# NOTES
## FOR THE CONSOLIDATED **FINANCIAL STATEMENTS**

For the period between January 1st and December 31st of 2016 and 2015
(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 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., a corporation of Colombian nationality, incorporated on April 12, 1920, with its headquarters in the City of Medellin, Colombia; its terms expire on April 12, 2050. The Corporate Business Purpose consists of the investment or application of available resources, in organized enterprises, under any of the forms permitted by law, whether domestic or foreign, and aimed at the use of any legal economic activity, either tangible or intangible assets, with the purpose of safeguarding its capital.

Below is information of subsidiaries: name, main activity, Country of Incorporation, functional currency, and percentage of shares held by Grupo Nutresa:

*Table 2*

| Entity | Main Activity | Functional Currency (1) | % Participation | |
|---|---|---|---|---|
| | | | 2016 | 2015 |
| **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 |
| Litoempaques S. A. S. | Production or manufacturing of packaging material | COP | 100,00 | 100,00 |
| Pastas Comarrico S. A. S. | Production of pasta, flour, and cereals | COP | 100,00 | 100,00 |
| Novaventa S.A.S. | Sales of foods and other items via direct sales channels | COP | 100,00 | 100,00 |
| La Recetta Soluciones Gastronómicas Integradas S.A.S. | Distribution of foods via institutional channels | COP | 70,00 | 70,00 |
| Meals Mercadeo de Alimentos de Colombia S.A.S. | Production and sales of ice cream, dairy beverages, et al. | COP | 100,00 | 100,00 |
| Servicios Nutresa S.A.S. | Provision of specialized business services | COP | 100,00 | 100,00 |
| Setas Colombianas S.A. | Processing and sales of mushrooms | COP | 99,48 | 99,48 |
| Alimentos Cárnicos Zona Franca Santa Fe S.A.S. | Provision of logistics services | COP | 100,00 | 100,00 |
| Gestión Cargo Zona Franca S.A.S. | Provision of logistics services | COP | 100,00 | 100,00 |
| Comercial Nutresa S.A.S. | Sales of food products | COP | 100,00 | 100,00 |
| Industrias Aliadas S.A.S. | Provision of services related to coffee | COP | 100,00 | 100,00 |
| Opperar Colombia S.A.S. | Provision of transportation services | COP | 100,00 | 100,00 |
| Fideicomiso Grupo Nutresa | Management of financial resources | COP | 100,00 | 100,00 |
| Fondo de Capital Privado "Cacao para el Futuro" – Compartimento A | Investment in cocoa production | COP | 83,41 | 83,41 |
| IRCC Ltda. | 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 |
| Panero S.A.S. | Production of foods and operation of food establishments providing to the consumer | COP | 100,00 | 100,00 |
| New Brands S.A. | Production of dairy and ice cream | COP | 100,00 | 100,00 |
| Schadel Ltda. | Production of foods and operation of food establishments providing to the consumer | COP | 99,88 | 99,88 |
| Tabelco S.A.S. (2) | Production of foods and operation of food establishments providing to the consumer | COP | 100,00% | - |
| **Chile** | | | | |
| Tresmontes Lucchetti S.A. | Provision of specialized business services | CLP | 100,00 | 100,00 |
| Nutresa Chile S.A. | Management of financial and investment services | CLP | 100,00 | 100,00 |
| Tresmontes Lucchetti Agroindustrial S.A. | Agricultural and industrial production | CLP | 100,00 | 100,00 |
| Tresmontes Lucchetti Servicios S.A. | Management of financial and investment services | CLP | 100,00 | 100,00 |
| Tresmontes S.A. | Production and sales of foods | CLP | 100,00 | 100,00 |
| Inmobiliaria Tresmontes Lucchetti S.A. | Management of financial and investment services | CLP | 100,00 | 100,00 |

| Entity | Main Activity | Functional Currency (1) | % Participation 2016 | % Participation 2015 |
|---|---|---|---|---|
| Lucchetti Chile S.A. | Production of pasta, flour, and cereals | CLP | 100,00 | 100,00 |
| Novaceites S.A. | Production and sales of vegetable oils | CLP | 50,00 | 50,00 |
| Inmobiliaria y Rentas Tresmontes Lucchetti | Management of financial and investment services | CLP | 100,00 | 100,00 |
| **Costa Rica** | | | | |
| Compañía Nacional de Chocolates DCR, S.A. | Production of chocolates and its derivatives | CRC | 100,00 | 100,00 |
| Compañía de Galletas Pozuelo DCR S.A. | Production of biscuits, et al. | CRC | 100,00 | 100,00 |
| Cía. Americana de Helados S.A. | Production and sales of ice cream | CRC | 100,00 | 100,00 |
| Servicios Nutresa CR S.A. | Specialized business services provider | CRC | 100,00 | 100,00 |
| **Guatemala** | | | | |
| Comercial Pozuelo Guatemala S.A. | Distribution and sales of food products | QTZ | 100,00 | 100,00 |
| Heladera Guatemalteca S.A. | Production and sales of ice cream | QTZ | - | 100,00 |
| Distribuidora POPS S.A. | Sales of ice cream | QTZ | 100,00 | 100,00 |
| Nevada Guatemalteca S.A. | Property leasing services | QTZ | - | 100,00 |
| Guate-Pops S.A. | Personnel services | QTZ | - | 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 Mexico 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 Panama S.A. | Production of meats and its derivatives | PAB | 100,00 | 100,00 |
| Comercial Pozuelo Panama 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 |
| **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 |
| Costa Rica's Creamery LLC. | Operation of food establishments providing to the consumer – Ice cream | USD | - | 100,00 |
| Gulla Properties Development LLC.(2) | Management of financial and investment resources | USD | - | - |
| Heanor Consulting LLC.(2) | Management of financial and investment services | USD | - | - |
| **Venezuela** | | | | |
| Cordialsa Noel Venezuela S.A.(3) | Sales of food products | VEI | 100,00 | 100,00 |
| Industrias Alimenticias Hermo de Venezuela (3) | Production of foods | VEI | 100,00 | 100,00 |

| Entity | Main Activity | Country | Functional Currency (1) | % Participation | |
|---|---|---|---|---|---|
| | | | | 2016 | 2015 |
| **Other Countries** | | | | | |
| TMLUC Argentina S.A. | Production and sales of food products | Argentina | ARS | 100,00 | 100,00 |
| Corp. Distrib. de Alimentos S.A. (Cordialsa) | Sales of food products | Ecuador | USD | 100,00 | 100,00 |
| Comercial Pozuelo El Salvador S.A. de C.V. | Distribution and sales of food products | El Salvador | USD | 100,00 | 100,00 |
| Americana de Alimentos S.A. de C.V. | Sales of food products | El Salvador | USD | 100,00 | 100,00 |
| Comercial Pozuelo Nicaragua S.A. | Sales of food products | Nicaragua | NIO | 100,00 | 100,00 |
| Industrias Lácteas Nicaragua S.A. | Sales and logistics management | Nicaragua | NIO | 100,00 | 100,00 |
| Compañía Nacional de Chocolates del Peru S.A. | Production of foods and beverages | Peru | PEN | 100,00 | 100,00 |
| TMLUC Peru S.A. | Production and sales of foods | Peru | PEN | 100,00 | 100,00 |
| Helados Bon | 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 |
| Baton Rouge Holdings LTD. | Management of financial and investment services | BVI | USD | 100,00 | 100,00 |
| Ellenbrook Holdings Limited | Management of financial and investment services | BVI | USD | - | 100,00 |
| Perlita Investments LTD. | Management of financial and investment services | BVI | USD | 100,00 | 100,00 |
| El Corral Investments INC | Management of financial resources and franchises | BVI | USD | 100,00 | 100,00 |

(1) See Note 33.1, for descriptions of abbreviations for each currency and the primary impact on Grupo Nutresa's Financial Statements.

(2) At December 31, 2015, Grupo Nutresa had no direct or indirect participation of these companies; however, there was a private Shareholder agreement, resulting from the acquisition of Grupo El Corral, in which the Group was given control over the relevant decisions of these companies. This same agreement granted Grupo Nutresa control over Tabelco S.A.S., entity over which the ownership of 100% of the shares were obtained, according to, a private Shareholder Agreement in April, 2016.

(3) See note 20.1 changes in the classification of the investment.

**Changes in the scope of consolidation**

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

**2016:** On March 1st, there was a merger between Guatemalteca Refrigerator S.A., Nevada Guatemalteca S.A., Guate-Pops S.A. and Distribuidora POPS S.A., thus leaving the latter in effect, in Guatemala. In April, there was a liquidation of the companies Heanor Consulting LLC, Gulla Properties Development and Ellenbrook Holdings Limited, which operated as an investment vehicle for companies acquired of Grupo El Corral. As of October 1, 2016, the investments in Compañías Industrias Alimenticias Hermo de Venezuela S. A. and Cordialsa Noel Venezuela S. A., were classified as Financial Instruments (Note 20.1).

**2015:** The acquisition of Grupo El Corral was realized and the assets and liabilities, of the companies acquired to February 28, 2015, as well as, its results, as of March 1, 2015, were incorporated into Grupo Nutresa's Consolidated Statements. In June, Servicios Nutresa CR S.A. was registered in Costa Rica. In August, a merger between Americana de Alimentos Ameral S.A. and Helados H.D. S.A. with Industrias Lácteas de Costa Rica S.A. was executed, thus leaving the latter active; similarly, Fransouno S.A. e Inmobiliaria Nevada S.A. was merged with Cía. Americana de Helados S.A., the latter active to date. In the U.S., the companies, POPS One LLC y POPS Two LLC, were liquidated and in September, Tresmontes Lucchetti Internacional S.A. and Tresmontes Lucchetti S.A. were merged. In November, Industrias Lácteas de Costa Rica was absorbed by Compañía Americana de Helados S.A. (American Ice Cream Co. Inc.), leaving the latter active.

# NOTE 2.
## BASIS OF PREPARATION

Grupo Nutresa´s Consolidated Financial Statements, for the period between January 1st and December 31st of 2016, were prepared in accordance with the International Financial Reporting Standards (hereinafter IFRS), issued by the International Accounting Standards Board, (hereinafter IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (hereinafter IFRIC), and approved in Colombia through Decree 2784 of 2012, Decree 3023 of 2013, Decree 2420 of 2015, its regulations, and other accounting standards issued by the Financial Superintendence of Colombia.

### 2.1 FINANCIAL STATEMENTS AT THE CLOSE OF THE PERIOD

The Consolidated Financial Statements, at the close of the period, have been prepared in accordance with International Financial Reporting Standards. Some of the figures and disclosures, relating to the year 2015, presented in these Financial Statements may present variations, compared to the information published in the Financial Statements, of December 31, 2015, due to the fact that, the same, include adjustments, and reclassifications, which were realized, as a result of the audit and internal review, by the Management. The Group Management considers that these adjustments are not material and do not affect the reasonability of the previously published information.

The summary of changes in the Income Statement, is as follows:

| | Original information | Adjusted Results | Difference |
|---|---|---|---|
| **Total operating income** | **7.945.417** | **7.945.417** | **-** |
| Cost of goods sold | (4.507.166) | (4.507.166) | - |
| **Gross profit** | **3.438.251** | **3.438.251** | **-** |
| Administrative, sales, and production expenses | (2.653.758) | (2.653.758) | - |
| Other operating income (expenses), net | (1.808) | (1.808) | - |
| **Operating Income** | **782.685** | **782.685** | **-** |
| Financial income/expenses | (225.068) | (225.068) | - |
| Other income (expenses), net | (339) | (339) | - |
| Portfolio dividends | 47.016 | 47.016 | - |
| **Income before taxes and non-controlling interest** | **604.294** | **604.294** | **-** |
| Income tax, net | (167.140) | (167.140) | - |
| Non-controlling interest | (2.667) | (2.667) | - |
| Discontinued operations | (6.335) | (6.335) | - |
| **NET INCOME, controlling interest** | **428.152** | **428.152** | **-** |
| **EBITDA** | **975.554** | **975.554** | **-** |

*Table 3*

A summary of changes in the Statement of Financial Position is presented below:

| | Original Information | Adjusted Balances | Difference |
|---|---|---|---|
| Assets | 13.178.052 | 13.178.052 | - |
| Liabilities | (5.135.208) | (5.223.090) | (87.882) |
| Equity | (8.042.844) | (7.954.962) | 87.882 |

*Table 4*

In the Statement of Financial Position, the changes correspond mainly to, deferred taxes, see note 18.4.

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

### 2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

### 2.4 CLASSIFICATION OF ITEMS IN CURRENT AND NON-CURRENT

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

# NOTE 3.
## SIGNIFICANT ACCOUNTING POLICIES

### 3.1 BASIS OF CONSOLIDATION
### 3.1.1 INVESTMENTS IN SUBSIDIARIES

The Consolidated Financial Statements include Grupo Nutresa S.A.´s financial information, as well as, its subsidiaries, to December 31, 2016 and its corresponding comparative financial information. A subsidiary is an entity controlled by one of the companies that composes Grupo Nutresa. Control exists when any of the Group companies has the power to direct the relevant activities of the subsidiary, which are generally: the operating and financing activities to obtain benefits from them, and is exposed, or has rights, to those variable yields.

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

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

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

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

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

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

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

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% stake. See detailed information in Note 20.1.

### 3.1.2 NON-CONTROLLING INTEREST

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

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

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

### 3.2 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

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

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

Where the equity method is applicable, adjustments are made to homologize the accounting policies of the associate or joint venture with those of Grupo Nutresa, the portion that corresponding to 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 portion of profit and loss, of an associate or joint venture, is presented in the Comprehensive Income Statement, in the results section for the period, net of taxes and non-controlling interest of the subsidiaries of the associate or joint venture. The portion of changes recognized directly in equity and "Other comprehensive income" of the associate or joint venture is presented in the Statement of Changes in Equity and other consolidated comprehensive income. Cash dividends received, from the associate or joint ventures, are recognized by reducing the book value of the investment.

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

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

## 3.3 SIGNIFICANT ACCOUNTING POLICIES

Grupo Nutresa and its subsidiaries apply the accounting policies and procedures of the Parent Company. The following is a breakdown of the significant accounting policies that Grupo Nutresa applies in the preparation of its Consolidated Financial Statements. The following are the significant accounting policies applied by Grupo Nutresa in preparing its Consolidated Financial Statements:

### 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 acquisition 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 Statement of Financial Position of the Consolidated.

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 current earnings or "Other comprehensive income", accordingly. In 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 acquisition, or at fair value.

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

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

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

### 3.3.2 TRANSLATION OF BALANCES AND TRANSACTIONS IN FOREIGN CURRENCIES

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

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

**Foreign subsidiaries**

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

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

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

**Re-stated Financial Statements in hyperinflationary economies**

The Financial Statements of subsidiaries, whose functional currency is corresponding to that of a hyperinflationary economy, including comparative information, is restated in terms of the current measured unit, at the date of closing of the reporting period, before being translated into pesos for consolidation. Gains or losses, on the net monetary position, are included in profit or loss.

### 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 restated to recognize its fair value at the date of each annual accounting period.

### 3.3.4 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and, simultaneously, to a financial liability or equity instrument of another entity. Financial assets and liabilities are initially recognized at fair value plus (less) 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.

**(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 on the fair value measurement in "Other comprehensive income". Upon disposal of investments at fair value, through "Other comprehensive income", the accumulated value of the OCI is transferred directly to retained earnings and are not reclassified to profit and loss, in that period. Cash dividends received from these investments are recognized in the Comprehensive Income Statement, in the profit and loss of that period.

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

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

**(iii) Impairment of financial assets at amortized cost**

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

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

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

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

**(iv) Derecognition**

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

**(v) Financial liabilities**

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

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

**(vi) Off-setting financial instruments**

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

**(vii) Derivative instruments and hedge accounts**

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

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

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

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

Hedges which meet the strict criteria required for hedge accounting are accounted for as follows:

***Fair value hedges:*** The Group uses these hedges to mitigate the risks of exchange rates and interest rates on recognized assets and liabilities. Changes in the fair value of the hedging instruments are recognized in the Income Statement, as a financial expense, and the hedged item is adjusted for the hedged risk and any gain or loss is recognized in the Income Statement as a financial expense.

### 3.3.5 INVENTORIES

Assets held for sale in the ordinary course of business, or in the process of production for such 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 lower of, acquisition or manufacturing cost, or the net realizable value. Cost is determined using the average cost method. Net realizable value is the estimated selling price of inventory in the ordinary course of operations, less the applicable variable sales expenses. If the comparative analysis shows that the net realizable value is below the book value, the value impairment is recognized, as an adjustment in the Income Statement, decreasing the value of the inventory. When the circumstances warrant, the previously recognized impairment is reversed.

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, they are measured at cost and the existence of impairment indicators permanently assessed.

### 3.3.7 PROPERTY, PLANT AND EQUIPMENT

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

Fixed assets are measured at cost, net of accumulated depreciation, and accumulated impairment losses, if any. The cost includes: the acquisition price, costs directly related to the location of assets in place and the necessary conditions to operate in the manner intended by Grupo Nutresa, borrowing costs 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 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 5*

(*) Some of the machinery related to production is depreciated using the hours produced method, according to the most appropriate manner, in which the consumption of the economic benefits of the asset is reflected

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

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

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

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

### 3.3.8 INVESTMENT PROPERTIES

The 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 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 yearend, 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 carried 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, are reviewed at least at the close of each period. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits of the asset, are accounted for at the change of the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expenses of intangible assets with finite useful lives are recognized in the Comprehensive Income Statement. The useful life of an intangible asset with a finite life is between 3 and 100 years.

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

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

**Research and development costs**

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

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

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

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

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

### 3.3.10 IMPAIRMENT OF NON-FINANCIAL ASSETS, CASH GENERATING UNITS AND GOODWILL

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

Grupo Nutresa uses its judgment in the determination of the Cash Generating Units (CGU), for the purposes of impairment testing, and 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, 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. An appropriate valuation model is used to determine the fair value minus the cost to sell.

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

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

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

### 3.3.11 TAXES

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

**a) Income tax**

**(i) Current**

Assets and liabilities for income tax for the period are measured by the values expected to be recovered or paid to the taxation authorities. The expense for income tax is recognized under current tax, in accordance with the tax clearance, between taxable income and accounting profit and loss, and is affected 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.

**(ii) Deferred**

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

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

Deferred tax assets, that relate to investments in associates and joint ventures, and 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 near future, and it is likely there will be availability of future tax profit, against which these deductible differences will be charged.

The book value of deferred tax assets is reviewed at each reporting date, and is reduced to the extent that it is no longer probable that sufficient taxable 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 are likely to allow for their recovery.

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

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

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

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.

**b) Income tax for equity - CREE**

The income tax for equity – CREE, applicable to Colombian Companies, is the tax with which taxpayers, legal entities, and assimilated filers of income taxes, contribute to employee benefits, creation of employment, and social investment.

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

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

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

**c) 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-term benefits**

They 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, to the expected value to be paid.

**b) Other long-term benefits**

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

**c) Pensions and other post-employment benefits**

**(i) Defined contribution plans**

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

**(ii) Defined benefit plans**

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

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

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

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

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

**d) Termination benefits**

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

### 3.3.13 LEASES

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

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

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

### 3.3.14 PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

**a) Provisions**

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

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

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

**b) Contingent liabilities**

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

**c) Contingent assets**

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

### 3.3.15 REVENUE

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

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

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

**b) Services**
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 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. The fair value of all financial assets and liabilities is determined at the date of presentation of the Financial Statements, for recognition or disclosure in the Notes to the Financial Statements.

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

Fair value is determined:

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

Judgments include data such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could 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; financial information is presented separately; the other segments are grouped in categories called "Other segments".

### 3.3.20 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 31, 2016 and 2015, 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 prosecuted depending on the particular circumstances in which they are produced. The size or nature of the item, or a combination of both, could be the determining factor.

## 3.4 NEW ACCOUNTING PRONOUNCEMENTS ON INTERNATIONAL REPORTING STANDARDS

### 3.4.1 NORMATIVE CHANGES

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

The Decrees 2496 of December 24, 2015 and 2131 of December 22, 2016, introduced to the technical framework norms of financial information, new standards, modifications, or amendments or impacts by the IASB to the International Financial Reporting Standards between the year (s) 2015 and 2016, to evaluate its application in financial years beginning later than January 1, 2017, although its application could be made in advance.

**IFRS 9 "Financial Instruments"**

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

**IFRS 15 "Income from client contracts"**

Issued in May 2016, it is a new standard that is applicable to all contracts with customers, except leases, financial instruments, and insurance contracts. This new standard aims to improve the inconsistencies and weaknesses of IAS 18 and provide a model that will facilitate the comparability of companies from different industries and regions. It provides a new model for revenue recognition and more detailed requirements for multi-item contracts. In addition, it requires more detailed disclosures. Its application is effective as of January 1, 2018, and early application is allowed. The Company is evaluating the impacts that this standard may generate.

**IAS 16 "Property, plant and equipment", IAS 38 – "Intangibles assets"**

IAS 16 and IAS 38 establish the principle of the depreciation and amortization basis, being the expected pattern of the consumption of the future economic benefits of an asset. In its amendments to IAS 16 and IAS 38, published in May 2015, the IASB clarified that the use of income-based methods to calculate the depreciation of an asset is not adequate, because the income generated by an activity that includes the use of an asset, generally reflect factors other than the consumption of the economic benefits incorporated into the asset. The IASB also clarified that income generally presents an inadequate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, this assumption may be rebutted in certain limited circumstances. The amendments are applicable, as of January 1, 2016. Early application is permitted.

**IAS 16 "Property, plant and equipment", IAS 41 – "Agriculture"**

The IASB made modifications to IAS 16 Property, Plant and Equipment, and IAS 41 Agriculture, in order to, distinguish producing plants from other biological assets. Production plants are only used to grow products during their productive life, and are observed to be similar to one element of the machinery, for which they are now dealt with in IAS 16. However, the agricultural products that grow in the production plants will remain within the scope of IAS 41, and will continue to be measured at fair value less minus the cost to sell.

**IAS 7 "Cash-Flows Statement"**

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

**IAS 12 "Income tax"**

When an entity evaluates whether taxable benefits will be available against which a temporary deductible difference can be used, it is considered whether the tax law restricts the sources of the taxable profits, against which it can make deductions. If tax legislation imposes no restrictions, an entity evaluates a temporary deductible difference in combination with all of its other deductible temporary differences.

**Annual Improvements to IFRS, 2012-2015 Cycle**

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: changes in method of disposal method.
- IFRS 7 Financial Instruments: Disclosure Information: applicability of the amendments to IFRS 7, to the Condensed Interim Financial Statements.
- IAS 19 Employee Benefits: Discount Rate: issued in a regional market

### 3.4.2 NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB - ITS ACRONYM IN ENGLISH) THAT HAVE NOT BEEN INCORPORATED INTO THE ACCOUNTING FRAMEWORK ACCEPTED IN COLOMBIA

During the year 2016, and until the date of issuance of these Financial Statements, a new standard has been issued and amendments have been included to IFRSs, which could be incorporated into the Colombian regulatory framework, namely:

IFRS 16, Leases was issued in January 2016. It sets forth the principles for the recognition, measurement, presentation, and disclosure of leases. IFRS 16 introduces an accounting model for single tenants and requires a lessee to recognize assets and liabilities, for all leases with a maturity of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right of use asset that represents his right to use the underlying leased asset and a lease liability representing his obligation to make payments for the lease. IFRS 16, substantially maintains the accounting requirements of the lessor of IAS 17 Leases. Accordingly, a lessor will continue to classify its leases as operating leases or financial leases, and will account for these two types of leases differently. IFRS 16 applies to annual reporting periods, beginning on or after January 1, 2019. Advance application is permitted for entities, applying IFRS 15 Revenue from Ordinary Activities from Customer Contracts, prior to the date of initial application of IFRS 16. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining Whether an Agreement Contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Essence of Transactions That Adopt the Legal Form of a Lease.

Changes in the Effective Date of the Amendments to IFRS 10 and IAS 28, to defer indefinitely the effective date of Sale or Contribution of Assets, between an investor and its associate, or joint venture, that was issued in September 2015, pending the Result of the Council's Research Project on Equity Accounting. The deferment is in force from the time of its publication.

Management is evaluating the impact of adopting IFRS 16 in Grupo Nutresa, in its Statement of Financial Position and disclosures.

## NOTE 4.
## JUDGMENTS, ESTIMATES, AND SIGNIFICANT ACCOUNTING ASSUMPTIONS

The preparation of Grupo Nutresa's Financial Statements requires that management must make judgments, accounting estimates, and assumptions that impact the amount of revenue and expenses, assets, and liabilities, and related disclosures, as well as, the disclosure of contingent liabilities at the close of the reporting period. The Group bases its assumptions and estimates, considering all parameters available at the time of preparation of the 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:

- Classification of leases (Note 26)
- Income tax (Note 18)
- Employee benefits (Note 23)
- Impairment of non-financial assets (Note 16-17)
- Useful life and residual value of property, plant and equipment and intangibles (Note 14-15-17)
- Derivative financial instruments and hedges (Note 21.6)
- Deferred taxes (Note 18.4)

# NOTE 5.
## BUSINESS COMBINATIONS

### 5.1 BUSINESS COMBINATIONS REALIZED DURING THE CURRENT PERIOD

No business combinations were carried out during 2016.

### 5.2 BUSINESS COMBINATIONS OF PRIOR PERIODS

The February 19, 2015 the share purchase agreement was finalized at $743.401 in which Grupo Nutresa acquired 100% of the outstanding shares of Aldage, INC., owners of Colombian Companies that make up Grupo El Corral. The operation was financed with domestic bank loans of $685.000 and Grupo resources.

Grupo El Coral is the leader of retail foods in Colombia, with a total of 355 POS in the segment "fast casual" of hamburgers, with the brand El Corral, and in "casual dining" with its restaurants El Corral Gourmet, Leños y Carbón and Leños Gourmet. In addition to operating these chains, Grupo El Coral, operates international leading brands like Papa John's (pizza), Yogen Fruz (frozen yogurt), Krispy Kreme (donuts), and Taco Bell (Mexican food).

The acquisition of Grupo El Corral, includes the following companies:

| Entity | Main Activity | Country of Constitution | Functional Currency | % Participation Grupo Nutresa |
|---|---|---|---|---|
| Aldage, Inc. | Administration of Investments | Panama | USD | 100,00 |
| Gabon Capital Ltd. | Administration of Investments | BVI | USD | 100,00 |
| Baton Rouge Holdings Ltd. | Administration of Investments | BVI | USD | 100,00 |
| LyC Bay Enterprises Inc. | Administration of Investments | Panama | USD | 100,00 |
| Sun Bay Enterprises Inc. | Administration of Investments | Panama | USD | 100,00 |
| Ellenbrook Holdings Limited (2) | Administration of Investments | BVI | USD | 100,00 |
| Perlita Investments Ltd. | Administration of Investments | BVI | USD | 100,00 |
| El Corral Investments Inc. | Administration of Investments | BVI | USD | 100,00 |
| Gulla Properties Development LLC.(1) (2) | Administration of Investments | USA | USD | - |
| Heanor Consulting LLC.(1) (2) | Administration of Investments | USA | USD | - |
| Industria de Restaurantes Casuales Ltda. – IRCC | Food production and operation of retail food establishments | Colombia | COP | 100,00 |
| LyC S.A.S. | Food production and operation of retail food establishments | Colombia | COP | 100,00 |
| PJ Col S.A.S. | Food production and operation of retail food establishments | Colombia | COP | 100,00 |
| Panero S.A.S. | Food production and operation of retail food establishments | Colombia | COP | 100,00 |
| New Brands S.A. | Production of lactates and ice cream | Colombia | COP | 100,00 |
| Schadel Ltda. | Production of lactates and ice cream | Colombia | COP | 99,88 |
| Tabelco S.A.S. (1) | Food production and operation of retail food establishments | Colombia | COP | - |

*Table 6*

(1) At the time of the acquisition, Grupo Nutresa had no direct or indirect holding over these companies; however, there was a private shareholder agreement, derived from the acquisition of Grupo El Corral, in which the Group was given control over the relevant decisions.

(2) These companies, which operated as an investment vehicle, were liquidated during 2016.

The breakdown of the book value at the acquisition date, of net assets acquired as part of the business combination and goodwill is as follows:

| | |
|---|---|
| Current assets | 61.248 |
| Non-current assets | 484.151 |
| **Identifiable assets** | **545.399** |
| Current liabilities | 56.308 |
| Non-current liabilities | 280.501 |
| **Assumed liabilities** | **336.809** |
| **Total net assets acquired** | **208.590** |
| Consideration transferred | 743.401 |
| **Goodwill** | **534.811** |

*Table 7*

The goodwill recognized as $534.811 is allocated to the Retail Foods Segment and is not deductible from income tax, under the current tax regulations in Colombia.

The Group opted to measure the non-controlling interest in the acquired at the value of the proportionate share of the net assets; which, at the date of acquisition is $13.

Neither contingent consideration arrangements nor indemnification assets are identified.

Revenue from the ordinary activities and results of Grupo El Corral during the period are:

| **From 01/03/2015 until 31/12/2015** | |
|---|---|
| Revenue | 371.926 |
| Profit and loss | 22.897 |
| **From 01/01/2015 until 31/12/2015** | |
| Revenue | 436.860 |
| Profit and loss | 24.161 |

*Table 8*

# 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 are as follows:

- **Cold Cuts:** Production and sale of processed meats (sausage, pepperoni, ham, and bologna burgers), matured meat (Serrano ham, Spanish chorizo, and salami), ready to eat meals, canned foods, and mushrooms
- **Biscuits:** Production and marketing of sweet biscuits flavored lines, with crème filled wafers, and salted crackers, wafer-like crackers, and snacks
- **Chocolate:** Production and sale of chocolate bars, chocolate (bars and milk modifiers), chocolate candies, granola 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, 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 sales 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 segment.

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

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

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

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

## 6.1 INFORMATION ON FINANCIAL PERFORMANCE BY SEGMENTS:

### a) Income from ordinary activities, by segments

| | External clients | | Inter-segments | | Total | |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Cold Cuts | 1.991.966 | 1.908.524 | 16.939 | 623 | 2.008.905 | 1.909.147 |
| Biscuits | 1.737.656 | 1.566.841 | 14.659 | 14.475 | 1.752.315 | 1.581.316 |
| Chocolate | 1.420.720 | 1.268.153 | 20.784 | 13.836 | 1.441.504 | 1.281.989 |
| TMLUC | 980.900 | 896.403 | 1.266 | - | 982.166 | 896.403 |
| Coffee | 956.445 | 891.103 | 7.187 | 3.304 | 963.632 | 894.407 |
| Retail Food | 657.034 | 542.296 | - | - | 657.034 | 542.296 |
| Ice Cream | 436.396 | 443.737 | 2.042 | 752 | 438.438 | 444.489 |
| Pasta | 286.731 | 257.928 | 268 | 548 | 286.999 | 258.476 |
| Others | 208.792 | 170.432 | - | - | 208.792 | 170.432 |
| **Total segments** | **8.676.640** | **7.945.417** | **63.145** | **33.538** | **8.739.785** | **7.978.955** |
| Adjustments and eliminations | | | | | (63.145) | (33.538) |
| **Consolidated** | | | | | **8.676.640** | **7.945.417** |

*Table 9*

### b) EBITDA

| | Operating Profit | | Depreciation and Amortization | | Unrealized Exchange Differences from Operating Assets and Liabilities | | EBITDA | |
|---|---|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Cold Cuts | 220.376 | 209.334 | 35.963 | 31.933 | (12.865) | (9.046) | 243.474 | 232.221 |
| Biscuits | 182.661 | 160.332 | 29.104 | 25.132 | (1.046) | 544 | 210.719 | 186.008 |
| Chocolate | 112.469 | 93.240 | 34.189 | 31.399 | (33) | (424) | 146.625 | 124.215 |
| TMLUC | 60.003 | 63.110 | 36.058 | 30.438 | 111 | 502 | 96.172 | 94.050 |
| Coffee | 132.338 | 133.847 | 21.401 | 20.269 | 1.299 | 1.329 | 155.038 | 155.445 |
| Retail Foods | 64.815 | 73.068 | 29.380 | 20.392 | 1 | 30 | 94.196 | 93.490 |
| Ice Cream | 23.015 | 30.414 | 30.671 | 31.005 | (283) | (277) | 53.403 | 61.142 |
| Pasta | 18.635 | 18.972 | 7.460 | 7.112 | (36) | (164) | 26.059 | 25.920 |
| Others | 659 | 368 | 3.866 | 2.523 | (1.258) | 172 | 3.267 | 3.063 |
| **Total segments** | **814.971** | **782.685** | **228.092** | **200.203** | **(14.110)** | **(7.334)** | **1.028.953** | **975.554** |

*Table 10*

## 6.2 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:

| | 2016 | 2015 |
|---|---|---|
| Colombia | 5.362.653 | 4.915.836 |
| Central America | 828.011 | 731.212 |
| United States | 707.255 | 649.077 |
| Chile | 709.093 | 575.927 |
| Mexico | 295.616 | 295.659 |
| Venezuela | 188.536 | 230.108 |
| Dominican Republic y Caribe | 145.384 | 126.914 |
| Peru | 180.463 | 164.377 |
| Ecuador | 121.140 | 113.475 |
| Others | 138.489 | 142.832 |
| **Total** | **8.676.640** | **7.945.417** |

*Table 11*

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

## 6.3 INFORMATION BY TYPE OF PRODUCT

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

| | 2016 | 2015 |
|---|---|---|
| Foods | 4.728.118 | 4.374.350 |
| Beverages | 2.020.927 | 1.849.510 |
| Candy and Snacks | 1.390.596 | 1.301.546 |
| Others | 536.999 | 420.011 |
| **Total** | **8.676.640** | **7.945.417** |

*Table 12*

# NOTE 7.
## INVESTMENTS IN SUBSIDIARIES

The following details financial information of the major subsidiaries that represent 95% of the gross equity of Grupo Nutresa. This information was taken from the Financial Statements of the subsidiary companies 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.

| | 2016 | | | | | 2015 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Assets | Liabilities | Equity | Profit for the Period | Other Comprehensive Income for The Period | Assets | Liabilities | Equity | Profit for the Period | Other Comprehensive Income for The Period |
| **Subsidiaries directly or indirectly 100% owned by Grupo Nutresa** | | | | | | | | | | |
| Grupo Nutresa S.A. | 8.543.254 | 103.221 | 8.440.033 | 399.098 | 260.195 | 8.102.526 | 92.538 | 8.009.988 | 427.096 | (207.093) |
| Nutresa Chile S.A. | 1.467.723 | 55.097 | 1.412.626 | 508 | (31) | 1.459.528 | 56.952 | 1.402.576 | (6.461) | (440) |
| Compañía de Galletas Noel S. A. S. | 2.045.660 | 880.477 | 1.165.183 | 99.128 | (63.543) | 2.007.222 | 851.757 | 1.155.465 | 111.873 | 149.036 |
| Compañia Nacional de Chocolates S. A. S. | 1.621.352 | 595.814 | 1.025.538 | 58.332 | (46.393) | 1.604.850 | 578.928 | 1.025.922 | 52.731 | 117.486 |
| American Franchising Corp. (AFC) | 999.897 | 6 | 999.891 | (17) | - | 1.049.512 | - | 1.049.512 | 1.886 | 203.003 |
| Alimentos Cárnicos S.A.S. | 1.886.086 | 1.130.322 | 755.764 | 61.005 | (4.608) | 1.750.430 | 984.475 | 765.955 | 72.079 | 98.493 |
| Tresmontes S. A. | 1.171.679 | 497.826 | 673.853 | 15.592 | (391) | 1.314.115 | 659.927 | 654.188 | 31.173 | 1.785 |
| Compañía de Galletas Pozuelo DCR S.A. | 720.246 | 85.335 | 634.911 | (56.484) | (3.319) | 848.362 | 94.630 | 753.732 | 38.201 | 5.056 |
| Industria Colombiana de Café S.A.S. | 1.350.441 | 731.123 | 619.318 | 39.909 | (14.275) | 1.378.407 | 734.435 | 643.972 | 53.078 | 44.361 |
| Lucchetti Chile S.A. (Newco) | 656.474 | 61.699 | 594.775 | 5.989 | (212) | 711.510 | 126.504 | 585.006 | 6.518 | 584 |
| Compañia Nacional de Chocolates del Peru S.A. | 428.651 | 63.547 | 365.104 | 3.783 | 232 | 435.753 | 62.315 | 373.438 | 16.163 | 316 |
| Meals Mercadeo de Alimentos de Colombia S.A.S. | 779.130 | 551.423 | 227.707 | 4.774 | (2.551) | 753.315 | 489.984 | 263.331 | 14.302 | 2.360 |
| InmobiliariaTresmontes Lucchetti S.A. (Newco) | 233.649 | 22.689 | 210.960 | 3.061 | (28) | 239.293 | 32.776 | 206.517 | 2.720 | 209 |
| Industria de Alimentos Zenú S. A. S. | 350.471 | 141.653 | 208.818 | 23.528 | (20.486) | 368.019 | 159.096 | 208.923 | 19.429 | (22) |
| Tresmontes Lucchetti S. A. | 538.607 | 379.983 | 158.624 | 18.343 | (521) | 624.424 | 484.577 | 139.847 | 14.993 | 343 |
| Abimar Foods Inc. | 292.741 | 160.786 | 131.955 | 16.586 | (1.218) | 258.379 | 135.981 | 122.398 | 15.931 | 2.373 |
| Productos Alimenticios Doria S. A. S. | 307.682 | 180.184 | 127.498 | 6.840 | (1.452) | 324.534 | 190.991 | 133.543 | 12.502 | 1.953 |
| Tresmontes Lucchetti Mexico S. A. de C. V. | 178.190 | 61.523 | 116.667 | (14.232) | 1.337 | 247.324 | 85.627 | 161.696 | (21.505) | (1.008) |
| Inmobiliaria y Rentas Tresmontes Lucchetti | 115.489 | - | 115.489 | - | - | 114.706 | - | 114.706 | - | - |
| Novaventa S. A. S. | 182.521 | 66.068 | 116.453 | 21397 | - | 167.643 | 74.186 | 93.457 | 19.967 | - |
| Other subsidiaries (1) | 2.726.853 | 1.842.241 | 884.612 | 28.536 | (45.967) | 3.367.104 | 2.364.719 | 1.002.385 | 57.682 | 5.409 |
| **Subsidiaries with non-controlling interest** | | | | | | | | | | |
| Novaceites S.A. | 63.801 | 12.325 | 51.476 | 4.010 | (13) | 68.712 | 21.555 | 47.157 | 2.425 | 84 |
| Setas Colombianas S.A | 65.958 | 16.127 | 49.831 | 5.051 | - | 70.107 | 23.364 | 46.743 | 3.439 | - |
| Helados Bon | 44.026 | 15.039 | 28.987 | 9.629 | (553) | 42.965 | 19.068 | 23.897 | 6.880 | 1.036 |
| La Recetta Soluciones Gastronómicas Integradas S.A.S. | 44.196 | 42.527 | 1.669 | (25) | 9 | 49.837 | 48.147 | 1.689 | (81) | - |
| Fondo de Capital Privado "Cacao para el Futuro" – Compartimento A | 40.132 | 12.014 | 28.118 | 720 | - | 34.416 | 7.018 | 27.398 | 1.275 | - |

*Table 13*

(1) Other subsidiaries include equity of $884.612, for the following companies: Alimentos Cárnicos de Panama S.A., Alimentos Cárnicos Zona Franca Santa Fe S.A.S., 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 Panama 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 (Cordialsa), Comercial Pozuelo Guatemala S.A., Industrias Lácteas Nicaragua S.A., Novaventa S.A.S., Comercial Pozuelo El Salvador S.A. de C.V., Cordialsa Usa, Inc., TMLUC Argentina S.A., Comercializadora Tresmontes Lucchetti S.A. de C.V., Tresmontes Lucchetti Internacional S.A., TMLUC Peru S.A., Tresmontes Lucchetti Servicios S.A., Fideicomiso Grupo Nutresa, Inmobiliaria Nevada S.A., 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., A2-Aldage, Inc., Aldage Inc., Litoempaques S.A.S., Servicios Nutresa Costa Rica S.A., Tresmontes Lucchetti Agroindustrial S. A., Aldage, Inc., LYC Bay Enterprise INC., Sun Bay Enterprise INC., Gulla Properties Development LLC., Heanor Consulting LLC., Gabon Capital LTD., Baton Rouge Holdings LTD., Ellenbrook Holdings Limited, Perlita Investments LTD., El Corral Investments INC.

# NOTE 8.
## CASH AND CASH EQUIVALENTS

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

| | 2016 | 2015 |
|---|---:|---:|
| Cash and banks | 149.987 | 234.620 |
| Short-term investments | 69.335 | 51.444 |
| **Total** | **219.322** | **286.064** |

*Table 14*

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 4.1% (2015 - 2,7%)

These values have no restrictions over their availability.

At December 31, 2016, the Group had $2.500.000 (2015 – 2.100.000) available in committed unused credit lines.

# NOTE 9.
## TRADE AND OTHER RECEIVABLES

| | 2016 | 2015 |
|---|---:|---:|
| Customer | 811.653 | 842.362 |
| Accounts receivable from employees | 39.201 | 40.149 |
| Loans to third-parties | 2.298 | 2.248 |
| Dividends receivable | 12.496 | 11.612 |
| Other accounts receivable | 56.136 | 21.807 |
| Impairment | (9.092) | (13.169) |
| **Total trade and other receivables** | **912.692** | **905.009** |
| Current portion | 889.197 | 878.280 |
| Non-current portion | 23.495 | 26.729 |

*Table 15*

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

| | 2016 | 2015 |
|---|---:|---:|
| Not overdue | 610.866 | 624.023 |
| Up to 90 days | 178.150 | 188.894 |
| Between 91 and 180 days | 9.556 | 10.588 |
| Between 181 and 365 days | 8.116 | 9.779 |
| More than 365 days | 4.965 | 9.078 |
| **Total** | **811.653** | **842.362** |

*Table 16*

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.

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

| | 2016 | 2015 |
|---|---|---|
| **Book value at January 1st** | **13.169** | **11.161** |
| Impairment losses recognized during the period | 11.082 | 12.454 |
| Use during the period | (14.340) | (12.446) |
| Reversal of impairment losses for the period | (529) | (444) |
| Exchange differences | (377) | 1.662 |
| Other changes | 87 | 782 |
| **Book value at December 31st** | **9.092** | **13.169** |

*Table 17*

Grupo Nutresa derecognizes, against the impaired value, in an corrective account, the values of the impaired portfolio considered manifestly lost, when there is evidence of inactive balances from, commercial customers, with over 360 days accounts, past due, to December 31st of each year. Grupo Nutresa recognizes the totality of losses due to impairment through a corrective account and not directly.

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

| | 2016 | 2015 |
|---|---|---|
| Colombian Pesos | 381.628 | 387.347 |
| US Dollars of America | 158.975 | 150.098 |
| Other currencies | 271.050 | 304.917 |
| **Total** | **811.653** | **842.362** |

*Table 18*

# NOTE 10.
## INVENTORIES

| | 2016 | 2015 |
|---|---|---|
| Raw materials | 304.804 | 339.195 |
| Works in progress | 55.754 | 55.703 |
| Finished products | 369.609 | 374.369 |
| Packing materials | 98.802 | 104.778 |
| Consumable materials and spare parts | 77.168 | 75.184 |
| Inventories in transit | 127.783 | 87.826 |
| Adjustments to the net realizable values | (5.503) | (4.086) |
| **Total** | **1.028.417** | **1.032.969** |

*Table 19*

Net write-offs of inventory values are recognized as cost, during the period, in the amounted of $1.476 (2015 - $719).

Write- down inventories are recognized as expenses, in the amount of $65.478, during the period 2016 (2015 - $60.873); 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, in the amount of $944 (2015 - $485).

As of December 31st of 2016 and 2015, 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

| | 2016 | 2015 |
|---|---|---|
| Biological assets – cattle | 42.763 | 24.636 |
| Biological assets – pig | 29.414 | 25.269 |
| Forest plantation | 10.933 | 8.913 |
| **Total** | **83.110** | **58.818** |
| **Current portion** | **75.677** | **53.119** |
| **Non-current portion** | **7.433** | **5.699** |

*Table 20*

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

| | Quantities | | Location |
|---|---|---|---|
| | **2016** | **2015** | |
| Biological assets – cattle (1) | 30,400 units | 22,394 units | Antioquia, Córdoba, Cesar, Santander, Sucre, and Caldas - Colombia |
| Biological assets – pig (1) | 73,251 units | 67,833 units | Antioquia and Caldas - Colombia |
| | 12,418 units | 13,184 units | Provincia de Oeste - Panama |
| **Forest plantations** | | | |
| Cocoa plantations (2) | 170 ha | 170 ha | Santander - Colombia |
| Mushroom crops (3) | 40.290 $m^2$ | 40.290 $m^2$ | Yarumal - Colombia |

*Table 21*

(1) Pork livestock farming in Colombia is carried out own 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.

Pigs that are produced abroad, in 2016 is $4.709 (2015 - $5.125), are measured upon initial recognition under the cost model,, taking into account, that there is no active market.

(2) Owned cocoa plantations are intended to encourage the development of the cocoa crops through to agroforestry systems (Cacao timber), to farmers in the Country, in addition to supply of raw material consumption of Group; they have an average life of 15 years, and therefore, are classified as non-current assets.

(3) Mushroom crops are used by Setas Colombianas S.A., in its production process, located in Yarumal, Colombia, and is measured under the cost model, considering that there no active market exists, for these crops

The gain or loss for the period, due to changes in fair value minus the costs to sell of biological assets, in 2016 is $8.696 (2015 - $1.582), and is included 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:

| | 2016 | 2015 |
|---|---|---|
| **Other current assets** | | |
| Current taxes (See note 18.2) | 208.803 | 146.006 |
| Prepaid expenses [1] | 29.009 | 58.679 |
| Financial derivative instruments (See Note 21.6) | 9.020 | 16.077 |
| **Total other current assets** | **246.832** | **220.762** |
| **Other non-current assets** | | |
| Non current taxes | 970 | - |
| Prepaid expenses | 5.915 | 4.182 |
| Other financial instruments measured at fair value [2] | 40.109 | 34.324 |
| Other non-current assets | 1.667 | 2.139 |
| **Total other non-current assets** | **48.661** | **40.645** |
| **Total other assets** | **295.493** | **261.407** |

*Table 22*

(1) The expenses paid in advance, correspond mainly to insurance in the amount of $12.397 (2015 - $16.978), contractors for $4.223 (2015 - $14.264), and leases for $1.068 (2015 - $937).

The decrease is mainly due to the fact, that the balance at December 2015, it includes pre-payments of $19.560 from the companies Industrias Alimenticias Hermo and Cordialsa de Venezuela, which were excluded from the consolidation perimeter of Grupo Nutresa, as of October 2016 and onwards, as explained in Note 20.1.

(2) Other financial instruments measured at fair value corresponding to the rights held by the private equity "Cacao para el futuro" - Compartment A, in cocoa plantations. See Note 37 for the information for the measurement of the fair value of this asset.

# NOTES 13.
## NON-CURRENT ASSETS HELD FOR SALE

Currently under construction, are five distribution centers that form part of "build to suit" and that will house the finished product for secondary distribution in Colombia, in the cities of Florence, Palermo, Pasto, Cartagena, and Montería.

This initiative is framed under the strategy of sustainable development, in construction, and ensures the welfare for human resources, as well as, the product. Grupo Nutresa realizes the design and construction of these buildings which will be sold to a real estate fund, once construction is complete in mid-2016, to then be taken into operating leases by Grupo Nutresa, thereby achieving a significant release of working capital.

As of December 31, 2016, the balance of $100.330 (December 2015 - $71.679), included machinery and equipment for $631, land purchased for $15.586, and constructions in progress for $84.113; These constructions are expected to be completed in the first quarter of 2017, for which, resources are committed for, in the amount of $14.377.

In the year 2016, real estate sales were carried out classified in this category for a value of $35.069, transfers were made to properties, plant and equipment, in the amount of $9.784, and additional investments in projects-in-progress, in the amount of $73.504.

# NOTE 14.
## 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 | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | **778.971** | **910.913** | **2.059.609** | **22.433** | **30.186** | **47.113** | **102.462** | **180.986** | **4.132.673** |
| **Depreciation and/ or impairment** | **(327)** | **(103.136)** | **(560.123)** | **(12.614)** | **(17.110)** | **(29.256)** | **(26.385)** | **-** | **(748.951)** |
| **Balance at January 1, 2016** | **778.644** | **807.777** | **1.499.486** | **9.819** | **13.076** | **17.857** | **76.077** | **180.986** | **3.383.722** |
| Acquisitions | - | 872 | 11.950 | 2.092 | 6.243 | 4.754 | 19.971 | 283.676 | 329.558 |
| Disposals | (96) | (4.335) | (7.299) | (653) | (35) | (19) | (117) | (3.194) | (15.748) |
| Depreciation | - | (33.195) | (157.513) | (2.913) | (4.273) | (4.683) | (12.459) | - | (215.036) |
| Impairment | - | - | (173) | (5) | (4) | - | - | - | (182) |
| Transfers | 10.537 | 17.444 | 275.066 | 1.664 | 812 | 4.038 | (878) | (307.161) | 1.522 |
| Classification to financial instruments (Venezuela) | (526) | (18.509) | (12.381) | (34) | (73) | (59) | - | (6.778) | (38.360) |
| Adjustments in hyperinflationary economies | 262 | 10.274 | 8.319 | 6 | (32) | 85 | - | 3.527 | 22.441 |
| Currency translation impact | (7.488) | (28.945) | (38.082) | (552) | (516) | (1.026) | (452) | (7.343) | (84.404) |
| **Cost** | **781.644** | **891.388** | **2.260.229** | **23.464** | **33.963** | **51.888** | **116.709** | **143.713** | **4.302.998** |
| **Depreciation and/ or impairment** | **(311)** | **(140.005)** | **(680.856)** | **(14.040)** | **(18.765)** | **(30.941)** | **(34.567)** | **-** | **(919.485)** |
| **Balance at December 31, 2016** | **781.333** | **751.383** | **1.579.373** | **9.424** | **15.198** | **20.947** | **82.142** | **143.713** | **3.383.513** |
| | | | | | | | | | |
| **Cost** | **751.664** | **706.040** | **1.564.133** | **30.349** | **18.056** | **38.615** | **10.402** | **316.809** | **3.436.068** |
| **Depreciation and/ or impairment** | **(200)** | **(57.541)** | **(363.350)** | **(13.222)** | **(11.888)** | **(22.812)** | **(3.720)** | **-** | **(472.733)** |
| **Balance at January 1, 2015** | **751.464** | **648.499** | **1.200.783** | **17.127** | **6.168** | **15.803** | **6.682** | **316.809** | **2.963.335** |
| Acquisitions | - | 9.612 | 20.239 | 1.973 | 3.511 | 729 | 12.492 | 346.408 | 394.964 |
| Business combinations | 1.868 | 16.521 | 44.188 | 1.046 | 2.455 | 3.218 | 63.390 | 1.001 | 133.687 |
| Disposals | (2.401) | (2.336) | (3.365) | (432) | (106) | (168) | (171) | (79) | (9.058) |
| Depreciation | - | (31.091) | (144.295) | (2.935) | (3.638) | (4.232) | (8.231) | - | (194.422) |
| Impairment | - | (7) | (162) | - | 7 | - | - | - | (162) |
| Transfers | (273) | 144.092 | 329.880 | (10.141) | 4.281 | 596 | 538 | (519.382) | (50.409) |
| Adjustments in hyperinflationary economies | 606 | 9.833 | 9.540 | 83 | 2 | 12 | - | 3.396 | 23.472 |
| Currency translation impact | 27.380 | 12.654 | 42.678 | 3.098 | 396 | 1.899 | 1.377 | 32.833 | 122.315 |
| **Cost** | **778.971** | **910.913** | **2.059.609** | **22.433** | **30.186** | **47.113** | **102.462** | **180.986** | **4.132.673** |
| **Depreciation and/ or impairment** | **(327)** | **(103.136)** | **(560.123)** | **(12.614)** | **(17.110)** | **(29.256)** | **(26.385)** | **-** | **(748.951)** |
| **Balance at December 31, 2015** | **778.644** | **807.777** | **1.499.486** | **9.819** | **13.076** | **17.857** | **76.077** | **180.986** | **3.383.722** |

*Table 23*

As of December 31, 2016, there was collateral of property, plant and equipment, at a book value of $178.910, to cover financial obligations or credit quotas. (2015 $178.910).

The main acquisitions in 2016, are part of the purchase of a plant of cattle slaughtering in the Cold Cuts Business, new lines of production of pasta and biscuits, and in 2015, corresponds primarily to the new lines of biscuit production and reposition of assets in the business.

# NOTE 15.
## INVESTMENT PROPERTIES

The movement of investment properties is detailed, during 2016 and 2015, as follows:

| | Land | Buildings | Total |
|---|---|---|---|
| Cost | 68.336 | 14.777 | 83.113 |
| Depreciation and impairment | - | (720) | (720) |
| **Balance at January 1, 2016** | **68.336** | **14.057** | **82.393** |
| Depreciation | - | (184) | (184) |
| Transfers | - | (2.641) | (2.641) |
| Impact of differences of currency translation | - | (7.726) | (7.726) |
| Cost | 68.336 | 4.040 | 72.376 |
| Depreciation and impairment | - | (534) | (534) |
| **Balance at December 31, 2016** | **68.336** | **3.506** | **71.842** |
| | | | |
| Cost | 80.483 | 15.992 | 96.475 |
| Depreciation and impairment | - | (195) | (195) |
| **Balance at January 1, 2015** | **80.483** | **15.797** | **96.280** |
| Withdrawals | (461) | (880) | (1.341) |
| Depreciation | - | (581) | (581) |
| Transfers | (11.686) | - | (11.686) |
| Adjustments in hyperinflationary economies | - | 7.090 | 7.090 |
| Impact of differences of currency translation | - | (7.369) | (7.369) |
| Cost | 68.336 | 14.777 | 83.113 |
| Depreciation and impairment | - | (720) | (720) |
| **Balance at December 31, 2015** | **68.336** | **14.057** | **82.393** |

*Table 24*

At December 31, 2016, there were no materials commitments for acquisition or construction of the investment properties.

The fair value of investment properties, at December 31, 2016, amounted to $98.064 (2015 $103.538), and was determined by an independent appraiser using an income and market approach. The variation is mainly explained by the classification of investments in Venezuela, as Financial Instruments in the amount of $9.900, and the rest, based on prices from active market share prices, adjusted for differences in nature, location and/or condition of each property particular; or by financial discounting of future cash flows obtained from leased property.

# NOTE 16.
## GOODWILL

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

**2016**

| Reportable Segment | CGU | Balance at January 1st | Exchange Differences | Balance at December 31st |
|---|---|---|---|---|
| Retail Foods | Grupo El Corral | 534.811 | - | 534.811 |
| | Grupo Pops | 170.494 | - | 170.494 |
| | Helados Bon | 51.530 | - | 51.530 |
| Coffee | Industrias Aliadas S.A.S | 4.313 | - | 4.313 |
| Cold Cuts | Setas Colombianas S.A. | 906 | - | 906 |
| Chocolate | Nutresa de Mexico | 182.642 | (2.571) | 180.071 |
| Biscuits | Abimar Foods Inc. | 96.546 | - | 96.546 |
| | Galletas Pozuelo | 36.995 | (2.896) | 34.099 |
| TMLUC | Grupo TMLUC | 955.166 | 6.518 | 961.684 |
| | | **2.033.403** | **1.051** | **2.034.454** |

*Table 25*

**2015**

| Reportable Segment | CGU | Balance at January 1st | Additions (*) | Exchange Differences | Balance at December 31st |
|---|---|---|---|---|---|
| Retail Foods | Grupo El Corral (*) | - | 534.811 | - | 534.811 |
| | Grupo Pops | 170.494 | - | - | 170.494 |
| | Helados Bon | 51.530 | - | - | 51.530 |
| Coffee | Industrias Aliadas S.A.S | 4.313 | - | - | 4.313 |
| Cold Cuts | Setas Colombianas S.A. | 906 | - | - | 906 |
| Chocolate | Nutresa de Mexico | 172.248 | - | 10.394 | 182.642 |
| Biscuitss | Abimar Foods Inc. | 96.546 | - | - | 96.546 |
| | Galletas Pozuelo | 27.950 | - | 9.045 | 36.995 |
| TMLUC | Grupo TMLUC | 849.085 | - | 106.081 | 955.166 |
| | | **1.373.072** | **534.811** | **125.520** | **2.033.403** |

*Table 26*

(*) In 2015, the addition corresponds to the business combination for the acquisition of Grupo El Corral (See Note 5.2).

### 16.1 ASSESSMENT OF IMPAIRMENT OF GOODWILL

Goodwill is not subject to amortization. The Group reviews the existence of impairment, annually, by comparing the book value of net assets allocated to the Cash Generating Unit (CGU), with their recoverable value. During the current period, as well as, in the previous, no impairment loss was recognized.

The recoverable segments Coffee, Cold Cuts, Chocolate, Biscuits, TMLUC, and some CGU from the Consumer Food Segment are calculated, based on the value in use, which corresponds to the discounted future cash flows.

The recoverable amount of the CGU of Grupo El Corral is estimated, based on the fair value less costs of disposal. To estimate the fair value less costs of disposal, the methodology of discounted cash flow less costs of disposal, was applied. To apply this methodology, a discount rate. The method of calculation is the weighted average cost of capital, which weighs the cost of shareholders, with the cost of debt. The estimate of the variables for both the cost of capital, and to debt, is based on market information available at the date of valuation. Regarding the estimate of the projections, the best estimates were used by the Management, and were adjusted, based on the historic results. These projections include those projects that are authorized, at the date of valuation.

For each CGU or group of CGU, the recoverable amount is higher than its book amount. Cash flows have been projected for a period of 10 years, which consists of five years of explicit plans and an additional 5 years, where a stabilization period is projected, with a decreasing convergence equivalent to the anticipated nominal economic comportment, and the perpetual long-term growth, according to the requirements of the applicable norms, giving more consistency to the normal evolution of the businesses and projections. These flows have been established throughout the experience of the Group.

The operating income included within the future cash flows correspond to the income of the businesses that conform to the CGU or group of CGU's, and the projected comportment considered the expected evolution of the market and the growth strategies approved by the Direction, for the following years, determinant, at the moment that the evolution of the gross profit margin is defined, which includes a study of the cost factors based upon the efficiencies projected by the Administration.

Grupo Nutresa uses a specific growth rate that is similar to the average rate of long-term growth, for the industry, and is 1.5%, indexed to the inflation of the country, where is each CGU is assessed; all flows have been discounted, according to the specific for that relevant country, and varies according the variables determined, for each CGU, according to the WACC "weighted average cost of capital" methodology. The average discount rate used, is in a range established, between 8% and 14%.

Grupo Nutresa considers that there is no reasonable change possible, in the previous key assumption indicators listed above, used in the assessment of impairment, in such way that the book value of a CGU, exceeds its recoverable amount.

# NOTE 17.
## OTHER INTANGIBLE ASSETS

| | Brands | Software and Licenses | Concessions and Franchises | Others | Total |
|---|---|---|---|---|---|
| Cost | 1.160.527 | 41.242 | 54.351 | 3.627 | 1.259.747 |
| Amortization and impairment | (54.714) | (24.465) | (564) | (47) | (79.790) |
| **Balance at January 1, 2016** | **1.105.813** | **16.777** | **53.787** | **3.580** | **1.179.957** |
| Acquisitions | - | 4.448 | 607 | 3.053 | 8.108 |
| Amortization | (4.125) | (5.679) | (192) | (256) | (10.252) |
| Transfers | - | (510) | - | 458 | (52) |
| Impact of currency translation | (13.996) | (7) | (80) | (7) | (14.090) |
| 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 December 31, 2016** | **1.087.692** | **15.029** | **54.122** | **6.828** | **1.163.671** |
| | | | | | |
| Cost | 801.740 | 31.325 | 27 | 59 | 833.151 |
| Amortization and impairment | (50.569) | (15.742) | (11) | - | (66.322) |
| **Balance at January 1, 2015** | **751.171** | **15.583** | **16** | **59** | **766.829** |
| Acquisitions | 117 | 7.659 | 512 | 2.920 | 11.208 |
| Business combinations (See Note 5) | 269.545 | 953 | 53.367 | - | 323.865 |
| Amortization | (4.029) | (6.214) | (122) | (47) | (10.412) |
| Transfers | 1.193 | (2.075) | 8 | 640 | (234) |
| Impact of currency translation | 87.816 | 871 | 6 | 8 | 88.701 |
| Cost | 1.160.527 | 41.242 | 54.351 | 3.627 | 1.259.747 |
| Amortization and impairment | (54.714) | (24.465) | (564) | (47) | (79.790) |
| **Balance at December 31, 2015** | **1.105.813** | **16.777** | **53.787** | **3.580** | **1.179.957** |

*Table 27*

## 17.1 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 31st of 2016 and 2015:

| 2016 | | | |
|---|---|---|---|
| **Reportable Segment** | **Finite Useful Life Brands** | **Indefinite Useful Life Brands** | **Total** |
| Retail Foods | - | 268.327 | 268.327 |
| Cold Cuts | 1.031 | - | 1.031 |
| Chocolate | - | 16.840 | 16.840 |
| Biscuits | - | 183.293 | 183.293 |
| Ice Cream | 287.196 | - | 287.196 |
| TMLUC | - | 331.005 | 331.005 |
| **Total** | **288.227** | **799.465** | **1.087.692** |

*Table 28*

| 2015 | | | |
|---|---|---|---|
| **Reportable Segment** | **Finite Useful Life Brands** | **Indefinite Useful Life Brands** | **Total** |
| Retail Foods | - | 268.992 | 268.992 |
| Cold Cuts | 1.398 | - | 1.398 |
| Chocolate | - | 17.442 | 17.442 |
| Biscuits | - | 198.864 | 198.864 |
| Ice Cream | 290.356 | - | 290.356 |
| TMLUC | - | 328.761 | 328.761 |
| **Total** | **291.754** | **814.059** | **1.105.813** |

*Table 29*

Brands with a finite useful life are amortized with a useful life of 99 years.

Brands with a net book value of $799.465 (2015 - $814.059) 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.

### 17.1.1 IMPAIRMENT OF THE VALUE OF INTANGIBLE ASSETS 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 value in-use; 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 16.1), are taken into account. During 2016 and 2015, 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 2016 and 2015, there exists no indications of impairment of intangible assets with a finite useful life.

# NOTE 18.
## INCOME TAXES AND PAYABLE TAXES

### 18.1 APPLICABLE NORMS

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

| Income tax % | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Colombia | 39,0 | 40,0 | 40,0 | 37,0 | 33,0 | 33,0 |
| Costa Rica | 30,0 | 30,0 | 30,0 | 30,0 | 30,0 | 30,0 |
| Ecuador | 22,0 | 22,0 | 22,0 | 22,0 | 22,0 | 22,0 |
| El Salvador | 30,0 | 30,0 | 30,0 | 30,0 | 30,0 | 30,0 |
| Estados Unidos | 30,0 | 34,0 | 34,0 | 34,0 | 34,0 | 34,0 |
| Guatemala | 25,0 | 25,0 | 25,0 | 25,0 | 25,0 | 25,0 |
| Mexico | 30,0 | 30,0 | 30,0 | 30,0 | 30,0 | 30,0 |
| Nicaragua | 30,0 | 30,0 | 30,0 | 30,0 | 30,0 | 30,0 |
| Panama | 25,0 | 25,0 | 25,0 | 25,0 | 25,0 | 25,0 |
| Peru | 28,0 | 28,0 | 29,5 | 29,5 | 29,5 | 29,5 |
| Dominican Republic | 27,0 | 27,0 | 27,0 | 27,0 | 27,0 | 27,0 |
| Chile | 22,5 | 24,0 | 25,5 | 27,0 | 27,0 | 27,0 |
| Argentina | 35,0 | 35,0 | 35,0 | 35,0 | 35,0 | 35,0 |

*Table 30*

**a) Colombia**

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

The income tax for equity, "CREE", a fee of 9% is applied, in accordance with Law 1739 of December 2014. In addition, during 2015 and 2016, the Law 1739 of 2014 established a surtax on income tax for equity "CREE", which is the responsibility of the taxpayers of this tax at rates of 5%, 6% per year, respectively.

The Structural Tax Reform - Law 1819 of December 29, 2016 – aside of repealing the income tax for equity - CREE, as of January 1, 2017, modified the income tax rate, as well, as follows:

| | Before the Reform | Within the Reform | Nominal Variation |
|---|---|---|---|
| **2017** | Income tax: 25%<br>CREE: 9%<br>CREE surtax: 8% (TB*>800 Millon)<br>**Total: 42%** | Income tax: 34%<br>Income surtax: 6%<br>(TB*>800 Millon)<br>**Total: 40%** | Reduction of 2% |
| **2018** | Income tax: 25%<br>CREE: 9%<br>CREE surtax: 9% (TB*>800 Millon)<br>**Total: 43%** | Income tax: 33%<br>Income surtax: 4%<br>(TB*>800 Millon)<br>**Total: 37%** | Reduction of 6% |
| **2019 Forward** | Income tax: 25%<br>CREE: 9%<br>**Total: 34%** | Income tax: 33%<br>**Total: 33%** | Reduction of 1% |

*Table 31*

*TB: Tax Base

**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% for the year 2016, and 25.5% for the year 2017, 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) Mexico**

The income tax rate of Mexico is 30%; which is applied to taxable income for the year.

**d) 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%.

**e) Panama**

The income tax is determined based on the actual income for the year. The income tax rate is 25%.

**f) 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 22%. .

## 18.2 CURRENT TAX ASSETS AND LIABILITIES

The balance of current tax assets at December 31st includes:

| | 2016 | 2015 |
|---|---|---|
| Income tax and complementary (1) | 123.903 | 110.275 |
| Income tax for equity "CREE" (2) | 16.805 | 10.158 |
| Equity tax (3) | 49.486 | - |
| Sales tax payable | 15.801 | 22.982 |
| Other taxes | 2.808 | 2.591 |
| **Total** | **208.803** | **146.006** |

*Table 32*

(1) Income tax assets and complementary, include automatic withholdings of $8.648 (2015 - $9.022), credit balances of $94.883 (2015 - $67.546), tax advances of $20.162 (2015 - $32.923), tax rebates for $56 (2015 - $782), and withholding $154 (2015 - $2).

(2) Assets from income tax for equity " CREE" include automatic withholdings of $1.895 (2015 - $582), and credit balances of $ 14.910 (2015 - $ 9.576).

(3) Grupo Nutresa has six (6) companies that signed on with, in 2009, the Colombian Government, judicial stability contracts; one of the stabilized tax was the equity tax, which, according to the interpretation of the Directorate National Tax and Customs, according to those contracts, these companies hold the obligation to pay, despite being sheltered by the contracts. These companies proceeded to fulfill the legal obligation. Parallel to this situation, other contributors took legal action and demanded the concept through the sentence 18636 of August 30, 2016, and nullifying the concept, by judgment 05001-23-31-000-2012-00612-01 [21012]. As a result of said, and applying Article 594-2 of the Tax Code, these statements do not produce legal effects; generating a credit balance, from the payment due in the amount of $ 37.965, in the Changes in Equity Statement, and $ 11.521 in the Comprehensive Income Statement.

The current taxes payable balances to December 31st include:

| | 2016 | 2015 |
|---|---|---|
| Income tax and complementary | 39.336 | 61.273 |
| Income tax for equity - CREE | 8.478 | 11.002 |
| Sales tax payable | 79.453 | 65.662 |
| Withholding taxes, payable | 28.556 | 27.105 |
| Other taxes | 7.539 | 7.281 |
| **Total** | **163.362** | **172.323** |

*Table 33*

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 tax shields, and fiscal positions, as the treatment of untaxed income, and special deductions, according to the current regulations and applicable, and the analysis of favorability probability of expert opinions. The Group recognizes liabilities, for anticipated tax audits, observed based on estimates, if applicable pay additional taxes. When the final tax outcome of these situations is different, from the amounts that were initially recorded, differences are charged to tax on current and deferred income assets and liabilities in the period in which this fact is determined

## 18.3 INCOME TAX EXPENSES

Current income tax expenses are as follows:

| | 2016 | 2015 |
|---|---|---|
| Income tax | 127.915 | 134.013 |
| Income tax for equity - CREE | 27.819 | 33.017 |
| CREE surcharge | 17.132 | 16.531 |
| **Total** | **172.866** | **183.561** |
| Deferred taxes (*) | (29.533) | (16.421) |
| **Total tax expenses** | **143.333** | **167.140** |

*Table 34*

(*) Deferred income tax, arises mainly from the recognition of unrealized financial instruments, fiscal credits, and differences in accountable, and taxable depreciation bases, which constitute a future tax benefit. Additionally, the sales of intangibles, obliges that the recognized deferred tax be reversed, in previous years.

In the year 2015, deferred tax, is recognized, in Colombia at a rate of 39%. In December 2016, as a result of, the tax reform, items such as: property, plant and equipment, employee benefits, inventories, et al., are recognized at the rate of 33% or 34%, considering the time that the temporary difference is reversed

## 18.4 DEFERRED TAX INCOME

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

| | 2016 | 2015 |
|---|---|---|
| **Deferred tax assets** | | |
| Goodwill tax, TMLUC | 169.179 | 184.055 |
| Employee benefits | 56.713 | 58.096 |
| Accounts payable | 5.231 | 6.991 |
| Tax losses | 95.981 | 71.464 |
| Tax credits | 5.341 | 3.237 |
| Debtors | 14.044 | 2.872 |
| Other assets | 10.505 | 28.746 |
| **Total deferred tax assets** | **356.994** | **355.461** |
| **Deferred tax liabilities** | | |
| Property, plant and equipment | 343.415 | 347.350 |
| Intangibles | 244.174 | 309.482 |
| Investments | 6.421 | 5.315 |
| Other passives | 111.690 | 65.545 |
| **Total income tax liability** | **705.700** | **727.692** |
| **Net deferred tax liabilities** | **348.706** | **372.231** |

*Table 35*

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.

The deferred tax liability, on intangibles, relates mainly to brands and goodwill. In the year 2016 Grupo Nutresa, recognized the deferred tax liability, associated with goodwill for $92.155, of which $4.273, were the result of the year in 2016, and $ 87.882 was credited directly to equity, in the respective accounts.

In the process of consolidation at year-end 2016, a difference identified in the interpretation rules of deferred goodwill taxes, of which are not eliminated in the process of consolidation, due to the fact the Separate Financial Statements the goodwill is part of the cost of permanent investments, in accordance with IAS 12. It is important to highlight that this impact was recognized in the Consolidated Financial Statements, as was in the opening balance of First-time adoption.

The application of the definitions, established in IAS 8 - Materiality and Relative Importance, the Management of the Group considered that this difference in the rules interpretation does not constitute a material difference, that could influence the economic decisions made by users of the Financial Statements in 2015, they were the first Financial Statements under International Financial Reporting Standards, in Colombia. Additionally, it is important to note that in Colombia, and according to Article 34 of Law 222 and Article 150, of the Code of Commerce, which regulates the distribution of dividends, it is stipulated that such distribution is not performed in the Consolidated Financial Statements.

| | Deferred tax liabilities | Other reserves |
|---|---|---|
| **Opening balance January 1, 2014** | - | - |
| Initial recognition of deferred goodwill tax | 62.342 | 62.342 |
| Opening balance January 1, 2014, adjusted | 62.342 | 62.342 |
| Tax deferred recognition of goodwill, payable 2014 | 14.505 | 14.505 |
| Balance at December 31, 2014, adjusted | 76.847 | 76.847 |
| Tax deferred recognition of goodwill, payable 2015 | 11.035 | 11.035 |
| **Balance at December 31, 2015 adjusted** | **87.882** | **87.882** |

*Table 36*

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

| | 2016 | 2015 |
|---|---|---|
| **Opening balance, net deferred tax liabilities** | **372.231** | **250.776** |
| Deferred tax expenses, recognized in income for the period | (29.533) | (16.421) |
| Income tax relating to items, credited directly to equity | - | 11.035 |
| Income tax relating to components, of other comprehensive income | (5.742) | (2.791) |
| Increase for business combinations | - | 121.059 |
| Impact of variation in rates of foreign exchange | 11.750 | 4.261 |
| Other impact | - | 4.312 |
| **Opening balance, net deferred tax liabilities** | **348.706** | **372.231** |

*Table 37*

The temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, for which were not recognized deferred tax liabilities, are $6.597.239 (2016) and $6.498.528 (2015), said deferred tax liability, would be from $2.204.150 (2016) and $ 2.177.091 (2015).

The income tax relating to components of other comprehensive income, is determined by new measurements of benefit plans to employees of $(5.419) (2015 - $2.297), the participation in associates and joint ventures, accounted for by using the Equity Method, in the amount of $(176) (2015 - $0), and that related to changes in the fair value of financial liabilities in the amount of $(147) (2015 - $(5.088)).

### 18.5 EFFECTIVE TAX RATES

The effective tax rate differs from the theoretical rate by the effect produced by applying the tax rules. As part of tax regulations, benefits such as: untaxed income (e.g. dividends, research incentives, et al.); additionally, there are tax deductions restricted, such as in the case of taxation of the financial movement, that is deductible only in Colombia at 50%, non-deductibility of tax, provisions, costs, and expenses, from previous years, fines, sanctions, et al. Legal entity stability contracts, signed by six companies of the Group, allows legal security and effective legal entity tax planning, without surtaxes of tax burdens; within these contracts, the allowance of deduction of major real productive investment expenses in fixed-assets, investments in science and technology, donations, fiscal amortization of the goodwill are permitted, as well as the application of depreciation and amortization, different to those that the accounting standard establishes. All these special treatments, results in a difference between the effective rate and the deferred tax, with respect to the theoretical rate in each country.

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

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Value | % | Value | % |
| **Accounting profit** | **544.868** | | **604.294** | |
| **Applicable tax rate expenses** | **191.845** | **35,21** | **211.986** | **35,08** |
| Portfolio of untaxed dividends | (19.493) | (3,58) | (17.476) | (2,89) |
| Unrealized untaxed financial instruments | 2.506 | 0,46 | (3.916) | (0,65) |
| Other untaxed accounting income | (12.580) | (2,31) | (7.176) | (1,19) |
| Non-deductible tax expense | (3.890) | (0,71) | 6.407 | 1,06 |
| Non-deductible tax to financial transactions | 3.847 | 0,71 | 3.193 | 0,53 |
| Provision portfolio | 3.980 | 0,73 | 40 | 0,01 |
| Depreciation | 3.725 | 0,68 | 6.988 | 1,16 |
| Other non-deductible expenses accounting | 13.658 | 2,51 | 43.876 | 7,26 |
| Tax liquidity for deductions recovery | 6.800 | 1,25 | 1.407 | 0,23 |
| Other tax income | 3.218 | 0,59 | 14.275 | 2,36 |
| Amortization | (7.807) | (1,43) | (13.857) | (2,29) |
| Special deductions for productive fixed-assets | (11.864) | (2,18) | (17.332) | (2,87) |
| Compensation of excess presumptive income and losses | (1.200) | (0,22) | (593) | (0,10) |
| Other tax deductions | (3.302) | (0,61) | (36.875) | (6,10) |
| Other tax impact | (26.110) | (4,79) | (23.807) | (3,94) |
| **Total tax expenses** | **143.333** | **26,31** | **167.140** | **27,66** |

*Table 38*

The income tax expense is calculated using the weighted average tax rates, applicable in each of the countries where it Grupo Nutresa operates.

The effective tax rate decreases due to the deferred tax, composed primarily by the changes in rates of income tax and surtax, established in Law 1819 of 2016, unrealized financial instruments, tax credits, and differences in the bases of accountable and taxable depreciation, that constitute a future fiscal benefit.

In addition, the effective rate is impacted in applying rules established in legal entity stability contracts, that allow special deductions and constant tax rates, by the presence of the Group, in free zone with a differential income rate, non-deductible expenses, treated as non-temporary differences, and based on presumptive income tax.

### 18.6 PRESUMPTIVE INCOME TAX EXCESS AND LOSSES

At December 31, 2016, the tax losses of the Company's subsidiaries amounted to $393.592 (2015 - $ 339.567). 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 Company's subsidiaries, outstanding amount of $16.087 (2015 - $11.932). According to current tax regulations, 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 | Excess presumptive income tax |
|---|---|
| No expiration date | 3.213 |
| 2019 | 765 |
| 2020 | 3.869 |
| 2021 | 8.240 |
| | **16.087** |

*Table 39*

## 18.7 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 is realized on January 1st of the years 2015, 2016, and 2017, and may be charged to equity reserves, without affecting net income, in accordance with Article 10 of the same law. For 2016, such were recognized in reserves at disposal to the highest social organ in the amount of $21.992, of (2015 - $24.949).

## 18.8 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.

As of December 31, 2016, Industria de Alimentos Zenú S.A.S. and Alimentos Cárnicos S.A.S., subsidiaries of Grupo Nutresa, are in the process of discussions with the Directorate of National Tax and Customs, for the unrecognized deduction for amortization of goodwill, generated in the acquisition of shares, of income of the taxable year 2011.

## 18.9 APPROVED PENDING TAX NORMS FOR APPLICATION – TAX REFORMS

With the expedition of Law 1819 of December 29, 2016, the tax norms of Colombia were reformed mainly on increasing the general VAT rate from 16% to 19%, and the consolidation of the income tax with a rate of 33%, and surcharge of 6% and 4%, for the year 2017 and 2018, respectively, based on the new regulatory frameworks IFRS. The taxable year 2017 will have transitional rate of 34%, and rental rate for legal persons, who are users of free zone, increases from 15% to 20%.

The compensation of tax losses is limited to 12 following taxable periods, following the year or that were generated, plus expanding the Terms of certainty of the income tax, wherein said losses are compensated to 6 year, counted from the date of filing.

For purposes of income tax, it is assumed that the liquid income tax of the taxpayer is not less than 3.5% of the liquid equity, immediately preceding period. Before the expedition of the standard, the presumption was 3%.

Additionally, following the recommendations of the Organization for Cooperation and Economic Development, in the fight against tax evasion and the transfer of tax benefits between countries, the government implemented measurements, such as penalization of the privatization of liberty for big evaders, and strengthens the regulations with relationship to the sanction regime for transfer pricing.

With the expedition of Legislative Decree 1261 of 2016, the taxable rate increased to 29.5% in Peru, replacing the 28%, as of 2017.

# NOTE 19.
## INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures to December 31st of 2016 and 2015 are as follows:

| | | | Book Value | | 2016 | | 2015 | |
|---|---|---|---|---|---|---|---|---|
| | Country | % Participation | 2016 | 2015 | Share of Income for the Period | Share of Other Comprehensive Income | Share of Income for the Period | Share of Other Comprehensive Income |
| **Associates** | | | | | | | | |
| Bimbo de Colombia S.A. | Colombia | 40 | 132.627 | 75.505 | 5.406 | (1.084) | 6.225 | 1.304 |
| Dan Kaffe Sdn. Bhd. | Malaysia | 44 | 22.733 | 23.886 | 1.158 | (2.311) | (58) | 2.848 |
| Estrella Andina S.A.S. | Colombia | 30 | 6.025 | 6.484 | (459) | - | (855) | - |
| **Joint ventures** | | | | | | | | |
| Oriental Coffee Alliance Sdn. Bhd. | Malaysia | 50 | 3.125 | 3.146 | (2) | (19) | (384) | 1.787 |
| **Total associates and joint ventures** | | | **164.510** | **109.021** | **6.103** | **(3.414)** | **4.928** | **5.939** |

*Table 40*

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

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

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

Oriental Coffee Alliance Sdn. Bhd. is a company dedicated to the sale of Dan Kaffe Malaysia (DKM) products, as well as, some Colcafé products and also part of the Group, in Asia. This partnership with the Mitsubishi Corporation, allows Grupo Nutresa 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.

| | 2016 | 2015 |
|---|---|---|
| **Opening balance at January 1st** | **109.021** | **83.323** |
| Increase contributions (*) | 52.800 | 14.831 |
| Participation in profit and loss for the period | 6.103 | 4.928 |
| Participation in comprehensive income | (3.414) | 5.939 |
| **Balance at December 31st** | **164.510** | **109.021** |

*Table 41*

(*) In March 2016, the Shareholders' meeting of Bimbo de Colombia S.A. authorized a capital increase of $132.000, in order to develop investment projects planned for this year; Grupo Nutresa made an investment of $52.800, without generating changes in its ownership. Grupo Nutresa considers that future cash flows from this investment will be sufficient to cover the book value of the investment.

In 2015, the participation of Dan Kaffe Sdn. Increased through the capitalization of accounts receivable, in the amount of $10.333. This operation does not generate changes in the situation of control over the company. In addition, Estrella Andina is capitalized in the amount of $4.498, without changes in shareholding.

During 2016 and 2015, no dividends were received from these investments..

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

| | 2016 | | | | | 2015 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **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. | 511.912 | 218.613 | 293.299 | 13.516 | (876) | 409.084 | 221.261 | 187.823 | (15.564) | 3.130 |
| Dan Kaffe Sdn. Bhd | 70.726 | 16.054 | 54.672 | 2.533 | (1.185) | 71.754 | 18.089 | 53.665 | (148) | - |
| Estrella Andina S.A.S. | 22.880 | 2.964 | 19.916 | (1.531) | - | 23.130 | 1.439 | 21.691 | (2.849) | - |
| **Joint Ventures** | | | | | | | | | | |
| Oriental Coffee Alliance Sdn. Bhd | 4.079 | 1.063 | 3.016 | (5) | - | 3.477 | 150 | 3.327 | (1.228) | - |

*Table 42*

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 20.
## OTHER NON-CURRENT FINANCIAL ASSETS

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

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

The breakdown of financial instruments is as follows:

| **Book Value** | **Number of Shares Held** | **Participation as % in Total Ordinary Shares** | **December 2016** | **December 2015** |
|---|---|---|---|---|
| Grupo de Inversiones Suramericana S.A. | 59.387.803 | 12,66 | 2.268.614 | 2.120.145 |
| Grupo Argos S.A. | 79.804.628 | 12,36 | 1.538.633 | 1.292.835 |
| Other Companies | | | 77.959 | 5.169 |
| | | | **3.885.206** | **3.418.149** |

*Table 43*

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | **Dividend Income** | **Loss on Fair Value Measurement** | **Divident Income** | **Profit on Fair Value Measurement** |
| Grupo de Inversiones Suramericana S.A. | 27.081 | 148.470 | 25.062 | (255.367) |
| Grupo Argos S.A. | 22.904 | 245.798 | 21.388 | (343.160) |
| Other Companies | 560 | 755 | 566 | (755) |
| | **50.545** | **395.023** | **47.016** | **(599.282)** |

*Table 44*

At December 31, 2016, accounts receivable from dividends of financial instruments are in the amount of $12.496 (2015 - $11.612).

At December 31, 2016, there were pledges for 36.875.000 (2015 - 26.000.000) 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.

## 20.1 CHANGES IN THE CLASSIFICATION OF AN INVESTMENT

Grupo Nutresa operates in Venezuela, since 1995, across two 100% subsidiaries, called Industrias Alimenticias Hermo de Venezuela S.A. and Cordialsa Noel Venezuela S.A.; the first of these is dedicated to the production and sale of food cold cuts, and the second, to the marketing in that country, of the products manufactured by Grupo Nutresa, and the management of investments in real estate.

Venezuela is considered a hyperinflationary economy, since 2009, reason why it is recognized in Consolidated Equity of Grupo Nutresa, reserves due to hyperinflation $396.367 (2015 - $329.130). Until September 30, 2016, assets, liabilities, and profit and loss of the operation in Venezuela, is included in the Consolidated Financial Statements, after homologizing the accounting policies to those of the Parent Company, and translating the Financial Statements of Venezuelan Bolivars to Colombian Pesos at a rate of 657,55 VEF/USD (4,38 pesos per Bolivars) pesos.

The following is a summary of the assets and liabilities corresponding to the companies in Venezuela, included in the Consolidated Financial Statements of Grupo Nutresa September 30, 2016 is as follows:

| | **September 2016** |
|---|---|
| Total assets | 84.768 |
| Total liabilities | (30.775) |
| **Equity, net** | **(53.993)** |

*Table 45*

In the accumulated, at September 30, 2016, the results of the operation in Venezuela, accounted for 2.93% of consolidated net sales, and 2.96% of EBITDA. Following the summary of these results is as follows:

| | **January - September 2016** |
|---|---|
| **Total operating income** | **187.828** |
| **Gross Profit** | **49.447** |
| Administrative, sales, and production expenses | (24.984) |
| Other operating income (expenses), net | 12.279 |
| **Operating income** | **36.742** |
| **NET LOSSES** | **(2.819)** |
| **EBITDA** | **23.745** |

*Table 46*

The changing conditions in the Venezuelan market, including regulations in the exchange market, and limited of the purchase of currency, through official systems, together with other government controls, such as price controls and profitability, imports, and labor laws, et al., limits the ability of the company to maintain a normal level of production, it decreases the ability of the Management to take and implement operational decisions, restricts the ability to access liquidity resulting from such operations, and the realization of these benefits to investors in other countries through the payment of dividends. The Management of Grupo Nutresa considers that this situation will hold-fast, in the foreseeable future, and therefore, sets up a loss of control in the investment, that is had in these company, as established in IFRS 10. As of October 1, 2016, these investments were classified as financial instruments, and were measured under IFRS 9, classified under "measurement at fair value, with impact to profit and loss". Accordingly, financial results in future periods, include income, only to the extent that dividends are distributed to shareholders, or expenses, in cases where this is an impairment in value.

The estimate of the fair value of Industrias Alimenticias Hermo de Venezuela S.A., at the time of the change in the situation of control, realized, using the discounted cash flows Method, including estimates of the exchange rate and the discount rate, which reflects inflation and the uncertainty of the economy in Venezuela, which did not generate significant impacts on the consolidated of Grupo Nutresa. This mediation is considered non-recurring and is classified at Level 3, in accordance with the fair value hierarchy of IFRS 13.

For Cordialsa Noel Venezuela S. A., the estimate of fair value is realized, using independent experts for valuation of real estate, which the company owns in Venezuela, using the methods market value, which is obtained from the research conducted in sub-alternate records, patented in the purchase and sale of similar properties in use, located in the same area or nearby, in a period of prudently short-term, with respect to the date of assessment, a measurement that generated a profit of $16.971.

This accounting classification does not compromise the production and commercial operation of Grupo Nutresa in Venezuela, its staff, nor their relationships with customers and suppliers.

# NOTE 21.
## FINANCIAL OBLIGATIONS

### 21.1 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:

| | 2016 | 2015 |
|---|---|---|
| Loans | 2.692.845 | 2.537.306 |
| Bonds | 375.491 | 510.924 |
| Leases (Note 26.1.1) | 14.840 | 18.712 |
| **Gross debt** | **3.083.176** | **3.066.942** |
| Accrued interest and others | 41.942 | 27.322 |
| **Total** | **3.125.118** | **3.094.264** |
| Current | 847.689 | 1.059.660 |
| **Non-current** | **2.277.429** | **2.034.604** |

*Table 47*

At December 2015, the financial obligations, mainly loans, taken out by Colombian companies in dollars, incorporates adjustments to the amortized cost, in the amount of $7.896, as a result of the measurement at fair value of hedging exchange rates, as described in Note 21.6, henceforth. At December 2016, there are no derivative transactions, classified as hedges, on financial obligations.

### 21.2 BONDS

Grupo Nutresa generated issuance of two bonds:

- In July 2008, Compañía Nacional de Chocolates de Peru 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 and amortized at maturity. In 2016, expenses attributable to interest in the amounts of $9.282 (2015 – $9.009) were recorded. The balance of this obligation in pesos at December 2016 is $105.923 (2015 - $109.465).
- 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 coupons at 5, 7, 10, and 12 years, with interest payable quarterly, in arrears, and amortized to maturity of each coupon. In 2016, there were interest expenses in the amount of $44.889 (2015 - $38.223). The emission has a balance at December 2016, including accrued interest in the amount of $273.171(2015 - 406.396), and has the following characteristics:

| Maturity | Interest Rate | 2016 | 2015 |
|---|---|---|---|
| 2016 | IPC + 4,96% | - | 133.436 |
| 2019 | IPC + 5,33% | 137.224 | 137.148 |
| 2021 | IPC + 5,75% | 135.947 | 135.812 |
| | **Total** | **273.171** | **406.396** |

*Table 48*

In August 2016, the payment of the second coupon of bonds, in the amount of $131.815, was realized.

## 21.3 MATURITY

| Period | 2016 | 2015 |
|---|---|---|
| 1 year (including payable interest) | 847.689 | 1.059.660 |
| 2 to 5 years | 1.908.160 | 1.385.167 |
| More than 5 years | 369.269 | 649.437 |
| **Total** | **3.125.118** | **3.094.264** |

*Table 49*

## 21.4 BALANCE BY CURRENCY

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| **Currency** | **Original Currency** | | **COP** | **Original Currency** | | **COP** |
| COP | 2.594.075 | $ | 2.594.075 | 2.565.286 | $ | 2.565.286 |
| CLP | 76.012.000.000 | | 339.854 | 67.678.319.984 | | 300.145 |
| USD | 14.539.278 | | 43.400 | 27.377.015 | | 86.223 |
| PEN | 118.520.000 | | 105.847 | 118.520.000 | | 109.465 |
| VEF | - | | - | 367.326.632 | | 5.823 |
| **Total** | | **$** | **3.083.176** | | **$** | **3.066.942** |

*Table 50*

## 21.5 INTEREST RATES

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

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

| | 2016 | 2015 |
|---|---|---|
| Variable interest rate debt | 2.860.907 | 2.620.381 |
| Fixed interest rate debt | 222.269 | 446.561 |
| **Total** | **3.083.176** | **3.066.942** |
| **Average rate** | **9,51%** | **7,50%** |

*Table 51*

## 21.6 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, 2015, hedged debt amounted to USD 40.000.000; at December 31, 2016, there is no hedged debt in USD.

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, are measured at fair value, and are included in the Statement of Financial Position, under the category of "Other current assets" and "Other current liabilities", respectively. The Group does not use derivative financial instruments for speculative purposes.

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

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | **Asset** | **Liability** | **Asset** | **Liability** |
| **Hedges** | | | | |
| Fair value of exchange rates on financial obligations | - | - | 10.997 | (3.101) |
| **Total designated derivatives** | **-** | **-** | **10.997** | **(3.101)** |
| **Non-designated derivatives** | | | | |
| Forwards and options on currencies | 8.457 | (7.678) | 13.101 | (10.589) |
| Forwards and options on commodities | 563 | (2.013) | 2.976 | (2.862) |
| **Total non-designated derivatives** | **9.020** | **(9.691)** | **16.077** | **(13.451)** |
| ***Net value of financial derivatives*** | | ***(671)*** | ***10.522*** | |

*Table 52*

The valuation of non-designated derivative financial instruments, generated a loss in the Income Statement in the amount of $16.870 (2015 - income of $14.948), registered as part of the exchange difference of financial assets and liabilities.

All non-designated derivatives are measured at fair value, on a monthly basis, according to the Black Scholes Model. These items are classified in Level 2 of the hierarchy of fair value (Note 37).

# NOTE 22.
## TRADE AND OTHER PAYABLES

Trade and other payables at December 31st are listed below:

| | 2016 | 2015 |
|---|---|---|
| Suppliers | 471.127 | 419.665 |
| Cost and expenses payable | 317.650 | 304.269 |
| Dividends payable (See note 27.3) | 64.203 | 59.308 |
| Payroll deductions and contributions | 36.018 | 42.352 |
| **Total** | **888.998** | **825.594** |
| **Current** | **888.840** | **825.435** |
| **Non-current** | **158** | **159** |

*Table 53*

Trade and other payables, normally have to be paid on an average in the following 34 days, and do not accrue interest.

# NOTE 23.
## EMPLOYEE BENEFITS LIABILITIES

The balance of liabilities due to employee benefits at December 31st of 2016 and 2015 is as follows:

| | 2016 | 2015 |
|---|---|---|
| **Short-term benefits** | **86.056** | **128.212** |
| **Post-Employment benefits** | **168.640** | **144.714** |
| Defined contribution plans | 31.955 | 29.340 |
| Defined benefit plans | 136.685 | 115.374 |
| **Other long-term benefits (Note 23.2)** | **123.640** | **99.235** |
| **Total liabilities for employee benefits** | **378.336** | **372.161** |
| **Current** | **161.592** | **160.628** |
| **Non-current** | **216.744** | **211.533** |

*Table 54*

### 23.1 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

**Applicable regulations:**

**Colombia:**

**Defined Contributions:**

Severance: The Colombian Government allowed companies which, subject to approval of its employees, transfer their obligation to severance benefits of private pension funds. The severance of all worker with labor contracts, after entry into force of Law 50 of 1990, and former workers, who benefited from this system, are accounted for as a defined contribution plan.

**Defined benefits:**

Pensions: Grupo Nutresa has beneficiaries from the defined pension plan benefits, according to legal regulations (Former Model of Regime for defined pension payouts). There are no current employees, who can access this benefit.

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 668 workers belonging to the labor force, before the Law 50 of 1990.

**Ecuador:**

Employer retirement: Plan un-funded defined benefit. The legal basis for this benefit is typified in the Ecuadorian Labor Code, Chapter XI, Paragraph 3rd; Articles 216 to 219. The monthly annuity payment is required, taking in option to deliver a global fund, equivalent of the basis of a duly substantiated, and used to cover compliance, and additional determined by law, so that the same worker can administer, this capital on their own. Workers, who for twenty-five years or more have rendered services, continued or un-interruptedly, have a right to be retired by their employers.

Bonus of dismissal: Plan un-funded defined benefit. The legal basis for this benefit is typified in the Ecuadorian Labor Code, Chapter X; Articles 184 to 186. Dismissal is written notice that a working person, does the employer know, that his will is to terminate the employment contract, including by electronic means. The benefit payment is required, even in cases where the employment relationship is terminated by an agreement, between the parties. Also, the bonus of eviction will be paid, in all cases in which labor relations were completed, in accordance with Number 2 of Article 169, of the Labor Code.

**Chile:**

Only indemnifications, that are entitled, and which are established in the collective and individual contracts, are recorded and provided for. These are due to death, voluntary resignation, due to a serious and personal illness, and personnel that are entitled to all events.

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

| | Pensions | | Retroactive severance | | Other defined benefit plans | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| **Present value of obligations at January 1st** | **49.433** | **47.456** | **15.666** | **21.483** | **50.275** | **50.228** | **115.374** | **119.167** |
| (+) Cost of services | 2.088 | 2.189 | 531 | 707 | 3.196 | 191 | 5.815 | 3.087 |
| (+) Interest expenses | 3.073 | 2.893 | 1.336 | 1.210 | 4.189 | 2.785 | 8.598 | 6.888 |
| (+/-) Actuarial losses and/or gains | 4.102 | (551) | 5.652 | (3.122) | 7.636 | (3.054) | 17.390 | (6.727) |
| (+/-) Other movements | (293) | - | - | - | 2.463 | - | 2.170 | - |
| (-) Payments | (6.308) | (5.697) | (4.534) | (4.612) | (600) | (367) | (11.442) | (10.676) |
| (+/-) Difference in exchange rate | (315) | 3.143 | - | - | (905) | 492 | (1.220) | 3.635 |
| **Present value of obligations at December 31st** | **51.780** | **49.433** | **18.651** | **15.666** | **66.254** | **50.275** | **136.685** | **115.374** |

*Table 55*

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

The Group registered defined contribution plans, for pensions, during the period of $ 69.225 million (2015: $ 61.935 million); and severance, during the period, in the amount of $ 41.754 million (2015: $28.127 million).

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

| Year of expiration | Future value |
|---|---|
| 2017 | 7.060 |
| 2018 | 18.815 |
| 2019 | 20.239 |
| 2020 | 8.670 |
| 2021 | 9.729 |
| **Total** | **64.513** |

*Table 56*

## 23.2 OTHER LONG-TERM BENEFITS

The long-term benefits include primarily, Seniority Premiums and superior achievements.

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

| | Seniority Premium | | Other Long-term Benefits | | Total | |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| **Present value of obligations at January 1st** | **62.865** | **62.342** | **36.370** | **30.973** | **99.235** | **93.315** |
| (+) Cost of service | 6.115 | 6.895 | 22.486 | 15.378 | 28.601 | 22.273 |
| (+/-) Interest income or (expense) | 5.235 | 3.841 | 2.588 | 1.856 | 7.823 | 5.697 |
| (+/-) Actuarial gains or losses | (1.570) | (5.207) | (1.832) | (689) | (3.402) | (5.896) |
| (-) Payments | (1.150) | - | 38.415 | - | 37.265 | - |
| (+) Business combinations | (8.387) | (5.766) | (37.083) | (11.093) | (45.470) | (16.859) |
| (+/-) Other movements | - | 646 | - | - | - | 646 |
| (+/-) Exchange rate differences | (33) | 114 | (379) | (55) | (412) | 59 |
| **Present value of obligation at December 31st** | **63.075** | **62.865** | **60.565** | **36.370** | **123.640** | **99.235** |

*Table 57*

## 23.3 EXPENSES FOR EMPLOYEE BENEFITS

The amounts recognized as expenses for employee benefits were:

| | 2016 | 2015 |
|---|---|---|
| **Short-term benefits** | 1.270.140 | 1.198.896 |
| **Post-employment benefits** | 116.794 | 93.150 |
| Defined contribution plans | 110.979 | 90.063 |
| Defined benefit plans | 5.815 | 3.087 |
| **Other long-term employee benefits** | 25.199 | 16.378 |
| **Termination benefits** | 11.996 | 11.735 |
| **Total** | **1.424.129** | **1.320.159** |

*Table 58*

## 23.4 ACTUARIAL ASSUMPTIONS

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

| | 2016 | 2015 |
|---|---|---|
| Discount rates | 6,11% - 12% | 6,31% - 8,81% |
| Salary increase rates | 3% - 7% | 3% - 6,7% |
| Employee turn-over rates | 1% - 23% | 2,54% |

*Table 59*

## 23.5 SENSITIVITY ANALYSIS

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

| | Pensions | Retroactive severance | Seniority premiums |
|---|---|---|---|
| Discount rate + 1% | (2.298) | (891) | (4.065) |
| Discount rate -1% | 2.772 | 967 | 4.586 |
| Salary increase rate + 1% | 2.683 | 2.584 | 4.089 |
| Salary increase rate -1% | (2.254) | (2.434) | (3.684) |

*Table 60*

In Resolution 1555 of 2010, the mortality rates for men and women, are found.

Wage increase rates were determined, based on the macroeconomic variables of each country.

There were no changes, in the methods and assumptions, used for the preparation of the analysis of sensitivity, in previous years.

# NOTE 24.
## PROVISIONS, CONTINGENT LIABILITIES, AND ASSETS

| | Contingencies | Return of goods | Onerous contracts | Total |
|---|---|---|---|---|
| **Balance at January 1, 2016** | **1.875** | **1.155** | **1.385** | **4.415** |
| Additions | | 1.300 | 206 | 1.506 |
| Applications | (564) | (1.155) | (529) | (2.248) |
| Reversals and unused amounts | (939) | - | - | (939) |
| **Balance at December 31, 2016** | **372** | **1.300** | **1.062** | **2.734** |

*Table 61*

| | Contingencies | Return of goods | Onerous contracts | Total |
|---|---|---|---|---|
| **Balance at January 1, 2015** | **1.431** | **986** | **0** | **2.417** |
| Additions | 750 | 1.155 | 1.385 | 3.290 |
| Applications | (174) | (986) | - | (1.160) |
| Reversals and unused amounts | (132) | - | - | (132) |
| **Balance at December 31, 2015** | **1.875** | **1.155** | **1.385** | **4.415** |

*Table 62*

Legal contingencies: Grupo Nutresa has labor and administrative disputes, which are currently pending before administrative and judicial entities, in the respective countries in which it operates. 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 2016 and 2015.

Returned goods: A provision is recognized for the return of goods of holiday seasoned products, made by customers in the following period, mainly in the Biscuit Business.

Onerous contracts: At the time of the acquisition of Grupo El Corral, a provision is recognized, for the amount of $1.385 for lease contracts on property, which is not currently involved in any commercial activity and therefore generates no income. The provision was calculated by projecting payable rent within 18 months.

**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 2016 and 2015.

# NOTE 25.
## OTHER LIABILITIES

| | 2016 | 2015 |
|---|---:|---:|
| Derivative financial instruments (See Note 21.6) | 9.691 | 13.451 |
| Pre-payments and advances received (*) | 35.104 | 8.443 |
| Other | 5.551 | 4.747 |
| **Total other liabilities** | **50.346** | **26.641** |
| **Current** | **49.746** | **26.641** |
| **Non-current** | **600** | **-** |

*Table 63*

(*) Corresponds primarily to income and advances received from indemnifications from lost income and consequential damage claims, caused by accidents, presented in April 2016, from the Cold Cuts plant in Bogota (Fontibón).

# NOTE 26.
## LEASES

### 26.1 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.

#### 26.1.1 FINANCIAL LEASES

The amount of property, plant and equipment in financial leases totaled $20.349 at December 31, 2016 (2015 - $21.391). The financial liabilities for these leases amounted to $14.840 (2015 - $18.712).

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

| | 2016 |
|---|---:|
| Up to 1 year | 4.154 |
| 2 to 5 years | 9.756 |
| More than 5 years | 8.359 |
| **Total of payments** | **22.269** |
| Minus finance charges | 7.429 |
| **Present value** | **14.840** |

*Table 64*

The Group maintains 94 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 + 2,23%, and average length is between 1 and 13 years.

#### 26.1.2 OPERATING LEASES

The Group has entered into operating leases on land, building, production equipment machinery, transportation equipment and computer equipment, which have average terms of 5 years.

To December 31, 2016 operating lease expenses were $196.591 (2015 - $229.342), 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:

| | 2016 |
|---|---:|
| Up to 1 year | 134.794 |
| From 2 to 5 years | 429.940 |
| More than 5 years | 445.481 |
| **Total of payments** | **1.010.215** |

*Table 65*

### 26.2 GRUPO NUTRESA AS LESSOR

Grupo Nutresa has properties under operating leases, (primarily buildings) with a book value of $5.938 (2015 – 16.489), upon which income of $1.158 (2015 - $1.611), 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:

| | 2016 |
|---|---:|
| Up to 1 year | 1.430 |
| From 2 to 5 years | 5.795 |
| More than 5 years | 6.345 |
| **Total of payments** | **13.570** |

*Table 66*

# NOTE 27.
## EQUITY

### 27.1 SUBSCRIBED AND PAID SHARES

As of December 31st, of 2016 and 2015, the balance of capital of the Parent Company was $2.301, representing a total of 460.123.458 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 $546.831, 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, 2016, and its value was $24.900, per share ($22.620 at December 31, 2015).

At December 31, 2016, the common shares are held by 13.167 shareholders (2015-14.576). The corporate structure, of the company, at December 31, 2016 and December 31, 2015, is as follows:

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

*Table 67*

### 27.2 RESERVES

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

| | 2016 | 2015 |
|---|---|---|
| Legal reserves | 79.256 | 75.010 |
| Hyperinflationary reserves (Note 29) | 396.367 | 329.130 |
| Non-distributable occasional reserves | 1.558.597 | - |
| Other reserves | 1.621.060 | 1.455.397 |
| **Total Reserves** | **3.655.280** | **1.859.537** |

*Table 68*

***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

### 27.3 DISTRIBUTION OF DIVIDENDS

The ordinary Shareholders of Grupo Nutresa S.A., at the meeting, held on March 18, 2016, declared ordinary share dividends of $41,55 per-share and per-month, equivalent to $498 annually per share (2015 - $462 annually per share), over 460.123.458 outstanding shares, during the months from April 2016 to March 2017, inclusive, for a total of $229.141 (2015 - $212.577).

This dividend was declared by taking net income in the amount of $222.713 (2015) and untaxed occasional reserves for $6.428

Between January and December 2016, dividends, in the amount of $167.587 (2015 - $155.588), were paid.

At December 30, 2016, accounts payable pending, are in the amount of $121.418 (2015 - $59.308).

### 27.4 NON-CONTROLLING INTEREST

Equity of non-controlling interest at December 31st of 2016 and 2015 is as follows:

| Subsidiary | Country of Origin | % Non-controlling interest | | 2016 | | 2015 | |
|---|---|---|---|---|---|---|---|
| | | 2016 | 2015 | 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 | 27.071 | 2.005 | 24.897 | 1.211 |
| La Recetta Soluciones Gastronómicas Integradas S.A.S. | Colombia | 30,00 | 30,00 | 495 | (7) | 375 | (24) |
| Setas Colombianas S.A. | Colombia | 0,52 | 0,52 | 257 | 26 | 260 | 18 |
| Helados Bon | Dominican Republic | 18,82 | 18,82 | 5.744 | 1.812 | 4.308 | 1.310 |
| Fondo de Capital Privado "Cacao para el Futuro" – Compartimento A | Colombia | 16,59 | 16,59 | 4.665 | 119 | 4.528 | 211 |
| Schadel Ltda. | Colombia | 0,12 | 0,12 | 9 | 2 | 9 | 1 |
| Others | | | | - | - | (18) | (60) |
| **Total** | | | | **38.241** | **3.957** | **34.359** | **2.667** |

*Table 69*

During 2016, Setas de Colombia S.A. distributed dividends in the amount of $1.725 (2015 - $2.050), of which $9 was paid to non-controlling interests (2015 - $11). Helados Bon distributed dividends in the amount of $2.297 (2015 - $0), of which $432, were paid to the non-controlling interest.

# NOTE 28.
## OTHER COMPREHENSIVE INCOME, ACCUMULATED

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

| | 2016 | 2015 |
|---|---|---|
| Actuarial gains/losses (28.1) | (19.866) | (7.895) |
| Financial Instruments (28.2) | 3.632.476 | 3.237.753 |
| Associates and joint ventures (28.3) | 3.467 | 6.705 |
| Exchange translation reserves (28.4) | 136.016 | 338.513 |
| **Total other comprehensive income, accumulated** | **3.752.093** | **3.575.076** |
| Non-controlling interest | (5.521) | (5.598) |
| **Total OCI attributed to controlling interest** | **3.746.572** | **3.569.478** |

*Table 70*

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

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

## 28.1 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:

| | 2016 | 2015 |
|---|---|---|
| **Book value at January 1st** | **(7.895)** | **(12.325)** |
| Gains/losses from re-measurement | (17.390) | 6.727 |
| Income tax | 5.419 | (2.297) |
| **Book value at December 31st** | **(19.866)** | **(7.895)** |

*Table 71*

See Note 23.1, for detailed information about the post-employment defined benefit plans, that result in these actuarial gains and losses.

## 28.2 FINANCIAL INSTRUMENTS – EQUITY INVESTMENTS MEASURED AT FAIR VALUE THROUGH EQUITY

The component of other comprehensive income from equity investments measured at fair value through profit and loss represents the accumulated 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.

| | 2016 | 2015 |
|---|---|---|
| **Book value at January 1st** | **3.237.753** | **3.831.947** |
| Profit/loss measurements for the period | 395.023 | (599.282) |
| Associates income tax | (300) | 5.088 |
| **Book value at December 31st** | **3.632.476** | **3.237.753** |

*Table 72*

See Note 20 for detailed information on these investments.

## 28.3 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.

| | 2016 | 2015 |
|---|---|---|
| **Book value to January 1st** | **6.705** | **766** |
| Gains and losses for the period | (3.414) | 5.939 |
| Income tax, associates | 176 | - |
| **Book value to December 31st** | **3.467** | **6.705** |

*Table 73*

See note 19, for detailed information on investments in associates and joint ventures.

## 28.4 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 36,18% to 37,62% of total consolidated assets in 2016 and 2015, respectively; the Financial Statements of these subsidiaries are translated into Colombian pesos, in accordance with the accounting policies of Grupo Nutresa. The impact of exchange rates on the translation of assets, liabilities, and results of foreign companies in other comprehensive income is as follows:

| | | 2016 | 2015 |
|---|---|---|---|
| Chile | CLP | 9.985 | 179.973 |
| Costa rica | CRC | (47.519) | 139.107 |
| United States | USD | (6.213) | 28.453 |
| Mexico | MXN | (48.148) | 13.709 |
| Peru | PEN | (11.019) | 43.730 |
| Venezuela | VEF | (95.066) | (57.854) |
| Panama | PAB | (1.742) | (4.822) |
| Others | | (2.775) | 10.568 |
| **Impact of exchange translation for the period** | | **(202.497)** | **352.864** |
| Reserves for exchange translation at the opening balance | | 338.513 | (14.351) |
| **Reserves for exchange translation at the closing balance** | | **136.016** | **338.513** |

*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.

**Impact from translation of Venezuela**

Exchange Agreement 33 of February 2015, applicable to Industria de Alimentos Hermo de Venezuela S.A. and Cordialsa Noel de Venezuela S.A., created the Marginal Currency Systems Administration (SIMADI). This system establishes that the exchange rates for purchase and sale of foreign currency shall be established by the parties, involved in the transaction. During 2016 and 2015, the subsidiaries of the company obtained a foreign exchange settlement, through this mechanism. At the end of 2016, through SIMADI the exchange rate stood at 657,5501 Bolivars per US Dollar (2015 - $198,6986 Bolivars per US Dollar).

The Financial Statements of the Venezuelan companies were included in the Financial Statements of Grupo Nutresa, until September 2016, as mentioned in Note 20.1, impacting the period January to September 2016, and from January to December 2015, using this exchange rate are detailed as follows:

- A reduction in net equity in "differences from translation" in the amount of $95.066 (2015- $57.854) (See Note 28.4), as a result of the impact of the translation to Colombian Pesos at the new exchange rate partially offset by the impact on equity of inflation adjustment for the period $67.237 (2015 - $ 49.303).
- The results of Grupo Nutresa in Venezuela have been converted to the new exchange rate, implying a decrease in EBITDA of $24.601 (2015- $90.817) and the profit for the year of approximately $-24.697 (2015 - $12.086).

# NOTE 29.
## HYPERINFLATIONARY ECONOMIES

Venezuela is considered a hyperinflationary country as of 2009, by Grupo Nutresa, and from that year, the Financial Statements of Industrias Alimenticias Hermo de Venezuela S.A. and Cordialsa Venezuela S.A. are restated in terms of the measurement of current unit, at the closing date for period. As mentioned in Note 20.1, the Financial Statements of these companies were incorporated into the Financial Statements of Grupo Nutresa, until September 30, 2016, the date on which they were classified as financial instruments. Losses on the net monetary position, for the period from January to September 2016, was $32.946 (January to December 2015 - $ 32.160).

Inflation rates used to prepare the information for 2016 are 234.6% for the period January - September 2016 (January-December 2015 to 190.6%).

The accumulated reserves for the revaluation at December 31, 2016, increased to $396.367 (2015 – 329.130); this reserve was reclassified to "other comprehensive income", associated with investments, in financial instruments, in the companies that originated it.

# NOTE 30.
## EXPENDITURE BY NATURE

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

| | 2016 | 2015 |
|---|---|---|
| Inventory consumption and other costs | 3.835.532 | 3.463.889 |
| Employee benefits (Note 23.3) | 1.424.129 | 1.320.159 |
| Other services | 680.388 | 522.681 |
| Transport services | 466.716 | 434.003 |
| Depreciation and amortization (*) | 302.263 | 284.913 |
| Leases (Note 26.1.2) | 228.092 | 200.203 |
| Seasonal services | 196.591 | 229.342 |
| Advertising material | 193.367 | 152.388 |
| Energy and gas | 134.538 | 116.929 |
| Maintenance | 120.825 | 126.897 |
| Fees | 108.698 | 103.721 |
| Taxes other than income tax | 94.873 | 100.266 |
| Insurance | 70.590 | 64.091 |
| Impairment of assets | 32.800 | 28.760 |
| Other expenses | 10.289 | 12.682 |
| **Total** | **7.899.691** | **7.160.924** |

*Table 75*

(*) Expenses for depreciation and amortization, impacted profit and loss, for the period, as follows:

| | 2016 | 2015 |
|---|---|---|
| Cost of sales | 139.786 | 124.014 |
| Administration expenses | 70.919 | 60.879 |
| Sales and distribution expenses | 15.019 | 12.880 |
| Production expenses | 2.368 | 2.430 |
| **Total** | **228.092** | **200.203** |

*Table 76*

# NOTE 31.
## OTHER OPERATING INCOME (EXPENSES), NET

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

| | 2016 | 2015 |
|---|---|---|
| Indemnities and recuperations (1) | 28.207 | 1.171 |
| Government grants (2) | 5.547 | 3.880 |
| Disposal and removal of property, plant and equipment and intangibles | 3.988 | 1.631 |
| Sponsorships | 1.011 | 2.754 |
| Fines, penalties, litigation, and legal processes | (854) | (1.968) |
| Other income and expenses | (4.108) | (653) |
| Donations | (11.642) | (11.242) |
| **Total** | **22.149** | **(4.427)** |

*Table 77*

(1) Corresponds, primarily to compensation for loss of profits and emerging damages. On April 22, 2016, a fire broke out at the plant, Alimentos Cárnicos ( Fontibón), un Bogotá. The affected area compromised an area of operation of 3000 m2, where the "Centro de Distribución Nacional y Regional" ( National and Regional Distribution Center), of finished products. At December 31, 2016, the total value of the reserve, that the insurance company has determined for indemnification is $ 45,066, for loss of profits and emergent damages, and reimbursements have been received in the amount of $ 30,328;. It is estimated, that at the end of 2017, the total payment of the indemnification of the claim for the loss will be made, according to the closing of the items to be indemnified.

(2) With regard to income recorded in Abimar Foods Inc., for grants 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, which began operations in June 2015. DCOA granted a loan, in the amount of USD 2.500.000, for two years, and without interest. In addition, upon pre-certification of the investment, and compliance with other requirements necessary to obtain the grant, USD $1.500.000 (COP $3.880) is received in 2015, as well as, USD $1.300.000 in 2016 (COP $4.048); and as a cash grant in 2016 of USD $500.000 (COP $1.499) was received.

# NOTE 32.
## FINANCIAL INCOME AND EXPENSES

### 32.1 FINANCIAL INCOME

The balance at December 31st of 2016 and 2015 included:

| | 2016 | 2015 |
|---|---|---|
| Interest | 8.972 | 7.892 |
| Valuation of other financial instruments (Fondo Cacao) | 1.415 | 1.434 |
| Others | 595 | 502 |
| **Total** | **10.982** | **9.828** |

*Table 78*

Income from the assessment of other financial instruments corresponds to the valuation of the rights held by the private equity "Cacao para el Futuro".

### 32.2 FINANCIAL EXPENSES

The financial expenses recognized in the Income Statement at December 31st of 2016 and 2015, are as follows:

| | 2016 | 2015 |
|---|---|---|
| Loans interest | 220.988 | 148.416 |
| Bonds interest | 54.171 | 47.232 |
| Interest from financial leases | 653 | 733 |
| Other interest | 16.419 | 11.034 |
| **Total interest expenses** | **292.231** | **207.415** |
| **Other financial expenses** | **32.406** | **27.481** |
| **Total financial expenses** | **324.637** | **234.896** |

*Table 79*

The increase in interest expenses in 2016 is primarily due to the increase in benchmark rates, such as CPI, IBR, DTF, among others (81,1%), and due to the higher level of debt for the acquisition of Grupo El Corral and working capital (18,9%).

# NOTE 33.
## EXCHANGE RATE VARIATION IMPACT

### 33.1 MAIN CURRENCIES AND EXCHANGE RATES

Herewith is an evolution of exchange rates at close, to Colombian Pesos from foreign currencies, corresponding to the functional currency of Grupo Nutresa´s subsidiaries, which have a significant impact on the Consolidated Financial Statements:

| | | 2016 | 2015 |
|---|---|---|---|
| Balboas | PAB | 3000,71 | 3.149,47 |
| Colons | CRC | 5,34 | 5,78 |
| Cordobas | NIO | 102,33 | 112,77 |
| Peruvian Sols | PEN | 893,07 | 923,6 |
| Dollars | USD | 3000,71 | 3.149,47 |
| Mexican Pesos | MXN | 145,53 | 181,63 |
| Quetzals | GTQ | 398,92 | 412,65 |
| Bolivars | VEF | 4,45 | 15,85 |
| Dominican Pesos | DOP | 64,25 | 69,14 |
| Chilean Pesos | CLP | 4,48 | 4,43 |
| Argentinean Pesos | ARS | 189,32 | 242,72 |

*Table 80*

### 33.2 DIFFERENCES IN EXCHANGE RATES FROM FOREIGN CURRENCY TRANSACTIONS

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

| | 2016 | 2015 |
|---|---|---|
| Realized | 1.763 | (4.715) |
| Unrealized | 14.110 | 7.334 |
| **Operating exchange differences** | **15.873** | **2.619** |
| **Non-operating exchange differences** | **(8.642)** | **27.181** |
| **Total income from exchange differences** | **7.231** | **29.800** |

*Table 81*

Note 21.6 discloses information related to hedging transactions that have an impact on profit/loss from exchange differences.

# NOTE 34.
## DISCONTINUED OPERATIONS

**2016:** During the year, the close of two distribution centers, was realized, in the ice cream business and the closure of the bread company, in the food to the consumer business; where significant efforts to comply with the proposed plans, were realized, and initiatives were launched to make them competitive and achieve the goals; but the expected results were not met, and the levels of market share were not reached, to ensure the sustainability of the operation. In addition, the expenses associated with the Tresmontes Lucchetti project of 2015, were recorded.

**2015:** Under the project of Tresmontes Lucchetti for a manufacturing plant in Jalisco-Mexico, the instant iced beverages production lines were transferred from the Tresmontes S.A. in Chile, to the new complex Tresmontes Lucchetti Mexico. This transfer resulted in costs attributable to severance for personnel, production, logistics, exportation, and administration associated with these production lines and provisions for northern markets.

All expenses incurred in the restructuring in Tresmontes S.A. were recognized in the Consolidated Financial Statements, as part of discontinued operations, in the second quarter of 2015.

This restructuring of the production is intended to diversify risk, production efficiency, and afford provisions in a timely manner, to fulfill the needs of the North American and Caribbean markets.

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

| | 2016 | 2015 |
|---|---|---|
| Income | 188 | - |
| Costs | (31) | (161) |
| Expenses | (1.990) | (6.151) |
| **Operational losses** | **(1.833)** | **(6.312)** |
| Financial income | - | 21 |
| Financial expenses | (11) | (44) |
| **Loss before taxes** | **(1.844)** | **(6.335)** |
| **Net loss** | **(1.844)** | **(6.335)** |

*Table 82*

# NOTE 35.
## EARNINGS PER SHARE

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

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

| | 2016 | 2015 |
|---|---|---|
| **Net income attributable to holders of ordinary equity of the Parent** | **395.734** | **428.152** |
| Continuing operations | 401.535 | 437.154 |
| Discontinued operations | (1.844) | (6.335) |
| Outstanding shares | 460.123.458 | 460.123.458 |
| **Earnings per share attributable to controlling interest** | **860,06** | **930,77** |

*Table 83*

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

In addition, it is important to mention that in Colombia, a distribution and payment of dividends, are not realized in the consolidated Financial Statements.

# NOTE 36.
## 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.

### 36.1 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 28. The Company and its subsidiaries held the following assets and liabilities in foreign currencies accounted for the equivalent in Colombian pesos to December 31st.

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | **USD** | **$** | **USD** | **$** |
| Current assets | 381.985.875 | 1.146.229 | 428.791.075 | 1.350.464 |
| Non-current assets | 988.140.705 | 2.965.124 | 954.708.792 | 3.006.827 |
| **Total assets** | **1.370.126.580** | **4.111.353** | **1.383.499.867** | **4.357.291** |
| Current liabilities | (207.606.196) | (622.966) | (252.361.533) | (794.805) |
| Non-current liabilities | (135.117.723) | (405.449) | (136.412.189) | (429.626) |
| **Total liabilities** | **(342.723.919)** | **(1.028.415)** | **(388.773.722)** | **(1.224.431)** |
| **Net assets** | **1.027.402.661** | **3.082.938** | **994.726.145** | **3.132.860** |

*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 21.4).

To evaluate the sensitivity of balances of financial obligations related to exchange rates, all of the obligations, to December 31, 2016, 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, generates an increase of $5.709 over the book value.

### 36.2 EXCHANGE 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 Company 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 21.5.

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 interest expense of the Group would increase by $28.609.

### 36.3 COUNTERPARTY CREDIT RISK

Liquid assets are invested primarily in savings accounts; collective funds and short-term CDT comply with the risk policy of the Company, in both amount and issuer. In addition, the Company evaluates credit risk of counterparties for the financial institutions with which it is related.

### 36.4 LIQUIDITY RISK

The Parent Company and its subsidiaries, 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

# NOTE 37.
## FAIR VALUE MEASUREMENT

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

| 2016 | | | | |
|---|---|---|---|---|
| **Type of asset** | **Hierarchy of Fair Value Measurement** | | | **Fair value of assets** |
| | **Level 1** | **Level 2** | **Level 3** | |
| **Assets whose fair value is disclosed in the notes to the Financial Statements** | | | | |
| Investment properties (Note 15) | - | 98.064 | - | 98.064 |
| **Assets measured at fair value** | **3.807.247** | **106.906** | **77.959** | **3.992.112** |
| *** Recurrent** | **3.807.247** | **106.906** | **-** | **3.914.153** |
| Investments in quoted shares (Note 20) | 3.807.247 | | | 3.807.247 |
| Other financial assets (Note 12) | | 40.109 | | 40.109 |
| Financial derivatives (Note 21.6) | | (671) | | (671) |
| Biological assets (Note 11) | | 67.468 | | 67.468 |
| ***Non- recurrent** | **-** | **-** | **77.959** | **77.959** |
| Investments in non-quoted shares (Note 20) | - | - | 77.959 | 77.959 |
| **Total** | **3.807.247** | **204.970** | **77.959** | **4.090.176** |

*Table 85*

| 2015 | | | | |
|---|---|---|---|---|
| **Type of asset** | **Hierarchy of Fair Value Measurement** | | | **Fair value of assets** |
| | **Level 1** | **Level 2** | **Level 3** | |
| **Assets whose fair value is disclosed in the notes to the Financial Statements** | | | | |
| Investment properties (Note 15) | - | 103.538 | - | 103.538 |
| **Assets measured at fair value** | **3.412.980** | **89.626** | **5.169** | **3.507.775** |
| *** Recurrent** | **3.412.980** | **89.626** | **-** | **3.502.606** |
| Investments in quoted shares (Note 20) | 3.412.980 | **-** | **-** | 3.412.980 |
| Other financial assets (Note 12) | **-** | 34.324 | **-** | 34.324 |
| Financial derivatives (Note 21.6) | **-** | 10.522 | **-** | 10.522 |
| Biological assets (Note 11) | **-** | 44.780 | **-** | 44.780 |
| ***Non- recurrent** | **-** | **-** | **5.169** | **5.169** |
| Investments in non-quoted shares (Note 20) | - | - | 5.169 | 5.169 |
| **Total** | **3.412.980** | **193.164** | **5.169** | **3.611.313** |

*Table 86*

***Investment property:*** The fair value of investment property was determined, by an independent appraiser using the income approach and market. This means that valuations are based on quoted prices in active markets, adjusted for differences in the nature, location and / or condition of the particular property; in addition to the properties for which no active market was found, the method of discounted cash flows was used, using the future cash flows derived from the leasing of real estate.

***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 done monthly.

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.

***Other financial assets:*** 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 $6,4 pesos/ton, an average productivity of 1.800 – 1.900 tons per hectare, cost of the debt of DTF + 3,6%, and a expected redemption term of 18 years.

***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

***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.

# NOTE 38.
## DISCLOSURE OF RELATED PARTIES

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

| | 2016 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Company** | **Receivables Balance** | **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. | 1.461 | 17.633 | 56.428 | 40.113 | - | - | - | - |
| Dan Kaffe (Malaysia) Sdn. Bhd. | 30 | 3 | (39) | 2.332 | - | - | - | - |
| Oriental Coffee Alliance (OCA) | - | 20 | 256 | - | - | - | - | - |
| **Entities with significant influence over the entity** | | | | | | | | |
| Grupo de Inversiones Suramericana S.A. | 21.482 | 9.320 | 67.477 | 29.246 | 27.081 | 79.182 | - | - |
| **Other related parties** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Grupo Bancolombia | 669 | 911.031 | 55.122 | 2.539 | - | - | 42 | 77.677 |
| Grupo Argos | 5.800 | - | 54 | 1.138 | 22.904 | 19.864 | - | - |
| Fundación Nutresa | - | - | 5.388 | - | - | - | - | - |
| Corporación Vidarium | 569 | - | 2.784 | - | - | - | - | - |
| **Members, Board of Directors** | **-** | **130** | **805** | **-** | **-** | **-** | **-** | **-** |

*Table 87*

| | 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Company** | **Receivables Balance** | **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. | 543 | 658 | 2 | 39.130 | - | - | - | - |
| Dan Kaffe (Malaysia) Sdn. Bhd. | 56 | 8 | 17 | (350) | - | - | 46 | - |
| Oriental Coffee Alliance (OCA) | - | - | 24 | - | - | - | - | - |
| **Entities with significant influence over the entity** | | | | | | | | |
| Grupo de Inversiones Suramericana S.A. | 13.799 | 7.896 | 60.283 | 26.489 | 25.062 | 73.750 | - | - |
| **Other related parties** | | | | | | | | |
| Grupo Bancolombia | 535 | 891.982 | 48.492 | 2.202 | - | - | 59 | 57.259 |
| Grupo Argos | 5.448 | - | - | 1.084 | 21.388 | 17.383 | - | - |
| Fundación Nutresa | 40 | - | 5.400 | - | - | - | - | - |
| Corporación Vidarium | 164 | 24 | 2.735 | - | - | - | - | - |
| **Members, Board of Directors** | **-** | **103** | **459** | **-** | **-** | **-** | **-** | **-** |

*Table 88*

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 $130.212 (2015 - $103.674) for 172 (2015 – 166) key personnel were made.

## NOTE 39.
### EVENTS AFTER THE REPORTING PERIOD

These Consolidated Financial Statements were authorized for issue by the Board of Grupo Nutresa on February 24, 2017 and will be subject to approval by March 29, 2017 at the Shareholders' Meeting.

In January 2017, the Superintendence of Corporations, authorized the spin-off of the investment properties of Gestión Cargo Zona Franca S.A.S., in the amount of $65.904, together with societies Meals Mercadeo de Alimentos de Colombia S.A.S. and Alimentos Cárnicos S.A.S.

# NOTES
## FOR THE SEPARATE FINANCIAL **STATEMENTS**

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

## NOTE 1.
### CORPORATE INFORMATION

#### 1.1 ENTITY AND CORPORATE PURPOSE

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

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

## NOTE 2.
### BASIS OF PREPARATION

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

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

#### 2.1 BASIS OF MEASUREMENT

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

#### 2.2 FUNCTIONAL AND PRESENTATION CURRENCY

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

#### 2.3 CLASSIFICATION OF ITEMS IN CURRENT AND NON-CURRENT

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

# NOTE 3.
## SIGNIFICANT ACCOUNTING POLICIES

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

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

### 3.1 INVESTMENTS IN SUBSIDIARIES

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

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

### 3.2 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

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

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

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

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

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

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

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

### 3.3 FOREIGN CURRENCY

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

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

### 3.4 CASH AND CASH EQUIVALENTS

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

### 3.5 FINANCIAL INSTRUMENTS

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

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

***(i) Financial assets measured at amortized cost***

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

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

***(ii) Financial assets measured at fair value***

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

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

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

***(iii) Financial Impairment of financial assets at amortized cost***

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

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

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

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

***(iv) Derecognition***

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

***(v) Financial liabilities***

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

***(vi) Off-setting financial instruments***

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

## 3.6 TAXES

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

**a) Income tax**

**(i) Current**

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

**(ii) Deferred**

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

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

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

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

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

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

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

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

**b) Income tax for equity CREE**

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

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

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

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

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

**c) Tax on wealth**

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

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

## 3.7 EMPLOYEE BENEFITS

**a) Short-term benefits**

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

**b) Other long-term benefits**

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

**c) Pension and other post-employment benefits**

**(i) Defined benefit plans**

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

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

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

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

## 3.8 PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

**a) Provisions**

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

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

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

**b) Contingent liabilities**

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

**c) Contingent assets**

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

## 3.9 REVENUE

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

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

**a) Services**

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

**b) Interest**

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

**c) Dividend incomes**

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

## 3.10 FAIR VALUE

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

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

Fair value is determined:

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

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

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

## 3.11 EARNINGS PER SHARE

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

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

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

## 3.12 RELATIVE IMPORTANCE OR MATERIALITY

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

## 3.13 NEW PRONOUNCEMENTS ON INTERNATIONAL REPORTING STANDARDS OF FINANCIAL INFORMATION

### 3.13.1 NORMATIVE CHANGES

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

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

IFRS 9 "Financial Instruments"

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

IAS 7 "Statement of Cash Flows"

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

IAS 12 "Income tax"

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

**Annual Improvements to IFRS, 2012-2015 Cycle**

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

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

### 3.13.2 NEW STANDARDS, MODIFICATIONS, AND INTERPRETATIONS, ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (ITS ACRONYM: IASB, IN ENGLISH), THAT HAVE NOT BEEN INCORPORATED INTO THE ACCOUNTING FRAMEWORK, ACCEPTED IN COLOMBIA

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

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

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

# NOTE 4.
## JUDGMENTS, ESTIMATES, AND SIGNIFICANT ACCOUNTING ASSUMPTIONS

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

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

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

# NOTE 5.
## TRADE AND OTHER RECEIVABLES

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

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

*Table 1*

# NOTE 6.
## OTHER ASSETS

Other assets are comprised of the following:

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

*Table 2*

(*) The prepaid expenses relate mainly to insurance.

# NOTE 7.
## INVESTMENTS IN SUBSIDIARIES

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

| | % Participation | 2016 | 2015 |
|---|---|---|---|
| Compañía de Galletas Noel S.A.S. | 100 | 1.162.078 | 1.152.392 |
| Compañía Nacional de Chocolates S. A. S. | 100 | 1.001.328 | 1.001.998 |
| Tropical Coffee Company S.A.S. | 100 | 16.603 | 15.618 |
| Industria Colombiana de Café S.A.S. | 100 | 616.439 | 641.655 |
| Industria de Alimentos Zenú S.A.S. | 100 | 209.705 | 203.983 |
| Litoempaques S.A.S. | 100 | 21.882 | 21.531 |
| Meals Mercadeo de Alimentos de Colombia S.A.S. | 100 | 227.740 | 263.345 |
| Molino Santa Marta S.A.S. | 100 | 79.687 | 75.175 |
| Novaventa S.A.S. | 93 | 107.689 | 86.418 |
| Pastas Comarrico S.A.S. | 100 | 24.711 | 25.162 |
| Productos Alimenticios Doria S.A.S. | 100 | 127.451 | 133.520 |
| Alimentos Cárnicos S.A.S. | 100 | 755.603 | 765.695 |
| Setas Colombianas S.A. | 94 | 46.477 | 43.797 |
| Compañía Nacional de Chocolates Perú S.A. | 100 | 10 | 11 |
| La Recetta Soluciones Gastronómicas Integradas S.A.S. | 70 | 1.166 | 1.182 |
| Alimentos Cárnicos Zona Franca Santa Fe S.A.S. | 100 | 5.554 | 5.502 |
| Gestión Cargo Zona Franca S.A.S. | 100 | 53.667 | 44.360 |
| Comercial Nutresa S.A.S. | 100 | 28.296 | 25.582 |
| Industrias Aliadas S.A. | 83 | 78.681 | 69.014 |
| Opperar Colombia S.A.S. | 100 | 846 | 694 |
| Servicios Nutresa S.A.S. (*) | 100 | 2.356 | - |
| Fideicomiso Grupo Nutresa | 100 | 265 | 265 |
| **Subtotal** | | **4.568.234** | **4.576.899** |
| Servicios Nutresa S.A.S. (*) | 100% | - | (12.275) |
| **Subtotal** | | **4.568.234** | **4.564.624** |

*Table 3*

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

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

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | **Dividends received** | **Share of Income For The Period** | **Share of Other Comprehensive Income** | **Dividends received** | **Share of Income For The Period** | **Share of Other Comprehensive Income** |
| Compañía de Galletas Noel S.A.S. | 32.130 | 99.199 | 57.384 | 45.697 | 110.565 | (143.728) |
| Compañía Nacional de Chocolates S. A. S. | 19.279 | 58.016 | 39.408 | 41.540 | 54.808 | (113.586) |
| Tropical Coffee Company S.A.S. | - | 1.080 | 94 | 2.199 | (43) | 25 |
| Industria Colombiana de Café S.A.S. | 47.365 | 39.346 | 17.198 | 26.987 | 52.519 | (41.052) |
| Industria de Alimentos Zenú S.A.S. | 13.641 | 22.219 | 2.855 | - | 18.163 | 1.630 |
| Litoempaques S.A.S. | - | 442 | 91 | - | (65) | 117 |
| Meals Mercadeo de Alimentos de Colombia S.A.S. | 36.774 | 4.792 | 3.623 | 17.705 | 14.363 | (197) |
| Molino Santa Marta S.A.S. | - | 3.351 | (1.161) | - | 685 | 602 |
| Novaventa S.A.S. | - | 19.791 | (1.480) | - | 18.467 | 617 |
| Pastas Comarrico S.A.S. | 1.900 | 1.564 | 115 | - | 2.522 | 133 |
| Productos Alimenticios Doria S.A.S. | 10.638 | 6.816 | 2.247 | - | 12.540 | (1.050) |
| Alimentos Cárnicos S.A.S. | 62.849 | 60.952 | 8.194 | 42.206 | 72.067 | (94.233) |
| Setas Colombianas S.A. | 1.621 | 4.819 | 518 | 1.927 | 3.220 | 257 |
| Compañía Nacional de Chocolates Perú S.A. | - | 0 | 1 | - | 1 | (1) |
| La Recetta Soluciones Gastronómicas Integradas S.A.S. | - | (19) | (3) | - | (56) | 5 |
| Alimentos Cárnicos Zona Franca Santa Fe S.A.S. | - | 54 | 2 | - | 10 | 2 |
| Gestión Cargo Zona Franca S.A.S. | - | 9.629 | 322 | - | 9.770 | 367 |
| Comercial Nutresa S.A.S. | - | 3.502 | 788 | - | 1.559 | 418 |
| Industrias Aliadas S.A.S. | - | 10.041 | 374 | - | 9.818 | 426 |
| Opperar Colombia S.A.S. | - | 152 | - | - | (10) | - |
| Servicios Nutresa S.A.S. | - | 3.051 | 1.509 | - | (81) | - |
| Fideicomiso Grupo Nutresa | - | (1) | - | - | (6) | - |
| **Subtotal** | **226.197** | **348.796** | **132.079** | **178.261** | **380.816** | **(389.248)** |

*Table 4*

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

# NOTE 8.
## INVESTMENT IN ASSOCIATES

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

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

*Table 5*

**Bimbo de Colombia S. A.**

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

**Estrella Andina S. A. S.**

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

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

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

*Table 6*

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

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

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

# NOTE 9.
## OTHER NON-CURRENT FINANCIAL ASSETS

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

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

The breakdown of financial instruments, is as follows:

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

*Table 7*

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

*Table 8*

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

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

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

**Fair value measurement of financial instruments**

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

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

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

**Liens**

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

# NOTE 10.
## INCOME TAXES AND PAYABLE TAXES

### 10.1 APPLICABLE REGULATIONS

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

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

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

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

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

*Table 9*

* *TB: Tax Base income*

### 10.2 CURRENT TAX ASSETS AND LIABILITIES

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

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

*Table 10*

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

### INCOME TAX AND TAX PAYABLE

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

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

*Table 11*

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

### 10.3 INCOME TAX EXPENSES

The current income tax expenses are as follows:

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

*Table 12*

(*) The composition of deferred income tax arises, primarily from, the recognition of employee benefits and investments.
In 2015, deferred income taxes were recognized at a rate of 39%. In December 2016, as a result of taxation reforms, the items are recognized at rates of 33% or 34%, considering the moment in which said recognition is reversed.

### 10.4 DEFERRED INCOME TAX

The following represents deferred asset and liabilities taxes:

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

*Table 13*

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

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

The deferred tax movements during the period are as follows:

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

*Table 14*

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

## 10.5 EFFECTIVE TAX RATE

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

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

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | **Value** | **%** | **Value** | **%** |
| **Accounting profit** | **400.589** | | **429.468** | |
| **Tax expenses at applicable tax rates** | **160.235** | **40,00** | **167.493** | **39,00** |
| Non-taxed portfolio dividends | (19.421) | (4,85) | (17.437) | (4,06) |
| Non-taxable income, unrealized financial instruments | (141.497) | (35,32) | (148.831) | (34,65) |
| Other non-taxable accounting income | (1) | (0,00) | (8) | (0,00) |
| Non-deductible tax expenses | 551 | 0,14 | 435 | 0,10 |
| Charge to non-deductible financial movement | - | 0,00 | 1 | 0,00 |
| Other non-deductible accounting expenses | 445 | 0,11 | 468 | 0,11 |
| Other tax income | - | 0,00 | 5 | 0,00 |
| Other tax deductions | (9) | (0,00) | (23) | (0,01) |
| Other tax effects | 1.188 | 0,29 | 269 | 0,06 |
| **Total tax expenses** | **1.491** | **0,37** | **2.372** | **0,55** |

*Table 15*

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

### 10.6 EXCESS PRESUMPTIVE INCOME TAX AND TAX LOSSES

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

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

| Expiration date | Excess of presumptive income |
|---|---|
| 2021 | 333 |
| | **333** |

*Table 16*

### 10.7 TAX ON WEALTH

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

### 10.8 TAX RULES APPROVED PENDING APPLICATION – TAX REFORM

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

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

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

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

# NOTE 11.
## TRADE AND ACCOUNTS PAYABLE

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

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

*Table 17*

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

# NOTE 12.
## EMPLOYEE BENEFITS LIABILITIES

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

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

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

*Table 18*

### 12.1 MEASUREMENT

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

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

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

*Table 19*

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

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

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

*Table 20*

## 12.2 RECONCILIATION OF MOVEMENT

### 12.2.1 DEFINED BENEFITS PLANS

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

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

*Table 21*

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

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

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

*Table 22*

### 12.2.2 OTHER LONG-TERM BENEFITS

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

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

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

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

*Table 23*

## 12.3 EXPENSES FOR EMPLOYEE BENEFITS

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

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

*Table 24*

# NOTE 13.
## EQUITY

### 13.1. SUBSCRIBED AND PAID SHARES

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

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

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

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

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

*Table 25*

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

### 13.2 RESERVES

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

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

*Table 26*

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

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

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

### 13.3. DISTRIBUTION OF DIVIDENDS

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

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

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

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

# NOTE 14.
## OTHER COMPREHENSIVE INCOME, ACCUMULATED

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

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

*Table 27*

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

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

### 14.1. (LOSSES) GAINS ON RE-MEASUREMENT OF DEFINED BENEFIT PLANS

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

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

*Table 28*

### 14.2 VALUATION OF FINANCIAL INSTRUMENTS – EQUITY INVESTMENTS MEASURED AT FAIR VALUE THROUGH EQUITY

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

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

*Table 29*

See Note 9 for detailed information on these investments.

### 14.3 ASSOCIATES AND JOINT VENTURES – INTEREST IN OTHER COMPREHENSIVE INCOME, ACCUMULATED

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

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

*Table 30*

### 14.4 SUBSIDIARIES – INTEREST IN OTHER COMPREHENSIVE INCOME, ACCUMULATED

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

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

*Table 31*

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

# NOTE 15.
## EXPENDITURE BY NATURE

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

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

*Table 32*

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

# NOTE 16.
## EARNINGS PER SHARE

The amount of basic earnings per share is calculated by dividing net profit for the year attributable to holders of ordinary equity of the Parent, by the weighted average number of ordinary outstanding shares during the year.
Below is the information about earnings and number of shares used in the computations of basic earnings per share:

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

*Table 33*

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

# NOTE 17.
## DISCLOSURE OF RELATED PARTIES

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

| | 2016 | | | | | |
|---|---|---|---|---|---|---|
| **Company** | **Purchases of Goods and Services** | **Sales of Goods and Services** | **Receivables Balance** | **Payables Balance** | **Dividend Income** | **Dividends Paid** |
| **Subsidiaries** | | | | | | |
| Alimentos Cárnicos S.A.S. | - | 2.778 | 229 | - | 62.849 | - |
| Compañía de Galletas Noel S.A.S. | - | 2.331 | 198 | - | 32.130 | - |
| Compañía Nacional de Chocolates S.A.S. | - | 1.384 | 3.029 | - | 19.279 | - |
| Industria Colombiana de Café S.A.S. | - | 1.649 | 138 | - | 47.365 | - |
| Industria de Alimentos Zenú S.A.S. | - | - | - | - | 13.641 | - |
| IRCC Ltda. | - | 334 | 63 | 11 | - | - |
| Litoempaques S.A.S. | 4 | - | - | - | - | - |
| Meals Mercadeo de Alimentos de Colombia S.A.S. | - | 778 | 60 | - | 36.774 | - |
| Pastas Comarrico S.A.S. | - | - | - | - | 1.900 | - |
| Productos Alimenticios Doria S.A.S. | - | 395 | 27 | - | 10.638 | - |
| Servicios Nutresa S.A.S. | 12 | 13.090 | 3.990 | 6 | - | - |
| Setas Colombianas S.A. | - | | 772 | - | 1.621 | - |
| **Associates and joint ventures** | | | | | | |
| Bimbo de Colombia S.A. | 52.800 | - | - | 16.217 | - | - |
| **Entities with joint control or significant influence over the entity** | | | | | | |
| Grupo de Inversiones Suramericana S.A. | 171 | - | 6.770 | 41 | 27.081 | 79.182 |
| **Other related parties** | | | | | | |
| Grupo Bancolombia S.A. | 176 | - | | 20 | - | - |
| Grupo Argos S.A. | - | - | 5.726 | - | 22.904 | 19.864 |
| **Members, Board of Directors** | **805** | **-** | | **.130** | **-** | **-** |

| Company | 2015 | | | | | |
|---|---|---|---|---|---|---|
| | Purchases of Goods and Services | Sales of Goods and Services | Receivables Balance | Payables Balance | Dividend Income | Dividends Paid |
| **Subsidiaries** | | | | | | |
| Alimentos Cárnicos S.A.S. | - | 3.631 | 1.483 | - | 42.206 | - |
| Compañía de Galletas Noel S.A.S. | - | 2.826 | 1.994 | - | 45.696 | - |
| Compañía Nacional de Chocolates S.A.S. | - | 1.976 | 3.213 | 4 | 41.540 | - |
| Industria Colombiana de Café S.A.S. | - | 1.815 | 263 | - | 26.987 | - |
| Litoempaques S.A.S. | 3 | - | - | - | - | - |
| Meals Mercadeo de Alimentos de Colombia S. A. S. | - | 1.240 | 199 | - | 17.706 | - |
| Productos Alimenticios Doria S. A. S. | - | 528 | 76 | - | - | - |
| Servicios Nutresa S. A. S. | 13 | - | 2.339 | 55 | - | - |
| Setas Colombianas S. A. | - | - | 1.927 | - | 1.927 | - |
| Tropical Coffe Company S.A.S. | - | - | - | - | 2.200 | - |
| **Entities with joint control or significant influence over the entity** | | | | | | |
| Grupo de Inversiones Suramericana S. A | 60 | - | 6.265 | 52 | 25.062 | 73.750 |
| **Other related parties** | | | | | | |
| Grupo Bancolombia S. A. | 56 | - | - | 16 | - | - |
| Grupo Argos S. A. | - | - | 5.347 | - | 21.388 | 17.383 |
| **Members, Board of Directors** | 459 | - | - | 103 | - | - |

*Table 34*

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

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

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# NOTE 18.
## EVENTS AFTER THE REPORTING PERIOD

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