



Grupo Nutresa

Condensed Consolidated Interim Financial
Statements for the Three-Month Period
between January 1st and March 31st of 2018
(Unaudited Information)

UN FUTURO
ENTRE TODOS




Statement of Financial Position

At March 31, 2018 and December 2017 (Values expressed in millions of Colombian Pesos)
(Unaudited information)

	Notes	March 2018	December 2017
ASSETS			
Current assets			
Cash and cash equivalents		\$ 301,229	\$ 435,643
Trade and other receivables	6	971,734	957,568
Inventories		993,585	982,816
Biological assets	7	79,715	81,518
Other current assets		244,400	221,475
Non-current assets, held for sale		6,385	6,557
Total current assets		\$ 2,597,048	\$ 2,685,577
Non-current assets			
Trade and other receivables	6	25,388	26,509
Investments in associated and joint ventures	8	176,658	180,451
Other financial non-current assets	9	3,718,895	4,133,963
Property, plant and equipment, net	10	3,288,035	3,395,671
Investment properties		77,337	72,306
Goodwill	11	2,058,314	2,118,226
Other intangible assets		1,149,138	1,181,350
Deferred tax assets	12.4	403,858	415,072
Other non-current assets		73,714	100,352
Total non-current assets		\$ 10,971,337	\$ 11,623,900
TOTAL ASSETS		\$ 13,568,385	\$ 14,309,477
LIABILITIES			
Current liabilities			
Financial obligations	13	718,979	557,133
Trade and other payables	14	995,912	993,241
Income tax and taxes, payable	12.2	173,161	207,776
Employee benefits liabilities	15	150,309	172,730
Current provisions		4,186	9,820
Other current liabilities		23,398	14,261
Total current liabilities		\$ 2,065,945	\$ 1,954,961
Non-current liabilities			
Financial obligations	13	2,362,473	2,474,077
Trade and other payables	14	158	158
Employee benefits liabilities	15	225,014	226,574
Deferred tax liabilities	12.4	694,042	702,967
Other non-current liabilities		544	559
Total non-current liabilities		\$ 3,282,231	\$ 3,404,335
TOTAL LIABILITIES		\$ 5,348,176	\$ 5,359,296
EQUITY			
Share capital issued		2,301	2,301
Paid-in-capital		546,832	546,832
Reserves and retained earnings		3,556,054	3,396,462
Other comprehensive income, accumulated		3,954,265	4,541,854
Earnings for the period		120,867	420,207
Equity attributable to the controlling interest		\$ 8,180,319	\$ 8,907,656
Non-controlling interest		39,890	42,525
TOTAL EQUITY		\$ 8,220,209	\$ 8,950,181
TOTAL LIABILITIES AND EQUITY		\$ 13,568,385	\$ 14,309,477


The Notes are an integral part of the Interim Condensed Consolidated Financial Statements.



Carlos Ignacio Gallego Palacio
President



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



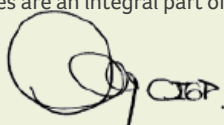
Bibiana Moreno Vásquez
External Auditor – Professional Card No. 167200-T
Designed by PricewaterhouseCoopers
(See attached auditor's report of April 27, 2018)

Comprehensive Income Statement

From January 1st to March 31st (Values expressed in millions of Colombian Pesos)
(Unaudited information)

	Notes	January – March 2018	January – March 2017
Continuing operations			
Operating revenue	5.1	\$ 2,104,345	\$ 2,041,823
Cost of goods sold	17	(1,168,715)	(1,150,561)
Gross profit		\$ 935,630	\$ 891,262
Administrative expenses	17	(99,417)	(100,251)
Sales expenses	17	(607,913)	(563,544)
Production expenses	17	(33,212)	(32,942)
Exchange differences on operating assets and liabilities	19.2	1,952	2,176
Other operating income (expenses), net	18	4,942	7,084
Operating profit		\$ 201,982	\$ 203,785
Financial income		3,241	2,452
Financial expenses	13.7	(71,961)	(82,389)
Portfolio dividends	9	32,336	54,235
Exchange differences on non-operating assets and liabilities	19.2	(2,666)	(3,118)
Participation in profit of associates and joint ventures		(2,327)	(1,600)
Income before tax and non-controlling interest	12.3	\$ 160,605	\$ 173,365
Current income tax		(44,069)	(40,723)
Deferred income tax		5,479	8,078
Profit from continuing operations		\$ 122,015	\$ 140,720
Discontinued operations, after income tax		(226)	(892)
Net profit for the period		\$ 121,789	\$ 139,828
Profit for the period attributable to:			
Controlling interest		\$ 120,867	\$ 139,150
Non-controlling interest		922	678
Net profit for the period		\$ 121,789	\$ 139,828
Earnings per share ^(*)			
Basic, attributable to controlling interest (in Colombian Pesos)		262,68	302,42
(*) Calculated on 460.123.458 shares, which have not been modified during the period covered by these Financial Statements.			
OTHER COMPREHENSIVE INCOME			
Items that are not subsequently reclassified to profit and loss:			
Actuarial gains on defined benefit plans		\$ (205)	\$ (1,271)
Equity investments measured at fair value	9	(411,900)	128,874
Income tax from items that will not be reclassified		15	360
Total items that are not subsequently reclassified to profit and loss		\$ (412,090)	\$ 127,963
Items that are or may be subsequently reclassified to profit and loss:			
Participation in other comprehensive income of associates and joint ventures	8	(815)	(217)
Exchange differences on translation of foreign operations	19.1	(175,764)	(81,941)
Cash flow hedges		(45)	-
Deferred income tax from items that may be reclassified		(1,055)	71
Total items that are or may be subsequently reclassified to profit and loss:		\$ (177,679)	\$ (82,087)
Other comprehensive income, net taxes		\$ (589,769)	\$ 45,876
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$ (467,980)	\$ 185,704
Total comprehensive income attributable to:			
Controlling interest		\$ (466,722)	\$ 183,925
Non-controlling interest		(1,258)	1,779
Total comprehensive income		\$ (467,980)	\$ 185,704


The Notes are an integral part of the Interim Condensed Consolidated Financial Statements.



Carlos Ignacio Gallego Palacio
President



Jaime León Montoya Vásquez
General Accountant
Professional Card No. 45056-T
(See attached certification)



Bibiana Moreno Vásquez
External Auditor – Professional Card No. 167200-T
Designed by PricewaterhouseCoopers
(See attached auditor's report April 27, 2018)

Change in Equity Statement

From January 1st to March 31st (Values expressed in millions of Colombian Pesos)
(Unaudited information)

	Share capital issued	Paid-in-capital	Reserves and retained earnings	Earnings for the period	Other comprehensive income, accumulated	Total equity attributable to the controlling interest	Non-controlling interest	Total
Balance at December 31st of 2017	2,301	546,832	3,396,462	420,207	4,541,854	8,907,656	42,525	8,950,181
Profit for the period				120,867		120,867	922	121,789
Other comprehensive income for the period					(587,589)	(587,589)	(2,180)	(589,769)
Comprehensive income for the period	-	-	-	120,867	(587,589)	(466,722)	(1,258)	(467,980)
Transfer to accumulated results			420,207	(420,207)		-		-
Cash dividends (Note 16)			(260,614)			(260,614)	(1,363)	(261,977)
Other equity movements			(1)			(1)	(14)	(15)
Balance at March 31st of 2018	2,301	546,832	3,556,054	120,867	3,954,265	8,180,319	39,890	8,220,209
Balance at December 31st of 2016	2,301	546,832	3,655,280	395,734	3,746,572	8,346,719	38,241	8,384,960
Profit for the period				139,150		139,150	678	139,828
Other comprehensive income for the period					44,775	44,775	1,101	45,876
Comprehensive income for the period	-	-	-	139,150	44,775	183,925	1,779	185,704
Transfer to accumulated results			395,734	(395,734)		-		-
Cash dividends (Note 16)			(245,706)			(245,706)	(13)	(245,719)
Tax on wealth (Note 12.6)			(9,581)			(9,581)		(9,581)
Other equity movements			(661)			(661)	(8)	(669)
Balance at March 31st of 2017	2,301	546,832	3,795,066	139,150	3,791,347	8,274,696	39,999	8,314,695


The Notes are an integral part of the Interim Condensed 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
Designed by PricewaterhouseCoopers
(See attached auditor's report of April 27, 2018)

Cash-flow Statement

From January 1st to March 31st (Values expressed in millions of Colombian Pesos)
(Unaudited information)

	January – March 2018	January – March 2017
Cash flow from operating activities		
Collection from sales of goods and services	\$ 2,088,208	2,032,372
Payments to suppliers for goods and services	(1,667,111)	(1,573,937)
Payments to and on behalf of employees	(397,682)	(369,184)
Income taxes and tax on wealth, paid	(3,832)	(28,886)
Other cash outflows	(70,693)	(31,801)
Net cash flow (used in) from operating activities	\$ (51,110)	28,564
Cash flow from investment activities		
Purchases of equity of associates and joint ventures (Note 8)	-	(16,217)
Purchases of property, plant and equipment (Note 10)	(26,186)	(33,230)
Amounts from the sale of productive assets	8,142	864
Purchase of intangibles and other productive assets	(4,735)	(2,246)
Investment/divestment in assets held for sale, net	7	27,174
Dividends received	7,310	12,527
Interest received	2,232	1,687
Other cash outflows	-	(2,429)
Net cash flows used in investment activities	\$ (13,230)	\$ (11,870)
Cash flow from financing activities		
Amounts from loans, net	60,735	172,359
Dividends paid (Note 16)	(61,595)	(57,497)
Interest paid	(53,367)	(74,748)
Fees and other financial expenses	(8,438)	(8,352)
Other cash inflows	7,794	5,371
Net cash flow (used in) from financing activities	\$ (54,871)	\$ 37,133
Increase (decrease) in cash and cash equivalent from activities	\$ (119,211)	\$ 53,827
Cash flow from discontinued operations	66	-
Net foreign exchange differences	(15,269)	(4,899)
Net increase (decrease) in cash and cash equivalents	(134,414)	48,928
Cash and cash equivalents, at the beginning of the period	435,643	219,322
Cash and cash equivalents, at the end of the period	\$ 301,229	\$ 268,250

The Notes are an integral part of the Interim Condensed Consolidated Financial Statements.



Carlos Ignacio Gajardo Palacio
President



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



Bibiana Moreno Vásquez
External Auditor – Professional Card No. 167200-T
Designed by PricewaterhouseCoopers
(See attached auditor's report of April 27, 2018)

A MESSAGE FROM THE MANAGEMENT AT GRUPO NUTRESA

Grupo Nutresa S.A. is the leader in processed foods in Colombia and one of the most relevant players in this sector in Latin America, with consolidated annual sales of COP 8,7 billion, annually (2017), in 8 Business Units: Cold Cuts, Biscuits, Chocolate, Tresmontes Lucchetti (TMLUC), Coffee, Retail Foods, Ice Cream, and Pasta. Grupo Nutresa is a diversified company in terms of geographical reach, products, and supplying; with direct presence in 14 countries and international sales in 71 countries.

Our Centennial Strategy is aimed to double our 2013 sales, by 2020, with sustained profitability between 12% and 14% of the EBITDA margin. To achieve this, we offer our consumer, nutrition, as well as, the experience of recognized and beloved brands, that are nutritious, and generate wellness and well-being, and that are distinguished by the best value for price; widely available in our strategic regions, managed by talented, innovative, committed, and responsible people, who contribute to our sustainable development.

The differentiation of our unique business model:

- **Our People:** Human talent is one of our most valuable assets. The cultural platform is supported by the promotion of participatory environments, development of the competences of being and doing, recognition, the building of a leading brand, as well as, a balanced life for our people.
- **Our Brands:** Our Brands are leaders in the markets in which we participate, are recognized, beloved, and are part of people's daily life. They are supported on nutritional and reliable products, with high value at affordable prices.
- **Our Distribution Network:** Our extensive distribution network, differentiated by channels and segments, and with teams of specialized staff, allows us to have our products available, with adequate availability, affording us a close relationship with our clients.

Our strategic goals, for 2020, are:

- To act with integrity
- To promote a healthy lifestyle
- To build a better society
- To foster profitable growth and effective innovation
- To manage the value chain responsibly
- To reduce the environmental impact of operations and products

The principal risks in our business model and mitigating factors are as follows:

Principal risks	Mitigating Factors
Volatility of the prices of raw materials	<ul style="list-style-type: none"> - Coverage policies with clearly defined risk levels, aligned with market changes and managed by a specialized committee - A highly trained team dedicated to monitoring and negotiating supplies. - Permanent search for new opportunities and models for an efficient and competitive raw materials sourcing at a worldwide scale - Raw materials diversification
Impact on the business due to a highly competitive environment	<ul style="list-style-type: none"> - Brands and Networks Management Model based on the deep and integrated understanding of the market: consumers, buyers and customers - Leading brands which are well recognized and appreciated - Wide distribution network with differentiated and specialized value propositions for each customer segment - Attractive propositions with an excellent price-value ratio - High-value innovation and portfolio differentiation - Profitable market development - Identification of opportunities based on cultural changes
Regulations on nutrition and health in countries where we have a presence	<ul style="list-style-type: none"> - Monitoring the Organization's environment to study the nutrition and health situation of the strategic region. Anticipating the needs of the communities to offer improvement alternatives for malnutrition situations. Learning about the regulatory processes and participating in their definition - Compliance with applicable standards and preparation for those that are being developed - Application of the nutrition policy defined by Grupo Nutresa - Development of health and nutrition research to improve the quality of life of the population through innovative food proposals - Support to and participation in, programs that promote healthy lifestyles - Vidarium: center for research on nutrition

First quarter results

As of the closing of the first quarter of 2018, Grupo Nutresa's sales show positive dynamics both in Colombia and abroad. The consolidated sales amount to COP 2,1 trillion, representing a 3,1% increase compared to the same period last year.

Sales in Colombia showed a positive performance -in alignment with better consumption dynamics- amounting to COP 1,3 trillion, which represents 64% of Grupo Nutresa's total sales, a growth of 2,4% when compared to the corresponding term in 2017.

Likewise, it is worth highlighting the 6,6% growth rate in the revenues from abroad, which amount to USD 265,2 million and represent 36% of total sales

The consolidated gross profit amounts to COP 935.630 million, 5,0% higher than in the corresponding term of 2017, resulting from a sound commodities sourcing strategy.

Operating profit, which amounts to COP 201.982 million, represents an operating margin of 9,6% and is favored by a reduction of administrative expenses and the adequate management of the production costs during the period.

In terms of profitability, we report an EBITDA of COP 273.276 million, 3,3% higher than the one reported in the same period last year and representing a margin of 13,0% of sales. This is the reflection of our efforts in productivity and cost efficiency, along with a continued investment in the market.

Net post-operative expenses, which amount to COP 41.377 million, represent 2,0% of sales and reflect a significant reduction in financial costs.

Lastly, consolidated net profit totaled COP 120.867 million, representing a 13,1% reduction. This is mainly explained by not accounting a portion of the dividends from our investment portfolio during the period, COP 26.176 million, which will be registered during the second quarter of this year. Eliminating this effect, Grupo Nutresa's net profit would have grown 5,7%, higher than the sales increase.

Management monitoring indicators

Grupo Nutresa assesses the management of sustainability on economic, social, and environmental dimensions; to measure the management in the economic dimension, indicators, such as, total sales, international sales, sales in Colombia, and EBITDA, are used.

For Grupo Nutresa, EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization), is calculated by eliminating depreciation charges, amortization, and unrealized gains or losses from exchange differences in operating assets and liabilities, from the operating income. It is considered that EBITDA is most significant for investors, because it provides an analysis of operating results and segment profitability, using the same measurement used by management. Likewise, EBITDA allows comparison of the results, or benchmarks with other companies in the same industry and market. EBITDA is used to track the evolvement of the business and establish operating and strategic objectives. EBITDA is commonly reported and widely used amongst analysts, investors, as well as, other stakeholders interested in the industry. EBITDA is not a measurement, explicitly defined as such, in IFRS, and may therefore, not be comparable with similar indicators used by other companies. EBITDA should not be considered an alternative to operating income, as an indicator of operating results, nor as an alternative to cash flows from operating activities as a measurement of liquidity.

The following table details the reconciliation between the EBITDA and the operating income of Grupo Nutresa, for the period covered by these Financial Statements, and is as follows:

	January - March 2018	January - March 2017
Operating earnings	201,982	203,785
Depreciation and amortization (Note 17)	71,937	60,574
Unrealized exchange differences from operating assets and liabilities (Note 19.2)	(643)	190
EBITDA (See details by segment in Note 5.2)	273,276	264,549

Table 1

Management of Capital

The generation of value growth is a fundamental part of the strategic objectives set by the Group. This translates into the active management of the capital structure and the return on investment, which balances the sustained growth of current operations, the development of business plans for investments, and growth through business acquisitions underway.

In every one of the investments, the goal is to seek a return that exceeds the cost of the capital (WACC). The administration periodically evaluates the return on the invested capital of its businesses and projects to verify that they are in line with the value generation strategy.

Similarly, for each investment, the various sources of funding, both internal and external, are analyzed to secure a suitable profile for the duration of that specific investment, as well as, cost optimization. In accordance with a moderate financial risk profile, the capital structure of the Group aims towards obtaining the highest credit ratings.

Notes for the Condensed Consolidated Interim Financial Statements

For the three-month interim period, between January 1st and March 31st of 2018 and 2017, except for the Statement of Financial Position, which is presented, for comparison purposes, at December 31, 2017.

(Values are expressed as millions of Colombian Pesos, except for the values in foreign currency, exchange rates, and number of shares.)

Note 1. CORPORATE INFORMATION

1.1 Entity and corporate purpose of the Parent Company and subsidiaries

Grupo Nutresa S.A. and its subsidiaries, (hereinafter referred to as: Grupo Nutresa, the Company, the Group, or Nutresa), constitute an integrated and diversified food industry group, that operates mainly in Colombia and Latin America.

The Parent Company is Grupo Nutresa S.A., an anonymous corporation of Colombian nationality, incorporated on April 12, 1920, with its headquarters in the City of Medellín, Colombia, and whose 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.

Below is information of subsidiaries: Name, Main Activity, Principle Domicile, Functional Currency, and Percentage of Shares held by Grupo Nutresa:

Entity	Main Activity	Functional Currency ⁽¹⁾	% Participation	
			March 2018	December 2017
Colombia				
Industria Colombiana de Café S.A.S.	Production of coffee and coffee related products	COP	100,00%	100,00%
Compañía Nacional de Chocolates S,A,S,	Production of chocolates, its derivatives, and related products	COP	100,00%	100,00%
Compañía de Galletas Noel S,A,S,,	Production of biscuits, cereals, et al,	COP	100,00%	100,00%
Industria de Alimentos Zenú S,A,S,,	Production and sales of meats and its derivatives	COP	100,00%	100,00%
Productos Alimenticios Doria S,A,S,	Production of pasta, flour, and cereals	COP	100,00%	100,00%
Molino Santa Marta S,A,S,	Milling of grains	COP	100,00%	100,00%
Alimentos Cárnicos S,A,S,	Production of meats and its derivatives	COP	100,00%	100,00%
Tropical Coffee Company S,A,S,	Assembly and production of coffee products	COP	100,00%	100,00%
Servicios Logypack S,A,S, ⁽²⁾	Production or manufacturing of packaging material	COP	100,00%	100,00%
Pastas Comarrico S,A,S,	Production of pasta, flour, and cereals	COP	100,00%	100,00%
Novaventa S,A,S,	Sales of foods and other items, via direct sales channels	COP	100,00%	100,00%
La Recetta Soluciones Gastronómicas Integradas S,A,S,	Distribution of foods, via institutional channels	COP	70,00%	70,00%
Meals Mercadeo de Alimentos de Colombia S,A,S,	Production and sales of ice cream, dairy beverages, et al,	COP	100,00%	100,00%
Servicios Nutresa S,A,S,	Provision of specialized business services	COP	100,00%	100,00%
Setas Colombianas S,A,	Processing and sales of mushrooms	COP	99,50%	99,50%
Gestión Cargo Zona Franca S,A,S,	Provision of logistics services	COP	100,00%	100,00%
Comercial Nutresa S,A,S,	Sales of food products	COP	100,00%	100,00%
Industrias Aliadas S,A,S,	Provision of services related to coffee	COP	100,00%	100,00%
Opperar Colombia S,A,S,	Provision of transportation services	COP	100,00%	100,00%
Fideicomiso Grupo Nutresa	Management of financial resources	COP	100,00%	100,00%
Fondo de Capital Privado “Cacao para el Futuro” – Compartimento A	Investment in cocoa production	COP	83,41%	83,41%
Industria de Restaurantes Casuales - IRCC S,A,S, ⁽³⁾	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
LYC S,A,S,	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
PJ COL S,A,S,	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
New Brands S,A,	Production of dairy and ice cream	COP	100,00%	100,00%
Schadel Ltda,	Production of foods and operation of food establishments providing to the consumer	COP	99,88%	99,88%
Tabelco S,A,S,	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
Chile				
Tresmontes Lucchetti S,A,	Provision of specialized business services	CLP	100,00%	100,00%
Nutresa Chile S,A,	Management of financial and investment services	CLP	100,00%	100,00%
Tresmontes Lucchetti Agroindustrial S,A,	Agricultural and industrial production	CLP	100,00%	100,00%
Tresmontes Lucchetti Servicios S,A,	Management of financial and investment services	CLP	100,00%	100,00%
Tresmontes S,A,	Production and sales of foods	CLP	100,00%	100,00%
Inmobiliaria Tresmontes Lucchetti S,A,	Management of financial and investment services	CLP	100,00%	100,00%
Lucchetti Chile S,A,	Production of pasta, flour, and cereals	CLP	100,00%	100,00%
Novaceites S,A,	Production and sales of vegetable oils	CLP	50,00%	50,00%
Inmobiliaria y Rentas Tresmontes Lucchetti	Management of financial and investment services	CLP	100,00%	100,00%
Costa Rica				
Compañía Nacional de Chocolates DCR S,A,	Production of chocolates and its derivatives	CRC	100,00%	100,00%
Compañía de Galletas Pozuelo DCR S,A,	Production of biscuits, et al,	CRC	100,00%	100,00%
Cía, Americana de Helados S,A,	Production and sales of ice cream	CRC	100,00%	100,00%
Servicios Nutresa CR, S,A,	Specialized business services provider	CRC	100,00%	100,00%

Interim **CONSOLIDATED** Financial Statements – (Unaudited)
First Quarter

Entity	Main Activity	Functional Currency ⁽¹⁾	% Participation		
			March 2018	December 2017	
Guatemala					
Comercial Pozuelo Guatemala S,A,	Distribution and sales of food products	QTZ	100,00%	100,00%	
Distribuidora POPS S,A,	Sales of ice cream	QTZ	100,00%	100,00%	
Mexico					
Nutresa S,A, de C,V,	Production and sales of food products	MXN	100,00%	100,00%	
Serer S,A, de C,V,	Personnel services	MXN	100,00%	100,00%	
Comercializadora Tresmontes Lucchetti S,A, de C,V,	Sales of food products	MXN	100,00%	100,00%	
Servicios Tresmontes Lucchetti S,A, de C,V,	Specialized business services provider	MXN	100,00%	100,00%	
Tresmontes Lucchetti México S,A, de C,V,	Production and sales of foods	MXN	100,00%	100,00%	
TMLUC Servicios Industriales, S,A, de CV	Specialized business services provider	MXN	100,00%	100,00%	
Panama					
Promociones y Publicidad Las Américas S,A,	Management of financial and investment services	PAB	100,00%	100,00%	
Alimentos Cárnicos de Panamá S,A,	Production of meats and its derivatives	PAB	100,00%	100,00%	
Comercial Pozuelo Panamá S,A,	Production of biscuits, et al,	PAB	100,00%	100,00%	
American Franchising Corp, (AFC)	Management of financial and investment services	USD	100,00%	100,00%	
Aldage, Inc,	Management of financial and investment services	USD	100,00%	100,00%	
LYC Bay Enterprise INC,	Management of financial and investment services	USD	100,00%	100,00%	
Sun Bay Enterprise INC,	Management of financial and investment services	USD	100,00%	100,00%	
El Corral Capital INC, ⁽⁴⁾	Management of financial resources and franchises	USD	100,00%	100,00%	
The United States of America					
Abimar Foods Inc,	Production and sales of food products	USD	100,00%	100,00%	
Cordialsa USA, Inc,	Sales of food products	USD	100,00%	100,00%	
Other Countries					
Entity	Main Activity	Country	Functional Currency	% Participation	
				2017	2016
TMLUC Argentina S,A,	Production and sales of food products	Argentina	ARS	100,00%	100,00%
Corp, Distrib, de Alimentos S,A, (Cordialsa)	Sales of food products	Ecuador	USD	100,00%	100,00%
Comercial Pozuelo El Salvador S,A, de C,V,	Distribution and sales of food products	El Salvador	USD	100,00%	100,00%
Americana de Alimentos S,A, de C,V,	Sales of food products	El Salvador	USD	100,00%	100,00%
Comercial Pozuelo Nicaragua S,A,	Sales of food products	Nicaragua	NIO	100,00%	100,00%
Industrias Lácteas Nicaragua S,A,	Sales and logistics management	Nicaragua	NIO	100,00%	100,00%
Compañía Nacional de Chocolates del Perú S,A,	Production of foods and beverages	Peru	PEN	100,00%	100,00%
TMLUC Perú S,A,	Production and sales of foods	Peru	PEN	100,00%	100,00%
Helados Bon S,A,	Production and sales of ice cream, beverages, and dairy, et al,	Dominican Republic	DOP	81,18%	81,18%
Compañía de Galletas Pozuelo de República Dominicana S,R,L,	Management of financial and investment services	Dominican Republic	DOP	100,00%	100,00%
Gabon Capital LTD,	Management of financial and investment services	BVI	USD	100,00%	100,00%
Perlita Investments LTD,	Management of financial and investment services	BVI	USD	100,00%	100,00%

Table 2

- (1) See Note 19.1, the descriptions of abbreviations, for each currency, and the primary impact on Grupo Nutresa's Financial Statements.
(2) As of March 2018, Litoempaques S.A.S., changed its corporate name to Servicios Logypack S.A.S.
(3) As of June 2017, the company, IRCC Ltda., changed its corporate type to "Sociedad Anónima Simplificada (S.A.S.)".
(4) As of September of 2017, El Corral Investment INC., changed its corporate name to El Corral Capital INC, and its main domicile from BVI to Panama.

Changes in the scope of consolidation

The following are the changes in consolidation parameters, during the period:

2017: In April of 2017, the liquidation from the split of Alimentos Cárnicos Zona Franca Santa Fe S.A.S., was carried out. The assets, held by that company, were received by Alimentos Cárnicos S.A.S. and Meals Mercadeo de Alimentos de Colombia S.A.S. In the Third Quarter, the liquidation of the company, Baton Rouge Holdings Ltd., was realized, and in December, the liquidation, of Panero S.A.S., was realized.

Note 2. BASIS OF PREPARATION

The Consolidated Financial Statements of Grupo Nutresa, for the period interim from January 1st to March 31, 2018, have been prepared in accordance with the Accounting and Financial Information Standards, accepted in Colombia, based on the International Financial Reporting Standards (IFRS), together with its interpretations, conceptual framework, the foundation for conclusions, and the application guidelines authorized and issued, by the International Accounting Standards Board (IASB), until 2015, and other legal provisions, defined by the Financial Superintendence of Colombia.

2.1 Financial Statements for the interim period

The Condensed Consolidated Financial Statements, for the quarterly period, ended March 31, 2018, have been prepared in accordance with IAS 34 Interim Financial Reporting, and therefore, do not include all information and disclosures required for Annual Financial Statements.

2.2 Basis of measurement

The Condensed Consolidated 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 accounting policies, herewith. The book value of recognized assets and liabilities, that have been designated as hedged items, in fair value hedges, and which would otherwise be accounted for at amortized cost and are adjusted to record changes in the fair values, attributable to those risks that are covered under “Effective hedges”.

2.3 Functional and presentation currency

The Condensed Consolidated 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, as well as, other currencies (E.g. USD, Euros, Pounds Sterling, et al.), which are expressed as monetary units.

2.4 Classification of items in current and non-current

Grupo Nutresa 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 it, 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.

Note 3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

3.1.1 Investments in subsidiaries

The Consolidated Financial Statements, include Grupo Nutresa S.A.’s financial information, as well as, its subsidiaries, to March 31, 2018, as well as its corresponding comparative financial information. A subsidiary is an entity controlled by one of the companies that make up Grupo Nutresa. Control exists, when any of the Group companies, has the power to direct the relevant activities of the subsidiary, which are generally: the operating and financing activities to obtain benefits from them, and is exposed, or has rights, to those variable yields.

The accounting policies and practices are applied homogeneously, by the Parent Company and its subsidiary companies. In cases of subsidiaries located abroad, the practices do not differ significantly from the accounting practices used in the countries of origin, and/or have been homologized to those that have a significant impact on the Consolidated Financial Statements.

All balances and transactions between companies, as well as, the unrealized profits or losses, were eliminated in the consolidation process.

The Financial Statements of the subsidiaries are included in the Consolidated Financial Statements, from the date of acquisition, until the date that Grupo Nutresa loses its control. Any residual interest that is retained is measured at fair value. The gains or losses arising from this measurement are recognized in the other comprehensive income.

The Separate Financial Statements are the basis for the distribution of dividends and other appropriations by the Shareholders. The Consolidated Financial Statements are presented at the Shareholders' Meeting, for informational purposes only.

Consolidation of companies in which Grupo Nutresa owns less than the majority of voting rights:

The Group considers exercising control of the relevant activities of Novaceites S.A., despite that their actual controlling shares are 50%, which does not give the majority of the voting rights. This conclusion is based on the composition of the Directive of Novaceites S.A., the Administration of TMLUC, as well as, the General Management of the Company, and the level of involvement of TMLUC, in its accounting and commercial processes.

Companies in which Grupo Nutresa holds the majority of the voting rights, but does not have the control:

The Group considers that it does not exercise control over the relevant activities of Industrias Alimenticias Hermo de Venezuela S.A. and Cordialsa Noel Venezuela S.A., despite having a 100% interest. The changing conditions of the Venezuelan market, including regulation of the foreign exchange market and limited access to the purchase of foreign exchange, through official systems, combined with other governmental controls, such as price controls and profitability, importation, and labor laws, among others, limits the ability of the Company to maintain a normal level of production, reduces the ability of the Administration to make and execute operational decisions, restricts the possibility of access to the liquidity, resulting from these operations, and the realization of these benefits to its investors, in other Countries, through dividend payments. The Management, of Grupo Nutresa, considers that this situation will be maintained, in the foreseeable future, and therefore, a loss of control is established on said investment, according to the postulates established in IFRS 10, reasons that served to support, that as of October 1, 2016, these investments were classified as financial instruments measured at fair value.

This accounting classification does not compromise the productive and commercial operation of Grupo Nutresa, in Venezuela, its team of collaborators, nor its relationships with customers and suppliers.

3.1.2 Non-controlling interest

Non-controlling interest, in net assets of the consolidated subsidiaries, are presented separately, within Grupo Nutresa's equity. Profit and loss, and "other comprehensive income", is also attributed to non-controlling and controlling interest.

Subsidiaries' purchases or sales, involving non-controlling ownership, that do not involve a loss of control, are recognized directly in equity.

Grupo Nutresa considers non-controlling interest transactions, as transactions with Shareholders of the Company. When carrying out acquisitions of minority interest transactions, the difference between the consideration paid, and the interest acquired over the book value of the subsidiary's net assets, is recognized as an equity transaction, and therefore, goodwill for those acquisitions is not recognized.

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 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.

The results, assets, and liabilities of the associate, or joint venture, are incorporated in the Consolidated 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, over the net assets of the associate or joint venture, after the date of acquisition, less 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. The portion that corresponds to Grupo Nutresa, of gains and losses, obtained from the measurement at fair value, at the date of acquisition, is incorporated into the Financial Statements, and unrealized gains and losses from transactions between Grupo Nutresa 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 participation of profit and loss, of an associate or joint venture, is presented in the Comprehensive Income Statement, in profit and loss, for the period, net of taxes, and non-controlling interest, of the subsidiaries of the associate or joint venture. The participation 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 book value of the investment.

Grupo Nutresa analyzes the existence of impairment indicators and, if necessary, recognizes impairment losses of the associate or joint venture investment, in the profit and loss.

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 book value 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 Significant accounting policies

Grupo Nutresa, and its subsidiaries, apply the accounting policies and procedures of the Parent Company. The accounting policies applied in preparing the Condensed Consolidated Financial Statements, for the interim period between January 1st and March 31st 2018, are consistent with those used in preparing the annual Financial Statements, prepared at December 31, 2017, under the International Financial Reporting Standards, approved in Colombia.

An overview of the significant accounting policies, that Grupo Nutresa applies in the preparation of its Condensed Consolidated Financial Statements, is as follows:

3.3.1 Business combinations and goodwill

Operations, whereby the joining of two or more entities or economic units into one single entity, or group of entities, occurs, are considered business combinations.

Business combinations are accounted for using *the Acquisition Method*. Identifiable assets acquired, liabilities, and contingent liabilities, assumed from the acquired, are recognized at fair value, at the date of acquisition. Acquisition expenses are recognized in profit and loss and goodwill, as an asset, in the Consolidated Statement of Financial Position.

The consideration, transferred in the acquisition, is measured as the fair value of assets transferred, liabilities incurred or assumed, and equity instruments, issued by Grupo Nutresa, including any contingent consideration, to obtain control of the acquired.

Goodwill is measured as the excess of the sum of the consideration transferred, the value of any non-controlling interest, and when applicable, the fair value of any previously held equity interest, over the net value of the assets acquired, liabilities, and contingent liabilities

assumed at the date of acquisition. The resulting gain or loss, from the measurement of previously held interest, can be recognized in profit and loss or “other comprehensive income”, accordingly. In the previous periods for which it is reported, the acquirer may have recognized, in “other comprehensive income”, changes in the value of its equity interest in the acquired. If so, the amount, that was recognized, in “other comprehensive income”, shall be recognized, on the same basis as it would be required if the acquirer had disposed directly of the previously held equity interest. When the consideration transferred is less than the fair value of the net assets acquired, the corresponding gain is recognized in profit and loss, on the date of acquisition.

For each business combination, at the date of acquisition, Grupo Nutresa chooses to measure non-controlling interest at the proportionate share of the identifiable assets acquired, liabilities, and contingent liabilities assumed from the acquired, or at fair value.

Any contingent consideration, in a business combination, is classified as liability or equity, and is recognized at fair value, at the date of acquisition. Subsequent changes in fair value of a contingent consideration, classified as financial liability, are recognized in profit and losses, in that period, or in “other comprehensive income”. When it is classified as equity, it is not re-measured, and its subsequent settlement is recognized in equity. If the consideration is not classified as a financial liability, it is measured in accordance with applicable IFRS.

Goodwill acquired in a business combination is allocated at the date of acquisition, to cash-generating units of Grupo Nutresa, that are expected to be benefitted by the combination, irrespective of whether other assets or liabilities of the acquired are assigned to these units.

When goodwill is part of a cash-generating unit, and part of the operation within that unit is sold, the goodwill associated with the operation disposed is included in the book value of the operation, when the gain or loss of the disposal of the operation is determined. Goodwill written-off is determined, based upon the percentage of the operation sold, which is the difference between the book value of the operation sold and the book value of the cash-generating unit.

3.3.2 Translation of balances and transactions, in foreign currencies

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 entity responsible for certifying this information; non-monetary items, that are measured at fair value, are translated 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 official exchange rates, from the date of the original transaction.

All exchange differences, arising from operating assets and liabilities, are recognized in the Income Statement, as part of operating income or expenses; exchange differences, in other assets and liabilities, are recognized as financial 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 the disposal of the net investment, at which time they are recognized in profit and loss.

Foreign subsidiaries

For the presentation of Grupo Nutresa’s Consolidated Financial Statements, the financial situation, and results of entities whose functional currency is different from the presentation currency of the Company, and whose economy is not classified as hyperinflationary, are translated, as follows:

- Assets and liabilities, including goodwill, and any adjustment to the fair value of assets and liabilities, arising from the acquisition, are translated, at end of period exchange rates.
- Income and expenses are translated at the monthly average exchange rate.

Exchange differences, arising from translation of foreign operations, are recognized in “other comprehensive income”, on a separate account ledger named “Exchange differences on translation of foreign operations”, as well as, exchange differences, in long-term receivable or payable accounts, which are part of the net investment abroad. In the disposal of foreign operations, the amount of “Other comprehensive income”, that relates to the foreign operation, is recognized in the results of the period.

Main currencies and exchange rates

Below, is the evolution of the closing exchange rates to Colombian Pesos, of the foreign currencies, that correspond to the functional currency of the subsidiaries, of Grupo Nutresa, and that have a significant impact on the Condensed Consolidated Financial Statements:

		March 2018	December 2017	March 2017	December 2016
Panamanian Balboa	PAB	2,780.47	2,984.00	2,880.24	3,000.71
Costa Rican Colon	CRC	4.88	5.21	5.08	5.34
Nicaraguan Cordoba	NIO	89.22	96.91	97.04	102.33
Peruvian Sol	PEN	861.09	919.57	887.59	893.07
U.S. Dollar	USD	2,780.47	2,984.00	2,880.24	3,000.71
Mexican Peso	MXN	152.18	151.76	153.96	145.53
Guatemalan Quetzal	GTQ	375.78	406.28	392.42	398.92
Dominican Peso	DOP	56.4	61.78	60.82	64.25
Chilean Peso	CLP	4.61	4.85	4.34	4.48
Argentine Peso	ARS	138.03	158.94	187.03	189.32

Table 3

3.3.3 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 easily convertible to a determined 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 are restated, to be recognized at its fair value, at the date of each annual accounting period.

3.3.4 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 (minus) the transaction costs directly attributable, except for those who are subsequently measured at fair value.

At initial recognition, Grupo Nutresa 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 of the same grants, on specific dates, cash flows that are solely for payments of principal and interest, on the value of outstanding capital. Notwithstanding the foregoing, Grupo Nutresa designates a financial asset, as irrevocably measured at fair value, through profit and loss.

Grupo Nutresa 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.

Accounts receivable, from sales are measured by the value of income, minus the value of the expected impairment losses, according to the model defined by the Group. These accounts receivable are recognized, when all the risks and benefits are transferred to the third party.

(ii) Financial assets measured at fair value

The financial assets, different from 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 irrevocably chooses to present gains or losses, in the fair value measurement, in "other comprehensive income". Upon disposal of investments at fair value, through "other comprehensive income", the accumulated value of the gains or losses, is transferred directly to retained earnings, and is not reclassified to profit and loss, in that period. Cash dividends received from these investments are recognized in the profit and loss for that period.

The fair values of quoted investments are based on the valid quoted prices. If the market for a financial instrument is not active (or the instrument is not quoted on a stock exchange), the Company establishes its fair value using valuation techniques. These techniques include the use of the values observed in recent transactions, realized under the terms of free competition, the reference to other instruments that are substantially similar, analyses of discounted cash flows, and option models, making maximum use of market information, and giving the lesser degree of confidence possible, in internal information specific to the entity.

(iii) Impairment of financial assets at amortized cost

Financial assets, measured at amortized cost, are assessed 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 impacted.

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 book value of the asset and the present value of estimated future cash flows, discounted at the original effective rate of the financial asset. The book value of the asset is reduced, and the amount of the loss is recognized in profit and loss, for the period.

(iv) Derecognition

A financial asset, or a part of it, is derecognized, 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 settled, 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 is treated as a derecognition of the original liability, and the recognition of a new liability, and the difference, in the respective book value, is recognized in the Comprehensive Income Statement.

(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 Group, that are not designated as hedging instruments, in effective hedging risks.

Financial obligations are classified as such, for obligations that are obtained by resources, be it from credit institutions or other financial institutions, in the country or abroad.

(vi) Off-setting financial instruments

Financial assets and financial liabilities are offset, so that the net value is reported on the Statement of Financial Position of the Consolidated, 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.

(vii) Derivative instruments and hedge accounts

A financial derivative is a financial instrument, whose value changes, in response to changes in an observable market variable, (such as an interest rate, foreign exchange, the price of a financial instrument, or a market index, including credit ratings), and whose initial investment is very small compared to other financial instruments with similar changes, in response to market conditions, and are generally settled at a future date.

In the normal course of business, companies engage in transactions with derivative financial instruments, with the sole purpose of reducing its exposure to fluctuations in exchange rates, and interest rates on foreign currency obligations. These instruments include, among others, swaps, forwards, options, and futures over commodities traded for own-use.

Derivatives are classified, under the category of financial assets or liabilities, according to, the nature of the derivative, and are measured at fair value on the Income Statement, except those that are designated as hedging instruments.

Commodities contracts, with the purpose of receipt or delivery a non-financial item, in accordance with the purchase, sale, or usage requirements, expected by the entity, are considered "derivatives for own-use", and the impact is recognized as part of cost of the inventory.

Grupo Nutresa designates and documents certain derivatives as hedging instruments, to cover:

- changes in the fair value of recognized assets and liabilities or in firm commitments (fair value hedges)
- exposure to variations in cash flows of highly probable forecast transactions (cash flow hedges); and
- hedges of net investments in foreign operations

The Group expects that the hedges are highly effective in offsetting the changes in fair value or variations of cash flows. The Group continuously evaluates the coverage, at least quarterly, to determine that they have actually been highly effective throughout the periods for which they were designated.

3.3.5 Inventories

Assets, held for sale in the ordinary course of business, or in the process of production for such a sale, or in the form of materials or supplies to be consumed in the production process, or services provided, are classified as inventory.

Inventories are valued at the lesser of, acquisition or manufacturing cost, or the net realizable value. Cost is determined using *the Average Cost Method*. The net realizable value is the estimated selling price of inventory, in the ordinary course of operations, less the applicable variable sales expenses. When the net realizable value is below the book value, the value of the impairment is recognized, as an adjustment in the Income Statement, decreasing the value of the inventory.

Inventories are valued using *the weighted average method* and the cost includes the costs directly related to the acquisition and those incurred to give them their current condition and location. The cost of finished goods and work in progress is comprised of: raw materials, direct labor, other direct costs, and indirect manufacturing expenses.

Trade discounts, rebates, and other similar items, are deducted from the acquisition cost of inventory.

In the case of commodities, the cost of the inventory includes any gain or loss on the hedging of raw material procurement.

3.3.6 Biological assets

Biological assets held by Grupo Nutresa are measured from initial recognition at the fair value, less expenses to realize the sale. The changes are recognized in the Income Statement, for the period. Agricultural products, coming from biological assets, are measured at fair value less costs to sell at the time of collection or harvest when they are transferred to inventory.

When fair value cannot be reliably measured, it is measured at cost, and the existence of impairment indicators permanently assessed.

3.3.7 Property, plant and equipment

Property, plant and equipment includes the value of land, buildings, furniture, vehicles, machinery and equipment, computer hardware, and other facilities owned by the consolidated entities, which are used in the operation of the entity.

Fixed assets are measured at cost, net of accumulated depreciation, and accumulated impairment losses, if any. The cost includes: the acquisition price, costs directly related to the location of assets in place, and the necessary conditions to operate in the manner intended by Grupo Nutresa, the cost, from loans, for construction projects, that take a period of a year or more to be completed, if the conditions for approval are met, and the present value of the expected cost for the decommissioning of the asset after its use, if the recognition criteria for a provision, are met.

Trade discounts, rebates, and other similar items are deducted from the acquisition cost of the asset.

For significant components of property, plant and equipment, that must be replaced periodically, the Group derecognizes the replaced component and recognizes the new component as an asset, with a corresponding specific useful life, and depreciates it, accordingly. Likewise, when major maintenance is performed, its cost is recognized as a replacement of the book value of the asset, to the extent that the requirements for recognition are met. All other routine repair and maintenance expenses are recognized in results, as they are incurred.

Substantial improvements on properties of third parties are recognized as part of Grupo Nutresa's fixed assets, and are depreciated for the shortest period, between the useful life of the improvements made or the lease term.

Depreciation begins when the asset is available for use, and is calculated on a straight-line basis over the estimated asset life, as follows:

Buildings	20 to 60 years
Machinery (*)	10 to 40 years
Minor equipment - operating	2 to 10 years
Transport equipment	3 to 10 years
Communication and computer equipment	3 to 10 years
Furniture, fixtures, and office equipment	5 to 10 years

Table 4

(*) Some of the machinery, related to production, is depreciated using *the Hours Produced Method*, according to the most appropriate manner, in which the consumption of the economic benefits of the asset, is reflected.

The residual values, useful lives, and depreciation methods of assets, are reviewed at each year-end, and are adjusted prospectively, if required. The factors that can influence the adjustment are: changes in the use of the asset, unexpected significant wear, technological advances, changes in market prices, et al.

A component of property, plant and equipment, or any substantial part of it, initially recognized, is derecognized upon sale or when no future economic benefit from its use or its sale is expected. Any gain or loss, at the time of derecognizing the asset, (calculated as the difference between the net income from the sale and the book value of the asset), is included in the Income Statement, when the asset is written-off.

At each accounting close, Grupo Nutresa evaluates its assets, to identify indicators, both external and internal, of reductions of its recoverable values. If there is evidence of impairment, property, plant and equipment is tested, to assess whether their book values are fully recoverable. In accordance with IAS 36 "Impairment of Assets", losses due to a reduction in the recoverable value are recognized for the amount at which the book value of the asset, (or group of assets), exceeds its recoverable value (the greater between its fair value minus the disposal costs and their value in use), and is recognized in the Income Statement, as impairment of other assets.

When the book value exceeds the recoverable value, the book value is adjusted to its recoverable value, modifying the future depreciation, in accordance with its new remaining useful life.

Plantations in development: are live Plants that: are used in the elaboration or supply of agricultural products, are expected to produce for more than one period, and have a remote probability of being sold as agricultural products, except for incidental sales of thinning and pruning.

3.3.8 Investment properties

Land and buildings, owned by Grupo Nutresa, are recognized as investment properties, in order to obtain an income or goodwill, rather being maintained for use or sale, in the ordinary course of operations.

Investment properties are initially measured at cost. The acquisition cost of an investment property includes its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete.

Subsequent to initial recognition, investment properties are measured at net cost of accumulated depreciation and loss accumulated impairment losses, if any.

Depreciation is calculated linearly over the asset's useful lives, estimated between 20 and 60 years. Residual values and useful lives are reviewed and adjusted prospectively, at year-end, or when required.

Investment properties are written-off, either at the time of disposal, or when it is removed permanently from use and no future economic benefit is expected. The difference between the net disposal and the book value of the assets is recognized in income for the period in which it was derecognized.

Transfers to or from investment properties are made only when there is a change in use. In the case of a transfer from investment property, to property, plant and equipment, the cost, taken into account in subsequent accounting, is the book value at the date of change of use.

3.3.9 Intangible assets

An intangible asset is an identifiable asset, non-monetary, and without physical substance. Intangible assets acquired separately are initially measured at cost. The cost of intangible assets, acquired in business combinations, is its fair value, at the date of acquisition. After initial recognition, intangible assets are accounted for at cost less any accumulated amortization and any accumulated impairment losses in value.

The useful lives of intangible assets are determined as finite or indefinite. Intangible assets with finite useful lives are amortized over their useful life, linearly, and are assessed to determine whether they had any impairment, whenever there are indications that the intangible asset might have suffered such impairment. The amortization period and *the Amortization Method*, for an intangible asset with a finite useful life, is reviewed at least at the close of each period. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits of the asset, are accounted for at the change of the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expenses of intangible assets, with finite useful lives, are recognized in the Comprehensive Income Statement. The useful life of an intangible asset with a finite life is between 3 and 100 years.

Intangible assets, with indefinite useful lives, are not amortized, but are tested annually to determine if they have suffered impairment, either individually, or at the level of the cash-generating unit. The assessment of indefinite life is reviewed annually, to determine whether the assessment remains valid. If not, the change in useful life from indefinite to finite is made prospectively.

Gains or losses, that arise when an intangible asset is written-off, are measured as the difference between the value obtained in the disposal, and the book value of the asset, and is recognized in profit and loss.

Research and development costs

Research costs are expensed as they are incurred. The expenditures, directly related to the development, in an individual project, are recognized as intangible assets, when the Grupo Nutresa can demonstrate:

- The technical feasibility of completing the intangible asset so that it is available for use or sale;
- Its intention to complete the asset and its capacity to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to reliably measure the expenditure during development.

In the Statement of Financial Position, assets, arising from development expenditures, are stated at cost less accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future economic benefit. During the development period, the asset is subject to annual impairment tests, to determine if loss of value exists.

Research costs and development costs, not eligible for capitalization, are accounted as expenses, in profit and loss.

3.3.10 Impairment of non-financial assets, cash-generating units, and goodwill

Grupo Nutresa assesses if there is any indication that an asset, or cash-generating unit may be impaired in value, and estimates the recoverable amount of the asset or cash-generating unit, at the moment that an indication of impairment is detected, or annually (at December 31st), for goodwill, intangible assets with indefinite useful lives, and those not yet in use.

Grupo Nutresa uses its judgment, in the determination of the Cash-Generating Units (CGUs), for the purposes of impairment testing, and has defined as CGUs, those legally constituted entities, dedicated to production, assigning each one of those net assets of the legally constituted entities, dedicated to the provision of services to the producing units (in a transversal or individual way). The assessment of the impairment is realized, at the level of the CGU, or Group of CGUs, that contains the asset to be assessed.

The recoverable value of an asset is the greater of the fair value, less costs to sell, either an asset or a cash-generating unit, and its value in use, and is determined for an individual asset, unless the asset does not generate cash flows that are substantially independent of other assets or groups of assets. In this case, the asset must be grouped to a cash-generating unit. When the book value of an asset or cash-generating unit, exceeds its recoverable amount, the asset is considered impaired and is reduced to its recoverable amount.

In calculating the value in use, or the fair value, the estimated future cash flows, whether of an asset or a cash-generating unit, are discounted to their present value, using a discount rate, which reflects market considerations of the value of money over time, as well as, the specific risks of the asset. For the application of fair value, disposal costs will be discounted.

The impairment losses of continuing operations are recognized in the Comprehensive Income Statement, in profit and loss, in those expense categories that correspond to the function of the impaired asset. Impairment losses attributable to a cash-generating unit are initially allocated to goodwill and, once exhausted, the impairment losses are proportionally attributed to other non-current assets of the cash-generating unit, based upon the book value of each asset.

The impairment for goodwill is determined by assessing the recoverable amount of each CGU (or group of cash-generating units) related to the goodwill. The impairment losses related to goodwill cannot be reversed in future periods.

For assets in general, excluding goodwill, at each reporting date (at the close of each period), an assessment of whether there is any indication that impairment losses previously recognized value no longer exists or have decreased, is performed. If any such indication exists, Grupo Nutresa estimates the recoverable amount of the asset or cash-generating unit. An impairment loss, previously recognized, is reversed only if there was a change in the assumptions used to determine the recoverable value of an asset, since the last time that the last impairment loss was recognized. The reversal is limited, so that the book value of the asset does not exceed its recoverable amount, nor does it exceed the book value that would have been determined, net of depreciation, if it had not recognized impairment loss, for the asset in previous years. Such a reversal is recognized in the Comprehensive Income Statement, in profit and loss.

3.3.11 Taxes

This heading includes the value of mandatory general-nature taxation in favor of the State, by way of private closeouts, that are based on the taxes of the fiscal year and responsibility of each company, according to the tax norms of national and territorial governing entities, in each of the countries where Grupo Nutresa's companies operate.

a) Income tax

(i) Current

Assets and liabilities for income tax, for the period, are measured by the values expected to be recovered or paid to the taxation authorities. The expense for income tax is recognized under current tax, in accordance with the tax clearance, between taxable income and accounting profit and loss, and is impacted by the rate of income tax in the current year, in accordance with the provisions of the tax rules of each country. Taxes and tax norms or laws used to compute these values are those that are approved at the end of the reporting period, in the countries where Grupo Nutresa operates and generates taxable income. The current assets and liabilities, for income tax, are also 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.

(ii) Deferred

Deferred income tax is recognized, using *the liability method*, and is calculated on temporary differences between the taxable bases of assets and liabilities, and the 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, it impacted neither the accounting profit nor taxable profit and loss; and in the case of deferred tax liability, arising from the initial recognition of goodwill.

Deferred tax liabilities, related to investments in 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 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. Deferred tax liabilities, related to goodwill, are recognized only to the extent that it is probable that the temporary differences will be reversed in the future.

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 profit will be available for use, in part or in totality, or a part of the asset, from said tax. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable profit income is likely to allow for their recovery.

Assets and liabilities from deferred 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 income tax rates and norms, that were approved at the date of filing, or whose approval will be nearing completion, by that date.

Deferred tax is recognized in profit and loss, except when relating to items not recognized in profit and loss, in which case will be presented in "other comprehensive income", or directly in equity.

b) Tax on wealth

The tax burden of the "wealth tax" is originated, 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, and additionally, 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 may be allocated to capital reserves without affecting net income, in accordance with Article 10 of the same law.

3.3.12 Employee benefits

a) Short-terms benefits

These are, (other than termination benefits), benefits expected to be settled in its totality, before the end of the following twelve (12) 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, for 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 employee 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 measured between the employee starting 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) Pensions and other post-employment benefits

(i) Defined contribution plans

Contributions to defined contribution plans are recognized as expenses in the Comprehensive Income Statement, in profit and loss, on an accrual basis.

(ii) Defined benefit plans

Defined benefit plans are plans for post-employment benefits in which Grupo Nutresa has a legal or implicit obligation, of the payment of benefits. Subsidiary companies domiciled in Colombia, Ecuador, Mexico, and Peru, have actuarial liabilities, as required by law.

The cost of this benefit is determined by *the projected unit credit method*. The liability is measured annually, for 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 profit and loss, 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.

Payments made to retirees are deducted from the amounts provisioned for this benefit.

d) Termination benefits

Termination benefits are provided for the period of employment termination, as a result of the Company's decision to terminate a contract of employment, before the normal retirement date; or the employee's decision to accept an offer of benefits in exchange for termination of an employment contract. Termination benefits are measured, in accordance with the provisions of the laws and the agreements, between Grupo Nutresa and the employee, at the time the decision to terminate the employment relationship with the employee, is officially released.

3.3.13 Leases

When determining the classification of an agreement, or conclusion of a contract as a lease, it is based on the essence of the nature of the same, at the date of its conclusion, assessing whether compliance with the agreement rests on the use of a specific asset or if the right to use the asset is conferred on the group, even if this right is not explicit in the agreement.

Leases are classified as financial or operating leases. They will be classified as finance leases, provided that the terms of the lease substantially transfer the risks and rewards, inherent in the ownership of the asset, and the asset is recorded at its fair value, at the inception of the lease or, if less, at the present value of the minimum lease payments; The present obligation of minimum payments and the purchase option will be recognized in the Statement of Financial Position, as a financial lease obligation. The lease payments are distributed between the financial expense and the reduction of the obligation, and the expense will be recognized immediately in the results unless they are attributable to the assets, according to the costs per loan.

Operating leases will be classified as such, those in which the risks and benefits inherent in the ownership of the asset, are not transferred by the lessor, and their payments will be recognized as a linear expense, over the lease term.

3.3.14 Provisions, contingent liabilities and assets

a) Provisions

Provisions are recognized when, as a result of, a past event, Grupo Nutresa has a present legal or constructive obligation to a settlement, and requires an outflow of resources, that 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 Comprehensive Income Statement, net of all reimbursement. The increase in the provision, due to the passage of time, is recognized as financial 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 or more uncertain future events, not wholly within the control of Grupo Nutresa, or present obligations arising from past events, that are not likely, but there exists a possibility 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, are not recognized in the Statement of Financial Position, and are however, disclosed as contingent assets, when it is a probable occurrence. When the said contingent is certain, the asset and the associated income, are recognized for that period.

3.3.15 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) Sale of goods

Revenue, from the sale of goods, is recognized when the significant risks and rewards of ownership have been substantially transferred to the buyer.

b) Services rendered

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

c) 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 net book value of the financial asset or financial liability.

d) Dividend income

This income 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 of stocks from the issuer.

e) Customer loyalty

The Group awards points to its customers for purchases, under the loyalty plan program, which can be redeemed in the future, for prizes such as household products, travel, snacks, home decoration, and discounts, among others. The points are measured, at their fair value, which corresponds to the value of the point perceived by the client, considering the different redemption strategies. The fair value of the point is calculated at the end of each accounting period. The obligation to provide these points is recorded in liabilities, as a deferred income, and corresponds to the portion of benefits pending redemption, valued at their fair value.

3.3.16 Production expenses

Indirect production costs that do not contribute to move inventories to their present location and condition, and that are not necessary for the production process, are recorded as production expenses.

3.3.17 Government grants

Government grants are recognized when there is reasonable assurance that they will be received and all conditions linked to them will be safely met. When the grant relates to an expense item, it is recognized as income on a systematic basis, over the periods in which related costs that are intended for compensation, are recognized as expense. When the grant relates to an asset, it is recorded as deferred income and is recognized as profit or loss, on a systematic basis, over the estimated useful life of the asset.

3.3.18 Fair Value

Fair value is the price that would be received in selling an asset, or paid to transfer a liability, in an orderly transaction, between independent market participants, at the measurement date.

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 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 impact the reported fair value of financial instruments.

3.3.19 Operating segments

An operating segment is a component of Grupo Nutresa that: engages in business activities from which it may earn income from ordinary activities and incur costs and expenses, from which it has financial information, and whose operating results are regularly reviewed by the maximum authority in making operating decisions for Grupo Nutresa, The Board of Grupo Nutresa, to decide about the allocation of resources to segments, as well as, assess performance.

The financial information of the operating segments is prepared under the same accounting policies used in the preparation of the Consolidated Financial Statements of Grupo Nutresa.

For those operational segments that overreach the quantitative threshold of 10% of income, EBITDA, and operational income, as well as, the informational segments that are considered relevant for decision making by the Board of Directors. The other segments are grouped in categories called “other segments”.

3.3.20 Basic earnings per share

Basic earnings per share are calculated by dividing profit or loss, for the period that is attributable to holders of ordinary shares, by the weighted average number of ordinary shares, outstanding.

The average number of shares outstanding, for the periods ended March 31, 2018 and December 2017, is 460.123.458.

To calculate diluted earnings per share, profit for the period, attributable to holders of ordinary shares, and the weighted average number of shares outstanding, for all the inherent dilutive potential ordinary shares, is adjusted.

3.3.21 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 is prosecuted depending on the particular circumstances in which they are produced. The magnitude or nature of the item, or a combination of both, could be the determining factor.

3.4 Changes in accounting policies

IFRS 16 Property, Plant and Equipment

The IASB made amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture, to distinguish the producing plants from other biological assets. The production plants are used only to grow products during their productive life and it is observed that they are similar to an element of the machinery, which is why they are now presented in IAS 16. However, the agricultural products that grow in the production plants will remain within the scope of IAS 41 and will continue to be measured at fair value, less costs to sell.

Prior to the classification, the plantations were measured at historical cost, in such a way that the accumulated cost will be reclassified to property, plant and equipment, and will be the basis for future amortization.

The application of this amendment had no impact on the equity or the comprehensive income of Grupo Nutresa.

See details of the Accounting Policy in Note 10.

As of January 1, 2018, the Group has adopted the following modifications or amendments, published by the International Accounting Standards Board (IASB) to the International Financial Reporting Standards:

IFRS 15 Revenue from contracts with customers

This is based on the principle of transfer of control, of a good or service, to a client, in order to establish the recognition of revenue. See the details of the accounting policy, in Note 3.3.15.

IFRS 9 Financial instruments

The new impairment model requires the recognition of impairment provisions, based on the expected credit losses, instead of solely the credit losses incurred. In the case of Grupo Nutresa, the expected loss model was mainly applied to accounts receivable from customers. See details of the accounting policy in Note 3.3.4

3.5 New accounting pronouncements on International Financial Reporting Standards: New standards, modifications and interpretations incorporated into the accounting framework accepted in Colombia, whose application must be January 1, 2019.

The Decrees 2496 of December of 2015, 2131 of December, 2016 and 2170 of December, 2017, introduced to the technical framework norms of financial information, new standards, modifications, or amendments or impacts, by the IASB to the International Financial Reporting Standards, between the year(s) 2014 and 2016, to evaluate its application in financial years, beginning later than January 1, 2019.

- IFRS 16 “Leases”

The International Accounting Standards Board (IASB) issued IFRS 16, with an effective date of application as of January 1, 2019. IFRS 16 replaces existing guidelines for the accounting of leases, including IAS 17 Leases, IFRIC 4 Determination of whether an arrangement contains a lease, SIC 15 Incentives in operating leases and SIC 27 The evaluation of the substance of transactions that involve the legal form of a lease.

IFRS 16 introduces a single accounting model for the recognition of lease agreements in the Statement of Financial Position, for lessees. A lessee recognizes an asset by right of use, representing the right to use the leased asset, and a lease liability, representing its obligation to make the lease payments. There are optional exemptions for short-term leases or leases of very low-value assets. The accounting treatment of lease agreements for lessors remain similar to current accounting standards in which the lessor classifies leases, as financial or operating leases.

The Company has initiated a potential evaluation of the qualitative and quantitative impacts, in its Financial Statements. Until now the most significant impact identified is the recognition of assets and liabilities of its operating lease agreements, especially of real estate, used in the operation of the business. In addition, the nature of the expenses, corresponding to operating lease contracts as lessee, will change with IFRS 16, from lease expenses, for charges for depreciation of rights of use of the asset and financial expenses, in lease liabilities. To date, the Company is evaluating the impact of the adoption of this new standard.

Note 4. JUDGMENTS, ESTIMATES, AND SIGNIFICANT ACCOUNTING ASSUMPTIONS

The preparation of Grupo Nutresa's Condensed Consolidated Financial Statements requires that management must make judgments, accounting estimates, and assumptions that impact the amount of income and expenses, assets, and liabilities, and related disclosures, as well as, the disclosure of contingent liabilities, at the close of the reporting period. The Group bases its assumptions and estimates, considering all parameters available, at the time of preparation of these Consolidated Financial Statements. In this regard, the uncertainty of assumptions and estimates could impact future results, that could require significant adjustments to the book amounts 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 Consolidated Interim Financial Statements:

- Assessment of the existence of impairment indicators, for assets, goodwill, and asset valuation, to determine the existence of impairment losses (financial and non-financial assets)
- Assumptions used in the actuarial calculation of post-employment and long-term obligations with employees
- Useful life and residual values of property, plant and equipment and intangibles
- Suppositions used to calculate the fair value of financial instruments
- Determination of the existence of financial or operating leases, based on the transfer of risks and benefits of the leased assets
- Recoverability of deferred tax assets
- Determination of control, significant influence, or joint control over an investment

Judgments and estimates, used by the management of Grupo Nutresa, in the preparation of the Condensed Consolidated Interim Financial Statements, for the three-month period between January 1st and March 31st of 2018, do not differ significantly from those realized at the yearend close of the previous period, that is, December 31, 2017.

Note 5. OPERATING SEGMENTS

Grupo Nutresa's operating segments reflect its structure and how Management, in particular, the Board of Directors, evaluates the financial information for decision-making in operational matters. For the administration, businesses are assessed by combining geographic areas and types of products. The segments for which financial information are presented, as follows:

- **Cold Cuts:** Production and sale of processed meats (sausage, pepperoni, ham, and bologna burgers), matured meat (Serrano ham, Spanish chorizo, and salami), ready to eat meals, canned foods, and mushrooms
- **Biscuits:** Production and marketing of sweet biscuits flavored lines, crème filled, and wafers, and salted crackers, and snacks
- **Chocolate:** Production and sale of chocolate bars, chocolate (bars and milk modifiers), chocolate candies, cereal bars, and nuts
- **TMLUC:** Stands for Tresmontes Lucchetti, a business unit that produces and sells: instant cold drinks, pasta, coffee, snacks, edible oil, juices, soups, desserts, and teas
- **Coffee:** Production and marketing of roasted and ground coffee, instant coffee (powdered, granulated, and freeze-dried), and coffee extracts
- **Retail Foods:** Formats established for direct sale to consumers, like restaurants and ice cream parlors, where hamburger products, prepared meats, pizza, ice cream, and yogurt are offered

- **Ice Cream:** This segment includes desserts, water and milk-based ice cream pops, cones, Ice cream by the liter, as well as, ice cream cups and biscuits with ice cream
- **Pasta:** Produced and sold in Colombia, as short, long, egg, with vegetables, with butter, and instant pasta

The Board of Directors monitors the operating results of the Business Units separately, for the purposes, of making decisions about allocating resources and assessing financial performance. The financial performance of the segments is evaluated, on the basis of operating revenues and EBITDA generated, which are measured uniformly with the Consolidated Financial Statements. Financing operations, investment, and tax management are managed centrally, and are therefore, not allocated to operating segments.

The Management Reports, and the ones generated by accountancy of the Company, use the same policies as described in the note of accounting criteria, and there are no differences, in totality, between the total measurements of results, with respect to the accounting policies applied.

Transactions between segments correspond mainly to sales of finished products, raw materials, and services. The sales price between segments corresponds to the cost of the product, plus a profit margin. These transactions are eliminated in the Consolidated Financial Statements.

Assets and liabilities are managed by the administration of each of the Grupo Nutresa Companies; no segment allocation is assigned.

There are no individual customers whose transactions represent more than 10% of Grupo Nutresa's income.

5.1 Operating income:

a) Income from ordinary activities, by segments

	January - March					
	External clients		Inter-segments		Total	
	2018	2017	2018	2017	2018	2017
Cold Cuts	442,387	438,049	7,787	5,334	450,174	443,383
Biscuits	420,374	403,837	2,663	2,830	423,037	406,667
Chocolate	340,232	327,582	9,146	5,105	349,378	332,687
TMLUC	248,783	233,205	150	299	248,933	233,504
Coffee	228,386	251,620	222	346	228,608	251,966
Retail Food	174,884	164,191	287	-	175,171	164,191
Ice Cream	111,391	100,595	158	90	111,549	100,685
Pasta	70,468	70,407	88	157	70,556	70,564
Others	67,440	52,337	-	-	67,440	52,337
Total segments	2,104,345	2,041,823	20,501	14,161	2,124,846	2,055,984
Adjustments and eliminations					(20,501)	(14,161)
Consolidated					2,104,345	2,041,823

Table 5

b) Information by geographical locations

The breakdown of sales to external customers is herewith detailed, by primary geographical locations, where the Group operates, and is as follows:

	January - March	
	2018	2017
Colombia	1,346,076	1,314,696
Central America	201,724	194,155
Chile	187,378	171,464
United States	153,227	165,280
Mexico	73,759	66,720
Dominican Republic and the Caribbean	36,499	34,132
Peru	36,205	35,659
Ecuador	27,592	26,619
Others	27,592	26,619
Total	2,104,345	2,041,823

Table 6

Sales information is realized with consideration of the geographical location of the end-user customer.

c) Information by type of product

Given that some segments are also categorized by geographical location, sales to external customers are presented by product category, as follows:

	January - March	
	2018	2017
Foods	1,132,352	1,067,926
Beverages	485,282	515,330
Candy and Snacks	366,009	337,850
Others	120,702	120,717
Total	2,104,345	2,041,823

Table 7

5.2 EBITDA

	January - March							
	Operating Profit		Depreciation and Amortization (Note 17)		Unrealized Exchange Differences from Operating Assets and Liabilities (Note 19,2)		EBITDA	
	2018	2017	2018	2017	2018	2017	2018	2017
Cold Cuts	45,403	46,124	9,347	9,118	(494)	232	54,256	55,474
Biscuits	48,232	43,138	10,762	7,858	(470)	(18)	58,524	50,978
Chocolate	52,207	41,340	8,338	8,550	(64)	274	60,481	50,164
TMLUC	24,660	22,997	9,545	9,095	(389)	(822)	33,816	31,270
Coffee	16,391	30,453	6,149	5,457	997	333	23,537	36,243
Retail Foods	3,974	11,710	16,988	10,000	(73)	(38)	20,889	21,672
Ice Cream	5,583	1,457	7,394	7,499	(69)	118	12,908	9,074
Pasta	7,100	7,292	1,836	1,894	(169)	139	8,767	9,325
Others	(1,568)	(726)	1,578	1,103	88	(28)	98	349
Total segments	201,982	203,785	71,937	60,574	(643)	190	273,276	264,549

Table 8

Note 6. TRADE AND OTHER ACCOUNTS RECEIVABLES

Trade and other accounts receivables are detailed as follows:

	March 2018	December 2017
Customers	897,788	916,102
Accounts receivable from employees	38,727	41,087
Dividends receivable (Note 9)	31,210	6,185
Accounts receivable from related parties	18,586	18,010
Loans to third-parties	1,340	1,664
Other accounts receivable	20,747	10,268
Impairment	(11,276)	(9,239)
Total trade and accounts receivable	997,122	984,077
Current portion	971,734	957,568
Non-current portion	25,388	26,509

Table 9

To ensure recovery of trade debts and other accounts receivable, “blank promissory notes” are constituted with letters of instruction, advances are solicited, bank guarantees, and, in some cases, collateral is requested. For loans to employees, mortgages, and pledges are constituted, and promissory notes are signed.

According to the Company's assessment of historical information and portfolio analyses, as of March 31, 2018, there is no objective evidence that overdue balances receivable, present material risks of impairment, that imply adjustments to the impairment recorded in the Financial Statements on those dates.

Note 7. BIOLOGICAL ASSETS

The following is a breakdown of biological assets:

	March 2018	December 2017
Biological assets - Cattle	48,148	45,131
Biological assets - Pig	27,719	32,592
Crops	3,848	3,795
Total	79,715	81,518

Table 10

The following are the amounts and principal locations of the biological assets:

	Quantities		Location
	March 2018	December 2017	
Biological assets – Cattle ⁽¹⁾	31,385 Units	30,282 Units	Antioquia, Cordoba, Cesar, Santander, Sucre y Caldas - Colombia
Biological assets – Pig ⁽¹⁾	82,583 Units	86,408 Units	Antioquia and Caldas - Colombia
	11,211 Units	11,826 Units	Provincia de Oeste - Panama
Crops			
Mushroom crops ⁽²⁾	41,080 mts2	40,290 mts2	Yarumal - Colombia

Table 11

- (1) Pork livestock farming, in Colombia, is realized through owned-farms, farms in participation, and leased farms; its production is used as raw material for the development of business products of the Cold Cuts Business.

Pigs and cattle, in Colombia, are measured at fair value, using as a reference, the market values, published by the National Association of Pig Farmers and livestock auctions at fairs, in each location; this measurement is at the Level 2 of the fair value hierarchy, of IFRS 13.

The value of pigs that are produced in Panama, in March 2018, is \$4,398 (December 2017: \$4,973), are measured upon initial recognition under the cost model, taking into account that there is no active market, in said country.

- (2) Mushroom crops are used by Setas Colombianas S.A., in its production processes, located in Yarumal, Colombia. It is measured under the cost model, taking into account that there is no active market for these crops, and that the productive cycle is short-term, close to 90 days.

The gain for the period, due to changes in fair value, minus the costs to sell of biological assets at March 2018 were \$87 (January - March 2017: \$1,227), and is included in the profit and loss, in operating income.

At the end of the reporting period, and the comparative period, there are no restrictions on the ownership of the Group's biological assets, nor significant contractual commitments, for its development or acquisition, and have not been pledged, as collateral for debt compliance.

Note 8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Country	% Participation	Book Value		January - March 2018		January - March 2017	
			March 2018	December 2017	Share of Profit and Loss for the Period	Share of Other Comprehensive Income	Share of Profit and Loss for the Period	Share of Other Comprehensive Income
Associates								
Bimbo de Colombia S.A,	Colombia	40%	137,743	139,867	(1,787)	(337)	(1,760)	(218)
Dan Kaffe Sdn, Bhd	Malaysia	44%	26,793	26,987	256	(450)	147	1
Estrella Andina S.A.S,	Colombia	30%	8,976	9,574	(598)	-	14	-
Joint ventures								
Oriental Coffee Alliance Sdn, Bhd	Malaysia	50%	3,146	3,372	(198)	(28)	(1)	-
Other investments			-	651	-	-	-	-
Total associates and joint ventures			176,658	180,451	(2,327)	(815)	(1,600)	(217)

Table 12

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

Dan Kaffe Sdn. Bhd. is a company dedicated to the production of frozen coffee extract and dry instant coffee. It is a strategic partner for the coffee business, due to their high production standards, ideal location, and growth potential, as it allows for combination of the world-class Colcafé, soluble coffee experience, and with deep knowledge of the Japanese partner of the Asian market, the flavor, ingredients, and advanced technologies, provisioning capabilities of pending raw materials, and widespread commercial network, throughout the region.

Estrella Andina S.A.S. is a simplified joint stock company, engaged in the marketing of ready-made meals in coffee shops.

Oriental Coffee Alliance Sdn. Bhd. is a company dedicated to the sale of Dan Kaffe Malaysia (DKM) products, as well as, some Colcafé products and also part of the Group, in Asia. This partnership with the Mitsubishi Corporation, allows Grupo Nutresa to advance their initially set objectives, with the acquisition of DKM, to expand its role in the global coffee industry, diversify production, and the origin of its soluble coffee, and break into the rapid growth market of coffee in Asia.

The movements of investments in associates and joint ventures, are as follows:

Interim **CONSOLIDATED** Financial Statements – (Unaudited)
First Quarter

	January - March 2018	January - March 2017
Opening balance at January 1st	180,451	164,510
Reclassification of investments (*)	(651)	-
Participation in profit and loss, for the period	(2,327)	(1,600)
Participation in other comprehensive income	(815)	(217)
Balance at March 31st	176,658	162,693

Table 13

(*) In March 2018, a change was realized, in the classification of other investments, to joint operations.

In January 2017, a payment was realized in the amount of \$16,217, corresponding to the balance payable, from the capitalization realized in 2016, to Bimbo de Colombia S.A.

During the period covered by these Financial Statements, no dividends were received from these investments.

None of the associates and joint ventures, held by the Group, are listed on a stock market, and consequently, there are no quoted market prices, for the investment.

Note 9. OTHER NON-CURRENT FINANCIAL ASSETS

Grupo Nutresa classifies 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 said instruments, and 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. The “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	March 2018	December 2017
Grupo de Inversiones Suramericana S.A.	59,387,803	12.66%	2,213,977	2,393,328
Grupo Argos S.A.	79,804,628	12.36%	1,501,923	1,666,321
Other companies (*)			2,995	74,314
Total:			3,718,895	4,133,963

Table 14

	January - March 2018		January - March 2017	
	Dividend Income	Loss on Fair Value Measurement	Dividend Income	Profit on Fair Value Measurement
Grupo de Inversiones Suramericana S. A.	30,763	(179,351)	28,981	52,261
Grupo Argos S. A.	-	(164,398)	24,740	76,613
Other companies (*)	1,573	(68,151)	514	-
Total:	32,336	(411,900)	54,235	128,874

Table 15

The value of the dividend per share, declared for 2018, by Grupo de Inversiones Suramericana S.A. was \$518 (pesos), per year. These will be paid quarterly, in the amount of \$129.50. The value of the dividend, to be declared by Grupo Argos S.A., will be approved at the Shareholders' Meeting, set for the month of April 2018.

For 2017, the annual value, per share, was \$310 Pesos, (\$77.5 Pesos per quarter), for Grupo Argos S.A., and \$488 Pesos, (received in 805,638 preference shares) for Grupo de Inversiones Suramericana S.A.

Income from dividends, recognized in March 2018, for portfolio investments, corresponds mainly to the total annual dividend, declared by Grupo de Inversiones Suramericana S.A., will have similar income for the Second Quarter of the year, corresponding to the annual dividend, declared by Grupo Argos S.A.

At March 31, 2018, accounts receivable, from dividends of financial instruments, are \$31,210 (December 2017: \$6,185).

At March 31, 2018 and December 31, 2017, there were pledges for 30,775,000 shares of Grupo de Inversiones Suramericana S.A., in favor of financial entities in Colombia, as collateral for obligations, contracted by Grupo Nutresa and its subsidiaries.

(*) Investments in financial instruments, held by Grupo Nutresa, in Venezuela, were updated at the official rate of the Central Bank of Venezuela Bs\$49,731 (2017: Bs\$3,345), generating a decrease in the investment of these financial assets, in the amount of \$66,007, which were recognized in other comprehensive income, as of March 31, 2018. In addition to the volatility, and uncertainty, linked to the evolution of Bolívar, the remaining value of the investment was provisioned at \$720.

Fair value measurement

The fair value of shares traded, and that are classified as high trading volume, is determined, based on the quoted price on the Colombian Stock Exchange; this measurement is in the Hierarchy 1, established by IFRS 13 for the measurement of fair value. This category includes investments held by Grupo Nutresa in Grupo de Inversiones Suramericana S.A. and Grupo Argos S.A. This measurement is done monthly. In the

case of other investments, when the book value is material, the annual measurement will be realized, using valuation techniques, recognized, and accepted, under IFRS 13.

Investments in other companies, classified in 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.

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.

Note 10. PROPERTY, PLANT AND EQUIPMENT, NET

The movement of property, plant and equipment occurring during the period, is as follows:

	Land	Buildings	Machinery and Production Equipment	Transportation Equipment	Computer Equipment	Office Equipment	Leasehold Improvements	Assets in Progress	Plantations in development	Total
Cost	790,239	911,066	2,442,413	23,645	39,833	61,512	142,000	138,515	9,129	4,558,352
Depreciation and/or impairment	(310)	(175,877)	(860,467)	(15,620)	(24,804)	(36,081)	(49,522)	-	-	(1,162,681)
Balance at January 1, 2018	789,929	735,189	1,581,946	8,025	15,029	25,431	92,478	138,515	9,129	3,395,671
Acquisitions	-	-	1,817	1,205	465	255	2,363	19,472	609	26,186
Disposals	(1,555)	(857)	(4,886)	(44)	-	(4)	-	-	-	(7,346)
Depreciation	-	(8,385)	(46,757)	(644)	(1,280)	(1,357)	(8,146)	-	-	(66,569)
Impairment	-	-	19	-	-	-	-	-	-	19
Transfers	(2,624)	585	24,938	(143)	172	(1,175)	422	(27,396)	-	(5,221)
Capitalization and consumption	(11,418)	(12,408)	(25,667)	(394)	(371)	(1,058)	(543)	(2,846)	-	(54,705)
Cost	774,620	891,701	2,413,191	23,118	37,924	55,963	137,907	127,745	9,738	4,471,907
Depreciation and/or impairment	(288)	(177,577)	(881,781)	(15,113)	(23,909)	(33,871)	(51,333)	-	-	(1,183,872)
Balance at March 31, 2018	774,332	714,124	1,531,410	8,005	14,015	22,092	86,574	127,745	9,738	3,288,035

Cost	781,644	891,388	2,260,229	23,464	33,963	51,888	116,709	143,713	7,433	4,310,431
Depreciation and/or impairment	(311)	(140,005)	(680,856)	(14,040)	(18,765)	(30,941)	(34,567)	-	-	(919,485)
Balance at January 1, 2017	781,333	751,383	1,579,373	9,424	15,198	20,947	82,142	143,713	7,433	3,390,946
Acquisitions	-	24	1,173	852	336	623	2,872	27,350	-	33,230
Disposals	-	-	(1,168)	(40)	(31)	(7)	-	-	-	(1,246)
Depreciation	-	(8,252)	(40,866)	(691)	(1,273)	(1,154)	(5,829)	-	-	(58,065)
Transfers	-	1,703	30,235	132	622	406	-	(33,098)	-	-
Exchange translation impact	(3,534)	(4,397)	(11,793)	(251)	(204)	(271)	(150)	(1,837)	-	(22,437)
Capitalization and consumption	-	-	-	-	-	-	-	-	607	607
Cost	778,098	886,151	2,266,082	23,371	33,965	52,150	114,355	136,128	8,040	4,298,340
Depreciation and/or impairment	(299)	(145,690)	(709,128)	(13,945)	(19,317)	(31,606)	(35,320)	-	-	(955,305)
Balance at March 31, 2017	777,799	740,461	1,556,954	9,426	14,648	20,544	79,035	136,128	8,040	3,343,035

Table 16

Our own cocoa plantations are experimental and aim to promote the development of cocoa crops, through agroforestry systems (cocoa - timber), with the Country's farmers.

Currently, there is a sowed area of 170 hectares, of a project that will reach approximately 200 cultivated hectares by 2022. The plant achieves its maximum production at approximately 7 years, with two crops per year, and an expected useful life of 25 years. The Group's Management established that the project has not reached its optimum level of operation and fine-tuning, with which, in December 2017, the Company applied the amendment to IAS 41 Agriculture and IAS 16 Property, plant and equipment, which gives the production plants the treatment of property, plant and equipment; as part of this change in accounting policies, was transferred to Property, Plant and Equipment, corresponding to the historical costs of the plantations, at the time of reclassification. See Note 3.4 for information of changes in accounting policies.

As of March 31, 2018, there was collateral of property, plant and equipment, of \$151,088 (December 2017: \$178,910), to cover financial obligations or credit quotas.

Note 11. GOODWILL

The movement of book values of goodwill, assigned to each one of the segments of the Group, is as follows:

Reportable Segment	CGU	Balance at December 31, 2017	Exchange Differences	Balance at March 31, 2018
Retail Foods	Grupo El Corral	534,811	-	534,811
	Grupo Pops	170,494	-	170,494
	Helados Bon	51,530	-	51,530
Coffee	Industrias Aliadas S. A. S.	4,313	-	4,313
Cold Cuts	Setas Colombianas S. A.	906	-	906
Chocolate	Nutresa de México	182,302	(4,923)	177,379
Biscuits	Abimar Foods Inc.	96,546	-	96,546
	Galletas Pozuelo	33,272	(2,093)	31,179
TMLUC	Grupo TMLUC	1,044,052	(52,896)	991,156
		2,118,226	(59,912)	2,058,314

Table 17

Note 12. INCOME TAXES AND PAYABLE TAXES

12.1 Applicable Norms

The effective and applicable tax norms, state that nominal rates of income tax for Grupo Nutresa, are as follows:

Income tax %	2017	2018	2019	2020
Colombia (*)	40.0	37.0	33.0	33.0
Chile	25.5	27.0	27.0	27.0
Costa Rica	30.0	30.0	30.0	30.0
Ecuador	22.0	22.0	22.0	22.0
El Salvador	30.0	30.0	30.0	30.0
United States	34.0	21.0	21.0	21.0
Guatemala	25.0	25.0	25.0	25.0
Mexico	30.0	30.0	30.0	30.0
Nicaragua	30.0	30.0	30.0	30.0
Panama	25.0	25.0	25.0	25.0
Peru	29.5	29.5	29.5	29.5
Dominican Republic	27.0	27.0	27.0	27.0

Table 18

(*) The Grupo Nutresa companies, that have signed tax stability contracts, as of January 2017, generate taxes to the stabilized rate of 33%, and not 37%, (33% tax, plus a surcharge of 4%), as established by the Law 1819 of 2016.

12.2 Tax assets

Tax assets are presented in the Statement of Financial Position, under "other current assets" and "other non-current assets". The balance, includes:

	March 2018	December 2017
Income tax and complementaries ⁽¹⁾	160,653	146,579
Income tax for equity - "CREE" ⁽²⁾	2,452	9,452
Sales tax	31,935	25,360
Other taxes	4,872	2,801
Total current tax assets	199,912	184,192
Claims in process ⁽³⁾	19,326	47,343
Total non-current tax assets	19,326	47,343
Total tax assets	219,238	231,535

Table 19

(1) Income tax assets and complementaries, include auto-withholdings of \$38,323 (2017: \$10,487), credit balances of \$81,792 (2017: \$93,599), tax advances of \$25,731 (2017: \$37,201), tax rebates for \$3,735 (2017: \$1,602), and income tax withheld \$11,072 (2017: \$3,690).

(2) Assets from income tax for equity "CREE", corresponds to balances in favor.

(3) Grupo Nutresa has six (6) companies that signed legal stability contracts in 2009, with the Colombian government; one of the stabilized taxes was the property tax, which, due to the tax authority's disposition, had to be declared and paid. However, there is a legal right to request a refund for the payment of the un-owed, in the amount of \$49,486. Protected by Article 594-2 of the Tax Statute, which indicates that the tax obligations presented by those not obliged to declare, do not produce legal effects, in Judgment 05001-23-31-000-2012-00612-01 [21012] and Judgment 18636 of August 30, 2016. The claims for the payment of the not owed are advanced, remain pending to be resolved the value of \$17,667, value classified as non-current assets, as it is expected to be resolved in a term superior to twelve months following the date of this report. On March 31, 2018, after the rejection of the first 2 installments of the equity tax, a decision was made to go to judicial proceedings, before the Administrative Litigation, in an effort to seek a resolution rights claimed. For the property tax installments from the third to the eighth, having obtained the admission of some refund requests, admission for all the applications corresponding to said quotas, is expected to obtain. During 2018, Grupo Nutresa has recognized claims in the amount of \$28,768.

Interim **CONSOLIDATED** Financial Statements – (Unaudited)
First Quarter

The current taxes payable balances include:

	March 2018	December 2017
Income tax and complementaries	84,235	63,412
Sales tax payable	51,643	95,321
Withholding taxes, payable	23,254	31,081
Other taxes	14,029	17,962
Total	173,161	207,776

Table 20

The Group applies the laws with professional judgment, to determine and recognize the provision for current tax and deferred income, on its Consolidated Financial Statements. The final tax determination depends on the new regulatory requirements, the existence of sufficient taxable profit for the use of fiscal benefits, as the treatment of untaxed income, and special deductions, according to the current regulations and applicable, and the analysis of favorability probability of expert opinions. The Group recognizes liabilities, for anticipated tax audits, observed based on estimates, if applicable pay additional taxes. When the final tax outcome of these situations is different, from the amounts that were initially recorded, the differences are charged to tax on current and deferred assets and liabilities, in the period in which this is determined.

12.3 Income tax expenses

Current income tax expenses are as follows:

	January - March	
	2018	2017
Income tax	42,910	39,209
Income tax surcharges	1,159	1,514
Total	44,069	40,723
Deferred taxes (*) (Note 12.4)	(5,479)	(8,078)
Total tax expenses	38,590	32,645

Table 21

(*) In 2018, compensation for excess presumptive and income tax, losses are realized, generating a variation in the deferred tax.

12.4 Deferred income tax

The breakdown of the deferred tax assets and liabilities, are as follows:

	March 2018	December 2017
Deferred tax assets		
Goodwill tax, TMLUC	148,227	161,838
Employee benefits	56,226	56,491
Accounts payable	6,661	8,407
Tax losses	126,792	130,085
Tax credits	8,318	8,571
Debtors	17,606	14,375
Other assets	40,028	35,305
Total deferred tax assets ⁽¹⁾	403,858	415,072
Deferred tax liabilities		
Property, plant and equipment	348,407	356,742
Intangibles ⁽²⁾	293,784	294,047
Investments	7,645	8,496
Inventories	1,716	1,480
Other liabilities	42,490	42,202
Total income tax liabilities	694,042	702,967
Net deferred tax liabilities	290,184	287,895

Table 22

- (1) The deferred tax asset is recognized and supported, on the basis that the Group has generating positive taxable income, and it is projected to generate future income sufficient to compensate tax credits and tax losses, from previous periods, prior to maturity, and obtain future tax benefits, for goodwill tax in Chile, employee benefits, as well as, items recognized in the deferred tax assets. Projections of annual taxable income and actual data, are reviewed to determine the impact and adjustments, on asset values, and their recoverability in future periods.
- (2) The deferred tax liability, for intangibles, corresponds mainly to the difference in the amortized accounting and tax depreciation of the brands, and to the deferred tax, recognized in the Consolidated Financial Statement, in relationship to the goodwill from business combinations realized before 2013.

Temporary differences related to investments in subsidiaries, associates, and joint ventures, for which deferred tax liabilities have not been recognized, are \$7,236,793 (2018) and \$7,644,813 (2017), whose deferred tax liability would be \$2,388,142 (2018) and \$2,522,788 (2017).

The movement of deferred tax, during the period, was as follows:

	January - March 2018	January - December 2017
Opening balance, net liabilities	287,895	348,706
Deferred tax expenses, recognized in income for the period	(5,479)	(47,179)
Income tax relating to components, of other comprehensive income	1,040	1,631
Impact of variation in rates of foreign exchange	6,728	(15,916)
Other impacts	-	653
Final balance, net liabilities	290,184	287,895

Table 23

The income tax, relating to components of other comprehensive income, is determined by new measurements of benefit plans to employees of (\$5) (2017: (\$4)), the participation in associates and joint ventures, accounted for by using *the Equity Method*, in the amount of \$1,056 (2017: (\$1,550)), and the financial assets, measured at fair value, in the amount of \$(11) (2017: \$(85)).

12.5 Effective tax rates

The theoretical tax rate is calculated using the weighted average of the tax rates, established in the tax regulations of each of the countries where the Grupo Nutresa companies operate. In 2018, the theoretical rate decreases, due to the participation in the profit of Grupo Nutresa, those companies that have stabilized the tax rate, paying 33%, and not 37%, as indicated by the tax reform for this year.

On the other hand, the effective tax rate is below the theoretical rate, mainly due to permanent differences, that are generated by the tax treatment, established in the current regulations, such as untaxed dividends, the special deduction for real productive fixed assets, non-deductible expenses, among others, as detailed below.

	January – March 2018		January – March 2017	
	Value	%	Value	%
Accounting profit, before income taxes and non-controlling interest	160,605		173,365	
Applicable tax rate expenses	51,019	31.77%	59,501	34.32%
Untaxed portfolio dividends	(10,670)	(6.64%)	(21,501)	(12.4%)
Special deductions for real productive fixed assets	(616)	(0.38%)	(1,171)	(0.68%)
Amortizations	(805)	(0.5%)	-	-
Other tax impact	(338)	(0.21%)	(4,184)	(2.41%)
Total tax expenses (Note 12.3)	38,590	24.03%	32,645	18.83%

Table 24

12.6 Tax on wealth

In accordance with that established in Article 6 of Law 1739 of 2014, which adds Article 297-2 of the tax statute, the causation of wealth tax is realized on January 1st of the years 2015, 2016, and 2017, and may be charged to equity reserves, without affecting net income, in accordance with Article 10 of the same law. At March 31st, \$9,581 at a marginal rate from 0.05% to 0.40%, was recognized in reserves, at disposal to the highest social organ.

12.7 Information on current legal proceedings

In August 2016, Chilean companies from the Tresmontes Lucchetti Business, subsidiaries of Grupo Nutresa, received resolution of the Internal Revenue Service (SII) of Chile; in which said entity has objected to the tax on income, presented on the results of the fiscal year 2014, of those companies. The object of discussion in this resolution, is the tax benefit, according to the Law, and corresponds to corporate reorganizations realized, and that generate tax refunds requested. For the former, the Management of these companies in Chile presented, on August 24, 2016, the tax claim to the Tax and Customs Courts of Santiago de Chile, in accordance with the provisions of the Law. The Company is continuing with ongoing legal processes, and there is no evidence of changes in the evaluation realized by the Company.

At March 31, 2018, Industria de Alimentos Zenú S.A.S. and Alimentos Cárnicos S.A.S., subsidiaries of Grupo Nutresa, are in the process of discussions with the Directorate of National Tax and Customs (DIAN), for the unrecognized deduction for amortization of goodwill, generated in the acquisition of shares, of income of the taxable year 2011. The process in the Administrative Chamber has already been exhausted, therefore, the respective lawsuits were brought before the contentious administrative courts of Antioquia, and del Valle, respectively. The requests for monies in favor of the tax returns for the taxable year 2011, of these two companies, on the occasion of this discussion, were considered undue, by the DIAN, which generated a process for Industria de Alimentos Zenú S.A.S., in discussion in the administrative chamber, as well as for, Alimentos Cárnicos S.A.S., in judicial proceedings.

Grupo Nutresa S.A. files a lawsuit for the lack of knowledge of deductions and compensation for tax losses, in tax returns for the taxable years 2008 and 2009. Due to lack of knowledge, the Administration rejected the rebates, in favor of those taxable years, which made the necessary lawsuit against the resolutions, that decided the rejection.

Meals Mercadeo de Alimentos de Colombia S.A.S., is in dispute, in the Administrative Chamber, over the special deduction for productive real fixed assets in the Income Statement, for the 2013 taxable year, which is covered by the legal stability contract signed with the State. Additionally, a lawsuit is filed, before the Contentious Administrative Jurisdiction, for the refusal of the refund of the payment of the un-owned, of the property tax, paid by the companies, with legal stability contracts, signed with the Colombian State.

Note 13. FINANCIAL OBLIGATIONS

13.1 Financial liabilities at amortized cost

Financial obligations held by Grupo Nutresa are classified as measured, by using *the amortized cost method*, and are based on the Group's Business Model. Book values, at the end of the reporting period, are as follows:

	March 2018	December 2017
Loans	2,690,018	2,636,499
Bonds	378,650	381,453
Leases	12,784	13,258
Total	3,081,452	3,031,210
Current	718,979	557,133
Non-current	2,362,473	2,474,077

Table 25

The financial obligations, mainly loans, taken out by Colombian companies, in dollars, incorporates adjustments, that increase the amortized cost, in the amount of \$21,660, increasing the value of the financial obligation (December 2017: \$4,638), as a result of the measurement at fair value of hedging exchange rates, as described in Note 13.6, henceforth.

13.2 Bonds

Grupo Nutresa generated issuance of two bonds:

- In July 2008, Compañía Nacional de Chocolates de Perú, S.A. issued corporate bonds with Grupo Nutresa, serving as guarantor. The issuance was executed in the amount of \$118,520,000 Sols, with a maturity date of 10 years (2018), at a fixed interest 8.84% E.A., payable in arrears, every six months, and amortized at maturity. At March 2018, interest expenses were incurred from interest, in the amount of \$2,135 (March 2017: \$2,201). The balance of this obligation, in pesos, at March 2018, including interest incurred, is \$106,425 (December 2017: \$108,987).
- In August 2009, an issue of corporate bonds took place in Colombia, through Fideicomiso Grupo Nutresa, which is managed by Alianza Fiduciaria S.A., the issuance was realized in the amount of \$500,000, maturing in four tranches at 5, 7, 10, and 12 years, with interest payable quarterly, in arrears, and amortized to maturity of each tranches. At March 2018, interest expenses were incurred in the amount of \$6,144 (2017: \$7,466). The emission has a balance at March 2018, including accrued interest in the amount of \$272,225 (December 2017: \$272,466), and has the following characteristics:

Maturity	Interest Rate	March 2018	December 2017
2019	CPI + 5.33%	136,750	136,870
2021	CPI + 5.75%	135,475	135,596
Total		272,225	272,466

Table 26

13.3 Maturity

Period	March 2018	December 2017
1 year (including payable interest)	718,979	557,133
2 to 5 years	2,242,013	2,174,804
More than 5 years	120,460	299,273
Total	3,081,452	3,031,210

Table 27

13.4 Balance by currency

Currency	March 2018		December 2017	
	Original Currency	COP	Original Currency	COP
COP	2,763,732	\$ 2,763,732	2,650,164	\$ 2,650,164
CLP	68,405,431,541	315,218	55,494,273,054	269,370
USD	900,000	2,502	901,126	2,689
PEN	-	-	118,520,000	108,987
Total		3,081,452		3,031,210

Table 28

Currency balances are presented, after currency hedging.

At March of 2018, all of the transactions are denominated in the functional currency of each company, or have cash flow hedges, mitigating the sensitivity of exchange rates.

13.5 Interest rates

Changes in interest rates may impact the interest expense, for financial liabilities that are tied to a variable interest rate. For the Company, the interest rate risk is primarily attributable to operational debt, which includes debt securities, the issuance of bank loans, and leases. These are susceptible to changes in base rates, (CPI - IBR - DTF - TAB [Chile] - LIBOR), that are used to determine the applicable rates on bonds and loans.

The following table shows the structure of the financial risk due to exchange rates:

Rate	March 2018	December 2017
Variable interest rate debt	2,770,294	2,703,291
Fixed interest rate debt	311,158	327,919
Total	3,081,452	3,031,210
Average rate	6.93%	7.24%

Table 29

Rate	March 2018	December 2017
IBR indexed debt	1,043,206	997,913
DTF indexed debt	907,464	931,646
CPI indexed debt	504,658	513,684
TAB (Chile) indexed debt	314,966	260,048
Total debt at variable interest rate	2,770,294	2,703,291
Debt at a fixed interest rate	311,158	327,919
Total debt	3,081,452	3,031,210
Average rate	6.93%	7.24%

Table 30

To provide an idea of the sensitivity of financial expenses to interest rates, an increase of +100bp has been supposed, a scenario in which the annual interest expense, of the Group, would increase by \$30527.

Following is information on the main reference rates, at the close of 2018 and 2017:

Close Rate	March 2018	December 2017
IBR (3 Months)	4.21%	4.51%
DTF EA (3 Months)	5.00%	5.21%
DTF TA (3 Months)	4.85%	5.05%
CPI	3.14%	4.09%
TAB (3 Months)	2.81%	3.04%
LIBOR (3 Months)	2.31%	1.69%

Table 31

13.6 Derivatives and financial hedging instruments

Grupo Nutresa, at certain times, resorts to borrowing in dollars, in order to secure more competitive interest rates, in the market, and uses derivatives to mitigate the risk of the exchange rate, in these operations. These derivatives are designated as accounting hedges, which implies that the fair value measurement of the derivative instrument is recognized as an adjustment, to the amortized cost of the financial obligation, designated as a hedged item. At March 31, 2018, hedged debt amounted to USD 62,909,845 and PEN\$ 118,500,000 (December 2017: USD\$ 62,909,845 and PEN\$ 0).

In addition, Grupo Nutresa uses financial derivatives to manage and cover the cash flow positions against the US Dollar, in the different geographies, where it operates. These derivatives are not designated as hedge accounting, and are measured at fair value, and are included in the Statement of Financial Position, under the category of "other current assets" and "other current liabilities", respectively. The Group does not use derivative financial instruments for speculative purposes.

The following details the assets and liabilities from financial derivative instruments:

	March 2018		December 2017	
	Asset	Liability	Asset	Liability
Hedges				
Fair value of exchange rates on financial obligations	-	(21,660)	-	(4,638)
Fair value of exchange rates on cash flows	-	(799)	-	-
Total hedges derivatives	-	(22,459)	-	(4,638)
Non-designated derivatives				
Forwards and options on currencies	1,800	(8,470)	3,103	(3,080)
Forwards and options on interest rates	-	(938)	-	(1,150)
Forwards and options on commodities	4,324	(72)	4,744	(663)
Total non-designated derivatives	6,124	(9,480)	7,847	(4,893)
Net value of financial derivatives		(25,815)		(1,684)

Table 32

The valuation of non-designated derivative financial instruments, generated a loss in the Income Statement, in the amount of \$8,468 (2017: A loss of \$3,347), registered as part of the exchange difference of financial assets and liabilities.

All non-designated derivatives are measured at fair value, on a monthly basis, according to the Black Scholes Model. These items are classified in Level 2 of the hierarchy of fair value, established in IFRS 13.

13.7 Financial expenses

The financial expenses recognized in the Income Statement, are as follows:

	January - March	
	2018	2017
Loans interest	51.100	59.304
Bonds interest	8.279	9.667
Interest from financial leases	42	109
Total interest expenses	59.421	69.080
Employee Benefits	4.102	4.957
Other financial expenses	8.438	8.352
Total financial expenses	71.961	82.389

Table 33

Note 14. TRADE AND OTHER ACCOUNTS PAYABLE

The balances of trade and other accounts payable, are as follows:

	March 2018	December 2017
Suppliers	468.555	535.404
Dividends payable (Note 16)	269.127	68.409
Cost and expenses payable	214.892	353.354
Payroll deductions and contributions	43.496	36.232
Total	996.070	993.399
Current	995.912	993.241
Non-current	158	158

Table 34

Note 15. EMPLOYEE BENEFITS

The balance of liabilities, due to employee benefits, is as follows:

	March 2018	December 2017
Short-term benefits	114.045	96.134
Post-Employment benefits	142.616	167.643
Defined benefit plans (Note 15.1)	131.703	133.350
Defined contribution plans	10.913	34.293
Other long-term benefits (Note 15.2)	118.662	135.527
Total liabilities for employee benefits	375.323	399.304
Current portion	150.309	172.730
Non-current portion	225.014	226.574

Table 35

15.1 Pensions and other post-employment benefits

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

	Pensions	Retroactive severance	Other defined benefit plans	Total
Present value of obligations at January 1st 2018	24.917	16.005	92.428	133.350
(+) Cost of services	59	158	1.567	1.784
(+) Interest expenses	376	563	1.518	2.457
(+/-) Actuarial gains and/or losses	-	(339)	544	205
(+/-) Others	-	-	(100)	(100)
(-) Payments	(629)	(2.123)	(1.390)	(4.142)
(+/-) Difference in exchange rate	(65)	-	(1.786)	(1.851)
Present value of obligations at March 31, 2018	24.658	14.264	92.781	131.703

Table 36

During the period, from January to March of 2018, there were no significant changes in the main actuarial assumptions, used in the actuarial measurement of defined post-employment plans.

15.2 Other long-term benefits

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

	Seniority Premium	Other Long- term Benefits	Total
Present value of obligations at January 1st	75.403	60.124	135.527
(+) Cost of services	1.680	11.277	12.957
(+) Interest expenses	1.374	632	2.006
(+/-) Actuarial gains or losses	(554)	796	242
(-) Payments	(2.326)	(29.089)	(31.415)
(+/-) Exchange rate differences	(65)	(590)	(655)
Present value of obligations at March 31, 2018	75.512	43.150	118.662

Table 37

During the period from January to March of 2018, there were no significant changes in the main actuarial assumptions, used in the actuarial measurement of other long-term employee benefits.

15.3 Expenses for employee benefits

The amounts recognized, as expenses for employee, benefits were:

	January - March 2017	January - March 2016
Short-term benefits	332.049	315.206
Post-employment benefits	31.588	29.692
Defined contribution plans	29.804	27.379
Defined benefit plans	1.784	2.313
Other long-term employee benefits	13.560	11.081
Termination benefits	5.468	3.297
TOTAL	382.665	359.276

Table 38

Note 16. DISTRIBUTION OF DIVIDENDS

The Assembly of Shareholders of Grupo Nutresa S.A., at the ordinary meeting, held on March 20, 2018, declared ordinary share dividends of \$47.20, per-share, and per-month, equivalent to \$566.40 annually per share, (2017: \$534 annually per share), over 460,123,458 outstanding shares, during the months from April 2018 to March 2019, inclusive, for a total of \$260.614 (2017: \$245,706). In addition, dividends were issued to non-controlling interest owners of Setas de Colombia S.A., Helados Bon S.A., and Shadel Ltda., in the amount of \$1.363 (2017: \$13).

This dividend was declared, taken from net income, in the amount of \$196,396 (2017), and untaxed income, in the amount of \$64.217.

During the First Quarter of 2018, dividends were paid in the amount of \$61,595 (2017: \$57,497).

At March 31, 2018, accounts payable pending are \$269.127 and (December 2017: \$68.409).

Note 17. EXPENDITURE BY NATURE

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

	January - March	
	2018	2017
Inventory consumption and other costs	832.567	828.940
Employee benefits (Note 15.3)	382.665	359.276
Other services (*)	151.524	140.434
Other expenses	109.568	107.395
Transport services	77.630	66.477
Depreciation and amortization	71.937	60.574
Leases	55.315	52.190
Seasonal services	49.395	46.843
Manufacturing services	43.224	45.034
Energy and gas	35.466	32.972
Advertising material	27.917	33.313
Maintenance	24.113	22.842
Taxes other than income tax	19.011	20.666
Fees	16.918	19.064
Insurance	8.422	7.944
Impairment of assets	3.585	3.334
Total	1.909.257	1.847.298

Table 39

(*) Other services include: marketing, cleaning and surveillance, shelving and displays, food, public services, commercial plan of action, software, and storage.

Expenses for depreciation and amortization, impacted profit and loss, for the period, is as follows:

	January - March	
	2018	2017
Cost of sales	39.063	36.098
Sales expenses	28.766	20.335
Administration expenses	3.444	3.541
Production expenses	664	600
Total	71.937	60.574

Table 40

Note 18. OTHER OPERATING INCOME (EXPENSES), NET

The following is a breakdown of other operating income (expenses):

	January - March	
	2018	2017
Disposal and removal of property, plant and equipment and intangibles ⁽¹⁾	9.582	(402)
Indemnities and recuperations ⁽²⁾	1.916	5.671
Fines, penalties, litigation, and legal processes	(1.226)	(99)
Donations	(4.853)	(1.714)
Government grants ⁽³⁾	-	4.417
Other income and expenses	(477)	(789)
Total	4.942	7.084

Table 41

(1) For 2018, the income, generated by the sale of real estate, corresponds to \$6,609 and \$2,704, to machinery and equipment.

(2) In 2017, income from the recognition of compensation, for the loss that occurred in a production plant in Bogotá, is included.

(3) Corresponds to the First Quarter of 2017, in the amount of USD 1,500,500 (COP \$4,417), recorded in Abimar Foods Inc., and received from the Development Corporation of Abilene – DCOA, an organization that provides financial assistance to private companies to facilitate the

maintenance and expansion of employment, or to attract more investment that contribute to Abilene's economic development. This grant has been essential in the initiation of operations of the new production line of crackers. The grant agreement was finalized in 2017.

Note 19. EXCHANGE RATE VARIATION IMPACT

19.1 Reserves for the translation of businesses abroad

Grupo Nutresa's Consolidated Financial Statements include foreign subsidiaries, located mainly in Chile, Costa Rica, the United States, Mexico, Peru, Panama, and other Latin American countries, which represent 37.51% and the 35.9% of the total consolidated, in September 2017 and September 2016, respectively. The Financial Statements of these subsidiaries are translated into Colombian pesos, in accordance with the accounting policies of Grupo Nutresa.

The impact of exchange rates, on the translation of assets, liabilities, and results of foreign companies, in "other comprehensive income", is as follows:

		January - March	
		2018	2017
Mexico	MXN	557	10.851
Panama	PAB	(5.810)	(1.898)
United States	USD	(16.325)	(5.394)
Peru	PEN	(21.884)	(2.057)
Costa Rica	CRC	(32.922)	(32.650)
Chile	CLP	(92.854)	(48.763)
Others		(6.526)	(2.030)
Impact of exchange translation for the period		(175.764)	(81.941)
Reserves for exchange translation, at beginning of the period		663.598	136.016
Reserves for exchange translation at the end of the period		487.834	54.075

Table 42

The translation of Financial Statements, in the preparation of the Consolidated Financial Statements does not generate a tax impact.

The accumulated translation differences are reclassified to current earnings, partially or totally, when the operation is available abroad.

19.2 Differences in exchange rates from foreign currency transactions

The differences in exchange rates of assets and liabilities, recognized in profit and loss, are as follows:

		January - March	
		2018	2017
Realized		1.309	2.366
Unrealized		643	(190)
Operating exchange differences		1.952	2.176
Non-operating exchange differences		(2.666)	(3.118)
Total income (expenses) from exchange differences		(714)	(942)

Table 43

Note 20. EVENTS AFTER THE REPORTING PERIOD

These Condensed Consolidated Interim Financial Statements were authorized for issuance, by the Board of Grupo Nutresa, on April 27, 2018. There are no significant events after the closing of the Financial Statements, and up until the date of its approval, that might significantly impact Grupo Nutresa's Financial Position, reflected in these Interim Financial Statements at closing, March 31, 2018.