WE TRANS- _FORM

LIVES, COMMUNITIES, TERRITORIES

ARGOS

INTEGRATED REPORT 2019

2019 INTEGRATED REPORT

WE TRANS_FORM

LIVES, COMMUNITIES, TERRITORIES

Cement company of GRUPO ARGOS

ARGOS

WHERE WE OPERATE

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

2,618
Men
93%

196
Women
7%

2,814
USA employees

4
Cement plants

203
Concrete plants

3
Grinding mills

19
Ports and terminals

USA Region

2
Cement plants

9
Concrete plants

7
Grinding mills

11
Ports and terminals

Caribbean and Central America Region

817
Men
80%

204
Women
20%

1,021
CCA employees

13
Cement plants

73
Dispatch centers

+265
Concrete plants

1,493
Railway wagons

31
Ports and terminals

+2,400
Mixer trucks

10
Grinding mills

5
Own boats and one leased long-term

3,179
Men
83%

633
Women
17%

3,812
Colombian employees

7
Cement plants

+54
Concrete plants

1
Port

Colombia Region

56%
USA

25%
Colombia

19%
CCA

Revenue per region

TALENT

[102-7] [102-8]

50%
Colombia

37%
USA

13%
CCA

7,647
Employees

Men
86%

Women
14%

INSTALLED CAPACITY

23
million tons of cement

16.5
million cubic meters of concrete

On site

15
countries and territories

We export to

33
destinations

FINANCIAL RESULTS

[102-2] [A-RE2]

2017 | 2018 | 2019

COP 8.5 trillions | COP 8.4 trillions | COP 9.4 trillions

Ingresos

COP 1.54 trillions * | COP 1.54 trillions | COP 1.8 trillions

Ebitda

16.2 million | 16 million | 16 million

Volume of dispatched cement (tons)

10.6 million | 10.3 million | 10 million

Volume of dispatched concrete (m^3)

OUTSTANDING ACHIEVEMENTS

Argos starts producing Green Cement

38%
fewer CO_2 emissions

30%
less energy consumption

Investment
+USD 78 M

+600
jobs generated during the construction of this new line

ARGOS IS ONE OF THE ONLY COMPANIES IN THE WORLD TO IMPLEMENT THIS TECHNOLOGY

[A-LS1]

USD 806.5 M
net Value Added to Society (VAS), 3.8 times the retained benefit

25%
of total revenue comes from innovation

SAM Sustainability Award Gold Class 2020

We were awarded the Gold Class distinction in the SAM S&P Sustainability Yearbook 2020.

Dow Jones Sustainability Indexes

For the seventh consecutive year, we are listed in the Dow Jones Global Sustainability Index as one of the world's most sustainable cement manufacturers.

*2017: The adjusted EBITDA excludes advance payments of non-recurring severance payments and pensions associated with BEST.

WHO ARE WE?

A growing multinational company with an established presence in 15 countries and territories with emerging and developed economies.
We have been building history for over eighty years, and today we are the number one cement and concrete manufacturer in Colombia, the second concrete and fourth cement company in the United States and one of the largest in the Caribbean and Central America.

WHAT DO WE DO?

We create value to the society and the company through innovative products and solutions and logistics synergies.
We lay the foundations for development in a sustainable manner and constantly innovate to have a hopeful outlook of the future.
We take on major challenges that allow us to carve out new paths, shape realities and transcend boundaries, advancing with concrete and assured steps.

Cement
This is a binding material composed of limestone rock and clay and is the most widely-used construction input in the world.
Its adhesive and resistant properties make it ideal for all kinds of constructions

Concrete
This is a mixture of cement and filler materials (sand and gravel aggregates), water and additives that, when hardened, have the capacity to withstand extreme compression

Aggregates
Aggregates are granular and inert materials of natural origin or obtained by grinding rocks.
They comprise between 65% and 85% of the total volume of concrete; in addition, they make up approximately 95% of asphalt mixtures

Our higher purpose

TO BUILD DREAMS THAT BOOST DEVELOPMENT AND TRANSFORM LIVES.

WHAT MAKES US DIFFERENT?

- We support our customers in the development of their businesses, being an ally in the materialization of their dreams and projects through which we built a future and multiply growth opportunities together.
- We attract the best talent and we are committed to delivering extraordinary solutions for customers.
- We build relationships of trust based on ethics and transparency.
- We are a company committed to creating value.

We are convinced that different outlooks add value and diversity multiplies it.
Employees in Dallas, United States

OUR CULTURE PILLARS

WE DELIVER OUTSTANDING CLIENT SOLUTIONS

WE ARE A TEAM

WE TAKE OWNERSHIP

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WE MAKE PRO_GRESS

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ABOUT THIS REPORT

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We grow with our clients!
Luis Carlos Vergel, Constructora Bolívar, Cali (Colombia)

At Argos, we believe that a profitable long-term business model must be based on integrated thinking, recognizing that strategic decisions should include environmental, social and economic considerations.

Consequently, for the eighth consecutive year, we present our Integrated Report, which takes as its roadmap the material issues identified through our strategic and competitive review process and dialogues with stakeholders. We hope it's a useful tool in generating broader discussions and promoting ever-deeper engagement between the different areas of the company and all of our stakeholders.

Contact Us

For more information about our report, please contact María Isabel Echeverri, Legal and Sustainability Vice President, at **mecheverri@argos.com.co,** or María Isabel Cárdenas, Sustainability Director, at **mcardenasb@argos.com.co.**

Reporting period

JANUARY 1ST – DECEMBER 31ST, 2019

Materiality

The content focuses on the material issues identified in the strategic and competitive review process and in dialogues developed with our stake-holders in 2019.
(See page 44).

Scope of data reported

The data includes the activities of companies whose figures are consolidated in the financial statements of the cement, concrete and aggregated businesses in the Colombia, USA, and the Caribbean and Central America regions (except where otherwise indicated).

Currency

Colombian pesos for figures associated with operations of the Colombia Region and corporate results, and US dollars for the results of the USA and Caribbean and Central America operations.

Exchange rate

COP 3,283.21
unless otherwise noted in the specific section.

External verification

Deloitte & Touche has independently verified this report and the corresponding report can be found in the appendices.
(See page 178).

Frameworks used for the construction of the Integrated Report

International Integrated Reporting Council (IIRC).
(See page 160)

GRI standards, with regards to the general basic content. See codes highlighted in green, example: [102-3]

Sustainability guidelines and reference indicators for the Global Concrete and Cement Association* (GCCA) industry under the extended compliance option.
Learn more on
https: //sustainability.argos.co/GCCASustainable

Development Goals.
See the available SDG icons throughout the report as well as in page 6

*The work carried out by the World Business Council for Sustainable Development (WBCSD) through its Sustainable Cement initiative (CSI) was transferred to the GCCA as of January 1, 2019.

Sustainable Development Goals (SDGs)

We remain committed to the 2030 Agenda's universal goal of leaving no one behind, protecting the environment and promoting alternatives that provide enough opportunities so that all can have a dignified and peaceful life.

To meet this goal, we continue to innovate by proposing high social impact initiatives, such as the Casa para Mí project (see page 79), and investing, measuring and tracking progress towards the attainment of our organizational goals, which are connected to some of the goals set fort by the United Nations in the four SDGs that the company has prioritized. (See page 175).

The table below shows the four SDGs we have prioritized, their relationship to the material issues, the goals defined by the UN that we have selected to guide our strategy and the indicators through which we measure our progress.

Material issue	SDG	Goal	Target year
Efficiency and productivity (See page 66)	**SDGs 8 and 13** Goal 8.4 Goal 13.2	Reduce the heat consumption by 10% with respect to 2013 consumption levels	2025
		Reduce electricity consumption by 15% with respect to 2013 consumption levels	2025
	SDG 8 Goal 8.2 Goal 8.4	Reach a 15% use of alternative materials in cement operations	2025
		Reach a 15% use of supplemental materials in our concrete operations	2025
		Accumulatively use 216,000 tons of recycled aggregates in concrete operations	2025
Adapting to market dynamics (See page 72)	**SDG 9** Goals 9 and 9.5	Obtain $400 million dollars in revenue from our products with sustainability properties	2025
Talent management (see page 80)	**SDG 8** Goal 8.5 and 8.6	Generating opportunities for internal mobility and between Group companies for at least 10% of its employees	2020
		Maintain key talent retention above average	2020
		Reach a 40% success rate in succession planning	2020
		Maintain at least 96% coverage of the Performance Management assessment throughout the cycle	2020
		Increase the proportion of women in leadership positions from 29% to 35%	2020
		50% of executive and managerial level employees will be of non-Colombian origin	2025
Climate change (See page 84)	**SDG 13** Goal 13.2	Emit 544 kg CO_2/t of cementing material	2025
	SDG 8 Goal 8.2 Goal 8.4	Reach an 18% substitution rate in heat consumption from the use of alternative fuels	2025

Material issue	SDG	Goal	Target year
Ecosystems (See page 94)	**SDG 11** Goal 11.4	100% of our quarries have a Rehabilitation Plan	2025
		85% of the quarries located in areas of high biodiversity value will have Environmental Management Plans	2025
		Rehabilitate 85% of released areas in active and inactive quarries	2025
	SDG 8 Goal 8.4	Reduce specific water consumption in cement to 256L/t	2025
		Reduce specific water consumption in concrete to 216L/m³	2025
Health and Safety at Work (See page 104)	**SDG 8** Goal 8.8	Reduce total injuries by 10% with respect to 2019, which means that the indicator should not got beyond 7.2	2020
		90% of our colleagues who perform high-risk tasks will develop the abilities to execute them safely	2020
		Reduce frequency ratio to 1.2	2020
		Reduce frequency ratio to 0.8	2025
Atmospheric emissions (See page 110)	**SDG 8** Goal 8.4	Carry out the inventory of our Hg emissions for 100% of the clinker production	2020
		Reduce particulate matter (MP) emissions to 60 g/t of clinker	2025
		Reduce nitrogen oxides (NOx) emissions to 1,205 g/t of clinker	2025
		Reduce sulfur oxides (SOx) emissions to 205 g/t of clinker	2025
Supplier Management (See page 113)	**SDG 8** Goal 8.3	Migrate from local hiring manuals to a corporate manual	2020
		Implement a technology platform for managing the hiring, negotiation and performance evaluation processes for the USA Region	2020
		Achieve savings of over $12 million dollars in negotiation processes	2020
		Close gaps of 199 critical suppliers evaluated in the 2019 Sustainability Index through content provided by the Argos University for suppliers	2021
Community Engagement (See page 118)	**SDGs 9 and 11** Goals 9.1 and 11.2	Have 100% of Argos prioritized operations with Local engagement plans	2021
		Achieve 100% risk management and community interactions in prioritized operations	2021
		Develop at least one solution that consolidates a business opportunity and/or responds to a society need	2020
		Develop at least three solutions that consolidate a business opportunity and/or respond to a society need	2021
		Develop at least nine solutions that consolidate a business opportunity and/or respond to a society need	2025
		Develop at least 88 corporate volunteer activities	2020
		Apply the Socio-economic Footprint Index to at least six operations	2020
		Implement the Social License to Operate Index in 100% of prioritized operations	2025
		Implement a human rights management protocol in communities for 50% of prioritized operations as part of the strengthening of the management of our risks and social impacts	2025
Human rights (See page 124)	**SDG 8** Goal 8.3	Implement a new supplier-focused human rights risk management tool	2020

LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

[102-14]

Jorge Mario Velásquez
Chairman of the Board of Directors

Dear Shareholders:

Our industry is experiencing a structural transformation which brings dynamics that require us to prepare ourselves and develop the best capabilities to continue offering a differentiated value proposition. In this context, we are optimistic in Cementos Argos´ ability to move swiftly and efficiently, as well as its capacity to take advantage of multiple opportunities to retain its leadership position and materialize transcendental projects that confirm how a strategy executed by an extraordinary team has allowed us to continue leaving our seals of innovation, quality and excellence in all the markets where we operate in the American continent.

Throughout the Management Report you will find the details of the initiatives that Cementos Argos carried out to close 2019 with favorable results. These fill us with optimism and satisfaction because they reflect the disciplined execution of the strategic pillar of strengthening profitability, which the Board charged the administration to lead and that included a rigorous cash management as well as the reduction of financial debt by 400 million pesos during the year.

I would like to highlight our continued drive to innovate in processes, products and services during 2019, as a value-generating and competitive advantage lever, specializing and improving our portfolio to deliver extraordinary solutions to clients, with an ambition and focus on being one of the most efficient, innovative and sustainable cement companies in the world. We can confirm with satisfaction that more than 25% of the company's total revenue comes from innovation and has been strengthened by the launch of more than 240 new products over the past five years. The recognition given to Cementos Argos for the second consecutive year as Colombia's most innovative company motivates us to continue working on this front to guarantee our long-term future.

IN 2019, WE ACHIEVED A SIGNIFICANT DECREASE IN COSTS AND EXPENDITURES THAT HAS GIVEN US A VERY POSITIVE FRAMEWORK TO RESUME A PATHWAY OF FUTURE PROFITS.

We also highlight the recognition from the Dow Jones Global Sustainability Index, which rated the company as the most sustainable cement manufacturer in the world for the seventh consecutive year. This is the result of a clear belief and an unreserved commitment to operate according to the highest industry standards and in a responsible manner towards the environment.

Our commitment is demonstrated, among other achievements, by the launch of the new Green Cement, a more environmentally friendly product, whose production process reduces carbon dioxide emissions by 38 percent and energy consumption by 30 percent, representing an evolution and confirming Cementos Argos' leadership position in the industry.

In line with the above, we are pleased to have been awarded Energy Star certification in the United States for our commitment to energy efficiency and proper environmental management of our operations. This commitment and focus on environmentally responsible and respectful operations has made us the only cement producer in Latin America and one of the few in the world to advance in the implementation of CO2 capture using microalgae, another industry innovation.

Finally, I want to emphasize our firm commitment of continuing to contribute to building a better quality of life through our contributions to the housing and infrastructure sectors coupled with a philosophy that promotes wellbeing and personal development.

Cementos Argos is well positioned to address present and future challenges and opportunities, generating value for different stakeholder within a framework of responsibility, ethics and transparency. We want to continue building dreams with you and transforming the lives of millions for the better.

JORGE MARIO VELÁSQUEZ
Chairman of the Board of Directors

OUR CORPORATE GOVERNANCE

We seek to strengthen trust with stakeholders, assure the balance of the managing bodies of administration, direction and control and monitor the transparency and flow of information to markets through best practices in corporate governance.

We have a self-regulating framework for corporate governance which we review periodically to align it with the relevant best practice

- **Code of Good Governance**
- **Appointment, Remuneration and Succession Policy of the Board of Directors**
- **Articles of Association**
- **Policy on Affiliate Company Relationships**

[102-18] This regulatory framework establishes a governance and management structure that includes:

Shareholders Assembly

Board of Directors → **Board Committees** →

Chairman

Executive Committee

Employees

Audit, Finance and Risk Committee

- Tracking of the Annual Audit Plan and the implementation of the action plans defined to strengthen internal control.
- Review of financial results.
- Monitoring strategic risks, tracking the quantification of associated impacts and the company assurance scheme.

Appointments and Remunerations Committee

- Definition and tracking of the Talent Management Strategy.
- Tracking diversity goals and human capital indicators.
- Approval and tracking of goals of the Premium for Organizational Results (PRO).
- Implementing an assessment process for the company chairman.
- Tracking succession plans.

Sustainability and Corporate Governance Committee

- Definition and tracking of the Sustainability Strategy.
- Tracking the Health and Safety in the workplace indicators.
- Approving the update to the materiality matrix.
- Monitoring environmental indicators.
- Tracking the Compliance Program.
- Analysis of corporate governance best practice.
- Review of the results of the impact valuation exercise.
- Tracking the strategy and progress in alternative fuels.

Highlights of the Board of Directors´ Committees

Shareholders Assembly

[102-19] It is the highest corporate body and is composed of all company shareholders. Their rights include receiving all relevant information to be able to participate in decisions that may affect them in a timely manner, formulating proposals for optimum company performance and receiving fair and equitable treatment.

Argos Shareholders Assembly 2019

We act with transparency towards our shareholders and investors and maximize sustainable value creation

DURING 2019, 13 BOARD MEETINGS WERE CONDUCTED WITH AN AVERAGE ATTENDANCE OF 97.8 PERCENT.

Board of Directors

[102-22] [102-23] [102-26] [102-29] [102-30]

Seven individuals with extensive knowledge and wide-ranging industry experience are responsible for guiding and reviewing the long-term strategy, adopting company policies on economic, social and environmental matters, formulating sustainability initiatives, tracking strategic risks and monitoring the internal control system, among others to ensure that the company achieves its higher purpose.

In coordination with senior management, the Board of Directors defines an annual work plan that establishes the discussion topics for each meeting, aiming to align these with the corporate strategy and the results of the Board of Directors' annual assessment.The topics covered by the Board of Directors in 2019 include:

- Corporate Strategy
- Competitive Strategy
- Performance business per regions
- Financial Results
- Legal Matters
- Risk
- Sustainability
- Environmental Strategy
- Health and safety in the workplace
- Innovation

JORGE MARIO VELÁSQUEZ
Chairman

CEO Grupo Argos S. A.

Executive

Appointment in 2016

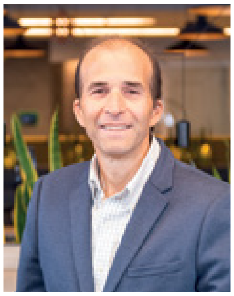
Appointments and Remuneration Committee

Attendance at Board Meetings
100%

Attendance at Committees
100%

Boards of Directors Memberships in other companies
Celsia, Odinsa, Grupo Sura and Grupo Nutresa

Skills
- Strategy
- Corporate Finance
- Commercial Affairs
- Construction-Infrastructure Materials Industry
- Crisis Management
- Sustainability
- Government / Public Policy
- International



CAMILO JOSÉ ABELLO
Member

Senior Director of Sustainability at Grupo Argos

Executive
Independent according to DJSI criteria

Appointment in 2012

Sustainability and Corporate Governance Committee

Attendance at Board Meetings
92%

Attendance at Committees
100%

Boards of Directors Memberships in other companies
Sociedad de Acueducto, Alcantarillado y Aseo de Barranquilla S. A. E S. P. and Country Club Barranquilla

Skills
- Risk
- Internal Control
- Construction-Infrastructure Materials Industry
- Crisis Management
- Legal Affairs
- Sustainability
- Government / Public Policy
- International

ALEJANDRO PIEDRAHITA
Member

Vice President, Corporate Finance Grupo Argos

Executive
Independent according to DJSI criteria

Appointment in 2018 Audit,

Finance and Risk Committee

Attendance at Board Meetings
100%

Attendance at Committees
100%

Boards of Directors Memberships in other companies
Celsia, Odinsa, Grupo Sura, Pactia, Mapa (family company)

Skills
- Risk
- Strategy
- Internal Control
- Corporate Finance
- Commercial Affair
- Construction-Infrastructure Materials Industry
- Crisis Management
- Government / Public Policy
- International

CECILIA RODRÍGUEZ
Member

President Corporación Bioparque

Independent
Independent according to DJSI criteria

Appointment in 2012

Sustainability and Corporate Governance Committee

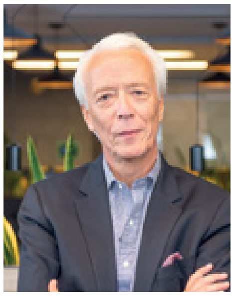
Audit, Finance and Risk Committee

Attendance at Board Meetings
100%

Attendance at Committees
100%

Boards of Directors Memberships in other companies
Bioparque Proyectos

Skills
- Construction-Infrastructure Materials Industry
- Crisis Management
- Sustainability
- Government / Public Policy
- International



CARLOS GUSTAVO ARRIETA

Member

Partner at Arrieta, Mantilla y Abogados

Independent

Independent according to DJSI criteria

Appointment in 2012

Audit, Finance and Risk Committee

Attendance at Board Meetings
92%

Attendance at Committees
100%

Boards of Directors Memberships in other companies
Ico medios

Skills

- Risk
- Construction-Infrastructure Materials Industry
- Crisis Management
- Legal Affairs
- Sustainability
- Government / Public Policy
- International

ESTEBAN PIEDRAHITA

Member

President of the Cali Chamber of Commerce

Independent

Independent according to DJSI criteria

Appointment in 2012

Appointments and Remuneration Committee

Attendance at Board Meetings
100%

Attendance at Committees
100%

Boards of Directors Memberships in other companies
Ecopetrol, Centro de Eventos Valle del Pacífico

Skills

- Risk
- Strategy
- Internal Control
- Corporate Finance
- Commercial Affairs
- Construction-Infrastructure Materials Industry
- Crisis Management
- Sustainability
- Government / Public Policy
- International

LEÓN TEICHER

Member

Businessman

Independent

Independent according to DJSI criteria

Appointment in 2012

Sustainability and Corporate Governance Committee

Attendance at Board Meetings
100%

Attendance at Committees
100%

Boards of Directors Memberships in other companies
Continental Gold

Skills

- Risk
- Internal Control
- Corporate Finance
- Commercial Affairs
- Construction-Infrastructure Materials Industry
- Crisis Management
- Sustainability
Government / Public Policy
- International

Consult the Directors' resumes to find out about their education, experience and membership in other management bodies.

[102-25] [102-27] [102-28] [102-31] [102-33] [102-34] [102-35] [102-36] [102-37]
Find out about our corporate governance indicators

Executive Committee

[102-20]

Our Executive Committee is made up of seven individuals with extensive knowledge and industry experience.They lead the management of the company and are responsible for making sure that the strategy is executed and for guiding the actions that take us towards the achievement of our long-term goals.

In 2019, we adjusted the number of Executive Committee members from ten to seven.This change was made to have more proximity to customers, be more agile in the decision making process, to empower regional branches and respond in a timely manner to current market challenges.

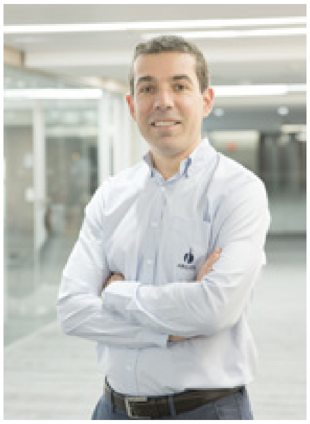
Juan Esteban Calle
CEO

María Isabel Echeverri
VP Legal and Sustainability

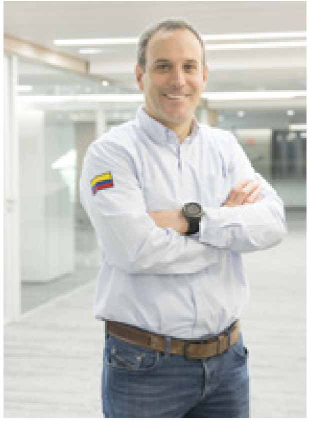
Carlos Horacio Yusty
VP Finance

Jorge Ignacio Acevedo
VP Talent and Culture

Bill Wagner
VP United States Region



Tomás Restrepo
VP Colombia Region



Camilo Restrepo
VP Caribbean and Central America Region

In 2019, we complied with applicable corporate governance norms as well as with voluntarily applied best practice to ensure the fair and equitable treatment of our shareholders, the transparent, fluid and timely provision of information to the market and the proper functioning of our administration, control and management bodies at all times.

Additionally, we highlight the following advances during the period:

- We updated our Articles of Association and the Code of Good Governance in order to adopt better practices. Highlights of these include the establishment of the majority of independent members as a requirement of the election procedures of the Board of Directors.
- We work with the firm AT Kearney to carry out self-assessments of the Board's performance.
- For the fifth consecutive year, we were awarded the Investor Relations (IR) recognition from the Colombian Stock Exchange.
- For the fifth consecutive year, we received certification as a Recognized and Frequent Issuer by the Financial Superintendence of Colombia.
- We obtained the following certifications, which highlight our efforts in the voluntary implementation of governance practices:

SAM Sustainability Award Gold Class 2020

merco EMPRESAS Y LÍDERES

vigeoeiris

We made concrete progress in the fulfillment of our transformation purpose. Board of Directors visit in Martinsburg, USA Region

Future Challenges

Based on a detailed analysis of corporate governance performance, we identified the company's level of maturity in this area and the need to evaluate the adoption of some practices such as:

- Update the valuation, approval and disclosure procedures of intercompany operations, as well as those associated with resolving conflicts of interest that may affect Board members and other managers.
- Strengthen the diversity and independence in the Board of Directors composition.
- Adjust the compensation systems of the Board of Directors and senior management.

See our Corporate Governance Report to learn more about our governance practices.

WE GO BOLDLY _FORTH

MANAGEMENT REPORT

The foundations of the Margaret Hunt Hill Bridge, located in Dallas, Texas, and designed by the famous architect Santiago Calatrava, carry the Argos label, which comes along with cutting edge construction works

2019 ARGOS MANAGEMENT REPORT [102-10]

Dear shareholders:

Once again, we are glad to present our results from 2019, with great appreciation for your trust and support of a team of men and women who, every day, reaffirm their commitment to help build the dreams that boost development and transform lives of the fifteen countries and territories where we operate.

+11.4%
increase in revenues

+14.3%
increase EBITDA

Although the transformation of our industry continues to challenge us, we are satisfied with the advances in the execution of our BEST program, which we have been deploying for a few years to become closer to our customers; enrich the value proposition of all our segments; and compete in the market with the highest added value in terms our portfolio, performance, and quality of our products and solutions, always seeking the highest levels of innovation, competitiveness and efficiency in our operations, as pillars of profitability and growth of the company.

2019 closed satisfactorily with increases in both revenues and EBITDA, exceeding 11.4 percent and 14.3 percent respectively, in addition to recording significant achievements in our three regions with which we laid the foundation for our determined commitment to create value and leadership regarding the sustainability of the industry. We achieved significant growth in cement volume in the United States, where the evolution of the company›s results, the attractive investment environment and the good momentum of the American economy continue to demonstrate the success of our investment thesis in that country. We achieved a significant price recovery in Colombia, supported by a positive increase in the demand of the market and the growing preference of the Argos value proposition, both in the retail and industrial markets. We faced important challenges due in the economies of Honduras and Panama, but we were able to offset, to some extent, the impact on the results in Central America and the Caribbean with the growth of exports and the positive performance of our operations in the Dominican Republic and Haiti.

The continuity of our financial flexibility strategy is also highlighted through the optimization of working capital, the rationalization of capex investment, and the divestiture of non-operational or non-strategic assets, particularly in the United States and Colombia.

We remain focused on transforming ourselves into an increasingly innovative, agile and nimble company that is close to the market, with our regions empowered and strengthened by the execution of their competitive strategies, which are in pursuit of operational excellence and to enhance the value proposition for our customers, seeking their preference and loyalty. Thus, in the second quarter, a resizing of the corporate structure was carried out through the streamlining of the Design and Service areas by transferring certain responsibilities to the business units and evolving into a smaller Executive Committee.

We continue to be at the forefront of our industry regarding digitization, innovation and sustainability, with future commitments to offer comprehensive solutions to our customers to improve their experience, as well as to be a benchmark in commercial efficiency. In addition, we continue to develop special products and promote new businesses, while we increase the use of alternative fuels and contribute to the reduction of carbon dioxide (CO_2) emissions in our processes.

Juan Esteban Calle
Argos CEO

OUR GOAL IS REACHING AN INDICATOR OF 3.2 TIMES THE NET DEBT TO EBITDA RATIO AT THE END OF 2020.

We ended the year strengthened by our value proposition and with a business reputation and brand that sets us apart in the market as company that is at the forefront of the industry in its commitment to sustainability and safety as values that remain over time, specifically as it relates to the fulfillment of our environmental strategy and the relationship with our nearby communities.

We are pleased to continue being a company recognized for its good, healthy and positive work environment, with passionate and proud employees who serve to make a difference in society. They make this difference through their role within the company as they help build the dreams of our customers that boost development in our cities and transform lives within our communities across the Americas.

In 2020, we foresee growth of the operating EBITDA of the businesses based on:

1

The current leading indicators in the United States that give us an optimistic outlook and allow us to trust that this country will continue to play a more relevant role every day in the company's results in the short, medium and long term.

2

The growth of cement demand in the Colombian market, which increased more than 500,000 tons this year. We hope this trend will continue because of the favorable dynamics expected in infrastructure and the record figures of home sales in 2019, which must be translated into home starts in the second semester of this year. This outlook continues to support the recovery of prices in the country, which are still well below the parity of imports.

3

A Caribbean and Central America Region that is still in a low demand cycle due to the market challenges in Panama, associated with the delay in the start of large infrastructure projects, as well as better prospects for the Honduras political climate and more favorable conditions in the other markets of the region, including export markets.

We reaffirm our commitment to the continuity of our financial flexibility strategy, the improvement of the generation of operating cash, the optimization of the management of working capital, and the rationalization of investments, with the goal of reaching an indicator of 3.2 times the net debt to EBITDA ratio at the end of 2020.

In addition, 2020 will be a year to consolidate and strengthen fundamental initiatives for the future of Argos with the launch of low-emission Green Cement with a high content of supplementary cementitious materials and the promotion of Casa para Mí, Construyá and the CO_2 capture project with microalgae and biodiesel production, with which we began to explore new paths of profitability, competitiveness, solidity and sustainability.

Value Proposition and Innovation

Together with our customers, we make dreams of better infrastructure come true, we enable the progress of cities with the construction of public spaces and bringing the dream of a home to thousands of communities. We transcend history and quality of life of millions of people through the materialization of their desire for their own home.

Central to the development of our loyalty strategy to be the best option for our customers is the decision to lead the market with an increasingly specialized portfolio.

Our value proposition was reinforced last year in Colombia with a specialized portfolio adapted to needs of our customers. Of every 160,000 tons sold by the retail business, 16,000 tons was product that did not exist a year and a half ago and was designed to meet the needs of our customers, including masonry products, structural cement, lime, aggregates, dry mortars, among others. Because the needs of our customers are changing and becoming more specialized, our portfolio evolves with them. Also, together with hardware stores, we understand the needs of contractors for the development of products that provide them with particular solutions.

We remain at the forefront of our industry on digitization to enhance our customer experience and leverage business efficiency. Sixty-five percent of cement orders and 41 percent of concrete orders in Colombia were through our platform, which continues to grow in functionality. The Dominican Republic stands out with 79 percent of cement and aggregates orders made through Argos ONE. Globally, 56 percent of cement orders and 15 percent of concrete orders were handled online, reaching more than 2.4 million tons of cement and 1.1 million cubic meters of concrete that was self-managed by our customers.

THROUGH ARGOS ONE WE MANAGED:

65%
of the cement deliveries in Colombia

41%
of the ready mix deliveries in Colombia

79%
of the cement and aggregates deliveries in Dominican Republic

56%
of the cement deliveries in a global level

15%
of the ready mix deliveries in a global level

BEGINING OF THE OPERATION OF THE CALCINED CLAYS PROJECT IN COLOMBIA, WITH A PRODUCTION OF 1,450 TONS PER DAY, WHICH MAKES IT THE LARGEST CAPACITY OF ITS KIND IN THE WORLD.

Green Cement puts us
at the forefront of the industry

We are proud to deliver outstanding solutions to our customers to help them achieved their goals and together contribute to build dreams! Customer of Argos' Industrial Business, Medellín, Colombia

With a goal of optimization of our service level in Colombia, concrete distribution was integrated into a central dispatch center, which made it possible to raise service levels and, simultaneously, increase productivity at our plants. In addition, central dispatch creates efficiencies in the use of our fleet, with GPS vehicle tracking, maintenance scheduling tools and operational indicators, which are followed in detail to also enhance our value proposition.

We are also pleased to announce the operation of the calcined clays project in Colombia, with a production of 1,450 tons per day, which makes it the largest capacity of its kind in the world. This milestone allows us to start producing and distributing Green Cement, in which traditional clinker is reduced and, thereby, reduces CO_2 emissions by 38 percent and energy consumption on a 30 percent, while maintaining or exceeding the technical performance of the product. Green Cement puts us at the forefront of the industry in terms of sustainability and confirms our leading position and our commitment to climate change.

Our portable plant model, where we supply the ready mix concrete from the customer's job site, continues to grow thanks to the acceptance it has had among builders. In Colombia, we reached 15 plants in 2019, and we began its implementation in the Caribbean and Central America Region. This model is an extraordinary solution that takes concrete production where our customers need it, as well as provides economic benefits due to transport savings and a positive impact on the quality of air and mobility of the cities where we operate.

Focused on continuing to expand our product portfolio and service solutions and responding to the importance of quality and traceability of the origin of aggregates in our customers' projects, we continue to drive the growth of Argos Aggregates. The objective is to lead the formalization, professionalization, innovation and development of this sector. Last year, we began selling bagged aggregates in hardware stores and large format construction warehouses with a very good response.

We highlight a new patent, which has been granted until 2035 by the Superintendency of Industry and Commerce of Colombia, for the formulation and method of obtaining ultra-high performance or enhanced concrete. In the behavior of this new concrete, aspects such as resistance (seven times higher than conventional concrete) and compression stand out.

In addition, in the last quarter of the year, the same Superintendency of Industry and Commerce granted Argos and the Universidad del Valle a joint patent until 2037 for the creation and procurement of highly added cement.

With these, we have 19 patents that recognize our commitment to innovation as an element of service, differentiation and competitiveness.

In the United States, seeking to expand into new markets without compromising significant capital investment, we have successfully identified opportunities for our cement business into Tennessee. Also, we launched the Argos ONE BillPay payment module as a way to continue creating value for our customers throughout the region.

In Panama, we continue to accompany the growth of the country with the inauguration of the new '*Tan Ready*' ready mix production plant, which enhances our ability to provide construction solutions to customers by providing better finishes in less time and generating savings by reducing the amount of waste on site.

Model of the building system Casa para Mí.
Camp of Rioclaro, Antioquia (Colombia)

Future projects

Focused on the search for new businesses aligned with macro trends and the evolution of the industry, in 2019, we strengthened different work groups with agile methodologies so they could focus on initiatives that could be crucial for the profitability and sustainability of the company for the long term, as well as for its potential to generate a high shared value for society.

Committed to solidifying a network of excellence in the housing market and in co-creation with customers and other stakeholders, Casa para Mí emerged as a venture that seeks to become the best ally of our construction customers and of the millions of low-income families who dream of having decent and affordable housing. Casa para Mí is innovating in two dimensions. To enable demand, it is seeking to work with allies in the financial sector and new technology companies to accompany families through the home buying process—from the evaluation of their economic capacity and the design of savings plans to the selection of housing, obtaining of funds and closing. To improve the offer, it is challenging traditional construction methods and innovating in building solutions, materials, design and functionalities with the goal that our construction partners can improve the offer available to their clients in both quality and price.

At the end of the year, there were three pilots underway with two builders in the Manrique neighborhood of Medellín, in the municipality of Rioclaro, Antioquia, and in Bogota. With Casa para Mí, Argos' value offering for builders continues to evolve from a customer-supplier relationship to one of strategic allies—migrating from merely offering products to one that offers comprehensive solutions.

We are also moving forward with the Construyá credit program, which we are working hand-in-hand with financial allies, family compensation funds and hardware clients, for the integration of the supply and demand of credit with a goal of improving and developing housing solutions for Colombian families in the strata 1, 2 and 3. In 2019, 35,000 families benefited with COP $20 billion in loans, and in a consolidated way, since the beginning of the initiative, 93,000 families have been favored with more than COP $110 billion in disbursements. The program is supported by a network of 700 active deposits in the main cities of the country, and we are currently working on the launch of a credit originator in alliance with the Grupo Fundación Social.

With Construyá 35,000
families have been benefiting

Construyá is supported by a network of 700 active deposits in the main cities of the country.

On the other hand, the CO_2 capture project with microalgae consolidates us as the only cement company in Latin America and one of the few in the world to advance in solutions to contribute to the fulfillment of the UN 2030 Agenda, since microalgae can capture up to 50 times more CO_2 than land-based plants. In 2019, the pilot test at the Cartagena Plant advanced satisfactorily, based on the two patents granted by the Superintendency of Industry and Commerce of Colombia, for the creation of the cultivation process and the selection of multi-resistant photosynthetic microorganisms. Once the carbon dioxide has been captured, we separate the generated biomass and subject it to pressure and temperature to decompose its structure and transform it into a bio-crude that can replace fossil fuel as a fuel source. In five or ten years, we envision large-scale business solutions, extendible to other industries.

Additionally, teaming up with Pasco County, Florida, and the University of Florida, we are developing a project to implement the use of ash from domestic solid waste incineration plants as an alternative raw material to produce clinker at our Newberry Plant. After laboratory scale validations, we conducted a successful industrial test, in which we produced 3,400 tons of clinker. Currently, the ash is disposed of in landfills, so making their use viable in the production of clinker would allow us to give them a new use, within the framework of the circular economy concept, and, at the same time, materialize various environmental benefits such as better soil intervention, aquifer conservation and decrease in the consumption of natural resources.

Employees in Argos Río Blanquito Plant in Honduras

Consolidated Results [A-RE3]

During the year, we shipped 16 million tons of cement and 10 million cubic meters of concrete on a consolidated basis, with variations of 0.7 percent and -1.3 percent compared to 2018, respectively.

The company achieved revenues of COP $9.4 trillion, registering an increase of 11.4 percent.

Consolidated EBITDA was COP $1.8 trillion, 14.3 percent higher than the previous year, with a margin of 18.7 percent.

Operating profit exceeded COP $838 billion, equivalent to an increase of 1.7 percent, and net profit approached COP $122 billion, impacted by a higher tax provision of USD $9 million in the United States, associated to the successful execution of the asset divestment plan.

In the consolidated balance sheet, assets closed at COP $19.2 trillion, with an increase of 1.7 percent. Liabilities increased by 4.7 percent, and equity stood at COP $8.9 trillion.

16
million tons of cement shipped

10
million m³ of ready mix shipped

COP $9.4
trillion in revenues

COP $1.8
trillion EBITDA

+COP $838
billion of operating profit

Capital Structure and Debt Profile

Due to the significant advance in deleveraging, within the framework of the financial flexibility strategy, the year closed with an indicator of 4.11 times net debt over EBITDA, and we were able to reduce gross debt by COP $400 billion, equivalent to 5.5 percent when compared to 2018. In the last two years, we have reduced the company's gross debt by nearly COP $950 billion. We expect to continue along the same path in 2020, aware of the importance of gaining financial flexibility to continue in the future with the company's growth plans.

At the end of 2019, Argos had 85 percent of the long-term debt on a consolidated basis, with maturities between 2020 and 2042.

[A-BE2] The main divestments of the year were:

» The sale of **28 concrete plants** in Arkansas, Virginia, South Carolina and Georgia, United States, to SRM Concrete, for USD $95 million. The resources generated by this operation, carried out on December 6, 2019, were entirely intended to pay bank debt to strengthen financial flexibility and maximize the return on capital employed, in development of the value creation and targeting strategy of company investments.
» **Cartón de Colombia:** sale of 2.1 percent of shareholding for COP $22.7 billion for prepayment of debt.
» **Omya Andina:** sale of the entire shareholding in Omya Andina S.A. (leader in the production of calcium carbonate and distribution of special chemicals) for COP $62.7 billion.

Divestments made in concrete plants are a strategic decision to optimize our footprint of operations in the United States, to achieve better and greater integration with our cement plants and focus the concrete business in large urban markets where we are much more competitive in our value proposition, and we achieve more profitability of assets. As a result, we recorded significant deleveraging that contributes to consolidating the path for future profitable growth.

Stock Evolution

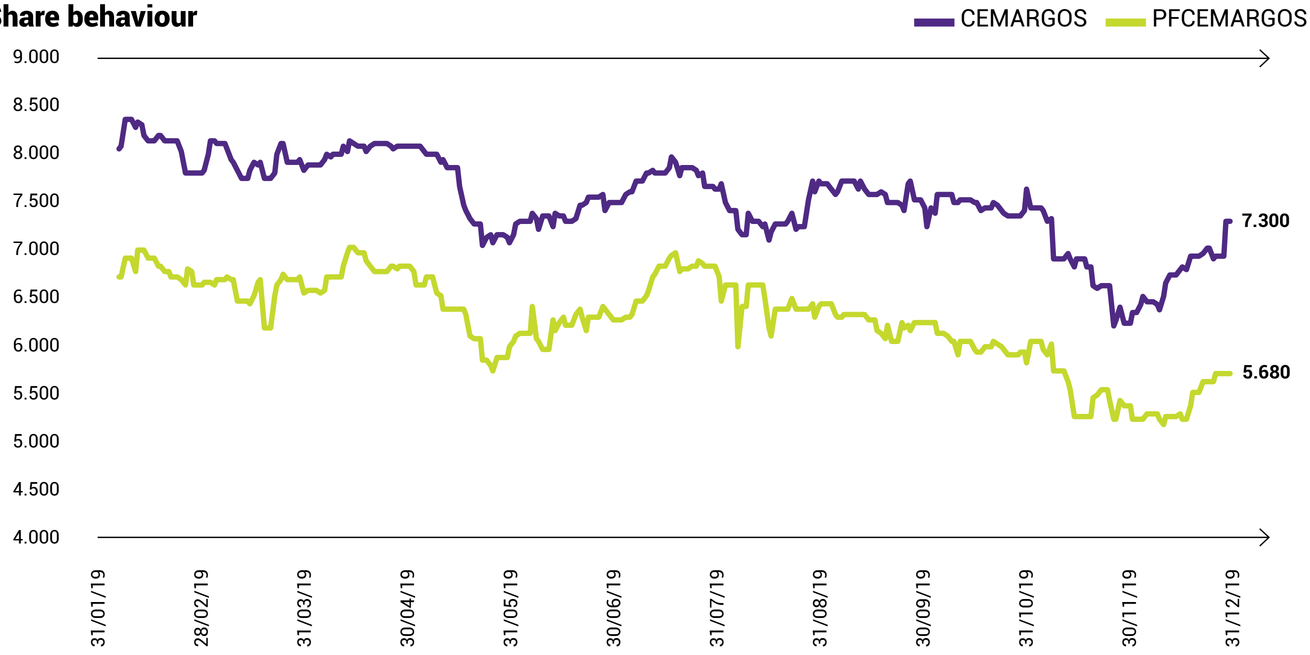
In 2019, the outlook for the Colombian stock market presented better dynamics compared to 2018, which allowed for a 25.4 percent growth in the COLCAP index and a partial recovery of the decreased experienced during the previous year in most issuers. In this sense, in the Colombian Stock Exchange, the price of our ordinary share increased 4.9 percent, while the preferred share decreased 2.9 percent, which is largely explained by the low liquidity of the species in the stock market of our country. We are not satisfied with this performance of our stock, and we will continue working tirelessly in executing the strategy that we have outlined to improve the company's results and reduce its leverage, convinced of the viability of capturing the enormous value that we see in the prospects of the fundamentals of the company to deliver greater profitability to our shareholders.

We also hope that the liquidity challenges related to the structure of the Colombian capital market can be addressed if, in accordance with the recommendations of the Capital Market Mission in 2019, it evolves towards a market that allows access to new participants, agents and competitors, with additional instruments, correction of asymmetries, and better standards of corporate governance, based on adjustments in aspects of regulation, incentives, promotion, education and taxes, among others.

4.9%
increased the price of the ordinary share in the Colombian stock market

In Argos we look towards the future with hope and a sense of optimism. Employees from Dallas, USA Region

Share behaviour



We are more than proud to be part of representative works. Coda WeWork, Atlanta

Regional Performance

UNITED STATES OF AMERICA

The United States is one of the most relevant countries for the development of the cement industry, being the greater market in both revenues and EBITDA, not only of Argos, but for other players such as LafargeHolcim, HeidelbergCement, CRH, Buzzi and Titan, among others. One of our most important assets is the footprint we have in this country considering its growth outlook, price level and profitability, all of which support our investment thesis and its potential.

We remain confident in this market considering the positive outlook for the construction sector, which is supported by important infrastructure, housing and commercial projects.

In 2019, we advanced in the execution of our BEST 2.0 program (Building Efficiency and Sustainability for Tomorrow), which, by the end of the year, included the sale of assets that were not strategically connected with our supply chain as part of a divestment plan to optimize our footprint and position in the country.

Within this framework, we focused efforts on optimizing processes that could impact the cost reduction in our Martinsburg plant. With commitment and determination, our Martinsburg team improved the reliability of the Plant from 74 percent to 84.4 percent, reaching a record in the history of the plant regarding the volume of clinker produced per month and, the number of rail cars loaded in one week.

Based on the investment, in this market we are the second company in ready mix and the fourth in cement

Also, in our Martinsburg and Harleyville plants, we implemented new production methodologies to overcome particular challenges of the cement industry in the United States, assuring product quality, greater efficiency, reduction in energy and clinker consumption. In this sense, we managed to achieve savings of around half a million dollars and avoid maintenance costs greater than one million dollars in 2020.

In addition, thanks to two new sources of alumina for our clinker production, we reached additional savings of more than one million dollars in Martinsburg, improving operational processes, product quality and environmental performance.

We highlight the ENERGY STAR® certification, granted by the United States Environmental Protection Agency (EPA) to our cement plants in Harleyville, Newberry and Roberta, located in South Carolina, Florida and Alabama, respectively. The certification recognizes our commitment to energy efficiency, proper environmental management of our operations, and places these Argos plants within the top 25 percent of similar facilities for energy efficiency in the country.

At the end of the year, our cement dispatches reached 6.3 million tons with an increase of 9.5 percent or 550,000 tons, and ready mix volume stood at 7.1 million cubic meters, 1.2 percent more than in 2018.

Revenues closed at USD $1.6 billion with a variation of 7.8 percent, and an EBITDA of USD $268 million, 12 percent more than the previous year.

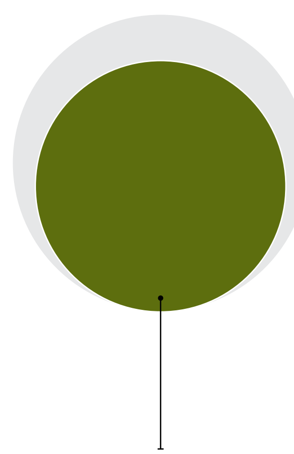
The Architectural Billings Index (ABI), which measures the momentum of the non-residential construction and is considered positive when it is above 50 points, closed 2019 at 52.5 points, which is one of the reasons we maintain our favorable perspective for the U.S. in 2020, as well as the positive outlook for the non-residential market, the reduction of mortgage rates, and the increase of migration to medium and small cities, many of them located in our areas of influence.

6.3
million tons of cement were dispatched during this year

7.1
million m^3 of ready mix were dispatched during this year

USD $1.6
billion in revenues

USD $268
million EBITDA



84.4%
Improvement of the reliability of the Martinsburg Plant

It is a privilege for us to be an ally to our customers in significant projects to the development of the country and its society. Túnel de Oriente, the largest in South America

COLOMBIA

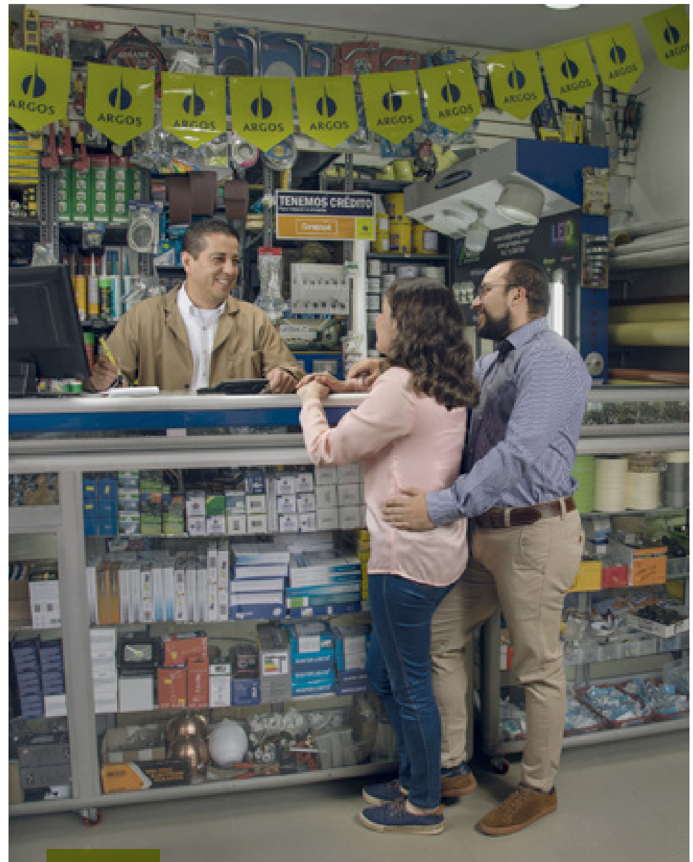
The Colombian market continues to present signs of growth driven by important infrastructure, housing and commercial projects. According to the National Administrative Department of Statistics, in 2019, dispatches of gray cement in the national market reached 12.5 million tons, an increase of nearly 520,000 tons, 4.2 percent more than what was registered in 2018.

One of the most relevant events during the year was the recovery of almost 10 percent in prices. Of the 34 countries in which we sell, measured in dollars, Colombia has the cement with the lowest price, and in the Americas, the Colombian market has the second lowest price, after Brazil, still much lower than import parity prices. For this reason, we remain committed to returning the value to the product we offer, based on an increasingly better customer segmentation, differential uses and delivery characteristics, with sophisticated pricing techniques that reduce the coefficients of variation in the same segment, under criteria of seriousness, reliability and commercial excellence.

We served a monthly average of 6,500 customers in the retail business and over 11,000 projects in the industrial segment during the year, with a unique portfolio of products and services, an expanded distribution network that now includes electric vehicles, and a digital platform to give our customers the best experience, as well as the ability to improve their development and profitability of their projects.

In the infrastructure segment, Argos is the leader, particularly in 4G projects where it provides cement and concrete for more than 70 percent of the functional units that have been awarded, providing innovative solutions and support.

WE ARE LEADERS IN THE AWARD OF 4G PROJECTS, WITH CEMENT AND CONCRETE DISPATCHES FOR MORE THAN 70 PERCENT OF THE WORKS.



Construyá is a credit program, which we are working hand-in-hand with financial allies, family compensation funds and hardware clients for the integration of the supply and demand of credit with a goal of improving and developing housing solutions for Colombian families

Despite the successful implementation of our price recovery strategy and value proposition in 2019, results were affected by a 7.14 percent increase in energetic costs, explained by a higher internal price of coal in the first semester. Because of the flexibility of the energetic matrix, by the end of the year, the company was able mitigate this impact and be prepared for the future.

We highlight the increase of alternative fuels, the application of recurrent measures such as temporary imports of thermal coal and pet coke and, above all, the progress in co-processing by retrofitting the Rioclaro and Cartagena plants for the consumption of all types of alternative fuels from the normative and technical perspective, with significant improvement in the replacement ratios. During 2019, we managed to co-process 8,000 tons of waste in Colombia, which includes used tires and other materials, increasing the substitution of fossil fuels for waste by around 75 percent when compared to 2018. These results are aligned with the environmental strategy of the organization and, in particular, with the circular economy initiatives, by mitigating the environmental impacts associated with the disposal of waste and the reduction of non-renewable fossil fuels in our production processes.

Cement dispatches reached almost 5 million tons, 3 percent less compared to the previous year, and those of concrete reached 2.7 million cubic meters, a 5 percent reduction versus the end of 2018.

Revenues posted a 3.8 percent increase on a yearly basis, reaching COP $2.3 trillion. EBITDA by the end of the year reached COP $522 billion with a 20 percent increase.

5
million tons of cement dispatches

COP $2.3
trillion in revenues.

2.7
million m³ of ready mix dispatches

522
billion pesos EBITDA

CARIBBEAN AND CENTRAL AMERICA

2019 was a challenging year for the Caribbean and Central America Region, which was affected by a slowdown in the demand in Panama and political challenges in Honduras, both of which are the most relevant countries in the region for us. To defend Argos' leadership and maintain the profitability of the operations, Argos accelerated the execution of BEST 2.0 to achieve efficiencies both in costs and expenses, as well as adjusting the commercial strategy.

In Panama, given the market environment, we expanded our portfolio of products including mix designs that, because of their competitiveness and value-added proposition, benefit customers' productivity by reducing costs and expenses. Also, the company significantly adjusted the cost structure of the operation.

Looking forward to adding new capacity in Honduras, a region with an important growth potential, we started operations of a mini-mill located in northern part of the country, and we launched ready mix allies to position the company for the future of the industrial segment.

Another relevant milestone in the path to transform of our cement plants was the implementation of a solar plant in Comayagua, Honduras, together with Celsia. With more than 32,000 solar panels, it has the capacity to generate 10.6 megawatts to supply up to 20 percent of the electricity required by our operation, and at a competitive cost and with a low carbon footprint.

We also highlight the performance in Dominican Republic, which is reaping the fruits of disciplined work over the past seven years to improve operating indicators that, when combined with the recovery of the market, made this plant one of the operations with the lowest costs and highest profitability. Also, we maintain a positive outlook for the country in terms of growth and expansion in the near term.

Despite the challenges in Haiti, our operation advanced importantly both in production and quality, which translated into positive results and a higher EBITDA on a yearly basis.

Puerto Rico is on the right track with a committed team to achieve Argos standards, and an ongoing investment plan that seeks to prepare the operation for a growth in demand once the country receives the federal aid, which was approved by the United States Congress in support for the reconstruction of the island after Hurricane Maria.

In French Guiana, we strengthened our value proposition for a new portfolio of products, and in Suriname, we launched innovations to the market such as the mix of lime and cement for flooring solutions, and product dispensers.

Regarding the export and trading of clinker, cement and other cementitious materials, the company dispatched 1.8 million tons to 33 destinations, which consolidates Argos as a relevant player in the region.

From any territory, we are ready to deliver outstanding solutions to our customers. Dominican Republic employee

With the implementation of the solar plant in Comayagua, with Celsia, we contribute to a sustainable industry and the development of Honduras
Solar plant in Comayagua, Honduras

Likewise, we established negotiations with international producers and traders of raw materials reaching 1.3 million tons of products supplied to our operations from countries such as Italy, Japan, Spain, Turkey and Morocco. In total, 3.1 million tons were mobilized by sea to fulfill the requirements of customers and operations in Central America, the Caribbean and the United States.

In 2019, the region dispatched 4.9 million tons of cement and 349,000 cubic meters of ready mix, with a reduction of 6 percent and 15 percent respectively on a yearly basis.

Revenues reached USD $535 million, decreasing 9.7 percent, and EBITDA closed at USD $147 million, posting a 17.6 percent reduction. Notwithstanding the results in Panama and Honduras, the region is the most profitable in terms of EBITDA margin and return on capital employed.

4.9
million tons of cement dispatched

USD $535
million in revenues

349,000
m³ of ready mix dispatched

USD $147
million EBITDA

El Cemento Verde nos convierte en protagonistas de la industria y ratifica nuestro compromiso con el cambio climático.
Proyecto arcillas activadas térmicamente
Planta Rioclaro, Antioquia (Colombia)

SOSTENIBILIDAD EN CADA ETAPA DE NUESTRA CADENA DE VALOR

En la extracción y en materias primas

Canteras
- **87%** del área liberada rehabilitada

Agregados
- **3,4** millones de toneladas despachadas en 2019 en Colombia
- Contribuye a la formalización del sector en Colombia

Greco
- Agregados reciclados
- Aprovechamiento de residuos de construcción y de demolición

En la producción

Microalgas
- **50 VECES +** captura de CO_2 en comparación con plantas terrestres
- Piloto en proceso en Planta Cartagena

Waste to Energy Ash
- Uso de las cenizas que son el resultado de la incineración de residuos sólidos domésticos como material alternativo para producir clínker
- En fase de pruebas en la Regional USA

Coprocesamiento
- **5,6%** de sustitución calórica de combustibles fósiles por alternativos
- **2,8** millones de toneladas de residuos coprocesados

Energías renovables
- Inauguración de granja solar en Planta Piedras Azules, Comayagua, Honduras

Arcillas activadas térmicamente
- Reducción de hasta 38% de emisiones de CO_2 y del 30% de consumo de energía

En los pedidos

Facturación digital
- Disminución de huella de carbono

Argos ONE
- **56%** pedidos de cemento a través de Argos ONE
- **15%** pedidos de concreto a través de Argos ONE

En la logística de entrega

Cemento
- Vehículos eléctricos
- Montacargas eléctricos
- Vehículos a gas
- Vagones de tren
- Pipa granelera
- Otros

Concreto
- Planta en obra

15 plantas en Colombia

En el portafolio y en la posventa

Productos sostenibles
- Cemento Verde
- Concreto de color
- Concreto permeable
- Otros

Sacos verdes
ARGOS
- **+5** millones de sacos reciclados

Smart Pack
- Sacos de cemento solubles en proceso de mezclado

309
Green Days in 2019, which is the number of days without a lost-time incident

+5
million bags have been recycled under the Green Sacks program

Our volunteers, from all the regions, give their time and dedication to contribute to build a better society

Environment, Health and Safety, and Communities

At Argos, we work hard to implement the best economic, environmental and social practices as part of our business philosophy. More specifically, the long-term sustainability strategy is our framework for action to face and manage challenges.

During 2019, we updated our safety and health strategy as a pillar for achieving results, ratifying our commitment that every employee and contractor returns home healthy and safe. By the end of the year, our frequency index was 1.3, slightly higher than our 1.2 goal, which leads us to take the necessary actions so we can achieve our goal of "zero" occupational injuries and illnesses.

In 2019, we had 309 Green Days, which is the number of days without a lost-time incident; we reduced absenteeism by 38%; and we achieved a 9% decrease in motor vehicle accidents.

On our environmental side, we continue to focus on climate change, circular economy, emissions, ecosystems and sustainable construction. Our Nare and Harleyville plants achieved almost a 10% reduction in specific emissions by improving caloric consumption and the use of cleaner fuels, such as natural gas and alternatives fuels.

During 2019, our electrical matrix was made up of 36% of renewable sources, 14% more when compared to 2018.

Regarding the supply chain and logistics, we continue to implement initiatives to decrease our carbon footprint and reach a greener distribution network. Today, we have electric and natural gas powered vehicles for long-distance transportation, as well as electric forklifts, electronic invoicing, digital sales and paperless transactions.

In our circular economy line, we reached a 5.6% substitution of fossil fuels for alternative fuels, due to an increase of co-processing in Colombia and United States, as well as the continuous effort and experience of the Caribbean and Central America Region. Particularly, our plant in Harleyville achieved a substitution level of 27.2%, the highest level from an Argos plant in the last five years.

We rehabilitated 87
percent of intervened areas

We achieved a 45 percent increase in revenues from sustainable products, totaling around
270 million dollars.

During 2019, we used more than 2.8 million tons of waste in our cement and concrete processes, increasing 6 percent when compared to 2018. In addition, together with our customers, we have recycled more than 5 million bags under the Green Sacks program, contributing to the preservation of more than 7,200 trees and saving more than 58,200 cubic meters of water, which is equivalent to 23 Olympic-size swimming pools.

We complement these results with the completion of the calcined clays line at our Rioclaro Plant, which allows us to start the production of Green Cement in 2020. With this development, we contribute to more sustainable construction by launching products in the market that not only face the challenges related to climate change, but also to capture value in business opportunities. On a consolidated basis, we achieved a 45 percent increase in revenues from sustainable products, totaling around USD $270 million.

Regarding ecosystems, we fulfilled our goals to reduce water consumption in our concrete business, and we came close to approaching the ones defined for our cement business to recirculate more than 100 percent of water. Also, recognizing our continuous relationship with biodiversity, we advanced in the rehabilitation of intervened areas in the mining process, achieving 87 percent of total rehabilitated areas.

In terms of community engagement, we confirm our commitment to be good neighbors and development partners with our communities through strong relationships, responsible risk management and contribution to social innovation.

We exceeded USD $5 million in social investments, distributed among 380 projects in our areas of influence in the three regions. This was achieved together with the support of almost 300 strategic partners, who also contributed with close to USD $1.2 million, increasing the value generation to society. In 2019, we impacted almost 500,000 people through the execution of projects for quality education, as well as community infrastructure, housing, social strengthening, among others, all of which is aligned with the development plans in our areas of influence.

Also, and for the first time, it was possible to integrate social investment from the USA and the Caribbean and Central America Regions with the Grupo Argos Foundation for the development of the secure water project, in alliance with Water Mission, in Honduras, which benefits 460 people from La Cáucara, located in the south of the country.

With teamwork efforts, we have delivered the Agua Segura Program to La Cáucara community in Honduras

Almost
1,000
volunteers participated in the initiatives, investing 3,700 hours of work with communities.

In the Caribbean and Central America Region, the Healthy Floors program took place in Honduras and the Dominican Republic, improving housing for almost 1,000 people across 58 communities.

In the USA Region, we continue to be allies in the development of communities through investments for social and cultural strengthening, as well as education in communities near our operations. In 2019, Argos benefited more than 7,000 people.

An example is the contribution through the volunteer program, in partnership with the Atlanta Office of Immigrant Affairs, the Pillyr Foundation and Living Walls, to expand and improve a playground at Colony South Mobile Home Park, located in the south of Atlanta, serving a population of about 80 low-income immigrant families.

Among other projects in Colombia, we highlight the construction of the Educational Institution and the Child Development Center of Quibdó. This was possible thanks to joint efforts between the Ministry of Housing, the Governorate of Chocó and Findeter, and benefits more than 1,200 children. Argos contributed to the center with close to COP $4 billion.

Under the Healthy Floors program, the company replaced 5,500 dirt floors with concrete floors, and carried out structure and housing improvements that benefited around 21,000 people in the Colombian departments of Atlántico, Bolívar and Boyacá. Because of this initiative, we are contributing to the reduction of parasitic infections, diarrhea and anemia diagnoses.

For our community relations, the Connect Corporate Volunteer Program is a key component and catalyst of our corporate sustainability culture. In 2019, almost 1,000 volunteers participated in the initiatives, investing 3,700 hours of work with communities, between working and non-working hours.

In this regard, one of the most important allies is the Grupo Argos Foundation, which integrates the social projects of Grupo Argos, Cementos Argos, Celsia and Odinsa, evolving from having voluntary social program in each business to a powerful integrated vision that focuses on the care of water and territorial transformation around our operations.

Washington employees,
USA Region

In 2019, the execution of the Foundation exceeded COP $24 billion, of which Cementos Argos contributed with COP $7.2 billion, which, together with the contributions of the other businesses within the group and additional resources mobilized through alliances of more than COP $6 billion, allowed for the development of projects that impacted society significantly. The work is driven by the three pillars of Grupo Argos' sustainability strategy and its businesses, which are based on conscious investment, responsible operation and cutting-edge practices, to deliver more to society than we take from our environment.

Talent and Culture

Developing the best talent in a healthy, constructive, respectful manner, as well as fostering a work environment that transcends, where innovation and good ideas flourish, and where we all work with enthusiasm and a passion for the opportunity we have to build a better society, remains a central objective to achieving a sustainable business. In this sense, in 2019, we strengthened on our Cultural Pillars: "We take ownership. We are a team. We deliver outstanding solutions for our customers." We understand that these pillars are essential to face challenges and continue down the correct path as a company.

In the search of a more competitive and efficient organization, we carried out a resizing of our corporate structure, going from nine vice-presidencies to a model of three regional vice-presidencies and three corporate vice-presidencies. With this structure, we are looking forward to strengthening competencies and promoting a larger autonomy for our operations. Our operations are empowered to act quickly and more decisively within their markets, have streamlined and agile administrative areas that work closely with the business, and to develop Transversal Excellence Networks to facilitate the adoption of best practices and the creation of synergies between areas.

We believe in diversity as a tool that boost our strategy.
Río Blanquito, Honduras, employees

Our performance appraisal program had a coverage of 96 percent in the monitoring and evaluation cycle. We achieved more than 351,000 total hours of training, equivalent to 46 hours per person. Also, we highlight the strengthening of competencies such as communication skills (94 employees), relationships with others (43 employees), training in finance for non-financial positions (56 employees) and the training of 109 employees in agile methodologies, to enable capacities in the company around greater efficiency to face market challenges.

On the other hand, in terms of mobility as a lever for retention and development, 9 percent of employees had mobility opportunities internally and between the companies of Grupo Argos.

We strengthened the talent planning process for proper succession, with the identification of 270 critical positions and advances in the structuring of succession charts. Key talent retention closed the year at 93.4 percent, also we had 45.4 percent success rate filling critical positions with previously identified successors.

Argos continues to be a benchmark in promoting diversity and gender equality. On a consolidated basis, our leadership roles are 29 percent women and 150 women in positions that traditionally have been performed by men, such as mixer truck drivers, maintenance technicians, lab technicians, scale operators, among others.

Our work environment is a tangible result of the Argos culture. According to our climate measurements, 79 percent of employees consider Argos to be a great place to work. Additionally, the level of engagement indicates that 81 percent of employees have a favorable view of compensation, development and benefits.

We achieved more than
351,000
total hours of training, equivalent to 46 hours per person.

Our leadership roles are
29%
women

Recognitions

Argos was included, for the seventh consecutive year, in the Dow Jones Global Sustainability Index (DJSI) as one of the most sustainable companies in the world and leader in the Construction Materials industry, with the highest possible rating in sustainable construction, climate change, biodiversity, water management, corporate citizenship and philanthropy. In addition, we were again included in the Emerging Markets Index and in the Latin American Integrated Market Index (MILA) as a benchmark for sustainability performance. Based on this, we were awarded the highest recognition in the RobecoSAM 2020 Sustainability Yearbook: Gold Class distinction.

For the second consecutive year, we were recognized as the most innovative company in Colombia in the innovation ranking of the National Association of Entrepreneurs (ANDI), an alliance with Dinero Magazine.

Develop the Best talent continue being a strategy goal for Argos.
Employee of Rioclaro Plant, Antioquia (Colombia)

ARGOS WAS INCLUDED, FOR THE SEVENTH CONSECUTIVE YEAR, IN THE DOW JONES GLOBAL SUSTAINABILITY INDEX (DJSI) AS ONE OF THE MOST SUSTAINABLE COMPANIES IN THE WORLD.

Other recognitions received in 2019:

- Corporate Social Responsibility Award, in the category of best environmental experience, awarded by the Colombian Chamber of Builders, Camacol, for the CO_2 capture project with microalgae as a milestone in the search for solutions to mitigate climate change.
- Recognition of third place in the Private Social Investment Index in Colombia, due to the scope of impact in the management of projects and social activities for the benefit of the communities.
- The most equitable company in Colombia in the construction sector, according to the PAR Ranking of Gender Equity 2019, for practices in promoting diversity.
- Seventh place among the companies with the best corporate reputation in Colombia, according to the Merco reputation radar and one of the ten companies with the best management of human talent in Merco Talent 2019.
- Socially Responsible Company Award, by FUNDAHRSE in Honduras, for responsible actions with communities, the environment, and economic and country development.
- Business Excellence Award in the category of Environmental Social Responsibility, in Honduras, being the first company in the country to receive this recognition.
- Ratification of the Investor Relations recognition of the Colombian Securities Exchange (BVC) for the adoption of best practices in investor relations, transparency and communication with the stock market.

Looking forward

Dear shareholders,

With what has been mentioned about the management and progress of the company in all dimensions, we hope to communicate the commitment of our Argos team to continue taking important steps towards the consolidation of our business platform in the Americas. This commitment is always supported by the following pillars: financial flexibility, pursuit of business excellence, product innovation, market segmentation to provide our customers extraordinary solutions, and optimization of our operations to achieve the value generation you are all waiting for.

We maintain our unwavering adherence to the solid principles of our founders and the deep pride of a business history built over the last 85 years, with passion, audacity, discipline and a sense of transcendence, recognizing ourselves as protagonists of the progress and well-being of the communities in Colombia and in the fourteen other countries and territories that have opened their doors to us.

We will continue to face the opportunities and challenges of the industry and markets, deploying our best efforts to ensure Argos' profitable growth and long-term sustainability, always acting with integrity, transparency and respect for others, and inspired every day by the higher purpose of helping build the dreams of our customers that boost development within our cities and transform lives within our communities.

Aware of the challenge that we, as a company, have in this complex social situation in our different markets, we reaffirm our support for institutions, the defense of the free market economy, and the commitment to a continuous dialogue with our stakeholders with a goal of generating shared value.

We appreciate your support and trust in our employees who take pride in our company and in what they do.

Training process for our customers is one of the pillars of our value proposition

Together, we will continue to create a successful future for this outstanding company!

Jorge Mario Velásquez
Alejandro Piedrahita
Camilo Abello
Carlos Gustavo Arrieta
Cecilia Rodríguez
Esteban Piedrahita
León Teicher
Board of Directors

Juan Esteban Calle
Argos CEO

Agregados employees
Colombia Region

Legal and Corporate Governance Issues

We comply with the applicable legislation on intellectual property and copyright in the development of its corporate purpose.

In 2019, the operations carried out with administrators and shareholders were held in observance of the corresponding regulations and considering market conditions. In notes 37 and 41 of the separate and consolidated financial statements respectively, these transactions are detailed.

Aspects related to article 446 of the Commercial Code can be found in the financial statement in the auditor´s report and in this document. On its part, the Corporate Group Report referred to in Article 29 of Law 222/1995 is in the additional information delivered to the shareholders.

Likewise, we certify that we do not hinder free circulation of invoices issued by suppliers and that the judicial and administrative processes are being taken care of in a timely manner and diligently by the administration and its legal advisors, and no material decisions were presented that have affected the financial situation of the company.

Regarding the performance of disclosure systems and control of financial information, we have with a structure designed to meet the needs, objectives, goals and consistent corporate strategies with their risk management, and they ensure that production and disclosure of financial information is made adequately. The corporate structure has specialized areas, processes, information systems and controls to ensure the reliability of the financial information.

During 2019, the administration, the risk area, internal audit, the auditor, and the board of directors through its Finance and Risk Audit Committee carried out monitoring tasks aimed at ensuring the performance of disclosure and control systems of financial information. The evaluation process and randomized tests allow us to conclude that these are reliable, free of material errors or significant deficiencies that could affect the preparation and adequate presentation of financial information.

In relation to the corporate governance of the company, the Annual Corporate Governance Report will be delivered to shareholders, and the report of implementation of recommendations of the Country Code can be found on our website at www.argos.co/ir.

WE EVOLVE

STRATEGIC FRAMEWORK

Atlanta BeltLine, a project with the Argos seal, is a sustainable reconstruction project that will connect 45 neighborhoods

HOW WE CREATE VALUE [102-9]

All our activities are focused on creating value to society and the company.

To do this

We adapt swiftly to the changing needs, interests and trends of the world and our stakeholders.

We measure performance frequently.

We communicate the impacts that result from our actions.

Trends

The market is global

- The market is global
- Increase of cement clinker imports in the Americas
- Evolution of production technology
- Emergence of multiple new competitors

Increased environmental awareness

- Climate change and global warming
- Water scarcity and increase of number of species in threat of extinction
- Need for changes in behavior, habits and increased environmental demands

Digital transformation

- Faster communications
- Changes in customer transactions and behaviors.
- Increased customer expectations for quality, service experience and perceived value

Materiality analysis
(See page 44)

Higher purpose

WE BUILD DREAMS THAT BOOST DEVELOPMENT AND TRANSFORM LIVES.

Strategic objectives

- To generate sustainable value
- To be leaders in productivity
- To be the best choice for our customers
- To develop the best talent
- To lead markets through innovation

(See page 50)

Resources

Human
7,647 employees and 7,712 suppliers and contractors working as an integrated, innovative team.

Natural
Responsible use of :47.7 million GJ/year of energy, 6.5 million m³/ year of water consumption in production, among other uses.

Social and Relational
Promote relationships of trust with stakeholders through dialogue and training Sessions.

Financial
Efficient use of economic resources.

Industrial
13 cement plants, over 280 concrete plants, 33 ports and terminals for our operations.

Intellectual
20 patents and various digital solutions supporting our value proposition.

Key activities

Sourcing
- Suppliers
- Quarries

Production
- Concrete plant
- Cement plant
- Aggregates plant

Marketing and distribution

Cement
For use of concrete or mortar mixes, paste, plastering and finishes for structures and constructions.

Concrete
Wide range of concrete with tailored made features.

Aggregates
Derived from grinding different rocks, gravel and sand for customer needs.

Strategic Risks
(See page 55)

Measurement of externalities

(See page 57)

By dimension

Economic
USD 926.4 M

Social
$9 M

Environmental
($341.1 M)

These are the benefits and net costs to society.

General

USD 806.5 M
value delivered to society.

USD 212 M
retained value.

Key management indicators
(See pages 66 to 125)

MATERIALITY ANALYSIS

Martinsburg Plant, USA Region

[102-47] The materiality analysis is a basic tool for identifying the issues that are a priority for the sustainability of the company. It involves a process of context and industry analysis, consultation with company stakeholders and strategic business leadership, as well as the study of industry trends, dynamics and new developments, among other internal and external sources of information.

The result of this work is a matrix with topics classified into three categories: priority, relevant and emerging. They provide us with a roadmap for short-term corporate management.

During 2019 we conducted a materiality update exercise based on the analysis conducted in 2017, drawing conclusions in line with the changes to the organization and the market in which it has been operating in the last two years. We thereby identified twelve material topics that form the backbone of this Integrated Report. One of the highlights of this update is the inclusion of efficiency and productivity as a material topic, which results from the combination of various topics such as efficiency and profitability, energy management model, circular economy and transportation and logistics. These were part of the previous materiality analysis and have been merged to support their management and leverage their results.

We also identified a need for a material topic focused on customers and the market, which resulted in a new material topic we called Adapting to Market Dynamics. This consolidates the approach to issues such as sustainable construction, business model innovation and new businesses, which motivate us to reassess the way we operate and deliver a stronger value proposition to our customers.

For more detail on material topics, see page 66-125.

Materiality matrix

Priority topics

» Efficiency and Productivity
» Adaptation to Market Dynamics
» Talent Management
» Climate Change
» Ethics and Compliance

Relevant topics

1. Ecosystems
2. Industry positioning
3. Health and Safety at the Workplace
4. atmospheric emissions

Emerging topics

5. Supply chain management
6. Community engagement
7. Human rights management system

Priority topics

These are issues of high importance for the company and its stakeholders.They require strategic definitions in the short term.

EFFICIENCY AND PRODUCTIVITY

Strategies that focus on efficient resource use and business profitability.This includes the application of circular economy models, alternative material leverage plans, diversification of energy management models and efficient supply chain management. (See page 66).

ADAPTATION TO MARKET DYNAMICS

The organization's ability to innovate in the components of its business model in order to adapt to industry and market disruptions and maintain its high level of competitiveness.
The strategies that work towards this goal include components such as expanding the portfolio of products and services, adopting high standards and responding to the needs of local markets.(See page 72).

TALENT MANAGEMENT

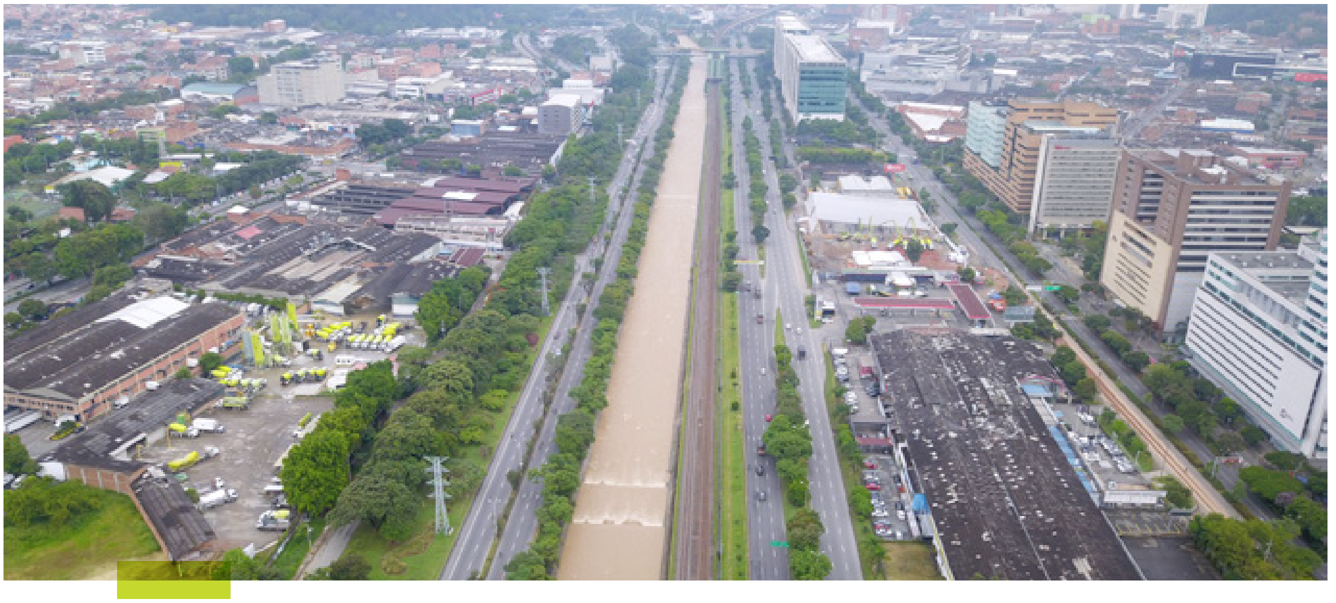
Efforts aimed at attracting, retaining and developing talent through the promotion of a culture of diversity and equality, the implementation of cutting-edge labor practices and ensuring the right to free association. (See page 80).

CLIMATE CHANGE

Prevention, mitigation and compensation strategies to counter the impacts derived from emissions. It also includes plans to adapt to climate phenomena and the development of business opportunities.(See page 84).

ETHICS AND COMPLIANCE

Practices aimed at ensuring ethical and transparent conduct within the organization.This includes preventing fraud, corruption, money laundering and violation of antitrust rules. (See page 72).



We use all our logistics capabilities and experience to contribute to the most challenging projects

Relevant topics

These are important issues to our stakeholders and company due to their potential impact in the medium term.

ECOSYSTEMS:

To identify and manage risks related to water resources and biodiversity in areas of influence, to minimize potential impacts and maximize opportunities.(See page 94).

INDUSTRY POSITIONING:

Efforts geared towards the adoption of high standards and best practices, knowledge transfer and the promotion of guidelines that position the industry as a strategic partner in creating value to society.(See page 100).

HEALTH AND SAFETY AT WORK

Identification, evaluation and mitigation of risks associated with health and safety at the workplace to ensure that employees and stakeholders return home safe and healthy. (See page 104).

ATMOSPHERIC EMISSIONS

Strategies and plans aimed at managing risks and measuring the impacts of operation-related atmospheric emissions. (See page 110).

Emerging or maintenance topics

These are issues for which norms and long-lasting practices exist and that are important to manage in a consistent manner.

SUPPLY CHAIN MANAGEMENT

Plans focused on the selection, promotion and development of suppliers through knowledge transfer and implementation of good practice, with the aim of creating social value and achieving long-term business partnerships. (See page 113).

COMMUNITY ENGAGEMENT

Actions that seek community development through the creation of shared value, with the aim of building relationships based on trust. It includes recognition processes of local actors, responsible management and social innovation. (See page 118).

HUMAN RIGHTS MANAGEMENT SYSTEM

Initiatives aimed at respecting, protecting and promoting human rights and building open and transparent dialogue with stakeholders. (See page 124).

STAKEHOLDERS

[102-21] [102-42] [104-40]

We believe that the creation of sustainable value is based on relationships of trust and transparent dialogue with our stakeholders through mechanisms that open up channels to discussions topics that are relevant to everyone. In this way, we can identify common values that allow our management program to be valued and understood by those who engage with us and look for common goals that leverage growth, not just for the company, but for those who become our allies in building dreams and transforming lives.

In 2019, we updated the materiality matrix through our Sustainability Dialogues. More than 2,400 people participated in these in the three regions where we operate.This activity allowed us to learn firsthand about the issues that stakeholders identify as a priority, as well as those that impact them and their relationship with Argos.

As a result, we have engagement goals for each of our eight priority stakeholders:

Our Healthy Floors program, which replaces earthen floors for concrete, benefits thousands of people in Honduras, the Dominican Republic and Colombia

Customers
Provide extraordinary solutions and be a strategic ally in building dreams and developing society.

Employees
Attract and develop the best talent, which we see as the critical factor in achieving our higher purpose.

Investors
Act with transparency and maximize the creation of sustainable value.

Suppliers
Establish a mutual growth relationship whereby suppliers become our allies in creating value for customers and society.

Communities
Stimulate development through in-depth knowledge of our communities and proper management of identified development opportunities.

Media
Communicate our work transparently through suitable channels and making this the starting point for building relationships of trust with other stakeholders.

Associations and unions
Actively participate in forums that seek the appropriate industry positioning by identifying and building best practices that strengthen various trade associations.

Authorities
Build relationships based on trust and transparency that foster collaboration for territorial development.

[102-43, 102-44] In 2019, we used various mechanisms to consult with our stakeholders and identify their priorities.

Stakeholders	Lead area	Mapping mechanisms	Frequency	Topics of interest
Customers	**Regional commercial teams**	Advice and support Customer service line Transparency line Market research	Ongoing Ongoing Ongoing Yearly	Ethics and compliance Adaptation to market dynamics Efficiency and productivity
Employees	**Talent Management**	Performance management Face-to-face communication forums Intranet and virtual channels Internal boards and channels Transparency line Social networks Sustainability dialogues	Quarterly Ongoing Ongoing Ongoing Ongoing Ongoing Yearly	Health and safety at the workplace Ethics and compliance Talent management Efficiency and productivity
Suppliers	**Supplier relationship management**	Personalized tracking Transparency line Supplier assessment Integrated Report Sustainability Dialogues	Ongoing Ongoing Yearly Yearly Yearly	Efficiency and productivity Health and safety at the workplace Ethics and compliance
Communities	**I Promise Teams, Environment and Regional Communities**	Local engagement plan Sustainability Dialogues Sustainability Week Transparency Line Community committees Socio-economic footprint	Ongoing Yearly Yearly Ongoing As needed Yearly Yearly	Community Engagement Ecosystems Human rights Climate change

Stakeholders	Lead area	Mapping mechanisms	Frequency	Topics of interest
Investors and shareholders	**Investor Relations**	‣ Personal meetings ‣ Conference Call ‣ General Shareholders Meeting ‣ Integrated Report ‣ Website ‣ Direct communication via mail, direct line, among others	‣ Ongoing ‣ Quarterly ‣ Yearly ‣ Yearly ‣ Ongoing ‣ Ongoing	‣ Efficiency and productivity ‣ Ethics and compliance ‣ Climate change
Media	**Communications**	‣ Ongoing communication ‣ Phone calls ‣ Meetings and press conferences ‣ Press releases and other resources ‣ Mail ‣ Press office ‣ Website ‣ Social networks	‣ Ongoing ‣ Ongoing ‣ As needed ‣ As needed ‣ Ongoing ‣ Ongoing ‣ Ongoing ‣ Ongoing	‣ Ethics and compliance ‣ Climate change ‣ Industry positioning ‣ Community engagement ‣ Efficiency and productivity
Associations and unions	**Regional teams**	‣ Joint workshops ‣ Sustainability Dialogues ‣ Website ‣ Integrated Report	‣ Ongoing ‣ Yearly ‣ Ongoing ‣ Yearly	‣ Industry positioning ‣ Climate change ‣ Adaptation to market dynamics
Authorities	**Regional teams**	‣ Integrated Report ‣ Website ‣ PRL ‣ Transparency Line	‣ Yearly ‣ Ongoing ‣ Ongoing ‣ Ongoing	‣ Climate change ‣ Community engagement ‣ Ethics and compliance

STRATEGIC FRAMEWORK

OUR STRATEGY

To increase revenue, with a greater ROCE (Return on Capital Employed) than cost of capital.

To offer construction materials (with an emphasis on cement, concrete and aggregates) and services that generate value to our customers, leveraged in solutions that drive the industrialization and digitization of the sector.

In countries in the Americas with high potential for construction and infrastructure development.

Based on streamlined, efficient and innovative management, with high sustainability standards under a recognized brand.

STRATEGIC OBJECTIVES	SDG	MATERIAL ISSUES
Creating sustainable value	11 CIUDADES Y COMUNIDADES SOSTENIBLES	Human rights management system; Industry positioning; Ethics and compliance
Being the best option for our customers	9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA	Adaptation to market dynamics
Leading markets through innovation		
Being leaders in productivity	13 ACCIÓN POR EL CLIMA	Efficiency and productivity; Climate change; Atmospheric emissions; Ecosystems
Developing the best talent	8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO	Talent management; Health and safety at the workplace; Community engagement; Supplier management

We work with momentum and with the conviction that together we achieve huge results!
Martinsburg employees, USA Region

WHAT CHALLENGES US

WHAT INSPIRES US

OUR HIGHER PURPOSE
We build dreams that Boost development and Transform lives.

HOW WE ARE MEASURED

THE LEVEL OF CONFIDENCE OF OUR STAKEHOLDERS
Stakeholder perception is critical to our capacity to improve day-to-day, provide a better service, innovate in response to market dynamics and evolve with current trends. Therefore, we define communication channels and parameters to measure the level of trust of each stakeholder, which can be viewed on the page 47.

WHAT GUIDES US

OUR SUSTAINABILITY STRATEGY
(See page 52)

WHAT MOVES US

OUR CULTURE PILLARS

» **We deliver Outstanding Client Solutions**
- We focus on customers. We add value and are their best option.
- We have integrity and lead by example.
- We enjoy what we do and always do our best.

» **We are a team**
- We are reliable, trust others and work as a team.
- We are agile, we learn, and we see change as an opportunity.
- We break down barriers, we are innovative, and we believe in the power of diversity.

» **We take ownership**
- We are valuable, we take care of ourselves and we take care of others.
- We are efficient, we take care of resources and take responsibility for results.
- We are an example of respect and good treatment.

WHAT GUIDES US
OUR SUSTAINABILITY STRATEGY

Create value to society and the company. To guide us towards this goal, we base all our decisions on four principles: **build trusted relationships, produce responsibly, ensure profitability of the business, and share values with our partners.**

COMMUNITY STRATEGY 2021

Relationship Construction
We establish relationships based on mutual recognition as actors in the territory.

100% of prioritized operations with Local Engagement Plan (LEP)

Responsible management
We anticipate and manage our social risks and impacts for the sustainability of our business.

100% risk management and community interaction in prioritized operations

Social innovation
We develop innovative solutions that consolidate business opportunities and respond to society's needs.

1 innovative solution developed per regional

We create value in our communities through our commitment to being good neighbors and development allies.

HEALTH AND SAFETY AT WORK STRATEGY 2025

Leadership and accountability
We share our vision on health and safety by ensuring that we all understand, take responsibility and empower ourselves to achieve and sustain zero incidents and occupational disease.

Goal
Eliminate serious injuries among our employees and contractors by 2025*.
*Based on established scope and definition

Skills development and comprehensive risk management
We work so that everyone knows the risks and implements control measures that prevent injuries and occupational diseases.

Goal
Reduce total injuries by 50%*.
*2019 baseline

Reduce occupational disease by 30%.

Communication and culture
We inspire teams to choose safe and healthy working practices, applying, understanding and being aware of the consequences of compliance or non-compliance.

Goal
Implement a project with successful impact per regional branch per year*.
*The impact should be related to the improvement in TIFR (Total Injury Frequency Rate), absenteeism due to GI (General Illness), high-risk situations and occupational disease indicators.

Operational excellence
We continuously learn and improve, sharing our best practices, promoting health and safety as a habit and a value that permeates everyday actions and decisions.

Goal
Improve the health conditions of our employees, decreasing overall absences due to general illness by 15%.

Intervened 100% of high-risk situations in a timely manner.

Health and safety in our lives are the key values on which to build our dreams and those of the people around us.That's why, with I Promise, we all ensure our own safety and encourage others to stay safe and healthy, thus achieving ZERO: zero incidents and zero occupational diseases.

ENVIRONMENTAL STRATEGY 2025

Climate change
Reduce CO_2 specific net emissions:
544 kg CO_2/t of cementitious material

Emissions
Reduce particulate matter emissions:
60 g MP/t of clinker

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

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

Make the 2020 mercury emissions inventory:
100%

Water and biodiversity
Intervene in rehabilitation areas:
85%

Reduce water consumption in cement:
256 L/t

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

Reduce water consumption in concrete:
216 L/m³

Circular economy
Replace raw materials with alternatives in cement:
15%

Substitution of caloric consumption with alternative fuels:
18%

Use supplementary cementitious materials in concrete:
15%

Increase the use of recycled aggregates in concrete:
216,000 tons

Sustainable construction
Generate revenue from products with sustainability characteristics:
USD $400 million

Our environmental strategy applies to:
- Own production and administrative facilities.
- Products and services.
- Supply chain and logistics.
- Suppliers and contractors.
- Key partners, including subsidiaries, joint ventures, and operations managed through third parties.
- Fusions and acquisitions.

We improve our environmental performance leveraged on a management system that enables the prevention, mitigation, correction and compensation of environmental impacts. [102-11]

Trust Relationships
Relationships with our stakeholders are based on mutual transparency and support.They are nourished by constant dialogue and collective construction, which lead us to achieve common goals.

Shared values
Transforming our future requires transforming our present through individual actions. We contribute to empowering our stakeholders in their roles as agents of change.

Business profitability
Our decisions are focused on the generation of innovative and efficient solutions to maximize the value generated to our customers and our business.

Responsible production
We use resources responsibly, which means working every day to prevent, mitigate, correct and compensate impacts on our value chain.

RISKS

[102-15]

We identified, analyzed, evaluated and managed the risks that impact the fulfillment of our strategy, projects, processes and operations. To do so, we used evaluation, monitoring and scale mechanisms set out in our Integrated Risk Management System (IRMS) methodology and we sought the efficient transfer of risks through the corporate insurance program, reaching all levels and geographies in which we operate:

- We quantify materialization scenarios of strategic and emerging risks, creating alerts for senior management on any deviations that could have an impact on the achievement of company goals.
- We deploy risk quantification exercises at the country level in our operations.
- We conduct risk analysis and assessment in our projects.
- We apply the IRMS methodology in risk analysis of processes and facilities, enabling the formulation, implementation and tracking of action plans.

Integrated Risk Management System (IRMS)

Our IRMS supports and complements the Governance, Audit and Compliance models. It is based on the ISO 31000 and COSO Enterprise Risk Management standards and is aligned with international best practices.
The IRMS is supported in the GRC (Governance, Risk and Compliance) Portal technology tool and contains the following elements:

Identify

Risk → **Cause**

Risk
An event that can occur and affect the achievement of objectives.

Cause
These are the actions, activities or situations that lead to the occurrence of a risk.

Analyze and evaluate

Controls → **Probability** × **Impact**

Controls
Measures that decrease risk exposure, in probability or impact.

Probability
Possibility that a risk occurs or materializes.

Impact
Effect or consequence that arises when the event occurs.

= **Risk matrix**

Manage

Action plans
Activity that is aimed at reducing the level of risk that remains after controls are executed. Includes description, date, responsible party and follow-up.

Monitoring

Monitor execution of action plans. → Monitor the risk profile to ensure its validity. → Report the risks and their action plans to the required parties.

We identify, analyze, valuate and manage the risks that impact our strategy, projects, processes and operations. Employee of the Piedras Azules Plant, Honduras

Strategic risks [A-RI1]

R1 Lower value generation (Ebitda or other indicator) due to not reaching the volumes or prices budgeted by the company due to the market situation.

R2 Delay or inability to close competitive gaps in operating and administrative costs and expenses.

R3 Inability to adapt to changes in the value chain of construction and our customers' needs.

R4 Not achieving the financial flexibility required by the company.

R5 New policies or changes in regulation that affect business performance or the development of projects.

R6 Stakeholder actions that negatively affect the company's operations or the development of projects.

R7 Low appropriation of the company's culture behaviors due to lack of governance mechanisms and talent development.

R8 Inability to achieve and maintain environmental standards (normative or voluntary) that ensure the management of environmental and social impacts of operations.

R9 Occurrence of natural events that affect the continuity of key operations. (hurricanes, floods, landslides, droughts, earthquakes, among others).

R10 Adverse decisions that significantly impact the financial results and the reputation of the company.

R11 Data breaches and disruptions in operations due to cyber attacks, failures in information systems, among others.

Scan to see emerging risks.

Risk transfer

We have a corporate insurance program based on statistical models recognized in the reinsurance market.

Through these, we seek appropriate and optimal risk transfer and avoid significant deviations from our objectives in the event of possible occurrence.

Corporate insurance program

Property | **Executive** | **Profits**

Coverage of losses derived from risks, such as

Natural/ Human/ Operational events

Hurricane | Fires | Damage to equipment

Asset claims

Liability | Profit | Lawsuits

Individual risks

Life | Health | Labor compensation

WE WERE RECOGNIZED FOR OUR RISK MANAGEMENT BEST PRACTICES, ACHIEVING THE HIGHEST POSSIBLE RATING OF 100% IN THE DOW JONES SUSTAINABILITY INDEX.

Our IRMS supports and complements the Governance, Audit and Compliance models

2019 Performance

- We promoted an emphasis on self-management through the design of tools for risk identification and analysis for process owners.
- We developed stochastic models to quantify the impact of strategic and emerging risks.
- We promoted a culture of risk awareness through internal networks.
- We managed insurance compensation of over USD $13 million.
- We supported the structuring of the credit and factoring program to improve liquidity.
- We conducted a exposure to cyber risks analysis based on the ISO 27001 methodology.
- We updated the IRMS Manual.
- We promoted self-management of risks in different company levels.

Future challenges

- Extend the reach of IRMS in critical processes.
- Perform deeper analyses of risk and trends to structure scenarios with long-term materialization potential.
- Explore the feasibility of adopting alternative risk transfer mechanisms.
- Develop a business continuity plan for prioritized operations.
- Train our partners in the IRMS methodology through a virtual course.

VALUE ADDED STATEMENT TO SOCIETY (VAS) [A-LS1]

We add value to society through externalities derived from investments in communities

Value generation to our stakeholders ranges from reducing adverse impacts to society to developing cutting-edge products and services and the care and safety of our employees. Our commitment is to be an agent for social and economic development in all geographic areas where we operate. To determine if we are meeting that promise, we have been developing an impact valuation tool that we call the Statement of Value Added to Society (VAS) since 2016.

Impact valuation model

Our VAS monetizes the impacts derived from externalities and allows us to identify the crux of value generation to society.
An externality is a positive or negative impact derived from our operations, which is not reflected in the organization's financial statements.

Key objectives of our VAS

To promote accountability within the industry and beyond.

» To contribute to transparency in the industry.
» To raise awareness among stakeholders and society about the impacts of our business.

To manage our risks more accurately

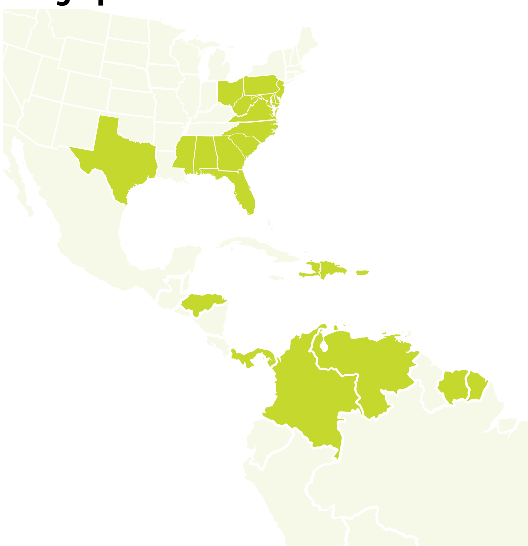
» To be more agile and adaptable in a changing world.
» To ensure our sustainability.

Make more responsible and better-informed decisions

» To deliver extraordinary solutions to our customers.
» To respond in a more targeted way to the interests and needs of our stakeholders.

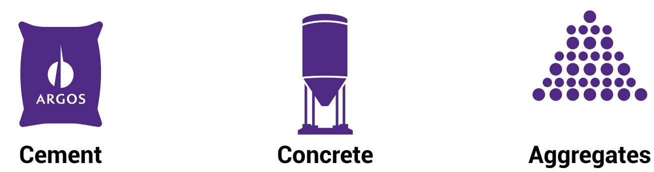
Based on KPMG's TrueValue methodology, this tool measures impacts across our operations (Colombia, the United States, and Caribbean and Central America) and across all our business units (cement, concrete and aggregates).

Geographic reach



Scope in value chain

Scope in business units



Our model monetizes the impacts of the following externalities:

Economic externalities

- **Salaries and benefits:** impacts on the economy derived from our employees' remuneration.
- **Interests and dividends:** economic impacts related to the payment of interests and dividends to financial institutions and investors.
- **Tax:** economic impacts associated with the payment of taxes to governments in the countries in which we operate.

Social externalities

- **Talent development:** impacts from development and improvement of the human capital that is reintegrated to the labor market following training at Argos.
- **Community investments:** impacts derived from housing projects, community and educational infrastructure, scholarships, and others.
- **Health and safety:** impacts on employees and communities associated with accidents (injuries and fatalities) and occupational diseases.

Environmental externalities

- **Emissions of greenhouse gases (GHG):** impact of generating greenhouse gas (CO_2 emissions, scope 1 and 2), associated with climate change.
- **Atmospheric emissions:** generating emissions of sulfur and nitrogen oxides, particulate matter and mercury associated with atmospheric contamination.
- **Water consumption:** impacts on the water resource caused by our consumption.
- **Biodiversity:** impact of our operations on biodiversity, including benefits of compensation and rehabilitation programs.
- **Alternative materials and fuels:** substitution of conventional fossil fuels and raw materials with alternatives, reducing CO_2 emissions.

Changes and updates to the model

Every year, a review is carried out to identify new trends or innovations in how to assess impact. Likewise, the tool is updated with the macroeconomic and business data of the year in question; it concludes with the dissemination and socialization of the results of the valuation exercise.

Review of scope and methodology

Model update and adjustment

Data analysis and results and definition of applications

Sharing and disseminating results

2019 Updates

- The value of the multipliers that increase every year were corrected due to an adjustment in the annual inflation calculations
- The OECD table of inputs and outputs is the main input for the economic dimension multipliers.This table had not been updated by the OECD since 2011 and this year it published data to 2015. Updating the model with this new information changed the values of these multipliers.
- The World Resources Institute's Aqueduct tool, used for the definition of water stress zones based on the relationship between total water uptake and available surface water supply, was updated in 2019, which is why some of our operations changed category, affecting the social cost of water consumption and therefore the final impact of the water consumption externality.

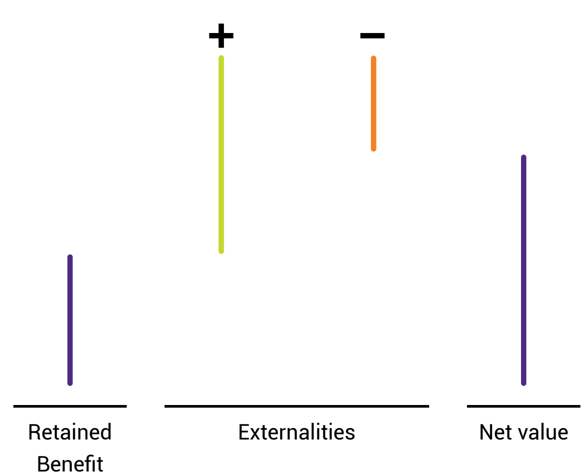
In order to compare the results of 2019 with 2018 the model was re-run retroactively with these changes and corrections.This affected the results of the exercise for 2018.

Scan the code below to view details of the tool and updates and changes to previous models.

How to interpret results

Impact measurement results are presented on a waterfall chart. The first column of the chart is the starting point of the calculations and presents the value retained by the organization during the period, that is, the retained benefit. The following columns represent the profits (positive impacts) or costs (negative impacts) that the organization generated to society.These values are added to or subtracted from the retained benefit and this results in the net value to society, or the value it assumed as a consequence of the organization's presence in the territory.

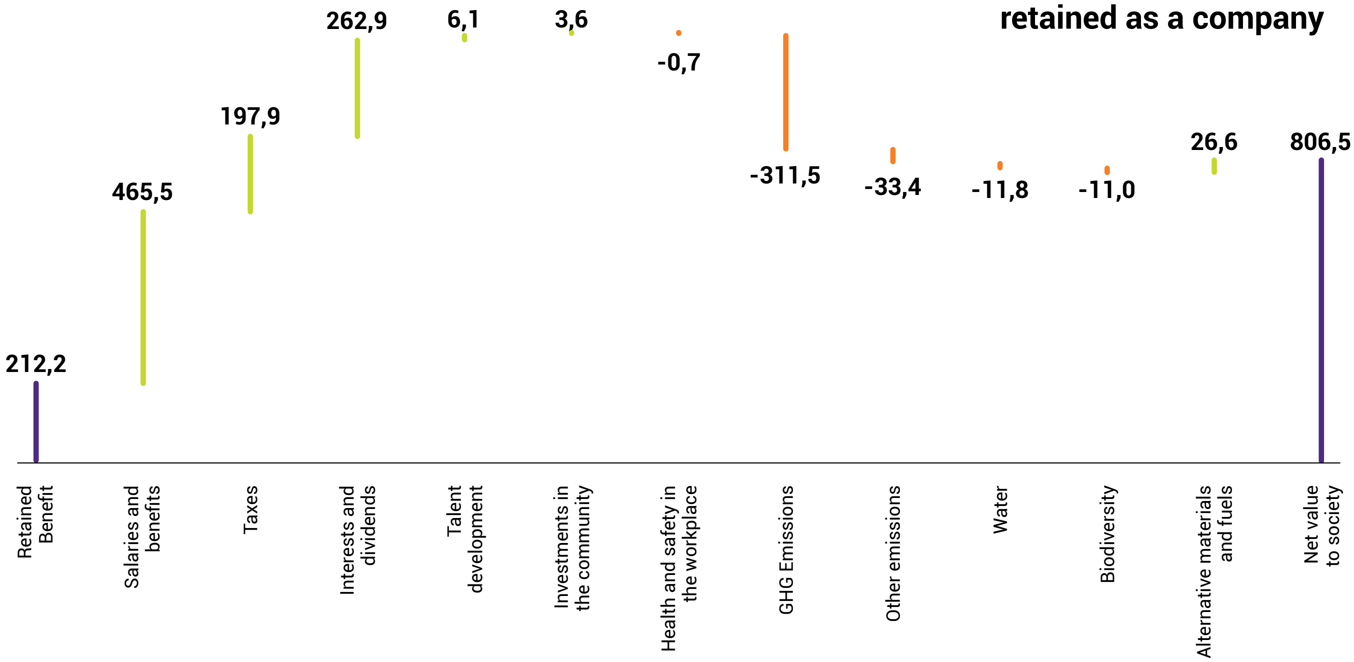
While there are no universally accepted parameters to guide the interpretation of an impact valuation exercise, at Argos we use the proportion of the net value to society over the retained benefit. For us, the minimum acceptable is that our operations are generating benefits to society that are equal to or greater than the benefits that we retain.



VAS RESULTS 2019

In 2019, we gave back to society
3.8
times the benefits we retained as a company

VAS 2019
Millions of dollars



VAS Highlights 2019

Positive impacts derived from payment of financial expenses and dividends increased by 4.35% from 2018.

» This result reflects our commitment to shareholders and how seriously we take our obligations.These payments boost the economy via the financial sector through the uses our shareholders make of their money.

The negative impacts associated with GHG emissions increased by 6.92% from 2018.

» This is the result of a marginal increase in emissions at a company level and the annual increase of the social cost of carbon. Because climate change represents such an immense challenge, we have developed several initiatives within the framework of our Environmental Strategy that contribute to lowering these impacts and turning the challenges of climate change into business opportunities. For details of our work, see the “Climate change” chapter on page 84 and “Adaptation to market dynamics” on page 72.

One of our strategic goals is to be profitable in order to grow by delivering value to society from economic, environmental and social dimensions.
Employee from Puerto Rico

Additionally, positive impacts associated with alternative materials and fuels were up by 6.34% from 2018

- In 2019, we redoubled our efforts to shield alternative fuel sourcing across all three regions against changing market conditions, increasing reliability and continuity of supply.
  Additionally, through the "Circular economy" pillar of our Environmental Strategy, we continue to replace traditional materials with more efficient and environmentally responsible ones that also contribute to expanding our value proposition to customers.
  The goals and metrics associated with these initiatives can be reviewed in the "Climate change", "Efficiency and productivity", and "Adaptation to market dynamics" chapters, on pages 84, 66, and 72, respectively.

- For the first time, we have monetized the impact on society of mercury emissions derived from our production processes, maintaining our commitment to transparency and accountability to our stakeholders.The result was a 2.06% increase in the total cost generated to the society by this externality.
  It is important to clarify that mercury emissions data coverage in our operations is 87% and will increase as our field measurement capabilities increase.These impacts are part of the "Atmospheric emissions" externality, which also monetized the impact of sulfur and nitrogen oxides and particulate matter.
  The chapter "Atmospheric emissions" on page 110 explains our initiatives and results in managing these environmental impacts.

It is also important to highlight the performance of the water consumption externality, which fell by 28.07% from 2018.

- This decrease is primarily due to the implementation of the "Water and biodiversity" pillar of our Environmental Strategy, which focuses on managing water risk and making an efficient use of the resource.
- In 2019, we made great advances in measurement optimization, water recirculation processes, water risk quantification, and fostering a culture of water conservation. Additionally, the World Resources Institute Aqueduct tool was updated in 2019 and this affected the water stress rating of some of the areas where we operate.
  For details of these initiatives as well as the performance indicators of our water consumption, see the chapter "Ecosystems" on page 94.

We continued to vigorously work on the strategies and initiatives related to the responsible management of water

Other results of our work

VAS per countries

We continue to implement our VAS tool in operations where this was requested.The analysis was conducted for Honduras and Panama and the results were delivered to the respective leaders.
The VAS information will be used by local teams to strengthen their decision-making processes and identify and manage associated risks to their operations.

CONSCIOUS INVESTMENT TOOL

We took part in the Grupo Argos Conscious Investment project to design a methodology for the due diligence processes of acquisitions, that confronts financial criteria with environmental, social and governance impacts, using impact valuation. We supported our head office, which led the initiative, in the process of building and piloting the tool.

CONSOLIDATION OF THE TOOL FOR GRUPO ARGOS COMPANIES

We were the first Grupo Argos´s subsidiary company to implement the VAS.
Thanks to that initiative, we were able to assist the energy and concessions businesses (Celsia and Odinsa) in measuring their externalities during 2019.Additionally, our business group adapted this model and enabled a global picture of the impacts of all its businesses as well as the specific involvement of each organization in the construction of value to society.

FROM 2020 ONWARDS,

Grupo Argos and its businesses will have a detailed and inclusive decision-making process that involves not only financial variables, but also the positive and negative impacts of their business decisions on society.
In this way, we have been able to identify and manage the economic, social and environmental risks associated with an acquisition prior to purchase, to make better informed decisions, and to stay at the forefront in terms of responsible investment practices.

This year the VAS was conducted for Honduras and Panama

We took part in the Grupo Argos
Conscious Investment project

THE SOCIO-ECONOMIC FOOTPRINT INDEX DETERMINES THE IMPACT OF OUR PRESENCE IN A GIVEN TERRITORY.

PARTICIPATION IN THE IMPACT VALUATION ROUNDTABLE - IVR

We continue to participate in the IVR, a forum created by leading global impact valuation companies around the world.

This is a closed group for dialogue and experience exchange, which we have been part of since 2016. Thanks to this forum, we have kept ourselves informed of the key global trends in impact valuation and have had the opportunity to present our model to peers in the private and academic sector.

The IVR has also provided us with experience and knowledge shared by other companies in the industry and remains the leading forum for discussion on impact valuation in the world.

DISSEMINATION AND TRAINING

- We held a series of training sessions for commercial teams in the Colombia Region to explain the impact valuation model and build key messages based on the VAS, to strengthen the value proposition to our customers.
- We were invited by KPMG and ANDI to present our model in Medellin and Cali to companies in different industries that are interested in starting their own impact valuation exercises.

In 2020

- We will continue to deepen the scope of our VAS. We will perform at least three country VAS and, this time, carry out the exercises jointly and complementarily with the Socio-economic Footprint. This is a tool with local scope, designed and led by the community engagement team, which determines the impact of our presence in a given territory. To learn more about the Socio-economic Footprint see the “Relationships of Trust” chapter on page 118.
- We will continue to participate in the Externalities Roundtable, led by Grupo Argos, to share knowledge and experiences related to impact valuation.

WE CON_NECT

ACTION FOCUSES

Thanks to the innovative construction methods as well the use of suitable materials such as a special Argos concrete, the Gran Manglar Viaduct in Cartagena, Colombia, is considered a benchmark of sustainable and environmentally friendly infrastructure

EFFICIENCY AND PRODUCTIVITY

- Circular economy
- Energy management model
- Transportation & logistics
- Efficiency and productivity

Impact on business

- Costs
- Revenue
- Risks

We implement our strategy through actions aimed at the efficient use of resources and by maximizing business profitability. We focus on the application of circular economy models, efficient production processes, diversification of energy management models and efficient supply chain management.

The solar farm is the first of many joint projects we are carrying out with Celsia, another Grupo Argos company, seeking local development

Management objectives [103-1]

For the company

Improve performance and profitability to ensure business sustainability, optimize working capital and capital investments, reduce costs and indebtedness levels as well as mitigate risks associated to the availability of resources needed for our operations and the emergence of higher environmental demands and new regulations.

For society

Deliver solutions and products that meet our customers' needs through the proper use of non-renewable natural resources and the incorporation of alternative energy sources and raw materials into our processes.

How is it managed?

[103-2]

Framed by our higher purpose and strategy (see page 50), we manage the efficiency and productivity of our businesses by defining key goals and objectives that make the organization more streamlined and focused, gain financial flexibility, and become more profitable.

During the year, we focused on eight areas of work:

1

Non-strategic asset optimization
We concentrated the use of capital on generating cash flow for the core business, which included divestments of non-strategic assets.

2

De-leveraging
We reduced the level of indebtedness to gain financial flexibility. This ensures the sustainability of the business over time as well as the possibilities for expansion and consolidation of operations.

3

Energy efficiency
We promote electrical and thermal efficiency in production processes by defining and monitoring ten key rules that permit energy resources optimization and achieve world-class performance.

SDG	GRI [103-1]	Strategic sustainability pillars	On the website
8 ECONOMIC GROWTH 13 ACTION	Suppliers Customers Argos Society	Relationships of trust Responsible production **Business profitability** Shared values	

4
Production optimization
We concentrate production in the most efficient plants, make proper use of resources, assess the mineral content of alternative materials and implement new technologies and processes to optimize the cost per ton or cubic meter of the product.

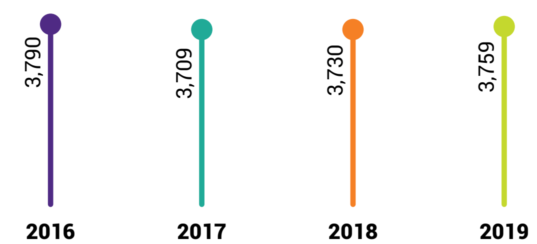
5
Circular economy
We take advantage of waste in order to reduce the environmental impact of the exploitation of non-renewable natural resources. We also partner with the authorities, companies and communities to find a sustainable solution to the problem of improper disposal of certain types of waste in our areas of influence.

6
Logistics and transportation
We strive to make effective use of the available means of transportation and routes, taking the logistics of each region into account and making the best use of our resources and geographic location to reduce delivery times, decrease costs and improve the delivery cycle.

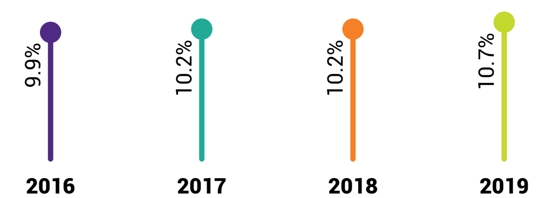
7
Organizational design
We are adapting the corporate structure to build a streamlined and flexible company that is more efficient in the decision-making process.

8
Supplier management
We focus on selecting our suppliers carefully, transferring knowledge, promoting best practices through their recognition and building long-term trust relationships that foster mutual growth. (See page 113).

Specific energy consumption in the production of clinker (MJ/t clinker)

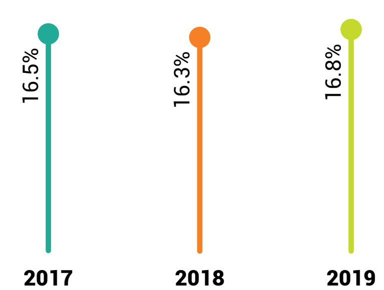


Cement [A-EC2]
% alternative raw materials in cement



* Data was re-calculated under GCCA methodology.

Concrete [A-EC3]
% of supplementary cementitious materials



[302-1] [302-4]
See other indicators of this material issue.

2019 Performance

Highlights [103-2] [103-3]

Here are the key advances in efficiency and productivity:

PRODUCTION OPTIMIZATION

- We are innovating in the way cement is traditionally produced, and at the Rioclaro Plant, by using thermally activated clays, we are decreasing the use of clinker in cement production. This new line makes it possible for us to be more flexible and to be ahead of the new paradigm of raw materials in the cement industry, seeing as the availability of alternate cementitious materials is very limited in relation to global demand. (See more on page 75).
- We have improved the efficiency in the packing process of the Rioclaro and Yumbo plants by installing new palletizers; which will allow us to have safer working conditions and minimize the risks of accidents, thereby becoming more productive.
- We have increased the efficiency of the cementitious materials used in concrete production by incorporating new additives that increased cement resistance levels. We would like to highlight the results of Panama, where cement resistance increased by 0.62 PSI compared to 2018 and enabled savings of nearly $5 for every m^3 of concrete produced.

Harleyville Plant,
USA Region

Clinker production record at the Cartagena Plant of
1.7
million ton/year

Clinker production record at the Martinsburg Plant of
1.2
million ton/year

- Production of Type III cement in vertical cement mills is a challenge in the cement industry in the United States. At our Martinsburg and Harleyville plants, we are able to overcome this challenge and we became the country leader in this aspect. With the new production methodology, we continue to guarantee the quality of this kind of cement, while, in turn, becoming more efficient and we managed to reduce energy consumption, use less clinker, and therefore have lower production costs. In the six months in which we have been operating, we have achieved production savings of $407,211.
- By incorporating two new alumina sources for clinker production, we achieved savings of over USD $1 million at the Martinsburg Plant. These two new materials enabled us to improve operational control, quality and environmental controls.
- In 2019, the Cartagena Plant reported a historical record in clinker production, closing the year at 1.7 million of tons with average productivity levels during the year amounting to 5,000 ton/day.

Project for the use of ash from incineration furnaces of household solid waste as an alternative material for clinker production at the Newberry Plant, Florida (United States)

THERMAL AND ENERGY EFFICIENCY

- We have achieved savings amounting to 143.4 million MJ, thanks to increased kiln productivity in the plants of the Colombia Region.In this sense, we would like to highlight the successful management in Cartagena, Yumbo and Sogamoso.
- We launched the solar farm in Honduras, which we began developing with Celsia since 2017.
  It has an installed capacity of 10 Mwac and is able to provides nearly 20% of the electricity required for the operation of that country.
  As a result, to date, 36 percent of the electric energy used in our operations comes from renewable sources.
- We reduced electrical consumption in Honduras by 0.8 kWh per ton of general-purpose cement produced by decreasing the clinker/cement factor. The reduction in electricity consumption generated savings of 886,000 MJ during the year, which represented approximate savings of $37,000 dollars.
- We continue with the implementation of minerals that contribute to reducing thermal and electrical consumption in the cement process. In Honduras, compared to 2018, we have saved 187.8 million MJ through the addition of fluorite.

Get to know our environmental indicators.

+2.8 MILLION TONS OF WASTE USED IN OUR PRODUCTION PROCESSES

CIRCULAR ECONOMY

- We have achieved 10.7% usage of alternative raw materials in cement production and 16.8% replacement of supplemental cementitious material in the concrete business. Furthermore, since 2016, we have consumed 15,277 tons of recycled aggregates.
- Through the Green Bags program, which has been implemented since 2013, we have recycled more than 5 million bags. This made it possible to save 8,078 trees and 64,628 m^3 of water. In 2019, 65% of the empty bags made of kraft paper that are used to pack the cement we distribute in the Metropolitan Area of the Valley of Aburrá, Antioquia, Colombia were returned.
- In the Caribbean and Central America Region, more than 95,000 soluble bags or Smart Packs are used in concrete production. Thus, avoiding waste generation whilst maintaining the product's quality.
- Together with the County of Pasco and the University of Florida, we are developing a project to implement the use of ash from incineration furnaces of household solid waste as an alternative material for clinker production at the Newberry Plant. After obtaining validation at a laboratory level, we conducted a successful industrial test, in which 3,400 tons of clinker were produced. These ashes are currently disposed of at landfills. Thus, its utilization in clinker production would create a new use for them and would lead to various environmental benefits such as better land exploitation, water conservation and reduced the use of natural resources.

LOGISTICS & TRANSPORTATION

COLOMBIA

- We implemented the light truck trailers initiative, which allowed vehicle-loading capacity to increase by 9% and reduce total transport costs while generating less CO_2 emissions. Additionally, vehicles were equipped with a semi-automatic tarping system to assist in the weight bearing of cargo, which not only helps to protect the product, but to mitigate potential safety risks and reduce the time spent loading by 80%.
- We consolidated a supplementary supply network with some national companies, seeking to take advantage of 100% of the automotive trajectories for the transportation of our products and those of third parties making use of the backhaul. During the year, 77,000 tons were transported, generating savings of almost 1.3 billion pesos. This contributed to the improvement if the country's road safety and leads to a more competitive transportation network.

CARIBBEAN

- We implemented the combined delivery scheme, transporting loads from different customers or products in a single barge. For Puerto Rico, this initiative increased customer loyalty, as they found us to be the best option to have access to different products in one delivery.
- We established a more efficient loading planning and strategy for loads in our Haiti operations and our customers in the Antilles. This improved planning allowed for the reduction of our ships' downtime by one third and as well as the number of serviced clients, generating new freight revenue.

In Colombia, we are pioneers in using the train as a means of transportation for products

UNITED STATES

- We opened a new terminal at one of our concrete production plants in North Carolina. This route made mobilized 63,000 additional tons by train and reduced, to five per day, the number of trucks needed to meet the demand. At the end of the year, 87% of the tons mobilized between our plants and terminals was made by this means of transport, seeking to maximize the use of the railway network and to resort to cleaner and more efficient means of transport. Additionally, we maximized the payload per carriage by establishing a minimum target of tons to be loaded by our plants, which is continuously monitored. This effort allowed for savings of $415 billion dollars in transportation costs.

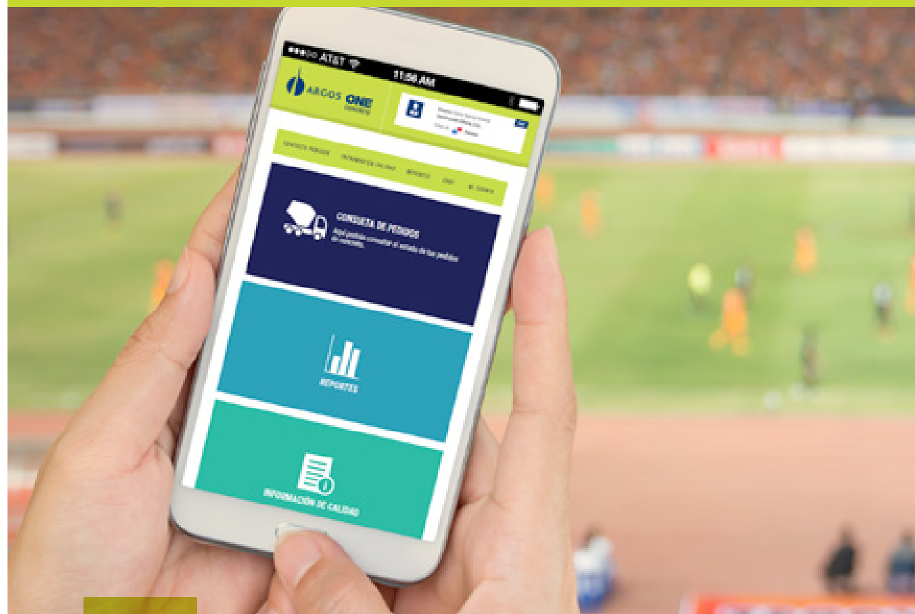
USD $658.4
million is the total amount of divestitures between 2016 and 2019

ASSET OPTIMIZATION

[A-BE2] While developing the value creation and investment focalization strategy on cement, concrete and aggregates investment, we sold 28 concrete production plants and a retail store for $95 million dollars. This transaction was accompanied by a cement sourcing agreement that favors the profitability of the operation. In addition, the company sold its stake in Omya Andina and Cartón de Colombia for 62.7 billion pesos and 22.7 billion pesos respectively.

DE-LEVERAGING

- [A-RE1] We completed 2019 with a net debt rate of 4.11 times the EBITDA plus dividends. Despite the challenges faced during the year, we were able to optimize our working capital and CAPEX and decrease the level of indebtedness, thanks to non-strategic asset divestitures of around 400 billion pesos during the year.



With Argos ONE, we advanced with concrete steps in our commitment towards digitization

2025 Goals [103-2]

- We will decrease heat consumption by 10% and electricity by 15%.
- We will reach 15% of use of alternative raw materials in cement operations.
- We will reach 15% in the use of supplementary cementitious material.
- We will cumulatively use 216,000 tons of recycled aggregates in concrete operations.

Future challenges [103-2]

- Increase the use of the railway line and implement multi-modal circuits in the Colombia Region.
- Achieve synergies with other companies to consolidate cargo in the delivery of products to the same customer.
- Replicate successful regional initiatives in other regions.
- Ensure stability in electricity prices across regions.
- Access sources of waste and sub-products with valuation potential.

Bringing technology to our logistics processes in the USA Region

Technology is an ally that enables us to continue delivering extraordinary solutions to our customers and have more efficient processes.

During 2019, we were able to reduce the operational burden of our USA Region Logistics and Customer Service team by automating the creation of orders and the allocation of loads to our haulers.

This system makes working with Argos to be even easier for our customers and suppliers, as it reduces human error, automatizes the freight tender process for delivery and makes our team more accessible for incident solution during delivery and freight allocation. Furthermore, it allows us to generate savings through the allocation of loads by means of business rules that promote efficiency.

Thanks to this initiative and since its implementation, more than 148,000 loads have been processed through this system.

ADAPTATION TO MARKET DYNAMICS

- **Innovation**
- **New business models**
- **Sustainable construction**

Impact on business

- Costs
- Revenue
- Risk

We consider innovation as the foundation for business sustainability and the main medium through which we maintain our competitive advantage.
Serena del Mar, Cartagena, Colombia

We innovate in our business model components to adapt to industry and market changes and to maintain our high level of competitiveness. Some of the components of the strategies aimed at this goal are the expansion of the portfolio of products and services with sustainability characteristics, the adoption of high standards of quality and the response to the needs of local markets.

Management objectives [103-1]

For the company

Deliver the best value proposition to customers to consolidate ourselves as industry leaders and pioneers in new markets and business opportunities, which, in turn, enable us to increase revenue derived from products with sustainability characteristics.

For society

Meet basic housing needs, improve quality of life, inclusion and infrastructure to facilitate the development of sustainable, smart and interconnected cities and encourage the kinds of dreams that drive development and transform lives.

SDG	GRI [103-1]	Strategic sustainability pillars	On the website
8 ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES	Suppliers Customers Argos Society	Relationships of trust; Responsible production; **Business profitability**; Shared values	

How is it managed? [103-2]

We work to create sustainable value, effectively responding to new market dynamics and positioning ourselves as industry leaders through innovation.

To achieve this goal, we focus our efforts on four lines:

1

Product portfolio and customized solutions
This is the value proposition we offer to our customers, which differentiates us in the marketplace through our product portfolio, i.e. cement, concrete, aggregates, as well as differential services such as technical assistance, integrated logistics, and customized solution design. In addition, under the "Sustainable construction" pillar of the Environmental Strategy, we leverage life cycle management and develop products focused on solving constructive challenges with extraordinary solutions through innovation.

2

Dynamic models of delivery
It includes all the ways in which we service the market and in which customers can access our products and services. We seek to materialize the experience improvement mechanisms for our customers, based on digital technologies, which are reflected in streamlined processes.

3

New business models
Are those initiatives that are adjacent to our value proposition and that represent new business opportunities in the construction sector.

4

Future initiatives
These are the projects which are under the validation, trial feasibility study, with which we plan to adapt to future industry dynamics.

We work, study and research to efficiently respond to market dynamics and deliver tailored made products and solutions

How do we assess progress? [103-3]

We have several mechanisms, including:

» Wallet Allocation Rule (WAR), which allows us to identify how our efforts not only translate into customer satisfaction regarding our brand, but also in the actual choice of our products.
» Value Added Statement to Society (VAS), by which we quantify the impacts that society perceives due to our operations and performance. (See page 57).
» Total revenue from selling products with sustainability characteristics.

[A-IN1] [A-IN2] [A-IN4] [A-IM1]
Learn about other indicators concerning this topic.

Thanks to Argos soil-cement, we can contribute toward the sustainable transformation of the infrastructure in the countries where we are present

2019 Performance

Highlights [103-2] [103-3]

PRODUCT PORTFOLIO AND CUSTOMIZED SOLUTIONS

Through our commitment to innovation, sustainability and with the knowledge of the markets where we operate, we offer products and differentiated solutions that enable us to be the best ally for our customers, undertake any construction project, and contribute to the solutions demanded by the world today.

[A-IN3]

25%
are the revenues from innovation in 2019

LEARN ABOUT SOME OF OUR SPECIALTY PRODUCTS

SOIL-CEMENT

This product originated in Honduras and is produced and sold today in various operations in both the Caribbean and Central America and Colombia. It is designed to improve efficiency and provide better stabilization for various types of soil. It also allows the development of resistance and heat of hydration to be controlled. Sales of this cement have reached the equivalent of 16,000 tons and is the best way to achieve more durable, waterproof and fatigue-resistant pavements.

DRY MORTARS OR READY-MADE MIXTURES

These are plastic mixtures obtained from cement, sand, additives and water, which are used for masonry, flooring or coatings.In Colombia, our portfolio includes three types with special features based on their use. The positive reception for this product, which entered the market in 2019, has given us the confidence to set out a budget five times higher for the Colombian market in 2020, amounting to 55,000 tons.

In Panama, we also launched Tan Ready, a line of products that, thanks to the optimization of materials and times, enables customers to benefit from greater profitability and productivity in each of their projects. The new production line has a capacity of 30 ton/hr.

MICRO CEMENT
Used for covering cracks, gaps and fissures. Its fine texture and controlled particle size allow for easy penetration of surfaces. Launched in Colombia, 122 tons of this product were sold in 2019.

MASONRY CEMENT
Contains an additive that includes microscopic bubbles activated by water. This allows for more effective and efficient pasting of concrete blocks and walls, and levelling of floors, among other uses. In 2019, sales reached 51,846 tons.

+ USD $78 million invested in the Green Cement project

ADAPTING OUR PRODUCTS TO CLIMATE CHANGE DEMANDS

Our R&D team develops projects to reduce CO_2 emissions at various points in the value chain. Initiatives range from identifying new raw materials to launching new products. Teamwork across a variety of company areas is essential for scaling the laboratory's developments.

- At the Rioclaro Plant in Colombia, we are modifying the traditional cement production process and, by using thermally activated clays as raw material, we are decreasing the consumption of clinker in cement production.Featuring state-of-the-art cement manufacturing equipment, this new line provides Argos with greater flexibility and positions it as the first cement producing company in Colombia to offer its customers a broad portfolio of products, as well as the possibility to customize cements according to the requirements of their projects. (See more on pages 68 and 86).
- We obtained two new patents that recognize our commitment to innovation as a factor of service, differentiation and competitiveness. One is related to sulfoaluminate cements in the USA region, our first patent in this country, and the other is for cement with high addition contents in the Colombia region.

You may also be interested in the climate change case study on page 89.

We design specialty products for every need.
Rioclaro Plant, Colombia Region

Our specialty products support the sustainable development of cities. Medellin, Colombia

EXECUTION OF SUSTAINABLE CONSTRUCTION PROJECTS

LIFE CYCLE ANALYSIS (LCA)
In consultation with Quantis, we conducted the Life Cycle Analysis (LCA) of six products from the Rioclaro Plant, Colombia. We evaluated the environmental impacts generated, from the extraction of raw materials required for product manufacture to the gate of the cement production plant.

The LCA was conducted in accordance with the UN CPC 3744 Product Category Rules published by the American Society for Testing and Materials (ASTM). We used the WBCSD-CSI tool for the EPD (Environmental Product Declaration) of concrete and cement and obtained the environmental self-declaration of each tested product: Type I gray clinker, thermally activated clays, general-purpose cement and concrete cement (produced with and without thermally activated clays).

[A-CS1]

In 2019, we earned
USD $270
million in revenues from our products with sustainability characteristics.

HIGHLIGHTS OF LEED-CERTIFIED PROJECTS SOURCED BY US
We contributed to the construction of the ninth Facebook Data Center, providing more than 110,000 m³ of concrete, equivalent to nearly 33,300 mixer trucks.For this project, we developed a special blend of concrete with the addition of glass pozzolana to help mitigate environmental impact.
The building, located in Newton County, Georgia, is expected to be completed by 2020 and will become one of the most advanced and energy-efficient centers in the world.

CUSTOM MADE SOLUTIONS

ON-SITE PLANT
A solution that allows constructors to bring the concrete production plant on site, thereby supplying the mixtures required in real time. This avoids long lead times and logistical eventualities and ensures the optimal quality of the Argos product. It also reduces costs via savings generated by not having to transport the product.

DELIVERY MODELS

ARGOS ONE
Through Argos ONE, we are advancing towards digital transformation. This platform focuses on customers and the automation of internal processes to provide extraordinary solutions. It also orchestrates the entire process from the perspective of the customer experience, allowing users to place and manage orders, view their account status, product quality, and track their deliveries, as well as automate the cement production process via artificial intelligence and digital twin models.

We continue working to enhance our customers' experience, exceeding their expectations with new functiona-lities that generate value and increase their organizational capacity through the application of new digital features in internal processes.

56% **of cement orders**

15% **of concrete orders**

are managed through Argos ONE.

CONSTRUYÁ
El crédito para construir tus sueños

Close to **103,000** families have improved their quality of life thanks to Construyá.

CONSTRUYÁ [BUILD IT NOW]
The program originated in 2007 in Colombia, having identified a market need among individuals without bank accounts, who would take several months to buy all the materials needed to modify their homes or businesses. The model is based on integrating supply and demand through a financial operator that provides loans and enables individuals without a credit history to purchase the materials they require for their home or business and pay back the loan as they are able. From its launch to 2019, the financial operator has paid approximately 115 billion pesos to almost 103,000 families, substantially improving their quality of life. The challenge over the next two years is to increase the social benefits of the program by disbursing 100 billion pesos and to replicate the iniciative in various Central American countries.

NEW BUSINESS MODELS

Some of the projects connected to the expansion of our specialized offer include:

ARGOS WHITE
This business strategy is currently being implemented in the US and Colombia operations and aims to capture greater value for the organization through the white cement and customized cement business, demand for which is estimated at more than 1.7 million tons in our areas of influence.

In the United States, the process focused on three key stages: market intelligence, reaching a competitive value proposition, and achieving a clear, replicable business model. Following detailed work with our partners, a rigorous market analysis and supplier selection for an initial 40,0000-ton pilot test, the project was implemented at the Tampa Plant in Florida.

CONCRETE ALLIES
The goal is to develop and support our customers so that they may position themselves in their local market with a quality business strategy and the implementation of good practices. During 2019, Colombia consolidated its partnership with Concretolima, Concresur, Normix and Josef Concrete, located in Ibagué, Pasto, Cucuta and San Andrés, respectively.

The partnership included training sessions and support in the use of specialty products such as self-consolidating concrete, white concrete, sprayed concrete and permeable concrete. Partnership launch events were also held, where we communicated our support to the most important customers in each region.

"With Construyá, it's much easier to get a loan to improve a home or remodel a business. Our customers avoid red tape because we handle the process through our hardware.
With Construyá, our customers have been able to improve their quality of life and our hardware has increased the level of cash sales, lowered the high-risk portfolio and enabled rotation of our products.
With Construyá, our neighborhood has grown".

—
Juvenal Ortega
Ironmonger

Urban furnishing made from Argos
advance concrete to create vibrant spaces.
Parque Palmas del Río, Barranquilla (Colombia)

FUTURE INITIATIVES

DEVELOPING A NEW DIGITAL SOLUTION
In partnership with the company Occipital, in which we invested in 2018, we are making inroads in the area of construction services with a new solution for the tracking and quality assessment of building work. This leverages scanning technologies, computational vision and 3D constructive model analysis to improve industry productivity. This solution is being piloted across projects in Colombia and the United States.

The specific purpose of this solution is to enable construction companies to assess the accuracy and progress of their work against initial designs, aiding decision-making to better fulfil their value proposition to clients.

By 2020, we expect to complete the pilot projects to escalate and consolidate new strategic partnerships.

2025 Goals [103-2]

- We will earn USD $400 million from our products with sustainability characteristics.

Future challenges [103-2]

- Be faster and flexible in decision-making to proactively respond to local and global trends and increase our competitiveness in markets where we operate.
- Strengthen our portfolio and increase sales of high-tech specialty products.
- Replicate skills in technical consultancy through digital tools to expand that capability.
- Exploit the potential of data analytics to optimize the various aspects of our customer experience management.
- Update the assessment and classification of our current product portfolio across all three regions, according to the sustainability characteristics defined by the company.
- Make progress in the development of low carbon products, processes and solutions.

Casa Para Mí [My Own House]

Since 2018, Argos has been working on a project that seeks to exponentially increase access to quality housing for low-income households.

With this initiative, we redouble our specific efforts to realize our higher purpose, which is to build dreams that boost development and transform lives while contributing to the achievement of goals set by the global agenda.

Initially launched in Colombia, the project aims to expand to the various countries and territories in which we operate, through an innovative offer developed in conjunction with our construction company partners. It has two lines of activity:

This is the team responsible for making the dream of a home come true for thousands of people through Casa para Mí

1. Increase the availability of social housing by rehabilitating land for urban re-densification, innovation in construction sys-tems and differentiated designs that enrich both the interior of the house and its surroundings.

Along these lines, **Casa Para Mí** has three pilot projects:

- Urban re-densification pilot in the Manrique neighborhood of Medellin, Antioquia, in partnership with the construction company Ménsula. This project seeks to restore land in consolidated neighborhoods in order to by increasing the number of higher quality homes, in terms of their interiors and surroundings. Argos aims to make these projects viable by using a prefabricated mixed construction system that streamlines construction and that can reduce costs. The initiative is currently in the design phase.
- Construction of a new camp at the Rioclaro Plant, Antioquia. With this pilot, we are validating the use of advanced concrete in the construction of single and dual family rural houses by using prefabricated mixtures.
- Expansion project in Tocancipá, Cundinamarca. In partnership with the construction company Prodesa, a model apartment (market test) is being constructed, whereby a user of the traditional VIS segment will validate the acceptance of this new construction system.

2. Enable access to loans for families facing a complex and disjointed process when it comes to having their own home. Several pilot have been execute along these lines with financial institutions (Bancolombia) and compensation funds (Comfama) in order to identify barriers to access, propose systemic solutions, and develop data analytics tools to optimize the process.

By 2020, the team aims to validate the necessary assumptions for a differentiated, profitable and sustainable value proposition for the social housing market in Colombia, which may be scalable to other countries.

TALENT MANAGEMENT

Impact on business

- Costs
- Revenue
- Risk

We have 150 women in positions that have traditionally been undertaken by men

We want to attract, retain and empower our employees by supporting their wellbeing because we know that we need the best team if we are to achieve our goal of transforming society. We are therefore committed to working practices of the highest standards: inclusion, respect for diversity, right to free association and the comprehensive development of people.

Management objectives [103-1]

For the company

Establish a strong team that can see change as an opportunity and creates shared value in collaborative work environments. We do this by attracting, developing and retaining the best talent to meet the challenges of the present and the future.

For society

Transform our society by developing people who are aware of their environment, who go above and beyond and create value with every action.

How is it managed? [103-2]

We want to build a company that everyone wants to be part of. We know that to reach our goals and achieve our purpose, we need a diverse team of colleagues who develop, grow and deliver to the very best of their abilities. As a result, the Talent Management strategy has three key workstreams:

1

Attracting, retaining and developing the best talent
Our goal is to have the right people in the right place, which means understanding how important it is to identify the needs of the company and the interests of employees. To achieve this, we have structured and developed programs to identify and evaluate our talent, their priorities and goals, to recognize key positions and to define succession charts that allow us to come up with long-term development plans.

2

Developing, maintaining and strengthening critical skills
Our training programs are designed to develop, maintain and strengthen critical skills at each stage of employee development.
Through this training, as with our performance management program, we empower our employees to progress with the support of their leaders.

3

Promotion of high standards in working practices
We believe that respect and the promotion of diversity and inclusion foster the development of a multi-cultural, multi-skilled company in which everyone makes a unique contribution. That is why we are committed to ensuring the right to free association, equal participation in processes and respect for diversity.

SDG	GRI [103-1]	Strategic sustainability pillars				On the website
8 ECONOMIC GROWTH	Argos Society	Relationships of trust	Responsible production	Business profitability	Shared values	

How do we assess progress? [103-3]

We evaluate our talent management from four key perspectives:

» **Referencing:** we study and compare our talent management in relation to industry best practices.
» **Support and initiatives:** we participate in initiatives, certifications, voluntary assessments and workshops on human resources issues.
» **Internal assessments:** We measure the work environment to identify strengths and opportunities to act to increase the level of engagement and satisfaction of our employees.
» **Management indicators:** we measure and monitor key indicators. [102-7] [102-8] [102-41]; [202-2] [401-1] [402-1] [404-1] [404-13] [405-1] [405-12] [A-TM1] [A-TM1TM2]

[A-TM2]

29%
women in leadership positions

[A-TM3]

39%
of executive and managerial level are non-Colombians

Learn more about management indicators.

At Argos, we are leaders in promoting diversity and gender equality.
Team Honduras

"Throughout my career, the human resources team has sought out a convergence between personal desires and the needs of the company. These range from internal and external study programs to forums for personal development which have provided lead to learning processes that have contributed to my training and development at all levels".

—
Diego Velandia
Industrial Business Manager, Honduras

According to the VAS, the value added to society derived from the development of human capital totaled USD $6.1 million.

(See VAS, page 57)

2019 Performance

Highlights [103-2] [103-3]

- We strengthened the talent succession planning process to ensure sufficient continuity in organizational strategies and business sustainability:
  - **We identified 270 critical positions** and are making progress in the structuring of succession tables.
  - **We achieved 93.4% talent retention** through succession.
  - As a result of this process and development plans to strengthen key skills, our succession success rate reached 45.4%.

- Our work received important recognition such as the Merco Talent award, which placed us among the ten companies for human resources management in Colombia.
- In the Dow Jones Global Sustainability Index (DJSI), we led the following categories: labor practices, talent attraction and retention and human capital development.
- We identified training needs for over 96% of company employees and reached 351,870 hours of training.
  - **Strengthening communication skills**
  - **Interaction with others**
  - **Financial training for non-finance people**
  - **Training in agile working methods**

Goals [103-2][103-3]

2019 Goals monitoring

Completed | In progress | Not completed

- (Completed) [A-TM1] We create work mobility opportunities both internally and among Argos Group companies, for at least 7% of our employees.

2020 Goals

- Maintain key talent retention above average and achieve a succession success rate of 40%.
- Enhance the performance management program with the adoption of the continuous performance model and maintain coverage levels at 96% throughout the cycle, increasing quality.
- Achieve an internal mobility rate of 10%.

2025 Goals

- We will increase the proportion of women in leadership positions from 29% to 35%.
- 50% of the executive and managerial level positions will be occupied by non-Colombians.

Future challenges [103-2]

- Create initiatives so that, starting with the recognition of unconscious bias, we can encourage a greater openness to diversity in the organization in terms of variables such as gender and origin.
- Strengthen talent development and succession programs.
- Adopt streamlined working structures within a flexible organization to leverage strategy and market challenges.
- Transform the performance management program from an annual appraisal process to a continuous assessment that allows for continuous feedback from colleagues.
- Develop change management capability in the organization by deploying tools and methodologies to build ownership in the different teams.

Argos, the most egalitarian company in Colombia's construction sector

As a company, our commitment to inclusion and guaranteeing human rights is underlined by the recognition we received from the 2019 Gender Equality PAR Ranking, thanks to the implementation and promotion of initiatives based on a culture that promotes gender equality and diversity.

The PAR Ranking is developed by Aequales, a leading firm on tools for closing the gender gap in Latin American workplaces.

The privilege of having more than 7,000 colleagues in different territories of different ethnicity, religion, gender, culture, nationality and customs provides Argos with our vision that while differences add value, diversity multiplies it.

With a clear understanding that employees are the most valuable resource, we have implemented several practices and programs that contribute to the comprehensive and harmonious development of labor relations. These include remote working, flexible working hours, the extension of breastfeeding through year one, the progressive return to work after maternity leave, paternity leave, staggered working hours and other measures that promote work-life balance.

"Remote working is a great benefit offered by the company. This is an option that helps us promote work-life balance and also contributes to the city's environmental conditions. In my case, what I most value about this type of working is how it has improved my quality of life and allowed me to enjoy more time and precious moments with my fifteen-month-old baby".

Katherine Simson
Marketing Leader

Concrete Mixer Truck Drivers,
Colombia Region

CLIMATE CHANGE

Impact on business

- Costs
- Revenue
- Risk

Co-processing at the Comayagua Plant, Honduras

According to the VAS, the cost derived from CO_2 emissions amounted to

USD $311.5

million

(See VAS, page 57)

Climate change is both a challenge and a business opportunity for our direct operations and value chain. We focus on mitigating CO_2 emissions and defining actions to adapt to their impacts, seeking to make an innovative and vast contribution in competitiveness and resilient growth of both the company and its stakeholders.

Management objectives [103-1]

For the company

Mitigate risks related to climate change, create the necessary capacity to adapt to the impacts of this phenomenon and enhance the opportunities that arise from it. The above, through the efficient management of our operations, and research and development of better processes, products and solutions.

For society

Contribute to managing the challenges and risks associated to climate change through initiatives to mitigate CO_2 emissions focused on the use of alternative fuels, clinker/cement factor optimization and energy efficiency. In addition, take part in efforts to create innovative products and solutions that leverage the capacity to adapt to this phenomenon and contribute to international environmental efforts such as the Sustainable Development Goals.

SDG	GRI [103-1]	Strategic sustainability pillars	On the website
13 ACTION	Suppliers Customers Argos Society	Relationships of trust **Responsible production** Business profitability Shared values	

Through the "Climate change" pillar of the Environmental Strategy, we can face the challenges and opportunities brought about by this phenomenon.
Martinsburg Plant, USA Region

How is it managed? [103-2]

Our Environmental Strategy, with its "Climate change" pillar, provides us with a roadmap to face the challenges and opportunities brought about by this phenomenon. This is achieved through planning by scenarios of our operations and their CO_2 emissions (direct and indirect), ways to optimize these, and the opportunities for growth and innovation presented by our relationships with customers and the challenging global context.

Learn about our environmental indicators.

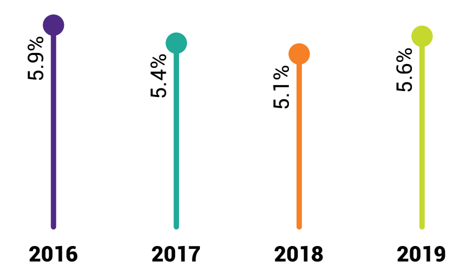
[201-2] [305-1] [305-2] [305-3] [305-4] [305-5] Learn about other indicators for this material issue.

How do we assess progress? [103-3]

Different performance indicators allow us to track and monitor compliance with the Environmental Strategy aand our contribution to climate challenges. Similarly, we acan quantify the annual cost of CO_2 emissions to society through the VAS. (See page 57).

Substitution of fossil fuel energy consumption with alternative fuels (%) - cement [A-ENE1]

2025 Goal: 18%



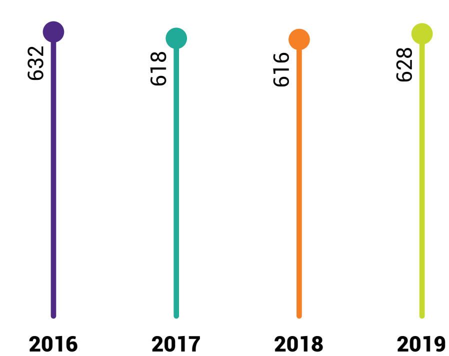
To learn more about specific CO_2 emissions performance, see page 88.

Net Specific CO_2 Emissions

kg CO_2/t cementitious material [A-EC1]

Baseline: 735

2025 Goal: 544



"With the launch of this new production line in Rioclaro, we are leading the industry and planting the seeds of the Argos of the future. We are proud to underline our commitment to tackling climate change through the implementation of this extraordinary project, which has potential to grow across all geographic areas, not only from a product point of view but as a concrete step towards the sustainability of our industry".

Juan Esteban Calle
CEO

2019 Performance
Highlights [103-2] [103-3]

GREEN CEMENT
Revolutionizing the industry through innovation

We completed the commissioning to install the clay thermal activation line at the Rioclaro Plant, which can produce up to 450,000 tons/year.

With this line, in 2020 we began manufacturing and distributing Green Cement, which decreases the use of the traditional clinker (cement base material) and therefore **decreases CO_2 emissions up to 38% and of energy consumption up to 30%,** compared to the manufacturing process of the average general-purpose cement with aggregates.

This technology allows us greater flexibility and positions us as the first company in Colombia to offer its customers a broad portfolio of products, as well as the ability to customize cements according to the requirements of their projects.

New line of thermal activation clays
at the Rioclaro Plant

Co-processing,
Cartagena Plant, Colombia

ALTERNATIVE FUELS

- We continue to use alternative fuels at the plants in Roberta, Harleyville, Newberry (United States), Comayagua (Honduras), Cartagena and Rioclaro (Colombia), with a heat consumption substitution of 5.6%. We highlight the performance of the Cartagena Plant, which achieved system stabilization and, as a result, a heat consumption substitution of 1.2%, which represents the use of more than 5,000 tons of waste.
- We are making progress in strengthening the alternative fuel supply chain in the three regional operations. In Colombia, we signed an agreement with the company Duramos to supply and dispose of 100% of the tires of large mining companies, and with the organization Extractor Marialabaja for the sourcing of more than 20,000 tons/year of agro-industrial waste to be co-processed at the Cartagena Plant.
- In Honduras, we signed an agreement with the Dinant Corporation to do the co-processing of industrial waste generated in some of its production processes, whose characteristics prevent it from being recycled.
- In the US, highlights include the commissioning of a new alternative fuel reception and supply plant in Newberry, which increased caloric replacement percentage from 2.4% to 5% in a year.

According to the VAS, the economic benefits to society related to the use of alternative fuels and materials increased by
6.34%
compared to 2018.
(See VAS, page 57)

"Alternative fuels are one of the fundamental pillars of energy and cost efficiency for the USA Region. In 2019, we achieved a substitution rate of 11.3% in the Region. By 2020, new negotiations to strengthen the Southeast region supply chain and the launch of a project at the Martinsburg Plant will allow us to make progress on the caloric substitution rates with alternative fuels in our clinkerization processes".

—
Anthony Perry
Roberta Plant Manager

CARBON OFFSETS

By purchasing Certificates of Emissions Reduction (CER) in Colombia, we were able to offset 13,320 tons of CO_2 generated by diesel consumption in our cement and concrete operations.

AMOVILIZARTE [GET MOVING]

We continue our sustainable mobility program to reduce the carbon footprint of our employees' transportation. Over the year, we launched challenges, held talks and offered incentives to connect those living near one another in order to promote carpooling, walking and cycling to work. Such efforts avoided the emission of a total of 14,127 kilograms of CO_2, five times more than we avoided in the previous year.

Our sustainable mobility program in the Colombia Region contributes to the environment by decreasing CO_2 emissions into the atmosphere and reducing traffic congestion

PERFORMANCE OF NET SPECIFIC EMISSIONS OF CO_2

We obtained 628 kg per tonne of cementitious products of specific CO_2 emissions, which represented a 2% increase from 2018. This is due to a slight increase in clinker/cement factor and company-level Specific heat consumption of clinker production, plus a reduction in the percentage of natural gas in the fuel mix of clinkerization kilns.

2025 Goals [103-2]

- We will reduce specific net CO_2 emissions by 25% in relation to the 2006 baseline (735 kg CO_2/tonne of cementitious material); this is equivalent to 544 kg CO_2/tonne of cementitious material.
- We will replace 18% of heat consumption by using alternative fuels.

Future challenges [103-2]

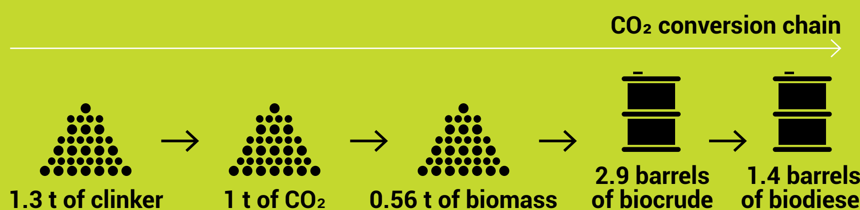
- Diversify the fuels portfolio to develop a sustainable replacement model.
- Secure the alternative fuel supply chain in our three regions.
- Implement guidelines for climate change adaptation.

At the Cartagena Plant, we began the process to capture CO_2 with microalgae and its subsequent transformation into biocrude to produce a renewable diesel

We made progress on the conversion of CO_2 into fuel

Our aim was to turn the challenge of reducing CO_2 emissions into a sustainable growth opportunity. To achieve this, we continue working with the support the Medellin Business and Innovation Center (RutaN) and the team from the Chilean company Clean Energy, Eafit University and the University of Antioquia, in developing a technology for the capturing of CO_2 with microalgae.

The capture mechanism is based on the photosynthesis of micro-algae. With energy from the sun, it captures and transforms CO_2 into oxygen and biomass. Oxygen, a vital element for life, is used by many living beings. Biomass can be used as a raw material to produce different types of products such as fuels, fertilizers, polymers and nutraceuticals, among others.



To date, we have achieved significant advances in the development of this technology. With the assembly at the Cartagena Plant, we demonstrated the ability of microalgae to capture CO_2 directly from the chimney gases. We were able to increase the capture efficiency by 1.2%, achieving biomass conversion efficiency of 63% and 70% conversion efficiency of biocrude into biofuel, 10% above the target set. Additionally, we are able to convert biomass into biocrude with similar characteristics to conventional oil, allowing us to produce a biodiesel suitable for engine operation.

In addition to the benefits of CO_2 emissions capture, this technology can be used, with some adaptations, to capture particulate matter, for example, as a solution to one of the problems faced by large cities. We are currently at the initial stage of this project with Ruta N.

Impact on business

- Risks

ETHICS AND COMPLIANCE

Integrity, our essence

We promote integrity as the guiding principle for all. Employees at the Alpharetta office, United States

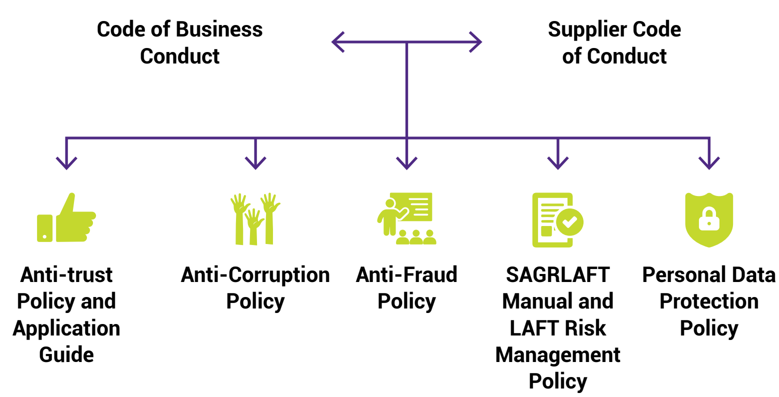
[102-16] We firmly believe that ethics and transparency are fundamental and non-negotiable, and we manage our business in accordance with our inspiring principle: **integrity.**

How is it managed? [103-2]

We have created a self-regulating framework that underlines our commitment to leading and promoting transparent practices, thereby contributing to the development of competitive markets in the societies where we operate.

This framework incorporates principles of mandatory compliance with regards to ethics and conduct and establishes specific guidelines for the prevention of fraud, corruption, money laundering, financing of terrorist organizations, anti-trust laws/rules/norms and personal data protection.

Our regulatory framework includes:



Management objectives
[103-1]

For the company
Ensure that our actions are consistent with our corporate culture pillars and that integrity is the guiding principle for all company members. This is how we establish ourselves as a competitive, trustworthy company for investors and other stakeholders.

For society
Encourage better business environments and impact positively the market and society.

For the proper implementation and application of these guidelines, the promotion of an ethical culture and the prevention and control of improper behavior, our Board of Directors approved the Global Governance and Compliance Program (GGCP).

The program structure incorporates international best practices for the evaluation of compliance programs, such as ISO 37001, ISO 19600, and the United States Department of Justice guidelines.

[205-1] [205-2] [205-3] [307-1] [419-1] [A-ETH1]
Learn about other indicators for this topic.

SDG	GRI [103-1]	Strategic sustainability pillars	On the website
8 ECONOMIC GROWTH	Suppliers Customers Argos Society	Relationships of trust · Responsible production · Business profitability · **Shared values**	

The program systematically groups forward-thinking activities for the promotion of integrity in the behavior of the company, partners and value chain members, allowing the program to be continuously updated and strengthened.

During 2019, 254 reports were received, of which 45% come from communities, 23% related to labor relations, and 31% relate to issues of compliance and conflicts of interest. [A-ETH1]

After investigating these reports, disciplinary measures were taken in 27 cases and corrective measures in 133 cases.

How do we assess progress? [103-3]

To verify the effectiveness and proper implementation of the GGCP, we periodically conduct internal or external audits of the implementation and execution of controls associated with the program.

Based on the development of the various stages of this program and the execution of audits, management reports and indicators are drawn up and presented to the Argos Group Central Conduct Committee or to the Sustainability and Corporate Governance Committee of the Board of Directors. These bodies make observations that enable continuous improvement of the program.

[102-17] Additionally, we have the Transparency Line as a channel for stakeholders to report any behavior that contravenes the Code of Business Conduct or other corporate policies and implement any corrective actions or disciplinary sanctions that may apply.

Reports are received by an independent third party to ensure protection of the identity of the reporter and non-retaliation against good faith reports. Each report is investigated by research officers assigned to each category in the different regions, following the Transparency Line Research Protocol. Highly critical cases are reported to the Business Conduct Committee and those involving the Executive Committee must be informed to the Sustainability and Corporate Governance Committee of the Board of Directors.

Transparency Line

Email
lintransparencia@argos.com.co

Official email for conduct
oficialdeconduc@argos.com.co

Telephone numbers

United States
1 (888) 567 66 29

Colombia
01 8000 522 021

Dominican Republic
18001 485 009

Panama
008001571011

Honduras
800 2791 9378

We encourage our employees
to behave in a way that make us proud

2019 Performance
Highlights [103-2] [103-3]

» Within the framework of the "Comprometidos" [We Are Committed] awareness campaign, we continue to strengthen the culture of ethics and compliance among employees and partners across our operations and value chain, with highlights including:

[205-2]

5,141
employees trained in codes of conduct and related policies.

167
employees were trained in anti-trust practices.

3,058
suppliers were made aware of our standards of conduct and integrity through digital messages.

» We updated our policies for the prevention of fraud, corruption, money laundering, terrorist financing and anti-trust risks by adapting them to the realities of our operations and by simplifying their guidelines, making them easier for all our employees to understand.
» We are making progress in the implementation of the controls associated with the GGCP, notably by automating queries of our restrictive lists of customers, suppliers and other third parties we interact with to ensure due diligence and timely detection of alerts.
» The Business Conduct Committee and the Sustainability and Governance Committee of the Board of Directors monitored the GGCP, evidencing our leaders' support for the program and their commitment to ethics and transparency.

Goals [103-2] [103-3]

Monitoring of 2019 goals

Completed In progress Not completed

- Continue executing the "Comprometidos" campaign.
- Reinforce controls for the prevention of money laundering and terrorist financing.
- Document guidelines for public sector engagement.
- Update the SAGRLAFT Manual.

2020 Goals

» Update the GGCP-associated standard assessment matrices in all operations.
» Complete the update of the risk matrices associated with the GGCP in all operations.
» Complete the design stage and launch the GGCP indicator dashboard to allow us to continuously track the status of the program.
» Manage approval and publish defined guidelines for public sector engagement.

Future challenges [103-2]

» Expand the coverage of the "Comprometidos" awareness campaign to ensure that all our employees are trained in good conduct, enriching the company's cultural diversity program, and overcoming the limitations of access to technology tools for many of our employees and the geographical dispersion of our operations.
» Strengthen controls for fraud, corruption, money laundering, terrorist financing, and anti-trust risks by promoting their automation, thereby ensuring proper management of the high volume of information from our company and the different data systems in our operations.
» Strengthen the performance of the Transparency Line and the mechanisms for detection and investigation of inappropriate behavior in all three regions.

Mauricio Giraldo is one of the protagonists of our "Referentes" (role model series)

We are committed

Under the "Comprometidos" campaign, we created the virtual conduct course called "Referentes", which includes real stories from our colleagues who faced ethical dilemmas and whose honest and transparent actions are an example of good conduct.

Mauricio Giraldo is one of these role models. He received an improper proposal from a third party for the payment of a commission in exchange for the allocation of a contract. By immediately rejecting it, he demonstrated that ethics and honesty come first and provided a clear example of the company's culture of values.

Scan to view campaign video.

ECOSYSTEMS

- Water
- Biodiversity

Impact on business

- Costs
- Risks

The "Water and biodiversity" pillar of our Environmental Strategy guides us in the proper management of our ecosystems

We manage natural resources sustainably by identifying and properly managing significant risks and impacts at sites where we operate, helping to ensure that ecosystem services such as water, biodiversity, clean air, climate regulation and energy are available in the long term to both the company and society.

Get to know our environmental indicators.

Management objectives [103-1]

For the company

Generate a Net Positive Impact on biodiversity and manage water comprehensively, through the Impact mitigation hierarchy, risk and opportunity management, and a commitment not to operate in protected areas or those declared to be of high biodiversity value. The aim is to create sustainable value and ensure the continuous flow of the ecosystemic goods and services required by our production processes.

For society

Properly manage natural capital by preventing, correcting, mitigating and offsetting our negative impacts, aiming to contribute to the availability of environmental goods and services, such as water and biodiversity, for present and future generations.

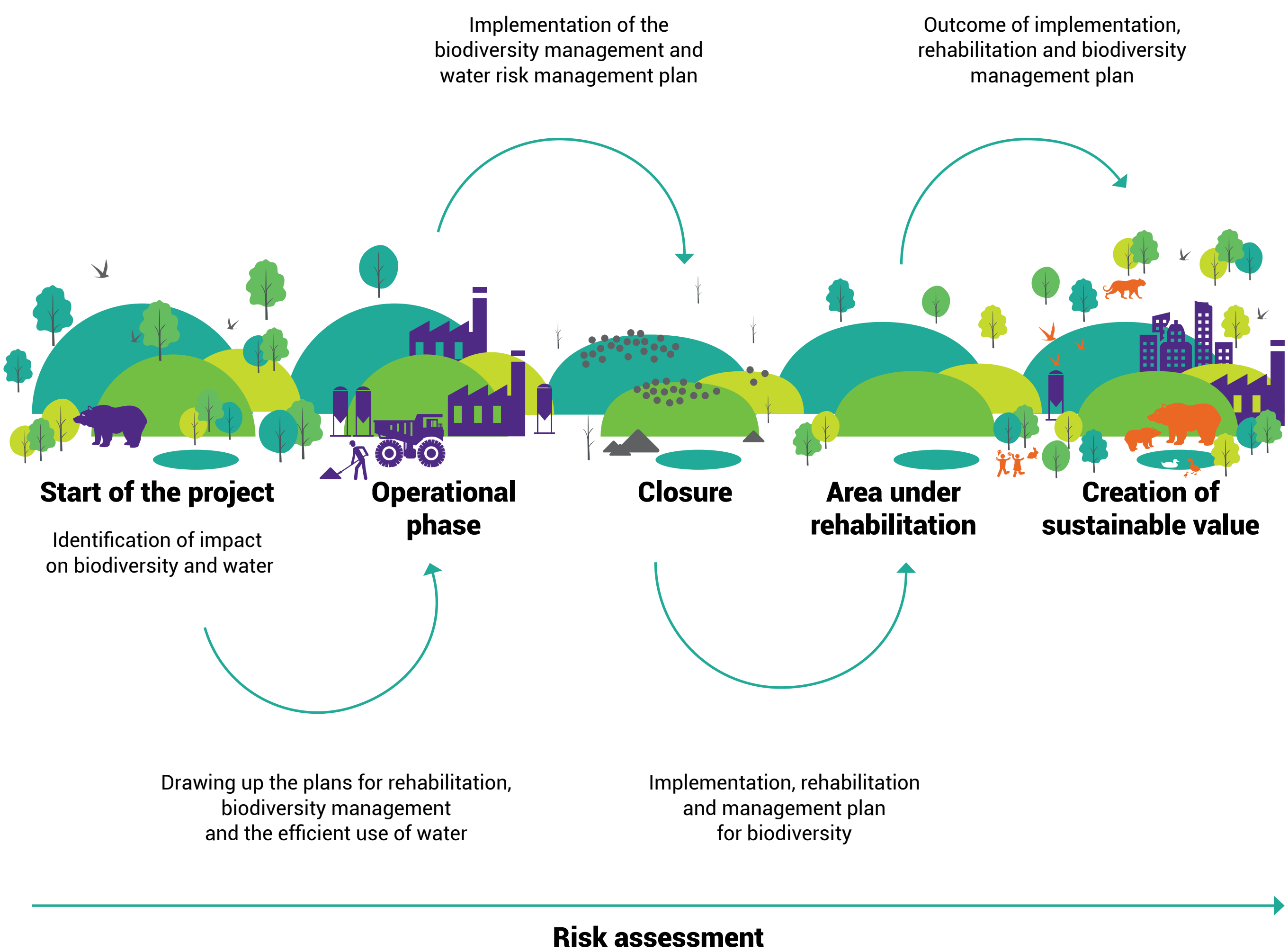
SDG	GRI [103-1]	Strategic sustainability pillars	On the website
8 ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES	Suppliers Argos Society	Relationships of trust; **Responsible production**; Business profitability; Shared values	

How is it managed? [103-2]

The Environmental Strategy, with its "Water and biodiversity" pillar, is our roadmap for the proper management of ecosystems. On this issue, our goal is to achieve a Net Positive Impact on biodiversity and comprehensive water management.

For this, we focus on four lines of action:

1. Formulation and implementation of rehabilitation plans for operational areas of all of our quarries
2. Biodiversity Management Plans (BMP) for quarries located in or adjacent to High Biodiversity value Areas (HBVAs).
3. Efficient use of water
4. Water and Biodiversity risk management

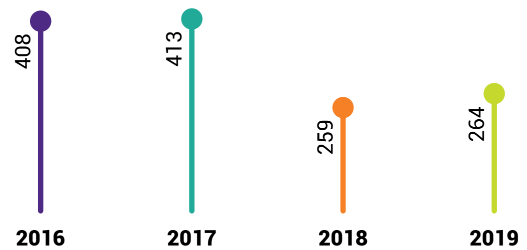


How do we assess progress? [103-3]

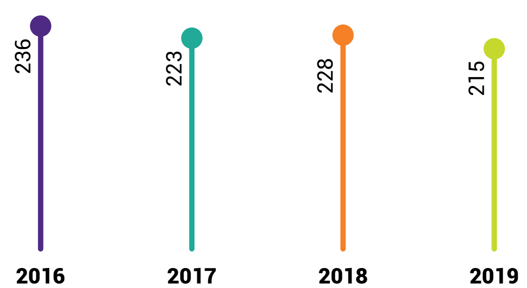
The following performance indicators are among the most important for monitoring progress towards the goals of the "Water and biodiversity" pillar of our Environmental Strategy:

Specific water consumption [A-A1]

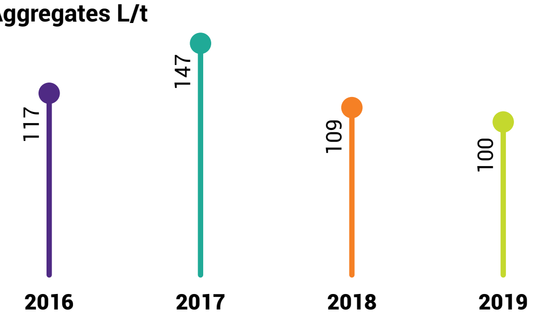
Cement L/t
2025 Goal: 256



Concrete L/m³
2025 Goal: 216



Aggregates L/t

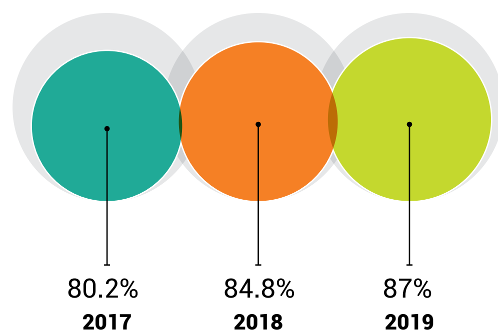


[A-A2]

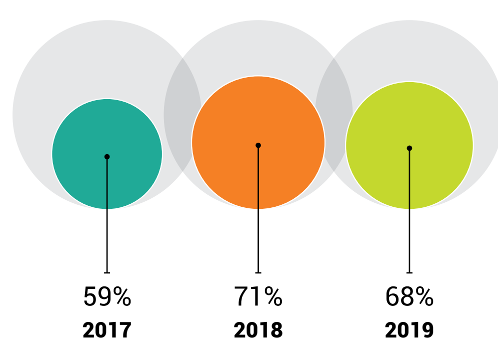
We recycle more than
12.3 million m³ of water,
which equals the to the consumption of 65,000 families per year.

We use resources responsibly

Rehabilitated areas in active and inactive quarries (%) [A-BI2]
2025 Goal: 85%



Percentage of quarries located in HBVAs with BMP (%) [A-BI1]
2025 Goal: 85%



[303-3] [303-4] [303-5] [A-A2]
[304-1] [304-4] [A-BI3] [A-BI4]
Learn about other indicators for this topic.

2019 Performance

Highlights [103-2] [103-3]

» We achieved 98% of areas released and rehabilitated in the Caribbean and Central America and Colombia regions. This was achieved thanks to the development and implementation of closure plans and to the conviction to promote sustainable land use and mitigate impacts, reducing social and environmental impacts for local communities.

WE HAVE NINE CERTIFICATIONS FROM THE WILDLIFE HABITAT COUNCIL IN THE UNITED STATES, DEMONSTRATING OUR COMMITMENT TO THE HIGHEST CORPORATE STANDARDS FOR THE PRESERVATION OF SPECIES.

» We continue to make improvements on the quantification, reporting and reduction of water consumption in our operations through the implementation of plans for measurement and efficient water use. In this context, approximately USD $1.2 million was invested in the optimization and improvement of measurement, water re-circulation processes, wastewater treatment and water-related environmental culture activities in all three regions. As a result of this, the cement business achieved a reduction of around 25% compared to 2015 (baseline year) and the concrete business reached the 2025 target of 216 L/m³.

» We re-circulated more than 12 million m³ of water, i.e. for every m³ used in the cement, concrete and aggregates businesses, 0.99 m³ was reused, thereby reducing pressure on this resource.

» We completed the development of the water risk calculator, a tool that allows us to move from the classification of the water risk (physical, regulatory and reputational) to monetary quantification, thereby facilitating more efficient and informed decision-making in our cement operations.

» We successfully completed the Suizagua Colombia III project, in partnership with our stakeholders at the Toluviejo, Cartagena and Haiti plants and a critical supplier, promoting knowledge transfer and good management practices, as well as strengthening the environmental culture with regards to water at educational institutions and surrounding communities.

» We began the update of the CINA quarry mining plan in Haiti; the work scheme, needs, objectives and guidelines were defined in order to make progress towards the creation of the closure plan. However, the country's geopolitical situation made it not possible to meet the initially planned aims.

According to the VAS, the cost to society in relation to water decreased

28.07%

compared to 2018.

(See VAS, page 57)

We work every day to prevent, mitigate, correct and offset impacts on our value chain

Goals [103-2] [103-3]

Monitoring 2019 short-term goals

Completed · In progress · Not completed

- (Completed) We will build the calculator for quantifying water risks.
- (Completed) We will complete the Suizagua project.
- (Not completed) We will update the Haiti mining plan, the main input for developing the rehabilitation plan.

2025 Goals

» 100% of our quarries will have a rehabilitation plan.
» We will have a PMB for 85% of quarries located in AVB.
» We will restore 85 percent of areas released in active and inactive quarries.
» We will reduce the specific consumption of water in cement production to 256 L/t and in concrete production to 216 L/m³.

Future challenges [103-2]

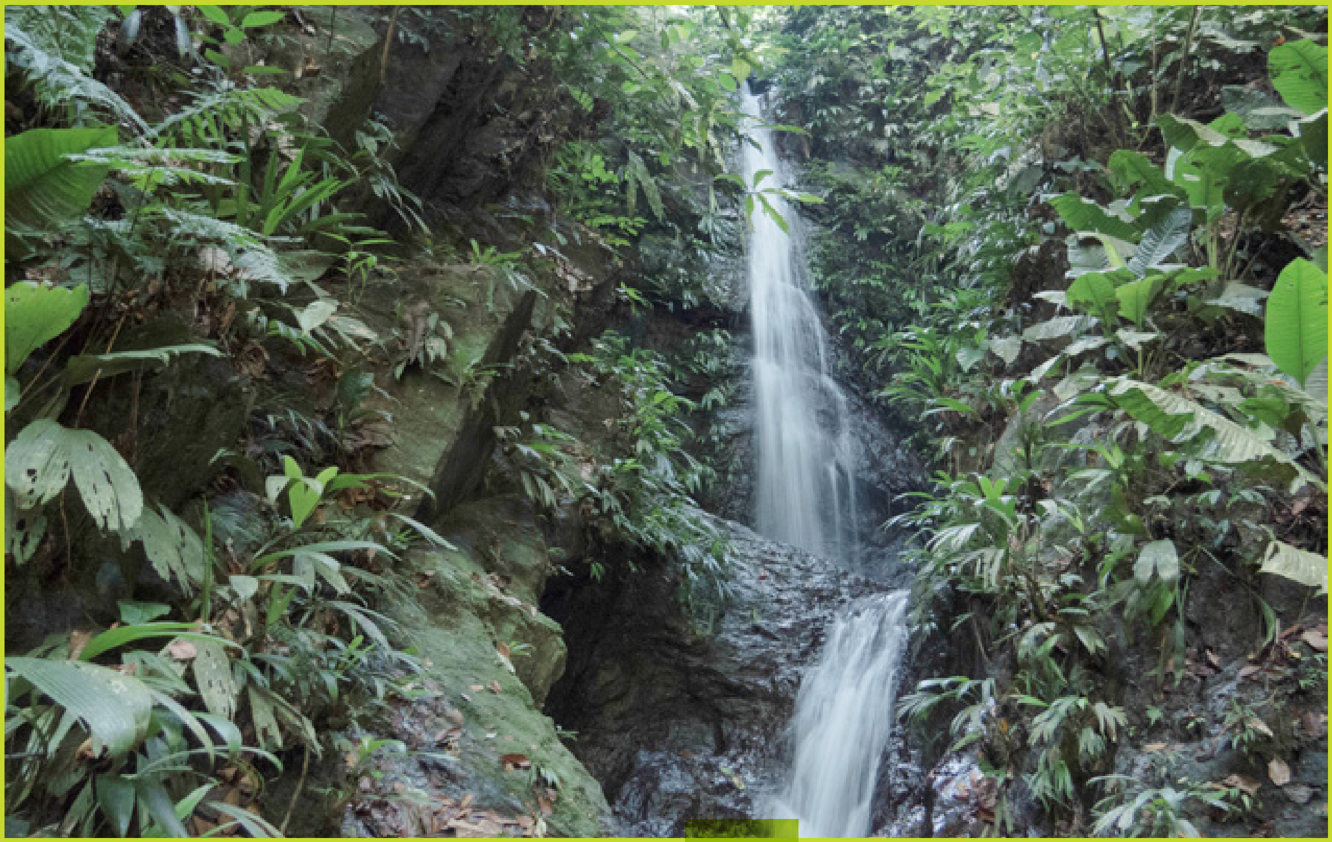
» Articulate, along with other company areas, the key elements that will allow us to develop a restoration plan for the Haiti mine, aiming to generate a positive net impact.
» Position the water risk calculator as a management tool for decision-making in the operation, aimed at mitigating impacts and enhancing water-related opportunities.
» Replicate lessons learned over three years of the Suizagua project in new facilities, to measure and reduce the water footprint, execute social responsibility actions and generate concerted actions around water management, with the involvement of local institutional partners and communities.

We are implementing conservation plans and development projects around three thematic axes – water, biodiversity and sustainable development

Huella Viva program

Alongside the Fundación Grupo Argos and Celsia, we are carrying out the Huella Viva program to protect the Rioclaro basin and tributaries in the Eastern sub-region of Antioquia, Colombia. This will contribute towards water access and responsible use through conservation strategies, sustainable production and environmental awareness that enhance the quality of life in communities and protects biodiversity in the territory.

We are joined this initiative by partners who provide knowledge and resources for territorial development Cornare, Instituto Humboldt, Fundación Natura, Portafolio Verde and Fundación Amazonas.



The purpose of this partnership is to work in an articulated manner towards comprehensive land management in the basins of the Samaná Norte and Claro rivers, which run from the east of the Magdalena Medio region in Antioquia (Colombia)

Investment of over
1 billion pesos

Environmental awareness

In 2019, we were able to make progress with regards to environmental awareness, restoration and monitoring of the status of biodiversity and water resource to provide protection to the basin and connectivity of wildlife species in the region.

We work in **22 priority educational cores, in 22 districts of the Magdalena Medio region in Antioquia.** Together with the communities, we use qualitative methodologies such as social cartography to identify their perceptions, environmental realities and dreams in relation to the land they inhabit, and we generate a baseline for intervention through workshops and experiential journeys. Likewise, we carried out the School Environmental Projects [Proyectos Ambientales Escolares -PRAE] diagnosis at educational institutions in these districts, to articulate actions and boost environmental awareness, starting with faculty and students followed by outreach to the educational communities.

Restoration

- We planted 96,500 native trees through conservation agreements in five land areas, representing a total of 50 hectares.
- We identified 207 potential areas in which to carry out conservation agreements.
- We identified 16 areas with Cornare for the implementation of conservation agreements for the reduction of human-feline conflict (jaguar and puma).

Biodiversity

In conjunction with scientists and local community members, we raised the baseline to:

- The spatial analysis of the biodiversity in the area
- The dynamics and operation of ecosystems.
- Genetics of conservation
- Quality of water resource

Impact on business

- Risks

INDUSTRY POSITIONING

We are involved in 70% of the 4G projects delivering development and connectivity to Colombia

We are working to identify and implement best practices, transfer knowledge and develop solutions that will position us as a strategic partner in building our customers' dreams and allow us to support the development of countries and territories where we operate.

Management objectives [103-1]

For the company

Adopt best practices in our businesses to create value propositions that continue to position us as a strategic partner in the marketplace.

For society

Respond sustainably to growing global population demands with the aim of improving people's quality of life, interconnecting regions and developing innovative solutions.

How is it managed? [103-2]

Aware of our role as corporate citizens, we work hand-in-hand with the private sector, governments and civil society to fulfill the 2030 Agenda. This is our framework and guide for solving global issues, closing gaps and generating new opportunities for the future.

In 2016, we prioritized four of the seventeen Sustainable Development Goals (SDGs) established by the United Nations, considering our ability to influence them and manage the relevant impact of our business.

The prioritized SDGs are:

8 ECONOMIC GROWTH — **Good jobs and economic growth**

9 INDUSTRY, INNOVATIO AND INFRASTRUCTUR — **Industry, innovation and infrastructure**

11 SUSTAINABLE CITIES AND COMMUNITIES — **Sustainable cities and communities**

13 ACTION — **Climate action**

Based on this commitment, we have drawn three major workstreams that focus our efforts in building interconnected and smart cities for all.

SDG	GRI [103-1]	Strategic sustainability pillars	On the website
8 ECONOMIC GROWTH; 9 INDUSTRY, INNOVATIO AND INFRASTRUCTUR	Suppliers; Customers; Argos; Society	Relationships of trust; Responsible production; Business profitability; Shared values	

1
CITIES FOR EVERYONE

11 SUSTAINABLE CITIES AND COMMUNITIES

One of the most important challenges for the world is the growth of cities as a result of population increase and migration. For this reason, we work with strategic partners on projects that benefit the most disadvantaged populations, facilitate access to housing, boost development in areas of influence and contribute to the generation of dignified employment.

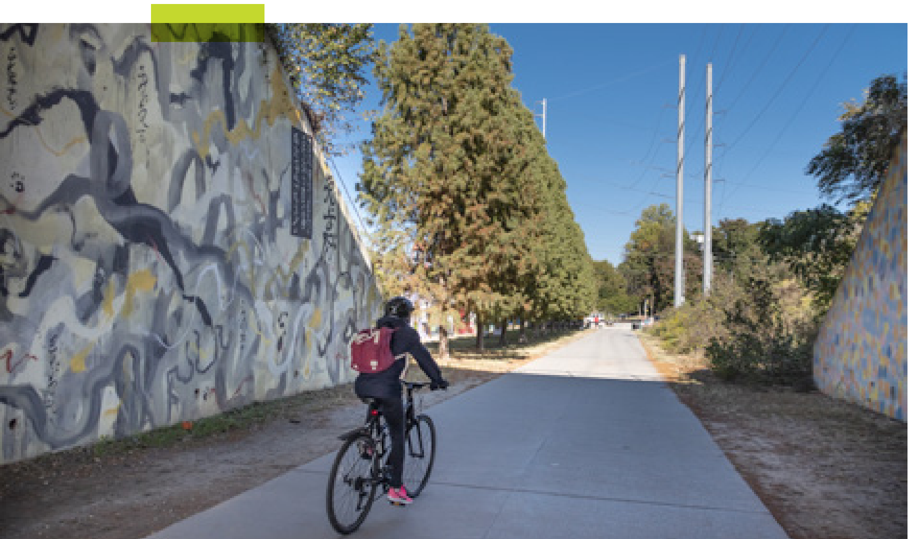
One of the ways we work along these lines is by developing new business models and projects that seek to respond to challenges such as access to financing systems and lack of flexibility in purchasing or construction models.

We have two programs: Construyá and Casa para Mí. The first, in Colombia and the Caribbean and Central American countries where we operate, enables individuals without a bank account to take out loans to purchase the materials they need to make their projects a reality. The second is an innovative model being piloted in Colombia that will exponentially increase opportunities for low-income households to access decent housing. (See pages 77 and page 79 for more information).

8 ECONOMIC GROWTH

Moreover, we are consciously and thoughtfully contributing to the dynamics of local economies by creating employment, developing local suppliers and strengthening the markets where we operate. This ensures the generation of fair jobs, fair wages and the strengthening of value chains, multiplying the effects of these benefits in areas of influence.

We are proud to be suppliers of the Atlanta BeltLine, a project that connects the city through multi-purpose trails, tramways and parks



2
INTERCONNECTED CITIES

9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA

We understand the growing need for infrastructure construction to connect large cities and pave the way for local economic development, so we constantly create innovative solutions that allow us to play a part in major projects in the countries and territories where we have a presence.

[A-LS3] In the last year, and thanks to these efforts, Argos has been involved in major infrastructure projects such as the Túnel de Oriente, an 8-kilometer megaproject that connects Medellin, Colombia, with Rionegro Airport in 18 minutes, facilitating the daily journeys of almost 19,000 people.

Similarly, our Colombia branch is participating in the construction of the country's first drawbridge, which weighs approximately 1,400 tons and is 40 meters long and 35 wide.

In Panama, in the last year, we were part of the expansion of the Tocumén Airport Terminal 2, for which we delivered a total of 12,000 m³ of concrete. This project will increase passenger transport from 12 million to 25 million per year.

3
SMART CITIES

13 ACTION

For the first time, the World Economic Forum's Annual Global Risk Report determined that five of the top 10 global risks most likely to materialize in 2020 are environmental. These five risks were: extreme climate phenomena, failure of governments and companies to mitigate and adapt to climate change, damage and environmental disasters, loss of biodiversity and severe natural disasters.

This reality, which is increasingly affecting people's lives, is a threat to the world's cities, design, construction and footprint.That is why we are reinventing our processes and investing in projects that will help us mitigate the impact of production, especially those related to climate change.

To learn about these projects and initiatives, see the chapters "Efficiency and productivity" on page 66; "Adapting to market dynamics" on page 72 and "Climate change" on page 84.

We reinvent our processes and invest in projects that mitigate the impact of production on climate change.

How do we assess progress?
[103-3]

We conduct referencing processes that show us where we stand in comparison with market competitors. We also hold forums for open dialogue, which we call Sustainability Dialogues, as well as anonymous mechanisms such as the Transparency Line. We also regularly report the information requested by the various alliances and initiatives to which we belong, in addition to the specific requests of each country where we operate.

ACCORDING TO MERCO COLOMBIA, WE RANKED SEVENTH IN COLOMBIA IN TERMS OF COMPANY REPUTATION. [A-LS2]

[102-12] [102-13]

Dow Jones Sustainability

gcca

GRI STANDARDS

CDP DISCLOSURE INSIGHT ACTION

UN GLOBAL COMPACT The CEO Water Mandate

SUSTAINABLE DEVELOPMENT GOALS

[A-TAX1] [415-1] [A-ETH2]
Learn about other indicators here.

At Argos, we implement best practices and develop solutions that position us as a strategic partner for our customers

2019 Performance
Highlights [103-2] [103-3]

- For the fifth consecutive year and through the impact valuation tool (VAS, see page 57), we monetized the positive and negative impacts generated by our operations on society. This analysis allows us to identify the aspects in which we are adding value and those in which we are generating costs to society, in order to make decisions that improve our efficiency, reduce our negative impacts and increase the value generated.
- We are working to create a tool that consolidates the impact evaluation results of all group companies and that standardizes assumptions and multipliers, so that measurement exercises in all companies are compatible and aggregable. This initiative was led by Cementos Argos as we are the pioneering subsidiary on this issue. Thanks to this development, Grupo Argos will have consolidated figures available from 2020 on the impacts of group companies in society.
- **We participated in the implementation of Grupo Argos' conscious investment initiative, which incorporated the measurement of externalities into the decision-making process for buying and selling holding company assets.** We joined the Global Cement and Concrete Association (GCCA), the leading cement industry association, whose initiatives communicate the benefits of concrete as a sustainable building material to meet today's needs and to address global challenges. Some of the goals set out by the association are: 18.3% reduction in CO_2 emissions per ton of cement material in relation to 1990 (baseline year) and increased use of alternative materials and fuels in that same timeframe.

WE WERE AWARDED THE GOLD CLASS DISTINCTION IN THE ROBECOSAM S&P SUSTAINABILITY YEARBOOK 2020.

2020 Goals [103-2]

- Mapping of relational processes.
- Update of the stakeholder management strategy.

Future challenges
[103-2]

- Communicate the benefits of products with sustainability characteristics.
- Increase the scope of the exercises to quantify and assess externalities in countries so that we can further understand the results in their specific context and framework.
- Continue to actively participate in industry-level discussions on emerging sustainability topics, promoting the adoption of best practices and commitments.
- Integrate the impact rating methodologies in due diligence exercises to be performed by Argos.

OCCUPATIONAL HEALTH AND SAFETY

Impact on business

- Costs
- Risks

Health and safety are the key elements for building dreams, for us and those around us, so we are committed to caring for one another so that we all stay safe and healthy

According to the VAS, the cost to society of occupational diseases and incidents totaled
USD $733,674
(See VAS, page 57)

Management objectives [103-1]

For the company

Create sustainable value through the adoption of responsible operation and production strategies by our teams and facilities, focused on reducing health and safety-related incidents. In this way, we make a positive impact on operational excellence, motivate our employees, and get closer to achieving zero incidents and zero occupational diseases.

For society

Promote health and safety as a habit and value that permeates everyday actions and decisions, so that we all choose to take care of ourselves beyond work, in our environment and with our families. This results in better quality of life of all, stronger relationships and more value to society.

[403-4] [403-9] [403-10] [A-SI2]
Learn about indicators here.

SDG	GRI [103-1]	Strategic sustainability pillars	On the website
8 ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES	Suppliers Customers Argos Society	Relationships of trust / **Responsible production** / Business profitability / Shared values	

How is it managed? [403-1] [103-2]

We have a health and safety strategy that was redefined in 2019 and a management system called I Promise. We use this to perform integrated risk management and strengthen corporate culture, allowing us to reach and sustain the zero goal: **zero incidents and zero occupational diseases.**

The strategy is currently focused on four pillars:

LEADERSHIP AND ACCOUNTABILITY

We ensure that we all understand and assume our responsibility with regards to health and safety. For this, we have:

» [403-4] **300+ members** in health and safety committees organized at management, regional and local levels, with the Board guiding our actions through the Executive Committee, led by the CEO.
» Our program **I Promise to Observe**, provides an axis for managing behavior through discussions, which reinforce safe behaviors and motivates the prevention of unsafe situations.

SKILLS DEVELOPMENT AND INTEGRATED RISK MANAGEMENT

We encourage everyone to understand the risks and take measures to control them, through:

» **The development of Skills** by completing a theoretical training phase, practical work, and verification of the application of knowledge in the field.
» **Programs to identify safety conditions,** prioritizing the closure of high-risk locations.
» **Continuous program of emergency preparedness,** increasing the Skills of the teams involved in response.

We promote health and safety
in our everyday actions and decisions

COMMUNICATION AND CULTURE

We have ongoing discussions scheduled at various production sites as well as monthly newsletters and other initiatives that invite employees to reflect on the importance of avoiding risk situations that could prevent us from returning home in the same way that we left it.

OPERATIONAL EXCELLENCE

We continuously learn and improve, sharing our best practices, promoting health and safety as a habit and value that permeates everyday actions and decisions.

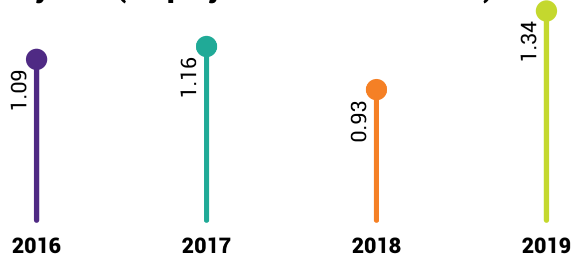
At our safety points, we share recommendations with cyclists and motorcyclists with regards to safety, blind spots and life-saving distances

How do we assess progress? [103-3]

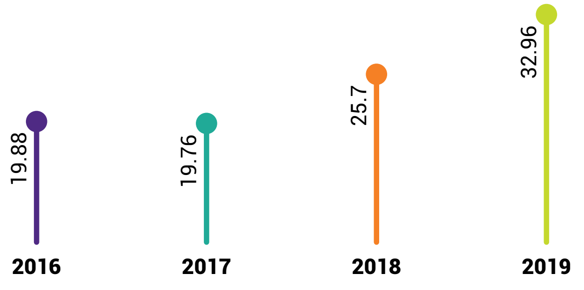
We conduct self-assessments and audits in the operations of the different countries where we operate. This helps us identify the strengths and opportunities of the management system and define the required action plans to advance towards the operational excellence target.

Similarly, our main measurement and performance management mechanisms include frequency, severity, and valuation of externalities.

Frequency rate (employees and contractors) [A-S1]



Severity rate (employees and contractors)



To learn more about the performance of these indices, see page 108.

Employee at the Comayagua Plant, Honduras

2019 Performance

Highlights [103-2] [103-3]

GREEN DAYS

We know that wellbeing is a value that transcends business priorities, goals, geography and roles. We know that we all have a higher motivation for returning home at the end of the day. Therefore, in March 2019, we launched Green Days a campaign that puts the focus on our individual commitment to take care of our lives and those of the people around us. This strategy was accompanied by the installation of more than 200 lights in our operations and administrative offices. Every day, our employees and visitors see this light, which is the signal that we all returned home safe and well the previous day.

YO PROMETO
MÁS DÍAS VERDES

If an incident occurs that causes a loss of time by one of our employees or contractors, or if there is a third-party fatality on the road, no matter where the incident occurs, all green lights in our three regions are turned off and the entire organization is informed, together with the lessons to be learned. The light turned off connects us to the feeling of the person who was unable to return home in the state of health in which they left. It makes us stop and review what we are doing, as we understand that to have a full year of Green Days, we must take one action at a time, one day at a time.

Thanks to the Green Days, we achieved a high degree of sensitivity to incidents and, most importantly, we are able to learn from them to avoid new cases. **In 2019, we celebrated 309 Green Days together.**

We have decreased the number of days of general illness absence by

38%

MANAGING ABSENCES FOR GENERAL ILLNESS

- » We reduced the overall illness absence by 38%. This was achieved by enhancing the system that registers the causes of illness absence, from which we identified that back problems were a major cause and defined the first global health campaign 'I care for my back'.

ROAD SAFETY

- » We achieved a 9% reduction in road incidents from 2018. During the year, we developed training programs for road users and driver certification, driving simulators, partnerships with local authorities and communities, among others. Road safety remains a priority and we therefore continue to develop and reinforce initiatives to reduce this type of incident.

SKILL DEVELOPMENT

- » More than 200,000 hours of health and safety training were delivered to colleagues, with priority given to developing skills in high-risk tasks and 100% of the people performing these activities were reached.

In 2020, we set the goal of reducing the frequency ratio to 1.2

No fatalities occurred among direct employees or contractors within our facilities in 2019.

RISK MANAGEMENT

- Different organization changes led impact on some aspects of the health and safety management system and, as a result, the frequency and severity indices got outside of the goals established for this year. The identification of these variables, early in the second half of the year, led us to redefine the health and safety strategy, which has improved indicators for some operations over the past few months. We are convinced that, with our commitment and the contribution of everyone to fulfill the strategy as well as appropriate change management, we will achieve and sustain the zero target: **zero incidents and zero occupational diseases.**
- Consistent with our commitment to the zero target, we are guiding our actions towards the elimination of incidents that cause injury among our employees and contractors. Therefore, we are monitoring the total injury frequency index, which includes all types of injuries regardless of severity, thereby allowing us to take a more comprehensive approach to the well-being of our employees and contractors.

Goals [103-2] [103-3]

2019 Goals monitoring

Completed In progress
Not completed

- (Not completed) We will reduce our consolidated frequency index (employees + contractors) to less than 1.2 per million man-hours worked, and the severity index to below 24.8.

2020 Goals

- We will reduce the frequency ratio to a target of 1.2.
- We will reduce total injuries by 10% from 2019.
- 90% of our employees who perform high-risk tasks will develop the skills needed to execute them safely.

2025 Goals*

- Improve employee health conditions, decreasing general illness absences by 15% compared to 2019.
- Reduce total injuries by 50% taking 2019 as baseline.

* As part of the strategy redefinition, these two are established as a new goals to be reached by 2025.

Future challenges [103-2]

- Reinforce leadership skills and technical knowledge in the Occupational Health and Safety team.
- Implement virtual reality as a new means of knowledge sharing.
- Implement new guidelines related to occupational health and safety management: occupational illness, back-to-work, emergency response and audits.

Virtual reality, our innovative approach to promoting road safety

Taking care of others and ourselves is an essential part of our corporate culture. In all the territories where we operate, we strive for safer operations every day.

In 2019, we implemented a virtual reality simulator for mixer truck drivers in the USA Region. This revolutionary tool allows drivers to be trained in similar environments to those they experience daily on their journeys. It also provides employees a unique, fun and impactful way to reinforce the safety measures they need to take on the roads. Furthermore, it demonstrates the clear commitment that we have with regards to the goal of zero accidents and incidents of employees or third parties.

In the last four months of the year, 786 people were trained in various operations throughout the country.

“This makes us fully aware of the risks and of the expertise of our drivers. I felt as I was actually driving on a road and it was a great experience”, said María Isabel Echeverri, Vice President of the Legal and Sustainability.

“We have created a personal experience that seeks to open simulator users’ minds to a message that stays with them and invites them to modify some of their behaviors. Anyone involved can instantly see the value of this approach and, over time, it will save lives”, Scott Thomas, Health and safety Manager of the USA Region.

One of the most relevant features of this system is that it can be moved and adapted to other plants as often as necessary.

AIR EMISSIONS

Impact on business

- Costs
- Risks

All our cement plants in the USA Region implemented projects to extract dust for its subsequent introduction to the grinding process.
Harleyville Plant

According to the VAS, the cost of atmospheric emissions to society in 2019 was
USD $33.4
million.
(See VAS, page 57)

We are committed to continuously improving our processes to create positive impacts on the well-being of our employees and communities in our areas of influence. This is accomplished by measuring, controlling and reducing emissions generated in our operations, such as sulfur oxides (SO_2), nitrogen oxides (NOx), mercury (Hg) and particulate matter.

Management objectives [103-1]

For the company

Develop more efficient processes for responsible production that meet and exceed local regulations in countries where we operate and contribute to business profitability.

For society

Reduce the impact on air quality in the areas where we operate, thereby building relationships of trust with our stakeholders.

How is it managed? [103-2]

The "Emissions" pillar of the Environmental Strategy focuses on the proper measurement, control and reduction of emissions of SO2, NOx, mercury and particulate matter generated by our productive processes in the cement business, and the prevention and mitigation of our dispersed emissions of particulate matter (dust), generated primarily by the transportation, transfer, discharge and storage of materials in the cement, concrete and aggregate processes. Thanks to the above, through operational control, optimization and renewal of emissions control systems, we can achieve continuous improvement.

SDG	GRI [103-1]	Strategic sustainability pillars	On the website
8 ECONOMIC GROWTH	■ Argos ■ Society	Relationships of trust | **Responsible production** | Business profitability | Shared values	

How do we assess progress? [103-3]

We use various performance indicators to track and monitor our Environmental Strategy, including:

Specific Emissions
[A-OE1] (g/t of clinker)

	SO_2	NOx	Particulate matter
2019	198	1,128	62
2018	197	1,311	45
2017	251	1,397	57
2016	229	1,576	85

2019 Performance
Highlights [103-2] [103-3]

- We reduced our specific emissions of nitrogen oxides (NOx) by 14% in relation to 2018. Specific emissions of sulfur oxides remained below the established target. In relation to particulate matter emissions, we had a 38% increase as a result of challenges faced by some operations in the Colombia Region. This leads us to continue implementing technology and optimization projects for the emissions control systems.
- We achieved 88% coverage of our clinker production with Hg emissions monitoring.
- We achieved 70% improvement in air quality in relation to 2016 at the Piedras Azules Plant in Honduras. This has allowed for a reduction of over 30%, compared to 2017, in the use of respiratory protection equipment.
- We responded to 97% of claims from communities in areas influenced by our operations, in relation to particulate matter.
- All of our cement plants in the USA Region implemented projects to extract dust and subsequently add it to cement grinding (dust shuttling), with significant results in the reduction of Hg emissions that enabled us to comply with and exceed local standards to address future challenges.

Get to know our environmental indicators.

"As a team we take on the challenge to improve air quality in and around our facilities, to reduce risk of exposure for our employees and neighbors. Today we can say that we have achieved a decent quality of air for everyone. We will continue taking on the challenge of maintaining and improving this metric".

—
Guillermo Villatoro
Honduras Environmental Coordinator

We achieved an improvement of 70% in the air quality at the Piedras Azules Plant in Honduras, with respect to 2016

Goals [103-2]

2025 Goals

- We will reduce our particulate matter emissions to 60 g/tons of clinker.
- We will reduce our SO_2 emissions to 205 g/tons of clinker.
- We will reduce NOx emissions to 1.205 g/tons of clinker.

2020 Goals

- We will carry out an inventory of our Hg emissions for 100% of clinker production.

Future challenges [103-2]

- Achieve stability in the operation of the continuous emissions monitoring system (CEMS) installed in the Colombia Region.
- Continue to reduce dispersed emissions of particulate matter (dust) in our operations through the implementation of new technologies or improvements to current processes.
- Increase coverage on emissions inventory of our mercury Hg emissions.

SUPPLY CHAIN MANAGEMENT

Impact on business

- Costs
- Risks

SDG

8 ECONOMIC GROWTH

GRI [103-1]

- Suppliers
- Customers
- Argos
- Society

Strategic sustainability pillars

Relationships of trust | Responsible production | Business profitability | Shared values

On the website

Supplier management seeks to build and strengthen our relationships with strategic allies that contribute to the company in terms of efficiency, productivity, customer service and innovation. Therefore, we carefully select our suppliers, transfer knowledge to encourage their development and promote good practices through recognition of those who are an example of sustainable, innovative and safe and responsible management.

We grow alongside our Strategic Partners

Management objectives [103-1]

For the company

Add value throughout the supply chain, from the purchase of goods and services to the delivery of products to customers. We seek to mitigate risks, implement good recruitment practices and service excellence, building relationships of trust and make suppliers business allies.

For society

Improve productivity and competitiveness in order to boost our suppliers' development and promote transparent practices and responsible behaviors that support the construction of a better future.

[204-1]

90%

of products and services were purchased locally.

How is it managed? [103-3]

Supplier management is divided into five stages:

1
Identification
We determine the goods and services required for our operation and their criticality in terms of the impact on the business and the complexity of the market to which they belong.

2
Preselection
We validate the suitability of suppliers through due diligence and according to their financial health, seeking to ensure long-term and sustainable relationships.

3
Negotiation
We select suppliers with high sustainability standards, also considering the assessment of technical, economic and service aspects. Negotiation processes are conducted under a framework of transparent and responsible behaviors.

4
Performance appraisal
We hold forums for continuous feedback with this group of stakeholders, highlighting their strengths and identifying areas for improvement. We are also making progress on knowledge transfer processes for suppliers with growth potential, aiming to ensure a positive impact on society and our internal performance variables.

5
Recognition
We recognize suppliers who have demonstrated outstanding performance in aspects such as innovation, sustainability, health and safety, development and comprehensive practices.

How do we assess progress? [103-3]

- We assess our strategic partners' management through performance appraisals on quality, service, occupational health and safety, drawing constant feedback and identifying key factors for development. Additionally, for suppliers who are considered critical, we apply the Sustainability Index to identify environmental, social and economic challenges and opportunities and to develop joint action plans.
- We assess our work by monitoring indicators, participating in international surveys and auditing processes that allow us to identify gaps in our management and create the respective action plans. Similarly, we participate in collaborative workshops, where we learn about new approaches to address issues regarding development and strengthening of suppliers. We also carry out discussion sessions to receive direct feedback from our stakeholders.

For suppliers who are deemed critical,
we apply the Sustainability Index

2019 Performance

Highlights [103-2] [103-3]

- The supplier preselection process was consolidated into two major components: review of financial statements and due diligence. The aim of this is to flag any inappropriate activity prior to contract adjudication, to prevent legal, economic, operational or reputational risks and ensure that suppliers are aligned with the Company's standards of business conduct and ethics.
- **We achieved savings of USD $25 million** thanks to the excellent work of our procurement teams in negotiation processes. 16% of these savings were thanks to the new global procurement strategy, which seeks to identify common needs for goods and services and to negotiate across regions.
- **We carried out the second edition of the Growing Together supplier recognition event.** This occasion brought together more than 90 partners from Colombian and Central American companies, 13 of whom were featured in five categories:

We grow together with our suppliers, our strategic partners as we to continue to help built dreams

1 INNOVATION
Enthusiastic suppliers that reinvent and develop initiatives on a daily basis to improve their products and services.

2 SUSTAINABILITY
Those who have adopted practices with a notable degree of respect for social, environmental and economic factors.

3 HEALTH AND SAFETY
Suppliers who implement responsible and safe actions to ensure the constant well-being of their employees and allies.

4 CRECIENDO JUNTOS
This is awarded to the partner that has shown remarkable commitment to the development programs carried out by the company.

5 COMPREHENSIVE SUPPLIER
For those partners who have achieved a balance in all aforementioned dimensions.

617
suppliers evaluated in terms of quality, service and sustainability performance.

[204-1] [308-2] [414-2]
Learn about indicators here.

In 2021, our goal is to close the gaps for 50% of critical suppliers evaluated with the Sustainability Index in 2019

Goals [103-2]

Monitoring 2019 short-term goals

Completed | In progress | Not completed

- (Completed) We will hold the third edition of the Supplier Recognition Program.
- (Completed) We will launch the online training program for suppliers in the CCA Region.
- (Completed) We will implement a control tower in Honduras (technology solution for logistics process optimization).
- (Not completed) We will implement dispatch automation in Haiti.

2020 Goals

» We will migrate from local Procuremen Policies to a corporate policy that enables a single approach to purchasing processes and best practices, respecting the context of each region.

» We will implement a technology platform for hiring, negotiation and performance evaluation for the USA Region.

» We will conduct new negotiations with potential savings amounting to USD $12 million.

2021 Goals

» Close gaps for 50% of critical suppliers evaluated in the 2019 Sustainability Index, using content offered through the Suppliers University.

Future challenges [103-2]

» Increase coverage of supplier evaluation in each region, in performance and sustainability aspects.

» Evaluate new referencing schemes on sustainability issues that enable centralization of information, increased coverage and process efficiency.

» Improve suppliers' acceptance and responsiveness to indexes, assessments, recognition or invitations to participate in various initiatives.

Support the growth of our strategic partners

The energy mining sector is critical due to its high impact on our operation and risks in terms of sustainability, so as a company we place a special emphasis on supporting and developing strategic suppliers in this sector, looking to minimize their impact and become them into influencers of the best practices.

Thanks to our joint efforts, "Carbonera Los Pinos" mining supplier has become one of the most robust and innovative companies in the coal mining industry, as well as a large generator of employment.

The agreement of a supply contract for mineral coal, which is uncommon in this industry, allowed the mine to increase its debt capacity and invest in cleaner technologies, improve physical infrastructure and develop training processes for employees.

In addition, by means of the Sustainability Index, we have provided tools and support for integrating this vision into the mine's business strategy, thereby developing environmental mining projects with a more positive impact on communities and the environment.

"Thanks to the support and collaboration of our strategic partner Cementos Argos, we have achieved a broad vision of the company's growth in order to continue with responsible and sustainable mining and environmental projects, thereby promoting the formation of an environmental, ethical and social culture across stakeholders that encourages sustainable development in the communities and region where we operate".

Carbonera Los Pinos

COMMUNITY ENGAGEMENT

Relationships of trust

Impact on business

- Risks

We create shared value for the company and society through actions aimed at developing communities, seeking to drive progress in the territories where we are present presence. For this reason, we are committed allies in the social development of the area, focusing on building relationships of trust, responsible management of our operation and social innovation as critical tools.

We are strategic partners for our neighboring communities through relationships based on mutual trust, recognition and transparent dialogue

According to the VAS, the benefits generated by social investments in communities in 2019 amounted to USD $3.6 millon.

(See VAS, page 57)

Management objectives [103-1]

For the company

Be recognized by communities as strategic allies, in order to keep the social license to operate, generating value for current operations, and opening doors to developing new business opportunities.

For society

Build relationships of trust based on mutual recognition and transparent dialogue, aiming to work towards common goals that contribute to the local economy, development of infrastructure, economic capacity of the area and the creation of employment.

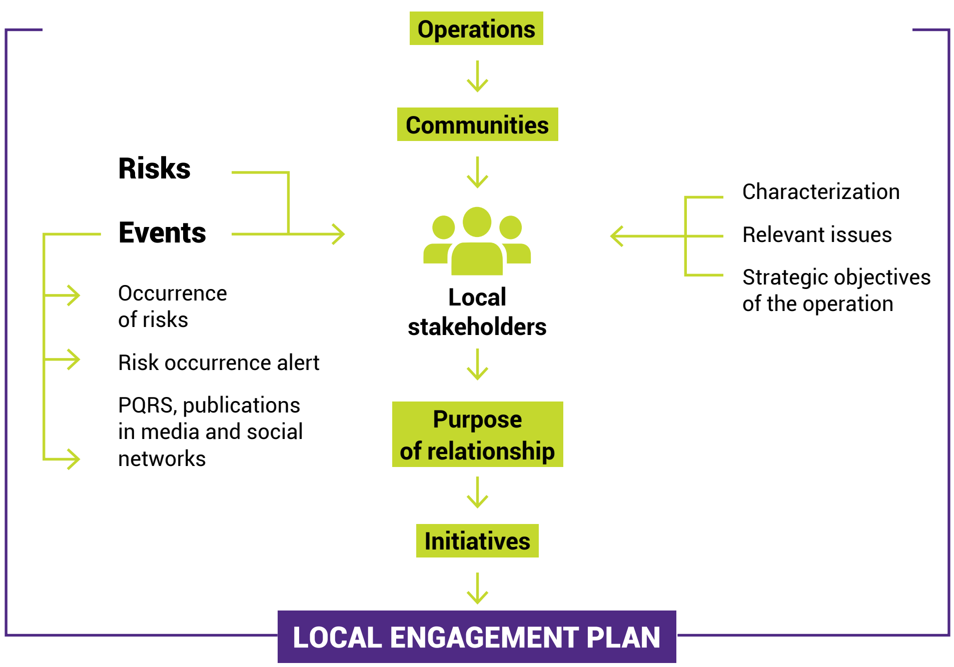
SDG	GRI [103-1]	Strategic sustainability pillars	On the website
9 Industry, innovation and infrastructure; 11 Sustainable cities and communities	Suppliers Customers Argos Society	Relationships of trust / Responsible production / Business profitability / Shared values	

How is it managed? [103-2]

By cultivating transparent and trust-based relationships with all of those around us, we are recognized as strategic partners for the development of territories. Therefore, we understand the need and relevance of building articulated, focused work plans that are aligned with the Community Engagement Strategy, which guides our efforts along three major lines:

1

Building relationships of trust
Includes initiatives aimed at building relationships based on mutual recognition as actors in the territory. To achieve this goal in each of our operations, we have developed Local Engagement Plans (LEP) that enable us to understand specificities of the territory and to build relationships and initiatives that are consistent with local realities and needs.



2

Responsible management
We focus on managing the risks and impacts of our operations in the territories where we operate. Work plans include environmental and project assessments, promotion of reporting mechanisms and communication channels such as the Transparency Line and risk assessment.

3

Social innovation
Being aware of our role as promoters of territory development, we generate innovative solutions that build business opportunities and meet society's needs.

We want to give children and young people a strong foundation that enables them to contribute to the future progress of their families and communities

How do we evaluate management?
[103-3]

We believe that the opportunity to build joint projects, solve common issues and grow as partners to drive change in the territory arises from a transparent and continuous dialogue. For this reason, we promote spaces for two-way communication with support from community relations leaders, with periodic meetings, events such as sustainability dialogues and anonymous reporting mechanisms such as the Transparency Line, among others.

Likewise, we report back to the communities and competent authorities on issues related to the fulfilment of social obligations and progress towards goals set out in our strategy, and we use the Socio-economic Footprint Index and the Value Added Statement to Society (VAS) methodology to measure our effects in the territories. (View page 57).

Developed with a consulting firm in 2016, the Socio-economic Footprint Index is a methodology that has successfully enabled us to identify, according to the particularities of each territory, the impact of our activity on neighboring communities.
It also includes variables such as the boost to the local economy through employee salaries, local hiring, support and development of suppliers, empowerment of communities and contribution to the territory's tax capacity.

[103-2] [203-1] [413-1] [413-2] [A-COM1] [A-COM2] [A-COM3]
Scan to learn about other indicators.

Similarly, and with the goal of becoming strategic partners in the territory, we focus on consolidating partnerships with actors that enable us to work on common interests, collective goals and sustainable long-term plans.

For our voluntary social investment projects, one of our most important partners is the Fundación Grupo Argos, which integrates the projects of Grupo Argos, Cementos Argos, Celsia and Odinsa.

Through this partnership and together with the communities, we articulate strategies for the development of conservation projects sustainable production, environmental culture and territorial transformation.

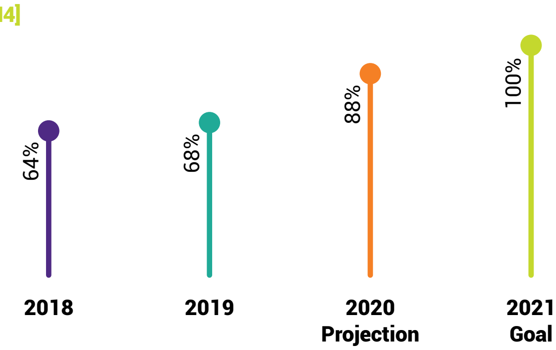
The Foundation's intervention model is focused on the environmental conservation and preservation through the efforts of actors and resources of compensation and volunteers that enable the development of comprehensive, efficient, sustainable and high-impact projects.

2019 Performance
Highlights [103-2] [103-3]

LOCAL ENGAGEMENT PLAN

We strengthened the LEP system in prioritized operations and launched the model in the USA Region.

% LEP implemented in prioritized operations
[A-COM4]



SOCIAL INVESTMENT

We maintained a management model and investment strategy that allowed us to maximize the impact on society of every initiative carried out, even though the company's social investments declined during the year.
To achieve this, we focused on increasing partnerships with other entities in the territory, articulating the beneficiaries of the processes, and improving intervention methodologies to generate greater value.

RISKS

We reduced exposure to community interaction risks by implementing and defining various measures and processes, including road safety strategies in communities, by strengthening communication channels for all audiences and through operational actions to reduce the environmental impacts of dust and noise.

SOCIO-ECONOMIC FOOTPRINT INDEX

We drew up a communication plan that involved the creation of key messages for sharing the results of existing models, including San Lorenzo and Comayagua in Honduras, Rioclaro and Toluviejo in Colombia, and Martinsburg in the United States.

HEALTHY ENVIRONMENTS

We developed initiatives such as healthy kitchens and floors, bio healthy parks, bathrooms, home improvement, sports facilities and the conversion of concrete into furniture for the community. This enabled us to positively impact the home environment of 863 community participants, which represents 192 households and 7,413 m² of built infrastructure.

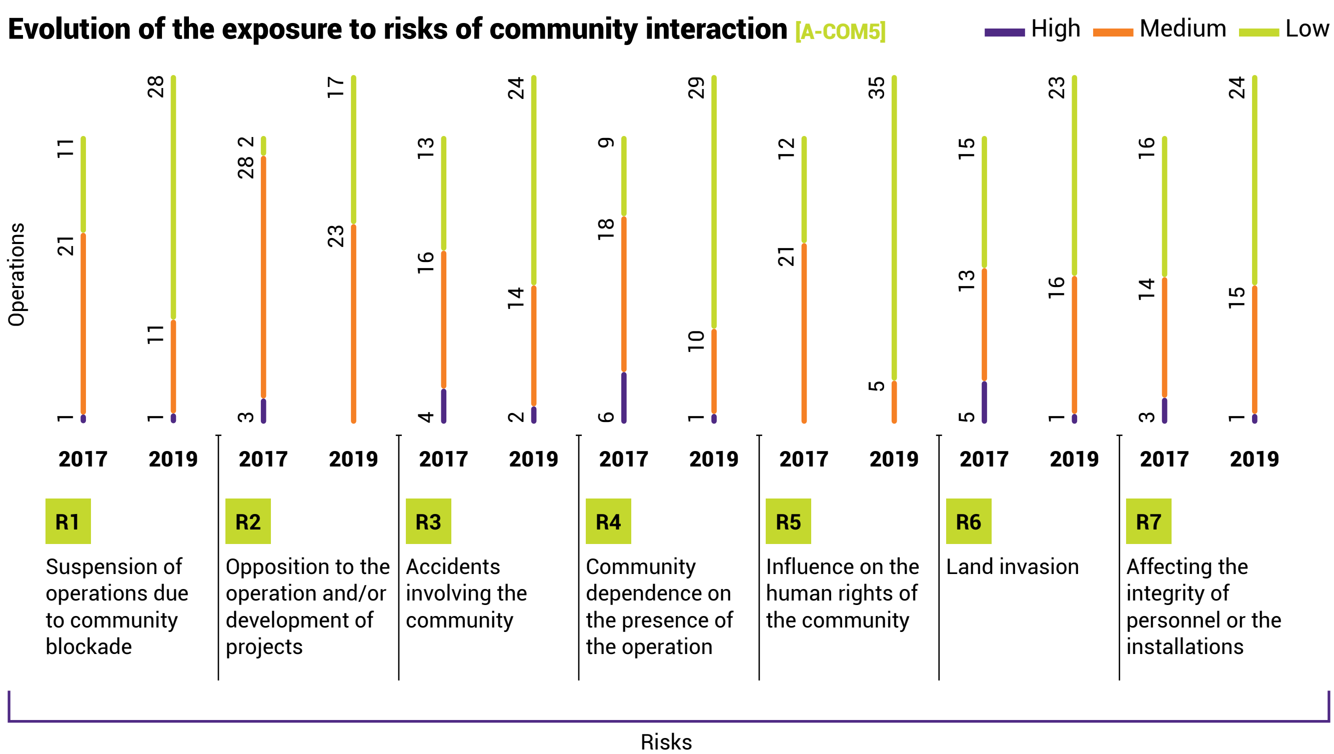
[203-1]

497,837
people were positively impacted by the various social investment programs.

[A-COM1]

+ USD $5.01
million was the total of social investment.

Evolution of the exposure to risks of community interaction [A-COM5]



GRUPO ARGOS FUNDATION

Together with the Grupo Argos Fundation we have implemented social and cultural development programs for communities around the Saldaña and Rioclaro river basins, we have participated in community infrastructure interventions in Cartagena and Rioclaro and have contributed to environmental conservation and animal protection programs promoted by the Fundación.
In addition, we have joined forces with the USA Region, Honduras and the Fundación to work on the Safe Water project in Honduras.

Corporate volunteer program: We had 80 volunteer experiences this year with the participation of 992 employee volunteers and approximately 790 companions. These benefitted more than 33,406 people and created positive impacts on the company by reinforcing our company culture, improving morale and work-life balance, and giving employees, their families and others an opportunity to experience our values.

Scan to discover the Fundación Grupo Argos's report.

+33,400
people positively impacted from the corporate volunteer programs

We maintained a management model and an investment strategy that allowed us to maximize the positive impact on society

Goals [103-2]

2020 Goals

- We will achieve progress of 88% against the implementation of the LEP in prioritized operations.
- We will manage community interaction risk in 88% of prioritized operations.
- We will develop an innovative solution that consolidates a business opportunity and/or responds to a social need.
- We will increase the development of corporate volunteer experiences or activities by 10% in relation o 2019.
- We will apply the Socio-economic Footprint Index in Panama, Honduras, Dominican Republic and Puerto Rico, as well as Cartagena and Yumbo, Colombia.

2021 Goals

- All our prioritized operations will be covered by LEP.
- We will manage 100% of community engagement related risks in prioritzed oeprations.
- We will have at least one innovative solution developed per Region.

2025 Goals

- We will implement the Social License to Operate Index in 100% of prioritized operations.
- We will implement a protocol for approaching human rights in communities of 50% of prioritized operations, as part of our enhanced management of risks and social impacts.
- We will develop at least three solutions per region, supporting social transformation through social innovation.

Future challenges [103-2]

- Organize a work plan to ensure that LEP are maintained and implemented in new operations.
- Design a mechanism enables the implementation of initiatives under the concept of social innovation.
- Draw up guidelines and tips for the development of sustainable infrastructure projects.
- Update the community engagement risk model with the updated methodology of the company's integrated risk management system.
- Maintain a management model and an investment strategy that allowed us to maximize the positive impact on society.

Community road safety program

This program aims to harmonize the company's activities with the dynamics of our areas of influence, through the management of road safety and the risks associated with it, involving colleagues, community and public institutions in promoting a culture of road accident prevention.

Over the course of the year in Panama and in partnership with the Autoridad de Tránsito Terrestre Ground Transit Authority, road safety incidents were reduced by 25% on the routes we use. In addition, this year the number of Nap & Active Rest Breaks stops went up from 348 in 2018 to 594 in 2019, strengthening the culture of road safety through trust and organizational engagement.

"Congratulations to Argos Panama, our strategic partner in road education. Together we have trained its employees, contractors and communities and achieved a 54% reduction in the number of accidents in 2019. Because we are part of the solution and not the statistics, we continue to save lives".

Nicómedes Aizprua
National Head of Road Education, and Ground Transit and Transport Authority, Panama

Impact on business

- Risks

HUMAN RIGHTS

We are committed to respecting, protecting and promoting human rights. We have designed and organized a management system that encouraging the coherence between business actions and the spirit of the International Charter on Human Rights, the fundamental principles and rights set forth in the Statement of the International Labor Organization, and which is in accordance with applicable laws in the countries and territories where we are present.

Our system is oriented toward monitoring the potential risks and impacts of our activities on human rights, addressing consequences as they occur, and maintaining clear and transparent communication with our stakeholders.

Management objectives [103-1]

For the company

Promote the company's pillars, manage risks related to human rights in our operations and maintain trustworthy relationships with all stakeholders.

For society

Protect stakeholders from actions that threaten human rights and potentially compromise their integrity.

How is it managed? [103-2]

In line with our Human Rights policy and based on the understanding of the business challenges and the identification of natural leaders in each stakeholder group, we have adopted and recently updated a risk management system to monitor critical topics that may affect our commitment to protect human rights in our operations.

The system has four stages:

1

Identification of the risk level of breaching the human rights prioritized and identified by Argos with regards to our key stakeholders.

- **Prioritized risks:** discrimination, violation of due process, negligence towards people, denial of freedom of association and collective bargaining, forced labor, child labor and workplace harassment. The above risks were identified as most relevant that require our fullest commitment, therefore the framework of our management system includes plans dedicated to enhancing their protection.
- **Prioritized stakeholders:** employees, suppliers and communities. We also include joint ventures, as we view these as an extension of our organization. With regards to these stakeholders, we include several audiences, including vulnerable groups such as ethnic minorities, indigenous minorities and the LGBTI population.

2

Definition of action and remediation plans that decrease risks and/or close identified gaps.

3

Definition of follow-up plans to validate execution of action plans, monitor their impact and raise flags in the event of increased risk.

4

Constant updating of risks by making connections between their identification and the information available on other corporate reporting systems such as the Transparency Line.

SDG	GRI [103-1]	Strategic sustainability pillars	On the website
8 ECONOMIC GROWTH	Suppliers Customers Argos Society	Relationships of trust / **Responsible production** / Business profitability / Shared values	

How do we evaluate management? [103-3]

The management of this material issue is evidenced by the consolidated risk matrix that shows us the outcome of its measurement and the exposure that each stakeholder or our joint ventures showed in their assessment, as well as action plans with the manager and key advances.

The measurement mechanisms are evaluated with support from areas that lead the relationship with the stakeholders concerned, with the source of information coming from interviews, audits and other natural engagement mechanisms that keep the system up to date.

We build relationships of trust with our stakeholders

2019 Performance
Highlights [103-2] [103-3]

- We redesigned the management system so that it provides more realiable information. This is achieved by actively engaging with areas that were previously only information providers and are now participating in all stages of the risk management system.
- We updated the risks faced by employees and communities, with greater coverage and a broader measuring base. This has enabled us to better focus on managing action plans and define priorities in initiatives that are pushed forward with these two stakeholders. For example, build closer relationships with unions through joint learning forums between their leaders and managers of the company, with programs such as World of Work Studies, which build the wellbeing of our employees.
- We updated the Human Rights Policy to provide clearer guidelines, with defined coverage and linked to the declarations of international frameworks that governs the management of these issues across the world.

Learn more about this update.

2020 Goals [103-2]

- We will implement a new vendor-focused tool that will help us expand coverage and manage the human rights risks of this stakeholder in a more streamlined way.

Future challenges [103-2]

- Achieve wider adoption of the management system by leaders in charge of stakeholder relation.
- Make findings from the management system a source of key information in decision-making for corporate plans and initiatives.

WE MAKE PRO_GRESS

APPENDICES

We assume great challenges that allow us to lay down new paths, build realities and transcend limits.

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, 2019, 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 22, 2020.

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, 2019, 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 22, 2020.

Juan Esteban Calle
Legal Representative

Óscar Rodrigo Rubio C.
Accounting Manager of the Company
T.P. 47208-T

KPMG S.A.S.
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Medellín - Colombia

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STATUTORY AUDITOR'S REPORT

To the Shareholders
Cementos Argos S.A.:

Opinion

I have audited the consolidated financial statements of Cementos Argos S.A. and Subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2019 and the consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

In my opinion, the aforementioned consolidated financial statements and attached to this report, present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019, the consolidated financial performance of its operations and its consolidated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year, except for the application of IFRS 16 – Leases, which entered into force on January 1, 2019.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group, in accordance with the Accounting Professionals Code of Ethics Issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the consolidated financial statements and I have fulfilled my ethical responsibilities in accordance with these requirements and the IESBA Code mentioned.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a consolidated opinion on these matters.

KPMG

Assessment of the adoption of IFRS 16 – Leases	
See notes 3 and 20 to the consolidated financial statements	
Key Audit Matter	**How was this addressed in the audit**
The Group adopted IFRS 16 - Leases as of January 1, 2019. The impact of such adoption as of this date generated a significant increase in the consolidated statement of financial position of COP999.584 million in assets and liabilities. This standard introduced complex accounting aspects for the recognition and measurement of the right-to-use asset and the related lease liability. The determination of the assumptions used in measuring the right-to-use of an asset and the lease liability involves significant judgment, particularly with respect to the discount rates used to calculate the lease liability, the lease term considered in each contract, and the determination of whether or not the contract contains a lease. This represents a key audit matter because of the judgment inherent in the process of initial recognition and measurement of the right-to-use asset and the lease liability, and because variations in the assumptions used can significantly affect the consolidated financial statements.	My audit procedures to assess the appropriate recognition of the effects for the adoption of IFRS 16 included, but were not limited to, the following: - Evaluation of the Group's procedures for the initial recognition and measurement of lease contracts, which included (1) approval of the accounting policy for adoption of IFRS 16 by the Audit Committee and Board of Directors, including the transition option and exceptions to the standard; (2) identification of the contracts within the scope of the standard, and which served as the basis for determining the adjustment at the transition date; and (3) measurement of assets and liabilities associated with lease contracts in the transition adjustment, based on the terms of each contract, and the incremental rates determined by the Group's Treasury Department Management. - Evaluation, with the involvement of professionals with experience and knowledge in credit risk assessment, of the assumptions used by the Group in estimating the incremental rates that were determined. - Selection of a sample of contracts to verify that the contractual conditions such as term of the lease, renewal clauses and monthly lease payments have been correctly considered in the calculations made by the Group. - Assessment of whether the disclosures in the consolidated financial statements consider relevant information to reflect the effects of the implementation and assumptions used, in relation to the requirements of IFRS 16.

KPMG

Assessment of the recoverability of deferred tax assets	
See note 9 to the consolidated financial statements	
Key Audit Matter	**How was this addressed in the audit**
The Group has recognized a significant deferred tax asset of COP420.368 million in the consolidated statement of financial position, arising from tax losses and other tax credits (primarily in the Argos United States and Colombia). This represents a key audit matter because assessing the recoverability of such assets involves complex judgments related to the determination of estimates in the different regions in which the Group operates projected taxable income, as well as in estimating the periods over which the asset is expected to be recovered.	My audit procedures to assess the recoverability of deferred tax assets included, but were not limited to, the following: - With the involvement of professionals with experience and knowledge in valuation, comparison of key assumptions used by the Group in determining projected pre-tax results, with independent recalculations and information obtained from external sources, when available. - With the involvement of professionals with experience and knowledge in taxes, evaluation of the main assumptions on which the tax adjustments made to pre-tax income determined based on the financial projections, as well as the period of reversal of temporary differences, the expiration of tax losses and other tax credits, and the tax strategies proposed by the Group.

Impairment of long-lived assets – Goodwill	
See note 17 to the consolidated financial statements	
Key Audit Matter	**How was this addressed in the audit**
The Group's consolidated financial statement includes a Goodwill for $1.718.298 million, as a result of acquisitions made in previous years, on which an assessment of changes is required annually in accordance with IAS 36 - Impairment of Assets. This represents a key audit matter because of the material amount of the Goodwill, and because it involves complex and subjective judgments made by the Group's management in relation to long-term sales growth, costs and operating margins projected in the different regions where the Group operates, as well as	My audit procedures to assess the recoverability of goodwill balances included, but were not limited to, the following: - Evaluation of the consistency in the distribution of Goodwill in the different cash generating units (CGU) identified by the Group in relation to the allocation of the previous year. - Involvement of professionals with relevant knowledge and experience in the industry whom assisted the Group in (1) Evaluating the key assumptions used in the impairment tests performed by the Group,

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in the determination of the discount rates used to discount future cash flows.	including the input data, (2) perform independent calculations supported with information obtained from external sources on discount rates and the macroeconomic variables used, (3) compare the result of the calculations obtained above, with those made by the Group and (4) perform a sensitivity analysis including a possible reasonable reduction in the key variables. - Comparison to the previous year's budget with the current data, to verify the degree of compliance and, consequently, the accuracy of the projections made by the Group's management. - Assessment of whether the disclosures included in the notes to the financial statements are appropriate in accordance with IAS 36.

Other matters

The consolidated financial statements as of and for the year ended December 31, 2018 are presented solely for comparative purposes, were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated February 19, 2019.

Responsibility of management and those charged with corporate governance for the consolidated financial statements

Management is responsible for the preparation and reasonable presentation of this consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing , implementing and maintaining such internal control as management deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with corporate governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that the consolidated financial statements are reasonably presented.

- I obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group´s audit. I remain solely responsible for my audit opinion.

I communicate with those charged with corporate governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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I also provide those charged with corporate governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, the related safeguards.

From the matters communicated with those charged with corporate governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Claudia María Montoya Arango
Statutory Auditor
Professional License T.P. 77492 - T
Appointed by KPMG S.A.S.

February 22, 2020

falsificación, omisiones intencionales, representaciones engañosas o la anulación o sobrepaso del control interno.

- Obtengo un entendimiento del control interno relevante para la auditoría con el objetivo de diseñar procedimientos de auditoría que sean apropiados en las circunstancias.

- Evalúo lo apropiado de las políticas contables utilizadas y la razonabilidad de los estimados contables y de las revelaciones relacionadas, realizadas por la administración.

- Concluyo sobre lo adecuado del uso de la hipótesis de negocio en marcha por parte de la administración y, basado en la evidencia de auditoría obtenida, sobre si existe o no una incertidumbre material relacionada con eventos o condiciones que puedan indicar dudas significativas sobre la habilidad del Grupo para continuar como negocio en marcha. Si concluyera que existe una incertidumbre material, debo llamar la atención en mi informe a la revelación que describa esta situación en los estados financieros consolidados o, si esta revelación es inadecuada, debo modificar mi opinión. Mis conclusiones están basadas en la evidencia de auditoría obtenida hasta la fecha de mi informe. No obstante, eventos o condiciones futuras pueden causar que el Grupo deje de operar como un negocio en marcha.

- Evalúo la presentación general, estructura y contenido de los estados financieros consolidados, incluyendo las revelaciones, y si los estados financieros consolidados presentan las transacciones y eventos subyacentes para lograr una presentación razonable.

- Obtengo evidencia de auditoría suficiente y apropiada respecto de la información financiera de las entidades o actividades de negocios dentro del Grupo para expresar una opinión sobre los estados financieros consolidados. Soy responsable por la dirección, supervisión y realización de la auditoría del Grupo. Sigo siendo el único responsable por mi opinión de auditoría.

Comunico a los encargados del gobierno del Grupo, entre otros asuntos, el alcance planeado y la oportunidad para la auditoría, así como los hallazgos de auditoría significativos, incluyendo cualquier deficiencia significativa en el control interno que identifique durante mi auditoría.

También proporciono a los encargados del gobierno corporativo la confirmación de que he cumplido con los requerimientos éticos relevantes de independencia y que les he comunicado todas las relaciones y otros asuntos que razonablemente se pueda considerar que influyen en mi independencia y, cuando corresponda, las salvaguardas relacionadas.

A partir de los asuntos comunicados con los encargados del gobierno corporativo, determino los asuntos que fueron de la mayor importancia en la auditoría de los estados financieros consolidados del período actual y, por lo tanto, son los asuntos clave de auditoría. Describo estos asuntos en mi informe del revisor fiscal a menos que la ley o regulación impida la divulgación pública sobre el asunto o cuando, en circunstancias extremadamente excepcionales, determino que un asunto no debe ser comunicado en mi informe porque las consecuencias adversas de hacerlo serían razonablemente mayores que los beneficios al interés público de tal comunicación.

Claudia María Montoya Arango
Revisor Fiscal de Cementos Argos S.A.
T.P. 77492 - T
Miembro de KPMG S.A.S.

22 de febrero de 2020

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31st, 2019 and 2018 | Millions of Colombian pesos

	Notes		2019		2018
ASSETS					
Cash and cash equivalents	5	$	353,211	$	640,837
Derivative financial instruments	6		355		1,528
Other financial assets	7		-		3,210
Trade receivables and other accounts receivable, net	8		1,028,622		989,716
Tax receivable	9		324,356		310,534
Inventories	10		899,542		851,417
Other non-financial assets			76,282		75,332
Assets held for sale	18		31,944		15,787
Total current assets		**$**	**2,714,312**	**$**	**2,888,361**
Trade receivables and other accounts receivable, net	8		147,825		166,742
Investments in associates and joint ventures	12		47,415		89,626
Derivative financial instruments	6		3,675		618
Other financial assets	7		982,630		934,323
Other intangible assets, net	14		833,014		954,841
Assets by right of use of leases	20		964,860		-
Biological assets	11		20,638		21,257
Property, plant and equipment, net	15		11,135,945		11,438,092
Investment property	16		205,370		191,903
Goodwill	17		1,718,298		1,828,481
Deferred tax assets	9		420,368		355,775
Total non-current assets		**$**	**16,480,038**	**$**	**15,981,658**
TOTAL ASSETS		**$**	**19,194,350**	**$**	**18,870,019**
LIABILITIES					
Financial liabilities	19		1,035,254		1,173,727
Lease liability	20		148,753		-
Trade liabilities and accounts payable	21		1,220,127		1,176,817
Taxes, liens and duties	9		215,992		268,207
Employee benefits	22		155,269		160,802
Provisions	23		83,886		81,863
Other financial liabilities	24		16,030		-
Derivative financial instruments	6		16,310		277
Outstanding bonds and preferred shares	25		30,937		100,172
Prepaid income and other liabilities	24		130,035		129,706
Total current liabilities		**$**	**3,052,593**	**$**	**3,091,571**
Financial liabilities	19		2,370,149		2,672,923
Lease liability	20		805,354		-
Trade liabilities and accounts payable	21		1,159		1,832
Employee benefits	22		289,800		298,401
Derivative financial instruments	6		48,719		22,973
Provisions	23		167,365		211,710
Outstanding bonds and preferred shares	25		3,281,633		3,279,030
Other liabilities	24		1,634		27,614
Deferred tax liabilities	9		323,497		268,287
Total non-current liabilities		**$**	**7,289,310**	**$**	**6,782,770**
TOTAL LIABILITIES		**$**	**10,341,903**	**$**	**9,874,341**
Issued capital	27		2,142,313		2,142,313
Treasury shares	27		(113,797)		(113,797)
Reserves	28		799,012		953,167
Retained earnings			1,848,885		1,871,351
Other comprehensive income and other components	28		3,361,285		3,311,993
Equity attributable to the owners of the parent company		**$**	**8,037,698**	**$**	**8,165,027**
Non-controlling interest	30		814,749		830,651
EQUITY (SEE ATTACHED STATEMENT)		**$**	**8,852,447**	**$**	**8,995,678**
TOTAL EQUITY AND LIABILITIES		**$**	**19,194,350**	**$**	**18,870,019**

Notes are an integral part of the consolidated financial statements.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Accounting Manager of the Company
P.C. 47208-T
(See attached certification)

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Statutory Auditor
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Appointed by KPMG S.A.S.

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ending on December 31st, 2019 and 2018 | Millions of Colombian pesos

	Notes	2019	2018
Continuing operations			
Income from operations	31, 32	$ 9,375,076	$ 8,417,604
Cost of sales	10	(7,754,408)	(6,852,288)
Gross profit		**$ 1,620,668**	**$ 1,565,316**
Administrative expenses	33	(696,497)	(625,529)
Selling expenses	33	(278,180)	(260,317)
Other revenues from operations, net	34	195,067	149,981
Impairment of non-current assets	17	(2,326)	(4,340)
Operating profit		**$ 838,732**	**$ 825,111**
Financial expenses, net	36	(491,588)	(414,638)
Foreign currency exchange gains, net		8,812	16,193
Share of net losses of associates and joint ventures	12	(13,133)	(12,203)
Profit before income tax		**$ 342,823**	**$ 414,463**
Income tax	9	(146,315)	(123,029)
Net income	37	**$ 196,508**	**$ 291,434**
Income for the period attributable to:			
Owners of the parent company	37	121,882	178,563
Non-controlling interest	30	74,626	112,871
Net income	37	**$ 196,508**	**$ 291,434**
OTHER COMPREHENSIVE INCOME, NET OF TAXES			
Items that will not be reclassified to profit or loss			
Loss on new measurements of defined benefits obligations	22	(12,138)	(4,160)
Gains (losses) from equity investments measured at fair value		50,954	(227,084)
Income tax on items that will not be reclassified to profit or loss	9	4,618	2,657
Total items that will not be reclassified to profit or loss		**$ 43,434**	**$ (228,587)**
Items that will be reclassified to profit or loss			
Net loss of cash-flow hedging instruments		(21,882)	(24,745)
Gains from foreign currency translation differences		28,782	542,028
Income tax on items that will be reclassified to profit or loss	9	9,684	8,231
Total items that will be reclassified to profit or loss		**$ 16,584**	**525,514**
Other comprehensive income, net of taxes		**$ 60,018**	**296,927**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**$ 256,526**	**$ 588,361**
Other comprehensive income attributable to:			
Owners of the parent company		67,958	249,260
Non-controlling interest	30	(7,940)	47,667
Other comprehensive income		**$ 60,018**	**$ 296,927**
Total comprehensive income attributable to:			
Owners of the parent company		189,840	427,823
Non-controlling interest	30	66,686	160,538
Total comprehensive income		**$ 256,526**	**$ 588,361**
Basic and diluted earnings per share:			
Net income attributable to owners of the parent	38	105.83	155.05

Notes are an integral part of the consolidated financial statements.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Accounting Manager of the Company
P.C. 47208-T
(See attached certification)

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Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ending on December 31st, 2019 and 2018 | Millions of Colombian pesos

	Notes		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 1st, 2018, adjusted		**$**	**2,142,313**	**(113,797)**	**92,291**	**1,169,104**	**1,697,154**	**3,057,808**	**8,044,873**	**745,298**	**8,790,171**
Retrospective application for the application of the expected credit loss model	3		-	-	-	-	(5,343)	9	(5,334)	(40)	(5,374)
Balance at January 1st, 2018			**2,142,313**	**(113,797)**	**92,291**	**1,169,104**	**1,691,811**	**3,057,817**	**8,039,539**	**745,258**	**8,784,797**
Net income for the period			-	-	-	-	178,563	-	178,563	112,871	291,434
Other comprehensive income, net of income tax			-	-	-	-	-	249,260	249,260	47,667	296,927
Comprehensive income for the period			**-**	**-**	**-**	**-**	**178,563**	**249,260**	**427,823**	**160,538**	**588,361**
Cash dividends on ordinary shares	29		-	-	-	-	(262,581)	-	(262,581)	(76,411)	(338,992)
Cash dividends on preferred shares	29		-	-	-	-	(45,499)	-	(45,499)	-	(45,499)
Appropriation of reserves			-	-	59	1,991	(2,050)	-	-	-	-
Release of reserves			-	-	-	(310,278)	310,278	-	-	-	-
Transactions with non-controlling interests			-	-	-	-	-	4,916	4,916	(4,916)	-
Other movements			-	-	-	-	829	-	829	6,182	7,011
Balance at December 31st, 2018		**$**	**2,142,313**	**(113,797)**	**92,350**	**860,817**	**1,871,351**	**3,311,993**	**8,165,027**	**830,651**	**8,995,678**
Balance at January 1st, 2019		**$**	**2,142,313**	**(113,797)**	**92,350**	**860,817**	**1,871,351**	**3,311,993**	**8,165,027**	**830,651**	**8,995,678**
Retrospective effect by the application of new accounting policies: Leases	3		-	-	-	-	11,373	-	11,373	136	11,509
Balance at January 1st, 2019		**$**	**2,142,313**	**(113,797)**	**92,350**	**860,817**	**1,882,724**	**3,311,993**	**8,176,400**	**830,787**	**9,007,187**
Net income for the period			-	-	-	-	121,882	-	121,882	74,626	196,508
Other comprehensive income, net of income tax			-	-	-	-	-	67,958	67,958	(7,940)	60,018
Comprehensive income for the period		**$**	**-**	**-**	**-**	**-**	**121,882**	**67,958**	**189,840**	**66,686**	**256,526**
Transfer to retained earnings	12, 26		-	-	-	-	18,587	(18,587)	-	-	-
Cash dividends on ordinary shares	29		-	-	-	-	(278,705)	-	(278,705)	(92,231)	(370,936)
Cash dividends on preferred shares	29		-	-	-	-	(48,373)	-	(48,373)	-	(48,373)
Appropriation of reserves			-	-	17,854	-	(17,854)	-	-	-	-
Release of reserves			-	-	(161)	(168,675)	168,836	-	-	-	-
Other movements			-	-	(3,173)	-	1,788	(79)	(1,464)	9,507	8,043
Balance at December 31st, 2019		**$**	**2,142,313**	**(113,797)**	**106,870**	**692,142**	**1,848,885**	**3,361,285**	**8,037,698**	**814,749**	**8,852,447**

The notes are an integral part of the consolidated financial statements

Juan Esteban Calle
Legal Representative
(See attached certification)

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

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Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ending on December 31st, 2019 and 2018 | Millions of Colombian pesos

	Notes		2019		2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Income	37	$	196,508	$	291,434
Adjustments to reconcile profit:					
Depreciation and amortization	37		916,379		707,639
Income tax	9		146,315		123,029
Net financial expenses			480,300		416,964
Provisions, post-employment and long-term defined benefit plans			89,957		140,213
Net impairment in financial assets and inventories			40,088		12,724
Losses (gains) from exchange difference			1,165		(12,263)
Gains on fair value measurement of investment properties and other assets			(36,512)		(57,226)
Share of net loss of associates and joint ventures			13,133		12,203
Gains on the disposal of non-current assets and business			(89,722)		(104,492)
Others, net			(23,339)		(35,808)
Changes in the working capital of:					
Increase in inventory			(66,115)		(77,366)
(Increase) decrease in receivables and other accounts receivable			(60,329)		591,259
Decrease in liabilities and other accounts payable			(125,539)		(528,220)
Paid taxes			(190,840)		(160,370)
Total adjustments to reconcile profit			**1,094,941**		**1,028,286**
Net cash flows from operating activities		**$**	**1,291,449**	**$**	**1,319,720**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and investment properties			(546,133)		(486,862)
Cash flows from sale of businesses	15		322,478		245,145
Proceeds from the sale of participations in investees	12		62,681		-
Proceeds from the sale of property, plant and equipment and investment properties			25,484		184,283
Proceeds from sale of financial assets			23,376		36,008
Acquisition of investment in associates and joint ventures			(14,576)		(15,041)
Purchase of financial assets			(12,201)		(4,648)
Interest received			11,676		9,152
Dividends received			16,471		12,975
Purchase of intangible assets			(2,624)		(17,328)
Proceeds from the sale of intangible assets			214		3,922
Payments from financial derivatives contracts			-		(1,628)
Net cash flows used in investing activities		**$**	**(113,154)**	**$**	**(34,022)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of loans and debt instruments			(2,777,535)		(4,804,300)
Proceeds from loans			2,404,478		4,014,811
Interest paid			(452,069)		(385,791)
Dividends paid on ordinary shares	29		(367,816)		(334,822)
Payments for lease liabilities			(173,035)		(89,369)
Payment of outstanding bonds	25		(70,350)		(97,022)
Dividends paid on preferred shares	29		(49,894)		(47,174)
Collection from financial derivatives contracts			39,913		35,581
Payments from financial derivatives contracts			(25,327)		(23,133)
Proceeds from bond issue	25		-		498,747
Other cash inflows			9,968		27,252
Net cash flows used in financing activities		**$**	**(1,461,667)**	**$**	**(1,205,220)**
(Decrease) increase of cash and cash equivalent by operations			**(283,372)**		**80,478**
Net effect of foreign currency translation on cash and cash equivalents			(4,254)		30,103
Net (Decrease) Increase of cash and cash equivalent			**(287,626)**		**110,581**
Cash and cash equivalents at the beginning of the period		**$**	**640,837**	**$**	**530,256**
Cash and cash equivalents at end of the period		**$**	**353,211**	**$**	**640,837**

The notes are an integral part of the consolidated financial statements

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

Óscar Rodrigo Rubio Cortés
Accounting Manager of the Company
P.C. 47208-T
(See attached certification)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 1st, 2019 and December 31st, 2018
(Millions of Colombian pesos, except where otherwise indicated)

NOTE 1: OVERVIEW

Cementos Argos S.A. (the Entity) 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 headquarters 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 Carrera 53 # 106 – 280 Centro Empresarial Buenavista, 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 31st, 2019 on February 21st, 2020.

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), established in Law 1314 of 2009, regulated by the Single Regulatory Decree 2420 of 2015 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 June 30th, 2017.

Additionally, the Company shall apply the following laws, decrees and existing regulations:

- External Circular No. 36 of 2014 of the Financial Superintendence 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 2131 of 2016 - Whereby it is determined to reveal the calculation of pension liabilities in accordance with the parameters established in Decree 1625/2016 and in the case of partial pension commutations in accordance with Decree 1833/2016 and the differences with the calculation made in accordance with IAS 19 - Employee Benefits.

- Decree 2170 of 2017 - Through which the technical frameworks of the Financial Information and Information Assurance Standards provided for in articles 1.1.1.2 and 1.2.1.1. of the book 1 of Decree N° 2420 of 2015, amended by Decrees N° 2496 of 2015, N° 2131 and N° 2132 of 2016, respectively, are partially modified.

- Decree 2483 of 2018- Through which the technical frameworks of the Financial Information Standards IFRS for Group 1 and of the Financial Information Standards, IFRS for SMEs, Group 2, annexes to Decree 2420 of 2015 are compiled and updated, modified by Decrees 2496 of 2015, 2131 of 2016 and 2170 of 2017, respectively, and other provisions are issued.

- Decree 2270 of 2019- which compiles and updates the technical frameworks of the Financial Information Standards for Group 1 and the Information Assurance Standards, and adds an Annex number 6 - 2019 to the Single Regulatory Decree of the Accounting, Financial Information and Information Assurance Standards, Decree 2420 of 2015, and other provisions are issued.

2.2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.2.1. BASES DE PREPARATION

The consolidated financial statements include the financial statements of Cementos Argos S.A. and its subsidiaries (The Group) as of December 31st, 2019. These have been prepared on the basis of historical cost, except the measurement of certain financial assets and financial liabilities, derivative financial instruments, investment properties and biological assets that have been measured at fair value. The Group does not measure non-financial assets or liabilities at fair value on a recurring basis, except of investment property and biological assets. The consolidated financial statements are presented in Colombian pesos, which is the functional currency of the parent group, all values in Colombian pesos are rounded up to the closest million and dollar values to the closest unit of thousands, unless otherwise indicated.

The consolidated 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 transaction 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 IFRS 16 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.

2.2.2. PRINCIPLES OF CONSOLIDATION AND ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

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 principles with the NCIF applicable in Colombia.

The Administration should make estimates and assumptions that affect the numbers reported for assets and liabilities, revenues, 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 COMBINATION AND GOODWILL

Business combinations are accounted for using the acquisition method. The acquired identifiable assets, liabilities and contingent 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 contingent 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 corresponding 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 corresponding 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 occurs, 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 information 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 attributable 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 instruments 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.

Impairment of Financial Assets
The impairment model in accordance with IFRS 9 reflects expected credit losses, as opposed to credit losses incurred under IAS 39. Within the scope of the impairment in IFRS 9, it is no longer necessary for a credit event to occur before the credit losses are recognized.

Cementos Argos and its subsidiaries record the expected credit losses on their debt securities; trade accounts receivables and leases at the end of the reporting period. In calculating the expected credit losses under IFRS 9, Cementos Argos and its subsidiaries apply a simplified approach, which allows them not to keep track of changes in credit risk, but recognize a provision for losses based on expected credit losses during the life of the asset at each reporting date; that is, to recognize the expected credit losses that result from possible events of default during the expected life of the financial instrument. In cases where there is objective evidence that a financial asset is impaired, the Group recognizes a provision for loss of individual impairment and excludes the departure of the collective evaluation under the expected loss model.

To determine the expected credit losses, Cementos Argos and its subsidiaries have used a matrix of provisions based on the number of days that a trade account receivable is in default; that is, grouping the portfolio by ranges of days of non-payment and applying to the current balance of the accounts receivable on the date of measurement for each range of days in default, a percentage of expected default. The percentage of default given and the days of non-compliance of the portfolio was determined using the transition matrices methodology according to Markov chain theory. The portfolio of each subsidiary is segmented into two homogeneous groups: industrial business and massive business.

The loss of impairment in value is recognized in the administration and sales expenses in the consolidated statement of income of the Group. When there is confirmation that the trade account receivable is considered uncollectible, the gross carrying amount of the account receivable is written off in accounts against the associated provision. Refer to Note 3, which indicates the impact of the application of the new impairment requirements.

Financial Liabilities

The initial recognition of financial liabilities is done at fair value and subsequently valued at the amortized cost using the effective interest method. Losses and profits are recognized in the income statement when liabilities are written off, as well as accrued 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

IFRS 9 introduces the option to apply the hedges accounting guidelines of IFRS 9 or to continue applying the requirements of hedge accounting in IAS 39 and IFRIC 16 Hedges of a Net Investment in a Foreign Operation, provided that the policy is applied consistently to all your hedging relationships. Cementos Argos and its subsidiaries will continue to apply the hedge accounting requirements established by IAS 39, as permitted by IFRS 9.

Financial derivatives are recorded in the interim condensed consolidated statement of financial position for their fair values, taking into account the market curves in force on 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. Some derivatives incorporated in other financial instrument like embedded derivatives are treated as separate derivatives when their risk and characteristics are not closely related to those of the main contract, and this is not recorded at fair value with its unrealized gains and losses included in results.

To mitigate the risk in operations in foreign currency and exposure to interest rates, Cementos Argos SA and its subsidiaries carry out natural hedge and financial hedge operations through the use of derivative financial instruments, mainly swap contracts and forward contracts, all current derivatives have been designated as accounting cash flow hedge instruments or fair value in accordance with the criteria of IAS 39 Financial Instruments. The Group does not use derivative instruments, nor any other financial instrument for speculative purposes.

Certain transactions with derivatives that do not qualify to be accounted for as derivatives for hedging, are treated and reported as derivatives for trading, even when they provide effective coverage for the management of risk positions. For derivatives that qualify to be accounted for as hedge accounting, at the beginning of the hedge relationship, the Group formally designates and documents the relationship, as well as the objective of risk management and the strategy to carry out the hedge.

Swap transactions correspond to financial transactions in which the Group, through a contractual agreement with a bank, exchanges monetary flows for reducing the risks of currency, rate, term or issuer, as well as the restructuring of assets or liabilities.

Forward transactions and currency swap transactions are used to hedge the exchange rate risk in foreign currency debt transactions, to hedge future cash flows with high probability of occurrence, such as the Group's monthly exports, and with the purpose of balancing the exchange exposure of the Group taking advantage of what, in the opinion of the Administration, is considered as favorable market conditions. The existence of this agreement has no repercussions on the valuation of the underlying debt.

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, the Group is responsible for its debts with defined amounts and terms, its accounting record is independent of the swap. These swaps are aimed at converting financial instruments from a fixed either to a variable rate or a variable rate to a fixed rate.

The Administration documents the hedge accounting relationships from the moment of initial recognition. This documentation includes, but is not limited to, the following:

- Designation, which includes the identification of the hedging instrument, the hedged item or transaction, and the hedging relationship, objective of the hedge and risk management strategy;
- Designation and hedging relationship, objective of coverage and risk management strategy;
- Date of designation of accounting hedge; and
- Procedure for evaluating the effectiveness of the hedge and method to evaluate the effectiveness of prospective and retroactive coverage/hedging and its periodicity.

Such hedges are expected to be highly effective in offsetting the changes in fair value or cash flows and are being constantly evaluated to determine 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 unrecognized firm commitments. The change in fair value of a derivative that is a hedging instrument is recognized in the interim condensed consolidated 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.

In hedging relationships of highly probable transactions, changes in the fair value of the hedging instrument are recognized directly in the other comprehensive income for the effective portion of the hedge, the ineffective portion is presented in the statement of comprehensive income. The gains or losses recognized in equity are reclassified at the end of the hedge relationship to the same account of the hedged item.

The effective portion of the gain or loss from 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 section as a financial cost.

The values recognized in other comprehensive income are reclassified to the statement of comprehensive income in the income statement section when the hedged transaction affects the result, as well as when the financial income or hedged financial expense is recognized, or when the anticipated 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 are reclassified to the initial carrying amount of the non-financial asset or liability. If the expected transaction or firm commitment is no longer expected, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to the statement of comprehensive income in the income statement section.

If the hedging instrument expires or is sold, resolved, or exercised without successive replacement or renewal of a hedging 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.

Derivatives that are not designated as hedges for accounting purposes under IAS 39 are measured at fair value.

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 disbursements 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 consolidated financial statements ended at December 31st, 2019 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 disposal involving the partial sale of a stake in a joint venture that includes a foreign business deal in which the retained participation 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 OF NON-FINANCIAL ASSETS

Cementos Argos and its subsidiaries evaluate the impairment of non-financial assets in IAS 36 scope when facts and circumstances suggest that the book value 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 interim condensed consolidated comprehensive income statement.

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.

9. 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 standards 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 where 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 differences 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 subsidiaries 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 sufficient 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 consequences 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 outside 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.

10. INTANGIBLE ASSETS
Intangible assets acquired separately are initially calculated at cost. The cost of intangible assets acquired in business combinations 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 recognition 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 in-tangible 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 expected. 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.

11. 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 financial 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.

12. 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 fair value, with reference to the price that would be received, on the measurement date, when disposing the asset in a market transaction. In the determination of fair value, the Group employs independent experts with recognized professional skills and experience in the valuation of real estate. Changes in the fair value of investment properties are recognized in the result of the period when they arise. Investment properties can be transferred to and from property, plant and equipment.

An investment property is derecognized at the time of its disposal or when the investment property is permanently withdrawn from use and it is not expected to receive future economic benefits from that sale. Any gain or loss arising from the property being written off (calculated as the difference between the net sales income and the carrying amount of the asset) is included in the results of the consolidated period in which the property was derecognized.

Refer to note 3.2 voluntary change in accounting policies, for more information on the restatement of financial statements due to the change in the accounting policy of subsequent measurement of investment properties

13. 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 classified 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 relation 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, un-less 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.

14. 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 recognized impairment loss. The cost includes professional fees and, in the case of qualifying assets, capitalized loans costs in accordance 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
Aqueduct, plants, networks and communication channels	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
River fleet	3 to 45 years
Mines, quarries and deposits	2 To 38 years

Owned land is not depreciated

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.

15. LEASES

The Group applied IFRS 16 Leases as of January 1, 2019; the change in accounting policy was made using the modified retrospective approach, following the transitional provisions allowed in the standard and, therefore, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

As of January 1, 2019, the cumulative effect of the transition from IAS 17 to IFRS 16 was accounted for directly on equity in retained earnings. Accounting policies under IAS 17 and IFRIC 4 are disclosed separately

Accounting policy applicable from January 1, 2019

The Group recognizes leases, subleases, and contracts with similar characteristics and circumstances, taking into account if the entity acts as a lessor or lessee in the agreement, the underlying asset, and the term of the contract.

At the inception of the lease, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract transfers the right to control the use of the identified assets, the Group uses the definition of a lease in IFRS 16. This policy applies to lease contracts entered into on or after January 1, 2019.

The Group as lessee

As a lessee, at inception or in the modification of a contract that contains a lease component, the Group allocates the consideration in the agreement to each lease component based on the relative stand-alone price.

At the commencement date, the Group recognizes a right-of-use asset that represents the right to use the underlying asset of the contract and a lease liability that represents its obligation to make the payments agreed in the contract. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted with new measurements of lease liabilities. The cost of right-of-use assets includes the value of recognized lease liabilities, initial direct costs incurred by the lessee, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Group has a reasonable assurance of obtaining ownership of the underlying asset by the end of the lease term, the right-of-use assets are amortized in a straight line over the lease term. Right-of-use assets are subject to impairment requirements.

At the commencement date, the Group recognizes the lease liabilities at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be payable under residual value guarantees. Lease payments include the exercise price of a purchase option if the Group is reasonably certain to exercise that option and the payments of penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate on the lease commencement date if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the value of the lease liabilities is increased to reflect the accrual of interest and is reduced by the lease payments made. Besides, the carrying amount of lease liabilities is remeasured if there is a change, a change in the lease term, a change in-substance fixed lease payments, or a change in the valuation to acquire the underlying asset.

The Group recognizes the depreciation of the right-of-use assets and distributes the lease payments between the financial expense and the reduction of the lease obligations. Financial expense is charged directly to income unless it is directly attributable to eligible assets, in which case they are capitalized following the general policy of borrowing costs.

The payments of lease contracts with a lease term of 12 months or less and no purchase options and lease contracts with underlying low-value assets are recognized as a lease expense less related lease incentives, on a straight-line basis over the lease term, unless another systematic basis for distribution to more adequately reflect the temporal pattern of the benefits of the lease to the lessee.

The Group presents the right-of-use assets and the lease liabilities separately in the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within the investment property line.

The Group presents interest expense on lease liability separately from the depreciation charge of right-of-use assets. Interest expense on lease liability is a component of financial costs, which are presented separately in the consolidated statement of comprehensive income.

The Group classifies in the consolidated statement of cash flows, cash payments for capital, and interest of lease payments as financing activities and the payments for short-term leases and leases of low-value assets as operating activities.

Short-term and low-value asset leases.
The Group has decided not to recognize short-term leases, which are leases with a lease term of 12 months or less and no purchase option, and leases whose underlying asset is low value. An underlying asset is low when the new value of the asset is equal to or less than $ 3,500 for assets intended for operation and $ 5,000 for assets for administrative use), including IT equipment. The Group recognizes the lease payment associated with these leases as a linear lease expense during the lease term.

The Group as lessor
At the beginning or when modifying a contract that contains a lease component, the Group assigns the consideration in the contract to each lease component based on their relative independent prices.

The Group classifies leases as financial or operational at the beginning of the lease, based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the Group. The Group classifies a lease as financial when all the risks and rewards incidental to ownership are transferred substantially, and operating when all the risks and rewards inherent to the property are not transferred substantially.

The Group recognizes the amounts owed by the lessees under financial leases as accounts receivable at the amount of the Group's net investment in the leases. Finance lease income is distributed over the accounting periods to reflect a regular rate of return constant on the Company's net pending investment to the leases.

Income from rentals under operating leases is recognized using the straight-line method during the term corresponding to the lease. Initial direct costs incurred in negotiating and agreeing to an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

Accounting policy applicable before January 1, 2019
The Group classifies leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The Group classifies a lease as financial when all the risks and rewards incidental to ownership are transferred substantially, and operating when all the risks and rewards inherent to the property are not transferred substantially.

As a lessee, the Group initially recognizes an asset acquired through a financial lease according to its nature in the consolidated statement of financial position, for the lower value between its fair value and the present value of the minimum payments to be paid for the lease, and recognizes a short or long term liability for the same amount. Subsequently, the asset is measured following the property, plant, and equipment policies (see property, plant and equipment policy), and the liability at amortized cost.

As a lessor, the Group recognizes the amounts owed by lessees under finance leases as accounts receivable at the value of the Group's net investment in the leases. Finance lease income is distributed over the accounting periods to reflect a regular rate of return constant on the Company's net pending investment for the leases.

Income from rentals under operating leases is recognized using the straight-line method during the term of the lease. Initial direct costs incurred in negotiating and agreeing to an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

16. 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 capitalization 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.

17. 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 product 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.

18. 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 obligation and it is discounted using a risk-free rate. The expense related to the provisions is presented in the comprehensive income 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 the Group, are not recognized in the Statement of Financial Position, but are disclosed as contingent liabilities.

The consolidated financial statements have been prepared on the basis of a going concern and as of December 31st, 2019 there are no material 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 IFRS 15 Revenue from Contracts with Customers whichever one is higher.

19. 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.

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 measures each unit separately to build up the final obligation. The Group deducts the total value of post-employment benefits obligation 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 comprehensive income statement in the statement section in the period in which they arise.

20. 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.

21. REVENUE
IFRS 15 requires the recognition of ordinary income when the transfer of goods or services promised to customers is made, for the amounts that reflect the consideration that the entity expects to receive in exchange for said goods or services, through the application of a Five-step approach: Step 1: Identify the contract (s) with the customer; Step 2: Identify the performance obligations within the contract; Step 3: Determine the transaction price; Step 4: allocate the transaction price to the performance obligations in the contract; and Step 5: Recognize revenue when (or as) the entity satisfies a performance

obligation by transferring to the customer control over promised goods and services. Performance obligations can be met at a point in time or over a period of time.

Sale of godos
In the sale of goods, a single performance obligation is established. The Group recognizes income when the obligation is satisfied, that is, when the control of the goods or services underlying the performance obligation has been transferred to the customer, at a point in time. IFRS 15 did not have any impact on the income and losses or profits of the Group.

Rendering of services
The Group provides some services that are sold on their own in contracts with customers or grouped together with the sale of goods to a customer. In both scenarios, revenues from service contracts are paid at one point in time.

IFRS 15 excludes in its scope the requirements for recognition of income from dividends and interest and operating leases, so the Group continues to apply the same accounting treatment.

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.

22. 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 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1 IFRS INCORPORATED IN COLOMBIA AND ADOPTED TO THE DATE OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1.1. STANDARDS ISSUED BY THE IASB AND INCORPORATED IN COLOMBIA AS OF JANUARY 1, 2018

Norms, modifications or interpretations of the standards issued by the IASB and mandatory in Colombia for the periods beginning on January 1st, 2018:

IFRS 9: FINANCIAL INSTRUMENTS
IFRS 9 Financial Instruments introduced new requirements for the classification and measurement of financial assets in stages and replaced IAS 39 Financial Instruments: recognition and measurement for annual periods beginning on or after January 1, 2018. In the first stages of revision of IAS 39, the requirements for the classification and measurement of financial liabilities and for derecognition of financial instruments were modified. The Accounting and Financial Information Standards Accepted in Colombia -NCIF- adopted these requirements for the classification and measurement of financial instruments since January 1st, 2015, through Law 1314 of 2009, regulated by Decree 2420 of 2015, amended on December 23, 2015 by Regulatory Decree 2496, and on December 22, 2016 by Regulatory Decree 2131, so both requirements were adopted by the Group prior to its first financial statements under IFRS.

Subsequently, new requirements were included to account for accounting hedges, determine the impairment of financial assets using the expected credit loss model and limited modifications were made to the classification and measurement requirements introducing the fair value category with changes in equity for certain debt instruments. These requirements were applied by the Group in the manner described below:

APPLICATION OF THE EXPECTED CREDIT LOSS MODEL FOR THE IMPAIRMENT OF FINANCIAL ASSETS:
As of January 1st, 2018, the Group adopts the new impairment requirements of IFRS 9. The impairment model in accordance with IFRS 9 reflects expected credit losses, as opposed to credit losses incurred under the NIC 39. In the scope of the impairment in IFRS 9, it is no longer necessary that a credit event occurs before the credit losses are recognized.

Cementos Argos and its subsidiaries applied the new impairment requirements of IFRS 9 in its debt securities; trade accounts receivable and retroactive leases with the option of not restating the comparative information. The Group recognized as of January 1, 2018, the difference for the transition from IAS 39 to IFRS 9 directly in equity in retained earnings, presenting a net effect on equity attributable to the controlling interests of ($ 5,334) which includes the deferred tax accounting for ($ 2,072), and a net effect on the non-controlling interests of ($ 40). In the calculation of the expected credit losses under IFRS 9, Cementos Argos and its subsidiaries apply a simplified approach, which allows it not to track changes in credit risk, but recognize a provision for losses based on expected credit losses during the life of the asset at each reporting date, that is, recognizing the expected credit losses that result from possible events of default during the expected life of the financial instrument. In cases where there is objective evidence that a financial asset is impaired, the Group recognizes a provision for loss of individual impairment, and excludes the departure of the collective evaluation under the expected loss model.

The reconciliation of the final amount of impairment in accordance with IAS 39 with the value of the opening of impairment in accordance with IFRS 9 model, as detailed below:

	Impairment of value calculated in accordance with IAS 39: December 31st, 2017	Impairment of value calculated in accordance with IFRS 9: January 1st, 2018	Transition adjustment for the difference between impairment in accordance with IAS 39 and IFRS 9
Impairment of financial instruments:			
Trade accounts and other accounts receivable	(120,161)	(127,607)	(7,446)

ADOPTION OF HEDGE ACCOUNTING REQUIREMENTS UNDER IFRS 9

The general hedge accounting requirements of IFRS 9 maintain the three types of hedge accounting mechanisms included in IAS 39: cash flow, fair value and net investment abroad, the obligation to measure and recognize any ineffectiveness of the coverage/hedging in the result of the period and document the coverage/hedging at the beginning of it. However, IFRS 9 introduces changes in the performance of the effectiveness tests and includes a wider range of hedging instruments and risks to be covered.

IFRS 9 introduces the option to apply the hedge accounting guidelines of IFRS 9 or continue to apply the requirements of hedge accounting in IAS 39 and IFRIC 16 Hedges of a Net Investment in a Foreign Operation, provided that the policy is applied consistently to all its hedging relationships. Cementos Argos and its subsidiaries will continue to apply the hedge accounting requirements established by IAS 39, as permitted by IFRS 9, thus, there is no financial impact of transition.

ADOPTION OF 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.

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.

As of January 1st, 2018, the Group adopts IFRS 15. The transition to IFRS 15 did not have any financial impact on the results of operations and the consolidated financial situation.

3.1.2. STANDARDS ISSUED BY THE IASB AND INCORPORATED IN COLOMBIA AS OF JANUARY 1, 2019.

Norms, modifications or interpretations of the standards issued by the IASB and mandatory in Colombia for the periods beginning on January 1st, 2019 - Decree 2496 of 2015 and Decree 2170 of 2017, as of January 1st, 2019 the following rules came into force in the regulatory technical framework that contain some amendments issued by the IASB made during 2017, allowing their early application.

- 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.

ADOPTION OF IFRS 16 – LEASES

The Group applied IFRS 16 Leases from January 1, 2019. The Group applied the change in accounting policy using the modified retrospective approach, following the transitional provisions allowed in the standard, according to which the cumulative effect of the initial application of the standard is recognized directly in consolidated equity in consolidated accumulated earnings as of January 1, 2019. Consequently, the comparative information presented for 2018 was not restated and continues to be presented, as previously, according to IAS 17 and related interpretations. In addition, the general disclosure requirements in IFRS 16 have not been applied to comparative information. The choice of the option not to restate financial information available by the transitional provisions to implement IFRS 16, has no material effect on future periods. The detail of the change in accounting policy is disclosed below:

Definition of a lease

Previously, the Group determined at the beginning of the contract whether an agreement was or contained a lease following IFRIC 4 Determination of whether an agreement contains a lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease in IFRS 16.

In the transition to IFRS 16, the Group chose to apply the practical solution that allows not to reassess whether a contract is, or contains, a lease on the date of initial application. Instead, the standard enables IFRS 16 to be applied only to contracts previously identified as leases. Contracts that were not classified as leases under IAS 17 and IFRIC 4 were not re-evaluated to determine whether a lease exists under IFRS 16. Therefore, the definition of a lease under IFRSs applied only to contracts entered into or modified as of January 1, 2019.

The Group as lessee

As a lessee, the Group leases a significant number of assets, including real estate, production equipment, machinery, vehicles, concrete mixer trucks and equipment, and the river fleet. The Group, following previous accounting policies, classified the leases into operating or financial leases based on the evaluation of whether the Group significantly transferred all the risks and benefits associated with ownership of the underlying asset. Under the new guidelines in IFRS 16, the Group recognizes assets for the right of use in leases and liabilities for leases for most of these leases.

At initial recognition, the Group recognized a lease liability equivalent to the present value of the minimum payments of the lease pending payment discounted at the lessee's incremental loan rate on the date of transition, January 1, 2019, and an asset for an amount equal to the lease liability adjusted for any prepaid expense or liability payable recognized in the consolidated statement of financial position under IAS 17.

Cementos Argos and its subsidiaries chose to apply the following practical solutions available in IFRS 16:

- Not apply the recognition requirements, on the start date, in contracts with a lease term equal to or less than 12 months and without purchase option or in contracts whose underlying asset is of low value (i.e. assets whose new value is equal to or less than 3,500 dollars for the assets destined for the operation and 5,000 dollars for the assets for administrative use).
- Exclude the initial direct costs of measuring the asset by right of use on the initial date.
- Use reasoning in retrospect, if the contract contains expansion or termination options.
- Do not evaluate again if a contract is, or contains, a lease, and use analysis carried out under IAS 17 and IFRS 14.

At the date of transition to IFRS 16, the Group held leases classified as finance leases under IAS 17.

For these finance leases, the carrying amount of the right-of-use asset and the lease liability as of January 1, 2019 were determined by the carrying amount of the lease asset and liability under IAS 17 immediately before that date.

The group as lessor
Except for subleases, the Group as a lessor is not required to adjust its lease contracts for IFRS 16 transition. As of the transition date and reporting period, the Group does not sublease any assets.

Impact of applying ifrs 16 leases
In the transition to IFRS 16 on January 1, 2019, the Group recognized additional assets for the right of use in leases, including investment properties and other lease liabilities in its consolidated financial statements, accounting for the difference in consolidated retained earnings. The impact on the transition is summarized below:

	2019
Assets by right of use as of December 31, 2018, property, plant and equipment	
Right-of-use assets under lease (5.03% increase in assets) (1)	999,584
Financial lease assets reclassified as an increase in the right-of-use asset	120,669
Less, onerous contracts reclassified as a reduction of the right-of-use asset	(69,053)
Improvements in properties reclassified as an increase in the right-of-use asset	57,931
Prepaid expenses reclassified as an increase in the right-of-use asset	274
Assets by right of use in lease, property, plant and equipment as of January 1, 2019	**1,109,405**
Lease liabilities as of December 31, 2018, property, plant and equipment	
Lease liabilities (9.19% increase in liabilities) (1)	999,584
Financial lease liabilities reclassified as an increase in the lease liability	93,008
Assets by right of use in lease, property, plant and equipment as of January 1, 2019	**1,092,592**
Deferred tax asset recognized as a decrease in accumulated earnings	(3,177)
Intangibles and liabilities for favorable and unfavorable lease contracts, net	2,020
Onerous contracts recognized as an increase in accumulated earnings	12,666
Effect of transition to IFRS 16 on retained earnings, net	**11,509**
Controlling interest	11,373
Noncontrolling interest	136

(1) Compared to the annual figures reported as of December 31, 2018.

The adoption of IFRS 16 increased the operating income and financial expense, because lease expenses do not affect the utility of the period under the new guidelines.

Given the choice of not to restate the Group's comparative information for the first-time adoption of IFRS 16, it should be considered that:

- The value of property, plant and equipment as of December 31st, 2018, includes amounts for financial leases recognized under IAS 17 of $120,669, and improvements in thirty-party property of $ 57,931, which for the year 2019 are presented as assets for right of use.

- The value of current and non-current financial obligations as of December 31st, 2018, includes amounts for financial lease liabilities recognized under IAS 17 of $ 27,964 and $ 65,044, respectively, which for the year 2019 are presented as lease liabilities.
- The value of current and non-current provisions as of December 31st, 2018, includes amounts of $ 5,454 and $ 76,264 for onerous lease contracts, which for the year 2019 are presented as a lower value of the assets for right of use.
- The consolidated income statement as of December 31st, 2018 presents lease expenses of $268,172, of which $248,762 were included as cost of sale and $19,410 as administration and sale expenses. In this period there are no expenses or costs for depreciation of assets for right of use, nor interest expenses associated with lease liabilities that under IAS 17 were classified as operating leases.
- The consolidated income statement as of December 31st, 2019 presents depreciation of assets for rights of use of $170,246 of which $154,203 were included as cost of sale and $16,043 as administrative and selling expenses. In addition, interest expenses associated with lease liabilities of $51,277are included.

When measuring lease liabilities that were classified as operating leases, the Group discounted the lease payments using its incremental interest rate as of January 1, 2019. The weighted average rate applied to lease liabilities is 4.3%, for contracts in dollars, and 6.9% for contracts in Colombian pesos.

	January 1, 2019
Operating lease commitments as of December 31, 2018, as disclosed in IAS 17 in the Group's consolidated financial statements.	1,006,857
Operating lease commitments as of December 31, 2018, not included in the disclosure under IAS 17 in the Group's consolidated financial statements.	254,682
Total minimum lease payments on non-cancellable operating leases	**1,261,539**
Discount effect using the incremental interest rate as of January 1, 2019	(261,955)
(plus) financial lease liabilities reclassified as an increase in lease liability	93,008
Lease liabilities recognized as of January 1, 2019	**1,092,592**

The following table presents the cash flows of the lease liabilities with and without discount effect:

	Undiscounted cash flows from lease liabilities	Discounted cash flows from lease liabilities
One year or less	191,753	154,587
From 1 to 3 years	333,241	285,832
3 to 5 years	279,930	228,766
From 5 to 10 years	333,765	248,986
More than 10 years	122,850	81,413
Cash flows from lease liabilities for transition to IFRS 16	**1,261,539**	**999,584**
Plus, cash flows from financial lease liabilities as of December 31, 2018	113,816	93,008
Total lease liabilities	**1,375,355**	**1,092,592**
Current		260,691
Non-current		831,901
Total lease liabilities		**1,092,592**

3.2 VOLUNTARY CHANGE IN ACCOUNTING POLICIES RESTATEMENT FOR THE CHANGE IN THE ACCOUNTING POLICY OF SUBSEQUENT MEASUREMENT OF INVESTMENT PROPERTIES

As of December 31st, 2018, Cementos Argos and its subsidiaries have revised their accounting policy for the subsequent measurement of their investment properties after initial recognition, opting to measure them applying the fair value model. Previously, the subsequent measurement of these assets was made using the cost model, accounting for investment properties after its initial recognition at cost, less accumulated depreciation and impairment losses.

This decision is made considering that the fair value model reflects more accurately the financial situation of the Company and is aligned with the policy of subsequent measurement of the investment properties used by the parent company Grupo Argos S.A. Additionally, the market where these assets are located provides observable market data from which reliable estimates of fair value can be obtained.

Cementos Argos and its subsidiaries retroactively applied the change in the accounting policy of the subsequent measurement of the investment properties of the cost model to the fair value model, recording as of January 1, 2017, the cumulative effect of the change in the accounting policy directly in the equity, in retained earnings, presented a net effect on equity attributable to the controlling interests of $9,615 which includes deferred tax accounting for $980, and a net effect on non-controlling interests of $34.

The financial impacts of the change in the accounting policy of investment properties are indicated below:

	January 1st, 2017	2017	2018
Consolidated Statement of Comprehensive Income			
Consolidated net income, owners of the parent company	(120,161)	(127,607)	(7,446)
Consolidated Statement of Financial Position:			
Total assets	10,629	11,972	60,983
Total liabilities	980	1,142	700
Total equity	9,649	10,830	60,283

3.3. STANDARDS ISSUED BY THE IASB NOT YET INCORPORATED IN THE REPORTED PERIODS.

The following standards have been issued by the IASB, have been incorporated by decree in Colombia and are expected to be implemented on January 1st, 2020:

- **IFRIC 23 - Uncertainties over Income Tax Treatments**, clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty regarding the treatment of income tax. In this circumstance, an entity recognizes and measures its asset or liability for deferred or current taxes by applying the requirements of IAS 12 on the basis of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this interpretation. Entry into force in Colombia in January 2020. The Group continues to evaluate the possible impacts of the transition to IFRIC 23, however, at the end of the period, no significant financial impacts have been determined that could affect the operating results and the consolidated statement of financial position.

The following standards have been issued by the IASB but have not yet been incorporated by decree in Colombia:

- **Modifications to IFRS 9 - Financial Instruments**, prepayment with negative compensation characteristics, amends the existing requirements in IFRS 9 with respect to the termination rights of a contract, to allow measurement at amortized cost even in the case of negative compensation payments. Additionally, they include a clarification regarding the accounting for an amendment or exchange of a financial liability measured at amortized cost that does not result in derecognition of the financial liability. Effective since January 2019.
- **IFRS 17 - Insurance Contracts**, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. Its objective is to ensure that an entity provides relevant information that faithfully represents insurance contracts. This information provides a basis for users of financial statements to evaluate the effect that insurance contracts have on the financial position, financial performance and cash flows of the entity. Effective since January 2021.
- **IAS 1 - Presentation of Financial Statements,** the information is material if the omission, deviation or concealment thereof may reasonably be expected to influence the decisions that the primary users of the general-purpose financial statements make about those financial statements, which provide financial information about a specific reporting entity. Effective since January 2020.
- **IAS 19 - Employee Benefits**, modification, reduction or liquidation of the plan. Effective since January 2019.

- **IFRS 3 – Definition of a Business,** the amendments are found in Appendix A Terms defined, the application guide and the illustrative examples of IFRS 3 only, which:

  - Clarifies that, to be considered a business, an acquired set of activities and assets must include, as a minimum, a contribution and a substantive process where these contribute significantly to the ability to create products.
  - Restricts the definitions of a business and products by focusing on the goods and services provided to customers and eliminating the reference to the ability to reduce costs.
  - Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
  - Eliminates the evaluation of whether market participants are able to replace any missing input or process and continue to produce products; and
  - Adds an optional concentration test that allows for a simplified assessment of whether an acquired set of activities and assets is not a business. Effective since January 2020.

- Conceptual framework 2018 – General amendment, it contains definitions of concepts related to:

  - Measurement: including the factors considered when selecting measurement bases.
  - Presentation and disclosure: including when classifying an income or expense in other comprehensive income.
  - Non-recognition: includes guidance on when the assets or liabilities should be removed from the financial statements.

Additionally, it updates the definitions of assets and liabilities and the criteria to include them in the financial statements and clarifies the meaning of some concepts. Effective since January 2020.

From the aforementioned standards, amendments or interpretations, the Group will evaluate its impact once its application in Colombia is approved.

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.

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.

HEDGE ACCOUNTING

The Administration uses their judgment to determine whether a hedging relationship meets the requirements of IAS 39 Financial 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. Refer to Note 2, presentation base and significant accounting policies, in financial instruments, for more information on the application of IAS 39 to financial derivatives.

DETERMINATION OF THE TERM OF THE LEASE OF CONTRACTS WITH RENEWAL OPTIONS AND LEASES WHOSE TERM IS AUTOMATICALLY EXTENDED AT THE END OF THE ORIGINAL TERM

The Group determines the term of the lease as the non-cancellable period of a lease, together with any period covered by an option to extend the lease if it is reasonably certain that it is exercised, or any period covered by an option to terminate the contract, if it is reasonably sure of not being exercised.

Under some leases, it is possible to lease the assets for additional terms. The Group applies its judgment when evaluating whether it is reasonably certain to exercise the option to renew. That is, consider all the relevant factors that create an economic incentive for renewal to be exercised. After the start date, the Group reassesses the term of the lease if there is an event or significant change in the circumstances that are under its control and affect its ability to exercise (or not exercise) the option to renew.

Additionally, the Group enters into lease agreements that are automatically renewed at the end of the original lease term for another term of the same duration, or month to month, without any action by the Group or the lessor.

The Group also enters into lease agreements whose term is automatically extended at the end of each year or on the original termination date for another full period. The Group estimates the term of the lease for these contracts based on the existence of economic incentives, past experience, the expectation of use of the asset and the intention to continue with the lease, without prejudice to the fact that the lessor may exercise his legal rights and end the lease. This judgment has a significant impact on the consolidated financial statements.

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.

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 demographic assumptions including but not limited to discount rate, inflation indexes, expectation of salary increase, life expectancy 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 operates 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.

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 financial 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.

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

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.

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 prof-its in future periods to offset it.

FAIR VALUE OF INVESTMENT PROPERTY

Independent experts with recognized professional skills and experience in the valuation of real estate determine the fair value of investment properties. They use their judgment to select the appropriate valuation method for the asset being measured, considering the three approaches allowed by IFRS 13: market approach, cost approach and income approach, and maximize the use of observable variables. The assumptions are consistent with the market conditions on the measurement date and the information that the market participants would consider in estimating the price of the property.

The Administration considers that the valuation models selected, and the assumptions used are appropriate in determining the fair value of the real estate. However, the limitations of the valuation models and the parameters required by these models may result in the estimated fair value of an asset not exactly matching the price at which the asset or liability might be delivered or settled on its measurement date.

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.

NOTE 5: CASH AND CASH EQUIVALENTS

For purposes of the consolidated cash flow statement, cash and cash equivalents include cash and banks. Cash and cash equivalents at the end of the period reported in the consolidated statement of cash flow and in the consolidated statement of financial position is:

	2019	2018
Cash and banks	353,211	640,837
Cash and cash equivalents restricted or not available for use value	1,619	168

On May 29th, 2019, Zona Franca Argos S.A.S, a Group subsidiary constitutes a trust as cash and restricted cash equivalents. This operation has the purpose of administering the money destined to the contracting of the supervisor of the works for the investment that is carried out with a view to the expansion of the private port of the company in the city of Cartagena, this is given in compliance with the obligations of the contract of concession signed by the National Infrastructure Agency (ANI).

As of December 31st, 2018, the Group maintains balances of cash and cash equivalent restricted of $168 by agreements concluded with the Administrative Department of Science, Technology and Innovation (Colciencias), which establish that the contribution of resources and scheduled disbursements have restricted destination in order to attend the activities described in the conclusion of specific contracts.

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 on ordinary and preferred shares issued by Cementos Argos S.A. declared not paid $82,333 (2018: $77,570), which correspond to ordinary shares $ 69,676 (2018: $ 65,645) and $12,656 (2018: $11,925) of preferred shares.

- On September 28th, 2018, Cementos Argos S.A. transferred its contractual position and participation in an Administrative Mercantile Trust named “Fideicomiso Gaseosas Lux” to Constructora Capital Medellín S.A.S. in consideration of $46,000. A down payment of $11,500 was paid in cash on the date the contract was executed and the remaining balance of $34,500 to be paid in three equal installments of $11,500 in March and September of 2019 and March 2020, without any financing interest charge.

NOTE 6: FINANCIAL DERIVATIVE INSTRUMENTS

	2019	2018
Current	355	1,528
Non-current	3,675	618
Derivative financial assets designated as financial instruments under cash flow hedges	**4,030**	**2,146**
Current	16,310	277
Non-current	48,719	22.973
Derivative financial liabilities designated as financial instruments under cash flow hedges	**65,029**	**23,250**
Net short position in financial derivatives	**(60,999)**	**(21,104)**

Financial derivatives in effect at December 31st, 2019 and 2018 are:

Swap and forward operations:

					Underlying value | SWAP amount		Fair value	
Type of swap	Underlying	Underlying rate (1)	Rate	Maturity	2019	2018	2019	2018
Interest rate	Club Deal ITAU	Libor 3m + 1.85%	4.92%	Oct 24, 23	USD 300.000	USD 300.000	(48,719)	(22,665)
Interest rate	Davivienda loan	Libor 6m + 2.25%	3.79%	Aug 21, 26	USD 60.000	-	3,675	-
Interest rate	Bilateral Loan ING	Libor 3m + 1.50%	4.13%	Mar 12, 20	USD 50.000	USD 100.000	(289)	309
Currency	EKF loan	Libor 6m + 0.1%	1.38%	Jun 26, 19	-	USD 7.648	-	201
Fair value of swap operations							**(45,333)**	**(22,155)**

Type of forward	Underlying	Underlying value (1)	Forward rate	Maturity	2019	2018
Purchase	Financial obligations	USD 30,166	3,485	Feb 20, 20	(6,083)	-
Purchase	Financial obligations	USD 20,117	3,409	Jan 22, 20	(2,614)	-
Purchase	Financial obligations	USD 10,055	3,525	Feb 26, 20	(2,410)	-
Purchase	Financial obligations	USD 15,488	3,434	May 28, 20	(2,057)	-
Purchase	Financial obligations	USD 10,056	3,455	Feb 11, 20	(1,743)	-
Purchase	Financial obligations	USD 8,019	3,396	Jan 9, 20	(945)	-
Purchase	Financial obligations	USD 12,161	3,250	Jan 21, 20	355	-
Purchase	Financial obligations	USD 21,123	3,297	Mar 25, 20	(169)	-
Purchase	Financial obligations	USD 10,078	3,201	Mar 6, 19	-	579
Purchase	Financial obligations	USD 8,644	3,207	Feb 14, 19	-	424
Purchase	Financial obligations	USD 5,529	3,197	Feb 14, 19	-	325
Purchase	Financial obligations	USD 10,000	3,272	Feb 26, 19	-	(141)
Purchase	Financial obligations	USD 5,145	3,271	Feb 26, 19	-	(71)
Purchase	Financial obligations	USD 5,000	3,271	Feb 26, 19	-	(65)
Fair value of forward operations					**(15,666)**	**1,051**
Fair value of swap and forward operations					**(60,999)**	**(21,104)**

(1) The value of the underlying is rounded to the nearest unit of thousand.

NOTE 7: OTHER FINANCIAL ASSETS

	2019	2018
Financial assets measured at fair value with change in the results	6,137	11,498
Financial assets measured at fair value with change in other comprehensive results (Note 26)	976,493	925,955
Financial assets measured at amortized cost	-	80
	982,630	**937,533**
Current	-	3,210
Non-current	982,630	934,323
	982,630	**937,533**

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. The current investment is measured at fair value on a monthly basis. Note 26.2.1 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

	2019	2018
Trade receivables	994,637	963,722
Other receivables	266,224	284,199
Provision for expected credit losses and provision for doubtful accounts	(84,413)	(91,463)
	1,176,447	**1,156,458**
Current	1,028,622	989,716
No-current	147,825	166,742
	1,176,447	**1,156,458**
Average age (days)	36	42

The following is a detail of the movement of the provision for expected credit losses of commercial accounts receivable and other accounts receivable as of December 31st:

	2019	2018
Movements in the allowance for expected credit losses and for doubtful accounts receivables		
Starting balance	**(91,463)**	**(120,161)**
Cumulative effect of the transition to the expected credit loss model of IFRS 9	-	(7,446)
Impairment losses recognized for accounts receivable	(17,160)	(12,264)
Write-off for amounts considered irrecoverable [(1)]	31,121	62,186
Recovered amounts during the year	-	102
Reversed impairment losses	3,982	11,676
Result of foreign currency conversions	(6,387)	(25,549)
Other changes	(4,506)	(7)
Year-end balance	**(84,413)**	**(91,463)**

(1)The contractual amounts of financial assets written off during the reporting period that are still subject to enforcement activities are $ 1,887 (2018: $4,354).

For each range of days of payment default of the portfolio, the following table presents the value of trade accounts receivable and other accounts receivable subject to credit risk before recognizing any impairment loss; the values of the expected losses determined individually and collectively, the value of accounts receivable after considering the expected impairment, at the end of the reporting period, and the percentage of expected credit loss determined, using the transition matrix methodology according to the theory of Markov chains.

2019	Expected credit loss rate	Gross accounts receivable	Allowance for expected credit losses	Net accounts receivable
Explanation of the allowance for expected credit losses				
Non-expired	0.03%	685,037	(193)	684,844
Between 0 and 30 days	0.15%	160,902	(244)	160,658
Between 31 and 60 days	0.52%	55,779	(288)	55,491
Between 61 and 90 days	1.11%	20,865	(232)	20,633
Between 91 and 120 days	3.38%	16,222	(548)	15,674
Between 121 and 150 days	1.50%	29,608	(444)	29,164
Between 151 and 180 days	1.00%	16,991	(171)	16,820
Between 181 and 360 days	50.51%	53,924	(27,236)	26,688
More than a year	24.85%	221,532	(55,057)	166,475
Total allowance for expected credit losses		**1,260,860**	**(84,413)**	**1,176,447**

2018	Expected credit loss rate	Gross accounts receivable	Allowance for expected credit losses	Net accounts receivable
Explanation of the allowance for expected credit losses				
Non-expired	0.29%	446,173	(1,296)	444,877
Between 0 and 30 days	0.40%	181,148	(732)	180,416
Between 31 and 60 days	13.11%	58,010	(7,606)	50,404
Between 61 and 90 days	1.49%	78,514	(1,173)	77,341
Between 91 and 120 days	5.07%	29,813	(1,512)	28,301
Between 121 and 150 days	11.15%	21,271	(2,372)	18,899
Between 151 and 180 days	2.26%	25,574	(578)	24,996
Between 181 and 360 days	15.90%	32,236	(5,124)	27,112
More than a year	18.94%	375,182	(71,070)	304,112
Total allowance for expected credit losses		**1,247,921**	**(91,463)**	**1,156,458**

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, in addition, collectively grouping the portfolio by ranges of days in default and applying to these values the default percentages using the transition matrices methodology according to the Markov chain theory. 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. The concentration of credit risk is limited because the customer base is long and independent.

NOTE 9: INCOME TAX

Applicable tax provisions provide that the nominal income tax rates for 2019 and 2018, applicable to Cementos Argos S.A. 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	2019	2018	Country	2019	2018
Antigua	25%	25%	Honduras	30%	30%
Colombia (1)	33%	33%	British Virgin Islands	0%	0%
Colombia Free Trade Zone (2)	15%	15%	Panama	25%	25%
Curacao	27.50%	27.50%	Dominican Republic	27%	27%
Dominica	25%	30%	Saint Maarten	34.5%	30%
USA (3)	24.35%	21%	Saint Thomas	35%	35%
French Guiana	31%	33.33%	Surinam	36%	36%
Haiti	31%	31%	Puerto Rico	37.5%	39%

(1) In 2019 and 2018, the applicable income tax rate in Colombia is 33%; in 2018, a surcharge of 4% (2017: 6%) was added which corresponds to the income tax surcharge for equity purposes (CREE), which was applied prospectively as follows: 2017: 6%, 2018: 4%, and 2019: 0%.

(2) A special tax regime exists for free trade zones; whose benefits include an income tax rate of 15% in lieu of the normal 33% income tax rate.

(3) The Federal Income Tax rate is 21% in the United States to 2019 and 2018 according the "Tax Cuts and Jobs Act" of December 22nd, 2017, which reduces federal income tax rates from an existing maximum rate of 35% to 21%, to fiscal years that include or begin on January 1st, 2018. Also, in the United States, the individual States apply state income taxes, which ranges between 3% and 7%, depending on the state. The state of Texas has a unique rate of 1%, called the "Texas Margin Tax".

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 28th, 2018, the National Government issued Law 1943, the Financing Law; whereby, significant changes were introduced in the tax area, effective as of January 1st, 2019. However, the unconstitutionality of this Law, whose effects were fixed as of January 1st,2020, gave rise to a new tax reform, similar to the previous one, called the "Ley de Crecimiento Económico", therein replacing the Financing Law.

Some of the main modifications to the Colombian tax regime are:

- The general rate of income tax and the basis for liquidating presumptive income is progressively reduced as follows:

Year	General rate	Basis to settle presumptive income
2019	33%	1.5%
2020	32%	0.5%
2021	31%	0%
2022 onwards	30%	0%

(1) Law 2010 of 2019 modified the reduction of the percentage of presumptive income for 2020. The rate is 0.5% for 2020, in accordance with Law 1943, as amended reducing the rate from 1.5%.

- The deduction of all taxes, levies, and contributions, effectively paid during the year or taxable period that has a causal relationship with the economic activity is allowed. Likewise, as in 2019, 50% of the Industry and Commerce and the "avisos y tableros" taxes paid may be taken as a credit against income. The total value of the taxes mentioned above may be taken as a credit against income taxes, starting in 2022.
- The time limit of four (4) years is eliminated for the use of the tax discount for taxes paid abroad.
- Regarding taxes on dividends, the following modifications were introduced:

1. The withholding rate on non-taxed dividends - decreed for the benefit of companies and foreign entities, non-resident natural persons, and permanent establishments - was increased to 10%.
2. The table, applicable to untaxed dividends – decreed for the benefit of natural persons resident in the country, illiquid successions of causative residents of the country – was modified to provide for a marginal tax rate of 10% for dividends exceeding 300 UVT.
3. The tax of taxable dividends is calculated by applying to the taxable dividends the income tax rate of the year in which dividends are declared. The rates applicable are 33% for 2019, 32% for 2020, 31% for 2021, and 30% for 2022 and following. For any surplus, applying the rate applicable to the untaxed dividend depending on the type of the beneficiary (if it is a resident natural person or an illiquid succession of causative resident, a table will be applied, for any other case the 7.5% rate, will be applied).
4. The regime of withholding on dividends decreed for the first time to national companies continues, which will be transferable to the final resident natural person beneficiary or resident foreign investor, with the 7.5% rate.
5. Decreed dividends of profits of years 2016 and prior years will retain the previous tax treatment, and the dividends to be decreed from 2020 of profits of years 2017, 2018, and 2019, will be taxed according to the rates in Law 2010.

- The audit benefit is established for taxable years 2019 and 2020 for taxpayers that increase their net income tax with respect to the immediately previous year, as follows:

Tax Increase	Deadline subject to review
30%	6 months
20%	12 months

- The VAT paid on the acquisition, construction, training and importation of real productive fixed assets, as well as the services to put the assets in use, is deductible from the income tax in the year of payment, or in any subsequent taxable period, even if assets are acquired through leasing.

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 2010 of 2019
Given the non-eligibility of Law 1943 as of January 1, 2020, National Government issued on December 27, 2019 the Law 2010 or "Ley de Crecimiento Económico", through which it includes the dispositions in favor contained in Law 1943 of 2018 and that were considered essential for economic growth and competitiveness in the country; is also introduces some changes. The most relevant aspects are the following:

- The taxable year 2019 has an income tax rate of 33%. The tax rates determined in Law 1943 of 2018 are maintained: for the year 2020 32%, 2021 31%, and 30% to 2022 and following.
- To calculate the income tax under the presumptive income system, the "Ley de Crecimiento Económico" continues gradually dismantling the 0.5% rate for the year 2020, and 0% from the year 2021 and following years.
- 100% of taxes, rates, and contributions paid in the taxable year – which relates to income generation activity (except income tax) - continue as a deductible. 50% of the tax on financial movements (GMF by its acronym in Spanish) will be deductible, regardless of whether it has a causal relationship with the income-generating activity.
- 50% of the Industry and Commerce Tax may be treated as a tax discount on the income tax in the taxable year in which it is paid if it has a causal relationship with the income-generating activity. For 2022 and the following years it can be discounted 100%
- The term to amend a tax return for taxpayers that increase or decrease the value of a balance in favor is modified to 3 years, unifying it with the general term of the firmness of the declarations. Previously, the term to amend was two years, same as the term that the taxpayer had to modify his tax returns as voluntarily.
- The audit benefit corresponding to income tax declarations to the taxable years 2020 and 2021, is extended to 6 moths (if the increase in the income tax is 30%) or to 12 months (if the increase in the income tax is 20%), as provided for Law 1943 of 2018 to declaration of the taxable years 2019 and 2020. Dispositions in Law 1943 of 2018 regarding audit benefit will have effects for taxpayers who have the Audit Benefit for the taxable year 2019.

Law 1819 of 2016

- For 2017, income tax will be settled at a rate of 34% and for the following years at 33% plus a surcharge to the income tax, as follows:

Year	General rate	Surcharge
2017	34%	Taxable Base minus 800 million * 6%
2018	33%	Taxable Base minus 800 million * 4%
2019 onwards	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 2019, the basis to determine the income tax cannot be lower than 1,5% 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 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.
- 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 2018, 2017 and 2016 are subject to revision and approval by tax authorities.

Law 1739 of 2014
Tax on Wealth

The Group was not subject to the payment of wealth tax for the years 2019 and 2018. The Group settled the tax on wealth for an amount of $18,871 in 2017, 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:

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%

UNITED STATES OF AMERICA

In the US, the federal tax rate is 21%. Similarly, there is a state tax rate, which varies by state in a range from 3% to 7%. The state of Texas has a unique 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.

On December 22nd, 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 1st, 2018.

The following are the key provisions of the Tax Reform:

- Beginning January 1st, 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 1st, 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 31st, 2017 will be limited to 80% of taxable income but will have an unlimited carryforward period. Net operating losses generated prior to January 1st, 2018 are still subject to the existing rules when generated which are carryback 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 31st, 2018, the net operating losses (NOLs) of the subsidiaries in the United States are USD 490 million (2018: USD 689 million).
- 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 as of December 31st, 2017. 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 was USD 26.4 million tax expense.

PANAMA

The applicable rate on income taxes is 25% (2018: 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 20th 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 (2019 $132 million of Colombian pesos, 2018 $133 million of Colombian pesos) starting with the fiscal period of 2014.

Under the provisions of Decree No. 32, the companies availed themselves of the amnesty benefit consisting of the tax and customs regularization of settlement or final stamp of the fiscal periods 2012, 2013, 2014, 2015, 2016, and 2017 (the prescribed years before 2012 are also regularized). The declarations open to inspection are the 2018 and 2019 periods.

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 2019. The managers of the companies consider that no additional significant obligations will occur as a result of any eventual revisions.

9.1. INCOME TAX RECOGNIZED IN PROFIT AND LOSS

	2019	2018
Current tax		
Regarding the year in progress and previous year	143,061	172,495
	143,061	**172,495**
Deferred tax		
Origin and reversal of temporary differences	5,148	(50,855)
Changes to tax laws and rates	(1,894)	1,389
	3,254	**(49,466)**
Total current and deferred tax expense	**146,315**	**123,029**

Below is the detailed conciliation of the effective rate applicable to Cementos Argos and its subsidiary companies:

	2019	2018
Profits before income taxes	**342,823**	**414,463**
Current tax expenses at the legal rates applicable	**113,131**	**153,836**
Non-deductible expenses	52,665	157,928
Untaxed income	(109,659)	(133,782)
Sale of untaxed investment	(8,534)	-
Effects of changes in tax laws and enacted tax rates	(1,894)	1,389
Utilization of previously unrecognized tax losses or presumptive income surpluses	(9,331)	(28,851)
Others, net	109,937	(27,491)
Income tax expense at the effective tax rate	**146,315**	**123,029**

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:

- Deferred tax assets arising from indirect tax credits from the distribution of dividends of USD 90 million from the subsidiary Argos SEM, LLC.
- Untaxed income accounted through the equity method posted in Cementos Argos separate financial statements as the controlling entity.
- Tax benefits associated with a greater participation of the subsidiary Zona Franca Argos S.A.S in operational activities.
- Benefits in the consolidated profits from recognizing deferred tax assets for unused tax losses.
- Untaxed dividends received by Cementos Argos S.A. from Colombian subsidiaries.
- Non-deductible expenses treated as non-temporary differences.
- In 2018, the income tax was settled by the presumptive income system by Cementos Argos S.A. The presumptive income system has base in the fiscal net assets of the previous year, but in 2019 the determination of the current income tax is prepared using the ordinary liquid income system. The variation of the deferred tax expense is originated mainly in the generation of the deferred tax asset, which corresponds to the excesses of presumptive income and the fiscal losses generated during 2017 and 2018 years. Taxes paid abroad originate a new deferred tax asset during 2019.
- No deductibility of goodwill in the disposal of assets in the United States region

9.2. INCOME TAX RECOGNIZED DIRECTLY IN EQUITY AND OTHER COMPREHENSIVE INCOME

	2019	2018
New measurements for defined benefit plans	4,399	19,096
Cash flow hedging	9,925	3,239
Foreign currency translation differences	(240)	(1,001)
Equity investments measured at fair value	218	(961)
Income tax recognized directly in other comprehensive income, global	**14,302**	**20,373**
Income tax recognized directly in other comprehensive income, owners of the parent company	13,550	19,470

9.3. ASSETS AND LIABILITIES OF CURRENT TAX AND DEFERRED TAX BALANCES

	2019	2018
Current tax asset	288,822	277,171
Current tax liability	81,149	126,115
Current tax asset, net	**207,673**	**151,056**
Deferred tax asset	420,368	355,775
Deferred tax liability	323,497	268,287
Deferred tax asset, net	**96,871**	**87,488**
Current tax asset	288,822	277,171
Other tax assets, different than current tax asset	35,534	33,363
Total tax asset and other tax assets	**324,356**	**310,534**
Current tax liability	81,149	126,115
Other tax liability, different than current tax liability	134,843	142,092
Total tax liability and other tax liability	**215,992**	**268,207**

The movements of the net deferred tax liability for Cementos Argos and its subsidiaries for the period ended December 31st, 2019 and 2018 is as follows:

		Recognized in:					
	Opening balance	Profit and los	Other comprehensive income	Equity	Effect of Exchange Rate Differences	Other Changes	Closing balance
DEFERRED TAX 2019							
Other Current Assets	12,779	5,503	-	-	102	-	18,384
Other Equity Investments	(11,025)	(942)	(21)	-	(4)	-	(11,992)
Property, Plant and Equipment	(660,120)	(29,195)	-	-	(3,536)	-	(692,851)
Intangible Assets	(174,553)	23,872	-	-	69	-	(150,612)
Other Non-Current Assets	16,997	98,840	9,862	(3,177)	(199)	(2,692)	119,631
Provisions	25,412	(6,229)	-	-	161	-	19,344
Employee Benefits	65,955	(14,887)	4,399	-	105	-	55,572
Financial Liabilities	(16,243)	69,172	62	-	79	-	53,070
Leases	3,186	116	-	-	33	-	3,335
Other Liabilities	31,388	(85,691)	-	-	192	-	(54,111)
Unused Tax Credits	101,461	54,403	-	-	(31)	-	155,833
Unused Tax Losses	607,167	(106,897)	-	-	4,541	2,692	507,503
Unused Presumptive Income Surpluses	85,084	(11,319)	-	-	-	-	73,765
Total deferred tax asset, net	**87,488**	**(3,254)**	**14,302**	**(3,177)**	**1,512**	**-**	**96,871**

	Opening balance	Recognized in: Profit and los	Other comprehensive income	Equity	Effect of Exchange Rate Differences	Other Changes	Closing balance
DEFERRED TAX 2018							
Other Current Assets	44,060	(32,911)	-	745	885	-	12,779
Other Equity Investments	12,190	(27,184)	4,315	-	(346)	-	(11,025)
Property, Plant and Equipment	(709,041)	81,583	-	-	(32,662)	-	(660,120)
Intangible Assets	73,358	(236,681)	-	-	(11,230)	-	(174,553)
Other Non-Current Assets	(78,629)	92,725	-	1,327	1,574	-	16,997
Provisions	23,489	435	-	-	1,488	-	25,412
Employee Benefits	41,558	15,760	6,574	-	2,063	-	65,955
Financial Liabilities	(4,346)	(12,492)	(1)	-	596	-	(16,243)
Financial Leases	(1,722)	4,590	-	-	318	-	3,186
Other Liabilities	51,323	(19,788)	-	-	(147)	-	31,388
Unused Tax Credits	104,972	(3,365)	-	-	(146)	-	101,461
Unused Tax Losses	405,855	157,543	-	-	43,769	-	607,167
Unused Presumptive Income Surpluses	55,834	29,250	-	-	-	-	85,084
Total deferred tax asset, net	**18,901**	**49,465**	**10,888**	**2,072**	**6,162**	**-**	**87,488**

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:

	2014	2015	2016	2017	2018	2019
Balance of operating losses	824,683	1,248,306	1,186,928	1,348,218	2,239,608	1,605,182
Expirating of operating losses	2032	2033	2034	2035	Does not expire (1)	Does not expire (1)

(1) Net operative losses generated in 2018 and subsequent years do not expire, however, their use is limited to 80% of the taxable income for subsequent years.

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:

	Unused tax credits and losses		Surplus presumptive income on ordinary liquid income		Total tax benefits with Deferred tax Asset non-recognized	
	2019	2018	2019	2018	2019	2018
More than one year and up to five years	48,212	23,872	4,103	-	52,315	23,872
More than five years	90,381	71,104	-	-	90,381	71,104
No time limit	508	513	145	145	653	658
Total unused tax benefits	**139,101**	**95,489**	**4,248**	**145**	**143,349**	**95,634**

9.5. IMPACT ON INCOME TAX FOR PROPOSED OR DECLARED DIVIDENDS BEFORE THE FINANCIAL STATEMENTS WERE AUTHORIZED AND IMPACTO OF PAYMENT OF POTENTIAL DIVIDENDS TO SHAREHOLDERS ON INCOME TAX

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.

The Group has no potential consequences in the tax return in the event of paying of dividends to its shareholders.

9.6. 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

	2019	2018
Finished products	144,117	138,871
Products in process	150,209	119,480
Raw materials and direct materials	275,763	260,730
Materials, spare parts and accessories	243,296	250,660
Inventory in transit	33,836	24,877
Goods not manufactured by the company	28,710	32,999
Others	19,749	12,025
Advances for the acquisition of inventory	3,862	11,775
Inventories	**899,542**	**851,417**

The cost of inventories recognized as cost of merchandise sold during the period regarding continuing operations in the consol-idated income statement corresponds to $7,754,408 (2018: $6,852,288). The value of the decreased inventories to the net realizable value net corresponds to $22,078 (2018: $8,042) with a reversal of the reduction in value of $305 (2018: $0).

As of December 31st, 2019, 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

	2019	2018
Biological assets, non-current		
Book value at January 1st	21,257	21,199
(Losses) gains arising from changes in fair value less costs to sell	(619)	58
Book value at December 31st	**20,638**	**21,257**

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 weight-ed average cost capital which was estimated at 8.65% in 2019 (2018: 9.86%). The price of sale and the quantity were determinate using the experience and forestry studies, and the estimation of the cost and expenses are observable entry data no significant in the measurement.

The Group's biological assets are made up of plantations, as follows:

	2019	2018
Plantations (hectares planted = ha)	1,172	1,172

As of December 31st, 2019, 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 2019	Shareholding ratio and voting power 2018
Omya Andina S.A. (1)	Joint Venture	Colombia	Production of non-metallic minerals	-	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	Curacao	Cement commercialization	50.00	50.00
Granulados Reciclados de Colombia Greco S. A.S.	Joint Venture	Colombia	Sanitary services	41.91	40.00
Summa S.A.S.	Associate	Colombia	Business Services	25.00	25.00

(1) In compliance with the divestment plan for non-operating assets, in June 2019 the Group, through its subsidiaries Cementos Argos S.A., Concretos Argos S.A.S. and C.I del Mar Caribe S.A.S. sold to the company OMYA AG 6,345,445 shares worth $ 62,681, corresponding to all the shares owned in the joint venture OMYA Andina S.A. and equivalent to 50% participation. The carrying amount of the derecognized investment is $ 44,157, obtaining an income from disposition of investments of $ 18,523 and an increase in current tax expense of $ 5,017. presented in the lines of other income and operational expenses and income tax of the consolidated income statement. The Group made transfers from other comprehensive income to accumulated earnings of $ 4,652. The entire sale was received in cash in the same period.

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. INVESTMENT 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:

Financial information of associates and joint Ventures of the Group	Omya Andina S. A.		Trans Atlantic Shipmanagement Ltd.		MMC Cement Division C. V		Investments in associates and joint ventures not significant individually	
	2019	2018	2019	2018	2019	2018	2019	2018
Current assets	-	42,227	12,976	7,709	3,930	3,052	56,514	24,460
Non-current assets	-	141,858	105,988	125,245	9,592	10,352	145,431	130,450
Current liabilities	-	23,590	11,447	11,414	3,469	3,996	139,079	115,194
Non-current liabilities	-	73,056	70,603	77,287	-	-	14,720	814
Ordinary income	-	100,247	37,714	37,137	13,697	12,229	43,675	28,577
Continuing operations	-	4,270	(20,040)	(11,380)	565	(1,084)	(7,068)	(16,924)
Other comprehensive income	-	4,518	-	-	-	-	-	-
Total comprehensive income	-	8,788	(20,040)	(11,380)	565	(1,084)	(7,068)	(16,924)

Financial information of significant associates and joint Ventures of the Group						
	Omya Andina S. A.		Trans Atlantic Shipmanagement Ltd.		MMC Cement Division C. V	
	2019	2018	2019	2018	2019	2018
Cash and cash equivalents	-	8,024	2,748	2,643	1,210	100
Current financial liabilities	-	3,098	4,908	3,341	-	-
Non-current financial liabilities	-	70,530	70,603	77,287	-	-
Depreciation	-	6,963	9,913	9,251	849	754
Interest income	-	104	1	-	-	-
Interest costs	-	5,517	6,117	6,275	-	-
Income tax	-	898	-	-	-	-

The conciliation of the summarized financial information with the books value of associates and joint ventures in the consolidated financial statements is as follows:

The conciliation of the summarized financial information with the books value of associates and joint ventures								
	Omya Andina S. A.		Trans Atlantic Shipmanagement Ltd.		MMC Cement Division C. V		Investments in associates and joint ventures not significant individually	
	2019	2018	2019	2018	2019	2018	2019	2018
Net assets of the investee	-	87,439	36,914	44,253	10,052	9,408	48,146	38,902
Participation in the investee	-	50.00%	50.00%	50.00%	50.00%	50.00%	25%-50%	25%-50%
Book value of investees	**-**	**43,720**	**18,457**	**22,127**	**5,026**	**4,704**	**23,932**	**19,075**
Total book value of all associates and joint ventures				**47,415**	**89,626**		**47.415**	**89.626**

In the reported periods, investments in associates and joint ventures did not have unrecognized losses from the current or previous period, nor did they declare dividends.

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: SUBSIDIARIAS

13.1. GROUP COMPOSITION

The following are the companies included in the consolidated financial statements of Cementos Argos S.A.:

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 industry; 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.

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.

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 GUYANE 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 elab-oration, 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.

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. In November 2019, Cementos del Sur S.A. and Concretos Argos Honduras, S.A., which were its consolidated by Argos Honduras S.A. de C.V. were absorbed by it.

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, and Southern Star Leasing LLC.

ARGOS PANAMA 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 Concreto S.A., and Terminal Granelera Bahia Las Minas S.A. In November 2019, the subsidiary Grava S.A.was absorbed by Argos Panamá 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 Ameri-can 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 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. In february 2018, Argos Puerto Rico, LLC was absorbed by Argos San Juan Corp. (now Argos Puerto Rico Corp.); the first one, a maritime cement terminal, was been acquired on April 30th, 2015, and it was engaged in the receipt, storage, sale and distribution of cement. This company is consolidated with Argos Trading Puerto Rico LLC, whose activity is the export of cement and related products.

ARGOS SEM, LLC.
Incorporated on March 21st, 2014 in Panama City (in December 2018, it changed its registered office from Panama to Delaware, United States), 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, as permitted by the laws of the respective state or jurisdiction. In May 2018, International Cement Company S.A. was absorbed by Argos SEM S.A. (now Argos SEM, LLC), the first one was incorporated under the laws of Panama on November 24th, 1997; its corporate purpose was 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.

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.

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 Cementos Argos Company.

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).

LOGISTICA 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.

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. In June 2018, the merger of the subsidiaries Marítima de Graneles S.A. and Transatlantic Cement Carriers Inc. was perfected, with the first one being absorbed by the second. Marítima de Graneles S.A. was incorporated under Panamanian laws on December 29th, 1978; its corporate purpose was maritime transport, particularly that of cement and clinker, and buying and selling these same products, and chartering and provisioning ships.

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. Its headquarters are located in the British Virgin Islands. 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 du-ration. 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	Type	Location	Core Business	2019	2018
Agregados Argos S.A.S.	A	Colombia	Extraction, production and commercialization of aggregates	52.00	52.00
American Cement Terminals LLC.	P	USA	Investments	100.00	100.00
American Cement Terminals Trust (BVI)	P	Virgin Islands	Investments	100.00	100.00
Argos (Dominica) Ltd.	A	Dominica	Cement distribution	100.00	100.00
Argos Dominicana S.A.	A	Dominican Republic	Production and commercialization of cement	79.18	79.18
Argos Guyane S.A.S.	A	French Guiana	Production and commercialization of cement	100.00	100.00
Argos Honduras S.A. de C.V.	A	Honduras	Production and commercialization of cement	53.29	53.29
Argos Panamá, S.A.	A	Panama	Industry and commercialization of cement and concrete	78.44	78.44
Argos North America Corp.	A	USA	Investments	99.08	99.08
Argos Ports (Houston) LLC.	P	USA	Distribution and sale of cement	-	99.08
Argos Ports (Savannah) LLC.	P	USA	Distribution and sale of cement	-	99.08
Argos Ports (Wilmington) LLC.	P	USA	Distribution and sale of cement	100.00	100.00
Argos Puerto Rico, Corp	P	Puerto Rico	Distribution and sale of cement	60.00	60.00
Argos SEM, LLC	P	USA	Investments	100.00	100.00
Argos St. Maarten N.V.	A	St. Maarten	Cement distribution	100.00	100.00
Argos Trading Puerto Rico LLC	P	Puerto Rico	Export	60.00	60.00
Argos USA LLC.	P	USA	Distribution and sale of cement	99.08	99.08
Argos USVI Corp.	A	Virgin Islands	Cement distribution	100.00	100.00
Canteras de Colombia	A	Colombia	Aggregate extraction	-	99.48
Cement and Mining Engineering Inc.	A	Panama	Investments	100.00	100.00
Cementos Argos Company Limited	A	Antigua	Distribution of cement	100.00	100.00
Cementos de Caldas S.A.	A	Colombia	Production of cement	99.64	99.64
Central Aggregates LLC	P	USA	Production of aggregates	-	99.08
CI del Mar Caribe (BVI) Inc.	A	Virgin Islands	Commercialization	99.97	99.97
Cimenterie Nationale S.E.M. (CINA)	A	Haiti	Industry and commercialization of cement	65.00	65.00
Colcaribe Holdings, S.A.	A	Panama	Investments	100.00	100.00
Comercial Arvenco, C.A.	A	Venezuela	Commercialization	100.00	100.00
Concreto S.A.	A	Panama	Manufacture ready-mix concrete	78.44	78.44
Concretos Argos S.A.	A	Colombia	Production and commercialization of concrete	99.45	99.44
Concretos Argos Dominicanos, S. R. L.	A	Dominican Republic	Industry and commercialization of concrete	79.39	79.39
Concretos Argos Honduras, S.A.	A	Honduras	Commercialization of concrete	-	55.28
Corporaciones e Inversiones del Mar Caribe S.A.S.	A	Colombia	Investments	100.00	100.00
Cementos del Sur S.A.	A	Honduras	Production and commercialization of cement	-	54.01
Grava S.A.	A	Panama	Extraction of stone and sand	-	78.44
Haiti Cement Holding, S.A.	A	Panama	Investments	100.00	100.00
Inmuebles Miraflores S.A.	A	Panama	Property management	100.00	100.00
Logística de Transporte S.A.	A	Colombia	Transport	99.99	99.97
Southern Star Leasing, LLC	P	USA	Concrete industry	99.08	99.08
Surcol Houdstermaatschapij N.V.	A	Surinam	Investments	50.00	50.00
Terminal Granelera Bahía Las Minas S.A.	A	Panama	Operation of seaports	78.44	78.44
Transatlantic Cement Carriers, Inc.	A	Panama	Maritime transport	100.00	100.00
Valle Cement Investments Limited	A	Virgin Islands	Investments	91.81	91.81
Venezuela Ports Company, S.A.	A	Panama	Investments	100.00	100.00
Vensur N.V.	A	Surinam	Production and commercialization of cement	42.10	42.10
Wetvan Overseas Ltd.	A	Virgin Islands	Investments	60.00	60.00
Zona Franca Argos S.A.S.	A	Colombia	Cement industry	100.00	100.00

P = Participations; S = Shares; I = Installments; T = Trust

	Colombia		Caribbean and Central America		USA	
	2019	2018	2019	2018	2019	2018
Number of wholly owned subsidiaries	2	2	13	13	3	3

Number of partially owned subsidiaries	4	5	14	17	3	6

Details of partially owned subsidiaries in which the Group has material non-controlling interests are disclosed in note 13.2.

In 2019 and 2018 the following movements were recorded for the subsidiary companies:

- In December 2019 Concretos Argos S.A.S. sold 1,206,058 shares of Logística de Transporte S.A. to Cementos Argos S.A., at a price per share of COP $2,402. With this transaction there was a change in ownership of 5.10357% in Logística de Transporte S.A. between the companies Concretos Argos S.A.S. and Cementos Argos S.A.
- In November 2019, Cementos del Sur S.A. and Concretos Argos Honduras, S.A. were merged into Argos Honduras S.A. de C.V. This transaction has no impact on the consolidated financial statements.
- In November 2019, Grava S.A. was merged into Argos Panamá S.A. This transaction has no impact on the consolidated financial statements.
- In August 2019, Canteras de Colombia S.A.S. was merger into Concretos Argos S.A.S. With this transaction, the stockholders of the merged company received 4.75 shares of Concretos Argos S.A.S. for each share of Canteras de Colombia S.A.S. held; therein, Concretos Argos S.A.S. issued 156,488 shares in order to comply with this merger. This operation changed the effective participation percentage in Concretos Argos S.A.S. from 99.44% to 99.45%, impacting in turn, the effective participation percentage in the companies which Concretos Argos S.A.S. has participation.
- In January 2019, Central Aggregates LLC was disolved. In February 2019, it was liquidated and its account balances were transferred into Argos North America Corp., which had 100% participation in Central Aggregates LLC.
- In February 2019, the effective participation percentage in Concretos Argos S.A. was increased from 99.43703% to 99.43746%, due to the purchase by Cementos Argos S.A. of the inheritance rights that a minority interest shareholder held in Concretos Argos S.A. The transaction was agreed to in the amount of $ 80 million COP as consideration for the transfer of 40 shares, representing 0.00043% participation in Concretos Argos S.A.
- In January 2019, Argos Ports (Houston) LLC. and Argos Ports (Savannah) LLC were merged into Argos USA LLC. This transaction has no impact on the consolidated financial statements.
- In December 2018, the subsidiary Argos SEM S.A. changed its name to Argos SEM, LLC., and changed its registered office from Panama to Delaware, United States.
- In November 2018, the subsidiary Transportes Elman Ltda., was liquidated and its net assets were distributed to the owners.
- In September 2018, Cementos Argos S.A. assigned to Constructora Capital Medellín S.A.S. all of the fiduciary rights in the trust called "Gaseosas Lux", subsidiary of the Group, for $ 46,000 as consideration. The payment method for the transfer of the fiduciary rights was $ 11,500 in cash on the date of signing the contract and $ 34,500 payable in three equal installments of $ 11,500 in March and September 2019 and March 2020 without an agreed interest rate adjusted for a significant financing component of $ 2,349. The trust administers a property located in the city of Medellín, Colombia, for a carrying value of $ 52,560. The transaction of assignment of fiduciary rights generated a loss for disposal of investments in subsidiaries of $ 8,909, and an increase in current tax expense in $ 324 and a decrease in deferred tax of $ 205, presented in the lines of other income and operational expenses and income tax on the consolidated income statement.
- In July 2018, Argos Puerto Rico Corp. (formerly known as Argos San Juan, Corp.) constitutes the company Argos Trading Puerto Rico LLC, whose activity is the export of cement and related products.
- In July 2018, the participation of Cement and Mining Engineering Inc., a subsidiary of the Group, in Cementos de Caldas S.A., increased by 59.57%. With this transaction and the existing interest of 40.07% of Cementos Argos S.A., the Group holds 99.64% of its total shareholding structure.
- In June 2018, the merger of the subsidiaries Marítima de Graneles S.A. and Transatlantic Cement Carriers Inc. was perfected, with the first one being absorbed by the second. This transaction has no impact on the consolidated financial statements.
- In May 2018, the merger of the International Cement Company S.A. subsidiaries and Argos SEM S.A. (now Argos SEM, LLC) was perfected, with the first one being absorbed by the second. This transaction has no impact on the consolidated financial statements.
- In March 2018, Cementos Argos S.A. through its subsidiary Colcaribe Holdings, S.A., purchased from the company Hallstatt Trading Inc. all the shares of Inmuebles Miraflores S.A., a company through which real estate is maintained. The company Inmuebles Miraflores S.A. it does not comply with the definition of business established in IFRS 3, since no processes applied to real estate were acquired, lacking one of the two essential elements of the business definition according to the standard.
- In February 2018, the merger of the companies Argos Puerto Rico, LLC and Argos San Juan Corp. (now Argos Puerto Rico Corp.) was perfected, with the first one being absorbed by the second. This transaction has no impact on the

consolidated financial statements.

- In January 2018, the investment of Argos SEM S.A. (now Argos SEM, LLC) in Argos Honduras S.A. of C.V. it is modified by USD 4,376.89, increasing its participation by 0.004%, due to the purchase of 826 shares of non-controlling interests.

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	
		2019	2018	2019	2018	2019	2018
Argos Honduras S.A. de C.V. and subsidiaries	Honduras	46.7%	46.7%	52,603	74,502	563,194	578,182
Argos Panamá, S. A. and subsidiaries	Panama	21.6%	21.6%	15,078	26,119	96,745	110,443
Argos Puerto Rico, Corp.	Puerto Rico	40.0%	40.0%	(8,965)	9,806	58,065	56,054
Argos Dominicana S.A. and subsidiaries	Rep. Dom.	20.8%	20.8%	4,917	3,521	15,645	15,663
Valle Cement Investments Limited	Virgin Islands	8.2%	8.2%	821	2,342	26,565	25,388
Argos USA LLC.	USA	0.9%	0.9%	2,662	1,539	61,590	58,306
				67,116	**117,829**	**821,804**	**844,036**
Immaterial subsidiaries individually with non-controlling interests				7,510	(4,958)	(7,055)	(13,385)
TOTAL ACCUMULATED NON-CONTROLLING INTERESTS				**74,626**	**112,871**	**814,749**	**830,651**

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:

2019	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary Revenue	Net profits	Other Compre-hensive Income	Total Compre-hensive Income
Argos Dominicana S.A. and subsidiaries	83,701	60,203	59,683	9,085	203,947	23,615	(3,163)	20,453
Argos Honduras S. A. de C.V.	800,452	589,241	85,505	98,503	422,622	112,613	(12,578)	100,035
Argos Panamá, S.A. and subsidiaries	188,390	546,051	250,674	13,605	419,218	69,936	(2,330)	67,605
Argos Puerto Rico Corp.	93,310	173,848	69,656	47,017	178,204	(18,358)	2,522	(15,837)
Argos USA LLC.	2,487,701	7,547,300	2,483,239	899,293	5,287,635	195,589	56,591	252,180
Valle Cement Investments Limited	1,474,683	486,795	1,218,802	-	-	22,031	4,395	26,426

2018	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary Revenue	Net profits	Other Compre-hensive Income	Total Compre-hensive Income
Argos Dominicana S.A. and subsidiaries	67,346	48,984	41,108	-	160,280	16,909	4,331	21,241
Argos Honduras S. A. de C.V.	816,717	599,421	104,177	74,599	486,805	159,496	64,996	224,492
Argos Panamá, S.A. and subsidiaries	184,528	542,461	187,257	6,036	487,142	121,152	38,761	159,913
Argos Puerto Rico Corp.	90,869	154,456	74,665	29,259	165,918	25,664	15,254	40,918
Argos USA LLC.	2,179,881	7,660,482	1,521,695	1,929,314	4,419,150	172,793	524,586	697,379
Valle Cement Investments Limited	173,277	1,729,766	1,187,377	-	-	38,939	56,571	95,510

13.3. CHANGE IN THE GROUP'S OWNERSHIP INTEREST IN A SUBSIDIARY

In August 2019, Canteras de Colombia S.A.S. was merger into Concretos Argos S.A.S. With this transaction, the stockholders of the merged company received 4.75 shares of Concretos Argos S.A.S. for each share of Canteras de Colombia S.A.S. held; therein, Concretos Argos S.A.S. issued 156,488 shares in order to comply with this merger. This operation changed the effective participation percentage in Concretos Argos S.A.S. from 99.44% to 99.45%, impacting in turn, the effective participation percentage in the companies which Concretos Argos S.A.S. has participation.

There is not value recognized in equity from sales of non-controlling interests without loss of control during 2019 and 2018.

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, 2019, and 2018 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 AT COST, ACCUMULATED DEPRECIATION AND IMPAIRMENT OF INTANGIBLE ASSETS

	Opening Balance	Additions	Impairment losses	Amortization	Effect of Exchange Rate Differences	Loss on sales and retirement of assets	Other changes	Closing Balance
2019								
Brands with indefinite useful lives	115,389	-	-	-	-	-	-	115,389
Brands, client lists and related items	1,050,206	-	-	-	2,033	-	(572)	1,051,667
Concessions, franchises and rights	462,751	-	-	-	737	-	(10,337)	453,151
Patents, licenses and software	249,736	620	-	-	382	(20,789)	3,070	233,019
Intangible assets in progress	22,001	2,004	-	-	-	-	(22,135)	1,870
Other intangible assets	-	-	-	-	-	-	26,405	26,405
Historical cost	**1,900,083**	**2,624**	**-**	**-**	**3,152**	**(20,789)**	**(3,569)**	**1,881,501**
Brands, client lists and related items	559,677	-	-	44,005	(1,224)	-	23,972	626,430
Concessions, franchises and rights	211,968	-	-	22,976	295	-	(2,937)	232,302
Patents, licenses and software	173,597	-	-	29,903	307	(20,434)	(9)	183,364
Other intangible assets	-	-		24,107	3,310	-	(21,026)	6,391
Depreciation and impairment	**945,242**	**-**	**-**	**120,991**	**2,688**	**(20,434)**	**-**	**1,048,487**
Net intangible Assets	**954,841**	**2,624**	**-**	**(120,991)**	**464**	**(355)**	**(3,569)**	**833,014**
2018								
Brands with indefinite useful lives	115,389	-	-	-	-	-	-	115,389
Brands, client lists and related items	980,897	-	-	-	69,496	-	(187)	1,050,206
Concessions, franchises and rights	450,036	-	-	-	10,447	(341)	2,609	462,751
Patents, licenses and software	240,430	1,321	-	-	4,115	(3,714)	7,584	249,736
Intangible assets in progress	12,967	16,005	-	-	-	-	(6,971)	22,001
Historical cost	**1,799,719**	**17,326**	**-**	**-**	**84,058**	**(4,055)**	**3,035**	**1,900,083**
Brands, client lists and related items	463,817	-	-	54,744	41,102	-	14	559,677
Concessions, franchises and rights	169,424	-	4,340	34,350	4,348	-	(494)	211,968
Patents, licenses and software	129,515	-	-	40,950	3,421	(289)	-	173,597
Depreciation and impairment	**762,756**	**-**	**4,340**	**130,044**	**48,871**	**(289)**	**(480)**	**945,242**
Net intangible Assets	**1,036,963**	**17,326**	**(4,340)**	**(130,044)**	**35,187**	**(3,766)**	**3,515**	**954,841**

As of December 31st, 2019, there is no impairment of intangible assets. As of December 31st, 2018, an impairment in the line of concessions, franchises and rights takes place. Refer to note 17.3. Impairment of Other Assets, detailing the value and causes of its recognition.

As of December 31st, 2019, and 2018, 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	Lineal
List of clients and intangibles related to clients	Finite: Between 5 and 15	Lineal
Rights	Finite: Between 4 and 35	Lineal
Concessions, franchises and licenses	Finite: Between 4 and 75	Lineal
Licenses, patents and software	Finite: Between 2 and 10	Lineal
Other intangibles assets	Finite: Between 4 y 16	Lineal

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 $4,226 (2018: $5,624). As of December 31st, 2019, and 2018 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 net book value and the remaining period of amortization for other significant intangible assets is:

Intangible	Remaining Amortization Period	2019	2018
Client list	9 years	272,429	303,827
Argos brand	Indefinite	115,389	115,389
Software license generated internally	1 years	22,090	39,892

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

2019	Opening Balance	Additions and depreciation	Impairment Losses	Classified as Held for Sale	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Transfers from (to) investment properties	Loss of Control of business	Other Changes	Closing Balance
Land	1,367,898	190	-	-	4,240	(3,335)	(6,249)	(28,113)	4,736	1,339,367
Constructions in progress, equipment in assembly and in transit	856,864	511,992	-	-	(522)	(206)	-	-	(565,367)	802,761
Construction and buildings	2,119,611	1,547	-	-	9,260	(17,337)	115	(46,828)	10,638	2,077,006
Production equipment and machinery	7,391,144	36,350	-	411	26,116	(50,271)	-	(58,028)	278,579	7,624,301
Furniture, computers and communications equipment	235,080	1,206	-	-	118	(15,191)	-	(659)	5,891	226,445
Mines, quarries and deposits	2,195,164	11,463	-	-	17,103	-	-	-	4,423	2,228,153
Land transport equipment	1,097,005	4,090	(19,137)	-	7,026	(94,549)	-	(85,218)	119,165	1,028,382
River fleet	1,964	-	-	-	2	-	-	-	-	1,966
Aqueduct, plants, networks and communication channels	306,709	-	-	-	996	(8,909)	-	(4,543)	5,163	299,416
Other assets	62,850	-	-	-	(69)	(2,094)	-	-	(60,687)	-
Advances given to third parties	29,412	6,187	-	-	29	-	-	-	(33,825)	1,803
Historical cost	**15,663,701**	**573,025**	**(19,137)**	**411**	**64,299**	**(191,892)**	**(6,134)**	**(223,389)**	**(231,284)**	**15,629,600**
Construction and buildings	753,346	85,608	-	-	2,637	(8,215)	-	(33,189)	(2,420)	797,767
Production equipment and machinery	2,378,879	386,895	-	-	2,564	(35,104)	-	(35,212)	(39,938)	2,658,084
Furniture, computers and communications equipment	154,961	21,585	-	-	(170)	(15,024)	-	(470)	(24)	160,858
Mines, quarries and deposits	141,813	35,745	-	-	353	-	-	-	(5,349)	172,562
Land transport equipment	682,721	76,385	(16,811)	-	4,328	(87,980)	-	(60,307)	(4,565)	593,771
River fleet	377	172	-	-	-	-	-	-	-	549
Aqueduct, plants, networks and communication channels	101,322	18,962	-	-	270	(8,374)	-	(2,097)	(19)	110,064
Other assets	12,190	1,628	-	-	(43)	(2,094)	-	-	(11,681)	-
Depreciation and impairment	**4,225,609**	**626,980**	**(16,811)**	**-**	**9,939**	**(156,791)**	**-**	**(131,275)**	**(63,996)**	**4,493,655**
Net Property, Plant and Equipment	**11,438,092**	**(53,955)**	**(2,326)**	**411**	**54,360**	**(35,101)**	**(6,134)**	**(92,114)**	**(167,288)**	**11,135,945**

(1) It includes the reclassification at January 1st, 2019 of the assets received in financial leasing of property, plant and equipment to assets by right of use in lease for the adoption of IFRS 16 Leases.

2018	Opening Balance	Additions and depreciation	Classified as Held for Sale	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Loss of Control of business	Other Changes	Closing Balance
Land	1,390,258	945	1,219	42,732	(6,359)	(62,993)	2,096	1,367,898
Constructions in progress, equipment in assembly and in transit	711,744	461,907	-	6,243	210	-	(323,240)	856,864
Construction and buildings	1,990,240	3,573	-	126,279	(29,898)	(6,626)	36,043	2,119,611
Production equipment and machinery	6,906,415	15,935	(380)	367,750	(77,744)	(21,873)	201,041	7,391,144
Furniture, computers and communications equipment	220,560	3,074	-	11,445	(1,917)	(597)	2,515	235,080
Mines, quarries and deposits	2,011,596	4,505	-	167,232	-	-	11,831	2,195,164
Land transport equipment	1,010,197	2,563	283	73,107	(44,472)	(20,122)	75,449	1,097,005
River fleet	4,098	-	-	(2)	(2,670)	-	538	1,964
Aqueduct, plants, networks and communication channels	284,604	20	-	16,317	(8,165)	(4,678)	18,611	306,709
Other assets	59,321	-	-	427	(1,970)	(359)	5,431	62,850
Advances given to third parties	72,192	12,193	-	444	-	-	(55,417)	29,412
Historical cost	**14,661,225**	**504,715**	**1,122**	**811,974**	**(172,985)**	**(117,248)**	**(25,102)**	**15,663,701**
Construction and buildings	646,316	82,567	-	47,580	(17,387)	(2,028)	(3,702)	753,346
Production equipment and machinery	1,958,783	355,055	-	105,152	(35,278)	(9,373)	4,540	2,378,879
Furniture, computers and communications equipment	129,977	21,175	-	7,263	(764)	(312)	(2,378)	154,961
Mines, quarries and deposits	124,801	13,711	-	3,929	-	-	(628)	141,813
Land transport equipment	601,337	84,286	254	47,125	(38,866)	(11,424)	9	682,721
River fleet	2,937	135	-	(25)	(2,670)	-	-	377
Aqueduct and communication channels	82,885	15,646	-	6,193	(2,348)	(1,045)	(9)	101,322
Other assets	8,436	5,726	-	93	(1,970)	(172)	77	12,190
Total depreciation and impairment	**3,555,472**	**578,301**	**254**	**217,310**	**(99,283)**	**(24,354)**	**(2,091)**	**4,225,609**
Property, plant and equipment	**11,105,753**	**(73,586)**	**868**	**594,664**	**(73,702)**	**(92,894)**	**(23,011)**	**11,438,092**

Construction in progress includes capitalization of borrowing costs for a value of $13,977 (2018: $6,062), the average rate used to determine the amount of borrowing costs was 7.66% (2018: 7.14%) which is the effective interest rate specific to generic loans. As of December 31st of 2019 and 2018, they have not been affected as collateral for the fulfillment of property, plant and equipment obligations.

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.

At the beginning of the reporting period, Cementos Argos S.A. evaluated the intention to use the assets of its plants located in Cartagena, Nare, Rio Claro, Sogamoso, Toluviejo, and Yumbo, and increased their useful lives. The change in estimates implied a decrease in depreciation of property, plant, and equipment by $ 6,947 in the current period and by $ 15,997 for the next twelve months.

15.2. SALE OF CONCRETE PLANTS IN ALABAMA, GEORGIA AND FLORIDA

In December 2019, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold 28 ready-mix concrete production plants and one retail location in Arkansas, Virginia, Carolina del Sur y Georgia, including equipment, buildings, land and inventory to Smyrna Ready Mix Concrete, LLC. for USD 95 million. The sale price of the assets, less the carrying values of the assets sold, generated an accounting profit for disposition of $ 76,603 (USD 23,33 million), an increase on the current tax of $27,742 (USD 8,4 million) and deferred tax of $13,380 (USD 4,07 million), recognized in the consolidated statement of income. The divested plants were part of several acquisitions, including RMCC in 2006, Lafarge in 2011, and Vulcan Material Company in 2014. The disposed assets comply with the business definition established in IFRS 3.

15.3. SALE OF POWER SELF-GENERATING ASSETS IN COLOMBIA

On March 16th 2018, Cementos Argos S.A. signed a contract for the sale of three power self-generation assets in Colombia that supply its Nare and Cairo plants in Antioquia and Sogamoso in Boyacá, with the Luz y Fuerza Colombia S.A.S Group, a Central American leading energy producer, for USD $57.5. The contract does not impose any condition with regard to the transfer of the self-generation assets.

On March 31st 2018, Cementos Argos S.A. transferred two of the three power self-generation assets of the contract that supply its Nare Plants in Antioquia and Sogamoso in Boyacá, to the Luz y Fuerza Colombia S.A.S Group for $127,902 (USD $45.9). Prior to the date of the transaction, the Group received an advance payment of $2,850 (USD $1) and the remaining amount was payed in April and May 2018. The agreement included the land and coal thermal self-generation assets that supply Sogamoso Plant, the land and water self-generation assets that supply Nare Plant and some complementary assets from both plants for its operation with a book value of $49,263. The sale transaction generated a profit on the disposal of assets of $78,586 and an increase in the current tax expense by $4,293 and deferred tax by $4,268, presented in the other operational income and expenses and income tax lines in the consolidated statement of earnings.

On December 14th, 2018, Cementos Argos S.A. makes a transfer of the third plant located in Cairo for a value of $ 36,829 (USD 11.6). The assets had a carrying value of $ 8,244. The sale transaction generated a profit by disposal of assets of $ 28,585 and a deferred tax expense of $ 1,914 and an occasional (current) gain tax of 2,323.

The transaction included the signing of contracts for the supply of energy with terms between 5 and 20 years, which establish that the Luz y Fuerza Group will supply Cementos Argos with energy for the cement production in Sogamoso and Nare Plants.

Self-generation assets that supply Cairo Plant have been transferred on December 2018

This divestment of assets is part of the resources efficient allocation program that will enable the company to achieve greater financial flexibility, maximize the return on capital employed and to make progress in targeting on the core businesses of the company. The self-generation assets sale transaction is a disposal of a group of assets that do not constitute a business, according to the 3 Business Combinations IFRS definition.

Refer to note 34 other operating income, net, for the gain on disposal of the power self-generation assets.

15.4. ASSIGNMENT OF FIDUCIARY RIGHTS IN THE BUSINESS ADMINISTRATION TRUST CALLED "LUX GAS TRUST"

On September 28th, 2018, Cementos Argos S.A., granted Constructora Capital Medellín SA its contractual position and participation in the trust called "Gaseosas Lux", subsidiary of the Group, for $ 46,000 as consideration. The payment method for assignment of fiduciary rights was $ 11,500 in cash on the date of signature of the contract and $ 34,500 payable in three equal installments of $ 11,500 in March and September 2019 and March 2020 without a fee of agreed interest, adjusted for a significant financing component of $ 2,349. The trust administers a property located in the Municipality of Medellín, Colombia for an accounting value of $ 52,560. The transaction of transfer of fiduciary rights generated a profit for the disposal of investments in subsidiaries of $ 8,909 and an increase in the current fiscal expense in $ 324 and a deferred tax of $ 205, presented in the lines of other income and operating expenses. income taxes from the consolidated income statement.

This divestment of assets is part of the resources efficient allocation program that will enable the company to achieve greater financial flexibility, maximize the return on capital employed and to make progress in targeting on the core businesses of the company.

15.5. SALE OF CONCRETE PLANTS IN ALABAMA, GEORGIA AND FLORIDA

In December 2018, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold 19 ready-mix concrete production plants in Alabama, Georgia and Florida including equipment, buildings and inventory to Smyrna Ready Mix Concrete LLC for USD 31 million. The sale price of the assets, less the carrying values of the assets delivered, generated an accounting profit per business provision of $ 38,091 (USD 12.88), recognized in the consolidated statement of income. The plants located in Georgia, Alabama and Florida were part of the acquisition of assets from Larfarge and Vulcan Material Company in 2011 and 2014. The disposed assets comply with the business definition established in IFRS 3.

NOTE 16: INVESTMENT PROPERTY

16.1. CONCILIATION OF INVESTMENT PROPERTY

	2019	2018
Fair value of investment properties at January 1st	**191,903**	**126,832**
Additions	-	242
Effect of exchange rate differences	515	5,415
Transfers from investment properties	(23,104)	981
Disposals and Write-Offs	(725)	(363)
Net gains for fair value adjustments	37,132	58,796
Other changes	(351)	-
Fair value of investment properties at December 31st	**205,370**	**191,903**

The fair value of investment properties is determined by the appraisal company Activos e Inventarios Ltda. The appraisal company used the comparative market and/or residual approach methodology to estimate the fair value. Refer to note 3 adoption of new and revised International Financial Reporting Standards (IFRS) and changes in voluntary accounting policies, for information on the change in accounting policy for subsequent measurement of investment properties.

Rental income from investment properties during the period amounted to $932 (2018: $697). Direct expenses related to investment properties were $1,545 (2018: $353), these expenses are related to properties that did not generate rental income. As of December 31st, 2019 and 2018, 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	747,510	1,425,225	2,172,735
Accumulated impairment	-	(465,707)	(465,707)
Goodwill at January 1st, 2018	**747,510**	**959,518**	**1,707,028**
Disposal of business (1)	-	(8,235)	(8,235)
Effect of exchange rate differences	45,054	84,634	129,688
Goodwill at December 31st, 2018	**792,564**	**1,035,917**	**1,828,481**
Gross value	792,564	1,543,100	2,335,664
Accumulated impairment		(507,183)	(507,183)
Goodwill at January 1, 2019	**792,564**	**1,035,917**	**1,828,481**
Disposal of business (2)		(117,847)	(117,847)
Effect of exchange rate differences	(1,286)	8,950	7,664
Goodwill at December 31st, 2019	**791,278**	**927,020**	**1,718,298**
Gross value	791,278	1,438,477	2,229,755
Accumulated impairment		(511,457)	(511,457)
Goodwill at December 31st, 2019	**791,278**	**927,020**	**1,718,298**
Intangible assets other than goodwill with indefinite useful lives 2019			115,389
Intangible assets other than goodwill with indefinite useful lives 2018			115,389

(1) In December 2018, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold 19 ready-mix concrete production plants in Alabama, Georgia and Florida including equipment, buildings and inventory to Smyrna Ready Mix Concrete LLC for USD 31 million. The sale price of the assets, less the carrying values of the assets delivered, generated an accounting profit per business provision of $ 38,091 (USD 12.88), recognized in the consolidated statement of income. The plants located in Georgia, Alabama and Florida were part of the acquisition of assets from Larfarge and Vulcan Material Company in 2011 and 2014. The disposed assets comply with the business definition established in IFRS 3.

The goodwill attributable to the disposal of ready mix plants in the Southeast USA was USD 2.78 million. This value was determined by calculating the fair value percentage of the fair value of the assets included on the transaction compared to the total fair value of the company Argos USA LLC. The fair value of the company was determined by an independent appraisal firm using a revenue approach, which involves discounting estimated future cash flows. The sale price agreed upon for the assets that were sold was determined as the best estimate of the fair value for these businesses. The value of the goodwill before the sale was multiplied by the percentage of the fair value calculated to determine the goodwill attributable to the business sold.

(2) In December 2019, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold 28 ready-mix concrete production plants and one retail location in Arkansas, Virginia, Carolina del Sur y Georgia, including equipment, buildings, land and inventory to Smyrna Ready Mix Concrete, LLC. for USD 95 million. The sale price of the assets, less the carrying values of the assets sold, generated an accounting profit for disposition of $ 76,603 (USD 23,33 million), an increase on the current tax of $27,742 (USD8,4 million) and deferred tax of $13,380 (USD4,07 million), recognized in the consolidated statement of income. The divested plants were part of several acquisitions, including RMCC in 2006, Lafarge in 2011, and Vulcan Material Company in 2014. The disposed assets comply with the business definition established in IFRS 3.

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.

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 intangible assets with a finite useful life.

17.2. IMPAIRMENT OF GOODWILL

Goodwill and intangible assets with indefinite useful lives are not subject to amortization, the Group reviews the existence of impairment 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:

Supuesto clave	Descripción
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	
	2019	2018	2019	2018
Caribbean and Central America	7.71% - 10.57%	8.22% - 11.40%	2.5%	2.0%
United States	11%	11%	2.5%	2.5%

17.3. IMPAIRMENT OF OTHER ASSETS

IAS 36 – Impairment of Assets requires that at the end of the reporting period the existence of indicators of impairment 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.

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 31st, 2018 and 2017.

In 2019, Argos USA LLC, a subsidiary of the Group, evaluated indicators of impairment of assets and identified 64 inactive mixer trucks, with no possibility of recovering their carrying amount. The Group reduced the value of these mixers to zero, recording an impairment loss of assets of $ 2,326 in the consolidated financial statements, in the line of impairment of non-current assets, in the USA segment. This loss was fully allocated to property, plant, and equipment.

In 2018, the mining security El Morro was canceled, which corresponds to the resource of calcareous sandstones and detrital limestone with low carbonate content, as an alternative supply to the cement production plants of the Caribbean and Sabanagrande, the latter without operation since 2016 as a result of the productive transformation process of the Colombian segment. The cancellation obeys, among other external indicators that prevent or hinder its exploitation, to high urban development and the report of archaeological vestiges in the area where the security is located, which repeatedly caused the denial of the Environmental License, implying a potential breach of the legal obligations of the security. The cancellation of El Morro mining concession implied the recognition of value impairment in the consolidated income statement of $ 4,340, in the Colombian segment, and it was assigned to the intangible assets line.

NOTE 18: NON-CURRENT ASSETS HELD FOR SALE

The Group has assets expected to be realized through a sale transaction instead of being maintained for continued use and for which a sale plan has been initiated. These assets have been classified as held for sale in accordance with IFRS 5. Assets are available for immediate sale and their sale is highly probable.

As of December 31st, 2019, y 2018, the Group has no discontinued operations classified as non-current assets held for sale or disposed of during the period. At December 31st, 2019 and 2018, the non-current assets held for sale comprised the following assets:

	2019	2018
Investment properties and other real estate (1)	31,590	-
Property, plant and equipment	346	748
Equity investments in financial instruments (2)	8	15,039
Total non-current assets held for sale	31,944	15,787

(1) On October 24th, 2019, and December 31st, a plan for the disposal of non-operating real estate for the amount of $ 29,238, was started. The assets are available for immediate sale. To date, some of these assets have already been disposed of.

(2) On September 28th, 2018, the sale plan for the alienation of 2,308,930 shares held by the Group in the company Cartón de Colombia S.A., and 3,503 shares

of Compañía de Empaques Bates S.A. was initiated.

The shares of Cartón de Colombia S.A. were sold on June 11th, 2019 for a value of $ 22,697, the carrying amount of the derecognized investment is $ 15,077, obtaining an income from disposition of investments of $ 7,620 presented in the lines of other income and operational expenses of the state of consolidated results; This operation did not generate an impact on the current tax and deferred tax expense. For this sale transaction, the Group made transfers from other comprehensive income to retained earnings of $ 13,935. The entire sale was received in cash in the same period.

On December 19th, 2019, a share sale contract was signed between Cementos Argos and Smurfit Kappa Centroamérica, in which Cementos Argos S.A., agrees to sell 3,503 shares of Compañía Colombiana de Empaques S.A. for a value of $ 7,914 and 1,112,158 shares of Papeles y Cartones S.A. for $ 34, the first one classified as held for sale in 2018. The transfer of the shares will take place in 2020. As part of the sale commitment, it was agreed that the transaction would be paid no later than January 15th, 2020. The operation will have an impact on the current tax expense of $ 786, and no effect on the deferred tax expense.

The shares of Compañía Colombiana de Empaques Bates S.A. are available for immediate sale and their sale is highly probable.

18.2. NON-CURRENT ASSETS DISPOSED OR SETTLED IN THE PREVIOUS PERIOD

On November 30, 2018, the subsidiary Transportes Elman Ltda. was liquidated, a company whose business purpose was the cargo transport in any of its modalities. Thus, assets and liabilities of this company were distributed to the owners in accordance with the provisions of the final liquidation minutes No. 34 of the Shareholder Meeting.

NOTE 19: FINANCIAL OBLIGATIONS

	2019	2018
Bank overdrafts (i)	6,716	30,626
Promissory notes in foreign and national currency (ii)	3,378,460	3,721,810
Commercial financing companies	-	93,008
Other obligations (iii)	20,227	1,206
	3,405,403	**3,846,650**
Current	1,035,254	1,173,727
Non-current	2,370,149	2,672,923
	3,405,403	**3,846,650**

19.1. SUMMARY OF LOAN AGREEMENTS

(i) Correspond mainly to overdrafts of the subsidiary Argos Honduras S. A. in amount of $0 (2018: $22,187), Vensur N.V. in an amount of $6,716 (2018: $8,439).

(ii) The financial obligations in national and foreign currencies include short and long-term credits taken by companies that are part of the Group. Please refer to Table 26.7 in Note 26 for information on average interest rates of financial liabilities. The Group's loans are:

Bank	Entity	Concept	Maturity	Nominal value 2019	Nominal value 2018	Book value 2019	Book value 2018
Foreign	Various [1]	Replace of financial liabilities	2.023	USD 600,000	USD 600,000	1,964,991	1,934,816
National	Bancolombia	Working capital	2.021	COP 150,000	-	151,957	-
Foreign	Davivienda Intern.	Working capital	2.029	USD 80,000	-	265,611	-
Foreign	Scotia	Working capital	2.020	USD 67,000	-	220,405	-
National	Colpatria	Working capital	2.020	USD 66,000	-	216,759	-
Foreign	Banco de Bogotá Miami	Working capital	2.020	USD 52,000	-	171,192	-
Foreign	ING [2]	Replace of financial liabilities	2.020	USD 50,000	USD 100,000	163,793	324,786
Foreign	Banco de Bogotá NY	Working capital	2.020	USD 30,000	-	98,420	-
Foreign	Sumitomo	Working capital	2.020	USD 17,000	-	56,055	-
Foreign	BCI Miami Branch	Working capital	2.020	USD 13,000	-	43,026	-
Foreign	BCP	Working capital	2.020	USD 8,000	-	26,251	-
National	Bancolombia	Working capital	2.019		COP 150,000		151,447
Foreign	Citibank NA [3]	Replace of financial liabilities	2.020		USD 100,000		326,490
National	Colpatria	Working capital	2019		USD 90,000		292,944
Foreign	Scotia	Working capital	2019		USD 87,000		283,531
Foreign	Banco de Bogota NY	Working capital	2019		USD 57,000		185,696
Foreign	MUFG	Working capital	2019		USD 30,000		112,468
Foreign	Banco de Bogotá NY	Working capital	2019		USD 8,600		27,978
Foreign	Citibank	Working capital	2020		USD 8,000		26,274
Foreign	Citibank PLC London [4]	Acquisition of assets	2019		USD 7,962		25,694
Foreign	Banco de Bogotá Miami	Working capital	2019		USD 5,500		17,895
Foreign	Bank Popular	Working capital	2021		USD 3,590		11,791
						3,378,460	**3,721,810**

The Group's credits are rounded to the nearest million unit when expressed in Colombian pesos and the nearest thousand unit when expressed in dollars.

(1) A loan where a syndicate of banks participates, whose administrative agent is Itaú Corpbanca, and Argos North America Corp. as debtor, guaranteed by Cementos Argos S.A. and Argos USA LLC. The leading structuring agents were BNP Paribas, Itaú Corpbanca, JPMorgan and Bank of America. The initial amount of the loan was USD 600 million, with a total 5-year term. The use of the resources was the payment of the existing indebtedness of Argos North America Corp. This contract has the following financial commitments:
a. Net Debt / Ebitda indicator less than 4.5 times until March 2020 and 4.0 times after that.
b. Ebitda indicator / Financial expenses greater than 2.50 times.

(2) 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/Ebitda indicator + dividends 12 months less than 4.5 times until March 2020 and 4.0 times after that.
b. Ebitda indicator/Financial expenses greater than 2.50 times.

(3) The long-term bilateral loan with ING Bank NV for USD 100 million and whose debtor is Argos USA LLC was used to replace financial liabilities. This loan was prepaid in December 2019. The following financial commitments were established:
a. Net Debt/ Ebitda indicator less than 4.5 times for December 2018
b. Ebitda indicator/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 $159,2 million 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. This loan was paid in full in June 2019. The following financial obligations are stipulated in this contract:
a. Net Debt/Ebitda indicator less than 4.5 times for December 2018
b. Ebitda indicator/Financial expenses greater than 1.25 times.

(iii) In 2019, it mainly included the availability of a credit line between our subsidiary Argos Honduras S.A. of C.V, and Atlántida bank, to pay taxes; having a 60-day term with a 0% interest rate.

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 RIGHT-OF-USE ASSET AND LEASE LIABILITY

20.1 THE GROUP AS LESSEE

20.1.1 LEASE AGREEMENTS

In the ordinary course of business, the Group enters into leases for land, buildings, machinery, vehicles, including concrete mixer trucks and equipment, which are accounted for as lease-right assets in the consolidated financial statements, except for those leases whose lease term is less than twelve months or the underlying asset of the new contract is less than $ 5,000 for administrative assets and $ 3,500 for operating assets.

On the other hand, no significant lease agreements are stipulating significant restrictions related to dividend distribution, additional indebtedness, or new lease agreements, nor are there substantial contingent installments, renewal options, or staggering clauses.

As of December 31st, 2019, most recognized real estate leases are linked to the consumer price index of each jurisdiction in which they were signed. Few lease contracts are referenced to reference rates or payments that vary to reflect changes in market rental prices.

20.1.2. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The amounts of right-of-use assets and lease liability include:

	Right-of-use assets						
2019	IFRS 16 adoption impact	Transfer for IFRS 16 adoption	Additions	Depreciation	Other changes	Final amounts	Final amounts of lease liabilities
Land	146,481	(68,374)	4,650	(9,635)	(977)	72,145	140,691
Construction and buildings	99,347	73,687	20,337	(18,406)	(1,640)	173,325	172,212
Production equipment and machinery	158,073	93,964	19,404	(44,112)	(12,242)	215,087	135,215
Land transport equipment	460,952	10,902	8,740	(89,306)	(9,352)	381,936	381,780
River fleet	134,731	-	-	(13,526)	1,162	122,367	124,209
Lease assets and liabilities, net	**999,584**	**110,179**	**53,131**	**(174,985)**	**(23,049)**	**964,860**	**954,107**

The contractual cash flows of lease liabilities classified by maturity as of December 31st are:

	2019
1 year or less	197,789
Between 1 and 3 years	351,615
Between 3 and 5 years	239,222
Between 5 and 10 years	295,908
More than 10 years	92,111
Total contractual cash flows of lease liabilities	**1,176,645**
Minus: future finance charges	(222,538)
Total lease liabilities	**954,107**
Current	148,753
Non-current	805,354
Total lease liabilities	**954,107**

20.1.3. RECOGNIZED LEASE AMOUNTS IN THE INCOME STATEMENT AND CASH FLOWS

	2019
2019, leases under IFRS 16	
Interest expense on lease liabilities	51,277
Expenses relating to short-term leases and variable lease payments	17,714
Expenses relating to leases of low-value assets	1,283
Cash outflow for leases	224,355
2018, operating leases under IAS 17	
Lease expenses	268,172

20.1.4 OPTIONS TO EXTEND THE LEASE

Most of the Group's leases contain renewal options that the Group can exercise to extend the lease term from one year to 20 years, and that can be exercised up to one year before the end of the non-cancellable period of the contract. Generally, Grupo exercises these renewal options due to the financial and operational facilities they provide. The renewal options are only exercisable by the Group and not by the lessor. The Group evaluates on the lease start date, whether it is reasonably certain to exercise the renewal options and considers them in determining the lease term. The Group reevaluates whether it is reasonably certain to exercise the options if there is an event or significant change in circumstances under its control.

20.2 THE GROUP AS LESSOR

20.2.1 FINANCIAL LEASES

The company does not have financial leasing agreements in which it acts as lessor.

20.2.2 OPERATING LEASES

The Group signs leases as lessor of commercial premises, warehouses, apartments and houses, and leasing of machinery and operating equipment, fleet and transport equipment. All leases are classified as operating leases from the lessor's perspective. The minimum future lease rights of non-cancellable operating leases by year ranges and in total are as follows:

2019, leases under IFRS 16	
1 year or less	2,907
Between 1 and 2 years	2,799
Between 2 and 3 years	2,792
Between 3 and 4 years	2,835
Between 4 and 5 years	2,651
5 years or more	2,776
Non-cancellable operating lease rights	**16,760**
2018, operating leases under IAS 17	
1 year or less	965
Between 1 and 5 years	358
5 years or more	640
Non-cancellable operating lease rights	**1,963**

The rental income recognized by the Group during 2019 was $ 5,631 (2018: $ 5,139).

NOTE 21: COMMERCIAL LIABILITIES AND OTHER ACCOUNTS PAYABLE

	2019	2018
National suppliers	740,002	752,426
Costs and expenses payable	254,484	165,174
Dividends payable	112,104	104,080
Foreign suppliers	39,406	58,298
Other accounts payable	59,765	63,852
Miscellaneous creditors	4,700	19,232
Current commercial accounts	5,210	8,287
Accounts payable to contractors	5,615	7,300
	1,221,286	**1,178,649**
Current	1,220,127	1,176,817
Non–current	1,159	1,832
	1,221,286	**1,178,649**

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 22: EMPLOYEE BENEFITS LIABILITIES

	2019	2018
Post-employment employee benefits - Defined benefit plans	303,586	303,276
Post-employment employee benefits - Defined contribution plans	17,048	13,749
Short-term benefits	98,718	106,172
Employee benefits for termination	23,602	36,006
Share based payments	2,115	-
	445,069	**459,203**
Current	155,269	160,802
Non–current	289,800	298,401
	445,069	**459,203**

22.1. POST-EMPLOYMENT BENEFITS 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:

2019	Pension Plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other Defined Benefit Plans	Total Defined Benefit Plans
Present value of the obligations at January 1st, 2019	**226,732**	**35,777**	**8,611**	**16,754**	**31,256**	**319,130**
Current service cost	-	-	812	872	2,149	3,833
Interest cost for the defined benefits obligation	14,998	1,494	502	769	2,089	19,852
New measurements of the defined benefits plan						
actuarial (gain) loss for changes in:						
Experience	(1,445)	(245)	594	84	3,098	2,086
Financial assumptions	6,769	656	882	2,272	566	11,145
Demographic assumptions	7			(26)	(455)	(474)
Difference in exchange rate	14		4	(8)	(26)	(16)
Benefits paid directly by the company	(19,960)	(6,528)	(350)	(172)	(4,519)	(31,529)
Payments from the plan	-	-	(1,075)	(5,594)	-	(6,669)
Other changes	(122)	-	(218)	276	203	139
Present value of the obligations at December 31st, 2019	**226,993**	**31,154**	**9,762**	**15,227**	**34,361**	**317,497**
Fair value of the asset plans at January 1st, 2019	**-**	**-**	**7,308**	**-**	**8,546**	**15,854**
Income from "risk-free" interest	-	-	287	-	637	924
Yield of asset plans, excluding interest	-	-	(224)	-	718	494
Contributions made by the company	-	-	778	-	3,871	4,649
Payments from the plan	-	-	(1,075)	-	-	(1,075)
Gains (losses) arising from settlements	-	-	-	-	(7,005)	(7,005)
Difference in exchange rate	-	-	70	-	-	70
Fair value of the asset plans at December 31st, 2019	**-**	**-**	**7,144**	**-**	**6,767**	**13,911**
Net Present value of the obligations at December 31st, 2019	**226,993**	**31,154**	**2,618**	**15,227**	**27,594**	**303,586**

2018	Pension Plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other Defined Benefit Plans	Total Defined Benefit Plans
Present value of the obligations at January 1st, 2018	**228,361**	**35,779**	**7,865**	**30,164**	**28,955**	**331,124**
Current service cost	-	-	1,416	2,120	2,128	5,664
Interest cost for the defined benefits obligation	15,329	2,146	370	1,090	1,819	20,754
New measurements of the defined benefits plan						
actuarial (gain) loss for changes in:						
Experience	2,152	2,078	(623)	(45)	3,031	6,593
Financial assumptions	802	132	(424)	(1,743)	(1,353)	(2,586)
Demographic assumptions	(164)			(59)	(67)	(290)
Difference in exchange rate	339	-	738	(98)	1,799	2,778
Benefits paid directly by the company	(20,087)	(4,358)	(731)	(14,711)	(5,056)	(44,943)
Payments from the plan						
Other changes		-	-	36		36
Present value of the obligations at December 31st, 2018	**226,732**	**35,777**	**8,611**	**16,754**	**31,256**	**319,130**
Fair value of the asset plans at January 1st, 2018	**-**	**-**	**6,075**	**-**	**1,105**	**7,180**
Income from "risk-free" interest	-	-	213	-	101	314
Yield of asset plans, excluding interest	-	-	(372)	-	(71)	(443)
Contributions made by the company	-	-	758	-	7,411	8,169
Difference in exchange rate	-	-	634	-	-	634
Fair value of the asset plans at December 31st, 2018	**-**	**-**	**7,308**	**-**	**8,546**	**15,854**
Net Present value of the obligations at December 31st, 2018	**226,732**	**35,777**	**1,303**	**16,754**	**22,710**	**303,276**

The fair value of the plan's assets is made up as follows:

	2019	2018
Cash and cash equivalent	3,660	3,825
Investment funds	10,251	12,029
Fair value of the plan assets	**13,911**	**15,854**

22.1.1. COMPARATIVE LIABILITY FOR DEFINED BENEFIT PENSION PLANS, SECURITIES AND PENSION BONDS

On December 22nd, 2016, the Ministry of Commerce, Industry, and Tourism issued Decree 2131 by which it is required to disclose the calculation of pension liabilities following the parameters established in Decree 1625 of 2016 and the partial pension commutations under Decree 1833 of 2016, including the differences with the calculation prepared by IAS 19 - Employee Benefits. 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 31st, 2019 and 2018.

	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, 2019	250,563	220,325	30,238
December 31st, 2018	256,274	232,184	24,090

The main actuarial assumptions used to determine the obligations for the defined benefits plans are the following:

	2019	2018
Colombia		
Inflation rate (%)	3.4%	3.5%
Discount rate (%)	6.3%	6.7%
Salary increase (%)	3.9%	3.9%
Minimum wage increase (%)	4.8%	4.0%
Mortality table	Valid Renters 2008	Valid Renters 2008
Turnover table	50% SOA Pension turnover	50% SOA Pension turnover
Panama		
Inflation rate (%)	2.0%	2.0%
Discount rate (%)	3.3%	3.3%
Salary increase (%)	5.5%	5.5%
Mortality table	Urban population of Panama with 30% adjustment	Urban population of Panama with 30% adjustment
Turnover table	2003 SOA Pension PlanTurnover Study with an adjustment factor of 150%	2003 SOA Pension PlanTurnover Study with an adjustment factor of 150%
Honduras		
Inflation rate (%)	4.5%	4.5%
Discount rate (%)	10.5%	10.5%
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	2003 SOA Pension PlanTurnover Study with an adjustment factor of 75%	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 $65,413 (2018: $63,410). The Group expects to make contributions of $60,427 (2018: $58,862) for the next annual period.

22.2. 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 payment 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 essentially 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 contribution 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.

22.3. RETIREMENT BONUS

Employees covered by any of the collective labor agreements receive a bonus equivalent to eight legal minimum wages when their contract is terminated due to retirement, disability or old age.

22.4. 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 cove-rage 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.

22.5. 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 education 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 benefits 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, 2019, and 2018, 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 defined Benefit Plans	Total average duration
2019 average duration	9.2	4.3	9.7	9.0	8.6	8.7
2018 average duration	9.2	4.4	8.9	9.3	8.9	8.6

The significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increases 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.

	2019		2018	
	Decreases	Increases	Decreases	Increases
Discount rate 100 basis points higher (lower)	334,774	289,003	336,917	291,058
Expected salary growth increases (decreases) by 1%	309,142	311,130	311,306	313,374
Life expectancy increases (decreases) by one year	325,977	310,919	319,807	305,395

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 23: PROVISIONS

	Litigation, Lawsuits and other contingencies (i)	Decommissioning (ii)	Environmental (iii)	Onerous Contracts (iv)	Other Provisions	Total
Book value at January 1st, 2019	**53,802**	**90,240**	**16,535**	**81,718**	**51,278**	**293,573**
Realized provisions	37,562	1,382	-	-	45,814	84,758
Utilization of provisions	(30,065)	(1,059)	(429)	-	(38,602)	(70,155)
Realized reversals	(2,163)	(41)	(972)	-	(219)	(3,395)
Discount rate adjustment	(4,356)	14,831	163	-	-	10,638
Conversion effect	331	319	53	-	419	1,122
Other changes	(30)	545	2	(81,718)	15,911	(65,290)
Book value at December 31st, 2019	**55,081**	**106,217**	**15,352**	**-**	**74,601**	**251,251**
Current	54,848	7,145	6,110	-	15,783	83,886
Non-current	233	99,072	9,242	-	58,818	167,365
Book value at December 31st, 2019	**55,081**	**106,217**	**15,352**	**-**	**74,601**	**251,251**

(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 USD 500 thousand per incident, general liability claims up to USD 350 thousand per incident and automotive claims up to USD 500 thousand per incident and carries insurance for amounts in excess of these amounts. As of December 31st, 2019, 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 $43,527 y $39,697 provided for such claims in the consolidated financial statements as of December 31st, 2019 and December 31st,2018, 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 estimated 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 compensation 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 inevitable costs of complying with the contractual obligations exceed the net income expected from the contract. The onerous contract as of December 31st, 2019 and December 31 st, 2018 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, 2018, 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 $81,718, in accordance with IAS 37. As of that date, lease payments are recorded as a reduction of the liability for onerous contracts in the consolidated statement of financial position.

Considering that the onerous contract arises from operating lease contracts, in the initial application of IFRS 16 to January 1st, 2019, this value was reclassified as a decrease in the carrying amount of the asset by right of use of the lease contract until reduced to zero, the surplus was recognized in retained earnings as part of the impact of the transition to IFRS 16.

NOTE 24: PREPAID INCOME AND OTHER LIABILITIES

	2019	2018
Advances received	126,186	124,237
Income received in advance	3,491	29,499
Other liabilities	1,992	3,584
Other non-financial liabilities	**131,669**	**157,320**
Current	130,035	129,706
No-current	1,634	27,614
Other non-financial liabilities	**131,669**	**157,320**

	2019	2018
Liability for resources collected in factoring operation	16,030	-
Other current financial liabilities	**16,030**	**-**

NOTE 25: OUTSTANDING BONDS AND PREFERRED SHARES

	2019	2018
Outstanding bonds	3,254,101	3,324,021
Preferred shares classified as compound financial instruments	58,469	55,181
Outstanding bonds and preferred shares	**3,312,570**	**3,379,202**
Current	30,937	100,172
No-current	3,281,633	3,279,030
Outstanding bonds and preferred shares	**3,312,570**	**3,379,202**

25.1. OUTSTANDING BONDS

Outstanding bonds issued by Cementos Argos S.A., comprise the following as of December 31st, 2019 and 2018.

Issuance	Placement Date	Term	Effective Rate	Interest Payment Method	2019	2018
Issuance 2009	April 28, 2009	10 years	IPC + 6.30%	Quarterly in arrears	-	70,350
Issuance 2009	April 28, 2009	15 years	IPC + 7.19%	Quarterly in arrears	229,530	229,530
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	November 27, 2014	10 years	IPC + 3.80	Quarterly in arrears	190,675	190,675
Issuance 2014	November 27, 2014	15 years	IPC + 4.21	Quarterly in arrears	311,707	311,707
Issuance 2016	April 13, 2016	5 years (1)	IPC + 3.74	Quarterly in arrears	94,768	94,768
Issuance 2016	April 13, 2016	10 years (1)	IPC + 4.19	Quarterly in arrears	121,075	121,075
Issuance 2016	April 13, 2016	15 years (1)	IPC + 4.47	Quarterly in arrears	184,157	184,157
Issuance 2017	May 24, 2017	6 years (2)	6.65%	Quarterly in arrears	211,355	211,355
Issuance 2017	May 24, 2017	13 years (2)	IPC + 3.64%	Quarterly in arrears	388,145	388,145
Issuance 2017	May 24, 2017	25 years (2)	IPC + 3.99%	Quarterly in arrears	400,500	400,500
Issuance 2018	June 27, 2018	3 years (3)	IPC + 2.88%	Quarterly in arrears	215,600	215,600
Issuance 2018	June 27, 2018	10 years (3)	IPC + 3.75%	Quarterly in arrears	158,550	158,550
Issuance 2018	June 27, 2018	20 years (3)	IPC + 4.04%	Quarterly in arrears	125,850	125,850
					3,234,890	**3,305,240**

(1) 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.

(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. 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.

(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. 0585 of the Financial Superintendency of Colombia on May 10th, 2018.

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 2019 financial expenses for interest were recorded in the amount of $229,840 (2018: $225.116) for the ordinary bonds and $5,527 (2018: $4,086) for the preferred shares.

25.2. 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 corresponded 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 26: FINANCIAL INSTRUMENTS

26.1. CAPITAL RISK MANAGEMENT

The Group manages its capital from a long-term perspective, seeking to maintain a balanced, efficient and flexible capital structure 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 2019 was valued at $958,849 (2018: $920,278).

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.

In 2019, and the comparative period, 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:

	2019	2018
Net financial debt(i) / Ebitda(i) + dividends(i) (ii)	4,1	3,7

(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 (TRR) at the period-end closing and for the 2018 period, the sanction imposed by the Superintendence of Industry and Commerce against Cementos Argos S.A for $ 73,722 was excluded

26.2.1. CATEGORIES OF FINANCIAL INSTRUMENTS

	2019	2018
Cash and cash equivalents (Note 5)	353,211	640,837
Fair value with changes in the income (Note 7)	6,137	11,498
Instruments derived from hedging relationships (Note 6)	4,030	2,146
Financial assets measured at amortized cost (Note 7)	1,176,447	1,156,538
Financial assets measured at fair value with changes in other comprehensive income (Note 7)	976,493	925,955
Financial assets	**2,516,318**	**2,736,974**
Instruments derived from hedging relationships (Note 6)	65,029	23,250
Financial liabilities measured at amortized cost	7,955,289	8,404,501
Financial liabilities	**8,020,318**	**8,427,751**
Net Financial liabilities	**5,504,000**	**5,690,777**

26.2.1. FINANCIAL ASSETS MEASURED AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME

	2019	2018
Grupo de Inversiones Suramericana S. A.	958,231	905,246
Cartón de Colombia S. A.	-	15,031
Carvajal Pulpa y Papel S. A.	619	619
Cemex S. A.	1,152	1,457
Other investments	16,491	3,602
	976,493	**925,955**
Dividends recognized during the period related with Investments remain at the end of the period	15,776	16,625
Dividends recognized during the period related with Investments sold during the period	857	-

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 reliable financial information, rather than reflecting changes to their fair value immediately in the results of the period.

As of December 31, 2019, the Group made transfers from the other comprehensive income to accumulated earnings of $ 13,934 (2018: $ 0), due to the disposition of 2,308,930 shares of Cartones de Colombia S.A. measured at fair value with changes through other comprehensive income. The value of the investment derecognized during the period is $ 15,077 (2018: $ 0), and the value obtained in the sale is $ 7,620 (2018: $ 0). As of December 31, 2018, the Group made no transfers from other comprehensive income to retained earnings, and no disposition of investments measured at fair value with changes in other comprehensive income was made.

26.2.2. RECLASSIFICACION OF FINANCIAL ASSETS

During the current and previous period, the Group has not made changes to the business model for the management and administration of financial assets, therefore it has not reclassified financial assets from the category of fair value to amortized cost, or vice versa.

26.3. OBJETIVES OF FINANCIAL RISK MANAGEMENT

The Group's financial policies are defined by the Corporate Finance committee and managed by the Corporate Finance Management, 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 exposure 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.

26.3.1. 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 calculating 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 2019 was 4,9 million dollars short (2018: 3 million dollars short).

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.

The carrying amounts of assets and liabilities denominated in foreign currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2019	2018	2019	2018
American dollar	667,127	440,904	683,298	452,386

26.3.2. 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 finan-cial debt. The Group considers that an exposure of between 20% and 30% 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, 2019, 27% of the consolidated debt was agreed at a fixed interest rate (2018: 26%).

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.

26.3.3. CREDIT RISK MANAGEMENT

The credit risk derived from financial assets that implies the risk of the counterparty defaulting is reduced by evaluating and assessing 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 issuer quota model, which stipulates the maximum amount that the company may have invested in an American, European, Honduran, or Colombian bank, where most of the Group's cash is concentrated. The policy restricts the amount of investment in banks to the limit calculated by the model quotas, without the authorization of the Financial Vice President. The models incorporate variables such as national and international rating, leverage indicators, and bank liquidity 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.

26.3.4. 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 companies, stockbrokers and issuance of bonds and trade papers in the capital market as a recurring 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-compliance clauses in other contracts. To mitigate this risk, monthly financial covenants are tracked and reported to management.

26.4 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.

	2019	2018
Profits before taxes and discontinued operations	162,091	140,464

26.5 INTEREST RATES AND INFLATION INDEXES SENSITIVY 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% on the rate of the indexer, which represents the management's evaluation of the possible reasonable change in the interest rates.

	IPC		Libor 6 Months	
	2019	2018	2019	2018
Profits before taxes and discontinued operations	28.724	25.293	8.834	14.812
Other comprehensive income	-	-	-	26.145

26.6. DERIVATIVES CONTRACTS FROM INTEREST RATE AND INFLATION INDEXES

The following table details the foreign currency derivative contracts and the notional principal amounts and remaining terms of interest rate swap contracts outstanding under hedge accounting at the end of the reporting period.

	Average derivative contract rate		Notional Value of the Underlying in Colombian Pesos (1)		Fair Value of Assets (Liabilities)	
	2019	2018	2019	2018	2019	2018
Purchase Forward, U.S. dollar						
1 year or less	3.408	3.222	416.806	144.282	(15.666)	1.051
Total foreign currency derivative contracts			**416.806**	**144.282**	**(15.666)**	**1.051**
Interest rate swap, cash flow hedging						
1 year or less			163.857	24.856	(289)	201
From 1 to 5 years			983.142	1.299.900	(48.719)	(22.356)
5 years or more			196.628	-	3.675	-
Total interest rate derivative contracts			**1.343.627**	**1.324.756**	**(45.333)**	**(22.155)**
Total foreign currency derivatives and interest rates			**1.760.433**	**1.469.038**	**(60.999)**	**(21.104)**

(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.

26.7. 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 interest 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 contractual cash flows	Book Value
December 31st, 2019						
Non-interest bearing liabilities		1,220,127	1,159	-	1,221,286	1,221,286
Instruments with variable interest rates	6.57%	1,331,630	4,202,017	3,486,568	9,020,215	6,394,120
Instruments with fixed interest rates	4.86%	40,149	245,592	-	285,741	265,383
Other liabilities	Libor 6M+1.60	2,295	9,769	200,108	212,172	74,500
		2,594,201	**4,458,537**	**3,686,676**	**10,739,414**	**7,955,289**
December 31st, 2018						
Non-interest bearing liabilities		1,176,817	1,832	-	1,178,649	1,178,649
Financial lease liabilities	7.22%	31,735	56,016	26,065	113,816	93,008
Instruments with variable interest rates	5.89%	1,372,688	4,377,419	3,675,152	9,425,259	6,683,238
Instruments with fixed interest rates	5.94%	176,320	268,612	-	444,932	394,425
Other liabilities	6.41%	2,239	9,530	202,642	214,411	55,181
		2,759,799	**4,713,409**	**3,903,859**	**11,377,067**	**8,404,501**

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been designed based 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, 2019, and 2018, the Group does not have any derivative contracts that are settled based on their gross amount.

	December 31st, 2019				December 31st, 2018		
	1 year or less	From 1 to 5 years	5 years or more	Total	1 year or less	From 1 to 5 years	Total
Net settlement amount:							
Forward	(15,666)	-	-	(15,667)	1,051	-	1,051
Swaps	(289)	(48,719)	3,675	(45,333)	201	(22,356)	(22,155)
	(15,955)	**(48,719)**	**3,675**	**(60,999)**	**1,252**	**(22,356)**	**(21,104)**

26.8 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 $176,800 (2018: $167,024)

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, 2019 is $148,657 (2018: $139,368). The Group has not received financial or non-financial assets as collateral as of December 31st, 2019 and 2018 that it is allowed to sell or pledge without a default by the collateral's owner.

26.9 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITES

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 31st, 2019 and 2018:

	December 31st, 2019			December 31st, 2018		
	Level 1	Level 2	Total Fair Value	Level 1	Level 2	Total Fair Value
Financial derivatives	-	65,029	65,029	-	23,250	23,250
Liabilities Measured at Fair Value	**-**	**65,029**	**65,029**	**-**	**23,250**	**23,250**
Financial Assets at fair value:						
In profit or loss	6,137	-	6,137	11,498	-	11,498
In other comprehensive income	960,002	16,491	976,493	922,353	18,641	940,994
Financial derivatives	-	4,030	4,030	-	2,146	2,146
Assets Measured at Fair Value	**966,139**	**20,521**	**986,660**	**933,851**	**20,787**	**954,638**
Net Assets (Liabilities) Measured at Fair Value	**966,139**	**(44,508)**	**921,631**	**933,851**	**(2,463)**	**931,388**

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 31st, 2019 are as follows:

	December 31st, 2019		December 31st, 2018	
	Book Value	Fair Value, Level 2	Book Value	Fair Value, Level 2
Non-interest-bearing liabilities	1,221,286	1,221,286	1,178,649	1,178,649
Leasing liability	-	-	93,008	93,979
Instruments with variable interest rates	6,394,120	6,671,586	6,683,238	6,890,864
Instruments with fixed interest rates	265,383	269,466	394,425	390,696
Other liabilities	74,500	72,809	55,181	59,529
Liabilities Measured at Fair Value	**7,955,289**	**8,235,147**	**8,404,501**	**8,613,717**
Cash and cash equivalents	353,211	353,211	640,837	640,837
Accounts receivable	1,176,447	1,176,431	1,156,538	1,147,220
Assets Measured at Fair Value	**1,529,658**	**1,529,642**	**1,797,375**	**1,788,057**
Net Liabilities Measured at Fair Value	**(6,425,631)**	**(6,705,505)**	**(6,607,126)**	**(6,825,660)**

As of December 31st, 2019, and 2018, 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.

26.10. RECONCILIATION BETWEEN CHANGES IN LIABILITIES AND CASH FLOWS ARISING FROM FINANCING ACTIVITIES

2019	Financial obligations and other financial liabilities	Lease liability	Dividend liability	Derivative liabilities, net	Bonds and compound financial instruments	Total liabilities with impact on financing cash flows	Non-controlling interest	Total liabilities and non-controlling interest
Balance at January 1, 2019	**3,846,650**	**-**	**104,080**	**21,104**	**3,379,202**	**7,351,036**	**830,651**	**8,181,687**
Payments of loans and debt instruments	(2,777,535)	-	-	-	-	(2,777,535)	-	(2,777,535)
Proceeds from loans	2,404,478	-	-	-	-	2,404,478	-	2,404,478
Interest paid	(157,361)	(51,320)	-	-	(243,388)	(452,069)	-	(452,069)
Dividends paid on ordinary shares	-	-	(367,816)	-	-	(367,816)	-	(367,816)
Payments for lease liabilities	-	(173,035)	-	-	-	(173,035)	-	(173,035)
Payment of outstanding bonds	-	-	-	-	(70,350)	(70,350)	-	(70,350)
Dividends paid on preferred shares	-	-	(47,655)	-	(2,239)	(49,894)	-	(49,894)
Collection from financial derivatives contracts	-	-	-	39,913	-	39,913	-	39,913
Payments from financial derivatives contracts	-	-	-	(25,327)	-	(25,327)	-	(25,327)
Other cash inflows	-	-	-	-	-	-	9,968	9,968
Change in cash flows used in financing activities	**(530,418)**	**(224,355)**	**(415,471)**	**14,586**	**(315,977)**	**(1,471,635)**	**9,968**	**(1,461,667)**
New leases, net of derecognition	-	1,040,404	-	-	-	1,040,404	-	1,040,404
Interest recorded	159,780	51,277	-	15,473	235,367	461,897	-	461,897
Declared cash dividends in equity	-	-	419,309	-	-	419,309	-	419,309
Foreign currency conversion	27,790	(1,952)	4,090	567	-	30,495	-	30,495
Fair value measurement of derivatives	-	-	-	21,883	-	21,883	-	21,883
Capitalization of borrowing costs	-	-	-	-	13,977	13,977	-	13,977
Loss of control of a business	-	(6,254)	-	-	-	(6,254)	-	(6,254)
Unrealized exchange rate	10,638	1,885	-	(12,614)	-	(91)	-	(91)
Transfer of lease liabilities	(93,008)	93,008	-	-	-	-	-	-
Other changes	1	94	96	-	1	192	(25,870)	(25,678)
Changes other than cash flows	**105,201**	**1,178,462**	**423,495**	**25,309**	**249,345**	**1,981,812**	**(25,870)**	**1,955,942**
Balance at December 31, 2019	**3,421,433**	**954,107**	**112,104**	**60,999**	**3,312,570**	**7,861,213**	**814,749**	**8,675,962**

NOTE 27: ISSUED CAPITAL

The authorized capital consists of 1,500,000,000 shares with a nominal value of $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, 2019 and 2018 the number of shares in circulation was 1,360,870,160.

	2019	2018
Authorized capital		
1.500.000.000 ordinary shares with a nominal value of $416	624,000	624,000
Subscribed and paid capital		
1.215.247.885 ordinary shares with a nominal value of $416	505,543	505,543
209.197.850 preferred shares with a nominal value of $416	87,027	87,027
	592,570	**592,570**

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.

27.1. RECONCILIATION OF PAID ORDINARY SHARED AND PREFERRED SHARES

		Number of Shares	Social Capital	Share Placement Premium
Balance at December 31, 2019 and 2018	Paid Ordinary Shares	1,215,247,885	505,543	175,675
Balance at December 31, 2019 and 2018	Preferred Shares	209,197,850	87,027	1,374,068

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.

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 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.

NOTE 29: RESERVES AND OTHER COMPREHENSIVE INCOME

28.1. 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
December 31st, 2019				
Cementos Argos S. A., controlling entity	103.060	113.797	445.882	662.739
Subsidiaries, associates and joint ventures	3.810	-	132.463	136.273
Total Cementos Argos S.A. and investee	**106.870**	**113.797**	**578.345**	**799.012**
December 31st, 2018				

Cementos Argos S. A., controlling entity	85.209	113.797	614.557	813.563
Subsidiaries, associates and joint ventures	7.141	-	132.463	139.604
Total Cementos Argos S.A. and investee	**92.350**	**113.797**	**747.020**	**953.167**

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 2019 and 2018, the value of the legal reserve amounts to $106.869 y $92,350 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 depreciations 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 22, 2019, the General Shareholder Meeting authorized the release of $168,675 from the non-taxable reserve for extensions and investments, in order to distribute dividends to the shareholders.

28.2 OTHER COMPREHENSIVE INCOME NET OF TAXES, ATTRIBUTABLE TO THE PARENT COMPANY

During 2019, The Group undertake transfers from other comprehensive income to accumulated earnings $18,587 (2018: $0).

Of the transferred values $ 13,935 correspond to the disposal of the shares of Carton de Colombia S.A., included in the category of other financial assets at fair value through other comprehensive income, and $ 4,652 correspond to the disposal of the shares in the joint venture Omya Andina S.A., due to the realization of the item of other comprehensive income arising from equity investments recognized through the application of the equity method.

During 2019 and 2018 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 $728 (2018: $7,902) y $0 (2018: $2,014) respectively.

As of December 31st 2019 and 2018, 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.

28.3. IMPACT OF FIRST-TIME NCIF IMPLEMENTATION

The impact of implementing NCIF to unrealized assets and liabilities and retroactive adjustments due to the change in the policy on investment properties are not distributable to shareholders.

NOTE 29: DIVIDENDS

The General Shareholders' Meeting held on March 22th, 2019 declared cash dividends on ordinary and preferential shares in the amount of $242.00 per year per share, payable in four quarterly installments of $ 60.50 per share starting in April 2019, for a total value of $329,331.
During the period, Cementos Argos S.A. decreed and made the following dividend payments:

	2019			2018	
Dividends decreed	Shares	Annual $ per Share	Total	Annual $ per Share	Total
Cementos Argos S.A.					
Ordinary dividend	1,151,672,310	242.00 annuals	278,705	228.00 annuals	262,581
Preferential dividend	209,197,850	242.00 annuals	50,626	228.00 annuals	47,697
			329,331		**310,278**

	January 1 to December 31, 2019			January 1 to December 31, 2018	
Dividends paid	Shares	Quarterly $ per Share	Total	Quarterly $ per Share	Total
Cementos Argos S.A.					
Ordinary dividend	1,151,672,310	57.00 – 60.50	274,674	54.50 – 57.00	259,702
Preferential dividend	209,197,850	57.00 – 60.50	49,894	54.50 – 57.00	47,174
			324,568		**306,876**
Non-controlling interests			93,142		75,120
			417,710		**381,996**

NOTE 30: NON-CONTROLLING INTERESTS

	2019	2018
Opening balance	**830,651**	**745,298**
Share of the year's profits	74,626	112,871
Ordinary dividends distributed in cash	(92,231)	(76,411)
Non-controlling interest generated by other comprehensive income	(7,940)	47,667
Participation by other patrimonial movements	9,643	6,142
Transaction with non-controlling interest	-	(4,916)
Closing balance	**814,749**	**830,651**

NOTE 31: INCOME FROM ORDINARY ACTIVITIES

Below is an analysis of the Group's revenue for the period for continuing operations (excluding revenues from investments – see Note 35).

	2019	2018
Revenue from the sale of goods	9,322,443	8,365,829
Revenue from services rendered	52,633	51,775
	9,375,076	**8,417,604**

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.

The Group has no commitments that are estimated to generate losses.

As of January 1st, 2018, the Group adopts IFRS 15. The transition to IFRS 15 did not have any financial impact on the results of operations and the consolidated financial situation.

NOTE 32: SEGMENT INFORMATION

32.1. 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 segment information are the same as described in Note 2.2 Accounting Policies. The Group has not made asymmetrical allocations to their operating segments.

32.2. FINANCIAL INFORMATION BY OPERATING SEGMENT

2019	Colombia	Caribbean and Central America	United States	Corporate and Others	Total
Operating income	2,829,546	2,367,355	5,328,061	9,392	10,534,354
Minus: inter-segment	483,492	609,736	57,961	8,089	1,159,278
Consolidated income	2,346,054	1,757,619	5,270,100	1,303	**9,375,076**
Cost of sales	1,665,730	1,129,801	4,169,542	9,630	6,974,703
Depreciations and amortization	246,133	98,739	427,895	6,938	779,705
Gross profits (loss)	434,191	529,079	672,663	(15,265)	**1,620,668**
Other depreciations and amortizations	13,246	49,140	43,023	31,265	136,674
Administration and sales	205,126	155,125	350,652	127,100	838,003
Other net income	46,625	9,943	129,570	8,929	195,067
Impairment of non-current assets	-	-	2,326	-	2,326
Operating profit (loss)	262,444	334,757	406,232	(164,701)	**838,732**
Net financial expenses					491,588
Net earnings for exchange rate differences					8,812
Net participation in results of associates and joint ventures					(13,133)
Profit before taxes					**342,823**
Income tax					146,315
Profit from continuing operations					**196,508**

2018	Colombia	Caribbean and Central America	United States	Corporate and Others	Total
Operating income	2,782,328	2,308,894	4,524,229	10,463	9,625,914
Minus: inter-segment	521,143	556,524	123,061	7,582	1,208,310
Consolidated income	2,261,185	1,752,370	4,401,168	2,881	**8,417,604**
Cost of sales	1,661,033	1,097,334	3,504,265	8,433	6,271,065
Depreciations and amortization	184,135	67,051	327,272	2,765	581,223
Gross profits (loss)	416,017	587,985	569,631	(8,317)	**1,565,316**
Other depreciations and amortizations	8,523	41,431	42,394	34,069	126,417
Administration and sales	201,222	137,957	271,458	148,792	759,429
Other net income	34,479	10,163	81,624	23,715	149,981
Impairment of non-current assets	4,340	-	-	-	4,340
Operating profit (loss)	236,411	418,760	337,403	(167,463)	**825,111**
Net financial expenses					414,638
Net earnings for exchange rate differences					16,193
Net participation in results of associates and joint ventures					(12,203)
Profit before taxes					**414,463**
Income tax					123,029
Profit from continuing operations					**291,434**

32.3. INFORMATION BY GEOGRAPHIC AREA AND SIGNIFICANT CUSTOMERS

	Revenue from External Customers		Non-Current Assets	
	2019	2018	2019	2018
Colombia	2,411,750	2,299,191	4,813,632	4,548,932
USA	5,267,608	4,404,129	7,803,127	7,806,598
Panamá	419,664	490,540	1,351,772	1,231,753
Honduras	422,622	486,805	575,215	584,261
Haiti	191,246	177,116	22,939	13,979
Dominican Republic	203,947	160,280	59,433	47,824
Surinam	34,456	26,823	19,501	21,267
Caribbean Islands	423,783	372,720	279,921	269,586
Total	**9,375,076**	**8,417,604**	**14,925,540**	**14,524,200**

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, goodwill, assets by right of use of leases and biological assets. As of December 31st, 2019, and 2018, the Group does not have any customer that represents 10% or more of its consolidated income.

32.4. INFORMATION BY PRODUCT AND SERVICE

	2019	2018
Cement	4,693,752	4,167,267
Concrete	4,212,055	3,814,794
Other products and services	469,269	435,543
Total	**9,375,076**	**8,417,604**

Cementos Argos consolidated operational income is generated mainly by the sale of cement and ready-mix concrete. Our concrete businesses are the main customers of our cement production. The sales of our products between geographic segments or operating segments are made at market prices comparable to those made with third parties.

Our cement and ready-mix concrete sales 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. The fluctuations in the behavior of the construction industry significantly affects the volume of cement and ready-mixed concrete that we are able to sell, as well as the sales prices that we are able to receive for our products.

NOTE 33: ADMINISTRATIVE AND SALES EXPENSES

Administrative expenses as of December 31st comprised the following:

	Administrative expenses		Sales expenses		Administrative and sales expenses	
	2019	2018	2019	2018	2019	2018
Staff expenses	295,926	264,397	128,831	122,718	424,757	387,115
Services	105,931	106,705	39,447	37,713	145,378	144,418
Amortization of intangible assets	60,565	68,220	34,587	32,027	95,152	100,247
Fees	95,950	53,552	2,758	2,008	98,708	55,560
Maintenance and repairs	23,377	20,807	1,899	1,117	25,276	21,924
Travel expenses	15,287	16,469	7,166	6,574	22,453	23,043
Depreciation of property, plant and equipment	24,164	25,401	1,315	768	25,479	26,169
Depreciation of assets by right of use of leases (1)	13,325	-	2,717	-	16,042	-
Leases	4,163	14,278	1,296	5,132	5,459	19,410
Insurance	13,105	12,781	2,514	1,833	15,619	14,614
Impairment of trade receivables	7,094	2,650	10,066	9,614	17,160	12,264
Taxes	5,497	6,066	26,405	25,527	31,902	31,593
Contributions and affiliations	5,244	4,712	8,774	6,569	14,018	11,281
Supplies and stationery	2,244	1,620	2,028	1,428	4,272	3,048
Legal expenses	1,175	1,680	339	113	1,514	1,793
Fuel and lubricant	1,135	1,069	1,580	1,756	2,715	2,825
Cafeteria and restaurant	1,326	2,099	711	711	2,037	2,810
Transportation	850	1,070	189	146	1,039	1,216
Representation and public relations expenses	585	563	85	439	670	1,002
Adaptation and installation	2,223	3,283	122	38	2,345	3,321
Sundry	17,331	18,107	5,351	4,086	22,682	22,193
	696,497	**625,529**	**278,180**	**260,317**	**974,677**	**885,846**

(1) As of January 1st, 2019, the Group applied the new guidelines of IFRS 16 – Leases -, using the modified retrospective approach. Under this approach, comparative information is not restated, and the cumulative effect of its initial application is recognized in retained earnings as of the date of its initial application.

NOTA 34: OTROS INGRESOS OPERACIONALES, NETOS

	2019	2018
Gain from insurance recoveries and other recoveries	112,529	54,779
Gain on the sale of subsidiaries and other businesses (1,2)	76,603	38,091
Gain on valuation of investment properties, net	37,132	58,796
Gain on sale of financial investments and joint ventures (Note 12 y 26)	26,147	50
Gain from the sale of fixed assets and other assets	18,175	14,614
Gain from other income and other expenses, net	8,412	11,013
Gains from compensation	2,763	21
Gain from exploitation	1,834	2,032
Gain from claims	24	3,312
Gain from the sale of power self-generating assets (3)	-	107,171
Loss from the sale of fixed assets and other assets	(35,399)	(12,642)
Loss from assumed four per thousand tax and other assumed taxes	(18,865)	(19,108)
Loss from donations	(12,966)	(15,075)
Expenses for legal proceedings (4)	(11,982)	(78,434)
Loss from termination benefits	(8,721)	(5,788)
(Loss) gains on valuation of biological assets, net	(619)	58
Loss from the sale of investments	-	(8,909)
	195,067	**149,981**

(1) On December 6, 2019, Argos USA LLC – a subsidiary of Cementos Argos S.A. – sold twenty-eight ready mix plants and one retail location including equipment, buildings, land and inventory to Smyrna Ready Mix Concrete, LLC – for USD 95 million. The sale price, minus the book value of the assets generated an accounting gain due to business disposal of de $76,603 (USD 23.33 million), and an increase in the current tax expense of $27,742 (USD 8.4 millions) and deferred tax of $13,380 (USD 4.07 millions), presented in the lines of other income and operating expenses and income tax of the consolidated income statement. The divested plants were part of several acquisitions including RMCC, Lafarge and Vulcan Material Company in 2006, 2011 and 2014, respectively. The disposed assets comply with the definition of business established in IFRS 3

(2) On December 20, 2018, Argos USA LLC - a subsidiary of Cementos Argos S.A. – sold nineteen ready mix plants in Southern Georgia and Alabama and in the Florida, Panhandle including equipment, buildings, land and inventory to Smyrna Ready Mix Concrete, LLC - for USD 31 million. The sale price, minus the book value of the assets generated an accounting gain due to business disposal of $38,091 (USD $12.88 million) which was recognized in the consolidated financial statements. The plants located in Alabama, Florida and Georgia were all part of the acquisition of assets in Lafarge and Vulcan Material Company in 2011 and 2014, respectively.

(3) The income generated in the sale transaction of three energy self-generation assets in Colombia that supply the Nare and Cairo plants in Antioquia and Sogamoso in Boyacá, to Grupo Luz and Fuerza Colombia S.A.S. On March 31, 2018, Cementos Argos S.A. transfers the energy self-generation assets of the contracts supplied to the Nare and Sogamoso Plants and on December 14, 2018, the transfer of the self-generation assets of the plant located in Cairo was made for $ 127,902 (USD 45.9 million) and $ 36,829 (USD) 11.6 million), respectively. The transactions generated an income for disposal of assets of $ 107,171 ($ 78,586 and $ 28,585, respectively) and an increase in the current tax expense of $ 6,207 and deferred tax of $ 6,591, presented in the lines of other income and operating expenses and income tax of the consolidated income statement.

(4) In December 2017, the Superintendence of Industry and Commerce ("SIC") issued Resolution No. 81391 ("the sanctioning resolution"), whereby 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. In December 2017, Cementos Argos S.A. filed an appeal for reconsideration against the sanctioning resolution of the SIC in April 2018. The SIC resolved the appeal for reinstatement and maintained the sanction for which Cementos Argos paid a fine of $ 73,771. For its part, Cementos Argos S.A. applied for annulment and reinstatement of the right to the Administrative Court of Antioquia, considering that has it is right in this process and that the SIC should not have issued any sanction.

NOTE 35: FINANCIAL INCOME

	2019	2018
Interest income	23,363	17,545
Dividends from equity investments	16,633	16,625
Others interest income	1,124	5,887
Financial assets that have not been designated at fair value with changes in the results	**41,120**	**40,057**
Net gains from financial derivatives	-	8,114
Total financial income	**41,120**	**48,171**

NOTE 36: FINANCIAL EXPENSES

	2019	2018
Interest on overdrafts and loans	186,418	184,324
Interest on leases obligations under IFRS 16 and comparative period under IAS 17(1)	51,277	8,058
Interest on bonds and preferred shares	249,344	235,263
Interest on financial derivatives	15,473	1,072
Other financial expenses	44,173	38,526
Total interest expense of financial liabilities	**546,685**	**467,243**
Minus: amounts included in the cost of qualified assets	13,977	6,062
Total interest expense of financial liabilities recorded in the results	**532,708**	**461,181**
Loss from valuation of financial derivatives	-	1,628
Total financial expenses	**532,708**	**462,809**
Discount effect on provisions, employee benefits and factoring	36,162	30,311
Financial income (Note 35)	41,120	48,171
Financial expenses	532,708	462,809
Total financial expenses, net	**491,588**	**414,638**

(1) As of January 1st, 2019, the Group applied the new guidelines of IFRS 16 – Leases -, using the modified retrospective approach. Under this approach, comparative information is not restated, and the cumulative effect of its initial application is recognized in retained earnings as of the date of its initial application.

As of December 31, 2019, and 2018 the annual weighted average capitalization rate on funds due is 7.66% and 7.14% for Cementos Argos S.A.

NOTE 37: NET INCOME FROM CONTINUING OPERATIONS

Gains from continuing operations are attributed to:

	2019	2018
Company controllers	121,882	178,563
Non-controlling interests	74,626	112,871
	196,508	**291,434**

37.1. LOSSES FROM IMPAIRMENT ON FINANCIAL ASSETS

	2019	2018
Loss from impairment on trade receivables	17,160	12,264
Reversal of losses from impairment on trade receivables	3,982	11,676

37.2. DEPRECIATION AND AMORTIZATION EXPENSES

	2019	2018
Depreciation on property, plant and equipment	625,142	577,595
Depreciation on assets by right of use of leases (1)	170,246	-
Amortization of intangible assets	120,991	130,044
Depreciation and amortization expenses	**916,379**	**707,639**

(1) As of January 1st, 2019, the Group applied the new guidelines of IFRS 16 – Leases -, using the modified retrospective approach. Under this approach, comparative information is not restated, and the cumulative effect of its initial application is recognized in retained earnings as of the date of its initial application.

37.3. EMPLOYEE BENEFIT EXPENSES

	2019	2018
Cost	1,077,890	975,316
Administrative expenses	295,926	264,397
Sales expenses	128,831	122,718
Total employee benefit expenses	**1,502,647**	**1,362,431**

NOTE 38: EARNINGS PER SHARE

Total basic earnings per share and earnings and the weighted average number of common shares used in the calculation of basic earnings per share are as follows:

	2019	2018
Basic earnings per share	105.83	155.05
Earnings for the year attributable to the company's controllers	121,882	178,563
Average weighted number of ordinary shares for purposes of basic earnings per share	1,151,672,310	1,151,672,310

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 39: 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 57.98%.

39.1 QUALITATIVE INFORMATION ON RELATIONS BETWEEN RELATED PARTIES

39.1.1 RELATIONSHIPS THAT TAKE PLACE BETWEEN CEMENTOS ARGOS S.A. 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.

- 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 Argos Panamá. Argos North America Corp. has a support contract with Argos Guyane S.A.S. 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.
- Lease contracts between us and our subsidiaries and between our subsidiaries, the transaction consists of the lessor delivering the right to use real estate and fluvial transport fleet for the development of his activities.
- Provision of Maritime transport service between Transatlantic Cement Carriers Inc. and Cementos Argos S.A. The transaction consists in that Trans Atlantic Shipmanagement Ltd. (among other suppliers) provides the service of sea freight and ship leasing to Transatlantic Cement Carriers Inc. for the transport of raw materials and finished products for Cementos Argos SA and / or its subsidiaries

These transactions have been eliminated in the consolidated financial statements.

39.1.2 RELATIONSHIPS THAT TAKE PLACE BETWEEN GRUPO ARGOS S.A. AND CEMENTOS ARGOS S.A. AND ITS SUBSIDIARIES

- 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.

39.1.3 RELATIONSHIPS THAT TAKE PLACE BETWEEN ENTITIES WICH EXERCISE SIGNIFICANT INFLUENCE OVER THE PARENT COMPANY AND THE GROUP.

- Cementos Argos and its subsidiaries take out insurance for real damages, property and personal damages, mainly through life and general insurers that are part of the Suramericana Investment Group. This operation is carried out to cover capital losses in all the regionals, using the risk retention and distribution schemes negotiated jointly with these insurers, all in accordance with the regulations that apply in accordance with the corresponding jurisdiction.

39.1.4. RELATIONSHIPS THAT TAKE PLACE BETWEEN CONSOLIDATED CEMENTOS ARGOS AND ARGOS GROUP´S SUBSIDIARIES

- Purchase and sale of energy between Celsia S.A. and Zona Franca Argos S.A.S., the transaction consists of Zona Franca Argos S.A.S. providing energy to Celsia S.A. for marketing purposes.

39.1.5. RELATIONSHIPS THAT TAKE PLACE BETWEEN THE GROUP AND INVESTMENTS IN ASSOCIATES

- 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.
- 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.

39.1.6. RELATIONSHIPS THAT TAKE PLACE BETWEEN THE GROUP AND INVESTMENTS IN JOINT BUSINESSES

- Sale of cement and concrete to joint ventures of Odinsa S.A. subsidiary of Grupo Argos S.A .; The transaction consists in the selling of cement and concrete to the consortiums of Odinsa S.A. for the elaboration of infrastructure works in different regions of the Country.
- Buy and sell of lime between Caltek S.A.S. and Cementos Argos S.A.; the transaction consists in the following: Caltek S.A.S. supplies lime to Cementos Argos S.A., in order to be commercialized.
- Provision of Maritime transport service between Transatlantic Cement Carriers Inc. and Trans Atlantic Shipmanagement

Ltd. The transaction consists in that Trans Atlantic Shipmanagement Ltd. (among other suppliers) provides the service of sea freight and ship leasing to Transatlantic Cement Carriers Inc. for the transport of raw materials and finished products for Cementos Argos SA and / or its subsidiaries.

39.2. TRANSACTIONS WITH RELATED PARTIES

The following table presents the transactions carried out during the period with the subsidiaries of our immediate parent Grupo Argos S.A. The transactions between Cementos Argos S.A. and its subsidiaries have been eliminated in the preparation of the consolidated financial statements.

	Parent company	Entities with significant influence in the Group	Subsidiaries	Associates	Joint Ventures	Key Management personnel	Total Related parties
2018							
Sale of Goods and Other Income	223	14,599	3,854	-	21,926	-	**40,602**
Purchase of Goods and Other Expenses	4,135	29,198	414	12,825	41,400	111,526	**199,498**
Amounts Receivable	1,577	4,987	4,226	370	3,063	-	**14,223**
Amounts Payable	38,510	2,278	238	4,639	921	-	**46,586**
2019							
Sale of Goods and Other Income	248	15,504	12,987	714	15,258	-	**44,711**
Purchase of Goods and Other Expenses	3,065	32,334	10,510	17,475	41,702	100,118	**205,204**
Amounts Receivable	1,717	3,940	6,090	1,681	3,017	-	**16,445**
Amounts Payable	40,685	4,490	30	8,623	1,227	-	**55,055**
Assets by right of use of leases (1)	3,236	-	-	27,746	50,301	-	**81,283**
Lease liabilities (1)	3,370	-	-	28,699	50,787	-	**82,856**

(1) As of January 1st, 2019, the Group applied the new guidelines of IFRS 16 – Leases -, using the modified retrospective approach. Under this approach, comparative information is not restated, and the cumulative effect of its initial application is recognized in retained earnings as of the date of its initial application.

As of December 31st, 2019 and 2018 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 30 days. The average term for loans for 2019 is one year, agreed to a rate of 4.54% (2018: 5.21%) in Colombian pesos

39.3. COMPENSATION OF THE BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The compensation of key management personnel during the year was as follows:

	2019	2018
Wages and other short-term employee benefits	90,795	104,090
Pension and other post-employment benefits	3,815	4,180
Severance benefits	5,508	3,256
Total compensation of key management personnel	**100,118**	**111,526**

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 40: 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. Taking into account the variability of the processes, it is possible that the probability of occurrence will vary in the future.

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.

40.1 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 Cementos Argos S.A. and its subsidiaries. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

LITIGATION RELATED TO TRANSMILENIO

Due to structural defects in the pavement of the North Highway Project in Bogotá D.C. developed by Transmilenio S.A. (hereinafter "Project"), a popular action is under way against the Mayor's Office of Bogotá, the Instituto de Desarrollo Urbano, Concretos Argos S.A. and certain public officials and suppliers of the Project. The popular action indicates that Concretos Argos S.A., together with other suppliers, supplied construction materials without complying with the required technical specifications, and as a consequence, structural defects were generated in the pavement of the Project.

In a judgment of first instance Concretos Argos S.A. was ordered to make publications associated with the breach of the rights of consumers and asking for excuses. The aforementioned popular action is pending for a second instance ruling after the appeal filed by the Company.

PRICES OF TRANSFERS WITH THE NATIONAL TAX AND CUSTOMS DIRECTION –DIAN–

Lawsuit filed by Cementos Argos S.A. against the Official Review Liquidation due to the differences of appreciation between the DIAN and the company, regarding the classification of a credit operation with affiliates abroad and the application of Article 35 of the Tax Statute. The company considers that the presumed interest (DTF) may not be applied to operations carried out with economic related parties abroad, since it is an internal rate that may not serve as a basis for determining an international financial transaction, contrary to what is sustained by the DIAN.

Currently, the process is in second instance after the appeal for reconsideration filed against the first instance decision, unfavorable to the interests of the company. The financial effects of an adverse resolution are valued at COP 16,5 billion. We have not recorded any accounting provision, considering that we have favorable arguments to distort any obligation that may be attributed to the company.

VALORIZATION OF PUERTO NARE

In December 2018, Cementos Argos S.A. filed a claim for nullity and re-establishment of the right against a resolution of the valuation contribution for the rectification and paving of the road "Puerto Nare - Puerto Triunfo" in the department of Antioquia for COP 18 billion. The claim was admitted, and in its reply, the Antioquia department called in guarantee the firm that carried out the valuation study. The company presented a brief ruling on the answer to the demand and again requested the suspension of the administrative act that contains the assessment contribution. We have not recorded any accounting provision considering that we have sufficient arguments to detract from any obligation that may be attributed to the company.

COURT OF ARBITRAMENT ZONA FRANCA ARGOS S.A.S. – ZONA FRANCA ARGOS VS NATIONAL INFRASTRUCTURE AGENCY - ANI

In July 2018, Zona Franca Argos S.A.S. filed an arbitration claim with the Chamber of Commerce of Bogotá to review the concession agreement of the private port of the company in Cartagena, especially the formula for updating the investment. After completing the evidentiary stage, closing arguments were presented and the award hearing was set for March 2020.We have not recorded any accounting provision considering that we have sufficient arguments for the contract to be reviewed.

In parallel, in August 2019, Zona Franca Argos convened a new arbitration tribunal against the ANI seeking the nullity of the sanction imposed by the Agency on the concessionaire for USD 770,391 in June 2019. The arbitrator selection hearing is pending.

SAN LUIS ACCIDENT

Direct reparation action initiated by the relatives of the victims of the traffic accident of a vehicle hired by Cementos Argos S.A., and INMA S.A. for the transport of its workers from the Rioclaro Plant to their places of destination in 2005. The claim seeks compensation and payment of damages estimated at 12,000 million suffered by the death of passengers.

Allegations of conclusion were presented and the first instance ruling is pending. We have not recorded any accounting provision when considering that the process risk rating is possible by having arguments to undermine the payment obligation attributed to the company.

GLORY OCEAN SHIP COLLISION ARBITRATION

A charter contract for the Glory Ocean vessel between KGJ Cement (Singapore) Pte. Ltd. ("KGJ") as shipowner (owner of the ship) and Trans-Atlantic Cement Carriers Inc. ("TACC") was signed in March 2004 as charterer, in order to transport cement on the routes of the Caribbean and the United States. In September 2009, the Glory Ocean vessel collided with a dock owned by Argos Ports (Houston) LLC. in Houston, USA, causing damage to the dock and the ship.

On June 15, 2016, KGJ sued TACC in arbitration court in London, England for alleged breach of the charter contract. The possible compensation amounted to approximately USD 3 million. However, TACC reached an agreement with its insurer, in which the insurer will assume any conviction, limiting the contingency of TACC to a ceiling of USD 250 thousand.

In May 2019, a conciliation agreement was concluded, which concluded in June 2019 the arbitration process, giving definitive closure to the contingency by arbitration of the Glory Ocean vessel, in which TACC assumed a payment of USD 145 thousand to KGJ.

MCGAFFIN et AL vs CEMENTOS ARGOS S.A., ARGOS USA CORP, ARGOS CEMENT LLC Y ARGOS READY MIX LLC.

On May 10, 2016, a class action was filed before the United States District Court for the Southern District of Georgia. The claim argues that the supplied concrete had defects. The amount of the plaintiffs' claims is approximately USD 29 million.

In December 2019, we reached an informal agreement with the plaintiffs to settle this lawsuit for a cash payment of USD 6.76 million plus certain expenses. Our insurance carrier has informally agreed to contribute USD 300,000 thousand towards settlement. We are currently negotiating the settlement agreement with plaintiffs, which will then be subject to court approval. McGaffin claim has been fully accrued as of December 2019.

VISION CONSTRUCTION ENT, INC. VS. ARGOS READY MIX, LLC.

On October 15, 2015, a class action was filed before the United States District Court for the Northern District of Florida. The claim argues that the environmental and fuel charges in the sale of concrete in the State of Florida do not conform to the corresponding contract. The amount of the plaintiffs' claims is approximately USD 13 million. In November 2017, the court denied plaintiff's motion for class certification on the basis that the named plaintiff was an inadequate class representative but indicated that it would consider, if appropriate, plaintiffs' request to seek a substitute class representative. Considering the stage at which the process is, it is not possible to determine a contingency at this moment.

SOUTHEAST READY MIX, LLC AND MAYSON CONCRETE, INC. VS. ARGOS NORTH AMERICA CORP. ET AL.

This is a lawsuit filed by two competitors in July 2017 before the United States District Court for the Northern District of Georgia. The lawsuit alleges infringements of the competition law. Considering the preliminary stage at which the process is, it is not possible to determine a contingency at this moment.

PRO SLAB, INC. VS. ARGOS NORTH AMERICA CORP. ET. AL.

This is a class action lawsuit initially filed in November 2017 before the United States District Court for the District of South Carolina. After denial, the plaintiffs filed the lawsuit again in January 2019. The lawsuit alleges infractions of the competition law. Considering the preliminary stage at which the process is, it is not possible to determine a contingency at this moment.

ARGOS NORTH AMERICA CORP. VS. TEXAS FRANCHISE TAX AUDITS (2008 AND 2009)

In June 2016, the Tax Authority of the State of Texas conducted an audit of the company's state tax returns of the years 2008 and 2009. The Authority ignored part of the declared costs and, as a result, corrected the tax to pay, increasing it by USD 638 thousand dollars in 2008 and USD 822 thousand dollars in 2009, plus interest. The following fiscal years are not yet firm and are subject to audit by the authority.

A redetermination hearing of the tax requested by the company is pending. We have not recorded any accounting provision considering the stage of the process.

40.2. 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 plaintiff, 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 41: EVENTS OCCURRED AFTER THE REPORTING PERIOD

Between December 31, 2019 and the date of issuance of the consolidated financial statements of the Group, there were no significant events that required disclosure or implied adjustments in the consolidated financial statements or disclosures

CERTIFICATION FROM THE COMPANY'S LEGAL REPRESENTATIVE

Dear
Shareholders
Cementos Argos S.A.
Medellín

The undersigned Legal Representative of Cementos Argos S. A.

CERTIFIES:

The annual separate financial statements ended December 31, 2019, do not contain any faults, inaccuracies, or substantial errors that may prevent to know the actual financial position or operations undertaken by Cementos Argos S. A. The foregoing is with the purpose of complying with Article 46 of Act 964/2005.

In witness whereof, I have hereunto set my hand on February 22, 2020.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

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

(Original version issued in Spanish and signed by)
Claudia María Montoya Arango
Statutory Auditor
Professional License T.P. 77492 - T
Appointed by KPMG S.A.S.

CERTIFICATION FROM THE COMPANY'S LEGAL REPRESENTATIVE AND ACCOUNTING CORPORATE MANAGER

The undersigned Legal Representative and Accounting Corporate Manager of Cementos Argos S. A. Do hereby certify that, in accordance with Article 37 of Act 222/1995, annual separate financial statements ended December 31, 2019, haven been faithfully taken from the book, and that before being made available to you, we have verified the following statements contained therein:

1. All existing assets and liabilities, as well as all transactions recorded, have been carried out during said years.
2. All economic facts carried out by the Company have been recognized.
3. Assets represent probable future economic benefits (duties) and liabilities represent probable future economic engagements (due), obtained by or on behalf of the Company.
4. All elements have been recognized by their appropriate values according to the Financial Reporting Standards applicable in Colombia.
5. All economic fact affecting the Company have been correctly classified, outlined, and revealed.

In witness whereof, I have hereunto set my hand on February 22, 2020.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

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

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AUDM&SMDE-EFI2020-9769-P-28540

STATUTORY AUDITOR'S REPORT

To the Shareholders
Cementos Argos S.A.:

Statutory auditor´s report on the audit of the financial statements

Opinion

I have audited the separated financial statements of Cementos Argos S.A. (the Company), which comprise the separated statement of financial position as of December 31, 2019 and the separated statements of comprehensive income, of changes in equity and of cash flows for the year then ended and their respective notes, which include significant accounting policies and other explanatory information.

In my opinion, the aforementioned separated financial statements, faithfully taken from the books and attached to this report, present fairly, in all material respects, the separated financial position of the Company as of December 31, 2019, the separated financial performance of its operations and its separated cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year, except for the application of IFRS 16 – Leases, which entered into force on January 1, 2019.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia (ISAs). My responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Separated Financial Statements section of my report. I am independent of the Company, in accordance with the Code of Ethics for Accounting Professionals Issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Assurance Information Standards accepted in Colombia together with the ethical requirements that are relevant to my audit of the separated financial statements established in Colombia and I have fulfilled my ethical responsibilities in accordance with these requirements and the aforementioned IESBA Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the separated financial statements of the current period. These matters were addressed in the context of my audit of the separated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Assessment of the adoption of IFRS 16 – Leases	
See notes 3 and 19 to the separated financial statements	
Key Audit Matter	**How was this addressed in the audit**
The Company adopted IFRS 16 - Leases as of January 1, 2019. The impact of such adoption as of this date generated a significant increase in the separate statement of financial position of COP195.586 million in assets and liabilities. This standard introduced complex accounting aspects for the recognition and measurement of the right-to-use asset and the related lease liability. The determination of the assumptions used in measuring the right-to-use of an asset and the lease liability involves significant judgment, particularly with respect to the discount rates used to calculate the lease liability, the lease term considered in each contract, and the determination of whether or not the contract contains a lease. This represents a key audit matter because of the judgment inherent in the process of initial recognition and measurement of the right-to-use asset and the lease liability, and because variations in the assumptions used can significantly affect the separated financial statements.	My audit procedures to assess the appropriate recognition of the effects for the adoption of IFRS 16 included, but were not limited to, the following: - Evaluation of the Company's procedures for the initial recognition and measurement of lease contracts, which included (1) approval of the accounting policy for adoption of IFRS 16 by the Audit Committee and Board of Directors, including the transition option and exceptions to the standard; (2) identification of the contracts within the scope of the standard, and which served as the basis for determining the adjustment at the transition date; and (3) measurement of assets and liabilities associated with lease contracts in the transition adjustment, based on the terms of each contract, and the incremental rates determined by the Company's Treasury Department Management. - Assessment of contract integrity by grouping records in the items for cost of sales and administrative and selling expenses, by third party, to identify suppliers of goods and services with contractual relationships that may be under the scope of IFRS 16. - Evaluation, with the involvement of professionals with experience and knowledge in credit risk assessment, of the assumptions used by the Company in estimating the incremental rates that were determined. - Selection of a sample of contracts to verify that the contractual conditions such as term of the lease, renewal clauses and monthly lease payments have been correctly considered in the calculations made by the Company. - Assessment of whether the disclosures in the separated financial statements consider relevant information to reflect the effects of

KPMG

Assessment of the adoption of IFRS 16 – Leases	
See notes 3 and 19 to the separated financial statements	
Key Audit Matter	**How was this addressed in the audit**
	the implementation and assumptions used, in relation to the requirements of IFRS 16.

Assessment of the recoverability of deferred tax assets	
See note 9 to the separated financial statements	
Key Audit Matter	**How was this addresses in audit responded to the Key Audit Matters**
The Company has recognized a significant deferred tax asset of COP145.749 million in the separated statement of financial position, arising from tax losses and other tax credits. This represents a key audit matter because assessing the recoverability of such assets involves complex judgments related to the determination of estimates of the Company's projected taxable income, as well as in estimating the periods over which the asset is expected to be recovered.	My audit procedures to assess the recoverability of deferred tax assets included, but were not limited to, the following: - With the involvement of professionals with experience and knowledge in valuation, comparison of key assumptions used by the Company in determining projected pre-tax results, with independent recalculations and information obtained from external sources, when available. - With the involvement of professionals with experience and knowledge in taxes, evaluation of the main assumptions on which the tax adjustments made to pre-tax income determined based on the financial projections, as well as the period of reversal of temporary differences, the expiration of tax losses and other tax credits, and the tax strategies proposed by the Company.

Other matters

The separated financial statements as of and for the year ended December 31, 2018 are presented solely for comparative purposes, were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated February 19, 2019.

Responsibility of management and those charged with corporategovernance for the separated financial statements

Management is responsible for the preparation and reasonable presentation of this separated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing , implementing and maintaining such internal control as management deems necessary to enable the preparation of separated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

In preparing the separated financial statements, Management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with corporate governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separated financial statements

My objectives are to obtain reasonable assurance about whether the separated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separated financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the separated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the separated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separated financial statements, including the disclosures, and whether the separated financial statements represent the underlying transactions and events so that the separated financial statements are reasonably presented.

I communicate with those charged with corporate governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with corporate governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, the related safeguards.

From the matters communicated with those charged with corporate governance, I determine those matters that were of most significance in the audit of the separated financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
Based on the result of my tests, in my concept during 2019:

a) The Company's accounting has been kept pursuant to legal regulations and to accounting techniques.

b) The operations recorded in the accounting ledgers reflects the Company´s bylaws and the decisions of the Assembly of Shareholders.

c) The correspondence, account vouchers, minutes ledger and shares registry ledger are duly kept and maintained.

d) There is concordance between the financial statements that accompany this opinion and the management report prepared by the management, which includes a statement by management of the free flow of invoices issued by vendors or suppliers.

e) The information contained in the payment declarations of contributions to the Comprehensive Social Security System, in particular the information relating to the affiliates and their income contribution base, has been taken from accounting records and supports. The Company is not in arrears for the concept of contributions to the Comprehensive Social Security System.

To comply with the requirements of Articles 1.2.1.2. and 1.2.1.5. of the Regulatory Decree 2420 of 2015, in development of the responsibilities of the Statutory Auditor contained in numerals 1° and 3° of Article 209 of the Code of Commerce, related to the evaluation of whether the acts of the Company's directors are in accordance with the bylaws and orders or instructions of the Shareholders' Assembly, and whether there exists adequate measures of internal control, conservation and custody of the Company's assets or those of third parties in its possession, I issued a separate report dated February 22, 2020.

(Original version issued in Spanish and signed by)
Claudia María Montoya Arango
Statutory Auditor
Professional License T.P. 77492 - T
Appointed by KPMG S.A.S.

February 22, 2020

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AUDM&SMDE-EFI2020-9769-P-28540

STATUTORY AUDITOR'S INDEPENDENT REPORT ON THE COMPLIANCE WITH NUMERALS 1º) AND 3º) OF ARTICLE 209 OF COMMERCIAL CODE

To the Shareholders
Cementos Argos S.A.:

Main matter description

As part of my duties as Statutory Auditor and in compliance with Articles 1.2.1.2 and 1.2.1.5 of Single Regulatory Decree 2420 of 2015, amended by Articles 4 and 5 of Decree 2496 of 2015, respectively, I must report on compliance with numerals 1) and 3) of Article 209 of the Commercial Code, detailed as follows, by the Cementos Argos S.A. hereinafter "the Society" as of December 31, 2019, as a conclusion of independent reasonable assurance, that the management performance have complied with the statutory and the General Shareholders' Meeting provisions and that there are adequate internal control measures, in all material aspects, in accordance with the criteria indicated in the paragraph called Criteria of this report:

1º) If the Society's management performance is in conformity with the bylaws and the instructions or decisions of the General Shareholders' Meeting, and

3°) If there are and are adequate the measures of internal control, maintenance and custody of the Society's assets or third parties' assets in its possession.

Responsibility of Management

The Society's Management is responsible for the compliance with the bylaws and the General Shareholders' Meeting decisions and for designing, implementing and maintaining adequate internal control measures, for the maintenance and custody of the Society's assets and third parties' assets in its possession, in accordance with the requirements of the internal control system implemented by management.

Statutory Auditor's responsibility

My responsibility is to examine whether the Society's management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and if there are and are adequate the internal control, maintenance and custody measures of the Society's assets or third parties' assets in its possession and report thereon expressing an independent reasonable security conclusion based on the evidence obtained. I performed my procedures in accordance with the International Standard on Assurance Engagements 3000 accepted in Colombia (ISAE 3000 for its acronym in English, which was translated into Spanish and issued in April 2009 by the International Auditing and Assurance Standards Board (IAASB, for its acronym in English). Such standard requires that I plan and perform the procedures necessary to obtain reasonable assurance about compliance with the bylaws and the General Shareholders' Meeting decisions and whether there are and are adequate the measures of internal control, maintenance and custody of the Society's assets and third parties' assets that are in its possession, in accordance with the requirements of the internal control system implemented by management, in all material aspects.

The Accountants Firm to which I belong and who appointed me as the Society's statutory auditor, applies the International Quality Control Standard No. 1 and, consequently, maintains a comprehensive quality control system that includes policies and procedures documented on compliance with ethical requirements, applicable legal and regulatory professional standards.

I have complied with the independence and ethics requirements of the Accountant's Professional Code of Ethics issued by the International Ethics Standards Board for Accountants -IESBA, which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on my professional judgment, including the risks assessment that the management performance do not conform to the bylaws and decisions of the General Shareholders' Meeting and that the internal control, conservation and custody measures of the Company's assets and those of third parties that are in its possession are not properly designed and implemented, in accordance with the requirements of the internal control system implemented by management.

This reasonable assurance engagement includes obtaining evidence for the year ending December 31, 2019. Procedures include:

- Obtaining a written representation from Management about whether the management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and on the adequacy of the measures of internal control, maintenance and custody of the Society's assets and third parties' assets in its possession, in accordance with the requirements of the internal control system implemented by management.

- Reading and verifying compliance with the Society's bylaws.

- Obtaining a management certification on the meetings of the General Shareholders' Meeting, documented in the minutes.

- Reading of the General Shareholders' Meeting's minutes and the bylaws and verification of whether the management performance conforms to them.

- Inquiries with Management about changes or modification projects to the Society's bylaws during the period covered and validation of its implementation.

- Evaluation of whether there are and are adequate the measures of internal control, maintenance and custody of the Society's assets and third parties' assets that are in its possession, in accordance with the requirements of the internal control system implemented by management, which includes:

    - Design, implementation and operating effectiveness tests on the relevant controls of the internal control components on the financial report and the elements established by the Society, such as:

control environment, risk assessment process by the entity, the information systems, control activities and monitoring to controls.

- Evaluation of the design, implementation and operating effectiveness of relevant, manual and automatic controls of the key business processes related to the significant accounts of the financial statements.

- Issuance of management letters and those charged with corporate governance with my recommendations about the deficiencies in the internal control considered not significant that were identified during the statutory audit work.

Inherent limitations

Due to the inherent limitations to any internal control structure, there may be effective controls at the date of my examination that change that condition in future periods, because my report is based on selective tests and for the evaluation of internal control has the risk of becoming inadequate due to changes in the conditions or because the degree of compliance with the policies and procedures may deteriorate. On the other hand, the inherent limitations of internal control include human error, failures due to the collusion of two or more people, or inappropriate oversight of controls by the administration.

Criteria

The criteria considered for the evaluation of the matters mentioned in the paragraph Main Matter Description include: a) the bylaws and the minutes of the General Shareholders' Meeting and, b) the internal control components implemented by the Society, such as the control environment, the risk assessment procedures, its information and communications systems, and the monitoring of controls by the administration and those in charge of corporate governance, which are based on the established in the internal control system implemented by administration.

Conclusion

My conclusion is based on the evidence obtained on the matters described and is subject to the inherent limitations set forth in this report. I believe that the audit evidence I have obtained provides a reasonable assurance basis for my conclusion expressed below:

In my opinion, the management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and the measure of internal control, maintenance and custody of the Society's assets or third parties' assets in its possession are adequate, in all material aspects, in accordance with the requirements of the internal control system implemented by management.

(Original version issued in Spanish and signed by)
Claudia María Montoya Arango
Statutory Auditor
Professional License T.P. 77492 - T
Appointed by KPMG S.A.S.

February 22, 2020

Cementos Argos S. A.

SEPARATE STATEMENT OF FINANCIAL POSITION

As at December 31st, 2019 and 2018 | Millions of Colombian pesos

	Notes	2019	2018
ASSETS			
Cash and cash equivalents	5	$ 42,678	$ 63,197
Derivative financial instruments	6	355	1,528
Trade debtors and other receivables, net	8	525,514	480,603
Credit balances from taxes	9	190,254	187,046
Inventories	10	164,887	120,153
Other non-financial assets		27,539	22,857
Non-current assets held for sale	17	31,626	15,039
Total current assets		**$ 982,853**	**$ 890,423**
Trade debtors and other accounts receivable, net	8	130,174	306,660
Investments in subsidiaries	13	8,606,865	8,669,108
Investments in associates and joint ventures	12	22,749	61,829
Other financial assets	7	967,959	917,091
Other intangible assets, net	14	286,184	330,293
Right-to-use assets	19	294,570	-
Biological assets	11	20,638	21,257
Property, plant and equipment, net	15	2,349,104	2,390,902
Investment property, net	16	95,775	126,772
Deferred tax asset	9	145,749	84,874
Total non-current assets		**$ 12,919,767**	**$ 12,908,786**
TOTAL ASSETS		**$ 13,902,620**	**$ 13,799,209**
LIABILITIES			
Financial obligations	18	767,084	720,899
Lease liabilities	19	41,900	-
Trade liabilities and accounts payable	20	541,175	587,477
Taxes, levies and charges	9	72,142	106,230
Employee benefit liability	21	79,001	86,137
Provisions	22	18,719	14,312
Derivative financial instruments	6	16,021	277
Outstanding bonds and preferred shares	24	30,937	100,172
Anticipated income and other liabilities	23	68,858	63,759
Total current liabilities		**$ 1,635,837**	**$ 1,679,263**
Financial obligations	18	151,957	63,077
Lease liabilities	19	199,100	-
Trade liabilities and accounts payable	20	1,137	1,746
Employee benefit liability	21	248,182	261,750
Provisions	22	36,524	38,549
Outstanding bonds and preferred shares	24	3,281,633	3,279,030
Anticipated income and other liabilities	23	17,464	17,655
Total non-current liabilities		**$ 3,935,997**	**$ 3,661,807**
TOTAL LIABILITIES		**$ 5,571,834**	**$ 5,341,070**
Issued capital	26	2,142,313	2,142,313
Buyback of shares	27	(113,797)	(113,797)
Reserve	27	816,910	967,892
Accumulated income	28	2,260,710	2,290,101
Other comprehensive income		3,224,650	3,171,630
EQUITY (see Statement attached)	7, 16	**$ 8,330,786**	**$ 8,458,139**
TOTAL LIABILITIES AND EQUITY		**$ 13,902,620**	**$ 13,799,209**

The accompanying notes are an integral part of these separate financial statements.

Juan Esteban Calle Restrepo
Legal Representative
(See attached certification)

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

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Cementos Argos S. A.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the years ending on December 31st, 2019 and 2018 | Millions of Colombian pesos

	Notes		2019		2018
Continued operations					
Operating income	29	$	1,522,364	$	1,458,071
Costs of goods sold	10		1,184,827		1,102,860
Gross profit		**$**	**337,537**	**$**	**355,211**
Overhead expense	30		273,052		291,808
Selling expenses	31		75,347		70,185
Other operating expenses (income), net	32		16,689		(14,536)
Impairment of assets			-		4,340
Operating profit (loss)		**$**	**(27,551)**	**$**	**3,414**
Financial expenses, net	33,34		275,999		263,821
Foreign exchange difference gain, net			9,973		2,741
Net share in investees' income	12,13		374,371		396,992
Pre-tax profit (loss)		**$**	**80,794**	**$**	**139,326**
Income tax	9		(41,027)		(39,180)
Year net profit	35	**$**	**121,821**	**$**	**178,506**
OTHER COMPREHENSIVE INCOME NET OF TAX					
Headings that will not be reclassified subsequently to the period income:					
Loss due to new measurements of defined profit obligations			(10,258)		(2,600)
Gain (loss) from equity investments at fair value			52,004		(227,552)
Income tax on headings that will not be reclassified			3,955		1,934
Total headings that will not be reclassified to the period income		**$**	**45,701**	**$**	**(228,218)**
Headings that will be reclassified subsequently to the period income:					
Net (loss) from instruments on cash flow hedges			(21,682)		(24,516)
Foreign exchange difference gain from converting foreign business			34,346		493,930
Income tax on headings that will be reclassified			9,593		8,196
Total headings that will not be reclassified to the period income		**$**	**22,257**	**$**	**477,610**
Other comprehensive income net of tax		**$**	**67,958**	**$**	**249,392**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**$**	**189,779**	**$**	**427,898**

The accompanying notes are an integral part of these separate financial statements.

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Cementos Argos S. A.

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the years ending on December 31st, 2019 and 2018 | Millions of Colombian pesos

	Notes	Issued capital	Buyback of shares	Legal reserve	Other reserves	Accumulated income	Other comprehensive income	Cementos Argos S.A. Equity without investees	Reserves in investees	Accumulated income in investees	Other comprehensive income in investees	Total equity
Balance as of January 1, 2018		**$ 2,142,313**	**(113,797)**	**85,209**	**1,038,632**	**992,036**	**1,060,611**	**5,205,004**	**152,280**	**1,118,337**	**1,861,627**	**8,337,248**
Retroactive effect for the application of the expected credit loss model		-	-	-	-	(440)	-	(440)	-	-	-	(440)
Balance as of January 1, 2018		**2,142,313**	**(113,797)**	**85,209**	**1,038,632**	**991,596**	**1,060,611**	**5,204,564**	**152,280**	**1,118,337**	**1,861,627**	**8,336,808**
Period income	35	-	-	-	-	(218,486)	-	(218,486)	-	396,992	-	178,506
Other comprehensive period income, net of income tax		-	-	-	-	-	(219,007)	(219,007)	-	-	468,399	249,392
Comprehensive period income		**-**	**-**	**-**	**-**	**(218,486)**	**(219,007)**	**(437,493)**	**-**	**396,992**	**468,399**	**427,898**
Ordinary dividend declared in cash	28	-	-	-	(262,581)	-	-	(262,581)	-	-	-	(262,581)
Preferred dividend declared in cash	28	-	-	-	(47,697)	2,198	-	(45,499)	-	-	-	(45,499)
Provisioning	27	-	-	-	-	-	-	-	2,044	(2,044)	-	-
Other variations		-	-	-	-	-	-	-	5	1,508	-	1,513
Balance as of December 31, 2018		**$ 2,142,313**	**(113,797)**	**85,209**	**728,354**	**775,308**	**841,604**	**4,458,991**	**154,329**	**1,514,793**	**2,330,026**	**8,458,139**
Balance as of January 1, 2019		**$ 2,142,313**	**(113,797)**	**85,209**	**728,354**	**775,308**	**841,604**	**4,458,991**	**154,329**	**1,514,793**	**2,330,026**	**8,458,139**
Period income	35	-	-	-	-	(252,550)	-	(252,550)	-	374,371	-	121,821
Other comprehensive period income, net of income tax		-	-	-	-	-	49,099	49,099	-	-	18,859	67,958
Comprehensive period income		**$ -**	**-**	**-**	**-**	**(252,550)**	**49,099**	**(203,451)**	**-**	**374,371**	**18,859**	**189,779**
Transfer from other comprehensive income to accumulated profits		-	-	-	-	13,934	(13,934)	-	-	1,004	(1,004)	-
Ordinary dividend declared in cash	28	-	-	-	-	38,821	-	38,821	-	(317,522)	-	(278,701)
Preferred dividend declared in cash	28	-	-	-	-	9,305	-	9,305	-	(57,679)	-	(48,374)
Provisioning	27	-	-	17,851	-	3,937	-	21,788	-	(21,788)	-	-
Release of provisions	27	-	-	-	(168,675)	168,675	-	-	-	-	-	-
Other variations		-	-	-	-	-	-	-	(158)	10,101	-	9,943
Balance as of Tuesday, December 31, 2019		**$ 2,142,313**	**(113,797)**	**103,060**	**559,679**	**757,430**	**876,769**	**4,325,454**	**154,171**	**1,503,280**	**2,347,881**	**8,330,786**

The accompanying notes are an integral part of these separate financial statements.

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(See attached certification)

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Cementos Argos S. A.

SEPARATE CASH FLOW STATEMENT

For the years ending on December 31st, 2019 and 2018 | Millions of Colombian pesos

	Notes		2019		2018
CASH FLOW FROM OPERATION ACTIVITIES					
Period net profit	35	$	121,821	$	178,506
Adjustments to reconcile profit:					
Depreciation & Amortization	35		185,116		142,046
Income tax	9		(41,027)		(39,180)
Financial expenses, net	34		275,999		263,821
Provisions and defined post-employment allowance plans			3,978		86,915
Net impairment of financial assets and inventory			4,332		11,683
Foreign exchange difference (gain) loss			(7,799)		28,287
Measurement at fair value loss			1,849		1,826
Net loss of subsidiaries, associates and joint ventures share	12,13		(374,371)		(396,992)
Gain on disposal of non-current assets			(26,190)		(104,261)
Other adjustments to reconcile profit			3,792		(374)
Changes in working capital of:					
(Increase) in inventory	10		(36,266)		(907)
Decrease in debtors and other accounts receivable	8		119,061		(10,058)
Increase in other non-financial assets			(4,018)		(3,173)
Decrease in creditors, other accounts payable and other liabilities			(129,960)		(10,305)
Total adjustments to reconcile profit			**(25,504)**		**(30,672)**
Net cash flow from operation activities		**$**	**96,317**	**$**	**147,834**
CASH FLOW FROM INVESTMENT ACTIVITIES					
Cash flow used to capitalize associates or joint ventures			(7,500)		(9,980)
Cash flow used to capitalize subsidiaries			(2,897)		(80)
Disposal of subsidiaries with loss of control			-		16,339
Purchase of property, plant and equipment and investment property			(185,999)		(251,410)
Acquisition of investments financial instruments			(132)		(3,171)
Amounts from selling shares in investees			62,681		-
Received dividends			486,447		382,192
Amounts from selling financial investments			23,372		-
Amounts from selling property, plant and equipment and investment property			3,211		162,901
Purchase of intangible assets			(255)		(15,676)
Net cash flow from investment activities		**$**	**378,928**	**$**	**281,115**
CASH FLOW FROM FINANCING ACTIVITIES					
Amounts from loans			1,400,975		1,262,140
Payment of loans and debt instruments			(1,201,172)		(1,441,038)
Paid interest			(291,275)		(262,334)
Paid dividend on ordinary shares	28		(274,674)		(259,702)
Payment of outstanding bonds	24		(70,350)		(97,022)
Paid dividend on preferred shares	28		(49,894)		(47,174)
Payment of lease liabilities			(36,988)		(69,094)
Amounts from bond issue	24		-		498,747
Payment of financial derivatives			27,614		-
Net cash flow (used) in financing activities		**$**	**(495,764)**		**(415,477)**
(Decrease) increase in net cash and cash equivalents			**(20,519)**		**13,472**
Cash and cash equivalents at the start of period	5	**$**	**63,197**	**$**	**49,725**
Cash and cash equivalents at the end of period	5	**$**	**42,678**	**$**	**63,197**
Value of restricted or unavailable cash and cash equivalents for use		**$**	**-**	**$**	**168**

The accompanying notes are an integral part of these separate financial statements.

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NOTES TO SEPARATE FINANCIAL STATEMENTS

As of December 31, 2019 and 2018
(Million Colombian Pesos and Thousand American Dollars, unless otherwise specified)

NOTE 1: GENERAL INFORMATION

Cementos Argos S.A. (the Company) is a business corporation, incorporated in accordance with the Colombian laws on August 14, 1944, headquartered in the city of Barranquilla, in the department of Atlántico, Republic of Colombia. The company's business 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. The term of duration of the Company expires on August 14, 2060, with an extended duration. The headquarters address is Carrera 53 No 106–280 Centro Empresarial Buenavista Piso 17, Barranquilla. No branches are established in Colombia or abroad.

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

The Board authorized the issuance of the Separate financial statements of the Company for the year ended December 31, 2019 on February 21, 2020.

NOTE 2: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Compliance Status

The Separate financial statements of Cementos Argos S.A. have been prepared in accordance with Accounting and Financial Information Standards accepted in Colombia (NCIF, by their Spanish acronym), set forth in Act 1314/2009, regulated by the Unique Regulatory Decree 2420/2015, 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 into Spanish and issued by the International Accounting Standards Board (IASB) as of the second half of 2017.

These separate annual financial statements have been prepared according to IAS 1 Presentation of Financial Statements, and should be read along with the last separate annual financial statements of the Company as of December 31, 2018.

Additionally, the Company, in compliance with laws, decrees and other regulations in force, applies the following accounting criteria:

- External Circular No. 36/2014 of the Financial Superintendence of Colombia – The accounting treatment of the positive net differences generated in NCIF's first time application may not 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 2496/2015 – Establishing 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 Act 222/1995.
- Decree 2131/2016 – Determining to reveal the calculation of pension liabilities according to parameters set forth in Decree 1625/2016, and for partial pension commutations according to Decree 1833/2016, and differences in calculations according to IAS 19 Employee Benefits.

- Decree 2170/2017 – Partially amending the technical frameworks of Financial Information and Information Assurance Standards, as provided for in Articles 1.1.1.2 and 1.2.1.1 of Book 1 of Decree 2420/2015, amended by Decrees 2496/2015, 2131 and 2132/2016, respectively, and other provisions are enacted.
- Decree 2483/2018 – Compiling and updating the theoretical frameworks of the International Financial Reporting Standards (IFRS) for Group 1 and Financial Information Standards, IFRS for SME, Group 2, attached to Decree 2420/2015, amended by Decrees 2496/2015, 2131/2016, and 2170/2017, respectively, and other provisions are enacted.
- Decree 2270/2019 – Compiling and updating the technical frameworks of Financial Information Standards for Group 1 and Information Assurance Standards, adding Annex 6/2019 to the Unique Regulatory Decree on the Accounting, Financial Information and Information Assurance Standards, Decree 2420/2015, and other provisions are enacted.

2.2. Basis of Preparation and Accounting Policies

2.2.1 Basis of Preparation

Financial statements include Cementos Argos S.A. separate financial statements as of December 31, 2019. These have been prepared on the basis of historical cost, except the measurement of certain financial assets and financial liabilities, derivative financial instruments, and investment property that have been measured at fair value. The Company does not measure non-financial assets or liabilities at fair value on a recurring basis, except investment property and biological assets. Separate financial statements are presented in Colombian pesos, which is the functional currency of the Company, and all values in Colombian pesos are rounded up to the closest million, unless otherwise indicated, and values in dollars are rounded up to the closest thousand, 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 transaction 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 Company 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 separate 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 16 and measurements that have some similarities in fair value but are not fair value, such as the realizable value in IAS 2 or value in use 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.

2.2.2 ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES
Below are the significant accounting policies that applied by Cementos Argos S.A. 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 measured later at fair value with changes in the income statement. Cementos Argos S.A. subse-

quently measures financial assets and liabilities at an amortized cost or fair value, depending on the Company's business model for managing financial assets and the characteristics of the contractual cash flows of the financial instrument.

Financial Assets
Financial assets other than those at amortized cost are subsequently measured at fair value with recognized changes in the income statement. However, for investments in equity instruments that are not held for negotiation purposes, Cementos Argos S.A. may

choose, during the initial recognition and irrevocably, to present the profits or losses from fair value measurements in other comprehensive income. When disposing of investments at fair value in other comprehensive income, 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 statement of comprehensive income. Cementos Argos S.A. has chosen to measure some of its investments in equity instruments at fair value in 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 objective is to hold them in order to obtain contractual cash flows, and its contractual terms grant, on specific dates, cash flows which are only 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 statement of comprehensive income.

Impairment of Financial Assets
The impairment model according to IFRS 9 shows the expected credit losses, in opposition to the incurred credit losses according to IAS 39. In the impairment scope of IFRS 9, it is no longer necessary for a credit event to occur before recognizing credit losses.

Cementos Argos S.A. records expected credit losses from debt securities, trade accounts receivable, and leases at the end of the reporting period. In the calculation of expected credit losses under IFRS 9, Cementos Argos S.A. applies a simplified approach, which allows to not track changes in the credit risk, but to recognize a provision for losses based on expected credit losses during the asset's lifetime on each reporting date, that is, to recognize the expected credit losses resulting from possible breach events during the expected lifetime of the financial instrument. In cases where there is objective evidence that a financial asset is impaired, the Company recognizes an individual impairment loss provision, excluding the collective impairment evaluation under the expected loss model.

To determine the expected credit losses, Cementos Argos S.A. has used a provision matrix based on the number of days that a trade account receivable is in default, i.e. by grouping the portfolio by ranges of overdue days and applying to the balances of accounts receivable an expected default percentage on the day of measurement for each range of overdue days. The default percentage according to overdue days in portfolio is determined using the transition matrix methodology, according to Márkov chain theory.

Loss from impairment is recognized in the overhead expense and costs of sale in the separate income statement. When there is confirmation that the trade account receivable will not be collectible, the gross book value of the account receivable is then written of in accounts against the associated provision.

Financial Liabilities
The initial recognition of financial liabilities is done at fair value and subsequently valued at the amortized cost using the effective interest method. Losses and profits are recognized in the income statement when liabilities are written off, as well as accrued 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 income for the period throughout 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

IFRS 9 introduces the option to apply the guidelines of accounting hedges from IFRS 9 or to continue to apply the accounting requirements for hedges from IAS 39 and IFRIC 16 Hedges of Net Investment in a Foreign Operation, provided that the policy is applied consistently to all hedge relations. Cementos Argos S.A. will continue to apply the accounting requirements for hedges established by IAS 39, as permitted by IFRS 9.

Financial derivatives are calculated at fair value with changes in the statement of comprehensive income. Certain derivatives embedded in other financial instruments (implicit derivatives) are treated as separate derivatives when their risk and characteristics 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.

To mitigate risks in foreign currency transactions and exposure to interest rates, Cementos Argos S.A. undertakes natural hedging and financial hedging operations by using derivative financial instruments, mainly derivative swap contracts and forward contracts. All derivatives in force have been designated as accounting hedging instruments for cash flow or fair value in accordance with the criteria of IAS 39 Financial Instruments. The Company does not use derivative instruments, or any other public financial instruments for speculative purposes.

Certain derivative transactions that do not qualify to be accounted for 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 Company formally appoints and documents the relationship with derivatives that qualify to be accounted for as hedge accounting at the beginning of the hedging relationship, and also documents the goals of the risk management and the strategy for the hedge.

Swap operations relate to financial transactions in which the Company, 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 occurrence, such as the Company's monthly exports, and with the purpose of balancing the Company's currency exposure by taking advantage of what, in the Administration's opinion, are considered favorable market conditions. The existence of this agreement has no impact on the underlying debt valuation.

Cementos Argos S.A. 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 Company 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.

Management documents the hedging relationship from the time of initial recognition. This documentation includes, but is not limited to, the following:

- Designation, including identification of the hedging instrument, hedged item or transaction, or hedging relationship, hedging objective and risk management strategy;
- Designation and hedging relationship, hedging objective and risk management strategy;
- Designation date of the accounting hedge; and
- Procedure to assess the effectiveness of the hedging and method to assess the effectiveness of the prospective and retroactive hedging and its periodicity.

Such hedges are expected to be highly effective in offsetting the changes in fair value or cash flows and are being constantly evaluated to determine that this has been so throughout the reporting periods for which they were designated. For hedge accounting purposes and for those applicable to the entity, 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 unrecognized 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 statement of comprehensive income under the income statement section as a 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 to a highly probable foreseen transaction, or to the exchange rate risk related to an unrecognized firm commitment. In cash flow hedging relationships, changes in the fair value of the hedging instrument are recognized directly in the other comprehensive income, separated by the effective portion of hedging. Then, the ineffective portion is recognized in the separate financial income or expenses. The gains or losses recognized in equity are reclassified later to the separate income statement when the hedged item affects the Company's separated income.

In highly probable transactions hedging relationships, changes in the fair value of the hedging instrument are recognized directly in the other comprehensive income, separated by the effective portion of hedging. Then, the ineffective portion is recognized in the separate financial income or expenses. Gains or losses recognized in equity are reclassified at the end of the hedging relationship to the same account of the hedged item.

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 statement of comprehensive income under the income statement section as a financial cost.

The values recognized in the other comprehensive income are reclassified to the statement of comprehensive income under the income statement section when the hedged transaction affects the income, just as the hedged financial income or financial expense is recognized, or when the foreseen 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 are reclassified to the initial book value of the non-financial asset or liability. If the foreseen 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 statement of comprehensive income under the income statement section.

If the hedging instrument matures or is sold, resolved, or 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 gain or loss recognized previously in other comprehensive income remains in the other comprehensive income until the foreseen operation or firm commitment affects the result.

Derivatives that are not designated as hedges for accounting purposes under IAS 39 are measured at fair value.

2. PROVISIONS FOR DECOMMISSIONING, 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 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 item of 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 separate statement of comprehensive income.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the separate statement of financial position and in the separate 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.

4. DISBURSEMENT OF EXPLORATION AND EVALUATION

Cementos Argos S.A. recognizes 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 disbursements meet the conditions for recognition, then they are recorded as intangible assets. These expenses will be recognized at the disbursed value at the time they are incurred.

5. 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 on the date of filing the financial statements to be recognized or disclosed in the notes to the financial statements. Judgments include data such as liquidity risk, credit risk, and volatility. Changes to the hypotheses about these factors might affect the reported fair value of the financial instruments.

6. 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 re-converted.

All exchange rate differences of monetary items are recognized in the separate 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 S.A. separate 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 exchange rate differences that arise, as the case may be, are recognized in other comprehensive income and are accumulated in equity.

When disposing of a foreign operation, including the disposal of the Company's total participation in a foreign operation and a disposal involving the partial sale of a stake in a joint venture or associate that includes a foreign operation in which the retained participation becomes a financial asset, all exchange differences accumulated in equity relating to that operation attributable to the owners of the Cementos Argos S.A. Are reclassified from equity to the income statement.

Additionally, with regards to the partial disposal of a subsidiary (including 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 Cementos Argos S.A.), the company will reclassify to profits or losses only the proportional share of the cumulative amount of exchange differences.

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 at the end of each reporting period. Any exchange differences that may arise will be recognized in other comprehensive income.

7. IMPAIRMENT OF ASSET VALUE
Cementos Argos S.A. evaluates the impairment of assets when facts and circumstances suggest that the book value of a cash-generating unit may exceed its recoverable amount or at least at the end of each reporting period. When this occurs, Cementos Argos S.A. measures, presents and discloses any loss to the resulting value due to impairment in the statement of comprehensive income.

8. IMPAIRMENT OF NON-FINANCIAL ASSETS
At the end of each period, Cementos Argos S.A. evaluates 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, 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 may be identified.

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

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 if the asset's (or cash-generating unit's) impairment loss had not been recognized in previous years. The reversal of an impairment loss is automatically recognized in the income statement.

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

Current income tax
Current assets and liabilities for the income tax of the 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 made between the income tax and the accounting gain or loss affected by the income tax rate for the current year and pursuant to the provisions of the tax standards. The tax rates and regulations used to compute these values are those that have been approved or substantially approved by the end of the reporting period, where Cementos Argos S.A. Operates and generates taxable income.

Deferred tax
Deferred income tax is recognized using the liability method calculated on the temporary differences 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 business combination) of other assets and liabilities in an operation that does not affect taxable profit or the accounting profit.

Liabilities deferred due to temporary taxable differences associated with investments in subsidiaries and associates and interests in joint ventures, except those where the Company is able to control the reversal of the temporary difference, and when there is the possibility that this may not be reversed in the near future, must be recognized. Deferred tax assets that arise from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is likely that the company will have future taxable gains against which the temporary differences may be charged and when there is the possibility that these may 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 sufficient tax gains in the future, in order to allow the asset to be recovered, either in total or in part. 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 consequences 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 period income, except those related to items recognized outside the income; in this case they will be presented in other comprehensive income or directly in equity.

10. INTANGIBLE ASSETS

Intangible assets acquired separately are initially calculated at cost. The cost of intangible assets acquired in business combinations 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 recognition 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 may be made available for use or sale;
- Its ability to complete the intangible asset in question, either to use it or to sell it;
- Its ability to use or sell the intangible asset;
- The manner how the intangible asset will generate probable economic benefits in the future;
- The availability of adequate technical, financial or other kind of resources, 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 expected. 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 Separate profits or losses at the time the asset is written off.

11. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

An associate is a company over which the Entity has significant influence. Significant influence is the power to participate in financial 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 Separate 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 S.A. 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 Cementos Argos S.A. in the losses of an associate or joint venture exceeds the participation of the Company 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), Cementos Argos S.A. ceases to recognize its participation in future losses. Additional losses are recognized as long as Cementos Argos S.A. 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 S.A. The share belonging to Cementos Argos S.A. is included in the obtained profits or losses and unrealized losses from transactions between Cementos Argos S.A. and the associate or joint venture. The equity method is applied from the date where 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 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 Company'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 where the investment was acquired. The requirements of IFRS 9 are applied to determine whether it is necessary to post an impairment loss from 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 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.

Cementos Argos S.A. stops using the equity method on the date where the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When Cementos Argos S.A. has a stake in a former associate or joint venture and the holding is a financial asset, the Company measures the holding at fair value on that date, and at the fair value considered as 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, Cementos Argos S.A. 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 other comprehensive income by the associate or joint venture had been reclassified to profits or losses upon selling the related assets or liabilities, Cementos Argos S.A. 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 Entity 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 Cementos Argos S.A. reduces its equity stake in an associate or a joint venture but continues to use the equity method, the Company 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.

12. INVESTMENT PROPERTY

Investment properties are property (land or buildings considered, either in whole or in part, or both) that are held (by the Company 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 to placing 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 fair value, with reference to the price that would be received on the measurement date, when disposing the asset in a market transaction. In the determination of the reasonable value, the Company hires independent experts with recognized professional capability and experience in property appraisal. Changes in fair value of investment property are recognized in the period income as they arise. Investment property may be transferred from and to property, plant and equipment.

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 writing off the property (measured as the difference between the net income from the sale and the book value of the asset) is included in the Separate income for the period where the property was written off.

13. 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 may 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 is lower, 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 Company 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 Company is going to keep a non-controlling interest in its former subsidiary after its sale.

When the Company 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 Company discontinues the use of the equity method the in relation with the portion that is classified 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. Cementos Argos S.A. will discontinue the use of the equity method in relation with the portion that is classified as held for sale when the sale results in the Company losing significant influence over the associate or joint venture.

After the sale is made, the Company recognizes any interest retained in the associate or joint venture in accordance with IFRS 9, unless the interest retained is still an associate or a joint venture, in which case the Company uses the equity method (see the accounting policy related to the influence over an associate or joint venture). In cases where the Company 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 current conditions, 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.

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 separate comprehensive income statement for the current period and for comparative the period of the previous year.

14. 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 Company, and which are used for the Company's operations. Cementos Argos S.A. recognizes 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 may 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.

Property, plant and equipment 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 property, plant and equipment. Properties under construction for administrative, production or service supply purposes are recorded at cost minus any recognized impairment loss. The cost includes professional fees, direct costs of decommissioning and removal, and in the case of qualifying assets, capitalized loans costs in accordance with the accounting policy of the Company. 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 production 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

Property land is not depreciated.

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 of 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.

15. LEASES

Cementos Argos S.A. applied IFRS 16 Leases as of January 1, 2019. The change in the accounting policy was carried out using the modified retrospective approach, in accordance with the transitional provisions allowed in the standard and, therefore, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4, recognizing as of January 1, 2019, the cumulative effect of the transition from IAS 17 to IFRS 16 directly on equity in cumulative gain. Accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Accounting policy applicable from January 1, 2019

The Company recognizes leases, subleases and contracts with similar characteristics and circumstances taking into account the capacity of lessor or lessee, the underlying asset, and the term of the contract.

At the start of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract transfers the right to control the use of the identified assets, the Company uses the definition of lease in IFRS 16. This policy applies to contracts entered into as of January 1, 2019.

The Company as a Lessee

As a lessee, at the beginning or in the modification of a contract that contains a lease component, the Company assigns consideration in the contract to each lease component based on their relative independent prices.

The Company initially recognizes on the lease start date a right-to-use asset that represents the right to use the underlying asset of the contract and a lease liability that represents its obligation to make the payments agreed upon in the contract. Right-to-use assets are measured at cost, minus any accumulated depreciation and impairment losses, and are adjusted with new measurements of lease liabilities. The cost of right-to-use assets includes the value of recognized lease liabilities, initial direct costs incurred, and lease payments made before the contract start date minus any lease incentives received. Unless the Company has reasonable assurance of obtaining ownership of the leased asset at the end of the lease term, the assets recognized by the right-to-use are amortized in a straight line over the term of the lease. Right-to-use assets are subject to impairment.

On the lease start date, the Company recognizes the lease liabilities at the present value of the lease payments to be made during the lease term. Lease payments include fixed payments (including essentially fixed payments) minus lease incentives receivable, variable lease payments depending on an index or rate, and amounts expected to be paid based on value guarantees residual. Lease payments include the year's price of a purchase option when the Company has reasonable assurance that it will be exercised and the penalties for canceling the lease, if the lease term reflects that the Company will exercise an option to terminate the lease. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period where the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate on the lease commencement date if the interest rate implicit in the lease may not be readily determined. After the start date, the value of the lease liabilities is increased to reflect the accrual of interest and is reduced by the lease payments made. In addition, the book value of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in essentially fixed lease payments, or a change in the valuation to acquire the underlying asset.

The Company recognizes the depreciation of right-to-use assets and distributes the lease payments between the financial expense and the reduction of the lease obligations. Financial expense is charged directly to income, unless it is directly attributable to eligible assets, in which case they are capitalized in accordance with the general policy of borrowing costs.

The Company recognizes payments for leases of contracts with a lease term of 12 months or less and no purchase option or contracts whose underlying asset is of low value (i.e. assets whose new value is equal to or less than 5,000 dollars for assets intended for operation, and 3,500 dollars for assets of administrative use), as a lease expense minus lease incentives related, in a linear manner during the term corresponding to the lease, unless another systematic basis of distribution is more representative to more adequately reflect the temporal pattern of the benefits of the lease to the lessee.

The Company presents the lease right-to-use assets and the lease liabilities separately in the separate statement of financial position. Right-to-use assets that meet the definition of investment property are presented within the investment property item.

The Company presents interest expense on the lease liability separately from the depreciation charge of the asset for the lease right-to-use. Interest expense on the lease liability is a component of financial costs, which are presented separately in the separate statement of comprehensive income.

The Company classifies in the separate cash flow statement, cash payments for principal and interest from lease payments as financing activities and payments for short-term leases and payments for leases of low-value assets as activities of operation.

Short-term leases and low-value asset leases.
The Company has decided not to recognize the lease right-to-use assets and the lease liabilities for leases with a lease term of 12 months or less and no purchase option (short-term leases), and leases whose underlying asset is of low value (i.e. assets whose new value is equal to or less than 3,500 dollars for assets intended for operation and 5,000 dollars for assets for administrative use), including IT equipment. The Company recognizes the lease payment associated with these leases as a linear lease expense over the term of the lease.

The Company as a Lessor
At the beginning or when modifying a contract that contains a lease component, the Company assigns the consideration in the contract to each lease component based on their relative independent prices.

As a lessor, the Company classifies the leases as financial or operating at the beginning of the lease, evaluating the extent to which the risks and benefits derived from the ownership of the asset affect it. The Company classifies a lease as financial when all the risks and benefits inherent to the property are substantially transferred, and operating when all the risks and benefits inherent to the property are not substantially transferred.

The Company recognizes amounts owed by lessees under finance leases as accounts receivable at the amount of the Company's net investment in the leases. Finance lease income is distributed over the accounting periods in order to reflect a regular rate of return constant on the Company's net pending investment with respect to the 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.

Accounting policy applicable before January 1, 2019
The Company classifies leases by evaluating the extent to which the risks and benefits of owning the asset affect the lessor or lessee. The Company classifies a lease as financial when all the risks and benefits inherent to the property are substantially transferred, and operating when all the risks and benefits inherent to the property are not substantially transferred.

As a lessee, the Company 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 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 a lessor, the Company recognizes amounts owed by lessees under finance leases as accounts receivable at the amount of the Company's net investment in the leases. Finance lease income is distributed over the accounting periods in order to reflect a regular rate of return constant on the Company's net pending investment with respect to the leases.

Income from rentals under operating leases is recognized using the straight-line method during the term corresponding to 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.

16. BORROWING COSTS
The company 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 future economic benefits and may be measured reliably. The capitalization 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 Company suspends capitalization of borrowing costs during the periods where the activities of a qualifying asset are interrupted. However, the capitalization of borrowing costs is not interrupted by leases during a period if important technical or administrative actions are being carried out. Capitalization of borrowing costs will not be suspended either when a temporary delay is necessary as 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 may be used separately while the construction continues, the capitalization of borrowing costs on these components should be stopped.

17. AGRICULTURE
The Company 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 product may be measured reliably.

The company 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 active 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 Company 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 income statement of the period when they occur.

18. PROVISIONS

Provisions are recognized when Cementos Argos S.A. has 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 may be estimated reliably. In cases where Cementos Argos S.A. expects 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 may be measured reliably.

Provisions are measured with the Administration's best estimate of the future disbursements required to settle the present obligation and it is discounted using a risk-free rate. The expense related to the provisions is presented in the comprehensive income statement. The increase in the provision due to the passage of time is recognized as a financial expense in the comprehensive income statement. The Company 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 under the control of Cementos Argos S.A., are not recognized in the Statement of Financial Position, but are disclosed as contingent liabilities.

Separate financial statements have been prepared on the basis of a going concern and as of December 31, 2019, there are no material uncertainties related to events or conditions that produce significant doubts about the ability of any Company within the Company to continue operating.

Contingent liabilities acquired in a business combination are initially measured at their fair values on the date of acquisition. At the end of the subsequent reporting periods, such contingent liabilities are measured either at 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 IFRS 15 Revenue from Contracts with Customers.

19. POST-EMPLOYMENT BENEFIT PLANS

The Company 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, whereby it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits. This information is included in Note 23.

The Company recognizes the benefit plans classified as contribution plans in the income statement as overhead or sales expense, or cost of merchandise sold according to a submission by function on the date where it occurs. The Company 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 measured 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 measures each unit separately to build up the final obligation. The Company deducts the total value of post-employment benefits obligation, 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 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 are recognized immediately in the comprehensive income statement in the statement section in the period where they arise.

20. INVESTMENTS IN SUBSIDIARIES

A subordinate or controlled company is a company where its power of decision is subject to the will of other(s) company(ies) that will be its parent or controlling company, either directly, in which case it will be called an affiliate or through the subordinates of the parent, in which case it will be called a subsidiary. Control is given by compliance with one or more of the following cases:

a). Power over the investee.

b). Exposure, or right, to variable returns from their 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 separate financial statements using the equity method, except if the investment or a portion of it is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. With respect to the equity method, investments in subsidiaries are initially accounted for in the statement of financial position at cost, and are subsequently adjusted to account for the Company's share of profit or loss and other comprehensive income of the subsidiary.

21. INVENTORIES

Assets acquired with the intention of selling them in the ordinary course of business or consumed in the process rendering services are classified as inventories. The inventory of raw materials, products in process, merchandise manufactured for sale and finished products are measured at cost of acquisition. The Company 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

IFRS 15 requires the recognition of ordinary income when the promised goods or services are transferred to customers, for the amounts that reflect the consideration that the entity expects to receive in exchange for said goods or services, through the application of a five-step approach: Step 1: Identify the contract(s) with the customer; Step 2: Identify performance obligations within the contract; Step 3: Determine the price of the transaction; Step 4: Assign the transaction price to each performance obligation based on the individual relative sale price of each good or service; and Step 5: Recognize ordinary income when (or to the extent that) the entity meets performance obligations by transferring control of promised goods and services to the customer. Performance obligations may be fulfilled at one time point or over a period of time.

Sale of Goods

In the sale of goods, a single performance obligation is established. Cementos Argos S.A. recognizes income when the obligation is fulfilled, i.e. when control of the underlying goods or services of the performance obligation has been transferred to the customer, at one time point.

Rendering of Services

Cementos Argos S.A. renders some services that are sold on their own in contracts with customers or grouped together with the sale of goods to a customer. In both scenarios, income from service contracts is realized at one time point.

IFRS 15 excludes from its scope the recognition requirements for dividend and interest income and operating leases, for which Cementos Argos S.A. continues to apply the same accounting treatment.

Income from Dividends and Interest
Income from dividends from investment is recognized once 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 revenue may be measured reliably).

Income from interest on a financial asset is recognized when it is likely that the Company will receive the economic benefits associated with the transaction and the amount of revenue may be measured reliably. Interest income is recorded on a time basis, in reference to the outstanding principal and the applicable effective interest rate, 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 Cementos Argos S.A. 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.

Materiality
Cementos Argos S.A. considers that information is material if omitting it or misstating it could influence decisions of users of the separate financial statements.

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

3.1. IFRS incorporated in Colombia and adopted at the preparation date of the separate financial statements

3.1.1. Standards issued by the IASB and incorporated in Colombia from January 1, 2018

Standards, modifications or interpretations to those issued by the IASB, which are mandatory in Colombia for periods beginning on January 1, 2018:

IFRS 9 FINANCIAL INSTRUMENTS
The IFRS 9 - Financial Instruments - has introduced by stages new requirements for the classification and measurement of financial assets and replaced IAS 39 - Financial instruments -: recognition and measurement for annual periods beginning on or after January 1, 2018. During the first review stages for IAS 39, the requirements for the classification and measurement of financial liabilities and for financial instruments derecognition were modified. The Accounting and Financial Information Standards accepted in Colombia -NCIF, per its acronym in Spanish-, adopted these classification and measurement requirements for financial instruments since January 1, 2015, through Law 1314 of 2009, regulated by Decree 2420 of 2015, amended on December 23, 2015 by the Regulatory Decree 2496 and on December 22, 2016 by the Regulatory Decree 2131, so that both requirements were previously adopted by the Company in its first financial statements under IFRS.

Subsequently, new requirements were included in order to account for accounting hedges, determine the financial assets impairment using the expected credit loss model and limited modifications were carried out to the classification and measurement requirements by introducing the fair value category with changes in equity for certain debt instruments. These requirements were applied by the Company as follows:

Application of the expected credit loss model for the financial assets impairment under IFRS 9
As of January 1, 2018, the Company adopts the new value impairment requirements of IFRS 9. The impairment model in accordance with IFRS 9 reflects expected credit losses, as opposed to credit losses incurred under IAS 39. Under the extent of impairment in IFRS 9, it is no longer necessary for a credit event to occur before credit losses are recognized.

Cementos Argos S.A. applies the new value impairment requirements of IFRS 9 retroactively in its debt securities, trade accounts receivable and lease, with the option of avoiding comparative information restate. As of January 1, 2018, the Company recognized the difference due to the transition from IAS 39 to IFRS 9 directly in equity in accumulated earnings, presenting a net effect on it of $440, which includes the accounting for deferred tax of $259 and a net decrease in assets of $700. For the calculation of expected credit losses under IFRS 9, Cementos Argos S.A. applies a simplified approach, which allows it to avoid tracking changes in credit risk, but to recognize a losses provision based on expected credit losses during the asset lifetime on each reporting date, that is, to recognize the expected credit losses that result from possible default events during the expected financial instrument lifetime. In cases where there is objective evidence that a financial asset is impaired, the Company recognizes a provision for loss of individual impairment and excludes the item from the collective assessment under the expected loss model.

The reconciliation of the final impairment value according to IAS 39 with the opening impairment value according to the IFRS 9 model is detailed below:

	Impairment value calculated in accordance with IAS 39: December 31, 2017	Impairment value calculated in accordance with IAS 9: January 1, 2018	Transition adjustment by the difference between the impairment value in accordance with IAS 39 and IFRS 9
Value impairment over financial instruments			
Commercial accounts and other accounts receivable	4,115	4,815	(700)

Adoption of hedge accounting requirements under IFRS 9

The general hedge accounting requirements for IFRS 9 maintain the three types of hedge accounting mechanisms included in IAS 39: cash flow, fair value and net investment abroad, the obligation to measure and recognize any coverage inefficiency in the period result and document the coverage at the beginning of it. However, IFRS 9 introduces changes in the effectiveness tests performance and includes a wider range of hedging instruments and risks to be covered.

IFRS 9 introduces the option of applying guidelines for IFRS 9 accounting hedges or continuing to apply the hedge accounting requirements for IAS 39 and IFRIC 16 -Coverages of a Net Investment in a Business Abroad-, provided that the policy is applied consistently to all of its hedging relationships. Cementos Argos and its subsidiaries will continue to apply the hedge accounting requirements established by IAS 39, as permitted by IFRS 9, so there is no transition financial impact.

Adoption of IFRS 15 - revenue from contracts with customers

IFRS 15 establishes a single comprehensive model to be used by entities in accounting for revenue from contracts with customers. IFRS 15 basic principle is that an entity must recognize the revenues that represent the promised transfer of goods or services to customers for the amounts that reflect the consideration that the entity expects to receive in exchange for such goods or services. Specifically, the standard introduces a five-step approach to recognize revenue:

- Step 1: Identification of the contract/contracts with the costumer;
- Step 2: identification of performance obligations in the agreement;
- Step 3: Determination of the transaction price;
- Step 4: Assignment of the transaction price to each performance obligation in the agreement, and
- Step 5: Recognition of ordinary income when the entity satisfies the performance obligation.

Under IFRS 15, an entity recognizes revenue when the obligation is met, that is, when the underlying goods or services control of the performance obligation has been transferred to the customer. Likewise, guidelines have been included in IFRS 15 to deal with specific situations.

Subsequently, Decree 2131 of 2017 includes amendments that clarify how to:

- Determine whether an entity acts as principal or agent
- Identify a performance obligation in an agreement and the different goods or services that have the same transfer pattern.
- Determine whether the income derived from a license granting must be recognized at any given time or during time.

This standard replaces existing revenue recognition standards, including IAS 18 “Ordinary Income”, 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 interpretation “Barter Transactions Involving Advertising Services”.

As of January 1, 2018, the Company adopts IFRS 15. The transition to IFRS 15 had no financial impact on the operating results and the separate financial situation.

3.1.2 Standards issued by IASB and incorporated in Colombia as of January 1, 2019

Standards, modifications or interpretations to those issued by IASB and which are mandatory in Colombia for the periods beginning on January 1, 2019 - Decree 2496 of 2015 and Decree 2170 of 2017. As of January 1, 2019, the following standards come into force into the regulatory technical framework that contains some amendments issued by IASB and carried out during 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 IAS 17 standards “Leases”, IFRIC 4 “Determining whether an agreement 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 like that used to account for financial leases under IAS 17. IFRS 16 includes two exceptions to the General recognition principle, short-term lease contracts (leases whose term is twelve months or less) and with low value. At the beginning 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 lease term. Tenants must separately recognize the financial expense of the financial liability and the depreciation expense for the right of use.

Tenants will also need to measure the financial liability again under the occurrence of certain events (for example, a change in the lease term, a change in the future leases 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 for the financial liability as an adjustment for the right-of-use asset.

The lessor’s accounting under IFRS 16 remains substantially unchanged against the current accounting under IAS 17. Tenants will continue to classify leases using the same classification principle as IAS 17 and distinguish 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 transitional provisions for the standard allow some relief.

Adoption of IFRS 16 – Leases.
Cementos Argos S.A. applied IFRS 16 Leases as of January 1, 2019. The Company applied the change in the accounting policy using the modified retrospective approach, in accordance with the transitory provisions allowed in the standard, according to which the cumulative effect of standard initial application is directly recognized in equity in separate accumulated earnings as of January 1, 2019. Consequently, the comparative information presented for 2018 was not restated, and continues to be presented, as presented above, according to IAS 17 and related interpretations. In addition, IFRS 16 general disclosure requirements have not been applied to comparative information. The option choice of not restating financial information available by the transitional provisions to implement IFRS 16, has no material effects on future periods. The detail of the accounting policy change is revealed below:

Lease definition
Previously, Cementos Argos S.A. determined at the beginning of the contract if an agreement was or contained a lease according to IFRIC 4 “Determining whether an agreement contains a lease”; now, the Company assess whether a contract is or contains a lease based on the IFRS 16 lease definition.

In the transition to IFRS 16, the Company chose to apply the practical solution that allows not to reassess whether a contract is, or contains, a lease on the initial application date. Instead, the standard allows IFRS 16 to be applied only to contracts previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed to determine whether a lease exists under IFRS 16. Therefore, the lease definition under IFRS was applied only to contracts entered into or modified as of January 1, 2019.

The company as a tenant
As a lessee, Cementos Argos S.A. leases a significant number of assets, including real estate, production equipment, yellow machinery, vehicles, concrete mixer trucks and equipment, among others. In accordance with the previous accounting policies, it classified the leases into operating or financial leases based on the assessment of whether the company significantly transferred all the risks and rewards associated with the ownership of the underlying asset. Under the new IFRS 16 guidelines, it recognizes right-of-use assets in leasing and liabilities for leasing for most of these leases.

On the initial recognition, the Company recognized a lease liability equivalent to the present value of the minimum lease payments that are pending of payment and discounted at the lessee's incremental loan rate on the transition date, January 1, 2019, as well as an asset valued equally to the lease liability adjusted for any expenses paid in advance or payable liabilities recognized in the separate financial position statement under IAS 17.

Cementos Argos S.A. chose to apply the following practical solutions available in IFRS 16:

- Do not apply the recognition requirements, on the starting date, in contracts with a lease term equal to or less than 12 months and without a purchase option or in contracts whose underlying asset is of low value (that is, assets whose value as new is equal to or less than US$3,500 for operation-destined assets and US$5,000 for administrative use assets).
- Exclude the initial direct costs of measuring the right-of-use asset on the starting date.
- Use the reasoning in retrospect, if the contract contains extension or termination options.
- Do not reassess if a contract is, or contains a lease, and use the analyzes carried out under IAS 17 and IFRIC 14.

At the transition date to IFRS 16, the company maintained leases classified as financial leases under IAS 17. For these financial leases, the carrying amount of the right-of-use asset and the lease liability as of January 1, 2019 were determined by the carrying amount of the lease asset and liability according to IAS 17, immediately before that date.

Cementos Argos S.A. as lessor
The Company is not required to carry out any adjustments in the IFRS 16 transition for leases in which it acts as lessor, except for a sublease. As of the transition date and reporting period, there are no subleases of any assets.

Impact of the IFRS 16 Leases application
In the IFRS 16 transition, January 1, 2019, the Company recognized additional right-of-use assets in leases, including investment properties and additional lease liabilities in its separate financial statements, recognizing the difference in retained earnings. The impact on the transition is summarized below:

	2019
Right-of-use assets as of December 31, 2018, property, plant and equipment	
Right-of-use assets in leasing (1.42% increase in assets) (1)	195,586
Financial leased assets reclassified as an increase in the right-of-use asset	111,430
Improvements in foreign properties reclassified as an increase in the right-of-use asset	19,768
Right-of-use assets in leasing, property, plant and equipment as of January 1, 2019	**326,784**
Lease liabilities as of December 31, 2018, property, plant and equipment	
Lease liabilities (3.66% increase in liabilities) (1)	195,586
Financial lease liabilities reclassified as an increase in lease liabilities	76,963
Right-of-use lease in leasing, property, plant and equipment as of January 1, 2019	**272,549**

(1) Compared to the annual figures reported as of December 31, 2018.

The adoption of IFRS 16 increased operating income and financial expense, because lease expenses do not affect the period profit under the new guidelines.

Given the choice not to restate the Company's comparative information for IFRS 16 first-time adoption, it should be considered that:

- The value of property, plant and equipment as of December 31, 2018, includes amounts for financial leases recognized under IAS 17 of $111.430, and improvements in foreign properties of $39.882, which for 2019 are presented as right-of-use assets.
- The value of current and non-current financial obligations as of December 31, 2018, includes amounts for liabilities for financial leases recognized under IAS 17 of $13.886 and $63.076, respectively, which for 2019 are presented as lease liabilities.
- The separate income statement as of December 31, 2018 presents lease expenses of $ 20.991, of which $ 10.434 were included as cost of sale and $ 10.557 as administration and sale expenses. In this period, there are no expenses or costs for depreciation of right-of-use assets, nor interest expenses associated with lease liabilities that under IAS 17 were classified as operating leases.
- The separate income statement as of December 31, 2019 presents a total of $ 38.920 for the depreciation of right-of-use assets, of which $ 37.883 were included in the results and $ 1.037 capitalized. In addition, the expense for financial effect was $ 16.654.

When measuring lease liabilities that were classified as leases, the Company discounted lease payments using its incremental interest rate as of January 1, 2019. The weighted average rate applied is 6.86%.

	January 1, 2019
Operating lease commitments as of December 31, 2018, as disclosed in IAS 17 in the financial statements.	193,150
Operating lease commitments as of December 31, 2018, not included in the disclosure under IAS 17 in the Company's separate financial statements	52,801
Total of minimum lease payments on non-cancellable operating leases	245,951
Discount effect using the incremental interest rate as of January 1, 2019	(50,365)
Lease liabilities recognized as of January 1, 2019	**195,586**

The following table shows the liabilities cash flows for leases with and without discount effect:

	Undiscounted cash flows from lease liabilities	Discounted cash flows from lease liabilities
A year or less	35,551	1,897
1 to 3 years	68,279	5,675
3 to 5 years	62,928	14,040
5 to 10 years old	73,790	25,809
More than 10 years	5,403	2,944
Total liabilities per lease	**245,951**	**50,365**
Current	-	33,654
Non-current	-	161,932
Total liabilities for leases	**-**	**195,586**

3.2. IFRS issued by IASB and which have not been incorporated in the reporting periods

The following standards have been issued by the IASB, have been incorporated by Decree in Colombia and are expected to be implemented on January 1, 2020:

- **IFRIC 23 - Uncertainties regarding Income Tax Treatments,** clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty regarding income tax treatments. In this circumstance, an entity will recognize and measure its deferred or current tax assets or liabilities by applying IAS 12 requirements on the fiscal gain basis (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this Interpretation. It will come into force in Colombia in January 2020. The Company continues assessing the possible impacts of the transition to IFRIC 23; however, at the end of the period no significant financial impacts that could affect operating results and the separate financial situation have been determined.

The following standards have been issued by IASB, but have not yet been incorporated by decree in Colombia:

- **IFRS 17 - Insurance contracts,** Establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the Standard scope. Its objective is to ensure that an entity provides relevant information that faithfully represents insurance contracts. This information provides a basis for users of financial statements to assess the effect that insurance contracts have on the financial situation, financial performance and entity cash flows. It will come in force in January 2021.

- **IAS 1 - Financial Statements Presentation,** The information is usable if it can reasonably be expected that the omission, deviation or concealment of the same influence the decisions that the primary users of the general purpose financial statements make about those financial statements, which provide financial information about a specific reporting entity. It will come into force in January 2020.

- **IAS 19 - Employee benefits,** plan modification, reduction or liquidation, modifications are carried out related to post-employment benefits, benefit plans defined by the plan modification, reduction or liquidation. The entity must use updated actuarial assumptions in order to determine the services cost for the current period and net interest for the remainder of the annual period reported.

- **IFRS 3 - Business definition,** modification:
  - Clarifies that, to be considered a business, an acquired set of activities and assets must include, at least, a contribution and a substantive process where these contribute significantly to the ability to create products.
  - Restricts the business and products definitions by focusing on the goods and services provided to customers and by eliminating the reference to the ability to reduce costs.
  - Adds guidance and illustrative examples to assist entities to assess whether it has acquired a substantive process.
  - Eliminates the assessment of whether market participants can replace any missing input or process and continue producing products; and
  - Adds an optional concentration test that allows a simplified evaluation of whether an acquired set of activities and assets are not a business. It will come into force in January 2020.

- **Conceptual framework 2018 - General amendment,** contains concepts definitions related to:
  - Measurement: including the factors considered when measuring bases are selected.
  - Presentation and disclosure: including when to classify an income or expense in the other comprehensive income.
  - Non-recognition: includes guidance on when assets or liabilities should be removed from the financial statements.

Additionally, it updates assets and liabilities definitions and the criteria to include them in the financial statements and clarifies the meaning of some concepts. It will come into force in January 2020.

From the aforementioned standards, modifications or interpretations, the Company will evaluate its impact once its application in Colombia is approved.

NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATE SOURCES

For the application of the Company's accounting policies, which are described in note 2, the Administration must make estimates and assumptions that affect the reported assets and liabilities figures, disclosures of contingent assets and liabilities up to the date of the financial statements and reported figures of income and expenses during the reporting period. The associated estimates and assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from such estimates.

The underlying estimates and assumptions are regularly reviewed by the Administration. Reviews to accounting estimates are recognized in the review period if it only affects that period, or in future periods if the review affects both the current period and subsequent periods.

4.1. Essential judgments when applying accounting policies

The essential judgments are presented below, apart from those that involve the estimates (see 4.2) carried out by the Administration during the process of applying the Company's accounting policies and that have a significant effect on the recognized amounts in the separate financial statements.

CASH GENERATING UNITS

When carrying out value impairment tests of non-current assets, assets that do not individually generate cash inflows that are widely independent of the flows generated by the other assets or groups of assets, these should be grouped into the cash generator unit to which the asset belongs, which is the smallest identifiable group of assets that generates cash inflows in favor of the company, which are largely independent of the cash flows derived from other assets or groups of assets. The Administration uses its judgment in the determination of the cash generating units for the purposes of the value impairment tests.

HEDGE ACCOUNTING

The Administration applies its judgment to establish whether a hedging relationship meets the requirements of IAS 39 Financial Instruments in order to be accounted for as hedge accounting, as well as the assessment of the coverage effectiveness and ineffectiveness sources. The Company applies fair value hedge accounting and cash flow accounting in its financial statements to mainly cover foreign currency risk and interest rate. The decision to apply hedge accounting has a significant impact on Cementos Argos S.A. financial statement, Refer to Note 2 presentation basis and significant accounting policies, in financial instruments, for more information on the IAS 39 application to financial derivatives.

DETERMINATION OF THE LEASE TERM FOR LEASE CONTRACTS WHOSE TERM IS AUTOMATICALLY EXTENDED AT THE END OF THE ORIGINAL TERM

The Company enters into lease agreements that are automatically renewed at the end of the original lease term for another term of the same duration, or month by month, without any action by the Company or the lessor. The Company also signs leases contracts whose term is automatically extended at the end of each year or on the original termination date for another full period. The Company, for these contracts, estimates the lease term based on the existence of economic incentives, past experience, the expectation of use of the asset and the intention to continue with the lease, notwithstanding that the lessor may at any time exercise its legal rights and end the lease. This judgment has a significant impact on the separate financial statements.

PROVISION FOR EXPECTED CREDIT LOSSES FROM ACCOUNTS RECEIVABLE

In order to determine the expected credit losses, Cementos Argos S.A. uses an array of provisions based on the number of days that a trade account receivable is in default, that is, grouping the portfolio by ranges of default days and applying a percentage of expected default to the current balance of the accounts receivable on the measurement date for each range of default days. The default percentage given the default days of the portfolio was determined using the transition matrix methodology according to the Markov chain theory. The limitations of the statistical models themselves, the parameters required by these models and the uncertainty degree about future conditions may result in expected credit losses differing from future credit losses incurred and therefore, can significantly affect the figures of the separate financial statements.

INCOME TAX

The Company recognizes significant amounts of current and deferred income tax in its separate financial statements given the volume of its operations, the determination of current and deferred tax is based on the Administration's best interpretation of current and applicable laws and the best practices from the jurisdictions in which it operates. The reasonableness of this estimate depends significantly on the Administration's ability to integrate complex tax and accounting standards, to consider changes in applicable laws, and the assessment, for purposes of recognizing deferred tax assets, from the existent tax earnings which are sufficient for its conduction.

PENSION PLANS AND OTHER DEFINED EMPLOYMENT BENEFITS

The post-employment benefit liability is estimated using the actuarial technique of the projected credit unit, which requires the use of financial and demographic assumptions, among them and not limited to, discount rate, inflation rates, expected salary increase, expectation of lifetime and employee turnover rate. The liability estimation, as well as the values determination from the assumptions used in the valuation, is carried out by an independent external actuary, considering the country in which the benefits plan operates and the market conditions existing at the measurement date. Given the long-term horizon of these benefit plans, estimates are subject to a significant uncertainty degree, any change in actuarial assumptions directly impacts the obligation value by pension and other post-employment benefits.

USEFUL LIFETIME ESTIMATION AND RESIDUAL VALUES FOR PROPERTY, PLANT AND EQUIPMENT

As described in note 2, the Company reviews at least annually the useful lifetimes estimate and residual values for property, plant and equipment. When there is evidence of changes in the conditions or expected use of a property, plant and equipment item, the Administration makes a new useful lifetime estimate of the item. The latter is determined based on the historical asset performance, expectation of the asset use by the Administration and the existing legal restrictions for its use. The useful lifetimes estimate requires a significant degree of judgment from the Administration.

FAIR VALUE OF FINANCIAL DERIVATIVES AND FINANCIAL ASSETS

The fair value of financial derivatives is determined using widely known valuation techniques 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 under measurement and maximizes the use of observable variables. The assumptions are consistent with the market conditions at the measurement date and the information that market participants would consider in estimating the instrument price. The Administration considers that the valuation models selected, and the assumptions used are appropriate in determining the fair value of the financial derivatives. Notwithstanding the foregoing, 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 its measurement date. Additionally, changes in internal assumptions and forward curves used in the valuation can significantly affect the fair value of financial derivatives.

In addition, the Administration measures at fair value the equity investments that it classifies under the fair value category through another comprehensive income with reference to its quotation price at the end of the measurement period in the Stock Market where they are traded.

4.2. KEY SOURCES OF UNCERTAINTIES IN THE ESTIMATES

The basic assumptions regarding the future and other key sources of uncertainty in the estimates are discussed below, at the end of the period over which they are reported, which imply a significant risk of material adjustments in the carrying amounts of assets and liabilities during the next financial period.

VALUE IMPAIRMENT OF ASSETS - PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The Company assesses the value impairment of the 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 period on which it is reported. When this happens, Cementos Argos S.A. measures, presents and discloses any loss due to impairment of the resulting value in the comprehensive income statement.

RECOGNITION OF DEFERRED TAX ASSETS FROM LOSSES OR UNUSED TAX CREDITS.

The Administration applies its judgment to recognize a deferred tax asset when evaluating the existence of enough fiscal gains from subsequent periods for compensation and/or recovery.

FAIR VALUE OF INVESTMENT PROPERTIES

The fair value of investment properties is determined by independent experts with recognized professional ability and experience in real estate valuation. Independent experts use their judgment to select the appropriate valuation method for the asset under measurement, considering the three approaches allowed by IFRS 13: market approach, cost approach and income approach, and maximize the use of observable variables. The assumptions are consistent with the market conditions at the measurement date and the information that market participants would consider in estimating the property price.

The Administration considers that the valuation models selected, and the assumptions used are appropriate in determining the real estate fair value. 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 not exactly matching the price at which the asset or liability could be delivered or settled on its measurement date.

LIABILITIES BY DECOMMISSIONING, WITHDRAWAL OR REHABILITATION

The provision for decommissioning, withdrawal or rehabilitation 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 obligation value, the Administration makes estimates on future disbursements for decommissioning, retirement or rehabilitation activities, the estimated date(s) on which the disbursements will be carried out and estimate financial assumptions such as the inflation and the discount rate. Given the long-term horizon of decommissioning obligations, estimates are subject to a significant uncertainty degree and can significantly affect the figures in the separate financial statements.

PROVISIONS FOR CONTINGENCIES, LITIGATION AND LAWSUITS

Litigation and lawsuits to which the Company is exposed are administered by the legal area, the administered processes are related to labor, civil, criminal and administrative. The Company considers that a past event has given rise to a present obligation if, considering all the available evidence as of the date on which it is reported, there is likely to be a present obligation, independent of future events. In these cases, it is understood that an event occurrence is more likely than unlikely when the occurrence probability is greater than 50%. The Company recognizes a provision when an outflow of future economic benefits is probable, discloses contingency information when its occurrence is possible, and does not record or disclose information when it concludes that the occurrence probability of the event is remote. The Company involves the professional judgment of internal and external specialist lawyers to determine the occurrence possibility of a present obligation. In estimating the provision for litigation and lawsuits, the Administration considers assumptions such as, without being limited to, inflation rate, appraisal of lawyers, estimated duration of litigation or demand, statistical information of processes with similar characteristics and the discount rate to be applied to the cash flows in order to determine the present obligation value, 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.

DETERMINATION OF THE LEASE TERM OF CONTRACTS WITH RENEWAL OPTIONS

There is the option, under some leases, to lease the assets for additional terms. The Company applies its judgment when assessing whether it is reasonably safe to exercise the option to renew. That is, considers all the relevant factors that create an economic incentive for renewal to be exercised. After the starting date, the Company reassesses the lease term if there is a significant event or change in the circumstances that are under its control and affect its ability to exercise (or not exercise) the option to renew.

NOTE 5: CASH AND CASH EQUIVALENTS

For purposes of the separate cash flow statement, cash and cash equivalents include cash and banks. Cash and cash equivalents at the end of the reported period in the separate cash flow statement and in the separate financial statement are:

	2019	2018
Cash and banks	42,678	63,197
Cash value and restricted equivalent or not available for use	-	168

As of December 31, 2019, Cementos Argos S.A. does not maintain cash balances and restricted cash equivalent. Likewise, to that same date, the Company maintained cash and cash equivalents balances worth $168 due to agreements entered into with the Administrative Department of Science, Technology and Innovation (Colciencias) that establish that the contribution of resources and scheduled disbursements had a restricted destination in order to attend the activities described in those agreements.

During the current year and comparative periods, the following investment and financing activities carried out by Cementos Argos S.A. are not reflected in the separate cash flow statement:

- Dividends decreed as not yet paid by Cementos Argos S.A. for $ 82.332 (2018: $ 77.570), which correspond to ordinary shares for $ 69.676 (2018: $ 65.645) and $ 12.656 (2018: $ 11.924) of preferred shares.
- On September 28, 2018, Cementos Argos S.A. assigned to Constructora Capital Medellin S.A.S. its contractual position and participation in the commercial administration fiduciary denominated “Fideicomiso Gaseosa Lux” for $ 46.000 as consideration. The payment method for the transaction was $ 11.500 in cash on the date of the contract signing and $ 34.500 payable in three equal installments of $ 11.500 each, to be paid in March and September 2019 and March 2020, with no agreed financing rate.

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

	2019	2018
Derivative financial assets designated as cash flow hedging instruments recorded at fair value	355	1,528
Derivative financial assets	**355**	**1,528**
Current	355	1,528
Derivative financial assets	**355**	**1,528**

	2019	2018
Derivative financial liabilities designated as cash flow hedging instruments recorded at fair value	16,021	277
Derivative financial liabilities	**16,021**	**277**
Current	16,021	277
Derivative financial liabilities	16,021	277
Short net position in financial derivatives	**(15,666)**	**1,251**

Operations related to the Company financial derivatives as of December 2019 and 2018 are related below.

Swap operations:

Swap type	Underlying	Underlying rate	SWAP	Expiration	Underlying value | SWAP Amount 2019	Underlying value | SWAP Amount 2018	Fair value 2019	Fair value 2018
Interest rate	EKF Credit	Libor6m + 0.1%	1.38% NSV	06/26/2019	-	USD 7,648	-	201
Fair value of swap operation							**-**	**201**

Forward operations:

Forward type	Underlying	Underlying Value [1]	Forward rate	Expiration	Fair value 2019	Fair value 2018
Shopping	Short Term Credit	USD 10,000	3,271.76	02/26/2019	-	(142)
Shopping	Short Term Credit	USD 5,145	3,271.36	02/26/2019	-	(71)
Shopping	Short Term Credit	USD 5,000	3,270.52	02/26/2019	-	(65)
Shopping	Short Term Credit	USD 10,078	3,200.75	03/06/2019	-	579
Shopping	Short Term Credit	USD 5,529	3,196.85	02/14/2019	-	325
Shopping	Short Term Credit	USD 8,645	3,206.53	02/14/2019	-	424
Shopping	Short Term Credit	USD 15,489	3,433.78	05/28/2020	(2,057)	-
Shopping	Short Term Credit	USD 12,161	3,249.79	01/21/2020	355	-
Shopping	Short Term Credit	USD 20,117	3,409.41	01/22/2020	(2,614)	-
Shopping	Short Term Credit	USD 10,056	3,455.30	02/11/2020	(1,743)	-
Shopping	Short Term Credit	USD 30,166	3,485.39	02/20/2020	(6,083)	-
Shopping	Short Term Credit	USD 10,055	3,525.04	02/26/2020	(2,410)	-
Shopping	Short Term Credit	USD 8,019	3,395.68	01/09/2020	(945)	-
Shopping	Short Term Credit	USD 21,123	3,297.22	03/25/2020	(169)	-
Fair value of forward operations					**(15,666)**	**1,050**
Fair value of swap and forward operations					**(15,666)**	**1,251**

[1] The underlying value is rounded to the nearest million units when expressed in Colombian pesos and to the nearest thousand units when expressed in dollars.

NOTE 7: OTHER FINANCIAL ASSETS

	2019	2018
Financial assets measured at fair value with changes in other comprehensive income (See note 25)	967,959	917,091
Other financial assets	**967,959**	**917,091**
Non-current	967,959	917,091
Other financial assets	**967,959**	**917,091**

As of December 31, 2019, none of these assets are expired or impaired.

The category of other financial assets at fair value with changes in other comprehensive income includes investments held by the Company in Grupo de Inversiones Suramericana S.A. The investment is measured at fair value with changes in other comprehensive income with a monthly frequency. In note 25.2.1., Financial assets measured at fair value with changes in other comprehensive income, this investment value is detailed for the periods reported.

In 2018, 254.235 shares from Compañía Occipital Inc. were acquired, for an amount of USD 1.067 (USD 4.196 per share). This company, which has its headquarters in the city of Boulder, Colorado State - United States, is dedicated to software and hardware development, focusing on different business verticals, including construction, video games and medicine.

During 2019, investments that the Company owned in Papeles y Cartones S.A. were classified as assets held for sale, this operation is detailed in note 17.

NOTE 8: COMMERCIAL DEBTORS AND OTHER ACCOUNTS RECEIVABLE

	2019	2018
Trade accounts receivable	215,671	246,805
Other accounts receivable	442,792	544,370
Deterioration for expected credit losses [1] and provision for doubtful accounts	(2,775)	(3,912)
	655,688	**787,263**
Current	525,514	480,603
Non-current	130,174	306,660
COMERCIAL DEBTS AND OTHER ACCOUNTS RECEIVABLE	**655,688**	**787,263**
Average age (days)	**5**	**9**

[1] Cementos Argos SA applied the value impairment requirements of IFRS 9 retroactively with the option not to restate comparative information, recognizing as of January 1, 2018 any difference by the transition from IAS 39 to IFRS 9 in accumulated earnings. Additionally, it adopted the simplified approach for measuring value losses of commercial accounts receivable, contract assets and accounts receivable for leases, which allows measuring the value loss by a value equal to the expected credit losses during the asset lifetime.

Next, the provision movement for expected credit losses of trade accounts receivable and other accounts receivable as of December 31 is detailed as follows:

	2019	2018
Provision movement for expected credit losses and doubtful accounts		
Balance at the beginning of the period	**(3,912)**	**(4,115)**
Cumulative effect of the transition to the IFRS 9 expected credit loss model	-	(700)
Value impairment losses recognized on accounts receivable [1]	(2,366)	(2,163)
Punishment of amounts considered uncollectible [2]	2,213	2,077
Reversed impairment losses	1,290	989
Balance at the end of the period	**(2,775)**	**(3,912)**

[1] Cementos Argos S.A. adopted the simplified approach for measuring the value losses of commercial accounts receivable, contract assets and accounts receivable for leases, retroactively with the option not to restate comparative information. For presentation purposes, the provision movement of expected credit losses for the year 2019 and 2018 is presented in accordance with the new guidelines of IFRS 9 Financial Instruments.

[2] The contractual amounts of financial assets written off during the reporting period that are still subject to compliance requirements activities are $ 2.213 (2018 $ 2.077).

For each day range of non-payment of the portfolio, the following table presents the value of trade accounts receivable and other accounts receivable subject to credit risk before recognizing any loss due to value impairment, the values of expected losses determined individually and collectively, the value of accounts receivable after considering the expected impairment, at the end of the reporting period, and the percentage of expected credit loss determined using the transition matrix methodology according to the Markov chains theory.

2019	Expected Credit Loss Rate	Gross accounts receivable	Provision of expected credit loss	Net Accounts receivable
Explanation of the provision for expected credit losses				
Not expired	0.05%	281,489	(18)	281,471
Between 0 and 30 days	0.05%	90,200	(9)	90,191
Between 31-60 days	0.23%	53,239	(17)	53,222
Between 61-90 days	0.63%	40,162	(9)	40,153
Between 91-120 days	1.11%	10,662	(11)	10,651
Between 121-150 days	2.09%	4,966	(14)	4,952
Between 151-180 days	3.61%	6,967	(12)	6,955
Between 181-360 days	13.16%	22,519	(192)	22,327
More than a year	14.55%	148,259	(2,493)	145,766
Total provision for expected credit losses		**658,463**	**(2,775)**	**655,688**

2018	Expected Credit Loss Rate	Gross accounts receivable	Provision of expected credit loss	Net Accounts receivable
Explanation of the provision for expected credit losses				
Not expired	0.05%	372,631	(22)	372,609
Between 0 and 30 days	0.09%	104,016	(29)	103,987
Between 31-60 days	0.37%	56,707	(28)	56,679
Between 61-90 days	1.00%	80,119	(27)	80,092
Between 91-120 days	1.81%	13,775	(26)	13,749
Between 121-150 days	5.86%	9,537	(59)	9,478
Between 151-180 days	3.27%	624	(28)	596
Between 181-360 days	8.80%	22,557	(214)	22,343
More than a year	50.05%	131,209	(3,479)	127,730
Total provision for expected credit losses		**791,175**	**(3,912)**	**787,263**

The average credit period over goods sale is 30 days. No interest surcharge is carried out on trade accounts receivable after the average credit period. Cementos Argos S.A. assess at the end of the period on which it is reported and with the same periodicity of financial information. If there is objective evidence that financial assets are impaired, and if this is the case, it recognizes a loss in the income statement due to a value deterioration. Cementos Argos S.A. recognizes a provision on individual clients when they are in a state of economic insolvency or when a financing or restructuring agreement of the account receivable is agreed upon and collectively grouping the portfolio by default days ranges and applying to these values the percentages of non-compliance using the transition matrix methodology according to the Markov chain theory. In determining the recoverability of a trade account receivable, Cementos Argos S.A. 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. The concentration of credit risk is limited because the customer database is long and independent.

Cementos Argos S.A. as of December 31, 2019 carried out sale of commercial debtors and other debtors to Bancolombia, BBV and Bancóldex for $ 23.577 (2018 $ 29.011), influencing the result of $ 2.633 (2018 $ 1.688).

NOTE 9: INCOME TAX

Tax provisions applicable and in force in Colombia, establish the following:

- The income tax in Colombia is settled for 2019 at a rate of 33% according to law 1943 in force, only valid for 2019 (in 2018, it was at a rate of 33% plus a surcharge of 4%). This rate was created as of Law 1819/2016, which entered into force as of January 1, 2017 and is applicable until December 31, 2018.
- Occasional earnings as of January 1, 2013 are taxed at a rate of 10% in accordance with the provisions of Law 1607 of 2012.
- For 2019, the basis for determining income tax cannot be less than 1.5% of the liquid equity on the last day of exercise of the immediately preceding taxable year.
- Companies may compensate losses with ordinary liquid income obtained in the following twelve periods, notwithstanding the presumptive income for the year.
- Excess presumptive income over ordinary income generated from 2003, can only be compensated with ordinary liquid income, within the following five years.
- As of 2004, taxpayers of income tax who carry out transactions with economic related parties or related parties abroad, are required to determine the transfer pricing study for purposes of income tax and complementary; as of the date of financial position statement, the Company has not completed the study with 2019 operations; however, considering that the operations carried out with related parties abroad during 2019 had a similar behavior to those carried out in 2018, the Administration considers that it will not generate an impact on the income statement for the period.
- Income statements for taxable years 2018, 2017 and 2016 are subject to review and acceptance by the tax authorities. In April 2018 and 2017, the tax obligations "Declaration of assets abroad" corresponding to the taxable period 2016 and 2017 were presented and are subject to review by the tax authorities.

Tax reform

The following summarizes some modifications to the Colombian tax regime for 2013 and following years introduced by the tax reforms established by the National Government:

a) Changes introduced by the Law 2010 of 2019

Given the non-eligibility of Law 1943 as of January 1, 2020, the National Government issued Law 2010 or Economic Growth Law on December 27, 2019, through which it contains the provisions in favor contained in the Law 1943 of 2018 and which were considered essential for economic growth and competitiveness in the country; likewise, also introduces some changes. The most relevant aspects are stated as follows:

- For the taxable year 2019, the applicable income tax rate is 33%. Tax rates determined in Law 1943 of 2018 for 2020 are maintained, rate of 32%, for year 2021, rate of 31% and for year 2022, rate of 30%.
- The Economic Growth Law continues to gradually decommission the 0.5% rate for the year 2020 for the purpose of calculating the income tax under the presumptive income system, and 0% from the year 2021 and following.
- 100% of the taxes, fees and contributions actually paid in the taxable year, which are causally related to income generation (except income tax), continue as a deductible; 50% of the financial movements tax (GMF, per its acronym in Spanish) will be deductible, regardless of whether or not it has a causal relationship with the income generating activity.
- 50% of the industry and commerce tax may be treated as a tax discount on the income tax for the taxable year in which it is actually paid and to the extent that it is causally related to its economic activity. For 2022, it can be discounted 100%.
- The following items continue as tax discounts (i) VAT paid on the importation, training, construction or acquisition of real productive fixed assets, including the services necessary for their construction and commissioning; this discount can only be used by those responsible for sales tax. (ii) The industry and commerce tax in the terms indicated in the previous paragraph.
- Regarding the tax on dividends, the following modifications were introduced:

  1. The withholding fee on non-taxed dividends, decreed for the benefit of foreign companies and entities, non-resident natural persons and permanent establishments was increased to 10%

  2 The applicable table to untaxed dividends decreed for the benefit of natural persons who reside in the country and illiquid successions of causative residents of the country was modified, providing a marginal rate of 10% for dividends exceeding 300 UVT.

  3. It was established that the tax on taxed dividends shall be determined: (i) applying the income rate corresponding to the year in which they are decreed (33% year 2019; 32% year 2020; 31% year 2021; and 30% year 2022 onwards) and (ii) on the remainder, the rate corresponding to the untaxed dividend will be applied, depending on the beneficiary (if it is a natural resident person or illicit succession of a resident causer, the table will be applied and for the other cases the rate of 7.5% will apply).

  4. The withholding regime at the source on dividends decreed for the first time to national companies continues, which will be transferable to the final beneficiary natural person resident or investor resident abroad with the rate of 7.5%.

  5. Dividends decreed with a charge to profits of 2016 and prior years will retain the treatment in force for that time; and those corresponding to profits of the years 2017 and 2018 and 2019 that are decreed from 2020 will be governed by the rates set forth in the Law 2010.

- Along with the Economic Growth Law, it is specified that taxpayers may opt for the tax works mechanism, as a way of extinguishing tax obligation, provided for in article 238 of Law 1819/2016 or through the mechanism of the direct investment agreement established in article 800-1 from the Tax Statute.
- The Growth Law establishes that the term of firmness for taxpayer income tax declarations that determine or compensate tax losses or that are subject to the transfer pricing regime, will be five (5) years from the income statement.
- The correction term for taxpayers who present corrections that increase the tax or decrease the balance in favor, is modified as the term that the taxpayer had to voluntarily correct their tax returns was two (2) years. With the Law of Growth, this term is modified, and it is unified with the general term of declarations firmness, fixing it in three (3) years.
- The audit benefit is extended for income tax declarations corresponding to the taxable years 2020 and 2021 for which the increase in net income tax is required compared to the previous year, in order for the declaration to be final in six months (30%) or in twelve months (20%), as provided for by Law 1943 of 2018 for declarations of the taxable years 2019 and 2020. It is required that the provisions enshrined in Law 1943 of 2018, regarding the benefit of audit, will have the effects provided there for taxpayers who have benefited from the audit benefit for the taxable year 2019.

b) Changes introduced by law 1943 of 2018

On December 28, 2018, the financing law was approved through Law 1943, with relevant changes in tax matters that will be mentioned below:

- The general income tax rate is progressively reduced as follows:

Year	General rate
2019	33%
2020	32%
2021	31%
2022 onwards	30%

- The presumptive income base decreases progressively:

Year	General rate
2019	1.5%
2020	1.5%
2021 onwards	0.0%

- The deduction of all taxes, fees and contributions, actually paid during the taxable year or period, that are causally related to economic activity is allowed. Likewise, 50% of the ICA tax (industry, commerce and advertisement tax) and paid notices and boards are discountable in rent as of 2019 and 2021, and 100% as of 2022.
- The 4-year time limit for the use of the tax discount for taxes paid abroad is eliminated.
- Dividend tax is created for legal persons for profits generated as of 2019.
- Audit benefit:

Tax increase	Firmness
30%	6 Months
20%	12 Months

This benefit applies for the 2019 and 2020 periods.

- The VAT paid on the acquisition, construction, training and importation of real productive fixed assets, as well as the services to put the assets into use, is deductible from income in the year of payment, or in any subsequent taxable period, even if the assets are acquired through leasing.

c) Changes introduced by Law 1819/2016

On December 29, 2016, the tax reform was approved through Law 1819, with important changes. Here, we mention the most relevant that began to come into force since 2017:

- For 2017 and following, the exemption of parafiscal contributions and contributions to the general social security system in Health is maintained for employees with salaries below 10 SMMLV.
- The general firmness term for tax returns is increased to three (3) years (being before 2 years). In the case of declarations in which tax losses are determined or compensated, the firmness term will be six (6) years (being before 5 years) and will be increased by 3 years if the compensation occurs in any of the last two years before of expiration to compensate for the loss. The new firmness term does not apply to statements submitted before January 1, 2017.
- The firmness term for the declaration of income tax and complementary for taxpayers subject to the Transfer Pricing Regime shall be six (6) years from the expiration of the period to declare. If the declaration was filed extemporaneously, the previous term will be counted from the date of the declaration submission.
- As of 2017, the referrals contained in the tax rules to the accounting standards will be subject to the International Financial Reporting Standards applicable in Colombia with the debugging established by the National Government.
- Elimination of the CREE tax and its surcharge as of January 1, 2017.

- Unification of income tax and complementary to the rate of 33% from 2018, in 2017 the rate was 34% and had a surcharge in that year of 6% (4% in 2018) that will apply on liquid income greater than $800.
- Increase in the rental rate for free zones from 15% to 20%.
- Increase in the general VAT rate from 16% to 19%.
- Creation of the carbon tax by taxing when fossil fuels are acquired from the importer or producer according to their pollutant grade.

9.1. Income tax recognized in profit or loss

	Current Tax	
	2019	2018
Regarding the current year	17,266	42,693
	17,266 (1)	**42,693**
Deferred tax		
Origin and reversal of temporary differences	(58,293) (1)	(92,315) (2)
Changes in laws and tax rates	-	10,442
	(58,293)	**(81,873) (2)**
Total tax expense related to continuous operations	**(41,027)**	**(39,180)**

(1) The variation in current tax expense is due to the fact that the Company in 2018 settled the income tax for the presumptive income system, whose base is the fiscal assets of the previous year; while in 2019 the determination of the current income tax is made by ordinary liquid income.

(2) The variation in deferred tax expense was mainly due to the generation of deferred tax assets, which corresponds to the excess of presumptive income and the fiscal losses generated during 2017 and 2018. Taxes paid abroad gave rise to new deferred tax assets during 2019.

Reconciliation of the effective rate:

	Reconciliation of the effective tax rate	
	2019	2018
Profit (loss) before income tax	**80,794**	**139,326**
Current tax expense (recovery) at applicable legal rates	**26,662**	**51,550**
Non-deductible expenses	41,667	65,162
Sale of non-taxed investment	-	(25,021)
Non-taxed dividend	(30,429)	(156,407)
Use of tax losses or excess presumptive income that has not been previously recognized	(93,837)	760
Others, net	14,910	23,172
Rate change effect	-	1,604
Total tax expense related to continuous operations	**(41,027)**	**(39,180)**

The effective tax rate for the Company was 51% for 2019 (28% in 2018, both periods had recovery rates). This variation corresponds mainly to the fact that the Company is being taxed by the ordinary income system and generated deferred tax assets for indirect tax discounts from the dividends distribution of Argos Sem for USD 90 million. The tax calculation varied out by the ordinary income system is as follows:

	Variation of presumptive income tax	
	2019	2018
Income Tax Base	154,510	107,395
Current income tax plus occasional profit	56,079	46,640
Tax Discounts	(38,813)	(3,947)
Deferred tax	(58,293)	(81,873)
Total tax expense related to continuous operations	**(41,027)**	**(39,180)**

9.2. Income tax recognized directly in equity

	Deferred tax	
	2019	2018
Generated by income and expenses recognized in other comprehensive income:		
Difference in foreign investment instead	241	1,001
New measurements of defined benefit plans	(2,760)	(16,313)
Cash flow hedges	(63)	63
Total income tax recognized in comprehensive income	**(2,582)**	**(15,249)**
Cumulative Earnings Tours		
Policy change in portfolio impairment	-	(259)
Change in investment property policy	-	162
Total Income Tax recognized in retained earnings	**-**	**(97)**

9.3. Current tax assets and liabilities and deferred tax balances

	Current tax	
	2019	2018
Current tax assets	175,933	103,790
Assets for other taxes	14,321	83,256
Net current tax asset	**190,254**	**187,046**

	Other taxes	
	2019	2018
Current tax liabilities	20,482	12,714
Liabilities for other taxes	51,660	93,516
Liabilities for other net taxes	**72,142**	**106,230**

	Deferred tax	
	2019	2018
Deferred tax assets	145,749	84,874
Net tax assets	**145,749**	**84,874**

The following is an analysis of the liability presented in the statement of financial position of December 2019 and comparative periods:

2019	Balance at the beginning of the period	Recognized in results	Recognized in other comprehensive income	Recognized in retained earnings	Balance at the end of the period
Other current assets	(2,429)	(4,574)	-	-	(7,003)
Other equity investments	(8,089)	(1,199)	(240)	-	(9,529)
Property, plant and equipment	(196,479)	(61,635)	-	-	(258,114)
Intangible assets	(21,486)	6,314	-	-	(15,172)
Other non-current assets	322	(3,647)	-	-	(3,325)
Provisions	11,831	-	-	-	11,831
Employee benefits	37,271	(5,605)	2,760	-	34,425
Financial liabilities	(22,094)	72,627	63	-	50,597
Other liabilities	23,060	-	-	-	23,060
Unused tax credits	47,915	54,926	-	-	102,841
Unused tax losses	135,736	-	-	-	135,736
Excesses of unused presumptive income	79,316	1,085	-	-	80,402
Total Deferred Tax Assets	**84,874**	**58,292**	**2,583**	**-**	**145,749**

2018	Balance at the beginning of the period	Recognized in results	Recognized in other comprehensive income	Recognized in retained earnings	Balance at the end of the period
Other current assets	(505)	(2,183)	-	259	(2,429)
Other equity investments	(19,670)	7,148	4,433	-	(8,089)
Property, plant and equipment	(209,159)	12,680	-	-	(196,479)
Intangible assets	(37,303)	15,817	-	-	(21,486)
Other non-current assets	684	(362)	-	-	322
Provisions	11,831	-	-	-	11,831
Employee benefits	43,770	(6,497)	(2)	-	37,271
Financial liabilities	(27,505)	(546)	5,957	-	(22,094)
Other liabilities	23,060	-	-	-	23,060
Unused tax credits	14,526	33,389	-	-	47,915
Unused tax losses	140,818	(5,082)	-	-	135,736
Excesses of unused presumptive income	51,807	27,509	-	-	79,316
Total (Liabilities) Deferred tax assets	**(7,646)**	**81,873**	**10,388**	**259**	**84,874**

The Company recognizes deferred tax assets which will be offset by the reversal of current taxable temporary differences; however, if due to the periodicity of the reversal of the taxable differences the deferred tax asset depends on future earnings, the Company supports the deferred tax asset in the projection of the future taxable income generation.

If during the analyzes development it is determined that there is a high probability of rejection of the tax asset by the tax authorities or that it will not be possible to use the deferred tax asset before its expiration, said asset is not recognized. Both situations affect the income tax expense in the period in which its determination is carried out.

Temporary differences related to investments in subsidiaries, associates and interests in joint ventures, for which no deferred tax liability has been recognized is $ 3.341.192 (2018 $ 1.929.094).

9.4. Unrecognized deductible temporary differences, unused tax losses and unused tax credits

At the end of 2019, the Company has the following tax credits, which resulted in the recognition of deferred tax assets.

Detail	Year of generation	Amount	Compensation term
Tax loss	2017	287,713	2029
Tax loss	2018	38,400	2030
Total Tax Loss 2019		**326,113**	
Excess Presumptive Income	2016	33,758	2021
Excess Presumptive Income	2017	119,161	2022
Excess Presumptive Income	2018	107,561	2023
Total Excess Presumptive Income 2019		**260,480**	
Tax Discounts	2017 to 2019	145,387	N/A
Total Tax Discounts		**145,387**	

9.5. Impact on income tax for the potential dividends payment to its shareholders

The Company does not show potential consequences for the income statement in the event of dividends payment to its shareholders.

The Company does not present proposed or declared dividends before the financial statements have been authorized for issuance, on which an impact on income tax could be anticipated.

NOTE 10: INVENTORIES

	2019	2018
Finished product	18,695	20,262
Product in process	50,450	33,788
Raw materials and direct materials	43,441	24,490
Materials, spare parts and accessories	38,042	31,273
Inventory in transit	11,126	9,404
Inventory of goods not manufactured by the company	1,873	-
Others	1,251	863
Advances for inventory acquisition	9	73
Total inventories	**164,887**	**120,153**

Cementos Argos S.A., measures its inventory by the lowest between cost and net realizable value.

The cost of inventories recognized as the cost of goods sold during the period, with respect to operations in the statement of separate comprehensive income, corresponds to $1,184,827 (2018: $1,102,860). The value of the inventory decrease to the value net realizable corresponds to $1,766 (2018: $1,909). During the year and comparable ones there was no reversal of a write-down of inventories.

As of December 31, 2019 and December 2018, Cementos Argos S.A. does not keep compromised inventories as a guarantee of liabilities. Cementos Argos S.A., expects to make its inventories in less than 12 months.

NOTE 11: BIOLOGICAL ASSETS

	2019	2018
Book value at January 1	21,257	21,199
Changes in fair value less costs to sell	(619)	58
Carrying cost at December 31	**20,638**	**21,257**
Non-current	20,638	21,257
Biological assets	**20,638**	**21,257**

Cementos Argos S.A. carries out agricultural activities through forestry projects. The biological assets of the Company are measured at fair value less the estimated costs of sale at the point of harvest or collection, considering significant observable input data of Level 3. Changes in the fair value of the biological assets are presented in the statement of comprehensive income such as income or valuation expense as appropriate.

For the valuation of the plantations, the discounted cash flow model was used, taking into account that the future economic benefits associated with the forest cover are expected to be carried out 3 or 4 times over time, like this: at the time when the 2 or 3 culled, which depend on the age and the diameter of the plantation, and at a last moment when the clear cutting is carried out.

In this sense, fair value is determined by applying a discount rate to future net cash flows, for which purpose Weighted Average Cost of Capital (WACC) was used, which was estimated at 8.65% for 2019 (2018: 9.86%). The sale price, volume, determined based on forestry experience and studies, and the estimation of costs and expenses are significant unobservable input data in the measurement.

Losses were recognized as a result of the valuation which amounts to $619 (2018: $58 profit). For the valuation, market prices were taken as the basis, which remain constant and the costs increase with the CPI throughout the projection. For the year 2019 there were no significant changes that would affect the valuation, nor purchases, sales, issues or settlements that would affect the fair value.

The biological assets of Cementos Argos S.A. are composed of plantations, like this:

	2019	2018
Plantations (Hectares planted = Ha)	1,172	1,172

As of December 31, 2019 and its comparable, the plantations mainly include teak, eucalyptus, pine, rubber, acacia and melina, distributed in the national territory in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolívar), Victoria (Caldas), Puerto Nare (Antioquia).

At the end of the reporting period reported and comparable ones, there are no restrictions on the ownership of the biological assets of Cementos Argos S.A., nor contractual commitments for their development or acquisition and have not been pledged as collateral for debt compliance.

NOTE 12: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The detail of the associates and joint ventures of Cementos Argos S.A., as of the date of the period reported, is as follows:

Name of the investee	Type of investment	Location	Main activity	Percentage of shareholding 2019	Percentage of shareholding 2018	Carrying amount 2019	Carrying amount 2018
Omya Andina S.A. (1)	Joint venture	Colombia	Production of non-metallic minerals	-	50%	-	43.719
Caltek S.A.S.(2)	Joint venture	Colombia	Lime exploitation	50%	50%	22.633	17.977
SUMMA S.A.S.	Associate	Colombia	Specialized business services	25%	25%	116	133
Investments in associates and joint ventures						**22.749**	**61.829**

(1) In development of its strategy of value creation and targeting of investments in cement, concrete and aggregates, Cementos Argos S.A., signed with Omya A.G. a contract for the sale of all of their shareholding in Omya Andina S.A., for a value of $62,680 million pesos on June 04, 2019. The sale transaction generated a profit by disposal of assets of $18,523 and an increase in current tax expense of $5,017 (without effect on deferred tax), presented in the lines of other income and operational expenses and income tax of the state of separate results.

Omya Andina S.A., is dedicated to the production of calcium carbonate in Colombia and Omya A.G., a Swiss Company that is part of the Omya organization, is a leader in the production of calcium carbonate and distribution of special chemicals in more than 50 countries. This operation is part of the program for the efficient allocation of resources that, through the divestment of non-strategic assets, will allow the Company to achieve greater financial flexibility and advance concentration in their core businesses, in which great opportunities are seen.

(2) As part of the investment plan of Cementos Argos S.A., during 2019, the investment in Caltek S.A.S. was capitalized worth $7,500 (2018: $9,980).

All associates and joint ventures are accounted for using the equity participation method in the separate financial statements. None of the investments in associates and joint ventures maintained by Cementos Argos S.A., is listed in a national or foreign stock market, therefore, there is no quoted market price for the investment.

In the reported periods, investments in associates and joint ventures do not have unrecognized losses of the current period or prior nor did they declare dividends.

12.1 Significant restrictions

As of December 31, 2019 and comparable periods there are no significant restrictions on the ability of associates or joint ventures to transfer funds to Cementos Argos S.A., in the form of cash dividends, or for the loans repayment or advances made by the Company.

The Company does not hold contingent liabilities related to their investments in associates and joint ventures.

NOTE 13: SUBSIDIARIES

13.1 General information on investments in subsidiaries

AGREGADOS ARGOS S.A.S.
Incorporated in accordance with Colombian laws on June 16, 2017.; its principal domicile is in the city of Medellín and the term of duration is indefinite. Its corporate purpose is the exploration, exploitation, transformation, transport, benefit, integral use, commercialization and sale of stony minerals exploited in mines and quarries tales such as sand, gravels and any own materials and elements, accessories and complementary used in the industry of the building; and in general, the realization of similar activities, connections or complementary, or that facilitate or develop the commerce or industry of the company.

ARGOS PANAMÁ S.A.
Stock corporation 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 material, machinery, equipment, spare parts for the manufacture and sale of cement. The main domicile of the company is located in Panama City, Republic of Panama, and the term is in perpetuity. This Company consolidates with Concreto S.A., and Terminal Granelera Bahía Las Minas S.A.

ARGOS SEM, LLC.
Established on March 21, 2014 in Panama City, (and relocated in December 2018 to Delaware, United States, at which time the transformation of the name Argos SEM SA by Argos SEM, LLC). This is intended establish and operate as a Multinational Company Headquarters to provide all and any of the management and/or administration services for operations in a specific or global geographical area of a company of the business group; also to dedicate internationally to the manufacture and marketing of goods of all kinds, as well as to the commercialization of services of all kinds, as allowed in the law of the respective state or jurisdiction. In May 2018, it absorbed the International Cement Company S.A., an entity incorporated in Panama on November 24, 1997, with the purpose of acquiring, owning, administering, taxing, leasing and disposing in any way all kinds of goods, whether on their own or third parties.

CEMENTOS DE CALDAS S.A.
Incorporated in accordance with Colombian laws on July 17, 2007; its main domicile is in Villamaría, 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 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 is in perpetuity.

COLCARIBE HOLDINGS, S.A.
Incorporated in accordance with Panamanian laws on June 25, 1996.; its principal domicile is in Panama City. Its corporate purpose is to negotiate or dispose of securities, bonds, participations in other Companies and rights of any kind either on its own or third parties, as well as open, operate, close accounts and deposits in financial institutions, lend or accept money in loans and give guarantees in favor of third parties in any currency of the world. Its term is in perpetuity.

CONCRETOS ARGOS S.A.S.
Simplified joint stock company incorporated in accordance with Colombian laws on April 22, 1985. Its main purpose is the exploration, exploitation, transport, benefit, integral use, commercialization and sale of stony minerals such as: Sand, cement, gravels, pre-mixed concrete and precast concrete elements, concrete blocks and any materials and own elements, accessories and complementary used in the construction industry. The main domicile of the company is in Bogotá and the term of duration is until September 8, 2093.

CORPORACIONES E INVERSIONES DEL MAR CARIBE S.A.S.
Incorporated in accordance with Colombian laws on December 14, 1982. Its principal domicile is in the city of Medellín 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 this is dedicated to investment in shares or interest rates. This Company consolidates with Argos USVI Corp., Argos (Dominica) Ltd., Argos Saint Maarten N.V and Cementos Argos Company Limited.

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, participations 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).

LOGÍSTICA DE TRANSPORTE S.A.
Incorporated in accordance with Colombian laws on April 16, 1996; its principal domicile is in the city of Medellín. Its corporate purpose is the transport of people and all types of cargo inside or outside the country in any of its modalities, land, air, river and sea, whether in vehicles, ships or aircraft owned or owned by third parties affiliated with it. The term of the company expires on April 16, 2026.

TRANSATLANTIC CEMENT CARRIERS, INC.
Incorporated in accordance with Panamanian laws on July 26, 1974; with principal 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. In June 2018, through merger, it absorbed Compañía Marítima de Graneles S.A., which had been established in accordance with Panamanian laws on December 29, 1978 and which was dedicated to maritime transport, especially cement and clinker and the purchase and sale of these same products, chartering of ships and especially the provisioning of them.

VALLE CEMENT INVESTMENTS LIMITED.
Incorporated 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 to make investments of any kind. The term of the duration of the company is indefinite.

ZONA FRANCA ARGOS S.A.S.
Incorporated in accordance with Colombian laws on July 5, 2007, its principal domicile is in the city of Cartagena and its term of duration is indefinite. Its corporate purpose is the exploitation of the cement industry, the production of mixtures of concrete 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 industry of cement and its similar, rights to explore and exploit minerals indicated, either by concession, privilege, lease or any other title, direct, manage, supervise, promote and develop a free zone, perform all activities that in its condition of a single user of a special free zone, whether convenient, relevant or necessary, perform the following activities as a port operator: loading and unloading, storage in ports, import and export of goods and services, general cargo handling, containerized cargo handling. It was declared in 2007 as a permanent special free zone.

13.2 Information on direct participation in investments in subsidiaries

Subsidiary name	Main activity	Place of incorporation and operations	Percentage of shareholding 2019	Percentage of shareholding 2018	Carrying amount 2019	Carrying amount 2018
Argos SEM, LLC	Investments	United States	100.00%	100.00%	4,902,209	5,062,232
Zona Franca Argos S.A.S.	Cement industry	Colombia	100.00%	100.00%	1,523,263	1,476,049
Valle Cement Investments Limitada	Investments	Virgin Islands	91.81%	91.81%	681,881	657,082
Colcaribe Holding S.A.	Investments	Panama	100.00%	100.00%	543,250	517,603
Argos Panamá S.A.	Cement and concrete industry	Panama	78.44%	78.44%	375,228	425,065
Concretos Argos S.A.S.	Stony mineral extraction	Colombia	92.97%	93.13%	238,360	220,579
C.I. del Mar Caribe BVI	Commercialization	Virgin Islands	93.88%	93.88%	117,899	106,788
Corporaciones e Inversiones del Mar Caribe S.A.S.	Investments	Colombia	100.00%	100.00%	108,690	91,238
Transatlantic Cement Carriers, INC	Maritime transport	Panama	100.00%	100.00%	49,795	52,752
Logística de Transporte S.A.	Transport	Colombia	99.99%	94.89%	45,308	40,528
Haití Cement Holding S.A.	Investments	Panama	50.00%	50.00%	10,779	6,505
Agregados Argos S.A.S.	Manufacturing industry	Colombia	52.00%	52.00%	6,381	6,058
Cementos de Caldas S.A.	Cement production	Colombia	40.07%	40.07%	3,822	3,262
Canteras de Colombia S.A.S.	Aggregate extraction	Colombia	-	5.97%	-	3,367
					8,606,865	**8,669,108**

13.3. Information on indirect participation in investments in subsidiaries

Subsidiary name	Main activity	Place of incorporation and operations	Percentage of shareholding 2019	2018
Agregados Argos S.A.S.	Stony mineral extraction	Colombia	52.00%	52.00%
American Cement Terminals LLC.	Investments	United States	100.00%	100.00%
American Cement Terminals Trust (BVI)	Investments	Virgin Islands	100.00%	100.00%
Argos (Dominica) Ltd.	Cement distribution	Dominica	100.00%	100.00%
Argos Dominicana S.A.	Clinker and cement exploitation	Dominican Rep.	79.18%	79.18%
Concretos Argos Dominicanos, S.R.L	Concrete manufacturing and commercialization	Dominican Rep.	79.39%	79.39%
Argos Honduras S.A. de C.V.	Cement and derivatives exploitation	Honduras	53.29%	53.29%
Concretos Argos Honduras S.A.	Cement and concrete commercialization	Honduras	-	55.28%
Cementos del Sur S.A.	Cement and derivatives exploitation	Honduras	-	54.01%
Argos North América Corp.	Investments	United States	99.08%	99.08%
Argos Panamá S.A.	Cement and concrete industry	Panama	78.44%	78.44%
Concreto S.A.	Ready-mix concrete manufacturing	Panama	78.44%	78.44%
Terminal Granelera Bahía Las Minas S.A.	Sea ports operation	Panama	78.44%	78.44%
Grava S.A.	Stone and sand extraction	Panama	-	78.44%
Argos Ports (Savannah) LLC.	Cement distribution and sale	United States	-	99.08%
Argos Puerto Rico Corp.	Cement distribution and sale	Puerto Rico	60.00%	60.00%
Argos Trading Puerto Rico LLC	Export from Puerto Rico	Puerto Rico	60.00%	60.00%
Argos SEM, LLC	Investments	United States	100.00%	100.00%
Argos St. Maarten N.V.	Cement distribution	St. Maarten	100.00%	100.00%
Argos USA LLC. (formerly Argos Cement LLC.)	Cement and concrete industry	United States	99.08%	99.08%
Argos USVI Corp.	Cement distribution	Virgin Islands	100.00%	100.00%
Canteras de Colombia S.A.S.	Exploitation of aggregates	Colombia	-	99.48%
Cementos Argos Company Limited	Cement distribution	Antigua	100.00%	100.00%
Cement and Mining Engineering Inc.	Investments	Panama	100.00%	100.00%
Cementos de Caldas S.A.	Cement production	Colombia	99.64%	99.64%
Central Aggregates LLC.	Aggregates production	United States	-	99.08%
CI del Mar Caribe (BVI) Inc.	Commercialization	Virgin Islands	99.97%	99.97%
Cimenterie Nationale S.E.M. (CINA)	Cement industry	Haití	65.00%	65.00%
Argos Guyane S.A.S.	Cement exploitation	French Guiana	100.00%	100.00%
Colcaribe Holding S.A.	Investments	Panama	100.00%	100.00%
Inmueble Miraflores S.A.	Property management	Panama	100.00%	100.00%
Comercial Arvenco C.A.	Commercialization	Venezuela	100.00%	100.00%
Concretos Argos S.A.S.	Stony mineral extraction	Colombia	99.44%	99.44%
Corp e Inversiones del Mar Caribe S.A.S.	Investments	Colombia	100.00%	100.00%
Haití Cement Holding S.A.	Investments	Panama	100.00%	100.00%
Logística de Transporte S.A.	Transport	Colombia	99.99%	99.97%
Port Royal Cement Company LLC	Cement distribution and sale	United States	100.00%	100.00%
South Central Cement Ltd.	Cement distribution and sale	United States	-	98.63%
Southern Star Leasing, LLC	Concrete industry	United States	99.08%	99.08%
Surcol Houdstermaatschapij N.V.	Investments	Surinam	50.00%	50.00%
Transatlantic Cement Carriers, Inc	Maritime transport	Panama	100.00%	100.00%
Valle Cement Investments Limited	Investments	Virgin Islands	91.81%	91.81%
Venezuela Ports Company S.A.	Investments	Panama	100.00%	100.00%
Vensur N.V.	Cement production	Surinam	42.12%	42.12%
Wetvan Overseas Ltd.	Investments	Virgin Islands	60.00%	60.00%
Zona Franca Argos S.A.S.	Cement industry	Colombia	100.00%	100.00%

Subsidiary	Colombia 2019	2018	Caribbean and Central America 2019	2018	United States 2019	2018
Number of fully owned subsidiaries	2	2	13	13	3	3
Number of partially owned subsidiaries	4	5	14	17	3	6

In 2019 and 2018 the following movements were registered in the subsidiary Companies and business acquisition:

- On December 31, 2019 Concretos Argos S.A.S. recorded the sale of 1,206,058 shares held by Logística de Transportes S.A. These shares were acquired by Cementos Argos S.A. for a value of $2,896 million that will be paid in Colombian pesos, by bank transfer, on January 2, 2020, according to the conditions of the offer presented.
- At the General Assembly of Shareholders last March 2019, the merger commitment was approved through which Concretos Argos S.A.S., it would absorb Canteras de Colombia S.A.S., increasing its subscribed and paid capital to COP 9,405,364,000 (9,405,364 shares to 1,000 COP each). In this transaction, an exchange relationship is generated through which the shareholders of Canteras de Colombia S. A.S., received 4.75 ordinary shares of Concretos Argos S.A.S. for each ordinary share of Canteras de Colombia S.A.S., for which the shares required to comply with the exchange relationship are issued. That is, the issued shares were delivered to the shareholders of Canteras de Colombia S.A.S. while the shareholders of Concretos Argos S.A.S continue with the same number of shares of Concretos Argos S.A.S., unless they are shareholders of Canteras de Colombia S.A.S. and therefore, receive shares of those issued.
- On April 2, the transformation of a corporation (S.A.) into a company for simplified shares (S.A.S.) of Compañía Concretos Argos S.A.S. was presented.
- On February 6, 2019 Cementos Argos S.A., formalized the deeds of the purchase of the inheritance rights of the shareholder Napoleón Cárdenas for $80.
- In November 2018, the decision of the ordinary shareholders meeting was declared to the Compañia Transportes ELMAN LTDA as dissolved and in state of liquidation. The settlement accountant of the Compañía Transportes ELMAN LTDA generated for the year 2018 a profit for $1,558. The impact on both current and deferred tax is zero because it was recognized in 2014 when the Compañía Transportes ELMAN LTDA was declared in liquidation, the income that was recognized in 2018 for tax purposes is considered an untaxed income of previous exercises.
- On September 28, 2018, Cementos Argos S.A., assigns to Constructora Capital Medellín S.A.S., its contractual position and participation of the trust called "Gaseosas Lux", a subsidiary of Cementos Argos S.A., for $46,000 as consideration. The payment method for the assignment of the fiduciary rights was $11,500 in cash on the date of signing the contract and $34,500 payable in three equal installments of $11,500 in March and September 2019 and March 2020 without an agreed interest rate. The trust manages a property located in the Municipality of Medellín, Colombia for a book value of $42,760. The transfer of fiduciary rights transaction generated a profit by disposal of investments in subsidiaries of $890 and an increase in current tax expense of $324 and deferred tax of $775, presented in the lines of other income and operational expenses and income tax of the state of the result. This divestment of assets is part of the efficient resource allocation program that will allow the company to achieve greater financial flexibility, maximize the return on capital employed and advance the concentration in the core business of the Company.
- In August 2018, the Compañía Comercial Arvenco, C.A. changes the currency from Bolívar Fuerte Venezolano to Bolívar Soberano Venezolano.
- In July 2018, the Compañía Cement and Mining (a subsidiary of Cementos Argos S.A.) received 59.56% of Cementos de Caldas S.A. shareholding, where the transaction was made at a value of $453, corresponding to 30,179,911 shares at a $15 value per share.
- In March 2018, Cementos Argos S.A. through its subsidiary Colcaribe Holdings, S.A., bought from Hallstatt Trading Inc., all the shares of the company Inmuebles Miraflores S.A., an entity dedicated to the property management. Colcaribe Holdings, S.A. is a company in which Cementos Argos S.A., participates directly in 100% of its shares.
- In February 2018, the merger of the Argos Puerto Rico, LLC and Argos San Juan Corp. (Now Argos Puerto Rico Corp.) companies was perfected, being the first absorbed by the second, so Argos Puerto Rico, LLC is no longer a subsidiary of Cementos Argos S.A. for December 31, 2018.

13.4 Significant restrictions

Cementos Argos S.A. 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 company's ability to access or use the assets and settle the liabilities the subsidiaries; there are also no guarantees or other requirements that may restrict dividends and other distributions of capital to be paid within the Group.

As of December 31, 2019 and its comparable, Cementos Argos S.A., has not provided financial support without any contractual obligation to perform it to any investee, nor has it helped to obtain financial support.

13.5 Analysis of impairment signs

At the end of each period, the signs of impairment associated with each investment are reviewed, based on available external and internal information. In the case of investments that presented at least one indication of impairment, an impairment test was performed.

Cementos Argos S.A. reviews the book value of impairment investments each time events or circumstances indicate that the carrying amount may not be recoverable. If the total discounted future cash flows are less than the book value, the book value of the investment is not recoverable, and an impairment loss is recognized in the statement of separate income.

At the end of the reporting period and comparable ones, no investment in subsidiaries presented indicators of impairment, nor were losses due to impairment recognized.

NOTE 14: OTHER INTANGIBLE ASSETS, NET

14.1 Conciliation of cost, accumulated depreciation and impairment of intangible assets

2019	Opening balance	Additions	Amortization	Other changes	Closing balance
Intangible assets with indefinite useful life	115,389	-	-	-	115,389
Concessions, franchises and rights	265,696	-	-	(10,349)	255,347
Patents, licenses and software	190,502	10	-	2,740	193,252
Intangible assets in progress	21,747	245	-	4,520	26,512
Total historical cost	**593,334**	**255**	**-**	**(3,089)**	**590,500**
Concessions, franchises and rights	(135,808)	-	(16,610)	-	(152,418)
Patents, licenses and software	(127,233)	-	(24,665)	-	(151,898)
Total depreciation and impairment	(263,041)	-	(41,275)	-	(304,316)
Intangible assets, net	**330,293**	**255**	**(41,275)**	**(3,089)**	**286,184**

2018	Opening balance	Additions	Amortization	Other changes	Closing balance
Intangible assets with indefinite useful life	115,389	-	-	-	115,389
Concessions, franchises and rights	263,194	-	-	2,502	265,696
Patents, licenses and software	187,254	-	-	3,248	190,502
Intangible assets in progress	12,967	15,676	-	(6,896)	21,747
Total historical cost	**578,804**	**15,676**	**-**	**(1,146)**	**593,334**
Concessions, franchises and rights	(118,374)	-	(13,590)	(3,844)	(135,808)
Patents, licenses and software	(97,193)	-	(30,040)	-	(127,233)
Total depreciation and impairment	(215,567)	-	(43,630)	(3,844)	(263,041)
Net property, plant and equipment	**363,237**	**15,676**	**(43,630)**	**(4,990)**	**330,293**

As of December 31, 2019 and 2018, intangible assets do not include current capitalization of borrowing costs. The useful lives of other intangible assets are:

	Useful life ranges in years	Depreciation method
Argos brand	Undefined	
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 statement of comprehensive income, in the line of the sales cost, administrative expenses and selling expenses, and losses of impairment are recognized as expenses in the statement of comprehensive income in the line of impairment of assets.

Disbursements for research and development projects are recognized as expenses in the statement comprehensive income during the period amounted to $4,226 (2018: $5,624). As of December 31, there are no restrictions on the realization of intangible assets, Cementos Argos S.A., has no contractual obligations to acquire or develop intangible assets.

The book value at December 31, 2019 and comparable period, and the remaining amortization time for significant assets is:

	Remaining amortization period	2019	2018
Intangible asset with indefinite useful life	Indefinite useful life	115,389	115,389
ERP Development	6 Years	108,595	90,664

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 since it is not possible to estimate a foreseeable time limit over which it is expected to generate future economic benefits for the Company.

The Argos brand does not present an event or circumstance that constitutes an indicator of impairment, however, because it is an intangible asset with an indefinite useful life, an impairment test was carried out to verify its value, allowing to conclude that by 2019 the brand does not present decreases of value for impairment. The recoverable amount was determined using the value in use; the projection of cash flows was carried out at a consolidated level for a period of 10 years, considering the expected business conditions for each Regional.

The discount rate applied to cash flow projections was a pre-tax WACC of 9.58%. It was calculated using the CAPM methodology, including risk-free rate, average country risk considering the geographies where Argos has a presence, stock market premium, sector beta, implicit devaluations, average tax rate, D/E ratio, debt cost from Cementos Argos S.A., and perpetual growth rate: 2,5%.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

15.1 Conciliation of cost, accumulated depreciation and impairment of property, plant and equipment

2019	Opening balance	Additions and depreciation	Sales and with-drawals	Other changes	Closing balance
Land	346,890	190	(2,389)	261	344,952
Assets in progress, assembly and transit	734,023	180,518	-	(262,481)	652,060
Constructions and buildings	291,493	-	(48)	(26,888)	264,557
Production equipment and machinery	1,534,800	18,867	(2,535)	153,938	1,705,070
Office, computer and communication equipment	62,655	392	(12,587)	2,067	52,527
Mines, quarries and deposits	125,329	-	-	1,973	127,302
Land transport equipment	17,078	9	(145)	887	17,829
River fleet	1,699	-	-	-	1,699
Aqueduct, networks and communication channels	52,866	-	-	1,002	53,868
Other assets	45,189	-	(205)	(23,223)	21,761
Advances given to third parties	18,067	-	-	(18,067)	-
Total historical cost	**3,230,089**	**199,976**	**(17,909)**	**(170,531)**	**3,241,625**
Constructions and buildings	(92,740)	(8,719)	48	3,275	(98,136)
Production equipment and machinery	(590,933)	(82,376)	1,704	35,857	(635,748)
Office, computer and communication equipment	(42,835)	(6,109)	12,579	-	(36,365)
Mines, quarries and deposits	(84,699)	(8,219)	-	4,096	(88,822)
Land transport equipment	(6,946)	(1,210)	79	515	(7,562)
River fleet	(360)	(163)	-	(9)	(532)
Aqueduct, networks and communication channels	(15,368)	(7,608)	-	-	(22,976)
Other assets	(5,306)	(752)	207	3,471	(2,380)
Total depreciation and impairment	**(839,187)**	**(115,156)**	**14,617**	**47,205**	**(892,521)**
Net property, plant and equipment	**2,390,902**	**84,820**	**(3,292)**	**(123,326)**	**2,349,104**

2018	Opening balance	Additions and depreciation	Sales and with-drawals	Other changes	Closing balance
Land	349,152	-	(2,512)	250	346,890
Assets in progress, assembly and transit	516,321	246,707	-	(29,005)	734,023
Constructions and buildings	296,538	1,887	(14,670)	7,738	291,493
Production equipment and machinery	1,534,194	2,328	(61,451)	59,729	1,534,800
Office, computer and communication equipment	60,758	261	(107)	1,743	62,655
Mines, quarries and deposits	121,767	-	-	3,562	125,329
Land transport equipment	17,187	-	(109)	-	17,078
River fleet	1,402	-	-	297	1,699
Aqueduct, networks and communication channels	58,396	20	(7,293)	1,743	52,866
Other assets	41,551	-	(174)	3,812	45,189
Advances given to third parties	61,314	-	-	(43,247)	18,067
Total historical cost	**3,058,580**	**251,203**	**(86,316)**	**6,622**	**3,230,089**
Constructions and buildings	(85,865)	(9,402)	2,252	275	(92,740)
Production equipment and machinery	(536,133)	(76,207)	21,399	8	(590,933)
Office, computer and communication equipment	(36,325)	(6,581)	71	-	(42,835)
Mines, quarries and deposits	(82,293)	(4,052)	-	1,646	(84,699)
Land transport equipment	(5,820)	(1,228)	102	-	(6,946)
River fleet	(240)	(120)	-	-	(360)
Aqueduct, networks and communication channels	(12,497)	(4,679)	1,808	-	(15,368)
Other assets	(2,199)	(3,281)	174	-	(5,306)
Total depreciation and impairment	**(761,372)**	**(105,550)**	**25,806**	**1,929**	**(839,187)**
Net property, plant and equipment	**2,297,208**	**145,653**	**(60,510)**	**8,551**	**2,390,902**

Construction in progress includes capitalization of borrowing costs for a value of $6.186 (2018: $5,831), the average rate used to determine the amount of borrowing costs was 7.66% (2018: 7.14%), which is the effective interest rate specific to generic loans.

Under the constructions in progress, equipment in assembly and transit include assets worth $584,826 (2018: $517,562); corresponding to the construction and updating project of one of the cement plants, which is part of the existing integrated network for Colombia and its start in operation is estimated for the year 2025.

As of December 31, 2019 and 2018, no affected assets are presented as a collateral for the fulfillment of property, plant and equipment obligations.

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. Cementos Argos S.A., did not obtain compensation from third parties for impaired, lost or abandoned property, plant and equipment.

In the first quarter of 2019, fixed assets that were owned in property, plant and equipment were reclassified to the accounts corresponding to rights of use for each of the concepts which had a net value of ($149,095).

15.2 Sale of self-generation assets

On March 16, 2018 Cementos Argos S.A. signed a contract for the sale of three energy self-generation assets in Colombia that supply its Nare and Cairo plants in Antioquia and Sogamoso in Boyacá with Grupo Luz y Fuerza Colombia S.A.S., the leading energy producer in Central America for USD $57,557. The contract does not impose any conditions for the transfer of self-generation assets.

On March 31, 2018 Cementos Argos S.A. transfers two of the three energy self-generation assets of the contract that supply its Nare Plants in Antioquia and Sogamoso in Boyacá. to Grupo Luz y Fuerza Colombia S.A.S. for $127,902 (USD $45,999). Before the date of the transaction, the Company received an advance of $2,850 (USD $1,000) and the remaining amount was canceled in April and May 2018. The agreement included the land and coal thermal self-generation assets that supply the Sogamoso Plant, the land and the water self-generation assets that supply the Nare Plant and some complementary assets of both plants for operation with a book value of $49,316. The sale transaction generated a profit by disposal of assets of $78,586 and an increase in current tax expense of $4,293 and deferred tax of $4,268, presented in the lines of other income and operational expenses and income tax of the state of separate result.

On December 14, 2018 Cementos Argos S.A. made transfer of the third plant located in Cairo for a value of $36,829 (USD $11.6 million), the assets had a book value of $8,244. The sale transaction generated a profit by disposal of assets of $28,585 and a deferred tax expense of $ 1,914 and an occasional (current) income tax of $2,323.

The transaction included the signing of energy supply contracts with terms between 5 and 20 years, which establish that Grupo Luz y Fuerza will supply Cementos Argos S.A., the energy of the cement production plants of Sogamoso and Nare.

This divestment of assets is part of the efficient resource allocation program that will allow the company to achieve greater financial flexibility, maximize the return on capital employed and move the concentration to the core business of the Company.

The transaction for the sale of self-generation assets is a disposition of a group of assets that do not constitute a business, in accordance with the definition of IFRS 3 Business combinations.

15.3 Change in estimates

At the beginning of the reporting period, Cementos Argos S.A. evaluated the intention to use the assets of its plants located in Cartagena, Nare, Rio Claro, Sogamoso, Toluviejo and Yumbo, and increased their useful lives. The change in estimates implied a decrease in the depreciation of property, plant and equipment by $6,947 in the current period and $15,997 for the next twelve months.

NOTE 16: INVESTMENT PROPERTY

16.1. Conciliation of investment properties

	Conciliation of investment properties	
	2019	2018
Book value at January 1	**126,772**	**118,839**
Additions	-	208
Net earnings for fair value adjustments	(879)	7,837
Transfers from plant and equipment property	(167)	251
Transfers to non-current assets held for sale	(29,208)	-
Provisions	(725)	(363)
Other changes	(352)	-
Total tax expense related to continuous operations	**95,775**	**126,772**

The fair value of investment properties for disclosure purposes is determined by the appraisal independent Company Activos e Inventario Ltda. The appraisal companies used the comparative market and/or residual approach methodology to estimate the fair value.

The input data for the modification of the fair value are classified as level 2 input data within the fair value hierarchy, a hierarchy that also corresponds to the complete one, since it corresponds to offer prices, appraisals or controls of similar properties that are observable, either directly or indirectly, in the market, and that have been adjusted or homogenized by factors such as the area, access roads, immediate neighborhood, finishes, improvements, conservation status, among others.

Rental income from investment properties during the period amounted to $704 (2018: $650). Direct expenses related to investment properties were $1,325 (2018: $307). As of December 31, 2019 and 2018, the Company has no contractual obligations to purchase, construct or develop investment properties, nor are there any restrictions on property investment.

NOTE 17: ASSETS HELD FOR SALE

Cementos Argos S.A. has assets that are expected to be realized through a sale transaction instead of being maintained for continued use and for which a sales plan has been initiated, these assets have been classified as held for sale in accordance with IFRS 5. The assets are available for immediate sale and their sale is highly probable.

The items mentioned above are detailed below:

						Historical cost 2019
	Opening balance	Additions	Sales	Withdrawals	Other changes	Closing balance
Investments (I)	15,039	46	(15,077)	-	-	8
Property, plant and equipment (III)	-	29,208	-	-	-	29,208
Other assets (IV)	-	3,139	(729)	-	-	2,410
Historical cost 2019	**15,039**	**32,393**	**(15,806)**	**-**	**-**	**31,626**

						Historical cost 2018
	Opening balance	Additions	Sales	Withdrawals	Other changes	Closing balance
Investments (I)	-	13,861	-	-	1,178	15,039
Historical cost 2018	**-**	**13,861**	**-**	**-**	**1,178**	**15,039**

(I) On September 28, 2018, it was authorized to start with a sales plan for the disposal in the coming months of the shares held by the Cartón de Colombia S.A. company and Compañía Colombiana de Empaques Bates S.A.; for which they were classified as non-current assets held for sale. These investments were classified as financial instruments measured at fair value for $13,853 and financial instruments measured at cost for $8 respectively. This new recognition generated a deferred tax asset worth $14. Continuing with the Company's non-strategic asset divestment plan; and in order to reduce financial leverage on June 06, 2019, the sale of the Cartón de Colombia S.A. company is made, through a takeover bid (OPA in Spanish) made by the wholesale partner for the total number of shares (2,309) which is accepted by Cementos Argos S.A. The sale transaction valued at $22,743 generated an untaxed profit on disposal of assets of $7,620.

On December 19, 2019, a contract for the sale of shares between Cementos Argos S.A. and Smurfit Kappa Centroamérica was signed; in which Cementos Argos S.A., committed to sell 1,112,158 shares of Papeles y Cartones S.A. for $34 and 3,503 shares of Compañía Colombiana de Empaques S.A. for a value of $ 7,914, the latter reclassified as held for sale in 2018. As part of the sale commitment, it was agreed that the transaction would be paid no later than January 15, 2020; the transaction will have an impact on the occasional income tax of $3 for the shares of Papeles y Cartones S.A. and of $786 for the shares of Compañía Colombiana de Empaques S.A., both without associated deferred tax.

(II) On December 31, 2019, a sales plan was authorized for 6 assets classified as investment properties worth $29,208; assets that are available for immediate delivery.

(III) On October 24, 2019, a sales plan was authorized for 13 assets worth $3,139; of which 4 assets were sold on December 6, 2019 worth $729 which generated a loss of $55 without impact on income tax and no associated deferred tax.

As of December 31,2019 and 2018 Cementos Argos S.A. has no discontinued operations classified as non-current assets held for sale or disposed of during the period.

NOTE 18: FINANCIAL OBLIGATIONS

	2019	2018
Promissory notes in national currency	151,957	151,447
Promissory notes in foreign currency	414,202	363,500
Commercial financing companies	-	76,963
Other obligations	352,882	192,066
	919,041	**783,976**
Current	767,084	720,899
Non-current	151,957	63,077
	919,041	**783,976**

i. The balance contains obligations for financial leases for $0 (2018: $76,963).

ii. They correspond to financial obligations with Companies of the same economic Group.

18.1 Summary of loan agreements

The financial obligations in national and foreign currencies include short and long-term credits.

Among the most significant are the following credits:

18.1.1 FINANCIAL OBLIGATIONS 2019

Category	Entity	Concept	Maturity	Currency	Contractual value (COP) 2019
National bank	Bancolombia	Working capital loan	2021	COP	150,000

Category	Entity	Concept	Maturity	Currency	Contractual value (USD) 2019
Foreign bank	Banco de Bogotá Miami	Working capital loan	2020	Dollar	52,000
National bank	Colpatria	Working capital loan	2020	Dollar	66,000
Foreign bank	BCP	Working capital loan	2020	Dollar	8,000

18.1.2 FINANCIAL OBLIGATIONS 2018

Category	Entity	Concept	Maturity	Currency	Contractual value (COP) 2018
National bank	Bancolombia	Working capital loan	2019	COP	150,000

Category	Entity	Concept	Maturity	Currency	Contractual value (USD) 2018
Foreign bank	Banco de Bogotá Miami	Working capital loan	2019	Dollar	5,500
Foreign bank	Citibank PLC London (1)	ECA loan	2019	Dollar	7,649
National bank	Banco de Bogotá NY	Working capital loan	2019	Dollar	8,600
National bank	Colpatria	Working capital loan	2019	Dollar	90,000

(1) The long-term loan with Citibank PLC, backed by EKF Denmark for an initial value of US159,235,669, whose debtors are Cementos Argos S.A., Zona Franca Argos S.A.S. and Argos North America Corp; was paid in full in 2019.

18.2 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. In turn, during 2019 there was no material modification to the credit agreements that already existed.

NOTE 19: LEASE LIABILITIES

19.1 Leases as lessee

19.1.1 Lease agreements

In the ordinary course of business, Cementos Argos S.A. subscribes contracts for the lease of land, buildings, yellow machinery, vehicles, including concrete mixer trucks and equipment, which are accounted for as assets for a lease's right-to-use in the separate financial statements, except for those leases whose lease term is less than twelve months or the underlying asset of the new contract is less than $3,000 for administrative assets and $5,000 for operating assets.

On the other hand, 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.

As of December 31, 2019, most of the real estate lease contracts recognized are linked to the consumer price index of each jurisdiction in which they were subscribed. Few lease contracts are referenced at reference rates or payments that vary to reflect changes in market rental prices.

19.1.2 Assets and liabilities for lease's right-to-use

The balance of assets and liabilities for lease's right-to-use includes:

	Assets for lease's right-to-use						
2019	Impact of adoption IFRS 16	Transfers by adoption of IFRS 16	Additions	Depreciation	Other changes	Closing balance	Lease liability closing balance
Land	2,404	81	39	(918)	-	1,606	1,576
Constructions and buildings	43,939	47,463	7,127	(9,243)	(1,922)	87,364	107,847
Production equipment and machinery	72,415	83,716	(233)	(17,578)	(355)	137,965	62,901
Land transport equipment	76,828	1,079	2,855	(11,182)	(1,945)	67,635	68,676
Lease assets and liabilities, net	**195,586**	**132,339**	**9,788**	**(38,921)**	**(4,222)**	**294,570**	**241,000**

The contractual cash flows of lease liabilities classified by maturity as of December 31 are:

	2019
One year or less	53,419
Between 1 and 3 years	102,531
Between 3 and 5 years	63,651
Between 5 and 10 years	75,446
More than 10 years	2,067
Total contractual cash flows from lease liabilities	**297,114**
Effect of discount of lease liabilities	(56,114)
Total lease liabilities	**241,000**
Current	41,900
Non-current	199,100
Total lease liabilities	**241,000**

19.1.3 Items recognized in the income statement and cash flows from leases

	2019
2019, leases under IFRS 16	
Interest expense from lease liabilities	16,654
Expenses related to short-term leases and variable leases	4,953
Expenses related to leases of low value assets	464
2018, operating leases under IAS 17	
Lease expense	26,248

19.1.4 Renewal options

Most of the company's leases contain renewal options that can be exercised to extend the lease term from one year to 20 years, and that can be exercised up to one year before the end of the non-cancellable period of the contract. Generally, the Company exercises these renewal options for the financial and operational facilities they provide. The renewal options are only exercisable by Cementos Argos S.A. and not by the lessor. The Company evaluates on the start date of the lease if it is reasonably safe to exercise the renewal options and considers them in the determination of the lease term. It also reassesses whether it is reasonably safe to exercise the options if there is an event or significant changes in the circumstances under its control.

19.2 Leases as lessors

19.2.1 Financial leases

The company has no financial lease agreements in which it acts as lessor.

19.2.2 Operating leases

Cementos Argos S.A. signs lease contracts as lessors of commercial premises, warehouses, apartments and houses, and leasing of machinery and operating equipment, fleet and transport equipment. All leases are classified as operating leases from the perspective of the lessor. The minimum future rights of the lease of non-cancellable operating leases for ranges of years and in total, consisted of the following:

	2019
2019, leases under IFRS 16	
1 year or less	79
Between 1 and 2 years	79
Between 2 and 3 years	56
Non-cancellable operating lease rights	**214**
2018, operating leases under IAS 17	
1 year or less	462
Between 1 and 5 years	260
5 years or more	640
Non-cancellable operating lease rights	**1,362**

Rental income recognized by the Company during 2019 was $830 (2018: $813).

NOTE 20: COMMERCIAL LIABILITIES AND OTHER ACCOUNTS PAYABLE

	2019	2018
Current commercial accounts	195.538	195.214
National suppliers	127.707	160.793
Dividends payable	88.621	83.369
Miscellaneous creditors	46.227	64.072
Other accounts payable	46.247	42.460
Costs and expenses payable	18.254	19.255
Foreign suppliers	18.086	20.563
Accounts payable to contractors	1.632	3.497
Commercial liabilities and other accounts payable	**542.312**	**589.223**
Current	541.175	587.477
Non-current	1.137	1.746
Commercial liabilities and other accounts payable	**542.312**	**589.223**

The average credit period for the Company's purchases ranges between 8 and 60 days. No interest is paid to suppliers for 60-day payments.

NOTE 21: EMPLOYEE BENEFITS LIABILITIES

	2019	2018
Post-employment employee benefits - Defined benefit plans	261,791	267,312
Post-employment employee benefits - Defined contribution plans	7,041	7,409
Employee benefits for termination	21,484	32,357
Short-term employee benefits	36,867	40,809
Employee benefits	**327,183**	**347,887**
Current	79,001	86,137
Non-current	248,182	261,750
Employee benefits	**327,183**	**347,887**

21.1 Post-employment benefit plans - Defined benefit plans

Pension liabilities, pension bonds and titles, retirement premiums and other post-employment benefits are accounted for in accordance with the requirements of IAS 19.

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.

For the year 2019, the amount included in the 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 current year is presented below:

	Pension plan	Pension bonds and titles	Seniority Premium and Similar	Retirement bonus	Other defined benefit plans	Total
Present value of the obligations at January 1, 2019	**220,498**	**35,776**	**14,299**	**2,461**	**2,824**	**275,858**
Current service cost	-	-	749	103	-	852
Interest cost for the defined benefits obligation	14,737	2,062	642	150	197	17,788
(Gain)/Actuarial loss for changes in:						
Experience	(1,431)	(245)	-	176	77	(1,423)
Demographic assumptions	-	-	-	-	(5)	(5)
Financial assumptions	5,545	656	2,094	107	62	8,464
Benefits paid directly by the company	(19,938)	(7,096)	(5,594)	(536)	(89)	(33,253)
Other changes	-	-	-	278	-	278
Present value of the obligations at December 31, 2019	**219,411**	**31,153**	**12,190**	**2,739**	**3,066**	**268,559**
Present value of the plan assets at January 1, 2019	-	-	8,546	-	-	8,546
Income from "risk-free" interest	-	-	637	-	-	637
Yield of plan assets, excluding interest	-	-	718	-	-	718
Contributions made by the company	-	-	4,332	-	-	4,332
Effect of differences in foreign exchange	-	-	-	-	-	-
Gains or (losses) from liquidations	-	-	(7,465)	-	-	(7,465)
Present value of the plan assets at December 31, 2019	**-**	**-**	**6,768**	**-**	**-**	**6,768**
Net present value of the obligations at December 31, 2019	**219,411**	**31,153**	**5,422**	**2,739**	**3,066**	**261,791**

	Pension plan	Pension bonds and titles	Seniority Premium and Similar	Retirement bonus	Other defined benefit plans	Total
Present value of the obligations at January 1, 2018	**225,269**	**35,779**	**14,266**	**1,651**	**3,163**	**280,128**
Current service cost	-	-	778	103	-	881
Interest cost for the defined benefits obligation	14,851	2,183	956	110	212	18,312
(Gain)/Actuarial loss for changes in:						
Experience	2,354	2,078	-	(26)	386	4,792
Financial assumptions	(1,910)	132	(1,700)	(15)	-	(3,493)
Benefits paid directly by the company	(20,066)	(4,395)	-	(49)	(252)	(24,762)
Present value of the obligations at December 31, 2018	**220,498**	**35,777**	**14,300**	**1,774**	**3,509**	**275,858**
Present value of the plan assets at January 1, 2018	-	-	1,105	-	-	1,105
Income from "risk-free" interest	-	-	100	-	-	100
Yield of plan assets, excluding interest	-	-	(71)	-	-	(71)
Contributions made by the company	-	-	7,412	-	-	7,412
Effect of differences in foreign exchange	-	-	-	-	-	-
Present value of the plan assets at December 31, 2018	**-**	**-**	**8,546**	**-**	**-**	**8,546**
Net present value of the obligations at December 31, 2018	**220.498**	**35.777**	**5.754**	**1.774**	**3.509**	**267.312**

The fair value of the plan assets is made up as follows:

	2019	2018
Investment funds	6,768	8,546
Fair value of the plan assets	**6,768**	**8,546**

21.1.1 Comparative liability for defined benefit pension plans, securities and pension bonds.

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 following 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, 2019 and 2018:

	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 31, 2019	250,563	220,326	30,238
December 31, 2018	256,275	232,184	24,090

The main actuarial assumptions used to determine the obligations for the defined benefits plans are the following:

	2019	2018
Inflation rate (%)	3.49%	3.50%
Discount rate (%)	6.41%	6.73%
Salary increase (%)	3.99%	3.93%
Minimum wage increase (%)	4.00%	4.00%
Mortality table	Rentistas válidos 2008	Rentistas válidos 2008
Turnover table	150% SOA Pension turnover	150% SOA Pension turnover

The total expense recognized in the period's income statement that represents contributions to defined benefits is 2019: $19,241 (2018: $19,001). The Company expects to make contributions of 2020: $23,913 for the next annual period.

21.2 Pension plans, securities and pension bonds

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 payment 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 essentially 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 in accordance with the minimum wage increases.

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 employer.

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 health, 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., in liquidation, as a result of the normalization process of pension liabilities in which Cementos Argos S.A., assumed in a definitive manner the proportion of the obligation that corresponds to it according to the Official Communication of October 9, 2012, issued by the Ministry of Labor.

21.3 Retirement bonus

For employees covered by any of the collective bargaining agreements, when the contract of a worker for the recognition of retirement, disability or old age pension is terminated; a bonus equivalent to 5 current legal minimum wages is granted.

21.4 Pension bonds and securities plan

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 Company 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.

21.5 Other defined benefit plans

DENTAL, EDUCATION, DEATH, AND OTHER ASSISTANCE PLAN

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 education 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).

BENEFIT FOR PENSION GAP AT RETIREMENT

The benefit of this provision consists in the granting of a single premium at the time of disengagement with the entity to enjoy the old age pension, the value of which corresponds to the money needed 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 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.

As of December 31, 2019 and 2018, the Company has no reimbursement rights related to obligations under defined benefit plans.

The average duration in years of the defined benefit obligation is as follows:

	Pension plan	Pension bonds and titles	Retirement bonus	Other defined benefit plans	Total average duration
2019 average duration	9.2	4.3	7.0	7.3	7.4
2018 average duration	9.2	4.4	9.1	7.2	7.5

The significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increases 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.

	2019		2018	
	Decreases	Increases	Decreases	Increases
Discount rate 100 basis points higher (lower)	278,589	237,262	283,960	242,274
Expected salary growth increases (decreases) by 1%	2,496	3,010	2,235	2,711
Life expectancy increases (decreases) by one year	227,350	212,253	228,092	213,635

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 liability of the defined benefit obligation recognized in the statement of financial position.

NOTA 22: PROVISIONES

	Litigation, lawsuits and other contingencies (i)	Decommissioning (ii)	Environmental (iii)	Other provisions	Total
Book value at January 1, 2019	**8,750**	**33,072**	**9,150**	**1,889**	**52,861**
Realized provisions	8,907	-	-	(5,360)	3,547
Utilization of provisions	(3,778)	(499)	(187)	-	(4,464)
Realized reversals	(18)	-	-	3,686	3,668
Discount rate adjustment	(4,365)	3,881	115	-	(369)
Book value at December 31, 2019	**9,496**	**36,454**	**9,078**	**215**	**55,243**
Current	9,338	3,626	5,540	215	18,719
Non-current	158	32,828	3,538	-	36,524
Book value at December 31, 2019	**9,496**	**36,454**	**9,078**	**215**	**55,243**

(i) Cementos Argos S.A. is party to judicial proceedings of different natures, both as plaintiff and defendant, which are being addressed diligently by qualified attorneys hired by the company. Conflicts are of labor, civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Cementos Argos S.A., 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.

(ii) Cementos Argos S.A. is 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, which is carried out when a mining operation is completed or when the mining rights expire, whichever is less.

The maximum execution date of decommissioning obligations is the expiration date of the concession of the mining title, so the disbursement of economic resources 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 estimated 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. is obligated to incur in environmental costs related to forestry compensation 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. has pledged to settle its environmental obligations within a maximum period of five years or as indicated by Resolution to each identified environmental liability. In order to determine the best estimate to be used to settle; the Administration mainly considers financial variables and planting, maintenance and isolation costs for a four years' period. In the estimation of the disposition of the PCBs, the disbursements of packaging, transportation and disposal are mainly considered.

NOTE 23: INCOME RECEIVED IN ADVANCE AND OTHER LIABILITIES

	2019	2018
Customer advances (i)	62,766	61,050
Advances received on contracts	15,830	15,830
Others	7,726	4,534
	86,322	**81,414**
Current	68,858	63,759
Non-current	17,464	17,655
	86,322	**81,414**

(i.) The balance contains advances from national clients for $62,430 (2018: $60,725) and foreign clients for $336 (2018: $325).

NOTE 24: OUTSTANDING BONDS AND PREFERRED SHARES

	2019	2018
Outstanding bonds	3,254,101	3,324,021
Preferred shares classified as compound financial instruments	58,469	55,181
	3,312,570	**3,379,202**
Current	30,937	100,172
Non-current	3,281,633	3,279,030
Present value of the obligations at December 31, 2019	**3,312,570**	**3,379,202**

24.1. Outstanding bonds

Outstanding bonds issued by Cementos Argos S.A., comprise the following as of December 31, 2019 and 2018

Issuance	Placement date	Term	Effective rate	Interest payment method	Securities issued 2019	Securities issued 2018
Issuance 2009	Apr 28, 2009	10 years	CPI + 6.30%	Quarterly in arrears	-	70,350
Issuance 2009	Apr 28, 2009	15 years	CPI + 7.19%	Quarterly in arrears	229,530	229,530
Issuance 2012	May 16, 2012	10 years	CPI + 4.24%	Quarterly in arrears	299,896	299,896
Issuance 2012	May 16, 2012	15 years	CPI + 4.50%	Quarterly in arrears	303,082	303,082
Issuance 2014	Nov 27, 2014	10 years	CPI + 3.80%	Quarterly in arrears	190,675	190,675
Issuance 2014	Nov 27, 2014	15 years	CPI + 4.21%	Quarterly in arrears	311,707	311,707
Issuance 2016	Apr 13, 2016	5 years	CPI + 3.74%	Quarterly in arrears	94,768	94,768
Issuance 2016	Apr 13, 2016	10 years (1)	CPI + 4.19%	Quarterly in arrears	121,075	121,075
Issuance 2016	Apr 13, 2016	15 years (1)	CPI + 4.47%	Quarterly in arrears	184,157	184,157
Issuance 2017	May 24, 2017	6 years (2)	TF+6.65%	Quarterly in arrears	211,355	211,355
Issuance 2017	May 24, 2017	13 years (2)	CPI + 3.64%	Quarterly in arrears	388,145	388,145
Issuance 2017	May 24, 2017	25 years (2)	CPI + 3.99%	Quarterly in arrears	400,500	400,500
Issuance 2018	Jun 27, 2018	3 years (3)	CPI + 2.88%	Quarterly in arrears	215,600	215,600
Issuance 2018	Jun 27, 2018	10 years (3)	CPI + 3.75%	Quarterly in arrears	158,550	158,550
Issuance 2018	Jun 27, 2018	20 years (3)	CPI + 4.04%	Quarterly in arrears	125,850	125,850
					3,234,890	**3,305,240**

(1) 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 Superintendence of Colombia on March 23, 2012.

(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. 0518 of the Financial Superintendence of Colombia on April 03, 2017. Previously, the increase in said quota had been approved by resolution 0422 of 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 billion approved through Resolution No. 0585 of the Financial Superintendence of Colombia ("SFC") on May 10, 2018.

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 $249,344 (2018: $231,178) for the ordinary bonds and $5,528 (2018: $4,085) for the preferred shares.

24.2 Preferred shares

Per the approval of the General Shareholder's Meeting of March 15, 2013; Cementos Argos S.A., 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 recognize their impact on the result of the period; the equity element is not subject to further measurement.

Cementos Argos S.A. determined the liability component by discounting the cash flows of the minimum preferential dividend, which were calculated in perpetuity; 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 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 S.A.' 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. 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 applying the effective interest rate and decreases to the extent that the minimum dividends are accounted for to the preferred shareholders.

NOTE 25: FINANCIAL INSTRUMENTS

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 to safely accompany and support the growth process of the organization. The Company considers equity shares, both ordinary and preferential, short and long-term financial obligations, and ordinary bonds as capital. The Company is not subject to externally imposed capital requirements.

The Company 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 to establish the Company's level of leverage with regard to its generation of cash. Additionally, this indicator is included in the long-term loan agreements that Cementos Argos S.A. has. 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 Company 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 generating EBITDA, the Company may issue capital or divest from its share portfolio, which at the end of 2019 was valued at $ 959 million pesos (2018: $920 million pesos).

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 Company maintains an appropriate balance between foreign currencies, naturally hedging assets and liabilities in the same currency.

In 2019 and comparative period, there have been no significant changes to the objectives, policies, or capital management processes of the Company.

During the reported periods, the indicators applicable to the Company's capital management are as follows:

	2019	2018
Net financial debt(i) / Ebitda(i) + dividends(i) (ii)	4,11	3,85

(i)The data on net financial debt and EBITDA used to calculate the indicator is subject to the terms of the credit agreement with the financial entity and may differ from the accounting results.

(ii) El indicador de apalancamiento se ajusta reexpresando el EBITDA de las operaciones cuya moneda funcional es USD o monedas cuasi USD a tasa de cambio COP/USD (TRM) de cierre de período.

25.2 Categories of financial instruments

	Financial assets	
	2019	2018
Cash and banks (See Note 5)	42,678	63,197
Instruments derived from hedging relationships (See Note 6)	355	1,528
Financial assets measured at amortized cost (See Note 8)	655,688	787,263
Financial assets measured at fair value with changes in other comprehensive income (See Note 7)	967,967	932,130
Financial assets	**1,666,688**	**1,784,118**

	Financial liabilities	
	2019	2018
Instruments derived from hedging relationships (See Note 6)	16,021	277
Financial liabilities measured at amortized cost	4,702,140	4,835,855
Financial liabilities	**4,718,161**	**4,836,132**
Financial liabilities, net	**3,051,473**	**3,052,014**

25.2.1 Financial assets measured at fair value with changes in other comprehensive income

	2019	2018
Grupo de Inversiones Suramericana S.A.	958,231	905,246
Cartón de Colombia S.A.	-	15,031
	958,231	920,277
Dividends recognized during the period related to investments that:		
Remain recognized at the end of the period	16,594	15,341
Total of dividends recognized during the period related to investments that:	**16,594**	**15,341**

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 Company's Administration believes that this classification for these strategic investments provides more reliable financial information, rather than reflecting changes to their fair value immediately in the results of the period.

The Company made transfers from other comprehensive income to accumulated income for $13.934 for the disposal of shares of Compañía Cartón de Colombia S.A. The sale transaction for $22,743, generated an untaxed profit for disposal of assets for $7,620.

25.2.2 Reclassification of financial assets

During the current period, the Company made changes in the business intention of the investments in Papeles y Cartones S.A., for 2019 the investment mentioned above was reclassified as non-current assets held for sale, maintaining its measurement at fair value. For the other financial assets, no changes have been made in the business model of management and administration of financial assets, therefore, it has not 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 they seek to ensure a solid financial structure and maintain the Company'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 exposure and attribution. Cementos Argos S.A. 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.

25.3.1. EXCHANGE RATE RISK

The Company 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 Separate financial statements. The Company 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 Separate statement of financial position is determined by calculating 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 Separate income statement. The exposure of cash flows is monitored by analyzing the off set 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 in foreign currency is certain, it is hedged using financial derivatives if an imbalance is found with the natural position. The net position at the end of 2019 was 6 million dollars short (2018: USD 3 million short).

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 Company moves away from that figure, the concentration of exchange rate risk is considered to increase.

The carrying amounts of monetary assets and liabilities denominated in foreign currency at the end of the reporting period are as follows:

	Asset		Liability	
	2019	2018	2019	2018
American dollar	67,374	333,130	147,434	21,407

25.3.2. Credit risk management

The credit risk derived from financial assets that implies the risk of the counterparty defaulting is reduced by evaluating and assessing clients with exposure or who require credit beyond the established limits and actual collateral.

The credit risk derived from the investments made by the Company in the financial system is monitored through the use of an issuer quota model, which stipulates the maximum amount that the company may have invested in an American, European, Honduran, or Colombian bank, where most of the Company's cash is concentrated. The policy restricts the amount of investment in banks to the limit calculated by the model quotas, without the authorization of the Financial Vice President. The models incorporate variables such as national and international rating, leverage indicators, and bank liquidity 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..

25.3.3. Liquidity risk management

The Company 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 Company 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 companies, stockbrokers and issuance of bonds and trade papers in the capital market as a recurring 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. The Company has uncommitted credit quotas in national and international banks in a sufficient amount to cover any eventuality. The Company is also exposed to liquidity risk for breach of their financial commitments (covenants), which would trigger cross compliance clauses in other contracts. To mitigate this risk, monthly financial covenants are tracked and reported to management.

25.4. Foreign currency sensitive analysis

The Company is primarily exposed to the US Dollar. The following table details the sensitivity of Cementos Argos S.A. 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 Company 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.

	Currency effect: USD	
	2019	2018
Profit before taxes and discontinued operations	(4,703)	(2,517)

25.4.1. Contracts in foreign currency

The following table lists derivative contracts in foreign currency under hedge accounting, outstanding at the end of the reporting period:

	Average rate of derivative contract		Notional value of the underlying in Colombian pesos [(1)]		Fair value of assets (liabilities)	
	2019	2018	2019	2018	2019	2018
Forward purchase and currency swap	3,408	3,222	416,806	144,282	(15,666)	1,051
			416,806	**144,282**	**(15,666)**	**1,051**

[(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.

25.5. Risk management of interest rates and inflation indexes

Interest rate risk arises mainly from loans paid at a fixed or variable rate. The Company measures interest rate risk through exposure to floating rates and fixed rates on the Company's debt. In the case of the variable rate, a decrease in the rates at which the financial instruments are indexed could have a negative impact on financial expenses or income. In the case of the fixed rate, an overexposure would put the Company at a disadvantage to the extent that market conditions will change favorably, as long as the financial instruments held to maturity.

The concentration of interest rate risk appears when a very high exposure to a particular indexer is detected in the financial debt portfolio. The Company considers that an exposure between 15% and 30% at a fixed rate of its total consolidated debt is optimal. The Company has maintained an average relation between fixed rate (TF) and variable rate (TV) of 25% TF vs. 75% TV. A very different relationship to this would be indicating concentration in one of the references. The Company's debt profile is reported monthly to management, indicating the concentration levels of TF vs. TV, term distribution (short-term vs. long-term) and distribution by currency (COP vs. USD vs. other currencies). With the results presented, decisions are made to manage the debt portfolio, such as the advance payment of obligations, the structuring of financial derivatives to balance the position in interest rates and / or currencies, etc. As of December 31, 2019: 27% of the consolidated debt was agreed at a fixed interest rate (2018: 26%).

The reference interest rates of the Colombian financial market that generate exposure to the Company are the CPI, DTF and IBR, and the international reference rate LIBOR for loans in dollars. Cementos Argos S.A. has not considered exposure to other local or international rates.

25.5.1. 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.

	CPI		LIBOR 6M	
	2019	2018	2019	2018
Profit before taxes and discontinued operations	28,724	25,293	1,845	1,402

25.5.2. DERIVATIVES CONTRACTS FROM INTEREST RATE AND INFLATION INDEXES

The following tables detail the notional principal amounts and remaining terms of the interest rate swap contracts outstanding at the end of the reporting period.

	Notional value of the underlying in Colombian pesos [1]		Fair value in Colombian pesos	
	2019	2018	2019	2018
Cash flow hedge				
1 year or less	-	24,856	-	201
	-	**24,856**	**-**	**201**

[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.

25.6. Interest and liquidity risk tables

The following tables detail the remaining contractual maturity of Cementos Argos S.A. for its 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 Company must make payments. The tables include both cash flows of interest and principal. When the interest 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 Company must make the payment.

2019	Weighted average effective interest rate	1 year or less	From 1 to 5 years	5 years or more	Total	Carrying amount	Fair value disclosure
Non-interest bearing liabilities		539,918	-	-	539,918	539,918	539,918
Instruments with variable interest rates	8.16%	640,254	2,001,749	3,168,928	5,810,931	3,641,285	3,787,832
Instruments with fixed interest rates	5.29%	40,024	245,592	-	285,616	178,975	242,523
Other liabilities	N/A	2,295	9,769	200,108	212,172	58,469	56,779
TOTAL		**1,222,491**	**2,257,110**	**3,369,036**	**6,848,637**	**4,418,647**	**4,627,052**

2018	Weighted average effective interest rate	1 year or less	From 1 to 5 years	5 years or more	Total	Carrying amount	Fair value disclosure
Non-interest bearing liabilities		591,264	-	-	591,264	591,264	591,264
Financial lease liability	7.22%	17,459	53,874	26,065	97,398	76,963	77,875
Instruments with variable interest rates	7.89%	664,630	1,424,617	3,675,152	5,764,399	3,491,100	3,616,210
Instruments with fixed interest rates	6.00%	167,391	259,348	-	426,739	347,868	360,334
Other liabilities	N/A	2,239	9,530	202,642	214,411	55,181	59,529
TOTAL		**1,442,983**	**1,747,369**	**3,903,859**	**7,094,211**	**4,562,376**	**4,705,212**

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been designed based 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 31, 2019 the Company does not have any derivative contracts that are settled based on their gross amount.

Dec 31, 2019	1 year or less	From 1 to 5 years	5 years or more	Total
Net settled amount:				
Forward	416,806	-	-	416,806
TOTAL	**416,806**	**-**	**-**	**416,806**

Dec 31, 2018	1 year or less	From 1 to 5 years	5 years or more	Total
Net settled amount:				
Swaps	201	-	-	201
Forward	1.051	-	-	1.051
TOTAL	**1.252**	**-**	**-**	**1.252**

25.7. Collateral

The Company 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 Company's global quota with the bank. The book value of the financial assets the Company has pledged as collateral for financial liabilities is $176,800 (2018: $167,024).

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 of the levels of fair value hierarchy, the Company's assets and liabilities measured at fair value at December 31, 2019 and 2018:

2019	Level 1	Level 2	Total Fair Value
Financial derivatives	-	16,021	16,021
Liabilities measured at fair value	-	**16,021**	**16,021**
Financial assets at fair value in other comprehensive income	958,850	-	958,850
Financial derivatives	-	355	355
Assets measured at fair value	**958,850**	**355**	**959,205**
Net assets measured at fair value	**958,850**	**(15,666)**	**943,184**

2018	Level 1	Level 2	Total Fair Value
Financial derivatives	-	277	277
Liabilities measured at fair value	-	**277**	**277**
Financial assets at fair value in other comprehensive income	920,896	11,903	932,799
Financial derivatives	-	1,528	1,528
Assets measured at fair value	**920,896**	**13,431**	**934,327**
Net assets measured at fair value	**920,896**	**13,154**	**934,050**

The book value and the estimated fair value of the Cementos Argos S.A. assets and liabilities not recognized at fair value in the Separate financial position statement, but which require disclosure at book value as of December 31, 2019 are:

Dec 31, 2019	Book value	Fair value, Level 2
Non-interest bearing liabilities	539,918	539,918
Instruments with variable interest rates	3,641,285	3,787,832
Instruments with fixed interest rates	178,975	242,523
Other liabilities	58,469	56,779
Liabilities measured at fair value	**4,418,647**	**4,627,052**
Cash and cash equivalents	42,678	42,678
Accounts receivable	787,262	797,026
Assets measured at fair value	**829,940**	**839,704**
Net liabilities measured at fair value	**(3,588,707)**	**(3,787,348)**

Dec 31, 2018	Book value	Fair value, Level 2
Non-interest bearing liabilities	591,264	591,264
Financial lease liability	76,963	77,875
Instruments with variable interest rates	3,491,100	3,616,210
Instruments with fixed interest rates	347,868	360,334
Other liabilities	55,181	59,529
Liabilities measured at fair value	**4,562,376**	**4,705,212**
Cash and cash equivalents	63,197	63,197
Accounts receivable	787,262	797,026
Assets measured at fair value	**850,459**	**860,223**
Net liabilities measured at fair value	**(3,711,917)**	**(3,844,989)**

As of December 31, 2019 and 2018, 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 26: ISSUED CAPITAL

The authorized capital consists of 1,500,000,000 shares with a nominal value of $416 (2018: $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. As of December 31, 2019 and 2018, the number of shares in circulation are 1,360,870,160.

	2019	2018
AUTHORIZED CAPITAL		
1,500,000,000 ordinary shares with a nominal value of $416 (2018: $416)	624,000	624,000
SUBSCRIBED AND PAID CAPITAL		
1,215,247,885 ordinary shares with a nominal value of $416 (2018: $416)	505,543	505,543
209,197,850 preferred shares with a nominal value of $416 (2018: $416)	87,026	87,026
	592,569	**592,569**

The separate statement of changes in equity includes a premium on placement of shares for the years 2019 and 2018 of $1,549,744

Investments in Company 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 Company 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 liquid profits and provided that such shares are fully released.

26.1 Reconciliation of paid ordinary shares

		Number of shares	Social capital	Share placement premium
Balance at December 31, 2019 and 2018	Paid ordinary shares	1,215,247,885	505,543	175,675
Balance at December 31, 2019 and 2018	Preferred shares	209,197,850	87,027	1,374,068

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.

The holders of ordinary shares will have the right to subscribe preferentially in all new issuance of ordinary shares, an amount proportional to those held on the date on which the competent social agency approves the subscription regulations.

The tittles of the shares 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 issuance of preferred shares qualifies as a compound financial instrument. The Company, 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 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.

NOTE 27: RESERVES AND OTHER COMPREHENSIVE INCOME

27.1 Reserves

LEGAL RESERVE

The Company is required to appropriate as legal reserve 10% of its annual net profits until the balance of this reserve is equivalent to 50% of the subscribed capital. As of December 31, 2019 and 2018, the value of the legal reserve amounts to $112,868 and $95,127 respectively. It increases from period to period due to the considerations described in the 2018 distribution of profit plan. The value of the legal reserve not including other equity adjustments such as the equity method of changes in equity of subsidiaries, amounts to $103,060 for the year 2019 (2018: $85,209).

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 mentioned above 50% are freely available to the General Shareholders' Meeting.

RESERVE FOR SHARE BUYBACK

The reserve for share buyback, 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 there to shall remain suspended.

	2019	2018
Reserve for share buyback	113,797	113,797
Own reacquired shares	(113,797)	(113,797)

RESERVES FOR HERITAGE STRENGTHENING

In addition to the reserves established by law or the bylaws, the General Shareholders' Meeting may constitute freely available reserves for specific purposes.

OTHER COMPREHENSIVE INCOME NET OF TAXES

During 2019, Cementos Argos S.A. made a transfer from other comprehensive income to retained earnings for $13.934 (2018: $0). In 2019, the transferred values correspond to the disposal of shares of Cartón de Colombia S.A. included in the category of other financial assets at fair value with change in other comprehensive income.

The reclassified value of other comprehensive income for cash flow hedges to the item of financial expense and exchange difference during the period is $5 (2018: $18) and $0 (2018: $3,266), respectively.

NOTE 28: RETAINED EARNINGS AND DIVIDENDS

28.1 Retained earnings

	2019	2018
Balance at the beginning of the year	**2,290,101**	**2,110,373**
Retroactive application due to changes in accounting policies	-	(440)
Profit (loss) attributable to the owners of the Company	(252,550)	(218,486)
Transfers from other comprehensive income to retained earnings	13,934	-
Ordinary and preferred dividends distributed in cash	48,126	2,198
Constitution of reserves	3,937	-
Release of reserves	168,675	-
Participation in the equity variations of subsidiaries	(11,513)	396,456
Closing balance	**2,260,710**	**2,290,101**

28.2 Declared dividends

The General Shareholders' Meeting held on March 22, 2019 declared cash dividends on ordinary and preferred shares of $242 per share, payable in four (4) quarterly installments of $60.5 per share as of April 2019 for a total value of $329,327 corresponding to $278,701 and $50,626 of ordinary and preferred shares, respectively.

Declared dividends	Shares	Annual $ per share	2019	Annual $ per share	2018
Dividend on ordinary shares					
Ordinary dividend	1,151,672,310	242,00	278,701	228,00	262,581
Dividend on preferred shares					
Preferred dividend	209,197,850	242,00	50,626	228,00	47,697
			329,327		**310,278**

NOTE 29: REVENUE OF ORDINARY ACTIVITIES

Below is an analysis of the Cementos Argos S.A.'s revenue for the period for continuing operations (excluding revenues from investments-see Note 34).

	2019	2018
Revenue from the sale of goods	1,474,021	1,397,162
Revenue from services rendered	48,343	60,909
	1,522,364	**1,458,071**

Cementos Argos S.A. has no commitments that are estimated to generate losses.

The operating income of Cementos Argos S.A., is generated mainly through the sale of cement. 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 the Company is able to receive for its products.

NOTE 30: ADMINISTRATIVE EXPENSES

Administrative expenses as of December 31 comprised the following:

	2019	2018
Staff expenses	129,175	131,406
Services	44,092	50,666
Amortization of intangible assets	29,788	32,200
Fees	18,132	19,559
Depreciation of property, plant and equipment	14,196	9,308
Travel expenses	8,939	10,031
Maintenance and repairs	8,479	6,986
Insurances	7,622	7,887
Leases	2,842	8,559
Contributions and affiliations	2,080	1,657
Taxes	1,552	2,094
Adaptation and installation	1,460	2,963
Casino and restaurant	937	1,497
Transportation	600	877
Legal expenses	256	336
Supplies and stationery	130	104
Representation and public relations expenses	17	37
Commissions	1	9
Impairment of debtors	-	293
Sundry	2,754	5,339
	273,052	**291,808**

NOTE 31: SALES EXPENSES

Sales expenses as of December 31 comprised the following:

	2019	2018
Staff expenses	27,960	26,774
Services	22,329	22,884
Taxes	13,604	10,153
Travel expenses	3,107	2,544
Impairment of debtors	2,366	1,870
Depreciation of property, plant and equipment	936	37
Transportation	919	197
Contributions and affiliations	879	842
Insurances	864	328
Fees	598	599
Casino and restaurant	507	523
Supplies and stationery	298	536
Leases	105	1,998
Representation and public relations expenses	78	89
Amortization of intangible assets	70	65
Legal expenses	27	27
Adaptation and installation	-	1
Maintenance and repairs	8	-
Sundry	692	718
	75,347	**70,185**

NOTE 32: OTHER (REVENUE) NET OPERATING EXPENSES

Other net operating income as of December 31 comprised the following:

	2019	2018
Loss (gain) from other income and expenses [(1)]	26.446	8.840
Loss from assumed four per thousand tax	14.818	14.114
Expenses for termination benefit	8.501	5.103
Loss from donations	7.994	10.484
Loss (gain) in litigation [(2)]	7.934	76.549
Loss on portfolio withdrawal	1.660	376
Loss from other assumed tax	815	1.274
Loss (gain) on sale and valuation of biological assets	619	(59)
Loss (gain) on sale of fixed assets and other assets	403	(107.925)
Loss (gain) on Intangibles sale	-	(155)
Loss (gain) in compensation	(611)	(2)
Loss (gain) in exploitations	(1.354)	(1.574)
Loss (gain) on sale of investments [(3)]	(25.264)	(8.777)
Loss (gain) on recoveries [(4)]	(25.272)	(12.784)
	16.689	**(14.536)**

[(1)] The loss of other income and expenses is due to the inclusion of the financial expense for lease liabilities.

[(2)] The loss in litigation decreases compared to the previous year due to the SIC sanction.

[(3)] Increase due to the sale of the shares held in OMYA.

[(4)] Increases due to recognition during the year ended of reimbursements by Enterprise Agreement contract.

NOTE 33: FINANCIAL INCOME

	2019	2018
Interest income	16,763	15,920
Dividends from equity investments	16,594	15,341
Others financial income	326	3,480
Total financial income	**33,683**	**34,741**

NOTE 34: FINANCIAL EXPENSES

	Continuing operations	
	2019	2018
Interest on bonds and preferred shares	249,150	235,605
Interest on overdrafts and loans	36,121	1,908
Interest on obligations under financial lease	-	7,585
Interest on loans from related parties	13,001	8,108
Other financial expenses	4,627	28,561
Total interest expense of financial liabilities	**302,899**	**281,767**
Minus: amounts included in the cost of qualified assets	13,977	6,061
Total interest expense of financial liabilities recorded in the results	**288,922**	**275,706**
Discount effect on provisions and employee benefits	20,760	22,856
Total financial expenses	**309,682**	**298,562**
Minus: financial income (See Note 33)	33,683	34,741
Total financial expenses, net	**275,999**	**263,821**

As of December 31, 2019 and 2018 the annual weighted average capitalization rate on funds due is 7.37% and 7.14% for Cementos Argos S.A.

NOTE 35: NET INCOME FROM CONTINUING OPERATIONS

Gains for the year from continuing operations are attributed to:

	2019	2018
Company controllers	121,821	178,506

Gain for the year from continuing operations amounted to the previously expressed amounts, after the following charges (credits):

35.1 Losses from impairment on financial assets

	2019	2018
Losses from impairment on trade receivables	2,366	2,163
Reversal of losses from impairment on trade receivables	1,290	989

35.2 Depreciation and amortization expenses

	2019	2018
Depreciation of property, plant and equipment	105,841	98,416
Amortization of intangible assets	41,275	43,630
Depreciation on right-to-use assets	38,000	-
Total depreciation and amortization expense	**185,116**	**142,046**

35.3 Employee benefit expenses

	2019	2018
Cost	118,628	115,599
Administrative expenses	124,935	126,132
Sales expenses	27,535	26,330
Other expenses	11,030	6,226
Employee benefit expenses	**282,128**	**274,287**

NOTE 36: 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 57.98% (2018: 57.98%).

36.1 Qualitative information on transactions between related parties

36.1.1 Transactions between Cementos Argos S.A. with the subsidiaries or between the subsidiaries

- Purchase and sale of clinker between Cementos Argos S.A. 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 Cementos Argos S.A. and our subsidiaries, and our subsidiaries among 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 Cementos Argos S.A. and its subsidiaries, and our subsidiaries among 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.
- 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., Argos Honduras S.A., Argos Dominicana S.A., Cimenterie Nationale S.E.M, Vensur NV, Argos Puerto Rico LLC, Argos Panama and Ciments Guyanais. The transaction involves Cementos Argos S.A. providing management support services to the subsidiaries listed in exchange for a consideration from them. The services provided are basically administrative management services.
- Leasing contracts between Cementos Argos S.A. and its subsidiaries and among our subsidiaries themselves, the transaction consists in that the lessor gives as lessee the right-to-use real estate and river transport fleet for the development of its activities.
- Provision of maritime transport services between Transatlantic Cement Carriers Inc. and Cementos Argos S.A. and/or its subsidiaries. The transaction consists in that Transatlantic Cement Carriers Inc., acts as an intermediary of maritime transport, outsourcing the transportation of the products or raw materials of Cementos Argos S.A. and/or its subsidiaries.

36.1.2 Transactions between Grupo Argos S.A. with Cementos Argos S.A. and/or its subsidiaries

- 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.

36.1.3 Transactions between entities that have a significant influence on the parent company and the group

- Cementos Argos S.A. and its subsidiaries contract real, property and personal damage insurance, mainly through the life and general insurers that are part of the Grupo de Inversiones Suramericana. This operation is carried out to cover capital losses in all the regional ones, using the risk retention and distribution schemes negotiated jointly with said insurers, all in accordance with the regulations that apply in accordance with the corresponding jurisdiction.

36.1.4 Transactions between Cementos Argos S.A. and the Grupo Argos' subsidiaries

- Purchase and sale of energy between Celsia S.A. and Zona Franca Argos S.A.S., the transaction consists of Zona Franca Argos S.A.S. providing energy to Celsia S.A. for marketing purposes.

36.1.5 Transactions between the group and investments in associates

- 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 are basically financial, administrative, legal assistance, procurement, human management, risk sand 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.
- 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.

36.1.6 Transactions between the group and investments in joint ventures

- Sale of cement and concrete to joint ventures of Odinsa S.A. subsidiary of Grupo Argos S.A. The transaction consists of the sale of cement and concrete to Odinsa S.A. consortiums for the elaboration of infrastructure works in different regions of the country.
- Provision of maritime transportation service between Transatlantic Cement Carriers Inc. and Trans-Atlantic Shipmanagement Ltd. The transaction consists of Trans-Atlantic Shipmanagement Ltd. (among other providers) providing the ocean freight service and leasing ship to Transatlantic Cement Carriers Inc. for the transportation of raw materials and finished products for Cementos Argos S.A. and/or its subsidiaries.

36.2 Transactions between related parties

	Parent company	Entities with significant influence in the Group	Subsidiaries	Associates	Joint ventures	Key Management personnel	Total related parties
2019							
Sale of goods and other income	20	-	363,410	491	3,353	-	**367,274**
Purchase of goods and other expenses	857	23,021	324,936	9,986	1,908	44,167	**404,875**
Amounts receivable	1,717	3,875	265,567	1,681	2,482	-	**275,322**
Amounts payable	40,403	4,384	571,286	6,643	434	-	**623,150**
Lease assets	817	-	13	26,857	-	-	**27,687**
Lease liabilities	899	-	14	27,804	-	-	**28,717**
2018							
Sale of goods and other income	41	-	337,210	-	7,201	-	**344,452**
Purchase of goods and other expenses	811	20,727	159,954	5,327	1,777	44,805	**233,401**
Amounts receivable	1,577	4,150	173,122	370	182,441	-	**361,660**
Amounts payable	38,133	2,029	406,773	3,795	929	-	**451,659**

As of December 31, 2019 and 2018 Cementos Argos S.A. has not recognized impairment or impairment expense for the values receivable from related parties. Cementos Argos S.A. 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 that exist in transactions between independent parties.

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 2019 is one year, agreed to a rate of 4.54% in pesos.

36.3. Compensation of the Board of Directors and key management personnel

	2019	2018
Wages and other short-term employee benefits	41,395	42,133
Pension and other post-employment benefits	2,133	2,191
Severance benefits	639	481
Total compensation of key management personnel for the period	**44,167**	**44,805**

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 37: RECONCILIATION BETWEEN CHANGES IN LIABILITIES AND CASH FLOWS ARISING FROM FINANCING ACTIVITIES

37.1. Reconciliation between the initial and final balances of the liabilities arising from financing activities:

	Bank overdrafts used for cash management purposes	Other loans and obligations	Bonds	Shares	Financial lease obligations	Interest rate swaps and foreign currency forward contracts used for hedging (assets)	Interest rate swaps and foreign currency forward contracts used for hedging (liabilities)	Total
Balance as of January 1, 2019	**-**	**(191,866)**	**(144,196)**	**236,413**	**(328,796)**	**32,463**	**(19,495)**	**(415,477)**
Changes due to financing cash flows								
Collections for issuance of other loans and obligations	-	138,834	-	-	-	-	-	138,834
Collections for issuance of bonds	-	-	47,173	-	-	-	-	47,173
Loans repayment	-	252,835	-	-	-	-	-	252,835
Payment of lease liabilities	-	-	-	-	222,714	-	-	222,714
Outstanding bond payments	-	-	26,672	-	-	-	-	26,672
Payment derived from financial derivative contracts	-	-	-	-	-	5,897	8,749	14,646
Dividends paid	-	-	-	(560,980)	-	-	-	(560,980)
Interest paid	-	(25,159)	(243,387)	-	52,399	(3,006)	(3,028)	(222,181)
Total changes due to financing cash flows	-	**174,644**	**(313,738)**	**(324,567)**	**(53,683)**	**35,354**	**(13,774)**	**(495,764)**

Cementos Argos S.A. reports overdrafts under IAS 7, overdrafts required at any time by the bank are an integral part of the company's cash management, in such circumstances, overdrafts are included as components of cash and cash equivalents.

NOTE 38: CONTINGENT ASSETS AND LIABILITIES

Certain contingent conditions may exist at the date when the financial statements 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 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 Company, legal advisors evaluate, among other things, the merit of the claims, the courts' jurisprudence and the current status of each case. The Company considers that these issues will be resolved without any significant effect on our operations, financial position or operating results.

38.1. Contingent assets

At the date of preparation of the notes to the financial statements, Cementos Argos S.A. is not party to any legal proceedings, as a plaintiff, where the income or recovery of contingent assets are expected to exceed $5,000 (million pesos) individually. In any case, there are executive processes initiated by Cementos Argos S.A. against third parties for the recovery of the portfolio through legal proceedings. Cementos Argos S.A. considers that the estimated time of completion of these processes ranges between (3) and eight (8) years approximately.

38.2. Contingent liabilities

At the date of preparation of the notes to the financial statements, Cementos Argos S.A. 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 here revealed and that have a superior materiality are of civil, administrative, criminal and fiscal character. This type of litigation arises in the ordinary course of business of any company the operations size of Cementos Argos S.A. These processes are revealed in light of the fact that they have a materiality greater than $5,000 (million pesos). The estimated time of completion of these processes is considered to ranges between (3) and eight (8) years approximately.

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 economic 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. The financial impact of an adverse resolution is valued at COP 16,500 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.

LITIGATION PUERTO NARE
In December 2018 Cementos Argos S.A. filed an action for nullity and restoration of rights against a resolution of recovery contribution for the rectification and paving of the road "Puerto Nare - Puerto Triunfo" in the department of Antioquia for COP 18,000 million. The lawsuit was admitted and in its reply, the department of Antioquia called in guarantee the firm that carried out the appraisal study. The Company presented a brief ruling on the answer to the lawsuit and again requested the suspension of the administrative act that contains the recovery contribution. We have not recorded any accounting provision considering that we have sufficient arguments to distort the payment obligation attributed to the Company.

SAN LUIS ACCIDENT
Direct repair action initiated by the relatives of the victims of the traffic accident of a vehicle hired by Cementos Argos S.A., and INMA S.A. for the transportation of its workers from the Rioclaro Plant to their destinations in 2005. The lawsuit requests compensation and payment of damages estimated at COP 12,000 million suffered due to the death of the passengers.

Allegations of conclusion were presented and the first instance ruling is pending. We have not recorded any accounting provision considering that the risk rating of the process is possible due to having arguments to distort the payment obligation attributed to the Company.

NOTE 39: EVENTS OCCURRED AFTER THE REPORTING PERIOD

The Company evaluated subsequent events from December 31, 2019 to February 21, 2020, 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.

A SELF-ASSESSMENT OF THE APPLICATION OF PRINCIPLES AND CONTENT OF THE INTEGRATED REPORT

We have prepared our 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,as well as articulate its strategy and its business model, taking into account the different risks and opportunities.

We highlight the following aspects of this Integrated Report:

Information connectivity
The structure of the report seeks to show the interconnection of the issues and how the information presented effects the 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.

Relationships with stakeholders
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.

Quality Principle	Integrated Report
Precision	We communicated more 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 of 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, 2018, to be consistent with the financial statements and, thus, ensure the timeliness of the information presented.

Next, we present the framework elements of the Integrated Report, which have been applied to its construction:

Content elements Included	Aspects	Section
Organizational Vision and Operational Context	• Products, services, markets where it operates, size of the operation • Business model and value creation	• Gatefold • Management Report • Strategic Framework
Governance	• Government model • Guidelines and directives for ethics, transparency and good governance. • Good governance practices: Selection, appointment, remuneration, training and evaluation of the Board of Directors	• Corporate governance:
Business model	• Business model • creation of value	• Management Report • Strategic Framework
Risks and Opportunities	• Strategic and emerging risks and mitigation actions	• Strategic Framework • Action Focuses
Strategy and Resources	• Business model and creation of value • Sustainability Strategy	• Strategic Framework • Action Focuses
Performance and Results	• Relevant performance figures • Main results of the reporting period • Monitoring of short, medium and long term goals in material issues	• Management Report • Action Focuses
Future Projection	• Challenges of short, medium and long term	• Action Focuses
Preparation and Presentation Bases	• Process of identification and prioritization of material issues • Mechanisms for evaluation and monitoring of material issues	• Strategic Framework Action Focuses • Action Focuses
Report general guidelines	• Reporte desempeño de temas materiales; descripción de metas de corto, mediano y largo plazo • Descripción de capitales • Reporte corporativo que incluye sus tres negocios: cemento, concreto y agregados, en sus tres regionales: Colombia, Estados Unidos y Caribe y Centroamérica.	• Action Focuses • About this report • Strategic Framework

GRI CONTENT 2019

#	Indicator	Location in the IR	Verification
FUNDAMENTO			
101	Foundation		
1. ORGANIZATIONAL PROFILE			
102-1	Name of the organization	Cementos Argos S.A.	
102-2	Activities, brands, products and services	Introduction, relevant numbers	
102-3	Location of headquarters	"Career 43A St 1A south 143 (Medellín - Colombia) Vía 40, Las Flores (Barranquilla - Colombia)"	
102-4	Location of operations	Introduction, where we operate	
102-5	Ownership and legal form	Corporation	
102-6	Markets served	Introduction, where we operate	
102-7	Scale of the organization	Introduction, where we operate	
102-8	Information on employees and other workers	Introduction, where we operate and https://sostenibilidad.argos.co/Anexos	
102-9	Supply chain	Supplier Management, pag. 107 and https://sostenibilidad.argos.co/Supplier-management-indicators	
102-10	Significant changes to the organization and its supply chain	Management report, pag. 10-39	
102-11	Precautionary principle or approach	Sustainability Strategy, pag. 53	
102-12	External initatives	Industry positioning, pag. 102	
102-13	Memberships of associations	Industry positioning, pag. 102	
2. STRATEGY AND RISK MANAGEMENT			
102-14	Statement from senior decision maker	Letter from the Chairman of the Board, pag. 8; Management report, pag. 18	
102-15	Key impacts, risks and opportunities	Risk management, pag. 54 and https://sostenibilidad.argos.co/Emergent-and-strategic-risks	
A-RI1	Strategic risks	Risk management, pag. 55 54 and https://sostenibilidad.argos.co/Emergent-and-strategic-risks	
A-RI2	Emerging risks	https://sostenibilidad.argos.co/Emergent-and-strategic-risks	
3. GOVERNANCE			
102-18	Governance structure	Corporate governance, pag. 10	
102-19	Delegating authority	Corporate governance, pag. 11	
102-20	Executive level responsability for environmental, social and economic topics	Corporate governance, Pag. 14	
102-21	Consulting stakeholders on environmental, social and economic topics	Stakeholders, pag. 47	
102-22	Composition of highest governance body and its committees	Corporate governance, pag. 11	
102-23	Chair of the highest governance body	Corporate governance, pag. 11	
102-24	Nomination and selection of highest governance body	https://sostenibilidad.argos.co/Board-of-Directors	
102-25	Conflicts of interests	https://sostenibilidad.argos.co/Board-of-Directors	
102-26	Role of the highest governance body in setting purpose, values and strategy	Corporate governance, pag. 11	
102-27	Collective knowledge of highest governance body	https://sostenibilidad.argos.co/Board-of-Directors	
102-28	Evaluating the highest governance body's performance	https://sostenibilidad.argos.co/Board-of-Directors	
102-29	Identifying and managing economic, social and environmental impacts	Corporate governance, pag. 11	
102-30	Effectiveness of risk management processes	Corporate governance, pag. 11	
102-31	Review of economic, social and environmental topics	https://sostenibilidad.argos.co/Board-of-Directors	
102-32	Highest governance body's role in sustainability reporting	About this report, pag. 5	
102-33	Communicating critical concerns	https://sostenibilidad.argos.co/Board-of-Directors	
102-34	Nature and total number of critical concerns	https://sostenibilidad.argos.co/Board-of-Directors	
102-35	Remuneration policies	https://sostenibilidad.argos.co/Board-of-Directors	
102-36	Process for determining remuneration	https://sostenibilidad.argos.co/Board-of-Directors	
102-37	Stakeholder's involvement in remuneration	https://sostenibilidad.argos.co/Board-of-Directors	
4. STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Stakeholders, pag. 47	
102-41	Collective bargaining agreements	Stakeholders, pag. 47	
102-42	Identifying and selecting stakeholders	https://sostenibilidad.argos.co/Relationship-mechanisms	
102-43	Approach to stakeholder engagement	Stakeholders, pag. 48 y 49	
102-44	Key topics and concerns raised	Stakeholders, pag. 48 y 49	
5. REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	*Notes to the financial statements	
102-46	Defining report content and topic boundaries	About this report, pag. 4	
102-47	List of material topics	Material topics, pag. 44	
102-48	Restatements of information	About this report, pag. 4	
102-49	Changes in reporting	About this report, pag. 4	

#	Indicator	Location in the IR	Verification
102-50	Reporting period	About this report, pag. 4	
102-51	Date of most recent report	About this report, pag. 4	
102-52	Reporting cycle	About this report, pag. 4	
102-53	Contact point for questions regarding the report	About this report, pag. 4	
102-54	Claims of reporting in accordance to GRI standards	About this report, pag. 4	
102-55	GRI Content Index	About this report, pag. 4	
102-56	External Assurance	About this report, pag. 4	

Specific Content

#	Indicator	Location in the IR	Verification	Omissions
MATERIAL TOPIC: EFICIENCY AND PRODUCTIVITY				
103	Management approach	Efficiency and Productivity, pag. 66		
103-1	Explanation of the material topic and its boundary	Efficiency and Productivity, pag. 66		
103-2	The management approach an its components	Efficiency and Productivity, pag. 66		
103-3	Evaluation of the management approach	Efficiency and Productivity, pag. 68		
A-RE1	Net debt/(EBITDA+dividends)	Efficiency and Productivity, pag. 71	X	
A-RE2	EBITDA	Introduction, Relevant figures	X	
A-RE3	EBITDA margin	Management report, pag. 24	X	
A-BE2	Total deinvestments in the reporting period	Management report, pag. 24; Efficiency and Productivity, pag. 71	X	
302-1	"Energy consumption within the organization (GJ)"	http://sostenibilidad.argos.co/Energy-indicators	X	
302-4	Reduction of energy consumption (MJ)	http://sostenibilidad.argos.co/Energy-indicators	X	
301-1	Materials used by weight or volume	https://sostenibilidad.argos.co/Environmental-indicators	X	
306-2	Waste by type and disposal method	https://sostenibilidad.argos.co/Environmental-indicators	X	The way in which the disposal of waste method is established is not disclosed.
A-EC2	Alternative raw materials rate (%) (Cement)	Efficiency and Productivity, pag. 67 and https://sostenibilidad.argos.co/Environmental-indicators	X	
A-EC3	Percentage of supplementary Cementitious Materials (concrete)	Efficiency and Productivity, pag. 67 and https://sostenibilidad.argos.co/Environmental-indicators	X	
A-EC4	Volume of used recycled aggregates	Efficiency and Productivity, pag. 69 and https://sostenibilidad.argos.co/Environmental-indicators	X	
MATERIAL TOPIC: ADAPTATION TO MARKET DYNAMICS				
103	Management approach	Adaptation to market dynamics, pag. 72		
103-1	Explanation of the material topic and its boundary	Adaptation to market dynamics, pag. 72		
103-2	The management approach an its components	Adaptation to market dynamics, pag. 73		
103-3	Evaluation of the management approach	Adaptation to market dynamics, pag. 73		
A-IN1	Total amount of innovation investment	http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-IN2	Number of innovative ideas	http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-IN3	Revenues from innovation	Adaptation to market dynamics, pag. 73 and http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-IN4	Savings derived from the implementation of innovation initiatives	http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-CS1	Revenues obtained from products with sustainability characteristics	Adaptation to market dynamics, pag. 76 and http://sostenibilidad.argos.co/Innovation-Indicators	X	
A-IM1	Customer satisfaction index per country	http://sostenibilidad.argos.co/Innovation-Indicators	X	
MATERIAL TOPIC: TALENT MANAGEMENT				
103	Management approach	Talent Management, pag. 80		
103-1	Explanation of the material topic and its boundary	Talent Management, pag. 80		
103-2	The management approach an its components	Talent Management, pag. 80		
103-3	Evaluation of the management approach	Talent Management, pag. 81		
202-2	Proportion of senior management hired from the local community	https://sostenibilidad.argos.co/Talent-management-indicators	X	
401-1	Total number and rates of new employee hires and employee turnover by age group, gender and region	https://sostenibilidad.argos.co/Talent-management-indicators	X	
402-1	"Minimum notice periods regarding operational changes, including whether these are specified in collective agreements Plazos mínimos de preaviso de cambios operativos y posible inclusión de estos en los convenios colectivos"	https://sostenibilidad.argos.co/Talent-management-indicators	X	
404-1	Average hours of training per year per employee by gender, and by employee category	https://sostenibilidad.argos.co/Talent-management-indicators	X	
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	https://sostenibilidad.argos.co/Talent-management-indicators	X	

Specific Content				
#	Indicator	Location in the IR	Verification	Omissions
405-1	Board of Directors broken down by age and gender	https://sostenibilidad.argos.co/Talent-management-indicators	X	
405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	https://sostenibilidad.argos.co/Talent-management-indicators	X	
A-TM1	Mobility rate	Talent Management, pág. 82 and https://sostenibilidad.argos.co/Talent-management-indicators	X	
A-TM2	Percentage of women in leadership position	Talent Management, pág. 82 and https://sostenibilidad.argos.co/Talent-management-indicators	X	
A-TM3	Percentage of collaborate at an executive and managerial level of non-Colombian origin	Talent Management, pág. 82 and https://sostenibilidad.argos.co/Talent-management-indicators	X	
MATERIAL TOPIC: CLIMATE CHANGE				
103	Management approach	Climate change, pag. 84		
103-1	Explanation of the material topic and its boundary	Climate change, pag. 84		
103-2	The management approach an its components	Climate change, pag. 84		
103-3	Evaluation of the management approach	Climate change, pag. 85		
201-2	"Financial implications and other risks and opportunities due to climate change"	https://sostenibilidad.argos.co/Climate-change-indicators	X	
305-1	Direct (Scope 1) GHG emissions	https://sostenibilidad.argos.co/Environmental-indicators and environmental indicators pag. 150	X	
305-2	Energy indirect (Scope 2) GHG emissions	https://sostenibilidad.argos.co/Environmental-indicators and environmental indicators pag. 150	X	
305-3	Other indirect (Scope 3) GHG emissions (tCO_2)	https://sostenibilidad.argos.co/Environmental-indicators and environmental indicators pag. 151	X	
305-4	GHG emissions intensity	https://sostenibilidad.argos.co/Environmental-indicators and environmental indicators pag. 150	X	
305-5	Reduction of GHG emissions (t CO_2)	https://sostenibilidad.argos.co/Climate-change-indicators	X	
A-ENE1	Substitution of fossil caloric consumption with alternative fuels	Climate change, pag. 85 and environmental indicators, pag 150	X	
A-EC1	Specific CO_2 emissions - net (kg/t cementitious product)	Climate change, pag. 85 and environmental indicators, pag 150	X	
MATERIAL TOPIC: ETHICS AND COMPLIANCE				
103	Management approach	Ethics and Compliance, pag. 90		
103-1	Explanation of the material topic and its boundary	Ethics and Compliance, pag. 90		
103-2	The management approach an its components	Ethics and Compliance, pag. 90		
103-3	Evaluation of the management approach	Ethics and Compliance, pag. 90		
102-16	Values, principles, standards and norms of behavior	Ethics and Compliance, pag. 90		
102-17	Mechanisms for advice and concerns about ethics	Ethics and Compliance, pag. 91		
205-1	Number and percentage of operations assessed in terms of corruption and significant risks identified	http://sostenibilidad.argos.co/Ethics-Indicators	X	
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Compliance, pag. 92	X	
205-3	Confirmed incidents of corruption and actions taken	Ethics and Compliance, pag. 91	X	
206-1	Legal actions for anti competitive behavior, anti trust and monoply practices	http://sostenibilidad.argos.co/Ethics-Indicators	X	
307-1	Non compliance with environmental laws and regulations	http://sostenibilidad.argos.co/Ethics-Indicators	X	
415-1	Political contributions	http://sostenibilidad.argos.co/Ethics-Indicators	X	
419-1	Non compliance with social and economic regulations	http://sostenibilidad.argos.co/Ethics-Indicators	X	
A-ETH1	Environmental, social and human rights complaints received	http://sostenibilidad.argos.co/Ethics-Indicators	X	
A-TAX1	Taxes paid by country	http://sostenibilidad.argos.co/Ethics-Indicators	X	
A-ETH2	Largest contributions and expenditures	http://sostenibilidad.argos.co/Ethics-Indicators	X	
MATERIAL TOPIC: ECOSYSTEMS				
103	Management approach	Ecosystems, pag. 94		
103-1	Explanation of the material topic and its boundary	Ecosystems, pag. 94		
103-2	The management approach and its components	Ecosystems, pag. 94		
103-3	Evaluation of the management approach	Ecosystems, pag. 95		
303-3	Water withdrawal by source (m3)	https://sostenibilidad.argos.co/Water-indicators	X	
303-4	Water discharge destination	https://sostenibilidad.argos.co/Water-indicators	X	
303-5	Water consumption	https://sostenibilidad.argos.co/Water-indicators	X	
A-A1	"Specific water consumption (L/ton or L/m3)"	Ecosystems, pag. 96, https://sostenibilidad.argos.co/Water-indicators	X	
A-A2	Reused and recicled water	https://sostenibilidad.argos.co/Environmental-indicators, https://sostenibilidad.argos.co/Water-indicators	X	
A-BI1	Number and percentage of active and inactive quarries with high biodiversity value where biodiversity management plans are actively implemented	Ecosystems, pag. 96 and https://sostenibilidad.argos.co/Environmental-indicators	X	

Specific Content				
#	Indicator	Location in the IR	Verification	Omissions
A-BI2	Number and percentage of disturbed areas rehabilitated at active and inactive quarries	Ecosystems, pag. 96 and https://sostenibilidad.argos.co/Environmental-indicators	X	
304-1	Number of facilities with high biodiversity value	https://sostenibilidad.argos.co/Environmental-indicators	X	Detailed information related to the company owned, leased or managed or adjacent sites to protected areas and areas of high value for biodiversity outside protected areas is not disclosed due to confidentiality restrictions.
304-4	"IUCN Red List species and national conservation list species with habitats in areas affected by operations"	https://sostenibilidad.argos.co/Environmental-indicators	X	
A-BI3	Percentage of active facilities with high biodiversity value where biodiversity management plans are actively implemented	https://sostenibilidad.argos.co/Environmental-indicators	X	
A-BI4	Percentage of active and inactive quarries that have a closure plan established	https://sostenibilidad.argos.co/Environmental-indicators		
MATERIAL TOPIC: INDUSTRY POSITIONING				
103	Management approach	Industry positioning, pag. 100		
103-1	Explanation of the material topic and its boundary	Industry positioning, pag. 100		
103-2	The management approach an its components	Industry positioning, pag. 100		
103-3	Evaluation of the management approach	Industry positioning, pag. 102		
A-LS1	VAS	Value added to society, pag. 57 and https://sostenibilidad.argos.co/Value-Added-Statement	X	
A-LS2	Reputation Index	Industry positioning, pag. 102	X	
MATERIAL TOPIC: OCCUPATIONAL HEALTH AND SAFETY				
103	Management approach	Occupational Health and Safety, pag.104		
103-1	Explanation of the material topic and its boundary	Occupational Health and Safety, pag.104		
103-2	The management approach an its components	Occupational Health and Safety, pag.105		
103-3	Evaluation of the management approach	Occupational Health and Safety, pag.106		
403-1	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	https://sostenibilidad.argos.co/Health-and-safety-Indicators	X	
403-4	Occupational health and safety management system	Occupational Health and Safety, pag.106	X	
403-9	Type of injury & rates of injury, occupational diseases, lost days, & absen- teeism, & total number of work-related fatalities, by region & by gender	https://sostenibilidad.argos.co/Health-and-safety-Indicators	X	
403-10			X	
A-SI1	Lost-Time Injuries Frequency Rate (LTIFR) - Contractors and employees	Occupational Health and Safety, pag.106	X	
A-SI2	Occupational Illness Frequency Rate (OIFR) - Employees	https://sostenibilidad.argos.co/Health-and-safety-Indicators	X	
MATERIAL TOPIC: ATMOSPHERIC EMISSIONS				
103	Management approach	Atmospheric emissions, pag. 110		
103-1	Explanation of the material topic and its boundary	Atmospheric emissions, pag. 110		
103-2	The management approach an its components	Atmospheric emissions, pag. 110		
103-3	Evaluation of the management approach	Atmospheric emissions, pag. 111		
305-7	Nitrogen oxides (NOx), sulfur oxides (Sox) and other significant air emissions	https://sostenibilidad.argos.co/Environmental-indicators	X	
A-OE1	Specific Emissions	Atmospheric emissions, pag. 111 and https://sostenibilidad.argos.co/Environmental-indicators	X	
MATERIAL TOPIC: SUPPLY CHAIN MANAGEMENT				
103	Management approach	Supplier Management, pag.113		
103-1	Explanation of the material topic and its boundary	Supplier Management, pag.113		
103-2	The management approach an its components	Supplier Management, pag.114		
103-3	Evaluation of the management approach	Supplier Management, pag.114		
204-1	Proportion of spending on local suppliers	Supplier Management, pag.113	X	
308-2	Negative environmental impacts in the supply chain and actions taken	https://sostenibilidad.argos.co/Supplier-management-indicators	X	
414-2	Negative social impacts in the supply chain and actions taken	https://sostenibilidad.argos.co/Supplier-management-indicators	X	
MATERIAL TOPIC: COMMUNITY ENGAGEMENT				
103	Management approach	Community Engagement, pag. 118		
103-1	Explanation of the material topic and its boundary	Community Engagement, pag. 118		

Specific Content				
#	**Indicator**	**Location in the IR**	**Verification**	**Omissions**
103-2	The management approach an its components	Community Engagement, pag. 119 and https://sostenibilidad.argos.co/Community-engagement-indicators		
103-3	Evaluation of the management approach	Community Engagement, pag. 120		
203-1	Development and impact of infrastructure investments and services supported	Community Engagement, pag. 121	X	
413-1	Percentage of facilities where development, impact evaluation and local community participation programs have been implemented	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
413-2	Operations with significant actual and potential negative impacts on local communities	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM1	Social Investment	Community Engagement, pag. 121 and https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM2	Revenue associated with social impact commercial initiatives	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM3	Type of Philanthropic Activities	https://sostenibilidad.argos.co/Community-engagement-indicators	X	
A-COM4	Argos prioritized operations with local engagement plans	Community Engagement, pag. 120	X	
A-COM5	Prioritized operations with interaction and risk management	Community Engagement, pag. 121	X	
A-COM6	Innovative solutions	Sustainability program	X	
MATERIAL TOPIC: HUMAN RIGHTS				
103	Management approach	Human rights, pag. 124		
103-1	Explanation of the material topic and its boundary	Human rights, pag. 124		
103-2	The management approach an its components	Human rights, pag. 124		
103-3	Evaluation of the management approach	Human rights, pag. 125		

ENVIRONMENTAL INDICATORS

	Argos	GCCA	GRI	DJSI	2016	2017	2018	2019	Goal 2025	COMMENTS
CO_2 EMISSIONS										
Cemento										
Direct (Scope 1) GHG emissions (tCO2)			305-1	2.3.1	7.610.118	7.475.544	7.794.246	8.186.930		
Indirect (Scope 2) GHG emissions (t CO2)			305-2	2.3.2	320.246	417.858	436.090	432.834		
Total CO2 emissions - gross (t CO2)		GCCA			7.610.118	7.475.544	7.758.577	8.186.930		[102-48] The data for 2018 were restated
Total CO2 emissions - net (tCO2)		GCCA			7.462.888	7.362.087	7.625.671	8.057.886		[102-48] The data for 2018 were restated
Specific CO2 emissions - gross (kg CO2/t cementitious material)		GCCA	305-4		644	627	627	638		
Specific CO2 emissions - net (kg CO2/t cementitious material)	A-EC1	GCCA			632	618	616	628	544	
Concrete										
Direct (Scope 1) GHG emissions (t CO2)			305-1		68.130	135.921	114.944	126.796		
Indirect (Scope 2) GHG emissions (t CO2)			305-2		20.610	17.900	14.968	12.737		
GHG emissions intensity (kg CO2/m3 concrete)			305-4		6	13	12	14		
Aggregates										
Direct (Scope 1) GHG emissions (t CO2)			305-1		2.554	3.143	4.899	4.009		
Indirect (Scope 2) GHG emissions (t CO2)			305-2		1.414	877	1.109	752		
GHG emissions intensity (kgCO2/t product)			305-4		1	1	2	2		
Electricity generation										
Direct (Scope 1) GHG emissions (t CO2)			305-1		505.562	553.278	384.307	395.896		
Indirect (Scope 2) GHG emissions (t CO2)			305-2		N/A	N/A	N/A	N/A		
GHG emissions intensity (kg CO2/MWh)			305-4		850	781	865	865		
Company										
Direct (Scope 1) GHG emissions (t CO2)			305-1	2.3.1	8.186.365	8.167.887	8.298.395	8.713.631		
Indirect (Scope 2) GHG emissions (t CO2)			305-2	2.3.2	342.271	436.634	452.167	446.322		
Total direct and indirect GHG emissions (tCO2)					8.528.636	8.604.521	8.750.562	9.159.953		
Other indirect (Scope 3) GHG emissions (tCO2e)			305-3	2.6.10	3.743.850	3.571.690	3.580.053	4.328.311		
ENERGY AND FUELS										
Energy consumption within the organization - cement (GJ)			302-1		33.503.411	38.479.780	40.616.758	42.279.469		
Energy consumption within the organization - concrete (GJ)			302-1		1.082.684	1.995.513	1.696.758	1.836.511		
Energy consumption within the organization - aggregates (GJ)			302-1		55.440	64.683	92.730	71.786		
Energy consumption within the organization - energy generation (GJ)			302-1		6.068.353	6.531.242	4.619.321	5.014.380		

	Argos	GCCA	GRI	DJSI	2016	2017	2018	2019	Goal 2025	COMMENTS
Energy sold to the grid (GJ)			302-1		N/A	N/A	N/A	161.688		
Total energy consumption within the organization (GJ)			302-1		39.205.325	45.368.302	45.742.995	47.685.450		
Total non-renewable energy consumption within the organization (MWh)				2.3.3	10.558.480	12.112.395	12.004.281	12.368.809		
Specific caloric consumption of clinker production (MJ/t clínker)		GCCA			3.790	3.709	3.730	3.759		
Substitution of caloric consumption of fossil fuels with alternative fuels (%)	A-ENE1			2.5.1	5.9%	5.4%	5.1%	5.6%	18.0%	
Rate of alternative fuels (%)		GCCA			5.6%	4.4%	4.9%	4.5%		
Biomass rate as fuel (%)		GCCA			0.3%	1.0%	0.2%	1.0%		

MATERIALS

	Argos	GCCA	GRI	DJSI	2016	2017	2018	2019	Goal 2025	COMMENTS
Cement										
Raw materials			301-1		14.863.571	17.859.358	17.284.870	17.838.357		
Auxiliary materials			301-1		10.179.406	10.925.284	8.759.543	10.840.546		
Semi-finished			301-1		3.195.141	11.972.923	3.245.333	3.506.215		
Packing			301-1		45.488	20.101	19.738	17.080		
Concrete										
Raw materials			301-1		21.645.967	20.738.461	19.172.674	17.294.278		
Auxiliary materials			301-1		1.427.504	985.654	825.498	1.320.506		
Semi-finished			301-1		3.975.095	3.688.970	4.724.211	4.169.891		
Agregados										
Raw materials			301-1		2.879.260	2.807.962	2.769.282	2.302.807		
Auxiliary materials			301-1		820	999	1.269	1.271		
Semi-finished			301-1		-	-	-			
Electricity generation										
Raw materials			301-1		-	-	-			
Auxiliary materials			301-1		393.477.110	442.190.662	97.337.958	862.234		
Company										
Raw materials			301-1		39.388.798	41.405.781	39.226.827	37.435.442		
Auxiliary materials			301-1		405.084.839	454.102.598	106.924.269	13.024.558		
Semi-finished			301-1		14.780.354	23.137.437	15.763.790	7.676.107		
Packing			301-1		45.488	20.101	19.738	17.080		
Total consumption of materials (t)					**459.299.480**	**518.665.917**	**161.934.623**	**58.153.187**		
Alternative Raw Materials (cement) (%)	A-EC2	GCCA		2.5.1	9,9%	10,2%	10,2%	10,7%	15,0%	[102-48] The data for the years 2016, 2017 and 2018 were restated under the GCCA methodology
Supplementary Cementitious Material (concrete) (%)	A-EC3				N/A	16,5%	16,3%	16,8%	15,0%	
Volume of recycled aggregates used (t accumulated)	A-EC4				N/A	5.328	12.720	15.277	216.000	
Ratio Clinker/Cement		GCCA		2.5.1	76%	77%	76%	77%		

	Argos	GCCA	GRI	DJSI	2016	2017	2018	2019	Goal 2025	COMMENTS
WASTE										
Total waste					**545.810**	**326.489**	**212.226**	**265.068**		
Hazardous waste (t)					**1.246**	**789**	**1.585**	**847**		
Reuse / Recycling / Recovery, including recovery of waste / Other post-consumption programs			306-2		840	369	801	335		
Coprocessing					-	-	18	12		
Incineration					171	238	282	181		
Secure Landfill					235	183	484	320		
Non hazardous waste (t)					**544.564**	**325.699**	**210.641**	**264.220**		
Reuse / Recycling / Recovery / Composting					181.931	51.213	94.180	106.492		
Coprocessing					20	13	2.677	58		
Incineration					-	8	335	2		
Landfill					107.984	5.277	13.142	13.709		
Authorized site for disposal of concrete debris					196.352	213.224	100.307	143.960		
On-site storage					58.277	55.965	N/A	N/A		
Recovery, recycling and reused					241.069	107.560	97.675	106.896		
Hazardous waste				2.3.5	840	369	819	346		
Non hazardous waste					240.229	107.191	96.856	106.550		
Waste disposed through landfill or incineration				**2.3.5**	**363.018**	**218.929**	**114.551**	**158.172**		
Hazardous waste				2.3.5	406	421	766	501		
Non hazardous waste					362.612	218.508	113.785	157.671		
OTHER EMISSIONS										
Cement										
Dust										
Absolute dust emissions (t)			305-7		1.719	1.695	831	863		
Absolute dust emissions (t) Only kiln		GCCA-KPI 3			641	484	406	589		
Specific dust emissions (g MP/t clinker)	A-OE1	GCCA - KPI 3			85	57	45	62	60	
Coverage with dust monitoring (percentage of clinker produced in kilns covered with monitoring systems for dust) (%)		GCCA - KPI 4			100%	100%	100%	100%		
NOX										
Absolute NOX emissions (t NOx)		GCCA - KPI 3	305-7		11.854	12.183	11.838	10.726		
Specific NOX emissions (g NOx/t clinker)	A-OE1	GCCA - KPI 3			1.576	1.397	1.311	1.128	1.205	
Coverage with NOx monitoring (percentage of clinker produced in kilns covered with monitoring systems for SO2) (%)		GCCA - KPI 4			100%	100%	100%	100%		
SOX										
Absolute SO2 emissions (t SO2)		GCCA - KPI 3	305-7		1.723	2.191	1.780	1.880		
Specific SO2 emissions (g SO2/t clinker)	A-OE1	GCCA - KPI 3			229	251	197	198	205	

	Argos	GCCA	GRI	DJSI	2016	2017	2018	2019	Goal 2025	COMMENTS
Coverage with SO2 monitoring (percentage of clinker produced in kilns covered with monitoring systems for SO2) %		GCCA - KPI 4			100%	100%	100%	100%		
Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for dust, NOx, SO2, VOC/THC, heavy metals) %		GCCA - KPI 1			61.0%	57.3%	55.5%	82.6%		
Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for dust, NOx, SO2)		GCCA - KPI 2			91.0%	93.9%	92.0%	88.1%		
Absolute VOC/THC emissions (t VOC/THC)		GCCA - KPI 3		2.3.10	252	325	275	355		
Specific VOC/THC emissions (g VOC/THC/t clinker)		GCCA - KPI 3			50	65	37	45		
Coverage VOC/THC (%)		GCCA - KPI 4			66.5%	57.3%	81.7%	82.6%		
Absolute PCDD/F emissions (mg PCDD)		GCCA - KPI 3			24	76	71	149		
Specific PCDD/F emissions (mg PCDD/t clinker)		GCCA - KPI 3			4	18	10	19		
Coverage PCDD/F (%)		GCCA - KPI 4			76.9%	63.4%	72.1%	82.6%		
Absolute Hg emissions (kg Hg)		GCCA - KPI 3		2.3.8	224	243	226	283		
Specific Hg emissions (mg Hg/t clinker)		GCCA - KPI 3			36	34	31	34		
Coverage Hg (%)		GCCA - KPI 4			82.3%	80.9%	81.7%	87.7%	100%	
Absolute HM1 (Cd + Tl) emissions (kg HM1)		GCCA - KPI 3			26	45	36	31		
Specific HM1 (Cd + Tl) emissions (mg HM1/t clinker)		GCCA - KPI 3			5	5	5	4		
Coverage HM1 (Cd + Tl) (%)		GCCA - KPI 4			82.0%	80.9%	75.2%	82.6%		
Absolute HM2 emissions (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (kg HM2)		GCCA - KPI 3			2.678	3.684	1.312	1.204		
Specific HM2 emissions (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (mg HM2/t clinker)		GCCA - KPI 3			432	454	178	153		
Coverage HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) (%)		GCCA - KPI 4			82.3%	80.9%	75.2%	82.6%		
Concrete										
Absolute dust emissions (t)			305-7		142	142	129	117		
Electricity generation										
Absolute dust emissions (t)					28	60	21	11		
Absolute NOX emissions (t NOx)			305-7		462	640	375	464		
Absolute SO2 emissions (t SO2)					2.587	3.003	1.844	2.120		

	Argos	GCCA	GRI	DJSI	2016	2017	2018	2019	Goal 2025	COMMENTS
Company										
Absolute dust emissions (t)				2.3.9	1.889	1.897	980	991		
Absolute NOX emissions (t NOx)			305-7	2.3.6	12.316	12.823	12.213	11.190		
Absolute SO2 emissions (t SO2)				2.3.7	4.310	5.194	3.624	4.000		
WATER										
Water Withdrawal (m3)										
Cement										
Water withdrawn - surface source					4.412.842	3.390.866	3.171.553	3.661.583		[102-48] 2018 value is restated due to adjustment of the Nare Plant
Water withdrawn - Groundwater			303-3		4.239.504	5.686.243	4.047.012	5.277.888		
Water withdrawn - rainwater					20.074	52.580	38.389	141.756		
Municipal water supply or from other water companies					651.191	707.704	444.501	514.633		
Concrete										
Water withdrawn - surface source					106.525	52.459	62.043	81.869		
Water withdrawn - Groundwater			303-3		973.815	849.967	787.565	827.106		
Water withdrawn - rainwater					47.818	45.021	50.814	32.857		
Municipal water supply or from other water companies					1.552.733	1.481.603	1.360.737	1.163.293		
Aggregates										
Water withdrawn - surface source					311.465	373.311	299.885	230.402		
Water withdrawn - Groundwater					496	451	249	399		
Water withdrawn - rainwater					-	3.293	5.572	15		
Municipal water supply or from other water companies			303-3		3.447	1.643	1.170	1.125		
Electricity generation										
Water withdrawn - surface source					393.269.867	441.968.405	97.165.248	679.010		
Water withdrawn - Groundwater					-	197	-			
Water withdrawn - rainwater					-	-	-			
Municipal water supply or from other water companies					-	-	-			
Company										
Water withdrawn - surface source					398.100.699	445.785.042	100.698.728	4.652.865		[102-48] 2018 value is restated due to adjustment of the Nare Plant
Water withdrawn - Groundwater					5.213.816	6.536.859	4.834.826	6.105.393		
Water withdrawn - rainwater					67.892	100.894	94.774	174.627		
Municipal water supply or from other water companies					2.207.371	2.190.950	1.806.408	1.679.051		
Total withdrawal (m3)		GCCA			13.339.251	13.736.062	11.076.761	12.437.309		

	Argos	GCCA	GRI	DJSI	2016	2017	2018	2019	Goal 2025	COMMENTS
Water discharge (m3)										
Cement										
Discharge to surface sources					4.289.811	4.254.480	4.021.544	5.731.298		
Discharge to groundwater sources					195.960	188.232	181.956	235.768		
Discharge to the sea					-	-	-			
Discharge to sewerage system					213.834	18.814	36.149	50.683		
Concrete			303-4							
Discharge to surface sources					42.390	104.214	75.487	34.284		
Discharge to groundwater sources					1.844	1.973	6.072	5.179		
Discharge to the sea					-		-			
Discharge to sewerage system					10.344	10.104	14.562	34.809		
Aggregates										
Discharge to surface sources					50.853	38.525	26.111	232		
Discharge to groundwater sources					-	-	123	114		
Discharge to the sea					-	-	-	-		
Discharge to sewerage system					1.441	262	-	-		
Electricity generation			303-4							
Discharge to surface sources					17.084	21.234	4.202	-		
Discharge to groundwater sources					-	2.901	-	-		
Discharge to the sea					-	-	-	-		
Discharge to sewerage system					-	-	-	-		
Company										
Discharge to surface sources					4.400.139	4.418.453	4.127.344	5.765.814		
Discharge to groundwater sources			303-4		197.804	193.107	188.151	241.061		
Discharge to the sea					-	-	-	-		
Discharge to sewerage system					225.620	29.180	50.712	85.492		
Total water discharge		**GCCA**			**4.823.563**	**4.640.740**	**4.366.207**	**6.092.367**		
% of reused and/or recycled water for cement					84.9%	95.8%	126.0%	120%		
% of reused and/or recycled water for concrete					30.0%	16.9%	16.1%	19%		
% of reused and/or recycled water for Aggregates	A-A2				85.5%	91.3%	116.2%	270%		
% of reused and/or recycled water for Electricity generation					5.0%	5.8%	23.0%	4281%		
% of reused and/or recycled water for Company					67.2%	73.7%	93.5%	99%		
% of plants with recirculation system		GCCA			72.0%	70.0%	70.0%			

	Argos	GCCA	GRI	DJSI	2016	2017	2018	2019	Goal 2025	COMMENTS
Water consumption (m3)										
Water consumption Cement					4.624.005	5.375.868	3.461.806	3.578.111		[102-48] 2018 value is restated due to adjustment of the Nare Plant
Water consumption Concrete		GCCA 303-5			2.626.313	2.312.759	2.165.037	2.030.853		
Water consumption Aggregates					263.113	339.911	280.641	231.595		
Water consumption Electricity generation					1.070.148	1.167.679	897.844	679.010		
Water consumption Company				2.3.4	8.583.580	9.196.217	6.805.329	6.519.570		
Specific water consumption										
Cement (L/t cement)					408	413	259	264	256	[102-48] 2018 value is restated due to adjustment of the Nare Plant
Concrete (L/m3 Concrete)	A-A1				236	223	228	215	216	
Aggregates (L/t Aggregates)					117	147	109	100		
BIODIVERSITY										
% of active and inactive quarries within, adjacent to, or containing protected areas or areas of high biodiversity value with biodiversity management plan in place	A-BI1				N/A	59,0%	71,0%	68%	85%	
% Released areas rehabilitated at active and inactive quarries	A-BI2				N/A	80,2%	84,8%	87%	85%	
% of active Facilities within, adjacent to, or containing protected areas or areas of high biodiversity value	A-BI3			2.4.2	58,1%	63,0%	67,0%	66%		
# of active Facilities within, adjacent to, or containing protected areas or areas of high biodiversity value			304-1	2.4.2	31	30	30	29		
% of active and inactive quarries that have an established closure plan		A-BI4			N/A	75,0%	89,0%	78%	100%	
% of active quarries that have an established closure plan		GCCA			77,5%	88,4%	90,9%	93%	100%	
% of active quarries within, adjacent to, or containing protected areas or areas of high biodiversity value		GCCA			47,5%	44,2%	45,5%	41%		
% of active quarries within, adjacent to, or containing protected areas or areas of high biodiversity value with biodiversity management plan in place		GCCA			63,2%	73,7%	80,0%	78%		

	Argos	GCCA	GRI	DJSI	2016	2017	2018	2019	Goal 2025	COMMENTS
Species on the IUCN Red List and species on the National Conservation List that inhabit areas affected by operations										
Total of species			304-4		62	72	77	160		
In critical danger					5	5	5	15		
In danger					9	9	10	21		
Vulnerable					24	25	26	55		
Nearly threatened					5	6	6	11		
Minor concern					19	27	30	58		
SUSTAINABLE CONSTRUCTION										
Revenues obtained from products with sustainability characteristics. (USD)	A-CS1				104.516.898	124.567.000	178.823.205	269.091.761	400.000.000	[102-48] The 2018 data was recalculated
ENVIRONMENTAL INVESTMENTS (COP)										
Capital investments				2.2.3	118.509.068.733	84.091.140.058	148.044.654.844	110.091.804.288		
Operating expenses					19.932.746.878	19.023.904.573	20.591.934.453	26.651.481.969		
Total expenses (capital investments + operating expenses)					138.441.815.611	103.115.044.631	168.636.589.297	136.743.286.257		
Savings, avoided costs, income, tax incentives					23.959.732.395	14.355.352.241	6.975.675.702	10.253.198.055		

SUSTAINABILITY PROGRAM AND SDG DASHBOARD

Material Topic	P.	SDG	Goal	KPI	Unit	Baseline year	Goal year	Baseline value	Target value	2019 result	Trend
Efficiency and productivity		SDG 8 y 13 Goal 8.4 Goal 13.2	Reduce the heat consumption by 10% with respect to 2013 consumption levels.	Heat consumption	KCal/k clínker	2013	2025	941	846	883	↑
			Reduce electricity consumption by 15% with respect to 2013 consumption levels	[302-1] Electricity consumption	Kwh/t cem	2013	2025	116	99	117	↑
		SDG 8 Goal 8.2 Goal 8.4	Reach a 15% of alternative raw materials in cement operations	[A-EC2] % Alternative raw materials in our cement operations	%	NA	2025	NA	15	10,7	↑
			Reach 15% of alternative raw materials in concrete operations.	[A-EC3] % alternative raw materials in our concrete operations	%	NA	2025	NA	15	16,8	↑
			Accumulatively use 216,000 tons of recycled aggregates	[A-EC4] Tonnes of recycled aggregates used	t	2017	2025	0	216.000	15.277	↑
Adapting to market dynamics		SDG 9 Goals 9 y 9.5	Obtain revenues of USD $ 400 million for our products with sustainability properties (PSP)	[A-CS1] Total of revenues from PSP	USD$	2015	2025	$136 millions	$400 millions	$269 millions	↑
Talent management		SDG 8 Goal 8.5 y 8.6	Generating opportunities for internal mobility and between Group companies for at least 10% of its employees	[A-TM1] % of employees that have opportunities of internal mobility across the companies of the Argos Business Groups.	%	NA	2019 2020	NA	>7 >10	8,68	↑
			Maintain key talent retention above average	[A-TM4] % key talent retention	%	NA	2020	NA	key talent retention > average talent retention 2020	NA	
			Reach a 40% success rate in succession planning	[A-TM5] Succession success rate	%	NA	2020	NA	40	NA	
			Maintain at least 96% coverage of the Performance Management assessment throughout the cycle	Coverage of the Performance Management evaluation	%	2019	2020	96	96	96	=
			Increase the proportion of women in leadership positions from 29% to 35%	[A-TM2] % of women in leadership positions	%	2017	2025	29	35	29	
			50% of executive and managerial level employees will be of non-Colombian origin	[A-TM-3] % of executives and managerial level from countries outside of Colombia.	%	2020	2025	39%	>50%	39%	↓
Climate change		SDG 13 Goal 13.2	544 kg CO_2/ton of cementing material.	[A-EC1] Specific emissions of CO_2	$kgCO_2$/t material cem	2006	2025	735* Baseline updated.	544	628	↑
		SDG 8 Goal 8.2 Goal 8.4	Reach an 18% substitution rate in heat consumption from the use of alternative fuels	[A-EN1] % replacement of heat consumption from the use of alternative fuels	%	ND	2025	ND	18	5,55	

Material Topic	P.	SDG	Goal	KPI	Unit	Baseline year	Goal year	Baseline value	Target value	2019 result	Trend
Ecosystems		SDG 11 Goal 11.4	100% of our quarries have a Rehabilitation Plan (RP)	[A-BI4] % quarries with RP	%	2014	2025	50	100	78	↑
			85% of the quarries located in areas of high biodiversity value will have Biodiversity Management Plan (BMP)	[A-BI1] % quarries located in HCVA with BMP	%	2017	2025	59	85	68	↑
			Rehabilitate 85% of areas released in active and in inactive quarries.	[A-BI2] % active and inactive quarries rehabilitated.	%	2017	2025	80	85	87	↑
		SDG 8 Goal 8.4	Reduce the specific water consumption in cement.	[A-A1] Specific water consumption in cement	L/t cement	2015	2025	350	256	264	↓
			Reduce the specific water consumption in concrete.	[A-A1] Specific water consumption in concrete	L/m³ cement	2015	2025	249	216	215	↓
Health and safety in the workplace		SDG 8 Goal 8.8	Reduce total injuries by 10% compared to 2019.	Number of injuries per million man hours worked	#	2019	2020	8	7,2	8	
			90% of our employees who carry out high-risk tasks (HRT) will develop the necessary skills to execute them safely.	% Employees who execute HRT with developed competencies	%	2019	2020	100%	90%	100%	
			Reduce the frequency index	[A-SI1] Frequency index	#	2018	2019	0,93	1,2	1,34	
							2020		1,2		
							2025		0,8		
			Reduce the severity index	Severity index	#	2018	2019	25,7	24,8	32,96	
Atmospheric emissions		SDG 8 Goal 8.4	Carry out the inventory of our Hg emissions	inventory of our Hg emissions	%	ND	2020	ND	100	88	↑
			Reduce our particulate matter emissions	[305-7] Particulate matter emissions	g/t de clínker	2015	2025	173	60	62	↓
			Reduce NOX emissions	[305-7] NOX emissions	g/t de clínker	2015	2025	1.399	1.205	1.128	↓
			Reduce SOX emissions	[305-7] SOX emissions	g/t de clínker	2015	2025	306	205	198	↓
Supplier Management		SDG 8 Goal 8.3	Migrate from local hiring manuals to a corporate manual	Manuals implementation Status	NA	2019	2019	0	1	1	
			Implement a technology platform for managing the hiring, negotiation and performance evaluation processes for the USA Region	Platform implementation Status	#	2019	2019	0	1	1	
			Implementaremos Torre de Control en Honduras (Solución tecnológica para la optimización del proceso logístico)	Estado de implementación de la torre de control	#	2019	2019	0	1	1	
			Implementaremos automatización en despachos para Haití	Estado de implementación de la automatización	#	2019	2019	0	1	0	
			Migrar de manuales locales de contratación a un manual corporativo	Estado de migración	#	2019	2020	0	1	0	
			Implementar una plataforma tecnológica para la gestión de contratación, negociación y evaluación de desempeño para la Regional USA	Platform implementation Status	#	2019	2020	0	1	0	

Material Topic	P.	SDG	Goal	KPI	Unit	Baseline year	Goal year	Baseline value	Target value	2019 result	Trend
Gestión de proveedores		**SDG 8** Goal 8.3	Achieve savings of over $12 million dollars in negotiation processes	Savings achieved	$USD	NA	2020	NA	>USD$12 millions	NA	
			Close gaps of 199 critical suppliers evaluated in the 2019 Sustainability Index through content provided by the Argos University for suppliers	# critical suppliers that have closed their gaps.	#	2019	2021	8	199	8	
Community Engagement		**SDG 9 y 11** Goals 9.1 y 11.2	Have 100% of Argos prioritized operations with Local Engagement Plans (LEP).	[A-COM4] % of prioritized operations with LEP	%	2018	2021	13	100	68	↑
			Achieve 100% risk management and community interactions in prioritized operations.	[A-COM5] % of prioritized operations with risk management and community interactions	%	2018	2021	13	100	68	↑
			Develop solutions that consolidates a business opportunity and/or responds to a society need.	[A-COM6] Nº of innovative solutions	#	2018	2020 2021 2025	0	1 >=3 9	0	=
			Develop at least 88 corporate volunteer activities	# of corporate volunteer activities	%	2019	2020	80	88	80	
			Apply the Socio-economic Footprint Index to at least six operations	# of sites where the Socio-economic Footprint Index is applied	#	NA	2020	NA	6	NA	
			Implement the Social License to Operate Index in 100% of prioritized operations.	[A-COM7] % of prioritized operations with the Social License to Operate Index implemented	%	2020	2025	ND	100	ND	
			Implement a human rights management protocol in communities for 50% of prioritized operations as part of the strengthening of the management of our risks and social impacts.	[A-COM8] % of operations with the human rights management protocol implemented	%	2020	2025	ND	50	ND	
Human rights			Implement a new supplier-focused human rights risk management tool	Status of the tool implementation.	%	2019	2020	0	100	0	

Memorandum of independent review

Independent Review of the Integrated Report 2019 - Cementos Argos

Responsibilities of the Management of Cementos Argos and Deloitte

The preparation of the 2019 Annual Management Report of Cementos Argos, between January 1st and December 31 of 2019, and its content are the responsibility of the organization which is also responsible for defining, adapting and maintaining management systems and internal control which information is obtained.

Our responsibility is to issue an independent report based on the procedures applied and previously agreed upon for our review.

This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the Management of the Company.

We have performed our work in accordance with the Independence regulations required by the ethics code of the International Federation of Accountants (IFAC).

The scope of a limited review is substantially less than an audit. Therefore, we do not provide an audit about the Annual Management Report.

Scope of our work

We have carried out the review of the content adaptation of Cementos Argos Integrated Report 2019, to the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards).

In the case of the environmental indicators, compliance with the guidelines of the Global Cement and Concrete Association (GCCA), previously known, as Cement Sustainability Initiative (CSI) for the operation of cements, was reviewed in the three regional operations (See Annex 1). In addition, we carried out the review of the variables that are part of the calculation of the Added Value model to society (See Annex 2).

Standards and review processes

We have carried out 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 Standard Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work consisted in the formulation of questions to the Administration, as well as to the different areas and operations of Cementos Argos that have participated in the elaboration of the Integrated Report 2019, in the application of analytical procedures and tests of revision by sampling that is described below:

- Interviews with Cementos Argos employees to know about the principles, management approaches and data consolidation systems applied to prepare the Report.
- Analysis of how the content, structure and indicators were defined, based on the materiality exercise according to the GRI Standards
- Analysis of the processes to collect and validate the data presented in the report.
- Checking, by sample, testing and review of quantitative and qualitative evidence corresponding to the GRI, GCCA contents and Cementos Argos internal indicators included in the 2019 Annual Management Report, and proper compilation from the data supplied by Cementos Argos the sources of information.

Confirmation that the 2019 Integrated Report of Cementos Argos has been prepared in accordance with GRI Standards: Core option "in accordance".

General contents:
It was confirmed that the report conforms to the requirements of the core option "in accordance" with the GRI Standards regarding the general basic contents.

Specific contents:
We review the management approach, the GRI, GCCA and internal contents of its material issues:

Material	GRI content and / or own indicator of Cementos Argos
Efficiency and productivity	302-1, 302-4, 301-1, 306-2, A-ENE1, A-EC2, A-EC3, A-EC4
Adaptation to market dynamics	A-IN1, AIN2, A-IN3, A-CS1, A-IM1, A-IM2, A-IM3
Talent management	102-41, 202-2, 401-1, 402-1, 404-1, 404-3, 405-1, 405-2, A-TM1, A-TM2, A-TM3
Ethics and Compliance	205-1, 205-2, 205-3, 206-1, 307-1, 415-1, 419-1, A-ETH1, A-TAX1, A-ETH2
Climate change	201-2, 305-1, 305-2, 305-3, 305-4, 305-5, A-EC1
Ecosystems	303-3, 303-4, 303-5, 304-1, 304-4, A-A2, A-A1, A-BI1, A-BI2, A-BI3, A-BI4
Industry Positioning	A-LS1
Health and Safety at Work	403-4, 403-9, 403-10, A-SI1, A-SI2
Atmospheric emissions	305-7, A-OE1
Supplier Management	204-1, 308-2, 414-2
Community Relations	203-1, 413-1, 413-2, A-COM1, A-COM2, A-COM3
Human Rights	103

Conclusions
Based on the work carried out described in this report, the procedures carried out and the evidence obtained, no subjetcs matter has come to our knowledge that leads us to think that:

- The indicators within the scope of the review and included in the 2019 Integrated Report of Cementos Argos for the period between January 1 and December 31, 2019, have not met all the requirements for the preparation of reports, in accordance with the essential option of the Global Reporting Initiative (GRI) Standards. For those indicators of the GRI Standards where Cementos Argos did not report quantitatively (figures), only the qualitative information that included procedures, policies, evidence of activities carried out, among others, was reviewed.

- The GCCA guidelines for the reporting of CO2 emissions, in the material: climate change, other atmospheric emissions (NOx, SOx, and particulate material), circular economy, sustainable construction and ecosystems water and are not applied properly.

- The internal reporting system and information consolidation procedures for CO2 emissions, energy, other atmospheric emissions (NOx, SOx and particulate matter), circular economy, sustainable construction, ecosystems and occupational health, and safety are not working or does not provide appropriate information for disclosure.

Alternative lines of actions

Deloitte has provided Cementos Argos with a report with the most significant alternatives of action for the future preparation of Reports, which do not modify the conclusions expressed in this report, also a few observations that will strengthen the consolidation, management, measurement and communication processes of the organization's sustainability performance.

Declaration of Independence

We confirm our independence from Cementos Argos. All of our employees carry out annual updates to the Ethics Policy where we promptly declare that we have no conflicts of interest with Cementos Argos, its subsidiaries and its stakeholders.

ANNEX 1 GCCA (CSI)

As part of the review process of environmental indicators, we conducted interviews with those in charge of Argos operations. The selection took into account quantitative and qualitative variables such as production and the periodicity in which they are audited; this allows having a coverage of 43% (compared to the total percentage of CO2 emissions) of selected plants which are representative for the entire cement operation:

- Planta Cartagena (Colombia)
- Planta Rioclaro (Colombia)
- Planta Dominicana (Caribe)
- Planta Panamá Quebrancha (Caribe)
- Planta Medellín (Colombia)
- Planta Zona Franca (Colombia)
- Planta Tocumen (Caribe)
- Planta Roberta (USA)
- Planta Nare (Colombia)
- Planta Atlanta (USA)
- Planta San Marcos (Colombia)
- Planta Zona Golfo SCZ (USA)
- Planta Zona Sureste SEZ (USA)
- Planta Ñaju (Caribe)

In the calls made, personnel responsible for the internal report and the collection of information were interviewed, validating the consolidation process and sending this information to the corporate level.

Criteria

For our review, we took into account the following CSI and GCCA guidelines:

GCCA:

GCCA Sustainability Framework Guidelines
GCCA Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing
GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing
GCCA Sustainability Guidelines for the monitoring and reporting of safety in cement manufacturing
GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing
GCCA Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing
GCCA Sustainability Guidelines for quarry rehabilitation and biodiversity management

CSI:

Recommended good practices for driving safety
Sustainable supply chain management guides
Recommended good practices for contractor safety

Guidelines for Environmental and Social Impact Assessment (ESIA)
Guidance for reducing and controlling emissions of mercury compounds in the cement industry

Evaluation of indicators and information consolidation process

We perform tests based on samples to demonstrate the calculations that allow us to measure the following indicators in 2019:

Indicator
ECOSYSTEMS
Total water withdrawal according to the source
Total water discharge, according to its quality and destination
Total water consumption
Specific Water Consumption
% of water recycled and / or reused
% of plants with recirculation system
% of active quarries located within, adjacent to or containing protected areas or areas of great biodiversity value that have a biodiversity management plan
% of released areas rehabilitated in active and inactive quarries
% of active installations located within, adjacent or containing protected areas or of great value for biodiversity
# of facilities located within, adjacent to or containing protected areas or of great value for biodiversity
% of active and inactive quarries that have a closure plan established
% of active quarries that have a closure plan
% of active quarries located within, adjacent or containing protected areas or of great value for biodiversity
% of active quarries located within, adjacent to or containing protected areas or areas of great biodiversity value that have a biodiversity management plan
Species of the IUCN Red List and species of national conservation lists that live in areas affected by operations
CLIMATE CHANGE
Total CO_2 emissions – gross
Total CO_2 emissions – net
Direct GHG emissions (scope 1)
Indirect GHG emissions (scope 2)

Indicator
Other GHG emissions (Scope 3)
Intensity of GHG emissions
Reduction of GHG emissions
Financial implications and other risks and opportunities arising from climate change
Specific CO_2 emissions – gross
Specific emissions of CO_2 – net
CIRCULAR ECONOMY
Substitution of caloric consumption of fossil fuels with alternative fuels
Specific energy consumption of clinker production
Internal energy consumption
Rate of alternative fuels
Biomass rate as fuel
Clinker Factor / Cement
Materials used by weight or volume
Alternative Raw Materials (Cement)
Volume of recycled aggregates used
Waste by type and disposal method
ATMOSPHERIC EMISSIONS
Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for particulate material, NOx , SO_2, VOC / THC, heavy metals)
Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered with continuous monitoring systems for particulate matter, NOx , SO_2)
Absolute emissions of particulate material
Specific emissions of particulate material
Absolute emissions of NOx
Specific NOx emissions
Absolute emissions of SO_2
Specific emissions of SO_2
Coverage with monitoring for particulate material (percentage of clinker produced in kilns covered with monitoring systems for particulate material)
Coverage with monitoring for NOx (percentage of clinker produced in kilns covered with monitoring systems for NOx)
Coverage with monitoring for SO_2 (percentage of clinker produced in kilns covered with monitoring systems for SO_2)

Indicator
VOC / THC - Absolute emissions in tons per year
VOC / THC - Specific emissions in grams per ton
VOC / THC - Coverage rate
PCDD / F - Absolute emissions in tons per year
PCDD / F - Specific emissions in grams per ton
PCDD / F - Coverage rate
Hg - Absolute emissions in tons per year
Hg - Specific emissions in grams per ton
Hg - Coverage rate
HM1 (Cd + Tl) - Absolute emissions in tons per year
HM1 (Cd + Tl) - Specific emissions in grams per ton
HM1 (Cd + Tl) - Coverage rate
HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Absolute emissions in tons per year
HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Specific emissions in grams per ton
HM2 clinker (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) - Coverage rate
SUSTAINABLE CONSTRUCTION
Income obtained from products with sustainability characteristics
OCUPATIONAL HEALTH AND SAFETY
Fatalities - direct employees
Fatalities – contractors
Fatalities - third parties
LTI frequency index, direct employees
LTI contractors frequency index
LTI Direct employees severity index
LTI contractor severity index

ANNEX 2 – VALUE ADDED STATEMENT EXERCISE

Scope of our work
To review the included indicators for the construction of the Value Added Statement model.

Review 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 review process under (GRI Standard, DJSI and/or GCCA).

- Review, through review tests of quantitative and qualitative information corresponding to additional indicators that are not part of the review process under (GRI Standard, DJSI and / or GCCA), below, we relate them:

VAS indicators
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
Impacts on biodiversity by type of ecosystem (improved areas, restored areas, compensated areas)
Direct GHG emissions (scope 1)
Indirect GHG emissions when generating energy (scope 2)
Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions
Total amounts of materials, alternative fuels used, and the avoided use of traditional materials and fuels.

Deloitte Asesores y Consultores
Jorge Enrique Múnera D.
Partner
Medellín, march 2020

During the production process of this report, latest generation, ecological inks, with vegetable oils and the lowest volatile organic compounds of the market were used.

The size of the book was optimized to minimize the waste of paper, and raw materials were separated to be properly processed or used.

Graphical edition:
Taller de Edición.S.A.
www.tallerdeedicion.co

Cement company of GRUPO ARGOS