, 2016 - B1, B2 and B3).

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

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

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

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

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

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

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

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

Companhia Brasileira de Distribuição - CBD defined a preferred share purchase option plan, approved by the Extraordinary General Meeting of Shareholders held on May 30, 2016. Pursuant to plan terms, each option confers upon a beneficiary the right to acquire preferred shares. This new plan foresees a grace period of 36 months, as of the date on which the Board of Directors approved the issue of the respective series of options. Share options may be exercised during the term mentioned in the plan description. The condition to exercise an option is that the beneficiary continues being an employee of the Company during such term. This plan differs from previous ones only in the exercise price of the options and whether there is a restriction period to dispose of the shares acquired in exercise of the option. The plan has been named C3.

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

An option plan for the purchase of preferred shares was implemented on May 31, 2017 as approved by the Extraordinary General Meeting of Shareholders. Pursuant to plan terms, each option confers upon a beneficiary the right to acquire preferred shares. The plan defines a grace period of 18 months and a granting period of 36 months, as of the date on which the Board of Directors approved the issue of the respective series of options. Share options may be exercised during the terms mentioned in the plan description. The condition to exercise an option is that the beneficiary continues being an employee of the Company during such term. This plan differs from previous ones only in the exercise price of the options and whether there is a restriction period to dispose of the shares acquired in exercise of the option. The plan has been named C4.

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

Options awarded under series C2, C3 and C4 were valid at December 31, 2017 (December 31, 2016 - C1, C2 and C3).

Note 28.3. Information regarding option plans to acquire preferred shares, in force at December 31, 207 and 2016

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

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

(1) The value taken to the Group's consolidated income arising from purchase options plans on preferred shares of Companhia Brasileira de Distribuição - CBD for the period ended December 31, 2017 was $14,795.

Information relevant to the Old Option Plan, Compensation Plan and Option Plan at December 31, 2016 is summarized as follows:

				Price in Brazilian reals (1)		Options batch (in thousands)			
Series awarded	Date	First exercise date	Second exercise date and expiry date	At awarding date awarded	At period closing	Number of options awarded	Number of options exercised	Number of options cancelled	Number of options in effect
Series A7 - Gold	15/03/2013	31/03/2016	31/03/2017	0.01	0.01	358	(231)	(43)	84
Series A7 - Silver	15/03/2013	31/03/2016	31/03/2017	80.00	80.00	358	(230)	(43)	85
Series B1	30/05/2014	01/06/2017	30/11/2017	0.01	0.01	239	(27)	(58)	154
Series C1	30/05/2014	01/06/2017	30/11/2017	83.22	83.22	239	(11)	(84)	144
Series B2	29/05/2015	01/06/2018	30/11/2018	0.01	0.01	337	(75)	(32)	230
Series C2	29/05/2015	01/06/2018	30/11/2018	77.27	77.27	337	-	(55)	282
Series B3	30/05/2016	30/05/2019	30/11/2019	0.01	0.01	823	(165)	(28)	630
Series C3	30/05/2016	30/05/2019	30/11/2019	37.21	37.21	823	(10)	(28)	785
Total						**3,514**	**(749)**	**(371)**	**2,394**

(1) The value taken to the Group's consolidated income arising from purchase options plans on preferred shares of Companhia Brasileira de Distribuição - CBD for the period ended December 31, 2016 was $16,435.

Note 28.4 Other information regarding option plans to acquire preferred shares

At December 31, 2017 there were 233,000 treasury preferred shares (2016 - 232,586), which could be used as collateral for the options awarded under the plans; the quote of preferred shares on the Stock, Goods and Futures Exchange - BM & BOVESPA S.A. was $71,206 (2016 - $50,415) per share.

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

	December 31, 2017	December 31, 2016
Total number of shares	266.579	266.076
Balance of outstanding series awarded	2,539	2,394
Dilution percentage	0.95%	0.90%

The fair value of each option awarded is estimated on the awarding date using the Black & Scholes option valuation model, taking into consideration the following assumptions for B1 and C1 series:

1. Dividend expectation 0.96%,
2. Volatility expectation, approximately 22.09% and
3. Risk-free weighted average interest rate of 11.70%

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

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

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

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

The remaining weighted average term of the series valid at 31 December 2017 is 1.53 years (2016 - 1.84 years). The weighted average fair value of options awarded at December 31, 2017 represented $35,247 (2016 - $39,650).

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

At December 31, 2017	**Number of options (thousands)**	**Weighted average of exercise price (in Brazilian reals)**	**Weighted average of the remaining contract term**
Number of options on outstanding shares at beginning of period	2,394	29.21	-
Awarded	1,073	28.40	-
Void	(110)	40.56	-
Exercised	(699)	22.14	-
Expired	(119)	83.22	-
Number of options on outstanding shares at end of period	2,539	29.48	1.53
Total options to be exercised at December 31, 2016	2,539	29.48	1.53

At December 31, 2016	**Number of options (thousands)**	**Weighted average of exercise price (in Brazilian reals)**	**Weighted average of the remaining contract term**
Number of options on outstanding shares at beginning of period	1,267	39.57	-
Awarded	1,645	18.61	-
Void	(144)	40.40	-
Exercised	(374)	13.39	-
Number of options on outstanding shares at end of period	2,394	29.21	1.84
Total options to be exercised at December 31, 2016	2,394	29.21	1.84

Note 29. Revenue from ordinary activities

The balance of revenue from ordinary activities is as follows:

	December 31, 2017	**December 31, 2016**
Retail sales (Note 44)	55,556,241	50,867,957
Service revenue	830,842	600,699
Other ordinary revenue (1)	55,720	138,299
Total revenue from ordinary activities	**56,442,803**	**51,606,955**

(1) Other ordinary revenue relates to:

	December 31, 2017	December 31, 2016
Revenue from the use of goods	13,174	10,605
Marketing events	10,250	12,026
Revenue from Latam strategic direction	7,003	7,238
Royalty revenue (a)	6,973	71,684
Use of parking spaces	1,923	1,902
Logistic services	1,901	-
Revenue from financial services	1,825	2,409
Airline commission revenue	1,109	916
Airline incentives	178	158
Recovery of non-banking correspondent revenue	-	7,933
Revenue from recovery of suppliers	-	3,103
Other	11,384	20,325
Total other ordinary revenue	**55,720**	**138,299**

(a) For 2017 includes $0 (2016 - $66,260) royalties received from Compañía de Financiamiento Tuya S.A.

Note 30. Distribution expenses and Administration and sales expenses

The balance of distribution expenses is as follows:

	December 31, 2017	December 31, 2016
Leases	1,012,410	1,264,873
Depreciation and amortization	812,920	716,237
Fuels and power	720,154	714,741
Services	556,869	273,687
Advertising	415,684	388,922
Commissions on debit and credit cards	403,562	376,656
Taxes other than income tax	393,538	286,388
Repairs and maintenance	383,525	357,911
Outsourced employees	257,330	229,623
Fees	98,168	64,289
Transport	71,128	69,420
Legal expenses	58,461	79,273
Packaging and marking materials	58,339	59,453
Insurance	45,245	39,312
Administration of trade premises	33,962	31,059
Travel expenses	23,156	20,462
Impairment cost	10,372	6,323
Contributions and affiliations	1,441	1,254
Other provisions expense	-	5,448
Other	319,603	269,504
Total distribution expenses	**5,675,867**	**5,254,835**

The balance of administration and sales expenses is as follows:

	December 31, 2017	December 31, 2016
Depreciation and amortization	206,165	169,957
Fees	132,694	136,838
Outsourced employees	96,053	147,519
Services	72,836	29,399
Taxes other than income tax	48,295	41,329
Repairs and maintenance	29,382	26,201
Travel expenses	21,384	18,005
Fuels and power	10,501	7,128
Legal expenses	5,819	28
Leases	5,500	1,993
Insurance	5,265	4,474
Transport	3,470	4,039
Contributions and affiliations	2,941	2,410
Receivable impairment expense	2,274	5,705
Administration of trade premises	770	-
Advertising	359	669
Packaging and marking materials	262	371
Other	51,733	19,023
Total administration and sales expenses	**695,703**	**615,088**

Note 31. Employee benefit expense

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

	December 31, 2017	December 31, 2016
Wages and salaries	3,247,903	2,944,563
Contributions to the social security system	688,408	645,912
Other short-term employee benefits	287,542	250,442
Total short-term employee benefit expenses	**4,223,853**	**3,840,917**
Post-employment benefit expenses, defined contribution plans	133,820	127,071
Post-employment benefit expenses, defined benefit plans	224	432
Total post-employment benefit expenses	**134,044**	**127,503**
Termination benefit expenses	262,256	272,647
Other long-term employee benefits (1)	143	(9,381)
Other personnel expenses	454,516	427,986
Total employee benefit expenses	**5,074,812**	**4,659,672**

(1) As of 2015, the Parent and its subsidiaries Distribuidora de Textiles y Confecciones S.A. and Logística, Transporte y Servicios Asociados S.A.S. agreed with certain employees the termination of the seniority bonus benefit, granting a single special bonus to those who expressed their will to accept such elimination; this agreement resulted in a significant change in the long-term benefit plan which caused an actuarial valuation to be carried out at June 30, 2016, which resulted in savings of $9,381.

Note 32. Other operating revenue, other operating expenses and other net gains

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

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

	December 31, 2017	December 31, 2016
Other recurring operating revenue		
Recurring		
Compensation from insurance companies (1)	5,233	1,143
Recovery of allowance for trade receivables	3,753	6,214
Reimbursement of tax-related costs and expenses	803	1,050
Recovery of other provisions	1,780	3,905
Recovery of other provisions related to civil lawsuits	1,748	2,227
Recovery of other provisions related to labor lawsuits (2)	822	5,775
Reimbursement of ICA-related costs and expenses	595	1,886
Other	-	36
Total recurring	**14,734**	**22,236**
Non-recurring		
Compensation from insurance companies (3)	72,521	6,588
Recovery of other provisions (4)	24,351	23
Total non-recurring	**96,872**	**6,611**
Total other operating revenue	**111,606**	**28,847**
Other operating expenses		
Restructuring expenses (5)	(125,490)	(76,439)
Tax on wealth expense (6)	(32,918)	(64,096)
Provision for tax proceeding expenses (7)	(90,660)	(147,089)
Other expenses	(12,051)	(68,229)
Impairment of property, plant and equipment (8)	(3,816)	-
Indemnifications expense	(5,297)	(5,373)
Tax restructuring expense (9)	(18,043)	(35,212)
Total other operating expenses	**(288,275)**	**(396,438)**
Other (loss) gains, net		
Loss from the sale of property, plant and equipment (10)	(138,789)	(28,246)
Derecognition of property, plant and equipment (11)	(134,603)	(19,345)
Loss from disposition of other assets (12)	(2,617)	(1,108)
Loss from the sale of intangible assets	-	(80)
Loss from subsidiaries not included in the consolidation	-	(5,279)
Total other gains, net	**(276,009)**	**(54,058)**

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

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

For 2016 represents revenue received by the Parent from Compañía de Seguros Generales Suramericana S.A. as compensation for the loss of profits, inventories and other extraordinary expenses, resulting from the Éxito Valledupar Las Flores casualty.

(2) For 2017 includes revenue arising from the recovery of labor legal proceedings accrued during the previous year.

For 2016 includes revenue arising from the recovery of labor legal proceedings accrued during the previous year in amount of $5,113.

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

For 2016 represents revenue received by the Parent from Seguros Generales Suramericana S.A. as compensation for the actual loss of property, plant and equipment, resulting from the Éxito Valledupar Las Flores casualty.

(4) For 2017 mainly relates to recoveries under tax-related proceedings at Companhia Brasileira de Distribuição – CBD.

(5) Relates to expenses in amount of 99,338 (2016 - $67,548) incurred by subsidiary Companhia Brasileira de Distribuição - CBD arising from the measures implemented to adapt the expense structure including all operating and administration areas, seeking to mitigate the effects of inflation on fixed costs and a reduced dilution of costs and expenses related with the Parent's restructuring plan in amount of $24,169 (2016 - $8,891) and its Colombian subsidiaries' in amount of $1,983 (2016 - $0), that include the purchase of years-of-service bonus, plan of operating excellence and corporate retirement plan.

(6) For 2017 and 2016 refer to the tax on wealth introduced by the Colombian National Government by means of Law 1739 of December 23, 2014, applicable to the Parent and its Colombian subsidiaries. Includes also the tax on wealth of subsidiaries domiciled in Uruguay.

(7) Mainly refers to legal proceedings of subsidiary Companhia Brasileira de Distribuição - CBD, related with the income tax and other taxes such as ICMS, PIS/COFINS.

(8) Relates to a loss from the impairment of the Torre Sur Building owned by the Parent in amount of $1,481 arising from demolition thereof, and a loss from impairment of real estate properties owned by subsidiary Mercados Devoto S.A. in amount of $2,335.

(9) Relates to payments under COFIS and REFIS tax proceedings of subsidiary Companhia Brasileira de Distribuição - CBD.

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

For 2016 relates to a gain at the Parent from the sale of the buildings Éxito Belén in amount of $3,222; Éxito Fusagasugá in amount of $1,580; Éxito Avenida Quinta in amount of $2,969; Éxito Panorama Calle 30 in amount of $3,571; Éxito Popayán in amount of $1,285, and other minor in amount of $64; gain at subsidiary Libertad S.A. from the sale of other assets in amount of $544, and loss of ($41,481) at subsidiary Companhia Brasileira de Distribuição – CBD from the sale of assets.

(11) For 2017 relates to a loss at the Parent from the closing the stores Cedi Envigado in amount of $4,610, Carulla San Jeronimo in amount of $1,152, Edificio Torre Sur in amount of $539, Éxito Portal Plaza in amount of $410, Éxito Buenaventura in amount of $278, Éxito Villavicencio Centro in amount of $191, Éxito Portal Libertador in amount of $56, Éxito Outlet in amount of $34 and Éxito Express Terminal del Norte in amount of $8; loss at subsidiaries Grupo Disco del Uruguay S.A., Mercados Devoto S.A. and Devoto Hermanos S.A. in amount of $494 from derecognition of furniture, and loss at subsidiary Companhia Brasileira de Distribuição – CBD in amount of $126,831 from derecognition of the building and furniture of the refrigerated products distribution center located at the municipality of Osasco damaged on December 27, 2017.

For 2016 relates to a loss at the Parent in amount of $3,791 from derecognition of improvements to third party properties relevant to stores closed during the year, including Éxito Lisboa, Carulla Express Avenida 15, Éxito Express Malecón, Éxito Express Kennedy, Surtimax Plaza de Florez, Éxito Express Avenida del Ferrocarril, Éxito Tecno Oviedo, Surtimax Paraíso, Éxito Express Colores Calle 53, Surtimax Plaza Envigado, Éxito Express Exposiciones, Bodega Surtimax Calatrava and Éxito Express Universidad Nacional; loss at subsidiary Distribuidora de Textiles y Confecciones S.A.S. (formerly Cdiscount Colombia S.A.S.) in amount of $7,250 from derecognition of property, plant and equipment; loss at subsidiary Grupo Disco del Uruguay S.A. in amount of $8,266 from derecognition of the premium on valuation of improvements to third party properties from the business combination at January 1, 2015, and loss at subsidiary Distribuidora de Textiles y Confecciones S.A. (currently Distribuidora de Textiles y Confecciones S.A S.) in amount of $38 from the sale of low-value assets.

(12) For 2017 relates to Parent's expenses associated with the sale of the buildings Éxito Belén, Éxito Fusagasugá, Éxito Avenida Quinta, Éxito Panorama Calle 30 and Éxito Popayán.

For 2016, includes $798 from the derecognition at the Parent of the investment in Fogansa S.A. (under liquidation proceedings).

Note 33. Financial revenue and expenses

	December 31, 2017	December 31, 2016
Gain from exchange difference	180,425	194,491
Revenue from interest, cash and cash equivalents (Note 7)	58,980	99,706
Gain from derivative financial instruments	27,574	29,690
Interest revenue from supplier factoring transactions	4,499	4,527
Other financial revenue	148,557	153,943
Total financial revenue	**420,035**	**482,357**
Interest, bonds, loans and finance lease expenses	(883,610)	(1,118,109)
Loss from exchange difference	(181,657)	(137,583)
Commission expense	(136,238)	(146,350)
Bank expenses	(136,217)	(101,208)
Loss from derivative financial instruments	(117,980)	(193,258)
Interest expense on supplier factoring transactions	(42,603)	(34,259)
Other financial expenses	(42,468)	(13,343)
Total financial expenses	**(1,540,773)**	**(1,744,110)**

Note 34. Share of profits in associates and joint ventures that are accounted for using the equity method

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

	December 31, 2017	December 31, 2016
Cnova N.V.	(115,357)	(14,046)
Financiera Itaú CBD - FIC Promotora de Vendas Ltda.	60,329	66,644
Compañía de Financiamiento Tuya S.A.	20,778	11,154
Puntos Colombia S.A.S.	(1,787)	-
Total	**(36,037)**	**63,752**

Note 35. Earnings per share

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

At December 31, 2017 and 2016 the Parent has not carried out transactions with potential ordinary shares, or after the closing date or at the date of release of these financial statements.

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

<u>In period results:</u>

	December 31, 2017	December 31, 2016
Net profit attributable to shareholders of the controlling entity	**217,713**	**43,528**
Weighted average of the number of ordinary shares attributable to the basic earnings per share (basic and diluted)	447.604.316	447.604.316
Basic and diluted earnings per share (in Colombian pesos)	**486.40**	**97.25**

	December 31, 2017	December 31, 2016
Net period profit from continuing operations	**714,870**	**212,456**
Net profits from discontinued operations attributable to non-controlling interests	521,200	107,069
Net gains from continuing operations attributable to shareholders of the controlling entity	**193,670**	**105,387**
Weighted average of the number of ordinary shares attributable to basic earnings per share (basic and diluted)	447.604.316	447.604.316
Basic and diluted earnings per share (in pesos) from continuing operations attributable to the shareholders of the controlling entity	**432.68**	**235.45**

	December 31, 2017	December 31, 2016
Net period profit (loss) from discontinued operations	**356,196**	**(834,851)**
Net profit (loss) from discontinued operations attributable to non-controlling interests	332,153	(772,992)
Net profit (loss) from discontinued operations attributable to shareholders of the controlling entity	**24,043**	**(61,859)**
Weighted average of the number of ordinary shares attributable to basic earnings per share (basic and diluted)	447.604.316	447.604.316
Basic and diluted earnings (loss) per share (in pesos) from discontinued operations attributable to the shareholders of the controlling entity	**53.72**	**(138.20)**

	December 31, 2017	December 31, 2016
Net period profit from continuing operations	**714,870**	**212,456**
Weighted average of the number of ordinary shares attributable to basic earnings per share (basic and diluted)	447.604.316	447.604.316
Basic and diluted earnings per share (in pesos) from continuing operations	**1,597.10**	**474.65**

	December 31, 2017	December 31, 2016
Net period profit (loss) from discontinued operations	**356,196**	**(834,851)**
Weighted average of the number of ordinary shares attributable to basic earnings per share (basic and diluted)	447.604.316	447.604.316
Basic and diluted earnings (loss) per share (in pesos) from discontinued operations	**795.78**	**(1,865.15)**

In total comprehensive period results:

	December 31, 2017	December 31, 2016
Net earnings attributable to shareholders of the controlling entity	**29,716**	**567,134**
Weighted average of the number of ordinary shares attributable to basic earnings per share (basic and diluted)	447.604.316	447.604.316
Basic and diluted earnings per share (in pesos) in total comprehensive income	**66.39**	**1,267.04**

Note 36. Transactions with related parties

Note 36.1. Key management personnel compensation

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

Compensation of key management personnel is as follows:

	December 31, 2017	December 31, 2016
Short-term employee benefits (1)	129,165	115,954
Share-based payment plan	22,566	20,191
Post-employment benefits	1,977	2,933
Termination benefits	119	-
Long-term employee benefits	33	465
Total	**153,860**	**139,543**

(1) A portion of short-term employee benefits is being reimbursed by Casino Guichard Perrachon S.A. under a Latin American strategic direction service agreement entered with the controlling entity. Revenue from Latam strategic direction was recognized during the year ended December 31, 2017 in amount of $7,003 (2016 - $7,238) as described in Note 29.

Note 36.2. Transactions with related parties

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

	Revenue		Costs and expenses	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Controlling entity (1)	8,382	7,238	72,574	66,957
Associates (2)	77,481	48,696	-	-
Grupo Casino companies (3)	3,237	12,115	68,139	83,538
Joint ventures (4)	28,159	17,697	2,376	341
Members of the Board	-	-	6,839	7,407
Total	**117,259**	**85,746**	**149,928**	**158,243**

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

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

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

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

Costs and expenses mainly relate to expenses incurred by Companhia Brasileira de Distribuição - CBD under the cost sharing agreement, and to costs related with energy efficiency services 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.

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

Note 37. Asset impairment

Note 37.1. Financial assets

No material losses from the impairment of financial assets were identified at December 31, 2017 and 2016. Note 8 contains information related to the development of impairment of Company's trade receivables.

Note 37.2. Non-financial assets

The Parent conducted the annual impairment testing at December 31, 2017 by cash-generating units.

The book value of the groups of cash-generating units is made of the balances of goodwill, property, plant and equipment, investment properties, other intangible assets other than goodwill, net working capital items and finance lease liabilities associated with working capital items; for subsidiaries domiciled in Uruguay, Argentina and Brazil relates to the equity value of such subsidiaries plus the balances of goodwill.

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

	Groups of cash-generating units								
	Éxito	**Carulla**	**Surtimax**	**Súper Inter**	**Todo Hogar**	**Uruguay (1)**	**Brazil (2)**	**Argentina (3)**	**Total**
Goodwill	90,674	856,495	41,576	464,332	1,017	1,486,206	2,498,512	121,141	**5,559,953**
Trademarks with indefinite useful life	-	-	17,427	63,704	-	109,839	3,230,228	32,145	**3,453,343**
Rights with indefinite useful life	19,856	-	1,524	5,606	-	-	1,363,497	-	**1,390,483**

(1) Note 15 discloses a detail of the goodwill allocated to Spice Investments Mercosur S.A., Grupo Disco del Uruguay S.A., Mercados Devoto S.A. and 5 Hermanos Ltda.

(2) Goodwill generated from the business combination for the acquisition of the operation of Companhia Brasileira de Distribuição – CBD.

(3) Goodwill generated from the business combination for the acquisition of the operation of Libertad S.A.

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

The value in use was estimated based on the expected cash flows as forecasted by management over a five-year period, on the grounds of the price growth rate in Colombia (Consumer Price Index - CPI), trend analyses based on historic results, expansion plans, strategic projects to increase sales and optimization plans; in addition, for the Argentina and Brazil segments a forecast period of 6 to 10 years was used to more reasonably reflect management's future perspectives.

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

The tax rate included in the forecast of cash flows is the rate at which the Parent expects to pay its taxes during the next years.

The rates used to estimate the impairment of goodwill of the cash-generating units of Éxito, Carulla, Surtimax, Súper Inter y Todo Hogar were 37% for 2018 and 33% for 2019, rates in force in Colombia at December 31, 2017.

For goodwill allocated to the Uruguay cash-generating unit, the tax rate used was 25%. For goodwill allocated to the Argentina cash-generating unit, the tax rate used was 35%. For goodwill allocated to the Brazil cash-generating unit, the tax rate used was 25%.

Expected cash flows were discounted at the weighted average cost of capital (WACC) using a market indebtedness structure for the type of industry where the Parent operates; as a result, the weighted average cost of capital (WACC) used in the valuation was 8.67% for 2018 and 8.75% for 2019 onwards. The variation in the discount rate for 2018 and 2019 is due to the various tax rates applicable to the Parent for such years.

The weighted average cost of capital (WACC) used in the valuation of the goodwill allocated to the Uruguay cash-generating unit was 11.75%. The weighted average cost of capital (WACC) used in the valuation of the goodwill allocated to the Argentina cash-generating unit was 15.5%. The weighted average cost of capital (WACC) used in the valuation of the goodwill allocated to the Brazil cash-generating unit was 9.9%.

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

In June 2017 the Parent 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 has been fully demolished. The recoverable value of the building was estimated using the depreciated reposition cost method, which consists of establishing a fair value of the asset based on an estimation of the total cost of a similar asset at market prices less accumulated depreciation, implementing a system that takes into consideration the age and state of preservation of the assets appraised, in this case affected by dismantling costs. Such appraisal determined $539 as the recoverable value of the asset, and the Parent recognized impairment in its financial statements in amount of $1,481.

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

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

(a) Perpetual growth rate

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

(b) Discount rate

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

Note 38. Fair value measurement

Below is a comparison of book values and fair values of financial assets and liabilities and of non-financial assets and liabilities of the Parent and its subsidiaries at December 31, 2017 and December 31, 2016 on a periodic basis as required or permitted by an accounting policy; financial assets and liabilities whose carrying amounts are an approximation of fair values are excluded, considering that they mature in the short term (in less than or up to one year), namely: trade receivables and other debtors, trade payables and other creditors, collections on behalf of third parties and short-term financial liabilities.

	December 31, 2017		**December 31, 2016**	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial assets				
Trade receivables and other accounts receivable at amortized cost	34,498	32,394	20,283	17,612
Investments in private equity funds (Note 12)	1,286	1,286	1,142	1,142
Forward contracts measured at fair value through income (Note 12)	690	690	4,800	4,800
Swap contracts measured at fair value through income (Note 12)	5,244	5,244	4,747	4,747
Derivative *swap* contracts denominated as hedge instruments (Note 12)	25,533	25,533	96,684	96,684
Investment in bonds (Note 12)	57,818	57,105	87,408	87,813
Equity investments (Note 12)	260	260	248	248
Non-financial assets				
Investment property (Note 14)	1,496,873	1,595,994	1,843,593	2,395,215
Net non-current assets classified as held for trading (Note 46)	26,204	26,204	7,605	7,605

	December 31, 2017		December 31, 2016	
	Book value	Fair value	Book value	Fair value
Financial liabilities				
Financial liabilities and finance leases (Note 19)	5,550,424	5,551,308	6,953,123	6,924,053
Put option (1) (Note 19)	426,479	426,479	364,867	364,867
Bonds and trade papers issued (Note 24)	2,719,707	2,699,170	2,276,223	2,252,282
Swap contracts denominated as hedge instruments (Note 24)	78,992	78,992	250,458	250,458
Forward contracts measured at fair value through income (Note 24)	16,570	16,570	16,346	16,346
Swap contracts measured at fair value through income (Note 24)	-	-	1,262	1,262
Non-financial liabilities				
Customer loyalty liability (Note 25)	64,644	64,644	91,218	91,218

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

Balance at December 31, 2016	**364,867**
Changes in fair value recognized in Investments (a)	61,612
Balance at December 31, 2017	**426,479**

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

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

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

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
Assets				
Investment in bonds	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for investments under similar conditions on the date of measurement in accordance with maturity days.	CPI 12 months + Basis points negotiated
Investment property	Level 1	Comparison or market method	This technique involves establishing the fair value of goods from a survey of recent offers or transactions for goods that are similar and comparable to those being appraised.	N/A
Investment property	Level 3	Discounted cash flows method	This technique provides the opportunity to identify the increase in revenue over a previously defined period of 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 sales lessees. Vacancy. Growth in revenue
Investment property	Level 3	Realizable-value method	This technique is used wherever the property is suitable for urban development, applied from an estimation of total sales of a project under construction, pursuant to urban legal regulations in force and in accordance with the final saleable asset market.	Realizable Value
Investment property	Level 3	Replacement cost method	The valuation method consists in calculating the value of a brand-new property, built at the date of the report, having the same quality and comforts as that under evaluation. Such value is called replacement value; then an analysis is made of property impairment arising from the passing of time and the careful or careless maintenance the property has received, which is called depreciation.	Physical value of building and land
Non-current assets classified as held for trading	Level 2	Realizable-value method	This technique is used wherever the property is suitable for urban development, applied from an estimation of total sales of a project under construction, pursuant to urban legal regulations in force and in accordance with the final saleable asset market.	Realizable Value

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

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
Liabilities				
Put option	Level 3	Given formula	Measured at fair value using a given formula under an agreement executed with non-controlling interests of Grupo Disco, using level 3 input data.	Net Income of Supermercados Disco del Uruguay S.A. at December 31, 2014 and 2015 Uruguayan peso-US Dollar exchange rate on the date of valuation US Dollar-Colombian peso exchange rate on the date of valuation Total shares Supermercados Disco del Uruguay S.A. .

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

	Material non-observable input data	Range (weighted average)	Sensitivity of the input data on the estimation of the fair value
Put option	Net income of Supermercados Disco del Uruguay S.A. at December 31, 2017 and 2016	$106,969 - $129,847	A significant increase in any of input data severally considered would result in a significantly higher measurement of the fair value.
	Ebitda of Supermercados Disco del Uruguay S.A. consolidated over 24 months	$140,486 – $143,390	
	Net financial debt of Supermercados Disco del Uruguay S.A. consolidated over 6 months	($77,952)	
	Fixed contract price	$314,442 - $425,931	
	US Dollar-Uruguayan peso exchange rate on the date of valuation	$28,807	
	US Dollar-Colombian peso exchange rate on the date of valuation	$2,984	
	Total shares Supermercados Disco del Uruguay S.A.	443.071.575	

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

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

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

Note 39. Contingent assets and liabilities

Note 39.1. Contingent assets

The Parent and its subsidiaries have not recognized material contingent assets at December 31, 2017 and 2016.

Note 39.2. Contingent liabilities

Contingent liabilities at December 31, 2017 and 2016 are:

(a) The following nullity of resolutions and restoration of rights proceedings are underway, 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 (2016 - $11,830).

- Proceedings related with the assessment of property valuation in amount of $1,163 (2016 - $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 (2016 - $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 (2016 - $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 tax authority.

(b) The following tax proceedings of subsidiary Companhia Brasileira de Distribuição - CBD:

- Imposto de Renda Pessoa Juridica (IRPJ), Imposto de Renda Retido na Fonte (IRRF), Contribuição Social sobre o Lucro Líquido (CSLL), Imposto sobre operações financeiras (IOF), Imposto de renda sobre o lucro líquido (ILL); They relate to tax offsetting proceedings, rules on deductibility of provisions, payment discrepancies, excess payments, and fines on the failure to comply with ancillary obligations, among other minor proceedings. Such proceedings are pending administrative and judicial ruling. Such proceedings include those regarding the collection of differences in the receipts of IRPJ for years 2007 to 2013, arising from the incorrect deduction of the amortization of goodwill paid on and arising from transactions between shareholders Casino Guichard Perrachon S.A. and Abílio Diniz. Amounts discussed amount to $668,485 (2016 - $895,941).

- Tax proceedings resulting from the deduction of amortization expenses during 2012 and 2013, of the goodwill gained upon acquisition of the Ponto Frío trademark in 2009. These proceedings are valued at $76,682 (2016 - $72,743).

- Sales tax, procurement tax, bank taxes and taxes on industrial products (COFINS, PIS and CPMF and IPI): refer to offsetting proceedings on IPI credits - inputs subject to zero aliquot or exempt - acquired from third parties, other offsetting requests, collection of taxes with a bearing on soy exports, payment differences, excess payments, fines from the failure to comply with ancillary obligations, non-recognition of COFINS and PIS credits on products predominantly single-phase, among other issues. Such proceedings are pending administrative and judicial ruling. Amounts discussed amount to $1,363,279 (2016 - $1,685,456).

- Tax on the movement of goods and services (ICMS): Companhia Brasileira de Distribuição - CBD was called by state tax authorities regarding the appropriation of credits related with: (i) electric power; (ii) procurement from suppliers deemed disqualified before the register of Secretaria da Fazenda Estadual; (iii) compensation of tax substitution without compliance with the ancillary obligations set forth in Portaria CAT n° 17 of the State of Sao Paulo; (iv) incidents on the goods procurement operation; and (v) arising from the trading of extended warranty, among other. Such proceedings are pending final administrative and judicial ruling. They amount to $4,678,031 (2016 - $ 4,560,342).

- Tax on services (ISS), Brazilian tax on real estate (IPTU), tax rates and other: refer to requirements on third party withholdings, differences in the payment of IPTU, fines from the failure to comply with ancillary obligations, ISS - compensation for advertising expenses, and miscellaneous levies. Such proceedings are pending administrative and judicial ruling. These proceedings are valued at $104,234 (2016 - $120,202).

(c) The following legal proceedings:

- A requirement by the National Social Security Institute of Brazil INSS to subsidiary Companhia Brasileira de Distribuição CBD in amount of $339,647 (2016 - $358,192) because of its failure to pay social contributions on benefits granted to its employees, among other matters. The requirements are being discussed in administrative and judicial proceedings.

- Parent's third-party liability lawsuit amounting to $1,531 (2016 - $0) for alleged injuries to a customer at Éxito Santa Marta store premises.

(d) Other contingent liabilities:

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

- $488,958 (2016 - $663,898) of Companhia Brasileira de Distribuição - CBD arising from real estate-related actions filed on the grounds of extension of lease agreements at market prices, administrative proceedings brought by regulators such as consumer protection bodies (PROCONs), Instituo Nacional de Metrologia, Normalização e Qualidade Industrial – INMETRO, Agência Nacional de Vigilância Sanitária - ANVISA, among other.

- $99,239 (2016 - $12,970) of Companhia Brasileira de Distribuição – CBD for external counsel fees to defend tax proceedings, whose compensation is tied to a success fee upon legal closing of such proceedings. Such percentages may vary, in accordance with qualitative and quantitative factors of each proceeding.

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

Note 40. Offsetting of financial assets and liabilities

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

Year	Financial assets	Gross value of related recognized financial assets	Gross value of related recognized financial liabilities	Net value of recognized financial assets
2017	Derivative financial instruments and hedging (Note 12) (1)	-	-	31,467
2016	Derivative financial instruments and hedging (Note 12) (1)	-	-	106,231

Year	Financial liabilities	Gross value of recognized financial liabilities	Gross value of related recognized financial assets	Net value of recognized financial liabilities
2017	Derivative financial instruments and hedging (Note 24) (1)	-	-	95,562
	Trade payables and other accounts payable (2)	10,383,784	1,009,892	9,373,891
2016	Derivative financial instruments and hedging (Note 24) (1)	-	-	268,066
	Trade payables and other accounts payable (2)	10,415,329	1,188,067	9,227,261

(1) The Parent and its subsidiaries carry out derivative transactions and enter hedging *"forward*" and "*swap*" contracts to hedge against fluctuation in exchange rates and interest rates on accounts payable and financial liabilities. Such items are measured at fair value. Note 38 discloses the fair value of these financial instruments. For 2017, the valuation of derivative financial instruments comprises intrinsic value plus temporary value, reason why right and obligation may not be individualized.

(2) The Parent and its subsidiaries have executed offsetting agreements with suppliers, arising from the acquisition of inventories. Such items are included in trade payables.

No uncleared amounts related to collaterals or other financial instruments have been recognized in the Parent's and its subsidiaries' statement of financial position.

Note 41. Dividends declared and paid

<u>At December 31, 2017</u>

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

(*) Expressed in Colombian pesos.

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

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

	Dividends declared	Dividends paid
Companhia Brasileira de Distribuição - CBD	145,306	77,415
Grupo Disco del Uruguay S.A.	19,236	20,817
Patrimonio Autónomo Viva Malls	14,599	14,599
Patrimonio Autónomo Viva Villavicencio	8,450	13,340
Éxito Viajes y Turismo S.A.S.	3,286	3,286
Patrimonio Autónomo Centro Comercial	2,906	6,627
Patrimonio Autónomo Viva Sincelejo	2,755	2,824
Patrimonio Autónomo Viva Laureles	1,605	1,298
Distribuidora de Textiles y Confecciones S.A.S.	1,291	1,291
Patrimonio Autónomo San Pedro Etapa I	1,140	1,075
Patrimonio Autónomo Viva Palmas	833	498
Patrimonio Autónomo Iwana	-	1
Total	**201,407**	**143,071**

At December 31, 2016

The Parent's General Meeting of Shareholders held on March 30, 2016, declared a dividend of $302,457, equivalent to an annual dividend of $675.72 per share (*), payable in four quarterly installments and enforceable between the sixth and tenth working day of April, July and October 2016, and January 2017.

(*) Expressed in Colombian pesos.

Dividends paid during the year ended December 31, 2016 amounted to $291,680.

Dividends declared and paid during the year ended December 31, 2016 to the owners of non-controlling interests in the following subsidiaries are:

	Dividends declared	Dividends paid
Companhia Brasileira de Distribuição - CBD	1,984	1,984
Grupo Disco del Uruguay S.A.	65,903	72,580
Patrimonio Autónomo Viva Villavicencio	9,481	9,620
Patrimonio Autónomo Centro Comercial	5,007	2,793
Patrimonio Autónomo Viva Sincelejo	2,774	3,002
Patrimonio Autónomo Viva Laureles	1,512	1,551
Patrimonio Autónomo San Pedro Etapa I	1,247	1,273
Patrimonio Autónomo Viva Palmas	558	420
Patrimonio Autónomo Iwana	54	62
Total	**88,520**	**93,285**

Note 42. Leases

Note 42.1. Finance leases when the Parent and its subsidiaries are the lessees

The Parent and its subsidiaries have executed finance lease agreements on property, plant and equipment (Note 13 Property, plant and equipment). Minimum instalments and present values thereof under finance lease agreements are as follows:

	December 31, 2017	December 31, 2016
Up to one year	93,742	81,076
From 1 to 5 years	240,431	260,308
More than 5 years	144,105	165,841
Minimum installments on finance leases	**478,279**	**507,224**
Future financing expense	(195,715)	(210,425)
Total net minimum installments on finance leases	**282,564**	**296,799**

No contingent installments were recognized in income during the period.

Note 42.2. Operating leases when the Parent and its subsidiaries are the lessees

The Parent and its subsidiaries have entered into operating lease agreements mainly related to business premises, vehicles and machinery. Total future minimum installments under irrevocable operating lease agreements for the reporting periods are:

	December 31, 2017	December 31, 2016
Up to one year	1,147,110	1,002,465
From 1 to 5 years	1,298,022	967,762
More than 5 years	1,539,515	1,110,118
Total minimum installments on irrevocable operating leases	**3,984,647**	**3,080,345**

Operating lease agreement terms range from 1 to 25 years. The Parent and its subsidiaries made an analysis and concluded that operating lease agreements may not be cancelled during its term. In the event of termination, a minimum cancellation charge shall be paid, ranging from 1 to 12 monthly installments, or a fixed percentage on the remaining of the term.

The Parent and its subsidiaries consider payment of additional instalments as contingent payments that may range from 0.01% to 6% of sales. The agreements may be extended pursuant to legal regulations in force and include periodic adjustment clauses according to inflation.

At December 31, 2017 lease expenses and cost recognized in income amounted to $1,212,239 (2016 - $1,406,586) including contingent installments in amount of $536,711 (2016 - $522,888).

At December 31, 2017 and 20106 there are no operating lease agreements that are individually material.

Note 42.3. Operating leases when the Parent and its subsidiaries are the lessors

The Parent and its subsidiaries have executed operating lease agreements on investment properties. Total minimum of future charges under irrevocable operating lease agreements at the reporting date are:

	December 31, 2017	December 31, 2016
Up to one year	192,964	137,150
From 1 to 5 years	359,165	270,789
More than 5 years	396,377	163,585
Total minimum installments on irrevocable operating leases	**948,506**	**571,524**

The Parent and its subsidiaries made an analysis and concluded that operating lease agreements may not be cancelled during its term. Prior agreement of the parties is needed to terminate, and a minimum cancellation payment is required ranging from 1 to 12 monthly installments, or a fixed percentage on the remaining term.

At December 31, 2017 revenue from leases recognized in period results amounted to $260,796 (2016 - $135,550 including revenue from the lease of investment properties in amount of $206,819 (2016 - $196,822). Contingent installments included in revenue from leases amounted to $70,821 (2016 - $49,633).

Note 43. Seasonality of transactions

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

Note 44. Information on operating segments

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

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

Reportable segments include development of the following activities:

Colombia:

- Éxito: The most significant products and services in this segment come solely from retailing activities, with stores under the banner Éxito.
- Carulla: The most significant products and services in this segment come solely from retailing activities, with stores under the banner Carulla.
- Surtimax-Súper Inter: The most significant products and services in this segment come solely from retailing activities, with stores under the banners Surtimax and Súper Inter. Until March 31, 2017 this segment was named Descuento.
- B2B: The most significant products and services in this segment come solely from retailing activities in B2B format and with stores under the banner Surti wholesaler.

Brazil:

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

Argentina

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

Uruguay:

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

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

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

Sales by each of the segments for the years ended December 31, 2017 and December 31, 2016 are as follows:

Geographic segment	Operating segment	December 31, 2017	December 31, 2016
Colombia	Éxito	7,282,532	7,491,940
	Carulla	1,504,340	1,570,180
	Surtimax-Súper Inter (1)	1,514,281	1,647,400
	B2B	322,252	294,775
Brazil	Food	40,975,960	36,167,253
Argentina		1,383,591	1,324,595
Uruguay		2,589,761	2,376,064
Total sales		**55,572,717**	**50,872,207**
Eliminations		(16,476)	(4,250)
Consolidated total (Note 29)		**55,556,241**	**50,867,957**

(1) Until March 31, 2017 this segment was named Descuento.

Below is additional information by geographic segment:

	At December 31, 2017						
	Colombia	Brazil (1)	Argentina (1)	Uruguay (1)	Total	Eliminations (2)	Total
Retail sales	10,623,405	40,975,960	1,383,591	2,589,761	55,572,717	(16,476)	55,556,241
Trade margin	2,737,702	9,897,354	511,758	887,076	14,033,890	(3,267)	14,030,623
Total recurring expenses	(2,357,793)	(7,906,076)	(464,139)	(706,907)	(11,434,915)	3,267	(11,431,648)
ROI	379,909	1,991,278	47,619	180,169	2,598,975	-	2,598,975
Recurring Ebitda	632,769	2,716,621	63,767	204,903	3,618,060	-	3,618,060

	At December 31, 2016						
	Colombia	Brazil (1)	Argentina (1)	Uruguay (1)	Total	Eliminations (2)	Total
Retail sales	11,004,295	36,167,253	1,324,595	2,376,064	50,872,207	(4,250)	50,867,957
Trade margin	2,858,252	8,358,274	483,157	832,558	12,532,241	(2,726)	12,529,515
Total recurring expenses	(2,274,198)	(7,155,555)	(428,400)	(651,932)	(10,510,085)	2,726	(10,507,359)
ROI	584,054	1,202,719	54,757	180,626	2,022,156	-	2,022,156
Recurring Ebitda	822,975	1,828,126	68,840	188,409	2,908,350	-	2,908,350

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

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

Note 45. Financial risk management policy

The Parent's and its subsidiaries' financial instruments are classified according to its nature, features and the purpose for which they have been acquired or issued.

The Parent and its subsidiaries maintain instruments measured at fair value through income, with the purpose of holding them for investment or risk management in the case of derivative financial instruments not classified as cash flow hedge instruments.

The Parent and its subsidiaries use derivative financial instruments just as a positive defense measure against identified risks. Total underlying assets and liabilities under financial instrument contracts are limited to the amount of actual assets and liabilities entailing an underlying risk. The only purpose of transactions with financial derivative instruments is to reduce the exposure to fluctuation of interest rates and foreign exchange rates and maintain a proper structure of the financial position.

At December 31, 2017 and 2016 the Parent's and its subsidiaries' financial instruments are represented by:

	December 31, 2017	December 31, 2016
Financial assets		
Cash and cash equivalents (Note 7)	5,281,618	6,117,844
Trade receivables and other accounts receivable (Note 8)	1,840,378	1,716,879
Accounts receivable from related parties (Note 10) (1)	253,094	73,450
Other financial assets (Note 12)	779,351	803,984
Total financial assets	**8,154,441**	**8,712,157**
Financial liabilities		
Accounts payable to related parties (Note 10) (1)	212,396	243,036
Trade payables and other accounts payable (Note 22)	12,713,580	11,579,385
Total financial liabilities (Note 19)	5,976,903	7,317,990
Other financial liabilities (Note 24)	2,947,319	2,640,572
Total financial liabilities	**21,850,198**	**21,780,983**
Net liability exposure	**(13,695,757)**	**(13,068,826)**

(1) Transactions with related parties refer to transactions between the Company and its associates, joint ventures and other related parties, and are carried in accordance with market general prices, terms and conditions.

Considerations of risk factors that may influence the Parent's business

General risk management framework

The Parent has implemented a Comprehensive Risk Management system that covers the various risk management levels: strategic, tactic or business-related and operating.

Activities, roles and accountabilities are defined in the risk management model defined by the Parent and endorsed by the Audit and Risk Committee, in the context of risk policy guidelines.

Management cycles at various levels include identification, valuation and definition of management measures, which were applied during 2017 and informed at the different instances depending on the relevant management level and in line with a defined control architecture.

In accordance with such architecture, controls have been implemented at all levels, processes and areas of the Parent, through a set of defined principles, regulations, procedures and verification and assessment mechanisms.

Some of the monitoring mechanisms put in place to achieve control purposes are:

- A self-control program, which allows a self-assessment of the most critical risks and key controls, carried out half-yearly by process leaders, and a definition of corrective action plans wherever deviations are identified.
- A compliance process from which the system for the prevention and control of money-laundering and the financing of terrorism, the transparency program and the system for protection of personal data are managed in a comprehensive manner.
- Periodic risk management reports.
- And all other control systems managed from the various processes that make the first and second defense line.

Risk management and internal control system reporting bodies:

- At a strategic level: Board of Directors, Audit and Risk Committee, Presidency Committee and Senior Management Committee.
- At a tactic level: Business responsible parties and Risk Internal Committee.
- At an operating level: Process owners through self-control.

Internal audit, in an independent and objective manner, conducted a risk-based assessment focused on compliance with business goals, focused on improving risk management, control and governance for the Parent's most significant processes, systems and/or projects.

The Board of Directors, through the Audit and Risk Committee, supervised information and financial reporting processes; risk management comprehensive management; internal control system and architecture, including monitoring of Internal Audit's and Statutory Audit's activities; compliance with rules applicable to the Parent, transparency program, personal data protection system and system for the prevention and control of money-laundering and financing or terrorism. Also, transactions among related parties and the resolution of conflicts of interests between senior management and the Board of Directors were submitted to the consideration of the Audit Committee.

Financial risk management

Besides derivative instruments, the most significant of the Parent's and its subsidiaries' financial liabilities include debt, finance leases and interest-bearing loans, trade accounts payable and other accounts payable. The main purpose of such liabilities is financing Parent's and its subsidiaries' operations and maintaining proper levels of working capital and net financial debt.

The most significant of the Parent's and its subsidiaries' financial assets include loans, trade debtors and other accounts receivable, as well as cash and short-term placements directly resulting from day-to-day transactions. The Parent and its subsidiaries also have other investments classified as financial assets measured at fair value, which, according to the business model, have effects on period results or in other comprehensive income. Further, other rights that will be recorded as financial assets may arise from transactions with derivative instruments.

The Parent and its subsidiaries are exposed to market, credit and liquidity risks. Parent's and its subsidiaries' management monitor the way such risks are managed, through the relevant bodies of the organization designed for such purpose. The scope of the activities of the Board of Directors of the Parent includes a financial committee that supervises such financial risks and the financial risk management corporate framework that is most appropriate to the Company. The financial committee supports Parent's and its subsidiaries' management in that financial risk assumption activities fall within the approved corporate policies and procedures framework, and that such financial risks are identified, measured and managed pursuant to such corporate policies.

Financial risk management related to all transactions with derivative instruments is carried out by teams of specialists with the required skills and experience who are supervised by the organizational structure. Pursuant to the Parent's and its subsidiaries' corporate policies, no transactions with derivative instruments may be carried out solely for speculation. Even if accounting hedge models not always are applied, derivatives are negotiated based on an underlying element that in fact requires such hedging in accordance with internal analyses.

The Board of Directors of the Parent reviews and agrees on the policies applicable to manage each of these risks, which are summarized below:

a. Credit risk

A credit risk is the risk that a counterpart fails to comply with his obligations taken on under a financial instrument or trade agreement, resulting in financial loss. The Parent and its subsidiaries are exposed to credit risk arising from its operating activities (particularly from trade debtors) and from its financial activities, including deposits in banks and financial institutions and other financial instruments. The book value of financial assets represents the maximum exposure to credit risks.

Cash and cash equivalents

The credit risk arising from balances with banks and financial entities is managed through the Parent's and its subsidiaries' liquidity and capital structure guidelines, and in accordance with corporate policies defined for such purpose. Surplus funds are only invested with counterparties approved by the Board of Directors and within previously established jurisdictions. On an ongoing basis, Parent's and its subsidiaries management reviews the general financial conditions of counterparties, assessing the most significant financial ratios and market ratings.

Trade receivables and other accounts receivable

The credit risk associated with trade receivables is low given that most of the Parent and its subsidiaries sales are cash sales (cash and credit cards) and financing activities are conducted under trade agreements that reduce the Parent's and its subsidiaries' exposure to risk. In addition, there are administrative collections departments that permanently monitor ratios, figures, payment behaviors and risk models by each third party. A portion of trade receivables is sold to financial entities; such sale is recognized as a derecognition of trade receivables, and the credit risk, benefits and control over such assets is transferred to the mentioned entities.

There are no trade receivables that individually are equivalent to or exceed 5% of accounts receivable or sales, respectively.

Guarantees

The Parent's policy is to provide financial guarantees only to its subsidiaries. At December 31, 2017 the Parent has issued a financial guarantee to Almacenes Éxito Inversiones S.A.S. in amount of $2,631 to protect against potential failure to comply with its obligations vis-a-vis one of its largest suppliers.

b. Market risk

Market risk is the risk that changes in market prices, namely changes in exchange rates, interest rates or stock prices, have a negative effect on the Parent's and its subsidiaries' revenue or on the value of the financial instruments they hold. The purpose of market risk management is to manage and control exposure to this risk within reasonable parameters while optimizing profitability.

Interest rate risk

Interest rate risk is the risk that the fair value of financial assets and liabilities, or the future cash flows of financial instruments, fluctuate due to changes in market interest rates. The Parent's and its subsidiaries' exposure to the interest rate risk is mainly related to debt obligations incurred at variable interest rates or indexed to an index beyond the control of the Parent and its subsidiaries.

Most of the Parent's and its subsidiaries' financial liabilities are indexed to market variable rates. To manage the risk, the Parent and its subsidiaries execute financial exchange transactions via derivative financial instruments (interest rate swaps) with previously approved financial institutions, under which they agree on exchanging, at specific intervals, the difference between the amounts of fixed interest rates and variable interest rates estimated over an agreed upon nominal principal amount, which turns variable rates into fixed rates and cash flows may then be determined.

Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments fluctuate due to changes in exchange rates. The Parent's and its subsidiaries' exposure to exchange rate risk is attached, in the first place, to liability transactions in foreign currency associated with long-term liabilities and with the Parent's and its subsidiaries' operating activities (wherever revenues and expenses are denominated in a currency other than the functional currency), as well as with the Parent's and its subsidiaries' net investments abroad.

The Parent and its subsidiaries manage their exchange rate risk via derivative financial instruments (namely forwards and swaps) wherever such instruments are efficient to mitigate volatility.

Wherever the nature of the hedge is not economic, Parent's and its subsidiaries' policy is to negotiate the conditions of derivative instruments in such a way that they correlate with the terms of the underlying elements that are the purpose of the hedge, seeking to maximize the efficacy in the exposure to such variables. Not all financial derivatives are classified as hedging transactions; however, Parent's and its subsidiaries' policy is not to carry out transactions solely for speculation, and consequently even if not classified as hedge accounting, derivative financial instruments are associated to an underlying element and a notional amount that expose the Company to variations in exchange rates.

At December 31, 2017 and 2016, the Parent and its subsidiaries had hedged almost 100% of their purchases and liabilities in foreign currency.

Stock price risk

Share capital issued, premium on the issue or placement of shares and all other equity reserves attributable to the shareholders of the controlling entity are included for the purposes of managing the Parent's stock price. The main purpose of managing Parent's equity is to maximize the value to shareholders.

The Parent manages its equity structure and makes the required adjustments as a function of changes in economic conditions and requirements under financial clauses. To maintain and adjust its capital structure, the Parent may also modify the payment of dividends to shareholders, reimburse capital contributions or issue new shares.

c. Liquidity risk

Liquidity risk is the risk that the Parent and its subsidiaries may face difficulties to fulfil its obligations associated with financial liabilities, which are settled by delivery of cash or other financial assets. Parent's approach to manage liquidity is to ensure, in as much as possible, that it will always have the liquidity required to meet its obligations at maturity, both under ordinary or stress circumstances, without incurring unacceptable losses or putting its reputation at risk.

The Parent and its subsidiaries manage liquidity risks by monitoring their cash flows and maturities of financial assets and liabilities daily, and by maintaining proper relations with the relevant financial institutions in each country.

The purpose of the Parent and its subsidiaries is to maintain a balance between business continuity and the use of financing sources through short-term and long-term bank loans according to needs, unused credit lines available from financial institutions and finance leases, among other mechanisms. At December 31, 2017 approximately 32% of Parent's and its subsidiaries' debt matures in less than one year (2016 - 40%) taking into consideration the book value of loans included in these financial statements.

The Parent and its subsidiaries have rated the concentration of liquidity risk as low with respect to the possibility of refinancing its debt. Access to financing sources is widely ensured, and debt maturing within twelve months of reporting period closing could be restructured with existing creditors without significant restriction.

The following table shows a profile of maturities of the Parent's and its subsidiaries' financial liabilities based on non-discounted contract payments arising from the relevant agreements.

At December 31, 2017	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Finance lease liabilities, gross	63,994	154,775	140,733	359,502
Other relevant contractual liabilities	2,049,885	6,543,474	720,006	9,313,365
Total	**2,113,879**	**6,698,249**	**860,739**	**9,672,867**

At December 31, 2016	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Finance lease liabilities, gross	59,922	193,324	155,616	408,862
Other relevant contractual liabilities	3,328,354	6,743,853	779,199	10,851,406
Total	**3,388,276**	**6,937,177**	**934,815**	**11,260,268**

Sensitivity analysis for 2017 balances

Based on statistical information, the Parent and its subsidiaries have assessed potential changes in the interest rates of financial liabilities and other relevant contractual liabilities.

Assuming complete normality and considering 10% variation in interest rates, three scenarios have been assessed:
− Scenario I: Latest interest rates known at the closing of 2017.
− Scenario II: An increase of 0.451% is assumed for the Banking Reference Rate and an increase of 0.16943% is assumed for LIBOR at 90 days. All increases on the latest published interest rate.
− Scenario III: A reduction of 0.451% is assumed for the Banking Reference Rate and a reduction of 0.16943% is assumed for LIBOR at 90 days. All reductions on the latest published interest rate.

The sensitivity analysis did not result in significant variance among the three scenarios and consequently they are not perceptible when rounding amounts to millions. Potential changes are as follows:

Operations	Risk	Balance at December 31, 2017	Market forecast		
			Scenario I	Scenario II	Scenario III
Loans	Changes in interest rates	4,136,446	4,136,444	4,169,599	4,103,291
Finance leases	Changes in interest rates	15,310	15,310	15,447	15,173
Total		**4,151,756**	**4,151,754**	**4,185,046**	**4,118,464**

For subsidiary Companhia Brasileira de Distribuição - CBD, the Parent made the assessment under the most likely scenario for risk evaluation using currency and interest market curves of BM&FBovespa on the maturity dates of each transaction. Assessed scenarios are as follows:
- Most likely scenario (I), no impact on the fair value of financial instruments.
- Scenarios (II) and (III), only for sensitivity analysis purposes, 25% and 50% of impairment, respectively, were considered among risk variables of financial assets, up to one year, pursuant to CVM standards.

For the most likely scenario, the weighted exchange rate was defined as $3,302 on maturity date, and the weighted interest rate was 7.28% p.a.

In the case of derivative financial instruments (intended for hedging financial debt), the variations in the scenarios are the purpose of the hedging, which means that the effects are not material. The Parent reports a net exposure of derivative financial instruments and other financial instruments under each of the mentioned scenarios as shown in the sensitivity analysis chart below:

			Market forecast		
Transactions	**Risk (IDC increase)**	**Balance at December 31, 2017**	**Scenario I**	**Scenario II**	**Scenario III**
Fixed interest rate swap contract (short position)	101.40% of IDC	(95,627)	(171,406)	(174,113)	(176,819)
Exchange of contract currencies (short position)	103.53% of IDC	(828,162)	(1,016,709)	(1,034,752)	(1,053,697)
Bonds	107.00% of IDC	(830,869)	(892,214)	(906,648)	(921,984)
Bonds (12th issue of September 17, 2014	97.50% of IDC	(914,767)	(982,428)	(998,666)	(1,015,807)
Bonds (3rd issue of December 20, 2016)	96.00% of IDC	(988,743)	(1,060,914)	(1,079,859)	(1,097,901)
Bank credits - CDB	104.80% of IDC	(257,109)	(276,054)	(280,565)	(285,978)
Trade lease	100.19% of IDC	(52,324)	(55,933)	(56,835)	(57,737)
Trade lease	100.00% of IDC	(4,511)	(5,413)	(5,413)	(5,413)
Trade lease	95.00% of IDC	(77,584)	(82,997)	(84,801)	(85,703)
Total loans and financing exposure		(4,049,696)	(4,544,068)	(4,621,652)	(4,701,039)
Cash equivalents (*)	98.07% of IDC	3,002,313	3,202,588	3,253,108	3,303,627
Net exposure		(1,047,383)	(1,341,480)	(1,368,544)	(1,397,412)
Net effect - (loss)			(294,097)	(321,161)	(350,029)

(*) Weighted average

d. Insurance policies

At December 31, 2017, the Parent and its subsidiaries have acquired the following insurance policies to mitigate the risks associated with the entire operation:

Insurance lines of coverage	Coverage limits	Coverage
All risk, damages and loss of profits	In accordance with replacement and reconstruction value, with a maximum limit of liability for each policy.	Losses or sudden and unforeseen damage and incidental damage sustained by covered property, directly arising from any event not expressly excluded. Covers buildings, furniture and fixtures, machinery and equipment, goods, electronic equipment, improved facilities, loss of profits and other property of the insured party.
Transport of goods and money	In accordance with the statement of transported values and a maximum limit per dispatch. Differential limits and sub-limits apply by coverage.	Property and goods owned by the insured that are in transit, including those on which it has an insurable interest.
Third party liability	Differential limits and sub-limits apply by coverage.	Covers damages to third parties in development of the operation.
Director's and officers' liability insurance	Differential limits and sub-limits apply by coverage.	Covers claims against directors and officers arising from error or omission while in office.
Deception and financial risks	Differential limits and sub-limits apply by coverage.	Loss of money or securities in premises or in transit. Willful misconduct of employees that result in financial loss
Group life insurance and personal accident insurance	The insured amount relates to the number of wages defined by the Company.	Death and total and permanent disability arising from natural or accidental events.
Vehicles	There is a ceiling per each coverage	Third party liability Total and partial loss - Damages. Total and partial loss - Theft Earthquake Other coverages as described in the policy
Cyber risk	Differential limits and sub-limits apply by coverage.	Direct losses arising from malicious access to the network and indirect losses from third party liability whose personal data have been affected by an event covered in the policy.

e. Derivative financial instruments

As mentioned above, the Parent and its subsidiaries use derivative financial instruments to hedge risk exposure, with the main purpose of hedging exposure to interest rate risk and exchange rate risk, turning the financial debt into fixed interest rates and domestic exchange rates.

At December 31, 201, the reference value of these contracts amounted to USD 1,107.77 million and EUR 54.35 million (2016 – USD 1,162.39 million and EUR 52.1 million). Such transactions are generally contracted under identical conditions regarding amounts, terms and transaction costs and, preferably, with the same financial institutions, always in compliance with Company limits and policies.

Pursuant to Parent's and subsidiaries' policies, swaps may be acquired with restriction, with prior authorization of the Parent and its subsidiaries.

The Parent and its subsidiaries have designed and implemented internal controls to ensure that these transactions are carried out in compliance with previously defined policies.

f. Fair value of derivative financial instruments

The fair value of derivative financial instruments is estimated under the operating cash flow forecast model, using government treasury security curves in each country and discounting them at present value, using market rates for swaps as disclosed by the relevant authorities in such countries.

Swap market values were obtained by applying efficient market exchange rates valid on the date of the interim financial information available, and rates are forecasted by the market based on currency discount curves. A convention of 365 consecutive days was used to calculate the coupon of foreign currency indexed positions.

Note 46. Non-current assets held for trading and discontinued operations

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

	December 31, 2017	December 31, 2016
Total assets of Via Varejo S.A. (Note 46.2)	20,426,599	18,422,182
Other assets	26,204	7,605
Total	**20,452,803**	**18,429,787**

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

	December 31, 2017	December 31, 2016
Total liabilities of Via Varejo S.A. (Note 46.2)	16,271,760	14,592,207

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

	December 31, 2017	December 31, 2016
Via Varejo S.A. net gain (loss) (Nota 46.2)	356,196	(724,603)
Cnova N.V. net (loss) (Note 46.1)	-	(110,248)
Net gain (loss) from discontinued operations	**356,196**	**(834,851)**

Note 46.1. Cnova N.V.

As part of the reorganization of the e-commerce operations, E-commerce segment, on July 24, 2016 subsidiaries Marneyelectro S.A.R.L. (“Luxco”) and Marneyelectro B.V. (“Dutchco”), were split among Companhia Brasileira de Distribuição Luxembourg Holding S.A.R.L. (“CBD Luxco”), Via Varejo Luxembourg Holding S.A.R.L. (“VV Luxco”) and Companhia Brasileira de Distribuição Netherlands Holding B.V. (“CBD Dutchco”), and Via Varejo Netherlands Holding B.V. (“VV Dutchco”) respectively, in such a way that they held the same interest as that previously held by Companhia Brasileira de Distribuição – CBD and Via Varejo S.A. This transaction did not result in changes in share ownership nor had any effects on consolidated financial information.

Subsequently, seeking to concentrate the Non-Food segment in one single entity, a corporate reorganization was carried out as approved by all relevant corporate bodies, with participation of the ultimate controlling entity Casino Guichard Perrachon S.A. and of subsidiaries Companhia Brasileira de Distribuição - CBD, Via Varejo S.A., Cnova N.V. and Cnova Comercio Electronico S.A.

Because of the transaction, Cnova Comercio Electronico S.A. incorporated Via Varejo Dutchco, a wholly-owned subsidiary of Via Varejo S.A. Then, seeking to eliminate the reciprocal interest of Cnova Comercio Electronico S.A. and Cnova N.V., arising from such incorporation, Cnova Comercio Electronico S.A. received part of Cnova N.V.'s ownership shares by means of a reimbursement of capital. The remaining was repurchased by Cnova Comercio Electronico S.A. This way the share capital of Cnova Comercio Electronico S.A. became solely held by Via Varejo S.A. Pursuant to the terms and conditions of existing loan agreements between Cnova Comercio Electronico S.A. and CNova N.V. (valued at approximately USD 160 million at the closing of September 2016), such transaction resulted in the obligation of early repayment of such loans, which were in fact paid by Via Varejo S.A. to CNova N.V.

Finally, on October 31, 2016, Cnova Comercio Electronico S.A. became a wholly-owned subsidiary of Via Varejo S.A., which in turn ceased having an interest in Cnova N.V. losing control over this subsidiary and consequently ceasing to consolidate the subsidiaries that represent the foreign e-commerce business.

Pursuant to IFRS 5 – Non-current assets held for trading and discontinued operations, up to October 31, 2016 the Parent shows the net income after taxes of subsidiaries representing the foreign e-commerce segment in one single line in period results, and the balances of assets and liabilities as held for trading and discontinued operations. As of this date, foreign e-commerce activities are accounted for using the equity method, given the significant influence of the Parent.

The financial information contained in the statement of income at December 31, 2016 was restated under the same concept, for comparison purposes.

	December 31, 2016 (1)	**December 31, 2016 (2)**
Revenue from ordinary activities	4,818,832	4,818,832
Cost of sales	(4,348,864)	(4,348,864)
Gross profit	**469,968**	**469,968**
Distribution, administration and sales expenses	(451,011)	(451,011)
Depreciation and amortization	(55,306)	(55,306)
Investment (loss) accounted for using the equity method	(8,779)	-
Other net revenue and (expenses)	(52,519)	(45,179)
(Loss) before financial results	**(97,647)**	**(81,528)**
Net financial result	(7,655)	(7,655)
(Loss) before taxes	**(105,302)**	**(89,183)**
Tax (expense)	(21,065)	(21,065)
Net (loss)	**(126,367)**	**(110,248)**
Adjustment to the purchase price allocation process	15,239	-
(Expenses) directed related with discontinued operations in the food segment	(24,580)	-
Adjusted (loss)	**(135,708)**	**(110,248)**
(Loss) attributable to:		
Owners of the controlling entity	**(298)**	**(3,169)**
Non-controlling interests	**(135,410)**	**(107,079)**

(1) Relates to financial statements at December 31, 2016, which included the adjustment from the purchase price allocation process without allocation to each relevant line item, and additionally included a balance of Multivarejo S.A. not related with this discontinued operation, since it truly was related with Via Varejo's S.A.'s discontinued operation. (Note 46.2).

(2) Relates to the financial statements at December 31, 2016 including the adjustment from the purchase price allocation process allocated to each relevant line item, without allocation of expenses directly related with the discontinued operation of Multivarejo S.A., which truly related to the discontinued operation of Via Varejo S.A. (Note 46.2)

Note 46.2. Via Varejo S.A.

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

Pursuant to IFRS 5 - Non-current assets held for trading and discontinued operations, the Parent is of the opinion that given the effort applied, the sale is highly likely, which involves the presentation of Via Varejo S.A.'s (and its subsidiary Cnova Comercio Electronico S.A.'s) net results after taxes in one single line in the statement of income and the balances of assets and liabilities as held for trading and discontinued operations. The financial information contained in the statement of income at December 31, 2016 was restated under the same concept, for comparison purposes. Under IFRS 5 there is no material effect on cash flows.

The amount of assets and liabilities of Via Varejo S.A. held for trading at December 31, 2017 is $20,426,599 (2016 - $18,422,182) and $16,271,760 (2016 - $14,592,207), respectively. The net result of the discontinued operation of Via Varejo S.A. is a gain of $356,196 at December 31, 2017 and a loss of ($724,603) at December 31, 2016.

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

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

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

	December 31, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	3,210,708	3,710,833
Trade receivables and other accounts receivable	3,597,523	2,561,672
Inventories	3,950,460	2,812,130
Other assets	349,127	648,245
Total current assets	**11,107,818**	**9,732,880**
Non-current assets		
Trade receivables and other accounts receivable	3,508,413	2,885,794
Deferred tax assets	319,357	266,112
Accounts receivable from related parties and associates	267,033	410,678
Investments accounted for using the equity method	80,290	132,596
Property, plant and equipment	1,543,557	1,427,243
Intangible assets	3,600,131	3,566,879
Total non-current assets	**9,318,781**	**8,689,302**
Total assets	**20,426,599**	**18,422,182**
Liabilities		
Current liabilities		
Trade payables and other accounts payable	9,327,829	7,675,806
Financial liabilities	3,429,927	3,252,273
Accounts payable to related parties and associates	59,541	164,824
Other provisions	3,078	2,900
Total current liabilities	**12,820,375**	**11,095,803**
Non-current liabilities		
Financial liabilities	358,149	374,766
Deferred tax liabilities	903,074	929,980
Trade payables and other accounts payable	2,147,086	2,144,548
Other provisions	43,076	47,110
Total non-current liabilities	**3,451,385**	**3,496,404**
Total liabilities	**16,271,760**	**14,592,207**

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

	December 31, 2017	December 31, 2016 (1)	December 31, 2016 (2)
Revenue from ordinary activities	23,721,385	20,360,619	20,360,619
Cost of sales	(16,073,471)	(14,228,643)	(14,228,643)
Gross profit	**7,647,914**	**6,131,976**	**6,131,976**
Distribution, administration and sales expenses	(6,277,420)	(5,340,130)	(5,342,828)
Depreciation and amortization expenses (3)	-	(181,721)	(181,721)
Gain from investments accounted for using the equity method	24,041	26,336	26,336
Other (expenses), net	(201,451)	(341,494)	(398,386)
Profit before financial results	**1,193,084**	**294,967**	**235,377**
Net financial result	(692,575)	(939,329)	(952,497)
Profit (loss) before taxes	**500,509**	**(644,362)**	**(717,120)**
Tax (expense)	(144,313)	(24,581)	(7,483)
Net profit (loss)	**356,196**	**(668,943)**	**(724,603)**
Adjustment to the purchase price allocation process		12,816	-
(Expenses) directed related with discontinued operations in the food segment		(43,016)	-
Adjusted (loss)		**(699,143)**	**(724,603)**
Earnings (loss), attributable to the owners of the controlling entity	**24,043**	**(56,700)**	**(58,690)**
Non-controlling interests	**332,153**	**(642,443)**	**(665,913)**

(1) Relates to financial statements at December 31, 2016, which included the adjustment from the purchase price allocation process without allocation to each relevant line item, and additionally included a balance lower than those of expenses directly related with the discontinued operation of Multivarejo S.A., given that a portion of such value was wrongly allocated to the discontinued operation of Cnova N.V. (Note 46.1).

(2) Relates to the financial statements at December 31, 2016 including the adjustment from the purchase price allocation process allocated to each relevant line item, with full allocation of expenses directly related with the discontinued operation of Multivarejo S.A., given that a portion of such value was wrongly allocated to the discontinued operation of Cnova N.V. (Note 46.1)

(3) Based on the starting of the process to sell such interest in Via Varejo S.A. and further classification as discontinued operation, no depreciation of property, plant and equipment was recognized during 2017.

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

	December 31, 2017	December 31, 2016
Net cash flows (used in) operating activities	64,727	(2,314,086)
Net cash flows (used in) investment activities	(307,914)	(208,057)
Net cash flows (used in) provided by financing activities	(192,331)	198,400
Net development of cash and cash equivalents	**(435,518)**	**(2,323,743)**

Note 47. Facts and circumstances that extend the selling period of the discontinued operation to more than one year

Progress in the process to sell Via Varejo S.A.

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

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

Some of the external factors that influenced the sale transaction schedule were, among other:
- Lack of visibility, specially by the general market, of a recovery of the electric devices and household appliances market,
- Political unrest in Brazil, that continues until December 31, 2017.

Some significant events that affected the estimation of the selling price of Via Varejo S.A. included, among other:
- A significant volatility of stock prices along 2017;
- An increase in the price of the share of more than 100%, going from R$10.75 at December 31, 2016 to R$23 on December 8, 2017, and
- An increase in consumer confidence index, from 78.9% at the beginning of 2017 to 92.4% in November 2017.

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

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

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

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

The management of subsidiary Companhia Brasileira de Distribuição – CBD are confident that during 2018 there will be:
- A steadier macroeconomic scenario;
- Greater visibility of Via Varejo S.A.'s financial and operating performance, and
- Lower volatility in the price of the stock of Via Varejo S.A. Market price is an important valuation reference and as such a sustained price level will help potential buyers to consolidate their points of view on the valuation.

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

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

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

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

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

Note 48. Relevant facts

At December 31, 2017

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

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

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

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

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

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

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

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

Request for arbitration filed by Morzan

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

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

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

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

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

Damages at Éxito Buenaventura store

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

New loyalty program "Puntos Colombia"

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

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

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

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

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

The creation of this new company solely devoted to managing the Puntos Colombia loyalty program will offer a powerful loyalty tool both to the Parent and to Grupo Bancolombia, and to all partners who join the program, thus turning itself into a potential lever to unveil the value of an activity currently embedded in the Retail operation.

General Meeting of Shareholders

The Parent's General Meeting of Shareholders was held on March 31, 2017, to resolve, among other topics, on the approval of the Management Report, approval of separate and consolidated financial statements at December 31, 2016 and approval of dividend distribution to shareholders.

At December 31, 2016

Extension of the agreement executed by the shareholders of Grupo Disco del Uruguay S.A.

On December 28, 2016 the agreement executed by shareholders of Grupo Disco del Uruguay S.A. that ensures the exercise of control and consolidation of such company was extended until June 2019, extendable to June 2021 if neither party expresses, before December 2018, its intention of terminating the agreement.

Final agreement with Fondo Inmobiliario Colombia ("FIC")

The memorandum of understanding executed on September 23, 2016 with Fondo Inmobiliario Colombia ("FIC") to capitalize the real estate business through Patrimonio Autónomo Viva Malls was formalized on December 23, 2016. With the capitalization by Fondo Inmobiliario Colombia ("FIC") to Patrimonio Autónomo Viva Malls, the latter obtained 49% of the interests in the stand-alone trust fund and the Company now owns 51% instead of 100% thereof. The final agreement also sets out that the Company acts as the controlling trustor and will be the sole provider of real estate management, commercialization and administration services to Patrimonio Autónomo Viva Malls, under market conditions.

Acquisition of shares of Compañía de Financiamiento Tuya S.A.

On October 31, 2016, the Parent acquired 4,124,061,482 shares of Compañía de Financiamiento Tuya S.A., equivalent to 50% of outstanding shares thereof, for the price of $79,037, thus gaining joint control.

This acquisition completed the fulfilment of the share purchase-sale agreement executed on July 1, 2015 with Bancolombia S.A., Fondo de Empleados del Grupo Bancolombia and Fundación Bancolombia.

Such acquisition was carried out jointly with subsidiary Almacenes Éxito Inversiones S.A.S.

Issue of trade papers by subsidiary Companhia Brasileira de Distribuição - CBD

On October 5, 2016, Companhia Brasileira de Distribuição - CBD approved the thirteenth issue of non-convertible trade papers. Resources raised will be solely devoted to the purchase of agricultural products such as fruits, vegetables, dairy products, poultry and other animal proteins directly from rural producers and/or rural cooperatives.

Execution of a memorandum of understanding with Fondo Inmobiliario Colombia ("FIC")

On September 23, 2016, the Parent executed a memorandum of understanding with Fondo Inmobiliario Colombia ("FIC") to capitalize the real estate business, particularly the Patrimonio Autónomo Viva Malls, a real estate vehicle created by the Parent on July 15, 2016. As at this date, the Parent has contributed to the vehicle the shopping malls Puerta del Norte and Viva La Ceja, and the commercial galleries Éxito Colombia, Éxito San Antonio, Éxito La 33, Éxito Country and Éxito Occidente.

Approval of Via Varejo S.A. business reorganization

During the General Meeting held on September 12, 2016, minority shareholders of Via Varejo S.A., holders of common and preferred shares, approved the proposal of company reorganization to merge the e-commerce business operated by Cnova Comercio Electronico S.A. into the business of Via Varejo S.A., pursuant to the recommendation of the special committee appointed by Via Varejo S.A.'s board of directors.

Corporate reorganization of subsidiary Companhia Brasileira de Distribuição - CBD

The business reorganization approved on April 27, 2016 was fully merged in August 2016. As result of such merger, Xantocarpa Participações Ltda. was terminated by Sendas Distribuidora S.A. No effects resulted on the Company's consolidated financial statements as result of this final reorganization.

Issue of trade papers by subsidiary Companhia Brasileira de Distribuição - CBD

During a meeting held on July 14, 2016, the Board of Directors approved the collecting of $455,155 (R $500 million) via the second public issue of trade papers. The main purpose of this issue is reinforcing working capital.

Incorporation of Viva Malls

The Patrimonio Autónomo Viva Malls was established by means of public deed 679 granted on July 15, 2016 before the Notary 31 of Medellín; it is a real estate vehicle, intended for developing the Parent's real estate projects. The incorporation was completed with the contribution of 5 shopping malls, namely Puerta del Norte, Viva Buenaventura, Viva Wajiira, Viva Laureles and Viva Palmas, and 8 commercial galleries, namely Éxito Cartagena, Éxito Colombia, Éxito Country, Éxito La 33, Éxito La Flora, Éxito Occidente, Éxito Pasto and Éxito San Antonio. This real estate vehicle is 100% owned by the Parent.

Memorandum of understanding on the business reorganization of Via Varejo S.A.

On May 12, 2016, Via Varejo S.A. executed a non-binding memorandum of understanding with Cnova N.V. regarding the business reorganization that involves Cnova Comercio Electronico S.A. and Via Varejo S.A.

Following the approval by the interested parties, Vía Varejo Dutcho will be merged into Cnova Comercio Electronico S.A. In addition, seeking to eliminate the reciprocal participation of Cnova Comercio Electronico S.A. and Cnova N.V. resulting from the merger, Cnova Comercio Electronico S.A. will receive part of the shares of ownership of Cnova N.V. through a capital reimbursement transaction. The remaining portion will be repurchased by Cnova Comercio Electronico S.A. in such a way that the capital stock of Cnova Comercio Electronico S.A. will be solely held by Via Varejo S.A.

With the completion of such transaction Cnova Comercio Electronico S.A. will become a whole subsidiary of Via Varejo S.A., which in turn will cease having an interest in CNova N.V. As a result, Companhia Brasileira de Distribuição - CBD will cease holding a voting majority in Cnova N.V. thus losing control over this subsidiary and ceasing the consolidation of subsidiaries that represent the foreign e-commerce segment.

Reopening of Almacén Éxito Las Flores in Valledupar.

Éxito Las Flores in Valledupar resumed its operation on April 28, 2016, after 6 months of reconstruction due to the damages suffered on June 23, 2015.

Dividend distribution at subsidiary Companhia Brasileira de Distribuição - CBD

During the Extraordinary General Meeting of Shareholders held on April 27, 2016, the shareholders approved the proposal to distribute the dividends relevant to the period ended December 31, 2015, in amount of $98,969, which includes earlier dividends already declared.

Exception made of quarterly advances paid during 2015, the subsidiary will pay within 60 days as of April 27, 2016 the amount of $3,327 relevant to the outstanding installment of dividends for 2015. As of April 28, 2016, the shares will be negotiated without right to dividends until the date of payment thereof, which will be timely announced

Corporate reorganization of subsidiary Companhia Brasileira de Distribuição - CBD:

During its Extraordinary Meeting held on April 27, 2016, the General Meeting of Shareholders approved the incorporation of the net assets of Sendas Distribuidora S.A. Such reorganization followed the required corporate action, as follows: (i) Redemption of the shares of subsidiary Barcelona retained by subsidiary Novasoc Comercial Ltda; (ii) merger approved on the same date, of total net assets of subsidiary Barcelona Comercio Varejista a Atacadista S.A. into Sendas Distribuidora S.A.; Barcelona was consequently liquidated; and (iii) splitting of part of the net assets of Sendas Distribuidora S.A., also approved on the same date at this subsidiary. The purpose of this reorganization is to simplify the corporate structure and will be effective with the balances of these entities at April 30, 2016. The reorganization did not have any effects on this subsidiary' s consolidated half-yearly information.

Revolving trench disbursement

A disbursement in amount of $100,000 was made at the Parent in April 2016, as part of the revolving trench under the peso credit contract executed in July 2015.

Termination of a shareholders' agreement

The "Shareholders' Agreement" entered into by and between Casino Guichard Perrachon S.A. and certain of the Parent's Colombian shareholders on November 29, 2010 was terminated on April 7, 2016. Upon termination, all of obligations, commitments, charges and any other relations arising from such Agreement were extinguished to the satisfaction of the parties thereto.

Appointment of the Statutory Auditor

On March 30, 2016, the Parent's General Meeting of Shareholders approved the proposal to retain Ernst & Young Audit S.A.S. as the Parent's and its Colombian subsidiaries' Statutory Auditor for the period 2016 to 2017.

Appointment of new members of the Board of Directors.

On March 30, 2016, the Parent's General Meeting of Shareholders appointed the following Directors:

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

b) Equity Members:
   1. Yves Desjacques
   2. Philippe Alarcon
   3. Bernard Petit
   4. Hervé Daudin
   5. Matthieu Santon

General Meeting of Shareholders

The Parent's General Meeting of Shareholders was held on March 30, 2016, to resolve, among other topics, on the approval of the Management Report, approval of separate and consolidated financial statements at December 31, 2015 and approval of dividend distribution to shareholders.

Notice of Comissão de Valores Mobiliários do Brasil – CVM, in subsidiary Companhia Brasileira de Distribuição - CBD

On February 18, 2016, subsidiary Via Varejo was served notice by Comissão de Valores Mobiliários do Brasil - CVM, presenting the understanding of the Company Relation Department - SEP, regarding certain accounting entries related with corporate transactions at the level of Via Varejo S.A. in 2013; in addition, Companhia Brasileira de Distribuição – CBD received notice from CVM that discloses SEP's understanding regarding an accounting entry received by Via Varejo S.A.

CVM notified its understanding, which differs from that of Via Varejo S.A. in 2013 regarding (a) the revaluation of the interest previously held in the sale of the interest of Nova PontoCom to Companhia Brasileira de Distribuição – CBD (such transaction has no effect on the consolidated financial statements); and (b) the accounting treatment of the acquisition of control of Movéis Bartira, arising from the acquisition of an additional 75% interest. Regarding Companhia Brasileira de Distribuição – CBD, CVM notified its understanding in relation with the above-mentioned subsection (b).

Companhia Brasileira de Distribuição – CBD and its subsidiary Via Varejo S.A. intend to file an appeal before the CVM requesting a suspensive effect in the terms of Deliberation CVM 463.

Class action of associate Cnova N.V.

In January 2016, certain shareholders of Cnova N.V., some of its officers and directors, and the subscribers of its initial public offer, filed three class action lawsuits against Cnova N.V., on the grounds of alleged infringement of the U.S. Securities Act. Two cases were brought before the District Court of the United States of America, South District of New York, and one before the Supreme Court of the State of New York. The action before the courts of the State of New York was withdrawn from the District Court of the United States of America. Cnova N.V. has stated its belief that the allegations of the plaintiffs lack foundation and intends to advocate vigorously for its rights.

Such claims undergo preliminary stages and as of the date of this report the outcome cannot be reliably measured. Cnova N.V. has stated its belief that the allegations of the plaintiffs lack foundation, and intends to advocate vigorously for its rights, with the support of specialized American law firms. Neither Companhia Brasileira de Distribuição - CBD nor Vía Varejo S.A. are parties to these claims.

Request for arbitration filed by Morzan

On January 27, 2016, the International Court of Arbitration - ICA issued an addendum to its decision wherein it (i) declared that the request filed by Companhia Brasileira de Distribuição – CBD and Wilkes is inadmissible; (ii) partially accepted the request filed by CBD and Wilkes to correct the estimation of fees and expenses payable to Morzan, with a reduction of USD 225,000; and (iii) partially accepted the request filed by Morzan to correct the estimation of fees and expenses payable to Morzan, with an increase of USD 30,000.

The amount initially recognized for this lawsuit was $156,805, taken to current liabilities at the closing of December 31, 2015, under the line item "other accounts payable". On April 1, 2016, the liability updated by the indexes defined by the ICC was $194,990, including legal expenses, and was fully paid on that date.

Investigation in associate Cnova N.V.

As mentioned in 2015 and as announced by Companhia Brasileira de Distribuição – CBD and its subsidiary Cnova N.V, on November 18, 2015 certain law firms opened an investigation on the grounds of inventory management practices. Other matters have been included in the investigation, related with accounting topics as timely announced to the market.

During the first half of 2016 and as part of the investigation, other topics were included related with accounting issues regarding "suppliers" and "other accounts receivable", which were announced to the market on January 12, 2016.

With the support of a law firm, Cnova N.V. management conducted a physical count of inventories at December 31, 2015, including the seven distribution centers located in Brazil. The results of the physical count did not show significant discrepancies in the expected number of new products in stock. However, inconsistencies were identified regarding the appraisal of damaged and/or returned products, which resulted in recognition of a further defective product provision. Also, some inconsistencies were identified mainly related with accounts payable. Likewise, an overestimation of net sales and accounts receivable was identified during the review of net sales, regarding unrecorded returns of goods sold. All financial information for 2015 was adjusted retrospectively, regarding the effects of the investigation.

These adjustments are under review to be included in the current purchase price allocation process relevant to this transaction.

Revolving trench disbursement

A disbursement in amount of $400,000 was made on January 5, 2016, as part of the revolving trench under the peso contract executed in July 2015.

Note 49. Events after the reporting period

No events have occurred after the date of the reporting period that entail significant changes in the Parent and its subsidiaries