Free Translation

Separated financial statements

at December 31, 2016 and 2015

grupo éxito®

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Almacenes Éxito S.A.

Separate financial statements

At December 31, 2016 and 2015

Page

Page

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Statutory Auditor's Report

To the Shareholders of:
Almacenes Exito S.A.

Report on the Financial Statements

I have audited the accompanying financial statements of Almacenes Exito S.A., which comprise the statement of financial position at December 31, 2016 and the corresponding statements of Income, comprehensive income, changes in equity and cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.

Management Responsibilities in Regard to the Financial Statements

The Company's management is responsible for the preparation and fair presentation of the financial statements, in accordance with the Accounting and Financial Information Standards (NCIF) accepted in Colombia; of designing, implementing, and maintaining the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error; of selecting and applying appropriate accounting policies; and of establishing accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I have performed my audit in accordance with international auditing standards accepted in Colombia. These standards require that an audit comply ethical requirements, planed and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes developing procedures to obtain audit evidence supporting amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment including the assessment of the risk of material misstatements in the financial statements. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not in order to express an opinion on the effectiveness of the company's internal control. An audit also includes an evaluation of the accounting policies adopted and the significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained provides a reasonable basis to issue my audit opinion.

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Opinion

In my opinion, the accompanying financial statements, taken from the accounting records, present fairly, in all material respects, the Company's financial position at December 31, 2016, the results of its operations and the cash flows for the year then ended, in conformity with the Accounting and Financial Information Standards accepted in Colombia.

Other Matters

The financial statements in accordance with the Accounting and Financial Information Standards (NCIF) accepted in Colombia of Almacenes Exito S.A. for the year ended December 31, 2015, which are a part of the comparative information, were audited by me, in accordance with international auditing standards accepted in Colombia, I issued unqualified opinion on February 29, 2016.

Other Legal and Regulatory Requirements

Based on the scope of my audit, I am not aware of situations indicating that the Company has not complied with the following obligations: 1) kept minute books, partners' register and the accounting records in accordance with legal requirements and accounting technique; 2) carried out its operations in accordance with the by-laws and the decisions of the Partners' Board, and the rules related with the integral social security system; 3) retained correspondence and the accounting vouchers; and, 4) adopted internal control measures for the maintenance and custody of the Company's assets and those of third parties held by it. Additionally, there is agreement between the accompanying financial statements and the accounting information included in the management report prepared by the Company's administration, which includes Management representation on the free circulation of invoices with endorsement issued by vendors or suppliers.

My recommendations on internal control and other matters have been communicated to management in a separate report.

Sandra Milena Buitrago E.
Statutory Auditor
Professional Card 67229-T
Designated by Ernst & Young Audit S.A.S. TR-530

Medellín, Colombia
February 27, 2017

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

Envigado, February 27, 2017

To the Shareholders of
Almacenes Éxito S.A.

We, the undersigned legal representative and head accountant of Almacenes Éxito S.A., each of us duly empowered, do hereby certify that the separate financial statements of the Company, at December 31, 2016 and at December 31, 2015, have been fairly taken from the books of accounts, and that the following assertions therein contained have been verified prior to making them available to you and to third parties:

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

2. All economic events achieved by the Company during the years ended December 31, 2016 and December 3, 2015, have been recognized in the financial statements.

3. Assets represent likely future economic benefits (rights) and liabilities represent likely future economic sacrifice (obligations) obtained by or in charge of the Company at December 31, 2016 and December 31, 2015.

4. All items have been recognized at proper values.

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

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

Further, the undersigned legal representative of Almacenes Éxito S.A., does hereby certify that the separate financial statements and the operations of the Company at December 31, 2016 and December 31, 2015, 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.

Original signed

Carlos Mario Giraldo Moreno
Legal Representative

Original signed

Jorge Nelson Ortiz Chica
Head Accountant
Professional Card 67018-T

Almacenes Éxito S.A.
Separate statements of financial position
At December 31, 2016 and December 31, 2015
(Amounts expressed in millions of Colombian pesos)

	Notes	December 31, 2016	December 31, 2015 (1)
Current assets			
Cash and cash equivalents	6	1,098,825	810,647
Trade receivables and other accounts receivable	7	223,766	217,742
Prepaid expenses	8	16,728	18,008
Accounts receivable from related parties	9	74,589	71,887
Inventories	10	1,077,659	1,144,117
Tax assets	22	191,457	133,373
Other financial assets	11	12,252	67,027
Total current assets		**2,695,276**	**2,462,801**
Non-current assets			
Property, plant and equipment, net	12	2,706,058	2,961,052
Investment property, net	13	103,005	96,442
Goodwill	14	1,453,077	1,453,077
Intangible assets other than goodwill, net	15	174,413	140,115
Investments accounted for using the equity method, net	16	8,207,810	7,900,651
Trade receivables and other accounts receivable	7	21,546	19,709
Prepaid expenses	8	12,638	12,996
Accounts receivable from related parties	9	2,045	-
Other financial assets	11	73,842	138,177
Other non-financial assets		398	398
Total non-current assets		**12,754,832**	**12,722,617**
Total assets		**15,450,108**	**15,185,418**
Current liabilities			
Financial liabilities	18	469,362	529,710
Employee benefit provisions	19	3,267	4,103
Other provisions	20	23,801	71,503
Trade payables and other accounts payable	21	2,968,222	2,504,879
Accounts payable to related parties	9	182,987	157,619
Tax liabilities	22	44,302	48,988
Other financial liabilities	23	87,457	48,091
Other non-financial liabilities	24	151,277	99,255
Total current liabilities		**3,930,675**	**3,464,148**
Non-current liabilities			
Financial liabilities	18	3,499,454	3,911,747
Employee benefit provisions	19	26,762	32,257
Other provisions	20	23,093	8,520
Deferred tax liabilities	22	201,049	190,776
Other non-financial liabilities	24	47,388	49,488
Total non-current liabilities		**3,797,746**	**4,192,788**
Total liabilities		**7,728,421**	**7,656,936**
Shareholders' equity, see attached statement		**7,721,687**	**7,528,482**
Total liabilities and shareholders' equity		**15,450,108**	**15,185,418**

(1) Some minor amounts in accounts payable, other provisions, other financial liabilities, other non-financial liabilities and inventories have been reclassified in these financial statements for comparison with 2016.

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

Original signed
Carlos Mario Giraldo Moreno
Legal Representative
(See attached certificate)

Original signed
Jorge Nelson Ortiz Chica
Head Accountant
Professional Card 67018-T
(See attached certificate)

Original signed
Sandra Milena Buitrago E.
Statutory Auditor
Professional Card 67229-T
Appointed by Ernst and Young Audit S.A.S. TR-530
(See report attached, dated February 27, 2017)

Almacenes Éxito S.A.
Separate statements of income
For the years ended December 31, 2016 and December 31, 2015
(Amounts expressed in millions of Colombian pesos)

	Notes	December 31, 2016	December 31, 2015 (1)
Continuing operations			
Revenue from ordinary activities	27	11,266,801	10,535,419
Cost of sales	10	(8,557,793)	(7,996,657)
Gross profit		**2,709,008**	**2,538,762**
Distribution expenses	28	(1,162,314)	(1,070,597)
Administration and sales expenses	28	(155,050)	(147,378)
Employee benefit expenses	29	(891,550)	(785,763)
Other operating revenue	30	29,130	64,344
Other operating expenses	30	(67,549)	(121,973)
Other profits, net	30	7,791	58,544
Profit from operating activities		**469,466**	**535,939**
Financial revenue	31	243,993	916,625
Financial expenses	31	(703,703)	(793,402)
Share of profits in subsidiaries, associates and joint ventures that are accounted for using the equity method	32	106,441	144,415
Profit before income tax from continuing operations		**116,197**	**803,577**
Tax expense	22	(72,669)	(230,082)
Net period earnings from continuing operations		**43,528**	**573,495**
Earnings per share (*)			
Earnings per basic share (*):			
Earnings per basic share from continuing operations	33	97.25	1,281.26
Earnings per diluted share (*):			
Diluted earnings per share from continuing operations	33	97.25	1,281.26

(1) Certain minor reclassifications were included in these financial statements for comparison to 2016.

(*) Amounts expressed in Colombian pesos.

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

Original signed

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Almacenes Éxito S.A.
Separate statements of comprehensive income
For the years ended December 31, 2016 and December 31, 2015
(Amounts expressed in millions of Colombian pesos)

	December 31, 2016	December 31, 2015
Net period profit	**43,528**	**573,495**
Other comprehensive income for the period		
Components of other comprehensive income that will not be reclassified to period results, net of taxes		
Gain (loss) from new measurements of defined benefit plans	(2,107)	835
Total other comprehensive income that will not be reclassified to period net of taxes	**(2,107)**	**835**
Components of other comprehensive income that will be reclassified to period results, net of taxes		
Gain (loss) from translation exchange differences	510,769	(448,498)
(Loss) gain from investment hedging in foreign businesses	(169)	169
Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified to period results.	15,113	(3,972)
Total other comprehensive income that will be reclassified to period results, net of taxes	**525,713**	**(452,301)**
Total other comprehensive income	**523,606**	**(451,466)**
Total comprehensive income	**567,134**	**122,029**
Earnings per share (*)		
Earnings per basic share (*):		
Earnings per basic share from continuing operations	1,267.04	272.63
Earnings per diluted share (*):		
Diluted earnings per share from continuing operations	1,267.04	272.63

(*) Amounts expressed in Colombian pesos.

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Almacenes Éxito S.A.
Separate statements of cash flows
For the years ended December 31, 2016 and December 31, 2015
(Amounts expressed in millions of Colombian pesos)

	December 31, 2016	December 31, 2015
Cash flows from operating activities		
Net period profit	**43,528**	**573,495**
Period profit reconciliation adjustments		
Income tax	72,669	230,082
Financial costs	361,784	117,789
Financial revenue	(13,221)	(39,642)
Decrease in inventories	64,147	11,291
(Increase) in trade receivables	(9,490)	(561)
(Increase) in other accounts receivable from operating activities	(8,578)	(58,709)
Decrease in prepaid expenses	1,354	3,562
(Decrease) increase in trade payables	(362,802)	3,305
Increase in other accounts payable from operating activities	995,417	170,180
Depreciation and amortization of fixed assets and intangible assets	230,677	209,442
Provisions	(32,522)	(13,520)
(Gain) from net unrealized exchange difference	(7,709)	(146,533)
(Gain) from reappraisal at fair value	-	(29,681)
Undistributed (profit) from the application of the equity method	(106,441)	(144,416)
Other adjustment from items other than cash	2,132	5,727
(Gain) from the disposal of non-current assets	(30,088)	(78,153)
Total period profit reconciliation adjustments	**1,157,329**	**240,163**
Net cash flows from operating activities	**1,200,857**	**813,658**
Income tax paid	(196,066)	(204,619)
Net cash flows from operating activities	**1,004,791**	**609,039**
Cash flows from investment activities		
Cash flows used to gain control of subsidiaries or other joint ventures	(47,282)	(5,553,759)
Revenue from the reimbursement of contributions in investments with equity method	145,000	-
Proceeds from the sale of property, plant and equipment	93,267	45,878
Acquisition of property, plant and equipment	(508,501)	(480,122)
Proceeds from the sale of intangible assets	-	97,499
Acquisition of intangible assets	(46,883)	(440,585)
Acquisition of other long-term assets	(9,500)	-
Proceeds from the sale of other long-term assets	184,589	-
Dividends received	213,400	123,036
Interest received	13,428	39,181
Net cash flows provided by (used in) investment activities	**37,518**	**(6,168,872)**
Cash flows from financing activities		
Borrowings	555,000	4,944,363
Loan repayments	(652,495)	(924,652)
Payment of finance lease liabilities	(3,877)	(956)
Dividends paid	(291,680)	(254,297)
Interest paid	(361,641)	(98,383)
Net cash flows (used in) provided by financing activities	**(754,693)**	**3,666,075**
Net (decrease) increase in cash and cash equivalents, before the effect of changes in exchange rates	**287,616**	**(1,893,758)**
Effects of the variation in the exchange rates on cash and cash equivalents	562	(1,705)
Net increase (decrease) in cash and cash equivalents	**288,178**	**(1,895,463)**
Cash and cash equivalents at the beginning of period	**810,647**	**2,706,110**
Cash and cash equivalents at the end of period	**1,098,825**	**810,647**

Original signed

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(See attached certificate)

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Almacenes Éxito S.A.
Separate statements of changes in shareholders' equity
For the years ended December 31, 2016 and December 31, 2015
(Amounts expressed in millions of Colombian pesos)

	Issued share capital (Note 25)	**Premium on the issue of shares** (Note 25)	**Own shares repurchased** (Note 25)	Legal reserve (Note 26)	Occasional reserve (Note 26)	Reserve for the reacquisition of shares (Note 26)	Reserve for future dividends (Note 26)	Donations reserve (Note 26)	Other reserves (Note 26)	**Total reserves** (Note 26)	**Other accumulated comprehensive income** (Note 26)	**Retained earnings**	**Other equity components**	**Total shareholders' equity**
Balance at December 31, 2014	**4,482**	**4,843,466**	**(2,734)**	7,857	1,189,296	22,000	1,419	-	-	**1,220,572**	**63,486**	**1,576,747**	**(1,012)**	**7,705,007**
Cash dividend declared	-	-	-	-	-	-	-	-	-	-	-	(260,022)	-	(260,022)
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	573,495	-	573,495
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(451,466)	-	-	(451,466)
Appropriation for reserves	-	-	-	-	168,844	-	30,000	-	-	198,844	-	(198,844)	-	-
Adjustment from business combinations	-	-	-	-	-	-	-	-	-	-	2,677	(2,119)	-	558
Decrease from changes in the ownership of subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	19	(40,004)	(39,985)
Increase from share-based payments	-	-	-	-	-	-	-	-	-	-	-	895	-	895
Balance at December 31, 2015	**4,482**	**4,843,466**	**(2,734)**	7,857	1,358,140	22,000	31,419	-	-	**1,419,416**	**(385,303)**	**1,690,171**	**(41,016)**	**7,528,482**
Balance at December 31, 2015	**4,482**	**4,843,466**	**(2,734)**	7,857	1,358,140	22,000	31,419	-	-	**1,419,416**	**(385,303)**	**1,690,171**	**(41,016)**	**7,528,482**
Cash dividend declared (Note 39)	-	-	-	-	-	-	(15,709)	-	-	(15,709)	-	(286,748)	-	(302,457)
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	43,528	-	43,528
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	523,606	-	-	523,606
Appropriation for reserves	-	-	-	-	279,937	-	-	6,810	-	286,747	-	(286,747)	-	-
Other increase (decrease) in shareholders' equity, net	-	-	-	-	-	-	-	-	5,672	5,672	-	(15,468)	(61,676)	(71,472)
Balance at December 31, 2016	**4,482**	**4,843,466**	**(2,734)**	7,857	1,638,077	22,000	15,710	6,810	5,672	**1,696,126**	**138,303**	**1,144,736**	**(102,692)**	**7,721,687**

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

Original signed

Carlos Mario Giraldo Moreno
Legal Representative
(See attached certificate)

Original signed

Jorge Nelson Ortiz Chica
Head Accountant
Professional Card 67018-T
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Sandra Milena Buitrago E.
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(See report attached, dated February 27, 2017)

Note 1. General information

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

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

The Company's Board of Directors authorized the issuance of the Company's financial statements for the periods ended December 31, 2016 and 2015, as reflected in the Minutes of such corporate body dated February 27, 2017.

The Company's main corporate purpose is:

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

The Company's ultimate controlling entity is Casino Guichard Perrachon S.A. (France). The control situation has been registered with the Aburrá Sur Chamber of Commerce. At December 31, 2016, the controlling entity had a 55.30% (2015 - 54.77%) interest in the share capital of the Company.

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

Note 2. Basis for preparation

The financial statements for the years ended December 31, 2016 and December 314, 2015 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, and on December 22, 2016 by Regulatory Decree 2131. The Company did not apply any of the exceptions to the IFRS contained in such decrees.

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

Financial statements herein presented

These separate financial statements include the financial statements of the Company and are comprised of the statements of financial position and statements of changes in shareholders' equity at December 31, 2016 and December 31, 2015, 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, 2016 and December 31, 2015.

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

Statement of accountability

Company's management is responsible for the information contained in these financial statements. Preparing such financial statements pursuant to accounting and financial reporting principles 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, and on December 22, 2016 by Regulatory Decree 2131 and without applying any of the exceptions to the IFRS therein contained, requires management's judgment to apply the accounting policies.

Estimates and accounting judgment

Company's estimations to quantify some of the assets, liabilities, revenue, expenses and commitments therein contained have been used to prepare the attached 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 virtue of potential situations that may occur and would result in prospective recognition thereof; this situation would be treated as a change in accounting estimations in future financial statements.

Distinction between current and non-current items

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

Functional currency

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

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

Foreign currency transactions

Transactions in foreign currency are those denominated in a currency other than the functional currency. During the year or the reporting period, the exchange differences arising from the translation 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 year or 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 the 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 forwards and swaps, which are translated using the exchange rates in force on the date of measurement of their fair value.

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

Accounting accrual basis

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

Materiality

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

When preparing the 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 in determining 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 using variables other than prices quoted, directly or indirectly perceptible for assets or liabilities (level 2).
- Based on the Company's own valuation models applying non-perceptible estimated variables for assets or liabilities (level 3).

Note 3. Significant accounting policies

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

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

Investments in subsidiaries, associates and joint arrangements

Subsidiaries are entities under Company's control.

An associate is an entity over which the 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 thereof.

In general, significant influence is alleged in those cases where the Company has an ownership interest higher than 20%, even though such influence, as well as the control, must be assessed.

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

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

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.

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

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

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

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

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

Transactions involving a significant loss of influence over the 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 results, including the relevant items of other comprehensive income.

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

Related parties

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

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

No transaction contains special terms and conditions; transactions carried out are similar to those carried out with third parties, and do not involve market price differences for similar transactions; sales and purchases are conducted under conditions that are equivalent to those existing for transactions with independent parties.

Business combinations and goodwill

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

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

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

The consideration transferred in a business combination is measured at its 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.

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

The Company recognizes acquired identifiable assets and liabilities taken from a business combination, regardless of whether they have been recognized in the financial statements of the business acquired prior to the acquisition. 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.

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

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

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

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

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

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

Intangible assets

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

An intangible asset is recognized as such wherever the item is identifiable, severable and will bring future economic benefit. It is identifiable wherever the asset is severable or arises from rights.

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

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

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

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

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

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

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

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

An intangible asset is derecognized upon its sale or wherever no future economic benefit is expected from the use or disposition thereof. The gain or loss from derecognition of an asset is estimated as the difference between the net proceeds of sale and the book value 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 Company is in the capacity of demonstrating:

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

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

Property, plant and equipment

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

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

Property, plant and equipment are initially measured at cost; subsequently they are measured at cost less accumulated depreciation and 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 suitable asset and the costs individually attributable to place an asset on the site and usage conditions foreseen by Company management, net of trade discounts and rebates.

Costs incurred for expansion, modernization, 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, 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 fixtures	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 Company, are recognized in period results.

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

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

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

Investment property

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

Investment properties are initially measured at cost, including transaction costs. Following initial recognition, they are valued at 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, the cost taken into consideration for subsequent accounting is the book value on the date the use is changed. If a property, plant and equipment item would become investment property, it will be recorded at book value on the date it changes.

Situations that can lead to transfer are:

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

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. In order for the sale be highly probable, 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 as 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 continued 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 after the sale is kept. 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 Company, 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 reach conclusion of 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 instalments of the lease are estimated based on the cause that results in the instalment variance for reasons other than the passage of time.

Finance leases

a. If the Company acts as the lessee

   Wherever the Company acts as the lessee of an asset under finance lease, the leased asset is shown in the statement of financial position as an asset, according to the nature of the asset pursuant to the lease agreement, and at the same time, a liability in the same value is recorded in the statement of financial position, estimated as the lower of the fair value of the leased asset 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 the property, plant and equipment elements, or intangible assets for own use, regarding useful life, provided the property of the asset is transferred to the Company 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 property, plant and equipment element, whichever is less. Lease instalments are split between interest and the decrease of the principal. Financial expenses are recognized in the statement of income for the period.

b. If the Company acts as the lessor

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

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

Operating leases

Are lease agreements under which title to the leased asset and all substantial risks and benefits attached thereto remain with the lessor. The Company has assets received and delivered under operating lease agreements.

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

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

Loan costs

Loan costs directly attributable to the acquisition, construction or manufacturing of a qualifying asset, in other words an asset that necessarily takes a substantial period of time (generally more than six months) to become ready for its intended use or sale, are capitalized as part of the cost of the respective assets. 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 Company assesses whether there is indication that the value of an asset may be impaired. Assets with a defined useful life are subject to impairment testing, provided there is objective evidence that, as result of one or more events subsequent to initial recognition, the book value thereof cannot be recovered, in full or in part.

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

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

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

In order to assess value impairment losses, assets are grouped at the level of cash-generating unit or groups of cash-generating units as applicable, and estimation is made of the recoverable value thereof. The Company has defined each store or each shop as an individual cash-generating unit; regarding capital gains, the generating units are grouped based on the brand, which represents the lowest value at which capital gains are 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 independent of 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 capital gains 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 particular risks attached to the cash-generating unit or groups of cash-generating units.

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

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

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

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

Financial assets

Financial assets are recognized in the statement of financial position when the Company becomes a party pursuant to the contract terms and conditions. Financial assets are classified in the following categories:
- Financial assets at fair value with changes in income;
- Financial assets measured at amortized cost, and
- Financial assets at fair value with changes in other comprehensive income.

The classification depends on the business model used to manage financial assets and on the characteristics of the financial asset's contract cash flows; 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 instrument's cash inflows under the contract.

These instruments are valued at their 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 following 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 are they 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 based on a subsequent measurement at fair value in other comprehensive income.

The gains and losses arising from the new measurement at fair value are recognized in other comprehensive income until they are written off in asset accounts. 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 Company intends 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 written off in the accounts upon its sale, transfer, expiry or loss of control over contract rights or over the instrument's cash flows. When substantially all risks and benefits of ownership are retained by the Company, the financial asset continues being recognized in the statement of financial position at its full value.

e. Effective interest method

Is the method to estimate the amortized cost of a financial asset and of 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 the 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 from the date of issue and not containing a significant financial component, the 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, the 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 its 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, is allotted to current portion and non-current portion.

h. Cash and cash equivalents

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

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

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

Financial liabilities

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

a. Financial liabilities measured at fair value through income

   Are classified under this category when held for trading or designated at fair value through income from initial recognition.

b. Financial liabilities measured at amortized cost

   Include loans received and bonds issued, which are initially recognized by the cash received, net of transaction costs. They are subsequently measured at the amortized cost using the effective interest method and recognizing interest expenses on the basis of 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 Company has implemented a procedure that enables assessing the existence of embedded derivatives in financial and non-financial agreements. Should an embedded derivative exist, and if the main agreement is not accounted for at fair value, the procedure defines whether or not 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, both initially and subsequently, at fair values. 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.

By using such hedging structures, 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 Company does not use derivative financial instruments for speculative purposes, in these financial statements such derivatives have not been deemed hedge instruments given that they do not meet the requirements of International Financial Reporting Standards 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

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

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

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

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

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

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

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

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

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

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

Hedge accounting is discontinued upon voiding of the hedge relation, when the hedge instrument matures or is sold, expires, or is exercised, or no longer qualifies for hedge accounting. In those events, any gain or loss recognized in other comprehensive income is maintained in shareholders' equity and is recognized when the foreseen transaction actually 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 Company would dispose of a foreign business, in whole or in part, the accrued value of the effective portion recorded to other comprehensive income is reclassified to the statement of income.

Employee benefits

a. Defined contribution plans

   Post-employment benefit plans under which there is an obligation to make certain predetermined contributions into 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 Company has no specific assets intended for guaranteeing the defined benefit plans.

   Defined post-employment benefit plan liabilities are estimated severally for each plan, with the support of independent third parties, 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 2016, and for the Parent and its Colombian subsidiaries, information on actuarial assumptions is taken as a reference to Regulatory Decree 2131 of December 22, 2016 (for 2015, to Regulatory Decree 2496 of December 23, 2015). Actuarial gains or losses are recognized in other comprehensive income. Interest expense on defined post-employment benefits, as well as settlements and plan reductions, are recognized in period results as financial costs

c. Long-term employee benefits

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

The liability for long-term benefits is determined separately for each plan with the support of independent third parties, 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 Company pays to employees certain benefits upon termination, wherever it decides to terminate a labor contract earlier than on the ordinary retirement date, or wherever an employee accepts a benefits offer in exchange for termination of his labor contract.

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

Provisions, contingent assets and liabilities

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

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

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

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, which existence is subject to the occurrence or non-occurrence of future events not entirely under the control of the Company; or current obligations arising from past events, from which the amount of the obligation cannot be accurately estimated or it is not probable that an outflow of resources will occur for settlement of 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, which fair value may be accurately established.

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

Taxes

Taxes include liabilities payable to Government by the Company, estimated on the basis of private assessments made during the relevant taxable periods, and include, among other: income tax, income tax for equality -CREE-, national excise tax, tax on wealth and tax standardization, real estate tax, and industry and trade tax.

<u>Current income tax</u>

The income tax for the Company 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 2017 a CREE surtax, assessed on the same base as the income tax with certain additional clearance items. 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 Company expects to recover from or pay to tax authorities, assessed at expected tax rates to be applied during the period when the asset will be realized or the liability will be settled.

Deferred income tax assets are only recognized in as much as it is probable that in future there will have 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 combinations 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 income tax liabilities are carried for the total of the differences that may arise between the accounting balances and the tax balances of investments in subsidiaries, associates and joint ventures, since the exception contained in IAS 12 is applied when recording such deferred tax liabilities.

Share capital

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

Net operating revenue includes the sales of goods at the stores, the provision of services, the sale of real estate inventory and complementary businesses such as insurance, travel and financing, 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 a number of commitments, analysis is made of the proper timing for recognition. Consequently, revenues 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 between the sale of goods and the sale of incentives, at fair values. Deferred revenues 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 Company acts as principal and when as a commission agent.

Revenue from dividends is recognized when the right to receive payment for investments classified as financial instruments arise; dividends received from investments in subsidiaries, associates and joint ventures are recognized as 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.

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

The obligation of awarding such points is recorded 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

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

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

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

Note 4. New and modified standards and interpretations

Note 4.1. Standards not yet in force, issued during the year ended December 31, 2016

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, 2016:
- IFRS 16 - Leases, in force as of January 2019.
- Amendment to IAS 12, in force as of January 2017.
- Amendment to IAS 7, in force as of January 2017.
- Amendment to IFRS 2, in force as of January 2018.
- Amendment to IFRS 4, in force as of January 2018.
- Amendment to IAS 40, in force as of January 2018.
- IFRIC 22 - Foreign currency transactions and advance consideration, in force as of January 2018.

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

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

<u>Amendment to IAS 12 "Income tax" (January 2016)</u>

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 will become effective for periods commencing on or after January 1, 2017. Earlier application is permitted.

<u>Amendment to IAS 7 "Disclosure initiative" (January 2016)</u>

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 will become effective for periods commencing on or after January 1, 2017. Earlier application is permitted.

<u>Amendment to IFRS 2 "Share-based payments" (June 2016)</u>

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 will become effective for periods commencing on or after January 1, 2018. Earlier application is permitted.

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 the 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 designated financial assets that meet the requirements.

The amendments will become effective for periods commencing on or after January 1, 2018.

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 will become effective for periods commencing on or after January 1, 2018. Earlier application is permitted.

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 includes 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 at the date other than the date of initial recognition of the non-monetary asset or the non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

The amendments will become effective for periods commencing on or after January 1, 2018. Earlier application is permitted.

Note 4.2. Standards not yet in force, issued as at December 31, 2015

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 consideration for the transaction.
- 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 will become effective for periods commencing on or after January 1, 2017. Management is assessing the quantitative impact on information systems, internal processes and controls, arising from the new requirements set out by the standard.

The Company does not consider early application since Decree 2496 of December 23, 2015 expressly forbids early application thereof during the current year.

Note 4.3. Standards adopted earlier during the year ended December 31, 2016

During the year ended December 31, 2016, and based on section 4.1, the Company has not applied any Standards earlier.

Note 4.4. Standards adopted earlier as at December 31, 2015

IFRIC 21 - Levies (May 2013)

The interpretation includes the recognition of outflows of resources mandated by the Government (government agencies and similar bodies), pursuant to the laws and/or regulations, other than the income tax, fines and penalties for breaches of the legislation and amounts gathered by the entities on behalf of governments.

It sets out that the triggering event of the liability is the activity that results in payment of the levy, and mentions that the payment date does not affect the time when the liability is recognized.

The Company started to apply this interpretation as of January 1, 2014. The impact of application thereof during 2015 on the separate statement of income, line item other operating revenue and expenses and other gains, amounted to $57,772 from the recognition of the expense related with the tax on equity enacted by the National Government through Law 1739 of December 23, 2014.

Also, this interpretation was applied to the recognition of the real estate tax in force in Colombia, with an impact on interim periods but not on the period ended December 31, 2015.

Amendment to IAS 27 "Equity Method in Separate Financial Statements" (August 2014)

The amendment gives entities the option of recognizing their investments in subsidiaries, joint ventures and associates at cost, pursuant to IFRS 9 "Financial Instruments" or using the equity method as described in IAS 28 "Investments in Associates and Joint Ventures".

The Company elected the earlier application of this amendment, incorporating its effects from the preparation of its opening statement of financial position on January 1, 2014. Revenue under the equity method recognized on investments, associates and joint ventures for the period ended 2016 amounted to $101,925 (2015 - $144,416).

IFRS 9 - "Financial Instruments" (July 2014)

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

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

Amendment to IAS 36 - Information to be disclosed on the recoverable value of non-financial assets (May 2013).

This amendment includes the requirements of information to be disclosed on the recoverable value of non-monetary assets for which an impairment loss had been recorded or reversed. In these events there is a requirement to disclose whether the recoverable value of assets was estimated from its fair value less costs of disposal or its value in use. Should fair values be used, it is required to disclose the value hierarchy used as set out in IFRS 13 - Fair Value Measurement.

The Company started to apply this interpretation as of January 1, 2014. No transactions affected by this amendment were carried out during the reporting period, and there were no effects from implementation thereof.

Amendment to IFRS 11 Joint Arrangements - Accounting for the acquisition of an interest in a Joint Operation (May 2014)

The amendment sets out that a joint operator should account for the acquisition of an interest in a joint operation, where the activity associated to the joint operation constitutes a business, using the principles related to business combinations contained in IFRS 3 "Business combinations" and other standards.

The Company started to apply this interpretation as of January 1, 2014. No transactions affected by this amendment were carried out during the reporting period, and there were no effects from implementation thereof.

Amendment to IAS 16 and IAS 38 Acceptable methods of depreciation and amortization (May 2014)

The amendments clarify that revenue-based amortization methods are unacceptable since they do not reflect the expected consumption pattern of future economic benefits embodied in an asset. Such general rule might be refuted for intangible assets if the intangible asset is expressed as a function of revenue and it can be proved that the revenue and consumption of the economic benefits embodied in intangible assets are closely correlated.

The Company started to apply this interpretation as of January 1, 2014. No transactions affected by this amendment were carried out during the reporting period, and there were no effects from implementation thereof.

Amendment to IFRS 10 and IAS 28 and IAS 27 Sales or contribution of assets between an investor and its Associate or Joint Venture and application of the equity method in separate financial statements (September 2014)

The amendments refer to a well-known inconsistency between the requirements under IFRS 10 and IAS 28 (2011), in the treatment of sales or contribution of assets between an investor and its associate or joint venture.

The Company started to apply this interpretation as of January 1, 2014. No transactions affected by this amendment were carried out during the reporting period, and there were no effects from implementation thereof.

Annual improvement to IFRS 2012-2014 Cycle (September 2014)

Annual improvements to IFRS for the 2012-2014 cycle include:
- IFRS 5 "Non-current assets held for trading and discontinued operations", wherein it is made clear that wherever an asset (or group for disposal) is reclassified from "held for trading" to "held for distribution", or vice versa, this situation does not represent a change to the sales or distribution plan. This means that an asset (or group for disposal) does not need to be reinstated as if it had never been classified as "held for trading" or "held for distribution".
- IFRS 7 - "Financial instruments: Disclosures", includes two amendments for the purpose of analyzing disclosure requirements regarding financial instruments: (a) Provides guidance to help Company management to determine whether the terms of a certain arrangement to provide financial asset management services make a continuing involvement and (b) Makes it clear that additional information to be disclosed on the offsetting of financial assets and financial liabilities is not specific for all interim periods.
- IAS 19 "Employee benefits" clarifies that to determine the discount rate for liabilities arising from post-employment benefits, what matters is the currency of liabilities and not the country where they are triggered. Likewise, where there is no broad market for high-quality corporate bonds in such currency, government bonds are to be used in the relevant currency.
- IAS 34 "Interim financial reporting" requires cross-reference of interim financial statements to the location of such information.

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

Amendment to IFRS 10, IFRS 12 and IAS 28 Consolidation exception for investment entities and its subsidiaries (December 2014)

The amendments to IFRS 10 clarify that an investment entity should consolidate a subsidiary that is not an investment entity and that supports the entity's investment activities, in such a way that it acts as an extension of the investment entity.

The Company started to apply this amendment as of January 1, 2014. No transactions affected by this amendment were carried out during the reporting period, and there were no effects from implementation thereof.

Note 5. Business combinations

Note 5.1. Business combinations achieved during the year ended December 31, 2016

No business combinations were achieved during the year ended December 31, 2016.

Note 5.2. Business combinations achieved during the year ended December 31, 2015

Agreement between the Company and Caja de Compensación Familiar - CAFAM

During September 2010, the Company entered into an agreement with Caja de Compensación Familiar - CAFAM, which enabled it to operate the stores owned by Cafam, and enabled Cafam to operate the drugstores owned by the Company.

On February 23, 2015, the parties executed an agreement which main purpose was:
- The acquisition by the Company of the stores owned by Cafam, which it had been operating since September 2010, date on which the inventories in amount of $33,506 and property, plant and equipment associated to such stores in amount of $21,200 were purchased.
- Since it is deemed a business combination completed in various stages, the consideration transferred of $127,267 includes $5,048 on account of the measurement at fair value on the date of the business combination, of property, plant and equipment previously acquired by the Company. The amount recognized as goodwill amounts to $122,219, based on the purchase price allocation survey, which is expected to be tax-deductible.
- The sale to Cafam of the drugstores owned by the Company, some of which had been operated by Cafam since September 2010, resulted in a net gain of $74,515, recognized in period results as "Other revenue";
- The termination of the cooperation agreement executed by and between the parties in September 2010.

The conditions precedent under the agreement, including approval by the relevant authorities, were completed on May 27, 2015.

Expenses associated with the acquisition of these stores were not material.

Exercise of the purchase option to acquire Super Inter stores.

On April 15, 2015, the Company exercised the purchase option with Comercializadora Giraldo y Cía. S.A. granted on the acquisition of 29 trade establishments, which had been operated since October 2014, and on the Super Inter trademark. Previously, the Company had acquired the inventories associated with such establishments in amount of $29,833 under a separate transaction.

The price of acquisition amounted to $343,920, out of which $284,173 were disbursed at the closing of December 31, 2015.

Below is a summary of the fair values of identifiable assets and liabilities of the business acquired, as of the date of acquisition and at the closing of the measurement period, based on the purchase price allocation survey:

	Provisional fair values at April 1, 2015	Measurement period adjustments (1)	Final fair values at April 1, 2015
Super Inter Trademark	95,121	(31,417)	63,704
Property, plant and equipment	18,169	-	18,169
Total identifiable assets	**113,290**	**(31,417)**	**81,873**
Net assets measured at fair value	**113,290**	**(31,417)**	**81,873**

Goodwill arising from the operation amounts to:

	Provisional fair values at April 1, 2015	Measurement period adjustments (1)	Final fair values at April 1, 2015
Consideration transferred	343,920	-	343,920
Less fair value of identifiable net assets	(113,290)	31,417	(81,873)
Goodwill from the acquisition	**230,630**	**31,417**	**262,047**

(1) Relates to the fair value measurement adjustment of the Super Inter trademark, resulting from the review of the variables applied during the initial provisional appraisal.

Goodwill in amount of $262,047 is attributable to economies of scale expected from the integration of the operations of the stores acquired and Company stores, which is expected to be tax-deductible.

Expenses associated with the acquisition of these stores were not material.

Note 6. Cash and cash equivalents

The balance of cash and cash equivalents is as follows:

	December 31, 2016	December 31, 2015
Local currency		
Cash in hand	431,691	301,286
Banks	599,376	467,112
Fiduciary rights (1)	31,995	35,636
Total local currency	**1,063,062**	**804,034**
Foreign currency		
Banks	35,658	5,602
Cash in hand	105	1,011
Total foreign currency	**35,763**	**6,613**
Total cash and cash equivalents	**1,098,825**	**810,647**

(1) For 2015, the Company showed a restricted cash equivalent in local currency in amount of $3,907, registered under the fiduciary rights account, related to the profits from the film "Colombia Magia Salvaje", with the specific destination of a donation to Fundación Éxito.
On May 4, 2016, the Company donated $4,032 to Fundación Éxito as approved by the General Meeting of Shareholders held on March 30, 2016.

The Company recorded yields from cash in hand and in banks, and from cash equivalents, in amount of $6,540 (2015 - $37,964). Note 31.

At December 31, 2016, cash and cash equivalents were not restricted or levied in any way as to limit availability thereof. At December 31, 2016, exception made of resources aimed at Fundación Éxito recorded in the fiduciary rights account, there were no restrictions or liens that would limit the availability of cash and cash equivalents.

Note 7. Trade receivables and other accounts receivable

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

	December 31, 2016	December 31, 2015
Trade accounts receivable (7.1)	125,563	103,178
Other accounts receivable (7.2)	119,749	134,273
Total trade receivables and other receivables	**245,312**	**237,451**
Current (7.3)	**223,766**	**217,742**
Non-current (7.3)	**21,546**	**19,709**

Note 7.1. Trade accounts receivable

The balance of trade receivables is as follows:

	December 31, 2016	December 31, 2015
Domestic customers	79,862	82,218
Compañía de Financiamiento Tuya S.A. (1)	40,601	19,212
Rentals and dealers	9,482	8,362
Employee funds	3,903	4,777
Impairment loss (2)	(8,285)	(11,391)
Total trade receivables	**125,563**	**103,178**

(1) Includes items related with the operation of Tarjeta Éxito, such as royalties and reimbursement of shared expenses and collections from recovery of coupons, to be paid in the short term.

(2) The impairment of receivables is calculated on an individual basis based on receivables with due dates beyond the behavior of historic payments. Impairment is recognized as expense in period results. However, even if impaired, the Company is of the opinion that these balances are recoverable, given the extensive credit risk analysis 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, 2016 relates to revenue from recovery in amount of $3,106 (At December 31, 2016 related to an expense in amount of $1,295).

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

At 31 December 2014	**10,096**
Impairment loss recognized during the period	12,760
Reversal of impairment losses	(9,377)
Receivables written-off	(2,088)
At December 31, 2015	**11,391**
Impairment loss recognized during the period	6,987
Reversal of impairment losses	(6,240)
Receivables written-off	(3,853)
At December 31, 2016	**8,285**

Note 42, Policies on financial risk management, includes the considerations on the credit risk for trade debtors.

Note 7.2. Other accounts receivable

The balance of other accounts receivable is as follows:

	December 31, 2016	December 31, 2015
Employee funds	58,787	47,939
Business agreements	38,791	44,436
Sale of fixed assets, intangible assets and others	13,357	246
Money transfers	3,026	6,283
Tax claims	1,405	2,442
Money transfer services	1,227	26,587
Other	3,156	6,340
Total other accounts receivable	**119,749**	**134,273**

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

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

	December 31, 2016	December 31, 2015
Current		
Domestic customers	79,862	82,218
Employee funds	42,407	34,214
Compañía de Financiamiento Tuya S.A.	40,601	19,212
Business agreements	38,791	44,436
Sale of fixed assets, intangible assets and others	13,357	246
Rentals and dealers	9,482	8,362
Money transfers	3,026	6,283
Tax claims	1,405	2,442
Money transfer services	1,227	26,587
Other	1,893	5,133
Impairment loss	(8,285)	(11,391)
Total current accounts receivable	**223,766**	**217,742**
Non-current		
Employee funds	20,283	18,502
Other	1,263	1,207
Total non-current accounts receivable	**21,546**	**19,709**

Note 7.4. Trade receivables and other accounts receivable by age

The aging of trade receivables and other receivables, irrespective of impairment, for each period reported is as follows:

			Overdue			
Period	**Total**	**Not due**	**< 30 days**	**31 - 60 days**	**61 - 90 days**	**> 90 days**
December 31, 2016	253,597	52,530	143,545	36,726	927	19,869
December 31, 2015	248,842	140,380	38,820	2,799	15,966	50,877

Note 8. Prepaid expenses

The balance of prepaid expenses is:

	December 31, 2016	December 31, 2015
Leases (1)	13,232	13,562
Insurance (2)	10,309	12,245
Maintenance	4,877	3,390
Advertising	-	1,335
Other	948	472
Total prepaid expenses	**29,366**	**31,004**
Current	**16,728**	**18,008**
Non-current	**12,638**	**12,996**

(1) Relates to lease instalments of the Éxito San Martin store paid in advance, covering contract term to 2034.

(2) The insurance program covering certain policies that used to be renewed and paid at the beginning of December each year was changed for 2016; as of this year, renewal and payment periods are at the beginning of January.

Note 9. Accounts receivable from and accounts payable to related parties

Transactions with related parties represent sales of goods, loans and purchase of goods for sale and provision of services. The balance of accounts receivable from and accounts payable to related parties is as follows:

	Accounts receivable		Accounts payable	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Controlling entity (1)	3,606	204	52,988	61,477
Subsidiaries (2)	53,770	66,665	124,789	89,441
Joint ventures (3)	15,973	-	-	
Key management personnel (4)	29	78	-	-
Members of the Board	-	-	93	1
Grupo Casino companies (5)	3,256	4,842	4,881	4,839
Other related parties (6)	-	98	236	1,861
Total	**76,634**	**71,887**	**182,987**	**157,619**
Current	**74,589**	**71,887**	**182,987**	**157,619**
Non-current	**2,045**	**-**	**-**	**-**

(1) (1)Accounts payable to the controlling entity arise from consultancy and technical assistance services provided by Casino Guichard-Perrachon S.A. and Geant International B.V. It also includes accounts payable relevant to dividends, in amount of $41,818 (2015 - $50,398).

Accounts receivable relate to a strategic direction service agreement entered into with Casino Guichard-Perrachon S.A.

(2) The balance of accounts receivable from subsidiaries relates to: direct operations of Almacenes Éxito Inversiones S.A.S where Almacenes Éxito S.A acts as payer to third parties under a mandate agreement in amount of $9,941 (2015 - $25,319); collection of profits declared receivable from Stand-Alone Trust Funds $22, 926 (2015 - $12,406); sale of goods and loans to Gemex O&W S.A.S $12,096 (2015 - $8,147); transfer of the put option contract to Spice Investments Mercosur S.A. $3,460 (2015 - $0); strategic direction services to Libertad S.A. $2,726 (2015 - $0); other collections from all other subsidiaries in amount of $2,621 (2015 - $1,786) and sale of goods to Cdiscount Colombia S.A.S. (2015 - $19,007).

Accounts payable to subsidiaries include the following items: purchase of goods and rental of premises to Distribuidora de Textiles y Confecciones S.A., $96,907 (2015 - $71,462); reimbursement of expenses to Gemex O&W S.A.S., $7 (2015 - $0); mobile phone corporate plans and recharges Almacenes Éxito Inversiones S.A.S. (2015 - $7,046); dividends advance payment received from Carulla Vivero Holding Inc., $4,575 (2015 - $4,778); transportation services received from Logística, Transporte y Servicios Asociados S.A.S, $4,511 (2015 - $3,178); purchase of goods from Patrimonio Autónomo Centro Comercial, $196 (2015 - $0); rental instalments and withholding at the source for profits declared by Patrimonios Autónomos,$7,898 (2015 - $1,452); collections, purchase of tourism packages and redemption of points with Éxito Viajes y Turismo S.A.S.,$1,981 (2015 - $0) and purchase of inventories and balance pending capitalization payable to Cdiscount Colombia S.A.S., $8,714 (2015 – rental instalments $1,525).

(3) The balance of accounts receivable from joint ventures relates to a subscription of shares in Compañía de Financiamiento Tuya S.A. dated December 27, 2016. Given that Compañía de Financiamiento Tuya S.A. did not receive authorization from the Colombian Financial Superintendence to register a capital increase before December 31, 2016, the amount disbursed by the Company was recorded as account receivable until such authorization is received, which is expected during the first quarter of 2017.

(4) Transactions between Almacenes Éxito S.A. and key management personnel, including legal representatives and/or administrators, mainly relate to labor agreements entered into between the parties. Key management personnel includes the CEO, Vice-presidents, business corporate managers, directors, and members of their families.

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

(6) Costs and expenses with other related parties relate to transactions with companies where the shareholders are the beneficial owners of 10% or more of total outstanding shares, members of the Board, legal representatives and/or administrators having a direct or indirect interest equal to or higher than 10% of outstanding shares.

Note 10. Inventories and cost of sales

The balance of inventories is as follows:

	December 31, 2016	December 31, 2015
Inventories available for trading	1,058,160	1,120,201
Inventories in transit	31,004	24,266
Materials, small spares, accessories and packaging material	12,596	14,736
Product in process	2,604	2,832
Raw materials	2,313	3,281
Inventories of property under construction (1)	1,897	1,897
Inventory impairment (2)	(30,915)	(23,096)
Total inventories	**1,077,659**	**1,144,117**

(1) Relates to real estate projects currently under construction, for trading purposes. It also includes real estate projects Hotel Cota and Univalledupar, which since 2015 are in the construction restructuring stage.

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

Balance at December 31, 2014	**15,419**
Period loss expense	7,677
Balance at December 31, 2015	**23,096**
Period loss expense	1,400
Reclassifications	6,419
Balance at December 31, 2016	**30,915**

Inventories are not subject to limitation or liens that restrict negotiability or realization thereof, and have been duly insured against all risks.

Pursuant to Company's policy, inventories are valued at cost or fair value less selling costs, whichever is less. The adjustments to this valuation are included in the costs of sale for the period. No impairment has been reversed regarding these inventories.

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

	December 31, 2016	December 31, 2015
Cost of goods sold (1)	9,360,823	8,667,105
Trade discounts and rebates on purchases	(1,201,618)	(1,062,430)
Logistics costs (2)	257,359	236,946
Damage and unknown reduction	139,829	147,359
Impairment loss recognized during the period	1,400	7,677
Total cost of goods sold	**8,557,793**	**7,996,657**

As of 2016, impairment losses for goods owned by the Company in "*VMI*" custody are recorded to the other provisions account. Note 20.

(1) Includes $2,627 of depreciation and amortization cost (2015 - $2,700).
Includes $28 allowance for trade receivables (2015 - $10).

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

Description	December 31, 2016	December 31, 2015
Services	115,356	108,736
Employee benefits	54,993	50,040
Leases	53,730	48,322
Depreciation and amortization	12,907	12,718
Maintenance and repairs	8,326	6,208
Packaging and marking materials	3,659	3,667
Truck security guard	1,411	-
Allowance for trade receivables	225	-
Other minor	6,752	7,255
Total	**257,359**	**236,946**

Note 11. Other financial assets

The balance of other financial assets is as follows:

	December 31, 2016	December 31, 2015
Financial assets measured at amortized cost (1)	75,157	136,166
Derivative financial instruments (2)	9,547	67,027
Financial assets measured at fair value through income (3)	1,142	965
Financial assets measured at fair value through other comprehensive income (4)	248	1,046
Total other financial assets	**86,094**	**205,204**
Current	**12,252**	**67,027**
Non-current	**73,842**	**138,177**

(1) Financial assets measured at amortized cost are investments in bonds issued by Compañía de Financiamiento Tuya S.A., which the Company has the intention and capability of maintaining until maturity. These investments are part of Tarjeta Éxito corporate collaboration agreement, with nominal value of $74,500, a term of between 1 and 10 years and a yield of CPI + 6%. Shares of Compañía de Financiamiento Tuya S.A. were subscribed in October 2016, gaining 50% of the equity in such company; bonds amounting to $69,500 were used to pay for such subscription.

(2) 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 using variables other than prices quoted, directly or indirectly perceptible for assets or liabilities. In the statement of financial position the Company measures derivative financial instruments (forward) at fair value, on each accounting closing date. The variation between December 31, 2015 and December 31, 2016 relates to the increase in the valuation of closing rates for forwards and swaps, above the average of the rates agreed upon with various financial players, giving rise to a right (asset) but not to an obligation (liability).

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

	Less than 1 month	From 1 to 3 months	From 3 to 6 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 detail of maturities of these instruments at December 31, 2015 is as follows:

	Less than 1 month	From 1 to 3 months	From 6 to 12 months	Total
Forward	31,068	32,238	2,965	66,271
Swap	756	-	-	756
	31,824	**32,238**	**2,965**	**67,027**

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

(4) Financial assets measured at fair value through other comprehensive income are equity investments not held for trading. The fair value on each reporting date is:

	December 31, 2016	December 31, 2015
Fogansa S.A. (in process of being liquidated) (1)	-	798
Other minor equity investments	248	248
Total	**248**	**1,046**

(1) At the closing of 2016, the Company decided to eliminate this investment from the financial statements given the high probability of non-recovery.

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

	December 31, 2016	December 31, 2015
Current		
Financial assets measured at amortized cost	7,452	-
Derivative financial instruments	4,800	67,027
Total current	**12,252**	**67,027**
Non-current		
Financial assets measured at amortized cost	67,705	136,166
Derivative financial instruments	4,747	-
Financial assets measured at fair value through income	1,142	965
Financial assets measured at fair value through other comprehensive income	248	1,046
Total non-current	**73,842**	**138,177**

There are no restrictions or liens on other financial assets that restrict the tradability or realization thereof, exception made of the Company's investment in Tuya S.A.'s bonds, which were issued as part of Tarjeta Éxito's business collaboration agreement. Additionally, during the reporting periods none of assets was impaired.

Note 12. Property, plant and equipment, net

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

	December 31, 2016	December 31, 2015
Land	643,398	830,245
Buildings	1,074,898	1,151,186
Machinery and equipment	603,994	508,451
Furniture and fixtures	352,391	300,164
Assets under construction	152,295	168,934
Improvements to third party properties	253,951	222,654
Vehicles and transportation equipment	5,280	4,524
Computers	127,182	109,774
Other	16,050	16,050
Total cost of property, plant and equipment	**3,229,439**	**3,311,982**
Accumulated depreciation	(523,381)	(350,930)
Total net property, plant and equipment	**2,706,058**	**2,961,052**

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

Cost	Land	Buildings	Machinery and equipment	Furniture and fixtures	Assets under construction	Improvements to third party properties	Transportation equipment	Computers	Other	Total
Balance at December 31, 2015	**830,245**	**1,151,186**	**508,451**	**300,164**	**168,934**	**222,654**	**4,524**	**109,774**	**16,050**	**3,311,982**
Additions	8,482	1,845	43,791	14,683	408,499	517	757	9,350	-	487,924
Capitalization of loan costs (1)	-	1,299	-	-	6,077	-	-	-	-	7,376
(Decrease) from transfers (to) investment property (Note 13).	(45,722)	(6,342)	-	-	-	-	-	-	-	(52,064)
Increase (decrease) from movements between property, plant and equipment accounts.	(55)	144,859	56,541	39,642	(52,215)	181,734	-	8,494	-	-
(Decrease) from transfers (to) other balance sheet accounts (2)	(131,649)	(178,768)	(3,199)	(180)	-	(129,953)	-	(1)	-	(443,750)
Disposal of property, plant and equipment	(12,887)	(36,417)	(46)	(4)	-	(10,469)	-	-	-	(59,823)
Derecognition of property, plant and equipment	-	-	(1,401)	(1,921)	-	(10,532)	(1)	(402)	-	(14,257)
Other changes (3)	(5,016)	(2,764)	(143)	7	-	-	-	(33)	-	(7,949)
Balance at December 31, 2016	**643,398**	**1,074,898**	**603,994**	**352,391**	**152,295**	**253,951**	**5,280**	**127,182**	**16,050**	**3,229,439**
Accumulated depreciation										
Balance at December 31, 2015	**-**	**68,715**	**111,945**	**69,997**	**-**	**62,368**	**1,772**	**35,276**	**857**	**350,930**
Depreciation expense/cost	-	33,217	66,220	40,500	-	33,117	741	24,688	788	199,271
(Decrease) from transfers (to) other balance sheet accounts (2)	-	(12,708)	(201)	(11)	-	-	-	-	-	(12,920)
(Decrease) from transfers (to) investment property (Note 13)	-	(351)	-	-	-	-	-	-	-	(351)
Disposal of property, plant and equipment	-	(3,171)	(9)	(4)	-	-	-	-	-	(3,184)
Depreciation reversals	-	-	(1,298)	(1,920)	-	(6,843)	(1)	(401)	-	(10,463)
Other changes	-	9	168	50	-	(134)	-	5	-	98
Balance at December 31, 2016	**-**	**85,711**	**176,825**	**108,612**	**-**	**88,508**	**2,512**	**59,568**	**1,645**	**523,381**

(1) The rate used to determine the amount of loan costs capitalized was 6.389%, calculated with the weighted average of loan costs applicable to borrowings, outstanding at the closing of 2016.

(2) Mainly represents:
- i) Contribution of land to Patrimonio Autónomo Viva Malls in amount of $131,649;
- ii) Contribution of constructions to Patrimonio Autónomo Viva Malls for a net book value of $166,060;
- iii) Contribution of improvements to third party properties to Patrimonio Autónomo Viva Malls and Patrimonio Autónomo Viva Barranquilla, for a net book value of $35,728 and $94,225, respectively;
- iv) Contribution of machinery and equipment to Patrimonio Autónomo Viva Malls for a net book value of $2,998;
- v) Contribution of other furniture to Patrimonio Autónomo Viva Malls for a net book value of $170.

(3) Includes transfer of land and buildings of "Éxito Itagüí" premises in amount of $7,609 to the real estate project inventories account, which were subsequently sold.

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

The book value of property, plant and equipment under finance lease for the periods reported is as follows:

	December 31, 2016	December 31, 2015
Machinery and equipment	620	707
Other property, plant and equipment	14,119	14,907
Total assets under finance lease	**14,739**	**15,614**

No provisions for dismantling or similar provisions are included in the cost of property, plant and equipment, since the assessment of the Company determined that there are no legal or contractual obligations requiring such estimations at the time of acquisition thereof.

Except for the Envigado property, which is in the construction stage and will be contributed to Patrimonio Autónomo Viva Malls in 2018, no restrictions or liens are levied on property, plant and equipment that limit realization or tradability thereof. For the periods reported, the Company has no commitments to acquire, construct or develop property, plant and equipment.

During the year ended December 31, 2016, the Company received $6,588 (2015 - $13,163) as compensation for assets damaged.

During the periods reported in these financial statements no impairment of property, plant and equipment was recognized. Information about the methodology applied to test for impairment is disclosed in Note 35.

Note 13. Investment property, net

The Company's investment properties are business premises and plots of land held to generate income from operating lease activities or future appreciation of the price thereof. The net balance of investment properties is made as follows:

	December 31, 2016	December 31, 2015
Land	65,370	32,996
Buildings	40,608	66,850
Total cost of investment property	**105,978**	**99,846**
Accumulated depreciation	(2,973)	(3,404)
Total investment property, net	**103,005**	**96,442**

The development of investment property during the period is as follows:

Cost	**Land**	**Buildings**	**Total**
Balance at December 31, 2015	**32,996**	**66,850**	**99,846**
(Decrease) from transfers (to) other balance sheet accounts (1)	(13,943)	(32,534)	(46,477)
Transfers from property, plant and equipment (Note 12) (2)	45,722	6,342	52,064
Other changes	595	(50)	545
Balance at December 31, 2016	**65,370**	**40,608**	**105,978**

Accumulated depreciation	**Buildings**
Balance at December 31, 2015	**3,404**
Depreciation expense	1,614
(Decrease) from transfers (to) other balance sheet accounts (1)	(2,396)
Transfers from property, plant and equipment (Note 12)	351
Balance at December 31, 2016	**2,973**

(1) Relate to the contribution of land and buildings to Patrimonio Autónomo Viva Malls in amount of $13,943 and $32,534, net book value, respectively.

(2) Includes the transfer of properties, namely Marbella manzana 1 plot of land, Éxito Occidente plot of land, Marbella manzana 6, 7 and 8 plot of land, Carulla City Plaza warehouse, Cúcuta Super Inter warehouse and Office located at Central Mayorista premise 42 shed 17.

There are no limitations or liens imposed on investment property that restrict realization or tradability thereof. For the reporting periods included in these financial statements, the Company has no commitments to acquire, build or develop investment properties, or to repair, maintain or improve such properties. The Parent has not received compensations from third parties arising from the damage or loss of investment properties. It has not recognized impairment losses. Information about the methodology applied to test for impairment is disclosed in Note 35.

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

Income generated by the Company from the use of investment property during the reporting periods is as follows:

	December 31, 2016	December 31, 2015
Revenue from leases	6,044	10,641
Operation expenses related to revenue-generating investment properties	(2,383)	(1,750)
Operating expenses related to non-revenue-generating investment properties	(1,139)	(1,934)
Net gain from investment properties	**2,522**	**6,957**

Note 14. Goodwill

The balance of goodwill at December 31, 2016 and December 31, 2015, relates to the following business combinations:

Carulla Vivero S.A. (1)	827,420
Super Inter (2)	453,649
Cafam (3)	122,219
Other (4)	49,789
Total	**1,453,077**

(1) Refers to the business combination carried out in 2007 with the merger of Carulla Vivero S.A. The value represents the cost attributed in the opening balance sheet, in exercise of the exemption of not to restate business combinations.

(2) Represents the acquisition of 46 trade establishments under the banner Super Inter, of which 19 were acquired at the end of 2014 and the remaining 29 in April 2015. It also includes the acquisition of 7 trade establishments between 23 February 2015 and 24 June 2015, and the loss from the sale of two assets under condition acquired in the business combination in amount of $1,714.

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

(4) Refers to the non-significant acquisition of trade establishments that subsequently were turned into Éxito, Carulla and Surtimax stores, and for impairment testing purposes such goodwill was allocated as follows at December 31, 2015: $10,540 to Éxito, $28,566 to Surtimax and $10,683 to Súper Inter.

During the periods reported in these financial statements no impairment of property, plant and equipment was identified. Information about the methodology applied to test for impairment is contained in Note 35.

Note 15. Intangible assets other than goodwill

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

	December 31, 2016	December 31, 2015
Trademarks	81,131	81,131
Computer software	133,953	94,631
Rights	29,259	4,499
Other	1,522	1,522
Total intangible assets other than goodwill	**245,865**	**181,783**
Accumulated amortization	(71,452)	(41,668)
Total intangible assets other than goodwill, net	**174,413**	**140,115**

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

Cost	**Trademarks (1)**	**Computer software (2)**	**Rights (3)**	**Other**	**Total**
Balance at December 31, 2015	**81,131**	**94,631**	**4,499**	**1,522**	**181,783**
Additions	-	39,296	24,760	-	64,056
Transfers	-	36	-	-	36
Disposals and derecognition	-	(10)	-	-	(10)
Balance at December 31, 2016	**81,131**	**133,953**	**29,259**	**1,522**	**245,865**

Accumulated amortization	Trademarks (1)	Computer software (2)	Rights (3)	Other	Total
Balance at December 31, 2015	**-**	**35,678**	**4,499**	**1,491**	**41,668**
Amortization expense/cost	-	29,792	-	-	29,792
Transfers	-	2	-	-	2
Disposals and derecognition	-	(10)	-	-	(10)
Balance at December 31, 2016	**-**	**65,462**	**4,499**	**1,491**	**71,452**

(1) Relate to Surtimax trademark in amount of $17,427 acquired in the merger with Carulla Vivero S.A., and Super Inter trademark acquired in the business combination with Comercializadora Giraldo Gómez y Cía. S.A. in amount of $63,704. Such trademarks have indefinite useful life on the grounds of the Company's considerations thereon, and consequently they are not amortized.

(2) Includes the net value of, among other, the following software: system application and products (SAP), $17,801 (2015 - $18,981); trade information system (Sinco), $16,843 (2015 - $7,474); single customer, $4,244 (2015 - $3,035); pricing, $2,951 (2015 - $4,089); demand forecast, $2,737 (2015 - $0); databases, $2,648 (2015 - $2,384); printing, $2,281 (2015 - $ 2,458), display and space, $1,949 (2015 - $ 3,218); pos and pin pads, $1,890 (2015 - $ 2,404); exchange license, $1,862 (2015 - $143); sinemax, $1,516 (2015 - $1,946); IT security, $1,439 (2015 - $1,131); pc stations, $1,334 (2015 - $1,585), C&C licenses, $1,094 (2015 - $830); monitoring, $1,130 (2015 - $244); slotting, $1,088 (2015 - $1,098). For 2015, it also includes a finance lease with Leasing Bancolombia S.A. on the telephone plant software license, with carrying value of $424.

(3) Relates to:
- $13,238 and $11,522 from the recognition of a contract executed to acquire the rights to exploit trade premises during September and December 2016, respectively. Given the relevant usage considerations that the Company has thereon, such rights have indefinite useful life, and consequently they are not amortized.
- $4,499 recognition of the contract entered into with Comercializadora Giraldo y Cía S.A. regarding the use for no consideration of the Super Inter trademark up to April 1, 2015, date on which the business combination of 29 trade establishments and the Super Inter trademark was completed. Such intangible asset has been fully amortized

Intangible assets other than goodwill are not restricted or subject to lien that would restrict realization or tradability thereof. For the reported periods, the Company has neither commitments to acquire or develop intangible assets, nor has it recognized any impairment losses. Information about the methodology applied to test for impairment is contained in Note 35.

Note 16. Investments accounted for using the equity method

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

Company	Classification	December 31, 2016	December 31, 2015
Onper Investment 2015 S.L.	Subsidiary	5,477,557	5,031,931
Spice Investment Mercosur S.A. (1)	Subsidiary	1,789,663	2,199,763
Patrimonio Autónomo Viva Malls (2)	Subsidiary	398,227	-
Distribuidora de Textiles y Confecciones S.A.	Subsidiary	159,415	152,409
Patrimonio Autónomo Viva Villavicencio	Subsidiary	109,148	111,121
Compañía de Financiamiento Tuya S.A. (3)	Joint venture	90,171	-
Patrimonio Autónomo Centro Comercial	Subsidiary	57,294	59,403
Patrimonio Autónomo Viva Sincelejo	Subsidiary	42,531	43,857
Cdiscount Colombia S.A.S. (4)	Subsidiary	22,838	-
Patrimonio Autónomo San Pedro Etapa I	Subsidiary	17,960	18,375
Patrimonio Autónomo Centro Comercial Viva Barranquilla (5)	Subsidiary	11,086	99,857
Cnova N.V. (6)	Associate	9,222	9,222
Patrimonio Autónomo Centro Comercial Viva Riohacha (7)	Subsidiary	6,277	53,337
Carulla Vivero Holding Inc.	Subsidiary	4,464	4,685
Éxito Viajes y Turismo S.A.S.	Subsidiary	4,221	2,223
Fideicomiso Girardot plot of land	Subsidiary	3,850	3,850
Patrimonio Autónomo Iwana	Subsidiary	3,280	3,348
Logística, Transporte y Servicios Asociados S.A.S.	Subsidiary	606	-
Patrimonio Autónomo Viva Laureles (8)	Subsidiary	-	93,667
Patrimonio Autónomo Viva Palmas (8)	Subsidiary	-	12,989
Patrimonio Autónomo Local 108 (Vizcaya)	Subsidiary	-	614
Total		**8,207,810**	**7,900,651**

(1) The Company was a party to the put option contract entered into with the owners of non-controlling interests in subsidiary Grupo Disco del Uruguay S.A. The exercise price of the option was based on a previously determined formula and the option could be exercised at any time. Such option was measured at fair value and amounted to $310,323. On June 30, 2016, the Company transferred this put option contract to subsidiary Spice Investments Mercosur S.A.

(2) Stand-alone trust fund created on June 15, 2016.

(3) On October 31, 2016, Almacenes Éxito S.A. directly acquired 49.98% of the shares of stock of Compañía de Financiamiento Tuya S.A. and 0.02% through its subsidiary Almacenes Éxito Inversiones S.A.S.

(4) A capitalization in amount of $24,990 was completed on April 7, 2106. Additionally, due to the reimbursement of contributions made by this subsidiary on December 30, 2016, the Company became the only shareholder.

(5) In December 2016, the Company sold to Patrimonio Autónomo Viva Malls a portion of the fiduciary rights in this stand-alone trust fund.

(6) As result of the disinvestment made in 2016 by Companhia Brasileira de Distribuição – CBD, subsidiary of Onper Investment 2015 S.L., Cnova N.V. changed from being a subsidiary to an associate.

(7) In December 2016, the property previously contributed to this stand-alone trust fund was returned to the Company.

(8) In December 2016, rights in Patrimonio Autónomo Viva Laureles and in Patrimonio Autónomo Viva Palmas were transferred to Patrimonio Autónomo Viva Malls.

Information regarding investments accounted for using the equity method

Information on ownership percentages and shares held in investments accounted for using the equity method:

Company	Country	Functional currency	Main economic activity	Ownership percentage		Number of shares	
				2016	2015	2016	2015
Onper Investment 2015 S.L.	Spain	Euro	Holding	100%	100%	3.000	3.000
Spice Investment Mercosur S.A.	Uruguay	Uruguayan peso	Holding	100%	100%	6.550.177.757	6,550,177,757
Patrimonio Autónomo Viva Malls	Colombia	Colombian peso	Real Estate	51%	-	N/A	-
Distribuidora de Textiles y Confecciones S.A.	Colombia	Colombian peso	Textile	97.75%	97.75%	7.820.000	7.820.000
Patrimonio Autónomo Viva Villavicencio	Colombia	Colombian peso	Real Estate	51%	51%	N/A	N/A
Compañía de Financiamiento Tuya S.A.	Colombia	Colombian peso	Credit	50%	-	4.124.061.485	-
Patrimonio Autónomo Centro Comercial	Colombia	Colombian peso	Real Estate	51%	51%	N/A	N/A
Patrimonio Autónomo Viva Sincelejo	Colombia	Colombian peso	Real Estate	51%	51%	N/A	N/A
Patrimonio Autónomo San Pedro Etapa I	Colombia	Colombian peso	Real Estate	51%	51%	N/A	N/A
Patrimonio Autónomo Centro Comercial Viva Barranquilla	Colombia	Colombian peso	Real Estate	5.18%	92.52%	N/A	N/A
Cdiscount Colombia S.A.S.	Colombia	Colombian peso	Trade	100%	49%	4.074.343	1.575.343
Cnova N.V.	Holland	Euro	Trade	0.15%	0.15%	659.383	659.383
Patrimonio Autónomo Centro Comercial Viva Riohacha	Colombia	Colombian peso	Real Estate	100%	100%	N/A	N/A
Carulla Vivero Holding Inc.	British Virgin Islands	Colombian peso	Investment	100%	100%	385.900	385.900
Éxito Viajes y Turismo S.A.S.	Colombia	Colombian peso	Services	51%	51%	2.500.000	2.500.000
Fideicomiso Girardot plot of land	Colombia	Colombian peso	Real Estate	100%	100%	N/A	N/A
Patrimonio Autónomo Iwana	Colombia	Colombian peso	Real Estate	51%	51%	N/A	N/A
Logística, Transporte y Servicios Asociados S.A.S.	Colombia	Colombian peso	Transport	100%	100%	4.538.000	616.000
Patrimonio Autónomo Viva Laureles	Colombia	Colombian peso	Real Estate	-	80%	-	N/A
Patrimonio Autónomo Viva Palmas	Colombia	Colombian peso	Real Estate	-	51%	-	N/A
Patrimonio Autónomo Local 108 (Vizcaya)	Colombia	Colombian peso	Real Estate	-	100%	-	N/A
Gemex O & W S.A.S.	Colombia	Colombian peso	Trade	85%	85%	345.903	345.903
Almacenes Éxito Inversiones S.A.S.	Colombia	Colombian peso	Telephone	100%	100%	300.000	300.000

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	Total comprehensive income
Onper Investment 2015 S.L.	10,887,781	38,671,385	11,430,151	22,012,796	16,116,219	37,816,912	64,449	2,292,820
Spice Investment Mercosur S.A.	558,677	2,094,685	926,090	72,469	1,654,803	2,401,228	151,316	47,831
Compañía de Financiamiento Tuya S.A.	2,474,730	-	1,393,875	935,756	145,099	857,706	10,156	10,156
Patrimonio Autónomo Viva Malls	64,060	714,179	5,235	-	773,004	7,444	3,216	3,216
Patrimonio Autónomo Viva Villavicencio	35,989	212,002	27,351	-	220,640	32,386	21,654	21,654
Patrimonio Autónomo Centro Comercial Viva Barranquilla	9,426	212,449	7,865	-	214,010	4,309	(29)	(29)
Distribuidora de Textiles y Confecciones S.A.	138,340	107,437	60,588	13,466	171,724	291,141	6,713	6,718
Patrimonio Autónomo Centro Comercial	8,104	115,153	8,914	-	114,343	17,861	11,654	11,654
Patrimonio Autónomo Viva Sincelejo	1,558	83,493	1,656	-	83,395	11,979	6,243	6,243
Patrimonio Autónomo Centro Comercial Viva Riohacha	2,460	4,736	919	-	6,277	9,198	4,973	4,973
Patrimonio Autónomo San Pedro Etapa I	617	34,975	376	-	35,216	3,851	2,611	2,611
Patrimonio Autónomo Iwana	100	6,400	68	-	6,432	467	115	115
Carulla Vivero Holding Inc.	4,551	-	87	-	4,464	-	-	-
Éxito Viajes y Turismo S.A.S.	20,418	1,821	13,962	-	8,277	12,623	3,918	3,918
Fideicomiso Girardot plot of land	-	3,850	-	-	3,850	-	-	-
Logística, Transporte y Servicios Asociados S.A.S.	8,207	3,663	9,266	2,040	604	65,572	(1,657)	(1,665)
Gemex O & W S.A.S. (1)	8,191	849	18,799	-	(9,759)	18,556	(7,517)	(7,517)
Cdiscount Colombia S.A.S.	22,193	-	9,229	-	12,964	17,154	(19,361)	(19,361)
Almacenes Éxito Inversiones S.A.S. (2)	3,536	5,030	12,781	-	(4,215)	41,688	7,838	7,838

Financial information regarding investments accounted for using the equity method at December 31, 2015:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Revenue from ordinary activities	Result from continuing operations	Total comprehensive income
Onper Investments 2015 S.L.	20,676,653	19,994,780	20,787,360	7,040,507	12,843,566	20,618,581	(7,416)	(558,890)
Spice Investment Mercosur S.A.	744,061	2,073,721	630,607	74,238	2,112,937	2,162,401	90,476	188,388
Patrimonio Autónomo Viva Villavicencio	28,456	215,351	19,307	-	224,500	23,380	15,209	15,209
Distribuidora de Textiles y Confecciones S.A.	102,471	105,194	29,857	12,797	165,011	146,423	1,801	1,806
Patrimonio Autónomo Centro Comercial	4,365	116,565	2,452	-	118,478	11,826	8,687	8,687
Patrimonio Autónomo Viva Laureles	2,451	116,664	2,031	-	117,084	13,689	6,967	6,967
Patrimonio Autónomo Centro Comercial Viva Barranquilla	3,893	108,501	4,464	-	107,930	150	(804)	(804)
Patrimonio Autónomo Viva Sincelejo	1,991	85,509	1,507	-	85,993	11,414	5,729	5,729
Patrimonio Autónomo Centro Comercial Viva Riohacha	1,800	52,963	1,323	-	53,440	707	191	191
Patrimonio Autónomo San Pedro Etapa I	597	35,797	364	-	36,030	3,926	2,653	2,653
Patrimonio Autónomo Viva Palmas	430	25,470	430	-	25,470	213	187	187
Patrimonio Autónomo Iwana	82	6,546	64	-	6,564	522	198	198
Carulla Vivero Holding Inc.	4,776	-	91	-	4,685	-	-	-
Éxito Viajes y Turismo S.A.S.	4,023	1,500	1,164	-	4,359	234	(502)	(502)
Fideicomiso Girardot plot of land	-	3,850	-	-	3,850	-	-	-
Cnova N.V.	3,955,329	2,062,683	5,389,525	133,429	495,058	3,032,540	(531,226)	(531,226)
Patrimonio Autónomo Local 108 (Vizcaya)	19	595	-	-	614	1	(14)	(14)
Logística, Transporte y Servicios Asociados S.A.S. (3)	3,806	1,146	6,598	7	(1,653)	21,475	(2,271)	(2,271)
Gemex O & W S.A.S. (1)	7,788	975	12,093	-	(3,330)	12,134	(1,731)	(1,731)
Cdiscount Colombia S.A.S. (4)	31,501	9,183	50,763	-	(10,079)	40,665	(25,843)	(25,843)
Almacenes Éxito Inversiones S.A.S. (2)	9,437	5,131	26,621	-	(12,053)	23,403	(1,989)	(1,989)

(1) At December 31, 2016, Gemex O & W S.A.S. accrued losses amounting to $11,254 (2015 - $3,737) 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. As part of the Management commitment to take steps to overcome this situation, a business plan that would enable the Company to start generating profits was submitted to the General Meeting of Shareholders on March 18, 2016.

(2) At December 31, 2016, Almacenes Éxito Inversiones S.A.S. accrued losses amounting to $9,050 (2015 - $16,888) 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. As part of the

Management commitment to take steps to overcome this situation, a business plan that would enable the Company to start generating profits was submitted to the General Meeting of Shareholders on March 18, 2016. The plan has proven positive, reason why there is a decrease in accumulated losses.

(3) At December 31, 2016, Transporte y Servicios Asociados S.A.S. accrued losses amounting to $3,926 (2015 - $2,269) 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. As part of the Management commitment to take steps to overcome this situation, during the ordinary meeting held on March 10, 2016, the General Meeting of Shareholders approved a capitalization in amount of $3,922 million to increase subscribed and paid-in capital from $616 million to $4,538 million, thus overcoming the grounds for dissolution. However, as result of the accumulated losses generated during the year ended December 31, 2016, equity again decreased below 50% of the capital, and the company again is under the special grounds for dissolution. Even under this circumstance, at December 31, 2016, equity is not negative.

(4) At December 31, 2016, Cdiscount Colombia S.A.S. accrued losses amounting to $61,590 (2015 - $42,229) 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. As part of Management commitment to take steps to overcome this situation, during the 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, at December 31, 2016, equity is not negative.

As of August 31, 2015, with the business combination of the Brazil and Argentina operations through subsidiary Onper Investment 2015 S.L., control of such investment was gained and the investment was classified as a subsidiary.

There are no restrictions on the capability of the subsidiaries to transfer funds to the parent in the form of cash dividends, or loan repayments or advance payments. Additionally, the Company has no contingent liabilities incurred related to its participation therein. Embedded obligations acquired by the Company on behalf of subsidiaries, whose losses are higher than the investment therein held are described in Note 20 Other provisions.

For 2015, there are no investments in associates and joint ventures with material non-controlling interests. For 2016, the following is the joint venture that has material non-controlling interests:

Joint venture	Non-controlling interests
Compañía de Financiamiento Tuya S.A.	50%

Below is a summary of financial information on the joint venture with material non-controlling interests:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Revenue from ordinary activities	Result from continuing operations	Total comprehensive income
Compañía de Financiamiento Tuya S.A.	2,474,730	-	1,393,875	935,756	145,099	857,706	10,156	10,156

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

<u>Onper Investments 2015 S.L.</u>

A company with domicile in Spain. Parent of Companhia Brasileira de Distribuição Group – CBD (Brazil) wherein it has a 18.76% share of capital and 49.97% of voting rights, and of Libertad S.A. Group (Argentina) of which it owns 100% of the capital.

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

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

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

Spice Investments Mercosur S.A.

Company acquired in September 2011. A Uruguayan closed stock company, with nominative share titles. Its core purpose is investing in general, pursuant to section 47 of Uruguayan law 16060, and it may develop investment activities in the country and abroad. Its main place of business is in Montevideo, at Avenida General José María Paz N° 1404.

Patrimonio Autónomo Viva Malls

It was 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 Helm Fiduciaria S.A. Its main corporate purpose is to acquire, directly or indirectly, property rights, mainly related to shopping malls, development thereof and development of other real estate assets as well as the exploitation and operation thereof. The corporate 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 in Bogotá, at Carrera 7 No. 27-18 14th floor.

Distribuidora de Textiles y Confecciones S.A.

It was incorporated by means of public deed 1138 granted on July 13, 1976 before the Notary 7th of Medellín. Its corporate purpose is to acquire, store, transform, manufacture and sell, and in general distribute in whatever form all kinds of locally-produced or imported textiles, and acquire, give or take under lease agreements property intended for establishing stores, shopping malls or other places suitable for the distribution of merchandise and the sale of goods or services. Its main place of business is in the municipality of Envigado, Colombia, at Carrera 48 Nº 32 Sur - 29. The life span of the company goes to July 13, 2026.

Patrimonio Autónomo Viva Villavicencio

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

Compañía de Financiamiento Tuya S.A.

A joint business, joint control over which was acquired on October 31, 2016. 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 prejudice of 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.

Patrimonio Autónomo Centro Comercial

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

Patrimonio Autónomo Viva Sincelejo

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

Patrimonio Autónomo San Pedro Etapa I

It was 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 the municipality of Neiva, Colombia, at Carrera 8 between Calles 38 and 48.

Patrimonio Autónomo Centro Comercial Viva Barranquilla

It was created on December 23, 2014, as a special trust deposit pursuant to the law, through Fiduciaria Bancolombia S.A. Sociedad Fiduciaria. Its business purpose is to receive and maintain legal title to the property and to other properties 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 Company 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 mall is in the municipality of Barranquilla, Colombia at Carrera 51 B No. 87 - 50.

Cdiscount Colombia S.A.S.

It was incorporated by private document on June 26, 2014. Its corporate purpose is: (i) Launching and operating e-commerce businesses in Colombia; (ii) Entering into all kinds of agreements including, without limitation, lease, distribution, operation, association, sale-purchase, technical assistance, supply, inspection, control and service agreements, as required for the proper development of the corporate purpose; (iii) Rendering all kinds of services including, without limitation, management, advisory, consultancy, technical assistance and representation agreements, as required for the proper development of the corporate purpose; and (iv) Carrying out any lawful activity. Its main place of business is in the municipality of Envigado, Colombia, at Carrera 48 Nº 32B Sur - 139.

Cnova N.V.

Cnova N.V. was 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.

Patrimonio Autónomo Centro Comercial Viva Riohacha

It was established on November 4, 2015 as a stand-alone trust fund through Fiduciaria Bancolombia S.A. Its business purpose is to receive and maintain legal title to the property and to other properties 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 Company 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 mall is the municipality of Riohacha, Colombia, at Calle 15 No. 18-274.

Carulla Vivero Holding Inc.

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

Éxito Viajes y Turismo S.A.S.

It was 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. Its main place of business is in the municipality of Envigado, Colombia, at Carrera 48 Nº 32B Sur - 139. The company's life span is indefinite.

Fideicomiso Girardot plot of land

It 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 in the municipality of Girardot, Colombia, at Carrera 10 and 11 with Calle 25.

Patrimonio Autónomo Iwana

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

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

It was incorporated on May 23, 2014, under Colombian laws. Its 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 in the municipality of Envigado, Colombia, at Carrera 48 Nº 32B Sur - 139. The company's life span is indefinite.

Patrimonio Autónomo Viva Laureles

It was established on May 31, 2012 as a stand-alone trust fund through Fiduciaria Bancolombia S.A. Its business purpose is to operate Viva Laureles 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 Company in its capacity as real estate administrator; the business purpose also includes manage resources, make payments as required to administer and operate the business premises and other units that are part thereof. The main place of business of the shopping mall is in the municipality of Medellín, Colombia at Carrera 81 No. 37 - 100.

Patrimonio Autónomo Viva Palmas

It was established on April 17, 2015 as a stand-alone trust fund through Fiduciaria Bancolombia S.A. Its business purpose is to receive and maintain legal title to the property and to other properties 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 Company in its capacity as real estate administrator; manage resources, make payments as required to administer and operate the business premises. Its main place of business is located in rural area of the municipality of Envigado, Colombia.

Patrimonio Autónomo Local 108 (Vizcaya)

It was acquired by means of assignment of fiduciary rights on August 3, 2012 through Alianza Fiduciaria S.A. Its business purpose is to receive and maintain legal title to the property; execute binding promises to sell-purchase as the promising seller or buyer; grant the use and enjoyment of the property under lease agreements to whom it be instructed; allocate the proceeds from lease instalments and comply with payment instructions. The main place of business is in the municipality of Medellín, Colombia at Calle 10 No. 32 - 115.

Gemex O & W S.A.S.

It was 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 in the municipality of Envigado, Colombia, at Carrera 43 Nº 31- 166.

Almacenes Éxito Inversiones S.A.S.

It was incorporated by private document on September 27, 2010. Its corporate purpose is mainly (i) incorporate, finance, promote, invest, individually or jointly with other individuals or legal entities, in the incorporation of companies o businesses whose purpose is the manufacturing or trading of goods, objects, merchandise, articles or elements or the provision of services related with the exploitation of trade establishments and link with such companies as associate, by contributing cash, goods or services; and (ii) promote, invest, individually or jointly with other individuals or legal entities, in the provision of networks, services and telecommunications added value, particularly all activities permitted in Colombia or abroad related with telecommunications, mobile phone and added value services. Its main place of business is in the municipality of Envigado, Colombia, at Carrera 48 Nº 32B Sur - 139. The company's life span is indefinite.

Note 17. Changes in the classification of financial assets

During the year ended December 31, 2016, there were no changes in the classification of financial assets, arising from a change in the purpose or use of such assets.

Note 18. Financial liabilities

The balance of financial liabilities is as follows:

	December 31, 2016	December 31, 2015
Local currency		
Current		
Bank loans (1)	432,048	216,197
Finance leases	237	41
Total current financial liabilities in local currency	**432,285**	**216,238**
Non-current		
Bank loans (1)	2,174,968	2,486,352
Finance leases	73	1,149
Total non-current financial liabilities in local currency	**2,175,041**	**2,487,501**
Total financial liabilities in local currency	**2,607,326**	**2,703,739**
Foreign currency		
Current		
Bank loans (1)	33,652	949
Finance leases	3,425	2,200
Put option (2)	-	310,323
Total current financial liabilities in foreign currency	**37,077**	**313,472**
Non-current		
Bank loans (1)	1,309,530	1,404,190
Finance leases	14,883	20,056
Total non-current financial liabilities in foreign currency	**1,324,413**	**1,424,246**
Total financial liabilities in foreign currency	**1,361,490**	**1,737,718**
Total financial liabilities	**3,968,816**	**4,441,457**
Current	**469,362**	**529,710**
Non-current	**3,499,454**	**3,911,747**

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

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

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

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

(2) The Company was a party to the put option contract entered into with the owners of non-controlling interests in subsidiary Grupo Disco del Uruguay S.A. The exercise price of the option was based on a previously determined formula and the option could be exercised at any time. Such option was measured at fair value and amounted to $310,323. On June 30, 2016, the Company transferred the put option contract to subsidiary Spice Investments Mercosur S.A. This transaction generated a revenue of $3,460 (USD $1.2 million), recorded under other non-operating revenue (Note 30).

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

Year	Total
2018	1,857,957
2019	538,357
2020	450,840
>2021	652,300
	3,499,454

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

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 that define the capital structure requirements (covenants) and other debtor obligations. Failure to comply with such financial clauses would result in the bank's promptly claiming repayment of debt and loans. No failure to comply with financial clauses has been reported regarding any interest-bearing debt or loan during the current period.

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

a. Sale of assets: Wherever at any time during the term, the 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 compensation: When at any time, during the term, the Company receive one or several insurance compensations as payment for one or several claims arising from the loss or damage of one or several of its assets, which in the aggregate exceed 20% of the assets included in the latest available annual financial statements, the Company will 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 loan contract: Wherever the Company intends to prepay any bank credit in foreign currency, the Company will prepay the short-term trench in proportion to the amount prepaid to the bank credit in foreign currency, and in proportion to each creditor.

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

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

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

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

Note 19. Employee benefit provisions

The balance of employee benefit provisions is:

	December 31, 2016	December 31, 2015
Defined benefit plans (19.1)	28,135	25,259
Long-term benefits (19.2)	1,894	11,101
Total	**30,029**	**36,360**
Current	**3,267**	**4,103**
Non-current	**26,762**	**32,257**

Note 19.1. Defined benefit plans and defined contribution plans

The Company has defined the following benefit plans:

a. Retirement pension plan

Under the plan, an employee will receive, upon retirement, a certain annuity paid monthly as pension, pension adjustments pursuant to legal regulations, survivor's pension, assistance with funeral expenses and June and December bonuses established by law. Such amounts depend on factors such as: employee age, time of service and salary. The Company is responsible for the payment of retirement pensions to employees who meet the following requirements: employees who at 1 January 1967 had served more than 20 years (full liability), and employees and former employees who at 1 January 1967 had served more than 10 years but less than 20 years (partial liability).

b. Retroactive severance pay plan

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

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

Under the plan, wherever an employee of the Company meet 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.

Until 2015, under the plan, wherever an employee meet the age and contribution requirements to obtain a retirement pension under the average defined benefit system, he was granted a cash bonus in accordance with the following range:
- Less than 10 years of service at the Company: $1,5.
- From 10 to less than 20 years of service at the Company: $2.
- From 20 to less than 30 years of service at the Company: $3.
- 30 or more years of service at the Company: $4.

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

Under the plan, wherever an employee is granted a disability pension by the relevant pension administration entity, he will be granted a single retirement bonus in amount of $4 (2015 - $1), 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 changes in the methods and assumptions used when preparing the sensitivity analysis in prior years.

Below is a reconciliation of developments in defined benefit plans:

	Retirement pensions	Retroactive severance pay	Retroactive severance pay and old-age pension and disability retirement bonus	Total
Balance at December 31, 2015	**17,999**	**1,036**	**6,224**	**25,259**
Cost of present service	-	32	375	407
Interest expense	1,320	71	448	1,839
Actuarial (gain) loss from changes in experience	2,210	35	(62)	2,183
Actuarial (gain) from demographic changes	-	(1)	(278)	(279)
Actuarial (gain) loss from financial assumptions	1,388	25	(164)	1,249
Benefits directly paid by the Company	(2,241)	(118)	(164)	(2,523)
Balance at December 31, 2016	**20,676**	**1,080**	**6,379**	**28,135**

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

	2016				2015	
	Retirement pensions (1)	Retirement pensions (2)	Old-age pension and disability retirement bonus	Retroactive severance pay	Retroactive severance pay and old-age and disability retirement bonus	Retirement pensions
Discount rate	7.50%	9.96%	7.60%	7.20%	7.30%	7.82%
Annual salary increase rate	3.50%	4.93%	3.50%	3.50%	3.25%	2.88%
Future annuity increase rate	3.50%	4.93%	-	-	-	2.88%
Annual inflation rate	3.50%	3.50%	3.50%	3.50%	3.25%	2.88%
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%

(1) Relates to rates applied pursuant to Regulatory Decree 2131 of December 22, 2016, based on which the pension plan liability for 2016 was calculated.

(2) Relates to rates applied pursuant to Regulatory Decree 2496 of December 23, 2015, based on which the pension plan liability for 2015 was calculated.

Employee turnover, disabilities and early retirement rates:

	Rates	
Years of service	**2016**	**2015**
From 0 to less than 5	34.26%	29.98%
From 5 to less than 10	16.68%	14.60%
From 10 to less than 15	9.82%	8.59%
From 15 to less than 20	7.32%	6.41%
From 20 to less than 25	5.62%	4.92%
25 and more	4.24%	3.71%

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

	2016				2015		
Variation expressed in basis points	**Retirement pensions (1)**	**Retirement pensions (2)**	**Retroactive severance pay**	**Old-age pension and disability retirement bonus**	**Retirement pensions**	**Retroactive severance pay**	**Old-age pension and disability retirement bonus**
Discount rate + 25	(359)	(315)	(11)	(123)	(307)	(12)	(135)
Discount rate - 25	371	325	11	127	317	12	139
Discount rate + 50	(706)	(621)	(22)	(242)	(604)	(24)	(265)
Discount rate - 50	754	660	23	258	644	25	284
Discount rate + 100	(1,368)	(1,205)	(43)	(468)	(1,107)	(47)	(512)
Discount rate - 100	1,560	1,363	47	534	1,332	51	589
Annual salary increase rate + 25	N/A	N/A	21	N/A	N/A	23	N/A
Annual salary increase rate - 25	N/A	N/A	(20)	N/A	N/A	(23)	N/A
Annual salary increase rate + 50	N/A	N/A	41	N/A	N/A	47	N/A
Annual salary increase rate - 50	N/A	N/A	(40)	N/A	N/A	(45)	N/A
Annual salary increase rate + 100	N/A	N/A	84	N/A	N/A	94	N/A
Annual salary increase rate - 100	N/A	N/A	(79)	N/A	N/A	(89)	N/A

(1) Relates to the sensitivity analysis completed using the rates set out in Regulatory Decree 2131 of December 22, 2016, based on which the pension plan liability for 2016 was calculated.

(2 Relates to the sensitivity analysis completed using the rates set out in Regulatory Decree 2496 of December 23, 2015, based on which the pension plan liability for 2015 was calculated.

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

	Retirement pensions			Retroactive severance pay		Old-age pension and disability retirement bonus	
Year	**2016 (1)**	**2016 (2)**	**2015**	**2016**	**2015**	**2016**	**2015**
2016	-	-	2,113	-	87	-	322
2017	2,338	2,375	2,071	140	96	527	370
2018	2,268	2,335	2,047	109	128	363	467
2019	2,277	2,376	2,038	160	169	462	551
>2019	39,317	48,686	32,960	1,114	1,059	12,281	12,027
Total	**46,200**	**55,772**	**41,229**	**1,523**	**1,539**	**13,633**	**13,737**

(1) Relates to the amount of foreseen contributions calculated using the rates set out by Regulatory Decree 2131 of December 22, 2016, based on which the pension plan liability for 2016 was calculated.

(2) Relates to the amount of foreseen contributions calculated using the rates set out by Regulatory Decree 2496 of December 23, 2015, based on which the pension plan liability for 2015 was calculated.

The average duration of the liability for defined benefit plans at December 31, 2016 is 7.9 years (2015 - 8 years).

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

The defined contribution plan expense at December 31, 2016 amounted to $68,910 (2015 - $60,837).

Note 19.2. Long-term benefits

The long-term benefit plan involves a time-of-service bonus payable to employees.

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

Agreement was reached during 2015 and 2016 with several employees who voluntarily decided to replace the time-of-service bonus with a single one-time bonus.

Below is a reconciliation of the development of long-term benefit plans:

Balance at December 31, 2015	**11,101**
Cost of present service	338
Interest expense	488
Actuarial loss from changes in experience	516
Actuarial (gain) from demographic changes	(61)
Actuarial loss from financial assumptions	27
(Gain) from settlements	(9,827)
Benefits paid directly by the Company	(688)
Balance at December 31, 2016	**1,894**

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

	December 31, 2016	**December 31, 2015**
Discount rate	7.30%	7.30%
Annual salary increase rate	3.50%	3.25%
Future annuity increase rate	-	-
Annual inflation rate	3.50%	3.25%
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:

	Rates	
Years of service	**December 31, 2016**	**December 31, 2015**
From 0 to less than 5	34.26%	29.98%
From 5 to less than 10	16.68%	14.60%
From 10 to less than 15	9.82%	8.59%
From 15 to less than 20	7.32%	6.41%
From 20 to less than 25	5.62%	4.92%
25 and more	4.24%	3.71%

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, 2016	December 31, 2015
Discount rate + 25	(25)	(144)
Discount rate - 25	25	148
Discount rate + 50	(49)	(285)
Discount rate - 50	51	299
Discount rate + 100	(95)	(556)
Discount rate - 100	105	614
Annual salary increase rate + 25	26	153
Annual salary increase rate - 25	(26)	(150)
Annual salary increase rate + 50	53	310
Annual salary increase rate - 50	(51)	(297)
Annual salary increase rate + 100	108	634
Annual salary increase rate - 100	(99)	(583)

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

Year	December 31, 2016	December 31, 2015
2016	-	1,581
2017	225	1,605
2018	237	1,362
2019	338	1,367
> 2019	2,203	11,704
Total	**3,003**	**17,619**

The average duration of the liability for long-term benefits at December 31, 2016 is 5.6 years (2015 - 5.6 years).

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

Note 20. Other provisions

The balance of other provisions is made as follows:

	December 31, 2016	December 31, 2015
Legal proceedings (1)	15,570	26,853
Taxes other than income tax (2)	11,091	8,812
Restructuring (3)	3,141	8,295
Other (4)	17,092	36,063
Total other provisions	**46,894**	**80,023**
Current Note 20.1	**23,801**	**71,503**
Non-current Note 20.1	**23,093**	**8,520**

The Company has not recognized provisions for the protection of contracts for consideration during the reporting periods.

The detail of provisions is as follows:

(1) Provisions for lawsuits are recognized to cover estimated potential losses arising from labor and civil lawsuits brought against the Company, assessed based on the best estimation of cash outflows required to settle the liability on the date of preparation of the financial statements. The balance is comprised of $10,155 (2015 - $19,211) for labor lawsuits and $5,415 (2015 - $7,642) for civil lawsuits.

(2) Provisions for taxes other than income tax relate to the Industry and Trade tax in amount of $4,986 (2015 - $3,256), tax on real estate in amount of $5,571 (2015 - $5,556)and value added tax in amount of $534 (2015 - $0).

(3) The restructuring provision relates to reorganization processes announced to the employees of stores and distribution centers that will affect Company activities. The provision is estimated based on the cash outflows required, directly associated with the restructuring plan. The disbursement and plan implementation are expected to be completed during 2017. The restructuring provision was recognized in the statement of income as other expenses.

(4) The balance of other provision relates to:

	December 31, 2016	December 31, 2015
Provision for losses in subsidiaries (a)	11,493	20,460
Other provisions (b)	5,599	15,603
Total	**17,092**	**36,063**

(a) Mainly relate to liabilities carried to recognize additional subsidiary losses exceeding the value of the amount invested in them by the Company. Company management has decided to carry such liability to recognize cash outflows probably required to settle these subsidiaries' liabilities. The detail of this provision is as follows:

	December 31, 2016	December 31, 2015
Gemex O & W S.A.S.	7,278	1,813
Almacenes Éxito Inversiones S.A.S.	4,215	12,055
Cdiscount Colombia S.A.S.	-	4,939
Logística, Transporte y Servicios Asociados S.A.S.	-	1,653
Total	**11,493**	**20,460**

(b) Other provisions:

	December 31, 2016	December 31, 2015
Provision to protect against the loss of merchandise "*VMI*"	5,599	2,311
Transaction costs related to business combinations	-	5,827
Donation related to the film "Colombia Magia Salvaje" (*)	-	3,907
Income tax provision	-	2,203
Other	-	1,355
Total	**5,599**	**15,603**

(*) On March 30, 2016, the General Meeting of Shareholders approved a payment to Fundación Éxito in amount of $4,001 as donation of the profits obtained from the film "Colombia Magia Salvaje". A provision had been recognized at December 31, 2015 in amount of $3,907. Note 6

The development of provisions during the period is as follows:

	Legal proceedings	Taxes other than income tax	Restructuring	Other	Total
Balance at December 31, 2015	**26,853**	**8,812**	**8,295**	**36,063**	**80,023**
Increase	6,105	38	8,891	17,189	32,223
Uses	-	-	-	(204)	(204)
Payments	(4,313)	-	(14,045)	(16,025)	(34,383)
Reversals (not used)	(13,091)	-	-	(19,412)	(32,503)
Reclassifications	-	2,241	-	(534)	1,707
Other changes	16	-	-	15	31
Balance at December 31, 2016	**15,570**	**11,091**	**3,141**	**17,092**	**46,894**

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

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

	December 31, 2016	December 31, 2015
Current		
Restructuring	3,141	8,295
Legal proceedings	3,568	18,333
Taxes other than income tax	-	8,812
Other	17,092	36,063
Total other current provisions	**23,801**	**71,503**
Non-current		
Legal proceedings	12,002	8,520
Taxes other than income tax	11,091	-
Total other non-current provisions	**23,093**	**8,520**
Total other provisions	**46,894**	**80,023**

Note 20.2. Forecasted payments of other provisions

Forecasted payments of other provisions for which the Company is responsible at 31 December 2016 will be:

	Legal proceedings	Taxes other than income tax Gains	Restructuring	Other	Total
Less than 12 months	3,568	-	3,141	17,092	23,801
More than 1 year	12,002	11,091	-	-	23,093
Total estimated payments	**15,570**	**11,091**	**3,141**	**17,092**	**46,894**

Note 21. Trade payables and other accounts payable

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

	December 31, 2016	December 31, 2015
Domestic suppliers	2,140,641	1,786,963
Costs and expenses payable (1)	416,988	327,484
Foreign suppliers	163,650	189,001
Employee benefits	113,383	90,330
Dividends payable	35,134	15,777
Other (1)	98,426	95,324
Total	**2,968,222**	**2,504,879**

(1) Certain minor reclassifications were made to costs and expenses payable and other accounts payable for comparison to 2016.

Note 22. Income tax

Tax regulations applicable to the Company set out that:

a. As of 2013 and until 2016 the applicable income tax rate is 25% and the income tax for equality CREE rate is 9%; also, as of 2015 there is a surcharge on the income tax for equality CREE of between 5% and 9%. For 2016 the rate is 6% (2015 - 5%).

b. The taxable base to assess the income tax and the income tax for equality CREE cannot be less than 3% of the net equity held on the last day of the preceding taxable period.

c. The annual adjustment applicable for 2016 to movable assets and real estate deemed fixed assets is 7.08% (2015 - 5.21%).

d. 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.

e. 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 productive fixed assets capable of being depreciated 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 t1 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 legal stability agreement.

Legal stability

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

Tax credits

At December 31, 2016, the Company has accrued excess presumptive income over net income in amount of $159,370 (2015 - $0) and excess presumptive income over income tax for equality CREE in amount of $132,649 (2015 - $0).

At December 31, 2016, the Company has accrued tax losses amounting to $16,315 (2015 - $0)

Based on the new formula applicable to estimate tax losses and excess presumptive income capable of offsetting in future years pursuant to Law 1819 of December 29, 2016, the Company has $152,296 excess presumptive income and $11,998 tax losses to be offset in future.

Pursuant to tax regulations in force, as of taxable 2007 companies may 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. 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 2016 the Company estimated its income tax liability using the presumptive income system and for 2015 using the ordinary income system: and it estimated its income tax for equality CREE liability using the net income system for both years.

The income tax return for 2011 (offsetting of 2008 taxable loss) is open to review during 5 years as of filing date; income tax returns and income tax for equality CREE returns for taxable 2014 and 2015 are open to review during 2 years as of filing date. Tax advisors and management of the Company are of the opinion that no additional taxes will be assessed, other than those for which a provision has been recorded at 31 December 2016.

Transfer pricing

Company transactions with the parent, subsidiaries and/or foreign related parties have been carried out in accordance with the arm's length principle as if they were independent parties, as required by Transfer Pricing provisions set forth by domestic tax regulations. Independent advisors are updating the transfer pricing survey as required by tax regulations, aimed at demonstrating that transactions with foreign related parties were carried out at market values during 2016. For this purpose, the Company will file an information statement and will make the mentioned survey available by mid-June 2017.

Tax reform Law 1819 of December 29, 2016

On December 29, 2016, the Congress of the Republic approved the Tax Reform, which mainly enacts the following amendments related with the income tax, to be in force of 2017:

a. Income tax

   Introduces an increase in the general income tax rate for domestic companies. The current rate of 25% is increased to 34% for 2017, and to 33% for 2018 onwards.

   Introduces an income tax surcharge of 6% for 2017 and 4% for 2018, to be levied on domestic companies, applicable to tax profits higher than $800.

   Eliminates the income tax rate for equality CREE and the surcharge thereon as of 2017.

b. Tax on dividends

   Introduces a tax on dividends paid to individuals resident in Colombia at a rate of 5% if 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%.

   The above will apply to earnings obtained as of 2017.

c. IFRS base for tax purposes

Accounting under International Financial Reporting Standards accepted in Colombia is adopted as the base for tax purposes, with certain exceptions related with the realization of revenue, recognition of costs and expenses and the merely accounting effects of the opening balance sheet upon adoption of these standards.

d. Presumptive income

Presumptive income is increased from 3% to 3.5% of tax equity as of 2017.

e. Foreign controlled entities

Under the special regime applicable to foreign subsidiaries that are investment vehicles, 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.

f. Tax losses and closing of tax returns

A term of 12 periods subsequent to a loss is defined as the maximum term to offset tax losses. Until 2016 there was no time limit. Also, the general term to close tax returns is increased from 2 to 3 years, and from 2 to 6 years for taxpayers required to report transfer pricing information. Tax returns including offsetting of tax losses will be closed in 6 years.

g. Entities under the special tax regime

A number of measures are introduced seeking to improve the control over entities under the special tax regime, including an exhaustive list of qualifying activities and the requirement of obtaining a qualification from the National Tax and Customs Direction DIAN to act as entities under the special tax regime. Those entities that fail to comply with the requirements will become income taxpayers under the ordinary tax regime.

h. Tax on financial transactions

The tax on financial transactions becomes a permanent tax.

Note 22.1. Current tax assets and liabilities

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

Current tax assets

	December 31, 2016	December 31, 2015
Income tax balance receivable (1)	129,715	103,751
Income tax for equality - CREE balance receivable (2)	26,626	-
Income tax for equality - CREE paid in advance	22,701	18,817
Industry and trade tax paid in advance and tax withholdings.	12,250	10,640
Receivable value added tax from imports	165	165
Total current tax assets	**191,457**	**133,373**

(1) The balance is comprised of:

	December 31, 2016	December 31, 2015
Income tax withholdings	148,384	132,254
Tax discount to be requested	19,376	7,654
Subtotal	**167,760**	**139,908**
Less income tax expense	(38,045)	(36,157)
Total income tax balance receivable	**129,715**	**103,751**

(2) The balance is made as follows:

	December 31, 2016	December 31, 2015
Income tax for equality CREE withholdings	48,212	-
Less income tax for equality CREE expense	(21,586)	-
Total income tax for equality - CREE balance receivable	**26,626**	**-**

Current tax assets

	December 31, 2016	December 31, 2015
Industry and trade tax payable	43,920	42,167
Other taxes payable	382	221
Income tax for equality CREE payable (1)	-	6,600
Total current tax liabilities	**44,302**	**48,988**

(1) The balance is comprised of:

	December 31, 2016	December 31, 2015
Income tax for equality - CREE expense	-	49,895
Less income tax for equality - CREE withholdings	-	(43,295)
Income tax for equality - CREE payable	**-**	**6,600**

Note 22.2. Income tax

The following is the reconciliation of accounting income to taxable income, and the estimation of tax expense:

	December 31, 2016	December 31, 2015
Earnings before income tax	**116,197**	**803,577**
Add:		
(Recovery) receivables written-off	(5,423)	18,016
Accrued unpaid industry and trade tax expense	2,313	13,725
Non-deductible expenses	13,690	2,236
Non-deductible taxes	19	22
Taxes taken on and revaluation	6,488	11,658
Fines, penalties and litigation expenses	3,144	3,163
Net income - recovery of depreciation of fixed assets sold	21,356	-
Reimbursement of deduction from income-generating fixed assets arising from the sale thereof.	90,404	163
Tax on financial transactions	8,230	6,901
Tax on equity	51,083	57,772
Selling price of fixed assets held less than two years	195,058	16,482
Less:		
Goodwill tax deduction, in addition to the accounting deduction	(18,362)	(217,173)
40% deduction of investment in income-generating assets	(128,076)	(125,962)
Derecognition of gain on sale of fixed assets reported as occasional gain	(72,984)	(92,868)
IFRS adjustments with no tax effects	(101,642)	(244,766)
Recovery of provisions	(1,941)	(8,231)
Disabled employee deduction	(811)	(556)
Allowance for doubtful accounts	-	(5,916)
Cost of fixed assets held less than two years	(195,058)	(14,475)
Net income (loss)	**(16,315)**	**223,768**
Current year presumptive income	**159,371**	**156,606**
Net taxable income	**159,371**	**223,768**
Income tax rate	25%	25%
Subtotal income tax	**39.843**	**55,942**
Occasional gains tax	1,988	6,602
Tax discounts	(3,786)	(26,387)
Total income tax	**38,045**	**36,157**
Income tax for equality - CREE expense	**12,072**	**32,101**
Income tax for equality - CREE surcharge expense	**9,514**	**17,794**
Expense (recovery) of prior year's tax	**1,714**	**(1,631)**
Total current income tax	**61,345**	**84,421**

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

	December 31, 2016	December 31, 2015
Current income tax (expense)	(61,345)	(84,421)
Deferred income tax (expense) (Note 22.3)	(11,324)	(145,661)
Total income tax (expense)	**(72,669)**	**(230,082)**

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

	2016	Tax rate	2015	Tax rate
Accounting income	**116,197**		**803,577**	
Total tax expense at applicable tax rate	46,479	40%	313,395	39%
Tax effect of non-deductible expenses to determine taxable income	141,668	122%	48,649	6%
Effect of tax rates levied abroad	(6,058)	-5%	(26,386)	-3%
Tax effect of excess presumptive income	63,819	57%	-	-
Other tax effects from the reconciliation of accounting income to tax expense	(173,239)	-149%	(105,576)	-13%
Total tax expense / tax rate	**72,669**	**65%**	**230,082**	**28%**

Presumptive income was determined as follows:

	December 31, 2016	December 31, 2015
Net shareholders' equity	5,360,305	5,289,808
Less net shareholders' equity to be excluded	(47,962)	(69,609)
Shareholders' equity base	**5,312,343**	**5,220,199**
Presumptive income	**159,371**	**156,606**

Note 22.3. Deferred tax

The Company recognizes deferred taxes receivable or payable, arising from temporary differences representing a lower or higher payment of the current year income tax, estimated at expected recovery rates (tax rates in force 2017 - 34%; 33% as of 2018), provided there is reasonable expectation that such differences will revert in future. Should there be any deferred tax asset, an analysis will be made of whether the Company will generate enough taxable income in future that allow offsetting the asset, in full or in part.

Deferred taxes recognized in the statement of financial position relate to the following items:

	December 31, 2016	December 31, 2015
Investments at amortized cost	(2)	(75)
Equity investments	(74,214)	(50,065)
Accounts receivable	3,065	(19,307)
Inventories	26,030	38,569
Real estate for trading	(83)	-
Land	(39,031)	(38,704)
Tax consolidation and readjustment	19,407	19,926
Buildings	(89,253)	(98,570)
Non-operating real estate property	103	40
Investment property	(2,966)	(8,261)
Construction in progress	(22,641)	(16,940)
Other fixed assets	(26,851)	(21,415)
Intangible assets	(51,167)	(52,625)
Deferred charges	8,849	12,089
Excess presumptive income and taxable losses	54,217	-
Financial liabilities	2,019	2,664
Other liabilities	(8,531)	41,898
Total net deferred tax (liabilities)	**(201,049)**	**(190,776)**

Deferred tax assets and liabilities are made as follows:

	December 31, 2016	December 31, 2015
Deferred tax assets	1,208,494	1,729,704
Deferred tax (liabilities)	(1,409,543)	(1,920,480)
Total net deferred tax (liabilities)	**(201,049)**	**(190,776)**

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

	December 31, 2016	December 31, 2015
Deferred income tax 25%	(19,711)	(98,519)
Deferred CREE tax 9%	-	(44,586)
Deferred CREE tax surcharge 5%	-	5,308
Deferred occasional gains tax 10%	4,315	(3,736)
Retained earnings Uruguay and Brazil	4,072	(4,128)
Total deferred tax (expense)	**(11,324)**	**(145,661)**

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

	December 31, 2016	December 31, 2015
Gain (loss) from actuarial gains (losses) from defined benefit plans	676	(375)

The Company does not recognize in its financial statements deferred tax assets generated by its subsidiaries, or other minor investments resulted in losses during the current or prior periods. The amount of losses is as follows:

	December 31, 2016	December 31, 2015
Subsidiaries domiciled in Colombia	(112,723)	(35,869)
Subsidiaries domiciled abroad	-	(817)
Other	(8,340)	(7)
Total	**(121,063)**	**(36,693)**

Temporary differences related to investments in subsidiaries, associates and joint ventures, for which no deferred tax liabilities have been recognized amounted to $164,538 at December 31, 2016 (2015 - $83,061).

Note 23. Other financial liabilities

The balance of other financial liabilities is as follows:

	December 31, 2016	December 31, 2015
Derivative financial instruments (1)	17,608	2,351
Collections received on behalf of third parties (2)	69,849	45,740
Total	**87,457**	**48,091**

(1) 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 using variables other than prices quoted, directly or indirectly perceptible for assets or liabilities. In the statement of financial position the Company measures derivative financial instruments (forward) at fair value, on each accounting closing date. The variation between December 31, 2016 and December 31, 2015, relates to the reduction of closing valuation rates for forwards and swaps, which reached values under the average rates agreed upon with the various financial players.

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

	Less than 3 months	From 3 to 6 months	Total
Forward	4,160	12,186	16,346

	Less than 1 year	More than 1 year	Total
Swap	1,262	-	1,262

The detail of maturities of these instruments at December 31, 2015 is as follows:

	Less than 3 months	From 3 to 6 months	Total
Forward	2,154	197	2,351
	2,154	**197**	**2,351**

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

	December 31, 2016	December 31, 2015 (1)
Non-banking correspondent	34,376	23,777
Éxito Card collections	27,812	17,390
Direct trading (Market Place)	3,967	762
Money transfer services	1,364	925
Other collections	2,330	2,886
Total	**69,849**	**45,740**

(1) Certain minor reclassifications were included in these accounts for comparison to 2016.

Note 24. Other non-financial liabilities

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

	December 31, 2016	December 31, 2015
Current		
Revenue received in advance (1)	57,862	60,239
Customer loyalty programs (2)	37,334	35,617
Instalments received under "plan resérvalo"	1,266	1,381
Advance payments under lease agreements and other projects (3)	54,766	1,759
Repurchase coupon	49	259
Total other current non-financial liabilities	**151,277**	**99,255**
Non-current		
Advance payments on lease agreements and other projects	47,388	49,488
Total other non-current non-financial liabilities	**47,388**	**49,488**
Total other non-financial liabilities	**198,665**	**148,743**

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

	December 31, 2016	December 31, 2015
Gift card	43,264	43,951
Cafam comprehensive card	9,035	10,823
Exchange card	3,326	3,506
Fuel card	932	877
Other	1,305	1,082
Total	**57,862**	**60,239**

(2) Represents customer loyalty programs, namely "Puntos Éxito" and "Supercliente Carulla". At December 31, 2016, the effect of the valuation, issue, redemption and expiry of points related with these programs, in Company results, was a lower value of sales revenue in amount of $1,718 (2015 - $4,577).

(3) For 2016 includes revenue in amount of $53,746 received in advance from Patrimonio Autónomo Viva Malls for real estate project development services.

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

The Company's authorized capital is represented in 530,000,000 ordinary shares with par value of $10 (*) each; subscribed and paid-in capital amounts to $4,482 at December 31, 2016 and December 31, 2015. The number of outstanding shares is 447,604,316 and the number of repurchased shares is 635,835 with value of $2,735 on the same reporting dates.

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

The premium on placement of shares represents the higher value paid over the par value of the shares, and amounts to $4,843,466 at December 31, 2016 and December 31, 2015. 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 26. Reserves, retained earnings and other comprehensive income

Reserves

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

Retained earnings

Retained earnings include the effect on shareholders' equity of the convergence to IFRS in amount of $1,070,092 resulting from the opening financial statement prepared in 2014 under IFRS 1, included in the accounting and financial information standards accepted in Colombia, set out in Law 1314 of 2009 as an official translation of the International Financial Reporting Standards (IFRS) 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, and on December 22, 2016 by Regulatory Decree 2131.

Other accumulated comprehensive income

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

	2016			2015		
	Gross value	**Tax effect**	**Net value**	**Gross value**	**Tax effect**	**Net value**
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)	(2,083)	676	(1,407)	1,075	(375)	700
Translation exchange differences (3)	131,545	-	131,545	(379,224)	-	(379,224)
Gain from net investment hedging of foreign businesses, net of taxes (4)	-	-	-	169	-	169
Share of other comprehensive income of associates and joint ventures accounted for using the equity method (5)	11,141	-	11,141	(3,972)	-	(3,972)
Total other accumulated comprehensive income	**137,627**	**676**	**138,303**	**(384,928)**	**(375)**	**(385,303)**

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

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

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

(4) Represents the accumulated value of gains or losses from instruments designated in a net investment hedge in a foreign business of subsidiaries under the equity method. The accumulated value of the gains or losses is reclassified to period results upon disposition of the operation abroad. During the year amounted to $169.

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

Note 27. Revenue from ordinary activities

The balance of revenue from ordinary activities generated during the period is as follows:

	December 31, 2016	**December 31, 2015**
Total retail sales (1)	10,972,460	10,271,382
Other ordinary revenue (2)	294,341	264,037
Revenue from ordinary activities	**11,266,801**	**10,535,419**

(1) The balance of retail sales relates to the following items:

	December 31, 2016	December 31, 2015
Sale of goods, net of sales returns and rebates	10,942,937	10,242,326
Revenue from the sale of real estate projects (a)	29,523	29,056
Total retail sales	**10,972,460**	**10,271,382**

(a) For 2016, relates to revenue obtained from the sale of Éxito Itagüí real estate project.
For 2015, relates to revenue from the sale of real estate projects, namely Éxito La Caracas (Avenida Chile) in Bogotá in amount of $18,000; Carulla Paseo Real in Bogotá in amount of $8,266 and Calle 77 plot of land in Barranquilla in amount of $2,790.

(2) The balance of other revenue relates to:

	December 31, 2016	December 31, 2015
Service revenue (a)	178,628	153,257
Royalty revenue	71,684	91,886
Other revenue (b)	44,029	18,894
Total other ordinary revenue	**294,341**	**264,037**

(a) Mainly relates to revenue from the lease of premises and physical spaces at the stores (traders) and to revenue as non-banking correspondent.

(b) Relates to:

	December 31, 2016	December 31, 2015
Other revenue from Latam strategic direction	9,965	-
Revenue from use of goods	8,807	4,034
Recovery of revenue arising from commissions as "non-banking correspondent"	7,933	-
Other operating revenue (i)	4,415	6,113
Revenue from expiry of own cards	1,637	1,493
Sundries (ii)	11,272	7,254
Total other revenue	**44,029**	**18,894**

(i) For 2016, includes revenue from reimbursement of lease instalments, recognition of restitution of the CEDI Pereira building (prior to expiry of the lease agreement) and reimbursement of subsidiary travel expenses, among other items. For 2015, in addition to 2016 items, includes revenue from participation in sales contracts with third parties and revenue from modifications to properties.

(ii) For 2016, includes $7,740 (2015 - $6,387) charges to third parties related to advertisement in events and campaigns carried out by the Company.

Note 28. Distribution expenses and administration and sales expenses

The balance of distribution expenses during the period is as follows:

	December 31, 2016	December 31, 2015
Leases	234,577	205,779
Depreciation and amortization	173,609	167,098
Fuels and power	169,717	151,771
Taxes other than income tax	154,986	147,738
Advertising	119,092	117,364
Repairs and maintenance	83,819	66,909
Administration of trade premises	31,930	28,242
Packaging materials and marking expenses	28,424	28,330
Debit and credit card commissions	28,173	25,757
Transport	24,165	25,222
Fees	19,807	20,921
Insurance	18,539	17,719
Cleaning and cafeteria	13,421	12,664
Travel expenses	5,827	4,548
Legal expenses	2,973	3,155
Allowance for trade receivables	1,722	4,414
Contributions and affiliations	1,212	1,089
Other	50,321	41,877
Total distribution expenses	**1,162,314**	**1,070,597**

The balance of administration and sales expenses during the period is as follows:

	December 31, 2016	December 31, 2015
Depreciation and amortization	41,534	26,926
Fees	41,480	36,414
Taxes other than income tax	18,953	21,401
Travel expenses	7,278	5,800
Repairs and maintenance	6,769	3,405
Allowance for trade receivables	5,012	8,336
External personnel	3,084	2,329
Insurance	2,789	2,324
Transport	2,763	2,585
Telephone	2,671	2,643
Donations	2,576	2,808
Commissions	2,447	1,818
Fuels and power	2,361	2,293
Fines, penalties and litigation expenses	2,035	2,255
Leases	1,696	1,750
Contributions and affiliations	1,385	1,202
Legal expenses	492	252
Other (1)	9,725	22,837
Total administration and sales expenses	**155,050**	**147,378**

(1) For 2015, includes labor proceeding expenses in amount of $8,068; armored transportation in amount of $1,559; miscellaneous entertainment in amount of $1,045 and stationery in amount of $1,133, among other.

Note 29. Employee benefit expense

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

Types of employee benefit expenses	December 31, 2016	December 31, 2015
Wages and salaries (1)	756,981	665,890
Contributions to the social security system	10,303	9,289
Other short-term employee benefits	46,536	42,383
Total short-term employee benefit expenses	**813,820**	**717,562**
Post-employment benefit expenses, defined contribution plans	68,910	60,837
Post-employment benefit expenses, defined benefit plans	428	5,225
Total post-employment benefit expenses	**69,338**	**66,062**
Termination benefit expenses	2,811	3,912
Other long-term employee benefits (2)	(9,223)	(14,841)
Other personnel expenses	14,804	13,068
Total employee benefit expenses	**891,550**	**785,763**

(1) At December 31, 2016, the wages and salaries line item includes the expense relevant to the new organizational structure of which the administration and management of companies located in Brazil, Argentina and Uruguay are part. In addition, period expense includes the average 6.96% general salary increase (2015 - 4.61%), and a 5% key management average salary increase during July 2016 (2015 3% as of April), which had a directly proportional effect on the contributions to the social security system, other short-term employee benefits, post-employment benefit expenses and defined contribution plans.

(2) Since 2015 the Company and some employees agreed to the elimination of the time-of-service bonus, and to receiving instead a single and special bonus; such agreement gave rise to a significant change in the long-term benefit plan, the outcome of which was a saving of $9,223 (2015 - $14,841).

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

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

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

	December 31, 2016	December 31, 2015
Other operating revenue		
Recovery of allowance for trade receivables	6,240	9,377
Recovery of other provisions related to labor legal proceedings (1)	5,775	741
Recovery of other provisions related to civil lawsuits	2,227	534
Reimbursement of ICA-related costs and expenses	1,864	233
Compensation from insurance companies (2)	1,143	8,548
Reimbursement of property tax-related costs and other expenses	1,050	209
Other recurring operating revenue(*)	**18,299**	**19,642**
Compensation from insurance companies (3)	6,588	13,163
Other revenue (4)	4,243	1,858
Revenue from the measurement at fair value of interest in companies (5)	-	29,681
Other non-recurring operating revenue	**10,831**	**44,702**
Total other operating revenue	**29,130**	**64,344**
Other operating expenses		
Tax on wealth expense (6)	(51,083)	(57,772)
Restructuring expenses (7)	(8,891)	(10,384)
Other expenses (8)	(7,575)	(53,817)
Total other operating expenses	**(67,549)**	**(121,973)**
Other gains, net		
Gain from the sale of property, plant and equipment (9)	12,690	3,189
Gain from the sale of intangible assets (10)	-	75,397
Derecognition of property, plant and equipment (11)	(3,791)	(20,042)
Expenses from the disposition of assets (12)	(1,108)	-
Total other gains, net	**7,791**	**58,544**

(*) Other recurring operating revenue relates to revenue that used to be classified as other ordinary revenue. As of June 30, 2016, they are classified as other operating revenue. For comparison purposes, this new classification was made retrospective to January 1, 2015.

(1) For 2016, includes revenue arising from the recovery of labor legal proceedings accrued during the previous year in amount of $5,113.

(2) For 2016 and 2015, represents revenue received 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.

(3) For 2016 and 2015, represents revenue received 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 2016, includes $3,460 equivalent to the price charged to Spice Investment Mercosur S.A. upon the assignment of the put option contract to which the Company was a party, as mentioned in Note 18.

(5) Refers to the gain arising from the measurement at fair value of the 62.49% Company's interest held in Grupo Disco Uruguay prior to the business combination on January 1, 2015.

(6) Refers to the tax on wealth introduced by the National Government by means of Law 1739 of December 23, 2014.

(7) For 2016, refers to expenses from the Company's restructuring plan, which include the purchase of time-of-service bonuses and operating excellence plan. For 2015, includes the purchase of time-of-services bonus.

(8) For 2016, relates to corporate indemnification expenses in amount of $2,200; expenses incurred in the creation of real estate vehicles in amount of $2,075; expenses from the closing of stores in amount of $1,777, and other minor expenses in amount of $1,523.

For 2015, represents transaction costs related with the acquisition of operations in Brazil and Argentina in amount of $50,333; transaction costs from the business combination related with the acquisition of trade establishment under the Super Inter banner in amount of $2,135, and expenses incurred upon acquisition of Cafam establishments in amount of $1,349.

(9) For 2016, includes a gain from the sale of the Éxito Belén building in amount of $3,222; from the sale of Éxito Fusagasugá building in amount of $1,580; from the sale of the Éxito Avenida Quinta building in amount of $2,969; from the sale of Éxito Panorama Calle 30 building in amount of $3,571, and from the sale of the Éxito Popayán building in amount of $1,285.

For 2015, includes a revenue of $3,124 from the sale of Paseo Real building.

(10) For 2015, the balance includes gains in amount of $74,515 arising from the sale to Cafam of the drugstores owned by the Company, some of which had been operated by Cafam since September 2010, and $882 from the sale of the right to use in construction of Patrimonio Autónomo Villavicencio.

(11) For 2016, the balance relates to a loss in amount of $3,791 from the derecognition of improvements to third party properties, relevant to the stores closed during 2016, 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 Cl 53, Surtimax Plaza Envigado, Éxito Express Exposiciones, Bodega Surtimax Calatrava and Éxito Express Universidad Nacional.

For 2015, includes a loss in amount of $3,742 from the contribution of the premises of Éxito Barranquilla to the Patrimonio Autónomo Barranquilla; a loss in amount of $12,349 of property, plant and equipment and furniture arising from the casualty at the Éxito Valledupar Las Flores, and a loss in amount of $3,827 arising from the settlement of Fideicomiso del Este.

(12) For 2016, includes $798 from derecognition in the financial statements of the investment in Fogansa S.A. (under liquidation proceedings).

Note 31. Financial revenue and expenses

The balance of financial revenue and expense is as follows:

	December 31, 2016	December 31, 2015
Gain from exchange difference (1)	185,303	424,947
Other financial revenue	22,460	20,525
Gain from derivative financial instruments (1)	29,690	433,189
Revenue from interest, cash and cash equivalents (Note 6)	6,540	37,964
Total financial revenue	**243,993**	**916,625**
Interest, borrowings and finance lease expenses	(345,670)	(106,938)
Loss from derivative financial instruments (1)	(193,259)	(39,010)
Loss from exchange difference (1)	(126,044)	(611,758)
Other financial expenses	(20,438)	(24,294)
Interest expense on supplier factoring transactions	(15,704)	(3,353)
Commission expense	(2,588)	(2,453)
Interest expense, bonds	-	(5,596)
Total financial expenses	**(703,703)**	**(793,402)**

(1) The valuation of debt, hedge instruments and assets and liabilities in foreign currency shows a variance as compared to 2015, mainly from changes in the devaluation curve and from variations in exchange rates during 2016.

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

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

	December 31, 2016	December 31, 2015
Spice Investments Mercosur S.A.	110,649	90,321
Compañía de Financiamiento Tuya S.A.	11,154	-
Patrimonio Autónomo Viva Villavicencio	11,039	7,757
Almacenes Éxito Inversiones S.A.S.	7,838	(1,989)
Distribuidora de Textiles y Confecciones S.A.	7,006	1,825
Patrimonio Autónomo Centro Comercial	5,943	4,430
Patrimonio Autónomo Viva Laureles	5,304	5,573
Patrimonio Autónomo Centro Comercial Viva Riohacha	4,973	191
Patrimonio Autónomo Viva Sincelejo	3,184	2,922
Patrimonio Autónomo Viva Malls	2,354	-
Éxito Viajes y Turismo S.A.S.	1,998	(259)
Patrimonio Autónomo Fideicomiso San Pedro Etapa I	1,332	1,353
Patrimonio Autónomo Viva Palmas	859	96
Patrimonio Autónomo Centro Comercial Viva Barranquilla	224	(743)
Patrimonio Autónomo Iwana	59	101
Patrimonio Autónomo del Este	-	(2)
Patrimonio Autónomo Local 108 (Vizcaya)	(2)	(14)
Logística, Transportes y Servicios Asociados S.A.S.	(1,657)	(2,271)
Gemex O & W S.A.S.	(6,390)	(1,471)
Cdiscount Colombia S.A.S.	(9,487)	(14,005)
Onper Investments 2015 S.L.	(49,939)	50,600
Total	**106,441**	**144,415**

Note 33. Earnings per share

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

The Company has not carried out transactions with potential ordinary shares for the reported periods or between the closing date and the date of release of these financial statements.

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

In period results:

	December 31, 2016	December 31, 2015
Net profit attributable to continuing operations	43,528	573,495
Net profit attributable to the holders of ordinary equity instruments of the controlling entity (basic and diluted)	**43,528**	**573,495**
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)	97.25	1,281.26

In total comprehensive period results:

	December 31, 2016	December 31, 2015
Net profit attributable to total comprehensive income	567,134	122,029
Net profit attributable to the holders of ordinary equity instruments of the controlling entity (basic and diluted)	**567,134**	**122,029**
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)	1,267.04	272.63

Note 34. Transactions with related parties

Note 34.1. Key management personnel compensation

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

Compensation to key management personnel recognized during the twelve months ended December 31, 2016 and December 31, 2015, is as follows:

	December 31, 2016	December 31, 2015
Short-term employee benefits (1)	41,117	30,403
Post-employment benefits	1,469	1,239
Termination benefits	438	24
Total	**43,024**	**31,666**

(1) A portion of short-term employee benefits is being reimbursed by Casino Guichard Perrachon S.A. and Libertad S.A. under a Latin American strategic direction service agreement entered into with these companies. Revenue from Latam strategic direction was recognized during the year in amount of $9,965 as described in Note 27.

Note 34.2. Transactions with related parties

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

	Revenue		Costs and expenses	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Controlling entity (1)	7,238	-	26,101	22,006
Subsidiaries (2)	22,180	41,286	372,681	185,577
Grupo Casino companies (3)	3,193	4,904	26,916	30,147
Joint ventures (4)	17,697	-	341	-
Members of the Board	-	-	1,261	876
Other related parties (5)	-	197	15,899	10,260
Total	**50,308**	**46,387**	**443,199**	**248,866**

(1) Revenue with the Controlling entity refer to a Latin America strategic direction service agreement entered into with Casino Guichard Perrachon S.A. Costs and expenses with the Controlling entity refer to consultancy and technical assistance services provided by Casino Guichard-Perrachon S.A. and Geant International B.V.

(2) Revenue generated from transactions with subsidiaries relate to the sale of goods to Cdiscount Colombia S.A.S.; provision of administrative services to Almacenes Éxito Inversiones S.A.S., Gemex O&W S.A.S., Logística, Transporte y Servicios Asociados S.A.S. and Patrimonios Autónomos, and to the lease of premises to Patrimonios Autónomos and to Éxito Viajes y Turismo S.A.S. Also, it includes the revenue from the transfer of the put option contract entered into with the holders of non-controlling interests in subsidiary Grupo Disco del Uruguay to Spice Investments Mercosur S.A.

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

	December 31, 2016	December 31, 2015
Distribuidora de Textiles y Confecciones S.A.	277,323	140,584
Logística, Transporte y Servicios Asociados S.A.S.	58,996	21,248
Patrimonios Autónomos (Stand-alone trust funds)	18,754	13,337
Almacenes Éxito Inversiones S.A.S.	11,856	3,894
Cdiscount Colombia S.A.S.	3,851	-
Gemex O & W S.A.S.	1,674	6,470
Éxito Viajes y Turismo S.A.S.	223	1
Companhia Brasileira de Distribuição - CBD	4	-
Libertad S.A.	-	43
Total	**372,681**	**185,577**

Until August 30, 2015, Cdiscount Colombia S.A.S. was classified as investment in an associate. As of August 31, 2015, with the business combination of the Brazil and Argentina operations through subsidiary Onper Investment 2015 S.L., control of such investment was gained and the investment was classified as a subsidiary. For the periods ended December 31, 2016 and 2015, the revenue from the sale of goods to this Company is shown under the subsidiaries line item.

(3) Costs and expenses accrued with Grupo Casino companies mainly arise from the purchase of energy optimization services and intermediation in the import of goods.

(4) Transactions with joint ventures mainly refer to revenue from royalties, lease of premises and expenses from commissions on means of payment with Compañía de Financiamiento Tuya S.A.

(5) Costs and expenses with other related parties refer to transactions with companies where the shareholders are the beneficial owners of 10% or more of total outstanding shares, members of the Board, legal representatives and/or administrators having a direct or indirect interest equal to or higher than 10% of outstanding shares. Mainly refer to leases, purchase of goods and services received.

Note 35. Asset impairment

Note 35.1. Financial assets

No significant losses arising from impairment of financial assets were recognized during the reporting periods. Note 7 contains information related to the impairment of Company's trade receivables.

Note 35.2. Non-financial assets

The Company conducted the annual impairment testing at 31 December 2016 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 and related financial lease liabilities. For the purposes of impairment testing, the goodwill obtained via business combinations and trademarks with indefinite useful lives was allocated to the following groups of cash-generating units:

	Groups of cash-generating units				
	Éxito	**Carulla**	**Surtimax**	**Super Inter**	**Total**
Goodwill	90,674	856,495	41,575	464,333	**1,453,077**
Trademarks with indefinite useful life	-	-	17,427	63,704	**81,131**

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

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

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

The tax rate included in the forecast of cash flows is the rate that the Company is expected to pay as taxes during the next years. Rates applied to the estimation were 42% for 2017, 43% for 2018 and 34% for 2019, rates in force in Colombia until December 29, 2016, date of the Colombian tax reform enacted by Law 1819 of 2016, by means of which the rates in effects were set as 34% for 2017 and 33% as of 2018.

Expected cash flows were discounted at the weighted average cost of capital (WACC) using a market indebtedness structure for the type of industry where the company operates; as a result, the weighted average cost of capital (WACC) used in the valuation was 8.66% for 2017, 8.63% for 2018 and 8.89% for 2019 onwards. The variation in the discount rate for 2017 to 2019 is due to the various tax rates applicable to the Company for such years as mentioned above.

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

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.

Discount rate

The estimation of the discount rate is based on an analysis of the market indebtedness for the Company; 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 Éxito, Carulla, Surtimax and Super Inter would arise.

Note 36. Fair value measurement

Below is a comparison of book values and fair values of financial assets and liabilities at December 31, 2016 and December 31, 2015 on a periodic basis as required or permitted by an accounting policy; financial assets and liabilities whose book values are an approximation of fair values are excluded, considering that they mature in the short term (in less than or up to one year), namely: trade receivables and other debtors, trade payables and other creditors, collections on behalf of third parties and short-term financial liabilities.

	December 31, 2016		December 31, 2015	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial assets				
Loans at amortized cost	26,120	22,665	22,091	19,359
Investments in private equity funds	1,142	1,142	966	966
Equity investments	248	248	1,046	1,046
Investment in bonds	75,145	75,055	-	-
Forward contracts measured at fair value through income	4,800	4,800	66,271	66,271
Swap contracts measured at fair value through income	4,747	4,747	756	756
Non-financial assets				
Investment property	103,005	207,772	96,442	122,314

	December 31, 2016		December 31, 2015	
	Book value	Fair value	Book value	Fair value
Financial liabilities				
Financial liabilities at amortized cost	3,950,198	3,942,323	4,107,689	4,042,279
Finance leases at amortized cost	18,618	18,612	23,446	22,191
Forward contracts measured at fair value through income	16,346	16,346	2,351	2,351
Swap contracts measured at fair value through income	1,262	1,262	-	-
Put option (1)	-	-	310,323	310,323
Non-financial assets				
Customer loyalty liability	37,334	37,334	35,617	35,617

(1) The Company was a party to the put option contract entered into with the owners of non-controlling interests in subsidiary Grupo Disco del Uruguay S.A. The exercise price of the option was based on a previously determined formula and the option could be exercised at any time. The option was measured at fair value. On June 30, 2016, the Company transferred the put option contract to subsidiary Spice Investments Mercosur S.A. This transaction generated a revenue of $3,460 (USD $1.2 million), recorded under other operating revenue. *The development of the put option measurement during the period was:*

	Put option *("PUT option")*
Balance at December 31, 2015	**310,323**
Assignment of the put option	(293,329)
Changes in fair value recognized in Investments (a)	(16,994)
Balance at December 31, 2016	**-**

(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 pre-closing 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 on a daily basis.	N/A
Forward contracts measured at fair value through income	Level 2	*Peso-US Dollar forward*	The difference is measured between the "*forward*" agreed upon rate and the "*forward*" rate on the date of valuation relevant to the remaining term of the derivative financial instrument and discounted at present value using a zero coupon interest rate. The "*forward*" rate is determined based on the average price quoted for the two-way closing price ("bid" and "ask").	Peso/US Dollar exchange rate set out in the "*forward*" contract. Market representative exchange rate on the date of valuation. Forward points of the Peso-US Dollar "*forward*" market on the date of valuation. Number of days between valuation date and maturity date. Zero coupon interest rate.
Swap contracts measured at fair value through income	Level 2	Operating cash flows forecast model	The method uses *swap* cash flows, forecasted using treasury security curves of the State that issues the currency in which each flow has been expressed, for further discount at present value, using swap market rates disclosed by the relevant authorities of each country. The difference between cash inflows and cash outflows represents the *swap* net value at the closing under analysis.	Reference Banking Index Curve (RBI) 3 months. Zero coupon TES curve. *Swap* LIBOR curve. Treasury Bond curve. CPI 12 months
Equity investments	Level 1	Market quote prices	The fair value of such investments is determined as reference to the prices listed in active markets if companies are listed; in all other cases, the investments are measured at the deemed cost as determined in the opening balance sheet, considering that the effect is immaterial and that carrying out a measurement using a valuation technique commonly used by market participants might generate costs higher than the value of benefits.	N/A
Investment in bonds	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for loans under similar conditions on the date of measurement in accordance with maturity dates.	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 similar goods that are comparable to the purpose of the valuation.	N/A

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
Assets				
Investment property	Level 3	Discounted cash flows method	This technique provides the opportunity to identify the increase in revenue over a previously defined period of 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

	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 entered into with non-controlling interests of Grupo Disco, using level 3 input data. Periodically, the Company applies three different formulae agreed upon by the parties under contract. The final result of the valuation is the highest value obtained from application of the three methods.	Net income of Supermercados Disco del Uruguay S.A. at December 31, 2014 and 2015. 24-month consolidated EBITDA of Supermercados Disco del Uruguay S.A. Consumer price index Uruguay 6-month consolidated net financial debt of Supermercados Disco del Uruguay Contract fixed price US Dollar-Uruguayan peso exchange rate on the date of valuation. US Dollar-Colombian peso exchange rate on the date of valuation. Total shares Supermercados Disco del Uruguay S.A.
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 dates.	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 the 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 net swap 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.
Customer loyalty liability (1)	Level 3	Market value	The customer loyalty liability is updated in accordance with the point average market value for the last 12 months and the effect of the expected redemption rate, determined on each customer transaction.	Number of points redeemed, expired and issued. Point value. Expected redemption rate

(1) Development of the measurement of loyalty liability during the period is as follows:

	Customer loyalty liability
Balance at December 31, 2015	**35,617**
Issue	117,132
Expiry	(25,792)
Redemption	(88,320)
Valuation	(1,303)
Balance at December 31, 2016	**37,334**

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

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

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

Note 37. Contingent assets and liabilities

Note 37.1. Contingent assets

The Company has no significant contingent assets at December 31, 2016.

Note 37.2. Contingent liabilities

- 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 (2015 - $0). 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.

- Proceedings related with the assessment of property valuation in amount of $1,163 (2015 - $1,163)

- Proceedings on the 2005 Industry and Trade Tax in amount of $1,010 (2015 - $1,010)

- Proceedings seeking nullity of resolutions on the inadequate offsetting of the Carulla Vivero S.A. 2008 income tax in amount of $1,088 (2015 - $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 (2015 - $0). 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.

- The guarantee in amount of $5,000 that the Company had issued to Cdiscount Colombia S.A.S. on July 13, 2015 to protect in case of default of obligations arising from the procurement of goods with one of its largest suppliers expired July 12, 2016.

Such contingent assets, which nature is that of potential assets, are not recognized in the statement of financial position; instead, they are disclosed in the notes to the financial statements.

On December 18, 2015, Cdiscount Colombia S.A.S. assigned title to credits with accountability to BBVA in amount of $18,001, with the Company acting as guarantor. On April 8, 2016, Cdiscount Colombia S.A.S. paid to BBVA the invoices assigned. As a result of this payment, the contingent liability was no longer recognized at December 31, 2016.

Note 38. Offsetting of financial assets and liabilities

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

Year	Financial assets	Gross value of recognized financial assets	Gross value of related recognized financial liabilities	Net value of recognized financial assets
2016	Derivative financial instruments and hedging (1)	-	-	9,547
2015	Derivative financial instruments and hedging (1)	1,298,865	1,231,838	67,027

Year	Financial liabilities	Gross value of recognized financial liabilities	Gross value of related recognized financial assets	Net value of recognized financial liabilities
2016	Derivative financial instruments and hedging (1)	-	-	17,607
	Trade payables and other accounts payable (2)	2,447,861	221,922	2,225,939
2015	Derivative financial instruments and hedging (1)	55,307	52,956	2,351
	Trade payables and other accounts payable (2)	2,070,866	233,034	1,837,832

(1) The Company carries out derivative and hedge "*forward*" and "*swap*" contracts to hedge against fluctuation in exchange rates and interest rates on accounts payable and financial liabilities. These items are measured at fair value; fair values of these financial instruments are disclosed in Note 36. For 2016, the valuation of derivative financial instruments comprises intrinsic value plus temporary value, reason why right and obligation may not be individualized.

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

The Company's statement of financial position shows no uncleared amounts related to collaterals or other financial instruments.

Note 39. Dividends declared and paid

At December 31, 2016

The Company'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 instalments and enforceable between the sixth and tenth working day of April, July and October 2016, and January 2017.

Dividends paid during the year ended December 31, 2016 amounted to $291,680.

(*) Expressed in Colombian pesos.

At December 31, 2015

The Company's General Meeting of Shareholders held on March 17, 2015, declared a dividend of $260,022, equivalent to an annual dividend of $580.92 per share (*), payable in four quarterly installments and enforceable between the sixth and tenth working day of April, July and October 2015, and January 2016.

Dividends paid during the year ended December 31, 2015 amounted to $254,297.

(*) Expressed in Colombian pesos.

Note 40. Leases

Note 40.1. Finance leases when the Company acts as the lessee

The Company has entered into finance lease agreements on property, plant and equipment (Note 12 Property, plant and equipment). Minimum instalments and present values thereof under finance lease agreements are as follows:

	December 31, 2016	December 31, 2015
Up to one year	4,207	4,493
From 1 to 5 years	13,631	18,139
More than 5 years	2,372	2,954
Total minimum instalments on finance leases	**20,210**	**25,586**
Future financing expense	(1,593)	(2,140)
Total net minimum instalments on finance leases	**18,617**	**23,446**

No contingent instalments were shown in income during the period.

At the closing of the reporting periods, there are no finance lease agreements that are material if considered separately.

Note 40.2. Operating leases when the Company acts as the lessee

The Company has entered into operating lease agreements mainly related to business premises, vehicles and machinery. Total future minimum instalments under irrevocable operating lease agreements for the reporting periods are:

	December 31, 2016	December 31, 2015
Up to one year	217,877	139,948
From 1 to 5 years	645,994	451,231
More than 5 years	689,110	537,953
Total minimum instalments on irrevocable operating leases	**1,552,981**	**1,129,132**

Operating lease agreements vary from 1 to 15 years and relate to 638 agreements on 525 leased stores. The Company made an analysis and concluded that lease agreements may not be cancelled during its term. In the event of termination, a minimum cancellation charge shall be paid, ranging from 1 to 12 monthly instalments, or a fixed percentage on the remaining of the term.

Company management considers payment of additional instalments as contingent payments that may range from 0.01% to 6% on sales. The agreements may be extended pursuant to legal regulations in force and include periodic adjustment clauses according to inflation.

Lease expenses recognized in income for the period amounted to $236,273 (2015 $207,499), including contingent installments in amount of $60,317 (2015 $61,563).

At the closing of the reporting periods, there are no operating lease agreements that are material if considered separately.

Note 40.3. Operating leases when the Company acts as the lessor

The Company has entered into operating lease agreements on investment properties. Total minimum of future charges under irrevocable operating lease agreements at the reporting date is:

	December 31, 2016	December 31, 2015
Up to one year	7,641	7,105
From 1 to 5 years	6,758	11,764
More than 5 years	31,627	5,301
Total minimum instalments on irrevocable operating leases	**46,026**	**24,170**

The Company made an analysis and concluded that operating lease agreements may not be cancelled during its term. In order to terminate, prior agreement of the parties is needed and a minimum cancellation payment shall be required ranging from 1 to 12 monthly instalments, or a fixed percentage on the remaining term.

Revenue from leases recognized in period results amounted to $34,088 (2015 - $25,369) including revenue from the lease of investment properties in amount of $6,044 (2015 - $10,641). Contingent instalments included in the revenue from leases amounted to $3,915 (2015 $3,633).

Note 41. Seasonality of transactions

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

Note 42. Financial risk management policy

The Company's financial instruments are classified according to its nature, features and the purpose for which they have been acquired or issued.

The Company maintains instruments measured at fair value through income, with the purpose of holding them for investment or risk management in the case of derivative financial instruments not classified as cash flow hedge instruments.

The Company uses derivative financial instruments just as a positive defense measure against identified risks. Total underlying assets and liabilities under financial instrument contracts are limited to the amount of actual assets and liabilities entailing an underlying risk. The only purpose of transactions with financial derivative instruments is to reduce the exposure to fluctuation of interest rates and foreign exchange rates and maintain a proper structure of the financial position.

At period closing, Company's financial instruments represented:

	December 31, 2016	December 31, 2015
Financial assets		
Cash and cash equivalents	1,098,825	810,647
Trade receivables and other accounts receivable	226,492	217,742
Related parties (1)	71,862	71,887
Other current financial assets	12,252	67,027
Other non-current financial assets	73,842	138,177
Financial liabilities		
Related parties (1)	236,100	157,619
Trade payables and other accounts payable	2,968,028	2,504,879
Financial liabilities	3,968,816	4,441,457
Other financial liabilities	87,457	48,091
Net exposure	**(5,777,128)**	**(5,846,566)**

(1) Transactions with related parties refer to transactions between the Company and its subsidiaries and other related parties, and are carried in accordance with market prices and general terms and conditions.

The fair value of other current and non-current financial assets, mentioned in the chart above, represents an approximation to book values pursuant to agreed-upon payment terms.

Other current and non-current financial assets and financial liabilities, measured at amortized cost, are disclosed in Note 11 - Other financial assets and Note 23 - Other financial liabilities, respectively.

Considerations of risk factors that might have an effect on Company business

General framework for risk management

At present, comprehensive risk management is carried out at two levels, namely a strategic level management and a tactical level management. The first level is focused on risks affecting compliance with the Company's strategic pillars, with a vision from the corporation with international scope (towards foreign subsidiaries - Latam); the second level is focused on risks affecting each of the Company's businesses.

Identification and prioritization of the trends that most influence the compliance with the Company's strategic pillars was included in this management strategic level as of 2016. Such management activity is based on international standards and is thought of both from a view point of threats and opportunities, to support decision-making towards achieving the Company's sustainable growth.

There is a comprehensive risk management policy, with defined roles and responsibilities, a centralized area to lead and support the identification, assessment, management and ongoing monitoring of risks methodology, so as to reflect the reality and changes in business conditions.

Controls have been implemented at all levels, processes and areas of the Company, through a set of defined policies, principles, regulations, procedures and verification and assessment systems.

Some of the mechanisms put in place to achieve control purposes are:
- The self-control program, which allows a self-assessment of the most critical risks and key controls, carried out half-yearly by process leaders, and a definition of corrective action plans wherever deviations are identified.
- The transparency program is supported by an Ethics Committee that receives, analyzes and decides on information gathered through whistleblower channels, such as the transparency line 018000 52 25 26, etica@grupo-exito.com and an application developed to receive reports.
- Controls and procedures for the prevention and control of money-laundering and the financing of terrorism
- Risk management annual report

Risk management and internal control system reporting bodies:
- At a strategic level: Board of Directors, Audit and Risk Committee, Presidency and Senior Management Committee.
- At a tactical level: Business responsible parties and Risk Internal Committee.
- At an operating level: Process owners through self-control.

The internal audit, in an independent and objective manner, conducted a risk-based assessment focused on compliance with business goals and on the most significant projects of the Company, including risk management, control and governance processes.

The Board of Directors, through the Audit and Risk Committee, supervised information and financial reporting processes; risk management comprehensive management; internal control system and architecture, including monitoring of Internal Audit's and Statutory Audit's activities; compliance with rules applicable to the Company and with the transparency program. Also, transactions among related parties and the resolution of conflicts of interests of senior management and the Board of Directors were submitted to the consideration of the Committee.

Financial risk management

Besides derivative instruments, the most significant of the Company's financial liabilities include debt, finance leases and interest-bearing loans, trade accounts payable and other accounts payable. The main purpose of such liabilities is to finance the Company's operations and maintain proper levels of working capital and net financial debt.

The most significant of the Company's financial assets include loans, trade debtors and other accounts receivable, as well as cash and short-term placements directly resulting from routine transactions. In addition, the Company has other investments classified as financial assets measured at fair value, which, according to the business model, have effects on period results or in other comprehensive income. Further, other rights that will be recorded as financial assets may arise from transactions with derivative instruments.

The Company has an exposure to market, credit and liquidity risks. Company management monitors the manner in which such risks are managed, through the relevant levels of the organization. The scope of the Board of Directors' activities 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 Company's 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 capabilities and experience and who are supervised by the organizational structure. Pursuant to 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 on the basis of an underlying element which in fact requires such hedging in accordance with Company analyses.

The Board of Directors reviews and agrees on the policies applicable to manage each of these risks, which are summarized below:

a. Credit risk

A credit risk is the risk that a counterpart fail to comply with his obligations taken on under a financial instrument or trade agreement, resulting in financial loss. The Company is exposed to credit risk arising from its operating activities (particularly from trade debtors) and from its financial activities, including deposits in banks and financial institutions and other financial instruments. The book value of financial assets represents the maximum exposure to credit risks.

Cash and cash equivalents

The credit risk arising from balances with banks and financial entities is managed through the Company's liquidity and capital structure guidelines, and in accordance with corporate policies defined for such purpose. Surplus funds are only invested with counterparties approved by the Board of Directors and within previously established jurisdictions. On an ongoing basis, management reviews the general financial conditions of counterparties, assessing the most significant financial ratios and market ratings.

Trade receivables and other accounts receivable

The credit risk associated with trade receivables is low given that most of the Company sales are cash sales (cash and credit cards) and financing activities are conducted under trade agreements that reduce the Company's exposure to risk. In addition, there are administrative collections departments that permanently monitor ratios, figures, payment behaviors and risk models by each third party. A portion of trade receivables is sold to financial entities; such sale is recognized as 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

It is the Company's policy to provide financial guarantees only to its subsidiaries. At December 31, 2016, the Company has not issued financial guarantees on behalf of any of its subsidiaries.

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 Company's income or on the value of the financial instruments it holds. The purpose of market risk management is to manage and control exposure to this risk within reasonable parameters while optimizing profitability.

Interest rate risk

Interest rate risk is the risk that the fair value of financial assets and liabilities, or the future cash flows of financial instruments, fluctuate due to changes in market interest rates. The Company's exposure to the interest rate risk is mainly related to debt obligations incurred at variable interest rates or indexed to an index beyond the control of the Company.

Most of the Company's financial liabilities are indexed to market variable rates. To manage the risk, the Company enters into financial exchange transactions via derivative financial instruments (interest rate swaps) with previously approved financial institutions, under which it agrees on exchanging, at specific intervals, the difference between the amounts of fixed interest rates and variable interest rates estimated over an agreed upon nominal principal amount, which turns variable rates into fixed rates and cash flows may then be determined.

Financial assets and liabilities by type of interest rate:

	December 31, 2016		December 31, 2015	
	Variable-income rate	Fixed-income rate	Variable-income rate	Fixed-income rate
Financial assets	1,184,909	321,952	1,015,850	309,339
Financial liabilities	3,986,422	3,273,976	4,443,808	2,708,238

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 Company's exposure to exchange rate risk is attached, in the first place, to passive transactions in foreign currency associated with long-term liabilities and with the Company's operating activities (wherever revenue and expenses are denominated in a currency other than the functional currency of the Company), as well as with Company's net investments in foreign subsidiaries.

The Company manages its exchange rate risk via derivative financial instruments (namely forwards and swaps) wherever such instruments are efficient to mitigate volatility.

Wherever the nature of the hedge is not economic, the Company's policy is to negotiate the conditions of derivative instruments in such a way that they correlate with the terms of the underlying elements that are the purpose of the hedge, seeking to maximize the efficacy in the exposure to such variables. Not all financial derivatives are classified as hedging transactions; however, Company policy is not to carry out transactions solely for speculation, and consequently even if not classified as hedge accounting, derivative financial instruments are associated to an underlying element and a notional amount that expose the Company to variations in exchange rates.

At 31 December 2016 and 2015, the Company had hedged 48% and 71% of its purchases and liabilities in foreign currency, respectively.

Financial assets and liabilities in foreign currency:

	December 31, 2016	December 31, 2015
	US Dollar	US Dollar
Financial assets	20,198,706	17,382,952
Financial liabilities	528,122,634	624,639,780

Stock price risk

Share capital issued, premium on the issue or placement of shares and all other equity reserves attributable to the shareholders of the controlling entity are included for the purposes of managing the price of Company stock. The main purpose of managing the Company's share capital is to maximize the value to shareholders.

The Company manages its equity structure and makes the required adjustments as a function of changes in economic conditions and requirements of financial clauses. In order to maintain and adjust its capital structure, the Company may also modify the payment of dividends to shareholders, reimburse capital contributions or issue new shares.

c. Liquidity risk

Liquidity risk is the risk that the Company might face difficulties to fulfil its obligations associated with financial liabilities, which are settled by delivery of cash or other financial assets. The Company's approach to manage liquidity is to ensure, in as much as possible, that it will always have the liquidity required to meet its obligations at maturity, both under ordinary and stress circumstances, without incurring unacceptable losses or putting its reputation at risk.

The Company manages liquidity risks by monitoring its cash flows and maturities of financial assets and liabilities on a daily basis, and by maintaining proper relations with the relevant financial institutions in each country.

The purpose of the Company 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. Approximately 10% of Company's debt matures in less than one year as of December 31, 2016 (2015 - 10%) taking into consideration the book value of loans included in these financial statements.

The Company has rated the concentration of liquidity risk as low with respect to the possibility of refinancing its debt. Access to financing sources is widely ensured, and debt maturing within twelve months of reporting period closing could be restructured with existing creditors without significant restriction.

The following table shows a profile of maturities of the Company's financial liabilities based on non-discounted contract payments arising from the relevant agreements.

At December 31, 2016	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Finance lease liabilities, gross	3,753	16,530	-	20,283
Other relevant contract liabilities	487,679	3,910,545	673,307	5,071,531
Total	**491,432**	**3,927,075**	**673,307**	**5,091,814**

At December 31, 2015	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Finance lease liabilities, gross	5,788	13,259	4,398	23,445
Other relevant contract liabilities	436,344	3,021,273	971,635	4,429,252
Total	**442,132**	**3,034,532**	**976,033**	**4,452,697**

Sensitivity analysis for 2016 balances

From a statistical standpoint, the Company assessed the potential changes in interest rates of financial liabilities and other significant contract liabilities.

Assuming complete normality and considering 10% variation in interest rates, three scenarios have been assessed:

- Scenario I: Latest interest rates known at the closing of 2016.
- Scenario II: An increase of 0.688% is assumed for Banking Reference Rate (BRR); an increase of 0.0716% is assumed for LIBOR at 30 days, and an increase of 0.12179% is assumed for LIBOR at 90 days. All increases on the latest published interest rate.
- Scenario III: A reduction of 0.688% is assumed for BRR; a reduction of 0.0716% is assumed for LIBOR at 30 days, and a reduction of 0.12179% 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 unobservable when rounding amounts to millions. Potential changes are as follows:

Operations	Risk	Balance at December 31, 2016 2016	Market forecast		
			Scenario I	Scenario II	Scenario III
Loans	Changes in interest rates	3,950,126	3,950,083	4,000,059	3,895,740
Finance leases	Changes in interest rates	18,707	18,614	18,773	18,464
Total		**3,968,833**	**3,968,697**	**4,018,832**	**3,914,204**

d. Insurance policies

At 31 December 2016, the Company has acquired the following insurance policies to mitigate the risks associated with the entire operation:

Insurance lines of coverage	Coverage limits	Coverage
All risk, damages and loss of profits	There is a liability ceiling per 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 insured's property.
Freight insurance	There is a ceiling per each coverage	Property and goods owned by the insured, including those on which it has an insurable interest.
Third party liability	There is a ceiling per each coverage	Full coverage to address claims and insurance compensation for damages to customers or third parties arising from the risks generated in the regular business operation.
Director's and officers' liability insurance	There is a ceiling per each coverage	Covers claims resulting in civil liability arising from wrongful acts or alleged wrongful acts of directors and officers acting in the exercise of their respective functions.
Deception and financial risks	There is a ceiling per each coverage	Coverage: Willful misconduct of employees Loss inside and outside of property or premises
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 death.
Vehicles	There is a ceiling per each coverage	Third party liability Total and partial loss - Damages.

Insurance lines of coverage	Coverage limits	Coverage
		Total and partial loss - Theft Earthquake Other coverages as described in the policy

e. Derivative financial instruments

As mentioned above, the Company uses derivative financial instruments to hedge risk exposure, with the main purpose of hedging Company exposure to interest rate risk and exchange rate risk, turning the financial debt into fixed interest rates and domestic exchange rates.

At December 31, 2016, the reference value of these contracts amounted to USD 252.39 million, EUR 5 million (2015 - USD 424.5 million and EUR 2.1 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 Company policies, swaps may be acquired with restriction, with prior authorization of Company management.

The Company has designed and implemented internal controls to ensure that these transactions are carried out in compliance with previously defined policies.

f. Fair value of derivative financial instruments

The fair value of derivative financial instruments is estimated under the operating cash flow forecast model, using government treasury security curves in each country and discounting them at present value, using market rates for swaps as disclosed by the relevant authorities in such countries.

Swap market values were obtained by applying efficient market exchange rates valid on the date of the interim financial information available, and the rates are forecasted by the market based on currency discount curves. A convention of 365 consecutive days was used to calculate the coupon of foreign currency indexed positions.

Note 43. Relevant facts

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, prior to 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 Company acquired 4,124,061,482 shares of Compañía de Financiamiento Tuya S.A., equivalent to 50% of outstanding shares thereof, at a 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.

Execution of a memorandum of understanding with Fondo Inmobiliario Colombia ("FIC")

On September 23, 2016, the Company 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 Company on July 15, 2016. As of this date, the Company 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.

Revolving trench disbursement

$110,000 were disbursed in April 2016, as part of the revolving trench under the peso contract executed in July 2015.

Reopening of Almacén Éxito Las Flores in Valledupar.

Éxito Las Flores in Valledupar restarted its operation on April 28, 2016, after 6 months of reconstruction due to the damages suffered on June 23, 2015.

Termination of a shareholders' agreement

The "Shareholders' Agreement" entered into by and between Casino Guichard Perrachon S.A. and certain 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 General Meeting of Shareholders approved the proposal to retain Ernst & Young Audit S.A.S. as the Company's Statutory Auditor for the period 2016 to 2018.

Appointment of new members of the Board of Directors.

On March 30, 2016, the General Meeting of Shareholders appointed the following Directors:

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

b) Equity Members:
    1. Yves Desjacques
    2. Philippe Alarcon
    3. Bernard Petit
    4. Hervé Daudin
    5. Matthieu Santon

General Meeting of Shareholders

The Company'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.

Revolving trench disbursement

$400,000 were disbursed on January 5, 2016, as part of the revolving trench under the peso contract executed in July 2015.

At December 31, 2015

Action seeking protection of fundamental rights ("acción de tutela") arising from the investments in Companhia Brasileira de Distribuição - CBD and Libertad S.A.

Notice of the final decision for the Company, under the appeal of the acción de tutela proceedings brought by a minority shareholder of the Company was served on December 10, 2015. The appeal court found that there was no violation of the fundamental rights of said shareholder.

Changes in administrative structure

On September 1, 2015, the Board appointed Mr. Carlos Mario Díez Gómez, who occupied the position of Retail Vice-President, as Chief Operating Officer of the Retail operation in Colombia; the creation of the International Business Vice-President position, to be occupied by Mr. José Gabriel Loaiza Herrera, who was formerly the Commercial and Supply Vice-President; and finally, appointed the following Vice-Presidents: Jacky Yanovich Mizrachi as Sales and Operations Vice-President and Carlos Ariel Gómez Gutierrez as Commercial Vice-President.

Investments in Companhia Brasileira de Distribuição - CBD, and Libertad S.A.

In compliance with the share purchase-sale agreements entered into with Casino Guichard Perrachon on July 29, 2015, the Company acquired 100% of Onper Investments 2015 S.L., which indirectly owns 18.76% of the capital investment and 49.97% of the voting rights of Companhia Brasileira de Distribuição -CBD, a company with domicile in Brazil, in amount of USD 1,536, and 100% of the shares of Libertad S.A., a company domiciled in Argentina, in amount of USD 293.

Funding of investments in Companhia Brasileira de Distribuição - CBD and Libertad S.A.

a. Peso credit facility agreement.

    A Colombian peso credit facility agreement was executed on July 29, 2015, by means of which certain Colombian financial institutions granted the Company a credit facility for up to $3,500,000 (three trillion five hundred billion Colombian pesos). Fiduciaria Bancolombia S.A. was appointed as general partner to the contract.

    An amendment to said agreement was executed on December 21, 2015, including the main following changes to borrowing terms and conditions:

(i) Amendment to borrowing amounts as per the following detail:

	Total contract value	Amount disbursed under initial conditions	Amount disbursed under current conditions
10-year long-term loan in millions of Colombian pesos	$2,000,000	$1,850,000	$1,850,000
18-month short-term loan in millions of Colombian pesos	$1,000,000	$1,000,000	-
5-year medium-term loan in millions of Colombian pesos	-	-	$838,000
Revolving credit in millions of Colombian pesos with a term of 12 months, renewable	$500,000	$400,000	$400,000
Total	**$3,500,000**	**$3,250,000**	**$3,088,000**
Bridge loan in millions of US Dollars (18 months)	USD 400	USD 400	-
Syndicated loan in millions of US Dollars (3 years)	-	-	USD 450
Total in USD	**USD 400**	**USD 400**	**USD 450**

(ii) The extension of the weighted average term of repayment from 3.4 to 4.3 years, resulting from:

- Partial payment of the 18-month short-term trench of the peso credit facility agreement.
- The extension of the remaining short-term trench of the peso credit facility, from 18 months to 5 years (now the "medium-term trench").

Obligations agreed upon under these agreements include, among others, compliance with a leverage ratio of maximum 4.5x until September 30, 2016, 4.x until September 30, 2018, and 3.x as of October 1, 2018 in the separate financial statements, and maximum 3.x in the consolidated financial statements. Neither the original credit facility agreement nor the amendments thereto require the granting of collaterals by the Company in favor of creditors.

b. US Dollar credit facility agreement

A US Dollar credit facility agreement was entered into with Citibank N.A. on July 29, 2015 granting a credit facility available in amount of USD 400,000,000, which was fully disbursed on August 20, 2015.

The bridge loan was repaid and the agreement terminated on December 21, 2015, and instead a three-year syndicated credit facility agreement in US Dollars was entered into with Citigroup Global Markets INC., Banco Santander S.A., BNP Paribas Securities Corp., Credit Agricole Corporate and Investment Bank, J.P. Morgan Securities LLC., The Bank of Nova Scotia, and The Bank of Tokio-Mitsuibishi UFJ, LTD., granting a credit facility available in amount of USD 450,000,000, which was fully disbursed. Citibank N.A. was appointed as general partner to the contract.

Obligations agreed upon under these agreements include, among others, compliance with a leverage ratio of maximum 4.5x until September 30, 2016, 4.x until September 30, 2018, and 3.x as of October 1, 2018 in the separate financial statements, and maximum 3.x in the consolidated financial statements. Neither the original credit facility agreement nor the amendments thereto require the granting of collaterals by the Company in favor of creditors.

Approval of the acquisition of shares of Compañía de Financiamiento Tuya S.A.

On July 1, 2015, the Company and its subsidiary Almacenes Éxito Inversiones S.A.S. entered into a share sales-purchase agreement with Bancolombia S.A., Fundación Bancolombia and Fondo de Empleados del Grupo Bancolombia, by means of which they will acquire 50% of the outstanding shares of Compañía de Financiamiento Tuya S.A. ("Tuya"), company through which an alliance has been developed over a decade between Bancolombia and the Company for the promotion of consumer lending with products such as Éxito Credit Card, among others.

Formalization of the contract was conditional, among others, upon the approval by the Colombian Financial Superintendence, which was granted on December 30, 2015. Once all other authorizations required are obtained and paperwork is finalized, the parties will proceed to fulfil their obligations.

Damage to Almacén Éxito Las Flores in Valledupar.

As a consequence of an act of nature, on June 23, 2015 the premises of Almacén Éxito Las Flores in Valledupar were damaged and technical studies concluded that it was necessary to rebuild the store.

At present, the Company is in the process of providing the insurance company with supporting evidence of damages.

This store is expected to reopen during the first half of 2016.

Appointment of new members of the Board of Directors.

Due to the death of Mr. Nicanor Restrepo Santamaría, the Board of Directors and the CEO of the Company called an extraordinary General Meeting of Shareholders to appoint the new members of the Board for the remaining of the period until 2016.

On June 11, 2015, the Meeting of Shareholders confirmed the appointment of 8 of the 9 members of the Board elected during the ordinary meeting held in March 2014, and as new member appointed Luis Fernando Alarcón Mantilla, who was also appointed as Chairman.

Acquisition of control of Grupo Disco del Uruguay S.A. through Spice Investments Mercosur S.A.

On April 27, 2015, the Company entered into a Shareholders Agreement relevant to Grupo Disco Uruguay S.A. (GDU), with a two-year term, which granted to it the voting rights of more than 75% of such company and resulted in effective control and global consolidation of the financial statements.

Previously, in September 2011, the Company had acquired a share interest of 62.49% in this company under a situation of joint control arising from the capital structure and the various types of shares, which was recognized using the equity method until December 31, 2014.

The valuation method used to measure the fair value of the previous interest in GDU was based on the discounted cash flow method.

The Company recognized a profit of $29,681 arising from the measurement at fair value of the 62.49% participation held in GDU prior to the business combination, for the period ended December 31, 2015.

The non-controlling interest in GDU was measured at fair value.

Purchase option on establishments under the Super Inter banner.

On April 15, 2015, the Company exercised the option to acquire 29 trade establishment under the Súper Inter banner and the intellectual property rights associated to the Súper Inter trademark, title to which was vested in Comercializadora Giraldo Gómez ("Comercializadora"), pursuant to the purchase option agreement executed on February 8, 2014.

The Company thus acquired ownership of the trade establishments it had been operating since October 2014 under an operation agreement, as well as the trade name, trademarks, slogans and other intellectual property elements associated to the Súper Inter trademark, whose use had been granted to the Company under a license agreement. Consequently, the operation agreement and the license agreement were terminated, including obligations imposed by such agreements on each of the parties.

Such transaction is completed upon compliance with the requirements of the Superintendence of Industry and Trade to carry out the integration operation, which included the obligation to sell to a competitor 4 out of the 50 trade establishments originally included in the transaction, that is, the sale of 2 out of 19 establishments that were the purpose of the sale-purchase agreement and of 2 of 31 establishments that were the purpose of the operation agreement.

Acquisition of 100% of Lanin S.A.

On February 26, 2015 Larenco S.A., a subsidiary domiciled in Uruguay, acquired an additional share interest of 3.18% represented in 98,287 shares of Lanin S.A., owner of Devoto stores in that country.

Such acquisition resulted from the exercise of seller shareholders' right to sell, and consolidated the Company's 100% interest in Lanin S.A., through Spice Investment Mercosur S.A., owner of 7.37%, and Larenco S.A. that consolidates a 92.63% interest.

Agreement on the sale of trade establishments entered into by and between Almacenes Éxito S.A. and Caja de Compensación Familiar - CAFAM

On February 23, 2015, the Company entered into an agreement with Caja de Compensación Familiar - CAFAM to sell trade establishments, which main purpose was: (i) the sale by Cafam to the Company of the stores owned by Cafam and operated by the Company; (ii) the sale by the Company to Cafam of drugstores owned by the Company and operated by Cafam; (iii) the sale by the Company to Cafam of Carulla drugstores owned by the Company; and (iv) the termination of the Cooperation Agreement executed on September 23, 2010 which established, among other provisions, the obligation of each party to pay to the other party a share of the net monthly sales of stores and drugstores.

Note 44. Events subsequent to the reporting period

No events have occurred subsequent to the date of the reporting period that entail significant changes in the Company.