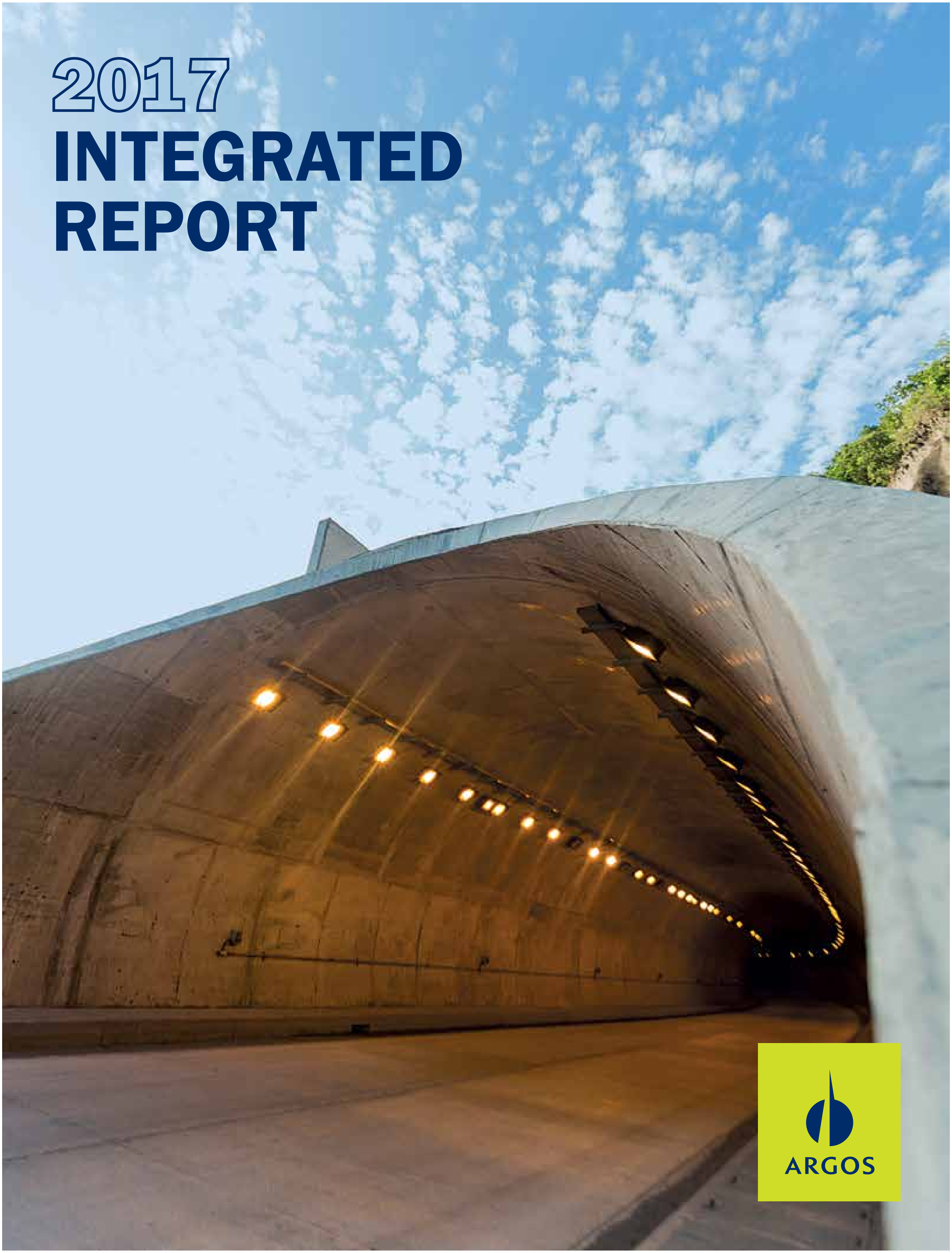
2017 INTEGRATED REPORT



ARGOS

2017 INTEGRATED REPORT

IN THE COVER:
Construction built with Argos: Tunnel in the Cisneros-Loboguerrero stretch, Colombia

Digital version of the 2017 Integrated Report:
https://goo.gl/6YDzXd

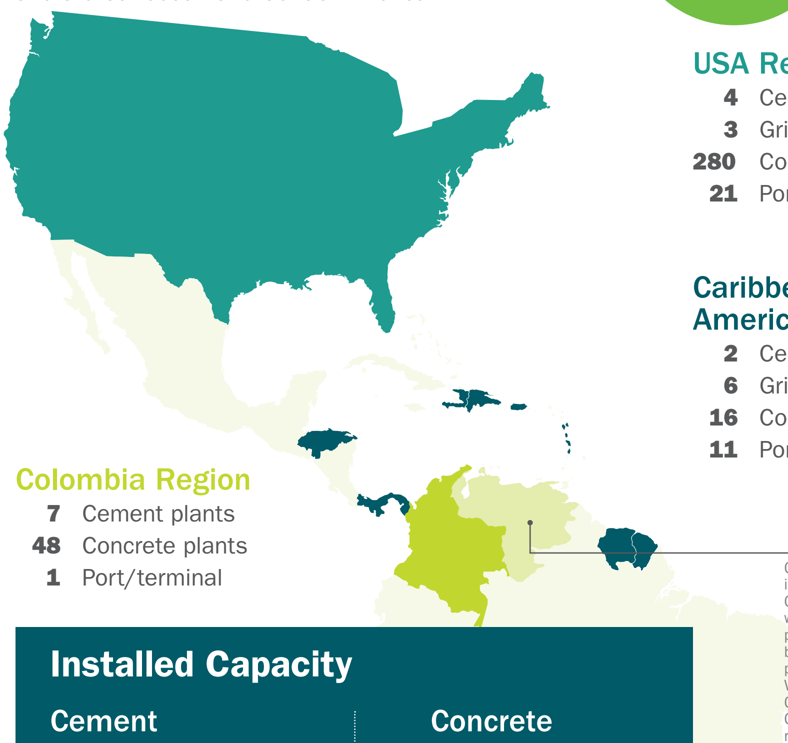
Where We Operate

GRI [102-2/102-4/102-6/102-7]

We operate in 15 countries and territories

Throughout three regions: Colombia, United States, and the Caribbean and Central America.

WE EXPORT TO **34** DESTINATIONS



USA Region

4	Cement plants
3	Grinding plants
280	Concrete plants
21	Ports/terminals

Caribbean and Central America Region

2	Cement plants
6	Grinding plants
16	Concrete plants
11	Ports/terminals

Colombia Region

7	Cement plants
48	Concrete plants
1	Port/terminal

Cementos Argos S.A. has presence in Venezuela through its subsidiary Corporación de Cemento Andino C.A., which is currently part of a judicial process in regards to the expropriation by the Venezuelan government of its plant located in the Trujillo state in Venezuela. The compensation that Cementos Argos S.A or its subsidiary Compañía de Cemento Andino C.A. receives depends on the judicial decisions of the competent bodies of the Bolivarian Republic of Venezuela. Argos maintains the claim for its investment in that country.

Installed Capacity

Cement
23 million tons

Concrete
18 million cubic meters

13 Cement plants

94 Dispatch centers

340+ Concrete Plants

1,274 Rail cars

33 Ports/terminals

2,600+ Mixer trucks (40 compressed natural gas powered mixers)

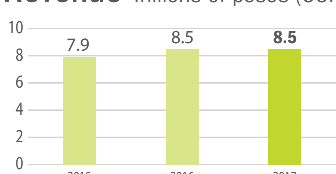
9 Grinding plants

5 Vessels (owned)
1 permanently leased

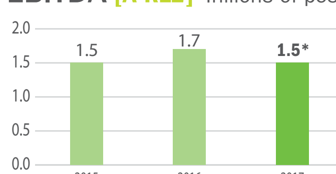
2017 Relevant Figures

Economic Results [102-2]

Revenue Trillions of pesos (COP)

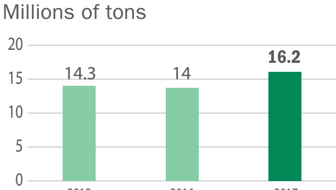


EBITDA [A-RE2] Trillions of pesos (COP)



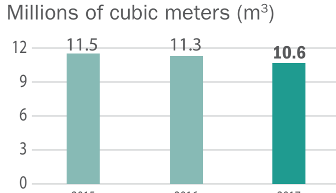
Cement Sales Volume

Millions of tons



Concrete Sales Volume

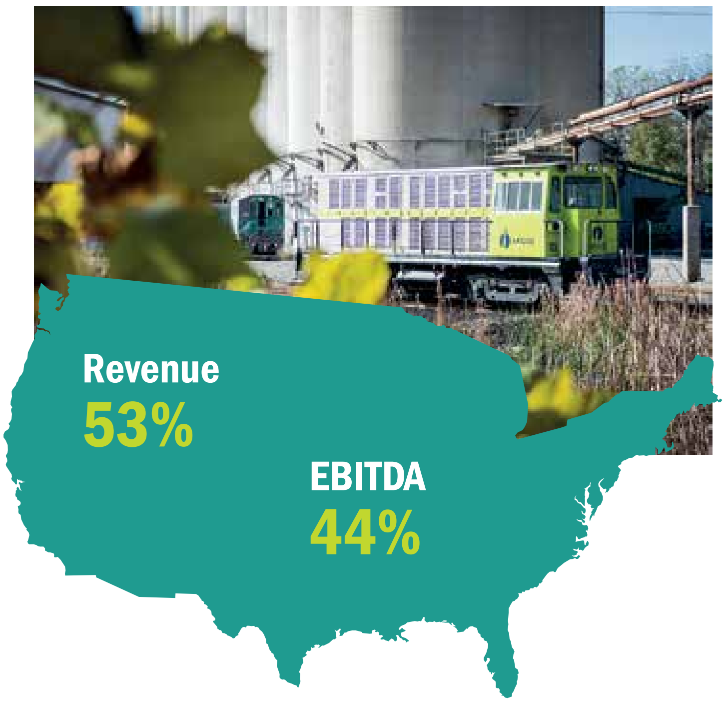
Millions of cubic meters (m^3)



* Adjusted EBITDA: excludes compensations and anticipated non recurrent pensions associated with the BEST program.

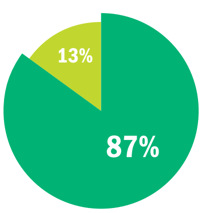
2017 Outstanding Achievements

The United States consolidates as the greatest generator of revenues and EBITDA.

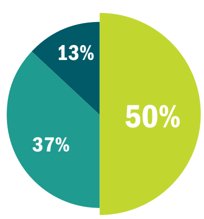


Talent: 8,547 employees

GRI [102-7/102-8]



- Women: **1,150**
- Men: **7,397**



- Colombia: **4,228**
- United States: **3,178**
- The Caribbean and Central America: **1,141**

BEST [A-BE1]

~US $12

Savings in the cost per ton of cement production in Colombia

Innovation

20.7% of total revenue came from innovation.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

We were recognized as one of the most sustainable cement companies in the world according to the Dow Jones Sustainability Index, and we received the Gold Class distinction in the RobecoSAM yearbook.

Contribution to Society

Value-added Statement (VAS) [A-LS1]

The **net value** added for society was **4.73** times the benefit we retained in 2016.

Environmental Advance

2.2% less CO_2 emissions compared to 2016

US $34.9 million CAPEX, OPEX and other environmental investments

Occupational Health and Safety

1.16 lost time incident frequency index (consolidated)

19.76 severity index (consolidated)

Learn more about CAPEX, OPEX and other environmental investments by going to: https://goo.gl/4fEJRW

CONTENT

Valued shareholders:

It is very pleasing to present you the 2017 Integrated Report, which contains the most relevant milestones of Argos' advances in the development of its strategy to consolidate itself as one of the most competitive, innovative and sustainable cement companies in the Americas.

I would like to highlight the enormous strength of the organization, given that last year our ability to adapt to the market's profound changes and to the industry's disruptions was put to the test. Thanks to the compromise and exemplary effort of each one of our employees, to the geographical diversification of business and to the important presence that we have consolidated in the United States, a country which already represents 53 percent of our revenues, we were able to relieve, to a large extent, the impact of the deceleration of the demand in Colombia.

In the same way, we were able to achieve significant advances in competitiveness thanks to the execution in Colombia of the Building Efficiency and Sustainability for Tomorrow (BEST) program. Likewise, we initiated the deployment of BEST in the United States and Honduras, and executed an ambitious program of divestment of nonstrategic assets that we had previously defined as source of finance for the acquisition in Martinsburg, which closed at the end of 2016, allowing us to increase our financial flexibility and to position the company in a privileged way to take advantage of the enormous opportunities that we have in the geographies in which we operate.

These achievements added to the strengthening of our own value proposal and allowed us to become closer to our customers and to be a relevant player in the global cement industry, while in the middle of a dynamic environment that invites us to continuously reinvent ourselves.

Having innovation and sustainability as part of our strategic framework has allowed us to reach important milestones like our inclusion, for the fifth consecutive year, in the Dow Jones Global Sustainability Index, being chosen as part of it for the Latin American Integrated Market. In addition, we launched value-added specialty products like the microcement and the enhanced concrete into the market, among other innovations, that transcend the results and ratify our goal of having operations that are more efficient and responsible with the environment.

The management of the organization reflects the strategic coherence of Grupo Argos' companies, having as an objective the generation of value for our customers, shareholders and other stakeholders, with integrity, ethics and transparency as the guiding principles of our actions. This is the opportunity to reaffirm our commitment with the promotion of and the respect for human rights, the fulfillment of the principles of the Global Compact, and the effective contribution to the Sustainable Development Goals.

We want to thank you in a very special way for recognizing Argos as a company that acts ethically in all of the countries where it takes its Green Light to with pride. Your trust and support each day strengthen the organization and its purpose of building dreams and transforming lives.
GRI [102-14]

JORGE MARIO VELÁSQUEZ
Chairman of the Board

About This Report

GRI [102-32/102-50/102-51/102-52]
For the sixth consecutive year and after the last report published in March 2017, we present the 2017 Integrated Report, which provides information about our performance in economical, social and environmental matters during the period between January 1 and December 31, 2017.

Throughout this report, we expose the way in which we manage our risks and opportunities, and give answer to the issues we know are important for our stakeholders.

Its content has been formally revised and approved by our CEO and by the Executive Committee, composed of nine vice presidents.

Content Definition

GRI [102-46]

The prioritization of the issues included in this report is the result of the analysis of the context in which we operate, on which the expectations and opinions of our stakeholders were considered, as was our own vision of the business.

This exercise, which we call our Materiality Analysis, is developed every two years, and its most recent version corresponds to the end of 2017. The result of the Materiality Analysis, which presents the order of relevance of the issues that were object of analysis, is reflected in the matrix on the next page. The detail of the process can be found on page 58 of this report.

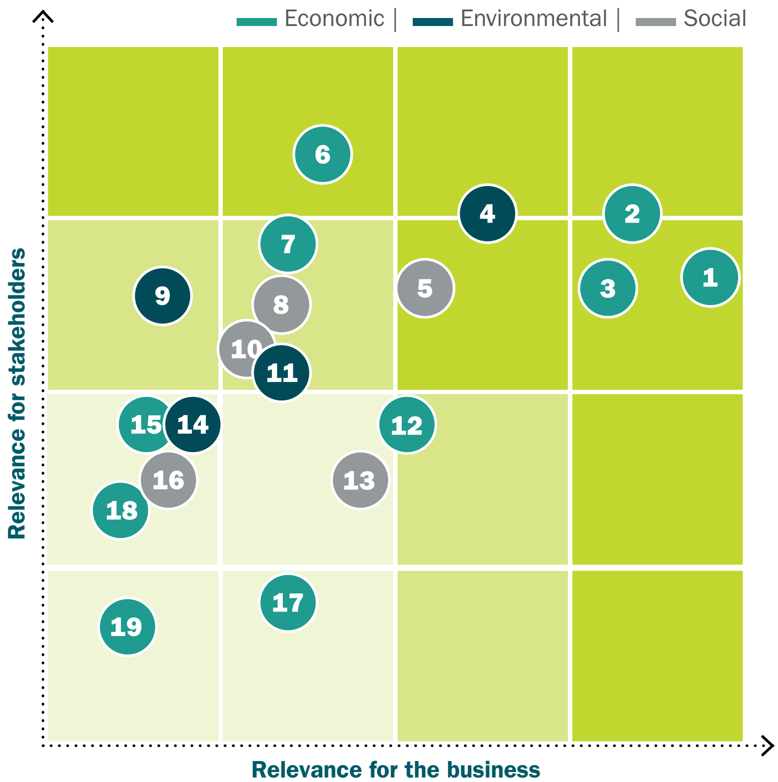
Seating constructed from enhanced concrete, Medellín, Colombia.

Material Issues GRI [102-47]

The issues considered priority and relevant are developed in the fourth chapter and for each we present:

1. The way in which we manage them, having the risks and the associated opportunities in mind.
2. The value that the management of each material issue adds, for both our company and to society.
3. The accountability of our performance in each issue and the advance in relation to the goals we have set in the short, medium and long term.
4. The relation of each material issue with the Sustainable Development Goals (SDG) and the principles of the Global Compact.

Materiality Matrix



Priority Issues

1. Innovation in the business model
2. License from Society to the Industry
3. Efficiency and profitability
4. Climate change
5. Talent management
6. Ethics and fulfillment

Relevant Issues

7. Energy management model
8. Occupational health and safety
9. Water and biodiversity
10. Community engagement
11. Circular economy
12. Sustainable construction

Emerging/Continuing Issues

13. Work practices
14. Emissions
15. New businesses
16. Human rights
17. Supplier management
18. Transportation and logistics
19. Brand management

Likewise, in each section of the chapter in question one can access a link that leads to our website, which presents additional and detailed information about the indicators associated with each issue.

Scope GRI [102-49]

The scope of each issue in regards to our value chain is graphically indicated on the side of its respective title. In this way, it is clarified if its report covers the impacts in the operations of the suppliers, our own operations, those of our clients and/or in society in general.

Except for the cases otherwise indicated, all of the data contained in this report includes the activities of all of the companies whose numbers consolidate in the financial statements of the cement, concrete and aggregates businesses of the Colombian, USA, and Caribbean and Central American Regions.

Employee, Harleyville Cement Plant, USA Region

Reporting Framework and External Verification

GRI [102-54/102-55/102-56]

This report was built in accordance with the GRI standard, which means that it fulfills the guidelines and criteria of the reporting framework known as the Global Reporting Initiative (GRI). In the same way, it is based in the principles proposed by the International Integrated Reporting Council (IIRC).

The report constitutes the progress report we present annually before the United Nations Global Compact, and responds to the collective effort in favor of the transparency and the joint work that we promote as a member of the Cement Sustainability Initiative of the World Business Council for Sustainable Development (WBCSD).

Throughout the entire document, GRI indicator codes are found, highlighted in green (for example: **GRI [102-3]**), along with our responses to them. In the annexes section, our GRI contents index is available, which contains complementary information, as well as the external verification report provided by Deloitte, who has validated the reliability and integrity of the information reported.

Employee, Roberta Cement Plant, USA Region

Comparability of the Information **GRI [102-48]**

The figures reported are expressed in Colombian pesos and/or US dollars, in which case are calculated based on the Market Representative Rate (year average) of COP $2,950.94, unless otherwise indicated in the specific section.

Find the digital version of the 2017 Integrated Report at https://goo.gl/6YDzXd

SUSTAINABLE DEVELOPMENT OBJECTIVES

During 2016, we joined the call of 193 member countries of the United Nations in order to, as a private company, take action and contribute to the creation of environments that offer greater opportunities and better quality of life for everyone. It is for this reason that we joined the global agenda, a framework within which we have set 17 Sustainable Development Goals (SDG).

We made an exercise of prioritization of the SDGs on which we commit ourselves to act upon, considering that we can actively contribute and reduce the existing global gaps in relation to decent work and economic growth; industry, innovation and infrastructure; cities and sustainable communities; and climate action.

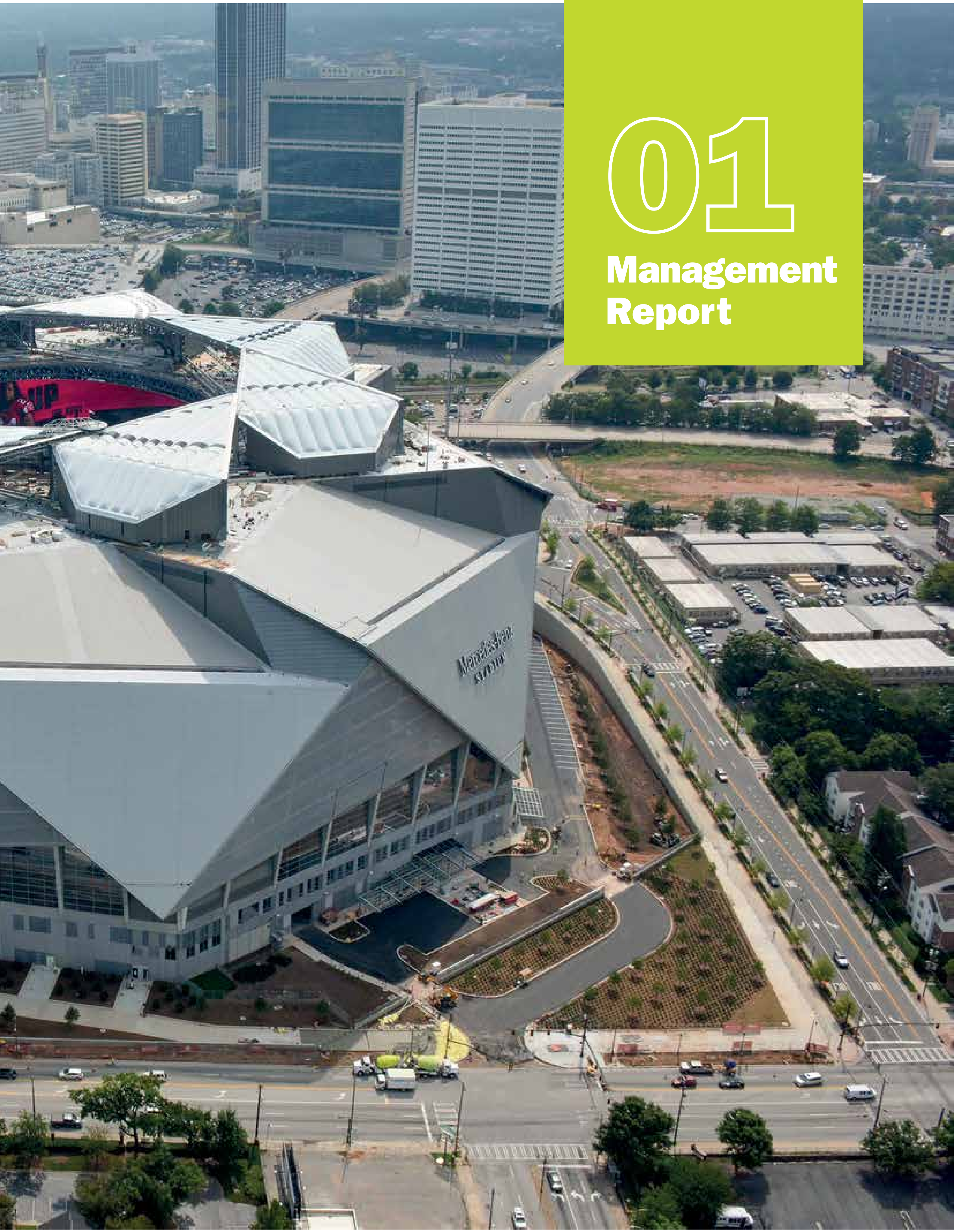
Learn more information on page 53 of this report.

Contact Point GRI [102-53]

For more information about the content of this report, contact María Isabel Echeverri, Sustainability Vice President, at mecheverri@argos.com.co

Constructed with Argos cement and concrete: Mercedes Benz© Stadium, Atlanta, Georgia, United States

01
Management Report



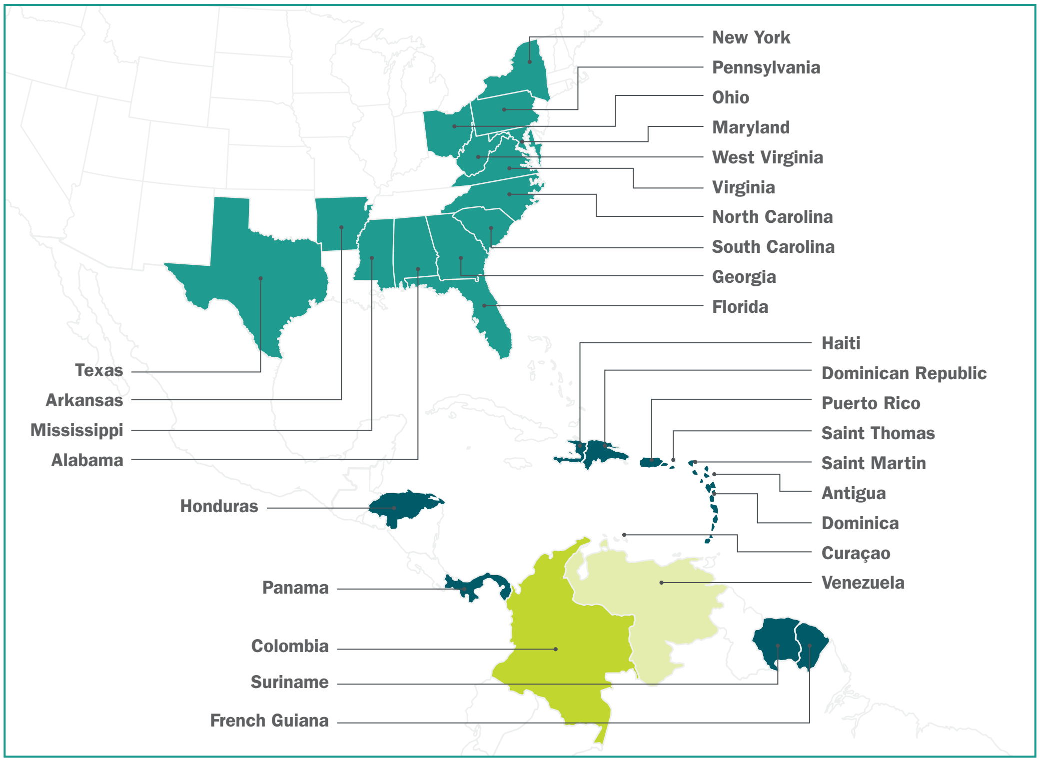
Management Report

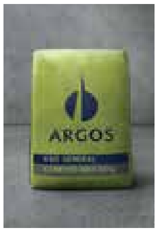
Juan Esteban Calle, presidente de Argos

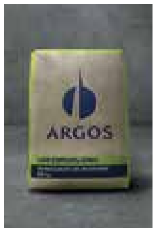
In 2017, we gave ourselves the task to continue preparing the company for the future, inspired and driven by our track record of successful organic and acquired growth that allowed us to consolidate a vertically integrated cement and ready mix asset base in the Americas.

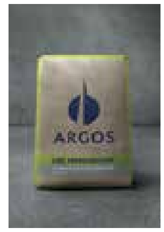
We, along with others in the industry, continue to face great disruptions and challenges in our main markets. For that reason, we focused on advancing our operational transformation process, consolidating our recent acquisitions and executing an ambitious divestment plan, all of which, in the coming years, will bring about incremental competitiveness in all geographies, supported by a strong and valued brand, as well as a better return on capital employed for all businesses.

Strategic presence in the Americas GRI [102-4/102-6/102-7]









Road Binder, enhanced concrete

22.4% of all ready mix orders were placed through our ready mix customer portal

20.7% of our consolidated revenues stemmed from innovation.

2017 was not without challenges, from the slowing of demand for cement and ready mix to the cement price reduction in Colombia to the hurricanes that impacted our people and operations in the U.S. and the Caribbean. Nevertheless, we ended the year as a stronger corporation that is encouraged by and focused on efficiency, that is leaner, and most importantly, that is united by our greater purpose of building dreams and delivering prosperity and development to millions of people in the areas where we are present.

With the goal of seeking excellence throughout our operations and reiterating our commitment to service and value generation for our clients, we directed our efforts on the execution of our Building Efficiency and Sustainability for Tomorrow (BEST) program, with the initial scope for our Colombia Region. Through this program, we advanced significantly on the operational transformation of our plant network, increasing alternative fuels usage, reducing the overhead of our corporate structure, and deepening the value of efficiency within our corporate culture. By doing so, we achieved an important reduction in cost and expenses that will materialize gradually in the other regions.

Furthermore, to face the great disruptions within the industry, we strengthened our focus on our clients and our value propositions for all segments, capitalizing on our development through innovation. In 2017, we launched the largest number of new products in the Colombian market, including enhanced concrete, road binder, micro-cement, masonry cement and three types of dry mortar. In the U.S., we broadened our portfolio with the launch of 15 innovative products. In Colombia, there was also progress on our digital commercial strategy, capturing, by year end, 18.2% percent of all ready mix orders through ready mix customer portal and 22.4% percent of cement orders through our cement customer portal.

Martinsburg Plant, USA

In terms of the consolidation of new operations, since year-end 2016, we concentrated on integrating our cement plant in Martinsburg, West Virginia, and its eight terminals into our network in the U.S. We are happy to report that, by the end of 2017, we completed the integration of those assets, which now operate on the same operating system, further facilitating efficiencies and creating synergies. In the same way, we worked on the integration of our new plant in Puerto Rico in our Caribbean and Central America Region and closed 2017 under one Argos brand on the island.

GRI [102-10/A-BE2] Also in 2017, we delivered on our announced non-core assets divestment plan. In the U.S., we completed the sale of non-core assets for USD $82 million, including the block production assets in Florida and Georgia, as well as an aggregate mine in Texas. As part of the same plan, we sold the entire balance of the share portfolio with Bancolombia and advanced substantially on the divestment of the first three power generation plants, which we expect to complete during the first half of 2018. These transactions are part of our commitment to divest close to USD $550 million to acquire the Martinsburg cement plant, improve our financial flexibility, maximize the return on capital employed, and focus on our cement, ready mix and aggregate businesses, where we continue to see opportunities.

We are convinced that our growth should always coincide with the development of each of the areas where we serve. To achieve this, we help make the dream of owning a house or of having better infrastructure a reality for millions of people. We are actively involved in the communities within our areas of influence, and we are committed to contributing to the construction of institutions and, therefore, a better society.

This is evidenced by the recognition we received from the Down Jones Sustainability

Index for the fifth consecutive year: one of the most sustainable cement producers in the world. In addition, we received Gold Class distinction for the second consecutive year in RobecoSAM's 2018 Sustainability Yearbook, highlighting the results from our second version of our Value Added Statement (VAS), which reflected a positive impact of our operation to the society.

The commitment, dedication to service, and the positive energy of our employees was crucial to overcoming the obstacles of this challenging year. We remain fully committed to the development of our employees and continue to reinforce health and safety to ensure our employees make it home safe and sound each day. In that sense, we are happy to report a reduction in the lost-time incident frequency and severity indexes, as well as an important reduction in the number of motor vehicle incidents, which a very significant topic for our industry and the countries where we operate.

To continue with the goal of being the most efficient and competitive cement and ready mix company in our region, in 2018, we will advance with the execution our Building Efficiency and Sustainability for Tomorrow (BEST) program in Colombia, and deploy the program in the United States and Honduras, which are markets where we see great possibilities to capture efficiencies. Since it is the result of several acquisitions, the cement and ready mix concrete businesses in the United States have the potential to further streamline operations. Last year, the U.S. operations consolidated into a single legal entity and now operate from a single technological platform. In addition, the operation in Honduras has great potential because it is going from a single-plant structure to a multi-plant structure, and we can streamline our use of fuels with alternative materials.

Along those same lines and supported by our past achievements, our main objective for 2018 will be the generation of positive free cash flow from our operations, which will contribute to the reduction in the level of leverage, essential premise to recover the necessary financial flexibility to follow our growth plans. To reach this goal, the gradual recovery of the price level in Colombia, discipline in the management of working capital, significant reduction of capital expenditures in all geographies and the continuation of the disinvestment plan will be crucial.

In conclusion, in 2017, we laid the foundation so that, in the future, we see a return on capital employed above our cost of capital, will continue to act responsibly within our communities, use innovation as our roadmap and remain committed to our employees.

TO TAKE CARE ONE OF EACH OTHER ALL THE TIME, REFLECTS SELFCARE AND RESPECT FOR OUR OWN LIFE AND THE ONE OF OUR COWORKERS".

Gairy González, Dominican Republic employee.
Caribbean and Central America

Building Efficiency and Sustainability for Tomorrow (BEST)

Launched in 2016, our Building Efficiency and Sustainability for Tomorrow (BEST) program aims to further focus the company on our customers and transform ourselves into a leader in terms of efficiency and competitiveness in our cement, concrete and aggregates businesses, while seeking greater return on capital employed.

We achieved the initial goal!
USD 12 per ton of cement: cost reduction goal in Colombia

Go to Market

Detailed review of customer segmentation and strategy to offer adjusted solutions to he needs of each market.

What have we done

- Review and redesign of the client segmentation processes to improve profitability of the business.
- Redesign of marketing KPIs.

Next steps

- Redefine the commercial model.
- Implement new marketing KPIs.

Administrative synergies

Achieve economies of scale, integrate and standardize processes to achieve efficiency and a disciplined use of resources.

What have we done

- Roll-out of the Shared Services Center.
- Implementation of a lighter corporate structure.

Next steps

- Capture savings from the implementation of a lighter corporate structure.

Operational transformation

Optimize our network to concentrate production in the most efficient dry process plants.

What have we done

- Productive transformation in Colombia of: San Gil and Sabanagrande cement plants, Mamonal RMC plant, two wet kilns in Cartagena and one in Toluviejo.

Next steps

- Maintain our focus on efficiency in Colombia Capture efficiencies in the US, Honduras and Panama

Non-core assets optimization

Focus our capital on cash-flow generation of our core business, including the divestment of non-core assets.

What have we done

- Divestments: Bancolombia shares, 20% of the minority stake in Argos Panama, assets of the blocks business in the US, real estate assets in Panama and the US, three self generation power assets in Colombia.

Next steps

- Search and capture opportunities in all regions.

Alternative fuels

Reduce fossils fuel consumption. This allows us to reduce global carbon emissions and improve the cost of energy per ton.

What have we done

- 5.4% average fuels substitution.

Next steps

- Implement the solid alternative fuel coprocessing project in Newberry plant, US.
- Start the tire coprocessing system in Cartagena plant, Colombia.

Implementation of new technologies

Expand our production capacity, to improve our clinker-to-cement ratio and optimize cost per ton.

What have we done

- Set up of facilities for a calcined clay project in Rioclaro, Colombia.

Next steps

- Roll-out of the calcined clay project in Rioclaro.
- Construction of a mini-mill in Honduras.

Consolidated results

OPERATING RESULTS

GRI [102-7] During 2017, 16.2 million tons of cement were shipped, which is an increase of 15.8 percent, while ready mix volumes, which were impacted by the economic situation in the Houston market, as well as the adverse weather in the United States, closed at 10.6 million of cubic meters, which was 6.1 percent less than the previous year.

In a consolidated manner, revenues reached 8.5 trillion pesos, 0.2% more than in 2016, driven mainly by the United States and the Caribbean and Central America, which managed, within our diversification strategy, to offset the reduction in revenues of Regional Colombia.

At the end of the year, as a result of the efficiency efforts achieved through BEST, we saw a reduction in sales and administration expenses of 2.6 percent, as well as an increase in the cost of goods sold of 5.7 percent, which is well below the increase in the volume of sales of total cement shipments.

Roberta Plant, USA

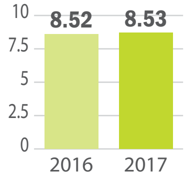
These efforts were fundamental to partially offset the impact of market conditions in Colombia, which were evidenced by a decrease of 11.5 percent in adjusted EBITDA*, which closed at 1.5 trillion pesos, reflecting the benefit of the divestments in the U.S.

On the other hand, net income was impacted by the aforementioned effects, by the non-recurring expenses associated with BEST of around 600.000 million pesos and by the recent tax reform legislation in the United States, which resulted in an accounting adjustment of USD 34,7 million at the end of the period. Although this does not imply cash outlays, it does represent a non-recurring impairment of the deferred tax asset due to the reduction of the corporate tax rate, which fell from 35 percent to 21 percent.

This effect strengthens our growth prospects for the United States, since we believe that the reform contributes significantly to the dynamics of the economy, the creation of jobs and the investment climate, with positive effects expected in the generation of cash flow and in the future profits from our operation.

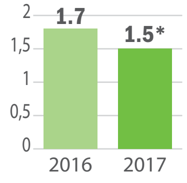
Revenues
COP Trillion

Variation 0.2%



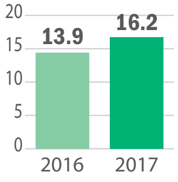
EBITDA
COP Trillion

Variation -11.5%



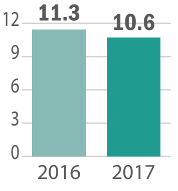
Cement volume
million tons

Variation 15.8%



Concrete volume
million m^3

Variation -6.1%



* Adjusted EBITDA: Excludes non-recurring severance payments and anticipated pensions

BALANCE STRUCTURE

Our capital structure is based on the natural hedging of currencies and the management of debt terms in accordance with business flows to have greater financial flexibility, which lends itself to the possibilities of expansion and consolidation, allows us to face the different market cycles, and ensures the sustainability of our business over time.

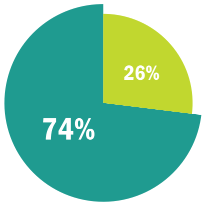
Framed within our debt management strategy, which seeks to optimize the best structure of duration and financial cost, and by leveraging the favorable market conditions in terms of liquidity in Colombia, we made a bond issue in this market for trillion pesos, with an over-demand of 1.7 times.

WE ARE PROMINENT IN THE MARKET AS A KNOWN AND RECURRING ISSUER.

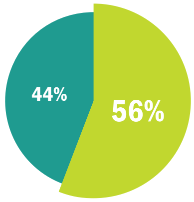
The placement rates for a period of 25 years were the lowest reached for a corporate issuer up to that point. Similarly, at the end of the year, we executed a debt operation in dollars to extend the terms. These operations proves not only the company's access to the different financing alternatives, but also the confidence that the market has in our strategy, which allowed us to increase the average life of the debt by 1.5 years at the end of 2017.

Because of these operations, the total debt closed at USD 2,433 million of which 56 percent is in dollars and 44 percent in pesos, with average rates of 2.9 percent and 8.4 percent respectively. The net debt over EBITDA plus dividends indicator ended at 4.6 times above our target, which was between 3.2 and 3.5 times, a level at which we expect to return this year through the generation of operating cash flow and the execution of our divestment plan.

Employees, Comayagua Plant, Honduras, Caribbean and Central America Region



DEBT PROFILE
- Short term
- Long term



AVERAGE ANNUAL COST
- COP 2,9% A. E.
- USD 8,4% A. E.

4,6x
Net debt / (EBITDA + dividends)

43,7días
Financial cycle - days as of December

3,29x
(EBITDA+dividends+FX) / financial expenses

On the other hand, the value of the assets amounted to 18.8 trillion pesos, 2 percent less compared to 2016, and the liability totaled 10 trillion pesos, which represents 53.3 percent of total assets.

Infrastructure project built using Argos products. Puerto de Aguadulce, Colombia

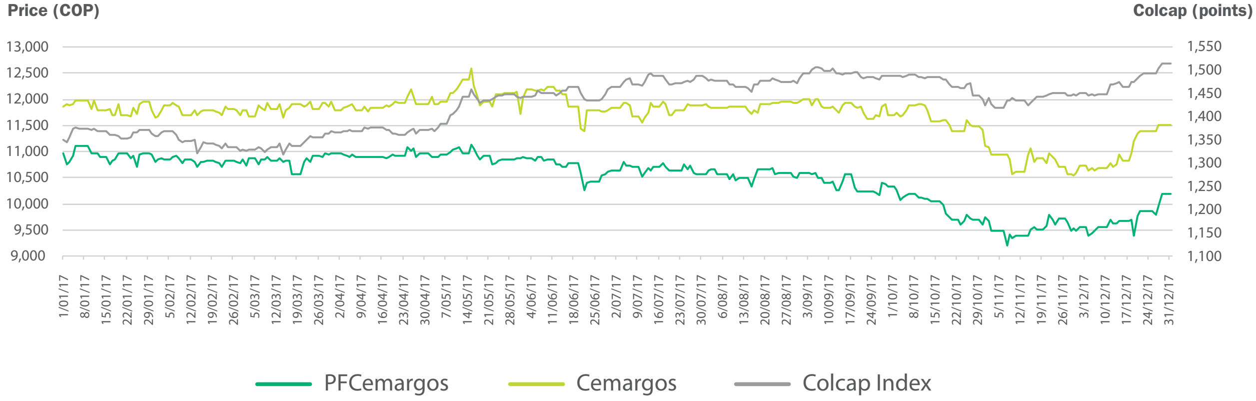
PROFITABILITY

After the issuance of preferential shares in the Colombian market in 2013, a period in which we presented a performance superior to COLCAP, with a total return above 50 percent in the ordinary category; in 2017, the prices of the ordinary and preferential shares presented an annual reduction of 2.9 percent and 7.1 percent. In the same line, the total return to the shareholder, including ordinary and extraordinary dividends, presented a decrease of 0.9 percent and 5.0 percent respectively.

Our performance was explained in part by results that reflected the market situation in Colombia, as well as the fallout from the massive hurricanes that hit the United States and the Caribbean, as mentioned before. However, the medium- and long-term prospects of our businesses and the possibilities of growth for our company in all markets are highly favorable.

Likewise, the Colombian capital market was characterized by a reduction in liquidity levels and by a lower appetite of investors as a result of the slowdown in the economic environment and the delays in Fourth Generation (4G) Projects.

As such, we would like to thank all of our shareholders for their confidence and reiterate that our management team remains focused on increasing the return on capital employed (ROCE). We have the right incentives included in variable remuneration, and we are optimistic about the extraordinary business and asset platforms we have built in the Americas, as well as the opportunities that lie ahead.



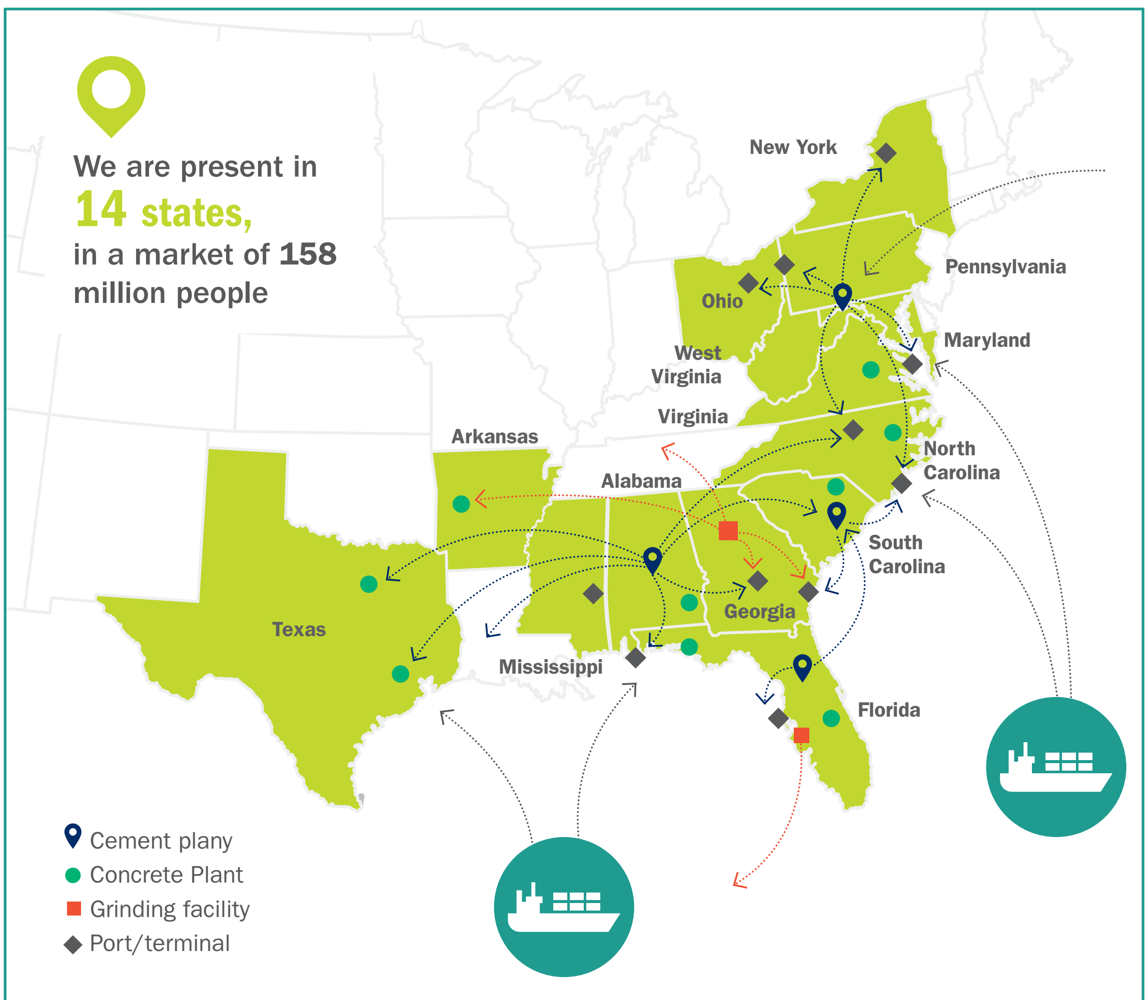
PERFORMANCE OF BUSINESS BY REGION

United States Region

In 2017, after the consolidation of our operations in Martinsburg and its eight terminals, we positioned ourselves as the fourth largest cement producer in the United States, which is one of the markets with the best prospects in the world, and the USA Region became the largest revenue and EBITDA generator for Argos. With this acquisition, we strengthened our asset network, creating a geographical presence and an interconnection of plants and terminals that is very well positioned, which allows us to achieve relevant market shares in cities such as Washington D.C. and in states such as Georgia, Florida, and North and South Carolina.

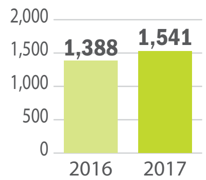
Despite cement shipments still being far from the historical average before the global economic crisis, our confidence in the growth potential of this market is supported by the recovery of the residential segment, which is evidenced by the leading indicators such as new home sales, residential construction spending and consumer confidence, which reached levels not seen since 2008. As a result, the average home price increased by 6 percent during 2017.

Operations map GRI [102-2/102-6]



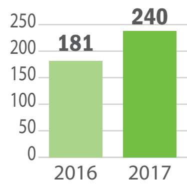
Revenue
USD million

Variation
11%



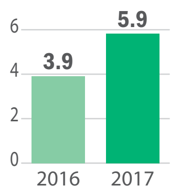
Ebitda
USD million

Variation
33%



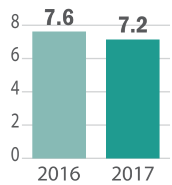
Cement Volume
Million tons

Variation
47,8%



Concrete Volume
Million of m^3

Variation
-6,2%



WE PARTICIPATED AS READY MIX SUPPLIERS IN THE CONSTRUCTION OF THE FALCONS STADIUM (ATLANTA, GEORGIA), IN WHICH THE SUPER BOWL WILL BE PLAYED IN 2019

In addition, we have a positive outlook regarding the infrastructure sector, especially when looking at a state level where states such as Florida, Virginia and Maryland, budgeted over USD 28 billion for the coming years. During the year, we participated in notable projects such as Interstate 4 in Florida; Mercedes Benz Stadium in Atlanta, Georgia, where the 2019 LIII Super Bowl will take place; and many other projects.

By year end, cement shipments reached 5.9 million tons, up 47.8 percent given the Martinsburg Plant and terminals acquisition. When excluding this result, the volumes increased by 20 percent, which is higher than the 4.7 percent recorded for the whole U.S. market and the 6.2 percent for the states where we operate excluding Texas.

On the other hand, ready mix volumes posted 7.2 million cubic meters, with a reduction of 6.2 percent, which is explained mainly by the poor market conditions in Houston, a city affected by the fall in oil prices. These results were also affected by the extreme hurricane season that, with Hurricanes Harvey and Irma, is considered the most severe in the history of the U.S. Though our assets were not severely damaged, the effect for the economies in the impacted regions was substantial, and the reconstruction needs are considerable.

In this region, revenues reached USD 1.541 million 11 percent higher than 2016, and EBITDA reached USD240

Constructed with Argos cement and concrete: Mercedes Benz© Stadium, Atlanta, Georgia, United States

Employees of the Harleyville plant, USA

million, growing 33 percent. These results were driven by the operational performance of the cement business, the Martinsburg Plant and terminal acquisition, and the gain recorded for the aforementioned divestments. As a result, the EBITDA margin was 15.6 percent, 257 basis points higher than the previous year. In addition, we invested USD 74.4 million in the region to optimize and maintain our assets, including the purchase of more than USD 16 million of more efficient mixer trucks for our fleet.

Among the achievements for this country is the integration of our operations, including the logistics optimization from our new assets in Martinsburg, the consolidation into one operating system and under one legal entity, and the arrival to a new market with our terminal in Massillon, Ohio, which opened in the first quarter. Additionally, we reduced our energy consumption by 11 percent and 14 percent respectively in our Roberta and Harleyville Cement Plants, as well as the obtaining ENERGY STAR® certification for our Roberta and Newberry Cement Plants.

We value the safety and wellbeing of our employees, and therefore, we feel encouraged by the significant advancement in our I Promise Occupational Health and Safety System, where we saw substantial improvements in our lost time incident frequency and severity rates.

In 2018, we expect positive results from this region and to benefit from the dynamic economy and positive outlook for the construction sector, which should benefit from the recently approved tax reform legislation. We will continue to focus on generating value by leveraging our interconnected logistics network and the deployment of our Building Efficiency and Sustainability for Tomorrow (BEST) Program, specifically for our ready mix business through a greater portfolio of products and a better customer experience

Colombia Region

For our Colombia Region operations, 2017 was a challenging and transformational year where we reinvented ourselves by taking necessary actions, which included the optimization of our network and a new vision of how to operate, to ensure the sustainability and the future business growth for the long term.

The efforts made to regain the profitability of our operations included advancing in terms of efficiency, further focusing our commercial strategy on our clients, revising our value proposition for each segment, and launching innovative products and projects in our markets.

We are present in the whole national territory without restriction or limits GRI [102-2/102-6]

Industrial business

801 municipalities

70% market share

3.959 clients

Negocio masivo

735 municipalities

9.049 clients

Infrastructure project built with Argos: Pacífico II, Colombia

Our cement dispatches reached 5.3 million tons, increasing by 4 percent when compared with the previous year. This result is significant considering the 1 percent contraction of the total Colombian market, as published by the Departamento Administrativo Nacional de Estadística (DANE). Furthermore, the ready mix volumes decreased by 7.1 percent, compared to a 10.6 percent fall of the total market, which can be attributed to the strength of our value proposition, the industrial segment and our leadership position in the large infrastructure projects for the country. This behavior is explained by the deceleration of the national economy and was a consequence of the execution pace, which was slower than expected, of the infras-

Aggregates Argos operation, Colombia

tructure projects, and the tax reform impact—specifically the increase of the sales tax on the purchasing power of all Colombians, which generated a reduction of consumer confidence.

Our leadership position in the industrial sector, with the gradual increment of cement shipments to the 4G projects, reached 85,000 tons for the year. With those projects, we estimate a market share of 70 percent when considering the contracted functional units to year end, driven by a superior value proposition and our reputation among the large constructors that participate in this important segment of the market. Currently, we are participating in projects that continue to boost development such as Honda - Puerto Salgar, Cartagena – Barranquilla and the three Pacífico projects. The demand from these projects will be an important source of volume dispatch for the coming years, peaking between 2019 and 2020.

Additionally, in a challenging global context, imports showed a significant increase in since 2016 that resulted in a double-digit drop of the cement price in the beginning of the year and reached a minimum during the second quarter of 2017. Nevertheless, since July, the average national price started a gradual recovery driven by better demand dynamics, the price increases in the Mediterranean basin and the surge of international sea freights.

CEMENT SHIPMENTS TO 4G PROJECTS, REACHED, 85,000 TONS

Due to the aforementioned dynamics, the operating revenues posted 2.3 trillion pesos, 12.5 percent lower than 2016, and EBITDA closed at 414,680 million pesos decreasing by 38 percent. Our efforts on reducing costs and expenses through our Building Efficiency and Sustainability for Tomorrow (BEST) program by 142,000 million pesos, partially offset the effect of the challenging market with a reduction of 7.7 percent of selling, general and administrative expenses (SG&A) and 1.2 percent of the regional costs of goods sold (COGS).

In addition to the accomplishments in terms of efficiency, during 2017, we launched our aggregates company, Agregados Argos, and also the recycled aggregates business through Granulados Reciclados de Colombia

(Greco). Agregados Argos contributes to the formalization of the aggregates industry, ensuring the quality and uniformity of this raw material, supported by a strong brand and a trusted value proposition, high environmental standards and the logistics know-how that characterizes our company.

For our part, our recycled aggregates company, Greco, promotes and leverages construction and demolition debris in Bogota, a business completely in line with our sustainability strategy, as well as our purpose of serving the increasing needs of our customers.

As part of the BEST program, we reconfigured our product portfolio in a segmented way for our retail and industrial businesses, as well as deepening the regionalization of our commercial model and the strengthening of our sales force. For example, we executed a pilot where we placed six temporary ready mix plants on construction sites to continue improving our value proposition, as well as providing economic benefits for our customers and positively impacting the cities where we operate with less traffic and road pollution.

We are committed to excellence in a transversal way: health and safety are a clear demonstration of the value we have for our employees' lives, and therefore is fundamental in every aspect of our business. Within our I Promise health and safety management system, we reached reductions in our lost-time incident frequency index and severity rates. Additionally, we have doubled up on efforts in terms of road safety, which allowed us to reduce the number of incidents in 2017.

Employees of Planta Rioclaro, Colombia

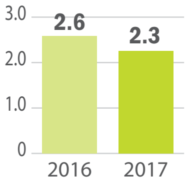
For 2018, we estimate a moderate growth for both volumes and prices, which, together with the capitalization of efforts from our BEST program, will allow us to recover profitability in this region. In the mid-term, we will complete our calcined clays project in the center of Colombia, maintaining the leadership in the market, improving our cost structure and replacing less efficient installed capacity, while reducing our carbon footprint.

In the same manner, we will continue working with a focus on alternative fuels, increasing the substitution levels for fossil fuels, which will not only favor the cost per ton, but also will bring environmental benefits.

We are optimistic about our future in Colombia, based on the fundamentals of the housing sector, driven mainly by the governmental subsidies, and the materialization of the infrastructure projects, which are desperately needed for the country´s competitiveness and the connection of its different regions.

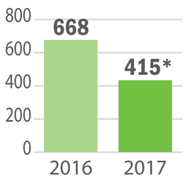
Revenue
COP trillion

Variation
-12,5%



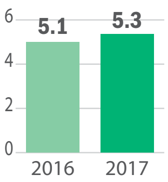
Ebitda
COP Billion

Variation
-38%



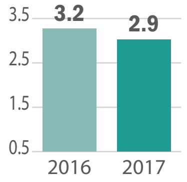
Cement Volume
million tons

Variation
4%



Concrete Volume
million of m^3

Variation
-7,1%

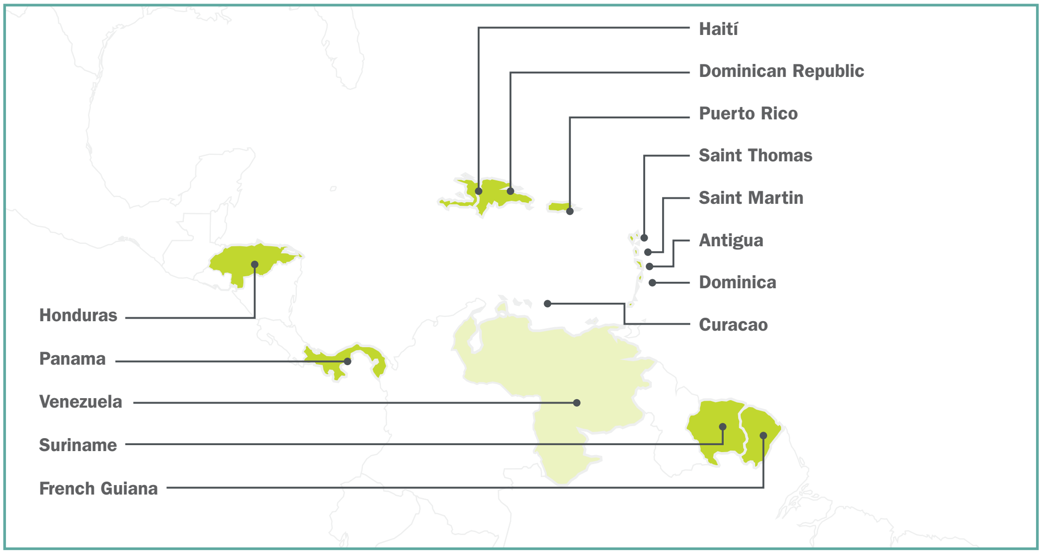


*Adjusted EBITDA: Excludes non-recurring severance payments and anticipated pensions

Caribbean and Central America Region

This region is characterized by its diversity, the appealing demographics and the significant deficits in housing and infrastructure, which are growth opportunities. For Argos, it has always been a strategic region thanks to the diversification it gives to our business, the market's demand stability and the flexibility we achieve from our interconnected distribution network through the Caribbean Sea. During 2017, we completed the integration of a newly acquired cement plant in Puerto Rico from HeidelbergCement.

Presence in the Caribbean and Central America GRI [102-2/102-6]



Infrastructure project built with Argos: second line of the Metro of Panama

In this region, the cement and ready mix volumes were 5.1 million metric tons and 443,515 cubic meters, growing 2.3 percent and 4.3 percent respectively. This positive performance was driven by the growth of our operation in Honduras and our cement trading business.

This region has a healthy economy, proven by the 6 percent and 3.6 percent GDP growth expected for Panama and Honduras during 2018. In the same way, the fiscal position continues to be strong, allowing the countries to develop public policies for housing and road development.

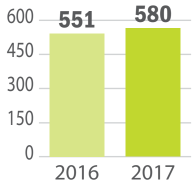
In Honduras, cement shipments grew by 16.3 percent, reaching a record production year in 2017, aided by our newly reopened San Lorenzo grinding facility. For the

Comayagua Plant, Honduras, Caribbean and Central America

first time, we exceeded one million tons of volume sold and continue to see interesting growth opportunities for the coming years. We remain optimistic about the long-term

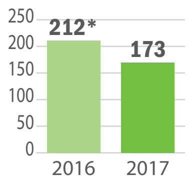
Revenue
USD million

Variation 5,3%



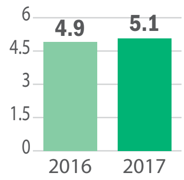
Ebitda
USD million

Variation -18,5%



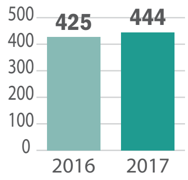
Cement Volume
million tons

Variation 2,3%



Concrete Volume
million of m^3

Variation 4,3%



*Includes net income from divestments

despite the political unrest after the latest presidential elections, which is starting to show signs of stabilization.

In Panama, we expect the revitalization of infrastructure construction in 2018, with an ample project portfolio in the bidding process, among which we can highlight the fourth bridge over the Panama Canal, the Arraiján highway expansion, the Las Playas corridor, and the third line of the Panama City subway, among others. Likewise, in the Dominican Republic, there was a recovery on cement and ready mix prices, which we foresee continuing into 2018.

During the second half of the year, our operations in Saint Maarten, Saint Thomas, Dominica and Puerto Rico were affected by the hurricane season, especially in terms of dispatched volumes during the last quarter. The impact on our assets was not material, and we are currently focused on contributing to the reconstruction efforts and to attend, without interruption our clients' needs.

Brigade members, Dominican Republic, Caribbean and Central America

In the Eastern Caribbean, we participated as cement suppliers for arguably the most notable infrastructure project in French Guiana: the Ariane 6 satellite launching station. We launched the soluble bag in Saint Vincent and Saint Lucia, which is a solution that allows us to continue positioning our brand and demonstrate that, through innovative and sustainable solutions, we continue to build the future.

In this context, the revenue from this region totaled USD 580 million, up 5.3 percent from previous year and EBITDA was USD 173 million with a 30 percent margin.

As part of our expansion and consolidation strategy in the region, in 2017, we acquired an integrated cement plant in Puerto Rico that is a perfect fit for our current footprint in the Caribbean and expands our clinker capacity with a beneficial geographic position to serve the markets through our logistics network. In the same way, we began a project for a new grinding facility in the northern part of Honduras, with an installed capacity of 200,000 ton capacity and a lower cost per ton versus an integrated plant. The total strategic capital expenditure in this region amounted to USD 11.8 million.

As in the other regions, we advanced in the implementation of our I Promise Occupational Health and Safety Management program.

For 2018, we are confident about our position in these markets, where we expect stability for the coming years, in conjunction with the execution of our Building Efficiency and Sustainability for Tomorrow (BEST) program, which will simplify our structure and seek further optimization opportunities in Honduras and Panama.

ACHIEVEMENTS AND RECOGNITIONS

Our commitment to sustainability was recognized for the fifth consecutive year by being included in the Dow Jones Sustainability Global, for fourth year in the Emerging Markets Index, for first time in the Pacífico Mila Alliance Index as well as the Gold Class distinction for the RobecoSAM yearbook. In addition, we were incorporated in the FTSE4Good and the Vigeo Eiris indexes that includes the 70 most sustainable emerging entities in the world. Also, Argos was recipient of the ALAS20 recognition, an initiative of the Centro de Responsabilidad Social y Sostenibilidad de GovernArt from Chile, which highlighted the implementation of our Value Added Statement (VAS), a tool that shows that our contribution to society is more than the resources that we take from it.

THE SUPERINTENDENCI DE INDUSTRIA Y COMERCIO IN COLOMBIA, GRANTED US TWO PATENTS: ONE FOR THE JOINT INVENTION TO CAPTURE AND PURIFY LARGE QUANTITIES OF CARBON DIOXIDE IN A SHORT TIME THOUGH THE USE OF MICROALGAE

In Colombia, Merco ranked Argos as the fourth company with the best reputation and received the IR recognition granted by the Colombian Stock Exchange due to our best practices for investor relations and the transparency of the information for capital markets.

We continue to grow our efforts for innovation within our markets; proof of this is the first international patent awarded to Argos with the support of EAFIT University granted by the Japanese patent office. In addition, two patents were granted by the Superintendencia de Industria y Comercio in Colombia: one for the joint invention to capture and purify large quantities of carbon dioxide in a short time though the use of microalgae, and the other for the invention of a method and apparatus that measures the volumetric changes in a substance, which in practice, translates to the development of high performance cement. Both patents were granted for a 20-year term. This is a significant advancement for the industry as it allows us to protect intellectual property, and positions it on a high level of technical and economical development.

CO_2 capture and purification through microalgae, Argos Center for Innovation, Medellín, Colombia

Roberta Plant employees, USA

TEAM AND OPERATION FOR SOCIAL DEVELOPMENT

At Argos, we believe that both the development and diversity of our employees are strategic factors for the sustainability of our business and allows us to continue growing, transforming lives and generating a positive impact on society.

In 2017, we fostered teamwork so that we could face the challenges and become a stronger company, and as a result, we also deepened our corporate culture. As part of this transformation, we created a leaner corporate matrix structure to operate more efficiently and to create synergies between different departments. This implied a reduction of headcount and the creation of excellence centers to be able to respond quickly to our clients' needs.

Our employees are our top priority in terms of the transformation process, which is evident by the expansion of our performance management system, reaching 95 percent of employees who received performance evaluations. Additionally, we promote talent mobility as part of our retention strategy with 10.65 percent of our employees who changed jobs internally. Through our online learning modules, which are on the SAP® SuccessFactors® platform, we completed 354,836 hours of online training or 42 hours per employee, and more than 4,500 of those employees completed the updated corporate governance and conduct course.

To conclude, we faced the challenges and transformed our company, united by a common purpose, to strengthen our competitive strategy and ultimately our value proposition to our clients. Through a leaner and more agile organizational structure backed by diverse portfolio of value-added specialty products, efficiency and a constant pursue of competitiveness as a fundamental pillar for our business model.

We would like to thank our shareholders for their support and confidence, and reiterate our efforts towards maintaining our sustainability and profitable growth.

We consider our talented team as our most important strength, and by achieving a healthy work environment, where we respect, encourage and support diversity, we can give our people all the tools necessary for growth and contribute to building the dreams of our shareholders, clients and countries where we are privileged to serve.

WE CREATED THE CENTERS OF EXCELLENCE IN CEMENT, CONCRETE, SUPPLY CHAIN AND COMMERCIAL, AREAS THAT WILL IMPULSE THE ADOPTION OF BEST PRACTICES AMONG ALL THE REGIONS.

Rioclaro Plant employee, Colombia

We are inspired to transform and to continue building upon the history of this company by acting ethically, in a transparent way and with respect for others.

We will continue on our path towards a positive future that is built on our Argos team, your trust and our unique asset platform. Thank you for supporting us!

Finally, the legal affairs and corporate governance statement is attached to this report.

Jorge Mario Velásquez
Camilo Abello
Carlos Gustavo Arrieta
Cecilia Rodríguez
Claudia Betancourt
Esteban Piedrahíta
León Teicher
Board of Directors

Juan Esteban Calle
CEO

Medellín, February 12, 2018

Infrastructure project built with Argos: Metro of Panama

LEGAL AFFAIRS AND CORPORATE GOVERNANCE STATEMENT

Argos abides by the legislation regarding intellectual property and copyright, and the transactions/operations conducted with administrators and shareholders were carried out in compliance to the corresponding rules/regulations and in accordance with the market conditions. In notes 37 and 41 of the separate and consolidated financial statements, respectively, the above transactions are shown in detail. Also, the company allowed the free circulation of invoices issued by suppliers.

The aspects related with the article 446 of the Commercial Code are found in the financial statements, the Fiscal Auditing report and throughout this document. The holding company report mentioned in article 29 of the Law 222 in 1995 is found in the additional information that is provided to the investors.

The performance of our financial information gathering and control systems were evaluated, and it was concluded that they work properly.

Additionally, in 2017, progress was made in the Self-Management Money Laundering and Terrorism Financing Risk System by providing training to employees and suppliers and monitoring the controls related to the different processes.

Infrastructure built with Argos: Margaret Hunt Hill Bridge, USA

Infrastructure built with Argos: BD Bacatá, Bogotá, Colombia

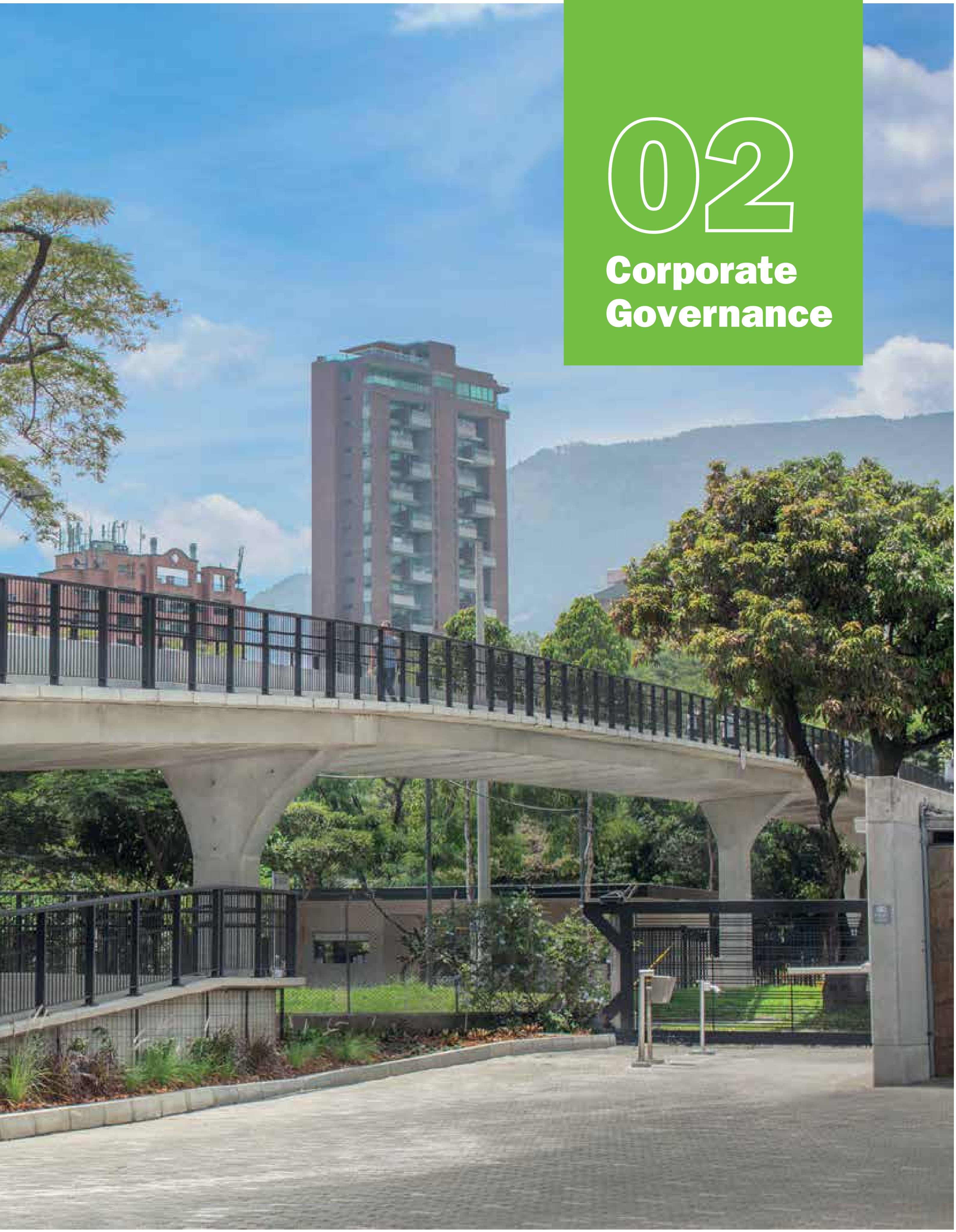
In December 2017, the Superintendencia de Industria y Comercio in Colombia sanctioned Argos with a fine of COP $73.7 billion pesos, as well as two other cement companies, for an alleged parallel pricing between 2010 and 2012. The company filed an appeal against the decision that was made by the Superintendencia de Industria y Comercio, which, to this date, has not been resolved. In the appeal, it was extensively demonstrated that there were no collaboration in terms of competition, and on the contrary, Argos competed independently and autonomously through a differentiated value proposition respected by its customers. The company will implement all legal actions to demonstrate its respectable behavior and of those who, in an impeccable and visionary manner, have successfully led the organization, trusting the impartiality, responsibilities and the high performance of the country's institutions.

The other judicial and administrative processes have been carried out without any relevant faults or events.

In conclusion, the Annual Corporate Governance Report will be provided to the investors shortly. The Implementation of Recommendations report of the Country Code can be found on our website at HYPERLINK "http://www.argos.co/ir" www.argos.co/ir.

Constructed with new Argos enhanced concrete: EAFIT University Bridge, Medellín, Colombia

02 Corporate Governance



Board of Directors

The management of the board of directors is framed within the highest international corporate government standards in order to assure an equal treatment of the shareholders and other stakeholders, as well as the transparency, fluency and integrity of the information offered to market for decision making.

Cementos Argos' Board of Directors

SEVEN DIRECTORS, FOUR OF WHICH COMPLY WITH CRITERION OF INDEPENDENCE, GIVE THEIR KNOWLEDGE AND EXPERIENCE TO GUIDE THE COMPANY'S STRATEGY.

NOMINATION AND ELECTION GRI [102-24]

To ensure the good performance of the functions of the board of directors, we rely on an election mechanism for this body that ensures the participation of the shareholders in the designation of its members and that seeks to guarantee that each member has the necessary experience and competencies for the adequate management of the company.

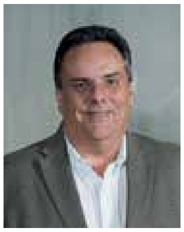
The board of directors is designated by the General Assembly of Shareholders for three-year periods from the proposals presented by shareholders. The candidates must have analytic and managerial skills, strategic vision for the business, objectivity, capability to present their point of view, and ability to evaluate managerial groups. Likewise, they must have previous experience in other boards of directors and must be prone to have specific knowledge in matters of corporate governance, sustainability, corporate finance, internal control, among others.

Some of the good practices established in our Code of Good Governance are:

- The establishment of a maximum age of 72 years to be part of the board of directors.
- Classification of its members as executive, independent or non-executive.

GRI [102-18/102-19/102-20/102-22/102-23/102-27] During 2017, the members attended and actively participated in the board of directors' sessions. The average attendance to the meetings was of 92.4 percent, which was above the 90 percent minimum established in our Code of Good Governance.

GRI [102-25/102-27/102-28/102-29/102-30/102-31/102-32/102-33/102-34/102- 35/102-36/102-37] Learn other corporate governance indicators at: https://goo.gl/FTLsNt



Jorge Mario Velásquez
Grupo Argos CEO / Chairman of the Board
Member since 2016 (reelected in 2017)
17/17 Attendance

Camilo José Abello
Grupo Argos Corporate Affairs Vice President
Member since 2012 (reelected in 2017)
13/17 Attendance

Cecilia Rodríguez
Corporación Bioparque CEO
Member since 2012 (reelected in 2017)
16/17 Attendance

Claudia Betancourt
Amalfi S.A. CEO
Member since 2009 (reelected in 2017)
17/17 Attendance

Carlos Gustavo Arrieta
Arrieta, Mantilla y Asociados Partner
Member since 2012 (reelected in 2017)
16/17 Attendance

Esteban Piedrahíta
Cali Chamber of Commerce CEO
Member since 2012 (reelected in 2017)
15/17 Attendance

León Teicher
Business Consultant
Member since 2012 (reelected in 2017)
16/17 Attendance

Abilities and competences

- Risks
- Internal Control
- Corporate Finance
- Commercial Issues
- Cement Industry
- Crisis Management
- Legal Issues
- Sustainability
- Governance/ Public Policy
- International

Type of Member

- Executive
- Independent

Board Committee

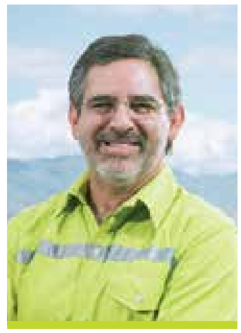
- Appointments and Remunerations
- Sustainability and Corporate Governance
- Audit, Finance and Risks

Executive Committee

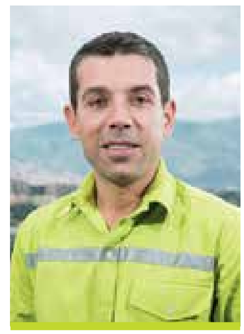
The Executive Committee contributes experience and knowledge to face the organization's challenges and to ensure the creation of value for our stakeholders.

Juan Esteban Calle
CEO

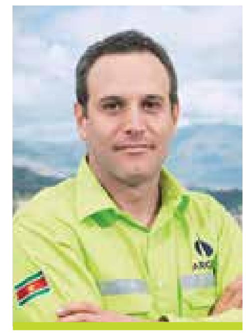
María Isabel Echeverri
Sustainability Vice President



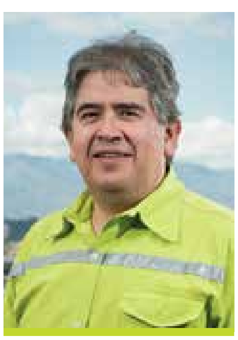
Eric Flesch
USA Region Vice President



Tomás Restrepo
Colombia Region Vice President

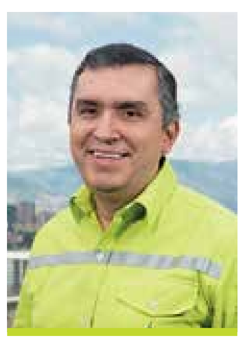


Camilo Restrepo
Caribbean and Central America Region Vice President

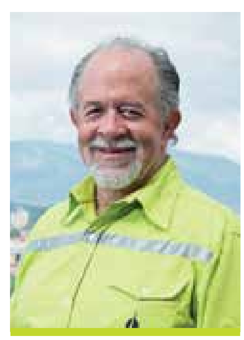


Jorge Ignacio Acevedo
Talent and Organizational Structure Vice President

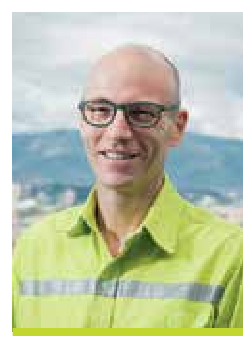
Rafael Olivella
Legal and Corporate Affairs Vice President



Carlos Horacio Yusty
Finance and Shared Services Vice President



Víctor Lizaralde
Technical Vice President



Lucas Moreno
Innovation Vice President

GRI [102-20/102-22] Learn about the committees to which each one of the members belongs in the Executive Committee at: www.argos.co/IntegratedReport/Download#corporategovernance

Our Governance Framework

We count on transparent and efficient administration structures that ensure the integrity, the equal treatment and the protection of the rights of the shareholders, the market and the stakeholders.

2017 Featured Events

We continuously revise the corporate governance practices of the company and adjust them to the highest standards in this matter.

Featured Advances:

- The Shareholder Assembly approved the Executive Committee's Appointments, Remuneration and Succession Policy, seeking to guarantee that the people designated as executives are ideal in the attention of the necessities of the company and that are duly remunerated.
- The Code of Good Governance was modified to complement the functions of the Audit, Finance and Risk Committee.
- The board of directors approved the Global Governance and Compliance Program, which provides a structured and integral framework to continue strengthening and implementing the good governance policies and guidelines.
- We achieved, for the third consecutive year, the Investor Relations recognition of the Colombian Stock Market, as well as the certification, for the fourth consecutive year, of the Superintendencia Financiera de Colombia Known and Recurring Issuer.

Initiatives, Commitments and Policies GRI [102-26]

We count on the following codes and policies:

- Code of Good Governance
- Code of Business Conduct
- Articles of Association
- Competition Policy
- Sustainability Policy
- Human Rights Policy

We have voluntarily adopted the standards from the:

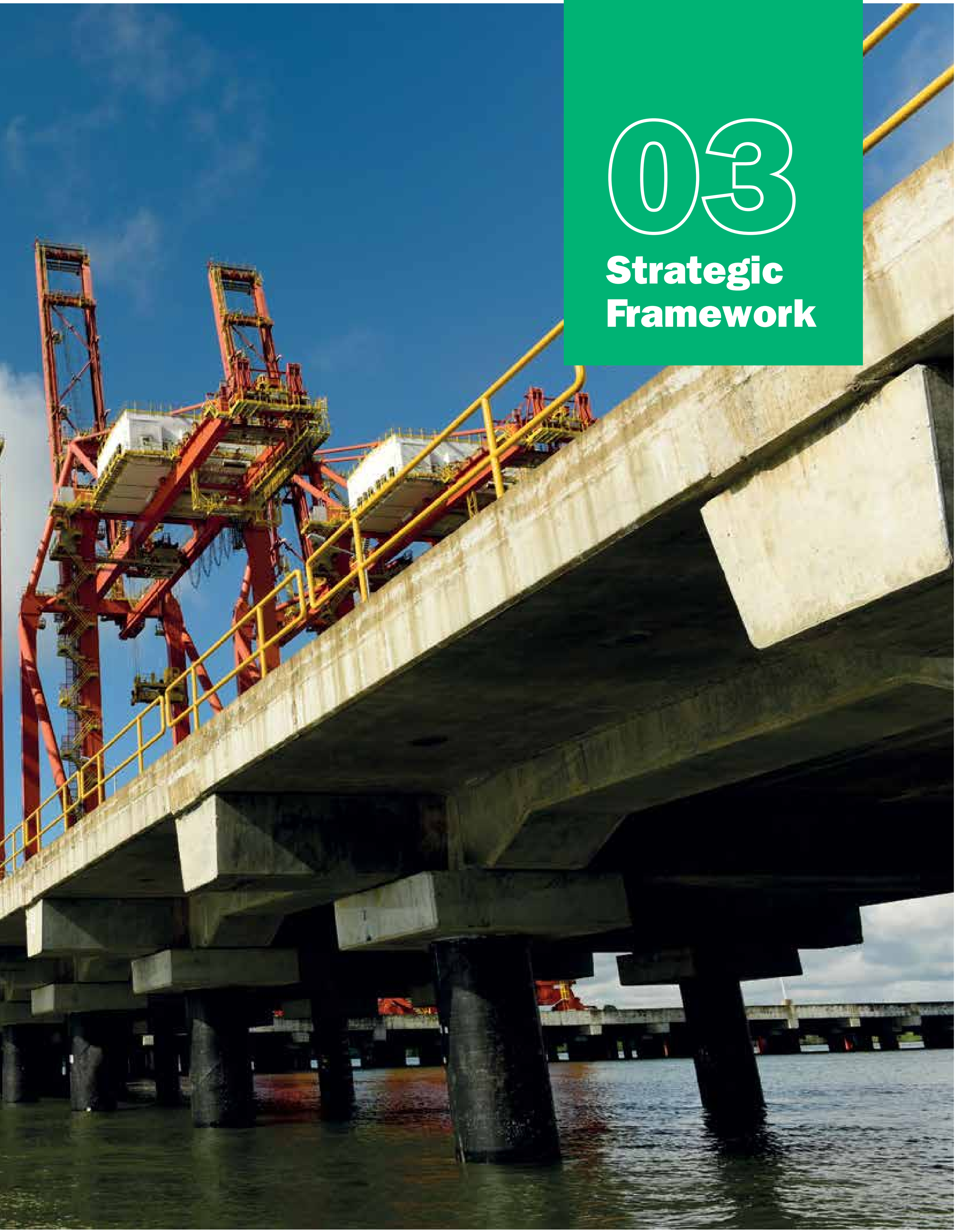
- Organization for Economics Cooperation and Development (OECD)
- Latin American Companies Circle
- New York Stock Exchange (NYSE)
- United Nations Global Compact

Upcoming Challenges:

- To advance in the continuous identification of the best practices in matters of corporate governance and its implementation according to the highest international standards
- The implementation of an operations policy between companies associated with Grupo Argos as a voluntary practice that complements the relationship framework.

Constructed with Argos concrete: Aguadulce Port, Colombia

03
Strategic Framework



HOW DO WE CREATE VALUE?

GRI [102-9/102-15]

HIGHEST PURPOSE:

To build dreams that encourage development and transform lives.

EXTERNAL ENVIRONMENT

- Climate change
- Entry of new competitors
- US economic growth
- Sustainable Development Goals (SDG)
- Disruptions enabled by technology
- Growing socio-environmental awareness and regulations
- Political instability
- Labor instability

INTERESTS / MATERIAL ISSUES

Financial
- Efficiency and profitability

Operational
- Energy management model
- Circular economy

Intellectual
- Innovation in the business model
- Sustainable construction

Human
- Occupational Health and Safety (OH&S)
- Talent
- Ethics and compliance

Social
- License from Society to the Industry
- Community engagement

Natural
- Water and biodiversity
- Climate change

SUPPLY

Raw materials

Auxiliary materials

Semi-finished materials

Alternative materials and fuels

PRODUCTION

Cement

Concrete

Aggregates

ARGOS

STRATEGIC RISKS [A-RI1]

- **R1** Loss of market participation and drop in volumes or prices
- **R2** Delay in the closing of compe-titiveness gaps
- **R3** Changes or disruptions in technology
- **R4** Inability to develop value proposals
- **R5** Limita-tions of access to capital
- **R6** Inability to achieve and maintain safety standards
- **R7** Changes in regulation or political instability in countries

ARGOS STRATEGY

To grow in income, with a Return of Capital Employed (ROCE) greater than the cost of capital, supplying construction materials with an emphasis on cement, concrete, aggregates and services that add value to the clients in countries in the Americas with high construction and infrastructure development projection, supported by innovation, high sustainability standards and a recognized brand.

MERCHANDISING

Storage and distribution

Direct delivery

OUTPUTS

Packaged cement

Bulk cement

Concrete

Aggregates

STRATEGIC OBJECTIVES

- Creating sustainable value
- Being leaders in productivity
- Being the best option for our clients
- Leading the markets through innovation
- Developing the best talent

IMPACTS

Financial: As a company we retained US $170 million and provided to society US $804.3 million

Operational: We reduced our use of natural resources thanks to the use of alternative materials and fuels; this has allowed us to save society a cost of US $34.6 million.

Intellectual: We captured more value from the markets in which we operate.

Human: We generated almost US $471,000 in benefits to society, derived from the development of our human talent and the continuous investments in occupational safety and health issues.

Social: We generated benefits to society estimated in US $9.4 million derived from our investments in communities.

Natural: The social costs derived from our CO_2 emissions, water consumption and the impact on biodiversity are estimated in US $296.5, 26.2 and 11 million, respectively.

To learn more about our externalities, consult page 44.

- **R8** Opposition from stakeholders
- **R9** Improper behaviors
- **R10** Difficulty to consolidate a global organizational culture
- **R11** Not having the human talent with the necessary skills
- **R12** Non-compliance to the norms or environmental goals or the occurrence of natural events
- **R13** Adverse decisions from government entities

Value Added Statement to Society (VAS)

The value we create for society is reflected in our financial statements, but, also, we create intangible value through the economic, environmental and social effects that are derived from our operations. These effects represent costs and benefits that society assumes in an involuntary way, which are known as externalities.

Conscious of this, since 2016, we have implemented an initiative we call Value Added Statement (VAS), a tool that allows us to asses and actively manage each one of our main externalities related to our operation. Hereunder, we present the methodology that we use and the results of our VAS for 2017.

The Model

The VAS model is designed to calculate the net value we create for society during one fiscal year. The final results are shown in a financial bridge graph that starts with the benefit we retain (see page 46). The positive or negative amount in each one of the bars shows the value that each externality creates or detracts from the related externalities.

The final bar represents the net added value to society after all of the externalities have been accounted for.

The VAS results are calculated through a model tailored to our company that is based on a set of assumptions. The present focuses could be redefined as new studies become available.

Employees, Rioclaro Plant, Colombia Region

THE MODEL OF ASSESSMENT OF OUR EXTERNALITIES SHOWS US THE WAYS IN WHICH WE CREATE VALUE FOR SOCIETY, THUS CONTRIBUTING TO HELPING BUILD THE DREAMS, TRANSFORM THEIR LIVES, AND CONTRIBUTE TO SOCIAL AND ECONOMIC DEVELOPMENT.

Visit our VAS report at: https://goo.gl/VNg6pP

Methodology

Each year, we conduct a review of our VAS to include updated assumptions and align with assessment methodologies of impact on a worldwide scale, which guarantees the reliability of the results.

Scope and Methodology Review

The technical equipment involved in the methodology reviews the scope of the model.

Update and adjustment of the model

We update it with the most recent figures and multipliers.

Analysis and Communication of Results

We report the results, communicate them to our stakeholders and explore future implementations.

Externalities Assessed in 2017

Economic Externalities

Salaries and Benefits

Impacts on the economy derived from the remuneration of our employees.

Interests and Dividends

Impacts on the economy related to the payment of interests and dividends to financial and investment institutions.

Taxes

Impacts on the economy associated with tax payments to the governments of countries in which we operate.

Social Externalities

Talent Development

Impacts derived from the development and improvement of the human capital trained in Argos that is reintegrated into the labor market.

Community Investment

Impacts due to housing projects, community and educational infrastructure, scholarships, among others.

Health and Safety

Impacts on the employees and communities, associated with occupational incidents (injuries and fatalities) and illnesses.

Environmental Externalities

Emissions of Greenhouse Gases (GHG)

Climate change impact through the emissions of greenhouse gases (scope 1 and 2).

Air Emissions

Air contamination impacts associated with our NO_x and SO_x emissions and particulate matter.

Alternative Materials and Fuels

Impacts from the replacement of raw materials and fossil fuels with other alternative ones, which reduces CO_2 emissions.

Biodiversity

Impacts on biodiversity by our extraction of natural resources and facility operations, as well as our offset and rehabilitation programs.

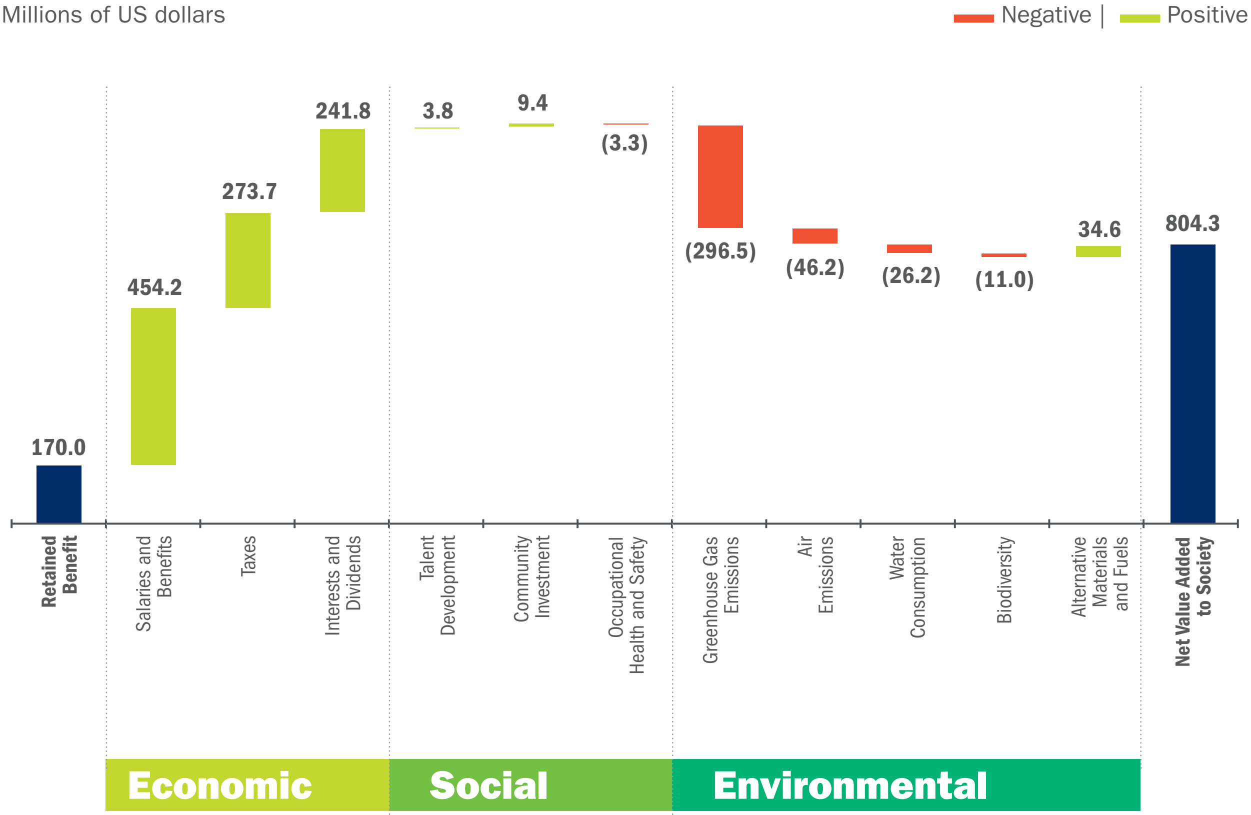
Water Consumption

Impacts on water scarcity caused by our consumption.

Currently, our VAS includes 11 assessed externalities, which are derived from our operation and encompass all of our geographies and business lines. As new possibilities to monetize our impacts arise, we will expand our scope to other externalities and to other segments of our value chain.

2017 RESULTS

Millions of US dollars



The net social benefits derived from our economic externalities amounted to US $969.7 million and increased 5.4 percent with respect to the previous year. Forty-nine percent of these benefits come from the effects on local economies derived from the payments to our employees.

The net benefit associated with social externalities represented US $9.9 million, mainly as a result of the investment in communities. We made continuous efforts to reduce the costs to society derived from our incidents in health and safety, which amounted to US $3.3 million in 2017.

The net costs to society associated with our environmental externalities represent a total of US $345.3 million. Greenhouse gas emissions currently constitute 78 percent of the total costs associated with society derived from environmental impacts; this being the most significant externality in this dimension.

Nevertheless, during this year, the growing use of alternative materials and fuels allowed us to avoid 11.7 percent of the cost to society from our greenhouse gas emissions (see page 68).

Net Value to Society

The net value to society in 2017 was **US $804.3** million, **4.73** times the benefit we retained during the same period the prior year.

IMPLEMENTATIONS

Currently the VAS results are used to reach three main goals:

Goals	2017 Implementations
To make more responsible and better informed decisions	We explored the first financial and environmental cost comparison exercise for potential investment scenarios in machinery and equipment.
To manage our risks in a more precise way	We developed the first risk quantification proposals with inputs derived from the assessment of our externalities. (See our case study: Quantification of water-related risks).
To guarantee our transparency by adequately informing our stakeholders	We implemented a communications plan that allowed us to disclose the methodology and results of the VAS to external, internal and specialized audiences.

Case Study

Quantification of water-related risks

The long-term increase in competition for water consumption between the operations and surrounding communities may cause the externalities we cause to be internalized in the future, therefore impacting our financial results.

That is why we developed a model that allows to estimate the increase of the cost of the water we consume in our operations up to 2030, according to:

- Our water consumption projections, determined by our Environmental Strategy goals.
- The water stress forecasts in the areas in which we operate to 2020 and 2030.
- A cost factor of the population's demand for water, calculated with the Aqueduct tool and the inputs from our VAS.

In 2018 we will implement the model in the operations that have the greatest water stress risk, so that we estimate the impacts that the fulfillment of our strategy goals might generate in the organization's financial results.

Biodiversity in a protected environmental area, Panama Plant, Caribbean and Central American Region

We inform to our stakeholders about our VAS

As part of our communications plan, we developed case studies that have been taken as a reference in the Natural and Social Capital Protocols*.

Additionally, since June 2017 we are active members of the Impact Valuation Roundtable (IVR), a space in which the latest developments and implementations in valuation of externalities are socialized worldwide.

*Visit our case studies in the Social Capital Protocol http://social-capital.org/case-studies/understanding-societal-value-creation-through-cementos-argos-value-added-statement-vas and the Natural Capital Protocol www.wbcsd.org/Clusters/Natural-Capital-and-Ecosystems/Business-Examples/ Argos-Assessment-enhances-decision-making-risk-management-and-transparency

Risk Management

In our company, risk management is a fundamental tool to contribute to the development of our strategy and the fulfillment of our goals. Risk management is supported in the Integrated Risk Management System (IRMS), based on the 31000 ISO standards and the COSO Enterprise Risk Management, and coordinated with the Governance, Risk and Compliance (GRC).

The IRMS has as its fundamental premise the identification of relevant risks from a strategic point of view, with emphasis on its management by processes, projects and facilities in all of our operations. This focus allows the alignment of all the relevant aspects such as the environmental management, communities, security, regulations and the financial aspects, among others, with a holistic view on the risk management that supports the successful execution of the strategy.

Added Value to Society

We evaluate the impacts that our activities can have on society and the environment, promoting a responsible behavior that contributes to the sustainable development of our stakeholders.

Added Value to the Company

We create value by facilitating an environment of control and prevention with the strengthening of the IRMS System, which establishes a methodological framework that manages the events that, if materialized, can affect the achievement of the strategic objectives.

Employee, Roberta Plant, USA Region

Governance

- Board of Directors
  - Audit, Finance and Risks Committee
- Presidency and Executive Committee
  - Corporate Risk Management
  - Internal Audit Management
- Vice-Presidencies
  - Owners of Processes
  - Project Managers
  - Facility Leaders
  - Risks Mentors

Initiatives, Commitments and Adherences

- Sustainable Cement Initiative
- Sustainability Strategy
- Low Carbon Technology Partnership Initiative
- Carbon Disclosure Project
- Carbon Cure
- Environmental Strategy

Employees, Medellín Distribution Center, Colombia Region

2017 Performance

- We updated the strategic risks, identified its main causes and defined action plans.
- We carried out risk analyses for three strategic projects.
- We analyzed 27 critical processes, prioritized by their interrelation with the strategic risks.
- We conducted nine risk analyses in facilities and evaluated the risk level for 152 venues.
- We made risk analyses in five critical tenders as additional criteria for the awarding of contracts.

Management of Nature Events

During 2017 we faced different challenges, among them the materialization of nature events that affected the operations in the Caribbean and Central American and the USA regions. These put to the test the response capacity we have to address them and mitigate the impacts they have on our people and the business.

We can conclude that we have a good risk management system that identifies and anticipates the events we are exposed to in our facilities and the impacts these might entail.

As opportunities for improvement, we defined the necessity to actively implement the business continuity plans, on the grounds that emergency care plans have shown their strength in critical cases like the 2017 hurricanes. Likewise, we will revise and adjust the insurances corporate plan that allows to transfer, through adequate coverages, the risk in an exposure scenario resulting from climate change.

[A-RI1] [A-RI2] Get to know the complete strategic and emerging risks list in: https://goo.gl/FczFka

2017 Goal Tracking

Achieved | In progress | Not achieved

- We consolidated the strategic risk maps for Colombia, the Caribbean and Central America, and the United States.
- We developed eight management models based on risks.
- We conducted the update of the emerging risks.
- We attained the score of 75% of the intermediate stage of the maturity model proposed by Suramericana.

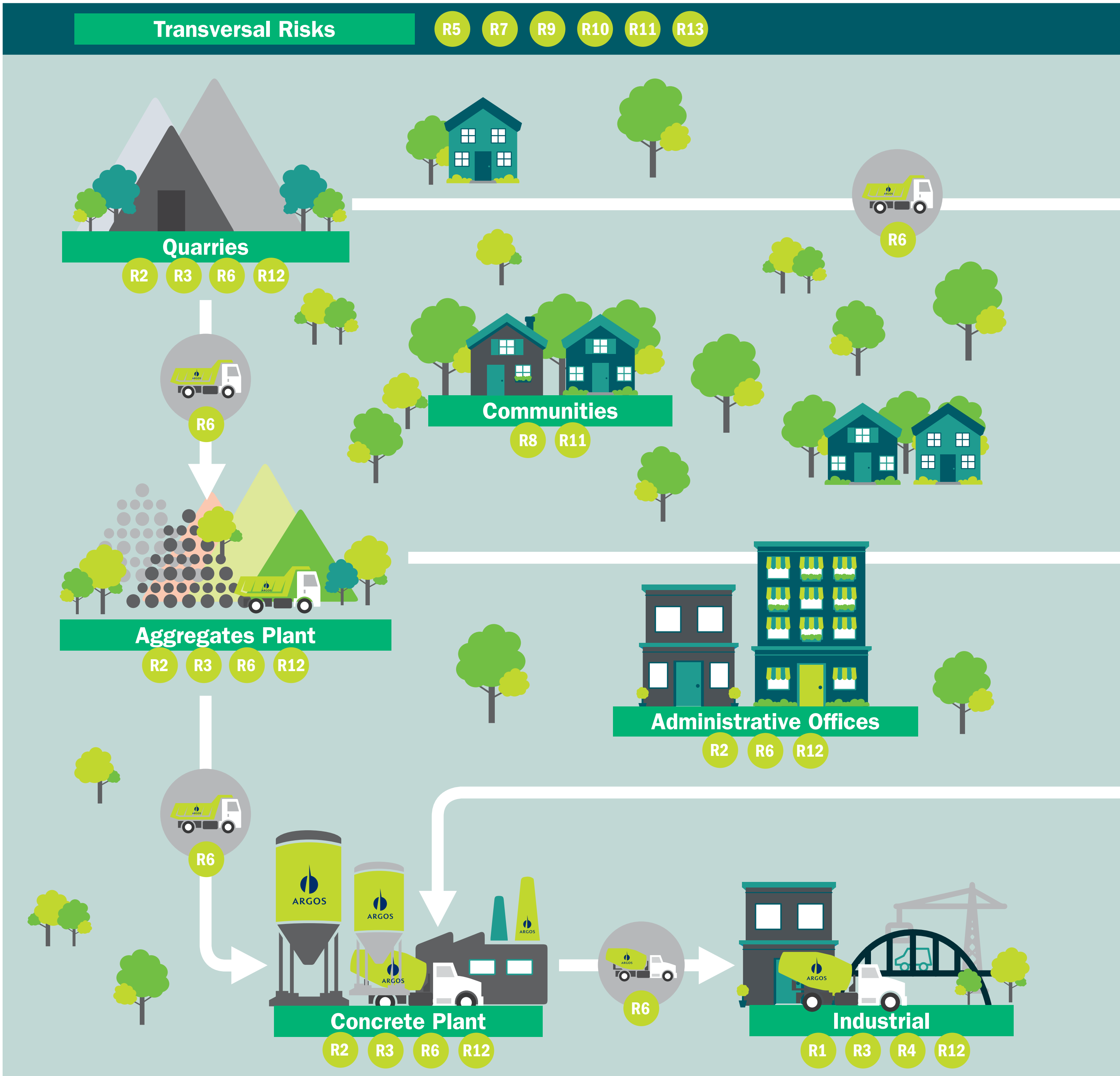
2018 Goals

- We will develop five quantification models for material risks.
- We will perform risk analyses and tracking of three strategic projects.
- We will work on the consolidation of the Governance, Risk and Compliance model.
- We will monitor the action plans of critical processes.
- We will carry out the revision and adjustment of the corporate plan for risk retention and transferral.
- We will work hand in hand with the strategic Project Management Office (PMO), developing the risks section of the adopted methodology.

Upcoming Challenges

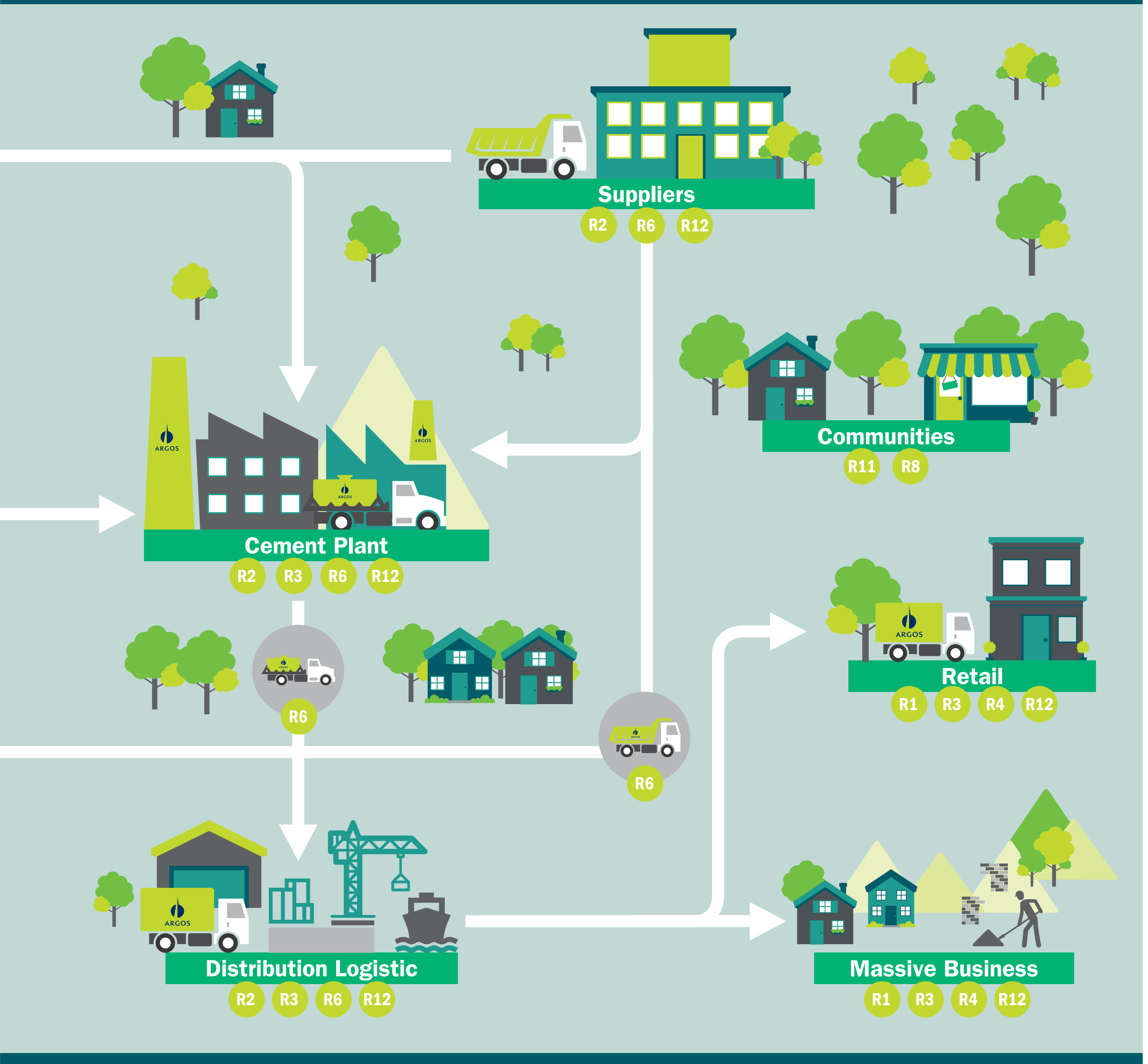
- To continue with the development of high impact quantification models.
- To accompany the operations in the analyses of catastrophic risks.
- To ensure the implementation of the risks methodology in strategic projects.
- To strengthen the risk-based methodology for the effective allocation of capital.

STRATEGIC RISKS IN THE VALUE CHAIN [A-RI1]



STRATEGIC RISKS

- R1 Loss of market participation and drop in volumes or prices
- R2 Delay in the closing of competitiveness gaps
- R3 Changes in technology or disruptions
- R4 Inability to develop value proposals
- R5 Limitations of access to capital
- R6 Inability to achieve and maintain ISOH standards
- R7 Changes in regulation or political instability in countries



R8 Opposition from interest groups

R9 Improper behaviors

R10 Difficulty to consolidate a global organizational culture

R11 Not having the human talent with the necessary skills

R12 Non-compliance to the norms or environmental goals or the occurrence of natural events

R13 Adverse decisions from government entities

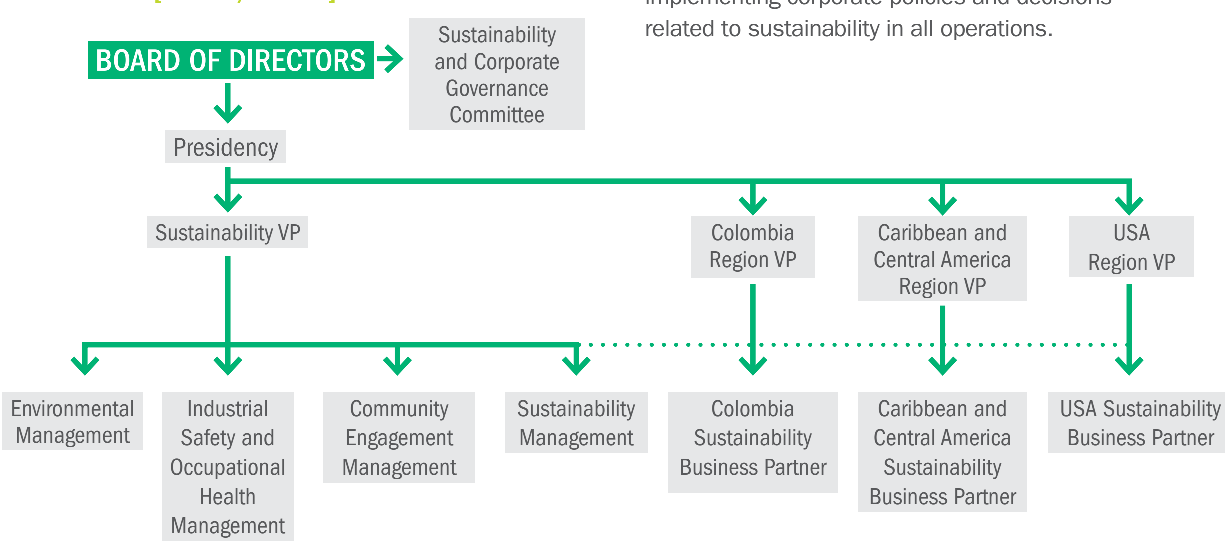
Sustainability Strategy

GRI [120-43] We firmly believe in our ability to prosper in a global, competitive and changing business environment, thanks to the adequate management of our risks and the economical, environmental and social opportunities. All of this, with the aim to create value for society and for our company. This is why sustainability is in the nucleus of our strategy and constitutes its first objective: to create sustainable value.

The sustainability concept is intimately related to the profitability of the business model (see page 42). Likewise, we understand that it is our responsibility to use the resources in a responsible manner, and we start with concrete actions that allow us to establish trust relationships with the different stakeholders, with which we share goals and fundamental values.

GRI [102-19/102-20] Our Board of Directors, as a superior government body, has a Sustainability and Corporate Governance Committee, which looks after the effective implementation of the Sustainability Strategy, monitors and evaluates the organization's performance and addresses the critical and strategic development related to sustainability issues.

GRI [102-19/102-20]




Employees, Comayagua Plant, Honduras, Caribbean and Central America Region

ALL OF OUR ACTIONS ARE ORIENTED TO CREATE VALUE FOR SOCIETY AND FOR THE COMPANY, MAKING POSSIBLE THE BUILDING OF DREAMS THAT ENCOURAGE DEVELOPMENT AND TRANSFORM LIVES.

The Sustainability Vice-Presidency is responsible for formulating the strategy and ensuring that the guidelines of the Board permeate the organization. Additionally, our governance structure includes regional sustainability links or Business Partners, who are responsible for implementing corporate policies and decisions related to sustainability in all operations.

SUSTAINABLE DEVELOPMENT GOALS

We have assumed the commitment to take action and contribute to the creation of environments that offer greater opportunities and better living conditions for all. For this reason, since 2016 we have joined the global agenda of the United Nations, within the framework in which 17 Sustainable Development Goals (SDGs) have been set.

We begin work in this field with the selection of the goals which, given our business model, we can directly impact and, therefore, contribute to in the most effective way. The prioritized goals and their association with our material issues are the following:

SDG's

We attract, develop and promote high health and safety standards that save lives of our employees, suppliers and communities, contributing to the market revitalization of the areas where we operate. We are transparent and we guarantee our ethical actions.

We promote the socioeconomical development of neighboring communities by promoting local contracting and focusing our efforts on the development of joint projects that provide infrastructure and housing solutions.

We are continuously innovating un our business model's components. We develop initiatives that promote the construction of housing and sustainable infrastructure and we work to ensure a responsible value chain and to generate new business opportunities for our investors.

We work on strategies for prevention, reduction, mitigation and compensation of the impacts derived from the operations. On the other hand, we work to diversify our energy portfolio through the use of alternative fuels.

During 2017 we developed training and awareness sessions for our stakeholders regarding the management of the SDGs and the identification of joint work opportunities. Also, we developed a campaign called #empiezopormi, which facilitated empowerment spaces in which individual habits were promoted to reach solutions to global challenges.

In 2018, we will define the work plans and indicators that will allow us to measure the progress of the company with respect to each of the four priority SDGs.

ADHERENCES AND INITIATIVES GRI [102 -12/102-13]

GRI [102-13] To see the complete adherences list, visit https://goo.gl/YXLbpG

With the aim to maintain our Sustainability Strategy valid, during 2017 we updated it and we also renewed some of its main components, such as the Environmental Strategy and the Materiality Analysis that we will present in the next pages.

SUSTAINABILITY STRATEGY

All of our actions are aimed at creating value for society and for the company, making it possible to build dreams that drive development and transform lives through:

GRI (102-11) We are responsible with our environment and for this we have an environmental management system that allows us to prevent, mitigate, correct and compensate our impacts, with special emphasis on five pillars:

ENVIRONMENTAL STRATEGY

CLIMATE CHANGE

Reduce the CO_2 net specific emissions
544 kg CO_2/t
of cementitious products

EMISSIONS

Reduce the particulate matter emissions
60 g MP/t
of clinker

Reduce the sulfur oxide emissions
205 g SO_2/t
of clinker

Reduce nitrogen oxide emissions
1,205 g NO_x/t
of clinker

Take inventory of mercury emissions to 2020: **100%**

WATER AND BIODIVERSITY

Rehabilitation of intervened areas: **85%**

Total percentage of quarries in high value areas with biodiversity management plan: **85%**

Reduce the water consumption in cement
256 L/t

Reduce the water consumption in concrete
216 L/m^3

CIRCULAR ECONOMY

Replace raw materials with alternatives in cement **15%**

Use of supplementary cementitious materials in concrete **15%**

Use alternative fuels **18%**

Increase the use of recycled aggregates in concrete
216.000 tons

SUSTAINABLE CONSTRUCTION

Generate income for products with sustainable characteristics
US $400 million

Goals for 2025

Stakeholders

Our Sustainability Strategy favors open, direct, transparent and mutual support relationships. This allows us to meet the expectations of our stakeholders and leads us to reach common goals. Likewise, by listening to our environment, we have a broader picture to make decisions.

Our relationship mechanisms and development and training programs are executed by the areas that naturally interact with each of them, thus creating relationships of trust.

By the end of 2017, we updated the mapping of our stakeholders. This exercise resulted in eight groups, among which two new ones stand out: Media, and Associations and Partnerships.

GRI [102-40]

Clients
Employees
Communities
Investors and Shareholders
Authorities
Suppliers
Media
Associations and Partnerships

Client of the massive business, Dominican Republic, Caribbean and Central America Region

GRI [102-42] We identify our stakeholders based on the following five criteria proposed by the AA1000SES standard:

Dependence
Those who depend on our activities, products or services or on whom we depend to continue with the operation.

Responsibility
Those with whom we have a commercial, legal, operational or ethical responsibility.

Proximity
Those that require our immediate attention in financial, economical, social or environmental matters.

Influence
Those that could generate an impact on the strategy or decision making.

Different perspectives
Those who bring new perspectives to specific situations or help identify opportunities that would not be noticed or recognized otherwise.

Client of the massive business, Dominican Republic, Caribbean and Central America Region

Relationship Mechanisms and Addressed Issues

During 2017, we dealt with a wide variety of topics with our stakeholders, among which the Sustainable Development Goals stand out. These were socialized in the framework of the Sustainability Week, our annual training event and one of the main relationship mechanisms with the stakeholders.

Likewise, the Dialogs for Sustainability were held in mid-2017, with a total participation of 3,033 people located in our three regions. During the sessions, we conducted an accountability on our management during 2016 and we consulted the expectations of the stakeholders, who also indicated the level of relevance of the sustainability issues, in order to nourish our most recent materiality analysis (see page 58).

GRI [102-43/102-44/102-21] To consult the complete list of the relationship mechanisms with our stakeholders, as well as the issues addressed during 2017 and the departments in charge of managing the relationship, visit the following link : https://goo.gl/Ce8gvW

2017 Performance

- We updated the Sustainability Strategy, which establishes a framework of action before our stakeholders through the pillars of relationships of trust and shared values.
- We updated our Materiality Analysis, in order to focus and communicate our management on the issues that most interest all of the stakeholders in our environment.

Upcoming Challenges

We will continue strengthening the relationship with our suppliers in the second edition of the Creciendo Juntos acknowledgement, which rewards its best sustainability practices and innovation.

We will do a detailed characterization exercise for each of our stakeholders, according to our latest update.

Materiality Analysis

GRI [102-46] The cement industry is a carrier of development and connectivity and involves multiple stakeholders. For this reason, understanding and being receptive to the interests of our stakeholders is paramount to achieve our higher purpose: to build dreams that encourage development and transform lives.

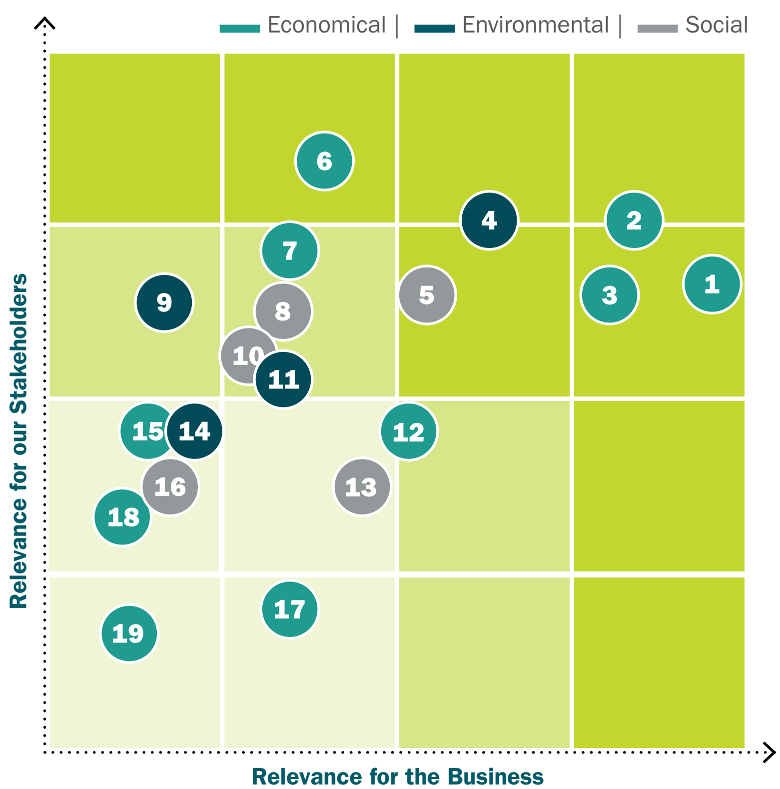
In this sense, the base component of our Sustainability Strategy is the materiality analysis, through which we map the expectations of our stakeholders and contrast the results with the company's strategic vision, with the aim to identity and prioritize the most important work focuses for the organization for the next two years. During 2017, we carried out the present materiality analysis and, with this, we defined the issues on which we will work on during the years 2018 and 2019.

Our Materiality Analysis took into account the strategic priorities of our Board of Directors and the opinions and interests of our stakeholders, as well as the trends, news and dynamics of the sector, the principles and guidelines established in the Sustainability Strategy, the risks and opportunities, our commitments to national and international initiatives, among other inqueries that are made both externally and internally.

The result of the performed materiality analysis allowed to prioritize, validate and identify 19 issues, which we classified as priority, relevant and emerging or maintenance.

Materiality Matrix

In the next chapter we present information about our performance, achievements and challenges in relation to each of the priority and relevant issues found in this Materiality Matrix.



Priority Issues

1. Innovation in the business model
2. Stakeholders
3. Efficiency and profitability
4. Climate change
5. 5Talent management
6. Ethics and fulfillment

Relevant Issues

7. Energy management model
8. Occupational health and safety
9. Water and biodiversity
10. Community engagement
11. Circular economy
12. Sustainable construction

Emergent/Maintenance

13. Work practices
14. Emissions
15. New businesses
16. Human rights
17. Supplier management
18. Transportation and logistics
19. Brand management

PRIORITY ISSUES GRI [102-47]

1. **Innovation in the business model**
   Ability of the organization to innovate in the components of its business model to adapt to the disruptions of the industry and those of the market and maintain its high level of competitiveness.

2. **Company license to industry**
   Efforts directed towards the demonstration of the value for society, created by the cement industry and its products, through connectivity, development, infrastructure and industrialization.

3. **Efficiency and profitability**
   Strategies that allow the maximization of the return of investment on capital and increase profits, as well as having a healthy capital structure and an adequate financial cycle that facilitates access to capital markets.

4. **Climate change**
   Prevention, reduction, mitigation and compensation strategies of the impacts derived from the CO_2 emissions associated with the operation (scope 1), derived from energy consumption (scope 2) and indirect (scope 3).

5. **Talent**
   Strategies aimed at attracting, developing and retaining talent, with special emphasis on current and young talent.

6. **Ethics and compliance**
   Practices aimed to ensure the ethical actions of all members of the organization, to the prevention of fraud, corruption, money laundering and bribery.

RELEVANT ISSUES GRI [102-47]

7. **Energy Management Model**
   Strategies for risk reduction and the utilization of opportunities derived from the availability of energy, its cost and its adequate use, including the diversification of the energy portfolio.

8. **Occupational Health and Safety**
   Identification, prevention and mitigation of risks associated with occupational health and safety at work, with special emphasis on road safety and the reduction of incidents along the value chain.

9. **Water and Biodiversity**
   Identification and adequate management of risks and significant impacts on water resources and biodiversity in the areas of influence.

10. **Community Engagement**
    Actions aimed at promoting good relations with neighboring communities and their development, through the prevention, mitigation or compensation of the negative impacts and the maximization of the positive impacts.

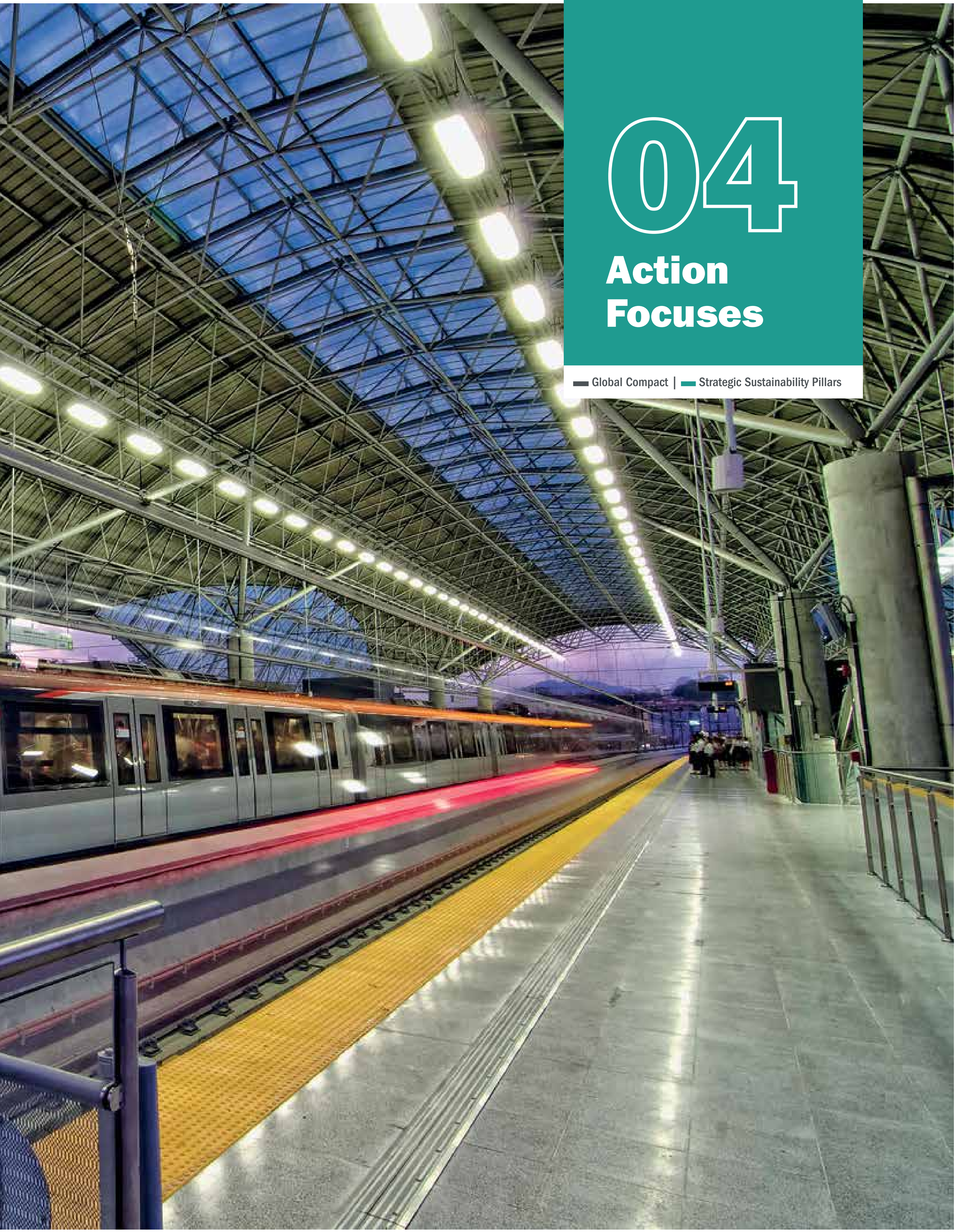
11. **Circular economy**
    Strategies for reducing and managing the entry of inputs and raw materials into production processes and the generation of waste through the closure of cycles, reincorporating materials, by-products and waste to the value chain of the organization or to value chains of other industries .

12. **Sustainable construction**
    Strategies aimed at expanding the portfolio of products and services with sustainability characteristics.

Work constructed with Argos: Panama Metro

04 Action Focuses

Global Compact | Strategic Sustainability Pillars



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Suppliers
Argos
Clients
Society

[103-1]

Innovation in the Business Model

P9 | Business Profitability

This aspect refers to our capacity to innovate in the way we create, communicate, deliver and capture value, to maintain our competitiveness in the market, be highly profitable and leaders in productivity, with the aim of expanding selectively in the long term.

Our competitiveness comes from an adequate understanding of the markets and an effective segmentation of our clients through differentiated value proposals, leveraged in our great capacities and in the organizational management systems.

Value Added to Society GRI [103-1]

Thanks to our innovative solutions we maximize the value delivered to our customers, satisfy their specific needs and increase their productivity. Also, we encourage the development of high standards and the use of innovative products in the construction industry.

Value Added to the Company GRI [103-1]

Our ability to innovate and to effectively respond to the needs of our clients allows us to capture greater value from the markets in which we operate, which ensures our economic sustainability over time.

How Do We Manage This Matter? GRI [103-2]

We act local and think global. Based on centralized management tools, we place special emphasis on finding an ideal solution according to the reality of each country.

We have four Centers of Excellence as levers of transformation and strengthening of our capabilities, which are aligned with the specific profitability strategy for each market in which we operate. In the same way, our organizational structure was redesigned in order to respond to the market needs more effectively.

To enhance our positioning in the market, we substantially modified the marketing and commercial strategy in Colombia and the Caribbean and Central America Region, with special emphasis on Honduras, thus achieving a greater focus on the client. In the USA Region, we strengthened the Marketing department and began the strategic review of our customer segments.

Governance GRI [103-2]

- Presidency
- Technical VP
  - Center of Excellence in Cement
  - Center of Excellence in Concrete
  - Center of Excellence in Supply Chain
- Innovation VP
  - Center of Excellence in Marketing and Commercial

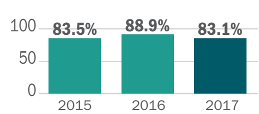
2017 Performance GRI [103-2/103-3]

- We developed an organizational efficiency project in Colombia, thanks to which we achieved savings of 142,000 million pesos.
- We created new innovative businesses, such as the Greco and the Argos White companies, which produce and market recycled aggregates, complementary cementitious and colored materials in order to enhance the opportunities associated with our business model.
- We are redesigning our digital channels to serve the local client according to the specific reality of each market.
- We are strengthening our capabilities in analytics to support timely decision-making.
- Even though we did increase our sales volumes, we still have challenges regarding customer satisfaction in some markets. However, we reached the goal proposed in 2017 for the Dominican Republic, Colombia and Honduras.
- We created a Marketing Corporate Management, which is responsible for managing the brand transversally and promoting a culture focused on the client.
- We reactivate the grinding mill in San Lorenzo, Honduras. It allowed us to increase the cement production capacity by 300,000 tons.

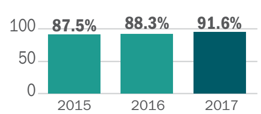
Leading Indicators GRI [103-3]

[A-IM1] Index of Client Satisfaction by Country

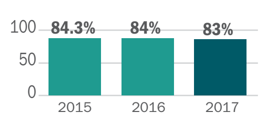
Colombia
2017 Goal: **82.5%**



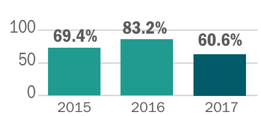
Dominican Republic
2017 Goal: **82.5%**



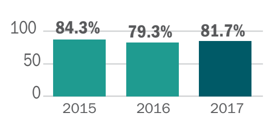
United States
2017 Goal: **90%**



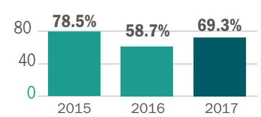
Suriname
2017 Goal: **82.5%**



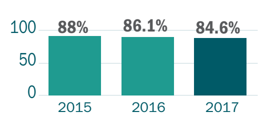
Panama
2017 Goal: **82.5%**



Haiti
2017 Goal: **76%**



Honduras
2017 Goal: **82.5%**



French Guiana
2017 Goal: **82.5%**

2018 Goals GRI [103-2]

- We will maintain or increase the EBITDA margin and our participation in the priority markets and segments.
- We will implement new marketing metrics and establish the baseline and future goals.
- We will strengthen our existing digital channels and create new ones in the countries that require it.

Upcoming Challenges

Generate a culture of customer orientation at all levels of the organization.

Promote agile and effective decision-making as part of the corporate culture.

Strengthen the capacities of the Centers of Excellence and the synergy between them.

Strengthen our leadership in productivity, with a focus on Honduras and the United States.

Convert digital technologies into a means to leverage the business and the customer experience.

Implement an efficient management model at the service of the business.

[A-IM1] To consult the consolidated satisfaction index, visit the following link: https://goo.gl/xa7okY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Suppliers
Argos
Clients
Society

[103-1]

License from Society to the Industry

Trust Relationships

The cement industry contributes to socioeconomic development because it provides connectivity and resilient infrastructure that facilitates the industrialization and modernization of the regions.

Convinced that we are an ally for our environment, we promote good practices that ensure responsible production, constant innovation and transparency in acting, which unites us in the commitment to create value for society.

Added Value to Society GRI [103-1]

We satisfactorily respond to the growing demand for urbanization and infrastructure with advanced products and specialized services, thus contributing to the modernization of the industry and the development of the regions in which we operate.

Added Value to the Company GRI [103-1]

Our acts dedicated and respectful to the environment and the active commitment we demonstrate daily with the development of the regions in which we operate allow us to continue being a profitable company and a solid player in the construction industry, as we have been during the last 74 years.

How Do We Manage This Matter? GRI [103-2]

- We actively participate in initiatives such as the Cement Sustainability Initiative (CSI), through which we acquire long-term sustainability commitments, manage our risks and formulate joint strategies to endure as an industry over time.
- We perform life cycle analyses that demonstrate the benefits of our products, highlighting their high resilience and durability compared to other substitute materials.
- We quantify and communicate the value derived from our economic, environmental and social externalities, showing what we take and deliver to the environment and identifying risks and opportunities in the future (see page 44).
- We work constantly in the monitoring and prompt response to the needs and perceptions of our stakeholders.

Governance GRI [103-2]

- Board of Directors
- Presidency
  - Sustainability VP
  - Caribbean and Central America Region VP
  - Colombia Region VP
  - USA Region VP

Suppliers, Panama, Caribbean and Central America Region

2017 Performance

GRI [103-2/103-3]

- We carried out and disseminated our first VAS externalities valuation exercise.
- We attended to all of the information and response requirements of our stakeholders, in the face of specific situations and junctures.
- We performed life cycle analyses and environmental declarations of our products.

Leading Indicators GRI [103-3]

The net value we delivered to society is of **US $ 804.3** million, that is, **4.73** times our retained benefit. [A-LS1]

We are the **fourth company with the best reputation** in Colombia. (Merco, 2017) [A-LS2]

We participate in 35 megaprojects, thus becoming an active part of the socioeconomic development of the regions in which we operate. [A-LS3]

2018 Goals GRI [103-2]

- We will annually update our Value Added Statement to Society to have a clear and updated picture of what we take and deliver from the environment.
- We will continue to develop implementation exercises for our valuation of impacts and we will complete those undertaken in 2017. In particular, we will complete the quantification of water-related risks.

Upcoming Challenges

Raise awareness about the importance of our products as basic inputs in the construction of durable infrastructure and housing.

Raise awareness in the stakeholders and society in general about the impacts associated with the production of construction materials and the actions that the industry performs to ensure responsible production.

Promote the transparency of the industry in the dissemination, quantification and evaluation of its impacts in front of all the interest groups.

Increase the scope of quantification exercises and valuation of externalities, identifying opportunities of creation of value for society in the supply chain and in our products.

Actively participate in discussions on emerging issues of sustainability at the industry level, promoting the adoption of better practices and the acquisition of commitments.

8 DECENT WORK AND ECONOMIC GROWTH

Suppliers
Argos
Clients
Society

[103-1]

Efficiency and Profitability

Business Profitability

Profitability and return on capital for investors allows us to guarantee the permanence of the business over time and our high level of competitiveness. That is why we always seek to maximize the return on investments and maintain an efficient cost structure in order to generate profits and leverage our growth. All this, based on a healthy capital structure and financial cycle, which facilitates our access to capital markets.

Added Value to Society GRI [103-1]

The maximization of profitability and efficiency of our company allows us to be sustainable over time and maintain our growth, while guaranteeing our contribution to the development of the economies of the countries where we operate and generate quality employment.

In 2017, the value added to society through our externalities, which include the dividends with which we remunerate the trust of our shareholders, was estimated at US $ 804.3 million according to our Value Added Statement to Society, VAS (see page 44).

We always seek to maximize the return on capital employed.

How Do We Manage This Matter? GRI [103-2]

- We seek to generate incentives for profitability at the highest level with the inclusion of indicators such as the Return on Capital Employed (ROCE) and Total Shareholder Return (TSR), which align the management of the administration with the interests of the investor, in our variable compensation system.
- We manage efficiency through the BEST program with a general focus on the return on capital employed.

Governance GRI [103-2]

- General Assembly of Shareholders
- Board of Directors
- Board of Directors' Audit Committee
- Executive Comittee

BEST

- Go to Market
- Administrative synergies
- Productive transformation
- Implementation of new technologies
- Use of alternative fuels
- Asset optimization

Visit page 16 to know more about BEST.

2017 Performance GRI [103-2/103-3]

Productive transformation

- Productive transformation of the wet kilns of the Cartagena Plant and one of the wet kilns of the Toluviejo Plant in Colombia.

Implementation of new technologies

- We started the assembly of facilities for the use of calcined clays in the Rioclaro Plant and reduced the clinker/cement factor.

Use of alternative fuels

- We replaced the use of fossil fuels with alternative fuels by 4.9% through the tire co-processing project at the Rioclaro plant.
- We carried out the assembly and adjustments of the Cartagena Plant for the coprocessing project.

Administrative synergies

- We created a new, lighter corporate structure.

Optimization of non-operational assets

- We made a disinvestment of Bancolombia's stock portfolio.
- We sold assets of the block business in the United States, real estate assets in Panama and the United States and 20% of the shares in Argos Panama.

Leading Indicators
GRI [102-7/103-3]

Profitability:

Total return to shareholder [A-ER4]

-0.9% ordinary action

-5% preferential action

EBITDA [A-ER2]
US $ 482 millon

Margin EBITDA [A-ER3]
17%

4.64 x **Net debt/(ebitda + dividendos)** [A-ER1]

Debt profile

Short term: 26%	COP: 44%
Long term: 74%	US $: 56%

BEST:

Cost reduction per cement ton [A-BE1]
US $12

Total 2016 and 2017 disinvestment [A-BE2]
US $ 428 millon

2018 Goals GRI [103-2]

- We will generate a positive operating free cash flow.
- We will obtain a net debt/(EBITDA + dividends), between 3 and 3.5 times.

2025 Goals GRI [103-2]

- We will reach an 18% substitution of heat consumption from the use of alternative fuels.
- The ROCE will be above the WACC.

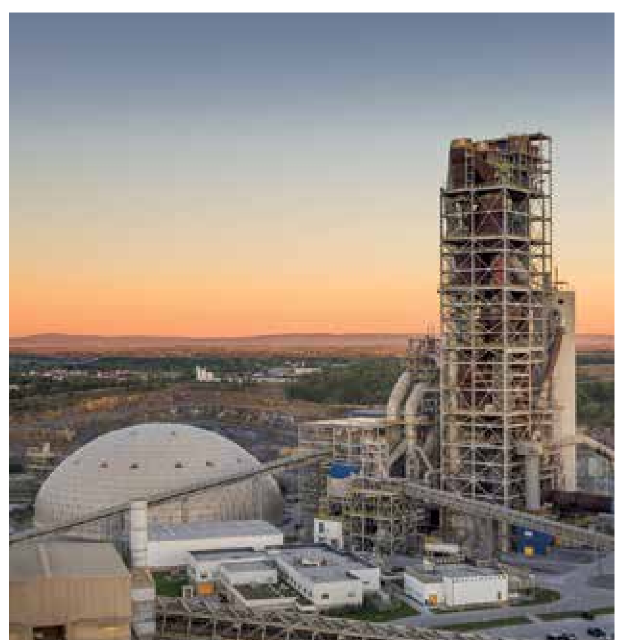
Upcoming Challenges

Competitiveness.

Implement BEST in the USA Region and in Honduras.

Optimize the working capital.

Positive free cash flow.



Martinsburg Plant, USA Region

Suppliers
Argos
Clients
Society

[103-1]

Climate Change

P8/P9 | Responsible Production

Climate change is a global phenomenon whose effects aise challenges and opportunities for growth, competitiveness and the development of the company. That is why we are undertaking robust and innovative actions with our stakeholders, to promote the sustainability of the organization and its adaptation to the impacts that climate change brings us.

Added Value to Society GRI [103-1]

We strive to be more efficient and to reduce our CO_2 emissions. According to our Value Added Statement to Society (VAS), the cost derived from CO_2 emissions for society, in 2017, is of US $ 296.5 million.

Added Value to the Company GRI [103-1]

Our action on climate change has allowed us to mitigate the risks derived from this phenomenon and, equally, to generate business opportunities from the development of more cost efficient processes and innovation in processes, products and solutions, ensuring the competitiveness of the organization.

How Do We Manage This Matter? GRI [103-2]

The climate change pillar focuses on the measurement of direct and indirect emissions of greenhouse gas (GHG), on the identification and development of mitigation measures for these emissions and on the definition of actions to adapt to impacts.

Governance GRI [103-2]

- Presidency and Executive Committee
  - Sustainability and Corporate Governance Committee
    - Sustainability VP
      - Environmental Manager
- Region VPs
  - Sustainability Business Partners

Initiatives, Commitments or Adhesions GRI [103-2]

- Sustainable Cement Initiative
- Carbon Disclosure Project
- Sustainability Strategy
- Carbon Cure
- Low Carbon Technology Collaboration Initiative
- Environmental Strategy

2017 Performance GRI [103-2]

- With respect to 2016 we experienced a 2.2% decrease in the net specific emissions of CO_2 per ton of cementing material, favored by a reduction in the specific caloric consumption per ton of clinker and by an increase in natural gas in the fuel mixture for clinkering.
- We compensated 10,535 tons of CO_2 generated by the consumption of diesel in our cement and concrete operations in Colombia, through the acquisition of carbon credits from conservation and reforestation projects.

- We obtained the best score (100/100) in the climate strategy category of the Dow Jones Sustainability Index.
- We started the implementation of the plans to reduce CO_2 emissions from the Colombia and the Caribbean and Central America regions.
- We recalculated the baseline (2006) and the series of direct emissions from cement operations, in compliance with the energy and CO_2 protocol (WBCSD - CSI, 2011), in its section on baselines, acquisitions and disinvestments.
- We participated in the workshops carried out by FICEM for the construction of the Low Carbon roadmap that will be followed by the Latin American cement industry in the long term.
- We presented the annual CO_2 emissions report to the Getting the Numbers Right (GNR).
- We trained critical suppliers of the Colombia and the Caribbean and Central America regions in issues of organizational carbon footprint measurement.
- We started, in the Colombia Region, a project that seeks operational efficiency in the transport of our raw materials and products, through the construction of synergies with other load generators.

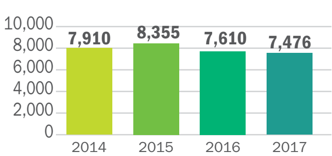
Leading Indicators GRI [103-3]

Direct and Indirect Emissions GRI [305-1/305-2]

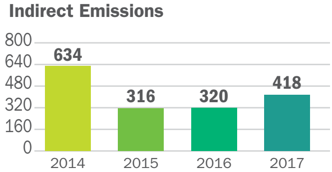
Thousands of tons of CO_2

Cement

Direct Emissions

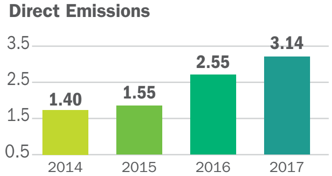


Indirect Emissions

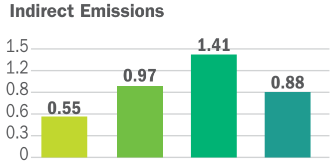


Aggregates

Direct Emissions

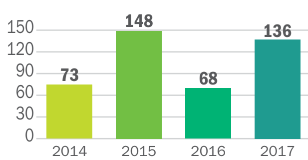


Indirect Emissions

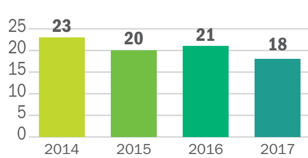


Concrete

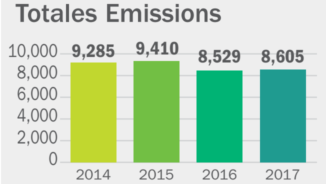
Direct Emissions



Indirect Emissions



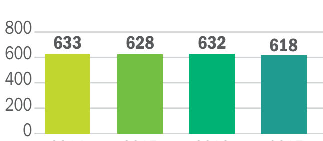
Totales Emissions



CO_2 Net Specific Emissions [A-EC1]

(CO_2 kg/ton of cementitious material)

Enviromental Strategy Indicator



GRI [103-2/103-3]

2017 Goal Tracking

Achieved | In progress | Not achieved

- We formulated the plan for the scope 1 reduction of CO_2 emissions for cement operations in the United States.
- We built a plan for the implementation of the methodology established by the Cement Sustainability Initiative (CSI) in the "Scope 3 Greenhouse Gas Accounting and Reporting Guidance".

2018 Goals GRI [103-2]

- We will begin the implementation of the Scope 1 CO_2 Emissions Reduction Plan of the USA Region.
- We will begin the implementation of the plan to quantify the scope 3 emissions under the CSI methodology.

2025 Goals GRI [103-2]

- We will emit 544 kg CO_2/ton of cementing material, which is equivalent to reducing 25% with respect to the updated 2006 baseline (735 kg CO_2/ ton of cementing material).

Upcoming Challenges

- Reduce the clinker/ cement ratio.
- Advance in the development of new products, processes and implementations low in CO2 intensity.
- Establish the climate change adaptation strategy.
- Increase the use of alternative fuels.

GRI [201-2 /305-3/305-4/305-5] Get to know more indicators and information on climate change and CO_2 emissions at: https://goo.gl/CbgjUx

8 DECENT WORK AND ECONOMIC GROWTH

Argos

Society

[103-1]

Talent Management

P1 | Shared Values

We recognize talent as a differentiating element to achieve results and, because of this, we attract, retain and develop a human team capable of materializing the strategy, with special emphasis on internal talent and young talent. All of the above, supported by our pillars of culture and seeking a balance between profitability, decent work and the development of society.

Added Value to Society GRI [103-1]

Through the development of talent we promote in our employees a greater awareness of society, respect and integrality. The added value to society, derived from the development of human capital, was of US $ 3.8 million.

Added Value to the Company GRI [103-1]

Our talent management is the fundamental axis that enables the achievement of organizational results. This is possible when we attract and retain the best human capital and develop their skills and abilities, thus allowing us to innovate and reinvent ourselves.

GRI [404-1]

DURING 2017, WE ACHIEVED 354,836 HOURS OF TRAINING TO OUR EMPLOYEES IN THE THREE REGIONS.

How Do We Manage This Matter? GRI [103-2]

Our Talent Management Policy provides us with the reference frame under which we implement programs and strategies that promote gender equality, the personal life-work balance, the development of competences, among other key aspects for the organization. Our Talent Management Policy is developed from three thematic axes: Work Practices, Attraction and Retention, and Planning and Development.

Governance GRI [103-2]

- Appointments and Remunerations Committee
  - Talent Committee
  - Talent Directors and Managers
  - Human Resources Directors and Managers

Pillars GRI [102-16]

Our work environment is the result of a culture based on the following pillars:

- Respect
- Leadership
- Flexibility
- Learning
- Collective Success
- Sense of Life
- Transcendence

Initiatives, Commitments or Adhesions GRI [103-2]

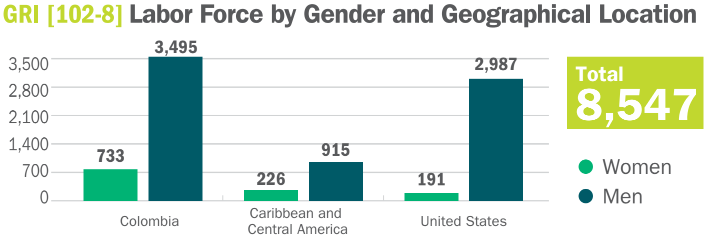
- Sustainability Strategy
- United Nations Global Compact and Business for Peace
- Argos' Principles and Values
- Equipares
- Women's Empowerment
- Principles of the Global Compact
- Policies: Talent Management, Diversity and Inclusion, Gender Equality, Human Rights, ISOH

2017 Performance GRI [103-2]

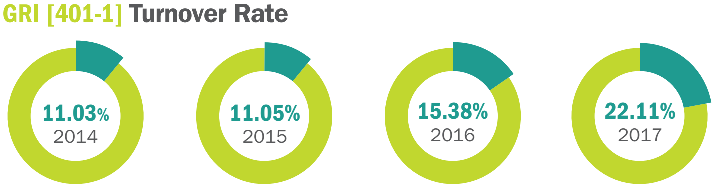
- We accompanied the process of organizational transformation in response to the business challenges and focused on the sustainability of the organization.
- We defined a competences model along with the business group, recognizing the skills that each one must develop according to their level of contribution.
- We homologated our Educa training model at the level of the business group, generating synergies and enriching the transversal training schools. The available educational increased by 21%.
- We made our first measurement in culture, to identify the level of appropriation of the values of our organization. The pillar of respect was highlighted, which includes the perception of health and safety issues, as the value of greatest recognition by our employees.
- We trained more than 4,500 employees in corporate governance, including the modules of Code of Conduct, Competition Policy, Antifraud Policy, Anti-Corruption and Anti-Money Laundering and Terrorism Financing.
- We reached a greater positioning within the virtual channels as an employer brand to attract the best talent.
- We generated opportunities for growth and development, through mobility processes of intercompanies within the Argos Business Group, for 73 people.
- We recognized the contributions, behaviors and outstanding performances of our employees through the Capitanes Argos program in all our geographies.

Leading Indicators GRI [103-3]

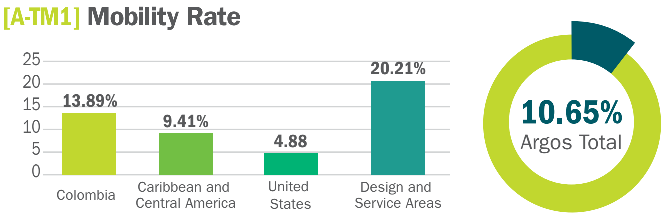
GRI [102-8] Labor Force by Gender and Geographical Location



GRI [401-1] Turnover Rate



[A-TM1] Mobility Rate



GRI [103-2/103-3]

2017 Goal Tracking

Achieved | In progress | Not achieved

- Approximately 95% of the employees received performance feedback. Additionally, we strengthened the 360 degree evaluation process, with a reach of almost 65% of the leaders.
- We adapted the development routes model to current needs and generated mobility opportunities towards new positions for 10.71% of our organization.
- We accompanied the BEST project and the integration of the Martinsburg Plant.

2018 Goals GRI [103-2]

- Generate opportunities for internal mobility and between companies of the Grupo Empresarial for at least 6% of employees.
- Train 100% of our employees at a specialist level or higher in corporate governance.

Upcoming Challenges

Continue to implement and stabilize the organizational training platform.

Consolidate the corporate culture model, generating healthy work environments based on diversity and gender equity.

Strengthen diversity and inclusion programs in all geographies.

GRI [202-2/401-2/ 402-1 /404-1/404-2/ 404-3/405-1/405-2] Learn more about talent management indicators at: https://goo.gl/Uv7oqk

Suppliers
Argos
Clients
Society

[103-1]

Ethics and Compliance

P1 | Shared Values

In Argos we have adopted an attitude of zero tolerance towards fraud, bribery and corruption. We manage our business in a framework of ethics and transparency, in which our business activities have integrity as a guiding principle.

Added Value to Society GRI [103-1]

Guaranteeing an ethical and transparent action in our operations promotes the strengthening of the relationships based on the trust of all our stakeholders. As a result, we foster better business environments by positively impacting local communities and society as a whole.

Added Value to the Company GRI [103-1]

The adoption of guidelines and controls to guarantee ethical actions have consolidated us as a competitive company in the capital markets and as a highly reliable company before investors and other stakeholders.

Governance GRI [103-2]

We have a Government Committee composed of vice-presidents that represent the three regions. This Committee receives reports from the Business Conduct Officer and the Research Officers about the main cases presented in our Transparency Hotline. Likewise, it issues the general guidelines for the resolution of complaints and conflicts of interest and recommends the communication and employee training programs.

In addition, the matters of ethics and compliance are discussed in the Central Committee of Conduct, in which strategies, experiences and good practices are aligned among the different companies of the Grupo Empresarial Argos.

Initiatives, Commitments or Adhesions GRI [103-2]

- Code of Good Governance
- Code of Business Conduct
- Global Governance and Compliance Program
- Anti-Money Laundering and Combating the Financing of Terrorism Self-Control and Management System (AML/CFT SCMS) Manual
- Anti-fraud Policy
- Competition Policy

2017 Performance GRI [103-2/103-3]

- We trained our employees and executed a communications plan for the prevention of the materialization of compliance risks.
- We evaluated the risks of corruption, fraud, money laundering and terrorism financing in the operations of the Caribbean and Central America Region.
- We designed policies and internal guidelines associated with the Global Government and Compliance Program.
- We strengthened the internal control mechanisms in the fight against corruption, fraud, money laundering, financing of terrorism and any type of anti-competitive practice.

Upcoming Challenges

Continue implementing the Global Government and Compliance Program in the Colombia, USA, and Caribbean and Central America Regions.

Permanently review our corporate competition program.

Employee, Roberta Plant, USA Region

Legal Actions

GRI [206-1]

The behavior of the company, its directors and employees is in accordance with the regulations applicable in each jurisdiction where we operate and the internal guidelines of conduct. Currently we defend the good name and correct behavior of the organization in the following processes against the company:

- In December 2017, the Superintendence of Industry and Commerce sanctioned Argos with a 73,700 million pesos fine, as well as two other cement companies, for an alleged conscious price parallelism in the 2010-2012 period . The company filed an appeal for reversal against the Superintendence of Industry and Commerce's decision, which has not been resolved by this time. It was amply demonstrated in the resource that no relationship of employees with competitors was presented and that, on the contrary, Argos competed independently and autonomously through a value proposal differentiated and valued by customers. The company will exercise all the legal actions to demonstrate its good behavior and that of those who in an impeccable and visionary manner have led the organization, trusting the objectivity, responsibility and the proper functioning of the country's institutions. Throughout this process we received the support of all our stakeholders, mainly from our clients, who ratified their support and defended the good name and correct behavior of our organization in the framework of the #CreoEnLaLuzVerde (#IBelieveInTheGreenLight) campaign.

Visit the campaign page to see the testimonies of our stakeholders: www.argos.co/creo-en-la-luz-verde

#CreoEnLaLuzVerde
(#IBelieveInTheGreenLight)

TRANSPARENCY HOTLINE

GRI [103-3/102-17] Our free transparency hotline is a communication channel for the anonymous notification of behaviors that go against our Code of Good Governance, the Code of Business Conduct and other corporate policies and guidelines.

How Does the Hotline Operate?

1. We receive calls or emails with the anonymous report through an external and independent platform that guarantees the confidential handling of the information received.

2. The platform sends the case to the research officers according to the category of the complaint: conduct, compliance, labor relations or communities.

3. The officers carry out the investigation according to our special protocol for case management.

4. The cases are closed after a concept that includes the conclusions and findings of the research, as well as the recommended administrative measures and opportunities for improvement in the corresponding processes.

Employee, Santillana office, Colombia

Cementos Argos has a Comprehensive Personal Data Management Program implemented through an effective database management and monitoring system. Through the training of our employees, our Personal Data Processing Policy and the processes for the attention and response to requests, complaints, claims and suggestions of the owners have been made known.

The personal databases are duly registered in the terms established by the Superintendence of Industry and Commerce. To date, there have been no claims or incidents related to the improper use of personal data.

GRI [205-2]

IN 2017, WE TRAINED 4,500 EMPLOYEES AND 71 SUPPLIERS ON TOPICS RELATED TO TRANSPARENCY, SUCH AS COMPETITION, CORPORATE GOVERNANCE, CODE OF CONDUCT AND HUMAN RIGHTS.

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1 (888) 567 66 29

Colombia
01 8000 522 021

Dominican Republic
18001 485 009

Panama
011008001571011

Honduras
800 2791 9378

GRI [205-1/205-3/206-1/307-1/415-1/419-1/A-ETH1/A-ETH2/A-TAX1] Learn more about our indicators at https://goo.gl/NiNRw1

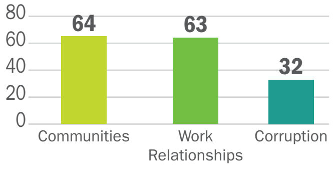
In 2017, within our commitment to guarantee the culture of transparency, various disciplinary and administrative actions derived from the investigation of some of the complaints received through the Transparency Hotline were taken.

Included among the most relevant actions are calls to attention to employees and termination of business and/or employment relationships with third parties that violated the guidelines of our Code of Business Conduct or the policies associated with it. However, the complaints addressed did not represent significant risks for the company and none of the infractions materialized had material impacts for the business.

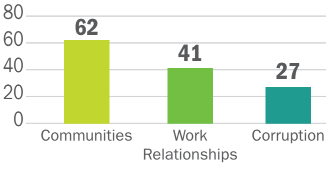
It is important to highlight that, of the cases received during the year, related to alleged improper acts and related to fraud, corruption and conflicts of interest and other associated cases, actions for improvement resulted in internal procedures and recommendations for the strengthening of the internal control system. In this way, the Transparency Hotline has allowed us to continue guaranteeing to our stakeholders the protection of their rights and interests in the face of improper conduct or acts contrary to the values promulgated by the company.

Received Environmental, Social and Human Rights Complaints

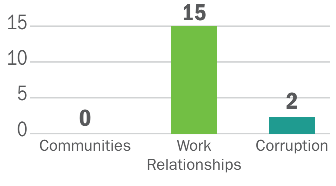
Total Cases Received in 2017



Total Cases Closed in 2017



Cases Closed With Administrative or Legal Actions



Employee, Panama administrative office, Caribbean and Central America Region

GRI [103-2/103-3]

2016 Goal Tracking

Achieved | In progress | Not achieved

- We structured a training and dissemination plan for the Code of Business Conduct, making sure that the message reaches all regions.

2018 Goals

- We will strengthen the compliance program with scope in the three regions.
- We will audit the Transparency Hotline in order to ensure that cases have been properly managed.
- We will continue with the waiving of the risks of fraud, corruption, money laundering, terrorism financing and anti-competitive practices in the Colombia and the Caribbean and Central America regions.

Upcoming Challenges

Consolidate the Transparency Hotline as the official channel for the reception of complaints of acts that are contrary to the company's guidelines.

13 CLIMATE ACTION

Argos
Clients
Society

[103-1]

Energy Management Model

Business Profitability

The energy resources are an essential part for the competitiveness and sustainability of our company; that is why, through the Energy Policy, we manage the strategies for risk reduction and for taking advantage of opportunities arising from the availability of energies and their proper use. We are committed to complying with our roadmap of minimization of consumption and the implementation of an optimal portfolio of fuels and renewable energies.

Added Value to Society GRI [103-1]

The responsible use of energy is a fundamental pillar of our company. That is why we work in the development of generation technologies with renewable sources and in the consumption of alternative fuels in our operations, thus contributing to the creation of new sustainable sources of employment.

Added Value to the Company GRI [103-1]

The dynamism of markets and industry impose permanent challenges, in which innovation and competitiveness play a fundamental role. For this reason, the knowledge of fuel and electricity markets, the permanent search for opportunities to reduce costs and energy consumption and the implementation of renewable and alternative energy projects portray Cementos Argos as a reference in all its geographies.

How Do We Manage This Matter? GRI [103-2]

We establish four focus points in our Energy Policy:

Efficiency: we operate our production processes at the lowest energy intensity and at the best cost.

Insurance: we strategically manage the value chain of our energy resources.

Sustainability: we integrate our energy strategy into the sustainability lines.

Knowledge: we capitalize knowledge to maximize the use of our resources and assets.

Initiatives, Commitments or Adhesions GRI [103-2]

- Sustainable Cement Initiative
- Sustainability Strategy
- Low Carbon Technology Partnership Initiative
- Environmental Strategy
- Energy Policy

Governance GRI [103-2]

Sustainability and Corporate Governance Committee

Energy Committee

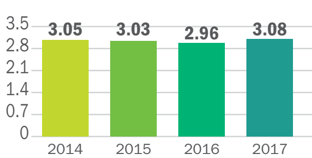
- Presidency
- Region VPs Technical VP
- Financial VP
- Legal and Institutional Issues VP

2017 Performance GRI [103-2]

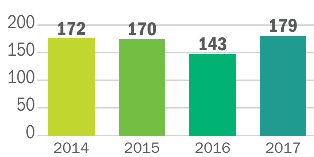
- We started the design and construction of a solar farm in our operation in Honduras, which allows us to replace about 25% of the electricity demand, which is today based on fossil fuels.
- We managed to reduce caloric consumption by 5%, compared to 2016, which generated savings of US $ 4.4 million.
- We obtained the Energy Star certification for outstanding energy management at our Roberta and Harleyville plants in the United States.
- We increased the efficiency of our self-generation assets, which produced savings of US $ 2.2 million (-7%) with respect to the 2017 budget.
- We improved the performance of our production lines in the Cartagena plants (+2% operating factor) and Rioclaro (vertical mill).
- We increased the use of correctors in Sogamoso, which contributed to reducing electric consumption.
- We reduced the specific electricity consumption in the Honduras plant thanks to the clinker quality program.

Leading Indicators [103-3]

GRI [302-3] Energy Intensity of Cement (GJ/ton of clinker)

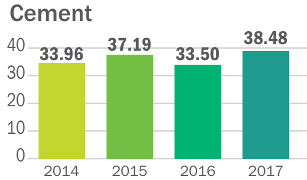


GRI [A-ENE2] Total Energy Costs (Millon of US $)

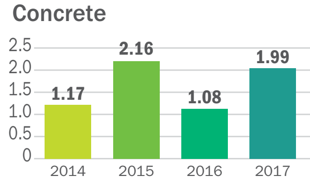


[302-1] Internal Energy Consumption (Energy Consumption -GJ- Million)

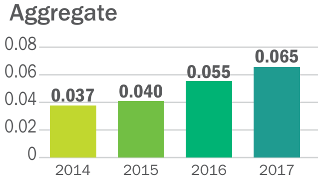
Cement



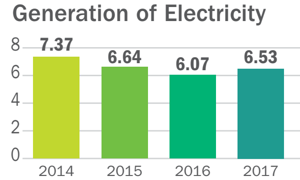
Concrete



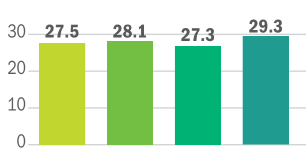
Aggregate



Generation of Electricity



[A-ENE3] Energy Cost in the Total Cost of Production (%)



GRI [103-2/103-3]

2017 Goal Tracking

Achieved | In progress | Not achieved

- We completed the construction for the co-processing of 60,000 tons per year of tires in the Cartagena Plant.
- We increased the consumption of alternative fuels in the Rioclaro and Newberry plants.

2018 Goals GRI [103-2]

- We will reduce the caloric and electric consumption by 3%, in relation to 2017.
- We will implement the solar farm in Honduras.
- We will increase the company's use of alternative fuels by 5% in relation to 2017.

2025 Goals GRI [103-2]

- We will reduce the heat consumption by 10% and the electricity consumption by 15%.
- We will achieve 3% in renewable energy.

Upcoming Challenges

Achieve the highest level in eficiency and energy costs in our operations

Increase our electric consumption from renewable energy sources - green energy and alternatives.

Increase the substitution of fossil fuels for alternative fuels.

GRI [302-4] [A-ENE3] Get to know more about our energy indicators in: https://goo.gl/8XjJdd

8 DECENT WORK AND ECONOMIC GROWTH

Suppliers
Argos
Clients
Society

[103-1]

Occupational Health and Safety

P1 | Shared Values

We are committed to the value of life; therefore, through our health and safety management system I Promise, we work to create safe and healthy working conditions. Likewise, we identify, assess and intervene the risks along the value chain, preventing workplace injuries and illnesses.

On the other hand, we have taken on the challenge of developing our road safety model and integrating it into public and private initiatives, thus contributing to the building of a safe mobility culture in the countries where we operate.

Added Value to Society GRI [103-1]

I Promise promotes the value of life not only in the employees, but also in the different stakeholders, to contribute to society through the promotion of a culture of prevention and self-care.

Added Value to the Company GRI [103-1]

Through I Promise, an efficiency model that goes beyond safety and health actions has been incorporated into the organization, which helps to continuously improve productivity, reputation, cost reduction and, thus, the continuity of our operations.

Employee in Panama, Caribbean and Central America Region

Governance GRI [103-2]

- Presidency and Executive Committee
- Sustainability and Corporate Governance Committee
- Operating Discipline Subcommittee
- Accidents Investigation and Analysis Subcommittee
- I Promise to Observe Subcommittee
- Risk Management Subcommittee
- Occupational Health Subcommittee
- Contractor's Management Subcommittee
- Sustainability VP
- ISOH Management System Manager
- Region VPs
- Sustainability Business Partners

Initiatives, Commitments or Adhesions GRI [103-2]

- OIT Declaration
- Sustainable Cement Initiative
- Argos' Principles and Values
- ISOH Policy
- Talent Management Policy
- Sustainability Strategy

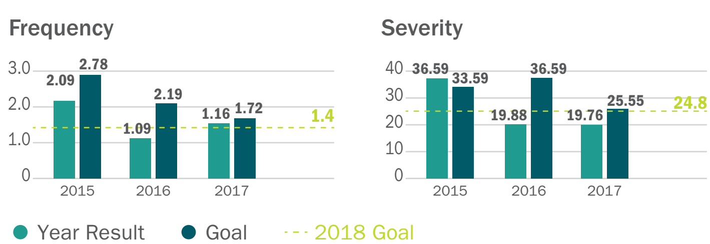
2017 Performance GRI [103-2]

- We implemented the following Life-Saving Standards (LSS): Personal Protection Elements (PPE), confined spaces, work at heights, blockage of dangerous energies, lifting and mobilization of loads and work permits.
- We trained in the following LSS: PPE (1,966 people), isolation of dangerous energies (1,615 people) and work in heights (1,975 people).
- We consolidated Amatia* as one of the most used technological tools in the company (30 inputs per minute).
- We audited the management system I Promise with a 100% compliance.
- The associated risks were identified by position, allowing to improve risk control.
- We implemented the ISOH recognition strategy.
- We defined the parameters for the design of safe equipment and facilities.
- Although there were fewer incidents with injury than in 2016, our incident frequency index slightly increased in 2017. This was due to the mild decrease in hours worked and the inclusion of new operations that presented incidents with a slightly higher frequency.
- In 2017 there were fewer days of absence due to incidents with respect to 2016 (135 days), which indicates that the incidents were less severe, so our severity index was slightly reduced.
- Despite the good results, we regret to report that in the Calera, Alabama cement plant there was a fatal incident of one of our contractors. We have taken all the corresponding corrective measures and we are in the process of investigating the causes.

FOR US, THE ONLY ACCEPTABLE FIGURE IS ZERO. WE MAKE AN EFFORT EVERY DAY TO HAVE ZERO INCIDENTS, CERO OCCUPATIONAL DISEASES AND ZERO MORTALITIES.

Leading Indicators GRI [103-3]

[A-SI1] Index of Frequency and Severity of Incidents With Loss of Time - Company Consolidated



GRI [103-2/103-3]

2017 Goal Tracking

Achieved | In progress | Not achieved

- We closed the health and safety performance gaps in our operations. (Achieved)
- We reduced the number of unsafe incidents and behaviors. (Achieved)
- We strengthened the governance structure and the health and safety management system. (In progress)

2018 Goals GRI [103-2]

- We will make it so that our consolidated frequency index (employees + contractors) is below 1.4 for every million man-hours worked, and so that the severity index is less than 24.8.

Upcoming Challenges

- Ensure that the I Promise management system continues to be a value within the company's culture.
- Verify the standardization of the I Promise management system through self-assessment mechanisms.
- Ensure that people exposed to high-risk tasks generate the competence to perform these tasks safely.
- Establish a methodology to assess the impacts of the I Promise management system on society.

GRI [403-1/403-2/A-SI1/A-SI2] Learn more about our safety and occupational health indicators at: https://goo.gl/JTsZmj

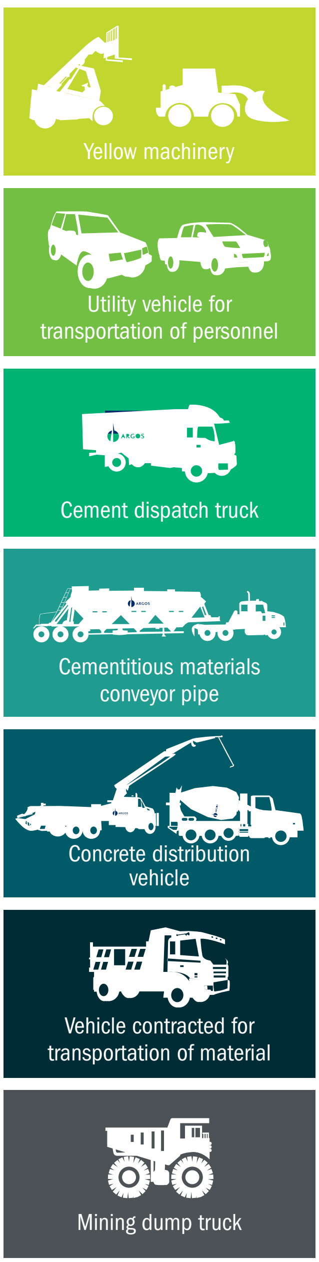
* AMATIA state-of-the-art information system, which allows to record, analyze and consult health and safety data, becoming an important instrument for the decision-making of the company.

ROAD SAFETY

At Argos we are committed to operating, driving and making use of the roads in a safe manner, respecting and preserving the lives of our employees, contractors, communities and other stakeholders, having as a basis the legal regulations of the countries where we operate and complying to our policies of Sustainability, Industrial Safety and Occupational Health, ISOH, and Alcohol and Psychoactive Substances Policy.

We work daily to be an example, in order to ensure that all processes that involve transportation within our operation are carried out in accordance with the principle of respect for the value of life.

The achievement of this objective is based on the active participation of the parties and the fulfillment of the commitments; therefore, we have defined:



Argos' Commitments

- Ensure that all own and/or contracted vehicles are appropriate according to the activity to be performed and that they comply with: the age limit defined by the company and the manufacturer's technical and mechanical safety specifications.
- Ensure that drivers are empowered, trained and competent to safely drive the vehicle and/or equipment of the company assigned under their responsibility.
- Develop strategies that promote safe behavior when driving any vehicle.
- Develop innovation ideas that promote sustainability in road safety.
- Promote good driving habits among road actors, to mitigate the impacts caused within the activities of operations associated with the transportation of people, raw materials and finished products.
- Perform occupational risk analyses, identifying their causes and managing them.
- Provide the necessary resources for the development and maintenance of road safety.

Drivers' Responsibilities

- Respect the speed limits defined by the law and by the organization.
- Always perform preoperative inspections.
- Use the seat belt, either as a driver or passenger.
- Do not use mobile phones while driving.
- Respect break times.
- Respect the load limits specified by manufacturers and local standards.
- Communicate all road incidents involving company vehicles and/ or equipment.
- Do not transport third parties, except for authorized personnel in mission.

2017 Performance GRI [103-2]

- We structured the road safety management corporate process.
- We developed and implemented tools to carry out the road safety diagnosis and to structure work plans in the operations.
- We actively participated in the CSI road safety work table.
- We implemented the communications plan to position road safety as a relevant issue for the entire organization.
- We established joint actions with the area of community engagement to train our neighbors to be responsible road actors.

Concrete mixer trucks, Puente Aranda Plant, Colombia Region

2017 Outstanding Activities

- We carried out various activities within the framework of the International Road Safety Day (June 10), including the road safety volunteer day.
- We received an award from the Ministry of Transportation of Colombia for the completion of the Saving Lives on the Road Tournament. 44 plants participated and 13,956 people, including employees, contractors, family members and communities.
- We executed the Road Education Program in Panama together with the Transit and Land Transportation Authority, with which 84 of our drivers were certified.
- We consolidated the training program for mixer truck drivers in the United States, as a good practice to be replicated in the other regions as of 2018.
- We promoted discussion scenarios on road safety involving the private sector and the State, such as: Security Business Committee in Colombia, Honduras and Panama.

2017 Indicator Monitoring

- The number of road incidents was 400.
- The number of vehicles involved in incidents was 404.
- We applied the self-diagnosis road safety tool Self Assessment in Colombia, Dominican Republic, Haiti, Panama and Honduras.
- We reduced road fatalities by 33% compared to 2016.
- We reduced the events of overturn of equipment by 8% with respect to 2016.

2018 Goals GRI [103-2]

- We will develop the competence in road safety in 70% of mixer truck drivers scheduled for 2018.
- We will make it so that 70% of the facilities have internal circulation plans.

Upcoming Challenges

Continue to position road safety in the company.

Implement in the Caribbean and Central America and Colombia regions the training program for mixer truck drivers.

13 CLIMATE ACTION

Argos
Clients
Society

[103-1]

Water and Biodiversity

P7/P8 | Responsible Production

We understand water management and biodiversity as the equitable, sustainable and economically viable use of the natural resources. Being aware of this, we direct our efforts towards the identification and adequate management of risks and significant impacts in the places where we are present. In this way, we ensure their availability for both the company and society, generating a positive net impact through the implementation of the mitigation hierarchy.

Added Value to Society GRI [103-1]

The care of water and biodiversity is part of the responsibility of managing a resource that does not belong to us. That is why we work to ensure access and availability of these resources in the long term. According to our VAS, in 2017 the costs to society, derived from water consumption and the effects on biodiversity, were US $ 26.2 and 11 million, respectively.

Added Value to the Company GRI [103-1]

The management of our impacts on water resources, ecosystems and biodiversity allows us to improve the flow of ecosystem services, vital for our operational processes, ensuring the long-term viability of the business.

How Do We Manage This Matter? GRI [103-2]

We guide our water and biodiversity efforts focusing mainly on four lines of action:

- Efficient water use
- Water risk management
- Rehabilitation of intervened areas
- Biodiversity Management Plans (BMPs) for facilities that are located in High Conservation Value Areas (HCVA)

Governance GRI [103-2]

- Presidency and Executive Committee
  - Sustainability and Corporate Governance Committee
    - Sustainability VP
      - Environment Manager
- Region VPs
  - Sustainability Business Partners

Initiatives, Commitments or Adhesions GRI [103-2]

- Sustainable Cement Initiative
- Wildlife Conservation Society
- World Heritage Center
- National Audubon Society
- Colombian National Natural Parks
- Sustainability Strategy
- Environmental Strategy
- We Mean Business
- CEO Water Management

2017 Performance GRI [103-2]

- We had a specific water consumption of 413 L/t for the cement business, consumption that did not have significant variations with respect to 2016 (408 L/t), and 223 L/m^3 for concrete, which represents a 7% reduction with respect to the previous year in response to improvements in the quantification and reporting of water flows.
- We carried out the economic valuation of the water in the Toluviejo cement plant, one of the installations located in a water stress zone, in which savings of approximately US $ 32,000 were quantified.
- We evaluated the exposure to local water risks in our facilities located in water stress zones.
- We launched the microcement, a product with sustainability characteristics that contributes to maintaining the load in the aquifers, minimizing the impact on surface water sources and associated ecosystems.
- We identified and prioritized our facilities located in HCVA.
- We were recognized by the DJSI as leaders in water and biodiversity management for the fourth consecutive year.

Leading Indicators GRI [103-3]

[A-A1] Specific Water Consumption

Cement (L/t)		Concrete (L/m³)		Aggregates (L/t)	
2017	413	**2017**	223	**2017**	147
2016	408	**2016**	236	**2016**	117
2015	350	**2015**	249	**2015**	64
2014	535	**2014**	281	**2014**	102

[A-B1] Active and inactive quarries with great value for biodiversity that have a management plan (BMP)

[A-B2] Released areas rehabilitated in active and inactive quarries (ha)

	# of Quarries With BMP	%	Total Rehabilitated Area	%
Colombia	26	59%	230.3	89%
Caribbean and Central	1	50%	29.16	98%
United States	0	-	59.34	55%
Argos Total	27	59%	318.8	80%

GRI [303-1] [303-3] [304-1] [304-4] [306-1] [A-BI3]

Get to know other water and biodiversity indicators at: https://goo.gl/1z3Dy5 and https://goo.gl/t4KARu

GRI [103-2/103-3]

2017 Goal Tracking

Achieved | In progress | Not achieved

- (Achieved) We started the implementation of the Suizagua III Project in cement plants in Cartagena, Haiti and a critical supplier.
- (Achieved) We elaborated the guide of good practices for water management.
- (Achieved) We continued with the global assessment of water risks in 100% of our facilities and in 43 critical suppliers in the three regions.
- (Achieved) We finished the soil rehabilitation project with the University of Antioquia.
- (Achieved) We identified the facilities located in HCVAs and performed a prioritization to develop BMPs.
- (In progress) We advanced technical works for the formulation of the Rehabilitation Plan (RP) in Haiti.
- (In progress) We moved forward with the selection of strategic allies that will allow us to design and implement conservation measures in an HCVA in the Magdalena Medio region in Colombia.

2018 Goals GRI [103-2]

- We will put together a Water Hazards Management Manual.
- We will disseminate the guide of good practices for water management.
- We will prepare the RP for the Ñajú Mine.
- We will conclude the studies to formulate the RP of the mine in Haiti.

2025 Goals GRI [103-2]

- We will reduce the specific water consumption in cement to 256 L/t and in concrete to 216 L/m3.
- We will have 85% of quarries located in HCVA with BMPs.
- We will rehabilitate 85% of areas released in active and inactive quarries.

11 SUSTAINABLE CITIES AND COMMUNITIES

Suppliers
Argos
Clients
Society

[103-1]

Community Engagement

Trust Relationships

Our presence in the territories promotes the local development of the communities based on the dynamism of the economy and the participation in social development initiatives.

Added Value to Society GRI [103-1]

As corporate citizens and members of local communities, we are committed to being good neighbors, assuming responsibility for our impacts and being involved in the local development through the generation of direct and indirect employment, the revitalization of the local economy, the contribution to the economic capacity of the territories, both with the payment of taxes and through public-private partnerships, the empowerment of the communities and the voluntary contributions directed to the execution of infrastructure works that improve the quality of life of the communities. The value to society of our investment in communities was US $ 9.4 million.

Added Value to the Company GRI [103-1]

Community engagement not only allows Argos to obtain the social license to operate, but also provides a framework of legitimacy while contributing to reduce the exposure to risks derived from the interaction with communities.

How Do We Manage This Matter? GRI [103-2]

We manage it through local teams that know the communities, their characteristics, expectations and needs. Thus, based on the understanding and knowledge of the challenges of the operations, the Local Engagement Plans (LEPs) are defined, which are aimed at guaranteeing harmonious relations between the company and its neighboring communities, based on transparency and respect.

Governance GRI [103-2]

- Presidency and Executive Committee
  - Sustainability and Corporate Governance Committee
    - Sustainability VP
      - Corporate Community Engagement Director
- Region VPs
  - Sustainability Business Parteners

Initiatives, Commitments or Adhesions GRI [103-2]

- Sustainable Cement Initiative
- Declaration of Human Rights
- UN Global Compact and Business for Peace
- Human Rights Policy
- AA1000 Standard

2017 Performance GRI [103-2]

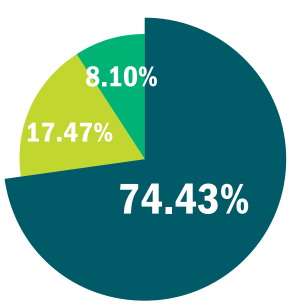
- We integrated the expectations of the communities with the needs and challenges of the operations from the structuring of a corporate mechanism of local engagement management.
- We identified communities at risk of generating dependency on the company based on the incorporation of this condition in the risk model of community interaction. Likewise, we defined strategies to mitigate the impacts of this dependency.
- We conducted risk analyses in 29 operations in Colombia and 7 in Central America and the Caribbean, prioritized by the high level of interaction with neighboring communities.
- We demonstrated our contribution to the local socio-economic dynamics based on the application of the Socioeconomic Footprint Index in several of our operations.
- We designed the sustainability self-assessment that allows us to measure the maturity state of its processes in each operation, including community engagement.

Leading Indicators GRI [103-3]

[A-COM1] 2017 Social Investment

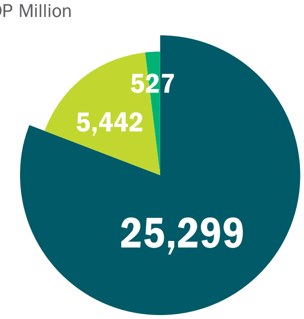
	Beneficiaries	COP	US
Education/Quality	14,464	3,148,429,801	1,066,924
Education/ Infrastructure	8,946	9,708,306,729	3,289,903
Social Capital	22,148	1,926,419,991	652,816
Social and Cultural Strengthening Community Infrastructure	12,518	704,718,048	238,811
Sponsorships	124,228	5,744,208,905	1,946,569
Patrocinios	56,847	3,951,484,029	1,339,059
Employability/ Generation of Income	1,969	839,803,522	284,588
Housing	77,302	2,371,989,785	803,808
Others	46,392	2,873,158,752	973,642
Total	**364,814**	**31,268,519,562**	**10,596,122**

Social Investment



2017 Investment by Region

COP Million



GRI [103-2/103-3]

2017 Goal Tracking

Achieved | In progress | Not achieved

- We designed an ensemble of result indicators for the social investment programs that will help us measure their effectiveness for society as well as for the company.
- We launched the corporate volunteer program for the United States region. It was strengthened in the Colombia and the Caribbean and Central America regions.

2018 Goals GRI [103-2]

- We will make the contribution of the company to the socioeconomic dynamics of the territories visible in the communities.
- We will implement the LEP in 50% of the cement operations.

2025 Goals GRI [103-2]

- We will establish a formal committee to address in an open manner the ongoing dialogue for all operations in neighboring communities.

Upcoming Challenges

Continue implementing programs that develop local capacities and allow the empowerment for the development of the territories.

Strengthen relationships with local actors in a close and genuine dialogue that promotes common well-being.

GRI [203-1] [413-1] [413-2] [A-COM1] [A-COM2] [A-COM3] Learn about other community engagement indicators at: https://goo.gl/UnA62c

13 CLIMATE ACTION

Argos
Society
[103-1]

Circular Economy

P7/P8 | Responsible Production

We play an important role in the transition to a circular economy through the use of own byproducts and waste and/or those of other industries that, due to their characteristics, allow us to replace part of the fossil fuels or conventional raw materials used in our production processes.

In this way, we manage to minimize the impacts associated with the disposal of waste, as well as those related to the exploitation, production and transportation of natural resources.

Added Value to Society GRI [103-1]

Through circular economy we reduce the environmental impacts of our operation, as we create new opportunities and strategic alliances with other sectors. According to our VAS, the cost derived from CO_2 emissions, avoided by replacing fossil fuels and conventional raw materials in 2017, was estimated at US $ 34.6 million.

Added Value to the Company GRI [103-1]

With the use of waste and by-products from other industries we seek to replace the use of raw materials and conventional fuels in our production processes, thus minimizing the consumption of natural resources, the costs and the net CO_2 emissions. At the same time, proper waste management allows us to reduce the impact associated with the final disposal of waste through recycling and recovery, avoiding disposal in landfills.

Initiatives, Commitments or Adhesions GRI [103-2]

- Sustainable Cement Initiative
- Sustainability Strategy
- Low Carbon Technology Partnership Initiative
- Environmental Strategy
- Raw Material Policy

Coprocessing in the Rioclaro Plant, Colombia Region

Governance GRI [103-2]

- Presidency and Executive Committee
- Sustainability and Corporate Governance Committee
- Energy Committee
  - Technical VP
    - Strategic Resources Managers and Directors
  - Innovation VP
    - Alternative Resources Managers and Directors
  - Sustainability VP
    - Environmental Managers and Directors
  - Region VPs
    - Sustainability Business Partners

2017 Performancet GRI [103-2]

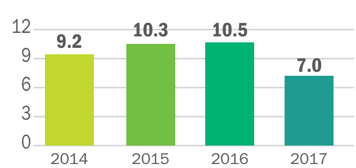
- We included the additional cementing material replacement percentage as a performance indicator for the concrete business. In 2017, we achieved a 16.5% substitution of cement material through the use of ash and slag.
- We achieved a 10% replacement rate of fossil fuels, in the furnace 2 of the Rioclaro Plant, through the use of used tires, which allowed an adequate disposal of more than 6,000 tons of tires.
- We executed the assembly of the co-processing system at the Cartagena Plant, which enables it to receive used tires and other waste as alternative fuels, with a reception capacity of approximately 60,000 tons per year.
- We carried out feasibility studies that will allow us to increase the use of alternative raw materials in cement in 2018.
- We started the consumption of alternative fuels different from tires at the Newberry Plant in the United States and achieved a substitution rate of 3.4%.
- The Harleyville Plant was recognized for its participation in the recycling program of smart companies of the Department of Health and Environmental Control of South Carolina, United States, for the efforts made in waste reduction, recycling and composting, energy conservation and water, and environmental purchases.
- We started the operation of Greco, an initiative that stakes on taking advantage of construction wastes to create aggregates, bases and subbases.

Leading Indicators GRI [103-3]

Alternative Raw Materials Percentage

Cement [A-EC2]

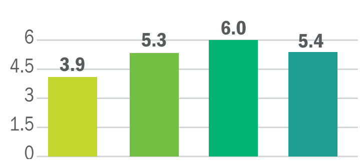
Alternative raw materials in cement %



Concrete [A-EC3]

Additional cementing material %

[A-ENE1] Substitution of Caloric Consumption of Fossil Fuels With Alternative Fuels (%) - Cement



5,328 TONS OF RECYCLED AGGREGATES [A-EC4]

GRI [103-2][103-3]

2017 Goal Tracking

Achieved | In progress | Not achieved

- We continue to increase the consumption of alternative fuels in the Rioclaro and Newberry plants.
- We started using alternative fuels in the Cartagena Plant, Colombia.

2018 Goals GRI [103-2]

- We will increase the use of alternative fuels in the furnace 2 of the Rioclaro and Cartagena plants.

2025 Goals GRI [103-2]

- We will achieve an 18% replacement of heat consumption from the use of alternative fuels.
- We will reach 15% in the use of alternative raw materials in cement operations.
- We will reach 15% alternative raw materials in our concrete operations.
- We will accumulatively use 216,000 tons of recycled aggregates.

Upcoming Challenges

To access waste and by-products sources of supply, taking into account the limitations on regulatory issues in the countries where we operate.

GRI [301-1] [301-2] [301-3] [306-2] [A-EC2] [A-EC3] [A-EC4] [A-ENE1] Learn about other circular economy indicators at: https://goo.gl/qJWQcW

11 SUSTAINABLE CITIES AND COMMUNITIES

Suppliers
Argos
Clients
Society

[103-1]

Sustainable Construction

P7/P8 | Business Profitability

Through initiatives such as the Sustainable Development Goals (SDGs) and agreements such as Paris COP 21, the world has established the importance of mobilizing the society, the businesses and the governments towards sustainable development.

Through the strategy of sustainable construction we respond to a changing world through innovation, opening new business opportunities and increasing revenues related to products with sustainability characteristics. This, added to the communication of how the product portfolio contributes to sustainable construction certification systems, such as LEED®, has opened up new market opportunities for us.

Added Value to Society GRI [103-1]

Sustainable construction is an engine of economic growth that, in addition to promoting new markets, provides benefits to society through the creation of new jobs and entrepreneurship opportunities, as well as contributing to environmental challenges, promoting efficient and equitable use of natural resources.

Added Value to the Company GRI [103-1]

Through the sustainable construction strategy we are opening new business opportunities. The sustainable construction market is expected to reach US $ 377,029 million by 2022.

Permeable Concrete, United States

Initiatives, Commitments or Adhesions GRI [103-2]

- Sustainability Strategy
- U.S. Green Building Council
- Panama Green Building Council
- National Ready Mix Concrete Association
- American Institute of Architects
- Sustainable Cement Initiative
- Low Carbon Technology Partnership Initiative
- Environmental Strategy

Government GRI [103-2]

- Presidency and Executive Committee
- Sustainability and Corporate Governance Committee
- Sustainability VP
  - Environmental Manager
- Region VPs
- Sustainability Business Partners

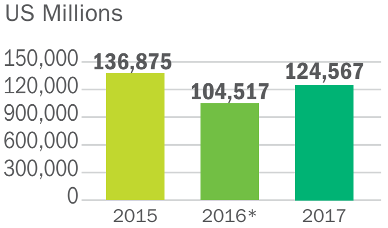
Sustainable Construction: Panama Administrative Office, Caribbean and Central America Region

2017 Performance GRI [103-2]

- We obtained revenues of more than US $ 124.6 million for products with sustainability characteristics.
- We established the contribution of the Argos portfolio products from the three regions to sustainable construction certifications such as LEED® , BREEAM® and GREEN GLOBES® .
- Through the technical files of the product portfolio of the three regions, we initiated the communication of the sustainability characteristics of these in a section called “Advantages in Sustainability”.
- We started the use of CSI’s Concrete EPD Tool, which allows us to develop EPD (Environmental Product Declarations) on demand for our cements and concretes.
- We had presence in conferences and stands in various sustainable construction events in the three regions.
- We were concrete suppliers of projects that obtained sustainable construction certifications such as the Atlanta Falcons Mercedes-Benz Stadium in the USA, among others.
- We actively participated as members of the following sustainable construction councils: U.S. Green Building Council, Panama Green Building Council.

Leading Indicators GRI [103-3]

[A-CS1] Revenues obtained from products with sustainability characteristics



*The 2016 figure does not include the income obtained by some special products of the USA Region, because their information is not available.

GRI [103-2/103-3]

2017 Goal Tracking

Achieved | In progress | Not achieved

- We evaluated and classified our current product portfolio for the three regions in accordance with the sustainability characteristics defined by the company.
- We communicated to clients the sustainability characteristics of our products.

2018 Goals GRI [103-2]

- Continue with the objective of training the company’s technical advisors and the commercial team on sustainable construction issues and how our products contribute to it.
- Carry out the launch of solutions focused on affordable housing that will allow us to consolidate a new sustainability feature in our product portfolio

2025 Goals GRI [103-2]

- We will obtain revenues of US $ 400 million for our products with sustainability characteristics.

Upcoming Challenges

Train key personnel to guide our clients in the selection of our products with sustainability characteristics.

Promote sustainability as a key element of the company’s innovation model.

Emerging Issues

As mentioned in the previous chapter, the materiality analysis resulted in seven emergent or maintenance issues (see page 58). Hereunder, we present the most relevant of three of these topics: Supplier Management, Emissions and Human Rights.

SUPPLIERS MANAGEMENT

We seek to guarantee the transparency, suitability and sustainability of our supply chain, based on harmonious, equitable and mutually beneficial relationships with suppliers and contractors, which generates a direct impact on the commercial performance of the business in terms of cost, quality and sustainability.

We are committed to leadership in the global management of the sustainable supply chain through our relationships with suppliers and contractors that represent our corporate values and principles, including sustainability, innovation, respect for human rights and compliance with labor and environmental laws. Our influence in this area extends through the three geographical regions where we operate, through the administration and addressing of aspects related to suppliers and contractors who provide us with goods and services such as: raw materials, productive and maintenance services, administrative services, inputs, spare parts and equipment, transportation, fuels and technology.

Aware of the importance of identifying, assessing and mitigating our exposure to risk, we continue to apply the entire suppliers management cycle through processes of:

Supplier, Dominican Republic, Caribbean and Central America Region

- Preselection
- Selection
- Performance Evaluation
- Audits
- Tracking of Management Systems and Certifications
- Development and Recognition of Suppliers

GRI [204-1] [308-2] [414-2] In order to know more about our suppliers management, we invite you to visit the website https://goo.gl/2xyHeQ

EMISSIONS

We continue implementing measures that allow us to prevent, reduce and mitigate the impacts generated by atmospheric emissions related to our operations, achieving to reduce our specific emissions of particulate matter, NO_x, SO_x by 68%, 0.1% and 43%, respectively, compared to the baseline (2015). Also, as part of our environmental strategy, we committed ourselves to have the inventory of mercury (Hg) emissions for 100% of the clinker production by 2020.

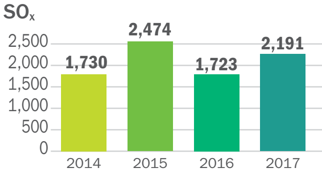
Leading Indicators GRI [103-3]

GRI [305-7] Nitrogen oxides (NO_x), sulfur oxides (SO_x) and other significant air emissions

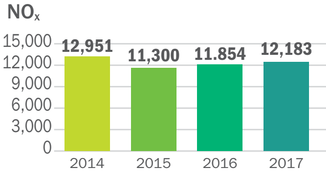
Cement

Emissions of Atmospheric Pollutants (t)

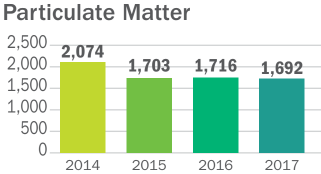
SO_x



NO_x



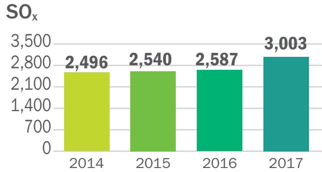
Particulate Matter



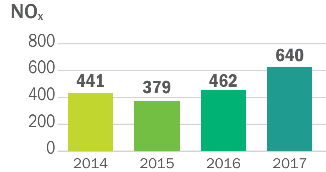
Energy Generation

Emissions of Atmospheric Pollutants (t)

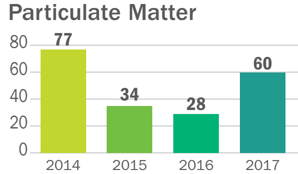
SO_x



NO_x



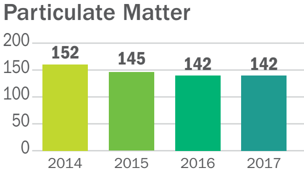
Particulate Matter



Concrete

Emissions of Atmospheric Pollutants (t)

Particulate Matter



[A-OE1] Specific Emissions

(g/t of clinker)

	SO_x	NO_x	Particulate Matter
2017	251	1,397	55
2016	229	1,576	85
2015	306	1,399	173
2014	220	1,670	220

2017 Goal Tracking

Achieved | In progress | Not achieved

- We implemented the NO_x reduction initiatives identified in the Colombia Region.
- We complied with the CISWI and NESHAP regulations in the USA Region.
- We continued with the preparation for the implementation of the CSI Guide on reduction and control of emissions of mercury components in the cement industry.

2018 Goals

- We will make a diagnosis of dispersed emissions of particulate material from our operations and an action plan wherever necessary.
- We will implement new guidelines for the measurement and control of emissions from cement production.
- We will increase Hg measurement coverage, to advance with the construction of the inventory and to comply with the new goal of the Environmental Strategy.

2025 Goals

- We will reduce our particulate matter emissions to 60g/tons of clinker.
- We will reduce our SO_x emissions to 205g/tons of clinker.
- We will reduce NO_x emissions to 1,205 g/tons of clinker.
- We will carry out the inventory of our Hg emissions for 100% of the clinker production by 2020.

GRI [201-2/305-7/A-OE1] Get to know more details on the indicators of other issues https://goo.gl/HL94d9

HUMAN RIGHST

Human Rights Policy

Consistent with our corporate culture, we state our commitment to respect and promote human rights, promoting business actions that are consistent with the International Bill of Human Rights, the fundamental principles and rights established in the Declaration of the International Labour Organization and in accordance with the applicable laws in the countries or states where these take place.

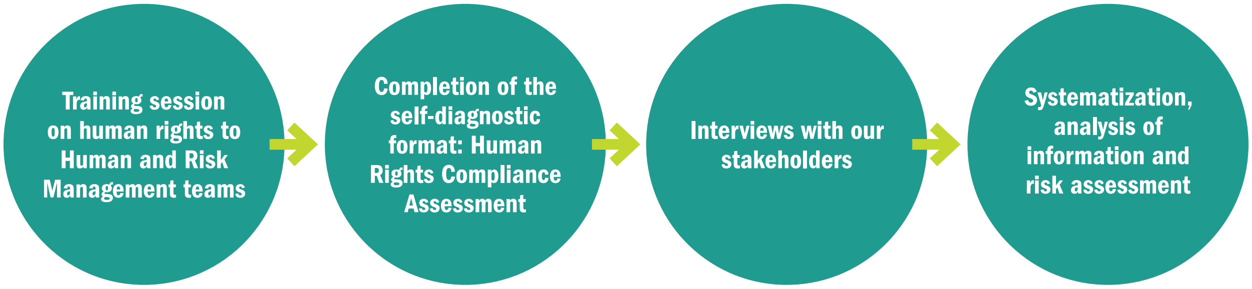
Employee, Atlanta, USA Region

Prevention

During 2017 we implemented the virtual course on corporate governance, in which the matter of human rights is addressed. This was completed by 4,395 employees in our three regions. In the same way, we designed and built a deepening course to expand the knowledge of our employees in this matter, which will be implemented in 2018.

Due Diligence

The Sustainability Vice-Presidency and the Risk Management Department, together with perspectives from other units responsible for leading relationships with the stakeholders, developed a risk-based assessment model.



With this tool we seek to know the level of risk for human rights to which each of the following stakeholders are exposed:

2015

Employees

- Restriction of freedom of association and collective bargaining
- Forced labor
- Child and youth labor
- Violence and labor and sexual harassment
- Inequality and discrimination
- Impact on due process and absence of complaint mechanisms
- Impact on the quality of life, periods of rest or maternity
- Impact on life, liberty, health and personal safety

2016

Suppliers

- Human Resources Policy
- Environmental performance
- Impact on communities
- Health and security
- Labor equality practices
- Employee wellbeing
- Anti-corruption

2017

Communities

- Environmental impact evaluation
- Land availability
- Claims and complaints
- Community transit through the plants and right of way
- High company convey traffic
- Freedom and sexual integrity
- Land occupation and relocations
- Ethnic groups

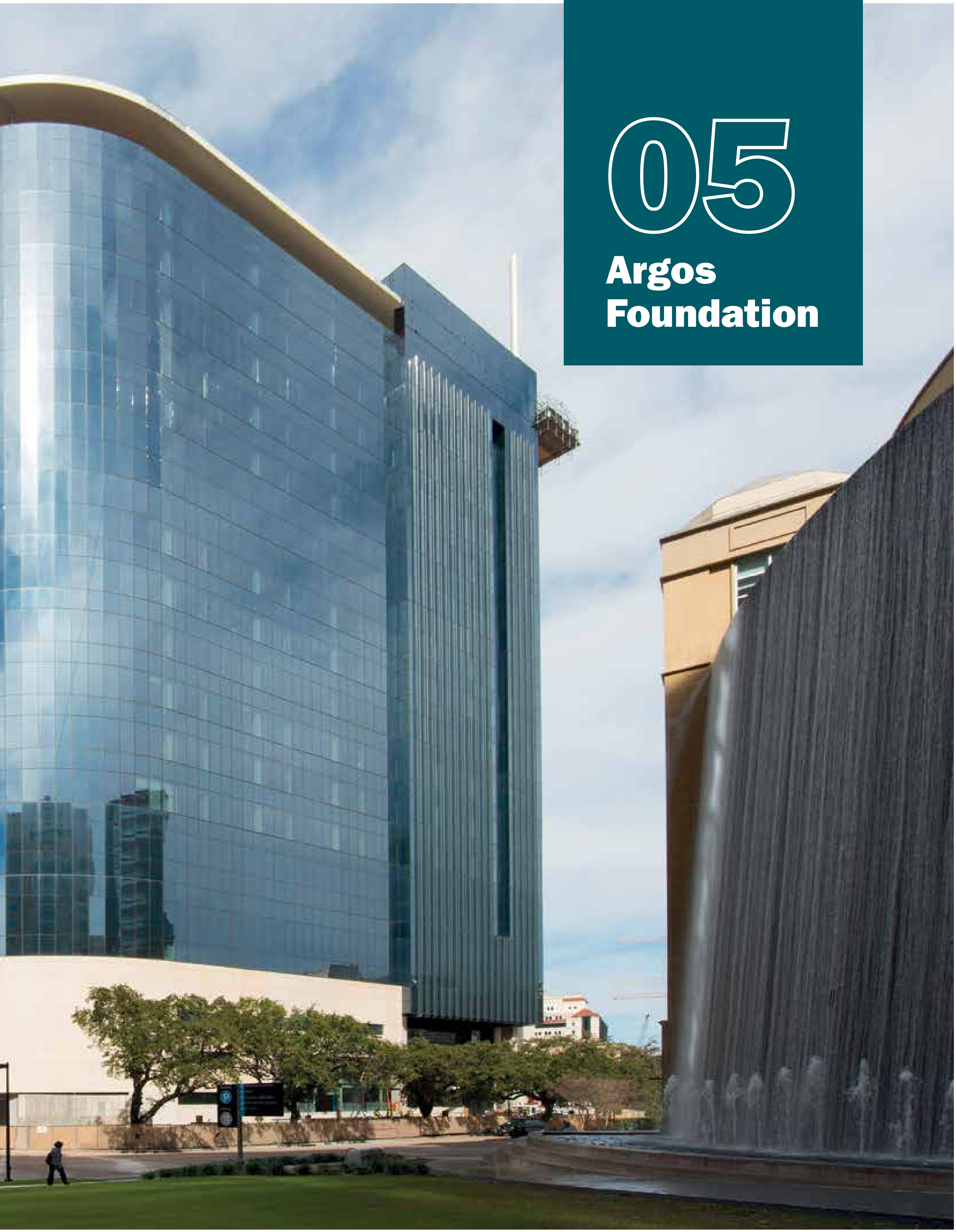
Employee, Charlestone, USA Region

Mitigation and Repair

- I Promise Management System, which promotes safety and health practices at work.
- Transparency Hotline, through which we manage the complaints associated with possible violations of human rights. We received a total of 63 cases in 2017.

Work constructed with Argos' products: Methodist Hospital in Houston, Texas, United States.

05 Argos Foundation



Argos Foundation Report

At the Argos Foundation we believe that building the present and the future that we want is possible. We are convinced that by joining forces we can contribute to the progress of communities and that to do so, it is necessary to bet on ideas that allow us a sustainable growth.

List of Allies

Public

- National Education Ministry
- Housing Ministry
- Findeter
- High Presidential Council for Early Childhood
- Yumbo City Hall
- Tolúviejo City Hall
- Sonsón City Hall
- Marinilla City Hall
- Universidad Nacional
- Universidad de Antioquia

Foundations

- Fraternidad Medellín
- Secretos para Contar
- Celsia
- Grupo Argos
- Mamonal
- Dividendo por Colombia
- Berta Martínez de Jaramillo
- Cootrafa
- Empresarios por la educación Golondrinas
- Incolmotos Yamaha
- Bancolombia

Institutional

- Semana Educación
- Colombian Sustainable Construction Council
- Universidad Católica de Oriente
- Eafit Social
- Corbanacol
- Barranquilla Chamber of Commerce

Argos Foundation Team

This Is How We Create Value

With the objective of prioritizing and focusing strategies, we conducted in previous years a materiality analysis that allowed us to identify the most relevant social, economic and environmental aspects. During this process, the expectations and opinions of our stakeholders were taken into account, as well as our own vision of the Foundation.

Stakeholders

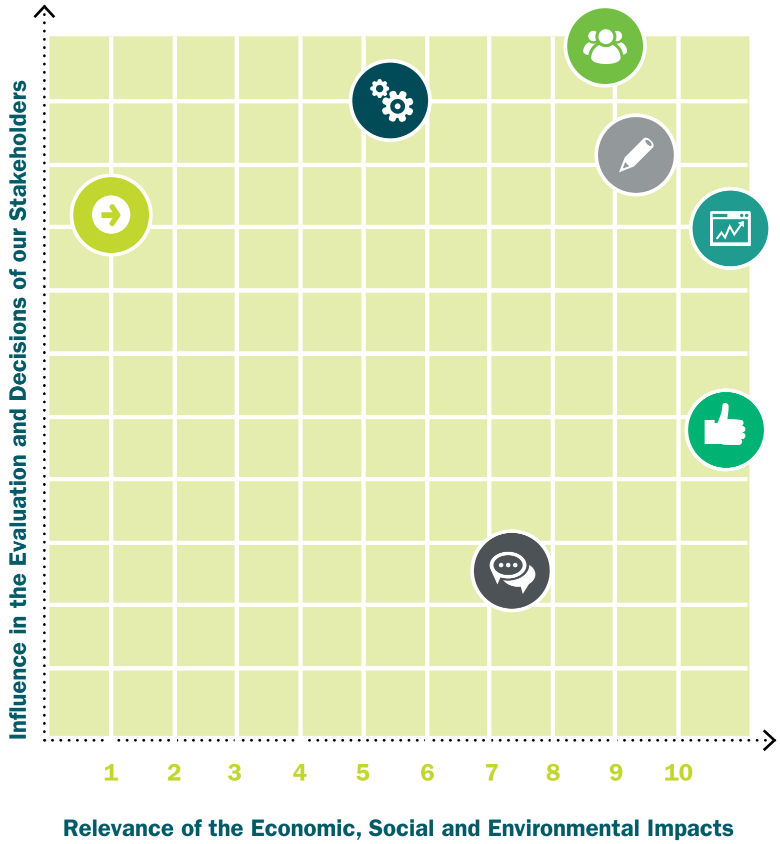
- Public educational institutions
- Deans
- Teachers
- Students
- Parents
- Communities
- National, regional and local governments
- Allied institutions
- Beneficiaries
- Suppliers and contractors
- Argos' shareholders
- Employees

Materiality Analysis

The result of the Materiality Analysis allowed us to prioritize, validate and identify seven themes that have been the framework for formulating the goals and the most important work focal points for the Foundation.

Priority Issues

- Ethics and transparency
- Investment and performance
- Communication management
- Relationship with the involved parties
- Design and evaluation
- Incidence in public policy
- Innovation management



ETHICS AND TRANSPARENCY

A fundamental aspect for our company, its stakeholders and the Foundation's performance.

Montebello Educational Institution, Antioquia, Colombia

2017 Performance

- We performed audits of the financial statements.
- We reported to the Board of Directors.
- We posted information on the Foundation's website.
- We reported to the Compliance Management, in order to avoid fraud and money laundering.
- We applied and updated the risk matrix.
- We complied with the Habeas Data law.
- We applied the Anti-Money Laundering and Combating the Financing of Terrorism Self-Control and Management System (AML/CFT SCMS) manual.

2018 Goals

- Report the results of impact to our allies and stakeholders.

INVESTMENT AND PERFORMANCE

We have an economic patrimony and an adequate management of the budget, which allows us to consolidate high-impact alliances and to manage public and private resources for the development of the projects.

Rural Housing Construction Project, Salgar, Antioquia, Colombia

2017 Performance

- The co-financing figure achieved during the year was of more than COP 4,308.5 million pesos, mainly due to the implementation of the 092 decree, which makes it difficult to conclude agreements between the foundations and the public entities, as well as the evaluation of a social responsibility model for the companies of Grupo Argos, within which it was suggested not to acquire future commitments with third parties.
- We finished the intervention of three educational infrastructures and started four more that will culminate in 2018.
- We provided a school in Yumbo, Valle, in partnership with the Yumbo City Hall and the National Education Ministry.
- We delivered new spaces for the Casa de Amagá.
- We carried out educational quality projects in 46 schools.
- We delivered 45 scholarships in 20 municipalities of the country.

2018 Goals

- Co-finance projects through public-private and private partnerships that correspond to 40% of the total assigned budget.
- Integrally intervene 10 educational institutions per year, to reach 100 between 2014 and 2024.

COMMUNICATION MANAGEMENT

A transparent and adequate communication in the dissemination of information is vital for the mobilization and generation of trust with our stakeholders.

2017 Performance

- We permanently reported to the organization our management, through internal and external channels such as traditional media throughout the whole country, Twitter, Facebook and Instagram.
- We made permanent updates of our website.
- We built and disseminated the life stories of scholars and mentors, linked to the Argos Scholarship Program for Regional Development.

2018 Goals

- Have our own means through which the information is disseminated (our website) and make use of the means managed by the company.

RELATIONSHIP WITH THE INVOLVED PARTIES

The adequate and constant relationship with our stakeholders guarantees dialogue, participation and the generation of changes.

2017 Performance

- We were in constant communication and feedback with our stakeholders, through training and socialization activities such as discussion tables, networks and educational meetings.
- We participated as speakers in the Semana Educación Forum.
- We participated in the internship program organized by the Universidad Eafit for the students of the Master's Degree in Social Responsibility of the Universidad Pontificia de Perú.

2018 Goals

- Strengthen the relationship through the network of educational institutions, through dean meetings, tables of education and meetings with allies.

Beneficiaries of the first LEED public school, Yumbo, Colombia

DESIGN AND EVALUATION

Evaluating the impact of projects and empowering educational institutions are the starting points for the transformation and improvement of the programs.

2017 Performance

- We evaluated the five educational quality programs that are implemented in schools.
- We evaluated and adjusted the scholarship program.
- We designed new internal processes that will facilitate the evaluation and monitoring of our activities, such as the project control chart.

2018 Goals

- Implement programs and strategies that allow the monitoring and evaluation of the projects developed.

INCIDENCE IN PUBLIC POLICY

To achieve the right to education in Colombia is everyone's job; therefore, we influence public policy through the development of projects with local, regional and national governments and the articulation with social and private organizations.

Enrique Pardo Educational Institution, Cota, Cundinamarca, Colombia

2017 Performance

- We developed 15 projects in partnership with the Government and/or private third parties.
- We participated in the planning boards convened by the National Education Ministry.
- We actively participated in the regional education boards, managing to articulate local and regional policies and programs.

2018 Goals

- Promote regional boards so that education is a priority in Boyacá, Valle del Cauca, Bolívar and Antioquia.
- Support the exchange of experiences and good practices of the intervened educational institutions.

INNOVATION MANAGEMENT

To generate significant changes in the infrastructure and the quality of the education in Colombia, we need innovative intervention models that allow the adaption to changes in the social, environmental and economic environments of the regions.

2017 Performance

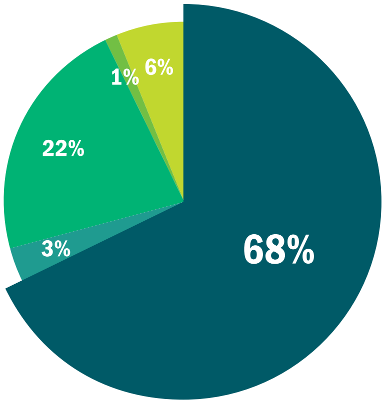
- We completed the construction of the first public school in the country that will seek LEED certification.
- We modified the process of scholarship granting, with which we were able to expand its impact and involve the entire community.
- We designed and implemented new internal control systems.

2018 Goals

- Implement the green school strategy in Colombia.
- LEED certification in educational infrastructure projects.

2017 Main Projects

For this year, the investment in own resources ascended to 16,731 million pesos, distributed like this:



Argos Foundation Investment by Line

- Education: **11,462**
- Social and cultural strengthening: **431**
- Community infrastructure: **3,735**
- Housing infrastructure: **96**
- Others: **1,008**

The above was executed mainly through the following projects:

CONSTRUCTION OF THE GABRIEL GARCÍA MÁRQUEZ EDUCATIONAL INSTITUTION

Delivery of the Gabriel García Márquez Educational Institution, the first LEED public school in Colombia

Investment: COP 5,500 million

Beneficiaries: 300 students, teachers and teaching directors

Allies: National Education Ministry, Mayor of Yumbo, Celsia Foundation and Postobón Foundation

This institution, located in the Panorama neighborhood of the municipality of Yumbo (Valle), will be the first public educational institution to have the LEED seal. It was built under the standards of a sustainable building, which means those buildings which make an efficient and rational administration of natural resources, so that it is possible to improve the wellbeing of the current population without compromising the quality of life or the resources of the next generations and to have a minimum environmental impact.

Some of the important elements of this infrastructure are:

- Rainwater capture system to be reused in irrigation and voiding of sanitary devices.
- Solar protection system and passive conditioning of all the classrooms of the project.
- Correct selection of materials and finishing touches that promote the health and wellbeing of the occupants.
- Use of electrical system through solar panels.

CASA DE AMAGÁ CONSTRUCTION

Casa de Amagá Improvement, Antioquia, Colombia

Investment:
COP 800 million

Beneficiaries to date: 900 people

Allies: Argos, Argos Foundation, Conpacífico Concessionaire, Amagá City Hall, and the SENA

Having in mind that the municipality of Amagá, in Antioquia, is currently undergoing a process of change of the labor vocation of its community, our Foundation, in alliance with a third party, celebrated an agreement with the aim of improving the quality of life of the inhabitants of the municipality, so that, through an educational process, the community had access to more and better opportunities.

That is why we built a module and improved the spaces within the Hogar Juvenil Campesino de Amagá, where the SENA classes are developed today, which allowed the expansion the educational coverage.

CONSTRUCTION OF THE MÍA CITADEL SCHOOL AND CHILD DEVELOPMENT CENTER

MÍA Citadel, Chocó, Colombia

Investment: COP 17,838 million

Estimated completion date: September 2018

Beneficiaries: 1,130

Allies: Housing Ministry and Findeter

Seeking to be coherent with the needs of the country and its most deprived territories, we decided to be co-financiers of this project that seeks to build educational facilities around one of the housing mega-projects developed by the National Government in Quibdó (Chocó). This project will benefit 1,100 students in vulnerable conditions.

CONSTRUCTION OF LA DANTA EDUCATIONAL INSTITUTION

Render of the La Danta Educational Institution, Colombia

Investment: COP 5,525 million

Estimated completion date: March 2018

Beneficiaries: 650 students

Allies: Fraternidad Medellín Foundation, Sonsón City Hall

La Danta is an educational institution that presents all the difficulties of rural education centers in Antioquia and the country in general. It is located in the village of La Danta in the municipality of Sonsón (Antioquia). It provides an educational service to several nearby villages, because it is the only one that offers secondary education in the sector.

IMPROVEMENT AND CONSTRUCTION OF NEW SPACES IN THE EVA TULIA QUINTERO EDUCATIONAL INSTITUTION

This institution, located in the village of La Piñuela, in Cocorná (Antioquia), is being improved in its infrastructure.
The restoration of the kitchen and the school restaurant was made and the construction of two new classrooms is being carried out.

Investment: COP 1,500 million

Estimated completion date: January 2018

Beneficiaries: 550 students

Improvement of the Eva Tulia Quintero Educational Institution, Cocomá, Antioquia

PASACABALLOS CENTER OF EXCELLENCE

Render of the Pasacaballos Child Development Center, Bolívar, Colombia

The Pasacaballos Center of Excellence is conceived as an innovation initiative in education and professional development dedicated to raising the integral attention of the children of this place. As a demonstration center, it will allow the modeling of pedagogical practices through its professional development programs, sharing experiences with families, educators and service administration entities.

Additionally, the Center of Excellence will work in coordination with different actors to raise the quality standards of initial education and comprehensive attention of children; this, in order to support the social transformation of the environment in which it develops, in a sustainable and lasting manner.

To achieve the above, we have made an alliance with the Education Ministry, establishing ourselves as the first innovation laboratory for initial education, which we plan to strengthen with Colciencias later.

Investment:
COP 6,500 million

Estimated completion date:
January 2018

Beneficiaries: 300 children between 0 and 5 years old

Allies: Mamonal Foundation, Dividendo por Colombia and Vashish Foundation

Argos Scholarships for Regional Development

The Argos Scholarships for Regional Development program seeks to contribute to the development of our communities, through the granting of scholarships in higher education to young leaders who are part of our areas of influence, allowing them the access and permanence in undergraduate programs.

Currently, we have 143 scholars from 9 departments and 25 municipalities that are part of the company's areas of influence.

Granting of the 2017 Argos Scholarships for Regional Development

We are convinced that education is an important engine of social transformation and that it makes it makes the closing of inequality gaps possible in the regions where we have presence; this is how the line of academic and institutional strengthening that seeks to attend these schools in a differentiated way has been consolidated.

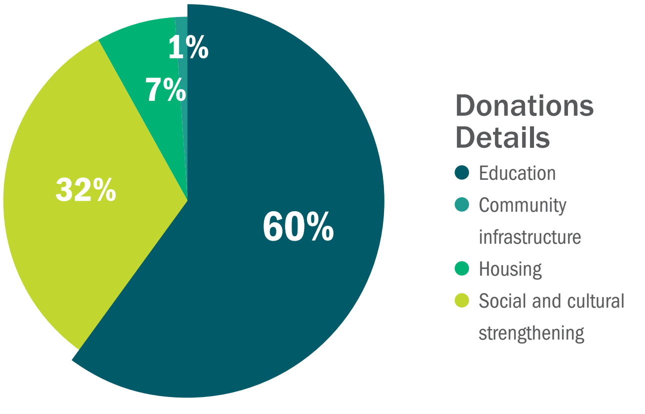
To that end, we diagnose, in conjunction with the educational community, the most significant challenges that exist in an academic, social, environmental or training level and we carry out quality programs that meet those needs and thus facilitate an educational transformation of the schools where we are.

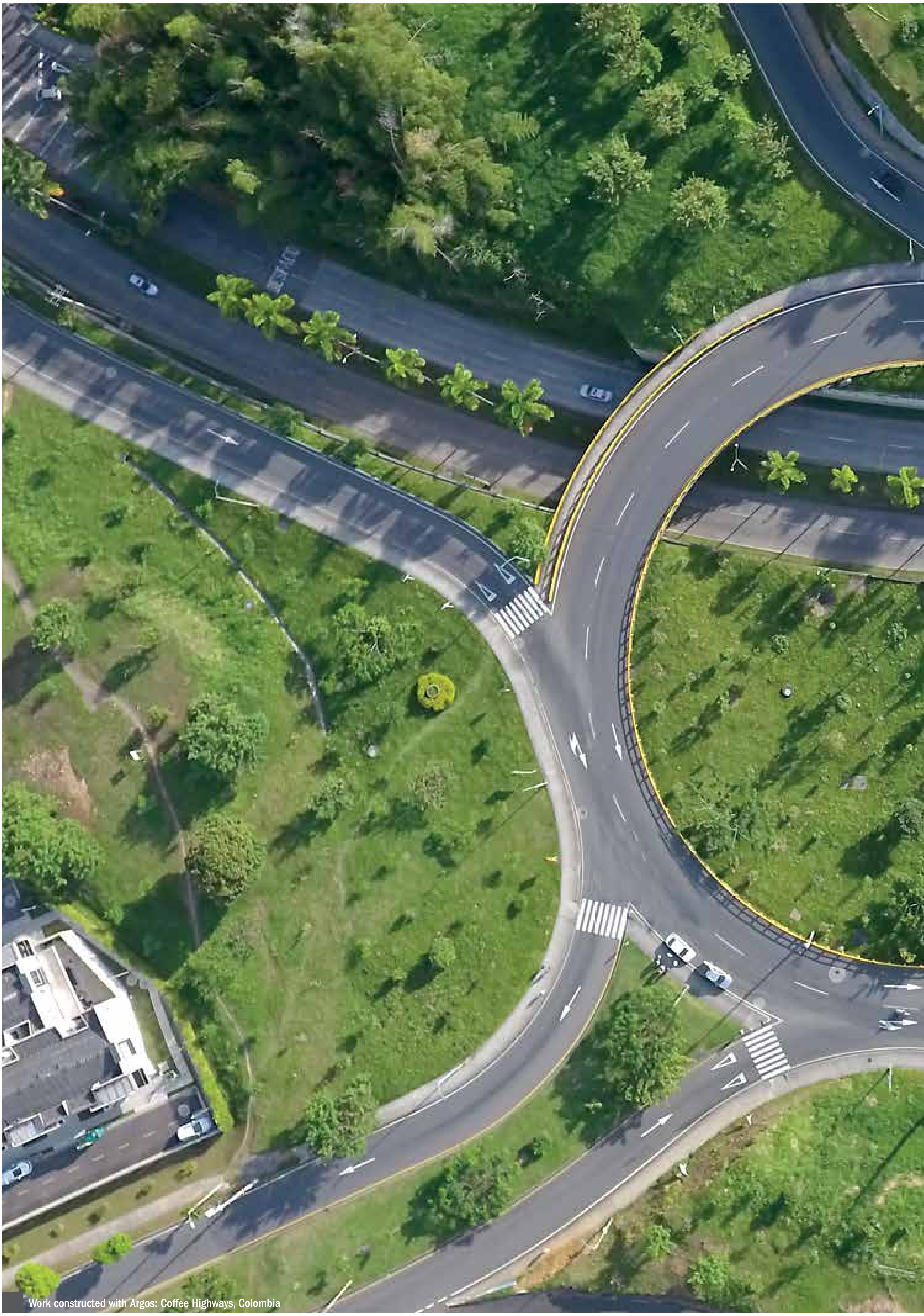
For the year 2017 we managed to sign agreements with organizations such as Incolmotos Yamaha Foundation, Bancolombia Foundation, Fraternidad Medellín Foundation, Secretos para Contar, Eafit University, Universidad de Antioquia, among others, benefiting around 32 educational institutions and 10,700 students in the country; for this, we leveraged resources from our partners for a value of COP 443 million that have been invested in the areas where we have a presence.

Granting of the 2017 Argos Scholarships for Regional Development

Donations

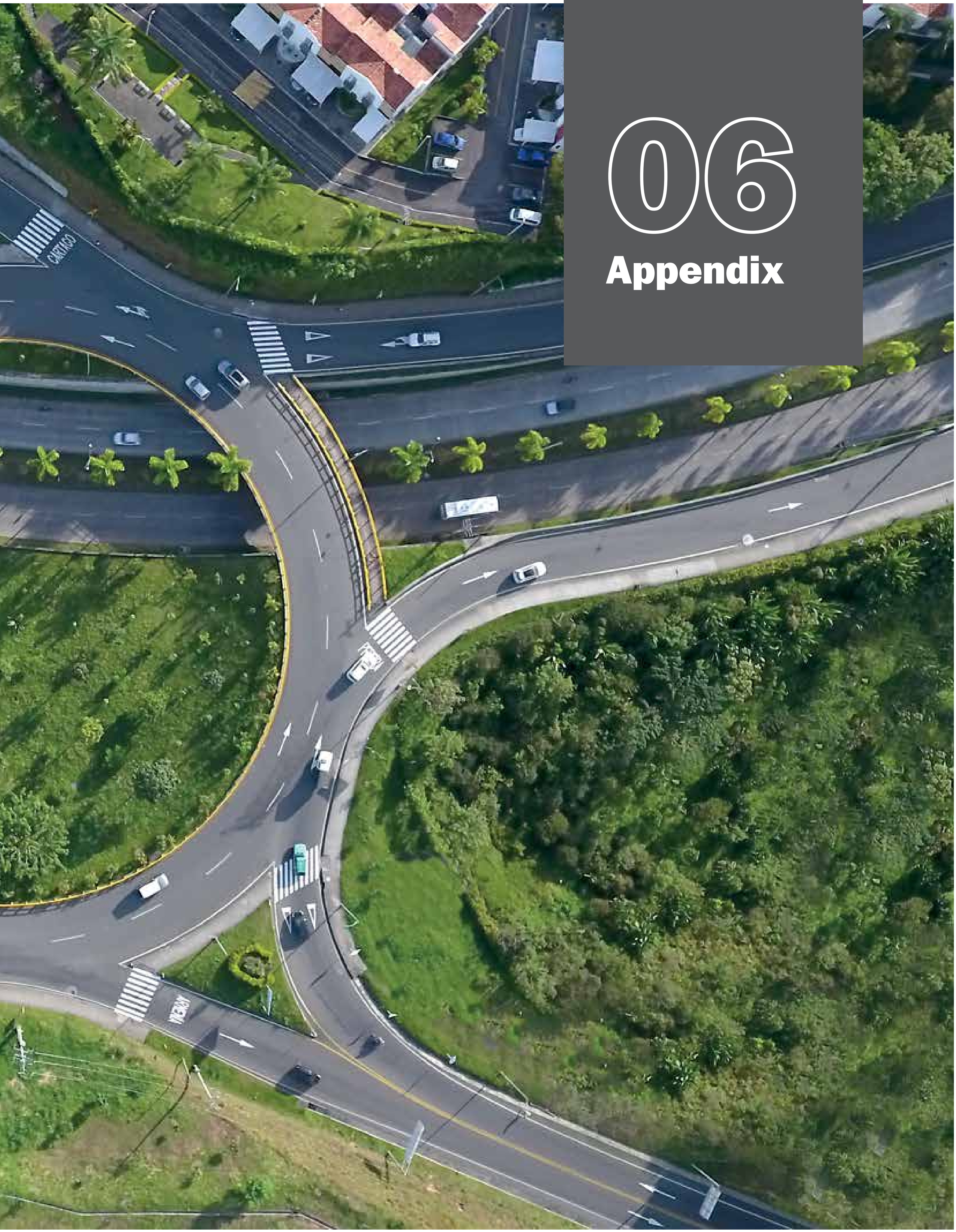
This year we invested more than COP 1,353 million pesos in contributions to deprived communities and to successful programs led by recognized entities in the country, with the purpose of continuing to build social fabric and support the entities that work for the development and social growth of Colombia, to multiply the positive impact of its activities.





Work constructed with Argos: Coffee Highways, Colombia

06 Appendix



Certification of the Company's Legal Representative

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

In my role as legal representative, I certify that the annual consolidated financial statements completed as of December 31, 2016 and 2017, do not contain defects, inaccuracies or material errors that prevent knowing the true property status or the operations carried out by Cementos Argos S.A.

The above is to comply with article 46 of Law 964 of 2005.

For the record, it is signed on February 12, 2018.

Juan Esteban Calle
Legal Representative

Certification of the Legal Representative and the Corporate Accounting Manager of the Company

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

The undersigned legal representative and corporate accounting manager of Cementos Argos S.A., certify in accordance with the Article 37 of Law 222 of 1995, that the annual consolidated financial statements completed as of December 31, 2016 and 2017, have been faithfully taken from the accounting books and that before being placed at your disposal and that of third parties, we have verified the following statements contained in them:

1. All assets and liabilities exist and all registered transactions have been made during said years.

2. All the economic facts made by the company have been recognized.

3. The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic commitments (obligations), obtained or in charge of the company.

4. All elements have been recognized for their appropriate values in accordance with the applicable financial reporting regulations in Colombia.

5. All economic events that affect the company have been correctly classified, described and disclosed.

For the record, it is signed on February 12, 2018.

Juan Esteban Calle
Legal Representative

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

Deloitte.

Statutory Auditor's Report

To the shareholders of
CEMENTOS ARGOS S.A.

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

I have audited the accompanying CEMENTOS ARGOS S.A. financial statements, which include the statement of financial position as of December 31, 2017, the income statement and other comprehensive income, changes in net equity and cash flows for the year ended on that date, and a summary of significant accounting policies, as well as other explanatory notes.

Management's Responsibility over the Financial Statements

Management is responsible for the preparation and correct presentation of these financial statements in accordance with the accounting and financial reporting standards accepted in Colombia, and for the internal control that management considers relevant for the preparation and correct presentation of the financial statements free of significant errors, either by fraud or error; selecting and applying the appropriate accounting policies; as well as making the accounting estimates that are reasonable in the circumstances.

Statutory Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I performed the audit in accordance with international auditing standards accepted in Colombia. Those standards require that I comply with ethical requirements and that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit consists of developing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the professional judgment of the auditor, including the assessment of the risks of significant errors in the financial statements. In the risk assessment, the auditor considers the internal control of the company that is relevant to the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate according to the circumstances. An audit also includes evaluating the accounting policies used and the significant accounting estimates made by management, as well as evaluating the general presentation of the financial statements.

I believe that the audit evidence obtained provides me with a reasonable basis to express my opinion.

Opinion

In my opinion, the accompanying financial statements, taken from the accounting books, reasonably present, in all material respects, the financial situation of CEMENTOS ARGOS S.A. as of December 31, 2017, the result of its operations and cash flows for the year ended on that date, in accordance with the Accounting and Financial Information Standards accepted in Colombia.

Other issues

The financial statements as of December 31, 2016, which are included for comparative purposes only, were audited by another fiscal reviewer appointed by Deloitte & Touche Ltda., who, on the same ones, expressed their opinion without reservations on February 24, 2017.

Daniel Augusto Bernal Jaramillo
Statutory Auditor
T.P. No. 94411 - T
Designated by Deloitte & Touche Ltda.

12 February 2018.

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31st | Million of Colombian pesos

	Notes	2017	2016
ASSETS			
Current assets			
Cash and cash equivalents	5	$ 523,749	$ 531,666
Derivative financial instruments	6	102	1,420
Other financial current assets	7	31,680	2,301
Trade receivables and other accounts receivable, net	8	1,401,470	1,318,499
Tax receivable	9	293,636	269,904
Inventories	10	732,458	839,247
Prepaid expenses		69,222	78,992
Assets held for sale or for distribution to owners	18	8,188	8,373
Total current assets		**$ 3,060,505**	**$ 3,050,402**
Non-current assets			
Trade receivables and other accounts receivable, net	8	113,189	111,920
Investments in associates and joint ventures	12	81,461	79,529
Derivative financial instruments	6	2,533	650
Other non-current financial assets	7	1,172,274	1,389,944
Other intangible assets, net	14	1,036,963	1,117,529
Biological assets	11	21,199	20,870
Property, plant and equipment, net	15	11,095,914	11,078,053
Investment property, net	16	124,699	153,976
Goodwill	17	1,707,028	1,753,268
Deferred tax assets	9	367,049	396,172
Prepaid expenses and other assets		102	4,490
Total non-current assets		**$ 15,722,411**	**$ 16,106,401**
TOTAL ASSETS		**$ 18,782,916**	**$ 19,156,803**
LIABILITIES			
Current liabilities			
Financial liabilities	19	1,834,604	2,485,743
Trade liabilities and accounts payable	22	1,080,181	1,118,894
Taxes, liens and duties	9	235,767	238,443
Employee benefits	23	138,691	146,716
Provisions	24	92,434	88,947
Derivative financial instruments	6	3,622	102,555
Outstanding bonds and preferred shares	26	130,312	475,621
Prepaid income and other liabilities	25	158,971	181,198
Liabilities associated with assets held for sale or for distribution to owners	18	824	824
Total current liabilities		**$ 3,675,406**	**$ 4,838,941**
Non-current liabilities			
Financial liabilities	19	2,561,665	2,402,996
Trade liabilities and accounts payable	22	3,798	9,497
Employee benefits	23	340,349	287,129
Derivative financial instruments	6	-	8,901
Provisions	24	199,645	180,670
Outstanding bonds and preferred shares	26	2,851,563	1,948,877
Other liabilities	25	24,143	43,063
Deferred tax liabilities	9	347,006	363,150
Total non-current liabilities		**$ 6,328,169**	**$ 5,244,283**
TOTAL LIABILITIES		**$ 10,003,575**	**$ 10,083,224**
EQUITY (See attached statement)		**$ 8,779,341**	**$ 9,073,579**
TOTAL EQUITY AND LIABILITIES		**$ 18,782,916**	**$ 19,156,803**

Notes are an integral part of the consolidated financial statements.

Juan Esteban Calle
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio C.
Corporate Accouting Manager
T.P. 47208-T (See attached certification)

Daniel Augusto Bernal J.
Statutory Auditor | T.P. 94.411-T
Appointed by Deloitte & Touche Ltda.
(See attached certification)

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at December 31st | Million of Colombian pesos

	Notes		2017		2016
Continuing operations					
Income from operations	32	$	8,532,913	$	8,517,382
Cost of sales	10		6,970,156		6,595,353
Gross profit		**$**	**1,562,757**	**$**	**1,922,029**
Administrative expenses	34		683,835		699,310
Selling expenses	35		254,229		263,373
Other expenses from operations, net	36		70,241		100,130
Impairment of goodwill and assets	17		2,032		56,517
Operating profit		**$**	**692,902**	**$**	**1,002,959**
Financial expenses, net	38		406,094		340,828
Foreign currency exchange gains, net			8,285		30,157
Share of net loss of associates and joint ventures	12		(4,901)		(1,824)
Profit before income tax		**$**	**290,192**	**$**	**690,464**
Income tax	9		212,964		127,952
Net income for the year	**39**	**$**	**77,228**	**$**	**562,512**
Income for the period attributable to:					
Owners of the parent company			(12,546)		419,970
Non-controlling interest	31		89,774		142,542
Net income for the year		**$**	**77,228**	**$**	**562,512**
OTHER COMPREHENSIVE INCOME, NET OF TAXES					
items that will not be reclassified to profit or loss:					
Loss on new measurements of defined benefits obligations		$	(19,652)	$	(40,019)
Gains from equity investments measured at fair value			59,769		159,965
Income tax on items that will not be reclassified to profit or loss			848		26,049
Total items that will not be reclassified to profit or loss		**$**	**40,965**	**$**	**145,995**
items that will be reclassified to profit or loss:					
Net profit of cash-flow hedging instruments			1,530		15,109
Gains (Losses) from foreign currency translation differences			5,985		(363,944)
Income tax on items that will be reclassified to profit or loss			(3,770)		(6,391)
Total items that will be reclassified to profit or loss		**$**	**3,745**	**$**	**(355,226)**
Other comprehensive income, Net of taxes		**$**	**44,710**	**$**	**(209,231)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**$**	**121,938**	**$**	**353,281**
Other comprehensive income attributable to:					
Owners of the parent company			55,905		(160,716)
Non-controlling interest			(11,195)		(48,515)
Other comprehensive income		**$**	**44,710**	**$**	**(209,231)**
Total comprehensive income attributable to:					
Owners of the parent company			43,358		259,254
Non-controlling interest			78,580		94,027
Total comprehensive income		**$**	**121,938**	**$**	**353,281**
Basic, net income:					
Net (loss) income from continuing operations attributable to owners of the parent	40		(10.89)		364.66

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

Juan Esteban Calle
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio C.
Corporate Accouting Manager
T.P. 47208-T (See attached certification)

Daniel Augusto Bernal J.
Statutory Auditor | T.P. 94.411-T
Appointed by Deloitte & Touche Ltda.
(See attached certification)

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at December 31 | million of Colombian pesos

	Issued Capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Other comprehensive income and other components	Equity attributable to the owners of the parent company	Non-controlling interest	Equity
Balance at January 1, 2016	**1,558,290**	**(113,797)**	**21,156**	**1,138,959**	**2,137,656**	**3,363,196**	**8,105,460**	**632,046**	**8,737,506**
Net income for the period	-	-	-	-	419,970	-	419,970	142,542	562,512
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(160,716)	(160,716)	(48,515)	(209,231)
Comprehensive income for the period	**-**	**-**	**-**	**-**	**419,970**	**(160,716)**	**259,254**	**94,027**	**353,281**
Transfer to retained earnings	-	-	-	-	209,090	(209,090)	-	-	-
Cash dividends	-	-	-	-	(230,334)	-	(230,334)	(68,448)	(298,782)
Cash dividends on preferred shares	-	-	-	-	(29,811)	-	(29,811)	-	(29,811)
Capitalization of reserves	584,023	-	-	(584,023)	-	-	-	-	-
Appropriation of reserves	-	-	167	358,211	(307,485)	-	50,893	-	50,893
Release of reserves	-	-	-	(50,893)	-	-	(50,893)	-	(50,893)
Changes in ownership with no loss of control	-	-	-	-	-	281,257	281,257	80,557	361,814
Wealth tax	-	-	-	(47,438)	-	-	(47,438)	(37)	(47,475)
Other movements	-	-	(396)	-	4,429	-	4,033	(6,987)	(2,954)
Balance at 31 December, 2016	**2,142,313**	**(113,797)**	**20,927**	**814,816**	**2,203,515**	**3,274,647**	**8,342,421**	**731,158**	**9,073,579**
Balance at January 1, 2017	**2,142,313**	**(113,797)**	**20,927**	**814,816**	**2,203,515**	**3,274,647**	**8,342,421**	**731,158**	**9,073,579**
Net income for the period	-	-	-	-	(12,546)	-	(12,546)	89,774	77,228
Other comprehensive income for the period, net of income tax	-	-	-	-	-	55,905	55,905	(11,195)	44,710
Comprehensive income for the period	**-**	**-**	**-**	**-**	**(12,546)**	**55,905**	**43,359**	**78,579**	**121,938**
Transfer to retained earnings	-	-	-	-	272,869	(272,869)	-	-	-
Cash dividends	-	-	-	-	(251,065)	-	(251,065)	(85,937)	(337,002)
Cash dividends on preferred shares	-	-	-	-	(43,461)	-	(43,461)	-	(43,461)
Extraordinary Cash Dividends	-	-	-	-	(29,939)	-	(29,939)	-	(29,939)
Appropriation of reserves	-	-	71,364	374,065	(445,429)	-	-	-	-
Release of reserves	-	-	-	(1,039)	1,039	-	-	(5)	(5)
Business combinations	-	-	-	-	-	-	-	8,180	8,180
Wealth tax	-	-	-	(18,738)	(130)	-	(18,868)	(3)	(18,871)
Other movements	-	-	-	-	(8,366)	-	(8,366)	13,288	4,922
Balance at 31 December, 2017	**2,142,313**	**(113,797)**	**92,291**	**1,169,104**	**1,686,487**	**3,057,683**	**8,034,081**	**745,260**	**8,779,341**

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

Juan Esteban Calle
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio C.
Corporate Accouting Manager
T.P. 47208-T (See attached certification)

Daniel Augusto Bernal J.
Statutory Auditor | T.P. 94.411-T
Appointed by Deloitte & Touche Ltda.
(See attached certification)

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

As at December 31 | million of Colombian pesos

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	**39**	**$ 77,228**	**$ 562,512**
Adjustments to reconcile profit:			
Depreciation and amortization	39	726,856	611,602
Income tax	9	212,964	127,952
Net financial expenses		403,792	378,945
Provisions, post-employment and long-term defined benefit plans		49,327	13,830
Net impairment losses		65,485	73,183
Gains from exchange difference		(1,162)	(64,133)
(Gains) Losses on fair value measurement		(329)	849
Share of net loss of associates and joint ventures		4,901	1,824
Gains on the disposal of non-current assets		(84,512)	(63,499)
Others, net		(23,605)	(45,607)
Changes in the working capital of:			
Decrease (Increase) in inventory		35,925	(49,103)
Increase in receivables and other accounts receivable		(146,235)	(501,795)
Increase in liabilities and other accounts payable		117,820	346,969
Paid taxes		(249,052)	(364,123)
Total adjustments to reconcile profit		**1,112,175**	**466,894**
Net cash flows from operating activities		**$ 1,189,403**	**$ 1,029,406**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and investment properties		(712,895)	(746,842)
Proceeds from sale of financial assets	27	294,813	237,787
Proceeds from the sale of property, plant and equipment and investment properties		90,545	100,676
Purchase of intangible assets		(30,853)	(10,124)
Acquisition of financial assets		(28,285)	(10,648)
Cash flows used to obtain control of subsidiaries or other businesses	42	(14,680)	(2,088,959)
Interest received		8,690	-
Acquisition of investment in associates and joint ventures		(7,064)	(2,890)
Dividends received		6,331	35,360
Other charges for the sale or liquidation of investment in associates and joint ventures		-	2,323
Net cash flows used in investing activities		**$ (393,398)**	**$ (2,483,317)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		4,016,876	6,302,204
Payments of loans and debt instruments		(4,476,653)	(4,565,265)
Proceeds from bond issue	26	998,071	399,218
Payment of outstanding bonds	26	(440,000)	(212,561)
Interest paid		(384,594)	(353,667)
Dividends paid	30	(355,819)	(292,448)
Payments from financial derivatives contracts		(117,089)	(33,248)
Dividends paid on preferred shares	30	(49,266)	(45,082)
Payments for finance lease liabilities		(33,282)	(30,355)
Collection from financial derivatives contracts		35,475	24,456
Others, net		3,024	-
Disposals of ownership interests with no loss of control	5	-	288,008
Net cash flows (used in) from financing activities		**$ (803,257)**	**$ 1,481,260**
(DECREASE) INCREASE OF CASH AND CASH EQUIVALENT BY OPERATIONS		**$ (7,252)**	**$ 27,349**
Net effect of foreign currency translation on cash and cash equivalents		(665)	(41,391)
Net decrease of cash and cash equivalent		**(7,917)**	**(14,042)**
Cash and cash equivalents at the beginning of the period	**5**	**538,173**	**552,215**
Cash and cash equivalents at end of the period	**5**	**$ 530,256**	**$ 538,173**

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

Juan Esteban Calle
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio C.
Corporate Accouting Manager
T.P. 47208-T (See attached certification)

Daniel Augusto Bernal J.
Statutory Auditor | T.P. 94.411-T
Appointed by Deloitte & Touche Ltda.
(See attached certification)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and 2016 (Millions of Colombian pesos, except where otherwise indicated)

NOTE 1: OVERVIEW

Cementos Argos S.A. is a commercial company set up anonymously according to Colombian legislation on August 14, 1944, with its headquarters in the city of Barranquilla, in the Department of Atlántico, Republic of Colombia. The company's corporate purpose is the exploitation of the cement industry, the production of concrete mixes and any other materials or items made of cement, lime or clay, the acquisition and exploitation of minerals or deposits of exploitable minerals in the cement industry and similar rights to explore and mine the aforementioned minerals, whether by concession, privilege, lease or other title. Its head-quarters is in the city of Barranquilla and the term of duration of the company expires on August 14, 2060, with an extended duration. The headquarters address is Via 40 Las Flores, Barranquilla. No branches are established in Colombia or abroad.

Cementos Argos S.A. is part of Grupo Empresarial Argos whose parent company is called Argos Group S.A.

The Board authorized the issuance of the consolidated financial statements of the Group for the year ended December 31, 2017 on February 12, 2018.

NOTE 2: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. COMPLIANCE STATUS

The consolidated financial statements of Cementos Argos S.A. have been prepared in accordance with Accounting and Financial Information Standards accepted in Colombia (NCIF for their Spanish acronym), issued by the Ministry of Finance and Public Credit and the Ministry of Commerce, Industry and Tourism of the Republic of Colombia, which are based on the International Financial Reporting Standards (IFRS) along with their interpretations, translated to Spanish and issued by the International Accounting Standards Board (IASB) as of December 31, 2015. Additionally, the Company shall apply the following laws, decrees and existing regulations:

- External Circular No. 36 of 2014 of the Financial Superintendency of Colombia - The accounting treatment of the positive net differences generated in NCIF's first time application cannot be distributed to stem losses, carry out capitalization processes, distribute profits and/or dividends, or be recognized as reserves. Negative net differences will not be taken into account for technical equity, minimum capital to operate or other legal controls, for preparers of financial information and security issuers subject to control.

- Decree 2496 of December 23, 2015 - Establishes that investments in subsidiaries must be accounted for in the parent or controlling company's books by using the equity method on separate financial statements, pursuant to article 35 of Law 222 of 1995.

2.2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.2.1. Basis of preparation

The financial statements include the financial statements of Cementos Argos S.A. and its subsidiaries as of December 31, 2017. These have been prepared on the basis of historical cost, except the measurement of certain financial assets and financial liabilities, and derivative financial instruments that have been measured at fair value. The Group does not measure non-financial assets or liabilities at fair value on a recurring basis. The consolidated financial statements are presented in Colombian pesos, which is the functional currency of the parent group, and all values are rounded up to the closest million, unless otherwise indicated.

The financial statements have been prepared on the accounting basis of accumulation or accrual, except the cash flow information. Usually, the historical cost is based on the fair value of the consideration granted in exchange for goods and services.

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly trans-action between market participants at the date of measurement, regardless of whether that price is directly observable or estimated using another method of valuation. When estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability if market participants take into account these characteristics to value the asset or liability at the date of measurement. The fair value for purposes of measurement and/ or disclosure of these consolidated financial statements is determined on that basis, except for payment transactions based on actions within the scope of IFRS 2, leasing transactions within the scope of IAS 17 and measurements that have some similarities fair value but are not fair value, such as the realizable value in IAS 2 or useful value in IAS 36.

Additionally, for financial information purposes, fair value measurements are categorized as Level 1, 2 or 3 based on the degree to which the entries to fair value measurements are observable and the importance of the entries to fair value measurements as a whole, which are described as follows:

- Level 1 entries are quoted prices (not adjusted) in active markets for identical assets and liabilities to which the company has access on the date of measurement;

- Level 2 entries are entries different from the quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly, and

- Level 3 entries are unobservable entries for an asset or liability

The main accounting principles are expressed later on.

2.2.2. Principles of consolidation and accounting policies

Consolidation principles

Investments over which the Group has control are fully consolidated using the global consolidation method, under which the financial statements of the controlling company or matrix are added to the total assets, liabilities, equity, revenues, costs and expenses of the subsidiaries, after having been removed from the parent or matrix, as well as operations and existing reciprocal balances at the date of preparation of the consolidated financial statements.

The Group controls an investee when it has power over it, is exposed, or has a right to variable profits from its participation and it has the ability to influence these profits through its power over them. The Group re-evaluates whether it has control or not over an investee, if the facts and circumstances indicate that there have been changes to one or more of the three aforementioned control elements. During the control evaluation, the Group considers existing substantive voting rights, contracts signed between the company and third parties, and the rights and ability to appoint and remove key management members, among other activities.

When the Group has less than a majority of voting rights in an investee, it has power over this entity when the voting rights are sufficient to give it the practical ability of to direct the relevant activities of the investee in a unilateral manner. The Group considers all of the events and circumstances that may be relevant when evaluating whether the voting rights of the Group in an investee are sufficient or not to grant it power, including:

- The percentage of the Group's voting rights relative to the size and distribution of percentages of other votes;
- Potential voting rights held by the Group, other shareholders or other parties;
- Rights under contractual agreements, and,
- Any additional facts or circumstances that indicate that the Group has or does not have, the current ability to direct the relevant activities when decisions need to be made, including voting patterns in assemblies of previous shareholders.

The financial statements of subsidiaries are included in the consolidated financial statements starting on the date on which the Group takes control over the subsidiary, which may be different from the date of acquisition, up until the date when the Group loses financial control of the subsidiary. Specifically, the revenues and expenses of a subsidiary acquired or sold during the year are included in the consolidated profit and loss statement as well as other comprehensive results from the date when the Group gains control up until the date the Group ceases to control the subsidiary.

Changes in participation in the ownership of a controlling interest in a subsidiary that do not result in a loss of control are posted as equity transactions. The book value of the Group's participating shares and non - controlling interests are adjusted to reflect changes in their relative participation in the subsidiary. Any difference between the amount by which the non - controlling interests were adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent company.

When the group loses control of a subsidiary, profits or losses are recognized in the income statement, and they are calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the retained participation, and (ii) the previous book value of the assets (including goodwill) and liabilities of the subsidiary and any non - controlling interests. Amounts previously recognized in other comprehensive income statements related to that subsidiary are recorded as if the Group had sold the relevant assets directly (i.e. reclassified them to profits or losses or transferred them to another category of equity as specified/allowed by applicable IFRS). The fair value of the retained investment in the former subsidiary, on the date in which control was relinquished, must be considered as the fair value for purposes of initial recognition of a financial asset in accordance with IFRS 9 or, where appropriate, the cost of initial recognition of an investment in an associate or joint venture.

Non - controlling interests in net assets of consolidated subsidiaries are identified separately from the Group's equity. The profits and losses of the period and other comprehensive income are also attributed to the controlling and to non-controlling interests. The total comprehensive income of subsidiaries is attributed to the owners of the Group and to non - controlling interests, even if the results in non-controlling interests have a negative balance.

The financial information of consolidated subsidiaries is prepared based on International Financial Reporting Standards (IFRS). However, some of the foreign subsidiaries prepare their financial statements for statutory purposes by applying the United States Generally Accepted Accounting Principles (US GAAP), which is why adjustments are included to standardize these prin-ciples with the NCIF applicable in Colombia.

The Administration should make estimates and assumptions that affect the numbers reported for assets and liabilities, rev-enues, costs and expenses, disclosures of assets and liabilities at the date of the consolidated financial statements. In Note 4, the critical accounting judgments and key sources of estimation made by the Administration are detailed.

SIGNIFICANT ACCOUNTING POLICIES

Below are the significant accounting policies that Cementos Argos S.A. and its subsidiaries apply to the preparation of their consolidated financial statements:

1. BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The acquired identifiable assets, liabilities and contin-gent liabilities assumed from the acquirer are recognized at fair value at the date of acquisition, the costs of acquisition are recognized in the income statement of the period and the goodwill is recognized as an asset in the consolidated financial statements.

The transferred consideration is calculated as the sum of the fair value, at the date of acquisition, of the relinquished assets, the assumed liabilities and the equity instruments issued by Cementos Argos and its subsidiaries, including the fair value of any contingent consideration, in order to gain control of the acquire.

Acquired identifiable assets and assumed liabilities are recognized at fair value at the date of acquisition, except for:

- Deferred tax liabilities or assets and liabilities or assets related to employee benefit agreements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;

- Liabilities or equity instruments related to payment agreements based on shares of the acquiree or payment arrangements based on shares of the Group carried out to substitute payment agreements based on shares of the acquiree are measured in accordance with IFRS 2 at the date of acquisition, and

- Assets (or group of assets for disposal) which are classified as held for sale pursuant to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is calculated as the excess of the sum of the consideration transferred, the value of any non-controlling interests, and where applicable, the fair value of any previous equity interests held in the acquiree, divided by the net value of the acquired assets, assumed liabilities and contingent liabilities assumed on the date of acquisition.

When the transferred consideration is less than the fair value of the net assets acquired, the corresponding profit is recognized in the income statement of the period, on the date of acquisition.

Non-controlling interests that represent ownership interests and that guarantee their holders a proportion of the net assets of the company in the event of liquidation can be initially calculated at fair value or as the proportional share of non - controlling interests of the recognized amounts of the identifiable net assets of the acquiree. The measurement basis is chosen on a transaction by transaction basis. Other types of non -controlling interests are calculated at fair value or, when applicable, on the basis specified by another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities that arise from a con-tingent consideration agreement, the contingent consideration is measured at the fair value at the date of acquisition and it is included as part of the consideration transferred in a business combination. Any changes in the fair value of the contingent consideration that qualify as adjustments to the measurement period are adjusted retrospectively with the corres-ponding adjustments against the goodwill. Adjustments to the measurement period are adjustments that arise from the additional information obtained during the "measurement period" (which cannot be more than one year after the date of acquisition) about facts and circumstances that existed on the date of acquisition. The subsequent record of changes to the fair value of the contingent consideration that do not qualify as adjustments of the measurement period depends on how the contingent consideration is classified. The contingent consideration that is classified as equity is not measured again at the subsequent reporting dates and its subsequent cancellation is recorded in equity.

A contingent consideration classified as an asset or liability is remeasured based on its reporting date in accordance with IAS 39 Financial Instruments or IAS 37 Provisions, Contingent Liabilities and Contingent Assets where appropriate, with the corre-sponding profit or loss recognized in profits or losses.

In the case of business combinations carried out in stages, the equity participation of the Group in the acquiree is recalculated at fair value on the date of acquisition (i.e., the date on which the Group gained control) and the resulting profit or loss, if any, is recognized in profit or losses. The amounts resulting from participation in the acquiree prior to the date of acquisition that had been previously recognized in other comprehensive income statement are reclassified as profits or losses, provided that such treatment is appropriate, in the event that said participation were to be sold.

If the initial accounting of a business combination is not finished by the end of the financial period in which the combination oc-curs, the Group reports provisional amounts for the items for which accounting is incomplete. During the measurement period the buyer recognizes adjustments to the provisional amounts or recognizes additional liabilities or assets necessary to reflect new informa-tion obtained about facts and circumstances that existed at the date of purchase and that, had they been known, would have affected the measurement of amounts recognized at that date.

Goodwill is not amortized, it is measured at cost minus any loss accumulated due to impairment. If the recoverable amount of the cash generating unit is less than the book value of the unit, the impairment loss is allocated first to reduce the goodwill book value assigned to the unit and then to the other unit assets, in a proportional manner, based on the book value of each asset in the unit. The cash - generating units to which the goodwill is assigned are subject to yearly impairment evaluations, or more frequently if there is an indication that the unit could be impaired. Impairment losses are recognized in the comprehensive income statement in the period results section. Goodwill impairment losses cannot be reversed in the following period. In the event of withdrawal of a cash-generating unit, the attributable amount of goodwill is included in the calculation of profit or loss due to withdrawal.

2. FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recognized at fair value plus (minus) directly attributa-ble transaction costs, except for those that are measured later at fair value with changes in the income statement. Cementos Argos and its subsidiaries subsequently measure financial assets and liabilities at an amortized cost or fair value, depending on the Group's business model for managing financial assets and the characteristics of the contractual cash flows of the instrument.

Financial Assets

Financial assets other than those at amortized cost are subsequently measured at fair value with recognized changes in the in-come statement. However, for investments in equity instru-ments that are not held for negotiation purposes, Cementos Argos and its subsidiaries can choose, during the initial recognition and irrevocably, to present the profits or losses from fair value measurements in another comprehensive statement. When disposing of investments at fair value in another comprehensive statement, the accumulated value of profits or losses is transferred directly to retained earnings and are not reclassified as income for the period. Cash dividends received from these investments are recognized in the other comprehensive income statement. Cementos Argos and its subsidiaries have chosen to measure some of their investments in equity instruments at fair value in another comprehensive income statement. A financial asset is subsequently measured at amortized cost using the effective interest rate if the asset is held within a business model whose objective is to hold them in order to obtain contractual cash flows and its contractual terms gran, on specific dates principal and interest on the value of the outstanding principal.

A financial asset or part of one is written off from the statement of financial position when it is sold, transferred, it matures or control is lost over the contractual rights or cash flows of the instrument. A financial liability or part of one is written off from the statement of financial position when the contractual obligation has been settled or has matured.

When an existing financial liability is replaced by another from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a write-off of the original liability and the recognition of the new liability, and the difference in the respective book values, are recognized in the comprehensive income statement.

Financial Liabilities

The initial recognition of financial liabilities is done at fair value and subsequently valued at the amortized cost using the effec-tive interest method. Losses and profits are recognized in the income statement when liabilities are written off, as well as ac-crued interest using the effective interest method. The amortized cost is calculated taking into account any discount or premium on acquisition and installments or costs that are an integral part of the effective interest method.

The effective interest method is the method used to calculate the amortized cost of a financial asset or a financial liability and for the distribution and recognition of interest income or interest expense in the reporting period over the course of the corresponding period. The amortized cost of a financial asset or a financial liability is that which is measured on initial recognition, minus repayments of the principal, in addition to, more or less, accumulated amortization using the effective interest method of any difference between the initial amount and the amount at maturity and, for financial assets, adjusted for any value loss adjustments.

Financial Derivatives

Financial derivatives are calculated at fair value with changes in the comprehensive income statement. Certain derivatives embedded in other financial instruments (implicit derivatives) are treated as separate derivatives when their risk and char-acteristics are not closely related to the host contract and it is not recorded at fair value with its unrealized profits and losses included in the income statement. Certain derivative transactions that do not qualify to be posted as derivatives for hedging, are treated and reported as derivatives for negotiation, even though they provide effective hedging for the management of risk positions.

The Group formally appoints and documents the relationship with derivatives that qualify for hedge accounting at the beginning of the hedging relationship, and also documents the goals of the risk management strategy for the hedge. The documentation includes identification of the hedging instrument, the hedged transaction or item, the nature of the risk being hedged and how the Group will evaluate the effectiveness of the changes in the fair value of the hedging instrument when offsetting the exposure to changes in the fair value of the hedged item or in the cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting the changes in fair value or cash flows and are being constantly evaluated to deter-mine that this has been so throughout the information periods for which they were appointed. For hedge accounting purposes and for those applicable to the Group, hedges are classified and accounted for as follows, once the strict criteria for accounting are met:

- **Fair value hedges,** when they hedge exposure to changes in the fair value of recognized assets or liabilities or unre-cognized firm commitments. The change in fair value of a derivative that is a hedging instrument is recognized in the comprehensive income statement in the income statement section as financial income or cost. The change in fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item, and is also recognized in the comprehensive income statement in the income statement section as financial income or cost.

- **Cash flow hedges,** when hedging exposure to variations in the cash flows attributed either to a particular risk associated with a recognized asset or liability or with a highly probable a foreseen transaction, or with the exchange rate risk related to an unrecognized firm commitment. Cash flow hedge accounting aims to recognize changes in the fair value of the hedging instrument in the other comprehensive results, to apply them to the income statements when and at the pace in which the hedged item affects them. The inefficiency of the derivative will only be recognized in the income statement as they occur.

The effective portion of the profit or loss from measuring the hedging instrument is immediately recognized in the other comprehensive statement, whereas the ineffective potion is recognized immediately in the comprehensive income statement in the section income statement as a financial cost.

The values recognized in the other comprehensive income are reclassified to the comprehensive income statement in the income statement section when the hedged transaction affects the result, just as the financial income or hedged financial expense is recognized or when a forecast transaction takes place. When the hedged item constitutes the cost of a non - financial asset or liability, the values recognized in the other comprehensive income statements are reclassified to the initial book value of the non-financial asset or liability. If the forecast transaction or firm commitment is no longer expected to take place, the cumulative gain or loss previously recognized in the other comprehensive income is reclassified to the comprehensive income statement in the income statement section.

If the hedging instrument matures or is sold, it is resolved, or it is exercised without a replacement or successive renewal of a hedging instrument for another hedging instrument, or if its designation as hedge is revoked, any cumulative profit or loss recognized previously in other comprehensive income remains in the other comprehensive income until the forecast operation or firm commitment affects the result.

Impairment of financial assets

At the end of each reporting period, Cementos Argos and its subsidiaries evaluate if there is objective evidence to suggest that a financial asset or a group of them measured at amortized cost are impaired. If there is any evidence of impairment, the value of the loss is calculated as the difference between the book value of the asset and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the original effective interest rate of the financial asset. To recognize the impairment loss, the book value of the associated asset is reduced and the loss is recognized in the comprehensive income statement.

3. PROVISIONS FOR DECOMMISSIONING, RESTORATION AND REHABILITATION

Cementos Argos and its subsidiaries recognize as part of the cost of ownership of an element, plant and equipment when there is a legal or implicit obligation to dismantle an asset or restore the site where it was built, the present value of the estimated future costs expected to be incurred for the dismantling or restoration. The provision for decommissioning or restoration is recognized at the present value of estimated future disbursements to pay the obligation. Cash flows are discounted at a risk - free rate before taxes. The estimated future cash flows for decommissioning or restoration are reviewed periodically. Changes in estimates, in the expected dates of disbursements or in the discount rate used to discount the flows are recognized as an increase or decrease of the decommissioning cost included in the ownership item, plant and equipment. The change in the value of the provision associated with the passage of time is recognized as a financial expense in the comprehensive income statement.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position and in the cash flow statement include money in cash and in banks, highly liquid investments that are easily convertible into a certain amount of cash and subject to an insignificant risk of changes in value, with a maturity of three months or less from the date of acquisition.

5. DISBURSEMENTS OF EXPLORATION AND EVALUATION

Cementos Argos and its subsidiaries recognize as an expense for the evaluation and exploration of mineral resources those disbursements incurred in prior to demonstrating the technical feasibility and commercial viability of an exploitation project, even if they are directly related to or associated with the activity of exploration and evaluation of mineral resources. If disburse-ments meet the conditions for recognition they are recorded as intangible assets. The expenses will be recognized at the disbursed value at the time they are incurred.

6. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants on the date of measurement. The fair value of all financial assets and liabilities is determined at the date of filing of the financial statements to be recognized or disclosed in the notes to the financial statements. Judgments include data such as liquidity risk, credit and volatility risk. Changes to the hypotheses about these factors could affect the reported fair value of the financial instruments.

7. FOREIGN CURRENCY

Transactions in foreign currencies corresponding to those transactions in currencies other than the functional currency of the company are recorded initially at the exchange rate of the functional currency valid on the date of the transaction. Later, the monetary assets and liabilities in foreign currencies are converted at the exchange rate of the functional currency valid on the closing date of the period. Non - monetary items measured at their fair value are converted using the exchange rates of the date when their fair value is determined, and non -monetary items measured at historical cost are converted using the exchange rates determined to be applicable on the date of the original transaction, and have not been converted.

All exchange rate differences of monetary items are recognized in the income statement except for monetary items that provide an effective hedge for a net investment in a foreign business and those that come from investments in shares classified at fair value through equity. For the presentation of Cementos Argos' consolidated financial statements, the assets and liabilities of foreign operations have been converted into Colombian pesos at the exchange rate valid on the closing date of the reporting period. Revenues, costs and expenses, and cash flows are converted at the average exchange rates of the period, unless these fluctuate significantly during the period, in which case the exchange rates of the date of the transactions are used.

Any differences that arise in the exchange rate are recognized in other comprehensive income and are accumulated in equity (attributed to non-controlling interests where appropriate).

When disposing of a foreign operation, including the disposal of the Group's total participation in a business abroad and a dis-posal involving the partial sale of a stake in a joint venture that includes a foreign business deal in which the retained participa-tion becomes a financial asset, all exchange differences accumulated in equity relating to that operation attributable to owners of the Group are reclassified from equity to the consolidated results of the period.

Additionally, with regards to the partial disposal of a subsidiary (that includes a foreign operation), the company will attribute the proportionate share of accumulated exchange differences again to the non-controlling interests and will not be recognized in profits or losses. For any other partial disposals (i.e. the partial disposal of associations or joint agreements that do not involve the loss of significant influence and joint control by the Group), the company will reclassify to profits or losses only the proportional share of the cumulative amount of exchange differences.

The adjustments corresponding to goodwill and the fair value of identifiable acquired assets and liabilities generated in the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are converted at the valid exchange rate for the end of each reporting period. Any exchange differences that may arise will be recognized in other comprehensive income.

8. IMPAIRMENT OF ASSET VALUE

Cementos Argos and its subsidiaries evaluate the impairment of assets when facts and circumstances suggest that the book va-lue of cash-generating unit may exceed its recoverable amount or least at the end of each reporting period. When this happens, Cementos Argos and its subsidiaries measure, present and disclose any loss to the resulting value due to impairment in the comprehensive income statement.

9. IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each period, Cementos Argos and its subsidiaries evaluate the existence of any indications that an asset's value may be impaired. The recoverable value of the asset or cash-generating unit is estimated; when it is not possible to estimate the recoverable amount of an individual asset, at the time when an indication of impairment is detected, or at least annually for intangible assets with an indefinite useful life and intangible assets not yet in use. When a reasonable and consistent basis of distribution is identified, common assets are also allocated to individual cash generating units or distributed to the smallest group of cash-generating units for which a reasonable and consistent distribution basis can be identified.

The recoverable value of an asset is the highest value between the fair value minus the sales costs, whether it's an asset or a cash-generating unit, and its value in use. When estimating the value in use, estimated future cash flows are discounted at the current value using a discount rate before taxes that reflects current market valuations of the temporary value of money and the specific risks to the asset for which the estimated future cash flows have not been estimated. When the book value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and the value of its recoverable amount is reduced.

When an impairment loss is reversed later, the book value of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, so that the increased book value does not exceed the book value that would have been measured had the asset's (or cash-generating unit's) impairment loss not been recognized in previous years. The reversal of an impairment loss is automatically recognized in profits or losses.

10. TAXES

The expense for income taxes represents the sum of the payable current income tax and the deferred tax.

Current income tax

Current assets and liabilities for the income tax period are measured by the values expected to be recovered or paid to the tax authority. The expense for income tax is recognized in the current tax according to the refinement of the income tax and the accounting gain or loss affected by the tax rate on income for the current year and pursuant to the provisions of the tax stan-dards of each country. The tax rates and standards used to compute these values are those that have been approved or substantially approved by the end of the reporting period in the countries whe-re Cementos Argos and its subsidiaries operate and generate taxable income.

Deferred tax

Deferred income tax is recognized using the liability method calculated on the temporary differen-ces between the tax bases of the assets and liabilities and their book values. The deferred tax liability is recognized for temporary taxable differences and the deferred asset tax is recognized for temporary deductible differences and future offset of tax credits and unused tax losses, to the extent that the availability of future taxable income against which they can be allocated is likely. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than the business combination) of other assets and liabilities in an operation that does not affect taxable profit or the accounting profit. Additionally, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Tax liabilities deferred due to temporary taxable differences associated with investments in subsi-diaries and associates and interests in joint ventures, except those in which the Group is able to control the reversal of the temporary difference and when there is the possibility that this cannot be reversed in the near future, must be recognized. Deferred tax assets that arise from deductible temporary differences associated with such investments and holdings are only recognized to the extent that it is likely that the company will have future taxable gains against which the temporary difference can be charged and when there is the possibility these can be reversed in the near future. The book value of a deferred tax asset should be subject to revision at the end of each reporting period and should be reduced to the extent it is likely that the company will not have su-fficient tax gains in the future to allow all or part of the asset to be recovered. Deferred tax assets and liabilities should be calculated using the tax rates that are expected to be applicable during the period in which the asset is realized or the liability is settled based on the rates (and tax laws) that have been approved or practically approved by the end of the reporting period.

The measurement of deferred tax liabilities and deferred tax assets will reflect the tax conse-quences that would occur from the manner in which the company expects to recover or settle the book value of its assets and liabilities at the end of the reporting period. Deferred taxes are not discounted.

Deferred tax is recognized in the result of the period, except those related to items recognized out-side the income; in this case they will be presented in another comprehensive income or directly in equity. In the case of a business combination, when the current tax or deferred tax arises from the initial accounting of the business combination, the tax effect is considered within the accounting of the business combination.

11. INTANGIBLE ASSETS

Intangible assets acquired separately are initially calculated at cost. The cost of intangible assets acquired in business combina-tions are recognized separately from goodwill at fair value at the date of acquisition (which is regarded as its cost). After the initial recognition, intangible assets are posted at cost minus any accumulated amortization and any accumulated impairment losses. Internally generated costs for intangible assets, except for development costs that meet recog-nition criteria, are not capitalized and when disbursed they are recognized in the comprehensive income statement at the time when they are incurred.

Disbursements arising from research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset as a result of development activities (or of the development phase of an internal project) is recognized if, and only if, the following conditions are met:

- Technically, it is possible to complete the production of the intangible asset so that it can be made available for use or sale;
- Its ability to use or sell the intangible asset;
- The manner in which the intangible asset will generate probable economic benefits in the future;
- The availability of adequate resources, technical, financial or otherwise, to complete its development and to use or sell the intangible asset, and
- Its ability to measure reliably the disbursement attributable to the intangible asset during its development.

The amount initially recognized for an internally generated intangible asset will be the sum of the disbursements incurred from the time when the item meets the conditions for recognition set forth above. After the initial recognition, an internally generated intangible asset will be accounted at cost minus the accumulated amortization and accumulated amount of impairment losses on the same basis as intangible assets that are acquired separately.

The period of amortization and the amortization method for intangible assets with a finite useful life are reviewed at least at the end of each period. Changes in estimated useful life of the asset are recognized prospectively. The expense for amortization of intangible assets with finite useful lives is recognized in the comprehensive income statement. Intangible assets with indefinite useful lives are not amortized, but rather tested for impairment.

An intangible asset is written off at the time of disposal or when no future economic benefits from its use or disposal are expect-ed. Profits or losses arising from the write-off of an intangible asset, calculated as the difference between the net income from the sale and the book value of the asset is recognized in the consolidated profits or losses at the time the asset is written off.

12. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

An associate is a company over which the Group has significant influence. Significant influence is the power to participate in fi-nancial policy and operational decisions of the investee, but without having absolute or joint control of the investee.

A joint venture is a joint agreement whereby the parties that have joint control have rights to the net assets of the agreement. Joint control is shared control contractually agreed upon that only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results, assets and liabilities of the associate or joint venture are incorporated into the consolidated financial statements using the equity method, unless the investment or a portion thereof is classified as held for sale, in which case it is accounted pursuant to IFRS 5. Under this method, the investment is initially recorded at cost and adjusted with the changes in the participation of Cementos Argos and its subsidiaries and are later adjusted to account for the participation of the Group in profits or losses and in other comprehensive income statements of the associate or joint venture, minus any losses due to impairment of the investment.

When the participation of the Group in the losses of an associate or joint venture exceeds the participation of the Group in the associate or joint venture (including any long-term participation that is basically a part of the Group's net investment in the associate or joint venture), the Group ceases to recognize its participation in future losses. Additional losses are recognized as long as the Group has acquired a legal or implicit obligation or has made payments on behalf of the associate or joint venture.

When the equity method applies, the necessary adjustments are made to standardize the accounting policies of the associate or joint venture with those of Cementos Argos. The share belonging to Cementos Argos is included in the obtained profits or losses and unrealized losses from transactions between the Group and the associate or joint venture. The equity method is applied from the date on which the investee becomes an associate or joint venture. This is because, for example, it can occur in stages, and it is not the date of acquisition; until such time as significant influence or joint control over the entity is lost. In the acquisition of the investment in the associate or joint venture, any excess of the cost of the investment on the distribution of the net fair value of identifiable assets and liabilities of the investee is recognized as Goodwill Credit, which is included in the amount book value of the investment.

Any excess in the Group's distribution of the net fair value of identifiable assets and liabilities on the cost of investment, after having been revaluated, is posted immediately in profit or losses for the period in which the investment was acquired. The requirements of IFRS 9 are applied to determine whether it's necessary to post an impairment loss from the Group's investment in an associate or joint venture. The total book value of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as an individual asset by comparing its recoverable amount (highest between the useful value and the fair value minus the cost of disposal) to its book value. Any recognized impairment loss is part of the book value of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 until the recoverable amount of the investment increases later.

The Group stops using the equity method on the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group has a stake in a former associate or joint venture and the holding is a financial asset, the Group measures the holding at that date's fair value and at the fair value considered fair value during the initial recognition, pursuant to IFRS 9. The difference between the book value of the associate or joint venture on the date the equity method stopped being used and the fair value of any retained stake and any result from the sale of a part of the stake in the associate or joint venture is included in the determination of profit or losses from the sale of the associate or joint venture.

Additionally, the Group records all previously recognized amounts in other comprehensive income regarding that associate or joint venture on the same basis that would have been required if the associate or joint venture had sold the assets or liabilities directly. Therefore, if a profit or loss previously accounted in another comprehensive result by the associate or joint venture had been reclassified to profits or losses upon selling the related assets or liabilities, the Group would reclassify the profit or loss from equity to profits or losses (as a reclassification adjustment) at the time when they stop using the equity method.

The Group continues using the equity method when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate. No recalculation at fair value at the time of such changes in ownership interests. When the Group reduces its equity stake in an associate or a joint venture but continues to use the equity method, the Group reclassifies to profits or losses the share of the profit or loss that had been recognized previously in other comprehensive income in relation to that reduction in equity participation, if such a profit or loss were reclassified to profit or losses upon the sale of the corresponding assets or liabilities.

If a company within the Group engages in a transaction with an associate or joint venture of the Group, the profits and losses resulting from these transactions are recorded in the Group's consolidated financial statements only for the share of the stake in the associate or joint venture that is not related to the Group. The goodwill that arises from the acquisition of an associate or a joint venture is included in the book value of the investment and is not amortized or individually tested for impairment of its value.

13. INVESTMENT PROPERTIES

Investment properties are property (land or buildings considered in whole or in part, or both) that are held (by the Group or by a lessee under a financial lease) in order to earn income, capital gains or both, instead of a) using it for the production or supply of goods or services, or for administrative purposes, or b) selling it in the ordinary course of operations, including investment properties under construction for such purposes. These are measured initially at their acquisition price, plus all costs associated with the transaction and non -recoverable indirect taxes, after deducting financial or commercial discounts as well as the costs attributable directly of place the investment property under the necessary conditions for it to operate in the manner intended by the Administration. After the initial recognition, investment properties are measured at cost minus the accumulated depreciation and any accumulate impairment losses. An investment property is written off when it is disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be received from its sale. Any profit or loss arising from the removal of the property (measured as the difference between the net income from the sale and the book value of the asset) is included in the consolidated income for the period in which the property was written off.

14. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and groups of assets for disposal are classified as held for sale if their book value can be recovered through a sales transaction rather than through their continued use; these assets or groups of assets are presented separately as assets and liabilities in the statement of financial position at either their book value or fair value minus sales costs, whichever one is lowest, and are not depreciated or amortized from the date of their classification. This condition is considered to be met only when the sale is highly likely and the asset (or group of assets for disposal) is available for immediate sale in its present condition, subject only to the usual terms adapted for the sale of these assets (or group of assets for disposal). The Administration must be committed to making the sale, which should be recognized as a completed sale within the period of one year after the date of classification.

When the Group is committed to a sales plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when they meet the criteria described above, regardless of whether the Group is going to keep a non-controlling interest in its former subsidiary after its sale.

When the Group is committed to a sales plan involving the sale of an investment, or a portion of an investment in an associate or joint venture, the investment or portion of the investment that will be sold is classified as held for sale when the criteria described above are met and the Group discontinues the use of the equity method the in relation with the portion that is clas-si-fied as held for sale. Any portion retained in an investment in an associate or a joint venture that has not been classified as held for sale, will continue to be accounted under the equity method. The Group will discontinue the use of the equity method in rela-tion with the portion that is classified as held for sale when the sale results in the Group losing significant influence over the associate or joint venture.

After the sale is made, the Group recognizes any interest retained in the associate or joint venture in accordance with IAS 39, unless the interest retained is still an associate or a joint venture, in which case the Group uses the equity method (see accounting policy related to the influence over an associate or joint venture). In cases where the Group undertakes to distribute an asset (or group of assets for disposal) to the owners, said non-current asset (or group of assets for disposal) is classified as held for distribution to owners. For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly likely, i.e. activities must be underway to complete the distribution and should be expected to be completed within a year from the date of classification. The Group has classified its subsidiaries in liquidation processes as groups of assets for distribution to owners.

Revenues, costs and expenses from a discontinued operation are presented separately from those from continuing operations – in a single item after income taxes – in the consolidated comprehensive income statement for the current period and for comparative the period of the previous year, even when the Group retains a non -controlling interest in the subsidiary after the sale.

15. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment includes the amount of land, buildings, furniture, vehicles, equipment, computing equipment and other facilities owned by the consolidated companies, and which are used for the companies' operations. Cementos Argos and its subsidiaries recognize an item of property, plant and equipment when it is likely that the asset will generate future economic benefits, it is expected to be used for a period longer than one year, or all the risks and benefits inherent to the asset have been received and its value can be measured reliably.

Spare parts and permanent maintenance equipment are recognized as an item of property, plant and equipment as they meet the recognition criteria.

Fixed assets are measured at cost minus accumulated depreciation and accumulated impairment losses, if any. Trade discounts, rebates and other similar items are deducted from the cost of acquisition of fixed assets.

Properties under construction for administrative, production or service supply purposes are recorded at cost minus any recog-nized impairment loss. The cost includes professional fees and, in the case of qualifying assets, capitalized loans costs in accor-dance with the accounting policy of the Group. These properties are classified in the appropriate property, plant and equipment categories at the time of their completion and when they are ready for their intended use. The depreciation of these assets, as in the case of other property assets, begins when assets are ready for use.

The depreciation begins when the asset is available for use and is measured in a linear manner over the estimated useful technical life of the asset as follows:

Buildings and constructions	40 to 70 years
Means of Communications	20 to 40 years
Machinery and equipment	10 to 30 years
Office equipment and furniture, computers and communications	3 to 10 years
Transportation Equipment	3 to 10 years
Vehicles and tools	2 to 10 years

Owned land is not depreciated

Assets held under finance leases are depreciated for the period of their estimated useful life equal to the held assets. However, when there is no reasonable assurance that the property at will be obtained at the end of the lease period, assets are depreciat-ed over either the term of the lease or their useful life, whichever one is shorter.

An item of property, plant and equipment will be written off at the time of disposal or when economic future benefits are no longer expected from their continued use. The profit or loss arising from writing off an asset or property, plant and equipment is measured as the difference between sales revenue and the book value of the asset and it is recognized in profit or losses.

The residual values, useful lives and depreciation methods of the assets are reviewed and adjusted prospectively at each year-end, if required.

16. LEASES

The Group classifies leases by evaluating the extent to which the risks and benefits of owning the asset affect the lessor or lessee. The Group classifies a lease as financial when all risks and benefits inherent to the property are substantially transferred, and operational when not all risks and benefits inherent to the property are substantially transferred.

As lessee, the Group initially recognizes an asset acquired through a financial lease according to its nature in the Statement of Financial Position, at either its fair value or the present value of the minimum lease payments, whichever one is lower, and recognizes a short or long-term liability for the same amount. Later, the asset is measured in accordance with the property, plant and equipment policies (see property, plant and equipment policy), and liabilities at amortized cost.

As lessor, the Group records amounts owed by tenants in the context of financial leases as accounts receivable for the amount of the Group's net investment in the leases. Revenue from financial leases is distributed over the accounting periods in order to reflect a regular rate of constant return on the Company's outstanding net investment with regard to leases.

Revenue stemming from operating leases is recorded using the straight-line method over the same period as the term of the lease. Initial direct costs incurred upon negotiating and agreeing upon an operating lease are added to the leased asset's book value and recorded in a linear manner over the term of the lease.

17. BORROWING COSTS

The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, if these costs could have been avoided if no disbursements had been made for the asset. Borrowing costs are capitalized as part of the cost of assets when they are likely to generate economic benefits and can be measured accurately. The capital-ization of borrowing costs starts as part of the cost of a qualified asset on the date on which the following conditions are met: a. Disbursements are made in relation with the asset, b. Borrowing costs are incurred, and c. Necessary activities to prepare the asset for its intended use or sale are carried out.

The Group suspends capitalization of borrowing costs during the periods in which the activities of a qualifying asset are interrupted. However, the capitalization of borrowing costs is not interrupted by during a period if important technical or administrative actions are being carried out. Capitalization of borrowing costs will also not be suspended when a temporary delay is a necessary part of the preparation process of a qualified asset for its intended use or sale.

Capitalization of borrowing costs ends when all necessary activities to prepare a qualified asset for its intended use or sale have been substantially completed. If the asset has components and these components can be used separately while the construction continues, the capitalization of borrowing costs on these components should be stopped.

18. AGRICULTURE

The Group recognizes a biological asset or agricultural product when it controls the biological asset or agricultural product as a result of past events, it is likely it will generate future economic benefits and the cost of the biological asset or agricultural prod-uct can be measured reliably.

The Group measures biological assets both at the beginning and at the end of the period, at fair value minus selling costs.

The fair value of a biological asset is established by its quoted market price in an active market. In the event there are different asset markets for the same biological asset, the fair value of the asset will be determined by the price quoted in the most relevant asset market.

If there is no asset market, the Group uses the following information to determine the fair value, provided it is available, and select the most reliable: a) the price of the most recent market transaction, assuming there have been no significant changes in economic circumstances between the date of the transaction and the end of the reporting period, b) the market price of similar assets, adjusted to reflect existing differences, c) sector benchmarks such as the value of plantations expressed as a function of surfaces, units of capacity, weight or volume.

Profits or losses arising from the initial recognition of a biological asset or agricultural product at fair value minus selling costs and from changes in this value are included in the consolidated income statement of the period in which they occur.

19. PROVISIONS

Provisions are recognized when Cementos Argos and its subsidiaries have a current, legal or implicit obligation as a result of a past event, it is likely that the company will have to expend resources to settle the obligation, and the value of the obligation can be estimated reliably. In cases where Cementos Argos and its subsidiaries expect the provision to be partially or fully reimbursed, the reimbursement is recognized as a separate asset only when such a reimbursement is virtually certain and the amount of the account receivable can be measured reliably.

Provisions are measured with the Administration's best estimate of the future disbursements required to settle the present obli-gation and it is discounted using a risk-free rate. The expense related to the provisions is presented in the comprehensive in-come statement, net of all reimbursements. The increase in the provision due to the passage of time is recognized as a financial expense in the comprehensive income statement. The Group recognizes the present obligations, derived from an onerous contract, as provisions. An onerous contract is one in which the unavoidable costs of meeting the obligations it implies exceed the economic benefits expected to be received from it.

Contingent Liabilities

Possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Cementos Argos and its subsidiaries, are not recognized in the Statement of Financial Position, but are disclosed as contingent liabilities.

The financial statements have been prepared on the basis of a going concern and as of December 31, 2017 there are no mate-rial uncertainties related to events or conditions that produce significant doubts about the ability of any company within the Group to continue operating.

Contingent liabilities acquired in a business combination are initially measured at their fair values at the date of acquisition. At the end of the subsequent reporting periods, such contingent liabilities are measured either the amount at which it would have been recognized under IAS 37 or the amount at which it was initially recognized minus the accumulated amortization recognized under IAS 18 Revenue, whichever one is higher.

20. POST-EMPLOYMENT BENEFIT PLANS

The Group recognizes liabilities related to pensions, pension securities and bonds, retirement premiums and other post-employment benefits pursuant to the requirements of IAS 19 Employee Benefits.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, through which it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016 and, in the case of partial pension commutation, in accordance with Decree 1833 of 2016, as well as the differences arising with the calculation carried out in accordance with IAS 19 – Employee benefits. This information is included in note 23.

The Group recognizes the benefit plans classified as contribution plans in the consolidated income statement as an administrative or sales expense, or cost of merchandise sold according to a presentation by function on the date on which it occurs. The Group recognizes benefit plans classified as benefit plans defined as an asset or liability in the Statement of Financial Position by the difference between the fair value of the plan assets and the present value of the obligation of said plan, using the projected unit credit method to determine the present value of the obligation related to the defined benefits and the cost of the current service and, where applicable, the cost of past services, at least once a year. Plan assets are calculated at fair value, which is based on market price information and, in the case of quoted securities, it constitutes the published purchase price.

The Projected Unit Credit treats each period of service as a generator of an additional unit of entitlement to benefits and mea-sures each unit separately to build up the final obligation. The Group deducts the total value of post-employment benefits ob-ligation even if part of it is to be paid within the twelve months following the reporting period. The estimate of the liability for post-employment benefits is performed by an independent actuary.

Actuarial gains or losses, the yield on plan assets and changes in the effect of the asset ceiling, excluding amounts included in the net interest on the liability (asset) of the defined net benefits are recognized in the other comprehensive income. Actuarial gains or losses include the effects of changes in actuarial assumptions, as well as experience adjustments. The net interest on the liability (asset) of the defined net benefits includes income from interest on plan assets, interest costs for the defined benefit obligation and interest on the effect of the asset ceiling.

The current service cost, the past service cost, any liquidation or reduction of the plan is recognized immediately in the compre-hensive income statement in the statement section in the period in which they arise.

21. INVENTORIES

Assets acquired with the intention of selling them in the ordinary course of business or consumed in the process rendering services. The inventory of raw materials, products in process, merchandise manufactured for sale and finished products are measured at cost of acquisition. The Group recognizes a decrease in the value of inventories of finished goods, materials, spare parts and accessories if the cost exceeds the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, minus the estimated costs of finalization and the estimated costs necessary to make the sale. Inventories include goods in existence that do not require transformation, materials such as minor parts and accessories for rendering of services, and goods in transit and held by third parties.

Inventories are valued using the weighted average method and its cost includes costs directly related to the acquisition and those incurred to give them their current condition and location.

22. REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Revenues are reduced by discounts or re-bates and other similar allowances estimated for customers.

Sale of Goods

Revenue from the sale of goods should be recognized when goods are delivered and ownership has been transferred and each and every one of the following conditions are met:

- The entity has transferred to the buyer the significant risks and advantages of owning the asset;
- The company does not remain involved in any way in the current management of the goods sold, to the degree usually associated with ownership, nor does it retain effective control over them;
- The amount of revenue can be measured reliably;
- It is likely that the company will receive the economic benefits associated with the transaction, and
- The costs incurred or to be incurred in relation with the transaction can be measured reliably.

Rendering of Services

Revenue from service contracts is recognized by referencing the completion status of the contract. The completion status of the contract is determined thusly:

- Installation fees are recognized as revenues in reference to the completion status of the installation, determined as the proportion of the total estimated time to install that has elapsed by the end of the reporting period on;
- Service fees included in the price of products sold are recognized in reference to the proportion of the total cost of the service provided for the product sold, and
- Revenues from material contracts are recognized at the contractual rates to the extent in which hours of production and direct expenses are incurred.

Income from Dividends and Interest

Income from dividends from investment is recognized once established the rights of shareholders to receive this payment have been established (as long as it is likely that the economic benefits will flow for the company and the revenue can be measured reliably). Income from interest on a financial asset is recognized when it is likely that the Group will receive the benefits associated with the transaction and the amount of revenue can be measured reliably. Interest income is recorded on a time basis, in reference to the outstanding principal and the applicable effective rate of interest, which is the discount rate that equals the receivable or payable cash flows estimated along the expected life of the financial instrument with the net book value of the financial asset upon initial recognition.

Operating Leases Revenue

The policy of the Group for the recognition of revenue from operating leases is the recognition of payments received as revenue in the income statement in a linear manner throughout the useful life of the contract, unless another basis of distribution is deemed representative.

RECLASSIFICATION OF COMPARATIVE FINANCIAL INFORMATION

As of December 2017, and re-conveying the comparative information, non-recoverable withholding taxes that must be assumed by some of our business operations in the British Virgin Islands are reclassified from other operating expenses to income tax expense. The Group considers that this submission makes it possible to more reliably reflect the operation's profit and loss.

MATERIALITY

The Group considers that information is material if omitting it or misstating it could influence decisions of users of consolidated financial statements.

NOTE 3: ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1. NEW AND REVISED IFRS ISSUED NOT ADOPTED AT THE DATE OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's consolidated financial statements for periods beginning on January 1st, 2018 or at a later date; the Group has not applied these requirements in advance.

Standards issued by the IASB to be incorporated in Colombia a January 1st 2018 – Decree 2496 of 2015 and Decree 2131 of 2016. With these decrees, starting on January 1st, 2018 the following standards will govern the regulatory technical framework that contains the standards in force at December 31, 2016 with their respective amendments issued by the IASB, allowing early application:

- Amendments to IAS 7 Statement of Cash Flows – Changes in liabilities arising from financing activities
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses
- IFRS 15 – Revenue from Contracts with Customers. IFRS 15 establishes a single comprehensive model to be used by entities to account revenues from contracts with customers. The basic principle of IFRS 15 is that an entity should recognize revenue represented by the promised transfer of goods or services to customers for amounts that reflect the considerations that the entity expects to receive in exchange for those goods or services. Specifically, the standard:
- Step 1: Identifying the contract with the client;
- Step 2: Identifying the performance obligations of the contract;
- Step 3: Determining the price of the transaction;
- Step 4: Assigning the price of the transaction to each performance obligation of the contract, and
- Step 5: Recognizing the revenue when the entity fulfills the performance obligation

Under IFRS 15, an entity recognizes revenue when the obligation is fulfilled, i.e., when control of the goods or services underlying the performance obligation have been transferred to the customer. IFRS 15 also includes guides to deal with specific situations. It also increases the amount of required disclosures.

Subsequently, Decree 2131 of 2016 includes amendments that clarify how to:

- Determine whether an entity is acting as principal or as an agent.
- Identify a performance obligation in a contract and the different goods or services that have the same transfer pattern.
- Determine whether the income from transferring a license should be recognized at a given moment or over time.

This standard replaces existing income recognition standards including IAS 18 "Revenue", IAS 11 "Construction Contracts", IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC-31 Revenue — Barter Transactions Involving Advertising Services.

The Group is currently reviewing the potential impact of the application of IFRS 15 on its consolidated financial statements and information to be disclosed.

- IFRS 9 "Financial Instruments" issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was later amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for writing off financial instruments. Both were adopted by the Group in advance. Subsequently, IFRS 9 was amended in November 2013 to include new requirements for general hedge accounting and in July 2014 the final revised version of IFRS 9 was issued, which includes: a) new requirements for impairment of financial assets (expected credit losses model), b) limited modifications to classification and measurement requirements, introducing the category of fair value with changes in equity for certain debt instruments. .

The new requirements included in IFRS 9 issued in July 2014 have not been adopted by the Group yet. Currently, the Group is evaluating the potential impact the application of these requirements on its consolidated financial statements.

The impairment model in accordance with IFRS 9 reflects expected credit losses, as opposed to the credit losses incurred according to IAS 39. In the scope of the impairment under IFRS 9, it is no longer necessary for a credit event to occur before its credit losses are recognized. Instead, an entity always posts both the expected credit losses and their changes. The amount of expected credit losses must be updated at each reporting date to reflect changes in credit risk since the initial recognition.

The general hedge accounting requirements of IFRS 9 maintain the three types of hedge accounting mechanisms included in IAS 39. However, the ideal types of transactions for hedge accounting are now much more flexible, particularly by broadening the types of instruments that are classified as hedging instruments and types of risk components of ideal non-financial elements for hedge accounting. Additionally, the effectiveness test based on the principle of "economic relation" has been revised and replaced. A retrospective evaluation is no longer required to measure hedge effectiveness.

Many more requirements have been added regarding the effectiveness test based on the principle of "economic relation" has been revised and replaced. A retrospective evaluation is no longer required to measure hedge effectiveness. Many more requirements have been added regarding the disclosure of the company's risk-management activities. The macro- hedge work conducted by the IASB is in the Document phase for discussion of due process.

The new requirements included in IFRS 9, issued in July of 2014, have not yet been adopted by the Group. They will be adopted as of January 1st, 2018. The impact of the implementation of these requirements in the consolidated financial statements is not material.

Standards issued by the IASB and incorporated in Colombia as of January 1st, 2019 – Decree 2170 of 2017 as of January 1st, 2019, the following standards will come into effect under the regulatory technical framework that contains some amendments issued by the IASB made over the course of 2017, which enabled their early implementation.

- IFRS 16 "Leases" was issued in January of 2016 and is effective for reporting periods beginning on or after January 1st, 2019. Early adoption is permitted as long as IFRS 15 is also applied. IFRS 16 substitutes the existing standards in IAS 17 "Leases", IFRIC 4 "Determining Whether an

Arrangement Contains a Lease", SIC 15 "Operating Leases – Incentives", and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease". IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases, and requires lessees to recognize all leases under a single model similar to the one used to account for finance leases under IAS 17. IFRS 16 includes two exceptions to the general recognition principle: short-term lease agreements (leases with a term of 12 months or less) and non-representative leases. At the start of the lease term, the lessee must recognize a financial liability that represents the contractual obligation to make lease payments and an asset that represents the right to use the underlying asset during the term of the lease. Lessees must recognize the financial expense of the financial liability and the depreciation for the right-of-use separately.

Lessees will also be required to measure the financial liability again in the event of certain changes (such as a change to the term of the lease, or a change to future lease payments caused by a change to an index or rate used to determine said payments). Generally, lessees will recognize the value of the new measurement of the liability as an adjustment to the right-of-use asset.

Accounting for lessors under IFRS 16 remains largely unchanged in regards to current accounting standards under IAS 17. Lessors will continue to classify leases using the same principle in IAS 17 and to differentiate between two types of leases: operating or finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than those required under IAS 17. A lessee can choose to apply the standard by using a full or limited retrospective restatement. The transitory provisions of this standard allow certain reliefs.

The Group is evaluating the potential impact the implementation of IFRS 16 will have on its 2018 consolidated financial statements and disclosures. Company Management estimates that the implementation of IFRS 16 in the future could have a significant effect on the disclosures and amounts reported in the Group's consolidated financial statements.

- Amendment to IAS 40 –Investment Property – Transfers of Investment Property

None of the aforementioned standards, amendments and interpretations are expected to have a significant impact on the Group's consolidated financial statements:

- IFRS annual improvements, 2014-2016 cycle, issued in December 2016 and effective for reporting periods beginning on or after January 1st, 2018.

- Elimination of short-term exemptions for entities that are adopting the IFRS for the first time (Amendment to IFRS 1) issued in December 2016 and effective for reporting periods beginning on or after January 1st, 2018.

- Clarification of the scope of the standard (Amendment to IFRS 12) issued in December 2016 and effective retroactively in accordance with IAS 8 for annual periods beginning after January 1st, 2017.

- Fair value measurement of an associate or joint venture (Amendment to IAS 28) issued in December 2016 and effective retroactively in accordance with IAS 8 for annual periods beginning after January 1st, 2018. Early adoption is permitted.

Standards issued by the IASB not yet incorporated in Colombia - The following standards have been issued by the IASB but have not yet been incorporated by decree in Colombia:

- IFRS 2 – Share-Based Payment, IFRS 2 did not contain any guidance regarding the manner in which the consolidation of benefits affects the fair value of liabilities for cash-settled share-based payments. The IASB added a guide that introduces the accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments. It will become effective in January 2018.

- IFRS 4 - Insurance Contracts, offers two options for entities that issue insurance contracts within the scope of IFRS 4:

One option allows entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is called the overlay approach.

A temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is called the deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When applying the Group's accounting policies, which are described in note 2, the Administration has to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported figures for revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed regularly by the Administration. Revisions to accounting estimates are recognized in the period in which they were reviewed if the revision only affects that period, or in future periods if the revision affects both the current and subsequent periods.

4.1. CRITICAL JUDGMENTS WHEN APPLYING ACCOUNTING POLICIES

Below are presented the essential judgments, apart from those involving estimates (see 4.2), made by the Administration during the process of applying the Group's accounting policies and which have a significant effect on the amounts recognized in the consolidated financial statements.

Consolidation of entities

The Group's financial statements include the accounts of subsidiaries over which Cementos Argos S.A. has control. In the control evaluation, the Group evaluates the existence of power over the entity, the exposure, or rights, to variable returns from their involvement with the entity; and the ability to use their power over the entity to influence the yield of the Group.
The Administration uses their judgment to determine when control over an entity exists. The judgment is applied to determine the relevant activities of each entity and the ability to make decisions about these activities. In order to do this, the Group evaluates the purpose and design of the entity, identifies the activities that most impact their performance and evaluates how decisions about the relevant activities are made. During the decision making evaluation, the Group considers the existing voting rights, potential voting rights, the contractual agreements between the entity and other parties, and the rights and ability to appoint and remove the key members of management, among other aspects. The judgment is also applied to the identification of variable returns and the Group's exposure to them. Variable returns include, but are not limited to, dividends and other distributions of economic profits from the company, compensation for managing the assets or liabilities of the entity, commissions and exposure to losses by providing credit support or liquidity.

(a) Investment in SURCOL HOUDSTERMAATSCHAPPIJ NV. The Administration has assessed the degree of influence that the Group has over SURCOL HOUDSTERMAATSCHAPPIJ NV and determined that it exercises control over the entity while maintaining a percentage of participation equal to 50%, due to their representation on the Board of Directors and the contractual terms of the agreement, which states that the Group has the current ability to decide on the activities that most impact the performance of the entity according to the terms.

(b) Investment in Corporacion de Cemento Andino C.A. and its subsidiaries, Andino Trading Corporation, Comercializadora Dicemento C.A. and Depoan S.A.; and the companies Internship Agency Venezuela C.A. and Surandina de Puertos C.A. The Administration has assessed the degree of influence that the Group has over the aforementioned entities located in Venezuela, and determined that it has no control over the entities even while maintaining a percentage of participation higher than 50%, due to the fact that Cemento Andino was stripped of its asset and declared a public and social interest utility by the government of Venezuela on March 13th, 2006. The Group is in the process of litigation to recover the companies.

Functional Currency

The Administration uses its judgment to determine its functional currency. The determination of the functional currency of Cementos Argos S.A. and each of its investments in subsidiaries, associates and joint ventures is determined by evaluating the principle and indicators in IAS 21 the Effects of Changes in Foreign Exchange Rates.

Cash-Generating Units

When conducting impairment tests on non-current assets, assets that do not individually generate cash inflows that are largely independent from the cash flows generated by other assets or groups of assets, they should be grouped to the cash-generating unit to which the asset belongs, which is the smallest identifiable group of assets that generates cash inflows for the company that are largely independent from other assets or groups of assets. The Administration uses its judgment to determine the cash-generating units for purposes of impairment testing.

Determination of the average exchange rates for the conversion of financial statements

The revenues, costs and expenses of consolidated subsidiaries whose functional currency differs from the functional currency of the parent company are converted into the presentation currency using the average exchange rate for the reporting period. The Administration considers that the average exchange rates approach the rates in effect at the date of the transaction.

Hedge Accounting

The Administration uses their judgment to determine whether a hedging relationship meets the requirements of IAS 39 Finan-cial Instruments to be accounted for as hedge accounting, and evaluates the effectiveness of the hedging and sources of ineffectiveness. The Group applies fair value and cash flow hedge accounting in its financial statements to hedge mainly the foreign currency risk and interest rate. The decision to apply hedge accounting has a significant impact on the financial statements of the Group.

Recognition of deferred tax assets from losses or unused tax credits

The Administration uses their judgment to recognize a deferred tax asset when evaluating the existence of sufficient taxable profits in future periods to offset it.

4.2. KEY SOURCES OF ESTIMATION UNCERTAINTIES

The basic assumptions about the future and other key sources of estimation uncertainty at the end of a reporting period are presented below, which involve a significant risk of material adjustments in the book values of assets and liabilities during the upcoming financial period.

Evaluation of impairment on goodwill

The Group tests goodwill for impairment at least once a year. The evaluation of impairment on goodwill requires an estimate of the useful value of the cash-generating unit or group of cash-generating units to which it has been assigned. The estimate of useful value requires the estimate of future cash flows of the cash-generating unit or groups of cash generating units, and the estimate of financial assumptions such as inflation rate, the discount rate and the growth rate in perpetuity. In the process of measuring the expected future cash flows, the Administration estimates future operating results. Changes in valuation assumptions can cause adjustments to the Group's goodwill for the next few reporting periods.

Impairment of the Value of Assets – Property, Plant and Equipment and Investment Property

The Group evaluates the impairment on the value of assets when facts and circumstances suggest that the carrying amount of a cash-generating unit may exceed its recoverable amount, or at least at the end of each reporting period. When this happens, Cementos Argos and its subsidiaries measure, submit and disclose any loss from the impairment of the resulting value in the comprehensive income statement.

Income tax

The Group recognizes significant amounts of current and deferred tax income in its consolidated financial statements due to the volume of its operations and the multiple countries in which it operates. The determination of current and deferred tax is based on the Administration's best interpretation of the existing and applicable laws and practices, and practical improvements of the jurisdictions in which it operates. The reasonableness of this estimate depends significantly on the ability of the Administration to integrate complex tax and accounting standards, to consider changes in applicable laws and to evaluate, for deferred tax asset recognition purposes, the existence of sufficient tax profits for realization.

Uncertain tax positions are fiscal positions where the tax treatment is not clear, or it may be challenged by the tax authorities and it is expected that the situation will not be resolved favorably. The Group recognizes uncertain tax positions mainly by excluding or treating income as untaxed in tax returns.

No provision is recognized for remote or possible uncertain tax positions. The probability analysis is based on expert opinion and on analysis of the valid tax regulations in the applicable jurisdiction. The Administration uses the available information to measure a provision for the best estimate of payments or resources required to settle the obligation whenever an unfavorable resolution for the Group is likely. Refer to Note 9 - Income tax which includes information on uncertain tax positions for which the Group recognizes provisions.

Pension plans and other defined post-employment benefits

The post-employment benefit liability is estimated using the projected unit credit method, which requires financial and de-mographic assumptions including but not limited to discount rate, inflation indexes, expectation of salary increase, life expec-tancy and turnover of employees. The estimate of the liability, as well as the determination of the values of the assumptions used in the valuation, is performed by an independent external actuary, considering the country in which the benefit plan oper-ates and the existing market conditions on the measurement date. Because of the long-term horizon of these benefit plans, estimates are subject to a significant degree of uncertainty; any changes in actuarial assumptions directly impact the value of the obligation for pensions and other post-employment benefits.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, through which it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016 and, in the case of partial pension commutation, in accordance with Decree 1833 of 2016, as well as the differences arising with the calculation carried out in accordance with IAS 19 – Employee benefits. It also establishes that pension liabilities, pension securities and bonds, pension bonuses and other post-employee benefits must be recorded in accordance with the requirements of IAS 19.

Up until 2015, the Group measured these benefits by applying the estimates established by Decree 1625 of 2016, which are different from the estimates required by IAS 19. Until December 31, 2016, the modification of estimates used to estimate the present value of obligations was posted prospectively as a change to a book estimate, without changing the comparative figures.

Identifiable assets and liabilities assumed in business combinations

On the date of acquisition, the identifiable assets and liabilities assumed in business combinations are included through the global consolidation method in the Group's financial statements at their fair values. When measuring the fair value, the Adminis-tration makes assumptions about future operating results and key assumptions such as the discount rate and the growth rate in perpetuity. The estimate of the fair value of acquired assets and liabilities, as well as the determination of the values of the as-sumptions used in the valuation, is performed by an independent external appraiser. Any subsequent changes in estimates affect the goodwill as long as the change qualifies as an adjustment of the measurement period; any other change is recognized in the income statement in the following period.

Estimation of useful lives and residual values of property, plant and equipment

As described in Note 2, the Group reviews the estimate of the useful lives and residual values of property, plant and equipment at least once a year. When there is evidence of changes in conditions or in the expected utilization of an item of property, plant and equipment, the Administration makes a new estimate of the useful life of the item. The estimate of the useful lives of property, plant and equipment is determined based on historical performance of the asset, expected use of the asset by the Administration and existing legal restrictions on its use. The estimate of the useful lives requires a significant degree of judgment by the Administration.

Fair value of financial derivatives and financial assets

The fair value of financial derivatives is determined by using valuation techniques widely known in the market, when there is no observable market price. The Group uses its judgment to select the appropriate valuation method for an asset or liability and maximizes the use of observable variables. The assumptions are consistent with market conditions at the time of measurement and with information that market participants would consider when estimating the price of the instrument. The Administration believes that the selected valuation methods and assumptions used are appropriate for the determination of fair value of finan-cial derivatives. Notwithstanding the foregoing, the inherent limitations of valuation models and parameters required by these models can result in the estimate of an asset or liability fair value does not exactly match the price at which the asset or liability could be exchanged or liquidated on the date of measurement. Additionally, changes in internal assumptions and forwards curves used for valuation can significantly affect the fair value of financial derivatives.

Additionally, the Administration measures at fair value the equity investments classified in the category of fair value through other comprehensive income with reference to their quoted price at the end of the measurement period in the stock market where they are traded.

Decommissioning, removal or restoration liabilities

The provision for decommissioning, removal or restoration is recognized by the present value of the expected costs to settle the obligation using estimated cash flows. In the process of measuring the present value of the obligation, the Administration makes estimates of future disbursements for the decommissioning, removal or rehabilitation, the estimated date(s) in which the disbursements will be made and financial assumptions such as inflation rate and the discount rate. Given the long-term horizon of decommissioning obligations, the estimates are subject to a significant degree of uncertainty and can significantly affect the amounts in the consolidated financial statements.

Provisions for contingencies, litigation and claims

Litigations and claims to which the Group is exposed are handled by the legal department, such processes are of labor, civil, criminal and administrative character. The Group considers that a past event has given rise to a present obligation if, taking into account all available evidence at the date on which it is reported, it is likely to be a present obligation, regardless of future events. In these cases, it is understood that the occurrence of an event is more likely than not when the probability of occurrence is greater than 50%. The Group recognizes a provision when it is probable that an outflow of future economic benefits will occur, it discloses information about the contingency when their occurrence is possible, and does not record or disclose information when it concludes that the probability of occurrence is remote. The Group involves the professional judgment of internal and external attorneys to determine the possibility of occurrence of a present obligation. When estimating the provision for litigation and claims the Administration considers assumptions such as, but not limited to, inflation rate, lawyer fees, estimated duration of the litigation or lawsuit, economical information of processes with similar characteristics and the discount rate to be applied to cash flows to determine the value of the obligation, for those obligations expected to be settled within a period longer than twelve (12) months after the end of the period reported.

Wealth tax

Through Law 1739 of December 23rd, 2014, the national government set a wealth tax. This tax is generated by the possession of wealth (gross assets minus debts outstanding) equal to or over 1 billion pesos in between the January 1st, 2015 and 2017. This law states that taxpayers will be able to charge this tax against equity reserves without affecting net income, both in separate and consolidated financial statements. The Group recognized the wealth tax under the consolidated equity as permitted by law, by the tax value recognized tax on January 1st, 2016.

NOTE 5: CASH AND CASH EQUIVALENTS

For purposes of the consolidated cash flow statement, cash and cash equivalents include cash and banks, net outstanding bank overdrafts. Cash and cash equivalents at end of the reporting period in the consolidated cash flow statement can be reconciled with the related items in the consolidated statement of financial position as follows:

	2017	2016
Cash and banks	523,749	531,666
Cash and banks included in a group of assets for distribution to owners (Note 18)	6,507	6,507
Total cash and banks	**530,256**	**538,173**

During the current year and in comparative periods, the Group carried out the following investment and financing activities that are not reflected in the consolidated cash flow statement:

- Dividends declared not paid $74,167 (2016: 68,044)

- On October 3rd, 2016 the sales agreement between Cementos Argos S.A. and Grupo Provivienda was perfected in order to take 20% of the stake held by Cementos Argos S.A. and its subsidiary Colcaribe Holding S.A. in Argos Panamá S. A. – valued at USD 125,626 – as consideration for the sale of the shares. The method of payment for the transaction was USD 100,000 in cash and USD 25,626 to be paid over a period of 5 years, with an effective annual interest rate of 3% with annual payment.

- Dividends in preferred shares of Grupo de Inversiones Suramericana S.A. Valued at $13,753 (2016: $0).

- On December 15, 2017, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold nine ready mix plants in Fayetteville, NC including their equipment, buildings, land, and inventory ("Ready mix plants") to Fayblock Materials, Inc and their transferees for USD 11 million. Compensation was settled by Fayblock Materials, Inc. on January 2, 2018.

- On December 31st, 2017, in execution of its strategy related to the creation of value and investments targeting cement, concrete and aggregates, Cementos Argos S.A. - through its subsidiary, Argos USA LLC - sold to Best Block LLC - a subsidiary of Quikcrete - thirteen block manufacturing plants and their associated mobile equipment, buildings, land and inventory ("Block plants") for USD 50 million. Compensation was settled by Best Block LLC on January 2, 2018.

NOTE 6: FINANCIAL DERIVATIVE INSTRUMENTS

	2017	2016
Derivative financial assets designated as financial instruments under cash flow hedges	2,635	2,070
Current	102	1,420
Non-current	2,533	650
Derivative financial assets	**2,635**	**2,070**
Derivative financial liabilities designated as financial instruments under cash flow hedges	3,622	111,456
Current	3,622	102,555
Non-current	-	8,901
Derivative financial liabilities	**3,622**	**111,456**
NET SHORT POSITION IN FINANCIAL DERIVATIVES	**(987)**	**(109,386)**

To mitigate risks with foreign currency transactions and exposure to interest rates, Cementos Argos S.A. and its subsidiaries undertake natural hedging and financial hedging operations by using derivative financial instruments, mainly derivative swap contracts ("swap") and forward contracts. Certain derivative instruments are designated as hedging instruments for cash flow or fair value in accordance with the criteria of IAS 39 Financial Instruments. The Group does not use derivative instruments, or any other public financial instruments for speculative purposes.

Swap operations relate to financial transactions in which the Group, through a contractual agreement with a bank, exchanges cash flows with the purpose of reducing the risks related to currency, rate, term or issuer, and also relate to the restructuring of assets or liabilities.

Forward transactions and currency swap transactions are used to hedge the exchange rate risk in operations of foreign currency debt, to hedge future cash flows with high probability of occurring, such as the Group's monthly exports, and with the purpose of balancing the Group's currency exposure by taking advantage of what, in the opinion of the Administration, are considered fa-vorable market conditions. The existence of this agreement has no impact on the underlying debt valuation.

The Group also uses interest rate swaps to manage its exposure to interest rates. In the case of interest rate swaps there is no exchange of capital, and the Group is responsible for its debts with defined amounts and terms, the accounting record is independent from the swap. These exchanges aim to convert financial instruments either from fixed to variable or from variable to fixed.

Financial derivatives are recorded in the consolidated statement of financial position at their fair values, taking into account the market curves in effect on the date of valuation. The accounting of changes in the fair value of derivatives depends on the use of the derivative and its designation as a hedging instrument.

In relations of fair value hedging, changes in the fair value of the hedged item and the hedging instrument are recognized and offset in the consolidated income statement for the period.

In cash flow hedging relationships, changes in the fair value of the hedging instrument are recognized directly in the other consolidated comprehensive income for the effective hedging portion, and the ineffective portion is presented in the consolidated financial income or expenses. Profits or losses recognized in equity are subsequently reclassified to the consolidated statement of income when the hedged item affects the consolidated results of the Group. Derivatives that are not designated as hedges for accounting purposes under IAS 39 are measured at fair value.

Changes resulting from the measurement of contracts are recognized in the consolidated results of the period, as financial in-come or expense. Management documents the hedging relationship from the time of initial recognition. This documentation includes, but is not limited to, the following:

- Designation and hedging relationship, hedging objective and risk management strategy;
- Designation date of the accounting hedge;
- Procedure to assess the effectiveness and method to assess the effectiveness of the prospective and retroactive hedging and its periodicity.

Financial derivatives in effect at December 31st, 2017 and 2016 are:

Swap operations:

					Fair value	
Type of Swap	**Underlying**	**Underlying rate**	**SWAP rate**	**Maturity**	**2017**	**2016**
Currency	Bonds 2017	IPC+3.17%	Libor+1.75%	23-nov-17	-	(102,555)
Currency	Bonds 2017	IPC+3.17%	Libor+1.92%	23-nov-17	-	1,420
Currency	Financial obligations	Libor 1m + 0.4%	IBR+1.3%	29-may-18	(3,254)	(3,239)
Interest rate	EKF credit	Libor 6m + 0.1%	1.38% NSV	26-jun-19	151	650
Interest rate	Club Deal	Libor 3m + 2.15%	3.94%	28-feb-20	2,382	(5,662)
FAIR VALUE OF SWAP OPERATIONS:					**(721)**	**(109,386)**

		Underlying value | SWAP amount	
Type of Swap	**Underlying**	**2017**	**2016**
Currency	Bonds 2017	-	$343,520 |USD 149,378,000
Currency	Bonds 2017	-	$89,800 |USD 29,800,000
Currency	Financial obligations	USD 16,666,667 | $53,000	USD 16,666,667 | $53,000
Interest rate	EKF credit	USD 38,243,195	USD 38,243,195
Interest rate	Club Deal	USD 300,000,000	USD 300,000,000

Forward operations:

					Fair value	
Type of forward	**Underlying**	**Underlying value**	**Forward rate**	**Maturity**	**2017**	**2016**
Purchase	Financial obligations	USD 7,032,798	2,984.32	30-jan-18	58	-
Purchase	Financial obligations	USD 5,500,000	3,061.61	7-feb-18	(368)	-
Purchase	Financial obligations	USD 5,000,000	2,993.01	15-feb-18	12	-
Purchase	Financial obligations	USD 5,000,000	2,992.71	15-feb-18	13	-
Purchase	Financial obligations	USD 5,000,000	2,993.01	15-feb-18	12	-
Purchase	Financial obligations	USD 3,000,000	2,992.86	15-feb-18	7	-
FAIR VALUE OF FORWARD OPERATIONS					**(266)**	**-**
FAIR VALUE OF SWAP AND FORWARD OPERATIONS					**(987)**	**(109,386)**

NOTE 7: OTHER FINANCIAL ASSETS

	2017	2016
Financial assets measured at fair value with change in the results	40,684	13,683
Financial assets measured at fair value with change in other comprehensive results (Note 27)	1,163,270	1,378,556
Financial assets measured at amortized cost	-	6
	1,203,954	**1,392,245**
Current	31,680	2,301
No current	1,172,274	1,389,944
TOTAL OTHER FINANCIAL ASSETS	**1,203,954**	**1,392,245**

The category of other financial assets at fair value with change in other comprehensive income includes investments held by the Group in Grupo de Inversiones Suramericana S.A. and Bancolombia S.A.; the latest only for the period finalized at December 31st, 2016. The current investment is measured at fair value on a monthly basis. Note 27.2.1 Financial assets measured at fair value through other comprehensive income, details the value of these investments for the reporting periods.

NOTE 8: TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

	2017	2016
Trade receivables and other receivables	1,634,820	1,508,314
Allowance for doubtful accounts receivable	(120,161)	(77,895)
	1,514,659	**1,430,419**
Current	1,401,470	1,318,499
No-current	113,189	111,920
TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE	**1,514,659**	**1,430,419**
Average age (days)	47	40

Trade accounts receivable disclosed in the above paragraphs include amounts (see below the age analysis) that will have matured by the end of the reporting period, but for which the Group has not recognized any allowance for irrecoverable accounts because there has not been any significant public change in credit quality and also those that are still considered recoverable

	2017	2016
Movements in the allowance for doubtful accounts receivable		
Starting balance	**(77,895)**	**(73,385)**
Impairment losses recognized for accounts receivable	(53,496)	(14,508)
Write-off for amounts considered irrecoverable during the year	8,614	4,680
Recovered amounts during the year	2,620	467
Reversed impairment losses	438	1,379
Result of foreign currency conversions	(111)	3,472
Other changes	(331)	-
Year-end balance	**(120,161)**	**(77,895)**
Age of overdue but unimpaired accounts receivable		
60-90 days	932,195	140,791
90-180 days	90,884	136,105
180-360 days	118,574	86,346
Más de 360 days	44,604	51,153
	1,186,257	**414,395**
Age of overdue trade receivables		
60-90 days	1,479	413
90-180 days	3,202	7,241
180-360 days	1,421	6,981
Más de 360 days	114,059	63,260
	120,161	**77,895**

The average credit period on the sale of goods is 30 days. There is no interest surcharge on trade accounts receivable after the average credit period. The Group evaluates at the end of the reporting period, and with the same frequency as the interim financial information, if there is objective evidence to suggest that financial assets are impaired, and if this is the case, the Group recognizes an impairment in consolidated income statement. The Group recognizes a provision for individual customers when they are in a state of economic insolvency or when a financing or restructuring agreement is reached, for the account receivable. Additionally, it also performs a collective impairment analysis by grouping the portfolio by ranges of overdue days and applying to these values the default rates estimated by the Administration based on historical default experience.

When determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the account from the date the credit was initially granted until the end of the reporting period.

NOTE 9: INCOME TAX

Applicable tax provisions in force state that nominal income tax rates for 2017 and 2016 applicable to Cementos Argos and its subsidiaries located in Colombia and its subsidiaries located in Antigua, Curacao, Dominica, the United States, French Guiana, Haiti, Honduras, US Virgin Islands, Panama, the Dominican Republic, Saint Maarten, Saint Thomas, Suriname and Puerto Rico, are as follows:

Country	2017	2016	Country	2017	2016
Antigua	25%	25%	Honduras	30%	30%
Colombia (1)	34%	34%	British Virgin Islands	0%	0%
Colombia Free Trade Zone (2)	15%	15%	Panama	25%	25%
Curazao	27.50%	27.50%	Dominican Republic	27%	27%
Dominica	30%	30%	Saint Maarten	30%	30%
USA	35%	35%	Saint Thomas	35%	35%
French Guiana	33.33%	33.33%	Suriname	36%	36%
Haiti	31%	31%	Puerto Rico	39%	39%

(1) In 2017, a surcharge of 6% (2016: 6%) is added corresponding to the surcharge income tax for equity purposes CREE, which applies prospectively as follows: 2017: 6%, 2018: 4%, and 2019: 0%.

(2) The income tax rate for industrial and commercial users of the free trade zone is set at 20%. The rate for users with legal stability agreements, such as the company Zona Franca Argos SAS, is respected. Therefore, said company will maintain a rate of 15% for 2017 (15% in 2016) and shall not be liable for the income tax surcharge.

Below are the major laws and issues applicable to Cementos Argos and its subsidiaries in the countries where the main activities are carried out:

COLOMBIA:

On December 29, 2016 the National Government issued Law 1819, which introduced significant changes related to tax matters as of January 1st, 2017. These tax provisions are applicable and valid in Colombia. They establish the following:

- For 2017, income tax will be settled at a rate of 34% plus a surcharge of 6% (in 2016 the income tax was settled by means of two levies: the income tax at a rate of 25% and the income tax for equity purposes (CREE) at a rate of 9% plus a surcharge of 6%). This rate was created based on Law 1819 of 2016, which became effective on January 1st, 2017, as follows:

Year	Rate	Surcharge
2017	34%	Taxable Base minus 800 million * 6%
2018	33%	Taxable Base minus 800 million * 4%
2019 and follows	33%	0%

- As of 2017, the income tax for equity purposes (CREE) will be eliminated.

- As of January 1st, 2013, windfall profits will be taxed at a rate of 10%, in accordance with the provisions of Law 1607 of 2012.

- For 2017, the basis to determine the income tax cannot be lower than 3.5% of its net fiscal equity on the final day of the immediately previous taxable period.

- Companies may offset losses with ordinary net taxable income obtained over the following twelve periods without prejudice to the presumptive income for the fiscal year. As of December 31st, 2017, the company had no tax loss carryforwards from previous years, and in 2017 it generated tax losses of $280,205. The allocation of tax losses generated by the company as of 2017 will be limited to a term of 12 years. The limitation shall not apply to losses generated prior to the effective date of Law 1819 of 2016.

- Presumptive income surpluses over ordinary income generated after 2003 can only be offset with ordinary net taxable income within the following five years. As of December 31st, 2017, the company had not offset surplus presumptive income in the amount of $12,704 carried from 2016, and in 2017 it generated surplus presumptive income in the amount of $118,494.

- As of 2017, referrals to accounting standards contained in tax standards shall be the applicable International Financial Reporting Standards in Colombia, with the refinements made by the national government. For 2016 and before, the provisions of Law 1607 of 2012 were applicable. This law indicated that, for tax purposes only, referrals to accounting standards contained in tax standards would continue to be valid for the four years following the effective date of the following International Financial Reporting Standards. Consequently, during this time, the tax bases for the items included in the tax returns remained unchanged.

- The term for finalizing the income tax returns and supplements of taxpayers who are subject to the Transfer Pricing Regime shall be of six (6) years starting from the deadline to file the tax returns. If the tax return was filed extemporaneously, the aforementioned term will start on the date of filing.

- The general term for finalization of tax returns will increase to three (3) years (previously, it was two [2] years). In the case of returns in which tax losses are determined or offset, the term for finalization shall be of six (6) years (previously five [5]), and it will be increased by three (3) years if the offset occurs in any of the two years prior to the deadline to offset the loss. The new term for finalization shall not apply to tax returns filed before January 1st, 2017.

- Income tax returns for the taxable years of 2015 and 2016 are subject to revision and approval by tax authorities.

Tax on Wealth

The company settled the tax on wealth for an amount of $18,871 in 2017 (2016: $47,475) using the company's gross equity as the basis, minus current debts payable, and applied the procedure established by Article 295-2, paragraph 4 of the tax code.

This tax is created by law 1739 of 2014 and applies from January 1st, 2015 onwards. The operative event is the possession of wealth (gross assets minus debts outstanding) greater than or equal to $1 billion as of January 1st, 2015. The taxable base for the wealth tax is the value of the gross assets of entities, minus outstanding debts held at January 1st, 2015, 2016 and 2017. The applicable rate is as follows:

The applicable rate is as follows:

Taxable Base Ranges	2015	2016	2017
From $ 0 to $2,000 million	0.20%	0.15%	0.05%
From $2,000 to $3,000 million	0.35%	0.25%	0.10%
From $3,000 to $5,000 million	0.75%	0.50%	0.20%
From $5,000 million and above	1.15%	1.00%	0.40%

Tax Reforms

Below is a summary of some of the modifications made to the Colombian tax regime in the years 2012 and after, introduced by the tax reforms established by the national government.

Law 1739 of 2014

- CREE surtax for the periods of 2015, 2016, 2017 and 2018 is created. The operative event of the surcharge applies to taxpayers whose annual CREE tax return has a liquid income equal to or over $800 million. Applicable marginal rates to establish the surtax are as follows:

Surcharge	2015	2016	2017	2018
CREE taxable base minus $800 million	5%	6%	8%	9%

- The surcharge is subject to an advance payment of 100% of the value thereof, calculated on the CREE taxable base on which the taxpayer settled the aforementioned tax on the previous year.

- Tax losses incurred by CREE taxpayers as of 2015 can be offset when calculating this tax. They can also be offset the taxable income of the next five (5) years, the surplus of the minimum income base for equity purposes calculated with the second paragraph of article 22 of Law 1607 of 2012.

- Under no circumstances may the CREE tax or its surcharge be offset with credit balances from other taxes that have been settled in tax returns. Similarly, credit balances to be settled in CREE and CREE surcharge tax returns cannot be offset with debts on other taxes, advances, deductions, interest and penalties.

UNITED STATES OF AMERICA

In the US, the federal tax rate is 35%. Similarly, there is a state tax rate, which varies by state in a range from 3% to 7%. The state of Texas has a particular rate of 1%, called “Texas Margin Tax”. Federal tax returns for the years 2015, 2016 and 2017 are subject to revision by the tax authorities subject to audit statute waivers. Additionally, the statute for return years with NOLs are subject to revision even though the statute may have expired. When tax losses occur, federal tax losses have a carry-forward period of 20 years, and state tax losses have a carryforward period between 5 and 20 years. When federal tax losses are utilized, these have a maximum utilization limit equivalent to 90% of the taxable income; this limit is calculated through a mechanism called Alternate Minimum Tax “AMT”. The tax applicable to the remaining 10% is settled at 20%. Any AMT incurred will generate a tax credit to offset regular tax in the future. These AMT credits can be carried forward indefinitely.

On December 22, 2017, the United States (“U.S.”) enacted the Tax Cuts and Jobs Act (the “Tax Reform Legislation”). The Tax Legislation significantly revises the U.S. corporate income tax by, among other things, lowering corporate federal income tax rates from an existing maximum rate of 35% to 21%, implementing the territorial tax system and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries, effective for tax years including or commencing January 1, 2018

The following are the key provisions of the Tax Reform:

- Beginning January 1, 2018, US subsidiaries' income will be taxed at a 21 percent federal corporate rate, lowering corporate federal income tax rates from an existing maximum rate of 35% to 21%.

- The Tax Reform Legislation also repealed corporate alternative minimum tax ("AMT") for tax years beginning January 1, 2018, and provides that existing AMT credit carryovers are refundable beginning in 2018. The Company does not have any AMT credits.

- Net operating losses (NOL's) generated after December 31, 2017 will be will be limited to 80% of taxable income but will have an unlimited carryforward period. Net operating losses generated prior to January 1, 2018 are still subject to the existing rules when generated which are carry-back period of two years and a carryforward period of 20 years to offset taxable income. These net operating losses (NOL's) will not be subject to the 80% rule and will be able to fully offset future taxable income until any Pre-2018 NOL's are utilized. As of December 31, 2017, the net operating losses (NOLs) of the subsidiaries in the United States are US 451.8m.

- The Tax Reform Legislation contains other provisions, such as limitations on the deductibility of interest expense for all domestic companies, and entertainment, amusement, membership dues, recreation expenses and certain executive compensation will no longer be deductions from taxable income.

As a result of the reduction of the corporate tax rate to 21%, IFRS require companies to re-value their deferred tax assets and liabilities as of the date of enactment, with resulting tax effects accounted for in the reporting period of enactment. Although the state statutory rates are not impacted by federal tax reform, the state deferred taxes are favorably impacted by the federal benefit of state reduction that comes with the federal change. The net impact on the consolidated income statement for re-valuation of the deferred assets and liabilities of the US subsidiaries for the tax reform is US 26.4m tax expense.

The Company expects that certain aspects of these changes will positively impact its future after-tax earnings primarily due to the lower federal statutory tax rate. There will be numerous impacts to future year federal tax returns due to changes in fixed asset and interest expense treatment in the returns. The impact to the Group regarding these law changes has not been determined at this time.

PANAMÁ

The applicable rate on income taxes is 25% (2016: 25%).

Law No. 8 of March 15, 2010 modifies the Alternate Calculation of Income Tax (CAIR, because of its acronym in Spanish) and obligates all legal entities who earn incomes over one million five hundred thousand balboas (USD 1,500,000) to set as the taxable base for said tax, the greater amount between: (a) the net taxable income calculated using the ordinary method set forth in Title I of Book Four of the Panamanian Tax Code and the net taxable income that results from applying four point sixty seven per cent (4.67%) to the total taxable income.

Legal entities that incur in losses due to the tax calculated under the presumed method or whose effective rate exceeds the tax rates applicable to the fiscal period in question because of the application of said presumed method, may request the General Directorate of Revenue to authorize the tax to be calculated with the ordinary calculation method.

According to regulations, the last three years of income tax returns of companies incorporated in the Republic of Panama are subject to review by fiscal authorities.

HONDURAS

Decree No. 25 of 20 December 1963, established the obligation of natural or legal persons engaged in civil or commercial activ-ities to pay income taxes, and its article 22 determined the rate for legal persons as twenty five percent (25%) of total net taxable income. On the other hand, Decree 278 of December 2013 reformed the Tax Equity Act by establishing a surcharge on income called Solidarity Contribution equal to five percent (5%) applied to the excess of the net taxable income higher than one million lempiras ($125 million of Colombian pesos, 2016 $133 million of Colombian pesos) starting with the fiscal period of 2014.

The new tax code became effective as of 2017. These new regulations did not imply changes to the tax rates, or to tax assets or liabilities.

Pursuant to Decree No. 32 of 2017, companies whose tax returns are subject to revision by tax authorities for the periods of 2012, 2013, 2014, 2015 and 2016, may adhere to the amnesty benefit that involves the tax and customs regularization of final settlements or final stamps for the aforementioned fiscal periods, by making a single payment of 1.5% of the highest gross revenues obtained during one of these periods. The company made a payment of HNL 52,977,442 (approximately USD 2.2 million) in order to adhere to said amnesty benefit.

A tax revaluation was carried out in April 2016 on the assets of the Comayagua plant in accordance with Decree 17-2010, which enables legal entities dedicated to the production of goods to update their assets fiscally to market values in exchange for a single payment of 6% of the value of the revaluation. This grants a tax benefit because the revaluated assets can be depreciated over the revalued value and have a favorable effect on the fiscal depreciation in the coming years. The revalued value of the plant's assets is L 3,178 million lempiras (approximately USD 140 million), the tax on asset revaluation to be paid by the company is equivalent to 6% of the value of the revaluation of L 176 million lempiras (approximately USD 7.8 million) and the tax benefit is equivalent to the revaluated value of the assets at the tax rate of L 947 million lempiras (approximately USD 42 million).

Firmness of statements:

The parent company and its subsidiaries have terms open to revision by the tax authorities of each country, which vary between the years 2010 and 2016. The managers of the companies consider that no additional significant obligations will occur as a re-sult of any eventual revisions.

9.1. INCOME TAX RECOGNIZED IN PROFIT AND LOSS

	2017	2016
Current tax		
Regarding the year in progress and previous year	203,984	259,416
	203,984	**259,416**
Deferred tax		
Origin and reversal of temporary differences	(69,001)	(135,210)
Changes to tax laws and rates	77,981	1,333
Other components of deferred tax expenses (income)	-	2,413
	8,980	**(131,464)**
TOTAL CURRENT AND DEFERRED TAX EXPENSE	**212,964**	**127,952**

Below is the detailed conciliation of the effective rate applicable to Cementos Argos and its subsidiary companies:

	2017	2016
PROFITS BEFORE INCOME TAXES	**290,192**	**690,464**
CURRENT TAX EXPENSES AT THE LEGAL RATES APPLICABLE	**137,832**	**188,417**
Non-deductible expenses	124,839	152,620
Untaxed income	(32,421)	(33,193)
Sale of untaxed investment	(108,766)	(145,329)
Effects of changes in tax laws and enacted tax rates	77,981	1,333
Utilization of previously unrecognized tax losses or presumptive income surpluses	(39)	(110)
Others, net	13,538	(35,786)
INCOME TAX EXPENSE AT THE EFFECTIVE TAX RATE	**212,964**	**127,952**

Variations between statutory rates applicable to Cementos Argos and its subsidiaries, considered individually, and the effective rate generated in the consolidated financial statements are mainly due to:

- Untaxed income accounted through the equity method posted in Cementos Argos separate financial statements as the controlling entity, in accordance with Law 222 of 1995.

- Tax benefits associated with a greater participation of the subsidiary Zona Franca Argos S.A.S in operational activities.

- Benefits in the consolidated utilities from recognizing deferred tax assets for unused tax losses to use which have been impaired in the financial statements of subsidiaries located in the United States, according to the principles generally accepted in the United States.

- Untaxed dividends received by Cementos Argos S.A. from Colombian subsidiaries.

- Non-deductible expenses treated as non-temporary differences.

9.2. INCOME TAX RECOGNIZED DIRECTLY IN EQUITY AND OTHER COMPREHENSIVE INCOME

	2017	2016
New measurements for defined benefit plans	15,103	14,535
Cash flow hedging	(555)	(2,224)
Foreign currency translation differences	(5,434)	-
Equity investments measured at fair value	(249)	(284)
Income tax recognized directly in other comprehensive income	**8,865**	**12,027**

9.3. ASSETS AND LIABILITIES OF CURRENT TAX AND DEFERRED TAX BALANCES

	2017	2016
Current tax asset	269,674	248,925
Current tax liability	81,047	105,726
CURRENT TAX ASSET, NET	**188,627**	**143,199**
Deferred tax asset	367,049	396,172
Deferred tax liability	347,006	363,150
DEFERRED TAX ASSET, NET	**20,043**	**33,022**
Current tax asset	269,674	248,925
Other tax assets, different than current tax asset	23,962	20,979
TOTAL TAX ASSET AND OTHER TAX ASSETS	**293,636**	**269,904**
Current tax liability	81,047	105,726
Other tax liability, different than current tax liability	154,720	132,717
TOTAL TAX LIABILITY AND OTHER TAX LIABILITY	**235,767**	**238,443**

The movements of the net deferred tax liability for Cementos Argos and its subsidiaries for the period ended December 31, 2017 and 2016 is as follows:

	Opening balance	Recognized in profit and loss	Recognized in other comprehensive income	Effect of Exchange Rate Differences	Other Changes	Closing balance
DEFERRED TAX 2017						
Other current assets	47,741	(1,815)	(445)	(279)	-	45,202
Other Equity Investments	(23,979)	41,176	(5,368)	361	-	12,190
Property, Plant and Equipment	(473,807)	(231,041)	-	(4,193)	-	(709,041)
Intangible Assets	(216,383)	286,619	-	3,122	-	73,358
Other Non-Current Assets	(24,983)	(52,861)	-	(477)	(308)	(78,629)
Provisions	19,142	4,264	-	83	-	23,489
Employee Benefits	43,217	(2,242)	729	(146)	-	41,558
Financial Liabilities	46,316	(52,524)	2,162	(300)	-	(4,346)
Financial Leases	(84)	(1,603)	-	(35)	-	(1,722)
Other Liabilities	55,205	(3,784)	-	(98)	-	51,323
Unused Tax Credits	85,532	14,062	-	5,378	-	104,972
Unused Tax Losses	459,261	(49,221)	-	(4,185)	-	405,855
Unused Presumptive Income Surpluses	15,844	39,990	-	-	-	55,834
TOTAL DEFERRED TAX ASSET, NET	**33,022**	**(8,980)**	**(2,922)**	**(769)**	**(308)**	**20,043**
DEFERRED TAX 2016						
Other current assets	43,622	5,992	-	(1,873)	-	47,741
Associates and Joint Ventures	(3,595)	3,595	-	-	-	-
Other Equity Investments	(32,155)	8,644	(531)	63	-	(23,979)
Property, Plant and Equipment	(577,115)	90,977	-	12,331	-	(473,807)
Intangible Assets	(292,758)	59,477	-	16,898	-	(216,383)
Other Non-Current Assets	(12,480)	(13,145)	-	642	-	(24,983)
Provisions	17,179	1,967	-	(4)	-	19,142
Employee Benefits	33,835	(10,151)	20,189	(656)	-	43,217
Financial Liabilities	72,090	(24,171)	-	(1,603)	-	46,316
Financial Leases	(6)	(84)	-	6	-	(84)
Other Liabilities	53,776	2,637	-	(1,208)	-	55,205
Unused Tax Credits	2,015	88,080	-	(4,563)	-	85,532
Unused Tax Losses	561,966	(77,681)	-	(25,024)	-	459,261
Unused Presumptive Income Surpluses	20,517	(4,673)	-	-	-	15,844
TOTAL DEFERRED TAX (LIABILITY) ASSET, NET	**(113,109)**	**131,464**	**19,658**	**(4,991)**	**-**	**33,022**

The recognition of deferred tax assets was based on the following evidence: The more conservative scenarios evidence the full recovery of accumulated tax losses periods of time that are more than satisfactory. The Administration has analyzed, technically and with restraint, the probabilities and horizons of reversal of these losses. The projections for measuring asset impairment made by Cherry Bekaert were used as the base, assuming that for every trial year only the projections to date were known in the most conservative scenario. With these projections, through the simulation of cash flows and financial obligations, financial expenses were calculated to finally achieve tax profits before taxes, confirming the early recoverability of losses incurred. After adjusting, stabilizing and even moderating growth in the medium term, the results of the projections show persistence and consumption of losses accumulated before nine years for all cases. A summary of the results is shown in the following table:

Trial year	2013	2014	2015	2016	2017
Balance of operating losses	624,167	824,683	1,248,306	1,186,928	1,348,218
Expirating of operating losses	2031	2032	2033	2034	2035

To recognize deferred tax assets, Cementos Argos analyzes the total tax losses in each country, considering those that will not be rejected by tax authorities, based on the available evidence, as well as the probability of their recovery before their maturity, through the generation of future taxable income. When the analysis determines that there is a high probability of rejection of the tax asset by the tax authorities, the amount of the asset is reduced. When it is considered that it will not be possible to use a deferred tax asset prior to its maturity, the asset is not recognized. Both situations affect the income tax expense in the period in which the determination is effected. In order to assess the likelihood that deferred income tax assets will be realized, all available evidence is taken into consideration, both positive and negative, including, among other factors, industry analysis, market conditions, expansion plans, tax strategies, tax structure and expected changes in them, projected taxable income, the maturity of the tax losses and future reversal of temporary differences. Variations between the actual results and the estimated results are analyzed for each period in order to determine if said variations affect the amounts of these assets and to make any adjustments that are deemed necessary, based on the relevant and available information. Any such adjustments shall be recognized in the profit or loss for the analyzed period.

9.4. UNRECOGNIZED DEDUCTIBLE TEMPORARY DIFFERENCES, UNUSED TAX LOSSES AND UNUSED TAX CREDITS

Deductible temporary differences, presumptive surplus income, unused tax losses and unused tax credits for which no deferred tax assets were recognized are attributable to the following.

	2017	2016
No time limit	1,170	2,678
Unused tax credits and losses	**1,170**	**2,678**
More than one year and up to five years	-	48
No time limit	1,769	-
Surplus presumptive income on ordinary liquid income	**1,769**	**48**
TOTAL TAX BENEFITS FOR WHICH NO DEFERRED TAX ASSETS WERE RECOGNIZED	**2,939**	**2,725**

9.5. IMPACT ON INCOME TAX FOR PROPOSED OR DECLARED DIVIDENDS BEFORE THE FINANCIAL STATEMENTS WERE AUTHORIZED

There were no proposed dividends before the financial statements were authorized for issuance upon which could be expected to have an impact on the income tax. In fact, there were no proposed or declared dividends before the financial statements were authorized for issuance.

9.6. IMPACT OF BUSINESS COMBINATIONS ON INCOME TAX DURING THE PERIOD

During the reported periods they were no changes to the value of deferred income tax assets related to business combinations.

9.7. IMPACT OF PAYMENT OF POTENTIAL DIVIDENDS TO SHAREHOLDERS ON INCOME TAX

The Group has no potential consequences in the tax return in the event of paying of dividends to its shareholders.

9.8. GROUP TAX RISK MANAGEMENT

Fiscal risks are a formal part of the board's oversight mandate. The Board's Risk Committee receives strategic risks evolution reports on a quarterly basis, including tax risks which are part of Argos' 16 strategic risks, and reviews and gives advice on possible impacts that could affect negatively the relationships with key stakeholders and the brand's reputation.

Argos and its subsidiaries' tax teams work with their business colleagues as an equal partner in providing clear, timely, relevant and business focused advice across all tax arising aspects, permanently recommending alternative strategies (if identified) to achieve the same commercial results with the most tax efficient approach in compliance with all relevant laws. The tax teams ensure that their business counterparts within Argos thoroughly understand the tax function and legal requirements including tax planning, policies and procedures. The tax function will therefore provide appropriate advice as part of the approval to business projects proposals to ensure a clear understanding of the tax strategy alternatives and associated financial and reputational consequences. Such business decisions and inputs include assessment, quantification and presentation of provisions with respect to taxes that shall be considered in the financial results.

According to reputational risk assessment and the risk tolerance, the Company will work to avoid any negative impact on shareholder value. Permanent tax management controls and periodic tax risk assessment are executed to assure the adequate tax risk monitoring, from the financial and business risks perspective.

Argos assesses tax related risks continuously despite the fact that its tax strategy is not an aggressive one. Argos believes that in order for this strategy to be efficient in the short-term, it doesn't necessarily have to embrace an aggressive approach. The risks that have been identified above have been assessed as part of the Company's main strategic financial risk, which means that they are all being addressed according to its corporate risk strategy.

As mentioned in the table above, Argos' understanding of the best tax strategy possible is one which results in more value added for all of its stakeholders (which in turn benefits the company) and not only its shareholders, through optimization strategies. Through this understanding, Argos ensures its tax strategy's paybacks in the middle and long term as well, as it brings the company benefits such as good relations with authorities, good reputation and the increase of resources available for local development through its contributions. In this sense, Argos considers its tax strategy itself to be its main risk-mitigation tool.

NOTE 10: INVENTORIES

	2017	2016
Finished products	121,787	170,330
Products in process	135,505	175,093
Raw materials and direct materials	187,726	204,238
Materials, spare parts and accessories	230,305	218,354
Inventory in transit	17,227	23,591
Goods not manufactured by the company	26,305	35,499
Others	9,833	6,405
Advances for the acquisition of inventory	3,770	5,737
INVENTORIES	**732,458**	**839,247**

The cost of inventories recognized as cost of merchandise sold during the period regarding continuing operations in the consolidated income statement corresponds to $ 6,970,156 (2016: $6,595,353). The value of the decreased inventories to the net realizable value net corresponds to $10,815 (2016: $7,112) with a reversal of the reduction in value of $208 (2016: $4,255). The reversal of the reduction in value of inventories relates to the company Argos Panama S.A. (2016: Argos Panama S.A. $157 and Argos USA, LLC $ 4,098).

As of December 31, 2017, and comparative periods, the Group does not maintain inventories pledged as collateral liabilities. The Group expects to realize its inventories in less than 12 months.

NOTE 11: BIOLOGICAL ASSETS

	2017	2016
Book value at Jan. 1st	20,870	20,242
Gains arising from changes in fair value less costs to sell	329	628
Book value at Dec. 31st	**21,199**	**20,870**
No current	21,199	20,870
BIOLOGICAL ASSETS	**21,199**	**20,870**

The Group carries out agricultural activities through Cementos Argos S.A., which engages in forestry projects. The Group's biological assets are measured at fair value minus estimated costs of sale at the point of harvest or collection, taking into account significant observable entry data, Level 3 for plantations. Changes in the fair value of biological assets are presented in the comprehensive income statement as income or valuation expense, as appropriate.

The discounted cash flow model was used for the valuation of plantations, taking into account that the future economic benefits associated with forestry are expected to perform 3 or 4 times over time, like so: when the plantation has been pruned 2 or 3 times, depending on the age and diameter of the plantation, and the last time when the clearcutting is carried out. In this regard, the fair value is determined by applying a discount rate to the net future cash flows and, for such purposes, we used the weighted average cost capital which was estimated at 9.5% in 2017 (2016: 10.3%). The price of sale and the quantity were determinate using the experience and forestry studies, and the estimation of the cost and expenses are significant unobservable inputs in the measurement.

The Group's biological assets are made up of plantations, as follows:

	2017	2016
Plantations (hectares planted = ha)	1,172	1,172

As of December 31st, 2017, and its comparable, plantations include mainly teak, eucalyptus, pine, rubber, acacia and melina spread throughout the country in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolívar), Victoria (Caldas) and Puerto Nare (Antioquia).

At the end of the reporting period and comparable ones, there were no restrictions on the ownership of the Group's biological assets, or contractual commitments for their development or acquisition, and they have not been pledged as collateral debts.

NOTE 12: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The details of the associates and joint ventures of the Group at the time of the reporting period are as follows:

Investee	Type	Location	Core business	Shareholding ratio and voting power	
				2017	2016
Omya Andina S. A.	Joint Venture	Colombia	Prod. of non-metallic minerals	50.00	50.00
Caltek S.A.S.	Joint Venture	Colombia	Lime exploitation	50.00	50.00
Trans Atlantic Shipmanagement Ltd.	Joint Venture	British Virgin Islands	Maritime cargo transport	50.00	50.00
MMC Cement Division C.V.	Joint Venture	Curazao	Cement commercialization	50.00	50.00
Granulados Reciclados de Colombia Greco S. A.S.	Joint Venture	Colombia	Sanitary services	40.00	40.00
Summa S.A.S.(1)	Associate	Colombia	Business Services	25.00	33.33

(1) The company was incorporated on November 17, 2016 jointly with the parent company Grupo Argos S.A. and Odinsa S.A., who joined in March 2017 Celsia S.A. The corporate purpose of this company (SUMMA S.A.S.) is to provide specialized corporate services as well as consulting and technical supervision services to Grupo Empresarial Argos and to third parties

All associates and joint ventures are accounted using the equity method in the consolidated financial statements. None of the Group's investments in associates and joint ventures are listed in domestic or foreign stock markets; therefore, there is no quoted market price for the investment.

12.1 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The summarized financial information of each of the Group's material associates is presented below. The summary of financial information below represents amounts presented in the financial statements of the associate prepared under the IFRS:

	Omya Andina S. A.		Trans Atlantic Shipmanagement Ltd.	
	2017	2016	2017	2016
Current assets	45,743	36,416	29,463	42,139
Non-current assets	141,760	132,310	100,199	79,703
Current liabilities	31,837	38,623	15,562	6,297
Non-current liabilities	73,659	50,801	76,150	78,500
Ordinary income	102,843	95,009	31,099	35,688
Continuing operations	2,933	4,475	(1,852)	(4,656)
Other comprehensive income	3,356	3,584	-	-
Total comprehensive income	6,290	8,059	(1,852)	(4,656)

	MMC Cement Division C.V		Investments in associates and joint ventures not significant individually	
	2017	2016	2017	2016
Current assets	2,498	1,993	19,757	7,130
Non-current assets	10,178	10,372	127,114	94,025
Current liabilities	2,942	3,295	111,979	66,118
Non-current liabilities	-	-	490	-
Ordinary income	13,017	12,861	12,254	2,812
Continuing operations	(474)	(433)	(10,760)	(3,208)
Total comprehensive income	(474)	(433)	(10,760)	(3,208)

	Omya Andina S. A.		Trans Atlantic Shipmanagement Ltd.		MMC Cement Division C.V	
	2017	2016	2017	2016	2017	2016
Cash and cash equivalents	5,642	3,438	25,078	36,703	112	149
Current financial liabilities	3,881	11,218	1,913	1,694	-	-
Non-current financial liabilities	70,382	48,228	76,150	78,500	-	-
Depreciation	6,040	4,540	6,272	5,924	727	667
Interest income	96	146	13	9	-	-
Interest costs	5,823	6,066	3,016	4,127	-	-
Income tax	4,626	3,582	-	-	-	-

The conciliation of the summarized financial information with the books value of associates and joint ventures in the consolidated financial statements is as follows:

	Omya Andina S. A.		Trans Atlantic Shipmanagement Ltd.	
	2017	2016	2017	2016
Net assets of the investee	82,007	79,302	37,950	37,045
Participation in the investee	50,00%	50.00%	50,00%	50.00%
Book value of the associate or joint ventures	**41,003**	**39,651**	**18,975**	**18,523**

	MMC Cement Division C.V.		Investments in associates and joint ventures not significant individually	
	2017	2016	2017	2016
Net assets of the investee	9,734	9,070	34,402	35,037
Participation in the investee	50.00%	50.00%	25%-50%	33%- 50%
Book value of the associate or joint ventures	**4,867**	**4,535**	**16,615**	**16,820**

As of December 31st, 2017 and 2016 no changes occurred in the Group's equity participation in an associate or joint venture due to a sales transaction or purchase of shares. The changes in the participation of the period arose due to the entry of Celsia S.A. as a shareholder in SUMMA S.A.S. There are no significant restrictions on the ability of associates or joint ventures to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the Group. The Group has no contingent liabilities related to its investments in associates and joint ventures.

NOTE 13: SUBSIDIARIES

13.1. GROUP COMPOSITION

The following are the companies included in the consolidated financial statements of Cementos Argos S.A.:

AMERICAN CEMENT TERMINALS, LLC

Incorporated under the laws of the State of Delaware (USA), on September 20th, 2007; its corporate purpose is the realization of investments and its term of duration is perpetual.

AGREGADOS ARGOS S.A.S.

Incorporated under the laws of Colombia, on June 16th, 2017; its headquarters are located in the city of Medellin and its term of duration is indefinite. Its corporate purpose is the exploration, exploitation, transformation, transport, benefit, full use, marketing and sale of stony minerals exploited in mines and quarries such as sand, gravel and any other materials, elements and accessories used in the construction in-dustry; and in general, the performance of similar, related or complementary activities, or that allow to facilitate or develop the commerce or industry of the Company.

ARGOS DOMINICANA S.A.

Stock company incorporated under the laws of the Dominican Republic on February 12th, 1996. Its corporate purpose is the manufacture, commercialization, import and export of clinker and cement; the exploitation and commercialization of minerals used in and related to the cement industry. The company's headquarters are located in the city of Santo Domingo and its term of duration is indefinite. It is consolidated Concretos Argos Dominicanos, S.R.L.

ARGOS HONDURAS S.A. DE C.V.

Incorporated under the laws of Honduras on July 10th, 1975, its headquarters are located in Tegucigalpa. Its corporate purpose is the exploitation of all kinds of cement, its derivatives and products manufactured with cement; obtaining of exploration permits and exploitation concessions for estates and mineral deposits whose substances are required for the manufacture of cement and its derivatives. Its duration is indefinite. This Company is consolidated with Concretos Argos Honduras, S. A., and Cementos del Sur, S. A.

ARGOS PANAMÁ S.A.

A public limited company incorporated under the laws of the Republic of Panama on June 25th, 1943; its corporate purpose is the manufacture, sale, import and export of cement and its derivatives, as well as the import of all kinds of raw materials, machinery, equipment, and spare parts for the manufacture and sale of cement. The headquarters of the company are located in Panama City, Republic of Panama, and its term of duration is perpetual. This Company is consolidated with Grava S.A., Concreto S.A., and Terminal Granelera Bahia Las Minas S.A.

ARGOS PORTS (WILMINGTON) LLC.

Company incorporated under the laws of the State of Delaware (USA) on March 10th, 1998 and subsequently acquired by American Cement Terminals, LLC on December 31st, 2001; its corporate purpose is the commercialization of cement and its related products. Its term of duration is perpetual.

ARGOS PUERTO RICO, LLC

Acquired on April 30th, 2015, through a 60% share acquisition of its parent company, Wetvan Overseas Ltd., in San Juan, Puerto Rico. Argos Puerto Rico, LLC., a maritime cement terminal, is engaged in the receipt, storage, sale and distribution of cement.

ARGOS SAN JUAN, CORP.

Acquired in Puerto Rico on February 8th, 2017. Argos San Juan, Corp., is a for-profit corporation, organized under the laws of the Commonwealth of Puerto Rico, to engage in the manufacture and sale of cement. The corporation is registered in the Registry of Corporations of the Department of State of Puerto Rico with an indefinite term.

ARGOS SEM, S.A.

Incorporated on March 21st, 2014 in Panama City, it aims to establish itself and operate as a Multinational Company Headquarters to provide any and all direction and/or management services for operations in the specific geographic or global area of a company in the business group, to engage in the manufacture and commercialization of all types of goods on an international level, as well as the commercialization of all types of services, and to engage in any legal business in the territory of the Republic of Panama and in any other state or jurisdiction, as permitted by the laws of the respective state or jurisdiction. The company's headquarters are located in Panama City, Republic of Panama and its term of duration is perpetual, although it may be dissolved as pursuant to the law.

ARGOS NORTH AMERICA CORP

Company incorporated under the laws of the State of Delaware (USA) on December 19th, 2006. Its headquarters are located in the city of Alpharetta (Georgia), its corporate purpose is to carry out legal investment activities in the sector of cement, concrete and related products. Its term of duration is perpetual. The Corporation is consolidated with Argos USA LLC (Which from July 2016 absorbed the companies Argos Ready Mix (Carolinas) Corp., Argos Ready Mix LLC, y Argos Ready Mix (South Central), Corp.), Southern Star Leasing LLC., Argos Ports (Savannah) LLC, Argos Ports (Houston) LLC, Central Aggregates LLC, Palmetto Leasing Company and Metro Products and Construction Inc.

CANTERAS DE COLOMBIA S.A.S.

Incorporated under Colombian laws on November 9th, 1979, its headquarters are located in the city of Medellin and its term of duration is indefinite. Its corporate purpose is the exploration, exploitation, transformation, transport, benefit, full use, marketing and sale of stony minerals such as sand, gravel and any other materials, elements and accessories used in the construction industry; and in general, the performance of all activities related to the mining industry, marketing and sale of renewable and non-renewable natural resources, and any legal economic activity both in Colombia and abroad.

CEMENT AND MINING ENGINEERING INC.

Incorporated under Panamanian laws on February 4th, 1997; its headquarters are located in Panama City; its corporate purpose is the construction, technical assistance, installation and assembly of equipment; the sale, purchase and administration of real estate and personal property; the investment, financing and participation in companies; the purchase or acquisition of patents, trademarks, copyrights, licenses and formulas; operations with banks or other financial institutions. Also the purchase of shares, stocks or bonds, financing and participation in companies, mining and maritime businesses, and any other business permitted by the laws of the Republic of Panama. Its term of duration is perpetual.

CEMENTOS DE CALDAS S.A.

Incorporated according to Colombian legislation on July 17th, 2007; its headquarters are located in Villamaria, department of Caldas; its corporate purpose is the exploitation of the cement industry and the production of concrete mixtures and their derivatives. Its term of duration extends until July 22, 2054.

C.I. DEL MAR CARIBE (BVI) INC.

Incorporated under the laws of the British Virgin Islands on June 2nd, 2004; its headquarters are located in Tortola and its corporate purpose is the commercialization of cement, clinker and lime. Its term of duration is perpetual.

CIMENTS GUYANAIS S.A.S.

Incorporated on March 23rd, 1989 with headquarters in Cayenne, French Guiana; its corporate purpose is the manufacture of cement and all derivative products, as well as the import of the necessary raw materials and finished products for the elaboration, commercialization and export of cement and its related products. The duration of the company is 99 years from March 23rd, 1989, unless there is early dissolution or extension. This company was acquired in April 2014.

COLCARIBE HOLDINGS, S.A.

Incorporated according to Panamanian laws on June 25th, 1996; headquarters are located in Panama City; corporate purpose is to negotiate or dispose of securities, bonds, shares in other companies and rights of any kind either on its own or through third parties, as well as to open, operate, close accounts and deposits in financial institutions, pay or accept money loans and give warranties on behalf of third parties in any currency. Its term of duration is perpetual.

COMERCIAL ARVENCO, C.A.

Incorporated in Caracas, Venezuela on November 2nd, 2006; its duration is for 50 years from this date. Headquarters are located in the city of Barquisimeto, state of Lara, Venezuela. Its corporate purpose is the exploitation of businesses and activities related to the import, export, transport, purchase and sale of all manner of goods and products, metallic and non-metallic minerals, cement, clinker, coal, equipment, appliances, vehicles, machinery, tools, spare parts, and accessories; as well as any other act of legal trade.

CONCRETOS ARGOS S.A.

Public limited company incorporated under Colombian law on April 22nd, 1985; its corporate purpose is the exploration, exploitation, transport, benefit, full use, commercialization and sale of stony minerals such as sand, cement, gravel, premixed concrete and precast concrete, concrete blocks and any materials, elements and complementary accessories used in the construction industry. The company's headquarters are located in Bogota and term of duration is until September 8th, 2093.

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

Incorporated under Colombian law on December 14th, 1982; its headquarters are located in the city of Medellin and its term of duration is indefinite. The company's corporate purpose is to carry out any legal economic activity both in Colombia and abroad. Nowadays it is dedicated to investing in shares or quotas of interest. This company is consolidated with Argos USVI Corp., Argos (Dominica) Ltd., and Argos Saint Maarten N.V. and Caricement Antigua Limited.

FIDUCIARIA CORFICOLOMBIANA S.A. FIDEICOMISO GASEOSAS LUX

Commercial trust established in 2008 for the administration of land by Fiduciaria Corficolombiana S.A.; Cementos Argos has control over the real estate trust "Gaseosas Lux", therefore, the trust property is accounted for as an investment in a subsidiary in the separate financial statements and it is incorporated line by line in the consolidated financial statements of Cementos Argos applying the global consolidation method.

HAITÍ CEMENT HOLDING, S.A.

Incorporated and domiciled in Panama City, Republic of Panama, on October 7th, 1997. Its core business is to acquire, purchase and invest in securities, bonds, stocks, shares in other companies, as well as any legal business permitted by the laws of the Republic of Panama. The duration of the company is perpetual. This company is consolidated with Cimenterie Nationale SEM (CINA).

INTERNATIONAL CEMENT COMPANY S.A.

Incorporated under the laws of Panama on November 24th, 1997; its headquarters are located in Panama City; its corporate purpose is to acquire, own, manage, encumber, lease, sell and dispose of any type of goods, either on its own behalf or on behalf of third parties. Its term of duration is perpetual.

LOGÍSTICA DE TRANSPORTE S.A.

Incorporated according to Colombian laws on April 16th, 1996; its headquarters are located in the city of Medellin; its corporate purpose is the transport of persons and all types of cargo inside or outside the country in all its forms, by land, air, river or sea, be it in vehicles, ships or aircraft owned by them or affiliated with third parties. The term of duration of the company expires on April 16th, 2026.

MARÍTIMA DE GRANELES S.A.

Incorporated under Panamanian laws on December 29th, 1978; headquartered in Panama City and with indefinite duration. Its corporate purpose is maritime transport, particularly that of cement and clinker, and buying and selling these same products, and chartering and provisioning ships.

SURCOL HOUDSTERMAATSCHAPPIJ N.V.

Company incorporated under the laws of Suriname on March 1st, 2006 with an indefinite term of duration. Its corporate purpose is carrying out investments. The company's headquarters are located in Paramaribo, Suriname. This company is consolidated with Vensur N.V.

TRANSATLANTIC CEMENT CARRIERS, INC.

Incorporated under Panamanian laws on July 26th, 1974; its headquarters are located in Panama City and its duration is indefinite. Its corporate purpose is maritime transport, especially of cement and clinker, and the sale and purchase of these products.

TRANSPORTES ELMAN LTDA. –TLM LTDA "IN LIQUIDATION"

Incorporated under Colombian laws on November 30th, 1983. Through public deed 2018 of September 26, 2008, the decision was formalized by the Board to declare the company dissolved and in liquidation. The corporate purpose carried out by the company was related to the transport of all types of cargo in and out of the country in all its forms, by sea, river and air, in vehicles, ships, aircraft or trains owned by them or by affiliated third parties, and in public transport cargo vehicles affiliated with other companies.

VALLE CEMENT INVESTMENTS LTD.

Incorporated under the laws of the British Virgin Islands on November 18th, 1998; the company's headquarters are located in the British Virgin Islands and its corporate purpose is to carry out investments of all kinds. The term of the duration of the company is indefinite.

VENEZUELA PORTS COMPANY, S.A.

Incorporated in Panama City, Republic of Panama, on February 26th, 2002. Its headquarters are located in Panama City. Its core business is to invest in companies, firms or projects, and the negotiation, exploitation or participation in industrial, mining, commercial, real estate, or maritime companies or companies of any other kind, as well as any licit business permitted by the laws of the Republic of Panama. The duration of the company is in perpetual.

WETVAN OVERSEAS LTD.

Acquired on April 30th, 2015, in Puerto Rico. Its corporate purpose is total capacity to carry or undertake any business or activity, do any act or initiate any transaction. It is currently engaged in related investments with the corporate purpose of manufacturing and selling cement, as well as in maritime terminals dedicated to the export and import of cement and related products.

ZONA FRANCA ARGOS S.A.S.

Incorporated under Colombian laws on July 5th, 2007 with headquarters in the city of Cartagena and an indefinite term of duration. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixes and any other materials or articles made of cement, lime or clay; the acquisition and transfer of minerals or deposits of minerals used in the cement industry and similar industries, and of rights to explore and mine the aforementioned minerals, whether by concession, privilege, lease or other title; to direct, manage, monitor, promote and develop a free trade zone, to carry out all the activities that are convenient, relevant or necessary in its condition as a user of a free trade zone; to carry out the following activities as a port operator: loading and unloading, storage in ports, import and export of goods and services, management of general cargo, and management of containerized cargo. It was declared a special permanent free trade zone in 2007.

The detail of the Group's subsidiaries at the date on which the period is reported as follows:

Subsidiary	Tipe[1]	Location	Core Business	Shareholding Ratio and Voting Power 2017	Shareholding Ratio and Voting Power 2016
American Cement Terminals LLC.	P	USA	Investments	100.00	100.00
American Cement Terminals Trust (BVI)	P	USA	Investments	100.00	100.00
Agregados Argos S.A.S.	S	Colombia	Extraction, production and commercialization of aggregates	52.00	-
Argos USA LLC.	P	USA	Cement and concrete industry	99.08	98.63
Argos (Dominica) Ltd.	S	Virgin Islands	Cement distribution	100.00	100.00
Argos Dominicana S.A., and subsidiaries	S	Dominican Republic	Exploitation of clinker and cement	79.18	79.18
Argos Honduras S.A. de C.V., and subsidiaries	S	Honduras	Exploitation of cement and derivatives	53.28	53.28
Argos Panamá, S.A., and subsidiaries	S	Panama	Cement and concrete industry	78.44	78.44
Argos Ports (Huston) LLC.	P	USA	Distribution and sale of cement	99.08	98.63
Argos Ports (Savannah) LLC.	P	USA	Distribution and sale of cement	99.08	98.63
Argos Ports (Wilmington) LLC.	P	USA	Distribution and sale of cement	100.00	100.00
Argos Puerto Rico, LLC.	P	Puerto Rico	Distribution and sale of cement	60.00	60.00
Argos San Juan, Corp.	P	Puerto Rico	Cement industry	60.00	-
Argos St. Maarten N.V.	S	Virgin Islands	Cement distribution	100.00	100.00
Argos SEM S.A.	S	Panama	Investments	100.00	100.00
Argos North America Corp.	S	USA	Investments	99.08	98.63
Argos USVI Corp.	S	Virgin Islands	Cement distribution	100.00	100.00
Canteras de Colombia S.A.S.	S	Colombia	Extraction of aggregates	99.48	99.48
Caricement Antigua Limited	S	Antigua	Cement distribution	100.00	100.00
Cement and Mining Engineering Inc.	S	Panama	Investments	100.00	100.00
Cementos de Caldas S.A.	S	Colombia	Production of cement	40.07	40.07
Central Aggregates LLC	P	USA	Production of aggregates	99.08	98.63
CI del Mar Caribe (BVI) Inc.	S	Virgin Islands	Commercialization	99.97	99.97
Cimenterie Nationale S.E.M. (CINA)	S	Haiti	Cement industry	65.00	65.00
Ciments Guyanais S.A.S.	S	French Guiana	Exploitation of cement	100.00	100.00
Colcaribe Holdings, S.A.	S	Panama	Investments	100.00	100.00
Comercial Arvenco, C.A.	S	Venezuela	Commercialization	100.00	100.00
Concretos Argos S.A.	S	Colombia	Exploitation of stony minerals	99.44	99.44
Corporaciones e Inversiones del Mar Caribe S.A.S.	S	Colombia	Investments	100.00	100.00
Fiduciaria Corficolombiana S.A. - Fideicomiso Gaseosas Lux	T	Colombia	Property management	100.00	100.00
Haiti Cement Holding, S.A.	S	Panama	Investments	100.00	100.00
International Cement Company S.A.	S	Panama	Investments	100.00	100.00
Logística de Transporte S.A.	S	Colombia	Transport	99.97	99.97
Marítima de Graneles S.A.	S	Panama	Maritime transport	100.00	100.00
Southern Star Leasing, LLC	P	USA	Concrete industry	99.08	98.63
Surcol Houdstermaatschapij N.V.	S	Surinam	Investments	50.00	50.00
Transatlantic Cement Carriers, Inc.	S	Panama	Maritime transport	100.00	100.00
Elman Transportes Ltda.- In Liquidation	I	Colombia	Transport	98.75	98.75
Valle Cement Investments Limited	S	Virgin Islands	Investments	91.81	91.81
Venezuela Ports Company, S.A.	S	Panama	Investments	100.00	100.00
Vensur N.V.	S	Surinam	Production of cement	42.10	42.10
Wetvan Overseas Ltd.	S	Puerto Rico	Investments	60.00	60.00
Zona Franca Argos S.A.S.	S	Colombia	Cement industry	100.00	100.00

(1) P = Participations; S = Shares; I = Installments; T = Trust

	Colombia		Caribbean and Central America		USA	
Subsidiarie	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Number of wholly owned subsidiaries	3	3	14	14	3	3
Number of partially owned subsidiaries	6	5	17	17	6	6

Details of partially owned subsidiaries in which the Group has material non-controlling interests are disclosed in note 13.2.

In 2017 and 2016 the following movements were recorded for the subsidiary companies:

- On July 1st, 2016, Argos Cement LLC (now Argos USA LLC) merged with the subsidiaries Argos Ready Mix (South Central) Corp., Argos Ready Mix (Carolinas) Corp. and Argos Ready Mix LLC in order to simplify the corporate structure. The former company absorbed the latter three. The merger occurred through the contribution of all of the subsidiaries' assets and liabilities to the absorbing company. The participating subsidiaries are part of the cement and concrete operations in the United States. The transaction has no financial impact in the Group's consolidated financial statements.

- On August 17th, 2016, Argos USA LLC, a subsidiary of Cementos Argos S.A., signed an agreement with Heidelberg Cement A.G. through its North American subsidiaries, Lehigh Hanson Inc. and Essroc Corp., to acquire a cement production plant in Martinsburg, West Virginia (USA) and eight cement terminals for USD 660 million. The closure of the agreement was subject to approval by the Federal Trade Commission (FTC) and other customary closing conditions. On November 30th, 2016, Argos USA LLC, a subsidiary of Cementos Argos S.A., finalized the acquisition of assets after approval from the Federal Trade Commission (FTC), the regulatory agency in the USA, and compliance with the closing conditions.

- On August 26th, 2016 Caricement Antilles NV was dissolved and liquidated. This company held 100% of the shares of Caricement Antigua Limited, which were fully transferred to the subsidiary Corporaciones e Inversiones del Mar Caribe S.A.S. The transaction has no financial impact in the Group's consolidated financial statements.

- On October 3rd, 2016, Cementos Argos S.A. and its subsidiary Colcaribe Holdings, S. A., sold Provicem S. A., a company associated with Grupo Provivienda, 302,701 shares equivalent to a 20.00% stake in the subsidiary Argos Panamá S. A., a company whose corporate purpose is the manufacture, sale, import and export of cement and its derivatives.

- On February 8th, 2017, Cementos Argos S.A. through its subsidiary Wetvan Overseas Ltd., acquires 100% of the shares of Essroc San Juan Inc. (now Argos San Juan, Corp.), which operates a clinker and cement production business in Puerto Rico. Cementos Argos S.A. indirectly holds a 60% stake in Wetvan Overseas Ltd., and the remaining 40% is owned by Inicia (formerly Vicini).

- On April 27th, 2017 Inversiones e Inmobiliaria Tocumen S.A., was dissolved, company subsidiary of Argos Panamá S.A., which was dedicated to the real estate business. The closure of this company was originated because its only property was sold, related with a non-operating land.

- May 30th, 2017 Cementos Argos S.A. authorized to subscribe a capitalization program for USD $ 300 million on Argos SEM SA, subsidiary that at the same time, subscribed a capitalization program for the same amount on Argos North America Corp. The purpose was prepay a bridge loan acquired for the acquisition of the assets of the Martinsburg plant, located in the state of West Virginia, USA. With this transaction there is an increase of 17,186 of the total of shares held regularly, and a net increase of 0.45% in the percentage of shareholding

- On June 16th, 2017, the company Aggregates Argos S.A.S. is constituted. This entity is dedicated to the extraction, production and commercialization of aggregates. Cementos Argos S.A. as majority shareholder has a participation of 52%; the remaining 48% of the shares are owned by Odinsa S.A. and Construcciones El Cóndor S.A., each one of them with a participation of 24%.

13.2. DETAILS OF PARTIALLY OWNED SUBSIDIARIES WITH NON-CONTROLLING MATERIAL INTERESTS

The following table details the partially owned subsidiaries of the Group in which it has non-controlling materials interests:

Subsidiary	Place of Incorporation and Business Headquarters	Share interests and voting rights held by non-controlling participations		Gain (loss) assigned to non-controlling participations		Accumulated non-controlling participations	
		2017	2016	2017	2016	2017	2016
Argos Honduras S.A. de C.V. and subsidiaries	Honduras	46.7%	46.7%	70,114	120,142	521,076	511,951
Argos Panamá, S. A. and subsidiaries	Panama	21.6%	21.6%	27,249	19,855	102,927	110,083
Argos Puerto Rico, LLC	Puerto Rico	40.0%	40.0%	(2,840)	2,178	21,627	24,635
Valle Cement Investments Limited	Virgin Islands	8.2%	8.2%	1,614	1,732	20,900	19,168
Argos San Juan Corp.	Puerto Rico	40.0%	-	1,470	-	13,379	-
Argos Dominicana S.A. and subsidiaries	Dominican Republic	20.8%	20.8%	1,468	(263)	13,897	14,290
Argos USA LLC.	USA	0.9%	1.4%	881	996	51,985	64,349
				99,956	**144,640**	**745,791**	**744,476**
Immaterial subsidiaries individually with non-controlling interests				(10,182)	(2,098)	(531)	(13,318)
TOTAL ACCUMULATED NON-CONTROLLING INTERESTS				**89,774**	**142,542**	**745,260**	**731,158**

The summarized financial information of each of the Group's subsidiaries with material non-controlling interests are presented below. The financial information summarized below represents amounts prior to eliminations among groups:

2017	Current assets	Non-current assets	Current liabilities	Non-current liabilities
Argos Dominicana S.A. and subsidiaries	53,316	49,010	31,091	4,496
Argos Honduras S. A. de C.V. and subsidiaries	694,008	576,550	98,350	56,787
Argos Panamá, S.A. and subsidiaries	187,624	512,383	197,550	5,026
Argos Puerto Rico, LLC	25,361	80,999	17,843	34,449
Argos San Juan Corp.	41,960	30,060	38,571	-
Argos USA LLC.	1,779,549	7,294,945	1,968,657	1,408,783
Valle Cement Investments Limited	126,145	1,598,607	1,101,447	-

2017	Ordinary Revenue	Continuing Operations	Other Comprehensive Income	Total Comprehensive Income
Argos Dominicana S.A. and subsidiaries	133,665	7,051	(2,635)	4,416
Argos Honduras S. A. de C.V. and subsidiaries	500,298	150,089	(10,967)	139,122
Argos Panamá, S.A. and subsidiaries	567,806	126,390	(5,466)	120,925
Argos Puerto Rico, LLC	55,333	(7,099)	(423)	(7,522)
Argos San Juan Corp.	63,391	(8,673)	885	(7,788)
Argos USA LLC.	4,557,481	92,684	(7,308)	85,376
Valle Cement Investments Limited	4,968	15,780	(2,222)	13,558

2016	Current assets	Non-current assets	Current liabilities	Non-current liabilities
Argos Dominicana S.A. and Subsidiaries	56,389	51,182	33,467	5,476
Argos Honduras S. A. de C.V. and Subsidiaries	624,539	605,188	78,036	55,802
Argos Panamá, S.A. and Subsidiaries	220,201	526,524	230,190	2,803
Argos Puerto Rico, LLC	21,934	86,253	6,545	40,053
Argos USA LLC.	1,593,421	7,651,273	4,367,098	176,390
Valle Cement Investments Limited	1,281,629	346,488	1,053,948	-

2016	Ordinary Revenue	Continuing Operations	Other Comprehensive Income	Total Comprehensive Income
Argos Dominicana S.A. and subsidiaries	127,285	(1,264)	(5,278)	(6,542)
Argos Honduras S. A. de C.V. and subsidiaries	441,507	257,181	(99,523)	157,658
Argos Panamá, S.A. and subsidiaries	598,721	192,648	(24,297)	168,351
Argos Puerto Rico, LLC	-	5,444	(2,882)	2,562
Argos USA LLC.	4,239,116	75,987	(149,305)	(73,318)
Valle Cement Investments Limited	11,975	40,694	(24,821)	15,873

13.3. CHANGE IN THE GROUP'S OWNERSHIP INTEREST IN A SUBSIDIARY

During the period 2017, Cementos Argos S.A. increased its ownership in 0.45% on Argos North America Corp., from 98.63% to 99.08%, percentage that also increases in the companies that this subsidiary owns 100%, namely: Argos USA LLC. (which owns 100% to Southern Star Leasing, LLC), Argos Ports (Huston) LLC., Argos Ports (Savannah) LLC., and Central Aggregates LLC.

In 2016, the Group sold 20% of its stake in the subsidiary Argos Panamá S.A., of which 7.2% belonged to Cementos Argos S.A. and 12.8% to the subsidiary Colcaribe Holdings S. A. Although it went from having a stake of 98.4% to a stake of 78.44%, the Group still maintains control of the subsidiary. The value recognized in equity from sales of non-controlling interests without loss of control is $281,257. (2015: $63).

There is not value recognized in equity from sales of non-controlling interests without loss of control during 2017 (2016: $281,257).

13.4. SIGNIFICANT RESTRICTIONS AND FINANCIAL SUPPORT

The Group does not have subsidiaries with significant restrictions to transfer and/or receive assets from other Group companies, nor are there protective rights to non-controlling interests that can significantly restrict the Group's ability to access or use the assets and settle the liabilities the subsidiaries; nor are there guarantees or other requirements that may restrict dividends and other distributions of capital to be paid within the Group.

As of December 31st, 2017 and 2016 the Group has not provided financial support without having the contractual obligation to so for any investee, nor has it helped obtain financial support.

NOTE 14: OTHER INTANGIBLE ASSETS

14.1. CONCILIATION OF COST, ACCUMULATED DEPRECIATION AND IMPAIRMENT OF INTANGIBLE ASSETS

	Opening Balance	Additions	Amortization	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Loss on sales and retirement of assets	Other changes	Closing Balance
2017								
Brands with indefinite useful lives	115,389	-	-	-	-	-	-	115,389
Brands, client lists and related items	1,044,279	707	-	-	(510)	(3,839)	-	1,040,637
Concessions, franchises and rights	393,386	1,453	-	6,995	(2,303)	(482)	199	399,248
Patents, licenses and software	73,457	14,675	-	-	12	-	12,777	100,921
Capitalized expenditures for development	130,557	-	-	-	-	-	-	130,557
Intangible assets in progress	885	14,018	-	-	-	-	(1,936)	12,967
HISTORICAL COST	**1,757,953**	**30,853**	**-**	**6,995**	**(2,801)**	**(4,321)**	**11,040**	**1,799,719**
Brands, client lists and related items	401,036	-	67,024	-	(404)	(3,839)	-	463,817
Concessions, franchises and rights	148,563	-	21,231	-	(103)	(267)	-	169,424
Patents, licenses and software	43,680	-	16,976	-	(25)	-	(20)	60,611
Capitalized expenditures for development	47,145	-	21,759	-	-	-	-	68,904
DEPRECIATION AND IMPAIRMENT	**640,424**	**-**	**126,990**	**-**	**(532)**	**(4,106)**	**(20)**	**762,756**
NET INTANGIBLE ASSETS	**1,117,529**							**1,036,963**

	Opening Balance	Additions	Amortization	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Loss on sales and retirement of assets	Other changes	Closing Balance
2016								
Brands with indefinite useful lives	115,389	-	-	-	-		-	115,389
Brands, client lists and related items	1,055,045		-	70,360	(78,022)	(1,539)	(1,565)	1,044,279
Concessions, franchises and rights	385,234	1,725	-	9,495	(5,521)	(5,680)	8,133	393,386
Patents, licenses and software	58,619	910	-	-	(1,322)		15,250	73,457
Capitalized expenditures for development	130,557	-	-	-	-		-	130,557
Intangible assets in progress	-	914	-	-	-		(29)	885
HISTORICAL COST	**1,744,844**	**3,549**	**-**	**79,855**	**(84,865)**	**(7,219)**	**21,789**	**1,757,953**
Brands, client lists and related items	357,079	-	71,251	-	(22,671)	(1,539)	(3,084)	401,036
Concessions, franchises and rights	133,281	-	20,245	-	(1,457)	(2,030)	(1,476)	148,563
Patents, licenses and software	26,399	-	9,093	-	(924)		9,112	43,680
Capitalized expenditures for development	25,385	-	21,760	-	-		-	47,145
DEPRECIATION AND IMPAIRMENT	**542,144**	**-**	**122,349**	**-**	**(25,052)**	**(3,569)**	**4,552**	**640,424**
NET INTANGIBLE ASSETS	**1,202,700**							**1,117,529**

As of December 31st, 2017 and 2016, intangible assets do not include current capitalization of borrowing costs. The useful lives of other intangible assets are:

Intangible	Useful Life Range in Years	Depreciation Method
Argos brand	Indefinite	
Other brands	Finite: Between 2 and 20	Linear
List of clients and intangibles related to clients	Finite: Between 5 and 15	Linear
Rights	Finite: Between 4 and 35	Linear
Concessions, franchises and licenses	Finite: Between 4 and 75	Linear
Licenses, patents and software	Finite: Between 2 and 10	Linear
Capitalized expenditures for development	Finite: 6	Linear

The amortization of intangibles is recognized as an expense in the consolidated income statement in the line of the sales costs, administration expenses and sales expenses, and impairment losses are recognized as expenses in the income statement in the line of impairment of goodwill and other assets.

Disbursements for research and development projects are recognized as expenses in the consolidated income statement during this period amounted to $4,353 (2016: $$5,437). As of December 31st, 2017 and 2016 there are no restrictions on the sale of intangible assets because none has been affected as collateral for the fulfillment of obligations, nor does the Group have contractual obligations to acquire or develop intangible assets.

The book value and the remaining period of amortization for other significant intangible assets is:

Intangible	Remaining Amortization Period	2017	2016
Client list	11 years	316,648	348,619
Argos brand	Indefinite	115,389	115,389
Software license generated internally	3 years	61,651	83,411

The Administration determined that the Argos Brand, bought and paid for in cash to Grupo Argos S.A. in December 2005 for $115,389 is an intangible asset with an indefinite useful life given that Cementos Argos S.A., because of the legal rights it acquired at the time of purchase from Grupo Argos, has the ability to control the future economic benefits of the brand and it is expected to generate economic benefits indefinitely.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

15.1. CONCILIATION OF COST, ACCUMULATED DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

	Opening Balance	Additions	Impairment Losses	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales an Write-Offs	Loss of Control of a Subsidiary	Other Changes	Closing Balance
HISTORICAL COST 2017									
Land	1,321,006	24,755	-	6,738	(2,890)	(20,395)	(26,668)	77,914	1,380,460
Constructions in progress, equipment in assembly and in transit	956,646	619,552	-	17,526	(9,443)	(111)	-	(872,426)	711,744
Construction and buildings	2,027,281	16,891	-	6,457	(3,300)	(8,051)	(30,408)	(18,630)	1,990,240
Production equipment and machinery	6,391,881	30,525	-	7,147	(11,687)	(28,598)	(94,923)	612,070	6,906,415
Furniture, computers and communications equipment	168,638	1,378	-	4	152	(260)	(438)	51,086	220,560
Mines, quarries and deposits	1,993,676	20,663	-	4,302	(10,343)	(21,335)	-	24,633	2,011,596
Land transport equipment	913,324	2,017	-	-	(3,186)	(22,603)	(42,330)	162,975	1,010,197
River fleet	3,306	-	-	-	(15)	(16)	-	823	4,098
Aqueduct, plants, networks and communication channels	263,749	232	-	-	(1,344)	(925)	(5,686)	28,578	284,604
Other assets	33,987	761	-	-	(124)	-	-	24,697	59,321
Advances given to third parties	141,502	10,790	-	-	(466)	-	-	(79,634)	72,192
HISTORICAL COST	**14,214,996**	**727,564**	**-**	**42,174**	**(42,646)**	**(102,294)**	**(200,453)**	**12,086**	**14,651,427**

	Opening Balance	Additions	Impairment Losses	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales an Write-Offs	Loss of Control of a Subsidiary	Other Changes	Closing Balance
DEPRECIATION AND IMPAIRMENT 2017									
Land	592,961	2,032	83,297	-	(4,065)	(2,946)	(13,066)	(11,857)	646,356
Construction and buildings	-	-	-	-	-	-	-	-	-
Production equipment and machinery	1,686,315	-	323,145	-	472	(15,707)	(51,283)	15,841	1,958,783
Furniture, computers and communications equipment	107,849	-	21,564	-	84	(227)	(438)	1,145	129,977
Mines, quarries and deposits	107,073	-	18,276	-	446	-	-	(994)	124,801
Land transport equipment	566,089	-	90,381	-	(2,489)	(19,357)	(39,915)	6,628	601,337
River fleet	1,142	-	1,781	-	14	(5)	-	5	2,937
Aqueduct, plants, networks and communication channels	69,808	-	13,640	-	(415)	(195)	(1,136)	1,183	82,885
Other assets	**5,706**	**-**	**2,947**	**-**	**(239)**	**-**	**-**	**23**	**8,437**
DEPRECIATION AND IMPAIRMENT	**3,136,943**	**2,032**	**555,031**	**-**	**(6,192)**	**(38,437)**	**(105,838)**	**11,974**	**3,555,513**
NET PROPERTY, PLANT AND EQUIPMENT	**11,078,053**	**-**	**-**	**-**	**-**	**-**	**-**		**11,095,914**

	Opening Balance	Additions	Impairment Losses	Classified as Held for Sale	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Other Changes	Closing Balance
HISTORICAL COST 2016									
Land	1,353,356	2,207	-	2,376	6,843	(26,134)	(24,626)	6,984	1,321,006
Constructions in progress, equipment in assembly and in transit	813,320	617,568	-	-	3,148	(23,937)	(403)	(453,050)	956,646
Construction and buildings	1,642,592	5,729	(6,062)	(754)	293,177	(81,321)	(4,188)	178,108	2,027,281
Production equipment and machinery	5,254,334	14,901	(50,578)	(379)	1,207,730	(221,883)	(31,243)	218,999	6,391,881
Furniture, computers and communications equipment	156,402	1,562	(265)	(84)	1,022	(6,352)	(277)	16,630	168,638
Mines, quarries and deposits	1,676,792	13,079	-	-	396,269	(94,883)	-	2,419	1,993,676
Land transport equipment	1,009,164	6,153	-	(1,148)	13,469	(39,833)	(25,920)	(48,561)	913,324
River fleet	2,622	793	-	-	-	(109)	-	-	3,306
Aqueduct, plants, networks and communication channels	161,116	351	-	-	-	(5,663)	-	107,945	263,749
Other assets	41,218	3,054	-	-	-	(391)	-	(9,894)	33,987
Advances given to third parties	68,157	105,651	-	-	-	(577)	-	(31,729)	141,502
HISTORICAL COST	**12,179,073**	**771,048**	**(56 905)**	**11**	**1,921,658**	**(501,083)**	**(86,657)**	**(12 149)**	**14 214 996**

	Opening Balance	Additions	Impairment Losses	Classified as Held for Sale	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Other Changes	Closing Balance
DEPRECIATION AND IMPAIRMENT 2016									
Construction and buildings	431,216	84,627	-	(382)	-	(21,125)	(2,412)	101,037	592,961
Production equipment and machinery	1,526,499	306,623	(388)	(324)	-	(53,917)	(29,030)	(63,148)	1 686,315
Furniture, computers and communications equipment	92,687	17,294	-	(84)	-	(4,160)	(262)	2,374	107,849
Mines, quarries and deposits	101,806	14,646	-	-	-	(916)	-	(8,463)	107,073
Land transport equipment	614,383	77,925	-	(887)	-	(26,059)	(23,682)	(75,591)	566,089
River fleet	147	1,012	-	-	-	(17)	-	-	1,142
Aqueduct, plants, networks and communication channels	34,391	10,223	-	-	-	(1,818)	-	27,012	69,808
Other assets	4,762	1,176	-	-	-	(225)	-	(7)	5,710
DEPRECIATION AND IMPAIRMENT	**2,805,891**	**513,526**	**(388)**	**(1,677)**	**-**	**(108,237)**	**(55,386)**	**(16,786)**	**3,136,943**
NET PROPERTY, PLANT AND EQUIPMENT	**9,373,182**								**11,078 053**

Construction in progress includes capitalization of borrowing costs for a value of $7,567 (2016: $22.226), the average rate used to determine the amount of borrowing costs was 4.64% which is the effective interest rate specific to generic loans. As of December 31, they have not been affected as collateral for the fulfillment of property, plant and equipment obligations (2016: $0).

At the end of the reporting period reported and comparable ones, there were no restrictions on the sale of property, plant and equipment, or contractual commitments for the acquisition of property, plant and equipment. The Group did not obtain compensation from third parties for impaired, lost or abandoned property, plant and equipment.

NOTE 16: INVESTMENT PROPERTY

16.1. CONCILIATION OF INVESTMENT PROPERTY

	2017	2016
HISTORICAL COST		
Book value at January 1st.	154,765	153,941
Additions	12,319	10,696
Business combinations	2,914	-
Effect of exchange rate differences	19	(274)
Transfers from investment properties	(42,761)	(7,334)
Disposals and Write-Offs	(2,040)	(2,264)
Book value at December 31st.	**125,216**	**154,765**
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
Accumulated depreciation and impairment at January 1st.	**789**	**908**
Depreciation during the period	88	56
Effect of exchange rate differences	(4)	(16)
Transfers from investment properties	-	(49)
Disposals and Write-Offs	(356)	(126)
Other changes	-	16
Accumulated depreciation and impairment at December 31st.	**517**	**789**
NET INVESTMENT PROPERTIES AT DECEMBER 31st	**124,699**	**153,976**
Fair value of investment properties at December 31st.	126,832	164,564

The fair value of investment properties for disclosure purposes is determined by the appraisal companies Colliers Internacional y DRC Valoración S.A.S.. The appraisal companies used the comparative market and/or residual approach methodology to estimate the fair value.

Rental income from investment properties during the period amounted to $833 (2016: $722). Direct expenses related to investment properties were $343 (2016: $546), out of which $343 (2016: $544) are related to properties that did not generate rental income. As of December 31st, 2017 and 2016, the Group has no contractual obligations to purchase, construct or develop investment properties, nor are there any restrictions on property investment.

NOTE 17: IMPAIRMENT OF TRADE AND CREDIT ASSETS

17.1. GOODWILL MOVEMENT BY OPERATING SEGMENT

	Caribbean and Central America	United States	Total
Gross value	811,045	1,516,574	2,327,619
Accumulated impairment	-	(491,532)	(491,532)
Goodwill at January 1, 2016	**811,045**	**1,025,042**	**1,836,087**
Additions[1]	-	34,416	34,416
Effect of exchange rate differences	(67,032)	(50,203)	(117,235)
Goodwill at December 31st, 2016	**744,013**	**1,009,255**	**1,753,268**
Gross value	744,013	1,477,570	2,221,583
Accumulated impairment	-	(468,315)	(468,315)
Goodwill at January 1, 2017	**744,013**	**1,009,255**	**1,753,268**
Additions, provisional business combination[1]	-	(31,853)	(31,853)
Disposal of business[2]	-	(13,931)	(13,931)
Effect of exchange rate differences	3,497	(3,953)	(456)
Goodwill at December 31st, 2017	**747,510**	**959,518**	**1,707,028**
Gross value	747,510	1,425,225	2,172,735
Accumulated impairment	-	(465,707)	(465,707)
Goodwill at December 31st, 2017	**747,510**	**959,518**	**1,707,028**
Intangible assets other than goodwill with indefinite useful lives 2017 (Note 14)			115,389
Intangible assets other than goodwill with indefinite useful lives 2016 (Note 14)			115,389

(1) On August 17, 2016, Argos USA LLC, a subsidiary of Cementos Argos S.A., signed an agreement with Heidelberg Cement A.G. through its North American subsidiaries, Lehigh Hanson Inc. and Essroc Corp., to acquire a cement production plant in Martinsburg, West Virginia (USA) and eight cement terminals for USD 660 million. The closure of the agreement was subject to approval by the Federal Trade Commission (FTC) and other customary closing conditions. Later, on November 30, 2016, Argos USA LLC, a subsidiary of Cementos Argos S.A., finalized the acquisition of the assets after approval from the Federal Trade Commission (FTC), the regulatory agency in the USA, and compliance with the closing conditions.

As of December 31, 2016, the initial accounting of business combination of assets acquired from Heidelberg was done using provisional fair values. As of November 30, 2017, the provisional accounting was finalized with definite estimates of the fair value of the net assets acquired. The impact on goodwill due to the adjustment of the provisional values of the business combination is a decrease of ($31,853).

(2) Sale of block plants - On December 31st, 2017, Argos USA LLC - a subsidiary of Cementos Argos S.A. - sold thirteen block manufacturing plants and their associated mobile equipment, buildings, land and inventory ("Block plants") to Best Block LLC - a subsidiary of Quikcrete - for USD 50 million. The sale price, minus the book value of the assets delivered $97,467 (USD 32 million), generated an accounting profit due to business disposal of $50,706 (17 million), which was recognized in the consolidated financial statements. The plants, located in Florida and Georgia, as well as the warehouse are all part of the acquisition of assets in South Florida from Vulcan Material Company on January 23, 2014.

As part of the sale of block plants, Argos USA LLC signed an agreement to lease the land of the block plants that were sold, which are physically adjacent to Argos USA LLC's ready mix properties. This land cannot be easily divided. The term of the lease is of 99 years. Best Block, LLC has the option to buy the leased land for a nominal amount after the property is subdivided. At the same time, it signed the sale of the block plants, Argos USA LLC also signed a 10-year cement supply agreement to supply Best Block, LLC with the cement they need to manufacture cement blocks. The agreement contemplates the supply of approximately 32.5 thousand metric tons of cement by 2018.

Sale of ready mix plants in Fayetteville - On December 15, 2017, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold nine ready mix plants in and around Fayetteville, NC including their equipment, buildings, land, and inventory ("Ready mix plants") to Fayblock Materials, Inc and their transferees for USD 11 million. The sale price, minus the book value of the assets delivered $26,764 (USD 9 million), generated a profit due to business disposal of $6,321 (2 million). Simultaneously with the sale of the ready mix plants, Argos USA LLC extended an existing service agreement and supply agreement by two years.

Goodwill allocation methodology - The goodwill attributable to the disposal of block and ready mix plants in Fayetteville was USD 4 million and USD 1 million, respectively. These values were determined by taking the value of the company Argos USA LLC and adding the fair value of the block and Fayetteville businesses in order to find the percentage of fair value of each sale. The goodwill was multiplied by the fair value interest as of December 31, 2017 in order to determine the goodwill attributable to each business sold. The fair value of the company was determined by an independent appraisal firm using information provided by the company. The fair value was estimated taking into account the fair value derived from the implementation of an income approach, which implies discounting future estimated cash flows, as well as a market approach, which involves the application of multiple income and profits from comparable companies, and a cost approach, which is based on the substitution principle and recognizes that a prudent investor would not pay more for an asset than it would cost to replace it, assuming the profit is the same. Based on this analysis, it was determined that the discounted cash flow method was the best measure of the company's value. The sale price agreed upon for the block and Fayetteville assets that were sold was determined as the best estimate of the fair value for those businesses.

The goodwill has been allocated to operating segments in accordance with what is permitted by IAS 36 - Impairment of Assets, since the Administration controls it at this level, both for financial reporting purposes and for purposes of testing for impairment. The Argos brand has been assigned to the three geographic operating segments: Colombia, Panama and the Caribbean and the United States, because of their contribution to the generation of future economic benefits of all the operating segments. The Administration determined that the Argos Brand, bought and paid for in cash from Grupo Argos S.A. in December 2005 for $115,389, is an intangible asset with an indefinite useful life since Cementos Argos S.A., because of the legal rights it acquired at the time of purchase from Grupo Argos, has the ability to control the future economic benefits of the brand and hopes that it generates future economic benefits indefinitely.

Considering that the intangible Argos Brand is an intangible asset with an indefinite useful life and that it contributes to the generation of future financial benefits for the operation segments, and that its assigned book value is not significant for each individual segment, the Group carried out a value impairment test on Cementos Argos S.A. consolidated as a whole. The Group did not recognize impairment losses from this test for the period ended on December 31, 2017 and 2016.

Impairment losses are recognized as expenses in the income statement in the line of impairment of goodwill and other assets. During the period, no impairment losses were recognized in the consolidated comprehensive income statement for the "Argos Brand", an intangible asset with an indefinite useful life, or for any other other intangible assets with a finite useful life.

Please refer to Note 13 - Subsidiaries for more information on the acquisitions and changes to investments in subsidiaries made during the reporting period.

17.2. IMPAIRMENT OF GOODWILL

Goodwill and intangible assets with indefinite useful lives are not subject to amortization, the Group reviews the existence of im-pairment annually. No impairment losses for goodwill were recognized at the end of the reporting period and comparable ones.

The Group tested for impairment based on the useful value of its segments of operation. The key assumptions used by the Group in the determination of useful value are:

Key Assumption	Description
Projection of cash flows	The Group projects revenues based on the inflation in each country plus the points associated with the expectation of growth of the market. For their part, costs are projected based on the inflation in each country.
Period for the projection of cash flows	The period defined by Management for the projection of flows is 10 years in perpetuity, because capital investments made by the Group in the operating segments require long recovery periods.
Discount rate applied to cash flow projections	In order to determine the discount rate, the Group uses the financial asset valuation model known as the Capital Asset Pricing Model (CAMP), which employs as its main variables: - Risk-free rate: return on a portfolio that has no risk of default. It references the profitability of US Treasury bonds with long maturity. - Beta: risk measurement that associates the volatility of stocks with the volatility of the market. - Market Premium: spread between risk-free rate and the market return. - Country risk Premium: the spread over US Treasury bonds demanded by investors in international markets. The sources used to determine these variables were: Damodaran and SBBI (stocks, bonds, bills and inflation) year book.
Growth rate	Perpetuity is the value of the company at the end of the explicit period. The growth rate is defined taking care not to exceed: - Growth Expectations in the country of operation and business segment. - The average growth of the explicit period flows of the past few years.

The values of the key assumptions used by the Group to determine the value in use of the operating segments are presented below:

	Discount Rate (Before Taxes)		Perpetuity Growth Rate	
	2017	2016	2017	2016
Caribbean and Central America	8.02 – 14.30%	7.44% - 15.98%	2.0 – 2.5%	2.0% - 2.5%
United States	10.5%	9.50%	2.5%	2.5%

17.3. IMPAIRMENT OF OTHER ASSETS

IAS 36 – Deterioro de valor de los activos requires that at the end of the reporting period the existence of indicators of impair-ment of non-current assets be evaluated based on external and internal information available. The Group reviews the book value of non-current assets for impairment whenever events or circumstances indicate that the book value may not be recoverable. If the total discounted future cash flow is less than the book value, the book value of non-current assets is not recoverable, and an impairment loss is recognized in the consolidated income statement.

In 2017, the Group recognized an impairment of $2,032 in the consolidated financial statement as a result of the impact of Harvey, a category 4 hurricane that affected the states of Texas and Louisiana in the United States and certain assets of the subsidiary located in Houston. In 2017, the insurance company made payments in the amount of $10,328 to offset the disbursements incurred as a result of the repairs for damages and losses, pursuant to the coverage of the policies. The amounts received were recognized as other income in the consolidated financial statement. The Group and the insurance company continue to appraise the losses that resulted from this event. However, Management considers that the coverage offered by their insurance policies is broad enough to minimize any negative impact from this situation in the income statement.

In 2016, the Group started a production transformation process aimed at improving the efficiency of its operations by adjusting the network of production plants in the segment of Colombia. It started with the transformation of production processes in the cement manufacturing plants in Sabanagrande and San Gil, located in the towns of Sabanagrande in Atlantico and San Gil in Santander, respectively. The transformation process of these plants implied the recognition of an impairment on value of $49,033 in the segment of Colombia. The impairment loss was recognized in the consolidated income statement and allocated in full to the plant, property and equipment line. This decision is part of the Building Efficiency and Sustainability for Tomorrow (Argos BEST) program, which aims to achieve greater efficiency and competitiveness, innovation, quicker responses and better value propositions.

As a result of the production transformation process in Colombia and of the recognition of the impairment loss associated with the transformation of cement manufacturing plants in Sabanagrande and San Gil, the Group carried out an impairment test on the segment of Colombia, considered as a single cash-generating unit. The Group did not recognize any additional impairment losses from this test for the period ended on December 31, 2016.

The recoverable amount in the segment of Colombia was based on the estimate of the value in use. When estimating the value in use, the Group prepares the cash flows for a 10 year period based on the budgets approved by Management and includes volume and price projections, while considering the expected market performance, operation costs and expenses, work capital and capital investments. These flows are discounted to calculate their current value at a rate obtained using the CAPM methodology, which includes a risk-free rate, country risk, stock market premium, sector betas, implicit devaluations, tax rate, average D/E ratio of the sector and cost of the 10-year bond debt. The average discount rate used is the WACC before taxes, of 14.11%.

In 2016, the Group recognized an impairment of $7,484 in the income statement, associated with a significant component of vertical mill No. 4 in the Harleyville cement plant, in the USA segment. The event was the result of a technical failure that, after a series of on-site tests and analyses, demonstrated the need to replace said piece of equipment. Part of the value of this was borne by the insurance company, Great Lakes Reinsurance.

NOTE 18: NON- CURRENT ASSETS HELD FOR SALE AND DISTRIBUTABLE TO THE SHAREHOLDERS AND DISCONTINUED OPERATIONS

18.1. NON-CURRENT ASSETS HELD FOR SALE

The Group consolidates subsidiaries that are in the process of liquidation and distribution of their net assets to shareholders. These subsidiaries have been classified as held for distribution to owners in accordance with IFRS 5. The Group has initiated efforts to complete the distribution, the assets of the subsidiaries are available for immediate distribution in their present con-dition and they are expected to be liquidated within a year from the date of classification.

At December 31st, the assets and liabilities to be distributed to shareholders of subsidiaries Transportes Elman Ltda., a com-pany whose corporate purpose was the transportation of cargo in any of its forms and which is currently in process of liquidation are detailed below:

	2017	2016
Cash and cash equivalents	6,507	6,507
Property, plant and equipment	1,681	1,866
Assets	**8,188**	**8,373**
Provisions	726	726
Commercial liabilities	98	98
Liabilities	**824**	**824**
TOTAL NET ASSETS	**7,364**	**7,549**

18.2.DISCONTINUED OPERATIONS

As of December 31, 2017 the Group has no discontinued operations classified as non-current assets held for sale or disposed of during the period.

NOTE 19: FINANCIAL OBLIGATIONS

	2017	2016
Bank overdrafts (i)	38,652	9,135
Promissory notes in foreign currency (ii)	4,155,646	4,665,520
Commercial financing companies (Note 20)	160,530	194,167
Other obligations (iii)	41,441	19,917
	4,396,269	**4,888,739**
Current	1,834,604	2,485,743
Non-current	2,561,665	2,402,996
	4,396,269	**4,888,739**

19.1. SUMMARY OF LOAN AGREEMENTS

(i) Correspond mainly to overdrafts of the subsidiary Honduras in amount of $32,699 (2016: $ 0), Vensur N.V. in an amount of $ 5,953 (2016: $7,513) and Logística de Transporte S. A. $0 (2016: $1,622)

(ii) The financial obligations in national and foreign currencies include short and long-term credits taken by companies that are part of the Group. The Group's loans are:

Category	Entity	Concept	Maturity	Currency	2017	2016
Foreign bank	Varios (1)	Club Deal	2020	US Dollar	USD 600.000,000	USD 600,000,000
Foreign bank	Mizuho (2)	Long-term loan	2019	US Dollar	USD 100,000,000	USD 100,000,000
Foreign bank	Citibank NA(3)	Long-term loan	2020	US Dollar	USD 100,000,000	-
Foreign bank	Banco BHD	Long-term loan	2019	Dominican Peso	DOP 85,153,847	DOP 97,615,385
National bank	Banco de Bogotá NY	Working capital loan	2018	US Dollar	USD 83,700,000	-
Foreign bank	Scotia	Working capital loan	2018	US Dollar	USD 75,000,000	-
Foreign bank	Banco de Crédito	Working capital loan	2018	US Dollar	USD 65,000,000	-
Foreign bank	BNP Paribas	Working capital loan	2018	US Dollar	USD 60,000,000	-
National bank	Colpatria	Working capital loan	2018	US Dollar	USD 60,000,000	-
Foreign bank	Banco de Bogotá NY	Working capital loan	2018	US Dollar	USD 48,000,000	-
Foreign bank	Davivienda Intern,	Working capital loan	2018	US Dollar	USD 47,000,000	-
Foreign bank	Bank of Tokyo	Working capital loan	2018	US Dollar	USD 46,000,000	-
Foreign bank	Citibank PLC London (4)	ECA loan	2019	US Dollar	USD 23,885,350	USD 39,808,917
National bank	Banco Popular	Working capital loan	2018	US Dollar	USD 20,000,000	-
Foreign bank	BCP	Working capital loan	2018	US Dollar	USD 17,000,000	-
Foreign bank	Citibank	Long-term loan	2018	US Dollar	USD 16,666,667	USD 16,666,667
Foreign bank	Bank of America	Working capital loan	2018	US Dollar	USD 16,000,000	-
Foreign bank	Citibank	Working capital loan	2020	US Dollar	USD 8,000,000	USD 8,000,000
Foreign bank	Bank Popular	Working capital loan	2021	US Dollar	USD 4,503,000	USD 5,416,000
Foreign bank	JPMorgan(5)	Short-term loan	2017	US Dollar	-	USD 534,000,000
Foreign bank	BCI Miami Branch	Working capital loan	2017	US Dollar	-	USD 65,000,000
National bank	Banco de Bogotá	Working capital loan	2017	US Dollar	-	USD 52,600,000
Foreign bank	Banco BHD	Long-term loan	2017	Dominican Peso	-	DOP 50,000,000
Foreign bank	Davivienda Miami	Working capital loan	2017	US Dollar	-	USD 32,000,000
Foreign bank	BCP	Working capital loan	2017	US Dollar	-	USD 31,600,000
Foreign bank	Bank of America	Working capital loan	2017	US Dollar	-	USD 30,000,000
Foreign bank	BNP Paribas	Working capital loan	2017	US Dollar	-	USD 25,000,000
Foreign bank	Mercantil	Working capital loan	2017	US Dollar	-	USD 20,000,000

(1) The Club Deal loan agreement for USD $600 million, which is held by Argos North America Corp., and Cementos Argos S.A., Argos USA LLC., and Argos SEM, S.A. as guarantors has the following financial obligations, among others:

a. Net Debt(i) / Ebitda(i) indicator + dividends 12 months less than 4.5 times for December 2017 and 4.0 times higher.

b. Ebitda indicator(i) / Financial expenses greater than 2.50 times.

The use of resources was in relation to the acquisition of assets from southern Florida to Vulcan Materials Company in 2014 that had a total cost of USD $720 million. This loan's initial creditors are the banks ITAU, HSBC, JP Morgan and Bank of America. The loan underwent an amendment and restatement in April 2015.

(2) The long-term loan with Mizuho, at an initial value of USD $100 million and whose debtor is Argos North America Corp., was used primarily for the replacement of liabilities. The following financial commitments are stipulated in this contract:

a. Net Debt(i) / Ebitda(i) indicator + dividends 12 months less than 4.5 times for December 2017 and 4.0 times higher.

b. Ebitda indicator(i) / Financial expenses greater than 2.50 times.

(3) The long-term bilateral loan with Citibank for USD $100 million and whose debtor is Argos USA LLC, was used to replace financial liabilities. The following financial commitments are stipulated in this contract:

a. Net Debt(i) / Ebitda(i) indicator + dividends 12 months less than 4.5 times for December 2017 and 4.0 times higher.

b. Ebitda indicator(i) / Financial expenses greater than 2.50 times.

(4) The long-term loan with Citibank PLC, backed by EKF Denmark for an initial value of USD $159,235,669 and a term of 11.5 years, with semi-annual repayments as of December 2009 and June 2019, and whose debtors are Cementos Argos S.A., Zona Franca Argos S.A.S. and Argos North America Corp., was used to finance the importation of equipment and commissioning of the Cartagena plant dry line. The following financial obligations are stipulated in this contract:

a. Net Debt(i) / Ebitda(i) indicator + dividends 12 months less than 4.5 times for December 2017 and 4.0 times higher.

b. Ebitda indicator(i) / Financial expenses greater than 1.25 times.

(5) In 2017, the bridge loan taken out with JPMorgan, Bank of America and Natixis was pre-paid in the amount of USD $534 million. (2) This loan was taken to temporarily finance the acquisition of the Martinsburg cement assets, located in the State of West Virginia, United States.

(iii) This mainly includes share buyback agreements used to finance working capital with a balance of $ 39,885 (2016: $ 17,550)

Please refer to Table 27.7 in Note 27 for information on average interest rates of financial liabilities.

(i) The net debt and EBITDA used to calculate the aforementioned indicators is subject to the terms of the credit agreement with the financial entity and may differ from the accounting results.

19.2. BREACH OF LOAN AGREEMENT

During the reported periods, the company did not default on payments of principal or interest for financial liabilities and/or for loans payable.

NOTE 20: LIABILITIES FROM FINANCE LEASES

20.1. LEASE AGREEMENTS

As of December 31st, 2017 and 2016, the Group has signed significant lease agreements for the acquisition of heavy machinery, buildings and structures, the most representative of which are the construction of the Medellin Distribution Center and of the three energy generating plants that supply the Rio Claro, Yumbo and Sogamoso plants. These were carried out under the contractual arrangement of “Infrastructure Leasing” with 12-year terms and maturities in 2018 and 2022, with Leasing Bancolombia S.A. as the lessor. The lease agreements for the acquisition of heavy machinery were signed with the same counterparty; they have terms between 7 and 10 years and mature between 2018 and 2025. Moreover, there are no significant lease agreements that provide significant restrictions related with the distribution of dividends, additional debt and new leases, nor are there significant contingent fees, renewal options or escalator clauses.

Please refer to Table 27.7 in Note 27 for information on average interest rates of financial liabilities.

20.2. LIABILITIES FROM FINANCE LEASES

	Minimum Lease Payments		Current Value of Minimum Lease Payments	
	2017	2016	2017	2016
One year or less	45,363	48,477	35,615	33,808
Between one and five years	141,391	163,058	122,923	130,576
Five years or more	2,277	31,390	1,992	29,783
	189,031	**242,925**	**160,530**	**194,167**
Minus: future finance charges	28,501	48,758		
Current value of minimum lease payments	**160,530**	**194,167**		
Included in the financial statements in:				
Current loans (Note 19)			35,615	33,808
Non-current loans (Note 19)			124,915	160,359
			160,530	**194,167**

At 31 December, the book value of property, plant and equipment under finance lease is:

	Buildings	Machinery & Equipment	Vehicles	Total
Historical cost	75,266	174,192	32,407	281,864
Accumulated depreciation	(4,207)	(41,282)	(5,447)	(50,935)
BOOK VALUE AT DECEMBER 31ST, 2016	**71,059**	**132,910**	**26,960**	**230,929**
Historical cost	75,638	176,650	33,095	285,384
Accumulated depreciation	(4,806)	(48,197)	(7,085)	(60,087)
BOOK VALUE AT DECEMBER 31ST, 2017	**70,832**	**128,453**	**26,010**	**225,296**

NOTE 21: OPERATING LEASE CONTRACTS

21.1. THE GROUP AS LESSEE

In the ordinary course of business, the Group signs leases for real estate, vehicles and equipment, which are accounted for as operating leases in the consolidated financial statements. The Group is committed as lessee in the operating leases of land, buildings, concrete mixer trucks and computer equipment. The terms of the most significant non-cancellable contracts range around 25 years for land, 7.5 years for buildings, and 7 years for concrete mixer trucks, 1 to 4 years for lightweight vehicles, and 4 years for computer equipment. The value of the commitments not recorded in the statement of financial position is equivalent to the minimum future payments for the lease. The total operating lease expense was $226,374 y $220,726 for the years ended on December 31st, 2017 and 2016.

The minimum future payments for non-cancellable operating leases by range of years and in total were:

	2017	2016
1 year or less	85,170	70,837
Between 1 and 5 years	181,945	133,136
5 años o más	33,664	28,305
Non-cancellable operating lease commitments	**300,779**	**232,278**
Onerous contracts [1]	80,122	85,466
Lease incentives [2]	2,244	2,256
Non-cancellable operating lease commitment liabilities	**82,366**	**87,722**
Current	6,071	6,086
Non-current	76,295	81,636
	82,366	**87,722**

[1] In 2007 the Group, through its subsidiary Southern Equipment Company, Inc., merged into Argos USA LLC. (Formerly Argos Cement LLC.), signed an operating long-term lease for a plot of land in Wilmington, NC for the construction of a cement terminal, and the right to use the port facilities. The term of the lease is 25 years with two consecutive renovation options of 10 years each. Lease payments are USD$62.5 a month for the first three years with subsequent increases of 2.5% each year. The Group must pay a minimum payment for throughput based on the tons of cement produced.

The Group agreed to pay a minimum throughput fee of 725 dollars for the first three-year leases, with increments of 2.5% each year. As of December 31st, 2017 y 2016, the Group recognized a liability for onerous contract due to the minimum lease payments, including the minimum payment for throughput for $80,122 (2016: $85,466), in accordance with IAS 37. The lease payments are recorded as a reduction of the liability for onerous contracts in the consolidated statement of financial position.

[2] In 2011 the Group signed a long-term operating lease of offices in Alpharetta, GA. The term of the lease is 90 months, beginning on May 11th, 2012. The lease payments were USD 15.4 per month for the first 12 months, rising to USD 31.6 for months 13-21, and USD 39.5 for months 22-24. After the 24th month, monthly payments of basic rent increase each year by 2-3%. Along with the monthly rent, the lease stipulates that the Group must pay the proportional share of increases in operating costs, taxes and insurance, in the equivalent percentage of occupancy (17.125%). During 2014, the Group amended the lease contract in order to rent additional office space in the same building and to extend the term of the lease contract until August 2024. The amendment of the lease increases the percentage of occupancy of the building by the Company to 24.3%.

21.2 THE GROUP AS LESSOR

The Group signs leases as lessor of commercial premises, warehouses, apartments and houses, and leasing of machinery and operating equipment, fleet and transport equipment. The minimum future lease rights of non-cancellable operating leases by year ranges and in total are as follows:

	2017	2016
1 year or less	6,633	4,308
Between 1 and 5 years	761	844
5 years or more	580	597
Non-cancellable operating lease rights	**7,974**	**5,749**

NOTE 22: COMMERCIAL LIABILITIES AND OTHER ACCOUNTS PAYABLE

	2017	2016
National suppliers	681,257	753,398
Costs and expenses payable	142,190	172,949
Dividends payable	96,187	88,262
Foreign suppliers	74,012	57,910
Other accounts payable	50,832	21,541
Miscellaneous creditors	23,747	23,753
Current commercial accounts	11,633	2,201
Accounts payable to contractors	4,121	7,377
	1,083,979	**1,128,391**
Current	1,080,181	1,118,894
Non–current	3,798	9,497
	1,083,979	**1,128,391**

The average credit period for the Group's purchases ranges between 8 and 60 days. No interest is paid to suppliers for 60-day payments.

NOTE 23: EMPLOYEE BENEFITS LIABILITIES

	2017	2016
Post-employment employee benefits - Defined benefit plans	323,944	293,792
Post-employment employee benefits - Defined contribution plans	13,698	10,462
Employee benefits for termination	44,278	24,270
Other employee benefits	97,120	105,321
	479,040	**433,845**
Current	138,691	146,716
Non-current	340,349	287,129
	479,040	**433,845**

23.1. POST-EMPLOYMENT BENEFIT PLANS – DEFINED BENEFIT PLANS

Benefit plans for employees of the Group vary according to the legal requirements of each country and the obligations acquired by the subsidiaries with the current labor agreements. The actuarial valuation of plan's assets and the present value of the defined benefit obligation are calculated annually by independent actuarial consultants. The present value of the defined benefit obligations and the related current and past service costs were calculated using the projected unit credit method.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, through which it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016 and, in the case of partial pension commutation, in accordance with Decree 1833 of 2016, as well as the differences arising with the calculation carried out in accordance with IAS 19 – Employee benefits.

The amount included in the consolidated statement of financial position derived from the entity's obligation regarding the defined benefit plans, movements in the present value of the defined benefit obligations of the year in progress, and changes in the fair value of the plan assets in the current period, are presented below:

	Pension plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other efined Benefit Plans	Total
Present value of the obligations at January 1st, 2017	**223,987**	**27,813**	**6,700**	**26,585**	**15,223**	**300,308**
Current service cost	-	-	739	3,801	12,224	16,764
Interest cost for the defined benefits obligation	14,979	1,893	322	1,884	1,800	20,878
New measurements of the defined benefits plan actuarial (gain) loss for changes in:						
Experience	5,551	7,493	1,128	513	1,077	15,762
Financial assumptions	3,899	895	346	(1,654)	(1,055)	2,431
Difference in exchange rate	(17)	-	(49)	233	40	207
Benefits paid directly by the company	(20,047)	(2,315)	(1,321)	(1,523)	(938)	(26,144)
Other changes	9	-	-	325	584	918
Present value of the obligations at December 31st, 2017	**228,361**	**35,779**	**7,865**	**30,164**	**28,955**	**331,124**
Fair value of the asset plans at January 1st, 2017	-	-	**6,516**	-	-	**6,516**
Income from "risk-free" interest	-	-	248	-	38	286
Yield of asset plans, excluding interest	-	-	(1,484)	-	40	(1,444)
Contributions made by the company	-	-	815	-	1,027	1,842
Difference in exchange rate	-	-	(20)	-	-	(20)
Fair value of the asset plans at December 31st, 2017	**-**	**-**	**6,075**	**-**	**1,105**	**7,180**
Net Present value of the obligations at December 31st, 2017	**228,361**	**35,779**	**1,790**	**30,164**	**27,850**	**323,944**

	Pension plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other efined Benefit Plans	Total
Present value of the obligations at January 1st, 2016	**196,583**	**23,761**	**7,349**	**29,671**	**14,445**	**271,809**
Current service cost	-	-	709	2,661	951	4,321
Interest cost for the defined benefits obligation	15,130	1,863	421	1,283	1,484	20,181
New measurements of the defined benefits plan actuarial (gain) loss for changes in:						
Experience	7,072	1,169	(900)	(223)	(749)	6,369
Financial assumptions	24,654	1,746	143	5,527	1,071	33,142
Difference in exchange rate	(149)	-	(421)	(54)	(1,136)	(1,760)
Benefits paid directly by the company	(19,303)	(726)	(569)	(12,280)	(843)	(33,722)
Other changes	-	-	(32)	-	-	(32)
Present value of the obligations at December 31st, 2016	**223,987**	**27,813**	**6,700**	**26,585**	**15,223**	**300,308**
Fair value of the asset plans at January 1st, 2016	**-**	**-**	**5,778**	**-**	**-**	**5,778**
Income from "risk-free" interest	-	-	302	-	-	302
Yield of asset plans, excluding interest	-	-	(156)	-	-	(156)
Contributions made by the company	-	-	884	-	-	884
Difference in exchange rate	-	-	(292)	-	-	(292)
Fair value of the asset plans at December 31st, 2016	**-**	**-**	**6,516**	**-**	**-**	**6,516**
Net Present value of the obligations at December 31st, 2016	**223,987**	**27,813**	**184**	**26,585**	**15,223**	**293,792**

The fair value of the plan's assets is made up as follows:

	2017	2016
Cash and cash equivalent	3,133	3,283
Investment funds	4,047	3,233
Fair value of the plan assets	**7,180**	**6,516**

23.1.1 COMPARATIVE LIABILITY FOR DEFINED BENEFIT PENSION PLANS, SECURITIES AND PENSION BONDS.

Below is the comparison between the liabilities of the benefits plans established for pension plans, securities and bonds calculated in accordance with Decree 1625 of 2016 and, in the case of partial pension swaps, in accordance with Decree 1833 of 2016 and with the calculation pursuant to IAS 19 - Employee Benefits, as of December 31, 2017.

	Calculation made in accordance with IAS 19 - Employee Benefits	Calculation made in accordance with Decree 1625 of 2016	Comparison between the liability calculated in accordance with IAS 19 and Decree 1625
Present value of the obligations at December 31st, 2017	261,048	235,089	25,958
Present value of the obligations at December 31st, 2016	248,642	224,567	24,075

The main actuarial assumptions used to determine the obligations for the defined benefits plans are the following:

	2017	2016
Colombia		
Inflation rate (%)	3.5%	3.5%
Discount rate (%)	6.9%	7.1%
Salary increase (%)	3.5%	4.0%
Minimum wage increase (%)	4.0%	4.0%
Mortality table	Rentistas válidos 2008	Rentistas válidos 2008
Turnover table	50% SOA Pension turnover	50% SOA Pension turnover

	2017	2016
Panamá		
Inflation rate (%)	3.5%	3.5%
Discount rate (%)	6.9%	7.1%
Salary increase (%)	3.5%	4.0%
Minimum wage increase (%)	4.0%	4.0%
Mortality table	Rentistas válidos 2008	Rentistas válidos 2008
Turnover table	50% SOA Pension turnover	50% SOA Pension turnover

	2017	2016
Honduras		
Inflation rate (%)	4.5%	4,5%
Discount rate (%)	10.5%	10,0%
Salary increase (%)	6.0%	6,0%
Minimum wage increase (%)	6.0%	6,0%
Mortality table	2008 Valid Renters adjusted to 110%	2008 Valid Renters adjusted to 110%
Turnover table	2008 Valid Renters adjusted to 110%	2003 SOA Pension PlanTurnover Study with an adjustment factor of 75%

The total expense recognized in the period's income statement that represents contributions to defined benefits is $66,129 (2016: $64,035). The Group expects to make contributions of $64,351 (2016: $63,789) for the next annual period.

23.2. PENSION PLANS, SECURITIES AND PENSION BONDS

Pension plans and social security contributions, Colombia

According to the Colombian Labor Code, the pension benefits granted to employees under the new social security regime (Law 100 of 1993) are accounted for as defined contribution plans, the company covers its obligation to pensions through the pay-ment of contributions to the Social Security Institute (ISS for its Spanish acronym), and/or to the private pension funds under the terms and conditions contemplated by the law.

The pension benefits granted to employees not covered under the new social security regime (Law 100 of 1993), which essen-tially correspond to senior staff, are accounted as unfunded defined benefit plans. The company must pay retirement pensions or issue pension bonds to their employees or beneficiaries who meet certain requirements regarding age and length of service.

The benefit gives employees the right to a lifetime monthly retirement pension or an old age pension, equivalent to seventy-five percent (75%) of the average wages earned in the last year of service, subject to a minimum payment of a monthly minimum wage and a maximum wage equal to 25 monthly minimum wages. Moreover, two additional payments are made, one in June and one in December.

When the participant expects to receive benefits from the Social Security Institute (ISS), these benefits are deducted from the benefits payable by the company's and therefore reduce the company's obligation. Pension payments increase according to inflation. When a pensioner receives a pension equal to the minimum wage, the pension increases when the minimum wage in-creases. On the other hand, the death benefit takes place in the event of death after retirement, in which the beneficiary receives 100% of the pension for a period that will depend on each beneficiary. Payments for social security pensions to Pension Administration Funds are the responsibility of the company as employers. For workers who have retired from the company with a conventional or anticipated pension, which in any case is shared, the company continues to make contributions to the pension system until such time the pensioner meets the old-age requirements of the ISS (Colpensiones). Thus, the company is in charge of 100% of pension contributions until those requirements are met. The contribution is calculated based on the value of the pension. Additionally, in terms of healthcare Cementos Argos S.A. partially assumes a percentage of the pensioner's contribution. Additionally, the defined benefit obligation for retirement pensions includes employees of Compañia Industrial Hullera S.A., currently in liquidation, as a result of the normalization process of pension liabilities in which Cementos Argos assumed in a definitive manner the proportion of the obligation that corresponds to it according to the Official Communication of October 9th, 2012, issued by the Ministry of Labor.

Pension plan for Roberta plant, Alabama, United States

For all our employees in the United States, we fund a retirement savings 401(k) plan which is accounted for as a defined contri-bution plan. For a group of Roberta plant employees who are compensated hourly and who meet a specific starting date, and are represented by the United Steelworkers International Union #9-537, there is a retirement plan attached to the collective work convention. The benefit of regular retirement is applicable to people who have reached 65 years of age at the time of retirement, valid since May 21st, 2011, in the form of a lifetime monthly annuity (or other optional forms to be chosen before retirement). The normal and special benefit of early retirement is applicable for employees whose age is equal to or over 55 and less than 65 and can certify at least five years of service but less than 30 years of service, or can demonstrate 30 years or more of continuous service regardless of age. Some restrictions and reductions in the value of the pension apply to the latter. Additionally, the following benefits are granted to employees under the plan: severance pay, disability death benefits as long as certain years of service are met.

Benefit pension gap at the time of retirement

The benefit of this feature is the provision of a single premium at the time of disassociation with the entity to enjoy the old-age pension, whose value corresponds to the monies needed to close the pension gap with the executive.

23.3. RETIREMENT BONUS

Employees covered by any of the collective labor agreements receive a bonus equivalent to five legal minimum wages when their contract is terminated due to retirement, disability or old age.

23.4 PENSION BONDS AND SECURITIES PLAN - COLOMBIA

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to their employees who meet certain requirements regarding age and length of service. The Group has issued pension securities to them, Pension Bonus Type A Mode 2 and Pension Bond Type A Mode 1. This obligation applies to some areas where the ISS did not have pension coverage prior to 1994. The benefit is conferred upon retirement from the company until such time the participant retires through the Colombian Social Security system. During this period, the company makes contributions to the pension system on behalf of the employee. Pension bonds and titles are resources to contribute to the conformation of the capital needed to finance the pensions of members of the Colombian General Pension System.

23.5. OTHER DEFINED BENEFIT PLANS

Dental, education, death, and others - Colombia

Retired employees in Colombia receive a death benefit that increases according to the Consumer Price Index (CPI), equivalent to 5 five legal minimum wages (SMLV for its Spanish acronym). Retired employees of the Valle plant in Colombia receive an edu-cation benefit until their death, as well as the children of retirees up to 25 years of age. Beneficiaries receive the amount regardless of the survival of the worker. Every year the benefit increases according to Consumer Price Index (CPI), as does as the dental benefit until the death of the employee as long as the service is formally requested, with annual increases according to Consumer Price Index (CPI).

Retroactive severance plan - Colombia

According to Colombian labor law, employees hired before the effect of Law 50 of 1990 are entitled to receive at the end of the employment contract one month's salary for each year of service, and proportionally for each fraction of a year, as a severance benefit for any reason that terminates the employment, including: retirement, disability, death, etc. The benefit is paid at the time of the employee's retirement based on the last salary earned. There may be distributions before the date of retirement at the request of the worker, which are not compulsory. The retroactive severance benefit of workers who signed employment contracts before the entry into force of Law 50 of 1990 are accounted for as unfunded defined plans.

With the entry into force of Law 50 of 1990, the Colombian Government enabled companies to transfer their severance benefit obligation to private pension funds, subject to the approval of their employees.

The severance benefit of all workers hired after the entry into force of Law 50 of 1990 and senior employees who benefited from this system are accounted for as a defined contribution plan.

Seniority bonus and severance plan - Panama

According to the labor laws of the Republic of Panama, every indefinite employee, who retires from the company for any reason regardless of their age or years of service at the date of retirement, receives an amount of money equal to the average weekly wage in the last five years of service, or of the entire period of service if it is less than five years, for every year or fraction of year of service accumulated by the employee upon retirement.

Moreover, based on Law 44 of 1995 the Labor Code introduced the obligation of the employer to establish a trust through a pension fund administrator to ensure payment to employees of seniority bonuses and damages for unjustified termination. This is known as the Severance Fund which is considered, for commitment valuation purposes, as the asset that supports the payment of the seniority bonus.

Severance relief plan - Honduras

According to the provisions of the Honduras Labor Code, compensation accumulated in favor of employees may be paid in the event of unjustified dismissal or death, at a rate of one monthly salary for each year of uninterrupted services with a maximum of 25 years. However, the company's policy is to pay its employees that amount even if they have resigned.

Payment for unionized staff is 100% of benefits (severance and notice). Staff who retires voluntarily receive from 40% of the be-nefits after one year up to 110% of the benefits after five years of service, the amount is determined based on years of service.

As of December 31st, 2017 and 2016, the Group has no reimbursement rights related to defined benefit plans obligations. The average duration of the defined benefit obligation is as follows:

	Pension plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other efined Benefit Plans	Total average duration
2017 average duration	9.4	5.1	8.9	9.7	8.95	8.9
2016 average duration	8.7	5.5	8.5	10.2	9.01	8.5

The significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increa-ses and mortality. The following sensitivity analyses are based on potential reasonable changes in the respective presumptions that occur at the end of the reporting period, while all other assumptions remain constant.

	2017		2016	
	Decreases	Increases	Decreases	Increases
Discount rate 100 basis points higher (lower)	357,402	309,705	318,628	272,523
Expected salary growth increases (decreases) by 1%	329,650	331,494	292,095	295,727
Life expectancy increases (decreases) by one year	338,721	324,258	300,072	288,055

The value reported in the above table is the value of the liabilities for defined benefit plans given the isolated change in the significant estimates defined by the Administration. However, the sensitivity analysis presented above may not be representative of real change in the defined benefit obligation, since assumptions are not likely to change in isolation from one another, given that some of the assumptions may be correlated. Additionally, in the above sensitivity analysis the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same that was applied when calculating the liabilities of the defined benefit obligation recognized in the statement of financial position.

NOTE 24: PROVISIONS

	Litigation, Lawsuits and other contingencies (i)	Decommissioning (ii)	Environ-mental (iii)	Onerous Contracts (iv)	Other Provisions	Total
Book value at January 1st, 2017	**77,901**	**51,737**	**26,236**	**85,466**	**28,277**	**269,617**
Realized provisions	4,285	10,702	53	-	5,062	20,102
Utilization of provisions	(18,236)	(455)	(1,955)	(3,877)	(5,370)	(29,893)
Realized reversals	(6,820)	(301)	(1,773)	-	-	(8,894)
Discount rate adjustment	252	7,108	3,246	(937)	-	9,669
Assumed in business combination	-	-	5,423	-	-	5,423
Conversion effect	(257)	43	(370)	(530)	146	(968)
Other changes	1,028	(179)	637	-	25,537	27,023
Book value at December 31st, 2017	**58,153**	**68,655**	**31,497**	**80,122**	**53,652**	**292,079**
Current	54,234	3,034	5,242	3,827	26,097	92,434
Non–current	3,919	65,621	26,255	76,295	27,555	199,645
Book value at December 31st, 2017	**58,153**	**68,655**	**31,497**	**80,122**	**53,652**	**292,079**

(i) Cementos Argos S.A. and its subsidiaries are party to judicial proceedings of different natures, both as plaintiffs and defendants, which are being addressed diligently by qualified attorneys hired by the company. Conflicts are of civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Argos, and the company expects a probable outflow of resources. The appropriate reserves have been estimated for these processes based on criteria such as the nature of the process, the evidence contained, economic factors, the possible sentence projected, etc., which will cover the possible unfavorable sentences or decisions that may occur. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

The subsidiaries located in the United States self-insures for workers' compensation claims up to $350 per incident, general liability claims up to $250 per incident and automotive claims up to $500 per incident and carries insurance for amounts in excess of these amounts. As of December 31, 2017, there were a number of claims that remained open. The amount charged to expense for such claims are based upon actual occurrences and management's estimate of the resultant liabilities for each claim. While the ultimate outcome of these claims cannot presently be determined, management believes the amounts of $44,139 y $42,457 provided for such claims in the consolidated financial statements as of December 31, 2017 y 2016, respectively, are adequate.

(ii) Cementos Argos S.A. and its subsidiaries in Colombia are obligated to incur in future costs related to compliance with mining laws regarding the exploitation of mineral resources, the decommissioning of assets and restoration of the environment where these assets were built. This is carried out when a mining operation is completed or when the mining rights expire, whichever happens first.

The maximum execution date of decommissioning obligations is the expiration date of the concession of the mining title, so the economic disbursement is estimated for a five year period prior to the legal requirement. However, in some cases where the operation is completed in an area covered by a title that is still effective for more than five years, the disbursements are esti-mated to be made within five years after completion of the operations. In order to determine the best estimate to be used to settle, the administration considers the areas affected by mining exploitation, the mining exploitation schedule and the costs incurred during past dismantling operations.

(iii) Cementos Argos S.A. and its subsidiaries in Colombia are obligated to incur in environmental costs related to forestry com-pensation for exploitation of quarries and forestry, costs of removal and subsequent disposal of hazardous waste, specifically previously stored PCBs (polychlorinated biphenyls).

For forestry compensations, Cementos Argos S.A. and its subsidiaries in Colombia have pledged to settle their environmental obligations within a maximum period of five years or as indicated by resolution for each identified environmental liability. In order to determine the best estimate to be used, the Administration mainly considers financial variables and planting, maintenance and isolation costs for a four year period.

(iv) The Group has signed contracts in which the unavoidable costs of meeting the contractual obligations exceed the net income expected to be received from the contract. The most significant onerous contract as of December 31st, 2017 and 2016 corresponds to non-cancellable lease agreements.

In 2007 the Group, through its subsidiary Southern Equipment Company, Inc., merged into Argos USA LLC. (Formerly Argos Cement LLC.), signed a long-term operating lease agreement on a plot of land in Wilmington, NC, for the construction of cement terminal and the right to use the port facilities. The term of the lease is 25 years with two consecutive 10-year renewal options. Monthly rental payments are 62.5 dollars for the first three years of lease, with subsequent increases of 2.5% each year. The group must pay a minimum payment for throughput based on the tons of cement produced. The Group agreed to a minimum payment for throughput of 725 dollars for the first three years of the lease, with increases of 2.5% each year. By December 31st, 2017 and 2016, the Group recognized a liability for onerous contracts for the minimum lease payments considering that the plot is not being exploited, including the minimum payment for throughput for an amount of $80,122 (2016: $85,466), in accordance with IAS 37. Lease payments are recorded as a reduction of the liability for onerous contracts in the consolidated statement of financial position.

NOTE 25: OTHER LIABILITIES

	2017	2016
Advances received	155,680	177,232
Other liabilities	25,901	44,945
Income received in advance	1,533	2,084
Other non-financial liabilities	**183,114**	**224,261**
Current	158,971	181,198
No-current	24,143	43,063
Other non-financial liabilities	**183,114**	**224,261**

In November 2016, the Company exercised the option to terminate the unfavorable supply contract with the company Unimin, which was absorbed in the 2011 acquisition of the subsidiary, Argos Cement LLC, where it was obligated to supply limestone under a supply contract at a fixed price, which was adjusted for inflation. As of that date, the unfavorable contract liability was recorded in the consolidated statement of financial position and repaid in full in 2016 with a credit in the cost of sales in the amortization line of $13,768.

NOTE 26: OUTSTANDING BONDS AND PREFERRED SHARES

	2017	2016
Outstanding bonds	2,928,595	2,372,645
Preferred shares classified as compound financial instruments	53,280	51,853
Outstanding bonds and preferred shares	**2,981,875**	**2,424,498**
Current	130,312	475,621
Non–current	2,851,563	1,948,877
Outstanding bonds and preferred shares	**2,981,875**	**2,424,498**

26.1. OUTSTANDING BONDS

Outstanding bonds issued by Cementos Argos S.A., comprise the following as of December 31st, 2017 and 2016.

Emisión	Fecha de colocación	Plazo	Tasa efectiva	Forma de pago interés	2017	2016
Issuance 2005	Nov 23, 2005	12 years (1)	IPC + 3.17%	Semi-annually in arrears	-	290,000
Issuance 2005	Feb 23, 2007	12 years (1)	IPC + 5.25%	Semi-annually in arrears	-	150,000
Issuance 2009	Apr 28, 2009	10 years	IPC + 6.30%	Quarterly in arrears	70,350	70,350
Issuance 2009	Apr 28, 2009	15 years	IPC + 7.19%	Quarterly in arrears	229,530	229,530
Issuance 2012	May 16, 2012	6 years	IPC + 3.80%	Quarterly in arrears	97,022	97,022
Issuance 2012	May 16, 2012	10 years	IPC + 4.24%	Quarterly in arrears	299,896	299,896
Issuance 2012	May 16, 2012	15 years	IPC + 4.50%	Quarterly in arrears	303,082	303,082
Issuance 2014	Nov 27, 2014	10 years	IPC + 3.80	Quarterly in arrears	190,675	190,675
Issuance 2014	Nov 27, 2014	15 years	IPC + 4.21	Quarterly in arrears	311,707	311,707
Issuance 2016	Apr 13, 2016	5 years (2)	IPC + 3.74	Quarterly in arrears	94,768	94,768
Issuance 2016	Apr 13, 2016	10 years (2)	IPC + 4.19	Quarterly in arrears	121,075	121,075
Issuance 2016	Apr 13, 2016	15 years (2)	IPC + 4.47	Quarterly in arrears	184,157	184,157
Issuance 2017	May 24, 2017	6 years (3)	6.65%	Quarterly in arrears	211,355	-
Issuance 2017	May 24, 2017	13 years (3)	IPC + 3.64%	Quarterly in arrears	388,145	-
Issuance 2017	May 24, 2017	25 years (3)	IPC + 3.99%	Quarterly in arrears	400,500	-
					2,902,262	**2,342,262**

(1) The 12-year securities of the Argos bonds issued in 2005 for a value of $440,000 were paid in November 2017 for an equivalent of USD 179,178. The value in Colombian pesos remained constant. As of December 31, 2016, these securities were converted to dollars $433,320 (equivalent to USD 229,094) through a currency swap, with an average Libor rate + 1.78% SV. The dollar equivalent as of December 31, 2016 was 179,178 due to the different recouponing and market adjustment operations. The value in Colombian pesos has remained constant.

(2) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000, approved through Resolution No. 0422 of the Financial Superintendency of Colombia on March 23rd, 2012.

(3) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000, approved through Resolution No. 0518 of the Financial Superintendency of Colombia on April 3rd, 2017, which also approved the increase of the global quota of the issue and placement program previously approved through Resolution 0422 of 2012.

All issues are rated AA+ with a stable outlook by the rating agency Fitch Ratings Colombia S.A., and they are nominative securities issued to order and traded on the secondary market through the Colombian Stock Exchange. During 2017 financial expenses for interest were recorded in the amount of $257,677 (2016: $272,953) for the ordinary bonds and $3,557 (2016: $4,901) for the preferred shares.

26.2. PREFERRED SHARES

Per the approval of the General Shareholder's Meeting of March 15th, 2013, Cementos Argos carried out the issuance and placement of shares with preferential dividends and no voting rights (hereinafter, preferred shares) in May of 2013 for $1,610,824, allocating 209,197,850 preferred shares with a subscription price of $7,700 per preferential share, as determined by the Board of Directors of the Company.

The issuance of preferred shares is a compound financial instrument. The issuer, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual terms of the instrument as well as the issuer's obligations. Given the contractual obligation of the issuer to pay the minimum annual dividend to shareholders if the company generates profits, the issuance incorporates a component of financial liability. Once this liability has been measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and have their impact on the result of the period recognized; the equity element is not subject to further measurement.

Cementos Argos determined the liability component by discounting the cash flows of the minimum preferential dividend, which were calculated in perpetuity based on the provisions of section 11.1.1 of the issue's prospectus. The discount rate applied co-rresponded to the market rate on the date of issuance of similar instruments that did not incorporate an equity component. Considering the difficulty of identifying a financial instrument on the market with the same characteristics as the issuance, the financial liability discount rate was determined by referencing the current yield of longer-term bonds issued by Cementos Argos in Colombian pesos. For this purpose, the valuation rate of Cementos Argos' 2024 bonds issuance, issued in May 2012 at long-term (15 years) is indexed to the CPI.

Preferred shares had a minimum yearly dividend of 3% on the subscription price that was paid during the first 12 quarters starting from the date of placement. In April 2016, the latter minimum dividend corresponding to 3% per annum on the subscription price was paid and after the thirteenth quarter the annual dividend will be $10 per share, which will increase with the annual CPI of the previous year. The prospectus of the issuance does not contain options to buy or sell the preferred shares.

Shareholders with preferential dividends and no voting rights are entitled to receive a minimum dividend in a preferential manner compared to the one corresponding to ordinary shares, provided they generated distributable profits during the immediately preceding fiscal year. Under no circumstances will the dividends received by holders of ordinary shares exceed the ones decreed in favor of preferred shares, the preferential reimbursement of their contributions – once the external liabilities have been paid – in the event of the dissolution and liquidation of the issuer, and other rights provided for in the bylaws of the issuer for holders of ordinary shares, except (i) to subscribe ordinary shares preferentially, and (ii) to vote on the proposals in the General Shareholder's Meeting of the issuer. By way of exception, preferred shares will grant their holders the right to vote in the events described in the placement and issuance prospectus.

The liability recognized by the issuance of preferred shares is composed of the valuation of the debt component and the reduction of direct issuance costs allocated to the liability component, according to the percentage of participation of each component in the amount of issuance. Issuance costs in the amount of $7,157 were included in the financial liability at the time of initial recognition. The debt component is measured at amortized cost using the effective interest rate. The effective interest rate for the subsequent measurement of the debt component at amortized cost was determined by matching cash flows receivable or payable estimated over the expected life of the financial instrument to the net book value of the liability component at the time of initial recognition. The financial liability increases with the recognition of interest at the effective interest rate and decreases as the dividends for preferred shareholders are accounted for

NOTE 27: FINANCIAL INSTRUMENTS

27.1. CAPITAL RISK MANAGEMENT

The Group manages its capital from a long-term perspective, seeking to maintain a balanced, efficient and flexible capital struc-ture to safely accompany and support the growth process of the organization. The Group considers equity shares, both ordinary and preferential, short and long-term financial obligations, and ordinary bonds as capital. The Group is not subject to externally imposed capital requirements.

The Group uses the Net debt/EBITDA + dividends indicator to monitor the capital structure. The net debt consists of financial obligations minus cash and temporary investments. This indicator allows us to establish the Group's level of leverage with regard to its generation of cash. Additionally, this indicator is included in the company's long-term loan agreements. Other indicators such as the debt's short-term and long-term relation, average life, and free cash flow, also are taken into account to analyze the capital structure. In line with the above, a correct balance between debt and equity is maintained.

The Group periodically monitors that the Net debt/EBITDA + dividends leverage indicator stays within a specific range that enables a sustainable growth and the achievement of the goals set by the Administration.

In addition to the generation of EBITDA, the Group may issue capital or divest its share portfolio, which at the end of 2016 was valued at $1.1 thousand million (2016: $1.4 thousand million). In order to manage other indicators such as the average life of the debt, and the short and long-term distribution of it, there are available credit lines at national and international banks as well as the possibility to access the capital market through the issuance of ordinary bonds and/or commercial papers on the local market.

The level of indebtedness of the Group maintains an appropriate balance between foreign currencies, naturally hedging assets and liabilities in the same currency. The relationship between the debt in dollars and the EBITDA generated by operations in the US and Central American and Caribbean countries, which generate most of their flows in dollars, provides a natural hedge for the debt in dollars.

There have been no significant changes to the objectives, policies, or capital management processes of the Group.

During the reported periods, the indicators applicable to the Group's capital management are as follows:

	2017	2016
Net financial debt(i) / Ebitda(i) + dividends(i) (ii)	4.6	3.8

(i) The net debt and EBITDA are subject to the terms of the credit agreement with the financial entity and may differ from the accounting results.

(ii) The leverage indicator is adjusted by restating the operations' EBITDA whose operating currency is USD or quasi-USD currencies at the COP/USD exchange rate (RMR) at the period-end closing

27.2. CATEGORIES OF FINANCIAL INSTRUMENTS

	2017	2016
Cash and cash equivalents (Note 5)	523,749	531,666
Fair value with changes in the income (Note 7)	40,684	13,683
Instruments derived from hedging relationships (Note 6)	2,635	2,070
Financial assets measured at amortized cost (Note 8 and Note 7)	1,514,659	1,430,425
Financial assets measured at fair value with changes in other comprehensive income (Note 7)	1,163,270	1,378,556
Financial assets	**3,244,997**	**3,356,400**
Instruments derived from hedging relationships (Note 6)	3,622	111,456
Financial liabilities measured at amortized cost	8,462,123	8,441,628
Financial liabilities	**8,465,745**	**8,553,084**
Net Financial liabilities	**5,220,748**	**5,196,684**

27.2.1. FINANCIAL ASSETS MEASURED AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME

	2017	2016
Grupo de Inversiones Suramericana S. A	1,135,785	1,076,601
Bancolombia S. A.	-	274,582
Cartón de Colombia S. A.	12,537	11,660
Carvajal Pulpa y Papel S. A.	619	561
Cemex S. A.	2,081	2,155
Other investments	12,248	12,997
	1,163,270	**1,378,556**

	2017	2016
Dividends recognized during the period related to investments that:		
Remain recognized at the end of the period	14,758	24,280
They have been written off during the period	-	8,481
Total of dividends recognized during the period related with Investments	**14,758**	**32,761**

Equity investments indicated in the table above are not held for negotiation purposes, they are held for strategic purposes in the medium and long term. The Administration believes that this classification for these strategic investments provides more relia-ble financial information, rather than reflecting changes to their fair value immediately in the results of the period.

As of December 31st, 2017, the Group made transfers from other comprehensive income to accumulated income for $272,869 (2016: $209,090) for the disposal of 10,887,465 (2016: 9,549,683) shares of Bancolombia S.A. and 382,326 (2016: 0) preferred shares of Grupo de Inversiones Suramericana S.A. at fair value measurement through changes in other comprehensive income. The value of the investment written off during the period is $274,836 (2016: $237,787) for the Bancolombia shares and 14,072 (2016: $0), related to Grupo de Inversiones Suramericana S.A. shares. The shares of Bancolombia S.A. were sold for $277,717 and Grupo de Inversiones Suramericana S.A. for $14,329

27.2.2. RECLASSIFICATION OF FINANCIAL ASSETS

During the current and previous period, the Group has not made changes to the business model for the management and admi-nistration of financial assets, therefore it has not reclassified financial assets from the category of fair value to amortized cost, or vice versa.

27.3. OBJECTIVES OF FINANCIAL RISK MANAGEMENT

The Group's financial policies are defined by the Corporate Finance committee and managed by the Corporate Finance Ma-nagement, and they seek to ensure a solid financial structure and maintain the Group's exposure to market, liquidity and credit risks at tolerable levels according to the nature of the operations and in accordance with the defined policies and limits of expo-sure and attribution. The Group is exposed to exchange rate, interest rate, credit and liquidity risks. The risk is eliminated or mitigated to tolerable levels of exposure by using natural hedging or financial derivatives, to the extent permitted by the market. The use of financial derivatives for speculative purposes is not allowed.

Special operations such as acquisitions and issues of shares or bonds may temporarily exceed the limit established by the Administration, a situation that is controlled by permanently monitoring the volatility and the execution of investment plans associated with the specific transaction that was carried out.

27.3.1. EXCHANGE RATE RISK

The Group is exposed to exchange rate risk as a result of the investments held in subsidiaries with functional currencies other than the Colombian peso and of transactions in currencies other than its functional currency. The fluctuations in exchange rates have a direct impact on the cash and on the consolidated financial statements. The Group monitors the risk of exchange rate by analyzing the exposure in the balance sheet and the cash flow.

The analysis of exposure to exchange rate risk is performed on the subsidiaries whose functional currency is not the dollar, and that floats freely without exchange controls, subsidiaries located in countries with currency exchange controls have low volatility in the fluctuations of exchange rates. The exposure of the consolidated statement of financial position is determined by calcula-ting the net position in dollars, which is made up of the liabilities and assets in dollars of those companies, and aims to minimize the volatility of the exchange difference item in the consolidated income statement. The exposure of cash flows is monitored by analyzing the offset of income and expenses in foreign currency, while seeking to generate equivalent income and expenses during the period in order to minimize the sale and purchase of dollars on the spot market. When the occurrence of a short or long cash flow is certain, it is hedged using financial derivatives. A significant portion of our net assets is denominated in dollars by the Group's subsidiaries in the United States, there is also a high exposure to the Colombian peso-dollar exchange in Colombian subsidiaries. In the subsidiaries in the Colombian geographic segment, the net position at the end of 2017 was 28 million dollars short (2016: 26 million dollars long).

The concentration of exchange rate risk is measured against the limit of the net position of +/- USD 30 million. As the net position of the Group moves away from that figure, the concentration of exchange rate risk is considered to increase.

27.3.2. INTEREST RATE AND INFLATION RISK MANAGEMENT

The interest rate risk arises mainly from loans paid at a fixed rate or variable rate. The Group measures interest rate risk through the exposure to floating rates and fixed rates of the Group's consolidated debt. In the case of variable rates, a deterioration of the rates at which the financial instruments are indexed could have a negative impact on the consolidated financial expenses or income. In the case of fixed rates, overexposure would put the Group at a disadvantage to as market conditions improve, as long as the financial instruments are held to maturity.

The concentration of interest rate risk appears when a very high exposure to a particular indexer is detected in the portfolio of financial debt. The Group considers that an exposure of between 15% and 20% of the fixed rate of its total consolidated debt is optimal.

A very different ratio than this would indicate a concentration of any of the references. The company's debt profile is reported monthly, indicating the FR vs. VR levels of concentration, distribution by term (short term vs. long term) and distribution by currency (COP vs. USD vs. other currencies). With these results, decisions are made to manage the debt portfolio, such as payment of obligations, structuring financial derivatives to balance the position in interest rates and/or currencies, etc. As of December 31st, 2017 19% of the consolidated debt was agreed at a fixed interest rate (2016: 17%).

The reference interest rates of the Colombian financial market that generate exposure for the Group are the CPI, DTF and IBR, and the international reference rate Libor for loans in dollars. The Group has not considered exposure to other local or international rates.

27.3.3. CREDIT RISK MANAGEMENT

The credit risk derived from financial assets that implies the risk of the counterparty defaulting is reduced by evaluating and as-sessing clients with exposure or who require credit beyond the established limits and actual collateral.

The credit risk derived from the investments made by the Group in the financial system is monitored through the use of an is-suer quota model, which stipulates the maximum amount that the company may have invested in an American, European, Hon-duran, or Colombian bank, where most of the Group's cash is concentrated. The policy restricts the amount of investment in banks to the limit cal-culated by the model quotas, without the authorization of the Financial Vice President. The models incor-porate variables such as national and international rating, leverage indicators, and bank liqui-dity indicators. When the amounts invested in a bank exceed the values calculated by the quotas model, the risk is considered to be highly concentrated in a single issuer. The company balances that concentration, when the market permits, by divesting the issuer that has exceeded the amount stipulated by the model and recomposing the investments with different alternatives, according to the calculated quotas. For banks that are not part of the model, the company does not measure the issuer quota risk. In turn, banks that are not part of that model are entities in which there are no significant investments at the time of this report.

27.3.4. LIQUIDITY RISK MANAGEMENT

The Group has financial obligations with counterparties in the banking system and in the capital market. To mitigate the liquidity risk in the possible renewals of these credits, the Group plans the concentration of maturities monthly in order to avoid accumulating very high maturities in any given month of the year. Additionally, it has a broad portfolio of liquidity providers in different currencies, types of indexers and terms, including national banks, international banks, commercial financing com-panies, stockbrokers and issuance of bonds and trade papers in the capital market as a recu-rring issuer. The balance of the debt distribution by term is another clear objective of management, with the goal of not concentrating more than 30% of financial liability maturities in the short term. The duration in years of financial liabilities is monitored every month, and the goal is to not fall below the 3.5 year average life. These debt duration objectives may be affected at specific times by acquisitions, divestments, etc., involving bridging or short-term financing while adjusting the capital structure to the objectives set. Therefore, the Group has uncommitted credit quotas in national and international banks in a sufficient amount to cover any eventuality. The Group is also exposed to liquidity risk for breach of their financial commitments (covenants), which would trigger cross-com-pliance clauses in other contracts. To mitigate this risk, monthly financial covenants are tracked and reported to management.

The carrying amounts of assets and liabilities denominated in foreign currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2017	2016	2017	2016
American dollar	650,026	1,105,668	735,562	1,027,185

27.4. FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Group is primarily exposed to the US Dollar. The following table lists the Group's sensitivity to an increase and decrease of 25% of the Colombian peso against the relevant foreign currencies after considering the effect of hedge accounting. Twenty five percent represents the sensitivity rate used when reporting exchange rate risk internally to key management personnel, and represents the management's evaluation of possible reasonable changes in exchange rates. The sensitivity analysis only includes outstanding monetary items denominated in foreign currencies and adjusts their conversion at the end of the period with a change of 25% in exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the one used by the lender and the borrower. A positive number indicates an increase in the results where the Colombian peso is strengthened by 25% against the relevant currency. If the Colombian peso is weakened by 25% against the reference currency, this would have a comparable impact on the results and the following balances would be negative. During the period there have been no changes in the methods and hypotheses used for the sensitivity analysis.

	2017	2016
Profits before taxes and discontinued operations	(20,719)	19,655

27.4.1. CONTRACTS IN FOREIGN CURRENCY

The following table lists derivative contracts in foreign currency under hedge accounting, outstanding at the end of the reporting period:

Forward purchase and currency swap

		Average Rate of Derivative Contract		Notional Value of the Underlying in Colombian Pesos [1]		Fair Value of Assets (Liabilities)	
		2017	2016	2017	2016	2017	2016
American Dollar – Forward	Purchase	2,982	-	91,110	-	(266)	-
American Dollar – Swap	Purchase	3,180	3,180	49,733	50,012	(3,254)	(3,239)
				140,843	**50,012**	**(3,520)**	**(3,239)**
American Dollar – Swap	Sale	-	2,418	-	433,320	-	(101,135)
				-	**433,320**	**-**	**(101,135)**

[1] The notional value of the underlying includes values in American dollars. For disclosure purposes these amounts have been converted into Colombian pesos using the closing exchange rate in effect for each reporting date.

The following tables detail the notional principal amounts and remaining terms of forward and exchange rate swap contracts outstanding at the end of the reporting period.

	Notional Value of the Underlying in Colombian Pesos [1]		Fair Value of Assets (Liabilities)	
	2017	2016	2017	2016
Cash flow hedge				
1 year or less	140,843	433,320	(3,520)	(101,135)
From 1 to 5 years	-	50,012	-	(3,239)
Contracts in Foreign Currency	**140,843**	**483,332**	**(3,520)**	**(104,374)**

[1] The notional value of the underlying includes values in American dollars. For disclosure purposes these amounts have been converted into Colombian pesos using the closing exchange rate in effect for each reporting date.

27.5. INTEREST RATES AND INFLATION INDEXES SENSITIVITY ANALYSIS

The following sensitivity analysis has been determined based on the exposure to interest rates and inflation indexes for both derivative and non-derivative instruments at the end of the reporting period. For liabilities at variable rates, an analysis is prepared assuming the amount of outstanding liabilities at the end of the reporting period have been the same outstanding liabilities for the entire year. Upon internally informing key management personnel of the interest rate risk an increase or decrease of 25 points is used, which represents the management's evaluation of the possible reasonable change in the interest rates.

	IPC		Libor 6 Meses	
	2017	2016	2017	2016
Profits before taxes and discontinued operations	27,716	30,925	17,860	13,876
Other comprehensive income	-	(2,749)	(7,229)	681

27.6. DERIVATIVES CONTRACTS FROM INTEREST RATE AND INFLATION INDEXES

The following tables detail the notional principal amounts and remaining terms of forward and interest rate swap contracts outstanding at the end of the reporting period.

	Notional Value of the Underlying in Colombian Pesos (1)		Fair Value of Assets (Liabilities)	
	2017	2016	2017	2016
Cash flow hedge				
From 1 to 5 years	1,009,318	1,014,970	2,533	(5,012)
Derivative contracts from interest rates	**1,009,318**	**1,014,970**	**2,533**	**(5,012)**

(1) The notional value of the underlying includes values in American dollars. For disclosure purposes these amounts have been converted into Colombian pesos using the closing exchange rate in effect for each reporting date.

27.7. INTEREST AND LIQUIDITY RISK TABLES

The following tables detail the remaining contractual maturity of the Group's non-derivative financial liabilities with agreed-upon reimbursement periods. The tables have been designed based on the undiscounted cash flows of financial liabilities based on the date on which the Group must make payments. The tables include both cash flows of interest and principal. When the inter-est is at the variable rates, the undiscounted amount is derived from the interest rate curves at the end of the reporting period. The contractual maturity is based on the minimum date on which the Group must make the payment.

	Weighted Average Effective Interest Rate	1 year or less	From 1 to 5 years	5 years or more	Total	Book Value
DECEMBER 31st, 2017						
Non-interest bearing liabilities	-	1,083,979	-	-	1,083,979	1,083,979
Financial lease liabilities (Note 20)	7.32%	45,363	141,391	2,277	189,031	160,530
Instruments with variable interest rates	5.47%	2,019,743	3,806,957	3,512,657	9,339,357	6,845,162
Instruments with fixed interest rates	4.35%	109,558	71,719	218,157	399,434	319,173
Other liabilities	7.13%	2,184	9,298	205,113	216,595	53,279
		3,260,827	**4,029,365**	**3,938,204**	**11,228,396**	**8,462,123**
DECEMBER 31st, 2016						
Non-interest bearing liabilities	-	1,128,391	-	-	1,128,391	1,128,391
Financial lease liabilities (Note 20)	9.85%	48,438	163,011	31,476	242,925	194,167
Instruments with variable interest rates	11.49%	3,056,908	3,361,074	2,441,732	8,859,714	6,864,180
Instruments with fixed interest rates	9.01%	184,587	22,117	-	206,704	203,037
Other liabilities	7.13%	2,181	9,354	214,003	225,538	51,853
		4,420,505	**3,555,556**	**2,687,211**	**10,663,272**	**8,441,628**

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been designed ba-sed on the discounted contractual net cash flows that are paid on a net basis, and the discounted gross cash flow of the derivatives that require gross payment. When the amount payable or receivable is not fixed, the amount disclosed has been determined by referencing projected interest rates as illustrated by the yield curves at the end of the reporting period. As of December 31st, 2017 and 2016, the Group does not have any derivative contracts that are settled based on their gross amount.

	1 year or less	1 to 5 years	5 years or more	Total
NET SETTLEMENT AMOUNT:				
December 31st, 2017				
Forward:	(266)	-	-	(266)
Swaps	(3,254)	2,533	-	(721)
	(3,520)	**2,533**	**-**	**(987)**
December 31st, 2016				
Swaps	(101,135)	(8,251)	-	(109,386)
	(101,135)	**(8,251)**	**-**	**(109,386)**

27.8. COLLATERAL

The Group has pledged 5,200,000 shares of the issuer Grupo de Inversiones Suramericana S.A. to the financial institution Bancolombia as collateral for financial liabilities. These shares are not pledged to a specific obligation, and their purpose is to support the Group's overall line of credit. The book value of the financial assets the Group has pledged as collateral for financial liabilities is $209,560 (2016: $198,640)

In 2015, the Group pledged all the shares it holds in the subsidiary Argos Puerto Rico LLC to the Banco Popular Dominicano as collateral for financial liabilities, situation that persists as of the date of this report The value of the net assets of the subsidiary at December 31st, 2017 is $54,067 (2016: $61,588). The Group has not received financial or non-financial assets as collateral as of December 31st, 2017 and 2016 that it is allowed to sell or pledge without a default by the collateral's owner.

27.9. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Group determines the fair value of all its financial assets and liabilities in the reporting period for measurement or disclosure in the financial statements.

The following table shows, for each of the levels of fair value hierarchy, the Group's assets and liabilities measured at fair value at December 31, 2017:

December 31, 2017	Level 1	Level 2	Total Fair Value
Financial derivatives	-	3,622	3,622
Liabilities Measured at Fair Value	**-**	**3,622**	**3,622**
Cash and cash equivalents	523,749	-	523,749
Assets at fair value in profit or loss	40,684	-	40,684
Assets at fair value in other comprehensive income	1,151,022	12,248	1,163,270
Financial derivatives	-	2,635	2,635
Assets Measured at Fair Value	**1,715,455**	**14,883**	**1,730,338**
Net Assets Measured at Fair Value	**1,715,455**	**11,261**	**1,726,716**

December 31, 2016	Level 1	Level 2	Total Fair Value
Financial derivatives	-	111,456	111,456
Liabilities Measured at Fair Value	**-**	**111,456**	**111,456**
Cash and cash equivalents	531,666	-	531,666
Assets at fair value in profit or loss	13,683	-	13,683
Assets at fair value in other comprehensive income	1,365,559	12,997	1,378,556
Financial derivatives	-	2,070	2,070
Assets Measured at Fair Value	**1,910,908**	**15,067**	**1,925,975**
Net Assets (Liabilities) Measured at Fair Value	**1,910,908**	**(96,389)**	**1,814,519**

The book value and the estimated fair value of the Group's assets and liabilities not recognized at fair value in the consolidated financial position statement, but which require disclosure at book value as of December 31, 2017 are as follows:

December 31, 2017	Book Value	Fair Value, Level 2
Non-interest bearing liabilities	1,083,979	1,083,979
Financial lease liabilities	160,530	164,464
Instruments with variable interest rates	6,845,162	6,863,031
Instruments with fixed interest rates	319,173	320,006
Other liabilities	53,279	51,515
Liabilities Measured at Fair Value	**8,462,123**	**8,482,995**
Accounts receivable	1,514,659	1,603,582
Assets Measured at Fair Value	**1,514,659**	**1,603,582**
Net Liabilities Measured at Fair Value	**(6,947,464)**	**(6,879,413)**

December 31, 2016	Book Value	Fair Value, Level 2
Non-interest bearing liabilities	1,128,391	1,128,391
Financial lease liabilities	194,167	196,836
Instruments with variable interest rates	6,864,180	7,093,695
Instruments with fixed interest rates	203,037	206,826
Other liabilities	51,853	61,114
Liabilities Measured at Fair Value	**8,441,628**	**8,686,862**
Accounts receivable	1,430,419	1,472,142
Other financial assets	6	6
Assets Measured at Fair Value	**1,430,425**	**1,472,148**
Net Liabilities Measured at Fair Value	**(7,011,203)**	**(7,214,714)**

As of December 31st, 2017, there were no transfers between fair value hierarchy levels, or changes to the assets and liabilities measured at fair value on a recurrent basis using unobservable variables classified as Level 3 fair value hierarchy.

NOTE 28: ISSUED CAPITAL

The authorized capital consists of 1,500,000,000 shares with a nominal value of $416 (2016: $416) each. The subscribed and paid-in capital is made up of 1,215,247,885 made up of ordinary shares and 209,197,850 preferred shares. The treasury stock is made up of 63,575,575 shares. At December 31st, the number of shares in circulation was 1,360,870,160 (2016: 1,360,870,160).

	2017	2016
AUTHORIZED CAPITAL		
1,500,000,000 ordinary shares with a nominal value of $416 (2016: $416)	624,000	624,000
SUBSCRIBED AND PAID CAPITAL		
1,215,247,885 ordinary shares with a nominal value of $416 (2016: $416)	505,543	505,543
209,197,850 preferred shares with a nominal value of $416 (2016: $416)	87,027	87,027
	592,570	**592,570**

On January 25, 2016, the Annual Ordinary General Shareholders' Meeting of Cementos Argos S.A. approved the statutory reform that had been proposed for the modification of Art. 4 in order to capitalize on occasional reserves up to $615,000 through the mechanism of increasing the nominal value of the share. With this approval, the nominal value of the share went from six pesos ($6) to four hundred and sixteen pesos ($416).

Investments in Group associates and joint ventures do not hold common or preferred shares of Cementos Argos S.A. or any of its subsidiaries at the reporting date and comparative periods.

The Group has not received ordinary or preferred shares for option contracts or contracts for the sale of shares.

Cementos Argos S.A. may only acquire its own shares by decision of the General Shareholders' Meeting with a favorable vote of the number of shares subscribed determined by law, with funds taken from the net profits and provided that such shares are fully paid.

28.1 RECONCILIATION OF PAID ORDINARY SHARES

	Number of Shares	Social Capital	Share Placement Premium
Balance at January 1, 2016	1,215,247,885	7,291	175,675
Capitalization of reserves	-	498,252	-
Balance at December 31, 2016	**1,215,247,885**	**505,543**	**175,675**
Balance at December 31, 2017	**1,215,247,885**	**505,543**	**175,675**

Each ordinary share gives its owner the right to participate in the decisions of the General Shareholders' Meeting and vote in it, trade the shares freely, inspect the books and social papers freely during the fifteen (15) business days prior to the General Meeting in which the year-end financial statements are examined, and receive a proportionate share of the social assets at the time of settlement and once the company's external liabilities have been paid, among others included in the bylaws.

During all new issues of ordinary shares, the holders of ordinary shares have the right to subscribe preferentially a proportional amount to those they already hold on the date in which the competent social agency approves the subscription regulations

28.2. RECONCILIATION OF PREFERRED SHARES

	Número de acciones	Capital social	Prima en colocación de acciones
Balance at January 1, 2016	209,197,850	1,256	1,374,068
Capitalization of reserves	-	85,771	-
Balance at December 31, 2016	**209,197,850**	**87,027**	**1,374,068**
Balance at December 31, 2017	**209,197,850**	**87,027**	**1,374,068**

Holders of shares with preferential dividends and no voting rights are entitled to receive a minimum dividend preferentially compared to the one corresponding to ordinary shares, as long as distributable profits were generated in the financial year immediately preceding. Under no circumstances will the dividends received by holders of ordinary shares exceed the ones decreed in favor of preferred shares, the preferential reimbursement of their contributions – once the external liabilities have been paid – in the event of the dissolution and liquidation of the issuer, and other rights provided for in the bylaws of the issuer for holders of ordinary shares, except (i) to subscribe ordinary shares preferentially, and (ii) to vote on the proposals in the General Shareholder's Meeting of the issuer. By way of exception, preferred shares will grant their holders the right to vote in the events described in the placement and issuance prospectus.

The issuance of preferred shares qualifies as a compound financial instrument. The Group, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual terms of the instrument as well as the issuer's obligations. Given the contractual obligation of the issuer to issue cash or other financial assets to shareholders, the is-suance incorporates a component of financial liability. Once this liability has been measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and have their impact on the result of the period recognized, the equity element is not subject to further measurement.

NOTE 29: RESERVES AND OTHER COMPREHENSIVE INCOM

29.1. RESERVES

The Group's consolidated reserves include the value of the reserves of Cementos Argos S.A., and its participation in changes of the reserves of subsidiaries, associates and joint ventures accounted for using the equity method, these last two categories in the percentage held by the Group after the date of first adoption of the IFRS.

The following table shows separately the legal reserve and other reserves of Cementos Argos S.A., the controlling entity and those corresponding to subsidiaries, associates and joint ventures.

	Legal Reserve	Reserve for treasury stock	Other reserves	Total Reserve
Diciembre de 2017				
Cementos Argos S. A., controlling entity	85,209	113,797	924,835	1,123,841
Subsidiaries, associates and joint ventures	7,082	-	130,472	137,554
Total Cementos Argos S.A. and investee	**92,291**	**113,797**	**1,055,307**	**1,261,395**
Diciembre de 2016				
Cementos Argos S. A., controlling entity	13,845	113,797	623,091	750,733
Subsidiaries, associates and joint ventures	7,082	-	77,928	85,010
Total Cementos Argos S.A. and investee	**20,927**	**113,797**	**701,019**	**835,743**

Legal reserve

Domestic companies are required to appropriate as reserves 10% of its annual net profits until the balance of this reserve is equivalent to 50% of the subscribed capital. As of December 31st, 2017 and 2016, the value of the legal reserve amounts to $92,291 y $20,927 respectively. For both years the reserve was above the legally established amount.

The reserve is not distributable before the liquidation of the company, but it should be used to absorb or reduce annual net losses. Appropriations in excess of the aforementioned 50% are freely available to the General Shareholders' Meeting.

Reserve for treasury stock

The reserve for treasury stock, per the provisions of the Code of Commerce, is only distributable to shareholders when the shares are sold again. While the shares belong to the company the rights attached thereto shall remain suspended.

Reserve for tax provisions

It is a mandatory reserve that originates from a requirement of the Colombian Tax Statutes to appropriate the equivalent of 70% of the highest value requested by tax depreciation. According to legal provisions, this reserve can be liberated as the deprecia-tions that are accounted for later exceed those requested annually for tax purposes, or when the assets that generated the greatest deducted value are sold.

Occasional reserves available to the highest corporate body and other reserves

In addition to the reserves established by law or the bylaws, the General Shareholders' Meeting may constitute freely available reserves for specific purposes. On March 24th, 2017, the General Shareholders' Meeting decided to appropriate $79,582 for non-taxed reserve for future expan-sions and investments and $236,081 for taxed reserve for future expansions and investments.

29.2. OTHER COMPREHENSIVE INCOME NET OF TAXES, ATTRIBUTABLE TO THE PARENT COMPANY

During 2017, the Group reclassified from other comprehensive income to retained earnings for 272,869 (2016: $209,090) for the disposal of Bancolombia S.A. shares for the disposition of the Grupo de Inversiones Suramericana S.A. preferred shares under the other financial assets category at fair value measurement through changes in other comprehensive income.

During 2017 and 2016 the value reclassified from other comprehensive income to the income of the period in the item for financial expenses and exchange rate differences for cash flow hedging was $343 (2016: $1,139) and $11,288 (2016: $107,329) respectively.

As of December 31st, 2017 and 2016, the Group has not designated any financial instruments to hedge the cash flow of forecast transactions. For this reason, no value from the other comprehensive income was reclassified to the income of the period for this item.

29.3. IMPACT OF FIRST-TIME NCIF IMPLEMENTATION

The impact of implementing NCIF to unrealized assets and liabilities is not distributable to shareholders.

NOTE 30: DIVIDENDS

The General Shareholders' Meeting held on March 24th, 2017 declared cash dividends on ordinary and preferential shares in the amount of $218.00 per year per share, payable in four quarterly installments of $ 54.50 per share starting in April 2017, for a total value of $296,670.

Further, extraordinary dividends in cash were declared corresponding to ordinary and preferential shares a rate of $22.00 per year per share, payable in a single installment in November 2017 for a total value of $29,939.

Declared Dividends	Shares	Annual $ per Share	2017	Annual $ per Share	2016
DIVIDEND ON ORDINARY SHARES					
Ordinary dividends	1,151,672,310	218.00	251,065	200.00	230,334
Extraordinary dividends	1,151,672,310	22.00	25,337	-	-
DIVIDEND ON PREFERRED SHARES					
Preferred dividends	209,197,850	218.00	45,605	207.75	43,461
Extraordinary dividends	209,197,850	22.00	4,602	-	-
			326,609		**273,795**

NOTE 31: NON-CONTROLLING INTERESTS

	2017	2016
Opening balance	**731,158**	**632,046**
Share of the year's profits	89,774	142,542
Non-controlling interest generated by other comprehensive income	(11,195)	(48,515)
Non-controlling interest generated by new acquisitions	8,180	-
Changes in the participation of subsidiaries without loss of control	-	80,557
Ordinary and extraordinary dividends distributed in cash	(85,937)	(68,448)
Participation through other equity movements	13,280	(7,024)
Closing balance	**745,260**	**731,158**

NOTE 32: REVENUE

Below is an analysis of the Group's revenue for the period for continuing operations (excluding revenues from investments – see Note 37).

	2017	2016
Revenue from the sale of goods	8,476,747	8,475,368
Revenue from services rendered	56,166	42,014
	8,532,913	**8,517,382**

The Group has no commitments that are estimated to generate losses.

The consolidated operating income of Cementos Argos is generated mainly through the sale of cement and ready-mix concrete.

Our concrete businesses are the main customer of our cement production. Sales across our geographic segments or operating segments are executed at market prices comparable to sales to third parties.

Our sales of cement and ready-mix concrete are highly dependent on the performance of the construction industry, including residential, commercial and infrastructure projects, in each of the countries where we operate or sell our products. Fluctuations in the behavior of the construction industry significantly affect the volumes of cement and ready-mix concrete we can sell, as well as the sales prices we can receive for our products.

NOTE 33: SEGMENT INFORMATION

33.1. OPERATING SEGMENTS, AND PRODUCTS AND SERVICES THE GENERATE REVENUES FROM THE SEGMENTS

The Administration has determined its segments of operation based on the financial information provided to the Directive Committee of Cementos Argos S.A., whose members periodically monitor business results to make decisions about resources to be allocated and to evaluate its performance. The cement, ready-mix concrete and aggregates business is organized and managed along the three main geographic regions where the Group is present: Colombia, Caribbean and Central America, and the United States, which the Group operates through subsidiary companies.

The Group has a fourth segment known as "Others", which contains the profits and losses of complementary businesses as well as general corporate expenses not assigned to any particular operational segment. This segment is managed independently given the different nature of its operations and the risks and benefits associated with it.

All three geographic segments generate their revenues from the cement and ready-mix businesses in the following way:

Cement, which comprises the activities related to the production, marketing, transport and distribution of cement in all its forms and types, raw materials and semi-finished cement products. This also includes clinker commercialization operations. Cement plants produce a wide range of products, including clinker, general purpose cement, structural cement, Portland cement, type I, II, I/II and III cements, white cement, masonry cement and oil-well cement.

Ready-mix concrete, which comprises activities related to the production and marketing of ready-mix concrete in all its forms and types. The product portfolio of ready-mix concrete includes different types of ready-mix concrete for use in infrastructure projects architectural projects, ornamental projects, and for public spaces, among other uses.

Aggregates are materials of natural origins (usually sand or hard rocks) or byproducts of other industries that, because of their size or composition, enable the feature of strength in concrete. They are generally subdivided into coarse and fine aggregates. The main rocks used as aggregates are limestone, conglomerates, sandstones and basalts.

The Directive Committee evaluates performance and allocates resources based on segmentation by geographical area. Segmentation by product and/or service is not monitored or reviewed regularly at this level.

The Directive Committee evaluates the performance of the operating segments based on net sales and the operating income of each operating segment. These measurements exclude the effects of income and expenses and income taxes, which are not allocated to operating segments and are managed at company level. The accounting policies applied to the preparation of the seg-ment information are the same as described in Note 2.2 Accounting Policies. The Group has not made asymmetrical allocations to their operating segments.

33.2 FINANCIAL INFORMATION BY OPERATING SEGMENT

2017	Colombia	Caribbean and Central America	United States	Corporate and Others	Total
Operating income	2,714,370	2,235,655	4,675,241	11,934	9,637,200
Minus: inter-segment	444,474	523,954	128,069	7,790	1,104,287
Consolidated income	**2,269,896**	**1,711,701**	**4,547,172**	**4,144**	**8,532,913**
Cost of sales	1,693,071	1,064,941	3,608,403	8,175	6,374,590
Depreciations and amortization	162,464	64,770	365,186	3,146	595,566
Gross profits	**414,361**	**581,990**	**573,583**	**(7,177)**	**1,562,757**
Other depreciations and amortizations	5,048	47,545	46,656	32,041	131,290
Administration and sales	199,177	153,552	317,717	136,416	806,862
Other net (expenses) income	(5,944)	15,568	88,660	(27,955)	70,329
Impairment of goodwill and assets	-	-	2,032	-	2,032
Operating profits after asset impairment	**204,192**	**396,461**	**295,838**	**(203,589)**	**692,902**
Net financial expenses					406,094
Net earnings for exchange rate differences					8,285
Loss from net participation in results of associates and joint ventures					(4,901)
Profit before taxes					**290,192**
Income tax					212,964
Profit from continuing operations					**77,228**

2016	Colombia	Caribbean and Central America	United States	Corporate and Others	Total
Operating income	3,040,703	2,185,106	4,501,404	29,783	9,756,996
Minus: inter-segment	445,434	503,411	263,536	27,233	1,239,614
Consolidated income	**2,595,269**	**1,681,695**	**4,237,868**	**2,550**	**8,517,382**
Cost of sales	1,723,816	941,220	3,430,720	6,885	6,102,641
Depreciations and amortization	155,229	77,875	256,103	3,505	492,712
Gross profits	**716,224**	**662,600**	**551,045**	**(7,840)**	**1,922,029**
Other depreciations and amortizations	5,206	49,466	36,667	27,555	118,894
Administration and sales	216,275	158,744	299,064	169,762	843,845
Other net income (expenses)	11,786	63,350	44,568	(19,518)	100,186
Impairment of goodwill and assets	48,462	-	7,484	571	56,517
Operating profits after asset impairment	**458,067**	**517,740**	**252,398**	**(225,245)**	**1,002,959**
Net financial expenses					340,828
Net earnings for exchange rate differences					30,157
Loss from net participation in results of associates and joint ventures					(1,824)
Profit before taxes					**690,464**
Income tax					127,952
Profit from continuing operations					**562,512**

33.3 INFORMATION BY GEOGRAPHIC AREA AND SIGNIFICANT CUSTOMERS

	Revenue from External Customers		Non-Current Assets	
	2017	2016	2017	2016
Colombia	2,298,644	2,630,520	4,572,165	4,351,801
USA	4,550,912	4,240,508	7,486,721	7,837,713
Panama	572,419	599,795	1,112,078	1,123,065
Honduras	500,298	441,507	564,952	592,846
Haiti	155,921	178,979	16,863	14,132
Dominican Republic	133,665	127,285	47,729	47,616
Suriname	27,536	35,868	22,326	25,332
Caribbean Islands	293,518	262,920	244,430	210,720
Total	**8,532,913**	**8,517,382**	**14,067,264**	**14,203,225**

For these purposes, the basis used to allocate revenue from external customers to countries is the location of the company and non-current assets include property, plant and equipment, intangible assets, investment properties, investments in associates and joint ventures and goodwill. As of December 31st, 2017 and 2016, the Group does not have any customer that represents 10% or more of its consolidated income.

33.4 INFORMATION BY PRODUCT AND SERVICE

	2017	2016
Cement	4,142,414	3,665,019
Cement	4,018,483	4,374,967
Other products and services	372,016	477,396
	8,532,913	**8,517,382**

NOTE 34: ADMINISTRATIVE EXPENSES

Administrative expenses as of December 31st comprised the following:

	2017	2016
Staff expenses	268,325	271,502
Services	110,908	131,798
Amortization of intangible assets	68,529	63,685
Fees	55,472	45,359
Impairment of trade receivables	44,669	10,397
Depreciation of property, plant and equipment	27,274	18,958
Maintenance and repairs	21,855	24,017
Leases	15,813	18,035
Insurance	13,192	13,066
Travel expenses	12,081	22,142
Taxes	7,500	4,704
Contributions and affiliations	6,550	6,018
Legal expenses	5,703	7,641
Supplies and stationery	3,802	3,488
Adaptation and installation	2,892	1,004
Cafeteria and restaurant	2,188	2,633
Transportation	958	1,652
Representation and public relations expenses	893	1,307
Sundry	15,231	51,904
	683,835	**699,310**

NOTE 35: SALES EXPENSES

Sales expenses as of December 31st comprised the following:

	2017	2016
Staff expenses	118,375	112,352
Services	37,714	53,459
Amortization of intangible assets	34,617	35,838
Taxes	23,254	26,323
Impairment of trade receivables	8,827	4,111
Travel expenses	6,005	6,577
Contributions and affiliations	6,836	5,992
Leases	5,306	4,902
Fees	1,743	2,729
Fuel and lubricant	1,963	1,599
Insurance	1,230	1,771
Supplies and stationery	1,422	1,193
Cafeteria and restaurant	645	772
Maintenance and repairs	762	391
Depreciation of property, plant and equipment	782	357
Representation and public relations expenses	545	528
Transportation	151	279
Legal expenses	248	77
Adaptation and installation	19	39
Sundry	3,785	4,084
	254,229	**263,373**

NOTE 36: OTHER OPERATING INCOME, NET

	2017	2016
Gain on the sale of other businesses [1,2]	56,465	-
Gains from recoveries	38,430	82,183
Gain from the sale of fixed assets and other assets	36,206	72,838
Profit from a bargain purchase of a business combination	12,349	-
Gain from exploitation	4,206	2,232
Gains from compensation	3,621	1,980
Gain on sale of investments	3,138	1,133
Gains from the sale and valuation of biological assets	329	628
Gain for extinction of liabilities and others	-	40,212
Gains from claims	-	245
Gains from subsidies	-	31
Expenses for termination benefit	(28,891)	(22,256)
Loss from assumed four per thousand tax	(16,623)	(18,385)
Loss from donations	(16,401)	(19,964)
Loss from the sale of fixed assets and other assets	(13,800)	(9,972)
(Loss) from the sale of fixed assets and other assets	(4,567)	(783)
Loss from other assumed taxes	(2,496)	(7,837)
Expenses for legal proceedings	(1,725)	(22,155)
	70,241	**100,130**

(1) On 15 December 2017, Argos USA, a subsidiary of Argos, sold nine Ready Mix plants in and around Fayetteville, NC and associated equipment, buildings, land and inventory ("Ready Mix Plants") to Fayblock Materials, Inc. and its Assignees for USD 11 million. The proceeds, less the value of the assets given up $26,764 (USD 9 million), resulted in an accounting gain of $6,321 (USD 2 million).

(2) On 31 December 2017, Argos USA, a subsidiary of Argos, sold 13 block plants and associated mobile equipment, buildings, land and inventory ("Block Plants") to Best Block, LLC a subsidiary of Quikcrete for USD 50 million. The proceeds, less the value of the assets given up $97,467 (USD 32million), resulted in an accounting gain of $50,706 (USD 17 million). The plants are located in Florida and Georgia and together with the warehouse, they came in the cement and concrete assets package acquired from Vulcan Materials on January 23, 2014.

NOTE 37: FINANCIAL INCOME

	2017	2016
Interest income	18,445	14,829
Others interest income	4,919	16,829
Dividends from equity investments	14,758	32,761
Financial assets that have not been designated at fair value with changes in the results	**38,122**	**64,419**

NOTE 38: FINANCIAL EXPENSES

	2017	2016
Interest on overdrafts and loans	150,695	96,967
Interest on obligations under financial lease	14,317	16,898
Interest on bonds and preferred shares	261,664	277,854
Interest on financial derivatives	(15,432)	(15,444)
Other financial expenses	40,539	32,007
Total interest expense of financial liabilities	**451,783**	**408,282**
Minus: amounts included in the cost of qualified assets	7,567	22,226
Total interest expense of financial liabilities recorded in the results	**444,216**	**386,056**
Loss from valuation of financial derivatives	-	1,477
Other financial costs	-	17,714
Total financial expenses	**444,216**	**405,247**
Discount effect on provisions, employee benefits and tax on equity	29,712	28,637
Financial income (Note 37)	38,122	64,419
Financial expenses	444,216	405,247
Total financial expenses, net	**406,094**	**340,828**

As of December 31st, 2017 and 2016 the annual weighted average capitalization rate on funds due is 7.60% and 9.43% for Cementos Argos S.A. and 1.68% and 1.45% Argos USA LLC respectively.

NOTE 39: NET INCOME FROM CONTINUING OPERATIONS

Gains from continuing operations are attributed to:

	2017	2016
Company controllers	(12,546)	419,970
Non-controlling interests	89,774	142,542
	77,228	**562,512**

39.1. LOSSES FROM IMPAIRMENT ON FINANCIAL ASSETS

	2017	2016
Loss from impairment on trade receivables	53,496	14,508
Reversal of losses from impairment on trade receivables	438	1,379

39.2. DEPRECIATION AND AMORTIZATION EXPENSES

	2017	2016
Depreciation on property, plant and equipment and on investment properties	604,220	503,258
Amortization of intangible assets and unfavorable contracts	122,636	108,348
	726,856	**611,606**

39.3. EMPLOYEE BENEFIT EXPENSES

	2017	2016
Cost	1,040,402	1,031,380
Administrative expenses	268,325	271,502
Sales expenses	118,375	112,352
Total employee benefit expenses	**1,427,102**	**1,415,234**

NOTE 40: EARNINGS PER SHARE

	2017	2016
	Colombian Pesos per share	Colombian Pesos per share
From continuing operations	(10.89)	364.66
Provenientes de operaciones discontinuadas	-	-
Total basic earnings per share	**(10.89)**	**364.66**

40.1. BASIC EARNINGS PER SHARE

The earnings and average weighted number of ordinary shares used to calculate the basic earnings per share are as follows.

	2017	2016
Earnings for the year attributable to the company's controllers	(12,546)	419,970
Minus preferred non-cumulative dividends after taxes declared during the period	-	-
Earnings used to calculate basic earnings per share	**(12,546)**	**419,970**
From discontinued operations	-	-
From continuing operations	(12,546)	419,970
Average weighted number of ordinary shares for purposes of basic earnings per share	**1,151,672,310**	**1,151,672,310**

40.2. DILUTED EARNINGS PER SHARE

The Group does not hold any financial instruments or other type of contract that grants it the right to receive potential ordinary shares, so that diluted earnings per share are equal to the basic earnings per share.

NOTE 41: INFORMATION ABOUT RELATED PARTIES

The immediate parent company of Cementos Argos S.A. is Grupo Argos S.A., which is headquartered in Medellin, Colombia, and holds a stake in the company of 55.34%.

41.1. TRANSACTIONS BETWEEN THE PARENT COMPANY AND ITS SUBSIDIARIES OR BETWEEN SUBSIDIARIES

The following transactions are those that we have engaged in with our subsidiaries or among our subsidiaries:

- Purchase and sale of clinker between ourselves and our subsidiaries, and our subsidiaries among themselves regardless of the region where they are located. The transaction involves the companies that produce clinker selling clinker to the companies that produce cement, and the latter using it as a raw material to produce cement.

- Purchase and sale of cement between ourselves and our subsidiaries and among our subsidiaries themselves, regardless of the region where they are located. The transaction involves the companies that produce cement selling cement to the companies that produce concrete, and the latter using it as a raw material to produce concrete. In the case of purchases and sales among cement companies, cement is transferred with the purpose of being commercialized.

- Purchase and sale of aggregates between ourselves and our subsidiaries and among our subsidiaries themselves, regardless of the region where they are located. The transaction involves the companies that produce aggregates selling aggregates to the companies that produce cement or concrete, and they use it as a raw material for their products.

- Provision of transport services between Logitrans S.A. and Cementos Argos S.A. Concretos Argos S. A. and Zona Franca S.A.S. The transaction involves Logitrans S.A., as a cargo transport intermediary, outsourcing the transportation of the products or raw materials of Cementos Argos S.A., Concretos Argos S.A. and Zona Franca S.A.S to third parties.

- Purchase and sale of back-office services between Cementos Argos S.A. and Zona Franca Argos S.A.S. The transaction involves Cementos Argos S.A. providing back-office services to Zona Franca Argos S.A.S in exchange for a consideration from them. The services provided are basically financial, administrative and technological support.

- Purchase and sale of back-office services between Argos North America Corp. and its subsidiaries. The transaction involves Argos North America Corp. providing back-office services to its subsidiaries in exchange for a consideration from them. The services provided are basically financial, administrative and technological support.

- Management support contracts between Cementos Argos, S.A. and Argos S.A. Honduras, Argos Dominicana S.A., Cimenterie Nationale S.E.M, Vensur NV, Argos Puerto Rico LLC and Ciments Guyanais. The transaction involves Cementos Argos, S.A. providing management support services to the subsidiaries listed in exchange for a consideration. The services provided are basically administrative management services.

- Feasibility support for the expansion in Panama of the new “Your effort builds” project, between Argos SEM, S.A. and Cementos Argos S.A., the transaction consists of a feasibility study and assembly platform for the project and Argos SEM, S.A. provides administrative management services to Cementos Argos S.A.

The following transactions are those that we or our subsidiaries have entered into with Grupo Argos S.A. And its subsidiaries:

- Purchase and sale of back-office services between Cementos Argos S.A. and Grupo Argos S.A. The transaction involves Cementos Argos S.A. providing back-office services to Grupo Argos S.A. in exchange for a consideration from them. The services provided are basically financial, administrative and technological support.

- Lease of real estate between Grupo Argos S.A. and/or its subsidiaries and Cementos Argos S.A. and/or its subsidiaries. The transaction involves Grupo Argos S.A. and/or its subsidiaries leasing space (offices, warehouses and/or lots) to Cementos Argos S.A. and or its subsidiaries in order for the latter to develop their activities, whether productive or administrative.

- Purchase and sale of energy between Celsia S.A. and Zona Franca Argos S.A.S. and Cementos Argos S.A., the transaction consists of Zona Franca Argos S.A.S. and Cementos Argos S.A. providing energy to Celsia S.A. for marketing purposes.

- Purchase and sale of coal between Cementos Argos S.A. and Sator S.A.S. The transaction involves Sator S.A.S supplying coal to Cementos Argos S.A. for it to be used in the production process of clinker.

- Air transport service between Internacional Ejecutiva de Aviación S.A.S. and Cementos Argos S.A. This deal consists of Internacional Ejecutiva de Aviación S.A.S. providing air transport service to senior executives of Cementos Argos S.A.

- Provision of business services. The transaction consists of SUMMA Servicios Corporativos Integrales S.A.S. providing specialized business services and administrative support services to Cementos Argos S.A. through the execution of an operating mandate agreement without representation, in exchange for a consideration by them. Among the services provided the following are offered: financial, administrative, legal assistance, procurement, human management, risks and insurance, communications and information technology, among others. In the exercise of the mandate agreement, SUMMA Servicios Corporativos Integrales S.A.S. will pay all necessary expenses to carry out its operations and at the end of each period will request the reimbursement of such expenses from Cementos Argos S.A.

41.2. TRANSACTIONS WITH RELATED PARTIES

During the year, Group companies were involved in the following commercial transactions and balances with related parties that are not members of the Group:

	Sale of Goods and Other Income		Purchase of Goods and Other Expenses		Amounts Receivable		Amounts Receivable	
	2017	2016	2017	2016	2017	2016	2017	2016
Parent company	14	127	2,564	5,478	1,787	1,676	34,862	32,316
Subsidiaries	4,744	15,839	83	10,028	4,746	2,560	101	116
Associates	465	19	36,733	36,634	6,321	3,631	11,369	4,482
Joint ventures	1,547	2,046	18,036	26,268	524	789	270	640
Key Management personnel	-	-	106,161	107,255	-	-	-	-
Related parties	**6,770**	**18,031**	**163,577**	**185,663**	**13,378**	**8,656**	**46,602**	**37,554**

As of December 31st, 2017 and 2016 the Group has not recognized impairment or impairment expense for the values receivable from related parties. The Group has not received or offered guarantees on balances receivable or payable to related parties.

Transactions between the reporting company and its related parties are carried out on terms equivalent to those in arm's-length transactions. The average term of accounts receivable from related parties regarding the sale of goods is 30 days, accounts payable between related parties have an average term of 60 days. The average term for loans for 2016 is one year, agreed to a rate of 5.22% in pesos

41.3. COMPENSATION OF THE BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The compensation of key management personnel during the year was as follows:

	2017	2016
Wages and other short-term employee benefits	98,679	102,279
Pension and other post-employment benefits	5,683	3,898
Severance benefits	1,799	1,078
	106,161	**107,255**

Key management personnel include members of the Board, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up of the President and Vice President), and of any other committee that depends directly on the Board of Directors of Cementos Argos and Grupo Argos, and Managers and their close relatives.

NOTE 42: BUSINESS COMBINATIONS

42.1. ACQUIRED SUBSIDIARIES AND GROUPS OF ASSETS

Acquired Subsidiaries or Groups of Assets	Core Business	Date acquisition	Proportion Of shares acquired	Consideration Transferred
Argos San Juan, Corp (antes Essroc San Juan Inc.) (i)	Production of cement	February 2017	100%	12,270

(i) On February 8, 2017, Cementos Argos S.A., through its subsidiary Wetvan Overseas Ltd., acquired from Essroc Cement Corp. all the shares of Essroc San Juan Inc., which operates a clinker and cement producing business in Puerto Rico. Cementos Argos S.A. indirectly holds a 60% stake in Wetvan Overseas Ltd., and the remaining 40% is owned by Inicia (formerly Vicini).

The purpose of the acquisitions was to execute an expansion and geographical diversification strategy for the company. This operation fits strategically with the current position of the Group in the Caribbean and allows Argos to expand its presence in Puerto Rico, as well as to explore export markets from the island to the region, relying on the Company's logistics network

42.2. ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE DATE OF ACQUISITION

The following table shows the allocation of the total price paid for the acquisitions in the identified assets and liabilities assumed in the combination:

	Argos San Juan, Corp.
Cash and cash equivalents	2,670
Trade receivables and other accounts receivable	7,582
Inventories	8,171
Other non-financial current assets	286
Current assets	**18,709**
Accounts receivable	2,273
Property, plant and equipment, net	25,433
Investment property, net	2,914
Non-current assets	**30,620**
Total identifiable assets	**49,329**
Trade liabilities and accounts payable	14,329
Taxes, liens and duties	616
Employee benefits	1,596
Current provisions	49
Current and total liabilities assumed	**16,590**
Total net identifiable assets and assumed at fair value	**32,739**
Non-controlling interests	8,180
Gain generated from the acquisition	(12,289)
Consideration:	
Cash	12,270
Total consideration:	**12,270**
Costs related to the acquisition	713

The transaction costs related to the acquisition consist mainly of investment banking fees and consultancy fees related to the due diligence process. Costs related to the acquisition not associated with the issuance of financial instruments have been excluded from the transferred consideration and have been recognized as an expense for the period under "other expenses" and "administrative expenses" in the consolidated income.

42.4. NET CASH FLOW ON THE ACQUISITION OF SUBSIDIARIES

	Argos San Juan, Corp.
Consideration paid in cash	12,270
Transaction costs of the acquisition (included in the cash flow for operating activities)	713
Minus: balance of cash and cash equivalents acquired (included in the cash flow of investment activities)	2,670
Net cash flow at the date of acquisition	**10,313**

42.5. SUBSIDIARIES AND GROUP OF ASSETS ACQUIRED IN PREVIOUS PERIODS

Acquired Subsidiaries or Groups of Assets	Core Business	Date acquisition	Proportion Of shares acquired	Consideration Transferred
Assets acquired in West Virginia (i)	Production of cement	November, 2016	-	2,088,959

(i) On August 17, 2016, Argos USA LLC, a subsidiary of Cementos Argos S.A., signed an agreement with Heidelberg Cement AG through its North American subsidiaries, Lehigh Hanson Inc. and Essroc Cement Corp., to acquire a cement production plant in Martinsburg, West Virginia (USA) and eight cement terminals for USD $660 million. The closing of the agreement was subject to approval by the Federal Trade Commission (FTC) and other customary closing conditions. On November 30, 2016, Argos USA LLC, a subsidiary of Cementos Argos S.A., finalized the acquisition of assets after approval from the Federal Trade Commission (FTC), the regulatory agency in the USA, and compliance with the closing conditions.

As of December 31, 2016, the initial accounting of the combination of business assets acquired from Heidelberg was conducted using provisional fair values. As of November 30, 2017, the provisional accounting ended with the final estimates of the fair value of the net assets acquired. The goodwill resulting from the adjustment of the provisional values of the business combination, is a decrease of ($31,853). The adjustments to the provisional values of the business combination are provided below for each identified asset and assumed liability.

	Assets acquired to Heidelberg		
	Provisional values as of December 2016	Adjustments to provisional values	Definitive values as of December 2017
Inventories	91,416	(2,700)	88,716
Current assets	**91,416**	**(2,700)**	**88,716**
Other intangible assets, net	79,855	6,995	86,850
Property, plant and equipment, net	1,921,658	16,741	1,938,399
Non-current assets	**2,001,513**	**23,736**	**2,025,249**
Total identifiable assets	**2,092,929**	**21,036**	**2,113,965**
Trade liabilities and accounts payable	5,064	(5,064)	-
Other non-financial current liabilities	1,203	(1,203)	-
Total current liabilities	**6,267**	**(6,267)**	**-**
Non-current provisions	5,628	5,374	11,002
Other liabilities	26,491	(15,004)	11,487
Non-current liabilities	**32,119**	**(9,630)**	**22,489**
Total assumed liabilities	**38,386**	**(15,897)**	**22,489**
Total net identifiable assets and assumed	**2,054,543**	**36,932**	**2,091,476**
Goodwill generated from the acquisition	34,416	(31,853)	2,563
Cash	2,088,959	5,080	2,094,039
Total consideration	**2,088,959**	**5,080**	**2,094,039**
Costs related to the acquisition	16,093	(3,433)	12,660

NOTE 43: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Certain contingent conditions may exist at the date when the financial statements are issued, which may result in a loss for the Group. These contingencies will be resolved in the future when one or more events occur or when the probability that they may occur varies. Such contingencies are estimated by the Administration and its legal counsel.

The estimate of loss contingencies necessarily involves an exercise of professional judgment and is a matter of opinion. In the estimate of loss contingencies in legal proceedings that are pending against the Group, legal advisors evaluate, among other things, the merit of the claims, the courts' jurisprudence and the current status of each case. The Group considers that these issues will be resolved without any significant effect on our operations, financial position or operating results.

43.1. CONTINGENT LIABILITIES

At the date of preparation of the notes to the financial statements, we report that Argos is party to legal proceedings of different natures, acting both as plaintiff and defendant, which are being addressed diligently by qualified attorneys hired by the company. The conflicts are of civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Argos. The appropriate reserves have been estimated for these processes based on criteria such as the nature of the process, the evidence contained, economic factors , the possible sentence projected, etc., which will cover the possi-ble unfavorable sentences or decisions that may occur. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

Transmilenio Lawsuit

Due to some structural defects in the pavement in the North Highway Project in Bogota DC developed by Transmilenio S.A. (hereinafter "Project"), there are currently two class action suits against the Mayor of Bogota, the Institute of Urban Development, Concretos Argos S.A. and certain public officials and suppliers of the Project. The class action suits indicate that Concretos Argos S.A., along with other suppliers, provided building materials that did not meet the required technical specifications, and as a result structural defects occurred in the pavement of the North Highway Project.

Currently, the aforementioned class action suits are nearing completion of the evidence phase and we have not recorded any accounting reserve as we consider that we have enough arguments to refute any liability that is attributed to the company by these lawsuits.

Transfer pricing with the National Tax and Customs Department (DIAN for its Spanish acronym)

Lawsuit filed by the company against the Official Liquidation Revision due to differences in appreciation between the DIAN and the company regarding the classification of a credit operation with related parties abroad and the application of article 35 of the Tax Code. The company maintains that the presumptive interest (DTF) cannot be applied to operations carried out with econo-mic parties abroad because it is a domestic rate that cannot serve as a basis for the determination of an international financial operation, contrary to what is claimed by the DIAN.

The proceeding is currently on its second instance after an appeal was filed against the ruling of the first instance which was unfavorable to the Company's interests. Although the financial impact of an adverse resolution is valued at $12,000 million, we have not recorded any accounting reserve as we consider that we have enough arguments to refute any liability that is attributed to the company.

Administrative procedure carried out by the Superintendency of Industry and Commerce against Cementos Argos S.A. and others due to alleged commercial practices that restrict competition.

In December 2017, the Superintendency of Industry and Commerce issued Resolution 81391 (the "sanction resolution") through which it decided to impose sanctions on Cementos Argos S.A. and two other cement companies due to an alleged conscious parallelism in setting the prices of Type 1 Portland cement during the period of 2010-2012. Cementos Argos S.A. filed an appeal for reconsideration on December 19, 2017 against the decision of the Superintendency of Industry and Commerce, which, to date, has not been resolved. The sanction resolution is not in force due to the appeal for reconsideration and, because of this, the fine imposed on Cementos Argos S.A. Is not currently enforceable.

The appeal for reconsideration clearly showed that there was no collaborative relationship with competitors and that, on the contrary, the company competed independently and autonomously through a value proposition that was different and valued by its customers. Cementos Argos S.A. will exercise all legal options to prove the correct behavior of the company and its leaders, and will trust in the objectivity, responsibility, and proper functioning of the country's institutions, and in the appropriate evaluation of the evidence provided.

In the event the contingency is consolidated, the imposed sanction would amount to $73,771. This sum would be required to be paid within 5 business days of the date on which the sanction resolution is confirmed, if it this is eventually the case. This sum currently accrues no interest, as, pursuant to Article 3 of the Sanction Resolution, interest would only be accrued at an annual rate of 12% after the expiration of the five (5) business day term following the execution of the decision.

The possibilities of success of the appeal enable us to rate the contingency as possible, pursuant to the criteria established in the IFRS. Thus, it is not necessary to recognize a provision for this contingency in the consolidated financial statements. As of December 31st, 2017, the Group estimates that the appeal may be resolved within a period of 2 to 6 months.

In the event the sanction resolution is confirmed, it is possible for Cementos Argos S.A. to file an invalidity action and a restoration of rights through which it could be reimbursed for the fine that was paid and it would be monetarily updated. These types of procedures could take up to 5 to 7 years.

Lawsuit concerning the contractual relationship between Argos Honduras and Transportes Barahona, S. de R.L

Litigation related to the contractual relationship between Argos Honduras and Transportes Barahona, S. de R.L. Transportes Barahona, S. de R.L. (hereinafter "Barahona") sued Lafarge Cementos S. A. de C.V., currently Argos Honduras S. A. de C.V. (hereinafter "Argos Honduras) on May 29, 2012. The plaintiff based the lawsuit on a contractual relationship that existed between Argos Honduras and Barahona, in which the latter extracted pozzolana and transported it to the plant. Barahona supported their claim by alleging that when Argos Honduras stopped issuing purchase orders in January 2012, what it actually did was terminate a contract that was valid until July 2014. They alleged that a specific purchase order had been "tacitly renewed" until July 2014.

The first instance court ruled in favor of Barahona affirming there had been an express renewal. The court took the value of the damages that had been requested by Barahona, 421,267,427 lempiras. The second instance court confirmed the ruling of the first court. On August 19, 2014, Argos Honduras filed a cassation appeal with the Supreme Court of Justice of Honduras, which ruled in its favor on May 27, 2015. In this ruling, the Supreme Court of Justice of Honduras declared Barahona's lawsuit null and void, acquitted Argos Honduras of any payment to Barahona, and ordered Barahona to pay the costs. On October 5, 2015, the plaintiff filed an extraordinary appeal known as a Revision with the Constitutional Chamber of the Supreme Court of Justice seeking to void the cassation ruling by alleging that the simple fact that their claim was ruled against showed irregularities due to collusion between the members of the Civil Chamber and Argos Honduras officials. The Revision was admitted for process even though no evidence of the alleged irregularity was provided. By the end of 2017, the Constitutional Chamber of the Supreme Court of Justice still had not resolved the Revision.

In order to proceed with the Revision, it must be proved there were irregularities in the issue of the cassation ruling. Given that in this case there are no indications of potential irregularities, Argos Honduras and the law firm of Saavedra y Asociados, external advisers in this case, consider it is likely that the Supreme Court of Justice will confirm the cassation ruling.

By virtue of the stock purchase agreement between Cementos Argos S.A. and the Lafarge Group, through which the company acquired 53.28% of the shares of Argos Honduras, the Lafarge Group will indemnify the company for the damages incurred as a result of the litigation brought forth by Barahona. Said indemnification by the Lafarge Group is subject to a deductible, which shall be borne by Cementos Argos S.A., and is equivalent to 30% of the damages incurred by the company (if the damages exceed €4,630,790, the deductible will be in this amount).

Litigation concerning Puerto Colombia

An individual plaintiff filed a class action lawsuit claiming that we have violated the collective rights of the municipality of Puerto Colombia, in the Department of Atlántico. Specifically, the plaintiff argued that we have not complied with the payment of royalties owed to the municipality, in connection with our operation of certain mining concessions. The applicant also argues that our trucks have entered prohibited areas without appropriate permission. The plaintiff seeks compensation on behalf of the municipality of Puerto Colombia in the cumulative sum of COP $44 billion. Currently, the process is in a first instance proceeding. We have not recorded any accounting reserve since we believe we have a strong argument, however, an adverse ruling could have a materially important negative effect on our operating results.

Litigation concerning Exotika Leather S.A.

Canteras de Colombia SAS owns a mining concession located in the village of Arroyo de Piedra, Municipality of Luruaco, Department of Atlántico, for the extraction of aggregates; for this, in November 2010 the Regional Autonomous Corporation of the Atlantic (hereinafter CRA) authorized the use of explosives for the exploitation of the mining title; about 2 kilometers away on the San Jose estate, there is an caiman animal breeding nursery of EXOTIKA LEATHER SA that produces hides for export. The owners of the animal breeding nursery complained to the environmental authorities that caiman in captivity were undergoing behavioral changes resulting from the blasting carried out in the mine, leading to stress-induced mutual attacks which caused damage to the hide earmarked for exporting. All this occurred during 2011 and 2012.

In February 2016, Cementos Argos S.A. and Canteras de Colombia S.A.S. were notified of a lawsuit seeking civil tort payment damages in the sum of COP $21 billion pesos. Currently, the process is in a first instance proceeding, and the defendants contested the claims

The Gates at Williams-Brice Condominium Association and Katharine Swinson, individually and on behalf of all others similarly situated v. DDC Construction, Inc. et al.

This is class action lawsuit filed in South Carolina state court in December 2012, against approximately 50 different defendants alleging various claims for negligent design and construction of a residential condominium project in Columbia, South Carolina.

Southern Equipment Company Inc. (now Argos USA LLC, “RMCC”)) was named as a party to the lawsuit in March 2014. The plaintiffs allege that the concrete supplied by RMCC for the project was defective due to excessive air entrainment. The plaintiffs have settled with all parties to the litigation with the exception of RMCC and five other defendants.

The case is currently in discovery. Settlement discussions are on-going. The plaintiff’s last settlement demand was USD$100 against a settlement offer of USD$50 by RMCC.

It is not possible at this time to express an opinion on the probable outcome of this matter or the liability, if any, on the part of Argos.

McGaffin et al vs. Cementos Argos S.A., Argos USA Corp., Argos Cement LLC y Argos Ready Mix LLC.
This is a class action lawsuit filed in the United States District Court for the Southern District of Georgia on May 10, 2016. The lawsuit alleges that the concrete manufactured and distributed by Argos for various residential projects in the State of Georgia was defective due to the use of inferior and excessive amounts of fly ash in the mix design. The plaintiffs claim unspecified damages in excess of USD5 million.

The case is in its preliminary stages and it is not possible at this time to express an opinion on the probable outcome of this matter or the liability, if any, on the part of Argos.

Vision Construction Ent., Inc. vs. Argos Ready Mix, LLC
This is a class action lawsuit originally filed in the Circuit Court for Escambia County, Florida on October 15, 2015. The lawsuit alleges that the fuel charge and environmental fee charged by Argos in connection with the sale of concrete in the State of Florida are unlawfully deceptive and unfair and in breach of the underlying contract. Argos removed the case to the United States District Court for the Northern District of Florida in November 2015 since the matter, among other things, satisfied the Federal jurisdictional limit that the potential amount in controversy exceeds USD$5 million.

The case is in its preliminary stages and it is not possible at this time to express an opinion on the probable outcome of this matter or the liability, if any, on the part of Argos.

Southeast Ready Mix, LLC and Mayson Concrete, Inc. v. Argos North America Corp. et al
This is a lawsuit filed on July 24, 2017 with the United States District Court for the Northern District of Georgia. The lawsuit alleges various violations of antitrust law by Argos and a number of its competitors in the ready mix and cement markets.

The case is in its preliminary stages and it is not possible at this time to express an opinion on the probable outcome of this matter or the liability, if any, on the part of Argos.

Pro Slab, Inc. v. Argos North America Corp. et al.
This is a class action lawsuit filed on November 22, 2017 with the United States District Court for the District of South Carolina. The lawsuit alleges various violations of antitrust law by Argos and a number of its competitors in the ready mix and cement markets.

The case is in its preliminary stages and it is not possible at this time to express an opinion on the probable outcome of this matter or the liability, if any, on the part of Argos

Argos North America Corp. Texas Franchise Tax Audits (2008 & 2009)

In June 2016, the Texas Comptroller of Public Accounts completed its audit of the Argos 2008 and 2009 state franchise tax returns. The Comptroller disallowed a percentage of certain delivery costs from the cost of goods sold deduction and, as a result, assessed additional taxes of USD$638 for 2008 and USD$822 for 2009 plus interest. Subsequent taxes year remain open and subject to audit by the Comptroller.

The company requested a redetermination hearing. The Comptroller granted the request in January 2017. The redetermination hearing has not been scheduled yet.

The Comptroller asserted a similar tax position with U.S. Concrete, Inc., a third party ready mix competitor with operations in Texas. U.S. Concrete brought suit against the Comptroller in Texas state court and the court ruled in favor of the Comptroller. That decision is currently on appeal.

43.2. CONTINGENT ASSETS

At the date of preparation of the notes to the financial statements, Cementos Argos S.A. and its subsidiaries were not party to any legal proceedings, as a plaintiffs, where the income or recovery of contingent assets were expected to exceed five billion pesos ($5,000) individually. Additionally, there are executive processes initiated by Cementos Argos S.A. and its subsidiaries against third parties for the recovery of the portfolio through legal proceedings. We consider that the estimated time of completion of these processes ranges from three (3) to eight (8) years approximately.

NOTE 44: EVENTS OCCURRED AFTER THE REPORTING PERIOD

Between December 31, 2017 and the date of issuance of the Group's consolidated financial statements, no subsequent events have occurred that could be considered significant involving adjustments to the financial statements or in disclosures.

Certification of the Legal Representative of the Company

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

In my capacity as legal representative, I certify that the annual separate financial statements ended as of December 31, 2016 and 2017, do not contain flaws, inaccuracies or material errors that prevent knowing the true asset situation or the operations carried out by Cementos Argos S.A. The above to comply with article 46 of Law 964 of 2005.

For the record, it is signed on February 12, 2018.

Juan Esteban Calle
Legal Representative

Certification of the Legal Representative and the Corporate Accounting Manager of the Company

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

The undersigned legal representative and corporate accounting manager of Cementos Argos S.A., certify in accordance with the Article 37 of Law 222 of 1995, that the annual separated financial statements completed as of December 31, 2016 and 2017, have been faithfully taken from the accounting books and that before being placed at your disposal and that of third parties, we have verified the following statements contained in them:

1. All assets and liabilities exist and all registered transactions have been made during said years.
2. All the economic facts made by the company have been recognized.
3. The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic commitments (obligations), obtained or in charge of the company.
4. All elements have been recognized for their appropriate values in accordance with the applicable financial reporting regulations in Colombia.
5. All economic events that affect the company have been correctly classified, described and disclosed.

For the record, it is signed on February 12, 2018.

Juan Esteban Calle
Legal Representative

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

Deloitte.

Statutory Auditor's Report

To the shareholders of
Cementos Argos S.A.:

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

I have audited the accompanying CEMENTOS ARGOS S.A. financial statements, which include the statement of financial position as of December 31, 2017, the income statement and other comprehensive income, changes in net equity and cash flows for the year ended on that date, and a summary of significant accounting policies, as well as other explanatory notes.

Management's Responsibility over the Financial Statements

Management is responsible for the preparation and correct presentation of these financial statements in accordance with the accounting and financial reporting standards accepted in Colombia, and for the internal control that management considers relevant for the preparation and correct presentation of the financial statements free of significant errors, either by fraud or error; selecting and applying the appropriate accounting policies; as well as making the accounting estimates that are reasonable in the circumstances.

Statutory Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I performed the audit in accordance with international auditing standards accepted in Colombia. Those standards require that I comply with ethical requirements and that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit consists of developing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the professional judgment of the auditor, including the assessment of the risks of significant errors in the financial statements. In the risk assessment, the auditor considers the internal control of the company that is relevant to the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate according to the circumstances. An audit also includes evaluating the accounting policies used and the significant accounting estimates made by management, as well as evaluating the general presentation of the financial statements.

I believe that the audit evidence obtained provides me with a reasonable basis to express my opinion.

Opinion

In my opinion, the accompanying financial statements, taken from the accounting books, reasonably present, in all material respects, the financial situation of Cementos Argos S.A. as of December 31, 2017, the result of its operations and cash flows for the year ended on that date, in accordance with the accounting and financial information standards accepted in Colombia.

Other Issues

The accompanying financial statements were prepared to comply with the statutory provisions of statutory information to which the company is subject to as an independent legal entity and, therefore, do not include the adjustments or eliminations necessary for the presentation of the financial situation and the consolidated results of the company and its subordinates. These financial statements should be read in conjunction with the consolidated financial statements of Cementos Argos S.A. and its subsidiaries.

The financial statements as of December 31, 2016, which are included for comparative purposes only, were audited by another fiscal auditor appointed by Deloitte & Touche Ltda., who expressed their opinion without reservations on February 24, 2017.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the scope of my audit, I inform that the company has kept its accounting in accordance with the legal norms and the accounting technique; the transactions recorded in the accounting books, correspondence, account vouchers and the books of minutes and of the register of shares are kept and preserved; the management report of the administrators keeps the due agreement with the basic financial statements and includes the constancy on the part of the administration about not having hindered the free circulation of the invoices issued by the sellers or suppliers; and the information contained in the self-assessment statements of contributions to the Integral Social Security System, in particular the one related to the bundles and their income base contribution, has been taken from the records and accounting supports. As of December 31, 2017, the Company is not in default due to contributions to the Integral Social Security System. Likewise, the mechanisms for the prevention and control of money laundering have been implemented in accordance with what has been established by the Financial Superintendency.

According to article 1.2.1.4 of Decree 2420 of 2015, the tax inspector will apply the ISAE, in development of the responsibilities contained in article 209 of the Code of Commerce, related to the evaluation of compliance with the statutory provisions and the assembly or board of partners and with the evaluation of internal control. Likewise, according to Article 1.2.1.5 of said Decree, for purposes of the application of article 1.2.1.4, it will not be necessary for the statutory auditor to prepare separate reports, but to express an opinion or concept on each of the topics contained in them. The Technical Council of Public Accounting will issue the necessary technical guidelines for these purposes.

Based on the evidence obtained in the development of my tax audit, during 2017, in my opinion, nothing has caught my attention that makes me think that: a) the acts of the company's administrators do not conform to the bylaws and/or the decisions of the General Assembly of Shareholders and b) the measures of internal accounting control, conservation and custody of the assets of the company or of third parties that are in its power do not exist or are not adequate.

Daniel Augusto Bernal Jaramillo
Statutory Auditor
T.P. No. 94411 - T
Designated by Deloitte & Touche Ltda.

12 February 2018.

Cementos Argos S. A.

SEPARATE STATEMENT OF FINANCIAL POSITION

Periods ended December 31st | (Millions of Colombian Pesos)

	Notes		2017		2016
ASSETS					
Current assets					
Cash and cash equivalents	5	$	49,725	$	117,587
Derivative financial instruments	6		102		-
Trade debts and other accounts receivable, net	8		709,315		835,952
Balances in favor of taxes	9		124,885		123,581
Inventories	10		114,021		139,250
Prepaid expenses			19,685		15,818
Total current assets		**$**	**1,017,733**	**$**	**1,232,188**
Non-current assets					
Trade debts and other accounts receivable, net	8		310,900		789,885
Investments in subsidiaries	13		8,031,751		7,082,018
Investments in associates and joint ventures	12		61,420		56,420
Derivative financial instruments	6		151		650
Other financial assets	7		1,157,061		1,371,388
Other intangible assets, net	14		363,237		379,227
Biological assets	11		21,199		20,870
Property, plant and equipment, net	15		2,297,202		2,073,902
Investment properties, net	16		116,796		105,298
Total non-current asset		**$**	**12,359,717**	**$**	**11,879,658**
TOTAL ASSETS		**$**	**13,377,450**	**$**	**13,111,846**
LIABILITIES					
Current liabilities					
Financial obligations	17, 18		826,822		472,596
Commercial liabilities and accounts payable	20		543,234		570,199
Taxes, charges, and fees	9		61,319		65,343
Liability for employee benefits	21		66,355		72,669
Provisions	22		7,959		28,728
Derivative financial instruments	6		3,622		101,135
Outstanding bonds and preference shares	24		130,312		475,621
Received revenue, in advance and other liabilities	23		67,975		72,428
Total current liabilities		**$**	**1,707,598**	**$**	**1,858,719**
Non-current liabilities					
Financial obligations	17, 18		121,233		240,858
Commercial liabilities and accounts payable	20		3,739		5,766
Liability for employee benefits	21		293,126		271,125
Derivative financial instruments	6		-		3,239
Provisions	22		35,900		31,848
Outstanding bonds and preference shares	24		2,851,563		1,948,877
Other liabilities	23		15,830		15,830
Net liabilities for deferred tax	9		7,485		84,389
Total non-current liabilities		**$**	**3,328,876**	**$**	**2,601,932**
TOTAL LIABILITIES		**$**	**5,036,474**	**$**	**4,460,651**
EQUITY (See attached Statement)	**26,27,28**	**$**	**8,340,976**	**$**	**8,651,195**
TOTAL LIABILITIES AND EQUITY		**$**	**13,377,450**	**$**	**13,111,846**

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

Juan Esteban Calle
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio C.
Corporate Accouting Manager
T.P. 47208-T (See attached certification)

Daniel Augusto Bernal J.
Statutory Auditor | T.P. 94411-T
Appointed by Deloitte & Touche Ltda.
(See attached certification)

Cementos Argos S. A.

SEPARATE COMPREHENSIVE INCOME STATEMENT

Periods ended December 31st | (Millions of Colombian Pesos)

	Notes		2017		2016
Operating income	**29**	**$**	**1,411,396**	**$**	**1,623,903**
Cost of merchandise sold			1,092,971		1,113,273
Gross profit		**$**	**318,425**	**$**	**510,630**
Administration expenses	30		278,866		314,101
Selling expenses	31		76,636		91,809
Other (expenses) operating income, net	32		(34,524)		69,189
Impairment of assets			-		49,033
(Loss) Operating income		**$**	**(71,601)**	**$**	**124,876**
Financial expenses, net	33,34		238,631		223,141
Net exchange gain, net			7,771		2,245
Net share in the result of investments			268,656		775,441
(Loss) Profit before income tax		**$**	**(33,805)**	**$**	**679,421**
Income tax	9		(24,596)		(34,215)
(Loss) Net profit for the year	**35**	**$**	**(9,209)**	**$**	**713,636**
OTHER COMPREHENSIVE NET INCOME OF TAXES					
Items that will not be reclassified, after the result of the period:					
Losses due to new measurements of obligations for defined benefits		$	(19,141)	$	(39,240)
Earnings from equity investments measured at fair value			60,274		156,623
Income tax on components that will not be reclassified			568		29,448
Total items that will not be reclassified, after the result of the period		**$**	**41,701**	**$**	**146,831**
Items that will be reclassified, after the result of the period:					
Net earnings of instruments in cash flow hedges			1,467		15,064
Exchange differences for business translation abroad			33,234		(258,349)
Income tax of the components that will be reclassified			(4,014)		(6,392)
Total items that will be reclassified, after the result of the period		**$**	**30,687**	**$**	**(249,677)**
Other comprehensive income, net of taxes		**$**	**72,388**	**$**	**(102,846)**
TOTAL COMPRENSIVE INCOME FOR THE PERIOD		**$**	**63,179**	**$**	**610,790**

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

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Legal Representative
(See attached certification)

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T.P. 47208-T (See attached certification)

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Cementos Argos S. A.

SEPARATE CHANGES IN EQUITY STATEMENT

Periods ended December 31st | (Millions of Colombian Pesos)

	Issued capital	Reacquired owned shares	Legal reserves	Other reserves	Accumulated income	Other comprehensive income - accumulated	Cementos Argos S.A. equity without subsidiaries	Reserves of subsidiaries	Accumulated income in subsidiaries	Other comprehensive income - subsidiaries	Total equity
Balance as of January 1, 2016	**1,558,290**	**(113,797)**	**13,845**	**1,130,759**	**2,044,353**	**1,589,460**	**6,222,910**	**10,836**	**(5,971)**	**1,845,196**	**8,072,971**
Profit for the Period	-	-	-	-	(61,806)	-	(61,806)	-	775,442	-	713,636
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(82,004)	(82,004)	-	-	(20,842)	(102,846)
Comprehensive income for the period	**-**	**-**	**-**	**-**	**(61,806)**	**(82,004)**	**(143,810)**	**-**	**775,442**	**(20,842)**	**610,790**
Transfers from other comprehensive income	-	-	-	-	209,090	(209,090)	-	-	-	-	-
Preferred cash dividends	-	-	-	-	(260,145)	-	(260,145)	-	-	-	(260,145)
Capitalization of reserves	584,023	-	-	(584,023)	-	-	-	-	-	-	-
Constitution of reserves	-	-	-	224,857	-	-	224,857	90,621	(90,621)	-	224,857
Release of reservations	-	-	-	-	(224,857)	-	(224,857)	(30)	30	-	(224,857)
Wealth tax	-	-	-	(34,706)	-	-	(34,706)	(18,536)	-	-	(53,242)
Other variations	-	-	-	-	-	-	-	12,161	268,660	-	280,821
Balance as of December 31, 2016	**2,142,313**	**(113,797)**	**13,845**	**736,887**	**1,706,635**	**1,298,366**	**5,784,249**	**95,052**	**947,540**	**1,824,354**	**8,651,195**
Balance as of January 1, 2017	**2,142,313**	**(113,797)**	**13,845**	**736,887**	**1,706,635**	**1,298,366**	**5,784,249**	**95,052**	**947,540**	**1,824,354**	**8,651,195**
Profit for the Period	-	-	-	-	(277,865)	-	(277,865)	-	268,656	-	(9,209)
Other comprehensive income for the period, net of income tax	-	-	-	-	-	35,115	35,115	-	-	37,273	72,388
Comprehensive income for the period	**-**	**-**	**-**	**-**	**(277,865)**	**35,115**	**(242,750)**	**-**	**268,656**	**37,273**	**63,179**
Transfers from other comprehensive income	-	-	-	-	272,870	(272,870)	-	-	-	-	-
Ordinary cash dividends	-	-	-	-	(251,065)	-	(251,065)	-	-	-	(251,065)
Preferred cash dividends	-	-	-	-	(43,461)	-	(43,461)	-	-	-	(43,461)
Extraordinary dividends on ordinary and preferred cash dividends	-	-	-	-	(29,939)	-	(29,939)	-	-	-	(29,939)
Constitution of reserves	-	-	71,364	315,663	-	-	387,027	61,906	(61,906)	-	387,027
Release of reservations	-	-	-	-	(387,027)	-	(387,027)	(1,042)	1,042	-	(387,027)
Wealth tax	-	-	-	(13,918)	-	-	(13,918)	(16,039)	-	-	(29,957)
Other variations	-	-	-	-	-	-	-	12,403	(31,379)	-	(18,976)
Balance as of December 31, 2017	**2,142,313**	**(113,797)**	**85,209**	**1,038,632**	**990,148**	**1,060,611**	**5,203,116**	**152,280**	**1,123,953**	**1,861,627**	**8,340,976**

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

Juan Esteban Calle
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio C.
Corporate Accouting Manager
T.P. 47208-T (See attached certification)

Daniel Augusto Bernal J.
Statutory Auditor | T.P. 94411-T
Appointed by Deloitte & Touche Ltda.
(See attached certification)

Cementos Argos S. A.

SEPARATE CASH FLOW STATEMENT

Periods ended December 31st | (Millions of Colombian Pesos)

	Notes		2017		2016
CASH FLOWS OF OPERATING ACTIVITIES					
(Loss) Profit		$	**(9.209)**	$	**713.636**
Adjustments to reconcile the (loss) profit:					
Depreciation and amortization	35		131,280		156,330
Income tax	9		(24,596)		(34,215)
Financial expenses, net	33,34		238,631		273,106
Increase (decrease) provisions, defined post-employment benefit plans			20,350		(19,038)
(Reversals) impairment of value property, plant and equipment, inventories, and debtors			(3,491)		60,804
Gain on difference in exchange			(7,771)		(37,808)
Loss for measurement at fair value and amortized cost			6,735		19,516
Net participation in investment profit			(268,656)		(775,441)
Loss due to disposal of non-current assets			34		5,183
Other ineffective income and expenses			(38,871)		(59,573)
Change in working capital of:					
Increases (decrease) in inventories			24,315		(10,933)
Increase in debtors and other accounts receivable			485,419		60,464
Decrease in other assets			(3,867)		(29,916)
Increase in creditors, other accounts payable and other liabilities			(104,076)		(93,977)
Total adjustments to reconcile the (loss) profit			**455,436**		**(485,498)**
Net cash flows (used) from operacional activities		$	**446,227**	$	**228,138**
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Cash flows used to capitalize subsidiaries	13		(876,163)		-
Purchase of participations in associates and joint ventures			(5,000)		(125)
Amounts of the sale of property, plant and equipment, and investment properties			3,715		(3,833)
Purchases of property, plant and equipment, and investment properties			(332,084)		(228,987)
Amounts from the sale of financial instruments			292,046		237,637
Purchases of intangible assets			(15,608)		(3,394)
Dividends received			216,081		334,128
Other cash flows from investment activities			(1,262)		18,589
Net cash flows (used) from investment activities		$	**(718.275)**	$	**354,015**
CASH FLOWS FROM FINANCING ACTIVITIES					
Amounts from loans			1,876,838		2,392,096
Payments of loans and debt instruments			(1,623,922)		(2,634,672)
Payments of liabilities for financial leasing			(22,144)		(34,360)
Amounts from issuance of bonds			998,071		399,218
Payment of outstanding bonds			(440,000)		(212,561)
Interest paid			(264,248)		(272,496)
Dividends paid on ordinary shares			(271,143)		(217,643)
Dividends paid on preference shares			(49,266)		(45,082)
Cash flows by disposal of subsidiaries without loss of control			-		115,327
Net cash flows from financial activities		$	**204,186**	$	**(510,173)**
Net increase (decrease) in cash and cash equivalents		$	**(67,862)**	$	**71,980**
Cash and cash equivalents, at the inicial of the period	5		117,587		45,607
Cash and cash equivalents, at the end of the period		$	**49,725**	$	**117,587**

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

Juan Esteban Calle
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio C.
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T.P. 47208-T (See attached certification)

Daniel Augusto Bernal J.
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF CEMENTOS ARGOS S.A.

At December 2017 and 2016 (Millions of Colombian Pesos, except where indicated to the contrary)

NOTE 1: GENERAL INFORMATION

Cementos Argos S.A., is an anonymous commercial Company, constituted in accordance with Colombian Law on August 14, 1944, domiciled in the city of Barranquilla, Department of Atlántico, in the Republic of Colombia. The Company's corporate purpose is the operation of the cement industry, the production of concrete mixtures, and any other materials or articles, based on cement, lime, or clay, the acquisition and disposal of minerals or ore deposits, that can be used in the cement industry and similar, with rights to explore and exploit minerals of those indicated, either by concession, privilege, lease, or any other title. The terms of the Company duration expire, as August 14, 2060, with an extended duration. Its main headquarters is located at Via 40 Las Flores, Barranquilla. It has no established branches In Colombia or abroad.

Cementos Argos S.A., is part of the Grupo Empresarial Argos, whose Parent Company is the denominated, Grupo Argos S.A.

On February 12, 2018, the Board of Directors authorized the issuance of the corresponding Separate Financial Statements for the year ended, December 31, 2018.

NOTE 2: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. STATUS OF COMPLIANCE

The Separate Financial Statements of Cementos Argos S.A. have been prepared in accordance with the Accounting and Financial Information Standards, accepted in Colombia (NCIF), issued by the Ministries of Finance, Public Credit and Trade, and Industry and Tourism in the Republic of Colombia, which are based on International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (IASB), as at December 31, 2015.

2.2. BASIS OF PREPARATION AND ACCOUNTING POLICIESS

2.2.1. Basis for preparation

The Financial Statement include the Financial Statement of Cementos Argos S.A., at December 31, 2017. These have been prepared, based on historical cost, except for the measurement of certain financial assets and financial liabilities, and financial derivative instruments, which have been measured at fair value. The Company does not measure, on a recurring basis, assets, or non-financial liabilities, at fair value. The Separate Financial Statements are presented in Colombian Pesos, which is the functional currency of the Company, and all values are rounded to the nearest million units, except otherwise indicated.

The Financial Statement have been prepared on an accumulation or accrual accounting basis, except for cash flow information. Generally, historical cost is based on the fair value of the consideration, given in exchange for goods and services.

Fair value, is the price that would be received when selling an asset or would be paid, by transferring a liability, in an orderly transaction between market participants, at the measurement date, regardless of whether that price is directly observable, or estimated using another valuation technique. When estimating the fair value of an asset or liability, the Company considers the characteristics of the asset or liability, if market participants take these characteristics, into account, when assessing the asset or liability, at the measurement date. The fair value, for measurement and/or purposes of disclosure in these Separate Financial Statements, is determined on that basis, except for share-based payment transactions, that are within the scope of IFRS 2, lease transactions within the scope of IAS 17, and measurements that have certain similarities to fair value, but are not fair value, such as the realizable value in IAS 2, or the value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized as Level 1, 2, or 3, based on the extent to which fair value measurements entries are observable, and the importance of entries of fair value measurements, as a whole, and as described herewith:

- Level 1 entries are quoted (unadjusted) prices, in active markets for identical assets and liabilities, for which the entity has access, at the measurement date.

- Level 2 are entries, are different from the quoted prices included in the Level 1, and are observable for an asset or liability, either directly or indirectly.

- Level 3 entries are unobservable entries, for an asset or liability.

The main accounting policies are expressed subsequently

In addition, the Company complies with laws, decrees, and other applicable standards, and applies the following accounting criteria:

- External Circular No. 36 of 2014 of the Financial Superintendence of Colombia - Accounting treatment of the positive net differences, generated in the application of First-time Adoption of NCIF cannot be distributed to cover losses, perform capitalization processes, distribute profits and/or dividends, or be recognized as reserves. The negative net differences will not be included for the technical equity, minimum capital for operation, and other controls of the law, for the preparers of financial information, issuers of securities, subject to control.

- Decree 2496 of December 23, 2015, by which it is established that, investments in subordinates should be accounted for, in the books of the Parent or Controller, of the equity method, for the Separate Financial Statements, in accordance with Article 35 of Law 222 of 1995.

- Through the Law 1739 of December 23, 2014, the National Government establishes the tax on wealth. This tax is generated by the possession of wealth (gross assets less current debts) equal to or greater than 1,000 million pesos, between January 1 of the year 2015 to 2017. This law indicates that taxpayers may impute this tax against patrimonial reserves, without affect the profits of the year in the Separate Financial Statement. The Company recognized the wealth tax with a charge to the separate equity in accordance with the law, for the value of the tax recognized on January 1, 2017.

2.2.2. Accounting policies

Significant accounting policies

The following are the significant accounting policies that Cementos Argos S.A., applies in the preparation of its Separate Financial Statements:

1. FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recognized at fair value plus (minus) directly attributable transaction costs, except for those that are subsequently measured at fair value, through changes in the Income Statement. Cementos Argos subsequently measures financial assets and liabilities, at amortized cost or fair value, depending on the Company's business model to manage the financial assets, and the characteristics of the contractual cash flows of the financial instrument.

Financial assets

Financial assets, different than those at amortized cost, are subsequently measured at fair value with changes recognized in profit or loss. However, for investments in equity instruments, that are not held for trading purposes, Cementos Argos S.A. may elect, on initial recognition and irrevocably, present gains or losses from the measurement of fair value, in other comprehensive income. Upon the disposal of investments, at fair value, through the other comprehensive income, the accumulated value of the gains or losses, is transferred directly to accumulated gains, and is not reclassified to profit or loss, for the period. Dividends received in cash from these investments are recognized in the Statement of Comprehensive Income. Cementos Argos S.A. has chosen to measure some of its investments, in equity instruments, at fair value, through the other comprehensive income.
A financial asset is subsequently measured at amortized cost, using the effective interest rate, if the asset is held within a business model, whose purpose is to maintain it to obtain the contractual cash flows, and the contractual terms of the same, on specific dates, cash flows that are solely for payments of principal and interest, on the value of the outstanding capital.

A financial asset, or part of it, is derecognized from the Statement of Financial Position when control, contractual rights, or cash flows of the instrument are sold, transferred, expires, or is lost. A financial liability or a portion of it is derecognized from the Statement of Financial Position, when the contractual obligation has been liquidated or has expired.

When an existing financial liability, is replaced by another, from the same counterparty under substantially different conditions, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and recognition of a new liability, and the difference in the respective book values, are recognized in the Statement of Comprehensive Income.

Financial liabilities

The initial recognition, of financial liabilities, is recognized at fair value, and subsequently measured at amortized cost, using the effective interest rate method. Losses and gains are recognized in the Income Statement, when liabilities are derecognized, as well as, accrued interest, in accordance with *the effective interest rate method.*

The amortized cost is calculated, taking into account, any discount or acquisition premium, and the fees or costs, that are an integral part of *the effective interest rate method.*

The effective interest rate method is a method of calculating the amortized cost of a financial instrument and allocating financial income, over the relevant period. The effective interest rate is the discount rate that equalizes cash flows of receivables or payables (including commissions, basic points of interest paid or received, transaction costs, and other premiums or discounts, that are included in the calculation of the effective interest rate), over the expected life of the financial instrument or, where appropriate, in a shorter period, with the net book value, in the recognition initial.

Financial derivatives

Financial derivatives are measured at fair value, with changes in the Comprehensive Income Statement. Certain derivatives, embedded in other financial instruments (implicit derivatives), are treated as separate derivatives, when their risk and characteristics are not closely related to those of the main contract and are not recorded at its fair value with its unrealized profits and losses, in the results. Certain transactions, with derivatives that do not qualify, to be accounted for as hedging derivatives, are treated, and reported as derivatives for trading, even though they provide effective hedging for the management of risk positions. For derivatives, that qualify to be accounted for as hedge accounting, at the beginning of the hedging relationship, the Company formally designates and documents the relationship, and the objective of the risk management, and the strategy to execute the hedge.

The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the Company will evaluate the effectiveness of the changes in the fair value, of the hedging instrument, by offsetting exposure to changes in the fair value of the hedged item, or in the cash flows, attributable to the hedged risk. Such hedges are expected to be highly effective in achieving the offset of changes in fair value or cash flows, and are evaluated on a permanent basis, to determine that they, in fact, occurred during the reporting periods, for which they were designated. For purposes of hedge accounting, and those applicable to the Company, hedges are classified and accounted for as follows, once the strict criteria for accounting are met:

- Fair value hedges at fair value, when they cover the exposure to the changes of the assets or liabilities, or unrecognized firm commitments. The change in the fair value of a derivative, that is a hedging instrument, is recognized in the Statement of Comprehensive Income, under income, as cost or financial income. The change in the fair value of the hedged item, attributable to the hedged risk, is recognized as part of the book value, of the hedged item, and is also recognized in the Statement of Comprehensive Income, as cost or financial income.

- Cash flow hedges, when they cover the exposure to the variation in cash flows, attributed either to a particular risk, associated with a recognized asset or liability, or a forecast transaction, highly probable or at risk of exchange rate in an unrecognized firm commitment. Cash flow hedge accounting is intended for recognition of the fair value of the hedging instrument, in the other comprehensive income, for the application to the Income Statement, at the moment of, and at the rate that the hedged item affects them. Only the ineffectiveness of the derivative will be recognized in the Income Statement, as it occurs.

  The effective portion of the gain or loss, on the measurement of the hedging instrument, is recognized immediately in the other comprehensive income, while the ineffective portion is recognized, immediately, in the Statement of Comprehensive Income, in the Income Statement, as financial cost.

  The amounts recognized in the other comprehensive income are reclassified to the Statement of Comprehensive Income, under in profit and loss, when the hedged transaction affects the result, as well as when the financial income or financial expense is recognized, or when the forecasted transaction takes place. When the hedged item is the cost of a non-financial asset or liability, the amounts recognized in other comprehensive income are reclassified to the initial book value of the non-financial asset or liability. If the expected transaction or commitment is no longer expected to occur, the accumulated gain or loss, previously recognized in the other comprehensive income, is reclassified to the Statement of Comprehensive Income, under profit and loss.

  If the hedge instrument expires or is sold, is resolved, or is exercised without successive replacement or renewal of a hedge instrument by another hedging instrument, or if its designation as a hedge is revoked, any cumulative gain or loss, previously recognized in the other comprehensive income, remains in the other comprehensive result, until the expected operation or firm commitment affects the result.

Impairment of financial assets

Cementos Argos S.A. evaluates, at the end of each reporting period, whether there is objective evidence that a financial asset, or a group of assets, measured at amortized cost, is impaired. If there is any evidence of impairment, the value of the loss is measured as the difference between the book value of the asset and the present value of the estimated future cash flows, excluding future discounted losses, not discounted with the original effective interest rate of the financial asset. In order to recognize the impairment loss, the book value of the associated asset is reduced, and the loss is recognized in the Comprehensive Income Statement.

2. PROVISIONS FOR WITHDRAWAL FROM SERVICE, RESTORATION, AND REHABILITATION

Cementos Argos S.A. recognizes, as part of the cost of an item, of property, plant and equipment, when there is a legal or implicit obligation to dismantle an asset, or restore the place where it was constructed, the present value of the estimate of future costs that are expected to be incurred to perform the dismantling or restoration.

The provision for dismantling or restoration is recognized at the present value of the estimated future disbursements, to cancel the obligation. Cash flows are discounted at a risk-free rate, before taxes.

The estimated future cash flows, from dismantling or restoration, are reviewed periodically. Changes in the estimate, the expected dates of the disbursements, or the discount rate used to discount the flows, are recognized as an increase, or decrease, of the cost of dismantling included in property, plant and equipment. The change in the value of the provision, associated with the passage of time, is recognized as a financial expense, in the Statement of Comprehensive Income.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, in the Statement of Financial Position and in the Cash Flows Statement, include cash and banks, highly-liquid investments, readily convertible into a certain amount of cash and subject to insignificant risk of changes in its value, with a maturity of three months, or less, from the date of its acquisition.

4. EXPLORATION AND EVALUATION DISBURSEMENTS

Cementos Argos S.A. recognizes as expenditures for the period, for evaluation and disbursements of mineral resources, those disbursements incurred before demonstrating the technical and commercial feasibility of the exploitation project, despite whether they are directly related to, or associated with, the exploration activity and evaluation of mineral resources. If the disbursements meet the recognition conditions, they are recorded as intangible assets. These expenses will be recognized in the amount disbursed, at the time they are incurred.

5. MEASUREMENTS AT FAIR VALUE

Fair value, is the price that would be received for selling an asset, or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date. The fair value of all financial assets and liabilities is determined at the date of presentation of the Financial Statement, for recognition or disclosure in the Notes to the Financial Statement. The judgments include data, such as, liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instruments.

6. FOREIGN CURRENCY

Transactions in foreign currency, that correspond to those transactions in a currency, other than the functional currency of the entity, are initially recorded at the exchange rates of the functional currency in effect, at the date of the transaction. Subsequently, monetary assets and liabilities, in foreign currency, are converted at the exchange rate of the functional currency, in effect at the end of the period. Non-monetary items, that are measured at fair value, are translated, using the exchange rates at the date when their fair value is determined, and non-monetary items, measured at historical cost, are translated using the exchange rates prevailing at date, of the original transactions.

All exchange differences, on monetary items, are recognized in the Income Statement, with the exception of monetary items that provide effective coverage, for a net investment, in a foreign operation, and those from investments in shares, classified as fair value, through equity.

In the sale of a business abroad, which includes the sale of the entire Company's participation, in a business abroad and an arrangement involving a partial sale, of a participation in a joint venture, or an associate, that includes a foreign operation of which the retained interest becomes a financial asset, all accumulated differences in equity related to that operation, attributable to the owners of the Company, are reclassified from equity to income, for the period.

Additionally, with respect to the partial disposition of a subsidiary (which includes a business abroad), the entity will reassign the proportional part of the accumulated amount of the exchange differences to the non-controlling interests and they are not recognized in profit or loss. In any other partial provision (that is, partial disposition of associates or joint ventures, that do not involve the loss of significant influence and joint control by Cementos Argos), the entity reclassifies, to profit or loss, only the proportional part of the accumulated amount of the exchange differences.

The adjustments corresponding to goodwill and the fair value of identifiable assets and liabilities, acquired generated in the acquisition of a business abroad, are considered as assets and liabilities of said transaction and are converted at the exchange rate prevailing, at the end of each period over the period that is reported. The exchange differences that arise will be recognized in other comprehensive income.

7. IMPAIRMENT OF ASSETS

Cementos Argos S.A. evaluates the impairment of assets, when the facts and circumstances suggest that the book value of a cash-generating unit (CGU), may exceed its recoverable amount, or at least, at the end of each reporting period. When this happens, Cementos Argos S.A. measures, presents, and reveals, any impairment losses, resulting in the Comprehensive Income Statement.

8. IMPAIRMENT OF THE VALUE OF NON-FINANACIAL ASSETS

At the end of each period, Cementos Argos S.A. evaluates the existence of indications, that an asset may be impaired in value. The recoverable value of the asset, or cash-generating unit, is estimated when it is not possible to estimate the recoverable amount of an individual asset, at the time an impairment is detected, or at least annually, for intangible assets with indefinite useful life and intangible assets that are not yet in use. When a reasonable and consistent basis of distribution is identified, common assets are also allocated to individual cash-generating units or distributed to the smaller group of cash-generating units, for which a base can be identified of reasonable and consistent distribution.

The recoverable value of an asset is the greater value between fair value minus sales costs, whether it is an asset or a cash-generated unit and its value in use,

When an impairment loss is subsequently reversed, the carrying value of the asset (or cash-generating unit), increases to the revised estimated value of its recoverable amount, so that the increased book value, does not exceed the book value that would have been calculated, had the impairment loss for said asset (or cash-generating unit), not been recognized, in prior years. The reversal of an impairment loss is recognized automatically in the Income Statement.

9. TAXES

The expense from income tax represents the sum of the current income tax, payable, and the deferred tax.

Current income tax

Current assets and liabilities for income tax for the period, are measured by the amounts expected to be recovered, or paid to the tax authority. Income tax expense is recognized in current tax, in accordance with the reconciliation realized between the tax income, and the accounting profit, or loss, affected by the income tax rate, of the current year, and in accordance with, the established, in the tax regulations. The rates and tax regulations, used to compute such values, are those that are approved, or substantially approved, at the end of the reporting period, in the locations Cementos Argos S.A. operates, and generates taxable profits.

Deferred tax

Deferred income tax is recognized, using the liability method and calculated on the temporary differences, between the tax bases of assets and liabilities, and their book values. The deferred tax liability is recognized for taxable temporary differences, and the deferred tax asset is recognized for deductible temporary differences, as well as, for future compensation of unused tax credits and tax losses, to the extent that availability is probable, of future taxable income, against which they can be imputed. These assets and liabilities are not recognized, if the temporary differences arise from the initial recognition (other than the business combination) of other assets and liabilities, in an operation that does not affect the taxable profit, or the accounting gain.

A deferred liability must be recognized for taxable temporary differences, when associated with investments in subsidiaries and associates, and interests in joint ventures, except for those in which the Company is able to control the reversal of the temporary difference, and when there is a possibility that this cannot be reversed, in the near future. Deferred tax assets, arising from the deductible temporary differences, associated with such investments, and participation, are recognized, only to the extent that it is probable that the entity has future taxable income, against which to charge those temporary differences, and when there is a possibility that they can be reversed, in the near future.

The book value of a deferred tax asset, must be reviewed, at the end of each reporting period, and reduced to the extent that it deems it probable, that it will not have sufficient future taxable income to allow all, or in part, of the asset to be recovered. Deferred tax assets and liabilities must be measured using the tax rates, that are expected to be applied, in the period in which the asset is realized, or the liability is canceled, based on the rates (and tax laws) that at the end of the reporting period, have been approved or far advanced in the approval, after the approval process has been completed. The measurement of deferred tax liabilities and assets will reflect the tax consequences, arising from the manner in which the entity expects, at the end of the reporting period, to recover or settle the book value of its assets and liabilities. Deferred taxes are not discounted.

Deferred tax is recognized in the Income Statement for the period, except for related items, recognized outside profit or loss, in this case presented, in other comprehensive income, or directly in equity. In the case where a business combination, when the current or deferred tax arises from the initial accounting of the business combination, the tax impact is considered in the accounting of the business combination.

10. INTANGIBLE ASSETS

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets, acquired in business combinations, are recognized separately from commercial credit, at fair value, at the acquisition date (which is considered to, be their cost). After initial recognition, intangible assets are accounted for at cost, minus any accumulated amortization and any accumulated impairment losses. The cost of internally generated intangible assets, except for development costs that meet the recognition criteria, are not capitalized, and the disbursement is recognized in the Comprehensive Income Statement, at the time they are incurred.

Disbursements arising from research activities are recognized as expenses, in the period in which they are incurred. An intangible asset, generated internally, as a result of, development activities (or the development phase of an internal project), is recognized if, and only if, the following conditions are met:

- It is technically possible to complete the production of the intangible asset, so that it may be available for use or sale;

- There is an intention to complete the intangible asset in question, to use, or sell it;

- There is an ability to use or sell the intangible asset;

- The form in which the intangible asset will generate probable economic benefits in the future;La disponibilidad de los adecuados recursos técnicos, financieros o de otro tipo, para completar el desarrollo y para utilizar o vender el activo intangible, y

- The availability of adequate technical, financial, or other resources to complete the development and use, or sale, of the intangible asset; and

- The ability to reliably measure the disbursement, attributable to the intangible asset, during its development.

The amount initially recognized for an internally generated intangible asset, is the sum of the disbursements incurred, from the moment the item meets the conditions for its recognition, previously established. Subsequent to its initial recognition, an intangible asset, generated internally, will be accounted for at cost minus the accumulated amortization, and the accumulated amount of impairment losses, on the same basis, as the intangible assets, that are acquired separately.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at least at the end of each period. Changes in the estimated useful life of the asset are recognized prospectively. Amortization expenses of intangible assets, with finite useful lives are recognized in the Statement of Comprehensive Income. Intangible assets with indefinite useful lives are not amortized but are assessed for impairment. An intangible asset is written-off, at the time of its disposal, or when no future economic benefits are expected from its use, or disposal. Gains or losses, arising from derecognition of an intangible asset, are measured as the difference between the net proceeds, from the sale, and the book value of the asset is recognized in gains or loss, at the time the asset is derecognized.

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in policy decisions and financial operation of the investee, without having absolute control, or joint control, of the same. Investments in associates and joint ventures, are recognized in in the Separate Financial Statements, at the acquisition cost.

A joint venture is a joint arrangement, whereby the parties that have joint control have rights to the net assets of the arrangement. Joint control is the control distribution agreement contractually agreed upon, and exists only when decisions, over the relevant activities, require unanimous consent of the parties sharing control.

In the acquisition, of the investment in the associate or joint venture, any excess of the cost of the investment, on the distribution of the net fair value of identifiable assets and liabilities, of the investee, is recognized as goodwill, which is included in the carrying amount of the investment.

Any excess in the Company's distribution, net fair value of assets and liabilities, identifiable on the cost of investment, after its revaluation, is recorded immediately, in profit or loss, in the period in which the investment was acquired. The requirements IFRS 9 apply, in order to determine whether there is a need for accounting, of any impairment loss, regarding the Company's investment, in an associate or joint venture. The total book value of the investment, (including goodwill), is tested for impairment, in accordance with IAS 36, Impairment of Assets, as a single asset by comparing its recoverable amount (the greater value of use and fair value, minus the sales costs) to its book value. Any impairment loss recognized, forms part of the amount in investment books. Any reversal of such an impairment loss is recognized, in accordance with IAS 36, until the recoverable amount of the investment subsequently increases.

12. INVESTMENT PROPERTIES

Investment properties are assets (land or buildings considered in whole or in part, or both) held, (by the Company or by the lessee, under a finance lease) to earn rent, or goodwill, or both, rather than for: a) use in the production or supply of goods or services, or for administrative purposes; or b) the sale, in the ordinary course of business, including investment properties constructed for such purposes; they are initially measured at cost, plus all the costs associated with the transaction, and non-recoverable indirect taxes, after deducting financial or commercial discounts, and directly attributable costs to put investment property in the necessary conditions, so that it can operate, as planned by management. After initial recognition, investment properties are measured at cost, minus the accumulated depreciation and any accumulated impairment loss. An investment property is derecognized upon disposal, or when the property investment is permanently withdrawn from use, and no economic benefits expected to be received in the future of that sale. Any gains or losses arising from the derecognition of the property, (calculated as, the difference between net sales income, and the book value of the asset), is included in the results for the period, in which the property was withdrawn.

13. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets, and groups of assets, for sales are classified as, held for sale, if their book value will be recovered through a sales transaction, rather than through continuing use; these assets or groups of assets are presented separately, as current assets and liabilities, in the Statement of Financial Position at the lower of its book value, or fair value minus the cost to sell, and are not depreciated or amortized from the date of classification. This condition is met only when the sale is highly probable, and the asset (or group of assets for sale), is available for immediate sale, in its current state, subject only to terms that are usual and adapted for sales of such assets (or group of assets for sale). Management must be committed to the sale, which should be recognized, as a completed sale, within the period of one year, from the date of classification.

When the Company is committed to a sales plan, involving loss of control in a subsidiary, all assets and liabilities of that subsidiary, are classified as held for sale, when the criteria described above is met, regardless of whether the Company will retain non-controlling interest, in its former subsidiary, after the sale. When the Company is committed to a sales plan that involves selling an investment, or a portion of an investment in an associate or joint venture, the investment or the portion of the investment that will be sold, is classified as, held for sale, when meeting the criteria described above.

After the sale is realized, the Company recognizes any retained interest in the associate or joint venture, in accordance with IFRS 9, unless, the retained interest remains an associate or a joint venture, in which case the Company uses cost. (See the accounting policies that correspond to the influence over and associate or joint venture.)

In the cases where the Company agrees to distribute an asset, (or group of assets for sale) to the owners, said non-current asset (or group of assets for sale), are classified as, held for distribution to owners. For this to be the case, the assets must be available for immediate distribution in their present condition, and the distribution must be highly probable, i.e. when activities should have been initiated, to complete the distribution, and should be expected to be completed, within one year, from the date of classification. The Company has classified its subsidiaries, in the liquidation processes, as groups of assets for distribution to owners.

14. PROPERTY, PLANT AN D EQUIPMENT

Property, plant and equipment includes the amount of land, buildings, furniture, vehicles, computer equipment, and other facilities owned by the Company, and are used in the operation of the entity. Cementos Argos S.A. recognizes an item of property, plant and equipment, when it is probable that the asset will generate future economic benefits, expected to be used for more than a year, all the risks and benefits inherent to good have received, and its value can be measured reliably. Spare parts and ongoing maintenance equipment, are recognized as an item of property, plant and equipment, when they meet the recognition criteria.

Fixed assets are measured at cost minus the accumulated depreciation, and losses for accumulated impairment, if any. Trade discounts, rebates, and other similar items, are deducted from the cost of acquisition of fixed assets. The properties, under construction, for administration, production, or supply services, are recognized at cost minus any recognized impairment loss. The cost includes professional fees, direct costs of dismantling and removal, and for those qualifying assets, capitalized borrowing costs, in accordance with the accounting policies of the Company.

These properties are classified under the appropriate categories under Property, plant and equipment at the time of termination, as well as, when they are ready for alleged use. Depreciation of these assets, as in the case of other property assets, are initiated when the assets are ready for designated use. Depreciation is calculated linearly throughout the assets' estimated useful lives, as follows:

Buildings and construction	40 to 70 years
Communication routes	20 to 40 years
Machinery and equipment	10 to 30 years
Furniture and office equipment, computers, and communications	3 to 10 years
Transportation equipment	3 to 10 years
Vehicles and tools	2 to 10 years

Owned land is not depreciated.

Assets, held under finance leases, are depreciated for the period of its life, estimated to equal the assets held. However, when there is no reasonable assurance the property, at the end of the lease period is obtained, the assets are depreciated, on the shorter term, between the lease term and its useful life. An item, under property, plant and equipment, will be derecognized, at the time of disposal, or when future economic benefits are no longer expected to arise, from the continued use of the asset. The gains or losses arising from the divestiture or retirement of an asset, from Property, plant and equipment, is calculated, as the difference between the value from sales and the carrying amount of the asset and is recognized in profit or loss. The residual values, useful lives, and depreciation methods of assets, are reviewed and adjusted prospectively at close of year-end, if required.

15. LEASES

The Company classifies leases, evaluating the extent to which the risks and benefits, of ownership of the asset, lie with the lessor or the lessee. The Company classifies a lease, as a finance lease, when there all the risks and rewards of ownership, are substantially transferred, and as operational, when all the risks and rewards of ownership are not transferred substantially.

As lessee, the Company initially recognizes an asset acquired through a leasing, according to the nature in the Statement of Financial Position, for the lower of its value reasonable and the present value of the minimum payments to pay the lease, and recognizes a liability, short or long-term, for the same value. Subsequently, assets are measured, according to policies of Property, plant and equipment (See policy for property, plant and equipment) and liabilities at amortized cost.

As a landlord, the Company recognizes the amounts due, from tenants, under leases financial and accounts receivable, at the amount of net investment, in leases. Income from finance lease are distributed, in the accounting periods, to reflect a regular constant periodic return on the net investments pending, of the Company, with respect to leases.

Income from rent, under operating leases, is recognized, using *the straight-line method,* over the lease term. The initial direct costs incurred, in negotiating and agreements of an operating lease, are added to the book value of the leased asset and recognized on a straight-line basis over the lease term.

16. COST FROM LOANS

The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset, if such costs could have been avoided, had no disbursements been realized for said asset. Borrowing costs are capitalized, as part of the cost of assets, when they are likely to generate future economic benefits, and can be measured reliably. The capitalization of borrowing costs is initiated, as part of the costs of a qualifying asset, on the date on which the following conditions are met: a) disbursements are incurred in relation to the asset, b) loan costs from loans are incurred, and c) the necessary activities are recognized, to prepare the asset for its intended use, or for sale.

The Company suspends the capitalization of borrowing costs, during periods in which the development of activities of a qualifying asset is interrupted. However, capitalization of borrowing costs, over a period of time, is not interrupted, if important technical or administrative actions are being undertaken. Nor will it suspend the capitalization of borrowing costs, when a temporary delay is required, as part of the process of preparing an asset qualified for its use, or sale.

The capitalization of borrowing costs ends, when all the activities necessary to prepare the asset qualified for use, or sale, have substantially been completed. If the asset has components, and these components can be used separately, while construction continues, the capitalization of borrowing costs on these components, should be stopped.

17. AGRICULTURE

The Company recognizes a biological asset, or an agricultural product, when it controls the biological asset or agricultural product, as a result of, past events, it is likely that future economic benefits will be generated, and the cost of the biological asset or agricultural product, can be measured reliably.

The Company measures biological assets, both at the beginning and at the end of the period, at their fair value minus the cost to sell. The fair value of a biological asset is given, at the quoted price, in an active market. If there are different active markets for the same biological asset, the fair value of the asset, will be the price given, in the most relevant active market.

If there is no active market, the Company uses the following information to determine the fair value, where available and will select the most reliable: a) the price of the most recent transaction in the market, assuming that there is no significant change in the economic circumstances, between the date of the transaction and the end of the reporting period, b) the market price of similar assets, adjusted to reflect existing differences, c) industry benchmarks, such as the value of plantations, expressed as a function of surfaces, units of capacity, weight or volume.

Gains or losses, arising from the initial recognition of a biological asset or agricultural product, at fair value minus the cost to sell, and changes in that value, are included in the Separate Income Statement, for the period, when they are generated.

18. PROVISIONS

Provisions are recorded when Cementos Argos S.A. has a present legal or implicit obligation, as a result of a past event, it is probable that the Company will have to dispose of resources to cancel the obligation, and a reliable estimate of the value of the obligation, can be realized. In cases where Cementos Argos S.A. expects the provision will be partially or fully repaid, repayment is recognized as a separate asset, only in cases where such reimbursement is considered certain, and the amount receivable can be measured with reliability.

Provisions are measured at the best estimate, by the Administration, on future disbursements required to settle the present obligation, and is discounted at a risk-free rate. The provisions relating to expenditure are shown in the Statement of Comprehensive Income, net of any Reimbursement. Provisions, increased due to the passage of time, are recognized as financial expense, in the Statement of Comprehensive Income. The Company recognizes the present obligation, arising from an onerous contract, as a provision. An onerous contract is one in which the unavoidable costs of meeting the obligations involved, exceed the economic benefits that expected to be received, of the same.

Contingent liabilities

Possible obligations arising from past events, and whose existence will be confirmed, only by the occurrence or non-occurrence, of one more uncertain future events, not wholly, that are under control of Cementos Argos S.A., are not recognized in the Statement of Financial Position, but are disclosed as contingent liabilities.

The Financial Statement have been prepared on an ongoing basis, and there exists no material uncertainties, as of December 31, 2017, related to events or conditions, that produce significant doubts, about the ability of the Company, to continue operating. Contingent liabilities, acquired in a business combination, are measured initially, at their fair values, at the date of acquisition. At the end of the subsequent periods, over which is reported, such contingent liabilities are measured as the greater of which had been recognized, in accordance with IAS 37, and the amount initially recognized minus the accumulated amortization, recognized in accordance with IAS 18 “Income of ordinary activities”.

19. POST-EMPLOYMENT BENEFIT PLANS

The Company recognizes pension liabilities, securities and pension bonds, retirement premiums, and other post-employment benefits, in accordance with the requirements of IAS 19 “Employee benefits”.

On December 22, 2016, the Ministry of Commerce, Industry, and Tourism, issued Decree 2131 by which it is a requirement to disclose the calculation of pension liabilities, according with the parameters established in Decree 1625 of 2016, and in the case of partial pension commutations, in accordance with Decree 1833 of 2016, and differences with the calculation, realized, in accordance with IAS 19 “Employee Benefits”. This information is included in Note 21.

In December of 2017, the Company recognizes pension liabilities, securities, and pension bonds, retirement premiums, and other post-employment benefits, in accordance with the requirements of IAS 19 “Employee Benefits”.

The Company recognizes the benefit plans, classified as plans contributions, in the Income Statement, as an administrative expense, sales or cost of merchandise sold, according to, a presentation by function, on the date on which it occurs. The Company recognizes the benefit plans classified as defined benefit plans, as an asset or liability in the Statement of Financial Position, as the difference between the fair value of assets of the plan and the present value of the obligation of said plan, using the projected credit unit method, designed to determine the present value of the obligation for defined benefits, and the related current service cost, and where applicable, the cost of past services, such as minimum annually. Assets, of the plan, are measured at fair value, which is based on market price information, and in the case of listed securities, constitutes the published purchase price.

The Projected Credit Unit treats each service period, as a generator of an additional unit of entitlement to benefits, and measures each unit separately, to make up the final obligation. The Company deducts the total value of the obligation of the post-employment benefits, even if part of the same is to be paid, under the terms of the following twelve months, following the reporting period it is reported. The estimate of the liabilities, for post-employment benefits, is performed by an independent actuary.

Actuarial gains or losses, the return on plan assets, and changes in the effect of the asset ceiling, excluding the amounts included in net interest on the net defined benefit liabilities (assets), are recognized in the other comprehensive income. Actuarial gains or losses comprise the effects of changes in actuarial assumptions, as well as, adjustments from experience. Net interest on the defined benefit liability (net) comprises interest income on plan assets, interest costs on the defined benefit obligation, and interest on the asset ceiling.

The current service cost, the past service cost, and any settlement, or reduction of the plan, is recognized immediately in the Statement of Comprehensive Income, under profit and loss, in the period in which they arise.

20. INVERSIONES EN SUBSIDIARIAS

A subordinate or controlled company, is one, in which its power of decision is subject to the will of another, or others that will be its Parent or controlling company, either directly, in which case it will be called a subsidiary, or through the subordinates of the Parent company, in which case it will be called a subsidiary. The control is given, by the fulfillment, of one or more of the following cases:

a. Control over the participation

b. Exposure, or rights, to variable returns from its involvement in the investee

c. Ability to use its power over the investee, to influence the amount of the investor's returns

Investments in subsidiaries are incorporated into the Financial Statement, using *the equity method,* unless the investment or a portion thereof, is classified as, held for sale, in which case it is accounted for in accordance with IFRS 5. With respect to t*he equity method,* investments in subsidiaries are initially recorded as cost, on the Statement of Financial Position and are subsequently adjusted to account for the Company's interest in gains or losses, and other comprehensive income, of the subsidiary.

21. INVENTORIES

Inventories are classified as, goods acquired with the intention of selling them, in the course ordinary business, or consumed in the process of service provided. The inventory of raw materials, work in process, merchandise not manufactured for sale, and finished product, is measured at acquisition cost. The Company recognizes a decrease in the value of inventories of finished goods, materials, spare parts, and accessories, if the cost is higher than net realizable value. The net realizable value is the estimated selling price, in the normal course of business minus the estimated costs of completion and estimated costs necessary to make the sale. Inventories include: goods in existence, that do not require transformation, materials as minor parts, and accessories for the provision of services, goods in transit, and held by third parties.

Inventories are valued using the weighted average method, and includes the costs directly related to the acquisition, and those incurred to give them their condition and current location.

22. INCOME

Income is measured at the fair value of the consideration received or receivable. Income is reduced by discounts or rebates, and other similar allowances, for the estimates for clients.

Sale of goods

Income from the sale of goods, should be recognized, when goods are delivered, and ownership has been transferred, and each of the following conditions are met:

- The entity has transferred, to the buyer, the risks and rewards of significant damage, arising ownership of property;

- The entity neither retains any involvement in the current management of the goods sold, the degree usually associated with ownership, nor effective control over the same;
- The amount of revenue can be measured reliably;
- It is probable that the entity will receive the economic benefits associated with the transaction; and
- The costs incurred, or to be incurred, in connection with the transaction, can be measured reliability.

Provision of services
Income, from service contracts, are recognized by reference to the termination status of the contract. The termination status of the contract is determined as follows:

- Facility fees are recognized, as income from ordinary activities, in reference to, the completion status of the facility, determined as the proportion of the total estimated time to install that has elapsed, at the end of the reporting period;
- The service fees, included in the price of the products sold, are recognized, in reference, to the proportion of the total cost of the service rendered for the product sold; and
- Income from material contracts are recognized, at contractual rates, to the extent that they are incurred, in production hours, and direct costs.

Income from dividends and interest
The income of investment dividends is recognized once the rights of shareholders to receive this payment, (provided that it is likely that the benefits economic will flow to the Company and the revenue can be measured reliably), have been set.

Interest income from a financial asset is recognized when it is probable that the Company will economic benefits, associated with the transaction, and the amount of revenue can be measured reliably. Interest income is recorded on a time basis, by reference to the outstanding principal and the rate of interest effective applicable, which is the rate that exactly discounts the cash flows receivable or payable, estimated along the expected life of the financial instrument to the net book value of the financial asset, on initial recognition.

Income from operating leases
The Company policy for recognizing income, from operating leases is the recognition of payments received as income in the account results linearly along the life of the contract, unless another basis distribution is considered more representative.

Materiality
Cementos Argos S.A. considers that the information is material if its omission, or inadequate expression, may influence the decisions of users of the separate financial information.

NOTE 3: ADOPTION OF INTERNATIONAL REPORTING STANDARDS FINANCIAL (IFRS) NEW AND REVISED

3.1. NEW AND REVISED IFRS ISSUED AND NOT ADOPTED AT THE TIME OF PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

The following standards, amendments, and interpretations to existing standards have been published and are mandatory in the Financial Statements of Cementos Argos S.A., for periods beginning on January 1, 2018, or at a later date, the Company has not applied to these requirements in advance.

Standards issued by the IASB and incorporated in Colombia, as of January 1, 2018
Decrees 2496 of 2015 and 2131 of 2016 - With these Decrees, as from January 1, 2018, the following rules will come into effect, in the normative technical framework, that contains amendments issued by the IASB, realized during the year 2017, allowing its early application:

- IAS 7 Statement of Cash Flows, clarify disclosures to assess changes in responsibilities derived from financing activities.

- IAS 12 Deferred tax, clarifies the following aspects:

- Unrealized losses on debt instruments measured at fair value and valued for tax purposes, give rise to a deductible temporary difference, regardless of whether the holder of the debt instrument expects to recover the carrying amount of the debt instrument by sale or use.

- The carrying amount of an asset does not limit the estimate of possible future taxable profits.

- The estimates for future tax benefits exclude tax deductions resulting from the reversal of deductible temporary differences.

- An entity evaluates a deferred tax asset in combination with other deferred tax assets. When tax legislation restricts the use of tax losses, the entity would evaluate a deferred tax asset in combination with other deferred tax assets of the same type.

- IFRS 9 Financial Instruments, was issued as a complete standard, including previously issued requirements, and additional amendments to introduce a new model of expected losses and limited changes to the requirements of classification and measurement of financial assets. With the following phases:

Phase 1: All recognized financial assets that are within the scope of IAS 39 will be subsequently measured at amortized cost or at fair value.

Phase 2: The impairment model, in accordance with IFRS 9, reflects expected credit losses as opposed to credit losses incurred under IAS 39.

Phase 3: The three types of hedge accounting mechanisms, included in IAS 39 are maintained. The effectiveness test has been reviewed and replaced by the principle of "economic relationship". More disclosure requirements have been added about the entity's risk management activities.

The new requirements included in IFRS 9 issued in July 2014 have not yet been adopted by the Company. They will be adopted as of January 1, 2018. The impact of the application of these requirements on the Separate Financial Statements is not material.

- IFRS 15 Revenue from contracts with customers has a unique model to deal with the income from contracts with clients. Its basic principle is that an entity must recognize the revenue to represent the transfer or goods or services promised to customers, in an amount that reflects the consideration to which the entity expects to be entitled for those goods or services, with 5 steps for its recognition.

Subsequently, amendments were included that clarify how:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;

- Determine if a company is the principal (the provider of a good or service) or an agent (responsible for arranging the good or service to be provided).

- Determine if the income derived from the granting of a license must be recognized at a given time or in time.

This standard replaces the following: IAS 18 “Revenue”, IAS 11 “Construction Contracts”, IFRIC 13 “Customer Loyalty Programs”, IFRIC 15 “Agreements for the Construction of Real Estate”, IFRIC 18 “Transfers of Assets from Customers”, Interpretation SIC 31 “ Revenue - Barter Transactions Involving Advertising Services”.

The new requirements of IFRS 15 have not yet been adopted by the Company. They will be adopted as of January 1, 2018. The impact of the application of these requirements on the Separate Financial Statements is not material.

Standards issued by the IASB, incorporated, in Colombia, as of January 1, 2019
Decree 2170 of 2017 as of January 1, 2019, the following regulations will apply under the regulatory technical framework that contains some amendments, issued by the IASB made during the Year 2017, allowing its early application.

- IFRS 16 “Leases”, issued in January 2016 and effective for periods beginning on or after January 1, 2019, with early adoption permitted, provided that IFRS 15 is applied. IFRS 16 replaces existing standards NIC 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC 15 “Operating Leases -Incentives”, and SIC 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize all leases under a single model similar to the one used to account for finance leases under IAS 17. IFRS 16 includes two exceptions at the beginning. general recognition, short-term lease contracts (leases whose lease term is twelve months or less) and non-representative values. At the start of the lease term, the lessee must recognize a financial liability that represents the contractual obligation to make lease payments, and an asset that represents the right to use the underlying asset, during the term of the lease. Tenants must separately recognize the financial expense of the financial liability and the depreciation expense of the right of use.

Tenants will also require a re-measurement of the financial liability, in the event of certain events (for example, a change in the term of the lease, a change in future lease payments, caused by a change in an index or a rate used to determine such payments). Generally, the lessee will recognize the value of the new measurement of the financial liability as an adjustment to the right-of-use asset.

The accounting of the lessor, under IFRS 16, remains substantially unchanged, against the current accounting under IAS 17. The lessors will continue to classify the leases using the same classification principle of IAS 17 and distinguishing between two types of leases: operating and financial leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than those required in IAS 17. A lessee may choose to apply the standard, using full retroactive application, or a modified retroactive approach. The transitory provisions of the standard allow certain reliefs.

In 2018, the Company is evaluating the potential impact of the application of IFRS 16 on its Separate Financial Statements and disclosures. The Company’s Management estimates that the application of IFRS 16, in the future, could have a material effect on the amounts reported and disclosures made in the Financial Statements.

- Modification to IAS 40 - Investment Properties - Transfers of investment properties

Of the aforementioned standards, modifications, or interpretations, it is expected that they will not have an impact or a non-significant impact on the Company's financial statements:

- Annual improvements to IFRS, cycle 2014-2016, issued in December 2016 and effective for periods beginning on or after January 1, 2018.

- Elimination of short-term exemptions for entities adopting IFRS for the first time (Amendment to IFRS 1), issued in December 2016, and effective for periods beginning on or after January 1, 2018.

- Clarification of the scope of the standard (Amendment to IFRS 12), issued in December 2016 and effective retroactively, in accordance with IAS 8, for annual periods beginning on or after January 1, 2017.

- Measurement at fair value of an associate or joint venture (Amendment to IAS 28), issued in December 2016 and effective retroactively, in accordance with IAS 8 for annual periods, beginning on or after January 1, 2018. allows its early application.

Standards issued by the IASB and not yet incorporated in Colombia

The following standards have been issued by the IASB, but have not yet been incorporated by Decree in Colombia:

- IIFRS 2 - Payments based on Shares, IFRS 2 did not contain any guidance on how the conditions of consolidation of benefits affect the fair value of the liabilities for payments based on shares settled in cash. The IASB has added a guide that introduces the accounting requirements for cash-based share-based payments that follow the same approach used for share-based payments. Effective January 2018.

- IFRS 4 - Insurance Contract, offers two options for entities that issue insurance contracts within the scope of IFRS 4:

  An option that allows entities to reclassify, from profit or loss to other comprehensive income, part of the income or expenses derived from designated financial assets; called superposition approach.

  An optional temporary exemption, from the application of IFRS 9, for entities whose predominant activity is the issuance of contracts within the scope of IFRS 4; called deferral approach.

  The application of both approaches is optional, and an entity is allowed to stop applying them before the new insurance contract rule is applied.

NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATION SOURCES

In the application of Company's accounting policies, which are described in Note 2, Management must make estimates and assumptions, that affect reported amounts of assets and liabilities, disclosures of contingent assets, and liabilities at the reporting date of the Financial Statements, and reported amounts of income and expenses, during the reporting period. The estimates, and associated assumptions, are based on historical experience, and other factors considered relevant. Actual results may differ from such estimates.

The estimates and underlying assumptions, are reviewed regularly by the Administration. Revisions to accounting estimates are recognized in the period of the revision, only if affects that period, or in future periods, if the revision affects, both the current period and subsequent periods.

4.1. SIGNIFICANT JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The following are the essential judgments, apart from those involving estimates (See 4.2), realized by Management, during the process of application of the Accounting Policies of Cementos Argos, and have a significant effect, on the amounts recognized, in the Separate Financial Statements.

Functional currency

The Administration uses its judgment, in determining its functional currency. The determination of the functional currency of Cementos Argos S.A., and each of its investments in subsidiaries, associates, and joint ventures, is determined by evaluating the established principles and indicators, established in IAS 21 "Effect of changes in exchange rates of foreign currency".

Determination of the average exchange rates for the conversion of the Financial Statements

The income, costs and expenses of the subsidiaries whose functional currency differs from the functional currency of the Parent are translated into the presentation currency using the average exchange rate for the reporting period, with the purpose of calculating the participation of Cementos Argos S.A., in the results of its foreign subsidiaries. The Administration considers that the average exchange rates are close to the rates in effect, on the date of the transaction.

Cash-generating units

In the realization of assessments for impairment of non-current assets, the assets that do not individually generate cash inflows, and that are largely independent of the cash flows generated by other assets ,or groups of assets, should be grouped into cash-generating unit to which the asset belongs, which is the smallest identifiable group of assets, that generates cash inflows for the Company, and which are, to a great extent, independent cash flows derived from other assets or groups of assets. The Administration uses its judgment, in the determination of cash-generating units, for purposes of impairment testing.

Hedge accounting

The Administration applies its judgment to establish whether a hedge relationship meets the requirements of IAS 39 "Financial Instruments to be accounted for as hedges", as well as, the assessment of hedge effectiveness, and sources of ineffectiveness. The Company applies fair value and cash flow hedge accounting, in its Financial Statements, primarily to hedge foreign currency and interest rate risk. The decision to apply hedge accounting or not, has a significant impact on the Company's Financial Statements.

Recognition of deferred tax assets from losses or unused fiscal credits

The Administration uses its judgment to recognize a deferred tax asset, in assessing the existence of sufficient tax gains, from previous periods, for compensation and/or recovery.

4.2. KEY SOURCES OF UNCERTAINTIES IN ESTIMATES

The following are basic assumptions, about the future and other key sources of uncertainty in the estimates, at the end of the reporting period, that imply a significant risk of material adjustments, in the carrying amounts of assets and liabilities, during the following financial period.

Impairment of the value of assets – property, plant and equipment of investments

Cementos Argos S.A. evaluates the impairment of assets, when the facts and circumstances suggest that the carrying amount of a cash-generating unit, may exceed its recoverable amount, or at least, at the end of each reporting period. When this happens, Cementos Argos S.A. measures, presents, and reveals, any impairment losses, resulting in the Comprehensive Income Statement.

Income tax

The Company recognizes significant amounts of current tax income, as well as deferred, in its Separate Financial Statements, given the volume of its operations, and the multiple countries in which it operates. The determination of current and deferred taxes is based on the best interpretation of the Administration, of the effective laws and practices applicable, and improvements in the jurisdictions, in which it operates. The reasonableness of this depends significantly on the ability of the Administration to integrate complex tax and accounting standards, to consider changes in applicable laws, and their evaluation for the purposes of recognizing deferred tax assets, and the existence of sufficient taxable income for its realization.

The uncertain fiscal positions are fiscal positions, where the fiscal treatment is not clear, or can be questioned, by the fiscal authorities, and where the situation is expected to be resolved in an unfavorable manner. The Company recognizes uncertain tax positions, mainly for the exclusion or treatment as untaxed income, in the tax returns.

No provision is recognized for uncertain or remote uncertain tax positions. The probability analysis is based on expert opinions and analysis of the tax regulations, in force, in the applicable jurisdiction. The Administration uses the information available, to measure the provision, by the best estimate of the payments or resources, required to settle the obligation, whenever it is probable that there is not a favorable resolution for the Company.

Pension plans and other defined post-employment benefits

The liabilities for pension plans, and other post-employment benefits, are estimated using the actuarial technique of the projected credit unit, which requires the use of financial and demographic assumptions, including, but not limited to, discount rates, inflation rates, expected of salary increases, life expectancy, and employee turnover rate. The estimation of the liability, as well as the determination of the values of the assumptions used in the valorization, is performed by an independent external actuary, taking into account, the country in which the benefit plan operates, and the market conditions existing at the measurement date. Given the long-term horizon of these benefit plans, the estimates are subject to a significant degree of uncertainty, any change in actuarial assumptions, directly impacts the value of the pension obligation, as well as other post-employment benefits.

Estimation of useful lives and residual values of property, plant and equipment

As described in Note 2, Cementos Argos S.A. reviews, at least annually, the estimated useful lives and residual values of property, plant and equipment. When there is evidence of changes in the conditions or expected use of an element of property, plant and equipment, the Administration realizes a new estimate of the useful life of the element. The estimate, of useful lives of property, plant and equipment, is determined based on the historical performance of the asset, the asset's expected use, by the Administration, and the legal restrictions on its use. The estimate of useful lives, requires a significant degree of judgment by the Administration.

Fair value of financial derivatives and financial assets

The fair value of financial derivatives, is determined, using valuation techniques widely known in the market, when there is no observable market price. The Company uses its judgment to select the appropriate valuation method for the asset or liability being measured and maximizes the use of observable variables. The assumptions are consistent with the market conditions, at the measurement date, as well as, the information that market participants would consider in estimating the price of the instrument. The Administration considers, that the valuation models selected, and assumptions used, are appropriate in determining the fair value of financial derivatives. However, the limitations of the valuation models themselves and the parameters required by these models may result in the estimated fair value of an asset or liability not exactly matching the price at which the asset or liability could be delivered or settled on the date of its measurement. In addition, changes in internal assumptions and forward curves, used in the valuation may materially impact the fair value of financial derivatives.

In addition, the Administration measures, at fair value, the equity investments, classified in the fair value category, through other comprehensive income, with reference to their quoted price, at the end of the measurement period, in the Securities Market, where they are traded.

Liabilities from dismantling, removal, or rehabilitation

The provision for dismantling, retirement, or rehabilitation is recognized at the present value of expected costs, to settle the obligation, using estimated cash flows. In the process of measuring the present value of the obligation, the Administration, realizes estimates on future disbursements for dismantling, retirement, or rehabilitation, the estimated date (s) on which the disbursements will be realized, and the estimate of financial assumptions, such as the inflation rate and the discount rate. Given the long-term horizon, of the dismantling obligations, the estimates are subject to a significant degree of uncertainty and can significantly impact the figures of the Separate Financial Statements.

Provisions for contingencies, litigation, and lawsuits

The litigation and lawsuits, to which the Company is exposed, are administered by the Legal Department. The processes administered are labor, civil, criminal, and administrative. The Company considers that a past event has given rise to a present obligation if, taking into account all available evidence, as of the date on which it is reported, a present obligation is likely to exist; independent of future events. In these cases, it is understood that the occurrence of an event is greater, when the probability of occurrence is greater than 50%. The Company recognizes a provision, when an outflow of future economic benefits is probable, discloses information about the contingency, when its occurrence is possible, and does not record or disclose information, when it concludes that the probability of occurrence of the event is remote. The Company involves the professional judgment of the internal and external legal specialists, to determine the possibility of occurrence of a present obligation. In estimating the provision for litigation and claims, the Administration considers assumptions such as, but not limited to, inflation rate, attorney's fees, estimated litigation or claim duration, statistical information on processes with similar characteristics, and the discount rate that should be applied to cash flows, to determine the present value of the obligation, for those obligations, that are expected to be settled, within a period of more than twelve (12) months, at the end of the reporting period.

Wealth tax

By means of Law 1739 of December 23, 2014, the Government establishes wealth tax. This tax, is generated by the possession of wealth, (gross equity minus the current debt) greater than or equal to 1,000 million Pesos, between January 1st of the years 2015 to 2017. This law states, that taxpayers will be able to charge this tax, against capital reserves, without affecting net income, in the Separate Financial Statements. The Company acknowledged the wealth tax, charged to equity, as permitted by law, in the value of the tax, recognized tax January 1, 2017.

NOTE 5: CASH AND CASH EQUIVELENTS

For the purposes the Separate Cash Flow Statement, cash and cash equivalents, include cash and banks. To the date of presentation of these Financial Statement, the balance of cash and cash equivalents is $49,725 (2016: $117,587).

At December 31, 2015, the Company does not maintain cash balances and restricted cash equivalents.

During the current year, and comparative periods, the following investment and financing activities by Cementos Argos S.A. are not reflected in the Separate Cash Flow Statement:

- Dividends declared not yet paid by Cementos Argos S.A. for a value of $74.167 (2016: $68,044), which correspond to $62,842 of common shares (2016: $57,584), $11,652 preference shares (2016: $10,460).

- Dividends in preference shares of Grupo de Inversiones Suramericana S.A. for $13,753 (2016: $0).

- On October 3, 2016, the sale contract between Cementos Argos S.A. and Grupo Provivienda, was perfected, in order to dispose of 20% of the stake held by Cementos Argos S.A. in Argos Panama S. A., for USD $45,121, in consideration for the sale of 7.18% of its participation. The form of payment for the transaction was USD $19,500 in cash and USD $25,626 for a term of 5 years, with annual effective interest of 3% with annual payment.

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

	2017	2016
Financial derivative assets, designated as cash-flow hedging instruments recognized at fair value	253	650
	253	**650**
Current	102	-
Non-current	151	650
	253	**650**
Financial derivatives liabilities, designated as hedging instruments recognized at fair value	3,622	104,374
	3.622	**104.374**
Current	3,622	101,135
Non-current	-	3,239
	3,622	**104,374**
Position net, short, in financial derivatives	**(3,369)**	**(103,724)**

In an effort to mitigate risk in foreign currency operations, and interest rate exposure, Cementos Argos S.A. realizes operations of natural hedging, and financial hedging, through the use of derivative financial instruments, mainly swap and forward contracts, and certain derivative instruments are designated as cash flow hedge instruments, or fair value, according to the criteria of IAS 39 “Financial Instruments”. The Company does not use derivative instruments, nor any other financial instrument for speculative purposes.

Swap transactions correspond to financial transactions, in which the Company, through a contractual agreement with a bank, exchanges monetary flows for the purposes of reducing liquidity, rate, term or issuer risks, as well as the restructuring of assets or liabilities.

Forward transactions and cross currency swap operations are used to hedge exchange rate risk in foreign currency, debt operations, and to hedge future cash flows with a high-probability of occurrence.

The Company also uses interest rate swaps to manage its exposure to interest rates. In the case of interest rate swaps, there is no exchange of capital. Cementos Argos S.A. is responsible for its debts, with defined amounts and terms and its accounting record is independent of the swap. These swaps are aimed at converting financial instruments either fixed to variable rate, or variable to fixed-rate.

Financial derivatives are recorded in the Separate Statement of Financial Position, at their fair values, taking into account the market curves, in force at the valuation date. The accounting for changes in the fair value of derivatives depends on the use of the derivative and its designation as an accounting hedging instrument.

In fair value hedges, at fair value, the changes of the hedged item, and the hedging instrument, are recognized and offset, in the Income Statement, for the period.

In cash flow hedge relationships, changes in the fair value of the hedging instrument are recognized directly, in other comprehensive income, for the effective portion of the hedge. The ineffective portion is presented in income or financial expenses. Gains or losses, recognized in equity, are subsequently reclassified to the Income Statement, when the hedged item affects the Company's results.

Derivatives that are not designated as hedging, for accounting purposes, under IAS 39, are measured at fair value. Changes, resulting from the measurement of contracts, are recognized directly in income for the period, as income or a financial expense.

The Administration documents, the hedging relationship, from the time of initial recognition. This documentation includes, without limitation, the following:

- Designation and relationship of coverage, objective of the coverage, and strategy of risk management;
- Date of designation of accounting coverage; and
- Procedure for evaluating the effectiveness of coverage and the method for evaluating the effectiveness of prospective, retroactive coverage, and its periodicity.

The following, are transactions of financial derivatives of Company, at December of 2017 and 2016

Swap operations:

					Fair Value	
Type of swap	Subjacent	Subjacent Rate	Swap Rate	Expiration	2017	2016
Currency	2017 Bonds	CPI + 3.17%	Libor 6m+1.75%	23-Nov-17	-	(102,555)
Currency	2017 Bonds	CPI + 3.17%	Libor 6m+1.92%	23-Nov-17	-	1,420
Currency	Financial obligations	Libor 1m+0.4%	IBR+1.3%	29-May-18	(3,254)	(3,239)
Currency	Financial obligations	Libor 6m+0.1%	1.38% NSV	26-Jun-19	151	650
FAIR VALUE OF SWAP OPERATIONS					**(3,103)**	**(103,724)**

		Subjacent Value | SWAP amount	
Type of swap	Type of swap	2017	2016
Currency	2017 Bonds	-	$343,520 |USD 149,378,000
Currency	2017 Bonds	-	$89,800 | USD 29,800,000
Currency	Financial Obligations	USD 16,667,667 | $53,000	USD 16,667,667 | $53,000
Interest Rate	EKF Credit	USD 38,243,195	USD 38,243,195

At December 31, 2017, there are forward purchases of foreign currency, for the synthetic translation from dollars to pesos.

FORWARD OPERATIONS:

N°	Type (Purchase or sale)	Subjacent	Subjacent Value	Forward Amount	Forward Rate	Expiration	FORWARD OPERATIONS 2017	FORWARD OPERATIONS 2016
1	Purchase	Financial Obligations	7,032,798	7,032,798	2,984,32	30/01/2018	58	-
2	Purchase	Financial Obligations	5,500,000	5,500,000	3,061,61	7/02/2018	(368)	-
3	Purchase	Financial Obligations	5,000,000	5,000,000	2,993,01	15/02/2018	12	-
4	Purchase	Financial Obligations	5,000,000	5,000,000	2,992,71	15/02/2018	13	-
5	Purchase	Financial Obligations	5,000,000	5,000,000	2,993,01	15/02/2018	12	-
6	Purchase	Financial Obligations	3,000,000	3,000,000	2,992,86	15/02/2018	7	-
FAIR VALUE OF FORWARD OBLIGATIONS							**(266)**	**-**
FAIR VALUE OF SWAP AND FORWARD OBLIGATIONS							**(3,369)**	**-**

NOTE 7: OTHER FINANCIAL ASSETS

	2017	2016
Financial assets measured at fair value with changes in other comprehensive income (See Note 25)	1,157,061	1,371,382
Financial assets measured at amortized cost	-	6
	1,157,061	**1,371,388**
Non-current	1,157,061	1,371,388
Other financial assets	**1,157,061**	**1,371,388**

At December 31, 2016, none of these assets are overdue or impaired.

Other investments in the category of other financial assets, at fair value with changes in other comprehensive income, include the investments owned by the Company in Grupo de Inversiones Suramericana S.A. and Bancolombia S.A., the latter, only for the period ended December 31, 2016. The investment in Suramericana is measured at fair value with changes in other comprehensive income, on a monthly basis. In Note 25.2.1 Financial assets measured at fair value with changes in other comprehensive income, the value of these investments for the periods reported.

NOTE 8: TRADE AND OTHER ACCOUNTS RECEIVABL

	2017	2016
Trade and other accounts receivable	1,024,330	1,631,276
Impairment of value	(4,115)	(5,439)
	1,020,215	**1,625,837**
Current	709,315	835,952
Non-current	310,900	789,885
	1,020,215	**1,625,837**
Average age (days)	**9**	**10**

Trade accounts receivable, disclosed in the preceding paragraphs, include amounts (See below the aging-analysis), that are due, at the end of the reporting period, but for which the Company has not recognized any provision, for uncollectible accounts, due to the fact that there has been no significant change in credit quality, and they are still considered as recoverable.

Movement in the provision for doubtful accounts	2017	2016
Balance at beginning of the year	**(5,439)**	**(8,705)**
Impairment losses recognized in accounts receivable	(4,502)	(2,529)
Recoverable amounts during the year	12,363	428
Impairment losses of reversed values	22	708
Impairment losses from reversed values	(6,559)	4,659
Balance at year-end	**(4,115)**	**(5,439)**
Aging of accounts receivable, due but not impaired		
30 - 60 days	42,821	38,596
60 - 90 days	32,170	105,687
90 - 180 days	84,348	91,584
180 - 360 days	82,984	31,617
More than 360 days	49,074	40,035
	291,397	**307,519**
Aging of accounts receivable, impaired		
30 - 60 days	5	8
60 - 90 days	44	7
90 - 180 days	99	121
180 - 360 days	429	641
More than 360 days	3,538	4,662
	4,115	**5,439**

The average credit period, on the sale of goods is 30 days. There is no interest surcharge on the trade accounts receivable, after the average credit period. The Company evaluates, at the end of the reporting period, and with the same frequency, as the interim financial information, if there is objective evidence that financial assets is impaired, and if this is the case, recognizes it, in the Income Statement, an impairment of value. The Company has recognized one provision, for doubtful accounts of individual customers, in a state of economic insolvency or a funding agreement, or restructuring of the receivable, and collectively groups portfolio ranges of days of default, and applying these values, estimated by Management, calculated, based on the historical experience of non-compliance.

When determine the recoverability of a trade account, receivable, the Company considers any change in the credit quality of the account from the date on which the credit was initially granted until the end of the period in which it is reported. The concentration of credit risk is limited, because the customer base is long and independent.

NOTE 9: INCOME TAX

The current applicable tax guidelines effective in Colombia, are established, as follows:

- The income tax in Colombia is settled for 2017, at a rate of 34% plus a surcharge of 6% (in 2016 the income tax was settled, by means of two levies: income tax at a rate of 25% and income tax for equity- CREE - at a rate of 9% plus a 6% surcharge) This rate was created as of Law 1819 of 2016, which entered into effect. as of January 1, 2017.

- Occasional earnings, from January 1, 2013, are taxed at the rate of 10%, in accordance with the established in Law 1607 of 2012.

- For 2017, the base for determining income tax cannot be less than 3.5% of its liquid equity, on the last day, of the immediately preceding taxable year.

- Companies may offset the tax losses, readjusted fiscally, and without limitation over time, with the ordinary liquid income obtained in subsequent periods, without prejudice to the presumptive tax, for the year. At December 31, 2017, the company did not have pending tax losses to offset, for the previous years and 2017 generated income tax losses of $280,205.

- Excessive presumptive income, on the ordinary income, generated from 2003, may be offset by taxable income, within five following years. At December 31, 2017, the Company does not compensate for excess presumptive income tax of $38.498, from 2016; additionally, during 2017, generated a presumptive income tax of $118,494.

- As of 2004, income tax contributors, who enter into transactions, with economic associates or related parties abroad, are required to determine, for effects of income tax, its ordinary and extraordinary income, its expenses and deductions, and its assets and liabilities, taking into account, for these operations, the prices and profit margins, that would have been used in operations comparable to with, or among those not economically linked. As of the date, of the Statement of Financial Position, with a cut-off date of December 31, 2016, the Company has not completed the study of the 2017 operations; However, considering that the transactions realized with foreign affiliates, during the year 2017, had a similar behavior to those realized in 2016. The Administration considers, that it will not generate an impact on the income tax, of the period.

- The income tax statements, of the taxable years 2016 and 2015 are subject to revision and acceptance by the tax authorities.

Wealth tax

The Company liquidated the wealth tax in the amount of $13,918 for 2017 (2016: $34,706), based on the Company's gross assets minus the outstanding debts, applying the procedure established in Article 295-2, Paragraph 4, of the Tax Statute.

This tax is created by Law 1739 of 2014, and is applied, as of January 1, 2015. The generating event is the possession of wealth (gross equity less outstanding debts), equal to or greater than $1,000 million Pesos, as of January 1, 2015. The taxable base, of the wealth tax, is the value of the gross equity of legal entities, minus the outstanding debts payable, possessed, on January 1, 2015, 2016, and 2017.

The applicable rates for this tax are:

Tax base ranges	2015	2016	2017
From $0 to $2,000,000	0.20%	0.15%	0.05%
From $2,000,000 to $3,000,000	0.35%	0.25%	0.10%
From $3,000,000 to $5,000,000	0.75%	0.50%	0.20%
From $5,000,000, forward	1.15%	1.00%	0.40%

Tax Reform

The following is a summary of some modifications to Colombian Tax Regime, for the year 2013, and introduced by the tax reforms, established by the National Government:

a) Changes introduced by the Law 1819 of 2016

On December 29, 2016, the tax reform of Law 1819, was approved, with major changes, herewith mentioned are the most relevant, taking effect as of 2017:

- The income tax in Colombia, is settled by the ordinary income system, applying a general rate, and for the years 2017 and 2018, an additional surtax rate, according to the following table:

Year	General Rate	Surtax	
2017	34%	Taxable base - $800 Million	6%
2018	33%	Taxable base - $800 Million	4%
2019 forward	33%	0%	

- For the year 2017, Income Tax for Equity – CREE, is eliminated

- For the year 2017, and following, the exemption of parafiscal contributions, and contributions to the general social security system, in health for employees, with salaries less than 10 legal effective minimum monthly salary, are maintained.

- For the year 2017, and following, the basis for determining the income tax cannot be less than 3.5% of the net worth, on the last day of the immediately preceding taxable year.

- The imputation of tax losses, generated by the Company as of 2017, will be limited to a term of (12) years; to the losses generated prior to the entry into force of Law 1819 of 2016, limitation does not apply.

- The general tax declaration is increased to three (3) years (previously 2 years). In the case of declarations, in which tax losses are determined or compensated, the declaration of taxes, will be six (6) years (previously 5 years), and will be increased in (3) years if the compensation occurs in any of the last (2) years, before of the maturity to offset the loss; The new declaration of taxes, does not apply to returns filed before January 1, 2017.

- The term of finality of the declaration of income tax, of the taxpayers, subject to the "Transfer Pricing Regime", shall be six (6) years, counted from the expiration of the term to declare. If the declaration was submitted in an extemporaneous manner, the previous term will be counted from the date of presentation of the same.

- The references contained within the tax rules, to the accounting standards, will be in accordance with the International Financial Information Standards, applicable in Colombia, with the exceptions, established by the National Government.

b) Changes introduced by the Law 1739 of 2014

Income tax for equity - CREE and its surtax - As of the taxable period of 2016, the tax rate for CREE will be 9%.

Tax losses, incurred by taxpayers of CREE, as of 2015, may be offset against this tax. The excess of the minimum income base for the equity calculated, according to the second subsection of Article 22 of Law 1607 of 2012, may also be offset against the income, of the following five (5) years.

Article 22-3. Minimum base excess compensation. The excess of the minimum income tax base for -CREE, calculated in accordance with Paragraph 2 of Article 22 of this Law, determined according to Paragraph 1, of the same Article, which is generated from the taxable period 2015, may be offset against the income determined, in accordance with Paragraph 1 of Article 22, cited within the next five (5) years, and adjusted for tax purposes.

In no case, can CREE tax, or its surtax, be offset by balances in favor of other taxes, which have been settled in tax returns. Likewise, the balances in favor of settlement in the CREE tax returns, and their surtax, cannot be offset against debts for other taxes, advances, withholdings, interest, and penalties.

A surtax is created for the periods 2015, 2016, 2017, and 2018 of CREE. The triggering event of the surcharge, applies to taxpayers, whose annual declaration of the CREE tax, yields a profit equal to, or greater than, $800 Million Pesos. The applicable marginal rate to establish the surcharge will be:

Surcharge	2015	2016	2017	2018
Tax base - $800 Million	5%	6%	8%	9%

The surcharge will be subject to an advance of 100% of the value of the same, calculated on the taxable base of the CREE tax, on which the taxpayer settled the tax, for the immediately preceding the taxable year. The advance of the CREE tax surcharge, must be paid in two annual installments, within the time limits established by the regulation.

Income tax and complementaries – The residency is clarified for tax purposes, and the following rates are established for income, obtained by foreign companies and entities, which are not attributable to a branch or permanent establishment:

Year			
2015	2016	2017	2018
39%	40%	42%	43%

c) Changes introduced in Law 1607 of December 26, 2012

Exemption of contributions – Legal persons reporting income tax and completing the payment of parafiscal contributions, in favor of the National Learning Service – SENA, and the Colombian Institute of Family Welfare - ICBF, corresponds to workers, who accrue individually, up to ten (10) minimum monthly legal wages, in force.

Accounting Standards – stipulates that, only for tax purposes, the references contained in the tax rules to the accounting standards, will remain in effect for the (4) years following the entry, of the International Financial Reporting Standards. Consequently, during the aforementioned time, the tax bases of the items, included in the tax declarations, will continue unchanged. Likewise, the requirements of accounting treatment, for the recognition of special tax situations, will be valid, as of the date of application, of the new accounting regulatory framework.

9.1 INCOME TAX, RECOGNIZED IN PROFIT AND LOSS, OF THE PERIOD

Current tax	2017	2016
With respect to the current and previous years	55,579	51,916
	55,579[1]	**51,916**
Deferred tax		
Origin and reversal of temporary differences	(80,175)	(86,131)
	(80,175)	**(86,131)**
Total tax expense related to continuing operations	**(24,596)**	**(34,215)**

The recovery in spending for deferred tax, includes the recognition of $207,151, from the excess of presumptive tax over taxable income and indirect for taxes paid, abroad, and still pending (2016: $61,222).

Reconciliation of the effective tax rate:

	Reconciliation of the effective tax rate	
	2017	2016
(Losses) profit, before income tax	(33,805)	679,421
(Recovery) expenses to current taxes to the legal applicable rates	(13,522)	271,768
Non-deductible expenses	86,370	114,790
Untaxed income	(106,451)	(331,233)
Untaxed investment sales	(3,138)	(133,355)
Untaxed dividends	(5,811)	-
Use of tax losses or excess of presumptive income, previously unrecognized	-	2,015
Other, net	17,956	41,800
Recovery of income tax, in the Financial Statements (the effective tax rate)	**(24,596)**	**(34,215)**

[1] The variation of the current tax expense is due to the fact that the Company in 2017 and 2016, settled the income tax for the presumptive income system, whose base is the fiscal patrimony of the previous year, said patrimony had an increase from 2015 to 2016, mainly due to the decrease in tax liabilities.

The effective tax rate for the Company was 24% for the Years 2017 (2016: 5%). This variation is mainly attributable due to that the Company is taxed by the system of presumptive income and there are tax discounts used in the year and other pending recoveries in future years.

The company, during the year, generated a tax loss of $280,205, for which its income tax was calculated by the presumptive income tax system, realized to the following refinement:

Based on the presumptive income tax system	118,494
Income tax	65,651
Tax discounts	(10,072)
Deferred tax	(80,175)
Recovery of income tax in the Financial Statements (at the effective tax rate)	**(24,596)**

9.2. INCOME TAX RECOGNIZED DIRECTLY IN EQUITY

Deferred tax	2017	2016
Generated income and expenses, recognized in other comprehensive income:		
Exchange differences in investments abroad	5,434	-
New measurements of defined benefit plans	(10,356)	(10,356)
Cash flow hedges	62	2,224
TTotal income tax recognized in other comprehensive income	**(4,860)**	**(8,132)**

9.3. CURRENT ASSET AND LIABILITY TAXES AND BALANCES OF DEFERRED TAXES

Current taxes	2017	2016
Current tax assets	94,033	111,095
Current tax liabilities	(12,882)	(15,739)
Current tax assets, net	**81,151**	**95,356**

Other taxes	2017	2016
Other tax assets	30,852	12,486
Other tax liabilities	(48,437)	(49,604)
(Liabilities) from other taxes, net	**(17,585)**	**(37,118)**

Deferred taxes	2017	2016
Liabilities from deferred taxes	(7,485)	(84,389)

The following is an analysis of the liabilities, presented in the Statement of Financial Position at December 2017 and comparative periods:

2017	Balance at the beginning of the period	Recognized in results	Recognized in other comprehensive income	Balance at the end of the period
Other current assets	4,135	(4,640)	-	(505)
Other equity investments	(23,264)	9,028	(5,434)	(19,669)
Property, plant and equipment	(193,403)	(15,756)	-	(209,159)
Intangible assets	(18,446)	(18,857)	-	(37,303)
Other non-current assets	650	195	-	845
Provisions	11,831	-	-	11,831
Employee benefits	33,333	8,274	1	43,769
Financial liabilities	16,494	(43,999)	2,162	(27,505)
Other liabilities	23,060	-	-	23,060
Unused tax credits	-	14,526	-	14,526
Unused tax losses	48,350	92,468	-	140,818
Unused excess presumptive taxes	12,871	38,936	-	51,807
Total deferred tax liabilities	**(84,389)**	**80,175**	**(3,271)**	**(7,485)**

2016	Balance at the beginning of the period	Recognized in results	Recognized in other comprehensive income	Balance at the end of the period
Other current assets	4,802	(667)	-	4,135
Other equity investments	(31,504)	8,240	-	(23,264)
Property, plant and equipment	(188,794)	(4,609)	-	(193,403)
Intangible assets	(69,472)	51,026	-	(18,446)
Other non-current assets	(7,958)	8,608	-	650
Provisions	11,831	-	-	11,831
Employee benefits	27,298	(12,628)	18,663	33,333
Financial liabilities	39,539	(23,045)	-	16,494
Other liabilities	23,060	-	-	23,060
Unused tax losses	2,015	46,335	-	48,350
Unused excess presumptive income	-	12,871	-	12,871
Total deferred tax liabilities	**(189,183)**	**86,131**	**18,663**	**(84,389)**

The Company recognizes deferred tax assets, which will be offset, by the reversal of existing taxable temporary differences; notwithstanding, if the periodicity of reversal of taxable differences of deferred tax assets would depend on future earnings, the Company sustains the deferred tax asset, based on the projection of the generation of future taxable income.

When, in the development of the analyses, it is determined that there is a high probability of rejection of the tax asset, by the tax authorities, or it will not be possible to use the deferred tax asset, prior to its expiration, said asset is not recognized. Both situations affect income tax expenses, in the period in which the determination, is effectuated.

The temporary differences associated with investments in subsidiaries, associates, and participation in joint ventures, for which the deferred tax liabilities, have not been recognized are $2,742,625 (2016: $2,106,854), the un-recognized deferred tax liability, increased to $905,066 (2016: $695,262).

9.4. TEMPORARY DEDUCTIBLE DIFFERENCES NOT RECOGNIZED, UNUSED TAX LOSSES, AND UNUSED TAX CREDITS

The Company, in 2017, generated excess presumptive income tax and unused taxable credits. in the amount of $118,494 (2016: $38,498), which resulted in the recognition of deferred tax assets. At the same time, in 2017, there was a tax loss generated, in the amount of $280,205.

The term to compensate the fiscal losses of 2017 is 12 years, that is, until 2029. The term to compensate the excesses of presumptive income on liquid income is 5 years, that is, until 2022 (2016: until 2021).

9.5. IMPACT OF INCOME TAX ON THE POTENTIAL PAYMENT OF DIVIDENDS TO SHAREHOLDERS

In the Company, there are no potential consequences in income tax, in the case of payment of dividends to the Shareholders.

The Company does not present any dividends proposed, or declared, that were authorized for issuance, on which an impact could be expected, on income tax, prior to the Financial Statements being presented.

NOTE 10: INVENTORIES

	2017	2016
Finished product	18,481	20,472
Products-in-process	38,291	54,739
Raw materials and direct materials	21,387	25,524
Materials, parts, and accessories	28,433	31,600
Inventory in transit	5,859	4,348
Others	712	1,059
Total	**113,163**	**137,742**
Anticipated for the acquisition of inventories	858	1,508
Inventories	**114,021**	**139,250**

Cementos Argos S.A. measures its inventory at the lower value, of cost and net realizable value.

The cost of inventories recognized as cost of merchandise sold, during the period, with respect to continuing operations, is in the amount of $1,092,971 (2016: $1,113,273).

The value of the decrease of inventories to the corresponding net realizable value, is in the amount of $914 (2016: $6.380), without the reversal of reduction in value of the inventories, during the year and comparable.

At December 31st of 2017 and 2016, Cementos Argos S.A. does not maintain inventory committed as collateral for liabilities. Cementos Argos S.A. expects to realize inventories in less than (12) months.

NOTE 11: BIOLOGICAL ASSETS

	2017	2016
Plantations		
Book value at January 1st	20,870	20,242
Changes in fair value, minus the cost to sell	329	628
Cost in books at December 31st	**21,199**	**20,870**
Non-current	21,199	20,870
Biological assets	**21,199**	**20,870**

The biologics assets, of Cementos Argos S.A., are measured at fair value, minus the estimated sales cost, at the point of harvest, considering significant observable data inputs of Level 3. Changes in the fair value of biologics assets costs are presented in the Statement of Comprehensive Income.

For the valorization of the plantations, the discounted cash flow model was used, taking into account that the future economic benefits, associated with the forest flights, that are expected to be realized 3 or 4 times, as follows: at the moment when the 2 or 3 clearings, which depend on the age, and the diameter of the plantation, and at the last time shallow cutting, is realized. In this sense, fair value is determined by applying, to the future net cash flows, a discount rate, which for that purpose, the weighted average cost of capital (WACC), which was estimated at 9.5% for 2017 (2016: 10.3%).

The biologics assets of Cementos Argos S.A., are composed of plantations, as follows:

	2017	2016
Plantations (Hectares planted = Hp)	1,172	1,172

As of December 31, 2016, the plantations mainly include teak, eucalyptus, pine, rubber, locust tree, and gmelina, distributed nationally, across the country in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolívar), Victoria (Caldas), and Puerto Nare (Antioquia), and forestry operation for sale of sawmill type wood and round-wood.

At the end of the reporting period and comparative reportedly, there are no restrictions on the ownership of biological assets of Cementos Argos S.A., nor contractual commitments for the development or acquisition, and have not been pledged, as collateral for the repayment of debts.

NOTE 12: INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

The summary of associates and joint ventures, of Cementos Argos S.A., the date of the reporting period, is as follows:

Name of investee	Type of investment	Location	Principal Activity	Share participation and voting rights		Balance in books	
				2017	2016	2017	2016
Omya Andina S.A.	Joint venture	Colombia	Production of minerals & non-metallics	50.00	50.00	39,438	39,438
Caltek S.A.S.	Joint venture	Colombia	Exploitation of lime	50.00	50.00	21,857	16,857
SUMMA S.A.S.(1)	Associated	Colombia	Specialized Corporate Services	25.00	33.00	125	125
INVESTMENTS IN ASSOCIATED AND JOINT VENTURES						**61,420**	**56,420**

(1)Company incorporated on November 17, 2016, in partnership with the Parent Company, Grupo Argos S.A. and Odinsa S.A., to which it joined in March 2017 Celsia S.A., this company (SUMMA S.A.S.) has as its main corporate purpose the provision of specialized business services and provision of consulting services or supervision, to Grupo Empresarial Argos S.A., or third parties.

All associates and joint ventures are accounted for by using the cost accounting policy, in the Separate Financial Statements. None of the investments, in associates and joint ventures, held by the Company, are listed in a domestic or foreign securities market, therefore, there are no quoted market prices, for the investment.

12.1 SIGNIFICANT RESTRICTIONS

At December 31, 2017 and comparative periods, there are no significant restrictions over the ability of associates and joint ventures for the transfer of funds to Cementos Argos S.A., in form of cash dividends, or for the reimbursement of loans, or realized advances, by the Company.

NOTE 13: SUBSIDIARIES

13.1. GENERAL INFORMATION AND SOCIAL PURPOSE OF THE SUBSIDIARY COMPANIES

AGREGADOS ARGOS S.A.S.

Constituted in accordance with Colombian laws on June 16, 2017, its main domicile is in the city of Medellin and the term of duration is indefinite. Its corporate purpose is the exploration, exploitation, transformation, transportation, benefit, integral use, commercialization, and sale of stone minerals, exploited in mines and quarries such as sand, gravel, and any materials and own, accessory and complementary elements, used in the industry of construction, and in general, the realization of similar, related, or complementary activities, or that facilitate or develop the commerce or industry of the Company.

ARGOS PANAMÁ S.A

A public limited company incorporated, in accordance with the laws of the Republic of Panama, on June 25, 1943. Its main purpose is the manufacture, sale, import and export of cement, and its derivatives, as well as the importation of all types of raw materials, machinery, equipment, spare parts for the manufacture and sale of cement. The company's main domicile is in Panama City, Republic of Panama, and the duration term is in perpetuity. This company consolidates with Grava S.A., Concreto S.A., and Terminal Granelera Bahía Las Minas S.A.

ARGOS SEM, S.A.

Incorporated on March 21, 2014, in the city of Panama, its purpose is to establish and operate as a Multinational Company Headquarters, to provide all and any of the management and/or administration services for operations, in the specific or global geographic area of a company of the business group, devoting itself internationally to the manufacture and commercialization of goods of all kinds, as well as to the commercialization of services of all kinds, and to be engaged in the territory of the Republic of Panama, and in any other state or jurisdiction, to any business lawful, as permitted by the law of the respective state or jurisdiction. The main domicile of the company, is located in Panama City, Republic of Panama, and the duration term is in perpetuity, but may be dissolved in accordance with the law.

CANTERAS DE COLOMBIA S.A.S.

Constituted in accordance with Colombian laws on November 9, 1979, its main domicile is in the city of Medellin and the term is indefinite. Its corporate purpose is the exploration, exploitation, transformation, transportation, benefit, integral use, marketing and sale of stone minerals such as sand, gravel, and any materials and elements, accessories and complementary used in the construction industry, and in general, the performance of all activities related to mining, marketing, and sale of renewable and non-renewable natural resources, and any legal economic activity, both in Colombia and abroad.

CEMENT AND MINING ENGINEERING INC.

Established in accordance with Panamanian laws, on February 4, 1997, its main domicile is in Panama City. Its corporate purpose is construction, technical assistance, installation and assembly of equipment, purchase and sale of real estate and furniture, investments, financing, and participation in companies, purchase or acquisition of patents, trademarks, copyrights, licenses and formulas, operations with banks or other financial institutions. Also, the sale of shares, securities or Bonds, financing and participation in companies, mining, maritime, and any other lawful business permitted by the laws of the Republic of Panama. Its term of duration is in perpetuity.

CEMENTOS DE CALDAS S.A.

Constituted in accordance with Colombian laws on July 17, 2007, its main domicile is in Villamaría, a Department of Caldas. Its corporate purpose is the exploitation of the cement industry and the production of concrete mixtures, and their derivatives. Its term lasts until July 22, 2054.

C.I. DEL MAR CARIBE (BVI) INC.

Established in accordance with the laws of the British Virgin Islands on June 2, 2004. Its main domicile is in Tortola and its corporate purpose is the commercialization of cement, clinker, and lime. Its term of duration is in perpetuity.

COLCARIBE HOLDINGS, S.A.

Incorporated in accordance with Panamanian law on June 25, 1996, its main domicile is in Panama City. Its corporate purpose is to negotiate or dispose of securities, Bonds, shares in other companies and rights of any kind, either on its own behalf, or by third parties, as well as opening, operating, closing accounts, and deposits in financial institutions, lending or accepting money in loans and give guarantees in favor of third parties in any currency of the world. Its term of duration is in perpetuity.

COMERCIAL ARVENCO, C.A.

Incorporated in Caracas, Venezuela on November 2, 2006, its duration is for 50 years, as of this date. It is domiciled the city of Barquisimeto, Estado Lara, Venezuela. Its corporate purpose is the exploitation of businesses and activities, related to the import, export, transport, purchase and sale of all kinds of goods and products, metallic and non-metallic minerals, cement, clinker, coal, equipment, appliances, vehicles, machinery, tools, spare parts, accessories, as well as any other lawful trade act.

CONCRETOS ARGOS S.A.

Public limited company incorporated in accordance with Colombian laws on April 22, 1985, its main purpose is the exploration, exploitation, transportation, benefit, integral use, marketing and sale of stone minerals such as: sand, cement, gravel, pre-mixed concrete, and prefabricated concrete elements, concrete blocks and any materials and their own elements, accessories and complementary materials, used in the construction industry. The main domicile of the Company is in Bogotá and the term is until September 8, 2093.

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

Established in accordance with Colombian laws on December 14, 1982, its main domicile is in the city of Medellin and the term of duration is indefinite. The Company's corporate purpose is to carry out any lawful economic activity both in Colombia and abroad. Currently he is dedicated to investing in shares or interest payments. This Company consolidates with Argos USVI Corp., Argos (Dominica) Ltd., Argos Saint Maarten N.V. and Caricement Antigua Limited.

FIDUCIARIA CORFICOLOMBIANA S.A. FIDEICOMISO GASEOSAS LUX

Commercial trust, established in 2008 for the administration of a land by Fiduciaria Corficolombiana S.A. Cementos Argos S.A. exercises control over the commercial trust “Gaseosas Lux”, for which, the autonomous equity is accounted for as an investment in a subsidiary in the Separate Financial Statements.

HAITÍ CEMENT HOLDING, S.A.

Incorporated and domiciled in Panama City, Republic of Panama, on October 7, 1997, its main activity is to acquire, buy, invest in securities, Bonds, shares, holdings in other companies, as well as any lawful business permitted by the laws of the Republic of Panama. The duration of the company is in perpetuity. This company consolidates with Cimenterie Nationale S.E.M. (CINA)

INTERNATIONAL CEMENT COMPANY S.A.

Constituted in accordance with Panamanian law on November 24, 1997, its main domicile is in Panama City. Its corporate purpose is to acquire, possess, manage, encumber, lease, transfer, and dispose of all kinds of assets in any form, either on its own account, or on behalf of third parties. Its term of duration is in perpetuity.

LOGÍSTICA DE TRANSPORTE S.A.

Constituted in accordance with Colombian laws on April 16, 1996, its main domicile is in the city of Medellin. Its social purpose is the transport of people and all types of cargo, within or outside the country, in any of its modalities, land, air, river and sea, either in vehicles, ships or aircraft, owned by them, or third parties affiliated to her. The term of the Company expires on April 16, 2026.

TRANSATLANTIC CEMENT CARRIERS, INC.

Constituted in accordance with Panamanian law on July 26, 1974, its main domicile in Panama City and the term of duration is indefinite. Its corporate purpose is maritime transport, especially cement, clinker, and the sale of these same products.

TRANSPORTES ELMAN LTDA. –TLM LTDA “EN LIQUIDACIÓN”

Established in accordance with Colombian laws on November 30, 1983, through public deed No. 2018, on September 26, 2008, the decision of the Ordinary Shareholders’ Meeting, was formalized, to declare the Company dissolved and in a state of liquidation. The corporate purpose developed by the Company was related to the transport of all types of cargo, within and outside the country, in any of its modes: land, sea, air, river and rail, whether in vehicles, ships, aircraft or trains. Its property or that of third parties affiliated to it and in public transport vehicles of cargo affiliated to other companies.

VALLE CEMENT INVESTMENTS LTD.

Established in accordance with the laws of the British Virgin Islands on November 18, 1998, its main domicile is in the British Virgin Islands, and its corporate purpose is the realization of investments of any kind. The term of the duration of the company is indefinite.

VENEZUELA PORTS COMPANY, S.A.

Incorporated in Panama City, Republic of Panama on February 26, 2002, it is domiciled in Panama City. Its main activity is to invest in enterprises, companies, or projects, and the negotiation, exploitation, or participation in industrial, mining, commercial, real estate, maritime, or any other kind of companies, as well as any licit business, permitted by the laws of the Republic of Panama. The duration of the company is in perpetuity.

ZONA FRANCA ARGOS S.A.S.

Established in accordance with Colombian laws on July 5, 2007, its main domicile is in the city of Cartagena and its term is indefinite. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixtures, and any other materials or articles based on cement, lime or clay, the acquisition and disposal of minerals or mineral deposits, that can be used in the industry, cement and it's like, rights to explore and exploit minerals of those indicated, either by concession, privilege, lease, or any other title, direct, administer, supervise, promote, and develop a free zone, perform all activities that in their condition single user of a special free zone are convenient, relevant, or necessary, perform the following activities as a port operator: load and unload, storage in ports, import and export of goods and services, cargo handling in general, containerized cargo handling. It was declared, in 2007, as a permanent special free zone.

13.1.1. DIRECT PARTICIPATION IN SUBSIDIARIES

Name of subsidiary	Principal Activity	Location of constitution and operations	Percentage of Shareholder participation		Carrying Amount	
			2017	2016	2017	2016
Agregados Argos S.A.S	Manufacturing industry Manufacturer	Colombia	52%	0%	4,991	-
Argos Panamá S.A.	Cement and concrete industry	Panama	78.44%	78.44%	368,641	381,802
Argos SEM S.A.	Investments	Panama	100%	100%	4,592,310	3,660,018
C.I. del Mar Caribe BVI	Marketing	Virgin Islands	93.88%	93.88%	97,655	85,997
Canteras de Colombia S.A.S.	Extraction of aggregates	Colombia	5.97%	5.97%	3,308	3,139
Cementos de Caldas S.A	Production of cement	Colombia	40.07%	40.07%	3,370	2,974
Cimenterie Nationale S.E.M.	Cement industry	Haiti	0.00004%	0.00004%	-	-
Colcaribe Holding S.A.	Investments	Panama	100%	100%	423,652	427,760
Concretos Argos S.A.	Extraction of stone minerals	Colombia	93.13%	93.13%	207,399	237,101
Corporaciones e Inversiones del Mar Caribe S.A.S.	Investments	Colombia	100%	100%	82,854	79,280
Fiduciaria Corficolombiana S.A. Fideicomiso Gaseosas Lux	Property management	Colombia	100%	100%	42,761	42,761
Haití Cement Holding S.A.	Investments	Panama	50%	50%	7,913	13,722
International Cement Company S.A.	Investments	Panama	100%	100%	2,345	2,358
Logística de Transporte S.A.	Transport	Colombia	94.89%	94.89%	40,285	32,686
Transatlantic Cement Carriers, INC	Maritime transport	Panama	100%	100%	51,071	53,984
Transportes Elman Ltda en Liquidación	Transport	Colombia	51.15%	51.15%	3,888	3,888
Valle Cement Investments Limitada	Investments	Virgin Islands	91.81%	91.81%	628,426	583,474
Zona Franca Argos S.A.S.	Cement industry	Colombia	100%	100%	1,470,882	1,471,074
INVESTMENT IN SUBSIDIARIES					**8,031,751**	**7,082,018**

13.1.2 EFFECTIVE PARTICIPATION IN SUBSIDIARIES

Name of subsidiary	Principal Activity	Location of constitution and operations	Percentage of Shareholder participation	
			2017	2016
American Cement Terminals LLC.	Investments	United States	100%	100%
American Cement Terminals Trust (BVI)	Investments	United States	100%	100%
Argos USA LLC. (formerly Argos Cement LLC.)	Cement and concrete industry	United States	99.08%	98.63%
Argos (Dominica) Ltd.	Distribution of cement	Virgin Islands	100%	100%
Argos Dominicana S. A., y subsidiarias	Exploitation of clinker and cement	Dominican Republic	79.18%	79.18%
Argos Honduras S. A. de C.V., y subsidiarias	Exploitation of cement and derivatives	Honduras	53.28%	53.28%
Argos Panamá, S. A., y subsidiarias	Cement and concrete industry	Panama	78.44%	78.44%
Argos Ports (Huston) LLC.	Distribution and sales of cement	United States	98.63%	98.63%
Argos Ports (Savannah) LLC.	Distribution and sales of cement	United States	99.08%	98.63%
Argos Ports (Wilmington) LLC.	Distribution and sales of cement	United States	100%	100%
Argos Puerto Rico LLC.	Distribution and sales of cement	Puerto Rico	60.00%	60.00%
Argos San Juan, Corp.	Distribution and sales of cement	Puerto Rico	60.00%	-
Argos St. Maarten N.V.	Distribution of cement	Virgin Islands	100%	100%
Argos SEM, S. A.	Investments	Panama	100%	100%
Argos North América Corp.	Investments	United States	99.08%	98.63%
Argos USVI Corp.	Distribution of cement	Virgin Islands	100%	100%
Agregados Argos S.A.S	Extraction of stone minerals	Colombia	52.00%	-
Canteras de Colombia S. A.S.	Extraction of aggregates	Colombia	99.48%	99.48%
Caricement Antigua Limited	Distribution of cement	Antigua	100%	100%
Cement and Mining Engineering Inc.	Investments	Panama	100%	100%
Cementos de Caldas S. A.	Production of cement	Colombia	40.07%	40.07%
Central Aggregates LLC.	Production of aggregates	United States	99.08%	98.63%
CI del Mar Caribe (BVI) Inc.	Marketing	Virgin Islands	99.97%	99.97%
Cimenterie Nationale S.E.M. (CINA)	Cement industry	Haiti	65.00%	65.00%
Ciments Guyanais S. A.S.	Cement operations	French Guayana	100%	100%
Colcaribe Holdings S. A.	Investments	Panama	100%	100%
Comercial Arvenco C.A.	Marketing	Venezuela	100%	100%
Concretos Argos S. A.	Extraction of stone minerals	Colombia	99.44%	99.44%
Corp e Inversiones del Mar Caribe S. A.S.	Investments	Colombia	100%	100%
Fideicomiso Gaseosas Lux	Property management	Colombia	100%	100%
Haiti Cement Holding S. A.	Investments	Panama	100%	100%
International Cement Company S. A.	Investments	Panama	100%	100%
Logística de Transporte S. A.	Transport	Colombia	99.97%	99.97%
Marítima de Gráneles S. A.	Maritime transport	Panama	100%	100%
Southern Star Leasing, LLC	Concrete industry	United States	99.08%	98.63%
Surcol Houdstermaatschapij NV	Investments	Surinam	50.00%	50.00%
Transatlantic Cement Carriers Inc.	Maritime transport	Panama	100%	100%
Transportes Elman Ltda, en liquidación	Transport	Colombia	98.75%	98.75%
Valle Cement Investments Limited	Investments	Virgin Islands	91.81%	91.81%
Venezuela Ports Company S. A.	Investments	Panama	100%	100%
Vensur N.V.	Production of cement	Surinam	42.10%	42.12%
Wetvan Overseas Ltd.	Investments	Puerto Rico	60.00%	60.00%
Zona Franca Argos S. A.S.	Cement industry	Colombia	100%	100%

Subsidiary	Colombia 2017	Colombia 2016	Subsidiary 2017	Subsidiary 2016	United States 2017	United States 2016
Number of subsidiaries, wholly-owned	3	3	14	14	3	3
Number of subsidiaries, partially owned	6	5	17	17	6	6

13.2 CONSTITUTION OF SUBSIDIARIES

In accordance with the decision of the Board of Directors of Cementos Argos S.A., adopted at a meeting held on May 10, 2017, Sociedad Agregados Argos S.A.S. was created, whose shareholders are Cementos Argos S.A., Construcciones el Cóndor S.A., and Odinsa S.A., with a Shareholding of 52%, 24%, and 24%, respectively.

The corporate purpose of the Company is the production, exploitation, and commercialization of aggregates. The main domicile is the city of Medellin, Colombia. The subscribed capital is the sum of twelve billion Colombian Pesos.

The total value to be capitalized, in said company, by Cementos Argos, is of $6,420, of which as of December 31, 2017, payments of $3,276 have been made, pending payment of $2,964.

13.3 CAPITALIZATION IN SUBSIDIARIES

During the year 2017, Cementos Argos S.A. capitalized the following subsidiaries:

	Amount paid in cash
Argos SEM, S.A.	872,315
Corporaciones e Inversiones del Mar Caribe S.A.S.	572
Total capitalizations	**872,887**

13.4 CHANGES IN PARTICIPATION OF PROPERTY, OWNED BY THE COMPANY, IN A SUBSIDIARY

On October 3, 2016, Cementos Argos S.A., and its subsidiary Colcaribe Holdings S.A., sold Provicem S.A., a company linked to Grupo Provivienda 302,701 shares equivalent to 20% of the participation held, in Panama Argos S.A., a subsidiary, which is principally engaged in the manufacture, sale, import, and export of cement and its derivatives. The value received by Cementos Argos S.A., for the partial sale of shares, without loss of control, and direct costs of the transaction, were USD $45,121 million and USD $0.199 million. Part of the consideration will be paid with long-term credit of an initial value of USD $25.626 million, within a (5) year term and annual interest payments, and a financing rate of 3% E.A.

13.5 SIGNIFICANT RESTRICTIONS

There are no significant restrictions that limit the ability of the directly controlled, to transfer funds to the Company in the form of cash dividends, loan repayments, advances, or other.

13.6 ANALYSIS OF IMPAIRMENT SIGNS

At the end of each period, the signs of impairment associated, with each investment are reviewed, based on the external and internal information available. In the case of investments that presented at least one indication of impairment, an impairment test was conducted.

Cementos Argos S.A. it reviews the book value of investments due to impairment, whenever events or circumstances indicate that the book value, may not be recoverable. If the total of future discounted cash flows is less than the book value, the book value of the investment is not recoverable, and an impairment loss is recognized, in the Income Statement.

At the end of the reporting period and comparatives, no investment in subsidiaries, showed any indication of impairment, nor were impairment losses recognized.

NOTE 14: INTANGIBLE ASSETS

14.1 RECONCILIATION OF COST, ACCUMULATED DEPRECIATION, AND IMPAIRMENT OF INTANGIBLE ASSETS

	Opening Balance	Additions	Amortization	Other changes	Closing balance
HISTORICAL COST 2017					
Intangible assets with indefinite useful life	115,389	-	-	-	115,389
Concessions, franchises, and rights	262,023	1,453	-	(282)	263,194
Patents, licenses, and software	175,721	1,091	-	10,442	187,254
Intangible assets in progress	885	13,063	-	(981)	12,967
HISTORICAL COST	**554,018**	**15,607**	**-**	**9,179**	**578,804**
Concessions, franchises, and rights	(106,936)	-	(11,704)	267	(118,373)
Patents, licenses, and software	(67,855)	-	(29,339)	-	(97,194)
DEPRECIATION AND IMPAIRMENT OF VALUE	**(174,791)**	**-**	**(41,043)**	**267**	**(215,567)**
INTANGIBLE ASSETS, NET	**379,227**				**363,237**

	Opening Balance	Additions	Amortization	Other changes	Closing balance
HISTORICAL COST 2016					
Intangible assets with indefinite useful life	115,389	-	-	-	115,389
Concessions, franchises, and rights	257,792	1,671	-	2,560	262,023
Patents, licenses, and software	171,182	809	-	3,730	175,721
Intangible assets in progress	-	914	-	(29)	885
HISTORICAL COST	**544,363**	**3,394**	**-**	**6,261**	**554,018**
Concessions, franchises, and rights	(97,070)	-	(11,896)	2,030	(106,936)
Patents, licenses, and software	(40,485)	-	(27,370)	-	(67,855)
DEPRECIATION AND IMPAIRMENT OF VALUE	**(137,555)**	**-**	**(39,266)**	**2,030**	**(174,791)**
INTANGIBLE ASSETS, NET	**406,808**				**379,227**

At December 31st of 2017 and 2016, intangible assets in progress do not include capitalization of loan costs. The useful lives of the other intangible assets are:

	Useful life ranges in Years	Method of depreciation
Argos "Brand"	Indefinite	
Rights	Finite: 4-35 Years	Linear
Concessions, franchises, and licenses	Finite: 4-75 Years	Linear
Licenses, patents, and software	Finite: 2-10 Years	Linear

The amortization of intangibles is recognized under the straight-line method, as an expense, in the Comprehensive Income Statement, in line with cost of sales, administrative expenses, and selling expenses, and impairment losses are recognized, as expenses in the Statement of Comprehensive Income, under impairment of assets.

Disbursements of research and development projects, recognized as expenses, in the Statement of Comprehensive Income, during the period, and amounted to $4,353 (2016 $5,438).

At December 31st, there are no restrictions on the realization of intangible assets, and Cementos Argos S.A. has no contractual obligations to acquire or develop intangible assets.

The book value amount at December 31, 2016, and comparative period, and the remaining amortization time for significant assets, is:

Intangible asset	Remaining amortization period	2017	2016
Intangible asset with indefinite useful life	Indefinite useful life	115,389	115,389
ERP Development	4 Years	61,652	83,411

The Administration determined that the “brand”, Argos, acquired by Grupo Argos S.A., in December 2005, for $115,389, is an intangible asset, with an indefinite useful life, because you cannot estimate a predictable limit of time, over which is expected to generate future economic benefits to the Company.

The Argos “brand” presents no event or circumstance that constitutes indication of impairment, despite being an intangible asset, with an indefinite useful life, an impairment test is realized to assess its value, leading to the conclusion that, for the year 2017, the brand presents no decreases in value for impairment. The recoverable amount is determined using the value in use, and the projection of cash flows, was realized at a consolidated level, to a period of 10 years, taking into account, the expected business conditions for each region.

The discount rate applied to the cash flow projections was a pre-tax WACC of 12.14%. It was calculated using the CAPM methodology, and includes risk free rate and average country risk, considering the geographies where Argos has presence, stock market premiums, beta sector, implicit devaluations, average tax rates, D/E ratio, cost of debt of Cementos Argos S.A., and growth rate in perpetuity: 2.5%.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

15.1. RECONCILIATION OF THE COST, ACCUMULATED DEPRECIATION, AND IMPAIRMENT OF THE VALUE OF PROPERTY, PLANT AND EQUIPMENT

	Opening Balance	Additions and depreciation	Sales and withdrawals of property, plant and equipment	Other changes	Closing Balance
HISTORIC COST 2017					
Land	344,015	1,323	(780)	4,594	349,152
Construction in progress, equipment assembly and transit	289,661	301,993	-	(75,333)	516,321
Constructions and buildings	290,584	4,688	(2,456)	3,722	296,538
Machinery and equipment production	1,458,413	15,893	(12,822)	72,710	1,534,194
Furniture and office equipment, and communications	50,793	772	(98)	9,291	60,758
Mines, quarries, and deposits	104,438	1,202	-	16,127	121,767
Land transport equipment	16,532	-	(43)	698	17,187
Water fleet	595	-	(16)	823	1,402
Aqueduct, plants, networks, and communication routes	54,025	225	(52)	4,198	58,396
Other assets	25,478	761	-	15,312	41,551
Advances given to thirds	107,163	-	-	(45,849)	61,314
HISTORIC COST	**2,741,697**	**326,857**	**(16,267)**	**6,293**	**3,058,580**

	Opening Balance	Additions and depreciation	Sales and withdrawals of property, plant and equipment	Other changes	Closing Balance
DEPRECIATION AND IMPAIRMENT OF VALUE 2017					
Constructions and buildings	(76,953)	(8,827)	329	(420)	(85,871)
Construction in progress, equipment assembly and transit	(466,266)	(67,569)	6,863	(9,161)	(536,133)
Machinery and equipment production	(30,349)	(6,013)	79	(42)	(36,325)
Furniture and office equipment, and communications	(78,537)	(3,447)	-	(309)	(82,293)
Mines, quarries, and deposits	(4,796)	(1,029)	43	(38)	(5,820)
Land transport equipment	(176)	(64)	5	(5)	(240)
Water fleet	(10,064)	(1,667)	21	(787)	(12,497)
Aqueduct, plants, networks, and communication routes	(654)	(1,545)	-	-	(2,199)
DEPRECIATION AND IMPAIRMENT OF VALUE	**(667,795)**	**(90,161)**	**7,340**	**(10,762)**	**(761,378)**
PROPERTY, PLANT AND EQUIPMENT, NET	**2,073,902**				**2,297,202**

	Opening Balance	Additions and depreciation	Impairment losses	Transferred from held for sale	Sales and withdrawals of property, plant and equipment	Other changes	Closing Balance
HISTORIC COST 2016							
Land	336,163	-	-	2,389	-	5,463	344,015
Construction in progress, equipment assembly and transit	361,725	209,377	-	-	-	(281,441)	289,661
Constructions and buildings	247,211	1,203	(6,062)	-	(2,269)	50,501	290,584
Machinery and equipment production	1,295,577	4,418	(42,706)	-	(6,933)	208,057	1,458,413
Furniture and office equipment, and communications	43,846	195	(265)	-	(9)	7,026	50,793
Mines, quarries, and deposits	98,623	-	-	-	-	5,815	104,438
Land transport equipment	11,712	37	-	-	(6)	4,789	16,532
Water fleet	595	-	-	-	-	-	595
Aqueduct, plants, networks, and communication routes	50,283	8	-	-	-	3,734	54,025
Other assets	416	3,054	-	-	-	22,008	25,478
Advances to thirds	67,230	-	66,910	-	-	(26,977)	107,163
HISTORIC COST	**2,513,381**	**218,292**	**17,877**	**2,389**	**(9,217)**	**(1,025)**	**2,741,697**
DEPRECIATION AND IMPAIRMENT OF VALUE 2016							
Constructions and buildings	(69,984)	(8,366)	-		515	882	(76,953)
Construction in progress, equipment assembly and transit	(400,364)	(71,348)	4		5,590	(148)	(466,266)
Machinery and equipment production	(25,239)	(5,114)	-		5	(1)	(30,349)
Furniture and office equipment, and communications	(78,727)	(5,036)	-		-	5,226	(78,537)
Mines, quarries, and deposits	(3,500)	(1,298)	-		3	(1)	(4,796)
Land transport equipment	(146)	(30)	-		-	-	(176)
Water fleet	(7,970)	(2,094)	-		-	-	(10,064)
Aqueduct, plants, networks, and communication routes	(299)	(355)	-		-	-	(654)
DEPRECIATION AND IMPAIRMENT OF VALUE	**(586,229)**	**(93,641)**	**4**		**6,113**	**5,958**	**(667,795)**
PROPERTY, PLANT AND EQUIPMENT, NET	**1,927,152**						**2,073,902**

At December 31, 2017, construction in progress, includes the capitalization of loan costs of $7,093 (2016: $20,055). The average rate used to determine the amount of borrowing costs was 7.68% (2016: 9.43%), which is the specific effective interest rate of generic loans.

At December 31, 2017 there is no impairment as collateral, for compliance with property, plant and equipment obligations.

At the end of the reporting period, there are no restrictions on the realization of property, plant and equipment, or contractual commitments for the acquisition of property, plant and equipment. Cementos Argos S.A., did not obtain compensation from third parties for damaged, lost or abandoned property, plant and equipment.

NOTE 16: INVESTMENT PROPERTIES

16.1 RECONCILIATION OF INVESTMENT PROPERTIES

HISTORIC COST	2017	2016
Book value at January 1st	**105,763**	**102,121**
Additions	12,319	10,697
Sales and withdrawals of investment property	-	(1,590)
Transfers to/from investment properties	(858)	(5,465)
Cost in books December 31st	**117,224**	**105,763**
Accumulated depreciation and impairment value	**(465)**	**(447)**
Accumulated depreciation and impairment value at January 1st	(76)	(45)
Sales and withdrawals of investment property	-	27
Other changes	113	-
Accumulated depreciation and impairment at December 31st	**(428)**	**(465)**
Investment properties at December 31st	**116,796**	**105,298**
Fair value of investment properties at December 31st	119,935	52,624

The fair value of the investment properties, for disclosure purposes, is determined by the independent valuation company, Transacciones Inmobiliarias S.A. The valuation company, used the following assessment assumption: for the land valued as investment property, the method of comparison or of the market that consists primarily, in establishing the fair value of the goods, from the study of similar goods and comparable to the object of the appraisal.

Income from property leases, for the period amounted to $786 (2016: $675). At December 31, 2017, the direct operating expenses of non-lease income generators are $251 (2016: $454).

At the end of the reporting period, there are no contractual obligations to acquire, construct, or develop investment properties, or any restriction on the collection of income derived, therefrom, or on resources obtained by its sale, thereof.

The useful lives of assets, that are part of investment properties, are:

	Useful life	Useful life ranges in years	Method
Investment properties, construction, and buildings	40 years	4 - 40 Years	Linear

NOTE 17: FINANCIAL OBLIGATIONS

	2017	2016
Foreign currency contracts	657,336	415,041
Commercial financing companies (i)	165,033	165,114
Other obligations (ii)	125,686	133,299
	948,055	**713,454**
Current	826,822	472,596
Non-current	121,233	240,858
	948,055	**713,454**

i. The balance contains obligations for financial leases for $125,147 and commitments for repurchase of shares for $39,886.

ii. They correspond to financial obligations with companies of the same economic group.

17.1 SUMMARY OF LOAN AGREEMENTS

The financial obligations in local and foreign currency, include both short-term credits, as well as, long-term. Among the most significant credits, are the following:

					Contractual value of the obligation (USD)	
Category	Entity	Concept	Expiration	Currency	2017	2016
Foreign bank	Citibank PLC London	ECA credit	2019	Dollar	22,945,917	38,243,195
National Bank	Banco Popular	Working capital credit	2018	Dollar	20,000,000	-
National Bank	Corpbanca	Working capital credit	2018	Dollar	60,000,000	-
National Bank	BCP	Working capital credit	2018	Dollar	17,000,000	31,600,000
National Bank	Banco de Bogotá	Working capital Credit	2018	Dollar	83,700,000	52,600,000
National Bank	Citibank	Working capital Credit	2018	Dollar	16,666,667	16,666,667

17.2. BREACHES OF LOAN AGREEMENTS

During the periods reported the Company had no defaults of payment of principal or interest on financial liabilities and/or loans payable.

The long-term credit, with Citibank LPC, backed by EKF Denmark, of an initial value of USD $159,235,669, whose debtors are Cementos Argos S.A., Zona Franca Argos S.A.S., and Argos North America Corp., has the following existing financial covenants, as of December 31, 2017:

a) Indicator Net Debt/EBITDA + dividends of 12 months, over 4.5 times.

b) Indicator EBITDA/Financial expenses, over 1.25 times.

The credit backed by EKF, has a period of 11.5 years, with quarterly amortization, as of December 2009, and with an expiration at June 2019.

The net debt and EBITDA, used to calculate the aforementioned indicators, is subject to the terms of the credit agreement with the financial entity and may differ from the accounting results.

NOTE 18: FINANCIAL LEASING OBLIGATIONS

18.1 LEASE AGREEMENTS

The Company has no significant leasing agreements in which acts as lessor.

18.2 FINANCIAL LEASING LIABILITIES

At December 31, 2017, the Company has signed significant financial lease agreements for the acquisition of yellow machinery, construction, and buildings, being the most representative the construction of the Medellín Distribution Center and the three energy self-generators that supply the plants of Río Claro, Yumbo, and Sogamoso. These under the contractual modality “Infrastructure Leasing” with terms to 12 years and maturities in 2018 and 2022, with Leasing Bancolombia S.A., as the landlord. The contracts for the acquisition of yellow machinery, also subscribed with the same counterparty, have terms between 7 and 10 years, with maturities between 2014 and 2025. On the other hand, there are no significant leasing agreements that stipulate significant restrictions for the company, contingent quotas significant, or renewal options.

	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	2017	2016
One year or less	33,422	34,905	25,725	22,515
Between one and five years	115,158	124,750	97,431	95,166
Five years or more	2,277	31,390	1,991	29,783
	150,857	**191,045**	**125,147**	**147,464**
Minus: future finance charges	25,710	43,581		
Present value of minimum lease payments	**125,147**	**147,464**		
Included in the Financial Statements in:			25,725	22,515
Current loans (Note 17)			99,422	124,949
Non-current loans (Note 17)			**125,147**	**147,464**

At December 31st, the book value of property, plant and equipment, under finance leases, is:

	Buildings	Machinery and equipment	Vehicles	Total
Historical cost	44,053	163,677	1,594	209,324
Accumulated depreciation	(4,673)	(44,868)	(435)	(49,976)
Book value at December 31, 2017	**39,380**	**118,809**	1,159	159,348

	Buildings	Machinery and equipment	Vehicles	Total
Historical cost	43,651	161,787	1,594	207,032
Accumulated depreciation	(4,207)	(38,445)	(355)	(43,007)
Impairment of value	-	(728)	-	(728)
Book value at December 31, 2016	**39,444**	**122,614**	1,239	163,297

NOTE 19: OPERATING LEASE CONTRACTS

19.1 THE COMPANY AS A LESSEE

In the ordinary course of business, the Company subscribes to leases of real estate, vehicles, and equipment, which are accounted for as operating leases, in the Separate Financial Statements.

The most significant contracts, for operating leases, correspond mainly to agreements for the leasing of real estate and vehicles, under the form of “renting”.

The total operating lease expense was $26,401 and $25,153 for the years ended December 31, 2017 and 2016, respectively.

The minimum future payments of the lease of non-cancellable operating leases by ranges of Years and in total, consisted of the following:

	2017	2016
1 Year or less	5,293	4,857
Between 1 and 5 years	6,290	5,798
5 years or more	1,260	971
TOTAL	**12,843**	**11,626**

19.2 THE COMPANY IN AS LESSOR

As of December 31, 2017, Cementos Argos S.A has operative lease agreements with the following companies: Electrificadora del Caribe S.A., Sociedad de Cultivos S.A., Fundación Argos, Zona Franca Argos S.A.S. and Comunicación Celular S.A., over properties, buildings, and equipment.

The minimum future rights of the lease, of non-cancellable operating leases, and by ranges of years and in total, consisted of the following:

	2017	2016
1 Year or less	174	121
Between 1 and 5 years	283	442
5 years or more	580	597
TOTAL	**1,037**	**1,160**

NOTE 20: TRADE AND OTHER LIABILITIES ACCOUNTS PAYABLE

	2017	2016
Current trade accounts	207,476	290,652
National providers	126,240	111,455
Dividends, payable	79,299	74,197
Various creditors	54,679	12,595
Foreign suppliers	30,187	17,660
Other accounts payable	29,792	214
Costs and expenses, payable	18,283	65,556
Accounts payable, contractors	1,017	3,636
	546,973	**575,965**
Current	543,234	570,199
Non-current	3,739	5,766
	546,973	**575,965**

The period of credit average purchases of the Company oscillates, between 8 and 60 days. No interest is paid to suppliers for payments to 60 days.

NOTE 21: EMPLOYEE BENEFITS LIABILITIES

	2017	2016
Defined post-employment benefits	279,023	277,632
Contribution defined post-employment employee benefits	7,011	5,522
Employee benefits for termination	39,208	21,840
Employee benefits short-term	34,239	38,799
	359,481	**343,794**
Current	66,355	72,669
Non-current	293,126	271,125
	359,481	**343,794**

21.1. PLANS FOR POST-EMPLOYMENT BENEFITS - DEFINED BENEFIT PLANS

The present value, of the defined benefit obligation, is performed annually, by independent actuarial consultants. The present value of the defined benefit obligation and the current service cost, and past related service costs, were measured using *the projected credit unit method.*

On December 23, 2015, the Ministry of Commerce, Industry, and Tourism issued Decree 2496, through which, modifies Decree 2420 of 2015, of the Accounting, Financial Reporting and Information Assurance Standards, in the Republic of Colombia. The decree establishes guidelines, on the parameters to determine the post-employment benefit liability, specifically establishes that the parameters, established in Decree 2783 of 2001, in the estimation of pension liabilities, and pension bonds, and securities. This decree was implemented, for the information, to December 2015.

21.1.1. CHANGES OF ESTIMATES TO POST-EMPLOYMENT EMPLOYEE BENEFITS

On December 22, 2016, the Ministry of Commerce, Industry, and Tourism, issued Decree 2131, which establishes the calculation of pension liabilities, in accordance with the parameters established in Decree 1625 of 2016, and in the case of partial pension commutations, in accordance with Decree 1833 of 2016, and to the differences with the calculation realized, in accordance with IAS 19 "Employee Benefits".

The comparison between the liability of defined benefit pension plans, securities, and pension bonds, calculated in accordance with Decree 1625 of 2016, and in the case of partial pension commutations, in accordance with Decree 1833 of 2016, and the calculation, realized, in accordance with IAS 19 "Employee benefits", as of December 31st of 2017 and 2016, is as follows:

	Calculation in accordance with IAS 19 "Employee Benefits"	Calculation in accordance with the Decree 1625 of 2016	Comparative liabilities, calculated in accordance with IAS 19 and Decree 1625
Present value of obligations at December 31, 2017	261,048	235,089	25,958
Present value of obligations at December 31, 2016	244,343	220,269	24,074

The amount included in the Separate Statement of Financial Position, derived from the obligation of the entity with respect to defined benefit plans, the movement in the present value of the obligation of defined benefits, in the year current, is presented, as following:

	Pension plans	Securities and pension bonds	Seniority premium and others	Retirement bonuses	Other defined benefit plans	Total
Present value of obligations at January 1, 2017	**220,829**	**27,813**	**24,477**	**1,473**	**3,040**	**277,632**
Current service cost	-	-	886	140	-	1,026
Interest cost on the defined benefits obligations	14,968	1,893	1,040	104	206	18,211
New measurements of defined benefit plan						
Actuarial gains/losses from changes in:						
Experience	5,601	7,494	-	(78)	215	13,232
Financial assumptions	3,897	895	(1,411)	73	36	3,490
Benefits paid directly by the Company	(20,025)	(2,315)	(1,502)	(21)	(376)	(24,239)
Other changes	-	-	(9,224)	-	-	(9,224)
Present value of obligations at December 31, 2017	**225,270**	**35,780**	**14,266**	**1,691**	**3,121**	**280,128**
Present value of obligations at January 1, 2017	-	-	-	-	-	-
Interest income "risk-free"	-	-	38	-	-	38
Return on plan assets, excluding interest	-	-	40	-	-	40
Contributions made by the Company	-	-	1,027	-	-	1,027
Effect of exchange differences on foreign currency	-	-	-	-	-	-
Present value of obligations at December 31, 2017	**-**	**-**	**1,105**	**-**	**-**	**1,105**
Present value of obligations (Net) at December 31, 2017	**225,270**	**35,780**	**13,161**	**1,691**	**3,121**	**279,023**

	Pension plans	Securities and pension bonds	Seniority premium and others	Retirement bonuses	Other defined benefit plans	Total
Present value of obligations at January 1, 2016	**193,280**	**23,761**	**27,610**	**1,411**	**3,180**	**249,242**
Current service cost	-	-	2,541	123	-	2,664
Interest cost on the defined benefits obligations	14,355	1,830	1,163	107	224	17,679
New measurements of defined benefit plan Actuarial gains/losses from changes in:						
Experience	7,056	1,169	-	(197)	(33)	7,995
Financial assumptions	25,415	1,779	5,433	39	137	32,803
Benefits paid directly by the Company	(19,277)	(726)	(12,270)	(10)	(468)	(32,751)
Current value of the obligations at December 31, 2016	**220,829**	**27,813**	**24,477**	**1,473**	**3,040**	**277,632**

In 2016, no assets were set up for the defined benefit plan.

The fair value of the assets of the plan is composed as follows:

	2017	2016
Investment Funds	1,204	-
Fair value of the assets of the plan	**1,204**	**-**

The principal actuarial assumptions, used to determine liabilities for defined benefit plans, are as follows:

	2017	2016
Inflation rate (%)	3.50%	3.50%
Discount rate (%)	6.90%	7.10%
Salary increase (%)	3.50%	4.00%
Minimum wage increase (%)	4.00%	4.00%
Mortality table	Valid rentier 2008	Valid rentier 2008
Table rotation	50% SOA Pension turnover	50% SOA Pension turnover

The total expense, recognized in the Comprehensive Income Statement, represents the contributions for the defined contribution plans for 2017: $28,028 (2016: $28,581). The Company expects to make contributions for the next annual period of 2018 in the amount of: $25,386.

21.2 PENSION PLANS, SECURITIES, AND PENSION BONDS

According to the Colombian Labor Code, the benefits of pension plans, granted to employees, under the new regime of social security (Law 100 of 1993), are accounted for, as defined contribution plans. The Company covers its pension obligations, through payment of contributions to the Social Security Institute (SSI), and/or private pension funds under the terms and conditions, covered by said law.

The benefits of pensions granted to employees, not covered by the new Social Security Regime (Law 100 of 1993), which essentially corresponds to senior personnel, are accounted for as unfunded defined benefit plans. The Company must pay retirement pensions, or issue pension bonuses, to their employees or beneficiaries, who meet certain requirements, in terms of age and length of service.

The benefit gives entitlement to a monthly annuity pension, or seniority pension, equivalent to seventy-five percent (75%) of the average salary earned, in the last year of service, subject to a minimum payment of a monthly minimum wage, and a maximum, equal to 25 minimum monthly wages. In addition, two additional payments are made, one in June and one in December.

When the participant expects to receive benefits from the Social Security Institute (SSI), these benefits are deducted from the benefits payable, by the Company's plan, and therefore, reduce the Company's obligation. Pensions payments increase, in line with inflation. When a participant receives a pension equal to the minimum wage, the pension increases, according to the increases in the minimum wage.

On the other hand, the death benefit occurs in the case of death, after retirement, where the beneficiary receives 100% of the pension, for a term that will depend on each beneficiary. The contributions of the social security, in pensions, to the Administrators of Pension Funds, is under the charge of the Company, as employer.

For workers who have retired from the company, for recognition of conventional or early pension, which in any case, is shared, whereby, the company continues to make contributions to the pension system, until the pensioner meets the requirements of seniority pension, required by the SSI (Colpensiones). Thus, the company is responsible for 100% of the contribution, to pensions, until the fulfillment of these requirements. The contribution is calculated on the value of the pension. Additionally, in terms of health, Cementos Argos S.A., partially assumes the percentage of the pensioner's contribution.

In addition, the defined benefit obligation, for retirement pensions, includes the employees of Compañía Industrial Hullera S.A., settled, as a result of the normalization process of the pension liability, in which Cementos Argos definitively assumes the proportion of the corresponding obligation.

Cementos Argos S.A. issued pension securities, Type A Modality 2 Pension Bonds and Type A Modality 2 Pension Bonds. This obligation applies to some areas where the SSI had no pre-1994 pension coverage.

The benefit is granted, at the time of withdrawal from the company, until the participant retires in the Colombian Social Security System. In this period, the Company realizes contributions to the pension system, on behalf of the employee. Bonds and pension bonds constitute resources intended to contribute to the formation of the capital necessary, to finance the pensions of members of the General Colombian Pension System.

21.3 RETIREMENT BONUSES

For employees covered by any of the collective labor agreements, when the contract of a worker is terminated, by the recognition of retirement, disability, or old age, a bonus equivalent to (5) monthly minimum wages, is granted.

21.4 OTHER DEFINED BENEFIT PLANS

DENTAL, EDUCATION, DEATH, AND OTHER AID PLANS - COLOMBIA

For retired employees in Colombia, the death benefit is increased, according to the Consumer Price Index (CPI), equivalent to 5 minimum monthly legal salaries, effect. For retired employees, of the plant Valle, in Colombia, educational aid is granted, until death, and also to the children of retirees, until they turn 25 years of age. The beneficiary receives the amount, regardless of the worker's survival. Each year the benefit increases, according to the Consumer Price Index (CPI), as well as dental assistance, until death only if, they formally request the service, with an annual increase, in accordance with the Consumer Price Index (CPI).

BENEFIT FOR PENSION GAP AT THE TIME OF RETIREMENT

The benefit of this benefit consists of the granting of a single premium at the time of separation from the entity to enjoy the old-age pension, whose value corresponds to the money necessary to close the executive's pension gap. This benefit currently has contributions in private pension funds, that will be used only at the time of compliance, with the requirements to obtain the benefit.

RETROACTIVE SEVERANCE PLAN

According to Colombian labor laws, employees affiliated, before the entry into force of Act No. 50 of 1990, are entitled to receive, at the end of the employment contract, one month's salary, in effect, for each year of service, and proportionately by fraction of year, as aid of severance for any reason, at the end of employment, including: retirement, disability, death, etc. The benefit is paid at the time of retirement of an employee and is based on the last salary received.

At December 31st of 2017 y 2016, the Company has no redemption rights obligations related to defined benefit plans.

The average duration of the defined benefit obligation is as follows:

	Pension plans	Securities and pension bonds	Retirement bonuses	Other defined benefit plans	Average duration total
Duration average 2017	9.4	5.1	9.4	7.6	6.0
Duration average 2016	8.7	5.5	10.0	7.9	8.0

The significant actuarial assumptions for the determination of the defined obligation are the discount rate, expected salary increase and mortality. The sensitivity analyzes below have been determined based on possible reasonable changes to the respective assumptions that occur at the end of the reporting period, while maintaining all other assumptions constant.

	2017		2016	
	Decreases	Increases	Decreases	Increases
Discount rate 100 basis points higher (lower)	289,395	245,657	272,227	235,508
Expected wage growth increases (decreases) in 1%	2,266	2,755	2,110	2,602
Life expectancy increases (decreases) in one year	232,887	218,382	199,740	189,008

The analysis of sensitivity, presented above may not be representative of real change, in the obligation defined benefit, since it is not likely to change in the assumptions occurring in isolation from one another, since some of the assumptions may be correlated.

In addition, at presentation of the sensitivity analysis above, the present value of the defined benefit obligation was calculated, using *the projected credit method,* at the end of the period, over which reported, which is the same as that which applies, when calculating the liabilities of defined benefit obligation, recognized in the Statement of Financial Position.

NOTE 22: PROVISIONS

	Litigation and claims (i)	Dismantling (ii)	Environmental (iii)	Other provisions	Total
Book value at January 1, 2017	**25,168**	**20.403**	**10,632**	**4,373**	**60,576**
Provisions realized	3,059	-	38	2,673	5,770
Utilization of provisions	(18,122)	-	(1,109)	(5,012)	(24,243)
Realized reversals	(3,304)	-	(1,631)	(2,028)	(6,963)
Adjustments to the discount rate	(227)	3,527	2,695	-	5,995
Other changes	421	1,657	646	-	2,724
Book value at December 31, 2017	**6,995**	**25,587**	**11,271**	**6**	**43,859**
Current	3,870	612	3,471	6	7,959
non-current	3,125	24,975	7,800	-	35,900
Book value at December 31, 2017	**6,995**	**25,587**	**11,271**	**6**	**43,859**

(i) Cementos Argos S.A. is a party to different types of legal proceedings, acting both as plaintiff and as defendant, which have been diligently served by qualified lawyers, hired by the Company. The conflicts are of labor, civil, administrative, criminal, and fiscal order. This type of litigation is that which arises in the ordinary course of business that is developed by any company of the operations of Cementos Argos S.A. and that the Company expects an outflow of resources to be probable.

For these processes, the corresponding reserves have been estimated, based on criteria such as the nature of the process, the evidence, the economic factors, the possible projected sentence, etc., to cover possible convictions or unfavorable decisions that may occur. Cementos Argos S.A. considers that the estimated time of completion of these processes ranges between three (3) and eight (8) Years approximately.

(ii) Cementos Argos SA is obliged to incur future costs for compliance with the mining legal regulations, as opposed to the exploitation of mineral resources, corresponding to the dismantling of assets and restoration of the environment, where these assets were built, which is carried the moment a mining operation is completed, or a mining title expires, the date that is less.

The dismantling obligations have as their maximum execution date the expiration date of the concession of the mining title, for which reason the disbursement of the economic resources is estimated in a period of five years before the legal requirement. However, for some cases, where the operation of an area covered by a title that has been in effect for more than five years has been completed, it is estimated that the disbursements of the provision will be made within the five years following the end of the operation. In determining the best estimate to liquidate, the Administration considers the areas affected by the mining exploitation, the mining exploitation schedule and the costs incurred in past dismantling operations.

(iii) Cementos Argos S.A. is obliged to incur costs for environmental obligations related to forest compensations for quarrying and forest exploitation, costs for the removal and subsequent disposal of hazardous waste, specifically PCBs (polychlorinated biphenyls), previously stored. For forestry offsets, Cementos Argos S.A. has committed to liquidate its environmental obligations in a maximum period of five years or as indicated in the Resolution corresponding to each identified environmental liability. In the determination of the best estimate to liquidate, the Administration considers mainly financial variables and the costs of planting, isolation, and maintenance for a period of four years. In the estimation of the disposition of the PCBs, the disbursements of packaging, transport, and disposal are mainly considered

NOTE 23: OTHER LIABILITIES

	2017	2016
Client advances	67,773	71,535
Advances and advances received on contracts	15,830	15,830
Other advances	202	893
	83,805	**88,258**
Current	67,975	72,428
Non-current	15,830	15,830
	83,805	**88,258**

NOTE 24: OUSTANDING BONDS AND PREFERENCE SHARES

	2017	2016
Outstanding Bonds	2,928,595	2,372,645
Preference shares classified as compound financial instruments	53,280	51,853
	2,981,875	**2,424,498**
Current	130,312	475,621
Non-current	2,851,563	1,948,877
	2,981,875	**2,424,498**

24.1. OUTSTANDING BONDS

The outstanding bonds, issued by Cementos Argos S.A., are as follows, as of December 31st of 2017 and 2016:

					Issued values	
Issuance	Placement date	Term	Effective rate	Form of interest payment	2017	2016
Issuance 2005	November 23, 2005	12 Years (1)	CPI+3.17%	Semester expired	-	290,000
Issuance 2007	February 23, 2007	12 Years (1)	CPI+5.25%	Semester expired	-	150,000
Issuance 2009	April 28, 2009	10 Years	CPI + 6,30%	Quarterly expired	70,350	70,350
Issuance 2009	April 28, 2009	15 Years	CPI + 7,19%	Quarterly expired	229,530	229,530
Issuance 2012	May 16, 2012	6 Years	CPI + 3,80%	Quarterly expired	97,022	97,022
Issuance 2012	May 16, 2012	10 Years	CPI + 4,24%	Quarterly expired	299,896	299,896
Issuance 2012	May 16, 2012	15 Years	CPI + 4,50%	Quarterly expired	303,082	303,082
Issuance 2014	November 27, 2014	10 Years	CPI + 3,80%	Quarterly expired	190,675	190,675
Issuance 2014	November 27, 2014	15 Years	CPI + 4,21 %	Quarterly expired	311,707	311,707
Issuance 2016	April 13, 2016	5 Years (2)	CPI + 3,74%	Quarterly expired	94,768	94,768
Issuance 2016	April 13, 2016	10 Years (2)	CPI + 4,19%	Quarterly expired	121,075	121,075
Issuance 2016	April 13, 2016	15 Years (2)	CPI + 4,47%	Quarterly expired	184,157	184,157
				Quarterly expired		
Issuance 2017	May 24, 2017	6 Years (3)	6.65%	Quarterly expired	211,355	-
Issuance 2017	May 24, 2017	13 Years (3)	CPI + 3,64%	Quarterly expired	388,145	-
Issuance 2017	May 24, 2017	25 Years (3)	CPI + 3,99%	Quarterly expired	400,500	-
					2,902,262	**2,342,262**

1) The 12-year term bonds of 2005 Argos Bonds, for $440,000, were converted into $433,320 dollars (equivalent to USD 229,094) through a currency swap, with an average rate of Libor + 1.78% SV. These Bonds were paid in full in November 2017 (2016 USD 179,178).

(2) The issue is part of the issuance and placement program of ordinary Bonds and commercial papers charged to a global quota of $1,000,000, approved by Resolution No. 0422 of the Financial Superintendence of Colombia on March 23, 2012.

(3) The issue is part of the issuance and placement program of ordinary Bonds and commercial papers charged to a global quota of $1,000,000, approved by Resolution No. 0518 of the Financial Superintendence of Colombia on April 3, 2017, by which means was approved, the increase of the global quota of the program of emission and collation previously approved by resolution 0422 of 2012.

All issues are rated AA+, with a stable forecast, by the rating firm Fitch Ratings Colombia S.A., and are nominative securities values, issued to the order and negotiable in the secondary market, through the Stock Exchange of Colombia. During 2017, interest expenses were recorded in the amount of $257.677 (2016: $272.953) of ordinary bonds, and $3.557 (2016: $4.377) of preference shares.

24.2 PREFERENCE SHARES

In accordance with the approval of the General Shareholders' Meeting of March 15, 2013, Cementos Argos S.A. realized the issuance and placement of preference and non-voting shares (hereinafter, preference shares), in May 2013, valued at $1,610,824, by awarding 209,197,850 preference shares, at the subscription price of $7,700 per preference share, as determined by the Company's Board of Directors.

The issuance of preference shares is a compound financial instrument. The issuer, for its subsequent recognition and measurement, identified the debt and equity components, by evaluating the contractual conditions of the instrument, and the obligations of the issuer. Given the contractual obligation of the issuer to pay the annual minimum dividend, to the holders of the shares, if the Company generates profits, the issue incorporates a component of financial liability. Once this liability is measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability, must be measured, at least, in each interim period and recognize its effects on the result of the period, the equity element is not subject to subsequent measurement.

Cementos Argos S.A. determined the liability component, by discounting the cash flows corresponding to the minimum preference dividend, which were calculated in perpetuity, based on the provisions of section 11.1.1 of the issuance prospectus. The discount rate applied, corresponded to the market rate, at the date of issuance of similar instruments, that did not incorporate an equity component. Considering the difficulty of identifying, in the market, a financial instrument with the same characteristics as the issuance, the discount rate of the financial liability, was determined with reference to, the current yield of the bonds, issued by Cementos Argos S.A., in the longer term, denominated in Colombian Pesos. For these purposes, the valuation rate of the bond issue of Cementos Argos 2024, issued in May 2012, in the long-term (15 years), indexed to CPI.

Preference shares had a minimum dividend of 3%, per annum, on the subscription price paid in the first (12) quarters after placement. In April 2016, the last minimum dividend, corresponding to 3% per year, was paid on the subscription price, and from the thirteenth quarter onwards, the annual minimum dividend will be $10 per share, which will increase with the annual CPI, at the end of each year. The issuance prospectus does not have options to buy or sell on the preference shares.

Holders of shares with preferential dividends, and non-voting shares, will be entitled to receive a minimum dividend on a preferential basis, over the one corresponding to the ordinary shares, provided that distributable profits have been generated, in the immediately preceding accounting period. In no case, may the dividend received by the holders of the ordinary shares, be greater than that which is declared, in favor of the preference shares. To the preferential reimbursement of its contributions, once the external liability is paid, in case of dissolution and liquidation, of the issuer; and other rights set forth in the issuer's bylaws for holders of ordinary shares, except (i) preferential subscription of ordinary shares, and (ii) voting rights at the General Meeting of Shareholders of the issuer. By way of exception, preference shares will give their holders the right to vote at the events indicated, in the placement and issue prospectus.

The liability recognized, for the issuance of preference shares, consists of the valuation of the debt component and the reduction of the direct costs, of the issuance assigned to the liability component, according to the percentage of participation of each component, in the amount of the issue. At the time of initial recognition, issuance costs were included in the financial liability for $7,157. The debt component is measured at amortized cost, using the effective interest rate. The effective interest rate for the subsequent measurement of the debt component, at amortized cost, was determined by matching the estimated cash flows receivable, or payable, over the expected life of the financial instrument, with the net carrying amount of the liability component, at the time of initial recognition. The financial liability is increased, by the recognition of interest, by applying the effective interest rate, and decreases to the extent that the minimum dividends are accounted to the preferential Shareholders.

NOTE 25: FINANCIAL INSTRUMENTOS

25.1 CAPITAL RISK MANAGEMENT

Cementos Argos S.A. manages its capital from a long-term perspective, seeking to maintain a balanced, efficient, and flexible capital structure that will accompany and securely support the growth process of the organization. The Company considers, as capital, the ordinary and preference shares issued, the short and long- term financial obligations, and the ordinary bonds. The Company is not subject to external capital requirements.

The Company uses the Net Debt/EBITDA + dividends indicator, to monitor the capital structure. Net debt is composed of financial obligations minus cash and temporary investments. This indicator allows the establishment of the level of leverage, of the Company, with respect to its cash generation. In addition, this indicator is included in Cementos Argos S.A.'s long-term credit agreements.

Other indicators, such as the short-term and long-term debt ratio, half-life, and free cash flows, are also taken into account to analyze the capital structure. In line with the above, a correct balance between debt and equity, is maintained.

The Company periodically monitors that the Net Debt/EBITDA + dividends indicator, remains within a specific range, that allows for sustainable growth and compliance with the objectives, established by the Administration. In addition to generating EBITDA, the Company may issue capital or divest its portfolio of shares, which at the end of 2016, was valued at $1.15 Billion Pesos. For the management of other indicators, such as the average life of the debt and the long and short-term distribution of the same, credit lines are available with national and international banks, and the possibility of accessing the capital market, through the issuance of ordinary bonds and/or securities, in the local market.

The level of indebtedness of the Company, maintains an adequate balance between currencies, making natural hedges, between assets and liabilities, denominated in the same currency.

There have been no significant changes in the Company's objectives, policies, or capital management processes.

25.2 CATEGORIES OF FINANCIAL INSTRUMENTS

Financial assets	2017	2016
Cash and Banks	49,725	117,587
Fair value with changes in results (See Note 6)	253	650
Financial assets measured at amortized cost	1,020,215	1,625,837
Financial assets measured at fair value, with changes in other comprehensive income (See Note 7)	1,157,061	1,371,382

Financial liabilities	2017	2016
Derivative instruments in hedging relationships	3,622	3,239
Financial liabilities measured at amortized cost	4,560,707	3,802,177

25.2.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME

	2017	2016
Grupo de Inversiones Suramericana S.A.	1,135,785	1,076,601
Bancolombia S.A.	-	274,582
Cartón de Colombia S.A.	12,537	11,660
Carvajal Pulpa y Papel S.A.	619	561
Other investments	8,120	7,978
Accumulated gains (losses) changes in fair value transferred from equity during the period	**1,157,061**	**1,371,382**
Dividends recognized during the period related to investments held recognized at end of period	14,526	32,014
	14,526	**32,014**

Dividends recognized during the period related investments that:	2017	2016
Remain recognized at the end of the period	14,526	13,863
Are written-off during the period	-	18,151

The equity investments, indicated in the table above, are not maintained for trading purposes, but are maintained for strategic purposes in the medium and long-term.

At December 31, 2017, the Company made transfers from the other comprehensive income to retained earnings in the amount of $272,870 (2016: 209,090), by the provision of 10,887,465 (2016: 9,549,683) shares of Bancolombia S.A. and 382,326 (2016: $0) preference shares of Grupo de Inversiones Suramericana S.A. measures at fair value with changes in other comprehensive income. The value of the investment written off during the period is $274,836 (2016: $237,787) for the shares of Bancolombia S.A. and $14,072 (2016: $0) corresponding to the shares of Grupo de Inversiones Suramericana S.A. The sale value corresponds to $277,717 and $14,329 respectively.

25.2.2 RECLASSIFICATION OF FINANCIAL ASSETS

During the current and previous period, the Company in has not realized changes to the business model management, and administration of financial assets, so that there are no reclassified financial assets, from the category of fair value, to amortized cost, or vice versa.

25.3 OBJECTIVES OF FINANCIAL RISK MANAGEMENT

The Company's financial policies are defined by the Corporate Finance Committee, and managed by the Corporate Finance Management, and seek to ensure a sound financial structure and maintain the Company's levels of exposure to market, liquidity, and credit risk, at tolerable levels, depending on the nature of the operations, and according to defined exposure and attribution policies and limits. Cementos Argos S.A. is exposed to exchange rate, interest rate, credit risk, and liquidity risk. Risk is eliminated or mitigated towards tolerable exposure levels, through the use of, natural hedges or financial derivatives, to the extent the market permits. The use of financial derivatives, for speculative purposes, is not permitted.

Special operations, such as acquisitions and issuances of shares or bonds, may temporarily exceed the limit established by the Administration, a situation that is controlled by a permanent monitoring of the volatility and the execution of the investment plans, associated with the specific transaction realized.

EXCHANGE RISK MANAGEMENT

The Company is exposed to exchange rate risk, as a result of, the investments it maintains in subsidiaries, with a functional currency, other than the Colombian Peso, and for transactions realized in currencies other than their functional currency, fluctuations in exchange rates have direct impacts on cash and on the Separate Financial Statements. The Company monitors exchange rate risk by analyzing exposure on the balance sheet, as well as, on cash flow.

The exchange rate risk exposure analysis is realized on subsidiaries, whose functional currency is different from the US Dollar, and fluctuates freely, without exchange controls. Those subsidiaries, located in countries with currency exchange controls, have low volatility in currency fluctuations and exchange rates. The presentation of the Separate Statement of Financial Position is determined by calculating the net dollar position, composed of the Company's liabilities and assets in US Dollars, and is intended to minimize the volatility of the difference item in exchange, in the Income Statement. Exposure to cash flows is monitored by analyzing the offsetting of income and expenses in foreign currency, seeking to generate income and expenses, during the period in order to minimize purchases or sales of Dollars, in the spot market. When there is certainty about the occurrence of a short or long cash flow, in foreign currency, hedges are realized through financial derivatives.

The exchange risk concentration is measured against the net position limit of +/- USD 30 Million. To the extent that the net position of the Company moves away from that figure, it is considered that the concentration of exchange rate risk increases.

CREDIT RISK MANAGEMENT

Credit risk arising from financial assets, implied by the counterparty's risk of default, is reduced by evaluations and valuations of clients with exposure, or requiring credit beyond the established limits and guarantees.

The credit risk, derived from the investments, realized by the Company, in the financial system, is monitored through the use of, a model of issuer quotas, which stipulates the maximum amount that the company may have invested in a US, European, Honduran, or Colombian banks, in which the bulk of the Company's cash is concentrated. The policy restricts investment amounts in banks to the limit calculated by the quota model, without the authorization of the Financial Vice-Presidency. The models incorporate variables, such as national and international ratings, leverage indicators, and liquidity indicators of banks.

When the amounts invested in a bank exceed the values calculated by the quota model, it is considered that the risk is very concentrated in a single issuer. The company balances this concentration, when the market allows it, through the divestment of the issuer, that has exceeded the amount stipulated by the model and the reconstitution of the investments, in the different alternatives, according to the calculated quotas. For banks that are not part of the model, the company does not measure issuer quota risk. In turn, banks, that are not part of this model, are entities with which there are no significant investments as of the date of this report.

MANAGEMENT LIQUIDITY RISK

The Company has financial obligations to counterparties in the banking system and the capital markets. In order to, mitigate liquidity risk in the possible renewals of these credits, the Company plans maturity concentrations, per month, so as not to accumulate very high maturities, in a given month of the year. In addition, it has a broad portfolio of liquidity providers, in different currencies, types of indices and terms, including domestic banks, securities in the market of capital, as a recurring issuer. The balance between the distribution of the debt, by term, is another clear objective of the Management, with the goal of not concentrating more than 30% of the maturities, of financial liabilities, in the short-term. The years of financial liabilities are monitored month by month, and the objective is not to be below 3.5 years of average life. Likewise, the Company has credit quotas not committed with national and international banks, in an amount sufficient to meet any eventuality. The Company is also exposed to liquidity risk due to non-compliance with its covenants, which would trigger cross-compliance clauses in other contracts. To mitigate this risk, monthly monitoring of financial covenants is realized and reported to Management.

The carrying amounts of monetary assets and liabilities, denominated in foreign currency at the end of the reporting period are as follows:

	Liabilities		Assets	
	2017	2016	2017	2016
United States Dollar	649,884	1,101,108	732,759	1,022,487

25.4. SENSITIVITY ANALYSIS OF FOREIGN CURRENCY

The Company is mainly exposed to the USD currency. The following table details the sensitivity of Cementos Argos S.A. to an increase and decrease of 25%, in the Colombian Peso, against the relevant foreign currencies after considering the effect of hedge accounting. The 25% represents the sensitivity rate used when reporting currency risk internally to Key Management Personnel and represents the Management's assessment of the likely reasonable change in exchange rates. The sensitivity analysis includes only the outstanding monetary items denominated in foreign currency and adjusts its conversion at the end of the period for a 25% change in exchange rates.

The sensitivity analysis includes foreign loans, as well as, loans for foreign operations of the Company where the denomination of the loan is in a currency other than the currency of the lender and the borrower. A positive figure below indicates an increase in results, where the Colombian Peso strengthens by 25% against the relevant currency. If there were a 25% weakening of the Colombian Peso, against the currency in question, then there would be a comparable impact on the results, and the following balances would be negative. During the period, there have been no changes in the methods and hypotheses used for the sensitivity analysis.

	Effect of currency: USD	
	2017	2016
Income before taxes and discontinued operations	(20,719)	19,655

25.4.1. DERIVATIVE CONTRACTS IN FOREIGN CURRENCY

The following table details the foreign currency derivative contracts, under hedge accounting outstanding, at the end of the reporting period:

	Average rate derivative contract		Nominal value of the underlying in Colombian Pesos [1]		Fair value assets (liabilities)	
	2017	2016	2017	2016	2017	2016
Forward purchase and currency swap	2,982	-	91,110	-	(266)	-
USD- Swap	3,180	3,180	49,733	50,012	(3,254)	(3,239)
			140,843	**50,012**	**(3,520)**	**(3,239)**
Forward sales and currency swap USD – Swap	-	2,418	-	433,320	-	(101,135)
			-	**433,320**	**-**	**(101,135)**

[1] The notional value of the underlying securities, includes American Dollar, and for purposes of revelation these amounts have been converted into Colombian Pesos, using the closing exchange rate in effect for each reporting date.

25.5. RISK MANAGEMENT OF INTEREST RATES AND INFLATION INDICES

The interest rate risk arises mainly from interest-bearing loans at fixed or variable rate. The Company measures interest rate risk through exposure to fluctuating rates and fixed-rates on the Company's debt. In the case of the variable rate, an impairment of the rates at which financial instruments are indexed, could have a negative impact on financial expenses or income. In the case of the fixed rate, an over-exposure would disadvantage the Company, to the extent that market conditions changed favorably, as long as, the financial instruments are held to maturity.

The concentration of interest rate risk appears when a very high exposure, to a particular index, is detected in the financial debt portfolio. The Company considers that exposure of between 15% and 30% at a fixed-rate of total consolidated debt, is optimal. The Company has maintained on average a ratio between fixed-rate and variable rate of 25% versus 75%. A relationship very different to this would be indicating concentration in any of the references. The Company's debt profile is reported monthly to Management, indicating the concentration levels of fixed-rate versus variable rate, term distribution (short term versus long term) and currency distribution (COP versus USD versus other currencies). With the results presented, decisions are taken to manage the debt portfolio, such as the prepayment of obligations, the structuring of financial derivatives, to balance the position in interest rates and/or currencies, etc. At December 31, 2017, 19% of the consolidated debt was agreed upon at a fixed-rate (2016: 10%).

The reference interest rates of the Colombian financial market that generate exposure to the Company are the CPI, DTF and IBR, and the LIBOR international reference rate, for dollar credits. Cementos Argos S.A., has not considered exposure to other local or international rates.

25.5.1. ANALYSIS OF THE SENSITIVITY OF INTEREST RATES AND INFLATION INDICES

The following sensitivity analyzes have been determined, on the basis of exposure to interest rates and inflation indices, for both derivative and non-derivative instruments, at the end of the reporting period. For liabilities at variable rates, an analysis is prepared, assuming that, the amount of the outstanding liability, at the end of the reporting period, has been the outstanding liability for the entire year. When reporting internally to Key Management Personnel, on interest rate risk internally, an increase or decrease of 25 points is used, which represents Management's assessment of the likely reasonable change in interest rates.

	CPI		6 Month LIBOR	
	2017	2016	2017	2016
Income, before taxes and discontinued operations	27,716	30,925	2,004	2,667
Other comprehensive income	-	(2,749)	681	681

25.5.2. CONTRACTS DERIVED FROM INTEREST RATES AND INFLATION INDICES

The following tables details the notional capital amounts and remaining terms of the swap agreements interest rates outstanding, at the end of the reporting period of which it is reported.

	Nominal value of the underlying in Colombian Pesos(1)		Fair Value in Colombian Pesos	
	2017	2016	2017	2016
Cash flow hedges				
1 year or less	23	-	150	650
1 to 5 years	-	114,756	-	-
	23	**114,756**	**150**	**650**

(1) The notional value of the underlying includes US Dollar values. For purposes of disclosure, these amounts have been converted to the Colombian Peso applying the current exchange rate for each reporting date.

25.6. RISK TABLES OF INTEREST AND LIQUIDITY

The following tables detail the remaining contractual maturity of Cementos Argos S.A. for its non-derivative financial liabilities, with agreed repayment periods. The tables have been designed based on the undiscounted cash flows of the financial liabilities, based on the date on which the Company will make the payments. The tables include both cash flows of interest and capital. To the extent interest is at the variable rate, the undiscounted amount is derived from the interest rate curves, at the end of the reporting period. The contractual maturity is based on the minimum date on which the Company must make the payment.

2017	Effective interest rate weighted averages	1 Year or less	1 to 5 Years	5 Years or more	Total	Book value	Disclosed fair value
Financial liabilities that do not accrue interest	-	546,973	-	-	546,973	546,973	-
Finance lease liabilities	8,58%	33,422	115,158	2,277	150,857	125,147	128,728
Instruments with variable interest rates	7,70%	856,394	1,315,686	3,512,657	5,684,737	3,200,334	3,343,933
Instruments with fixed interest	4,88%	104,576	54,908	218,157	377,641	425,483	299,409
Other liabilities	N/A	2,184	9,298	205,113	216,596	53,280	51,515
TOTAL		**1,543,549**	**1,495,050**	**3,938,204**	**6,976,804**	**4,351,217**	**3,823,585**

2016	Effective interest rate weighted averages	1 Year or less	1 to 5 Years	5 Years or more	Total	Book value	Disclosed fair value
Financial liabilities that do not accrue interest	-	575,965	-	-	575,965	575,965	-
Finance lease liabilities	10.2%	34,894	124,718	31,372	190,985	147,463	149,592
Instruments with variable interest rates	11.5%	826,762	1,118,979	2,441,731	4,387,473	2,629,801	2,737,819
Instruments with fixed interest	9.0%	175,974	-	-	175,974	175,534	175,974
Other liabilities	7.1%	2,181	9,354	214,003	225,539	51,853	61,113
TOTAL		**1,615,776**	**1,253,051**	**2,687,106**	**5,555,936**	**3,580,616**	**3,124,498**

The following table details the liquidity analysis, of the Company, for its derivative financial instruments. The table has been designed, based on discounted contractual net cash flows, which are canceled on a net basis, and gross cash flow, discounted on those derivatives that require gross pay. When the amount payable or receivable is not fixed, the amount disclosed has been determined with reference to interest rates projected, as illustrated by the yield curves, at the end of the reporting period. At December 31, 2017, the Company does not have derivative contracts that are settled for the gross amount.

December 31, 2017	1 Year or less	1 to 5 Years	5 Years or more	Total
Settled amount, Net:				
Swaps	(3,138)	35	-	(3,103)
Forward	(266)			(266)
TOTAL	**(3,404)**	**35**	**-**	**(3,369)**

December 31, 2016	1 Year or less	1 to 5 Years	5 Years or more	Total
Settled amount, Net				
Swaps	(101,135)	(2,589)	-	(103,724)
TOTAL	**(101,135)**	**(2,589)**	**-**	**(103,724)**

25.7. COLLATERAL

The Company has pledged, as collateral, for financial liabilities, 5,200,000 shares, of the issuer Grupo de Inversiones Suramericana S.A., to the financial institution Bancolombia S.A. These shares are not pledged to any particular obligation, and have as their purpose, to support the overall quota of the Company to the bank. The book value of financial assets, of the Company, pledged as collateral of financial liabilities, is $209,560 (2016: $198,640).

25.8. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Company determines the fair value of all its financial assets and liabilities, in the reporting period, for measurement or disclosure in the Financial Statements. The following table shows, for each level of fair value hierarchy, the assets and liabilities of the Company measured at fair value, at December 31, 2017:

2017	Level 1	Level 2	Total fair value
Financial derivatives	-	3,622	3,622
Financial Liabilities at fair value in the Income Statement	-	3,804,244	3,804,244
Liabilities measured at fair value	**-**	**3,807,866**	**3,807,866**
Cash and cash equivalents	49,725	-	49,725
Financial assets at fair value in other comprehensive income	1,148,942	11,903	1,160,845
Financial derivatives	-	253	253
Assets measured at fair value	**1,198,667**	**12,156**	**1,210,823**
Net assets measured at fair value	**1,198,667**	**3,795,710**	**2,597,043**

2016	Level 1	Level 2	Total fair value
Financial derivatives	-	104,374	104,374
Financial Liabilities at fair value in the Income Statement	-	3,004,653	3,004,653
Liabilities measured at fair value	**-**	**3,109,027**	**3,109,027**
Cash and cash equivalents	117,587	-	117,587
Financial assets at fair value in other comprehensive income	1,363,404	11,932	1,375,336
Financial derivatives	-	650	650
Assets measured at fair value	**1,480,991**	**12,582**	**1,493,573**
Net assets measured at fair value	**1,480,991**	**3,096,445**	**1,615,454**

At December 31, 2017, there were no transfers between levels of hierarchy of fair value, nor changes in assets and liabilities measured at fair value, on a reoccurring basis using non-observable variables classified in Level 3 of hierarchy of fair value.

NOTE 26: ISSUANCE AND REPURCHASES OF EQUITY INSTRUMENTS

The authorized capital of Cementos Argos S.A. It is comprised of 1,500,000,000 shares, with a face value of $416 (2016: $416) each. The subscribed and paid capital is comprised of 1,215,247,885 of ordinary shares and preference shares 209,197,850. The reacquired own shares are 63,575,575. At December 31, 2017 and 2016, outstanding shares are 1,360,870,160.

	2017	2016
AUTORIZED CAPITAL		
1,500,000,000 ordinary shares with nominal value of $416 (2016: $416)	624,000	624,000
SUBSCRIBERD AND PAID-IN CAPITAL		
1,215,247,885 ordinary shares with nominal value of $416 (2016: $416)	505,543	505,543
209,197,850 preference shares with a nominal value of $416 (2016: $416)	87,026	87,026
	592,569	**592,569**

Each ordinary share, grants to its owner the right to participate in the decisions of the General Shareholders' Meeting and to vote thereon, to freely negotiate the shares, to freely inspect the books and documents, within fifteen (15) business days, prior to the meeting of the General Assembly, at which the year-end Financial Statements are examined and receive a proportional share of the corporate assets, at the time of liquidation, and after payment of the Company's external liabilities, among others included in the by-laws.

Shareholders, who hold ordinary shares, will be entitled to subscribe preferentially in any new issue of ordinary shares, an amount proportional to those they hold on the date, on which the relevant corporate body approves the subscription regulation.

Holders of share with preferential dividends, with non-voting shares, will be entitled to receive a minimum dividend on a preferential basis over the one corresponding to the ordinary shares, provided that, distributable profits have been generated, in the immediately preceding accounting period. In no case may the dividend received by the holders of the ordinary shares be greater than that which is declared in favor of the preference shares; To the preferential reimbursement of its contributions, once the external liability is paid, in case of dissolution and liquidation of the issuer; and the other rights provided for in the Articles of Association of the issuer, for holders of ordinary shares, except (i) to subscribe preferentially ordinary shares, and (ii) to vote on the proposals at the General Meeting of Shareholders of the issuer. By way of exception, preference shares will give their holders the right to vote at the events indicated in the placement and issue prospectus.

The issue of the preference shares qualifies as a compound financial instrument. The Company, for its subsequent recognition and measurement, identified the debt and equity components, by evaluating the contractual conditions of the instrument and the obligations of the issuer. Given the contractual obligation of the issuer to deliver cash or other financial assets to the holders of the shares, the issue incorporates a component of financial liability. Once this liability is measured, the difference between the value received and the value of the obligation, constitutes an equity component. The part corresponding to the financial liability must be measured, at least, in each interim period and recognize its impact in the results of the period. The equity element is not subject to subsequent measurement.

Cementos Argos S.A. may only acquire his own shares by decision of the General Assembly of Shareholders with the favorable vote of the number of subscribed shares determined by law, with funds taken from liquid profits and provided that such shares are fully released. Investments in associates and joint ventures of the Company do not hold ordinary or preferential shares of Cementos Argos S.A. or any of its subsidiaries at the reporting date, nor in comparative periods. The Company has not reserved ordinary or preference shares for option contracts or contracts for the sale of shares.

26.1 RECONCILIATION OF ORDINARY SHARES

	Number of shares	Share capital	Paid-in capital
Balance at January 1, 2016	1,215,247,885	7,291	175,675
Capitalization of reserves	-	498,252	-
Balance at December 31, 2016	1,215,247,885	505,543	175,675
Balance at December 31, 2017	1,215,247,885	505,543	175,675

Each ordinary share confers on its owner the right to participate in the decisions of the General Assembly of Shareholders and to vote in it, freely negotiate the shares, freely inspect the books and social papers within fifteen (15) business days, prior to the meetings of the General Assembly, in which the year-end Financial Statements are examined and a proportional part of the Corporate assets is examined, at the time of liquidation and once the external liabilities of the Company have been paid, among others, included in the bylaws.

The holders of common shares will have the right to preferentially subscribe in any new issuance of ordinary shares, an amount proportional to those they hold on the date on which the competent Corporate body approves the regulation of their subscription.

26.2 RECONCILIATION OF THE PREFERENCE SHARES

	Number of shares	Share capital	Paid-in capital
Balance at January 1, 2016	209,197,850	1,256	1,374,068
Capitalization of reserves	-	85,771	-
Balance at December 31, 2016	**209,197,850**	**87,027**	**1,374,068**
Balance at December 31, 2017	**209,197,850**	**87,027**	**1,374,068**

The holders of the preferential dividends, and non-voting shares, will be entitled to receive a minimum dividend in a preferential manner with respect to the ordinary shares, provided that distributable profits have been generated, in the immediately preceding accounting year. In no case, may the dividend received by the holders of the ordinary shares be greater than that which is declared in favor of the preference shares. To the preferential reimbursement of their contributions, once the external liability has been paid, in case of dissolution and liquidation of the issuer; and the other rights provided in the bylaws of the issuer for the holders of ordinary shares, except (i) that of preferentially subscribing ordinary shares, and (ii) that of voting the proposals in the General Assembly of Shareholders of the issuer. By way of exception, preferential shares will give their holders the right to vote, in the events indicated in the placement and issuance prospectus.

The issuance of preference shares qualifies as a compound financial instrument. The Company, for its recognition and subsequent measurement, identified the components of debt and equity by evaluating the contractual terms of the instrument and the obligations of the issuer. Given the issuer's contractual obligation to deliver cash or other financial assets to the holders of the shares, the issue incorporates a financial liability component. Once this liability has been measured, the difference between the value received and the value of the obligation constitutes a patrimonial component. The part corresponding to the financial liability must be measured, at least in each interim period, and recognize its effects on the result of the period, the equity element is not subject to subsequent measurement.

NOTE 27: RESERVES AND OTHER COMPREHENSIVE INCOME

RESERVES

The company is required to appropriate, as a legal reserve, 10% of its annual net profits, until the balance of this reserve is equivalent to 50%, of the subscribed capital. At December 31, 2017 and 2016, the value of the legal reserve amounts to $95,116 and $23,753, respectively. It increases from one period to another due to the considerations described in the profit distribution plan of year 2016. The value of the legal reserve without including other equity adjustments such as the equity method on equity variations of subsidiaries amounts to $85,209 for the year 2017 (2016: $13,845).

The reserve is not distributable prior to the liquidation of the Company but must be used to absorb or reduce annual net losses. Appropriations realized in excess of the aforementioned 50% are freely available by the General Assembly of Shareholders.

RESERVE FOR REPURCHASE OF SHARES

This reserve, on the owned reacquisition shares, in accordance with guideline of the Commercial Code, is only distributable to the Shareholders, until the shares are sold again. As long as, the shares belong to the Company, the rights inherent therein shall be suspended.

	2017	2016
Reserve for the reacquisition of shares	113,797	113,797
Reacquired shares, owned	(113,797)	(113,797)

RESERVE FOR TAX GUIDELINES

This is a mandatory reserve that originates from the requirement of the Colombian Tax Statute, to appropriate the equivalent of 70%, of the higher value, requested for tax depreciation, on the accounting According to legal guidelines, this reserve can be released to the extent that depreciation is subsequently accounted for exceed those solicited annually, for tax purposes, or the assets that generated the highest amount deducted, are sold.

OCCASIONAL RESERVES AT THE DISPOSAL OF TOP GOVERNANCE AND OTHER RESERVES

In addition to the reserves established by laws or statues, the Assembly of General Shareholders may constitute reserves with free availability and specific destination. On March 24, 2017, the Assembly General Shareholders authorized the release of $79,582, of the uncollected reserve for extensions and investments, in order to, distribute dividends to shareholders. It also appropriated $236,081 for the tax reserves, for future expansion and investments.

OTHER COMPREHENSIVE INCOME, NET OF TAXES

The reclassified value of other comprehensive income for cash flow hedges, to the financial expenses and exchange differences, during the period, is $10,547 (2016: $2,511) and $343 (2016: $107,330), respectively.

NOTE 28 ACCUMULATED GAINS AND DIVIDENDS

28.1 ACCUMULATED GAINS

	2017	2016
Balance at the beginning of the year	**2,654,093**	**2,038,382**
Gains (losses) attributable to owner of the Company	(9,209)	713,636
Transfers from other comprehensive income to accumulated gains	272,870	209,090
Changes in equity in subsidiaries, without loss of control	-	89
Ordinary dividends and preference distributed in cash	(324,465)	(260,145)
Participation in equity variations of subsidiaries	-	177,898
Constitution of reserves	(92,243)	-
Liberation of reserves	(386,945)	(224,857)
Balance at the end of the period	**2,114,101**	**2,654,093**

28.2 DECLARED DIVIDENDS

The General Shareholders' Meeting held on March 24, 2017, declared cash dividends on ordinary and preference shares of $218.00 per year per share, payable in four quarterly installments of $54.50 per share, as of April 2017, and a security total of $296,670. Additionally, extraordinary dividends were declared on ordinary and preference shares at a rate of $22.00 per year per share, payable in a single installment in November 2017 for a value of $29,939.

Declared dividends	Shares	$ Annual per shares	2017	$ Annual per shares	2016
DIVIDENDS ON ORDINARY SHARES					
Ordinary dividends	1,151,672,310	218,00	251,065	200,00	230,334
Extraordinary dividends	1,151,672,310	22,00	25,337	-	-
DIVIDENDS ON PREFERENCE SHARES					
Preferential dividends	209,197,850	218,00	45,605	207,75	43,461
Extraordinary dividends	209,197,850	22,00	4,602	-	-
			326,609		**273,795**

NOTE 29: INCOME FROM ORDINARY ACTIVITIES

The following is an analysis of Cementos Argos S.A.'s income from ordinary activities for the current year for continued operations (excluding financial income - See Note 33).

	2017	2016
Income from the sale of goods	1,367,669	1,613,782
Income from the provision of services	43,727	10,121
	1,411,396	**1,623,903**

Cementos Argos has no commitments of which it is estimated that they will generate losses.

The operating income of Cementos Argos is generated mainly by the sale of cement. Sales of products between geographical segments or operating segments are made at market prices comparable to those made with third parties. Sales are highly dependent on the performance of the construction industry, including residential, commercial and infrastructure projects, in each of the countries where Cementos Argos S.A. operates, or the products are sold. Fluctuations in the behavior of the construction industry significantly affect the volumes of cement that the Company, is able to sell, as well as the sales prices that it is able to receive for its products.

NOTE 30: ADMINISTRATION EXPENSES

Administration expenses, at December 31st are as follows:

	2017	2016
Personnel expenses	126,191	128,914
Services	51,422	71,384
Amortization of intangible assets	29,224	27,334
Fees	22,832	14,302
Leases	8,854	8,813
Maintenance and repairs	8,002	9,555
Travel expenses	7,332	13,505
Depreciation of property, plant and equipment	7,145	4,832
Insurance	5,932	6,868
Contributions and affiliations	2,275	2,450
Adequation and installations	1,563	643
Taxes	1,120	1,175
Transportation	865	1,563
Impairment of debtors	559	429
Legal expenses	547	5,713
Supplies and stationery	105	312
Representation and public relations expenses	69	68
Commissions	58	77
Casino and restaurants	30	215
Various	4,741	15,949
	278,866	**314,101**

NOTE 31: SALES EXPENSES

The sales expenses at December 31st, include the following:

	2017	2016
Personnel expenses	29,594	29,236
Services	22,751	36,570
Taxes	11,363	12,564
Impairment of debtors	3,943	2,101
Travel expenses	2,664	3,383
Leases	2,185	2,219
Contributions and affiliations	1,095	1,153
Fees	800	1,976
Casino and restaurants	503	614
Insurance	479	639
Transportation	131	247
Amortization of intangible assets	97	31
Representation and public relations expenses	69	86
Legal expenses	58	52
Depreciation of property, plant and equipment	37	24
Supplies and stationery	37	41
Commissions	20	-
Maintenance and repairs	13	62
Adequation and installations	3	3
Various	794	808
	76,636	**91,809**

NOTE 32: OTHER OPERATING INCOME, NET

	2017	2016
Profit recoveries	27,820	37,341
Gains (losses) in exploitations	3,892	1,779
Profit (loss) on sale investments	3,118	116,575
Gains (losses) on sale of fixed assets and other assets	1,597	(1,350)
Gains (losses) valuation of biological assets	329	628
Gains (losses) in indemnities	277	1,005
Gains (losses) in grants	-	31
Gains (losses) on sale of Intangibles	(135)	-
Gains (losses) in litigation	(764)	(23,130)
Loss for other assumed taxes	(804)	(1,436)
Loss in portfolio withdrawal	(3,219)	(167)
Loss other income and expenses	(12,026)	(7,451)
Donations	(14,471)	(17,521)
Assumed four-fold tax loss	(15,459)	(17,538)
Expenses benefits for termination	(24,679)	(19,577)
	(34,524)	**69,189**

NOTE 33: FINANCIAL INCOME

Continuing operations	2017	2016
Income from interest	37,309	33,075
Dividends from investment equity	14,526	32,014
Other financial income	3,184	2,913
Financial assets that are not designated at fair value with changes to comprehensive incomes	**55,019**	**68,002**

NOTE 34: FINANCIAL EXPENSES

Continuing operations	2017	2016
Interests for bonds and preference shares	240,850	254,167
Interest on overdrafts and bank loans	14,825	14,153
Interest on obligations under a finance lease	12,100	14,197
Interest on related party loans	6,447	-
Other financial expenses	3,899	7,292
Total interest expense on financial liabilities	**278,121**	**289,809**
Minus amounts included in the cost of qualified assets	7,093	22,226
Total interest expense on financial liabilities recorded in results		
Loss arising from derivatives, in relation to a hedge covering recording of fair value	-	1,477
Effect of discounting provisions and benefits for employees	22,622	22,083
	293,650	**291,143**
Total financial income (NOTE 33)	55,019	68,002
Less financial expenses	293,650	291,143
Total financial expenses, net	**238,631**	**223,141**

The rate of capitalization weighted average on the funds owed is 7.68% per annum (2016: 9.43% per annum).

NOTE 35: LOSSES FOR THE PERIOD

The (loss) gain for the year from continuing operations is attributed to:

Continuing operations	2017	2016
Controllers of the Company	(9,209)	713,636

35.1 LOSSES FOR IMPAIRMENT OF FINANCIAL ASSETS

	2017	2016
Loss due to impairment of commercial accounts receivable	4,502	2,364
Loss due to impairment of accounts receivable to related parties	-	165
	4,502	2,529
Reversal of impairment losses on commercial accounts receivable	**22**	**708**

35.2 DEPRECIATION AND AMORTIZATION EXPENSES

	2017	2016
Depreciation of property, plant and equipment	90,161	93,641
Depreciation investment properties	76	45
Amortization of intangible assets	41,043	39,266
	131,280	**132,952**

35.3 EMPLOYEE BENEFIT EXPENSES

	2017	2016
Post-employment benefits	8,170	8,011
Termination benefits	37,598	20,846
Other benefits to employees	135,385	132,055
Total employee benefits expenses	**181,153**	**160,912**

35.4 DIFFERENCE BETWEEN THE PROFIT OF THE SEPARATED FINANCIAL STATEMENT AND THE CONSOLIDATED FINANCIAL STATEMENT

The difference between the profit of the Separate Comprehensive Income Statement and the Consolidated Comprehensive Income Statement, corresponds mainly to *the equity method* of joint ventures and associates for $3,337 (2016: $1,068).

NOTE 36: INFORMATION OF RELATED PARTIES

The immediate Parent of Cementos Argos S.A. is Grupo Argos S.A., with main domicile in Medellín, Colombia, which maintains a percentage of participation in the Company of 55.34%.

36.1. TRANSACTIONS BETWEEN THE PARENT AND ITS SUBSIDIARIES, OR BETWEEN SUBSIDIARIES

The following transactions are those that have celebrated with our subsidiaries or between our subsidiaries:

- The purchase and sale of clinker, between Cementos Argos S.A. and its subsidiaries, regardless of the region where they are located; The transaction consists of clinker companies, sell clinker to cement producing companies, and the latter use it as raw material, for the production of cement.

- The purchase and sale of cement between Cementos Argos S.A. and its subsidiaries, regardless of the region where they are located. The transaction consists of cement companies selling cement to concrete-producing companies, and the latter use it as a raw material, for the production of concrete. In the case of buying and selling between cement companies, the cement is transferred for the purposes of being commercialized.

- The purchase and sale of aggregates between Cementos Argos S.A and its subsidiaries, regardless of the region where they are located; The transaction consists of the companies that produce aggregates sell aggregates to the companies that produce cement or concrete, who use it as raw material for their products.

- Provision of transport services between Logistica de Transporte S.A. and Cementos Argos S.A; the transaction consists of Logistica de Transporte S.A., acts as cargo intermediary, subcontracts the transport of the products or raw materials of Cementos Argos S.A.

- The purchase and sale of back-office services between Cementos Argos S.A. and Zona Franca Argos S.A.S. The transaction consists of Cementos Argos S.A. provides back-office services to Zona Franca Argos S.A., in exchange for a consideration for the same. Among the services provided are basic financial, administrative, and technological support services.

The following transactions are those that Cementos Argos S.A., or its subsidiaries, have entered into with Grupo Argos S.A. and its subsidiaries:

- Purchase and sale of back-office services between Cementos Argos S. A. and Grupo Argos S. A.; the transaction consists in that Cementos Argos S.A. provides back-office services to Grupo

Argos S.A. in exchange for a consideration for the same. Among the services provided are basically financial, administrative, and technological support services.

- Lease of real estate between Grupo Argos SA and/or its subsidiaries and Cementos Argos S.A. and/or its subsidiaries; the transaction consists of Grupo Argos S.A and/or its subsidiaries leasing spaces (offices, warehouses and/or lots) to Cementos Argos S.A and/or its subsidiaries, so that the latter may carry out their activities, whether productive or administrative.

- Purchase and sale of energy between Celsia S.A. and Zona Franca Argos S.A.S. and Cementos Argos S.A.; the transaction consists of Zona Franca Argos S.A.S. and Cementos Argos S.A. supplies Celsia S.A., with the purpose of being commercialized.

- Purchase and sale of coal between Sator S.A.S. and Cementos Argos S.A.; the transaction consists of Sator S.A.S. supplies Cementos Argos S.A. with carbon, so that it can be used within the clinker production process.

- Air transport service between Internacional Ejecutiva de Aviación S.A.S and Cementos Argos S.A.; the transaction consists in that Internacional Ejecutiva de Aviación S.A.S. provides air transportation to the top executives of Cementos Argos S.A.

- Provision of business services. The transaction consists of SUMMA Servicios Integral Corporativos S.A.S. provides specialized business services and administrative support to Cementos Argos S.A., through the execution of an operating mandate contract without representation, in exchange for a consideration for the same. Among the services provided are basically financial services, administrative, legal assistance, purchasing, human management, risks and insurance, communications, and information technology, among others. In the exercise of the mandate contract, SUMMA Servicios Corporativos Integrales S.A.S. pays all the necessary expenses to carry out its operations, and at the end of each period, requests the reimbursement of said expenses to Cementos Argos S.A.

36.2. TRANSACTIONS WITH RELATED PARTIES

During the year, Cementos Argos S.A. realized the following commercial transactions, and had balances with related parties, as follows:

	Sale of goods and other income		Purchase of goods and other expenses		Accounts receivable		Accounts payable	
	2017	2016	2017	2016	2017	2016	2017	2016
Parent Company	13	127	856	2,926	1,787	1,676	34,632	32,066
Subsidiaries	305,994	334,848	166,976	155,228	634,182	1,219,227	369,611	453,432
Associates	-	19	12,653	20,337	5,541	11	4,422	4,065
Joint ventures	2,607	1,768	286	3,666	1,660	1,017	-	107
Key Executive Personnel	-	-	44,617	46,412	-	-	-	-
Related parties	-	-	849	786	-	-	-	-
	308,614	**336,762**	**226,237**	**229,355**	**643,170**	**1,221,931**	**408,665**	**489,670**

At December 31, 2017 and December 31, 2016, Cementos Argos has not recognized impairment and expense due to impairment of the value of receivables from related parties. Cementos Argos has not received or granted guarantees of balances receivable or payable to related parties. Transactions between the reporting company and its related parties are realized, under conditions equivalent to those that exist in transactions between independent parties.

The average term of accounts receivable, from related parties, with respect to the sale of assets is 30 days, and accounts payable between related parties have an average term of 30 days. The average term of the loans of 2017 is 12 months, agreed to a rate in pesos of 6.86%.

36.3. COMPENSATION OF THE BOARD AND KEY MANAGEMENT PERSONNEL

The compensation of Key Management Personnel, during the year is, as follows:

	2017	2016
Salaries and other short-term employee benefits	43,115	43,775
Pensions and other post-employment benefits	1,502	1,947
Termination benefits	-	690
	44,617	**46,412**

Key Management Members includes Board Members, the Appointments and Remuneration Committee, the Audit and Finance Committee, the Sustainability and Corporate Governance Committee, Steering Committee (consisting of the President and Vice President), and any other Committees, which depend directly on the Board of Directors of Cementos Argos S.A., Grupo Argos S.A., and their immediate families.

NOTE 37: CONTIGENT ASSETS AND LIABILITIES

Certain contingent conditions may exist, at the date that the Financial Statement are issued, which may result in a loss for the Company. These contingencies will be resolved in the future when one or more events occur, or there is a change the probability that they may occur. Such contingencies are estimated by the Administration and its legal advisors. The estimation of loss contingencies necessarily involves an exercise of professional judgment and is a matter of opinion.

In estimating the contingencies of loss, in legal proceedings pending against the Company, legal advisors assess, among other aspects, the merits of the claims, the jurisprudence of the courts in this regard, and the current status of the case-by-case processes.

The Company considers that these matters will be resolved without any significant effect on our operations, financial position, or operational results.

37.1. CONTINGENT ASSETS

At the date of preparation of the Notes to the Financial Statements, Cementos Argos is not a party to legal proceedings, acting as a plaintiff, where the receipt or recovery of contingent assets exceeding $5,000 (five thousand million pesos) is expected, individually. In any case, there are executive processes initiated by Cementos Argos S.A. against third parties for the recovery of the portfolio through the courts. Cementos Argos considers that the estimated time of completion of these processes ranges between three (3) and eight (8) years approximately.

The litigation and lawsuits to which the Company is exposed are administered by the legal area, correspond to processes created against the Company of labor, civil, criminal, and administrative nature, for which there is likelihood of an outflow of future resources. For these processes, a follow-up is carried out in order to monitor the probability of loss. These litigations have an approximation of $17,108.

37.2 CONTINGENT LIABILITIES

37.2.1. Administrative procedure advanced by the Superintendence of Industry and Commerce against Cementos Argos S.A. and others for alleged commercial practices that restrict competition.

In December 2017, the Superintendence of Industry and Commerce, issued Resolution 81391 (“The Sanction Resolution”) by which it decides to sanction Cementos Argos S.A. and to two other cement companies, for an alleged conscious parallelism, in the determination of prices of Portland Cement Type 1, in the period 2010 - 2012. Cementos Argos S.A., filed an appeal for reconsideration, on December 19, 2017, against the decision of the Superintendence of Industry and Commerce, which to date has not been resolved. The sanction resolution is not final, because the appeal for reconsideration was filed and, for this reason, the fine imposed on Cementos Argos S.A., is not currently required. In the replenishment recourse it was amply demonstrated that no collaborative relationship, with the competitors was presented and that, on the contrary, the Company competed independently and autonomously, through a value proposal differentiated and valued by the clients. Cementos Argos S.A. will exercise all the legal actions to demonstrate its good behavior and that of those who have led the organization, trusting in the objectivity, responsibility, and proper functioning of the country's institutions, and the correct evaluation of the evidence provided.

In the event of consolidating the contingency, the value of the sanction, that was appealed amounts to $73,771. This sum would be payable within 5 business days, following the date on which a decision is notified, in which the sanctioning resolution is eventually confirmed. Currently, this sum does not generate interest, since, in accordance with the provisions of Article 3 of the Sanctioning Resolution will only cause interest at the rate of 12% per annum, after the expiration of five (5) business days following the date executory of the decision.

The possibilities of success of the resource allow to qualify the contingency as possible, in accordance with the criteria established in the NCIF. At December 31, 2017, the Company estimates that the appeal for reconsideration can be decided within a period of approximately 2 to 6 months.

In case the sanction resolution is confirmed, Cementos Argos S.A. counts on the availability of action for nullity, and restoration of the right, through which it could obtain reimbursement of the updated canceled monetary fine. This type of actions can last approximately 5 to 7 years.

37.2.2 OTHER CONTINGENT LIABILITIES

At the date of preparation of the Notes to the Financial Statements, Cementos Argos S.A. is a party to legal proceedings of different nature, acting both as defendant and plaintiff, who are being diligently served by qualified attorneys hired by Company. Conflicts are of a civil, administrative, penal, and fiscal nature; such litigation are those that arise in the ordinary course of business, that arise any company, in size or operations like Cementos Argos S.A. For these processes, we have estimated the corresponding reserves, based on criteria, such as the nature of the process, the evidence, the economic factors, possible projected conviction, etc., allowing to cover possible convictions or unfavorable decisions, that may occur. Cementos Argos S.A. considers that the estimated time of completion of these processes, oscillates, between three (3) and eight (8) years, approximately.

NOTE 38: EVENTS AFTER THE REPORTING PERIOD

The company evaluated subsequent events from December 31, 2017 to February 12, 2018, the date on which the Separate Financial Statements, were approved by the Board of Directors. The Company concluded that no significant events have occurred, that require recognition or disclosure, in the Separate Financial Statements.

ASELF-ASSESSMENT OF THE APPLICATION OF PRINCIPLES AND CONTENT OF THE INTEGRATED REPORT

GRI [102-54]

We have prepared our 2017 Integrated Report following the principles and elements of the International Integrated Report Council (IIRC), in order to adequately communicate to our stakeholders the material aspects that influence the ability of the organization to create value, its articulation with the strategy and its business model, taking into account the different risks and opportunities.

We highlight the following aspects of this 2017 Integrated Report:

INFORMATION CONNECTIVITY

The structure of the report seeks to show the interconnection of the issues and of the information presented and its relationship with our stakeholders.

STRATEGIC APPROACH AND FUTURE ORIENTATION

The report provides information about the organization's strategy and how it relates to its ability to create value in the short, medium and long term.

MATERIALITY

The report focuses on presenting information on the topics identified as organizational materials, that is, those which have the capacity to create value over time for the company and its stakeholders.

RELATIONS WITH INTEREST GROUPS

The report includes information on the nature of the organization's relationships with its stakeholders, including how and to what extent it understands, takes into account and responds to their legitimate needs and interests.

PRINCIPIO DE CALIDAD	REPORTE INTEGRADO 2017
Precision	We were more efficient in presenting content in the report, following a strict format and a limit of text for all chapters. We communicated more assertively, clearly and concisely the material issues of the organization, as well as the process that was developed to prioritize them.
Balance	We made a more balanced and clear exposition of the positive and negative impacts of our organization, and how these are considered in the creation of value for the stakeholders.
Quality	We included more detail in the follow-up of short, medium and long term goals and challenges. We improved the way we present our business model, the way we create value and how our operations connect with our stakeholders.
Comparability	We were rigorous in the collection of the information presented in the report to assure the reader its reliability, quality and comparability, both with the performance of previous years and with other organizations in the sector. This comparability is supported, in addition, by the fact that we built the report in the framework of the Global Reporting Initiative (GRI) in its standard GRI version, in accordance with the essential option.
Reliability	The reliability of the report is reflected in the verification of indicators carried out by the independent firm Deloitte & Touche.
Punctuality	This Integrated Report presents the information for the period between January 1st and December 31st, 2017, to be consistent with the financial statements and thus ensure the timeliness of the information presented.

Next, the framework elements of the Integrated Report that have been applied in the construction of this report are presented.

CONTENT ELEMENTS	INCLUDED ASPECTS	SECTION
Organizational Vision and Operational Context	Products, services, markets where it operates, size of the operation	Management Report
	Business model and value creation	Strategic Framework: How Do We Create Value?
Governance	Government model	Corporate governance: Board of Directors Executive Committee
	Guidelines and directives for ethics, transparency and good governance	
	Good governance practices: Selection, appointment, remuneration, training and evaluation of the Board of Directors	
Business model	Business model and creation of value	Management report
		Strategic Framework: How Do We Create Value?
Risks and Opportunities	Strategic and emerging risks and mitigation actions	Strategic Framework:
		Risk Management Action Focuses
Strategy and Resources	Business model and creation of value	Action Focuses
	Sustainability Strategy	Strategic Framework: Sustainability Strategy How Do we Create Value?
Performance and Results	Relevant performance figures	Management Report
	Main results of the reporting period	Action Focuses
	Monitoring of short, medium and long term goals in material issues	
Future Projection	Challenges of short, medium and long term	Action Focuses
Preparation and Presentation Bases	Process of identification and prioritization of material issues	Strategic Frameworks: Material Issues
	Mechanisms for evaluation and monitoring of material issues	Action Focuses

María Isabel Echeverri
Sustainability Vice President

CSI INDICATORS TABLE

Performance Indicators - CSI	Unit	2014	2015	2016	2017
EMPLOYEE HEALTH AND SAFETY					
Number of fatalities (direct employees)		1	1	1	0
Number of fatalities per 10,000 direct employees		1.11	1.08	1.01	0
Number of fatalities (indirect employees)		2	0	0	1
Number of fatalities (third parties)		0	6	4	4
Number of lost time injuries of direct employees		111	62	34	36
Lost time injuries for every 1m of hours worked (direct employees)		4.35	2.5	1.39	1.51
Number of lost time injuries (indirect employees - contractors and subcontractors)		75	42	19	13
Lost time injuries for each 1m of hours worked (indirect employees)		3.49	1.67	0.78	0.71
Total number of lost time injuries		186	104	53	44
Local impacts					
% of operations with community engagement plans	%	N/A	55%**	70%	88%
Climate protection					
Total CO_2 emissions - gross*	(Million t CO_2/year)	7.91	8.36	7.61	7.48
Total CO_2 emissions - net*	(Million t CO_2/year)	7.80	8.21	7.46	7.36
Specific CO_2 emissions - gross*	kg CO_2/t cementitious material	641	640	644	627
Specific emissions of CO_2- net*	kg CO_2/t cementitious material	633	628	632	618
Biodiversity					
% of active quarries that have an established closure plan	%	74	74	78	88
% of active quarries located within, adjacent or containing protected areas or of great value for biodiversity	%	51	54	48	44
% of active quarries with great value for biodiversity that have a biodiversity management plan	%	38	57	63	74
Fuels and Materials					
Specific caloric consumption of clinker production*	MJ/t clinker	3,733	3,790	3,790	3,709
Rate of alternative fuels (% of thermal energy consumption)*	%	3.8%	5.1%	5.6%	4.4%
Biomass rate as fuel (% of thermal energy consumption)*	%	0.1%	0.2%	0.3%	1.0%
Percentage of alternative raw materials (cement)	%	9.19%	10.3%	10.5%	7.0%
Clinker/cement factor*	%	77.1%	75.7%	75.8%	76.6%
Reduction of Emissions					
KPI 3 - No_x Absolute emissions	t NO_x/year	12,951	11,300	11,854	12,183
KPI 3 - No_x Specific emissions	g NO_x/t clinker	1,679	1,399	1,576	1,397
KPI 4 - Coverage with monitoring for NO_x (percentage of clinker produced in kilns covered with monitoring systems for NO_x)	%	100%	100%	100%	100%
KPI 3 - SO_2 Absolute emissions	t SO_2/year	1,730	2,474	1,723	2,191
KPI 3 - SO_2 Specific emissions	g SO_2/t clinker	224	306	229	251

KPI 4 - Coverage with SO2 monitoring (percentage of clinker produced in kilns covered with monitoring systems for SO2)	%	100%	100%	100%	100%
KPI 3 - Absolute emissions of particulate material (kilns only)	t MP/year	1,784	1,399	637	484
KPI 3 - Specific emissions of particulate material (kilns only)	g MP/t clinker	219	173	84.7	55.5
KPI 4 - Coverage with particulate material monitoring (percentage of clinker produced in kilns covered with monitoring systems for particulate material)	%	100%	100%	100%	100%
KPI 1 - Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for particulate matter, NOx, SO2, VOC/THC, heavy metals)	%	75%	16%	61%	57%
KPI 2 - Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for particulate matter, NOx, SO2)	%	68%	87%	91%	94%
KPI 3 VOC/THC - Specific emissions	t VOC/year	N.A	91.23	251.60	324.71
KPI 4 VOC/THC - Coverage rate	g VOC/t clinker	N.A	26.28	50.29	64.95
KPI 3 PCDD/F - Absolute emissions	%	N.A	43%	67%	50%
KPI 3 PCDD/F - Specific emissions	mg PCDD/year	N.A	54.31	24.03	76.36
KPI 4 PCDD/F - Coverage rate	mg PCDD/ton clinker	N.A	20.08	4.15	17.53
KPI 3 Hg - Absolute emissions	%	N.A	34%	77%	63%
KPI 3 Hg - Specific emissions	kg Hg/year	N.A	166.2	224.4	207.1
KPI 4 Hg - Coverage rate	mg Hg/t clinker	N.A	40.63	36.24	29.34
KPI 3 HM1 (Cd + Tl) - Absolute emissions	%	N.A	51%	82%	81%
KPI 3 HM1 (Cd + Tl) - Specific emissions	kg HM1/year	N.A	172.3	26.3	44.7
KPI 4 HM1 (Cd + Tl) - Coverage rate	mg HM1/t clinker	N.A	33.63	4.84	6.34
KPI 3 HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Absolute Emissions	%	N.A	63%	82%	81%
KPI 3 HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Specific emissions	kg HM2/year	N.A	514	2678	3684
KPI 4 HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Coverage rate	mg HM2/t clinker	N.A	100	432	522
KPI 4 HM_2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Tasa de cobertura	%	N.A	63%	82%	81%
Water					
Total water withdrawal according to the source	m^3	N.A	10,606,830	13,407,143	13,836,957
Water discharge by quality and destination	m^3	N.A	2,532,501	4,823,563	4,640,740
Total water consumption	m^3	N.A	8,074,329	8,583,580	9,196,217
% of plants with recirculation system	%	N.A	72%	72%	70%

*These cement operations indicators (Colombia, Caribbean and Central America, and USA) for the years 2014, 2015 and 2016 present recalculation under the CSI methodology "Accounting Standard and Report of CO_2 and Energy for the Cement Industry - Energy and CO_2 Protocol in the Cement Industry (WBCSD - CSI, 2011)"

The criteria taken into account to perform the recalculation of CO_2 emissions for the base year and the historical series were the following:

1. Structural changes were identified in the company, specifically given by the acquisition of cement assets in the regions of the Caribbean and Central America, and the USA. Therefore, with this recalculation, the emissions generated by the cement plants acquired by Argos and that were in operation in the years 2014, 2015 and 2016 were incorporated into the company's CO_2 inventory.
2. Conversion of some data on wet base by dry base materials as established in the Energy and CO_2 Protocol of the WBCSD-CSI (2011).

** Figures for 2015 were revised taking into account the total number of operations with relationship plans/total operations

GRI CONTENT INDEX

#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT CRITERIA	SDG
FOUNDATION					
101	Foundation				
1. ORGANIZATIONAL PROFILE					
102-1	Name of the organization	Cementos Argos S. A.	X	Required for COP	
102-2	Activities, brands, products, and services	Pages: 2, 20, 23, 26	X	Required for COP	
102-3	Location of headquarters	Calle 7D # 43A-99 (Medellín - Colombia) Address: Vía 40, Las Flores (Barranquilla - Colombia)	X	Required for COP	
102-4	Location of operations	Pages: 2, 12	X	Required for COP	
102-5	Ownership and legal form	Corporation	X	Required for COP	
102-6	Markets served	Pages: 2, 12, 20, 23, 26	X	Required for COP	
102-7	Scale of the organization	Pages: 2, 3, 12, 17, 67, 71	X	Required for COP	
102-8	Information on employees and other workers	Pages: 3, 71	X	Required for COP	8
102-9	Supply chain	Pages: 42-43 and https://goo.gl/2xyHeQ	X	Required for COP	
102-10	Significant changes to the organization and its supply chain	Page: 14	X	Required for COP	
102-11	Precautionary principle or approach	Page: 55	X		
102-12	External initiatives	Page: 53	X		
102-13	Membership in associations	Page: 53	X	18	
2. ORGANIZATIONAL PROFILE					
102-14	Statement from senior decision-maker	Page: 6	X	19	
102-15	Key impacts, risks, and opportunities	Pages: 42-43	X	19	
3. ETHICS AND INTEGRITY					
102-16	Valores, principios, estándares y normas de conducta	Page: 70	X	12 to 14	11 and 16
102-17	Mechanisms for advice and concerns about ethics	Page: 74	X	13 to 14	12 and 16
4. GOVERNANCE					
102-18	Governance structure	Page: 36	X	1	
102-19	Delegating authority	Pages: 36, 52	X	1.20	
102-20	Executive-level responsibility for economic, environmental, and social topics	Page: 52	X	1.20	
102-21	Consulting stakeholders on economic, environmental, and social topics	Page: 57	X	1.20	16
102-22	Composition of the highest governance body and its committees	Page: 36	X	1.5	16
102-23	Chair of the highest governance body	Page: 36	X	1	16
102-24	Nominating and selecting the highest governance body	Page: 36	X	1	5.16
102-25	Conflicts of interest	https://goo.gl/FTLsNt	X	1.20	16
102-26	Role of highest governance body in setting purpose, values, and strategy	Page: 39	X	1	
102-27	Collective knowledge of highest governance body	Page: 38	X	1.20	3
102-28	Evaluating the highest governance body's performance	https://goo.gl/FTLsNt	X	1.20	
102-29	Identifying and managing economic, environmental, and social impacts	https://goo.gl/FTLsNt	X	1.20	16
102-30	Effectiveness of risk management processes	Page: 49	X	1.20	
102-31	Review of economic, environmental, and social topics	https://goo.gl/FTLsNt	X	1.20	
102-32	Highest governance body's role in sustainability reporting	Page: 7	X	1.20	

#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT CRITERIA	SDG
FOUNDATION					
102-33	Communicating critical concerns	https://goo.gl/FTLsNt	X	1, 20	
102-34	Nature and total number of critical concerns	https://goo.gl/FTLsNt	X	1, 20	
102-35	Remuneration policies	https://goo.gl/FTLsNt	X	1, 20	
102-36	Process for determining remuneration	https://goo.gl/FTLsNt	X	1	
102-37	Stakeholders´s involvement in the definition of remuneration	https://goo.gl/FTLsNt	X	1	16
5. STAKEHOLDERS ENGAGEMENT					
102-40	List of stakeholders	Page: 56	X	21	
102-41	Collective bargaining agreements	https://goo.gl/FTLsNt	X		8
102-42	Identifying and selecting stakeholders	Page: 56	X	21	
102-43	Stakeholders participation focus	Pages: 52, 57	X	21	
102-44	Key topics and concerns raised	Page: 57	X	21	
6. REPORTING PRACTICE					
102-45	Entities included in the consolidated financial statements	*Notes to the financial statements	X		
102-46	Defining report content and topic Boundaries	Pages: 7, 58	X		
102-47	List of material topics	Pages: 7, 59	X		
102-48	Restatements of information	Page: 9	X		
102-49	Changes in reporting 7	Page: 8	X		
102-50	Reporting period	Page: 7	X		
102-51	Date of most recent report	Page: 7	X		
102-52	Reporting cycle	Page: 7	X		
102-53	Contact point for questions regarding the report	Page: 9	X		
102-54	Claims of reporting in accordance with the GRI Standards	Pages: 9, 124	X		
102-55	GRI content index	Page: 9	X		
102-56	External assurance	Pages: 9, 140			

SPECIFIC CONTENT

#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT	SDG	OMISSIONS
RISK MANAGEMENT						
A-RI1	Strategic Risks	Pages: 42, 43, 50, 51 https://goo.gl/FczFka				
A-RI2	Emerging risks	https://goo.gl/FczFka				
MATERIAL ISSUE: INNOVATION IN THE BUSINESS MODEL						
103	Management approach					
103-1	Explanation of the material topic and its boundary	Page: 62				
103-2	Management approach and its components	Page: 62				
103-3	Evaluation of the management approach	Page: 63				
A-IM1	Client satisfaction index by country	Page: 63	X			
MATERIAL ISSUE: COMPANY LICENSE						
103	Management approach					
103-1	Explanation of the material topic and its boundary	Page: 64				
103-2	Management approach and its components	Page: 64				
103-3	Evaluation of the management approach	Page: 65				
A-LS1	VAS	Pages: 3, 46, 65	X		8 y 11	
A-LS2	Reputation index	Pages: 65	X			
A-LS3	Megaprojects	Pages: 65	X		8 y 11	

SPECIFIC CONTENT						
#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT	SDG	OMISSIONS
MATERIAL ISSUE: PROFITABILITY AND EFFICIENCY						
103	Management approach					
103-1	Explanation of the material topic and its boundary	Page: 66				
103-2	Management approach and its components	Page: 66				
103-3	Evaluation of the management approach	Page: 67				
A-ER1	Net Debt /(EBITDA + Dividends)	Page: 67	X		8	
A-ER2	EBITDA	Pages: 2, 67	X		8	
A-ER3	EBITDA Margin	Page: 67	X		8	
A-ER4	Total Shareholder Return (TSR)	Page: 67	X		8	
A-BE1	Cost reduction per ton	Pages: 3, 67	X		8	
A-BE2	Total disinvestments carried out in the reporting period	Page: 67	X		8	
MATERIAL ISSUE: CLIMATE CHANGE						
103	Management approach			From 9 to 11		
103-1	Explanation of the material topic and its boundary	Page: 68		From 9 to 11		
103-2	Management approach and its components	Page: 68		From 9 to 11		
103-3	Evaluation of the management approach	Page: 69		From 9 to 11		
201-2	Financial implications and other risks and opportunities due to climate change	https://goo.gl/CbgjUx	X	From 9 to 11	13	
305-1	Direct (Scope 1) GHG emissions	Page: 69	X	From 9 to 11	3, 12, 13, 14, 15	
305-2	Energy indirect (Scope 2) GHG emissions	Page: 69	X	From 9 to 11	3, 12, 13, 14, 15	
305-3	Other indirect (Scope 3) GHG emissions	https://goo.gl/CbgjUx	X	2, From 9 to 11	3, 12, 13, 14, 15	
305-4	GHG emissions intensity	https://goo.gl/CbgjUx	X	From 9 to 11	13, 14, 15	
305-5	Reduction of GHG emissions (t CO_2)	https://goo.gl/CbgjUx	X	From 9 to 11	13, 14, 15	
A-EC1	CO_2 Net specific emissions (kg/t cementitious material)	Page: 69	X	From 9 to 11	3, 12, 13, 14, 15	
MATERIAL ISSUE: TALENT MANAGEMENT						
103	Management approach					
103-1	Explanation of the material topic and its boundary	Page: 70		From 6 to 8		
103-2	Management approach and its components	Page: 70		From 6 to 8		
103-3	Evaluation of the management approach	Page: 71		From 6 to 8		
202-2	Proportion of senior management hired from the local community in places where significant operations are developed	https://goo.gl/Uv7oqk	X		8	
401-1	Total number and rate of hiring and average rotation of employees, broken down by age group, sex and region	https://goo.gl/Uv7oqk	X	From 6 to 8	5, 8	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, broken down by locations with significant activity	https://goo.gl/Uv7oqk	X	From 6 to 8	8	

SPECIFIC CONTENT						
#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT	SDG	OMISSIONS
402-1	Minimum notice periods regarding operational changes and possible inclusion of these in collective agreements	Argos has prioritized timely communication of organizational changes in the framework of respect for people and proper management of change. The time to communicate the organizational changes is defined according to the characteristics, not in a standardized way. Its deployment is done through an internal media strategy that allows us to include all employees and geographies, spaces led by the leaders of the areas with their teams to understand the nature and progress of the changes and solve the concerns of the employees. Likewise, there are official communication channels with employee unions, which include meetings with an established frequency.	X	From 6 to 8	8	
404-1	Average hours of training per year per employee, broken down by gender of labor category	Page: 70	X	From 6 to 8	4,5,8	
404-2	Skills management and continuing education programs that promote the employability of workers and help them manage the end of their professional careers	https://goo.gl/Uv7oqk	X	From 6 to 8	8	
404-3	Percentage of employees whose performance and professional development is regularly evaluated, distributed by organizational level	https://goo.gl/Uv7oqk	X	From 6 to 8	5.8	
405-1	Board of Directors broken down by age and gender	https://goo.gl/Uv7oqk	X	From 6 to 8	5.8	
405-2	Ratio of basic salary and remuneration of women to men, broken down by significant locations of activity	https://goo.gl/Uv7oqk	X	From 6 to 8	5, 8, 10	
A-TM1	Mobility rate	Page: 71	X	From 6 to 8	5.8	
MATERIAL ISSUE: ETHICS AND COMPLIANCE						
103	Management approach					
103-1	Explanation of the material topic and its boundary	Page: 72		From 12 to 14		
103-2	Management approach and its components	Page: 72		From 12 to 14		
103-3	Evaluation of the management approach	Page: 72		From 12 to 14		
205-1	Number and percentage of centers in which corruption-related risks and detected significant risks have been detected	5 of our operations (38.46% of the operations) were assessed in corruption-related risks. The detected significant risks were: * Manipulation of purchases or bids to favor a private (suppliers)	X	From 12 to 14	9, 16	
205-2	Communication and training on anticorruption policies and procedures	Page: 74	X	From 12 to 14	9, 16	The data broken down by employee levels is not reported.
205-3	Confirmed incidents of corruption and actions taken	In the reporting period there were 2 incidents of corruption confirmed. The measures adopted were the following: Case 1: Blocking a vendor & Termination of agreement, employees involved. Case 2: Termination of agreement, employees involved	X	From 12 to 14	9, 16	

SPECIFIC CONTENT						
#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT	SDG	OMISSIONS
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	https://goo.gl/NiNRw1	X		9, 16	
307-1	Non-compliance with environmental laws and regulations	There were no breaches of social laws and regulations in the reporting period.	X	From 9 to 11	9, 16	
415-1	Political contributions	https://goo.gl/NiNRw1	X	17	9, 16	
419-1	Non-compliance with regulations in social and economic areas	There were no breaches of social laws and regulations in the reporting period.	X		9, 16	
A-ETH1	Environmental, social, labor and human rights complains	Page: 75	X		9, 16	
A-TAX1	Taxes paid by country	https://goo.gl/NiNRw1	X		9, 16	
A-ETH2	Higher expenses in contributions in the period.	https://goo.gl/NiNRw1	X		9, 16	
MATERIAL ISSUE MODEL: ENERGY MANAGEMENT MODEL						
103	Management approach			From 9 to 11		
103-1	Explanation of the material topic and its boundary	Page: 76		From 9 to 11		
103-2	Management approach and its components	Pages: 76, 77		From 9 to 11		
103-3	Evaluation of the management approach	Page: 77		From 9 to 11		
302-1	Energy consumption within the organization (GJ)	Page: 77	X	From 9 to 11	7, 8, 12, 13	
302-3	Energy intensity of cement	Page: 77	X	From 9 to 11	7, 8, 12, 13	
302-4	Reduction of energy consumption (MJ)	https://goo.gl/8XjJdd	X	From 9 to 11	7, 8, 12, 13	
A-ENE2	Total energy costs	Page: 77	X			
A-ENE3	Energy costs/total production cost (%)	Page: 77	X			
ASUNTO MATERIAL: SALUD Y SEGURIDAD EN EL TRABAJO						
103	Management approach			From 6 to 8		
103-1	Explanation of the material topic and its boundary	Page: 78		From 6 to 8		
103-2	Management approach and its components	Pages: 78, 79		From 6 to 8		
103-3	Evaluation of the management approach	Page: 79		From 6 to 8		
403-1	Percentage of employees represented in joint health and safety committees (employees and management). Percentage of total employees represented in joint management-employee health and safety committees, established to help monitor and advise on occupational health and safety programs	https://goo.gl/JTsZmj	X	From 6 to 8	8	
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities, by region	https://goo.gl/JTsZmj	X	2, 6 to 8	3, 8	The data are not disaggregated by sex, the total is represented in years
A-SI1	Frequency and severity index - contractors and employees	https://goo.gl/JTsZmj	X		8	
A-SI2	Occupational diseases frequency index - Employees	https://goo.gl/JTsZmj	X		8	
MATERIAL ISSUE: WATER AND BIODIVERSITY						
103	Management approach			From 9 to 11		
103-1	Explanation of the material topic and its boundary	Page: 82		From 9 to 11		
103-2	Management approach and its components	Page: 82		From 9 to 11		
103-3	Evaluation of the management approach	Page: 83		From 9 to 11		
303-1	Water withdrawal by source (m^3)	https://goo.gl/1z3Dy5	X	From 9 to 11	6	

SPECIFIC CONTENT						
#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT	SDG	OMISSIONS
303-3	Water recycled and reused	https://goo.gl/1z3Dy5	X	From 9 to 11	6, 8, 12, 13	
304-1	Number of facilities with high value for biodiversity	https://goo.gl/t4KARu	X	From 9 to 11	6, 13, 14, 15	Detailed information related to operation sites that are property of the company, rented, administered in or adjacent to protected areas and areas of high value for biodiversity outside of protected areas are not disclosed due to confidentiality restrictions
304-4	IUCN Red List species and national conservation list species that live in areas affected by operations	https://goo.gl/t4KARu	X	From 9 to 11	6, 13, 14, 15	
306-1	Water discharge by quality and destination	https://goo.gl/1z3Dy5	X	From 9 to 11	3, 6, 12, 13, 14	
A-A1	Specific water consumption (L/t or L/m3)	Page: 83	X	From 9 to 11	6	
A-BI1	Number and percentage of active and inactive quarries with great value for biodiversity and that have a biodiversity management plan	Page: 83 and https://goo.gl/t4KARu	X	From 9 to 11	6, 13, 14, 15	
A-BI2	Number and percentage of liberated areas rehabilitated at active and inactive quarries	Page: 83 and https://goo.gl/t4KARu	X	From 9 to 11	6, 13, 14, 15	
A-BI3	Percentage of active installations located in areas of high value for biodiversity that have biodiversity management plans	https://goo.gl/t4KARu	X	From 9 to 11	6, 13, 14, 15	
MATERIAL ISSUE: COMMUNITY ENGAGEMENT						
103	Management approach			From 12 to 14		
103-1	Explanation of the material topic and its boundary	Page: 84		From 12 to 14		
103-2	Management approach and its components	Page: 84		From 12 to 14		
103-3	Evaluation of the management approach	Page: 85		From 12 to 14		
203-1	Development and impact of investments in infrastructure and services	https://goo.gl/UnA62c	X	16	4.11	
413-1	Percentage of operations where development programs, impact evaluations and participation of the local community have been implemented	https://goo.gl/UnA62c	X	From 12 to 14 and 16	11	
413-2	Operations centers with significant negative impacts, potential or real, on local communities	https://goo.gl/UnA62c	X	From 12 to 14	11	
A-COM1	Social investment	Page: 85	X		4.11	
A-COM2	Revenue from commercial initiatives with social impact	https://goo.gl/UnA62c	X		4.11	
A-COM3	Type of philanthropic activities	https://goo.gl/UnA62c			4.11	
MATERIAL ISSUE: CIRCULAR ECONOMY						
103	Management approach			From 9 to 11		
103-1	Explanation of the material topic and its boundary	Page: 86		From 9 to 11		
103-2	Management approach and its components	Page: 86		From 9 to 11		
103-3	Evaluation of the management approach	Page: 87		From 9 to 11		
301-1	Materials used by weight or volume	https://goo.gl/qJWQcW	X	From 9 to 11	8, 11, 12	

SPECIFIC CONTENT						
#	INDICATOR	LOCATION IN THE IR	VERIFICATION	GLOBAL COMPACT	SDG	OMISSIONS
301-2	Used recycled materials	https://goo.gl/qJWQcW	X	From 9 to 11	8, 11, 12	
301-3	Reclaimed products and their packaging materials	https://goo.gl/qJWQcW	X	From 9 to 11	8, 11, 12	
306-2	Waste by type and disposal method	https://goo.gl/qJWQcW	X	From 9 to 11	3, 6, 11, 12	The way in which the residue disposal method is established is not disclosed.
A-ENE1	Substitution of caloric consumption of fossil fuels with alternative fuels (%)	Page: 87	X	From 9 to 11	7 ,8, 12, 13	
A-EC2	Percentage of alternative raw materials (cement)	Page: 87	X	From 9 to 11	8, 11, 12	
A-EC3	Percentage of supplementary cementitious material (concrete)	Page: 87	X	From 9 to 11	8, 11, 12	
A-EC4	Volume of recycled aggregates used (t)	Page: 87	X	From 9 to 11	8, 11, 12	
MATERIAL ISSUE: SUSTAINABLE CONSTRUCTION						
103	Management approach			From 9 to 11		
103-1	Explanation of the material topic and its boundary	Page: 88		From 9 to 11		
103-2	Management approach and its components	Page: 89		From 9 to 11		
103-3	Evaluation of the management approach	Page: 89		From 9 to 11		
A-CS1	Obtained income of products with sustainability characteristics	Page: 89	X	From 9 to 11	9, 11, 12	
EMERGING ISSUES						
SUPPLY CHAIN MANAGEMENT						
204-1	Proportion of spending on local suppliers	https://goo.gl/2xyHeQ	X	2	9, 12	
308-2	Negative environmental impacts in the supply chain and actions taken	https://goo.gl/2xyHeQ	X	2, 9 to 11	9, 16	
414-2	Negative social impacts in the supply chain and actions taken	https://goo.gl/2xyHeQ	X	2, 9 to 11	9, 16	
OTHER EMISSIONS						
305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	https://goo.gl/HL94d9	X	From 9 to 11	3, 12, 14, 15	
A-OE1	Specific emissions	https://goo.gl/HL94d9		From 9 to 11	3, 12, 14, 15	

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INDEPENDENT REVIEW REPORT

Independent review of the 2017 Integrated Report of Cementos Argos.

Scope of Our Work

We conducted the review of the adaptation of the contents of the 2017 Integrated Report aligned to the GRI Standards for the elaboration of Sustainability Memoirs of the Global Reporting Initiative (GRI).

Compliance with the guidelines of the Cement Sustainability Initiative (CSI) was also reviewed in the case of environmental indicators that were included in the scope of the verification (see Annex 3) and the results of the Value Added Statement model (see Annex 4).

Standards and Verification Processes

We conducted our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work consisted in formulating questions to Management, as well as the various areas in Cementos Argos who participated in the development of the Integrated Report and the application of certain analytical procedures and review testing samples that are described below:

- Interviews with staff members of Cementos Argos to know the principles, systems and management approaches applied to elaborate the report and calculate the indicators.
- Analysis of how, based on the materiality exercise, the process of definition of the content, structure and indicators was defined, according to the GRI Standards.
- Analysis of the processes of collection and validation of the data presented in the report.
- Verification, through review tests based on the selection of a sample of the quantitative and qualitative information corresponding to the GRI and own indicators included in the Sustainability Report and its adequate compilation based on the data provided by the Cementos Argos information sources in Colombia.

Confirmation that the 2017 Integrated Report has been prepared in accordance with the GRI Standard in its "Essential" or "Core" version.

<u>General Aspects</u>

It was confirmed that the report meets the requirements of the Core option of the general aspects of the GRI Standard version.

<u>Specific Aspects</u>

We reviewed the management approach and GRI and internal indicators of the material issues identified by the company and the validation of DJSI indicators (see Annex 2).

Responsibilities of Cementos Argos Management and Deloitte

- The preparation of the 2017 Integrated Report, as well as its content, is the responsibility of the organization which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- * Our responsibility is to issue an independent report based on the procedures applied in our review.
- * This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our service proposal. We do not assume any responsibility towards third parties other than the company's Direction.
- * We have done our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).
- * The scope of a limited review is substantially less than that of an audit. Therefore, we do not provide audit opinion on the Sustainability Report.

DELOITTE & TOUCHE LTDA.
Jorge Enrique Múnera D.
Partner

Medellín, march 2018

Conclusions

As a result of our review, no aspect has been revealed that makes us believe that the Integrated Report contains significant errors or that it has not been prepared in accordance with the Standard for Elaboration of Sustainability Memoirs of the Global Reporting Initiative (GRI) in its Core version.

Recommendations

Additionally, we have presented our recommendations to Cementos Argos regarding areas for improvement to strengthen processes, programs and related sustainability management systems. The most important recommendations concern:

- Continue strengthening the process of standardization of reporting protocols in the different regions where the company operates.

ANNEX 1 Declaration of Independence

Deloitte is one of the largest companies of professional services in audit, tax, consulting and financial advisory and sustainability to public and private organizations in multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high quality service to its clients. Approximately 280,000 professionals are committed to becoming the standard of excellence.

We confirm our independence from Cementos Argos. All our employees perform annual updates to the Ethics Policy where we promptly declare that we have no conflicts of interest with Argos, its subsidiaries and its stakeholders.

ANNEX 2 - Material Issues

Material Issues	GRI and/or Internal Cementos Argos Indicator
Innovation	A-IM1
License from Society to the Industry	A-LS1, A-LS2, A-LS3
Climate Change	201-2, 305-1, 305-2, 305-3, 305-4, 305-5, A-EC1
Water and Biodiversity	303-1, 303-3, 306-1, A-A1, 304-1, 304-4, A-BI1, A-BI2
Energy Management Model	302-1, 302-3, 302-4, A-ENE2, A-ENE3
Sustainable Construction	A-CS1
Circular Economy	301-1, 301-2, 301-3, 306-2, A-ENE1, A-EC2, A-EC3, A-EC4
Ethics and Compliance	205-1, 205-2, 205-3, 206-1, 307-1, 415-1, 419-1, A-ETH1, A-TAX1
Other Emissions	305-7, A-OE1
Profitability and Capital Structure	A-ER1, A-ER3, A-ER4, A-ER5, A-BE1, A-BE2
Occupational Health and Safety	403-1, 403-2, A-SI1, A-SI2
Community Engagement	203-1, 413-1, 413-2, A-COM1, A-COM2
Talent Management	202-2, 401-1, 401-2, 402-1, 404-1, 404-2, 404-3, 405-1, 405-2
Supplier Management	204-1, 308-2, 408-2

DJSI Indicators
DJSI. Generation of waste
DJSI. Consumption of non-renewable energy (MWh)
DJSI. Consumption of renewable energy including hydraulic (MWh)
DJSI. Percentage of active facilities located in areas of high value for biodiversity that have biodiversity management plans

ANNEX 3 – CSI

As part of the verification process of environmental indicators, we performed visits and interviews with Argos' operations, the selection took into account quantitative and qualitative variables that allowed us to have a coverage of selected plants that are representative of all of the company:

- Rioclaro – Colombia
- Sogamoso – Colombia
- CINA – Caribbean
- Dominicana Plant, Las Américas – Caribbean
- Roberta – USA
- Tampa – USA
- Zona Golfo – USA
- Cativa – Caribbean
- San Lorenzo – Caribbean
- Puente Aranda – Colombia
- Puerto Tejada – Colombia
- Canteras Bello – Colombia

In the visits, the personnel responsible for internal reporting and data collection was interviewed, validating the consolidation process and the delivery of said information to the corporate level.

Criteria

For our review we considered the following CSI guidelines:

- WBCSD's CO_2 and Energy Accounting and Reporting Standard for the Cement Industry : The Cement CO_2 and Energy Protocol.
- WBCSD's CO_2 and Energy Accounting and Reporting Standard for the Cement Industry : Emissions Monitoring and Reporting.
- WBCSD's Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing Process.
- CSI Guidance on Good Practices for Water Accounting.
- WBCSD CSI Environmental and Social Impact Assessment (ESIA).
- WBCSD Guidelines on Quarry Rehabilitation.

Assessment Indicators and Information Consolidation Process

- We performed tests based on samples to evidence the calculations that allow the measurement of the following indicators:

Indicator	Scope
WATER AND BIODIVERSITY	
Total water withdrawal according to source	2016-2017
Total water discharge according to its quality and destination	2016-2017
Total water consumption	2016-2017
% of active quarries located within, adjacent or containing protected areas or of great value for biodiversity	2016-2017
% of active quarries with great value for biodiversity in which there is a Biodiversity Management Plan	2016-2017
% of active quarries that have a closure plan	2016-2017
% de canteras activas que cuentan con un plan de cierre	2016-2017
CLIMATE CHANGE	
Total CO_2 emissions - gross (in million tons)	2016-2017
Total CO_2 emissions - net (million tons)	2016-2017
Specific CO_2 emissions - gross (kg CO_2/ton of cementitious material)	2016-2017

Indicator	Scope
Specific CO_2 emissions - net (kg CO_2/ ton of cementitious material)	2016-2017
FUELS AND MATERIALS	
Use of alternative fuels (% of thermal energy consumption)	2016-2017
Specific energy consumption in clinker production (in MJ per ton of clinker)	2016-2017
Use of biomass fuel (% of thermal energy consumption)	2016-2017
Clinker/Cement Ratio (%)	2016-2017
Use of alternative materials (% of total raw material used for production of cement)	2016-2017
OTHER EMISSIONS	
KPI 1 - Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for particulate material, NO_x, SO_2, VOC / THC, heavy metals)	2016-2017
KPI 2 - Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for particulate matter, NO_x, SO_2)	2016-2017
KPI 3 - Absolute emissions of particulate material (kilns only)	2016-2017
KPI 3 - Specific emissions of particulate material (kilns only)	2016-2017
KPI 3 - Absolute emissions of NO_x	2016-2017
KPI 3 - Specific NO_x emissions	2016-2017
KPI 3 - Absolute emissions of SO_2	2016-2017
KPI 3 - Specific emissions of SO_2	2016-2017
KPI 4 - Coverage with monitoring for particulate material (percentage of clinker produced in kilns covered with monitoring systems for particulate material)	2016-2017
KPI 4 - Coverage with monitoring for NO_x (percentage of clinker produced in kilns covered with monitoring systems for NO_x)	2016-2017
KPI 4 - Coverage with monitoring for SO_2 (percentage of clinker produced in kilns covered with monitoring systems for SO_2)	2016-2017
KPI 3 - VOC / THC - Absolute emissions in tons per year	2016-2017
KPI 3 - VOC / THC - Specific emissions in grams per ton of clinker	2016-2017
KPI 4 - VOC / THC - Coverage rate	2016-2017
KPI 3 - PCDD / F - Absolute emissions in tons per year	2016-2017
KPI 3 - PCDD / F - Specific emissions in grams per ton of clinker	2016-2017
KPI 4 - PCDD / F - Coverage rate	2016-2017
KPI 3 Hg - Absolute emissions in tons per year	2016-2017
KPI 3 Hg - Specific emissions in grams per ton of clinker	2016-2017
KPI 4 Hg - Coverage rate	2016-2017
KPI 3 HM1 (Cd + Tl) - Absolute emissions in tons per year	2016-2017
KPI 3 HM1 (Cd + Tl) - Specific emissions in grams per ton of clinker	2016-2017
KPI 4 HM1 (Cd + Tl) - Coverage rate	2016-2017
KPI 3 HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Absolute emissions in tons per year	2016-2017
KPI 3 HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Specific emissions in grams per ton of	2016-2017
KPI 4 HM2 clinker (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Coverage rate	2016-2017

Conclusion

- The WBCSD CSI guidelines for the reporting of CO_2 emissions, energy, emissions (NO_x, SO_x, and particulate material), water and biodiversity are applied properly.
- The internal reporting system and the information consolidation procedures for CO_2 emissions, energy, emissions (NO_x, SO_x, and particulate material), water and biodiversity are functioning and provide an information that is appropriate for disclosure.

ANNEX 4 – VALUE ADDED STATEMENT EXERCISE

Scope of our work

To review the included indicators for the construction of the Value Added Statement model.

Verification processes

Our review work has consisted of:

- Interviews with Cementos Argos' staff to learn about the principles, systems and approaches used for the preparation of the Value Added Statement exercise.
- Analysis and identification of indicators used to prepare the Value Added Statement that are part of the verification process under (GRI Standard, DJSI and/or CSI).
- Checking, by means of review tests of the quantitative and qualitative information corresponding to the additional indicators that are not part of the verification process under (GRI Standard, DJSI and/or CSI), hereunder, we relate them:

Number of injuries due to lost time: short absence
Number of injuries due to lost time: long absence
Average salary (men and women)
Average retirement age in the region (men)
Average retirement age in the region (women)
Average age of departure (men)
Average age of departure (women)
Electricity provided to local communities
Extreme areas of water scarcity
Areas of scarcity
Areas of water stress
Sufficient water reserves
Abundant water areas
Net impacts to biodiversity by type of ecosystem (affected areas, restored areas, compensated areas)

Conclusion

- We have carried out a verification process for all the indicators of the year 2017 that were necessary for Argos to develop its Value Added Statement model.

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The paper used comes from preserved forests, the size of the book was optimized to minimize the waste of paper and the raw materials were separated to be processed or disposed of properly.

ARGOS