Grupo Nutresa

Condensed Consolidated Interim Financial Statements for the Three-Month Period between April 1st and June 30th of 2017

(Unaudited Information)

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Financial Position Statement

At June 30th of 2017 and December 31st of 2016 (Values expressed in millions of Colombian Pesos)
(Unaudited information)

	Notes	June 2017	December 2016
ASSETS			
Current assets			
Cash and cash equivalents		$ 277.418	$ 219.322
Trade and other receivables	6	934.808	889.197
Inventories		1.050.504	1.028.417
Biological assets	7	85.304	75.677
Other current assets		258.291	246.832
Non-current assets held for sale	8	35.803	100.330
Total current assets		**$ 2.642.128**	**$ 2.559.775**
Non-current assets			
Trade and other receivables	6	23.944	23.495
Biological assets	7	8.563	7.433
Investments in associated and joint ventures	9	175.634	164.510
Other financial non-current assets	10	4.081.768	3.885.206
Property, plant and equipment, net	11	3.377.048	3.383.513
Investment properties		71.751	71.842
Goodwill	12	2.059.277	2.034.454
Other intangible assets		1.162.725	1.163.671
Deferred tax assets	13.4	374.942	356.994
Other non-current assets		95.978	48.661
Total non-current assets		**$ 11.431.630**	**$ 11.139.779**
TOTAL ASSETS		**$ 14.073.758**	**$ 13.699.554**
LIABILITIES			
Current liabilities			
Financial obligations	14	656.202	847.689
Trade and other payables	15	930.722	888.840
Tax charges	13.2	200.054	163.362
Employee benefits liabilities	16	151.445	161.592
Current provisions		1.139	2.734
Other current liabilities		43.019	49.746
Total current liabilities		**$ 1.982.581**	**$ 2.113.963**
Non-current liabilities			
Financial obligations	14	2.514.525	2.277.429
Trade and other payables	15	158	158
Employee benefits liabilities	16	229.319	216.744
Deferred tax liabilities	13.4	701.487	705.700
Other non-current liabilities		657	600
Total non-current liabilities		**$ 3.446.146**	**$ 3.200.631**
TOTAL LIABILITIES		**$ 5.428.727**	**$ 5.314.594**
SHAREHOLDER EQUITY			
Share capital issued		2.301	2.301
Paid-in-capital		546.832	546.832
Reserves and retained earnings		3.795.132	3.655.280
Other comprehensive income, accumulated		4.026.331	3.746.572
Earnings for the period		235.679	395.734
Equity attributable to the controlling interest		**$ 8.606.275**	**$ 8.346.719**
Non-controlling interest		38.756	38.241
TOTAL SHAREHOLDER EQUITY		**$ 8.645.031**	**$ 8.384.960**
TOTAL LIABILITIES AND EQUITY		**$ 14.073.758**	**$ 13.699.554**

The notes are an integral part of the consolidated Financial Statements..

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President

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(See Limited Revision Report of July 28, 2017)

Comprehensive Income Statement - Accumulated

From January 1st to June 30th (Values expressed in millions of Colombian Pesos)
(Unaudited information)

	Notes	January-June 2017		January-June 2016	
Continuing operations					
Operating revenue	5.1	$	4.159.066	$	4.205.283
Cost of goods sold	18		(2.333.030)		(2.399.295)
Gross profit		$	1.826.036	$	1.805.988
Administrative expenses	18		(195.591)		(193.987)
Sales expenses	18		(1.188.495)		(1.128.655)
Production expenses	18		(66.382)		(69.304)
Exchange differences on operating assets and liabilities	20.3		223		15.786
Other operating expenses, net	19		21.592		8.556
Operating profit		$	397.383	$	438.384
Financial income			6.844		4.647
Financial expenses	14.7		(167.973)		(152.953)
Portfolio dividends	10		54.321		50.494
Exchange differences on non-operating assets and liabilities	20.3		(4.809)		(12.353)
Loss on net monetary position			-		(18.527)
Share of profit of associates and joint ventures	9		1.216		804
Other income (expenses), net			3.313		-
Income before tax and non-controlling interest		$	290.295	$	310.496
Current income tax	13.3		(70.437)		(98.207)
Deferred income tax	13.3		18.677		20.959
Profit after taxes from continuous operations		$	238.535	$	233.248
Discontinued operations, after income tax			(1.034)		(247)
Net profit for the period		$	237.501	$	233.001
Profit for the period attributable to:					
Controlling interest		$	235.679	$	231.084
Non-controlling interest			1.822		1.917
Net profit for the period		$	237.501	$	233.001
Earnings per share (*)					
Basic, attributable to controlling interest (in Colombian pesos)			**512,21**		**502,22**
*(*) Calculated on 460.123.458 shares, which have not been modified during the period covered by these Financial Statements.*					
OTHER COMPREHENSIVE INCOME					
Items that are not subsequently reclassified to profit and loss:					
Actuarial gains on defined benefit plans		$	(2.329)	$	(4.946)
Equity investments measured at fair value	10		199.658		337.959
Income tax from items that will not be reclassified			805		914
Total items that are not subsequently reclassified to profit and loss		$	198.134	$	333.927
Items that are or may be subsequently reclassified to profit and loss:			-		-
Share of other comprehensive income of associate and joint ventures	9		5.408		(1.370)
Exchange differences on translation of foreign operations	20.2		76.707		(227.042)
Income tax from items that will be reclassified			(1.108)		(267)
Total items that are or may be subsequently reclassified to profit and loss:		$	81.007	$	(228.679)
Other comprehensive income, net taxes		$	279.141	$	105.248
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		$	516.642	$	338.249
Total comprehensive income attributable to:					
Controlling interest			515.438		336.968
Non-controlling interest			1.204		1.281
Total comprehensive income		$	516.642	$	338.249

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Grupo nutresa

Comprehensive Income Statement - Quarterly

From April 1st to June 30th (Values expressed in millions of Colombian Pesos)
(Unaudited information)

	Notes		April-June 2017		April-June 2016
Continuing operations					
Operating revenue	5.1	$	2.117.243	$	2.101.067
Cost of goods sold	18		(1.182.469)		(1.202.985)
Gross profit		$	934.774	$	898.082
Administrative expenses	18		(95.340)		(96.978)
Sales expenses	18		(624.951)		(580.720)
Production expenses	18		(33.440)		(34.612)
Exchange differences on operating assets and liabilities	20.3		(1.953)		11.938
Other operating expenses, net	19		14.508		7.387
Operating profit		$	193.598	$	205.097
Financial income			4.392		2.482
Financial expenses	14.7		(85.584)		(82.107)
Portfolio dividends	10		86		41
Exchange differences on non-operating assets and liabilities	20.3		(1.691)		(2.615)
Loss on net monetary position			-		(7.486)
Share of profit of associates and joint ventures			2.816		619
Other income (expenses), net			3.313		-
Income before tax and non-controlling interest		$	116.930	$	116.031
Current income tax	13.3		(29.714)		(42.183)
Deferred income tax	13.3		10.599		6.703
Profit after taxes from continuous operations		$	97.815	$	80.551
Discontinued operations, after income tax			(142)		(83)
Net profit for the period		$	97.673	$	80.468
Profit for the period attributable to:					
Controlling interest		$	96.529	$	79.412
Non-controlling interest			1.144		1.056
Net profit for the period		$	97.673	$	80.468
Earnings per share (*)					
Basic, attributable to controlling interest (in Colombian pesos)			**209,79**		**172,59**
*(*) Calculated on 460.123.458 shares, which have not been modified during the period covered by these Financial Statements.*					
OTHER COMPREHENSIVE INCOME					
Items that are not subsequently reclassified to profit and loss:					
Actuarial gains on defined benefit plans		$	(1.058)	$	(3.427)
Equity investments measured at fair value	10		70.784		(137.596)
Income tax from items that will not be reclassified			445		662
Total items that are not subsequently reclassified to profit and loss		$	70.171	$	(140.361)
Items that are or may be subsequently reclassified to profit and loss:			-		-
Share of other comprehensive income of associate and joint ventures			5.625		(2.924)
Exchange differences on translation of foreign operations	20.2		158.648		(153.778)
Income tax from items that will be reclassified			(1.179)		-
Total items that are or may be subsequently reclassified to profit and loss:		$	163.094	$	(156.702)
Other comprehensive income, net taxes		$	233.265	$	(297.063)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		$	330.938	$	(216.595)
Total comprehensive income attributable to:					
Controlling interest			331.513		(217.015)
Non-controlling interest			(575)		420
Total comprehensive income		$	330.938	$	(216.595)

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Change in Equity Statement

From January 1st to June 30th (Values expressed in millions of Colombian Pesos)
(Unaudited information)

	Share capital issued	Paid-in-capital	Reserves and retained earnings	Earnings for the period	Other comprehensive income, accumulated	Equity attributable to the controlling interest	Non-controlling interest	TOTAL SHAREHOLDER EQUITY
Equity at December 31st of 2016	**2.301**	**546.832**	**3.655.280**	**395.734**	**3.746.572**	**8.346.719**	**38.241**	**8.384.960**
Net profit for the period	-	-	-	235.679	-	235.679	1.822	237.501
Other comprehensive income for the period	-	-	-	-	279.759	279.759	(618)	279.141
Comprehensive income for the period	**-**	**-**	**-**	**235.679**	**279.759**	**515.438**	**1.204**	**516.642**
Transfer to accumulated results	-	-	395.734	(395.734)	-	-	-	-
Cash dividends (Note 17)	-	-	(245.706)	-	-	(245.706)	(692)	(246.398)
Tax on wealth (Note 13.6)	-	-	(9.506)	-	-	(9.506)	-	(9.506)
Other equity movements	-	-	(670)	-	-	(670)	3	(667)
Equity at June 30th of 2017	**2.301**	**546.832**	**3.795.132**	**235.679**	**4.026.331**	**8.606.275**	**38.756**	**8.645.031**
Equity at December 31st of 2015	**2.301**	**546.832**	**3.373.840**	**428.152**	**3.569.478**	**7.920.603**	**34.359**	**7.954.962**
Net profit for the period	-	-	-	231.084	-	231.084	1.917	233.001
Other comprehensive income for the period	-	-	-	-	105.884	105.884	(636)	105.248
Comprehensive income for the period	**-**	**-**	**-**	**231.084**	**105.884**	**336.968**	**1.281**	**338.249**
Transfer to accumulated results	-	-	428.152	(428.152)	-	-	-	-
Cash dividends (Note 17)	-	-	(229.141)	-	-	(229.141)	-	(229.141)
Tax on wealth (Note 13.6)	-	-	(21.991)	-	-	(21.991)	-	(21.991)
Revaluation of equity for hyperinflationary economies	-	-	49.373	-	-	49.373	-	49.373
Other equity movements	-	-	(668)	-	-	(668)	(4)	(672)
Equity at June 30th of 2016	**2.301**	**546.832**	**3.599.565**	**231.084**	**3.675.362**	**8.055.144**	**35.636**	**8.090.780**

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Cash-flow Statement

From January 1st to June 30th (Values expressed in millions of Colombian Pesos)
(Unaudited information)

	January-June 2017	January-June 2016
Cash flow from operating activities		
Collection from sales of goods and services	$ 4.136.830	$ 4.219.073
Payments to suppliers for goods and services	(3.010.215)	(3.105.624)
Payments to and on behalf of employees	(745.445)	(739.295)
Income taxes and tax on wealth, paid	(87.496)	(138.428)
Other cash outflows	(19.708)	(13.878)
Net cash flow from operating activities	**$ 273.966**	**$ 221.848**
Cash flow from investment activities		
Purchases of equity of associates and joint ventures (Note 9)	(19.367)	(21.929)
Purchases of property, plant and equipment (Note 11)	(93.555)	(118.747)
Amounts from the sale of productive assets	7.444	2.033
Purchase of Intangibles and other productive assets	(4.760)	(5.702)
Investment / net divestment in assets held for sale	82.981	34.956
Dividends received (Note 10)	49.252	24.384
Interest received	4.536	3.086
Other cash inflows	2.042	3.484
Net cash flow from (used in) investment activities	**$ 28.573**	**$ (78.435)**
Cash flow from financing activities		
Proceeds from loans	33.196	97.855
Dividends paid (Note 17)	(119.017)	(110.357)
Interest paid	(145.184)	(126.125)
Fees and other financial expenses	(17.387)	(15.720)
Other cash outflows	(2.803)	(53.116)
Net cash flow used in financing activities	**$ (251.195)**	**$ (207.463)**
Increase (decrease) in cash and cash equivalent from activities	**$ 51.344**	**$ (64.050)**
Cash flow from discontinued operations	(904)	(247)
Net foreign exchange differences	7.656	(15.124)
Net increase (decrease) in cash and cash equivalents	**58.096**	**(79.421)**
Cash and cash equivalents at the beginning of the period	219.322	286.064
Cash and cash equivalents at the end of the period	**$ 277.418**	**$ 206.643**

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A MESSAGE FROM THE MANAGEMENT AT GRUPO NUTRESA

Grupo Nutresa S.A. is the leader in processed foods in Colombia and one of the most relevant players in this sector in Latin America, with consolidated annual sales of COP 8,7 billion, annually (2016), in 8 Business Units: Cold Cuts, Biscuits, Chocolate, Tresmontes Luchetti (TMLUC), Coffee, Retail Foods, Ice Cream, and Pasta. Grupo Nutresa is a diversified company in terms of geographical reach, products, and supplying; with direct presence in 14 countries and international sales in 71 countries.

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

The differentiation of our unique business model:

- Our People: Human talent is one of our most valuable assets. The cultural platform is supported by the promotion of participatory environments, development of the competences of being and doing, recognition, the building of a leading brand, as well as, a balanced life for our people.

- Our Brands: Our Brands are leaders in the markets in which we participate, are recognized, beloved, and are part of people's daily life. They are supported on nutritional and reliable products, with high value at affordable prices.

- Our Distribution Network: Our extensive distribution network, differentiated by channels and segments, and with teams of specialized staff, allows us to have our products available, with adequate availability, affording us a close relationship with our clients.

Our strategic goals, for 2020, are:

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

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

Principal risks	Mitigating Factors
Volatility of the prices of raw materials	– Coverage policies with clearly defined risk levels, aligned with market changes and managed by a specialized committee – A highly trained team dedicated to monitoring and negotiating supplies. – Permanent search for new opportunities and models for an efficient and competitive raw materials sourcing at a worldwide scale – Raw materials diversification
Impact on the business due to a highly competitive environment	– Brands and Networks Management Model based on the deep and integrated understanding of the market: consumers, buyers and customers – Leading brands which are well recognized and appreciated – Wide distribution network with differentiated and specialized value propositions for each customer segment – Attractive propositions with an excellent price-value ratio – High-value innovation and portfolio differentiation – Profitable market development – Identification of opportunities based on cultural changes
Regulations on nutrition and health in countries where we have a presence	– Monitoring the Organization's environment to study the nutrition and health situation of the strategic region. Anticipating the needs of the communities to offer improvement alternatives for malnutrition situations. Learning about the regulatory processes and participating in their definition – Compliance with applicable standards and preparation for those that are being developed – Application of the nutrition policy defined by Grupo Nutresa – Development of health and nutrition research to improve the quality of life of the population through innovative food proposals – Support to and participation in, programs that promote healthy lifestyles NO ESTÁ EN EL ESPAÑOL – Vidarium: center for research on nutrition

Table 1

2017 Second quarter results

Grupo Nutresa continues to have a good trade dynamic in Colombia, with sales for the first half of the year amounting to COP 2,7 trillion, representing 64% of consolidated sales, and growth of 3,9% compared to the same period last year.

Sales abroad, excluding the sales reported in Venezuela during the same period of 2016 due to its treatment as a financial instrument starting October 1st of such year, are USD 516,6 million, representing 36% of total revenues and reflecting a 5,5% growth. When expressed in Colombian Pesos these sales represent COP 1,5 trillion pesos.

Consolidated revenues amount to COP 4,2 trillion, with a growth of 1,9% (considering the aforementioned exclusion of Venezuela). This growth is supported by an improvement in product mix, innovation, and a powerful commercial network, that continuously seeks to meet the needs of customers, consumers, and buyers.

With regards to efforts in innovation, we highlight the recent market releases of baked snacks and cold infusions under the *Tosh* brand, and *Bénet*, a nutritional powder-beverage under this new nutritional-expert brand.

Gross profit, of COP 1,8 trillion, increased by 1,1% over the same period last year as a result of various efforts in productivity, the constant search for greater efficiencies, and the favorable prices of some raw materials.

The Group's operating profit amounts to COP 397.383 million, with an operating margin of 9,6%, which takes into account an increase in sales expenses associated with greater investments in our distribution channels.

In terms of profitability, an EBITDA of COP 527.210 million was reported, representing 12,7% of sales.

Net post-operative expenses of COP 107.088 million reflect a decrease of 16,3% compared to the same period of 2016, primarily due to the treatment of the aforementioned investment in Venezuela.

Consolidated net profit totals COP 235.679 million, 5,7% of sales, and representing a 2,0% increase compared to the first half of 2016.

Finally, for the second consecutive year, Grupo Nutresa was selected by the Corporate Reputation Business Monitor (*in Spanish known as* Monitor Empresarial de Reputación Corporativa -MERCO), as the second-best company in Colombia in attracting and retaining talent and the first within the food sector. With this recognition, we reaffirm that human talent is one of the most valuable assets within Grupo Nutresa's business model and one of the key pillars of the company´s corporate strategy.Grupo Nutresa S. A. Separated Financial Statements

Management monitoring indicators

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

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

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

	Second Quarter		Accumulated to june	
	2017	**2016**	**2017**	**2016**
Operating earnings	**193.598**	**205.097**	**397.383**	**438.384**
Depreciation and amortization (Note 18)	66.445	55.279	127.019	109.880
Unrealized exchange differences from operating assets and liabilities (Note 20.3)	2.618	(7.168)	2.808	(14.061)
EBITDA *(See details by segment in Note 5.2)*	**262.661**	**253.208**	**527.210**	**534.203**

Table 2

Management of Capital

The increasing value creation is a fundamental part of the strategic objectives set by the Group. This translates into the active management of the capital structure, which balances the sustained growth of current operations, which requires constant investment in capital expenditures (Capex), and growth through acquisitions of ongoing businesses, which bring economic and strategic value to the Group.

In the allocation of resources, for both investments in fixed assets and acquisitions, the weight average cost of capital (WACC) is used as a reference point to measure added value, relevant to each type of investment, geography, and particular level of risk. In every one of the investments, the goal is to seek a return that exceeds the cost of the capital.

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

Notes for the Condensed Consolidated Interim Financial Statements

For the three-month interim period, between April 1st and June 30th of 2017 and 2016, except for the Statement of Financial Position, which is presented, for comparison purposes, at December 31, 2016.
(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 3

Entity	Main Activity	Functional Currency (1)	% Participation June 2017	% Participation December 2016
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%
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 S.A.S. (2)	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.	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
Chile				
Tresmontes Lucchetti S.A.	Provision of specialized business services	CLP	100,00%	100,00%
Nutresa Chile S.A.	Management of financial and investment services	CLP	100,00%	100,00%
Tresmontes Lucchetti Agroindustrial S.A.	Agricultural and industrial production	CLP	100,00%	100,00%
Tresmontes Lucchetti Servicios S.A.	Management of financial and investment services	CLP	100,00%	100,00%
Tresmontes S.A.	Production and sales of foods	CLP	100,00%	100,00%
Inmobiliaria Tresmontes Lucchetti S.A.	Management of financial and investment services	CLP	100,00%	100,00%
Lucchetti Chile S.A.	Production of pasta, flour, and cereals	CLP	100,00%	100,00%
Novaceites S.A.	Production and sales of vegetable oils	CLP	50,00%	50,00%
Inmobiliaria y Rentas Tresmontes Lucchetti	Management of financial and investment services	CLP	100,00%	100,00%

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

(1) See Note 20.1, for descriptions of abbreviations for each currency and the primary impact on Grupo Nutresa's Financial Statements.

(2) As of June 2017, the company, IRCC Ltda., changed its corporate type to "Sociedad Anónima Simplificada (S.A.S.)".

Changes in the scope of consolidation

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

2017: In April of 2017, the liquidation from the split of Alimentos Cárnicos Zona Franca Santa Fe S.A.S., was carried out. The assets, held by that company, were received by Alimentos Cárnicos S.A.S. and Meals Mercadeo de Alimentos de Colombia S.A.S.

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.

The companies, Cordialsa Noel Venezuela S.A. and Industrias Alimenticias Hermo de Venezuela, over which Grupo Nutresa has a 100% interest, were considered as subsidiaries, until September 30, 2016, at which time, they were classified as financial instruments, according to the analysis of the situation control, carried out by the Company, and disclosed in the Annual Financial Statements for 2016. The Comprehensive Income Statement, the Change in Equity Statement, and the Cash Flows Statement, for the First Half of 2016, presented for comparison purposes, include the financial information of these companies.

Note 2. BASIS OF PREPARATION

Grupo Nutresa´s consolidated Financial Statements, for the interim period between April 1st and June 30th of 2017, 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 for the interim period

The Condensed Consolidated Financial Statements, for the quarterly period ended June 30, 2017, have been prepared in accordance with IAS 34 Interim Financial Reporting, and therefore, do not include all information and disclosures required for Annual Financial Statements.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The Condensed Consolidated Financial Statements are presented in Colombian Pesos, which is both the functional and presentation currency of Grupo Nutresa S.A. These figures are expressed as millions of Colombian Pesos, except for net earnings per share and the representative market exchange rates, which are expressed as Colombian Pesos, 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 June 30, 2017 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:

The Group considers that it does not exercise control over the relevant activities of Industrias Alimenticias Hermo de Venezuela S.A. and Cordialsa Noel Venezuela S.A., despite having a 100% interest. The changing conditions of the Venezuelan market, including regulation of the foreign exchange market and limited access to the purchase of foreign exchange, through official systems, combined with other governmental controls, such as price controls and profitability, importation, and labor laws, among others, limits the ability of the Company to maintain a normal level of production, reduces the ability of the Administration to make and execute operational decisions, restricts the possibility of access to the liquidity, resulting from these operations, and the realization of these benefits to its investors, in others Countries, through dividend payments. The Management, of Grupo Nutresa, considers that this situation will be maintained, in the foreseeable future, and therefore, a loss of control is established on said investment, according to the postulates established in IFRS 10. Reasons that have been used to support, that as of October 1, 2016, these investments will be classified as financial instruments, measured under the provision of IFRS 9, classified in the category of "measured at fair value through profit or loss".

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 accounting policies applied in preparing the condensed consolidated Financial Statements, for the interim period between April 1st and June 30th of 2017, are consistent with those used in preparing the annual Financial Statements prepared as of December 31, 2016, under the International Financial Reporting Standards, approved in Colombia.

Grupo Nutresa applies the following significant accounting policies in preparing its condensed 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.

Restated 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.

These Financial Statements include the effect of the restatement of the Financial Statements in hyperinflationary economies, until September 30, 2016, for companies domiciled in Venezuela, on which date, said investments were classified as a financial instrument.

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.

Grupo Nutresa designates and documents certain derivatives as hedging instruments to cover:
- Changes in the fair value of recognized assets and liabilities or in firm commitments (fair value hedges)
- Exposure to variations in cash flows of highly probable forecast transactions (cash flow hedges) and
- Hedges of net investments in foreign operations

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

3.3.5 Inventories

Assets held for sale in the ordinary course of business, or in the process of production for such 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 4

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

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

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

At each accounting close, Grupo Nutresa evaluates its assets, to identify indicators, both external and internal, of reductions 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. The current assets and liabilities, for income tax, are also offset, if related to the same taxation authority, and are intended to be settled at net value, or the asset realized and liability settled, simultaneously.

(ii) Deferred

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

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

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

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

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

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

b) 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-terms 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 said contingent is certain, the asset and the associated income, are recognized for that period.

3.3.15 Revenue

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

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

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

b) Services
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 Basic earnings per share

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

The average number of shares outstanding, for the periods ended June 30, 2017 and 2016, is 460.123.458.

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

3.3.21 Relative importance or materiality

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

3.4 New accounting pronouncements on International Financial Reporting Standards

3.4.1 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. The standards issued or amended, are as listed below:

- IFRS 9 “Financial Instruments”
- IFRS 15 “Income from client contracts”
- IAS 16 “Property, plant and equipment”, IAS 38 - “Intangibles assets”
- IAS 16 “Property, plant and equipment”, IAS 41 - “Agriculture”
- IAS 7 "Cash-Flows Statement"
- IAS 12 "Income tax"
- Annual Improvements to IFRS, 2012-2015 Cycle

3.4.2 New standards, amendments, and interpretations issued by the International Accounting Standards Board (IASB) that have not been incorporated into the accounting framework accepted in Colombia

In January 2016, IFRS 16- Leases were issued, replacing IAS 17- Leases, and their corresponding interpretations. This standard has not been included in the accounting framework, accepted in Colombia. 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 Condensed Consolidated 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 Interim Financial Statements:

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

Judgments and estimates used by the management of Grupo Nutresa, in the preparation of the Condensed Consolidated Interim Financial Statements for the three-month period between April 1st and June 30th, 2017, do not differ significantly from those realized at the yearend close of the previous period, that is, December 31, 2016.

Note 5. OPERATING SEGMENTS

Grupo Nutresa`s operating segments reflect its structure and how Management, in particular, the Board of Directors, evaluates the financial information for decision-making in operational matters. For the administration, businesses are assessed by combining geographic areas and types of products. The segments for which financial information are presented 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 operating revenues and EBITDA generated, which are measured uniformly with the Consolidated Financial Statements. Financing operations, investment, and tax management are managed centrally, and are therefore, not allocated to operating 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.

5.1 Operating revenue:

a) Income from ordinary activities, by segments

	Second Quarter						Accumulated to June					
	External clients		Inter-segments		Total		External clients		Inter-segments		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Cold Cuts	431.329	485.181	5.877	4.188	**437.206**	**489.369**	869.378	976.628	11.211	5.141	**880.589**	**981.769**
Biscuits	423.933	408.020	2.737	(260)	**426.670**	**407.760**	827.770	822.484	5.567	4.592	**833.337**	**827.076**
Chocolate	343.405	335.947	5.122	5.383	**348.527**	**341.330**	670.987	647.104	10.227	10.725	**681.214**	**657.829**
TMLUC	259.095	250.697	343	149	**259.438**	**250.846**	492.300	495.664	642	668	**492.942**	**496.332**
Coffee	254.356	227.333	330	308	**254.686**	**227.641**	505.976	475.124	676	656	**506.652**	**475.780**
Retail Food	168.351	162.239	-	-	**168.351**	**162.239**	332.542	324.311	-	-	**332.542**	**324.311**
Ice Cream	106.745	104.385	912	291	**107.657**	**104.676**	207.340	223.383	1.002	308	**208.342**	**223.691**
Pasta	73.021	73.360	72	83	**73.093**	**73.443**	143.428	138.932	229	161	**143.657**	**139.093**
Others	57.008	53.905	-	-	**57.008**	**53.905**	109.345	101.653	-	-	**109.345**	**101.653**
Total segments	**2.117.243**	**2.101.067**	**15.393**	**10.142**	**2.132.636**	**2.111.209**	**4.159.066**	**4.205.283**	**29.554**	**22.251**	**4.188.620**	**4.227.534**
Adjustments and eliminations					(15.393)	(10.142)					(29.554)	(22.251)
Consolidated					**2.117.243**	**2.101.067**					**4.159.066**	**4.205.283**

Table 5

b) Information by geographical locations

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

	Second Quarter		Accumulated to June	
	2017	2016	2017	2016
Colombia	1.335.418	1.297.687	2.650.114	2.550.566
Central America	195.496	199.191	389.651	411.353
United States	182.941	156.131	348.221	352.395
Chile	176.429	172.798	347.893	353.866
Mexico	81.870	76.263	148.590	146.632
Peru	39.742	39.659	75.401	72.826
Dominican Republic and the Caribbean	39.143	36.909	73.275	70.619
Ecuador	30.200	30.396	56.819	58.063
Venezuela	334	56.793	334	125.865
Others	35.670	35.240	68.768	63.098
Total	**2.117.243**	**2.101.067**	**4.159.066**	**4.205.283**

Table 6

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

c) Information by type of product

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

	Second Quarter		Accumulated to June	
	2017	2016	2017	2016
Foods	1.131.994	1.136.166	2.199.920	2.263.816
Beverages	527.981	499.209	1.043.311	1.006.252
Candy and Snacks	358.930	332.380	696.780	679.672
Others	98.338	133.312	219.055	255.543
Total	**2.117.243**	**2.101.067**	**4.159.066**	**4.205.283**

Table 7

5.2 EBITDA

Second Quarter	Operating Profit		Depreciation and Amortization		Unrealized Exchange Differences From Operating Assets And Liabilities		EBITDA	
	2017	2016	2017	2016	2017	2016	2017	2016
Cold Cuts	42.094	74.549	9.187	8.977	563	(8.692)	**51.844**	**74.834**
Biscuits	41.721	39.232	8.198	7.132	751	30	**50.670**	**46.394**
Chocolate	34.938	16.261	9.040	8.605	438	1.900	**44.416**	**26.766**
TMLUC	27.005	18.070	9.011	8.485	579	(18)	**36.595**	**26.537**
Coffee	30.081	34.077	6.187	5.258	(1.477)	(632)	**34.791**	**38.703**
Retail Foods	7.570	15.348	13.895	6.537	60	40	**21.525**	**21.925**
Ice Cream	3.082	591	7.807	7.628	133	(67)	**11.022**	**8.152**
Pasta	5.709	6.280	1.946	1.908	646	(69)	**8.301**	**8.119**
Others	1.398	689	1.174	749	925	340	**3.497**	**1.778**
Total segments	**193.598**	**205.097**	**66.445**	**55.279**	**2.618**	**(7.168)**	**262.661**	**253.208**

Accumulated to June	Operating Profit		Depreciation and Amortization		Unrealized Exchange Differences From Operating Assets And Liabilities		EBITDA	
	2017	2016	2017	2016	2017	2016	2017	2016
Cold Cuts	88.218	143.466	18.305	17.832	795	(13.079)	**107.318**	**148.219**
Biscuits	84.859	86.497	16.056	14.327	733	(719)	**101.648**	**100.105**
Chocolate	76.278	38.966	17.590	16.957	712	240	**94.580**	**56.163**
TMLUC	50.002	35.525	18.106	17.047	(243)	255	**67.865**	**52.827**
Coffee	60.534	77.628	11.644	10.413	(1.144)	1.224	**71.034**	**89.265**
Retail Foods	19.280	31.956	23.895	12.833	22	15	**43.197**	**44.804**
Ice Cream	4.539	12.120	15.306	15.008	251	(328)	**20.096**	**26.800**
Pasta	13.001	9.747	3.840	3.693	785	(416)	**17.626**	**13.024**
Others	672	2.479	2.277	1.770	897	(1.253)	**3.846**	**2.996**
Total segments	**397.383**	**438.384**	**127.019**	**109.880**	**2.808**	**(14.061)**	**527.210**	**534.203**

Table 8

Note 6. TRADE AND OTHER RECEIVABLES

Trade and other receivable are detailed as follows:

	June 2017	December 2016
Customer	832.046	811.653
Accounts receivable from employees	38.648	39.201
Loans to third-parties	2.034	2.298
Dividends receivable (See Note 10)	18.796	12.496
Other accounts receivable	80.104	56.136
Impairment	(12.876)	(9.092)
Total trade and other receivables	**958.752**	**912.692**
Current portion	**934.808**	**889.197**
Non-current portion	**23.944**	**23.495**

Table 9

Note 7. BIOLOGICAL ASSETS

	June 2017	December 2016
Biological assets - cattle	48.103	42.763
Biological assets – pig	33.710	29.414
Forest plantation	12.054	10.933
Total	**93.867**	**83.110**
Current portion	**85.304**	**75.677**
Non-current portion	**8.563**	**7.433**

Table 10

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

	Quantities		Ubicación
	June 2017	**December 2016**	
Biological assets – cattle (1)	31,575 Units	30,400 Units	Antioquia, Cordoba, Cesar, Santander, Sucre y Caldas - Colombia
Biological assets – pig (1)	91,462 Units	73,251 Units	Antioquia and Caldas - Colombia
	12,358 Units	12,418 Units	Provincia de Oeste - Panama
Forest plantations			
Cocoa plantations (2)	170 ha	170 ha	Santander - Colombia
Mushroom crops (3)	40,290 mts2	40,290 mts^2	Yarumal - Colombia

Table 11

(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.

The value of pigs that are produced abroad, in June 2017, is $4.984 (December 2016 - $4.709), are measured upon initial recognition under the cost model, taking into account, that there is no active market in said country.

(2) Owned cocoa plantations are intended to encourage the development of the cocoa crops through to agroforestry systems (Cacao timber), with 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 for the period, due to changes in fair value minus the costs to sell of biological assets, in the 2017 First Half is $2.846 (January-June 2016 - $3.290), 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 8. NON-CURRENT ASSETS HELD FOR SALE

Currently under construction, is a distribution center that form part of "build to suit" and that will house the finished product for secondary distribution in Colombia, in the citie of Cartagena. 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, to then be taken into operating leases by Grupo Nutresa, thereby achieving a significant release of working capital.

As of June 30, 2017, the balance of $35.803 (December 2016 - $100.330), included machinery and equipment for $631 (December 2016 - $631), land purchased for $5.706 (December 2016 - $15.586), and constructions in progress for $29.466 (December 2016 - $84.113); These constructions are expected to be completed in 2017, for which, resources are committed for, in the amount of $2.179.

In the First Half of 2017, real estate sales classified in this category, was sold for a value of $109.183, and additional investments in projects-in-progress, were realized, in the amount of $21.164.

Note 9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

			Book Value		January-June 2017		January-June 2016	
	Country	% Participation	June 2017	December 2016	Share of Profit and Loss for the Period	Share of Other Comprehensive Income	Share of Profit and Loss for the Period	Share of Other Comprehensive Income
Associates								
Bimbo de Colombia S.A.	Colombia	40%	136.976	132.627	984	3.365	851	(993)
Dan Kaffe Sdn. Bhd	Malaysia	44%	25.110	22.733	413	1.964	230	(426)
Estrella Andina S.A.S.	Colombia	30%	10.343	6.025	(173)	(9)	(279)	-
Joint ventures								
Oriental Coffee Alliance Sdn. Bhd	Malaysia	50%	3.205	3.125	(8)	88	2	49
Total associates and joint ventures			**175.634**	**164.510**	**1.216**	**5.408**	**804**	**(1.370)**

Table 12

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

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

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

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

	January-June 2017
Opening balance at January 1st	**164.510**
Increase of contributions (*)	4.500
Participation in profit and loss for the period	1.216
Participation in comprehensive income	5.408
Balance at June 30th	**175.634**

Table 13

(*) On May of 2017, an increase in the capital of de Estrella Andina S.A.S., was realized, in which Grupo Nutresa invested $4.500, without generating changes in the percentage of participation, of which, $3.150 has been canceled.

In January 2017, a payment was realized in the amount of $16.217, corresponding to the balance payable, from the capitalization realized in 2016, to Bimbo de Colombia S.A. During the period of January-June 2016, payments for the same concept were realized, in the amount of $21.929.

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

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

Note 10. 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	June 2017	December 2016
Grupo de Inversiones Suramericana S.A.	59.387.803	12,66%	2.351.757	2.268.614
Grupo Argos S.A.	79.804.628	12,36%	1.655.148	1.538.633
Other companies			74.863	77.959
			4.081.768	**3.885.206**

Table 14

	Second Quarter				Accumulated to June			
	2017		2016		2017		2016	
	Dividend Income	Profit on Fair Value Measurement	Dividend Income	Loss on Fair Value Measurement	Dividend Income	Profit on Fair Value Measurement	Dividend Income	Profit on Fair Value Measurement
Grupo de Inversiones Suramericana S.A.	-	30.882	-	(59.388)	28.981	83.143	27.081	154.408
Grupo Argos S.A.	-	39.902	-	(78.208)	24.740	116.515	22.904	183.551
Otras sociedades	86	-	41	-	600	-	509	-
	86	**70.784**	**41**	**(137.596)**	**54.321**	**199.658**	**50.494**	**337.959**

Table 15

The value of the dividend per share decreed for 2017, by this issuance was $310 (pesos) and $488 (pesos), per year, per share, corresponding to Grupo Argos S.A. and Grupo de Inversiones Suramericana S.A., respectively. Grupo Argos S.A. will pay quarterly dividends, in the amount of $77,5 (pesos). The dividends, declared by Grupo de Inversiones Suramericana S.A., were received in totality, in April 2017, as 805.638 preference shares, which were sold between April and May of 2017. The dividends received generate an impact in the cash flows, in the amount of $49.252 (2016 - $24.384).

For 2016, the annual value, per share, was $287 (pesos), ($71,75 pesos per quarter), for Grupo Argos S.A., and $456 (pesos) ($ 114 pesos per quarter) for Grupo de Inversiones Suramericana S.A.

Dividend income recognized in March 2017 and 2016, for portfolio investments, corresponds to the total annual dividend declared by the issuers, and no similar income for the remainder of the year is expected

At June 30, 2017, accounts receivable from dividends of financial instruments are in the amount of $18.796 ($December 2016 – $12.496).

At June 30, 2017, there were pledges for 36.875.000 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.

Fair value measurement

The fair value of shares traded and that are classified as high trading volume is determined, based on the quoted price on the Colombian Stock Exchange; this measurement is in the Hierarchy 1, established by IFRS 13 for the measurement of fair value. This category includes investments held by Grupo Nutresa in Grupo de Inversiones Suramericana S.A. and Grupo Argos S.A. This measurement is done monthly. In the case of other investments, when the book value is material, the annual measurement will be realized, using valuation techniques, recognized, and accepted, under IFRS 13.

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

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

Note 11. 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	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 January 1, 2017	**781.333**	**751.383**	**1.579.373**	**9.424**	**15.198**	**20.947**	**82.142**	**143.713**	**3.383.513**
Acquisitions	1.551	4.617	4.206	3.780	1.089	1.137	7.470	69.705	**93.555**
Disposals	-	-	(1.736)	(4.054)	(32)	(15)	(13)	-	**(5.850)**
Depreciation	-	(16.844)	(85.996)	(1.599)	(2.572)	(2.495)	(9.902)	-	**(119.408)**
Transfers	-	2.388	71.863	1.429	529	1.564	277	(83.655)	**(5.605)**
Currency translation impact	6.079	9.138	13.347	102	229	613	196	1.139	**30.843**
Cost	789.278	908.986	2.353.861	23.966	36.009	56.096	119.763	130.902	**4.418.861**
Depreciation and/or impairment	(315)	(158.304)	(772.804)	(14.884)	(21.568)	(34.345)	(39.593)	-	**(1.041.813)**
Balance at June 30, 2017	**788.963**	**750.682**	**1.581.057**	**9.082**	**14.441**	**21.751**	**80.170**	**130.902**	**3.377.048**
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	-	291	3.261	1.374	2.113	1.976	6.007	103.725	**118.747**
Disposals	-	(2.667)	(5.297)	(248)	(3)	(4)	(110)	(1.536)	**(9.865)**
Depreciation	-	(16.885)	(75.297)	(1.394)	(1.929)	(1.928)	(5.187)	-	**(102.620)**
Transfers	-	5.676	82.379	1.027	181	4.034	(1.057)	(92.643)	**(403)**
Adjustments in hyperinflationary economies	208	5.296	6.073	1	48	76	-	1.824	**13.526**
Currency translation impact	(9.622)	(29.588)	(40.298)	(659)	(566)	(1.073)	(661)	(8.572)	**(91.039)**
Cost	769.532	884.977	2.084.291	23.135	30.578	47.410	106.369	183.784	**4.130.076**
Depreciation and/or impairment	(302)	(115.077)	(613.984)	(13.215)	(17.658)	(26.472)	(31.300)	-	**(818.008)**
Balance at June 30, 2016	**769.230**	**769.900**	**1.470.307**	**9.920**	**12.920**	**20.938**	**75.069**	**183.784**	**3.312.068**

Table 16

Note 12. GOODWILL

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

Reportable Segment	CGU	Balance at December 31, 2016	Exchange Differences	Balance at June 30, 2017
Retail Foods	Grupo El Corral	534.811	-	534.811
	Grupo Pops	170.494	-	170.494
	Helados Bon	51.530	-	51.530
Coffee	Industrias Aliadas S.A.S.	4.313	-	4.313
Cold Cuts	Setas Colombianas S.A.	906	-	906
Chocolate	Nutresa de México	180.071	3.397	183.468
Biscuits	Abimar Foods Inc.	96.546	-	96.546
	Galletas Pozuelo	34.099	(649)	33.450
TMLUC	Grupo TMLUC	961.684	22.075	983.759
		2.034.454	**24.823**	**2.059.277**

Table 17

Note 13. INCOME TAXES AND PAYABLE TAXES

13.1 Applicable Norms

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

Income tax %	2016	2017	2018	2019	2020
Colombia (*)	40,0	40,0	37,0	33,0	33,0
Chile	24,0	25,5	27,0	27,0	27,0
Costa Rica	30,0	30,0	30,0	30,0	30,0
Ecuador	22,0	22,0	22,0	22,0	22,0
El Salvador	30,0	30,0	30,0	30,0	30,0
United States	34,0	34,0	34,0	34,0	34,0
Guatemala	25,0	25,0	25,0	25,0	25,0
Mexico	30,0	30,0	30,0	30,0	30,0
Nicaragua	30,0	30,0	30,0	30,0	30,0
Panama	25,0	25,0	25,0	25,0	25,0
Peru	28,0	29,5	29,5	29,5	29,5
Dominican Republic	27,0	27,0	27,0	27,0	27,0

Table 18

(*) The Grupo Nutresa companies, that have signed tax stability contracts, as of January 2017, generate taxes to the stabilized rate of 33%, and not 40%, (34% tax, plus a surcharge of 6%), as established by the Law 1819 of 2016.

13.2 Tax assets and liabilities

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

	June 2017	December 2016
Income tax and complementaries (1)	160.312	123.903
Income tax for equity "CREE "(2)	12.974	16.805
Equity tax (3)	-	49.486
Sales tax	25.962	15.801
Other taxes	7.082	2.808
Total current tax assets	**206.330**	**208.803**
Claims in process (3)	46.907	970
Total non-current tax assets	**46.907**	**970**
Total tax assets	**253.237**	**209.773**

Table 19

(1) Income tax assets and complementary, include auto-withholdings of $ 56.118 (2016 - $8.648), credit balances of $77.800 (2016 - $94.883), tax advances of $18.151 (2016 - $20.162), tax rebates for $1.113 (2016 - $56), and withholding income tax $7.130 (2016 - $154).

(2) Assets from income tax for equity " CREE” include credit balances of $12.974 (2016- $14.910) and auto-withholdings of $0 (2016- $1.895).

(3) Grupo Nutresa has six (6) companies that signed on with, in 2009, the Colombian Government, tax stability contracts; one of the stabilized taxes was the equity tax, which, according to the interpretation of the Directorate National Tax and Customs (Dirección de Impuestos y

Aduanas Nacionales – DIAN), 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 $ 49.486. In 2017, the amount of $45.635, was reclassified to non-current assets, due to the fact that this claim was not expected to be resolved, before the twelve months, following the date of this report.

The current taxes payable balances include:

	June 2017	December 2016
Income tax and complementary	65.924	39.336
Income tax for equity - CREE	604	8.478
Tax on wealth	5.115	-
Sales tax payable	91.180	79.453
Withholding taxes, payable	18.878	28.556
Other taxes	18.353	7.539
Total	**200.054**	**163.362**

Table 20

The Group applies the laws with professional judgment to determine and recognize the provision for current tax and deferred income, on its Consolidated Financial Statements. The final tax determination depends on the new regulatory requirements, the existence of sufficient taxable profit for the use of 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.

13.3 Income tax expenses

Current income tax expenses are as follows:

	Second Quarter		Accumulated to June	
	2017	2016	2017	2016
Income tax	28.207	31.185	67.416	71.962
Income tax surcharges	1.507	-	3.021	-
Income tax for equity - CREE	-	6.869	-	16.434
CREE surcharge	-	4.129	-	9.811
Total	**29.714**	**42.183**	**70.437**	**98.207**
Deferred taxes (*) (Nota 13.4)	(10.599)	(6.703)	(18.677)	(20.959)
Total tax expenses	**19.115**	**35.480**	**51.760**	**77.248**

Table 21

(*) In the year 2016, deferred tax, is recognized, in Colombia at a rate of 39%. In 2017, 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, which generates a positive effect on the deferred tax. In addition to this, deferred tax income for 2016, includes $6.274, corresponding to subsidiary companies which, by 2017, are considered financial instruments.

13.4 Deferred income tax

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

	June 2017	December 2016
Deferred tax assets		
Goodwill tax, TMLUC	163.306	169.179
Employee benefits	59.785	56.713
Accounts payable	9.711	5.231
Tax losses	104.359	95.981
Tax credits	6.209	5.341
Debtors	20.234	14.044
Other assets	11.338	10.505
Total deferred tax assets (1)	**374.942**	**356.994**
Deferred tax liabilities		
Property, plant and equipment	337.685	343.415
Intangibles (2)	293.286	244.174
Investments	7.796	6.421
Inventories	2.079	531
Other liabilities	60.641	111.159
Total income tax liabilities	**701.487**	**705.700**
Net deferred tax liabilities	**326.545**	**348.706**

Table 22

(1) The deferred tax asset is recognized and supported, on the basis that the Group has generating positive taxable income, and it is projected to generate future income sufficient to compensate tax credits and tax losses, from previous periods, prior to maturity, and obtain future tax benefits, for goodwill tax in Chile, employee benefits, as well as, items recognized in the deferred tax assets. Projections of annual taxable income and actual data, are reviewed to determine the impact and adjustments, on asset values, and their recoverability in future periods.

(2) The deferred tax liabilities related to intangibles, corresponds mainly to brands and goodwill.

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

	January-June 2017
Opening balance, net liabilities	**348.706**
Deferred tax expenses, recognized in income for the period	(18.677)
Income tax relating to components, of other comprehensive income	302
Impact of variation in rates of foreign exchange	(4.439)
Other impact	653
Final balance, net liabilities	**326.545**

Table 23

The income tax relating to components of other comprehensive income, is determined by new measurements of benefit plans to employees of $811 (2016 - $253), the participation in associates and joint ventures, accounted for by using the Equity Method, in the amount of $(1.107) (2016 - $-267), and the financial assets, measured at fair value, in the amount of $(6) (2016 - $0).

13.5 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, result 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:

	Second Quarter				Accumulated to June			
	2017		2016		2017		2016	
	Value	%	Value	%	Value	%	Value	%
Accounting profit	**116.930**		**116.031**		**290.295**		**310.495**	
Applicable tax rate expenses	**36.645**	**31.34%**	**40.871**	**35.22%**	**96.146**	**33.12%**	**111.609**	**35.95%**
Untaxed portfolio dividends	3.856	3.30%	3.050	2.63%	(17.644)	(6.08%)	(17.169)	(5.53%)
Non-taxable accounting income	(7.732)	(6.61%)	(3.844)	(3.31%)	1.960	0.68%	5.166	1.66%
Amortizations	(3.997)	(3.42%)	(7.055)	(6.08%)	(8.217)	(2.83%)	(12.984)	(4.18%)
Special deductions for productive fixed-assets	(4.602)	(3.94%)	(2.564)	(2.21%)	(5.773)	(1.99%)	(4.062)	(1.31%)
Other tax impact	(5.055)	(4.32%)	5.022	4.33%	(14.712)	(5.07%)	(5.312)	(1.71%)
Total tax expenses	**19.115**	**16.35%**	**35.480**	**30.58%**	**51.760**	**17.83%**	**77.248**	**24.88%**

Table 24

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 stability contracts, that allow special deductions and fixed 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.

13.6 Tax on wealth

In accordance with that established in Article 6 of Law 1739 of 2014, which adds Article 297-2 of the tax statute, the causation of wealth tax is realized on January 1st of the years 2015, 2016, and 2017, and may be charged to equity reserves, without affecting net income, in accordance with Article 10 of the same law. For 2017, such were recognized in reserves at disposal to the highest social organ in the amount of $9.506 of (2016 - $21.991).

According to the aforementioned norm, tax on wealth, for the year 2016, was settled at a marginal rate, between 0,15% and 1%; For 2017, the rate ranges from 0,05% to 0,40%.

13.7 Information on current legal proceedings

In August 2016, Chilean companies from the Tresmontes Lucchetti Business, subsidiaries of Grupo Nutresa, received resolution of the Internal Revenue Service (SII) of Chile; in which said entity has objected to the tax on income, presented on the results of the fiscal year 2014, of those companies. The object of discussion in this resolution, is the tax benefit, according to the Law, and corresponds to corporate reorganizations realized, and that generate tax refunds requested. For the former, the Management of these companies in Chile presented, on August 24, 2016, the tax claim to the Tax and Customs Courts of Santiago de Chile, in accordance with the provisions of the Law.

Currently, 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.

Note 14. FINANCIAL OBLIGATIONS

14.1 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:

	June 2017	December 2016
Loans	2.772.304	2.731.152
Bonds	383.273	379.094
Leases	15.150	14.872
Total	**3.170.727**	**3.125.118**
Current	656.202	847.689
Non-current	2.514.525	2.277.429

Table 25

The financial obligations, mainly loans, taken out by Colombian companies in dollars, incorporates adjustments to the amortized cost, in the amount of $(3.254) (December 2016 - $0), as a result of the measurement at fair value of hedging exchange rates, as described in Note 14.6, henceforth.

14.2 Bonds

Grupo Nutresa generated issuance of two bonds:

- In July 2008, Compañía Nacional de Chocolates de Perú S.A. issued corporate bonds with Grupo Nutresa, serving as guarantor. The issuance was executed in the amount of $118.520.000 Sols, with a maturity date of 10 years (2018), at a fixed interest 8,84% E.A., payable in arrears, every six months, and amortized at maturity. In the Second Quarter of 2017, interest expenses were incurred from interest, in the amount of $2.566 (second quarter 2016 - $2.516). In the accumulated at June, expenditures amount to $4.767 (accumulated at june 2016 - $ 4.744). . The balance of this obligation in pesos at June 2017, including interest incurred is $110.628 (December 2016 - $ 105,923).

- 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 the Second Quarter of 2017, interest expenses were incurred in the amount of $7.090 (Second quarter 2016 - $13.097), and in the First Half, in the amount of $14.556 (first half 2016 - $24.781). The emission has a balance, including accrued interest in the amount of $272.645 (December 2016 – $273.171), and has the following characteristics

Maturity	Interest Rate	June 2017	December 2016
2019	CPI + 5,33%	136.971	137.224
2021	CPI + 5,75%	135.674	135.947
Total		**272.642**	**272.645**

Table 26

14.3 Maturity

Period	June 2017	December 2016
1 year (including payable interest)	656.202	847.689
2 to 5 years	2.224.199	1.908.160
More than 5 years	290.326	369.269
Total	**3.170.727**	**3.125.118**

Table 27

14.4 Balance by currency

Currency	June 2017 Original Currency	June 2017 COP	December 2016 Original Currency	December 2016 COP
COP	2.708.390	$ 2.708.390	2.633.967	$ 2.633.967
CLP	69.584.331.077	317.726	76.243.034.981	341.738
USD	11.185.035	33.983	14.493.425	43.490
PEN	118.520.000	110.628	118.605.495	105.923
Total		**$ 3.170.727**		**$ 3.125.118**

Table 28

Currency balances are presented after currency hedging.

To evaluate the sensitivity of financial obligation balances, in relationship to variations in exchange rates, all of the obligations, as of June 30, 2017, that are in currencies other than the Colombian peso and that do not have cash flow hedges, are taken. A 10% increase in exchange rates, in reference to the dollar, would generate an increase of $11.063, in the final balance.

14.5 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:

	June 2017	December 2016
Variable interest rate debt	2.647.874	2.899.829
Fixed interest rate debt	522.853	225.289
Total	**3.170.727**	**3.125.118**
Average rate	**8,1%**	**9,5%**

Table 29

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 $31.400.

14.6 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 June 30, 2017, hedged debt amounted to USD 103.568.303 (December 2016 – USD 0).

In addition, Grupo Nutresa uses financial derivatives to manage and cover the cash flow positions against the US dollar, in the different geographies where it operates; these derivatives are not designated as hedge accounting, 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:

	June 2017		December 2016	
	Asset	Liability	Asset	Liability
Hedges				
Fair value of exchange rates on financial obligations	3.254	-	-	-
Fair value of Exchange rates on cash flows	-	-		
Total designated derivatives	**3.254**	**-**	**-**	**-**
Non-designated derivatives				
Forwards and options on currencies	6.637	(3.881)	8.457	(7.678)
Forwards and options on commodities	8.599	(1.118)	563	(2.013)
Total non-designated derivatives	**15.236**	**(4.999)**	**9.020**	**(9.691)**
Net value of financial derivatives		**13.491**		***(671)***

Table 30

The valuation of non-designated derivative financial instruments, generated a profit in the Income Statement in the amount of $6.382 (2015 losses - $ 12.197), 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.

14.7 Financial expenses

The financial expenses recognized in the income statement, are as follows:

	Second Quarter		Accumulated to June	
	2017	**2016**	**2017**	**2016**
Loans interest	55.146	54.520	114.450	99.946
Bonds interest	9.656	15.613	19.323	29.525
Interest from financial leases	101	186	210	376
Total interest expenses	**64.903**	**70.319**	**133.983**	**129.847**
Employee Benefits	11.645	4.022	16.602	7.386
Other financial expenses	9.036	7.766	17.388	15.720
Total financial expenses	**85.584**	**82.107**	**167.973**	**152.953**

Table 31

Note 15. TRADE AND OTHER PAYABLES

The balances of trade and other payables, are detailed as follows:

	June 2017	December 2016
Suppliers	501.502	471.127
Cost and expenses payable	207.311	317.650
Dividends payable (See note 17)	191.509	64.203
Payroll deductions and contributions	30.558	36.018
Total	**930.880**	**888.998**
Current	930.722	888.840
Non-current	158	158

Table 32

Note 16. EMPLOYEE BENEFITS

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

	June 2017	December 2016
Short-term benefits	109.982	**86.056**
Post-Employment benefits	**158.630**	**168.640**
Defined contribution plans	17.795	*31.955*
Defined benefit plans (Note 16.1)	140.835	*136.685*
Other long-term benefits (Note 16.2)	112.152	**123.640**
Total liabilities for employee benefits	**380.764**	**378.336**
Current	151.445	161.592
Non-current	229.319	216.744

Table 33

16.1 Pensions and other post-employment benefits

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

	Pensions	Retroactive severance	Other defined benefit plans	Total
Present value of obligations at January 1st	51.780	18.651	66.254	**136.685**
(+) Cost of services	1.603	329	2.384	4.316
(+) Interest expenses	1.606	953	2.460	5.019
(+/-) Actuarial losses and/or gains	(450)	1.217	1.562	2.329
(+/-) Other movements	622	-	(220)	402
(-) Payments	(5.355)	(3.128)	(742)	(9.225)
(+/-) Difference in exchange rate	826	-	483	1.309
Present value of obligations at June 30th	**50.632**	**18.022**	**72.181**	**140.835**

Table 34

During the First Half of 2017, there were no significant changes in the main actuarial assumptions, used in the actuarial measurement of defined post-employment plans.

16.2 Other long-term benefits

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

	Seniority Premium	Other Long-term Benefits	Total
Present value of obligations at January 1st	**63.075**	**60.565**	**123.640**
(+) Cost of service	2.194	14.392	16.586
(+/-) Interest income or (expense)	2.732	1.808	4.540
(+/-) Actuarial gains or losses	7.357	1.130	8.487
(+/-) Others	-	(28)	(28)
(-) Payments	(4.401)	(36.955)	(41.356)
(+/-) Exchange rate differences	40	243	283
Present value of obligation at June 30th	**70.997**	**41.155**	**112.152**

Table 35

During the First Half of 2017, there were no significant changes in the main actuarial assumptions, used in the actuarial measurement of other long-term employee benefits.

16.3 Expenses for employee benefits

The amounts recognized as expenses for employee benefits were:

	January-June 2017	January-June 2016
Short-term benefits	637.127	637.723
Post-employment benefits	**59.794**	**58.926**
Defined contribution plans	55.478	54.881
Defined benefit plans	4.316	4.045
Other long-term employee benefits	18.029	15.747
Termination benefits	7.651	8.558
TOTAL	**722.601**	**720.954**

Table 36

Note 17. DISTRIBUTION OF DIVIDENDS

The ordinary Shareholders of Grupo Nutresa S.A., at the meeting, held on March 29,2017, declared ordinary share dividends of $44,5 per-share and per-month, equivalent to $534 annually per share (2016 - $498 annually per share), over 460.123.458 outstanding shares, during the months from April 2017 to March 2018, inclusive, for a total of $$245.706 (2016 – $229.141). In addition, dividends to owners of non-controlling interest in Setas de Colombia S. A. and Helados Bon S. A., for $692, were declared.

This dividend was declared by taking from net income of 2016 a value of $242.945 and from untaxed occasional reserves for $2.761.

Between January and June 2017, dividends, in the amount of $119.017 (2016 – $110.357), were paid, including dividends paid to owners of non-controlling interest, in the amount of $692.

At June 30, 2017, accounts payable pending, are in the amount of $191.509 (December 2016 - $ 64.203).

Note 18. EXPENDITURE BY NATURE

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

	Second Quarter		Accumulated to June	
	2017	**2016**	**2017**	**2016**
Inventory consumption and other costs	897.460	926.775	1.771.434	1.842.792
Employee benefits (Nota 16.3)	363.325	349.621	722.601	720.954
Other services	173.546	157.602	313.980	284.179
Other expenses	110.479	113.161	217.874	219.907
Transport services	75.099	80.777	141.576	149.311
Depreciation and amortization (*)	66.445	55.279	127.019	109.880
Leases	55.224	54.801	107.414	112.765
Seasonal services	49.239	39.463	96.082	75.594
Advertising material	30.843	27.639	64.156	56.694
Energy and gas	34.243	32.982	67.215	66.056
Maintenance	28.119	28.434	50.961	50.712
Taxes other than income tax	15.286	15.239	35.952	37.391
Fees	25.535	22.887	44.599	42.749
Insurance	8.038	7.958	15.982	15.907
Impairment of assets	3.319	2.677	6.653	6.350
Total	**1.936.200**	**1.915.295**	**3.783.498**	**3.791.241**

Table 37

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

	Second Quarter		Accumulated to June	
	2017	**2016**	**2017**	**2016**
Cost of sales	37.936	34.005	74.034	68.231
Administration expenses	3.109	3.835	6.650	7.026
Sales and distribution expenses	24.818	16.814	45.153	33.351
Production expenses	582	625	1.182	1.272
Total	**66.445**	**55.279**	**127.019**	**109.880**

Table 38

Note 19. OTHER OPERATING INCOME (EXPENSES), NET

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

	Second Quarter		Accumulated to June	
	2017	**2016**	**2017**	**2016**
Indemnities and recuperations (1)	5.581	9.730	11.252	11.305
Disposal and removal of property, plant and equipment and intangibles	9.654	(207)	9.252	86
Government grants (2)	-	1.500	4.417	4.645
Donations	(712)	(2.183)	(2.426)	(3.545)
Fines, penalties, litigation, and legal processes	(185)	(1.050)	(284)	(1.689)
Other income and expenses	170	(403)	(619)	(2.246)
Total	**14.508**	**7.387**	**21.592**	**8.556**

Table 39

(1) Corresponds primarily to the compensation for loss of profits and emergent damages, associated with a fire that occurred on April 22, 2016, at the Alimentos Cárnicos S.A., food facility, in Bogotá (Fontibón), which affected an area of 3,000 m^2, where the National Distribution Center and Regional of finished product, operated. In the accumulated at June, income from this is included, in the amount of $7.872 (2016 - $4.775), of which, $2.915 (2016 - $4.775) were received in the second quarter of. It is estimated, that by the end of 2017, the total payment of the compensation of the loss will be realized, according to the closing of the items to be indemnified.

(2) Government grants correspond to income, recorded in Abimar Foods Inc., and received from the Development Corporation of Abilene – DCOA, an organization that provides financial assistance to private companies to facilitate the maintenance and expansion of employment, or to attract more investment that contribute to Abilene's economic development. This grant has been essential in the initiation of operations of the new production line of crackers. In the First Half of 2017, a cash subsidy, of USD $1.500.000 (COP $4.417), was received; and, in the same period of 2016, a cash subsidy of USD500.000 (COP $1.500) and USD $1.000.000 (COP $3.145) was received, as a forgiveness, of the remaining balance of the loan, made by this corporation.

Note 20. EXCHANGE RATE VARIATION IMPACT

20.1 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:

		June 2017	December 2016	June 2016	December 2015
Balboas	PAB	3038,26	3.000,71	2.916,15	3.149,47
Colons	CRC	5,24	5,34	5,26	5,78
Cordobas	NIO	101,13	102,33	101,91	112,77
Peruvian Sols	PEN	933,41	893,07	882,08	923,6
Dollars	USD	3038,26	3.000,71	2.916,15	3.149,47
Mexican Pesos	MXN	168,53	145,53	157,16	181,63
Quetzals	GTQ	414,21	398,92	381,83	412,65
Dominican Pesos	DOP	63,93	64,25	63,44	69,14
Chilean Pesos	CLP	4,57	4,48	4,41	4,43
Argentinean Pesos	ARS	184,35	189,32	195,66	242,72

Table 40

20.2 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. 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:

		Second Quarter		Accumulated to June	
		2017	**2016**	**2017**	**2016**
Chile	CLP	87.018	(24.799)	38.255	(14.153)
Costa Rica	CRC	18.570	(32.873)	(14.080)	(57.428)
United States	USD	9.731	(4.526)	4.337	(9.915)
Mexico	MXN	19.336	(24.271)	30.187	(32.974)
Peru	PEN	17.042	(6.103)	14.985	(15.090)
Venezuela	VEF	-	(59.357)	-	(93.031)
Panama	PAB	3.525	(129)	1.627	(285)
Others		3.426	(1.720)	1.396	(4.166)
Impact of exchange translation for the period		**158.648**	**(153.778)**	**76.707**	**(227.042)**
Reserves for exchange translation at the opening balance		54.075	265.249	136.016	338.513
Reserves for exchange translation at the closing balance		**212.723**	**111.471**	**212.723**	**111.471**

Table 41

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.

20.3 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:

	Second Quarter		Accumulated to June	
	2017	**2016**	**2017**	**2016**
Realized	665	4.770	3.031	1.725
Unrealized	(2.618)	7.168	(2.808)	14.061
Operating exchange differences	**(1.953)**	**11.938**	**223**	**15.786**
Non-operating exchange differences	**(1.691)**	**(2.615)**	**(4.809)**	**(12.353)**
Total income (expenses) from exchange differences	**(3.644)**	**9.323**	**(4.586)**	**3.433**

Table 42

Note 21. EVENTS AFTER THE REPORTING PERIOD

These Condensed Consolidated Interim Financial Statements were authorized for issuance by the Board of Grupo Nutresa on July 28, 2017. There are no significant events after the closing of the Financial Statements, and up until the date of its approval, that might significantly impact Grupo Nutresa's Financial Position, reflected in these Financial Statements at closing, June 30, 2017.