



Sogamoso plant, Colombia



Employee at the Comayagua plant, Honduras



Roberta plant, USA



Concrete mixer trucks in Panama



Employees at the Rioclaro plant, Colombia



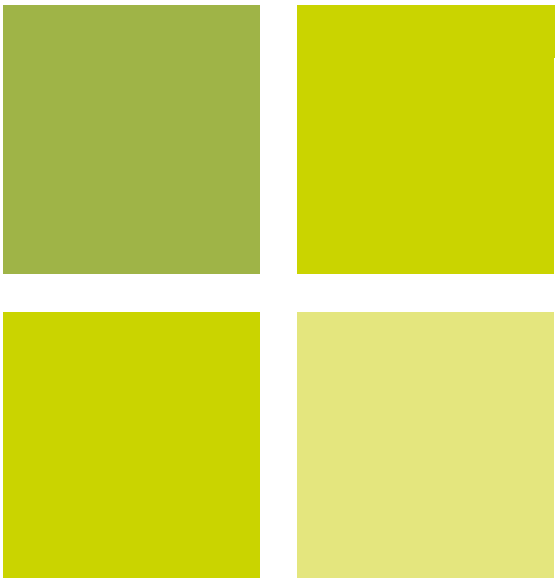
Concrete mixer truck at the Cartagena plant, Colombia



Employees at the Atlanta plant, USA



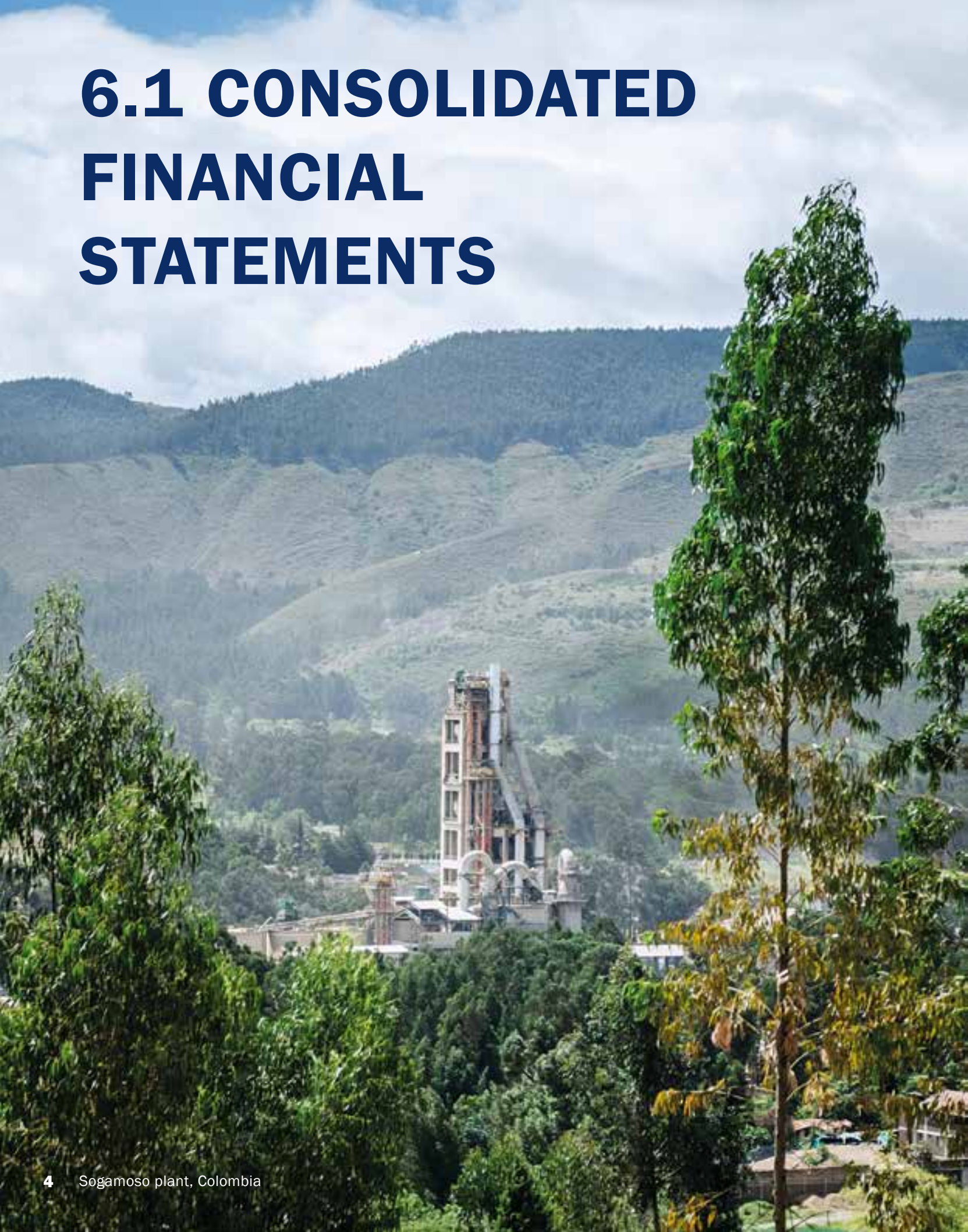
Concrete mixer trucks in Charleston, South Carolina, USA



# Annexes

- 6.1 Consolidated financial statements . 174
- 6.2 Individual financial statements ..... 184
- 6.3 GRI 4.0 table.....194
- 6.4 Independent Assurance Report ..... 241
- 6.5 Global Compact .....245

# 6.1 CONSOLIDATED FINANCIAL STATEMENTS




# CEMENTOS ARGOS S.A. CONSOLIDATED BALANCE SHEET

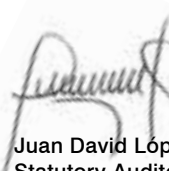
As of December 31  
(in millions of Colombian pesos)

ASSETS	Notes	2013	2012
<b>CURRENT ASSETS</b>			
Cash		366,769	155,106
Negotiable investments	5	161,244	1,759
Accounts receivable, net	6	826,294	796,519
Inventories, net	7	402,435	355,379
Prepaid expenses		28,240	24,910
<b>TOTAL CURRENT ASSETS</b>		<b>1,784,982</b>	<b>1,333,673</b>
<b>NON-CURRENT ASSETS</b>			
Long-term accounts receivable	6	40,254	39,718
Long-term investments	8	145,898	145,095
Property, plant and equipment, net	9	4,070,292	3,779,319
Deferred and intangible assets	10	2,047,755	1,375,489
Other assets		16,832	19,437
Asset revaluations	19	3,525,705	3,573,985
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,846,736</b>	<b>8,933,043</b>
<b>TOTAL ASSETS</b>		<b>11,631,718</b>	<b>10,266,716</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Financial obligations	11	289,290	653,308
Outstanding bonds	12	192,575	77,200
Suppliers and accounts payable	13	629,937	560,779
Taxes, levies and contributions	14	195,940	124,320
Labor obligations	16	69,347	51,106
Other liabilities	17	344,758	302,963
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,721,847</b>	<b>1,769,676</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial obligations	11	222,158	369,717
Taxes, levies and contributions	14	-	30,745
Suppliers and accounts payable	13	55,107	75,857
Outstanding bonds	12	1,739,655	1,930,588
Labor obligations	16	242,455	255,627
Deferred tax	15	38,189	38,166
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,297,564</b>	<b>2,700,700</b>
<b>TOTAL LIABILITIES</b>		<b>4,019,411</b>	<b>4,470,376</b>
<b>Minority interests</b>		<b>369,756</b>	<b>82,855</b>
<b>SHAREHOLDERS' EQUITY</b>			
See attached statement	18	7,242,551	5,713,485
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>11,631,718</b>	<b>10,266,716</b>
<b>Memorandum accounts</b>	20	<b>1,559,140</b>	<b>2,233,588</b>

The accompanying notes are an integral part of the financial statements.

  
Jorge Mario Velásquez J.  
Legal Representative  
(see attached certificate)

  
Óscar Rodrigo Rubio C.  
Corporate Accounting Manager  
Professional License no. 47208-T  
(see attached certificate)

  
Juan David López M.  
Statutory Auditor  
Professional License no. 139197-T  
Appointed by Deloitte & Touche Ltda.  
(see attached report)


## CEMENTOS ARGOS S.A. CONSOLIDATED INCOME STATEMENT


Years ended on December 31


(in millions of Colombian pesos, except for net profit per share)

	Notes	2013	2012
OPERATING INCOME		4,968,414	4,380,393
COST OF SALES		3,860,411	3,468,457
<b>GROSS PROFIT</b>		<b>1,108,003</b>	<b>911,936</b>
OPERATING EXPENSES			
Administrative expenses	21	327,155	327,095
Sales expenses	22	199,733	170,274
Total operating expenses		526,888	497,369
<b>OPERATING PROFIT</b>		<b>581,115</b>	<b>414,567</b>
Other non-operating income (expenses)			
Dividends and equity participations	23	26,360	35,512
Financial income		13,020	12,498
Financial expenses		(162,454)	(223,942)
Foreign exchange difference	24	37,612	(1,160)
Other income	25	82,832	362,262
Other expenses	26	(175,178)	(182,947)
Profit before income tax provision		403,307	416,790
Income tax provision	14	211,684	17,083
<b>Profit before minority interests</b>		<b>191,623</b>	<b>399,707</b>
Minority interests in profits of subsidiaries		(7,913)	(12,088)
<b>Consolidated net profit</b>		<b>183,710</b>	<b>387,619</b>
<b>Net profit per share</b>		<b>117.56</b>	<b>336.60</b>

The accompanying notes are an integral part of the financial statements.

  
Jorge Mario Velásquez J.  
Legal Representative  
(see attached certificate)


  
Óscar Rodrigo Rubio C.  
Corporate Accounting Manager  
Professional License no. 47208-T  
(see attached certificate)

  
Juan David López M.  
Statutory Auditor  
Professional License no. 139197-T  
Appointed by Deloitte & Touche Ltda.  
(see attached report)

# CEMENTOS ARGOS S.A. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended on December 31  
(in millions of Colombian pesos)

	Share capital	Additional paid-in capital	Legal reserve	Reserve for future expansion and investment	Other reserves	Total reserves	Shareholders' equity revaluation	Profit from previous periods	Profit of the period	Asset revaluation surplus	Total shareholders' equity
<b>SALDOS AL 31 DE DICIEMBRE DE 2011</b>	7,291	210,819	23,163	783,490	33,373	840,026	892,174	-	369,974	9,297,115	11,617,399
Transfer to profit from previous periods	-	-	-	-	-	-	-	369,974	(369,974)	-	-
Appropriation for reserve for future expansion	-	-	-	259,974	-	259,974	-	(259,974)	-	-	-
Release of non-taxable reserves for future expansion	-	-	-	(51,234)	-	(51,234)	-	51,234	-	-	-
Dividends of COP 140 per share, declared in cash and payable in four installments starting in April 2012	-	-	-	-	-	-	-	(161,234)	-	-	(161,234)
Spin-off	(1,175)	(33,970)	(9,318)	(163,428)	(427)	(173,173)	(145,358)	-	-	(5,545,613)	(5,899,289)
Capitalization of additional paid-in capital	1,175	(1,175)	-	-	-	-	-	-	-	-	-
Profit of the year	-	-	-	54,788	(17,496)	37,292	9,937	-	-	-	47,229
Adjustments due to revaluation	-	-	-	-	-	-	-	-	-	(278,239)	(278,239)
Profit of the period ended	-	-	-	-	-	-	-	-	387,619	-	387,619
<b>BALANCES ON DECEMBER 31 2012</b>	<b>7,291</b>	<b>175,674</b>	<b>13,845</b>	<b>883,590</b>	<b>15,450</b>	<b>912,885</b>	<b>756,753</b>	<b>-</b>	<b>387,619</b>	<b>3,473,263</b>	<b>5,713,485</b>
Issuance of preferred shares	1,256	1,609,568	-	-	-	-	-	-	-	-	1,610,824
Transfer to income from previous periods	-	-	-	-	-	-	-	387,619	(387,619)	-	-
Appropriation for reserve to guarantee preferred dividend	-	-	-	50,000	-	50,000	-	(50,000)	-	-	-
Appropriation for reserve for future expansion	-	-	-	296,582	-	296,582	-	(296,582)	-	-	-
Release of non-taxable reserves for future expansion	-	-	-	(136,320)	-	(136,320)	-	136,320	-	-	-
Dividends of COP 154 per share, declared in cash and payable in four installments starting in April 2013	-	-	-	-	-	-	-	(177,357)	-	-	(177,357)
Preferred dividends of COP 57.75 per share per quarter, declared in cash and payable starting in July 2014	-	-	-	(36,244)	-	(36,244)	-	-	-	-	(36,244)
Adjustments due to revaluation	-	-	-	-	-	-	-	-	-	(52,205)	(52,205)
Profit not recorded because of hedge accounting	-	-	-	-	-	-	338	-	-	-	338
Profit of the period ended	-	-	-	-	-	-	-	-	183,710	-	183,710
<b>BALANCES ON DECEMBER 31, 2013</b>	<b>8,547</b>	<b>1,785,242</b>	<b>13,845</b>	<b>1,057,608</b>	<b>15,450</b>	<b>1,086,903</b>	<b>757,091</b>	<b>-</b>	<b>183,710</b>	<b>3,421,058</b>	<b>7,242,551</b>

  
Jorge Mario Velásquez J.  
Legal Representative  
(see attached certificate)

  
Óscar Rodrigo Rubio C.  
Corporate Accounting Manager  
Professional License no. 47208-T  
(see attached certificate)

  
Juan David López M.  
Statutory Auditor  
Professional License no. 139197-T  
Appointed by Deloitte & Touche Ltda.  
(see attached report)


# CEMENTOS ARGOS S.A. CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION


Years ended on December 31  
(in millions of Colombian pesos)

	2013	2012
<b>THE FINANCIAL RESOURCES WERE PROVIDED BY:</b>		
Net profit	183,710	387,619
Add (less) debit (credit) to income that does not affect working capital		
Depreciation of property, plant and equipment	335,853	312,404
Amortization of deferred and intangible charges	61,140	64,219
Amortización del descuento de bonos en circulación	1,642	1,642
Gains from the sale of property, plant and equipment	(1,351)	(4,017)
Gains from the sale of other assets	(431)	-
Loss from the sale of property, plant and equipment	515	546
Loss from disposal of property, plant and equipment	1,342	996
Loss from disposal of other assets	-	3,182
Gains from the sale of long-term investments	-	(231,369)
Investment provision	8,670	-
Recovery from investment provision	(7,709)	(2,463)
Recovery from retirement pensions reserve	(13,172)	-
Foreign exchange difference of long-term assets	(16,131)	(75,787)
Amortization of deferred and other taxes	(6,656)	-
Minority interests	7,913	12,088
<b>WORKING CAPITAL PROVIDED BY OPERATIONAL ACTIVITIES DURING THE YEAR</b>	<b>555,335</b>	<b>469,060</b>
<b>FINANCIAL RESOURCES FROM OTHER SOURCES:</b>		
Issuance of preferred shares	1,610,824	-
Sale of property, plant and equipment	3,817	6,180
Sale of long-term investments	-	257,303
Sale of other assets	3,036	-
Decrease in long-term inventories	-	38,237
Decrease in deferred and intangible assets	-	3,505
Issuance of long-term bonds	-	922,800
Increase in long-term labor obligations	-	2,261
Effect of valuation of derivative operations under hedge accounting	338	-
Increase in minority interests	166,246	-
<b>TOTAL FINANCIAL RESOURCES PROVIDED</b>	<b>2,339,596</b>	<b>1,699,346</b>
<b>THE FINANCIAL RESOURCES WERE USED FOR:</b>		
Increase in long-term accounts receivable	536	15,295
Acquisition of property, plant and equipment	379,516	167,346
Net increase in property, plant and equipment due to acquisition of Argos Honduras S.A. de C.V.	73,483	-
Acquisition of long-term investments	1,764	746
Increase in deferred and intangible assets	141,891	4,638
Goodwill from acquisition of assets in Honduras	515,844	-
Declared dividends	213,601	161,234
Decrease in long-term financial obligations	131,428	274,213
Decrease in long-term accounts payable	20,750	35,265
Transfer of taxes payable to short-term	30,745	32,736
Decrease in long-term deferred liabilities	-	89,880
Transfer of outstanding bonds to short term	192,575	-
Net effect of spin-off	-	25,958
Net effect in exchange of companies abroad	138,325	59,004
Decrease in minority interests	-	10,538
<b>TOTAL FINANCIAL RESOURCES USED</b>	<b>1,840,458</b>	<b>876,853</b>
<b>INCREASE IN WORKING CAPITAL</b>	<b>499,138</b>	<b>822,493</b>
<b>CHANGES IN WORKING CAPITAL COMPONENTS:</b>		
Cash	211,663	(134,070)
Negotiable investments	159,485	(40,748)
Accounts receivable, net	29,775	(21,247)
Inventories, net	47,056	(4,620)
Pre-paid expenses	3,330	616,115
Financial obligations	364,018	146,802
Outstanding bonds	(115,375)	199,030
Suppliers and accounts payable	(69,158)	57,568
Taxes, levies and contributions	(71,620)	(2,821)
Labor obligations	(18,241)	(12,636)
Other liabilities	(41,795)	19,120
<b>INCREASE IN WORKING CAPITAL</b>	<b>499,138</b>	<b>822,493</b>

The accompanying notes are an integral part of the financial statements.

  
Jorge Mario Velásquez J.  
Legal Representative  
(see attached certificate)

  
Óscar Rodrigo Rubio C.  
Corporate Accounting Manager  
Professional License no. 47208-T  
(see attached certificate)


  
Juan David López M.  
Statutory Auditor  
Professional License no. 139197-T  
Appointed by Deloitte & Touche Ltda.  
(see attached report)


# CEMENTOS ARGOS S.A. CONSOLIDATED CASH FLOW STATEMENT


Years ended on December 31  
(in millions of Colombian pesos)

	2013	2012
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit	183,710	387,619
Adjustments to reconcile net profit of the year with net cash provided by operating activities		
Depreciation and amortization of property, plant and equipment	335,853	312,404
Amortization of deferred and intangible charges	61,140	64,219
Amortization of the discount of outstanding bonds	1,642	1,642
Gains from the sale of property, plant and equipment	(1,351)	(4,017)
Gains from the sale of other assets	(431)	-
Loss from the sale of property, plant and equipment	515	546
Loss from disposal of property, plant and equipment	1,342	996
Loss from disposal of other assets	-	3,182
Gain from the sale of long-term investments	-	(231,369)
Provision for investments	8,670	-
Recovery from the provision for investments	(8,362)	(2,463)
Provision for doubtful debts	26,011	8,497
Provision for inventories	6,511	1,768
Revaluation of derivative operations	16,096	(5,822)
Income receivable	(26,360)	-
Foreign exchange difference in long-term financial obligations	(16,131)	(75,787)
Recovery from retirement pension reserve	(13,172)	-
Amortization of deferred and other taxes	(6,656)	-
Minority interests	7,913	12,088
	<b>576,940</b>	<b>473,503</b>
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES:</b>		
Accounts receivable	(63,039)	(34,886)
Inventories	(53,567)	(74,136)
Prepaid expenses	(3,330)	4,620
Suppliers and accounts payable	51,901	11,757
Taxes, levies and contributions	40,875	(26,088)
Labor obligations	18,241	16,907
Other liabilities	41,795	46,986
Deferred tax	-	(89,880)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>609,816</b>	<b>328,783</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Dividends received in cash	25,631	-
Proceeds on sale of property, plant and equipment	3,817	6,180
Proceeds on sale of long-term investments	-	257,303
Proceeds on sale of other assets	3,036	-
Acquisition of long-term investments	(1,764)	(746)
Acquisition of property, plant and equipment	(379,516)	(167,346)
Net increase in property, plant and equipment stemming from acquisition of Argos Honduras S.A. de C.V.	(73,483)	-
Goodwill stemming from acquisition of assets in Honduras	(515,844)	-
(Increase) decrease in deferred and intangible assets	(141,891)	3,505
Increase in other assets	-	(4,638)
<b>NET CASH FLOW (USED FOR) PROVIDED BY INVESTMENT ACTIVITIES</b>	<b>(1,080,014)</b>	<b>94,258</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Issuance of preferred shares	1,610,824	-
Dividends paid in cash	(197,199)	(161,234)
Payment of outstanding bonds and commercial papers	(77,200)	(423,032)
Issuance of bonds	-	1,000,000
Net decrease in financial obligations	(495,446)	(868,038)
Net decrease in sundry long-term debt	(27,554)	(35,265)
<b>NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES</b>	<b>813,425</b>	<b>(487,569)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>343,227</b>	<b>(64,528)</b>
Increase (decrease) in minority interest	166,246	(10,538)
Net effect of foreign exchange difference of foreign companies	(138,325)	(59,004)
Cash and cash equivalents at the beginning of the year	156,865	290,935
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>528,013</b>	<b>156,865</b>
Cash	366,769	155,106
Negotiable investments	161,244	1,759
	<b>528,013</b>	<b>156,865</b>

The accompanying notes are an integral part of the financial statements.

  
Jorge Mario Velásquez J.  
Legal Representative  
(see attached certificate)

  
Óscar Rodrigo Rubio C.  
Corporate Accounting Manager  
Professional License no. 47208-T  
(see attached certificate)

  
Juan David López M.  
Statutory Auditor  
Professional License no. 139197-T  
Appointed by Deloitte & Touche Ltda.  
(see attached report)



# CERTIFICATE OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla, February 18, 2014

To the attention of the shareholders of Cementos Argos S.A. and the general public:

As the Legal Representative of the company, I hereby certify that the consolidated financial statements of the period ended on December 31, 2013, which have been made public, do not contain material flaws, imprecisions or errors that could impede the understanding of the actual assets of Cementos Argos S.A. or the operations that it carried out during the corresponding period.

  
**Jorge Mario Velásquez J.**  
Legal Representative  
Cementos Argos S.A.


# CERTIFICATE OF THE LEGAL REPRESENTATIVE AND THE CORPORATE ACCOUNTING MANAGER OF THE COMPANY


Barranquilla, February 18, 2014

## To the attention of the shareholders of Cementos Argos S.A.:

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S.A. hereby certify that the company's consolidated financial statements of the years ended on December 31, 2013 and 2012 were faithfully taken from the company's books and that the following statements contained therein were verified before they were made available to the shareholders and to third parties:

- a) All the assets and liabilities that are included in the consolidated financial statements of the company of the years ended on December 31, 2013 and 2012 exist and all the transactions that are included in said statements took place in the years ended on the aforementioned dates.
- b) All the economic activities carried out by the company and its subsidiaries during the years ended on December 31, 2013 and 2012 were recorded in the financial statements.
- c) The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic sacrifices (obligations) obtained by or accrued into by the company as of December 31, 2013 and 2012.
- d) All the items were recorded with their corresponding appropriate values in accordance with accounting principles that are generally accepted in Colombia.
- e) All the economic events that affect the company and its subsidiaries were correctly classified, described and revealed in the financial statements.

  
**Jorge Mario Velásquez J.**  
Legal Representative  
Cementos Argos S.A.

  
**Óscar Rodrigo Rubio C.**  
Corporate Accounting Manager  
Professional License no. 47208-T



## STATUTORY AUDITOR'S REPORT

**To the shareholders of  
CEMENTOS ARGOS S.A.:**

I have audited the consolidated balance sheets of CEMENTOS ARGOS S.A. and its subsidiaries as of December 31, 2013 and 2012 and the related consolidated statement of income, changes in shareholders' equity, changes in financial position and cash flows for the years then ended, and the summary of the major accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Colombia. This responsibility includes: designing, implementing and maintaining an adequate internal control system for the preparation and presentation of financial statements free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies, as well as making accounting estimates that are reasonable in the circumstances.

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I obtained the information necessary to comply with my duties and conducted my audit in accordance with auditing standards generally accepted in Colombia. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements. An audit of financial statements involves examining, on a selective basis, evidence supporting the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risk of material misstatements in the consolidated financial statements. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the accounting principles used and significant accounting estimates made by management, as well as evaluating the overall presentation of consolidated financial statement. I believe that my audits provide a reasonable basis to express my opinion.

As of December 31, 2013 and 2012, CEMENTOS ARGOS S.A. has direct and indirect investments in companies audited by other auditors that represent 11% and 6% of the assets and 8% and 7% of the total consolidated income, respectively, consolidated under the global integration method, according to the financial statements of these companies, as of that date.

In my opinion, based on my audits and on that of other auditors, the consolidated financial statements referred to above, present fairly, in all material respects, the consolidated financial position of CEMENTOS ARGOS S.A. and its subsidiaries as of December 31, 2013 and 2012, and the results of its operations, the changes in its shareholders' equity, the changes in its financial position, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Colombia, applied uniformly.

These financial statements and notes to the financial statements were translated into English, from statements originally issued in Spanish, for the convenience of readers.



**Juan David López M.**

Statutory Auditor

Professional Card No. 139197-T

Designated by Deloitte & Touche Ltda.

February 18, 2014



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## CEMENTOS ARGOS S.A.

### AS OF DECEMBER 31, 2013 and 2012

(amounts expressed in COP represent millions of Colombian pesos, unless otherwise indicated)

---

## NOTE 1 – REPORTING ENTITY

Cementos Argos S.A. is a commercial company incorporated under Colombian law on August 14, 1944. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixtures and any other products or articles made of cement, lime or clay, the acquisition and extraction of minerals or mineral deposits usable in the cement industry and the like, rights to explore and exploit the mentioned minerals, either by concession, privilege, leasing or otherwise, the provision of port services, acting as contractor, constructor, consultant, technical auditor, designer or planner of civil works or other works, before any and all public and private entities. It is registered in the city of Barranquilla and the life span of the Company expires on August 14, 2060.

In accordance with the approval given by the General Assembly of Shareholders, an issuance and placement of preferred shares was carried out in May 2013 for a total of COP 1,610,824 and 209,197,850 preferred shares. The subscription price was of COP 7,700 (figure expressed in units, not in millions) per preferred share, as established by the company's Board of Directors

The total of preferred shares allotted in the first round of the issuance, in the domestic market, was of 182,000,000 preferred shares, which were placed in the following way:

To investors in the domestic market:	133,413,293
To investors in international markets:	48,586,707

The total of preferred shares allotted to investors in the international market in the second round of the issuance was of 27,197,850 for an equivalent of 5,439,570 ADSs represented by ADRs. These shares were issued under the greenshoe option.

In September 2013, the company signed an agreement for the acquisition of 53.28% of the shares of the company Argos Honduras S.A. de C.V. (previously known as Lafarge Cementos S.A. de C.V), which belonged to the French multinational Lafarge, for a total of EUR 232 million. Argos Honduras S.A. de C.V. has an integrated cement plant, a grinding facility and access to port facilities located in San Lorenzo. The purchase transaction was completed on November 27, 2013.

As a result of this acquisition, the company's annual cement production capacity was increased by 1.3 million metric tons, reaching an estimated total of 17 million tons.

In August 2013, Caltek S.A.S. was created as a result of the strategic Alliance with Calidra de Oriente S.A. de C.V., with the intention of carrying out activities related with lime and calcium oxide. Argos' stake in this company is 50%, with an economic input of COP 200.

Cementos Argos S.A. owns 61 subsidiaries that are consolidated in its results, with presence in Colombia, Surinam, the United States, Haiti, the British Virgin Islands, Curacao, Panama, the Dominican Republic, Honduras and Venezuela. The companies described hereafter are enterprises that are included in the consolidated financial statements of Cementos Argos S.A.

### **ALIANZA PROGENÉTICA S.A.S.**

This company was incorporated under Colombian law on July 8, 2004. It is registered in Medellín with indefinite duration. Its corporate purpose is the rendering of any type of veterinarian service, the production, import, export and distribution of in-vitro embryos - be it of purebred or mixed breed animals - as well as their freezing through different techniques (ethylene glycol, glycerol or vitrification), and the sexing of fetuses and of in-vitro produced embryos through ultrasound. In 2013, through Ganadería Río Grande S.A.S., the company acquired a 35% stake of the remaining shares that were owned by minority investors, thus bringing its ownership to 100%.

### **AMERICAN CEMENT TERMINALS LLC**

This company was incorporated under the laws of the State of Delaware, in the United States, on September 20, 2007. Its main corporate purpose is investments and its duration was established as perpetual.

### **ARGOS DOMINICANA S.A. (previously known as Cementos Colón S.A.)**

This private company limited by shares was incorporated according to the laws of the Dominican Republic on February 12, 1996. Its corporate purpose is the manufacturing, commercialization, import and export of clinker and cement and the exploitation and commercialization of minerals used in and related to the cement industry. The company is registered in the city of Santo Domingo and its duration is set as indefinite. It is consolidated with Concretos Argos Dominicanos, S.R.L. In 2013, as a result of the rebranding in the Dominican Republic, the company changed its official name to Argos Dominicana S.A.

### **ARGOS HONDURAS S.A. DE C.V.**

This company was incorporated according to Honduran law on July 10, 1975 in Tegucigalpa. Its main purposes are the exploitation of any type of cement, its derivatives and the products that are produced with cement and the obtaining of exploration permits and exploitation concessions for mining sites whose substances are required for the manufacturing of cement and its derivatives. Its duration is indefinite. Cementos Argos S.A. acquired a stake of 53.28% of this company through the purchase of the stake of Lafarge Cementos S.A. de C.V., through another company called Nuevos Cementos S.A.S. On December 10, 2013, the official name of the company was changed from Lafarge Cementos S.A. de C.V. to Argos Honduras S.A. de C.V. The company is consolidated with Cementos del Sur S.A. and Cementos Uno de Honduras S.A.

### **ARGOS PANAMÁ S.A. (previously known as Cementos Panamá S.A.)**

This is a public limited company incorporated under the laws of Panamá on June 25, 1943. Its objective is the manufacturing, sale, import and export of cement and its derivatives, as well as the import of any type of raw materials, machinery, equipment or spare parts for the manufacturing and sale of cement. It is registered in Panama City, in the republic of Panama, and its duration is perpetual. This company is consolidated with Grava S.A., Concreto S.A., Terminal Granelera Bahía Las Minas S.A., Argos Panamá Comercializadora S.A. (previously known as Cementos Panamá Comercializadora S.A.), and Inversiones e Inmobiliaria Tocumen S.A. In 2013, Extracción Arci-Cal S.A. and Arenas del Golfo S.A. were merged with Grava S.A. and the companies Canteras Nacionales Centrales S.A., Canteras Nacionales Chiriquí S.A. and Agropecuaria Panamá Este S.A. were dismantled. Also in 2013, as a result of the rebranding in Panama, the company changed its official name to Argos Panamá S.A.

## **ARGOS U.S.A. CORP.**

This company was incorporated under the laws of the State of Delaware, US, on December 19, 2006. It is registered in the city of Houston, Texas, US, with perpetual duration. Its corporate purpose is the development of lawful activities involving investments in the cement, concrete and related products sectors. This company is consolidated with Argos Ready Mix (South Central) Corp., Southern Star Leasing LLC., Piazza Acquisition Corp., RMCC Group Inc., Southern Equipment Company Inc., Gulf Coast Cement LLC., Savannah Cement Company LLC., South Central Cement Ltd., Central Aggregates LLC., Consort Livestock Inc., Argos Cement LLC., Argos Ready Mix LLC., Piazza Properties, LLC., Palmetto Leasing Company and Metro Products and Construction Inc.

## **CALTEK S.A.S.**

This is a simplified joint-stock company incorporated according to Colombian law on August 21, 2013. Its main purpose is the undertaking of any type of activities related with limestone and calcium oxide, such as the exploration, extraction, and exploitation of lime, as well as its transformation, industrialization, calcination, melting or commercialization and the exploration, extraction and exploitation of other minerals. The company is registered in the city of Medellín, Colombia with indefinite duration.

## **CANTERAS DE COLOMBIA S.A.S.**

This company was incorporated under Colombian law on November 9, 1979. It is registered in the city of Medellín with indefinite duration. Its corporate purpose is the exploration, exploitation, transformation, benefit, integral use, marketing and sale of stony minerals such as sand, gravel and any other typical, incidental, or supplementary materials and elements used in the construction industry, and in general, carrying out all activities related to the mining, marketing and selling of renewable and nonrenewable natural resources, as well as any lawful economic activity, both in Colombia and abroad.

## **CARICEMENT ANTILLES, N.V.**

This is a limited liability partnership that was incorporated under the laws of the Netherlands Antilles on December 10, 1999. It is registered in Curacao with indefinite duration. Its main corporate purpose is investments. This company is consolidated with Argos USVI Corp. (previously known as Caricement USVI Corp.), Argos (Dominica) Ltd. (previously known as Caribbean Construction and Development Ltd.), Caricement Antigua Limited and Argos Saint Maarten NV (previously known as Caricement Saint Maarten NV.).

## **CEMENT AND MINING ENGINEERING INC.**

This company was incorporated under Panama law on February 4, 1997. It is registered in Panama City with perpetual duration. Its main corporate purpose is the construction, technical assistance, installation and setup of equipment, the purchase, sales, and administration of real estate and chattels, investments, the funding of and participation in companies, the purchase or acquisition of patents, brands, copyrights, licenses and formulas, and the carrying out of operations with banks or other financial institutions, but also the purchase and sale of shares, securities or bonds, the funding of and participation in companies, mining businesses, and shipping, and any other lawful business permitted by the laws of the Republic of Panama.

## **C.I. DEL MAR CARIBE BVI INC.**

This company was incorporated under the laws of the British Virgin Islands on June 2, 2004 and is registered in Tortola with perpetual duration, according to the laws of that country. Its corporate purpose is the commercialization of cement, clinker and lime.



## **COLCARIBE HOLDINGS S.A.**

This company was incorporated under Panama law on June 25, 1996. It is registered in Panama City with perpetual duration. Its corporate purpose is to negotiate or dispose of securities, bonds, stakes in other companies, and rights of all kinds, either on its own or on behalf of third parties, as well as to open, operate, and close accounts and deposits with financial institutions, lend or borrow money, and offer guarantees in favor of third parties in any currency in the world.

## **COMERCIAL ARVENCO C.A.**

This company was incorporated in Caracas, Venezuela on November 2, 2006 with a duration of 50 years, starting from that date. It is registered in the city of Barquisimeto, in the state of Lara, Venezuela. Its corporate purpose is the exploitation of businesses and activities related to the import, export, transportation, purchase and sale of all kinds of goods and products, metallic minerals, cement, clinker, coal, equipment, artifacts, vehicles, machinery, tools, spare parts, and accessories, as well as carrying out any act of lawful trade.

## **CONCRETOS ARGOS S.A.**

This is a stock corporation that was incorporated under Colombian law on April 22, 1985. It is registered in Bogotá, Colombia with duration until September 8, 2093. Its main corporate purpose is the exploration, exploitation, transportation, benefit, integral use, marketing and sales of stony minerals such as sand, gravel, pre-mixed concrete and pre-fabricated concrete elements, concrete blocks and any typical, accessory, or complementary materials and elements used in the construction industry.

## **CORPORACIONES E INVERSIONES DEL MAR CARIBE S.A.S.**

This is a company that was incorporated under Colombian law on December 14, 1982. It is registered in Medellín, with indefinite duration. The corporate purpose of the company is to carry out any lawful economic activity, both in Colombia and abroad. Currently, it is dedicated to investing in stock or interest shares.

## **GANADERÍA RÍO GRANDE S.A.S.**

This company was incorporated under Colombian law on September 8, 2006. It is registered in Medellín with indefinite duration. Its main corporate purpose is the exploitation of the agricultural and livestock industries. In addition, the company may carry out any other lawful economic activity, both in Colombia and abroad.

## **HAITI CEMENT HOLDING S.A.**

This company was incorporated and registered in Panama City on October 7, 1997, with perpetual duration. Its main corporate purpose is the acquisition, purchase of, and investment in securities, bonds, shares, and participations in other companies, as well as any other business considered lawful by the Republic of Panama. This company is consolidated with Cimenterie Nationale S.E.M. (CINA).

## **INTERNATIONAL CEMENT COMPANY S.A.**

This company was incorporated under Panama law on November 24, 1997. It is registered in Panama City with perpetual duration, according to the laws of that country. Its corporate purpose is to acquire, possess, manage, impose liens on, lease, transfer and dispose of all kinds of goods, on its own behalf or on behalf of third parties.



## **LOGÍSTICA DE TRANSPORTE S.A.**

This corporation was incorporated under Colombian law on April 16, 1996. It is registered in the city of Medellín with duration until April 16, 2026. Its corporate purpose is the ground, air, fluvial or maritime transportation of persons and all types of cargo inside and outside the country, using vehicles, ships or aircrafts of its own or of third related parties.

## **MARÍTIMA DE GRANELES S.A.**

This corporation was incorporated under Panama law on December 29, 1978, being registered in Panamá City with indefinite duration. Its main corporate purpose is maritime transportation, especially of cement and clinker, and the purchase and sale of these same products, the charter of vessels and particularly, their provisioning.

## **NUEVOS CEMENTOS S.A.S.**

This Colombian company was incorporated on November 15, 2013 in the city of Bogotá, with indefinite duration. Its main purpose is the undertaking of any legal commercial or civil activities as allowed by the Republic of Colombia. It can be a partner or shareholder in other companies or hold a stake in any type of association. Currently, it is dedicated to investment in shares or interest shares.

## **PORT ROYAL CEMENT COMPANY, LLC**

This company was incorporated under the laws of the State of Delaware, in the United States, on March 10, 1998 and later acquired by American Cement Terminals LLC on December 3, 2001. Its corporate purpose is the commercialization of cement and related products. Its duration is perpetual.

## **SURCOL HOUDSTERMAATSCHAPPIJ N.V. (previously known as ALEXIOS N.V.)**

This company was incorporated under the laws of Surinam on March 1, 2006 and its duration is indefinite. Its main corporate purpose is the undertaking of investments. It is registered in the city of Paramaribo. This company is consolidated with Vensur N.V.

## **TEKIA S.A.S. (previously known as Reforestadora del Caribe S.A.S.)**

This is a company that was incorporated under Colombian law on February 14, 1983. It is registered in the city of Medellín with indefinite duration. Its corporate purpose is mainly to implement, operate and manage forestry and agroforestry projects. Its official name was changed to Tekia S.A.S. in 2013.

## **TRANSATLANTIC SHIPMANAGEMENT LTD.**

This company was incorporated on the British Virgin Islands on June 3, 2004 and registered in Road Town, Tortola. Its main activity is to organize international maritime transportation and to this end it can, among other things, rent, charter or own ships and transport third parties' cargo aboard ships belonging to others as well as carry out any lawful activity under the laws of the British Virgin Islands. This company is consolidated with Somerset Shipping Co. Ltd. and Winterset Shipping Co. Ltd. In 2013, Dorset Shipping Co. Ltd. was dismantled.

## **TRANSATLANTIC CEMENT CARRIERS INC.**

This company was incorporated under Panama law on July 26, 1974 and registered in Panamá City with indefinite duration. Its corporate purpose is international maritime transportation, particularly of cement and clinker, and the purchase and sale of the same products.

## **VALLE CEMENT INVESTMENTS LTD.**

This company was registered in and incorporated under the laws of the British Virgin Islands on November 18, 1998. Its corporate purpose is investments of any kind. The duration of the company is indefinite.

## **VENEZUELA PORTS COMPANY S.A.**

This company was incorporated in Panama City, in the Republic of Panama on February 26, 2002 and registered in the same city with perpetual duration. Its main purpose is the investment in concerns, companies or projects and the negotiation, exploitation or participation in industrial, mining, marketing, commercial, real estate, maritime transportation or any other type of companies, as well as any lawful business permitted under the laws of the Republic of Panama.

## **ZONA FRANCA ARGOS S.A.S.**

This company was incorporated under Colombian law on July 5, 2007 and registered in the city of Cartagena. Its duration is indefinite. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixes and any other materials or articles based on cement, lime or clay, the acquisition and transfer of minerals or mineral deposits to be used in the cement industry or similar industries, the acquisition of rights to explore and exploit the abovementioned minerals, whether by concession, privilege, lease or by any other means, the direction, management, supervision, promotion and development of a customs free zone, the undertaking of all activities that in its condition as sole user of the customs free zone are convenient, pertinent or necessary, and the undertaking of the following activities as port operator: loading and unloading, storage in ports, imports and exports of goods and services, freight management in general, and management of container freight. In 2007, it was declared permanent special customs free zone.


# **NOTE 2 – BASIS FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

## **CONSOLIDATION**

Companies in Colombia must prepare individual financial statements for general purposes, which are submitted for the consideration of the General Assembly of Shareholders, and which are the basis for the distribution of dividends and making other appropriations. Additionally, the Code of Commerce requires the preparation of consolidated financial statements for general purposes, which are also submitted to the General Assembly of Shareholders for approval, but which are not used as basis to declare dividends and other appropriations of profits.

In compliance with the regulations of the Superintendence of Finance of Colombia, all consolidated financial statements include the accounts of companies to which any of the following conditions apply:

- a) If more than 50% of the capital belongs to the Company, either directly or through or with the help of its subsidiaries or the subsidiaries of the latter. Shares with preferred dividend and without voting right are not taken into account for such purpose.
- b) If the Company and its subsidiaries hold, either jointly or separately, enough votes to get the minimum deciding majority in the Board of Directors or in the General Assembly, or have the number of votes required to elect a majority of members of the Board, if it exists.

- 
- c) If the Company, either directly or through or with the help of its subsidiaries, exerts dominant influence on the decisions of the company's administration bodies by virtue of an act or contract that was entered into with the controlled company or its shareholders.

Consolidated financial statements are prepared in accordance with accounting principles that are generally accepted in Colombia. The Company's management must make estimations and assumptions that affect the reported figures of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements, and the reported figures of revenues and expenses during the period being reported. Actual results might differ from such estimations.

The consolidation method used to prepare the financial statements is that of global integration, in which the parent or controlling company's financial statements are completed with the total assets, liabilities, shareholders' equity, and results of the subsidiaries, after the Company's investment in the capital of the subsidiaries and mutual existing transactions and balances on the date of the consolidated financial statements have been eliminated from the statements of the parent or controlling company.

The elimination of balances and transactions between the parent company and the subsidiaries, as well as among the latter, and the estimation of the minority interest, proportionate equity value and amortization of the excess and/or shortage of the cost of the investment over book value, were carried out following the guidelines of the Superintendence of Finance of Colombia that are specified in Circular Letter 002 of 1998, which was amended by Circular Letter No. 11 of 1998.

The financial information concerning the subsidiaries consolidated by Cementos Argos S.A. is prepared, as far as possible, based on the same criteria and accounting methods. This information is taken at the year-end closing of December 31, which is the date set by the parent company to close its operations and submit its financial statements in compliance with its own by-laws and as stipulated in section 9 of Decree 2649 of 1993.

Taking into consideration that foreign related companies prepare their financial statements using the International Financial Reporting Standards (IFRS) and accounting principles generally accepted in the

United States of America, using a consistent set of top-quality accounting standards, and given that said structure of principles is deemed appropriate as a source of technical accounting references in Colombia, these subsidiaries do not substantially adjust their financial statements to make accounting policies equivalent, except for differences that go against the substance-over-legal-form principle.

The accounting policies used for the preparation of the financial statements of Argos Honduras S.A. de C.V. have been standardized with the policies of the parent company and adjustments were made during the consolidation process.

Below is a detail of the assets, liabilities, shareholders' equity and period results for each of the companies included in the consolidation:

## 2013

COMPANIES	STAKE %	ASSETS	LIABILITIES	SHAREHOLDERS' EQUITY	PERIOD RESULTS
Alianza Progenética S,A,S,	100.00	636	302	334	(502)
American Cement Terminals, LLC	100.00	8,834	-	8,834	(653)
Argos Cement LLC,	98.63	1,416,251	211,706	1,204,545	(12,095)
Argos (Dominica) Ltd,	100.00	8,352	1,857	6,495	680
Argos Dominicana S,A,	79.18	69,303	27,711	41,592	1,916
Argos Honduras S,A, de C,V,	53.28	679,206	88,391	590,815	5,954
Argos Panamá S,A,	98.40	447,775	146,144	301,631	84,081
Argos Ready Mix LLC,	98.63	259,302	72,161	187,141	(7,622)
Argos Ready Mix (South Central) Corp,	98.63	648,037	348,147	299,890	(24,224)
Argos Saint Maarten N,V,	100.00	12,578	7,524	5,054	160
Argos USA Corp,	98.63	2,325,085	882,352	1,442,733	(151,847)
Argos USVI Corp,	100.00	2,633	10,382	(7,749)	(962)
C,I, del Mar Caribe (BVI) Inc,	99.97	50,654	20,449	30,205	11,922
Caltex S,A,S,	50.00	1,180	919	261	(139)
Canteras de Colombia S,A,S,	99.48	106,874	7,950	98,924	617
Caricement Antigua Limited	100.00	7,432	2,205	5,227	370
Caricement Antilles N,V,	100.00	27,088	3,402	23,686	1,201
Cement and Mining Engineering Inc,	100.00	10,812	27,629	(16,817)	1,163
Cementos Argos S,A,	-	10,473,514	3,229,156	7,244,358	183,710
Central Aggregates LLC	98.63	24,707	3,385	21,322	(68)
Cimenterie Nationale S,E,M, (CINA)	65.00	71,483	27,857	43,626	8,024
Colcaribe Holdings S,A,	100.00	194,838	38,646	156,192	11,416
Comercial Arvenco C,A,	100.00	2,378	2,317	61	-
Concretos Argos S,A,	99.44	724,988	348,664	376,324	18,299
Consort Livestock Inc,	98.63	-	-	-	-
Corporaciones e Inversiones del Mar Caribe S,A,S,	100.00	91,204	44,507	46,697	(3,139)
Ganadería Río Grande S,A,S,	100.00	18,413	24,342	(5,929)	(4,789)
Gulf Coast Cement LLC	98.63	-	-	-	-
Haití Cement Holding S,A,	100.00	30,183	-	30,183	4,178
International Cement Company S,A,	100.00	2,307	-	2,307	(17,847)
Logística de Transporte S,A,	99.97	42,533	15,086	27,447	1,333
Marítima de Graneles S,A,	100.00	41,566	8,628	32,938	(3,996)
Nuevos Cementos S,A,S,	100.00	314,793	-	314,793	3,173
Piazza Acquisition Corp,	98.63	300,233	43,236	256,997	(35,380)
Port Royal Cement Company LLC	100.00	11,437	2,603	8,834	(653)
RMCC Group Inc,	98.63	64,677	-	64,677	(36,503)
Savannah Cement Company LLC	98.63	7,391	4,413	2,978	(1,760)
Somerset Shipping Co, Ltd,	50.00	13,838	4,001	9,837	1,927
South Central Cement Ltd,	98.63	72,591	24,640	47,951	(2,669)
Southern Equipment Company Inc,	98.63	673,192	608,515	64,677	(36,503)
Southern Star Leasing, LLC	98.63	-	-	-	-
Surcol Houdstermaatschappij N,V,	50.00	13,052	533	12,519	(1,368)
Tekia S,A,S,	100.00	51,960	18,208	33,752	(4,090)
Trans Atlantic Shipmanagement Ltd,	50.00	27,423	-	27,423	1,917
Transatlantic Cement Carriers Inc,	100.00	56,592	8,707	47,885	(11,671)
Valle Cement Investments Ltd,	91.81	679,061	286,335	392,726	(9,381)
Venezuela Ports Company S,A,	100.00	2,345	9	2,336	(999)
Vensur N,V,	42.12	26,696	15,040	11,656	1,013
Winterset Shipping Co, Ltd,	50.00	12,743	12,546	197	1,220
Zona Franca Argos S,A,S,	100.00	1,382,218	72,078	1,310,140	13,528
		<b>21,510,388</b>	<b>6,702,683</b>	<b>14,807,705</b>	

## 2012

COMPANIES	STAKE %	ASSETS	LIABILITIES	SHAREHOLDERS' EQUITY	PERIOD RESULTS
Alianza Progenética S,A,S,	60.00	1,189	352	837	(1,439)
American Cement Terminals, LLC	100.00	8,717	-	8,717	(1,484)
Argos Cement LLC,	98.63	1,291,159	173,422	1,117,737	(22,765)
Argos Ready Mix LLC,	98.63	241,131	61,309	179,822	(16,641)
Argos USA Corp,	98.63	2,240,457	772,598	1,467,859	(151,492)
C,I, del Mar Caribe (BVI) Inc,	99.97	46,373	29,919	16,454	8,706
Canteras de Colombia S,A,S,	99.48	107,120	8,813	98,307	(325)
Caribbean Construction and Development Ltd,	100.00	6,602	1,291	5,311	297
Caricement Antigua Limited	100.00	5,824	1,393	4,431	(207)
Caricement Antilles NV	100.00	24,120	3,122	20,998	494
Caricement Saint Maarten NV	100.00	12,897	8,392	4,505	296
Caricement USVI Corp,	100.00	2,440	8,643	(6,203)	(892)
Cement and Mining Engineering Inc,	100.00	9,922	26,483	(16,561)	(3,504)
Cemento Panamá S,A,	98.40	426,121	170,625	255,496	76,645
Cementos Argos S,A,	-	9,437,661	3,722,370	5,715,291	387,619
Cementos Colón S,A,	79.18	57,676	11,755	45,921	12,963
Central Aggregates LLC	98.63	22,674	3,042	19,632	(57)
Cimenterie Nationale S,E,M, (CINA)	65.00	61,652	20,205	41,447	8,990
Colcaribe Holdings S,A,	100.00	176,663	36,608	140,055	(2,524)
Comercial Arvenco C,A,	100.00	2,530	2,447	83	-
Concretos Argos S,A,	99.44	657,165	299,946	357,219	22,750
Consort Livestock Inc,	98.63	-	-	-	-
Corporaciones e Inversiones del Mar Caribe S,A,S,	100.00	96,438	50,048	46,390	6,729
Dorset Shipping Co, Ltd,	50.00	1,141	1	1,140	(1)
Ganadería Río Grande S,A,S,	100.00	14,369	15,509	(1,140)	(7,191)
Gulf Coast Cement LLC	98.63	-	-	-	-
Haití Cement Holding S,A,	100.00	32,251	-	32,251	5,159
International Cement Company S,A,	100.00	18,961	-	18,961	(652)
Logística de Transporte S,A,	99.97	49,150	13,282	35,868	5,618
Marítima de Graneles S,A,	100.00	37,217	7,322	29,895	(1,375)
Piazza Acquisition Corp,	98.63	298,752	29,129	269,623	(43,488)
Port Royal Cement Company LLC	100.00	15,351	6,634	8,717	(1,484)
Reforestadora del Caribe S,A,S,	100.00	46,597	8,756	37,841	1,580
RMCC Group Inc,	98.63	94,449	-	94,449	(32,747)
Savannah Cement Company LLC	98.63	6,886	2,444	4,442	(2,874)
Somerset Shipping Co, Ltd,	50.00	16,106	8,942	7,164	1,965
South Central Cement Ltd,	98.63	68,967	22,401	46,566	2,559
Southern Equipment Company Inc,	98.63	631,550	537,101	94,449	(32,747)
Southern Star Concrete Inc	98.63	565,305	266,872	298,433	(33,847)
Southern Star Leasing, LLC	98.63	-	-	-	-
Surcol NV	50.00	15,713	2,793	12,920	997
Trans Atlantic Shipmanagement Ltd,	50.00	28,714	1,173	27,541	3,311
Transatlantic Cement Carriers Inc,	100.00	60,908	10,082	50,826	(3,802)
Valle Cement Investments Ltd,	91.81	531,428	159,440	371,988	26,024
Venezuela Ports Company S,A,	100.00	3,118	8	3,110	1
Vensur N,V,	42.12	24,644	12,145	12,499	1,040
Winterset Shipping Co, Ltd,	50.00	17,416	12,647	4,769	630
Zona Franca Argos S,A,S,	100.00	1,385,076	69,624	1,315,452	20,829
		<b>18,900,600</b>	<b>6,599,088</b>	<b>12,301,512</b>	

In 2013, the following changes occurred in the company's subsidiaries:

- Arenas del Golfo S.A., Canteras Nacionales Centrales S.A., and Canteras Nacionales Chiriquí S.A., which are companies that were dismantled in 2013, were left out of the consolidated statements.
- The following companies received capital contributions as detailed below:
  - Transatlantic Cement Carriers Inc. for USD 2,300,000.
  - Caltek S.A.S. for COP 200.

- On November 27, the company Nuevos Cementos S.A.S. was acquired from Lafarge for COP 745,025. This company has a stake of 53.28% in Argos Honduras S.A. de C.V. As of that date, the company's results are consolidated in the financial statements of Cementos Argos S.A.
- Agropecuaria Panamá Este S.A. and Extracción Arci-Cal S.A. were merged with Grava S.A. in December.
- Caltek S.A.S., Nuevos Cementos S.A.S., Argos Honduras S.A. de C.V., Cementos del Sur S.A. and Cemento Uno de Honduras S.A. were included in the consolidated financial statements.

Ganadería Río Grande S.A.S. bought the remaining stake of 35% in Alianza Progenética S.A.S. for COP 259, which increased its total ownership from 65% to 100%.

- The following companies are in the process of liquidation: Profesionales a su Servicio Ltda. en Liquidación, Asesorías y Servicios Ltda. en Liquidación, Agente Marítimos del Caribe Ltda. en Liquidación, Carbones del Caribe Ltda. en Liquidación, Transportes Elman Ltda. en Liquidación, Distribuidora Colombiana de Cementos Ltda. en Liquidación, and Transmarítima del Caribe Ltda. en Liquidación.

The following companies were not included in the consolidated results in two periods due to the lack of control: Corporación de Cemento Andino C.A. and its subordinates Andino Trading Corporation, Comercializadora Dicamente C.A. and Depoan S.A. as well as the companies Intership Agency Venezuela C.A. and Surandina de Puertos C.A.

The effect of the consolidation of the financial statements of the Company and its subsidiaries is shown in this table:

	BALANCE BEFORE ELIMINATIONS	ELIMINATIONS	CONSOLIDATED BALANCE
Assets	21,510,388	(9,878,670)	11,631,718
Liabilities and minority interests	6,702,683	(2,313,516)	4,389,167
Shareholders' equity	14,807,705	(7,565,154)	7,242,551

The profit of Cementos Argos S.A. and the consolidated profits for 2013 and 2012 didn't change.

	2013	2012
<b>Consolidated profits</b>	183,710	387,619

The reconciliation of Cementos Argos S.A.'s shareholders' equity to the consolidated shareholders' equity is shown in this table:

	2013	2012
Individual shareholders' equity	7,244,358	5,715,291
Not obtained profits from the sale of property, plant and equipment	(1,807)	(1,806)
<b>Consolidated shareholders' equity</b>	<b>7,242,551</b>	<b>5,713,485</b>

The increase of COP 286,901 that can be seen in minority interests corresponds mainly to the effect of the acquisition of the companies Argos Honduras S.A. de C.V., Cementos del Sur S.A. and Cemento Uno de Honduras S.A.

# NOTE 3 – MAIN ACCOUNTING POLICIES AND PRACTICES

## TRANSLATION INTO ENGLISH –

These financial statements and notes to the financial statements were translated into English from statements originally issued in Spanish. All amounts are stated in Colombian Pesos (COP) unless otherwise noted.

To prepare its consolidated financial statements, the parent company, by legal mandate, must follow accounting principles generally accepted in Colombia, the standards of the Superintendence of Finance of Colombia, and other legal regulations. The main accounting policies and practices implemented by the Company in accordance with these regulations are described below.

## SUBSTANCE OVER LEGAL FORM

The companies recognize and disclose resources and economic facts based on their substance or economic reality, and not only on the grounds of their legal form, and for this reason they apply the accounting principles in a manner that enables adequate recognition of the economic facts in each country they operate in.

## TRANSLATION OF FINANCIAL STATEMENTS

Colombian regulations do not provide a technical framework regarding acceptable translation methods, though they do indicate, given the absence of such a framework, the appropriateness of referring to the rules of a higher body. To this effect, for translation purposes, the Company decided to follow the guidelines of the International Financial Reporting Standards (IFRS), and specifically International Accounting Standard (IAS) 21, “The Effects of Changes in Foreign Exchange Rates”. In this sense, the financial statements of foreign companies whose currency is not the US dollar or any other currency tied to the US dollar are translated from the currency of the country of origin into US dollars of the United States pursuant to the methodology established in IAS 21, as follows:

- Assets and liabilities are translated at the exchange rate in effect as of the closing date.
- Shareholders’ equity accounts are translated at the exchange rates in effect on each of the dates on which the transactions occurred. For companies of which no past records are available, shareholders’ equity was translated at the closing exchange rate of December 2005.
- Income statement accounts are translated at the exchange rates in effect on the dates on which the transactions occurred. If this turns out to be impossible, then the average exchange rate for each month is used.
- Differences in translation are posted to shareholders’ equity through the accumulated translation differences account, which represents the differences between the translation of items in the income statement at the average exchange rate and the translation of general balance sheet items at year-end rates.
- In turn, amounts denominated in US dollars are translated into Colombian pesos at the market representative exchange rate in effect at the end of the year, as certified by the Colombian Central Bank (Banco de la República).



## INFLATION ADJUSTMENTS

Decree 1536 of May 7, 2007 amended decrees 2649 and 2650, in the sense that it eliminates comprehensive inflation adjustments to financial statements. The decree establishes that adjustments for inflation recorded between January of 1992 and December 31 of 2006 shall be kept as a part of the balances of the respective accounts.

The balance in the shareholders' equity revaluation account (inflation adjustments) cannot be distributed until the company is liquidated or until the balance is capitalized. In the event it is capitalized, it can be used to offset losses if the company incurs in cause for dissolution, but under no circumstance may it be used for reimbursements of invested capital. In the event it has a debit balance, it may be reduced against current or previous year results, subject to the regulations on profits established in the Code of Commerce.

Law 1111 of 2006 allowed offsetting the equity tax against this account without affecting the results. This option was chosen by the companies of Cementos Argos S.A. whose balance in this item allowed them to do so.

## MATERIALITY IN THE PREPARATION OF FINANCIAL STATEMENTS

Preparing the financial statements in compliance with accounting principles generally accepted in Colombia requires the Company's management to make estimates and assumptions that have an impact on the amounts of assets and liabilities reported on the closing date of financial statements and the amounts of revenues and expenses reported during the relevant period. Generally, the recognition and presentation of economic events occur in accordance with their relative importance or materiality. For the financial statements of 2013 and 2012, the materiality that was applied was determined by taking 5% of the consolidated EBITDA as basis.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash on hand and in banks, savings deposits and all highly liquid investments.

## TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currency are recorded at the applicable exchange rates in effect on the respective transaction dates. At the closing of each period, the balances receivable or payable and investments in foreign currency are adjusted at the market representative exchange rate certified by the Colombian Central Bank (Banco de la República). As regards accounts receivable or payable in foreign currency, exchange differences are recorded against income provided the exchange differences are not related to the cost of acquisition of assets. Exchange rate differences arising while assets are under construction or installation and until they are ready for use are included in the cost of acquisition of assets.


## DERIVATIVE FINANCIAL INSTRUMENTS

In its ordinary course of business, the Company is exposed to various financial risks, which in general can be summarized as follows:

**Strategic risk:** the difference between the benefits expected from a strategy and the results obtained.

**Liquidity risk:** losses due to the failure to fulfill payments because of difficulties in obtaining liquidity or the inability to take or unwind a position in derivatives because of the absence of a market.

**Credit risk:** losses arising from contract breach by the counter party.



**Operational risk:** losses the Company is exposed to due to errors in its record-keeping and/or valuation systems, or poor design of a proper limit system, inappropriate review of contracts or an inadequate management information system.

**Market risk:** the risk the Company faces due to changes in interest and currency exchange rates (Colombian peso – US dollar), which may significantly affect the Company's financial statements and its cash flow.

In the case of market risk, the Company seeks to protect itself through natural hedges, in the first place, and through derivative instruments as a last resort. The Company does not use derivatives or any other financial instrument for speculative purposes.

The Company also regularly values its derivatives at market prices as part of its administrative controls.

The following are the derivatives used by the company:

## SWAP ARRANGEMENTS

Swap arrangements are financial transactions in which the Company, by means of an agreement with a bank, exchanges cash flows in order to decrease illiquidity, exchange rate, term or issuer risks, as well as to reorganize assets and liabilities.

In the case of interest rate swaps there is no exchange of principal balances, only net payments of interests. As for the recording of swaps, their valuation affects the shareholders' equity when it is effective and the results when it is negative. Also, net interest payments between parties have a positive or negative effect on the profit or loss of the period. On the other hand, the Company is responsible for their (underlying) debt with defined amounts and terms, but their management is completely independent from the swap arrangement.

In the case of currency swaps, the existence of this arrangement does not have an impact on the valuation of the underlying debt (original). During the term of the agreement, the parties pay a premium for the interest and exchange rate differences, which are directly taken to the period's results.

## FORWARD ARRANGEMENTS

Forward arrangements are used to cover the exchange rate risk in foreign currency debt and investment transactions, as well as to cover future cash flows with a high probability of occurrence, such as the Company's monthly exports. At the end of each period, they are valued by discounting the forward rate at the agreed devaluation rate, and this present value is compared to the market representative exchange rate as of the closing date. Any positive or negative difference is recognized in the income statement.

## OPTION ARRANGEMENTS

Option arrangements are used to hedge the exchange rate risks mainly arising from monthly exports and their associated future cash flows. They are carried out through structured hedges, such as export collars, that allow for a range of market exchange rates and provide protection against extreme rate changes. They are valued by applying the Black-Scholes model.

## NEGOTIABLE AND PERMANENT INVESTMENTS

Regulations of the Superintendence of Finance of Colombia require that investments be classified and accounted for as follows:

- a) Investments for which the parent company has the serious purpose of keeping them until their maturity or redemption, or for a period of minimum three years if their duration is more than three years or indefinite, are classified as permanent or long-term investments.

These investments are recorded and valued prospectively as follows:

- Debt investments or securities embodying debt rights (non-equity securities) with either fixed or variable rates are initially recorded at acquisition cost, and are then valued monthly based on the internal rate of return of each security calculated at the time of purchase. Any resulting adjustments are charged against the income statement.
- Investments in variable income stocks or shares (equity securities) in non-controlled entities are recorded at cost, and adjusted to market price on a monthly basis. The resulting adjustment, either positive or negative, is recognized in the revaluations account with a corresponding debit or credit to the shareholders' equity revaluation surplus account. The market price for securities of high or medium tradability, as rated by the Superintendence of Finance of Colombia, is established based on their average trading price in the securities markets over the latest 10 to 90 days, based on parameters established by said Superintendence. The market price of securities of low or minimum tradability, or of non-listed shares, is established based on the latest financial statements published by the issuer of the security (intrinsic value).

- b) Investments in easily marketable securities which the Company has the serious intent of selling within the next three years are classified as negotiable investments. In the case of fixed- or variable-income debt securities, they are initially recorded at cost and adjusted monthly to market value with a credit or debit against results, as appropriate. The market price is determined as indicated in the previous paragraph for each type of investment.

## ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful debts is reviewed and updated each year by management based on an ageing analysis of overdue accounts and an assessment of the collectability of individual accounts. Amounts that are considered uncollectable are charged to the provision periodically.

## INVENTORIES


Inventories are recorded at cost or lower fair value. Costs are calculated based on the average cost method. At the closing of each period an analysis is performed to determine obsolescence of inventories, materials and parts, and the corresponding provision is recognized in the financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, and when appropriate they include finance expenses and exchange rate differentials on foreign currency liabilities incurred for their acquisition up to the point when they are in usable conditions.

Construction projects in progress will be subject to capitalization of all concepts that have a direct relation with the construction and the assembly of the project, including social and environmental costs.

Sales and disposals of property, plant and equipment are derecognized at their respective carrying value. Any difference between the sale price and the carrying value is recognized in the income statement.



Depreciation is calculated using the straight line method, based on the useful life of the assets, according to the following parameters: between 20 and 40 years for constructions, buildings, plants and networks; between 3 and 10 years for machinery, industrial equipment and office equipment; between 5 and 10 years for vehicles and transportation equipment and computer and communications equipment and between 6 and 8 years for vessels.

In the companies of the Caribbean and Central American Regional Division, the life span defined for buildings and installations is between 4 and 40 years, for machinery and equipment between 3 and 35 years, and for furniture, vehicles and tools between 3 and 30 years.

In the US, the life span for buildings and installations is between 20 and 40 years, for transportation equipment between 5 and 10 years, for machinery and equipment between 2 and 20 years, for furniture and other items between 3 and 5 years.

Repairs and maintenance of assets are recorded in the results as far as the improvements and additions are added to their cost.

In the Caribbean and Central American and the US Regional Divisions, the company evaluates assets that generate earnings when there are changes or other circumstances that might cause loss or deterioration of the future cash flow of said assets.

The US Generally Accepted Accounting Principles (USGAAP) and the International Financial Reporting Standards (IFRS) include the concept of impairment, which makes it mandatory to ensure that the value of one's assets is not more than their recoverable amount. This means that, when these factors occur, be it by adversary events, changes in the operational environment, changes in the forecasted use of said assets or a decrease in the operational results in the estimate of future discounted cash flows stemming from a production unit, and they make the carrying value exceed fair value for which they could be recovered, be it through their use or through their sale, then the asset is considered impaired. In such case, the loss must be recognized in the company's financial statements. Colombian accounting principles, established by Decree 2649 of 1993, do not contain specific regulations regarding the determination of asset impairment. This review is carried out each year before the end of the accounting period. Losses due to impairment are charged to the results.

## **DEFERRED ASSETS**

This account includes prepaid expenses and deferred charges. Prepaid expenses mainly include insurance premiums, which are amortized using the straight line method over a 12-month period.

Deferred charges mainly include computer software, which are amortized using the straight line method over a maximum term of 3 years, deferred income tax, improvements to property of third parties, and projects such as network integration, the improvement of the information platform and the implementation of SAP, which are amortized using the straight line method over a period of 3 to 5 years.

## **INTANGIBLE ASSETS**

Intangible assets are registered at acquisition cost and represent the value of certain rights such as trademarks, goodwill, and exploitation rights (concessions and franchises), among others. They are amortized using the straight line method.

In Colombia, the amortization period for trademarks is 20 years, while in the US, it is 4 to 20 years. For exploitation rights it is either the term of the license or the time during which the reserves are expected to be exploited, whichever is the shortest, and it is estimated between 3 and 30 years.

The accounting policy to account for and amortize goodwill is detailed below:

## ACQUIRED GOODWILL

In Colombia, the additional amount paid over the intrinsic value certified by the relevant company upon the purchase of sales, quotas or shares of social interest in an active economic entity is recorded under acquired goodwill when control over the entity was acquired, as set forth by Sections 260 and 261 of the Code of Commerce, amended by Sections 26 and 27 of Law 222 of 1995 and other regulations that modify, add to or supersede it.

Pursuant to joint Circular Letters 007 of 1997 and 011 of 2005 issued by the Superintendence of Finance of Colombia, the amortization of goodwill arising from the merger of businesses in Colombia is estimated using the straight line method based on the exploitation time estimated for the intangible asset, which in no event shall be more than 20 years.

At the closing of each accounting period or the closing of the month that is being taken as the base for the preparation of interim financial statements, the Company assesses the goodwill that resulted from each investment, in order to verify its adequacy for inclusion in the balance sheet.

In other countries where the Company has operations through associated companies, goodwill is estimated based on the accounting regulations applicable where the subordinated company operates, within a framework of a higher standard that respects accounting principles generally accepted in Colombia and the guidelines of the Superintendence of Finance of Colombia and in accordance with the contents of Article 11 of Decree 2649 of 1996 regarding substance over legal form.

Goodwill registered in the subsidiaries in the United States corresponds to the difference between the paid value and the fair value of the net assets of the acquired American companies. This recognition was calculated based on US GAAP. In accordance with these principles, goodwill is not subject to amortization, but rather to valuation due to impairment, when there are signs to indicate this. At the end of each accounting period, goodwill is evaluated by experts and losses because of impairment are recognized and charged to results, not amortized. In 2013 and 2012, there was no impairment for these assets.

## ASSET REVALUATION

This relates to:


- a) Differences between the book value of investments in stocks or shares at the end of the period and the market or intrinsic value of the investments.
- b) Differences between the technical appraisals of property, plant and equipment and real estate and their respective net book values. These appraisals must be updated at least every three years.

## LABOR LIABILITIES AND RETIREMENT PENSIONS

For the consolidation process, the Company carries the labor obligations as established according to the accounting technique and implicit legal obligations acquired by the subsidiaries. In this sense, the Company does not consider it necessary to make any further accounting estimations for effects of the consolidation of employee benefits on a basis other than that used by the countries where the liabilities were created.

Labor liabilities are adjusted at the closing of each period in compliance with the legal regulations and labor agreements in force.

Pension liabilities represent the present value of all future expenditure that the Company will have to pay for its retired personnel or their beneficiaries, which mainly relates to former employees. The relevant charges to annual



results are made based on actuarial studies in compliance with current regulations, prepared under methods such as the actuarial equivalence system for vested annuities, immediately due and forecast fractioned annuities.

The retirement pension payments made during the accounting period are taken directly to the period's results.

In the case of employees covered by the new social security system (Law 100 of 1993), the Company complies with its pension obligations by paying contributions to the Social Security Institute and/or the private pension funds according to the terms and conditions set forth in the abovementioned law.

In Panama, the Company must make a contribution to the Social Insurance Fund per employee, for the payment of future retirement pensions of all employees. Additionally, the Company makes contributions to an Independent Administration Fund, as a benefit for the employees that meet the following requirements:

- Having worked in the company for a minimum of 15 years;
- Having reached the retirement age established by the Social Insurance Fund;
- Being retired through the Social Insurance Fund.

The contributions made to the Fund are recognized and charged to the results.

## ENVIRONMENTAL PROVISION

The environmental provisions are estimated by taking into account the framework of regulations established by the State, as well as the individual analysis of the impact of the raw material extraction operations in order to assume the company's environmental responsibility and compensate any environmental impact. It is reviewed and updated periodically by the Company's management. Any adjustments to the provision are charged to the income statement of the period.

## TAXES, LEVIES AND CONTRIBUTIONS

They represent the value of general mandatory taxes payable to the Government by the Company, estimated on the basis of private assessments prepared during the relevant taxable period. They include, among others, the income and supplementary tax, the tax on equity, and the industry and trade tax.

### Income and supplementary tax and fairness income tax (CREE)

The Company determines the income tax provision either on the grounds of taxable income estimated at the rates specified in tax law or on the grounds of the presumptive profit method. The tax effects of revenues, costs and expenses corresponding to the temporary differences between accounting figures and the figures for tax purposes are carried as deferred taxes. However, in the case of debit deferred taxes, they are only carried as revenues when related to temporary differences that entail payment of a higher tax during the current year, provided there is a reasonable expectation of generating enough taxable income in the periods during which the tax benefit is to be obtained.

### Tax on equity and its surcharge

In accordance with the regulations of Decree 514 of 2010, in 2011, Cementos Argos S.A. and its subordinated companies in Colombia adopted as accounting practice for the recognition of the tax on equity the recording of total taxes payable against the shareholders' equity revaluation account. When the balance of the revaluation account is not sufficient to register the tax, the corresponding amount payable is recognized in the income statement.

## Sales tax – VAT

Companies that sell taxed goods or that render taxed services or that obtain revenues through export fall under the common system for this tax.

In Colombia, the general rate is 16%, but there are special rates depending on the good or service being sold, which range from 1.6% to 10%, and for sumptuary consumption, the differential rates range from 20% to 35%.

Also in Colombia, for the generation of excluded revenues, the VAT paid on purchases is part of an increased value of cost. Furthermore, when taxed revenues are generated, this means when taxed goods or services are sold, the VAT paid on the purchase or acquisition of supplies for these sales, will be deductible from the amount to be paid in tax. When the company generates revenues that are excluded from VAT, but at the same time generates revenues that are exempt and/or taxed, the proportions of VAT paid will have to be analyzed to determine the VAT to be discounted.

## MEMORANDUM ACCOUNTS

In Colombia, commitments pending formalization and contingent rights and obligations, such as the value of assets and securities delivered as collateral, endorsements granted, unused letters of credit, assets and securities received in custody or as collateral, promises to enter into purchase-sale agreements, fully depreciated assets and differences between tax and accounting equity values are recorded in memorandum accounts.

## RECOGNITION OF REVENUES, COSTS AND EXPENSES

Revenues from sales are recognized upon dispatching of the product; rental revenues are recognized during the month in which they accrue and service revenues are recognized when the service is rendered. Revenues from dividends are recognized when the issuer declares such dividends.

All revenues, costs and expenses are recorded on an accrual basis.

## OPERATING INCOME BEFORE IMPAIRMENT OF ASSETS

This account shows the operating income of consolidated companies, which excludes extraordinary expenses recorded for the operations of Argos USA Corp in the United States of America, which are mainly the recording of the appraisal of long-term asset impairment, considered as an unusual event or a non-recurring event in business operations.

## ASSET IMPAIRMENT

It is related to the expenses arising from the appraisal of the long-term asset impairment carried out by experts, recognized by the operation of Argos USA Corp. in accordance with Accounting Principles Generally Accepted in the United States of America (USGAAP) and International Financial Reporting Standards (IFRS). These expenses arise from events not related with the Company's core business.

## CASH FLOWS STATEMENTS

The accompanying cash flow statements were prepared using the indirect method, which includes reconciliation of the net income for the year with the net cash provided by operating activities.



## CONSOLIDATED NET INCOME PER SHARE

Net income or earnings per share are calculated based on the weighted annual average of subscribed and outstanding shares each year. Re-acquired own shares are excluded for the effects of this calculation. It takes into account the filtering out of annual preferred dividends for the 209,197,850 shares on December 31, 2013, of COP 231.

## CONTINGENCIES

There may be certain contingent conditions on the date of issuance of the financial statements, which may result in a loss for the Company but shall only evolve in the future upon the occurrence or potential occurrence of one or more of these events. Such contingencies are estimated by the company's management and its advisors. The estimation of loss contingencies necessarily implies a factor of judgment. In estimating the loss contingencies in legal proceedings against the Company, the legal advisors assess, among others, the merits of the claims, the jurisprudence of the courts on the subject matter, and the current status of the legal proceedings.

If the contingency assessment indicates that a material loss is probable or inevitable and the amount of the liability can be estimated, then it is recorded in the financial statements. If the assessment indicates that a potential loss is not probable but its result is uncertain, or that it is probable but the amount of its loss cannot be estimated, then the nature of the contingency is disclosed in a note to the financial statements. Loss contingencies estimated as remote are generally not disclosed.

## CONVERGENCE TO INTERNATIONAL STANDARDS FOR FINANCIAL INFORMATION

In compliance with what is stipulated in Law 1314 of 2009, in regulating Decrees 2706 and 2784 of December 2012 and in Decree 3024 of 2013, the company is obliged to start the convergence process from accounting principles generally accepted in Colombia to the International Financial Reporting Standards (IFRS). To this purpose, the Technical Council of the Body for Public Accounting published Technical Guidelines that classify companies in three groups. According to these regulations, the mandatory transition period starts on January 1, 2014 and the emission of the first financial statements that are comparable under IFRS will be on December 31, 2015.

According to the aforementioned regulations, Cementos Argos S.A. is classified in group 1 of publishers of financial information and therefore, it presented its implementation plan for IFRS to the Superintendence of Finance of Colombia on February 21, 2013 after it had been approved by the Board of Directors on February 18, 2013. The Opening Statement of Financial Position as of January 1, 2014 will have to be presented to the Superintendence of Finance of Colombia at the latest on June 30, 2014, in accordance with Circular Letter 038 of 2013, which states the management's responsibilities with regards to the transition process to IFRS, defining the bodies that are responsible for the preparation for this convergence and their proper compliance, which are the Board of Directors, the Audit Committee and the Legal Representatives.

## RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain amounts included in the financial statements as of December 31, 2012 were reclassified for presentation purposes.



## NOTE 4 - TRANSACTIONS IN FOREIGN CURRENCY

Basic regulations in effect in Colombia allow the free trading of foreign currencies through banks and other financial institutions at freely set exchange rates. Nevertheless, most foreign currency transactions still require that certain legal requirements be met.

Transactions and balances in foreign currency are translated at the market representative exchange rate certified by the Colombian Central Bank (Banco de la República), which was used to prepare the financial statements of December 31, 2013 and 2012. The representative market exchange rate of December 31, 2013, in Colombian pesos, was COP 1,926.83 per USD 1 (COP 1,768.23 per USD 1 in 2012).

On December 31, the Company had the following assets and liabilities in foreign currency, mainly in US dollars, recorded at their equivalent in millions of Colombian pesos:

	2013		2012	
	USD	COP (in millions)	USD	COP (in millions)
Current assets	607,942,912	1,171,403	616,304,317	1,089,768
Non-current assets	2,242,324,920	4,320,579	2,078,441,255	3,675,162
	2,850,267,832	5,491,982	2,694,745,572	4,764,930
Current liabilities	(917,629,106)	(1,768,115)	(704,455,982)	(1,245,640)
Non-current liabilities	(834,656,263)	(1,608,241)	(814,254,897)	(1,439,790)
	(1,752,285,369)	(3,376,356)	(1,518,710,879)	(2,685,430)
<b>Net asset position</b>	<b>1,097,982,463</b>	<b>2,115,626</b>	<b>1,176,034,693</b>	<b>2,079,500</b>

To mitigate the risk of transactions in foreign currency, Cementos Argos S.A. undertakes hedging operations that are detailed in Notes 6 and 13.

## NOTE 5 – NEGOTIABLE INVESTMENTS

Negotiable investments as of December 31 were comprised of:

	Average annual rate in 2013	2013	2012
Time deposits (1)	5.1%	140,658	1,149
Fiduciary rights (2)	7%	16,869	602
Titles and rights of repurchase of investments	5%	3,717	8
		<b>161,244</b>	<b>1,759</b>

- (1) Mainly time deposits in US dollars in Argos Honduras S.A. de C.V. for COP 136,022 (USD 70,594,000). These investments have a term of less than a year.
- (2) Mainly trust rights of Argos Honduras S.A. de C.V. for COP 12,428 and of Cementos Argos S.A. for COP 4,394. No restrictions have been imposed on any these investments that would limit their availability for use.

## NOTE 6 – ACCOUNTS RECEIVABLE

On December 31, the receivables account was comprised of:

	2013	2012
Domestic customers (1)	603,459	502,902
Foreign customers	10,544	13,023
Related companies (see Note 27)	31,631	19,342
Advance payments to contractors and others	34,215	25,964
Deposits	13,637	14,891
Promises to enter into purchase-sale agreements	1,725	2,716
Various debtors (2)	26,006	53,986
Accounts receivable from employees	30,525	26,004
Revenues receivable	33,225	30,788
Tax advances	123,826	178,437
Common trade accounts	223	496
Others (4)	868	3,614
	<b>909,884</b>	<b>872,163</b>
Less - Provision for doubtful debts	(43,336)	(35,926)
Long term portion	(40,254)	(39,718)
	<b>826,294</b>	<b>796,519</b>

- (1) The balance is mainly the result of debt caused by sales on credit to customers of Cementos Argos S.A. for COP 290,487 (COP 262,409 in 2012), of Argos Ready Mix (South Central) Corp. for COP 80,171 (COP 75,892 in 2012), of Argos Cement LLC. for COP 61,615 (COP 48,833 in 2012), of Argos Ready Mix LLC. for COP 51,043 (COP 35,984 in 2012), of Southern Equipment Company Inc. for COP 41,013 (COP 34,331 in 2012), of Argos Panamá S.A. for COP 27,586 (COP 21,929 in 2012) and of Argos Honduras S.A. de C.V. for COP 11,782.
- (2) The accounts receivable in operations with derivatives decreased because of the unfavorable variation in the exchange rate and the interest rate that was negotiated, compared to those same rates at year-end closing.

Transactions with financial derivatives that gave rise to a positive valuation for the Company at the year-end closing were as follows:

### SWAP ARRANGEMENTS

TYPE	UNDERLYING	UNDERLYING AMOUNT	UNDERLYING RATE	SWAP AMOUNT	SWAP RATE	MATURITY
Currency swap	Account payable	USD 42,900,000	4.9% PV	\$ 81,935	CPI + 5.35%	8 Aug 2016
Interest rate swap	EKF loan	USD 84,135,030	6M Libor + 0.1%	USD 84,135,030	1.38%	26 Jun 2019

Currency swap arrangements are made to balance the exchange exposure of the Company, taking advantage of what its management considers favorable market conditions.

Forward and option arrangements are made to cover the risk of fluctuation in exchange rates applicable to liabilities in US dollars, temporary investments and export/import transactions. These instruments are valued at their fair value, taking into consideration market curves in effect on the valuation date (see policy on derivative financial instruments).

(3) The balance of this account includes:

	2013	2012
Advance payment of income tax (a)	17,244	29,145
Advance payment of industry and trade tax	2,407	1,826
Withholding of tax	112	3,628
Withheld sales tax	59	28
Industry and trade tax	11,326	9,705
Excess in private liquidation (b)	91,852	125,338
Contributions	-	11
Deductible taxes	426	8,424
Others	400	332
<b>Total</b>	<b>123,826</b>	<b>178,437</b>

a) The variation was mainly caused by an increase of income in the consolidation of Argos Honduras S.A. de C.V. of COP 15,672 and a decrease in Argos Panamá S.A. of COP 27,053.

b) The variation is mainly a result of the decrease in Cementos Argos S.A. of COP 17,790, in Concretos Argos S.A. of COP 19,048, and in Canteras de Colombia S.A.S. of COP 571 and an increase in Zona Franca Argos S.A.S. of COP 2,376, in Corporaciones e Inversiones del Mar Caribe S.A.S. of COP 1,233, in Ganadería Río Grande S.A.S. of COP 268 and in others of COP 46.

(4) The decrease is mainly a result of the sanctions claims that were not recognized by the insurance company, in the context of the lawsuit of the Colombian National Road Institute (Instituto Nacional de Vías) against Flota Fluvial Carbonera S.A.S., who transferred it to Cementos Argos S.A. when said company was acquired.

The provision for doubtful debts changed as follows:

	2013	2012
Opening balance	35,926	28,501
Provision for the year	26,011	8,497
Recoveries	(653)	-
Penalties	(17,948)	(1,072)
<b>Closing balance</b>	<b>43,336</b>	<b>35,926</b>

The maturity of long term accounts receivable on December 31 is as follows:

2015	11,023
2016	7,154
2017	9,807
2018	4,586
2019 and subsequent years	7,684
	<b>40,254</b>

Interest rates applicable on long term accounts receivable are, for employee loans, between 0% and 9.55% AER and for loans to related parties, 5.27% AER (in 2012, this was 4.98% AER).

Overdue accounts receivable from customers amount to COP 153,366 (COP 60,115 in 2012).

Uncollectible accounts overdue more than one year amounted to COP 3,676 in 2013 and COP 743 in 2012. The number of clients that had uncollectible accounts in 2013 was 106.

## NOTE 7 – INVENTORIES, NET

Inventories on December 31 were comprised of:

	2013	2012
Finished products (1)	107,001	97,694
Production in process	42,031	43,412
Raw materials and direct materials (2)	112,612	83,931
Materials, spare parts, and accessories (3)	119,054	101,754
Inventories in transit	1,815	11,842
Goods not manufactured by the company	6,020	11,399
Others	22,809	18,719
	<b>411,342</b>	<b>368,751</b>
Less – allowance for inventory obsolescence	(8,907)	(13,372)
	<b>402,435</b>	<b>355,379</b>

- (1) Mainly corresponds to Cementos Argos S.A. for COP 29,662 (COP 30,975 in 2012), Argos Panamá S.A. for COP 20,064 (COP 20,985 in 2012), Concretos Argos S.A. for COP 14,828 (COP 10,195 in 2012), Zona Franca Argos S.A.S. for COP 10,215 (COP 11,949 in 2012) and Argos Cement LLC. for COP 19,111 (COP 16,449 in 2012).
- (2) Corresponds mainly to Cementos Argos S.A. for COP 22,681 (COP 18,995 in 2012), Concretos Argos S.A. for COP 18,445 (COP 11,436 in 2012), Argos Ready Mix (South Central) Corp. for COP 14,289 (COP 12,031 in 2012), Argos Panamá S.A. for COP 11,420 (COP 7,011 in 2012) and Zona Franca Argos S.A.S. for COP 4,674 (COP 10,172 in 2012). The decrease in Zona Franca Argos S.A.S. for COP 5,498 is mainly caused by the reduction of the purchase of coal. The increase in Concretos Argos S.A. stems mainly from the new plants that started operations in 2013.
- (3) Mainly stems from Cementos Argos S.A. for COP 35,878 (COP 39,245 in 2012), Argos Cement LLC. for COP 27,774 (COP 24,036 in 2012), Zona Franca Argos S.A.S. for COP 22,389 (COP 24,322 in 2012) and Argos Honduras S.A. de C.V. for COP 16,763. The variation is mainly caused by the acquisition of the assets in Argos Honduras S.A. de C.V.

The following changes occurred in the provision for inventory obsolescence:

	2013	2012
Opening balance	13,372	7,024
Provision for the year	6,511	1,768
Charge of balance	-	8,369
Penalties	(10,976)	(3,789)
<b>Closing balance</b>	<b>8,907</b>	<b>13,372</b>

In 2013, the technical department of the company finished the detailed review of the inventories of materials and spare parts at the plants in Colombia, determining those considered obsolete or deteriorated and charging them to the constituted provision.

# NOTE 8 – PERMANENT (LONG-TERM) INVESTMENTS, NET

Permanent investments as of December 31 included:

2013

Company	Registered in	Economic activity	Valuation	Shares in circulation	Number of shares	Percentage owned	Adjusted cost	Commercial value	Provision	Valuation (devaluation)
<b>A. SHARES</b>										
Bancolombia S.A,	Medellín	Financial brokerage	SE	509,704,584	20,437,148	4.01%	61,414	486,813	-	425,399
Cartón de Colombia S.A,	Cali	Production of cardboard	SE	107,716,050	2,308,930	2.14%	5,088	12,223	-	7,135
Carvajal Pulpa y Papel S.A,	Cali	Production of paper	I	596,630,268	116,767	0.02%	2	396	-	394
Cementos de Caldas S.A,	Manizales	Production of cement	I	50,666,501	20,301,861	40.07%	3,109	3,183	-	74
Cera Tech Inc	Virginia	Production of ecologic cement	I	1,141,365	100,000	8.76%	296	348	-	52
Cera Tech USA	Virginia	Production of ecologic cement	I	27,500,000	7,500,000	27.27%	44	436	-	392
Ceratech USA Holdings, LLC	Virginia	Financial brokerage	I	1,072,251	100,000	9.33%	1,083	1,083	-	-
Compañía Colombiana de Empaques Bates S.A,	Palmira	Production of packaging	I	54,607	3,503	6.41%	49	9,136	-	9,087
Concesiones Urbanas S.A,	Bogotá	Civil construction	I	24,554,726	8,186,537	33.34%	6,362	11,777	-	5,415
Corporación de Cemento Andino C.A,	Venezuela	Production of cement	I	37,697,288	37,580,426	99.69%	39,214	-	39,214	-
Fundiciones Colombia S.A,	Medellín	Production of smelting pieces	I	2,496,845,128	38,543,456	1.54%	278	13	265	-
Grupo de Inversiones Suramericana S.A,	Medellín	Investments	SE	469,037,260	28,183,262	6.01%	39,384	949,776	-	910,392
Hipódromo Los Comuneros S.A,	Guarne	Equestrian sports	I	3,199,388	16,870	0.53%	12	-	12	-
Industrial Hullera S.A,	Medellín	Exploitation of coal	I	6,474,711	2,426,054	37.47%	155	-	155	-
Intership Agency Venezuela	Venezuela	Maritime representation	I	-	-	100.00%	19	-	19	-
Inversiones Cofinter, S.A,	Tegucigalpa	Financial brokerage	I	900,000	55,618	6.18%	520	520	-	-
Occidental de Empaques S.A,	Medellín	Packaging	I	2,160,000	4,500	0.21%	10	96	-	86
Omya Andina S.A,	Guarne	Production of non-metallic minerals	I	12,690,910	6,345,425	50.00%	11,554	37,193	-	25,639
Papeles y Cartones S.A,	Barbosa	Production of paper	I	11,426,975,914	1,112,158	0.01%	1	16	-	15
Seguridad Corporativa, S.A, de C.V,	Tegucigalpa	Personal security and protection services	I	24,476	7,392	30.20%	69	69	-	-
Sociedad de Transporte Férreo del Occidente S.A,	Cali	Railroad services	I	2,450,625	72,294	2.95%	331	-	331	-
Surandina de Puertos C.A,	Venezuela	Port services	I	515	500	97.09%	4,851	2,447	2,404	-
Triple A S.A, E.S.P,	Barranquilla	Public services	I	73,485,384	13,700	0.02%	62	32	-	(30)
Others							4,485	93	4,896	504
<b>B. EQUITY INTERESTS</b>										
Distribuidora Colombiana de Cementos Ltda, (1)	Barranquilla	Commercialization	I	200,000	200,000	100.00%	3,674	4,037	-	363
Servigranel	Barranquilla	Commercialization	I	-	-	-	37	-	37	-
Transmarítima del Caribe Ltda, (1)	Barranquilla	Maritime transport	I	50	34	68.00%	53	-	53	-
Transportes Elman Ltda, (1)	Barranquilla	Road, river and maritime transport	I	800,000	389,437	48.68%	1,595	3,133	27	1,565
Others							35	5	30	-
<b>TOTAL SHARES AND EQUITY INTERESTS</b>							183,786	1,522,825	47,443	1,386,482
<b>C. OTHER INVESTMENTS</b>							9,724	9,906	169	351
Less – Provision for protection							(47,612)			
							145,898	1,532,731	47,612	1,386,833

## 2012

Company	Registered in	Economic activity	Valuation	Shares in circulation	Number of shares	Percentage owned	Adjusted cost	Commercial value	Provision	Valuation (devaluation)
<b>A, SHARES</b>										
Bancolombia S.A,	Medellín	Financial brokerage	SE	509,704,584	20,437,148	4.01%	61,414	613,115	-	551,701
Cartón de Colombia S.A,	Cali	Production of cardboard	SE	107,716,050	2,308,930	2.14%	5,089	13,617	-	8,528
Carvajal Pulpa y Papel S.A,	Cali	Production of paper	I	596,630,268	116,767	0.02%	3	584	-	581
Cementos de Caldas S.A,	Manizales	Production of cement	I	50,666,501	20,179,195	39.83%	3,027	3,158	-	131
Cera Tech Inc	EE,UU,	Production of ecologic cement	I	1,069,519	100,000	9.35%	272	242	30	-
Cera Tech USA	EE,UU,	Production of ecologic cement	I	27,500,000	7,500,000	27.27%	40	568	-	528
Compañía Colombiana de Empaques Bates S.A,	Palmira	Production of packaging	I	54,607	3,503	6.41%	49	7,390	-	7,341
Concesiones Urbanas S.A,	Bogotá	Civil construction	I	24,554,726	8,186,537	33.34%	6,362	9,636	-	3,274
Corporación de Cemento Andino C.A,	Venezuela	Production of cement	I	37,697,288	37,580,426	99.69%	38,687	-	38,687	-
Fundiciones Colombia S.A,	Medellín	Production of smelting pieces	I	2,496,845,128	38,543,456	1.54%	278	11	267	-
Grupo de Inversiones Suramericana S.A,	Medellín	Investments	SE	469,037,260	28,183,262	6.01%	39,384	1,070,964	-	1,031,580
Hipódromo Los Comuneros S.A,	Guarne	Equestrian sports	I	3,199,388	16,870	0.53%	12	-	12	-
Industrial Hullera S.A,	Medellín	Exploitation of coal	I	6,474,711	2,426,054	37.47%	154	(1)	155	-
Intership Agency Venezuela	Venezuela	Maritime representation	I	-	-	100.00%	18	-	18	-
Occidental de Empaques S.A,	Medellín	Packaging	I	2,160,000	4,500	0.21%	10	91	-	81
Omya Andina S.A,	Guarne	Production of non-metallic minerals	I	12,690,910	6,345,455	50.00%	11,554	39,438	-	27,884
Papeles y Cartones S.A,	Barbosa	Production of paper	I	11,424,044,960	1,112,158	0.01%	1	15	-	14
Sociedad de Transporte Férreo del Occidente S.A,	Cali	Railroad services	I	2,450,625	72,294	2.95%	331	-	331	-
Surandina de Puertos C.A,	Venezuela	Port services	I	515	500	97.09%	4,494	3,253	1,241	-
Triple A S.A, E,S,P,	Barranquilla	Public services	I	73,485,384	13,700	0.02%	62	30	-	(32)
Others							4,422	(943)	5,753	388
							-	-	-	-
<b>B, EQUITY INTERESTS</b>										
Distribuidora Colombiana de Cementos Ltda, (1)	Barranquilla	Commercialization	I	200,000	200,000	100.00%	3,674	4,820	-	1,146
Servigranel	Barranquilla	Commercialization	I	-	-	0.00%	37	-	37	-
Transmarítima del Caribe Ltda, (1)	Barranquilla	Maritime transport	I	50	34	68.00%	53	-	53	-
Transportes Elman Ltda, (1)	Barranquilla	Road, river and maritime transport	I	800,000	389,437	48.68%	1,595	3,457	20	1,882
Others							34	4	30	-
<b>TOTAL SHARES AND EQUITY INTERESTS</b>							181,056	1,769,449	46,634	1,635,027
<b>C, BONDS AND TITLES</b>										
							587	587		
<b>D, OTHER INVESTMENTS</b>										
							10,103	10,426	17	340
Less – Provision for protection							(46,651)			
							145,095	1,780,462	46,651	1,635,367

Commercial values correspond to December 2013 and 2012.

Valuations

I: Intrinsic SE: Stock Exchange

All the shares owned in 2012 and 2013 were ordinary shares.

(1) Companies in liquidation.

The following investments are pledged as collateral for credit lines:

COMPANY	NUMBER OF SHARES	BANK	AMOUNT
Grupo de Inversiones Suramericana S.A,	5,200,000	Bancolombia	175,240
			<b>175,240</b>

# NOTE 9 – PROPERTY, PLANT, AND EQUIPMENT

The balance of property, plant and equipment and impairment as of December 31 includes:

2013	ADJUSTED COST	ACCUMULATED IMPAIRMENT	NET COST	APPRAISAL	VALUATION	VALUATION METHOD
Land	399,512	-	399,512	1,079,607	680,095	Comparative
Constructions in process	122,080	-	122,080	122,080	-	Cost
Constructions and buildings	990,021	355,448	634,573	822,245	187,672	Comparative/cost
Machinery and production equipment	3,760,405	1,997,627	1,762,778	2,806,989	1,044,211	Comparative/income
Office furniture and computing and communication equipment	91,176	63,019	28,157	35,542	7,385	Cost
Mines, quarries, and mineral deposits	559,650	106,775	452,875	645,055	192,180	Profit
Land transportation equipment	552,694	323,491	229,203	251,673	22,470	Income capitalization
River fleet	101,642	44,536	57,106	57,464	358	Income capitalization
Communication channels	191,083	19,294	171,789	174,604	2,815	Comparative/cost
Agricultural plantations	16,265	1,564	14,701	15,558	857	
Machinery and equipment being assembled	203,111	-	203,111	203,111	-	
Other assets	16,032	4,044	11,988	12,817	829	Cost
Subtotal	<b>7,003,671</b>	<b>2,915,798</b>	<b>4,087,873</b>	<b>6,226,745</b>	<b>2,138,872</b>	
Less provision for protection against impairment			(17,581)			
<b>TOTAL</b>	<b>7,003,671</b>	<b>2,915,798</b>	<b>4,070,292</b>	<b>6,226,745</b>	<b>2,138,872</b>	

2012	ADJUSTED COST	ACCUMULATED IMPAIRMENT	NET COST	APPRAISAL	VALUATION	VALUATION METHOD
Land	371,223	-	371,223	1,051,318	680,095	Comparative
Constructions in process	111,326	-	111,326	111,326	-	Cost
Constructions and buildings	771,842	264,837	507,005	676,626	169,621	Comparative/cost
Machinery and production equipment	3,647,643	1,785,417	1,862,226	2,722,567	860,341	Comparative/income
Office furniture and computing and communication equipment	72,848	47,829	25,019	32,515	7,496	Cost
Mines, quarries, and mineral deposits	517,873	103,817	414,056	606,235	192,179	Profit
Land transportation equipment	463,331	279,720	183,611	207,177	23,566	Income capitalization
River fleet	73,620	33,068	40,552	41,388	836	Income capitalization
Communication channels	177,490	16,568	160,922	163,635	2,713	Comparative/cost
Agricultural plantations	12,890	1,564	11,326	12,183	857	
Machinery and equipment being assembled	97,880	-	97,880	97,880	-	
Property, plant and equipment in transit	3,232	-	3,232	3,232	-	
Other assets	11,106	2,584	8,522	9,436	914	Cost
Subtotal	<b>6,332,304</b>	<b>2,535,404</b>	<b>3,796,900</b>	<b>5,735,518</b>	<b>1,938,618</b>	
Less provision for protection against impairment			(17,581)			
<b>TOTAL</b>	<b>6,332,304</b>	<b>2,535,404</b>	<b>3,779,319</b>	<b>5,735,518</b>	<b>1,938,618</b>	

The increase in property, plant and equipment in 2013 is mainly due to:

- The assets of the subsidiary Argos Honduras S.A. de C.V. of COP 73,483 that were included in the acquisition from Lafarge in November 2013. Among the most important assets are a cement plant, a clinker grinding facility and a port.
- The acquisition of 73 new concrete mixer trucks in Argos Ready Mix (South Central) Corp.
- In Argos Panamá S.A., it mainly corresponds to the addition of land in Grava S.A. and Concreto S.A., as well as the purchase of rolling stock in Concreto S.A.
- For machinery and equipment being assembled in Zona Franca Argos S.A.S., it is mainly related to the implementation of the Cartagena Dispatching Center for COP 26,755 and to equipment for COP 15,114 that

corresponds to the port concession contract regarding goods of public use 003 of March 8, 2010, signed with the Colombian National Concession Institute (Instituto Nacional de Concesiones or INCO).

In Cementos Argos S.A. it stems from the development of different projects the company has implemented with the intention of optimizing its production processes throughout the different cement production plants, for a total of COP 79,518.

In Argos Cement LLC. it corresponds mainly to the project to expand the cement grinding at the Harleyville plant, for a total of COP 69,145.

The company carried out technical appraisals of property, plant and equipment in Colombia in 2012. The appraisal methods that were used to this effect are explained in note 19.

The impairment taken to results in 2013 was of COP 335,853 (COP 312,404 in 2012).

In 1994, the Sogamoso cement plant, including its land, was given as collateral to guarantee financial obligations of Acerías Paz del Río S.A. Said guarantees included first degree mortgages for USD 8,365,573, a second degree mortgage for COP 659 and a second degree chattel mortgage for USD 21,337,187. The Company is in the process of cancelling these pledges because the liabilities they guaranteed have been paid in full.

## NOTE 10 – DEFERRED CHARGES AND INTANGIBLE ASSETS

Deferred charges and intangible assets on December 31 were comprised of:

	2013	2012
Goodwill (1)	1,466,699	896,547
Trademarks (2)	144,221	139,866
Rights (3)	207,600	171,383
Concessions, franchises, and licenses (4)	277,745	279,849
Patents	344	-
Deferred assets, net (5)	275,010	154,397
Provisions	-	(2,107)
Accumulated amortization	(323,864)	(264,446)
	<b>2,047,755</b>	<b>1,375,489</b>

(1) These are the details regarding goodwill as of December 31, 2013:

Acquired company	Amount
Nuevos Cementos S,A,S, (a)	515,844
Ready Mixed Concrete Co, (b)	386,653
Argos Ready Mix (South Central) Corp,(b)	263,719
Argos Ready Mix LLC (c)	35,196
Argos Cement LLC (c)	24,082
Argos Panamá S,A, (d)	22,688
Ceratech Inc, y Ceratech USA LLC, (e)	23,746
Surcol Houdstermaatschappij N,V, (f)	1,802
Others	192,969
<b>Total</b>	<b>1,466,699</b>



- (a) This corresponds to the acquisition of the company Nuevos Cementos S.A.S. for COP 515,844. The intrinsic value in Colombian pesos per share was of COP 1 and 229,181,415,370 shares were acquired. This company has a stake of 53.28% in Argos Honduras S.A. de C.V. It is amortized using the straight line method with a term of 20 years. This investment was acquired on November 27, 2013.
  - (b) This includes the goodwill generated by the purchase of concrete companies in the United States: Argos Ready Mix (South Central) Corp. (previously known as Southern Star Concrete Inc.) and Ready Mixed Concrete Co. in 2005 and 2006, respectively.
  - (c) This goodwill was generated in 2011 due to the acquisition of Argos Ready Mix LLC's assets from Lafarge.
  - (d) Corresponds to the purchase of Argos Panamá S.A. for COP 22,688, in 2009. The intrinsic value per share, in Colombian pesos, was COP 218,190. It is amortized using the straight line method with a term of 5 years.
  - (e) In 2013, the goodwill stemming from the purchase of a stake in Ceratech Inc. and Ceratech USA LLC. for a total of COP 17,827 was completely amortized.
  - (f) Generated in the purchase of Surcol Houdstermaatschappij N.V. for COP 1,802. The intrinsic value per share expressed in Colombian pesos at the moment of the purchase was COP 88,198,366. It is amortized using the straight line method for a term of 4 years. This investment was acquired on February 16, 2010.
- (2) Corresponds mainly to the Argos Trademark purchased from Grupo Argos S.A. for COP 115,389 plus adjustments due to inflation of COP 5,274. The valuation of the trademark was carried out by Corporación Financiera Colcorp and the methodology that was used was based on the analysis of discounted cash flows. The value of the intangible asset is the result of the operational cash flow that it can generate in a period of time, discounted at a rate that reflects the risk of said flows. This methodology is based on the return obtained through ownership of the trademark on said flows (contribution of the trademark to the business, both in the present and future). It is amortized over a period of 20 years.
- (3) This item includes payments made by the company to Housing Trust Fund no. 732-1359, managed by Fiduciaria Fiducor S.A. for the reforestation project in El Carmen de Bolívar of COP 32,999 (COP 29,699 in 2012). In 2013, payments for a total of COP 3,300 were made (COP 3,569 in 2012). Additionally, it includes an availability right acquired from Acerías Paz del Río in December 2008 for USD 21,500,000 (COP 39,828), for at least 150,000 tons per year of slag produced by said company, for a period of 15 years, which is renewable for an equal period, of which the net balance is of COP 25,972 (COP 28,627 in 2012). It also includes payments to the Goodwill Management Trust Fiduciaria Corficolombiana S.A. for COP 42,761.

Furthermore, it also includes the following assets acquired through financial leasing agreements under a monthly payment model:

Agreement number	Original amount	Balance Dec 2013	Termination	Term (months)	Remaining installments	Asset
124854	1,264	983	18-08-18	84	56	CAT 730
128053	1,488	1,158	18-10-18	84	58	CAT 773
128226	1,437	1,118	18-09-18	84	57	CAT 773
133409	1,488	1,190	18-01-19	84	61	CAT D9T
136006	1,630	1,304	18-02-19	84	62	CAT 988H
141252	1,746	1,396	18-07-19	84	67	Truck 773G
143367	1,787	1,430	18-10-19	84	70	Rigid truck
143546	1,769	1,415	18-10-19	84	70	Rigid truck
144532	1,416	1,133	18-11-19	84	71	Articulated trucks
139982	66	53	18-07-19	84	67	Caterpillar forklifts
127134	763	610	18-04-19	84	64	Special cement silo
133705	717	621	18-02-19	84	62	Caterpillar loader
142165	989	791	18-10-19	84	70	Front loader
140426	1,123	973	18-12-19	84	75	Perforation equipment
147671	741	593	18-01-20	84	72	Loader
133047	186	149	18-08-19	84	68	Truck scales
141393	494	395	18-08-19	84	68	Hydraulic excavator
142885	388	310	18-09-19	84	69	Front loader
144521	436	349	18-11-19	84	71	Front loader
102907	356	263	18-11-16	84	35	CAT loader
114011	423	326	18-10-17	85	46	Caterpillar loader
114189	704	542	18-01-18	85	49	CAT loader
116307	363	289	18-01-18	85	49	CAT loader
116308	363	289	18-01-18	85	49	CAT loader
116309	363	289	18-01-18	85	49	CAT loader
124900	2,783	2,273	18-02-19	84	62	Bello plant
135859	408	333	18-08-19	84	68	CG 938H Ruta del Sol
139205	791	646	18-05-19	84	65	Loader 938H Ituango
139802	2,079	1,767	17-02-20	84	74	Mixer Cali
139805	2,599	2,209	17-02-20	84	74	Mixer Puente Aranda
139807	2,342	1,991	17-02-20	84	74	Mixer Medellín
139808	1,561	1,327	17-02-20	84	74	Mixer Sabaneta
139836	1,040	884	17-02-20	84	74	Mixer Montería
139845	1,303	1,107	17-02-20	84	74	Mixer Cajicá
139846	1,300	1,105	17-02-20	84	74	Mixer Calle 80
139873	261	222	17-02-20	84	74	Mixer Barrancabermeja
139880	781	664	17-02-20	84	74	Mixer Bello
139881	782	665	17-02-20	84	74	Mixer P, Norte
139882	780	663	17-02-20	84	74	Mixer Bucaramanga
139886	520	442	17-02-20	84	74	Mixer Corredor Sur
139887	778	662	17-02-20	84	74	Mixer Soacha
139891	522	443	17-02-20	84	74	Mixer Ruta del Sol
139892	783	665	17-02-20	84	74	Mixer P, Columbus
139893	781	664	17-02-20	84	74	Mixer Fontibón
139894	785	667	17-02-20	84	74	Mixer P, Mamonal
139989	522	443	17-02-20	84	74	Mixer Marinilla
140014	259	221	17-02-20	84	74	Mixer Tunjuelo
140082	5,552	4,997	01-06-20	84	78	Pump truck
140833	408	333	18-09-19	84	69	Front loader
146004	1,407	1,407	16-11-20	84	83	Grinder
140018	1,822	1,549	17-02-20	84	74	Mixer Mzles, Cusiana, Villavi, Sta Marta, Sur
<b>Total</b>		<b>46,318</b>				

During 2012, in the Colombian companies, leasing arrangements recognized as operational leases were reviewed based on the concept established by the company in the previous years. As a result of this review, it was decided to adopt a conservative position, taking into account the essence of the operation, and to proceed with their registry as financial leases.

- (4) This mainly includes the partial concession of mining license 11378 for the extraction of lime, acquired in 2008 for USD 41,256,757 (COP 95,524) from Acerías Paz del Río for the exploitation of a minimum of 369,000 tons of limestone per year, which balance is COP 67,429 (COP 73,047 in 2012) and in Zona Franca Argos S.A.S., it includes a port concession contract regarding property of public use, signed with the Colombian National Concession Institute (Instituto Nacional de Concesiones or INCO) for COP 17,892.

The main mining concessions that were in effect at the closing of the year are specified below:

Contract number	Type of title	Main mineral	Municipality	Department	Value	Status	Start date	Term (years)
2952	Mining concession Decree Law 1275	Limestone and sand	Barranquilla and Puerto Colombia	Atlántico	Indeterminate	Procedure extended	07/03/1980	30
3632	Mining concession law 2655	Limestone and clay	Tolúviejo	Sucre	Indeterminate	Exploitation	06/10/1992	30
9334	Mining concession law 2655	Calcareous	Barranquilla and Puerto Colombia	Atlántico	Indeterminate	Exploitation	04/02/1993	30
18610	Mining concession law 2655	Limestone	Turbaco	Bolívar	Indeterminate	Exploitation	04/02/1997	30
7609	Mining concession law 2655	Limestone	Curití	Santander	Indeterminate	Exploitation	23/08/2004	30
FD2 154	Mining concession Law 685	Construction materials	Saldaña	Tolima	6,000	Exploitation	02/12/2004	28
IKS-11581	Mining concession Law 685	Construction materials	Saldaña	Tolima	10,000	Exploration	30/12/2009	29
14672	Exploitation license 2655	Limestone	San Luis	Antioquia	Indeterminate	Exploitation Extension	24/07/2007	10
441xRío Claro	Mining concession decree 1275	Limestone	Sonsón	Antioquia	Indeterminate	and translation	22/11/1983	30
8648 Cairo	Mining concession Law 685	Limestone	Abejorral	Antioquia	Indeterminate	Exploitation	25/04/1990	30
911-15 Monjas	Contribution contract Decree 2655	Limestone	Firavitoba	Boyacá	Indeterminate	Exploitation	16/11/1994	20
GSA-EXTR 95-105	Contract 112 December 11, 1996	Quarried stone	Province of Panamá	District of Panamá	Indeterminate	Exploitation	24/12/2006	10
Concesión Minera "Najayo"	Contract 241 July 9, 1996	Caliche and pozzolane	Province of San Cristóbal	District of San Cristóbal	Indeterminate	Exploitation	09/07/1996	75

- (5) Deferred charges as of December 31 were mainly comprised of:

	2013	2012
Technology projects and other deferred charges (a)	208,694	93,518
Deferred income tax (b)	38,805	35,313
Software	20,788	18,514
Improvements to third party's properties	6,452	6,347
Research studies	237	610
Licenses	-	17

- (a) This mainly includes the following concepts:

	2013	2012
Synergy project – implementation of new system (ERP)	110,383	53,191
Expenses in issuance and placement of shares	68,018	5,604
Issuance and placement of bonds	9,959	11,616
Conversion to International Accounting Standards	1,049	1,049
Projects of acquisition of assets and expansion of plants	52	840

- (b) This includes deferred taxes of Cementos Argos S.A. for COP 19,878 (COP 10,653 in 2012) corresponding to temporary differences, mainly in the account payable of the swap and forward arrangements and the estimated liabilities for forest compensation. The variation corresponds mainly to the increase in the following companies: Cementos Argos S.A. for COP 9,225, Savannah Cement Company LLC for COP 1,722, Argos Cement LLC. for COP 9,252 and Argos Ready Mix LLC. for COP 5,795. There was also a decrease in Argos USA Corp. of COP 23,109. Furthermore, in the previously indicated figures of the operation in the US, the effect of compliance with norm ASC (Accounting Standard Codification) 740 is recognized. This norm is related with tax provisions formally known as FAS (Financial Accounting Standard) 109, emitted by the US Financial Accounting Standard Board (FASB), where it is stated that it is mandatory to recognize a provision for the valuation of deferred tax assets, known as Valuation Allowance, indicating that the devaluation of the deferred tax asset over possible estimated tax losses that could not be compensated must be registered, based on a high probability of recovering the latter. In this case, it amounted to USD 22.6 million. Even though this provision was applied using the conservatism principle as required by US regulations, which demand a high safety level of recoverability, Cementos Argos S.A. feels that in the future, enough taxable revenues will be generated, which will allow the company to obtain the benefits of deferred tax associated with tax losses, which are allowed a period of 20 year to be offset.

Amortization for deferred charges and intangible assets recorded in the results of 2013 amounted to COP 61,140 (COP 64,219 in 2012).

## NOTE 11 – FINANCIAL LIABILITIES

Financial liabilities as of December 31 were comprised of:

	2013	2012
Bank overdraft	2,587	2,341
Obligations to domestic banks (1)	138,194	659,876
Obligations to foreign banks (2)	266,640	298,118
Loans with financial corporations (3)	29,152	5,636
Letters of credit and loans from trade financing companies (3)	50,924	24,269
Other obligations to independent parties (4)	4,017	14,158
Other obligations	19,934	18,627
	<b>511,448</b>	<b>1,023,025</b>
Less non-current portion	(222,158)	(369,717)
	<b>289,290</b>	<b>653,308</b>

- (1) The decrease corresponds mainly to the payment of obligations by Cementos Argos S.A. for a total of COP 468,036 (COP 461,492 in 2012), which were partly paid off with the resources raised through the issuance of shares.

## Obligations to domestic banks:

Entity	Concept	2013	2012	Original currency	Maturity
<b>a) Long-term loans</b>					
Banco de Bogotá	Long-term loan	10,300	-	COP	2 Aug 2014
Banco de Bogotá	Long-term loan	-	35,365	USD	5 Mar 2014
Banco AV Villas	Long-term loan	-	25,000	COP	10 Oct 2013
Bancolombia	Long-term loan	-	50,000	COP	27 Dec 2010
Banco Popular	Long-term loan	-	60,000	COP	13 May 2013
Bancolombia	Long-term loan	-	100,000	COP	16 Sep 2020
<b>b) Working capital loans</b>					
Bancolombia	Working capital loan	500	500	COP	20 Feb 2014
Bancolombia	Working capital loan	550	-	COP	19 Jan 2014
Bancolombia	Working capital loan	1,600	-	COP	1 May 2014
Banco de Bogotá	Working capital loan	48,171	-	COP	26 Jun 2014
Banco de Bogotá	Working capital loan	38,537	-	USD	5 Mar 2014
Banco de Bogotá	Working capital loan	28,902	-	COP	5 Mar 2014
Banco de Bogotá	Working capital loan	9,634	-	COP	5 Mar 2014
Davienda	Working capital loan	-	4,421	USD	4 Jan 2013
Bancolombia	Working capital loan	-	9,725	USD	2 Aug 2013
Bancolombia	Working capital loan	-	19,451	USD	3 May 2013
BBVA	Working capital loan	-	26,523	USD	29 Apr 2013
Bancolombia	Working capital loan	-	28,292	USD	30 Apr 2013
Bancolombia	Working capital loan	-	31,828	USD	25 Apr 2013
Davienda	Working capital loan	-	44,206	USD	26 Jun 2013
Bancolombia	Working capital loan	-	54,815	USD	26 Apr 2013
BBVA	Working capital loan	-	61,888	USD	29 Apr 2013
Banco de Bogotá	Working capital loan	-	107,862	USD	30 Jan 2013
<b>Total</b>		<b>138,194</b>	<b>659,876</b>		

## (2) Obligations to foreign banks:

Entity	Concept	2013	2012	Original currency	Maturity
<b>a) Long-term loans</b>					
UBS	Long-term loan	8,667	7,946	USD	3 Sep 2014
Varios	Syndicated loan	28,902	44,206	USD	18 May 2015
Citibank PLC London	ECA loan	168,751	183,017	USD	26 Jun 2019
Banco BHD	Long-term loan	6,079	-	DOP	25 Jun 2019
<b>b) Working capital loans</b>					
Banco General	Working capital loan	8,285	-	USD	15 May 2014
Mercantil Commercebank	Working capital loan	4,046	-	USD	20 Mar 2014
BCI Miami Branch	Working capital loan	10,212	-	USD	11 Jun 2014
BCI Miami Branch	Working capital loan	3,854	-	USD	29 Jan 2014
BCI Miami Branch	Working capital loan	15,415	-	USD	3 Apr 2014
HSBC Honduras	Working capital loan	12,429	-	USD	13 Mar 2014
Mercantil Commercebank	Working capital loan	-	1,768	USD	8 May 2013
Mercantil Commercebank	Working capital loan	-	3,360	USD	5 Jun 2013
Mercantil Commercebank	Working capital loan	-	3,536	USD	5 Mar 2013
BCI Miami Branch	Working capital loan	-	4,774	USD	15 Apr 2013
BCI Miami Branch	Working capital loan	-	5,305	USD	24 Feb 2013
Mercantil Commercebank	Working capital loan	-	5,305	USD	2 Apr 2013
BCI Miami Branch	Working capital loan	-	6,012	USD	29 Jan 2013
Mercantil Commercebank	Working capital loan	-	8,841	USD	21 Jan 2013
BCI Miami Branch	Working capital loan	-	24,048	USD	5 Mar 2013
<b>Total</b>		<b>266,640</b>	<b>298,118</b>		

The long-term loan with Citibank PLC, backed by EKF Denmark, for an initial amount of USD 159,235,669, owed by Cementos Argos S.A., Zona Franca Argos S.A.S. and Argos USA Corp., has the following financial covenants in effect as of December 31, 2013:

- Net Debt / EBITDA ratio + 12 month dividends: less than 4 times.
- EBITDA / Financial expense ratio: higher than 1.5 times.

The loan endorsed by EKF has a term of 11.5 years, with biannual payments towards the principal as of December 2009 and maturity in June 2019.

The syndicated loan with the Panama branch of Citibank as administrative agent stipulates, among others, the following covenants regarding the financial statements of Cemento Panamá S.A and its subsidiaries:

- A net debt / EBITDA ratio of less than 2.5 is to be maintained.
- Coverage of debt service not less than 4.0.
- Total debt / shareholders' equity ratio less than 1.3.
- The interest rate of the syndicated loan of Cementos Panamá S.A. is Libor + 1.5%. It expires in May 2015.

- (3) The increase corresponds mainly to new leasing contracts entered into by Colombian and American branches, more specifically, mainly by Argos Ready Mix (South Central) Corp. for COP 25,940 (COP 0 in 2012) and Concretos Argos S.A. for COP 33,620 (COP 6,621 in 2012).
- (4) This corresponds mainly to obligations acquired for the rent of ships, which under International Financial Reporting Standards (IFRS) are recorded as Financial Leasing. If these operations had been carried out in Colombia, they would have had to be recognized as rent, without including any financial obligation.
- (5) This mainly includes debt of Argos USA Corp. to Andino Trading Corporation, for COP 18,430 (COP 16,913 in 2012).

At the closing of 2013 and 2012, currency forward buying transactions were in place to convert liabilities in US dollars into Colombian pesos in a synthetic manner. The details of these transactions can be found in note 13.

On financial liabilities, bonds, securities and accounts payable, interests were accrued for the amount of COP 162,454 in 2013 (COP 208,340 in 2012).

In 2013, the credit line with Bancolombia S.A. was backed by permanent investments worth COP 175,240 (COP 197,600 in 2012), as mentioned in note 8.

Long term financial liabilities outstanding on December 31, 2011 mature as follows:

YEAR	Maturity amount
2015	51,355
2016	42,832
2017	42,219
2018	43,214
2019 and subsequent years	42,538
	<b>222,158</b>

## NOTE 12 – BONDS PAYABLE AND COMMERCIAL PAPER

Bonds payable issued on November 23, 2005 were comprised of the following on December 31, 2013:

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE	INTEREST PAYMENT TERMS
10 years	80,000	CPI + 2.88%	Biannually in arrears
12 years	440,000	CPI + 3.17%	Biannually in arrears
	<b>\$520,000</b>		

Of the authorized value of COP 600,000, the last section of COP 150,000 with a term of 12 years was issued on February 23, 2007.

Bonds payable issued on April 28, 2009 were comprised of the following on December 31, 2013:

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE	INTEREST PAYMENT TERMS
5 years	81,175	9.70 AER	Annually in arrears
7 years	114,943	CPI + 6.00%	Quarterly in arrears
10 years	70,350	CPI + 6.30%	Quarterly in arrears
15 years	229,530	CPI + 7.19%	Quarterly in arrears
	<b>495,998</b>		

Bonds payable issued on April 11, 2012 were comprised of the following on December 31, 2013:

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE	INTEREST PAYMENT TERMS
2 years	111,400	DTF* + 1.34	Quarterly in arrears
3 years	111,400	DTF* + 1.45	Quarterly in arrears
	<b>222,800</b>		

\* DTF (*Depósito a Termino Fijo*) is a Colombian base rate for fixed rate deposits over three months.

Bonds payable issued on May 16, 2012 were comprised of the following on December 31, 2012:

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE	INTEREST PAYMENT TERMS
6 years	97,022	CPI + 3.80%	Quarterly in arrears
10 years	299,896	CPI + 4.24%	Quarterly in arrears
15 years	303,082	CPI + 4.50%	Quarterly in arrears
	<b>700,000</b>		

All issues are rated AA+ by Fitch Ratings Colombia S.A. The bonds are payable-to-order securities tradable in the secondary market.

Of the issue maturing in 2017, 12-year Argos 2005 bonds for COP 440,000, a total of COP 433,320 was converted to US dollars (equivalent to USD 240,000,000) through a currency swap at an average rate of Libor + 1.78%, paid biannually in arrears (see Note 5 of this report).

The bond issuance of February 23, 2007 for the amount of COP 132,211 gave rise to a placement discount of COP 17,788 which is amortized over 12 years using the straight line method. On December 31, it showed the following balances:

	2013	2012
Total bonds payable	1,938,798	2,015,998
Less discount to be amortized	(6,568)	(8,210)
	<b>1,932,230</b>	<b>2,007,788</b>
Less short-term part	192,575	77,200
	<b>1,739,655</b>	<b>1,930,588</b>

In 2013, interests accrued in the amount of COP 133,914 (COP 141,213 in 2012) on ordinary bonds.

The following was the overall cost of financial obligations, including Argos bonds, financial derivatives and loans during 2013:

- Average cost of financial obligations in Colombian pesos: 7.08% AER (7.74% AER in 2012).
- Average cost of financial obligations in US dollars: 1.97% AER (2.28% AER in 2012).

## NOTE 13 – SUPPLIERS AND ACCOUNTS PAYABLE

Suppliers and accounts payable on December 31 were comprised of:

	2013	2012
Costs and expenses payable	148,412	169,781
Domestic suppliers	182,220	136,815
Foreign suppliers	31,113	15,444
Dividends payable (1)	68,824	49,317
Current commercial accounts (see Note 27)	35,093	16,602
Accounts payable to contractors	5,593	5,542
Sundry accounts payable (2)	170,044	194,175
Withholdings payable	23,238	30,146
Installments payable	1,218	1,215
Other accounts payable	19,289	17,599
	<b>685,044</b>	<b>636,636</b>
Less – sundry long term accounts payable	(55,107)	(75,857)
	<b>629,937</b>	<b>560,779</b>

- (1) The increase is mainly due to dividends declared in Cementos Argos S.A. for the preferred shares emitted in 2013, whose value was of COP 231 per share, or 3% of the subscription price. On December 31, the amount payable for dividends of preferred shares amounted to COP 12,081 and that for ordinary shares to COP 50,528 (COP 46,208 in 2012) in Cementos Argos S.A. The item also includes dividends for minority shareholders in Argos Panamá S.A. for COP 3,686 (COP 2,866 in 2012), in Argos Honduras S.A. de C.V. for COP 1,649, in Vensur N.V. for COP 774 (COP 220 in 2012), and in Cimenterie Nationale S.E.M. (CINA) for COP 106 (COP 23 in 2012).
- (2) It mainly reflects the valuation of derivative transactions for COP 27,936 (COP 20,277 in 2012) and the balance payable of COP 82,661 arising from the acquisition of Cementos La Unión S.A. and Cementos Apolo S.A. under the following conditions:

**Balance on December 31, 2013:** USD 42,900,000 (USD 57,200,000 in 2012)

**Maturity:** August 2016

**Interest rate:** 5% AER, payable quarterly in arrears

**Amortization:** 10 annual installments

In 2013, interests accrued for COP 4,700, the equivalent of USD 2,511,220 (COP 5,803 in 2012, the equivalent of USD 3,169,447). In the same year, a USD 14,300,000 redemption payment was made. On this account payable, an exchange swap was carried out:

### Swap arrangements

Type	Underlying	Underlying amount (USD)	Underlying rate	Swap amount (COP)	Swap rate	Maturity
Currency swap	Account payable	USD 42,900,000	4.90% in arrears	81,935	CPI + 5.35%	8 Aug 2016



At the closing of 2013, forward arrangements for the purchase of foreign currency were in place, in order to convert credits in US dollars into Colombian pesos in a synthetic way.

#### Swap arrangements

Type	Underlying	Underlying amount (COP)	Underlying rate	Swap amount (USD)	Swap rate	Maturity
Currency swap	Bonds 2017	\$ 343,520	CPI + 3.17%	USD 190,000,000	Libor + 1.75%	23 Nov 2017
Currency swap	Bonds 2017	\$ 89,800	CPI + 3.17%	USD 50,000,000	Libor + 1.92%	23 Nov 2017

Financial obligations, principal and interest:

#### Forward arrangements

Type	Underlying	Underlying amount	Forward amount (USD)	Forward rate	Maturity
Fwd buying	Financial obligation, interest	USD 104,706	USD 104,706	\$ 1,974.18	25 Mar 2014
Fwd buying	Financial obligation, principal	USD 25,000,000	USD 25,000,000	\$ 1,988.16	25 Jun 2014
Fwd buying	Financial obligation interest	USD 107,033	USD 107,033	\$ 1,992.35	25 Jun 2014

Currency swaps are arranged with the purpose of balancing the Company's exchange exposure, taking advantage of what its management considers favorable market conditions.

Forward and option arrangements are carried out to cover the risk of fluctuation in exchange rates applicable to liabilities in US dollars, temporary investments and export/import transactions. These instruments are valued at their fair value, taking into consideration current market curves on the valuation date (see policy on derivative financial instruments).


## NOTE 14 – TAXES, LEVIES AND CONTRIBUTIONS

The balance of taxes, levies and contributions on December 31 was comprised of:

	2013	2012
Income tax	34,902	34,120
Fairness income tax (CREE)	57,478	-
Sales tax	47,999	43,015
Industry and commerce tax	23,141	14,900
Other (equity tax)	32,420	63,030
	<b>195,940</b>	<b>155,065</b>
Less – Long-term portion	-	(30,745)
	<b>195,940</b>	<b>124,320</b>

The tax dispositions that apply to the company and its subordinates stipulate that:

- The rate of income tax for 2013 is of 25%, whereas in 2012 the rate had been 33%. This lower rate for 2013 was established by Law 1607 of December 2012. This same law created the income fairness tax, known in Colombia as CREE, with a rate of 9%, which took effect as of January 1, 2013. The base for this CREE tax is calculated together with the income tax, but additionally filtering out certain parts that the new regulations specifically do not take into consideration for the CREE tax.



For CREE tax purposes it is not allowed to offset the income of the taxable accounting period against tax losses or surpluses of presumptive income from previous periods.

- b) As from 2007, Law 1111 of 2006 reinstated the capital gains system for taxpayers required to record adjustments for inflation, particularly regarding the sale of investments and fixed assets held in possession for more than 2 years.
- c) The basis for calculating the income tax cannot be less than 3% of net shareholders' equity on the last day of the immediately preceding taxable period.
- d) Tax losses adjusted according to tax rules may be offset by companies against ordinary net income obtained during subsequent taxable periods, with no time limitations, without prejudice for the presumptive tax of the year.

Tax losses arising from the special deduction for investment in productive fixed assets may also be offset against the taxpayer's net income.

As of 2007, tax losses may be offset against ordinary net income without limitations in terms of time or percentage, without detriment to the presumptive income of the period. Until 2006, tax losses were adjusted to inflation. As of fiscal year 2007, they are fiscally readjusted.

On December 31, 2013, Cementos Argos S.A. and its subsidiaries had tax losses amounting to COP 162,315 (COP 246,271 in 2012).

- e) Any excess in presumptive taxable income above ordinary taxable income accrued after 2003 can only be offset against ordinary taxable income within the following five years.

In all cases, excesses in presumptive taxable income above ordinary taxable income were adjusted for inflation up until 2006. Starting in 2007 excess presumptive taxable income above ordinary taxable income is readjusted according to tax rules.

As of December 31, 2013, Cementos Argos S.A. and its subsidiaries had a total of COP 67,920 (COP 44,047 in 2012) of excess presumptive taxable income originating in tax years 2006, 2010 and 2011.

- f) Starting in 2004, income tax taxpayers who carry out transactions with foreign related parties must calculate, for the purposes of the income and complementary taxes, their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, applying the prices and profit margins they would have applied in similar transactions on an arm's length basis with non-related parties. The Company conducted a technical survey on transactions carried out during 2011 and reached the conclusion that there is no need to adjust the income tax return on these grounds for that tax year.

This table shows the details regarding the estimation of the income tax for the years ended on December 31:

	2013	2012
Taxable income of domestic companies with special rate	29,353	28,813
Rate	15%	15%
Current income tax at special rate	<b>4,403</b>	<b>4,322</b>
Taxable income of domestic companies	431,522	103,270
Rate	25%	33%
Current income tax	<b>107,881</b>	<b>34,079</b>
Taxable income of domestic companies for CREE tax	733,817	-
Rate	9%	-
CREE tax	<b>66,044</b>	-
Credit deferred income tax of domestic companies	(11,790)	(15,366)
Income tax provision of domestic companies	<b>166,538</b>	<b>23,035</b>
Income tax provision of foreign companies	45,146	(5,952)
<b>Total income tax provision charged to income statement</b>	<b>211,684</b>	<b>17,083</b>

- (1) Zona Franca Argos S.A.S. pays income taxes at the rate of 15%, based on presumptive income for 2013 and 2012.
- (2) The rate applied for income tax in 2013 is of 25%; for 2012, the rate was 33%. Among the Colombian companies paying income tax at the rate of 25%, some are based on presumptive income and others on taxable income.
- (3) As of January 1, 2013, the income fairness tax known as CREE was created. This tax has a rate of 9%. The base for the CREE tax is calculated together with the income tax, but additionally filtering out certain parts that the new regulations specifically do not take into consideration for the CREE tax.
- (4) In Colombia the deferred tax is positive, mainly because of provisions and expenses that will be deductible once they are made.
- (5) The increase in the expenses for income taxes corresponds mainly to Cementos Argos S.A., due to the currency exchange difference of investments abroad, which in terms of accounting goes to shareholders' equity and in terms of taxes is part of income. In 2012, there were losses of approximately COP 190,000 due to exchange rate differences, while in 2013, there were revenues for this same concept of about COP 175,000. This exchange rate difference is taxed at a rate of 25%, resulting in a significant increase in the income tax. Also, the fairness income tax, or CREE tax, which took effect as of 2013, adds COP 66,044 to the total income tax expense.

The income tax returns of Cementos Argos S.A. and its subsidiaries of 2007, 2008, 2009, 2010, 2011 y 2012 are subject to revision and approval by the tax authorities.

The company's management and its legal advisors believe that the amount recorded in the books under liabilities for taxes payable is sufficient to cover any liability that could arise with regards to these years.

## TAX ON EQUITY

The Company paid a tax on equity in amount of COP 175,323 using its net worth on January 2011 as the basis for its calculations, at rates of between 1.40% and 4.8% plus the surcharge of between 0% and 25%,



respectively. The tax return was filed in May 2011 and payment will be done in eight equal installments in May and September of 2011, 2012, 2013 and 2014. For 2011, the Company accrued and accounted the tax on equity and its surcharge in the equity revaluation account, for a value of COP 126,961 and against results for COP 12,090.

In 2012, with the spin-off, the tax on equity calculated in 2011 decreased by COP 3,982.

In 2013, tax on equity against liabilities paid was COP 30,755 (COP 31,238 in 2012), with a charge to the income statement of COP 12,090 (COP 12,090 in 2012).

## TAX REFORMS

The following is a summary of some of the changes to the Colombian tax system for 2013 and subsequent years introduced by Law 1607 of December 26, 2012:

In the calculation of taxable income for the CREE tax, it is not allowed to offset tax losses or excesses in presumptive taxable income from previous years.

**Exemption from contributions:** Legal persons who file Income and Supplementary Tax returns are exempt from payment of payroll taxes to the Colombian National Training Service (Servicio Nacional de Aprendizaje or SENA) and to the Colombian Family Welfare Institute (Instituto Colombiano de Bienestar Familiar or ICBF) and from paying employer contributions to the National Social Security System's healthcare service on behalf of employees who individually earn up to ten (10) minimum legal wages currently in effect. This exemption will begin once the system of income tax withholdings for the income fairness tax (CREE) is in place (and by July 1, 2013 at the latest).

**Accounting standards:** For tax effects only, references made in tax law to accounting standards shall remain in force for 4 years after the International Financial Reporting Standards come into effect. Consequently, during this period of time, the tax bases of the items included in tax returns shall remain unchanged. Similarly, requirements regarding accounting treatment for the recognition of special tax situations shall lose effect once the new accounting regulatory framework is in place.

**Requirement for Business Groups to submit consolidated financial statements:** By June 30 each year at the latest, duly registered business and/or enterprise groups are required to submit their consolidated financial statements, including attachments, on magnetic media, to the Colombian National Tax and Customs Authority (Dirección de Impuestos y Aduanas Nacionales or DIAN).

## NOTE 15 – DEFERRED LIABILITIES

	2013	2012
Deferred taxes	38,189	38,166

The variation corresponds mainly to decreases in Southern Equipment Company Inc. for COP 23,153, in Argos Ready Mix (South Central) Corp. for COP 11,042, in Cementos Argos S.A. for COP 2,350 due to financial derivative operations, in Argos Dominicana S.A. for COP 1,290 due to losses during the period and in other companies for COP 909. There were also increases, more specifically in Argos USA Corp. for COP 32,769, in Argos Panamá S.A. for COP 3,593 and in Vensur N.V. for COP 2,405.

## NOTE 16 – LABOR OBLIGATIONS

	2013	2012
Retirement pensions payable	243,048	256,274
Consolidated severance pay (fund)	8,624	7,800
Consolidated vacation	13,522	13,089
Non-mandatory benefits (1)	26,090	20,884
Salaries payable	646	314
Other	19,872	8,372
	<b>311,802</b>	<b>306,733</b>
Less – long-term portion	(242,455)	(255,627)
	<b>69,347</b>	<b>51,106</b>

- (1) The increase mainly corresponds to Argos Ready Mix (South Central) Corp. for COP 1,789, Cementos Argos S.A. for COP 1,596, Piazza Acquisition Corp. for COP 1,102 and Concretos Argos S.A. for COP 422.

Calculation of the actuarial reserve was performed on the following technical basis:

- (1) **Mortality table:** Colombian annuity mortality table RV08 both for men and women (Resolution 1555 of 2010 of the Superintendence of Finance of Colombia).
- (2) **Pension and salary adjustments:** The formulation used explicitly incorporates future salary and pension increases at a growth rate of 2.99% in 2013 and 3.26% in 2012 (Decree 2783 of December 20, 2001).
- (3) **Technical interest:** 4.8% AER, for 2013 and 2012.
- (4) **Reserves:** They were established using the fractional annuities in arrears model (Article 112 of the Colombian Tax Statute).

The actuarial method used to calculate the liability is the one established in Decree 2783 of 2001 of the Colombian National Government.

The main factors used in the actuarial estimations for the years ended on December 31 were:

	2013	2012
Headcount	1,578	1,650
Interest rate	4.80%	4.80%
Future pension increase	2.99%	3.26%

Charges to income on account of retirement pensions were:

	2013	2012
Retirement pensions	25,718	28,651

Pension entitlements and certificates have been fully amortized.

The decrease in liabilities is primarily the result of updated actuarial estimations as of December 2013, mainly due to the decreased value of the mathematical reserve for retirement pensions, contributions to the pension and health social security systems, and pension entitlements and certificates.

The following is the breakdown of pension liabilities:

	2013	2012
Actuarial calculations	213,843	222,539
Add: Pension entitlements	24,832	29,484
Pension certificates	3,780	3,604
	<b>242,455</b>	<b>255,627</b>

The following is the breakdown of employees of the Company and its subsidiaries and management and employee expenses.

COMPANY	MANAGEMENT HEADCOUNT	MANAGEMENT EXPENSES	OTHER EMPLOYEES	EXPENSES OTHER EMPLOYEES
Alianza Progenética S,A,S,	-	-	-	-
American Cement Terminals, LLC	-	-	-	-
Argos Cement LLC	45	10,627	349	38,002
Argos (Dominica) Ltd,	1	88	9	179
Argos Dominicana S,A,	5	659	127	3,391
Argos Honduras S,A, de C,V,	21	2,335	166	5,753
Argos Panamá S,A,	18	3,434	429	10,909
Argos Ready Mix LLC	14	3,951	469	20,798
Argos Ready Mix (South Central) Corp,	23	5,928	744	69,589
Argos Saint Maarten NV	-	-	8	423
Argos USA Corp,	-	-	-	-
Argos USVI Corp,	2	588	4	351
C,I, del Mar Caribe BVI Inc,	-	-	-	-
Caltex S,A,S,	-	-	-	-
Canteras de Colombia S,A,S,	-	-	-	-
Caricement Antigua Limited	-	-	9	344
Caricement Antilles NV	-	-	-	-
Cement and Mining Engineering Inc,	-	-	-	-
Cementos Argos S,A,	189	62,241	2,574	147,994
Central Aggregates LLC	-	-	-	-
Cimenterie Nationale S,E,M, (CINA)	6	1,150	200	6,174
Colcaribe Holdings S,A,	-	-	-	-
Comercial Arvenco C,A,	-	-	-	-
Concretos Argos S,A,	12	3,341	1,413	56,027
Consort Livestock Inc,	-	-	-	-
Corporaciones e Inversiones del Mar Caribe S,A,S,	-	-	-	-
Ganadería Río Grande S,A,S,	2	378	116	1,181
Gulf Coast Cement LLC	-	-	-	-
Haití Cement Holding S,A,	-	-	-	-
International Cement Company S,A,	-	-	-	-
Logística de Transporte S,A,	1	136	80	4,013
Marítima de Graneles S,A,	-	-	-	-
Nuevos Cementos S,A,S,	-	-	-	-
Piazza Acquisition Corp,	10	3,559	4	919
Port Royal Cement Company LLC	-	-	-	-
RMCC Group Inc,	-	-	-	-
Savannah Cement Company LLC	-	-	-	-
Somerset Shipping Co, Ltd,	-	-	-	-
South Central Cement Ltd,	1	198	1	125
Southern Equipment Company Inc,	6	2,296	642	50,886
Southern Star Leasing, LLC	-	-	-	-
Surcol Houdstermaatschappij N,V,,	-	-	-	-
Tekia S,A,S,	2	202	309	7,576
Trans Atlantic Shipmanagement Ltd,	-	-	-	-
Transatlantic Cement Carriers Inc,	-	-	-	-
Valle Cement Investments Ltd,	-	-	-	-
Venezuela Ports Company S,A,	-	-	-	-
Vensur N,V,	4	758	76	1,739
Winterset Shipping Co, Ltd,	-	-	-	-
Zona Franca Argos S,A,S,	8	3,246	317	16,694

## NOTE 17 – OTHER LIABILITIES

On December 31, other liabilities were comprised of:

	2013	2012
<b>Accrued liabilities and provisions</b>		
For costs and expenses (1)	174,095	155,033
For labor liabilities obligations	18,625	8,667
For tax liabilities	12,099	18,145
For maintenance and repairs	1,401	1,285
For contingencies (2)	38,306	42,814
Sundry provisions	15,710	14,450
<b>Deferred liabilities</b>		
Revenues received in advance	5,677	5,023
Deferred profit in sales by installment		
<b>Other liabilities</b>		
Advance payments received (3)	77,024	56,680
Revenues received for third parties	160	107
Security deposits	1,661	759
	<b>344,758</b>	<b>302,963</b>

- (1) This mainly relates to provisions for goods and/or services that were received and not billed by providers, in amount of COP 46,577 (COP 45,410 in 2012), the provision for forest compensation in amount of COP 17,731 (COP 15,920 in 2012), stemming from the obligations of the raw material extraction operation to comply with environmental responsibilities of previous periods, and the provision for the supply contract of limestone signed between Argos Cement LLC. and the supplier Unimin for the extraction of limestone, in amount of COP 44,702 (USD 23,200,000), stemming from the comparison of market conditions and the conditions agreed upon in the contract. Additionally, it includes liabilities for costs and expenses of the companies Argos Ready Mix LLC. for COP 13,221 (COP 11,494 in 2012), Argos Ready Mix (South Central) Corp. for COP 15,249 (COP 13,647 in 2012) and Southern Equipment Company Inc. for COP 14,603 (COP 18,153 in 2012) and the inclusion of Argos Honduras S.A de C.V. for COP 1,827.
- (2) The decrease comes mainly from Cementos Argos S.A. for labor contingencies in amount of COP 16,234 (COP 21,736 in 2012), for administrative contingencies in amount of COP 2,004 (COP 4,423 in 2012) and in Concretos Argos S.A. in amount of COP 5,732 (COP 7,757 in 2012) and in Argos Cement LLC. in amount of COP 4,025 (COP 6,824 in 2012). However, there was also an increase in Logística de Transporte S.A. of COP 4,169 (COP 332 in 2012) and in Tekia S.A.S. of COP 3,986 (COP 0 in 2012).
- (3) This is mainly the result of advance payments from customers in amount of COP 75,716 (COP 55,855 in 2012), in Cementos Argos S.A. of COP 53,042 (COP 44,089 in 2012), Argos Panamá S.A. of COP 7,012 (COP 3,016 in 2012) and in Argos Honduras S.A de C.V. of COP 6,766.

The cost method was applied to assess accrued liabilities on costs and expenses, labor obligations, tax liabilities, contingencies and sundry provisions.

## NOTE 18 - SHAREHOLDERS' EQUITY

### CORPORATE CAPITAL

In accordance with the approval given by the General Assembly of Shareholders of March 15, 2013, the issuance

and placement of preferred shares was carried out in May 2013, for a total of COP 1,610,824 through the allotment of 209,197,850 preferred shares at a subscription price of COP 7,700 per preferred share (figure expressed in units, not in millions), as decided by the company's Board of Directors.

Authorized capital comprises 1,500,000,000 shares with par value of COP 6 each (figure expressed in units, not in millions), and subscribed and paid-in capital is made up of 1,215,247,885 ordinary shares and 209,197,850 preferred shares. Re-acquired own shares total 63,575,575 and, consequently, the outstanding shares on December 31, 2013 total 1,360,870,160 (1,151,672,310 in 2012).

	2013	2012
Authorized capital:		
1,500,000,000 ordinary shares with par value of COP 6	9,000	9,000
Subscribed and paid-in capital:		
1,215,247,885 ordinary shares with par value of COP 6	7,291	7,291
209,197,850 preferred shares with par value of COP 6	1,256	-
	<b>8,547</b>	<b>7,291</b>

## DECLARED DIVIDENDS (figures in COP are expressed in units, not in millions)

The General Assembly of Shareholders, at its meeting on March 15, 2013, declared annual cash dividends in amount of COP 154.00 per share, payable in fourth quarterly installments of COP 38.50 from April 2013 until January 2014.

Additionally, preferred dividends were declared, corresponding to the 209,197,850 preferred shares, for an amount of COP 57.75 per share, to be paid quarterly from July 2013 until January 2014.

In 2012, the Assembly declared annual cash dividends of COP 140.00 per share, to be paid in four quarterly installments of COP 35.00 per share from April 2012 until January 2013.

## LEGAL RESERVE

Domestic companies are required to appropriate at least 10% of their net annual profits to a legal reserve, until the balance of this reserve is equivalent to 50% of subscribed capital. On December 31 of 2013 and 2012, the balance of this legal reserve amounted to COP 13,845.

Currently, this reserve contains more than the legal requirement of COP 9,572. The legal reserve is not distributable prior to the Company's liquidation but it may be used to absorb or reduce annual net losses. Appropriations in excess of the aforementioned 50% are freely available to the General Assembly of Shareholders.

## RESERVE FOR THE REACQUISITION OF SHARES

Pursuant to the dispositions contained in the Code of Commerce, this reserve on reacquired own shares is only distributable to shareholders upon a new sale thereof. As long as the shares are owned by the Company, the rights attached to them are suspended.

	2013	2012
Reserve for the reacquisition of shares	113,797	113,797
Less – reacquired own shares	(113,797)	(113,797)



## EOTHER RESERVES

On March 15, 2013, the General Assembly of Shareholders authorized a release from the non-taxable reserve for future expansion in the amount of COP 50,000 in order for the shares with preferred dividend and without voting right to be able to receive the dividend they are entitled to from the moment they were placed. It also decided to appropriate COP 296,582 to the reserve for future expansion and investments. All other reserves are freely available to the shareholders.

## SHAREHOLDERS' EQUITY REVALUATION

Pursuant to legal regulations in force until 2006, equity revaluation reflects the effect that the loss of purchasing power has on equity (inflation adjustments).

Decree 1536 of 2007 eliminated inflation adjustments and established that the accumulated balance in the shareholders' equity revaluation account may only be distributed upon liquidation of the Company or when the amount in the account has been capitalized. Nevertheless, once capitalized it may only be used to absorb losses if the Company incurs in grounds for dissolution, and it cannot be used to reimburse capital contributions to shareholders. Should the balance in this account be of a debit nature, it may be offset with current or prior period results, subject to compliance with regulations set forth in the Code of Commerce regarding profits.

Law 1370 of December 30, 2009 provides the option of charging the tax on equity against the shareholders' equity revaluation account without affecting period results. In accordance with these regulations, the Company used this option in recording the tax on equity for the periods 2011 to 2014 in amount of COP 126,961.

# NOTE 19– ASSET VALUATIONS AND VALUATION SURPLUS

Asset valuation and valuation surplus as of December 31 included the following:

	2013	2012
On permanent investments (note 8)	1,386,833	1,635,367
On property, plant and equipment and other assets (note 9)	2,138,872	1,938,618
<b>Valuations</b>	<b>3,525,705</b>	<b>3,573,985</b>
Transfer of minority interest	104,647	100,722
<b>Valuations surplus</b>	<b>3,421,058</b>	<b>3,473,263</b>

In 2011, the firm Activos e Inventarios y Cía Ltda. took an inventory of the fixed assets of Cementos Argos S.A. at the various industrial, commercial and administrative units throughout the national territory. The valuation methodology used by Activos e Inventarios y Cía Ltda. is based on the going concern assumption using the comparative method, the method of capitalization of income and the cost method, as appropriate. In summary, the valuation was based on the application of the “fair value” principle, by making comparisons with international figures of productive units in operation, used elements in operation, installed and productive capacity valued in US dollars and measured by production capacity in mining, crushing, calcinations, milling and packaging processes for cement production.

This methodology also includes in the cost of the equipment expenses related to engineering and civil works for assembly, electric, mechanical and electronic connections, pre-operating testing and start up in accordance with Section 64 of Decree 2649 of 1993 supplemented with internationally accepted accounting standards (IFRS, USGAAP).

## NOTE 20 – MEMORANDUM ACCOUNTS

Memorandum accounts on December 31 were comprised of:

	2013	2012
Assets and securities pledged as collateral (1)	254,740	607,351
Fully depreciated assets (2)	787,077	845,033
Capitalization of shareholders' equity revaluation	55,391	55,391
Tax debit accounts (3)	9,923,139	10,240,923
Lawsuits and/or legal claims	8,787	8,595
Unused credits lines (4)	18,777	9,864
Other debit control accounts	148,939	52,006
Other (5)	172,091	171,701
	<b>11,368,941</b>	<b>11,990,864</b>
Contingent obligations		
Assets and securities received	(48,808)	(42,949)
Other contingent obligations (6)	(43,766)	(40,250)
Other (7)	(23,757)	(26,702)
	<b>(116,331)</b>	<b>(109,901)</b>
Credit memorandum accounts		
Tax credit accounts (8)	(9,693,469)	(9,647,374)
Credit control accounts	(1)	(1)
	<b>(9,693,470)</b>	<b>(9,647,375)</b>
	<b>1,559,140</b>	<b>2,233,588</b>

- (1) For 2013 and 2012, it mainly relates to 5,200,000 shares of Grupo de Inversiones Suramericana S.A. that were pledged as collateral for financial obligations with Bancolombia S.A. for a total of COP 175,240 (COP 197,600 in 2012). The decrease is due to the shares of Bancolombia S.A. for an amount of COP 324,546 and of Cartón de Colombia S.A. for COP 13,824, which for 2012 had been pledged and which were dematerialized in 2013.
- (2) This is mainly composed of the fully impaired goods of Cementos Argos S.A., for an amount of COP 748,142, of Zona Franca Argos S.A.S. for 28,517 and of Concretos Argos S.A. for COP 10,132, which showed a drop of COP 56,508 in machinery and equipment and transport fleet and equipment.
- (3) This item is mainly related to the tax and accounting differences of assets, liabilities and income, mainly in Cementos Argos S.A. for COP 9,200,548 and in Zona Franca Argos S.A.S. for COP 560,596. The main decrease can be found in the differences in property, plant and equipment in Cementos Argos S.A.
- (4) The decrease is due to available credit lines with Citibank N.A., of the stand-by type, of Zona Franca Argos S.A.S. that were in place in 2012. The decrease in Cementos Argos S.A. stems from new credit lines available with Citibank N.A. and JP Morgan, of the commercial type.
- (5) The main reason for this increase is the recording of goodwill of Caricement Antilles N.V. and DOMAR Ltd., which are completely amortized in Corporaciones e Inversiones del Mar Caribe S.A.S.
- (6) This item is related to the exchange rate difference that occurred in Cementos Argos S.A. on mining rights that comprise a future delivery engagement. The increase in 2013 was of COP 3,515.
- (7) The decrease stems mainly from the updating of the labor and administrative processes against Cementos Argos S.A.
- (8) This is mainly connected to the tax and accounting differences of assets, which in Cementos Argos S.A. amounted to COP 9,260,083.

## NOTE 21 – ADMINISTRATIVE EXPENSES

On December 31, administrative expenses were comprised of:

	2013	2012
Personnel expenses	146,582	150,920
Services (1)	54,445	46,835
Professional fees (2)	29,492	45,984
Maintenance and repairs	13,338	13,660
Depreciation of property, plant and equipment	13,095	10,291
Travel expenses	12,454	10,867
Amortization of deferred charges	10,463	13,289
Insurance	10,062	10,153
Rental fees	8,605	7,547
Contributions and affiliations	3,860	3,558
Legal expenses	2,586	3,028
Taxes	2,433	1,690
Entertainment and public relation expenses	2,239	1,423
Cafeteria and restaurant	1,935	1,679
Office supplies	1,537	836
Transportation	598	545
Adaptation and assembly	569	614
Provisions	222	290
Sundry (3)	12,640	3,886
	<b>327,155</b>	<b>327,095</b>

- (1) This relates mainly to technical assistance for COP 19,949 (COP 15,678 in 2012), transport and freight for COP 5,721 (COP 3,977 in 2012), cleaning services and security services for COP 2,892 (COP 4,293 in 2012), telephone services for COP 2,777 (COP 2,640 in 2012) and others for COP 15,176 (COP 13,000 in 2012).
- (2) The decrease mainly stems from financial consulting for COP 1,384 (COP 15,500 in 2012). In Cementos Argos S.A., it is mainly related to technical consulting in amount of COP 8,878 (COP 11,640 in 2012) and external consulting in amount of COP 17 (COP 1,342 in 2012).
- (3) This stems mainly from Cementos Argos S.A. in amount of COP 5,599 (COP 1,283 in 2012), Argos Panamá S.A. in amount of COP 7,027 (COP 5,733 in 2012) and Concretos Argos S.A. in amount of COP 1,422.

## NOTE 22 – SALES EXPENSES

On December 31, sales expenses were comprised of:

	2013	2012
Gastos del personal	62,937	59,674
Servicios (1)	42,611	30,495
Impuestos	25,997	21,810
Amortizaciones de cargos diferidos	20,917	24,972
Provisiones	10,891	6,413
Combustibles y lubricantes	5,538	1,028
Depreciaciones de propiedades, planta y equipo	4,789	4,511
Arrendamientos	3,815	3,407
Honorarios	3,418	3,843
Gastos de viaje	3,667	3,700
Contribuciones y afiliaciones	3,148	3,087
Seguros	2,134	1,738
Mantenimiento y reparaciones	1,879	2,019
Gastos de relaciones públicas	768	527
Útiles y papelería	264	257
Comisiones	120	202
Gastos legales	30	47
Adecuaciones e instalaciones	16	38
Diversos	6,794	2,506
	<b>199,733</b>	<b>170,274</b>

- (1) This is mainly related with publicity and advertising in amount of COP 10,130 (COP 7,042 in 2012), telephone services for COP 1,561 (COP 1,595 in 2012), postal services for COP 1,550 (COP 1,517 in 2012) and others in amount of COP 26,362 (COP 15,844 in 2012).

## NOTE 23 – DIVIDENDS AND PARTICIPATIONS RECEIVED

	2013	2012
Dividends and participations received	26,360	35,512

This includes dividends received from the investments in Bancolombia S.A. for COP 15,410 (COP 18,808), in Grupo de Inversiones Suramericana S.A. for COP 9,554 (COP 13,993 in 2012), and in Inversiones Cofinter S.A. for COP 382.

## NOTE 24 – EXCHANGE DIFFERENCE

	2013	2012
Exchange gains	110,779	62,154
Exchange losses	(73,167)	(63,314)
<b>Net exchange difference</b>	<b>37,612</b>	<b>(1,160)</b>

In 2012, the average net position between US dollar-denominated assets and liabilities was USD 190 million (long). This amount occurred as a result of the cash flow obtained from the issuance of shares and the acquisitions that were carried out. Additionally, there was also a significant effect stemming from the devaluation of the Colombian peso in 2013.

## NOTE 25 – OTHER INCOME

Other revenues on December 31 were comprised of:

	2013	2012
Recoveries (1)	46,736	52,071
Exploitation (2)	7,206	1,714
Services	1,668	9,398
Profits from the sale of property, plant and equipment	1,350	4,017
Rental revenues	1,221	1,967
Other sales	871	5,764
Indemnifications	722	5,190
Profits from the sale of other assets	431	822
Professional fees	275	2,641
Subsidies	258	311
Revenues from previous periods	18	558
Profits from the sale of permanent investments (3)	-	231,369
Other (4)	22,076	46,440
	<b>82,832</b>	<b>362,262</b>

- (1) This mainly relates to the recovery of provisions in amount of COP 27,024 (COP 40,683 in 2012), of which in Cementos Argos S.A. for the provision for labor law suits an amount of COP 5,356, for the provision of the investment in Argos Panamá S.A. an amount of COP 5,701 and for the lawsuit of Invías against Flota Fluvial

Carbonera S.A.S., which was assumed by Cementos Argos when it sold this company an amount of COP 1,700, in Concretos Argos S.A., for the provision of civil processes an amount of COP 2,040 and in Cement and Mining Engineering Inc. an amount of COP 1,583 from the recovery of the provision in the investment in Corporación Cemento Andino C.A. Additionally, it includes the recovery of costs and expenses in an amount of COP 19,669 (COP 11,355 in 2012), in Cementos Argos S.A. from the update of the actuarial calculations, for COP 8,696, and in Logística de Transporte S.A. for COP 3,011, stemming from accounts payable that are not claimable.


- (2) In 2013, this relates mainly to the penalty on accounts payable to Fundación para el Beneficio, in amount of COP 4,092.
- (3) In 2012, this corresponds to the profit from the sale of shares of Bancolombia S.A.
- (4) In 2013, this is mainly due to the decrease in accounts payable to Vale Do Río Doce by Valle Cement Investments Ltd., in amount of COP 11,199. This occurred by analyzing the situation, leading to the conclusion that said account payable was not appropriate. Also, it includes a participation in amount of COP 1,007 that International Cement Company S.A. receives, of 9%, from Ceratech USA Holdings LLC. because it is a shareholder of Ceratech Inc. In 2012, there was also an additional payment received in Valle Cement Investments Ltd., of COP 45,925 from Vale Do Río Doce, as a result of the valuation of coal reserves in the Las Cuevas mine.

## NOTE 26 – OTHER EXPENSES

On December 31 other expenses were comprised of:

	2013	2012
Taxes assumed (1)	30,200	35,386
Retirement pensions and pension certificates (2)	25,718	28,181
Donations and contributions	15,115	15,464
Fines, penalties, legal claims and lawsuits (3)	8,913	1,786
Provision for the devaluation of investments (4)	8,670	15,407
Costs and expenses from previous periods (5)	7,620	26,814
Other amortization	4,538	4,538
Cost of other sales	3,834	3,378
Labor lawsuits (6)	2,721	14,013
Indemnifications	1,808	2,408
Loss from sale and disposal of other assets	1,578	3,182
Expenses of related parties	865	2,400
Sales costs of materials and spare parts	804	4,532
Loss from the sale and disposal of property, plant and equipment	515	546
Loss from accidents	204	237
Costs and judicial processes	20	3,179
Amortization of deferred charges	-	79
Disposal of property, plant and equipment	-	996
Other (7)	62,055	20,421
	<b>175,178</b>	<b>182,947</b>

- (1) The balance relates to the tax on equity of Zona Franca Argos S.A.S., of COP 12,079 (COP 12,080), to the levy on financial transactions of Cementos Argos S.A., of COP 13,895 (COP 13,313 in 2012) and of Logística de Transporte S.A., of COP 1,292 (COP 1,580 in 2012). In Haití Cement Holding S.A., for COP 1,114 (COP 0 in 2012) it relates to tax withholding on dividends received from Cimenterie Nationale S.E.M. (CINA). In Valle Cement Investments Ltd. in amount of COP 969 (COP 1,844 in 2012) it was a result of the withholding of interests on loans to related parties, and the dividends paid by Argos Dominicana S.A. and Argos Panamá S.A.

- 
- (2) This mainly corresponds to the payment of retirement pensions, in amount of COP 20,001 (COP 19,549 in 2012), pension subsidies, in amount of COP 2,573 (COP 3,348 in 2012) and the amortization of actuarial calculations for COP 0 (COP 538 in 2012).
  - (3) The increase is the result of a provision for penalties of the Superintendence of Transport to Logística de Transporte S.A., in amount of COP 4,020 and of the constitution, in Tekia S.A.S., of a provision of COP 3,986 as a contingency for the sanction of Corporación Autónoma Regional del Canal del Dique.
  - (4) This relates to provisions of investments, mainly of Surcol Houdstermaatschappij N.V. in Vensur N.V. for COP 2,348, of Transatlantic Cement Carriers Inc. in Trans Atlantic Shipmanagement Ltd. for COP 2,176. of Trans Atlantic Shipmanagement Ltd. in Winterset Shipping Co. Ltd. for COP 1,745, of Venezuela Ports Company S.A. in Surandina de Puertos C.A. for COP 999, of Argos USA Corp. in Argos Ready Mix LLC. for COP 551 and of Argos USA Corp. in Savannah Cement Company LLC for COP 117.
  - (5) The decrease is mainly the result of Cementos Argos S.A., which in 2012 recorded a provision for forest compensation in amount of COP 14,592, corresponding to previous years, of Valle Cement Investments Ltd., which recognized income that was not received from Central Charter because of the cancellation of their contract since 2011, for COP 1,160, of Concretos Argos S.A., where besides the provision for forest compensation, for COP 1,328, in 2012 there were also indemnifications for damages in projects, corresponding to the year 2010, for COP 1,174.
  - (6) This is mainly composed of judgments emitted in Cementos Argos S.A. in 2013. It also includes the decrease that was registered in Cementos Argos S.A. due to the updating of processes and their assessment of the probability of loss.
  - (7) For 2013, this mainly relates to International Cement Company S.A., which completely amortized the goodwill of Ceratech Inc. and Ceratech USA LLC. for COP 18,822, to Marítima de Graneles S.A. for COP 8,182 stemming from the cost of fuel for ships and to expenses of Industrial Hullera S.A. en Liquidación that were assumed by Cementos Argos S.A. in amount of COP 1,143, but also to provisions of account receivable from Asesorías y Servicios Ltda. en Liquidación, in amount of COP 1,737, from Profesionales a su Servicio Ltda. en Liquidación, in amount of COP 1,705, and from Transmarítima del Caribe Ltda. en Liquidación in amount of COP 690. Additionally, Cementos Argos S.A. imposed a sanction on the provision of the lawsuit of Invias to Flota Fluvial Carbonera S.A.S. in amount of COP 1,745, which it had assumed upon its sale, and it established a provision for the closing and abandoning of the Trinidad, Monserrate, El Palmar and SJU mines, in amount of COP 844.

It also includes the provisions established to cover the surplus of the liabilities over the shareholders' equity of the controlled companies Argos USVI Corp. for COP 1,782, Asesorías y Servicios Ltda. en Liquidación for COP 834, Proservi Ltda. en Liquidación for COP 750 and Transmarítima del Caribe Ltda en Liquidación for COP 237.

## NOTE 27 – TRANSACTIONS WITH RELATED PARTIES

The following is a summary of assets and liabilities on December 31 and of the revenues and expenses of the parent company arising from transactions carried out during the years then ended with shareholders holding more than 10% of the parent company's capital, with directors and with Company legal representatives and managers.

2013	SHAREHOLDERS	DIRECTORS	LEGAL REPRESENTATIVES AND MANAGEMENT
At year-end			
Assets			
Accounts receivable	269	-	-
<b>Total assets</b>	<b>269</b>	<b>-</b>	<b>-</b>
Revenues			
Professional fees	275	-	-
Rental fees	60	-	-
Interests	123	-	-
<b>Total revenues</b>	<b>458</b>	<b>-</b>	<b>-</b>
Disbursements			
Salaries	-	-	6,651
Rental fees	847	-	-
<b>Total disbursements</b>	<b>847</b>	<b>-</b>	<b>6,651</b>

Accounts with legal representatives and managers are related to labor policies approved by the Board of Directors and with benefits granted equally to all employees not entitled to the benefits of the collective agreements in force. These benefits are represented in housing loans, house remodeling loans, loans for the purchase of vehicles and loans to cover family emergencies, in each case according to duly implemented policies and with the required guarantees.

On December 31, 2013, transactions with related parties are comprised of:

COMPANIES	ACCOUNT RECEIVABLE	DETAILS	ACCOUNTS PAYABLE	DETAILS
Grupo Argos S.A.	269	Rent of offices, sale of apartment, financial and technological back office	11,269	Loans
			3,124	Rent of lands
			1,170	Rent of various plots
			133	Sale of apartment and others
Agentes Marítimos del Caribe Ltda en Liquidación	2,320	Loan to pay fiduciary		
Asesorías y Servicios Ltda. en Liquidación	1,737	Loan to pay fiduciary		
	208	Capitalization		
Carbones del Caribe Ltda. en Liquidación			8	Interests on loan
Cementos de Caldas S.A.			6,026	Purchase of 326,876 shares of Metroconcreto S.A., 1,066,625 shares of Logitrans S.A., 5,800 shares of Aridos de Antioquia, 3,700 shares of Canteras de Colombia, rental of offices and warehouses and interest on loans.
Celsia S.A. E.S.P	19	Loans to staff transferred in 2011		
Compañía de Puertos Asociados S.A.	337	Maintenance of port operations	248	Port services
Corporación de Cemento Andino C.A.	12,617	Technical consulting and loans	119	Loan
Distribuidora Colombiana Cementos Ltda. en Liquidación			425	Purchase of 247,745 shares of Flota Fluvial Carbonera S.A.S., 25,000 shares of C.I. Carbones del Caribe, 10,000 shares of Sociedad Portuaria Golfo de Morrosquillo S.A.S.
Fundiciones Colombia S.A.	3	Loan for tax payment		
Internacional Ejecutiva de Aviación S.A.S.	7,840	Plane leasing		
Inversiones FortCorp S.A.S.	293	Plot valuation taxes		
Inversiones RoundCorp S.A.S.	92	Property tax		

COMPANIES	ACCOUNT RECEIVABLE	DETAILS	ACCOUNTS PAYABLE	DETAILS
Proservi Ltda. en Liquidación	1,705	Loan to pay fiduciary	8	Liquidation of Vigilancia Privada del Litoral Ltda.
	21	Capitalization and loan to pay Superintendences		
Sator S.A.S.	1,827	Remnants of the liquidation of the company Emcarbón	6,565	Mining operation services
	115	Rent	2,124	Purchase of coal
	73	Sale of wood	1,186	Maintenance of electrical equipment in mines, sale of machinery and equipment
			60	Rent
Situm S.A.S.	1,157	Employee loans transferred in spin-off	86	Reintegration of services
Surandina de Puertos C.A.			957	Loan
Transmarítima del Caribe Ltda. en Liquidación	690	Loan to pay fiduciary		
	284	Loan (liquidation) and interests		
Transportes Elman Ltda. en Liquidación			515	Sale of tax refund certificates (Títulos de Devolución de Impuestos or TIDIS)
Otros	24		1,070	
<b>Total</b>	<b>31,631</b>		<b>35,093</b>	

2012	SHAREHOLDERS	DIRECTORS	LEGAL REPRESENTATIVES AND MANAGEMENT
At year-end Assets			
Accounts receivable	2,603	-	-
<b>Total assets</b>	<b>2,603</b>	<b>-</b>	<b>-</b>
Revenues			
Salaries	-	-	-
Professional fees	2,260	-	-
Rental fees	72	-	-
<b>Total revenues</b>	<b>2,332</b>	<b>-</b>	<b>-</b>
Disbursements			
Salaries	-	-	5,311
Rental fees	261	-	-
<b>Total disbursements</b>	<b>261</b>	<b>-</b>	<b>5,311</b>

Accounts with legal representatives and managers are related to labor policies approved by the Board of Directors and with benefits granted equally to all employees not entitled to the benefits of the collective agreements in force; they are represented in housing loans, house remodeling loans, loans for the purchase of vehicles and loans to cover family emergencies, in each case according to duly implemented policies and with the required guarantees.

On December 31, 2012, transactions with related parties are comprised of:



COMPANIES	ACCOUNT RECEIVABLE	DETAIL	ACCOUNTS PAYABLE	DETAIL
Grupo Argos S.A.	2,603	Balance of loans to employees transferred to Grupo Argos S.A. as a result of the spin-off	4,722	Rent of lands
			788	Services
Asesorías y Servicios Ltda. en Liquidación	208	Capitalization		
Carbones del Caribe Ltda. en Liquidación			8	Interests on loans
Carbones del Caribe S.A.S.	1,906	Remains of liquidation of the company Emcarbón.	2,549	Purchase of coal
	1,466	Balance of loans to employees transferred as a result of the spin-off, sale of wood and others	168	Transfer of account payable to Emcarbón, loan, and other
Cementos de Caldas S.A.			6,145	Purchase of 326,876 shares of Metroconcreto S.A., 1.066.625 shares of Logitrans S.A., 5.800 shares of Aridos de Antioquia, 3.700 shares of Canteras de Colombia, rent of offices and warehouses, and interests on loans
Celsia S.A. E.S.P	19	Loans to staff transferred in 2011	41	Energy supply
Compañía de Puertos Asociados S.A.	6	Sale of 20,000 shares of Sociedad Portuaria Golfo de Morrosquillo, 4.000 shares of Sociedad portuaria Las Flores, 4.000 shares of Sociedad Portuaria La Inmaculada (these were absorbed by COMPAS S.A.)	60	Services of wharfage
Concesiones Urbanas S.A.			41	Interests on loan
Corporación de Cemento Andino C.A.	11,579	Technical consultancies and loans	887	Loan
Distribuidora Colombiana Cementos Ltda. en Liquidación			425	Purchase of 247,745 shares of Flota Fluvial Carbonera S.A.S., 25,000 shares of C.I Carbones del Caribe, and 10,000 shares of Sociedad Portuaria Golfo de Morrosquillo S.A.S.
Fundiciones Colombia S.A.	3	Loan for tax payments		
Proservi Ltda. en Liquidación	21	Capitalization and loan for payment to Superintendences	8	Liquidation of Vigilancia Privada del Litoral Ltda.
Surandina de Puertos C.A.			145	Loan
Transmarítima del Caribe Ltda. en Liquidación	284	Loan (liquidation ) and interests		
Transportadora Alfa Ltda. en Liquidación	91	Loan		
Transportes Elman Ltda. en Liquidación			515	Sale of "Títulos de devolución de impuestos" or TIDIS (tax refund certificates)
Urbanizadora Villa Santos S.A.S.	1,146	Loans to staff transferred as a result of the spin-off	30	Cancellation of loans to employees transferred as a result of the spin-off
Otros	10		70	Maintenance of electrical equipment in mines, sale of machinery and equipment
<b>Total</b>	<b>19,342</b>		<b>16,602</b>	

The aforementioned transactions were carried out at regular market prices.

During 2013 and 2012, no transactions with shareholders, directors and legal representatives were carried out that met any of the following descriptions:

- a) Services rendered free of charge or compensated in a manner other than money.
- b) Loans imposing an obligation not corresponding with the essence or nature of the loan agreement on the borrower.

- c) Loans at interest rates other than those which are ordinarily paid or charged to third parties under similar conditions as regards term, risk, etc.

## NOTE 28 – CONTINGENCIES

### CEMENTOS ARGOS S.A. AND SUBSIDIARY COMPANIES

During 2013 there were no:

1. Inspection visits by controlling agencies that resulted in warnings or sanctions.
2. Administrative, contentious or civil final and binding penalties imposed by the competent national, departmental or municipal authorities.
3. Verdicts against Company officers for events occurred in the performance of their duties in office under criminal prosecution proceedings.
4. As of the closing of December 31, 2012, provisions had been set aside for lawsuits and litigation with eventual and high probability of losses. Of these, the most significant item is related to labor lawsuits (see Note 26).

## NOTE 29 – SUBSEQUENT EVENTS

Wanting to take advantage of the high growth potential of the state of Florida, in the United States of America, and as a complement to the company's current operations, on January 23, 2014, an agreement was signed for the purchase of assets worth USD 720 million from Vulcan Materials Company. The assets included in this agreement are a dry-process cement plant, two clinker mills, 69 ready-mix concrete plants, 13 concrete block plants and two port facilities.

## FINANCIAL INDICATORS

	2013	2012
<b>Current ratio - times</b> (current assets / current liabilities)	1.04	0.75
<b>Total indebtedness</b> (total liabilities / total assets)	34.56%	43.54%
<b>Asset turnover - times</b> (operating revenues / total assets)	0.43	0.43
<b>Profitability:</b>		
<b>Net margin</b> (net income / operating revenues)	3.70%	8.85%
<b>Return on shareholders' equity</b> (net income / shareholders' equity)	2.54%	6.78%
<b>Return on total assets</b> (net income / total assets)	1.58%	3.78%
<b>EBITDA</b>	978,108	791,190
<b>EBITDA margin</b>	19.69%	18.06%
<b>EBITDA over total shareholders' equity</b>	13.50%	13.85%

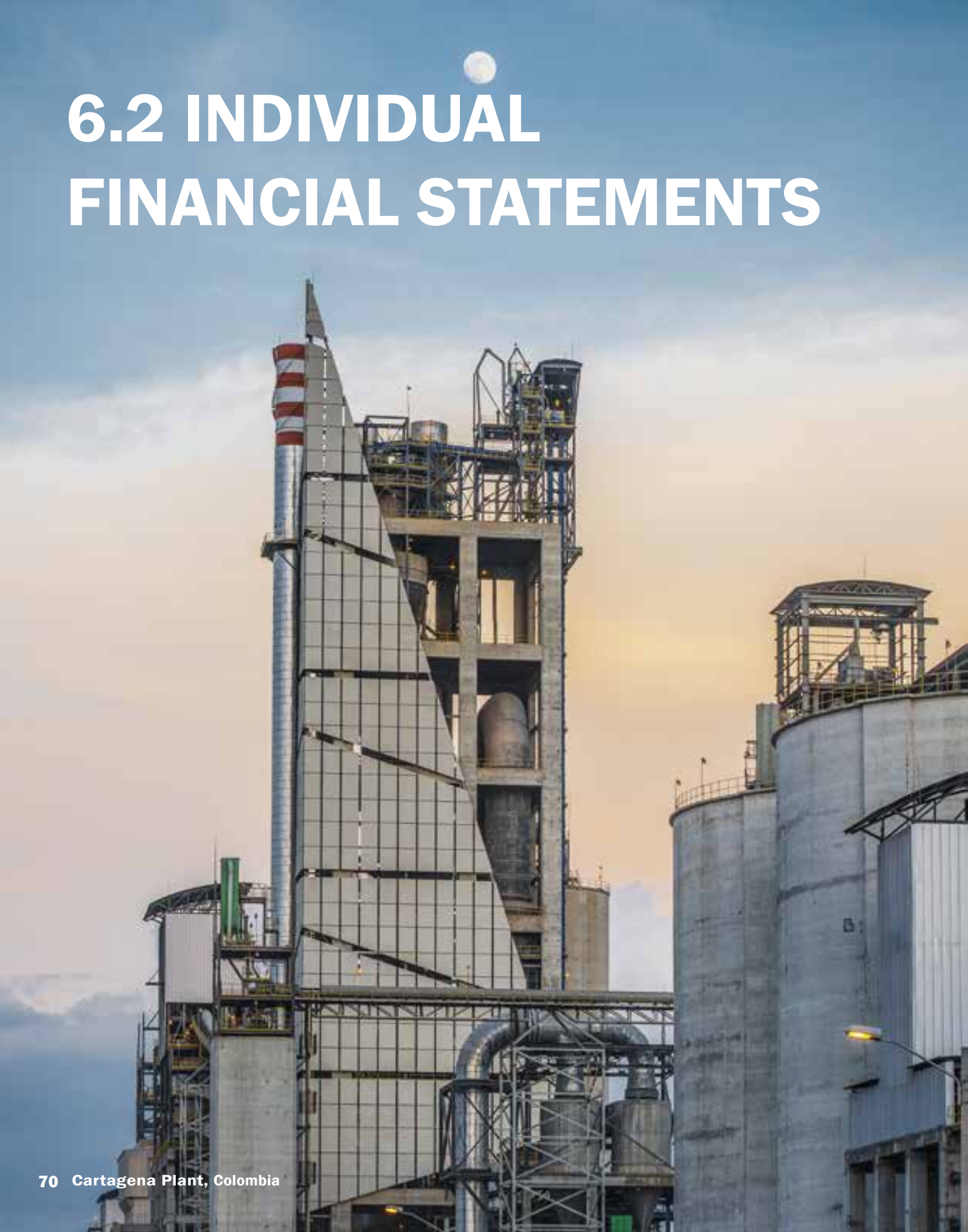
# INFORMATIVE SUMMARY

Indicator	Formula	Description
<b>Liquidity</b>		
Current ratio (times)	Current assets / Current liabilities	It indicates the company's capacity to meet its short term liabilities based on its current assets.
Indebtedness		
Total indebtedness	Total liabilities / Total assets * 100	It reflects the degree of leverage in terms of creditor participation in Company assets.
<b>Profitability</b>		
Asset turnover (times)	Operating income / Total assets	How much operating revenues are generated for each peso in assets. It measures the efficiency of asset use in generating operating revenues.
Net profit margin	Net income / Operating income * 100	How much income is generated for each peso of revenue, regardless of whether the income is generated by the company's operations or not.
Return on shareholders' equity	Net income / Shareholders' equity * 100	The percentage of income over shareholders' equity. Return on shareholders' investment.
Total return on Assets	Net income / Total assets * 100	How much income is generated by each peso invested in total assets, regardless of how it was financed.
EBITDA	Operating income + depreciation + amortization	It represents the cash generated by Company operations.
EBITDA margin	Ebitda / Operating revenues * 100	It represents the amount of revenues that are converted into cash in order to cover taxes, investment and income distributions.
EBITDA over Total Shareholders' equity	Ebitda / Shareholders' equity * 100	It represents the amount of cash generated by each peso of shareholders' equity in order to cover taxes, investments, debt payments and income distributions.



Concrete mixer trucks in Charleston, South Carolina, USA

# 6.2 INDIVIDUAL FINANCIAL STATEMENTS

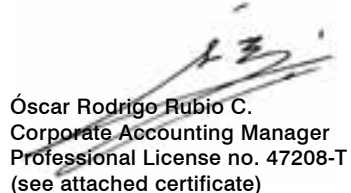


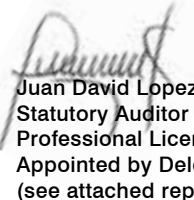
**CEMENTOS ARGOS S. A.**  
**BALANCE SHEET**  
As of December 31  
(in millions of Colombian pesos)

ASSETS	Notes	2013	2012
<b>CURRENT ASSETS</b>			
Cash		241,138	72,333
Negotiable investments	4	12,238	627
Accounts receivable	5	670,237	534,570
Inventories, net	6	98,955	110,057
Prepaid expenses		8,362	7,636
<b>TOTAL CURRENT ASSETS</b>		<b>1,030,930</b>	<b>725,223</b>
<b>NON-CURRENT ASSETS</b>			
Long-term accounts receivable	5	676,334	635,127
Long-term investments	7	4,249,802	3,883,548
Property, plant and equipment, net	8	704,009	685,908
Deferred and intangible assets	9	1,092,734	480,326
Other assets		4,734	4,752
Asset revaluations	10	2,714,971	3,022,777
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,442,584</b>	<b>8,712,438</b>
<b>TOTAL ASSETS</b>		<b>10,473,514</b>	<b>9,437,661</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Financial obligations	11	72,674	437,561
Outstanding bonds	12	192,575	77,200
Suppliers and accounts payable	13	481,324	434,872
Taxes, levies and contributions	14	136,946	75,725
Labor obligations	15	23,115	19,945
Estimated liabilities	16	83,477	76,935
Advances		53,332	44,335
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,043,443</b>	<b>1,166,573</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial obligations	11	147,731	264,640
Outstanding bonds	12	1,739,655	1,930,588
Labor obligations	15	242,455	255,627
Suppliers and accounts payable	13	55,107	75,857
Taxes, levies and contributions	14	-	25,970
Deferred liabilities		764	3,115
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,185,712</b>	<b>2,555,797</b>
<b>TOTAL LIABILITIES</b>		<b>3,229,155</b>	<b>3,722,370</b>
<b>SHAREHOLDERS' EQUITY</b>			
See attached statement	17	7,244,359	5,715,291
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>10,473,514</b>	<b>9,437,661</b>
Memorandum accounts	18	662,830	1,283,939

The accompanying notes are an integral part of the financial statements.

  
Jorge Mario Velásquez J.  
Legal Representative  
(see attached certificate)

  
Óscar Rodrigo Rubio C.  
Corporate Accounting Manager  
Professional License no. 47208-T  
(see attached certificate)

  
Juan David Lopez M.  
Statutory Auditor  
Professional License no. 139197-T  
Appointed by Deloitte & Touche Ltda.  
(see attached report)

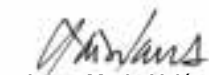
## CEMENTOS ARGOS S.A. INCOME STATEMENT

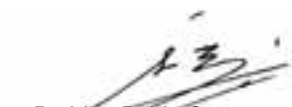
Years ended on December 31


(in millions of Colombian pesos, except for net profit per share)

	Notes	2013	2012
OPERATING INCOME	19	1,882,331	1,768,330
COST OF SALES		1,150,400	1,150,343
<b>GROSS PROFIT</b>		<b>731,931</b>	<b>617,987</b>
OPERATING EXPENSES			
Administrative expenses	20	189,953	197,781
Sales expenses	21	91,558	71,728
Total operating expenses		281,511	269,509
<b>OPERATING PROFIT</b>		<b>450,420</b>	<b>348,478</b>
OTHER INCOME (EXPENSES)			
Financial income		35,507	28,721
Financial expenses		(150,314)	(199,245)
Foreign exchange difference, net		40,304	548
Net stake in results of subsidiaries		(40,062)	19,031
Other income	22	79,474	340,595
Other expenses	23	(86,921)	(133,952)
Profit before income tax provision		328,408	404,176
Income tax provision	14	144,698	16,557
<b>NET PROFIT</b>		<b>183,710</b>	<b>387,619</b>
Net profit per share (in Colombian pesos)		117.56	336.57

The accompanying notes are an integral part of the financial statements.

  
Jorge Mario Velásquez J.  
Legal Representative  
(see attached certificate)

  
Óscar Rodrigo Rubio C.  
Corporate Accounting Manager  
Professional License no. 47208-T  
(see attached certificate)


  
Juan David Lopez M.  
Statutory Auditor  
Professional License no. 139197-T  
Appointed by Deloitte & Touche Ltda.  
(see attached report)

# CEMENTOS ARGOS S.A.

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended on December 31  
(in millions of Colombian pesos)

	Share capital	Additional paid-in capital	Equity method surplus	Legal reserve	Reserve for future expansion and investment	Other reserves	Total reserves	Shareholders' equity revaluation	Profit from previous periods	Profit of the period	Asset revaluation surplus	Total shareholders' equity
<b>BALANCES ON DECEMBER 31, 2011</b>	7,291	210,819	826,366	23,163	840,085	15,877	879,125	902,111	-	369,974	8,470,749	11,666,435
Transfer to profit from previous periods	-	-	-	-	-	-	-	-	369,974	(369,974)	-	-
Dividends of COP 140 per share, declared in cash and payable in four installments starting in April 2012	-	-	-	-	-	-	-	-	(161,235)	-	-	(161,235)
Appropriation for reserve for future expansion	-	-	(240,301)	-	208,739	-	208,739	-	(208,739)	-	-	(240,301)
Equity method surplus	-	-	-	-	-	-	-	-	-	-	(3,082)	(3,082)
Adjustment due to intrinsic investment revaluation, stock exchange price	-	-	-	-	-	(427)	(173,172)	(145,358)	-	-	(5,444,890)	(5,934,145)
Spin-off	(1,175)	(33,969)	(135,581)	(9,318)	(163,427)	-	-	-	-	-	-	-
Additional paid-in capital	1,175	(1,175)	-	-	-	-	-	-	-	387,619	-	387,619
Profit of the period ended	-	-	-	-	-	-	-	-	-	387,619	3,022,777	5,715,291
<b>BALANCES ON DECEMBER 31, 2012</b>	7,291	175,675	450,484	13,845	885,397	15,450	914,692	756,753	-	387,619	3,022,777	5,715,291
Issuance of preferred shares	1,256	1,609,568	-	-	-	-	-	-	-	-	-	1,610,824
Transfer to profit from previous periods	-	-	-	-	-	-	-	-	387,619	(387,619)	-	-
Release of non-taxable reserves for future expansion	-	-	-	-	(136,320)	-	(136,320)	-	136,320	-	-	-
Dividends of COP 154 per share, declared in cash and payable in four installments starting in April 2013	-	-	-	-	-	-	-	-	(177,357)	-	-	(177,357)
Appropriation for reserve for future expansion	-	-	-	-	296,582	-	296,582	-	(296,582)	-	-	-
Appropriation for reserve to guarantee preferred dividend	-	-	-	-	50,000	-	50,000	-	(50,000)	-	-	-
Preferred dividends of COP 57.75 per share per quarter, declared in cash and payable starting in July 2014	-	-	-	-	(36,244)	-	(36,244)	-	-	-	-	(36,244)
Equity method surplus	-	-	255,603	-	-	-	-	-	-	-	(307,806)	(307,806)
Adjustments due to investment revaluation	-	-	-	-	-	-	-	338	-	-	-	338
Profit not recorded because of hedge accounting	-	-	-	-	-	-	-	-	-	183,710	-	183,710
Profit of the period ended	-	-	-	-	-	-	-	-	-	183,710	2,714,971	2,714,971
<b>BALANCES ON DECEMBER 31, 2013</b>	8,547	1,785,243	706,087	13,845	1,059,415	15,450	1,088,710	757,091	-	183,710	2,714,971	7,244,359

  
**Jorge Mario Velásquez J.**  
 Legal Representative  
 (see attached certificate)

  
**Óscar Rodrigo Rubio C.**  
 Corporate Accounting Manager  
 Professional License no. 47208-T  
 (see attached certificate)

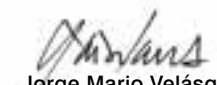
  
**Juan David Lopez M.**  
 Statutory Auditor  
 Professional License no. 139197-T  
 Appointed by Deloitte & Touche Ltda.  
 (see attached report)




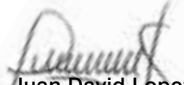
**CEMENTOS ARGOS S.A.**  
**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
 Years ended on December 31  
 (in millions of Colombian pesos)

	2013	2012
THE FINANCIAL RESOURCES WERE PROVIDED BY:		
Net profit	183,710	387,619
Add (less) debit (credit) to income that do not affect working capital		
Stake in profits of subordinate companies	40,062	(19,031)
Depreciation of property, plant and equipment	98,843	91,612
Amortization of deferred charges and intangible assets	33,068	34,050
Other non-operating amortizations	8,234	9,034
Gains from the sale of property, plant and equipment	(955)	(214)
Gains from the sale of long-term investments	-	(231,368)
Gains from the sale of other assets	(50)	(4)
Loss from the sale or disposal of properties	1,049	3,195
(Recovery) amortization of retirement pensions	(13,172)	538
Foreign exchange difference of long-term liabilities	(16,131)	(18,399)
Foreign exchange difference of long-term assets	(40,898)	63,980
Deferred and other taxes	(9,933)	(5,116)
Recovery of provisions	(7,228)	(33,546)
Asset provision	545	8,057
<b>WORKING CAPITAL PROVIDED BY OPERATIONAL ACTIVITIES DURING THE YEAR</b>	<b>277,144</b>	<b>290,407</b>
FINANCIAL RESOURCES FROM OTHER SOURCES:		
Dividends received from controlled long-term investments	94,705	43,996
Sale of property, plant and equipment	1,482	841
Sale of long-term investments	-	259,344
Sale of other assets	-	405
Issuance of preferred shares	1,610,824	-
Effect of valuation of derivative operations under hedge accounting	338	-
Increase in outstanding bonds	-	922,800
<b>TOTAL FINANCIAL RESOURCES PROVIDED</b>	<b>1,984,493</b>	<b>1,517,793</b>
THE FINANCIAL RESOURCES WERE USED FOR:		
Declared dividends	213,601	161,235
Payment of investment in Honduras	745,156	-
Acquisition of property, plant and equipment	117,164	89,758
Increase in other long-term investments	10,672	45,022
Increase in deferred and other intangible assets	128,391	71,188
Increase in long-term accounts receivable	309	338
Increase in other assets	290	-
Transfer of outstanding bonds to short-term	192,575	-
Decrease of long-term financial obligations	100,778	273,442
Decrease in long-term accounts payable	20,750	30,323
Decrease in long-term accounts payable	25,970	25,970
Transfer of wealth tax to short-term	-	42,011
<b>TOTAL FINANCIAL RESOURCES USED</b>	<b>1,555,656</b>	<b>739,287</b>
<b>INCREASE IN WORKING CAPITAL</b>	<b>428,837</b>	<b>778,506</b>
CHANGES IN WORKING CAPITAL COMPONENTS:		
Cash	168,805	(78,953)
Negotiable investments	11,611	(12,508)
Accounts receivable, net	135,667	(20,565)
Inventories, net	(11,102)	(35,143)
Pre-paid expenses	726	1,814
Financial obligations	364,887	605,102
Bonds and commercial papers	(115,375)	345,832
Suppliers and accounts payable	(46,452)	(25,433)
Taxes, levies and contributions	(61,221)	(3,067)
Labor obligations	(3,170)	(1,777)
Other liabilities and estimated liabilities	(15,539)	3,204
<b>INCREASE IN WORKING CAPITAL</b>	<b>428,837</b>	<b>778,506</b>

The accompanying notes are an integral part of the financial statements.

  
 Jorge Mario Velásquez J.  
 Legal Representative  
 (see attached certificate)


  
 Óscar Rodrigo Rubio C.  
 Corporate Accounting Manager  
 Professional License no. 47208-T  
 (see attached certificate)


  
 Juan David Lopez M.  
 Statutory Auditor  
 Professional License no. 139197-T  
 Appointed by Deloitte & Touche Ltda.  
 (see attached report)


**CEMENTOS ARGOS S.A.**  
**CASH FLOW STATEMENT**  
 Years ended on December 31  
 (in millions of Colombian pesos)

	2013	2012
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit	183,710	387,619
Adjustments to reconcile net profit of the year with net cash provided by operating activities		
Stake in results of subordinate companies	40,062	(19,031)
Depreciation and amortization of property, plant and equipment	98,843	91,612
Amortization of deferred charges and intangible assets	33,068	34,050
Other non-operating amortizations	8,234	9,034
Gains from the sale of property, plant and equipment	(955)	(214)
Gains from the sale of long-term investments	-	(231,368)
Gains from the sale of other assets	(50)	(4)
Loss from the sale or disposal of properties	1,049	3,195
Portfolio write-off	345	2,406
Amortization of bonds	1,642	1,642
Recovery (amortization) of retirement pensions	(13,172)	538
Foreign exchange difference in long-term liabilities	(16,493)	(18,937)
Foreign exchange difference in long-term assets	(40,898)	63,980
Deferred and other taxes	(11,575)	(6,758)
Recovery of provisions	(18,728)	(35,656)
Asset provision	12,198	15,092
Revaluation of derivative operations	16,096	39,358
	<b>293,376</b>	<b>336,558</b>
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES:</b>		
Accounts receivable	(199,313)	(86,842)
Inventories	9,833	(26,162)
Prepaid expenses	(726)	(1,814)
Suppliers and accounts payable	22,391	(39,197)
Labor obligations	3,170	3,501
Other liabilities and estimated liabilities	26,824	29,752
Taxes, levies and contributions	35,251	(34,717)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>190,806</b>	<b>181,079</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Payment for investment in Honduras	(745,156)	-
Acquisition of property, plant and equipment	(117,164)	(89,758)
Increase of deferred and other intangible items	(128,391)	(71,188)
Acquisition of other long-term investments	(10,672)	(45,022)
Dividends received in cash	140,100	89,441
Proceeds from sale of property, plant and equipment	1,482	841
Proceeds from sale of long-term investments	-	259,344
Proceeds from sale of other assets	-	405
Increase in other assets	(290)	-
<b>NET CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES</b>	<b>(860,091)</b>	<b>144,063</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividends paid in cash	(197,199)	(115,027)
Issuance of preferred shares	1,610,824	-
Net decrease in financial obligations	(465,665)	(878,544)
Decrease in long-term accounts payable	(20,750)	-
Payment of outstanding bonds and commercial papers	(77,200)	(423,032)
Increase in long-term accounts receivable	(309)	-
Issuance of outstanding bonds	-	1,000,000
<b>NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES</b>	<b>849,701</b>	<b>(416,603)</b>
Net increase (decrease) in cash and cash equivalents	180,416	(91,461)
Cash and cash equivalents at the beginning of the year	72,960	164,421
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>253,376</b>	<b>72,960</b>
<b>CASH EQUIVALENTS</b>		
Cash	241,138	72,333
Negotiable investments	12,238	627
	<b>253,376</b>	<b>72,960</b>

The accompanying notes are an integral part of the financial statements.

  
 Jorge Mario Velásquez J.  
 Legal Representative  
 (see attached certificate)

  
 Óscar Rodrigo Rubio C.  
 Corporate Accounting Manager  
 Professional License no. 47208-T  
 (see attached certificate)

  
 Juan David Lopez M.  
 Statutory Auditor  
 Professional License no. 139197-T  
 Appointed by Deloitte & Touche Ltda.  
 (see attached report)

# CERTIFICATE OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla, February 18, 2014

**To the attention of the shareholders of Cementos Argos S.A.  
and the general public:**

As the Legal Representative of the company, I hereby certify that the financial statements of the period ended December 31, 2013, which have been made public, do not contain material flaws, imprecisions or errors that could impede the understanding of the actual assets of Cementos Argos S.A. or the operations that it carried out during the corresponding period.



**Jorge Mario Velásquez J.**  
Legal Representative  
Cementos Argos S.A.

# CERTIFICATE OF THE LEGAL REPRESENTATIVE AND THE CORPORATE ACCOUNTING MANAGER OF THE COMPANY

Barranquilla, February 18, 2014

## To the attention of the shareholders of Cementos Argos S.A.:

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S.A. hereby certify that the company's financial statements of the years ended on December 31, 2013 and 2012 were faithfully taken from the company's books and that the following statements contained therein were verified before they were made available to the shareholders and to third parties:

- a) All the assets and liabilities that are included in the financial statements of the company of the years ended on December 31, 2013 and 2012 exist and all the transactions that are included in said statements took place in the years ended on the aforementioned dates.
- b) All the economic activities carried out by the company during the years ended on December 31, 2013 and 2012 were recorded in the financial statements.
- c) The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic sacrifices (obligations) obtained by or accrued into by the company as of December 31, 2013 and 2012.
- d) All the items were recorded with their corresponding appropriate values in accordance with accounting principles that are generally accepted in Colombia.
- e) All the economic events that affect the company were correctly classified, described and revealed in the financial statements.



**Jorge Mario Velásquez J.**  
Legal Representative  
Cementos Argos S.A.



**Óscar Rodrigo Rubio C.**  
Corporate Accounting Manager  
T. P. 47208-T



## STATUTORY AUDITOR'S REPORT

### **To the shareholders of CEMENTOS ARGOS S.A.:**

I have audited the balance sheets of CEMENTOS ARGOS S.A., as of December 31, 2013 and 2012 and the related statements of income, changes in shareholders' equity, changes in financial position and cash flows for the years then ended, and the summary of the major accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Colombia. This responsibility includes: designing, implementing and maintaining an adequate internal control system for the preparation and presentation of financial statements free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies, as well as making accounting estimates that are reasonable in the circumstances.

My responsibility is to express an opinion on these financial statements based on my audits. I obtained the information necessary to comply with my duties and conducted my audit in accordance with auditing standards generally accepted in Colombia. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit of financial statements involves examining, on a selective basis, the evidence supporting the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including his assessment of the risk of material misstatements in the financial statements. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the accounting principles used and significant accounting estimates made by management, as well as evaluating the overall presentation of financial statement. I believe that my audits provide a reasonable basis to express my opinion.

As of December 31, 2013 CEMENTOS ARGOS S.A. has investments in companies audited by other auditors, accounted under the equity method, determined according to the financial statements of these companies as of that date, that represent 7% of the long-term investments and 13% of the net profit. Those financial statements were audited by other auditors, who expressed their unqualified opinion.

In my opinion, based on my audits and on that of other auditors, the financial statements referred to above, taken from the accounting books, present fairly, in all material respects, the financial situation of CEMENTOS ARGOS S.A. as of December 31, 2013 and 2012, and the results of its operations, the changes in its shareholders' equity, the changes in its financial position, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Colombia, applied uniformly.

Further, based on the scope of my audits, I report that the Company has maintained its accounting in accordance with legal rules and accounting technique; the transactions recorded in the accounting books and the acts by management conform to the bylaws and the decisions of the Shareholders' Meeting and the Board of Directors; the correspondence, account vouchers and books of minutes and shareholder ledger are duly kept and preserved; the management's report agrees with the basic financial statements, the Company is not in default in the payment of contributions to the Integral Social Security System, and the mechanisms for money laundering prevention and control have been implementing in accordance with External Circular No. 60 of 2008 from Superintendencia Financiera de Colombia. My assessment of the internal control, performed with the purpose of defining the scope of my audit testing, did not provide evidence that the Company has not followed proper internal control and of conservation and custody measures of its assets and those of third parties that are in its possession.

These financial statements and notes to the financial statements were translated into English, from statements originally issued in Spanish, for the convenience of readers.



**Juan David López M.**

Statutory Auditor

Professional Card No. 139197-T

Designated by Deloitte & Touche Ltda.

February 18, 2014



# NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS OF CEMENTOS ARGOS S.A.

## AS OF DECEMBER 31, 2013 and 2012

(amounts expressed in COP represent millions of Colombian pesos, unless otherwise indicated)

---

## NOTE 1 – REPORTING ENTITY

Cementos Argos S.A. is a commercial company incorporated under Colombian law on August 14, 1944.

Its corporate purpose is the exploitation of the cement industry, the production of concrete mixtures and any other products or articles made of cement, lime or clay; the acquisition and extraction of minerals or mineral deposits usable in the cement industry and the like, rights to explore and exploit the mentioned minerals, either by concession, privilege, leasing or otherwise; the provision of port services; acting as contractor, constructor, consultant, technical auditor, designer or planner of civil works or other works, before any and all public and private entities. It is registered in the city of Barranquilla and the life span of the Company expires on August 14, 2060.

In accordance with the approval given by the General Assembly of Shareholders, an issuance and placement of preferred shares was carried out in May 2013 for a total of COP 1,610,824 and 209,197,850 preferred shares. The subscription price was of COP 7,700 per preferred share (figure expressed in units, not in millions), as established by the company's Board of Directors.

The total of preferred shares allotted in the first round of the issuance, in the domestic market, was of 182,000,000 preferred shares, which were placed in the following way:

To investors in the domestic market:	133,413,293
To investors in international markets:	48,586,707

The total of preferred shares allotted to investors in the international market in the second round of the issuance was of 27,197,850 for an equivalent of 5,439,570 ADSs represented by ADRs. These shares were issued under the greenshoe option.

In September 2013, the Company signed an agreement for the acquisition of 53.28% of the shares of the company Argos Honduras S.A. de C.V. (previously known as Lafarge Cementos S.A. de C.V), which belonged to the French multinational Lafarge, for a total of EUR 232 million. Argos Honduras S.A. de C.V. has an integrated cement plant, a grinding facility and access to port facilities located in San Lorenzo. The purchase transaction was completed on November 27, 2013.

As a result of this acquisition, the company's annual cement production capacity was increased by 1.3 million metric tons, reaching an estimated total of 17 million tons.



In August 2013, Caltek S.A.S. was created as a result of a strategic alliance with Calidra de Oriente S.A. de C.V., with the intention of carrying out activities related with lime and calcium oxide. Argos' stake in this company is 50%, with an economic input of COP 200.

## NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

### TRANSLATION INTO ENGLISH

These financial statements and notes to the financial statements were translated into English from statements originally issued in Spanish. All amounts are stated in Colombian Pesos (COP) unless otherwise noted.

In preparing its consolidated financial statements, the parent company, by law, is required to use the Generally Accepted Accounting Principles of Colombia, as established by the Superintendencia Financiera de Colombia and in other regulations. The main accounting policies and practices implemented by the Company in accordance with the aforementioned regulations are described below:

### CONSOLIDATION OF FINANCIAL STATEMENTS


Cementos Argos S.A. is part of the Argos Business Group, whose parent company is Grupo Argos S.A. The attached financial statements do not consolidate the assets, liabilities, shareholders' equity or results of the subsidiary companies. These statements are presented to the General Assembly of Shareholders and are the basis for the distribution of dividends and other appropriations. By law, the Company is required to additionally submit consolidated financial statements to the General Assembly of Shareholders for their approval. The investments in the subsidiaries are recorded through the equity method, as is indicated further on in this document.

According to rules issued by the Superintendence of Finance of Colombia, the consolidated financial statements include the accounts of companies that fulfill any of the following conditions:

- a) When more than 50% of its capital is owned by Cementos Argos S.A., directly or through or with the assistance of its subsidiaries, or of their subsidiaries. To this effect, shares with preferred dividends and without voting rights are not taken into account.
- b) Cementos Argos S.A. and its subsidiaries have, jointly or separately, voting rights that represent the minimum deciding majority on the Board of Owners or in the General Assembly of Shareholders, or have the number of votes required to appointed a majority of the members of the Board of Directors.
- c) Cementos Argos S.A., directly or through or with the assistance of its subsidiaries, by means of an act or negotiation with the controlled company or its partners, exercises dominant influence in the decisions of the company's management bodies.

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Colombia. Management is required to make estimations and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the financial statements, and the revenue and expenses figures reported during the time period. Actual results may differ from these estimations.

According to the rules for the preparation of consolidated financial statements, the balances and transactions between group companies are eliminated.



The financial information of the subsidiaries consolidated by Grupo Argos S.A. is prepared, as far as possible, based on the same accounting criteria and methods. Said information is taken as of the closing date of December 31, which is the date established by the parent company for closing out its accounts and presenting its financial statements according to its bylaws and what is prescribed in Article 9 of Decree 2649 of 1993.

Given the fact that companies abroad prepare their financial statements according to International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles of the United States (USGAAP), using a body of consistent and high-quality accounting principles, and given that such structure of principles is considered adequate as a technical source of reference on accounting technique in Colombia, such subsidiaries do not have to make any substantial adjustments to their financial statements, except for any differences that go in against the principle of substance over form.

## **SUBSTANCE OVER LEGAL FORM**

The companies recognize and disclose resources and economic facts based on their substance or economic reality, and not only on the grounds of their legal form, and for this reason they apply the accounting principles in a manner that enables adequate recognition of the economic facts in each country they operate in.

## **TRANSLATION OF FINANCIAL STATEMENTS**

Colombian regulations do not provide a technical framework regarding acceptable translation methods, though they do indicate, given the absence of such a framework, the appropriateness of referring to the rules of a higher body. To this effect, for translation purposes, the Company decided to follow the guidelines of the International Financial Reporting Standards (IFRS), and specifically International Accounting Standard (IAS) 21, “The Effects of Changes in Foreign Exchange Rates”. In this way, the financial statements of foreign companies whose currency is not the US dollar or any other currency tied to the US dollar are translated from the currency of the country of origin into US dollars pursuant to the methodology established in IAS 21, as follows:

- Assets and liabilities are translated at the exchange rate in effect as of the closing date.
- Shareholders’ equity accounts are translated at the exchange rates in effect on each of the dates on which the transactions occurred. For companies of which no past records are available, shareholders’ equity was translated at the closing exchange rate of December 2005.
- Income statement accounts are translated at the exchange rates in effect on the dates on which the transactions occurred. If this turns out to be impossible, then the average exchange rate for each month is used.
- Differences in translation are posted to shareholders’ equity through the accumulated translation differences account, which represents the differences between the translation of items in the income statement at the average exchange rate and the translation of general balance sheet items at year-end rates.
- In turn, amounts denominated in US dollars are translated into Colombian pesos at the market representative exchange rate in effect at the end of the year, as certified by the Colombian Central Bank (Banco de la República).

## **INFLATION ADJUSTMENTS**

Decree 1536 of May 7, 2007 amended decrees 2649 and 2650, in the sense that it eliminates comprehensive inflation adjustments to financial statements. The decree establishes that inflation adjustments recorded between January of 1992 and December 31 of 2006 shall remain as a part of the balances of the respective accounts.

The balance in the shareholders' equity revaluation account (inflation adjustments) cannot be distributed until the company is liquidated or until the balance is capitalized. In the event it is capitalized, it can be used to offset losses if the company incurs in cause for dissolution, but under no circumstance may it be used for reimbursements of invested capital. In the event it has a debit balance, it may be reduced against current or previous year results, subject to the regulations on profits established in the Code of Commerce.

Decree 514 of February, 2010, which offered the option of offsetting the annual installments of the equity tax established through Law 1370 of 2009 against the shareholders' equity valuation account.

## MATERIALITY IN THE PREPARATION OF FINANCIAL STATEMENTS

Preparing the financial statements pursuant to generally accepted accounting principles in Colombia requires the company's management to make estimates and assumptions that have an impact on the amounts of assets and liabilities reported on the closing date of financial statements and the amounts of revenues and expenses reported during the relevant period. Generally, the recognition and presentation of economic events are made in accordance with their relative importance or materiality. For the 2013 financial statements, the applicable materiality threshold was set at 5% of the consolidated EBITDA.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash on hand and in banks, savings deposits and all highly liquid investments.

## TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currency are recorded at the applicable exchange rates in effect on the respective transaction dates. At the closing of each period, the balances receivable or payable and investments in foreign currency are adjusted at the market representative exchange rate certified by the Colombian Central Bank (Banco de la República). As regards accounts receivable or payable in foreign currency, exchange differences are recorded against income provided the exchange differences are not related to the cost of acquisition of assets. Exchange rate differences arising while assets are under construction or installation and until they are ready for use are included in the cost of acquisition of assets.

As from 2007, pursuant to Decree 4918 of the same year, the exchange rate differences of equity investments in foreign subsidiaries are carried as a higher or lower value of equity in the surplus by equity method account.

## DERIVATIVE FINANCIAL INSTRUMENTS

In its ordinary course of business, the Company is exposed to various financial risks, which in general can be summarized as follows:


**Strategic risk:** the difference between the benefits expected from a strategy and the results obtained.

**Liquidity risk:** losses due to either failure to fulfill payments because of difficulties in obtaining liquidity or the inability to take or unwind a position in derivatives because of the absence of a market.

**Credit risk:** losses arising from breach by the counter party.

**Operational risk:** losses the Company is exposed to due to errors in its record keeping and/or valuation systems, or poor design of a proper limit system, inappropriate review of contracts or an inadequate management information system.

**Market risk:** the risk the Company faces due to changes in interest and currency exchange rates (Colombian peso – US dollar), which may significantly affect the Company's financial statements and its cash flow.



In the case of market risk, the Company seeks to protect itself through natural hedges, in the first place, and through derivative instruments as a last resort. The Company does not use derivatives or any other financial instrument for speculative purposes.

The Company also regularly values its derivatives at market prices as part of its administrative controls.

The following are the derivatives used by the Company:

## **SWAP ARRANGEMENTS**

Swap arrangements are financial transactions in which the Company, by means of an agreement with a bank, exchanges cash flows in order to decrease illiquidity, exchange rate, term or issuer risks, as well as to reorganize assets and liabilities.

In the case of interest rate swaps there is no exchange of principal balances, only net payments of interests. As for the recording of swaps, their valuation affects the shareholders' equity when it is effective and the results when it is negative. Also, net interest payments between parties have a positive or negative effect on the profit or loss of the period. On the other hand, the Company is responsible for their (underlying) debt with defined amounts and terms, but their management is completely independent from the swap arrangement.

In the case of currency swaps, the existence of this arrangement does not have an impact on the valuation of the underlying debt (original). During the term of the agreement, the parties pay a premium for the interest and exchange rate differences, which are directly taken to the period's results.

## **FORWARD ARRANGEMENTS**

Forward arrangements are used to cover the exchange rate risk in foreign currency debt and investment transactions, as well as to cover future cash flows with high probability of occurrence, such as the Company's monthly exports. At the end of each period, are valued by discounting the forward rate at the agreed devaluation rate, and this present value is compared to the market representative exchange rate as of the closing date. Any positive or negative difference is posted against period results.

## **OPTION ARRANGEMENTS**

Option arrangements are used to hedge the exchange rate risks mainly arising from monthly exports and their associated future cash flows. They are carried out through structured hedges, such as export collars, that allow for a range of market exchange rates and provide protection against extreme rate changes. Are valued by applying the Black-Scholes model.

## **NEGOTIABLE AND LONG-TERM INVESTMENTS**

Regulations of the Superintendencia Financiera de Colombia require that investments be classified and accounted for as follows:

- a) Investments for which the parent company has the serious purpose of keeping them until their maturity or redemption, or for a period of minimum three years if their duration is more than three years or indefinite, are classified as permanent or long-term investments.

These investments are recorded and valued prospectively as follows:

- Debt investments or securities embodying debt rights (non-equity securities) with either fixed or variable rates are initially recorded at acquisition cost, and are then valued monthly based on the internal rate of return of each security calculated at the time of purchase. Any resulting adjustments are charged against the income statement.
  - Investments in variable income stocks or shares (equity securities) in non-controlled entities are recorded at cost, and adjusted to market price on a monthly basis. The resulting adjustment, either positive or negative, is recognized in the revaluations account with a corresponding debit or credit to the shareholders' equity revaluations surplus account. The market price for securities of high or medium tradability, as rated by the Superintendence of Finance of Colombia, is established based on their average trading price in the securities markets over the latest 10 to 90 days, based on certain parameters established by said Superintendence. The market price of securities of low or minimum tradability, or of non-listed shares, is established based on the latest financial statements published by the issuer of the security (intrinsic value).
- b) Investments in easily marketable securities, which the Company has the serious intent of selling within the next three years, are classified as negotiable investments. In the case of fixed- or variable-income debt securities, they are initially recorded at cost and adjusted monthly to market value with a credit or debit against results, as appropriate. The market price is determined as indicated in the previous paragraph for each type of investment.

## **ALLOWANCE FOR DOUBTFUL DEBTS**

The allowance for doubtful debts is reviewed and updated each year by management based on an ageing analysis of overdue accounts and an assessment of the collectability of individual accounts. Amounts that are considered uncollectable are charged to the provision periodically.

## **INVENTORIES**


Inventories are recorded at cost or lower fair value. Costs are calculated based on the average cost method. At the closing of each period an analysis is performed to determine obsolescence of inventories, materials and parts, and the corresponding provision is recognized in the financial statements.

## **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are recorded at cost, and when appropriate they include financial expenses and exchange rate differentials on foreign currency liabilities incurred for their acquisition up to the point when they are in usable conditions.

As for construction projects in process, they are subject to capitalization of all concepts that have a direct relation with the construction and the assembly of the project, including social and environmental costs. Sales and disposals of these assets are recorded at their respective net adjusted cost, and the difference between the sale price and the net adjusted cost is posted against results.

Depreciation is calculated using the straight line method, based on the useful life of the assets, according to the following parameters: between 20 and 40 years for constructions, buildings, plants and networks, between 3 and 10 years for machinery, industrial equipment and office equipment, and between 5 and 10 years for vehicles and transportation equipment and computer and communications equipment.



Properties and assets whose cost of acquisition is equal to or less than three minimum wages and that are subject to depreciation are depreciated within the same year in which they were acquired, regardless of their useful life. Repairs and maintenance to assets are charged to results, whereas improvements and additions are added to the assets' cost.

## **DEFERRED ASSETS**

This account includes prepaid expenses and deferred charges. Prepaid expenses mainly include insurance premiums, which are amortized using the straight line method over a 12-month period.

Deferred charges mainly include computer software, which is amortized using the straight line method over a maximum of three years, and improvements to third party properties, deferred income taxes, and other projects such as network integration and improvement of the documentation platform, which are amortized using the straight line method over a period of between 3 and 5 years.

## **INTANGIBLE ASSETS**

Intangible assets are carried at acquisition cost and represent the value of certain rights such as trademarks, goodwill, and exploitation rights (concessions and franchises), among others. They are amortized using the straight line method. The amortization period for trademarks is 20 years, and for exploitation rights, the amortization period is the shortest of either the term of the license or the time during which the reserves are expected to be exploited, which is estimated at between 3 and 30 years.

The accounting policy to account for and amortize goodwill is detailed below:

## **ACQUIRED GOODWILL**

In Colombia, the additional amount paid over the intrinsic value certified by the relevant company upon the purchase of sales, quotas or shares of social interest in an active economic entity is recorded under acquired goodwill when control over the entity was acquired, as set forth by Sections 260 and 261 of the Code of Commerce, amended by Sections 26 and 27 of Law 222 of 1995 and other regulations that modify, add to or supersede it.

Pursuant to joint circular letters 007 of 1997 and 011 of 2005 issued by the Superintendence of Finance of Colombia, the amortization of goodwill arising from the merger of businesses in Colombia is estimated using the straight line method based on the exploitation time estimated for the intangible asset, which in no event shall be more than 20 years.

At the closing of each accounting period or the closing of the month that is being taken as the base for the preparation of interim financial statements, the Company assesses the goodwill that resulted from each investment, in order to verify its adequacy for inclusion in the balance sheet.

In other countries where the Company has operations, goodwill is estimated based on the accounting regulations applicable in those countries, within a framework of a higher standard pursuant to accounting principles generally accepted in Colombia and the guidelines of the Superintendence of Finance of Colombia in accordance with what is set forth in Section 11 of Decree 2649 of 1996 regarding substance over legal form.

## **ASSET REVALUATION**

This relates to:

- a) Differences between the book value of investments in stocks or shares at the end of the period and the market or intrinsic value of the investments.

- b) Differences between the technical appraisals of property, plant and equipment and real estate and their respective net book values. These appraisals must be updated at least every three years.

## **LABOR OBLIGATIONS AND RETIREMENT PENSIONS**

Labor obligations are adjusted at the closing of each period based on current regulations and labor agreements.

Pension liabilities represent the present value of all future expenditures that the Company will have to pay for its retired personnel or their beneficiaries, which mainly relates to former employees. The relevant charges to annual results are made based on actuarial studies in compliance with current regulations, prepared under methods such as the actuarial equivalence system for vested annuities, immediately due and forecast fractioned annuities.

The pension payments made during the accounting period are taken directly to the period's results.

In the case of employees covered by the social security system (Law 100 of 1993), the Company complies with its pension obligations by paying contributions to the pension funds according to the terms and conditions set forth in the above-mentioned law.

For the consolidation process, the Company carries the labor obligations as established according to the accounting technique and implicit legal obligations acquired by the subsidiaries. In this sense, the Company does not consider it necessary to make any further accounting estimations for effects of the consolidation of employee benefits on a basis other than that used by the countries where the liabilities were created.

## **ENVIRONMENTAL PROVISIONS**

Environmental provisions are estimated by taking into account the framework of regulations established by the State, as well as the individual analysis of the impact of the raw material extraction operations in order to assume the company's environmental responsibility and compensate any environmental impact. They are reviewed and updated periodically by the company's management. Any adjustments to the provision are charged to the income statement of the period.

## **INCOME TAX**

The Company determines the income tax provision either on the grounds of taxable income estimated at the rates provided for in tax law, or on the grounds of the presumptive income system. The tax effects of revenues, costs and expenses arising from temporary differences between accounting and tax reporting figures are carried as deferred taxes provided there is a reasonable expectation of generating enough taxable income in the periods during which the tax differences are to be offset.

## **TAX ON EQUITY AND SURCHARGE**

Pursuant to the Law that regulates the generally accepted accounting principles of Colombia, Decree 514 of 2010, and the alternative accounting methods provided for therein, the Company has adopted the option of recording the tax on equity established in Decree 4825 of 2010 against the shareholders' equity revaluation account.

## **MEMORANDUM ACCOUNTS**

Commitments pending formalization and contingent rights and obligations, such as the value of assets and securities delivered as collateral, endorsements granted, unused letters of credit, assets and securities received in custody or as collateral, promises to enter into purchase-sale agreements, fully depreciated assets and differences between tax and accounting equity values, are recorded in memorandum accounts.

## RECOGNITION OF REVENUES, COSTS AND EXPENSES

Revenues from sales are recognized upon dispatching of the product; rental revenues are recognized during the month in which they accrue and service revenues are recognized when the service is rendered. Revenues from dividends are recognized when the issuer declares such dividends.

All revenues, costs and expenses are recorded on an accrual basis.

## CASH FLOW STATEMENTS

The accompanying cash flow statements were prepared using the indirect method, which includes reconciliation of the net income for the year with the net cash provided by operating activities.

## NET INCOME PER SHARE

Net income per share is calculated based on the weighted annual average of subscribed and outstanding shares each year. Re-acquired own shares are excluded for the effects of this calculation. It takes into account the filtering out of annual preferred dividends for the 209,197,850 shares on December 31, 2013, of COP 231.

## CONTINGENCIES

There may be certain contingent conditions on the date of issuance of the financial statements, which may result in a loss for the Company but shall only evolve in the future upon the occurrence or potential occurrence of one or more of these events. Such contingencies are estimated by the company's management and its advisors. The estimation of loss contingencies necessarily implies a factor of judgment. In estimating the loss contingencies in legal proceedings against the Company, the legal advisors assess, among others, the merits of the claims, the jurisprudence of the courts on the subject matter, and the current status of the legal proceedings.

If the contingency assessment indicates that a material loss is probable or inevitable and the amount of the liability can be estimated, then it is recorded in the financial statements. If the assessment indicates that a potential loss is not probable but its result is uncertain, or that it is probable but the amount of its loss cannot be estimated, then the nature of the contingency is disclosed in a note to the financial statements. Loss contingencies estimated as remote are generally not disclosed.

## RECLASSIFICATION IN FINANCIAL STATEMENTS

Certain amounts included in the financial statements as of December 31, 2012 were reclassified for presentation purposes.

## CONVERGENCE TOWARDS INTERNATIONAL FINANCIAL REPORTING STANDARDS

In compliance with what is stipulated in Law 1314 of 2009, in regulating Decrees 2706 and 2784 of December 2012 and in Decree 3024 of 2013, the Company is obliged to start the convergence process from accounting principles generally accepted in Colombia to the International Financial Reporting Standards (IFRS). To this purpose, the Technical Council of the Body for Public Accounting published Technical Guidelines that classify companies in three groups. According to these regulations, the mandatory transition period starts on January 1, 2014 and the emission of the first financial statements that are comparable under IFRS will be on December 31, 2015.

According to the aforementioned regulations, Cementos Argos S.A. is classified in group 1 of publishers of financial information and therefore, it presented its implementation plan for IFRS to the Superintendence of Finance of



Colombia on February 21, 2013 after it had been approved by the Board of Directors on February 18, 2013. The Opening Statement of Financial Position as of January 1, 2014 will have to be presented to the Superintendence of Finance of Colombia at the latest on June 30, 2014, in accordance with Circular Letter 038 of 2013, which states the management's responsibilities with regards to the transition process to IFRS, defining the bodies that are responsible for the preparation for this convergence and its proper compliance, which are the Board of Directors, the Audit Committee and the Legal Representatives.

## NOTE 3 – TRANSACTIONS IN FOREIGN CURRENCY

Basic regulations in effect in Colombia allow the free trading of foreign currencies through banks and other financial institutions at freely set exchange rates. Nevertheless, most foreign currency transactions still require that certain legal requirements be met.

Transactions and balances in foreign currency are translated at the market representative exchange rate certified by the Colombian Central Bank (Banco de la República), which was used to prepare the financial statements of December 31, 2013 and 2012. The representative market exchange rate of December 31, 2013 in Colombian pesos was COP 1,926.83 per USD 1 (for 2012, this was COP 1,768.23 per USD 1).

On December 31, the Company had the following assets and liabilities in foreign currency, mainly in US dollars, recorded at their equivalent in millions of Colombian pesos:

	2013		2012	
	USD	COP (in millions)	USD	COP (in millions)
Current assets	156,892,236	302,305	226,426,002	400,373
Non-current assets	1,471,640,974	2,835,602	1,491,954,984	2,638,120
<b>Total assets</b>	<b>1,628,533,210</b>	<b>3,137,907</b>	<b>1,718,380,986</b>	<b>3,038,493</b>
Current liabilities	(101,272,500)	(195,135)	(238,692,533)	(422,063)
Non-current liabilities	(357,437,752)	(688,722)	(367,035,030)	(649,002)
<b>Total liabilities</b>	<b>(458,710,252)</b>	<b>(883,857)</b>	<b>(605,727,563)</b>	<b>(1,071,065)</b>
Net position, including permanent investments in subsidiaries	<b>1,169,822,958</b>	<b>2,254,050</b>	<b>1,112,653,423</b>	<b>1,967,428</b>
Permanent investments in subsidiaries	(1,102,862,980)	(2,125,029)	(1,100,562,980)	(1,946,048)
<b>Net asset position</b>	<b>66,959,978</b>	<b>129,021</b>	<b>12,090,443</b>	<b>21,380</b>

The average net position between assets and liabilities in US dollars was USD 210,402,529. As a result, at the closing of 2013, exchange rate differences totaled COP 40,304. Exchange rate exposure is managed primarily through the natural position of the balance sheet, and the remaining uncovered balances are hedged through financial derivative instruments.

The net position is reviewed on a monthly basis. Notes 5 and 13 include detailed information on financial derivatives outstanding.

Starting in 2007, as prescribed in Decree 4918 of 2007, exchange rate differences of investments with variable income in subsidiaries abroad are recorded as a greater or lower value of shareholders' equity in the surplus by participation method account. Along these lines, in order to measure the net position that affects the results of the Company, these amounts are not included in the calculations.

## NOTE 4 – NEGOTIABLE INVESTMENTS

Negotiable investments as of December 31 were comprised of:

	2013	2012
Certificates (1)	4,642	94
Trust fund units in local currency (2)	4,394	533
Investment repurchase rights (3)	3,202	-
	<b>12,238</b>	<b>627</b>

Average annual rate:

- (1) The fixed-term certificates of deposit, at the end of the year, yielded between 4.22% AER and 4.52% AER.
- (2) The trust funds and joint portfolios yielded, in 2013, between 2.69% AER and 3.55% AER.
- (3) The investment repurchase rights, at the end of the year, yielded between 4.30% AER and 5.50% AER.

No restrictions have been imposed on any these investments that would limit their availability for use.

## NOTE 5 – RECEIVABLE, NET

As of December 31, the receivables account was comprised of:

	2013	2012
Domestic customers (1)	294,210	263,396
Foreign customers USD 748,260 (USD 525,803 in 2012)	1,442	934
Advance tax payments and contributions (2)	60,881	86,096
Revenues receivable (3)	18,260	37,475
Related companies (see Note 24)	936,848	744,469
Accounts receivable from employees	23,038	21,013
Advance payments	14,916	9,599
Swap accounts receivable (4)	2,248	10,685
Promises to enter into purchase-sale agreements	1,725	2,716
Various debtors	2,874	3,709
	<b>1,356,442</b>	<b>1,180,092</b>
Less - Provision for doubtful accounts	(9,871)	(10,395)
<b>Total accounts receivable</b>	<b>1,346,571</b>	<b>1,169,697</b>
Long-term portion	(676,334)	(635,127)
<b>Short-term accounts receivable</b>	<b>670,237</b>	<b>534,570</b>

- (1) The variation is mainly due to the increase of the mandate portfolio in Concretos Argos S.A. for COP 138,686 (COP 139,209 in 2012) and in Zona Franca Argos S.A.S. for COP 14,646 (COP 16,260 in 2012).

- (2) This relates to the balance in favor of the income tax of the current term for COP 52,467 (COP 70,257 in 2012) and deductible taxes for COP 8,414 (COP 8,424 in 2012).
- (3) This item is mainly related to dividends receivable in amounts of COP 6,253 (COP 25,776 in 2012), which include those of Grupo de Inversiones Suramericana S.A. for COP 2,389 (COP 2,170 in 2012), of Bancolombia S.A. for COP 3,852 (COP 3,617 in 2012) and of Argos Panamá S.A. for COP 0 (COP 20,345 in 2012).
- (4) The balance relates to the valuation of the following currency swap financial derivative arrangements, which created a positive valuation in favor of the Company at the end of the year:

Swap type	Underlying	Underlying amount	Underlying rate	Swap amount	Swap rate	Maturity
Currency swap	Accounts payable	42,900,000	4.9% in arrears	\$81,935	CPI + 5.35%	8 Aug 2016
Interest rate swap	EKF loan	84,135,030	6M Libor + 0.1%	US\$ 84,135,030	1.38%	26 Jun 2019

The allowance for doubtful debts changed as follows:

	2013	2012
Opening balance	10,395	8,083
Provision for the year	10,348	6,161
Recoveries	(577)	(74)
Accounts written off	(10,295)	(3,775)
<b>Closing balance</b>	<b>9,871</b>	<b>10,395</b>

The following are the amounts of overdue accounts receivable as of December 31:

	2013				2012			
	Mandate contract				Mandate contract			
	Cementos Argos S.A.	Concretos Argos S.A.	Zona Franca Argos S.A.S.	Total	Cementos Argos S.A.	Concretos Argos S.A.	Zona Franca Argos S.A.S.	Total
Up to 30 days	40,417	35,668	4,359	80,444	46,599	30,530	4,243	81,372
Between 31 and 360 days	21,873	35,807	3,760	61,440	18,627	25,026	4,259	47,912
More than 360 days	5,443	1,901	1,352	8,696	5,678	1,666	8,808	16,152
	<b>67,733</b>	<b>73,376</b>	<b>9,471</b>	<b>150,580</b>	<b>70,904</b>	<b>57,222</b>	<b>17,310</b>	<b>145,436</b>

The value of accounts due for more than one year, which means they are considered not recoverable, is spread over 61 clients and amounts to COP 1,883 (COP 477 in 2012).

The following are the maturity dates of the long-term accounts receivable as of December 31, 2013:

2014	12,646
2015	3,796
2016	46,539
2017 and subsequent years	613,353
	<b>676,334</b>

Interest rates applicable to long term accounts receivable are: for employee loans, between 0% and 9.55% AER and for loans to related parties 5.27% AER (see Note 24).

As of December 31, 2012, there were no encumbrances on accounts receivable.

## NOTE 6 – INVENTORIES - NET

Inventories on December 31 were comprised of:

	2013	2012
Finished products	29,662	30,975
Raw materials and direct materials	22,681	18,995
Production in process	8,821	13,098
Materials, spare parts, and accessories	35,878	39,246
Inventories in transit (2)	-	4,348
Others (1)	1,913	7,149
	<b>98,955</b>	<b>113,811</b>
Less – provision for inventory obsolescence	-	(3,754)
<b>Total inventories</b>	<b>98,955</b>	<b>110,057</b>

- (1) The decrease relates to the sale of the inventory of limestone due to the handing over of the business of Caltek S.A.S.
- (2) At the end of 2013, there were no imports or purchases in transit as a result of the preparation of the new system.

The following table shows the changes in the provision for the protection of inventories:

	2013	2012
Opening balance	3,754	3,706
Provision for the year	1,269	1,962
Inventories written off	(5,023)	(1,914)
<b>Closing balance</b>	<b>-</b>	<b>3,754</b>

In 2013, the technical department of the Company finished the detailed review of the inventories of materials and spare parts at the plants in Colombia, determining those considered obsolete or deteriorated and charging them to the constituted provision.

There are no encumbrances or restrictions on inventories.

## NOTE 7 – PERMANENT (LONG-TERM) INVESTMENTS - NET

Permanent investments as of December 31 included:

	2013	2012
Controlled permanent variable-income investments		
Shares	3,799,903	3,458,203
Equity	382,634	363,594
Non-controlled permanent variable-income investments		
Shares	121,385	121,305
Non-controlled permanent fixed-income investments		
Bonds and others	549	549
	<b>4,304,471</b>	<b>3,943,651</b>
Less – provision for the protection of investments	(54,669)	(60,103)
	<b>4,249,802</b>	<b>3,883,548</b>

The following investments are pledged as collateral for credit lines with Bancolombia S.A.:

Company	Number of shares	Value
Grupo de Inversiones Suramericana S.A.	5.200.000	175.240
	<b>2013</b>	<b>2012</b>
(1) Provision for the protection of inventories		
Opening balance	60,103	117,225
Recoveries	(5,979)	(33,413)
Provision	545	8,057
Effect of spin-off	-	(31,766)
<b>Closing balance</b>	<b>54,669</b>	<b>60.103</b>

## 2013

Company	Domicile	Business activity	Number of shares	Adjusted book value	Market value	Stake %	Provision	Stake in results	Revaluation (devaluation)
<b>Public limited companies</b>									
Argos USA Corp.	USA	Investments	29,305	1,206,096	1,200,537	83,21	5,559	(126,356)	-
C.I. del Mar Caribe BVI Inc.	British Virgin Islands	Representation services	18,400	28,120	28,356	93,88	-	11,192	236
Corporaciones e Inversiones del Mar Caribe S.A.S.	Medellín	Investments	12,834,648	46,697	46,697	100,00	-	(3,139)	-
Canteras de Colombia S.A.S.	Medellín	Gravel and clay quarrying	27,670	5,757	5,901	5,97	-	37	144
Colcaribe Holding S.A.	Panama	Investments	117,860	146,677	156,192	100,00	-	11,416	9,515
Concretos Argos S.A.	Bogotá	Concrete producer	8,596,667	336,715	350,461	93,13	-	17,041	13,746
Ganadería Río Grande S.A.S.	Medellín	Agriculture and livestock	10,700,000	2,157	-	100,00	2,157	-	-
Haiti Cement Holding S.A.	Haiti	Investments	78,000	19,087	15,092	50,00	3,995	2,089	-
International Cement Company S.A.	Panama	Investments	10,000	1,685	2,306	100,00	-	(17,847)	621
Logística de Transporte S.A.	Medellín	Cargo transportation	22,425,181	25,011	26,046	94,89	-	1,265	1,035
Argos Panamá S.A.	Panama	Investments	1,298,122	282,093	258,229	85,61	23,864	71,982	-
Tekia S.A.S.	Medellín	Reforestation	1,337,500	30,910	33,752	100,00	-	(4,090)	2,842
Transatlantic Cement Carrier Inc.	Panama	Maritime cargo shipping	33,500	45,053	47,886	100,00	-	(11,671)	2,833
Zona Franca Argos S.A.S.	Cartagena	Cement production	64,550,000	1,308,921	1,310,140	100,00	-	13,528	1,219
Nuevos Cementos S.A.S.	Medellín	Investments	229,181,415,370	314,793	314,793	100,00	-	3,173	-
Caltex S.A.S.	Medellín	Limestone quarrying	200,000	131	131	50,00	-	(69)	-
<b>Sub-total public limited companies</b>				<b>3,799,903</b>	<b>3,796,519</b>		<b>35,575</b>	<b>(31,449)</b>	<b>32,191</b>
<b>Limited liability companies</b>									
Valle Cement Investments Ltd.	British Virgin Islands	Investments	2	378,835	360,577	91,81	18,258	(8,613)	-
Distribuidora Col. de Cementos Ltda. en Liquidación	Barranquilla	Trading	200,000	3,674	4,037	100,00	-	-	363
Transportes Eiman Ltda. en Liquidación	Barranquilla	Land, river and sea transport	8,637	95	70	1,08	25	-	-
Profesionales a su Servicio Ltda. en Liquidación	Barranquilla	Personnel consulting and recruiting	194,900	10	-	50,00	10	-	-
Asesorías y Servicios Ltda. en Liquidación	Barranquilla	Personnel consulting and recruiting	316,500	20	-	50,00	20	-	-
<b>Sub-total Limited liability companies</b>				<b>382,634</b>	<b>364,684</b>		<b>18,313</b>	<b>(8,613)</b>	<b>363</b>
<b>NON-CONTROLLED</b>									
Bancolombia S.A. *	Medellín	Financial intermediation	20,437,148	61,413	486,812	4,01	-	-	425,399
Cementos de Caldas S.A.	Manizales	Cement production	20,301,861	3,109	3,183	40,07	-	-	74
Cartón Colombia S.A. *	Cali	Cardboard production	2,308,930	5,088	12,223	2,14	-	-	7,135
Grupo de Inversiones Suramericana S.A. *	Medellín	Financial intermediation	28,183,262	39,384	949,776	6,01	-	-	910,392
Fundiciones Colombia S.A.	Medellín	Metallurgy	38,543,456	278	13	1,54	265	-	-
Industrial Hullera S.A.	Medellín	Coal mining	2,426,054	155	-	37,47	155	-	-
Ormya Colombia S.A.	Guarne	Non-metallic minerals production	6,345,425	11,554	37,193	50,00	-	-	25,639
Sociedad de Transporte Férreo S.A.	Cali	Railroad services	72,294	331	-	2,95	331	-	-
Others of less than COP 100				73	9,643		12	-	9,582
<b>Sub-total NON-CONTROLLED</b>				<b>121,385</b>	<b>1,498,843</b>		<b>763</b>	<b>-</b>	<b>1,378,221</b>
<b>TOTAL VARIABLE-INCOME INVESTMENTS</b>				<b>4,303,922</b>	<b>5,660,046</b>		<b>54,651</b>	<b>(40,062)</b>	<b>1,410,775</b>
Provision				(54,669)					
<b>PERMANENT FIXED-INCOME INVESTMENTS</b>									
Bonds and others				549	870		18	-	350
<b>TOTAL PERMANENT INVESTMENTS</b>				<b>4,249,802</b>	<b>5,660,916</b>		<b>54,669</b>	<b>(40,062)</b>	<b>1,411,125</b>

#### Type of shares:

All the shares in the portfolio are ordinary shares.

#### Notes:

The investment portfolio is comprised of ordinary shares.

Valuation of the companies is based on intrinsic value, with the exception of companies market with (\*), which are value based on stock market prices.

## 2012

Company	Domicile	Business activity	Number of shares	Adjusted book value	Market value	Stake %	Provision	Stake in results	Revaluation (devaluation)
<b>Public limited companies</b>									
Argos USA Corp.	USA	Investments	29,305	1,227,003	1,221,444	83,21	5,559	(126,060)	-
C.I. del Mar Caribe BVI Inc.	British Virgin Islands	Representation services	18,400	15,210	15,446	93,88	-	8,173	236
Corporaciones e Inversiones del Mar Caribe S.A.S.	Medellín	Investments	12,834,648	46,391	46,391	100,00	-	6,729	-
Canteras de Colombia S.A.S.	Medellín	Gravel and clay quarrying	27,670	5,720	5,864	5,97	-	(19)	144
Colcaribe Holding S.A.	Panama	Investments	117,860	130,540	140,055	100,00	-	(2,524)	9,515
Concretos Argos S.A.	Bogotá	Concrete producer	8,596,667	318,955	332,670	93,13	-	21,186	13,715
Ganadería Río Grande S.A.S.	Medellín	Agriculture and livestock	10,700,000	2,157	-	100,00	2,157	(3,831)	-
Haiti Cement Holding S.A.	Haiti	Investments	78,000	19,858	16,125	50,00	3,733	2,580	-
International Cement Company S.A.	Panama	Investments	10,000	18,261	18,961	100,00	-	(652)	700
Logística de Transporte S.A.	Medellín	Cargo transportation	22,425,181	32,912	34,036	94,89	-	5,331	1,124
Argos Panamá S.A. (previously known as Cementos Panamá S.A.)	Panama	Investments	1,298,122	248,298	218,733	85,61	29,565	65,617	-
Tekia S.A.S. (previously known as Reforestadora del Caribe S.A.S.)	Medellín	Reforestation	1,337,500	35,000	37,842	100,00	-	1,580	2,842
Transatlantic Cement Carrier Inc.	Panama	Maritime cargo shipping	33,500	43,664	50,826	100,00	-	(3,802)	7,162
Zona Franca Argos S.A.S.	Cartagena	Cement production	64,550,000	1,314,234	1,315,453	100,00	-	20,829	1,219
<b>Sub-total public limited companies</b>				<b>3,458,203</b>	<b>3,453,846</b>		<b>41,014</b>	<b>(4,863)</b>	<b>36,657</b>
<b>Limited liability companies</b>									
Valle Cement Investments Ltd.	British Virgin Islands	Investments	2	359,795	341,537	91,81	18,258	23,894	-
Distribuidora Col. de Cementos Ltda. en Liquidación	Barranquilla	Trading	200,000	3,674	4,820	100,00	-	-	1,146
Transportes Elman Ltda. en Liquidación	Barranquilla	Land, river and sea transport	8,637	95	77	1,08	18	-	-
Profesionales a su Servicio Ltda. en Liquidación	Barranquilla	Personnel consulting and recruiting	194,900	10	-	50,00	10	-	-
Asesorías y Servicios Ltda. en Liquidación	Barranquilla	Personnel consulting and recruiting	316,500	20	-	50,00	20	-	-
<b>Sub-total Limited liability companies</b>				<b>363,594</b>	<b>346,434</b>		<b>18,306</b>	<b>23,894</b>	<b>1,146</b>
<b>NON-CONTROLLED</b>									
Bancolombia S.A.	Medellín	Financial intermediation	20,437,148	61,413	613,114	4,01	-	-	551,701
Cementos de Caldas S.A.	Manizales	Cement production	20,179,195	3,027	3,158	39,83	-	-	131
Cartón Colombia S.A.	Cali	Cardboard production	2,308,930	5,088	13,616	2,14	-	-	8,528
Grupo de Inversiones Suramericana S.A.	Medellín	Financial intermediation	28,183,262	39,384	1,070,964	6,01	-	-	1,031,580
Fundiciones Colombia S.A.	Medellín	Metallurgy	38,543,456	278	11	1,54	267	-	-
Industrial Hullera S.A.	Medellín	Coal mining	2,426,054	155	-	37,47	155	-	-
Omya Colombia S.A.	Guarne	Non-metallic minerals production	6,345,425	11,554	39,438	50,00	-	-	27,884
Sociedad de Transporte Férreo S.A.	Cali	Railroad services	72,294	331	-	2,95	331	-	-
Others of less than COP 100				75	8,080		12	-	8,017
<b>Sub-total NON-CONTROLLED</b>				<b>121,305</b>	<b>1,748,381</b>		<b>765</b>	<b>-</b>	<b>1,627,841</b>
<b>TOTAL VARIABLE-INCOME INVESTMENTS</b>				<b>3,943,102</b>	<b>5,548,661</b>		<b>60,085</b>	<b>19,031</b>	<b>1,665,644</b>
Provision				(60,103)					
<b>PERMANENT FIXED-INCOME INVESTMENTS</b>									
<b>Bonds and others</b>				<b>549</b>	<b>870</b>		<b>18</b>	<b>-</b>	<b>339</b>
<b>TOTAL PERMANENT INVESTMENTS</b>				<b>3,883,548</b>	<b>5,549,531</b>		<b>60,103</b>	<b>19,031</b>	<b>1,665,983</b>

### Type of shares:

All the shares in the portfolio are ordinary shares.

In 2013, the following related companies declared dividends:

Related company	2013	2012
Argos Panamá S.A.	54,485	43,996
Colcaribe Holding S.A.	8,142	-
Logística de Transporte S.A.	9,167	-
Concretos Argos S.A.	455	-
Zona Franca Argos S.A.S.	18,746	-
Haití Cement Holding S.A.	3,710	-

The following are the values of assets, liabilities, shareholders' equity and year results of the investments, valued using the equity participation method:

Companies	2013				2012			
	Assets	Liabilities	Shareholders' equity	Profit (loss)	Assets	Liabilities	Shareholders' equity	Profit (loss)
Argos USA Corp.	2,325,085	882,352	1,442,733	(151,847)	2,240,457	772,598	1,467,859	(151,492)
Zona Franca Argos S.A.S.	1,382,218	72,078	1,310,140	13,528	1,385,076	69,624	1,315,452	20,829
Valle Cement Investments Ltd.	679,060	286,335	392,725	(9,381)	531,428	159,440	371,988	26,024
Concretos Argos S.A.	724,988	348,664	376,324	18,299	657,165	299,946	357,219	22,750
Nuevos Cementos S.A.S. (1)	314,793	-	314,793	3,173	-	-	-	-
Argos Panamá S.A.	447,776	146,145	301,631	84,081	426,121	170,625	255,496	76,645
Colcaribe Holdings S.A.	194,838	38,646	156,192	11,416	176,663	36,608	140,055	(2,524)
Canteras de Colombia S.A.S.	106,874	7,950	98,924	617	107,120	8,813	98,307	(325)
Transatlantic Cement Carriers Inc.	56,592	8,707	47,885	(11,671)	60,908	10,082	50,826	(3,802)
Corp. e Inversiones del Mar Caribe S.A.S.	91,204	44,507	46,697	(3,139)	96,438	50,048	46,390	6,729
Cimenterie Nationale S.E.M. (CINA)	71,483	27,857	43,626	8,024	61,652	20,205	41,447	8,990
Tekia S.A.S.	51,960	18,208	33,752	(4,090)	46,597	8,756	37,841	1,580
C.I. del Mar Caribe BVI Inc.	50,654	20,449	30,205	11,922	46,373	29,919	16,454	8,706
Haiti Cement Holdings S.A.	30,183	-	30,183	4,178	32,251	-	32,251	5,159
Logística de Transporte S.A.	42,533	15,086	27,447	1,333	49,150	13,282	35,868	5,618
International Cement Company S.A.	2,307	-	2,307	(17,847)	18,961	-	18,961	(652)
Caltex S.A.S. (1)	1,180	919	261	(139)	-	-	-	-
Ganadería Río Grande S.A.S.	18,413	24,342	(5,929)	(4,789)	14,369	15,509	(1,140)	(7,191)

(1) Companies acquired in 2013:

Nuevos Cementos S.A.S. owns 53.28% of the shares of Argos Honduras S.A. de C.V., which was acquired in September 2013 for COP 745,156 (EUR 232 million) from the multinational cement company Lafarge. This acquisition consisted of the purchase of cement assets, including more specifically a dry-process cement plant and grinding facility, with an installed capacity of 1.3 million tons, and port facilities. The purchase was concluded on November 27, 2013, which is also the date on which the application of the equity participation method started.

Caltex S.A.S. is a company that was incorporated in August 2013, with an initial capital of COP 400, with the objective of participating actively in the market of exploitation and commercialization of lime and calcium oxide. Caltex S.A.S. is the result of a strategic alliance with the Mexican enterprise Calidra de Oriente S.A. de C.V., with both companies having a stake of 50%.

The following is the breakdown of shareholders' equity in controlled investments:

2013	Company	Corporate capital	Capital surplus	Reserves	Shareholders' equity revaluation	Results of the year	Results of previous year	Valuation surplus	Shareholders' equity
	Argos USA Corp.	2,289,652	577	-	34	(151,847)	(702,044)	6,361	1,442,733
	Zona Franca Argos S.A.S.	64,550	903,043	7,501	-	13,528	-	321,518	1,310,140
	Valle Cement Investments Ltd.	13,798	19,663	-	(87,639)	(9,381)	408,032	48,252	392,725
	Concretos Argos S.A.	9,249	128,336	27,149	37,083	18,299	-	156,208	376,324
	Argos Panamá S.A.	265,278	-	(901)	(38,781)	84,081	(8,046)	-	301,631
	Colcaribe Holdings S.A.	20,357	3,167	-	11,752	11,416	98,403	11,097	156,192
	Canteras de Colombia S.A.S.	464	11,903	-	3,489	617	(8,487)	90,938	98,924
	Transatlantic Cement Carriers Inc.	6,133	52,635	-	181	(11,671)	(2,728)	3,335	47,885
	Corp. e Inversiones del Mar Caribe S.A.S.	12,835	105,693	391	577	(3,139)	(81,874)	12,214	46,697
	Cimenterie Nationale S.E.M. (CINA)	26,092	-	12,590	(4,615)	8,024	1,535	-	43,626
	Tekia S.A.S.	1,338	11,623	5,935	2,552	(4,090)	1,580	14,814	33,752
	Logística de Transporte S.A.	142	13,633	9,341	2,824	1,333	-	174	27,447
	Haití Cement Holdings S.A.	31,430	(497)	-	(1,428)	4,178	(3,500)	-	30,183
	International Cement Company S.A.	13	22,158	-	1,377	(17,847)	(3,844)	450	2,307
	C.I. del Mar Caribe BVI Inc.	54	-	-	(2,012)	11,922	20,241	-	30,205
	Ganadería Rlo Grande S.A.S.	5,350	6,448	-	-	(4,789)	(13,091)	153	(5,929)
	Nuevos Cementos S.A.S.	229,181	82,439	-	-	3,173	-	-	314,793
	Caltex S.A.S.	400	-	-	-	(139)	-	-	261

2012	Company	Corporate capital	Capital surplus	Reserves	Shareholders' equity revaluation	Results of the year	Results of previous year	Valuation surplus	Shareholders' equity
	Argos USA Corp.	2,289,662	640	-	(125,547)	(151,492)	(550,684)	5,290	1,467,869
	Zona Franca Argos S.A.S.	64,550	903,043	5,418	-	20,829	-	321,613	1,315,453
	Valle Cement Investments Ltd.	13,798	21,191	-	(187,995)	26,024	455,465	43,506	371,989
	Concretos Argos S.A.	9,249	128,239	4,888	37,082	22,750	-	155,011	357,219
	Argos Panamá S.A. (previously known as Cementos Panamá S.A.)	265,278	-	-	(57,818)	76,645	(28,609)	-	255,496
	Colcaribe Holdings S.A.	20,357	2,907	-	754	(2,524)	108,377	10,184	140,055
	Canteras de Colombia S.A.S.	464	11,902	-	3,489	(325)	(8,161)	90,938	98,307
	Transatlantic Cement Carriers Inc.	6,133	48,306	-	(3,946)	(3,802)	1,074	3,061	50,826
	Corp. e Inversiones del Mar Caribe S.A.S.	12,835	94,246	390	578	6,729	(88,603)	20,216	46,391
	Cimenterie Nationale S.E.M. (CINA)	26,092	-	13,949	(6,260)	8,990	(1,325)	-	41,446
	Tekia S.A.S. (previously known as Reforestadora del Caribe S.A.S.)	1,338	11,623	951	2,552	1,580	4,984	14,814	37,842
	Logística de Transporte S.A.	142	13,633	13,384	2,824	5,618	-	267	35,868
	Haití Cement Holdings S.A.	31,430	-	-	(3,623)	5,159	(715)	-	32,251
	International Cement Company S.A.	13	22,158	-	106	(652)	(3,192)	528	18,961
	C.I. del Mar Caribe BVI Inc.	54	-	-	(3,843)	8,706	11,536	-	16,453
	Ganadería Rlo Grande S.A.S.	5,350	6,448	-	-	(7,191)	(5,900)	153	(1,140)

In 2013 and 2012 no dividends in shares were declared.



# NOTE 8 – PROPERTY, PLANT AND EQUIPMENT, NET

The balance of property, plant and equipment as of December 31 includes:

	2013					2012				
	Cost	Accumulated depreciation	Net book value	Commercial appraisal	Valuation	Cost	Accumulated depreciation	Net book value	Commercial appraisal	Valuation
Land	80,315	-	80,315	365,832	285,517	76,910	-	76,910	362,427	285,517
Mines, quarries and mineral deposits	119,299	119,299	-	157,079	157,079	119,300	119,300	-	157,079	157,079
Constructions and buildings (1)	384,836	259,122	125,714	300,475	174,761	343,992	219,328	124,664	286,617	161,953
Transportation equipment, maritime and railroad	14,567	10,960	3,607	7,182	3,575	18,513	11,530	6,983	11,322	4,339
Machinery and equipment (2)	1,600,293	1,235,403	364,890	1,020,507	655,617	1,648,191	1,268,795	379,396	1,101,946	722,550
Furniture and chattels, computers and medical scientific equipment	43,142	24,984	18,158	23,290	5,132	39,614	19,583	20,031	25,206	5,175
Construction in progress, machinery being assembled (3)	85,162	-	85,162	-	-	50,710	-	50,710	-	-
Water systems plants and networks, means of communication	89,525	60,488	29,037	50,017	20,980	89,232	58,632	30,600	49,512	18,912
Agricultural plantations	16,265	1,564	14,701	15,558	857	12,890	1,564	11,326	12,183	857
Property, plant and equipment in transit	-	-	-	-	-	2,863	-	2,863	-	-
Provision for asset impairment	-	-	(17,575)	-	-	-	-	(17,575)	-	-
	<b>2,433,404</b>	<b>1,711,820</b>	<b>704,009</b>	<b>1,939,940</b>	<b>1,303,518</b>	<b>2,402,215</b>	<b>1,698,732</b>	<b>685,908</b>	<b>2,006,292</b>	<b>1,356,382</b>

- (1) The variation is mainly due to the use of new civil works at plants, for an amount of COP 3,246, and at administrative offices, in amount of COP 976, and to the withdrawal of civil works, in amount of COP 914, related to the optimization of production processes at the plants.
- (2) The variation mainly stems from the plan to optimize production processes at the cement plants, including the installation of equipment for approximately COP 65,341, but also the disposal of equipment for approximately COP 77,780.
- (3) The difference corresponds to the development of different projects that the Company has undertaken seeking to optimize production processes at its different cement production plants.

Depreciation and amortization taken to results in 2013 amounted to COP 98,843 (COP 91,612 in 2012).

In 1994, the Sogamoso cement plant, including its lands, was given as collateral to guarantee financial obligations of Acerías Paz del Río S.A. These guarantees included first degree mortgages for USD 8,365,573, a second degree mortgage for COP 659 and a second degree chattel mortgage for USD 21,337,187. The Company is in the process of cancelling these pledges because the liabilities they guaranteed have been paid in full.

The Company carried out technical appraisals of property, plant and equipment in 2011. The appraisal methods applied are explained in Note 10.

# NOTE 9 – DEFERRED CHARGES AND INTANGIBLE ASSETS, NET

Deferred charges and intangible assets as of December 31 were comprised of:

	2013	2012
Goodwill (1)	538,532	22,688
Concessions and franchises (2)	236,285	241,321
Deferred assets (3)	229,552	106,174
Rights (4)	137,606	132,679
Trademarks (5)	120,662	120,662
Less accumulated amortization	(169,903)	(143,198)
	<b>1,092,734</b>	<b>480,326</b>

(1) Goodwill is comprised of:

	2013	2012
Argos Panamá S.A.	22,688	22,688
Nuevos Cementos S.A.S.	515,844	-
Accumulated amortization	(18,150)	(13,613)
	<b>520,382</b>	<b>9,075</b>

The increase is due to goodwill stemming from the acquisition of the company Nuevos Cementos S.A.S. for COP 515,844 (the intrinsic value on the date of the acquisition was of COP 229,181), which will be amortized for a term of 20 years. This company owns a stake of 53.28% in the company Argos Honduras S.A. de C.V.

(2) This includes the partial concession of Title 11387, which was bought from Acerías Paz del Río S.A. in December 2008, for USD 41,256,757 (COP 95,524) for the exploitation of minimum 369.000 tons of limestone annually, of which the balance is COP 67,429 (COP 73,048 in 2012).

The decrease in concessions mainly stems from the amortization of the following mineral rights, due to the fact that the company's management believed that they were of no interest to the company in terms of exploitation:

Title	Value
21539	500
FIN-102	2,716
275-15	555
900-15 (100-15)	252

The following are the main mining concessions in force at the end of the year:

Contract number	Type of title	Main mineral	Municipality	Department	Value	Status	Start date	Term (years)
2952	Concession contract Decree 1275	Limestone and sand	Barranquilla y Puerto Colombia	Atlántico	Undetermined	Extension procedure	07/03/1980	30
3632	Concession contract Decree 2655	Limestone and sand	Toluviejo	Sucre	Undetermined	Exploitation	06/10/1992	30
9334	Concession contract Decree 2655	Calcareous	Barranquilla y Puerto Colombia	Atlántico	Undetermined	Exploitation	04/02/1993	30
18610	Concession contract Decree 2655	Limestone	Turbaco	Bolívar	Undetermined	Exploitation	04/02/1997	30
7609	Concession contract Decree 2655	Limestone	Curiti	Santander	Undetermined	Exploitation	23/08/2004	30
8420	Concession contract Decree 2655	Limestone	Yumbo	Valle	Undetermined	Extension and conversion	11/10/1991	30
8421	Concession contract Decree 685	Limestone	Puerto Nare y Caracolí	Antioquia	Undetermined	Exploitation	09/05/2007	30
14335	Concession contract Decree 685	Limestone	Puerto Nare	Antioquia	Undetermined	Exploitation	10/08/2007	30
14665	Concession contract Decree 685	Limestone	Duitama y Santa Rosa de Viterbo	Boyacá	Undetermined	Exploitation	28/08/2007	21

(3) Deferred charges on December 31 were comprised of:

	2013	2012
Technology projects and other deferred charges (a)	194,289	77,313
Debit deferred income tax (b)	19,878	10,653
Software	15,148	12,188
Research studies	237	6,020
	<b>229,552</b>	<b>106,174</b>

(a) This mainly includes the following concepts:

Synergy project – implementation of new system (ERP)	110,383	53,191
Expenses in issuance and placement of shares	68,018	5,604
Issuance and placement of bonds	9,959	11,616
Conversion to International Accounting Standards	1,049	1,049
Projects of acquisition of assets and expansion of plants	52	840

(b) This corresponds to the deferred tax stemming from temporary differences, mainly from accounts payable of the swap and forward arrangements and the estimated liabilities related with deductible expenses.

(4) This item includes payments made by the company to Housing Trust Fund no. 732-1359, managed by Fiduciaria Fiducor S.A. for the reforestation project in El Carmen de Bolívar of COP 32,999 (COP 29,699 in 2012) and to Management Trust in Fiduciaria Corficolombiana S.A. for COP 42,761. Additionally, it includes an availability right acquired from Acerías Paz del Río S.A. in December 2008 for USD 21,500,000 (COP 39,828), for at least 150,000 tons per year of slag produced by them, for a period of 15 years, which is renewable for an equal period, of which the balance is of COP 25,972 (COP 28,627 in 2012).

Furthermore, it includes assets acquired through financial leasing with a monthly payment method, for COP 16,088 (COP 18,693 in 2012), among which the following can be found:

Descripción	Contract	Initial amount	Net cost	Start date of contract	End date of contract	Term (months)	Pending instalments
Articulated truck, Caterpillar, model 730	124854	1,264	983	01/08/2011	18/08/2018	85	56
Special cement silo	127134	763	610	18/05/2012	18/04/2019	84	64
Rigid truck, Caterpillar model 773F, turbocharged	128053	1,488	1,158	18/10/2011	18/11/2018	85	58
Rigid truck, Caterpillar model 773F, equipped with Cat engine	128226	1,437	1,118	16/09/2011	18/09/2018	85	57
Truck scales 80478MM	133047	186	149	18/09/2012	18/08/2019	84	68
Bulldozer model D9T	133409	1,488	1,190	18/02/2012	18/01/2019	84	61
Wheel loader Caterpillar	133705	717	621	18/03/2012	18/02/2019	84	62
Wheel loader model 998H	136006	1,630	1,304	18/03/2012	18/02/2019	84	62
Forklift Caterpillar model GP 30NM	139982	66	53	18/08/2012	18/07/2019	84	67
Perforation equipment, Atlas Copco	140426	1,123	973	18/01/2013	18/12/2019	84	75
Rigid truck, Caterpillar model 773G	141252	1,746	1,396	18/08/2012	18/07/2019	84	67
Hydraulic excavator, Caterpillar	141393	494	395	18/09/2012	18/08/2019	84	68
Articulated front loader, model 972H	142165	989	791	18/11/2012	18/10/2019	84	70
Articulated front loader	142885	388	310	18/10/2012	18/09/2019	84	69
Rigid truck	143367	1,787	1,430	18/11/2012	18/10/2019	84	70
New rigid truck, Caterpillar	143546	1,769	1,415	18/11/2012	18/10/2019	84	70
Front loader	144521	436	349	18/12/2012	18/11/2019	84	71
Articulated truck, Caterpillar	144532	1,416	1,133	18/12/2012	18/11/2019	84	71
Wheel loader	147671	741	593	18/02/2013	18/01/2020	84	72

- (5) This corresponds to the Argos Trademark purchased from Grupo Argos S.A. in December 2005 for COP 115,389 plus adjustments due to inflation of COP 5,274. The valuation of the trademark was carried out by Corporación Financiera Colcorp and the methodology that was used was based on the analysis of discounted cash flows. The value of the intangible asset is the result of the operational cash flow that it can generate in a period of time, discounted at a rate that reflects the risk of said flows. This methodology is based on the return obtained through ownership of the trademark on said flows (contribution of the trademark to the business, both in the present and future). It is amortized over a period of 20 years.

## NOTE 10 – VALUATION OF ASSETS

Asset valuations as of December 31 included the following:

	2013	2012
Difference between market or intrinsic value of investments and book value (see Note 7)	1,411,125	1,665,983
Difference between technical appraisals of property, plant and equipment and book value (see Note 8)	1,303,518	1,356,382
Other assets – works of art	328	412
	<b>2,714,971</b>	<b>3,022,777</b>

In 2011, the firm Activos e Inventarios y Cía Ltda. took an inventory of the fixed assets of Cementos Argos S.A. at the various industrial, commercial and administrative units throughout the national territory. The valuation methodology used by Activos e Inventarios y Cía Ltda. was based on the going concern assumption using the comparative method, the method of capitalization of income and the cost method, as appropriate. In summary, the valuation was based on the application of the “fair value” principle, by making comparisons with international figures of productive units in operation, of used elements in operation, installed and productive capacity valued in US dollars and measured by production capacity in mining, crushing, calcinations, milling and packaging processes for cement production.

This methodology also includes in the cost of the equipment expenses related to engineering and civil works for assembly, electric, mechanical and electronic connections, pre-operating testing and start up in accordance with Section 64 of Decree 2649 of 1993 supplemented with internationally accepted accounting standards (IFRS, USGAAP).

## NOTE 11 – FINANCIAL OBLIGATIONS

Financial obligations as of December 31 were comprised of:

	Average annual rate in 2013	2013	2012
Bank overdrafts	12.60%	2,588	2,160
Obligations to domestic banks (1)	-	38,537	506,573
Obligations to foreign banks (2)	-	162,114	175,819
Other obligations		17,166	17,649
<b>Total financial obligations</b>		<b>220,405</b>	<b>702,201</b>
Less - non-current portion		(147,731)	(264,640)
<b>Short-term obligations</b>		<b>72,674</b>	<b>437,561</b>

(1) Financial obligations to domestic banks have interest rates tied to DTF and CPI, and interest rates in US dollars are tied to Libor (see the average cost by type of currency at the end of note 12).

The following table shows the main financial obligations to domestic banks:

Entity	Concept	2013	2012	Currency
Banco de Bogotá	Working capital	38,537	-	Dólar
Bancolombia	Long-term loan	-	100,000	Peso
Banco Popular	Long-term loan	-	60,000	Peso
Banco de Bogotá	Long-term loan	-	35,365	Dólar
Bancolombia	Working capital loan	-	31,828	Dólar
Bancolombia	Working capital loan	-	54,815	Dólar
Bancolombia	Working capital loan	-	28,292	Dólar
Banco de Bogotá	Working capital loan	-	107,862	Dólar
BBVA	Working capital loan	-	26,523	Dólar
BBVA	Working capital loan	-	61,888	Dólar
		<b>38,537</b>	<b>506,573</b>	

(2) Financial obligations to foreign banks have interest rates tied to Libor (see the average cost by type of currency at the end of Note 12).

Financial obligations to foreign banks are detailed below:

Entity	Concept	2013	2012	Currency
Citibank PLC London	ECA loan	162,114	175,819	Dólar

The long-term loan with Citibank PLC, backed by EKF Denmark, for an initial amount of USD 159,235,669, owed by Cementos Argos S.A., Zona Franca Argos S.A.S. and Argos USA Corp., has the following financial covenants in effect as of December 31, 2013:

a) Net Debt / EBITDA ratio + 12 month dividends: less than 4 times.

b) EBITDA / Financial expense ratio: higher than 1.25 times.

The financial obligations as of December 31, 2013 accrued interests in the amount of COP 14,265 (COP 41,705 in 2012).

At the closing of 2013, currency buying forward transactions were in place to synthetically convert loans denominated in US dollars into Colombian pesos. The details of these operations can be found in Note 13.

Long term financial obligations outstanding at December 31, 2012 mature as follows:

Year	Amount at maturity
2015	31,676
2016	31,829
2017	32,008
2018	32,912
2019 and subsequent years	19,306
	<b>147,731</b>

# NOTE 12 – BONDS PAYABLE

	2013	2012
Total bonds payable	1,938,798	2,015,998
Less discount to be amortized	(6,568)	(8,210)
	<b>1,932,230</b>	<b>2,007,788</b>
Short-term	(192,575)	(77,200)
<b>Long-term</b>	<b>1,739,655</b>	<b>1,930,588</b>

Bonds payable issued on November 23, 2005 and on February 23, 2007 were comprised of the following as of December 31, 2013:

Term	Amount issued	Effective interest rate %	Interest payment terms
10 years	80,000	CPI + 2.88	Biannually in arrears
12 years	440,000	CPI + 3.17	Biannually in arrears
	<b>520,000</b>		

Of the authorized value of COP 600,000, the last part of COP 150,000 with a term of 12 years was issued on February 23, 2007.

Bonds payable issued on April 28, 2009 were comprised of the following on December 31, 2013:

Term	Amount issued	Effective interest rate %	Interest payment terms
5 years	81,175	9.70 AER	Annually in arrears
7 years	114,943	CPI + 6.00	Quarterly in arrears
10 years	70,350	CPI + 6.30	Quarterly in arrears
15 years	229,530	CPI + 7.19	Quarterly in arrears
	<b>495,998</b>		

Bonds payable issued on April 11, 2012 were comprised of the following on December 31, 2013:

Term	Amount issued	Effective interest rate %	Interest payment terms
2 years	111,400	DTF* + 1.34	Quarterly in arrears
3 years	111,400	DTF* + 1.45	Quarterly in arrears
	<b>222,800</b>		

\* DTF (*Depósito a Termino Fijo*) is a base rate for fixed rate deposits over three months

Bonds payable issued on May 16, 2012 were comprised of the following on December 31, 2012:

Term	Amount issued	Effective interest rate %	Interest payment terms
6 years	97,022	CPI + 3.80	Quarterly in arrears
10 years	299,896	CPI + 4.24	Quarterly in arrears
15 years	303,082	CPI + 4.50	Quarterly in arrears
	<b>700,000</b>		

All issues are rated AA+ by Fitch Ratings Colombia S.A. The bonds are payable-to-order securities tradable in the secondary market.

Of the issue maturing in 2017, 12-year Argos 2005 bonds for COP 440,000, a total of COP 433,320 was converted to US dollars (equivalent to USD 240,000,000) through a currency swap at an average rate of Libor + 1.78%, semester in arrears (see note 5).

The February 23, 2007 bond issue for COP 132,211 gave rise to a issuance discount of COP 17,788, which is amortized over 12 years using the straight line method.

In 2013, interests accrued in the amount of COP 133,914 (COP 141,213 in 2012) on ordinary bonds.

The following was the overall cost of financial obligations, including Argos bonds, financial derivatives and loans during 2013:

- Average cost of financial obligations in Colombian pesos: 7.08% AER (7.74% AER in 2012)
- Average cost of financial obligations in US dollars: 1.97% AER (2.28% AER in 2012)

## NOTE 13 – SUPPLIERS AND ACCOUNTS PAYABLE

Suppliers and accounts payable on December 31 were comprised of:

	2013	2012
Related parties (see Note 24)	218,717	205,980
Sundry creditors (1)	112,343	121,431
Costs and expenses payable	83,347	87,844
Dividends payable	62,610	46,208
Domestic suppliers	28,849	24,566
Foreign suppliers USD 6,943,332 (USD 1,734,986 in 2012)	13,379	3,068
Tax withholdings payable	5,663	8,628
Payroll withholdings and contributions	4,532	5,526
Accounts payable to contractors	2,900	3,008
Other	4,091	4,470
<b>Total suppliers and accounts payable</b>	<b>536,431</b>	<b>510,729</b>
Less - Long-term portion	(55,107)	(75,857)
Short-term suppliers and accounts payable	<b>481,324</b>	<b>434,872</b>

- 1) It mainly reflects the valuation of derivative transactions for COP 27,936 (COP 20,277 in 2012) and the balance payable of COP 82,661 arising from the acquisition of Cementos La Unión S.A. and Cementos Apolo S.A. under the following conditions:

Balance on December 31, 2013: USD 42,900,000 (USD 57,200,000 in 2012)

Maturity: August 2016

Interest rate: 5% AER, payable quarterly in arrears

Amortization: 10 annual installments

In 2013, interests accrued for COP 4,700, the equivalent of USD 2,511,220 (COP 5,803 in 2012, the equivalent of USD 3,169,447). In the same year, USD 14,300,000 was paid towards the capital. On this account payable, a currency exchange swap was carried out:

### Swap arrangements

Type	Underlying	Subyacente amount (USD)	rate	Swap amount (COP)	rate	Maturity
Currency swap	Account payable	42,900,000	4.90% in arrears	81,935	CPI + 5.35%	8 Aug 2016

The following are the financial derivative transactions that created a positive value in favor of the counterpart (bank) at the end of the year:

### Swap arrangements

Type	Underlying	Underlying amount (COP)	rate	Swap amount (USD)	rate	Maturity
Currency swap	Bonds 2017	343,520	CPI + 3.17%	190,000,000	Libor + 1,75%	23 Nov 2017
Currency swap	Bonds 2017	89,800	CPI + 3.17%	50,000,000	Libor + 1,92%	23 Nov 2018

# NOTE 14 – TAXES, LEVIES AND CONTRIBUTIONS

The balance of taxes, levies and contributions as of December 31 was comprised of:

	2013	2012
Income tax	4,541	4,541
Fairness tax (CREE)	56,564	-
Sales tax	34,641	31,975
Industry and commerce tax	15,230	13,239
Tax on equity	25,970	51,940
	<b>136,946</b>	<b>101,695</b>
Less – Non-current portion of tax on equity	-	(25,970)
<b>Total</b>	<b>136,946</b>	<b>75,725</b>

## Income tax

The tax dispositions that apply to the Company and its subordinates stipulate that:

- a) The rate of income tax for 2013 is of 25%, whereas in 2012 the rate had been 33%. This lower rate for 2013 was established by Law 1607 of December 2012. This same law created the income fairness tax, known in Colombia as CREE, with a rate of 9%, which took effect as of January 1, 2013. The base for this CREE tax is calculated together with the income tax, but additionally filtering out certain parts that the new regulations specifically do not take into consideration for the CREE tax.

For CREE tax purposes, it is not allowed to offset the income of the taxable accounting period against tax losses or surpluses of presumptive income from previous periods.

- b) As from 2007, Law 1111 of 2006 reinstated the capital gains system for taxpayers required to record adjustments for inflation, particularly regarding the sale of investments and fixed assets held in possession for more than 2 years.
- c) The basis for calculating the income tax cannot be less than 3% of net shareholders' equity on the last day of the immediately preceding taxable period.
- d) Tax losses adjusted according to tax rules may be offset by companies against ordinary net income obtained during subsequent taxable periods, with no time limitations, without prejudice for the presumptive tax of the year.

Tax losses arising from the special deduction for investment in productive fixed assets may also be offset against the taxpayer's net income.

- e) Any excess in presumptive taxable income above ordinary taxable income accrued after 2003 can only be offset against ordinary taxable income within the following five years.

In all cases, excesses in presumptive taxable income above ordinary taxable income were adjusted for inflation up until 2006. Starting in 2007 excess presumptive taxable income above ordinary taxable income is readjusted according to tax rules.

As of December 31, 2013 the Company had COP 102,369 in excess presumptive taxable income originating in the tax years 2012.



- f) Starting in 2004 income tax taxpayers who carry out transactions with foreign related parties must calculate, for the purposes of the income and complementary taxes, their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, applying the prices and profit margins they would have applied in similar transactions on an arm's length basis with non-related parties. The Company conducted a technical survey on transactions carried out during 2012 and reached the conclusion that there is no need to adjust the income tax return on these grounds for that tax year.

As of today, the Company has not yet finished the study regarding the operations of 2013. However, given the fact that the operations carried out with related parties abroad in 2013 were very similar in nature to those carried out in 2012, the company's management believes there will be no impact on the year's income tax return.

Below, details are given regarding the reconciliation between profit before tax over profit and loss, regarding the determination of taxes and regarding the reconciliation of the shareholders' equity in terms of accounting and in terms of taxes, for the years ended on December 31, 2013 and 2012:

a. Reconciliation between accounting income and net taxable income:

	2013	2012
<b>Net income</b>		
Profit before provision for income tax	328,408	404,176
<b>Add:</b>		
Exchange rate difference of investments abroad (1)	174,643	(188,972)
Losses recorded due to participation method	171,785	136,888
Taxable dividends received from subsidiaries	88,942	71,193
Other non-deductible expenses	54,932	117,994
Non-realized exchange rate difference from financial derivative operations	17,661	(39,377)
Non-deductible tax	-	18
Profit from sale of fixed assets and investments	-	6
	<b>507,963</b>	<b>97,750</b>
<b>Less:</b>		
Revenues recorded due to participation method	131,724	155,919
Untaxable dividends and participations received	25,872	43,188
Recovery of provisions	17,577	35,183
Other non-taxed and deductible items	3,413	325,060
Profit from sale of fixed assets and investments	950	231,582
	<b>179,536</b>	<b>790,932</b>
<b>Ordinary net income</b>	<b>656,835</b>	<b>(289,006)</b>
Compensations	<b>102,369</b>	-
Ordinary net income	554,466	(289,006)
Presumptive income on shareholders' equity	57,208	71,379
<b>Taxable net income (the highest)</b>	<b>554,466</b>	<b>71,379</b>
Tax rate	25%	33%
Provision for current income tax	138,617	23,555
Tax discounts	(43,083)	-
<b>Occasional earnings – profit from sale of fixed assets</b>	<b>411</b>	<b>38</b>
Tax rate	10%	33%
<b>Tax on occasional earnings</b>	<b>41</b>	<b>13</b>
<b>Additional filtering for CREE tax basis</b>		
<b>Ordinary net income</b>	656,835	-
Non-deductible donations	13,198	-
Other non-occurring deductions	4,397	-
<b>Taxable income for income fairness tax (CREE)</b>	<b>674,430</b>	-
Tax rate	9%	-
Provision for current income tax	95,574	23,555
Provision for income fairness tax (CREE)	60,699	-
Add (less): deferred tax	(11,575)	(6,998)
<b>Provision for taxes charged to results</b>	<b>144,698</b>	<b>16,557</b>



b. Conciliation between book value and taxable shareholders' equity:

	2013	2012
<b>Book value shareholders' equity</b>	<b>7,244,359</b>	<b>5,715,291</b>
<b>Add:</b>		
Tax differences on property, plant and equipment	115,960	212,248
Provision for the protection of inventories, fixed assets and investments	82,115	81,432
Non-tax liabilities	66,989	26,369
Deferred credit depreciation	-	1,249
<b>Less:</b>		
Revaluation of investments and property, plant and equipment	2,714,971	3,022,777
Tax differences on investments	617,713	665,868
Deferred tax (net)	19,114	7,127
Tax liabilities	-	27,191
<b>Taxable shareholders' liability</b>	<b>4,157,625</b>	<b>2,313,626</b>

(1) According to Articles 32-1 and 120 of the Colombian Tax Statute, for tax purposes, both assets and debt in foreign currency must be adjusted to the official exchange rate against revenues or deductions, according to the situation. In terms of accounting, according to Decree 4918 of November 26, 2007, the exchange rate difference of variable-income investments in subsidiaries abroad must be recorded as a bigger or smaller amount of shareholders' equity. This difference between the accounting and tax principles generated a tax revenue, in 2013, of COP 174,643 (fiscal deduction of COP 188,972 in 2012).

The income tax returns of 2007, 2008, 2009, 2010, 2011 y 2012 are subject to revision and approval by the tax authorities.

The company's management and its legal advisors believe that the amount recorded in the books under liabilities for taxes payable is sufficient to cover any liability that could arise with regards to these years.

## TAX ON EQUITY

The Company paid a tax on equity in amount of COP 103,879 using its net worth or shareholders' equity on January 1, 2011 as the basis for its calculations, at a rate of 4.8% plus the surcharge of 25%. The tax return was filed in May 2011 and payment will be done in eight equal installments in May and September of 2011, 2012, 2013 and 2014.

For 2011, the Company accrued and accounted 100% of the tax on equity and its surcharge, which was charged to the equity revaluation account.

## TAX REFORMS

The following is a summary of some of the changes to the Colombian tax regime for 2013 and subsequent years introduced by Law 1607 of December 26, 2012:

In the calculation of taxable income for the CREE tax, it is not allowed to offset tax losses or excesses in presumptive taxable income from previous years.

**Exemption from contributions:** Legal persons who file Income and Supplementary Tax returns are exempt from payment of payroll taxes to the National Training Service (Servicio Nacional de Aprendizaje or SENA) and to the Colombian Family Welfare Institute (Instituto Colombiano de Bienestar Familiar or ICBF) and from paying employer contributions to the National Social Security System's healthcare service on behalf of employees who individually earn up to ten (10) minimum legal wages currently in effect. This exemption will begin once the system of income tax withholdings for the income tax for equity (CREE) is in place (and by July 1, 2013 at the latest).

**Accounting standards:** For tax effects only, references made in tax law to accounting standards shall remain in force for 4 years after the International Financial Reporting Standards come into effect. Consequently, during this period of time, the tax bases of the items included in tax returns shall remain unchanged. Similarly, requirements regarding accounting treatment for the recognition of special tax situations shall lose effect once the new accounting regulatory framework is in place.

**Requirement for Business Groups to submit consolidated financial statements:** By June 30 each year at the latest, duly registered business and/or enterprise groups are required to submit their consolidated financial statements, including attachments, on magnetic media, to the National Tax and Customs Authority (Dirección de Impuestos y Aduanas Nacionales or DIAN).

## NOTE 15 – LABOR OBLIGATIONS

Labor obligations as of December 31 were comprised of:

	2013	2012
Salaries payable	193	205
Consolidated severance pay (fund)	5,172	4,787
Interests on severance pay	611	564
Vacations	7,971	6,747
Bonuses	8,796	7,199
Retirement pensions	242,827	256,070
	<b>265,570</b>	<b>275,572</b>
Less – long-term portion	(242,455)	(255,627)
<b>Short-term labor obligations</b>	<b>23,115</b>	<b>19,945</b>

According to the Colombian Labor Code, employers must pay retirement pensions or issue retirement bonds to its employees who meet certain requirements in terms of age and time of service. Pension funds have assumed the largest part of the responsibility for these obligations.

The main factors used in the actuarial estimations for the years ended December 31 were:

	2013	2012
Headcount	1,546	1,650
Technical interest rate	4.80%	4.80%
Future pension increase	2.99%	3.26%

Calculation of the actuarial reserve was performed on the following technical basis:

- (1) **Mortality table:** Colombian annuity mortality table RV08 both for men and women (Resolution 1555 of 2010 of the Superintendence of Finance of Colombia).
- (2) **Pension and salary adjustments:** The formulation used explicitly incorporates future salary and pension increases at a growth rate of 2.99% in 2013 and 3.26% in 2012 (Decree 2783 of December 20, 2001).
- (3) **Technical interest:** 4.8% AER, for 2013 and 2012.

- (4) **Reserves:** They were established using the fractional annuities in arrears model (article 112 of the Tax Statute).

The actuarial calculations were done based on the method for fractional annuities in arrears, as indicated by Article 112 of the Tax Statute and by incorporating the regulations contained in Decree 2783 of December 20, 2001 with regards to taxes.

The charges to results for the amortization of retirement pension liabilities and payments in 2012 were of COP 25,718 (COP 28,181 in 2012).

The liabilities for retirement pensions are detailed below:

	2013	2012
Actuarial calculation	213,843	222,539
Add: Retirement pension entitlements	24,832	29,484
Retirement pension bonds	3,780	3,604
Retirement pensions payable	372	443
	<b>242,827</b>	<b>256,070</b>

The decrease in liabilities is primarily the result of updated actuarial estimations as of December 2013, mainly due to the decreased value of the mathematical reserve for retirement pensions, contributions to the pension and health social security systems, and pension entitlements and certificates.

## NOTA 16 – ESTIMATED LIABILITIES

Estimated liabilities as of December 31 are recognized at cost and included:

	2013	2012
Costs and expenses (1)	36,021	36,558
Labor costs and expenses	14,523	5,522
Contingencies (2)	19,244	27,902
Sundry provisions (3)	13,689	6,953
	<b>83,477</b>	<b>76,935</b>

- (1) This corresponds to goods and services that were received but not billed in amount of COP 21,756 (COP 21,966 in 2012) and the provision for forest compensation of COP 14,265 (COP 14,592 in 2012) stemming from the obligations of the raw material extraction operation to comply with environmental responsibilities of previous periods.
- (2) This includes the contingencies for labor lawsuits, for COP 16,234 (COP 21,736 in 2012), and for administrative processes, for COP 2,004 (COP 4,423 in 2012) and other contingencies of COP 1,006 (COP 1,742 in 2012).
- (3) In 2013, this mainly relates to the provision for negative shareholders' equity of Ganadería Río Grande S.A.S., for COP 5,380 (COP 1,140 in 2012).

# NOTE 17 - SHAREHOLDERS' EQUITY

Shareholders' equity on December 31 was made up of the following:

## CORPORATE CAPITAL

In accordance with the approval given by the General Assembly of Shareholders of March 15, 2013, the issuance and placement of preferred shares was carried out in May 2013, for a total of COP 1,610,824 through the allotment of 209,197,850 preferred shares at a subscription price of COP 7,700 (figure in unites, not in millions) per preferred share, as decided by the company's Board of Directors.

Authorized capital comprises 1,500,000,000 shares with par value of COP 6 each (figure in unites, not in millions), and subscribed and paid-in capital is made up of 1,215,247,885 ordinary shares and 209,197,850 preferred shares. Re-acquired own shares total 63,575,575 and, consequently, the outstanding shares on December 31, 2013 total 1,360,870,160 (1,151,672,310 in 2012).

	2013	2012
Authorized capital:		
1,500,000,000 ordinary shares with par value of COP 6	9,000	9,000
Subscribed and paid-in capital:		
1,215,247,885 ordinary shares with par value of COP 6	7,291	7,291
209,197,850 preferred shares with par value of COP 6	1,256	-
	<b>8,547</b>	<b>7,291</b>

## DECLARED DIVIDENDS (figures in COP are expressed in units, not in millions)

The General Assembly of Shareholders, at its meeting on March 15, 2013, declared annual cash dividends in amount of COP 154.00 per share, payable in fourth quarterly installments of COP 38.50 from April 2013 until January 2014.

Additionally, preferred dividends were declared, corresponding to the 209,197,850 preferred shares, for an amount of COP 57.75 per share, to be paid quarterly from July 2013 until January 2014.

In 2012, the Assembly declared annual cash dividends of COP 140.00 per share, to be paid in four quarterly installments of COP 35.00 per share from April 2012 until January 2013.

## LEGAL RESERVE

The Company is required to appropriate to a legal reserve at least 10% of its net annual profits, until the balance of this reserve is equivalent to 50% of subscribed capital. On December 31 of 2013 and 2012, the balance of this legal reserve amounted to COP 13,845.

Currently, this reserve contains more than the legal requirement of COP 9,572. The legal reserve is not distributable prior to the Company's liquidation but it may be used to absorb or reduce annual net losses. Appropriations in excess of the aforementioned 50% are freely available to the General Assembly of Shareholders.

## RESERVE FOR REACQUISITION OF SHARES AND REACQUIRED OWN SHARES

	2013	2012
Reserve for the reacquisition of shares	113,797	113,797
Less – reacquired own shares	(113,797)	(113,797)
	-	-

Pursuant to the Code of Commerce, reacquired own shares are only distributable to shareholders upon a new sale thereof. As long as the shares are owned by the Company the rights attached to them remain suspended.

Other reserves are freely available to the shareholders.

## SHAREHOLDERS' EQUITY REVALUATION

Pursuant to legal regulations in force until 2006, equity revaluation reflects the effect that the loss of purchasing power has on equity (inflation adjustments).

Decree 1536 of 2007 eliminated inflation adjustments and established that the accumulated balance in the shareholders' equity revaluation account may only be distributed upon liquidation of the Company or when the amount in the account has been capitalized. Nevertheless, once capitalized it may only be used to absorb losses if the Company incurs in grounds for dissolution, and it cannot be used to reimburse capital contributions to shareholders. Should the balance in this account be of a debit nature, it may be offset with current or prior period results, subject to compliance with regulations set forth in the Code of Commerce regarding profits.

Law 1370 of December 30, 2009 provides the option of charging the tax on equity against the shareholders' equity revaluation account without affecting period results. In accordance with these regulations, the Company used this option in recording the tax on equity for the periods 2011 to 2014 in the amount of COP 103,879.

## NOTE 18 – MEMORANDUM ACCOUNTS

Memorandum accounts at December 31 were comprised of:

	2013	2012
Debit memorandum accounts		
Tax debit accounts (1)	9,200,548	9,455,971
Fully depreciated assets	748,142	762,309
Assets and securities given in custody (2)	-	339,870
Assets and securities pledged as collateral (3)	254,740	270,444
Assets under financial leasing	171,610	171,610
Capitalization of shareholders' equity revaluation	55,391	55,391
Other debit control accounts	40,417	40,662
Lawsuits and/or legal claims	8,298	8,298
Unused credits lines	18,777	2,090
	<b>10,497,923</b>	<b>11,106,645</b>
Tax credit accounts	(9,719,774)	(9,719,774)
Assets and securities received as collateral	(49,359)	(42,444)
Other contingent liabilities	(43,766)	(40,250)
Lawsuits and/or legal claims	(20,013)	(16,951)
Promises to enter into purchase-sale agreements	(2,782)	(2,782)
Assets and securities received from third parties	601	(505)
	<b>(9,835,093)</b>	<b>(9,822,706)</b>
<b>Total memorandum accounts</b>	<b>662,830</b>	<b>1,283,939</b>

- (1) The variation mainly relates to the fiscal cost of fixed assets that were sold or disposed of in 2013.
- (2) For 2012, it was mainly related to the shares of Bancolombia S.A. for COP 324,546 and of Cartón de Colombia S.A. for COP 13,824, given in custody, that were dematerialized.
- (3) For 2013 and 2012, the balance mainly relates to 5,200,000 shares of Grupo de Inversiones Suramericana S.A. delivered as collateral, for COP 175,240 (COP 197,600 in 2012).

## NOTE 19 – OPERATING REVENUES

Operating revenues as of December 31 comprised the following:

	2013	2012
Domestic sales (1)	1,810,154	1,702,620
International sales	11,606	16,421
Other operating sales (2)	60,571	49,289
	<b>1,882,331</b>	<b>1,768,330</b>

- 1) The increase in income was a result of a higher sales volume in the national market, which grew by approximately 3% compared to the previous year.
- 2) Other operating sales correspond to sales of slag and lime, which are considered a byproduct of the production process.

## NOTE 20 – ADMINISTRATIVE EXPENSES

On December 31, administrative expenses were comprised of:

	2013	2012
Personnel expenses (1)	85,126	95,578
Services (2)	37,293	31,194
Depreciation and amortization	13,817	17,276
Professional fees (3)	12,694	16,725
Travel expenses	8,784	7,592
Maintenance and repairs	7,943	8,431
Insurance	5,584	6,759
Rental fees	5,170	5,251
Sponsorship and public relations	4,205	1,576
Contributions and affiliations	1,139	1,460
Legal expenses	754	1,576
Others	7,444	4,363
	<b>189,953</b>	<b>197,781</b>

- (1) The variation mainly stems from the decrease in bonuses and variable remuneration, with expenses amounting to COP 14,085 (COP 21,093 in 2012).

(2) This item mainly refers to:

	2013	2012
Technical assistance	17,012	13,777
Transportation, freight and haulage	4,910	2,995
Services to third parties	4,445	2,026
Cleaning and security services	2,181	3,805
Satellite communications	1,834	1,589

(3) This mainly includes technical consulting for COP 8,878 (COP 11,640 in 2012).

## NOTE 21 – SALES EXPENSES

On December 31, sales expenses were comprised of:

	2013	2012
Personnel expenses	22,669	20,566
Taxes (1)	14,703	13,045
Coordination of events (2)	13,448	7,908
Publicity and promotion (2)	8,569	5,495
Services	8,240	6,841
Depreciation and amortization	6,899	7,246
Samples for clients and pallets (2)	5,321	2,588
Provisions	4,345	1,961
Travel expenses	2,708	2,642
Rental fees	1,981	1,718
Professional fees	1,312	1,446
Others	1,363	272
	<b>91,558</b>	<b>71,728</b>

(1) This mainly includes the industry and commerce tax for COP 14,364 (COP 12,818 in 2012).

(2) The biggest value comes from the promotion strategy in different media.

## NOTE 22 – OTHER INCOME

Other income on December 31 was comprised of:

	2013	2012
Recuperaciones (1)	30,623	43,496
Dividendos y participaciones (2)	25,872	35,417
Honorarios (3)	11,741	9,239
Servicios (4)	3,996	868
Aprovechamientos	2,337	1,214
Utilidad en venta de propiedades, planta y equipo	955	214
Arrendamientos	772	1,388
Venta de materia prima	446	4,155
Indemnizaciones	215	5,064
Utilidad en venta de inversiones (5)	-	231,368
Otros	2,517	8,172
	<b>79,474</b>	<b>340,595</b>

(1) In 2013, this relates mainly to the recovery of provisions for COP 18,728 (COP 35,657 in 2012) and the reintegration of other costs and expenses for COP 13,021 (COP 7,839 in 2012).



- (2) This mainly corresponds to dividends received from the investment in Bancolombia S.A. for COP 15,410 (COP 18,808 in 2012), in Grupo de Inversiones Suramericana S.A. for COP 9,554 (COP 13,993), and other investments for COP 908 (COP 2,616 in 2012).
- (3) This mainly includes professional fees from technical assistance in Argos Panamá S.A. for COP 4,224 (COP 0 in 2012), in Cimenterie Nationale S.E.M. (CINA) for COP 2,357 (COP 1,794 in 2012), in Zona Franca Argos S.A.S. for COP 1,203 (COP 1,165 in 2012), in Argos Dominicana S.A. for COP 909 (COP 1,794 in 2012) and in Grupo Argos S.A. for COP 275 (COP 2,260 in 2012).
- (4) This item mainly refers to information technology services rendered to Argos USA Corp. for COP 2,109 (COP 0 in 2012) and to Concretos Argos S.A. for legal concepts in amount of COP 87 (COP 28 in 2012).
- (5) In 2012, this relates to the sale of 9,291,880 shares of Bancolombia S.A.

## NOTE 23 – OTHER EXPENSES

On December 31, the other expenses account included the following:

	2013	2012
Retirement pensions paid and amortization of actuarial calculation (1)	25,718	23,435
Taxes assumed (2)	13,910	13,972
Donations (3)	13,198	9,862
Amortization of non-operational assets	4,538	4,538
Cost of raw materials sold and others (4)	4,273	15,451
Interests on retirement pension bonds and entitlements	3,144	4,746
Costs and expenses from previous periods (5)	3,104	18,729
Fines, penalties and lawsuits	2,806	1,693
Labor lawsuits	2,076	13,610
Indemnifications	1,434	1,882
Disposal of property, plant and equipment	1,394	4,896
Provision for Industrial Hullera	1,143	2,339
Expenses of affiliated companies	865	2,400
Provision for permanent investments	539	9,198
Other sundry expenses (6)	8,779	7,201
	<b>86,921</b>	<b>133,952</b>

- (1) This corresponds to the payment of retirement pensions for COP 23,146 (COP 24,833 in 2012) and retirement pension subsidies for COP 2,572 (COP 3,348 in 2012).
- (2) This item refers mainly to the levies on financial transactions in amount of COP 13,895 (COP 13,313 in 2012).
- (3) This mainly corresponds to the donation given to Fundación Argos, of COP 12,000 (COP 7,907 in 2012).
- (4) This mainly relates to the cost of services to affiliated companies for COP 3,834 (COP 3,764 in 2012).
- (5) In 2012, this includes the provision for forest compensation of COP 14,592, stemming from the obligation of the raw materials extraction operation to face its environmental responsibilities.
- (6) This mainly includes the provision for negative shareholders' equity of Ganadería Río Grande S.A.S. for COP 5,380 (COP 0 in 2012) and the provision for companies in liquidation for COP 4,973.

# NOTE 24 – TRANSACTIONS WITH RELATED PARTIES

1. The following tables show the balances of assets and liabilities with related parties as of December 31, 2013 and 2012:

ACCOUNTS RECEIVABLE 2013			
Company	Operational accounts	Loans	Total
Argos USA Corp.	34,951	643,844	678,795
Concretos Argos S.A.	45,892	53,358	99,250
Southern Equipment Company, Inc.	858	33,970	34,828
Cement and Mining Engineering Inc.	22,300	5,319	27,619
Argos Cement LLC.	310	22,740	23,050
Argos Ready Mix (South Central) Corp. (previously known as Star Concrete, Inc)	621	20,299	20,920
Corporaciones e Inversiones del Mar Caribe S.A.S.	6,724	6,453	13,177
Argos Ready Mix LLC	177	7,887	8,064
Zona Franca Argos S.A.S.	7,614	-	7,614
C.I. del Mar Caribe BVI Inc.	971	4,890	5,861
Ganadería Río Grande S.A.S.	308	3,127	3,435
Agentes Marítimos del Caribe Ltda. en liquidación	2,320	-	2,320
Asesorías y Servicios Ltda. en liquidación	1,735	1	1,736
Profesionales a su Servicio Ltda. en liquidación	1,704	1	1,705
South Central Cement Ltd.	28	1,590	1,618
Vensur N.V.	1,370	-	1,370
Situm S.A.S.	1,158	-	1,158
Cimenterie Nationale S.E.M. (CINA)	963	-	963
Transmaritima del Caribe Ltda. en liquidación	690	-	690
Tekia S.A.S.	92	432	524
Caltex S.A.S.	380	25	405
Argos Dominicana S.A. (previously known as Cementos Colón S.A.)	385	-	385
Argos Panamá S.A. (previously known as Cementos Panamá S.A.)	371	-	371
Compañía de Puertos Asociados S.A.	337	-	337
Grupo Argos S.A.	269	-	269
Canteras de Colombia S.A.S.	-	147	147
Other companies with lesser amounts	157	80	237
	<b>132,685</b>	<b>804,163</b>	<b>936,848</b>

ACCOUNTS RECEIVABLE 2012			
Company	Operational accounts	Loans	Total
Argos USA Corp	8,505	616,214	624,719
Concretos Argos S.A.	35,831	3,348	39,179
Cement and Mining Engineering Inc.	3,127	23,353	26,480
Corporaciones e Inversiones del Mar Caribe S.A.S.	17,119	-	17,119
C.I. del Mar Caribe BVI Inc.	1,123	10,094	11,217
Zona Franca Argos S.A.S.	10,752	-	10,752
Ganadería Río Grande S.A.S.	411	2,920	3,331
Grupo Argos S.A. (previously known as Inversiones Argos S.A.)	2,603	-	2,603
Argos Ready Mix (South Central) Cop. (previously known as Southern Star Concrete, Inc)	-	1,787	1,787
Southern Equipment Company, Inc	-	1,787	1,787
Vensur N. V.	1,279	-	1,279
Situm S.A.S. (previously known as Urbanizadora Villa Santos S.A.S.)	1,145	-	1,145
Sator S.A.S. (previously known as Carbones del Caribe S.A.S.)	1,170	-	1,170
Argos Panamá S.A. (previously known as Cementos Panamá S.A.)	663	-	663
Cimenterie Nationale S.E.M. (CINA)	570	-	570
Argos Dominicana S.A. (previously known as Cementos Colón S.A.)	357	-	357
Canteras de Colombia S.A.S.	163	-	163
Other companies with lesser amounts	48	100	148
	<b>84,866</b>	<b>659,603</b>	<b>744,469</b>

**ACCOUNTS PAYABLE 2013**

<b>Company</b>	<b>Operational accounts</b>	<b>Loans</b>	<b>Total</b>
Concretos Argos S.A.	143,039	-	143,039
Zona Franca Argos S.A.S.	29,527	-	29,527
Logística de Transporte S.A.	26,214	-	26,214
Sator S.A.S.	9,875	-	9,875
Cementos de Caldas S.A.	5,914	-	5,914
Grupo Argos S.A.	1,830	-	1,830
Valle Cement Investments Ltd.	556	-	556
Argos USA Corp.	539	-	539
Transportes Elman Ltda. en liquidación	515	-	515
Distribuidora Colombiana de Cementos Ltda. en liquidación	235	-	235
Tekia S.A.S.	135	-	135
Argos Panamá S.A. (previously known as Cementos Panamá S.A.)	74	-	74
Other companies with lesser amounts	264	-	264
	<b>218,717</b>	<b>-</b>	<b>218,717</b>

**ACCOUNTS PAYABLE 2012**

<b>Company</b>	<b>Operational accounts</b>	<b>Loans</b>	<b>Total</b>
Concretos Argos S.A.	112,817	-	112,817
Zona Franca Argos S.A.S.	9,159	31,017	40,176
Logística de Transporte S.A.	34,464	-	34,464
Cementos de Caldas S.A.	5,149	900	6,049
Grupo Argos S.A. (previously known as Inversiones Argos S.A.)	4,352	-	4,352
Transatlantic Cement Carriers Inc	3,916	-	3,916
Tekia S.A.S. (previously known as Reforestadora del Caribe S.A.S.)	1,014	385	1,399
Sator S.A.S. (previously known as Carbones del Caribe S.A.S.)	1,350	-	1,350
Transportes Elman Ltda. en liquidación	515	-	515
Valle Cement Investments Ltd.	511	-	511
Other companies with lesser amounts	431	-	431
	<b>173,678</b>	<b>32,302</b>	<b>205,980</b>

Loans in US dollars have rates of between 2.34% and 4% AER.

Loans in Colombian pesos have a rate of 5.27% AER.

**2. Revenues generated in the period from January 1 to December 31 of 2013 and 2012:**

**2013**

<b>Company</b>	<b>Sales</b>	<b>Financial</b>	<b>Professional fees</b>	<b>Services</b>	<b>Others</b>	<b>Total revenues</b>
Concretos Argos S.A.	248,760	805	-	252	1	249,818
Zona Franca Argos S.A.S.	50,647	14	1,204	1,171	-	53,036
Argos USA Corp.	-	18,029	-	2,109	555	20,693
Argos Panamá S.A. (previously known as Cementos Panamá S.A.)	924	2	4,224	-	5,701	10,851
Cimenterie Nationale S.E.M. (CINA)	-	-	2,356	-	-	2,356
Argos Dominicana S.A. (previously known as Cementos Colón S.A.)	-	-	2,253	-	-	2,253
Vensur N.V.	-	-	1,429	-	-	1,429
Grupo Argos S.A.	-	123	275	136	648	1,182
Cement and Mining Engineering Inc.	-	1,138	-	-	-	1,138
C.I. del Mar Caribe BVI Inc.	371	230	-	-	-	601
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	310	-	-	-	310
Southern Equipment Company Inc.	-	295	-	-	-	295
Haiti Cement Holding S.A.	-	-	-	-	277	277
Argos Ready Mix (South Central) Corp. (previously known as Southern Star Concrete, Inc.)	-	232	-	-	-	232
Compañía de Puertos Asociados S.A.	4	-	-	223	-	227
Logística de Transporte S.A.	162	-	-	16	-	178
Argos Cement LLC	-	140	-	-	-	140
Sator S.A.S.	-	-	-	78	52	130
Ganadería Río Grande S.A.S.	2	102	-	-	-	104
Other companies with lesser amounts	-	103	-	2	88	193

## 2012

Company	Sales	Professional fees	Others	Total revenues
Concretos Argos S.A.	236,049	-	-	236,049
Zona Franca Argos S.A.S.	42,806	1,165	1,095	45,066
Grupo Argos S.A.	-	2,260	72	2,332
C.I. del Mar Caribe BVI Inc.	1,856	-	225	2,081
South Central Cement Ltd.	639	-	-	639
Compañía de Puertos Asociados S.A.	87	-	285	372
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	-	472	472
Ganadería Río Grande S.A.S.	-	-	199	199
Argos Panamá S.A. (previously known as Cementos Panamá S.A.)	164	-	-	164
Logística de Transporte S.A.	95	-	44	139
Argos Dominicana S.A. (previously known as Cementos Colón S.A.)	135	-	-	135
Other companies with lesser amounts	6	-	83	89

## 3. Expenditure accrued into in the period from January 1 to December 31 of 2013 and 2012:

## 2013

Company	Sales	Professional fees	Rental fees	Insurance	Financial	Sundry	Total expenditure
Internacional Ejecutiva de Aviación S.A.S.	3,900	-	-	-	-	17	3,917
Grupo Argos S.A.	-	-	847	483	-	-	1,330
Zona Franca Argos S.A.S.	-	433	-	-	287	-	720
Haití Cement Holding S.A.	-	-	-	-	-	540	540
Tekia S.A.S.	-	-	-	-	45	-	45
Concretos Argos S.A.	-	-	-	-	20	-	20
Argos Panamá S.A. (previously known as Cementos Panamá S.A.)	-	-	-	-	-	8	8
Argos USA Corp.	-	6	-	-	-	-	6
Logística de Transporte S.A.	-	-	-	-	-	5	5

## 2012

Company	Sales	Services	Professional fees	Others	Total revenues
Concretos Argos S.A.	2,552	-	-	-	2,552
Zona Franca Argos S.A.S.	54,729	-	419	805	55,953
Carbones del Caribe S.A.S.	35,943	-	7	-	35,950
Logística de Transporte S.A.	13,301	44	-	-	13,345
Grupo Argos S.A. (previously known as Inversiones Argos S.A.)	-	3,678	-	-	3,678
Transatlantic Cement Carriers Inc.	-	977	-	-	977
Compañía de Puertos Asociados S.A.	285	-	-	-	285
C.I. del Mar Caribe BVI Inc.	-	-	-	221	221
Celsia S.A. E.S.P.	30	42	-	-	72

4. The Company paid professional fees to members of the Board of Directors amounting to COP 553 (COP 243 in 2012). No additional transactions were made with any shareholder who is the real beneficiary of 10% or more of the outstanding shares, board members, legal representatives, or companies where a shareholder, board member or company manager of the issuer has a stake of more than 10%. Also, no decisions were made due to influence or interests of the parent company or any of its subsidiaries.

The following were the transactions carried out with shareholders, directors, legal representatives and managers:

At year-end of 2013	Shareholders	Directors	Legal representatives and managers
<b>ASSETS</b>			
Accounts receivable	269	-	-
<b>Total assets</b>	<b>269</b>	-	-
<b>LIABILITIES</b>			
Accounts payable	1,830	-	-
<b>Total liabilities</b>	<b>1,830</b>	-	-
<b>REVENUES</b>			
Sale of fixed assets	588	-	-
Professional fees	275	-	-
Services	136	-	-
Financial	123	-	-
Rental fees	60	-	-
<b>Total revenues</b>	<b>1,182</b>	-	-
<b>EXPENDITURE</b>			
Salaries	-	-	6,651
Rental fees	847	-	-
Insurance	483	-	-
<b>Total expenditure</b>	<b>1,330</b>	-	<b>6,651</b>

At year-end of 2012	Shareholders	Directors	Legal representatives and managers
<b>ASSETS</b>			
Accounts receivable	2,603	-	-
<b>Total assets</b>	<b>2,603</b>	-	-
<b>LIABILITIES</b>			
Accounts payable	4,352	-	-
<b>Total liabilities</b>	<b>4,352</b>	-	-
<b>REVENUES</b>			
Professional fees	-	-	-
Services	2,335	-	-
<b>Total revenues</b>	<b>2,335</b>	-	-
<b>EXPENDITURE</b>			
Salaries	-	-	5,311
Purchases	3,678	-	-
Professional fees	-	-	-
<b>Total expenditure</b>	<b>3,678</b>	-	<b>5,311</b>

In some cases, accounts with legal representatives and managers are related to labor policies approved by the Board of Directors and to policies that grant benefits equally to all employees not entitled to the benefits of the collective work agreements in force. These benefits are represented in housing loans, house remodeling loans, loans for the purchase of vehicles and loans to cover family emergencies, in each case according to duly implemented policies and with the required guarantees.

## NOTE 25 – CONTINGENCIES

During 2013 there were no:

1. Inspection visits by controlling agencies that resulted in warnings or sanctions.
2. Administrative, contentious or civil final and binding penalties imposed by the competent national, departmental or municipal authorities.
3. Verdicts against Company officers for events occurred in the performance of their duties in office under criminal prosecution proceedings.

4. As of the closing of December 31, 2012, provisions had been set aside for lawsuits and litigation with eventual and high probability of losses. Of these, the most significant item is related to labor lawsuits (see Note 23).

## NOTE 26 – SUBSEQUENT EVENTS

Wanting to take advantage of the high growth potential of the state of Florida, in the United States of America, and as a complement to the company's current operations, on January 23, 2014, an agreement was signed for the purchase of assets worth USD 720 million from Vulcan Materials Company. The assets included in this agreement are a dry-process cement plant, two clinker mills, 69 ready-mix concrete plants, 13 concrete block plants and two port facilities.

## DATA ARTICLE 446 NUMERAL 3 OF THE COLOMBIAN CODE OF COMMERCE

(in Colombian pesos)

<b>1.</b>	<b>Expenditure in favor of management</b>	
	Salaries and benefits	\$62,240,727,623
	Representation and travel expenses	\$16,136,318,076
	Professional fees of the Board of Directors	\$553,000,000
<b>2.</b>	<b>Professional fees paid to consultants and managers</b>	\$23,410,123,373
<b>3.</b>	<b>Transfers free of charge</b>	\$13,197,855,941
<b>4.</b>	<b>Promotional expenses</b>	\$9,449,127,595
<b>5.</b>	<b>Properties abroad (in US dollars)</b>	1,628,533,210
<b>6.</b>	<b>Obligations in foreign currency (in US dollars)</b>	458,710,252

# FINANCIAL INDICATORS

	2013	2012
<b>Liquidity</b>		
Current ratio		
Current assets/Current liabilities	0,99	0,62
Accounts receivable turnover - days		
Sales on credit/average accounts receivable for the period		
On domestic sales	29	29
On international sales	56	46
Finished product inventory turnover - days	25	22
<b>Solvency and coverage</b>		
Total debt/total assets ratio		
Including valuations	31%	39%
Without valuations	42%	58%
<b>Profitability</b>		
EBITDA	\$582,322	\$474,140
EBITDA margin	30,94%	26,81%
Net income/revenues – percentage	9,76%	21,92%
Operating income/operating revenues – percentage	23,93%	19,71%

# INFORMATIVE SUMMARY

	2013	2012
<b>Nominal value ordinary share</b>		
Nominal value preferred share	6	6
Equity value	7,700	-
Average Price in the Stock Exchanges	5,323,33	4,962,60
Highest Price in the Stock Exchanges (for 2012, of before the spin-off, April 27, 2012)	9,163	9,935
Lowest Price in the Stock Exchanges	11,210	12,300
	7,330	6,050
<b>Employment</b>		
Number of (administrative) employees	1,239	1,369
Average monthly salary	5	5
Number of workers	1,545	1,378
Average monthly salary	2	2
<b>Financial position</b>		
Operating assets (current assets - current liabilities)	1,734,939	1,411,131
Working capital	(12,513)	(441,350)