

**CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR
DE ZONA FRANCA AND SUBSIDIARIES**
Condensed Interim Consolidated Financial Statements

For the periods ended on September 30 ,2018 and December 31, 2017

Report of the Statutory Auditor on the Review of the Interim Financial Statements

To the Shareholders
Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca

Introduction

I have reviewed consolidated condensed interim statements of financial information of Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca and subsidiaries, which comprise:

- The consolidated condensed interim statements of financial position at September 30, 2018;
- The consolidated condensed interim statements of comprehensive income, three and nine months period ended September 30, 2018;
- The consolidated condensed interim statements of changes in equity nine months ended September 30, 2018; and
- The notes to the interim financial statements.

The management of Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca is responsible for the adequate preparation and presentation of these consolidated condensed interim statements of financial information, in accordance with financial information accounting standards accepted in Colombia, including requirements of the international International Accounting Standard 34 (IAS 34) for Interim Financial Information. My responsibility consists of expressing a conclusion of these interim consolidated financial statements based on my review.

Scope of the review

I have made my review in accordance with the International Standard on Review Engagements 2410 "Review of financial information performed by the independent auditor of the entity", included in the standards for Information Assurance accepted in Colombia. A review of interim financial information consists of making enquiries, with persons responsible for financial and accounting matters, and the application of analytical procedures and other review procedures. A review of interim financial information is substantially smaller in scope than an audit made in accordance with international standards, and therefore, does not allow me to obtain the certainty of having had knowledge of all significant matters which could have been identified by an audit. I therefore do not express an audit opinion.

Conclusion

Based on my review, nothing has called my attention to make me suppose that the interim consolidated financial information of Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca does not present, in all material aspects, its financial situation September 30, 2018, the consolidated results of operations and cash flows for the quarter ended on that date, in accordance with accounting and financial information standards accepted in Colombia, including International Accounting Standard 34-Interim Financial Information.

(Original in spanish signed)

Diego Alejandro Corredor Ortiz

Deputy Statutory Auditor

Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca

License TP 199078-T

Member of KPMG S.A.S

November 14, 2018

**Report of the Statutory Auditor of Reporting in Extensible Business Reporting Language
(XBRL)**

To the Shareholders
Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca

Introduction

I have reviewed the report in consolidated Extensible Business Reporting Language (XBRL) which include the condensed interim statements of financial information of Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca and subsidiaries, which comprise:

- The consolidated condensed interim statements of financial position at September 30, 2018;
- The consolidated condensed interim statements of comprehensive income, three and nine months period ended September 30, 2018;
- The consolidated condensed interim statements of changes in equity nine months ended September 30, 2018; and
- The notes to the consolidated condensed interim statements.

The management of Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca is responsible for the adequate preparation and presentation of these interim consolidated statements of financial information, in accordance with financial information accounting standards accepted in Colombia, and presentation in accordance with XBRL as instructed by the Colombian Financial Superintendency (Superintendencia Financiera de Colombia). My responsibility consists of expressing a conclusion of these interim consolidated financial statements based on my review.

Scope of the review

I have made my review in accordance with the International Standard on Review Engagements 2410 "Review of financial information performed by the independent auditor of the entity", included in the standards for Information Assurance accepted in Colombia. A review of interim financial information consists of making enquiries, with persons responsible for financial and accounting matters, and the application of analytical procedures and other review procedures. A review of interim financial information is substantially smaller in scope than an audit made in accordance with international standards, and therefore, does not allow me to obtain the certainty of having had knowledge of all significant matters which could have been identified by an audit. I therefore do not express an audit opinion.

Conclusion

Based on my review, nothing has called my attention to make me suppose that the XBRL report of the interim consolidated financial information of Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca does not present, in all material aspects, its financial situation September 30, 2018, the consolidated results of operations and cash flows for the quarter ended on that state, in accordance with accounting and financial information standards accepted in Colombia, including International Accounting Standard 34-Interim Financial Information.

(Original in spanish signed)

Diego Alejandro Corredor Ortiz

Deputy Statutory Auditor

Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca

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CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA AND SUBSIDIARIES
Consolidated Interim Condensed Statements of Financial Position
(Figures in thousands of Colombian pesos)

	<u>Note</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
ASSETS			
Current assets			
Cash and cash equivalent	3	\$ 25,058,637	13,440,928
Accounts receivable	4 and 18	24,785,357	18,927,973
Tax assets		3,764,858	-
Inventories	5	764,976	1,034,839
Other non-financial assets	6 and 18	<u>24,772,826</u>	<u>768,348</u>
Total current assets		<u>79,146,654</u>	<u>34,172,088</u>
Non-current assets			
Other financial assets	7	13,934,434	13,933,834
Investments in associates	7	64,457,720	63,998,057
Intangibles	8	18,582,176	13,396,156
Property and equipment	9	483,207,212	460,600,775
Investment properties	10	185,921,724	146,716,158
Deferred Tax Assets		174,919	226,256
Total non-current assets		<u>766,278,185</u>	<u>698,871,236</u>
Total assets		<u>\$ 845,424,839</u>	<u>733,043,324</u>
LIABILITIES			
Current liabilities			
Financial debt	11	16,016,905	8,126,250
Accounts payable	12 and 18	50,305,355	30,089,911
Tax liabilities	13	5,063,317	2,114,055
Other financial liabilities	15	8,555,242	3,114,124
Other non-financial liabilities	15	<u>13,321,565</u>	<u>7,923,373</u>
Total current liabilities		<u>93,262,384</u>	<u>51,367,713</u>
Non-current liabilities			
Financial debt	11	70,773,095	48,963,750
Employee benefits	14	2,101,888	2,074,888
Other provisions	14	2,561,054	2,578,758
Other non-financial liabilities	15	139,679,024	102,584,077
Deferred tax liability, net		41,950,410	41,077,598
Total non-current liabilities		<u>257,065,471</u>	<u>197,279,071</u>
Total liabilities		<u>\$ 350,327,855</u>	<u>248,646,784</u>
EQUITY			
Capital		1,673,920	1,673,920
Share Placement Premium		43,451,721	43,451,721
Reserves	16	98,641,172	87,249,566
Accumulated profit		328,909,463	328,909,463
Other equity interests in equity		344,694	344,694
Result for the period		22,076,014	22,767,176
Total equity		<u>\$ 495,096,984</u>	<u>484,396,540</u>
Total liabilities and equity		<u>\$ 845,424,839</u>	<u>733,043,324</u>

See the Notes that form part of the Condensed Interim Consolidated Financial Statements.

(*): The Entity and its subsidiaries adopted NIIF 9 and 15 as of January 1, 2018. With the transition methods selected, comparative information is not re-expressed. (See Note 2d)

(Original in spanish signed)
Andrés López Valderrama
Legal Representative

(Original in spanish signed)
Juan Carlos Sánchez
Chief Accountant
T.P. 102419 - T

(Original in spanish signed)
Diego Alejandro Corredor Ortiz
Statutory Auditor
Corporación de Ferias y Exposiciones S.A.
Usuario Operador de Zona Franca
T.P. 199078 - T
Member of KPMG S.A.S.
(See my Report of november 14, 2018)

CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA AND SUBSIDIARIES
Consolidated condensed interim statements of comprehensive income
 Nine and three months ended September 30, 2018
 (Figures in thousands of Colombian pesos)

	<u>Note</u>		1 January to september 30, 2018	1 January to september 30, 2017	1 July to september 30, 2018	1 July to september 30, 2017
Income from ordinary activities	17 and 19	\$	108.966.109	97.454.106	53.551.720	51.660.919
Overhead	17 and 19		42.021.925	34.696.180	14.022.192	10.276.885
Selling expenses	17 and 19		40.363.117	36.995.372	16.564.731	19.397.858
Other income	17		3.464.142	2.234.213	888.366	559.914
Cost of sales			1.509.885	1.278.514	573.014	629.532
Other expenses	18		452.698	265.143	122.047	74.919
Profit on operating activities			28.082.626	26.453.110	23.158.102	21.841.639
Financial income	17		1.054.090	846.423	264.280	264.978
Financial expenses	18		1.430.952	1.556.392	373.414	658.431
Entity Profit (loss) for the Period	18		459.663	309.071	(45.164)	(43.058)
Profit before tax			28.165.427	26.052.212	23.003.804	21.405.128
Income tax expense			6.089.413	6.852.085	5.168.464	6.689.947
Result for the period		\$	22.076.014	19.200.127	17.835.340	14.715.181
Other Comprehensive Income			-	-	-	-
Result for the period and other comprehensive income		\$	22.076.014	19.200.127	17.835.340	14.715.181

See the Notes that form part of the Condensed Interim Consolidated Financial Statements.

(*): The Entity and its subsidiaries adopted NIIF 9 and 15 as of January 1, 2018. With the transition methods selected, comparative

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(Original in spanish signed)
 Juan Carlos Sánchez
 Chief Accountant
 T.P. 102419 - T

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 Corporación de Ferias y Exposiciones S.A.
 Usuario Operador de Zona Franca
 T.P. 199078 - T
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CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA AND SUBSIDIARIES
Consolidated condensed interim statements of changes in equity
(Figures in thousands of Colombian pesos)

<u>Note</u>	<u>Subscribed and paid Capital</u>	<u>Share Placement Premium</u>	<u>Reserves</u>	<u>Accumulated profits</u>	<u>Other equity interests in equity</u>	<u>Result for the period</u>	<u>Total equity</u>
Balance as of December 31, 2016	\$ 1.673.920	43.451.721	70.289.491	328.909.463	-	33.919.712	478.244.307
Cash dividend declared of \$101,38 per share, on 167.287.797 subscribed and paid shares; paid in April and October 2017	-	-	-	-	-	(16.959.637)	(16.959.637)
Appropriated to mandatory and occasional reserves	-	-	16.960.075	-	-	(16.960.075)	-
Movement in the period	-	-	-	-	-	-	-
Result for the period	-	-	-	-	-	19.200.127	19.200.127
For period of nine months ended at September 30, 2017	\$ 1.673.920	43.451.721	87.249.566	328.909.463	-	19.200.127	480.484.797
Balance as of December 31, 2017	\$ 1.673.920	43.451.721	87.249.566	328.909.463	344.694	22.767.176	484.396.540
Cash dividend declared of \$68 per share, on 167.287.797 subscribed and paid shares; paid in April and October 2018	-	-	-	-	-	(11.375.570)	(11.375.570)
Appropriated to mandatory and occasional reserves 16	-	-	11.391.606	-	-	(11.391.606)	-
Result for the period	-	-	-	-	-	22.076.014	22.076.014
For period of nine months ended at September 30, 2018	\$ 1.673.920	43.451.721	98.641.172	328.909.463	344.694	22.076.014	495.096.984

See the Notes that form part of the Condensed Interim Consolidated Financial Statements.

(*): The Entity and its subsidiaries adopted NIIF 9 and 15 as of January 1, 2018. With the transition methods selected, comparative information is not re-expressed.
(See Note 2d)

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Legal Representative

(Original in spanish signed)
Juan Carlos Sánchez
Chief Accountant
T.P. 102419 - T

(Original in spanish signed)
Diego Alejandro Corredor Ortiz
Statutory Auditor
Corporación de Ferias y Exposiciones S.A.
Usuario Operador de Zona Franca
T.P. 99078 - T
Member of KPMG S.A.S.
(See my Report of November 14, 2018)

CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA AND SUBSIDIARIES
 Consolidated Condensed Interim Statement of Cash Flows
 (Figures in thousands of Colombian pesos)

	<u>Note</u>	<u>September 30, 2018</u>	<u>September 30, 2017 (*)</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year		\$ 22.076.014	19.200.127
Reconciliation between the profit for the period and net cash provided by operating activities:			
Depreciations	18 a)	4.825.072	4.241.733
Amortization	18 a)	1.562.894	1.232.743
Impairment accounts receivable, net	4	379.341	484.171
Sales losses and removal of inventories	18 c)	-	961
Loss on sale and withdrawal of property and equipment	18 c)	5.842	-
Recovery of provision for accounts payable	17 b)	(397.965)	(293.143)
Profit on equity method	18 f)	(459.663)	(309.071)
		<u>27.991.535</u>	<u>24.557.521</u>
Changes in operating items:			
Increase in accounts receivable		(6.236.725)	(5.574.574)
Decrease (increase) in Inventories		269.863	(82.745)
Increase in other non-financial assets		(24.004.478)	(15.331.099)
Increase net tax		1.229.804	898.672
Increase (decrease) in accounts payable		14.172.863	(25.584)
Increase in employee benefits		27.000	27.000
Increase in other financial liabilities		5.441.118	2.483.790
Increase in other non-financial liabilities		42.493.139	59.190.536
Decrease in provision for contingencies		(17.704)	-
Increase in deferred taxes, net		924.149	2.609.105
Interest Paid	11	(3.735.318)	(1.990.518)
Income Tax paid		(2.045.400)	(382.651)
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>56.509.846</u>	<u>66.379.453</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES			
(Increase) decrease in other financial assets		(600)	(1.770.425)
Purchase of intangibles	8	(6.748.914)	(1.094.680)
Increase in investment properties	10	(39.205.566)	(64.145.929)
Purchase of property and equipment	9	(27.437.351)	(697.028)
NET CASH USED IN INVESTING ACTIVITIES		<u>(73.392.431)</u>	<u>(67.708.062)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in financial obligations	11	29.700.000	10.892.166
Dividends paid in cash	12	(1.199.706)	(1.821.207)
NET CASH PROVIDED IN FINANCING ACTIVITIES		<u>28.500.294</u>	<u>9.070.959</u>
NET INCREASE IN CASH		11.617.709	7.742.350
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIODO		<u>13.440.928</u>	<u>5.583.759</u>
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD		\$ 25.058.637	13.326.109

See the Notes that form part of the Condensed Interim Consolidated Financial Statements.

(*): The Entity and its subsidiaries adopted NIIF 9 and 15 as of January 1, 2018. With the transition methods selected, comparative information is not re-expressed. (See Note 2d)

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 Usuario Operador de Zona Franca
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**CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA AND
SUBSIDIARIES**

Notes to the Condensed Interim Consolidated Financial Statements

At September 30, 2018

(Figures expressed in thousands of Colombian pesos)

1. Reporting Entity

CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA ("the Parent", or "CORFERIAS") is a stock corporation incorporated by Public Deed 3640 of July 18, 1955, Notary 2, Bogota, its Articles expire in July 2099. The consolidated financial statements at September 30, 2018 includes the Parent and its subsidiary. The corporate business of the Parent is to foster industrial and commercial development at regional, national and international levels, and to form closer ties of friendship and cooperation between Colombia and friendly nations; to organize national and international fairs and exhibitions for industry, commerce, agriculture and livestock breeding and science, on its own premises or elsewhere, in Colombia or abroad, and to promote and organize Colombia's participation in fairs and exhibitions held abroad, directly or through its subsidiary Corferias Inversiones S.A.S.

The Parent was declared a Permanent Special Free Zone User-Operator in Resolution 5425 of September 20, 2008. According to Public Deed 2931 of July 25, 2008, Notary 48, Bogota, registered on July 28, 2008 as. No. 1231243 Book IX, the company changed its name from Corporación de Ferias y Exposiciones S.A., to **Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca** with registered offices in Bogota at Cra 37 No., 24-67.

The Parent is a subsidiary of the Bogotá Chamber of Commerce, which owns 79.74% of the shares.

The consolidated financial statements include Corporación de Ferias y Exposiciones S.A. Usuario Operador de Zona Franca, Corferias Inversiones S.A.S. and Patrimonio Autónoma Fiducoldex.

2. Basis of preparation of the condensed interim consolidated financial statements

(a) Framework of technical standards

The consolidated financial statements have been prepared in accordance with international financial reporting standards accepted in Colombia ("COL-IFRS"), established in Law 1314/2009, regulated by Regulatory Degree 2420/2015, amended by Decree 2496/2015, Decree 2131/2016 and Decree 2170/2017. COL-IFRS is based on International Financial Reporting Standards (IFRS) together with the interpretations issued by the International Accounting Standards Board IASB. The basic standards correspond to those officially translated into Spanish and issued by IASB on December 31, 2015.

The condensed interim consolidated financial statements for an interim period do not contain the full information and disclosures required for annual financial statements. They must therefore be read in conjunction with the consolidated financial statements at December 31, 2017 published in the webpage www.corferias.com in the section for Shareholders. Following IAS 34, the accounting policies used for interim periods are the same as those applied to the annual financial statements, except for policy changes in recording accounts receivable and revenues, with the coming into force of IFRS 9 and IFRS 15 as of January 1, 2018.

**CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA AND
SUBSIDIARIES**

Notes to the Condensed Interim Consolidated Financial Statements

Seasonality of transactions: During the second quarter of the year the fairs: The Bogotá International, the security international, the Home keeping fair, Expoagrofuturo, y Nextcar were developed. All these events produced more incomes than other events developed in previous quarters.

For legal purposes in Colombia, the principal financial statements are the separate financial statements.

(b) Basis of measurement

The consolidated financial statements have been prepared on a historic cost basis, except for the following major items included in the Statement of Financial Position:

- Financial instruments at fair value with changes in Results are measured at fair value;
- Investment properties are measured at fair value;
- In relation to employee benefits, the assets for benefits defined are recognized as the total assets of the plan, plus past unrecognized service costs and unrecognized actuarial losses; less unrecognized actuarial gains, and the present value of the obligations for defined benefits.

(c) Functional currency and currency of presentation

The items included in the financial statements are expressed in the currency of the primary economic environment where the entity operates (Colombian pesos).

The performance of the Parent and subsidiary is measured and reported to the public in pesos. Therefore, management considers that the Colombian peso is the currency that represents the economic effects of operations, events and underlying conditions most faithfully, and therefore the financial the financial statements are presented in Colombia pesos as the functional currency.

All the information presented in thousands of colombian pesos has been rounded to the nearest unit.

(d) Changes in accounting policy

IFRS 9. Financial instruments

IFRS 9 – Financial Instruments – came into force on January 1, 2018. It introduces prospective changes in standards of account receivable aging measurement in Corporación de Ferias y Exposiciones S.A. and subsidiaries, and therefore financial information for 2017 was not re-expressed.

Impairment of Customer Accounts Receivable

The Parent and Subsidiaries analyze the following events that represent objective evidence that a loss is expected in an account receivable, based on a model of losses expected for the next 12 months:

1. Impairment of solvency
2. Strong possibility of bankruptcy
3. The disappearance of an active market
4. Breach of contract
5. Significant financial difficulties
6. Uncollectibility

**CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA AND
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Notes to the Condensed Interim Consolidated Financial Statements

The Parent and Subsidiaries estimate expected percentage losses as follows:

Type of receivable	Maturity	Probability of loss
Customer receivable	0 - 90 días	0%
	91 - 150 días	10%
	151 - 360 días	70%-Over 4 SMLV 90%-Under 4 SMLV
	361 días o más	100%

*SMLV: Minimum monthly salary. In 2017, approximately USD250

Receivables from State entities which have a Certificate of Budget Availability are not subject to estimates of impairment, because the certification guarantees the payment of the receivable.

The application of this policy did not generate impacts on measurement because the model used prior to January 1, 2018 was already aligned with these variables and the economic realities of the Parent and Subsidiaries, which were not far different from the impairment loss expected.

IFRS 15. Revenues from ordinary activities

IFRS 15 provides a comprehensive framework for the determination of the amount and timing of income recognized. It replaces the existing guide for recognition of revenues, including IAS 18-Revenues; IAS 11-Construction contracts; IFRIC 13 - Customer Loyalty Programs. The Parent evaluated categories of service contracts, and analyzed the requirements of contained in the standard. The analysis is based on a determination of the transfer of control in the rendering of services. There was evidence that the contracts met the criteria of IFRS 15, with no significant impact upon application.

Criteria for recognition:

- Step 1: Identify the contract(s) with the customer
- Step 2: Identify performance obligations
- Step 3: Determine the price of the transaction
- Step 4: Assign the transaction Price between the performance obligations in the contract
- Step 5: Recognize ordinary activities income when (or, to the extent that) the entity satisfies the performance obligation.

(e) Significant Accounting Estimates and Judgement

The preparation of the consolidated financial statements using COL-IFRS requires management to use judgment, estimates and suppositions that affect the application of accounting policies and the

**CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA AND
SUBSIDIARIES**

Notes to the Condensed Interim Consolidated Financial Statements

amounts of assets, liabilities and contingent liabilities on the closing date, and the income and expenses of the year. The real results may differ from these estimates.

The relevant estimates and assumptions are regularly reviewed. The reviews of accounting estimates are recognized in the period in which the estimate is reviewed, and in any future period affected.

Information on critical judgement in the application of accounting policies which have the most important effect on the consolidated financial statements is to be found in:

- Notes 2(d) and 4 – Estimates of impairment of accounts receivable.
- Note 10 - Classification of investment properties.
- Note 14 – Estimates of provisions.

3. Cash and Cash Equivalents

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Cash	368.064	42.704
Banks (1)	1.345.355	578.601
Savings accounts (1)	10.117.342	4.566.455
Unit funds	6.657.215	7.984.468
Trust rights (2)	6.492.078	268.700
National tax return titles	78.583	-
	<u>\$ 25.058.637</u>	<u>\$ 13.440.928</u>

(1) The increase corresponds mainly to the funds from the collection of the portfolio of Anato Tourist Showcase, Alliances and Other Sponsorships and of the events the Congress of the Republic Elections and anticorruption consultation.

(2) Corresponds to increases due to higher investments in open funds of liquidity in the entities Casa de Bolsa Liquidity Open Fund, Investment Fund Collective Interest. As well as investments in fiduciary rights in the Higher Collective Investment Fund.

At September 30, 2018 and December 31, 2017, there are no restrictions on cash and cash equivalents, and there is no impairment.

4. Accounts Receivable

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Customers (1)	17.556.968	11.158.344
Income receivable	7.925.523	7.613.998
Receivable from employees	504.822	621.899
Doubtful accounts	1.392.897	1.749.244
Impairment (2)	(2.594.853)	(2.215.512)
	<u>\$ 24.785.357</u>	<u>18.927.973</u>

**CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA AND
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Notes to the Condensed Interim Consolidated Financial Statements

- (1) The increase in accounts receivable corresponds mainly to the invoices generated to customers of the parent company due to participation in fairs and events such as Salón Internacional del Automóvil by \$961.033, Feria del Hogar by \$915.725, Belleza y Salud by \$870.257, Alianzas y otros Patrocinios by \$633.973 y Salón del Ocio y la Fantasía by \$573.024. Finally, it presented an increase in accounts receivable in the subordinate Corferias Inversiones S.A.S. of the event Scrutiny Elections by \$560.741, Barranquilla Flavor by \$179.705 and Agroexpo Caribbean by \$149.304 made in Puerta de Oro.
- (2) The impairments of the account receivable are calculated according to the accounting policy, including current A/R and accruals.

The variation in the impairment provision during the period was as follows:

		Impairment
Balance at December 31, 2016	\$	1.564.952
Impairment of receivables		956.790
Recoveries		<u>(306.230)</u>
Balance at December 31, 2017		<u>2.215.512</u>
Impairment of receivables		1.302.183
Recoveries		<u>(922.842)</u>
Balance at September 30, 2018	\$	<u><u>2.594.853</u></u>

5. Inventories

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Raw materials	81.821	42.577
Goods not made by the business	39.412	38.357
Materials, spares and accessories	548.561	896.068
Packaging and filling	95.182	57.837
	<u>\$ 764.976</u>	<u>1.034.839</u>

Inventories held by the Parent and Subsidiary Corferias Inversiones S.A.S. are high-rotation items and are part of the finished product at point of sale such as raw materials, disposables, packaging, materials, spares and accessories and working clothing and implements; they are measured at cost and therefore, not the object of impairment.

At September 30, 2018 and December 31, 2017, inventories are measured at cost.

At September 30, 2018 and December 31, 2017, no constrains exist over the inventory.

6. Other non-financial assets

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Advances (1)	24.495.096	241.544
Prepaid expenses - insurance	83.542	291.682
Other	194.188	235.122
	<u>\$ 24.772.826</u>	<u>768.348</u>

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(1) The main increase corresponds to the transfer of advances paid by the parent company to Constructora Concreto for \$ 22,619,608, the construction of the Hotel Project for \$ 17.753.839 and Active Border for \$2.107.717, which are legalized in the ordinary course of business of operation as Delegate Administrator. As well as the transfer for \$ 1,993,927 for the acquisition of the houses near the International Conventions Center Bogotá – Ágora. By last, advances to suppliers and contractors by the Parent and Subsidiary Corferias Inversiones S.A.S. by \$382.738.

At September 30, 2018 and December 31, 2017, other non-financial assets are not deteriorated.

7. Other financial assets and investments in associates

Other financial assets

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Alpopular Almacén General de Depósitos S.A.	13.373.749	13.373.749
La Previsora S.A. Compañía de Seguros	385.620	385.620
Centro de Ferias y Exposiciones de Bucaramanga	174.448	174.448
Acerías Paz del Río S.A.	17	17
Operador Hotelero Pactia Corferias S.A.S	600	-
	<u>\$ 13.934.434</u>	<u>13.933.834</u>

The other financial assets are Investments in financial instruments where the parent has no control or significant influence; in Alpopular Almacén General de Depósitos S.A., la Previsora S.A. Compañía de Seguros; which are recognized at fair value with effect in other comprehensive income. Likewise, in Centro de Exposiciones y Convenciones de Bucaramanga y Acerías Paz del Río S.A., which are recognized for their cost.

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Investments in associates-CICB	<u>64.457.720</u>	<u>63.998.057</u>

At September 30, 2018, the Parent had an investment in associates, given the influence it exercises over Patrimonio Autónomo Centro Internacional CICB. The escrow was formed to manage funds provided by the Bogotá Chamber of Commerce, Fontur and the Parent, for development of the AGORA international convention center. To date, the Parent has an interest of 18.10% in the escrow.

The following is a summary of the financial information of investments accounted for using the equity method with a percentage of 19% in accordance with the mercantile and payments commercial trust agreement signed by the Chamber of Commerce of Bogotá, Fontur and the parent company with the Trustee Bogotá, September 30, 2018 and December 31, 2017:

2018

Entity	% interest	Registered offices	Assets	Liabilities	Income	Expenses	Net profit
Patrimonio Autónomo Centro de Convenciones CICB	19%	Calle 67 7 - 37, Bogotá, Colombia	3.69.390.098	13.359.424	2.672.121	28.851	2.643.270

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2017

Entity	% interest	Registered offices	Assets	Liabilities	Income	Expenses	Net profit
Patrimonio Autónomo Centro de Convenciones CICB	19%	Calle 67 7 - 37, Bogotá, Colombia	348.542.338	17.153.644	1.566.301	26.291	1.540.040

8. Intangibles

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Intangibles-trademarks acquired	18.755.925	12.769.723
Software	4.532.274	3.770.655
Accumulated amortization	<u>(4.706.023)</u>	<u>(3.144.222)</u>
	<u>\$ 18.582.176</u>	<u>13.396.156</u>

The increase in the third quarter of 2018 is mainly due to the Parent's acquisition of the trademark Expoagrofuturo for \$4.926.202,167,600 and Gran Salon Inmobiliario for \$960.000. Likewise, the last purchase transaction of the Furniture and Wood brand was made for \$ 200 and the subsequent sale of the 50% participation to the company Koelnmesse GmbH for \$ 100.

9. Property and Equipment

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Land	234.003.546	234.003.546
Construction in progress (1)	74.611.770	52.217.461
Buildings	168.405.980	168.354.483
Machinery and equipment	12.111.900	11.482.022
Office equipment	7.810.421	6.826.145
Computer and communications equipment (2)	9.671.577	6.301.753
Transport fleet and equipment	265.804	265.804
Accumulated depreciation	<u>(23.673.786)</u>	<u>(18.850.439)</u>
	<u>\$ 483.207.212</u>	<u>460.600.775</u>

(1) Construction in progress increased with work on the Active Border for \$10.798.365 and the Hotel Project offices for \$9.479.470, Finally, register in the parent to the acquisition of the houses near the International Convections Center Bogotá – Ágora by \$1.679.205

(2) The increase is due to the acquisition of the active equipment system, RTLS and WIFI for Ágora – Centro de Convenciones. As well the integral system for the active edge.

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10. Investment properties

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Investment property - land	27.000.000	\$ 27.000.000
Investment property - construction in progress (1)	158.921.724	119.716.158
	<u>\$ 185.921.724</u>	<u>\$ 146.716.158</u>

(1) During 2018 and as part of commitments in the investors' agreement, the Hotel made progress of \$39.205.566

11. Financial debt

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Short term, financial debt	16.016.905	8.126.250
Long-term financial debt	70.773.095	48.963.750
	<u>\$ 86.790.000</u>	<u>57.090.000</u>

The increase comes mainly from loans taken by the Parent and Subsidiary Corferias Inversiones S.A.S from Banco Popular for \$5,000,000 at IBR+3.60% quarterly, \$3.500.00 at IBR+2.00% and \$500.000 at IBR+3.50% semester. Also, with the Bogotá Chamber of Commerce at IBR+1.30% quarterly in arrears for 7 years for \$36,000,000 to finance investments plans and operations. And Davivienda's Bank for 3.600.000 at DTF +1.85% to attend the investment projects and operation. Likewise, there is lower level of debt due to the cancellation of previous loans at Av Villas Bank for \$17.175.000 and Banco Popular for \$5.225.000.

The following is the detail of the interest paid to each entity:

Interest Paid

	2018		2017	
	<u>Capitalization</u>	<u>Expense</u>	<u>Capitalization</u>	<u>Expense</u>
Banco Comercial AV Villas S.A	\$ 1.004.373	123.926	815.256	614.261
Banco Davivienda S.A.	74.893	53.760	-	-
Banco Popular S.A.	1.171.545	86.440	464.529	96.472
Cámara de Comercio de Bogotá	931.754	288.627	-	-
	<u>\$ 3.182.565</u>	<u>552.753</u>	<u>1.279.785</u>	<u>710.733</u>

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12. Accounts payable

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Local	803.837	1.088.157
Foreing	8.645	-
To Contractors	4.090.569	5.122.184
Costs and Account Payables (1)	28.926.981	19.575.439
Dividends or Interests Payable (2)	10.409.951	235.756
Final Tax Withheld at the Source	1.288.775	1.570.427
Withheld Sales Tax	106.231	-
Withheld Industry and Business Tax	40.260	136.600
Withholding and Payroll Contributions	370.046	209.646
Other Creditors	1.166.390	100.361
Accrued Wages	29.848	41.339
Consolidated Unemployment Fund	2.833	777.274
Unemployment Fund Interests	846	93.634
Consolidated Vacations	260.129	383.449
Extra-Legal Benefits	140.802	166.613
Laboral Obligation	2.025.913	-
Third-Party Retentions on Contracts	633.299	589.032
	<u>\$ 50.305.355</u>	<u>30.089.911</u>

- (1) The increase corresponds to accounts payable to suppliers and contractors for services provided mainly for the execution of the Alimentec fairs for \$ 2.166.113, the International Bogotá Fair for \$ 1565.280, the Home keeping fair for \$1.452.918 and another fair carried out in the third quarter for \$4.049.839.
- (2) Corresponds to the dividends payable of \$ 10,144,579 originated in the 2017 profits, decreed according to the minutes of the General Shareholders Meeting of March 22, 2018, of these dividends, the shareholders with participation less than 6% received the payment on April 30, 2018 for \$ 1,199,459, shareholders with participation greater than this percentage will receive it on October 30, 2018
- (3) Corresponds to the provision of social benefits derived from labor obligations.

13. Tax liabilities

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Current Income Tax	5.063.317	2.114.055
	<u>\$ 5.063.317</u>	<u>2.114.055</u>

The increase corresponds to the update of the deferred tax and the current income tax of the Corporation. Likewise, it corresponds to the balance of the assets for taxes that are compensated with the account payable at the close of the fiscal year.

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14. Employee benefits and other provisions

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Retirement pension	\$ 2.101.888	2.074.888
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Estimated Liabilities and Provisions (1)	\$ 2.561.054	2.578.758

During the third quarter progress was made in the processes that occur against the parent company; with possible probabilities of obtaining a failure; which involved making a payment to one of them for \$ 17,704 of the accounting estimates recorded as of December 31, 2017.

15. Other liabilities

a) Other financial liabilities

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Deposits received for trade fairs and events (1)	7.642.984	3.113.094
Third-party revenue (2)	912.258	1.030
	\$ 8.555.242	3.114.124

(1) The increase in deposits received is mainly due to the reserves for the participation of exhibitors in the matrix for fairs and events such as the International Motor Show for \$1.284.865, Expoconstrucción & Expodiseño for \$978.856, ArtBo for \$635.877 and Beauty and Health for \$634.20 and in the subordinate Corferias Inversiones SAS for events not fair for \$329.155, Agroexpo Caribbean for \$76.143 and Comic Con Medellín for \$62.883. These amounts are applied once the participation of the exhibitor at the fair is invoiced.

(2) The income received for third parties increased mainly due to the execution of the mandate contract in the matrix for the realization of ArtBo for \$903.116.

b) Other non financial liabilities

• **Short term**

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Rent	63.075	42.050
Other (1)	13.258.490	7.881.323
	\$ 13.321.565	7.923.373

• **Long term**

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Deposits received for project management (2)	139.679.024	102.584.077

(1) Corresponds to the income received in advance from national exhibitors for \$ 4,995,906 and events for \$ 2,020,714. As well as the application of the income of the fairs executed in the third quarter for \$ 904,649. These are received in advance to separate the spaces to participate in the

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different fairs and events. This income received in advance is applied once the fairs or events are carried out within the ordinary business cycle.

- (2) The increase of the deposits received for the management of projects corresponds to the resources received in the matrix by P.A. Pactia as hotel project investors for \$ 37.09.947 during the 2018 year.

16. Reserves

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Legal Reserve	839.830	839.830
Occasional Reserves	97.801.342	86.409.736
	<u>\$ 98.641.172</u>	<u>87.249.566</u>

In the Shareholders meeting celebrated on March 22 ,2018, an increase in the occasional reserve was approved for \$11.391.606.

17. Revenue

a) Ordinary incomes

	<u>January 1 September 30, 2018</u>	<u>January 1 September 30, 2017</u>	<u>July 1 September 30, 2018</u>	<u>July 1 September 30, 2017</u>
Food and Beverages	5.205.050	4.838.564	2.050.238	2.382.116
Real Estate, Corporate and Leasing Activities (1)	14.657.484	11.395.400	4.708.029	3.453.056
Entertainment and leisure (2)	89.103.575	81.220.142	46.793.453	45.825.747
	<u>\$ 108.966.109</u>	<u>97.454.106</u>	<u>53.551.720</u>	<u>51.660.919</u>

- (1) During the year 2018, the events that generated the variation correspond to the Congress of the Republic Elections and President of the Republic, for \$ 4.669.235, anticorruption consultation for \$1.525.026 and Expovinos for \$1.041.262 and other events for \$7.324.844. As well by Elections ADE for \$97.118 in the subordinate Corferias Inversiones S.A.S.
- (2) During 2018, the highest revenues were generated by the Home keeping fair for \$11.451.694, the international of Bogotá for \$11.321.712, the International Book Fair events for \$ 9.564.655, Alimentec for \$ 5.630.284, Alliances and Other Sponsorships for mainly with Banco Davivienda y ETB S.A. ESP FOR \$4.711.368, ExpoAgrofuturo \$3.409.470 and Meditech for \$3.139.386. As well as, Barranquilla Flavour for \$1.613.682, parking for \$1.451.572 and book festival for \$985.402, through the subordinate Corferias Inversiones S.A.S.

b) Other incomes

	<u>January 1 September 30, 2018</u>	<u>January 1 September 30, 2017</u>	<u>July 1 September 30, 2018</u>	<u>July 1 September 30, 2017</u>
Dividends and Participations (1)	1.898.520	1.275.291	30.505	-
Commissions	26.565	28.227	8.551	6.764
Recoveries (2)	1.320.807	565.307	746.280	286.634
Compensations	41.007	284.664	24.672	216.021
Incomes from previous years	900	-	900	-
Others revenues	176.343	80.724	77.458	50.495
	<u>\$ 3.464.142</u>	<u>2.234.213</u>	<u>888.366</u>	<u>559.914</u>

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- (1) Dividend income was recognized in the parent for 2018 of the investment in Alpopular for \$1.868.015 in the Previsora for \$30.505.
- (2) During the first quarter income was recognized for a reversal of receivables impairment for 2018 by \$922.842; and for 2017 by \$271.200. As well recoveries for account payable of \$397.965 and for 2017 by \$293.143. Finally, were registered incomes for beach of contracts by \$965.

a) Financial Incomes

	January 1 <u>September 30, 2018</u>	January 1 <u>September 30, 2017</u>	July 1 September 30, <u>2018</u>	July 1 September 30, <u>2017</u>
Interest	226.839	30.042	44.535	10.666
Savings account interest	239.624	133.376	100.535	51.849
Interest in funds	-	23.428	-	23.428
Exchange difference	496.287	494.028	86.651	132.966
Discounts (1)	91.340	165.549	32.559	46.069
	<u>\$ 1.054.090</u>	<u>846.423</u>	<u>264.280</u>	<u>264.978</u>

- (1) Corresponds mainly to the discounts for prompt payment granted to suppliers and contractors.

18. Expenses

a) Overhead

	January 1 <u>September 30, 2018</u>	January 1 <u>September 30, 2017</u>	July 1 September 30, <u>2018</u>	July 1 September 30, <u>2017</u>
Payroll	15.910.560	13.590.954	5.703.330	4.513.149
Fees	1.122.770	1.317.617	350.336	340.096
Taxes (1)	5.098.713	3.989.041	858.615	962.226
Leases	457.539	1.004.288	95.672	164.714
Contributions and affiliations	637.898	384.886	409.767	127.955
Insurances	319.126	253.011	105.134	86.739
Services (2)	5.245.532	3.261.196	1.721.214	1.008.942
Legal Expenses	45.105	58.515	696	23.011
Maintenance and repairs	1.098.173	1.080.932	314.437	400.861
Compliance and Installation	1.316.372	1.451.893	466.739	438.040
Travels expenses	227.138	256.207	123.168	146.494
Depreciations	4.825.072	4.241.733	1.666.753	1.460.254
Amortizations	1.562.894	1.232.743	686.085	425.713
Sundry	1.367.079	1.354.646	447.607	335.837
Other (3)	2.787.954	1.218.518	1.072.639	(157.146)
	<u>\$ 42.021.925</u>	<u>34.696.180</u>	<u>14.022.192</u>	<u>10.276.885</u>

- (1) Administrative expenses increased in the quarter of 2018 with respect to 2017, mainly due to the higher payment value in the property tax matrix of the taxable year 2018 of each of the properties for \$ 2.787.837.
- (2) The increased corresponds mainly to expenses of impairment of the accounts receivable in the 2018 for \$1.302.183 and the 2017 for \$755.370
- (3) Corresponds to the A/R impairment expense in 2018 of \$1.302.183 and in 2017 of \$755.370

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b) Selling expenses

	January 1 <u>September 30, 2018</u>	January 1 <u>September 30, 2017</u>	July 1 September 30, <u>2018</u>	July 1 September 30, <u>2017</u>
Payroll	4.017.924	3.245.604	1.487.564	1.238.525
Taxes	269.037	111.320	227.262	79.350
Fees	1.362.596	1.273.770	716.206	816.767
Leases	1.960.974	777.680	673.179	420.715
Contributions and affiliations	2.400.218	3.173.497	1.452.056	1.631.548
Insurances	20.739	42.042	4.162	20.993
Services	11.332.648	10.294.315	5.532.672	5.945.315
Legal Expenses	102.445	69.951	30.101	53.977
Maintenance and repairs	167.901	193.054	88.839	129.579
Compliance and Installation	3.106.055	6.196.288	1.791.741	4.586.555
Travels expenses	714.224	837.699	365.581	612.413
Sundry	2.394.891	2.316.217	943.028	1.290.327
Other	12.513.465	8.463.935	3.252.340	2.571.794
	<u>\$ 40.363.117</u>	<u>36.995.372</u>	<u>16.564.731</u>	<u>19.397.858</u>

Sales expenses have shown an increase mainly due to personnel expenses, leases and other services acquired for execution in the matrix of the International Book Fair Trade Fair for \$ 4.736.980, Alimentec for \$ 3.439.000, the Home keeping fair for \$2.985.000 and the international of Bogotá for \$2.359.000. As well the expenses required for the execution of the events held at the facilities in Ágora – Convention Center for \$3.139.605 and in the subordinate Corferias Inversiones SAS for the events Sabor Barranquilla for \$1.167.301 and Festival del Libro for \$774.283.

c) Other expenses

	January 1 <u>September 30, 2018</u>	January 1 <u>September 30, 2017</u>	July 1 September 30, <u>2018</u>	July 1 September 30, <u>2017</u>
Loss on sale and withdrawal of property and equipment	5.842	-	2.657	-
Sales losses and removal of inventories	-	961	-	961
Costs and expenses of previous years	84.854	41.418	1.309	-
Taxes assumed	21.382	35.546	3.763	10.312
Sundry (1)	340.620	187.218	114.318	63.646
	<u>\$ 452.698</u>	<u>265.143</u>	<u>122.047</u>	<u>74.919</u>

(1) Other expenses sundry increased mainly due to the Parent's donation of \$200.000 in January to the company Bogotá y Cundinamarca Convention Bureau and in the third quarter to Fundación Social por Bogotá for \$40.670.

d) Financial expense

	January 1 <u>September 30, 2018</u>	January 1 <u>September 30, 2017</u>	July 1 September 30, <u>2018</u>	July 1 September 30, <u>2017</u>
Bank charges	473	906	-	898
Commissions	299.147	267.775	128.873	127.682
Interest	594.377	714.962	157.235	215.625
Exchange difference	518.614	556.169	79.814	308.326
Others	18.341	16.580	7.492	5.900
	<u>\$ 1.430.952</u>	<u>1.556.392</u>	<u>373.414</u>	<u>658.431</u>

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e) Income tax expense

Income tax expense is recognized based on the administration's best estimate of both current income tax and deferred income tax. The effective tax rate of the Company with respect to continuing operations for the three-month period ended September 30, 2018 was 22,47% (Three-month period ended September 30, 2017, 31,25%)

The variation of (8,78%) in the effective tax rate originates mainly due to the following:

- ✓ The variation stated corresponds to the deferred tax update, which began to be updated quarterly from the third quarter of 2017.

The effective tax rate of the Company in respect of continuing operations for the nine-month period ended September 30, 2018 was 21,62% (Period of nine months ended September 30, 2017, 26,30%).

The variation of (4,68%) in the effective tax rate originates mainly due to the following factors:

- ✓ In the purification of the current income tax, the Corporation conciliates non-taxable dividends and non-deductible expenses such as non-deductible taxes and other non-deductible expenses.

f) Entities result for the period

	<u>January 1 September 30, 2018</u>	<u>January 1 September 30, 2017</u>	<u>July 1 September 30, 2018</u>	<u>July 1 September 30, 2017</u>
Profit (loss) participation method	\$ 459.663	309.071	(45.164)	(43.058)

The balance for the third quarter of 2018 is represented by the expense in the application of the equity method for the interest in Patrimonio Autónomo Centro Internacional CICB for \$459.663.

19. Related parties

The following is the detail of accounts receivable from related parties:

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Controlling interest	\$ 60.873	127.673
Key management personnel	181.622	203.201
Associate	329.111	1.922.612
Capital interest	933.821	-
Shareholders	380.723	515.878
	<u>\$ 1.886.150</u>	<u>2.769.364</u>

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The following is the details of the accounts payable to related parties:

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Controlling interest (1)	\$ 46.240.127	696.447
Capital interest	1.910	-
Key management personnel	42.985	257.751
Directors	229	-
Shareholders	1.397.096	437.866
	<u>\$ 47.682.347</u>	<u>1.392.064</u>

(1) The balance at September 30, 2018 is mainly due to a loan of \$36,000,000 and dividends of \$9,071,408.

Services received, operations with related parties:

	<u>January 1 September 30, 2018</u>	<u>January 1 September 30, 2017</u>	<u>July 1 September 30, 2018</u>	<u>July 1 September 30, 2017</u>
Controlling interest	\$ 300.019	13.116	68.476	(1.262)
Key management personnel	2.157.182	2.274.568	738.379	659.364
Capital interest	10.560	10.758	3.844	3.571
Directors	306.781	-	82.207	-
Shareholders	865.577	-	405.021	-
	<u>\$ 3.640.119</u>	<u>2.298.442</u>	<u>1.297.927</u>	<u>661.673</u>

Incomes from ordinary activities related to services and parties transactions:

	<u>January 1 September 30, 2018</u>	<u>January 1 September 30, 2017</u>	<u>July 1 September 30, 2018</u>	<u>July 1 September 30, 2017</u>
Controlling interest	\$ 780.330	139.090	149.983	133.316
Key management personnel	10.923	-	3.307	-
Capital interest	1.869.294	1.239.674	-	4.521
Associate	-	83.930	-	(352.129)
Directors	15	-	15	-
Shareholders	5.319.815	-	3.061.784	-
	<u>\$ 7.980.377</u>	<u>1.462.694</u>	<u>3.215.089</u>	<u>(214.292)</u>

**CORPORACIÓN DE FERIAS Y EXPOSICIONES S.A. USUARIO OPERADOR DE ZONA FRANCA AND
SUBSIDIARIES**

Notes to the Condensed Interim Consolidated Financial Statements

Investments, operations with related parties:

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Associate	\$ 64.457.720	\$ 63.998.057
Capital interest	13.373.749	13.373.749
	<u>\$ 77.831.469</u>	<u>77.371.806</u>

20. Contingencies

During the year 2018 there were no changes in the contingencies.

The parent company has the following contingencies as of September 30, 2018:

- By processes of trademark registrations, such as Agroexpo, International Book Fair and Meditech.
- For legal and tax processes with the Tax and Customs National Directorate for Income Tax and Supplementary taxable year 2009.

Finally, due to labor processes that currently take place in the judicial offices, through which the plaintiffs claim that the link that existed between each of them and Corferias was governed by an employment contract and that, because of the foregoing, it is ordered to Corferias the payment of the claims. See note 13.

The subordinates do not have contingencies as of September 30, 2018.

21. Subsequent events

There were no events after September 30, 2018 and the date of the Statutory Auditor's Report that could have an impact on the condensed interim consolidated financial statements.

22. Approval of the Condensed Interim Consolidated Financial Statements

The condensed interim consolidated financial statements at September 30, 2018, attached, were approved by the Legal Representative and the Chief Accountant on November 9, 2018.