



Grupo Nutresa S. A.

Separate Financial Statements
at December 31st of 2018 and 2017

UN FUTURO
ENTRE TODOS





Statutory auditor's report on the separate financial statements (Free translation from the original in Spanish)

To the Shareholders of Grupo Nutresa S. A.

February 22, 2019

I have audited the accompanying separate financial statements of Grupo Nutresa S. A., which include the separate statement of financial position as at December 31, 2018, and the separate statements of comprehensive income, changes in the shareholders' equity and cash flows for the year then ended, and the summary of the main accounting policies and other explanatory notes.

Management's responsibility for the separate financial statements

The Management is responsible for the due preparation and fair presentation of the separate financial statements in accordance with the Accounting and Financial Reporting Standards Accepted in Colombia and for the internal control and risk management policies as management determines necessary to enable the preparation of financial statements that are free from material misstatements, due to fraud or error. The management is also responsible for the selection and application of proper accounting policies, and for making reasonable accounting estimates that are reasonable in the circumstances.

Statutory auditor's responsibility

My responsibility is to express an opinion on such financial statements based on my audit. I conducted my audit in accordance with the Auditing Standards on Financial Reporting accepted in Colombia. Those standards require that I comply with ethical requirements and plan and perform my audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatements in the financial statements due to fraud or error. In the assessment of those risks, the statutory auditor considers the internal control relevant to the entity for the preparation and presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I obtained is sufficient and appropriate enough to provide a basis for my audit opinion.

Opinion

In my opinion, the accompanying separate financial statements, faithfully taken from the accounting books, present fairly, in all material respects, the financial position of Grupo Nutresa S. A. at December 31, 2018, and the results of its operations and cash flows for the year then ended, in accordance with the Accounting and Financial Reporting Standards Accepted in Colombia.



To the Shareholders of Grupo Nutresa S. A.

February 22, 2019

Report regarding other legal and regulatory requirements

The management is responsible for compliance with certain regulatory requirements in Colombia, related to the management of accounting documentation, the preparation of management reports, and the timely and proper payment of contributions to the Integral Social Security System. My responsibility as statutory auditor in these matters is to perform review procedures to issue an opinion on their due compliance.

In light of the above, in my opinion:

- a) The Company's accounting records have been kept during 2018 in conformity with legal regulations and accounting technique, and transactions therein recorded conform to the bylaws and decisions made by the Meeting of the Shareholders and Board of Directors.
- b) The correspondence, accounting vouchers and books of minutes and share register are properly kept and safeguarded.
- c) Due concordance exists between the accompanying financial statements and the management report prepared by the Management. The administrators have stated in said management report that they did not hinder the free circulation of invoices issued by the vendors or suppliers.
- d) The information contained in the returns for self-computation of contributions to the Integral Social Security System, particularly regarding the affiliates and their base income for contribution, has been taken from the accounting records and supporting documents. At December 31, 2018, the Company is not in arrears regarding payment of contributions to the Integral Social Security System.
- e) The Company has implemented the Anti-Money Laundering and Terrorism Financing risk self-control and management system, in accordance with that established in External Circular 062 of 2007, issued by the Superintendency of Finance.

Other matters

In compliance with the statutory auditor's responsibilities stated in items 1 and 3 of Article 209 of the Colombian Code of Commerce, in connection to the assessment of whether the acts of the Company's management conform to the bylaws, orders and instructions of the Shareholders' Meeting, and whether appropriate measures of internal control, conservation and custody of the Company's assets or those of third parties in its possession are in place, I have issued a separate report dated February 22, 2019.

(Original in Spanish signed by:)

Bibiana Moreno Vasquez
Statutory Auditor
Professional Card No. 167200-T
Appointed by PwC Contadores y Auditores Ltda.

Certification of the Financial Statements

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

CERTIFY:

22 of February of 2019


We have previously verified all claims, herewith contained, in the Consolidated Financial Statements, at December 31, 2018 and 2017, according to, the regulations, and the same that have been faithfully taken, from the Financial Statements of the Parent Company, and its subsidiaries, duly certified and audited.

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

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



Carlos Ignacio Gallego Palacio
President



Jaime León Montoya Vásquez
General Accountant - T.P. 45056-T

Certification of the Financial Statements Law 964 of 2005

Gentlemen
Shareholders
Grupo Nutresa S.A.
Medellín

The undersigned Legal Representative of Grupo Nutresa S.A.

CERTIFIES:

22 of February of 2019

That the Consolidated Financial Statements, and the operations of the Parent Company, and its subsidiaries, at December 31, 2018 and 2017, do not contain any defects, differences, inaccuracies, or errors that impede the knowledge of the true and fair presentation, of the financial situation, of the same.

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

And is signed, as a record, on the 22nd day of the month of February of 2019.



Carlos Ignacio Gallego Palacio
President

Separate Financial Position Statement

At December 31st, 2018 and 2017 (values expressed in millions of Colombian Pesos)

| | Notes | 2018 | 2017 |
|---|-------|---------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 1.086 | \$ 465 |
| Trade and other accounts receivables | 5 | 14.608 | 14.481 |
| Other assets | 6 | 1.131 | 402 |
| Total current assets | | \$ 16.825 | \$ 15.348 |
| Non-current assets | | | |
| Trade and other accounts receivables | 5 | 567 | 2.965 |
| Investments in subsidiaries | 7 | 4.991.464 | 4.872.188 |
| Investments in associated | 8 | 150.606 | 149.441 |
| Other financial non-current assets | 9 | 3.322.470 | 4.061.685 |
| Deferred tax assets | 10.4 | 1.412 | 5.227 |
| Other assets | 6 | 9 | 6 |
| Total non-current assets | | \$ 8.466.528 | \$ 9.091.512 |
| TOTAL ASSETS | | \$ 8.483.353 | \$ 9.106.860 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other account payables | 11 | 74.322 | 69.855 |
| Income tax and other taxes, payable | 10.2 | 495 | 416 |
| Employee benefits liabilities | 12 | 745 | 1.205 |
| Total current liabilities | | \$ 75.562 | \$ 71.476 |
| Non-current liabilities | | | |
| Trade and other accounts payables | 11 | 158 | 158 |
| Employee benefits liabilities | 12 | 1.503 | 15.126 |
| Deferred tax liabilities | 10.4 | 8.239 | 9.449 |
| Other liabilities | | 301 | - |
| Total non-current liabilities | | \$ 10.201 | \$ 24.733 |
| TOTAL LIABILITIES | | \$ 85.763 | \$ 96.209 |
| EQUITY | | | |
| Share capital issued | 13.1 | 2.301 | 2.301 |
| Paid-in-capital | 13.1 | 546.832 | 546.832 |
| Reserves | 13.2 | 3.915.685 | 3.746.020 |
| Retained earnings | 13.2 | 3 | 3 |
| Other comprehensive income, accumulated | 14 | 3.422.608 | 4.285.216 |
| Earnings for the period | | 510.161 | 430.279 |
| TOTAL EQUITY | | \$ 8.397.590 | \$ 9.010.651 |
| TOTAL LIABILITIES AND EQUITY | | \$ 8.483.353 | \$ 9.106.860 |

The Notes are an integral part of the Separate 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 PwC Contadores y Auditores Ltda.
(See attached opinion)

Separate Comprehensive Income Statement

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

| | Notes | 2018 | 2017 |
|--|-------|-------------------|-------------------|
| Operating Income | | \$ 515.387 | \$ 434.312 |
| Portfolio dividends | 9 | 57.649 | 54.204 |
| Share of profit, for the period of subsidiaries | 7 | 459.115 | 374.306 |
| Share of profit, for the period of associates | 8 | (1.377) | 5.802 |
| Gross profit | | \$ 515.387 | \$ 434.312 |
| Administrative expenses | | (3.771) | (4.077) |
| Exchange differences on operating assets and liabilities | | (3) | (1) |
| Other operating income, net | | 2.094 | 3.901 |
| Operating profit | | \$ 513.707 | \$ 434.135 |
| Financial income | | 4 | 4 |
| Financial expenses | | (1.152) | (1.419) |
| Income before tax | | \$ 512.559 | \$ 432.720 |
| Current income tax | | (181) | (84) |
| Deferred income tax | | (2.217) | (2.357) |
| Net profit for the period | | \$ 510.161 | \$ 430.279 |

Earnings per share (*)

| | | | |
|--|--|-----------------|---------------|
| Basic, attributable to controlling interest (in Colombian Pesos) | | 1.108,75 | 935,14 |
|--|--|-----------------|---------------|

(*) 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 or loss: | | | |
| Actuarial (losses)/gains of defined benefit plans | 12.1 | 1.102 | 709 |
| Equity investments measured at fair value | 9 | (803.165) | 252.401 |
| Income tax from items that will not be reclassified | | (523) | (234) |
| Total items that are not subsequently reclassified to profit or loss | | \$ (802.586) | \$ 252.876 |
| Items that may be subsequently reclassified to profit and loss: | | | |
| Share of other comprehensive income of subsidiaries | 7 | (59.701) | 132.884 |
| Share of other comprehensive income of associates | 8 | (458) | 487 |
| Income tax from items that will be reclassified | | 137 | (160) |
| Total items that are or may be subsequently reclassified to profit and loss: | | \$ (60.022) | \$ 133.211 |
| Other comprehensive income, net taxes | | \$ (862.608) | \$ 386.087 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | \$ (352.447) | \$ 816.366 |


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(See attached opinion)

Separate Change in Equity Statement


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

| | Share capital issued | Paid-in-capital | Reserves | Retained earnings | Profit for the period | Other comprehensive income, accumulated | Total |
|--|----------------------|-----------------|------------------|-------------------|-----------------------|---|------------------|
| Balance at December 31st, 2017 | 2.301 | 546.832 | 3.746.020 | 3 | 430.279 | 4.285.216 | 9.010.651 |
| Profit for the period | - | - | - | - | 510.161 | - | 510.161 |
| Other comprehensive income for the period | - | - | - | - | - | (862.608) | (862.608) |
| Comprehensive income for the period | - | - | - | - | 510.161 | (862.608) | (352.447) |
| Transfer to income, in prior years | - | - | - | 430.279 | (430.279) | - | - |
| Cash dividends (Note 9) | - | - | (64.218) | (196.396) | - | - | (260.614) |
| Appropriation of reserves | - | - | 233.883 | (233.883) | - | - | - |
| Balance at December 31st, 2018 | 2.301 | 546.832 | 3.915.685 | 3 | 510.161 | 3.422.608 | 8.397.590 |
| Balance at December 31st, 2016 | 2.301 | 546.832 | 3.592.671 | - | 399.098 | 3.899.132 | 8.440.034 |
| Profit for the period | - | - | - | - | 430.279 | - | 430.279 |
| Other comprehensive income for the period | - | - | - | - | - | 386.087 | 386.087 |
| Comprehensive income for the period | - | - | - | - | 430.279 | 386.087 | 816.366 |
| Transfer to accumulated results | - | - | - | 399.098 | (399.098) | - | - |
| Cash dividends (Note 9) | - | - | (2.761) | (242.945) | - | - | (245.706) |
| Appropriation of reserves | - | - | 156.153 | (156.153) | - | - | - |
| Tax on wealth (Note 8) | - | - | (43) | - | - | - | (43) |
| Realization of other comprehensive income | - | - | - | 3 | - | (3) | - |
| Balance at December 31st, 2017 | 2.301 | 546.832 | 3.746.020 | 3 | 430.279 | 4.285.216 | 9.010.651 |


The Notes are an integral part of the Separate Financial Statements.



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(See attached opinion)

Separate Cash-flow Statement

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

| | 2018 | 2017 |
|---|--------------------|--------------------|
| Cash flow from operating activities | | |
| Dividends received (Note 7 – 9) | \$ 332.996 | \$ 265.755 |
| Dividends paid (Note 13.3) | (256.194) | (240.744) |
| Collection from goods and services | 2.073 | 2.575 |
| Payments to suppliers for goods and services | (2.042) | (1.788) |
| Payments to and on behalf of employees | (21.257) | (6.548) |
| Income taxes on reimbursed (paid) gains | (317) | 391 |
| Other cash inflows | 15.627 | 1.500 |
| Net cash flow from operating activities | \$ 70.886 | \$ 21.141 |
| Cash flows from investing activities | | |
| Purchases of equity of associates and joint ventures (Note 8) | (3.000) | (20.717) |
| Payments to third parties, to obtain control of subsidiaries (Note 7) | (3.221) | - |
| Purchases and sales of other equity instruments (Note 9) | (63.950) | - |
| Other cash inflows | 35 | 126 |
| Net cash flows used in investment activities | \$ (70.136) | \$ (20.591) |
| Cash flow from financing activities | | |
| Interest paid | (46) | - |
| Other cash outflows | (82) | (126) |
| Net cash flow used in financing activities | \$ (128) | \$ (126) |
| Increase in cash and cash equivalents from activities | \$ 622 | \$ 424 |
| Net foreign exchange differences | (1) | (1) |
| Net increase in cash and cash equivalents | 621 | 423 |
| Cash and cash equivalents, at the beginning of the period | 465 | 42 |
| Cash and cash equivalents at the end of the period | \$ 1.086 | \$ 465 |

The Notes are an integral part of the Separate Financial Statements.



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President



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



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(See attached opinion)

Notes for the Separate Financial Statements

For the period between January 1st and December 31st of 2018 and 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

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

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

Note 2. BASIS OF PREPARATION

The Separate Financial Statements of Grupo Nutresa, for the period from January 1st to December 31st, 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 2016, and other legal provisions, defined by the Financial Superintendence of Colombia.

2.1 Basis of measurement

The Separate Financial Statements have been prepared on a historical cost basis, except for the measurements at fair value of certain financial instruments, as described in the 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”.

2.2 Functional and presentation currency

The Separate Financial Statements are presented in Colombian Pesos, which is both the functional and presentation currency of Grupo Nutresa. These figures are expressed in millions of Colombian Pesos, except for basic earnings per share and the representative market exchange rates, which are expressed in Colombian Pesos, as well as, other currencies (E.g. USD, Euros, Pounds Sterling, et al.), and which are expressed as monetary units.

2.3 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

Grupo Nutresa applies the following significant accounting policies in preparing its Financial Statements:

3.1 Investments in subsidiaries

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 activities and the financing to obtain benefits from its activities, and is exposed, or has rights, to those variable yields.

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

Separate Financial Statements

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.

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

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

The portion of profit and loss, of an associate or joint venture, is presented in the Statement of Comprehensive Income, for the period, net of taxes and non-controlling interest in the subsidiaries of the associate or joint venture. The portion of changes, recognized directly in equity and other comprehensive income of the associate or joint venture, is presented in the Statement of Changes in Equity and other comprehensive income. Cash dividends received, from the associate or joint ventures, are recognized by reducing the book value of the investment.

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

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

3.3 Foreign currency

Transactions made in a currency other than the functional currency of the Company are translated, using the exchange rate at the date of the transaction. Subsequently, monetary assets and liabilities denominated in foreign currencies are translated, using the exchange rates at the closing of the Financial Statements and taken from the information published by the official body responsible for certifying this information. Non-monetary items, that are measured at fair value, are 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 exchange rates determined on the date of the original transaction.

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

3.4 Cash and cash equivalents

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

3.5 Financial instruments

Policies applicable as of January 1, 2018

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.

Separate Financial Statements

(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. The carrying amount of these assets is adjusted by any estimate of expected and recognized credit loss. Income from interest of these financial assets is included in "interest and similar income", using the effective interest rate method.

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, the Group evaluates whether the cash flows of the financial instruments represent only capital and interest payments. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic loan agreement. That is, the interest includes only the consideration for the value of money over time, credit risk, other basic credit risks, and a profit margin consistent with a basic loan agreement. When the contractual terms introduce a risk, or volatility exposure, and are inconsistent with a basic loan agreement, the related financial asset is classified and measured at fair value, through profit or loss.

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 with changes in other comprehensive income

The financial assets, held for the collection of contractual cash flows and for sales of the assets, where the cash flows of the assets represent only payments of principal and interest, and which are not designated at fair value, through profit or loss, are measured at fair value with changes in other comprehensive income.

For investments in equity instruments, that are not held for trading purposes, Grupo Nutresa chooses to irrevocably present gains or losses, from fair value measurement, in other comprehensive income. In the disposal of investments, at fair value, through other comprehensive income, the accumulated value of gains or losses is transferred directly to retained earnings and is not reclassified to profit or loss. Dividends received in cash, from these investments, are recognized in profit or loss for the period.

The fair values of share price 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 Group 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) Financial assets measured at fair value

The financial assets, different from those measured at amortized cost or at fair value, with changes in other comprehensive income, are subsequently measured at fair value, with changes recognized in profit and loss. A loss or gain on a debt instrument, that is subsequently measured at fair value, through profit or loss and is not part of a hedging relationship, is recognized in the Income Statement, for the period in which it arises, unless it arises from instruments of debt that were designated at fair value, or that are not held for trading.

(iv) Impairment of financial assets at amortized cost

The Group evaluates, in a prospective manner, the expected credit losses associated with the debt instruments, recorded at amortized cost and at fair value, through changes in other comprehensive income, as well as with the exposure derived from loan commitments and financial guarantee contracts. The Group recognizes a provision for losses, at each presentation date. The measurement of the expected credit losses reflects:

- An unbiased and weighted probability quantity, that is determined by evaluating a range of possible outcomes;
- The value of money in time; and
- Reasonable and supported information, available without incurring undue costs or efforts, on the filing date, with regard to past events, current conditions, and future economic condition forecasts.

(v) 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.

(vi) Modification

In some circumstances, the renegotiation, or modification of the contractual cash flows, of a financial asset, may lead to the derecognition of an existing financial asset. When the modification of a financial asset results in the derecognition of an existing financial asset, and the subsequent recognition of a modified financial asset, it is considered a new financial asset. Accordingly, the date of the modification will be treated as the date of initial recognition, of that financial asset.

Separate Financial Statements

(vii) 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.

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.

Financial liabilities are written-off in accounts when they are canceled, that is, when the obligation specified in the contract is met, canceled, or expires.

(viii) 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 Separate, 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.

Policies applicable until December 31, 2017

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

(i) Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest rate, if the asset is held within a business model whose objective is to keep the contractual cash flows, and the contractual terms, on specific dates, cash flows that are solely for payments of principal and interest on the 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.

(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 S.A. irrevocably chooses to present gains or losses on the fair value measurement in "other comprehensive income". Upon disposal of investments at fair value, through "other comprehensive income", the accumulated value of the OCI 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 of that period.

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

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

(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, it 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 profit and loss, for the period.

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(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.

(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, only if (i) there is, at present, a legally enforceable right to offset the amounts recognized, and (ii) there is an intention to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

3.6 Taxes

This 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 the countries where Grupo Nutresa operate.

a) **Income tax**

(i) **Current**

Current assets and liabilities, generated from the income tax, for the period, are measured by the values expected to be recovered or paid to the taxation authorities. Expenses for income tax is recognized under current tax, in accordance with the tax clearance, between taxable incomes and accounting profit and loss, impacted by the rate of income tax in the current year, in accordance with the effective tax rules in each country. Taxes rates and tax norms or laws used to compute these values are those that are approved at the end of the reporting period, over which it is reported. Current assets and liabilities, from income tax are compensated for, if related to the same Fiscal Authority, and whose intention is to settle for a net value or realize the asset, and settle the liability, 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 in and book value. Deferred tax liabilities are generally recognized for all temporary tax differences imposed, and all of the deferred tax assets are recognized, for all temporary deductible differences, future compensation of tax credits, and unused tax losses, to the extent that it is likely there will be availability of future tax profit, against which, they can be attributed. Deferred taxes are not subject to financial discount.

Deferred asset and liability taxes are not recognized, if a temporary difference arises from the initial recognition of an asset or liability, in a transaction that is not a business combination, and at the time of the transaction, 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.

The 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 said 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" was originated, from possession of the same to the March 1st of the years 2015, 2016, and 2017, by taxpayers. Therefore, those taxpayers with liquid equity, 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.

3.7 Employee benefits

a) **Short-term benefits**

They are, (other than termination benefits), benefits expected to be settled in its totality, before the end of the following twelve months (12), at the end of the annual period, of which the services rendered, by employees, is reported. Short-term benefits are recognized to the extent that the employee renders the service, to the expected value to be paid.

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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 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.

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

Updates of the liability for actuarial gains and losses are recognized in the Statement of Financial Position, against retained earnings through "Other comprehensive income". These items will not be reclassified to 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.

3.8 Provisions, contingent liabilities and assets

a) Provisions

Provisions are recognized when, as a result of a past event, the Company has a present legal or implicit obligation to a settlement, and requires an outflow of resources, are considered probable, and can be estimated with certainty.

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

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

b) Contingent liabilities

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

c) Contingent assets

Possible assets, arising out of past events and whose existence will be confirmed only by the occurrence, or possibly by the non-occurrence of one or more uncertain future events, which are not entirely under the control Grupo Nutresa, 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.

3.9 Revenue

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

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

a) Dividend income

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

b) The Equity Method

Under this method, the investment is initially recorded at cost, and is adjusted for changes in Grupo Nutresa's shares of the net assets in subsidiaries and associates, after the acquisition date, and minus any impairment loss on the investment.

c) Interest

For all financial instruments measured at amortized cost, interest income, or expense, is recognized with the effective interest rate. 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.

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3.10 Fair value

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

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

Fair value is determined:

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

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

3.11 Earnings per share

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

The average number of shares outstanding, for the periods ended September 30, 2018 and 2017, is 460,123,458.

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

3.12 Relative importance or materiality

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

3.13 Changes in accounting policies

Financial Instruments

The Company has adopted IFRS 9, issued by the IASB in July 2014, considering the transition date as January 1, 2018, which resulted in changes in the accounting policies and adjustments to the amounts, previously recognized in the Financial Statements, primarily in the determination of the expected loss.

As permitted by the transitional provisions of IFRS 9, the Company decided not to restate the comparative figures. Any adjustments to the book values of financial assets and liabilities, at the transition date, were recognized in the accumulated earnings, at the opening of the current period.

Consequently, for the disclosures of Notes, the amendments generated from the disclosures of IFRS 7, have only been applied to the current period. The period of comparative information discloses the revelations realized in the previous year.

The adoption of IFRS 9 has resulted in changes in our accounting policies for the recognition and measurement of the impairment of financial assets. As of January 1, 2018, there is no impact from adoption of IFRS 9.

3.14 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.

Decree 2483 of December 28, 2018 compiled and updated the technical framework of the Accounting and Financial Information Standards, accepted in Colombia, which had been incorporated by Decrees 2420 of 2015, 2496 of 2015, 2131 of 2016, and 2170 of 2017, including a new standard issued by the International Accounting Standards Board (IASB), to be applied as of January 1, 2019, although its application could be effectuated, in advance.

IFRS 16 Leases

The International Accounting Standards Board (IASB) issued IFRS 16, with an effective date of application of January 1, 2019.

IFRS 16 replaces existing guidance for the accounting of leases, including IAS 17 Leases, IFRIC 4 Determining if a contract contains a lease, SIC 15 incentives in operating leases, and SIC 27 evaluation of the substance of transactions, involving the legal form of a lease.

IFRS 16 introduces a single accounting record model of lease agreements, in the Statement of Financial Position, for lessees. A lessee recognizes an asset for right-of-use, representing the right-of-use the asset taken as a lease and a liability for the right-of-use for lease, 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

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treatment of lease agreements, for lessors, remains similar to current accounting standards, in which the lessor classifies leases as financial or operating leases.

For the purpose of applying this standard, the nature of the expenses, corresponding to operating lease contracts, as lessee will change with IFRS 16, from lease expenses to amortization charges, of the rights-of-use of the assets, in addition to leasing expenses financial liabilities arising from the lease liabilities, for the rights-of-use, of the aforementioned assets.

IFRIC 23 Uncertainty regarding the Treatment of Income Taxes

IFRIC 23 was issued in May 2017. This interpretation clarifies how to apply the recognition and measurement requirements of IAS 12, when there is uncertainty regarding the treatment of income tax. In this circumstance, an entity recognizes and measures its asset or liability, for deferred or current taxes, by applying the requirements of IAS 12, on the basis of taxable profit (tax loss), tax bases, unused fiscal losses, unused tax credits, and tax rates determined by applying this interpretation.

The Company will evaluate the potential impacts of this interpretation, in its Financial Statements, without having identified situations that may require changes in the Financial Statements.

Note 4. JUDGMENTS, ESTIMATES AND SIGNIFICANT ACCOUNTING ASSUMPTIONS

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

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

- Assessment of the existence of impairment indicators for assets
- Choose, appropriately, the models, and assumptions, for the measurement of the expected credit loss.
- Assumptions used in the actuarial calculation of post-employment and long-term obligations with employees
- Assumptions used to calculate the fair value of financial instruments
- Recoverability of deferred tax assets
- Determination of control, significant influence, or joint control of an investment

Judgments and estimates made by the Administration of Nutresa Group, in the preparation of the Separated Financial Statements, at December 31, 2018, do not differ significantly from those realized at the year-end close, of the previous period, that is, December 31, 2017.

Note 5. TRADE AND OTHER ACCOUNTS RECEIVABLES

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

| | 2018 | 2017 |
|--|---------------|---------------|
| Accounts receivable from employees | 18 | 19 |
| Dividends receivable from third parties (Note 9) | 14.498 | 6.185 |
| Other accounts receivable, related parties | 600 | 11.197 |
| Other accounts receivable from third parties | 59 | 45 |
| Total debtors and accounts receivable | 15.175 | 17.446 |
| Current portion | 14.608 | 14.481 |
| Non-current portion | 567 | 2.965 |

Table 1

Note 6. OTHER ASSETS

Other assets are comprised of the following:

| | 2018 | 2017 |
|-----------------------------------|--------------|------------|
| Other current assets | | |
| Taxes | 566 | 344 |
| Prepaid expenses ⁽¹⁾ | 565 | 42 |
| Assets held for sale | - | 16 |
| Total other current assets | 1.131 | 402 |
| Other non-current assets | | |
| Prepaid expenses ⁽¹⁾ | 9 | 6 |
| Total other assets | 1.140 | 408 |

Table 2

(1) The prepaid expenses relate mainly to services and insurance.

Note 7. INVESTMENTS IN SUBSIDIARIES

The following represents the book values of the subsidiaries, of Grupo Nutresa, to the date of the period, over which is reported:

| | % participation | Book Value | |
|---|-----------------|------------------|------------------|
| | | 2018 | 2017 |
| Compañía de Galletas Noel S. A. S. | 100% | 1.302.208 | 1.256.658 |
| Compañía Nacional de Chocolates S. A. S. | 100% | 1.157.439 | 1.110.536 |
| Tropical Coffee Company S. A. S. | 100% | 20.089 | 18.355 |
| Industria Colombiana de Café S. A. S. | 100% | 568.716 | 559.465 |
| Industria de Alimentos Zenú S. A. S. | 100% | 203.266 | 206.566 |
| Inverlogy S. A. S. (antes Litoempaques S. A. S.) ⁽³⁾ | 100% | 26.566 | 22.047 |
| Meals Mercadeo de Alimentos de Colombia S. A. S. | 100% | 184.911 | 215.285 |
| Molino Santa Marta S. A. S. | 100% | 73.157 | 84.737 |
| Novaventa S. A. S. | 93% | 135.662 | 133.599 |
| Pastas Comarrico S. A. S. | 100% | 29.280 | 26.715 |
| Productos Alimenticios Doria S. A. S. | 100% | 101.848 | 136.209 |
| Alimentos Cárnicos S. A. S. | 100% | 969.119 | 895.360 |
| Setas Colombianas S. A. | 94% | 51.102 | 47.689 |
| Compañía Nacional de Chocolates Perú S. A. | 0,0% | 10 | 11 |
| La Recetta Soluciones Gastronómicas Integradas S. A. S. | 70% | 962 | 1.265 |
| Gestión Cargo Zona Franca S. A. S. | 100% | 73.850 | 62.019 |
| Comercial Nutresa S. A. S. | 100% | 28.252 | 23.695 |
| Industrias Aliadas S. A. S. | 83% | 60.229 | 69.093 |
| Opperar Colombia S. A. S. | 100% | 1.342 | 1.074 |
| Servicios Nutresa S. A. S. | 100% | - | 1.558 |
| Fideicomiso Grupo Nutresa | 100% | 243 | 252 |
| Productos Naturela S. A. S. ⁽¹⁾ | 60% | 3.213 | - |
| Sub total | | 4.991.464 | 4.872.188 |
| Servicios Nutresa S. A. S. ⁽²⁾ | 100% | (301) | - |
| Total | | 4.991.163 | 4.872.188 |

Table 3

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

| | 2018 | | | 2017 | | |
|---|--------------------|--------------------------------|-------------------------------------|--------------------|--------------------------------|-------------------------------------|
| | Dividends received | Share of Income for the Period | Share of Other Comprehensive Income | Dividends received | Share of Income for The Period | Share of Other Comprehensive Income |
| Compañía de Galletas Noel S. A. S. | 45.815 | 119.271 | (27.906) | 43.197 | 122.716 | (15.062) |
| Compañía Nacional de Chocolates S. A. S. | 96.458 | 143.183 | 178 | 20.422 | 102.428 | (27.203) |
| Tropical Coffee Company S. A. S. | - | 1.853 | (119) | - | 1.781 | 29 |
| Industria Colombiana de Café S. A. S. | - | 14.494 | (5.243) | 102.346 | 21.028 | (24.345) |
| Industria de Alimentos Zenú S. A. S. | 23.463 | 20.199 | (36) | 19.220 | 16.473 | 393 |
| Inverlogy S. A. S. (antes Litoempaques S. A. S.) ⁽³⁾ | - | 4.476 | 43 | - | 217 | 52 |
| Meals Mercadeo de Alimentos de Colombia S. A. S. | - | (31.463) | 1.088 | - | (14.231) | 1.000 |
| Molino Santa Marta S. A. S. | 20.130 | 8.555 | (5) | - | 5.268 | 217 |
| Novaventa S. A. S. | 30.334 | 36.274 | (3.877) | - | 26.126 | 216 |
| Pastas Comarrico S. A. S. | - | 2.565 | - | - | 2.050 | 46 |
| Productos Alimenticios Doria S. A. S. | 50.309 | 15.063 | 885 | - | 9.434 | 676 |
| Alimentos Cárnicos S. A. S. | - | 97.753 | (23.994) | - | 67.495 | (69.484) |
| Setas Colombianas S. A. | 2.948 | 6.365 | (4) | 2.438 | 3.739 | 89 |
| Compañía Nacional de Chocolates Perú S. A. | 2 | 1 | - | - | - | - |
| La Recetta Soluciones Gastronómicas Integradas S. A. S. | - | (177) | (126) | - | 102 | 4 |
| Gestión Cargo Zona Franca S. A. S. | - | 11.831 | - | - | 8.479 | 128 |
| Comercial Nutresa S. A. S. | - | 5.263 | (706) | - | (4.378) | 222 |
| Industrias Aliadas S. A. S. | 14.201 | 5.332 | 5 | 15.614 | 6.208 | 183 |
| Opperar Colombia S. A. S. | - | 268 | - | - | 227 | - |

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| | | | | | | |
|---|----------------|----------------|-----------------|----------------|----------------|------------------|
| Servicios Nutresa S. A. S. ⁽²⁾ | - | (1.974) | 116 | - | (857) | (59) |
| Fideicomiso Grupo Nutresa | - | (9) | - | - | 1 | 14 |
| Productos Naturela S. A. S. | - | (8) | - | - | - | - |
| Total | 283.660 | 459.115 | (59.701) | 203.237 | 374.306 | (132.884) |

Table 4

- (1) In September 2018, a 60% stake, was obtained, via the acquisition of shares (capitalization), in the amount of \$3.221, of Productos Naturela S. A. S., a company dedicated to the production and commercialization of healthy and functional foods. This acquisition is aligned with the purpose of expansion towards innovative products, that benefit the health and nutrition of its consumers.
- (2) Corresponds to the investment with negative equity which is provisioned, and is presented in the Statement of Financial Position in other provisions.
- (3) As of March 2018, Litoempaques S.A.S., changed its corporate name to Servicios Logypack S.A.S., and in November of 2018, the latter changed its corporate name to Inverlogy S. A. S.

There are no variations in the participation of Shareholders between December 2017 and December 2018. The dividends received in subsidiaries, are recognizes as the lessor value of the investment, as part of the application of the equity method. At December 31, 2018, there no dividends receivable (2017: \$0).

Dividends received, from subsidiaries, generate an impact on cash flow in the amount of \$283.660 (2017:\$204.009, includes \$ 772 that were pending collection in 2016 and were collected in 2017).

Note 8. INVESTMENTS IN ASSOCIATES

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

| | Country | % participation | Book Value | | 2018 | | 2017 | |
|--------------------------|----------|-----------------|----------------|----------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|
| | | | 2018 | 2017 | Share of Income for the Period | Share of Other Comprehensive Income | Share of Income for the Period | Share of Other Comprehensive Income |
| Associates | | | | | | | | |
| Bimbo de Colombia S. A. | Colombia | 40% | 139.918 | 139.867 | 509 | (458) | 6.745 | 495 |
| Estrella Andina S. A. S. | Colombia | 30% | 10.688 | 9.574 | (1.886) | - | (943) | (8) |
| Total associates | | | 150.606 | 149.441 | (1.377) | (458) | 5.802 | 487 |

Table 5

Bimbo de Colombia S.A.

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

Estrella Andina S.A.S.

Estrella Andina S.A.S. is a simplified joint stock company, engaged in the marketing of ready-made meals in the cafeterias, in which Nutresa has a 30% stake, having as its majority Shareholder, Grupo Alsea, with an interest of 70%.

The movements of investments in associates, are as follows:

| | 2018 | 2017 |
|------------------------------------|----------------|----------------|
| Opening balance | 149.441 | 138.652 |
| Increased of contributions (*) | 3.000 | 4.500 |
| Participation in profit and loss | (1.377) | 5.802 |
| Participation comprehensive income | (458) | 487 |
| Ending balance | 150.606 | 149.441 |

Table 6

Increase in contributions in associates and joint ventures

- * In September 2018, a capitalization was realized, in Estrella Andina S.A.S., in which Grupo Nutresa invested \$3,000, without generating changes in the percentage of participation. Also, in May 2017, an increase in capital was realized, in which, the Company invested \$4,500, without generating changes in the percentage of participation.

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.

Below, is the summarized financial information regarding the associated entities:

| | 2018 | | | | | 2017 | | | | |
|------------------------|---------|-------------|---------|-----------------------|-------------------------------------|---------|-------------|---------|-----------------------|-------------------------------------|
| | Assets | Liabilities | Equity | Profit for the Period | Comprehensive Income for the Period | Assets | Liabilities | Equity | Profit for the Period | Comprehensive Income for the Period |
| Bimbo de Colombia S.A. | 643.271 | 293.475 | 349.796 | 2.725 | 459 | 635.443 | 285.776 | 349.667 | 16.278 | 395 |
| Estrella Andina S.A.S. | 43.913 | 8.116 | 35.797 | (5.588) | - | 35.391 | 3.307 | 32.084 | (2.802) | - |

Table 7

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 these instruments, and which are recognized, by Nutresa, on the date that the right to receive future payments is established, which is the date of declaration of dividends by the issuing company. “Other comprehensive income” includes changes in the fair value of these financial instruments.

The breakdown of financial instruments, is as follows:

| Book Value | Number of shares held | Participation as % in Total Ordinary Shares | 2018 | 2017 |
|---|-----------------------|---|------------------|------------------|
| Grupo de Inversiones Suramericana S. A. | 61.386.550 | 13,09% (2017: 12,66%) | 1.971.736 | 2.393.328 |
| Grupo Argos S. A. | 79.804.628 | 12,36% | 1.348.698 | 1.666.321 |
| Other companies | | | 2.036 | 2.036 |
| | | | 3.322.470 | 4.061.685 |

Table 8

| | 2018 | | 2017 | |
|---|-----------------|----------------------------------|-----------------|----------------------------------|
| | Dividend income | Losses of Fair Value Measurement | Dividend income | Profit of Fair Value Measurement |
| Grupo de Inversiones Suramericana S. A. | 31.026 | (485.543) | 28.981 | 124.714 |
| Grupo Argos S. A. | 26.176 | (317.622) | 24.740 | 127.687 |
| Other companies | 447 | - | 483 | - |
| | 57.649 | (803.165) | 54.204 | 252.401 |

Table 9

The value of the dividend per share, declared for 2018, by Grupo de Inversiones Suramericana S. A. was \$518 (pesos), yearly per share. These will be paid quarterly, in the amount of \$129,50. For its part, Grupo Argos S. A. declared, in the month of April, dividends, in the amount of \$328 (pesos), yearly, per share, to be paid quarterly, in the amount of \$82.

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 for the first half of 2018, for portfolio investments, corresponds mainly to the total annual dividend, declared by the issuers, and no similar income for the remainder of the year is expected. In addition, in October 2018, dividend shares were received, from part of Grupo de Inversiones Suramericana S. A., in the amount of \$263, equivalent to the investment realized in financial equity instruments in the amount of \$63.950.

The dividends received generated an impact in cashflows of \$49.336 (2017: 61.746).

At December 31, 2018, accounts receivable, from dividends of financial instruments, are \$14.498 (2017: \$6.185).

9.1 Fair value measurement of financial instruments

The fair value of shares traded and that are classified as high trading volume is determined based on the price quoted on the Colombian Stock Exchange; this measurement is in the Hierarchy 1, established by IFRS 13 for measuring 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 realized monthly and generated losses of \$871.316 (2017: income \$252.402), recognized in the other comprehensive income.

The following is the value per share, used in the valuation of investments listed on the Colombian Stock Exchange:

| Price per share (in Colombian Pesos) | 2018 | 2017 |
|--|--------|--------|
| Grupo de Inversiones Suramericana S.A. | 32.120 | 40.300 |
| Grupo Argos S.A. | 16.900 | 20.880 |

Table 10

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.

9.2 Liens

At December 31, 2018, there were pledges of 22.103.000 (2017: 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.

Note 10. INCOME TAXES AND TAXES PAYABLE

10.1 Applicable Norms

The effective and applicable tax norms, state that nominal rates of income tax, for the Company are 33% and a surcharge of 4%.

The tax deductions, applied in the Income Statement, may not exceed 25% of the income tax charged to the taxpayer, in the respective taxable year, with the possibility of applying the excess in the taxable period, following the one in which the donation was made, if the discount is to companies, belonging to the special tax regime.

The terms of finality of the tax returns is 3 years. However, for companies' subject to the transfer pricing regime, the finality will be 6 years, and the statements that originate or offset fiscal losses, will be final, in 12 years.

Fiscal losses, which did not expire for compensation with net revenue, in the tax returns of future periods, will be, as of the effective date of Law 1819 of 2016, and with a limit for compensation of 12 years.

Through Article 137 of Law 1819 of 2016, the obligation was established, to maintain a system of control or conciliation of differences that arise between the new regulatory technical frameworks and the Colombian Tax Statute. For this, the Decree 1998 of November 30, 2017 and Resolution 73 of December 29 of 2017 that regulate the fiscal conciliation referred to in Law 1819 of 2016 and that should be implemented in the year 2018 to inform the taxable year 2017, as an integral part of the Income Statement of the same taxable year, were issued.

Additionally, in consideration of Article 108 of Law 1819 of 2016 and Action 13 of the BEPS OECD/G20 project, Resolution 71 of December 29, 2017 is issued, which establishes the procedure for the presentation of the Country by Country Report, that is part of the standardized approach in three levels of the documentation on transfer prices and that will contain information relative to the global allocation of income and taxes, paid by the multinational group, and the indicators related to the economic activity, at a global level, corresponding to the 2016 taxable year, as a term of presentation in February of the year 2018.

10.2 Tax assets and liabilities

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

| | 2018 | 2017 |
|---|------------|------------|
| Income tax and complementaries ⁽¹⁾ | 360 | 224 |
| Other taxes | 206 | 120 |
| Total current tax assets | 566 | 344 |

Table 11

(1) Income tax assets and complementaries, corresponds to credit balances of \$360 (2017: \$224).

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The current taxes payable balances include:

| | 2018 | 2017 |
|----------------------------|------------|------------|
| Sales tax payable | 61 | 294 |
| Withholding taxes, payable | 112 | 43 |
| Other taxes | 322 | 79 |
| Total | 495 | 416 |

Table 12

The Company applies the laws with professional judgment, to determine and recognize the provision for current tax and deferred income, on its Separate 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 Company recognizes liabilities, for anticipated tax audits, observed based on estimates, if correspondent to payment of 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.

10.3 Income tax expenses

Current income tax expenses and deferred tax are as follows:

| | 2018 | 2017 |
|----------------------------------|--------------|--------------|
| Income tax | 181 | 84 |
| Total | 181 | 84 |
| Deferred taxes (*) | 2,217 | 2,357 |
| Total income tax expenses | 2,398 | 2,441 |

Table 13

(*) The composition of the deferred income tax arises primarily from the recognition of labor and investment obligations.

10.4 Deferred income tax

| | 2018 | 2017 |
|-------------------------------------|--------------|--------------|
| Deferred tax assets | | |
| Employee benefits | 437 | 4,994 |
| Tax losses | 17 | 19 |
| Tax credits | 194 | 162 |
| Debtors | 718 | - |
| Other assets | 46 | 52 |
| Total deferred tax assets | 1,412 | 5,227 |
| Deferred tax liabilities | | |
| Investments | 7,212 | 8,491 |
| Other liabilities | 1,027 | 958 |
| Total income tax liabilities | 8,239 | 9,449 |
| Net deferred tax liabilities | 6,827 | 4,222 |

Table 14

Temporary differences, related to investments in subsidiaries, associates, and interest in joint ventures, for which deferred tax liabilities have not been recognized, are \$5,615,529 (2017: \$6,014,880), whose deferred tax liability would be \$1,684,658 (2017: \$1,984,910).

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

| | 2018 | 2017 |
|---|--------------|--------------|
| Opening balance, net liabilities | 4,222 | 1,471 |
| Deferred income tax expenses recognized in profit and loss | 2,217 | 2,357 |
| Income tax relating to components of other comprehensive income | 388 | 394 |
| Ending balance, deferred tax net liabilities | 6,827 | 4,222 |

Table 15

The income tax, relating to components of other comprehensive income, is determined by new measurements of benefit plans to employees of \$523 (2017 \$234), the participation in associates and joint ventures, accounted for by using *the Equity Method*, in the amount of \$137 (2017 \$160).

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10.5 Effective tax rates

In 2018, the effective rate is significantly below the theoretical rate, due mainly to untaxed income. Income received by Grupo Nutresa, corresponds primarily to dividends of non-taxed portfolios and the recognition of the profits obtained by the subsidiary companies, and are recognized, in the Company's Separate Financial Statements, through the equity method.

In addition, there are restricted tax deductions, such as the tax on the financial movement, that is only 50% deductible, and tax expenses, provisions, costs, and expenses of previous years, fines, and penalties, among others, for which tax deductions are not allowed.

In 2017, the effective rate is significantly below the theoretical rate, mainly due to tax revenues that are un-taxed and, therefore, constitute a permanent difference.

In addition, there are restricted tax deductions, such as the tax on the financial movement, that is only 50% deductible, and tax expenses, provisions, costs, and expenses of previous years, fines, and penalties, among others, for which tax deductions are not allowed.

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

| | 2018 | | 2017 | |
|---|----------------|---------------|----------------|---------------|
| | Value | % | Value | % |
| Accounting profit | 512.559 | | 432.720 | |
| Tax expenses at applicable tax rates | 169.145 | 33.00% | 147.125 | 34.00% |
| Non-taxed portfolio dividends | (19.024) | (3.71%) | (18.429) | (4.26%) |
| Untaxed income from the Equity Method | (151.054) | (29.47%) | (129.226) | (29.86%) |
| Other tax effects | 3.331 | 0.65% | 2.971 | 0.68% |
| Total tax expenses, net (Note 10.3) | 2.398 | 0.47% | 2.441 | 0.56% |

Table 16

10.6 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 was realized on January 1st of the years 2015, 2016, and 2017, and may be charged to equity reserves, without impacting net income, in accordance with Article 10 of the same law. For the taxable year 2018, said tax is not applicable. At December 31st, 2017, \$43, was recognized in reserves, at disposal to the highest social organ.

10.7 Information on current legal proceedings

The Company 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.

10.8 Tax rules applicable from the year 2019

Until taxable year 2018, tax revenues were taxed at the rate of 33% as income tax, in addition, was applicable, with a surcharge of 4%.

The financing Law 1943 of December 28, 2018, eliminates the tax surcharge, as of January 1, 2019, and modifies the tax rate.

Additionally, Law 1943 of 2018, gradually reduces the percentage of presumptive tax, until its elimination, in the following manner:

| | Before the Reform | With the Reform | Nominal Variation |
|---------------------|---|---|---|
| 2019 | Income tax: 33% Presumptive tax: 3.5% of liquid equity | Income tax: 33% Presumptive tax: 1.5% of liquid equity | Income tax: 0% Presumptive tax: Reduction of 2% |
| 2020 | Income tax: 33% Presumptive tax: 3.5% of liquid equity | Income tax: 32% Presumptive tax: 1.5% of liquid equity | Income tax: Reduction of 1% Presumptive tax: Reduction of 2% |
| 2021 | Income tax: 33% Presumptive tax: 3.5% of liquid equity | Income tax: 31% Presumptive tax: 0% of liquid equity | Income tax: Reduction of 2% Presumptive tax: Reduction of 3.5% |
| 2022 Forward | Income tax: 33% Presumptive tax: 3.5% of liquid equity | Income tax: 30% Presumptive tax: 0% of liquid equity | Income tax: Reduction of 3% Presumptive tax: Reduction of 3.5% |

Table 17

The Financing Law introduced new parameters, regarding deductions and tax discounts, among which is highlighted, the deduction of 100% of taxes, rates, and contributions, that have been paid within the period, different from the income tax and the discount of the 50% of the industry and commerce tax, notices and boards, paid during the year. It also establishes that the VAT, paid in the acquisition, construction, training, and importation of productive real fixed assets, can be included as a deduction, in the income tax of the year in which the payment is realized, or in any of the following taxable periods.

The general rate of withholding payments abroad, increases from 15% to 20%.

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Tax withholdings, for payments of administrative services, or management, treated in Article 124 of the Tax Statute, increases from 15 to 33%.

Law 1943 of 2018, constitutes the Colombian Holding Companies (CHC) regime, which is a special tax regime for national companies, that has as one of their main activities, the holding of securities, investment or holding of shares, or holdings in companies, or Colombian entities and/or from abroad.

Among the benefits that the CHC regime, are:

- Dividends distributed by non-resident entities to CHC, will be exempt from the payment of income tax, as will the income, derived from the sale, or transmission, of their participation in non-resident entities.
- When the holding company distributes the dividends, these will be considered taxed, and taxes paid abroad cannot be discounted.

For the taxable periods of 2019 and 2020, taxpayers who, in their private liquidation of income tax and complementary taxes, increase their net income tax, by at least a minimum percentage of thirty percent (30%), in relation to the net income tax of the immediately preceding year, the finality of the declaration will be within six (6) months, following the date of its presentation.

If the increase in the net income tax is at least twenty percent (20%), with respect to the net income tax of the immediately preceding year, the finality of the statements shall be within twelve (12) months following presentation.

The foregoing provides that, within the time established for each of the cases, no notice has been given to correct, nor special requirements or special location, or provisional settlement, and that the filings are duly filed and paid, in a timely manner.

Note 11. TRADE AND OTHER ACCOUNT PAYABLES

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

| | 2018 | 2017 |
|---|---------------|---------------|
| Cost and expenses payable | 549 | 668 |
| Dividends payable (See note 13.3) | 73.415 | 68.995 |
| Payroll deductions and contributions | 500 | 232 |
| Loans and accounts payable to related parties (Note 17) | 16 | 118 |
| Total | 74.480 | 70.013 |
| Current | 74.322 | 69.855 |
| Non-current | 158 | 158 |

Table 18

Note 12. EMPLOYEE BENEFITS

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

The balance of liabilities for employee benefits at December 31, 2018 and December 2017, is as follows:

| | 2018 | 2017 |
|--|--------------|---------------|
| Short-term benefits | 774 | 649 |
| Post-Employment benefits - Defined benefits plans (12.1) | - | 13.492 |
| Other long-term benefits (12.2) | 1.474 | 2.190 |
| Total liabilities for employee benefits | 2.248 | 16.331 |
| Current portion | 745 | 1.205 |
| Non-current portion | 1.503 | 15.126 |

Table 19

12.1 Post-employment benefits - Defined benefits plans

The liability for post-employment benefits is estimated using the current technique of the projected credit unit, which requires the use of financial and demographic assumptions, including but not limited to: discount rate, inflation index, wage increase expectation, life expectancy, and employee turnover rate. The estimation of the liability, as well as the determination of the values of the assumptions, used in the valuation, is performed by an independent external actuary. Given the long-term horizon of these benefit plans, the estimates are subject to a significant degree of uncertainty, any change in actuarial assumptions directly impacts the value of the pension obligation, and other post-employment benefits.

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

| | 2018 | 2017 |
|---|---------------|---------------|
| Present value of obligations at January 1st | 13.492 | 12.916 |
| (+) Cost of services | 536 | 546 |
| (+) Interest expenses | 919 | 957 |
| (+/-) Actuarial losses and/or gains | (1.102) | (709) |
| (-) Payments | (5.949) | (218) |
| (+/-) Others | (7.896) | - |
| Present value of obligations at December 31st (*) | - | 13.492 |

Table 20

Actuarial gains and losses are recognized in the Income Statement, under other comprehensive income.

The Company estimates that payments for defined benefit plans will begin after 5 years. The estimated time for the termination of the benefit is 20 years.

(*) During 2018, a fund was established to administer this benefit

12.2 Long-term benefits

The long-term benefits include mainly seniority premiums and variable remuneration systems.

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

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

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

| | 2018 | 2017 |
|---|--------------|--------------|
| Present value of obligations at January 1st | 2.190 | 2.082 |
| (+) Cost of services | 889 | 708 |
| (+) Interest expenses | 122 | 144 |
| (+/-) Actuarial losses and/or gains | (334) | 174 |
| (-) Payments | (1.393) | (833) |
| (+/-) Others | - | (85) |
| Present value of obligations at December 31st | 1.474 | 2.190 |

Table 21

12.3 Expenses for employee benefits

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

| | 2018 | 2017 |
|--|--------------|--------------|
| Short-term benefits | 6.002 | 5.581 |
| Post-Employment benefits | 678 | 546 |
| Other long-term benefits | 572 | 691 |
| Sub Total | 7.252 | 6.818 |
| Reimbursement for contracts of mandate (*) | (6.565) | (5.971) |
| Total | 687 | 847 |

Table 22

(*) By virtue of the mandated agreement, Grupo Nutresa S.A. transfers to the subsidiary companies, the cost for employee benefits, corresponding to the corporate services provided to each of them.

12.4 Actuarial Assumptions

The main actuarial assumptions used in the actuarial measurement of the defined and long-term plans are:

| | 2018 | 2017 |
|--------------------------|-------|-------|
| Discount rates | 7,45% | 7,21% |
| Salary increase rates | 4,20% | 4,30% |
| Employee turn-over rates | 1,00% | 1,0% |

Table 23

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According to the guidelines prescribed by the current regulation, for discount purposes, the rate of high quality corporate bonds, whose maturity is in accordance with the established benefits, is used. However, the Colombian market does not have sufficient liquidity and depth in these types of bonds. Grupo Nutresa establishes its hypothesis of the discount rate, based on the assumptions of the performance of the sovereign debt bonds, of the committed country, denominated in percentages, according to the terms of the obligation. The rates of the real yield curve are obtained from the information published daily, by the market.

The table used is mortality rate, by sex. This table is issued by the Financial Superintendence, through Resolution 1555 of 2010 for Colombia.

The salary increase rates were determined based on historical performance, the projections of the inflation, and consumer price indexes.

The turnover rate of employees is estimated, based on historical data of the Company.

12.5 Sensitivity analysis

A quantitative analysis of sensitivity to a change in a significant key assumption, as of December 31, 2018, would generate the following impact on the obligation for other long-term benefits, as well as, senior premium:

| | Others defined benefits | Seniority Premium |
|------------------------------|-------------------------|-------------------|
| Discount rate +1% | (90) | (49) |
| Discount rate -1% | 91 | 53 |
| Rate of salary increases +1% | 37 | 54 |
| Rate of salary increases -1% | (37) | (51) |

Table 24

The methods and assumptions used to prepare sensitivity analyzes of the present value of the obligations were the same method, as for the actuarial calculation, at December 31, 2018: Projected Credit Unit. Sensitivity has no limitations, nor changes in the methods and assumptions used to prepare the analysis of the current period.

Note 13. EQUITY

13.1 Issued share capital

As of December 31st of 2018 and 2017, the balance of capital of the Parent Company was \$2.301, representing a total of 460.123.458 fully paid and subscribed shares. There were no changes to the make-up of the capital during neither to the period nor the comparative period.

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

The Company's shares are listed on the Colombian Stock Exchange as of December 31, 2018, and its market value was \$23.500 per share (\$27.820 as of December 31, 2017).

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

| Investor Group | 2018 | | 2017 | |
|---|--------------------|-----------------|--------------------|-----------------|
| | Number of Shares | % Participation | Number of Shares | % Participation |
| Grupo de Inversiones Suramericana S. A. | 162.358.829 | 35,3% | 161.398.558 | 35,1% |
| Grupo Argos S. A. | 45.243.781 | 9,8% | 45.243.781 | 9,8% |
| Colombian Funds | 78.111.104 | 17,0% | 77.887.378 | 16,9% |
| International Funds | 37.788.090 | 8,2% | 38.182.333 | 8,3% |
| Other Investors | 136.621.654 | 29,7% | 137.411.408 | 29,9% |
| Total outstanding shares | 460.123.458 | 100% | 460.123.458 | 100% |

Table 25

According to the register of shareholders, at December 31, 2018, there are 11.288 shareholders (2017: 11.900).

13.2 Reserves and retained earnings

Of the accounts that make up the equity, reserves at December 31st of 2018 and 2017 are as follows:

| | 2018 | 2017 |
|-------------------------------------|------------------|------------------|
| Legal reserves | 3.787 | 2.711 |
| Occasional non-distributed reserves | 1.558.597 | 1.558.597 |
| Other reserves | 2.353.301 | 2.184.712 |
| Total Reserves | 3.915.685 | 3.746.020 |
| Retained earnings | 3 | 3 |
| Total | 3.915.688 | 3.746.023 |

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Table 26

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

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

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

Retained earnings: corresponds mainly to the realization of financial instruments of liquidation of the Livestock Fund of Antioquia, in the amount of \$3.

13.3 Distribution of dividends

The Ordinary Shareholders Meeting, held on March 20, 2018, decreed ordinary share dividends of \$47,2 (*) per-share and per-month, equivalent to \$566,40 (*) annually per share (2017: \$534 (*) per share) over 460.123.458 outstanding shares, during the months between April 2018 and March 2019, inclusive, for a total of \$260.614 (2017: \$245.706 between April 2017 and March 2018).

This dividend was declared by taking untaxed earnings, before 2017, in the amount of \$64.218, and from profit in 2017, in the amount of \$196.396. Also in 2017, this dividend for \$245.706 was decreed, by taking from the profits of the year 2016 \$242.945 and of the non-taxed occasional reserves \$2.761.

At December 31, 2018, dividends have been paid in the amount of \$256.194 (2017: \$240.744), and \$73.415, are payable for this concept (2017: \$68.995).

Appropriations authorized by the General Meeting of Shareholders, are recorded as reserves, charged to profit and loss, of the year, for compliance with legal provisions or to cover expansion plans, or financing needs. The Company carries the profits of the year to accumulated profits, and these to reserves. The value of appropriations is \$233.883 (2017: \$156.153).

(*) In Colombian Pesos.

Note 14. OTHER COMPREHENSIVE INCOME, ACCUMULATED

Below is a breakdown of each of the components of accumulated other comprehensive results, in the Separate Financial Statements:

| | Actuarial Losses (14.1) | Financial Instruments (14.2) | Investments in Associates (14.3) | Subsidiaries (14.4) | Total Other Comprehensive Income, Accumulated |
|---|-------------------------|------------------------------|----------------------------------|---------------------|---|
| Balance at January 1, 2018 | (4.295) | 3.885.288 | (31) | 404.254 | 4.285.216 |
| Losses/Gains for new measurements | 1.102 | (803.165) | (458) | (59.701) | (862.222) |
| Associated income tax | (523) | - | 137 | - | (386) |
| Balance at December 31, 2018 | (3.716) | 3.082.123 | (352) | 344.553 | 3.422.608 |
| | | | | | |
| | Actuarial Losses (14.1) | Financial Instruments (14.2) | Investments in Associates (14.3) | Subsidiaries (14.4) | Total Other Comprehensive Income, Accumulated |
| Balance at January 1, 2017 | (4.770) | 3.632.890 | (358) | 271.370 | 3.899.132 |
| Losses/Gains for new measurements | 709 | 252.401 | 487 | 132.884 | 386.481 |
| Associated income tax | (234) | - | (160) | - | (394) |
| Realization of other comprehensive income | - | (3) | - | - | (3) |
| Balance at December 31, 2017 | (4.295) | 3.885.288 | (31) | 404.254 | 4.285.216 |

Table 27

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

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

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

See Note 12, for detailed information about defined benefits plans.

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

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

See Note 9 for detailed information on these investments.

14.3 Investments in associates - Interest in other comprehensive income, accumulated

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

See Note 8 for detailed information on investments in associates.

14.4 Subsidiaries – Interest in other comprehensive income, accumulated

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

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

Note 15. EXPENDITURE BY NATURE

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

| | 2018 | 2017 |
|-------------------------------|--------------|--------------|
| Taxes other than income tax | 1.686 | 1.400 |
| Fees | 1.071 | 1.295 |
| Employee benefits (Note 12.3) | 687 | 847 |
| Other expenses | 200 | 34 |
| Other services | 67 | 101 |
| Insurance | 51 | 45 |
| Travel expenses | 9 | 45 |
| Commission fees | - | 286 |
| Leases | - | 24 |
| Total | 3.771 | 4.077 |

Table 28

Grupo Nutresa S.A. operates under the modality of commercial offer of services of mandate without representation, offering shared services to the other companies of the Group, for integral management. Under this contract, the expenses, associated with the services provided to each of them, are transferred to the subsidiary companies.

Note 16. EARNINGS PER SHARE

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

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

| | 2018 | 2017 |
|---|-----------------|---------------|
| Net income attributable to holders of ordinary equity of the Parent | 510.161 | 430.279 |
| Outstanding shares | 460.123.458 | 460.123.458 |
| Earnings per share attributable to controlling interest | 1.108,75 | 935,14 |

Table 29

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

In accordance with current corporate regulations in Colombia, the distribution and payment of dividends to the Shareholders of the Parent Company is not realized on Separate Financial Statements, but on the Separate Financial Statements of Grupo Nutresa S.A.

Note 17. DISCLOSURE OF RELATED PARTIES

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

| 2018 | | | | | | | |
|---|---------------------------------|-----------------------------|---------------------|------------------|-----------------|----------------|-------------------|
| Company | Purchases of Goods and Services | Sales of Goods and Services | Receivables Balance | Payables Balance | Dividend Income | Dividends Paid | Interest expenses |
| Subsidiaries | | | | | | | |
| Alimentos Cárnicos S.A.S. | - | 534 | - | - | - | - | - |
| Compañía de Galletas Noel S.A.S. | - | 525 | - | - | 45.815 | - | - |
| Compañía de Galletas Pozuelo DCR, S.A. | - | - | - | - | - | - | - |
| Compañía Nacional de Chocolates S.A.S. | - | 486 | 510 | - | 96.458 | - | - |
| Compañía Nacional de Chocolates del Perú S.A. | - | - | - | - | 2 | - | - |
| Industria Colombiana de Café S.A.S. | - | 285 | - | - | - | - | - |
| Industria de Alimentos Zenú S.A.S. | - | - | - | - | 23.463 | - | - |
| Industrias Aliadas .S.A.S. | - | - | - | - | 14.201 | - | - |
| IRCC S.A.S. Industria de Restaurantes Casuales S. A. S. | - | 48 | 90 | 16 | - | - | - |
| Meals Mercadeo de Alimentos de Colombia S.A.S. | - | 119 | - | - | 20.130 | - | - |
| Productos Alimenticios Doria S.A.S. | - | 76 | - | - | 50.309 | - | - |
| Novaventa S.A.S. | - | - | - | - | 30.334 | - | - |
| Servicios Nutresa S.A.S. | 12 | - | - | - | - | - | 46 |
| Setas Colombianas S.A. | - | - | - | - | 2.948 | - | - |
| Productos Naturela S.A.S. | 3.221 | - | - | - | - | - | - |
| Entities with joint control or significant influence over the entity | | | | | | | |
| Grupo de Inversiones Suramericana S.A. | 65 | - | 7.954 | 62 | 31.026 | 90.337 | - |
| Other related parties | | | | | | | |
| Grupo Bancolombia S.A. | 177 | - | 2 | 28 | - | - | - |
| Grupo Argos S.A. | - | - | 6.544 | - | 26.176 | 25.260 | - |
| Members, Board of Directors | 909 | - | - | 13 | - | - | - |
| 2017 | | | | | | | |
| Company | Purchases of Goods and Services | Sales of Goods and Services | Receivables Balance | Payables Balance | Dividend Income | Dividends Paid | Interest expenses |
| Subsidiaries | | | | | | | |
| Alimentos Cárnicos S.A.S. | 2.777 | 666 | - | - | - | - | - |
| Compañía de Galletas Noel S.A.S. | - | 655 | 467 | - | 43.197 | - | - |
| Compañía de Galletas Pozuelo DCR, S.A. | - | - | - | 12 | - | - | - |
| Compañía Nacional de Chocolates S.A.S. | - | 592 | 2.905 | - | 20.422 | - | - |
| Industria Colombiana de Café S.A.S. | - | 402 | 286 | - | 102.346 | - | - |
| Industria de Alimentos Zenú S.A.S. | - | - | - | - | 19.220 | - | - |
| Industrias Aliadas .S.A.S. | - | - | - | - | 15.614 | - | - |
| IRCC S.A.S. Industria de Restaurantes Casuales S. A. S. | 8 | - | - | 106 | - | - | - |
| Meals Mercadeo de Alimentos de Colombia S.A.S. | 2.777 | 168 | 120 | - | - | - | - |
| Productos Alimenticios Doria S. A. S. | - | 92 | 66 | - | - | - | - |
| Servicios Nutresa S. A. S. | 12 | - | 7.353 | - | - | - | - |
| Setas Colombianas S. A. | - | - | - | - | 2.438 | - | - |
| Entities with joint control or significant influence over the entity | | | | | | | |
| Grupo de Inversiones Suramericana S. A | 53 | - | - | 50 | 28.981 | 84.949 | - |
| Other related parties | | | | | | | |
| Grupo Bancolombia S. A. | 503 | - | - | 31 | - | - | - |
| Grupo Argos S. A. | - | - | 6.185 | - | 24.740 | 23.753 | - |
| Members, Board of Directors | 880 | - | - | 136 | - | - | - |

Table 30

Separate Financial Statements

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

During the period payments in the amount of \$5.702 (2017: \$5.386) for 2 key personnel (2017: 2 employees) were made.

Note 18. EVENTS AFTER THE REPORTING PERIOD

These Separate Financial Statements were prepared for purposes of supervision and were authorized for issue, by the Board of Grupo Nutresa S.A., on February 22, 2019. No significant events, after the close of the Financial Statements, and until the date of approval, that may significantly affect the financial position of Grupo Nutresa S.A., reflected in the Financial Statement.