Grupo Nutresa S. A.

Separate Financial Statements at December 31st of 2016 and 2015

UN FUTURO
ENTRE TODOS

Certification of the Financial Statements

The undersigned Legal Representative and the General Counsel of Grupo Nutresa S. A.

CERTIFY:

24 of February of 2017

We have previously verified all claims, herewith contained, in the Consolidated Financial Statements, at December 31, 2016 and 2015, according to, the regulations, and the same that have been faithfully taken, from the Financial Statements of the Parent Company, and its subsidiaries, duly certified and audited.

In accordance with the above stated, in relationship to the Financial Statements, herewith mentioned, we declare the following:

1. The assets and liabilities, are stated and the recorded transactions, have been recorded, during said years.
2. All realized economic transactions, have been recognized.
3. The assets represent rights, and liabilities represent obligations, obtained or under the responsibility of the Companies.
4. All elements have been recognized, in the appropriate amounts, and in accordance with the accounting principles, generally accepted.
5. The economic transactions, that impact the Companies, have been correctly classified, described, and disclosed.
6. The Financial Statements and Notes, do not contain misstatements, errors, differences or material inaccuracies, which could impact the financial position, equity, and operations of the Companies. Similarly, appropriate procedures, reporting systems, and control of the financial information, have been established, to insure accurate reporting to third–party users, of such.

Carlos Ignacio Gallego Palacio	Jaime León Montoya Vásquez
President	General Accountant
	T.P. 45056-T

Certification of the Financial Statements Law 964 of 2005

Gentlemen

Shareholders

Grupo Nutresa S.A.

Medellín

The undersigned Legal Representative of Grupo Nutresa S.A.

CERTIFIES:

24 of February of 2017

That the Consolidated Financial Statements, and the operations of the Parent Company, and its subsidiaries, at December 31, 2016 and 2015, do not contain any defects, differences, inaccuracies, or errors that impede the knowledge of the true and fair presentation, of the financial situation, of the same.

The foregoing, is stated, for purposes of compliance with Article 46 of Law 964 of 2005.

And is signed, as a record, on the 24th day of the month of February of 2017.

Carlos Ignacio Gallego Palacio

President

Statement of Financial Position

At December 31st of 2016 and 2015 (values expressed in millions of Colombian pesos)

	Notes	2016	2015
ASSETS			
Current assets			
Cash and cash equivalents		$ 42	$ 66
Trade and other receivables	5	18.098	23.203
Other current assets	6	938	606
Total current assets		**$ 19.078**	**$ 23.875**
Non-current assets			
Trade and other receivables	5	2.972	376
Investments in subsidiaries	7	4.568.234	4.576.899
Investments in associates and joint ventures	8	138.652	81.989
Other financial non-current assets	9	3.809.367	3.415.100
Deferred tax assets	10.4	4.945	4.266
Other assets	6	7	21
Total non-current assets		**$ 8.524.177**	**$ 8.078.651**
TOTAL ASSETS		**$ 8.543.255**	**$ 8.102.526**
LIABILITIES			
Current liabilities			
Trade and other payables	11	80.968	60.490
Tax charges	10.2	188	168
Employee benefits liabilities	12	1.068	1.811
Total current liabilities		**$ 82.224**	**$ 62.469**
Non-current liabilities			
Trade and other payables	11	168	158
Employee benefits liabilities	12	14.413	12.339
Deferred tax liabilities	10.4	6.416	5.297
Other provisions	7	-	12.275
Total non-current liabilities		**$ 20.997**	**$ 30.069**
TOTAL LIABILITIES		**$ 103.221**	**$ 92.538**
SHAREHOLDER EQUITY			
Share capital issued	13.1	2.301	2.301
Paid-in capital	13.1	546.832	546.832
Reserves	13.2	3.592.671	1.836.225
Other comprehensive income, accumulated	14	3.899.132	3.638.937
Retained earnings		-	1.558.597
Earnings for the period		399.098	427.096
TOTAL SHAREHOLDER EQUITY		**$ 8.440.034**	**$ 8.009.988**
TOTAL LIABILITIES AND EQUITY		**$ 8.543.255**	**$ 8.102.526**

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

Carlos Ignacio Gallego Palacio
President

Jaime León Montoya Vásquez
General Accountant - Professional Card No. 45056-T

Bibiana Moreno Vásquez
External Auditor – Professional Card No. 167200-T
Member of PricewaterhouseCoopers Ltda.

Comprehensive Income Statement

From January 1st to December 31st (Values expressed in millions of Colombian Pesos)

	Notes		2016		2015
Dividend portfolio	9	$	50.453	$	46.910
Share of profit for the period of subsidiaries	7		348.796		380.816
Share of profit for the period of associates and joint ventures	8		4.947		5.370
Gross profit		$	**404.196**	$	**433.096**
Administrative expenses	15		(3.950)		(4.390)
Exchange differences on operating assets and liabilities			(24)		18
Other operating income, net			1.401		1.443
Operating profit		$	**401.623**	$	**430.167**
Financial income			4		50
Financial expenses			(1.032)		(764)
Exchange differences on non-operating assets and liabilities			(6)		15
Income before taxes		$	**400.589**	$	**429.468**
Current income tax	10.3		(222)		(479)
Deferred income tax	10.4		(1.269)		(1.893)
Net profit for the year		$	**399.098**	$	**427.096**
Earnings per share (*)					
Basic, attributable to controlling interest (in Colombian Pesos)	16		**867,37**		**928,22**

(*) Calculated on 460,123,458 shares, which have not been modified during the period covered by these financial statements.

	Notes		2016		2015
OTHER COMPREHENSIVE INCOME, NET TAXES					
Items that are not subsequently reclassified to profit and loss:		$		$	
Actuarial (losses)/gains on defined benefit plans	14.1		(1.739)		1.337
Investments measured at fair value	14.2		394.268		(598.527)
Income tax components that will not be reclassified	10.4		653		(455)
Total items that are not subsequently reclassified to profit and loss		$	**393.182**	$	**(597.645)**
Items that are or may be subsequently reclassified to profit and loss:					
Share of other comprehensive income of subsidiaries	14.4		(132.079)		389.248
Share of other comprehensive income of associates	14.3		(1.084)		1.304
Deferred income tax from items that will be reclassified	10.4		176		0
Total items that are or may be subsequently reclassified to profit and loss:		$	**(132.987)**	$	**390.552**
Other comprehensive income, after tax		$	**260.195**	$	**(207.093)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		$	**659.293**	$	**220.003**

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Grupo nutresa

Change in Equity Statement

From January 1st to December 31st (Values expressed in millions of Colombian Pesos)

	Share capital issued	Paid-in capital	Reserves	Retained earnings	Profit for the period	Other comprehensive income ,accumulated	Total equity
Equity at December 31, 2015	**2.301**	**546.832**	**1.836.225**	**1.558.597**	**427.096**	**3.638.937**	**8.009.988**
Profit for the period	-	-	-	-	399.098	-	399.098
Other comprehensive income for the period, net of income tax	-	-	-	-	-	260.195	260.195
Comprehensive income for the period	**-**	**-**	**-**	**-**	**399.098**	**260.195**	**659.293**
Transfer to accumulated results	-	-	-	427.096	(427.096)	-	-
Cash dividends (Note 13.3)	-	-	(6.428)	(222.713)	-	-	(229.141)
Appropriation of reserves (Nota 13.3)	-	-	1.762.980	(1.762.980)	-	-	-
Tax on wealth (Note 10.7)	-	-	(106)	-	-	-	(106)
Equity at December 31, 2016	**2.301**	**546.832**	**3.592.671**	**-**	**399.098**	**3.899.132**	**8.440.034**
Equity at December 31, 2014	**2.301**	**546.832**	**1.671.478**	**1.346.663**	**589.388**	**3.846.030**	**8.002.692**
Profit for the period	-	-	-	-	427.096	-	427.096
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(207.093)	(207.093)
Comprehensive income for the period	**-**	**-**	**-**	**-**	**427.096**	**(207.093)**	**220.003**
Transfer to accumulated results	-	-	-	589.388	(589.388)	-	-
Cash dividends (Note 13.3)	-	-	-	(212.577)	-	-	(212.577)
Appropriation of reserves (Nota 13.3)	-	-	164.877	(164.877)	-	-	-
Tax on wealth (Note 10.7)	-	-	(130)	-	-	-	(130)
Equity at December 31, 2015	**2.301**	**546.832**	**1.836.225**	**1.558.597**	**427.096**	**3.638.937**	**8.009.988**

The notes are an integral part of the consolidated financial statements

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Cash-Flow Statement

From January 1st to December 31st (Values expressed in millions of Colombian Pesos)

	2016	2015
Cash flow from operating activities		
Dividends received	$ 276.923	$ 222.370
Dividends paid (Nota 13.3)	(224.277)	(208.571)
Collection from sales of goods and services	1.452	1.439
Payments to suppliers for goods and services	(4.593)	(2.648)
Payments to and on behalf of employees	(5.735)	(5.981)
Income taxes, (paid) refunded	(684)	3.651
Other inflows (out-flows) of cash	7.578	(5.071)
Net cash flow from operating activities	**$ 50.664**	**$ 5.189**
Cash flow from investment activities		
Purchases of equity of associates and joint ventures	(36.583)	(4.498)
Capitalization in subsidiaries (Note 7)	(13.090)	-
Interest received	4	50
Other inflows (out-flows) of cash	19	(4)
Net cash used in investment activities	**$ (49.650)**	**$ (4.452)**
Cash flow from financial activities		
Interest paid	(1.029)	(756)
Other out-flows of cash	(3)	-
Net cash flow from (used in) financial activities	**$ (1.032)**	**$ (756)**
Decrease of cash and cash equivalents from operating activities	**$ (18)**	**$ (19)**
Net foreign exchange differences	(6)	15
Net decrease of cash and cash equivalents	**(24)**	**(4)**
Cash and cash equivalents at the beginning of the period	66	70
Cash and cash equivalents at the end of the period	**$ 42**	**$ 66**

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

Carlos Ignacio Gallego Palacio
President

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Notes for the Separate Financial Statements

For the period between January 1st and December 31st 2016 and 2015
(Values are expressed as millions of Colombian Pesos, except for the values in foreign currency, exchange rates, and number of shares.)

Nota 1. Corporate Information

1.1 Entity and corporate purpose

Grupo Nutresa S. A., (hereinafter referred to as: Grupo Nutresa, the Company, or Nutresa, indistinctly) a corporation of Colombian nationality, incorporated on April 12, 1920, with its headquarters in the City of Medellin, Colombia; its terms expire on April 12, 2050. The Corporate Business Purpose consists of the investment or application of available resources, in organized enterprises, under any of the forms permitted by law, whether domestic or foreign, and aimed at the use of any legal economic activity, either tangible or intangible assets, with the purpose of safeguarding its capital.

The Company is the Parent of Grupo Nutresa, constitutes an integrated and diversified food industry group that operates mainly in Colombia and Latin America.

Nota 2. Basis of preparation

Grupo Nutresa S.A. separate financial statements, for the period between January 1st and December 31st of 2015, were prepared in accordance with the International Financial Reporting Standards (hereinafter IFRS), issued by the International Accounting Standards Board, (hereinafter IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (hereinafter IFRIC), and approved in Colombia through Decree 2784 of 2012, Decree 3023 of 2013, Decree 2420 of 2015, their regulations, and other accounting standards, issued by the Financial Superintendence of Colombia.

The Separate financial statements are prepared in accordance with IAS 27. Grupo Nutresa S.A., as the Parent Company, presents the Separate financial statements available on our website: www.gruponutresa.com

2.1 Basis of measurement

The Separate financial statements have been prepared on a historical cost basis, except for the measurements at fair value of certain financial instruments, as described in the policies herewith. The carrying value of recognized assets and liabilities that have been designated as hedged items in fair value hedges, which would otherwise be accounted for at amortized cost, have been adjusted to record changes in the fair values, attributable to those risks that are covered under “effective hedges”.

2.2 Functional and presentation currency

The financial statements are presented in Colombian Pesos, which is both the functional and presentation currency of Grupo Nutresa S.A. These figures are expressed as millions of Colombian Pesos, except for net earnings per share and the representative market exchange rates, which are expressed as Colombian Pesos, and other currencies [E.g. USD, Euros, Pounds Sterling, among others], which are expressed as monetary units.

2.3 Classification of items in current and non-current

Grupo Nutresa S.A. presents assets and liabilities in the Statement of Financial Position, classified as current and non-current. An asset is classified as current when the entity: expects to realize the asset, or intends to sell or consume within its normal operating cycle, holds the asset primarily for negotiating purposes, expects to realize the asset within twelve months after the reporting period is reported, or the asset is cash or cash equivalent, unless the asset is restricted for a period of twelve months after the close of the reporting period. All other assets are classified as non-current. A liability is classified as current when the entity expects to settle the liability within its normal operating cycle or holds the liability primarily for negotiating purposes.

Nota 3. Significant accounting policies

The accounting policies, applied in the preparation of these Separate Financial Statements, for the period January 1st and December 31st of 2016, are consistent, with those used in the preparation of the Annual Financial Statements, prepared under IFRS, for the period ended December 31, 2015.

The following are the significant accounting policies Grupo Nutresa S. A. applied in the preparation of its financial statements:

3.1 Investments in subsidiaries

A subsidiary is an entity controlled by one of the companies that make up Grupo Nutresa S.A. Control exists when any of the Group companies has the power to direct the relevant activities of the subsidiary, which are generally: the operating activities and the financing to obtain benefits from its activities, and is exposed, or has rights, to those variable yields.

Investments in subsidiaries are measured in the Separate financial statements of Grupo Nutresa S.A., using *the equity method* according to the established regulations in Colombia, under which the investment is initially recorded at cost, and is adjusted with the changes in participation of Grupo Nutresa, over the net assets of the subsidiary after the date of acquisition minus any impairment loss of the investment. The losses of the subsidiary that exceed Grupo Nutresa's participation in the investment, are recognized as provisions, only when it is probable that there will be an outflow of economic benefits and there is a legal or implicit obligation.

3.2 Investments in associates and joint ventures

An associate is an entity over which Grupo Nutresa has significant influence over financial and operating policies, without having control or joint control.

A joint venture is an entity that Grupo Nutresa S.A. controls jointly with other participants, where, together, they maintain a contractual agreement that establishes joint control over the relevant activities of the entity.

At the date of acquisition, the excess acquisition cost over the net fair value of the identifiable assets, liabilities, and contingent liabilities assumed by the associate or joint venture, is recognized as goodwill. Goodwill is included in the book value of the investment and is not amortized, nor is it individually tested for impairment.

Investments in associates or joint ventures are measured in the Separate financial statements, using *the equity method*, under which the investment is initially recorded at cost and is adjusted with changes of the participation of Grupo Nutresa S.A., over the net assets of the associate or joint venture after the date of acquisition minus any impairment loss on the investment. The losses of the associate or joint venture that exceed Grupo Nutresa's shares in the investment, are recognized as a provision, only when it is probable that there will be an outflow of economic benefit and there is a legal or implicit obligation.

Where *the equity method* is applicable, adjustments are made to homologize the accounting policies of the associate or joint venture with those of Grupo Nutresa S.A., the portion that corresponding to Grupo Nutresa of profit and loss obtained from the measurement of at fair value at the date of acquisition is incorporated into the financial statements, and gains and losses from transactions between Grupo Nutresa S.A. and the associate or joint venture are eliminated, to the extent of Grupo Nutresa´s participation in the associate or joint venture. *The equity method* is applied from the date of the acquisition to the date that significant influence or joint control over the entity is lost.

The portion of profit and loss of an associate or joint venture is presented in the statement of comprehensive income, in the results section for the period, net of taxes and non-controlling interest in the subsidiaries of the associate or joint venture. The portion of changes recognized directly in equity and other comprehensive income of the associate or joint venture is presented in the statement of changes in equity and other consolidated comprehensive income. Cash dividends received, from the associate or joint ventures, are recognized by reducing the carrying value of the investment.

Grupo Nutresa S.A. periodically analyzes the existence of impairment indicators and, if necessary, recognizes impairment losses of the associate or joint venture investment. Impairment losses are recognized in profit and loss, and are calculated as the difference between the recoverable amount of the associate or joint venture (which is the higher of the two values, between the value in use and its fair value minus cost to sell), and the book value.

When the significant influence over an associate or joint control is lost, Grupo Nutresa measures and recognizes any retained residual investment at fair value. The difference between the carrying amount of the associate or joint venture (taking into account the relevant items of other comprehensive income) and the fair value of the retained residual investment at its value from sale is recognized in profit and loss in that period.

3.3 Foreign currency

Transactions made in a currency other than the functional currency of the Company are translated using the exchange rate at the date of the transaction. Subsequently, monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the closing of the financial statements and taken from the information published by the official body responsible for certifying this information; non-monetary items that are measured at fair value are converted using the exchange rates on the date when its fair value is determined and non-monetary items that are measured at historical cost, are translated using the exchange rates determined on the date of the original transaction.

All exchange differences arising from operating assets and liabilities are recognized on the income statement, as part of revenue and operating expenses; exchange differences in other assets and liabilities are recognized as income or expense, except for, monetary items that provide an effective hedge for a net investment in a foreign operation and from investments in shares classified as fair value through equity. These items and their tax impact are recognized in other comprehensive income until disposal of the net investment, at which time are recognized in profit and loss.

3.4 Cash and cash equivalents

Cash and cash equivalents, in the statement of financial position and statement of cash flows, include cash on hand and banks, highly liquid investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in its value, with a maturity of three months or less from the date of purchase. These items are initially recognized at historical cost and restated to recognize its fair value at the date of each accounting year.

3.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and, simultaneously, to a financial liability or equity instrument of another entity. Financial assets and liabilities are initially recognized at fair value plus (less) the transaction costs directly attributable, except for those who are subsequently measured at fair value.

At initial recognition, Grupo Nutresa S.A. classifies its financial assets for subsequent measurement at amortized cost or fair value, depending on Grupo Nutresa's business model for the administration of financial assets and the characteristics of the contractual cash flows of the instrument; or as derivatives designated as hedging instruments in an effective hedge, accordingly.

(i) Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest rate, if the asset is held within a business model whose objective is to keep the contractual cash flows, and the contractual terms, on specific dates, cash flows that are solely for payments of principal and interest on the outstanding principal value. Notwithstanding the foregoing, Grupo Nutresa S.A. designates a financial asset as irrevocably measured at fair value through profit and loss.

Grupo Nutresa S.A. has determined that the business model for accounts receivable is to receive the contractual cash flows, which is why they are included in this category.

(ii) Financial assets measured at fair value

The different financial assets of those measured at amortized cost are subsequently measured at fair value, with changes recognized in profit and loss. However, for investments in equity instruments that are not held for trading purposes, Grupo Nutresa S.A. irrevocably chooses to present gains and losses on the fair value measurement in other comprehensive income. On disposal of investments at fair value, through other comprehensive income, the accumulated value of the gain or loss is transferred directly to retained earnings and are not reclassified to profit and loss, in that period. Cash dividends received from these investments are recognized in the statement of comprehensive income, in the profit and loss of that period.

The fair values of quoted investments are based on the current trading prices.

Financial assets measured at fair value are not tested for impairment.

(iii) Financial Impairment of financial assets at amortized cost

Financial assets measured at amortized cost are evaluated for indicators of impairment at each balance sheet date. Financial assets are impaired when there exists, objective evidence, that, as a result of one or more events occurring after the initial recognition of the financial asset, the estimated future flows of the financial asset, (or group of financial assets) have been affected.

The criteria used to determine if there is objective evidence of impairment losses, includes:

- significant financial difficulty of the issuer or counterparty
- non-payment of principal and interest
- probability that the lender will declare bankruptcy or financial reorganization

The amount of the impairment is the difference between the carrying value of the asset, and the present value of estimated future cash flows, discounted at the original effective rate of the financial asset. The carrying value of the asset is reduced and the amount of the loss and is recognized in profit and losses

(iv) Derecognition

A financial asset or a part of it, is dropped from the statement of financial position when it is sold, transferred, expires, or Grupo Nutresa loses control over the contractual rights or the cash flows of the instrument. A financial liability, or a portion of it, is derecognized from the statement of financial position, when the contractual obligation has been discharged or has expired. When an existing financial liability is replaced by another, from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification, it is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying value is recognized in the statement of comprehensive income in profit and loss.

(v) Financial liabilities

Financial liabilities are subsequently measured at amortized cost, using the effective interest rate. Financial liabilities include balances with suppliers and accounts payable, financial obligations, and other derivative financial liabilities. This category also includes those derivative financial instruments taken by the Company that are not designated as hedging instruments, in effective hedging risks.

(vi) Off-setting financial instruments

Financial assets and financial liabilities are offset so that the net value is reported on the consolidated statement of financial position, only if (i) there is, at present, a legally enforceable right to offset the amounts recognized, and (ii) there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.6 Taxes

This includes the value of mandatory general-nature taxation, in favor of the State, under the responsibility of the Company, by means of the private liquidation, that is determined on the tax bases of the fiscal period, according to, the tax norms of national, and territorial governing bodies, in each of the countries where Grupo Nutresa S.A. operates.

a) Income tax

(i) Current

Current assets and liabilities, generated from the income tax, for the period, are measured by the values expected to be recovered or paid to the taxation authorities. Expenses for income tax is recognized under current tax, in accordance with the tax clearance, between taxable income and accounting profit and loss, impacted by the rate of income tax in the current year, in accordance with the effective tax rules in Colombia. Taxes rates and tax norms or laws used to compute these values are those that are approved at the end of the reporting period, over which it is reported.

(ii) Deferred

Deferred income tax is recognized using *the liability method* and is calculated on temporary differences between the carrying value of assets and liabilities in the statement of financial positions and book value. Deferred tax liabilities are generally recognized for all temporary tax differences imposed, and all of the deferred tax assets are recognized for: all temporary deductible differences, future compensation of tax credits, and unused tax losses, to the extent that it is likely there will be availability of future tax profit, against which, they can be attributed. Deferred taxes are not subject to financial discount.

Deferred asset and liability taxes are not recognized if a temporary difference arises 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 affected neither the accounting profit nor taxable profit and loss.

The deferred tax liabilities related to investments in subsidiaries, associates, and interests in joint ventures, are not recognized when the timing of the reversal of temporary differences can be controlled, and it is probable that such differences will not reverse in the near future, and the deferred tax assets related to investments in subsidiaries, associates, and interests in joint ventures are recognized only to the extent that it is probable that the temporary differences will reverse in the near future and it is likely the availability of future tax profit, against which these deductible differences, will be charged.

The book value of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable income will be available, in part or in totality, of the deferred tax asset, to be used. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable income will be recoverable.

Deferred assets and liabilities taxes are measured at the tax rates that are expected to be applicable in the period when the asset is realized or the liability is settled, based on tax rates and tax rules that were approved at the date of filing, or whose approval will be nearing completion by that date.

Deferred assets and liabilities tax are offset if there is a legally enforceable right to do so, and are with the same taxation authority.

Deferred tax is recognized in profit and loss, except when relating to items recognized outside profit and loss, in which case will be presented in other comprehensive income or directly in equity.

The assets and current liabilities for income tax also are offset if related to the same taxation authority and are intended to be settled at net value, or the asset realized and liability settled simultaneously.

b) Income tax for equity CREE

The income tax for equity – CREE, applicable to Colombian Companies, is the assessment for taxpaying legal entities to contribute to the employee benefits, employment, and social investment.

The basis for determining the income tax for equity–CREE, cannot be less than 3% of the net fiscal equity on the last day of the immediately preceding fiscal year.

The income tax for equity-"CREE" applies a fee of 9% under the Law 1739 December 2014.

During the years 2015, 2016, the Law 1739 of December 23, 2014, establishes a surcharge on income tax for equity - CREE, which is at the responsibility of the taxpayer of this tax and is applied to a taxable base in excess of $800 COP, at rates of 5%, 6%, per year, respectively.

With the issuance of Law 1819 of December 29, 2016, income tax is repealed for equity – CREE, and consequently, for the temporary surcharge for the years 2017 and 2018; and new income tax rates are determined.

c) Tax on wealth

The tax burden of the "wealth tax" originates, for Colombian Companies, from possession of the same to the January 1st of the years 2015, 2016, and 2017, by taxpayers. Therefore, those taxpayers with gross assets minus debts, whose value exceeds $1.000, should determine their tax under the conditions established in the tax regulations.

According to the provisions of Article 6 of Law 1739 of 2014, which adds article 297-2 of the tax statute, the accrual of wealth tax will take place on January 1st of the years 2015, 2016, and 2017, and will be allocated to capital reserves without affecting net income, in accordance with Article 10 of the same law.

3.7 Employee benefits

a) Short-term benefits

They are, (other than termination benefits), benefits expected to be settled wholly, before the end of the following twelve months, at the end of the annual period, of which the services provided by employees, is reported. Short-term benefits are recognized to the extent that the employee renders the service, to the expected value to be paid.

b) Other long-term benefits

Long-term employee benefits, (that differ from post-employment benefits and termination benefits) that do not expire within twelve (12) months after the end of the annual period in which the employees renders services, are remunerated, such as long-term benefits, the variable compensation system, and retroactive severance interest. The cost of long-term benefits is distributed over the time the employee start date and the expected date of when the benefit is received. These benefits are projected to the payment date, and are discounted with the projected unit credit method.

c) Pension and other post-employment benefits

(i) Defined benefit plans

Defined benefit plans are plans for post-employment benefits in which Grupo Nutresa S.A. has a legal or constructive obligation for the payment of benefits.

The cost of this benefit is determined by the projected unit credit method. The liability is measured annually, by the present value of expected future payments required to settle the obligations arising from services rendered by employees in the current period and prior periods.

Updates of the liability for actuarial gains and losses are recognized in the statement of financial position, against retained earnings through other comprehensive income. These items will not be reclassified to current earnings in subsequent periods; the cost of past and present services, and net interest on the liability, is recognized in profit and loss, distributed among cost of sales and administrative expenses, sales and distribution, likewise as are gains and losses by reductions in benefits and non-routine settlements.

Interest on the liability is calculated by applying the discount rate on said liability.

3.8 Provisions, contingent liabilities and assets

a) Provisions

Provisions are recognized when, as a result of a past event, Grupo Nutresa S.A. has a present legal or constructive obligation to a settlement, and requires an outflow of resources, are considered probable, and can be estimated with certainty.

In cases where Grupo Nutresa expects the provision to be reimbursed in whole, or in part, the reimbursement is recognized as a separate asset, only in cases where such reimbursement is virtually certain.

Provisions are measured at best estimate of the disbursement of the expenditure required to settle the present obligation. The expense relating to any provision is presented in the statement of comprehensive income, net result of all reimbursement. The increase in the provision, due to the passage of time, is recognized as interest expense.

b) Contingent liabilities

Possible obligations arising from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one more uncertain future events, not wholly within the control of Grupo Nutresa, or present obligations arising from past events, are not likely, but are possible that an outflow of resources including economic benefits is required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability, are not recognized in the statement of financial position and are instead revealed as contingent liabilities.

c) Contingent assets

Possible assets, arising out of past events and whose existence will be confirmed only by the occurrence, or possibly by the non-occurrence of one or more uncertain future events which are not entirely under the control Grupo Nutresa S.A., are not recognized in the statement of financial position, and are however, disclosed as contingent assets when it is a probable occurrence. When the contingent assets is certain then it is recognized assets and income for that period.

3.9 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably.

The specific recognition criteria listed below must also be met for revenue to be recognized:

a) Services

Revenue from providing services is recognized when these services are rendered, or according to the degree of completion (or percentage of completion) of contracts.

b) Interest

For all financial instruments measured at amortized cost, interest income, or expense, is recognized with the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or those received through the expected life of the financial instrument, or in a shorter period, in the carrying value of the financial asset or financial liability.

c) Dividend income

This revenue is recognized when Grupo Nutresa's right to receive payment is established, which is generally when the shareholders approve the dividend, except when the dividend represents a recovery of investment costs. Dividend income is not recognized, when payment is made to all shareholders, in the same proportion in shares of the issuer.

3.10 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of all financial assets and liabilities is determined at the date of presentation of the financial statements, for recognition or disclosure in the Notes to the Financial Statements.

Grupo Nutresa uses valuation techniques which are appropriate under circumstances for which sufficient information is available to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value is determined:

- Based on quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date (level 1).
- Based on valuation techniques commonly used by market participants using variables other than the quoted prices that are observable for the asset or liability, either directly or indirectly (level 2).
- Based on internal discount cash flow techniques or other valuation models, using estimated variables by Grupo Nutresa S.A. for the unobservable asset or liability, in the absence of variables observed in the market (level 3).

Judgments include data such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Note 9 provides more detailed information on assets measured at fair value and assessment methods employed.

3.11 Earnings per share

Basic earnings per share are calculated by dividing profit and loss attributable to ordinary equity holders, by the weighted average number of ordinary shares outstanding during the period.

The average number of shares outstanding, for the periods ended December 31, 2016 and 2015, is 460.123.458.

Diluted earnings per share are calculated by adjusting, profit and loss attributable to ordinary equity holders, and the weighted average number of shares of dilutive potential ordinary shares.

3.12 Relative importance or materiality

Information is material or has relative importance, if it can, individually, or collectively, influence the economic decisions taken by users, based on the financial statements. Materiality depends on the size and nature of error or inaccuracy and prosecuted depending on the particular circumstances in which they are produced. The size or nature of the item, or a combination of both, could be the determining factor.

3.13 New pronouncements on International Reporting Standards of Financial Information

3.13.1 Normative changes

New standards, modifications, and interpretations incorporated into the accounting framework accepted in Colombia, whose application must be evaluated beyond January 1, 2017, or that can be applied in advance

Decrees 2496 of December 24, 2015 and 2131 of December 22, 2016, introduced to the regulatory technical financial information framework, new standards, modifications, or amendments issued or created by the IASB to the International Financial Reporting Standards, for the years between 2015 and 2016, to evaluate its application in financial years, beginning after January 1, 2017, although it may be applied in advance.

IFRS 9 "Financial Instruments"

Encompasses the classification, assessment, and recognition of financial assets and financial liabilities. The full version of this IFRS, was issued in July 2016. It substitutes the guidelines in IAS 39, on the classification and assessment of financial instruments. IFRS 9 maintains, but simplifies, the varied assessment model and establishes three main categories of assessment for financial assets: amortized cost, fair value with changes in other comprehensive income and fair value with changes in profit and loss. The classification base depends on the entity's business model and the characteristics of the contractual cash flows of the financial asset. If necessary, net investments in equity instruments are required to be measured at fair value, through profit or loss, with the irrevocable option at the beginning of the presentation of the changes in fair value in other comprehensive non-recyclable income. There is now, a new model of expected credit losses, that replaces the model of impairment losses incurred in IAS 39. For financial liabilities, there were no changes in the classification and assessment, except for the recognition of changes in own credit risk, in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 flexes the requirements for the effectiveness of the coverage. Under IAS 39, a hedge must be highly effective, both prospectively and retrospectively. IFRS 9 replaces this line by requiring an economic relationship between the hedged item and the hedging instrument, and that the hedged ratio is the same that the entity actually uses for its risk management. Contemporary documentation is still necessary, but is different from the one that was being prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted.

IAS 7 "Statement of Cash Flows"

The amendment requires the disclosure of: changes in financing cash flows, changes arising from the acquisition or loss of control, changes in exchange rates, changes in fair values, and other changes.

IAS 12 "Income tax"

When an entity evaluates whether taxable benefits will be available against which it can use a temporary deductible difference, consider whether the tax law restricts the sources of the taxable benefits against which deductions can be made. If tax law does not impose restrictions, an entity evaluates a temporary deductible difference in combination with all other temporary deductible differences.

Annual Improvements to IFRS, 2012-2015 Cycle

IFRS 7 Financial Instruments: disclosures. Applicability of the amendments to IFRS 7 to condensed interim financial statements.

IAS 19 Employee Benefits. Discount rate: Issue in a regional market.

3.13.2 New standards, modifications, and interpretations, issued by the International Accounting Standards Board (its acronym: IASB, in English), that have not been incorporated into the accounting framework, accepted in Colombia

During the year 2016, and up to the date of issuance of these financial statements, a new standard has been issued and amendments to IFRS, have been included, which could be incorporated into the Colombian regulatory framework, namely:

IFRS 16 Leases was issued in January 2016. It establishes the principles for the recognition, measurement, presentation, and disclosure of leases. IFRS 16 introduces an accounting model for single tenants and requires a tenant to recognize assets and liabilities, for all leases, with a maturity of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right of use of an asset, which represents his right to use the underlying leased asset, and a lease liability representing his obligation to make payments for the lease. IFRS 16 substantially maintains the accounting requirements of the lessor of IAS 17 Leases. Consequently, a lessor will continue to classify its leases, as operating leases or leases, and will account for these two types of leases differently. IFRS 16 applies to annual reporting periods, beginning on or after January 1, 2019. Advance application is permitted for entities applying IFRS 15: Income from ordinary activities arising from contracts with customers, before the date of initial application of IFRS 16. IFRS 16 replaces IAS 17 Leases, IFRIC 4 determination of whether an agreement contains a lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluation of the essence of transactions that adopt the legal form of a lease.

Changes in the effective date, of amendments to IFRS 10 and IAS 28, to defer indefinitely, the effective date of sale or contribution of assets, between an investor and its associate or joint venture, that was issued in September 2015, pending the Result of the Council's research project, on equity accounting. The deferment is in force from the time of its publication.

Nota 4. Judgments, estimates, and significant accounting assumptions

The preparation of Grupo Nutresa's financial statements requires that management must make judgments, accounting estimates, and assumptions that impact the amount of revenue and expenses, assets and liabilities, and related disclosures, as well as, the disclosure of contingent liabilities at the close of the reporting period. In this regard, the uncertainty of assumptions and estimates could impact future results that could require significant adjustments to the carrying amounts recorded in books of the assets or liabilities impacted.

In applying Grupo Nutresa's accounting policies, Management has made the following judgments and estimates, which have significant impact on the amounts recognized in these separate financial statements:

- Income tax (Note 10)
- Deferred tax (Note 10.4)
- Employee benefits (Note 12)

Nota 5. Trade and other receivables

The balance of trade receivables and other accounts receivable comprised the following items:

	2016	2015
Accounts receivable from employees	23	427
Dividends receivable from third parties (Note 9)	12.496	11.611
Dividends receivable, related parties	772	1.928
Accounts receivable, related parties	7.734	9.568
Other accounts receivable	45	45
Total debtors and accounts receivable	**21.070**	**23.579**
Current portion	18.098	23.203
Non-current portion	2.972	376

Table 1

Nota 6. Other assets

Other assets are comprised of the following:

	2016	2015
Other current assets		
Current taxes (See note 10.2)	900	564
Prepaid expenses (*)	38	42
Total other current assets	**938**	**606**
Other non-current assets		
Prepaid expenses	7	21
Total other assets	**945**	**627**

Table 2

(*) The prepaid expenses relate mainly to insurance.

Nota 7. Investments in subsidiaries

Detailed below, are the book values of the subsidiaries of Grupo Nutresa S.A., to the date of the period, over which is reported:

	% Participation	2016	2015
Compañía de Galletas Noel S.A.S.	100%	1.162.078	1.152.392
Compañía Nacional de Chocolates S. A. S.	100%	1.001.328	1.001.998
Tropical Coffee Company S.A.S.	100%	16.603	15.618
Industria Colombiana de Café S.A.S.	100%	616.439	641.655
Industria de Alimentos Zenú S.A.S.	100%	209.705	203.983
Litoempaques S.A.S.	100%	21.882	21.531
Meals Mercadeo de Alimentos de Colombia S.A.S.	100%	227.740	263.345

Molino Santa Marta S.A.S.	100%	79.687	75.175
Novaventa S.A.S.	93%	107.689	86.418
Pastas Comarrico S.A.S.	100%	24.711	25.162
Productos Alimenticios Doria S.A.S.	100%	127.451	133.520
Alimentos Cárnicos S.A.S.	100%	755.603	765.695
Setas Colombianas S.A.	94%	46.477	43.797
Compañía Nacional de Chocolates Perú S.A.	100%	10	11
La Receta Soluciones Gastronómicas Integradas S.A.S.	70%	1.166	1.182
Alimentos Cárnicos Zona Franca Santa Fe S.A.S.	100%	5.554	5.502
Gestión Cargo Zona Franca S.A.S.	100%	53.667	44.360
Comercial Nutresa S.A.S.	100%	28.296	25.582
Industrias Aliadas S.A.	83%	78.681	69.014
Opperar Colombia S.A.S.	100%	846	694
Servicios Nutresa S.A.S. (*)	100%	2.356	-
Fideicomiso Grupo Nutresa	100%	265	265
Subtotal		4.568.234	4.576.899
Servicios Nutresa S.A.S. (*)	100%	-	(12.275)
Subtotal		**4.568.234**	**4.564.624**

Table 3

(*)Grupo Nutresa made a capitalization, on December 20, 2016, for $13.090 in Servicios Nutresa S.A.S., which did not change its ownership, but increased the subscribed and paid capital, of said company.

A detailed breakdown of the dividends received, and the result of the application of the equity method, on investments in subsidiaries, during the reporting periods, is as follows:

	2016			2015		
	Dividends received	Share of Income For The Period	Share of Other Comprehensive Income	Dividends received	Share of Income For The Period	Share of Other Comprehensive Income
Compañía de Galletas Noel S.A.S.	32.130	99.199	57.384	45.697	110.565	(143.728)
Compañía Nacional de Chocolates S. A. S.	19.279	58.016	39.408	41.540	54.808	(113.586)
Tropical Coffee Company S.A.S.	-	1.080	94	2.199	(43)	25
Industria Colombiana de Café S.A.S.	47.365	39.346	17.198	26.987	52.519	(41.052)
Industria de Alimentos Zenú S.A.S.	13.641	22.219	2.855	-	18.163	1.630
Litoempaques S.A.S.	-	442	91	-	(65)	117
Meals Mercadeo de Alimentos de Colombia S.A.S.	36.774	4.792	3.623	17.705	14.363	(197)
Molino Santa Marta S.A.S.	-	3.351	(1.161)	-	685	602
Novaventa S.A.S.	-	19.791	(1.480)	-	18.467	617
Pastas Comarrico S.A.S.	1.900	1.564	115	-	2.522	133
Productos Alimenticios Doria S.A.S.	10.638	6.816	2.247	-	12.540	(1.050)
Alimentos Cárnicos S.A.S.	62.849	60.952	8.194	42.206	72.067	(94.233)
Setas Colombianas S.A.	1.621	4.819	518	1.927	3.220	257
Compañía Nacional de Chocolates Perú S.A.	-	-	1	-	1	(1)
La Receta Soluciones Gastronómicas Integradas S.A.S.	-	(19)	(3)	-	(56)	5
Alimentos Cárnicos Zona Franca Santa Fe S.A.S.	-	54	2	-	10	2
Gestión Cargo Zona Franca S.A.S.	-	9.629	322	-	9.770	367
Comercial Nutresa S.A.S.	-	3.502	788	-	1.559	418
Industrias Aliadas S.A.S.	-	10.041	374	-	9.818	426
Opperar Colombia S.A.S.	-	152	-	-	(10)	-
Servicios Nutresa S.A.S.	-	3.051	1.509	-	(81)	-
Fideicomiso Grupo Nutresa	-	(1)	-	-	(6)	-
Subtotal	**226.197**	**348.796**	**132.079**	**178.261**	**380.816**	**(389.248)**

Table 4

Dividends received in subsidiaries are recognized, as a lower value of the investment, as part of the application of the equity method. As of December 31st , $772 is receivable for this concept (December 2015 - $1.928), see note 5.

Nota 8. Investment in associates

The following is a breakdown of the investments over which Grupo Nutresa S.A. has significant influence, and which are classified as associates:

	Country	% Participation	Book Value 2016	Book Value 2015	2016 Share of Income for the Period	2016 Share of Other Comprehensive Income	2015 Share of Income for the Period	2015 Share of Other Comprehensive Income
Associates								
Bimbo de Colombia S. A.	Colombia	40%	132.627	75.505	5.406	(1.084)	6.225	1.304
Estrella Andina S. A. S.	Colombia	30%	6.025	6.484	(459)	-	(855)	-
Total			**138.652**	**81.989**	**4.947**	**(1.084)**	**5.370**	**1.304**

Table 5

Bimbo de Colombia S. A.

Bimbo de Colombia S.A. is a company domiciled in Tenjo, Colombia, dedicated primarily to the manufacturing of baked goods.

Estrella Andina S. A. S.

Estrella Andina S.A.S. is a simplified joint stock company, engaged in the marketing of ready-made meals in the cafeterias, in which Nutresa has a 30% stake. Alsea has the other 70%.

The movements of investments in associates, for the year ended December 31st of 2015 and 2014, are as follows:

	2016	2015
Opening balance at January 1st	81.989	70.817
Increase of contributions (*)	52.800	4.498
Participation in profit and loss	4.947	-
Participation in comprehensive income	(1.084)	6.674
Balance at December 31st	**138.652**	**81.989**

Table 6

(*) In March 2016, the General Shareholders' Meeting of Bimbo de Colombia S.A., authorized a capital increase of $132.000 with the objective of having capital to develop the investment projects planned for that year, according to the ordinary act AA-037; in which Grupo Nutresa S.A., made an investment of $ 52.800 of which, in cash, $36.583 has been paid, without generating changes, in its participation percentage. Grupo Nutresa considers that the future flows, derived from this investment, will be sufficient to cover the book value of the investment.

During 2016 and 2015, no dividends were received for this investment.

None of the associates held by Grupo Nutresa is listed on a stock market, therefore, there is no quoted market price for the investment.

Nota 9. Other non-current financial assets

Grupo Nutresa classified portfolio investments that are not held for trading as financial instruments measured at fair value through other comprehensive income.

The results for the period include income from dividends on these instruments, and which are recognized, by Nutresa, on the date that the right to receive future payments is established, which is the date of declaration of dividends by the issuing company. "Other comprehensive income" includes changes in the fair value of these financial instruments.

The breakdown of financial instruments, is as follows:

Book Value	Number of Shares Held	Participation as % in Total Ordinary Shares	2016	2015
Grupo de Inversiones Suramericana S. A.	59.387.803	12,66%	2.268.614	2.120.145
Grupo Argos S. A.	79.804.628	12,36%	1.538.633	1.292.835
Others societies			2.120	2.120
			3.809.367	**3.415.100**

Table 7

	2016			2015
	Dividend Income	Income on Fair Value Measurement	Dividend Income	Loss on Fair Value Measurement
Grupo de Inversiones Suramericana S. A.	27.081	148.470	25.062	(255.367)
Grupo Argos S. A.	22.904	245.798	21.388	(343.160)
Others societies	468	-	460	-
	50.453	**394.268**	**46.910**	**(598.527)**

Table 8

Dividend income, recognized in March 2016 and 2015, for portfolio investments, corresponds to the total annual dividend decreed, by the issuers.

At December 31, 2016, dividends on financial instruments, receivable are $12.496 (December 2015 - $11.611).

The decreed value per share for 2016, by these issuers, is $287 (Colombian pesos) and $456 (Colombian pesos), annually per share, corresponding to Grupo Argos S.A. and Grupo de Inversiones Suramericana S.A., respectively, which will be paid quarterly, in the amount of $71,75 (Colombian pesos) and $114 (Colombian pesos), respectively. For 2015, the annual value per share is $268 (Colombian pesos) ($67 (Colombian pesos) Quarterly), and $422 (Colombian pesos), ($105,5 (Colombian pesos) Quarterly), respectively.

Fair value measurement of financial instruments

The fair values of shares traded, and which are classified as high trading volume, are determined based on the quoted price of the Stock Exchange of Colombia; this measurement is located within the hierarchy 1, established by IFRS 13, for the measurement of fair value. Investments owned by Grupo Nutresa S.A., in Grupo de Inversiones Suramericana S. A. and Grupo Argos S.A., are recorded under this category. This measurement is done monthly.

There have been no changes in the fair value hierarchy for the measurement of these investments, nor have there been changes in the valuation techniques used.

Investments in other companies classified under this category are measured at fair value on a non-recurrent basis, only when a market value is available. The Company considers omission of recurrent measurement of these investments is immaterial for the presentation of Grupo Nutresa's financial statements.

Liens

At December 31, 2016, 36.875.000 (2015 – 26.000.000) shares of Grupo de Inversiones Suramericana S.A., were pledged, in favor of financial institutions in Colombia, as collateral for contracted obligations of Grupo Nutresa and its subsidiaries.

Nota 10. Income taxes and payable taxes

10.1 Applicable regulations

Until the taxable year 2016, tax revenues are taxed at the rate of 25%, to income tax, except for taxpayers, who by express provision handle special rates, such as those located in free zones, at 10% income from occasional profit.

A 9% fee is applicable to the income tax for equity "CREE", according to the Law 1739 of December 2014.

In addition, during the years 2015 and 2016, the Law 1739 of 2014, established an income tax surcharge for equity - CREE, which was at the responsibility of taxpayers of this tax at rates of 5% and 6% per year, respectively.

The structural tax reform - Law 1819 of December 29, 2016 - non-derogating income tax for equity - CREE, amended the income tax rate as follows:

	Before the Reformation	With reform	Nominal Variation
2017	Rent: 25% CREE: 9% CREE surtax: 8% (TB > 800 million) **Total: 42%**	Rent: 34% Surcharge for rent: 6% (TB > 800 million) **Total: 40%**	Reduction of 2%
2018	Rent: 25% CREE: 9% CREE surtax: 9% (TB > 800 million) **Total: 43%**	Rent: 33% Surcharge for rent: 4% (TB > 800 million) **Total: 37%**	Reduction of 6%
2019 Forward	Rent: 25% CREE: 9% **Total: 34%**	Rent: 33% **Total: 33%**	Reduction of 1%

Table 9

**** TB: Tax Base income***

10.2 Current tax assets and liabilities

The balance of current tax assets at December 31st is as follows:

	2016	2015
Income tax and complementary (*)	770	393
Sales tax	48	88
Other taxes	82	83
Total	**900**	**564**

Table 10

(*) The assets by income tax and complementary are constituted by balances in favor.

Income tax and tax payable

The current payable tax balance at December 31st is as follows:

	2016	2015
Tax for equity - CREE	29	7
Withholding taxes, payable	56	161
Other taxes	103	-
Total	**188**	**168**

Table 11

The Company applies the effective laws, on a professional basis, to determine and recognizes the provision for current and deferred profit, in its financial statements. The final tax determination depends on the new regulatory requirements, the existence of sufficient tax revenues, for the use of fiscal shields, and fiscal positions, such as the treatment of untaxed income and special deductions in accordance with current and applicable regulations and the probability analysis of favorability of expert opinions. The Company recognizes liabilities for situations, observed in preliminary tax audits, based on estimates of whether it is appropriate to pay additional taxes. When the final tax result of these situations is different from the amounts initially recorded, the differences are charged to the current and deferred income tax assets and liabilities, in the period in which this fact is determined.

10.3 Income tax expenses

The current income tax expenses are as follows:

	2016	2015
Income tax	165	404
Taxes for equity - CREE	57	74
CREE surcharges	-	1
Total	**222**	**479**
Deferred taxes (*)	1.269	1.893
Total tax expenses	**1.491**	**2.372**

Table 12

(*)The composition of deferred income tax arises, primarily from, the recognition of employee benefits and investments.

In 2015, deferred income taxes were recognized at a rate of 39%. In December 2016, as a result of taxation reforms, the items are recognized at rates of 33% or 34%, considering the moment in which said recognition is reversed.

10.4 Deferred income tax

The following represents deferred asset and liabilities taxes:

	2016	2015
Deferred tax assets		
Employee benefits	4.762	4.195
Tax losses	19	18
Tax credits	113	-
Other assets	51	53
Total deferred tax assets	**4.945**	**4.266**
Deferred tax liabilities		
Investments	6.416	5.297
Total deferred tax liabilities	**6.416**	**5.297**
Deferred tax liabilities, net	**1.471**	**1.031**

Table 13

The deferred tax asset is recognized, and supported, on the base, that the Company is generating positive taxable income, and is projected to generate future income, sufficient to offset credits and tax losses, from prior periods, before maturity and to obtain future tax benefits, for labor obligations, and other items recognized, in deferred tax assets. Projections of taxable income and annual real data, are reviewed to determine the impact, and adjustments on asset values and their recoverability in future periods.

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Temporary differences, related to investments in subsidiaries, associates, and interest in joint ventures, for which deferred tax liabilities have not been recognized, are $ 5.711.885 (2016) and $5.733.653 (2015), whose deferred tax liability would be $1.884.922 (2016) and $1.949.442 (2015).

The deferred tax movements during the period are as follows:

	2016	2015
Initial balance, net	**1.031**	**(1.317)**
Deferred income tax expenses recognized in profit and loss	1.269	1.893
Income tax relating to components of other comprehensive income	(829)	455
Ending balance, net	**1.471**	**1.031**

Table 14

The tax to profit related to components other comprehensive income is determined, by the new measurement of the employee benefit plans for $(520) and $455, the participation in associates and business combinations that are account for through the equity method in the amount of $(176) and $0 (2015) and are related to the changes at fair value of financial liabilities in the amount of $(133) and $0 (2015)

10.5 Effective tax rate

The effective tax rate differs from the theoretical rate, due to the impact produced by applying the tax rules. Within tax regulations, there are benefits such as non-taxable income (e.g. dividends, research incentives, etc.); there are, also, restricted tax deductions, such as in the case of financial transactions tax, a deductible applicable only in Colombia, 50% non-taxable, provisions, costs and expenses from previous years, fines, penalties, among others. All these special situations create differences in the effective tax rate, with respect to the theoretical rate, in each country.

Below is reconciliation, of both the applicable tax rate and the effective tax rates:

	2016		2015	
	Value	%	Value	%
Accounting profit	**400.589**		**429.468**	
Tax expenses at applicable tax rates	**160.235**	**40,00%**	**167.493**	**39,00%**
Non-taxed portfolio dividends	(19.421)	(4,85%)	(17.437)	(4,06%)
Non-taxable income, unrealized financial instruments	(141.497)	(35,32%)	(148.831)	(34,65%)
Other non-taxable accounting income	(1)	(0,00%)	(8)	(0,00%)
Non-deductible tax expenses	551	0,14%	435	0,10%
Charge to non-deductible financial movement	-	0,00%	1	0,00%
Other non-deductible accounting expenses	445	0,11%	468	0,11%
Other tax income	-	0,00%	5	0,00%
Other tax deductions	(9)	(0,00%)	(23)	(0,01%)
Other tax effects	1.188	0,29%	269	0,06%
Total tax expenses	**1.491**	**0,37%**	**2.372**	**0.55%**

Table 15

The effective tax rate is reduced by the deferred tax, composed mainly of changes in the income tax and surtax rates, established in Law 1819 of 2016, and non-deductible expenses treated as non-temporary differences.

10.6 Excess presumptive income tax and tax losses

As of December 31, 2016, tax losses amount to $ 56 (2015 - $ 71). As of the issuance of Law 1819 of 2016, the offset of these tax losses is limited to 12 taxable periods, following the year in which they were generated.

The excess of presumptive income over ordinary income to be offset, amounted to $ 333 (2015 - $ 0). In accordance with current tax provisions, the excess of presumptive income over ordinary income, can be offset against ordinary liquid income, within the next five years.

Expiration date	Excess of presumptive income
2021	333
	333

Table 16

10.7 Tax on wealth

According to Article 6 of Law 1739 of 2014, which adds Article 297-2 of the tax statute, the accrual of tax on wealth will take place on January 1st of the years 2015, 2016, and 2017, and will be charged to capital reserves without affecting net income, in accordance with Article 10 of the same law. For 2016, $106 (2015 - $130) is recognized as charges to the reserves at the disposal of the highest corporate body.

10.8 Tax rules approved pending application - Tax reform

With the issuance of Law 1819 of December 29, 2016, the tax status of Colombia, is reformed mainly in the increase of the general VAT rate, from 16% to 19%, and the consolidation of the income tax at a rate of 33% and surtax of 6% and 4%. for 2017 and 2018, respectively, based on the new IFRS regulatory frameworks. The taxable year 2017. will have a transitory rate of 34%. and the rental rate for legal entities. that are free zone users. increases from 15% to 20%.

The offsetting of tax losses is limited to 12 taxable periods. following the year in which they were generated, further extending the term of finality of the statements. where these losses are offset to 6 years. from the date of filing.

For income tax purposes, it is assumed that the taxpayer's net income is not less than 3.5% of the net assets of the immediately preceding period. Before the issuance of the standard, the presumption was 3%.

In addition, following the recommendations of the Organization for Economic Co-operation and Development, in combating tax evasion and transfer of tax benefits between countries, the Government implemented measures such as: deprivation of liberty for large evaders and strengthening the Regulations, in relation to the sanctions regime for transfer prices.

Nota 11. Trade and accounts payable

Trade and accounts payable at December 31st are listed below:

	2016	2015
Cost and expenses payable	16.820	1.156
Dividends payable (See note 13.3)	64.033	59.168
Payroll deductions and contributions	266	264
Loans and accounts payable to related parties	17	60
Total	**81.136**	**60.648**
Total Current	**80.968**	**60.490**
Total Non-current	**168**	**158**

Table 17

Suppliers and accounts payable are normally paid on average within the next 29 days and do not earn interest.

Nota 12. Employee benefits liabilities

Employee benefits, correspond to all considerations, arising from formal plans or agreements, legal requirements, granted by the Company, in exchange for services rendered by employees, or for severance indemnities. Benefits include all remuneration, realized directly to employees, or their beneficiaries or dependents of employees, (spouse, children and others), and/or third parties, whose settlement can be made through cash payments, and/or supply of goods and services (non-monetary profit).

Nota 12.

The balance of liabilities for employee benefits at December 31, 2016 and December 2015, is as follows:

Nota 12.

	2016	2015
Short-term benefits	483	1.811
Post-Employment benefits (12.2.1)		
Defined benefits plans	12.916	9.937
Other long-term benefits (12.2.2)	2.082	2.402
Total liabilities for employee benefits	**15.481**	**14.150**
Current	**1.068**	**1.811**
Non-current	**14.413**	**12.339**

Table 18

Nota 12.

12.1 Measurement:

The liability for post-employment benefits is estimated using the current technique of the projected credit unit, which requires the use of financial and demographic assumptions, including but not limited to: discount rate, inflation index, wage increase expectation, life expectancy, and employee turnover rate. The estimation of the liability, as well as the determination of the values of the assumptions, used in the valuation, is performed by an independent external actuary. Given the long-term horizon of these

12.1
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benefit plans, the estimates are subject to a significant degree of uncertainty, any change in actuarial assumptions directly impacts the value of the pension obligation, and other post-employment benefits.
The main actuarial assumptions used in the actuarial measurement of the defined and long-term plans are:

	2016	2015
Discount rates	9,84%	7,69%
Salary increase rates	4,93%	6,00%
Employee turn-over rates	-	2,54%

Table 19

Resolution 1555 of 2010 presents the following mortality rates, for men and women.

A quantitative analysis of sensitivity to a change in the significant key assumptions, as of December 31, 2016, would generate the following impact on the defined benefit obligation, as well as, long-term benefits:

	Other defined benefits	Long Term Benefits
Discount rate +1%	(103)	(42)
Discount rate -1%	104	45
Rate of salary increases +1%	46	40
Rate of salary increases -1%	(45)	(38)

Table 20

12.2 Reconciliation of movement

12.2.1 Defined benefits plans

A reconciliation of the movements of the defined benefit plans is as follows:

	Other defined benefits plans	
	2016	2015
Present value of obligations at January 1st	**9.937**	**10.152**
(+) Cost of service	538	482
(+) Interest expenses	861	640
(+/-) Actuarial gains or losses	1.739	(1.337)
(+/-) Others	(159)	-
Present value of obligation at December 31st	**12.916**	**9.937**

Table 21

Actuarial gains and losses are recognized in the income statement under other comprehensive income.

The following payments are estimates provided by the Group to defined benefit:

Year of Expiration	Undiscounted Value
2016	-
2017	-
2018	-
2019	-
2020	-
More than 5 years	48.481
Total	48.481

Table 22

12.2.2 Other long-term benefits

Seniority premiums: this benefit is paid to the employee for every five years of service. The liability is recognized gradually, as the employee renders the services, that will make it creditor. Its measurement is realized, through the use of actuarial techniques that are updated annually. Current gains and losses, arising from experience, and changes in actuarial assumptions, are charged or credited to income for the period in which they arise.

The Company does not have specific assets to support the long-term benefits. The liability from long-term benefits, is determined separately for each plan, using the actuarial valuation method of the projected credit unit, using actuarial assumptions, as of the date of the reporting period. The current service cost, past service cost, interest cost, actuarial gains and losses, as well as, any liquidation or reduction of the plan is recognized in the profit and loss.

The following is the reconciliation of movements of other long-term employee benefits:

	2016	2015
Present value of obligations at January 1st	**2.402**	**1.832**
(+) Cost of service	86	853
(+) Interest expenses	167	116
(+/-) Actuarial gains (losses)	(30)	(30)
(-) Payments	(1.440)	(369)
(+/-) Others	897	-
Present value of obligation at December 31st	**2.082**	**2.402**

Table 23

12.3 Expenses for employee benefits

Amounts recognized as expenses for employee benefits, are as follows:

	2016	2015
Short-term benefits	5.080	6.472
Post-employment benefits	538	482
Other long-term employee benefits	56	853
Subtotal	**5.674**	**7.807**
Reimbursement for contracts of mandate	(5.585)	(6.606)
Total	**89**	**1.201**

Table 24

Nota 13. Equity

13.1 Subscribed and paid shares

As of December 31st of 2016 and 2015, the balance of capital of the Parent Company was $2.301, representing a total of 460.123.458 fully paid and subscribed shares. There were no changes to the make-up of the capital during neither to the period nor the comparative period.

There is a paid-in capital of shares for $ 546.831, from the issuance of shares made in previous periods.

The Company's shares are listed on the Colombian Stock Exchange as of December 31, 2016, and its market value was $24,900 per share ($22,620 as of December 31, 2015).

The corporate structure of the company, as of December 31, 2016 and December 2015, is as follows:

	2016		2015	
Investor Group	**Number of Shares**	**% Participation**	**Number of Shares**	**% Participation**
Grupo de Inversiones Suramericana S. A.	162.883.420	35,4%	164.344.564	35,7%
Grupo Argos S. A.	45.243.781	9,8%	45.243.781	9,8%
Colombian Funds	75.561.157	16,4%	71.090.281	15,5%
International Funds	34.467.295	7,5%	26.706.553	5,8%
Other Investors	141.967.805	30,9%	152.738.279	33,2%
Total outstanding shares	**460.123.458**	**100,0%**	**460.123.458**	**100,0%**

Table 25

According to the register of shareholders, at December 31, 2016, there are 13.167 shareholders (2015 – 14.576).

13.2 Reserves

Of the accounts that make up the equity, reserves at December 31st of 2016 and 2015 are as follows:

	2016	2015
Legal reserves	2.711	2.711
Occasional non-distributed reserves	1.558.597	-
Other reserves	2.031.363	1.833.514
Total Reserves	**3.592.671**	**1.836.225**

Table 26

Legal reserves: In accordance with Colombian Commercial Law, 10% of the net income each year should be appropriated as a legal reserve, until the balance is equivalent to at least 50% of the subscribed capital. The reserve is not distributable before the liquidation of the Company, but must be used to absorb losses. The excess over the minimum required by law is freely available to the Shareholders.

Occasional non-distributed reserves: corresponds to the voluntary reserve, approved by the Shareholder's Assembly a at Meeting on March 18, 2016, in reference to accumulated profits, generated in the process of First-time Adoption of IFRS.

Other reserves: includes the value caused by tax on wealth, payment of dividends, and other reserves substantially unrestricted by Shareholders.

13.3 Distribution of dividends

The Ordinary Shareholders Meeting, held on March 18, 2016, decreed ordinary share dividends of $41,5 (2015 – $38,5) per-share and per-month, equivalent to $498 annually per share (2015- $462 per share) over 460.123.458 outstanding shares, during the months between April 2016 and March 2017, inclusive, for a total of $229.141 (2015- $212.577 between April 2015 and March 2016)

This dividend was decreed, by taking from the profits of the year 2015 $ 222.713 and of the non-taxed occasional reserves $ 6.428.

At of December 31, 2016, dividends have been paid in the amount of $ 224.277 (2015 - $ 208.571), and $ 64.033, are payable for this concept (Dec 2015 - $ 59.168).

Appropriations authorized by the General Meeting of Shareholders, are recorded as reserves, charged to profit and loss, of the year, for compliance with legal provisions or to cover expansion plans, or financing needs. The Company carries the profits of the year to accumulated profits, and these to reserves. The value of appropriations is $ 1.762.980, of which $ 1.558.597 corresponds to the first-time adoption of the IFRS (2015 - $ 164.877).

Nota 14. Other comprehensive income, accumulated

Below is a breakdown of each of the components of accumulated other comprehensive results, in the separate financial statements:

	2016	2015
Actuarial losses (14.1)	(4.770)	(3.551)
Valuation of financial instruments (14.2)	3.632.890	3.238.489
Associates and joint ventures (14.3)	(358)	550
Subsidiaries (14.4)	271.370	403.449
Total other comprehensive income, accumulated	**3.899.132**	**3.638.937**

Table 27

During the period, no reclassification of gains/losses previously recognized in other comprehensive income to profit and loss, was realized.

The following is a breakdown of each component of comprehensive income reconciliation, of the opening and closing balances at December 31st of 2016 and 2015:

14.1 (Losses) gains on re-measurement of defined benefit plans

The component of new measurements of defined benefit plans represents the accumulative value of the actuarial gains and losses, primarily from" Other defined employee benefits". The net value of the new measurements are transferred to retained earnings and not reclassified to the income statement:

	2016	2015
Book value at January 1st	**(3.551)**	**(4.433)**
(Losses)/gains from re-measurement	(1.739)	1.337
Income tax	520	(455)
Book value at December 31st	**(4.770)**	**(3.551)**

Table 28

14.2 Valuation of financial instruments - Equity investments measured at fair value through equity

The component of other comprehensive income from equity investments measured at fair value through profit and loss represents the accumulated value of the gains or losses valuation to fair value minus the values transferred to retained earnings when these investments are sold. Changes of fair value are not reclassified to the income statement.

	2016	2015
Book value at January 1st	**3.238.489**	**3.837.016**
Profit (loss) measurements for the period	394.268	(598.527)
Income tax	133	-
Book value at December 31st	**3.632.890**	**3.238.489**

Table 29

See Note 9 for detailed information on these investments.

14.3 Associates and joint ventures - Interest in other comprehensive income, accumulated

The component of other comprehensive income from investments in associates and joint ventures, represents the accumulated value of gains or losses, from the participation in other comprehensive income of the investee. These accumulated profits may be transferred to profit or loss for the period in the cases provided by accounting standards.

	2016	2015
Book value at January 1st	**550**	**(754)**
(Losses)/ gains from measurements of the period	(1.084)	1.304
Income tax	176	-
Book value at December 31st	**(358)**	**550**

Table 30

14.4 Subsidiaries – Interest in other comprehensive income, accumulated

The component of other comprehensive income of investments of subsidiaries measured to *the equity method,* through profit or loss, represents the accumulated value of gains or losses of valuation from *the equity method,* minus the values transferred to retained earnings, when these investments have been sold. Changes in fair value can be reclassified to profit and loss for the period.

	2016	2015
Book value at January 1st	**403.449**	**14.201**
(Losses)/ gains from measurements of the period	(132.079)	389.248
Book value at December 31st	**271.370**	**403.449**

Table 31

See Note 7, for more detailed information, regarding investments in subsidiaries and the application of the equity method of the other comprehensive income.

Nota 15. Expenditure by nature

Below is a detailed breakdown of expenditures by nature, for the period:

	2016	2015
Taxes other than income tax	1.394	1.136
Fees	1.135	990
Other services	570	492
Other expenses	515	428
Travel expenses	106	62
Employee benefits	89	1.201
Contributions and memberships	51	-
Insurance	48	44
Leases	42	37
Total	**3.950**	**4.390**

Table 32

Grupo Nutresa S.A., as of November 2014, began operating under a range of commercial services of “mandated without representation”, offering shared services to the companies of the Group, for the management of comprehensive executive services.

Nota 16. Earnings per share

The amount of basic earnings per share is calculated by dividing net profit for the year attributable to holders of ordinary equity of the Parent, by the weighted average number of ordinary outstanding shares during the year.

Below is the information about earnings and number of shares used in the computations of basic earnings per share:

	2016	2015
Net income attributable to holders of ordinary equity of the Parent	399.098	427.096
Outstanding shares	460.123.458	460.123.458
Earnings per share attributable to controlling interest	**867,37**	**928,22**

Table 33

There are no equity instruments with potential dilutive impact on earnings per share.

Nota 17. Disclosure of related parties

The following table represents the values of transactions between related parties at year-end:

2016

Company	Purchases of Goods and Services	Sales of Goods and Services	Receivables Balance	Payables Balance	Dividend Income	Dividends Paid
Subsidiaries						
Alimentos Cárnicos S.A.S.	-	2.778	229	-	62.849	-
Compañía de Galletas Noel S.A.S.	-	2.331	198	-	32.130	-
Compañía Nacional de Chocolates S.A.S.	-	1.384	3.029	-	19.279	-
Industria Colombiana de Café S.A.S.	-	1.649	138	-	47.365	-
Industria de Alimentos Zenú S.A.S.	-	-	-	-	13.641	-
IRCC Ltda	-	334	63	11	-	-
Litoempaques S.A.S.	4	-	-	-	-	-
Meals Mercadeo de Alimentos de Colombia S.A.S.	-	778	60	-	36.774	-
Pastas Comarrico S.A.S.	-	-	-	-	1.900	-
Productos Alimenticios Doria S.A.S.	-	395	27	-	10.638	-
Servicios Nutresa S.A.S.	12	13.090	3.990	6	-	-
Setas Colombianas S.A.	-		772	-	1.621	-
Associates and joint ventures						
Bimbo de Colombia S.A.	52.800	-	-	16.217	-	-
Entities with joint control or significant influence over the entity						
Grupo de Inversiones Suramericana S.A.	171	-	6.770	41	27.081	79.182
Other related parties						
Grupo Bancolombia S.A.	176	-		20	-	-
Grupo Argos S.A.	-	-	5.726	-	22.904	19.864
Members, Board of Directors	805	-		.130	-	-

2015

Company	Purchases of Goods and Services	Sales of Goods and Services	Receivables Balance	Payables Balance	Dividend Income	Dividends Paid
Subsidiaries						
Alimentos Cárnicos S.A.S.	-	3.631	1.483	-	42.206	-
Compañía de Galletas Noel S.A.S.	-	2.826	1.994	-	45.696	-
Compañía Nacional de Chocolates S.A.S.	-	1.976	3.213	4	41.540	-
Industria Colombiana de Café S.A.S.	-	1.815	263	-	26.987	-
Litoempaques S.A.S.	3	-	-	-	-	-
Meals Mercadeo de Alimentos de Colombia S. A. S.	-	1.240	199	-	17.706	-
Productos Alimenticios Doria S. A. S.	-	528	76	-	-	-
Servicios Nutresa S. A. S.	13	-	2.339	55	-	-
Setas Colombianas S. A.	-	-	1.927	-	1.927	-
Tropical Coffe Company S.A.S.	-	-	-	-	2.200	-
Entities with joint control or significant influence over the entity						
Grupo de Inversiones Suramericana S. A	60	-	6.265	52	25.062	73.750
Other related parties						
Grupo Bancolombia S. A.	56	-	-	16	-	-
Grupo Argos S. A.	-	-	5.347	-	21.388	17.383
Members, Board of Directors	459	-	-	103	-	-

Table 34

Purchases and sales were executed in equivalent conditions than those of the market. Outstanding balances are expected to be settled under normal conditions; these balances have not been granted, nor received guarantees. No expense has been recognized in the current or prior periods, regarding uncollectable debts or doubtful accounts related amounts owed by related parties.

During the period payments in the amount of $4.646 (2015 - $6.729) for 2 key personnel (2015 – 3 employees) were made.

Nota 18. Events after the reporting period

These Separate Financial Statements were prepared for purposes of supervision and were authorized for issue, by the Board of Grupo Nutresa S.A., on February 24, 2017. No significant events, after the close of the financial statements, and until the date of approval, that may significantly affect the financial position of Grupo Nutresa S.A., reflected in the Financial Statement.