



Grupo Nutresa S. A.

Consolidated Financial Statements
at December 31st of 2018 and 2017

UN FUTURO
ENTRE TODOS





Statutory Auditor's Report on the Consolidated 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 consolidated financial statements of Grupo Nutresa S. A., at December 31, 2018, comprising the consolidated statement of financial position and the consolidated comprehensive income statements, of changes in the Shareholders' equity, and of cash flows for the year then ended, as well as the summary of the main accounting policies and other explanatory notes.

Management's Responsibility on the Consolidated Financial Statements

The management is responsible for the appropriate preparation and fair presentation of these consolidated financial statements in conformity with the accounting and financial reporting standards accepted in Colombia and the internal control policies considered by the management as relevant for the preparation of these financial statements to be free of material misstatements whether due to fraud or error. It is also responsible for the selection and application of appropriate accounting policies and the definition of accounting estimates according to the circumstances.

Statutory Auditor's Responsibility

My responsibility is to express an opinion on the accompanying financial statements based on my audit. I performed my work in accordance with the financial information auditing standards accepted in Colombia. These standards require that I comply with ethical requirements, as well as to plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves developing 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 misstatement in the financial statements due to fraud or error. In making those risk assessments, the statutory auditor considers the Company's internal control relevant 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 assessing the appropriateness of accounting policies used and reasonableness of accounting estimates made by the management, as well as assessing the overall presentation of the financial statements.

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



**To the Shareholders of
Grupo Nutresa S. A.**

February 22, 2019

Opinion

In my opinion, the accompanying consolidated financial statements, faithfully taken from consolidation records, present fairly, in all significant aspects, 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 conformity with the accounting and financial reporting standards accepted in Colombia.

(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 31st, 2018 and 2017, according to, the regulations, and the that same have been faithfully taken, from the Financial Statements of the Parent Company, and its subsidiaries, duly certified and audited.

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

1. The assets and liabilities, are stated and the recorded transactions, have been recorded, during said years.
2. All realized economic transactions, have been recognized.
3. The assets represent rights, and liabilities represent obligations, obtained or under the responsibility of the Companies.
4. All elements have been recognized, in the appropriate amounts, and in accordance with the accounting norms and the financial information accepted 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.

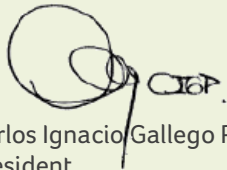
CERTIFIES:

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

Consolidated Statement of Financial Position

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

	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	8	\$ 347.520	\$ 435.643
Trade and other receivables, net	9	1.020.579	957.568
Inventories	10	1.109.878	982.816
Biological assets	11	94.569	81.518
Other assets	12	241.726	221.475
Non-current assets, held for sale		6.777	6.557
Total current assets		\$ 2.821.049	\$ 2.685.577
Non-current assets			
Trade and other receivables, net	9	28.065	26.509
Investments in associates and joint ventures	13	192.795	180.451
Other financial non-current assets	14	3.322.694	4.133.963
Property, plant and equipment, net	15	3.376.364	3.395.671
Investment properties	16	77.062	72.306
Goodwill	17	2.085.908	2.118.226
Other intangible assets	18	1.167.536	1.181.350
Deferred tax assets	19.4	379.753	415.072
Other assets	12	72.471	100.352
Total non-current assets		\$ 10.702.648	\$ 11.623.900
TOTAL ASSETS		\$ 13.523.697	\$ 14.309.477
LIABILITIES			
Current liabilities			
Financial obligations	20	522.302	557.133
Trade and other payables	21	1.094.960	993.241
Income tax and taxes, payable	19.2	228.841	207.776
Employee benefits liabilities	22	165.833	172.730
Current provisions	23	4.118	3.420
Other current liabilities	24	26.676	20.661
Total current liabilities		\$ 2.042.730	\$ 1.954.961
Non-current liabilities			
Financial obligations	20	2.265.743	2.474.077
Trade and other payables	21	158	158
Employee benefits liabilities	22	175.036	226.574
Deferred tax liabilities	19.4	704.763	702.967
Other non-current liabilities	24	536	559
Total non-current liabilities		\$ 3.146.236	\$ 3.404.335
TOTAL LIABILITIES		\$ 5.188.966	\$ 5.359.296
EQUITY			
Share capital issued	26.1	2.301	2.301
Paid-in-capital	26.1	546.832	546.832
Reserves and retained earnings	26.2	3.552.827	3.396.462
Other comprehensive income, accumulated	27	3.683.175	4.541.854
Earnings for the period		505.308	420.207
Equity attributable to the controlling interest		\$ 8.290.443	\$ 8.907.656
Non-controlling interest	26.4	44.288	42.525
TOTAL EQUITY		\$ 8.334.731	\$ 8.950.181
TOTAL LIABILITIES AND EQUITY		\$ 13.523.697	\$ 14.309.477


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



Carlos Ignacio Galego 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)

Consolidated Comprehensive Income Statement

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

	Notes	2018	2017
Continuing operations			
Operating income from client contract	6.1	\$ 9.016.066	\$ 8.695.604
Cost of goods sold	28	(4.969.218)	(4.855.635)
Gross profit		\$ 4.046.848	\$ 3.839.969
Administrative expenses	28	(406.057)	(399.846)
Sales expenses	28	(2.651.071)	(2.551.874)
Production expenses	28	(146.966)	(139.088)
Exchange differences of operating assets and liabilities	30	(4.260)	255
Other operating income, net	29	10.802	25.109
Operating profit		\$ 849.296	\$ 774.525
Financial income	31.1	15.457	13.941
Financial expenses	31.2	(247.304)	(307.548)
Dividends	14	58.851	54.386
Exchange differences of non-operating assets and liabilities	30	23.113	(21.401)
Participation in profit of associates and joint ventures	13	(400)	5.994
Other income, net		5.202	3.290
Income before tax and non-controlling interest		\$ 704.215	\$ 523.187
Current income tax	19.3	(164.423)	(144.956)
Deferred income tax	19.3	(24.901)	47.179
Profit from continuing operations		\$ 514.891	\$ 425.410
Discontinued operations, after income tax	32	(6.135)	(1.070)
Net profit for the period		\$ 508.756	\$ 424.340
Profit for the period attributable to:			
Controlling interest		\$ 505.308	\$ 420.207
Non-controlling interest	26.4	3.448	4.133
Net profit for the period		\$ 508.756	\$ 424.340
Earnings per share (*)			
Basic, attributable to controlling interest (in Colombian Pesos)	33	1.098,20	913,25
(*) Calculated on 460.123.458 shares, which have not been modified during the period covered by these Financial Statements.			
OTHER COMPREHENSIVE INCOME			
Items that are not subsequently reclassified to profit and loss:			
Actuarial losses on defined benefit plans	22.2 - 27	\$ (1.487)	\$ (2.654)
Equity investments measured at fair value	14 - 27	(871.316)	252.402
Income tax from items that will not be reclassified	27	(1.863)	(81)
Total items that are not subsequently reclassified to profit and loss		\$ (874.666)	\$ 249.667
Items that are or may be subsequently reclassified to profit and loss:			
Participation in other comprehensive income of associates and joint ventures	13 - 27	1.301	4.762
Exchange differences on translation of foreign operations	27	8.781	143.782
Cash flow hedges	27	7.960	-
Deferred income tax from items that may be reclassified	27	(3.009)	(1.550)
Total items that are or may be subsequently reclassified to profit and loss:		\$ 15.033	\$ 146.994
Other comprehensive income, net taxes		\$ (859.633)	\$ 396.661
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$ (350.877)	\$ 821.001
Total comprehensive income attributable to:			
Controlling interest		\$ (353.371)	\$ 816.026
Non-controlling interest		2.494	4.975
Total comprehensive income		\$ (350.877)	\$ 821.001

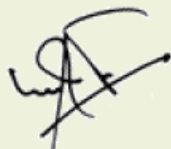
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(See attached certification)



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(See attached opinion)

Consolidated Change in Equity Statement


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

	Share capital issued	Paid-in-capital	Reserves and retained earnings	Earnings for the period	Other comprehensive income, accumulated	Total equity attributable to the controlling interest	Non-controlling interest	Total
Balance at December 31st of 2017	2.301	546.832	3.396.462	420.207	4.541.854	8.907.656	42.525	8.950.181
Remeasurement of debtors (Note 3.4.2)	-	-	(5.277)	-	-	(5.277)	-	(5.277)
Balance at January 1st of 2018	2.301	546.832	3.391.185	420.207	4.541.854	8.902.379	42.525	8.944.904
Profit for the period	-	-	-	505.308	-	505.308	3.448	508.756
Other comprehensive income for the period	-	-	-	-	(858.679)	(858.679)	(954)	(859.633)
Comprehensive income for the period	-	-	-	505.308	(858.679)	(353.371)	2.494	(350.877)
Transferred to previous results	-	-	420.207	(420.207)	-	-	-	-
Cash dividends (Note 26.3)	-	-	(260.614)	-	-	(260.614)	(2.025)	(262.639)
Acquisition of subsidiaries	-	-	-	-	-	-	1.315	1.315
Other equity movements	-	-	2.049	-	-	2.049	(21)	2.028
Balance at December 31st of 2018	2.301	546.832	3.552.827	505.308	3.683.175	8.290.443	44.288	8.334.731
Balance at December 31st of 2016	2.301	546.832	3.655.280	395.734	3.746.572	8.346.719	38.241	8.384.960
Profit for the period	-	-	-	420.207	-	420.207	4.133	424.340
Other comprehensive income for the period	-	-	-	-	395.819	395.819	842	396.661
Comprehensive income for the period	-	-	-	420.207	395.819	816.026	4.975	821.001
Transferred to previous results	-	-	395.734	(395.734)	-	-	-	-
Cash dividends (Note 26.3)	-	-	(245.706)	-	-	(245.706)	(692)	(246.398)
Tax on wealth (Note 19.7)	-	-	(8.712)	-	-	(8.712)	-	(8.712)
Realization of other comprehensive income	-	-	(3.096)	-	3.096	-	-	-
Reclassifications	-	-	(396.367)	-	396.367	-	-	-
Other equity movements	-	-	(671)	-	-	(671)	1	(670)
Balance at December 31st of 2017	2.301	546.832	3.396.462	420.207	4.541.854	8.907.656	42.525	8.950.181

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



Carlos Ignacio Gallego Palacio
President



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Professional Card No. 45056-T



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(See attached opinion)

Consolidated Cash-flow Statement

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

	2018	2017
Cash flow from operating activities		
Collection from sales of goods and services	\$ 8.935.188	8.571.873
Payments to suppliers for goods and services	(6.342.582)	(5.942.715)
Payments to and on behalf of employees	(1.599.418)	(1.519.534)
Income taxes and tax on wealth, paid	(112.855)	(150.378)
Other cash (outflows) inflows	(37.311)	1.957
Net cash flow from operating activities	\$ 843.022	961.203
Cash flow from investment activities		
Cash and cash equivalents received from acquisitions	2.649	-
Purchases and sales of other equity instruments (Note 14)	(63.950)	-
Purchases of equity of associates and joint ventures (Note 13)	(12.094)	(20.717)
Purchases of property, plant and equipment (Note 15)	(234.780)	(244.024)
Amounts from the sale of productive assets	28.640	17.804
Purchase of intangibles and other productive assets	(18.181)	(13.771)
Investment in assets held for sale, net	54	99.605
Dividends received (Note 14)	50.538	61.928
Interest received	11.101	10.163
Payments to third parties, to obtain control of subsidiaries	(3.221)	-
Other cash inflows	30	2.041
Net cash flows used in investment activities	\$ (239.214)	\$ (86.971)
Cash flow from financing activities		
Amounts from loans, net	(223.643)	(119.218)
Dividends paid (Note 26.3)	(247.668)	(243.051)
Interest paid	(198.915)	(259.085)
Fees and other financial expenses	(34.377)	(34.156)
Other cash inflows (outflows)	9.165	(6.791)
Net cash flow used in financing activities	\$ (695.438)	\$ (662.301)
(Decrease) increase in cash and cash equivalent from activities	\$ (91.630)	\$ 211.931
Cash flow from discontinued operations	(1.087)	(916)
Exchange rate impact of variation over the disposed	4.594	5.306
Net (decrease) increase in cash and cash equivalents	(88.123)	216.321
Cash and cash equivalents, at the beginning of the period	435.643	219.322
Cash and cash equivalents, at the end of the period	\$ 347.520	\$ 435.643

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



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A MESSAGE FROM THE MANAGEMENT AT GRUPO NUTRESA

Management of monitoring indicators

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

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

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

	2018	2017
Operating earnings	849.296	774.525
Depreciation and amortization (Note 28)	276.472	268.000
Unrealized exchange differences from operating assets and liabilities (Note 30)	654	1.654
EBITDA (See details by segment in Note 6.2)	1.126.422	1.044.179

Table 1

Management of Capital

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

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

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

Notes for the Consolidated 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 of the Parent Company and subsidiaries

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

The Parent Company is Grupo Nutresa S.A., an anonymous corporation of Colombian nationality, incorporated on April 12, 1920, with its headquarters in the City of Medellín, Colombia, and whose terms expire, on April 12, 2050. The Corporate Business Purpose consists of the investment, or application of available resources, in organized enterprises, under any of the forms permitted by law, whether domestic or foreign, and aimed at the use of any legal economic activity, either tangible or intangible assets, with the purpose of safeguarding its capital.

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

Entity	Main Activity	Functional Currency ⁽¹⁾	% Participation	
			2018	2017
Colombia				
Industria Colombiana de Café S.A.S.	Production of coffee and coffee related products	COP	100,00%	100,00%
Compañía Nacional de Chocolates S.A.S.	Production of chocolates, its derivatives, and related products	COP	100,00%	100,00%
Compañía de Galletas Noel S.A.S.	Production of biscuits, cereals, et al,	COP	100,00%	100,00%
Industria de Alimentos Zenú S.A.S.	Production and sales of meats and its derivatives	COP	100,00%	100,00%
Productos Alimenticios Doria S.A.S.	Production of pasta, flour, and cereals	COP	100,00%	100,00%
Molino Santa Marta S.A.S.	Milling of grains	COP	100,00%	100,00%
Alimentos Cárnicos S.A.S.	Production of meats and its derivatives	COP	100,00%	100,00%
Tropical Coffee Company S.A.S.	Assembly and production of coffee products	COP	100,00%	100,00%
Inverlogy S. A. S. (before Litoempaques S. A. S.) ⁽²⁾	Production or manufacturing of packaging material	COP	100,00%	100,00%
Pastas Comarrico S.A.S.	Production of pasta, flour, and cereals	COP	100,00%	100,00%
Novaventa S.A.S.	Sales of foods and other items, via direct sales channels	COP	100,00%	100,00%
La Recetta Soluciones Gastronómicas Integradas S.A.S.	Distribution of foods, via institutional channels	COP	70,00%	70,00%
Meals Mercadeo de Alimentos de Colombia S.A.S.	Production and sales of ice cream, dairy beverages, et al,	COP	100,00%	100,00%
Servicios Nutresa S.A.S.	Provision of specialized business services	COP	100,00%	100,00%
Setas Colombianas S.A.	Production, processing and sales of mushrooms	COP	99,50%	99,50%
Gestión Cargo Zona Franca S.A.S.	Provision of logistics services	COP	100,00%	100,00%
Comercial Nutresa S.A.S.	Sales of food products	COP	100,00%	100,00%
Industrias Aliadas S.A.S.	Provision of services related to coffee	COP	100,00%	100,00%
Operar Colombia S.A.S.	Provision of transportation services	COP	100,00%	100,00%
Fideicomiso Grupo Nutresa	Management of financial resources	COP	100,00%	100,00%
Fondo de Capital Privado "Cacao para el Futuro" – Compartimento A	Investment in cocoa production	COP	83,41%	83,41%
IRCC S.A.S - Industria de Restaurantes Casuales S. A. S. ⁽³⁾	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
LYC S.A.S.	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
PJ COL S.A.S.	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
New Brands S.A.	Production of dairy and ice cream	COP	100,00%	100,00%
Schadel Ltda. Schalin Del Vecchio Ltda.	Production of foods and operation of food establishments providing to the consumer	COP	99,88%	99,88%
Tabelco S.A.S.	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
Productos Naturela S. A. S.	Production and marketing of healthy and functional foods	COP	60,00%	-
Chile				
Tresmontes Lucchetti S.A.	Provision of specialized business services	CLP	100,00%	100,00%
Nutresa Chile S.A.	Management of financial and investment services	CLP	100,00%	100,00%
Tresmontes Lucchetti Agroindustrial S.A.	Agricultural and industrial production	CLP	100,00%	100,00%
Tresmontes Lucchetti Servicios S.A.	Management of financial and investment services	CLP	100,00%	100,00%
Tresmontes S.A.	Production and sales of foods	CLP	100,00%	100,00%
Inmobiliaria Tresmontes Lucchetti S.A.	Management of financial and investment services	CLP	-	100,00%
Lucchetti Chile S.A.	Production of pasta, flour, and cereals	CLP	100,00%	100,00%
Novaceites S.A.	Production and sales of vegetable oils	CLP	50,00%	50,00%
Inmobiliaria y Rentas Tresmontes Lucchetti	Management of financial and investment services	CLP	100,00%	100,00%
Tresmontes Lucchetti Inversiones S. A.	Management of financial and investment services	USD	100,00%	-
Costa Rica				
Compañía Nacional de Chocolates DCR S.A.	Production of chocolates and its derivatives	CRC	100,00%	100,00%
Compañía de Galletas Pozuelo DCR S.A.	Production of biscuits, et al,	CRC	100,00%	100,00%
Compañía Americana de Helados S.A.	Production and sales of ice cream	CRC	100,00%	100,00%

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

Table 2

- (1) See Note 27.4, the descriptions of abbreviations, for each currency, and the primary impact on Grupo Nutresa's Financial Statements.
- (2) As of March 2018, Litoempaques S.A.S., changed its corporate name to Servicios Logypack S.A.S., and in November of 2018, the latter changed its corporate name to Inverlogy S. A. S.
- (3) As of June 2017, IRCC Ltda., changed its corporate type to "Sociedad Anónima Simplificada (S.A.S.)".
- (4) As of September of 2017, El Corral Investment INC., changed its corporate name to El Corral Capital INC, and its main domicile from BVI to Panama.

Changes in the scope of consolidation

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

2018: 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. In November 2018, the company TMLUC Perú S. A. was liquidated. In December, the company Tremontes Lucchetti Inversiones S. A. was incorporated in Chile, and the merger between Inmobiliaria Tresmontes Lucchetti S. A. and Tresmontes S. A., was presented, leaving the latter in force.

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

Note 2. BASIS OF PREPARATION

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

2.2 Functional and presentation currency

The Consolidated 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

3.1 Basis of consolidation

3.1.1 Investments in subsidiaries

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

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

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

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

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

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

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

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

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

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

3.1.2 Non-controlling interest

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

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

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

3.2 Investments in associates and joint ventures

An associate is an entity over which Grupo Nutresa has significant influence, over its financial and operating policies, without having control or joint control. A joint venture is an entity that Grupo Nutresa controls jointly with other participants, where, together, they maintain a contractual agreement, that establishes joint control over the relevant activities of the entity.

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

The results, assets, and liabilities of the associate, or joint venture, are incorporated in the Consolidated Financial Statements, using *the Equity Method*, under which the investment is initially recorded at cost and is adjusted with changes of the participation of Grupo Nutresa, over the net assets of the associate or joint venture, after the date of acquisition, less any impairment loss on the investment. The losses of the associate or joint venture, that exceed Grupo Nutresa's shares in the investment, are recognized as a provision, only when it is probable that there will be an outflow of economic benefit, and there is a legal or implicit obligation.

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

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

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

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

3.3 Significant accounting policies

Grupo Nutresa, and its subsidiaries, apply the accounting policies and procedures of the Parent Company. An overview of the significant accounting policies, that Grupo Nutresa applies in the preparation of its Consolidated Financial Statements, is as follows:

3.3.1 Business combinations and goodwill

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

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

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

Goodwill is measured as the excess of the sum of the consideration transferred, the value of any non-controlling interest, and when applicable, the fair value of any previously held equity interest, over the net value of the assets acquired, liabilities, and contingent liabilities assumed at the date of acquisition. The resulting gain or loss, from the measurement of previously held interest, can be recognized in profit and loss or "other comprehensive income", accordingly. In the previous periods for which it is reported, the acquirer may have recognized, in "other comprehensive income", changes in the value of its equity interest in the acquired. If so, the amount, that was recognized, in "other comprehensive income", shall be recognized, on the same basis as it would be required if the acquirer had disposed directly of the previously

held equity interest. When the consideration transferred is less than the fair value of the net assets acquired, the corresponding gain is recognized in profit and loss, on the date of acquisition.

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

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

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

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

3.3.2 Translation of balances and transactions, in foreign currencies

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

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

Foreign subsidiaries

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

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

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

Main currencies and exchange rates

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

		December 2018	December 2017
Panamanian Balboa	PAB	3.249,75	2.984,00
Costa Rican Colon	CRC	5,31	5,21
Nicaraguan Cordoba	NIO	100,52	96,91
Peruvian Sol	PEN	964,32	919,57
U,S, Dollar	USD	3.249,75	2.984,00
Mexican Peso	MXN	165,33	151,76
Guatemalan Quetzal	GTQ	420,03	406,28
Dominican Peso	DOP	64,64	61,78
Chilean Peso	CLP	4,68	4,85
Argentine Peso	ARS	85,95	158,94

Table 3

3.3.3 Cash and cash equivalents

Cash and cash equivalents, in the Statement of Financial Position and Statement of Cash Flows, include cash on hand and banks, highly liquid investments easily convertible to a determined amount of cash and subject to an insignificant risk of changes in its value, with a maturity of

three months or less, from the date of purchase. These items are initially recognized at historical cost, and are restated, to be recognized at its fair value, at the date of each annual accounting period.

3.3.4 Financial instruments

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.

(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.

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(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.

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

(ix) Derivative instruments and hedge accounts

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

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

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

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

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

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

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

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 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.

Accounts receivable from customers are the amounts owed for products sold, or services rendered, in the ordinary course of business, and that are initially recognized at their fair value, are realized with credit conditions of less than one year and without interest, and therefore, the existence of implicit financing is not considered.

(ii) Financial assets measured at fair value

The financial assets, different from those measured at amortized cost, are subsequently measured at fair value, with changes recognized in profit and loss. However, for investments in equity instruments, that are not held for trading purposes, Grupo Nutresa irrevocably chooses to present gains or losses in the fair value measurement in “other comprehensive income”. Upon disposal of investments at fair value, through “other comprehensive income”, the accumulated value of the 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. If the market for a financial instrument is not active (or the instrument is not quoted on a stock exchange), the Company establishes its fair value using valuation techniques. These techniques include the use of the values observed in recent transactions, realized under the terms of free competition, the reference to other instruments that are substantially similar, analyses of discounted cash flows, and option models, making maximum use of market information and giving the lesser degree of confidence possible, in internal information specific to the entity.

(iii) Impairment of financial assets at amortized cost

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

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

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

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

(iv) Derecognition

A financial asset, or a part of it, is derecognized from the Statement of Financial Position when it is sold, transferred, expires, or Grupo Nutresa loses control over the contractual rights or the cash flows of the instrument. A financial liability, or a portion of it, is derecognized from the Statement of Financial Position, when the contractual obligation has been settled, or has expired. When an existing financial liability is replaced by another, from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification 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 Comprehensive Income Statement.

(v) Financial liabilities

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

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

(vi) Off-setting financial instruments

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

(vii) Financial derivative instruments and hedges

A financial derivative is a financial instrument, whose value changes in response to changes in an observable market variable (such as an interest rate, foreign exchange, the price of a financial instrument, or a market index, including credit ratings) and whose initial investment is

very small compared to other financial instruments with similar changes in response to market conditions, and are generally settled at a future date.

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

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

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

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

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

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

3.3.5 Inventories

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

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

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

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

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

3.3.6 Biological assets

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

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

3.3.7 Property, plant and equipment

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

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

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

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

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

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

Buildings	20 to 60 years
Machinery (*)	10 to 40 years
Minor equipment - operating	2 to 10 years

Transport equipment	3 to 10 years
Communication and computer equipment	3 to 10 years
Furniture, fixtures, and office equipment	5 to 10 years

Table 4

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

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

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

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

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

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

3.3.8 Investment properties

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

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

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

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

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

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

3.3.9 Intangible assets

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

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

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

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

Research and development costs

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

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

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

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

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

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

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

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

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

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

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

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

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

3.3.11 Taxes

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

a) Income tax

(i) Current

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

(ii) Deferred

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

Deferred asset and liability taxes are not recognized, if a temporary difference arises from the initial recognition of an asset or liability, in a transaction that is not a business combination, and at the time of the transaction, it impacted neither the accounting profit nor taxable profit and loss; and in the case of deferred tax liability, arising from the initial recognition of goodwill.

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

The book value of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available for use, in part or in totality, or a part of the asset, from said tax. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable profit income is likely to allow for their recovery.

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

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

b) Tax on wealth

The tax burden of the "wealth tax" is originated, for Colombian Companies, from possession of the same to the January 1st of the years 2015, 2016, and 2017, by taxpayers. Therefore, those taxpayers with gross assets minus debts, whose value exceeds \$1,000, should determine their tax under the conditions established in the tax regulations.

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

3.3.12 Employee benefits

a) Short-terms benefits

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

b) Other long-term benefits

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

c) Pensions and other post-employment benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

Updates of the liability, for actuarial gains and losses, are recognized in the Statement of Financial Position, against retained earnings through "other comprehensive income". These items will not be reclassified to profit and loss, in subsequent periods. The cost of past and present

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services, and net interest on the liability, is recognized in profit and loss, distributed among cost of sales and administrative expenses, sales and distribution, likewise as are gains and losses by reductions, in benefits and non-routine settlements.

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

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

d) Termination benefits

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

3.3.13 Leases

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

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

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

3.3.14 Provisions, contingent liabilities and assets

a) Provisions

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

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

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

b) Contingent liabilities

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

c) Contingent assets

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

3.3.15 Revenue

Policies applicable as of January 1, 2018

Contract assets

A contract asset is the Group's right to receive a payment in exchange for goods or services that the Group has transferred to a customer, when that right is contingent upon something other than the passage of time (for example, billing or delivery of other elements, part of the contract). The Group perceives the contract assets, as current assets, since they are expected to be realized within the normal operating cycle.

The costs of contracts eligible for capitalization, as incremental costs, when obtaining a contract, are recognized as a contract asset. Contract subscription costs are capitalized when incurred, if the Group expects to recover said costs. The costs of signing contracts constitute non-current assets, to the extent that it is expected to receive the economic benefits of said assets, in a period greater than twelve months. The contracts are amortized systematically and consistently, with the transfer to the customer of the services, once the corresponding income has

been recognized. The contract subscription costs capitalized are impaired, if the client withdraws, or if the book value of the asset exceeds the projection of the discounted cash flows that are related to the contract.

Contract liabilities

Contract liabilities constitute the Group's obligation to transfer goods or services to a customer, for which the Group has received a payment, from the end customer, or if the amount is past due.

Grupo Nutresa recognizes income from contracts with customers, based on the provisions established in IFRS 15:

- Identification of contracts with customers: a contract is defined as an agreement between two or more parties, which creates rights, and obligations, required, and establishes criteria that must be met for each contract.
- Identification of performance obligations in the contract: a performance obligation is a promise in a contract with a customer, for the transfer of a good or service.
- Determination of the price of the transaction: the transaction price is the amount of the consideration to which the Group expects to be entitled, in exchange for the transfer of the goods or services promised to a client, excluding amounts received, on behalf of third parties.
- Distribute the transaction price between the performance obligations of the contract: in a contract that has more than one performance obligation, Grupo Nutresa distributes the price of the transaction between the performance obligations in amounts that represent the amount of consideration that the Group expects to have the right to change to meet each performance obligation.
- Recognition of income, when (or as) Grupo Nutresa fulfills a performance obligation.

Grupo Nutresa meets its performance obligations at a specific point in time.

The income is measured based on the consideration specified in the contract, with the customer, and excludes the amounts received on behalf of third parties. The Group recognizes income when it transfers control over an asset. The income is presented net of value added tax (VAT), reimbursements, discounts, and after eliminating sales, within the Group.

The Group evaluates its income plans, based on specific criteria, in order to determine whether it acts as principal or agent.

Income is recognized, to the extent that the economic benefits are likely to flow to the Group, and if it is possible to reliably measure revenues and costs, if any.

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

a) Sale of goods

Revenue, from the sale of goods, is recognized when the control over the products has been transferred.

b) Services rendered

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

c) Customer loyalty

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

Policies applicable until December 31, 2017

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

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

a) Sale of goods

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

b) Services rendered

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

c) Interest

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

d) Dividend income

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

3.3.16 Production expenses

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

3.3.17 Government grants

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

3.3.18 Fair Value

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

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

Fair value is determined:

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

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

3.3.19 Operating segments

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

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

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

3.3.20 Basic earnings per share

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

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

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

3.3.21 Relative importance or materiality

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

3.4 Changes in accounting policies

3.4.1 Income from ordinary activities from contracts with clients

The Group has adopted IFRS 15, which leads to changes in accounting policies and adjustments, in the amounts recognized in the Financial Statements. The main changes are as follows:

(i) Accounting of customer loyalty program

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

In previous periods, the points were measured at fair value and were recorded as expenses, for the period. Under IFRS 15, the points are measured at fair value and are accounted for as lower-income, and do not generate an impact on the liabilities of the contract.

(ii) Presentation of contract liabilities

The Group has changed the presentation of the liabilities, related to the loyalty program, registering it as contract liabilities. Previously it was recognized, directly, as an expense.

The Group performed an analysis of the existence of incremental costs, or costs to comply with a contract, concluding that these are not incurred.

The Group does not currently incur significant costs, to comply with a contract.

3.4.2 Financial Instruments

The Group 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 Group 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. The Group also chose to continue to apply the hedge designation requirements of IAS 39, in the adoption of IFRS 9.

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, and generated an impact on equity, at January 1, 2018, in the amount of \$5.277, composed of a re-measurement impact of impairment provisions in the amount of (\$7.514) (See Note 9), an impact on deferred taxes in the amount of \$2.190, and a difference in exchange of \$47.

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

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

The Group is currently evaluating the impacts on its Financial Statements, of the implementation of International Financial Reporting Standard IFRS 16 Leases. The Group identifies that it has contracts that comply with this standard, and in 2019, recognition for those assets classified as property, plant and equipment and which are currently fully operational, will be realized.

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.

The Company believes that the impact of the adoption of this new standard generates an acknowledgment of rights-of-use, which can increase total assets between 7% and 10%, based on total assets, at the end of December 2018, as well as total liabilities which may increase between 18,3% and 24,5%, due to the valuation of the future canons, brought to present value.

Once the analyzes, that are being realized, are finalized, the final figures of the impacts on the adoption of this new standard will be defined and recorded, during 2019.

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

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

- Choose, appropriately, the models, and assumptions, for the measurement of the expected credit loss.
- Establish groups of similar financial assets, in order to measure the expected credit loss.
- Determination of the compliance time of performance obligations.
- Assessment of the existence of impairment indicators, for assets, goodwill, and asset valuation, to determine the existence of impairment losses (financial and non-financial assets)
- Assumptions used in the actuarial calculation of post-employment and long-term obligations with employees
- Useful life and residual values of property, plant and equipment and intangibles
- Suppositions used to calculate the fair value of financial instruments
- Determination of the existence of financial or operating leases, based on the transfer of risks and benefits of the leased assets
- Recoverability of deferred tax assets
- Determination of control, significant influence, or joint control over an investment

Note 5. INCOME STATEMENT FOR THE FOURTH QUARTER

The following is the Income Statement and an analysis of its line items for the period between October 1 and December 31st, 2018.

	Notes	October-December 2018	October-December 2017
Continuing operations			
Operating revenue	b	\$ 2.406.768	\$ 2.304.195
Cost of goods sold	c	(1.328.192)	(1.286.481)
Gross profit		\$ 1.078.576	\$ 1.017.714
Administrative expenses	c	(106.615)	(106.797)
Sales expenses	c	(718.109)	(706.711)
Production expenses	c	(41.393)	(37.668)
Exchange differences on operating assets and liabilities		(3.782)	(1.075)
Other operating income, net	d	6.793	3.560
Operating profit		\$ 215.470	\$ 169.023
Financial income		4.398	3.661
Financial expenses	e	(55.864)	(67.764)
Portfolio dividends		292	65
Exchange differences on non-operating assets and liabilities		8.023	(5.867)
Share of profit of associates and joint ventures		(335)	5.853
Other income, net		(836)	(23)
Income before tax and non-controlling interest		\$ 171.148	\$ 104.948
Current income tax	f	(30.048)	(25.079)
Deferred income tax	f	(15.606)	17.240
Profit after taxes from continuous operations		\$ 125.494	\$ 97.109
Discontinued operations, after income tax		(4.869)	105
Net profit for the period		\$ 120.625	\$ 97.214
Profit for the period attributable to:			
Controlling interest		\$ 119.439	\$ 95.949
Non-controlling interest		1.186	1.265
Net profit for the period		\$ 120.625	\$ 97.214
EBITDA	a	\$ 285.580	\$ 243.961

Table 5

a) EBITDA

	Fourth Quarter	
	2018	2017
Operating earnings	215.470	169.023
Depreciation and amortization	68.008	74.722
Unrealized exchange differences from operating assets and liabilities	2.102	216
EBITDA	285.580	243.961

Table 6

- EBITDA, by operation segments

	Fourth Quarter							
	Operating earnings		Depreciation and amortization		Unrealized exchange differences from operating assets and liabilities		EBITDA	
	2018	2017	2018	2017	2018	2017	2018	2017
Cold Cuts	62.186	41.729	10.191	9.822	407	93	72.784	51.644
Biscuits	52.037	46.127	11.135	10.057	341	122	63.513	56.306
Chocolate	46.704	43.468	9.293	9.737	(94)	130	55.903	53.335
TMLUC	17.568	16.029	10.096	10.931	641	54	28.305	27.014
Coffee	11.895	13.538	6.043	5.676	(26)	(78)	17.912	19.136
Retail Food	16.344	4.304	9.421	17.400	22	19	25.787	21.723
Ice Cream	6.151	2.961	7.795	7.804	147	(50)	14.093	10.715
Pasta	5.560	3.511	1.876	1.889	55	(72)	7.491	5.328
Others	(2.975)	(2.644)	2.158	1.406	609	(2)	(208)	(1.240)
Total segments	215.470	169.023	68.008	74.722	2.102	216	285.580	243.961

Table 7

b) Income from ordinary activities

- Income from ordinary activities, by segments

	Fourth Quarter					
	External clients		Inter-segments		Total	
	2018	2017	2018	2017	2018	2017
Cold Cuts	511.381	508.883	10.229	8.277	521.610	517.160
Biscuits	496.348	474.290	2.493	2.948	498.841	477.238
Chocolate	428.851	400.914	6.723	6.029	435.574	406.943
TMLUC	243.882	241.321	386	758	244.268	242.079
Coffee	249.598	242.018	9.265	9.028	258.863	251.046
Retail Food	198.481	187.094	23	-	198.504	187.094
Ice Cream	113.942	106.865	718	1.082	114.660	107.947
Pasta	78.855	72.971	53	105	78.908	73.076
Others	85.430	69.839	-	-	85.430	69.839
Total segments	2.406.768	2.304.195	29.890	28.227	2.436.658	2.332.422
Adjustments and eliminations					(29.890)	(28.227)
Consolidated					2.406.768	2.304.195

Table 8

- Income from ordinary activities, by geographical locations

	Fourth Quarter	
	2018	2017
Colombia	1.523.510	1.449.366
Central America	239.808	227.151
United States	165.977	170.722
Chile	192.290	187.653
Mexico	78.808	73.796
Peru	70.282	66.780
Dominican Republic and the Caribbean	46.266	41.877
Ecuador	39.203	34.897
Others	50.624	51.953
Total	2.406.768	2.304.195

Table 9

- Income from ordinary activities, by type of product

	Fourth Quarter	
	2018	2017
Foods	1.337.656	1.303.582
Beverages	504.886	493.912
Candy and Snacks	418.446	380.998
Others	145.780	125.703
Total	2.406.768	2.304.195

Table 10

c) Expenditure by nature

	Fourth Quarter	
	2018	2017
Inventory consumption and other costs	949.558	922.575
Employee benefits	387.103	391.154
Other services ⁽¹⁾	219.991	202.052
Other expenses ⁽²⁾	141.104	119.494
Transport services	92.136	88.852
Depreciation and amortization	68.008	74.722
Manufacturing services	57.825	53.939
Leases	56.310	53.701
Seasonal services	55.714	62.138
Energy and gas	39.275	37.213
Advertising material	33.996	38.461
Maintenance	33.365	31.385
Fees	25.422	29.758
Taxes other than income tax	21.410	20.302
Insurance	9.640	8.765
Impairment of assets	3.452	3.146
Total	2.194.309	2.137.657

Table 11

- (1) Other services include: marketing, cleaning and surveillance, shelving and displays, food, public services, commercial plan of action, software, and storage.
- (2) The other expenses include spare parts, travel expenses, containers and packaging, fuels and lubricants, contributions and affiliations, commissions, taxis and buses, supplies and buildings, stationery and office supplies, cleaning and laboratory supplies, legal expenses and licenses and prizes.

d) Other operating income (expenses), net

	Fourth Quarter	
	2018	2017
Disposal and removal of property, plant and equipment and intangibles	6.412	2.152
Indemnities and recuperations	3.435	2.684
Other income and expenses	1.196	1.512
Government grants	964	897
Fines, penalties, litigation, and legal processes, net	(177)	(2.677)
Donations	(5.037)	(1.008)
Total	6.793	3.560

Table 12

e) Financial expenses

	Fourth Quarter	
	2018	2017
Loans interest	37.632	43.356
Bonds interest	5.823	8.598
Interest from financial leases	151	32
Total interest expenses	43.606	51.986
Employee benefits	3.195	7.543
Other financial expenses	9.063	8.235
Total financial expenses	55.864	67.764

Table 13

f) Income tax expenses

	Fourth Quarter	
	2018	2017
Income tax	28.141	24.452
Income tax surcharges	1.907	627
Total	30.048	25.079
Deferred taxes	15.606	(17.240)
Total tax expenses	45.654	7.839

Table 14

Note 6. OPERATING SEGMENTS

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

- **Cold Cuts:** Production and sale of processed meats (sausage, pepperoni, ham, bologna and burgers), matured meat (Serrano ham, Spanish chorizo, and salami), ready to eat meals, canned foods, and mushrooms
- **Biscuits:** the production and commercialization of sweet flavored cookies lines, with crème and wafers, salty crackers, and snacks, and healthy and functional foods
- **Chocolate:** Production and sale of chocolate bars, chocolate (bars and milk modifiers), chocolate candies, snacks, cereal bars, and nuts
- **TMLUC:** Stands for Tresmontes Lucchetti, a business unit that produces and sells: instant cold drinks, pasta, coffee, snacks, edible oil, juices, soups, desserts, and teas
- **Coffee:** Production and marketing of roasted and ground coffee, instant coffee (powdered, granulated, and freeze-dried), and coffee extracts.
- **Retail Foods:** Formats established for direct sale to consumers, like restaurants and ice cream parlors, where hamburger products, prepared meats, pizza, ice cream, and yogurt are offered.
- **Ice Cream:** This segment includes desserts, water and milk-based ice cream pops, cones, Ice cream by the liter, as well as, ice cream cups and biscuits with ice cream
- **Pasta:** Produced and sold in Colombia, as short, long, egg, with vegetables, with butter, and instant pasta.

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

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

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

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

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

6.1 Operating income from contracts with clients:

Revenues are recognized once control has been transferred to the customer. Some goods are sold with discounts, that are recognized at the moment when the income is invoiced, and others with the fulfillment of goals by the client. Revenue is recognized, net of these discounts. The Group's experience is used, to estimate and provide discounts, using the expected value method, and revenues are only recognized to the extent that it is very likely that a significant reversal will not occur. A reimbursement liability (included in commercial accounts and other accounts payable) is recognized for the expected volume discounts, payable to customers in relationship to the sales realized, to the end of the reporting period. No element of financing is considered present, since sales are realized with a credit term, that in some cases, can reach up to 90 days, which is consistent with the practice of the market. Grupo Nutresa does not recognize any guarantee, on the products it sells. During 2018 and 2017, the Group did not incur incremental costs, to obtain contracts with its customers, nor other costs associated with the execution of the contract.

a) Income from ordinary activities, by segments

	External clients		Inter-segments		Total	
	2018	2017	2018	2017	2018	2017
Cold Cuts	1.849.752	1.824.182	36.699	25.668	1.886.451	1.849.850
Biscuits	1.823.381	1.768.435	10.689	11.505	1.834.070	1.779.940
Chocolate	1.552.792	1.463.734	30.186	22.180	1.582.978	1.485.914
TMLUC	994.596	978.246	1.472	2.223	996.068	980.469
Coffee	985.657	1.001.950	10.427	10.068	996.084	1.012.018
Retail Food	737.717	696.955	911	-	738.628	696.955
Ice Cream	444.361	423.460	1.596	2.712	445.957	426.172
Pastas	301.991	293.596	364	421	302.355	294.017
Others	325.819	245.046	-	-	325.819	245.046
Total segments	9.016.066	8.695.604	92.344	74.777	9.108.410	8.770.381
Adjustments and eliminations					(92.344)	(74.777)
Consolidated					9.016.066	8.695.604

Table 15

Consolidated Financial Statements

b) Information by geographical locations

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

	2018	2017
Colombia	5.737.388	5.495.394
Central America	863.619	827.060
United States	662.545	708.453
Chile	727.186	706.723
Mexico	320.752	310.562
Peru	205.686	198.208
Dominican Republic and the Caribbean	166.827	156.773
Ecuador	134.613	124.890
Others	197.450	167.541
Total	9.016.066	8.695.604

Table 16

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

c) Information by type of product

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

	2018	2017
Foods	4.869.364	4.724.057
Beverages	2.048.641	2.053.646
Candy and Snacks	1.557.762	1.470.386
Others	540.299	447.515
Total	9.016.066	8.695.604

Table 17

d) Calendar of recognition of revenue from ordinary activities:

Grupo Nutresa transfers the goods it sells, at a specific moment in time. It does not have performance obligations, that are satisfied over time. The contracts that the Group has with its customers are short-term.

6.2 EBITDA

	Operating Profit		Depreciation and Amortization (Note 28)		Unrealized Exchange Differences from Operating Assets and Liabilities (Note 30)		EBITDA	
	2018	2017	2018	2017	2018	2017	2018	2017
Cold Cuts	189.335	172.199	38.464	37.260	131	24	227.930	209.483
Biscuits	199.239	185.035	44.207	35.241	194	97	243.640	220.373
Chocolate	215.079	169.132	35.396	36.969	(970)	377	249.505	206.478
TMLUC	90.732	87.989	37.757	38.489	624	377	129.113	126.855
Coffee	74.854	97.817	24.063	23.105	(423)	(154)	98.494	120.768
Retail Foods	33.798	32.760	51.530	53.441	(35)	(1)	85.293	86.200
Ice Cream	24.210	11.445	29.911	30.822	41	70	54.162	42.337
Pasta	25.165	21.282	7.455	7.657	1	122	32.621	29.061
Others	(3.116)	(3.134)	7.689	5.016	1.091	742	5.664	2.624
Total segments	849.296	774.525	276.472	268.000	654	1.654	1.126.422	1.044.179

Table 18

Note 7. INVESTMENTS IN SUBSIDIARIES

The following details financial information of the major subsidiaries that represent 94% of the gross equity of Grupo Nutresa. This information was taken from the Individual Financial Statements of the subsidiaries at December 31st, certified and audited, subject to prescribed legal norms, in each country, where they operate, which are homologized, in order to, apply, in a uniform manner, the accounting policies and practices of the Parent and translated to the Colombian peso for the purposes of consolidation.

	2018					2017				
	Assets	Liabilities	Equity	Profit for the Period	Total Comprehensive Income for The Period	Assets	Liabilities	Equity	Profit for the Period	Total Comprehensive Income for The Period
Subsidiaries directly or indirectly 100% owned by Grupo Nutresa										
Grupo Nutresa S. A.	8.483.352	85.763	8.397.589	510.161	(862.609)	9.106.859	96.209	9.010.650	430.279	386.085
Nutresa Chile S. A.	1.540.281	56.624	1.483.657	26.802	795	1.593.797	62.256	1.531.541	(1936)	(141)
Compañía de Galletas Noel S. A. S.	2.090.131	784.557	1.305.574	119.499	(27.909)	2.104.680	844.884	1.259.796	122.749	16.967
Compañía Nacional de Chocolates S. A. S.	1.675.073	489.813	1.185.260	145.819	197	1.680.375	544.653	1.135.722	103.404	31.026
American Franchising Corp. (AFC)	1.081.109	-	1.081.109	43	5	993.409	-	993.409	(23)	-
Tresmontes S. A.	1.473.950	432.093	1.041.857	23.997	63.106	1.267.098	518.850	748.248	15.306	1.373
Alimentos Cárnicos S. A. S.	2.011.820	1.042.911	968.909	97.519	(23.984)	1.984.270	1.088.887	895.383	67.357	71.034
Compañía de Galletas Pozuelo DCR S. A.	768.408	117.145	651.263	44.812	(60.480)	746.902	92.584	654.318	34.395	417
Industria Colombiana de Café S. A. S.	1.327.054	754.442	572.612	15.155	(5.241)	1.336.268	773.567	562.701	21.382	25.612
Lucchetti Chile S. A.	601.426	56.780	544.646	6.509	2.558	716.414	69.960	646.454	614	122
Compañía Nacional de Chocolates del Perú S. A.	436.638	75.955	360.683	19.778	(3.982)	454.011	65.519	388.492	12.546	10
Abimar Foods Inc.	321.976	56.783	265.193	11.407	1.028	298.767	66.681	232.086	18.790	2.783
Industria de Alimentos Zenú S. A. S.	328.561	126.304	202.257	20.323	(35)	339.259	133.827	205.432	16.227	340
Meals Mercadeo de Alimentos de Colombia S. A. S.	658.445	473.466	184.979	(31.403)	1.093	673.403	458.108	215.295	(14.190)	(260)
Tresmontes Lucchetti Inversiones S. A.	170.632	-	170.632	-	-	-	-	-	-	-
Tresmontes Lucchetti S. A.	497.189	343.652	153.537	(16.445)	1.295	578.069	383.260	194.809	20.976	1.624
Tresmontes Lucchetti México S. A. De C. V.	217.776	68.268	149.508	7.797	628	195.144	65.668	129.476	7.933	(113)
Novaventa S. A. S.	265.189	118.577	146.612	39.201	143	227.444	83.048	144.396	28.177	28
Inmobiliaria y Rentas Tresmontes Lucchetti	127.394	338	127.056	3.881	31	129.792	548	129.244	3.739	124
Tresmontes Lucchetti Servicios S. A.	124.065	6.620	117.445	11.277	149	113.364	3341	110.023	7009	408
Other companies ^(*)	3.025.206	2.047.637	977.569	76.323	(110.120)	3.228.988	1.989.480	1.239.508	41.547	(824)
Subsidiaries with non-controlling interest										
Novaceites S. A.	66.157	5.247	60.910	3.272	42	75.708	15.938	59.770	3.647	238
Setas Colombianas S. A.	71.060	16.415	54.645	6.745	-	65.751	14.711	51.040	3.897	-
Helados Bon S. A.	55.691	18.506	37.185	11.796	(665)	51.734	16.532	35.202	11.280	(349)
La Recetta Soluciones Gastronómicas Integradas S. A. S.	61.660	60.248	1.412	(222)	-	54.783	52.969	1.814	151	(9)
Fondo de Capital Privado "Cacao para el Futuro" – Compartimento A	54.072	24.615	29.457	606	-	46.469	17.617	28.852	734	-

Table 19

(*) Other subsidiaries include equity of \$977.569 (2017: \$1.239.508) for the following companies: Alimentos Cárnicos de Panamá S. A., Compañía Nacional de Chocolates DCR S. A., Nutresa S. A. de C. V., Serer S. A. de C. V., Pastas Comarrico S. A. S., Industrias Aliadas S. A. S., Tropical Coffee Company S. A. S., Molino Santa Marta S. A. S., Comercial Pozuelo Nicaragua S. A., Comercial Pozuelo Panamá S. A., Cía. Americana de Helados S. A., Americana de Alimentos S. A. de C. V., Comercial Nutresa S. A. S., Distribuidora POPS S. A., Corp. Distrib. de Alimentos S. A (Cordials), Comercial Pozuelo Guatemala S. A., Industrias Lácteas Nicaragua S. A., Comercial Pozuelo El Salvador S. A. de C.V., Cordials Usa, Inc., TMLUC Argentina S.A., Comercializadora Tresmontes Lucchetti S.A. de C.V., TMLUC Perú S. A., Tresmontes Lucchetti Servicios S. A., Fideicomiso Grupo Nutresa, Gestión Cargo Zona Franca S. A. S., Opperar Colombia S. A. S., Servicios Nutresa S. A. S., Promociones y Publicidad Las Américas S. A., TMLUC Servicios Industriales, S. A. de CV , Servicios Tresmontes Lucchetti S. A. de C. V., Aldage Inc., Litoempaques S. A. S., Servicios Nutresa Costa Rica S. A., Tresmontes Lucchetti Agroindustrial S. A., PJ COL S. A. S., LYC S. A. S., Schadel Ltda., New Brands S. A., IRCC S. A. S., Tabelco S. A. S., LYC Bay Enterprise INC., Sun Bay Enterprise INC., Gabon Capital LTD., Baton Rouge Holdings LTD., Perlita Investments LTD., El Corral Capital INC (Previously, El Corral Investments INC.), Productos Alimenticios Doria S. A. S., Productos Naturela S. A. S.

Note 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31st includes the following:

	2018	2017
Cash and banks	263.588	307.520
Short-term investments	83.932	128.123
Total	347.520	435.643

Table 20

Short-term collocations are realized for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and accrue interest at market rates of the respective short-term collocations. Balances with banks accrue interest at variable rates based on the return daily bank deposit rates. The average returns on cash and cash equivalents, in all currencies, is 2,6% (2017: 3,6%).

At the close of December, \$24.206 (2017: \$39.438) was allocated as deposits, to support derivative contracts, as collateral or adjustments for margin call. On all other values, there are no restrictions for availability.

At December 31st, 2018, the Group had \$3.371.974 (2017: \$3.200.000) available in committed unused credit lines.

Note 9. TRADE AND OTHER ACCOUNTS RECEIVABLES, NET

Trade and other accounts receivables, are as follows:

	2018	2017
Customers	985.105	916.102
Accounts receivable from employees	39.619	41.087
Accounts receivable from related parties	15.395	18.010
Dividends receivable (Note 14)	14.498	6.185
Loans to third-parties	770	1.664
Other accounts receivable	12.051	10.268
Impairment	(18.794)	(9.239)
Total trade and accounts receivable	1.048.644	984.077
Current portion	1.020.579	957.568
Non-current portion	28.065	26.509

Table 21

At December 31st, accounts receivable from customers have the following stratifications:

	2018	2017
Not overdue	668.763	657.786
Up to 90 days	284.339	234.759
Between 91 and 180 days	16.341	10.830
Between 181 and 365 days	11.670	9.767
More than 365 days	3.992	2.960
Total	985.105	916.102

Table 22

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

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

The reconciliation of recognized impairment on accounts receivable, is as follows:

	2018	2017
Book value at December 31 st 2017/2016	9.239	9.092
Remeasurement of impairment provision	7.514	-
Book value at January 1 st	16.753	9.092
Impairment losses recognized during the period	15.778	13.477
Use during the period	(13.590)	(13.318)
Reversal of impairment losses for the period	(366)	(11)
Exchange differences	299	(1)
Other changes	(80)	-
Book value at December 31st	18.794	9.239

Table 23

The book amount of accounts receivable from customers, is denominated in the following currencies:

	2018	2017
Colombian Pesos	429.424	414.274
US Dollars	205.255	214.023
Other currencies	350.426	287.805
Total	985.105	916.102

Table 24

Note 10. INVENTORIES

The balance of inventories, at December 31st, includes the following:

	2018	2017
Raw materials	309.495	283.142
Works-in-progress	64.576	65.170
Finished products	398.119	374.351
Packing materials	108.516	100.794
Consumable materials and spare parts	89.767	84.850
Inventories in transit	141.686	77.161
Adjustments to the net realizable values	(2.281)	(2.652)
Total	1.109.878	982.816

Table 25

The cost of the inventories, recognized as cost of the merchandise sold, during the period with respect to the continuous operations of the Consolidated Income Statement, corresponds to \$4.727.162 (2017: \$4.445.093).

Write-off inventories are recognized as expenses, in the amount of \$63.952, during the period 2018 (2017: \$61.825); these penalties are within the normal range expected by the Group, according to, the production process, and associated with factors of the type of product, such as expiration dates, rotation, and handling of food.

The impairment of inventories is determined based on an analysis of the conditions and the rotation of inventories. The estimate is recorded, against the results of the year 2018, in the amount of \$75 (2017: \$22).

As of December 31st of 2018 and 2017, there are no inventories committed as collateral for liabilities. The Group expects to realize its inventories, in less than 12 months.

Note 11. BIOLOGICAL ASSETS

The following is a breakdown of biological assets:

	2018	2017
Biological assets - Cattle	50.033	45.131
Biological assets - Pig	41.226	32.592
Crops	3.310	3.795
Total	94.569	81.518

Table 26

Consolidated Financial Statements

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

	Quantities		Location
	2018	2017	
Biological assets – Cattle ⁽¹⁾	32.166 Units	30.282 Units	Antioquia, Cordoba, Cesar, Santander, Sucre and Caldas - Colombia
Biological assets – Pig ⁽¹⁾	97.325 Units	86.408 Units	Antioquia and Caldas - Colombia
	10.288 Units	11.826 Units	Provincia de Oeste - Panama
Crops			
Mushroom crops ⁽²⁾	41.080 m ²	40.290 m ²	Yarumal – Colombia

Table 27

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

Pigs and cattle, in Colombia, are measured at fair value, using as a reference, the market values, published by the National Association of Pig Farmers and livestock auctions at fairs, in each location; this measurement is at the Level 2 of the fair value hierarchy, of IFRS 13. At December 31st, 2018, the price per average kilo of the pig livestock used in the valuation was \$5.248 (2017: \$5.700); for cattle a price per average kilo of \$4.098 (2017: \$3.879) was used.

The value of pigs that are produced in Panama, increased in December 2018, is \$4.399 (2017: \$4.973), are measured upon initial recognition under the cost model, taking into account that there is no active market, in said country.

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

Profit for the period, due to changes in fair value, minus the costs to sell of biological assets at December 31st, 2018 were \$3.882 (2017: \$4.743), and is included in the profit and loss, in operating income.

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

Note 12. OTHER ASSETS

Other assets are comprised of the following:

	2018	2017
Current taxes (Note 19.2)	192.759	184.192
Prepaid expenses ⁽¹⁾	32.713	29.436
Financial derivative instruments (Note 20.6)	16.254	7.847
Total other current assets	241.726	221.475
Non-current taxes (Note 19.2)	11.768	47.343
Prepaid expenses ⁽¹⁾	6.664	6.638
Other financial instruments measured at fair value ⁽²⁾	54.039	46.371
Total other non-current assets	72.471	100.352
Total other assets	314.197	321.827

Table 28

- (1) The expenses paid in advance, correspond mainly to insurance in the amount of \$13.039 (2017: \$15.621), leases in the amount of \$922 (2017: \$1.158) and contractors in the amount of \$452 (2017: \$333)
- (2) Other financial instruments, measured at fair value, correspond to the rights held by the private equity "Cacao para el futuro" - Compartment A, in cocoa plantations.

Note 13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures, are as follows:

	Country	% Participation	Book Value		2018		2017	
			2018	2017	Share of Profit and Loss for the Period	Share of Other Comprehensive Income	Share of Profit and Loss for the Period	Share of Other Comprehensive Income
Associates								
Bimbo de Colombia S.A.	Colombia	40%	139.918	139.867	509	(458)	6.745	495
Dan Kaffe Sdn. Bhd	Malaysia	44%	30.068	26.987	1.339	1.742	174	4.080
Estrella Andina S.A.S.	Colombia	30%	10.688	9.574	(1.886)	-	(943)	(8)
Joint ventures								
Oriental Coffee Alliance Sdn. Bhd	Malaysia	50%	12.121	3.372	(362)	17	52	195
Other investments			-	651	-	-	(34)	-
Total associates and joint ventures			192.795	180.451	(400)	1.301	5.994	4.762

Table 29

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

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

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

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

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

	2018	2017
Opening balance at January 1st	180.451	164.510
Reclassification of investments ⁽¹⁾	(651)	-
Increase of contributions ⁽²⁾⁽³⁾	12.094	5.185
Participation in profit and loss, for the period	(400)	5.994
Participation in other comprehensive income	1.301	4.762
Balance at December 31st	192.795	180.451

Table 30

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

(2) 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. Additionally, other investments in the amount of \$685, were realized.

(3) In October 2018, an increase was made in the capital of Oriental Coffee Alliance Sdn., where Grupo Nutresa invested \$9.094, without generating changes in the percentage of participation, and which were paid in full.

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.

The following is a summary of financial information of associates and joint ventures:

	2018					2017				
	Assets	Liabilities	Equity	Profit and Loss	Total Comprehensive Income for the Period	Assets	Liabilities	Equity	Profit and Loss	Total Comprehensive Income for the Period
Associates										
Bimbo de Colombia S.A.	643.271	293.475	349.796	2.725	459	635.443	285.776	349.667	16.278	395
Dan Kaffe Sdn. Bhd	87.321	18.078	69.243	2.154	5.682	82.498	20.233	62.265	378	1.859
Estrella Andina S.A.S.	43.913	8.115	35.798	(5.588)	-	35.391	3.307	32.084	(2.802)	-
Joint Ventures										
Oriental Coffee Alliance Sdn. Bhd	22.543	300	22.243	(407)	-	3.797	386	3.411	107	42

Table 31

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 14. OTHER NON-CURRENT FINANCIAL ASSETS

Grupo Nutresa classifies portfolio investments that are not held for trading, as equity investments measured at fair value, through “other comprehensive income”.

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

The breakdown of financial instruments, is as follows:

Book Value	Number of Shares Held	Participation as % in Total Ordinary Shares	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 (*)			2.260	74.314
Total:			3.322.694	4.133.963

Table 32

	2018		2017	
	Dividend Income	Loss on Fair Value Measurement	Dividend Income	Profit on 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	127.688
Other companies	1.649	(68.151)	665	-
	58.851	(871.316)	54.386	252.402

Table 33

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 \$50.538 (2017: 61.928).

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

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.

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

Note 15. PROPERTY, PLANT AND EQUIPMENT, NET

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

	Land	Buildings	Machinery and Production Equipment	Transportation Equipment	Computer Equipment	Office Equipment	Leasehold Improvements	Assets in Progress	Plantations in development (*)	Total
Cost	790.239	911.066	2.442.413	23.645	39.833	61.512	142.000	138.515	9.129	4.558.352
Depreciation and/or impairment	(310)	(175.877)	(860.467)	(15.620)	(24.804)	(36.081)	(49.522)	-	-	(1.162.681)
Balance at January 1, 2018	789.929	735.189	1.581.946	8.025	15.029	25.431	92.478	138.515	9.129	3.395.671
Acquisitions	-	17	16.563	1.640	5.266	1.743	20.715	186.022	-	231.966
Disposals	(5.134)	(2.203)	(7.456)	(173)	(13)	(29)	-	361	-	(14.647)
Depreciation	-	(34.086)	(194.102)	(2.892)	(5.215)	(5.875)	(22.750)	-	-	(264.920)
Impairment	-	-	(474)	-	-	-	-	-	-	(474)
Transfers	(2.543)	11.152	172.042	2.275	700	(189)	2.282	(190.991)	-	(5.272)
Acquisition of subsidiaries	-	-	255	-	52	21	-	-	-	328
Currency translation impact	3.895	7.804	17.784	207	(50)	51	306	901	-	30.898
Capitalization and consumption	-	-	-	-	-	-	-	-	2.814	2.814
Cost	786.484	929.129	2.630.897	26.697	43.347	61.115	145.627	134.808	11.943	4.770.047
Depreciation and/or impairment	(337)	(211.256)	(1.044.339)	(17.615)	(27.578)	(39.962)	(52.596)	-	-	(1.393.683)
Balance at December 31st, 2018	786.147	717.873	1.586.558	9.082	15.769	21.153	93.031	134.808	11.943	3.376.364
Cost	781.644	891.388	2.260.229	23.464	33.963	51.888	116.709	143.713	7.433	4.310.431
Depreciation and/or impairment	(311)	(140.005)	(680.856)	(14.040)	(18.765)	(30.941)	(34.567)	-	-	(919.485)
Balance at January 1, 2017	781.333	751.383	1.579.373	9.424	15.198	20.947	82.142	143.713	7.433	3.390.946
Acquisitions	1.551	4.626	14.107	4.013	4.008	2.150	29.696	183.873	-	244.024
Disposals	-	-	(3.375)	(4.149)	39	(155)	(13)	4	-	(7.649)
Depreciation	-	(33.902)	(181.536)	(2.882)	(5.464)	(6.344)	(21.404)	-	-	(251.532)
Impairment	-	-	(158)	-	(2)	-	-	-	-	(160)
Transfers	(251)	5.609	161.980	1.509	759	8.185	2.024	(190.629)	-	(10.814)
Currency translation impact	7.296	7.473	11.555	110	491	648	33	1.554	-	29.160
Capitalization and consumption	-	-	-	-	-	-	-	-	1.696	1.696
Cost	790.239	911.066	2.442.413	23.645	39.833	61.512	142.000	138.515	9.129	4.558.352
Depreciation and/or impairment	(310)	(175.877)	(860.467)	(15.620)	(24.804)	(36.081)	(49.522)	-	-	(1.162.681)
Balance at December 31st, 2017	789.929	735.189	1.581.946	8.025	15.029	25.431	92.478	138.515	9.129	3.395.671

Table 34

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

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

At December 31st, 2018, there was collateral of property, plant and equipment, of \$150.413 (2017: \$178.910), to cover financial obligations or credit quotas.

The main acquisitions, during 2018, correspond to the purchase of dispensing machines, store openings for the consumer food business, adjustments of wastewater treatment plants, in the biscuits, coffee, and ice cream businesses, and the replacement of assets in all businesses. In 2017, correspond to the opening of stores for the Food to Consumer business, whose disbursements are associated with the premises

improvements realized at the points of sale, the purchase of dispensing machines, the opening of new pasta production lines, and the replacement of assets in business.

Grupo Nutresa, at the end of each year, evaluates the useful lives of its properties, plant and equipment. During the year, it was determined that there are no significant changes in the estimate of useful lives.

Note 16. INVESTMENT PROPERTIES

The movement of investment properties during 2018 and 2017, is as follows:

	Land	Buildings	Total
Cost	68.983	4.041	73.024
Depreciation and impairment	-	(718)	(718)
Balance at January 1, 2018	68.983	3.323	72.306
Depreciation	-	(320)	(320)
Transfers	3.300	1.776	5.076
Cost	72.283	6.591	78.874
Depreciation and impairment	-	(1.812)	(1.812)
Balance at December 31, 2018	72.283	4.779	77.062
Cost	68.336	4.040	72.376
Depreciation and impairment	-	(534)	(534)
Balance at January 1, 2017	68.336	3.506	71.842
Depreciation	-	(184)	(184)
Transfers	647	-	647
Impact of differences of currency translation	-	1	1
Cost	68.983	4.041	73.024
Depreciation and impairment	-	(718)	(718)
Balance at December 31, 2017	68.983	3.323	72.306

Table 35

At December 31st of 2018 and 2017, there were no materials commitments for acquisition or construction of the investment properties.

Income included in the Income Statement, derived from income from investment properties, amounted to \$2.576 (2017: \$1.162).

The fair value, of the most significant investment properties, amounted to \$87.520 (Note 35).

Note 17. GOODWILL

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

Reportable Segment	CGU	Balance at December 31 st , 2017	Additions	Exchange Differences	Balance at December 31 st , 2018
Retail Foods	Grupo Alimentos al Consumidor	534.811	-	-	534.811
	Grupo Pops	170.494	-	-	170.494
	Helados Bon	51.530	-	-	51.530
Coffee	Industrias Aliadas S. A. S.	4.313	-	-	4.313
Cold Cuts	Setas Colombianas S. A.	906	-	-	906
Chocolate	Nutresa de México	182.302	-	3.768	186.070
Biscuits	Abimar Foods Inc.	96.546	-	-	96.546
	Galletas Pozuelo	33.272	-	642	33.914
	Productos Naturela S. A. S. (*)	-	1.248	-	1.248
TMLUC	Grupo TMLUC	1.044.052	-	(37.976)	1.006.076
		2.118.226	1.248	(33.566)	2.085.908

Reportable Segment	CGU	Balance at December 31 st , 2016	Additions	Exchange Differences	Balance at December 31 st , 2017
Retail Foods	Grupo Alimentos al Consumidor	534.811	-	-	534.811
	Grupo Pops	170.494	-	-	170.494
	Helados Bon	51.530	-	-	51.530
Coffee	Industrias Aliadas S. A. S.	4.313	-	-	4.313
Cold Cuts	Setas Colombianas S. A.	906	-	-	906
Chocolate	Nutresa de México	180.071	-	2.231	182.302
Biscuits	Abimar Foods Inc.	96.546	-	-	96.546
	Galletas Pozuelo	34.099	-	(827)	33.272
TMLUC	Grupo TMLUC	961.684	-	82.368	1.044.052
		2.034.454	-	83.772	2.118.226

Table 36

(*) In 2018, the additions, correspond to the acquisition of 60% of shares, of Productos Naturela S.A S. (See Note 1).

Evaluation of the impairment of the value of goodwill

Goodwill is not subject to amortization. The Group annually reviews the existence of impairment, by comparing the book value of the net assets, assigned to the Cash Generating Unit (CGU), to its recoverable value. During the current and prior period, no impairment losses were recognized from goodwill. For each CGU or group of CGUs subject to evaluation, the recoverable value is greater than its book value.

The recoverable amount for CGUs, associated to all segments, was estimated based on fair value less disposal cost (FVLCS), applying the discounted cash flow methodology, minus the disposal cost. To apply this methodology, we use the weighted average cost of capital (WACC), as the discounted rate, which weights the cost of the shareholders with the cost of the debt. The estimation of the variables, for both for the cost of capital and the debt, is based on market information available at the valuation date. All flows have been discounted, according to the specific rate, for the relevant region, and incorporating the determining variables of each CGU, in the WACC estimate. The average discount rate used, is in a range established, between 7,8% and 11% (2017: between 7,3% and 11,1%).

Cash flows have been projected for a period of 10 years, which includes 5 years of explicit plans and 5 additional years, where a stabilization period is projected, with a decreasing convergence equivalent to the expected nominal economic performance and long-term growth in perpetuity, giving more consistency to the normal evolution of business and its projections. These flows have been established based upon the Group's experience and using the best estimates by the Administration and adjusting them, based on historical results. These projections include those projects that are currently authorized.

The operating income included in the future flows corresponds to the revenues of the businesses that make up the CGU or Group of CGUs, and the projected comportment takes into account, the expected evolution of the market and the growth strategies approved by the Management, for the years in the period of projection, and determined at the moment of defining the evolution of the gross margin, which includes a study of cost factors based on the projected efficiencies.

Grupo Nutresa uses a specific growth rate that is lower than the average long-term growth rate for the industry and is within a range between 0% and 1.5%, depending on the economic development of the country in which the CGU is located, and is indexed to the corresponding inflation.

Grupo Nutresa considers that there are no foreseeable situations that could impact the key assumptions used in the impairment assessment, in such a way that the book value of a CGU exceeds its recoverable value.

Note 18. OTHER INTANGIBLE ASSETS

	Brands	Software and Licenses	Concessions and Franchises (*)	Others	Total
Cost	1.170.638	40.847	54.951	13.931	1.280.367
Amortization and impairment	(62.294)	(25.969)	(9.997)	(757)	(99.017)
Balance at January 1, 2018	1.108.344	14.878	44.954	13.174	1.181.350
Acquisitions	-	3.284	107	10.489	13.880
Amortization	(3.851)	(4.360)	(9.610)	(1.305)	(19.126)
Transfers	-	708	(7)	(693)	8
Impact of currency translation	(8.688)	(94)	139	67	(8.576)
Cost	1.162.138	43.469	53.641	23.811	1.283.059
Amortization and impairment	(66.333)	(29.053)	(18.058)	(2.079)	(115.523)
Balance at December 31, 2018	1.095.805	14.416	35.583	21.732	1.167.536
Cost	1.145.839	35.660	54.877	7.131	1.243.507
Amortization and impairment	(58.147)	(20.631)	(755)	(303)	(79.836)
Balance at January 1, 2017	1.087.692	15.029	54.122	6.828	1.163.671
Acquisitions	-	3.448	422	5.399	9.269
Amortization	(3.974)	(3.972)	(9.561)	(456)	(17.963)
Transfers	227	150	(20)	1.359	1.716
Impact of currency translation	24.399	223	(9)	44	24.657
Cost	1.170.638	40.847	54.951	13.931	1.280.367
Amortization and impairment	(62.294)	(25.969)	(9.997)	(757)	(99.017)
Balance at December 31, 2017	1.108.344	14.878	44.954	13.174	1.181.350

Table 37

(*) The increase presented in the amortizations for the concessions and franchises, corresponds to the evaluation at the end of each year, of the remaining useful lives.

Brands

This corresponds to the brands acquired through business combinations or transactions with third parties.

The following table shows the allocation of brands to each business segment and the classification by useful life at December 31, 2018:

2018			
Reportable Segment	Finite Useful Life Brands	Indefinite Useful Life Brands	Total
Retail Foods	-	267.177	267.177
Cold Cuts	982	-	982
Chocolate	-	18.190	18.190
Biscuits	-	182.296	182.296
Ice Cream	280.875	-	280.875
TMLUC	-	346.285	346.285
Total	281.857	813.948	1.095.805
2017			
Reportable Segment	Finite Useful Life Brands	Indefinite Useful Life Brands	Total
Retail Foods	-	267.865	267.865
Cold Cuts	901	-	901
Chocolate	-	17.341	17.341
Biscuits	-	178.846	178.846
Ice Cream	284.035	-	284.035
TMLUC	-	359.356	359.356
Total	284.936	823.408	1.108.344

Table 38

The brands with finite useful lives have useful life residuals of 90 years.

Brands with a net book value of \$813.948 (2017: \$823.408) are considered to have indefinite useful lives, due to the fact that a consistent basis it is not determined, in reference to the flows that are expected to generate each one of the brands; these assets are not amortized and are assessed for impairment, annually.

Impairment of the value of brands with indefinite useful lives

The brands that have indefinite useful lives are subject, annually, to an assessment of impairment, using the projection of future cash flows, to determine its fair value; in this assessment, such variables, as: the discounted rate, the increased rate of long-term, among other variables, similar to those used in the impairment assessment of goodwill (See Note 17), are taken into account. During 2018 and 2017, no losses from impairment of brands were not recognized.

In relation to intangible assets with finite useful lives, Grupo Nutresa considers that there are no situations that can impact the projections of expected results, in the remainder of the useful life, and in whose opinion, to December 31st of 2018 and 2017, there exists no indications of impairment of intangible assets with a finite useful life.

Note 19. INCOME TAXES AND TAXES PAYABLE

19.1 Applicable Norms

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

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

Table 39

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

a) Colombia:

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 40

The restrictions on deductions, correspond mainly to the non-deductibility of the unrealized exchange differences, limitation on the deduction for attentions to the employees, the requirement of payment and the accrual of the industry and commerce tax for its deduction, the ceilings on the rates of annual depreciation, and establishment of terms of time for the recognition of the customer loyalty plan. On the other hand, donations made to entities, belonging to the special tax regime, will not be deductible but will allow for the discount, in the tax equivalent to 25%, of the value donated.

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 changed from 2 to 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, in Colombia, 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.

b) Chile

In Chile, the law implemented separate "capital income" and "earned income" systems. The first are taxed with tax class act, which mainly impacts businesses. This tax has a fixed rate of 24%, 25,5% and 27% for the years 2016, 2017, and 2018 and following, respectively, on the tax base, which is calculated effecting aggregates or decreases mandated by law. The tax paid in this way, is imputable against the Global Complementary, which taxes the entire income of natural persons residing in the country; or additional, levies on income generated in Chile, to natural and legal persons, residing outside the country, according to, the case.

c) Costa Rica

Income tax is calculated based on the actual income for the year, with advances during the estimated year. The provisions for taxes on income accounts includes, in addition, taxable income tax for the year, the tax effect applicable to temporary differences between accounting and tax items, used for calculation of income tax. The value of tax such differences are recorded in an account of deferred income tax. The rate of income tax is 30%.

d) Ecuador

According to the Law of Tax Regime, companies incorporated in Ecuador, have tax incentives applications for investments that run in any part of the country, which is the progressive reduction of percentage points in the tax rent, and they're subject to the tax rate of 25%.

e) United States

The U.S. tax reform, effective as of January 1, 2018, established a new corporate rate of 21% to replace the 34% that was being applied; in addition to the special tax on profits maintained abroad of 15%, if they are kept in cash, and 8% if they are invested in assets. Likewise, international tax planning measures are created, that seek to combat the erosion of the tax base and establish the exemption for dividends from foreign subsidiaries. At the end of 2017, the company recognized the deferred tax at the corporate rate of 21%, as it is the rate applicable in the taxable year 2018 and those following.

Tax rules applicable from the year 2019

Law 1943 of 2018, as of 2019, will reduce the income tax rate, and it is by which the companies of Grupo Nutresa, with legally stable subscribed contracts, specifically for the income tax rate of the principle of applicability, will comply to the Law, removing itself from that stipulated in the contract.

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. The latter greatly benefits the companies of Grupo Nutresa, due to its presence, in a large part of the national territory, where this tax must be paid. 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%.

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.

19.2 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⁾	148.889	146.579
Income tax for equity - "CREE" ⁽²⁾	-	9.452
Tax on wealth (interest)	6.033	-
Sales tax	35.389	25.360
Other taxes	2.448	2.801
Total current tax assets	192.759	184.192
Claims in process ⁽³⁾	11.768	47.343
Total non-current tax assets	11.768	47.343
Total tax assets	204.527	231.535

Table 41

(1) Income tax assets and complementaries, include auto-withholdings of \$9.894 (2017: \$10.487), credit balances of \$104.332 (2017: \$93.599), tax advances of \$26.404 (2017: \$37.201), tax rebates for \$1.252 (2017: \$1.602), and income tax withheld \$7.007 (2017: \$3.690).

(2) Corresponds to balances in favor of income tax for equity - CREE, until 2017.

(3) Grupo Nutresa has six (6) subsidiaries that signed legal stability contracts in 2009, with the Colombian government. One of the stabilized taxes was the equity tax, which, due to the tax authority's disposition, had to be declared and paid. However, there is a legal right to request a refund for the payment of the un-owed, in the amount of \$49.486. Protected by Article 594-2 of the Tax Statute, which indicates that the tax obligations presented by those not obliged to declare, do not produce legal effects, in Judgment 05001-23-31-000-2012-00612-01 [21012], and 18636 of August 30, 2016. The claims for the payment of the not owed are advanced, remain pending to be resolved the value of \$9.866 (2017: 46.435), value classified as non-current assets, as it is expected to be resolved in a term superior to twelve months following the date of this report. On March 31, 2017, after the rejection of the first 2 installments of the equity tax, a decision was made to go to judicial proceedings, before the Administrative Litigation, in an effort to seek a resolution rights claimed. For the property tax installments from the third to the eighth, having obtained the admission of some refund requests, admission for all the applications corresponding to said quotas, is expected to obtain. During 2018, Grupo Nutresa has recognized claims in the amount of \$36.569.

The current taxes payable balances include:

	2018	2017
Income tax and complementaries	72.970	63.412
Sales tax payable	103.845	95.321
Withholding taxes, payable	28.782	31.081
Other taxes	23.244	17.962
Total	228.841	207.776

Table 42

The Group applies the laws with professional judgment, to determine and recognize the provision for current tax and deferred income, on its Consolidated Financial Statements. The final tax determination depends on the new regulatory requirements, the existence of sufficient taxable profit for the use of fiscal benefits, as the treatment of untaxed income, and special deductions, according to the current regulations and applicable, and the analysis of favorability probability of expert opinions. The Group recognizes liabilities, for anticipated tax audits, observed based on estimates, if 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.

19.3 Income tax expenses

Current income tax expenses are as follows:

	2018	2017
Income tax	159.438	140.020
Income tax surcharges	4.985	4.936
Total	164.423	144.956
Deferred taxes (*) (Note 19.4)	24.901	(47.179)
Total income tax expenses	189.324	97.777

Table 43

(*) The variation is mainly due to the recalculation effect, due to rate changes, which went from 33% to 30%, a change introduced by Law 1943 of 2018. In turn, the composition of deferred income taxes, arises mainly from the recognition of labor obligations and property, plant and equipment.

19.4 Deferred income tax

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

	2018	2017
Deferred tax assets		
Goodwill tax, TMLUC	133.723	161.838
Employee benefits	37.313	56.491
Accounts payable	9.153	8.407
Tax losses	134.380	130.085
Tax credits	7.306	8.571
Debtors	23.155	14.375
Other assets	34.723	35.305
Total deferred tax assets ⁽¹⁾	379.753	415.072
Deferred tax liabilities		
Property, plant and equipment	331.247	356.742
Intangibles ⁽²⁾	316.726	294.047
Investments	7.220	8.496
Inventories	2.721	1.480
Other liabilities	46.849	42.202
Total income tax liabilities	704.763	702.967
Net deferred tax liabilities	325.010	287.895

Table 44

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

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

	2018	2017
Opening balance, net liabilities	287.895	348.706
Deferred tax expenses (income), recognized in income for the period	24.901	(47.179)
Income tax relating to components, of other comprehensive income, net (Note 27)	4.872	1.631
Impact of variation in rates of foreign exchange	9.532	(15.916)
Other impacts	(2.190)	653
Final balance, net liabilities	325.010	287.895

Table 45

The income tax, relating to components of other comprehensive income, is determined by new measurements of benefit plans to employees of \$1.874 (2017: \$4), the participation in associates and joint ventures, accounted for by using *the Equity Method*, in the amount of \$1.434 (2017: \$(1.550)), and the financial assets, measured at fair value, in the amount of (\$11) (2017: \$(85)) and cash-flow hedges of \$1.576 (2017: \$0).

The income tax related to items, charged directly to equity, corresponds to the First-time adoption of IFRS 9, Financial Instruments, impairment provision.

19.5 Effective tax rates

The theoretical tax rate is calculated using the weighted average of the tax rates, established in the tax regulations of each of the countries where the Grupo Nutresa subsidiaries operate.

The recognition of deferred tax with a rate inferior to the current income tax rate, according to the future rate of income established in current Colombian regulations, impacts the effective rate for temporary differences, in the determination of the tax.

In 2018, the effective tax rate was below the theoretical rate, primarily due to the following:

- (1) The permanent differences, such as dividend income of the untaxable portfolio and the application of the norms, established in Colombia, such as the special deduction in real productive assets, whose impact in the effective tax rate is (4.28%) (2017: 5.24%).
- (2) Changes in tax rates, approved in Law 1943 of 2018, which were diminished as of 2022, by 3 percentage points. This implies the necessity for the temporary differences, that are reversed, in some future and that were recognized at 33%, remain adjusted to the new future rate of 30%, causing an impact of (5.05%), in the effective rate.

The decreases, of the effective rate, herewith described, are offset by the accelerated amortization of the intangibles. The income tax, paid by Colombian companies, abroad, dictates that the following items, may not be discounted from taxes: tax discounts, non-deductible costs, such as 50% of the tax of financial movements, cost and expenses of previous reporting, and the difference of the rate of donations, which previously was considered a deduction, but which decreased the tax rate to 33%, plus surcharge, and a discount of only 25%.

In 2018, there is no impact from the jurisdiction of the Controlled Foreign Companies (CFC), when the analysis of the Concepto General Unificado of the DIAN, of April 2018, which provides clarity of the interpretation and the application of this norm, it was determined that for the year 2018, there exists no fiscal obligation, from this jurisdiction

In 2017, the effective tax rate is below the theoretical rate, explained mainly by:

- (1) Permanent differences, such as income from non-taxed portfolio dividends and the application of standards stabilized in Colombia, such as the special deduction in real productive fixed assets, whose impact on the effective rate is (5.24%).
- (2) Change in the income tax approved in the tax reform of the United States, in December 2017, which was reduced by 13 percentage points. This necessarily requires that the temporary differences are reversed in the future and recognized at 34%, were adjusted to the new 21% rate, having an impact of (2.46%) on the effective rate.
- (3) The decreases in the effective rate, described above, are offset by the application of the ECE regulations, which involves paying taxes on the unearned income of companies controlled abroad, representing an increase to the effective rate of 1.73%.

The following is the reconciliation of the applicable tax rate and the effective tax rate:

	2018		2017	
	Valor	%	Valor	%
Accounting profit, before income taxes	704.215		523.187	
Applicable tax rate expenses	223.236	31.70%	163.758	31.30%
Untaxed portfolio dividends	(19.380)	-2,75%	(19.755)	-3,78%
Special deductions for real productive fixed assets	(10.809)	-1,53%	(7.674)	-1,47%
Amortizations	24.537	3,48%	(7.690)	-1,47%
Current tax from entities controlled abroad	3.006	0,43%	9.044	1,73%
Change in deferred taxes (USA-Colombia)	(35.597)	-5,05%	(33.863)	-6,47%
Other tax impact	4.331	0,62%	(6.043)	-1,16%
Total tax expenses	189.324	26,88%	97.777	18,69%

Table 46

19.6 Presumptive income tax excess and losses

At December 31, 2018, the tax losses of the Group amounted to \$498.225 (2017: \$480.467). As of the expedition of Law 1819 of 2016, the compensation of tax losses in Colombia is limited to 12 taxable periods, following the year that they were generated. Tax losses are recognized in deferred tax assets, corresponding to Chile, they do not expire.

The excess presumptive tax on ordinary income of the Group, outstanding amount of \$24.353 (2017: \$26.160). According to current tax regulations in Colombia, excesses of presumptive tax on ordinary income, can be offset with ordinary liquid income tax within the five following years, fiscally readjusted. Excess presumptive income tax, recognized in deferred tax assets, correspond to Mexico, and do not expire.

Expiration date	Tax Loss	Excess presumptive income tax
2020	-	2.840
2021	-	7.253
2022	-	5.709
2023	-	377
2029	-	4.070
No expiration date	498.225	4.104
	498.225	24.353

Table 47

19.7 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, \$8,712, at a marginal rate from 0.05% to 0.40%, was recognized in reserves, at disposal to the highest social organ.

19.8 Information on current legal proceedings

- In August 2016, Chilean companies from the Tresmontes Lucchetti business, subsidiaries of Grupo Nutresa, received resolution of the Internal Revenue Service (SII) of Chile; in which said entity has objected to the tax on income, presented on the results of the fiscal year 2014, of those companies. The object of discussion in this resolution, is the tax benefit, according to the Law, and corresponds to corporate reorganizations realized, and that generate tax refunds requested. For the former, the Management of these companies in Chile presented, on August 24, 2016, the tax claim to the Tax and Customs Courts of Santiago de Chile, in accordance with the provisions of the Law.
- Industria de Alimentos Zenú S.A.S. and Alimentos Cárnicos S.A.S., Colombian subsidiaries of Grupo Nutresa, are in the process of discussions with the Directorate of National Tax and Customs (DIAN), for the unrecognized deduction for amortization of goodwill, generated in the acquisition of shares, of income of the taxable year 2011. The process in the Administrative Chamber has already been exhausted, therefore, the respective lawsuits were brought before the contentious administrative courts of Antioquia, and del Valle, respectively. The requests for monies in favor of the tax returns for the taxable year 2011, of these two companies, on the occasion of this discussion, were considered undue, by the DIAN, which generated a process for Industria de Alimentos Zenú S.A.S., in discussion in the administrative chamber, as well as for, Alimentos Cárnicos S.A.S., in judicial proceedings.
- Grupo Nutresa S.A. files a lawsuit for the lack of knowledge of deductions and compensation for tax losses, in tax returns for the taxable years 2008 and 2009. Due to lack of knowledge, the Administration rejected the rebates, in favor of those taxable years, which made the necessary lawsuit against the resolutions that decided the rejection.

The Administration of the Group considers that the resolution of previous situations will conclude in favor of the subsidiaries, with a base in the positions of the Legal Council.

Note 20. FINANCIAL OBLIGATIONS

20.1 Financial liabilities at amortized cost

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

	2018	2017
Loans	2.503.609	2.636.499
Bonds	272.255	381.453
Leases	12.181	13.258
Total	2.788.045	3.031.210
Current	522.302	557.133
Non-current	2.265.743	2.474.077

Table 48

The financial obligations, mainly loans, taken out by Colombian companies, in dollars, incorporates adjustments, that increase the amortized cost, in the amount of \$10,198, increasing the value of the financial obligation (2017: \$4,638), as a result of the measurement at fair value of hedging exchange rates, as described in Note 20.6, henceforth.

20.2 Bonds

Grupo Nutresa generated issuance of two bonds:

- In July 2008, Compañía Nacional de Chocolates de Perú, S.A. issued corporate bonds with Grupo Nutresa, serving as guarantor. The issuance was executed in the amount of \$118,520,000 Sols, with a maturity date of 10 years (2018), at a fixed interest 8,84% E.A., payable in arrears, every six months, and amortized at maturity. In June 2018, the payment of Corporate Bonds issued, was realized. In 2018, interest expenses were incurred, from interest, in the amount of \$4,578 (2017: \$9,373).
- In August 2009, an issue of corporate bonds took place in Colombia, through Fideicomiso Grupo Nutresa, which is managed by Alianza Fiduciaria S.A., the issuance was realized in the amount of \$500,000, maturing in four tranches at 5, 7, 10, and 12 years, with interest payable quarterly, in arrears, and amortized to maturity of each coupon. In 2018, interest expenses were incurred in the amount of \$23,633 (2017: \$27,120). The emission has a balance at December 2018, including accrued interest in the amount of \$272,255 (2017: \$272,466), and has the following characteristics:

Maturity	Interest rate	2018	2017
2019	CPI + 5,33%	136.783	136.870
2021	CPI + 5,75%	135.472	135.596
Total		272.255	272.466

Table 49

20.3 Maturity

Period	2018	2017
1 year (including payable interest)	522.302	557.133
2 to 5 years	2.251.476	2.174.804
More than 5 years	14.267	299.273
Total	2.788.045	3.031.210

Table 50

20.4 Balance by currency

Currency	2018		2017	
	Original Currency	COP	Original Currency	COP
COP	2.579.945	2.579.945	2.650.164	2.650.164
CLP	43.542.011.182	203.665	55.494.273.054	269.370
USD	1.364.871	4.435	901.126	2.689
PEN	-	-	118.520.000	108.987
Total		2.788.045		3.031.210

Table 51

Currency balances are presented, after currency hedging.

To evaluate the sensitivity of financial obligation balances, in relationship to variations in exchange rates, all of the obligations, as of December 31, 2018, that are in currencies other than the Colombian peso and that do not have cash flow hedges, are taken. A 10% increase in exchange rates, in reference to the dollar (COP/USD), would generate an increase of \$249 (2017: \$10.899), in the final balance.

20.5 Interest rates

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

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

Rate	2018	2017
Variable interest rate debt	2.622.443	2.703.291
Fixed interest rate debt	165.602	327.919
Total	2.788.045	3.031.210
Average rate	6,33%	7,24%

Table 52

Rate	2018	2017
IBR indexed debt	979.505	997.913
DTF indexed debt	943.347	931.646
CPI indexed debt	495.809	513.684
TAB (Chile) indexed debt	203.710	260.048
LIBOR indexed debt	72	-
Total debt at variable interest rate	2.622.443	2.703.291
Debt at a fixed interest rate	165.602	327.919
Total debt	2.788.045	3.031.210
Average rate	6,33%	7,24%

Table 53

To provide an idea of the sensitivity of financial expenses to interest rates, an increase of +100bp has been supposed, a scenario in which the annual interest expense, of the Group, would increase by \$27.657 (2017: \$30.084).

Following is information on the main reference rates, at the close of the period:

Close Rate	2018	2017
CPI	3,18%	4,09%
IBR (3 Months)	4,14%	4,51%
DTF EA (3 Months)	4,54%	5,21%
DTF TA (3 Months)	4,42%	5,05%
TAB (3 Months)	3,24%	3,04%
LIBOR (3 Months)	2,81%	1,69%

Table 54

20.6 Derivatives and financial hedging instruments

Grupo Nutresa, at certain times, resorts to borrowing in dollars, in order to secure more competitive interest rates, in the market, and uses derivatives to mitigate the risk of the exchange rate, in these operations. These derivatives are designated as accounting hedges, which implies that the fair value measurement of the derivative instrument is recognized as an adjustment, to the amortized cost of the financial obligation, designated as a hedged item. At December 31, 2018, hedged debt amounted to USD\$50.341.542 (2017: USD\$62.909.845).

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

The following is a breakdown of the assets and liabilities from financial derivative instruments:

	2018		2017	
	Asset	Liability	Asset	Liability
Hedges				
Fair value of exchange rates on financial obligations	-	10.198	-	(4.638)
Fair value of exchange rates on suppliers	-	430	-	-
Fair value of types of exchange rates on cash flows	13.209	(3.940)	-	-
Total hedge derivatives	13.209	6.688	-	(4.638)
Non-designated derivatives				
Forwards and options on currencies	-	-	3.103	(3.080)
Forwards and options on interest rates	-	(780)	-	(1.150)
Forwards and options on commodities	3.045	(858)	4.744	(663)
Total non-designated derivatives	3.045	(1.638)	7.847	(4.893)
Total derivate financial instruments	16.254	5.050	7.847	(9.531)
Net value of financial derivatives		21.304		(1.684)

Table 55

The valuation of non-designated derivative financial instruments, generated a loss in the Income Statement, in the amount of \$798 (2017: \$1.194), registered as part of the exchange difference of financial assets and liabilities.

The valuation of derivatives, to cover cash flow positions, generated an adjustment in OCI, in the amount of \$7.960 (2017: \$0) (See Note 27)

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

Note 21. TRADE AND OTHER ACCOUNTS PAYABLE

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

	2018	2017
Suppliers	625.349	535.404
Cost and expenses payable	354.654	353.354
Dividends payable (Note 26.3)	73.598	68.409
Payroll deductions and contributions	41.517	36.232
Total	1.095.118	993.399
Current	1.094.960	993.241
Non-current	158	158

Table 56

Trade and other payables, normally have to be paid on an average in the following 38 days (2017: 37 days).

Note 22. EMPLOYEE BENEFITS

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

	2018	2017
Short-term benefits	102.443	96.134
Post-Employment benefits	123.850	167.643
Defined benefit plans (Note 22.2)	87.386	133.350
Defined contribution plans	36.464	34.293
Other long-term benefits (Note 22.3)	114.576	135.527
Total liabilities for employee benefits	340.869	399.304
Current portion	165.833	172.730
Non-current portion	175.036	226.574

Table 57

22.1 Applicable regulations

Colombia:

Defined Contributions:

Severance: assistance equivalent to one month's salary for each year of service and proportionally per fraction of the year. The severance of all workers who entered into employment contracts after the effective date of Law 50 of 1990, and the former workers, who benefited this system, are deposited in a severance fund, and are accounted for as a defined contribution plan.

Contributions to pension funds: the pension system, grants the worker, the possibility of receiving a life annuity, at the end of the work cycle, so that fixed resources can be count on and which allow for economic stability in old age. The contribution to the pension fund is 16% of the employee's base contribution rate. This is divided into 12%, contributed by the employer, and 4% by the worker. Currently, Colombia has two modalities under which you can contribute for retirement: Individual Savings Solidarity System (RAIS) and Average Premium System (APS). The first is managed by private funds and the second by Colpensiones, a public entity.

Defined benefits:

Pensions: Grupo Nutresa have for the year 2018, with 232 beneficiaries (2017: 246) from the defined pension plan benefits, according to legal regulations (Former Model of Regime for defined pension payouts). The plan consists that it is legally established that the employee at retirement will receive a monthly amount from the pension, pension adjustments according to the legal norms, survivor' benefits, funeral assistance, and additional allowances, in June and December. These values depend on factors such as: employee's age, years of service, and salary. There are no current employees, who can access this benefit.

Retroactive Severance: According to Colombian labor laws, employees hired before the entry into force of Law 50 of 1990, are entitled to receive one month's salary, in effect for each year or services, and proportionally, a fraction of year or as aid of severance, for any reason the end of employment, including: retirement, disability, death, el al. The benefit is liquidated, at the time of retirement of an employee, based on the last salary earned. There may be distributions before the date of retirement, at the request of the worker, which are not compulsory distributable. Severance is retroactive settled for of 541 workers belonging to the labor force, before the Law 50 of 1990 (2017: 618works).

Ecuador:

Employer retirement: In accordance with provisions of the Labor Code, employees, who for twenty-five years or more and have provided their services on a continuous or interrupted basis, shall be entitled retirement by their employers, without prejudice to the corresponding retirement benefits, as members of the Ecuadorian Institute of Social Security - IESS. The calculation consists of the sum equivalent to 5% of the average annual remuneration received, for the last five years. This item is multiplied by the years of service, and the result is divided by the age coefficient, established in the Labor Code.

Termination bonus: is the written notice with which a worker informs the employer that his/her will is to terminate the employment contract. Payment of the benefit is mandatory, even in cases where the employment relationship ends by agreement between the parties, in accordance with Numeral 2 of Article 169 of the Labor Code. The employer will give the worker twenty-five percent of the equivalent to the last monthly remuneration, for each one of the years of service rendered.

Chile:

Compensation: corresponds to the obligation established in contracts or collective labor agreements for compensation for years of service of workers. Employees will be entitled to one month of remuneration for each year worked.

22.2 Pensions and other post-employment benefits

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

	Pensions		Retroactive severance		Other defined benefit plans		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Present value of obligations at January 1st	24.917	51.780	16.005	18.651	92.428	66.254	133.350	136.685
(+) Cost of services	180	119	481	611	5.015	6.550	5.676	7.280
(+) Interest expenses	1.416	1.497	949	1.774	5.748	6.465	8.113	9.736
(+/-) Actuarial losses and/or gains	(143)	1.381	3.203	1.174	(1.573)	99	1.487	2.654
(+/-) Other movements	(4.889)	(27.263)	-	6	(399)	27.459	(5.288)	202
(-) Payments	(2.454)	(2.596)	(6.131)	(6.211)	(47.235)	(17.090)	(55.820)	(25.897)
(+/-) Difference in exchange rate	111	(1)	-	-	(243)	2.691	(132)	2.690
Present value of obligations at December 31st	19.138	24.917	14.507	16.005	53.741	92.428	87.386	133.350

Table 58

Actuarial gains and losses are recognized in the Income Statement.

The undiscounted estimated for payments for defined benefits, over the next five years, are as follows, for the Group:

Year of expiration	Without discount
2019	11.791
2020	7.601
2021	7.730
2022	7.932
2023	8.819
Following years	185.431
Total	229.304

Table 59

The estimated time for termination of benefits is 42 years.

In accordance with the tax regulations applicable in Colombia, the pension liability is calculated using variables established by the regulator. The difference between the calculations of the pension liabilities, in accordance with the accounting and financial information standards accepted in Colombia, and the tax regulations is detailed below:

	IFRS Liability	Fiscal Liability
Calculated actuary pension liability	17.952	16.368
Discount rate	6,25%	4,8%
Salary adjustment rate	3,20%	5,09%

Table 60

Post-employment benefits in defined contribution plans

With regard to defined contribution plans, the Group fulfills its legal obligation, making contributions of a predetermined nature to a public or private entity. In these plans, the Group has no legal or implicit obligation to make additional contributions, in the event that the fund does not have sufficient assets to cover the benefits related to the services that the employees have rendered, in the current period and in the previous ones.

The Group recorded expenses, from employer contributions to defined contribution plans for pensions during the period, in the amount of \$78.904 (2017: \$75.086); and expenses for contributions to severance from Law 50, during the period, in the amount of \$42.954 (2017: \$40.757).

22.3 Other long-term benefits

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

The seniority premiums are paid to the employee for every five years of service. The liability is recognized, gradually, as the employee provides the services that will make it a 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 the result of the period in which they arise.

The Company does not have specific assets intended to support long-term benefits. The long-term benefit liability 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 costs, past service costs, interest costs, actuarial gains and losses, as well as any liquidation or reduction of the plan, are recognized immediately in results.

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

	Seniority Premium		Other Long-term Benefits (*)		Total	
	2018	2017	2018	2017	2018	2017
Present value of obligations at January 1st	75.403	63.075	60.124	60.565	135.527	123.640
(+) Cost of services	6.874	5.337	41.430	31.976	48.304	37.313
(+) Interest expense	5.503	5.505	2.371	2.889	7.874	8.394
(+/-) Actuarial gains or losses	(4.595)	10.879	(10.433)	2.882	(15.028)	13.761
(+/-) Others	-	-	(5)	(28)	(5)	(28)
(-) Payments	(8.940)	(9.417)	(53.672)	(38.761)	(62.612)	(48.178)
(+/-) Exchange rate differences	60	24	456	601	516	625
Present value of obligation at December 31st	74.305	75.403	40.271	60.124	114.576	135.527

Table 61

(*) During 2018, a fund was established to administer this benefit, in the amount of \$41.000.

22.4 Expenses for employee benefits

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

	2018	2017
Short-term benefits	1.354.279	1.327.321
Post-employment benefits	127.534	123.123
Defined contribution plans	121.858	115.843
Defined benefit plans	5.676	7.280
Other long-term employee benefits	34.792	35.634
Termination benefits	17.744	12.752
TOTAL	1.534.349	1.498.830

Table 62

22.5 Actuarial Assumptions

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

	2018	2017
Discount rates	2,5 – 11%	2.5% - 11%
Salary increase rates	2,3% - 6,3%	1.5% - 5%
Employee turn-over rates	1% -23%	1% - 12%

Table 63

The discount rate is estimated with the assumptions of the performance of the sovereign debt bonds of the commitment 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; this hypothesis is based on the fact that the Colombian market does not have sufficient liquidity and depth, in high quality corporate bonds.

The table used is the mortality rate, by sex. This table is issued by the Financial Superintendence, through Resolution 1555 of 2010 for Colombia. Ecuador uses the TM IESS 2002 and the Dominican Republic uses the GAM-83 table.

The salary increase rates were determined based on historical performance, the projections of the inflation, and consumer price indexes, in each of the countries that the Group operates.

The turnover rate of employees is estimated, based on market studies and historical data of each of the companies. For example, the table 2003 SOA Pension Plan Turnover Study is used in Colombia and Panama.

22.6 Sensitivity analysis

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

	Pensions	Retroactive Severance	Seniority Premiums	Retirement Bonus
Discount rate + 1%	(125)	(667)	(5.122)	(6.228)
Discount rate -1%	129	721	5.806	4.331
Salary increase rate + 1%	94	2.039	6.000	4.160
Salary increase rate -1%	(97)	(1.930)	(5.130)	(5.046)

Table 64

The methods and assumptions used to prepare sensitivity analyzes of the present value of the obligations did not change compared to the method of the Projected Credit Unit (PUC), used the previous year.

Note 23. CURRENT PROVISIONS

At December 31st, current provisions are as follows:

	2018	2017
Legal contingencies	1.895	1.203
Bonuses and incentives	2.223	2.217
Total	4.118	3.420

Table 65

Legal contingencies: Provisions for legal proceedings are recognized to cover probable estimated losses against Grupo Nutresa for labor, civil, administrative, and regulatory disputes, which are calculated on the basis of the best estimate of the disbursement required, to cancel the obligation at the reporting date of preparation of the Financial Statements. Taking into account that the reports of the Legal Counsel, the

Management considers said litigations will not significantly impact the financial condition or solvency of the Group, inclusive, in the event of an adverse outcome of any litigation. There are no such relevant judicial proceedings that should be disclosed in the Financial Statements, at December 31st of 2018 and 2017.

Bonuses and incentives: corresponds to the recognition plans for the management and innovation of employees and the sales force. Until December 31st, 2017, the liabilities corresponding to these prizes and incentives were included in accounts payable.

Onerous contracts: At the time of the acquisition of Grupo El Corral, a provision is recognized, for lease contracts on property, which is not currently involved in any commercial activity and therefore generates no income is generated, was canceled in December 2017, due to early delivery of mutual agreement with the tenant.

Contingent assets and liabilities

No contingent assets and liabilities are identified that are quantitatively or qualitatively material, and should be disclosed in the Financial Statements to December 31st of 2018 and 2017.

Note 24. OTHER LIABILITIES

	2018	2017
Derivative financial instruments (Note 20.6)	5.578	4.893
Pre-payments and advances received	13.784	9.329
Liabilities from customer loyalty programs (*)	5.495	4.900
Return of goods	1.300	1.500
Other	1.055	598
Total other liabilities	27.212	21.220
Current	26.676	20.661
Non-current	536	559

Table 66

(*) Corresponds to liabilities, from contracts with clients. During 2018, there were no significant variations with respect to 2017.

Note 25. LEASES

25.1 Grupo Nutresa as lessee

The Group leases mainly computer equipment, vehicles, buildings for storage, offices, and commercial stores; these contracts have been evaluated on the basis of the terms and conditions of the agreements, the lease term, the economic life of the asset, among others, to assess the substantial transfer of risks and benefits, of the ownership of these assets.

25.1.1 Financial leases

The amount of property, plant and equipment in financial leases totaled \$23.395 at December 31, 2017 (2017: \$24.650). The financial liabilities for these leases amounted to \$12.181 (2017: \$13.258).

Future minimum payments for leases, under these contracts, and the present value of the minimum payments are as follows:

	2018
Up to 1 year	5.846
2 to 5 years	5.005
More than 5 years	6.219
Total of payments	17.070
Minus finance charges	(4.889)
Present value	12.181

Table 67

The Group maintains 32 financial leases and leases with option to buy, related to various components of property, plant and equipment. Each leasing contract has particular clauses, for each particular contract, which sets rates, ranging from DTF+2,36 (2017: DTF+2,23), and average length is between 1 and 11 years (2017: 1 y 13 years)

25.1.2 Operating leases

The group has entered into operating leases on land, building, transportation equipment, computer equipment and production equipment machinery, which have average terms of 7 years.

To December 31, 2018 operating lease expenses were \$223.598 (2017: \$216.297), mainly generated from property leases, which were used for the normal operation of the company.

The minimum payments for operating leases, under “non-cancellable” contract, at December 31st are as follows:

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	2018
Up to 1 year	195.401
2 to 5 years	775.031
More than 5 years	1.095.907
Total	2.066.339

Table 68

25.2 Grupo Nutresa as lessor

Grupo Nutresa has properties under operating leases, (primarily buildings) with a book value of \$10.438 (2017: 9.055), upon which income of \$2.576 (2017: \$1.162), with a duration period between 1 to 10 years.

The total amount of future minimum non-cancelable operating lease payments at December 31st, are as follows:

	2018
Up to 1 year	3.004
2 to 5 years	12.017
More than 5 years	14.270
Total	29.291

Table 69

Note 26. EQUITY

26.1 Subscribed and paid shares

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 shares, fully paid and subscribed shares. There were no changes to the make-up of the capital, during neither the period, nor the comparative period.

There is a paid-in capital of shares for \$546.832, from the issuance of shares made in previous periods.

The shares of the company are listed on the Stock Exchange of Colombia to December 31, 2018, and its value was \$23.500, per share (2017: \$27.820).

At December 31, 2018, the common shares are held by 11.288 Shareholders (2017: 11.900 Shareholders). The Corporate Structure, of the Grupo Nutresa, at December 31, 2018 and 2017, is as follows:

Group of Investors	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	100,0%	460.123.458	100%

Table 70

26.2 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	80.332	79.256
Non-distributable occasional reserves	1.558.597	1.558.597
Other reserves	1.924.690	1.766.641
Total Reserves	3.563.619	3.404.494
Retained earnings	(10.792)	(8.032)
Total	3.552.827	3.396.462

Table 71

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-distributable reserves: corresponds to the voluntary reserve approved by the Shareholders in a meeting on March 18, 2016, about the retained earnings, generated in the process of First-time adoption of IFRS.

Other reserves: corresponds to voluntary reserves, substantially unrestricted by the Shareholders.

Retained earnings: in 2018, corresponds mainly to the impact of First-time adoption of IFRS 9 Financial instruments, in the amount of \$(5,217), and for the liquidation impact of TMLUC Peru in the amount of \$(2,488). In 2017, corresponds mainly to the realization of OCI, for

employee benefit plans, in the amount of \$2.552, and financial instruments for the liquidation of the Livestock Fund of Antioquia, in the amount of \$544, plus the deferred tax recognized in 2016, on goodwill in the Consolidated Income Statement, in the amount of \$4.272, which was not part of the profits from the distribution of dividends.

26.3 Distribution of dividends

The ordinary Shareholders of Grupo Nutresa S.A., at the meeting, held on March 20, 2018, declared ordinary share dividends of \$47,2 (*) per-share and per-month, equivalent to \$566,4 (*) annually per share (2017: \$534 (*) annually per share), over 460.123.458 outstanding shares, during the months from April 2018 to March 2019, inclusive, for a total of \$260.614 (2017: \$245.706). In addition, dividends were issued to non-controlling interest owners of Setas Colombianas S. A. and Helados Bon S. A. in the amount of \$2.025 (2017: \$692).

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.

During 2018, dividends were paid in the amount of \$247.668 (2017: \$243.051), which include dividends paid to non-controlling interest owners, in the amount of \$2.025 (2017: \$692).

At December 31, 2018, accounts payable pending, are in the amount of \$73.598 (2017: \$68.409).

(*) In Colombian Pesos.

26.4 Non-controlling interest

Participation of non-controlling interest at December 31st of 2018 and 2017 is as follows:

Subsidiary	Country of Origin	% Non-controlling interest		2018		2017	
		2018	2017	Non-controlling Interest in Equity	Gains or (Losses) Attributable to Non-controlling Interest	Non-controlling Interest in Equity	Gains or (Losses) Attributable to Non-controlling Interest
Novaceites S. A.	Chile	50,00%	50,00%	30.328	1.636	29.801	1.823
La Recetta Soluciones Gastronómicas Integradas S. A. S.	Colombia	30,00%	30,00%	466	(67)	543	45
Setas Colombianas S. A.	Colombia	0,50%	0,50%	272	34	255	20
Helados Bon S. A.	Dominican Republic	18,82%	18,82%	7.031	1.766	7.130	2.123
Fondo de Capital Privado "Cacao para el Futuro" – Compartimento A	Colombia	16,59%	16,59%	4.870	83	4.787	122
Schadel Ltda. Schalin del Vecchio Ltda.	Colombia	0,12%	0,12%	11	1	9	-
Productos Naturela S. A. S		40,00%	-	1.310	(5)	-	-
Total				44.288	3.448	42.525	4.133

Table 72

During 2018, Setas Colombianas S. A. distributed dividends in the amount of \$3.136 (2017: \$2.593), of which \$16 was paid to non-controlling interests (2017: \$14). Helados Bon S. A. distributed dividends in the amount of \$10.674 (2017: \$3.605), of which \$2.009, were paid to the non-controlling interest (2017: \$678), and Shadel Ltda Shalin del Vecchio Ltda. distributed dividends in the amount of \$148 (2017: \$0).

Note 27. OTHER COMPREHENSIVE INCOME

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

	Actuarial Results (27.1)	Financial Instruments (27.2)	Associates and Joint Ventures (27.3)	Reserves for Translations (27.4)	Cash flow hedges	Total Accumulated Other Comprehensive Income	Non-controlling Interest	Total OCI Attributed to Controlling Interest
Balance at January 1, 2018	(19.964)	3.897.904	6.679	663.598	-	4.548.217	(6.363)	4.541.854
Losses/gains from new measurements	(1.487)	(871.316)	1.301	-	7.960	(863.542)	-	(863.542)
Impact from translation for the period	-	-	-	8.781	-	8.781	-	8.781
Associated deferred tax	(1.874)	11	(1.434)	-	(1.575)	(4.872)	-	(4.872)
Participation of non-controlling in OCI for the period	-	-	-	-	-	-	954	954
Balance at December 31, 2018	(23.325)	3.026.599	6.546	672.379	6.385	3.688.584	(5.409)	3.683.175

	Actuarial Results (27.1)	Financial Instruments (27.2)	Associates and Joint Ventures (27.3)	Reserves for Translations (27.4)	Cash flow hedges	Total Accumulated Other Comprehensive Income	Non-controlling Interest	Total OCI Attributed to Controlling Interest
Balance at January 1, 2017	(19.866)	3.632.476	3.467	136.016		3.752.093	(5.521)	3.746.572
Losses/gains from new measurements	(2.654)	252.402	4.762	-	-	254.510	-	254.510
Impact from translation for the period	-	-	-	143.782	-	143.782	-	143.782
Associated income tax	4	(85)	(1.550)	-	-	(1.631)	-	(1.631)
Realization of other comprehensive income	2.552	544	-	-	-	3.096	-	3.096
Equity reclassifications	-	12.567	-	383.800	-	396.367	-	396.367
Participation of non-controlling in OCI for the period	-	-	-	-	-	-	(842)	(842)
Balance at December 31, 2017	(19.964)	3.897.904	6.679	663.598		4.548.217	(6.363)	4.541.854

Table 73

27.1 Actuarial gains (losses) on the 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, mainly due to pensions, retroactive severance, and other retirement benefits in Colombia and Chile. The net value of the new measurements is transferred to retained earnings and not reclassified to the Income Statement.

See Note 22.1, for detailed information about the post-employment defined benefit plans, that result in these actuarial gains and losses.

27.2 Financial Instruments - Equity investments measured at fair value through other comprehensive income

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

See Note 14 for detailed information on these investments.

27.3 Associates and joint ventures - Interest in other accumulated comprehensive income

The component of other comprehensive income of investments in associates and joint ventures represents the accumulated value of gains or losses from participation in other comprehensive income of the investee. These retained earnings will be transferred to profit and loss in the cases dictated by the accounting standards.

See note 13, for detailed information on investments in associates and joint ventures.

27.4 Reserves for translation of foreign operations

Grupo Nutresa's Consolidated Financial Statements include foreign subsidiaries, located mainly in Chile, Costa Rica, the United States, Mexico, Peru, Panama, and other Latin American countries that represent 30,41% to 37,31% of total consolidated assets in December 2018 and 2017, respectively; the Financial Statements of these subsidiaries are translated into Colombian pesos, in accordance with the accounting policies of Grupo Nutresa.

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

		2018	2017
Chile	CLP	(65.821)	142.974
Costa Rica	CRC	8.552	(16.715)
United States	USD	22.155	607
Mexico	MXN	20.231	7.250
Peru	PEN	10.787	9.877
Panamá	PAB	7.514	79
Others		5.363	(290)
Impact of exchange translation for the period		8.781	143.782
Equity reclassifications		-	383.800
Reserves for exchange translation at the opening balance		663.598	136.016
Reserves for exchange translation at the closing balance		672.379	663.598

Table 74

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

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

See Note 3.3.2 for information on the main exchange rates used in the translation of the Financial Statements of foreign companies.

Note 28. EXPENDITURE BY NATURE

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

	2018	2017
Inventory consumption and other costs	3.548.118	3.487.573
Employee benefits (Note 22.4)	1.534.349	1.498.830
Other services ⁽¹⁾	745.846	694.323
Other expenses ⁽²⁾	508.523	458.008
Transport services	336.391	311.528
Depreciation and amortization ⁽³⁾	276.472	268.000
Leases	223.598	216.297
Seasonal services	209.861	211.346
Manufacturing services	196.627	193.452
Energy and gas	148.255	140.653
Advertising material	120.552	135.380
Maintenance	116.494	110.851
Taxes other than income tax	79.343	74.415
Fees	77.020	98.802
Insurance	35.604	33.318
Impairment of assets	16.259	13.667
Total	8.173.312	7.946.443

Table 75

- (1) Other services include: marketing, cleaning and surveillance, shelving and displays, food, public services, commercial plan of action, software, and storage.
- (2) Other expenses include: spare parts, travel expenses, containers and packaging, fuels and lubricants, contributions and affiliations, commissions, taxis and buses, building supplies, stationery and office supplies, cleaning and laboratory supplies, legal expenses and licenses and prizes.
- (3) Expenses for depreciation and amortization, impacted profit and loss, for the period, is as follows:

	2018	2017
Cost of sales	158.632	155.052
Sales expenses	101.424	95.354
Administration expenses	13.824	15.037
Production expenses	2.592	2.557
Total	276.472	268.000

Table 76

Note 29. OTHER OPERATING INCOME (EXPENSES), NET

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

	2018	2017
Disposal and removal of property, plant and equipment and intangibles ⁽¹⁾	14.477	11.439
Indemnities and recuperations ⁽²⁾	12.853	18.500
Government grants ⁽³⁾	964	5.314
Other income and expenses	867	1.254
Fines, penalties, litigation, and legal processes	(2.360)	(3.570)
Donations	(15.999)	(7.828)
Total	10.802	25.109

Table 77

- (1) Corresponds mainly to income generated from the sale of real estate, in the amount of \$9.931, machinery and equipment, in the amount of \$2.704, withdrawals of machine and equipment in the amount of \$1.256, and removal of transportation equipment, in the amount of \$271.
- (2) For 2018, there are other recoveries of unchargeable debts and indemnities. In 2017, income from the recognition of compensation, for the loss that occurred in a production plant in Bogotá, is included.
- (3) Corresponds to the First Quarter of 2017, in the amount of USD 1,500,000 (COP \$4.417), recorded in Abimar Foods Inc., and received from the Development Corporation of Abilene – DCOA, an organization that provides financial assistance to private companies to facilitate the

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

Note 30. EXCHANGE RATE VARIATION IMPACT

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

	2018	2017
Realized	(3.606)	1.909
Unrealized	(654)	(1.654)
Operating exchange differences	(4.260)	255
Non-operating exchange differences	23.113	(21.401)
Total income (expenses) from exchange differences	18.853	(21.146)

Table 78

The difference in operating exchange mainly includes the loss for exchange differences in customer accounts receivable, in the amount of \$7.350 (2017: \$-1.550), and profits for difference in accounts payable to suppliers, in the amount of \$(14.076) (2017: \$2.216), and raw materials, in the amount of \$2.466 (2017: \$-411).

Note 20.6 discloses information related to hedging transactions that have an impact on profits/losses, due to exchange differences.

Note 31. FINANCIAL INCOME AND EXPENSES

31.1 Financial income

The balance at December 31st, included:

	2018	2017
Interest	11.030	10.082
Valuation of other financial instruments (*)	3.367	1.759
Others	1.060	2.100
Total	15.457	13.941

Table 79

(*) Income from the assessment of other financial instruments corresponds to the valuation of the rights held by the private equity "Cacao para el Futuro". See Note 35 for information on the methodology and variables used in the valuation.

31.2 Financial expenses

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

	2018	2017
Loans interest	169.955	203.010
Bonds interest	28.211	36.493
Interest from financial leases	250	318
Total interest expenses	198.416	239.821
Employee benefits	14.471	33.570
Other financial expenses	34.417	34.157
Total financial expenses	247.304	307.548

Table 80

The decrease, in interest expensed, reflects the decrease in reference rates during the year, thus decreasing the average cost of the debt and allowing the attainment of loans, with lower associated rates. See Note 20.5.

Note 32. DISCONTINUED OPERATIONS

2018: The business Alimentos al Consumidor, once the evaluation of the same, is realized, determined that the focus of the operation in the owned-brands, and it the operations with the Krispy Kreme and Taco Bell franchises, were terminated, in the subsidiaries IRCC Ltda. S.A.S - Industria de Restaurantes Casuales S.A.S., and Tabelco S.A.S., respectively, as of December 1st. At the end of the fiscal year, the settlement of Tabelco S.A.S., has not been defined.

2017: The management of Abimar Foods Inc., made the decision to close the Marietta Plant after analyzing the operation's progress and future perspectives. The closing was realized within the first four months of the year, involving expenses, mainly due to the dismissal of personnel.

The following, is a breakdown of the principal income and expenses, incurred in this project:

	2018	2017
Income	1.540	10
Costs	(1.343)	69
Expenses	(7.077)	(1.147)
Operational losses	(6.880)	(1.068)
Costs	5	-
Financial expenses	(65)	(2)
Loss before taxes	(6.940)	(1.070)
Deferred tax	805	-
Net loss	(6.135)	(1.070)

Table 81

Note 33. 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 instruments of the Parent	505.308	420.207
Outstanding shares	460.123.458	460.123.458
Earnings per share attributable to controlling interest	1.098,20	913,25

Table 82

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

In accordance with the current corporate regulations in Colombia, applicable to the Parent Company of Grupo Nutresa, the distribution and payment of dividends to the Shareholders of the Parent Company is not realized in Consolidated Financial Statements, but on the Separate Financial Statements of Grupo Nutresa S. A. The following represents the net income and earnings per share of Grupo Nutresa S. A., presented in its Financial Statements for the annual period ended December 31, 2018 and 2017.

	2018	2017
Net profit	510.161	430.279
Earnings per share	1.108,75	935,14

Table 83

Note 34. FINANCIAL RISKS: OBJECTIVE AND POLICIES

The activities of the Parent Company and its subsidiaries are exposed to various financial risks: market risk (including foreign exchange risk, interest rate risk and commodities price risk), counterparty credit risk, and liquidity risk. The Risk Management Policy of the Company is focused on the risks that impede or jeopardize the achievement of its financial objectives seeking to minimize potential adverse effects on financial profitability.

The Company uses financial derivatives to hedge some of the risks described above likewise has a risk committee that defines and controls the policies relating to market risks (raw material prices, exchange rate, interest rate), and counterparty credit.

34.1 Exchange rate risk

The Company operates internationally and therefore is exposed to the risk of exchange rate operations with foreign currencies, especially the U.S. dollar. The exchange rate risk arises mainly from commercial operations and liabilities, where in some cases, derivatives are used to mitigate it. The existing basic standards allow free negotiation of foreign currency through banks and other financial institutions at freely determined exchange rates. However, most foreign currency transactions still require official approval.

The impact of the translation of the Financial Statements of subsidiaries, whose functional currency is different from the Colombian peso, is presented in Note 27.4. The Company and its subsidiaries held the following assets and liabilities in foreign currencies accounted for the equivalent in Colombian pesos to December 31st.

Currency	2018		2017	
	USD	COP	USD	COP
Current assets	351.848.572	1.143.420	420.158.276	1.253.752
Non-current assets	913.812.276	2.969.661	1.038.607.414	3.099.205
Total assets	1.265.660.848	4.113.081	1.458.765.690	4.352.957
Current liabilities	(146.225.218)	(475.195)	(282.710.818)	(843.609)
Non-current liabilities	(103.367.486)	(335.918)	(143.257.916)	(427.482)
Total liabilities	(249.592.704)	(811.113)	(425.968.734)	(1.271.091)
Net assets	1.016.068.144	3.301.968	1.032.796.956	3.081.866

Table 84

The Group also maintains obligations in foreign currencies which are exposed to exchange rate risks (the balances of financial obligations in other currencies are detailed in Note 20.4).

To evaluate the sensitivity of balances of financial obligations related to exchange rates, all of the obligations, to December 31, 2018, in currencies other than the Colombian pesos and that do not have cash flow hedges, are evaluated. A 10% increase in exchange rates, in reference to the dollars (COP/USD), generates an increase of \$249 over the book value.

34.2 Interest rate risk

Changes in interest rates affect the interest expense on financial liabilities tied to a variable interest rate; like they can modify the fair value of financial liabilities that have a fixed interest rate. For the Company, the interest rate risk comes mainly from debt operations, including debt securities, bank lending, and leasing. These financings are exposed to the risk of interest rate, mainly due to changes in base rates (mostly IPC - IBR - DTF - TAB [Chile] and to a lesser extent, LIBOR - TIIE [Mexico]) that are used to determine the applicable interest rates on bonds and loans. The Group uses derivative financial instruments to cover part of the debt service. Information on the structure of financial risk tied to fixed interest rate and variable interest rate, and the corresponding hedging transactions are detailed in Note 20.5.

To provide an idea of the sensitivity of financial expenditure to interest rates, an assumption of a variation of + 100bp, has been made in the reference market interest rates, while maintaining the rest of the variables constant; in this scenario, the financial expense of the Group, and in turn, net income, would change by \$27.657, by the end of 2018, other components of net equity would not have been impacted.

34.3 Risk of supply prices

The Company is exposed to the price risk of the goods and services that it acquires for the development of its operations, for which it negotiates purchase contracts, to ensure a continued supply and in some cases, at fixed prices. It also uses derivative financial instruments on commodities to cover this risk.

Among the main raw materials, which are at risk of fluctuation in prices, is coffee, which accounts for 10,5% of the total production cost, wheat which is 7%, beef and pork which are 10,6%, and cocoa which is 4,9%.

The Company has equity instruments (shares), in the amount of \$3.320.434 (2017: \$4.059.649), that are exposed to the risk of fluctuations in prices, and which are classified in the Statement of Financial Position, as financial assets at fair value, through the other comprehensive income.

34.4 Counterparty credit risk

Liquid assets are invested mainly in savings accounts, collective portfolios, and short-term fixed-income instruments, which comply with the Company's risk policy, both by amount and by issuer. Additionally, the Company evaluates the counterparty credit risk to the financial entities with which it has a relationship. As of December 31, 2018, the Group holds \$347.520 (2017: \$435.643) in cash and investments classified as cash equivalents, in entities of the financial sector with AAA risk rating. None of these investments present a delay in the payment of cash flows, nor have they been subject to impairment.

With regard to the credit risk in sales to third parties, the Company carries out procedures for the evaluation of customers, which include the allocation of credit quotas and the credit assessment of the third party, among others. Note 9 discloses information on impairment losses and portfolio maturity.

34.5 Liquidity risk

The Group are able to finance their liquidity requirements and capital resources, through various sources, including:

- Cash generated from operations
- Lines of short and long-term credits
- Debt emissions for medium and long-term
- Issuance of treasury shares

The Administration supervises the Company's liquidity projections, based on the expected cash flows. The Group's liquidity management contemplates, among others: i) the projections of the cash flows and assessment of the level of liquid assets necessary to comply with these projections; ii) the monitoring of the composition of working capital in the statement of financial position; and iii) the maintenance of debt financing plans.

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The following table presents the summary of free cash flow:

	2018	2017
EBITDA	1.126.422	1.044.179
+ (-) items that do not generate cash movement	(11.391)	(14.656)
Investment in working capital	(159.164)	82.070
CAPEX (*)	(227.541)	(239.992)
Discontinued operations	(1.087)	(916)
Cash tax coverage	(112.855)	(150.378)
Operating cash flows	614.384	720.307

Table 85

(*) Investments in CAPEX are presented as net and include: purchases of property, plant and equipment, amounts from the sale of productive assets, and the acquisition of intangibles and other productive assets.

Note 35. FAIR VALUE MEASUREMENT

The following table shows the fair value hierarchy measurement of assets and liabilities of the Group:

2018				
Type of asset	Hierarchy of Fair Value Measurement			Fair value of assets
	Level 1	Level 2	Level 3	
Assets whose fair value is revealed in the Notes of the Financial Statements				
Investment properties (Note 15)	-	87.520	-	87.520
Assets/Liabilities measured at fair value				
* Recurrent	3.320.434	162.203	-	3.482.637
Investments in quoted shares (Note 14)	3.320.434	-	-	3.320.434
Other financial instruments (Note 12)	-	54.039	-	54.039
Financial derivatives, net (Note 20.6)	-	21.304	-	21.304
Biological assets (Note 11)	-	86.860	-	86.860
*Non-recurrent	-	-	2.260	2.260
Investments in non-quoted shares (Note 14)	-	-	2.260	2.260
Total	3.320.434	162.203	2.260	3.572.417

2017				
Type of asset	Hierarchy of Fair Value Measurement			Fair value of assets
	Level 1	Level 2	Level 3	
Assets/Liabilities measured at fair value				
* Recurrent	4.059.649	117.436	-	4.177.085
Investments in quoted shares (Note 14)	4.059.649	-	-	4.059.649
Other financial instruments (Note 12)	-	46.371	-	46.371
Financial derivatives, net (Note 20.6)	-	(1.684)	-	(1.684)
Biological assets (Note 11)	-	72.749	-	72.749
*Non-recurrent	-	-	74.314	74.314
Investments in non-quoted shares (Note 14)	-	-	74.314	74.314
Total	4.059.649	117.436	74.314	4.251.399

Table 86

Investments in listed shares. 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 87

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.

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Other financial instruments. Corresponds to the rights held for “Fondo de Capital Privado – Cacao para el futuro”, valued according to the regulations of the fund, using the methodology approved by the Financial Superintendence of Colombia. The valuation uses variables like the price of cocoa at \$6/ton (2017: \$6,5/ton), an average productivity of 1.800 – 1.900 tons per hectare, cost of the debt of 9,84% (2017: 9,98%), and an expected redemption term of 25 years.

The Fund uses an expected forecast model of project flows at 35 years, which corresponds to the expected useful life of a cocoa crop. This Projection Model takes into account all the variables that will affect the expected flows of cocoa crops. Among those are:

- Productivity and market prices of cocoa, plantains, other temporary and timber crops
- Costs of establishment, maintenance, collection and commercialization of cocoa, banana and timber
- Costs associated with technical assistance, land use, commissions, and other expenses admissible to the Fund, in accordance with this regulation
- Working capital necessary for the operation

The result of the valuation generated financial income of \$3.368 (2017: \$1.759).

Financial derivatives. All financial derivatives are measured at fair value, on a monthly basis, according to the Black Scholes Model. These items are classified in Level 2, of the fair value hierarchy.

The primary variables, using the valuation methodology, are the following:

- Spot exchange rate
- Future exchange rate agreed upon
- Expiration date
- Risk-free rate in COP and USD
- Volatilities of the exchange rate

The valuation of non-designated derivative financial instruments generated a loss in the Income Statement of \$798 (2017: loss of \$1.194), recorded as part of the exchange difference of non-financial assets and liabilities.

Biological assets. Corresponds to the inventory of pigs and cattle in Colombia, which are measured at fair value, using as a reference the market value published by the National Association of Pig Farmers and livestock auctions at fairs, in each location. At December 31, 2018, the price per average kilo of the pig livestock used in the valuation was \$5.248 (2017: \$5.700); for cattle a price per average kilo of \$4.098 (2017: \$3.879) was used.

The gain for the period, due to changes in fair value, less the cost of sale of biological assets in 2017, was \$3.882 (2017: \$4.743), and is included in the Income Statement, as operating income.

Investments in unquoted shares. These investments correspond primarily to the investments that Grupo Nutresa has in Venezuela, in Industrias Alimenticias Hermo de Venezuela S.A. and Cordialsa Noel Venezuela S.A. See Note 3.1.1.

Note 36. DISCLOSURE OF RELATED PARTIES

The following table shows related parties' transactions, at the year-end:

2018								
Company	Receivables Balance (*) (Note 9)	Payables Balance	Purchases of goods and services	Sales of goods and services	Dividends income	Dividends paid	Interests income	Interests expenses
Associates and joint ventures								
Bimbo de Colombia S.A.	4.498	9.933	7.853	45.453				
Dan Kaffe (Malaysia) Sdn. Bhd	1.014	52	988	18				
Oriental Coffee Alliance (OCA)	-	16	111	2				
Entities with significant influence over the entity								
Grupo de Inversiones Suramericana S.A.	15.132	12.341	70.499	38.374	31.026	90.337	-	-
Other related parties								
Grupo Bancolombia	609	1.275.363	62.380	3.019	-	-	226	71.878
Grupo Argos	6.674	-	-	696	26.176	25.260	-	-
Alpina Productos Alimenticios	1.548	17.732	23.654	1.785	-	-	-	-
Fundación Nutresa	-	290	7.566	-	-	-	-	-
Corporación Vidarium	418	-	4.088	-	-	-	-	-
Members, Board of Directors	-	13	909	-	-	-	-	-
2017								
Company	Receivables Balance (*) (Note 9)	Payables Balance	Purchases of goods and services	Sales of goods and services	Dividends income	Dividends paid	Interests income	Interests expenses
Associates and joint ventures								
Bimbo de Colombia S.A.	3.758	6.057	6.307	44.739	-	-	-	-
Dan Kaffe (Malaysia) Sdn. Bhd	820	48	46	869	-	-	-	-
Oriental Coffee Alliance (OCA)	-	10	144	-	-	-	-	-
Entities with significant influence over the entity								
Grupo de Inversiones Suramericana S.A.	8.617	13.225	69.536	26.557	28.981	84.949	-	-
Other related parties								
Grupo Bancolombia	752	972.145	60.416	2.888	-	-	79	76.023
Grupo Argos	6.252	1	-	1.005	24.739	23.753	-	-
Fundación Nutresa	106	14.548	18.859	825	-	-	-	-
Corporación Vidarium	1.992	-	2.881	-	-	-	-	-
Members, Board of Directors	1.898	-	1.292	-	-	-	-	-

Table 88

(*) Includes accounts receivable from related parties of \$15.395 (2017: \$18.010) and accounts receivable for dividends from financial instruments, in the amount of \$14.498 (2017: \$6.185).

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 \$99.600 (2017: \$103.929) for 119 (2017: 154) key personnel were realized.

Note 37. EVENTS AFTER THE REPORTING PERIOD

These Consolidated Financial Statements were authorized for issuance, by the Board of Grupo Nutresa, on February 22, 2019. There are no significant events after the closing of the Financial Statements, and up until the date of its approval, that might significantly impact Grupo Nutresa's Financial Position, reflected in these Consolidated Financial Statements at closing, December 31, 2018.