

BRAZILIAN DISTRIBUTION CO COMPANHIA BRASILEIRA DE DISTR CBD

Form 6-K/A

August 05, 2016

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## FORM 6-K/A

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

### Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of August, 2016

Brazilian Distribution Company

(Translation of Registrant's Name Into English)

Av. Brigadeiro Luiz Antonio,  
3142 São Paulo, SP 01402-901

Brazil

(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F)

Form 20-F  Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b) (1)):

Yes  No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b) (7)):

Yes  No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes  No

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*(Free Translation into English from the Original*

*Previously Issued in Portuguese)*

***Companhia Brasileira  
de Distribuição***

*Individual and Consolidated  
Financial statements for the  
Year Ended December 31, 2015 and  
Independent Auditor's Report*

*Deloitte Touche Tohmatsu Auditores Independentes*

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITORS' REPORT

To the Shareholders, Directors and Officers of

Companhia Brasileira de Distribuição

São Paulo - SP

We have audited the accompanying individual and consolidated financial statements of Companhia Brasileira de Distribuição (“Company”), identified as Parent and Consolidated, respectively, which comprise the balance sheet as of December 31, 2015, and the statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

**Management’s responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRSs, issued by the International Accounting Standards Board - IASB, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor’s responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Companhia Brasileira de Distribuição as of December 31, 2015, and its individual and consolidated financial performance and its respective cash flows for the year then ended in accordance with accounting practices adopted in Brazil and the IFRSs issued by the IASB.

## **Emphasis of matter**

On February 24, 2016, we issued an audit report without qualification on the Company's individual and consolidated financial statements, which are being restated. We draw attention to note 1.5 to the financial statements, which describes that these financial statements were amended and are being restated to reflect the adjustments identified after the completion of the investigation on indirect subsidiary Cnova Comércio Eletrônico S.A. Our opinion remains unqualified since the financial statements and the figures corresponding to the prior period were adjusted retrospectively.

## **Other matters**

### *Statements of value added*

We have also audited the individual and consolidated statements of value added ("DVA"), for the year ended December 31, 2015, prepared under the responsibility of the Company's Management, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies and as supplemental information for IFRSs, which do not require the presentation of a DVA. These statements, which were amended and are being restated to reflect the adjustments described in note 1.5 to the financial statements, were subject to the same auditing procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, July 27, 2016

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Eduardo Franco Tenório  
Engagement Partner

## Companhia Brasileira de Distribuição

### Consolidated Financial Statements

Years ended December 31, 2015 and 2014

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### Financial statements

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## MESSAGE FROM MANAGEMENT

The year 2015 was one of formidable challenges for Brazil and a period when focus and discipline were even more crucial to achieving results and overcoming obstacles. That was how GPA, through its multi-format, multi-channel and multi-region approach, rolled out its strategy, which, combined with important adjustments in the process of adapting the Company to the economic scenario, helped it achieve its goals.

In 2015, we invested in the integration of our businesses and in a solid synergy plan, especially among back office areas so that each business unit could focus on its business objectives, advancing operations and strengthening their competitive advantages.

It was also a year when, despite a challenging scenario, we went ahead with our organic growth plan and opened 118 stores, focusing primarily on higher-return models, such as cash & carry, through Assaí, and proximity, mainly through Minuto Pão de Açúcar.

In the case of Assaí, we opened 11 new stores and increased our market share. The chain posted solid net sales growth of 25.5%, and EBITDA growth of more than 40% in the year, besides generating sufficient cash to fund its own growth, for the first time.

At Multivarejo, the banners were flexible and quick in adapting their assortment and services, each following their vocation and positioning, according to consumers' needs and in line with the economic scenario. Pão de Açúcar once again underlined its leadership in the premium supermarket segment and has registered market share gains for two consecutive years. The proximity format registered growth in customer traffic and sales, offering – through the Minuto Pão de Açúcar and Minimercado Extra brands - different store models according to the profiles of each banner's target market.

At Extra, we continued our strategy of increasing competitiveness and modernized 62 hypermarkets and supermarkets. These measures helped to regain momentum in sales and better trend in customer traffic. However, the results of renovations during the year were still short of the Company's goals. Next year, we will focus on advancing the store renovation plan and price competitiveness strategy, on strengthening the quality and assortment of perishables and on reducing stock outs, aiming to increase operating efficiency and maintain the format's profitability.

Via Varejo, despite a more challenging scenario for the electronics and home appliances market, carried out adjustments to its structure by optimizing processes and rationalizing expenses, all as part of the measures being taken to adapt the Company to the evolving scenario. Furthermore, the intensification of commercial initiatives from the third quarter helped regain market share and increase sales.

At Cnova, this was one more year of GMV growth and increase in marketplace share, as well as initiatives focused on improving customer service.

Sustainability remains one of our strategic pillars, in line with the guidelines of the Casino Group and the five commitments of GPA: Valuing our People, Conscientious Consumption and Supply, Transforming the Value Chain, Environmental Impact Management and Social Engagement. In 2015, all banners rolled out high-impact initiatives for each of these pillars. We registered important results in promoting diversity, setting targets for hiring persons with disabilities, and taking effective actions to increase the presence of

women in leadership positions. We remain committed to mitigating risks to the environment, playing a positive role in society, always in alignment with the principles of the UN Global Compact.



It was a year when we also made progress in our governance practices across all businesses. We have active committees and processes designed to ensure benefits to all those involved, always observing the rights and interests of our stakeholders.

We have a better and well prepared company for 2016. We will remain fully focused on the customer, while maintaining a strict and disciplined approach to investments, and on actions that will ensure the Company's sustainable growth while creating value for our shareholders.

## **RESTATEMENT OF THE FINANCIAL STATEMENTS**

Company's management informs the conclusion of the work related to the investigation in the subsidiary Cnova N.V., and the work of the auditors on this subsidiary, and evaluated the effects calculated and concluded that the amounts related to prior years should be restated in its financial statements for the years ended December 31, 2015, 2014 and 2013, after considerations over aspects quantitative and qualitative.

## **INDEPENDENT AUDITORS**

The parent company and consolidated financial statements of GPA were audited by Deloitte Touche Tohmatsu Auditores Independentes ("Deloitte"). The engagement of independent auditors is based on the following principles that safeguard the independence of the auditor: (a) auditors may not audit their own work; (b) auditors may not exercise managerial functions; and (c) auditors should not advocate on behalf of GPA or provide any services that may be considered prohibited by the regulations in force.

In compliance with Instruction 381/03 issued by the Securities and Exchange Commission of Brazil (CVM), we hereby declare that for the fiscal year ended December 31, 2015, Deloitte did not provide any services other than those related to the independent audit of the financial statements.

**Report of the Audit Committee - Fiscal year 2015**

- 1) On February 24, 2016 the Audit Committee of Companhia Brasileira de Distribuição issued a Report on its activities in 2015 and also on the Financial Statements of the Company concerning the fiscal year ended on December 31, 2015.
- 2) Such report depicts the main activities of the Committee in year 2015, as well as the key recommendations made by the Audit Committee to the Executive Board.
- 3) As for such Financial Statements, the Committee recommended they were approved by the Board of Directors.
- 4) As described in Note 1.5 to the financial statements to be republished, such financial statements have been amended and are being resubmitted to reflect the required adjustments after completion of the investigation process on the indirect subsidiary Cnova Comércio Eletrônico S.A.
- 5) As to the Financial Statements to be republished that will be examined by the Board of Directors of CBD on July 27, 2016, our recommendation is also that the Board should approve them, since such financial statements and their numbers corresponding to the previous fiscal year have been adjusted retrospectively.
- 6) All other items and recommendations to the Executive Board contained in the Report by the Audit Committee of February 24, 2016 remain as originally disclosed.

L. Nelson Carvalho - Coordinator of the Committee; Accounting, Financial and Auditing Specialist.

Eleazar de Carvalho Filho, Representative of the Board of Directors on the Audit Committee, and also Financial Specialist.

Pedro Oliva Marcilio de Sousa

Management statement on the financial statements

In accordance with the item V of article 25 of Instruction CVM no. 480, of December 7, 2009, the Directors stated that have reviewed, discussed and agreed with the Company's Financial Statement related to the year ended December 31, 2015, authorizing the conclusion on this date.

São Paulo, July 27, 2016.

Directors

Ronaldo Iabrudi

President

Christophe José Hidalgo

Vice President of Finance and Investor's relationship Director

Management statement on the independent auditor's report

In accordance with the item V of article 25 of Instruction CVM no. 480, of December 7, 2009, the Directors stated that have reviewed, discussed and agreed with to the Independent Registered Public Accounting Firm Report over the Company's Financial Statements for the year ended December 31, 2015, issued on this date.

São Paulo, July 27, 2016.

Directors

Ronaldo labrudi

President

Christophe José Hidalgo

Vice President of Finance and Investor's relationship Director

**Companhia Brasileira de Distribuição**

## Balance Sheet

Years ended December 31, 2015, 2014 and January 1, 2014

(In millions of Reais)

| Assets  | Note | Parent Company |            |            | Consolidated  |            |
|---|------|----------------|------------|------------|---------------|------------|
|   |      | 12.31.2015     | 12.31.2014 | 01.01.2014 | 12.31.2015    | 12.31.2014 |
|   |      |                | Restated   |            | Restated      |            |
| <b>Current</b>                                |      |                |            |            |               |            |
| Cash and cash equivalents                     | 7    | <b>2,247</b>   | 2,923      | 2,851      | <b>11,015</b> | 11,149     |
| Marketable securities                         |      | -              | -          | -          | -             | -          |
| Trade accounts receivable, net                | 8    | <b>387</b>     | 305        | 312        | <b>3,210</b>  | 3,176      |
| Other accounts receivable, net                | 9    | <b>133</b>     | 75         | 48         | <b>375</b>    | 258        |
| Inventories                                   | 10   | <b>2,828</b>   | 2,487      | 2,166      | <b>8,965</b>  | 8,364      |
| Recoverable taxes                             | 11   | <b>357</b>     | 105        | 148        | <b>1,080</b>  | 807        |
| Assets held for sale                          |      | <b>2</b>       | 2          | 4          | <b>15</b>     | 22         |
| Dividends receivable                          |      | <b>116</b>     | 154        | 41         | -             | 26         |
| Prepaid Expenses                              |      | <b>74</b>      | 41         | 27         | <b>157</b>    | 130        |
| Other receivables                             |      | <b>32</b>      | 26         | 25         | <b>143</b>    | 89         |
| Total current assets                          |      | <b>6,176</b>   | 6,118      | 5,622      | <b>24,960</b> | 24,021     |
| <b>Noncurrent</b>                             |      |                |            |            |               |            |
| Trade accounts receivable, net                | 8    | -              | -          | -          | <b>98</b>     | 105        |
| Other accounts receivable, net                | 9    | <b>67</b>      | 82         | 31         | <b>625</b>    | 636        |
| Inventories                                   | 10   | -              | -          | -          | -             | 172        |
| Recoverable taxes                             | 11   | <b>534</b>     | 392        | 351        | <b>2,467</b>  | 2,140      |
| Deferred income and social contribution taxes | 20   | <b>50</b>      | 56         | 121        | <b>406</b>    | 491        |
| Related parties                               | 12   | <b>1,076</b>   | 398        | 647        | <b>309</b>    | 313        |
| Restricted deposits for legal proceedings     | 22.7 | <b>459</b>     | 420        | 427        | <b>999</b>    | 857        |
| Prepaid expenses                              |      | <b>19</b>      | 25         | 38         | <b>50</b>     | 37         |
| Investments                                   | 13   | <b>5,149</b>   | 8,288      | 7,690      | <b>382</b>    | 401        |
| Investment Properties                         |      | <b>24</b>      | 24         | -          | <b>25</b>     | 25         |
| Property and equipment, net                   | 14   | <b>6,525</b>   | 6,125      | 6,075      | <b>10,377</b> | 9,699      |
| Intangible assets                             | 15   | <b>1,320</b>   | 1,195      | 1,127      | <b>6,543</b>  | 6,448      |
| Total noncurrent assets                       |      | <b>15,223</b>  | 17,005     | 16,507     | <b>22,281</b> | 21,324     |
| Total assets                                  |      | <b>21,399</b>  | 23,123     | 22,129     | <b>47,241</b> | 45,345     |

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The accompanying notes are integral part of these financial statements

**Companhia Brasileira de Distribuição**

## Balance Sheet

Years ended December 31, 2015, 2014 and January 1, 2014

(In millions of Reais)

| Liabilities  | Note      | Parent Company |            |            | Consolidated  |
|--|-----------|----------------|------------|------------|---------------|
|  |           | 12.31.2015     | 12.31.2014 | 01.01.2014 | 12.31.2015    |
|  |           |                | Restated   |            | Re            |
| Current  |           |                |            |            |               |
| Trade accounts payable                               | 16        | <b>4,103</b>   | 3,180      | 2,632      | <b>15,508</b> |
| Suppliers - structured program                       | 18.1 (iv) | -              | -          | -          | <b>1,055</b>  |
| Loans and financing                                  | 17        | <b>828</b>     | 2,895      | 1,973      | <b>3,814</b>  |
| Payroll and related charges                          |           | <b>390</b>     | 335        | 368        | <b>1,023</b>  |
| Taxes, contributions payable and taxes installments  | 19        | <b>135</b>     | 183        | 366        | <b>830</b>    |
| Related parties                                      | 12        | <b>268</b>     | 1,751      | 2,224      | <b>563</b>    |
| Dividends payable                                    | 25.8      | -              | 194        | 151        | -             |
| Accounts payable related to acquisition of companies | 21        | -              | -          | -          | <b>76</b>     |
| Financing related to acquisition of real estate      |           | <b>100</b>     | 80         | 36         | <b>114</b>    |
| Rent payable   |           | <b>83</b>      | 52         | 53         | <b>151</b>    |
| Deferred revenue                                     | 24        | <b>28</b>      | 4          | -          | <b>420</b>    |
| Pass-through liabilities                             |           | <b>43</b>      | 8          | 9          | <b>398</b>    |
| Loyalty programs                                     |           | <b>27</b>      | 35         | -          | <b>30</b>     |
| Other accounts payable                               |           | <b>370</b>     | 108        | 210        | <b>1,291</b>  |
| Total current liabilities                            |           | <b>6,375</b>   | 8,825      | 8,022      | <b>25,273</b> |
| Noncurrent   |           |                |            |            |               |
| Loans and financing                                  | 17        | <b>3,277</b>   | 2,631      | 3,142      | <b>4,164</b>  |
| Deferred income and social contribution taxes        | 20        | -              | -          | -          | <b>1,184</b>  |
| Tax payable in installments                          | 19        | <b>572</b>     | 617        | 992        | <b>572</b>    |
| Provision for contingencies                          | 22        | <b>490</b>     | 483        | 496        | <b>1,396</b>  |
| Accounts payable related to acquisition of companies | 21        | -              | -          | -          | <b>28</b>     |
| Deferred revenue                                     | 24        | <b>32</b>      | 65         | 30         | <b>1,223</b>  |
| Provision for negative equity                        | 13        | <b>276</b>     | -          | -          | -             |
| Other accounts payable                               |           | <b>23</b>      | 25         | 48         | <b>49</b>     |
| Total noncurrent liabilities                         |           | <b>4,670</b>   | 3,821      | 4,708      | <b>8,616</b>  |
| Shareholders equity                                  |           |                |            |            |               |
| Share capital  | 25        | <b>6,806</b>   | 6,792      | 6,764      | <b>6,806</b>  |
| Capital reserves                                     | 25        | <b>302</b>     | 282        | 233        | <b>302</b>    |
| Profit reserves                                      | 25        | <b>3,333</b>   | 3,402      | 2,402      | <b>3,333</b>  |
| Cumulative translation adjustments                   |           | <b>(87)</b>    | 1          | -          | <b>(87)</b>   |



|  |               |        |        |               |
|--|---------------|--------|--------|---------------|
|  | <b>10,354</b> | 10,477 | 9,399  | <b>10,354</b> |
| Non-controlling interest                   | -             | -      | -      | <b>2,998</b>  |
| Total shareholders' equity                 | <b>10,354</b> | 10,477 | 9,399  | <b>13,352</b> |
| Total liabilities and shareholders' equity | <b>21,399</b> | 23,123 | 22,129 | <b>47,241</b> |

The accompanying notes are integral part of these financial statements

**Companhia Brasileira de Distribuição**

## Statement of Profit or Loss

Years ended December 31, 2015 and 2014

(In millions of Reais)

|  |    | <b>Parent Company</b> |                   |                   |
|--|----|-----------------------|-------------------|-------------------|
|  |    | <b>Note</b>           | <b>12.31.2015</b> | <b>12.31.2014</b> |
|  |    |                       | Restated          | 12.31.2013        |
| Net sales from goods and services  | 26 | <b>22,465</b>         | 22,249            | (16,015)          |
| Cost of goods sold and services sold   | 27 | <b>(16,342)</b>       | (16,015)          | (16,015)          |
| Gross profit   |    | <b>6,123</b>          | 6,234             | 6,234             |
| Operating income (expenses)  |    |                       |                   |                   |
| Selling costs  | 27 | <b>(3,950)</b>        | (3,622)           | (3,622)           |
| General and administrative   | 27 | <b>(483)</b>          | (562)             | (562)             |
| Depreciation and amortization  |    | <b>(479)</b>          | (435)             | (435)             |
| Equity pickup  | 13 | <b>130</b>            | 712               | 712               |
| Other operating income (expenses), net   | 28 | <b>(260)</b>          | (354)             | (354)             |
|  |    | <b>(5,042)</b>        | (4,261)           | (4,261)           |
| Profit before Net finance income, Taxes and employees' profit sharing            |    | <b>1,081</b>          | 1,973             | 1,973             |
| Net financial expenses   | 29 | <b>(762)</b>          | (614)             | (614)             |
| Profit before income and social contribution taxes and employees' profit sharing |    | <b>319</b>            | 1,359             | 1,359             |
| Income and social contribution taxes   | 20 | <b>(54)</b>           | (152)             | (152)             |
| Net income (loss) for the year   |    | <b>265</b>            | 1,207             | 1,207             |
| Attributed to:   |    |                       |                   |                   |
| Controlling shareholders   |    | <b>265</b>            | 1,207             | 1,207             |
| Noncontrolling shareholders  |    | -                     | -                 | -                 |
| <b>Earnings per share (R\$/share)</b>  | 30 | <b>2015</b>           | 2014              | 2013              |
| <b>Basic</b>   |    |                       |                   |                   |
| Common   |    | <b>0.93893</b>        | 4.29062           | 4.29062           |

|                |                |         |
|----------------|----------------|---------|
| Preferred      | <b>1.03282</b> | 4.71968 |
| <b>Diluted</b> |                |         |
| Common         | <b>0.93869</b> | 4.29062 |
| Preferred      | <b>1.03040</b> | 4.70705 |

The accompanying notes are integral part of these financial statements

**Companhia Brasileira de Distribuição**

## Statement of Comprehensive Income

Years ended December 31, 2015 and 2014

(In millions of Reais)

|  | <b>Parent company</b> |                   | <b>Consolidated</b> |                   |
|--|-----------------------|-------------------|---------------------|-------------------|
|  | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
|  | Restated              |                   | Restated            |                   |
| <b>Net income (loss) for the year</b>                                  | <b>265</b>            | 1,207             | <b>(276)</b>        | 1,584             |
| <i>-Items that may be reclassified subsequently to profit or loss:</i> |                       |                   |                     |                   |
| Defined benefit plan   | <b>(1)</b>            | (1)               | <b>(2)</b>          | (2)               |
| Adjustments to financial instruments                                   | <b>(1)</b>            | -                 | <b>(1)</b>          | -                 |
| <i>-Items that will not be reclassified to profit or loss</i>          |                       |                   |                     |                   |
| Accumulated translation adjustment                                     | <b>(86)</b>           | 2                 | <b>(219)</b>        | 6                 |
| <b>Comprehensive income for the year</b>                               | <b>177</b>            | 1,208             | <b>(498)</b>        | 1,588             |
| <b>Attributed to:</b>  |                       |                   |                     |                   |
| <b>Controlling shareholders</b>  |                       |                   | <b>177</b>          | 1,208             |
| <b>Noncontrolling shareholders</b>                                     |                       |                   | <b>(675)</b>        | 380               |
|  |                       |                   | <b>(498)</b>        | 1,588             |

The accompanying notes are integral part of these financial statements

**Companhia Brasileira de Distribuição**

## Statements of Changes in Shareholders' Equity

Years ended December 31, 2015 and 2014

(In millions of Reais)

|  | Capital reserves   |                   |                    | Legal | Expansion | Treasury |
|--|--------------------|-------------------|--------------------|-------|-----------|----------|
|  | Paid-in<br>Capital | Other<br>Reserves | Granted<br>Options |       |           |          |
| <b>Balance at December 31, 2013 - presented</b>                | 6,764              | 7                 | 226                | 354   |           | 461      |
| Adjusts to opening balances                                    | -                  | -                 | -                  | (1)   |           |          |
| <b>Balance at January 1, 2014 - restated</b>                   | 6,764              | 7                 | 226                | 353   |           | 461      |
| Capital increase (note 25.1)                                   | 28                 | -                 | -                  | -     |           | -        |
| Transfer to expansion reserve(note 25.4)                       | -                  | -                 | -                  | -     |           | 674      |
| Stock options granted(note 25.5)                               | -                  | -                 | 37                 | -     |           | -        |
| Stock options granted - subsidiaries(note 25.5)                | -                  | -                 | 12                 | -     |           | -        |
| Profit for the year - restated                                 | -                  | -                 | -                  | -     |           | -        |
| Other comprehensive income:                                    |                    |                   |                    |       |           |          |
| Cumulated Translation Adjustment                               | -                  | -                 | -                  | -     |           | -        |
| Defined benefit plan - actuarial losses                        | -                  | -                 | -                  | -     |           | -        |
| <b>Comprehensive income for the period</b>                     | -                  | -                 | -                  | -     |           | -        |
| Appropriation of profit to legal reserve(note 25.4) - restated | -                  | -                 | -                  | 60    |           | -        |
| Proposed dividends(note 25.8)                                  | -                  | -                 | -                  | -     |           | -        |
| Transfer to profit retention reserve - restated                | -                  | -                 | -                  | -     |           | -        |
| Transactions with noncontrolling interest- restated            | -                  | -                 | -                  | -     |           | -        |
| Shares offering - Cnova N.V (note 13.1 ii)                     | -                  | -                 | -                  | -     |           | -        |
| Corporate restructuring (note 13.1 iii)                        | -                  | -                 | -                  | -     |           | -        |
| <b>Balance at December 31, 2014 - restated</b>                 | 6,792              | 7                 | 275                | 413   |           | 1,135    |
| Capital increase (note 25.1)                                   | 14                 | -                 | -                  | -     |           | -        |
| Transfer to expansion reserve (note 25.4)                      | -                  | -                 | -                  | -     |           | 1,489    |
| Stock options granted(note 25.5)                               | -                  | -                 | 11                 | -     |           | -        |
| Stock options granted - subsidiaries(note 25.5)                | -                  | -                 | 9                  | -     |           | -        |
| Profit for the year - restated                                 | -                  | -                 | -                  | -     |           | -        |
| Other comprehensive income:                                    |                    |                   |                    |       |           |          |
| Cumulated Translation Adjustment                               | -                  | -                 | -                  | -     |           | -        |
| Adjustments to financial instruments                           | -                  | -                 | -                  | -     |           | -        |
| Defined benefit plan - actuarial losses                        | -                  | -                 | -                  | -     |           | -        |
| <b>Comprehensive income for the period</b>                     | -                  | -                 | -                  | -     |           | -        |

|  |              |          |            |            |              |
|--|--------------|----------|------------|------------|--------------|
| Appropriation of profit to legal reserve(note 25.4) - restated | -            | -        | -          | <b>13</b>  | -            |
| Proposed dividends (note 25.8) - restated                      | -            | -        | -          | -          | -            |
| Proposed dividends - additional(note 25.8) - restated          | -            | -        | -          | -          | -            |
| Transfer to profit retention reserve - restated                | -            | -        | -          | -          | -            |
| Transactions with noncontrolling interest(note 25.9)           | -            | -        | -          | -          | -            |
| Shares offering - Cnova N.V (note 25.9 iii)                    | -            | -        | -          | -          | -            |
| Settlement of Equity Instrument(note 25.7)                     | -            | -        | -          | -          | -            |
| Put option - CD Colombia (note 21)                             | -            | -        | -          | -          | -            |
| <b>Balance at December 31, 2015 - restated</b>                 | <b>6,806</b> | <b>7</b> | <b>295</b> | <b>426</b> | <b>2,624</b> |

The accompanying notes are integral part of these financial statements

**Companhia Brasileira de Distribuição**

## Statement of Cash Flows

Years ended December 31, 2015 and 2014

(In millions of Reais)

|   |             | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|---|-------------|-----------------------|-------------------|---------------------|-------------------|
|   | <b>Note</b> | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
|   |             | <b>Restated</b>       |                   | <b>Restated</b>     |                   |
| Cash flow provided by operating activities      |             |                       |                   |                     |                   |
| Profit (loss) for the year                      |             | <b>265</b>            | 1,207             | <b>(276)</b>        | 1,584             |
| Adjustment to reconcile profit                  |             |                       |                   |                     |                   |
| Deferred income tax                             | 20          | <b>59</b>             | 68                | <b>135</b>          | 222               |
| Gain (loss) on permanent assets written off     |             | <b>36</b>             | 22                | <b>148</b>          | 58                |
| Depreciation and amortization                   |             | <b>523</b>            | 477               | <b>1,102</b>        | 929               |
| Financial charges                               |             | <b>698</b>            | 581               | <b>1,154</b>        | 1,118             |
| Equity pickup                                   | 13          | <b>(130)</b>          | (712)             | <b>(112)</b>        | (108)             |
| Provision for contingencies                     |             | <b>2</b>              | 109               | <b>246</b>          | 309               |
| Share-based payment                             |             | <b>20</b>             | 47                | <b>25</b>           | 47                |
| Allowance for doubtful accounts                 | 8.3         | -                     | (3)               | <b>556</b>          | 522               |
| Provision for obsolescence, losses and breakage | 10.2        | <b>4</b>              | (2)               | <b>57</b>           | 33                |
| Other operating expenses                        |             | <b>92</b>             | 310               | <b>15</b>           | 150               |
| Deferred revenue                                | 24          | <b>(25)</b>           | (15)              | <b>(161)</b>        | (32)              |
| Gain in the fair value investment               |             | -                     | -                 | -                   | (16)              |
|   |             | <b>1,544</b>          | 2,089             | <b>2,889</b>        | 4,816             |
| <b>Changes in assets and liabilities</b>        |             |                       |                   |                     |                   |
| Trade accounts receivable                       |             | <b>(82)</b>           | 10                | <b>(434)</b>        | (859)             |
| Inventories                                     |             | <b>(286)</b>          | (319)             | <b>(261)</b>        | (1,480)           |
| Recoverable taxes                               |             | <b>(76)</b>           | 3                 | <b>(434)</b>        | (478)             |
| Other assets                                    |             | <b>(71)</b>           | (25)              | <b>(140)</b>        | (31)              |
| Related parties                                 |             | <b>(143)</b>          | (375)             | <b>(324)</b>        | (253)             |
| Restricted deposits for legal proceedings       |             | <b>(11)</b>           | 9                 | <b>(82)</b>         | (20)              |
| Trade accounts payable                          |             | <b>923</b>            | 548               | <b>2,503</b>        | 3,565             |
| Payroll, related charges and taxes payable      |             | <b>55</b>             | (33)              | <b>159</b>          | 72                |
| Taxes and social contributions payable          |             | <b>(146)</b>          | (606)             | <b>(192)</b>        | (433)             |

|  |              |         |              |       |
|--|--------------|---------|--------------|-------|
| Payments of contingencies                        | <b>(62)</b>  | (163)   | <b>(351)</b> | (257) |
| Deferred revenue                                 | <b>22</b>    | 54      | <b>750</b>   | 489   |
| Other liabilities                                | <b>38</b>    | (239)   | <b>397</b>   | (165) |
| Dividends receivable                             | <b>605</b>   | -       | <b>152</b>   | -     |
| Marketable securities                            | -            | -       | -            | 24    |
|  | <b>766</b>   | (1,136) | <b>1,743</b> | 174   |
| <b>Net cash provided by operating activities</b> | <b>2,310</b> | 953     | <b>4,632</b> | 4,990 |

The accompanying notes are integral part of these financial statements



**Companhia Brasileira de Distribuição**

## Statement of Cash Flows

Years ended December 31, 2015 and 2014

(In millions of Reais)

|   | Note            | Parent Company<br>12.31.2015<br>Restated | 12.31.2014 | Consolidated<br>12.31.2015<br>Restated |
|---|-----------------|--|------------|--|
| <b>Cash flow used in investing activities</b>                   |                 |  |            |  |
| Acquisition of property and equipment                           | 14.3            | (642)                                    | (438)      | (1,581)                                |
| Increase in intangible assets                                   | 15.5            | (105)                                    | (118)      | (404)                                  |
| Sales of property and equipment                                 |                 | 39                                       | 19         | 82                                     |
| Net cash of subsidiary acquisition and corporate reorganization | 1.3a            | 100                                      | 3          |  |
| Net cash of sale of subsidiary                                  | 13.1 iv /13.1 v | -  | -          | 5                                      |
| Net cash flow investment activities                             |                 | (608)                                    | (534)      | (1,852)                                |
| <b>Cash flow from financing activities</b>                      |                 |  |            |  |
| Capital increase  |                 | 14                                       | 28         | 14                                     |
| Loans obtained  | 17.2            | 1,154                                    | 1,661      | 6,385                                  |
| Payments  | 17.2            | (3,233)                                  | (1,761)    | (9,301)                                |
| Payments of dividends   |                 | (309)                                    | (258)      | (434)                                  |
| Transactions with non-controlling interest                      |                 | (4)                                      | (8)        | (4)                                    |
| Cash from shares offering, less issuance costs                  |                 | -  | -          | -                                      |
| Subsidiary acquisition  |                 | -  | -          | (74)                                   |
| Financing with Related parties                                  |                 | -  | (9)        | 40                                     |
| Net cash flow financing activities                              |                 | (2,378)                                  | (347)      | (3,006)                                |
| Net increase (decrease) in cash and cash equivalents            |                 | (676)                                    | 72         | (226)                                  |
| Exchange rate in cash and cash equivalents                      |                 | -  | -          | 92                                     |
| Cash and cash equivalents at the beginning of the year          |                 | 2,923                                    | 2,851      | 11,145                                 |
| Cash and cash equivalents at the end of the year                |                 | 2,247                                    | 2,923      | 11,015                                 |
| Net increase (decrease) in cash and cash equivalents            |                 | (676)                                    | 72         | (134)                                  |

The main non-cash transactions are disclosed in the notes 1.3, 13.1 (iii), 13.1 (v), 14.3, 15.5, 18.1(vii), 19, 20, 22, 25.9 and 28.

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The accompanying notes are integral part of these financial statements

**Companhia Brasileira de Distribuição**

## Statement of Value Added

Years ended December 31, 2015 and 2014

(In millions of Reais)

|  | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|--|-----------------------|-------------------|---------------------|-------------------|
|  | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
|  | <b>Restated</b>       |                   | <b>Restated</b>     |                   |
| Revenues   |                       |                   |                     |                   |
| Sales of Goods, Products and Services                    | <b>24,308</b>         | 24,144            | <b>77,054</b>       | 72,668            |
| Allowance for/Reversal of Doubtful Accounts              | -                     | 3                 | <b>(556)</b>        | (522)             |
| Other Revenues   | <b>(11)</b>           | 39                | <b>2</b>            | 14                |
|  | <b>24,297</b>         | 24,186            | <b>76,500</b>       | 72,160            |
| Products Acquired from Third Parties                     |                       |                   |                     |                   |
| Costs of Products, Goods and Services Sold               | <b>(16,722)</b>       | (16,569)          | <b>(53,699)</b>     | (49,989)          |
| Materials, Energy, Outsourced Services and Other         | <b>(2,239)</b>        | (2,196)           | <b>(6,838)</b>      | (6,140)           |
|  | <b>(18,961)</b>       | (18,765)          | <b>(60,537)</b>     | (56,129)          |
| Gross Value Added  | <b>5,336</b>          | 5,421             | <b>15,963</b>       | 16,031            |
| Retention  |                       |                   |                     |                   |
| Depreciation and Amortization                            | <b>(523)</b>          | (477)             | <b>(1,102)</b>      | (929)             |
| Net Value Added Produced                                 | <b>4,813</b>          | 4,944             | <b>14,861</b>       | 15,102            |
| Value Added Received in Transfer                         |                       |                   |                     |                   |
| Share of Profit of Subsidiaries and Associates           | <b>130</b>            | 712               | <b>112</b>          | 108               |
| Financial Income   | <b>236</b>            | 201               | <b>792</b>          | 689               |
| Total Value Added to Distribute                          | <b>366</b>            | 913               | <b>904</b>          | 797               |
| Distribution of Value Added                              | <b>5,179</b>          | 5,857             | <b>15,765</b>       | 15,899            |
| Personnel  | <b>2,639</b>          | 2,399             | <b>7,397</b>        | 6,440             |
| Direct Compensation                                      | <b>1,783</b>          | 1,633             | <b>5,424</b>        | 4,664             |
| Other  | <b>95</b>             | 84                | <b>261</b>          | 241               |
| Benefits   | <b>595</b>            | 538               | <b>1,198</b>        | 1,141             |
| Government Severance Indemnity Fund for Employees (FGTS) | <b>166</b>            | 144               | <b>514</b>          | 394               |
| Taxes, Fees and Contributions                            | <b>768</b>            | 974               | <b>4,608</b>        | 4,167             |

|  |              |       |               |        |
|--|--------------|-------|---------------|--------|
| Federal  | <b>450</b>   | 692   | <b>3,148</b>  | 2,935  |
| State  | <b>189</b>   | 187   | <b>1,197</b>  | 994    |
| Municipal  | <b>129</b>   | 95    | <b>263</b>    | 238    |
| Value Distributed to Providers of Capital            | <b>1,507</b> | 1,277 | <b>4,036</b>  | 3,708  |
| Interest   | <b>994</b>   | 815   | <b>2,438</b>  | 2,195  |
| Rentals  | <b>513</b>   | 462   | <b>1,598</b>  | 1,513  |
| Value Distributed to Shareholders                    | <b>265</b>   | 1,207 | <b>(276)</b>  | 1,584  |
| Dividends  | <b>115</b>   | 302   | <b>115</b>    | 302    |
| Retained Earnings/ Accumulated Losses for the Period | <b>150</b>   | 905   | <b>150</b>    | 905    |
| Noncontrolling Interest                              | -            | -     | <b>(541)</b>  | 377    |
| Total Value Added Distributed                        | <b>5,179</b> | 5,857 | <b>15,765</b> | 15,899 |

The accompanying notes are integral part of these financial statements

## Companhia Brasileira de Distribuição

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

### 1. Corporate information

Companhia Brasileira de Distribuição ("Company" or "CBD"), directly or through its subsidiaries ("Group" or "GPA") engages in the retail of food, clothing, home appliances, electronics and other products through its chain of hypermarkets, supermarkets, specialized stores and department stores principally under the trade names "Pão de Açúcar", "Minuto Pão de Açúcar", "Extra Hiper", "Extra Super", "Minimercado Extra", "Assai", "Ponto Frio" and "Casas Bahia", as well as the e-commerce platforms "CasasBahia.com", "Extra.com", "Pontofrio.com", "Barateiro.com", "Partiuviagens.com" and "Cdiscount.com" and the neighborhood shopping mall brand "Conviva". Its headquarters are located in the city of São Paulo, State of São Paulo, Brazil.

The Company's shares are listed on the São Paulo Stock Exchange ("BM&FBovespa") Level 1 of Corporate Governance under the ticker symbol "PCAR4" and on the New York Stock Exchange (ADR level III), under the ticker symbol "CBD". Subsidiaries that are public companies: Via Varejo S.A ("Via Varejo") which has its shares listed on BM&FBovespa, under ticker symbols "VVAR11" and "VVAR3" and Cnova N.V ("Cnova Holanda") which has its shares listed in Nasdaq Global Select Market under ticker symbol "CNV" and in Euronext Paris under ticker symbol "CNV".

After August 19, 2015, the Company started to be indirectly controlled by Almacenes Exito S.A., through Wilkes Participações S.A. ("Wilkes"), through a transaction with the holding companies of Casino Guichard Perrachon ("Casino"), which continue being the final controller. There is no impact in these financial statements since this is a shareholder's transaction.

#### 1.1. Arbitration request by Morzan

On August 14, 2015, CBD and its controlling shareholder Wilkes were jointly convicted by International Court of Arbitration - ICA, to indemnify Morzan Empreendimentos e Participações Ltda. ("Morzan"), since both companies did not comply with the terms from the Share Purchase Agreement executed by the subsidiary Mandala Empreendimentos e Participações S.A., on June 8, 2009 ("Agreement") for the acquisition of 86,962,965 registered common shares with no par value, which then represented 70.2421% of the total and voting capital of Globex Utilidades S.A. (currently Via Varejo S.A.).

On November 17, 2015, the Company filled a request demanding the suspension of arbitral decision before *Cour d'Appel de Paris*. The Company has until April 2016 to present the reasons that support the request.

On January 27, 2016, ICA issued a *addendum* decision in which (i) declared inadmissible the requests of the Company and Wilkes; (ii) partially accepted the request of the Company and Wilkes about correction on

calculation of the fees and expenses payable to Morzan, showing a reduction of US\$ 225 thousands of dollars; and (iii) partially accepted the request of Morzan about the correction on the calculation of the fees and expenses payable to Morzan , showing an increase of US\$ 30 thousands of dollars .

The amount initially estimated to the Company is R\$ 200 and is recorded in current liabilities "Other payables", with effect of income tax of R\$50, and a net effect of R\$ 150 on "profit reserve". See further details on note 25.7.

On December 31, 2015 the account payable recorded is R\$ 233, including legal fees expenses, which was settled on April 1, 2016.

## 1.2. Performance Commitment Agreement

The Company, its subsidiary Via Varejo S.A ("Via Varejo") and Casa Bahia Comercial Ltda. ("CB"), jointly "Compromisers" and the Brazilian Antitrust Agency ("CADE") entered into a Performance Commitment Agreement ("PCA") on April 17, 2013 to approve the Partnership Agreement between Ponto Frio and Casas Bahia signed in 2010. As the main purpose of PCA, Via Varejo had the major obligation of selling 74 stores located in 54 municipalities distributed in six states and the Federal District.

## Companhia Brasileira de Distribuição

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

### 1. Corporate information - Continued

#### 1.2. Performance Commitment Agreement - continued

From the 74 stores, 32 were not sold. Therefore, in accordance with the PCA, these stores had its activities ceased between May and June, 2014, with the payment of penalty in the amount of R\$12, recorded in 2014. According to CADE's authorization, after 6 months closed, 16 stores were reopened in November 2014.

In relation to 42 stores remaining, they were all sold between October 2013 and January 2014, through direct sales to other companies and open auctions. Such sales were duly approved by CADE. In 2015, these 42 stores, 19 were not sold due to failed negotiations between some acquirers and building owners, resulting to the subsidiary Via Varejo a fine payment in the amount of R\$ 7 to the CADE and loss in fixed assets of R\$ 7. Of the 19 stores, 4 were closed and 15 still remain to be closed in next months.

Via Varejo sold and transferred 15 in 2015 stores generating a gain of R\$8, recognized in the current earnings. The transfer of 8 stores is still in process of negotiation. This process has been monitored by CADE, which has been monitoring the fulfillment of the obligation taken in the PCA, having the Company subject to present the information required.

#### 1.3. Merger of subsidiaries

##### a) Sé

The Extraordinary Shareholders' Meeting held on December 22, 2015 approved the incorporation of subsidiary Sé Supermercados Ltda ("Sé") by the Company, in order to unify these companies' activities and management. This merge will result in substantial administrative, economic and financial benefits.

Effects in individual statements on December 31, 2015 due to merger of Sé subsidiary are summarized below. Since it is a fully consolidated subsidiary merger there is no impact in the consolidated financial statements neither in individual statement of profit or loss:

|                                  | <b>12.31.2015</b> |
|----------------------------------|-------------------|
| <b>Assets</b>                    |                   |
| Cash and cash equivalents        | 100               |
| Other accounts receivable        | 56                |
| Inventories                      | 59                |
| Report of Foreign Private Issuer | 31                |

|                               |              |
|-------------------------------|--------------|
| Tax recoverable               | 14           |
| Total current assets          | 229          |
| Other accounts receivable     | 4            |
| Tax recoverable               | 3            |
| Related parties               | 2,707        |
| Property and equipment, net   | 228          |
| Intangible                    | 2            |
| Total non current assets      | 2,944        |
| Total assets                  | 3,173        |
| <b>Liabilities</b>            |              |
| Loans                         | 1            |
| Related parties               | 390          |
| Other accounts payable        | 45           |
| Total current liabilities     | 436          |
| Loans                         | 21           |
| Other accounts payable        | 6            |
| Total non current liabilities | 27           |
| Total liabilities             | 463          |
| <b>Net assets merged</b>      | <b>2,710</b> |
|                               | 15           |

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**Companhia Brasileira de Distribuição**

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

**1. Corporate information - Continued**

## b) Nova Holding

The Extraordinary Shareholders' Meeting held on December 22, 2015 approved the incorporation of Nova Holding subsidiary by the Company, in order to unify these companies' activities and management. This merge will result in substantial administrative, economic and financial benefits and optimizing corporate group's structure.

Effects in individual statements on December 31, 2015 due to merger of Nova Holding subsidiary are summarized below. Since it is a fully consolidated subsidiary merger there is no impact in the consolidated financial statements neither in individual statement of profit or loss:

|                           | <b>12.31.2015</b> |
|---------------------------|-------------------|
| <b>Assets</b>             |                   |
| Other accounts receivable | 3                 |
| Tax recoverable           | 29                |
| Total current assets      | 32                |
| Tax recoverable           | 262               |
| Related parties           | 2                 |
| Investment                | (65)              |
| Total non current assets  | 199               |
| Total assets              | 231               |
| <b>Liabilities</b>        |                   |
| Related parties           | 226               |
| Other accounts payable    | 5                 |
| Total current liabilities | 231               |
| Total liabilities         | 231               |
| Net assets                | -                 |

## c) Other subsidiaries

The Extraordinary Shareholders' Meeting held on December 29, 2014 approved the merger of the wholly-owned subsidiaries Vedra Empreendimento e Participações S/A, ECQD Participações Ltda., APE SPE 06 – Planejamento e Desenvolvimento de Empreendimentos Imobiliários Ltda., GPA 5 Empreendimentos e Participações S/A, GPA 4 Empreendimentos e Participações S/A., Monte Tardeli Empreendimentos e Participações S/A, P.A. Publicidade Ltda., Vancouver Empreendimentos e Participações Ltda. and Duque Conveniências Ltda. by the Company in order to unify these companies' activities and management. This merge will result in substantial administrative, economic and financial benefits.

The effects on the parent company's balance sheet of December 31, 2014, as a result of the above merger of the subsidiaries above are described below. There were no impacts on the consolidated financial statements nor the individual statement of profit or loss since the incorporated companies are fully consolidated subsidiaries.

**Companhia Brasileira de Distribuição**

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

**1. Corporate information – Continued**

c) Other subsidiaries - continued

| <u>Assets</u>  | <b>12.31.2014</b> |
|--|-------------------|
| Cash and cash equivalents                              | 1                 |
| Other accounts receivable                              | 2                 |
| Recoverable taxes                                      | 1                 |
| Total current assets                                   | 4                 |
| Other accounts receivable                              | 54                |
| Deferred income and social contribution taxes          | 3                 |
| Related parties  | 38                |
| Investments  | 12                |
| Intangible   | 39                |
| Total noncurrent assets                                | 146               |
| Total Assets   | 150               |
| <br><u>Liabilities</u>                                 |                   |
| Related parties  | 24                |
| Other accounts payable                                 | 3                 |
| Total current liabilities                              | 27                |
| Other accounts payable                                 | 1                 |
| Total noncurrent liabilities                           | 1                 |
| Total liabilities                                      | 28                |
| <br><b>Net assets</b>                                  | <br><b>122</b>    |
| 1.4. Notices from CVM to GPA and subsidiary Via Varejo |                   |

On February 18, 2016, the subsidiary Via Varejo received a notice from CVM, the notice number 18/2016-CVM/SEP/GEA-5 showing the understanding of the Department of Relationship with Companies – SEP in relation to certain accounting entries related to corporate transactions at the level of Via Varejo in

2013. Due to the disclosed effects in its financial statements the Company received the notice number 19/2016-CVM /SEP/GEA-5.

CVM technical office notified its understanding which is different from the applied by Via Varejo in 2013 in relation to (a) revaluation gain on investment in Nova Pontocom due to partial disposal to the Company; and (b) accounting treatment of the control acquisition of Movéis Bartira, by the acquisition of additional 75% interest. In the case of the Company, CVM noticed its understanding related to item (b) above mentioned.

Via Varejo presented an appeal to CVM collegiate requesting suspensive effect in the terms of Deliberation CVM 463, however decided for a restatement of item (i) from CVM notice in its subsidiary Via Varejo, which has no effects in the Company's consolidated financial statements or interim financial information. Via Varejo and the Company awaits for a collegiate decision about the presented arguments for the item (ii), related to effects in acquisition of Indústria de Móveis Bartira. Until this date, there are no effects recorded in the financial statements neither in the interim financial information of the Company.

## **Companhia Brasileira de Distribuição**

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

### **1. Corporate information – Continued**

#### **1.5. Cnova's Investigation and restatement of financial statements previously issued**

As disclosed to the market on December 18, 2015, by the subsidiary Cnova NV ("Cnova"), an investigation was conducted by law firms has been established on the employee's practices in inventories of Cnova Comércio Eletrônico S.A. ("Cnova Brasil"), a Cnova NV subsidiary, which is controlled by the Company.

During the investigation other issues have been added to investigation related to accounting matters in the accounts of "trade payables" and "other accounts receivable", which were analyzed, announced to the market January 12, 2016 in the total amount of R\$177. Company considered the facts and circumstances known at the time of preparation of the original financial statements, presented on February 24, 2016 and concluded that new information about investigation would not impact substantially the amount of previously identified adjustments.

Subsequently, the scope of investigation was expanded to include an evaluation over the discrepancies related to accounts payables, accounts receivables/products in transit with freight companies, freight provisions and other expenses and improper capitalization of expenses relating to software development.

As a result, Cnova identified several erros in the financial statements and, consequently, as it is controlled by the Company and consolidated for the presentation of the financial statements, such effects resulted in the same errors in the previously issued financial statements of the Company as of December 31, 2015, 2014 and 2013, which are now restated.

There is no income tax impact over the adjustments, once the Company evaluated and concluded that the deferred income tax would not be recoverable.

The total of the adjustments in Cnova N.V. was R\$557 (R\$512 in result and R\$45 in equity), comprising the adjustments resulting from the investigation, the adjustments related to the changes in accounting practice and the evaluation on the recoverability of deferred income taxes at Cnova N.V., Cnova Brasil and Cdiscount. Additionally, in the consolidated financial statements of the Company for the year ended on December 31, 2015, disclosed on February 24, 2016, part of these adjustments had already been identified and recorded.

The tables below reconcile the final adjustments and the additional effects that were recorded in these restated financial statements, besides the allocation of the effects by year:

|   | <b>Final<br/>amounts</b> | <b>Adjustments<br/>recorded<br/>and<br/>disclosed<br/>on 12/31/15<br/>(i)</b> | <b>Other<br/>recorded<br/>adjustments<br/>(ii)</b> | <b>Changes in Provision for<br/>the<br/>accounting<br/>practice (iii)</b> | <b>Provision for<br/>recoverability<br/>of deferred<br/>income tax<br/>(iv)</b> | <b>Additional<br/>impact</b> |
|---|--------------------------|---|--|---|---|------------------------------|
| Adjustments related to the investigation                                      | 357                      | (177)   | (34)   | -   | -   | <b>146</b>                   |
| Change in accounting practice   | 18                       | -   | -  | (18)  | -   | -                            |
| Evaluation of recoverability of deferred income tax of Cnova Brasil           | 84                       | -   | -  | -   | (24)  | <b>60</b>                    |
| Evaluation of recoverability of deferred income tax of Cnova N.V. e Cdiscount | 98                       | -   | -  | -   | -   | <b>98</b>                    |
| <b>Total</b>  | <b>557</b>               | <b>(177)</b>  | <b>(34)</b>  | <b>(18)</b>   | <b>(24)</b>   | <b>304</b>                   |

**Companhia Brasileira de Distribuição**

Notes to the consolidated financial statements

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(In millions of Brazilian reais, unless otherwise stated)

**1. Corporate information – Continued****1.5. Cnova's Investigation and restatement of financial statements previously issued – continued**

(i) Adjustments identified by the investigation team and recorded on the financial statements originally disclosed on February 24, 2016, note 1.4;

(ii) Adjustments identified and recorded on December 31, 2015, in the normal course of the operations, out of the investigation issues;

(iii) Change of the accounting practice of allocation of warehouse and shipping costs to the inventory, already recorded on December 31, 2015;

(iv) On December 31, 2015, the Company had already recorded the partial write-off of the deferred income tax of Cnova Brasil, based on the available facts and circumstances available at the time;

Below the breakdown of the investigation adjustments per year:

December 31, 2015:

| <b>Accounts</b>                 | <b>Inventories (a)</b> | <b>Trade payables (b)</b> | <b>Write off accounts receivable carriers (c)</b> | <b>Fixed assets and intangibles adjust (d)</b> | <b>Trade accounts receivables and outstanding orders adjust (e)</b> | <b>ICMS, freight, and others adjust (f)</b> | <b>Total recorded 2015 - Previously announced</b> | <b>Total Investiga-tion adjust</b> |
|---------------------------------|------------------------|---------------------------|---|--|---|---|---|------------------------------------|
| Net sales of goods and services | -                      | -                         | (60)  | -  | 55  | -   | 110   | 10                                 |
|                                 | (42)                   | 1                         | 22  | 4  | -   | (10)  | 98  | 7                                  |

|  |             |          |             |             |            |             |            |             |
|--|-------------|----------|-------------|-------------|------------|-------------|------------|-------------|
| Cost of goods sold and services sold             |             |          |             |             |            |             |            |             |
| Gross profit                                     | (42)        | 1        | (38)        | 4           | 55         | (10)        | 208        | 17          |
| Selling expenses                                 | -           | -        | 17          | (13)        | 7          | (2)         | (31)       | (22)        |
| General and administrative expenses              | -           | -        | -           | (4)         | -          | (2)         | -          | (6)         |
| Depreciation and amortization                    | -           | -        | -           | 2           | -          | -           | -          | -           |
| Others   | -           | -        | -           | -           | -          | -           | -          | -           |
| operating income (expenses)                      | -           | -        | -           | (19)        | -          | 1           | -          | (18)        |
| Profit before financial income (expenses)        | (42)        | 1        | (21)        | (30)        | 62         | (13)        | 177        | 13          |
| Financial income (expenses)                      | -           | -        | -           | -           | -          | (5)         | -          | (5)         |
| Profit before income tax and social contribution | (42)        | 1        | (21)        | (30)        | 62         | (18)        | 177        | 12          |
| Income tax and social contribution               | -           | -        | -           | -           | -          | -           | -          | -           |
| <b>Net income (loss)</b>                         | <b>(42)</b> | <b>1</b> | <b>(21)</b> | <b>(30)</b> | <b>62</b>  | <b>(18)</b> | <b>177</b> | <b>12</b>   |
| Accounts receivables                             | -           | -        | -           | -           | (8)        | -           | -          | (8)         |
| Others accounts receivables                      | -           | -        | (58)        | -           | -          | -           | 75         | 1           |
| Inventories                                      | (47)        | -        | -           | -           | -          | (24)        | 47         | (24)        |
| Recoverable taxes                                | -           | -        | -           | -           | -          | (22)        | -          | (22)        |
| Others credits                                   | -           | -        | -           | -           | -          | (1)         | -          | (1)         |
| <b>Current assets</b>                            | <b>(47)</b> | <b>-</b> | <b>(58)</b> | <b>-</b>    | <b>(8)</b> | <b>(47)</b> | <b>122</b> | <b>(38)</b> |
| Recoverable taxes                                | -           | -        | -           | -           | 4          | 18          | -          | 2           |
| Deferred income tax and social contribution      | -           | -        | -           | -           | -          | -           | -          | -           |



|   |             |           |             |             |            |             |             |              |
|---|-------------|-----------|-------------|-------------|------------|-------------|-------------|--------------|
| Property and equipment (note 25.9 (iii))      | -           | -         | -           | (21)        | -          | -           | -           | (21)         |
| Intangible assets                             | -           | -         | -           | (66)        | -          | -           | -           | (66)         |
| <b>Noncurrent assets</b>                      | -           | -         | -           | <b>(87)</b> | <b>4</b>   | <b>18</b>   | -           | <b>(65)</b>  |
| <b>Total assets</b>                           | <b>(47)</b> | -         | <b>(58)</b> | <b>(87)</b> | <b>(4)</b> | <b>(29)</b> | <b>122</b>  | <b>(103)</b> |
| Trade payables                                | -           | 49        | -           | -           | -          | 29          | (55)        | 2            |
| Others accounts payables                      | -           | -         | -           | -           | 18         | 2           | -           | 2            |
| <b>Current liabilities</b>                    | -           | <b>49</b> | -           | -           | <b>18</b>  | <b>31</b>   | <b>(55)</b> | <b>4</b>     |
| <b>Total liabilities</b>                      | -           | <b>49</b> | -           | -           | <b>18</b>  | <b>31</b>   | <b>(55)</b> | <b>4</b>     |
| <b>Shareholders' equity</b> (note 25.9 (iii)) | (47)        | (49)      | (58)        | (87)        | (22)       | (60)        | 177         | (146)        |
| <b>Liabilities and shareholders' equity</b>   | <b>(47)</b> | -         | <b>(58)</b> | <b>(87)</b> | <b>(4)</b> | <b>(29)</b> | <b>122</b>  | <b>(103)</b> |

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**1. Corporate information – Continued**

1.5. Cnova's Investigation and restatement of financial statements previously issued – continued

December 31, 2014:

| <b>Accounts</b>                                  | <b>Inventories<br/>(a)</b> | <b>Trade<br/>payables<br/>(b)</b> | <b>Write off<br/>accounts<br/>receivable<br/>carriers (c)</b> | <b>Fixed<br/>assets and<br/>intangibles<br/>adjust (d)</b> | <b>Trade<br/>accounts<br/>receivables<br/>and<br/>outstanding<br/>orders<br/>adjust (e)</b> | <b>ICMS,<br/>freight,<br/>provision<br/>and<br/>others<br/>adjust (f)</b> | <b>Total<br/>Investigation<br/>adjust</b> | <b>IAS 2 -<br/>Inventories<br/>(h)</b> |
|--|----------------------------|-----------------------------------|---|--|---|---|---|--|
| Net sales of goods and services                  | -                          | -                                 | (59)  | -  | (59)  | -   | <b>(118)</b>                              |  |
| Cost of goods sold and services sold             | (5)                        | (8)                               | 3   | (2)  | -   | (28)  | <b>(40)</b>                               | 10                                     |
| Gross profit                                     | <b>(5)</b>                 | <b>(8)</b>                        | <b>(56)</b>   | <b>(2)</b>   | <b>(59)</b>   | <b>(28)</b>   | <b>(158)</b>                              | 10                                     |
| Selling expenses                                 | -                          | -                                 | (1)   | (18)   | (11)  | -   | <b>(30)</b>                               |  |
| General and administrative expenses              | -                          | -                                 | -   | (4)  | -   | 2   | <b>(2)</b>                                |  |
| Depreciation and amortization                    | -                          | -                                 | -   | 2  | -   | -   | <b>2</b>                                  |  |
| Profit (loss) before financial income (expenses) | <b>(5)</b>                 | <b>(8)</b>                        | <b>(57)</b>   | <b>(22)</b>  | <b>(70)</b>   | <b>(26)</b>   | <b>(188)</b>                              | 10                                     |
| Financial income                                 | -                          | -                                 | -   | -  | -   | 2   | <b>2</b>                                  |  |

|                          |            |             |             |             |             |             |              |             |
|--------------------------|------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|
| (expenses)               |            |             |             |             |             |             |              |             |
| Profit (loss)            |            |             |             |             |             |             |              |             |
| before income            |            |             |             |             |             |             |              |             |
| tax and social           | (5)        | (8)         | (57)        | (22)        | (70)        | (24)        | (186)        | 10          |
| contribution             |            |             |             |             |             |             |              |             |
| Income tax and           |            |             |             |             |             |             |              |             |
| social                   | -          | -           | -           | -           | -           | -           | -            |             |
| contribution             |            |             |             |             |             |             |              |             |
| <b>Net income</b>        | <b>(5)</b> | <b>(8)</b>  | <b>(57)</b> | <b>(22)</b> | <b>(70)</b> | <b>(24)</b> | <b>(186)</b> | <b>10</b>   |
| <b>(loss)</b>            |            |             |             |             |             |             |              |             |
| Accounts                 |            |             |             |             |             |             |              |             |
| receivables              | -          | -           | -           | -           | (34)        | -           | (34)         |             |
| Others                   |            |             |             |             |             |             |              |             |
| accounts                 | -          | -           | (37)        | -           | -           | -           | (37)         |             |
| receivables              |            |             |             |             |             |             |              |             |
| Inventories              | (5)        | -           | -           | -           | -           | (23)        | (28)         | (13)        |
| Recoverable              |            |             |             |             |             |             |              |             |
| taxes                    | -          | -           | -           | -           | -           | (1)         | (1)          |             |
| <b>Current</b>           | <b>(5)</b> | <b>-</b>    | <b>(37)</b> | <b>-</b>    | <b>(34)</b> | <b>(24)</b> | <b>(100)</b> | <b>(13)</b> |
| <b>assets</b>            |            |             |             |             |             |             |              |             |
| Recoverable              |            |             |             |             |             |             |              |             |
| taxes                    | -          | -           | -           | -           | -           | 4           | 4            |             |
| Intangible               |            |             |             |             |             |             |              |             |
| assets                   | -          | -           | -           | (58)        | -           | 11          | (47)         |             |
| <b>Noncurrent</b>        | <b>-</b>   | <b>-</b>    | <b>-</b>    | <b>(58)</b> | <b>-</b>    | <b>15</b>   | <b>(43)</b>  | <b>-</b>    |
| <b>assets</b>            |            |             |             |             |             |             |              |             |
| <b>Total assets</b>      | <b>(5)</b> | <b>-</b>    | <b>(37)</b> | <b>(58)</b> | <b>(34)</b> | <b>(9)</b>  | <b>(143)</b> | <b>(13)</b> |
| Trade payables           | -          | 50          | -           | -           | -           | 21          | 71           |             |
| Deferred                 |            |             |             |             |             |             |              |             |
| revenue                  | -          | -           | -           | -           | -           | (2)         | (2)          |             |
| Others                   |            |             |             |             |             |             |              |             |
| accounts                 | -          | -           | -           | -           | 53          | 10          | 63           |             |
| payables                 |            |             |             |             |             |             |              |             |
| <b>Current</b>           | <b>-</b>   | <b>50</b>   | <b>-</b>    | <b>-</b>    | <b>53</b>   | <b>29</b>   | <b>132</b>   | <b>-</b>    |
| <b>liabilities</b>       |            |             |             |             |             |             |              |             |
| <b>Total liabilities</b> | <b>-</b>   | <b>50</b>   | <b>-</b>    | <b>-</b>    | <b>53</b>   | <b>29</b>   | <b>132</b>   | <b>-</b>    |
| <b>Shareholders'</b>     | <b>(5)</b> | <b>(50)</b> | <b>(37)</b> | <b>(58)</b> | <b>(87)</b> | <b>(38)</b> | <b>(275)</b> | <b>(13)</b> |
| <b>equity</b>            |            |             |             |             |             |             |              |             |
| <b>Liabilities and</b>   | <b>(5)</b> | <b>-</b>    | <b>(37)</b> | <b>(58)</b> | <b>(34)</b> | <b>(9)</b>  | <b>(143)</b> | <b>(13)</b> |
| <b>shareholders'</b>     |            |             |             |             |             |             |              |             |
| <b>equity</b>            |            |             |             |             |             |             |              |             |



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**1. Corporate information – Continued**

1.5. Cnova's Investigation and restatement of financial statements previously issued – continued

January 1, 2014 :

| <b>Accounts</b>                                  | <b>Trade payables (b)</b> | <b>Write off accounts receivable carriers (c)</b> | <b>Fixed assets and intangibles adjust (d)</b> | <b>Trade accounts receivables and outstanding orders adjust (e)</b> | <b>ICMS, freight, provision and others adjust (f)</b> | <b>Total Investigation adjust</b> | <b>IAS 2 - Inventories (h)</b> | <b>Net adjust 2015</b> |
|--|---------------------------|---|--|---|---|-----------------------------------|--------------------------------|------------------------|
| Net sales of goods and services                  | -                         | 16  | -  | 1   | -   | 17                                | -                              | 17                     |
| Cost of goods sold and services sold             | 1                         | (13)  | (1)  | -   | (6)   | (19)                              | (10)                           | (29)                   |
| Gross profit                                     | 1                         | 3   | (1)  | 1   | (6)   | (2)                               | (10)                           | (12)                   |
| Selling expenses                                 | -                         | 12  | (11)   | (2)   | (1)   | (2)                               | -                              | (2)                    |
| General and administrative expenses              | -                         | -   | (4)  | -   | -   | (4)                               | -                              | (4)                    |
| Depreciation and amortization                    | -                         | -   | 2  | -   | -   | 2                                 | -                              | 2                      |
| Profit (loss) before financial income (expenses) | 1                         | 15  | (14)   | (1)   | (7)   | (6)                               | (10)                           | (16)                   |
|  | 1                         | 15  | (14)   | (1)   | (7)   | (6)                               | (10)                           | (16)                   |

|  |             |           |             |            |             |             |             |              |
|--|-------------|-----------|-------------|------------|-------------|-------------|-------------|--------------|
| Profit (loss)<br>before income<br>tax and social<br>contribution |             |           |             |            |             |             |             |              |
| <b>Net income<br/>(loss)</b>                                     | <b>1</b>    | <b>15</b> | <b>(14)</b> | <b>(1)</b> | <b>(7)</b>  | <b>(6)</b>  | <b>(10)</b> | <b>(16)</b>  |
| Accounts<br>receivables  | -           | -         | -           | 32         | -           | 32          | -           | 32           |
| Others<br>accounts<br>receivables                                | -           | 2         | -           | -          | -           | 2           | -           | 2            |
| Inventories  | -           | -         | -           | -          | 2           | 2           | (23)        | (21)         |
| Recoverable<br>taxes   | -           | -         | -           | -          | 2           | 2           | -           | 2            |
| Dividends<br>receivable  | -           | -         | -           | -          | (12)        | (12)        | -           | (12)         |
| Other credits  | -           | -         | -           | -          | 13          | 13          | -           | 13           |
| <b>Current<br/>assets</b>  | <b>-</b>    | <b>2</b>  | <b>-</b>    | <b>32</b>  | <b>5</b>    | <b>39</b>   | <b>(23)</b> | <b>16</b>    |
| Intangibles  | -           | -         | (34)        | -          | -           | (34)        | -           | (34)         |
| <b>Noncurrent<br/>assets</b>                                     | <b>-</b>    | <b>-</b>  | <b>(34)</b> | <b>-</b>   | <b>-</b>    | <b>(34)</b> | <b>-</b>    | <b>(34)</b>  |
| <b>Total assets</b>  | <b>-</b>    | <b>2</b>  | <b>(34)</b> | <b>32</b>  | <b>5</b>    | <b>5</b>    | <b>(23)</b> | <b>(18)</b>  |
| Trade payables   | 42          | -         | -           | -          | 20          | 62          | -           | 62           |
| Others<br>accounts<br>payables                                   | -           | -         | -           | 31         | -           | 31          | -           | 31           |
| <b>Current<br/>liabilities</b>                                   | <b>42</b>   | <b>-</b>  | <b>-</b>    | <b>31</b>  | <b>20</b>   | <b>93</b>   | <b>-</b>    | <b>93</b>    |
| <b>Total liabilities</b>   | <b>42</b>   | <b>-</b>  | <b>-</b>    | <b>31</b>  | <b>20</b>   | <b>93</b>   | <b>-</b>    | <b>93</b>    |
| <b>Shareholders'<br/>equity</b>                                  | <b>(42)</b> | <b>2</b>  | <b>(34)</b> | <b>1</b>   | <b>(15)</b> | <b>(88)</b> | <b>(23)</b> | <b>(111)</b> |
| <b>Liabilities and<br/>shareholders'<br/>equity</b>              | <b>-</b>    | <b>2</b>  | <b>(34)</b> | <b>32</b>  | <b>5</b>    | <b>5</b>    | <b>(23)</b> | <b>(18)</b>  |

## Companhia Brasileira de Distribuição

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### 1. Corporate information – Continued

#### 1.5. Cnova's Investigation and restatement of financial statements previously issued – continued

(a) Cnova's management, supported by the law firms and external consultants, counted the physical inventory items as of December 31, 2015, of all of the seven Distribution Centers of Cnova Brasil. The results of this count did not indicate any significant difference in the expected number of new items in the inventory. However, it was identified discrepancies in the damage or returned products, requiring additional provision for loss in damaged goods.

(b) Cnova's Management verified certain improper transactions related to accounts payable and other accounts arising from manipulation of reports, resulting in recording additional trade payables.

(c) Management identified an overstated amount in net sales and other Cnova accounts receivable. As per the practices of client service of Cnova Brasil, clients receive a substitute product every time the merchandise originally ordered is not received, items are damaged or in inadequate conditions. This second transaction is cancelled when Cnova Brasil receives the original product. Management determined that a substantial part of the second transactions was not reversed, even in the conditions that the original merchandise was never returned to Cnova Brasil. Therefore there were procedures to periodically evaluate old pending returns to estimate the accounting impacts, such procedures failed in reverse incorrect sales.

(d) During the investigation were identified the practice of improper capitalization of expenses in the internal development of intangible assets (software development), without further evidences supporting those amounts, as well as, the capitalization of expenses with consultants also without evidence that the expense was incurred to develop internal softwares. As a consequence was identified the need of write-off of intangibles.

Additionally, as part of the internal controls, there were reperformed fixed assets count, identifying the need of recording a provision for existence in 2015;

(e) Due to the current scenarios and inherent doubts on controls, there were reperformed account reconciliations and extractions of support reports, revealing adjustments to the related accounts of "accounts receivables" and "outstanding orders";

(f) Amounts also related to the reperformance of controls and reports extractions revealing the need of additional provisions for freights, ICMS balances reconciliation and allocation of cash consideration from vendors in accordance with the inventory turnover;

(g) With the evidence of the adjustments recorded, operational performance and need of development of future consistente results, management of the subsidiaries Cnova Brasil, Cnova NV and Cdiscount decided the provision of the deferred income tax asset in Brazil, Nederland and France, respectively;

(h) As a result of an analysis of the best practices in the e-commerce segment, Company evaluated and concluded warehouse and shipping costs would have not be allocated to the inventories valuation, and now recorded directly in expenses.

In summary, management of the Company inform the conclusion of the investigation, evaluating and concluding that the impact related to prior years must be restated for the years ended on December 31, 2015, 2014 and 2013, after considerations of quantitative and qualitative aspects.



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**1. Corporate information – Continued**

## 1.5. Cnova's Investigation and restatement of financial statements previously issued – continued

Below are presented the impacts in the lines presenting the changes:

Company:December 31, 2015:

| <b>Assets</b>                                  | <b>Presented as of<br/>12.31.2015</b> | <b>Total adjust</b> | <b>Restated as of<br/>12.31.2015</b> |
|--|---------------------------------------|---------------------|--------------------------------------|
| Investments                                    | 5,178                                 | (29)                | 5,149                                |
| <b>Total assets</b>                            | <b>21,428</b>                         | <b>(29)</b>         | <b>21,399</b>                        |
| <b>Liabilities</b>                             | <b>Presented as of<br/>12.31.2015</b> | <b>Total adjust</b> | <b>Restated as of<br/>12.31.2015</b> |
| Noncurrent liabilities                         | 4,589                                 | 81                  | 4,670                                |
| <b>Shareholders' equity</b>                    | <b>10,464</b>                         | <b>(110)</b>        | <b>10,354</b>                        |
|  | <b>Announced of<br/>12.31.2015</b>    | <b>Total adjust</b> | <b>Restated as of<br/>12.31.2015</b> |
| Share of profit of subsidiaries and associates | 116                                   | 14                  | 130                                  |
| <b>Net income (loss)</b>                       | <b>251</b>                            | <b>14</b>           | <b>265</b>                           |

December 31, 2014:

| <b>Assets</b> | <b>Presented as of<br/>12.31.2014</b> | <b>Total adjust</b> | <b>Restated as of<br/>12.31.2014</b> |
|---------------|---------------------------------------|---------------------|--------------------------------------|
|---------------|---------------------------------------|---------------------|--------------------------------------|

|                     |               |              |               |
|---------------------|---------------|--------------|---------------|
| Investments         | 8,391         | (103)        | 8,288         |
| <b>Total assets</b> | <b>23,226</b> | <b>(103)</b> | <b>23,123</b> |

| <b>Liabilities</b>          | <b>Presented as of<br/>12.31.2014</b> | <b>Total adjust</b> | <b>Restated as of<br/>12.31.2014</b> |
|-----------------------------|---------------------------------------|---------------------|--------------------------------------|
| <b>Shareholders' equity</b> | <b>10,580</b>                         | <b>(103)</b>        | <b>10,477</b>                        |

January 1, 2014:

| <b>Assets</b>       | <b>Presented as of<br/>1.1.2014</b> | <b>Total adjust</b> | <b>Restated as of<br/>1.1.2014</b> |
|---------------------|-------------------------------------|---------------------|------------------------------------|
| Investments         | 7,774                               | (84)                | 7,690                              |
| <b>Total assets</b> | <b>22,213</b>                       | <b>(84)</b>         | <b>22,129</b>                      |

| <b>Liabilities</b>          | <b>Presented as of<br/>1.1.2014</b> | <b>Total adjust</b> | <b>Restated as of<br/>1.1.2014</b> |
|-----------------------------|-------------------------------------|---------------------|------------------------------------|
| <b>Shareholders' equity</b> | <b>9,483</b>                        | <b>(84)</b>         | <b>9,399</b>                       |

**Companhia Brasileira de Distribuição**

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

**1. Corporate information – Continued**

## 1.5. Cnova's Investigation and restatement of financial statements previously issued – continued

Below are presented the impacts in the lines presenting the changes:

Consolidated:December 31, 2015:

Balance Sheet

|  | Presented as of<br>12.31.2015 | Total<br>Investigation<br>adjust | Deferred income<br>tax and social<br>contribution<br>provision of<br>Cnova Brasil and<br>Cnova NV (g) | Restated as of<br>12.31.2015 |
|--|-------------------------------|----------------------------------|---|------------------------------|
| Assets   |                               |                                  |   |                              |
| Current assets                                 |                               |                                  |   |                              |
| Accounts receivables                           | 3,218                         | (8)                              | -   | 3,210                        |
| Others accounts receivables                    | 358                           | 17                               | -   | 375                          |
| Inventories                                    | 8,989                         | (24)                             | -   | 8,965                        |
| Recoverable taxes                              | 1,102                         | (22)                             | -   | 1,080                        |
| Total current assets                           | 24,998                        | (38)                             | -   | 24,960                       |
| Noncurrent assets                              |                               |                                  |   |                              |
| Recoverable taxes                              | 2,445                         | 22                               | -   | 2,467                        |
| Deferred income tax and social<br>contribution | 564                           | -                                | (158)   | 406                          |
| Property and equipment                         | 10,398                        | (21)                             | -   | 10,377                       |
| Intangible assets                              | 6,609                         | (66)                             | -   | 6,543                        |
| Noncurrent assets                              | 22,504                        | (65)                             | (158)   | 22,281                       |
| Total assets                                   | 47,502                        | (103)                            | (158)   | 47,241                       |

|                                      |               |              |              |               |
|--------------------------------------|---------------|--------------|--------------|---------------|
| Trade payables                       | <b>15,485</b> | <b>23</b>    | -            | <b>15,508</b> |
| Deferred revenue                     | <b>420</b>    | -            | -            | <b>420</b>    |
| Others accounts payables             | <b>1,128</b>  | <b>20</b>    | -            | <b>1,148</b>  |
| Total current liabilities            | <b>25,230</b> | <b>43</b>    | -            | <b>25,273</b> |
| Controlling shareholders' equity     | <b>10,464</b> | <b>(53)</b>  | <b>(57)</b>  | <b>10,354</b> |
| Noncontrolling shareholders' equity  | <b>3,192</b>  | <b>(93)</b>  | <b>(101)</b> | <b>2,998</b>  |
| Total shareholders' equity           | <b>13,656</b> | <b>(146)</b> | <b>(158)</b> | <b>13,352</b> |
| Liabilities and shareholders' equity | <b>47,502</b> | <b>(103)</b> | <b>(158)</b> | <b>47,241</b> |

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**Companhia Brasileira de Distribuição**

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

**1. Corporate information – Continued**

## 1.5. Cnova's Investigation and restatement of financial statements previously issued – continued

Below are presented the impacts in the lines presenting the changes:

Statement of Profit or Loss

| <b>Accounts</b>                                  | <b>Announced of<br/>12.31.2015</b> | <b>Total<br/>Investigation<br/>adjust</b> | <b>Deferred<br/>income tax and<br/>social<br/>contribution<br/>provision of<br/>Cnova Brasil<br/>and Cnova NV<br/>(g)</b> | <b>IAS 2 -<br/>Inventories<br/>(h)</b> | <b>Restated of<br/>12.31.2015</b> |
|--|------------------------------------|---|---|--|-----------------------------------|
| Net sales of goods and services                  | <b>69,115</b>                      | <b>105</b>                                | -   | -                                      | <b>69,220</b>                     |
| Cost of goods sold and services sold             | <b>(53,002)</b>                    | <b>73</b>                                 | -   | <b>(5)</b>                             | <b>(52,934)</b>                   |
| Gross profit                                     | <b>16,113</b>                      | <b>178</b>                                | -   | <b>(5)</b>                             | <b>16,286</b>                     |
| Selling expenses                                 | <b>(11,291)</b>                    | <b>(22)</b>                               | -   | -                                      | <b>(11,313)</b>                   |
| General and administrative expenses              | <b>(1,711)</b>                     | <b>(6)</b>                                | -   | -                                      | <b>(1,717)</b>                    |
| Depreciation and amortization                    | <b>(963)</b>                       | <b>2</b>                                  | -   | -                                      | <b>(961)</b>                      |
| Others operating income (expenses)               | <b>(684)</b>                       | <b>(18)</b>                               | -   | <b>18</b>                              | <b>(684)</b>                      |
|  | <b>(14,537)</b>                    | <b>(44)</b>                               | -   | <b>18</b>                              | <b>(14,563)</b>                   |
| Profit before financial income (expenses)        | <b>1,576</b>                       | <b>134</b>                                | -   | <b>13</b>                              | <b>1,723</b>                      |
| Financial income (expenses)                      | <b>(1,648)</b>                     | <b>(5)</b>                                | -   | -                                      | <b>(1,653)</b>                    |
| Profit before income tax and social contribution | <b>(72)</b>                        | <b>129</b>                                | -   | <b>13</b>                              | <b>70</b>                         |

|                                    |              |            |              |           |              |
|------------------------------------|--------------|------------|--------------|-----------|--------------|
| Income tax and social contribution | <b>(242)</b> | -          | <b>(104)</b> | -         | <b>(346)</b> |
| <b>Net income (loss)</b>           | <b>(314)</b> | <b>129</b> | <b>(104)</b> | <b>13</b> | <b>(276)</b> |
| Atributable to:                    |              |            |              |           |              |
| Controlling shareholders           | <b>251</b>   | 47         | (37)         | 4         | <b>265</b>   |
| Noncontrolling shareholders        | <b>(565)</b> | 83         | (67)         | 8         | <b>(541)</b> |

Statement of Cash Flows

|   | <b>Presented as<br/>of 12.31.2015</b> | <b>Total adjust</b> | <b>Restated as of<br/>12.31.2015</b> |
|---|---------------------------------------|---------------------|--------------------------------------|
| Net cash provided by operating activities | 4,647                                 | (15)                | 4,632                                |
| Net cash provided by investing activities | (1,867)                               | 15                  | (1,852)                              |

Statement of Value Added

|                                      | <b>Presented as<br/>of 12.31.2015</b> | <b>Total adjust</b> | <b>Restated as of<br/>12.31.2015</b> |
|--------------------------------------|---------------------------------------|---------------------|--------------------------------------|
| Revenue                              | 76,401                                | 99                  | 76,500                               |
| Products acquired from third parties | (60,599)                              | 62                  | (60,537)                             |
| Gross value added                    | 15,802                                | 161                 | 15,963                               |
| Total value added distributed        | 15,604                                | 161                 | 15,765                               |

**Companhia Brasileira de Distribuição**

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

**1. Corporate information – Continued**

## 1.5. Cnova's Investigation and restatement of financial statements previously issued – continued

Below are presented the impacts in the lines presenting the changes:

Consolidated:December 31, 2014:

Balance Sheet

| <b>Accounts</b>                     | <b>Presented as of<br/>12.31.2014</b> | <b>Total<br/>Investigation<br/>adjust</b> | <b>IAS 2 -<br/>Inventories<br/>(h)</b> | <b>Restated as of<br/>12.31.2014</b> |
|-------------------------------------|---------------------------------------|---|--|--------------------------------------|
| Assets                              |                                       |   |  |                                      |
| Current assets                      |                                       |   |  |                                      |
| Accounts receivables                | 3,210                                 | (34)                                      | -                                      | 3,176                                |
| Others accounts receivables         | 295                                   | (37)                                      | -                                      | 258                                  |
| Inventories                         | 8,405                                 | (28)                                      | (12)                                   | 8,364                                |
| Recoverable taxes                   | 808                                   | (1)                                       | -                                      | 807                                  |
| Total current assets                | 24,133                                | (100)                                     | (12)                                   | 24,021                               |
| Intangible assets                   | 6,495                                 | (47)                                      | -                                      | 6,448                                |
| Noncurrent assets                   | 21,367                                | (43)                                      | -                                      | 21,324                               |
| Total assets                        | 45,500                                | (143)                                     | (12)                                   | 45,345                               |
| Trade payables                      | 13,322                                | 71  | -                                      | 13,393                               |
| Deferred revenue                    | 214                                   | (2)                                       | -                                      | 212                                  |
| Others accounts payables            | 652                                   | 63  | -                                      | 715                                  |
| Current liabilities                 | 23,848                                | 133                                       | -                                      | 23,981                               |
| Profit reserve                      | 3,505                                 | (91)                                      | (12)                                   | 3,402                                |
| Controlling shareholders' equity    | 10,580                                | (91)                                      | (12)                                   | 10,477                               |
| Noncontrolling shareholders' equity | 3,902                                 | (185)                                     | -                                      | 3,717                                |

|                                      |               |              |             |               |
|--------------------------------------|---------------|--------------|-------------|---------------|
| Total shareholders' equity           | <b>14,482</b> | <b>(276)</b> | <b>(12)</b> | <b>14,194</b> |
| Liabilities and shareholders' equity | <b>45,500</b> | <b>(143)</b> | <b>(12)</b> | <b>45,345</b> |

## Statement of Profit or Loss

| <b>Accounts</b>                                  | <b>Presented as of<br/>12.31.2014</b> | <b>Total<br/>Investigation<br/>adjust</b> | <b>IAS 2 -<br/>Inventories<br/>(h)</b> | <b>Restated as<br/>of 12.31.2014</b> |
|--|---------------------------------------|---|--|--------------------------------------|
| Net sales of goods and services                  | <b>65,525</b>                         | <b>(118)</b>                              | -                                      | <b>65,407</b>                        |
| Cost of goods sold and services sold             | <b>(48,580)</b>                       | <b>(40)</b>                               | <b>10</b>                              | <b>(48,610)</b>                      |
| Gross profit                                     | <b>16,945</b>                         | <b>(158)</b>                              | <b>10</b>                              | <b>16,797</b>                        |
| Selling expenses                                 | <b>(10,303)</b>                       | <b>(30)</b>                               | -                                      | <b>(10,333)</b>                      |
| General and administrative expenses              | <b>(1,484)</b>                        | <b>(2)</b>                                | -                                      | <b>(1,486)</b>                       |
| Depreciation and amortization                    | <b>(821)</b>                          | <b>2</b>                                  | -                                      | <b>(819)</b>                         |
| Others operating income (expenses)               | <b>(441)</b>                          | -   | -                                      | <b>(441)</b>                         |
|  | <b>(12,941)</b>                       | <b>(30)</b>                               | -                                      | <b>(12,971)</b>                      |
| Profit before financial income (expenses)        | <b>4,004</b>                          | <b>(188)</b>                              | <b>10</b>                              | <b>3,826</b>                         |
| Financial income (expenses)                      | <b>(1,508)</b>                        | <b>2</b>                                  | -                                      | <b>(1,506)</b>                       |
| Profit before income tax and social contribution | <b>2,496</b>                          | <b>(186)</b>                              | <b>10</b>                              | <b>2,320</b>                         |
| Income tax and social contribution               | <b>(736)</b>                          | -   | -                                      | <b>(736)</b>                         |
| Net income (loss)                                | <b>1,760</b>                          | <b>(186)</b>                              | <b>10</b>                              | <b>1,584</b>                         |
| Atributable to:                                  |                                       |   |  |                                      |
| Controlling shareholders                         | <b>1,270</b>                          | <b>(67)</b>                               | <b>4</b>                               | <b>1,207</b>                         |
| Noncontrolling shareholders                      | <b>490</b>                            | <b>(120)</b>                              | <b>7</b>                               | <b>377</b>                           |

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**Companhia Brasileira de Distribuição**

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

**1. Corporate information – Continued**

## 1.5. Cnova's Investigation and restatement of financial statements previously issued – continued

Below are presented the impacts in the lines presenting the changes:

Consolidated:December 31, 2014:

## Statement of Cash Flows

|   | <b>Presented as<br/>of 12.31.2014</b> | <b>Total adjust</b> | <b>Restated of<br/>12.31.2014</b> |
|---|---------------------------------------|---------------------|-----------------------------------|
| Net cash provided by operating activities | 5,016                                 | (26)                | 4,990                             |
| Net cash provided by investing activities | (1,650)                               | 26                  | (1,624)                           |

## Statement of Value Added

|                                      | <b>Presented as<br/>of 12.31.2014</b> | <b>Total adjust</b> | <b>Restated of<br/>12.31.2014</b> |
|--------------------------------------|---------------------------------------|---------------------|-----------------------------------|
| Revenue                              | 72,299                                | (139)               | 72,160                            |
| Products acquired from third parties | (56,079)                              | (50)                | (56,129)                          |
| Gross value added                    | 16,220                                | (189)               | 16,031                            |
| Total value added distributed        | 16,093                                | (194)               | 15,899                            |

January 1, 2014 :

| <b>Accounts</b> | <b>Presented as of<br/>1.1.2014</b> | <b>Total<br/>Investigation</b> | <b>IAS 2 -<br/>Inventories (h)</b> | <b>Restated as of<br/>1.1.2014</b> |
|-----------------|-------------------------------------|--------------------------------|------------------------------------|------------------------------------|
|-----------------|-------------------------------------|--------------------------------|------------------------------------|------------------------------------|

**adjust**

|   |        |      |      |        |
|---|--------|------|------|--------|
| <b>Assets</b>                               |        |      |      |        |
| <b>Current assets</b>                       |        |      |      |        |
| Accounts receivables                        | 2,516  | 32   | -    | 2,548  |
| Others accounts receivables                 | 227    | 2    | -    | 229    |
| Inventories                                 | 6,382  | 2    | (23) | 6,361  |
| Recoverable taxes                           | 908    | 2    | -    | 910    |
| Dividends receivable                        | 12     | (12) | -    | -      |
| Other credits                               | 42     | 13   | -    | 55     |
| Total current assets                        | 18,609 | 39   | (23) | 18,625 |
| <b>Intangible assets</b>                    |        |      |      |        |
| Intangible assets                           | 5,701  | (34) | -    | 5,667  |
| Noncurrent assets                           | 19,398 | (34) | -    | 19,364 |
| Total assets                                | 38,007 | 5    | (23) | 37,989 |
| <b>Liabilities and shareholders' equity</b> |        |      |      |        |
| <b>Trade payables</b>                       |        |      |      |        |
| Trade payables                              | 8,547  | 62   | -    | 8,609  |
| <b>Others accounts payables</b>             |        |      |      |        |
| Others accounts payables                    | 783    | 31   | -    | 814    |
| <b>Current liabilities</b>                  |        |      |      |        |
| Current liabilities                         | 17,010 | 93   | -    | 17,103 |
| <b>Total shareholders' equity</b>           |        |      |      |        |
| Total shareholders' equity                  | 12,712 | (89) | (22) | 12,601 |
| <b>Noncontrolling shareholders</b>          |        |      |      |        |
| Noncontrolling shareholders                 | 3,229  | (27) | -    | 3,202  |
| <b>Liabilities and shareholders' equity</b> |        |      |      |        |
| Liabilities and shareholders' equity        | 38,007 | 4    | (22) | 37,989 |

## **Companhia Brasileira de Distribuição**

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

### **2. Basis of preparation**

The individual and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standard Board (“IASB”) and accounting practices adopted in Brazil (law 6,404/76 and standards issued by Comitê de Pronunciamentos Contábeis (“CPC”) and approved by the Brazilian Securities and Exchange Commission (“CVM”).

The financial statements have been prepared on the historical cost basis except for certain financial instruments measured at their fair value. All the relevant information related to the financial statements, and only the relevant ones, are being disclosed and are the relevant practices used in the management.

The individual and consolidated financial statements is being presented in millions of Brazilian Reals (“R\$”), which is the reporting currency of the Company. The functional currency of subsidiaries located abroad is the local currency of each jurisdiction.

The financial statements for the year ended December 31, 2015 as originally version was approved by the Board of Directors on February 24, 2016.

These restated financial statements for the year ended December 31, 2015 was approved by the Board of Directors on July 27, 2016 and reflects the adjustments to the financial statements as per note 1.5.

**Companhia Brasileira de Distribuição**

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

**3. Basis of consolidation**

3.1. Interest in subsidiaries and associates:

| <b>Companies</b>  | <b>Direct and indirect</b> |                          |
|---|----------------------------|--------------------------|
| <b>Subsidiaries</b>   | <b>12.31.2015</b>          |                          |
|   | <b>Company</b>             | <b>Indirect interest</b> |
| Novasoc Comercial Ltda. ("Novasoc")   | 10.00                      |                          |
| Sé Supermercado Ltda. ("Sé")(****)  | -                          |                          |
| Sendas Distribuidora S.A. ("Sendas")  | 100.00                     |                          |
| Bellamar Empreend. e Participações Ltda. ("Bellamar")                             | 100.00                     |                          |
| GPA Malls & Properties Gestão de Ativos e Serviços Imobiliários Ltda. ("GPA M&P") | 100.00                     |                          |
| CBD Holland B.V. ("CBD Holland")  | 100.00                     |                          |
| CBD Panamá Trading Corp. ("CBD Panamá")   | -                          | 100.00                   |
| Barcelona Comércio Varejista e Atacadista S.A. ("Barcelona")                      | 68.86                      | 31.14                    |
| Xantocarpa Participações Ltda. ("Xantocarpa")                                     | -                          | 100.00                   |
| GPA 2 Empreend. e Participações Ltda. ("GPA 2")                                   | 99.99                      | 0.01                     |
| GPA Logística e Transporte Ltda. ("GPA Logística")                                | 100.00                     |                          |
| Posto Ciara Ltda. ("Posto Ciara")   | 100.00                     |                          |
| Auto Posto Império Ltda. ("Posto Império")  | 100.00                     |                          |
| Auto Posto Duque Salim Maluf Ltda. ("Posto Duque Salim Maluf")                    | 100.00                     |                          |
| Auto Posto Duque Santo André Ltda. ("Posto Duque Santo André")                    | 100.00                     |                          |
| Auto Posto Duque Lapa Ltda. ("Posto Duque Lapa")                                  | 100.00                     |                          |
| Nova Pontocom Comércio Eletrônico S.A ("Nova Holding") (****)                     | -                          |                          |
| Marneylectro S.A.R.L (antiga Jaipur Financial Markets S.A.R.L) ("Luxco")          | 53.20                      | 19.00                    |
| Marneylectro B.V (antiga Jaipur Financial Markets B.V) ("Dutchco")                | -                          | 72.20                    |
| Cnova N.V ("Cnova Holanda")   | -                          | 36.00                    |
| Cnova Comércio Eletrônico S/A ("Cnova Comércio Eletrônico")                       | -                          | 36.00                    |
| E-Hub Consult. Particip. e Com. S.A. ("E – Hub")                                  | -                          | 36.00                    |
| Nova Experiência PontoCom S.A ("Nova Experiência")                                | -                          | 36.00                    |
| Cdiscount S.A ("CDiscount")   | -                          | 36.00                    |
| Cnova Finança B.V ("Cnova Finança")   | -                          | 36.00                    |
| Financière MSR S.A.S ("Financière")   | -                          | 36.00                    |
| E-Trend SAS France ("E-Trend") (***)  | -                          |                          |
| Cdiscount Afrique S.A.S ("CDiscount Afrique")                                     | -                          | 36.00                    |
| CD Africa SAS ("CD Africa")   | -                          | 30.60                    |

|  |   |       |
|--|---|-------|
| Cdiscount International BV The Netherlands (“Cdiscount Internacional”) | - | 36.02 |
| C-Distribution Asia Pte. Ltd. Singapore (“C-Distribution Asia”)        | - | 21.61 |
| CLatam AS Uruguay (“CLatam”)   | - | 25.21 |
| Cdiscount Colombia S.A.S (“CDiscount Colombia”)                        | - | 18.31 |
| C Distribution Thailand Ltd. (“C Distribution Thailand”)               | - | 15.11 |
| E-Cavi Ltd Hong Kong (“E-Cavi”)  | - | 17.21 |
| Cdiscount Vietnam Co Ltd. (“CDiscount Vietnam”)                        | - | 17.21 |
| Cnova France SAS (“CNova France”)                                      | - | 36.01 |
| Cdiscount Côte d'Ivoire SAS Ivory Coast (“CDiscount Côte”) (**)        | - | 30.61 |
| Cdiscount Sénégal SAS (“CDiscount Sénégal”) (**)                       | - | 30.61 |
| Cdiscount Panama S.A. (“CDiscount Panama”) (**)                        | - | 25.21 |
| Cdiscount Cameroun SAS (“CDiscount Cameroun”) (**)                     | - | 30.61 |

(\*) Excluding treasury shares

(\*\*) Companies consolidated into e-commerce segment, located abroad, on which the Company had no interest in 2014 and they were opened in 2015

(\*\*\*) The subsidiary Cdiscount sold 100% of its interest in the company E-trend to the controlling shareholder Casino by the amount of R\$99, with net effect in income statement is R\$2. The net sales this activity represent R\$ 49 in the year ended December 31, 2015.

(\*\*\*\*) Incorporated company (see note 1.3) .This merging had no effect on consolidated financial statements neither in the result and shareholders' equity of Parent Company.

**Companhia Brasileira de Distribuição**

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

**3. Basis of consolidation – Continued****3.1. Interest in subsidiaries and associates – Continued**

| <u>Companies</u>   | <b>Direct and indirect<br/>12.31.2015</b> | <b>Company Indirect interest</b> |
|--|---|----------------------------------|
| <u>Subsidiaries</u>  |   |                                  |
| Ecdiscoc Comercializadora S.A.(Cdiscount Ecuador) (“Ecdiscoc Comercializadora”) (**) | -   | 25.                              |
| Cdiscount Uruguay S.A. (“CDiscount Uruguay”) (**)                                    | -   | 25.                              |
| Monconerdeco.com (Cdiscount Moncorner Deco) (“Monconerdeco.com”) (**)                | -   | 27.                              |
| Cdiscount Moncorner (“CDiscount Moncorner”) (**)                                     | -   | 35.                              |
| 3W SAS (“3W”) (**)   | -   | 35.                              |
| 3W Santé SAS (“3W Santé”) (**)   | -   | 33.                              |
| Via Varejo S.A. (“Via Varejo”)   | 43.35                                     |                                  |
| Indústria de Móveis Bartira Ltda. (“Bartira”)  | -   | 43.                              |
| VVLOG Logística Ltda. (PontoCred Negócio de Varejo Ltda.) (“VVLOG Logística”)        | -   | 43.                              |
| Globex Adm e Serviços Ltda. (“Globex Adm”)   | -   | 43.                              |
| Lake Niassa Empreend. e Participações Ltda. (“Lake Niassa”)                          | -   | 43.                              |
| Globex Adm. Consórcio Ltda. (“Globex Adm. Consórcio”)                                | -   | 43.                              |
| <u>Associates</u>  |   |                                  |
| Financeira Itaú CBD S/A Crédito, Financiamento e Investimento (“FIC”)                | -   | 41.                              |
| Banco Investcred Unibanco S.A. (“BINV”)  | -   | 21.                              |
| FIC Promotora de Vendas Ltda. (“FIC Promotora”)                                      | -   | 41.                              |

(\*\*) Companies consolidated into e-commerce segment, located abroad, companies of which the Company had no interest in 2014 because they were created in 2015.

In the individual interim financial information, equity interests are calculated considering the percentage held by CBD or its subsidiaries. In the consolidated interim financial information, the Company fully consolidates all its subsidiaries, keeping noncontrolling interests in a specific line item in shareholders’ equity.

Company’s interest in some subsidiaries represents less than 50% of interest (common plus preferred shares) but Company’s holds control pursuant to the common shares or shareholders’ agreement that

allows wholly consolidation.

### 3.2. Subsidiaries

The consolidated financial statements include the financial information of all subsidiaries over which the Company exercises control directly or indirectly. The determination of which subsidiary are controlled by the Company and the proceedings of integral consolidation are in accordance with the principles and concepts established by IFRS 10 (CPC 36- R3)

The financial statements of the subsidiaries are prepared on the same closing date of the reporting period as those of the Company, using consistent accounting policies, All intragroup balances, including income and expenses, unrealized gains and losses and dividends resulting from intragroup transactions are eliminated in full.

Gains or losses resulting from changes in equity interest in subsidiaries, not resulting in loss of control are directly recorded in equity.

Losses are attributed to the non-controlling interest, even if it results in a deficit balance.

The main direct or indirect subsidiaries, included in the consolidation and the percentage of the Company's interest comprise:

## Companhia Brasileira de Distribuição

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

### 3. Basis of consolidation – Continued

#### 3.2. Subsidiaries – continued

##### (i) Novasoc

Although the Company's interest in Novasoc represents 10% of its shares units, Novasoc is included in the consolidated financial statements, as the Company controls 99.98% of the Novasoc's voting rights, pursuant to the shareholders' agreement. Moreover, under the Novasoc shareholders' agreement, the allocation of its profit or loss does not require to be proportional to the interest held in the company, being 99.98% of interest attributable to the Company.

##### (ii) Via Varejo

The Company holds 43.35% of Via Varejo's total shares and holds 62% of Via Varejo's voting shares, giving the control of this subsidiary".

##### (iii) Sé Supermercados and Sendas

The Company holds, directly or indirectly, 100% of the capital of Sendas, which operates in the retail trade segment, mainly in the State of Rio de Janeiro. Additionally, Sé Supermercados operated supermarkets and hypermarkets, mainly in the State of São Paulo, which was merged on December 22, 2015, as per note 1.3

##### (iv) Barcelona and Xantocarpa

Company holds direct or indirectly, 100% of the capital of this entities, that combined hold cash and carry segments operation, under banner "ASSAI".

##### (v) GPA M&P

The GPA M&P has as objectives manage and operate the Company's real estate activities.

##### (vi) Nova Holding and Cnova Holanda

Nova Holding is the holding of the e-commerce segment that sells to final customers through the websites: [www.extra.com.br](http://www.extra.com.br), [www.pontofrio.com.br](http://www.pontofrio.com.br), [www.casasbahia.com.br](http://www.casasbahia.com.br), [www.barateiro.com.br](http://www.barateiro.com.br),



www.partiuviagens.com.br, also Cdiscount group company, as described in the note 13.1. Nova Holding was merged on December 22, 2015 and the Company obtained the control over subsidiary Cnova N.V, through the holdings Marneylectro S.A.R.L and Marneylectro B.V.

### 3.3. Associates – BINV and FIC

The accounting treatments used by the Company for the purposes of calculation of the effects from its affiliates, representing entities in which the Company has significant influence but does not control their activities, follow the CPC 18 R2 determinations (IAS 28), as follows:

- Initial recognition at cost or fair value, as each case, and its results are accounted for under the equity method.
- Changes recognized directly in equity of associated companies, the Company recognizes its share of any changes and discloses, as appropriate, in the statement of changes in equity.
- Any gains or unrealized losses resulting from transactions between the Company and the associates are eliminated to the extent of the interest in the associates.

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**3. Basis of consolidation – Continued****3.3. Associates – BINV and FIC - continued**

- The financial statements of associates are prepared on the same closing date as the Company and when necessary, adjustments are made to harmonize the accounting policies of the Company.

The Company's investments in its associated companies FIC and BINV, both entities that finance sales directly to GPA and Via Varejo customers are resulted from an association between Banco Itaú Unibanco S.A. ("Itaú Unibanco") with GPA and Via Varejo.

The Company has significant influence in operating decisions of FIC through the Board of Directors of this associate.

FIC's summarized financial statements are as follows:

|  | <b>12.31.2015</b> | <b>12.31.2014</b> |
|--|-------------------|-------------------|
| Current assets                             | <b>3,894</b>      | 3,815             |
| Noncurrent assets                          | <b>38</b>         | 35                |
| Total assets                               | <b>3,932</b>      | 3,850             |
| Current liabilities                        | <b>3,070</b>      | 2,963             |
| Noncurrent liabilities                     | <b>15</b>         | 15                |
| Shareholders' equity                       | <b>847</b>        | 872               |
| Total liabilities and shareholders' equity | <b>3,932</b>      | 3,850             |
| <b><u>Statement of profit or loss:</u></b> | <b>12.31.2015</b> | <b>12.31.2014</b> |
| Revenues                                   | <b>1,118</b>      | 1,025             |
| Operating income                           | <b>370</b>        | 397               |
| Net income of the year                     | <b>226</b>        | 220               |

For the purposes of measurement of the investment in this associate, the special goodwill reserve recorded by FIC shall be deducted from its shareholders' equity, since it is Itaú Unibanco's exclusive right, since it is originated from the acquisition of the original Company by the barn.

#### **4. Significant accounting policies**

##### **4.1. Financial instruments**

Financial assets are initially recognized at fair value when the Company or its subsidiaries assume contractual rights to receive cash or other financial asset contracts in which they are part. Financial assets are derecognized when the rights to receive cash linked to the financial asset expire or have been transferred substantially all the risks and benefits to third parties. Assets and liabilities are recognized when rights and obligations are retained by the company.

Financial liabilities are recognized when the Company or its subsidiaries assume contractual obligations for settlement in cash or in the assumption of third-party obligations through a contract in which they are part of. Financial liabilities are initially recognized at fair value and are derecognized when they are settled, extinguished or expired.

Financial instruments measured at amortized cost are subsequently measured at initial recognition at the effective interest rate. Interest income and expenses, monetary and exchange variation, net of estimated losses for not receiving financial assets, are recognized when incurred in the statement of profit or loss as financial income and expenses.

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### 4. Significant accounting policies - continued

#### 4.1. Financial instruments - continued

The Company, montly, evaluates the monthly estimated amount of loss by not received financial assets. An estimate of loss is recognized when there is objective evidence that the Company or its subsidiaries will not collect all amounts to receive based on their due dates. For the calculation, the Company considers historical losses, historical statistical data, portfolio aging and the assessment of the likelihood of further deterioration of the portfolio, taking into account macro-economic factors and market. When the collection of accounts receivable is unlikely, both book value and its loss estimate are recognized in the income statement. Subsequent recoveries are recognized when incurred under the caption selling expenses in the income statement for the year.

Note 18 provide detailed information about financial instruments and further details on how it is measured.

#### (i) *Financial assets*

##### *Initial recognition and measurement*

The financial assets held by the Company and its subsidiaries within the scope of CPC 38 (IAS 39) are classified according the purpose for which they were acquired or contracted within the following categories: (i) assets measured at fair value through profit or loss; (ii) loans and receivables, and (iii) available-for-sale and (iv) investments held to maturity. The Company determines the classification of their financial assets at inception.

Financial assets are initially recognized at fair value, and transaction costs are expensed in the income statement. Loans and receivables are accounted for at amortized cost.

Purchases or sales of financial assets that require the assets to be delivered within a time frame established by regulations or market conventions (negotiations under regular conditions) are recognized on the trade date, i.e., on the date that the Company commits to purchase or sell the asset.

The financial assets of the Company and its subsidiaries includes cash and cash equivalents, trade accounts receivable, related parties receivables and derivative financial instruments.

Subsequent measurement

- Financial assets measured at fair value through profit or loss: represent assets acquired for short-term realization purposes and are measured at fair value at the end of the reporting period. Interest rates, monetary restatement, exchange rate variation and variations arising from fair value measurements are recognized in the income statement for the year as financial income or expense, as incurred.
- Loans and receivables: represent non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest method. Interest income, monetary restatement, exchange rate variation, less any impairment loss, as applicable, are recognized in the income statement as finance income or expense, when incurred.

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### 4. Significant accounting policies - continued

#### 4.1. Financial instruments – continued

##### (i) *Financial assets - continued*

- Held-to-maturity financial assets: represent financial assets and liabilities that cannot be classified as loans and receivables (as they are quoted in an active market), and are acquired with the intent and ability to hold to maturity. They are stated at their acquisition cost plus income earned which is recorded as finance income or expense in profit or loss for the year using the effective interest rate method; and
- Available-for-sale financial instruments: items that do not meet the classification criteria in other categories. These items are measured at fair value, however, with an adjustment recognized in a separate account in shareholders' equity.

##### Derecognition of financial assets

A financial asset (or, as applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when:

- Its right to receive cash flows has expired; and
- The Company and its subsidiaries have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full to a third party under an on lending agreement; and (a) the Company has transferred substantially all the risks and rewards related to the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards related to the assets, but has transferred its control.

When the Company and its subsidiaries have transferred their rights to receive cash flows from an asset or have entered into an on lending agreement, and have neither transferred nor retained substantially all the risks and rewards related to the asset or transferred control of the asset, the asset is maintained and an associated liability is recognized. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations retained by the Company and their subsidiaries.

Impairment of financial assets

At the end of the reporting periods, the Company and its subsidiaries assess whether there is any indication of impairment of a financial asset or group of financial assets. The impairment of a financial asset or group of financial assets is only considered (and only if) when there is objective evidence resulting from one or more events that have occurred after the asset's initial recognition ("loss event"), and if said event affects the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The evidence of impairment may include indications that debtors (or group of debtors) are going through relevant financial constraints, moratorium or default in the amortization of interest or principal; likelihood that they will file for bankruptcy or another type of financial reorganization; and when this data indicates a measurable decrease in future cash flows, such as default interest variations or economic conditions related to default.

Specifically in relation to loans and receivables, the Company, and its subsidiaries, firstly, verify whether there is objective evidence of impairment individually for financial assets that are individually significant, or collectively for assets that are not individually significant, if Should the Company and its subsidiaries determine the nonexistence of objective evidence of impairment of a financial asset measured individually – whether or not this significant loss – the Company and its subsidiaries classify it in a group of financial assets with similar credit risk characteristics which are evaluated collectively.

## Companhia Brasileira de Distribuição

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### 4. Significant accounting policies - continued

#### 4.1. Financial instruments – continued

##### (i) *Financial assets - continued*

##### *Impairment of financial assets- continued*

The assets individually assessed as to impairment, or for which the impairment is (or continues to be) recognized, are not included in the collective assessment of the loss.

Impairment is measured as the difference between the carrying amount of an asset and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted by the original effective interest rate of the financial asset. The asset's carrying amount decreases through the use of a provision and the impairment loss is recognized in the income statement. Interest revenue is recorded in the financial statements as part of finance income. In the case of loans or investments held to maturity with a variable interest rate, the Company and its subsidiaries measure the non-recovery based on the fair value of the instrument adopting an observable market price.

If, in a subsequent period, impairment decreases and this reduction can be objectively associated with an event that has occurred after the recognition of the provision (such as an improvement in a debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement. If a write-off is later recovered, this recovery is also recognized in the income statement.

##### (ii) *Financial liabilities*

The financial liabilities under the scope of IAS 39 (CPC38) are classified as loans, borrowings or derivative financial instruments designated as hedge instruments in an effective hedge relationship, as applicable. The Company defines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recognized at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.



The Company and its subsidiaries' financial liabilities include trade accounts payable, loans and financing, debentures, financing related to acquisition of real state and derivative financial instruments.

Subsequent measurement

After initial recognition, interest-bearing loans and financings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement for the year when the liabilities are written off, or through amortization according to the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognized when the underlying obligation is settled, cancelled or expired.

When an existing financial liability is replaced by another from the same lender, on substantially different terms, or the terms of an existing liability are substantially modified, this replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in income.

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### 4. Significant accounting policies - continued

(ii) *Financial liabilities- continued*

#### Offsetting of financial instruments

Financial assets and liabilities are offset and stated net in the financial statements only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention of settling them on a net basis or realizing the assets and settling the liabilities simultaneously.

#### 4.2. Foreign currency transactions

Foreign currency transactions are initially recognized at market value of the corresponding currencies on the date the transaction is qualified for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated to Real according to their market price at the end of the reporting periods. Differences arising on payment or translation of monetary items are recognized as financial income or expense.

#### 4.3. Hedge accounting

The Company uses derivative financial instruments to limit the exposure to variation not pegged to the local market such as interest rate and exchange rate swaps. These derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are directly recorded in the income statement.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and its objective and risk management strategy for contracting the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of the changes in the hedging instrument's fair value in offsetting the exposure to changes in the fair value of the hedged item or cash flow attributable to the hedged risk. These hedges are expected to be highly effective in offsetting changes in the fair value or cash flow and are assessed on an ongoing basis to determine if they actually have been highly effective throughout the periods for which they were designated.

For the purposes of hedge accounting, these are classified as fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability.

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### 4. Significant accounting policies - continued

#### 4.3. Hedge accounting - continued

The following are recognized as fair value hedges, in accordance with the procedures below:

- The change in the fair value of a derivative financial instrument classified as fair value hedging is recognized as financial result. The change in the fair value of the hedged item is recorded as a part of the carrying amount of the hedged item and is recognized in the income statement;
- In order to calculate the fair value, debts and swaps are measured through rates disclosed in the financial market and projected up to their maturity date. The discount rate used in the calculation by the interpolation method for borrowings loans denominated in foreign currency is arrived at through DDI curves, clean coupon and DI, indices disclosed by the BM&FBovespa (the Brazilian Securities, Commodities and Futures Exchange), whereas for loans denominated in reais, the Company uses the DI curve, an index published by the CETIP and calculated through the exponential interpolation method.

#### 4.4. Cash and cash equivalents

Cash and cash equivalents consist of cash, bank accounts and highly liquid short-term investments that are readily convertible into a known cash amount, and are subject to an insignificant risk of change in value, with intention and possibility to be redeemed in the short term, up to 90 days.

#### 4.5. Trade accounts receivable

Trade receivables are stated and maintained in the balance sheet at their nominal sales amounts less an allowance for doubtful accounts, which is recorded based on historical loss experience and risk analysis of the entire customer portfolio and the respective likelihood of collection.

Trade accounts receivables refer to non-derivative financial assets with fixed payments or which may be calculated, without quotation in an active market. After the initial measurement, these financial assets are

subsequently measured at amortized cost according to the effective interest method ("EIM"), less impairment. The amortized cost is calculated taking into account eventual discounts or premiums over the acquisition and tariffs or costs comprising the EIM. The EIM amortization are included in net finance income (costs) in the income statement. Impairment expenses are recognized in the income statement.

At the end of each reporting period, the Company and its subsidiaries assess if the financial assets or group of financial assets are impaired.

Impairment of receivables are based on historical rates observed in the last 24 months, besides observation of economic events like unemployment rates, consumer trends and past due receivables in the portfolio.

Receivables are considered uncollectable, therefore, written off definitely after 180 days past due.

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### **4. Significant accounting policies - continued**

#### **4.6. Inventories**

Inventories are accounted for at cost or net realizable value, whichever is lower. Inventories purchased are recorded at average cost, including warehouse and handling costs, to the extent these costs are necessary to make inventories available for sale in the stores, less bonuses received from suppliers.

Net realizable value is the selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Inventories are reduced by an allowance for losses and breakage, which is periodically reviewed and evaluated as to its adequacy.

#### **4.7. Supplier Bonuses**

Bonuses received from suppliers are measured and recognized based on contracts and agreements signed, and recorded in income when the corresponding inventories are sold.

Includes purchase volume agreement, logistics and specific negotiations to recompose margin or marketing agreements, among others, and are deducted from payables to the respective suppliers, once the Company is contractually entitled to settle trade payables net of amounts receivable by way of bonus.

#### **4.8. Present value adjustment of assets and liabilities**

Until 2014, the Company recorded the adjustment to present value ("APV") over the credit card receivables without interest, even considering that receivables were not long term (in average due in 4 months) and the impacts not significant on the short term. The reversal of the adjustment recorded was made in the net sales, once the financing to clients is part of the Company's business. In 2015, the accounting practice of recording APV over the short-term credit card receivables was discontinued, because of its immateriality on quarterly and annual financial statements, high cost to control and consequent irrelevance for

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understanding Company's operation.

The long term assets and liabilities continue to be adjusted, considering the contractual cash flows and respective interest rate, implicit or explicit.

#### 4.9. Impairment of non-financial assets

Impairment testing is designed so that the Company can present the net realizable value of an asset. This amount may be realized directly or indirectly, respectively, through the sale of the asset or the cash generated by the use of the asset in the Company and its subsidiaries activities.

The Company and its subsidiaries tests its tangible or intangible assets for impairment annually or whenever there is internal or external evidence that they may be impaired.

An asset's recoverable amount is defined as the asset's fair value or the value in use of its cash-generating unit (CGU), whichever is higher, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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Notes to the consolidated financial statements

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### 4. Significant accounting policies –Continued

#### 4.9. Impairment of non-financial assets - Continued

If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and an allowance for impairment is recorded to adjust its carrying amount to its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to present value using a pre-tax discount rate that represents the Company’s weighted average cost of capital (“WACC”), reflecting current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognized in profit or loss for the year in expense categories consistent with the function of the respective impaired asset. Previously recognized impairment losses are only reversed in case of change in the assumptions used to determine the asset’s recoverable amount at its initial or most recent recognition, except for goodwill, which cannot be reversed in future periods.

#### 4.10. Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and/or impairment losses, if any. This cost includes the cost of acquisition of equipment and financing costs for long-term construction projects, if the recognition criteria are met. When significant components of property and equipment are replaced, they are recognized as individual assets with specific useful lives and depreciation. Likewise, when a major replacement is performed, its cost is recognized at the carrying amount of the equipment as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in profit or loss for the year as incurred.

| <b>Asset category</b>     | <b>Average annual depreciation rate</b> |
|---------------------------|---|
| Buildings                 | 2.50 %                                  |
| Improvements              | 4.41 %                                  |
| Data processing equipment | 20.93 %                                 |
| Software                  | 11.81 %                                 |



|                         |         |
|-------------------------|---------|
| Facilities              | 7.88 %  |
| Furniture and fixtures  | 10.58 % |
| Vehicles                | 21.52 % |
| Machinery and equipment | 9.22 %  |
| Decoration              | 20.00 % |

Property and equipment items and eventual significant parts are written off when sold or when no future economic benefits are expected from its use or sale. Any eventual gains or losses arising from the write off of the assets are included in profit or loss for the year.

The residual value, the useful life of assets and the depreciation methods are reviewed at the end of each financial year-end and adjusted prospectively, if applicable. The Company reviewed the useful lives of fixed and intangible assets in fiscal year 2015 with no significant changes.

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### 4. Significant accounting policies –Continued

#### 4.11. Capitalization of interest

Interest on loans directly attributable to the acquisition, construction or production of an asset that requires a substantial period of time to be prepared for its intended use or sale (qualifying asset) are capitalized as part of the cost of the respective assets during its construction phase. From the date that the asset is placed in operation, capitalized costs are depreciated over the estimated useful life of the asset.

#### 4.12. Investments properties

Investment properties are measured at historical cost, including transaction costs. After the initial recognition, they are stated at cost, net of accumulated depreciation and or impairment loss, if is applicable

Investment properties are written off when they are sold or when they are no longer used and no future economic benefit is expected from the sale. An investment property is also transferred when there is an intention to sell it and, in this case, it is classified as a non-current asset available for sale. The difference between the net amount obtained from the sale and the book value of the asset is recognized in the statement of profit or loss for the period in which the asset is written off.

#### 4.13. Intangible assets

Intangible assets acquired separately are measured at cost at initial recognition, less amortization and eventual impairment losses. Internally generated intangible assets, excluding capitalized software development costs, are reflected in the income statement in which they were incurred.

Intangible assets consist mainly of software acquired from third parties, software developed for internal use, commercial rights (stores' rights of use), customer lists, advantageous lease agreements, advantageous furniture supply agreements and brands.

Intangible assets with definite useful lives are amortized by the straight-line method. The amortization period and method are reviewed, at least, at the end of each year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting assumptions.

Software development costs recognized as assets are amortized over their useful lives (5 a 10 years), accordingly to the amortization rate, mentioned in the note 4.10. Beginning amortization when they become operational.

Intangible assets with indefinite useful lives are not amortized, but tested for recovery at the end of each year or whenever there are indications that their carrying value may be impaired either individually or at the level of the cash-generating unit. The assessment is reviewed annually to determine whether the indefinite life assumption remains valid. Otherwise, the useful life is changed prospectively from indefinite to definite.

Where applicable, gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net proceeds from the sale of the asset and its carrying amount, any gain or loss being recognized in the income statement in the year when the asset is derecognized.

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### 4. Significant accounting policies –Continued

#### 4.14. Classification of assets and liabilities as current and noncurrent

Assets (except for deferred income and social contribution taxes) that are expected to be realized in or are intended for sale or consumption within twelve months as of the end of the reporting periods are classified as current assets. Liabilities (except for deferred income and social contribution taxes) that are expected to be settled within twelve months as of the end of the reporting periods are classified as current, All other assets and liabilities (including deferred tax assets and liabilities) are classified as “noncurrent”.

The deferred tax assets and liabilities are classified as “noncurrent”, net by legal entity, according to the related accounting standard.

#### 4.15. Leases

The definition of an agreement as lease is based on its initial date, i.e., if compliance with the arrangement depends on the use of a specific asset or assets or the arrangement transfers the right to use the asset.

The company rents equipments and commercial rooms, including stores and distribution centers, through cancelable and non cancelable lease agreements. The agreements length vary from from 5 to 25 years.

#### Company and its subsidiaries as lessees

Financial lease agreements, which transfer to the Company and its subsidiaries substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or at the present value of the minimum lease payments, whichever is lower. Lease payments are allocated between financial charges and reduction of lease liabilities so as to achieve a constant interest rate in the remaining balance of liabilities. Financial charges are recognized as an expense in the year.

Leased assets are depreciated over their useful lives. However, if there is no reasonable certainty that the Company and its subsidiaries will obtain ownership by the end of the lease term, the asset is depreciated over its estimated useful life or the lease term, whichever is shorter. The leasehold improvements and rebuilding follow the same rule.

Lease agreements are classified as operating leases when there is no transfer of risk and benefits incidental to ownership of the leased item.

The installment payments of leases (excluding service costs, such as insurance and maintenance) classified as operating lease agreements are recognized as expenses, on straight-line basis, during the lease term.

Contingent rentals are recognized as expenses in the years they are incurred.

*Company and its subsidiaries as lessors*

Lease agreements where the Company does not transfer substantially all the risks and benefits incidental to ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the agreement term on the same basis as rental income.

Contingent rentals are recognized as revenue in the periods in which they are earned.

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### **4. Significant accounting policies – Continued**

#### **4.16. Provisions**

Provisions are recognized when the Company and its subsidiaries have present obligation (legal or not formalized) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the obligation can be reliably estimated. Where the Company and its subsidiaries expect a provision to be fully or partially reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to the eventual provision is recognized in profit or loss for the year, net of any reimbursement. In cases of attorney's fees in favorable court decisions, the Company and its subsidiaries' policy is to make a provision when fees are incurred, i.e., upon final judgment on lawsuits, as well as disclose in notes the amounts involved in lawsuits in progress.

#### **4.17. Dividend distribution**

Dividend distribution to the Company's shareholders is recognized as a liability at the year-end, based on the minimum mandatory dividends established by the Bylaws. Exceeding amounts are only recorded at the date on which said additional dividends are approved by the Company's shareholders.

#### **4.18. Deferred Revenue**

The Company records deferred revenue related to amounts received from business partners for the exclusivity intermediation services of additional or extended warranties, recognized in income by evidence of the service rendered in the sale of these warranties jointly with the business partners.

#### **4.19. Equity**

Common and preferred shares are classified as equity.

When the Company purchases its own shares (treasury shares), the remuneration paid, including any directly attributable incremental costs, is deducted from equity, and are recorded as treasury shares until the shares are cancelled or reissued to the market. When these shares are subsequently reissued, any remuneration received, net of any directly attributable incremental transaction costs, is included in equity. No gain or loss is recognized on the purchase, sale, issue or cancellation of the Company's own equity

instruments. Any difference between the carrying amount and the remuneration is recognized in other capital reserves.

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### 4. Significant accounting policies – Continued

#### 4.20. Share-based payment

Employees (including senior executives) receive compensation in the form of share-based payment, whereby employees render services in exchange for equity instruments (“equity-settled transactions”).

#### *Equity-settled transactions*

The cost of equity-settled transactions is recognized as an expense in the year, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are met. Cumulative expenses recognized for equity instruments at each reporting date until the vesting date reflect the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest.

Each year’s expenses or income represents the change in the cumulative expenses recognized at the beginning and the end of that year. No expense is recognized for services that will not complete the vesting period, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is met, provided that all other performance and/or service conditions are met.

When an equity instrument is modified, the minimum expense recognized is the expense that would have been incurred if the terms had not been modified, an additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee, as measured at the date of modification.



When an equity instrument is cancelled, it is treated as fully vested on the date of cancellation, and any expense not yet recognized related to the premium are immediately recognized in profit or loss for the year. This includes any premium whose non-vesting conditions within the control of either the Company or the employee are not met. However, if the cancelled plan is replaced by another plan and designated as a replacement grants on the date that it is granted, the cancelled grant and the new plan are treated as if they were a modification of the original grant, as described in the previous paragraph. All cancellations of equity-settled transactions are treated equally.

The dilutive effect of outstanding options is reflected as an additional share dilution in the calculation of diluted earnings per share (see note 30).

#### 4.21.Earnings per share

Basic earnings per share are calculated based on the weighted average number of outstanding shares of each category during the year, and treasury shares.

Diluted earnings per share are calculated as follows:

- *numerator*: profit for the year adjusted by dilutive effects from stock options granted by subsidiaries; and
- *denominator*: the number of shares of each category adjusted to include potential shares corresponding to dilutive instruments (stock options), less the number of shares that could be bought back at market, if applicable.

Equity instruments that will or may be settled in Company and subsidiaries' shares are only included in the calculation when said settlement has a dilutive impact on earnings per share.

## Companhia Brasileira de Distribuição

Notes to the consolidated financial statements

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(In millions of Brazilian reais, unless otherwise stated)

### 4. Significant accounting policies -Continued

#### 4.22.Determination of net income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, and it can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company and its subsidiaries have concluded that it is acting as a principal in all of its revenue arrangements, except for those referring to extended warranties and insurance policy brokerage, among others. Specifically in these cases, the Company and its subsidiaries operate as agents, and revenue is recognized on a net basis, which reflects the commission received from insurance companies. The following specific recognition criteria must also be met before revenue is recognized:

(i) *Revenue*

a) *Sale of goods*

Revenue from sale of goods are recognized at their fair value and, when all the risks and benefits inherent to said good are transferred to the buyer, the Company and its subsidiaries cease to hold control or responsibility for the goods sold and the economic benefits generated to the Company and its subsidiaries are probable. No revenue is recognized if their realization is uncertain.

b) *Service revenue*

Due to the Company and its subsidiaries' actions as agents in insurance extended warranty, financial protection insurance, personal accident insurance, sales agents in technical assistance and mobile phone recharge, revenues earned are presented net of related costs and recognized in profit or loss when probable that the economic benefits will flow to the Company and their values can be measured reliably.

c) Finance service revenue

As the activity of customer financing is an important part of the Company and its subsidiaries' business, for all financial instruments measured at amortized cost, revenue is recorded using the effective interest rate, which discounts exactly the estimated future cash receipts through the expected life of the financial instrument, or a shorter period of time, where applicable, to the net carrying amount of the asset, Interest income is included under financial services, composing the Company's gross profit in the income statement.

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### 4. Significant accounting policies – Continued

#### 4.22. Determination of net income – Continued

(i) *Revenue* - Continued

d) *Interest income*

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate, which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the financial result in the income statement for the year.

e) *Barter revenue*

Revenues are recognized: (i) at the time of conclusion of the swap of land owned by GPA M&P at the fair value of the consideration received on the barter date, (ii) upon delivery of the units sold by GPA M&P. The cost of the units sold comprises the fair value of the initially recognized barter.

f) *Returns and cancellations*

Returns and cancellations are recognized when incurred. When the sales are recorded, the assumptions are based in the volumes of sales and historic of returns in each reporting segment. Revenue is recorded net of returns and cancellations.

(ii) *Cost of goods sold*

The cost of goods sold comprises the cost of purchases net discounts and bonuses received from vendors, changes in inventories and logistics costs.

Rebates received from suppliers are measured based on contracts and agreements signed with them.

The cost of sales includes the cost of logistics operations managed or outsourced by the Company and its subsidiaries', comprising warehousing, handling and freight costs incurred until the goods are available for sale. Transport costs are included in the acquisition costs.

(iii) *Selling expenses*

Selling expenses comprise all store expenses, such as salaries, marketing, occupancy, maintenance, expenses with credit card companies, etc.

Marketing expenses refer to advertising campaigns for each segment in which the Group operates. The main media used by the Group are: radio, television, newspapers and magazines. These expenses are recognized in profit or loss for the year at the time of realization, net of amounts received from suppliers joining the campaigns.

(iv) *General and administrative expenses*

General and administrative expenses correspond to overhead and the cost of corporate units, including the purchasing and procurement, information technology and financial areas.



## Companhia Brasileira de Distribuição

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### 4. Significant accounting policies – Continued

#### 4.22. Determination of net income – Continued

(v) *Other operating expenses, net*

Other operating income and expenses correspond to the effects of major events non recurring or unusual occurring during the year that do not meet the definition for the other income statement lines.

(vi) *Financial result*

Financial expenses include substantially all expenses generated by net debt and receivables sold during the year, offset by capitalized interest, losses related to the measurement of derivatives at fair value, losses on disposals of financial assets, financial charges on lawsuits and taxes and interest charges on financial leases, as well as discount charges.

Financial income includes income generated by cash and cash equivalents and restricted deposits, gains related to the measurement of derivatives at fair value.

#### 4.23. Taxation

*Current income and social contribution taxes*

Current income and social contribution tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to calculate taxes are those in force or substantially in force at the end of the balance sheet dates.

Income taxes comprise Corporate Income Tax (“IRPJ”) and Social Contribution on Net Income (“CSLL”), calculated based on taxable income (adjusted income), at the applicable rates set forth in the legislation in force: 15% on taxable income plus a additional 10% on annual taxable income exceeding R\$240 for IRPJ, and 9% for CSLL.

*Deferred income and social contribution taxes*

Deferred income and social contribution taxes are generated by temporary differences at the end of the reporting periods between the tax basis of assets and liabilities and their carrying amounts.

Deferred income tax and social contribution tax assets are recognized for all deductible temporary differences and unused tax loss carryforwards to the extent that it is probable that taxable income will be available against which to deduct temporary differences and unused tax loss carryforwards, except where the deferred income and social contribution tax assets relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor tax income or losses.

Deferred income and social contribution tax liabilities are recognized for all temporary taxable differences, except when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in an transaction other than a business combination and which, at the time of the transaction, affects neither accounting profit nor tax losses.

With respect to deductible temporary differences associated with investments in subsidiaries and associates, deferred income and social contribution taxes are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.



## Companhia Brasileira de Distribuição

Notes to the consolidated financial statements

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### 4. Significant accounting policies – Continued

#### 4.23. Taxation – Continued

The carrying amount of deferred income and social contribution tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income and social contribution taxes to be utilized.

Unrecognized deferred income and social contribution tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will allow these assets to be recovered.

Deferred income and social contribution tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) in effect or substantively in effect at the end of the reporting period.

Deferred taxes related to items directly recognized in equity are also recognized in equity and not in the income statement.

Deferred income and social contribution tax assets and liabilities are offset if there is a legal or contractual right to offset tax assets against income tax liabilities, and the deferred taxes refer to the same taxpayer entity and to the same tax authority.

#### *Other taxes*

Revenue from sales of goods and services are subject to taxation by State Value-Added Tax (“ICMS”) and Services Tax (“ISS”), calculated based on the rates applicable to each region, as well as contribution for the Social Integration Program (“PIS”) and contribution for Social Security Financing (“COFINS”), and are

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presented net of sales revenue.

Revenue and expenses are recognized net of taxes, except where the sales tax incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

#### 4.24. Business combinations and goodwill

Business combinations are recorded using the acquisition method. The cost of an acquisition is measured as the sum between the consideration transferred, measured at fair value on the acquisition date, and the remaining amount of non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquired at fair value or through the proportional interest in the acquiree identifiable net assets. The acquisition costs incurred are treated as an expense and included in administrative expenses.

When the Company acquires a business, it assesses its financial assets and liabilities in order to appropriately classify and designate them in accordance with contractual terms, economic circumstances and relevant conditions on the acquisition date. This includes the separation of derivatives embedded in agreements by the acquiree.

If the business combination occurs in phases, the fair value on the acquisition date of the interest previously held by the acquirer in acquiree is adjusted to fair value on the acquisition date through profit or loss.

Any contingent payment to be transferred by the acquirer will be recognized at fair value on the acquisition date. Subsequent changes in the fair value of the contingent payment considered as an asset or liability will be recognized through profit or loss or as a change in other comprehensive income.

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### 4. Significant accounting policies – Continued

#### 4.24. Business combinations and goodwill - Continued

Goodwill is initially measured at cost and is the excess between the consideration transferred and the non-controlling interest in assets and assumed liabilities, If this payment is lower than the fair value of the acquirer's net assets, the difference is recognized in profit or loss as bargain purchase gain.

After initial recognition, goodwill is measured at cost, less any impairment losses. For impairment testing purposes, the goodwill acquired in a business combination is, as of the acquisition date, allocated to the operating segment level that will benefit from the business combination, regardless of whether other assets or liabilities of the acquire will be assigned to these units.

When goodwill is part of a cash-generating unit and part of the operation at this unit is sold, the goodwill related to the sold operation is included in the book amount of the operation when calculating profit or loss from the sale of the operation. This goodwill is then measured based on the relative amounts of the sold operation and part of the cash-generating unit which was maintained.

#### 4.25. Accounting for equity investments at cost deriving from corporate restructuring and performed with related parties

Company accounts at historical cost the interest deriving from corporate restructuring performed with related parties. Difference between the acquiring value and historical cost is recorded in shareholders' equity, when the interest acquired is from companies under common control. Such transactions do not qualify as business combination in the terms of CPC 15(R1)/ IFRS 3.

#### 4.26. Foreign currency translation

The financial statements are presented in Reais, the functional currency of the Group's Parent Company. Each entity determines its own functional currency and all their financial transactions are measured in that currency.

The financial statements of foreign subsidiaries that use a different functional currency from the Parent Company are translated into Reais, at closing date according to the following:

- Assets and liabilities, including goodwill and fair value adjustments, are translated into reais at the closing rate;
- Income statement and cash flow items are translated into reais using the average rate unless significant variances occurs, when is used the rate of the transaction date ;
- Equity is recorded into Reais at historical cost and the exchange rate variation is recorded in equity valuation adjustments as other comprehensive income.

Exchange differences are recognized within a separate component of equity. When a foreign operation is sold, the accumulated value of exchange differences on the equity is reclassified to profit or loss.

The resulting exchange differences are recognized directly within a separate component of equity. When a foreign operation is disposed of, the cumulative amount of the exchange differences in equity relating to that operation is reclassified to profit or loss.

Foreign currency transactions (i.e transactions that use currency different from functional currency of entity) are translated using the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate and the resulting exchange differences are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the transaction date.

## Companhia Brasileira de Distribuição

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### 4. Significant accounting policies – Continued

#### 4.27. Pension plan

The pension plan is funded through payments to insurance companies, which are classified as a defined contribution plan according to CPC 33 (R1) / (IAS 19). A defined contribution plan is a pension plan whereby an entity pays fixed contributions to a separate legal entity. The Company and its subsidiaries' have no legal or constructive obligation to pay additional contributions in relation to the plan's assets.

The defined benefit plan is granted only to employees of GPA subsidiaries headquartered in France, since its employees are eligible to a compensation to be paid in retirement. The French entities obligation is measured using the projected unit credit method based on the agreements effective in each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The final obligation is then discounted to the present value. The obligation is evaluated by independent actuaries, at least, annually for the employment termination benefit. Assumptions include expected rate of future salary increases, estimated average working life of employees, life expectancy and staff turnover rates.

Actuarial gains and losses arise from the effects of changes in actuarial assumptions and historical adjustments (differences between results based on previous actuarial assumptions and what has actually occurred). All gains and losses arising on defined benefit plans are recognized in equity.

The past service cost related to an increase in the obligation resulting from the introduction of, or changes to, benefit plans, is recognized as an expense on the period.

Expenses related to defined benefit plans are recognized in operating expenses (service cost) or other financial income and expense (interest cost and expected return on plan assets).

Curtailments, settlements and past service costs are recognized in operating expenses or other financial income and expense depending on their nature. The liability recognized in the balance sheet is measured as the net present value of the obligation, less the fair value of plan assets and unrecognized past service cost.

#### 4.28. Customer loyalty programs

Used by the Company and its subsidiaries to provide incentives to its customers in the sale of products or services. If customers buy products or services, the Company and its subsidiaries grant them credits. Customers may redeem the credits free of charge as a discount in the amount of products or services, in next purchases.

The Company and its subsidiaries estimate the fair value of the points granted according to the “Programa Mais” customer loyalty plan, by applying statistical techniques, considering the two-year expiration of the plan defined in the regulations, the percentages of points conversion, and the cost of conversion, which starts by converting 3,000 points into twenty reais (R\$20.00) and 750 points into five reais (R\$ 5.00) in products for “Programa Mais” and “Clube Extra”, respectively.

The Company and its subsidiaries recognize the points initially granted and the reversal of points expired under net sales.

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### **4. Significant accounting policies – Continued**

#### **4.29. Statement of value added**

This statement is intended to evidence the wealth created by the Group and its distribution in a given year and is presented as required by Brazilian Corporation Law as part of its parent company and consolidated financial statements, as it is neither mandatory nor established by IFRS.

This statement was prepared based on information obtained from accounting records which provide the basis for the preparation of the financial statements, additional records, and in accordance with technical pronouncement CPC 09 – Statement of Value Added, The first part presents the wealth created by the Company and its subsidiaries, represented by revenue (gross sale revenue, including taxes, other revenue and the effects of the allowance for doubtful accounts), inputs acquired from third parties (cost of sales and acquisition of materials, energy and outsourced services, including taxes at the time of acquisition, the effects of losses and the recovery of assets, and depreciation and amortization) and value added received from third parties (equity in the earnings of subsidiaries, financial income and other revenues). The second part of the statement presents the distribution of wealth among personnel, taxes, fees and contributions; and value distributed to third party creditors and shareholders.

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**5. Adoption of new standards, amendments to and interpretations of existing standards issued by the IASB and CPC and standards issued but not yet effective****5.1. Changes to IFRS and new interpretations of mandatory application starting at the current year**

In 2015, the Company applied amendments and new interpretations to IFRSs and CPCs issued by IASB and CPC, enter necessarily effective for accounting periods beginning on January 1, 2014. The mainly changes are:

| <b>Statement</b>                              | <b>Description</b>   | <b>Impact</b>  |
|---|--|--|
| Annual improvements to IFRSs: 2010-2012 cycle | Changes to IFRS 2 – Definition of vesting conditions, market and performance, IFRS 3 – Describes changes in the measurement of contingent considerations, IFRS 8 – Requires disclosure of management’s judgment regarding the application of aggregation, IFRS 13 – Measurement of short term receivables and payables, IAS 16 and IAS 38 – Case of revaluation of assets and IAS 24 – Disclosure of entities providing management services; | The application of these changes had no impact on the individual and consolidated financial statements |
| Annual improvements to IFRSs: 2011-2013 cycle | Amendments to IFRS 1 - Defines the IFRS versions that can be used in first-time adoption, IFRS 3 – Establishes scope exemption for joint ventures, IFRS 13 – Clarifies the scope of portfolio exception in paragraph 52; IAS 40 – Clarifies the interrelationship between IFRS 3 and IAS 40 in certain cases.  | The application of these changes had no impact on the individual and consolidated financial statements |
| Amendments to IAS 19 – Defined Benefit Plan   | Clarifies how contributions should be recognized as a reduction in the service cost;   | The application of these changes had no impact on the individual and consolidated financial statements |



On August 12, 2014, IASB published amendments to IAS27, including the equity method as one of the options for financial evaluation of investments in subsidiaries, joint ventures and associates in separated financial statements. These changes will be effective for periods beginning on or after January 1st, 2016, with earlier application permitted.

In December 2014, CPC edited and issued a document amending the Technical Pronouncements CPC 18, CPC 35 and CPC 37, incorporating in Brazil the amendments introduced by IASB in IAS27, which was approved by CVM by Resolution 733/14, applicable for financial statements prepared after December,2014.

The Company adopted this standard, although there is no consequence, since it had already adopted the equity method in the individual financial statements as required by the accounting practices adopted in Brazil. As a result there are no differences between CPCs and IFRS related to investments in subsidiaries and affiliates in the individual financial statements.

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**5. Adoption of new standards, amendments to and interpretations of existing standards issued by the IASB and CPC and standards issued but not yet effective - continued****5.2. New Standards reviewed already issued but not yet adopted**

The Company has not early adopted the following new and revised IFRSs already issued and not yet effective:

| <b>Pronouncement</b>   | <b>Description</b>   | <b>Applicable to<br/>annual periods<br/>beginning on or<br/>after</b> |
|--|--|---|
| Annual improvements to IFRSs: 2012-2014 cycle  | Changes to IFRS 5 – In situations where asset are held for sale or distribution, IFRS 7 – Clarification on whether a service agreement represents continued involvement with a transferred asset, IAS 9 – Considerations on the discount rate of the post-employment benefit and IAS 34. | 01/01/2016  |
| Changes in IAS1 – Disclosure   | Improvements to understand materiality concepts  | 01/01/2016  |
| Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture | The sale or contribution considered as a business (IFRS 3) must be recognized in the investor's financial statements, and must be partially recognized in the statement of profit or loss when it is not considered as a business.   | 01/01/2016  |
| Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment entities: application of exception for consolidation purposes     | Clarifies the exemption of consolidated financial statements preparation involving investment entities   | 01/01/2016  |
| IFRS 9 – Financial Instruments   | Several changes in classification and measurement, measurement of impairment and hedge accounting.   | 01/01/2018  |
| IFRS 15 – Revenue from contracts with customers  | Implements a principle-based model and a definitive guide as when to recognize revenue. It also introduces   | 01/01/2018  |

|  |   |            |
|--|---|------------|
|  | new disclosures.  |            |
| Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization | Determines that the use of depreciation and amortization using the revenue curve is inappropriate.  | 01/01/2016 |
| Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations                   | Requires acquirers of interests in joint operations in which the activity of the joint operation constitutes a business combination (IFRS 3) to apply the entire Business Combination concept, except for interests that conflict with IFRS 11. | 01/01/2016 |
| IFRS 16 – Leases   | Requires a review on lease arrangements for both lessors and lessees, replacing IAS 17. The definition of finance lease disappear, except for short-term leases and for contracts involving immaterial amounts.                                 | 01/01/2019 |

The Company is analyzing the impacts of the standards. Specifically in relation to IFRS16 there are expected relevant impacts in the financial statements when adopting this standard. Until this date they are measured.

There are no other standards and interpretations issued but not yet adopted that, in management's opinion, have a significant impact on net income or equity disclosed by the Company in its individual and consolidated financial statements.

## Companhia Brasileira de Distribuição

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### 6. Significant accounting judgments, estimates and assumptions

The preparation of the individual and consolidated financial statements of the Company requires Management to make judgments, estimates and assumptions that impact the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the year; however, uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of the asset or liability impacted in future periods. In the process of applying the Company's accounting policies, Management has made the following judgments, which have the most significant impact on the amounts recognized in the parent company and consolidated financial statements:

#### 6.1. Financial lease commitments – Company as a lessee

The Company and its subsidiaries have entered into commercial property lease agreements in their leased property portfolio and, based on an evaluation of the terms and of conditions of the agreements, it retains all the significant risks and of rewards of ownership of these properties and recorded the agreements as financial lease.

#### 6.2. Impairment

According to the method disclosed in note 4.9, the Company performed test to verify that the assets might not be recoverable and the year ended December 31, 2015, based on those tests, there was no need for the provision.

The procedure for verification of non-recoverability of property and equipment, consisted in allocating operating assets and intangible assets (such as Commercial rights) directly attributable to the Cash Generating Units – UGC (stores), The steps of the test were as follows:

- Step 1: compared the carrying amount of UGCs with a multiple of sales (30% to 35%), representing transactions between retail companies, For UGCs multiple-valued lower than the carrying amount, we come to a more detailed method, described in Step 3;

- Step 2: for a selection of owned stores of UGCs (owned stores), we considered an evaluation report issued by independent experts and if it had indicated an impairment loss then we applied the same procedures used for third-parties UGCs, described in Step 3; and
- Step 3: we prepare the discounted cash flow of UGC, using sales growth between 6.7% and 8% (5.9% and 7.5% on December 31, 2014) for the next 5 years. The discount rate used was 12.5% (11.37% on December 31, 2014).

For the purposes of impairment test, goodwill acquired through business combinations and licenses with indefinite life was allocated to cash generating units, which are also operational segments that disclose financial information, being Retail, Home Appliances, Whole service and E-commerce.

Segments' recoverable value is calculated using the value in use based on estimated cash from financial budgets approved by senior management for the following three years. The discount rate before income tax on cash flow projections is 12.5% (11.37% on December 31, 2014), and the cash flows exceeding three years are extrapolated using a growth rate of 6.2% for retail and home appliances and 8% for cash and carry (6.7% on December 31, 2014). Based on this analysis, no provision for impairment was necessary.

The self-service wholesale brand refers to "ASSAÍ", and the home appliance brands refer to "PONTO FRIO" and "CASAS BAHIA". These brands were recorded due to the business combinations with companies that held right over them.

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### 6. Significant accounting judgments, estimates and assumptions

The amount was tested for impairment based on the income approach methodology - relief from royalty, which consists of determining the asset value by measuring the fair value of future benefits. Given the brand's indefinite useful life, we considered a perpetuity growth rate of 6.6% (6.7% on December 31, 2014) during the preparation of the discounted cash flow. The royalty rate used was 0.4% for "ASSAI" brand, 0.7% for "PONTO FRIO" and 0.9% for "CASAS BAHIA".

#### 6.3. Income taxes

Given the nature and complexity of the Group business, the differences between actual results and assumptions, or future changes to such assumptions, could result in future adjustments to already recorded tax revenue and expenses. The Company and its subsidiaries record provisions, based on reasonable estimates, for the eventual consequences of audits by the tax authorities of the respective countries in which it operates. The amount of these provisions is based on various factors, such as previous tax audits and different interpretations of tax regulations by the taxpayer and the appropriate tax authority. Such differences in interpretation may refer to a wide range of issues, depending on the conditions prevailing in the respective entity's domicile.

Deferred income and social contribution tax assets are recognized for all unused tax losses to the extent that it is probable that taxable income will be available against which to offset the tax credits. Significant Management judgment is required to determine the amount of deferred income and social contribution tax assets that can be recognized, based on income estimates and future taxable income, based on the annual business plan approved by the Board of Directors.

The Company and its subsidiaries' tax losses carryforward amounting to a tax benefit of R\$232 at December 31, 2015 (R\$354 at December 31, 2014). Company writes-off or constitutes a provision when income tax and social contribution credits fulfillment is not probable and as of December 31, 2015 an estimated loss of R\$232 for non realization of income tax was recorded. These losses do not expire; therefore their use is limited by law to 30% of taxable income for each year. The amounts relate to the Company and its subsidiaries that have tax planning opportunities for the use of these balances. Further details on taxes are disclosed in Note 20.

#### 6.4. Fair value of derivatives and other financial instruments

When the fair value of financial assets and liabilities recorded in the financial statements cannot be obtained in active markets, it is determined according to the hierarchy set by technical pronouncement CPC 38 (IAS39), which establishes certain valuation techniques, including the discounted cash flow model. The data for these models are obtained, whenever possible, from observable markets or from information on comparable operations and transactions in the market. The judgments include the analyses of data, such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors may affect the reported fair value of financial instruments.

The fair value of financial instruments actively traded on organized markets is determined based on market quotes, at the end of the reporting periods. For financial instruments not actively traded, the fair value is based on valuation techniques defined by the Company and compatible with usual market practices. These techniques include the use of recent market arm's length transactions, the benchmarking of the fair value of similar financial instruments, the analysis of discounted cash flows or other valuation models.

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### 6. Significant accounting judgments, estimates and assumptions - continued

#### 6.5. Share-based payments

The Company measures the costs of transactions with employees eligible to share-based remuneration based on the fair value of the equity instruments on the grant date. Estimating the fair value of share-based payment transactions requires determining the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs for the valuation model, including the expected useful life of the stock options, volatility and dividend yield, as well as making assumptions about them. The assumptions and models used to estimate the fair value of share-based payment transactions are disclosed in note 25.5.

#### 6.6. Provision for contingencies

The Company and its subsidiaries are parties to several judicial and administrative proceedings, (see note 22), Provisions for legal claims are recognized for all cases representing reasonably estimated probable losses. The assessment of the likelihood of loss takes into account available evidence, the hierarchy of laws, former court decisions and their legal significance, as well as the legal counsel's opinion. The Company's management concluded that the provisions for tax, civil and labor claims are adequately presented in the parent company and consolidated financial statements.

#### 6.7. Estimated losses in allowance for doubtful accounts

The subsidiary Via Varejo has in its accounts receivable the amount of installment sales to be received by individual customers, over which, the estimation of losses is made in accordance with the expected percentage of losses, obtained through the observation of the historical behavior of the portfolio and updated at each reporting date.

#### 6.8. Tax recoverable



The Company and its subsidiaries have tax recoverable mainly related to ICMS, ICMS from Tax Substitution, PIS and Cofins. The utilization of its taxes is made based on the projections prepared by management, operational issues and the consumption of the credits by the companies in the group. Further details, see note 11 of credits and compensation.

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(In millions of Brazilian reais, unless otherwise stated)

**6. Significant accounting judgments, estimates and assumptions - continued****6.9. Inventories**

Inventories are measured by the lowest between the acquisition cost and its amount realizable, calculated by the average cost. The realizable net amount is calculated by the average sales price, deducted from: (i) taxes over sales, (ii) personnel expenses directly related to inventories, (iii) purchase cost, e (iv) other costs necessary to bring the product in condition of sales, except for the business e-commerce, which understanding is that such practice is not adopted. Inventories are reduced to its realizable value though the estimations of shrinkage, scrap, slow moving and obsolescence and estimation fo merchandise that will be sold with negative gross margin, including for products displayed in the stores.

**7. Cash and cash equivalents**

|                                | <u>Rate</u> | <u>Parent Company</u> |                   | <u>Consolidated</u> |                   |
|--------------------------------|-------------|-----------------------|-------------------|---------------------|-------------------|
|                                |             | <u>12.31.2015</u>     | <u>12.31.2014</u> | <u>12.31.2015</u>   | <u>12.31.2014</u> |
| Cash and banks - Brazil        |             | 171                   | 131               | 409                 | 384               |
| Cash and banks - Abroad        | (*)         | -                     | -                 | 131                 | 368               |
| Financial investments - Brazil | (**)        | 2,076                 | 2,792             | 10,446              | 9,761             |
| Financial investments - Abroad | 1%per year  | -                     | -                 | 29                  | 636               |
|                                |             | <b>2,247</b>          | <b>2,923</b>      | <b>11,015</b>       | <b>11,149</b>     |

(\*)From the total cash and banks of R\$ 131, R\$ 28, is deposited in Panama in United States dollars.The other part and financial investments – abroad, in euros, are from the companies of e-commerce segment, located abroad.

(\*\*) Financial investments as at December 31, 2015 refer substantially to repurchase agreements, paid a weighted average rate equivalent to 100.5% of the Interbank Deposit Certificate (“CDI”) and redeemable in terms of less than 90 days as of investment date.

**8. Trade receivables**

|  | <u>Parent Company</u> |                   | <u>Consolidated</u> |                   |
|--|-----------------------|-------------------|---------------------|-------------------|
|  | <u>12.31.2015</u>     | <u>12.31.2014</u> | <u>12.31.2015</u>   | <u>12.31.2014</u> |

|  |            |     | <b>Restated</b> | <b>Restated</b> |
|--|------------|-----|-----------------|-----------------|
| Credit card companies (note 8.1)                 | <b>94</b>  | 57  | <b>664</b>      | 191             |
| Sales vouchers                                   | <b>80</b>  | 75  | <b>189</b>      | 169             |
| Consumer finance - CDCI (note 8.2)               | -          | -   | <b>1,877</b>    | 2,268           |
| Trade receivable from cash and carry customers   | -          | -   | <b>355</b>      | 316             |
| Private label credit card                        | <b>35</b>  | 20  | <b>35</b>       | 20              |
| Receivables from related parties (note 12.2)     | <b>59</b>  | 115 | <b>66</b>       | 28              |
| Receivables from suppliers                       | <b>119</b> | 36  | <b>164</b>      | 256             |
| Extended warranties                              | -          | -   | <b>211</b>      | 237             |
| Other trade receivables from customers           | -          | 2   | <b>28</b>       | 35              |
| Estimated loss on doubtful accounts (note 8.3)   | -          | -   | <b>(379)</b>    | (344)           |
| Current  | <b>387</b> | 305 | <b>3,210</b>    | 3,176           |
| Consumer finance – CDCI (note 8.2)               | -          | -   | <b>111</b>      | 115             |
| Estimated losses on doubtful accounts (note 8.3) | -          | -   | <b>(13)</b>     | (10)            |
| Noncurrent                                       | -          | -   | <b>98</b>       | 105             |
|  | <b>387</b> | 305 | <b>3,308</b>    | 3,281           |

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**8. Trade receivables –Continued****8.1. Credit card companies**

The Company and its subsidiaries, when deemed necessary, sell credit card receivables to banks or credit card companies in order to strengthen their working capital, without right of subrogation or related obligation.

**8.2. Consumer finance – CDCI – Via Varejo**

Refers to direct consumer credit through an intervening party (CDCI), which can be paid in up to 24 installments, however, the most frequent term is less than 12 months. Over these amounts are calculated contractual interests, which financial revenue is recognized by the method of appropriation of the interest, over the time.

Via Varejo maintains agreements with financial institutions where it is designated as the intervening party of these operations (see note 17).

**8.3. Estimated losses on doubtful accounts**

|                                   | <b><u>Parent Company</u></b> |                          | <b><u>Consolidated</u></b> |                          |
|-----------------------------------|------------------------------|--------------------------|----------------------------|--------------------------|
|                                   | <b><u>12.31.2015</u></b>     | <b><u>12.31.2014</u></b> | <b><u>12.31.2015</u></b>   | <b><u>12.31.2014</u></b> |
|                                   |                              |                          | <b>Restated</b>            | <b>Restated</b>          |
| At the beginning of the period    | -                            | (3)                      | (354)                      | (239)                    |
| Loss/reversal in the period       | (2)                          | -                        | (556)                      | (522)                    |
| Write-off of receivables          | 2                            | 3                        | 544                        | 494                      |
| Corporate restructuring (note 13) | -                            | -                        | -                          | (82)                     |
| Exchange rate changes             | -                            | -                        | (26)                       | (5)                      |
| At the end of the period          | -                            | -                        | (392)                      | (354)                    |
| Current                           | -                            | -                        | (379)                      | (344)                    |
| Noncurrent                        | -                            | -                        | (13)                       | (10)                     |

Below is the aging list of consolidated gross receivables, by maturity period:

Past-due receivables

|                   |                 | Total        | Falling due  | <30 days   | 30-60 days | 61-90 days | >90 days   |
|-------------------|-----------------|--------------|--------------|------------|------------|------------|------------|
| <b>12.31.2015</b> | <b>Restated</b> | <b>3,700</b> | <b>3,252</b> | <b>133</b> | <b>82</b>  | <b>52</b>  | <b>181</b> |
| 12.31.2014        | Restated        | 3,635        | 3,199        | 141        | 60         | 39         | 196        |

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**9. Other receivables**

|  | <u>Parent Company</u> |                   | <u>Consolidated</u> |                   |
|--|-----------------------|-------------------|---------------------|-------------------|
|  | <u>12.31.2015</u>     | <u>12.31.2014</u> | <u>12.31.2015</u>   | <u>12.31.2014</u> |
|  |                       |                   | Restated            | Restated          |
| Receivables from sale of fixed assets        | 20                    | 11                | 38                  | 45                |
| Supplier receivables (note 9.2)              | -                     | -                 | 21                  | 30                |
| Advances to suppliers                        | -                     | -                 | -                   | 11                |
| Rental advances                              | 11                    | 14                | 11                  | 14                |
| Receivables from Audax                       | 7                     | 7                 | 13                  | 13                |
| Amounts to be reimbursed                     | 37                    | 29                | 115                 | 108               |
| Rental receivable                            | 68                    | 38                | 86                  | 51                |
| Receivable from Paes Mendonça (note 9.1)     | -                     | -                 | 532                 | 532               |
| Receivable from sale of companies (note 9.3) | 52                    | 54                | 105                 | 54                |
| Other  | 5                     | 4                 | 79                  | 36                |
|  | <b>200</b>            | 157               | <b>1,000</b>        | 894               |
| Current                                      | <b>133</b>            | 75                | <b>375</b>          | 258               |
| Noncurrent                                   | <b>67</b>             | 82                | <b>625</b>          | 636               |
| 9.1. Accounts receivable – Paes Mendonça.    |                       |                   |                     |                   |

Accounts receivable from Paes Mendonça relate to amounts deriving from the payment of third-party liabilities by the subsidiaries, Novasoc and Sendas. Pursuant to contractual provisions, these accounts receivable are guaranteed by commercial lease rights (“Commercial rights”) of certain stores currently operated by the Company, Novasoc, Sendas and Xantocarpa. The maturity of the accounts receivable is linked to the lease agreements and is currently tacitly renewed and were kept on noncurrent, due to the possibility of conversion of payment of intangibles of leased stores.

**9.2. Supplier receivables**

Derive from the compliance with purchase volume, price protection, and as part of agreements defining the supplier’s participation in marketing and advertising expenses.

**9.3. Accounts receivable from the sale of companies**

Accounts receivable related to the exercise by the counterparty, of an option to buy gas stations. The original amount of this receivable was R\$50, subsequently monetary restated since the signature of the agreement on May 28, 2012, at a rate of 110% of the CDI, with payment in 240 monthly installments.

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**10. Inventories**

|   | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|---|-----------------------|-------------------|---------------------|-------------------|
|   | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
|   |                       |                   | <b>Restated</b>     | <b>Restated</b>   |
| Stores (note 10.1)  | <b>1,703</b>          | 1,510             | <b>4,323</b>        | 4,089             |
| Distribution centers ( note 10.1)                         | <b>1,139</b>          | 987               | <b>4,627</b>        | 4,366             |
| Real estate inventories under construction (note 10.3)    | -                     | -                 | <b>165</b>          | 172               |
| Estimated losses on obsolescence and breakage (note 10.2) | <b>(14)</b>           | (10)              | <b>(150)</b>        | (91)              |
|   | <b>2,828</b>          | 2,487             | <b>8,965</b>        | 8,536             |
| Current   | <b>2,828</b>          | 2,487             | <b>8,965</b>        | 8,364             |
| Noncurrent  | -                     | -                 | -                   | 172               |

## 10.1. Bonuses in inventories and storage cost

The Company and subsidiaries record bonuses received from vendors and the storage costs in the statement of profit or loss as the inventories that gave rise to the bonuses and the stored costs are realized, except for the e-commerce segment where stored costs are directly recorded as expense.

## 10.2. Estimated losses on obsolescence and breakage

|                                       | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|---------------------------------------|-----------------------|-------------------|---------------------|-------------------|
|                                       | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
|                                       |                       |                   | <b>Restated</b>     | <b>Restated</b>   |
| <b>At the beginning of the period</b> | <b>(10)</b>           | (12)              | <b>(91)</b>         | (51)              |
| Additions                             | <b>(14)</b>           | (8)               | <b>(129)</b>        | (91)              |
| Write-offs / reversal                 | <b>10</b>             | 10                | <b>72</b>           | 58                |
| Corporate restructuring (note 13)     | -                     | -                 | -                   | (7)               |
| Exchange rate changes                 | -                     | -                 | <b>(2)</b>          | -                 |
| <b>At the end of the period</b>       | <b>(14)</b>           | (10)              | <b>(150)</b>        | (91)              |

## 10.3. Inventories under construction



The amount of inventories of real estate units under construction refers to the fair value of the barter of land for real estate units, based on the market value of real estate units received, as observed in comparable market transactions.

This balance refers to the real estate units of the projects Thera Faria Lima Pinheiros (“Thera”), Figue and Classic and Carpe Diem, plus one store to be built on the ground floor of the Thera Faria Lima Pinheiros building. Construction and development are being carried out by Cyrela Polinésia Empreendimentos Imobiliários Ltda., Pitangueiras Desenvolvimento Imobiliário SPE Ltda. and Hesa Investimentos Imobiliários Ltda.

The apartment units of the Thera project, started in December, 2011, and for Classic e Carpe Diem, started in November, 2012, are scheduled to be delivered in 2016.

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**11. Recoverable taxes**

|  | <u>Parent Company</u> |                   | <u>Consolidated</u> |                   |
|--|-----------------------|-------------------|---------------------|-------------------|
|  | <u>12.31.2015</u>     | <u>12.31.2014</u> | <u>12.31.2015</u>   | <u>12.31.2014</u> |
|  |                       |                   | <u>Restated</u>     | <u>Restated</u>   |
| <b>Current</b>   |                       |                   |                     |                   |
| State value-added tax on sales and services – ICMS (note 11.1)                       | <b>78</b>             | 90                | <b>480</b>          | 590               |
| Social Integration Program/Contribution for Social Security Financing-PIS/COFINS (*) | <b>224</b>            | 9                 | <b>373</b>          | 54                |
| Income tax on Financial investments  | <b>22</b>             | 3                 | <b>32</b>           | 20                |
| Income tax and Social Contribution   | <b>15</b>             | 3                 | <b>34</b>           | 12                |
| Social Security Contribution - INSS  | <b>17</b>             | -                 | <b>21</b>           | -                 |
| Value-Added Tax - France   | <b>-</b>              | -                 | <b>65</b>           | 85                |
| Other  | <b>1</b>              | -                 | <b>75</b>           | 46                |
| Total current  | <b>357</b>            | 105               | <b>1,080</b>        | 807               |
| <b>Noncurrent</b>  |                       |                   |                     |                   |
| ICMS (note 11.1)   | <b>412</b>            | 319               | <b>2,257</b>        | 1,685             |
| PIS/COFINS (note 1.3)  | <b>-</b>              | -                 | <b>4</b>            | 308               |
| Social Security Contribution- INSS   | <b>122</b>            | 73                | <b>206</b>          | 147               |
| Total noncurrent   | <b>534</b>            | 392               | <b>2,467</b>        | 2,140             |
| Total  | <b>891</b>            | 497               | <b>3,547</b>        | 2,947             |

(\*) The increase in PIS/Cofins registered in current assets in 2015 occurred by Nova Holding merger, as described on note 1.3

11.1. ICMS is expected to be realized as follows:

| <u>In</u>          | <u>Parent Company</u> | <u>Consolidated</u> |
|--------------------|-----------------------|---------------------|
|                    |                       | <u>Restated</u>     |
| Up to one year (*) | <b>78</b>             | <b>480</b>          |
| 2017               | <b>69</b>             | <b>497</b>          |
| 2018               | <b>73</b>             | <b>474</b>          |
| 2019               | <b>80</b>             | <b>493</b>          |
| 2020               | <b>81</b>             | <b>480</b>          |
| 2021               | <b>51</b>             | <b>176</b>          |
| 2022               | <b>58</b>             | <b>137</b>          |

Since 2008, the Brazilian States have been substantially changing their laws aiming at implementing and broadening the ICMS (State VAT) tax substitutes system. Referred system implies the prepayment of ICMS throughout the commercial chain, upon goods outflow from manufacturer or importer or their inflow into the State. The creation of such system to a wider range of products traded at retail is based on the assumption that the trading cycle of these products will end in the State, so that ICMS is fully owed thereto.

In order to supply its stores, the Company and its subsidiaries maintain distribution centers strategically located in certain States and in the Federal District, which receive goods with ICMS of the entire commercial chain (by force of tax replacement) already prepaid by suppliers or the Company and subsidiaries, and then, goods are sent to locations in other States. Such interstate shipment remittance entitles the Company and subsidiaries to a refund reimbursement of prepaid ICMS, i.e., the ICMS of the commercial chain paid in acquisition becomes a tax credit to be refunded, pursuant to the State laws.

The refund process requires the evidence through tax documents and digital files referring to the operations that entitled the Company to refund. Only after its previous legal ratification by State Tax Authorities and/or compliance with specific ancillary obligations aiming such evidence then credits may be used by the Company, which occurs in periods after these are generated.

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### 11. Recoverable taxes - continued

#### 11.1. ICMS is expected to be realized as follows - continued

Since the number of items traded at retail, subject to tax replacement, has been continuously increasing, the tax credits to be refunded by the Company and subsidiaries have also grown.

The Company and its subsidiaries have been realizing these credits with authorization for immediate offset with those credits due in view of its operations, for having obtained the Special Regime and also for complying with other procedures contained in the state rulings.

Referring to the credits which still cannot be offset immediately, the Company's Management based on a technical feasibility study, based on the growth future expectation and offset against debts deriving from its operations, understands its future offset is feasible. These studies were prepared based on information extracted from strategically planning report previously approved by the Company's Board of Directors.

The Company takes extemporaneous credits of taxes, every time that brings together legal, documentary and factual understanding of such credits that allow their recognition, including the estimation of realization. Such credits are recognized as a reduction of cost of Goods sold. In 2014, among other credits, there was an unused credits by member companies of R\$302, in Via Varejo subsidiary. The elements that support the registration and utilization of such credit were obtained during that year.

### 12. Related parties

#### 12.1. Management and Support Committees compensation

The expenses related to management compensation (officers appointed pursuant to the Bylaws including members of the Board of Directors and the related support committees) recorded in the Company's statement of profit or loss for the periods ended December 31, 2015 and 2014, were as follows:

| <b>Base salary</b> | <b>Stock option plan</b> | <b>Total</b> |
|--------------------|--------------------------|--------------|
|--------------------|--------------------------|--------------|

|                        |             |             | <b>Variable compensation</b> |             |             |             |             |             |
|------------------------|-------------|-------------|------------------------------|-------------|-------------|-------------|-------------|-------------|
|                        | <b>2015</b> | <b>2014</b> | <b>2015</b>                  | <b>2014</b> | <b>2015</b> | <b>2014</b> | <b>2015</b> | <b>2014</b> |
| Board of directors (*) | <b>4</b>    | 4           | -                            | -           | -           | -           | <b>4</b>    | 4           |
| Executive officers     | <b>34</b>   | 56          | <b>13</b>                    | 20          | <b>5</b>    | 6           | <b>52</b>   | 82          |
|                        | <b>38</b>   | 60          | <b>13</b>                    | 20          | <b>5</b>    | 6           | <b>56</b>   | 86          |

(\*) The compensation of the Board of Directors advisory committees (Human Resources and Compensation, Audit, Finance, Sustainable Development and Corporate Governance) is included in this line.

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**12. Related parties – Continued**

12.2. Balances and transactions with related parties.

|  | Parent company |        |          |             |       |      |              |      |       |      |           |      |                        |       |
|--|----------------|--------|----------|-------------|-------|------|--------------|------|-------|------|-----------|------|------------------------|-------|
|  | Balances       |        |          |             |       |      | Transactions |      |       |      |           |      |                        |       |
|  | Trade          |        | Other    |             | Trade |      | Other        |      | Sales |      | Purchases |      | Revenues<br>(expenses) |       |
|  | receivables    | assets | payables | liabilities | 2015  | 2014 | 2015         | 2014 | 2015  | 2014 | 2015      | 2014 | 2015                   | 2014  |
| <b><u>Controlling shareholders</u></b> |                |        |          |             |       |      |              |      |       |      |           |      |                        |       |
| Casino(i)                              | -              | -      | -        | -           | 3     | 2    | 5            | 19   | -     | -    | -         | -    | (74)                   | (39)  |
| Wilkes Participações(viii)             | -              | -      | -        | -           | -     | -    | -            | -    | -     | -    | -         | -    | (1)                    | (3)   |
| Euris Societé par Actions Simplifié    | -              | -      | -        | -           | -     | -    | 3            | 1    | -     | -    | -         | -    | (6)                    | -     |
| <b><u>Subsidiaries</u></b>             |                |        |          |             |       |      |              |      |       |      |           |      |                        |       |
| Novasoc Comercial (v)                  | -              | -      | 382      | -           | -     | -    | -            | -    | 1     | 114  | -         | 2    | 2                      | 3     |
| Sé Supermercados (v)                   | -              | 52     | -        | -           | -     | 3    | -1,417       | -    | 488   | 352  | 5         | 4    | 22                     | 9     |
| Sendas Distribuidora (v)               | 55             | 60     | 583      | 182         | 40    | 39   | -            | -    | 366   | 383  | 255       | 259  | 103                    | 43    |
| Barcelona (v)                          | 1              | 2      | 29       | 17          | 6     | 9    | -            | -    | -     | -    | -         | -    | -                      | -     |
| Via Varejo (vi)                        | 3              | -      | -        | -           | 2     | 2    | 146          | 299  | -     | -    | -         | -    | (5)                    | (159) |
| VVLOG Logística                        | -              | -      | -        | -           | -     | -    | 1            | 1    | -     | -    | -         | -    | -                      | -     |
| Cnova Comércio Eletrônico (vii)        | -              | -      | 22       | -           | -     | -    | -            | -    | -     | -    | -         | -    | 35                     | -     |
| Nova Pontocom (vii)                    | -              | -      | -        | 123         | -     | -    | -            | 2    | -     | -    | -         | -    | -                      | 48    |
| Xantocarpa (v)                         | -              | -      | 15       | 1           | 1     | 1    | -            | -    | -     | -    | -         | -    | -                      | -     |
| GPA M&P                                | -              | -      | -        | 1           | -     | -    | 1            | -    | -     | -    | -         | -    | -                      | -     |
| GPA Logística                          | -              | -      | 23       | 23          | 20    | 20   | -            | -    | -     | -    | -         | -    | -                      | -     |
| Posto Duque - Salim Maluf (v)          | -              | -      | 6        | 4           | -     | -    | -            | -    | -     | -    | -         | -    | -                      | -     |
| Posto GPA - Santo André (v)            | -              | -      | 2        | 1           | -     | -    | -            | -    | -     | -    | -         | -    | -                      | -     |
| Posto GPA - Império (v)                | -              | -      | 4        | 3           | -     | -    | -            | -    | -     | -    | -         | -    | -                      | -     |
| Posto Duque - Lapa (v)                 | -              | -      | 2        | 1           | -     | -    | -            | -    | -     | -    | -         | -    | -                      | -     |
| Posto GPA - Ciara (v)                  | -              | -      | 2        | 2           | -     | -    | -            | -    | -     | -    | -         | -    | -                      | -     |
| Bellamar                               | -              | -      | -        | -           | -     | -    | 108          | -    | -     | -    | -         | -    | -                      | -     |

|          |           |     |              |     |           |    |            |       |            |     |            |     |           |      |
|----------|-----------|-----|--------------|-----|-----------|----|------------|-------|------------|-----|------------|-----|-----------|------|
| Others   | -         | 1   | -            | -   | -         | -  | <b>2</b>   | 1     | -          | -   | -          | -   | -         | -    |
| Subtotal | <b>59</b> | 115 | <b>1,070</b> | 358 | <b>72</b> | 76 | <b>266</b> | 1,740 | <b>855</b> | 849 | <b>260</b> | 265 | <b>76</b> | (98) |

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**12. Related parties – Continued**

## 12.2. Balances and transactions with related parties - Continued

|  | Parent company    |            |              |            |                |           |                   |              |                     |            |            |            |           |             |
|--|-------------------|------------|--------------|------------|----------------|-----------|-------------------|--------------|---------------------|------------|------------|------------|-----------|-------------|
|  | Balances          |            |              |            | Transactions   |           |                   |              | Revenues (expenses) |            |            |            |           |             |
|  | Trade receivables |            | Other assets |            | Trade payables |           | Other liabilities |              | Sales               |            | Purchases  |            |           |             |
| 2015   | 2014              | 2015       | 2014         | 2015       | 2014           | 2015      | 2014              | 2015         | 2014                | 2015       | 2014       | 2015       | 2014      |             |
| <b><u>Associates</u></b>                                     |                   |            |              |            |                |           |                   |              |                     |            |            |            |           |             |
| FIC(ii)  | -                 | -          | -            | -          | 7              | 7         | 1                 | 11           | -                   | -          | -          | -          | 28        | 26          |
| <b><u>Other related parties</u></b>                          |                   |            |              |            |                |           |                   |              |                     |            |            |            |           |             |
| Management of Nova Pontocom (iv)                             | -                 | -          | -            | 39         | -              | -         | -                 | -            | -                   | -          | -          | -          | 4         | 3           |
| Instituto Grupo Pão de Açúcar                                | -                 | -          | -            | -          | -              | -         | -                 | -            | -                   | -          | -          | -          | (7)       | (6)         |
| Greenyellow do Brasil Energia e Serviços Ltda("Greenyellow") | -                 | -          | -            | -          | -              | -         | -                 | -            | -                   | -          | -          | -          | (8)       | -           |
| (v)  |                   |            |              |            |                |           |                   |              |                     |            |            |            |           |             |
| Others   | -                 | -          | 6            | 1          | 1              | -         | 1                 | -            | -                   | -          | -          | -          | (3)       | (2)         |
| Subtotal   | -                 | -          | 6            | 40         | 8              | 7         | 2                 | 11           | -                   | -          | -          | -          | 14        | 21          |
| <b>Total</b>   | <b>59</b>         | <b>115</b> | <b>1,076</b> | <b>398</b> | <b>80</b>      | <b>83</b> | <b>268</b>        | <b>1,751</b> | <b>855</b>          | <b>849</b> | <b>260</b> | <b>265</b> | <b>90</b> | <b>(77)</b> |



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**12. Related parties – Continued**

## 12.2. Balances and transactions with related parties – Continued

|   | Consolidated      |      |              |      |                |      |                   |      | Transactions |       |
|---|-------------------|------|--------------|------|----------------|------|-------------------|------|--------------|-------|
|   | Balances          |      |              |      |                |      |                   |      | Revenues     |       |
|   | Trade receivables |      | Other assets |      | Trade payables |      | Other liabilities |      | (expenses)   |       |
| 2015  | 2014              | 2015 | 2014         | 2015 | 2014           | 2015 | 2014              | 2015 | 2014         |       |
| <b><u>Controlling shareholder</u></b>                     |                   |      |              |      |                |      |                   |      |              |       |
| Casino (i)  | 8                 | -    | -            | -    | 23             | 2    | 86                | 104  | (56)         | (40)  |
| Distribution Casino France (xi)                           | 32                | -    | -            | -    | 28             | -    | -                 | -    | 125          | -     |
| Wilkes Participações (viii)                               | -                 | -    | -            | -    | -              | -    | -                 | -    | (1)          | (3)   |
| Euris Société par Actions Simplifiée                      | -                 | -    | -            | -    | -              | -    | 2                 | 1    | (6)          | -     |
| Almacenes Exito S.A. (Exito)                              | 2                 | 28   | -            | -    | 24             | -    | -                 | 4    | (39)         | (35)  |
| <b><u>Casino subsidiaries (*)</u></b>                     |                   |      |              |      |                |      |                   |      |              |       |
| Casino France - Cash Pool (xi)                            | -                 | -    | -            | -    | -              | -    | -                 | 50   | -            | -     |
| Casino Finance International S.A. (Polca Empréstimos) (x) | -                 | -    | -            | -    | -              | -    | 364               | 12   | (5)          | -     |
| C'est chez vous Société en Nom Collectif (xi)             | 7                 | -    | -            | -    | 37             | 26   | -                 | 26   | (61)         | (22)  |
| EMC Distribution Société par Actions Simplifiée(xi)       | -                 | -    | -            | -    | 43             | -    | -                 | 15   | (168)        | (37)  |
| Big C Supercenter S.A.(xi)                                | 2                 | -    | -            | -    | 2              | -    | 39                | -    | (9)          | (16)  |
| Easydis Société par Actions Simplifiée(xi)                | -                 | -    | -            | -    | 58             | 55   | -                 | -    | (177)        | (49)  |
| Franprix-Leader Price Holding AS (xi)                     | 12                | -    | -            | -    | 6              | -    | -                 | -    | 65           | -     |
| Others  | 3                 | -    | -            | -    | 4              | -    | 69                | 9    | 1            | 12    |
| <b><u>Associates</u></b>                                  |                   |      |              |      |                |      |                   |      |              |       |
| FIC (ii)  | -                 | -    | 10           | 8    | 9              | 9    | 3                 | 14   | 2            | 8     |
| <b><u>Other related parties</u></b>                       |                   |      |              |      |                |      |                   |      |              |       |
| Casas Bahia Comercial Ltda (iii)                          | -                 | -    | 291          | 263  | -              | -    | -                 | 26   | (289)        | (264) |
| Management Nova Pontocom (iv)                             | -                 | -    | -            | 38   | -              | -    | -                 | -    | 4            | 3     |
| Instituto Grupo Pão de Açúcar                             | -                 | -    | -            | -    | -              | -    | -                 | -    | (7)          | (6)   |
| Viaw Consultoria Ltda (ix)                                | -                 | -    | -            | -    | -              | -    | -                 | -    | (3)          | (3)   |

|                           |           |    |            |     |            |    |            |     |              |       |
|---------------------------|-----------|----|------------|-----|------------|----|------------|-----|--------------|-------|
| Others                    | -         | -  | <b>8</b>   | 4   | <b>1</b>   | -  | -          | -   | <b>(11)</b>  | (1)   |
| Total                     | <b>66</b> | 28 | <b>309</b> | 313 | <b>235</b> | 92 | <b>563</b> | 261 | <b>(635)</b> | (453) |
| (*) Casino's subsidiaries |           |    |            |     |            |    |            |     |              |       |

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### 12. Related parties – Continued

Transactions with related parties refer mainly to transactions between the Company and its subsidiaries and other related entities and were substantially accounted for in accordance with the prices, terms and conditions agreed between the parties, including:

(i) *Casino*: Technical Assistance Agreement, signed between the Company and Casino on July 21, 2005, whereby, in exchange for the annual payment of US\$2 million. This agreement was approved by the Extraordinary Shareholders' Meeting held on August 16, 2005, terminated on August 1, 2014.

Cost Sharing Agreement, signed between the Company and Casino on August 1, 2014, relates to expenses reimbursements incurred by Casino's Group employees when rendering services to the company. This agreement was approved by the Board of the Directors' Meeting held on July 22, 2014.

Global Sourcing, cost reimbursement to Casino relating to Global sourcing agreements and costs reimbursement relating to Cnova's IPO.

(ii) *FIC*: (i) refund of expenses arising from the infrastructure agreement, such as: expenses related to the cashiers' payroll, and commissions on the sale of financial products; (ii) financial expenses related to the sale of receivables (named "financial discount"); (iii) property rental revenue; and (iv) the cost apportionment agreement.

(iii) *Casa Bahia Comercial Ltda*: Via Varejo has an accounts receivable related to the "First Amendment to the Shareholders' Agreement" between Via Varejo, GPA and CB, which guarantees to Via Varejo the right to be reimbursed by CB for certain contingencies recognized that may be payable by Via Varejo as of June 30, 2010, which were responsibility of the old controlling shareholders.

The balance of the "Accounts Receivable" is paid by the parties periodically and the balance open refers substantially to the reimbursement of expenses and legal claims. The Company, in conjunction with CB, reviewed certain items and concluded that there were not elements enough to require the indemnization by CB, therefore, reversed R\$32 of accounts receivables to statement of profit or loss. The Company still evaluate other documents, and due to uncertainty in the possibility to require indemnization, constituting the provision for losses in the amount of R\$5.

Additionally CB has lease contracts of 315 properties between distribution centers, commercial buildings and administrative requirements under specific conditions with CBD, management of CB and with the companies of the group.

(iv) *Management of Nova Pontocom*: in November 2010, within the context of the restructuring of GPA's e-commerce business. This amount was settled with Cnova Comércio Eletrônico' shares at market value.

(v) *Novasoc, Sé Supermercados, Sendas Distribuidora, Barcelona, Salim Maluf Gas Station, Santo André Gas Station, Império Gas Station, Lapa Gas Station, Ciara Gas Station and Greenyellow*: include amounts arising from the use of the shared service center, such as treasury, accounting, legal and others, and commercial operation agreements, business mandate and intercompany loans.

(vi) *Via Varejo*: the entity has trade accounts payable related to the "First Amendment to the Shareholders' Agreement" between Via Varejo and Casa Bahia, which guarantees the right to be reimbursed for certain contingencies, or reimbursement expenses, recognized as of June 30, 2010 (see iii), as well as the business mandate.

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### 12. Related parties – Continued

(vii) *Nova Pontocom and Cnova Comércio Eletrônico* : amounts arising from the use of the shared service center, such as treasury, accounting, legal and other, and loans remunerated at 105% of CDI.

(viii) *Wilkes*: Comissions paid related to Company's loan agreements in which Wilkes is a guarantor.

(ix) *Viaw Consultoria Ltda.*: Company hired to render services in the managerial consulting area, as well as information technology area, in market conditions. The partner of Viaw are members of management of the Company.

(x) *Polca*: Casino Group entity that has a cash centralization agreement, in Euros, with Cdiscount Group entities. This balance yields EONIA (Euro Overnight Index Average), plus 0.5% per year on the outstanding cash balance in favor of Polca or Cdiscount.

(xi) Cdiscount has loans with Casino Guichard Perrachon, Big C Thailandia and other entities of Casino's Group. Also has in its balance sheet accounts payable related to transactions with Casino Group entities not consolidated in the GPA as Easydis - Group Logistics Company, Distribution Casino France - Products Purchase, C'Chez vous - Home Delivery, EMC - Centralization of purchases, Éxito – Products Purchase.

Additionally, Cdiscount has in its balance sheet accounts receivable related to transactions with Casino Group entities not consolidated in the GPA as: Éxito - Sale of Products, Distribution Casino France - Sale of Products, IRTS - centralized negotiation with suppliers.

Expenses related party incurred in Cdiscount refer to: purchases centralized Products with EMC; Logistics Product Shopping with EasyDis; Shipping with C'chez Vous; Expenses banking BGC; Product Shopping with Exito Colombia and Purchase Products with Big C Thailandia

Incurred revenue in Cdiscount with related parties and refer to: IT services provided to other Group companies; Product Sales to Distribution Casino France; reimbursed costs Banque Groupe Casino SA.



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**13. Investments**

## 13.1. Breakdown of investments

|  | Parent Company |        |         |            |               |         |       |           |          |     |      |      | Total |     |        |
|--|----------------|--------|---------|------------|---------------|---------|-------|-----------|----------|-----|------|------|-------|-----|--------|
|  | Sé             | Sendas | Novasoc | Via Varejo | Nova Pontocom | NCB (*) | Luxco | Barcelona | Bellamar | GPA | M&P  | API  |       | SPE | Others |
|  |                |        |         | (**)       | (**)          |         |       |           |          |     |      |      |       |     |        |
| Investments at December 31, 2013 – finished      | 2,785          | 1,551  | 127     | 1,560      | 26            | 475     | -     | 741       | 233      | 154 | 16   | 106  | 7     |     |        |
| Investments to be completed                      | -              | -      | -       | (26)       | (53)          | -       | -     | -         | -        | -   | -    | (5)  |       |     |        |
| Investments at December 31, 2014 - completed     | 2,785          | 1,551  | 127     | 1,534      | (27)          | 475     | -     | 741       | 233      | 154 | 16   | 101  | 7     |     |        |
| Investments to be completed                      | -              | -      | -       | -          | -             | -       | 6     | -         | -        | 26  | -    | 1    |       |     |        |
| Investment (loss) of subsidiaries and associates | 21             | 177    | 10      | 390        | (79)          | 32      | -     | 81        | 79       | (2) | -    | 3    |       |     |        |
| Investment (loss) in subsidiaries                | -              | -      | -       | (96)       | -             | -       | -     | (150)     | (26)     | -   | -    | -    |       |     |        |
| Investment (loss) in joint interest              | -              | -      | 1       | 5          | 3             | -       | -     | 2         | -        | -   | -    | 1    |       |     |        |
| Investment (loss) in joint interest              | -              | (19)   | 3       | -          | -             | -       | -     | 16        | -        | -   | -    | -    |       |     |        |
| Investment (loss) in joint interest              | -              | -      | -       | -          | -             | -       | -     | -         | -        | -   | (16) | (94) |       |     |        |
| Investment (loss) in joint interest              | -              | -      | 3       | 29         | 186           | -       | -     | -         | -        | -   | -    | 5    |       |     |        |
| Investments at December 31, 2014                 | 2,806          | 1,709  | 144     | 1,862      | 83            | 507     | 6     | 690       | 286      | 178 | -    | 17   | 8     |     |        |

|                     |         |       |     |       |       |     |       |      |     |      |   |         |
|---------------------|---------|-------|-----|-------|-------|-----|-------|------|-----|------|---|---------|
| Share of            |         |       |     |       |       |     |       |      |     |      |   |         |
| (loss) of           |         |       |     |       |       |     |       |      |     |      |   |         |
| subsidiaries        | 13      | 142   | 29  | 6     | (107) | (6) | (152) | 102  | 81  | 15   | - | 7       |
| and associates      |         |       |     |       |       |     |       |      |     |      |   |         |
| related             |         |       |     |       |       |     |       |      |     |      |   |         |
| assets              |         |       |     |       |       |     |       |      |     |      |   |         |
| available           | -       | (503) | -   | -     | -     | -   | -     | (24) | -   | (74) | - | -       |
| call option         | -       | 1     | 1   | 4     | -     | -   | -     | 2    | -   | 1    | - | -       |
| merger (note 1)     | (2,710) | -     | -   | -     | 9     | -   | (35)  | -    | -   | -    | - | (2,710) |
| goodwill (note 2)   | (109)   | -     | -   | -     | -     | -   | -     | -    | -   | -    | - | -       |
| restructuring       |         |       |     |       |       |     |       |      |     |      |   |         |
| actions             | -       | -     | -   | (28)  | 15    | -   | (95)  | -    | -   | -    | - | -       |
| related (***)       |         |       |     |       |       |     |       |      |     |      |   |         |
| <b>balances at</b>  |         |       |     |       |       |     |       |      |     |      |   |         |
| <b>12/31/2015 -</b> | -       | 1,349 | 174 | 1,844 | -     | 501 | (276) | 770  | 367 | 120  | - | 24,400  |
| <b>related</b>      |         |       |     |       |       |     |       |      |     |      |   |         |

(\*) In the case of NCB, the investment amount refers to the effects of the fair value measurements of the business. For Via Varejo, the fair value effects were considered together with the accounting investment held in this subsidiary.

(\*\*) In 2014, effects in this column are related by additional acquisition of 0.22% of the subsidiary Nova Pontocom's noncontrolling interest and by corporate restructuring involving e-commerce operations as per note 13 (i) and 25.9. In 2015 effects of merger of subsidiary in this column are disclosed in note 1.3b and 25.9.

(\*\*\*) Includes the effects of the exchange rate changes on translation of the foreign subsidiaries' financial information and other comprehensive income in the cases of Nova Pontocom and Luxco.

(\*\*\*\*) Includes the effect of loss on investment in Luxco, in the amount of R\$ 276.



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**13. Investments – Continued**

## 13.1. Breakdown of investments – Continued

|  |              | Consolidated |            |              |  |
|--|--------------|--------------|------------|--------------|--|
|  | FIC          | BINV         | Other      | Total        |  |
| <b>Balances at 12.31.2013</b>                        | 290          | 19           | 1          | 310          |  |
| Share of profit(loss) of subsidiaries and associates | 109          | 2            | (3)        | 108          |  |
| Corporate restructuring                              | -            | -            | 9          | 9            |  |
| Dividends  | (26)         | -            | -          | (26)         |  |
| <b>Balances at 12.31.2014</b>                        | 373          | 21           | 7          | 401          |  |
| Share of profit(loss) of subsidiaries and associates | <b>113</b>   | <b>(1)</b>   | -          | <b>112</b>   |  |
| Write-offs   | -            | -            | <b>(7)</b> | <b>(7)</b>   |  |
| Dividends  | <b>(125)</b> | -            | -          | <b>(125)</b> |  |
| Exchange rate changes                                | -            | -            | 1          | 1            |  |
| <b>Balances at 12.31.2015</b>                        | <b>361</b>   | <b>20</b>    | <b>1</b>   | <b>382</b>   |  |

(i) E-commerce transaction – Accounting of equity interests at cost

On June 4, 2014 the Boards of Directors of the Company and Via Varejo approved the project of association of the e-commerce businesses developed by the Companies through Nova Pontocom with the e-commerce business developed by the controlling shareholder Casino through CDiscount S.A. and its affiliates (“CDiscount”).

Special Committees implemented by the Boards to evaluate the transactions, delivered a favorable recommendation of implementation of the operation considering the following elements: (a) the commercial interests of the Companies in the e-commerce activities will be preserved; and (b) the potential for value generation for the Companies and their shareholders through the integration of the e-Commerce activities currently developed by Nova and CDiscount into a new company named Cnova N.V. (“Cnova”) organized under the Dutch laws.

Based on the opinions issued by the financial consultants, the exchange of net assets between Nova and CDiscount in Cnova are represented by 53.5% (Company and Via Varejo) and 46.5% (CDiscount).

On July 24, 2014, the corporate transaction was concluded at Cnova level in Netherlands, resulting in the subsidiary Nova Pontocom giving 46.5% of the operational net assets of Cnova Comércio Eletrônico, in exchange for 53.5% of interest in CDiscount Group.

The operational entities with important operations that the Company started consolidating as a result of this transaction are:

- Cdiscount S.A.S.;
- Financiere MSR;
- E-trend;
- Cdiscount Colombia;
- Cdiscount Thailand;
- Cdiscount Afrique;
- Cdiscount Voyages.

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### 13. Investments – Continued

#### 13.1. Breakdown of investments – Continued

##### (i) E-commerce transaction – Accounting of equity interests at cost – continued

The exchange of shares remained registered at historical cost, by Management understanding that this transaction is not the scope of CPC15(R1)/IFRS 3 (R) “Business Combinations”, by involving entities under common control. The date of the first consolidation of these entities, whose control was acquired by the Company, was July 31, 2014.

The impact accounted in shareholders’ equity of the parent company on July 31, 2014 as a result of the transaction is broken down as follow:

|  | <b>07.31.2014</b> |
|--|-------------------|
| Investment at Cnova given                                | (23)              |
| Investment received                                      | 16                |
| Impact in the Shareholders’ Equity of NPC                | (7)               |
| Impact in the Shareholders’ Equity of the Parent Company | (5)               |

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**13. Investments – Continued**

## 13.1. Breakdown of investments – Continued

The main assets and liabilities initially consolidated on July 31, 2014, were the following:

|  | <b>Cdiscount<br/>07.31.2014</b> |
|--|---------------------------------|
| <b>Assets</b>                              |                                 |
| Current assets                             |                                 |
| Cash and cash equivalents                  | 204                             |
| Trade accounts receivable                  | 272                             |
| Recoverable taxes                          | 92                              |
| Inventories                                | 510                             |
| Other current assets                       | 16                              |
| Total current                              | <b>1,094</b>                    |
| Noncurrent                                 |                                 |
| Tax payable                                | 41                              |
| Other noncurrent assets                    | 5                               |
| Investments                                | 9                               |
| Property, plant & equipment                | 30                              |
| Intangible assets                          | 447                             |
| Total non current                          | <b>532</b>                      |
| Total assets                               | <b>1,626</b>                    |
| <b>Liabilities</b>                         | <b>07.31.2014</b>               |
| Current liabilities                        |                                 |
| Trade accounts payable                     | 1,097                           |
| Taxes and contributions payable            | 78                              |
| Related parties                            | 312                             |
| Other accounts payable                     | 78                              |
| Total current liabilities                  | <b>1,565</b>                    |
| Noncurrent liabilities                     |                                 |
| Pension plan                               | 5                               |
| Provisions                                 | 9                               |
| Other accounts payable                     | 8                               |
| Total noncurrent liabilities               | <b>22</b>                       |
| Shareholders' equity                       | 30                              |
| Transactions with non-controlling interest | 9                               |
| Total shareholders' equity                 | <b>39</b>                       |
| Report of Foreign Private Issuer           | 140                             |

Total liabilities and shareholders' equity

**1,626**

Additional information about the transaction conditions, as preservation of the existing rights, additional conditions and management decisions were presented in material fact to the market on July 24,2014.

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### 13. Investments – Continued

#### 13.1. Breakdown of investments – Continued

##### (ii) Initial public offering of e-commerce shares

In November and December of 2014 Cnova N.V., based in Netherlands, has concluded the initial public offering and complementary offer, and as a consequence the interest in Cnova N.V., directly and indirectly, reduced from 38.22% to 35.73%. The proceeds for the sale of shares were recorded in the shareholders' equity, since this is a transaction with non-controlling shareholders, deducted from the impacts of income tax, transaction costs and other effects. The net impact in the shareholders' equity as a result of this transaction was R\$ 411, divided in R\$132 in the individual financial statements and R\$ 279 of non-controlling interest. Cnova N.V issued 29.182.894 shares. Despite Company has indirect and direct interest of 35.73% in Cnova N.V, the control of this subsidiary is exercised through Luxco that has 49.96% of interest and more than 50% of Cnova N.V voting capital.

##### (iii) Corporate reorganization and the debt Nova Pontocom

The subsidiary Nova Pontocom, holding that had 100% of the entity Marneylectro S.A.R.L., indirect controlling entity of Cnova N.V., paid part of its debt against CBD and Via Varejo with the delivery of shares of the investee Marneylectro S.A.R.L. valued at market. As this transaction was done between entities under common control, all the related effects were recorded directly in the shareholders' equity on December 31, 2014, divided in R\$ 53 in the individual and R\$ 14 in the non-controlling interest.

In 2015, Nova Pontocom was merged by CBD and Via Varejo, being, consequently, extinct as per note 1.3.

##### (iv) Corporate reorganization of C-Asia

On November 17, 2014, Casino transferred 30% of its indirect interest in C-Distribution Asia Pte. Ltd ("C-Asia"), which controls the subsidiaries of Cnova operating in Thailand and Vietnam, for an amount of R\$52. This transaction resulted in the fact that the Cnova NV, acquired indirect control with interest of 60% by C-Asia.

As this transaction took place between entities under common control, Cnova applied the accounting equity interest cost, thus, was not recognized gain compared to 30% previously held and the difference between

the consideration paid and the net assets of 30% transferred was recorded in the Company's equity and non-controlling interest, amounting to R\$43 and R\$6, respectively.

Cash and cash equivalents at acquisition accounted for R\$18.

(v) Sale of subsidiary - CBCC

On December 30, 2014, the subsidiary Via Varejo sold its shares on CBCC to Atento Brasil S.A. After the fulfillment of all preceding clauses within the shares purchase agreement, Via Varejo received R\$20, resulting in a gain of R\$16 in other operating revenue and expenses in the year ended on December 31, 2014. As a consequence of the transfer of control, CBCC was deconsolidated on December 31, 2014 in the balance sheet and cash flow. In the consolidated statement of cash flows, CBCC's changes occurred until the date of sale, were kept in their respective lines.

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**14. Property and equipment**

| Balante at<br>12.31.2013 | Additions | Depreciation | Write-offs | Transfers | Parent Company           |           |              |            |           |           |
|--------------------------|-----------|--------------|------------|-----------|--------------------------|-----------|--------------|------------|-----------|-----------|
|                          |           |              |            |           | Balance at<br>12.31.2014 | Additions | Depreciation | Write-offs | Merger(*) | Transfers |
| 1,198                    | -         | -            | -          | 15        | 1,213                    | 9         | -            | (16)       | 61        |           |
| 1,929                    | 3         | (60)         | (1)        | (18)      | 1,853                    | 4         | (60)         | (1)        | 3         |           |
| 1,514                    | 5         | (112)        | (10)       | 238       | 1,635                    | 10        | (131)        | (23)       | 101       | 2         |
| 766                      | 193       | (139)        | (16)       | 2         | 806                      | 211       | (145)        | (11)       | 31        |           |
| 156                      | 13        | (16)         | (2)        | 10        | 161                      | 14        | (17)         | (1)        | 13        |           |
| 293                      | 65        | (41)         | (5)        | -         | 312                      | 98        | (47)         | (2)        | 13        |           |
| 18                       | 8         | (5)          | (4)        | -         | 17                       | 4         | (3)          | (17)       | 2         |           |
| 131                      | 188       | -            | (1)        | (253)     | 65                       | 293       | -            | (3)        | 1         | (2)       |
| 38                       | 14        | (13)         | -          | (1)       | 38                       | 26        | (15)         | -          | 3         |           |
| 6,043                    | 489       | (386)        | (39)       | (7)       | 6,100                    | 669       | (418)        | (74)       | 228       |           |
| 12                       | -         | (5)          | -          | -         | 7                        | 5         | (5)          | -          | -         |           |
| 20                       | -         | (2)          | -          | -         | 18                       | -         | (1)          | -          | -         |           |
| 32                       | -         | (7)          | -          | -         | 25                       | 5         | (6)          | -          | -         |           |
| 6,075                    | 489       | (393)        | (39)       | (7)       | 6,125                    | 674       | (424)        | (74)       | 228       |           |

(\*) Merger of subsidiary Sé, see note 1.3 a



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**14. Property and equipment - Continued**

|                          | Balance at 12.31.2015 |                                     |              | Balance at 12.31.2014 |                                     |              |
|--------------------------|-----------------------|-------------------------------------|--------------|-----------------------|-------------------------------------|--------------|
|                          | <u>Cost</u>           | <u>Accumulated<br/>depreciation</u> | <u>Net</u>   | <u>Cost</u>           | <u>Accumulated<br/>depreciation</u> | <u>Net</u>   |
| Land                     | 1,272                 | -                                   | 1,272        | 1,213                 | -                                   | 1,213        |
| Buildings                | 2,759                 | (960)                               | 1,799        | 2,754                 | (901)                               | 1,853        |
| Leasehold improvements   | 3,208                 | (1,350)                             | 1,858        | 2,873                 | (1,238)                             | 1,635        |
| Machinery and equipment  | 2,005                 | (1,113)                             | 892          | 1,842                 | (1,036)                             | 806          |
| Facilities               | 410                   | (231)                               | 179          | 384                   | (223)                               | 161          |
| Furniture and fixtures   | 823                   | (448)                               | 375          | 721                   | (409)                               | 312          |
| Vehicles                 | 10                    | (7)                                 | 3            | 27                    | (10)                                | 17           |
| Construction in progress | 73                    | -                                   | 73           | 65                    | -                                   | 65           |
| Other                    | 131                   | (81)                                | 50           | 105                   | (67)                                | 38           |
|                          | <b>10,691</b>         | <b>(4,190)</b>                      | <b>6,501</b> | <b>9,984</b>          | <b>(3,884)</b>                      | <b>6,100</b> |
| <u>Finance lease</u>     |                       |                                     |              |                       |                                     |              |
| IT equipment             | 38                    | (31)                                | 7            | 32                    | (25)                                | 7            |
| Buildings                | 34                    | (17)                                | 17           | 34                    | (16)                                | 18           |
|                          | 72                    | (48)                                | 24           | 66                    | (41)                                | 25           |
| Total                    | <b>10,763</b>         | <b>(4,238)</b>                      | <b>6,525</b> | <b>10,050</b>         | <b>(3,925)</b>                      | <b>6,125</b> |

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**14. Property and equipment - Continued**

|                          | Balance at<br>12.31.2013 | Additions | Depreciation | Write-offs | Deconsolidation<br>(*) | Transfers restructurin<br>(**) | Con<br>Corporate |
|--------------------------|--------------------------|-----------|--------------|------------|------------------------|--------------------------------|------------------|
| Land                     | 1,412                    | 38        | -            | -          | -                      | (1)                            |                  |
| Buildings                | 2,017                    | 48        | (66)         | (1)        | -                      | 48                             |                  |
| Leasehold improvements   | 2,787                    | 274       | (199)        | (14)       | -                      | 334                            |                  |
| Machinery and equipment  | 1,446                    | 395       | (275)        | (23)       | (1)                    | 61                             |                  |
| Facilities               | 326                      | 72        | (37)         | (10)       | (2)                    | 17                             |                  |
| Furniture and fixtures   | 526                      | 139       | (72)         | (6)        | (1)                    | 3                              |                  |
| Vehicles                 | 166                      | 13        | (16)         | (41)       | (1)                    | -                              |                  |
| Construction in progress | 209                      | 448       | -            | (2)        | -                      | (489)                          |                  |
| Other                    | 67                       | 30        | (25)         | -          | -                      | (1)                            |                  |
| Total                    | 8,956                    | 1,457     | (690)        | (97)       | (5)                    | (28)                           |                  |
| <u>Finance lease</u>     |                          |           |              |            |                        |                                |                  |
| Equipment                | 20                       | -         | (4)          | -          | -                      | -                              |                  |
| IT equipment             | 43                       | -         | (18)         | -          | -                      | 1                              |                  |
| Facilities               | 1                        | -         | -            | -          | -                      | -                              |                  |
| Furniture and fixtures   | 8                        | -         | (1)          | -          | -                      | -                              |                  |
| Vehicles                 | 1                        | -         | -            | -          | -                      | -                              |                  |
| Buildings                | 24                       | -         | (1)          | -          | -                      | -                              |                  |
|                          | 97                       | -         | (24)         | -          | -                      | 1                              |                  |
| Total                    | 9,053                    | 1,457     | (714)        | (97)       | (5)                    | (27)                           |                  |

(\*) Related to the sale of subsidiary CBCC, as shown in Note 13.1 (v)

(\*\*) Related to the e-commerce corporate restructuring, as shown in Note 13.1 (i) .

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**14. Property and equipment – Continued**

|                          | Balance at 12.31.2015 |                          |                 | Balance at 12.31.2014 |                          |              |
|--------------------------|-----------------------|--------------------------|-----------------|-----------------------|--------------------------|--------------|
|                          | Cost                  | Accumulated depreciation | Net             | Cost                  | Accumulated depreciation | Net          |
|                          | <b>Restated</b>       |                          | <b>Restated</b> |                       |                          |              |
| Land                     | 1,464                 | -                        | 1,464           | 1,449                 | -                        | 1,449        |
| Buildings                | 3,036                 | (1,013)                  | 2,023           | 3,013                 | (966)                    | 2,047        |
| Leasehold improvements   | 5,548                 | (1,873)                  | 3,675           | 4,929                 | (1,747)                  | 3,182        |
| Machinery and equipment  | 3,454                 | (1,778)                  | 1,676           | 3,191                 | (1,586)                  | 1,605        |
| Facilities               | 799                   | (377)                    | 422             | 722                   | (341)                    | 381          |
| Furniture and fixtures   | 1,349                 | (648)                    | 701             | 1,171                 | (570)                    | 601          |
| Vehicles                 | 111                   | (36)                     | 75              | 179                   | (58)                     | 121          |
| Construction in progress | 172                   | -                        | 172             | 166                   | -                        | 166          |
| Other                    | 227                   | (130)                    | 97              | 188                   | (115)                    | 73           |
|                          | <b>16,160</b>         | <b>(5,855)</b>           | <b>10,305</b>   | <b>15,008</b>         | <b>(5,383)</b>           | <b>9,625</b> |
| <u>Finance lease</u>     |                       |                          |                 |                       |                          |              |
| Equipment                | 36                    | (23)                     | 13              | 36                    | (20)                     | 16           |
| IT equipment             | 199                   | (168)                    | 31              | 174                   | (148)                    | 26           |
| Facilities               | 2                     | (1)                      | 1               | 2                     | (1)                      | 1            |
| Furniture and fixtures   | 15                    | (9)                      | 6               | 15                    | (8)                      | 7            |
| Vehicles                 | -                     | -                        | -               | 2                     | (1)                      | 1            |
| Buildings                | 43                    | (22)                     | 21              | 44                    | (21)                     | 23           |
|                          | <b>295</b>            | <b>(223)</b>             | <b>72</b>       | <b>273</b>            | <b>(199)</b>             | <b>74</b>    |
| Total                    | <b>16,455</b>         | <b>(6,078)</b>           | <b>10,377</b>   | <b>15,281</b>         | <b>(5,582)</b>           | <b>9,699</b> |

## 14.1. Guarantees

At December 31, 2015 and 2014, the Company and its subsidiaries had collateralized property and equipment items for some legal claims, as disclosed in note 22.8.

## 14.2. Capitalized borrowing costs

The consolidated borrowing costs for the year ended December 31, 2015 were R\$18 (R\$14 for the year ended December 31, 2014). The rate used to determine the borrowing costs eligible for capitalization was 104.5% of the CDI (105.3 % of the CDI for the period ended December 31, 2014), corresponding to the effective interest rate on the Company's borrowings.

## 14.3. Additions to property and equipment

|   | <b>Parent Company</b>    |                          | <b>Consolidated</b>      |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | <b><u>12.31.2015</u></b> | <b><u>12.31.2014</u></b> | <b><u>12.31.2015</u></b> | <b><u>12.31.2014</u></b> |
| Additions (i)                                     | <b>674</b>               | 489                      | <b>1,637</b>             | 1,457                    |
| Finance lease                                     | <b>(5)</b>               | -                        | <b>(24)</b>              | -                        |
| Capitalized interest                              | <b>(8)</b>               | (6)                      | <b>(18)</b>              | (14)                     |
| Property and equipment financing - Additions (ii) | <b>(600)</b>             | (231)                    | <b>(734)</b>             | (289)                    |
| Property and equipment financing - Payments (ii)  | <b>581</b>               | 186                      | <b>720</b>               | 225                      |
| Total   | <b>642</b>               | 438                      | <b>1,581</b>             | 1,379                    |

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### 14. Property and equipment – Continued

#### 14.3. Additions to property and equipment – continued

(i) The additions made by the Company are related to the purchase of operating assets, acquisition of land and buildings to expand activities, building of new stores, improvements of existing distribution centers and stores and investments in equipment and information technology.

(ii) The additions to property and equipment above are presented to demonstrate the acquisitions during the year, in order to reconcile as shown as in the statement of cash flows and the total additions presented above.

#### 14.4. Other information

As at December 31, 2015, the Company and its subsidiaries recorded in cost of sales and services the amount of R\$45 (R\$43 as at December 31, 2014) in parent company and R\$141 (R\$112 as at December 31, 2014) in consolidated referring to the depreciation of its fleet of trucks, machinery, buildings and facilities related to the distribution centers.

On December 31, 2015 and 2014, there was no loss related to impairment. The recoverable amount was calculated based on the value in use and was determined relative to the cash-generating unit. A cash-generating unit consists of assets in stores, in each of the Group segment. To determine the value in use of the cash-generating unit, the cash flows were discounted at a rate of 12.5% (11.4% on December 31, 2014), before taxes.

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**15. Intangible assets**

|  |                          |            |              |           | Parent company           |            |              |            | Balance at<br>12.31.2015 |
|--|--------------------------|------------|--------------|-----------|--------------------------|------------|--------------|------------|--------------------------|
|  | Balance at<br>12.31.2013 | Additions  | Amortization | Merger(*) | Balance at<br>12.31.2014 | Additions  | Amortization | Merger(*)  |                          |
| Goodwill -<br>home<br>appliances             | 179                      | -          | -            | -         | 179                      | -          | -            | -          | 179                      |
| Goodwill - retail<br>(note 13.1)             | 355                      | -          | -            | 39        | 394                      | -          | -            | 109        | 503                      |
| Commercial<br>rights - retail<br>(note 15.5) | 42                       | 1          | -            | -         | 43                       | -          | -            | 3          | 46                       |
| Software and<br>implementation               | 551                      | 112        | (84)         | -         | 579                      | 102        | (99)         | 1          | 583                      |
| Software<br>-capital leasing                 | -                        | -          | -            | -         | -                        | 9          | -            | -          | 9                        |
| <b>Total</b>                                 | <b>1,127</b>             | <b>113</b> | <b>(84)</b>  | <b>39</b> | <b>1,195</b>             | <b>111</b> | <b>(99)</b>  | <b>113</b> | <b>1,320</b>             |

(\*) Includes goodwill of Sé acquisition, merged in 2015, as per note 1.3.

|                                | Balance at 12.31.2015 |                                     |            | Balance at 12.31.2014 |                                     |            |
|--------------------------------|-----------------------|-------------------------------------|------------|-----------------------|-------------------------------------|------------|
|                                | <u>Cost</u>           | <u>Accumulated<br/>amortization</u> | <u>Net</u> | <u>Cost</u>           | <u>Accumulated<br/>amortization</u> | <u>Net</u> |
|                                | 179                   | -                                   | 179        | 179                   | -                                   | 179        |
| Goodwill - home<br>appliances  | 1,361                 | (858)                               | 503        | 1,113                 | (719)                               | 394        |
| Goodwill - retail              | 46                    | -                                   | 46         | 43                    | -                                   | 43         |
| Commercial rights - retail     | 1,046                 | (463)                               | 583        | 943                   | (364)                               | 579        |
| Software and<br>implementation | 9                     | -                                   | 9          | -                     | -                                   | -          |
| Software - capital leasing     | 2,641                 | (1,321)                             | 1,320      | 2,278                 | (1,083)                             | 1,195      |

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**15. Intangible assets – Continued**

|  | Balance at<br>12.31.2013 | Additions | Amortiza-tion | Deconsoli-dation<br>(*) | Corporate<br>reorgani-zation<br>(**) | Write-off | Transfers | Consol<br>Excha<br>variati |
|--|--------------------------|-----------|---------------|-------------------------|--------------------------------------|-----------|-----------|----------------------------|
|  | Restated                 | Restated  | Restated      |                         |                                      |           |           |                            |
| Goodwill -<br>cash and carry                                 | 362                      | -         | -             | -                       | -                                    | -         | -         | -                          |
| Goodwill -<br>home<br>appliances                             | 896                      | 24        | -             | -                       | -                                    | -         | -         | -                          |
| Goodwill -<br>retail   | 747                      | -         | -             | -                       | -                                    | -         | -         | -                          |
| Goodwill -<br>e-commerce                                     | -                        | -         | -             | -                       | -                                    | 236       | -         | 2                          |
| Brand - cash<br>and carry                                    | 39                       | -         | -             | -                       | -                                    | -         | -         | -                          |
| Brand - home<br>appliances                                   | 2,061                    | -         | -             | -                       | -                                    | -         | -         | -                          |
| Brand -<br>e-commerce  | -                        | -         | -             | -                       | -                                    | 11        | -         | 17                         |
| Commercial<br>rights - home<br>appliances                    | 576                      | 4         | (6)           | -                       | -                                    | -         | -         | -                          |
| Commercial<br>rights - retail                                | 43                       | 2         | -             | -                       | -                                    | -         | -         | 1                          |
| Commercial<br>rights - cash<br>and carry                     | 29                       | 5         | -             | -                       | -                                    | -         | -         | -                          |
| Costumer<br>relationship -<br>home<br>appliances             | 6                        | -         | (4)           | -                       | -                                    | -         | -         | -                          |
| Lease<br>agreement –<br>under<br>advantageous<br>condition - | 138                      | -         | (41)          | -                       | -                                    | -         | -         | -                          |



NCB

|                          |       |     |       |     |     |     |      |
|--------------------------|-------|-----|-------|-----|-----|-----|------|
| Contractual Rights       | -     | 187 | (8)   | -   | -   | -   | -    |
| Software                 | 693   | 271 | (144) | (1) | 203 | (4) | (65) |
| Software capital leasing | 77    | 25  | (11)  | -   | -   | -   | -    |
| Other                    | -     | 4   | (1)   | -   | 2   | -   | 40   |
| Total                    | 5,667 | 522 | (215) | (1) | 452 | (4) | (5)  |

(\*) Related to the sale of subsidiary CBCC, as shown in Note 13.1 (v)

(\*\*) Related to the e-commerce corporate restructuring, as shown in Note 13.1 (i).

(\*\*\*) Related to sale of interest in subsidiary E-trend by Cdiscount as per note 3.1.

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**15. Intangible assets – Continued**

|  | Balance at 12.31.2015 |   |              | Balance at 12.31.2014 |   |              |
|--|-----------------------|---|--------------|-----------------------|---|--------------|
|  | Cost                  | Accumulated<br>amortization<br>Restated | Net          | Cost                  | Accumulated<br>amortization<br>Restated | Net          |
| Goodwill - cash and carry<br>(note 15.1)                             | 371                   | (9)                                     | 362          | 371                   | (9)                                     | 362          |
| Goodwill - home<br>appliances (note 15.1)                            | 920                   | -                                       | 920          | 920                   | -                                       | 920          |
| Goodwill - retail (note<br>15.1)                                     | 1,848                 | (1,101)                                 | 747          | 1,848                 | (1,101)                                 | 747          |
| Goodwill - e-commerce<br>(note 15.1)                                 | 243                   | -                                       | 243          | 254                   | -                                       | 254          |
| Brand - cash and carry<br>(note 15.2)                                | 39                    | -                                       | 39           | 39                    | -                                       | 39           |
| Brand - home appliances<br>(note 15.2)                               | 2,061                 | -                                       | 2,061        | 2,061                 | -                                       | 2,061        |
| Brand - e-commerce (note<br>15.2)                                    | 21                    | -                                       | 21           | 30                    | -                                       | 30           |
| Commercial rights - home<br>appliances (note 15.4)                   | 637                   | (67)                                    | 570          | 637                   | (63)                                    | 574          |
| Commercial rights - retail<br>(note 15.4)                            | 46                    | -                                       | 46           | 46                    | -                                       | 46           |
| Commercial rights - cash<br>and carry (note 15.4)                    | 34                    | -                                       | 34           | 34                    | -                                       | 34           |
| Customer relationship -<br>home appliances                           | 35                    | (35)                                    | -            | 34                    | (32)                                    | 2            |
| Lease agreement under<br>advantageous condition -<br>NCB (note 15.3) | 290                   | (220)                                   | 70           | 292                   | (195)                                   | 97           |
| Contractual Rights   | 187                   | (39)                                    | 148          | 186                   | (7)                                     | 179          |
| Software   | 1,932                 | (805)                                   | 1,127        | 1,567                 | (602)                                   | 965          |
| Software capital leasing   | 122                   | (33)                                    | 89           | 112                   | (21)                                    | 91           |
| Other  | 81                    | (15)                                    | 66           | 58                    | (11)                                    | 47           |
|  | <b>8,867</b>          | <b>(2,324)</b>                          | <b>6,543</b> | <b>8,489</b>          | <b>(2,041)</b>                          | <b>6,448</b> |

**15.1. Impairment testing of goodwill and intangible assets**

On December 31, 2015, for impairment testing purposes, the goodwill acquired through business combinations and brands with indefinite useful lives was allocated to four cash generating units, which are also operating segments that disclose information: retail, home appliances, cash and carry and e-commerce.

The recoverable amount of the segments was defined by means of a calculation based on the value in use based on cash projections arising from the financial budgets approved by senior management for the next three years. The discount rate before taxes applied to cash flow projections is 12.5% (11.4% at December 31, 2014), and cash flows exceeding 3 years are extrapolated by expected growing for each segment. Based on this analysis, no impairment was necessary.

## 15.2. Trade names

Trades, substantially, refer to “ASSAÍ”, “PONTO FRIO” and “CASAS BAHIA”.

The value was subject to impairment tests through the income approach – Relief from Royalty, which consists of determining the value of an asset by measuring the present value of future benefits, given the indefinite useful life of the trade name, we consider a perpetual growth up to 6.6% to cash and carry (6.7% on December 31, 2014). The royalty rate used was 0.4% for “ASSAÍ”, 0.7% for “PONTO FRIO” and 0.9% for “CASAS BAHIA”.

As a result of this analysis, it was not identified the need of record a provision for reducing the recoverable amount of these assets.

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**15. Intangible assets – Continued****15.3. Advantageous lease agreement – NCB**

Refers to properties from Casa Bahia, comprised of stores, distribution centers and buildings, which are subject to operating leases on advantageous terms, held by Via Varejo. Its measurement was performed by information on comparable transactions in the market, applied the methodology "Income Approach". The assets were recognized because of the business combination between the Company and Casa Bahia.

The useful life was defined as 10 years in accordance with the partnership agreement. The market conditions upon contracting did not deteriorate in relation to current condition, it is not necessary to record a provision for impairment.

**15.4. Commercial rights**

Commercial rights are the right to operate the stores referred to acquired rights, or allocated on business combinations.

Management understands that commercial rights are considered recoverable, considering its recovery by cash flows return or the possibility of negotiating with third parties.

**15.5. Additions to intangible assets**

|   | <b>Parent Company</b>    |                          | <b>Consolidated</b>      |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | <b><u>12.31.2015</u></b> | <b><u>12.31.2014</u></b> | <b><u>12.31.2015</u></b> | <b><u>12.31.2014</u></b> |
|   |                          |                          | <b>Restated</b>          | <b>Restated</b>          |
| Additions                               | <b>111</b>               | 113                      | <b>400</b>               | 522                      |
| Goodwill home appliances                | -                        | -                        | -                        | (24)                     |
| Finance lease                           | <b>(9)</b>               | -                        | <b>(10)</b>              | -                        |
| Other accounts Payable                  | -                        | -                        | <b>11</b>                | (11)                     |
| Intangible assets financing - Additions | <b>(3)</b>               | 5                        | <b>(3)</b>               | 5                        |
| Intangible assets financing - Payments  | <b>6</b>                 | -                        | <b>6</b>                 | -                        |
| <b>Total</b>                            | <b>105</b>               | 118                      | <b>404</b>               | 492                      |

**16. Trade payables**

|  | <b>Parent Company</b>    |                          | <b>Consolidated</b>      |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | <b><u>12.31.2015</u></b> | <b><u>12.31.2014</u></b> | <b><u>12.31.2015</u></b> | <b><u>12.31.2014</u></b> |

|                     |              |       | Restated      | Restated |
|---------------------|--------------|-------|---------------|----------|
| Product suppliers   | <b>4,446</b> | 3,606 | <b>15,590</b> | 13,476   |
| Service suppliers   | <b>142</b>   | 114   | <b>772</b>    | 807      |
| Rebates (note 16.1) | <b>(485)</b> | (540) | <b>(854)</b>  | (890)    |
|                     | <b>4,103</b> | 3,180 | <b>15,508</b> | 13,393   |

The Company and its subsidiaries have agreements with financial institutions in order to allow their suppliers to use the Company's lines of credit for prepayment of receivables arising from the sale of goods and services, which allows suppliers to anticipate receivables in the normal course of purchases made. These transactions were evaluated by the management concluding having commercial characteristics, since there are no changes in price and / or term previously commercially established and is solely the supplier's discretion in performing the anticipation of its receivables against the Company.

Supplier agreements, which include increasing the term from the original transaction and the financial costs related to this increase in term were set object of the cost of purchased product. These amounts are recorded under "Suppliers – structured program" as per note 18.1 (iv).

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**16. Trade payables**

## 16.1. Accounts receivable from vendors

It includes bonuses and discounts obtained from suppliers. These amounts are established in agreements and include amounts for discounts on purchase volumes, joint marketing programs, freight reimbursements, and other similar programs. The receipt of these receivables is by offsetting the amounts payable to suppliers, according to supply agreements conditions so that the settlement occur at the net amount.

**17. Borrowings and financing**

## 17.1. Debt breakdown

|                                     | <u>Weighted average rate</u> | <u>Parent Company</u> |                   | <u>Consolidated</u> |                   |
|-------------------------------------|------------------------------|-----------------------|-------------------|---------------------|-------------------|
|                                     |                              | <u>12.31.2015</u>     | <u>12.31.2014</u> | <u>12.31.2015</u>   | <u>12.31.2014</u> |
| <u>Current</u>                      |                              |                       |                   |                     |                   |
| <u>Debentures</u>                   |                              |                       |                   |                     |                   |
| Debentures, net (note 17.4)         |                              | <b>38</b>             | 2,052             | <b>38</b>           | 2,672             |
| <u>Borrowings and financing</u>     |                              |                       |                   |                     |                   |
| <u>Local currency</u>               |                              |                       |                   |                     |                   |
| BNDES (note 17.6)                   | TJLP(*) + 3.60 per year      | <b>82</b>             | 82                | <b>82</b>           | 89                |
| BNDES (note 17.6)                   | 3.61% per year               | <b>9</b>              | 8                 | <b>16</b>           | 14                |
| IBM                                 | CDI(**) - 0.71% per year     | -                     | -                 | <b>27</b>           | 34                |
| Working capital                     | 103.75% of CDI               | <b>111</b>            | 481               | <b>111</b>          | 753               |
| Working capital(i)                  | 15.57% per year              | -                     | 213               | <b>2,308</b>        | 2,953             |
| Working capital                     | TR(***) + 9.98% per year     | <b>1</b>              | -                 | <b>5</b>            | -                 |
| Sale of receivables                 | 109% of CDI                  | -                     | -                 | <b>4</b>            | -                 |
| Finance lease (note 23)             |                              | <b>30</b>             | 25                | <b>44</b>           | 34                |
| Swap contracts (note 17.7)          | 102.00% of CDI               | -                     | (12)              | -                   | (12)              |
| Borrowing cost                      |                              | <b>(1)</b>            | (2)               | <b>(2)</b>          | (3)               |
|                                     |                              | <b>232</b>            | 795               | <b>2,595</b>        | 3,862             |
| <u>Foreign currency (Note 17.5)</u> |                              |                       |                   |                     |                   |
| Working capital (i)                 | USD + 1.66% per year         | <b>857</b>            | 43                | <b>1,656</b>        | 56                |
| Swap contracts (note 17.7)          | 101.34% of CDI               | <b>(299)</b>          | 5                 | <b>(475)</b>        | 4                 |
|                                     |                              | <b>558</b>            | 48                | <b>1,181</b>        | 60                |
| Total current                       |                              | <b>828</b>            | 2,895             | <b>3,814</b>        | 6,594             |

| <u>Noncurrent</u>               | <u>Weighted average rate</u> | <u>Parent Company</u> |                   | <u>Consolidated</u> |                   |
|---------------------------------|------------------------------|-----------------------|-------------------|---------------------|-------------------|
|                                 |                              | <u>12.31.2015</u>     | <u>12.31.2014</u> | <u>12.31.2015</u>   | <u>12.31.2014</u> |
| <u>Debentures</u>               |                              |                       |                   |                     |                   |
| Debentures, net (note 17.4)     |                              | <b>897</b>            | 896               | <b>897</b>          | 896               |
| <u>Borrowings and financing</u> |                              |                       |                   |                     |                   |
| <u>Local currency</u>           |                              |                       |                   |                     |                   |
| BNDES (note 17.6)               | TJLP(*) + 3.60 per year      | -                     | 82                | -                   | 82                |
| BNDES (note 17.6)               | 2.87% per year               | <b>9</b>              | 14                | <b>51</b>           | 57                |
| IBM                             | CDI - 0.71% per year         | -                     | -                 | <b>68</b>           | 74                |
| Working capital (i)             | 15.57% per year              | -                     | -                 | <b>167</b>          | 136               |
| Working capital                 | 106.69% of CDI               | <b>980</b>            | 874               | <b>1,131</b>        | 1,006             |
| Working capital                 | TR + 9.98 % per year         | <b>20</b>             | -                 | <b>126</b>          | 21                |
| Finance lease (note 23)         |                              | <b>117</b>            | 131               | <b>220</b>          | 229               |
| Swap contracts (note 17.7)      | 101.93% of CDI               | -                     | -                 | <b>2</b>            | -                 |
| Borrowing cost                  |                              | <b>(3)</b>            | (5)               | <b>(7)</b>          | (6)               |
|                                 |                              | <b>1,123</b>          | 1,096             | <b>1,758</b>        | 1,599             |
| <u>Foreign currency</u>         |                              |                       |                   |                     |                   |
| Working capital                 | USD + 2.14% per year         | <b>1,443</b>          | 669               | <b>1,756</b>        | 669               |
| Swap contracts (note 17.7)      | 103.87% of CDI               | <b>(186)</b>          | (30)              | <b>(247)</b>        | (30)              |
|                                 |                              | <b>1,257</b>          | 639               | <b>1,509</b>        | 639               |
| Total noncurrent                |                              | <b>3,277</b>          | 2,631             | <b>4,164</b>        | 3,134             |

(i) These balances include the amount of R\$2,475 (R\$2,875 at December 2014) of direct consumer credit (CDCI).

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**17. Borrowings and financing - continued**

## 17.2. Changes in borrowings

|                                    | <b>Parent Company</b> | <b>Consolidated</b> |
|------------------------------------|-----------------------|---------------------|
| <b>At December 31, 2013</b>        | 5,115                 | 9,495               |
| Additions                          | 1,661                 | 6,780               |
| Accrued interest                   | 471                   | 928                 |
| Accrued swap                       | (15)                  | (17)                |
| Mark-to-market                     | (3)                   | (3)                 |
| Monetary and exchange rate changes | 49                    | 55                  |
| Borrowing cost                     | 9                     | 9                   |
| Interest paid                      | (662)                 | (1,069)             |
| Payments                           | (1,151)               | (6,500)             |
| Swap paid                          | 52                    | 50                  |
| <b>At December 31, 2014</b>        | 5,526                 | 9,728               |
| Additions - working capital        | 1,154                 | 6,389               |
| Additions - finance lease          | 14                    | 35                  |
| Accrued interest                   | 503                   | 927                 |
| Accrued swap                       | (351)                 | (534)               |
| Mark-to-market                     | (4)                   | (5)                 |
| Monetary and exchange rate changes | 468                   | 734                 |
| Borrowing cost                     | 5                     | 5                   |
| Interest paid                      | (511)                 | (947)               |
| Payments                           | (2,663)               | (8,255)             |
| Swap paid                          | (59)                  | (99)                |
| Corporate restructuring (note 1.3) | 23                    | -                   |
| <b>At December 31, 2015</b>        | 4,105                 | 7,978               |

## 17.3. Maturity schedule of borrowings and financing recorded in noncurrent liabilities

| <u>Year</u> | <u>Parent Company</u> | <u>Consolidated</u> |
|-------------|-----------------------|---------------------|
| 2017        | 1,826                 | 2,444               |
| 2018        | 906                   | 957                 |
| 2019        | 485                   | 523                 |
| After 2020  | 66                    | 250                 |
| Subtotal    | 3,283                 | 4,174               |



|                 |              |              |
|-----------------|--------------|--------------|
| Borrowing costs | <b>(6)</b>   | <b>(10)</b>  |
| Total           | <b>3,277</b> | <b>4,164</b> |

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**17. Borrowings and financing – Continued**

## 17.4. Debentures

|                                | Type          | Issue Amount | Outstanding debentures | Date      |          | Annual financial charges | Unit price | Parent Company |              | Consolidated |
|--------------------------------|---------------|--------------|------------------------|-----------|----------|--------------------------|------------|----------------|--------------|--------------|
|                                |               |              |                        | Issue     | Maturity |                          |            | 12.31.2015     | 12.31.2014   |              |
| Company                        |               |              |                        |           |          |                          |            |                |              |              |
| 1st series – No preference     |               | 800,000      |                        | -12/29/11 | 6/29/15  | 108.5% of CDI            | -          | -              | 801          |              |
| CBD                            | No preference | 1,200,000    |                        | - 5/2/12  | 11/2/15  | CDI + 1%                 | -          | -              | 1,223        |              |
| CBD                            | No preference | 900,000      | 900,000                | 9/12/14   | 9/12/19  | 107.00% of CDI           | 1,007      | <b>939</b>     | 930          | <b>930</b>   |
| 1st Series – Via No preference |               | 400,000      |                        | - 1/30/12 | 7/30/15  | CDI + 1%                 | -          | -              | -            |              |
| 2nd Series – No preference     |               | 200,000      |                        | - 6/29/12 | 1/29/15  | CDI + 0.72%              | -          | -              | -            |              |
| st                             |               |              |                        |           |          |                          |            | <b>(4)</b>     | <b>(6)</b>   | <b>(4)</b>   |
| <b>Consolidated</b>            |               |              |                        |           |          |                          |            | <b>935</b>     | <b>2,948</b> | <b>930</b>   |
| ities                          |               |              |                        |           |          |                          |            | <b>38</b>      | <b>2,052</b> | <b>38</b>    |
| abilities                      |               |              |                        |           |          |                          |            | <b>897</b>     | <b>896</b>   | <b>896</b>   |

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## Companhia Brasileira de Distribuição

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### 17. Borrowings and financing – Continued

#### 17.4. Debentures – continued

GPA uses the issue of debentures to strengthen its working capital, maintain its cash strategy, lengthen its debt profile and make investments. The debentures issued are unsecured, without renegotiation clauses and not convertible into shares, except for the debentures issued by the subsidiaries, which are guaranteed by the Company.

These debentures are amortized according to the issue. The methods of amortization are as follows: (i) payment only at maturity with annual remuneration (10th issue of CBD), (ii) payment only at maturity with semiannual remuneration (11th issue of GPA and 3rd issue of Via Varejo) and (iii) annual installments payments as of the 4th anniversary of the issue (12th issue of CBD) and semiannual payments.

The 10th 11th and 12th issues are entitled to early redemption, at any time, in accordance with the conditions established in the issue.

GPA is required to maintain certain debt financial covenants in connection with the issues made. These ratios are calculated based on consolidated financial statements of the Company prepared in accordance with accounting practices adopted in Brazil, in the respective issuing Company as follows: (i) net debt (debt minus cash and cash equivalents and trade accounts receivable) not greater than equity and (ii) consolidated net debt/EBITDA ratio lower than or equal to 3.25. At December 31, 2015, GPA complied with these ratios.

In 2015 there were debentures settlements of R\$ 2,620.

#### 17.5. Borrowings in foreign currencies

On December 31, 2015 GPA had loans in foreign currencies (dolar and euro) to strengthen its working capital, maintain its cash strategy, lengthen its debt profile and make investments, being the last due date in October, 2018

GPA is required to maintain certain debt financial covenants. These ratios are calculated based on consolidated financial statements of the Company prepared in accordance with accounting practices adopted in Brazil, in the respective issuing Company as follows: (i) net debt (debt minus cash and cash equivalents and trade accounts receivable) not greater than equity and (ii) consolidated net debt/EBITDA ratio lower than or equal to 3.25. At December 31, 2015, GPA complied with these ratios.

#### 17.6. Guarantees

The Company signed promissory notes and letters of guarantee as collateral for borrowings and financing with BNDES.

#### 17.7. Swap contracts

The Company and its Brazilian subsidiaries use swap transactions for 100% of its borrowings denominated in US dollars and fixed interest rates, exchanging these obligations for Real linked to CDI (floating) interest rates. These contracts have a total debt term and protect the interest and the principal and are signed, generally, with the same due dates and with same counterparty. The weighted average annual rate of CDI in 2015 was 13.24% (10.81% in 2014).

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**17. Borrowings and financing – Continued****17.8. Credit facilities**

The Company and subsidiaries entered into credit facility agreements, not used, in the amount of R\$1,350. These agreements were entered into under market conditions and are effective for 2016 and 2017.

**18. Financial instruments**

The Company uses financial instruments only for protecting identified risks, limited to 100% of the risks. Derivative transactions have the sole purpose of reducing the exposure to the interest rate and foreign currency fluctuations and maintaining a balanced capital structure.

The main financial instruments and their carrying amounts in the interim financial information, by category, are as follows:

|  | <b>Parent Company</b>         |                          | <b>Consolidated</b>           |                          |
|--|-------------------------------|--------------------------|-------------------------------|--------------------------|
|  | <b><u>Carrying amount</u></b> |                          | <b><u>Carrying amount</u></b> |                          |
|  | <b><u>12.31.2015</u></b>      | <b><u>12.31.2014</u></b> | <b><u>12.31.2015</u></b>      | <b><u>12.31.2014</u></b> |
|  |                               |                          | <b>Restated</b>               | <b>Restated</b>          |
| <b><u>Financial assets:</u></b>                            |                               |                          |                               |                          |
| <b><u>Loans and receivables (including cash)</u></b>       |                               |                          |                               |                          |
| Cash and cash equivalents                                  | <b>2,247</b>                  | 2,923                    | <b>11,015</b>                 | 11,149                   |
| Trade receivables and other receivables                    | <b>587</b>                    | 462                      | <b>4,308</b>                  | 4,175                    |
| Related parties - assets (*)                               | <b>1,076</b>                  | 398                      | <b>309</b>                    | 313                      |
| <b><u>Financial liabilities:</u></b>                       |                               |                          |                               |                          |
| <b><u>Other financial liabilities - amortized cost</u></b> |                               |                          |                               |                          |
| Related parties -liabilities (*)                           | <b>(268)</b>                  | (1,751)                  | <b>(563)</b>                  | (261)                    |
| Trade payables   | <b>(4,103)</b>                | (3,180)                  | <b>(15,508)</b>               | (13,393)                 |
| Financing for purchase of assets                           | <b>(104)</b>                  | (88)                     | <b>(118)</b>                  | (107)                    |
| Acquisition of non-controlling interest                    | -                             | -                        | <b>(104)</b>                  | (130)                    |
| Debentures   | <b>(935)</b>                  | (2,948)                  | <b>(935)</b>                  | (3,568)                  |
| Borrowings and financing                                   | <b>(1,355)</b>                | (1,691)                  | <b>(4,222)</b>                | (5,241)                  |
| Suppliers - structured                                     | -                             | -                        | <b>(1,055)</b>                | -                        |
| <b><u>Fair value through profit or loss</u></b>            |                               |                          |                               |                          |
| Loans and financing, including derivatives                 | <b>(1,815)</b>                | (887)                    | <b>(2,821)</b>                | (919)                    |

(\*)Transactions with related parties refer mainly to transactions between the Company and its subsidiaries and other related entities and were substantially accounted for in accordance with the prices, terms and conditions agreed between the parties.

The fair value of other financial instruments detailed in table above approximates the carrying amount based on the existing terms and conditions. The financial instruments measured at amortized cost, the related fair values of which differ from the carrying amounts, are disclosed in note 18.3.

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### 18. Financial instruments – Continued

18.1. Considerations on risk factors that may affect the business of the Company and its subsidiaries:

(i) Credit risk

- Cash and cash equivalents: in order to minimize credit risk of these investments, the Company adopts investment policies at financial institutions approved by the Company's Cash Flow Committee, also taking into consideration monetary limits and financial institution evaluations, which are frequently updated.
- Accounts receivable: credit risk related to accounts receivable is minimized by the fact that big portion of the sales are paid with credit cards, and the Company sells these receivables to banks and credit card companies itself, aiming strength working capital. The sales of receivables result in derecognition of the accounts receivable due to the transfer of the credit risk, benefits and control of such assets. Additionally, mainly to the accounts receivable paid in installments, the company monitor the risk through the credit concession to customers and by the constant analysis of the provision for losses.
- The Company also has counterparty risk related to the derivative instruments; such risk is mitigated by the Company's policy of carrying out transactions, according to policies approved by governance boards.
- Financed sales (CDCI): sales are made through operating agreements (credit lines) with banks Bradesco, Safra and Banco do Brasil for granting loans to their customers, through intervention with their financial institutions, with the aim of enabling and encouraging the sale of goods in their stores. In this type of sale, the subsidiary Via Varejo has ultimate responsibility for the settlement of loans and the credit risk of the operation.
- There are no amounts receivable that are individually, higher than 5% of accounts receivable or sales, respectively.

(ii) Interest rate risk

The Company and its subsidiaries raise loans and financing with major financial institutions for cash needs for investments and growth. As a result, the Company and its subsidiaries are, mainly, exposed to relevant interest rates fluctuation risk, especially in view of derivatives liabilities (foreign currency exposure hedge) and CDI-pegged debt, The balance of cash and cash equivalents, indexed to CDI, partially offsets the interest rate risk.

(iii) Exchange rate risk

The Company and its subsidiaries are exposed to exchange rate fluctuations, which may increase outstanding balances of foreign currency-denominated borrowings. The Company and its subsidiaries use derivatives, such as swaps, with a view to mitigating the exchange exposure risk, converting the cost of debt into currency and domestic interest rates



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**18. Financial instruments – Continued**

18.1. Considerations on risk factors that may affect the business of the Company and its subsidiaries – continued

## (iv) Capital risk management

The main objective of the Company's capital management is to ensure that the Company sustains its credit rating and a well-defined equity ratio, in order to support businesses and maximize shareholder value. The Company manages the capital structure and makes adjustments taking into account changes in the economic conditions.

There were no changes as to objectives, policies or processes during the year ended December 31, 2015.

|  | <b>Parent Company</b>    |                          | <b>Consolidated</b>      |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | <b><u>12.31.2015</u></b> | <b><u>12.31.2014</u></b> | <b><u>12.31.2015</u></b> | <b><u>12.31.2014</u></b> |
| Cash and cash equivalentes                             | <b>2,247</b>             | 2,923                    | <b>11,015</b>            | 11,149                   |
| Suppliers – structured program(**)                     | -                        | -                        | <b>(1,055)</b>           | -                        |
| Borrowings and financing                               | <b>(4,105)</b>           | (5,526)                  | <b>(7,978)</b>           | (9,728)                  |
| Other liabilities with related parties (note 12.2) (*) | -                        | -                        | <b>(364)</b>             | (12)                     |

(\*) Represents loans of CDiscount with Casino Finance International S.A. ("Polca").

(\*\*)Suppliers – structured program, refers to financial liabilities with suppliers which due dates were extended during 2015. Due to characteristics of commercial negotiations between suppliers and the Company, these financial liabilities were included in programs with banks, utilizing Company's credit lines, with implied financial cost of 108.4% of CDI. The Company understands that this transaction has specific nature and classifies separately from the caption Suppliers.

## (v) Liquidity risk management

The Company manages liquidity risk through the daily follow-up of cash flows, control of maturities of financial assets and liabilities, and a close relationship with the main financial institutions.

The table below summarizes the aging profile of the Company's financial liabilities as at December 31, 2015 and December 31, 2014.

a) Parent Company

|                          | <b>Up to 1<br/>Year</b> | <b>1 – 5 years</b> | <b>More than 5<br/>years</b> | <b>Total</b> |
|--------------------------|-------------------------|--------------------|------------------------------|--------------|
| Borrowings and financing | <b>1,088</b>            | <b>2,645</b>       | <b>3</b>                     | <b>3,736</b> |
| Debentures               | <b>132</b>              | <b>1,151</b>       | <b>-</b>                     | <b>1,283</b> |
| Derivatives              | <b>(84)</b>             | <b>(66)</b>        | <b>-</b>                     | <b>(150)</b> |
| Finance lease            | <b>46</b>               | <b>133</b>         | <b>147</b>                   | <b>326</b>   |
| Trade payables           | <b>4,103</b>            | <b>-</b>           | <b>-</b>                     | <b>4,103</b> |
| <b>Total</b>             | <b>5,285</b>            | <b>3,863</b>       | <b>150</b>                   | <b>9,298</b> |

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**18. Financial instruments – Continued**

18.1. Considerations on risk factors that may affect the business of the Company and its subsidiaries – Continued

(v) Liquidity management risk – Continued

b) Consolidated - **restated**

|                               | Up to 1<br>Year | 1 – 5 years  | More than 5<br>years | Total         |
|-------------------------------|-----------------|--------------|----------------------|---------------|
| Borrowings and financing      | 4,395           | 3,512        | 128                  | 8,035         |
| Debtentures                   | 132             | 1,151        | -                    | 1,283         |
| Derivatives                   | (148)           | (109)        | 2                    | (255)         |
| Finance lease                 | 73              | 234          | 195                  | 502           |
| Trade payables                | 15,508          | -            | -                    | 15,508        |
| Suppliers -structured program | 1,055           | -            | -                    | 1,055         |
| <b>Total</b>                  | <b>21,015</b>   | <b>4,788</b> | <b>325</b>           | <b>26,128</b> |

(vi) Derivative financial instruments

Certain swap operations are classified as fair value hedge, whose objective is to hedge against foreign exchange exposure (U.S. dollars) and fixed interest rates, converting the debt into domestic interest rates and currency.

At December 31, 2015 the reference value of these contracts were R\$2,760 (R\$842 at December 31, 2014). These operations are usually contracted under the same terms of amounts, maturities and fees, and carried out with the same financial institution, observing the limits set by Management.

According to the Company's treasury policies, swaps cannot be contracted with restrictions ("caps"), margins, as well as return clauses, double index, flexible options or any other types of transactions different from traditional "swap" operations to hedge against debts.

The Company's internal controls were designed so that to ensure that transactions are conducted in compliance with this treasury policy.

The Company calculates the effectiveness of operations and hedge accounting is applied on inception date and on continuing basis. Hedge operations contracted in the year ended December 31, 2015 were effective in relation to the covered risk. For derivative transactions qualified as hedge accounting, according to technical pronouncement CPC 38 (IAS 39), the debt, which is the hedge object, is also adjusted at fair value.

|                              |                   | <b>Consolidated</b>          |                          |                          |                          |
|------------------------------|-------------------|------------------------------|--------------------------|--------------------------|--------------------------|
|                              |                   | <b><u>Notional value</u></b> |                          | <b><u>Fair value</u></b> |                          |
|                              |                   | <b><u>12.31.2015</u></b>     | <b><u>12.31.2014</u></b> | <b><u>12.31.2015</u></b> | <b><u>12.31.2014</u></b> |
| <i>Fair value hedge</i>      |                   |                              |                          |                          |                          |
| Purpose of hedge (debt)      |                   | <b>2,760</b>                 | 842                      | <b>3,512</b>             | 959                      |
| <u>Long position (buy)</u>   |                   |                              |                          |                          |                          |
| Prefix rate                  | TR+9.98% per year | <b>131</b>                   | 151                      | <b>131</b>               | 234                      |
| US\$ + fixed                 | 1.90% per year    | <b>2,629</b>                 | 691                      | <b>3,427</b>             | 732                      |
|                              |                   | <b>2,760</b>                 | 842                      | <b>3,558</b>             | 966                      |
| <u>Short position (sell)</u> |                   |                              |                          |                          |                          |
|                              | 102.38% per year  | <b>(2,760)</b>               | (842)                    | <b>(2,838)</b>           | (928)                    |
| Net hedge position           |                   | -                            | -                        | <b>720</b>               | 38                       |

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### 18. Financial instruments – Continued

18.1. Considerations on risk factors that may affect the business of the Company and its subsidiaries – Continued

(vi) Derivative financial instruments - continued

Realized and unrealized gains and losses on these contracts during the year ended December 31, 2015 are recorded in financial income (expenses), net and the balance receivable at fair value is R\$720 (R\$38 as at December 31, 2014), recorded in line item “Borrowings and financing”.

The effects of the fair value hedge recorded in the statement of profit or loss for the year ended December 31, 2015 were a gain of R\$584 in cost debt line in financial result (loss of R\$20 as at December 31, 2014).

(vii) Fair values of derivative financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

Fair values are calculated by projecting the future cash flows of operations, using the curves of CDI and discounting them to present value, using CDI market rates for swaps both disclosed by BM&FBovespa.

The market value of exchange coupon swaps versus CDI rate was obtained applying market exchange rates effective on the date the interim financial information are drawn up and rates are projected by the market calculated based on currency coupon curves, In order to calculate the coupon of foreign currency indexed-positions, the straight-line convention - 360 consecutive days was adopted and to calculate the coupon of CDI indexed-positions, the exponential convention - 252 business days was adopted.

18.2. Sensitivity analysis of financial instruments

According to the Management’s assessment, the most probable scenario is what the market has been estimating through market curves (currency and interest rates) of BM&FBovespa, on the maturity dates of each operation, Therefore, in the probable scenario (I), there is no impact on the fair value of financial

instruments. For scenarios (II) and (III), , for the sensitivity analysis effect, according to CVM rules, a deterioration of 25% and 50% was taken into account, respectively, on risk variables, up to one year of the financial instruments.

For the probable scenario, exchange rate weighted was R\$4.41 on the due date, and the interest rate weighted was 15.12% per year.

In case of derivative financial instruments (aiming at hedging the financial debt), changes in scenarios are accompanied by respective hedges, indicating effects are not significant, see note 18.2 (i).

The Company disclosed the net exposure of the derivatives financial instruments, corresponding financial instruments and certain financial instruments in the sensitivity analysis chart below, for each of the scenarios mentioned:

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**18. Financial instruments – Continued**

18.2. Sensitivity analysis of financial instruments - continued

(i) Other financial instruments

| <b>Operations</b>                       | <b>Risk (CDI decrease)</b> | <b>Balance at 12.31.2015</b> | <b>Market projection</b> |                    |                     |
|---|----------------------------|------------------------------|--------------------------|--------------------|---------------------|
|   |                            |                              | <b>Scenario I</b>        | <b>Scenario II</b> | <b>Scenario III</b> |
| Fair value hedge (fixed rate)           | 101.43% of CDI             | (132)                        | (163)                    | (158)              | (152)               |
| Fair value hedge (exchange rate)        | 101.91% of CDI             | (2,706)                      | (3,267)                  | (3,176)            | (3,085)             |
| Debentures                              | 107% of CDI                | (939)                        | (1,091)                  | (1,053)            | (1,015)             |
| Bank loans - CBD                        | 106.42% of CDI             | (1,091)                      | (1,250)                  | (1,211)            | (1,171)             |
| Leases                                  | 100.19% of CDI             | (89)                         | (102)                    | (99)               | (96)                |
| Leases                                  | 95.31% of CDI              | (29)                         | (33)                     | (32)               | (31)                |
| Bank loans - Via Varejo                 | CDI - 0.71%                | (95)                         | (108)                    | (105)              | (102)               |
| Bank loans - Barcelona                  | 108% of CDI                | (151)                        | (176)                    | (170)              | (164)               |
| Total borrowings and financing exposure |                            | (5,232)                      | (6,190)                  | (6,004)            | (5,816)             |
| Cash and cash equivalents (*)           | 100.50% of CDI             | 10,446                       | 12,051                   | 11,647             | 11,248              |
| Net exposure                            |                            | 5,214                        | 5,861                    | 5,643              | 5,432               |

|  |            |            |            |
|--|------------|------------|------------|
| Net effect -<br>gain<br>(* <i>weighted<br/>average</i> ) | <b>647</b> | <b>429</b> | <b>218</b> |
|--|------------|------------|------------|

The Company has a net exposure of US\$ 36 million american dollars (between trade payables and financial investments abroad). The application of the sensibility tests in the same basis for the ones above, would result in losses of R\$16 and losses of R\$55 and R\$94 in scenarios II and III, with effects in shareholders' equity.

In addition, Company has a borrowing of R\$ 364 with Casino's group company Polca, this balance yields EONIA + 0.5% per year. Considering that part of that interest rate is post-fixed and not representative, Company is not exposed to relevant variation of this interest rate, with no sensibility analisis required.



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**18. Financial instruments – Continued****18.3. Fair value measurements**

The Company discloses the fair value of financial instruments measured at fair value and of financial instruments measured at amortized cost, the fair value of which differ from the carrying amount, in accordance with CPC 46 (“IFRS13”), which refer to the concepts of measurement and disclosure requirements.

The fair values of cash and cash equivalents, trade receivables, short and long-term debt and trade payables are equivalent to their carrying amounts.

The table below presents the fair value hierarchy of financial assets and liabilities measured at fair value and of financial instruments measured at amortized cost, the fair value of which is disclosed in the financial statements:

|  | Carrying amount at<br>12.31.2015 | Fair value at<br>12.31.2015 | Fair value<br>measurement<br>at the end of<br>the reporting<br>period using<br>other<br>significant<br>observable<br>assumptions |
|--|----------------------------------|-----------------------------|--|
| <i>Financial instruments at fair value through profit (loss)</i>                     |                                  |                             |  |
| Cross-currency interest rate swaps   | 722                              | 722                         | level 2  |
| Interest rate swaps  | (2)                              | (2)                         | level 2  |
| Borrowings and financing (fair value)  | (3,541)                          | (3,541)                     | level 2  |
| <i>Financial instruments at amortized cost, in which the fair value is disclosed</i> |                                  |                             |  |
| Borrowings and financing (amortized cost)  | (5,157)                          | (5,396)                     | level 2  |
| Total  | (7,978)                          | (8,217)                     |  |

There were no changes between the fair value measurements levels in the year ended December 31, 2015.

- Cross-currency and interest rate swaps and borrowings and financing are classified in level 2 since the fair value of such financial instruments was determined based on readily observable market inputs, such as expected interest rate and current and future foreign exchange rate.

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**18. Financial instruments – Continued**

## 18.4. Consolidated position of derivative transactions

The consolidated position of outstanding derivative transactions is presented in the table below:

| Outstanding           | Description     | Counterparties | Notional Contracting |            | Amount payable or receivable |            | Fair value |            |
|-----------------------|-----------------|----------------|----------------------|------------|------------------------------|------------|------------|------------|
|                       |                 |                | value                | date       | Maturity                     | 12.31.2015 | 12.31.2014 | 12.31.2015 |
| <i>Exchange swaps</i> |                 |                |                      |            |                              |            |            |            |
| registered with CETIP | Banco Tokyo     | US\$ 75        | 1/14/2014            | 1/10/2017  | 110                          | 16         | 113        | 11         |
| (US\$ x CDI)          | Banco JP Morgan | US\$ 50        | 3/19/2014            | 3/21/2016  | 77                           | 14         | 82         | 11         |
|                       | Citibank        | US\$ 16        | 10/14/2014           | 10/14/2015 | -                            | 3          | -          | 2          |
|                       | Mizuho          | US\$ 50        | 10/31/2014           | 10/31/2017 | 70                           | 8          | 69         | 4          |
|                       | Citibank        | US\$ 85        | 11/21/2014           | 11/21/2016 | 109                          | 3          | 112        | (4)        |
|                       | Citibank        | US\$ 5         | 10/14/2014           | 10/14/2015 | -                            | 1          | -          | 1          |
|                       | Banco Tokyo     | US\$ 75        | 1/2/2015             | 12/29/2016 | 94                           | -          | 98         | -          |
|                       | Citibank        | US\$ 5         | 1/28/2015            | 1/28/2016  | 6                            | -          | 7          | -          |
|                       | HSBC            | US\$ 100       | 2/25/2015            | 11/25/2016 | 100                          | -          | 102        | -          |
|                       | Bradesco        | US\$ 100       | 4/27/2015            | 4/27/2016  | 66                           | -          | 76         | -          |
|                       | Citibank        | US\$ 50        | 4/10/2015            | 4/10/2017  | 38                           | -          | 37         | -          |
|                       | Citibank        | US\$ 30        | 4/14/2015            | 4/17/2017  | 22                           | -          | 22         | -          |
|                       | Banco Tokyo     | US\$ 50        | 7/31/2015            | 7/31/2017  | 26                           | -          | 26         | -          |
|                       | Bank of America | US\$ 40        | 9/14/2015            | 9/14/2017  | (1)                          | -          | -          | -          |
|                       | Scotiabank      | US\$ 50        | 9/30/2015            | 9/29/2017  | (7)                          | -          | (4)        | -          |
|                       | Agricole        | EUR 50         | 10/7/2015            | 10/8/2018  | (13)                         | -          | (18)       | -          |
|                       | Itaú BBA        | US\$ 50        | 10/27/2015           | 1/17/2017  | (3)                          | -          | (1)        | -          |
| Interest rate swap    |                 |                |                      |            |                              |            |            |            |
| registered with CETIP | Banco do Brasil | R\$ 130        | 6/28/2010            | 6/2/2015   | -                            | 13         | -          | 12         |
| (fixed rate x CDI)    | Itaú BBA        | R\$ 21         | 11/11/2014           | 11/5/2026  | -                            | 1          | -          | 1          |
|                       | Itaú BBA        | R\$ 54         | 1/14/2015            | 1/5/2027   | (1)                          | -          | (1)        | -          |
|                       |                 |                |                      |            | 693                          | 59         | 720        | 38         |



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**19. Taxes and contributions payable and taxes payable in installments**

## 19.1. Taxes and contributions payable and taxes payable in installments

|   | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|---|-----------------------|-------------------|---------------------|-------------------|
|   | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
| PIS and COFINS                                    | <b>16</b>             | 31                | <b>396</b>          | 360               |
| Provision for income tax and social contribution  | <b>3</b>              | 48                | <b>52</b>           | 161               |
| ICMS  | <b>27</b>             | 23                | <b>154</b>          | 153               |
| Others  | <b>9</b>              | 6                 | <b>148</b>          | 118               |
|   | <b>55</b>             | 108               | <b>750</b>          | 792               |
| Taxes payable in installments - Law 11,941/09 (i) | <b>644</b>            | 680               | <b>644</b>          | 680               |
| Others(ii)  | <b>8</b>              | 12                | <b>8</b>            | 12                |
|   | <b>652</b>            | 692               | <b>652</b>          | 692               |
| Current   | <b>135</b>            | 183               | <b>830</b>          | 867               |
| Noncurrent  | <b>572</b>            | 617               | <b>572</b>          | 617               |

(i) Federal tax installment payment, Law 11,941/09 – The Law 11,941, was enacted on May 27, 2009, a special federal tax and social security debt installment program, for debts overdue until November 2008, and gave several benefits to its participants, such as reduction of fines, interest rates and legal charges, the possibility of utilization of accumulated tax losses to settle penalties and interest and payment in 180 months. The Company still has the possibility of using restricted deposits linked to the claim to reduce the balance, besides of the fact that such reduction gains are not subject to IRPJ/CSLL/PIS/COFINS. In 2014, as permitted by law 12,996/14, the Administration decided to bring forward the payment of R\$366, taxes in installments, using the deferred income tax on tax losses of R\$256 recorded in subsidiaries and making the payment of R\$97.

(ii) Other – the Company filed request for tax installment payment according to the Incentive Tax Installment Payment Program (PPI). These taxes are adjusted by Special System for Settlement and Custody - SELIC and are payable in 120 months.

## 19.2. Maturity schedule of taxes payable in installments in noncurrent liabilities:

| <b><u>In</u></b> | <b><u>Parent Company</u></b> | <b><u>Consolidated</u></b> |
|------------------|------------------------------|----------------------------|
| 2017             | <b>79</b>                    | <b>79</b>                  |
| 2018             | <b>76</b>                    | <b>76</b>                  |
| 2019             | <b>76</b>                    | <b>76</b>                  |

|            |            |            |
|------------|------------|------------|
| After 2020 | <b>341</b> | <b>341</b> |
| Total      | <b>572</b> | <b>572</b> |

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**20. Income tax and social contribution**

## 20.1. Income and social contribution tax expense reconciliation

|  | Parent Company         |                        | Consolidated           |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | 12.31.2015<br>Restated | 12.31.2014<br>Restated | 12.31.2015<br>Restated | 12.31.2014<br>Restated |
| Profit before income tax and social contribution   | 319                    | 1,359                  | 70                     | 2,320                  |
| Income tax and social contribution at the nominal rate of 25% for the Company and 34% for subsidiaries | (81)                   | (340)                  | (65)                   | (689)                  |
| Deferred income tax over carrying amount not recognized  | -                      | -                      | (197)                  | (60)                   |
| Tax penalties  | (7)                    | (2)                    | (11)                   | (2)                    |
| Share of profit of subsidiaries and associates   | 33                     | 178                    | 34                     | 32                     |
| Effect of tax rates in foreign entities  | -                      | -                      | 18                     | -                      |
| Reversal of deferred income tax  | -                      | -                      | (104)                  | -                      |
| Other permanent differences (nondeductible)  | 1                      | 12                     | (21)                   | (17)                   |
| Effective income tax and social contribution   | (54)                   | (152)                  | (346)                  | (736)                  |
| Income tax and social contribution for the period:   |                        |                        |                        |                        |
| Current  | 5                      | (84)                   | (211)                  | (514)                  |
| Deferred   | (59)                   | (68)                   | (135)                  | (222)                  |
| Deferred income tax and social contribution expense  | (54)                   | (152)                  | (346)                  | (736)                  |
| Effective rate   | 16.93%                 | 11.18%                 | N/A                    | 31.72%                 |

CBD does not pay social contribution based on a final and unappealable court decision in the past; therefore its nominal rate is 25%.

## 20.2. Breakdown of deferred income tax and social contribution

|   | Parent Company |            | Consolidated           |                        |
|---|----------------|------------|------------------------|------------------------|
|   | 12.31.2015     | 12.31.2014 | 12.31.2015<br>Restated | 12.31.2014<br>Restated |
| Tax losses  | -              | -          | 232                    | 354                    |
| Provision for temporary difference write-off                | -              | -          | (59)                   | -                      |
| Provision for risks   | 141            | 156        | 344                    | 346                    |
| Provision for derivative transactions taxed on a cash basis | (107)          | (5)        | (100)                  | (10)                   |

|   |             |       |                |         |
|---|-------------|-------|----------------|---------|
| Estimated loss on doubtful accounts                   | <b>1</b>    | 1     | <b>106</b>     | 94      |
| Provision for current expenses                        | <b>5</b>    | 3     | <b>68</b>      | 63      |
| Goodwill tax amortization                             | <b>(10)</b> | 16    | <b>(595)</b>   | (469)   |
| Present value adjustment                              | <b>1</b>    | 1     | <b>(12)</b>    | (6)     |
| Lease adjustment                                      | <b>5</b>    | 8     | <b>(48)</b>    | (95)    |
| Mark-to-market adjustment                             | <b>(2)</b>  | (2)   | <b>(2)</b>     | (2)     |
| Fair value of assets acquired in business combination | -           | -     | <b>(790)</b>   | (790)   |
| Technological innovation – future realization         | <b>(18)</b> | (21)  | <b>(18)</b>    | (21)    |
| Depreciation of fixed assets as per tax rates         | <b>(25)</b> | (114) | <b>(20)</b>    | (124)   |
| Provision of Morzan arbitration                       | <b>50</b>   | -     | <b>50</b>      | -       |
| Other   | <b>9</b>    | 13    | <b>66</b>      | 18      |
| Deferred income tax and social contribution           | <b>50</b>   | 56    | <b>(778)</b>   | (642)   |
| Noncurrent assets                                     | <b>50</b>   | 56    | <b>406</b>     | 491     |
| Noncurrent liabilities                                | -           | -     | <b>(1,184)</b> | (1,133) |
| Income tax and social contribution                    | <b>50</b>   | 56    | <b>(778)</b>   | (642)   |

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**20. Income tax and social contribution – Continued****20.2. Breakdown of deferred income tax and social contribution – Continued**

Management has prepared a technical feasibility study on the future realization of deferred tax assets, considering the probable capacity to generate taxable income in the context of the main variables of their business. This study was prepared based on information extracted from the strategic planning report previously approved by the Company's Board of Directors.

The Company estimates to recover these deferred tax assets as follows:

| <u>Year</u> | <b>Parent Company</b> | <b>Consolidated</b> |
|-------------|-----------------------|---------------------|
| 2016        | <b>6</b>              | <b>205</b>          |
| 2017        | <b>18</b>             | <b>92</b>           |
| 2018        | <b>18</b>             | <b>99</b>           |
| 2019        | <b>8</b>              | <b>10</b>           |
|             | <b>50</b>             | <b>406</b>          |

**20.3. Changes in deferred income tax and social contribution**

|  | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|--|-----------------------|-------------------|---------------------|-------------------|
|  | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
|  |                       |                   | <b>Restated</b>     | <b>Restated</b>   |
| <b>At the beginning of the period</b>                | <b>56</b>             | 121               | <b>(642)</b>        | (110)             |
| Expense for the period                               | <b>(59)</b>           | (68)              | <b>(135)</b>        | (222)             |
| Morzan arbitration (note 1.1)                        | <b>50</b>             | -                 | <b>50</b>           | -                 |
| Cnova N.V IPO costs (see note 25.9 (iii))            | <b>3</b>              | -                 | <b>(46)</b>         | 41                |
| Exchange rate changes                                | -                     | -                 | <b>29</b>           | 4                 |
| Payment of installments and other tax obligations(i) | -                     | -                 | -                   | (379)             |
| Other  | -                     | 3                 | <b>(34)</b>         | 24                |
| <b>At the end of the period</b>                      | <b>50</b>             | 56                | <b>(778)</b>        | (642)             |

(i) Income tax and social contribution on accumulated losses of utilized to pay tax on amnesty program (REFIS).

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**21. Accounts payable related to acquisition of companies**

|  | <b>Consolidated</b> |                   |
|--|---------------------|-------------------|
|  | <b>12.31.2015</b>   | <b>12.31.2014</b> |
| Interest acquisition in Assaí (a)  | 7                   | 6                 |
| Interest acquisition in Sendas (b)   | 69                  | 124               |
| Interest acquisition in CD Colombia (c)  | 28                  | -                 |
|  | <b>104</b>          | <b>130</b>        |
| Current liabilities  | <b>76</b>           | <b>73</b>         |
| Noncurrent liabilities   | <b>28</b>           | <b>57</b>         |
| a) Refers to accounts payable due to the acquisition of noncontrolling interest in Assaí, subsidiary that operates in the “cash and carry” segment for the Group.  |                     |                   |
| b) Refers to accounts payable for the acquisition of noncontrolling interest in Sendas in December 2010, corresponding to 42.57% of the capital at the time the total amount of R\$377. At December 31, 2015 one annual installment was remaining, recorded at present value, estimated to be adjusted by the IPCA, the last amortization will occur in July 2016. |                     |                   |
| c) Refers to options put and call between subsidiary Cnova N.V and non-controlling shareholders that own 29% of e-commerce operation in Colombia. There are calculation rules for option price that points to the higher among market cotation, multiples and discounted cash flow. The vesting is on November 1, 2017.  |                     |                   |

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**22. Provision for risks**

The provision for risks is estimated by the Company's management, supported by its legal counsel. The provision was recognized in an amount considered sufficient to cover probable losses.

**22.1. Parent Company**

|                                     | <b>PIS/COFINS</b> | <b>Taxes and other</b> | <b>Social security and labor</b> | <b>Civil</b> | <b>Regulatory</b> | <b>Total</b> |
|-------------------------------------|-------------------|------------------------|----------------------------------|--------------|-------------------|--------------|
| <b>Balance at December 31, 2013</b> | 209               | 67                     | 149                              | 63           | 8                 | 496          |
| Additions                           | 36                | 124                    | 30                               | 24           | 13                | 227          |
| Payments                            | -                 | (4)                    | (15)                             | (3)          | (1)               | (23)         |
| Reversals                           | (6)               | (2)                    | (11)                             | (24)         | (9)               | (52)         |
| Inflation adjustment                | 7                 | 5                      | 15                               | 12           | 2                 | 41           |
| Payment of installments             | (206)             | -                      | -                                | -            | -                 | (206)        |
| <b>Balance at December 31, 2014</b> | 40                | 190                    | 168                              | 72           | 13                | 483          |
| Additions                           | 15                | 10                     | 23                               | 42           | 22                | 112          |
| Payments                            | -                 | -                      | (59)                             | (10)         | (6)               | (75)         |
| Reversals                           | -                 | (34)                   | (6)                              | (54)         | (16)              | (110)        |
| Inflation adjustment                | 3                 | 21                     | 24                               | 16           | 3                 | 67           |
| Payment of installments             | 5                 | -                      | 2                                | 5            | 1                 | 13           |
| <b>Balance at December 31, 2015</b> | 63                | 187                    | 152                              | 71           | 17                | 490          |

**22.2. Consolidated**

|                                       | <b>PIS/COFINS</b> | <b>Taxes and other</b> | <b>Social security and labor</b> | <b>Civil</b> | <b>Regulatory</b> | <b>Total</b> |
|---------------------------------------|-------------------|------------------------|----------------------------------|--------------|-------------------|--------------|
| <b>Balance at December 31, 2013</b>   | 272               | 403                    | 297                              | 154          | 21                | 1,147        |
| Additions                             | 53                | 173                    | 297                              | 170          | 25                | 718          |
| Payments                              | -                 | (4)                    | (64)                             | (43)         | (5)               | (116)        |
| Reversals                             | (47)              | (2)                    | (66)                             | (127)        | (14)              | (256)        |
| Inflation adjustment                  | 12                | 16                     | 57                               | 43           | 5                 | 133          |
| Transfers                             | -                 | -                      | -                                | 1            | 1                 | 2            |
| Payment of installments               | (211)             | (85)                   | -                                | -            | -                 | (296)        |
| Corporate reorganization (note 13(b)) | -                 | 8                      | -                                | 3            | -                 | 11           |
| Exchange rate changes                 | -                 | 1                      | -                                | -            | -                 | 1            |

|                                     |            |            |            |            |           |              |
|-------------------------------------|------------|------------|------------|------------|-----------|--------------|
| <b>Balance at December 31, 2014</b> | 79         | 510        | 521        | 201        | 33        | 1,344        |
| Additions                           | 25         | 23         | 371        | 312        | 37        | 768          |
| Payments                            | -          | (10)       | (187)      | (139)      | (15)      | (351)        |
| Reversals                           | (8)        | (138)      | (179)      | (191)      | (29)      | (545)        |
| Inflation adjustment                | 7          | 33         | 68         | 52         | 8         | 168          |
| Transfers                           | -          | (9)        | 2          | 7          | -         | -            |
| Exchange rate changes               | -          | 5          | 1          | 6          | -         | 12           |
| <b>Balance at December 31, 2015</b> | <b>103</b> | <b>414</b> | <b>597</b> | <b>248</b> | <b>34</b> | <b>1,396</b> |

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### 22. Provision for risks –Continued

#### 22.3. Tax

As per prevailing legislation, tax claims are subject to monetary indexation, which refers to an adjustment to the provision for tax risks according to the indexation rates used by each tax jurisdiction. In all cases, both the interest charges and fines, when applicable, were computed and fully provisioned with respect to unpaid amounts.

The main provisioned tax claims are as follows:

##### 22.3.1. COFINS and PIS

Since the noncumulative regime to calculate PIS and COFINS has been used, the Company and its subsidiaries have challenged the right to deduct ICMS from the base of these two contributions and other less important matters. The amount accrued as at December 31, 2015 is R\$ 103 (R\$ 79 as at December 31, 2014).

##### 22.3.2. Tax

The Company and its subsidiaries have other tax claims, which after analysis by its legal counsel, were considered as probable losses and accrued by the Company. These refer to: (i) tax assessment notices related to purchase, industrialization and sale of soybean and byproducts exports (PIS, COFINS and IRPJ); (ii) challenge on the non-application of the Accident Prevention Factor - FAP for 2011; (iii) challenge on the Poverty Fighting Fund established by the Rio de Janeiro State Government; (iv) challenges on purchases from suppliers considered not qualified in the State Finance Department registry, error in application of rate and accessory obligations by State tax authorities; and (v) other less relevant issues.

The amount accrued for these matters as at December 31, 2015 is R\$121 (R\$108 as at December 31, 2014).

### ICMS

The Federal Supreme Court ("STF") on October 16, 2014 decided that ICMS taxpayers that trade products included in the "basked of food staples" have no right to fully utilize the ICMS credits. The Company, with the assistance of its legal counsel, decided that it would be an appropriate procedure to record a provision for this matter amounting to R\$ 128 as at December 31, 2015 (R\$147 as at December 31, 2014) since this

claim is considered a “probable” loss. The amounts accrued represent Management’s best estimate of the probable cash disbursement to settle this claim.

22.3.3. Supplementary Law 110/2001

The Company claims in court the eligibility to not pay the contributions provided for by Supplementary Law 110/01, referring to the FGTS (Government Severance Indemnity Fund for Employees) costs. The accrued amount as at December 31, 2015 is R\$62 (R\$48 as at December 31, 2014).

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### 22. Provision for risks – Continued

#### 22.3.4. Others contingent tax liabilities - Cdiscount

There were consolidated provisions for contingent tax liabilities from foreign e-commerce entities. As at December 31, 2015 the contingent tax liabilities amount to R\$13 (R\$20 as at December 31, 2014).

#### 22.3.5. Others contingent tax liabilities - Via Varejo

Provisions for contingent tax liabilities were recorded as a result of the business combination with Via Varejo, as required by CPC 15 (IFRS 3). As at December 31, 2015, the recorded amount related to contingent tax liabilities is R\$84 (R\$87 as at December 31, 2014).

These accrued claims refer to administrative proceedings related to the offset of tax debts against credits from the contribution levied on coffee exports.

#### 22.3.6. Others contingent tax liabilities - Bartira

In line with the business combination of Bartira in 2013, contingent tax liabilities were recorded. The main matter refers to possible failure in supporting documentation of transactions, totaling R\$106 in income tax, social contribution, PIS, COFINS and ICMS, of which R\$100 are related to risks that expired in the first half year of 2015, being this amount written-off and recognize in “other Income/Expenses” in the statement of profit or loss, net of R\$23 used with Income Tax.

On December 31, 2015 the total contingent liabilities related to Bartira PPA amounts to R\$18, of which R\$6 of tax and R\$12 of labor contingencies, (R\$118 at December 31, 2014).

#### 22.3.7. Others contingent tax liabilities - REFIS (tax debt refinancing program)

Law 12,996/2014 amended by Provisional Act - MP 651, introduced interest and penalties reduction benefits for cash payments and payments in installments of federal debts. The Company considered an appropriate procedure to enroll in the REFIS program to settle part of its debts, utilizing also part of the tax losses for payment of the debt balance.

#### 22.4. Labor



The Company and subsidiaries are parties to various labor lawsuits mainly due to termination of employees in the ordinary course of business. At December 31, 2015, the Company recorded a provision amount of R\$597 (R\$521 as at December 31, 2014) related to the potential risk of loss on these lawsuits. Management, with the assistance of its legal counsel, assesses these claims recording a provision for losses when reasonably estimable, based on past experiences in relation to the amounts claimed. Labor claims are indexed to rate according to a table available by TST (“the Brazilian Supreme Labor Court”), plus monthly interest of 1%.

#### 22.5. Civil and others

The Company and its subsidiaries are parties to civil lawsuits at several court levels (indemnities and collections, among others) and at different courts. The Company’s management records provisions in amounts considered sufficient to cover unfavorable court decisions, when its legal counsel considers the loss as probable.

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### 22. Provision for risks – Continued

#### 22.5 Civil and others - continued

Among these lawsuits, we point out the following:

- The Company and its subsidiaries are parties to various lawsuits requesting the renewal of rental agreements and the review of the current rent paid. The Company recognizes a provision for the difference between the amount originally paid by the stores and the amounts pleaded by the adverse party (owner of the property) in the lawsuit, when internal and external legal counsel consider that it is probable that the rent amount will be changed by the entity. As at December 31, 2015, the amount accrued for these lawsuits is R\$45 (R\$55 as at December 31, 2014), for which there are no escrow deposits.
- Company and its subsidiaries answer to legal claims related to penalties applied by regulatory agencies, from the federal, state and municipal administrations, among which Consumer Protection Agencies ( Procon ) , National Institute of Metrology, Standardization and Industrial Quality (INMETRO) and Municipalities. Company supported by its legal counsel, revises that claims, recording a provision according to probable cash expending and estimative of loss .On December 31, 2015 the amounting of this provision is R\$ 34 (R\$35 on December 31,2014)
- The subsidiary Via Varejo is a party to lawsuits involving consumer relationship rights (civil actions and assessments from PROCON) and lawsuits involving contracts terminated with suppliers and the amount claimed in these lawsuits totals R\$64 as at December 31, 2015 (R\$86 as at December 31, 2014).

Total civil lawsuits and others as at December 31, 2015 amount to R\$282 (R\$234 as at December 31, 2014).

#### 22.6. Other non-accrued contingent liabilities

The Company has other litigations which have been analyzed by the legal counsel and considered as possible, not probable, loss, and which therefore have not been accrued, amounting to R\$12,717 as at December 31, 2015 (R\$8,552 as at December 31, 2014), related mainly to:

- INSS (Social Security Contribution) – GPA was assessed for non-levy of payroll charges on benefits granted to its employees, among other matters, for which possible loss amounts to R\$410 as at December

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31, 2015 (R\$318 as at December 31, 2014). The lawsuits are under administrative and court discussions.

- IRPJ, withholding income tax - IRRF, CSLL, tax on financial transactions - IOF, withholding income tax on net income, ILL – GPA has several assessment notices regarding offsetting proceedings, rules on the deductibility of provisions, payment divergences and overpayments; fine for failure to comply with accessory obligations, among other less significant taxes. The lawsuits await administrative and court ruling. The amount involved is R\$2,056 as at December 31, 2015 (R\$1,368 as at December 31, 2014).

Among those claims, there are some related to challenges of differences in the payment of income tax, supposedly due under the allegation that there was undue deduction of goodwill amortization resulting from transactions between shareholders in relation to years 2007-2013. The amount involved (and included in the paragraph above) is R\$1,046 as at December 31, 2015 (R\$ 692 as at December 31, 2014), partly classified as possible loss and partly classified as remote loss.

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### 22. Provision for risks – Continued

#### 22.6. Other non-accrued contingent liabilities – Continued

Goodwill Mandala: tax assessment in relation to the tax deduction of goodwill in the years of 2012 and 2013, originated by the acquisition of Ponto Frio occurred in the year of 2009. The restated amount of the assessment notice correspond to R\$72 of income tax and social contribution.

- COFINS, PIS, provisional contribution on financial transactions – CPMF and IPI – the Company has been challenged about offsets of COFINS and PIS against IPI credits – inputs subject to zero rate or exempt – acquired from third parties with a final and unappealable decision, other requests for offset, collection of taxes on soybean export operations, tax payment divergences and overpayments; fine for failure to comply with accessory obligations, disallowance of COFINS and PIS credits on one-phase products, among other less significant taxes. These lawsuits await decision at the administrative and court levels. The amount involved in these assessments is R\$2,270 as at December 31, 2015 (R\$921 as at December 31, 2014).
- ICMS – GPA received tax assessment notices by the State tax authorities regarding: (i) utilization of electric energy credits; (ii) purchases from suppliers considered not qualified in the State Finance Department registry; (iii) refund of tax replacement without proper compliance with accessory obligations introduced by CAT Administrative Rule 17 of the State of São Paulo; (iv) levied on its own operation of merchandise purchase (own ICMS) – article 271 of ICMS by-law; (v) resulting from sale of extended warranty, (vi) resulting from financed sales; and (vii) among other matters. The total amount of these assessments is R\$6,765 as at December 31, 2015 (R\$5,087 as at December 31, 2014), which await a final decision at the administrative and court levels.
- Municipal service tax - ISS, Municipal Real Estate Tax (“IPTU”), Fees, and others – these refer to assessments on withholdings of third parties, IPTU payment divergences, fines for failure to comply with accessory obligations, ISS – reimbursement of advertising expenses and sundry taxes, in the amount of R\$387 as at December 31, 2015 (R\$353 as at December 31, 2014), which await decision at the administrative and court levels.
- Other litigations – these refer to administrative proceedings and lawsuits in which the Company pleads the renewal of rental agreements and setting of rents according to market values and actions in the civil court, special civil court, Consumer Protection Agency - PROCON (in many States), Institute of Weights and Measure - IPEM, National Institute of Metrology, Standardization and Industrial Quality - INMETRO and National Health Surveillance Agency - ANVISA, among others, amounting to R\$829 as at December 31, 2015 (R\$505 as at December 31, 2014).

The Company engages external attorneys to represent it in the tax assessments received, whose fees are contingent upon a percentage to be applied to the amount of success in the final outcome of these lawsuits. This percentage may vary according to qualitative and quantitative factors of each claim, and as at December 31, 2015 the estimated amount, in case of success in all lawsuits, is approximately R\$100 (R\$122 as at December 31, 2014).

**Companhia Brasileira de Distribuição**

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**22. Provision for risks – Continued****22.6. Other non-accrued contingent liabilities – Continued**

Our subsidiary Cnova, certain of its current and former officers and directors, and the underwriters of Cnova's initial public offering, or IPO, have been named as defendants in a securities class action lawsuit in the United States Federal District Court for the Southern District of New York asserting claims related to macro-economic situation in Brazil and emphasized by the subject matter of the internal review, and Cnova may incur significant expenses (including, without limitation, substantial attorneys' fees and other professional advisor fees and obligations to indemnify certain current and former officers or directors and the underwriters of Cnova's initial public offering who are or may become parties to or involved in such matters). The Company and its subsidiary Cnova are unable at this time to predict the extent of potential liability in these matters, including what, if any, parallel action the SEC might take as a result of the facts at issue in these matters or the related internal review conducted by the Company and its subsidiary Cnova and its advisors retained by the Cnova's board of directors.

**22.7. Restricted deposits for legal proceedings**

The Company is challenging the payment of certain taxes, contributions and labor-related obligations and has made court restricted deposits in the corresponding amounts, as well as escrow deposits related to the provision for legal proceedings.

The Company has recorded restricted deposits in the assets.

|                 | <b>Parent Company</b>    |                          | <b>Consolidated</b>      |                          |
|-----------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                 | <b><u>12.31.2015</u></b> | <b><u>12.31.2014</u></b> | <b><u>12.31.2015</u></b> | <b><u>12.31.2014</u></b> |
| Tax             | 101                      | 61                       | 210                      | 163                      |
| Labor           | 329                      | 332                      | 711                      | 618                      |
| Civil and other | 18                       | 17                       | 44                       | 44                       |
| Regulatory      | 11                       | 10                       | 34                       | 32                       |
| Total           | 459                      | 420                      | 999                      | 857                      |

**22.8. Guarantees**

| <u>Lawsuits</u> | <b>Real estate</b> | <b>Equipment</b> | <b>Guarantee</b> | <b>Total</b> |
|-----------------|--------------------|------------------|------------------|--------------|
| Tax             | 855                | -                | 7,524            | 8,379        |
| Labor           | 6                  | 3                | 40               | 49           |
| Civil and other | -                  | -                | 302              | 302          |

|            |            |          |              |              |
|------------|------------|----------|--------------|--------------|
| Regulatory | <b>10</b>  | <b>-</b> | <b>7</b>     | <b>17</b>    |
| Total      | <b>871</b> | <b>3</b> | <b>7,873</b> | <b>8,747</b> |

The cost of guarantees is approximately 0.98% per year of the amount of the lawsuits and is recorded as expense.

**Companhia Brasileira de Distribuição**

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**23. Leasing transactions****23.1. Operating lease****(i) Non-cancelable minimum payments**

|                         | <b>Consolidated</b> |                   |
|-------------------------|---------------------|-------------------|
|                         | <b>12.31.2015</b>   | <b>12.31.2014</b> |
| Minimum rental payment: |                     |                   |
| Up to 1 year            | <b>51</b>           | <b>18</b>         |
| 1 to 5 years            | <b>203</b>          | <b>69</b>         |
| Over 5 years            | <b>345</b>          | <b>49</b>         |
|                         | <b>599</b>          | <b>136</b>        |

Refer to non-cancellable rental agreements through the due dates. The operating leasing agreements vary from 3 to 20 years and the table above presents the non-cancelable agreements. There are other operating lease agreements that management considers as cancelable, recording the related expenses in the statement of profit or loss. The total expense recorded as “noncontingent payments” related to operating lease agreements is presented in item (iii) below.

**(ii) Minimum rental payments on the agreement termination date**

The Company analyzed and concluded that the rental agreements are cancelable over their duration. In case of termination, minimum payments will be due as a termination fee, which can vary from 1 to 12 months of rental or a fixed percentage of the contractual balance.

|  | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|--|-----------------------|-------------------|---------------------|-------------------|
|  | <b>12.31.2015</b>     | <b>12.31.2015</b> | <b>12.31.2015</b>   | <b>12.31.2015</b> |
| Minimum rental payments                  |                       |                   |                     |                   |
| Minimum payments on the termination date | <b>245</b>            | <b>235</b>        | <b>746</b>          | <b>769</b>        |
| <b>Total</b>                             | <b>245</b>            | <b>235</b>        | <b>746</b>          | <b>769</b>        |

**(iii) Contingent payments**

Management considers the payment of additional rents as contingent payments, which vary between 0.1% and 4.5% of sales.

|  | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|--|-----------------------|-------------------|---------------------|-------------------|
|  | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
| <b>Expenses (income) for the year:</b> |                       |                   |                     |                   |
| Contingent payments                    | <b>352</b>            | <b>348</b>        | <b>608</b>          | <b>628</b>        |



|                        |              |       |              |       |
|------------------------|--------------|-------|--------------|-------|
| Noncontingent payments | <b>137</b>   | 148   | <b>997</b>   | 916   |
| Subleases (*)          | <b>(147)</b> | (131) | <b>(215)</b> | (168) |

(\*) Refers to lease agreements receivable from commercial shopping malls.

**Companhia Brasileira de Distribuição**

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**23. Leasing transactions – Continued****23.2. Finance lease**

Finance lease agreements amounted to R\$264 as at December 31, 2015 (R\$263 as at December 31, 2014), as shown in the table below:

|   | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|---|-----------------------|-------------------|---------------------|-------------------|
|   | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
| Financial lease liability –minimum rental payments: |                       |                   |                     |                   |
| Up to 1 year  | <b>30</b>             | 25                | <b>44</b>           | 34                |
| 1 - 5 years   | <b>91</b>             | 87                | <b>157</b>          | 133               |
| Over 5 years  | <b>26</b>             | 44                | <b>63</b>           | 96                |
| Present value of finance lease agreements           | <b>147</b>            | 156               | <b>264</b>          | 263               |
| Future financing charges                            | <b>179</b>            | 15                | <b>238</b>          | 60                |
| Gross amount of finance lease agreements            | <b>326</b>            | 171               | <b>502</b>          | 323               |

**24. Deferred revenue**

The Company and its subsidiary Via Varejo received in advance amounts from business partners on exclusivity in the intermediation of additional or extended warranties services, and the subsidiary Barcelona received in advance amounts for the rental of back lights for exhibition of products from its suppliers.

|   | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|---|-----------------------|-------------------|---------------------|-------------------|
|   | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
|   |                       |                   | <b>Restated</b>     | <b>Restated</b>   |
| Additional or extended warranties (note 24.1)     | <b>42</b>             | 48                | <b>777</b>          | 859               |
| Bradesco agreement (note 24.2)                    | -                     | -                 | <b>699</b>          | 25                |
| Swap agreement                                    | -                     | -                 | <b>65</b>           | 70                |
| Investments in media                              | -                     | 21                | -                   | 48                |
| Services rendering agreement - Allpark            | <b>16</b>             | -                 | <b>16</b>           | -                 |
| Back lights                                       | -                     | -                 | <b>36</b>           | 28                |
| Spread BCA - Customers base exclusivity (5 years) | -                     | -                 | <b>6</b>            | 10                |
| Tax credit research                               | -                     | -                 | <b>5</b>            | 2                 |
| Others  | <b>2</b>              | -                 | <b>39</b>           | 4                 |
|   | <b>60</b>             | 69                | <b>1,643</b>        | 1,046             |
| Current   | <b>28</b>             | 4                 | <b>420</b>          | 212               |
| Report of Foreign Private Issuer                  |                       |                   |                     | 202               |

|   |           |           |              |            |
|---|-----------|-----------|--------------|------------|
| Noncurrent  | <b>32</b> | <b>65</b> | <b>1,223</b> | <b>834</b> |
| 24.1. Agreement entered into with Zurich Minas Brasil Seguros S.A. ("Zurich") |           |           |              |            |

On August 29, 2014, the subsidiary Via Varejo entered into new agreements with Zurich for the sale of extended warranty at Casas Bahia and Ponto Frio stores. The agreement is effective for eight years. On October 1, 2014, the Company was compliant with the condition precedent contained in the agreements.

The subsidiary Via Varejo received R\$850 as advance for sale of warranty, of which R\$150 was received in September 2014 and R\$700 in October 2014.

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### 24. Deferred revenue - continued

#### 24.1. Agreement entered into with Zurich Minas Brasil Seguros S.A. (“Zurich”) - continued

Also in September 2014, the former provider of the warranty at the Casas Bahia and Ponto Frio stores was notified of the early termination of the agreements, and the subsidiary Via Varejo agreed to pay R\$584 as a result of the (i) repurchase of the right granted to the former provider to operate its customer base over the agreement term, properly recognized in the Via Varejo’s intangible assets R\$(187); and (ii) return of the advances made upon the contract execution due to its early termination R\$(397). The values were settled on October 1, 2014.

#### 24.2. Agreement entered into with Bradesco

On December 4, 2015, Via Varejo signed in a financial rendering services agreement with Banco Bradesco S.A and Banco Bradescard S.A (jointly, “Bradesco”) effective until August 28, 2029. The agreement amends and includes clauses in the former signed agreement between the parties, at that time Casa Bahia Comercial and Bradesco, on November 10, 2006. The agreement establishes (i) conditions on co-branded credit cards offering and other related financial services related to “Casas Bahia” brand; and (ii) general rules applicable to financial rendering services, bank agency, and direct credit to consumer. The total amount of R\$ 704 corresponding to the transaction is part anticipated commission in the amount of R\$550 and additional remuneration of R\$ 154.

The amount received R\$ 550 will be recognized when the contractual performance conditions are fulfilled and must be settled in the next 9 years, as well as additional remuneration R\$ 154, as determined by the agreement, being R\$74 until 2020 and R\$80 until 2021.

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### 25. Shareholders' equity

#### 25.1. Capital stock

The subscribed and paid-up capital as at December 31, 2015 is represented by 265,702 (265,283 as at December 31, 2014) in thousands of registered shares with no par value, of which 99,680 in thousands of common shares as at December 31, 2015 (99,680 as at December 31, 2014) and 166,022 in thousands of preferred shares as at December 31, 2015 (165,603 as at December 31, 2014).

The Company is authorized to increase its capital stock up to the limit of 400,000 (in thousands of shares), regardless of any amendment to the Company's Bylaws, upon resolution of the Board of Directors, which will establish the issue conditions.

- At the Board of Directors' Meetings held on February 12, 2015, March 20, 2015, May 7, 2015, July 29, 2015, October 29, 2015 and December 17, 2015 the capital was increased by R\$14 through the issue of 418 (in thousands of shares) preferred shares (R\$28 in December 31, 2014).

#### 25.2. Share rights

The preferred shares do not have voting rights, assuring to its owners the following rights and advantages: (i) priority in the capital reimbursement in case of Company's liquidation, (ii) priority in the receipt of annual minimum dividend in the amount of R\$0.08 per share, non-cumulative; (iii) priority in the receipt of dividend 10% higher than the dividend attributed to the common shares, including for the purposes of the calculation the amount paid in item (ii) above.

When any related party purchases shares of the Company's equity share capital (treasury shares), the remuneration paid, including any directly attributable incremental costs, is deducted from equity, and are recorded as treasury shares until the shares are cancelled or reissued. When these shares are subsequently reissued, any remuneration received, net of any directly attributable incremental transaction costs, is included in equity. No gain or loss is recognized on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the remuneration is recognized in other capital.

#### 25.3. Granted options

The "options granted" account recognizes the effects of the Company's executives' share-based payments under technical pronouncement CPC 10 (R1) (IFRS 2) – Share-based payment.



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### 25. Shareholders' equity - Continued

#### 25.4. Profit reserve

(i) *Legal reserve*: this is created based on appropriations of 5% of net income of each year, limited to 20% of the capital.

(ii) *Expansion reserve*: this is created based on appropriations of the amount determined by shareholders to reserve funds to finance additional fixed and working capital investment through the allocation of up to 100% of the net income remaining after the appropriations determined by law and supported by capital budget, approved at shareholders' meeting.

#### 25.5. Stock option plan for preferred shares

On May 9, 2014, our shareholders approved at the Extraordinary General Meeting (i) the discontinuation of Plan Shares Option "Actions with Sugar" ("Former Stock Option Plan"), approved in the Extraordinary General Meeting held on December 20th 2006, for new grants of options, subject to the options already granted to remain in force under the same terms and conditions; (ii) the creation of the Stock Option Plan and its respective standard grant agreement ("Option Plan"); and (iii) the creation of the Remuneration Plan Share Purchase Option and its standard grant agreement ("Compensation Plan" and, together with the Former Option Plan and the Stock Option Plan, the "Plans")

The following describes our compensation plan that was in effect in the last fiscal year ended December 31, 2014 and the two planes of the current fiscal year:

#### Former Option Plan

Our Former Option Plan is administered by a committee elected by our Board of Directors, called Stock Option Plan Administration Committee of Stock Option ("Stock Option Committee"). This committee determined the employees to be included periodically with stock options, based on their roles, responsibilities and performance, defining the applicable conditions.

Our Stock Option Committee developed annual cycles of grant of options. Each grant cycle received a serial number beginning with the letter A. In the fiscal year ended December 31, 2015, were in force options granted of Series A6 to A7 Former Option Plan.

Options were classified as follows: "Silver" and "Gold", what means that they could have different exercise prices.

The exercise price for the Silver-type option will correspond to the average of closing price of the Company preferred shares occurred over the last 20 trading sessions of BM&FBOVESPA, prior to the date on which the Committee resolves on the granting of option. After calculating the exercise price a 20% discount was applied on it. The price for the Gold-type option will correspond to R\$0.01. In both cases, the prices will not be restated.

The Stock Option Committee approved in 2013 new criteria to calculate the reducer or accelerator index of the number of options granted classified as "Gold" in each series of the Stock Option Plan, according to the analysis of compliance with the concept of return on invested capital (ROIC). For the series after A6, inclusive, the committee decided that the reducer or accelerator index of number of options classified as "GOLD" would be calculated according Return on Capital Employed (ROCE) of CBD.



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### 25. Shareholders' equity - Continued

#### 25.5. Stock option plan for preferred shares - continued

##### Former Option Plan - continued

There is no limit for reduction or acceleration in this new criterion approved. Upon option vesting, the average ROIC/ROCE of the last three fiscal years will be calculated, compared to ROIC/ROCE calculated upon granting of each series.

As a general rule of the Former Stock Option Plan, which may be altered by the Stock Option Committee in each series, the option vesting right will be granted between 36<sup>th</sup> and the 48<sup>th</sup> month as of the signature date of related adherence agreement and the beneficiary will be entitled to acquire 100% of shares whose option was classified as "Silver". The option exercise classified as "Gold" will occur in the same period, but the percentage of these options subject to exercise will be determined by the Stock Option Committee in the 35<sup>th</sup> month as of the signature date of related adherence agreement, according to the aforementioned criteria.

The options granted under the Stock Option Plan may be exercised in whole or in part, it is worth noting that "Gold" options are additional to "Silver" and thus the "Gold" options may only be exercised jointly with "Silver" options.

The price on the exercise of options granted under the Stock Option Plan shall be fully paid in local currency by beneficiary, and the exercise price must be paid in first installment, due 30 days after the subscription date of their shares.

##### Compensation Plan

The Compensation Plan will be administered by the Board of Directors, which established the Human Resources Committee and the Company's Compensation to advise it in the administration of the Compensation Plan (the "Committee").

Committee members will meet for the option grant Compensation Plan series and whenever necessary, decide on questions arising on the Compensation Plan. Each series of the granting of stock options will receive the letter "B" followed by a number. In the fiscal year ended December 31<sup>st</sup>, 2015, were in force options granted B1, B2 Series of the Compensation Plan.

The options granted to a participant will not be exercisable for a period of 36 (thirty six) months from the date of grant ("Grace Period"), and may only be exercised in the period beginning on the first day of the 37

(thirty-seventh) month from the date of grant, and ends on the last day of the 42 (forty-second) month from the date of grant ("Exercise Period"), except as provided for in exceptions Compensation Plan

The participant may exercise their total purchase options or in part, in one or more times, since for each year submit the option exercise term during the Exercise Period.

The exercise price of each stock option granted under the Compensation Plan should correspond to R\$0.01 (one cent) ("Exercise Price").

The exercise price of the options shall be paid in full in local currency by check or wire transfer available to the bank account held by the Company, in the tenth (10th) day preceding the date of acquisition of the shares.

The Company will promote the withholding of any applicable tax under Brazilian tax law, less the number of shares delivered to the participant amount equivalent to taxes withheld.

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### 25. Shareholders' equity - Continued

#### 25.5. Stock option plan for preferred shares - continued

The Participant shall be disqualified for a period of 180 (one hundred and eighty) days from the date of acquisition of the shares, directly or indirectly, sell, assign, exchange, dispose of, transfer, grant to the capital of another company, grant option, or even celebrate any act or agreement which results or may result in the sale, directly or indirectly, costly or free, all or any of the shares acquired by the exercise of the purchase option under the option Plan.

#### Option Plan

The Stock Option Plan will be administered by the Board of Directors, which established the Human Resources Committee and Compensation to advise it in the administration of the Stock Option Plan (the "Committee").

Committee members will meet for the option grant of the Option Plan series and, where necessary, to decide on the questions regarding the Stock Option Plan. Each series of the granting of stock options will receive the letter "C" followed by a number. In the fiscal year ended December 31<sup>st</sup>, 2015, was in force options granted C1 and C2 Series Option Plan.

For each series of stock options granted under the Option Plan, the exercise price of each stock option shall be equivalent to 80% of the closing price of the trading average of the Company's preferred shares issued carried out in recent twenty (20) the BM&FBOVESPA SA - Securities, Commodities and Futures prior to the date of convening of the Committee meeting that decides upon the granting of the options that series ("Exercise Price").

Options granted to a Participant shall be exercisable for a period of 36 (thirty six) months from the Date of Grant ("Grace Period"), and may only be exercised in the period beginning on the first day of the 37 (thirty-seventh) months as from the date of the Grant, and ends on the last day of the 42 (forty-second) month as of the Date of Grant ("Exercise Period").

The Participant may exercise their total purchase options or in part, in one or more times, since for each year submit the Option Exercise Agreement during the Exercise Period.

The exercise price of the options shall be paid in full in local currency by check or wire transfer available to the bank account held by the Company, provided that the payment deadline will always be the tenth (10th) day preceding the date to acquire the shares.



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**25. Shareholders' equity - Continued**

25.5. Stock option plan for preferred shares - continued

Option Plan – continued

Information on the stock option plans is summarized below:

| <u>Series granted</u>               | <u>Grant date</u> | <u>1st date</u> | <u>Price</u>    | <u>At the</u> | <u>End of</u> | <u>Number of</u> | <u>Lot of shares</u> |                  | <u>Total</u>  |
|-------------------------------------|-------------------|-----------------|-----------------|---------------|---------------|------------------|----------------------|------------------|---------------|
|                                     |                   |                 |                 |               |               |                  | <u>of</u>            | <u>exercised</u> |               |
| <u>of</u>                           | <u>exercise</u>   | <u>of</u>       | <u>and</u>      | <u>grant</u>  | <u>the</u>    | <u>shares</u>    | <u>Exercised</u>     | <u>dismissal</u> | <u>effect</u> |
| <u>exercise</u>                     | <u>expiration</u> | <u>date</u>     | <u>exercise</u> | <u>date</u>   | <u>year</u>   | <u>(in</u>       | <u>and</u>           | <u>by</u>        | <u>in</u>     |
| <u>exercise</u>                     | <u>expiration</u> | <u>date</u>     | <u>exercise</u> | <u>date</u>   | <u>year</u>   | <u>thousands</u> | <u>exercised</u>     | <u>dismissal</u> | <u>effect</u> |
| <b>Balance at December 31, 2014</b> |                   |                 |                 |               |               |                  |                      |                  |               |
| Series A4 - Gold                    | 5/24/2010         | 5/31/2013       | 5/31/2014       | 0.01          | 0.01          | 514              | (512)                | (2)              | -             |
| Series A4 - Silver                  | 5/24/2010         | 5/31/2013       | 5/31/2014       | 46.49         | 46.49         | 182              | (181)                | (1)              | -             |
| Series A5 - Gold                    | 5/31/2011         | 5/31/2014       | 5/31/2015       | 0.01          | 0.01          | 299              | (282)                | (14)             | 3             |
| Series A5 - Silver                  | 5/31/2011         | 5/31/2014       | 5/31/2015       | 54.69         | 54.69         | 299              | (282)                | (14)             | 3             |
| Series A6 - Gold                    | 3/15/2012         | 3/31/2015       | 3/31/2016       | 0.01          | 0.01          | 526              | (329)                | (32)             | 165           |
| Series A6 - Silver                  | 3/15/2012         | 3/31/2015       | 3/31/2016       | 64.13         | 64.13         | 526              | (329)                | (32)             | 165           |
| Series A7 - Gold                    | 3/15/2013         | 3/31/2016       | 3/31/2017       | 0.01          | 0.01          | 358              | (137)                | (27)             | 194           |
| Series A7 - Silver                  | 3/15/2013         | 3/31/2016       | 3/31/2017       | 80            | 80            | 358              | (137)                | (27)             | 194           |
| Series B1                           | 5/30/2014         | 5/30/2017       | 11/30/2017      | 0.01          | 0.01          | 239              | (5)                  | (32)             | 202           |
| Series C1                           | 5/30/2014         | 5/30/2017       | 11/30/2017      | 83.22         | 83.22         | 239              | (6)                  | (31)             | 202           |
|                                     |                   |                 |                 |               |               | 3,540            | (2,200)              | (212)            | 1,128         |

| <u>Series granted</u> | <u>Grant date</u> | <u>1st date</u> | <u>2nd date</u> | <u>At the</u> | <u>End of</u> | <u>Number of</u> | <u>Exercised</u> | <u>Not</u>       | <u>Total</u>  |
|-----------------------|-------------------|-----------------|-----------------|---------------|---------------|------------------|------------------|------------------|---------------|
| <u>of</u>             | <u>exercise</u>   | <u>of</u>       | <u>of</u>       | <u>grant</u>  | <u>the</u>    | <u>shares</u>    | <u>and</u>       | <u>exercised</u> | <u>in</u>     |
| <u>exercise</u>       | <u>exercise</u>   | <u>exercise</u> | <u>exercise</u> | <u>date</u>   | <u>year</u>   | <u>granted</u>   | <u>dismissal</u> | <u>by</u>        | <u>effect</u> |

|                                     |           | <u>and</u>        |            |       |       | <u>(in</u>       |                | <u>dismissal</u> |              |
|-------------------------------------|-----------|-------------------|------------|-------|-------|------------------|----------------|------------------|--------------|
|                                     |           | <u>expiration</u> |            |       |       | <u>thousands</u> |                |                  |              |
| <b>Balance at December 31, 2015</b> |           |                   |            |       |       |                  |                |                  |              |
| Series A5 -<br>Gold                 | 5/31/2011 | 5/31/2014         | 5/31/2015  | 0.01  | 0.01  | <b>299</b>       | <b>(285)</b>   | <b>(14)</b>      | <b>-</b>     |
| Series A5 -<br>Silver               | 5/31/2011 | 5/31/2014         | 5/31/2015  | 54.69 | 54.69 | <b>299</b>       | <b>(285)</b>   | <b>(14)</b>      | <b>-</b>     |
| Series A6 -<br>Gold                 | 3/15/2012 | 3/31/2015         | 3/31/2016  | 0.01  | 0.01  | <b>526</b>       | <b>(490)</b>   | <b>(36)</b>      | <b>-</b>     |
| Series A6 -<br>Silver               | 3/15/2012 | 3/31/2015         | 3/31/2016  | 64.13 | 64.13 | <b>526</b>       | <b>(488)</b>   | <b>(36)</b>      | <b>2</b>     |
| Series A7 -<br>Gold                 | 3/15/2013 | 3/31/2016         | 3/31/2017  | 0.01  | 0.01  | <b>358</b>       | <b>(172)</b>   | <b>(35)</b>      | <b>151</b>   |
| Series A7 -<br>Silver               | 3/15/2013 | 3/31/2016         | 3/31/2017  | 80    | 80    | <b>358</b>       | <b>(172)</b>   | <b>(35)</b>      | <b>151</b>   |
| Series B1                           | 5/30/2014 | 5/30/2017         | 11/30/2017 | 0.01  | 0.01  | <b>239</b>       | <b>(16)</b>    | <b>(54)</b>      | <b>169</b>   |
| Series C1                           | 5/30/2014 | 5/30/2017         | 11/30/2017 | 83.22 | 83.22 | <b>239</b>       | <b>(11)</b>    | <b>(64)</b>      | <b>164</b>   |
| Series B2                           | 5/29/2015 | 6/1/2018          | 11/30/2018 | 0.01  | 0.01  | <b>337</b>       | <b>(5)</b>     | <b>(16)</b>      | <b>316</b>   |
| Series C2                           | 5/29/2015 | 6/1/2018          | 11/30/2018 | 77.27 | 77.27 | <b>337</b>       | <b>-</b>       | <b>(23)</b>      | <b>314</b>   |
|                                     |           |                   |            |       |       | <b>3,518</b>     | <b>(1,924)</b> | <b>(327)</b>     | <b>1,267</b> |

According to the attributions provided for in the Former Stock Option Plan rules, the Management Committee of the Plan at April 30, 2014, approved there are no reduction and/or acceleration referring to Series A5.

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### 25. Shareholders' equity - Continued

#### 25.5. Stock option plan for preferred shares - continued

##### Consolidated information of share-based payment plans – GPA – new series B2 and C2

Company implemented two new shared based plans approved by the shareholders meeting on April 24, 2015.

According to the terms of the plans, each option offers to the beneficiary the right to acquire a preferred share. On both plans, there is a vesting period of 36 months from the date the Board of Directors approved the issuance of the series. The plans will be exercisable in until 36 months from the grant date. The condition for the exercise of the options is the beneficiary to stay as an employee. The series are different, exclusively, in the exercise price of the options and in the existence of a restriction of selling after vesting.

According to the plans, the options granted in each of the series may represent maximum 0.7% of the total shares issued by the Company. For these new series were granted 674 thousands options of shares.

At December 31, 2015 there were 233 treasury-preferred shares which may be used as guarantee for the options granted in the plan. The preferred share price at BM&FBovespa was R\$41.86 per share.

The chart below shows the maximum percentage of interest dilution to which current shareholders will eventually be subject to in the event of exercise of all options granted:

|                                     | 12.31.2015     | 12.31.2014 |
|-------------------------------------|----------------|------------|
| Number of shares                    | <b>265,702</b> | 265,283    |
| Balance of granted series in effect | <b>1,267</b>   | 1,128      |
| Maximum percentage of dilution      | <b>0.48%</b>   | 0.43%      |

The fair value of each option granted is estimated on the granting date, by using the options pricing model "Black&Scholes" taking into account the following assumptions for the series B1 and C1: (a) expectation of dividends of 0.96%, (b) expectation of volatility of nearly 22.09% and (c) the risk-free weighted average interest rate of 11.70%.

The fair value of each option granted is estimated in the grant date using the Black & Scholes model, considering the following assumptions in series B2 and C2: (a) Dividends expectations of 1.37%; (b) volatility expectation of 24.34% and (c) interest rate of 12.72%.

The expectation of remaining average life of the series outstanding at December 31, 2015 was 1.75 year (1.52 year at December 31, 2014). The weighted average fair value of options granted at December 31, 2015 was R\$67.35 (R\$69.71 at December 31, 2014).



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**25. Shareholders' equity – Continued**

|   | Shares       | Weighted<br>average of<br>exercise price | Weighted<br>average of<br>remaining<br>contractual<br>term | Intrinsic value<br>added |
|---|--------------|--|--|--------------------------|
| <b>At December 31, 2014</b>                   |              |  |  |                          |
| Granted during the year                       | 477          | 41.61                                    |  |                          |
| Canceled during the year                      | (99)         | 39.92                                    |  |                          |
| Exercised during the year                     | (830)        | 32.76                                    |  |                          |
| Outstanding at the end of the year            | 1,128        | 38.16                                    | 1.52   | 66,905                   |
| Total to be exercised at December 31,<br>2014 | 1,128        | 38.16                                    | 1.52   | 66,905                   |
| <b>At December 31, 2015</b>                   |              |  |  |                          |
| Granted during the period                     | <b>674</b>   | <b>38.64</b>                             |  |                          |
| Canceled during the period                    | <b>(117)</b> | <b>45.53</b>                             |  |                          |
| Exercised during the period                   | <b>(418)</b> | <b>32.62</b>                             |  |                          |
| Outstanding at the end of the period          | <b>1,267</b> | <b>39.57</b>                             | <b>1.75</b>  | <b>26,586</b>            |
| Total to be exercised at December 31,<br>2015 | <b>1,267</b> | <b>39.57</b>                             | <b>1.75</b>  | <b>26,586</b>            |

As at December 31, 2015 there were options to be exercised in Series A6.

The amounts recorded in the Parent Company and Consolidated statement of profit or loss, as at December 31, 2015 were R\$11 (R\$37 as at December 31, 2014).

**25.6. Cumulative other comprehensive income**

Cumulative other comprehensive income refers to : (i) Cumulative Translation Reserve, corresponding to cumulative effect of exchange gains and losses on the translation of assets, liabilities and profit (loss) in Brazilian reais, corresponding to the investment of CBD in subsidiary CDiscout. The effect in the Parent Company was R\$88 and R\$137 for non-controlling interests; (ii) pension plan as per note 31.1.

25.7. Effects in shareholders' equity related to the arbitration decision

As mentioned in note 1.1, as per ICA decision the Company shall indemnify Morzan the estimated amount of R\$200(with R\$50 of income tax effect), as a consequence of not complying the terms of Share Purchase Agreement ("SPA"), signed in the acquisition of Globex, which provided the settlement of part of acquisition price in warrants (shares), with the guarantee over market price variation, which is determined in specific lock-up period. The amount was recorded as a debit in the shareholders' equity, since it relates to a settlement (which will be made in cash) of an indirect repurchase of a equity instrument (warranty) (guarantee of market price variation of the shares) granted to the previous controlling shareholders' of Globex Utilidades S.A (Morzan) in connection with the SPA. In accordance with IAS 32, a reclassification of an equity instrument to liability should be accounted for based on fair value and any difference to the amounts previously recorded into the financial statements, should be recorded in shareholders' equity.

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### 25. Shareholders' equity - Continued

#### 25.8. Payment of dividends

The Annual and Extraordinary Shareholders' Meeting (AGOE) held at April 24, 2015 the shareholders approved the proposal of the Board of Directors' meeting held on March 20, 2015 which had proposed the dividends payment for the fiscal year ended December 31, 2014, in the amount of R\$194, which corresponds to R\$0.6890176962 per common share and R\$0,7579194658 per preferred share. This amount was paid on June 24, 2015.

The Board of Directors' meeting held at May 07, 2015 and July 28, 2015 approved the payment of anticipated dividends in the total amount of R\$38 each, of which R\$0.15 per preferred share and R\$0.136365 per common share, the payments occurred on May 28, 2015 and August 08, 2015.

The Board of Directors' meeting held at October 29, 2015 approved the payment of anticipated dividends in the total amount of R\$39, of which R\$0.15 per preferred share and R\$0.136365 per common share, the payments occurred on November 11, 2015.

The management proposed the dividends to be paid calculated as follows, considering the dividends prepaid to its shareholders in the amount R\$115 in 2015 (R\$194 in December 31, 2014). The Company's bylaws establishes minimum dividend payment of 25% of the profit for the year. Management proposed complementary dividends in the amount of R\$4.

|                                  | <b>Dividends proposed</b> |                   |
|----------------------------------|---------------------------|-------------------|
|                                  | <b>12.31.2015</b>         | <b>12.31.2014</b> |
|                                  | <b>Restated</b>           | <b>Restated</b>   |
| Net income for the year          | 265                       | 1,207             |
| Legal reserve                    | (13)                      | (60)              |
| Calculation basis of dividends   | 252                       | 1,147             |
| Report of Foreign Private Issuer |                           | 219               |

|                                   |              |       |
|-----------------------------------|--------------|-------|
| Mandatory minimum dividends – 25% | <b>63</b>    | 287   |
| Proposed additional dividends     | <b>52</b>    | 15    |
| Payment of interim dividends      | <b>(115)</b> | (108) |
| Dividends payable                 | <b>(0)</b>   | 194   |

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## Companhia Brasileira de Distribuição

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### 25. Shareholders' equity – Continued

#### 25.9. Transactions with non-controlling shareholders

In 2015, the amount recorded directly in the shareholders' equity in the line transaction with non-controlling parties in the amounts of R\$(43) in the individual and R\$(1) (non-controlling interest), refers to:

i) Loss in interest: effects of transaction in which the Company offset receivables amounts with Cnova management (note 12 iv) with received shares of Cnova, at market price, being the market price higher than book value of the investment (in the amount of R\$36) (Parent Company); and

ii) Other effects of R\$ (7) (Parent Company) and R\$(1) (non-controlling interest).

iii) Effects of R\$ (16) (Parent Company) and R\$(29) (non-controlling interest) related to income tax of Cnova's N.V IPO costs.

In 2014, the amount recorded directly in the shareholders' equity in corporate restructuring and transaction with non-controlling parties in the amounts of R\$16 in the individual and R\$(21) (non-controlling interest), refers to:

i) Transaction with non-controlling shareholders: Business combination Asia– Nota 13.1 (vi). Net effect in equity of R\$(15) (Parent Company) and R\$(21) (non-controlling interest);

ii) Gain in corporate restructuring: Effects of transactions with non-controlling shareholders of the subsidiary Cdiscount in the amount of R\$(5) in the individual and R\$(2) (non-controlling interest);

iii) Transaction with non-controlling shareholders: Effects of transactions with non-controlling shareholders of the segment e-commerce of R\$47; and

iv) Other effects on corporate restructuring in the e-commerce.

#### 25.10. Subsidiaries stock option plans

##### (i) Plans - Cdiscount

Deferred stock - Plan of 1,319,999 stocks granted on November 19, 2014, which right of the beneficiaries was fully vested at the grant date, however, awards it will be delivered with no cost after 4 years. The expense for this plan was recognized immediately in the income statement of R\$19.

Stock Appreciation Right Awards – Plan of 4,746,907 shares granted on November 19, 2014, which vesting will happen in 4 years upon according with the time in the Company. The exercise price will be settled for a gross amount in cash equal to the excess (if any) of (a) the lesser of the closing price of an ordinary share on NASDAQ on the vesting date and 220% of the IPO price over (b) 120% of the IPO price.

##### (ii) Plans – Via Varejo

Via Varejo has two programs purchase still existing stock options. The awarded program in 2014 includes (i) A1 and A2 series with an exercise price of R \$ 19.98 and (ii) B1 and B2 series with an exercise price of R \$ 0.01 . For the granted program in 2015, included plans are (i) A3 series with an exercise price of R \$ 15.00 and (ii) B3 series with an exercise price of R \$ 0.01. Both programs have vesting period of 36 months. The cumulative expense for the year ended December 31, 2015 relating to the plans was R \$ 9 (R\$4 on December 31, 2014).

**Companhia Brasileira de Distribuição**

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**26. Net sales of goods and/or services**

|                                 | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|---------------------------------|-----------------------|-------------------|---------------------|-------------------|
|                                 | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
|                                 |                       |                   | <b>Restated</b>     | <b>Restated</b>   |
| Gross sales                     |                       |                   |                     |                   |
| Goods                           | <b>24,537</b>         | 24,276            | <b>74,454</b>       | 71,488            |
| Services rendered               | <b>272</b>            | 263               | <b>3,011</b>        | 1,737             |
| Financial services              |                       | -                 | <b>1,398</b>        | 1,419             |
| Sales returns and cancellations | <b>(501)</b>          | (395)             | <b>(1,809)</b>      | (1,976)           |
|                                 | <b>24,308</b>         | 24,144            | <b>77,054</b>       | 72,668            |
| Taxes                           | <b>(1,843)</b>        | (1,895)           | <b>(7,834)</b>      | (7,261)           |
|                                 |                       | -                 |                     | -                 |
| Net sales                       | <b>22,465</b>         | 22,249            | <b>69,220</b>       | 65,407            |

**27. Expenses by nature**

|                                     | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|-------------------------------------|-----------------------|-------------------|---------------------|-------------------|
|                                     | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
|                                     |                       |                   | <b>Restated</b>     | <b>Restated</b>   |
| Cost of inventories                 | <b>(15,327)</b>       | (16,015)          | <b>(50,245)</b>     | (48,610)          |
| Personnel expenses                  | <b>(2,861)</b>        | (2,248)           | <b>(7,340)</b>      | (5,593)           |
| Outsourced services                 | <b>(305)</b>          | (353)             | <b>(2,218)</b>      | (2,959)           |
| Functional expenses                 | <b>(1,354)</b>        | (992)             | <b>(2,950)</b>      | (1,511)           |
| Selling expenses                    | <b>(643)</b>          | (402)             | <b>(2,630)</b>      | (1,008)           |
| Other expenses                      | <b>(285)</b>          | (189)             | <b>(581)</b>        | (748)             |
|                                     | <b>(20,775)</b>       | (20,199)          | <b>(65,964)</b>     | (60,429)          |
| Cost of goods and/or services sold  | <b>(16,342)</b>       | (16,015)          | <b>(52,934)</b>     | (48,610)          |
| Selling expenses                    | <b>(3,950)</b>        | (3,622)           | <b>(11,313)</b>     | (10,333)          |
| General and administrative expenses | <b>(483)</b>          | (562)             | <b>(1,717)</b>      | (1,486)           |
|                                     | <b>(20,775)</b>       | (20,199)          | <b>(65,964)</b>     | (60,429)          |

**28. Other operating income (expenses), net**

|   | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|---|-----------------------|-------------------|---------------------|-------------------|
|   | <b>12.31.2015</b>     | <b>12.31.2014</b> | <b>12.31.2015</b>   | <b>12.31.2014</b> |
|   |                       |                   | <b>Restated</b>     |                   |
| Reversal of tax provision (a)   | -                     | (121)             | -                   | (121)             |
| Effects on Indemnified amounts to Via Varejo and CB and association costs (b) |                       |                   |                     |                   |

|  |              |       |              |     |
|--|--------------|-------|--------------|-----|
|  | <b>(70)</b>  | (101) | <b>(70)</b>  | (1) |
| expenses of Cnova's IPO (c)            | -            | (2)   | <b>(44)</b>  | (3) |
| tax installments and other tax risks   | <b>(17)</b>  | (40)  | <b>(51)</b>  |     |
| Bartira PPA (e)                        | -            | -     | <b>77</b>    |     |
| Integration/restructuring expenses (d) | <b>(126)</b> | (64)  | <b>(429)</b> | (1) |
| Loss(gain) on disposal of fixed assets | <b>(36)</b>  | (22)  | <b>(148)</b> | (3) |
| Others                                 | <b>(11)</b>  | (4)   | <b>(19)</b>  |     |
|  | <b>(260)</b> | (354) | <b>(684)</b> | (4) |

a) In 2014, due to the recent decision of the Supreme Court on the subject of Basic Basket ICMS, the Company's management, based on legal opinion of its outside counsel, considered it appropriate to make provision about the matter, as per note 22.

b) In 2014 and 2015, expenses incurred related to contingencies amounts referring to prior periods of the association with CB.

c) In 2014, refers to expenditures incurred related to efforts for the IPO process of the subsidiary Cnova N.V., considered as non attributable to the transactions cost of this operation. In 2015 refers to the investigation costs, as per note 1.4;

d) Related to severance costs to Group's executives and employees, which lay off was informed or done during 2014 and 2015, and represent an important change in the departments' structure.

e) Bartira PPA contingencies that expired in the year, as per note 22.3.6.



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**29. Financial income (expenses), net**

|                                       | Parent Company |            | Consolidated    |                 |
|---------------------------------------|----------------|------------|-----------------|-----------------|
|                                       | 12.31.2015     | 12.31.2014 | 12.31.2015      | 12.31.2014      |
| Finance expenses:                     |                |            | <b>Restated</b> | <b>Restated</b> |
| Cost of debt                          | <b>(636)</b>   | (514)      | <b>(1,133)</b>  | (687)           |
| Cost of sales of receivables          | <b>(79)</b>    | (98)       | <b>(720)</b>    | (1,110)         |
| Monetary loss                         | <b>(210)</b>   | (115)      | <b>(325)</b>    | (237)           |
| Other finance expenses                | <b>(69)</b>    | (88)       | <b>(251)</b>    | (161)           |
| Total financial expenses              | <b>(994)</b>   | (815)      | <b>(2,429)</b>  | (2,195)         |
| Financial income:                     |                |            |                 |                 |
| Income from cash and cash equivalents | <b>86</b>      | 94         | <b>363</b>      | 417             |
| Monetary gain                         | <b>144</b>     | 102        | <b>397</b>      | 249             |
| Other financial income                | <b>2</b>       | 5          | <b>16</b>       | 23              |
| Total financial income                | <b>232</b>     | 201        | <b>776</b>      | 689             |
| Total                                 | <b>(762)</b>   | (614)      | <b>(1,653)</b>  | (1,506)         |

The hedge effects in the years ended December 31, 2015 and 2014 are disclosed in Note 18.

**30. Earnings per share**

The table below presents the determination of net income available to holders of common and preferred shares and the weighted average number of common and preferred shares outstanding used to calculate basic and diluted earnings per share in each reporting period:

|   | 12.31.2015       |                            |              | 12.31.2014       |                            |              |
|---|------------------|----------------------------|--------------|------------------|----------------------------|--------------|
|   | <u>Preferred</u> | <u>Restated<br/>Common</u> | <u>Total</u> | <u>Preferred</u> | <u>Restated<br/>Common</u> | <u>Total</u> |
| <b>Basic numerator</b>                                    |                  |                            |              |                  |                            |              |
| Basic earnings allocated                                  | <b>171</b>       | <b>94</b>                  | <b>265</b>   | 779              | 428                        | 1,207        |
| Net income allocated to common and preferred shareholders | <b>171</b>       | <b>94</b>                  | <b>265</b>   | 779              | 428                        | 1,207        |

**Basic denominator  
(thousands of shares)**

|                            |            |            |            |     |     |     |
|----------------------------|------------|------------|------------|-----|-----|-----|
| Weighted average of shares | <b>166</b> | <b>100</b> | <b>266</b> | 165 | 100 | 265 |
|----------------------------|------------|------------|------------|-----|-----|-----|

|  |                |                |  |         |         |  |
|--|----------------|----------------|--|---------|---------|--|
| Basic earnings per thousands of shares (R\$) | <b>1.03282</b> | <b>0.93893</b> |  | 4.71968 | 4.29062 |  |
|--|----------------|----------------|--|---------|---------|--|

**Diluted numerator**

|   |            |           |            |     |     |       |
|---|------------|-----------|------------|-----|-----|-------|
| Net income allocated to common and preferred shareholders | <b>171</b> | <b>94</b> | <b>265</b> | 779 | 428 | 1,207 |
|---|------------|-----------|------------|-----|-----|-------|

|  |            |           |            |     |     |       |
|--|------------|-----------|------------|-----|-----|-------|
|  | <b>171</b> | <b>94</b> | <b>265</b> | 779 | 428 | 1,207 |
|--|------------|-----------|------------|-----|-----|-------|

**Diluted denominator**

|   |            |            |            |     |     |     |
|---|------------|------------|------------|-----|-----|-----|
| Weighted average of shares (in thousands) | <b>166</b> | <b>100</b> | <b>266</b> | 165 | 100 | 265 |
|---|------------|------------|------------|-----|-----|-----|

|   |            |            |            |     |     |     |
|---|------------|------------|------------|-----|-----|-----|
| Diluted weighted average of shares (in thousands) | <b>166</b> | <b>100</b> | <b>266</b> | 165 | 100 | 265 |
|---|------------|------------|------------|-----|-----|-----|

|   |                |                |  |         |         |  |
|---|----------------|----------------|--|---------|---------|--|
| <b>Diluted earnings per thousands of shares (R\$)</b> | <b>1.03040</b> | <b>0.93869</b> |  | 4.70705 | 4.29062 |  |
|---|----------------|----------------|--|---------|---------|--|

Stock options issued by the subsidiary CNova N.V. were not considered in the diluted earnings per share because their effects are antidilutive because of its loss for the year.

## Companhia Brasileira de Distribuição

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### 31. Benefit plan

#### 31.1. Pension plan

In France, an industry-specific agreement between employers and employees determines the payment of allowances to employees at the date of retirement depending on the years of service rendered and their salary at the age of retirement.

Main assumptions used in determining defined benefit obligations:

|   | <b>Cdiscount<br/>2015</b> |
|---|---------------------------|
| Discount rate                           | 2.00%                     |
| Expected rate of future salary increase | 1.80%                     |
| Retirement age                          | 64                        |

The discount rate is determined by reference to the Bloomberg 15-year AA corporate composite index.

Reconciliation of obligations in the balance sheet

|                             | <b>Cdiscount<br/>2015</b> |
|-----------------------------|---------------------------|
| <b>At December 31, 2014</b> | <b>7</b>                  |
| Cost for the period         | <b>2</b>                  |
| Exchange variation          | <b>2</b>                  |
| <b>At December 31, 2015</b> | <b>11</b>                 |

31.2. Defined contribution plan

In July 2007, the Company established a supplementary defined contribution private pension plan on behalf of its employees to be managed by the financial institution BrasilPrev Seguros e Previdência S.A. The Company pays monthly contributions on behalf of its employees, and the amount paid for the year ended December 31, 2015 is R\$4 (R\$3 as at December 31, 2014), and employees contribution is R\$4 (R\$7 as at

December 31, 2014). The plan had 859 participants as at December 31, 2015 (921 as at December 31, 2014).

### 32. Insurance coverage

The insurance coverage as at December 31, 2015 is summarized as follows:

| <b>Insured assets</b>                  | <b>Covered risks</b> | <b>Parent Company<br/>Amount insured</b> | <b>Consolidated<br/>Amount insured</b> |
|--|----------------------|--|--|
| Property and equipment and inventories | Assigning profit     | 9,250                                    | 23,478                                 |
| Profit                                 | Loss of profits      | 4,452                                    | 8,636                                  |
| Cars and others (*)                    | Damages              | 448                                      | 846                                    |

The Company maintains specific policies for civil liability and directors and officers liability amounting to R\$384.

(\*) The value reported above does not include coverage of the hooves, which are insured by the value of 100% of the Foundation Institute of Economic Research – FIPE table.

## Companhia Brasileira de Distribuição

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### 33. Segment information

Management considers the following segments:

- Retail – includes the banners “Pão de Açúcar”, “Minuto Pão de Açúcar”, “Extra Hiper”, “Extra Supermercado”, “Minimercado Extra”, “Posto Extra”, “Drogaria Extra” and “GPA Malls & Properties”.
- Home appliances – includes the banners “Ponto Frio” and “Casas Bahia”.
- Cash & Carry – includes the brand “ASSAÍ”.
- E-commerce includes the “sites” *www.pontofrio.com.br*; *www.extra.com.br*; *www.casasbahia.com.br*; *www.barateiro.com.br*, *www.partiuviagens.com.br* and *www.cdisecount.com.br*.

Management monitors the operating results of its business units separately making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating income and is measured consistently with operating income in the interim financial information, GPA financing (including finance expenses and finance income) and the income taxes are managed on a segment basis.

The Company is engaged in operations of retail stores located in 19 states and the Federal District of Brazil. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who has been identified as the Chief Executive Officer.

The chief operating decision-maker allocates resources and assesses performance by reviewing results and other information related to four segments.

The Company deems irrelevant the disclosure of information on sales per product category, given that similar products are sold based on each business’ strategies and each segment has its own management controls. Thus, any aggregation product for disclosure is practically impossible.

The Company measures the results of segments using the accounting practices adopted in Brazil and IFRS, among other measures, each segment’s operating profit, which includes certain corporate overhead allocations. At times, the Company reviews the measurement of each segment’s operating profit, including any corporate overhead allocations, as dictated by the information regularly reviewed by the chief operating decision-maker. When revisions are made, the operating results of each segment affected by the revisions are restated for all years presented to maintain comparability. Information about the segments is included in the following table:

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Information on the Company's segments as at December 31 is included in the table below:

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**33. Segment information – Continued**

| Description  | Restated       |        |               |       |                 |         |                |       |                |         |                 |       |                |         |
|--|----------------|--------|---------------|-------|-----------------|---------|----------------|-------|----------------|---------|-----------------|-------|----------------|---------|
|  | Retail         |        | Cash & Carry  |       | Home appliances |         | E-commerce     |       | Total          |         | Eliminations(*) |       | Total          |         |
|  | 2015           | 2014   | 2015          | 2014  | 2015            | 2014    | 2015           | 2014  | 2015           | 2014    | 2015            | 2014  | 2015           | 2014    |
| Net sales  | <b>26,744</b>  | 26,415 | <b>10,453</b> | 8,326 | <b>19,268</b>   | 22,674  | <b>12,827</b>  | 8,057 | <b>69,292</b>  | 65,472  | <b>(72)</b>     | (65)  | <b>69,220</b>  | 65,407  |
| Gross profit   | <b>7,508</b>   | 7,549  | <b>1,537</b>  | 1,208 | <b>6,172</b>    | 7,355   | <b>1,069</b>   | 697   | <b>16,286</b>  | 16,809  | -               | (12)  | <b>16,286</b>  | 16,797  |
| Depreciation and amortization                          | <b>(585)</b>   | (552)  | <b>(98)</b>   | (78)  | <b>(173)</b>    | (139)   | <b>(105)</b>   | (50)  | <b>(961)</b>   | (819)   | -               | -     | <b>(961)</b>   | (819)   |
| Share of profit of subsidiaries and associates         | <b>81</b>      | 79     | -             | -     | <b>31</b>       | 32      | -              | (3)   | <b>112</b>     | 108     | -               | -     | <b>112</b>     | 108     |
| Operating income                                       | <b>1,138</b>   | 1,556  | <b>337</b>    | 233   | <b>923</b>      | 2,123   | <b>(675)</b>   | (86)  | <b>1,723</b>   | 3,826   | -               | -     | <b>1,723</b>   | 3,826   |
| Finance expense  | <b>(1,047)</b> | (886)  | <b>(105)</b>  | (71)  | <b>(963)</b>    | (1,035) | <b>(340)</b>   | (250) | <b>(2,455)</b> | (2,242) | <b>26</b>       | 47    | <b>(2,429)</b> | (2,195) |
| Finance income   | <b>337</b>     | 335    | <b>28</b>     | 20    | <b>335</b>      | 356     | <b>102</b>     | 25    | <b>802</b>     | 736     | <b>(26)</b>     | (47)  | <b>776</b>     | 689     |
| Profit(loss) before income tax and social contribution | <b>428</b>     | 1,005  | <b>260</b>    | 182   | <b>295</b>      | 1,444   | <b>(913)</b>   | (311) | <b>70</b>      | 2,320   | -               | -     | <b>70</b>      | 2,320   |
| Income tax and social contribution                     | <b>(98)</b>    | (253)  | <b>(89)</b>   | (62)  | <b>(64)</b>     | (475)   | <b>(95)</b>    | 54    | <b>(346)</b>   | (736)   | -               | -     | <b>(346)</b>   | (736)   |
| Net income for the period                              | <b>330</b>     | 752    | <b>171</b>    | 120   | <b>232</b>      | 969     | <b>(1,009)</b> | (257) | <b>(276)</b>   | 1,584   | -               | -     | <b>(276)</b>   | 1,584   |
| Current assets   | <b>7,394</b>   | 8,062  | <b>2,187</b>  | 1,709 | <b>10,491</b>   | 10,366  | <b>4,888</b>   | 3,980 | <b>24,960</b>  | 24,117  | -               | (96)  | <b>24,960</b>  | 24,021  |
| Noncurrent assets                                      | <b>13,934</b>  | 13,691 | <b>1,868</b>  | 1,492 | <b>5,806</b>    | 5,283   | <b>1,045</b>   | 1,463 | <b>22,653</b>  | 21,929  | <b>(372)</b>    | (605) | <b>22,281</b>  | 21,324  |
| Current liabilities                                    | <b>6,910</b>   | 8,026  | <b>2,409</b>  | 1,832 | <b>9,463</b>    | 9,716   | <b>6,863</b>   | 5,106 | <b>25,645</b>  | 24,680  | <b>(372)</b>    | (699) | <b>25,273</b>  | 23,981  |

|                        |              |       |              |       |              |       |                |     |               |        |   |     |               |        |
|------------------------|--------------|-------|--------------|-------|--------------|-------|----------------|-----|---------------|--------|---|-----|---------------|--------|
| Noncurrent liabilities | <b>5,766</b> | 5,314 | <b>372</b>   | 235   | <b>2,350</b> | 1,571 | <b>128</b>     | 52  | <b>8,616</b>  | 7,172  | - | (2) | <b>8,616</b>  | 7,170  |
| Shareholders' equity   | <b>8,652</b> | 8,413 | <b>1,274</b> | 1,134 | <b>4,484</b> | 4,362 | <b>(1,058)</b> | 285 | <b>13,352</b> | 14,194 | - | -   | <b>13,352</b> | 14,194 |

(\*) The eliminations consist of intercompany balances.



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**33. Segment information –Continued**

| Description            | Retail        |        | Brazil        |       |                 |        | Restated International |       |              |       | Total         |        | Eliminations (*) |       | Total         |        |
|------------------------|---------------|--------|---------------|-------|-----------------|--------|------------------------|-------|--------------|-------|---------------|--------|------------------|-------|---------------|--------|
|                        |               |        | Cash & Carry  |       | Home appliances |        | E-commerce             |       | E-commerce   |       |               |        |                  |       |               |        |
|                        | 2015          | 2014   | 2015          | 2014  | 2015            | 2014   | 2015                   | 2014  | 2015         | 2014  | 2015          | 2014   | 2015             | 2014  | 2015          | 2014   |
| Operating revenue      | <b>26,744</b> | 26,415 | <b>10,453</b> | 8,326 | <b>19,268</b>   | 22,674 | <b>6,228</b>           | 5,629 | <b>6,599</b> | 2,428 | <b>69,292</b> | 65,472 | (72)             | (65)  | <b>69,220</b> | 65,472 |
| Intangible assets      | <b>7,394</b>  | 8,062  | <b>2,187</b>  | 1,709 | <b>10,491</b>   | 10,366 | <b>2,292</b>           | 1,630 | <b>2,596</b> | 2,350 | <b>24,960</b> | 24,117 | -                | (96)  | <b>24,960</b> | 24,117 |
| Current assets         | <b>13,934</b> | 13,691 | <b>1,868</b>  | 1,492 | <b>5,806</b>    | 5,283  | <b>377</b>             | 808   | <b>668</b>   | 655   | <b>22,653</b> | 21,929 | (372)            | (605) | <b>22,281</b> | 21,929 |
| Intangible liabilities | <b>6,910</b>  | 8,026  | <b>2,409</b>  | 1,832 | <b>9,463</b>    | 9,716  | <b>3,523</b>           | 2,608 | <b>3,340</b> | 2,498 | <b>25,645</b> | 24,680 | (372)            | (699) | <b>25,273</b> | 24,680 |
| Current liabilities    | <b>5,766</b>  | 5,314  | <b>372</b>    | 235   | <b>2,350</b>    | 1,571  | <b>25</b>              | 17    | <b>103</b>   | 35    | <b>8,616</b>  | 7,172  | -                | (2)   | <b>8,616</b>  | 7,172  |
| Shareholders' equity   | <b>8,652</b>  | 8,413  | <b>1,274</b>  | 1,134 | <b>4,484</b>    | 4,362  | <b>(879)</b>           | (187) | <b>(179)</b> | 472   | <b>13,352</b> | 14,194 | -                | -     | <b>13,352</b> | 14,194 |

\* The eliminations consist of intercompany balances

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**33. Segment information** –ContinuedCompany general information

The Company and its subsidiaries operate primarily as a retailer of food, clothing, home appliances and other products. Total revenues are composed of the following types of products:

|             | <b>12.31.2015</b> | <b>12.31.2014</b> |
|-------------|-------------------|-------------------|
|             | <b>Restated</b>   | <b>Restated</b>   |
| Food        | <b>53.7%</b>      | 53.1%             |
| Nonfood     | <b>46.3%</b>      | 46.9%             |
| Total sales | <b>100.0%</b>     | 100.0%            |

As at December 31, 2015, capital expenditures were as follows:

|                            | <b>12.31.2015</b> | <b>12.31.2014</b> |
|----------------------------|-------------------|-------------------|
|                            | <b>Restated</b>   | <b>Restated</b>   |
| Food                       | <b>1,383</b>      | 1,110             |
| Nonfood                    | <b>602</b>        | 761               |
| Total capital expenditures | <b>1,985</b>      | 1,871             |

**34. Events after report period****34.1. Dividends of 2015**

At Annual and Extraordinary Shareholders' Meeting (AGOE) held April 27, 2016, the shareholders approved management proposal of dividends payment related to the year ended December 31, 2015 in the amount of R\$ 119, including anticipated dividends already declared. The amount correspond to R\$0.4227404801 for a common share and R\$0.4650142281 for preferred share.

Except by anticipated dividends paid during 2015, Company will pay in 60 days after April 27, 2016, AGOE's base date, the amount of R\$4 corresponding to remaining dividends of the year 2015. The amount correspond to R\$0.013703 for a common share and R\$0.015073 for a preferred share. All the shares shall be entitled to dividends on April 27, 2016. As of April 28, 2016 the shares will be negotiated "ex-rights" to the dividends payment date.

**34.2. Corporate restructuring**

At Annual and Extraordinary Shareholders' Meeting (AGOE) held April 27, 2016, the shareholders approved the merger of Sendas Distribuidora net assets. The steps for the transactions were preceded by : (i) Repurchase of Barcelona shares belonged to Novasoc (as per note 1.3.1); (ii) At the same date, the merger of Barcelona net assets by Sendas Distribuidora, being Barcelona, consequently extinct and (iii) Spin-off of a part of Sendas Distribuidora net assets, also approved at same date and same entity.

The restructuring goal is to improve corporate structure and will be settled with these entities balances on April 30, 2016 with no impacts in consolidated interim financial information of the Company.

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### **34. Events after report period - Continued**

#### **34.3. Promissory note emission**

The Board of Directors' meeting held on December 17, approved the 1st issuance of promissory notes, for public distribution, in the total the amount of R\$500. There were 10 promissory notes, amounting R\$50 each unit.

The Board of Directors' meeting held on July 14, approved the 2nd issuance of promissory notes, for public distribution, in the total the amount of R\$500. There were 200 promissory notes, amounting R\$2.5 each unit. The resources are used to strengthen Company's working capital.

#### **34.4. Association Via Varejo and Cnova Brazil**

On May 12, 2016, the subsidiary Via Varejo announced that it entered into a non-binding Memorandum of Understanding ("MoU") with its associate Cnova N.V. regarding a possible reorganization of Cnova Brazil, within the Company. As a result of the intended reorganization as outlined in the MoU, Via Varejo would transfer to Cnova approximately 97 million of Cnova's shares currently held by the Company (21.9% of Cnova's share capital) as well as a cash consideration ranging from USD 32 million to USD 49 million. In addition, Via Varejo would reimburse a debt currently owed by Cnova Brazil to Cnova equivalent to approximately USD 127 million (the "proposed transaction"). Should the proposed transaction be completed, Via Varejo would become the sole shareholder of Cnova Brazil and would no longer be a shareholder of Cnova.

The Board of Via Varejo has established a Special Committee consisting of three members from the Company's Board of Directors to supervise the process and to determine the terms and direction of the proposed transaction.

The parties expect to reach a definitive agreement with respect to the proposed transaction during the third quarter 2016. The proposed transaction would be expected to be completed by the end of the third quarter 2016.



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**Other information deemed as relevant by the Company.****SHAREHOLDING OF CONTROLLING PARTIES OF THE COMPANY'S SHARES. UP TO THE INDIVIDUAL LEVEL****COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO (Publicly-held company)****Shareholding at  
12/31/2015  
(In units)**

| Shareholder                 | Common Shares     |                | Preferred Shares   |                | Total              |             |
|-----------------------------|-------------------|----------------|--------------------|----------------|--------------------|-------------|
|                             | Number            | %              | Number             | %              | Number             | %           |
| WILKES PARTICIPAÇÕES S.A.   | 94,019,178        | 94.32%         | -                  | 0.00%          | 94,019,178         | 35.39%      |
| Almacenes Éxito S.A. *      | 1                 | 0.00%          | -                  | 0.00%          | 1                  | 0.00%       |
| CASINO GUICHARD PERRACHON * | 1                 | 0.00%          | -                  | 0.00%          | 1                  | 0.00%       |
| JEAN CHARLES NAOURI         | -                 | 0.00%          | 1                  | 0.00%          | 1                  | 0.00%       |
| SEGISOR *                   | 5,600,050         | 5.62%          | -                  | 0.00%          | 5,600,050          | 2.11%       |
| Oppenheimer Funds. Inc.*    | -                 | 0.00%          | 13,423,473         | 8.09%          | 13,423,473         | 5.05%       |
| KING LLC *                  | -                 | 0.00%          | 852,000            | 0.51%          | 852,000            | 0.32%       |
| Geant International BV*     | -                 | 0.00%          | 128,695            | 0.08%          | 128,695            | 0.05%       |
| COFIDOL SAS *               | -                 | 0.00%          | 8,907,123          | 5.37%          | 8,907,123          | 3.35%       |
| Board of Executive Officers | -                 | 0.00%          | 26,701             | 0.02%          | 26,701             | 0.01%       |
| Board of Directors          | -                 | 0.00%          | 2                  | 0.00%          | 2                  | 0.00%       |
| Treasury Shares             | -                 | 0.00%          | 232,586            | 0.14%          | 232,586            | 0.09%       |
| Othera                      | 60,621            | 0.06%          | 142,446,214        | 85.80%         | 142,506,835        | 53.64%      |
| <b>TOTAL</b>                | <b>99,679,851</b> | <b>100.00%</b> | <b>166,016,795</b> | <b>100.00%</b> | <b>265,696,646</b> | <b>100%</b> |

(\*) Foreign Company

**CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER). UP TO THE INDIVIDUAL LEVEL****WILKES PARTICIPAÇÕES S.A****Shareholding at  
12/31/2015  
(In units)**

| Shareholder/Quotaholder | Common Shares |        | Preferred Shares |       | Total       |        |
|-------------------------|---------------|--------|------------------|-------|-------------|--------|
|                         | Number        | %      | Number           | %     | Number      | %      |
| CASINO*                 | 1             | 0.00%  | -                | 0.00% | 1           | 0      |
| SEGISOR*                | 209,123,407   | 97.12% | -                | 0.00% | 209,123,407 | 97.12% |
| BENGAL LLC*             | 2,119,162     | 0.98%  | -                | 0.00% | 2,119,162   | 0.98%  |
| OREGON LLC*             | 2,119,162     | 0.98%  | -                | 0.00% | 2,119,162   | 0.98%  |
| PINCHER LLC*            | 1,961,612     | 0.91%  | -                | 0.00% | 1,961,612   | 0.91%  |

|                        |                    |                |          |              |                    |             |
|------------------------|--------------------|----------------|----------|--------------|--------------------|-------------|
| Almacenes Éxito S.A. * | 1                  | 0.00%          | -        | 0.00%        | 1                  | 0.00%       |
| Treasury Shares        | -                  | 0.00%          | -        | 0.00%        | -                  | 0.00%       |
| <b>TOTAL</b>           | <b>215,323,345</b> | <b>100.00%</b> | <b>-</b> | <b>0.00%</b> | <b>215,323,345</b> | <b>100%</b> |

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**Other information deemed as relevant by the Company.****SHAREHOLDING OF CONTROLLING PARTIES OF THE COMPANY'S SHARES. UP TO THE INDIVIDUAL LEVEL  
SEGISOR**

| <b>QUOTISTAS</b>               | <b>Quotas</b>        | <b>%</b>    |
|--------------------------------|----------------------|-------------|
| Onper Investimentos 2015 S.L.* | 887,239,543          | 50.00%      |
| Casino Guichard Perrachon*     | 887,239,543          | 50.00%      |
| <b>TOTAL</b>                   | <b>1,774,479,086</b> | <b>100%</b> |

(\* ) Foreign Company

**SHAREHOLDING OF CONTROLLING PARTIES OF THE COMPANY'S SHARES. UP TO THE INDIVIDUAL LEVEL**

| <b>ShareholderS</b> | <b>ONPER INVESTIMENTOS 2015 S.L.</b> |             |                         |           | <b>Shareholding at<br/>12/31/2015<br/>(In units)</b> |                |
|---------------------|--------------------------------------|-------------|-------------------------|-----------|--|----------------|
|                     | <b>Common Shares</b>                 | <b>%</b>    | <b>Preferref Shares</b> | <b>%</b>  | <b>Number</b>  | <b>%</b>       |
| ALMANACENES         |                                      |             |                         |           |  |                |
| ÉXITO S.A.*         | 3,000                                | 100.00%     | 0                       | 0.00%     | 3,000  | 100.00%        |
| <b>TOTAL</b>        | <b>3,000</b>                         | <b>100%</b> | <b>0</b>                | <b>0%</b> | <b>3,000</b>   | <b>100.00%</b> |

(\* ) Foreign Company

**SHAREHOLDING OF CONTROLLING PARTIES OF THE COMPANY'S SHARES. UP TO THE INDIVIDUAL LEVEL  
ALMANACENES ÉXITO S.A.**

| <b>Shareholders*</b>                              | <b>Common Shares</b> |          | <b>Preferred</b> |             |
|---|----------------------|----------|------------------|-------------|
|   | <b>Common Shares</b> | <b>%</b> | <b>Shares</b>    | <b>%</b>    |
| Geant International B.V.                          | 185,315,711          | 41.34%   | -0.00%           | 185,315,711 |
| Geant Fonciere B.V.                               | 47,725,428           | 10.65%   | -0.00%           | 47,725,428  |
| Fondo de Pensiones Obligatorias Porvenir Moderado | 36,091,777           | 8.05%    | -0.00%           | 36,091,777  |
| Fondo de Pensiones Obligatorias Protección        | 24,528,833           | 5.47%    | -0.00%           | 24,528,833  |
| Oppenheimer Developing Markets Fund               | 15,445,685           | 3.45%    | -0.00%           | 15,445,685  |
| EXITO ADR Program                                 | 13,415,299           | 2.99%    | -0.00%           | 13,415,299  |



|   |                    |                |               |                    |
|---|--------------------|----------------|---------------|--------------------|
| Bergsaar B.V.                                       | 12,130,244         | 2.71%          | -0.00%        | 12,130,244         |
| Fondo de Pensiones Obligatorias Colfondos Moderado  | 10,204,475         | 2.28%          | -0.00%        | 10,204,475         |
| Alianza Fiduciaria S.A. Fideicomiso ADM Sonnenblume | 7,558,552          | 1.69%          | -0.00%        | 7,558,552          |
| Colombiana de Comercio S.A.                         | 7,076,200          | 1.58%          | -0.00%        | 7,076,200          |
| Inversiones Pinamar S.A.                            | 5,126,735          | 1.14%          | -0.00%        | 5,126,735          |
| Vanguard Emerging Markets Stock Index Fund          | 4,171,693          | 0.93%          | -0.00%        | 4,171,693          |
| Fondo Bursatil Ishares COLCAP                       | 3,562,272          | 0.79%          | -0.00%        | 3,562,272          |
| Fondo de Pensiones Obligatorias Skandia S.A.        | 3,483,760          | 0.78%          | -0.00%        | 3,483,760          |
| Abu Dhabi Investment Authority                      | 1,853,179          | 0.41%          | -0.00%        | 1,853,179          |
| Vanguard Total International Stock Index Fund       | 1,776,699          | 0.40%          | -0.00%        | 1,776,699          |
| SF BARCLAYS Global Investors Services NA            | 1,547,570          | 0.35%          | -0.00%        | 1,547,570          |
| ISHARES MSCI Emerging Markets Index Fund            | 1,507,463          | 0.34%          | -0.00%        | 1,507,463          |
| Platinum International Brands Fund                  | 1,222,959          | 0.27%          | -0.00%        | 1,222,959          |
| Cubides Olarte Henry                                | 1,114,626          | 0.25%          | -0.00%        | 1,114,626          |
| Treasury Shares                                     | 635,835            | 0.14%          | -0.00%        | 635,835            |
| Others Shareholders                                 | 62,754,156         | 14.00%         | -0.00%        | 62,754,156         |
| <b>TOTAL</b>  | <b>448,249,151</b> | <b>100.00%</b> | <b>-0.00%</b> | <b>448,249,151</b> |

**Companhia Brasileira de Distribuição**

Notes to the consolidated financial statements

December 31, 2015 and 2014

(In millions of Brazilian reais, unless otherwise stated)

| Shareholder                 | CONSOLIDATED SHAREHOLDING OF CONTROLLING PARTIES AND<br>MANAGEMENT AND OUTSTANDING SHARES |                |                    |                | Shareholding at<br>12/31/2015<br>(In units) |                |
|-----------------------------|---|----------------|--------------------|----------------|---|----------------|
|                             | Shareholding at 12/31/2015  |                | Preferred Shares   |                | Number                                      | %              |
|                             | Common Shares<br>Number   | %              | Number             | %              |   |                |
| <b>Controlling parties</b>  | 99,619,230  | 99.94%         | 9,887,819          | 5.96%          | 109,507,049                                 | 41.22%         |
| <b>Management</b>           |   |                |                    |                |   |                |
| Board of Directors          | -   | 0.00%          | 2                  | 0.00%          | 2   | 0.00%          |
| Board of Executive Officers | -   | 0.00%          | 26,701             | 0.02%          | 26,701                                      | 0.01%          |
| <b>Treasury Shares</b>      | -   | 0.00%          | 232,586            | 0.14%          | 232,586                                     | 0.09%          |
| <b>Other Shareholders</b>   | 60,621  | 0.06%          | 155,869,687        | 93.89%         | 155,930,308                                 | 58.69%         |
| <b>Total</b>                | <b>99,679,851</b>   | <b>100.00%</b> | <b>166,016,795</b> | <b>100.00%</b> | <b>265,696,646</b>                          | <b>100.00%</b> |
| <b>Outstanding Shares</b>   | <b>60,621</b>   | <b>0.06%</b>   | <b>155,859,687</b> | <b>93.89%</b>  | <b>155,930,308</b>                          | <b>58.69%</b>  |

| Shareholder                 | CONSOLIDATED SHAREHOLDING OF CONTROLLING PARTIES AND<br>MANAGEMENT AND OUTSTANDING SHARES |                |                    |                | Shareholding at<br>12/31/2014<br>(In units) |                |
|-----------------------------|---|----------------|--------------------|----------------|---|----------------|
|                             | Shareholding at 12/31/2014  |                | Preferred Shares   |                | Number                                      | %              |
|                             | Common Shares<br>Number   | %              | Number             | %              |   |                |
| <b>Controlling parties</b>  | 99,619,230  | 99.94%         | 9,887,819          | 5.97%          | 109,507,049                                 | 41.28%         |
| <b>Management</b>           |   |                |                    |                |   |                |
| Board of Directors          | -   | 0.00%          | 2                  | 0.00%          | 2   | 0.00%          |
| Board of Executive Officers | -   | 0.00%          | 17,440             | 0.01%          | 17,440                                      | 0.01%          |
| <b>Fiscal Council</b>       | -   | 0.00%          | 232,586            | 0.14%          | 232,586                                     | 0.09%          |
| <b>Treasury Shares</b>      | 60,621  | 0.06%          | 155,465,610        | 93.88%         | 155,526,231                                 | 58.63%         |
| <b>Other Shareholders</b>   | <b>99,679,851</b>   | <b>100.00%</b> | <b>165,603,457</b> | <b>100.00%</b> | <b>265,283,308</b>                          | <b>100.00%</b> |

|                           |                   |                |                    |                |                    |                |
|---------------------------|-------------------|----------------|--------------------|----------------|--------------------|----------------|
| <b>Total</b>              | <b>99,679,851</b> | <b>0%</b>      | <b>155,465,610</b> | <b>93.88%</b>  | <b>255,206,082</b> | <b>58.63%</b>  |
| <b>Outstanding Shares</b> | <b>60,621</b>     | <b>100.00%</b> | <b>165,603,457</b> | <b>100.00%</b> | <b>165,664,078</b> | <b>100.00%</b> |

**SIGNATURES**

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO

Date: August 5, 2016

By: /s/ Ronaldo Iabrudi  
Name: Ronaldo Iabrudi  
Title: Chief Executive Officer

By: /s/ Christophe José Hidalgo  
Name: Christophe José Hidalgo  
Title: Investor Relations Officer

**FORWARD-LOOKING STATEMENTS**

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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