INTEGRATED REPORT
2015

ARGOS

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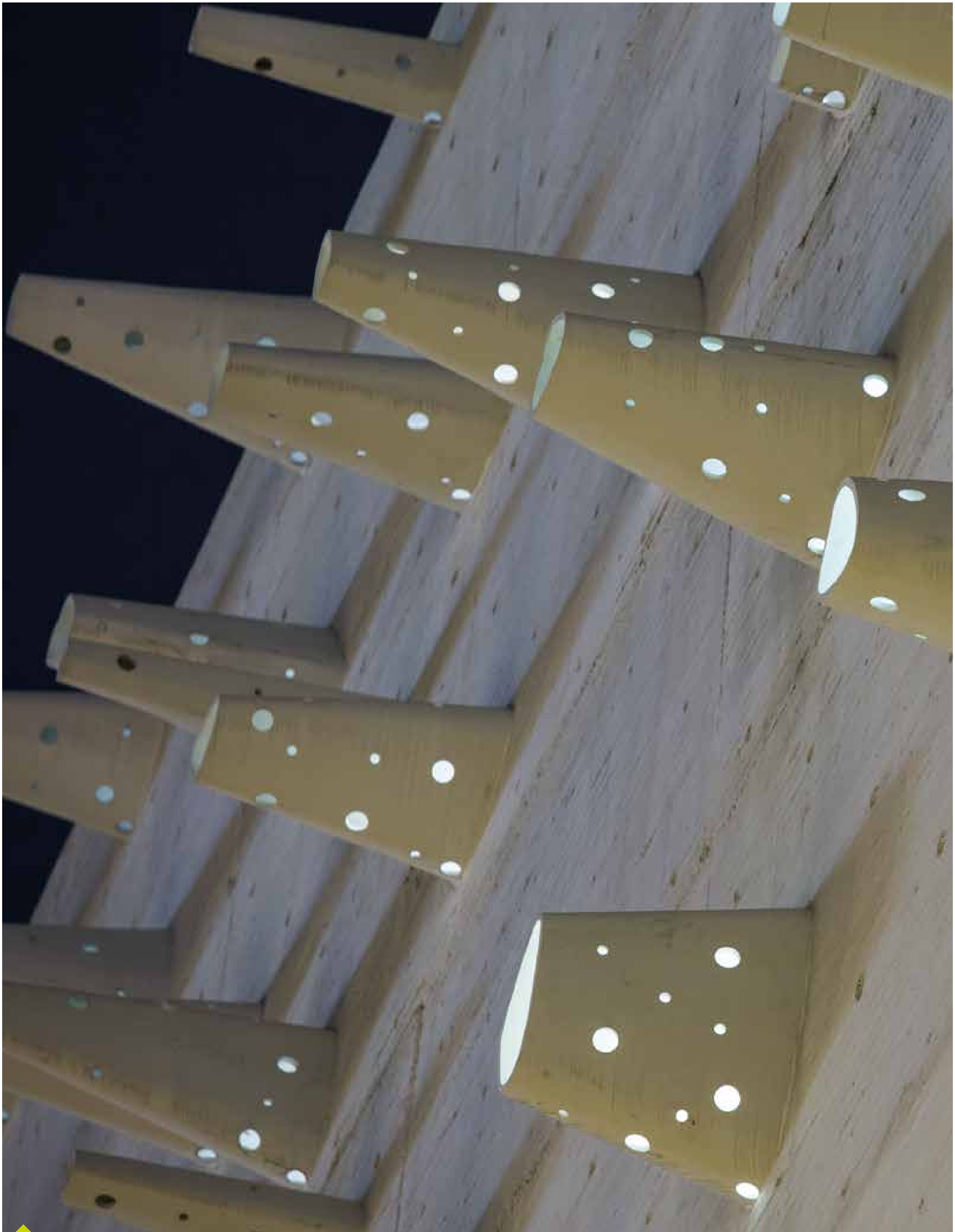


Self-consolidating concrete wall, Argos Center for Innovation, Medellín, Colombia

Photography: Alejandro Acosta | Dinero Magazine

DEAR SHAREHOLDERS,

It has been a decade since we started a well-planned and coherent process for Argos to transform from local business into a multinational player. We focused on the concrete and cement business, an area in which we have been able to successfully compete in a dynamic economic environment, generating value for our shareholders and society.

We have been able to obtain record financial results, increase social dividends within the communities we operate and manage natural resources carefully. All of this is thanks to the leadership and the quality of our human talent, the geographic diversity of the productive assets, our logistics platforms interconnection, the cultural multiplicity, and the strengthening of innovation and sustainability as development elements, and our company's respect for and promotion of human rights, the principles of the Global Compact and the International Labour Organization.

This year our income cash flow and net profit grew into two-digit numbers, well above our historical performance. Furthermore, we significantly strengthened our foreign operations by consolidating acquired plants. We launched a strategic investment for the future, the Argos Center for Innovation. We confirmed our commitment to sustainability, which was supported by international entities such as the Dow Jones Sustainability Index and the Carbon Disclosure Project (CDP), among others.

The company has a good foundation for further growth, based on an excellent team created by José Alberto Vélez Cadavid. In addition to serving as president of the company from 2004 to 2012, he served as the president of the board of directors for the past four years. Under his direction, Cementos Argos went through unprecedented transformation and internationalization. This has allowed us to successfully grow by developing our own unique culture based on respect, transcendence and awareness of the social role of the entrepreneur.

During his time with the company, José Alberto worked to shaped the basis of our present success. He invited us to adopt cultural diversity as a value that allows us to learn from the acquired operations, to see the new markets as infinite opportunities to grow and to stand out and to always find new and better ways of doing things by respecting and learning from others. For him, we have utmost respect, gratitude, admiration and affection.

Today, my work as the president of Cementos Argos comes to an end. I have deep gratitude toward the shareholders for their trust, to the board of directors for their permanent guidance and to my co-workers for their invaluable dedication. Because of them, this company has enjoyed considerable success.
I am honored to have shared my time with them.

To Juan Esteban Calle, a great human being and an excellent professional who assumes the presidency of Cementos Argos, I wish great success. (G4-1)

Jorge Mario Velásquez
CEO of Cementos Argos

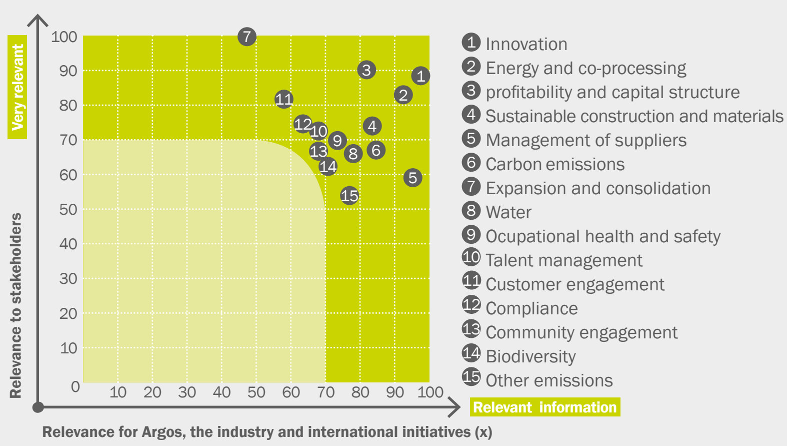
ABOUT THE REPORT

We present to our stakeholders the Integrated Report 2015, which contains relevant information about our ability to create value as a company. In this communication, we describe the way we add value to processes and products in accordance with our strategic priorities and accompanying risk management. Including within are details of our performance and our plans regarding each of the most relevant aspects of our company, with regard to the sustainability of our business for our stakeholders.

These aspects correspond to the most important issues resulting from the exercise of identification, prioritization and validation of social, economic and environmental matters, according to the expectations of our stakeholders, as well as the strategic risks and priorities, business opportunities, sustainability commitments, the Mega 2025 and industry trends. This exercise was performed in 2015 and replaces the one published in the 2014 Integrated Report (see matrix).

For the preparation of this report, we adopted the international standard of the Global Reporting Initiative (GRI) as our base methodology. We chose the option “Essential Compliance” according to the fourth version of its guidelines (G4 Reporting Guidelines) (G4-32). Throughout the text, you will find colored boxes that contain specific codes; those starting with "G4" correspond to a GRI indicator, while the ones starting with "A" correspond to indicators of the company. A summary GRI table containing a description of each indicator and revealing its location can be found in the Appendix.

We also followed other international standards, such as the International Integrated Report Council (IIRC). In the digital version of this report, you can find the result of the self-assessment about our commitment to the principles contained in its reporting framework (www.reporteintegradoargos.co). Additionally, this document serves as a United Nation Global Compact Communication on Progress (COP), according to the corresponding index available on the online version of this report. Likewise, in the CSI table, we communicate our performance based on the indicators of the Cement Sustainability Initiative (CSI), to which we joined five years ago.



In 2015, the figures of our Management Report are presented under the International Financial Reporting Standards (IFRS), while those of previous years correspond to the standards of Colombia’s generally accepted accounting principles (COLGAAP). In order to maintain comparability with the figures published in past reports, they are expressed in pesos and US dollars in a representative market exchange rate of COP $3,149.47. Conversions of the corresponding 2015 figures were made using this rate. In 2014, the rate was COP $2,392.46.

The information contained herein corresponds to the period between Jan. 1, 2015 and Dec. 31, 2015 (G4-28); and includes the activities of all the companies whose figures are consolidated in our financial statements in accordance with the international standards in the cement, concrete and aggregates businesses from Colombia, the Caribbean and Central America, and United States. Any clarification or exception to such coverage will be indicated in the text when appropriate (G4-23). The periodicity of this publication is annual and the latest version is the one published in March 2015, corresponding to the year 2014 (G4-29) (G4-30).

(G4-33) This report has been verified by Deloitte, an independent third party, according to the instructions given by the CEO and the senior management team, bodies that reviewed and approved its content (G4-48).

The online version of this report can be viewed at www.reporteintegradoargos.co, or using the QR codes on this page. In case of any questions, suggestions or opinions on this report, please contact Cristina Arias Echavarría, Director of Sustainability, via email: cariasa@argos.com.co (G4-31).

For further information on this report, go to the online version at www.reporteintegradoargos.co. In addition, to the right you can find several QR codes that you can scan with your mobile device.
We suggest the following apps:

Best Barcode Scanner
For iPad

Qr Droid
For Android

iPhone: Best Barcode Scanner
For iPhone

QR Code Scanner Pro
For BlackBerry

Digital version of the Integrated Report 2015

Global Compact and Human Rights Communication on Progress Index

Self-assessment of the implementation of principles and contents of the integrated report

Report of Independent Review

CSI Table

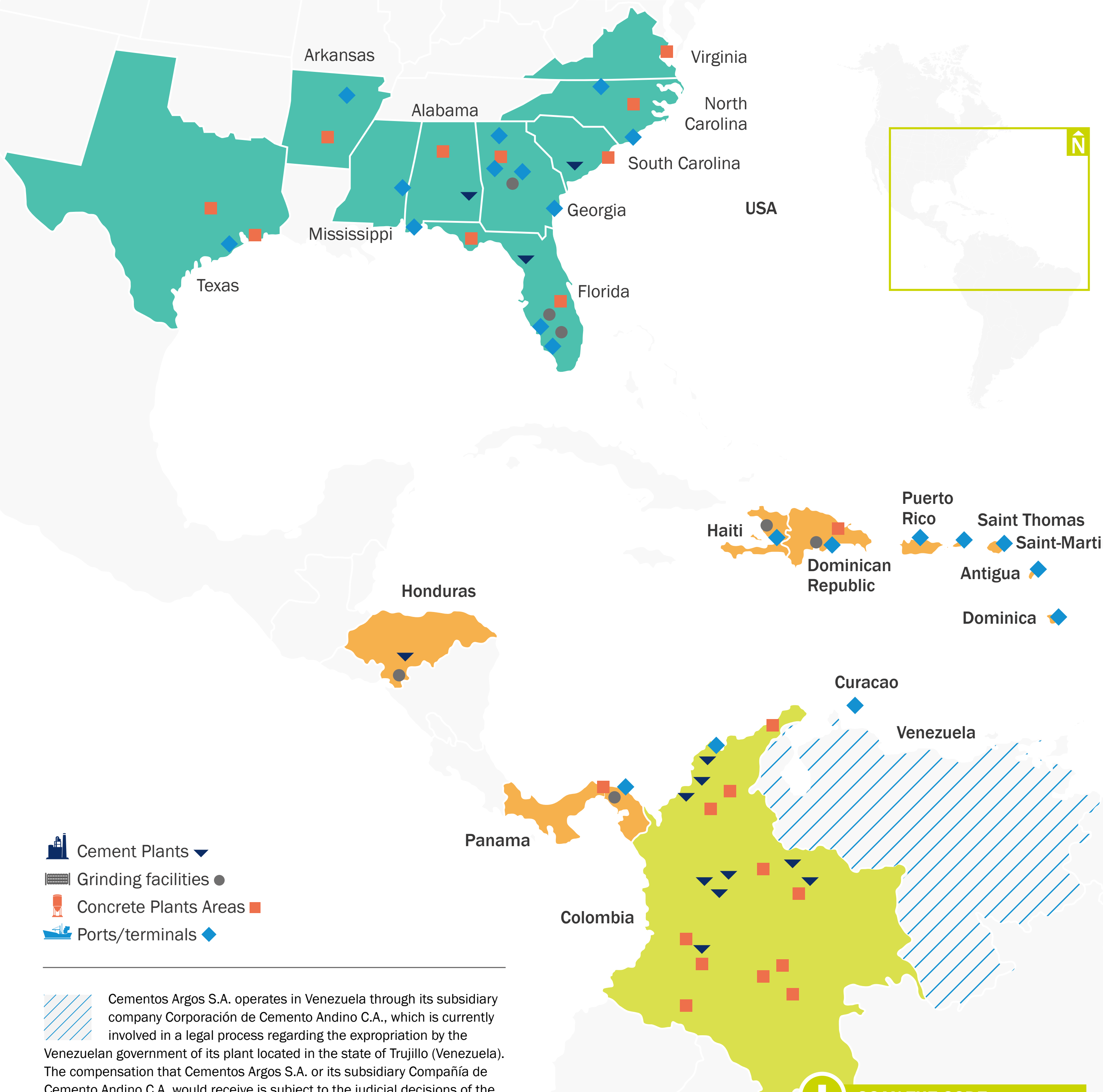
OUR OPERATIONS

(G4-6) (G4-8)

We operate in 15 countries and territories

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

We export to 35 destinations



Cementos Argos S.A. operates in Venezuela through its subsidiary company Corporación de Cemento Andino C.A., which is currently involved in a legal process regarding the expropriation by the Venezuelan government of its plant located in the state of Trujillo (Venezuela). The compensation that Cementos Argos S.A. or its subsidiary Compañía de Cemento Andino C.A. would receive is subject to the judicial decisions of the competent bodies of the Bolivarian Republic of Venezuela. Argos maintains the claim for its investment in that country.

SCAN THE CODE

(G4-4)

Brands, products and services of Argos

Since 1944

IMPORTANT FIGURES FROM 2015

(G4-9)

13 Cement plants

69 Distribution centers

376 Readymix concrete plants

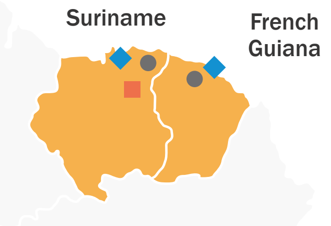
985 Rail cars

24 Ports/ terminals

2,586 Concrete mixer trucks (**40** Compressed natural gas powered mixer)

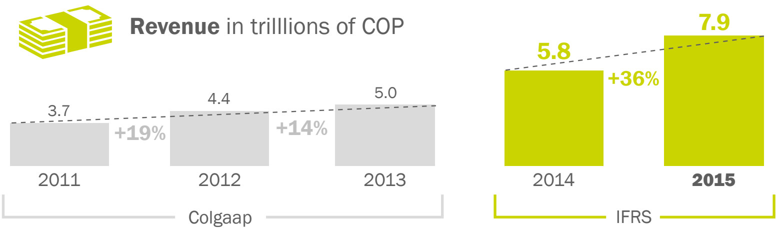
9 Grinding facilities

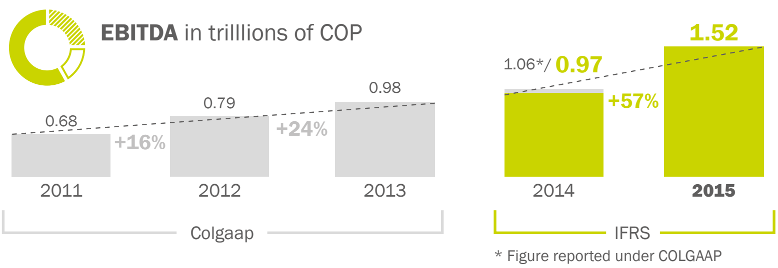
5 Ships of our own **1** Permanently leased

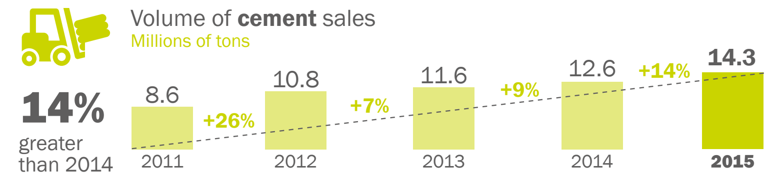


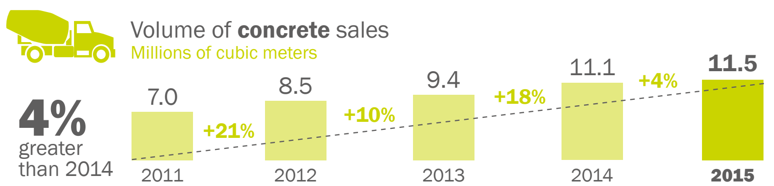
Economic results

Figures for 2014 and 2015 management are certified according to the IFRS. Figures corresponding to previous years are presented under COLGAAP.









Operational figures and installed capacity

Installed cement capacity in millions of metric tons

Year	
2015	**21.5**
2014	19.9
2013	16.9
2012	15.6
2011	11.8

Installed concrete capacity in millions of cubic meters

Year	
2015	**18**
2014	18
2013	15
2012	14
2011	14

FACILITIES BY REGION

USA
Region

- **3** cement plants
- **304** Ready-mix concrete plants
- **3** Grinding facilities
- **12** ports/terminals
- **18** distribution centers
- **1,734** mixer trucks (**40** compressed natural gas powered)
- **985** Rail cars
- **3,151** Employees
  Regular workforce

Caribbean and Central America
Region

- **1** cement plant
- **13** Ready-mix concrete plants
- **6** Grinding facilities
- **11** ports/terminals
- **15** distribution centers
- **170** mixer trucks
- **1,120** Employees
  Regular workforce

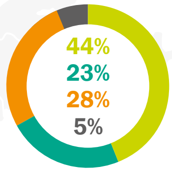
Colombia
Region

- **9** cement plants
- **59** Ready-mix concrete plants
- **1** port/terminal
- **36** distribution centers
- **682** mixer trucks
- **4,976** Employees
  Regular workforce

SALES BY REGION

Cement

56% of **cement** sales were made outside of Colombia

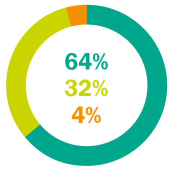


Metric tons

- **Colombia** 6.2 million
- **United States** 3.4 million
- **Caribbean and Central America** 3.9 million
- **Exports** 0.8 million tons

Concrete

68% of **concrete** sales were made outside of Colombia

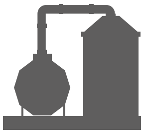


- **United States** 7.4 million m^3
- **Colombia** 3.7 million m^3
- **Caribbean and Central America** 0.4 million m^3

MOST IMPORTANT ACHIEVEMENTS OF 2015

Highest volumes and EBITDA in our history

Figures for 2014 and 2015 management are certified according to the IFRS. Figures corresponding to previous years are presented under the COLGAAP standards.



14.3

millions of metric tons of **cement**

11.5

millions of cubic meters of **concrete**

+57%

EBITDA growth

+81%

Growth of **net profit**

Rioclaro Plant

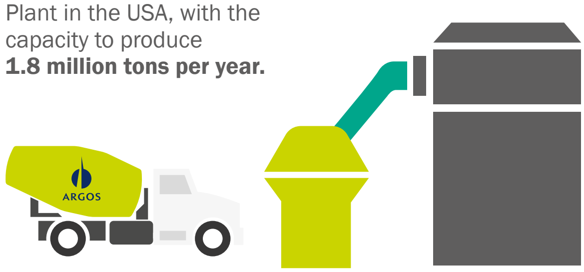
We completed expansion of the Rioclaro Plant, where capacity was increased by about **900,000 tons** thanks to an investment of

USD
125 million

Harleyville Plant

We invested USD
58 million

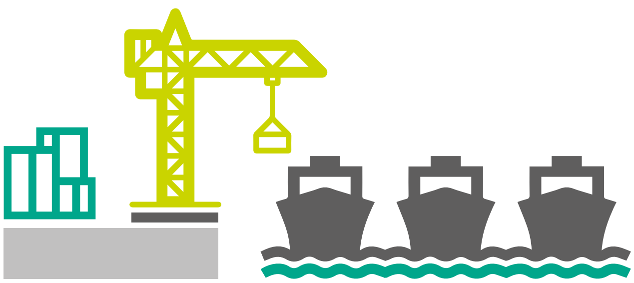
in the installation of a new **vertical mill** at the Harleyville Plant in the USA, with the capacity to produce **1.8 million tons per year.**



Expansion

We invested USD
18 million

In the purchase of **60 percent** of a cement terminal in Puerto Rico, which **expands and strengthens** our business and logistics **network** in the region.



Sustainability index

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

For the third year in a row, we were included in the Dow Jones Sustainability Index, and we received the Silver Class distinction from RobecoSAM.

ROBECOSAM
Sustainability Award
Silver Class 2016

Leaders on climate change

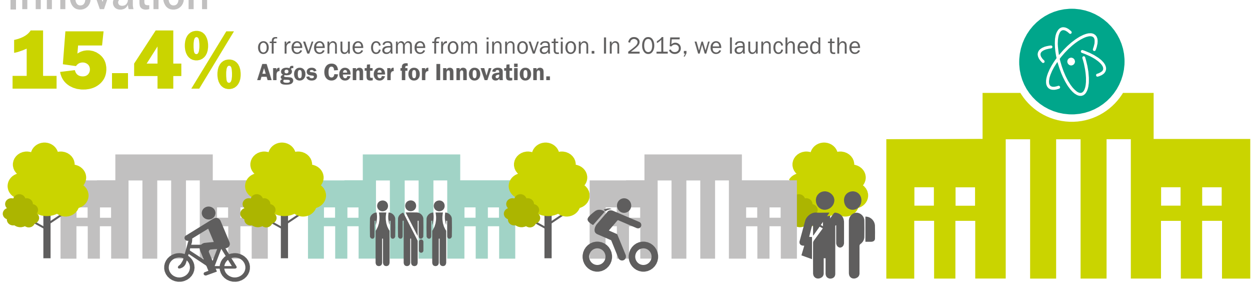
CDP
DRIVING SUSTAINABLE ECONOMIES

We are part of the CDP's Climate Change program, 2015 edition.

We were included in the Latin-American index of the Carbon Disclosure Project as the fourth Colombian company with the best practices, quality and transparency in the management of climate change.

Innovation

15.4% of revenue came from innovation. In 2015, we launched the **Argos Center for Innovation.**



equipares
SELLO DE EQUIDAD LABORAL

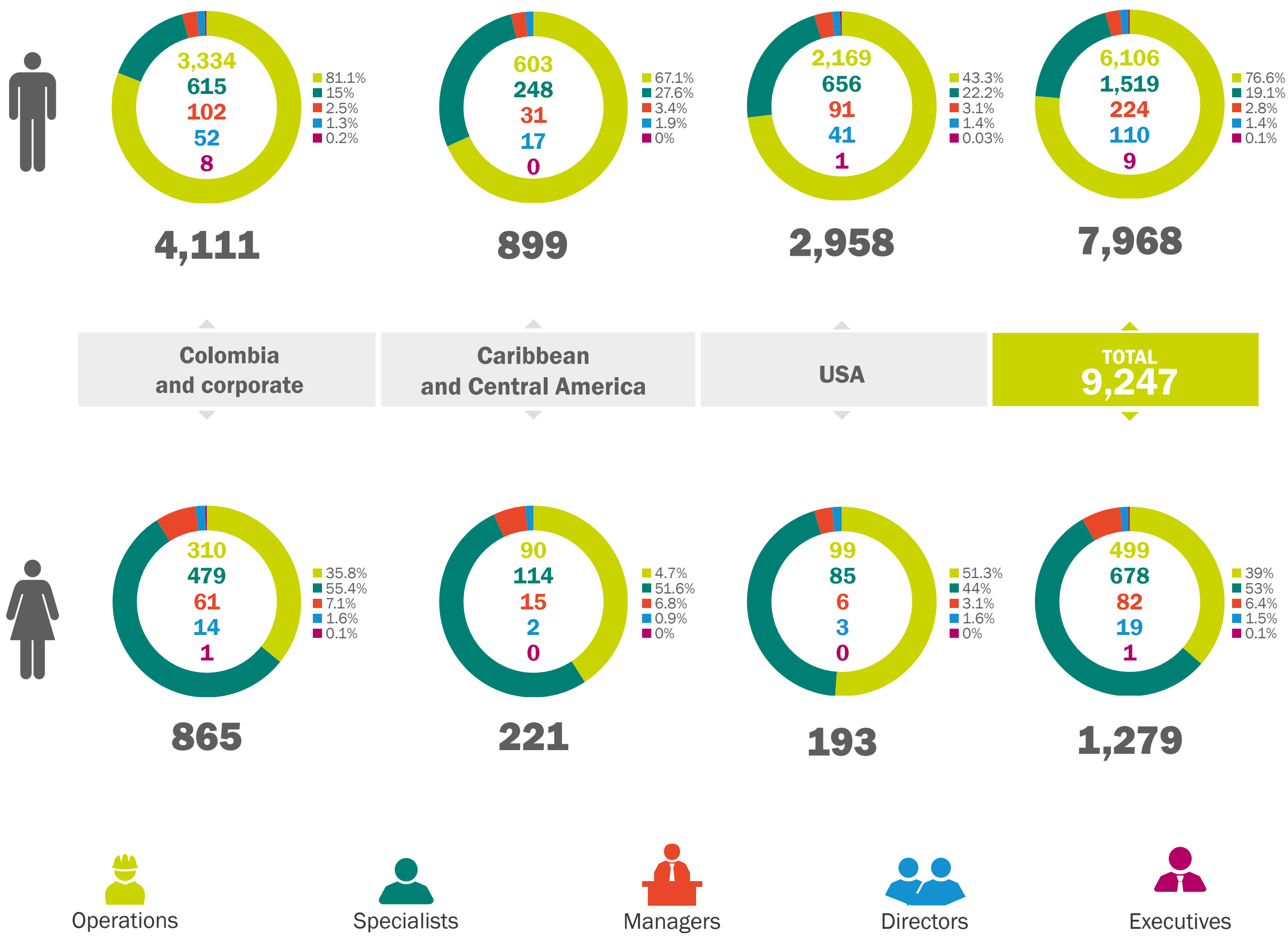
Talent Management

We were the first Colombian company certified with the EQUIPARES seal, which is granted by the United Nations Development Programme (UNDP) and the Ministry of Work to companies that lead on social innovation and equal opportunities for men and women.

OUR EMPLOYEES (G4-9) (G4-10)

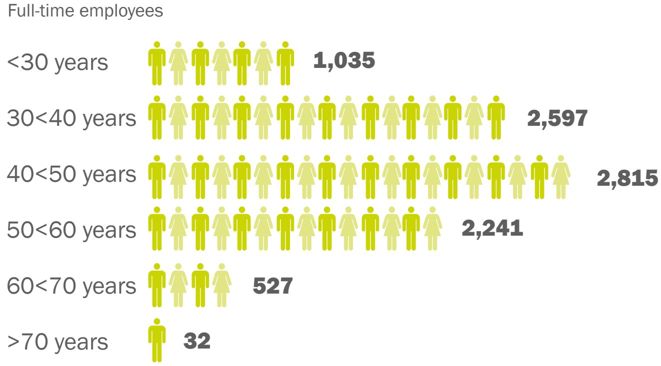
By level and gender

Regular workforce

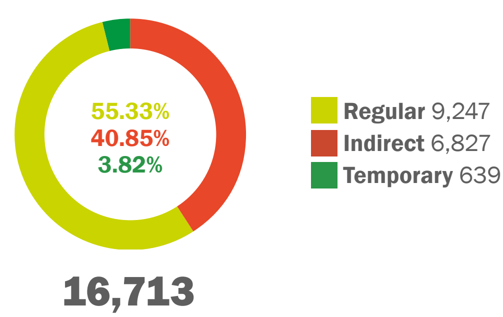


Employees by age

Full-time employees



By workforce



TO INNOVATE IS
TO CHALLENGE THE FUTURE

West façade of Argos Center for Innovation, Medellín, Colombia

1

MANAGEMENT REPORT

Management report (G4-1) (G4-2)

Respected Shareholders:

It is a pleasure for us to share the results of our management in 2015 with you. This year was distinguished by big accomplishments in different areas of the company, amid a favorable economic environment in most markets in which we operate today. Argos' flexibility and capacity to adapt to a dynamic environment have been keys to the strategy taken on with coherence and discipline in the last decade.

Our focus on the diversification of markets with different economic cycles, our operations flexibility through vertical integration, a wide distribution network and a value proposition focused on understanding our clients' needs keep us on the path of sustainable growth.

Our expansion process and improvement in the integration of the acquired operation continues with emphasis on operational efficiency and consistency with our business model, which has been strengthened in recent years.

Geographic diversification

At Argos, we are always looking for new growth opportunities within our strategic territory, which is formed by three regional divisions with diverse cultures and occasionally non-simultaneous economic cycles. These divisions represent great potential for growth and with premium locations that bring synergy, connectivity and logistic flexibility to our operations.

Geographic diversification has leveraged our growth in recent years and is a strong advantage because it allows us to balance the economic cycles of the markets and diversify currencies of income, in addition to capturing synergies between them. This has given us great balance in the composition of the incomes and EBITDA by regional division, and provides a differential value to the shareholders.

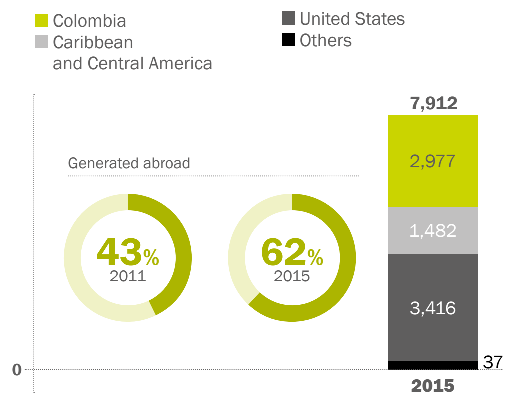
In 2004, a majortity of our income came from Colombia, within nearly a single market. In 2015, the United States represented 43 percent of the income, Caribbean and Central America, 19 percent, and Colombia, 38 percent. In conclusion, we closed 2015 with 62 percent of our sales generated outside of Colombia in U.S. dollars or in currencies correlated with the dollar. This makes us a Colombian multinational company with a relevant presence in the United States, in addition to 13 other countries and territories.

As for EBITDA, it is becoming more evenly distributed. The Caribbean and Central America contribute to 30 percent of cash generation, compared to 21 percent in 2011. In addition, the United States, after the difficult years that followed the financial crisis in 2008, now presents an encouraging dynamic. This region represented the 20 percent of the consolidated EBITDA. This has great growth potential thanks to the positive outlook projected for this country.

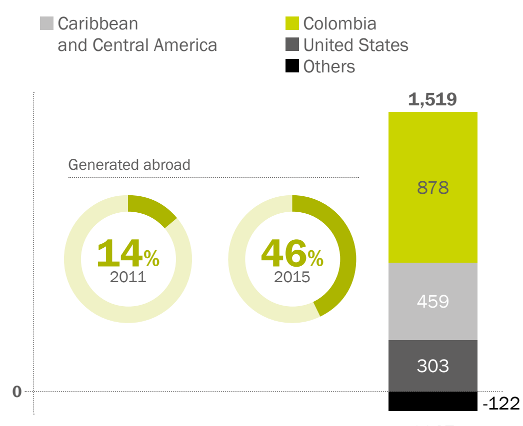
It is noteworthy that as Argos consolidates its financial statements in Colombian pesos, this new composition in the structure of revenues and EBITDA strengthens the economic performance of the company.

IN 2015, WE PROFITED FROM MORE THAN A DECADE OF INTERNATIONALIZATION, WITH 62% OF REVENUE GENERATED OUTSIDE COLOMBIA.

Revenue in billions of COP



EBITDA in billions of COP



The figures of the management of 2015 are approved according to IFRS rules, those that correspond to previous years are reported under the COLGAAP rules.

Expansion and consolidation (G4-DMA)

(A-X1) (A-X2) (A-X3) Throughout this year, we have focused on the consolidation of our recently acquired operations in the United States, the Caribbean and Central America under a single corporate culture and an increasingly homogeneous operating model, enriched with the diversity contributed by every country we have reached.

As part of our operational efficiency program, we started the operation of our new vertical mill in our cement plant in Harleyville, South Carolina, in the United States with an investment of USD $58 million. This is Argos' largest mill and is one of the few mills with a production capacity of around 1.8 million tons a year, which will help us cover the growing demand in this country in an efficient way.

Meanwhile, in Colombia, we finished the expansion process of our cement plant in Rioclaro, one of the most modern and efficient plants in the country. We increased the production capacity to nearly 900,000 tons a year. This development represents approximately 18 percent of the total concrete consumption in the central region of Colombia, an area that operates near its installed capacity. This will allow us to address this dynamic market in an ideal way, focused on 46 percent of the national consumption.

In addition, as planned, we moved forward in the design and construction of a dry mortar production line at our Sogamoso Cement Plant, with an annual capacity of 2.3 million tons.

Rioclaro Cement Plant Expansion, Colombia Region

Puerto Rico Terminal, the Caribbean and Central America Region

This project will need an approximate investment of USD $450 million and is progressing according to schedule. We hope to begin operations in 2018, at a time when the consumption of demanded concrete in the area is expected to be at its highest due to the infrastructure works of the Fourth Generation Program of Road Concessions, promoted by the Colombian government.

In the Caribbean and Central America, our greatest achievement in 2015 was the acquisition of 60 percent of a terminal for receiving, storage, sales and distribution in Puerto Rico, with a USD $18 million investment.

This purchase allowed us to increase the operational capacity to 250,000 tons a year, to penetrate a new interconnected market and to complement our logistics network in the Eastern Caribbean.

We have successfully incorporated our operating model in all our acquired assets, respecting the particularities and culture of every country. We are also successfully increasing manufacturing efficiency and competitiveness, with sustainability and innovation as our principal guides. We support the sharing of best practices, which enriches Argos' performance as a multinational company.

Puerto Rico Acquisition

Asset description

- Capacity to transport close to 250,000 tons a year
- Licenses until 2020 extendable for two periods of five years each

Market size Approximately

650,000 tons

Advantages

- Interconnectivity with the strategic region
- Profitable market, with cash generation in dollar and with growth potential y con potencial de crecimiento.
- Entrance into a relevant market in the Caribbean

Port/Terminal

Puerto Rico

Market participation at the moment of purchase is **approximately 15 percent**

We own **60%** of the total asset value

The transaction exceeds **18 USD MILLION**

Operational results

During this year, consolidated, we delivered 14.3 million tons of cement and 11.5 million cubic meters of ready mixed concrete. This represents a 14 percent and 4 percent growth, respectively, compared to the previous year. This is the result of the growing performance in most markets, and the successful execution of our commercial and competitive strategies.

(A-RE3) (A-RE4) Total income increased 40 percent to COP $7.9 trillion, while the consolidated EBITDA reached COP $1.5 trillion, which represents a 19 percent margin and a 57 percent growth against 2014.

The volume sold and the generated EBITDA are the highest in Argos history. By the end of the year, the operational gross profit was COP $939,185 million, 55 percent higher than 2014. At the financial year-end, the net income increased 81 percent and closed in COP $491,357 million. These also are the highest results in Argos history.

THE GENERATED EBITDA AND THE VOLUME SOLD WERE THE HIGHEST IN ARGOS HISTORY.

Revenue
COP trillion
2015 **7.9**
2014 5.8
Variation **36%**

Ebitda
COP trillion
2015 **1.52**
2014 0.97
Variation **57%**

Net income
Billions
2015 **491**
2014 272
Variation **81%**

Cement sales
Millions of tons
2015 **14.3**
2014 12.6
Variation **14%**
Exportations included

Ready mix sales
Millions of cubic meters
2015 **11.5**
2014 11.1
Variation **4%**

The figures of the management of 2014 and 2015 are approved according to IFRS rules.

Harleyville Plant, United States Region

GEOGRAPHIC DIVERSIFICATION
EXPANSION AND CONSOLIDATION
OPERATIONAL RESULTS
PROFITABILITY AND CAPITAL STRUCTURE
BUSINESS PERFORMANCE BY REGION
PLATFORMS TO LEVERAGE GROWTH

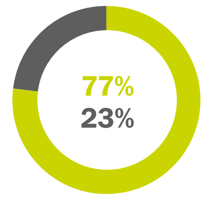
Profitability and capital structure (G4-DMA)

We have a balanced capital structure that gives flexibility to support the organization's growth. By the end of the year, the value of Argos' assets was COP $17.4 trillion with an 18 percent growth compared to 2014.On the other hand, liabilities were COP $8.7 trillion, which represents 50 percent of the total assets.

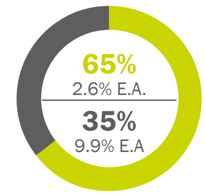
We designed and executed our debt strategy in such a way that we can balance our foreign currencies, keeping the natural hedge between assets and liabilities in the same currency (i.e. dollar assets that generate cash flow in dollars, support dollar liabilities, and pesos assets to support pesos liabilities). The financial debt in pesos and dollars stays balanced, and we closed the year at $1.8 billion, of which 35.4 percent was in pesos and 64.6 percent in dollars, with annual average rates of 10 and 2.6 percent respectively. In April, we renegotiated and modified a USD $600 million credit agreement from February 2014 to manage efficiently our debt portfolio. Such modifications represent a savings of USD $25 million and allowed us to reduce the financial cost on about 65 basis points, optimizing the maturity profile and increasing the credit terms.

The net debt (EBITDA + dividends) closed the year in 3.16 times.

Debt profile



Average annual cost



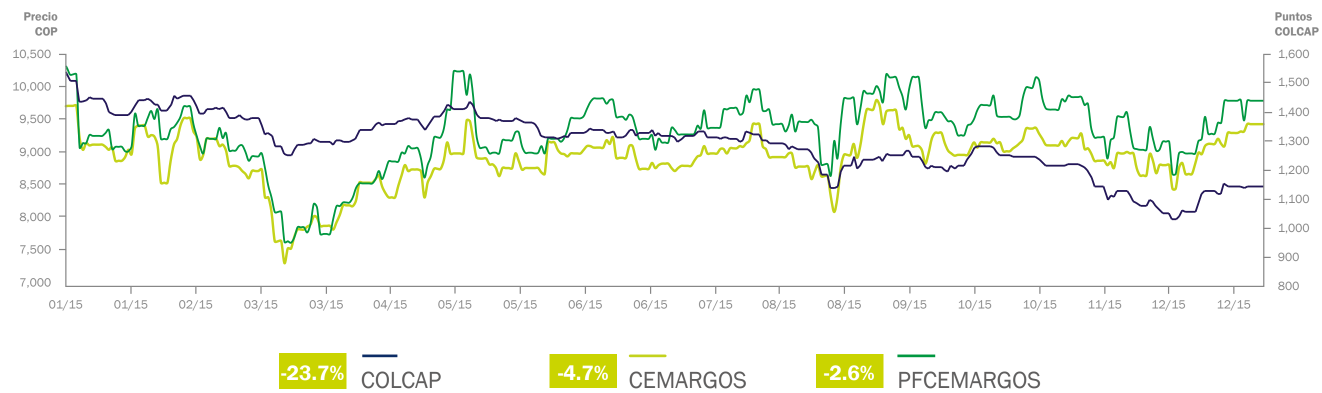
(A-RE1) (A-RE2)

Debt-service Coverage Ratio

Net Debt/(EBITDA +dividends): **3.16x**
EBITDA/Financial Expenses: **4.97x**
Net Debt/Equity: **60%**
Financial Cycle: **40.9** days

SCAN THE CODE

Profitability and capital structure



Evolution of shares

High market volatility, both nationally and internationally, characterized 2015 due to the continual collapse of oil prices, uncertainty due to increased interest rates in the United States, the slowdown of economic growth in China and the strong devaluation of the currencies in most of the emerging countries.

This global context affected the shares linked to the oil sector mostly and the price of most Colombian issuers. Argos' shares had a superior performance compared to the market, knowing that the COLCAP rates ended the year with a 23.7 percent loss, against a 2.6 percent decrease of our preferential share and a 4.7 percent loss in our common shares.

Our shares' performance shows how the value market recognizes the advantages of more diversified incomes in markets with different economic cycles. In 2015, 897 foreign funds kept an active share participation in the company.

The figures of the management of 2014 and 2015 are certified according to IFRS rules.

Business performance by region

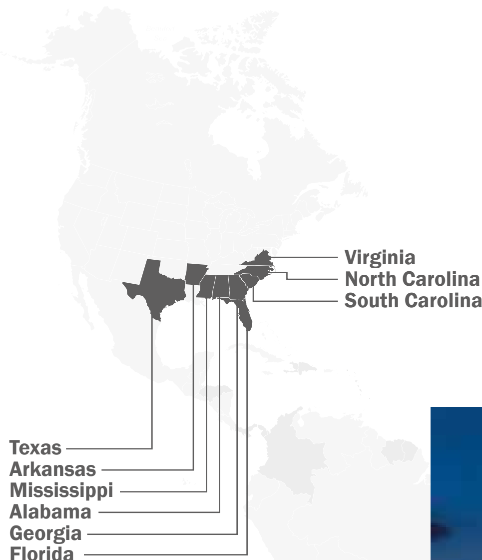
USA REGION

Revenue
USD million
2015 **1,244**
2014 1,097
Variation **13%**

Ebitda
USD million
2015 **110**
2014 67
Variation **66%**

Cement sales
Millions of tons
2015 **3.4**
2014 2.8
Variation **20%**

Ready mix sales
Millions of cubic meters
2015 **7.4**
2014 7.1
Variation **5%**



Management 2014 and 2015 figures are harmonized with the IFRS.

2015 was key in the consolidation of the United States' economy. Improvements in multiple indexes were achieved, which reflects a region in the process of strengthening.

For example, the unemployment index was under 5 percent, after being 9.3 percent five years before. Likewise, the economy had a growth of approximately 2.4 percent, according to the last report. Construction is still one of the main forces driving development, thanks to the improvements in the residential sector, which has been favored due to the economic climate, employment generation and migration. The housing market is performing well thanks to the stabilization within a five-month period.

In this country, we managed to increase cement sales by almost 20 percent, approximately five times the projected market growth, which increased 3.5 percent. Total revenue of Argos in this region increased 13 percent and closed at USD $1.2 billion. The obtained EBITDA was USD $110 million, 66 percent higher than the year before, due to the volume of growth and a significant improvement in the operational efficiency of this region.

In 2015, close to USD $98 million was invested to improve our assets and optimize operational efficiency in the country. Among the main investments was the vertical mill in our Harleyville Cement Plant, mentioned earlier; the procurement of 132 mixer trucks, increasing our fleet to nearly 1,800 trucks; and the incorporation of 100 new railway cars for a total of 985. In the same line of investment, significant improvements and adjustments were made to our ports and terminals to strengthen our competitive position in the country and, in turn, properly satisfy the demand of the United States.

One of the milestones of this region was resuming the cement imports through our ports in Houston, Texas,

Harlleyville Plant, United States Region

GEOGRAPHIC DIVERSIFICATION
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PROFITABILITY AND CAPITAL STRUCTURE
BUSINESS PERFORMANCE BY REGION
PLATFORMS TO LEVERAGE GROWTH

and Mobile, Alabama. We received 313,000 tons of product, allowing us to reinforce our presence in the United States market.

In addition, in 2015, we generated significant revenue derived from innovative products and processes. These represented more than 16 percent of the regional total, significantly highlighting the performance of our Value Added and Specialty Products (VASP).

MORE THAN 16 PERCENT OF THIS REGION'S REVENUE CAME FROM INNOVATION.

Employees at the Roberta Plant, United States Region

Compressed natural gas (CNG) powered mixer trucks, United States Region

In 2016, we got a glimpse of a positive outlook for this region due to the favorable market conditions, which was amplified by increased GDP per capita after the stabilization of the labor market. The expense reconfiguration and construction growth, both infrastructure and housing, are also promising. We must highlight the progress in the adoption and implementation of the Fixing America's Surface Transportation (FAST) Act, which includes resources of USD $305 trillion dedicated to the modernization of the infrastructure over the next five years.

Colombia Region

The Colombian economy had a challenging year due to the fall in the price of oil and the fast devaluation of the dollar, which has profoundly affected the structure of many sectors, generating a new dynamic for the national finances. The estimated growth of 3.1% of the gross domestic product (GDP) stands out among the countries of the region and, with an estimated growth of 3.9%, the GDP of construction projects reflects a positive time for the sector. The unemployment rate was at 8.9 percent, staying at the lowest levels in recent years. These fundamentals, as well as a clear state investment in housing and infrastructure programs, led the year to reflect remarkable changes in the consumption of cement, which surpassed 12.8 million tons for the first time, with an increase of 6.9 percent.

We strengthened our competitive position, and we exceeded 6 million tons sold, which represents a variation close to twice the growth of the market. At the close of the financial year, the consolidated revenues of the region were COP $3 trillion, which represents an increase of 26 percent in comparison to 2014. This result generated an EBITDA of COP $878,448 million.

THE VOLUME OF CEMENT SOLD IN COLOMBIA IN 2015 WAS ALSO THE HIGHEST IN THE HISTORY OF THE COMPANY.

Revenue
COP trillion

	Variation 19%
2015	**2.98**
2014	2.51

Cement sales
Millions of tons

	Variation 13%
2015	**6.2**
2014	5.5

Ready mix sales
Millions of cubic meters

	Variation 7%
2015	**3.7**
2014	3.5

The figures of the management of 2014 and 2015 are certified according to IFRS rules.

We note that as a result of the commercial strategy, there has been a growth of 27 percent of sales volume of bagged cement, driven mainly by the North and the South Zones with increases of 22 percent and 35 percent, respectively.

During 2015, we developed more than 5,100 customers in the manufacturing business, for which we installed eight new concrete plants. In this operation, we invested USD $11.8 million, and today, we have 59 concrete plants with an installed capacity of 3.6 million cubic meters, 682 mixers and 75 auto concrete pumps, which makes us the main producer in the country.

WE HAVE CONSOLIDATED AS THE FIRST READY MIX PRODUCER OF THE COUNTRY

In the massive influx of business, we attended to more than 6,800 customers, and we have reached a customer satisfaction level of 87 percent, and a Top-of-Mind score

Arroyohondo Concrete Plant, Colombia Region

Mother Laura's Bridge, Medellín, Colombia

of 64 points among the master builders, which shows that the consumer recognizes Argos as the most relevant brand in the national cement industry.

In addition, we achieved a presence in 951 municipalities, representing nearly 90 percent of the territory, through a fleet of 2,305 vehicles and 36 distribution centers. During 2015, we also promoted the development our Value Added Specialty Products portfolio and new presentations of cement, which, today, represent over 14 percent of the revenue from this region. With the objective of facilitating access to our products and improving customer service, we are implementing an Internet portal for the tracking of concrete sales. In addition, 30 percent of the cement orders were entered through our Web platform.

We made 12 percent of the total sales of cement, beyond the level of 19 percent in the second half of the year.

For 2016, the prospect is still positive. It is expected that the 18 projects awarded in the first two waves of the Fourth Generation Program of Road Concessions and the nine private initiative projects approved by the government will move throughout the year into its phase of construction and allow for a gradual increase in the demand for cement and ready mix. This, combined with the multiple housing programs, leads us to remain optimistic about the pace of growth of the sector, which has become the main source of development for the country in the current macroeconomic scenario.

MORE THAN 14% OF THIS REGIONAL'S REVENUE CAME FROM ADDED-VALUE PRODUCTS.

Caribbean and Central America Region

The Caribbean and Central America Region achieved good results in their revenue, EBITDA margins, and sales and production volumes, with cement sales reaching 3.9 million tons, which is a 21 percent increase. At the same time, revenue reached USD $540 million (which does not include export sales, which was a total of 1.7 million tons). At the close of the financial year, the EBITDA remained stable.

Revenue
USD million

Variation **-1%**

2015 **540**
2014 543

Cement sales
Millions of tons

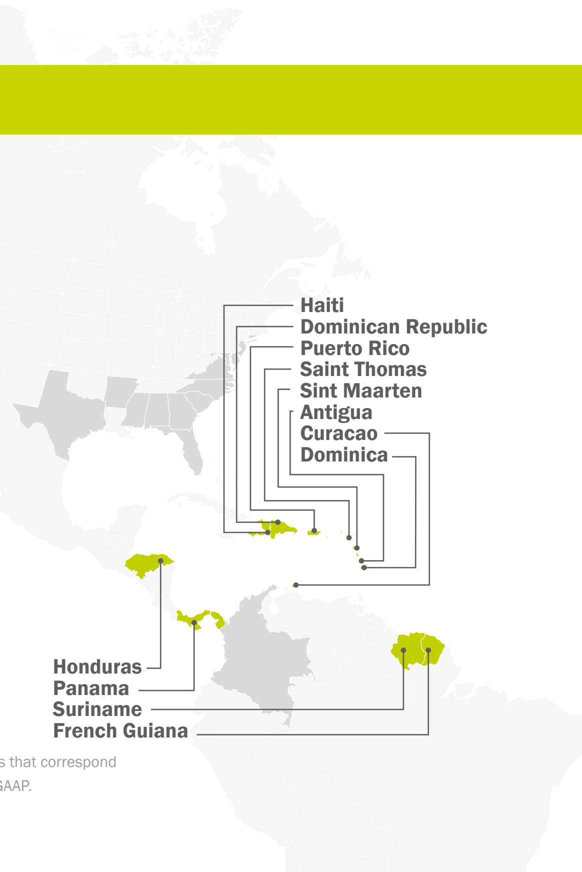
Variation **21%**

2015 **3.9**
2014 3.2

Ready mix sales
Millions of cubic meters

Variation **-17%**

2015 **426**
2014 516



management of 2015 are approved according to IFRS rules that correspond to previous years, which are reported under the rules COLGAAP.

Tocumen International Airport, Panama

Panama continues to be the country with the highest levels of growth in Central America and the Caribbean, strengthened by direct foreign investment and large infrastructure projects. In 2015, the change of government led to a temporary decline in the pursuit of state projects, and therefore some programs were delayed, which led to a 7 percent decrease of the market. However, at the end of the year, important developments such as building the second line of the Panama Metro began, as well as the construction of bridges, ports and buildings connected to the expansion of the Panama Canal. In 2015, we expanded the portfolio of products offered to the Panamanian market, incorporating the dry mortar line called Pegapiso, Pegabloques and masonry mortar, which adds value to our offering.

WE ARE PRESENT IN THE MAIN INFRASTRUCTURE PROJECTS IN PANAMA.

GEOGRAPHIC DIVERSIFICATION
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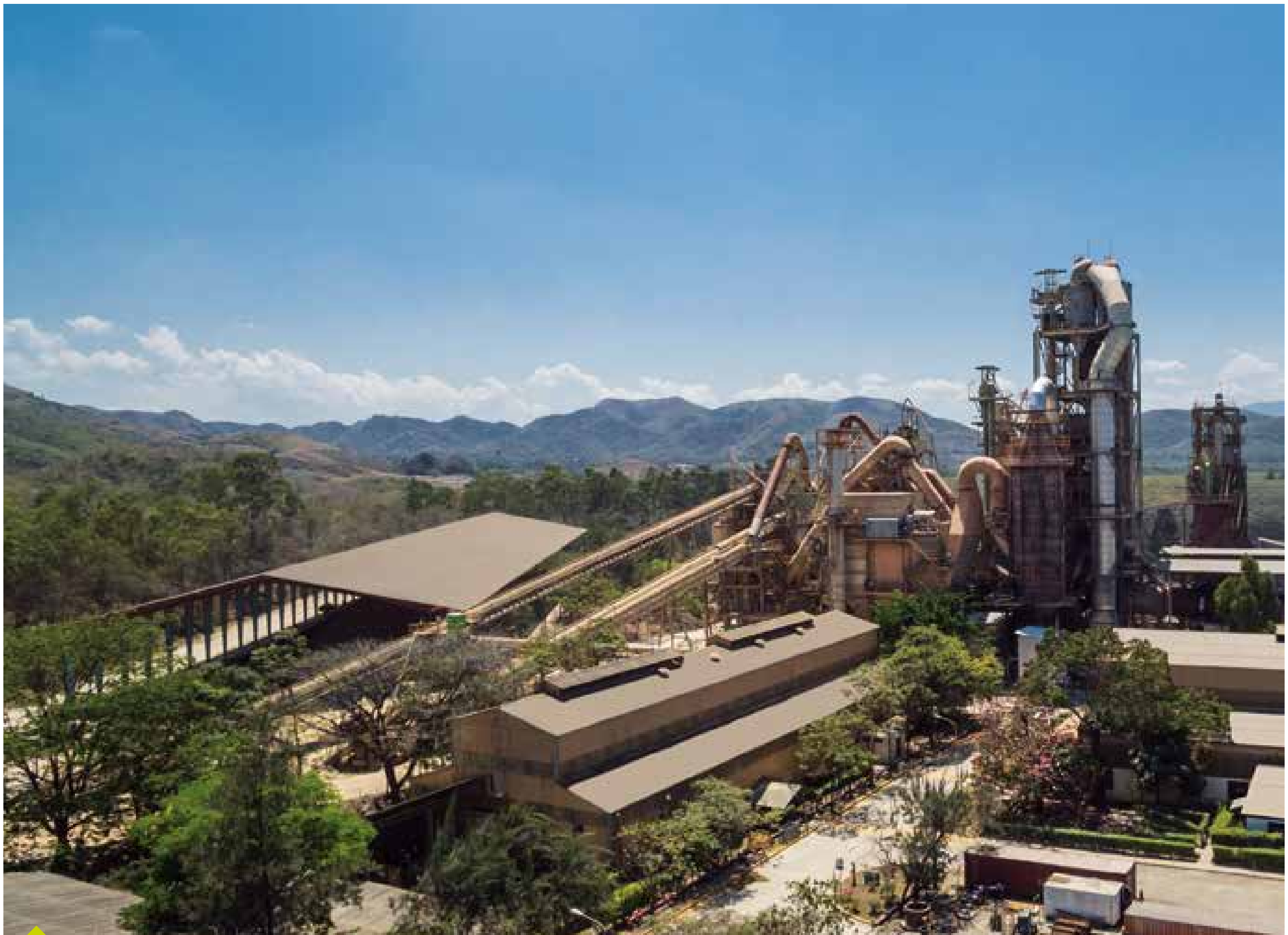

Comayagua Cement Plant, Honduras, Caribbean and Central America Region

Regarding **Honduras,** the second most relevant market of this region, we want to emphasize the encouraging dynamics of the construction sector, thanks to the increase of the budgetary execution for civil projects focused on airports and vital infrastructure. These facts allowed cement volumes to increase nearly 18 percent. EBITDA increased 35 percent compared to 2014.

In 2015, the **Eastern Caribbean** was consolidated to generate synergies and create a greater presence in the markets of this area, which include the operations of Suriname, French Guiana, Puerto Rico, the terminals in the Antilles, Curacao, and the other island territories. As a whole, this region showed a proper growth, marketing close to 600,000 tons of cement during 2015.

In the activities of international marketing and logistics, we generated an EBITDA of USD $16.9 million, consolidating a global supply network, which serves 35 destinations around the world, from 14 sources.

WE SERVED 35 DESTINATIONS IN THE WORLD, AND WE CONSOLIDATED OUR REGIONAL SUPPLY NETWORK.

GEOGRAPHIC DIVERSIFICATION
EXPANSION AND CONSOLIDATION
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Platforms to leverage growth

Innovation

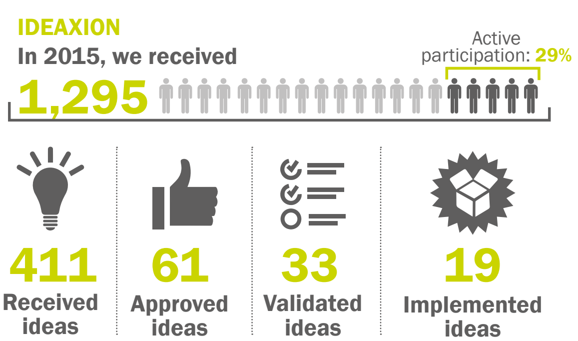
We expanded our portfolio of Value Added Specialty Products (VASP) thanks to our commitment to innovation, which is at the center of our competitive strategy, and the perpetual need to reinvent ourselves. Through innovation, we can continue to improve our operational efficiency and meet one goal of MEGA 2025, which is to generate 10 percent of our total revenues from the innovative processes and products.

15.4%

PERCENT OF ARGOS' TOTAL REVENUE (USD $440.4 MILLION) CAME FROM INNOVATION.

We want to highlight the completion of the Argos Center of Innovation, which was built to the highest standards of quality and sustainability, as one of our great achievements. With an investment of more than COP $26 billion, this center allows for the joint work between academics, companies and the value chain of the construction sector for the development of new products and the improvement of construction processes.

Equally, we are moving towards the consolidation of our Ideaxion platform, which is an organizational tool focused on innovative ideas. In 2015, it recorded 411 new ideas, of which 61 were approved, 33 validated and 19 implemented.



Strategic priorities

Expansion and consolidation	Segmented competitive strategy
Capital structure	Innovation: new business platforms
Supply chain excellence	Sustainability
Organizational excellence	Talent

Sustainability

Sustainability, as a strategic priority, is part of our core business model. We are convinced that work should be completed in a full and intentional way, that searches for a social, economic, and environmental balance; work that allows us to contribute to a better society, to strengthen the actual business over time and to generate value for shareholders. For the third consecutive year, we were included in the Dow Jones Sustainability World Index, and, in comparison with other companies in the industry, we received outstanding qualifications in the different evaluated areas. In addition and in contrast with other players in the industry, we were recognized with the silver medal in the RobecoSAM Sustainability Yearbook at a global level.

CURRENTLY, ARGOS IS THE SECOND MOST SUSTAINABLE CEMENT COMPANY IN THE WORLD, ACCORDING TO THE DOW JONES SUSTAINABILITY WORLD INDEX.

In addition, our actions to alleviate the effects of climate change have placed us on the Climate Disclosure Leadership Index (CDLI) ranking for Latin America and of the Carbon Disclosure Project (CDP). We have active participation in The Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD). Thanks to our management in reducing the emissions of CO_2, we were spokespeople for the cement industry by showing advances in cleaner technology and innovation initiatives at the last meeting of the Summit on Climate Change of the United Nations COP21, held in Paris, France, in December 2015.

Today, Argos is part of the select group that makes up **10 percent** of enterprises with the best performance in terms of sustainability at the global level.

In this index, we earned the best score of the industry in relevant economic issues such as transparency, business conduct and compliance, risk management, and supply chain. We also received the best score of the industry on social issues, such as development of human capital and social reporting. In environmental matters, we had the highest score in water and biodiversity.

Human talent

We want to attract, retain and develop the best human resources, and we work continuously on strengthening the satisfaction of employees and our corporate culture, based on seven pillars: leadership, transcending results, respect, group achievement, learning, sense of purpose and flexibility, which allow us to unite around common values and objectives. We are the first Colombian company to achieve the seal of the Management System of Gender Equality, *"EQUIPARES"*, granted by the United Nations Development Programme (UNDP) and the Ministry of Labor, in which we placed in Level II - Silver. This recognizes our social innovation and equal opportunities for men and women.

WE WERE THE FIRST COMPANY IN COLOMBIA TO RECEIVE THE SEAL OF GENDER EQUALITY *"EQUIPARES"*.

We maintain our commitment to promote a pleasant working environment. Argos won fourth place among the "Best Companies to Work For" in Colombia by the Great Place to Work Institute. We maintain respectful relations with our employees in all our regions.

Aware that security is one of the most important challenges for our industry, and under the premise "Not one less in our team" of the program Yo Prometo (I Promise), we firmly continue working to achieve the highest international standards of industrial safety and occupational health. The actions that took place during 2015 led us to achieve significant reductions in the accident rates of workers in the three regions in which we operate, with prevalence rates of 2.11 and severity rates of 36.59, which represent a substantial reduction compared to previous years. However, we are aware that we still have major challenges and opportunities to improve.

Considering that changes in culture are the result of a constant and long-term effort, we have established plans and goals of continuous improvement for the next five years, which we hope will position us as one of the leading companies in terms of safety in our industry by 2020.

Employees at the Comayagua Plant, Caribbean and Central America Region

Support that generates confidence

In October 2015, the Corporate Reputation Business Monitor, Merco, once again ranked us as the cement company with the best reputation in Colombia. They also ranked us in ninth place among all companies in the country. We want to be seen as a strategic ally that the market perceives as sustainable, responsible and possessing high standards of corporate governance that generate trust and value to investors.

We received the IR Seal from the Colombia Stock Exchange. We were recognized as the first Colombian company to be catalogued as "Known and Recurring Sender," a seal that the Financial Superintendence of Colombia gave us due to our high level of integrity, the confidence that we inspire to the public securities market and best practices of information we provide to shareholders. This allows us to access the capital market when the needs of the company warrant it.

2015 MARKED A MILESTONE IN THE CONSOLIDATION STRATEGY THAT LED US TO BECOME A MULTINATIONAL COMPANY OF COLOMBIAN ORIGIN, WITH GREAT SIGNIFICANCE IN THE NORTH AMERICAN MARKET.

In conclusion

In 2015, we completed a decade of major changes and achievements that allow us to strengthen our competitive position. This highlights a balanced, flexible and efficient capital structure that can continue with the process of expansion and consolidation in the American continent. We are aware of the dramatic changes that are presented in international markets and the advisable prudence in the management of growth and exposure of the company. Timely decisions on the diversification of markets, the ongoing investment in efficiency, capable and motivated human talent, and recognizing the needs to innovate and reinvent, prepares us to better address the challenges of the future that are proposed by an increasingly dynamic and competitive market.

We must thank the shareholders for their confidence and continued support to the organization, our employees and suppliers for their honest and constructive contributions that ensure high standards of productivity, and our customers for their preference and loyalty.

We see a promising future that reflects the efforts of thousands of people with the same vision: to be a Green Light for the future.

Legal affairs

We report that in 2015, there were no important legal affairs affecting partners or managers.

The detail of the operations carried out with associates are shown in notes No. 37 and 41 to the separate financial statements and reports, respectively.

The special report referred to in Article 29 of the Law 222, 1995 is on the Web page for investors www.argos.co/ir

The summary of the operations referred to in the thirteenth paragraph of the Article 446 of the Code of Commerce can be read in the brochure, and the detail of each of these operations can also be found on the Web page for investors www.argos.co/ir

This document was made partially available to the shareholders by the practicing law of the right of inspection. The company has strictly complied with the rules that govern concerning intellectual property and copyright, for which it has designed and observed the policies and the necessary controls to ensure compliance and the support that gives account of this application are kept.

Also, the company did not interfere with the free movement of the invoices issued by the vendors or suppliers.

The effectiveness of the established controls in the company and the existing systems have been verified and satisfactorily evaluated for the purpose of the disclosure and control of the financial information, finding that they function properly.

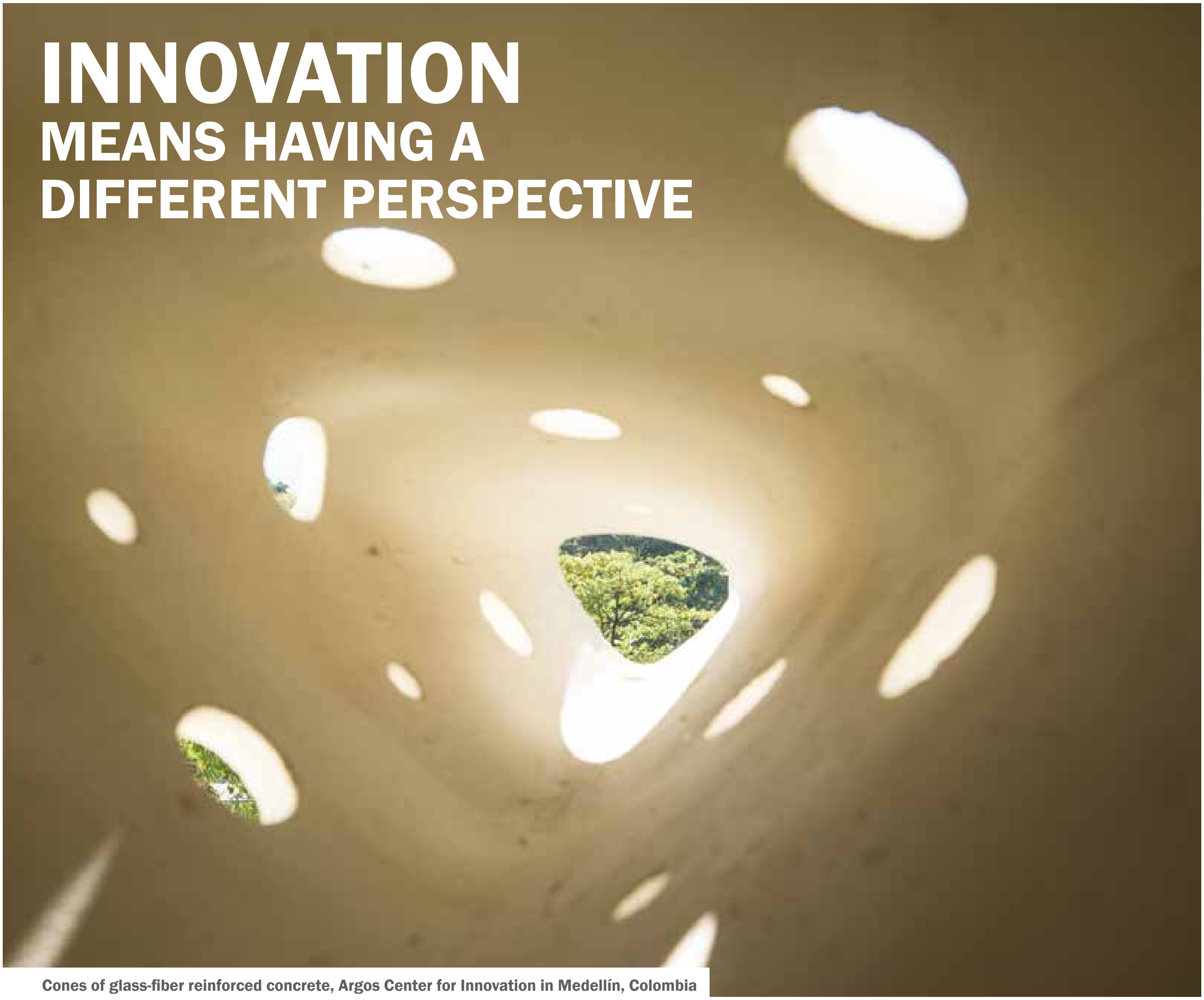
Since January 2015, we have begun the implementation of the changes made to the Auto Control System and Risk Management Money Laundering and Terrorism Financing (or SAGRLAFT, its Spanish acronym), contained in the manual adopted by the board of directors in December 2014. As part of this implementation, collaborators and suppliers were trained. They also validated the effectiveness of the associated controls in the different processes. The judicial and administrative processes and the whole juridical situation of the company have developed normally without faults or relevant events.

Events after the end of 2015: On January 25, 2016, an extraordinary meeting of shareholders was held, where the statutory reform for the modification of article 4 was approved in order to capitalize occasional reserves for up to six hundred fifteen billion pesos ($615,000,000,000), through the mechanism of increasing the nominal value of the share. With this approval, the nominal value of the share went from six pesos ($6) to four hundred sixteen pesos ($416).

SCAN THE CODE

Corporate Governance Report

INNOVATION
MEANS HAVING A DIFFERENT PERSPECTIVE



Cones of glass-fiber reinforced concrete, Argos Center for Innovation in Medellín, Colombia

2 GOVERNANCE, ETHICS, AND TRANSPARENCY

Governance framework

At Argos, we strongly believe that corporate governance is a daily exercise that takes place in the relationship with shareholders, employees, contractors, suppliers, communities and society. Our principles, governance structure, and our polices with stakeholders are based on transparency, respect and equality.

Integrity is the guiding principle of all the management bodies of our company. We are committed to providing transparent, equitable, timely and regulated information that the interest groups require for their decision-making.

We have a Code of Good Governance that establishes clear guidelines that are communicated as a permanent guide for the General Assembly of Shareholders, the board of directors and employees. The standards therein exceed the minimal regulation required in Colombia. They are in line with best practices and within the national and international recommendations about good governance from the *Código País* in Colombia, the New York Stock Exchange (NYSE), The Latin American Companies Circle, the Organization for Economic Co-operation and Development (OECD) and the Dow Jones Sustainability Index, among others.

In addition, in 2015, we adopted a series of changes in order to implement various actions recommended by the Financial Superintendence in the Country Code that took effect in January of 2016.

As a result, the statutory reform of March 2015 adopted new rules that are related, among others, with the convening of meetings of the General Assembly of Shareholders, the election of the board of directors and the functions of the president of the board and of the support committees to the executive board.

Specifically, a minimum deadline of 30 calendar days was established to call the regular meetings of the General Assembly of Shareholders and 15 business days for the remaining cases. In addition, there were channels for shareholders to propose matters for the agenda and changes in the actions negotiation by the administrators and employees. These will only be permitted subject to the approval of the board of directors and in periods of time where it can be ensured that all of the market has the same information (i.e., 15 days after the revelation of the quarterly results to the public securities market). It also established a minimum duration of three years for such investments.

Within the new challenges of our management in 2016, we will make progress in the construction of policies that complement our implementation plan through some of the measures contained in the *Código País*, as well as the highest industry standards in the field of corporate governance.

Board of directors

Seven non-executive members compose our board of directors. They all have skills and experience related to economic, environmental and/or social issues, and none of the members are shareholders of an important supplier or customer. The minimum required attendance to the board of directors sessions is 90 percent and the average during 2015 was 91.43 percent.

(G4-34) (G4-38) (G4-39) (G4-41)

1

José Alberto Vélez Cadavid
Grupo Argos S. A.
President
Patrimonial

Board Committee
Appointments and remuneration

Number of other boards of directors to which he belongs:
4

Boards of directors he sits on:
Cementos Argos S. A.
Grupo Suramericana S. A.
Bancolombia S. A.
Situm S. A
Celsia S. A.

Attended 14/15 board meetings

2

Claudia Beatriz Betancourt Azcárate
Amalfi S. A.
Chief Executive Officer
Independent

Board committee
Finance and audit

Number of other boards of directors to which she belongs:
3

Boards of directors she sits on:
Cementos Argos S. A.
Gases de Occidente
Proenergía
Promigas S. A.

Attended 15/15 board meetings

3

Esteban Piedrahíta Uribe
Cámara de Comercio de Cali
President
Independent

Board committee
Finance and audit

Number of other boards of directors to which he belongs:
4

Boards of directors he sits on:
Cementos Argos S. A.
Amalfi S. A.
Metrocali
Emcali
Confecámaras (Red de Cámaras de Comercio)

Attended 14/15 board meetings

The members of the board of directors were elected in March 2012 and reelected during the General Assembly of Shareholders meeting in March 2014, except for Claudia Beatriz Betancourt Azcárate, who was elected as an independent member in 2009.

4

Camilo José Abello Vives

Grupo Argos S. A.

V.P. of Corporate Affairs

Patrimonial

Board Committee
Sustainability
and corporate governance

Number of other board of directors to which he belongs:
1

Boards of directors he sits on:
Cementos Argos S. A.
Situm S. A.

Attended 12/15 board meetings

5

Carlos Gustavo Arrieta Padilla

Arrieta, Mantilla y Asociados

Partner

Independent

Board Committee
Appointments
and remuneration

Number of other board of directors to which he belongs:
3

Boards of directors he sits on:
Cementos Argos S. A.
Mapfre Seguros S. A.
Fiducor S. A.
Reficar S. A.

Attended 13/15 board meetings

6

Cecilia Rodríguez González

Corporación Bioparque

President

Independent

Board Committee
Sustainability
and corporate governance

Number of other board of directors to which she belongs:
2

Boards of directors she sits on:
Cementos Argos S. A.
Bioparque Proyectos S. A. S.
Fundación Botánica y
Zoológica de Barranquilla

Attended 14/15 board meetings

7

León E. Teicher Grauman

Independent

Board Committee
Finance and audit

Number of other board of directors to which he belongs:
2

Boards of directors he sits on:
Cementos Argos S. A.
Xeon Colombia Ltda.
Continental Gold (Canadá)

Attended 14/15 board meetings

(G4-49) Process to communicate sustainability issues to the board of directors

They are communicated through the agenda submitted to the board of directors, which is addressed during the meeting following presentations to encourage the discussion of the topics and informed decision making by the members of the board of directors. In case of an urgent situation that is not included in the meeting agenda, a teleconference is arranged to discuss the issue and to make decisions that may be applicable.

SCAN THE CODE

(G4-50) **Sustainability issues**

IN 2015, WE RENEWED THE COMPENSATION AND SUCCESSION POLICY.

The Management Team at the Argos Center for Innovation, Medellín, Colombia

Nomination, election and compensation

(G4-40) The General Shareholder's Meeting can elect and remove the board of directors members and the statutory auditor, as well as his substitute. In this statutory reform submitted to the General Shareholders Meeting of 2015, the elaboration of the remuneration policy and succession of the board of director was approved. This reform must include all of the components in compensation to be taken into account when determining the payment of the board of directors members, corresponding with their dedication and responsibility. It also requires reviewing functional performance, time and dedication necessary for the board members to adequately perform their obligations.

(G4-41) Prevention and management of potential conflicts of interest

The following are among the responsibilities of the board of directors regarding the conflicts of interest in our new Code of Good Governance:

a. To refrain from engaging directly or by proxy, in personal or third parties' interest, in activities involving competition with the company or in acts for which conflict of interest exists.

b. To adequately disclose conflicts of interest with the company. To be very attentive and cautious about the way of handling any of these events, describing the situation during formal session of the board of directors, supplying documentary evidence about the conflict and refraining from voting on this issue. To this end, the members shall report to the board about the direct or indirect relationships they have among them, with the company, suppliers, customers or any other stakeholder that might give rise to conflict of interest situations or influence their opinion or vote.

- The members of the board of directors, through the letters of acceptance to their positions, should disclose the situations that might cause conflict with the company. Likewise, they shall fill the statement of potential conflicts of interest form every year.
- The Audit, Finance and Risk Committee's new role is to report to the board of directors about the conflict of interest situations it may be aware of, in which a significant shareholder, members of the board of directors and senior management may be involved, by making the necessary proposals to manage the situation.

(G4-51) (G4-52) (G4-53)

The Board of Directors Compensation

The General Assembly of Shareholders shall determine the board of directors compensation, taking into account its structure, duties and responsibilities for the compensation of its members, as well as the personal and professional qualities of its members and the time they will dedicate to their activity and experience. Notwithstanding the foregoing, the assembly approved a statutory reform in March 2015 to promote greater transparency and follow better corporate governance practices, which among others, gave powers to the board of directors to write its Compensation and Succession Policy, which shall be submitted for the assembly's approval and shall include all the compensation components that need to be considered when defining the remuneration of the board of directors' members and accordingly with their dedication and responsibility. Likewise, those members of the board of directors who have greater knowledge about the company's needs shall propose to the assembly the Succession Policy of the board of directors.

Fixed compensation 2015
COP 4,500,000 monthly for members of the board of directors
Variable compensation 2015
In addition to the above, **COP 6,000,000** monthly for being part of the board of directors committees (it does not apply to members of Grupo Argos).

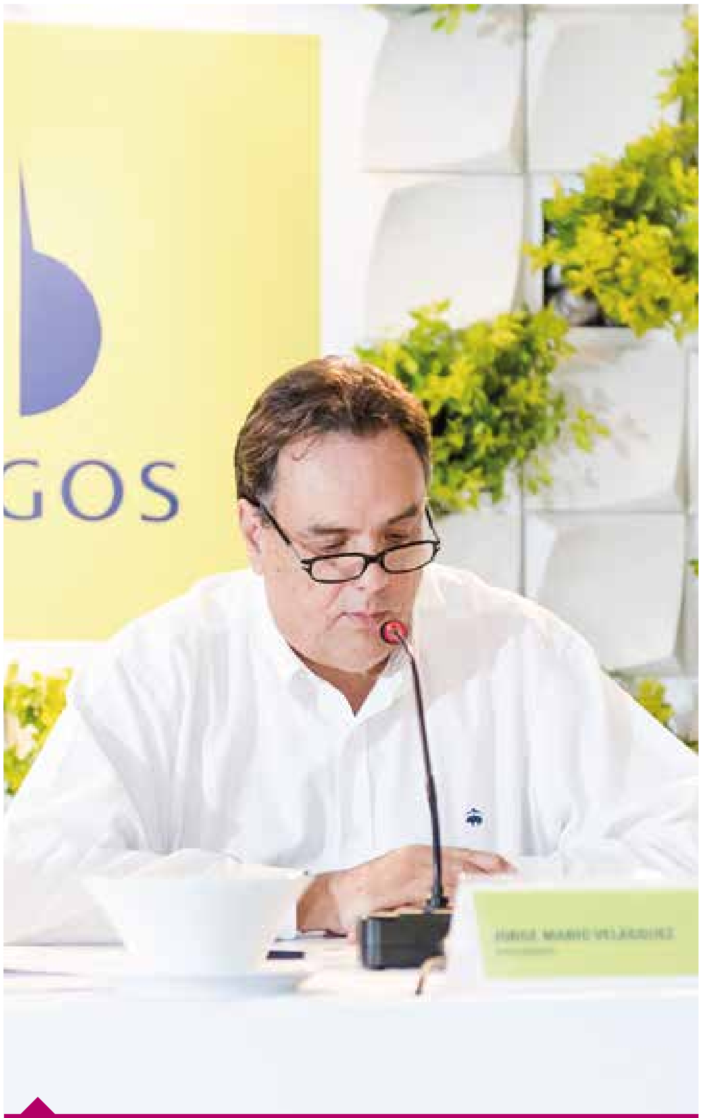
Likewise, new functions were assigned to the board of directors and their support committees. These are related to the control architecture of the organization, with the goal of:

1. Promoting a culture of risk management and control that can reach the entire organization.
2. Defining the roles and responsibilities around risk management, internal control and evaluation, with clearly defined reporting lines.
3. Considering the risks arising from the strategic definition of the society and of the business processes to perform inappropriate monitoring, evaluation and management thereof.

Currently, advances are being made in the construction of other policies related to the disclosure of information and the relationship with the matrix, complementing our deployment plan.

Some of the practices included in our Code of Good Governance in 2015 were:

- The retirement of the company's president at 62 years old.
- The establishment of the maximum age of 72 to be members of the board of directors.
- The inclusion of the classification of the members of the board of directors in executives, independent and patrimonial



Jorge Mario Velásquez, president of Cementos Argos

THE GOOD PRACTICES OF THE *CODIGO PAÍS* INSPIRED NEW DYNAMICS IN OUR CODE OF GOOD GOVERNANCE.

Training and assessment

(G4-43) (G4-44) In search of giving the board of directors appropriate feedback to enhance and evaluate their performance, we have changed the regularity of the annual assessments that used to be done in mid-to-late board period. There will now be annual evaluations that will be alternated yearly between external assessments and self-assessment.

In 2015, the self-assessment process began in order to allow us to identify further actions for improvement.

The processes of external assessment and self-assessment are made with an external consultant to review and to structure the aspects taken into account in the board of directors' evaluation and the report made available to its members individually. This is with the purpose of providing a more thorough analysis of their performance according to the strategic goals of the company and the sector we belong to. The assessment parameters will be applied in the next external assessment of 2017.

Mandatory training the board of directors includes every aspect related to the Code of Conduct and Transparency and the Laundering Asset Risk Management and Terrorism Financing System (SAGRLAFT). This has the purpose of ensuring the integrity of all employees and administrators and, thus, prevents any conduct contradictory to the policies of the company.

GOVERNANCE FRAMEWORK
BOARD OF DIRECTORS
GOVERNANCE
ETHICS AND TRANSPARENCY

Board committees

In accordance with the implementation plan of some of the measures of the *Código País*, some functions have been added to the support committees of the board of directors to strengthen the management structure of the company, with a greater emphasis on strategic management, identification and management of risks.

In addition to designing roles, policies and standards for the recruitment, rewards and development of managerial staff, the Appointments and Remuneration Committee will have a more active role in the analysis of the performance of the senior management, as well as the definition of the rewards policy and succession of the board of directors.

Furthermore, some adjustments were included to emphasize the functions of the Sustainability and Corporate Governance Committee in the monitoring of compliance with the Codes of Conduct and Good Governance within the board.

(G4-45) (G4-46) (G4-47) Additionally, the Audit and Finance Committee changed its name, scope and functions in the statutes. Now, it is called the Audit, Finance and Risk Committee to reflect its functions in the approval of guidelines for the implementation of the Integral Management of Risks System (SGIR), monitoring the evolution of the risk profile and the adoption of strategies for mitigating the risks that concern it. Also, an improved definition of their functions ensures compliance with the internal control policies and decision-making in terms of efficiency and effectiveness of the operations and the fulfillment of the goals and strategies of the company.

All of the aforementioned changes have been made in accordance with a detailed analysis of the implementation of the new measures of the *Código País* of Colombia and the best corporate governance practices of the New York Stock Exchange (NYSE), The Latin American Companies Circle and the Organization for Economic Cooperation and Development (OECD), among others, in the interests of providing greater transparency in the market and to investors.

OUR TRANSPARENCY AND COMPLIANCE MADE US WORTHY, ONCE MORE, OF THE SEAL OF THE COLOMBIAN STOCK EXCHANGE, AND WE WERE THE FIRST COLOMBIAN ENTERPRISE TO BE CLASSIFIED AS A KNOWN AND RECURRING ISSUER BY THE FINANCIAL SUPERINTENDENCE.

In 2015, we worked on the organizational architecture consolidation that was modified in 2014. This was made to create new and improved opportunities of professional development for our employees, to assist the expansion process and to have a better position that allows us to achieve the defined strategic priorities.

Our new areas of business, design and services met their purposes in pursuit of better strategies, processes and offers to guarantee growing opportunities. At the same time, our vice president of sustainability has successfully led strategies and policies, while the finance and shared services and talent and architecture vice presidencies have seen the benefits of its restructuring in economies of scale and operational efficiencies.

SCAN THE CODE

(G4-42) **Board committees and environmental, social and economic responsibilities.**

Board of directors at the Harleyville Cement Plant, the United States Region

Governance structure

Board of directors

7 members - 5 independent

Board of Directors President

JOSÉ ALBERTO VÉLEZ

- **Audit, Finance and Risks Committee**
  3 members
- **Appointments and Remunerations Committee**
  2 members
- **Sustainability and Corporate Governance Committee**
  2 members

Presidency

President of Cementos Argos

JORGE MARIO VELÁSQUEZ

- **Investor Relations Management and Assistance to Presidency**
- **Audit Management**
- **Risks Management**

Steering Committee

VICE PRESIDENT
of Colombia Region
TOMÁS RESTREPO

VICE PRESIDENT
of Sustainability
MARÍA ISABEL ECHEVERRI

VICE PRESIDENT
of Caribbean and Central America Region
MAURICIO OSSA

VICE PRESIDENT
of USA Region
ERIC FLESCH

VICE PRESIDENT
of Finance and Shared Services
CARLOS HORACIO YUSTY
Capex and Shared Services Center Committee

VICE PRESIDENT
of Legal and Institutional Affairs
JUAN LUIS MÚNERA
Governance and Hiring Committee

VICE PRESIDENT
of Talent and Organizational Architecture
JORGE IGNACIO ACEVEDO
Talent Committee

VICE PRESIDENT
of Innovation
CAMILO RESTREPO
Innovation Committee

Technical VICE PRESIDENT
VÍCTOR LIZARRALDE
Energy Committee

Supporting Committees

Ethics and transparency

(G4-56) (G4-57) (G4-58) At Argos, integrity is the guiding principle of our work in harmony with our corporate Cultural Pillars: leadership, collective achievement, sense of purpose, respect, flexibility, learning and transcending results. We believe that ethical behavior should be reflected in the decisions of the daily life of all stakeholders. This is a shared corporate value in all the regions in which we operate.

We have designed and disseminated guides that detail the criteria of our employees and other interest groups like the Code of Business Conduct, the Anti-fraud and Corruption Policy, the Manual Against Money Laundering and Financing of Terrorism, and the gender equity policies on sustainability, Human Rights and talent management.

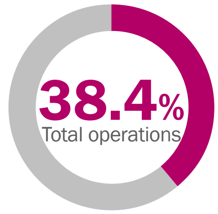
In 2015, we launched the course "Our Corporate Governance" on our e-learning platform, EDUCA, allowing us to educate our employees in ethical principles and governance. The course was taken by 2,904 employees in the first six months.

Last year, the board members from our subsidiaries were also trained, and we presented the Anti-corruption Policy and other related norms like the Foreign Corrupt Practices Act (FCPA), a transnational anti-corruption law from the United States, to the president and vice presidents.

Among other training initiatives, we disseminated the Code of Business Conduct to 6,000 people. Furthermore, Sustainability Week took place in the three regions. This event had a theme of strategic risk management of fraud, corruption, and money laundering and finanacing of terrorism, focusing on the topic of corruption between employees, communities and local authorities. A total of 3,077 people were in attendance.

(G4-SO3) Operations assessed in terms of corruption risks

Total number and percentage of assessed operations



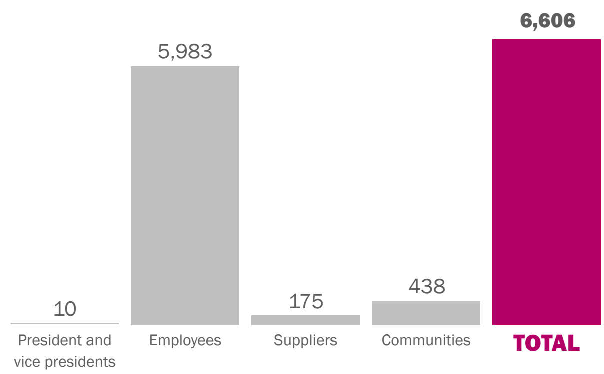
Total operations: **13**
Assessed operations: **5**

Significant corruption risks identified through the risks assessments.

- Failure to comply with procurement and contracting procedures
- Lack of monitoring to the suppliers' performance and compliance with legal requirements
- Lack of the purchasing department participation in the allocation of some contracts
- Direct agreements between employees and suppliers and customers
- Lack of duties segregation


Sustainability Week, Dominican Republic, Caribbean and Central America Region

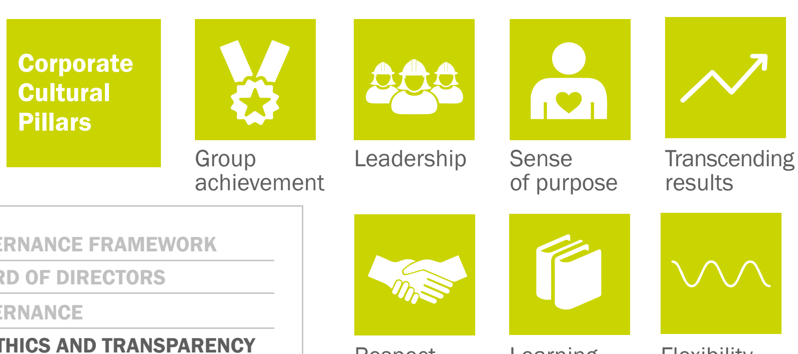
(G4-SO4) Training on the organization's policies and procedures to fight against fraud, corruption, asset laundering and terrorism financing



The Code of Business Conduct is in line with the local norms and is consistent with other international guidelines like the Global Compact, which allows us to be comply with best practices.

We adamantly reject any act that is removed from the principles of responsibility, transparency and honesty. In the case of any of these acts becoming present, we manage them with the due process and zero tolerance.

Breaches to the code result in the implementation of consequences established in the Rules of Procedure of Work and/or in the local labor legislation and can lead to sanctions or even the termination of the contract.



GOVERNANCE FRAMEWORK
BOARD OF DIRECTORS
GOVERNANCE
ETHICS AND TRANSPARENCY

Our management approach

We have a structure in which several employees from different positions have cross-functional roles and belong to different committees to ensure a transparent and ethical environment under the coordination of the Officer of Conduct.

On the board of directors, the Audit, Finance and Risks Committee monitors issues of regulatory compliance, fraud, corruption, money laundering and the financing of terrorism, as well as the management of our Transparency Hotline. The Sustainability and Corporate Governance Committee verifies compliance with the Code of Business Conduct, the Code of Good Governance and its associated policies, seeking the adoption and promotion of the highest standards. The committees of support to the board of directors reinforced their functions in the new Code of Good Governance approved in December 2015, seeking to strengthen the company's control architecture.

Ethics and transparency structure

The vice presidents of legal and institutional matters, and talent and organizational architecture comprise the Governance Committee, which provides support to the Steering Committee. This is the authoritative body for the administration of the Code of Business Conduct, which provides general guidelines in the matters of transparency and conduct, and generally outlines the type of measures to be taken depending on the infractions.

The Operating Committee of Conduct receives organizational reports and represents all regional areas with members that serve as research officers in different categories such as labor relations, fraud, corruption, and money laundering and financing of terrorism; communities, asset protection, and conflicts of interest. The actions of these partners are transversal to the entire organization and are coordinated by means of the Officer of Conduct, who is a high-level executive.

IN 2015, WE PROVIDED TRAINING ON TRANSPARENCY ISSUES TO 6,606 PEOPLE.

We are part of the Central Committee of Conduct that Grupo Argos leads and in which the strategies, experiences and good practices align between the enterprises of the group.

(G4-57) (G4-58) Another management tool is the Transparency Hotline, which is a communication channel for various stakeholders. It allows anonymous reporting and has, among its functions, the ability to search and report behaviors that contradict our policy of good governance and business conduct, as well as any other company policy or internal or external norm of the company.

General Shareholders Meeting 2015, Barranquilla, Colombia

To ensure that our work has a process of constant improvement, this year we hired an independent third party that conducted an audit to the Code of Business Conduct. This work resulted in new challenges for our management.

It is important to highlight that, taking into account international best practices, the transparency and conduct issues focused mainly on the Compliance Management in 2015. This provides independence when managing related risks and creates synergies that add value to other areas.

GOVERNANCE FRAMEWORK
BOARD OF DIRECTORS
GOVERNANCE
ETHICS AND TRANSPARENCY

Environmental complaints (G4-EN34)

Number of complaints submitted in Colombia	15
Number of complaints filed	9
Number of complaints resolved	7
Number of complaints submitted in Central America and the Caribbean Region	18
Number of complaints filed	3
Number of complaints resolved	15

Community complaints (G4-SO11)

Number of complaints received during the reporting period	65
Number of complaints resolved during the reporting period	38
Number of complaints resolved during the reporting period, which were received in a period prior to the report	3
Number of complaints addressed and solved during the reporting period	41

Corruption complaints (G4-SO5)

Total number of complaints submitted	29
Number of complaints resolved	29
Disciplinary actions:	3
Dismissals	5

Complaints on labor practices (G4-LA16)

Number of complaints submitted	43
Number of complaints resolved	43

Employees at the Honduras offices, Caribbean and Central America Region

Transparency Hotline Operation

Receipt of calls to the external call center (located in Medellín)

Colombia: 018000 522021
The United States: +1 (888) 567 6629
Panama: 01100800 157 1011
Dominican Republic: 1800 148 5009
Honduras: 800 27 99378

You must dial from a landline phone.

Or send an email to
lintransparencia@argos.com.co

An independent operator receives the call or e-mail (Spanish or English)

and sends the form to the officers of research according to the category.

The most relevant cases are reviewed by the Operating Committee of Conduct, led by the Officer of Conduct.

The Committee of Governance and Hiring reviews the cases.

Future perspective

- Large-scale implementation of the compliance program
- Expanding the coverage of the training to other interest groups outside of Colombia, including the suppliers for the other regions
- Structuring a plan of training and dissemination of the Code of Business Conduct, ensuring that the message reaches all regional areas and is in all the languages of our employees
- Auditing our Transparency Hotline to improve the effectiveness feedback and complaint submissions

SCAN THE CODE

Taxes paid per country and tax policy

GOVERNANCE FRAMEWORK
BOARD OF DIRECTORS
GOVERNANCE
ETHICS AND TRANSPARENCY

INNOVATION IS TO BELIEVE IN THE DIFFERENCE

Western façade of the Argos Center for Innovation, Medellín, Colombia

3

SUSTAINABILITY, MATERIALITY AND RISKS

Sustainability strategy

To Argos, sustainability is a fundamental part of our business vision. That is why it is one of our eight strategic priorities. This approach ensures durability over time and our competitive position in a market that is becoming more dynamic, producing not only products and services that add value over time, but a way of operating in the international context with a consistent model of sustainable development.

As mentioned earlier, our strategy of sustainability is the product of a permanent analysis of strategic priorities, risk management, capitalizing on innovative business opportunities and adhering to our commitment to international sustainability initiatives. Thus, our Sustainability Policy becomes outline for this purpose and establishes the value promised to our stakeholders.

To prioritize and focus our initiatives, we conduct an analysis every two years. This process allows us to identify the most relevant social, economic and environmental aspects that have the potential of positively or negatively affecting the interests of the company, and/or the creation of value for our shareholders and other interest groups. With the goal of ensuring that our sustainability strategy results in specific actions, we define targets and indicators for each one of the material aspects, which also allow us to assess our performance.

The 2015 Integrated Report, available at www.reporteintegradoargos.co, describes how, through sustainable management, we added value to our products and services by publicizing detailed measurements of our performance, and the future plans correlating with these aspects.

Sustainability strategy

Strategic priorities | Risks | Opportunities | Adhesions and commitments

Sustainability Policy

Materiality analysis

Video

SCAN THE CODE

Sustainability Policy

We seek the sustainability of our operations through the balance betweenrevenue generation, social improvements and the reduction of environmental impacts. This is possible through positive relationships with stakeholders, and the principles of good governance and the Global Compact.

Our value propositions

Employees
Promote the development, safety and well-being of our employees in a global culture of innovation, teamwork, respect and environmental awareness

Customers
Be the best business partner to our customers by providing quality products and services in a responsible value chain

Suppliers and Contractors
Have harmonious and equitable relations that honor responsible labor, social and environmental practices

Communities
Promote neighborly relations with the communities of influence and support social development

Shareholders
Be transparent in the management of information and seek the greatest generation of value

Environment
Develop productive activities in a responsible way, decreasing or offsetting the environmental impacts

Authorities
Comply with the law and maintain good relations with different governing bodies.

SCAN THE CODE

Sustainability initiatives progress reports

Adhesion to sustainability initiatives (G4-15)

SUSTAINABILITY STRATEGY
RISK MANAGEMENT

OUR MATERIALITY ANALYSIS EVOLVES ALONG WITH THE NEEDS OF OUR STAKEHOLDERS AND TRENDS IN THE INDUSTRY.

SCAN THE CODE

(G4-16) **Associations to which the organization belongs**

Sustainability Week 2015, Colombia Region

Materiality analysis

(G4-18) (G4-19) In 2015, we conducted a new analysis of material matters through a process of identification, prioritization and validation of the most relevant issues in social, environmental and economic matters, according to our risks, compromises and sustainability initiatives, and our MEGA and industry trends.

Stages

Identification → Prioritization → Validation

Material aspects

1. Innovation
2. Energy and co-processing
3. Profitability and equity structure
4. Sustainable construction and materials
5. Supplier management
6. Carbon emissions
7. Expansion and consolidation
8. Water
9. Occupational health and safety
10. Talent management
11. Relationship with customers
12. Compliance
13. Community engagement
14. Biodiversity
15. Other emissions

Other relevant aspects

16. Operation models standardization
17. Human rights
18. Competition
19. Fight against fraud, corruption, money laundering and terrorism financing
20. Waste management
21. Economic impact
22. Product safety and quality
23. Political contributions

Economic
Social
Environmental

SUSTAINABILITY STRATEGY

RISK MANAGEMENT

Governance of sustainability

(G4-35) (G4-36) (G4-37) Sustainability management stems from senior management's commitment to this strategic priority. As such, the Sustainability and Corporate Governance Committee of the board of directors meets to guide and monitor strategies and social, economic, and environmental good practices.

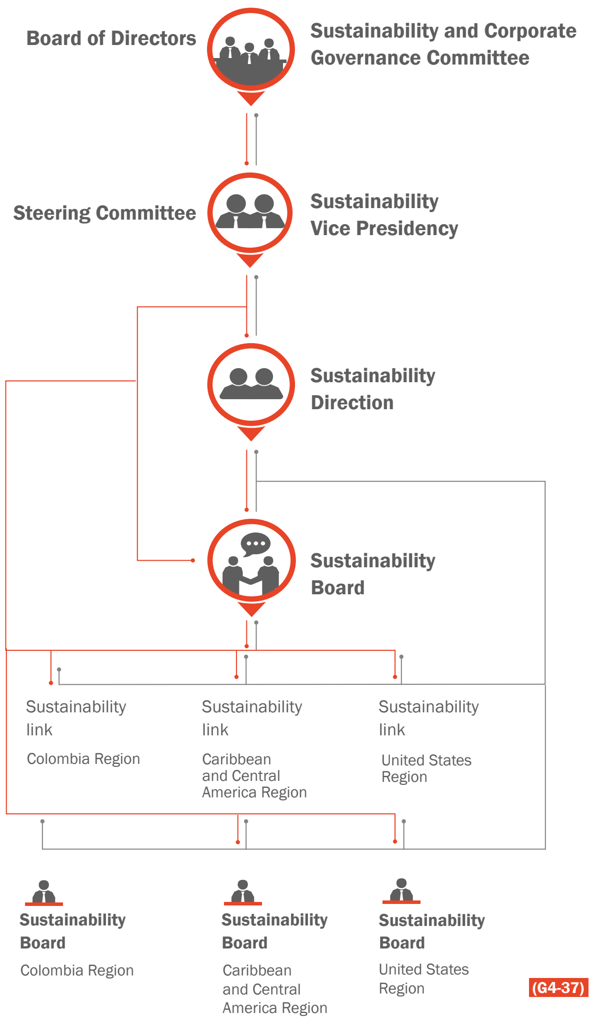
Furthermore, the creation of the vice presidency of sustainability at the end of 2014 has strengthened the inclusion of sustainability as a basis for decision making in the Steering Committee, thereby ensuring that this vision is transverse to all areas of the company, whether in design, business or services.

This vice presidency connects the environmental management, the management of industrial safety and occupational health, the community relations and the sustainability direction.

In the I Promise (Yo Prometo) Project framework, the Industrial Safety and Occupational Health Management, with the guidance of DuPont, has led the implementation of an internal structure headed by the Occupational Health and Central Committee, in which the president and all nine vice presidents are involved. The Industrial Safety and Occupational Health Management is supported by different subcommittees comprised of people responsible for the different areas of the company who will lead the implementation of strategies.

Aimed at ensuring the compliance with Sustainability Policy guidelines, the Environmental Management created a Climate Change Division that takes responsibility for sustainable construction. For this process to be sustainable in 2016, the Industrial Safety and Occupational Health Management

Employee in Honduras, Caribbean and Central America Region



(G4-37)

and the Relations with the Community Division will expand its internal structures to respond to the I Promise Project-related challenges and the measurement of the socio-economic footprint and corporate volunteering respectively. Likewise, we will create two independent divisions to strengthen the information management and sustainability metrics, as well as the sustainability and good practices culture, which are led currently by the Sustainability Division.

The Sustainability Board continues to be a strategic space for sustainability management because it favors the analysis and the coordinated management of relevant matters, thus achieving a commitment and active participation of the different areas in all regions of the company.

In 2015, we established the regional committee in the United States and, together with the vice president of sustainability, we created an actionable plan, with the guidance of a consulting firm, to strengthen communication and create greater alignment to the sustainability strategy of the company.

Strengthening of productive units in Boyacá, Colombia

Our stakeholders

(G4-24) (G4-26) (G4-27)

Customers | Employees | Authorities | Shareholders | Suppliers and Contractors | Communities | Environment

The Code of Good Governance outlines the beneficial relationship with our stakeholders as a guideline for corporate conduct and identifies the recognition and respect of their rights, the promotion of their participation in the creation of value, transparency and the pursuit for mutual benefits as objectives. Similarly, the Code of Business Conduct highlights integrity as a principle that inspires us to do the right thing always and establishes a behavioral guide for our employees, who, in turn, represent these principles within their communities.

The positive relationship with our stakeholders is also a fundamental pillar of our Sustainability Policy. The open and transparent dialogue established with them allows us to identify and manage risks and opportunities properly to generate trust that results in strategic alliances and addresses common challenges. This will also allow us to gain a broader vision for decision-making, thus complying with the value proposition set forth within this policy, as well as the expectations of our stakeholders.

SCAN THE CODE

(G4-26) (G4-27)

Stakeholder's engagement mechanisms

SUSTAINABILITY STRATEGY
RISK MANAGEMENT

In order to manage the relationship in a strategic way, we have various mechanisms that allow us to keep you informed, consulted and to communicate on matters relevant to the sustainability. The 2015 Integrated Report provides greater detail on these relationship mechanisms and their results from a perspective of sustainability.

To ensure proper management, different areas of the company have responsibilities regarding the relationship with each stakeholder. Therefore, the Legal and Institutional Affairs Vice Presidency leads the relationship with regulatory authorities. Investors and shareholders are managed through a management that reports to the president directly. The regional vice presidents have marketing for customers, purchasing and suppliers' management areas. As a design area, the vice president of human talent and organizational architecture coordinates and implements the corporate strategies to protect the rights of our human capital. Besides having the relationship with the communities division and the environmental management, the Sustainability Vice Presidency leads the use of these mechanisms with a sustainability approach.

Annually, we invite our stakeholders to participate in our Sustainability Dialogues, a space to promote a sustainable culture. This has the purpose of sharing the most relevant information about our social responsibility performance and fostering an environment of joint reflection that allows us to take a broad and balanced perspective in the decision-making process.

In 2015, we take advantage of this opportunity to discuss the Integrated Report with our stakeholders and to know their opinion about our level of compliance with the value promises of the Sustainability Policy and their expectations and most relevant issues for the materiality analysis.

In Argos, we identify our own stakeholders based on the following five criteria proposed by the AA1000SES standard: (G4-25)

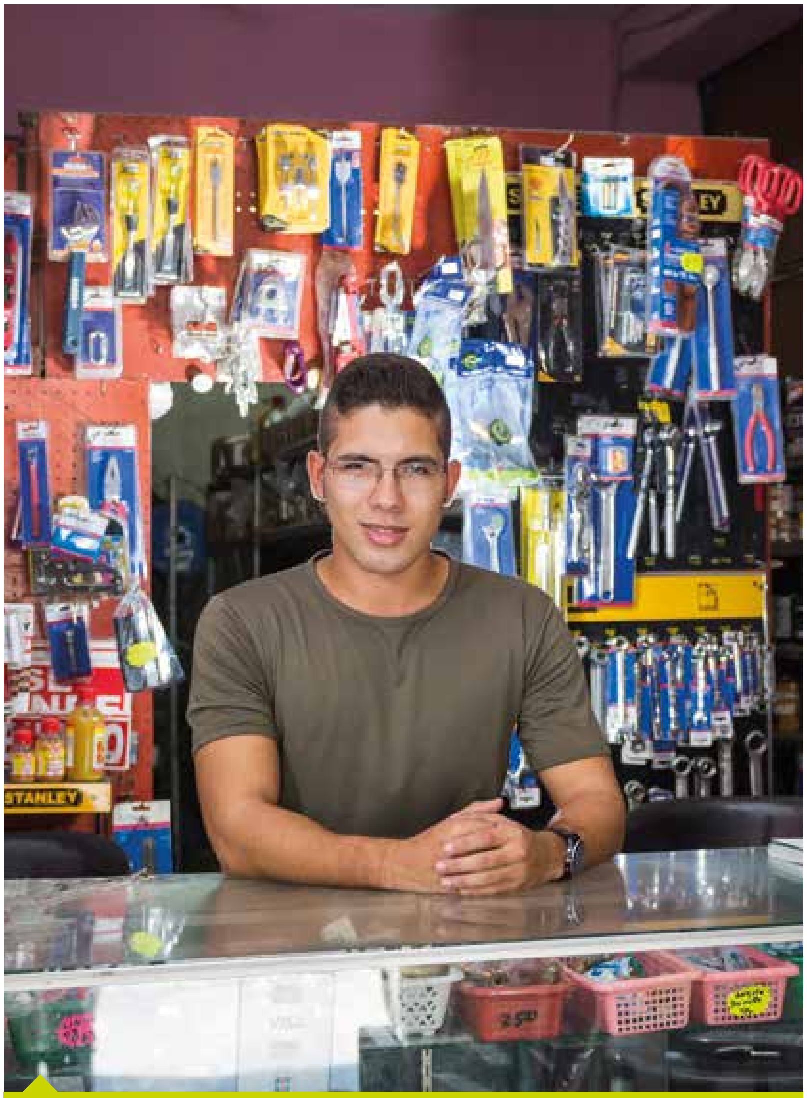
Dependence: those who depend on our activities, products or services or on whom we depend to continue operating

Responsibility: those with whom we have or might have a commercial, legal, operational or ethical responsibility

Proximity: those who need our immediate attention on financial, economic, social or environmental issues

Influence: those who could generate an impact on the strategy or on our decision-making

Perspectives diversity: those who can take us to have a new understanding about a specific situation or to the identification of new opportunities that otherwise would hardly be recognized



Customer in Panama, Caribbean and Central America Region

SUSTAINABILITY STRATEGY
RISK MANAGEMENT

Sustainability culture

At Argos, we are committed to the promotion and the strengthening of a sustainability culture among our employees and other stakeholders since it leads to the adoption of habits, decisions and responsible attitudes toward the environment. Because of this, we designed a range of training and dissemination strategies, related to social, economic and environmental affairs relevant to the sustainability of our operation.

Sustainability Week is a training space for our stakeholders, in which, year after year, we reflect on various issues connected to sustainability. Over the last few years, we have discussed issues of great importance, such as social inclusion, the Global Compact, the water footprint, human rights and sustainable development.

In 2015, we addressed the strategic management of fraud, corruption, money laundering and the financing of terrorism. Guided by the organization, Transparency International, we trained 3,077 people at the central workshop. Additionally, we launched the course 3D Vision of Sustainability on our online EDUCA platform, which was attended by 1,257 employees between October and December.

This approach allowed us to share how our sustainability vision corresponds with our risk management culture. In addition to disseminating our Risk Management Policy, we discussed and reflected on our strategic risks and opened the "Find the Risks" contest for our employees. It had three winners, one from each region.

In addition, within our community educational institutions, we reflected on the impacts of corruption. In the last three years, we have achieved an attendance of 7,109 people for the Sustainability Week, equivalent to 14,465 hours of training.

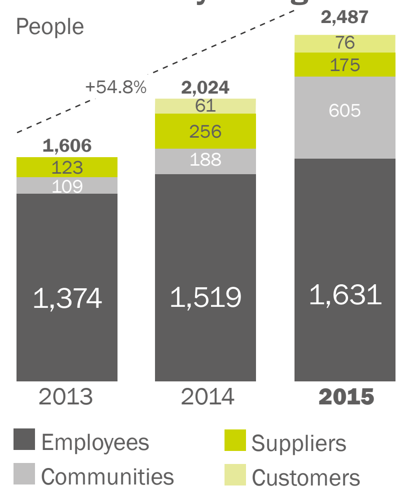
Among other initiatives, the inclusion of a sustainability component in the Customer Management Certification courses that Argos sponsored in the Colombia, and the Caribbean and Central America Regions should be noted. It allowed us, in its first year, to promote sustainability as a business vision between 150 customers of the Caribbean and Central America Region and to 305 in the Colombia Region, equivalent to 2,064 hours of training.

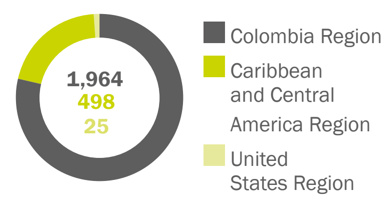
In 2016, the creation of a Management in Sustainability Culture program will allow us to continue strengthening our strategy to promote the culture. We will continue expanding the training and dissemination strategies in order to have greater geographical coverage in terms of operations, as well as stakeholders.

IN THE LAST THREE YEARS, WE HAVE INCREASED THE PARTICIPATION OF OUR STAKEHOLDERS IN BOTH SUSTAINABILITY WEEK AND SUSTAINABILITY DIALOGUES BY 97.6 PERCENT AND 54.8 PERÇENT RESPECTIVELY.

Attendance to the Sustainability Dialogues

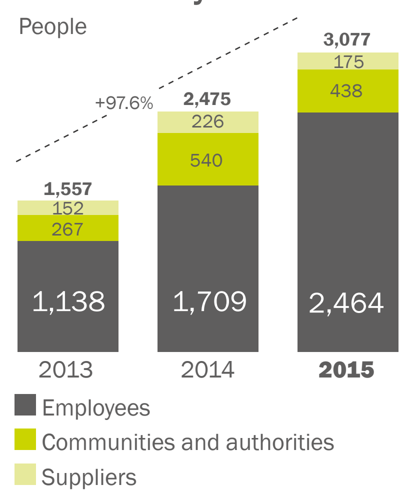
People

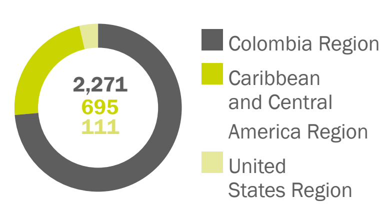




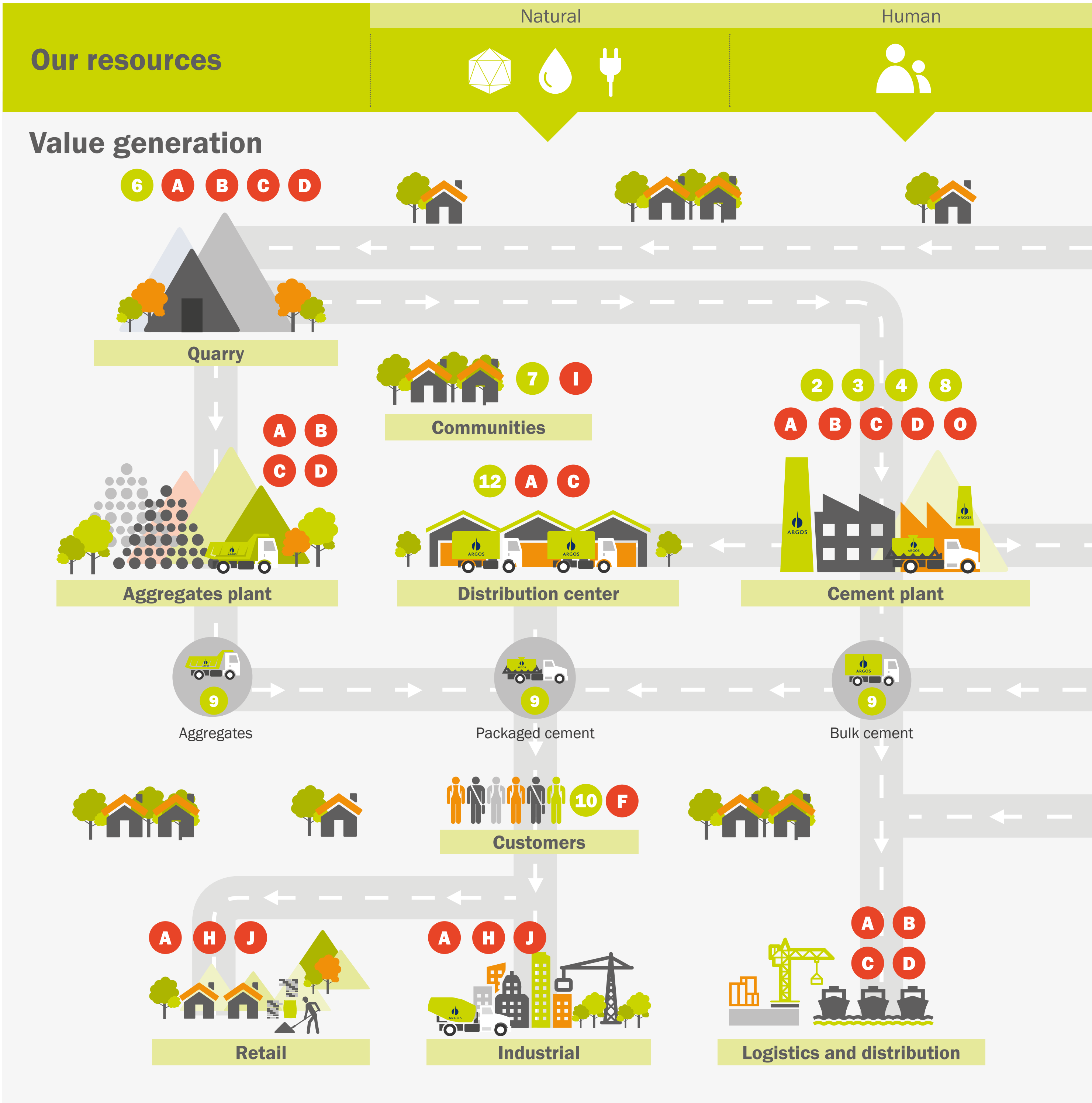
Attendance to the Sustainability Week

People





OUR ADDED VALUE



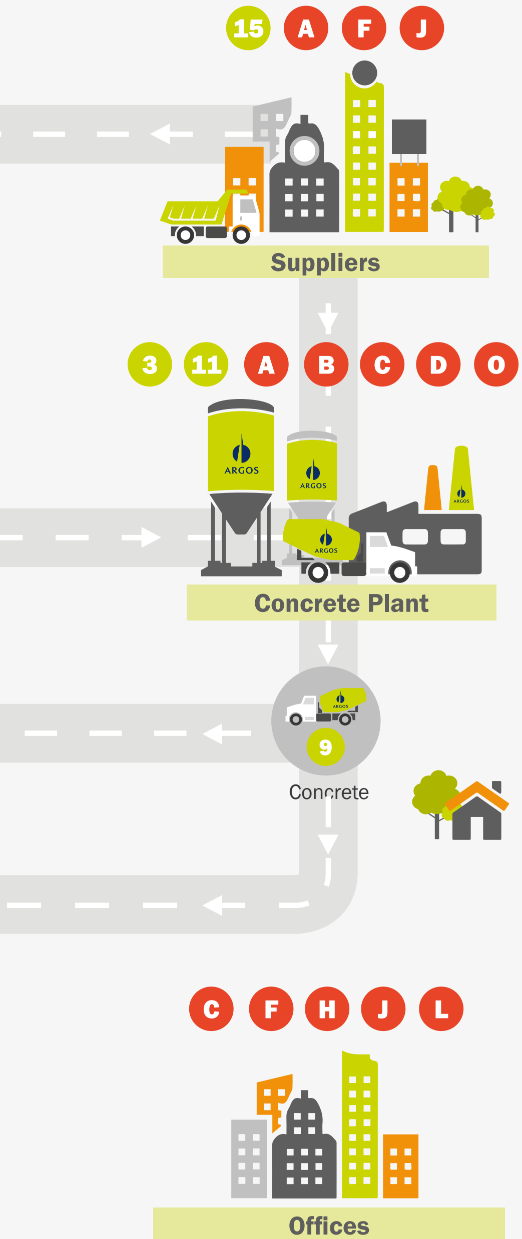
Generated value

Customers
Products adapted to the specific needs of our customers and environment.

Suppliers
Responsible supply chain

Communities
Better socio-economic conditions for our surrounding communities

Social	Financial	Operational



Transversal value: 1, 5, 13, 14

This is how we create value

1. We innovate in our processes and products.
2. We reduce our CO_2 emissions.
3. We make efficient use of the materials and replace non-renewable resources.
4. We improve safety and wellness.
5. We respect and promote the human rights.
6. We rehabilitate the areas disturbed by mining.
7. We maintain good relationships with our communities, and we contribute to local development.
8. We reduce our energy consumption.
9. We mitigate the impacts of our products and services.
10. We identify the needs of our customers and the market.
11. We reduce our water consumption.
12. We optimize our logistics of distribution.
13. We take advantage of new business opportunities.
14. We develop the skills of our human talent and foster a good working environment.
15. We develop our suppliers' skills.

Transversal risks: E, G, K, M, N, P

Strategic risks

- A. Supply chain.
- B. Loss of licenses or titles.
- C. Health and safety.
- D. Environmental impacts.
- E. Changes in regulations.
- F. Information management.
- G. Reputational risks .
- H. Anti-trust sanctions.
- I. Relations with communities.
- J. Import competition.
- K. Country risk.
- L. Liquidity, credit, financial statements and taxes.
- M. Natural disasters.
- N. Fraud, corruption, money laundering and financing of terrorism.
- O. Energy resources.
- P. Human aspects and human rights.

Authorities
Diligence that goes beyond applicable regulations.

Employees
Competent and proud

Shareholders
Guarantee of sustainable investment for our shareholders

Environment
Products with lower environmental impact throughout their life cycle

Risk management

One of the most important aspects of the company's sustainability is to identify and manage the risks inherent to our activity and the successful implementation of this strategy. This is why we have developed our System of Integral Management of Risks (SGIR) under the international standards ISO 31000 and COSO Enterprise Risk Management. The pillars of the Risk Management Policy, roles and responsibilities, methodology and culture support the model. The SGIR defines an outline of government and a methodological framework that tends to generate awareness at all levels in the organization to manage risks in a distributed manner, to anticipate future risks and be prepared in the event that they occur. The SGIR sets unified criteria to assess and manage risks in an integrated way, and monitors patterns through risk maps based on strategic levels, processes, projects and installations.

We work based on 16 identified strategic risks, which are the subject of prioritization and monitoring of the board of directors. For the prioritized risks, we perform a detailed analysis of causes, controls and plans of action, as well as continuous monitoring of new events that could modify the exposure to these risks in order to generate proactive alerts used as part of the decision-making process.

FOR THE SECOND YEAR IN A ROW, THE DOW JONES SUSTAINABILITY INDEX RECOGNIZED US AS THE LEADERS IN THE FIELD OF RISK MANAGEMENT AND CRISIS MANAGEMENT IN THE OVERALL AND EMERGING MARKETS INDEX.

At the tactical level, we have analyzed the risks of strategic projects at each stage, from planning to closure, considering impacts at the project and business level. In addition, we developed management models based on risk, tools tailored to each area that support the definition of objectives, work plans, monitoring schemes and management indicators. These models are of the utmost relevance to the analysis, monitoring and updating of strategic risks.

At the operational level, we handle risks by processes and facilities, which allow us to know firsthand the risks faced by day to day operations, which is key in order to have an appropriate management of risks on the tactical and strategic levels. To achieve effective and integrated risk management in the three levels described, we have established responsibilities for roles at all levels, including the president, vice presidents and managers from the different business units. Similarly, risk managers from each vice presidency support the risk management in processes and projects, and constitute a fundamental pillar in the communication of risk management. This has a direct reporting line to the Audit, Finance and Risks Committee, and functional dependency of the presidency.

We enhance the strengthening of the cultural risk management element through education and training, workshops, awareness and communication campaigns. During 2015, we conducted an organizational survey with the goal of gauging employees' level of understanding of the risk management model. The survey involved employees from all levels of the organization and all our regions, as well as the corporate areas.

Results of the survey:

This survey allows us to measure the level of adoption of the risk management practices as part of the organizational culture and alignment of the same with the risk management model that has been developed at the corporate level. It also allows us to identify items that need to be reinforced to ensure that the organization and its partners understand and take advantage of the benefits of risk management for the fulfillment of the objectives.

Future perspective

- **During 2016, we will continue to strengthen the culture around risk management at Argos, considering the elements identified in the survey results as opportunities to improve.**
- **We will consolidate the strategic risks map by country, to continue consolidating and prioritizing risk management according to the relevance of the exposure levels.**
- **We will work on strengthening the maturity of the Integral Management of Risks System using strategies aimed at the improvement of the culture, the integration of insurance programs to the SGIR and implementation of technological tools that support the risk management strategy.**

SCAN THE CODE

(A-RI1) (A-RI2)
Strategic and emerging risks

INNOVATION IS
TO NEVER STOP DREAMING

Eastern façade, Argos Center for Innovation, Medellín, Colombia

4

INNOVATION

"Innovation must be seen as the only way to ensure that the organization will be transformed, reinvented and will compete in today's world"

Jorge Mario Velásquez

(A-IN3)

SCAN THE CODE

(G4-DMA)

At Argos, we strongly believe that innovation is one of the main ways to ensure sustainability; we understand that this is an ability that must be rooted in our culture, into our processes and services, and into the way we care for the planet. The fruits of transforming innovation into one of Argos strategic priorities and one of the material issues of our management were evidenced in different areas and encourage us to continue strengthening this culture to which we have been committed for several years.

We believe that innovation needs to be translated into revenues and savings. Therefore, we can proudly say that we reached 15.4 percent of revenue coming from innovation in 2015, equivalent to USD $440.4 million. This allowed us to largely succeed in the achievement of the 2015 MEGA goal. According to this goal, 10 percent of our revenue should come from innovative products or services in 2015. The successful closure of this first cycle gave us a strong basis on which we decided to increase the goal for 2025, when we expect to reach 20 percent of revenue as a result of innovation.

While these figures are important to our management, we seek to boost the permanent renovation capability of the business model by remaining relevant towards the market while reinventing ourselves as a company. Exceeding the 2015 MEGA was consistent with this principle, since it was leveraged by initiatives that renewed the company way of doing things and the way we relate to our customers, always guided by a clearly defined strategy.

(A-IN3) Total revenue from innovation

2015

Total revenue from innovation	COP Billion	USD Million
Colombia	403.2	146.8
Caribbean and Central America	166.2	60.5
United States	640.1	233.1
Total	**1,209.5**	**440.4**

Total in 2014: **COP** 538,322,000,000 | **USD** 269,000,000

2015

Total revenue of Cementos Argos	COP Billion	USD Million	% Rev/Inn
Colombia	2.9	1,084	13.5
Caribbean and Central America	1.5	540	11.2
United States	3.4	1,244	18.7
Total	**7.9**	**2,868**	**15.4**

(A-IN4) Savings from the implementation of innovation initiatives

2015

Colombia	COP Million	USD
Fine dosing (NI)	63.3	23,053
Unification of solid waste (NI)	10	3,668
Report of weighing elimination (NI)	1.2	462
Piles in quarries (cement)	1,180	429,800
Grinding optimization (cement)	842	306,549
Other efficiency projects	120	43,719
Colombia—Center Zone additives	336	122,293
Colombia—Southwest Zone cementitious material	31.3	11,426
North Zone design optimization	320	116,499
Colombia—Northwest Zone cementitious material	592	215,363
Colombia—Northwest Zone additives	101.2	36,863
Desulphurization of coal burning in Yumbo Plant generator	567	206,400
Caribbean and Central America Region		
Panama cementitious material	197	71,800
Panama Additives	1,031	375,687
Total	**5,392**	**1,963,583**

Total in 2014: **COP** 5,719,000,000 | **USD** 2,390,000

Testing of Value Added Specialty Products

Our current investment in innovation is 0.6 percent of sales, and it has been growing in line with the government and the National Planning Direction proposal to invest 1 percent of company's revenues in science, technology and innovation in 2018. In the last seven years, we have invested more than USD $50 million in innovation, research and development and new businesses, effort that has reverted to revenue close to USD $1 billion.

It should also be noted that the Superintendence of Industry and Commerce of Colombia awarded us with the first patent for cement kiln technology, developed jointly with Universidad del Norte, Barranquilla. We requested four additional patents, and there are other 36 elements under protection road map certification.

We continue to have an active participation in recognized scientific and industry journals with articles on our main breakthroughs.

Our extensive corporate commitment with innovation is also evidenced by the fact that 328 people from the organization have indicators associated with it.

This year almost 400 people who belong to this group in Colombia and the Caribbean and Central America enthusiastically have been involved in projects that have already started to benefit the organization significantly. It is a milestone in terms of innovation management since the company's efforts generally focus on the administrative staff.

IN THE LAST SEVEN YEARS, WE HAVE INVESTED MORE THAN USD $50 MILLION IN INNOVATION, RESEARCH AND DEVELOPMENT, AND NEW BUSINESSES

SCAN THE CODE

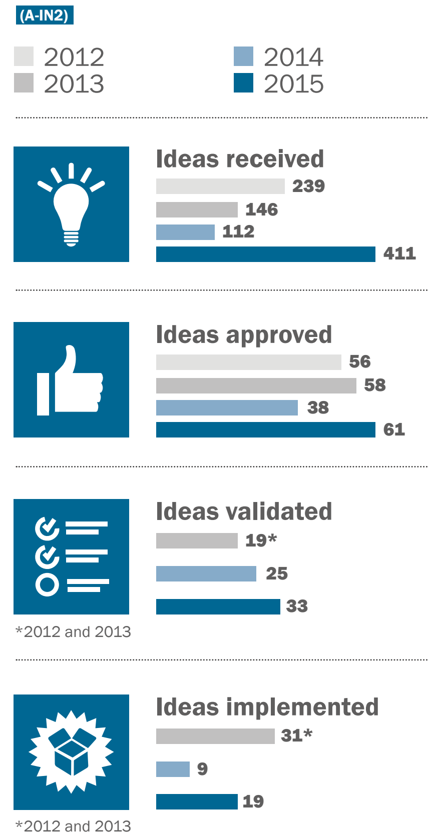
(A-IN1) **Investment in innovation**

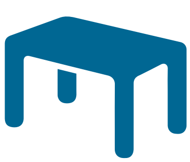
Our management approach

Transforming Argos into an innovative company was an explicit decision adopted by our leaders, as reflected in the inclusion of innovation as a strategic priority and material aspect of management. It resulted in the definition of the first MEGA (already fulfilled) and in the creation of the Innovation Vice Presidency in 2011, which was structured into four management divisions: Research and Development, responsible for technological innovation; New Business, responsible for leading corporate entrepreneurship; Innovation Management, dedicated to developing innovation as organizational competence, and Alternate Resources, which involves an innovative approach to raw material and fuel sources used by the industry.

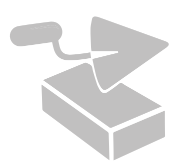
THE INNOVATION VICE PRESIDENCY IS COMPRISED OF HIGHLY-QUALIFIED PEOPLE, 12 PERCENT HOLD PHDS

With these resources and an annual investment equivalent to 0.5 percent of our revenue, we have designed and used processes and tools to leverage the intended results, including the Ideaxion system, which is a forum togather the views of any employee within the organization. Overall, the system has received 908 ideas, 213 of which have been approved with funds allocated in the amount of COP $4,245,273,608 [USD $1,545,720 (it is estimated at the average rate of 2015, but it is an accumulated total of dollars allocated in the last four years), 77 ideas have been validated and 59 have been implemented.



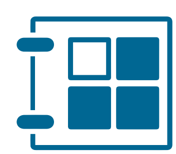


UHPC
Ultra High
Performance Concrete

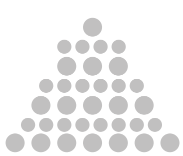


Dry mortars

We leverage our business in digital platforms in the Colombia Region and **93%** percent of the orders were completed successfully through these means.



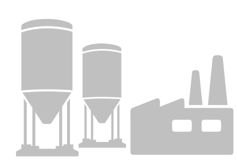
VASP
In the United States, we improved the Value Added Specialty Products portfolio with products such as ConcreFlow® and low-humidity concrete.



Micro-cement

The concrete portal was launched as a tool that allows for real-time updates about the shipment status and the customer's account. It is now used by **54%** of our concrete customers.

Passion for Baseball
is an innovative marketing strategy for packaged cement in the Dominican Republic. This marketing strategy was recognized this year during the London International Awards (LIA), one of the most important advertising awards at an international level.



The fine dosing process in the concrete plants, which allows for greater efficiency, is an idea of one of the plant employees, and it allows estimated savings of
COP $5.4 billion
USD $1.7 million per year.

Some of our initiatives

Development and technical transfer: As a result of the increase of fly ash consumption and new sources and inclusion of cutting-edge technology additives in the production of concrete, we reported savings of COP $2.29 billion (USD $834,000). The Caribbean and Central America Region showed savings of COP $1.23 billion (USD $447,000), and the Colombia Regions showed savings of COP $1.1 billion (USD $385,945).

Concrete for durability: In 2015, we provided the market, specifically those with coastal and industrial construction that are exposed to acids, with this cutting-edge and high-performance material that is suitable for aggressive environments.

Recycled aggregates: After five years of conducting construction waste recycling tests during the production of concrete, the successful results obtained in 2015 will allow us to transform it into a business in 2016.

Micro-cement: During 2015, we manufactured micro-cement in the Toluviejo and Sogamoso Plants with the purpose of validating the results in tunnels. For 2016, we expect to start shipping the product from these two operations. It will serve to supplement and strengthen our value proposal to the market with specialized products essential to the country's infrastructure challenges.

Cement floor: Industrial testing and sections have been developed in several roads of the country to validate the product performance in construction work. In addition, the commercial area was launched in the Colombia Region to explain the value proposal of the product in detail. The market launch will take place in 2016 in order to support roads projects in Colombia.

Color concrete for "Sidewalks for Life" project, Medellín, Colombia

New businesses have upgraded to the next level, with the implementation of Caltek, a joint venture with the Mexican company, Calidra, for the production of industrial lime with high value added. The start of production and sale of recycled aggregates is another initiative showing that innovation effectively underpins sustainability since it contributes to the economic, environmental and social dimensions.

Likewise, it is important to note that we are closing a cycle of products and materials, having started consuming used tires as an alternative fuel of carbon in our Rioclaro Plant. In this way we contribute to solving the problems caused by this particular waste. A similar example is the production of concrete with recycled aggregates.

These projects improve our organization's sustainability in one of its higher impact components because besides lowering the emissions of CO_2, we use waste that would otherwise go to landfills, and we avoid using fossil fuels and non-renewable raw material. There is also progress in the implementation of the co-processing project in Cartagena Plant. There, we expect to reach a 20 percent substitution of thermal energy required by one of the kilns in 2018.

Innovation has so far been a very exciting journey, and its findings are highly satisfactory. In order to reach the 2025 goal of receiving 20 percent of our revenue from innovation, it is necessary, amongst other things, to leverage our business on digital technologies and mitigate the environmental impact of operations, particularly in terms of CO_2 emissions. We started this new stage full of enthusiasm because of the deep significance of our mission and convinced that in terms of innovation, the journey is as important as the destination.

Designed by architect
Lorenzo Castro

The company invested
COP $25 billion
(over USD $9 million)
for the construction of this project.

Laboratories provisioning
COP $5 billion
(almost USD $2 million)

Equipment for the analysis of materials and construction systems:
More than 80

Constructed area:
4,807 m^2

Stories/floors:
6

Specialized laboratories:
12

Workstations:
close to 60

Design parameters **Sustainable construction and Leadership** in Energy and Environmental Design (LEED) certified

Use of Argos Value Added Specialty Products:
63%

Green spaces:
30%

Reduction of energy consumption:
Más de 44%

Reduction of water consumption:
90%

The Argos Center for Innovation is a milestone in the industry and in the history of private enterprise. Therefore, we restate that this was one of our most important achievements in 2015.

In this inspiring area where we commit to open innovation, we develop, along with academia, industry and research institutes, projects that give rise to new processes and products to add value to our production chain. This way, we will continue cooperating and contributing to the construction industry alongside universities, enterprise and government.

We operate on an open innovation and collaborative work model, aimed at creating, envisioning and proposing solutions to the industry challenges. There the concept of science becomes palpable.

ARGOS CENTER FOR INNOVATION REAFFIRMS OUR COMMITMENT TO THE COMPANY AND THE COUNTRY'S DEVELOPMENT.

The Argos Center for Innovation reaffirms our confidence in a business model focused on the customer to encourage ideas and projects that would promote environmental, economic and social sustainability.

Some Value Added Specialty Products used for its construction:

Colored concrete

High resistance

Permeable

Concrete for industrial floors

Self-compacting

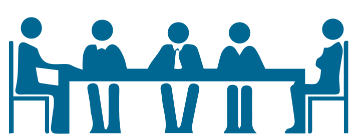
Other special products

This is, therefore, a substantial development to showcase sustainable construction that has great environmental benefits for the industry.

West façade of the Argos Center for Innovation in Medellín, Colombia

30% of the building's plant is green area, thereby reducing heat. Besides, the building utilizes natural light, uses devices with a technology that decreases power consumption in more than 44%, and collects rainwater for supply, replacing almost 90% of potable water demand.

Also, we performed there the first of several business rountables during November where 10 universities and 22 research groups from different regions of the country took part. We shared with them the challenges of our endeavor, and explored chances for joint work.



In short, the Argos Center for Innovation seals our alliance with productive, competitive and sustainable growth of the industry, the region, the country and the world.

Future prespective

At Argos, innovation will be strengthened as the driving force or sustainable growth. It will be an innovative culture deeply woven into all our employees and will give the company the ability to reinvent itself and compete in increasingly competitive markets, to see and to think differently. Customers will be pleased with the products, as well as the products' performance and quality; services will give differentiation and add value to its sustainable infrastructure, housing and city projects.

In the short-term
2016 – 2017

Caltek will begin to produce lime in the second half of 2016.

Greco, the new recycled aggregates production company, will start operations in the second half of 2016 in Colombia.

Ultra-high performance concrete will launch in the three regions.

Our Cartagena Plant will have the capacity to use alternate fuels such as used tires.

We will turn CO_2 into high-value commercial materials such as spirulina, chlorella, proteins, amino acids and more.

In the mid-term
2018 – 2019

We will become the most important solution for the used tire problem in Colombia, and partners of the cities and companies for proper waste management.

In the long-term
By 2025

We will develop new growth platforms based on innovation that will give the company the capacity to grow and to move from generating 10 percent of revenue in 2015 to 20 percent in 2025.

We will support the fulfillment of the goal of lowering caloric intake by 10 percent.

In 2025, we will have 18 percent substitution of fossil fuel with alternative resources in all our operations.

INNOVATION IS TO BET ON CHANGE

West façade of the Argos Center for Innovation in Medellín, Colombia

5 ECONOMIC DIMENSION

Customer relationship (G4-DMA)

Customer management is a vital element for the company's sustainability. Based on a clear understanding of the market, we developed our own retention and loyalty strategy through a trade name that links us to consumers.

The pillars of our value proposition are the commitment to operational excellence, a suitable commercial and technical infrastructure, a portfolio of high-quality products and services to meet the needs of our customers, and support in the use and application of the products, all of which ensures customer loyalty to the company's brand in all the geographic regions where we operate.

This business vision allows us to know our consumers and set differentiated value proposals that will fit their needs and will be in line with international standards.

(A-RCI1) Percentage of revenue generated by recurring customers

	2012	2013	2014	**2015**
Colombia Region				
Revenue generated by recurring customers	90%	89%	93%	91%
Caribbean and Central America Region				
Revenue generated by recurring customers	N/A	N/A	N/A	82%
The United States Region				
Revenue generated by recurring customers	N/A	N/A	90%	95%

Our management approach

As part of our value proposition, we have developed a commercial and technical infrastructure to advise the customer in the use and application of products, thus developing differentiated products and services to meet the customers' specific needs.

We guarantee the quality of our customer service by constantly monitoring our work. To do this, we conduct research with Ipsos Napoleon Franco every year for Colombia and the Caribbean and Central America Regions and with Tricone Marketing Research for the United States Region.

(G4-PR5) Customer satisfaction

The Caribbean and Central America Region America
Customer satisfaction survey

Results in countries where the customer satisfaction survey is conducted	2012	2013	2014	**2015**
Panama Goal: 82.5%	81.0%	82.5%	86.7%	**84.3%**
Honduras Goal: 79%	N/A	N/A	70.8%	**88.0%**
D. Republic Goal: 82.5%	89.0%	89.7%	85.4%	**87.5%**
Suriname Goal: 82.5%	N/A	83.0%	84.7%	**69.4%**
Haiti Goal: 76%	75.0%	84.7%	76.7%	**78.5%**

United States
Goal: 84%

2015	**84.3%**
2014	84.4%
2013	86.3%

Colombia
Goal: 82.5%

2015	**82.5%**
2014	83.5%
2013	85.2%
2012	86.1%

These studies include a review of all products, services and customer segments in all the regions. This process ensures the statistical validity of results and allows us to identify improvement opportunities, generate action plans, and to increase the satisfaction of our customers. Findings are communicated inside and outside the organization, while the measurement of the customer level of satisfaction is a corporate management indicator and is related to the variable compensation system of our employees.

In 2015, the Customer Journey Map tool was used in Panama, Dominican Republic and Colombia, along with internal customer service audits, aimed at ensuring the sustainability of customer service levels, as well as its continuous improvement and processes optimization. This tool will gradually be extended to other countries in the region, including Haiti in 2016.

Additionally, we have developed a commercial and technical infrastructure to advise customers in the use and application of cement and concrete, which has allowed us to create products and services tailored to their needs.

In Colombia, Panama and the United States, we have a toll-free customer service line to meet customers' requirements, schedule purchase orders, address concerns, provide general information, and service and resolve claims.

Customer of the retail business, Colombia Region

Our achievements

Our strategy is focused on the customer and supported by processes and technology, and allowed us to make progress and develop the following initiatives:

Launch of the new presentation of 5-kilogram gray and white cement and the consolidation of the 1-kilogram cement presentation.

Implementation of cement sales through new marketing channels, which have not been traditionally used for the sale of this product.

In 2015, cement imports were reopened in the United States through our terminal in Houston, Texas, allowing us to bring gray cement into this major market. In addition, two plants were opened in Miami, Florida, which allowed us to operate in an important market in the southern United States.

Strengthening of new sales channels via the Internet in Colombia, the Caribbean and Central America: 30 percent of cement purchase orders came through these channels. We also supported a mobile application to place orders and obtain information.

Increase of concrete Value Added Specialty Products in the three regions and involvement in low-income housing programs is another achievement promoted by Panama, Colombia and Honduras governments.

Masonry Training Schools and Lunch-and-Learn programs in the United States.

DUE TO RECORD DISBURSEMENT, 2015 WAS A HISTORICAL YEAR FOR CONSTRUYÁ IN COLOMBIA. NOW MORE THAN 21,000 LOW-INCOME FAMILIES HAVE BENEFITED DURING THE NINE YEARS OF THE ARGOS CREDIT PROGRAM.

Entrepreneurial strengthening outreach program for hardware dealers and project management for civil engineers in the Caribbean and Central America, as well as inclusion of the sustainability module.

Customer of the retail business in Honduras, Caribbean and Central America Region

Installation of GPS systems for most of the fleet of concrete mixer trucks in our regions and of 100 percent in Colombia. This allowed for constant monitoring of each truck's location, and in 2016, customers will have access to the location of the vehicle assigned to their service in certain regions.

Launch of dry mortars in Panama.

Consolidation of the trade model trade in cabotage sale by sailboats in Haiti.

Launch of the cement marketing channel in Haiti through remittance sent from the United States. Sender establishes the purchase of cement sacks, which are then delivered to the island to the sender´s relatives.

Participation in the Digital Marketing Excellence Program, which was in partnership with Florida International University, with an interdisciplinary team of 44 employees from the three regions that developed marketing skills with a special focus on digital marketing.

Implementation of the Marketing Controller tool in Colombia and the Central America and the Caribbean Regions for the development and execution of marketing plans. The tool allowed for the consolidation of all the projects and marketing initiatives.

THE RESULTS OF OUR MANAGEMENT ARE EVIDENCED THROUGH THE MEASUREMENT OF CUSTOMER SATISFACTION LEVELS AND THE TOP-OF-MIND OF THE BRAND IN COLOMBIA WITH RESULTS IN THE GENERAL PUBLIC OF 59 POINTS, 52 POINTS FROM THE SECOND BRAND. PANAMA REACHED 54 POINTS, 33 FROM THE SECOND BRAND.

Future perspective

- To strengthen the brand positioning in all segments and territories.
- To continue with the business development program for the loyalty of customers in the retail and industrial channels in Panama and Dominican Republic, and to extend this initiative to other Caribbean countries.
- To establish the Contact Center or customer service line and transactional support in the Caribbean according to the operation dimension in each country, in order to offer first-level solutions and strengthen our customer service.
- In Colombia, to explore new alternative channels of customer service, purchasing and communication that contribute to the consolidation of value segmentation for the retail business.
- Structuring of the value offer and customers information platform for the fourth-generation roadway concession infrastructure projects that the Colombia government will develop.
- To increase proposals and initiatives of digital marketing projects through the Marketing Summit program carried out in the three regions.
- To implement and give continuity to the customer's experience through the Customer Journey Map tool that allows for knowledge regarding the way in which the consumer interacts with the company.

Supplier management (G4-DMA)

Increasingly aware of our role as a global outreach company with an increased international projection and our commitment to have a sustainable supply chain, we aim at strengthening our relations with existing and potential suppliers, under quality, competitiveness, innovation and sustainability parameters.

Sustainable initiatives in the supply chain resulting in business opportunities with qualitative and quantitative benefits

Colombia

Emission planning in Colombia Region aimed at quantifying emissions in future plans of the Colombia Region operations network and to support their mitigation, control and financial impact strategies.

Qualitative benefits:

- To deliver relevant information for decision-making and indicators control, regarding future emissions based on the operation plans of the Colombia Region network.
- To generate business scenarios to operationally and financially assess the impacts by controls or strategies implementation in the mitigation of emissions.
- To support the fulfillment of the MEGA in terms of CO_2 emissions, linking the intended strategies to the daily operation.

Note: The quantitative value will be estimated once the cost of the CO_2 emissions is known.

Colombia

In 2015, the road safety program was strengthened through subprograms such as Hábitos de buen conductor (Good driver habits), Ángeles de la seguridad vial (Road safety angels) and Punto seguro (Safe checkpoint). The latter initiative was implemented, in collaboration with the National Army and Highway Patrol.

Qualitative benefits:

- To raise safety awareness in line with Argos I Promise Project, which supports our Cultural Pillars, and communications that the value of life is the highest priority.
- To raise drivers' awareness on the importance of safe behaviors both in their daily activities on the country's roads and in their homes.
- We expanded training coverage to 994 drivers.

Colombia

COP $2,924 million

USD $928,410

It refers to the development of an inventory model to ensure optimal supply. The model defines the levels of materials needed to meet the manufacturing and sale needs that mitigate the uncertainties of the supply chain. We implemented the Inventory between Limits indicator (IEL by its acronym in Spanish) to the raw materials purchased, which measures the percentage of materials between the defined inventory levels.

Qualitative benefits:

- The IEL indicator remained at the same optimal level of 78 percent as in 2014.
- Reduction of the working capital and increase of the current asset.
- Better disposal in storage sites.
- Decrease of pollution caused by transportation, storage and handling of raw materials.
- Synergy in the raw materials management among our regions.

Honduras

COP $192 million

USD $61,000

The road safety initiative has developed further. In 2015, we finished the consulting and implementation stage, and Icontec visited us for the ISO 39001 pre-certification.

Qualitative benefits

- To save lives and reduce injuries
- Better company reputation
- Safer behaviors
- No injuries for Argos t ransportation contractors
- **460** certified drivers

Panama

COP $762 million

USD $242,000

Optimization of the packing transportation process through shipment tendering process.

Qualitative benefits

- The service level improved from **85** percent to **88** percent.
- More efficient administrative management by decreasing the amount of freight companies by **40** percent as compared to those in 2014.

AT ARGOS, WE SEEK THAT OUR SUPPLIERS AND CONTRACTORS ARE ALIGNED WITH OUR CORPORATE GOVERNANCE POLICIES, COMPLY WITH THE CODE OF BUSINESS CONDUCT, AND PROTECT SAFETY AND HUMAN RIGHTS.

(G4-12) Description of the supply chain

We play a crucial role managing and leading aspects related to suppliers and contractors who supply us with raw materials, services, consumables and spare parts, transportation, fuel and technology in our three regions where we operate. In addition, we jointly build harmonious, fair, and mutually beneficial relationships supporting a responsible supply chain.

We are committed to ensure transparency and suitability with our supply chain, due to its direct impact on the business performance in terms of cost, quality and sustainability.

Number and payments made to suppliers

Description	Units	Colombia	Caribbean and Central America	United States	Total
Number of suppliers who currently have a relationship	Number	3,877	1,882	6,763	12,522
Value of payments made to suppliers	COP	2,262,028,276,773	765,790,365,668	2,683,679,683,957	5,711,798,326,398
	USD	718,225,059	243,148,963	852,200,429	1,813,574,451

(G4-12) Value of payments per type of purchase

	Colombia		Caribbean and Central America		United States	
	COP	USD	COP	USD	COP	USD
Raw materials	224,592,008,646	71,311,049	409,071,000,901	129,885,664	1,095,927,113,402	347,971,917
Administrative	372,077,441,880	118,139,700	45,176,854,370	14,344,272	235,106,867,830	74,649,661
Transportation	606,696,483,381	192,634,470	58,528,654,115	18,583,652	554,908,004,687	176,190,916
Fuels	265,451,368,150	84,284,457	40,117,238,045	12,737,774	105,528,225,478	33,506,662
Technology	49,902,477,103	15,844,722	4,290,994,263	1,362,450	108,693,286,299	34,511,612
Services	554,309,554,453	176,000,900	109,415,626,831	34,740,965	115,496,747,709	36,671,804
Consumables, spare parts and equipment	188,998,943,160	60,009,761	99,189,997,143	31,494,187	468,319,438,552	148,697,857

One of our basic assumptions is to do business with suppliers who share our principles and values, which revolve around sustainability, innovation, respect for human rights, and compliance with labor and environmental laws.

DEALING WITH SUPPLIERS WHO SHARE OUR PRINCIPLES AND VALUES IS ONE OF OUR MOST ESSENTIAL POSTULATES.

Our management approach

Understanding the risks and the need to mitigate them, we manage our suppliers through the processes of pre-selection, selection, performance assessment, audits, certifications monitoring and management systems. We also have a Procurement Handbook for suppliers of goods and services and a Code of Business Conduct that governs the relationship between employees and other stakeholders, including suppliers and contractors.

These processes and policies allow identifying the risks related to legal, environmental, economic and social issues, and mitigating them through compliance with practices set by the company, which ensure reliability and sustainability in the services contracting and goods supply.

We continue to apply the entire cycle of supplier management. It involves the execution of selection, assessment and development activities, supported by the SAP Ariba technological tool to increase transparency, traceability and standardization of the purcha sing processes.

To continue with the development of suppliers in order to achieve sustainability objectives, we continue working to support our suppliers in the zones of influence of our plants through field visits, group meetings and external consultancy advice. They address specific issues that strengthen companies and increase their standards, thus potentially increasing economic independence of their main customer and, in other cases, improving and documenting their processes.

(G4-EC9) Expenditure percentage in sites with significant operations corresponding to local suppliers

	Colombia		Caribbean and Central America		United States	
	COP	USD	COP	USD	COP	USD
Total purchase	2,262,028,276,773	$718,225,059	765,790,365,668	243,148,963	2,683,979,683,957	852,200,429
Purchase made to local suppliers	2,080,501,111,545	$660,587,690	522,436,525,385	165,880,775	2,565,529,705,756	814,590,933
Percentage of purchase made to local suppliers	92%		68%		96%	
Total number of suppliers	3,877		1,882		6,763	
Number of local suppliers	3,650		1,535		6,742	
Percentage of local suppliers	94.1		82		99.7	

Supplier AM&M, Colombia Region

Performance indicators

We define the suppliers to whom we apply the above mentioned procedures: pre-selection, selection, assessment, sustainability index, audits, consultancies and programs to encourage and contribute to the development and building of suppliers in line with our policies. As a challenge, we increase this coverage every year in order to have greater control and knowledge of both the new suppliers through pre-selection and current suppliers to improve their performance. This way, we ensure compliance with social, environmental, economic and ethical parameters required by the company, and we are part of their growth process in terms of sustainability.

THE SUPPLIER MANAGEMENT CYCLE IS AUDITED BOTH INTERNALLY AND EXTERNALLY IN ORDER TO IDENTIFY IMPROVEMENT OPPORTUNITIES.

Risk management

In 2015, we continue to implement the Suppliers Sustainability Index, jointly developed with the Massachusetts Institute of Technology (MIT), to identify the sustainability risk associated with our suppliers and to outline action plans for management improvement.

The index was applied to 61 suppliers of the critical segments, approximately 50 percent more than in 2014. Among them, the social dimension had the highest performance with the best rating on the Industrial Safety and Occupational Health criteria. It results from the implementation of this type of policies by our allies. The environmental dimension ranked second place, and the criteria with the highest rating was the environmental management system. Finally, the innovation criteria had the best rating in terms of the economic dimension.

Suppliers may or may not take steps to complete the index. In the mid-term, this will be a requirement for the critical segments to be part of our supply chain, and we will establish a minimum rating to that end.

Panama suppliers, Caribbean and Central America Region

We ensure our suppliers' suitability through the pre-selection process by checking on reputational, environmental, ethical, economic and social aspects of their business.

Aware of the importance that this procedure has on risk management and the alignment with the company's policies regarding Industrial Safety and Occupational Health, hedge will be extended to some contractors in order to ensure well-being, quality and our suppliers' service.

In 2015, we continued to assess sustainability on eight suppliers of the Colombia mining segment through conTREEbute, a consulting firm that started the process in 2014 by evaluating 18 suppliers in this segment. A total of 26 suppliers were assessed; particularly, as a consequence of the potential risks related to the environment and child labor. The identification of sustainability-related risks allows us to define and implement improvement plans for each supplier assessed based on findings. The environmental dimension had the best rating, followed by the social and economic dimensions.

Based on the gaps found among the sustainability good practices and the measurement results of our supplier's index, we work on strengthening them through supplier development programs on issues related to corporate governance best practices, our Code of Business Conduct, our anti-corruption and anti-bribery policy, risk planning and assessment, human rights, and relationships with communities in our areas of influence, as well as the measurement of impacts caused on them.

Supplier risks in the Colombia Region

Environmental | Human rights | Labor practices | Social impact | Economic

(G4-EN33) (G4-HR11) (G4-LA15) (G4-SO10)	Environmental	Human rights	Labor practices	Social impact	Economic
Number of suppliers assessed	406	400	406	191	412
Number of suppliers identified with significant, true or potential negative impact (from those assessed)	50	66	72	46	98
Percentage of suppliers identified with significant, true or potential negative impact with whom agreements were made based on the assessment	82	79	82	87	71
Number of suppliers identified with significant, true or potential negative impacts with whom the contracting relationship was terminated	0	0	0	0	2
Percentage of suppliers identified with significant, true or potential negative impact with whom the contracting relationship was terminated	0	0	0	0	2

Supplier risks in the Caribbean and Central America Region

185 new suppliers contracted by the organization

(G4-EN32) (G4-HR10) (G4-LA14) (G4-S09)	Environmental	Human rights	Labor practices	Social impact	Economic
Number of new suppliers assessed using criteria	7	5	9	0	N/A
Percentage of new suppliers assessed using criteria	4	3	5	0	N/A
(G4-EN33) (G4-HR11) (G4-LA15) (G4-S010)					
Number of suppliers assessed	158	160	144	0	66
Number of suppliers identified with significant, true or potential negative impacts (from those assessed)	19	20	20	0	9
Percentage of suppliers identified with significant, true or potential negative impact with whom agreements were made based on the assessment*	0%	0%	0%	0%	0%
Number of suppliers identified with significant, true or potential negative impact with whom agreements were based on the assessment	0	0	0	0	0
Percentage of suppliers identified with significant, true or potential negative impact with whom agreements were made based on the assessment	0	0	0	0	0

*The company is in the process of making improvement agreements with suppliers

Within the sustainability supply chain framework, we continue to implement the strengthening strategy on 56 suppliers in our Colombia plants' zones of influence located in Rioclaro, Nare, Sogamoso, Yumbo and Toluviejo. The entrepreneurial strengthening includes consultancy with expert external consultants in the following areas:

Management: strategic planning, leadership, corporate culture, information management, work team, monitoring and control, efficient use of resources, control dashboards, strategic thinking, and business model.

Financial and administrative: cost structure, revenue sources, budgets, breakeven analysis, suppliers, and resource funding and tax management.

Internal processes: sales strategies and strategic marketing, operating efficiency, standardization and innovation management.

Customer: price, quality, after-sales servicing, brand, image and communication.

We continue to strengthen relationships with our suppliers through activities such as Sustainability Dialogues, which are opportunities to report our management results and to have their feedback, expectations and suggestions in this regard.

Sustainability Week for our suppliers took place again in the regions of Colombia and the Caribbean and Central America with the economic dimension as the main subject: the prevention of fraud, corruption, money laundering and terrorism financing. A total of 175 suppliers were involved in this activity.

One of the main activities of 2015 was the in-depth analysis of the environmental risk measurement in the contracting segment by developing a matrix related to each service. With this matrix, we can be sure that suppliers will know the risks they face in the performance of their activities and that they will generate strategies to mitigate these risks. Following the same methodology, measurement of the communities and social risks started to be carried out.

Future perspective

- **The new sustainability index will be initiated in 2016, with adjustments based on experience and results obtained during 2014 and 2015. It will be refined again with the support of the Massachusetts Institute of Technology (MIT).**
- **We will provide our suppliers with online tools to assess and suggest sustainability improvement plans.**
- **In the second half of 2016, we will implement the Suppliers' Recognition Program, which will allow us to close the supplier management cycle.**
- **In the short term, we will also continue to strengthen the supply chain and increase the training coverage for our suppliers on corporate governance good practices, Code of Business Conduct, anti-corruption and anti-bribery policy, planning and risk assessment, and relationship with communities in the zones of influence, as well as the measurement of impacts caused on them.**
- **In the mid- and long-term, we will continue to analyze and implement the national and international best practices of sustainability in order to improve the implementation of initiatives such as the Global Compact and the Cement Sustainability Initiative (CSI).**

Employees in the Toluviejo Cement Plant, Colombia Region

Compliance (G4-DMA)

(G4-EN29) (G4-PR9) (G4-SO8) In 2015, there was full compliance with the environmental or supply and use of products- or services-related legislation.

We received, through the Transparency Hotline, 1,298 calls that were answered according to the procedure specified in the Code of Business Conduct.

Our competition policy defines standards and guidelines for employees in relation to competitors and the market. In general, our governance and transparency standards exceed the minimum legal requirements.

(G4-SO7) Because of the oligopolistic condition of the Colombia cement market, we report some current investigations with no final decision for Argos:

- The Superintendence of Industry and Commerce of Colombia initiated an investigation on August 21, 2013, into five Colombia cement companies, including Argos, for the alleged commission of restrictive business practices. Consequently, it also initiated an investigation into four of our employees. This proceeding, for which the evidentiary stage ended in December 2014, is dealt by us, fully convinced of having always acted with full adherence to the law, confident that the Colombia institutions will continue to follow a process objectively and professionally. The legal action is pending.
- In December 2008, the Superintendence of Industry and Commerce imposed a financial penalty on Argos and two other Colombia cement companies in the amount of COP $923 million each, for the alleged commission of restrictive business practices.
- In the same action, the legal representative of the three companies was fined in the amount of COP $138 million.

This ruling was subject to appeal for reversal by Argos and subsequently confirmed by the Superintendence in January 2010. Argos filed a lawsuit against that ruling before the Colombia administrative jurisdiction, and in the decision of December 3, 2012, the Administrative Court of Cundinamarca ruled that both decisions were invalid, thereby, exonerating the company and the legal representative from the total fines. The Superintendence of Industry and Commerce decided to appeal, and the final decision is in the hands of the State Council.

Future perspective

- **To continue with the training plan and the dissemination of the corporate policy and its regional annexes in the several countries where we operate**

INNOVATE MEANS TO VALUE EXPERIENCE


Argos Center for Innovation in Medellín, Colombia

6 SOCIAL DIMENSION

Occupational health and safety

(G4-DMA) Industrial Safety and Occupational Health

We seek to ensure safe and healthy working conditions for all of our employees, preventing work accidents, occupational diseases and emergencies so that we all go back home healthy and safe.

We promote occupational health and safety monitoring and minimizing our employees' risks. We implement the best national and international practices for occupational health and safety, and we take due responsibility for complying with the legal requirements. It is our strong interest to strengthen a safety culture built on values and supported by a unified management system.

EMPLOYEES WHO ARE PHYSICALLY AND EMOTIONALLY HEALTHY, TODAY AND IN THE FUTURE, INSPIRE OUR OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT.

Employee in our Atlanta Cement Plant, United States Region

To further advance these goals, we implement the I Promise Project, under the guidance of DuPont, a world leader in occupational health. It marks a positive change in the safety culture of the company and has contributed significantly to the decrease in incidents, and it has also spread to our value chain, specifically the contractors, suppliers and communities that are close to our operations.

We are currently investigating 100 percent of lost time incidents. We develop action plans that are continuously monitored for fulfillment.

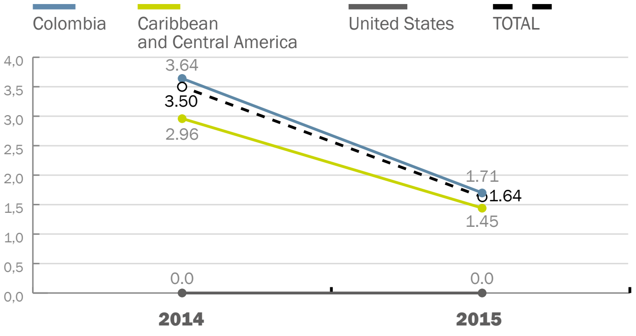
We learn from our mistakes to prevent risks from happening again and affecting our employees' health.

Although the lost time incident frequency rate decreased 47.5 percent, we regret the loss of one employee in 2015, in a work-related accident. As a result, there is a demand from all employees to work even harder to ensure their own and others' safety.

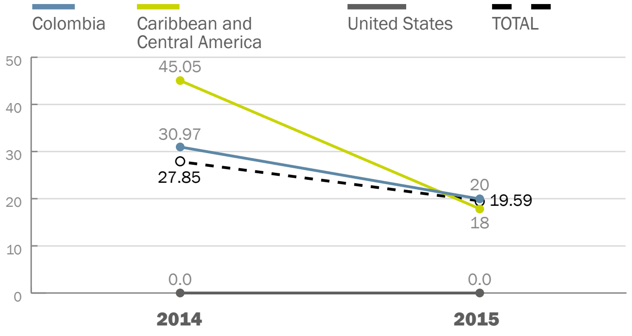
Lost time incident frequency and severity rate

Contractors' lost time incident frequency and severity rate

Lost time incident frequency rate

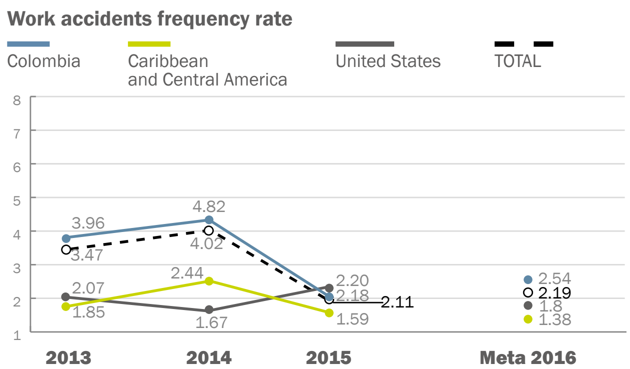


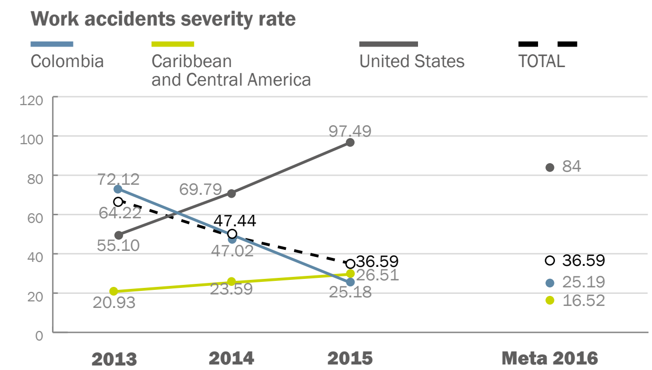
Severity rate



SAFETY IS NO LONGER A PRIORITY FOR CEMENTOS ARGOS, IT BECOME A VALUE, BECAUSE PRIORITIES CHANGE, BUT VALUES REMAIN.

Employees' and contractors' lost time incident frequency and severity rate consolidated report





2015

	Colombia	Caribbean and Central America	United States	TOTAL	Measurement unit	
Lost time incident frequency rate	0.7	0.00	ND	**0.58**	Number of lost time incidents per 1,000,000 hours	**See GRI Table** Total accidents and absent days 2014 Colombia Region
Severity rate	10.43	0.00	ND	**8.66**	Number of lost days per 1,000,000 hours	

THE I PROMISE PROJECT HAS SHOWN US THE IMPORTANCE OF SAFETY AND WORKING AS A TEAM. ONE STRATEGIC COMMITTEE, FOUR TACTICAL COMMITTEES AND 15 OPERATING COMMITTEES FROM 13 COUNTRIES, ALONG WITH THEIR SIX SUBCOMMITTEES PER DISCIPLINE, MEET EVERY MONTH TO ALIGN AND IMPLEMENT OH&S STRATEGIES.

Consolidated Reports

	2015		2015 Goal		**2016 Goal**	
	Frequency	Severity	Frequency	Severity	**Frequency**	**Severity**
Colombia	2.18	25.18	3.37	32.92	**2.54**	**25.19**
Caribbean and Central America	1.59	26.51	1.71	16.52	**1.38**	**16.52**
United States	2.20	97.49	1.33	56.00	**1.8**	**84**
Total Argos	2.11	36.59	2.78	33.59	**2.19**	**36.59**

One of our seven principles is "Be the example, you have the right to speak loud." It means that any person in our organization can stop work if he/she believes that it is not being done in a safe manner. This evidences our commitment to everybody's safety and the importance of the empowerment of each of the company's members in this regard.

THANKS TO I PROMISE PROJECT, WE INTEGRATE OPERATIONS IN OUR THREE REGIONS.

Our management approach

Innovation in Cementos Argos spreads to the industrial safety and occupational health governance structure (OH&S), through which we promote the safety culture transversally involving about 1,000 people in the three regions by multidisciplinary work teams.

OH&S Central Committee

Advisor: Raúl Salgado, OH&S Manager

Leader

- **Jorge Mario Velásquez** | CEO

Members

- **Colombia Vice President**
  Tomás Restrepo
  Corporate
- **Technical Vice President**
  Víctor M. Lizarralde
  Operating Discipline
- **Vice President of Caribbean and Central America Region**
  Mauricio Ossa
  Occupational Accidents Investigation
- **Vice President of Innovation**
  Camilo Restrepo
  Contractors' Management
- **Vice President of Legal and institutional Affairs**
  Juan Luis Múnera
  Risk Management
- **Vice President of the United States Region**
  Eric Flesch
  I Promise to observe
- **Vice President of Talent**
  Jorge Ignacio Acevedo
  Occupational Health
- **Vice President of Finance**
  Carlos Horacio Yusty
  Corporate
- **Vice President of Sustainability**
  María Isabel Echeverri
  Corporate

Operating Discipline Subcommittee
Leader
- Víctor Lizarralde
  Corporate

Accidents Investigation and Analysis Subcommittee
Leader
- Mauricio Ossa
  Caribbean and Central AmericaAmerica

I Promise to Observe Subcommittee
Leader
- Eric Flesch
  The United States

Risk Management Subcommittee
Leader
- Juan Luis Múnera
  Corporate

Occupational Health Subcommittee
Leader
- Jorge Ignacio Acevedo
  Corporate

Contractors' Management Subcommittee
Leader
- Camilo Restrepo
  Corporate

Our work starts from the senior management of the company with OH&S Central Committee, which consists of the president and the nine vice presidents who define and supply documentary evidence of strategies. They lead six disciplines: accident investigation and analysis, I promise to observe, operating discipline, risks, contractors and occupational health management.
Each area has its own standards, rules and procedures developed in the different operating units of the company.

One of the members of each subcommittee leads, in turn, a Tactical Subcommittee that reports to the OH&S Central Committee. At the same time, there is a group of 43 operations that report information to the corresponding Tactical Committee. This way, the communication chain is clear and fluent and the system is sound.

RAISING OUR EMPLOYEES' AWARENESS IS ESSENTIAL TO PROMOTE THE SELF-CARE CULTURE IN THE GLOBAL ORGANIZATION.

OH&S in the Roberta Plant, United States Region

As the senior management of the company is fully aware of OHS aspects there is enough leadership and credibility to improve safety. Each one of the subcommittees meets every month for a minimum of two hours, according to an annual calendar previously defined. **There are 44 meeting hours per year and one of our purposes is to dedicate at least 80 hours per year to safety.** There are records written after each committee meetings, all of which are previously prepared to monitor compliance.

This collaborative work allows a definition of strategies, allocation of resources and implementation.

OCCUPATIONAL HEALTH AND SAFETY
TALENT MANAGEMENT
COMMUNITY ENGAGEMENT

Employees in our Sogamoso Plant, Colombia Region

We currently go into the field to record safety conditions and to reinforce positive behaviors and to draw attention to negative behaviors. This work has been facilitated by our employees. There were 40,510 observations conducted in 2015 and 60,000 observations are expected for 2016. This allowed us to identify and correct safety deviations to avoid lost time accidents.

At the same time, we develop tools of communication, risk management, qualified personnel, accident investigation, emergency preparedness and audits, all of which with the purpose of consolidating our position as a leading company in terms of occupational health and safety.

(G4-LA5) One hundred percent of our employees in the three regions are currently represented by different occupational health and safety committees. There we deal with issues such as the identification of risks that might generate injuries or diseases in all the company's activities and facilities, delivery of personal protective equipment and the participation of employees in the promotion and prevention actions; these aspects are recorded in the Labor Regulations. (G4-LA8) Likewise, 100 percent of the collective agreements include a specific chapter related to industrial safety and occupational health policy.

Performance indicators

For 2015, we endeavored to reduce the accident frequency rate by 30 percent as compared to the 2014 result, a goal that we reached with a reduction of 47.5 percent. This shows that we are going in the right direction and invites us to accelerate our management.

We have improved in terms of international safety standards, on the basis of the culture perception survey conducted by the DuPont firm, going from a score of 59 points in 2013 to 70 points in 2015, which sets us closer to the best world practice of 80 points.

In addition, we have made progress in the updating and standardization of procedures and formats to manage occupational health and safety. We now have more than 40 performance indicators designed to timely assess and modify processes for our employees' well-being.

WE HAVE 40 PERFORMANCE INDICATORS FOR THE COMPANY'S HEALTH AND SAFETY ASSESSMENT, CORRECTION AND INNOVATION.

Occupational risks management

We have corporate systems of epidemiological monitoring for diseases related to the productive activity with three priorities: noise, breathable dust and biomechanical risk. We also have procedures to monitor, control and mitigate the occupational risk in employees who are exposed.

Our work starts with the noise and particulate matter (PM) measurement to identify areas where permissible levels are exceeded and to establish action plans. Likewise, as a way of prevention, our employees use high-quality personal protective equipment such as high efficiency respirators for PM, safety glasses, helmets, gloves, reflective garments and hearing protectors. This is supplemented by risk mitigation or control programs, both in the equipment and the environment. Employees who are exposed to these risks undergo regular medical check-ups.

OUR ACTION PLANS PREVENT DISEASES RELATED TO NOISE, DUST AND BIOMEDICAL RISK.

(G4-LA6) Type and rate of injuries, occupational diseases, lost days, absenteeism, and number of work-related fatalities, broken down by region and sex

Employees

		2012	2013	2014	**2015**	Measurement unit
Number of work-related accidents	Colombia	86	76	90	**41**	**Cases**
	Caribbean and Central America	5	5	10	**5**	
	United States	17	12	12	**17**	
Days absent due to work-related accidents	Colombia	1,451	1,520	969	**462**	**Days**
	Caribbean and Central America	249	77	69	**104**	
	United States	852	319	502	**754**	
Number of cases of occupational disease	Colombia	4	7	5	**10**	**Cases**
	Caribbean and Central America	N/A	N/A	N/A	**0**	
	United States	N/A	N/A	N/A	**N/A**	
Days absent due to occupational disease	Colombia	21	117	0	**147**	**Days**
	Caribbean and Central America	N/A	N/A	N/A	**0**	
	United States	N/A	N/A	N/A	**N/A**	
Number of short/long-term disability cases due to common illness	Colombia	4,517	4,743	5,486	**4,644**	**Cases**
	Caribbean and Central America	N/A	N/A	N/A	**76**	
	United States	N/A	N/A	N/A	**N/A**	
Days of short/long term disabilities due to common illness	Colombia	16,608	19,118	18,215	**20,754**	**Days**
	Caribbean and Central America	N/A	N/A	N/A	**585**	
	United States	N/A	N/A	N/A	**N/A**	
Total hours worked	Colombia	10,954,632	14,683,741	13,863,459	**14,086,050**	**Hours**
	Caribbean and Central America	2,740,653	3,255,391	4,459,372	**2,874,077**	
	United States	5,616,031	5,789,987	6,666,279	**7,252,270**	

(A-SI2) Contractors

		2012	2013	2014	2015
Number of work-related accidents	Colombia	88	53	72	**37**
	Caribbean and Central America	5	3	5	**5**
	United States	0	0	0	**0**
Days absent due to work-related accidents	Colombia	1,082	784	612	**437**
	Caribbean and Central America	72	22	76	**63**
	United States	0	0	0	**0**
Total hours worked by the collective contractors	Colombia	17,276,400	17,613,360	19,758,597	**21,614,822**
	Caribbean and Central America	1,174,565	1,395,167	1,686,202	**3,426,210**
	United States	N/A	N/A	527,118	**481,518**

		2015 TOTAL
Total number of contractors It is also understood as total number of the suppliers' workers in the operation	Colombia	**8,935**
	Caribbean and Central America	**1,430**
	United States	**240**
Total number of contractors on which occupational health and safety measurement and monitoring are conducted It is also understood as total number of the suppliers' workers in the operation	Colombia	**8,935**
	Caribbean and Central America	**1,430**
	United States	**240**

	2014	2015			
	TOTAL	Colombia	The Caribbean and Central America	United States	TOTAL
Employees' fatalities	1	**1**	**0**	**0**	**1**
Contractors' fatalities	2	**0**	**0**	**0**	**0**
Third parties' fatalities residents of communities in zones of influence, facilities visitors and other stakeholders	9	**6**	**N/A**	**N/A**	**6**

See GRI Table
Total accidents and absent days in 2014, Colombia Region

(G4-LA7) Employees whose occupation has a disease incidence or high risk

		2015
Number of employees with incidence or high risk of work-related disease	Colombia	**10**
	Caribbean and Central America	**8**
	United States	**N/A**

Caribbean and Central America: Information from Dominican Republic and Haiti. (These values were taken from the 2015 medical surveillance measurement, based on the spirometry and audiometry tests with unusual finding).

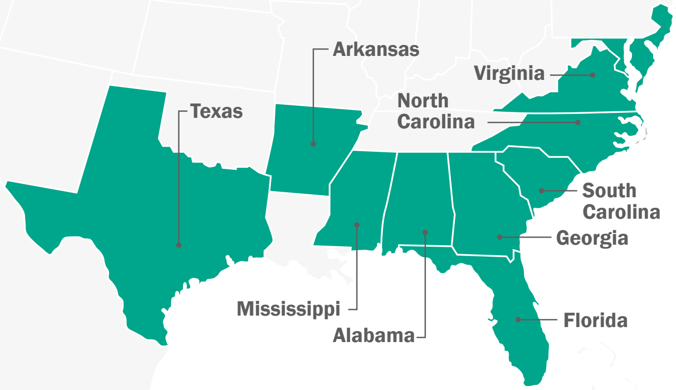
In the process of identification of the main occupational disease risks we find the highest incidence in those related to musculoskeletal problems, respiratory diseases and hearing loss. Given this situation, we decided to implement epidemiological monitoring systems for each of these risks, as well as a common illnesses preventive program, with the involvement of all employees and contractors.

One hundred percent of our employees are trained on occupational health and safety issues. The following aspects are highlighted in these training processes: emergency plans, communication of risks, personal protective equipment, hazardous materials, materials handling, electrical hazards, prevention of occupational and common illness, and prevention for working at heights, workplace order and cleanliness, among others. (CSI – Employee Health and Safety)

OCCUPATIONAL HEALTH AND SAFETY
TALENT MANAGEMENT
COMMUNITY ENGAGEMENT

Regions and Technical Vice-presidency management

The OH&S structure is reflected in each of the region through the four tactical central committees, led by the Technical vice president, Víctor Lizarralde and each region vice president: Eric Flesh in the United States; Tomás Restrepo in Colombia and Mauricio Ossa in the Caribbean and Central America region All of them are supported by a primary group and they dedicate certain time every month exclusively to discuss and address issues related to safety and health.



The United States Region

It is worthwhile to acknowledge the operation and its employees in our Newberry plant in Florida, an operation without incidents in the last ten years, a benchmark of good industrial safety and occupational health practices.

In addition, the region has two directors of Industrial Safety and Occupational Health, one for concrete and the other for cement, who support the implementation of OH&S Policies and the I Promise programs.

THE I PROMISE PROJECT HELPED US TO INTEGRATE OPERATIONS IN THE COUNTRIES AND TERRITORIES WHERE WE OPERATE.

Caribbean and Central America Region

Its geographic and cultural diversity make industrial safety and occupational health management to be a challenge. For this reason, we have undertaken to optimize this performance seeking that each country, regardless of its social or legal development, complies with the company OH&S Policy so that all people return home safely.

An occupational health and safety director was appointed as a result of this strengthening. Its mission is to strengthen the OH&S management in each country and to manage the information therein set forth.

Colombia Region

We lowered the accident frequency rate in Colombia by 54.77 percent going from 4.82 to 2.18 between 2014 and 2015. This means that the 162 injury incidents in 2014 were lowered to 78 in 2015. We now have operations that exceed five years without work related incidents, which represents a great achievement for the Colombia culture and context and it becomes a driver to continue working for our employees and contractors' health and safety. We are a benchmark of good practices in the country.

On the other hand, we expanded our team structure in 2015 by appointing an occupational health and safety director who supports all the country's operations, and an occupational health doctor as leader of occupational health. She is responsible for the prevention of occupational diseases and makes plans for the control of general illnesses.

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Technical Vice-presidency

In 2015, the Technical vice president trained two of its engineers as occupational health and safety multipliers and appointed a full time leader to support the management and implement action plans to avoid injuries and accidents in the construction projects led by this vice-presidency. Likewise, aspects of the health and safety system were included in its different stages of basic engineering, detail engineering, execution and commissioning of equipment or the new facility.

WE STRIVE FOR A SAFER WORLD. WE WANT TO TRANSCEND SO THAT OUR EMPLOYEES' SAFETY BECOMES A REALITY IN OUR OPERATIONS, AT HOME, IN THE FAMILY AND COMMUNITY.

We underline the generation of the culture of care, essential for safe working. It plays a key role in accidents prevention since it involves a number of skills that allow our employees to make the right decisions regarding the risks and to develop safe habits for their co-workers and their own safety and health.

Employee in our Puerto Rico Plant, the Caribbean and Central America Region

Case study

- **Amatia, health and safety in real time**

In 2015, we designed the Amatia tool, a digital and friendly platform that will allow documenting and knowing incidents in real time, the frequency and severity rates and the number of observations per operation, business and country.

Amatia was developed in a team by all the regions, which allowed integrating our company.

Future perspective

- **To strengthen the governance structure in OH&S.**
- **To close the performance gaps of the occupational health and safety operations.**
- **To ensure compliance with the procedures that save lives (working at heights, hot work, confined spaces, equipment transportation, working with harmful energy and personal protective equipment procedures).**
- **To set up the Amatia platform.**
- **To progressively reduce the number of incidents, seeking to become a benchmark in the safety and health sector.**
- **To have a unified management system to keep OH&S results in the long run.**

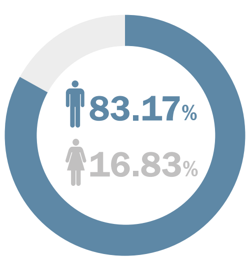
Talent management

(G4-DMA) Talent attraction, development and retention

Talent management is one of our priorities. Talent allows us to achieve organizational goals and the development of our employees. The actions we carry out about our work practices, and the attraction, retention and development of human talent are based on Global Compact principles, respect for the laws and regulations of the countries where we operate, in our talent management, diversity and inclusion, gender equality, human rights policies, and on the pillars of our corporate culture. In line with this approach and in order to reach the organization's strategic priorities, we seek to strengthen our identity as a company based on respect for diversity. To do this, we focus on the respect, relevance and leadership corporate pillars.

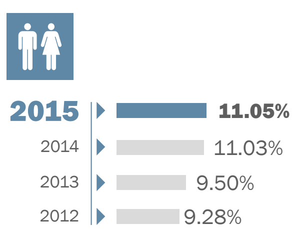
The Educa training model, along with the Performance Management Program (PGD, by its Spanish acronym) and the promotion of healthy work environments are some of the most important tools we have implemented for the management and promotion of the employees' development, which allow us to respond to the challenges of the coming decade.

(G4-LA1) New hires per gender by percent



(G4-LA1)
SCAN THE CODE

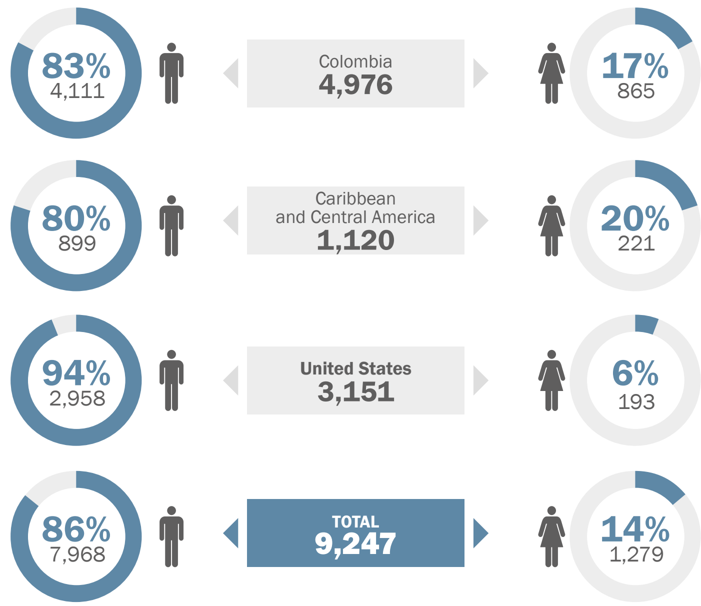
(G4-LA1) Employee turnover rate



(G4-LA1)
SCAN THE CODE

(G4-10)
SCAN THE CODE

(G4-9) (G4-10) Work force

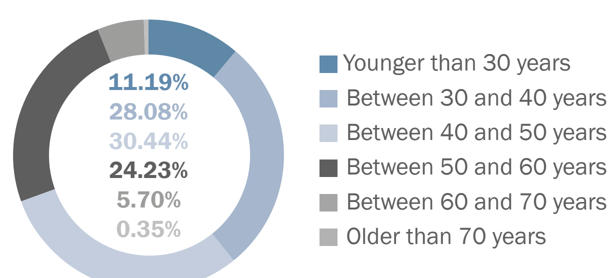


Employees broken down by employment status

Operational level	Specialist level	Director level	Managerial level	Executive level
71.43%	23.76%	3.31%	1.40%	0.11%

DIVERSITY IS OUR MOST VALUABLE ASSET THAT, BASED ON OUR DIFFERENCES, ALLOWS US TO BUILD AN INCLUSIVE COMPANY WITH CREATIVE POTENTIAL.

Employees broken down by age



Men and women broken down by employment status (G4-LA12b)

	Operational level	Specialist level	Director level	Managerial level	Executive level
Men	92%	69%	73%	85%	90%
Women	8%	31%	27%	15%	10%

(G4-LA10) Development of our talent

Educa combines online, face-to-face and mixed learning to incorporate specific and cross-training into the entire organization. Since the beginning in 2013, the program has shown that geographical and language barriers may be overcome through a structured training model. This is carried out by a method that allows for the identification of training needs, from the development of business variables through human talent improvement.

Educa was launched in Haiti, St. Maarten, St. Thomas, Antigua and Dominica in 2015. By having this platform in these geographical areas we not only reach our employees with courses in English and Spanish, but we also officially implemented the Educa platform in French and Creole. We expect to launch the program in Suriname and French Guiana in 2016. In addition, for personnel with low literacy levels, we redesigned orientation modules to adapt them using a simpler language and without text, totally narrated in English and Creole.

In 2015 we taught 39,972 hours of online training and had 512,376 hours of face-to-face training, 12 percent more than in 2014.

(G4-LA9)

SCAN THE CODE

(G4-LA9) Average number of hours of annual training per employee, broken down by employment status

Number of training hours	2012	2013	2014	**2015**
Nivel 1: Executive	372	325	5,213	**1,246**
Nivel 2: Managerial	2,807	6,271	13,326	**12,055**
Nivel 3: Director	15,232	35,575	30.628	**35,481**
Nivel 4: Specialists	55,523	125,658	196,787	**193,018**
Nivel 5: Operational	80,012	218,023	246,230	**310,547**
TOTAL	**153,946**	**385,852**	**492,184**	**552,348**

In partnership with the Georgia Institute of Technology (Georgia Tech) we provided training processes to 47 employees in the three regions that were involved in the supply chain course in order to strengthen the supply chain, create synergies and projects among the regions with value adding.

In addition, in the United States, through our partnership with the University of California, Berkeley (UC Berkeley), we exclusively developed the Leadership for Equality course with the participation of 55 women from the Argos corporate group (35 of them belong to Cementos Argos). The course seeks to strengthen their leadership skills and analyze the importance of women's role in the corporate world and how they can lead the change. In partnership with this institution, the members of our board of directors and steering committee were also trained on how to strengthen managerial and negotiation strategies skills.

BY 2015, 96 OF OUR EMPLOYEES HAVE TAKEN GRADUATE CERTIFICATION COURSES, MASTER'S DEGREES OR DOCTORATE DEGREES IN COLOMBIA AND ABROAD WITH THE COMPANY'S SUPPORT.

In addition, we offer our employees with development opportunities. We validate the talent potential through identification methodologies. Likewise, this year we highlight the implementation of the Development Road maps model by the vice president of innovation, methodology which allows us to visualize different ways of promotion and development for employees within Argos. For next year, we expect to implement this methodology in other areas of the organization.

In order to manage performance, knowledge and to consequently promote our employees' development, Argos encourages international mobility with the possibility of working in different countries where we operate. This method also gives employees the opportunity to learn about different traditions and cultures and allows broadening work concepts and methodologies. This year, 26 employees took part in the International Mobility Program.

SCAN THE CODE

(G4-LA11) **Performance and development assessment**

SCAN THE CODE

(G4-LA12) **Government bodies**

SCAN THE CODE

Talent Management Policy

Employment equality

Thanks to the organization's decisive process of cultural transformation, we make a positive impact on the work environment while we promote diversity, inclusion and equal opportunities principles. Convinced that diversity adds value and that it is needed to generate conditions and relations to contribute to the improvement of our employees' quality of life, we have implemented sustainable labor practices, which were acknowledged in Colombia by the Ministry of Labor with the support of the Office of the Presidential Adviser on Equality for Women and the United Nations Development Programme (UNDP), being awarded with the "Implementation of Actions for Equality" Silver Class of the Equipares Label.

WE HAVE 55 FEMALE CONCRETE MIXER TRUCK DRIVERS IN COLOMBIA AND THE UNITED STATES.

This label is part of the label community for Gender Equality in Latin America, led by the regional United Nations Development Programme. This recognition reasserts us as a social innovation benchmark, where men and women find equal opportunities.

Based on our Diversity and Inclusion Policy, we are working on issues such as cultural adaptability, work-life balance, reinstatement and gender equality. Our goal is to have posts held according to skills, regardless of gender. This can be illustrated by female drivers who drive concrete mixer trucks and male personnel who work in secretarial positions in Colombia. We promote actions that represent significant progress in terms of equity such as telecommuting, an option that seeks to provide balance between personal and work life and the incorporation of inclusive language within our communications.

Female concrete mixer truck driver, Colombia Region

Furthermore, we are an international benchmark in terms of gender equality, and we were invited to explain our developments in Panama, El Salvador and Chile. We are now signatories of the United Nations Global Compact in the Women's Empowerment Principles chapter.

SCAN THE CODE

(G4-LA13)

Comparison between women and men's base salary, broken down by position

SCAN THE CODE

(G4-EC6)

Proportion of senior management hired from the local community at significant locations of operation.

WE SEEK FOR COMPETITIVE COMPENSATION IN THE DIFFERENT MARKETS, THUS ENSURING OUR BUSINESS SUSTAINABILITY.

Corporate culture and quality of life

The seven pillars of organizational culture were deployed through activities that are part of the All Aboard strategy, which reinforced the message "It is what is inside that counts." The goal of the All Aboard strategy was to consolidate Argos' corporate culture and leadership style, as well as generating a commitment from employees to do their best every day and to comply with the strategic priorities we have set as a company.

The All Aboard event reached more countries in 2015. At the Caribbean and Central America Region, it was carried out in Honduras, Antigua, Dominica, St. Thomas and Puerto Rico, and a total of 185 employees attended. Four more events were held at the United States Region, where 604 people attended. In total, we held nine All Aboard events and the total number of participants was 789.

CONCRETOS ARGOS RANKED FOURTH IN THE GREAT PLACES TO WORK 2015 LIST, AMONG THE BEST COMPANIES TO WORK FOR IN COLOMBIA*.

***IN THE COMPANIES WITH OVER 500 EMPLOYEES CATEGORY.**

(G4-LA2) In tune with the framework of talent management policy and the culture pillars, we offer a portfolio of benefits, differentiated by country, which allows our employees to increase their satisfaction, time spent with their families and quality of life.

Programs such as special hours, benefits after maternity leave, proximity work, health, recreation and sports programs, and extralegal benefits (health plan, savings plan, life insurance, among others) motivate employees to exceed the company's goals, to recognize the achievement of corporate goals and help promote a balance between work and personal life.

In 2015, we implemented in Colombia the gradual return to work of employees who were still breastfeeding. After their maternity leave, mothers return to work on a part-time basis during the first week, and then increase one hour each week until they reach a full-time workday minus one hour over the course of the first year. By law, nursing mothers in Colombia return from maternity leave and must fulfill a full workday minus one hour for breastfeeding during the six months following the end of said maternity leave.

It is also worth mentioning that in 2015 we were recognized in Colombia by the Ministry of Labor and the Ministry of Information and Communications Technologies as a leading company in the country in terms of telecommuting. In 2015, 84 employees worked under this modality. Telecommuting joins other quality-of-life-at-work practices that produce benefits such as increasing productivity, reducing stress, saving time and travel expenses, and supporting the mobility plans of the cities where we operate.

We develop work relationships under conditions of respect, equality and fair treatment. We promote dialog among our employees and management, and we receive feedback through different internal communication mechanisms. We respect the right to freedom of association or not, and to establish collective work negotiations in accordance with the law. Throughout the year, 64 percent of our employees participated in the Performance Management program. As well, the Evaluation 360° corporate strategy was carried out with vice presidents and managers in the three regions by their supervisors, peers and subordinates.

WE ARE THE SEVENTH BEST COMPANY AT ATTRACTING AND RETAINING TALENT ACCORDING TO THE 2015 MERCO TALENTO COLOMBIA RANKING. WE CLIMBED TWO SPOTS ON THE LIST SINCE 2014.

Future perspective

- We are aware of the importance of preparing our new employees to face business challenges and to reach new goals, so we will continue to strengthen our Educa training model by broadening the available educational offers according to the company's needs, and with special emphasis in virtual training.
- We will expand the performance management scope in order to cover 85 percent of our employees across different levels of the company,
- We will aim for the 360° evaluation to cover 80 percent of the posts in middle and senior management, thus increasing the base that has been evaluated so far.
- We will strengthen our Pillars of Culture across the different geographic locations where we operate.

Community engagement

(G4-DMA) Direct, close and permanent relationships with neighboring communities ensure their continuity as well as the fulfillment of our promise of value: to be good neighbors and to contribute to the local influential communities, while endeavoring to be an actor that adds to social harmony and contributes to their development. In the specific cases of the regions Colombia and the Caribbean and Central America, we have a team of professionals dedicated exclusively to ensuring the continuity of these relationships, directly addressing any concerns or complaints that may arise regarding the operation, and proposing and executing initiatives aimed at preventing, mitigating and offsetting the negative impacts the operation may generate.

GOOD RELATIONSHIPS WITH COMMUNITIES ARE A PILLAR OF OUR STRATEGIC SUSTAINABILITY PRIORITIES; THEY ARE CRUCIAL TO ENSURING THE STABILITY OF OUR BUSINESS IN THE SHORT, MEDIUM AND LONG TERM.

Beneficiary of community management, Colombia

Delivery of school kits, Honduras, Caribbean and Central America

We know that industrial activities have impacts, both positive and negative, that affect the daily life of the groups where we have settled. Our operations generate direct and indirect quality jobs, productive chains that energize local economies as well as local, regional and national tax contributions that leverage the development of the communities. Additionally, considering that the emission of PM, noise and vibrations, as well as the increase of heavy load traffic are byproducts of the life cycle of our products that can be inconvenient, we pay special attention to preventing, mitigating and/or correcting them when the aforementioned measures are not enough.

SCAN THE CODE

(G4-MM6) **Number and description of significant dispute resolutions related to the use of land, customary rights of local communities and indigenous peoples.**

Our management approach

Community management is becoming increasingly important across the company's diverse operations. We currently have a corporate division that designs strategies and standardizes goals and lines of work for all three regions.

Based on socio-economic profiles, the application of a risk model of community interactions and the identification of local actors, we acquired detailed knowledge of the areas where we operate, which enables us to intervene in a manner that is adequate and relevant to local contexts and the impacts we cause.

The main mechanism for complaints is through local teams, because we favor face-to-face contact and closeness with our various communities. We also have a Transparency Line, which has a communities category. In 2014, complaints were recorded for the Colombia Region only, but as of 2015 we began to receive complaints for the Caribbean and Central America Region as well. The communities category has 12 subcategories which were created based on the most recurrent complaints, and they refer to environmental effects (water, noise, air, vibrations, visual), mobility impairment, effects or damage to private/public property, road safety, failure to fulfill commitments, illegal mining, and invasion of land, among others. In order to see the information for the indicator (G4-SO11), (Number of complaints regarding social impacts that have been submitted, addressed and resolved through formal complaint mechanisms), please refer to the chapter on Governance, Ethics and Transparency.

In 2015 we analyzed the relationship practices at each of the regions and we identified the strengths that could be replicated in other areas, as well as the opportunities for improvement, based on the acknowledgment of and respect for local contexts.

Based on this, we are now working on building a comprehensive and inclusive policy for processes and procedures that take into account the particular aspects of each region and sub-region within our areas of influence.

During this same period, we updated the risk matrices for the Colombia Region and for operations in Honduras, Panama, the Dominican Republic and Haiti for the business lines of cement, concrete and aggregates. The most frequent risk at both regions and in the three business lines is accidents, the main causes of which are the number of heavy-load vehicles from our operations that circulate on the roads and, in some areas, lack of infrastructure and poor driving etiquette.

(G4-SO2) Operations facilities with real or potential significant negative impacts on the local communities

Colombia		
Actual	6	Risks and impacts associated to road safety.
Potential	6	Damages or effects to private property, issues associated with road safety.
Caribbean and Central America		
Potential	3	Damages or effects to private property, issues associated with road safety.

Nota: United States information not reported.

(G4-SO1) Percentage of facilities where development, impact evaluation and local community participation programs have been implemented

Relationship and community development programs
Voluntary initiatives

Cement
Colombia: 9 plants
100%
55%
Caribbean and Central America: 1 plants
100%
100%
United States: total 3
100%
100%

Clinker grinding
Caribbean and Central America: 5 grinding mills
60%
100%
United States: 3 grinding mills
33%
100%

Concrete
Colombia: 27 plants
37%
50%
Caribbean and Central America: 9 plants
33%
100%
United States: NA

Ports/terminals
Colombia: 1 port
100%
0%
Caribbean and Central America: 11 puertos
63%
100%
United States: NA

75% of our facilities have relationship and community development programs.

Note 1: Only fixed plants were considered for concrete | Nota 2: Only active grinding mills were considered
Note 3: There are no clinker grinding mills in Colombia

Performance indicators

In order to fulfill the commitment we made in 2014 to establish educational impact indicators, in 2015 we carried out an evaluation together with the University of los Andes through which we collected qualitative and quantitative information at institutions intervened by the Argos Colombia Foundation.
The goals were as follows:

- To identify, from the perception of those involved, the impact of our interventions on indicators of school environment, coexistence, pedagogical practices, performance of teachers and students, and the relationship between them and the community in general.
- To determine the causal impact that Argos has had on the educational infrastructure in terms of variables such as access to school and attendance, quality of education (understood as standardized tests) and access to higher education.

Similarly, we developed an application together with the University of Antioquia to keep track of information, with indicators for infrastructure and quality of education, and we started implementing the Regional Educational Infrastructure Census (CIER for its Spanish acronym) instrument, donated by the Inter-American Development Bank.
The goal is to find out about the condition of the educational infrastructure in our areas of influence in order to prioritize and make decisions related to investment, and managing and monitoring the existing infrastructure.

Lines of investment

The established lines of investment, which are applied according to actual or potential damages derived from our operations and whose goals are related to building relationships and contributing to development, are: education, housing, community infrastructure, community strengthening, productive projects, social and cultural strengthening, and sponsorships.
In 2015, some of the impacts achieved by participating in initiatives related to infrastructure were:

(G4-EC7) Development and impact of investment in infrastructure and types of services

Program	Impacted People	Region	Sector	Invested Resources		Impact
				COP billion	USD billion	
Improvement, construction and provision of educational infrastructure	20,230	Three regions	Education	8.9	2.8	Better physical spaces with adequate provisions for children to study in good conditions
Improvement, maintenance and/ or construction of public parks, roads, bridges, community halls	117,686	Three regions	Infras-tructure	14.1	4.5	Better roads, public and community spaces that promote enjoyment and community gatherings
Housing improvements and construction. Preferential pricing on products for the improvement and construction of housing.	37,503	Colombia and Caribbean and Central America regions	Housing	35.3	11.2	Better, healthier and safer spaces to inhabit (own investment) Better opportunities to purchase or improve housing through preferential pricing

Results by region

United States Region

- Relationships with local communities headed by the director or manager of each operation
- Implementation of the sustainability program that includes aspects of community relations
- Recognition of relationship practices, identification of strengths and opportunities, mapping and rating of stakeholders in all operations
- Creation of structured spaces and communication and feedback newsletter for local communities around the Harleyville and Roberta plants

Colombia Region

- Our leadership training programs have allowed us to have a more organized social base and the capacity to manage programs for its development
- The involvement of communities in the development of infrastructure works and the creation of spaces for citizen oversight and socialization enabled us to strengthen relationships with our neighbors
- Along the line of community infrastructure, we can highlight five road improvements, construction

of four playgrounds and linking of four projects related to the availability and quality of potable water

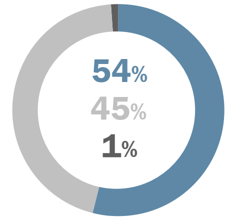
In educational infrastructure:

- Through the Argos Foundation, in Colombia we completed thirteen projects and initiated a few others related to the improvement and/or construction of public education infrastructure
- We enlisted 18 public and private allies for the development of these projects
- In 2015 we put out the second open call for the Argos Scholarship Program for Regional Development, through which 35 new students received scholarships; additionally, the program expanded its action to Honduras, where two recipients will be granted scholarships in 2016

Caribbean and Central America Region

- Focus of investment in the lines established at the corporate level
- Consolidation of the healthy floors program in Honduras and the Dominican Republic
- In Honduras we installed 30,378 square meters of flooring in 1,045 homes, which improved the lives of 4,384 people; in the Dominican Republic we improved 84 homes
- We expanded the coverage of the basic training scholarship program in Haiti in order to increase the productive capacity of the youths in the area

Classification of Contributions



Commercial initiatives with social impact
COP 40.1 billion
USD 12.7 million

Community investment
COP 33.3 billion
USD 10.6 million

Donaciones
COP 1.1 billion
USD 0.4 million

There is a large deficit in the amount and quality of housing in Haiti. This is why we created the remittances program, which allows friends in the United States to be able to direct the use of the money they send to their families specifically towards the purchase of cement that is dispensed at the hardware stores affiliated with the Argos network.

(G4-COM2) Revenue associated with social impact commercial initiatives

This category includes the initiatives that, while they represent revenue for the company, also constitute benefits for the population at the base of the pyramid, which translates to greater access to and improvement of housing through preferential pricing on our products.

2015 Revenues

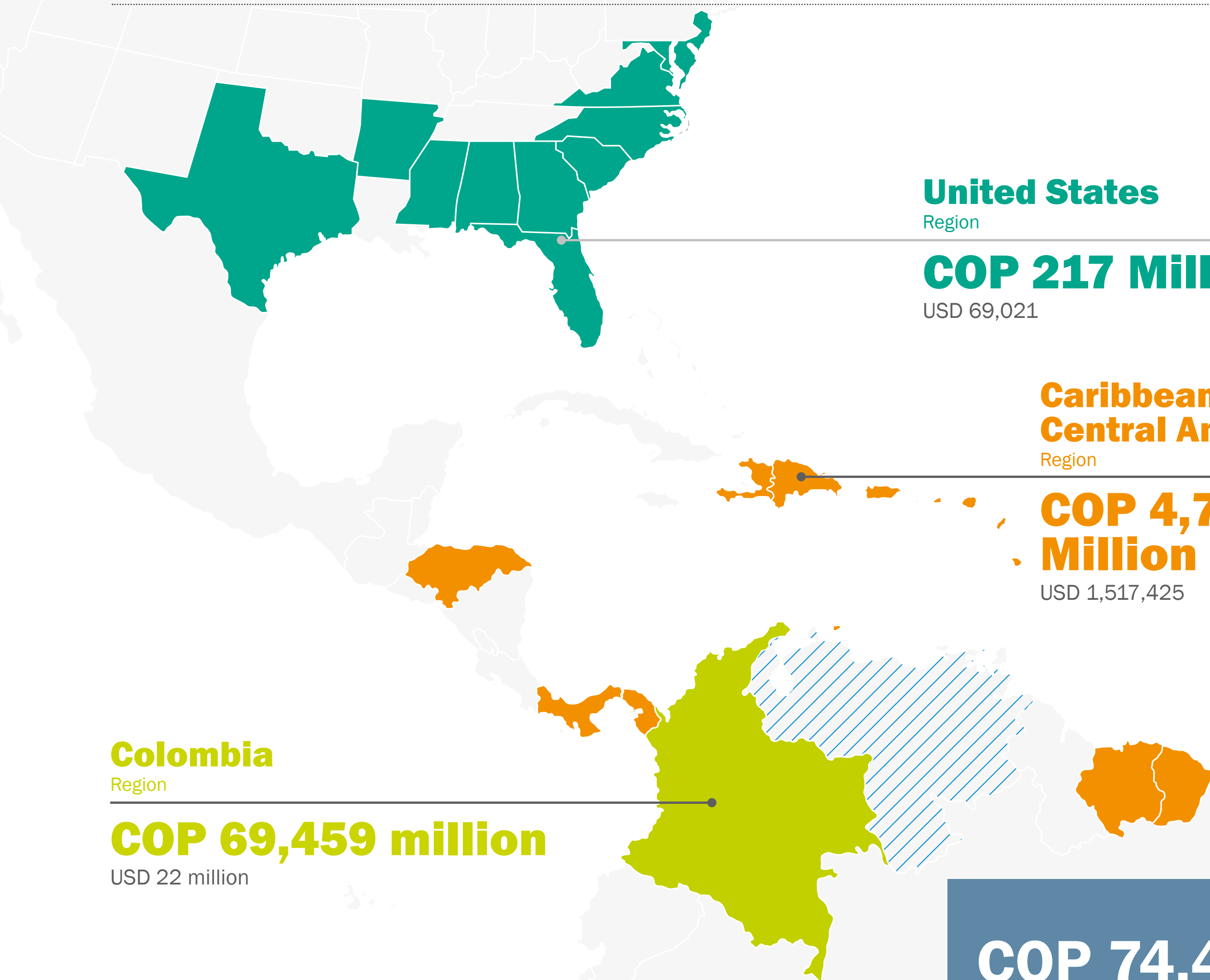
Colombia	COP Billions	USD Millions
100,000 Homes Program: Preferential pricing on cement and concrete for legally incorporated builders who build the homes of the Colombia government's 100,000 free homes program	13.5	4.3
LIH Project: Preferential pricing on cement for legally incorporated builders who participate in Colombia's Low Income Housing program	58.9	18.7
Construyá: This program finances housing improvements and expansions; it was created by Argos to serve the non-banking population in social stratas 1 and 2. The loans can be used to purchase cement and any other construction material or tool at the depots and hardware stores registered with Construyá*	2.7	0.9
Caribbean and Central America		
National Cement: Cement sold to the State of Honduras, with preferential pricing, for social investment and development programs	9.8	3.1
Habitat for Humanity Agreement: Cement sold to Habitat for Humanity Honduras with a special discount for the development of low income housing projects carried out in Honduras	0.8	0.3
Haiti Remittance Project: Cement sold through the remittance marketing channel in Haiti	0.05	0.02
Ceilings of Hope (Techos de Esperanza) Project: Preferential pricing for the Panamanian Ministry of Housing in order to carry out social investment programs related to housing	1.2	0.4
Total	**87**	**27.6**

*In 2015, the loans added up to COP 9,081,437,370, 30 percent of which were allocated to the purchase of cement.

Future perspective

- **We will standardize management processes and procedures with communities in each of the countries where we operate in accordance with operational structures**
- **We will enhance management processes in the United States Region with actions that will bolster our relationships with the community and mitigate our risks and impacts**
- **We will implement a socio-economic footprint index to measure our impact on the communities with which we have direct or indirect relationships**
- **We will strengthen our public and private partnerships**
- **We will standardize our methods for processing complaints and concerns at our three regions.**

(G4-COM1) Investments



United States
Region
COP 217 Million
USD 69,021

Caribbean and Central America
Region
COP 4,779 Million
USD 1,517,425

Colombia
Region
COP 69,459 million
USD 22 million

COP 74,456 million
USD 23.6 million

Our social investment in 2015 was 32 percent higher than in 2014.

Number of volunteers in
2014: 1,105
2015: 1,102

Volunteer hours during work hours in
2014: 649
2015: 2,905

SCAN THE CODE

Beneficiaries and contributions by line of investment

Total beneficiaries of social investment programs in 2015
562,335

Line of investment	Beneficiaries	COP	USD
Education/quality	18,632	COP 3,717 billion	USD 1.2 million
Education/ infrastructure	21,077	COP 8,920 billion	USD 2.8 million
Social capital	42,873	COP 2,587 billion	USD 0.8 million
Social and cultural strengthening	36,108	COP 3,611 billion	USD 1.1 million
Community infrastructure	117,686	COP 14,128 billion	USD 4.5 million
Sponsorships	9,730	COP 3,493 billion	USD 1.1 million
Production projects	570	COP 0.3 billion	USD 0.1 million
Housing	37,503	COP 35,304 billion	USD 11.2 million
Others	278,156	COP 2,390 billion	USD 0.7 million

TO INNOVATE IS
TO BELIEVE IN TOMORROW

Self-compacting concrete wall, Argos Center for Innovation, Medellín, Colombia

7

ENVIRONMENTAL DIMENSION

Our environmental performance

Managing our impact on the planet is one of our main priorities on the road to sustainability.

(G4-14) Our environmental actions promote eco-efficiency, manage biodiversity, reduce effects on climate change, promote initiatives related to sustainable construction, and establish an organizational culture that promotes the responsible use of natural resources as a function of the quality of life of our stakeholders and in compliance with our environmental policy.

(G4-14) As of 2015, we can say with utter certainty that our environmental management goes beyond identifying and monitoring environmental impacts, and that it is evolving well towards the prevention, mitigation, correction and offset thereof.

We are also working on extending good practices along the entire production chain, on fulfilling all legal requirements and commitments made to national and international agencies we belong to, and on community co-management and self-management in the regions where we operate.

Among the results of our management, we can highlight that by the end of 2015 our emissions were 601 kg of CO_2 per ton of cementitious material, which is 29 percent of our goal for 2025.

Additionally, the substitution of fossil fuels reached 6.1 percent, water abstraction was reduced by 7.8 percent, PM indices decreased by 18.3 percent, and the percentage of liberated areas that have been rehabilitated reached 72.7 percent. We work together with our employees, the communities and governments of the countries where we operate, and with associated environmental agencies.

All our management work has been included in the information dissemination schemes and is part of corporate training programs.

Energy and co-processing (G4-DMA)

As an organization that uses caloric and electric energy intensively, achieving greater efficiency in their use throughout the production process is our constant pursuit.

This is why our energy policy seeks to minimize the consumption of energy in our operations, in order to bolster the company's competitiveness and to minimize risks. It is an exercise consistent with our commitments to our stakeholders.

Additionally, through innovation we can build an efficient and inclusive energy model in which the use of alternative fuels is essential. Using fuels other than fossil fuels is an opportunity for the cement industry. By means of co-processing we are moving forward in the pursuit of replacing coal and other fossil fuels with tires, plastic and other unconventional supplies.

By optimizing energy efficiency and replacing fossil fuels with alternative fuels, we are also contributing to reducing the intensity of our CO_2 emissions during the production process.

Our commitments by 2025 are to decrease our caloric consumption by 10 percent and our electricity consumption by 15 percent, with the year 2012 as the baseline. We are also seeking to substitute 18 percent of the caloric consumption of fossil fuels with alternative fuels.

IN 2015 WE REACHED A FOSSIL SUBSTITUTION RATE OF 6.1 PERCENT BY USING ALTERNATIVE FUELS AND BIOMASS, WHICH REPRESENTED AN INCREASE FROM 2014.

SCAN THE CODE

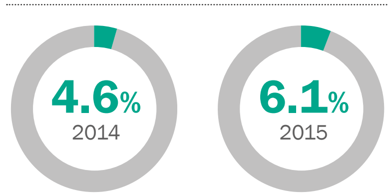
Environmental and Energy

Energy performance and co-processing

Likewise, our consumption of caloric energy in our kilns was 3.86 GJ per ton of clinker, while the consumption of specific electrical energy reached 111 kWh per ton of cement, which includes the consumption of electrical energy from the crushing activities at the mine up to the cement silo.

(A-ENE1)

Substitution of fossil caloric consumption with alternative fuels



It is also worth noting that the installation of new vertical mills at our Harleyville plant in the United States and at our Rioclaro plant in Colombia will contribute to decreasing the consumption of electrical energy because of their greater energy efficiency.

In addition, the tire co-processing project started operations at Rioclaro and it reached a 1 percent substitution of fossil fuels for alternative fuels.

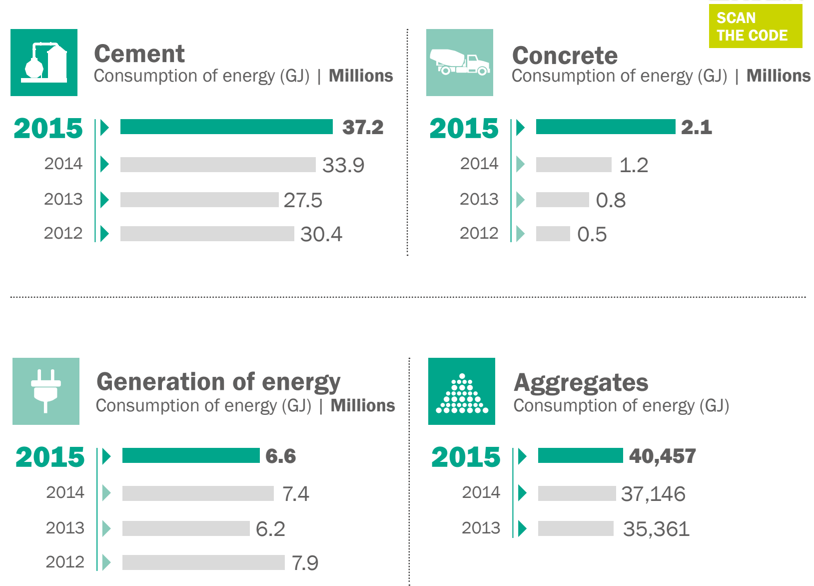
For their part, all the regions carried out energy audits in order to evaluate operations comprehensively including the consumption of energy, both caloric and electric, with the purpose of identifying the lines of work and the priorities of each one.

Within other lines of management, we increased the productivity of cement grinding in the Colombia and the Caribbean and Central America Region, and as a consequence we achieved significant improvements in the mills' yield per hour and, subsequently, energy consumption decreased significantly.

During 2015 we also began to deploy the energy policy in all our operations.

(G4-EN3)
SCAN THE CODE

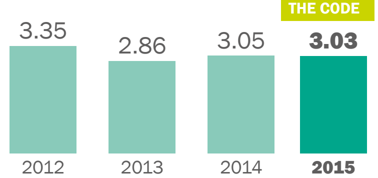
(G4-EN3) Internal consumption of energy



(G4-EN5)
SCAN THE CODE

(G4-EN5) Cement energy intensity

(GJ/t)



Note: This indicator includes all fuels and electrical energy consumed from the moment of extraction at the mine up to the time of cement packaging

Future perspective

- **We will continue to work on initiatives that enable us to increase the co-processing of tires and other alternative fuels**
- **We will continue to implement projects that contribute to the decrease of energy use in order to reach the goals established by our energy policy**
- **We will continue to monitor and analyze different sources of energy that enable us to optimize and ensure the necessary energy resources for our business**
- **We will continue the study of additions to reduce the clinker cement factor and to reduce the consumption of electrical energy in the process**

THE NEWBERRY AND ROBERTA CEMENT PLANTS RECEIVED THE ENERGY STAR CERTIFICATION FROM THE ENVIRONMENTAL PROTECTION AGENCY (EPA) THAT IS AWARDED TO PLANTS THAT MEET THE ENERGY EFFICIENCY CRITERIA.

SCAN THE CODE

(G4-EN6)
Reduction of total energy consumption

Risk management

Carrying out a productive activity in which the cost of energy can represent up to 40 percent of the total cost of production poses significant challenges in terms of risk management. This is why we have an updated mapping of the risks and opportunities related to energy, as well as a task list that guides our performance.

Including different fuels leads us to constantly consider the risks inherent in each market with respect to current regulations in the countries where we operate and their contexts. Identifying these variables and designing innovative strategies is our job in order to ensure the continuity of our business.

Sustainable construction and materials (G4-DMA)

Sustainable Construction

As one of the pillars of our environmental policy, sustainable construction shows our customers the environmental results of our products beyond our operations; this is a way to foster a culture of good sustainability practices related to the use and application of the products our company offers to the market.

This is how sustainable construction has evolved across the different regions where we operate, and how it is starting to generate positive impacts beyond the environmental realm by producing benefits for human health.

Auditorium at the Argos Center for Innovation, Medellín, Colombia

Performance of sustainable construction and materials

(A-CSM1) In order to minimize the impact of our operations, in 2015 we focused our efforts on using alternative materials in the production process which enabled us to reach a substitution rate of 7.5 percent and 2.6 percent in cement and concrete operations, respectively. Similarly, we made progress with the project to use recycled aggregates to manufacture concrete (see chapter on innovation).

Likewise, we continued working on our commitment to find alternatives for the final disposal of waste generated by our industry.

ENERGY AND CO-PROCESSING
SUSTAINABLE CONSTRUCTION AND MATERIALS
CARBON EMISSIONS
WATER
BIODIVERSITY
OTHER EMISSIONS

SCAN THE CODE

(G4-EN1) (G4-EN2) **Co-processed materials and recycled materials**

Therefore, because we are aware of its importance in today's world, the sustainable construction pillar of our environmental policy challenges us to minimize the environmental impacts of our products throughout their life cycle in such a way that we can offer our customers products with increasingly superior environmental characteristics.

In this regard, sustainable construction has become one of our main lines of action. It started as a goal to innovate, but now is a material issue as we seek to consolidate our goal into a clear strategy that responds to the environmental needs, market opportunities and satisfaction of our customers.

We have taken on the challenge of innovating in our products by increasing the use of alternative materials that replace natural raw materials, clinker and cement.

The purpose of this is to offer the industry added-value solutions whose sustainability, durability and functionality features promote improvements in the environmental performance of the product's life cycle.

An example of the above are ultra-high performance concretes that, due to their resistance and durability features, enable applications with lower CO_2 intensity (see chapter on innovation).

IN 2015, AT THE COLOMBIA REGION WE SUPPLIED SOLUTIONS TO MORE THAN 50 PROJECTS SEEKING THE LEED® CERTIFICATION.

In 2015 we generated a total of 351,212 tons of waste, which represents a decrease of 18 percent compared to 2014.

(G4-EN28) Green Bags (Sacos Verdes) program is an initiative that enables us to close product cycles; it totaled 111 subscribed customers which is 54 percent more than in 2014, represented across 481 projects (more than twice than in 2014).

In total, 987,187 bags were recycled, which is equivalent to 141 tons of paper. This means we obtained a 38.8 percent rate of bag returns. In 2015 this program enabled us to determine that 18 percent of the weight of returned bags was represented by cement, which has led us to promote sustainable practices among our customers in order to encourage the use of this product and minimize its waste.

We demonstrated our commitment to sustainable construction by having LEED® Gold certified offices at our Bogotá headquarters, located in the Argos Tower, which itself is LEED® Silver certified. Additionally, the Argos Center for Innovation is currently in the process of obtaining the LEED® certification as well. We used our own products and solutions for the construction of both the Argos Tower in Bogotá and for the Argos Center for Innovation.

Future perspective

- **In 2016 we will define our strategy and specific goals for sustainable construction to be achieved by 2025**
- **We will endeavor to continue to generate a positive impact on society, for our customers, to strengthen our portfolio and our competitive position in this market**

Carbon emissions (G4-DMA)

2015 was a landmark year for climate change. Not only because it was the period with the highest temperatures ever recorded, during which the concentration of CO_2 in the atmosphere exceeded 400 parts per million, but also because it was the year during which more than 195 countries reached an agreement to fight the threat that climate change represents. This global agreement, achieved at the COP 21 conference, means we need to take actions that are in line with the expectations of different stakeholders in order to contribute to the sustainable growth of the company and to the transition to a low carbon emission economy.

Considering that the cement industry is intensive in its consumption of energy and CO_2 emissions, our environmental policy challenges us to decrease our emissions of greenhouse gases while we adapt to the impacts climate change will bring to the regions where we operate.

As such, our management of climate change is focused on managing risks and opportunities by implementing a strategy of mitigation and adaptation accompanied by continuous innovation in our processes and products within the parameters and expectations of suppliers, customers, communities and shareholders.

We work together with other organizations in the cement sector and we are part of voluntary

Forest Reserve, Panama, Caribbean and Central America Region

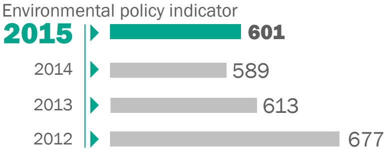
initiatives that allow us to identify and adopt the best practices, such as the CSI and the World Business Council for Sustainable Development (WBCSD).

We also work to ensure that we reach the goal we have established for 2025 to reduce by 35 percent the specific net CO_2 emissions of our cement activities, compared to 2006 as baseline.

(A-EC1) Among the results of our management work we can highlight the fact that total emissions by the end of 2015 were 601 kilograms of CO_2 per ton of cementitious material, which corresponds to a decrease of 29 percent compared to our baseline.

Specific net emissions of CO_2 kilogram/ton cementitious material

Environmental policy indicator



Baseline **2006**
Year established for goal **2025**
Goal to reduce specific net emissions of greenhouse gases in cement by **35** percent

By 2025 we will reduce 35 percent of kg of CO_2 ton of cementitious material

SCAN THE CODE

(G4-EN18) **Intensity of GHG emissions**

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As for the intensity of CO_2, there was an increase of 2.1 percent for cement operations due mainly to a shortage of natural gas at the Colombia Region, which implied a higher consumption of coal as the main fuel.

Our progress in energy management has been significant in terms of decreasing emissions. For example, we achieved important milestones in the substitution of fossil fuels for alternative fuels and in decreasing the consumption of caloric and electrical energy.

In 2015 we were included in the Climate Disclosure Leadership Index (CDLI) for Latin America in which we were acknowledged as leaders by placing us among the top 10 percent of companies in terms of good practices, quality and transparence of information related to climate change.

Cementos Argos participated in the COP 21 conference as a voice for the cement industry in the panel "Delivering technological Solutions—Public and private collaboration to drive innovation," in which our president, Jorge Mario Velásquez, presented the proposal of the cement industry, as part of the CSI, towards a low carbon economy (the LCTPi) and the progress our company has made along this line.

SCAN THE CODE

(G4-EN17) **Emission of greenhouse gases Scope 3**

(G4-EN15) (G4-EN16)

SCAN THE CODE

(G4-EN15) (G4-EN16) Direct and indirect emissions

Cement
GHG emissions

Year	Direct (millions of CO_2 tons)	Indirect (thousands of CO_2 tons)
2015	7.1	315
2014	6.5	634
2013	5.6	971
2012	6.0	351

Concrete
GHG emissions

Year	Direct (Direct thousands of CO_2 tons)	Indirect (thousands of CO_2 tons)
2015	147	19
2014	72	22
2013	50	18
2012	29	15

Aggregates
GHG emissions

Year	Direct (thousands of CO_2 tons)	Indirect (thousands of CO_2 tons)
2015	1.5	0.97
2014	1.4	0.55
2013	1.5	0.73
2012	ND	

Generación de energía
GHG emissions

Year	Indirect (thousands of CO_2 tons)
2015	568
2014	642
2013	550
2012	619

SCAN THE CODE

(G4-EN19) **Reduction of emissions**

Co-processing at the Rioclaro Plant, Colombia Region

Risks and opportunities associated with climate change

Climate change generates risks and opportunities for our industry, therefore we are working to prevent and minimize the negative impacts and enhance the positive effects of our operations.

During 2015 we identified and evaluated the inherent risks of climate change and its interrelationship with the company's strategic risks, which in turn will allow us a comprehensive management strategy framework as defined by the company.

BETWEEN 2006 AND 2015 THE USE OF ALTERNATIVE FUELS, THE OPTIMIZATION OF THE CEMENT CLIKER FACTOR AND THE EFFORTS TO IMPROVE ENERGY EFFICIENCY HAVE ENABLED US TO REDUCE BY 29 PERCENT THE KILOGRAMS OF CO_2 PER TON OF CEMENTITIOUS MATERIAL

Co-processing of tires at the Harleyville Plant, United States Region

(G4-EC2) **Direct and indirect emissions**

Potential impact

Risks from regulation changes
Changes in applicable regulations and standards

1. **International agreements**
   Loss or decrease of income
2. **Market of CO_2 emissions**
   Loss or decrease of income
3. **Carbon taxes**
   Loss or decrease of income
4. **Mandatory report of CO_2 emissions**
   Damage to the image of the company

Risks from change in physical parameters of climate

5. **Afectación de las operaciones por eventos de la naturaleza**
   Pérdida o disminución del ingreso

Risks from other climate related variables

6. **Effect on operations caused by natural eventsders**
   Loss or decrease of income
7. **Risks associated with the availability, reliability and variability of costs of energy resources for the operation and their efficient use**
   Loss or decrease of income

Likewise, we have continued to make progress along the lines that represent the greatest opportunities in the face of climate change:

- **Improvements in the efficiency** of caloric and electrical energy consumption in Argos' operations
- **Substitution of fossil fuels** for alternative fuels
- **Increase in the use of alternative materials** in the production of cement (decrease of the clinker/cement factor)
- **Innovation in the development** of new products, processes, services and applications low in CO_2 intensity.

Future perspective

- **We will detail our management work related to our direct emissions based on specific plans for operations that enable us to push forward our progress towards the established goal of decreasing CO_2 emissions**
- **We will have an external audit of our inventory of CO_2 emissions to confirm the transparency of the report and in the management of emissions**

SCAN THE CODE
(G4-EC2) **Risks and opportunities associated with climate change**

Compressed natural gas (CNG) powered mixer trucks, United States Region

(G4-EN30) Transport

As part of our sustainability initiatives, transport management is very important as it is a key link in our operational activities, as well as in the safety of our employees, the supply of the production chain, customer service, our competitiveness in the industry and our environmental impact, among other aspects.

Our approach to this issue is focused around operational efficiency and effectiveness, safe, agile and timely deliveries that are cost efficient, the implementation of good practices that minimize emissions, and the constant pursuit of offset strategies.

In 2015 our management work was centered on managing environmental impacts. We made progress in the measurement of direct CO_2 emissions (scope 1) generated by transportation for the cement business, and the measurement of the cement business' carbon footprint (scope 3). By the end of our work in 2015, we had calculated the direct CO_2 emissions generated by the transportation of concrete in our three regions, which estimated the generation of 121,781 tons of CO_2. These emissions are counted in the direct CO_2 emissions of the concrete business. (G4-EN15)

We know that the scope of our operations goes beyond the direct impact of our plants, which is why we continue to calculate the CO_2 emissions (scope 3) that correspond to the transport of raw materials for the manufacture of cement, and the transport of finished products in the Colombia Region, where 112,916 tons of CO_2 were generated in 2015.

We are also aware of the impact generated by fossil fuels, which is why we commissioned 40 Compressed natural gas (CNG) powered mixer trucks at the United States Region. They will allow us to reduce CO_2 emissions and increase the use of cleaner fuels.

Similarly, we remain committed to increasing the use of mobile plants that require a lower mobilization of raw materials and finished products, and that minimize the consumption of fuels and emissions associated with transportation.

Water (G4-DMA)

Water is essential to life and is closely related to the social, economic and political dimensions of our planet. The appropriate management of water in the cement, concrete and aggregates industry is relevant because it is a main and auxiliary material used in direct operations and in the supply chain, both for the operation of production processes and to fulfill the need for drinking water and basic sanitation of the company's employees.

This is why at Argos we are committed to using this resource responsibly, focusing our management strategy on two lines of action that contribute to ensuring its availability, both for the company and our stakeholders:
The efficient use of water through the correct quantification of the consumption of water in operations and the implementation of plans to reduce this consumption, such as technological reconversion, reusing water, reduction of losses, utilization of rainwater, among other things Managing water resources through the identification, evaluation and management of risks associated with the consumption of water.

(A-A1) Environmental policy indicator

Cement (L/t)
Specific consumption of water in liters per ton
2015 350

Concrete (L/m^3)
Specific consumption of water in liters per cubic meter
2015 249

Aggregates (L/t)
Specific consumption of water in liters per ton
2015 64

Efficient use of water

In line with the goals we have established in our environmental policy of reducing specific water consumption by 30 percent in the production of cement by 2025 and by 20 percent in the production of concrete by that same year, in 2015 we remained committed to measuring our water footprint and to implementing the best practices in order for our processes to consume less of this resource. This is how we managed to decrease the specific consumption of water of the cement business by 46 percent and by 8 percent in the concrete business compared to 2012. This way we surpassed the goal that had been initially set for cement, which will lead us to revise it.

Artificial reserve, Panama, Caribbean and Central America Region

Water risk management

We are permanently vigilant of the water supply of the basins where our facilities are located. We use the Global Water Tool (GWT), which enables us to implement water management strategies in a prioritized manner for facilities located in areas of water stress, that is, in hydrographic basins whose availability of surface water is below 1,700 m^3 per person per year. During the last analysis we carried out, we found that 21 percent of our plants are located in areas in this condition.

Results of our performance in 2015

Our actions for water conservation incorporate the guidelines of the six principles of the CEO Water Mandate, an initiative we signed in 2014.The following information constitutes our Communication of Progress of this Global Pact initiative:

1. **Direct operations:** In line with our corporate strategy for water management, in 2015 we developed two guides that will allow us to improve the quantification and reporting of water consumption of our operations. The first is the Argos Protocol for Water Reporting, which contains the guidelines to calculate water-related indicators, and the second is the Argos guidance on good practices for water accounting, and it contains the indications to account properly for this resource. They are both the product of adapting the guides developed by the Water Work Group of the CSI through field work that enabled us to detect the best practices, operational difficulties and methodologies at our concrete, cement and aggregates plants at the regions in the United States, Colombia and the Caribbean and Central America.

   (G4-EN22) Additionally, in 2015 we made progress in the formulation and implementation of comprehensive water management plans at the cement and concrete facilities of the Caribbean and Central America Region, with an investment of USD 130,000. Similarly, we currently have projects underway for the recirculation of industrial water, as is the case of the cement plant in Panama, where we invested USD 45,000 in order to minimize industrial dumping and thus reduce water abstraction.

On the other hand, the Colombia Region made progress in our effort to measure water with state-of-the-art instruments that enable us to have better control of the flow of water within the facilities, which in turn helps us to identify opportunities for improvement and to increase the efficiency of water use, with an investment of COP 300 million.

(G4-EN8)

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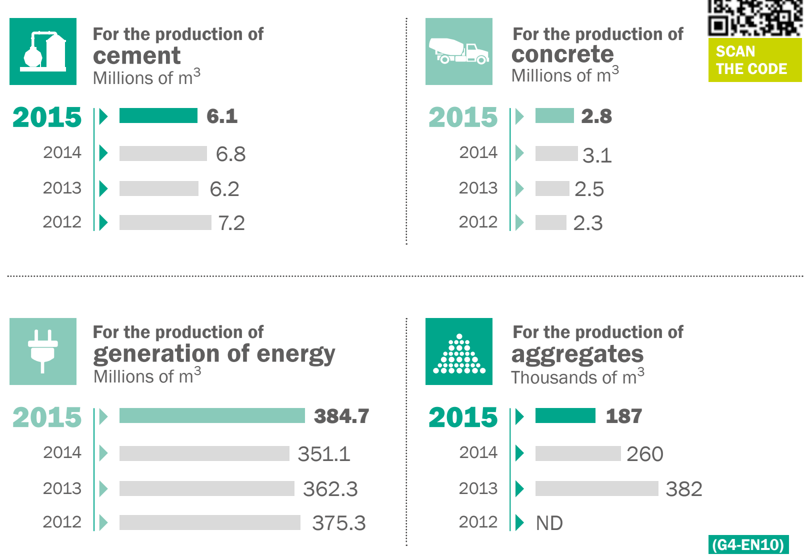
(G4-EN8) Total abstraction of water in m^3



(G4-EN10)

SCAN THE CODE

(G4-EN10) Total percentage and volume of recycled and recirculated water in m^3

	2012		2013		2014		**2015**	
	m^3	%	m^3	%	m^3	%	**m^3**	**%**
Cement	2,014,518	27.9	1,768,646	28.59	1,822,926	26.78	**2,468,982**	**41**
Concrete	392,527	17.27	516,875	20.86	965,175	30.91	**551,966**	**20**
Generation of energy	270,611	0.072	17,510	0.005	4,581	0.001	**25,752,257**	**6.7**
Aggregates	ND	ND	507,314	132.72	462,047	177.09	**298,376**	**159.3**

SCAN THE CODE

(G4-EN22) Dumping

THE TOTAL VOULME OF RECIRCULATED WATER IN 2015 WAS 29,071,581 M³.

2. **Management of supply chain and basins:** Another one of our significant achievements was the annual evaluation of global water risk with the GWT, which helped us to determine that 319 plants, or 21 percent of the total plants in operation at our three regions, are currently located in basins under water stress.

   Additionally, we made progress with other analytical tools that will enable us to assess and manage water risks at the local level as well as to consider risks other than scarcity, such as risks associated with issues of quality of water, floods, reputational risks, and legal risks, among others. In 2016 we will define which of the assessed tools is the most adequate for our needs.

IN 2015 WE ASSESSED THE GLOBAL WATER RISK WITH THE GLOBAL WATER TOOL. 79 PERCENT OF OUR PLANTS ARE NOT IN CONDITIONS OF WATER STRESS.

Natural reserve, Rioclaro, Colombia

Likewise, in 2016 we plan to expand the scope of our global water risk evaluation to our critical providers at the three regions in order to determine which of them are located in areas of water stress and work with them in a prioritized manner to advance sustainable water management along our supply chain.

Moreover, in 2015 we evaluated 53 critical suppliers of the Colombia Region and one supplier of the Caribbean and Central America Region using the Supply Sustainability Index made by MIT for Argos. We also evaluated seven critical suppliers at the Colombia Region using the sustainability index developed by conTREEbute.

Among other actions, we can highlight our monitoring and participation in the formulation of 19 Regulation and Management Plans for Basins and Aquifers (POMCAs is the Spanish acronym) at the Colombia Region.

At eight of them we were chosen to represent the production sector at their Basin Councils.

We also continued to contribute to the conservation of the water resources and ecosystems of Beidler Forest in the southeastern United States.

3. Collective actions: We participated actively in the construction of the local division of the CEO Water Mandate in Colombia together with Isagen, Celsia, Postobon, Nutresa, Bancolombia, Ecopetrol and Bavaria, among other companies that are unifying their good practices, management work and projects in favor of water resources.

As part of the group of 25 companies that make up the CSI, in 2015 we continued to participate in the Water Work Group, whose objective it is to generate common indicators and best practice guides that enable the use of water resources to be sustainable in the industry of cement, concrete and aggregates.

We also contributed to the discussions related to water issues in the sector tables of the National Association of Industrialists of Colombia (ANDI is the Spanish acronym), in the National Ready Mix Concrete Association (NRMCA), in the Portland Cement Association (PCA), and we became involved with the Colombia Ministry of Environment and Sustainable Development's campaign: *"All against wastefulness"* which promotes the efficient use of water to offset the effects caused by El Niño.

Future perspective

- In 2016 we implemented a training program based on the Water Report Protocol and the Best Practices Guide for the Quantification of Water at the three regions
- We will continue to identify global water risks for our operations and we will broaden the scope to our critical suppliers
- We will select and implement a water risk evaluation and management tool for our local operations

Natural reserve, Rioclaro, Colombia

4. Public policy: By participating in trade associations, we continue to push toward the achievement of our Millennium Development Goals through the generation of ideas and recommendations for the formulation of water-related regulations. This is how in 2015 we monitored and intervened in the revision of different regulatory projects related to water resources. At the Colombia Region, we participate actively in reviewing regulatory projects such as the National Development Plan, the Regulations for Reusing Treated Wastewater, and the Regulations for Ocean Dumping, among others, while at the United States Region we participated in the discussions for the Waters of the United States (WOTUS) through the ANDI and the PCA, respectively.

5. Communities: We have made an effort to understand the challenges related to sanitation and water management in the communities where we operate, and we are vigilant of the impact our operations may have on these dynamics. This is why in 2015, based on the lessons learned within the framework of the Suizagua Project, we continued our environmental awareness and education campaigns at the Colombia Region aimed at students from schools around the Toluviejo plant.

6. Transparency: In 2015 we reported the results of our water management work in our annual comprehensive report, which we put together based on the guidelines of the Global Reporting Initiative (GRI) and in which we divulge the key performance indicators developed by the CSI. Additionally, we published the Progress Communication of the CEO Water Mandate and we filled in the Dow Jones Sustainability Index survey, for which we obtained the best score in the industry for our water management work for the second year in a row.

Biodiversity (G4-DMA)

The value and importance of biodiversity in the environmental is recognized by our company. Therefore, as part as our commitment to conservation and together with important allies, we have developed strategies to prevent, mitigate, correct and offset our impact on biodiversity. We center our efforts around two lines of action: rehabilitation of intervened areas and management of biodiversity.

AS A RESULT OF OUR EXCELLENT PERFORMANCE, WE OBTAINED IN 2015, FOR THE SECOND YEAR IN A ROW, THE HIGHEST SCORE FOR BIODIVERSITY IN THE DOW JONES SUSTAINABILITY INDEX.

Rehabilitation of intervened areas

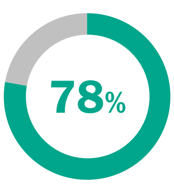
Our management work is focused on designing strategies that enable the comprehensive rehabilitation of areas after mining operations have concluded, in order to recover their environmental, social and economic functionality. This way, we promote the rehabilitation of soil which in turn enables us to develop ecologic restoration models aimed at recovering and, in some cases, improving the ecosystemic services of the areas where we operate.

In accordance with our 2025 goal, which stipulates that 100 percent of mining operations will have to have an established closure plan, by the end of 2015 the amount of quarries with this plan was 74 percent.

Likewise, in 2015 72.7 percent of intervened areas liberated at active quarries were rehabilitated thus surpassing this year's goal, which is to permanently have 70 percent of liberated areas rehabilitated by 2025.

The terms of reference for closure plans or rehabilitation, formulated and divulged in 2014, were broadened in 2015 with an exclusive chapter that contains the design elements and considerations for the quarry restoration process. This information was shared at the IV Technical Mining Conference "Mine planning in the short, medium, and long term" and "Closure plans for mining projects," which was organized by the resource development management area and

A-BI1 Number and percentage of active quarries with established closure plans

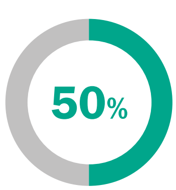


Colombia Region
Active quarries: **32**

Active quarries with an established closure plan: **25**

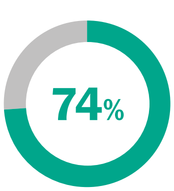
United States Region
Active quarries: **3**

Active quarries with an established closure plan: **3**



Caribbean and Central America Region
Active quarries: **8**

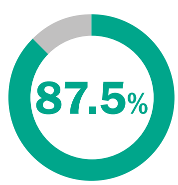
Active quarries with an established closure plan: **4**



ARGOS TOTAL
Active quarries: **43**

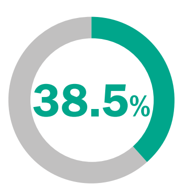
Active quarries with an established closure plan: **32**

A-BI2 Number and percentage of rehabilitated liberated intervened areas



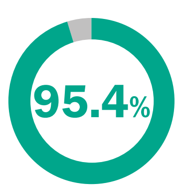
Colombia Region
Total liberated intervened area at all active quarries: **163.82**

Total rehabilitated area at all active quarries: **143.41**



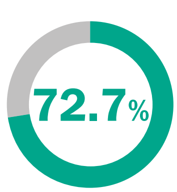
United States Region
Total liberated intervened area at all active quarries: **79.13**

Total rehabilitated area at all active quarries: **30.43**



Caribbean and Central America Region
Total liberated intervened area at all active quarries: **12.38**

Total rehabilitated area at all active quarries: **11.81**



TOTAL ARGOS
Total liberated intervened area at all active quarries: **225.33**

Total rehabilitated area at all active quarries: **185.65**

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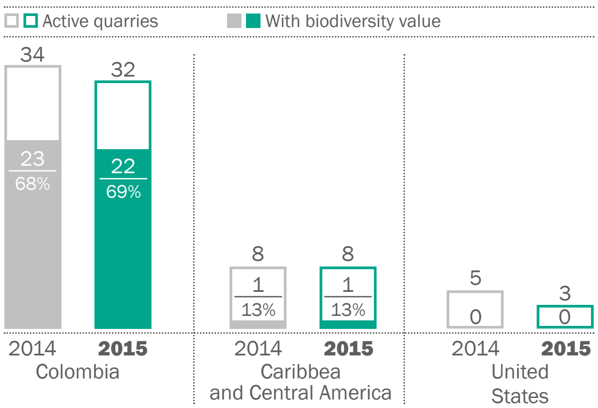
where experts from other companies also participated. The employees responsible for planning and production of facilities at our company attended as well.

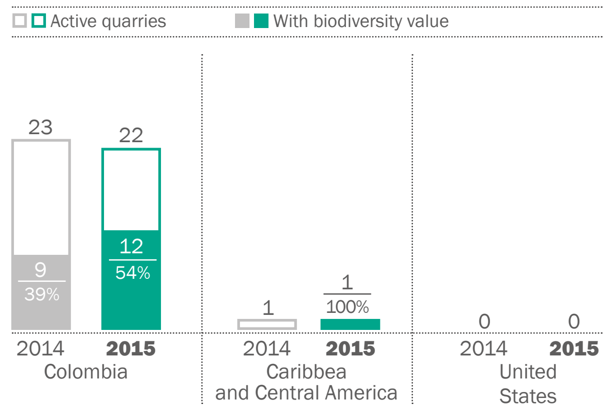
Additionally, during 2015 we formulated the second phase of the soil rehabilitation project together with the University of Antioquia, which will continue through 2016 and 2017 with pilot tests in the field in order to evaluate the species of nitrogen-fixing bacteria and bacteria that promote vegetation growth that were isolated and identified during the first phase of the project in the soil of the areas where our facilities are located.

All of our biodiversity management actions are in line with the guidelines established by the Cement Sustainability Initiative, which we have been a part of since 2010 and in which we participate actively in through the Biodiversity Work Group. In this group we have defined key indicators to measure the performance of member companies and we have formulated guidelines to guide their development of quarry rehabilitation plans, biodiversity management plans and their evaluation of their environmental and social impacts.

(CSI-BI1) Number and percentage of quarries with high biodiversity value



(CSI-BI2) Number and percentage of active quarries with biodiversity value and a management plan in place



Biodiversity management

Through this line of action, and based on the evaluation of our impact on biodiversity, we focus our work on properly managing this impact by developing operation management plans in areas of high value.

In this regard, last year we participated in the CSI Biodiversity Work Group where we helped to analyze, review and create new management methodologies and indicators to evaluate the efficiency and strength of the actions to be implemented in the rehabilitation and biodiversity management plans. In order to do this, we expect to have in 2016 a new performance indicator for rehabilitation issues on intervened areas and a methodology to evaluate the net impact on biodiversity by the cement industry, which will be constituted in a crucial tool that will enable us to project a model management procedure for all three regions.

As a complement to the above, we carried out the process of selecting the tool to identify and prioritize the operations located in areas of high biodiversity value. The chosen tool was the Integrated Biodiversity Assessment Tool (IBAT), which will allow us to determine potential risks related to biodiversity by the location of our operations with respect to specific areas of importance to biodiversity.

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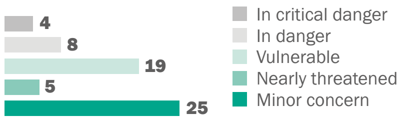
(G4-EN11) Number of facilities with high biodiversity value

	2014			2015		
	Active	Nº	%	**Active**	**Nº**	%
United States Region	230	1	0.4	244	1	0.4
Caribbean and Central America Region	21	4	19	21	3	14.3
Colombia Region	73	32	44.4	70	30	42.9
TOTAL	**324**	**37**	**11.4**	**335**	**34**	**10.1**

(G4-EN14) Species included in the IUCN's red list and whose habitats are located in areas impacted by operations



SCAN THE CODE

(G4-EN14) **Threatened species**

Frog *Agalychnis Terranova*, Rioclaro, Colombia Region

Other achievements of 2015

At the XXXII Technical Congress of the Inter-American Cement Federation (FICEM is its Spanish acronym), held in Mexico City, we revealed the results of our research on soil rehabilitation and the use of clinker dust as a conditioner for soil intended for agricultural purposes.

Based on the results obtained from the first area of research, we will begin to adjust the protocols for soil rehabilitation and ecological restoration currently in use for our operations.

The results of the second area of research open up the possibility of different uses for the waste generated by our processes, thus mitigating our impact even further and turning it into an innovative alternative.

Colombia Region

- Implementation of the conservation plan for the Agalychnis terranova frog, which lives in an area of the Mid Magdalena Valley, where some of our operations are located.

- We participated in the work group of the "Biodiversity and Development" initiative—led by the National Association of Industrialists of Colombia (ANDI), the Ministry of Environment and Sustainable Development, the National Agency for Environmental Licenses (ANLA for its Spanish acronym), the Alexander von Humboldt Institute, the Sinchi Amazonic Institute of Scientific Research and National Parks of Colombia—in which we reviewed regulatory projects such as the update to the Manual to Offset Biodiversity Losses and we worked on proposals for collective initiatives related to prioritized basins in the country, such as the Dique Channel, for which there is currently a proposal in the works to restore its wetlands.

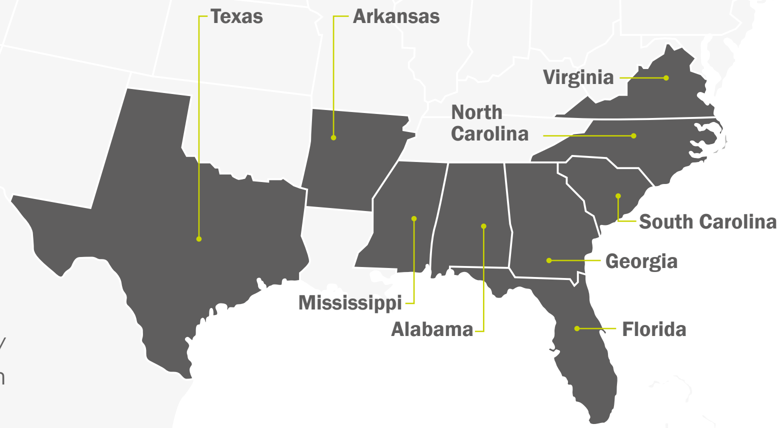
We studied the biodiversity of **228** hectares at the Caribbean and Central America Region

Caribbean and Central America Region

- The partnership with the Smithsonian Institute in Panama, through which we carried out biodiversity studies on 228 hectares planted with native and introduced species in areas formerly used for mining, allowed us to determine the importance of each type of coverage (with native species, introduced species, secondary forests and riparian forests) for both biodiversity and for the services of the newly created ecosystems, especially water and environmental quality. Among the highlighted results are the presence of 152 species of birds (of which 15 are migratory), 37 of bats, 12 of amphibians, 11 of reptiles, 6 of small mammals and 15 species of large mammals, as well as 263 species of butterflies and a new geographical distribution of the *Diasporus citrinobapheus* frog in Panama. We also managed to determine the relevance of the planted areas to the hydrological services associated with the Panama Canal sector.

United States Region

- The results of our strategic partnerships are ongoing. Our terminals at Cordele, Newman, Ball Ground and Durham, as well as the cement plants at Roberta, Harleyville and Atlanta, continued with the certification awarded by the WildLife Habitat Council (WHC) for preserving special sites to conserve biodiversity. They are joined by the Manatee terminal and the Tampa and Newberry plants, which were also certified in 2015.
- We contributed USD 10,000 to conservation projects led by the National Audubon Society, a non-profit American organization dedicated to the conservation of nature. Of particular note is our support to the conservation project for the migratory bird *Prothonotary warblery*, as one of their key habitats is in the Beidleren Forest of South Carolina.




Prothonotary Warbler migratory bird, United States

Future perspective

- Our long-term goal is to move towards making a net positive impact on the biodiversity of the areas in which we operate, meaning that all negative impacts we could generate on the biodiversity are prevented, mitigated, corrected and offset to a point where the final balance, in terms of conditions and importance of habitats, is positive.
- We will invest close to USD 30,000 to acquire the Integrated Biodiversity Assessment Tool (IBAT), which will guide our prioritization of the areas of high biodiversity value to the company.
- We will define the Argos Guide for construction of biodiversity management plans, which will contain the principles the CSI has proposed for such plans, and which will be adapted and implemented at each of our regions.
- We will begin the second phase of the soil rehabilitation project together with the University of Antioquia, which we expect to complete in 2017.
- We will continue to participate in the CSI's Biodiversity Work Group.
- We will maintain existing partnerships and we will endeavor to participate in local and international initiatives that seek the conservation and restoration of ecosystems.
- At the Colombia Region we will continue our quarry rehabilitation plans in which we will invest an estimated COP 758 million in 2016.
- With the results obtained from the studies carried out by the Smithsonian in Panama, we will establish a biodiversity management plan for the areas that where native and introduced species were planted.

Other emissions (G4-DMA)

In order to have operations with higher eco-efficiency standards, we have established goals in our environmental policy to reduce emissions of PM, SO_x and NO_x. These goals drive us to implement initiatives to minimize the emissions of these components that go beyond the legal requirements of the different regions where we operate.

That is why these goals involve an effective reduction of our emissions by 2025 of 85 percent per ton of clinker for PM and of 65 percent for SO_x. Likewise, our goal is to keep nitrogen oxide (NO_x) emissions at the same levels as 2012.

As members of the CSI, we control and monitor atmospheric emissions according to the provisions of the "Guidelines for monitoring and reporting emissions in the cement industry," which allows us to reference the best international practices in the industry and adapt them to our operations.

Our management approach

In 2015 we decreased PM emissions by 76 percent compared to our 2012 baseline. This was due mainly to the optimization and technological renewal of the PM control systems, including changing electrofilters and other systems to more efficient equipment, which demanded an investment of USD 2.7 million in the United States Region and of COP 12.869 million (USD 4,087) at the Colombia Region.

Additionally, we invested USD 10.7 million at the United States Region for projects designed to comply with the atmospheric emission parameters suggested in the National Emission Standards for Hazardous Air Pollutants (NESHAP) and the standards for Commercial and Industrial Solid Waste Incineration (CISWI).

We also controlled scattered sources in areas of storage and transportation of materials for the Colombia and Caribbean and Central America Region, which implied an investment of COP 847.6 million (USD 269,125) and USD 1.4 million, respectively.
During 2015, sulfur oxide emissions (SO_x) increased compared to the previous year and reached 0.31 kilograms of SOx per ton of clinker, a behavior that is associated mainly with the increase in coal consumption brought on by the scarcity of natural gas in the energy market in the Colombia Region. However, in line with the goal established in the environmental policy, the regions team made progress in identifying projects and initiatives that will enable it to maintain its emission levels below the targets established by the company.

Grinding mill in French Guiana, Caribbean and Central America Region

IN 2015 WE INVESTED COP 847.5 MILLION TO CONTROL SOURCES OF STORAGE AND TRANSPORTATION.

Our NO_x emissions decreased to 1.4 kilograms of NO_x per ton of clinker, which is explained by the lower use of gas as a source of energy at the Colombia Region, and the operation optimizations carried out at the Caribbean and United States plants.

As part of our CSI commitments, we have included in this report our performance results regarding emissions of NO_x, SO_x, PM and other minor pollutants such as volatile organic compounds and heavy metals (see CSI Table in Appendices).

Our 2015 investments add up to USD 5.3 million, which has enabled us to reach 83 percent online monitoring coverage of our cement production operations. Thus, we have progressed towards a stricter operational control that will in turn enable us to improve our performance in terms of decreasing emissions.

Case studies

- Our Yumbo plant underwent a technological reconversion that involved the installation of a baghouse system, which is more efficient in capturing PM.This enabled the plant to reduce specific emissions of PM by 18 percent.
- The Rioclaro plant replaced an electrostatic filter with a new baghouse filter, with which they reduced their specific emissions of PM by 20 percent.
- At the United States Region, the Newberry plant replaced an electrostatic filter with a baghouse filter and thus reduced their emissions of PM by 24 percent.
- At the Piedras Azules plant in the Caribbean and Central America Region, we installed an online multiparameter meter to monitor our emissions in real time and establish actions to control them. The improved operational control allowed us to reduce specific emissions of NO_x by 13 percent.

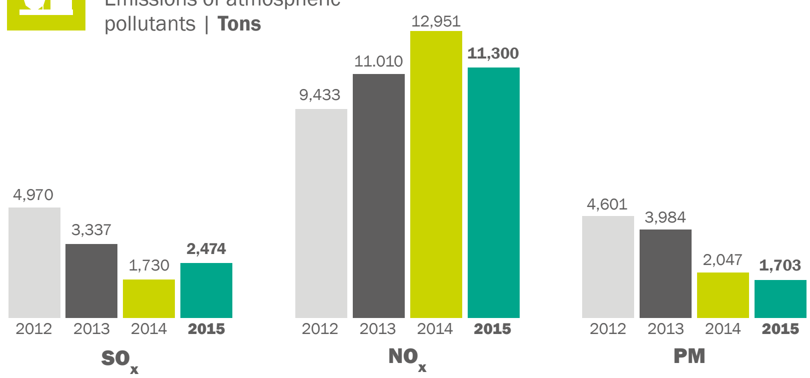
Future perspective

- We will continue to implement the best control and emission reduction practices in order to meet the targets established in our environmental policy
- We will achieve stability in the operation of the installed online monitoring equipment in order to meet the operational control standards of the industry
- We will continue to move forward with expanding the coverage of measurement of other minor pollutants in our operations

(G4-EN21) Absolute emissions

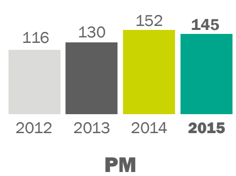
Cement

Emissions of atmospheric pollutants | **Tons**



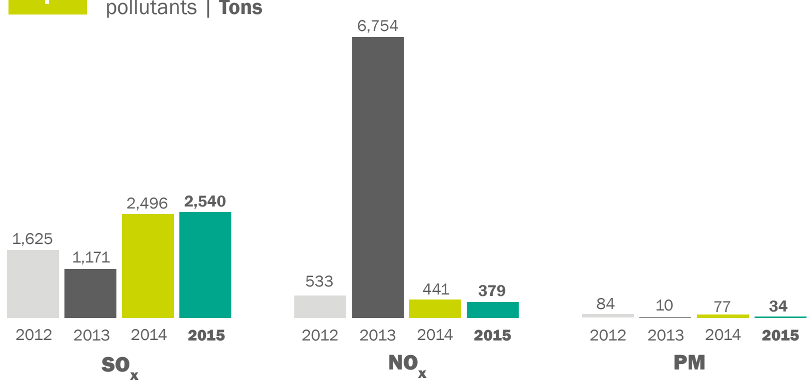
Concrete

Emissions of atmospheric pollutants | **Tons**



Generation of energy

Emissions of atmospheric pollutants | **Tons**



Interior of Argos Center for Innovation, Medellín, Colombia

8 APPENDIX

CONSLIDATED FINANCIAL STATEMENTS

CERTIFICATION OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla, February 25, 2016

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

As the legal representative of the company, I hereby certify that the consolidated financial statements as of December 31, 2015, which have been made public, do not contain any material flaws, imprecisions or errors, that could impede the understanding of the actual assets and financial position or transactions made by Cementos Argos S. A. during the reporting period.

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

LEGAL REPRESENTATIVE AND CORPORATE ACCOUNTING MANAGER OF THE COMPANY

Barranquilla, February 25, 2016

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

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S. A., hereby certify that the consolidated financial statements of the company as of December 31, 2015 and 2014, have been faithfully taken from the accounting books and that the following statements have been verified before being disclosed to the shareholders and third parties:

a) All assets and liabilities included in the company's financial statements as of December 31, 2015 and 2014 exist and all transactions included in those financial statements have been made during the years ended on those dates.

b) All of the economic activities carried out by the company during the years ended on December 31, 2015 and 2014 have been recorded in the financial statements

c) Assets represent probable future economic benefits (rights) and liabilities represent probable future financial commitments (obligations), obtained or accrued by the company as of December 31, 2015 and 2014.

d) All items have been recorded with their proper values in accordance with the financial reporting standards applicable in Colombia.

e) All economic events that affected the company were correctly classified, described and disclosed in the financial statements.

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

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

STATUTORY AUDITOR'S REPORT

Deloitte.

To shareholders of Cementos Argos S. A.:

I have audited the accompanying consolidated financial statements of CEMENTOS ARGOS S.A. and its subsidiaries which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements as at December 31, 2014 and the opening consolidated statement of financial position as at January 1, 2014 in accordance with the accounting and financial reporting standards accepted in Colombia are included for comparative purposes.

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

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I obtained the necessary information to comply with my duties and carried out my work in accordance with auditing standards generally accepted in Colombia. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend upon the auditor's professional judgment, including his/her assessment of the risks of material misstatements in the consolidated financial statements. In performing the risk assessment, the auditor considers the Company´s internal control that is relevant for the preparation and reasonable presentation of the financial statements, with the purpose of designing audit procedures appropriate to the circumstances. An audit also includes an evaluation of the accounting principles used and significant accounting estimates made by management, as well as an evaluation of the overall presentation of the consolidated financial statement. I consider that my audit provide a reasonable basis to express my opinion.

In my opinion, based on my audit and, the consolidated financial statements referred to above, present fairly, in all material respects, the consolidated financial position of CEMENTOS ARGOS S.A. and its subsidiaries companies as at December 31, 2015, as well as the results of all its operations, the changes in its equity, and the cash flows for the year then ended, in accordance with the accounting and financial reporting standards accepted in Colombia.

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

SEBASTIÁN BEDOYA CARDONA
Statutory Auditor T.P. 166002-T
Designated by Deloitte & Touche Ltda.

February 25, 2016

CEMENTOS ARGOS S.A. Y SUBSIDIARIES

Consolidated Statement of Financial Position

As at December 31
(million of Colombian pesos)

	Notes	2015	2014	January 1, 2014
Assets				
Current assets				
Cash and cash equivalents	5	$ 545,708	$ 525,864	$ 504,395
Derivative financial instruments	6	22,114	23,067	-
Other financial current assets	7	3,676	2,953	10,832
Trade receivables and other accounts receivable, net	8	1,071,587	932,857	668,645
Tax receivable	9	278,959	153,518	83,963
Inventories	10	727,709	556,887	364,587
Biological assets	11	-	304	-
Prepaid expenses		64,268	59,728	46,424
Non-current assets held for sale	18	10,114	7,725	15,090
Total current assets		**$ 2,724,135**	**$ 2,262,903**	**$ 1,693,936**
Non-current assets				
Trade receivables and other accounts receivable, net	8	35,628	12,686	22,481
Investments in associates and joint ventures	12	81,857	75,432	60,980
Derivative financial instruments	6	324	168	2,272
Other non-current financial assets	7	1,466,654	1,730,717	1,471,310
Other intangible assets, net	14	1,202,700	1,096,971	998,862
Biological assets	11	20,242	66,970	61,767
Property, plant and equipment, net	15	9,373,182	7,816,626	5,543,106
Investment property, net	16	153,033	61,067	62,513
Goodwill	17	1,836,087	1,397,450	1,043,153
Deferred tax assets	9	550,883	313,784	190,206
Prepaid expenses and other assets		2,273	2,762	6,302
Total non-current assets		**$ 14,722,863**	**$ 12,574,633**	**$ 9,462,952**
TOTAL ASSETS		**$ 17,446,998**	**$ 14,837,536**	**$ 11,156,888**
LIABILITIES				
Current liabilities				
Financial liabilities	19	1,186,029	527,552	278,263
Trade liabilities and accounts payable	22	988,134	783,588	577,755
Taxes, liens and duties	9	323,805	182,084	216,276
Employee benefits liability	23	145,041	115,130	114,523
Current provision	24	86,055	33,023	39,216
Other financial liabilities	25	45,019	35,416	30,238
Derivative financial Instruments	6	-	-	932
Outstanding bonds and preferred shares	26	426,638	395,603	353,372
Prepaid income and other liabilities	25	154,955	111,823	86,796
Liabilities associated with non-current assets held for sale	18	856	856	8,935
Total current liabilities		**$ 3,356,532**	**$ 2,185,075**	**$ 1,706,306**
Non-current liabilities				
Financial liabilities	19	2,243,125	1,942,733	400,180
Trade liabilities and accounts payable	22	10,495	8,937	12,185
Employee benefits liabilities	23	245,395	234,389	240,382
Other financial liabilities	25	-	32,850	51,897
Derivative financial Instruments	6	172,156	126,704	45,986
Taxes payable	9	-	446	-
Provisions	24	186,920	177,081	143,559
Outstanding bonds and preferred shares	26	1,822,157	2,075,558	1,742,006
Other liabilities	25	8,720	25,537	25,476
Deferred tax liabilities	9	663,992	514,103	357,957
Total non-current liabilities		**$ 5,352,960**	**$ 5,138,338**	**$ 3,019,628**
TOTAL LIABILITIES		**$ 8,709,492**	**$ 7,323,413**	**$ 4,725,934**
EQUITY (see attached statement)		**$ 8,737,506**	**$ 7,514,123**	**$ 6,430,954**
TOTAL EQUITY AND LIABILITIES		**$ 17,446,998**	**$ 14,837,536**	**$ 11,156,888**

Notes are an integral part of the consolidated financial statments.

Jorge Mario Velásquez J.
Legal Representative
(See attached certification)

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

Sebastián Bedoya Cardona
Statutory Auditor
P.T. 166002-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

CEMENTOS ARGOS S.A. Y SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For years ended 31 December
(million of Colombian pesos, except earnings per share)

	Notes		2015		2014
Continuing Operations					
Income from operations	**32**	**$**	**7,912,003**	**$**	**5,817,129**
Cost of goods sold	10		6,097,927		4,485,753
Gross profit		**$**	**1,814,076**	**$**	**1,331,376**
Administrative expenses	34		598,662		451,845
Selling expenses	35		264,387		235,558
Other income (expenses) from operations, net	36		(11,608)		(36,953)
Impairment of goodwill and assets			234		603
Operating profit		**$**	**939,185**	**$**	**606,417**
Finance charges, net	38		274,963		230,596
Gain on the net monetary position			33,107		65,494
Net equity in the income of associates and joint ventures			(787)		4,440
Profit before income tax		**$**	**696,542**	**$**	**445,755**
Income tax	9		126,905		162,530
Income from continuing operations for the year	**39**	**$**	**569,637**	**$**	**283,225**
Net discontinued operations, after tax	18		(13,315)		21,590
Net Income for the year		**$**	**556,322**	**$**	**304,815**
Income for the period attributable to:					
Controlling interest			491,357		272,102
Non-controlling interest	31		64,965		32,713
Net profit for the year		**$**	**556,322**	**$**	**304,815**
OTHER AFTER-TAX COMPREHENSIVE INCOME					
Items that will not be reclassified after income statement for the period:					
(Loss) Earnings on new measurements of defined benefits obligations		$	(9,982)	$	9,336
(Loss) Earnings from equity investments measured at fair value			(257,854)		257,606
Income tax of components that will not be reclassified			3,830		(2,990)
Total items that will not be reclassified after income statement for the period		**$**	**(264,006)**	**$**	**263,952**
Items that will be reclassified after income statement for the period:					
Net profit (loss) of instruments in cash flow hedges			(5,929)		4,355
Exchange differences by foreign currency translation			1,235,118		785,619
Income tax of components that will be reclassified			(3,534)		1,704
Total items that will be reclassified after result of the period		**$**	**1,225,655**	**$**	**791,678**
Other comprehensive income, net of taxes		**$**	**961,649**	**$**	**1,055,630**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**$**	**1,517,971**	**$**	**1,360,445**
Other comprehensive income attributable to:					
Controlling interest			836,090		974,784
Non-controlling interest			125,559		80,846
Other comprehensive income		**$**	**961,649**	**$**	**1,055,630**
Total comprehensive income attributable to:					
Controlling interest			1,327,447		1,246,886
Non-controlling interest			190,524		113,559
Total comprehensive income		**$**	**1,517,971**	**$**	**1,360,445**
Earnings per share					
Basic, Income attributable to controlling shares	40		426.65		236.27
Basic, Income from continuing operations attributable to controlling shares			438.21		217.52
Basic, Income from discontinued operations attributable to the controlling shares			(11.56)		18.75

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

Jorge Mario Velásquez J.
Legal Representative
(See attached certification)

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P.T. 47208-T
(See attached certification)

Sebastián Bedoya Cardona
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Appointed by Deloitte & Touche Ltda.
(See attached report)

Consolidated Statement of Changes in Equity

Years ended December 31 (million of Colombian pesos)

	Issued Capital	Repurchased treasury stocks	Statutory reserve	Other reserves	Retained earnings	Other comprehensive income and other components of equity	Total equity attributable to controlling interest	Non-controlling interest	Total equity
Balance at January 1, 2014	**1,558,290**	**(113,797)**	**15,744**	**1,188,662**	**1,830,258**	**1,552,365**	**6,031,522**	**399,432**	**6,430,954**
Income for the period	-	-	-	-	272,102	-	272,102	32,713	304,815
Other comprehensive income for the period, net of income tax	-	-	-	-	-	974,784	974,784	80,846	1,055,630
Comprehensive income for the period	**-**	**-**	**-**	**-**	**272,102**	**974,784**	**1,246,886**	**113,559**	**1,360,445**
Cash dividends	-	-	-	(7,468)	(183,710)	-	(191,178)	(35,948)	(227,126)
Appropriation of reserves	-	-	3,387	5,629	(9,016)	-	-	-	-
Release of reserves	-	-	-	(48,325)	48,325	-	-	-	-
Other variations	-	-	-	-	(39,595)	-	(39,595)	(10,555)	(50,150)
Balance at 31 December, 2014	**1,558,290**	**(113,797)**	**19,131**	**1,138,498**	**1,918,364**	**2,527,149**	**7,047,635**	**466,488**	**7,514,123**
Balance at January 1, 2015	**1,558,290**	**(113,797)**	**19,131**	**1,138,498**	**1,918,364**	**2,527,149**	**7,047,635**	**466,488**	**7,514,123**
Income for the period	-	-	-	-	491,357	-	491,357	64,965	556,322
Other comprehensive income for the period, net of income tax	-	-	-	-	-	836,090	836,090	125,559	961,649
Comprehensive income for the period	**-**	**-**	**-**	**-**	**491,357**	**836,090**	**1,327,447**	**190,524**	**1,517,971**
Cash dividends	-	-	-	-	(204,998)	-	(204,998)	(39,683)	(244,681)
Appropriation of reserves	-	-	2,025	16,292	(18,317)	-	-	-	-
Other reserve activities	-	-	-	38,493	(38,493)	-	-	-	-
Business combinations	-	-	-	-	-	-	-	23,005	23,005
Wealth tax	-	-	-	(54,324)	(374)	-	(54,698)	(9)	(54,707)
Other variations	-	-	-	-	(9,883)	(43)	(9,926)	(8,279)	(18,205)
Balance as 31 December, 2015	**1,558,290**	**(113,797)**	**21,156**	**1,138,959**	**2,137,656**	**3,363,196**	**8,105,460**	**632,046**	**8,737,506**

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

Jorge Mario Velásquez J.
Legal Representative
(See attached certification)

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

Sebastián Bedoya Cardona
Statutory Auditor
P.T. 166002-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

CEMENTOS ARGOS S.A. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

At 31 December
(million of Colombian pesos)

	Notes		2015		2014
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income		$	556,322	$	304,815
Adjustments to reconcile profit					
Depreciation and amortization			580,271		381,422
Income tax			126,905		162,687
Net finance charges			277,165		239,844
Provisions, post-employment and long-term defined benefit plans			27,950		4,938
Assets impairment			21,724		14,226
Loss from exchange difference			282,032		150,227
Loss by fair value measurement			10,261		1,562
Equity on loss (gain) of associates and joint ventures			787		(7,983)
Loss on the disposal of non-current assets			864		1,170
Other adjustments to reconcile gain			(32,763)		(59,794)
Changes in the working capital of:					
Increase in inventory			(58,376)		(28,940)
Decrease in receivables and other accounts receivable			605,170		167,110
Decrease in liabilities and other accounts payable			(1,110,080)		(710,769)
Total adjustments to reconcile profit			**731,910**		**315,700**
Net cash flows from operating activities		**$**	**1,288,232**	**$**	**620,515**
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash flows used to obtain control of subsidiaries or other businesses	42		(43,701)		(1,558,398)
Acquisition of financial assets			(284)		(9,217)
Proceeds from sale of financial assets			8,867		14,775
Purchase of equity in associates and joint ventures			(170)		(1,753)
Proceeds from the sale of property, plant and equipment and investment properties			27,054		65,318
Purchase of property, plant and equipment and investment properties			(688,177)		(532,203)
Proceeds from the sale of intangible assets			-		1,868
Purchase of intangible assets			(15,740)		(21,062)
Proceeds from the sale of other long-term assets			-		210
Purchase of other long-term assets			-		(2,683)
Dividends received			31,167		26,197
Collection from financial derivatives contracts			(90,221)		45,192
Net cash flows used in investing activities		**$**	**(771,205)**	**$**	**(1,971,756)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from loans			3,310,956		4,608,471
Payments of loans and debt instruments			(3,123,908)		(3,232,653)
Proceeds from bond issue			-		600,000
Payment of outstanding bonds			(191,400)		(192,575)
Payments for finance lease liabilities			(44,991)		(29,615)
Dividends paid	30		(241,226)		(223,671)
Dividends paid on preferred shares			(48,325)		(48,325)
Interest paid			(257,037)		(171,645)
Net cash flows from (used in) financing activities		**$**	**(595,931)**	**$**	**1,309,987**
Decrease of cash and cash equivalent by operations		**$**	**(78,904)**	**$**	**(41,254)**
Effect of the exchange differences on cash			98,748		55,886
Net increase of cash and cash equivalent			**19,844**		**14,632**
Cash and cash equivalents at the beginning of the period			532,371		517,739
Cash and cash equivalents at end of period		**$**	**552,215**	**$**	**532,371**

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

Jorge Mario Velásquez J.
Legal Representative
(See attached certification)

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

Sebastián Bedoya Cardona
Statutory Auditor
P.T. 166002-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 2014 and January 1st, 2014
(Millions of Colombian pesos, except where otherwise indicated)

NOTE 1: OVERVIEW

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

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

The Board authorized the issuance of the consolidated financial statements of the Group for the year ended December 31, 2015 on February 24, 2016.

NOTE 2: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Compliance Status

The consolidated financial statements of Cementos Argos S.A. have been prepared in accordance with Accounting and Financial Information Standards accepted in Colombia (NCIF for their Spanish acronym), issued by the Ministry of Finance and Public Credit and the Ministry of Commerce, Industry and Tourism of the Republic of Colombia , which are based on the International Financial Reporting Standards (IFRS) along with their interpretations, translated to Spanish and issued by the International Accounting Standards Board (IASB) as of December 31, 2012.

In accordance with the provisions of Law 1314 of 2009, Regulatory Decree 2784 of December 2012 and Decree 3024 of 2013, companies that belong to Group 1 of preparers of financial information must prepare and publish their first financial statements in accordance with the Accounting and Financial Information Standards accepted in Colombia (NCIF) up to December 31, 2015. Cementos Argos S.A., in accordance with the provisions of Decree 3024 of 2013, adopted in advance the process of implementing international financial information standards, preparing their first consolidated financial statements in accordance with International Financial Reporting Standards up to December 31, 2014. According to the stipulations of Decree 2420 of 2015 of the Republic of Colombia, companies who opted for an early adoption of IFRS must submit a complete set of financial statements up to 31 December 2015, taking January 1st, 2014 as the date of transition to NCIF. For these purposes, assets and liabilities under IFRS for early adopters will correspond to the values under the IFRS on this transition date, January 1st, 2014.

From the moment that the financial statements are published and made available to the public, it is understood that the company has fully adopted the Accounting and Financial Information Standards accepted in Colombia (NCIF) issued by the Ministry of Finance and Public Credit and the Ministry of Commerce, Industry and Tourism of the Republic of Colombia.

Group 1 of preparers of financial information includes companies that have securities registered at the National Registry of Securities and Issuers (RNVE for its Spanish acronym) under the terms of article 1.1.1.1.1. of Decree number 2555 of 2010, public interest agencies, and those that exceed certain parameters and conditions related to the number of employees, total value of assets or of imports or exports and/or are subordinate to a foreign or domestic company that fully applies the IFRS, or if it is an associated parent company or joint venture of one or more foreign entities that apply the full IFRS. Cementos Argos SA meets the first criteria established in the decree.

Decree 2784 of 2012 and Decree 3023 of 2013 regulate the preparation of financial statements based on the Standards (IFRS / International Accounting Standards [IAS]), Interpretations (IFRS Interpretations Committee (IFRIC) and Standards Interpretations Committee (SIC) and the Conceptual Framework for Financial Information issued up to December 31, 2012, and published by the IASB in 2013.

For all prior periods and up to the fiscal year ended December 31, 2014 inclusive, the Group prepares its financial statements in accordance with generally accepted accounting principles in Colombia. For all legal purposes, the financial statements ended on December 31, 2014 and 2013 will be the last financial statements pursuant to Decrees 2649 and 2650 of 1993 and the regulations in force at this time in Colombia. Note 45 includes information on how the Group adopted the IFRS for the first time.

2.2. Basis of preparation and accounting policies

2.2.1. Basis of preparation

The financial statements include the financial statements of Cementos Argos S.A. and its subsidiaries as of December 31, 2015. These have been prepared on the basis of historical cost, except the measurement of certain financial assets and financial liabilities, and derivative financial instruments that have been measured at fair value. The Group does not measure non - financial assets or liabilities at fair value on a recurring basis. The consolidated financial statements are presented in Colombian pesos, which is the functional currency of the parent group, and all values are rounded up to the closest million, unless otherwise indicated.

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

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly 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 IAS 17 and measurements that have some similarities fair value but are not fair value, such as the realizable value in IAS 2 or useful value in IAS 36. Additionally, for financial information purposes, fair value measurements are categorized as Level 1, 2 or 3 based on the degree to which the entries to fair value measurements are observable and the importance of the entries to fair value measurements as a whole, which are described as follows:

- Level 1 entries are quoted prices (not adjusted) in active markets for identical assets and liabilities to which the company has access on the date of measurement;
- Level 2 entries are entries different from the quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly, and
- Level 3 entries are unobservable entries for an asset or liability.

The main accounting principles are expressed later on.

2.2.2. Principles of consolidation and accounting policies

Consolidation Principles

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

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

When The Group as 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 Combinations 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 Liabil-*

ities 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 cash flows that are only payments of 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 income 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.

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.

Financial Derivatives

Financial derivatives are calculated at fair value with changes in the comprehensive income statement. Certain derivatives embedded in other financial instruments (implicit derivatives) are treated as separate derivatives when their risk and 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.

Certain derivative transactions that do not qualify to be posted as derivatives for hedging, are treated and reported as derivatives for negotiation, even though they provide effective hedging for the management of risk positions.

The Group formally appoints and documents the relationship with derivatives that qualify for hedge accounting at the beginning of the hedging relationship, and also documents the goals of the risk management strategy for the hedge. The documentation includes identification of the hedging instrument, the hedged transaction or item, the nature of the risk being hedged and how the Group will evaluate the effectiveness of the changes in the fair value of the hedging instrument when offsetting the exposure to changes in the fair value of the hedged item or in the cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting the changes in fair value or cash flows and are being constantly evaluated to 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 comprehensive income statement in the income statement section as financial income or cost. The change in fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item, and is also recognized in the comprehensive income statement in the income statement section as financial income or cost.
- **Cash flow hedges**, when hedging exposure to variations in the cash flows attributed either to a particular risk associated with a recognized asset or liability or with a highly probable a foreseen transaction, or with the exchange rate risk related to an unrecognized firm commitment. Cash flow hedge accounting aims to recognize changes in the fair value of the hedging instrument in the other comprehensive results, to apply them to the income statements when and at the pace in which the hedged item affects them. The inefficiency of the derivative will only be recognized in the income statement as they occur.
- The effective portion of the profit or loss from measuring the hedging instrument is immediately recognized in the other comprehensive statement, whereas the ineffective potion is recognized immediately in the comprehensive income statement in the section income statement as a financial cost.

The values recognized in the other comprehensive income are reclassified to the comprehensive income statement in the income statement section when the hedged transaction affects the result, just as the financial income or hedged financial expense is recognized or when a forecast transaction takes place. When the hedged item constitutes the cost of a non - financial asset or liability, the values recognized in the other comprehensive income statements are reclassified to the initial book value of the non-financial asset or liability. If the forecast transaction or firm commitment is no longer expected to take place, the cumulative gain or loss previously recognized in the other comprehensive income is reclassified to the comprehensive income statement in the income statement section. If the hedging instrument matures or is sold, it is resolved, or it is exercised without a replacement or successive renewal of a hedging instrument for another hedging instrument, or if its designation as hedge is revoked, any cumulative profit or loss recognized previously in other comprehensive income remains in the other comprehensive income until the forecast operation or firm commitment affects the result.

Impairment of financial assets

At the end of each reporting period, Cementos Argos and its subsidiaries evaluate if there is objective evidence to suggest that a financial asset or a group of them measured at amortized cost are impaired.

If there is any evidence of impairment, the value of the loss is calculated as the difference between the book value of the asset and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the original effective interest rate of the financial asset. To recognize the impairment loss, the book value of the associated asset is reduced and the loss is recognized in the comprehensive income statement

3. Provisions for Decommissioning, Restoration and Rehabilitation

Cementos Argos and its subsidiaries recognize as part of the cost of ownership of an element, plant and equipment when there is a legal or implicit obligation to dismantle an asset or restore the site where it was built, the present value of the estimated future costs expected to be incurred for the dismantling or restoration.

The provision for decommissioning or restoration is recognized at the present value of estimated future disbursements to pay the obligation. Cash flows are discounted at a risk - free rate before taxes.

The estimated future cash flows for decommissioning or restoration are reviewed periodically. Changes in estimates, in the expected dates of disbursements or in the discount rate used to discount the flows are recognized as an increase or decrease of the decommissioning cost included in the ownership item, plant and equipment. The change in the value of the provision associated with the passage of time is recognized as a financial expense in the comprehensive income statement.

4. Cash and cash equivalents

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

5. Disbursements of Exploration and Evaluation

Cementos Argos and its subsidiaries recognize as an expense for the evaluation and exploration of mineral resources those disbursements incurred in prior to demonstrating the technical feasibility and commercial viability of an exploitation project, even if they are directly related to or associated with the activity of exploration and evaluation of mineral resources. If 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 financial statements to be recognized or disclosed in the notes to the financial statements.

Judgments include data such as liquidity risk, credit and volatility risk. Changes to the hypotheses about these factors could affect the reported fair value of the financial instruments.

7. Foreign Currency

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

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

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

When disposing of a foreign operation, including the disposal of the Group's total participation in a business abroad and a 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

Cementos Argos and its subsidiaries evaluate the impairment of assets 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 comprehensive income statement.

9. Impairment of Non-Financial Assets

At the end of each period, Cementos Argos and its subsidiaries evaluate the existence of any indications that an asset's value may be impaired. The recoverable value of the asset or cash-generating unit is estimated; when it is not possible to estimate the recoverable amount of an individual asset, at the time when an indication of impairment is detected, or at least annually for intangible assets with an indefinite useful life and

intangible assets not yet in use. When a reasonable and consistent basis of distribution is identified, common assets are also allocated to individual cash generating units or distributed to the smallest group of cash-generating units for which a reasonable and consistent distribution basis can be identified.
The recoverable value of an asset is the highest value between the fair value minus the sales costs, whether it's an asset or a cash-generating unit, and its value in use. When estimating the value in use, estimated future cash flows are discounted at the current value using a discount rate before taxes that reflects current market valuations of the temporary value of money and the specific risks to the asset for which the estimated future cash flows have not been estimated. When the book value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and the value of its recoverable amount is reduced.
When an impairment loss is reversed later, the book value of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, so that the increased book value does not exceed the book value that would have been measured had the asset's (or cash-generating unit's) impairment loss not been recognized in previous years. The reversal of an impairment loss is automatically recognized in profits or losses.

10. Taxes

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

Current income tax

Current assets and liabilities for the income tax period are measured by the values expected to be recovered or paid to the tax authority. The expense for income tax is recognized in the current tax according to the refinement of the income tax and the accounting gain or loss affected by the tax rate on income for the current year and pursuant to the provisions of the tax 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.

11. 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;
- The intention is to complete the intangible asset in question for use or sale;
- Its ability to use or sell the intangible asset;
- The manner in which the intangible asset will generate probable economic benefits in the future;
- The availability of adequate resources, technical, financial or otherwise, to complete its development and to use or sell the intangible asset, and
- Its ability to measure reliably the disbursement attributable to the intangible asset during its development

The amount initially recognized for an internally generated intangible asset will be the sum of the disbursements incurred from the time when the item meets the conditions for recognition set forth above.

After the initial recognition, an internally generated intangible asset will be accounted at cost minus the accumulated amortization and accumulated amount of impairment losses on the same basis as intangible assets that are acquired separately.

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

An intangible asset is written off at the time of disposal or when no future economic benefits from its use or disposal are 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.

12. Investment in Associates and Joint Ventures

An associate is a company over which the Group has significant influence. Significant influence is the power to participate in 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. BUnder 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.

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.

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.

With regards to the acquisition of the associate or joint venture, any excess in the cost of the investment on the distribution of the net fair value of the investee's identifiable assets and liabilities is recognized as goodwill, and is included in the investment's book value.

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

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

Additionally, the Group records all previously recognized amounts in other comprehensive income regarding that associate or joint venture on the same basis that would have been required if the associate or joint venture had sold the assets or liabilities directly. Therefore, if a profit or loss previously accounted in another comprehensive result by the associate or joint venture had been reclassified to profits or losses upon selling the related assets or liabilities, the Group would reclassify the profit or loss from equity to profits or losses (as a reclassification adjustment) at the time when they stop using the equity method. The Group continues using the equity method when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate. No recalculation at fair value at the time of such changes in ownership interests.

When the Group reduces its equity stake in an associate or a joint venture but continues to use the equity method, the Group reclassifies to profits or losses the share of the profit or loss that had been recognized previously in other comprehensive income in relation to that reduction in equity participation, if such a profit or loss were reclassified to profit or losses upon the sale of the corresponding assets or liabilities.

If a company within the Group engages in a transaction with an associate or joint venture of the Group, the profits and losses resulting from these transactions are recorded in the Group's consolidated financial statements only for the share of the stake in the associate or joint venture that is not related to the Group.

The goodwill that arises from the acquisition of an associate or a joint venture is included in the book value of the investment and is not amortized or individually tested for impairment of its value.

13. Joint Operations

Cementos Argos and its subsidiaries recognize a joint operation when the contractual agreement is not structured through a separate vehicle, or if the contractual agreement is structured through a separate vehicle, the company evaluates whether Cementos Argos and its subsidiaries are granted rights to the assets and obligations regarding the liabilities relative to the agreement, and not rights to the net assets of the agreement.

Cementos Argos and its subsidiaries consider the following aspects in order to recognize a joint operation: the legal form of the separate vehicle, the clauses of the contractual agreement, and where appropriate, other factors and circumstances.

The Group recognizes in its consolidated financial statements, regarding its participation in a joint operation, the following:

- Its assets, including its participation in assets held jointly
- Its liabilities, including its participation in liabilities incurred jointly;
- Its revenue from ordinary activities arising from the sale of its stake in the product resulting from the joint operation;
- Its participation in the revenue from the sale of the product made by the joint operation, and
- Its expenses, including its participation in the expenses incurred jointly.

The Group recognizes the assets, liabilities, revenues and expenses related to its participation in a joint operation in accordance with the applicable policies, in particular those applicable to assets, liabilities, revenue and expenses. When the Group is a joint operator and engages in sales transactions or contribution of assets to a joint operation, it recognizes the gains and losses from this transaction only to the extent of the participation of the other parties in the joint operation, and if the transaction provides evidence of reducing the net realizable value of assets or of causing an impairment, the total losses are recognized.

When the Group is involved in a joint operation but does not have joint control of it, it accounts for its participation as indicated in the previous paragraphs only if Cementos Argos and its subsidiaries have rights to the assets and obligations regarding the liabilities related to the joint operation.

14. 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 prop-

erties are measured at cost minus the accumulated depreciation and any accumulate impairment losses.
An investment property is written off when it is disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be received from its sale. Any profit or loss arising from the removal of the property (measured as the difference between the net income from the sale and the book value of the asset) is included in the consolidated income for the period in which the property was written off.

15. 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, unless the interest retained is still an associate or a joint venture, in which case the Group uses the equity method (see accounting policy related to the influence over an associate or joint venture).
In cases where the Group undertakes to distribute an asset (or group of assets for disposal) to the owners, said non-current asset (or group of assets for disposal) is classified as held for distribution to owners. For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly likely, i.e. activities must be underway to complete the distribution and should be expected to be completed within a year from the date of classification. The Group has classified its subsidiaries in liquidation processes as groups of assets for distribution to owners.
Revenues, costs and expenses from a discontinued operation are presented separately from those from continuing operations -- in a single item after income taxes -- in the consolidated comprehensive income statement for the current period and for comparative the period of the previous year, even when the Group retains a non -controlling interest in the subsidiary after the sale.

16. 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 techni-

cal life of the asset as follows:

Buildings and constructions	40 to 70 yrs
Means of Communications	20 to 40 yrs
Machinery and equipment	10 to 30 yrs
Office equipment and furniture, computers and communications	3 to 10 yrs
Transportation Equipment	3 to 10 yrs
Furniture, vehicles and tools	2 to 10 yrs
Owned land is not depreciated	

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

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

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

17. Leasess

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

The Group initially recognizes an asset acquired through a financial lease according to its nature in the Statement of Financial Position, at either its fair value or the present value of the minimum lease payments, whichever one is lower, and recognizes a short or long-term liability for the same amount.

Later, the asset is measured in accordance with the property, plant and equipment policies (see property, plant and equipment policy), and liabilities at amortized cost.

18. 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.

19. 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.

20. 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 obliga-

tion 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 Cementos Argos and its subsidiaries, are not recognized in the Statement of Financial Position, but are disclosed as contingent liabilities.
The financial statements have been prepared on the basis of a going concern and as of December 31, 2015 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 IAS 18 Revenue, whichever one is higher.

21. Post-Employment Benefit Plans

The Group recognizes liabilities for pensions, pension securities and bonds, retirement premiums and other post-employment benefits in accordance with the requirements of IAS 19 Employee Benefits, except as provided by Decree 2496 of December 23, 2015, which determines that the parameters to establish the liability for post-employment benefits of pension, pension securities and bonds must correspond with Decree 2783 of 2001, as the best market approximation. This decree establishes the actuarial assumptions for calculating future increases in salaries and pensions, sets the actual rate of interest applicable and the manner in which to consider the anticipated increase in income for active and retired staff.
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.

22. 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.

23. Revenue

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

Sale of Goods

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

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

Rendering of Services

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

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

Royalties

Royalties must be recognized on the basis of accumulation, according to the economic substance of the agreement they are based on (provided it is likely that the economic benefits will flow for the company and the revenues can be measured reliably). Royalties determined on a time basis are recognized using the straight line method during the period of the agreement. Royalty agreements based on production, sales and other measurements are recognized in reference to the underlying agreement.

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.

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

3.1. New and revised IFRS issued not adopted at the date of preparation of the consolidated financial statements

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's consolidated financial statements for periods beginning on January 1st, 2016 or at a later date; the Group has not applied these requirements in advance.

Standards issued by the IASB and incorporated in Colombia as of January 1st, 2016

Decree 2420 of 2015. With this decree, as of January 1st 2016 the following rules will govern the regulatory technical framework that contains the standards in force at December 31, 2013 with their respective amendments issued by the IASB, allowing early application.

- IFRIC 21 - Levies, interpretation of IAS 37.
- IAS 36 - Impairment of assets, changes in the disclosure of recoverable amounts of non-financial assets
- IAS 39 - Financial Instruments - Changes in the novation and continuation of hedging transactions.
- Annual improvements, 2010 - 2012 Cycle.
- Annual improvements, 2011 - 2013 Cycle.

Standards issued by the IASB to be incorporated in Colombia on January 1st, 2017

Decree 2496 of 2015. With this decree, starting on January 1st, 2017 the following standards will govern the regulatory technical framework that contains the standards in force at December 31, 2014 with their respective amendments issued by the IASB, allowing early application:

- IAS 19 - Employee Benefits, employee or third party contributions associated with the defined benefit plans or services.

- IAS 32 - Financial Instruments: Presentation, offset of financial assets and liabilities.
- IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities and IAS 27 - Separate Financial Statements. Exception to the requirement to consolidate the subsidiaries of an investment entity.
- IAS 1 - Presentation of Financial Statements, disclosure.
- IAS 16 - Property, Plant and Equipment and IAS 38 – Intangible Assets, clarification of acceptable depreciation and amortization methods.
- IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture, production plants.
- IAS 27 - Separate Financial Statements, equity method in the separate financial statements.
- IFRS 10 - Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures, sale or contribution of goods between an investor and its associate or joint venture.
- IFRS 11 - Joint Operations.
- IFRS 14 - Regulatory Deferral Accounts.
- Annual improvements, 2012 - 2014 Cycle
- IFRS 9 "Financial Instruments" issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was later amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for writing off financial instruments. Both were adopted by the Group in advance. Subsequently, IFRS 9 was amended in November 2013 to include new requirements for general hedge accounting and in July 2014 the final revised version of IFRS 9 was issued, which includes: a) new requirements for impairment of financial assets (expected credit losses model), b) limited modifications to classification and measurement requirements, introducing the category of fair value with changes in equity for certain debt instruments. The new requirements included in IFRS 9 issued in July 2014 have not been adopted by the Group yet. Currently, the Group is evaluating the potential impact the application of these requirements on its consolidated financial statements. The impairment model in accordance with IFRS 9 reflects expected credit losses, as opposed to the credit losses incurred according to IAS 39. In the scope of the impairment under IFRS 9, it is no longer necessary for a credit event to occur before its credit losses are recognized. Instead, an entity always posts both the expected credit losses and their changes. The amount of expected credit losses must be updated at each reporting date to reflect changes in credit risk since the initial recognition. The general hedge accounting requirements of IFRS 9 maintain the three types of hedge accounting mechanisms included in IAS 39. However, the ideal types of transactions for hedge accounting are now much more flexible, particularly by broadening the types of instruments that are classified as hedging instruments and types of risk components of ideal non-financial elements for hedge accounting. Additionally, the effectiveness test based on the principle of "economic relation" has been revised and replaced. A retrospective evaluation is no longer required to measure hedge effectiveness. Many more requirements have been added regarding the effectiveness test based on the principle of "economic relation" has been revised and replaced. A retrospective evaluation is no longer required to measure hedge effectiveness. Many more requirements have been added regarding the disclosure of the company's risk-management activities. The macro- hedge work conducted by the IASB is still in the preliminary stages.

Standards issued by the IASB to be incorporated in Colombia a January 1st 2018

Decree 2496 of 2015, with the allowed early adoption of this decree starting January 1st, 2018 IFRS 15 "Revenue from Contracts with Customers" will take effect. IFRS 15 establishes a single comprehensive model to be used by entities to account revenues from contracts with customers. The basic principle of IFRS 15 is that an entity should recognize revenue represented by the promised transfer of goods or services to customers for amounts that reflect the considerations that the entity expects to receive in exchange for those goods or services. Specifically, the standard:

- Step 1: Identifying the contract with the client;
- Step 2: Identifying the performance obligations of the contract;
- Step 3: Determining the price of the transaction;
- Step 4: Assigning the price of the transaction to each performance obligation of the contract, and
- Step 5: Recognizing the revenue when the entity fulfills the performance obligation

Under IFRS 15, an entity recognizes revenue when the obligation is fulfilled, i.e., when control of the goods or services underlying the performance obligation have been transferred to the customer. IFRS 15 also includes guides to deal with specific situations. It also increases the amount of required disclosures.

This standard replaces existing income recognition standards including IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs".

The Group is currently reviewing the potential impact of the application of IFRS 15 on its consolidated financial statements and information to be disclosed.

Standards issued by the IASB in 2016 not yet incorporated in Colombia:

IFRS 16 "Leases" issued in January 2016 and effective for periods beginning on or after January 1st, 2019, with early adoption anticipated allowed - IFRS 16 eliminates the classification of leases as operating lease or financial lease contracts the tenant. Instead, leases are recognized at the present value of the lease payments and presented as lease assets (right to use the asset) or as property, plant and equipment. If lease payments are going to be made at a future date, the company should recognize a financial liability representing the contractual obligation to make such payments. IFRS 16 establishes as exceptions to the general principle of recognition contracts for short-term leases and unrepresentative values.

The Group is currently evaluating the potential impact of the application of IFRS 16 on its consolidated financial statements and information to be disclosed. The Administration estimates that the application of IFRS 16 in the future could have a significant effect on the reported amounts and disclosures made in the consolidated financial statements of the Group.

The standards, amendments and interpretations above are not expected to have any impact or an insignificant impact on the consolidated financial statements of the Group:

- Annual improvements to the IFRSs, 2012-2014 Cycle, issued in September 2014 and effective for periods that start on or after January 1st, 2016.
- Investment Entities: application of the consolidation exemption (Amendments to IFRS 10, IFRS 12 and IAS 28), issued in December 2014 and effective for periods beginning on or after January 1st, 2016.
- Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), issued in September 2014 and effective for periods beginning on or after a date to be fixed by the IASB.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11), issued in May 2014 and effective for periods beginning on or after January 1st, 2016.
- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38), issued in May 2014 and effective for periods that start them on or after January 1st, 2016.
- Disclosure Initiative (Amendments to IAS 1), issued in December 2014 and effective for periods beginning on or after January 1st, 2016.
- Agriculture: Bearer Plats (Amendments to IAS 16 and IAS 41), issued June 2014, effective for periods beginning on or after January 1st, 2016.
- IFRS 14 "Regulatory Deferral Accounts" issued in January 2014 and effective for periods beginning on or after January 1st, 2016.

NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When applying the Group's accounting policies, which are described in note 2, the Administration has to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported figures for revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed regularly by the Administration. Revisions to accounting estimates are recognized in the period in which they were reviewed if the revision only affects that period, or in future periods if the revision affects both the current and subsequent periods.

4.1. Critical judgments when applying accounting policies

Below are presented the essential judgments, apart from those involving estimates (see 4.2), made by the Administration during the process of applying the Group's accounting policies and which have a significant effect on the amounts recognized in the consolidated financial statements.

Consolidation of entities

The Group's financial statements include the accounts of subsidiaries over which Cementos Argos S.A. has control. In the control evaluation, the Group evaluates the existence of power over the entity, the exposure, or rights, to variable returns from their involvement with the entity; and the ability to use their power over the entity to influence the yield of the Group. The Administration uses their judgment to determine when control over an entity exists. The judgment is applied to determine the relevant activities of each entity and the ability to make decisions about these activities. In order to do this, the Group evaluates the purpose and design of the entity, identifies the activities that most impact their performance and evaluates how decisions about the relevant activities are made. During the decision making evaluation, the Group considers the existing voting rights, potential voting rights, the contractual agreements between the entity and other parties, and the rights and ability to appoint and remove the key members of management, among other aspects. The judgment is also applied to the identification of variable returns and the Group's exposure to them. Variable returns include, but are not limited to, dividends and other distributions of economic profits from the company, compensation for managing the assets or liabilities of the entity, commissions and exposure to losses by providing credit support or liquidity.

(a) Investment in SURCOL HOUDSTERMAATSCHAPPIJ NV

The Administration has assessed the degree of influence that the Group has over SURCOL HOUDSTERMAATSCHAPPIJ NV and determined that it exercises control over the entity while maintaining a percentage of participation equal to 50%, due to their representation on the Board of Directors and the contractual terms of the agreement, which states that the Group has the current ability to decide on the activities that most impact the performance of the entity according to the terms.

(a) Investment in Corporacion de Cemento Andino C.A. and its subsidiaries, Andino Trading Corporation, Comercializadora Dicemento C.A. and Depoan S.A.; and the companies Internship Agency Venezuela C.A. and Surandina de Puertos C.A. The Administration has assessed the degree of influence that the Group has over the aforementioned entities located in Venezuela, and determined that it has no control over the entities even while maintaining a percentage of participation higher than 50%, due to the fact that Cemento Andino was stripped of its asset and declared a public and social interest utility by the government of Venezuela on March 13th, 2006. The Group is in the process of litigation to recover the companies.

Functional Currency

The Administration uses its judgment to determine its functional currency. The determination of the functional currency of Cementos Argos S.A. and each of its investments in subsidiaries, associates and joint ventures is determined by evaluating the principle and indicators in IAS 21 The Effects of Changes in Foreign Exchange Rates.

Cash-Generating Units

When conducting impairment tests on non-current assets, assets that do not individually generate cash inflows that are largely independent from the cash flows generated by other assets or groups of assets, they should be grouped to the cash-generating unit to which the asset belongs, which is the smallest identifiable group of assets that generates cash inflows for the company that are largely independent from other assets or groups of assets. The Administration uses its judgment to determine the cash-generating units for purposes of impairment testing.

Determination of the average exchange rates for the conversion of financial statements

The revenues, costs and expenses of consolidated subsidiaries whose functional currency differs from the functional currency of the parent company are converted into the presentation currency using the average exchange rate for the reporting period. The Administration considers that the average exchange rates approach the rates in effect at the date of the transaction.

Hedge Accounting

The Administration uses their judgment to determine whether a hedging relationship meets the requirements of IAS 39 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.

Recognition of deferred tax assets from losses or unused tax credits

The Administration uses their judgment to recognize a deferred tax asset when evaluating the existence of sufficient taxable profits in future periods to offset it.

4.2. Key sources of estimation uncertainties

The basic assumptions about the future and other key sources of estimation uncertainty at the end of a reporting period are presented below, which involve a significant risk of material adjustments in the book values of assets and liabilities during the upcoming financial period.

Evaluation of impairment on goodwill

The Group tests goodwill for impairment at least once a year. The evaluation of impairment on goodwill requires an estimate of the useful value of the cash-generating unit or group of cash-generating units to which it has been assigned. The estimate of useful value requires the estimate of future cash flows of the cash-generating unit or groups of cash generating units, and the estimate of financial assumptions such as inflation rate, the discount rate and the growth rate in perpetuity. In the process of measuring the expected future cash flows, the Administration estimates future operating results. Changes in valuation assumptions can cause adjustments to the Group's goodwill for the next few reporting periods.

Income tax

The Group recognizes significant amounts of current and deferred tax income in its consolidated financial statements due to the volume of its operations and the multiple countries in which it operates. The determination of current and deferred tax is based on the Administration's best interpretation of the existing and applicable laws and practices, and practical improvements of the jurisdictions in which it operates. The reasonableness of this estimate depends significantly on the ability of the Administration to integrate complex tax and accounting standards, to consider changes in applicable laws and to evaluate, for deferred tax asset recognition purposes, the existence of sufficient tax profits for realization.

Uncertain tax positions are fiscal positions where the tax treatment is not clear, or it may be challenged by the tax authorities and it is expected that the situation will not be resolved favorably. The Group recognizes uncertain tax positions mainly by excluding or treating income as untaxed in tax returns. No provision is recognized for remote or possible uncertain tax positions. The probability analysis is based on expert opinion and on analysis of the valid tax regulations in the applicable jurisdiction. The Administration uses the available information to measure a provision for the best estimate of payments or resources required to settle the obligation whenever an unfavorable resolution for the Group is likely. Refer to Note 9 - Income tax which includes information on uncertain tax positions for which the Group recognizes provisions.

Pension plans and other defined post-employment benefits

The post - employment benefit liability is estimated using the projected unit credit method, which requires financial and 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. On December 23rd, 2015, the Ministry of Commerce, Industry and Tourism issued Decree 2496, by which Decree 2420 of 2015 of the Accounting, Financial Reporting and Information Assurance Standards changes. The decree establishes provisions on the parameters to determine the liability for post-employment benefits, and it specifically states that the parameters established in Decree 2783 of 2001 shall be used as the best market approximation when estimating the liability for pension and titles and pension bonds. The Ministry of Finance and Public Credit will review these parameters every three (3) years and, if needed, it will make the necessary adjustments that are duly supported with related technical studies. Other post-employment benefits other than the above requirements will be determined in accordance with IAS 19.

Identifiable assets and liabilities assumed in business combinations

On the date of acquisition, the identifiable assets and liabilities assumed in business combinations are included through the global consolidation method in the Group's financial statements at their fair values. When measuring the fair value, the Administration makes assumptions about future operating results and key assumptions such as the discount rate and the growth rate in perpetuity. The estimate of the fair value of acquired assets and liabilities, as well as the determination of the values of the assumptions used in the valuation, is performed by an independent external appraiser. Any subsequent changes in estimates affect the goodwill as long as the change qualifies as an adjustment of the measurement period; any other change is recognized in the income statement in the following period.

Estimation of useful lives and residual values of property, plant and equipment

As described in Note 2, the Group reviews the estimate of the useful lives and residual values of property, plant and equipment at least once a year. When there is evidence of changes in conditions or in the expected utilization of an item of property, plant and equipment, the Administration makes a new estimate of the useful life of the item. The estimate of the useful lives of property, plant and equipment is determined based on historical performance of the asset, expected use of the asset by the Administration and existing legal restrictions on its use. The estimate of the useful lives requires a significant degree of judgment by the Administration.

Fair value of financial derivatives and financial assets

The fair value of financial derivatives is determined by using valuation techniques widely known in the market, when there is no observable market price. The Group uses its judgment to select the appropriate valuation method for an asset or liability and maximizes the use of observable variables. The assumptions are consistent with market conditions at the time of measurement and with information that market participants would consider when estimating the price of the instrument. The Administration believes that the selected valuation methods and assumptions used are appropriate for the determination of fair value of 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.

Decommissioning, removal or restoration liabilities

The provision for decommissioning, removal or restoration is recognized by the present value of the expected costs to settle the obligation using estimated cash flows. In the process of measuring the present value of the obligation, the Administration makes estimates of future disbursements for the decommissioning, removal or rehabilitation, the estimated date(s) in which the disbursements will be made and financial assumptions such as inflation rate and the discount rate. Given the long-term horizon of decommissioning obligations, the estimates are subject to a significant degree of uncertainty and can significantly affect the amounts in the consolidated financial statements.

Provisions for contingencies, litigation and claims

Litigations and claims to which the Group is exposed are handled by the legal department, such processes are of labor, civil, criminal and administrative character. The Group considers that a past event has given rise to a present obligation if, taking into account all available evidence at the date on which it is reported, it is likely to be a present obligation, regardless of future events. In these cases, it is understood that the occurrence of an event is more likely than not when the probability of occurrence is greater than 50%. The Group recognizes a provision when it is probable that an outflow of future economic benefits will occur, it discloses information about the contingency when their occurrence is possible, and does not record or disclose information when it concludes that the probability of occurrence is remote. The Group involves the professional judgment of internal and external attorneys to determine the possibility of occurrence of a present obligation. When estimating the provision for litigation and claims the Administration considers assumptions such as, but not limited to, inflation rate, lawyer fees, estimated duration of the litigation or lawsuit, economical information of processes with similar characteristics and the discount rate to be applied to cash flows to determine the value of the obligation, for those obligations expected to be settled within a period longer than twelve (12) months after the end of the period reported.

Wealth tax

Through Law 1739 of December 23rd, 2014, the national government set a wealth tax. This tax is generated by the possession of wealth (gross assets minus debts outstanding) equal to or over 1 billion pesos in between the January 1st, 2015 and 2017. This law states that taxpayers will be able to charge this tax against equity reserves without affecting net income, both in separate and consolidated financial statements. The Group recognized the wealth tax under the consolidated equity as permitted by law, by the tax value recognized tax on January 1st, 2015.

NOTE 5: CASH AND CASH EQUIVALENTS

For purposes of the consolidated cash flow statement, cash and cash equivalents include cash and banks, net outstanding bank overdrafts. Cash and cash equivalents at end of the reporting period in the consolidated cash flow statement can be reconciled with the related items in the consolidated statement of financial position as follows:

	2015	2014	January 1, 2014
Cash and banks	545,708	525,864	504,395
	545,708	**525,864**	**504,395**
Cash balances and banks included in a group of assets held for sale	6,507	6,507	13,344
Total cash and banks	**552,215**	**532,371**	**517,379**
VALUE OF CASH AND CASH EQUIVALENT RESTRICTED OR NOT AVAILABLE FOR USE	**944**	**937**	**758**

As of December 31st, 2015 and 2014, and January 1st, 2014 the Group had cash and cash equivalent balances restricted by agreements with the Administrative Department of Science, Technology and Innovation (Colciencias) and the Institute for the Development of Antioquia (IDEA), which state that the contribution of resources and scheduled disbursements are restricted to address the activities restricted destination the agreements.

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:

- Public deed 1830 of July 16, 2015 perfected the swap agreement signed between Cementos Argos S.A. and the Foundation for Social Benefit in order to transfer properties to Cementos Argos S.A. as a swap, and to transfer in favor of the Foundation for Social Benefit 100% of the shares of subsidiaries Tekia S.A.S, Ganadería Rio Grande S.A.S, Alianza Progenetica S.A.S and mercantile trusts for administration N° 7321-359 and N° 732-1435, for a total of $93,579.
- Subscription of leases agreements for the acquisition of property, plant and equipment recognized as financial leasing for $ 5,152 (2014: $ 32, January 1st, 2014: $ 22,268).

NOTE 6: FINANCIAL DERIVATIVE INSTRUMENTS

	2015	2014	January 1, 2014
Derivative financial assets not designated as financial instruments	-	-	1,934
Fair value hedges			-
Cash flow hedges			338
Derivative financial assets designated as financial instruments	22,438	23,235	338
	22,438	**23,235**	**2,272**
Current	22,114	23,067	-
Non-current	324	168	2,272
	22,438	**23,235**	**2,272**

	2015	2014	January 1, 2014
Derivative financial assets not designated as financial instrument	-	4,707	10,592
Fair value hedges			932
Cash flow hedges	**172,156**	121,997	35,394
Derivative financial assets designated as financial instruments	**172,156**	121,997	**36,326**
	172,156	**126,704**	**46,918**
Current	-	-	932
Non-current	172,156	126,704	45,986
	172,156	126,704	46,918
NET LONG (SHORT) POSITION IN FINANCIAL DERIVATIVES	**(149,718)**	**(103,469)**	**(44,646)**

To mitigate risks with foreign currency transactions and exposure to interest rates, Cementos Argos S.A. and its subsidiaries undertake natural hedging and financial hedging operations by using derivative financial instruments, mainly derivative swap contracts (“swap") and forward contracts. Certain derivative instruments are designated as hedging instruments for cash flow or fair value in accordance with the criteria of IAS 39 Financial Instruments. The Group does not use derivative instruments, or any other public financial instruments for speculative purposes.

Swap operations relate to financial transactions in which the Group, through a contractual agreement with a bank, exchanges cash flows with the purpose of reducing the risks related to currency, rate, term or issuer, and also relate to the restructuring of assets or liabilities.

Forward transactions and currency swap transactions are used to hedge the exchange rate risk in operations of foreign currency debt, to hedge future cash flows with high probability of occurring, such as the Group’s monthly exports, and with the purpose of balancing the Group’s currency exposure by taking advantage of what, in the opinion of the Administration, are considered favorable market conditions. The existence of this agreement has no impact on the underlying debt valuation.

The Group also uses interest rate swaps to manage its exposure to interest rates. In the case of interest rate swaps there is no exchange of capital, and the Group is responsible for its debts with defined amounts and terms, the accounting record is independent from the swap. These exchanges aim to convert financial instruments either from fixed to variable or from variable to fixed.

Financial derivatives are recorded in the consolidated statement of financial position at their fair values, taking into account the market curves in effect on the date of valuation. The accounting of changes in the fair value of derivatives depends on the use of the derivative and its designation as a hedging instrument. In relations of fair value hedging, changes in the fair value of the hedged item and the hedging instrument are recognized and offset in the consolidated income statement for the period.

In cash flow hedging relationships, changes in the fair value of the hedging instrument are recognized directly in the other consolidated comprehensive income for the effective hedging portion, and the ineffective portion is presented in the consolidated financial income or expenses. Profits or losses recognized in equity are subsequently reclassified to the consolidated statement of income when the hedged item affects the consolidated results of the Group.

Derivatives that are not designated as hedges for accounting purposes under IAS 39 are measured at fair value.

Changes resulting from the measurement of contracts are recognized in the consolidated results of the period, as financial income or expense.

Management documents the hedging relationship from the time of initial recognition. This documentation includes, but is not limited to, the following:

- Designation and hedging relationship, hedging objective and risk management strategy;
- Designation date of the accounting hedge;
- Procedure to assess the effectiveness and method to assess the effectiveness of the prospective and retroactive hedging and its periodicity.

Financial derivatives in effect at December 31st, 2014 and 2015 and January 1st, 2014 are:

Swap operations:

<table>
<tr><th></th><th></th><th></th><th colspan="3">Underlying Value|SWAP Amount</th><th></th><th></th><th colspan="3">Fair Value</th></tr>
<tr><th>Type</th><th>Underlying</th><th>Underlying Rate</th><th>2015</th><th>2014</th><th>1/1/2014</th><th>SWAP Rate</th><th>Maturity</th><th>2015</th><th>2014</th><th>1/1/2014</th></tr>
<tr><td>Currency swap</td><td>2017 Bonds</td><td>IPC+3.17%</td><td>$343,520 | USD 155,970,000</td><td>$343,520 | USD 190,000,000</td><td>$343,520 | USD 190,000,000</td><td>Libor+1.75%</td><td>23-Nov-17</td><td>(154,950)</td><td>(118,323)</td><td>(35,394)</td></tr>
<tr><td>Currency swap</td><td>2017 Bonds</td><td>IPC+3.17%</td><td>$ 89,800 | USD 29,800,000</td><td>$ 89,800 | USD 39,094,471</td><td>$ 89,800 | USD 50,000,000</td><td>Libor+1.92%</td><td>23-Nov-17</td><td>(5,083)</td><td>(4,707)</td><td>(105,592)</td></tr>
<tr><td>Currency swap</td><td>Accounts payable</td><td>4.90% PV</td><td>-</td><td>-</td><td>USD 42,900,000 | $ 81,935</td><td>IPC+5.35%</td><td>08-Aug-16</td><td>-</td><td>-</td><td>1,934</td></tr>
<tr><td>Currency swap</td><td>Financial obligations</td><td>Libor 1m + 0.3%</td><td>USD 36,000,000 | $ 90,720</td><td>-</td><td>-</td><td>IBR+0.9%</td><td>06-Oct-16</td><td>22,114</td><td>-</td><td>-</td></tr>
<tr><td>Currency swap</td><td>Credit in dollars</td><td>Libor 3m + 0.75%</td><td>-</td><td>USD 51,975,052 | $100,000</td><td>-</td><td>IBR+1.4%</td><td>14-Oct-15</td><td>-</td><td>23,067</td><td>-</td></tr>
<tr><td>Interest rate swap</td><td>EKF credit</td><td>Libor 6m + 0.1%</td><td>USD 53,540,473</td><td>USD 68,837,751</td><td>USD 84,135,030</td><td>1.38% NSV</td><td>26-Jun-19</td><td>324</td><td>168</td><td>338</td></tr>
<tr><td>Interest rate swap</td><td>Club Deal</td><td>Libor 6m + 2.8%</td><td>USD 300,000,000</td><td>USD 300,000,000</td><td>-</td><td>3.93%</td><td>28-Feb-16</td><td>(12,122)</td><td>(3,673)</td><td>-</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>(149,717)</td><td>(103,468)</td><td>(43,714)</td></tr>
</table>

Forward operations:

						Fair Value		
Type	**Underlying**	**Underlying Value**	**Forward Amount**	**Forward Rate**	**Maturity**	**2015**	**2014**	**1/1/2014**
Forward purchase	Financial obligations interest	USD 104,706	USD 104,706	1,974.18	3/25/2014	-	-	(4)
Forward purchase	Financial obligations capital	USD 25,000,000	USD 25,000,000	1,988.16	6/25/2014	-	-	(923)
Forward purchase	Financial obligations interest	USD 107,333	USD 107,333	1,992.35	6/25/2014	-	-	(5)
						-	-	**(932)**

As of December 31st, 2015 and 2014 there were no currency purchase forward operations to convert credits in dollars to pesos synthetically. As of December 31st, 2014, the Group maintained a currency swap operation on a credit of USD $51.9 million to convert it synthetically to pesos. The details of the swap are explained in this note.

NOTE 7: OTHER FINANCIAL ASSETS

	2015	2014	January 1, 2014
Financial assets measured at fair value with change in the results	9,677	11,527	13,430
Financial assets measured at fair value with change in other comprehensive results (Note 27)	1,459,070	1,720,536	1,456,395
Financial assets measured at amortized cost	1,583	1,607	12,317
	1,470,330	**1,733,670**	**1,482,142**
Current	3,676	2,953	10,832
Non-current	1,466,654	1,730,717	1,471,310
	1,470,330	**1,733,670**	**1,482,142**

As of December 31st, 2015 and 2014 there were no currency purchase forward operations to convert credits in dollars to pesos synthetically. As of December 31st, 2014, the Group maintained a currency swap operation on a credit of USD $51,9 million to convert it synthetically to pesos. The details of the swap are explained in this note.

The category of other financial assets at fair value with change in other comprehensive income includes investments the Group's investments in Grupo de Inversiones Suramericana S.A. and Bancolombia S.A. These investments are measured at fair value on a monthly basis. Note 27.2.1 Financial assets measured at fair value through other comprehensive income, details the value of these investments for the reporting periods.

NOTE 8: TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

	2015	2014	January 1, 2014
Trade receivables and other receivables	1,180,600	994,874	736,502
Allowance for doubtful accounts receivable	(73,385)	(49,331)	(45,376)
	1,107,215	**945,543**	**691,126**
Current	1,071,587	932,857	668,645
Non-current	35,628	12,686	22,481
	1,107,215	**945,543**	**691,126**
Average age (days)	37	39	31

Trade accounts receivable disclosed in the above paragraphs include amounts (see below the age analysis) that will have matured by the end of the reporting period, but for which the Group has not recognized any allowance for irrecoverable accounts because there has not been any significant public change in credit quality and also those that are still considered recoverable.

	2015	2014	January 1, 2014
Movements in the allowance for doubtful accounts receivable			
Starting balance	**(49,331)**	**(45,376)**	**(33,386)**
Impairment losses recognized for accounts receivable	(25,072)	(14,050)	(11,923)
Write-off for amounts considered irrecoverable during the year	12,583	14,171	1,406
Recovered amounts during the year	165	100	39
Reversed impairment losses	1,310	2,999	1,338
Loss of control of a subsidiary	36	-	-
Assumed through business combinations	-	(92)	(697)
Result of foreign currency conversions	(13,037)	(7,253)	(2,168)
Other changes	(39)	170	15
YEAR-END BALANCE	(73,385)	(49,331)	(45,376)
Age of overdue but unimpaired accounts receivable			
60-90 days	35,894	37,533	29,804
90-180 days	46,075	24,504	55,963
180-360 days	51,504	61,879	18,451
Over 360 days	42,594	80,048	81,820
	176,067	**203,964**	**186,038**
Age of overdue trade receivables			
60-90 days	8,299	3,477	2,758
90-180 days	9,818	8,965	11,253
180-360 days	16,342	13,267	11,119
Over 360 days	38,926	23,622	20,246
	73,385	**49,331**	**45,376**

The average credit period on the sale of goods is 30 days. There is no interest surcharge on trade accounts receivable after the average credit period. The Group evaluates at the end of the reporting period, and with the same frequency as the interim financial information, if there is objective evidence to suggest that financial assets are impaired, and if this is the case, the Group recognizes an impairment in consolidated income statement. The Group recognizes a provision for individual customers when they are in a state of economic insolvency or when a financing or restructuring agreement is reached, for the account receivable. Additionally, it also performs a collective impairment analysis by grouping the portfolio by ranges of overdue days and applying to these values the default rates estimated by the Administration based on historical default experience.

When determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the account from the date the credit was initially granted until the end of the reporting period.

NOTE 9: INCOME TAX

Applicable tax provisions in force state that nominal income tax rates for 2015 and 2014 applicable to Cementos Argos and its subsidiaries located in Colombia and its subsidiaries located in Antigua, Curacao, Dominica, the United States, French Guiana, Haiti, Honduras, US Virgin Islands, Panama, the Dominican Republic, Saint Maarten, Saint Thomas and Suriname, are as follows:

Country	2015	2014
Antigua	25%	25%
Colombia (1)	34%	34%
Colombia Free Trade Zone	15%	15%
Curacao	27.50%	27.50%
Dominica	30%	30%
USA	35%	35%
French Guiana	33.33%	33.33%
Haiti	31%	31%
Honduras	30%	30%
British Virgin Islands	0%	0%
Panama	25%	25%
Dominican Republic	29%	28%
San Martin	30%	30%
St Thomas	35%	35%
Suriname	36%	36%

(1) In 2015, a surcharge of 5%is added corresponding to the surcharge income tax for equity purposes CREE, which applies prospectively as follows:

2015	2016	2017	2018
5%	6%	8%	9%

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:

The income tax rate applicable in Colombia is 25% plus 9% more for the CREE. Additionally, there is a special tax regime for the Free Trade Zone whose benefits include an income tax rate of 15% and not being subject to the CREE income tax for equity purposes.

Law 1739 of 2014

- CREE surtax for the periods of 2015, 2016, 2017 and 2018 is created. The operative event of the surcharge applies to taxpayers whose annual CREE tax return has a liquid income equal to or over $800 million. Applicable marginal rates to establish the surtax are as follows:

Surcharge	2015	2016	2017	2018
CREE taxable base minus $800 million	5%	6%	8%	9%

- The surcharge is subject to an advance payment of 100% of the value thereof, calculated on the CREE taxable base on which the taxpayer settled the aforementioned tax on the previous year.
- Tax losses incurred by CREE taxpayers as of 2015 can be offset when calculating this tax. They can also be offset the taxable income of the next five (5) years, the surplus of the minimum income base for equity purposes calculated with the second paragraph of article 22 of Law 1607 of 2012.
- Under no circumstances may the CREE tax or its surcharge be offset with credit balances from other taxes that have been settled in tax returns. Similarly, credit balances to be settled in CREE and CREE surcharge tax returns cannot be offset with debts on other taxes, advances, deductions, interest and penalties.

Law 1607 of 2012

It is established that, for tax purposes only, remittances contained in tax regulations of accounting standards will continue to be valid during the four years following the entry into effect of the International Financial Reporting Standards. Consequently, during this time, the tax bases of items to be included in the tax returns will be unchanged. Additionally, the requirements of accounting treatments for the recognition of special tax situations will no longer be valid from the date of application of the new accounting regulatory framework.

Law 1739 of 2014

This law creates the wealth tax that 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%
$5,000 million and above	1.15%	1.00%	0.40%

Law 1370 of 2009

This law creates the equity tax for the year 2011. The operative event is the possession of wealth, as of January 1st, 2011, for a value greater than or equal to 3 billion pesos. The statement was filed in May 2011 and payment made in eight equal installments in the months of May and September of the years 2011, 2012, 2013 and 2014.

United States of America

In the US, the federal tax rate is 35%. Similarly, there is a state tax rate, which varies by state in a range from 3% to 7%. The state of Texas has a particular rate of 1%, called "Texas Margin Tax". Tax returns for the past three years are subject to revision by the tax authorities. When tax losses occur, federal tax losses have a period of validity of 20 years, and state tax losses have a period between 5 and 20 years. When tax losses are used, these have a maximum utilization limit equivalent to 90% of the taxable income; this limit is calculated through a mechanism called Alternate Minimum Tax "AMT". The tax applicable to the remaining 10% is settled at 20%.

Panama

The current tax refers to the tax on the year's net taxable income using the current income tax rate (25%) on the date of the consolidated statement of financial position.

Deferred taxes are calculated based on the liability method considering the temporary differences between the book values of the assets and liabilities reported for financial purposes and the amounts used for taxation purposes. The amount of deferred tax is based on the form of realization of assets and liabilities, using income tax rates in effect on the date of the consolidated financial statement.

Honduras

Decree No. 25 of 20 December 1963, established the obligation of natural or legal persons engaged in civil or commercial activities 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 ($140 million) starting with the fiscal period of 2014.

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 2009 and 2014. 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 the period income

Current Tax	2015	2014
Regarding the year in progress	178,521	138,079
	178,521	**138,079**
Deferred tax		
Origin and reversal of temporary differences	(16,016)	108,770
Changes to tax laws and rates	2,382	(15,218)
Other components of deferred tax expenses (income)	(37,982)	(68,944)
	(51,616)	**24,608**
Total current tax expense	126,905	162,687
Current tax expense from discontinued operations	-	(157)
TOTAL CURRENT TAX EXPENSE FROM CONTINUING OPERATIONS	**126,905**	**162,530**

Below is the detailed conciliation of the effective rate applicable to Cementos Argos and its subsidiary companies:

	Conciliation of the effective tax rate 2015	2014
Profits before income taxes and discontinued operations	696,542	467,909
Discontinued operations	-	(21,363)
Adjustments for policy changes	-	(791)
PROFITS BEFORE INCOME TAXES	**696,542**	**445,755**
CURRENT TAX EXPENSES AT THE LEGAL RATES APPLICABLE TO THE COMPANIES	**305,152**	**229,928**
Non-deductible expenses	117,393	39,519
Untaxed income	(28,487)	(58,886)
Sale of untaxed investment	(1,147)	-
Untaxed dividend	(10,514)	(28,919)
Temporary difference taxables	51,743	168,652
Temporary difference deductibles	(177,318)	(149,923)
Utilization of previously unrecognized tax losses or presumptive income surpluses	(29,114)	(9,609)
Others, net	(100,803)	(28,074)
INCOME TAX EXPENSE S/G FINANCIAL STATEMENTS PRIOR TO DISCONTINUED OPERATIONS	**126,905**	**162,687**
Discontinued operations	-	(157)
INCOME TAX EXPENSE S/G FINANCIAL STATEMENTS (AT THE EFFECTIVE TAX RATE)	**126,905**	**162,530**

Variations between statutory rates applicable to Cementos Argos and its subsidiaries, considered individually, and the effective rate generated in the consolidated financial statements are mainly due to:

- Untaxed income accounted through the equity method posted in Cementos Argos' separate financial statements as the controlling entity, in accordance with Law 222 of 1995.
- Tax benefits associated with a greater participation of the subsidiary Zona Franca Argos S.A.S in operational activities
- Benefits in the consolidated utilities from recognizing deferred tax assets for unused tax losses to use which have been impaired in the financial statements of subsidiaries located in the United States, according to the principles generally accepted in the United States.
- Untaxed dividends received by Cementos Argos S.A. from Colombian subsidiaries.

- Non-deductible expenses treated as non-temporary differences.

9.2. Income tax recognized directly in equity and other comprehensive income

Deferred Tax	2015	2014
New measurements for defined benefit plans	(11,328)	(15,165)
Cash flow hedging	4,167	**7,703**
	(7,161)	**(7,462)**

9.3 Assets and liabilities of current tax and deferred tax balances

	2015	2016	2017
Deferred tax assets	278,959	153,518	83,963
Deferred tax liabilities	323,805	182,084	216,276
	(44,846)	**(28,566)**	**(132,313)**

The analysis of deferred tax assets (liabilities) presented in the consolidated statement of financial position is presented below:

	2015	2016	2017
Deferred tax assets	550,883	313,784	190,206
Deferred tax liabilities	663,992	514,103	357,957
	(113,109)	(200,319)	(167,751)

The movements of the net deferred tax liability for Cementos Argos and its subsidiaries for the period ended December 31, 2015, 2014 and January 1st, 2014 is as follows:

2015	Opening Balance	Recognized in Results	Recognized in the other Comprehensive Results	Recognized in Equity	Assumed through Business Combinations	Effect of Exchange Rate Differences	Loss of Control of a Subsidiary	Other Changes	Closing Balance
Other Current Assets	611	35,856	-	-	-	4,109	-	-	40,576
Associates and Joint Ventures	(5,144)	1,549	-	-	-	-	-	-	(3,595)
Other Equity Investments	(38,788)	7,305	-	38,433	-	(6,129)	(698)	-	123
Property, Plant and Equipment	(392,136)	(88,761)	-	-	(21,666)	(60,470)	815	-	(562,218)
Intangible Assets	(105,119)	(9,975)	-	-	(16,475)	(44,037)	-	-	(175,606)
Other Non-Current Assets	2,857	(76,491)	-	-	271	8,048	10,404	-	(54,911)
Provisions	232,968	(24,246)	-	-	145	4,546	(104)	-	213,309
Employee Benefits	32,544	259	(2,309)	-	223	2,614	-	(1,271)	32,060
Financial Liabilities	29,182	36,874	(3,584)	-	-	8,065	-	-	70,537
Financial Leases	(2,540)	3,620	-	-	(6)	(466)	-	-	608
Other Liabilities	(277,491)	11,690	-	-	353	2,878	(1,515)	9,755	(254,330)
Unused Tax Credits	278	1,633	-	-	-	49	-	-	1,960
Unused Tax Losses	317,418	139,329	-	-	-	115,750	-	-	572,497
Unused Presumptive Income Surpluses	5,041	839	-	-	-	-	-	-	5,880
TOTAL DEFERRED TAX LIABILITIES	(200,319)	39,481	(5,893)	38,433	(37,155)	34,957	8,902	8,484	(113,110)

January, 2014	Opening Balance	Recognized in Results	Recognized in the other Comprehensive Results	Recognized in Equity	Assumed through Business Combinations	Effect of Exchange Rate Differences	Loss of Control of a Subsidiary	Other Changes	Closing Balance
Other Current Assets	(9,471)	10,081	-	-	-	-	-	-	610
Associates and Joint Ventures	(2,302)	(2,842)	-	-	-	-	-	-	(5,144)
Other Equity Investments	(14,222)	24,566	-	-	-	-	-	-	(38,788)
Property, Plant and Equipment	(341,567)	(50,569)	-	-	-	-	-	-	(392,136)
Intangible Assets	(79,586)	(25,534)	-	-	-	-	-	-	115,120
Other Non-Current Assets	(75,710)	91,335	-	-	(33,641)	20,875	-	-	2,859
Provisions	158,430	74,538	-	-	-	-	-	-	232,968
Employee Benefits	31,314	3,089	(1,860)	-	-	-	-	-	32,543
Financial Liabilities	9,433	19,749	-	-	-	-	-	-	29,182
Financial Leases	(2,618)	79	-	-	-	-	-	-	(2,539)
Other Liabilities	(111,717)	(165,774)	-	-	-	-	-	-	(277,491)
Unused Tax Credits	-	278	-	-	-	-	-	-	278
Unused Tax Losses	266,503	50,915	-	-	-	-	-	-	317,418
Unused Presumptive Income Surpluses	3,762	1,279	-	-	-	-	-	-	5,041
TOTAL DEFERRED TAX LIABILITIES	**(167,751)**	**(17,942)**	**(1,859)**	**-**	**(33,641)**	**20,875**	**-**	**-**	**(200,319)**

January, 2014	Opening Balance	Recognized in Results	Recognized in the other Comprehensive Results	Recognized in Equity	Assumed through Business Combinations	Effect of Exchange Rate Differences	Loss of Control of a Subsidiary	Other Changes	Closing Balance
Other Current Assets	-	-	-	2,907	-	-	-	-	2,907
Associates and Joint Ventures	-	-	-	(2,733)	-	-	-	-	(2,733)
Other Equity Investments	-	-	-	(20,823)	-	-	-	-	(20,823)
Property, Plant and Equipment	-	-	-	(216,621)	-	-	-	-	(216,621)
Intangible Assets	-	-	-	(3,342)	-	-	-	-	(3,342)
Other Non-Current Assets	4,796	2,274	-	(5,746)	-	-	-	65,866	67,189
Provisions	-	-	-	17,274	-	-	-	-	17,274
Employee Benefits	-	-	-	26,548	-	-	-	-	26,548
Financial Liabilities	-	-	-	(20,022)	-	-	-	-	(20,022)
Convertible Instruments	-	-	-	-	-	-	-	-	-
Financial Leases	-	-	-	(41)	-	-	-	-	(41)
Other Liabilities	(18,019)	-	-	4,438	-	-	-	-	(13,581)
Unused Tax Credits	-	-	-	-	-	-	-	-	-
Unused Tax Losses	-	-	-	30,837	-	-	-	-	30,837
Unused Presumptive Income Surpluses	-	-	-	10,648	-	-	-	-	10,648
TOTAL DEFERRED TAX LIABILITIES (ASSSETS)	**(13,223)**	**2,274**	**-**	**(176,675)**	**-**	**-**	**-**	**65,866**	**(121,758)**

The recognition of deferred tax assets was based on the following evidence:

The more conservative scenarios evidence the full recovery of accumulated tax losses periods of time that are more than satisfactory. The Administration has analyzed, technically and with restraint, the probabilities and horizons of reversal of these losses. The projections for measuring asset impairment made by Cherry Bekaert were used as the base, assuming that for every trial year only the projections to date were known in the most conservative scenario. With these projections, through the simulation of cash flows and financial obligations, financial expenses were calculated to finally achieve tax profits before taxes, confirming the early recoverability of losses incurred.

After adjusting, stabilizing and even moderating growth in the medium term, the results of the projections show persistence and consumption of losses accumulated before nine years for all cases. A summary of the results is shown in the following table:

Trial Year	Balance of Operating Losses	Expiration of Operating Losses
2012	443,705	2030
2013	624,167	2031
2014	824,683	2032
2015	1,248,306	2033

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. The company has not generated any deferred tax assets that depend on the reversal of temporary taxable differences.

Temporary differences associated with investments in subsidiaries, associates and interests in joint ventures for which no deferred tax liabilities were recognized are $2,635,996 (2015) and $2,709,449 (2014), whose deferred tax liability is $896,239 (2015) and $921,212 (2014).

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.

	2015	2014
Unused tax credits and losses		
More than one year and up to five years	-	-
No time limit	1,503	1,445
	1,503	**1,445**
Surplus presumptive income on ordinary liquid income		
More than one year and up to five years	346	355
	346	**355**
TOTAL TAX BENEFITS FOR WHICH NO DEFERRED TAX ASSETS WERE RECOGNIZED	**1,849**	**1,800**

There were no proposed dividends before the financial statements were authorized for issuance upon which could be expected to have an impact on the income tax. In fact, there were no proposed or declared dividends before the financial statements were authorized for issuance.

9.5. Impact of business combinations on income tax during the period

During the reported periods they were no changes to the value of deferred income tax assets related to business combinations.

9.6. Impact of payment of potential dividends to shareholders on income tax

El Grupo no tiene consecuencias potenciales en la declaración The Group has no potential consequences in the tax return in the event of paying of dividends to its shareholders.

NOTE 10: INVENTORIES

	2015	2014	January 1, 2014
Finished products	110,928	69,173	64,042
Products in process	144,073	125,173	62,271
Raw materials and direct materials	203,974	204,017	122,371
Materials, spare parts and accessories	194,681	126,031	98,121
Inventory in transit	27,649	9,199	1,692
Goods not manufactured by the company	34,066	9,824	4,800
Others	10,686	7,526	5,603
Advances for the acquisition of inventory	1,652	5,944	5,687
	727,709	**556,887**	**364,587**

The cost of inventories recognized as cost of merchandise sold during the period regarding continuing operations in the consolidated income statement corresponds to $6,097,927 (2014: $ 4,485,753).

The value of the decreased inventories to the net realizable value net corresponds to $2,205 (2014: $4,321) with a reversal of the reduction in value of $4,312 (2014: $1,648). The reversal of the reduction in value of inventories relates mainly to the companies Argos Panama, S.A. for $ 1,673 due to discarded parts, and Honduras Argos S.A. de CV for $2,639 due to changes in the estimate of the net realizable value of spare parts.

As of December 31, 2015 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

	Plantations	Livestock and Others	Total
2015			
Book value at Jan. 1st	43,894	23,380	67,274
Disposals and loss of control of subsidiaries	(28,547)	(23,380)	(51,927)
Cambios en el valor razonable menos costos de venta	4,895	-	4,895
Book value at Dec. 31st	**20,242**	**-**	**20,242**
Current	-	-	-
Non-current	20,242	-	20,242
	20,242	**-**	**20,242**

	Plantations	Livestock and Others	Total
2014			
Book value at Jan. 1st	41,023	20,744	61,767
Additions	1,437	1,246	2,683
Transfers to inventories	(4,573)	-	(4,573)
Disposals	-	(255)	(255)
Changes in fair value minus selling costs	6,685	1,645	8,330
Other changes	(678)	-	(678)
Book value at Dec. 31st	**43,894**	**23,380**	**67,274**
Current	304	-	304
Non-current	43,590	23,380	66,970
	43,894	**23,,380**	**67,274**

The Group carries out agricultural activities through Cementos Argos S.A., which engages in forestry projects, and the subsidiaries Tekia S.A.S, a company that operates in and manages forestry and agroforestry projects in the Republic of Colombia and whose main biological assets are teak, pine and acacia plantations; Ganadería Rio Grande S.A.S, a company whose corporate purpose is the exploitation of agriculture and livestock industries and whose main biological asset is livestock; mercantile administration trusts N° 7321-359 and N° 732-1435, which include forest assets located in El Carmen de Bolívar and land intended for livestock activity; and Alianza Progenética S.A.S, a company that operates in biotechnology projects and commercializes embryos for bovine production to third parties.

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 2 for livestock and Level 3 for plantations. Changes in the fair value of biological assets are presented in the comprehensive income statement as income or valuation expense, as appropriate. The discounted cash flow model was used for the valuation of plantations, taking into account that the future economic benefits associated with forestry are expected to perform 3 or 4 times over time, like so: when the plantation has been pruned 2 or 3 times, depending on the age and diameter of the plantation, and the last time when the clearcutting is carried out. In this regard, the fair value is determined by applying a discount rate to the net future cash flows and, for such purposes, we used the weighted average cost capital which was estimated at 8.2% in 2015 (2014: 10.4%, January 1st, 2014: 8.5%).

For its part, the fair value of livestock was estimated using the market approach, which in this case corresponds to the spot market price agreed upon according to an estimate of the weight, age and other conditions of the livestock that determine the price of a kilo of meat on the market.

The Group's biological assets are made up of plantations, as follows:

	2015	2014	2013
Plantations (hectares planted = ha)	1,172	5,556	5,517
Livestock (animals)	-	8,448	8,095

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), Puerto Nare (Antioquia), Puerto Libertador (Córdoba), San Onofre (Sucre) and El Carmen de Bolívar (Bolívar). There was no harvest of wood in 2015 (forest harvest in 2014 was 30,760 m3 and in 2013: 43.886 m3).

The livestock animals correspond to animals for breeding, rearing, fattening, donors, thoroughbred, horses, sheep, buffalos, recipients, LG cattle, and others. The Group's revenues related to this line of business are mainly due to national sales of cattle and related activities including the sale of silo, hay, semen and pregnancy services.

On July 16, 2015 the swap agreement between Cementos Argos S.A. and the Foundation for Social Benefit was perfected in order to transfer lands as a swap in favor of Cementos Argos S.A. and to transfer in favor of the Foundation for Social Benefit 100% of the shares of subsidiaries Tekia S.A.S, Ganadería Rio Grande S.A.S, and mercantile trust for administration N°7321-359 of administration and N°732-1435. This transaction implied the disposal of a significant portion of the Group's biological assets. The statement of financial position of December 31st, 2015 contained only the biological assets of Cementos Argos S.A. Refer to Note 18 Non - Current Assets Held for Sale, wherein the size of the disposal transaction is detailed.

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:

				Shareholding Ratio and Voting Power		
Investee	Type	Location	Core business	2015	2014	01-2014
Concesiones Urbanas S. A., in liquidation	Associate	Colombia	Civil constructions	33.34	33.34	33.34
Omya Andina S. A.	Joint Venture	Colombia	Prod. of non-metallic minerals	50.00	50.00	50.00
Caltek S. A.S.	Joint Venture	Colombia	Lime exploitation	50.00	50.00	50.00
Trust N° 732-1354 PAP RFC	Joint Venture	Colombia	Forestry management plans	44.21	44.21	44.21
Trans Atlantic Shipmanagement Ltd.	Joint Venture	British Virgin Islands	Maritime cargo transport	50.00	50.00	50.00
MMC Cement Division C.V.	Joint Venture	Curacao	Cement commercialization	50.00	50.00	50.00
Granulados Reciclados de Colombia Greco S. A.S.	Joint Venture	Colombia	Sanitary services	40.00	-	-

All associates and joint ventures are accounted using the equity method in the consolidated financial statements. None of the Group's investments in associates and joint ventures are listed in domestic or foreign stock markets; therefore there is no quoted market price for the investment.

12.1 Investments in Associates and Joint Ventures

The summarized financial information of each of the Group's material associates is presented below. The summary of financial information below represents amounts presented in the financial statements of the associate prepared under the IFRS:

	Omya Andina S. A.			Trans Atlantic Shipmanagement Ltd.			MMC Cement Division C.V			Investments in associates and joint ventures not significant individually		
Investee	**2015**	**2014**	**1-1-2014**	**2015**	**2014**	**1/1/2014**	**2015**	**2014**	**1/1/2014**	**2015**	**2014**	**1/1/2014**
Current assets	53,223	31,861	27,603	12,189	6,945	8,295	2,275	2,427	1,732	57,623	10,234	8,108
Non-current assets	115,306	110,565	81,876	67,094	33,251	25,791	11,038	8,6	7,576	18,211	52,024	39,381
Current liabilities	31,622	26,787	20,921	6,544	2,557	6,359	3,348	3,036	1,977	34,997	2,208	1,399
Non-current liabilities	62,776	50,427	31,068	29,054	-	293	-	-	-	2,522	13,686	10,913
Ordinary income	83,024	72,453	63,742	28,989	17,667	17,513	10,450	5,584	6,443	2,618	4,346	338
Continuing operations	5,987	7,765	6,537	(5,087)	2,989	3,710	(822)	(682)	(495)	(1,586)	6,049	6,901
Other comprehensive income	(1,008)	(43)	(3,940)	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	4,979	7,722	2,597	(5,087)	2,989	3,710	(822)	(682)	(495)	(1,586)	6,049	6,901

	Omya Andina S. A.			Trans Atlantic Shipmanagement Ltd.			MMC Cement Division C.V		
	2015	**2014**	**1/1/2014**	**2015**	**2014**	**1/1/2014**	**2015**	**2014**	**1/1/2014**
Cash and cash equivalents	9,045	4,722	3,198	7,120	3,070	2,768	103	78	329
Current financial liabilities	3,125	2,064	6,302	-	-	3,724	-	-	-
Non-current financial liabilities	59,446	48,121	26,836	-	-	293	-	-	-
Depreciation	4,784	4,133	4,070	4,996	4,706	3,016	586	427	399
Interest income	(62)	38	39	106	312	812	-	-	-
Interest costs	3,967	1,637	1,615	2,526	403	841	-	-	-
INCOME TAX	4,983	3,737	723	-	-	-	-	-	-

The conciliation of the summarized financial information with the books value of associates and joint ventures in the consolidated financial statements is as follows:

	Omya Andina S. A.			Trans Atlantic Shipmanagement Ltd.			MMC Cement Division C.V			Investments in associates and joint ventures not significant individually		
Investee	**2015**	**2014**	**1/1/2014**	**2015**	**2014**	**1/1/2014**	**2015**	**2014**	**1/1/2014**	**2015**	**2014**	**1/1/2014**
Net assets of the investee	74,132	65,213	57,490	43,685	37,639	27,435	9,966	8,287	7,331	38,316	46,362	35,176
Participation in the investee	50,00%	50,00%	50,00%	50,00%	50,00%	50,00%	50,00%	50,00%	50,00%	33%- 50%	33%- 50%	33%-50%
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Book value of the associate	37,066	32,606	28,745	21,842	18,820	13,717	4,983	4,143	3,665	17,966	19,863	14,853
Unrecognized losses:												-
For the period	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-

As of December 31st, 2015, 2014 and January 1st, 2014 no changes occurred in the Group's equity participation in an associate or joint venture due to a sales transaction or purchase of shares or other transactions. There are no significant restrictions on the ability of associates or joint ventures to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the Group. The Group has no contingent liabilities related to its investments in associates and joint ventures.

NOTE 13: SUBSIDIARIES

13.1. Group Composition

The following are the companies included in the consolidated financial statements of Cementos Argos S.A.:

AMERICAN CEMENT TERMINALS, LLC

Incorporated under the laws of the State of Delaware (USA), on September 20th, 2007; its corporate purpose is the realization of investments and its term of duration is perpetual.

ARGOS DOMINICANA S. A.

Stock company incorporated under the laws of the Dominican Republic on February 12, 1996. Its corporate purpose is the manufacture, commercialization, import and export of clinker and cement; the exploitation and commercialization of minerals used in and related to the cement industry. The company's headquarters are located in the city of Santo Domingo and its term of duration is indefinite. It is consolidated Concretos Argos Dominicanos, S.R.L.

ARGOS HONDURAS S. A. DE C.V.

Incorporated under the laws of Honduras on July 10, 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 2013 an agreement was signed to exercise the option of buying/ selling over 50% of the remaining shares of Cementos del Sur S.A. This transaction was completed on September 30, 2014, and under this agreement Argos Honduras S.A. de C.V. came to own 100% of Cementos del Sur S.A.

ARGOS PANAMA S.A. (FORMERLY CEMENTOS PANAMA S.A.)

A public limited company incorporated under the laws of the Republic of Panama on June 25, 1943; its corporate purpose is the manufacture, sale, import and export of cement and its derivatives, as well as the import of all kinds of raw materials, machinery, equipment, and spare parts for the manufacture and sale of cement. The headquarters of the company are located in Panama City, Republic of Panama, and its term of duration is perpetual. This Company is consolidated with Grava S.A., Concreto S.A., Terminal Granelera Bahia Las Minas S.A., Argos Panama Argos S.A. (formerly Cementos Panama Comercializadora S.A.), Inversiones e Inmobiliaria Tocumen S.A.

ARGOS PORTS (WILMINGTON) LLC (FORMERLY PORT ROYAL CEMENT COMPANY, LLC)

Company incorporated under the laws of the State of Delaware (USA) on March 10, 1998 and subsequently acquired by American Cement Terminals, LLC on December 31st, 2001; its corporate purpose is the commercialization of cement and its related products. Its term of duration is perpetual.

ARGOS PUERTO RICO, LLC

In April 2015, 60% of the shares of Wetvan Overseas Ltd., the company that owns the cement maritime terminal in Puerto Rico, called CPA Puerto Rico, were acquired. In September 2015 the name of the entity was changed from CPA Puerto Rico, LLC to Argos Puerto Rico, LLC. It is located in San Juan, Puerto Rico, and it is dedicated to the receipt, storage, sale and distribution of cement.

ARGOS SEM, S.A.

Incorporated on March 21st, 2014 in Panama City, it aims to establish itself and operate as a Multinational Company Headquarters to provide any and all direction and/or management services for operations in the specific geographic or global area of a company in the business group, to engage in the manufacture and commercialization of all types of goods on an international level, as well as the commercialization of all types of services, and to engage in any legal business in the territory of the Republic of Panama and in any other state or jurisdiction, as permitted by the laws of the respective state or jurisdiction. The company's headquarters are located in Panama City, Republic of Panama and its term of duration is perpetual, although it may be dissolved as pursuant to the law.

ARGOS U.S. A. CORP.

Company incorporated under the laws of the State of Delaware (USA) on December 19, 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 Ready Mix (Central South) Corp., Southern Star Leasing LLC, Piazza Acquisition Corp., Argos Ready Mix (Carolinas) Corp. (company that resulted from the merger of RMCC Group Inc. with Southern Equipment Company Inc.), Argos Ports (Savannah) LLC (formerly Savannah Cement Company LLC), Argos Ports (Houston) LLC (formerly South Central Cement Ltd.), Central Aggregates LLC, Argos Cement LLC, Argos

Ready Mix LLC, Palmetto Leasing Company and Metro Products and Construction Inc.

CANTERAS DE COLOMBIA S. A.S.

Incorporated under Colombian laws on November 9, 1979, its headquarters are located in the city of Medellin and its term of duration is indefinite. Its corporate purpose is the exploration, exploitation, transformation, transport, benefit, full use, marketing and sale of stony minerals such as sand, gravel and any other materials, elements and accessories used in the construction industry; and in general, the performance of all activities related to the mining industry, marketing and sale of renewable and non-renewable natural resources, and any legal economic activity both in Colombia and abroad.

CARICEMENT ANTILLES, N.V.

Limited Liability Company incorporated under the laws of the Netherlands Antilles on December 10, 1999; its corporate purpose is investing. The company's headquarters are located in Curacao and its term of duration is indefinite. This company is consolidated with Caricement Antigua Limited.

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 m aritime 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 17, 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 2, 2004; its headquarters are located in Tortola and its corporate purpose is the commercialization of cement, clinker and lime. Its term of duration is perpetual.

CIMENTS GUYANAIS S. A.S.

Incorporated on March 23rd, 1989 with headquarters in Cayenne, French Guiana; its corporate purpose is the manufacture of cement and all derivative products, as well as the import of the necessary raw materials and finished products for the elaboration, commercialization and export of cement and its related products. The duration of the company is 99 years from March 23rd, 1989, unless there is early dissolution or extension. This company was acquired in April 2014.

COLCARIBE HOLDINGS S. A.

Incorporated according to Panamanian laws on May 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. (formerly Caricement USVI Corp.), Argos (Dominica) Ltd. (formerly Caribbean Construction and Development Ltd.), and Argos Saint Maarten N.V. (formerly Caricement Saint Maarten N.V.).

FIDUCIA MERCANTIL CORFICOL. (GASEOSAS. LUX-CEMARGOS)

Commercial trust established in 2008 for the administration of land by Fiduciaria Corficolombiana S.A.; Cementos Argos has control over the real estate trust "Gaseosas Lux", therefore, the trust property is accounted for as an investment in a subsidiary in the separate financial statements and it is incorporated line by line in the consolidated financial statements of Cementos Argos applying the global consolidation method.

HAITÍ CEMENT HOLDING S. A.

Incorporated and domiciled in Panama City, Republic of Panama, on October 7th, 1997. Its core business is to acquire, purchase and invest in securities, bonds, stocks, shares in other companies, as well as any legal business permitted by the laws of the Republic of Panama. The duration of the company is perpetual. This company is consolidated with Cimenterie Nationale SEM (CINA).

INTERNATIONAL CEMENT COMPANY S. A.

Incorporated under the laws of Panama on November 24th, 1997; its headquarters are located in Panama City; its corporate purpose is to acquire, own, manage, encumber, lease, sell and dispose of any type of goods, either on its own behalf or on behalf of third parties. Its term of duration is perpetual.

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.

MARÍTIMA DE GRANELES S. A.

Incorporated under Panamanian laws on December 29th, 1978; headquartered in Panama City and with indefinite duration. Its corporate purpose is maritime transport, particularly that of cement and clinker, and buying and selling these same products, and chartering and provisioning ships.

SURCOL HOUDSTERMAATSCHAPPIJ N.V.

Company incorporated under the laws of Suriname on March 1st, 2006 with an indefinite term of duration. Its corporate purpose is carrying out investments. The company's headquarters are located in Paramaribo, Suriname. This company is consolidated with Vensur N.V.

TRANSATLANTIC CEMENT CARRIERS INC.

Incorporated under Panamanian laws on July 26, 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.

ELMAN TRANSPORTES LTDA. – TLM LTDA "IN LIQUIDATION"

Incorporated under Colombian laws on November 30, 1983. Through public deed 2018 of September 26, 2008, the decision was formalized by the Board to declare the company dissolved and in liquidation. The corporate purpose carried out by the company was related to the transport of all types of cargo in and out of the country in all its forms, by sea, river and air, in vehicles, ships, aircraft or trains owned by them or by affiliated third parties, and in public transport cargo vehicles affiliated with other companies.

VALLE CEMENT INVESTMENTS LTD.

Incorporated under the laws of the British Virgin Islands on November 18th, 1998; the company's headquarters are located in the British Virgin Islands and its corporate purpose is to carry out investments of all kinds. The term of the duration of the company is indefinite.

VENEZUELA PORTS COMPANY S.A.

Incorporated in Panama City, Republic of Panama, on February 26th, 2002. Its headquarters are located in Panama City. Its core business is to invest in companies, firms or projects, and the negotiation, exploitation or participation in industrial, mining, commercial, real estate, or maritime companies or companies of any other kind, as well as any licit business permitted by the laws of the Republic of Panama. The duration of the company is in perpetual.

WETVAN OVERSEAS LTD.

In April 2015, 60% of the shares of Wetvan Overseas Ltd. Were acquired. It is a company that controls a maritime cement terminal in Puerto Rico called CPA (now Argos Puerto Rico, LLC).

ZONA FRANCA ARGOS S.A.S

Incorporated under Colombian laws on July 5th, 2007 with headquarters in the city of Cartagena and an indefinite term of duration. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixes and any other materials or articles made of cement, lime or clay; the acquisition and transfer of minerals or deposits of minerals used in the cement industry and similar industries, and of rights to explore and mine the aforementioned minerals, whether by concession, privilege, lease or other title; to direct, manage, monitor, promote and develop a free trade zone, to carry out all the activities that are convenient, relevant or necessary in its condition as a user of a free trade zone; to carry out the following activities as a port operator: loading and unloading, storage in ports, import and export of goods and services, management of general cargo, and management of containerized cargo. It was declared a special permanent free trade zone in 2007.

The detail of the Group's subsidiaries at the date on which the period is reported as follows:

Subsidiary	Type	Location	Core Business	Shareholding Ratio and Voting Power 2015	2014	January 1, 2014
Agentes Marítimos del Caribe Internacional Ltda., in liquidation	Installments	Colombia	Port agency	-	-	99.28
Alianza Progenética S. A.S.	Shares	Colombia	Agroindustry	-	100.00	100.00
American Cement Terminals LLC.	Participation	USA	Investments	100.00	100.00	100.00
American Cement Terminals Trust	Participation	USA	Investments	100.00	100.00	100.00
Argos Cement LLC.	Participation	USA	Cement industry	98.63	98.63	98.63
Argos (Dominica) Ltd.	Shares	Virgin Islands	Cement distribution	100.00	100.00	100.00
Argos Dominicana S. A.	Shares	Dominican Republic	Exploitation of clinker and cement	79.18	79.18	79.18
Argos Honduras S. A. de C.V.	Shares	Honduras	Exploitation of cement and derivatives	53.28	53.28	53.28
Argos Panama, S. A.	Shares	Panama	Exploitation of cement	98.40	98.40	98.40
Argos Ports (Huston) LLC. (formerly South Central Cement Ltd.)	Participation	USA	Distribution and sale of cement	98.63	98.63	98.63
Argos Ports (Savannah) LLC. (formerly Savannah Cement Company LLC.)	Participation	USA	Distribution and sale of cement	98.63	98.63	98.63
Argos Ports (Wilmington) LLC. (formerly Port Royal Cement Company LLC.)	Participation	USA	Distribution and sale of cement	100.00	100.00	100.00
Argos Puerto Rico LLC.	Participation	Puerto Rico	Distribution and sale of cement	60.00	-	-
Argos Ready Mix LLC.	Participation	USA	Concrete industry	98.63	98.63	98.63
Argos Ready Mix (Carolinas) Corp.	Shares	USA	Concrete industry	98.63	98.63	98.63
Argos Ready Mix (South Central) Corp.	Shares	USA	Concrete industry	98.63	98.63	98.63
Argos St. Maarten N.V.	Shares	Virgin Islands	Cement distribution	100.00	100.00	100.00
Argos SEM, S. A.	Shares	Panama	Investments	100.00	100.00	-
Argos USA Corp.	Shares	USA	Investments	98.63	98.63	98.63
Argos USVI Corp.	Shares	Virgin Islands	Cement distribution	100.00	100.00	100.00
Canteras de Colombia S. A.S.	Shares	Colombia	Extraction of aggregates	99.48	99.48	99.48
Asesorías y Servicios Ltda., in liquidation	Installments	Colombia	Recruitment and consulting	-	-	100.00
Caricement Antigua Limited	Shares	Antigua	Cement Distribution	100.00	100.00	100.00
Caricement Antilles N.V.	Shares	Curacao	Investments	100.00	100.00	100.00
Cement and Mining Engineering Inc.	Shares	Panama	Investments	100.00	100.00	100.00
Cementos de Caldas S. A.	Shares	Colombia	Production of cement	40.07	40.07	39.83
Central Aggregates LLC.	Participation	USA	Production of aggregates	98.63	98.63	98.63
CI del Mar Caribe (BVI) Inc.	Shares	Virgin Islands	Commercialization	99.97	99.97	99.97
Cimenterie Nationale S.E.M. (CINA)	Shares	Haití	Cement industry	65.00	65.00	65.00
Ciments Guyanais S. A.S.	Shares	Guiana	Exploitation of cement	100.00	100.00	-
Colcaribe Holdings S. A.	Shares	Panama	Investments	100.00	100.00	100.00
Comercial Arvenco C.A.	Shares	Venezuela	Commercialization	100.00	100.00	100.00
Concretos Argos S. A.	Shares	Colombia	Exploitation of stony minerals	99.44	99.44	99.44
Corporaciones e Inversiones del Mar Caribe S. A.S.	Shares	Colombia	Investments	100.00	100.00	100.00
Ganadería Río Grande S. A.S.	Shares	Colombia	Agriculture and livestock	-	100.00	100.00

Subsidiary	Type	Location	Core Business	Shareholding Ratio and Voting Power 2015	2014	January 1, 2014
Fiduciaria Corficolombiana S. A. - Gaseosas Lux Trust	Trust	Colombia	Property management	100.00	100.00	100.00
Mercantile trust for administration – Trust N° 7321-1359	Trust	Colombia	Administration and payments	-	100.00	100.00
Mercantile trust for administration – Trust N° 7321-1435	Trust	Colombia	Administration and payments	-	100.00	100.00
Haiti Cement Holding S. A.	Shares	Panama	Investments	100.00	100.00	100.00
International Cement Company S. A.	Shares	Panama	Investments	100.00	100.00	100.00
Logística de Transporte S. A.	Shares	Colombia	Transport	99.97	99.97	99.97
Marítima de Gráneles S. A.	Shares	Panama	Maritime transport	100.00	100.00	100.00
Piazza Acquisition Corp.	Participation	USA	Investments	-	98.63	98.63
Profesionales a su Servicio Ltda., in liquidation	Installments	Colombia	Recruitment and consulting	-	-	100.00
Surcol Houdstermaatschapij NV	Shares	Surinam	Investments	50.00	50.00	50.00
Tekia S. A.S.	Shares	Colombia	Reforestation	-	100.00	100.00
Transatlantic Cement Carriers Inc.	Shares	Panama	Maritime transport	100.00	100.00	100.00
Transportes Elman Ltda, in liquidation	Installments	Colombia	Transport	98.75	98.75	98.75
Transmarítima del Caribe S. A., in liquidation	Installments	Colombia	Maritime transport and logistics	-	-	99.80
Valle Cement Investments Limited	Shares	Virgin Islands	Investments	91.81	91.81	91.81
Venezuela Ports Company S. A.	Shares	Panama	Investments	100.00	100.00	100.00
Vensur N.V.	Shares	Surinam	Production of cement	42.12	42.12	42.12
Wetvan Overseas Ltd.	Shares	Puerto Rico	Investments	60.00	-	-
Zona Franca Argos S. A.S.	Shares	Colombia	Cement industry	100.00	100.00	100.00

	Colombia			Panama and the Caribbean			USA		
	2015	2014	January 1, 2014	2015	2014	January 1, 2014	2015	2014	January 1, 2014
Number of wholly owned subsidiaries	3	8	10	15	15	13	3	3	3
Number of partially owned subsidiaries	5	5	7	10	8	8	8	9	9

Details of partially owned subsidiaries in which the Group has material non-controlling interests are disclosed in note 13.2.

In 2015 and 2014 the following movements were recorded for the subsidiary companies:

- In January 2014, the company signed an agreement for the acquisition of cement assets with the American company Vulcan Materials Company, located in the state of Florida. In March 2014 the aforementioned agreement was perfected, in which Argos Cement LLC and Argos Ready Mix LLC acquired cement operations, ready mix and block production from Vulcan Materials Company ("Vulcan"). By virtue of the acquisition, the consideration consisted of USD 720 million, subject to capital adjustment after closing. In the operation, ore reserves of limestone calcium of the quality required for the manufacture of cement in Newberry, Florida were acquired.
- In April 2014, the company signed the acquisition agreement of 100% of the shares of the company Ciments Guyanais S.A.S., belonging to the French multinational Lafarge, for 50 million euros. Ciments Guyanais S.A.S. has a cement grinding plant with a capacity of 200,000 tons and access to port facilities. The purchase operation was perfected on April 11, 2014.
- In May 2014 the Board of Directors, as part of the strategy for the efficiency of operation administration inside and outside Colombia, authorized the capitalization of Argos SEM, S.A. (Multinational Company Headquarters), based in the Republic of Panama, in order to centralize control of some of the company's investments abroad, and facilitate the provision of administrative services and technical support to other subordinate companies of Cementos Argos S.A. located outside of Colombia. Participation in the capital of Argos SEM, S.A. materialized through the contribution in kind of 29,305 shares in the company Argos USA Corp., of 229,181,415,370 shares in the company Nuevos Cementos S. A.S. and 26,500 shares in the company Ciments Guyanais S.A.S. with a commercial value of $2.4 billion. The com-

pany received 100,000 shares of Argos SEM, S. A. with an intrinsic value of $20,255,953 (value in Colombian pesos) per share, which represent 100% of its capital. The capital of the company was issued in Colombian pesos. The contribution had a neutral effect on the financial statements of the company, as it did not generate any profits or losses.

- In September 2014 the subsidiaries Southern Equipment Company Inc. and RMCC Group Inc. merged, leaving Southern Equipment Company Inc. as the only subsidiary under the business name of Argos Ready Mix (Carolinas) Corp.
- In 2014 the subsidiaries Profesionales a su Servicio Ltda. (in liquidation), Asesorias y Servicios Ltda. (in liquidtion), Agentes Maritimos del Caribe Ltds. (in liquidation), and Transmarítima Caribbean Ltda. (in liquidation) were liquidated.
- On April 30th, 2015, SEM Argos, S.A., a subsidiary of Cementos Argos S.A. acquired 60.00% of the share capital of Wetvan Overseas Ltda., a company that controls a terminal for the reception, storage, sale and distribution of cement in Puerto Rico, for USD 18.3 million through the company Argos Puerto Rico, LLC. The remaining 40.00% belongs to the Vicini Group, a business conglomerate of Dominican origin, with investments in the Caribbean and Central America.
- On June 19th, 2015, the Board of Directors of Cementos Argos S. A. authorized legal representatives of Cementos Argos S.A. to execute the swap of 100% of the shares of subsidiaries Tekia S.A.S., a company that operates and manages forestry and agroforestry projects in the Republic of Colombia, and Ganaderia Rio Grande S.A.S. and its subsidiary Alianza Progenética S.A.S, a company whose corporate purpose is the exploitation of the agriculture and livestock industries, mercantile trusts for administration No. 7321-359 and No. 732-1435, which include forest assets located in El Carmen de Bolivar, and lands intended for cattle ranching activities in favor of the Foundation for Social Benefit. These assets were classified as held for sale on June 30th, 2015 in accordance with the provisions of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. Through deed 1830 of July 16th, 2015 the swap contract between Cementos Argos S. A. and the Foundation for Social Benefit was perfected in order to execute a swap and transfer lands in favor of Cementos Argos S.A. and transfer the aforementioned assets in favor of the Foundation for Social Benefit. Cementos Argos S. A. received transferred assets worth a total of 93,579 million Colombian pesos as consideration for the sale of shares, the mercantile trusts and land.
- In June 2015 the subsidiary Piazza Acquisition Corp. was dissolved.

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:

		Share interests and voting rights held by non-controlling participations			Gain (loss) assigned to non-controlling participations			Accumulated non-controlling participations		
	Place of Incorporation and Business Headquarters	2015	2014	January 1, 2014	2015	2014	2013	2015	2014	January 1, 2014
Argos Dominicana S.A.	Dom. Rep.	20.8%	20.8%	20.8%	446	1,137	436	15,036	11,325	8,326
Argos Honduras S.A. de C.V.	Honduras	46.7%	46.7%	46.7%	60,074	30,622	-	501,071	381,459	324,225
Argos Panamá, S. A.	Panama	1.6%	1.6%	1.6%	3,678	3,351	1,341	13,481	10,551	4,804
Cimenterie Nationale S.E.M. (CINA)	Haiti	35.0%	35.0%	35.0%	2,237	(108)	2,866	17,235	13,741	15,262
Valle Cement Investments Limited	Virgin Islands	8.2%	8.2%	8.2%	(125)	(2,644)	(593)	45,679	34,794	30,730
Wetvan Overseas Ltd.	Puerto Rico	40.0%	-	-	(310)	-	-	23,610	-	-
					66,000	**32,358**	**4,050**	**616,112**	**451,870**	**383,347**
Immaterial subsidiaries individually with non-controlling interests					(1,035)	355	970	15,934	14,618	16,085
TOTAL ACCUMULATED NON-CONTROLLING INTERESTS					**64,965**	**32,713**	**5,020**	**632,046**	**466,488**	**399,432**

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:

2015	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenue	Continuing Operations	Discontinued Operations	Other Comprehensive Income	Total Comprehensive Income
Argos Dominicana S.A.	54,991	57,249	30,317	6,755	110,533	2,227	-	26,963	29,190
Argos Honduras S. A. de C.V.	623,847	702,963	76,036	178,249	380,439	128,586	-	365,256	493,843
Argos Panamá, S.A.	153,920	582,855	142,742	26,723	549,241	123,265	-	259,679	382,944
Cimenterie Nationale S.E.M. (CINA)	69,833	19,017	39,607	-	184,472	6,390	-	12,545	18,935
Valle Cement Investments Limited	867,313	343,053	651,542	-	10,985	(8,050)	-	249,189	241,139
Wetvan Overseas Ltd.	-	59,026	-	-	-	(775)	-	2,287	1,152
2014	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Revenue**	**Continuing Operations**	**Discontinued Operations**	**Other Comprehensive Income**	**Total Comprehensive Income**
Argos Dominicana S.A.	44,298	40,782	22,197	6,266	89,680	5,684	-	10,639	16,323
Argos Honduras S.A. de C.V.	231,282	800,825	85,039	130,569	224,035	65,545	-	142,129	207,674
Argos Panamá, S. A.	118,594	449,931	123,783	24,421	473,257	109,577	-	115,658	225,234
Cimenterie Nationale S.E.M. (CINA)	51,260	23,761	35,761	-	139,774	(307)	-	8,952	8,645
Valle Cement Investments Limited	507,875	288,538	358,408	-	7,099	(20,576)	-	113,667	93,090

January 1, 2014	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities
Argos Dominicana S.A.	37,824	31,105	21,788	5,518
Argos Honduras S.A. de C.V.	310,722	542,309	52,234	106,805
Argos Panamá, S.A.	80,928	363,631	127,827	13,140
Cimenterie Nationale S.E.M. (CINA)	48,894	22,570	27,857	-
Valle Cement Investments Limited	394,309	266,785	285,705	-

13.3. Change in the Group's Ownership Interest in a Subsidiary

The value recognized in equity for purchases from non-controlling interests without loss of control is $63 (2013: $20, January 1, 2014 $20). During the period the company increased its stake in the subsidiaries Cementos de Caldas S. A. from 39.83% to 40.07% and in Alianza Progenetica S.A.S. from 60% to 100%. In 2015 the value recognized by the subsidiary Alianza Progenetica S.A.S for the loss of control of the subsidiary was reclassified in equity accounts.

13.4. Significant Restrictions and Financial Support

The Group has no subsidiary, consequently there are no significant restrictions related to the transfer or reception of cash or other assets of the Group companies, nor are there any protective rights over the non-controlling interests that may significantly restrict the Group's capacity to access or use the assets and settle the liabilities of the subsidiaries. As of December 31st, 2015, 2014 and January 1, 2014 the Group has not provided financial support without having the contractual obligation to so for any investee, nor has it helped obtain financial support.

NOTE 14: OTHER INTANGIBLE ASSETS

14.1. Conciliation of Cost, Accumulated Depreciation and Impairment of Intangible Assets

	Opening Balance	Additions Other than Assets Generated Internally	Assets Generated Internally	Classified as Held For Sale	Adquisiciones a través de combinaciones de negocio	Acquisitions through Business Combinations	Other Changes	Closing Balance
HISTORICAL COST 2015								
Brands with indefinite useful lives	115,389	-	-	-	-	-	-	115,389
Brands, client lists and related items	824,758	704	-	-	30,449	242,161	(1)	1,098,071
Concessions, franchises and rights	332,416	3,893	-	-	5,414	6,374	(5,889)	342,208
Patents, licenses and software	40,038	11,143	-	-	-	2,625	4,813	58,619
Capitalized expenditures for development	130,557	-	-	-	-	-	-	130,557
FOR DEVELOPMENT HISTORICAL COST	**1,443,158**	**15,740**	**-**	**-**	**35,863**	**251,160**	**(1,077)**	**1,744,844**

		Recognized in Results						
	Opening Balance	Impairment Losses	Reversal of Impairment Losses	Amortization	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Other Changes	Closing Balance
DEPRECIATION AND IMPAIRMENT 2015								
Brands, client lists and related items	193,576	-	-	38,425	-	66,228	(600)	297,629
Concessions, franchises and rights	131,729	-	-	48,541	-	13,855	(1,395)	192,730
Patents, licenses and software	17,256	-	-	6,373	-	1,329	1,442	26,400
Capitalized expenditures for development	3,626	-	-	21,759	-	-	-	25,385
Accumulated depreciation and impairment	**346,187**	**-**	**-**	**115,098**	**-**	**81,412**	**(553)**	**542,144**
Advances given to third parties	-							-
NET INTANGIBLE ASSETS	**1,096,971**							**1,202,700**

	Opening Balance	Additions Other than Assets Generated Internally	Assets Generated Internally	Classified as Held For Sale	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Other Changes	Closing Balance
HISTORICAL COST 2014								
Brands with indefinite useful lives	115,389	-	-	-	-	-	-	115,389
Brands, client lists and related items	638,746	300	-	-	45,880	139,832	-	824,758
Concessions, franchises and rights	323,089	2,076	-	-	6,485	2,716	(1,950)	332,416
Patents, licenses and software	34,404	3,767	-	-	100	1,941	(174)	40,038
Capitalized expenditures for development	4,613	-	125,944	-	-	-	-	130,557
Intangible assets in progress	111,025	-	(111,025)	-	-	-	-	-
HISTORICAL COST	**1,227,266**	**6,143**	**14,919**	**-**	**52,465**	**144,489**	**(2,124)**	**1,443,158**

		Recognized in Results						
	Opening Balance	**Impairment Losses**	**Reversal of Impairment Losses**	**Amortization**	**Acquisitions through Business Combinations**	**Effect of Exchange Rate Differences**	**Other Changes**	**Closing Balance**
DEPRECIATION AND IMPAIRMENT 2014								
Brands, client lists and related items	132,807	-	-	23,267	-	36,344	1,157	193,575
Concessions, franchises and rights	87,050	-	-	39,516	-	5,547	(383)	131,730
Patents, licenses and software	8,547	-	-	8,061	-	1,014	(366)	17,256
Capitalized expenditures for development	-	-	-	3,626	-	-	-	3,626
Accumulated depreciation and impairment	**228,404**	**-**	**-**	**74,470**	**-**	**42,906**	**408**	**346,187**
Advances given to third parties								-
NET INTANGIBLE ASSETS	**998,862**							**1,096,971**

As of December 31st, 2015, 2014 and January 1, 2014, 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	Linear
Other brands	Finite: Between 2 and 20	Linear
List of clients and intangibles related to clients	Finite: Between 5 and 19	Linear
Rights	Finite: Between 15-117	Linear
Concessions, franchises and licenses	Finite: Between 4 and 75	Linear
Licenses, patents and software	Finite: Between 1 and 10	Linear
Capitalized expenditures for development	Finite: 6	Linear
Other intangible assets	Finite: 1 and 15	Linear

The amortization of intangibles is recognized as an expense in the consolidated income statement in the line of the sales costs, administration expenses and sales expenses, and impairment losses are recognized as expenses in the income statement in the line of impairment of goodwill and other assets.
Disbursements for research and development projects are recognized as expenses in the consolidated income statement during this period amounted to $13,778 (2014: $ 6,208). As of December 31st, 2015, 2014 and January 1, 2014 there are no restrictions on the sale of intangible assets because none has been affected as collateral for the fulfillment of obligations, nor does the Group have contractual obligations to acquire or develop intangible assets. The book value and the remaining period of amortization for other significant intangible assets is:

	Remaining Amortization Period	2015	2014	January 1, 2014
Client list	13 years	416,735	355,524	320,409
Argos brand	indefinite	115,389	115,389	115,389
Software license generated internally	4 years	105,171	126,931	4,613

The Administration determined that the Argos Brand, bought and paid for in cash to Grupo Argos S.A. in December 2005 for $115,389 is an intangible asset with an indefinite useful life given that Cementos Argos S.A., because of the legal rights it acquired at the time of purchase from Grupo Argos, has the ability to control the future economic benefits of the brand and it is expected to generate economic benefits indefinitely.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

15.1. Conciliation of cost, accumulated depreciation and impairment of property, plant and equipment

	Opening Balance	Additions	Impairment Losses	Classified as Held for Sale	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Loss of Control of a Subsidiary	Other Changes	Closing Balance
HISTORICAL COST 2015										
Land	1,869,130	1,488	-	(9,527)	-	322,776	(7,741)	(33,421)	(789,349)	1,353,356
Constructions in progress, equipment in assembly and in transit	538,944	410,014	(33)	-	-	96,835	-	-	(232,440)	813,320
Construction and buildings	1,299,270	37,446	-	-	4,836	273,775	(4,692)	(1,277)	33,234	1,642,592
Production equipment and machinery	4,334,892	82,137	-	-	8,218	677,170	(25,259)	(3,249)	180,425	5,254,334
Furniture, computers, and office and communications equipment	112,727	20,080	-	-	166	20,740	(367)	(543)	3,599	156,402
Mines, quarries and deposits	694,940	10,280	-	-	-	183,637	(3,165)	-	791,100	1,676,792
Land transport equipment	772,791	54,147	(201)	-	145	194,297	(20,232)	(390)	8,607	1,009,164
River fleet	8,508	1,768	-	-	-	1,430	(9,080)	-	(4)	2,622
Aqueduct, plants, networks and communication channels	114,751	27,712	-	-	-	13,535	(34)	(366)	5,518	161,116
Other assets	32,437	953	-	-	-	9,062	(611)	(1,592)	969	41,218
HISTORICAL COSTS	**9,778,390**	**646,025**	**(234)**	**(9,527)**	**13,365**	**1,793,257**	**(71,181)**	**(40,838)**	**1,659**	**12,110,916**

	Opening Balance	Impairment Losses and Reversals Recognized in the Period's Results	Depreciation	Classified as Held for Sale	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Loss of Control of a Subsidiary	Other Changes	Closing Balance
DEPRECIATION AND IMPAIRMENT 2015										
Land	135	-	-	-	-	-	-	(117)	(18)	-
Construction and buildings	295,621	-	68,320	-	-	70,519	(2,042)	(3)	(1,199)	431,216
Constructions in progress, equipment in assembly and in transit	-	-	-	-	-	-	-	-	-	-
Production equipment and machinery	1,078,868	-	273,584	-	-	186,551	(18,637)	(820)	6,953	1,526,499
Furniture, computers, and office and communications equipment	68,179	-	16,874	-	-	12,806	(159)	(318)	(4,695)	92,687
Mines, quarries and deposits	91,383	-	11,278	-	-	3,267	(3,165)	-	(957)	101,806

	Opening Balance	Impairment Losses and Reversals Recognized in the Period's Results	Depreciation	Classified as Held for Sale	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Loss of Control of a Subsidiary	Other Changes	Closing Balance
Land transport equipment	413,342	-	95,833	-	-	122,947	(17,600)	(195)	55	614,382
River fleet	290	-	1,481	-	-	25	(1,648)	-	(1)	147
Aqueduct, plants, networks and communication channels	20,362	-	9,572	-	-	4,523	(16)	(50)	-	34,391
Other assets	4,184	-	780	-	-	776	(563)	(263)	(151)	4,763
Accumulate depreciation and impairment	**1,972,364**	**-**	**478,361**	**-**	**-**	**401,414**	**(43,830)**	**(1,766)**	**(13)**	**2,805,891**
Advances given to third parties	10,600									68,157
NET PROPERTY, PLANT AND EQUIPMENT	**7,816,626**									**9,373,182**

	Opening Balance	Additions	Impairment Losses	Classified as Held for Sale	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Loss of Control of a Subsidiary	Other Changes	Closing Balance
HISTORICAL COST 2014										
Land	1,073,456	1,081	-	-	507,898	162,306	(15,675)	-	140,064	1,869,130
Constructions in progress, equipment in assembly and in transit	243,206	343,677	-	-	106	56,458	-	-	(104,503)	538,944
Construction and buildings	966,490	27,450	-	-	149,093	156,447	(45,633)	-	45,423	1,299,270
Production equipment and machinery	3,267,546	114,955	-	-	137,678	319,071	(6,714)	-	502,356	4,334,892
Furniture, computers, and office and communications equipment	91,862	7,249	-	-	619	11,369	(837)	-	2,465	112,727
Mines, quarries and deposits	573,730	14,476	-	-	494,475	219,917	-	-	(607,658)	694,940
Land transport equipment	623,523	18,022	-	-	46,823	114,573	(28,359)	-	(1,791)	772,791
River fleet	22,018	-	-	-	-	2,117	(15,627)	-	-	8,508
Aqueduct, plants, networks and communication channels	95,704	1,931	-	-	-	6,031	(55)	-	11,140	114,751
Other assets	28,271	3,237	-	-	-	5,551	(4,329)	-	(293)	32,437
HISTORICAL COSTS	**6,985,806**	**532,078**	**-**	**-**	**1,336,692**	**1,053,840**	**(117,229)**	**-**	**(12,797)**	**9,778,390**

	Opening balance	Loss and reinvestment for impairment, recognized in the period's income	Depreciation	Classified as held for sale	Acquisitions by business combinations	Effect of exchange rates differences	Sale and withdrawal of property, plant and equipment	Loss of control on a subsidiary	Other changes	Closing balance
DEPRECIATION AND IMPAIRMENT 2014										
Land	-	135	-	-	-	-	-	-	-	135
Constructions and buildings	217,406	-	34,246	-	-	41,700	(2,825)	-	5,094	295,621
Ongoing constructions, equipment in assembly and transit	-	-	-	-	-	-	-	-	-	-
Machinery and production equipment	708,634	-	184,442	-	-	113,484	(2,598)	-	74,906	1,078,868
Furniture and office, computer and communication equipment	109,687	-	11,936	-	-	22,362	(646)	-	(75,160)	68,179
Mines, quarries and fields	83,132	-	7,450	-	-	1,498	-	-	(697)	91,383
Ground transport equipment	297,373	-	68,859	-	-	68,622	(23,902)	-	2,390	413,342
Fluvial fleet	13,123	-	2,265	-	-	517	(15,627)	-	12	290
Aqueduct, plants, networks and roads	14,118	-	4,054	-	-	2,031	-	-	159	20,362
Other assets	5,947	-	1,683	-	-	589	(3,968)	-	(67)	4,184
Depreciation and impairment accumulated	**1,449,420**	**135**	**314,935**	**-**	**-**	**250,803**	**(49,566)**		**6,637**	**1,972,364**
Payments in advance to third parties	6,720									10,600
PROPERTY, PLANT AND EQUIPMENT, NET	**5,543,106**									**7,816,626**

Construction in progress includes capitalization of borrowing costs for a value of $15,089 (2014: $3,875, January 1, 2014: $184), the average rate used to determine the amount of borrowing costs was 3.9% which is the effective interest rate specific to generic loans.
As of December 31, they have been affected as collateral for the fulfillment of property, plant and equipment obligations in an amount of $14,649 (2014: $71,722; 2013: $57,891).
At the end of the reporting period reported and comparable ones, there were no restrictions on the sale of property, plant and equipment, or contractual commitments for the acquisition of property, plant and equipment. The Group did not obtain compensation from third parties for impaired, lost or abandoned property, plant and equipment.

NOTE 16: INVESTMENT PROPERTY

16.1. Conciliation of investment property

	2015	2014
COST		
Book value at January 1st	61,780	62,996
Additions	93,856	390
Effect of exchange rate differences	865	612
Transfers from investment properties	(2,254)	(2,218)
Disposals		-
Other changes	(5)	-
Book cost at December 31st	**153,941**	**61,780**
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
Accumulated depreciation and impairment at January 1st	713	483
Depreciation during the period	76	247
Effect of exchange rate differences	86	48
Transfers from investment properties	-	-
Other changes	33	(65)
Accumulated depreciation and impairment at December 31st	**908**	**713**
Investment properties at December 31st	**153,033**	**61,067**
FAIR VALUE OF INVESTMENT PROPERTIES AT DECEMBER 31ST	**159,090**	**61,371**

The fair value of investment properties for disclosure purposes is determined by the appraisal companies Activos e Inventarios Ltda. and Colliers International.
In order to estimate the fair value of the properties, the appraisers used the secondary market methodology and/ or market transactions based mainly on obtaining market prices of similar used products that serve the same purpose, taking into account of their original features and specifications, the trend method, and the comparative method under the premise of an ongoing concern.
Rental income from investment properties during the period amounted to $383 (2014: $160). Direct expenses related to investment properties were $1,810 (2014: $2,450), out of which $1,803 (2014: $2,448) are related to properties that did not generate rental income.
As of December 31st, 2015, 2014 and January 1, 2014, 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

	Panama and the Caribbean	USA	Total
Gross value	466,972	861,101	1,328,073
Accumulated impairment	-	(284,920)	(284,920)
Goodwill at January 1, 2014	**466,972**	**576,181**	**1,043,153**
Additions	56,178	51,952	109,841
Impairment	-	-	-
Effect of exchange rate differences	95,638	150,529	244,456
Goodwill at December 31st, 2014	**618,788**	**778,662**	**1,397,450**
Gross value	618,788	1,132,435	1,751,223
Accumulated impairment	-	(353,773)	(353,773)
Goodwill at January 1st, 2015	**618,788**	**778,662**	**1,397,450**
Additions	23,352	1,132,435	23,352
Impairment	-	-	-
Effect of exchange rate differences	168,905	246,380	415,285
Goodwill at December 31st, 2015	**811,045**	**1,025,042**	**1,836,087**
Gross value	811,045	1,490,754	2,301,799
Accumulated impairment	-	(465,712)	(465,712)
Goodwill at December 31st, 2015	**811,045**	**1,025,042**	**1,836,087**
Intangible assets other than goodwill with indefinite useful lives 2015 (Note 14)			115,389
Intangible assets other than goodwill with indefinite useful lives 2014 (Note 14)			115,389
Intangible assets other than goodwill with indefinite useful lives, January 1, 2014 (Note 14)			115,389

The goodwill has been allocated to operating segments in accordance with what is permitted by IAS 36 - Impairment of Assets, since the Administration controls it at this level, both for financial reporting purposes and for purposes of testing for impairment. The Argos brand has been assigned to the three geographic operating segments: Colombia, Panama and the Caribbean and the United States, because of their contribution to the generation of future economic benefits of all the operating segments. The Administration determined that the Argos Brand, bought and paid for in cash from Grupo Argos S.A. in December 2005 for $115,389, is an intangible asset with an indefinite useful life since Cementos Argos S.A., because of the legal rights it acquired at the time of purchase from Grupo Argos, has the ability to control the future economic benefits of the brand and hopes that it generates future economic benefits indefinitely. Impairment losses are recognized as expenses in the income statement in the line of impairment of goodwill and other assets.

During the period, no impairment losses were recognized in the consolidated comprehensive income statement for the "Argos Brand", an intangible asset with an indefinite useful life, or for any other other intangible assets with a finite useful life.

17.2. Acquisitions during the Period

In 2015 and 2014 the following transactions were recorded for the company's subsidiaries:

- In January 2014 the Company signed an agreement for the acquisition of cement assets with US Vulcan Materials Company, located in the state of Florida for 720 million dollars. In March 2014 the aforementioned agreement was perfected.
- In April 2014, the Company signed an agreement to buy 100% of the shares of Ciments Guyanais S.A.S, a company that belonged to the French multinational Lafarge, for 50 million euros. Ciments Guyanais S.A.S has a cement grinding plant with a capacity of 200,000 tons and access to port facilities. The purchase was perfected on April 11th, 2014.
- On April 30th, 2015, Argos SEM, S.A., a subsidiary of Cementos Argos S.A. acquired 60.00% of the share capital of Wetvan Overseas Ltda., a company that controls a terminal for the reception, storage, sale and distribution of cement in Puerto Rico for USD 18.3 million. The remaining 40.00% belongs to the Vicini Group, a Dominican business conglomerate with investments in the Caribbean and Central America.

17.3. 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:

Key Assumption	Description
Projection of cash flows	The Group projects revenues based on the inflation in each country plus the points associated with the expectation of growth of the market. For their part, costs are projected based on the inflation in each country.
Period for the projection of cash flows	The period defined by Management for the projection of flows is 10 years in perpetuity, because capital investments made by the Group in the operating segments require long recovery periods.
Discount rate applied to cash flow projections	In order to determine the discount rate, the Group uses the financial asset valuation model known as the Capital Asset Pricing Model (CAMP), which employs as its main variables: - Risk-free rate: return on a portfolio that has no risk of default. It references the profitability of US Treasury bonds with long maturity. - Beta: risk measurement that associates the volatility of stocks with the volatility of the market. - Market Premium: spread between risk-free rate and the market return. - Country risk Premium: the spread over US Treasury bonds demanded by investors in international markets. The sources used to determine these variables were: Damodaran and SBBI (stocks, bonds, bills and inflation) year book.
Growth rate	Perpetuity is the value of the company at the end of the explicit period. The growth rate is defined taking care not to exceed: - Growth Expectations in the country of operation and business segment. - The average growth of the explicit period flows of the past few years

The values of the key assumptions used by the Group to determine the value in use of the operating segments are presented below:

	Discount Rate (Before Taxes)			Perpetuity Growth Rate		
	2015	2014	January 1, 2014	2015	2014	January 1, 2014
Panama and the Caribbean	11.05% - 22.34%	11.81% - 21.26%	21.43% - 23.17%	2.00% - 2.50%	1.00% - 2.50%	1.00% - 2.50%
USA	13.11% - 16.68%	10.05% - 10.50%	9.46%-9.60%	2.50%	1.86% - 2.56%	2.00% - 2.50%

17.4. Impairment of other assets

IAS 36 – *Deterioro de valor de los activos* requires that at the end of the reporting period the existence of indicators of 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 Group conducted an impairment test at December 31st, 2015 and 2014, and January 1, 2014 on the motor boats Caribbean Star, Silo Bluebell I and Cayenne, owned by Marítima de Graneles S.A., a subsidiary of the Group, whose main purpose is maritime transport and the chartering of vessels. Each Group vessel is treated as a single CGU. The large number of relatively new ships offering freight service to third parties and the age of the motor boats has a negative effect on the competitiveness of barges, thereby reducing the profitability of the operation.

The recoverable amount of each vessel is based on the highest estimated value in use or in disposal as scrap. The useful value is calculated by estimating future cash flows over the remaining life of the barges. As a result of the impairment tests, an impairment loss was recognized at December 31st, 2014 for $468 (January 1, 2014: $3,245), for the year 2014 the impairment loss was recognized in the consolidated income. The Group recognized no impairment losses for the period ending December 31st, 2015.

NOTE 18: NON- CURRENT ASSETS HELD FOR SALE AND DISTRIBUTABLE TO THE SHAREHOLDERS AND DISCONTINUED OPERATIONS

18.1. Non-Current Assets Held for Sale

The Group consolidates subsidiaries that are in the process of liquidation and distribution of their net assets to shareholders. These subsidiaries have been classified as held for distribution to owners in accordance with IFRS 5. The Group has initiated efforts to complete the distribution, the assets of the subsidiaries are available for immediate distribution in their present condition and they are expected to be liquidated within a year from the date of classification.

At December 31st, the assets and liabilities to be distributed to shareholders of subsidiaries Transportes Elman Ltda., a company whose corporate purpose was the transportation of cargo in any of its forms and which is currently in process of liquidation; Asesores y Servicios Ltda and Profesionales a Su Servicio Ltda, liquidated on April 21st and 22nd, 2014 and whose corporate purpose was recruitment and consulting; Transmarítima del Caribe S.A., liquidated on October 30th, 2014, whose corporate purpose was providing logistics consulting services and other services related to maritime activity; and Agentes Maritimos del Caribe Internacional Ltda., liquidated on May 21st, 2014, which provided representation services, are detailed below:

	2015	2014	January 1, 2014
Property, plant and equipment	3,607	1,218	1,218
Debtors	-	-	528
Cash and cash equivalents	6,507	6,507	13,344
Assets	**10,114**	**7,725**	**15,090**
Provisions	726	726	1,605
Labor obligations	-	-	6
Taxes	-	-	2
Commercial liabilities	130	130	7,322
Liabilities	**856**	**856**	**8,935**
TOTAL NET ASSETS	**9,258**	**6,869**	**6,155**

18.2. Discontinued Operations

The results of discontinued operations classified as non-current held for sale or disposed of during the period assets are as Follows:

	2015	2014
Revenue		16,845
Cost of goods sold	-	(28,166)
Gross profits	**-**	**(11,321)**
Administrative expenses and sales	-	(3,749)
Other income and expenses	-	34,632
Net financial income (expenses)	-	(1,358)
Net participation in results of associates and joint ventures	-	3,543
Loss from swap of subsidiaries classified as discontinued operations (1)	(13,315)	-
Profit or loss from discontinued operations before taxes	**(13,315)**	**21,747**
INCOME TAX		
IIncome tax associated with the profit or loss of discontinued operations	-	157
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS AFTER TAXES	**(13,315)**	**21,590**

(1) On June 19th, 2015, the Board of Directors of Cementos Argos S.A. authorized the legal representatives of Cementos Argos S.A. to carry out the swap of 100% of the shares of subsidiaries Tekia S.A.S, a company that operates and manages forestry and agroforestry projects in the Republic of Colombia, and Ganaderia Rio Grande S.A.S. and its subsidiary Alianza Progenética S.A.S, a company whose corporate purpose is the exploitation of the agriculture and livestock industries, mercantile trusts for administration No. 7321-359 and No. 732-1435, which include forest assets located in El Carmen de Bolivar, and lands intended for cattle ranching activities in favor of the Foundation for Social Benefit.

Through public deed 1830 of July 16th, 2015 the swap agreement was concluded between Cementos Argos S.A. and the Foundation for Social Benefit in order to transfer properties titles to Cementos Argos S.A. and to transfer aforementioned assets to the Foundation for Social Benefit. Cementos Argos S.A. received transferred assets totaling $93.579 as consideration for the sale of shares, administration mercantile trusts and land.

The Group has reclassified revenue, expenses, income before taxes for discontinued operations and income tax expenses for all prior periods, so that the information to be disclosed for those periods concerns all discontinued operations at December 31st, 2015. As of December 31st, 2015 the loss recognized for the transfer of assets was $13,315 presented in the comprehensive income statement under the heading net profit (loss) from discontinued operations

NOTE 19: FINANCIAL OBLIGATIONS

	2015	2014	January 1, 2014
Bank overdrafts (i)	5,237	-	2,666
Promissory notes in national currency (ii)	-	5,330	13,051
Promissory notes in foreign currency (ii)	3,146,556	2,199,163	386,223
Commercial financing companies (Note 20)	225,995	240,926	249,081
Other obligations (iii)	51,366	24,866	27,422
	3,429,154	**2,470,285**	**678,443**
Current	1,186,029	527,552	278,263
Non-current	2,243,125	1,942,733	400,180
	3,429,154	**2,470,285**	**678,443**

19.1. Summary of Loan Agreements

(i) At the close of 2015 these correspond mainly to overdrafts of the subsidiary Vensur N.V. subsidiary in an amount of USD 1,662,838.

(ii) The financial obligations in national and foreign currencies include short and long-term credits taken by companies that are part of the Group.

The Group's loans are:

					Contractual Value of the Obligation		
Category	**Entity**	**Concept**	**Maturity**	**Currency**	**2015**	**2014**	**January 1, 2014**
Foreign bank	Several (1)	Club Deal	2019	US Dollar	USD 600,000,000	USD 600,000,000	-
Foreign bank	Banco BHD	Long-term loan	2019	Dominican Peso	DOP 110,076,923	DOP 122,538,462	DOP 135,000,000
Foreign bank	BCI Miami Branch	Working capital loan	2016	US Dollar	USD 64,800,000	-	-
National bank	BCP	Working capital loan	2016	US Dollar	USD 61,200,000	-	-
Foreign bank	Citibank PLC London (2)	ECA loan	2019	US Dollar	USD 55,732,484	USD 71,656,051	USD 87,579,618
Foreign bank	Bank of Tokio	Working capital loan	2016	US Dollar	USD 52,000,000	-	-
National bank	BBVA	Working capital loan	2016	US Dollar	USD 51,000,000	-	-
Foreign bank	Bank of America	Working capital loan	2016	US Dollar	USD 26,700,000	-	-
National bank	Corpbanca	Working capital loan	2016	US Dollar	USD 18,500,000	-	-
Foreign bank	Mercantil Commercebank	Working capital loan	2016	US Dollar	USD 17,100,000	-	-
Foreign bank	Bank Popular	Working capital loan	2020	US Dollar	USD 15,500,000	-	-

Category	Entity	Concept	Maturity	Currency	Contractual Value of the Obligation		
					2015	2014	January 1, 2014
Banco del exterior	Scotiabank (3)	Long-term loan	2019	Dollars	USD 7,388,100	USD 8,209,000	-
Banco del exterior	Several	Syndicated loan	2015	Dollars	-	USD 5,000,000	USD 15,000,000
Banco del exterior	UBS	Long-term loan	2015	Dollars	-	USD 4,493,782	USD 4,497,909
Banco del exterior	BCI Miami Branch	Working capital loan	2015	Dollars	-	USD 57,300,000	USD 7,300,000
Banco del exterior	Citibank	Working capital loan	2015	Dollars	-	USD 2,500,000	-
Banco del exterior	Citibank	Long-term loan	2015	Dollars	-	USD 51,975,052	-
Banco del exterior	Mercantil Commercebank	Working capital loan	2015	Dollars	-	USD 33,200,000	-
Banco del exterior	Banco de Bogotá Miami	Working capital loan	2015	Dollars	-	USD 36,000,000	-
Banco del exterior	Banco de Bogotá NY	Working capital loan	2015	Dollars	-	USD 35,600,000	-
Banco del exterior	Davivienda Miami	Working capital loan	2015	Dollars	-	USD 13,100,000	-
Banco del exterior	Mercantil Commercebank	Working capital loan	2014	Dollars	-	-	USD 2,100,000
Banco del exterior	BCI Miami Branch	Working capital loan	2014	Dollars	-	-	USD 8,000,000
Banco del exterior	HSBC Honduras	Working capital loan	2014	Dollars	-	-	USD 6,450,000
Banco del exterior	Banco General	Working capital loan	2014	Dollars	-	-	USD 4,300,000
Bancos nacionales	Bancolombia	Long-term loan	2015	Peso	-	$ 5,330	-
Bancos nacionales	Bancolombia	Working capital loan	2014	Peso	-	-	$ 2,150
Bancos nacionales	Bancolombia	Working capital loan	2013	Peso	-	-	$ 500
Bancos nacionales	Banco de Bogotá	Working capital loan	2014	Dollars	-	-	USD 45,000,000
Bancos nacionales	Banco de Bogotá	Long-term loan	2014	Dollars	-	-	USD 20,000,000
Bancos nacionales	Banco de Bogotá	Long-term loan	2014	Peso	-	-	$ 10,300

(1) In April 2015, an amendment and a restatement were made to the Club Deal loan agreement for USD 600 million, whose debtor is Argos USA Corp., and Cementos Argos S.A., Argos Ready Mix LLC, Argos Cement LLC, and Argos SEM, S.A. are its guarantors. The main amendments were:

Original Terms of the Contract	New Terms
Libor 6 m + 2,8%	Libor 3 m + 2,15%
Single capital amortization for USD 600 mm in 2019	Two equal amortizations in 2019 and 2020

In addition to the above changes to the interest rate and maturity of the obligation, the EBITDA calculation was also amended, allowing to restate the EBITDA from operations in dollars or quasi dollars at the COP/USD exchange rate from the end of the month and not at the average exchange rate

The financial commitments of this contract are as follows:

a. Net debt /EBITDA indicator + 12 month dividends less than 4 times
b. EBITDA Indicator/Financial expenses over 2.5 times.

The resources of the Club Deal loan were used to finance the acquisition of the assets of South Florida Vulcan Materials Company which had a total cost of USD 720 million. The initial creditors of this loan were the banks ITAU, HSBC, JP Morgan, and Bank of America. Later, these banks (except ITAU) syndicated part of the loan to seven additional banks.

(2) The long term Credit with Citibank PLC is backed by EKF Denmark and has an initial value of USD 159,235,669 and a term of 11.5 years. It has semiannual amortizations that started in December 2009 and end in June 2019. Its debtors are Cementos Argos S.A., Zona Franca Argos S.A.S and Argos USA Corp. It has the following financial covenants in place, valid as of December 31st, 2015:

a. Net debt/EBITDA indicator + 12 month dividends less than 4 times
b. EBITDA Indicator/Financial expenses over 1.5 times.

(3) The mortgage loan with The Bank of Nova Scotia (Scotiabank) as a creditor stipulates, among other things, the following commitments for the financial statements of Argos Panama S.A. and its subsidiaries:

a. The net debt /EBITDA indicator must be kept below 2.5
b. A debt service coverage no less than 4.0
c. Total financial debt/equity below 1.3

(iii) It includes mainly the debt of the subsidiary Argos USA Corp. with Andino Trading Corporation for USD 9,564,831 (2014: USD 9,564,831, January 1, 2014: USD 9,564,831).
Please refer to Table 27.7 in Note 27 for information on average interest rates of financial liabilities.

19.2. Breach of Loan Agreement

During the reported periods, the company did not default on payments of principal or interest for financial liabilities and/or for loans payable.

NOTE 20: LIABILITIES FROM FINANCE LEASES

20.1. Lease Agreements

As of December 31st, 2015, 2014 and January 1, 2014, the Group has signed significant lease agreements for the acquisition of heavy machinery, buildings and structures, the most representative of which are the construction of the Medellin Distribution Center and of the three energy generating plants that supply the Rio Claro, Yumbo and Sogamoso plants. These were carried out under the contractual arrangement of "Infrastructure Leasing" with 12-year terms and maturities in 2018 and 2022, with Leasing Bancolombia S.A. as the lessor. The lease agreements for the acquisition of heavy machinery were signed with the same counterparty; they have terms between 7 and 10 years and mature between 2018 and 2025. Moreover, there are no significant lease agreements that provide significant restrictions related with the distribution of dividends, additional debt and new leases, nor are there significant contingent fees, renewal options or escalator clauses.

20.2. Liabilities from Finance Leases

	Minimum Lease Payments			Current Value of Minimum Lease Payments		
	2015	2014	January 1, 2014	2015	2014	January 1, 2014
One year or less	46,050	67,935	28,339	31,235	53,338	13,733
Between one and five years	178,225	149,120	167,639	142,255	111,155	121,783
Five years or more	57,034	86,476	128,886	52,505	76,433	113,565
	281,309	**303,531**	**324,864**	**225,995**	**240,926**	**249,081**
Minus: future finance charges	55,314	62,605	75,783			
Current value of minimum lease payments	**225,995**	**240,926**	**249,081**			
Included in the financial statements in:						
Current loans (Note 19)				31,235	53,338	13,733
Non-current loans (Note 19)				194,760	187,588	235,348
				225,995	**240,926**	**249,081**

At 31 December, the book value of property, plant and equipment under finance lease is:

	Buildings	Machinery & Equipment	Computer Equipment	Vehicles	Furniture and Appliances	Total
Historical cost	44,220	158,885	4	61,261	20	264,390
Accumulated depreciation	(2,656)	(20,952)	(3)	(2,776)	(5)	(26,393)
BOOK VALUE AT JANUARY 1, 2014	**41,564**	**137,933**	**1**	**58,485**	**15**	**237,997**

	Buildings	Machinery & Equipment	Computer Equipment	Vehicles	Furniture and Appliances	Total
Historical cost	43,651	165,286	-	62,650	-	271,586
Accumulated depreciation	(3,161)	(27,550)	-	(6,913)	-	(37,624)
BOOK VALUE AT DECEMBER 31ST, 2014	**40,490**	**137,736**	**-**	**55,737**	**-**	**233,962**

	Buildings	Machinery & Equipment	Computer Equipment	Vehicles	Furniture and Appliances	Total
Historical cost	43,651	171,397	-	28,966	-	244,014
Accumulated depreciation	(3,714)	(34,108)	-	(3,947)	-	(41,769)
BOOK VALUE AT DECEMBER 31ST, 2015	**39,937**	**137,289**	**-**	**25,019**	**-**	**202,245**

NOTE 21: OPERATING LEASE CONTRACTS

21.1. The Group as Lessee

In the ordinary course of business, the Group signs leases for real estate, vehicles and equipment, which are accounted for as operating leases in the consolidated financial statements. The Group is committed as lessee in the operating leases of land, buildings, concrete mixer trucks and computer equipment. The terms of the most significant non-cancellable contracts range around 25 years for land, 7.5 years for buildings, and 7 years for concrete mixer trucks, 1 to 4 years for lightweight vehicles, and 4 years for computer equipment. The value of the commitments not recorded in the statement of financial position is equivalent to the minimum future payments for the lease. The total operating lease expense was $157,879 and $90,002 for the years ended on December 31st, 2015 and 2014.

The minimum future payments for non-cancellable operating leases by range of years and in total were:

	2015	2014	January 1, 2014
1 year or less	46,770	33,987	34,035
Between 1 and 5 years	141,131	91,012	70,622
5 years or more	36,392	77,253	55,232
Non-cancellable operating lease commitments	**224,293**	**202,252**	**159,889**
Onerous contracts (1)	96,381	78,792	67,459
Lease incentives (2)	2,371	2,173	1,950
Non-cancellable operating lease commitment liabilities	**98,752**	**80,965**	**69,409**
Current	10,310	9,110	11,870
Non-current	88,442	71,855	57,539
	98,752	**80,965**	**69,409**

(1) In 2007 the Group, through its subsidiary Southern Equipment Company, Inc., signed an operating long-term lease for a plot of land in Wilmington, NC for the construction of a cement terminal, and the right to use the port facilities. The term of the lease is 25 years with two consecutive renovation options of 10 years each. Lease payments are 62.5 dollars a month for the first three years with subsequent increases of 2.5% each year. The Group must pay a minimum payment for throughput based on the tons of cement produced. The Group agreed to pay a minimum throughput fee of 725 dollars for the first three-year leases, with increments of 2.5% each year. As of December 31st, 2015, 2014 and January 1, 2014, the Group recognized a liability for onerous contract due to the minimum lease payments, including the minimum payment for throughput for $93,730 (2014: $73,755, and January 1, 2014: $56,610) in accordance with IAS 37. The lease payments are recorded as a reduction of the liability for onerous contracts in the consolidated statement of financial position. This line also includes the onerous contracts of the subsidiaries Savannah Cement Company LLC for the lease of land, and Transatlantic Cement Carriers Inc. for the lease of ships.

(2) In 2011 the Group signed a long-term operating lease of offices in Alpharetta, GA. The term of the lease is 90 months, beginning on May 11th, 2012. The lease payments were USD 15.4 per month for the first 12 months, rising to USD 31.6 for months 13-21, and USD 39.5 for months 22-24. After the 24th month,

monthly payments of basic rent increase each year by 2-3%. Along with the monthly rent, the lease stipulates that the Group must pay the proportional share of increases in operating costs, taxes and insurance, in the equivalent percentage of occupancy (17.125%). During 2014, the Group amended the lease contract in order to rent additional office space in the same building and to extend the term of the lease contract until August 2024. The amendment of the lease increases the percentage of occupancy of the building by the Company to 24.3%.

21.2 The Group as Lessor

The Group signs leases as lessor of commercial premises, warehouses, apartments and houses, and leasing of machinery and operating equipment, fleet and transport equipment.

The minimum future lease rights of non-cancellable operating leases by year ranges and in total are as follows:

	2015	2014	January 1, 2014
1 year or less	12,847	6,379	7,315
Between 1 and 5 years	49,978	27,834	31,682
5 years or more	-	143	-
NON-CANCELLABLE OPERATING LEASE RIGHTS	**62,825**	**34,356**	**38,997**

NOTE 22: COMMERCIAL LIABILITIES AND OTHER ACCOUNTS PAYABLE

	2015	2014	January 1, 2014
Costs and expenses payable	162,322	247,096	200,388
National suppliers	657,697	390,895	246,849
Foreign suppliers	55,667	45,539	32,081
Dividends payable	69,465	49,951	56,689
Current commercial accounts	2,776	12,398	19,401
Accounts payable to contractors	9,606	2,572	5,593
Miscellaneous creditors	18,858	25,791	11,708
Other accounts payable	22,238	18,283	17,231
	998,629	**792,525**	**589,940**
Current	988,134	783,588	577,755
Non-current	10,495	8,937	12,185
	998,629	**792,525**	**589,940**

The average credit period for the Group's purchases ranges between 8 and 60 days. No interest is paid to suppliers for 60-day payments.

NOTE 23: EMPLOYEE BENEFITS LIABILITIES

	2015	2014	January 1, 2014
Post-employment employee benefits - Defined benefit plans	266,031	254,278	264,369
Post-employment employee benefits - defined contribution plans	318	291	189
Employee benefits for termination	4,254	3,974	2,166
Other employee benefits	119,833	90,976	88,181
	390,436	**349,519**	**354,905**
Current	145,041	115,130	114,523
Non-current	245,395	234,389	240,382
	390,436	**349,519**	**354,905**

23.1. Post-Employment Benefit Plans – Defined Benefit Plans

Benefit plans for employees of the Group vary according to the legal requirements of each country and the obligations acquired by the subsidiaries with the current labor agreements.

The actuarial valuation of plan's assets and the present value of the defined benefit obligation are calculated annually by independent actuarial consultants. The present value of the defined benefit obligations and the related current and past service costs were calculated using the projected unit credit method.

On December 23rd, 2015, the Ministry of Commerce, Industry and Tourism issued Decree 2496, which amends Decree 2420 of 2015 of the Accounting, Financial Reporting and Information Assurance Standards of the Republic of Colombia. The Decree establishes provisions about the parameters for determining the post-employment benefits liabilities, and it specifically establishes that it will use as best market approximation the parameters established in Decree 2783 of 2001 on the estimate of the liability for pension plans, titles and pension bonds. The Ministry of Finance and Public Credit will review these parameters every three (3) years and will, if appropriate, make the necessary adjustments duly supported with technical studies. For other post-employment benefits other than the above, the requirements will be determined in accordance with IAS 19. The decree did not include transitional provisions, so the Group applied the new requirements as a retroactive change in accounting policy from the opening statement of financial position. The amount included in the consolidated statement of financial position derived from the entity's obligation regarding the defined benefit plans, movements in the present value of the defined benefit obligations of the year in progress, and changes in the fair value of the plan assets in the current period, are presented below:

	Pension Plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other Defined Benefit Plans	Total
Present value of the obligations at January 1st, 2015	**199,752**	**23,027**	**6,377**	**23,287**	**5,851**	**258,294**
Current service cost	-	-	749	1,061	514	2,324
Interest cost for the defined benefits obligation	13,827	1,655	279	1,666	788	18,215
NEW MEASUREMENTS OF THE DEFINED BENEFITS PLAN ACTUARIAL (GAIN) LOSS FOR CHANGES IN:						
Experience	758	(92)	(891)	3,663	4,488	7,926
Financial assumptions	385	-	(524)	(69)	2,246	2,038
Difference in exchange rate	744	-	2,053	106	1,069	3,972
Benefits paid directly by the company	(18,883)	(829)	(315)	(43)	(511)	(20,581)
Benefits paid from the asset fund	-	-	(412)	-	-	(412)
Other changes	-	-	33	-	-	33
PRESENT VALUE OF THE OBLIGATIONS AT DECEMBER 31ST, 2015	**196,583**	**23,761**	**7,349**	**29,671**	**14,445**	**271,809**

	Pension Plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other Defined Benefit Plans	Total
Fair value of the asset plans at January 1st, 2015	**-**	**-**	**4,016**	**-**	**-**	**4,016**
Income from "risk-free" interest	-	-	114	-	-	114
Yield of asset plans, excluding interest	-	-	57	-	-	57
Contributions made by the company	-	-	576	-	-	576
Payments made by the plan	-	-	(359)	-	-	(359)
Exchange differences	-	-	1,374	-	-	1,374
FAIR VALUE OF THE ASSET PLANS AT DECEMBER 31ST, 2015	**-**	**-**	**5,778**	**-**	**-**	**5,778**

	Pension Plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other Defined Benefit Plans	Total
Present value of the obligations at January 1, 2014	**216,040**	**25,851**	**4,226**	**15,880**	**5,588**	**267,585**
Current service cost	-	-	464	710	390	1,564
Interest cost for the defined benefits obligation	16,230	1,868	294	1,102	556	20,050
NEW MEASUREMENTS OF THE DEFINED BENEFITS PLAN ACTUARIAL (GAIN) LOSS FOR CHANGES IN:						
Experience	(12,518)	(62)	383	2,057	(24)	(10,164)
Financial assumptions	(583)	-	272	554	111	354
Difference in exchange rate	393	-	1,082	35	651	2,161
Benefits paid directly by the company	(20,101)	(4,630)	(344)	2,949	(765)	(22,891)
Other changes	291	-	-	-	(656)	(365)
PRESENT VALUE OF THE OBLIGATIONS AT DECEMBER 31ST, 2014	**199,752**	**23,027**	**6,377**	**23,287**	**5,851**	**258,294**

	Pension Plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other Defined Benefit Plans	Total
Fair value of the asset plans at January 1, 2014	**-**	**-**	**3,216**	**-**	**-**	**3,216**
Income from "risk-free" interest	-	-	200	-	-	200
Yield of asset plans, excluding interest	-	-	(551)	-	-	(551)
Contributions made by the company	-	-	466	-	-	466
Payments made by the plan	-	-	(176)	-	-	(176)
Exchange differences	-	-	861	-	-	861
FAIR VALUE OF THE ASSET PLANS AT DECEMBER 31ST, 2014	**-**	**-**	**4,016**	**-**	**-**	**4,016**

The main actuarial assumptions used to determine the obligations for the defined benefits plans are the following:

Colombia	2015	2014	January 1, 2014
Inflation rate (%)	3.5%	3.00%	3.00%
Discount rate (%)	7.6 %	6.80%	6.90%
Salary increase (%)	4.0% - 4.5%	3.5% - 4%	3.5% - 4%
Minimum wage increase (%)	4.0%	3.50%	3.50%
Mortality table	2008 Valid Renters	2008 Valid Renters	2008 Valid Renters
Turnover table	50% SOA Pension turnover	50% SOA Pension turnover	50% SOA Pension turnover

Panamá	2015	2014	January 1, 2014
Inflation rate (%)	2.0%	3.0%	3.2%
Discount rate (%)	5.0%	4.7%	5.3%
Salary increase (%)	5.5%	6.5%	7.2%
Mortality table	Urban population of Panama with a 30% adjustment	Urban population of Panama with a 30% adjustment	Urban population of Panama with a 30% adjustment
Turnover table	2003 SOA Pension Plan Turnover Study with an adjustment factor of 150%	2003 SOA Pension Plan Turnover Study with an adjustment factor of 150%	2003 SOA Pension Plan Turnover Study with an adjustment factor of 150%

Honduras	2015	2014	January 1, 2014
Inflation rate (%)	5.5%	5.8%	4.9%
Discount rate (%)	12.0%	14.8%	15.0%
Salary increase (%)	7.0%	7.0%	7.0%
Minimum wage increase (%)	7.0%	7.0%	7.00%
Mortality table	2008 Valid Renters adjusted to 110%	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%	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 $25,886 (2014: $21,018). The Group expects to make contributions of $29,136 (2014: $25,886) for the next annual period.

23.2. Pension Plans, Securities and Pension Bonds

Pension plans and social security contributions - Colombia

According to the Colombian Labor Code, the pension benefits granted to employees under the new social security regime (Law 100 of 1993) are accounted for as defined contribution plans, the company covers its obligation to pensions through the 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 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 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.

23.3. Retirement Bonus

Employees covered by any of the collective labor agreements receive a bonus equivalent to five legal minimum wages when their contract is terminated due to retirement, disability or old age.

Pension bonds and securities plan - Colombia

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to their employees who meet certain requirements regarding age and length of service. The Group has issued pension securities to them, Pension Bonus Type A Mode 2 and Pension Bond Type A Mode 1. This obligation applies to some areas where the ISS did not have pension coverage prior to 1994.

The benefit is conferred upon retirement from the company until such time the participant retires through the Colombian Social Security system. During this period, the company makes contributions to the pension system on behalf of the employee. Pension bonds and titles are resources to contribute to the conformation of the capital needed to finance the pensions of members of the Colombian General Pension System.

23.3. 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. The fair value of the plan's assets is made up as follows:

	2015	2014	January 1, 2014
Cash and cash equivalent	2,912	2,013	1,592
Investment funds	2,868	2,003	1,624
FAIR VALUE OF PLAN ASSETS	**5,780**	**4,016**	**3,216**

As of December 31st, 2012, 2013 and 2014, 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 Securities and Bonds	Seniority Bonus and Similar	Retirement Bonus	Other Defined Benefit Plans	Total Average Duration
2015 average duration	8.5	6.3	10.1	10	6.95	8.4
2014 average duration	9.7	6.9	10.2	9.7	6.6	8.6
Average duration at January 1, 2014	9.5	6.9	10.7	10.3	8.7	9.2

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.

	2015	
	Decreases	Increases
Discount rate 100 basis points higher (lower)	286,508	248,291
Expected salary growth increases (decreases) by 1%	264,340	267,881
Life expectancy increases (decreases) by one year	271,334	261,126

The value reported in the above table is the value of the liabilities for defined benefit plans given the isolated change in the significant estimates defined by the Administration. However, the sensitivity analysis presented above may not be representative of real change in the defined benefit obligation, since assumptions are not likely to change in isolation from one another, given that some of the assumptions may be correlated.

Additionally, in the above sensitivity analysis the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same that was applied when calculating the liabilities of the defined benefit obligation recognized in the statement of financial position

NOTE 24: PROVISIONS

	Litigation and Lawsuits (i)	Decommissioning (ii)	Environmental (iii)	Onerous Contracts (iv)	Other Defined Provisions	Total
Book value at January at, 2015	27,904	57,523	24,221	78,792	21,664	210,104
Realized provisions	37,250	1,202	2,839	-	7,756	49,047
Utilization of provisions	(2,740)	(609)	(1,484)	(6,975)	-	(11,808)
Realized reversals	(5,328)	(5,488)	(1,076)	(979)	-	(12,871)
Discount rate adjustment	389	(4,550)	(2,227)	1,552	-	(4,836)
Conversion effect	6,219	3,112	1,670	23,991	7,993	42,985
Other changes	1,148	-	(794)	-	-	354
Book value at December 31st, 2015	**64,842**	**51,190**	**23,149**	**96,381**	**37,413**	**272,975**
Current	60,235	2,521	11,917	7,939	3,443	86,055
Non-current	4,607	48,669	11,232	88,442	33,970	186,920
BOOK VALUE AT DECEMBER 31ST, 2015	**64,842**	**51,190**	**23,149**	**96,381**	**37,413**	**272,975**

(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.

(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.

(iii) The Group has signed contracts in which the unavoidable costs of meeting the contractual obligations exceed the net income expected to be received from the contract. The most significant onerous contract as of December 31st, 2014 and January 1st, 2015 corresponds to non-cancellable lease agreements.
In 2007 the Group, through its subsidiary Southern Equipment Company, Inc., 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, 2014 and January 1st, 2015, 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 $93,730 (2014: $73,755, and January 1st, 2015: $56,610) in accordance with IAS 37. Lease payments are recorded as a reduction of the liability for onerous contracts in the consolidated statement of financial position

NOTE 25: OTHER LIABILITIES

25.1. Other Financial Liabilities

	2015	2014	January 1, 2014
Current	45,019	35,416	30,238
Non-current	-	32,850	51,897
	45,019	**68,266**	**82,135**

Corresponds to promissory notes signed by Cementos Argos S.A. for the acquisition of Cemento Andino S.A. and Concrecem S.A. on November 4th, 2005. The initial amount of the obligation was USD 143 million with a term of 10 years, annual amortizations starting in August 2006, and maturing in August 2016. The promissory note is payable in Colombian pesos settled at the representative market rate (RMT) for each payment day. The interest rate is 4.91% VR. As of December 31, 2015 this credit had an outstanding balance of USD 14.3 million (2014: USD 28.6 million, January 1, 2014: USD 42.9 million).

25.2. Other Non-Financial Liabilities

	2015	2014	January 1, 2014
Advances received	136,495	94,935	77,582
Unfavorable contracts and agreements (1)	14,202	22,018	26,163
Income received in advance	1,259	868	460
Other liabilities	11,719	19,539	8,067
	163,675	**137,360**	**112,272**
Current	154,955	111,823	86,796
Non-current	8,720	25,537	25,476
	163,675	**137,360**	**112,272**

(1) In the 2011 acquisition of the subsidiary Argos Cement LLC, the company assumed an unfavorable supply contract under which it is obligated to supply limestone to the company Unimin at a fixed price, adjusted for inflation. The contract, which began on December 31st, 2001, stipulates that Unimin must receive a maximum of 1.1 million tons of limestone per year for 25 years. The company has the option to terminate the contract at any time after November 27, 2016, if the necessary amount of lime cannot be extracted at a commercially reasonable cost. The fair value of the difference between the revenue generated in accordance with the contractual terms and the revenue generated under the market-based terms caused a liability of $23,200. The liability has been recorded in the consolidated statement of financial position and it is amortized with credit in the sales cost in the line of amortization for $12,253 and $8,926 for the years ended December 31, 2015 and 2014, respectively.

NOTE 26: OUTSTANDING BONDS AND PREFERRED SHARES

	2015	2014	January 1, 2014
Outstanding bonds	2,176,916	2,356,999	1,941,747
Preferred shares classified as compound financial instruments	71,879	114,162	153,631
	2,248,795	**2,471,161**	**2,095,378**
Current	426,638	395,603	353,372
Non-current	1,822,157	2,075,558	1,742,006
	2,248,795	**2,471,161**	**2,095,378**

26.1. Outstanding Bonds

Outstanding bonds issued by Cementos Argos S.A., comprise the following as of December 31st, 2015, 2014 and January 1, 2014:

Issuance	Placement Date	Term	Effective Rate	Interest Payment Method	2015	2014	January 1, 2014
2005 Issuance	November 23, 2005	10 years	IPC + 2.88%	Semi-annually in arrears	-	80,000	80,000
2005 Issuance	November 23, 2005	12 years (1)	IPC + 3.17%	Semi-annually in arrears	290,000	290,000	290,000
2007 Issuance	November 23, 2007	12 years (1)	IPC + 5.25%	Semi-annually in arrears	150,000	150,000	150,000

Issuance	Placement Date	Term	Effective Rate	Payment Method	2015	2014	January 1, 2014
2009 Issuance	April, 28 2009	5 years	9.70% EA	Annually in arrears	-	-	81,175
2009 Issuance	April, 28 2009	7 years	IPC + 6.00%	Quarterly in arrears	114,943	114,943	114,943
2009 Issuance	April, 28 2009	10 years	IPC + 6.30%	Quarterly in arrears	70,350	70,350	70,350
2009 Issuance	April, 28 2009	15 years	IPC + 7.19%	Quarterly in arrears	229,530	229,530	229,530

Issuance	Placement Date	Term	Effective Rate	Payment Method	2015	2014	January 1, 2014
2011 Issuance	April 11, 2012	2 years	DTF+ 1.34%	Quarterly in arrears	-	-	111,400
2011 Issuance	April 11, 2012	3 years	DTF+ 1.45%	Quarterly in arrears	-	111,400	111,400
2012 Issuance	May 16, 2012	6 years	IPC + 3.80%	Quarterly in arrears	97,022	97,022	97,022
2012 Issuance	May 16, 2012	10 years	IPC + 4.24%	Quarterly in arrears	299,896	299,896	299,896
2012 Issuance	May 16, 2012	15 years	IPC + 4.50%	Quarterly in arrears	303,082	303,082	303,082
2014 Issuance	November 27, 2014	2 years	5.59%	Quarterly in arrears	97,618	97,618	-
2014 Issuance	November 27, 2014	10 years	IPC + 3.80	Quarterly in arrears	190,675	190,675	-
2014 Issuance	November 27, 2014	15 years	IPC + 4.21	Quarterly in arrears	311,707	311,707	-
					2,154,823	**2,346,223**	**1,938,798**

(1) Out of the 12-year securities of Argos' 2005 bonds, worth $440,000, $433,320 were converted to dollars (equivalent to USD 229,094,471) through a currency swap with an average rate of Libor + 1.78 % SV. The dollar equivalent at December 31st, 2015 was USD 185,685,000 due to the different recouponing operations or market adjustments to these operations. The value in Colombian pesos has remained constant.

Through Resolution Number 20134 of November 13th, 2014 the Financial Superintendency of Colombia approved the renewal of the authorized term for the public offer of ordinary bonds and commercial papers by Cementos Argos S.A. to be offered publicly within three (3) years of the execution of this resolution, as well as increased the overall quota by an additional $1,000,000 of the securities that are part of Cementos Argos S.A.'s issuance and placement program, authorized by Resolution Number 422 of March 23rd, 2012. As of December 31st, 2014 and starting on the aforementioned date of approval, Cementos Argos S.A. had at its disposal $400,000 to issue over the next three years.

All issues are rated AA+ with a positive 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 2015 financial expenses for interest were recorded in the amount of $198,183 (2014: $137,610) for the ordinary bonds and $6,042 (2014: $8,856) for the preferred shares.

26.2. Preferred Shares

Per the approval of the General Shareholder's Meeting of March 15th, 2013, Cementos Argos carried out the issuance and placement of shares with preferential dividends and no voting rights (hereinafter, preferred shares) in May of 2013 for $1,610,824, allocating 209,197,850 preferred shares with a subscription price of $7,700 per preferential share, as determined by the Board of Directors of the Company.

The issuance of preferred shares is a compound financial instrument. The issuer, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual terms of the instrument as well as the issuer's obligations. Given the contractual obligation of the issuer to pay the minimum annual dividend to shareholders if the company generates profits, the issuance incorporates a component of financial liability. Once this liability has been measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and have their impact on the result of the period recognized; the equity element is not subject to further measurement.

Cementos Argos determined the liability component by discounting the cash flows of the minimum preferential dividend, which were calculated in perpetuity based on the provisions of section 11.1.1 of the issue's prospectus. The discount rate applied 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 have a minimum yearly dividend of 3% on the subscription price that will be paid during the first 12 quarters starting from the date of placement, and after the thirteenth quarter the annual dividend will be $10 per share, which will increase with the annual CPI of the previous year. The prospectus of the issuance does not contain options to buy or sell the preferred shares.

Shareholders with preferential dividends and no voting rights are entitled to receive a minimum dividend in a preferential manner compared to the one corresponding to ordinary shares, provided they generated distributable profits during the immediately preceding fiscal year. Under no circumstances will the dividends received by holders of ordinary shares exceed the ones decreed in favor of preferred shares, the preferential reimbursement of their contributions – once the external liabilities have been paid – in the event of the dissolution and liquidation of the issuer, and other rights provided for in the bylaws of the issuer for holders of ordinary shares, except (i) to subscribe ordinary shares preferentially, and (ii) to vote on the proposals in the General Shareholder's Meeting of the issuer. By way of exception, preferred shares will grant their holders the right to vote in the events described in the placement and issuance prospectus.

The liability recognized by the issuance of preferred shares is composed of the valuation of the debt component and the reduction of direct issuance costs allocated to the liability component, according to the percentage of participation of each component in the amount of issuance. Issuance costs in the amount of $7,157 were included in the financial liability at the time of initial recognition.

The debt component is measured at amortized cost using the effective interest rate. The effective interest rate for the subsequent measurement of the debt component at amortized cost was determined by matching cash flows receivable or payable estimated over the expected life of the financial instrument to the net book value of the liability component at the time of initial recognition. The financial liability increases with the recognition of interest at the effective interest rate and decreases as the dividends for preferred shareholders are accounted for.

NOTE 27: FINANCIAL INSTRUMENTS

27.1. Capital Risk Management

The Group manages its capital from a long-term perspective, seeking to maintain a balanced, efficient and flexible capital 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 2015 was valued at $1.4 billion (2014: $1.7 thousand million). In order to manage other indicators such as the average life of the debt, and the short and long-term distribution of it, there are available credit lines at national and international banks as well as the possibility to access the capital market through the issuance of ordinary bonds and/or commercial papers on the local market.

The level of indebtedness of the Group maintains an appropriate balance between foreign currencies, naturally hedging assets and liabilities in the same currency. The relationship between the debt in dollars and the EBITDA generated by operations in the US and Central American and Caribbean countries, which generate most of their flows in dollars, provides a natural hedge for the debt in dollars, which, thanks to the very positive prospects for recovery in the US market and the profitability of operations in Central America and the Caribbean, is becoming increasingly important.

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:

	2015	2014	January 1, 2014
Net financial debt/ Ebitda + dividends, under local principles	NA	3.79	1.91
Net financial debt/Ebitda + dividends, restated under IFRS	3.16	4.50	2.52

The restatement of the financial statements under the international financial reporting standards changed the value of net financial debt and EBITDA compared to what was previously submitted by the Group under Colombian accounting principles.

The net financial debt, defined as financial debt minus cash and short-term investments, has the following figures for the periods reported under the International Accounting Standards:

	2015	2014	January 1, 2014
Net financial debt	5,255,099	4,288,421	2,242,055

The restatement of the net financial debt/EBITDA + dividends indicator under international accounting standards is made for information purposes only and does not affect compliance with the financial covenants contained in current loan agreements. As of December 2015, the leverage indicator is adjusted by restating the EBITDA from operations whose functional currency is USD or quasi-USD currencies at the USD/COP (RMT) exchange rate at the end of the period and not an average rate.

27.2. Categories of Financial Instruments

Financial Assets	2015	2014	January 1, 2014
Cash and cash equivalents (Note 5)	545,708	525,864	504,395
Fair value with changes in the income (Note 7)	9,677	11,527	13,430
Measured compulsorily at fair value with changes in the income (Note 6)	-	-	1,934
Instruments derived from hedging relationships (Note 6)	22,438	23,235	338
Financial assets measured at amortized cost (Note 8 and Note 7)	1,108,798	947,150	703,443
Financial assets measured at fair value with changes in other comprehensive income (Note 7)	1,459,070	1,720,536	1,456,395
	3,145,691	**3,228,312**	**2,679,935**

Financial Liabilities	2015	2014	JJanuary 1, 2014
Measured compulsorily at fair value with changes in the income (Note 6)	-	4,707	10,592
Instruments derived from hedging relationships (Note 6)	172,156	121,997	36,325
Financial liabilities measured at amortized cost	6,721,597	5,802,237	3,445,897
	6,893,753	**5,928,941**	**3,492,814**

27.2.1. Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income

	2015	2014	January 1, 2014
Grupo de Inversiones Suramericana S. A.	1,006,142	1,127,330	951,588
Bancolombia S. A	428,771	564,883	486,813
Cartón de Colombia S. A.	10,621	11,983	12,699
Carvajal Pulpa y Papel S. A.	217	287	396
Cemex S. A.	1,508	2,015	1,812
Other investments	11,811	14,038	3,087
	1,459,070	**1,720,536**	**1,456,395**
Dividends recognized during the period related to investments that remain recognized at the end of the period	29,789	27,689	33,179

At December 31st, 2015, 2014 and January 1, 2014, the Group had not reclassified gains or losses accumulated through changes in fair value from equity to the result of the consolidated fiscal year. No dividends were recognized during the reported periods related to investments that have been written off.

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.

During the period no equity investments measured at fair value were disposed of through other comprehensive income nor were unrealized profits or losses transferred from other comprehensive income to accumulated earnings

27.2.2. Reclassification of Financial Assets

During the current and previous period, the Group has not made changes to the business model for the management and administration of financial assets, therefore it has not reclassified financial assets from the category of fair value to amortized cost, or vice versa.

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.

27.3.1. Exchange Rate Risk

The Group is exposed to exchange rate risk as a result of the investments held in subsidiaries with functional currencies other than the Colombian peso and of transactions in currencies other than its functional currency. The fluctuations in exchange rates have a direct impact on the cash and on the consolidated financial statements. The Group monitors the risk of exchange rate by analyzing the exposure in the balance sheet and the cash flow.

The analysis of exposure to exchange rate risk is performed on the subsidiaries whose functional currency is not the dollar, and that floats freely without exchange controls; subsidiaries located in countries with currency exchange controls have low volatility in the fluctuations of exchange rates. The exposure of the consolidated statement of financial position is determined by 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 2015 was 24 million dollars long (2014: 83 million dollars long, January 1, 2014: 25 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.

27.3.2. Interest Rate and Inflation Risk Management

The interest rate risk arises mainly from loans paid at a fixed rate or variable rate. The Group measures interest rate risk through the exposure to floating rates and fixed rates of the Group's consolidated debt. In the case of variable rates, a deterioration of the rates at which the financial instruments are indexed could have a negative impact on the consolidated financial expenses or income. In the case of fixed rates, overexposure would put the Group at a disadvantage to as market conditions improve, as long as the financial instruments are held to maturity.

The concentration of interest rate risk appears when a very high exposure to a particular indexer is detected in the portfolio of financial debt. The Group considers that an exposure of between 15% and 30% of the fixed rate of its total consolidated debt is optimal

The Group has maintained an average ratio between the fixed rate (FR) and variable rate (VR) of 25% FR vs. 75% VR. 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, 2015 28% of the consolidated debt was agreed at a fixed interest rate (2014: 22%, January 1, 2014: 13%).

The reference interest rates of the Colombian financial market that generate exposure for the Group are the CPI, DTF and IBR, and the international reference rate Libor for loans in dollars. The Group has not considered exposure to other local or international rates.

27.3.3. Credit Risk Management

The credit risk derived from financial assets that implies the risk of the counterparty defaulting is reduced by evaluating and 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.

27.3.4. Liquidity Risk Management

The Group has financial obligations with counterparties in the banking system and in the capital market. To mitigate the liquidity risk in the possible renewals of these credits, the Group plans the concentration of maturities monthly in order to avoid accumulating very high maturities in any given month of the year. Additionally, it has a broad portfolio of liquidity providers in different currencies, types of indexers and terms, including national banks, international banks, commercial financing 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. 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.

27.4. Foreign Currency Sensitivity Analysis

The Group is primarily exposed to the US Dollar. The following table lists the Group's sensitivity to an increase and decrease of 25% of the Colombian peso against the relevant foreign currencies after considering the effect of hedge accounting. Twenty five percent represents the sensitivity rate used when reporting exchange rate risk internally to key management personnel, and represents the management's evaluation of possible reasonable changes in exchange rates. The sensitivity analysis only includes outstanding monetary items denominated in foreign currencies and adjusts their conversion at the end of the period with a change of 25% in exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the one used by the lender and the borrower. A positive number indicates an increase in the results where the Colombian peso is strengthened by 25% against the relevant currency. If the Colombian peso is weakened by 25% against the reference currency, this would have a comparable impact on the results and the following balances would be negative. During the period there have been no changes in the methods and hypotheses used for the sensitivity analysis.

	Effect of the Currency: USD	
	2015	**2014**
Profits before taxes and discontinued operations	18,990	50,111

27.4.1. Derivative 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)		
	2015	**2014**	**January 1, 2014**	**2015**	**2014**	**1-2014**	**2015**	**2014**	**January 1, 2014**
Forward purchase and currency swap									
American Dollar – Swap	2,520	2,520	1,924	113,381	124,348	-	22,114	23,067	-
American Dollar – Forward	-	-	-	-	-	48,579	-	-	(932)
Other currencies	-	-	-	-	-	-	-	-	-
				113,381	**124,348**	**48,579**	**22,114**	**23,067**	**(932)**
Forward sale and currency swap									
American Dollar – Swap	2,373	1,891	1,839	433,320	433,320	515,981	(160,033)	(123,031)	(44,052)
American Dollar – Forward	-	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-	-
				433,320	**433,320**	**515,981**	**(160,033)**	**(123,031)**	**(44,052)**

(1) The notional value of the underlying includes values in American dollars. For disclosure purposes these amounts have been converted into Colombian pesos using the closing exchange rate in effect for each reporting date.

The following tables detail the notional principal amounts and remaining terms of forward and exchange rate swap contracts outstanding at the end of the reporting period.

	Notional Value of the Underlying in Colombian Pesos (1)			Fair Value of Assets (Liabilities)		
	2015	2014	January 1, 2014	2015	2014	January 1, 2014
CASH FLOW HEDGE						
1 year or less	113,381	124,348	-	22,114	23,067	-
From 1 to 5 years	433,320	343,520	343,520	(160,033)	(118,323)	(35,394)
5 years or more	-	-	-	-	-	-
	546,701	**467,868**	**343,520**	**(137,919)**	**(95,256)**	**(35,394)**
FAIR VALUE HEDGE						
1 year or less	-	-	48,579	-	-	(932)
From 1 to 5 years	-	-	-	-	-	-
5 years or more	-	-	-	-	-	-
	-	**-**	**48,579**	**-**	**-**	**(932)**
NO ACCOUNTING HEDGE						
1 year or less	-	-	-	-	-	-
From 1 to 5 years	-	89,800	172,461	-	(4,708)	(8,658)
5 years or more	-	-	-	-	-	-
	-	**89,800**	**172,461**	**-**	**(4,708)**	**(8,658)**
DERIVATIVE CONTRACTS IN FOREIGN CURRENCIES	**546,701**	**557,668**	**564,560**	**(137,919)**	**(99,964)**	**(44,984)**

(1) The notional value of the underlying includes values in American dollars. For disclosure purposes these amounts have been converted into Colombian pesos using the closing exchange rate in effect for each reporting date.

27.5. Interest Rates and Inflation Indexes Sensitivity Analysis

The following sensitivity analysis has been determined based on the exposure to interest rates and inflation indexes for both derivative and non-derivative instruments at the end of the reporting period. For liabilities at variable rates, an analysis is prepared assuming the amount of outstanding liabilities at the end of the reporting period have been the same outstanding liabilities for the entire year. Upon internally informing key management personnel of the interest rate risk an increase or decrease of 25 points is used, which represents the management's evaluation of the possible reasonable change in the interest rates.

	IPC		Libor 6 M	
	2015	2014	2015	2014
Profits before taxes and discontinued operations	25,942	(19,502)	1,731	(770)
Other comprehensive income	2,894	1,105	554	37

27.6. Derivatives Contracts from Interest Rate and Inflation Indexes

The following tables detail the notional principal amounts and remaining terms of forward and interest rate swap contracts outstanding at the end of the reporting period.

	Notional Value of the Underlying in Colombian Pesos (1)			Fair Value of Assets (Liabilities)		
	2015	2014	1-2014	2015	2014	1-2014
CASH FLOW HEDGE						
1 year or less	-	-	-	-	-	-
From 1 to 5 years	1,113,465	882,430	162,114	(11,799)	(3,505)	338
5 years or more	-	-	-	-	-	-
	1,113,465	**882,430**	**162,114**	**(11,799)**	**(3,505)**	**338**
FAIR VALUE HEDGE						
1 year or less	-	-	-	-	-	-
From 1 to 5 years	-	-	-	-	-	-
5 years or more	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**
NO ACCOUNTING HEDGE						
1 year or less	-	-	-	-	-	-
From 1 to 5 years	-	-	-	-	-	-
5 years or more	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
DERIVATIVE CONTRACTS FROM INTEREST RATES	**1,113,465**	**883,430**	**162,114**	**(11,799)**	**(3,505)**	**338**

(1) The notional value of the underlying includes values in American dollars. For disclosure purposes these amounts have been converted into Colombian pesos using the closing exchange rate in effect for each reporting date.

27.7. Interest and Liquidity Risk Tables

The following tables detail the remaining contractual maturity of the Group's non-derivative financial liabilities with agreed-upon reimbursement periods. The tables have been designed based on the undiscounted cash flows of financial liabilities based on the date on which the Group must make payments. The tables include both cash flows of interest and principal. When the 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	Book Value
DECEMBER 31ST, 2015						
Non-interest bearing liabilities		998,629	-	-	998,629	998,629
Financial lease liabilities	7.13%	46,050	178,107	57,034	281,191	225,995
Instruments with variable interest rates	5.80%	1,162,625	3,458,842	2,070,823	6,692,290	4,923,500
Instruments with fixed interest rates	2.67%	418,740	50,522	-	469,262	456,575
Other liabilities	4.68%	71,904	8,850	252,132	332,886	116,898
		2,697,948	**3,696,321**	**2,379,989**	**8,774,258**	**6,721,597**
DECEMBER 31ST, 2014						
Non-interest bearing liabilities		792,525	-	-	792,525	792,525
Financial lease liabilities	6.88%	68,101	148,680	86,476	303,257	240,926
Instruments with variable interest rates	5.41%	1,031,470	2,224,642	2,000,404	5,256,516	4,482,132
Instruments with fixed interest rates	5.70%	6,704	110,557	-	117,261	104,227
Other liabilities	6.34%	85,476	91,397	212,172	389,045	182,427
		1,984,276	**2,575,276**	**2,299,052**	**6,858,604**	**5,802,237**

	Weighted Average Effective Interest Rate	1 year or less	From 1 to 5 years	5 years or more	Total	Book Value
JANUARY 1, 2014						
Non-interest bearing liabilities		589,940	-	-	589,940	589,940
Financial lease liabilities	6.70%	28,339	167,639	128,886	324,864	249,081
Instruments with variable interest rates	5.84%	457,750	1,333,905	1,253,870	3,045,525	2,263,142
Instruments with fixed interest rates	8.50%	98,548	3,859	3,417	105,824	107,967
Other liabilities	6.38%	79,598	160,500	214,411	454,509	235,766
		1,254,175	**1,665,903**	**1,600,584**	**4,520,662**	**3,445,896**

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, 2015, 2014 and January 1, 2014, the Group does not have any derivative contracts that are settled based on their gross amount.

December 31st, 2015	1 year or less	1 to 5 years	5 years or more	Total
NET SETTLEMENT AMOUNT:				
Forwards		-	-	-
Swaps	32,560	(182,278)	-	(149,718)
Options and others	-	-	-	-
	32,560	**(182,278)**	**-**	**(149,718)**
December 31st, 2015	**1 year or less**	**1 to 5 years**	**5 years or more**	**Total Bands**
NET SETTLEMENT AMOUNT:				
Forwards		-	-	-
Swaps	28,326	(131,794)	-	(103,468)
Options and others	-	-	-	-
	28,326	**(131,794)**	**-**	**(103,468)**
December 31st, 2015	**1 year or less**	**1 to 5 years**	**5 years or more**	**Total Bands**
NET SETTLEMENT AMOUNT:				
Forwards	(932)	-	-	(932)
Swaps	8,999	(52,902)	189	(43,714)
Options and others	-	-	-	-
	8,067	**(52,902)**	**189**	**(44,646)**

27.8. Collateral

The Group has pledged 5,200,000 shares of the issuer Grupo de Inversiones Suramericana S.A. to the financial institution Bancolombia as collateral for financial liabilities. These shares are not pledged to a specific obligation, and their purpose is to support the Group's overall line of credit. The book value of the financial assets the Group has pledged as collateral for financial liabilities is $185,640 (2014: $208,000, January 1, 2014: $175,240).

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. The value of the net assets of the subsidiary at December 31st, 2015 is $59,026. The Group has not received financial or non-financial assets as collateral as of December 31st, 2015, 2014 and January 1, 2014 that it is allowed to sell or pledge without a default by the collateral's owner.

NOTE 28: ISSUED CAPITAL

The authorized capital consists of 1,500,000,000 shares with a nominal value of $6 each. The subscribed and paid-in capital is made up of 1,215,247,885 made up of ordinary shares and 209,197,850 preferred shares. The treasury stock is made up of 63,575,575 shares. At December 31st, the number of shares in circulation was 1.360.870.160 (2014 - 1.360.870.160, January 1, 2014-1.360.870.160)

	2015	2014	January 1, 2014
AUTHORIZED CAPITAL			
1,500,000,000 ordinary shares with a nominal value of $6	9,000	9,000	9,000
SUBSCRIBED AND PAID-IN CAPITAL:			
1,215,247,885 ordinary shares with a nominal value of $6	7,291	7,291	7,291
209,197,850 preferred shares with a nominal value of $6	1,256	1,256	1,256
	8,547	**8,547**	**8,547**

Investments in Group associates and joint ventures do not hold common or preferred shares of Cementos Argos S.A. or any of its subsidiaries at the reporting date and comparative periods. The Group has not received ordinary or preferred shares for option contracts or contracts for the sale of shares. Cementos Argos S.A. may only acquire its own shares by decision of the General Shareholders' Meeting with a favorable vote of the number of shares subscribed determined by law, with funds taken from the net profits and provided that such shares are fully paid.

28.1 Reconciliation of Paid Ordinary Shares

	Number of Shares	Social Capital	Share Placement Premium
Balance at January 1, 2014	1,215,247,885	7,291	175,675
Issue of ordinary shares	-	-	-
Balance at December 31st, 2014	**1,215,247,885**	**7,291**	**175,675**
Issue of ordinary shares	-	-	-
Repurchase of own shares	-	-	-
Other movements	-	-	-
Balance at December 31st, 2015	**1,215,247,885**	**7,291**	**175,675**

Each ordinary share gives its owner the right to participate in the decisions of the General Shareholders' Meeting and vote in it, trade the shares freely, inspect the books and social papers freely during the fifteen (15) business days prior to the General Meeting in which the year-end financial statements are examined, and receive a proportionate share of the social assets at the time of settlement and once the company's external liabilities have been paid, among others included in the bylaws.

During all new issues of ordinary shares, the holders of ordinary shares have the right to subscribe preferentially a proportional amount to those they already hold on the date in which the competent social agency approves the subscription regulations.

28.2. Reconciliation of Preferred Shares

	Number of Shares	Social Capital	Share Placement Premium
Balance at January 1, 2014	209,197,850	1,256	1,374,068
Issue of preferred shares	-	-	-
Repurchase of own shares	-	-	-
Other movements	-	-	-
Balance at December 31st, 2014	**209,197,850**	**1,256**	**1,374,068**
Issue of preferred shares	-	-	-
Repurchase of own shares	-	-	-
Other movements	-	-	-
Balance at December 31st, 2015	**209,197,850**	**1,256**	**1,374,068**

Holders of shares with preferential dividends and no voting rights are entitled to receive a minimum dividend preferentially compared to the one corresponding to ordinary shares, as long as distributable profits were generated in the financial year immediately preceding. Under no circumstances will the dividends received by holders of ordinary shares exceed the ones decreed in favor of preferred shares, the preferential reimbursement of their contributions – once the external liabilities have been paid – in the event of the dissolution and liquidation of the issuer, and other rights provided for in the bylaws of the issuer for holders of ordinary shares, except (i) to subscribe ordinary shares preferentially, and (ii) to vote on the proposals in the General Shareholder's Meeting of the issuer. By way of exception, preferred shares will grant their holders the right to vote in the events described in the placement and issuance prospectus.

The issuance of preferred shares qualifies as a compound financial instrument. The Group, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual terms of the instrument as well as the issuer's obligations. Given the contractual obligation of the issuer to issue cash or other financial assets to shareholders, the 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

29.1. Reserves

The Group's consolidated reserves include the value of the reserves of Cementos Argos S.A., and its participation in changes of the reserves of subsidiaries, associates and joint ventures accounted for using the equity method; these last two categories in the percentage held by the Group after the date of first adoption of the IFRS.

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, 2014, 2015 and January 1, 2014, the value of the legal reserve amounts to $21,156, $19,131 and $15,744 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 20th, 2015, the General Shareholders' Meeting authorized the release of $66,690 from the untaxed reserve for extensions and investments in order to distribute dividends to shareholders. Similarly, it also decided to appropriate $105,183 as a reserve for future expansions and investments.

29.2. Other Comprehensive Income Net of Taxes, Attributable to the Parent Company

During 2015 and 2014 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 $3,581 (2014: $3,867) and $42,397 (2014: $64,121) respectively.

As of December 31st, 2015, 2014 and January 1, 2014, 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.

NOTE 30: DIVIDENDS

The General Shareholders' Meeting held on March 20th, 2015 declared annual cash dividends on ordinary shares in the amount of $178.00 per share, payable in four quarterly installments of $ 44.50 per share starting in April 2015, for a total value of $204,998 million.

Further, preferred dividends in cash were declared corresponding to 209,197,850 preferred shares, at $57.75 per share, paid quarterly from April 2015, for a total value of $48,325 million.

Declared Dividends	Shares	Annual $ per Share	2014		2015
Ordinary dividends	1,151,672,310	166	191,178	178	204,998
Preferred dividends	209,197,850	231	48,325	231	48,325
TOTAL			**239,503**		**253,323**

NOTE 31: NON-CONTROLLING INTERESTS

	2015	2014
Opening balance	**466,488**	**399,432**
Share of the year's profits	64,965	32,713
Non-controlling interest generated by other comprehensive income	125,559	80,846
Non-controlling interest generated by new acquisitions	23,005	-
Participation through other equity movements	(47,971)	(46,503)
CLOSING BALANCE	**632,046**	**466,488**

NOTE 32: REVENUE

Below is an analysis of the Group's revenue for the period for continuing operations (excluding revenues from investments - see Note 37).

	2015	2014
Revenue from the sale of goods	7,877,642	5,790,742
Revenue from services rendered	34,361	26,387
	7,912,003	**5,817,129**

The Group has no commitments that are estimated to generate losses. The consolidated operating income of Cementos Argos is generated mainly through the sale of cement and ready-mix concrete. Our concrete businesses are the main customer of our cement production. Sales across our geographic segments or operating segments are executed at market prices comparable to sales to third parties. Our sales of cement and ready-mix concrete are highly dependent on the performance of the construction industry, including residential, commercial and infrastructure projects, in each of the countries where we operate or sell our products. Fluctuations in the behavior of the construction industry significantly affect the volumes of cement and ready-mix concrete we can sell, as well as the sales prices we can receive for our products.

NOTE 33: SEGMENT INFORMATION

33.1. Operating Segments, and Products and Services the Generate Revenues from the Segments

The Administration has determined its segments of operation based on the financial information provided to the Directive Committee of Cementos Argos S.A., whose members periodically monitor business results to make decisions about resources to be allocated and to evaluate its performance. The cement and ready-mix concrete business is organized and managed along the three main geographic regions where the Group is present: Colombia, Panama and the Caribbean, and the United States, which the Group operates through subsidiary companies. The Group has a fourth segment called others, which contains the results of complementary businesses, including livestock, forestry and lime operations in Colombia, as well as general corporate expenses not allocated to any operating segment in particular. This segment is managed independently because of 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.

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.

33.2 Financial Information by Operating Segment

2015	Colombia	Panama and the Caribbean	United States	Corporate and Others	Total
Operating income	3,442,138	1,812,494	4,033,066	160,189	9,447,887
Minus: inter-segment	(464,969)	(330,317)	(617,517)	(123,081)	(1,535,884)
Consolidated income	**2,977,169**	**1,482,177**	**3,415,549**	**37,108**	**7,912,003**
Sales costs	1,884,951	853,956	2,879,723	17,910	5,636,540
Depreciations and amortization	143,089	59,489	244,966	13,843	461,387
Gross profits	**949,129**	**568,732**	**290,860**	**5,355**	**1,814,076**
Other depreciations and amortizations	5,775	46,484	38,706	25,930	116,895
Administration and sales	216,734	163,301	235,809	130,310	746,154
Other net income (expenses)	1,498	(5,849)	3,419	(10,676)	(11,608)
Impairment of goodwill and assets	-	-	-	234	234
Operating profits after asset impairment	**728,118**	**353,098**	**19,764**	**(161,795)**	**939,185**
OPERATING MARGIN	**21%**	**19%**	**0%**	**(101%)**	**10%**
Net financial expenses					274,963
Net earnings for exchange rate differences					33,107
Loss from net participation in results of associates and joint ventures					(787)
Profit before taxes					**696,542**
Income tax					126,905
PROFIT FROM CONTINUING OPERATIONS					**569,637**

2014	Colombia	Panama and the Caribbean	United States	Corporate and Others	Total
Operating income	2,811,066	1,290,660	2,428,981	134,100	6,664,807
Minus: inter-segment	(301,047))	(207,175)	(234,840)	(104,616)	(847,678)
Consolidated income	**2,510,019**	**1,083,485**	**2,194,141**	**29,484**	**5,817,129**
Sales costs	1,616,366	668,778	1,886,616	29,115	4,200,875
Depreciations and amortization	52,105	40,261	175,741	16,771	284,878
Gross profits	**841,548**	**374,446**	**131,784**	**(16,402)**	**1,331,376**
Other depreciations and amortizations	5,459	33,382	25,182	12,226	76,249
Administration and sales	195,437	97,087	199,348	119,470	611,342
Other net income (expenses)	(30,585)	(123)	6,382	(12,627)	(36,953)
Impairment of goodwill and assets	-	-	-	603	603
Operating profits after asset impairment	**610,067**	**243,854**	**(86,392)**	**(161,112)**	**606,417**
OPERATING MARGIN	**22%**	**19%**	**(4%)**	**(120%)**	**9%**
Net financial expenses					230,596
Net earnings for exchange rate differences					65,494
Loss from net participation in results of associates and joint ventures					4,440
Profit before taxes					**445,755**
Income tax					162,530
PROFIT FROM CONTINUING OPERATIONS					**283,225**

33.3 Information by Geographic Area and Significant Customers

	Revenue from External Customers		Non-Current Assets		
	2015	2014	2015	2014	January 1, 2014
Colombia	3,007,943	2,538,500	4,586,777	3,928,275	3,795,968
USA	3,421,743	2,195,049	6,170,869	4,749,960	2,541,160
Panama	553,927	474,194	866,149	982,116	391,525
Honduras	380,439	224,035	693,457	584,186	902,470
Haiti	184,472	139,774	19,017	23,619	22,570
Dominican Republic	107,136	89,679	49,301	37,111	27,767
Suriname	46,287	32,190	27,424	21,305	15,903
Caribbean Islands	210,056	123,708	233,865	120,974	11,251
TOTAL	**7,912,003**	**5,817,129**	**12,646,859**	**10,447,546**	**7,708,614**

For these purposes, the basis used to allocate revenue from external customers to countries is the location of the company and non-current assets include property, plant and equipment, intangible assets, investment properties, investments in associates and joint ventures and goodwill. As of December 31st, 2015, 2014 and January 1, 2014, the Group does not have any customer that represents 10% or more of its consolidated income.

33.4 Information by Product and Service

	Revenue from External Customers	
	2015	2014
Cement	3,189,923	2,724,742
Concrete	3,836,241	2,916,085
Other products and services	885,839	176,302
TOTAL	**7,912,003**	**5,817,129**

NOTE 34: ADMINISTRATIVE EXPENSES

Administrative expenses as of December 31st comprised the following:

	2015	2014
Staff expenses	255,324	190,389
Services	95,866	83,163
Amortization of intangible assets	65,632	16,927
Fees	48,264	51,296
Maintenance and repairs	21,704	12,719
Travel expenses	20,912	14,261
Depreciation and impairment of property, plant and equipment	22,240	14,282
Leases	17,366	11,280
Insurance	13,511	10,810
Contributions and affiliations	6,137	5,061
Taxes	4,207	3,042
Legal expenses	4,144	1,574
Supplies and stationery	3,063	1,325
Cafeteria and restaurant	2,558	1,790
Transportation	1,660	1,497
Representation and public relations expenses	1,212	248
Adaptation and installation	704	393
Sundry	14,158	31,788
	598,662	**451,845**

NOTE 35: SALES EXPENSES

Sales expenses as of December 31st comprised the following:

	2015	2014
Staff expenses	100,483	80,719
Services	51,739	48,193
Amortization of intangible assets	32,852	41,333
Taxes	29,764	26,493
Impairment of commercial debtors	21,019	13,945
Travel expenses	5,651	4,479
Contributions and affiliations	4,680	3,274
Leases	4,169	3,412
Fees	2,362	2,910
Fuel and lubricant	1,995	73
Insurance	1,724	2,241
Supplies and stationery	1,044	234
Cafeteria and restaurant	637	343
Maintenance and repairs	635	2,230
Depreciation of property, plant and equipment	610	3,537
Representation and public relations expenses	341	944
Legal expenses	338	134
Transportation	230	210
Adaptation and installation	38	12
Sundry	4,076	842
	264,387	**235,558**

During the year ended on December 31st, 2014, the Administration along with the legal advisers of the subsidiary Argos Panama S.A., submitted to the General Directorate of Revenue requests for the refund of tax credits that were the product of overpayments for the tax on Transfer of Goods and Services (ITBMS for its Spanish acronym) in accordance with the provisions the regulations under paragraph 16, subparagraph a) of paragraph 8 of article 1057-V of the tax code of the Republic of Panama. As a result of this, the Group proceeded to recognize a receivable as well as the corresponding reversal of the ITBMS expenditure incurred in the years 2011, 2012 and 2013 by the Group in the amount of USD 4,967,155 as a decrease of the sundry item in the consolidated income statement.

NOTE 36: OTHER OPERATING INCOME, NET

Continuing Operations	2015	2014
Gains from damages	42,742	1,044
Gains from recoveries	39,089	22,794
Gains from exploitation	5,355	1,565
Gains from the sale and valuation of biological assets	4,895	8,285
Gains from subsidies	31	389
Gains from claims	12	63
Gains from the sale of intangibles	-	340
(Loss) from sale of investments	-	(16)
Loss from donations	(18,390)	(16,923)
Loss from assumed four per thousand tax	(18,886)	(21,455)
Loss from other assumed taxes	(28,362)	(3,771)
(Loss) from the sale of fixed assets and other assets	(37,121)	(31,896)
(Loss) gain from other income and expenses	(973)	2,628
	(11,608)	**(36,953)**

NOTE 37: FINANCIAL INCOME

Continuing Operations	2015	2014
Interest income	17,899	15,477
Dividends from equity investments	30,023	28,033
Total interest income from financial assets that have not been designated at fair value with changes in the results	**47,922**	**43,510**
Gain on valuation of financial derivatives	949	14,412
	48,871	**57,922**

NOTE 38: FINANCIAL EXPENSES

Continuing Operations	2015	2014
Interest on overdrafts and loans	69,660	57,571
Interest on loans from related parties	218	289
Interest on obligations under financial lease	16,681	14,899
Interest on bonds and preferred shares	204,225	146,466
Interest on financial derivatives	(6,744)	1,289
Other financial expenses	26,113	37,455
Total interest expense of financial liabilities	**310,153**	**257,969**
Minus: amounts included in the cost of qualified assets	15,089	3,875
	295,064	**254,094**
Loss from valuation of financial derivatives	16,104	24,303
Other financial costs	12,666	10,121
Total financial expenses	**323,834**	**288,518**
Discount effect on provisions, employee benefits and tax on equity	24,004	28,316
Financial income (Note 37)	48,871	57,922
Financial expenses	323,834	288,518
Total financial expenses, net	**274,963**	**230,596**

As of December 31st, 2015 and 2014 the annual weighted average capitalization rate on funds due is 6.63% and 5.86% for Cementos Argos S.A. and 1.16% and 1.52% Argos Cement LLC respectively.

NOTE 39: NET INCOME FROM CONTINUING OPERATIONS

Gains from continuing operations are attributed to:

Continuing Operations	2015	2014
Company controllers	504,672	250,512
Non-controlling interests	64,965	32,713
	569,637	**283,225**

The year's income from continuing operations amounted to the figures shown above after the following charges (credits):

39.1 Losses from Impairment on Financial Assets

	2015	2014
Loss from impairment on trade receivables	25,072	14,050
	25,072	**14,050**
Reversal of losses from impairment on trade receivables	**1,310**	**2,999**

39.2 Depreciation and Amortization Expenses

	2015	2014
Depreciation on property, plant and equipment and on investment properties	480,260	302,781
Amortization of intangible assets	98,097	58,347
	578,357	**361,128**

39.3 Employee Benefit Expenses

	2015	2014
Cost	754,962	308,445
Administrative expenses	255,325	190,388
Sales expenses	100,483	80,719
TOTAL EMPLOYEE BENEFIT EXPENSES	**1,110,770**	**579,552**

NOTE 40: EARNINGS PER SHARE

	2015	2014
	Colombian Pesos per share	Colombian Pesos per share
BASIC AND DILUTED EARNINGS PER SHARE		
From continuing operations	438.21	217.52
From discontinued operations	(11.56)	18.75
TOTAL BASIC EARNINGS PER SHARE	**426.65**	**236.27**

40.1. Basic Earnings per Share

The earnings and average weighted number of ordinary shares used to calculate the basic earnings per share are as follows.

	2015	2014
Earnings for the year attributable to the company's controllers	491,357	272,102
Minus preferred non-cumulative dividends after taxes declared during the period	-	-
Earnings used to calculate basic earnings per share	**491,357**	**272,102**
Earnings used to calculate basic earnings per share from discontinued operations	(13,315)	21,590
Earnings used to calculate basic earnings per share from continuing operations	504,672	250,512
Average weighted number of ordinary shares for purposes of basic earnings per share	1,151,672,310	1,151,672,310

40.2. Diluted Earnings per Share

The Group does not hold any financial instruments or other type of contract that grants it the right to receive potential ordinary shares, so that diluted earnings per share are equal to the basic earnings per share.

NOTE 41: INFORMATION ABOUT RELATED PARTIES

The immediate parent company of Cementos Argos S.A. is Grupo Argos S.A., which is headquartered in Medellin, Colombia, and holds a stake in the company of 55.34%.

41.1. Transactions Between the Parent Company and its Subsidiaries or Between Subsidiaries

The following transactions are those that we have engaged in with our subsidiaries or among our subsidiaries:

- Purchase and sale of clinker between ourselves and our subsidiaries, and our subsidiaries among themselves regardless of the region where they are located. The transaction involves the companies that produce clinker selling clinker to the companies that produce cement, and the latter using it as a raw material to produce cement.
- Purchase and sale of cement between ourselves and our subsidiaries and among our subsidiaries themselves, regardless of the region where they are located. The transaction involves the companies that produce cement selling cement to the companies that produce concrete, and the latter using it as a raw material to produce concrete. In the case of purchases and sales among cement companies, cement is transferred with the purpose of being commercialized.
- Purchase and sale of aggregates between ourselves and our subsidiaries and among our subsidiaries themselves, regardless of the region where they are located. The transaction involves the companies that produce aggregates selling aggregates to the companies that produce cement or concrete, and they use it as a raw material for their products.
- Provision of transport services between Logitrans S.A. and Cementos Argos S.A. 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.
- Maritime transport services between Transatlantic Cement Carriers Inc., and subsidiaries of the Group, and between Marítima de Graneles S.A. and Transatlantic Cement Carriers Inc.
- Purchase and sale of back-office services between Cementos Argos S.A. and Zona Franca Argos S.A.S. The transaction involves Cementos Argos S.A. providing back-office services to Zona Franca Argos S.A.S in exchange for a consideration from them. The services provided are basically financial, administrative and technological support.
- Purchase and sale of back-office services between Argos USA Corp. and its subsidiaries. The transaction involves Argos USA 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 Argos SEM, S.A. and Argos S.A. Honduras, Argos Dominicana S.A., Cimenterie Nationale Sem, Vensur NV and Ciments Guyanais. The transaction involves Argos SEM, S.A. providing management support services to the subsidiaries listed in exchange for a consideration. The services provided are basically administrative management services.
- The following transactions are the ones we or our subsidiaries have engaged in with Grupo Argos S. A. and its subsidiaries:
- Purchase and sale of back-office services between Cementos Argos S.A. and Grupo Argos S.A. The transaction involves Cementos Argos S.A. providing back-office services to Grupo Argos S.A. in exchange for a consideration from them. The services provided are basically financial, administrative and technological support.
- Lease of real estate between Grupo Argos S.A. and/or its subsidiaries and Cementos Argos S.A. and/or its subsidiaries. The transaction involves Grupo Argos S.A. and/or its subsidiaries leasing space (offices, warehouses and/or lots) to Cementos Argos S.A. and or its subsidiaries in order for the latter to develop their activities, whether productive or administrative.
- Purchase and sale of coal between Cementos Argos S.A. and Sator S.A.S. The transaction involves Sator S.A.S supplying coal to Cementos Argos S.A. for it to be used in the production process of clinker.
- Provision of mining services between Sator S.A.S and Cementos Argos S.A. The transaction involves Sator S.A.S operating some of the mining concessions of Cementos Argos S.A. in exchange for a consideration for the mining operation services received.
- Provision of land transport services between Logitrans S.A. and Sator S.A.S. The transaction involves Logitrans S.A., as a cargo transport intermediary, outsourcing the transportation of products and raw materials for Sator S.A.S to third parties.
- Purchase and sale of cement and ready-mix concrete between Situm S.A.S, the real estate subsidiary of Grupo Argos S.A. and Cementos Argos S.A., Zona Franca Argos S.A. and Concretos Argos S.A. The transaction involves the purchase of cement or ready-mix concrete by the Situm S.A.S from the other companies for its urban planning activities

41.2. Transactions with Related Parties

During the year, Group companies were involved in the following commercial transactions and balances with related parties that are not members of the Group:

	Sale of Goods and Other Income		Purchase of Goods and Other Expenses		Amounts Receivable			Amounts Receivable		
	2015	2014	2015	2014	2015	2014	01-2014	2015	2014	01-2014
Parent company	209	30,644	7,513	286	1,132	935	275	28,960	30,712	37,373
Subsidiaries	221	2,698	10,472	1,551	2,501	10,875	11,353	2,008	2,734	26,486
Associates	11,903	12	29,949	16,983	3,129	3,136	2,786	14,916	3,418	5,081
Joint ventures	1,253	2,205	4,069	573	1,206	720	743	915	4,993	7,066
Key management personnel	-	-	114,391	78,052	-	-	-	-	-	-
Other related parties	-	-	773	753	326	448	290	8	267	(778)
RELATED PARTIES	**13,586**	**35,559**	**167,167**	**98,198**	**8,294**	**16,114**	**15,447**	**46,807**	**42,124**	**75,228**

As of December 31st, 2015, 2014 and January 1, 2014 the Group has not recognized impairment or impairment expense for the values receivable from related parties. The Group has not received or offered guarantees on balances receivable or payable to related parties.

Transactions between the reporting company and its related parties are carried out on terms equivalent to those in arm's-length transactions.

The average term of accounts receivable from related parties regarding the sale of goods is 30 days, accounts payable between related parties have an average term of 60 days. The average term for loans for 2015 is one year, agreed to a rate of 4.34% in pesos, except for the associate Concesiones Urbanas, with which there is an agreed rate of 4.42%.

41.3. Compensation of the Board of Directors and Key Management Personnel

The compensation of key management personnel during the year was as follows:

	2015	2014
Wages and other short-term employee benefits	105,821	69,523
Pension and other post-employment benefits	3,961	5,601
Severance benefits	4,609	2,928
	114,391	**78,052**

Key management personnel include members of the Board, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up of the President and Vice President), and of any other committee that depends directly on the Board of Directors of Cementos Argos and Grupo Argos, and Managers and their close relatives.

NOTE 42: BUSINESS COMBINATIONS

42.1. Acquired Subsidiaries and Groups of Assets

Acquired Subsidiaries or Groups of Assets	Core Business	Date of Acquisition	Proportion of Acquired Shares	Transferred Consideration
Argos Honduras S. A. de C.V.(i)	Exploitation of cement	December 2013	53.28%	745,025
Activos adquiridos en la Florida(ii)	Production of cement	March 2014	-	1,419,432
Ciments Guyanais S. A.S.(iii)	Production of cement	April 2014	100%	148,291
Argos Puerto Rico, LLC (iv)	Packaging and commercialization of cement	April 2015	100%	43,701

(i) In September 2013, the company signed an agreement to buy 53.28% of the shares of the company Argos Honduras S.A. de CV (formerly Lafarge Cementos S.A. de CV), belonging to the French multinational Lafarge. The company Lafarge Cementos Honduras is composed of the Piedras Azules cement plant, near the capital, Tegucigalpa, in addition to milling and port facilities located in San Lorenzo, on the Pacific Ocean. As a product of this purchase, the annual cement production capacity has been increased to 1.3 million metric tons, for an estimated total of 17 million tons.

(ii) In January 2014, the company subscribed an agreement for the acquisition of cement assets with the American company of Vulcan Materials Company, located in the state of Florida. The aforementioned agreement was refined in March 2014, through which Argos Cement LLC and Argos Ready Mix LLC acquired cement, ready-mix and block manufacturing operations from Vulcan Materials Company ("Vulcan"). In the operation, ore reserves of limestone calcium of the quality required for the manufacture of cement in Newberry, Florida were acquired.

(iii) In April 2014, the company subscribed an agreement to buy 100% of the shares of the company Ciments Guyanais S.A.S, belonging to the French multinational Lafarge. Ciments Guyanais S.A.S has a cement grinding plant with a capacity of 200,000 tons and access to port facilities.

(iv) On April 30th, 2015, SEM Argos, S.A., a subsidiary of Cements Argos S.A. acquired 60.00% of the share capital of Wetvan Overseas Ltda, a company that controls a terminal for the reception, storage, sale and distribution of cement in Puerto Rico, for the amount of USD 18.3 million through Argos Puerto Rico, LLC.

The purpose of these acquisitions was to execute the company's expansion and geographic diversification strategy. The goodwill determined from the acquisition is represented mainly by the acquired operations being within the strategic geographic area of operations defined by the company, the generation of operational, administrative, and distribution synergies, the geographic location, port infrastructure and maritime knowledge of Cementos Argos, the potential to adapt the Argos model and offer value-added products, countries with potential for growth in the per capita consumption and the intangible workforce that does not meet the criterion of identifiability or contractual relationship.
Transaction costs related to the acquisitions consist mainly of investment banking fees and consultancy fees related to the due diligence process. Transaction costs are presented as administrative expenses in the consolidated income statement.

42.2. Assets Acquired and Liabilities Assumed at the Date of Acquisition

The following table shows the allocation of the total price paid for the acquisitions in the identified assets and liabilities assumed in the combination:

	Argos Honduras S. A. de C.V.	Ciments Guyanais S. A.S.	Assets Acquired from Vulcan	Argos Puerto Rico, LLC
Cash and cash equivalents	152,711	9,324	-	-
Trade receivables and other receivables, net	136,604	11,553	-	-
Current tax assets	428	-	-	-
Inventories	19,168	6,277	81,077	-
Other non-financial current assets	1,811	123	143	-
Current assets	**310,722**	**27,277**	**81,220**	**-**
Other financial non-current assets	15,097	-	295	-
Other intangible assets, net	351,523	43,162	9,304	35,863
Property, plant and equipment, net	175,689	57,039	1,279,653	13,365
Goodwill	-	-	-	-
Deferred tax assets	-	-	-	256
Non-current assets	**542,309**	**100,201**	**1,289,252**	**49,484**
Total identifiable assets	**853,031**	**127,478**	**1,370,472**	**49,484**
Financial obligations	12,515	8	-	-
Trade liabilities and accounts payable	23,552	1,148	-	-
Taxes, levies and charges	6,699	595	-	-
Employee benefit liabilities	1,840	1,489	-	-
Current provisions	862	-	-	-
Other non-financial current liabilities	6,766	21	2,992	-
Current liabilities	**52,234**	**3,261**	**2,992**	**-**
Financial obligations	-	816	-	-
Employee benefit liabilities	3,200	-	-	-
Tax deferred liabilities	103,605	31,288	-	-
Current liabilities	**106,805**	**32,104**	**-**	**-**
Total liabilities assumed	**159,039**	**35,365**	**2,992**	**-**
Total net identifiable assets and assumed at fair value	693,992	92,113	1,367,480	49,484
Non-controlling interests	324,226	-	-	29,135
Goodwill/gain on bargain purchase generated from the acquisition	375,259	56,178	51,952	23,352
CONSIDERATION:				
Cash	745,025	147,363	1,419,432	43,701
Contingent consideration agreement		928		
	745,025	**148,291**	**1,419,432**	**43,701**
Costs related to the acquisition	6,191	1,642	18,962	7,069

The transaction costs related to the acquisition consist mainly of investment banking fees and consultancy fees related to the due diligence process. Costs related to the acquisition not associated with the issuance of financial instruments have been excluded from the transferred consideration and have been recognized as an expense for the period under "other expenses" in the consolidated income.

The Group has elected to measure the non-controlling interest of all the business combinations carried out during the reporting periods through the pro rata share of the net assets of the entity.

42.4. Net Cash Flow on the Acquisition of Subsidiaries

	Argos Honduras S. A. de C.V.	Ciments Guyanais S. A.S.	Assets Acquired from Vulcan	Argos Puerto Rico, LLC
Consideration paid in cash	745,025	147,363	1,419,432	43,701
Transaction costs of the acquisition (included in the cash flow for operating activities)	6,191	1,642	18,962	7,069
Minus: balance of cash and cash equivalents acquired (included in the cash flow of investment activities)	(152,711)	(9,324)	-	-
NET CASH FLOW AT THE DATE OF ACQUISITION	**598,505**	**139,681**	**1,438,394**	**50,770**

NOTE 43: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Certain contingent conditions may exist at the date when the financial statements are issued, which may result in a loss for the Group. These contingencies will be resolved in the future when one or more events occur or when the probability that they may occur varies. Such contingencies are estimated by the Administration and its legal counsel. The estimate of loss contingencies necessarily involves an exercise of professional judgment and is a matter of opinion. In the estimate of loss contingencies in legal proceedings that are pending against the Group, legal advisors evaluate, among other things, the merit of the claims, the courts' jurisprudence and the current status of each case.

The Group considers that these issues will be resolved without any significant effect on our operations, financial position or operating results.

43.1. Contingent Liabilities

At the date of preparation of the notes to the financial statements, we report that Argos is party to legal proceedings of different natures, acting both as plaintiff and defendant, which are being addressed diligently by qualified attorneys hired by the company. The conflicts are of civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Argos. The appropriate reserves have been estimated for these processes based on criteria such as the nature of the process, the evidence contained, economic factors , the possible sentence projected, etc., which will cover the 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.

Transmilenio Lawsuit

Due to some structural defects in the pavement in the North Highway Project in Bogota DC developed by Transmilenio S.A. (hereinafter "Project"), there are currently two class action suits against the Mayor of Bogota, the Institute of Urban Development, Concretos Argos S.A. and certain public officials and suppliers of the Project. The class action suits indicate that Concretos Argos S.A., along with other suppliers, provided building materials that did not meet the required technical specifications, and as a result structural defects occurred in the pavement of the North Highway Project.

Currently, the aforementioned class action suits are nearing completion of the evidence phase and we have not recorded any accounting reserve as we consider that we have enough arguments to refute any liability that is attributed to the company by these lawsuits.

Transfer pricing with the National Tax and Customs Department (DIAN for its Spanish acronym)

Lawsuit filed by the company against the Official Liquidation Revision due to differences in appreciation between the DIAN and the company regarding the classification of a credit operation with related parties abroad and the application of article 35 of the Tax Code. The company maintains that the presumptive interest (DTF) cannot be applied to operations carried out with 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 process is currently in the closing arguments stage at the Administrative Court of the Atlantic. Although the financial impact of an adverse resolution is valued at $12,000 million, we have not recorded any accounting reserve as we consider that we have enough arguments to refute any liability that is attributed to the company.

Lawsuit concerning the contractual relationship between Argos Honduras and Transportes Barahona, S. de R.L

Transportes Barahona, S. de R.L (hereinafter, "Barahona") sued Lafarge Cementos S.A. de C.V., now Argos Honduras S.A. de C.V. (hereinafter "Argos Honduras") on May 29th, 2012. The plaintiff based the lawsuit on a contractual relationship that existed between Argos Honduras and Barahona, through which the latter extracted pozzolana and transported it to the plant. Barahona sustained their lawsuit by alleging that when Argos Honduras stopped issuing purchase orders in January of 2012, what they actually did was to terminate a contract that expired in July of 2014. They alleged that a specific purchase order had been "tacitly renewed" until July 2014. The court of first instance ruled in favor of Barahona saying that there had indeed been an express renewal. The court took the value of the damages that had been requested by Barahona, 421,267,427 lempiras. The court of second instance confirmed the judgment of the first instance. On August 19th, 2014 Argos Honduras filed an appeal before the Supreme Court of Honduras, which ruled in their favor on May 27th, 2015. In that ruling, the Supreme Court of Honduras dismissed the lawsuit filed by Barahona, absolved Argos Honduras of the payment of any sum and sentenced Barahona to pay the costs. However, on October 5th, 2015 Barahona filed an extraordinary appeal for review against the ruling which, to date, is currently being studied by the Supreme Court of Honduras.

Argos Honduras and their lawyers, Saavedra and Associates, estimate that the legal foundations presented by Barahona in their appeal for review are very weak and should not be sufficient to modify the appeal judgment, which in principle is unappealable. Consequently, they consider it likely that the Court of Supreme Justice of Honduras will rule in their favor.

Under the share purchase agreement between Cementos Argos S.A. and the Lafarge Group whereby the company acquired 53.28% of the shares of Argos Honduras, the Lafarge Group will compensate the company for the damages suffered under the lawsuit brought by Barahona. Such compensation by the Lafarge Group is subject to a deductible, which should be assumed by Cementos Argos S.A., and is equivalent to 30% of the damages the company may suffer (if the damage exceeds €4,630,790, the deductible will be the latter value).

43.2. Contingent Assets

At the date of preparation of the notes to the financial statements, Cementos Argos S.A. and its subsidiaries were not party to any legal proceedings, as a plaintiffs, where the income or recovery of contingent assets were expected to exceed five billion pesos ($5,000) individually. Additionally, there are executive processes initiated by Cementos Argos S.A. and its subsidiaries against third parties for the recovery of the portfolio through legal proceedings. We consider that the estimated time of completion of these processes ranges from three (3) to eight (8) years approximately.

NOTE 44: EVENTS OCCURRED AFTER THE REPORTING PERIOD

Between December 31st, 2015 and the date of issuance of the consolidated financial statements of the Group, the following events that were considered significant but not subject to adjustment took place:

- On December 1st, 2015, the Board of Directors of Cementos Argos decided unanimously to appoint Juan Esteban Calle, as of April 2016, as the new President of Cementos Argos S.A., replacing Jorge Mario Velásquez, who was recently elected as the new President of Grupo Argos.
- On January 25th, 2016, the General Shareholders' Meeting of Cementos Argos S.A. approved the statutory reform that had been proposed for the modification of article 4, in order to capitalize occasional reserves up to an amount of six hundred fifteen billion pesos ($ 615,000), through the mechanism of increasing the nominal value of the stock. With this approval, the nominal value of the stocks went from six pesos ($6) to four hundred and sixteen pesos ($416).

No subsequent events subject to adjustment in the financial statements or in the information to be disclosed took place.

NOTE 45: FIRST TIME ADOPTION OF THE IFRS

The consolidated financial statements for the fiscal year ended on December 31st, 2015 have been prepared in accordance with the Accounting and Financial Information Standards accepted in Colombia, NCIF, issued by the Ministry of Finance and Public Credit and the Ministry of Commerce, Industry and Tourism of the Republic of Colombia based on International Financial Information (IFRS) through Regulatory Decree 2784 of December 2012 and Decree 3024 of 2013. For all periods prior and up to the year ended December 31st, 2014 inclusive, the Group prepared its consolidated financial statements in accordance with the generally accepted accounting principles of Colombia (hereinafter, previous GAAP).

The previous GAAP differ in some areas with the IFRS. For the preparation of these consolidated financial statements, the Group has amended certain accounting and valuation policies of exposure previously applied under the GAAP in order to comply with the IFRS.

The accounting policies presented in Note 2.2 have been applied by the Group in the preparation of the consolidated financial statements for the periods ended December 31st, 2015, together with the corresponding comparative information as of December 31st, 2014 and the consolidated opening statement of financial position of January 1, 2014, which is the date of transition to the IFRS for the companies of the Republic of Colombia as established by Decree 2420 of 2015.

This note explains the main adjustments made by the Group to restate the consolidated statements of financial position at January 1, 2014 and the consolidated financial statements previously published at December 31st, 2014, all prepared in accordance with the previous GAAP.

Below is the conciliation of the Group's equity under the GAAP prior to January 1, 2014 and December 31st, 2014 with the comprehensive income and cash flows for the year ended December 31st, 2014 in accordance with IFRS.

The Group adopted the IFRS in advance for the period ended December 31st, 2014 with the corresponding opening statement of financial position of January 1st, 2013.

When preparing this consolidated opening statement of financial position, the adjustments from the transition to IFRS were recognized directly in retained earnings (or, if appropriate, in another category of equity).

45.1. Mandatory and Optional Exemptions Applied

IFRS 1 *First Time Adoption* is a rule for the exclusive use of companies adopting the International Financial Reporting Standards (IFRS) for the first time, through an explicit and unreserved statement of compliance. The general principle of IFRS 1 *First Time Adoption*, is to apply retroactively the accounting policies of the IFRS as if they had always been applied in the consolidated financial statements of the Group. This would involve returning to the initial recognition of each item of assets, liabilities and equity and adjust them according to the requirements of the IFRS from that time until the date of transition. IFRS 1 allows entities adopting IFRS for the first time to opt for certain exemptions and to apply certain mandatory exemptions to the retroactive application principle established by the IFRS

45.1.1. Mandatory Exemptions Applied

The Group has applied the following mandatory exemptions under IFRS 1:

Derecognition of financial assets and financial liabilities: financial assets and financial liabilities derecognized prior to the opening consolidated statement of financial position under the previous GAAP were not recognized under IFRS as a result of a transaction that occurred before the date of transition. The Group applied the derecognition requirements of IFRS 9 *Financial Instruments prospectively* for transactions that take place after the date of transition to IFRS.

Hedge accounting: At the date of transition to IFRS, per the requirements of IFRS 9 Financial Instruments, the Group measured all derivatives at fair value, and eliminated all deferred gains and losses from derivatives that were recorded according to the previous GAAP as if they were assets or liabilities. The Group applied hedge accounting in the opening consolidated statement of financial position to the relationships that met all the requirements of IAS 39 Financial Instruments at the date of transition to IFRS. All financial derivatives are measured at fair value on the date of the opening consolidated statement of financial position under IFRS.

Accounting estimations: The estimates made at the January 1st and December 31st, 2014 are consistent with estimates made for the same dates under the previous GAAP (generally accepted principles in Colombia) after the adjustments made to reflect changes in accounting policies, unless there is objective evidence that those estimates were wrong and should be modified, or the previous GAAP did not require an estimate. In this case the Group made a new estimate based on the existing conditions at January 1, 2014, the date of transition to IFRS, and December 31st, 2014.

Non-controlling interests: The Group applied the requirements of IFRS 10 Consolidated Financial Statements prospectively from the date of transition to IFRS with regard to non-controlling interests, as attribution of the total comprehensive income to the owners of the parent company and the non-controlling interests, even if this resulted in a debit balance; the accounting of changes in the parent company's interest in the ownership of a subsidiary that do not result in a loss of control; and accounting for a loss of control over a subsidiary, and the requirements related to IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, given the option selected by the Group not to restate business combinations in the consolidated opening statement of financial position under IFRS.

Classification and measurement of financial assets: The Group evaluated the classification and measurement of financial assets on the basis of the existing facts and circumstances at the date of transition to IFRS.

The following mandatory exemptions are not applicable to the Group's consolidated opening statement of financial position:

- Implicit derivatives
- Government loans

45.1.2. Optional Exemptions Applied

The Group has applied the following optional exemptions under IFRS 1:

No retroactive restatement of business combinations, investments in associates and joint ventures in the consolidated financial statements:

IFRS 3 *Business Combinations* has not been applied retroactively to the acquisition of subsidiaries, investments in associates and interests in joint ventures that occurred prior to January ^{1st,} 2013. The use of this exemption implies that the book value of assets and liabilities measured under the previous GAAP, which were not derecognized under the previous GAAP and should be recognized in accordance with IFRS, is their deemed cost at the date of transition. If the IFRS require a subsequent measurement of some assets and liabilities using a basis other than the original cost, such as fair value, the Group will measure these assets and liabilities in the opening statement of financial position according to IFRS, using that basis, even if they were acquired or assumed in a previous business by recognizing any resulting change in the book value, adjusting the accumulated gains (or, if appropriate, another category of equity) instead of the goodwill.

After the date of transition, measurements must be made pursuant to IFRS. Assets and liabilities that do not meet the requirements to be recognized as such according to IFRS are excluded from the opening consolidated statement of financial position according to IFRS. The Group has not recognized or excluded any previously recognized amounts as a result of the recognition requirements under IFRS.

IFRS 1 *First Time Adoption* also requires that the book value of goodwill measured according to the previous GAAP be included in the opening consolidated statement of financial position according to IFRS (notwithstanding the adjustments for impairment and recognition or derecognition of certain intangible assets). In accordance with IFRS 1, the Group has submitted the goodwill to impairment tests based on existing conditions on the date of transition to IFRS. It was not considered necessary to recognize any impairment on goodwill as of January 1st, 2013, except for the goodwill recognized in the subsidiary Port Royal Cement Company LLC., which was fully impaired in the consolidated statement of financial position.

IAS 21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retroactively to fair value adjustments and goodwill arising from business combinations that occurred prior to January 1st, 2013.

No restatement of accumulated conversion differences and converting them to zero on the date of transition to IFRS:

Accumulated conversion differences of all businesses abroad have been converted to zero and realized and charged to the retained earnings at January 1st, 2013. Additionally, any conversion differences that arose before the date of transition to IFRS will be excluded from the loss or profit of the subsequent disposal of these businesses abroad and will include conversion differences after this.

Deemed cost for property, plant and equipment and investment properties:

The Group selected the option of revalued amounts under the previous GAAP at the date of transition to IFRS as the deemed cost for the land category. The measurement at cost or depreciated cost for other categories of property, plant and equipment corresponds to an analysis of each item, with the largest part of the property, plant or equipment being measured under the cost model, restating the depreciation of assets that had no local appraisal recorded in the consolidated financial statements, since it is assimilated by the deemed cost under IFRS, and adjusted to reflect changes in a general or specific price index.

In accordance with the above, land and individually selected assets were recorded in the consolidated statement of financial position on the basis of revaluations made up to September 30th, 2011 in accordance with the previous GAAP. These revaluations were performed by an independent appraiser, and this value was depreciated from that date until the opening consolidated statement of financial position using the remaining technical useful life determined on the date of technical valuation. The Group opted to take these values as deemed cost at the date of the revaluation because it considered that these values were substantially comparable to fair values at that date.

On the date of transition to IFRS, no item of property, plant and equipment and investment property was measured at its fair value at the date of transition to IFRS.

Deemed cost for intangible assets:

Since the exemption of deemed cost for intangible assets is only available when the recognition criteria of IAS 38 *Intangible assets* are met, including the initial reliable measurement of cost, as well as the criteria established by IAS 38 for revaluations, including the existence of an asset market that allows to establish the fair value of intangible assets at the date of transition, and these conditions did not exist at the date of transition, the Group restated the cost of intangible assets in the opening consolidated statement of financial position by applying the recognition and measurement criteria established in IAS 38 Intangible Assets from the date of their acquisition.

Liabilities for decommissioning, dismantling or restoration included in the cost of property, plant and equipment:

The Group has applied the exemption of not applying retroactively the provisions of IFRIC 1 *Changes in existing decommissioning, restoration and similar liabilities* to treat changes in a liability for decommissioning, dismantling or restoration included in the cost of property, plant and equipment. Upon applying this exemption, the Group measured the liability at the date of transition to IFRS in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, estimated the value that would have been included in the cost of the asset on the date the liability first arose, by discounting the liability to that date using a historic discount rate, and the accumulated depreciation of this value was calculated up to the date of transition to IFRS, on the basis of the current estimate of the useful life of the asset using the depreciation policy of adopted by the entity under IFRS.

Borrowing costs included in the cost of property, plant and equipment:

The Group has applied the transitional provisions of IAS 23 *Borrowing Costs*, and has capitalized and measured the borrowing costs of qualifying assets prospectively from the date of transition to IFRS in accordance with said standard. Therefore, it did not restate the borrowing cost component it was capitalizing under the previous GAAP and that was included in the book value of the assets on that date.

Determining whether an arrangement contains a lease under IFRIC 4:

The Group has applied the transitional provision of IFRIC 4 Determining whether an agreement contains a lease, and has evaluated all the arrangements to determine whether a valid arrangement at the date of transition to IFRS contained a lease based on conditions existing at the date of transition, considering that the Group under its previous GAAP did not want to perform an analysis to identify whether an arrangement contained a lease under all the requirements of IFRIC 4 or IAS 17.

Designation of previously recognized financial instruments:

The Group has designated the equity instruments held at January 1st, 2013 as financial investments at fair value through other comprehensive income, based on the existing facts and circumstances on the date of transition to IFRS.

The Group has not designated any financial asset as measured at fair value with changes in the results based on the existing facts and circumstances at the date of transition to IFRS, or designated any financial liability as a fair value financial liability with changes in the results.

Transactions with share-based payment:

IFRS 2 *Share-based Payment* has not been applied to equity instruments related to share-based payment plans granted until November 7th, 2002, nor has it been applied to equity instruments granted after November 7th, 2002 that are irrevocable (consolidated) before January 1st, 2013. For all other equity instruments, the provisions of IFRS 2 were applied on the date of transition.

The following exemptions are not applicable to the Group's opening consolidated statement of financial position:

- Use of deemed cost for oil and gas assets.
- Use of deemed cost for operations subject to rate regulation.
- Insurance contracts.
- Transfer of assets from customers.
- Financial assets or intangible assets accounted for in accordance with IFRIC 12 Service Concession *Arrangements*.
- Compound financial instruments.
- Measurement at fair value of financial assets or financial liabilities at initial recognition.
- Cancellation of financial liabilities with equity instruments.
- Investments in subsidiaries, joint ventures and associates.
- Assets and liabilities of subsidiaries, associates and joint ventures.
- Serious hyperinflation.
- Joint arrangements, and
- Stripping costs in the production phase of an open pit mine.
- Investment entities.
- Exemption of the requirement to restate comparative information for IFRS 9.
- Information to be disclosed on defined post-employment benefit plans.
- Information to be disclosed on financial instruments.

45.2. Conciliation of Consolidated Equity at January 1, 2014 (Date of Transition)

The effects of the transition to IFRS on January 1, 2014 in the consolidated statement of financial position are:

	PCGA anterior	Ajustes		NIIF
Cash and cash equivalents	366,769	137,626		504,395
Non-current assets held for sale	-	15,090		15,090
Negotiable investments	161,244	(150,412)		10,832
Debtors, net	866,548	(91,459)	(a)	775,089
Inventories, net	402,435	(37,848)	(b) (n)	364,587
Biological assets	-	61,767	(c)	61,767
Derivative financial instruments	-	2,272	(d)	2,272
Permanent investments	145,898	1,386,392	(e)	1,532,290
Property, plant and equipment, net	4,070,292	1,472,814	(f) (n)	5,543,106
Investment properties	-	62,513	(f)	62,513
Goodwill and intangibles, net	2,047,755	(5,740)	(g)(n)	2,042,015
Deferred taxes	-	190,206	(h)	190,206
Prepaid expenses and other assets	45,072	7,654		52,726
Valuations	3,525,705	(3,525,705)	(e)(f)	-
TOTAL ASSETS	**11,631,718**	**(474,830)**		**11,156,888**
Liabilities associated with non-current assets held for sale	-	8,935		8,935
Financial obligations	511,448	166,995	(i)	678,443
Taxes, levies and charges	195,940	20,336	(j) (n)	216,276
Labor obligations	311,802	43,103	(k) (n)	354,905
Suppliers and accounts payable	685,044	(95,104)	(l) (n)	589,940
Derivative financial instruments	-	46,918	(d)	46,918
Bonds and other financial instruments	1,932,230	245,283	(i)	2,177,513
Deferred taxes	38,189	319,768	(h) (n)	357,957
Other liabilities and provisions	344,758	(49,711)	(m) (n)	295,047
TOTAL LIABILITIES	**4,019,411**	**706,523**		**4,725,934**
Non-controlling interests	369,756	(369,756)	(o)	-
TOTAL EQUITY	**7,242,551**	**(811,597)**		**6,430,954**

The effects of the transition to IFRS on January 1, 2014 in the consolidated equity are:

Consolidated Equity at January 1, 2014 under the Previous GAAP	7,242,551
Measurement of property, plant and equipment and investment properties at cost	(684,241)
Recognition and measurement of preferred shares	(206,377)
Reclassification and adjustment of non-controlling interests	399,432
Measurement of equity investments	(130,190)
Recognition and measurement of deferred taxes	(99,967)
Recognition and measurement of employee benefits	(27,752)
Recognition and measurement of environmental liabilities, dismantling and other provisions	(31,469)
Measurement of biological assets at fair value	24,466
Impairment of property, plant and equipment	(25,962)
Measurement and derecognition of deferred and intangible assets	20,761
Measurement of financial derivatives and hedge accounting	(16,371)
Amortized cost of financial obligations, bonds and other liabilities	9,544
Measurement at amortized cost and impairment on portfolio	(8,713)
Recognition and measurement of financial leases	(5,503)
Application of equity method on investments in associates and joint ventures	(4,282)
Other adjustments	(25,208)
Variation, net	**(811,597)**
Consolidated equity at January 1, 2014 restated in the IFRS transition	**6,430,954**
Percentage of impact on the shareholders' equity	(11,21)%

45.3. Conciliation of Consolidated Equity at December 31st, 2014

	Previous GAAP	Adjustments		IFRS
Cash and cash equivalents	502,583	23,281		525,864
Non-current assets held for sale	-	7,725		7,725
Negotiable investments	30,254	(27,301)		2,953
Debtors, net	1,154,456	(55,395)	(a)	1,099,061
Inventories, net	588,404	(31,517)	(b) (n)	556,887
Biological assets	-	67,274	(c)	67,274
Derivative financial instruments	-	23,235	(d)	23,235
Permanent investments	144,670	1,661,479	(e)	1,806,149
Property, plant and equipment, net	6,327,168	1,489,458	(f) (n)	7,816,626
Investment properties	-	61,067	(f)	61,067
Goodwill and intangibles, net	2,415,367	79,054	(g)(n)	2,494,421
Deferred taxes	-	313,784	(h)	313,784
Prepaid expenses and other assets	59,019	3,471		62,490
Valuations	3,945,178	(3,945,178)	(e)(f)	-
TOTAL ASSETS	**15,167,099**	**(329,563)**		**14,837,536**
Liabilities associated with non-current assets held for sale	-	856		856
Financial obligations	2,309,496	160,789	(i)	2,470,285
Taxes, levies and charges	120,548	61,982	(j) (n)	182,530
Labor obligations	314,828	34,691	(k) (n)	349,519
Suppliers and accounts payable	921,926	(129,401)	(l) (n)	792,525
Derivative financial instruments	-	126,704	(d)	126,704
Bonds and other financial instruments	2,341,332	198,095	(i)	2,539,427
Deferred taxes	103,463	410,640	(h) (n)	514,103
Other liabilities and provisions	469,765	(122,301)	(m) (n)	347,464
TOTAL LIABILITIES	**6,581,358**	**742,055**		**7,323,413**
Non-controlling interests	454,948	(454,948)	(o)	-
TOTAL EQUITY	**8,130,793**	**(616,670)**		**7,514,123**

Consolidated Equity at December 31st, 2014 under the Previous GAAP	8,130,793
Measurement of property, plant and equipment and investment properties at cost	(740,506)
Recognition and measurement of preferred shares	(160,425)
Reclassification and adjustment of non-controlling interests	466,488
Measurement of equity investments	26,833
Recognition and measurement of deferred taxes	(85,663)
Recognition and measurement of employee benefits	(31,388)
Recognition and measurement of environmental liabilities, dismantling and other provisions	(123,012)
Measurement of biological assets at fair value	23,959
Impairment of property, plant and equipment	(32,610)
Measurement and derecognition of deferred and intangible assets	6,472
Measurement of financial derivatives and hedge accounting	(9,821)
Amortized cost of financial obligations, bonds and other liabilities	10,500
Measurement at amortized cost and impairment on portfolio	(11,496)
Recognition and measurement of financial leases	(12,608)
Application of equity method on investments in associates and joint ventures	4,479
Other adjustments	52,128
Variation, net	**(616,670)**
Consolidated equity at December 31st, 2014 restated in the IFRS transition	**(7,514,123)**
Percentage of impact on the shareholders' equity	-7,58%

45.3. Conciliation of Consolidated Income Statement at December 31st, 2014

Consolidated Net Income Under the Previous GAAP at December 31st, 2014		291,815
Operating income		14,244
Cost of goods sold	(m)(i)(f)(b)	(17,721)
Administrative expenses	(a)(k)(m)(f)	(1,890)
Sales expenses	(n)(g)(f)	(23,915)
Other operating income (expenses), net	(c)	(5,422)
Impairment on goodwill and assets		(603)
Financial expenses, net	(a)(i)(j)(k)(m)(i)(d)	(79,439)
Gain on exchange difference, net	(d)	12,134
Net equity in the results of associates and joint ventures	(e)	4,440
Income tax	(h)	30,998
Net discontinued operations, after taxes	(p)	21,590
Non-controlling interests results	(n)	25,871
Total net adjustments		(19,713)
CONSOLIDATED NET INCOME RESTATED UNDER IFRS AT DECEMBER 31ST, 2014		**272,102**

45.4. Conciliation of Cash Flow Statements at December 31st, 2014

	Previous GAAP	Adjustments	IFRS
Net cash flows from operating activities	599,518	20,997	620,515
Net cash flows from investment activities	(2,044,646)	72,890	(1,971,756)
Net cash flows from financing activities	1,834,986	(524,999)	1,309,987
Net increase (decrease) of cash and cash equivalents	**389,858**	**(431,112)**	**(41,254)**
Cash and cash equivalents at the start of the period	528,013	(10,274)	517,739
Cash and cash equivalents at the end of the period	532,837	(466)	532,371

Below are the most significant impacts caused by the transition to IFRS for the main items of the consolidated statement of financial position and the consolidated income statement:

a. **Debtors, Net**

Under IFRS, accounts receivable from employees at rates below market rates must be recognized at the present value of contractual cash flows discounted at the market rate applicable on the date the loan was granted. Under the previous GAAP, these items were recognized for the value of the service or financed resources; the application of this requirement has an impact of $6,725. Additionally, the decrease in equity due to the adjustment for portfolio impairment is included in an amount of ($1,998), as well as the decrease due to derecognition of advances that did not meet recognition criteria under IFRS, for an amount of ($1,562). Further, this item also includes a decrease due to the reclassification of advances to be presented according to their nature in the accounts pertaining to intangible assets, property, plant and equipment, inventories and other assets for an amount of ($31,351), offset of income tax advances with current income tax liability ($15,850), reclassification of receivables for financial derivative contracts in the amount of ($2,248), and an adjustment to recognize the impairment from the application of the loss incurred by debtors model ($34,550).

As of December 31st, 2014, the Group recognized a higher impairment of accounts receivable derived from the application of the impairment policies. This higher value was recognized in the income statement of the period as an operating expense. Likewise, a higher administrative expense for the valuation of employee benefits granted at below market rates and an increase in the net financial expense line due to the discount effect of accounts receivable from employees were recognized

b. **Inventories, Net**

The adjustments and reclassifications made in this item are mainly due to the decrease of inventories that qualify to be classified as biological assets by ($17,614); the decrease due to the reclassification of strategic spare parts with a duration greater than one year and whose cost exceeds the threshold defined by the Administration, and/or can only be used in relation with an item of property, plant and equipment for an amount of $15,258; the increase from the reclassification of the advances that under the local GAAP are presented in accounts receivable and under IFRS are presented according to their nature for $5,698; the decrease due to the measurement at fair value of spare parts in the Argos Honduras business combination for ($7,373), and the decrease due to the derecognition of inventories of the companies previously consolidated under local GAAP that according to the control, joint control and significant influence analysis are incorporated under the equity method with an impact of $1,610.

As of December 31st, 2014, the discounts granted by suppliers in the acquisition of inventories are recognized as a reduction of the cost of goods sold.

c. **Biological Assets**

Under IFRS agricultural products must be presented as biological assets, and should be measured at fair value minus their estimated cost of sale, while recognizing the profits or losses that arise from the measurement at fair value in the consolidated income statement. Under Colombian principles, biological assets are recorded as inventories, property, plant and equipment and/or as expenses when incurred in them and measured at historical cost. This line includes the reclassification of inventories, property, plant and equipment, intangibles and their corresponding valuation that qualify to be presented as biological assets for $37,301 and the increase from the measurement at fair value of the biological assets for $24,466.

As of December 31st, 2014, profits or losses from the valuation of biological assets at fair value minus the estimated cost of sale must be included in the other net operating income (expense) line.

d. **Derivative Financial Instruments**

This includes the reclassification of accounts receivable from financial derivative contracts for $2,248 and $24 for the valuation of the financial swap contract at fair value, and the reclassification of accounts payable for financial derivative contracts for $30,523 and $16,395 for the valuation adjustment of the financial swap contract at fair value.

As of December 31st, 2014, the profits or losses from the valuation of derivative financial instruments that are not under hedge accounting and the ineffective portion of the derivatives under hedge accounting are included in the net financial expenses line. Likewise, the hedge accounting of transactions with foreign currency using forward contracts excludes forward points; these are recorded under IFRS as financial expenses, and not in the exchange difference line as required by the previous GAAP

e. **Permanent Investments**

This item includes the reclassification of the valuation of equity investments for $1,386,833. The Group designated equity investments classified as financial instruments at fair value through other comprehensive income on the date of transition. The fair value of these investments is determined by referencing the quoted prices published in asset markets when the instrument is traded on this market; in other cases, the fair value is determined as the book value under local GAAP

Additionally, permanent investments are decreased by the presentation and measurement through the equity method of the equity investments in associates and joint ventures over which the Group exerts significant influence or joint control, with an impact of $4,282, and the incorporation of subsidiaries in state of liquidation in the consolidated financial statements through the global consolidation method, in the category of non-current assets held for sale or available to shareholders.

As of December 31st, 2014, the changes in equity of the investments in associates and joint ventures during the transition period that correspond to the profit or loss for the year are recognized in the fiscal year's income in the line of net participation in the results of associates and joint ventures, the others are recognized in other comprehensive income or other equity components according to the nature of the item that originated it.

f. **Property, Plant and Equipment and Investment Properties**

Under the previous GAAP, the Group measured property, plant and equipment at cost, with valuations and regular provisions at least every 3 years, which were not part of the depreciable basis of the element. On the date of the consolidated opening statement of financial position, the Group chose the option of revalued value under the previous GAAP at the date of transition to IFRS as deemed cost for the category of land, which implied taking as cost the revaluations made at September 30th, 2011 in accordance with the previous GAAP, conducted by an independent appraiser, and depreciate the value from this date to the consolidated opening statement of financial position using the remaining technical useful life determined on the date of the technical valuation. For other categories of property, plant and equipment the measurement at cost or depreciated cost addressed an analysis for each item, with most of the property, plant and equipment measured under the cost model, restating the depreciation from the date of acquisition until the date of transition to IFRS.

In compliance with the provisions of IAS 16, an adjustment was made for derecognized assets that did not meet the criteria for recognition. The valuation surplus was reclassified to retained earnings. The depreciation was calculated considering the desegregation by component of property, plant and equipment, and the impairment was reviewed in accordance with the provisions of IAS 36.

Additionally, the Group applied the exemption of not applying retroactively the provisions of IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities to treat changes in a liability for decommissioning, dismantling or restoration included in the cost of the property, plant and equipment. Upon applying this exemption, the Group measured the liability at the date of transition to IFRS in accordance with the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, estimated the value that would have been included in the cost of the asset on the date that the liability arose for the first time by discounting the liability to that date using a historical discount rate, and calculated the accumulated depreciation of this value up until the date of transition to IFRS on the basis of the current estimate of the useful life of the asset using the depreciation policy adopted by the entity under IFRS.

There are differences between the previous GAAP and IFRS regarding the depreciation of property, plant and equipment and the amortization of other intangible assets for reasons such as: 1) for the IFRS valuation is part of the depreciable base; 2) useful lives are different in some cases in the previous GAAP and the IFRS, as under local GAAP the depreciation of asset components is not allowed and these are based on the useful life established by tax laws.

The impact on equity and in the statement of financial position at the date of transition to IFRS is mainly caused by:

- Decreased property, plant and equipment due to its measurement at cost for ($684,241), and an increase due to the reclassification of the valuations recognized under the previous GAAP at September 30th, 2011 on an independent line for $1,883,079.
- Increase in property, plant and equipment due to the land, buildings and machinery, and equipment acquired under financial leases presented under Colombian principles as intangible assets, and financial leases of land, buildings and structures not recognized under Colombian principles for $211,719. Under local GAAP these leases were recorded as operating leases while recognizing the rental fee as a cost of operation during the corresponding period.
- Decrease due to the reclassification of biological assets for ($15,023) and investment properties that under local GAAP are presented as property, plant and equipment and under IFRS are presented in another homogenous group with an impact of ($ 14,870).
- Increase due to the reclassification and restatement of the improvements to other people's property that under local GAAP are presented as deferred assets for $23,721.
- Increase due to the reclassification of advances that under local GAAP are presented in accounts receivable and under IFRS are presented according to their nature, with an impact of $6,906. Decrease from the recognition of asset impairment for ($25,548).
- Increase due to the reclassification of strategic spare parts with a duration of more than one year and whose cost exceeds the threshold defined by the Administration, and/or which only can be used in relation to an item of

property, plant and equipment for $15,258.

- Decrease due to the reclassification of presented service concession agreements that meet the conditions under IFRS to be presented as intangible assets ($27,070).
- Increase in the property, plant and equipment acquired through business combinations due to the measurement of the assets at fair value and their subsequent depreciation with an impact of $99,841

Under IFRS, the property that is not used for production, to render services or for administrative purposes and which the administration holds with the intention of obtaining rent, capital appreciation or both, are presented as investment properties, there is an increase for the reclassification of the property, plant and equipment with an impact of $14,870, an increase due to the reclassification and measurement of the goods received as payment as investment properties with an impact of $4,599.

As of December 31st, 2014, there was less depreciation expenditure in the period results mainly due to the increase in the useful life determined by the Group compared to the one used under local GAAP. Also, the loss on sale of property, plant and equipment increased because of the difference in the cost of assets under local GAAP and the deemed cost in the opening statement of financial position.

g. Goodwill and Intangibles, Net

The adjustments and reclassifications made for this item are mainly due to the increase from the restatement of the goodwill of Argos Honduras and the reclassification of identifiable intangible assets included in the goodwill of business combinations with a net impact of $217,680, the decrease due to the reclassification of direct costs associated with the issuance of preferred shares for ($64,827), the direct costs included in the amortized cost of the debt ($9,969), the reclassification and measurement of financial leases presented as property, plant and equipment ($51,848), the reclassification of deferred tax assets presented under local GAAP as deferred assets and which under IFRS must be presented in a separate line for ($40,717), the reclassification of improvements to other people's property which under local GAAP are presented as deferred assets for ($23,551), the reclassification of service concession agreements presented from property, plant and equipment to intangible assets for $27,070, and the derecognition and measurement of intangible and deferred assets, including adjustments for inflation associated with an impact of $13,352.

The rights of real estate trust 732-1359, managed by Fiduciaria Fiducor S.A., for the reforestation project in Carmen de Bolívar and the mercantile administration trust with Corficolombiana for the administration of a piece of real estate and other smaller ones, were classified as investments in subsidiaries and consolidated through the global consolidation method with an impact of ($75,909) and as investments in joint ventures for ($6,184).

As of December 31st, 2014, the results of the period showed an increased amortization expense due mainly to the amortization of intangible assets acquired through the business combinations with Argos Honduras S.A. de C.V. and Ciments Guyanais S.A.S not recognized under local GAAP.

h. Deferred and Current Taxes

Under local GAAP deferred taxes are determined based on temporary differences between the accounting and tax results; under IFRS deferred taxes are determined using the liability method calculated on the temporary differences between the tax bases of the assets and liabilities and their book values, including deferred tax assets arising from tax losses, tax credits and excess presumptive income that is very likely to be recovered. The determination of deferred taxes with the new standard has an equity impact of $ 65,294. The deferred tax asset is increased to $190,206 by the reclassification of the deferred tax from other accounts for $62,419 and by a measurement adjustment of $127,787. The deferred tax liability is increased to $357,957 by the reclassification of the deferred tax from other accounts for $22,809, measurement adjustment of $193,081, and recognition of the deferred tax from the business combination with Argos Honduras for $103,605.

As of December 31st, 2014, the effect of temporary differences between the tax bases of assets and liabilities and their book values was recognized in the income statement and other comprehensive income, consistent with the nature of the item that originated them. The deferred income tax expense includes the recovery of deferred tax assets by unused tax losses that have been impaired in the financial statements of subsidiaries in the United States, according to the principles generally accepted in the United States, in compliance with ASC (Accounting Standard Codification) 740 related to tax provisions, previously known as FAS (Financial Accounting Standard) 109, issued by the FASB (Financial Accounting Standard Board), which makes it mandatory to recognize a provision for the deferred tax asset known as "Valuation Allowance" on possible estimated tax losses that could not be offset based on their high probability of recovery. Although this provision was applied using the criterion of conservatism required by American standards, which requires a high level of recoverability security, Cementos Argos S.A. considers that, according to the analysis performed, in the future there will be sufficient taxable income that will permit the deferred tax benefits associated with tax losses to be realized, which have a 20-year offset period. Considering the above, the deferred tax asset was recognized in the consolidated financial statements under IFRS, as well as its corresponding effects on the consolidated comprehensive income statement.

i. **Financial Obligations, Bonds and Other Financial Instruments**

IFRS recognize the liability for the financial lease of buildings and structures, which was not recognized under local principles, for $168,993, and the liability component of the issuance of preferred shares which u6
ncial leases while recognizing the corresponding asset and liability in the opening statement of financial position and payments are recorded as a reduction of the debt.

j. **Taxes, and Levies and Charges**

Under IFRS, the liability for equity tax is recognized and valued at the present value of cash flows discounted at the current market interest rate at the date of recognition of the liability with an impact of $9,646 and reclassification of tax-related liability accounts reported under local GAAP as accounts payable and offset of income tax advances as offset of the income liability for $15,850.

As of December 31st, 2014, the discount effect of the equity tax was recognized in the period's income in the line for net financial expenses.

k. **Labor Obligations**

The Group recognizes and measures liabilities for pension, pension securities and bonds, retirement bonuses and other post-employment benefits in accordance with the requirements of IAS 19 Employee Benefits, except as provided in Decree 2496 of December 23rd, 2015, which determines that the parameters to establish the liability for post-employment benefits of pension, pension securities and bonds must correspond to Decree 2783 of 2001, as the best market approximation, with an impact of $16,660. Additionally, there has been an increase in the liability for labor obligations due to the recognition and measurement of short-term benefits for $9,255 and severance benefits for $2,166.

As of December 31st, 2014, the effect of measuring the post-employment benefits and other long-term benefits in the comprehensive income statement include the recognition of the cost of current service and cost of past service in the results of the period as administrative expenses, the discount effect of liabilities presented in the line of net financial expenses, and actuarial gains (losses) recognized in other comprehensive income.

l. **Accounts Payable**

There is a decrease in this item due to the reclassification of financial liabilities reported under the previous GAAP in the category of accounts payable net of valuation at amortized cost for ($82,661), the reclassification of dividends declared as a lower value of the liabilities for preferred shares for ($12,081), the reclassification of accounts payable for financial derivative contracts for ($30,523), the decrease from the reclassification of interests on financial obligations and bonds presented as accounts payable for $23,899 and a decrease due to the valuation at amortized cost of accounts payable for $9,325.

m. **Other Liabilities and Provisions**

Increase due to the recognition and valuation of onerous contracts with an impact of $60,202, decrease due to the recognition of the decommissioning liability and environmental liabilities ($37,929), decreased by the recognition and valuation of labor and administrative contingencies and other provisions for ($9,365), and reclassification of the provision for wages and costs and expenses to accounts payable for ($125,698).

As of December 31st, 2014, the effect of measuring the provisions in the comprehensive income statement include the discount effect of provisions with an expectation of occurrence higher than one year presented in the net financial expenses line, and the expense or recovery for changes in estimates and new provisions that are recognized in the income statement.

n. **Business Combinations**

The lines of the statement of financial position include the impacts of the application of IFRS 3 to the Argos Honduras business combination. The Group prospectively applied the standard requirements for acquisitions of subsidiaries, investments in associates and interests in joint ventures occurred after January 1st, 2013. From this date forth, the measurement of business combinations was performed according to IFRS 3. The application of these requirements had no impact on the consolidated equity of the Group, but did generate reclassifications among the items of the statement of financial position.

On the date of transition to IFRS the Group conducted impairment tests on the goodwill, and no impairment losses were recognized.

As of December 31st, 2014, the lines of the comprehensive income statement include the effects of applying IFRS 3 Business Combinations on the acquisition of Argos Honduras S.A. de C.V., acquired prior to the opening statement of financial position, and Ciments Guyanais S.A.S, acquired during the transition period. The most representative impact on the comprehensive income statement is located in a net increase of the depreciation and amortization expense of acquired identifiable intangible and tangible assets, the latter of which were not recognized under local GAAP.

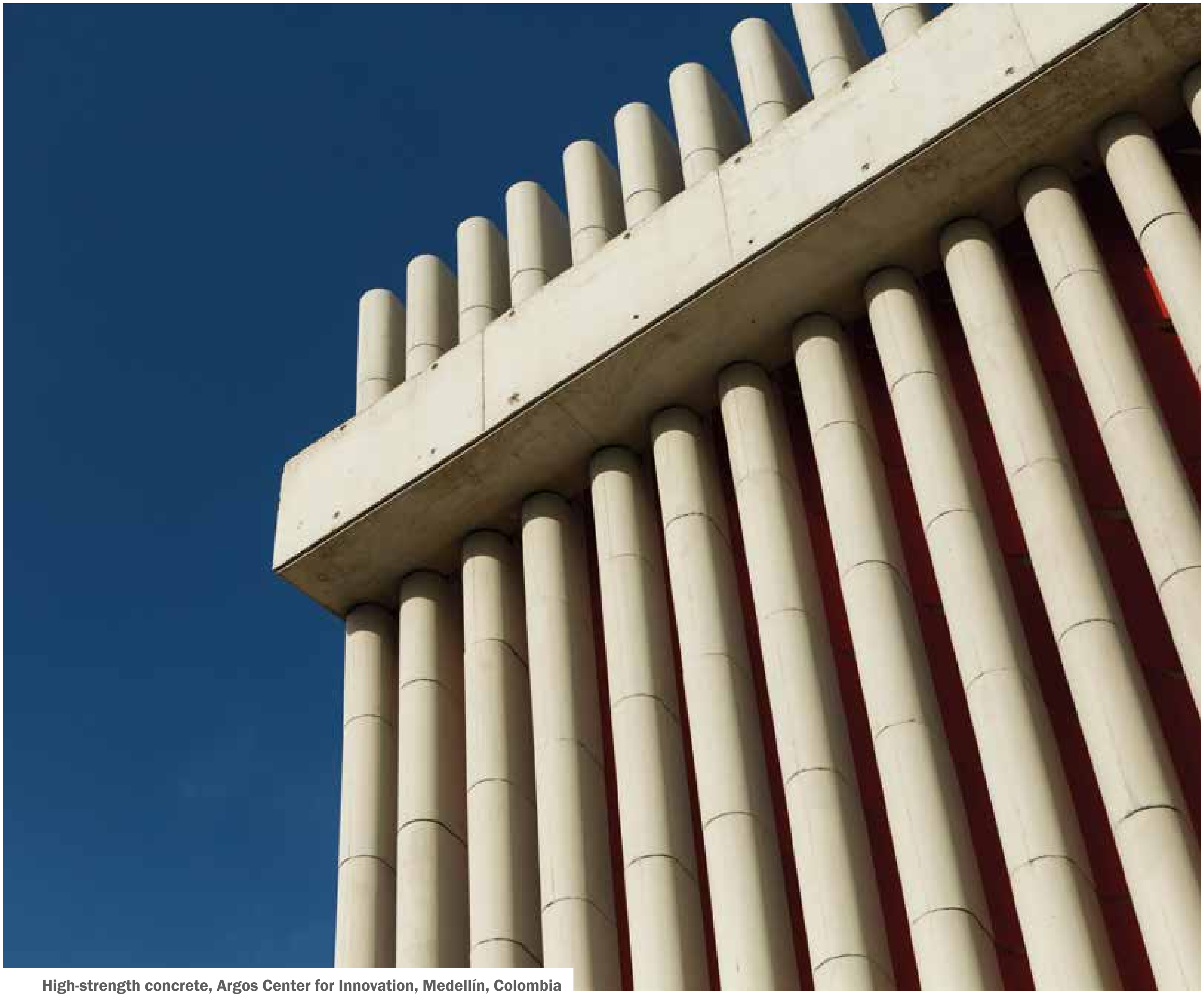
o. Other Equity Items

According to IFRS requirements, non-controlling interests were reclassified from liabilities to consolidated equity. The surplus includes the effect of equity variations of the subordinate companies and the exchange difference generated by equity investments in foreign subsidiaries, the equity revaluation that reflects the effect on equity caused by the loss of purchasing power of the currency in accordance with legal regulations in force up to December 2006 and the surplus from reappraisal that comprises the valuation of investments and property, plant and equipment that were made with an offsetting entry to earnings for the first-time adoption of the new regulatory framework when selecting the option available under IFRS 1 of deemed cost as local GAAP for equity investments and revalued value of property, plant and equipment.

Since the functional currency of the company is the Colombian peso and it does not correspond to the currency of a hyperinflationary economy, the company is not subject to the requirements of Financial Information in hyperinflationary economies; therefore, the equity valuation was made with an offsetting entry in earnings for the first-time adoption of the new regulatory framework. Additionally, under IFRS the effect of measuring benefit plans, cash flow hedge accounting, measuring shares classified in the category of fair value, are recognized in other comprehensive income through other comprehensive income and the effect on income tax of headings not reclassified to income.

p. Discontinued Operations

As of December 31st, 2014, the Group classified revenue, expenses, income before taxes of discontinued operations and income tax expenses for all reporting periods to ensure that the information to disclose for those periods referred to all the operations characterized as discontinued at December 31st, 2015. The subsidiaries that are in the process of liquidation and distribution of their net assets to shareholders are classified as discontinued operations for the Group, as well as the subsidiaries Tekia S.A.S, which operates and manages forestry and agroforestry projects in the Republic of Colombia, and Ganaderia Rio Grande S.A.S. and its subsidiary Alianza Progenética S.A.S, a company whose corporate purpose is the exploitation of the agriculture and livestock industries, mercantile trusts for administration No. 7321-359 and No. 732-1435, whose shares were swapped on June 19th, 2015. See Note 18 where the detailed results of discontinued operations are presented.



High-strength concrete, Argos Center for Innovation, Medellín, Colombia

APPENDIX
SEPARATE FINANCIAL STATEMENTS

CERTIFICATION OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla, February 25, 2016

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

As the legal legal representative of the company, I hereby certify that the separate financial statements as of December 31, 2015, which have been made public, do not contain any material flaws, imprecisions or errors that could impede the understanding of the actual assets and financial position or transactions made by Cementos Argos S. A. during the reporting period.

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

CERTIFICATION OF THE LEGAL REPRESENTATIVE AND CORPORATE ACCOUNTING MANAGER OF THE COMPANY

Barranquilla, February 25, 2016

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

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S. A., hereby certifies that the separate financial statements of the company as of December 31, 2015 and 2014, have been faithfully taken from the accounting books and that the following statements have been verified before being disclosed to the shareholders and third parties:

a) All assets and liabilities included in the company's financial statements as of December 31, 2015 and 2014 exist and all transactions included in those financial statements have been made during the years ended on those dates.

b) All of the economic activities carried out by the company during the years ended on December 31, 2015 and 2014 have been recorded in the financial statements.

c) Assets represent probable future economic benefits (rights) and liabilities represent probable future financial commitments (obligations), obtained or accrued by the company as December 31, 2015 and 2014.

d) All items have been recorded with their proper values in accordance with the financial reporting standards applicable in Colombia.

e) All economic events that affected the company were correctly classified, described and disclosed in the financial statements.

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

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

STATUTORY AUDITOR'S REPORT

Deloitte.

To shareholders of Cementos Argos S. A.:

I have audited the accompanying financial statements of CEMENTOS ARGOS S.A. which comprise the statement of financial position as at December 31, 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements as at December 31, 2014 and the opening statement of financial position as at January 1, 2014 in accordance with the accounting and financial reporting standards accepted in Colombia are included for comparative purposes.

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

My responsibility is to express an opinion on these financial statements based on my audit. I obtained the necessary information to comply with my duties and carried out my work in accordance with auditing standards generally accepted in Colombia. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit procedures selected depend upon the auditor's professional judgment, including his/her assessment of the risks of material misstatements in the financial statements. In performing the risk assessment, the auditor considers the Company´s internal control that is relevant for the preparation and reasonable presentation of the financial statements, with the purpose of designing audit procedures appropriate to the circumstances. An audit also includes an evaluation of the accounting principles used and significant accounting estimates made by management, as well as an evaluation of the overall presentation of the financial statement. I consider that my audit provide a reasonable basis to express my opinion.

In my opinion, based on my audit and, the financial statements referred to above, present fairly, in all material respects, the financial position of CEMENTOS ARGOS S.A. as at December 31, 2015, as well as the results of all its operations, the changes in its equity, and the cash flows for the year then ended, in accordance with the accounting and financial reporting standards accepted in Colombia.

Further, based on the scope of my audit, I report that the Company´s accounting records have been kept according to legal regulations and the accounting techniques; the transactions recorded in the accounting books and the acts by management conform to the bylaws and the decisions of the Shareholders´ Meeting and the Board of Directors; the correspondence, account vouchers and books of minutes and shareholder ledger are duly kept and preserved; the management´s report agrees with the basic financial statements, the Company is not in default in the payment of contributions to the Integral Social Security System, and the mechanisms for money laundering prevention and control have been implementing in accordance with the instructions from Superintendencia Financiera de Colombia. My evaluation of internal controls, performed with the purpose of establishing the scope of my audit testing, did not provide evidence that the Company has not followed proper internal control measures and of conservation and custody of its goods and those of third parties that are in its possession.

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

SEBASTIÁN BEDOYA CARDONA
Statutory Auditor T.P. 166002-T
Designated by Deloitte & Touche Ltda.

February 25, 2016

CEMENTOS ARGOS S. A.

Separate Statement of Financial Position

As at December 31
(million of Colombian pesos)

	Notes	2015	2014	January 1, 2014
Assets				
Current assets				
Cash and cash equivalents	5	$ 45,607	$ 169,783	$ 250,783
Derivative financial instruments	6	22,114	23,067	-
Trade receivables and other accounts receivable, net	8	1,120,302	1,634,988	592,213
Tax receivable	9	158,725	74,078	26,331
Inventories	10	134,697	114,255	94,772
Prepaid expenses		14,954	16,146	23,275
Non-current assets held for sale	17	2,389	-	-
Total current assets		**$ 1,498,788**	**$ 2,032,317**	**$ 987,374**
Non-current assets				
Trade receivables and other accounts receivable	8	747,857	473,365	670,310
Investments in subsidiaries	13	6,609,054	5,512,824	4,590,275
Investments in associates and joint ventures	12	56,295	40,465	39,638
Derivative financial instruments	6	324	168	2,272
Other financial assets	7	1,453,087	1,711,848	1,450,142
Other intangible assets, net	14	406,808	432,085	436,560
Biological assets	11	20,242	15,348	15,902
Property, plant and equipment, net	15	1,927,152	1,658,357	1,525,436
Investment property, net	16	101,674	10,132	11,451
Total non-current assets		**$ 11,322,493**	**$ 9,854,592**	**$ 8,741,986**
TOTAL ASSETS		**$ 12,821,281**	**$ 11,886,909**	**$ 9,729,360**
LIABILITIES				
Current liabilities				
Financial liabilities	18	663,416	222,498	60,589
Trade liabilities and other accounts payable	21	599,689	886,339	396,395
Taxes, liens and duties	9	152,586	97,071	143,292
Employee benefits liability	22	81,777	64,998	74,504
Provisions	23	9,403	15,199	10,353
Other financial liabilities	24	45,019	35,416	30,238
Outstanding bonds and preferred shares	25	426,638	395,603	353,372
Prepaid income and other liabilities		88,525	83,432	53,471
Total current liabilities		**$ 2,067,053**	**$ 1,800,556**	**$ 1,122,214**
Non-current liabilities				
Financial liabilities	18	216,621	283,425	320,066
Trade liabilities and other accounts payable	21	8,543	6,316	-
Employee benefits liability	22	231,036	226,158	234,732
Other financial liabilities	24	-	32,850	51,897
Derivative financial instruments	6	160,033	123,031	45,986
Provisions	23	37,854	39,840	44,384
Outstanding bonds and preferred shares	25	1,822,157	2,075,558	1,742,006
Other liabilities		15,830	-	-
Deferred tax liability	9	189,183	205,342	123,960
Total non-current liabilities		**$ 2,681,257**	**$ 2,992,520**	**$ 2,563,031**
TOTAL LIABILITIES		**$ 4,748,310**	**$ 4,793,076**	**$ 3,685,245**
EQUITY (see attached statement)		**$ 8,072,971**	**$ 7,093,833**	**$ 6,044,115**
TOTAL EQUITY AND LIABILITIES		**$ 12,821,281**	**$ 11,886,909**	**$ 9,729,360**

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

Jorge Mario Velásquez J.
Legal Representative
(See attached certification)

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

Sebastián Bedoya Cardona
Statutory Auditor
P.T. 166002-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

CEMENTOS ARGOS S. A.

Separate Statement of Comprehensive Income

As at December 31
(million of Colombian pesos)

	Notes		2015		2014
Continuing Operations					
Income from operations	**30**	**$**	**1,898,076**	**$**	**1,702,090**
Costs of goods sold			1,199,098		1,028,642
Gross profit		$	**698,978**	$	**673,448**
Administrative expenses	31		281,472		227,868
Selling expenses	32		90,285		88,459
Other income from operations	33		37,610		43,021
Other expenditure from operations	33		44,016		87,075
Operating profit		**$**	**320,815**	**$**	**313,067**
Financial income	34		66,420		73,003
Finance charges	35		236,947		220,631
Gain (loss) on the net monetary position			23,784		58,644
Net equity in investments income statement			355,258		155,008
Profit before income tax		$	**529,330**	$	**379,091**
Income tax	9		28,834		123,853
Income from continuing operations for the year		$	**500,496**	$	**255,238**
Net discontinued operations, after tax			(1,844)		24,551
Net Income for the year		**$**	**498,652**	**$**	**279,789**
OTHER AFTER-TAX COMPREHENSIVE INCOME					
Items that will not be reclassified after income statement for the period:					
Earnings (loss) on new measurements of defined benefit obligations		$	(7,562)	$	9,479
Earnings (loss) from equity investments measured at fair value			(259,221)		256,182
Income tax of components that will not be reclassified			3,836		(2,995)
Total items that will not be reclassified after income statement for the period		$	**(262,947)**	$	**262,666**
Items that will be reclassified after income statement for the period:					
Net profit (loss) of instruments in cash flow hedges			(5,813)		4,364
Exchange differences by foreign currency translation			1,146,823		737,290
Income tax of components that will be reclassified			(3,536)		1,706
Total items that will be reclassified after income statement for the period		$	**1,137,474**	$	**743,360**
Other comprehensive income, net of taxes		**$**	**874,527**	**$**	**1,006,026**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**$**	**1,373,179**	**$**	**1,285,815**

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

Jorge Mario Velásquez J.
Legal Representative
(See attached certification)

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

Sebastián Bedoya Cardona
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Appointed by Deloitte & Touche Ltda.
(See attached report)

Separate Statement of Changes in Equity

As at December 31
(million of Colombian pesos)

	Issued capital	Repurchased treasury stocks	Reserve	Other reserves	Retained earnings	New measurements of defined benefits obligations	Profits and loss from equity investment	Net earnings cash flow hedges	Exchange differences by foreign investments translation	Income tax equity	Total
Balance at January 1, 2014	**1,558,290**	**(113,797)**	**14,241**	**1,188,662**	**1,842,616**	**5,043**	**1,389,942**	**(13,528)**	**178,819**	**(6,173)**	**6,044,115**
Income for the period	-	-	-	-	279,789	-	-	-	-	-	279,789
Other comprehensive income for the period, net of income tax	-	-	-	-	-	9,479	256,182	4,364	737,290	(1,289)	1,006,026
Comprehensive income for the period	-	-	-	-	**279,789**	**9,479**	**256,182**	**4,364**	**737,290**	**(1,289)**	**1,285,815**
Cash dividends	-	-	-	(7,467)	(183,710)	-	-	-	-	-	(191,177)
Appropriation of reserves	-	-	-	(48,325)	48,325	-	-	-	-	-	-
Equity in Subsidiaries	-	-	1,820	5,628	(52,368)	-	-	-	-	-	(44,920)
Balance at December 31, 2014	**1,558,290**	**(113,797)**	**16,061**	**1,138,498**	**1,934,652**	**14,522**	**1,646,124**	**(9,164)**	**916,109**	**(7,462)**	**7,093,833**
Balance at January 1, 2015	**1,558,290**	**(113,797)**	**16,061**	**1,138,498**	**1,934,652**	**14,522**	**1,646,124**	**(9,164)**	**916,109**	**(7,462)**	**7,093,833**
Income for the period	-	-	-	-	498,652	-	-	-	-	-	498,652
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(7,562)	(259,221)	(5,813)	1,146,823	301	874,528
Comprehensive income for the period	-	-	-	-	**498,652**	**(7,562)**	**(259,221)**	**(5,813)**	**1,146,823**	**301**	**1,373,180**
Cash dividends	-	-	-	-	(204,998)	-	-	-	-	-	(204,998)
Appropriation of reserves	-	-	-	38,493	(38,493)	-	-	-	-	-	-
Wealth tax	-	-	-	(40,604)	-	-	-	-	-	-	(40,604)
Equity in Subsidiaries	-	-	419	2,572	(151,431)	-	-	-	-	-	(148,440)
Balance at December 31, 2015	**1,558,290**	**(113,797)**	**16,480**	**1,138,959**	**2,038,382**	**6,960**	**1,386,903**	**(14,977)**	**2,062,932**	**(7,161)**	**8,072,971**

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

Jorge Mario Velásquez
J.Legal Representative
(See attached certification)

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

Sebastián Bedoya Cardona
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P.T. 166002-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

CEMENTOS ARGOS S. A.

Separate Statement of Cash Flows

As at December 31
(million of Colombian pesos)

		2015		2014
CASH FLOW FROM OPERATING ACTIVITIES				
Net income	$	498,652	$	279,789
Adjustments to reconcile profit:				
Depreciation and amortization		111,194		55,809
Income tax		(4,790)		64,259
Net financial expenses		195,861		173,089
Provisions, post-employment and long-term defined benefit plans		17,140		19,357
Assets impairment		2,838		5,655
(Gain) loss on exchange difference		(76,634)		(70,855)
(Gain) loss from fair value measurement		(4,895)		555
Participation in the (gain) loss on investments		(355,258)		(179,559)
(Gain) Loss on the disposal of non-current assets		(2,156)		8,200
Other income and expenses not in cash		21,198		-
Changes in the working capital of:				
Increase in inventory		(20,447)		(21,384)
Increase in receivables and other accounts receivable		19,776		(817,918)
Decrease in other assets		1,193		9,268
Decrease in liabilities and other accounts payable		385,507		643,565
Increase (Decrease) in labor liabilities		16,779		(9,506)
Decrease in provisions		(20,045)		(27,629)
Increase in other liabilities		5,092		29,961
Total adjustments to reconcile profit (loss)		292,353		(117,133)
Net cash flows from (used in) operating activities	**$**	**791,005**	**$**	**162,656**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equity in subsidiaries		(5,462)		(2,656)
Purchase of equity in associates and joint ventures		-		(827)
Amount received from the sale of property, plant and equipment and investment properties		5,040		44,555
Purchase of property, plant and equipment and investment properties		(387,013)		(221,592)
Amount received from the sale of intangible assets		-		1,866
Purchase of intangible assets		(10,831)		(19,225)
Dividends received		153,390		133,246
Other cash flows from investing activities		215,843		(406,380)
Net cash flows in investing activities	**$**	**(29,033)**	**$**	**(471,013)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Amount received from loans		1,550,030		3,055,104
Payments of loans and debt instruments		(1,704,208)		(2,569,099)
Payment for finance lease liabilities		(19,782)		(4,670)
Interest paid		(192,486)		(202,215)
Dividends paid		(201,543)		(187,723)
Dividends paid for preferred shares		(48,325)		(48,325)
Other cash flows from financing activities		(269,834)		184,285
Net cash flows originated from financing activities	**$**	**(886.148)**	**$**	**227.357**
Decrease of cash and cash equivalent by operations	**$**	**(124,176)**	**$**	**(81,000)**
Cash and cash equivalents at the beginning of the period		169,783		250,783
Cash and cash equivalent at the end of the period	**$**	**45,607**	**$**	**169,783**

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

Jorge Mario Velásquez J.
Legal Representative
(See attached certification)

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

Sebastián Bedoya Cardona
Statutory Auditor
P.T. 166002-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF CEMENTOS ARGOS S.A.

AS OF 31 DECEMBER 2015, 2014, and JANUARY 1, 2014
(Millions of Colombian pesos, except where otherwise indicated)

NOTE 1: OVERVIEW

Cementos Argos S.A. is a corporation incorporated under the Colombian laws on August 14, 1944, with legal office in the city of Barranquilla, 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 cement-, lime- or clay-based materials or supplies; the acquisition and disposal of minerals or deposits of minerals usable in the cement industry and the like, of rights to explore and exploit any such minerals, whether by concession, privilege, lease or other title. Our legal office is located in the city of Barranquilla and the term of duration of Company expires on August 14, 2060. Our registered address is Vía 40 Las Flores, Barranquilla. No branches are established in Colombia or abroad.

Cementos Argos S.A. is part of Grupo Empresarial Argos, whose parent company is Grupo Argos S.A. The Board of Directors authorized the release of the separate financial statements for the fiscal year ended December 31, 2015, on February 24, 2016.

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 Reporting Standards accepted in Colombia (NCIF, by its Spanish acronym), issued by the Ministry of Finance and Public Credit and the Ministry of Trade, Industry and Tourism in the Republic of Colombia, which are based on International Financial Reporting Standards (IFRS) along with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (IASB) up to December 31, 2012.

In accordance with the provisions of Law 1314/2009, Regulatory Decree 2784 of December 2012, and Decree 3024/2013, the companies pertaining to Group 1 of financial reports preparers shall prepare and publish their first financial statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF) as of December 31, 2015. Cementos Argos S.A., in accordance with Decree 3024/2013, early adopted the process of implementing the International Financial Reporting Standards, thereby preparing our first separate financial statements according to the International Financial Reporting Standards as of December 31, 2014. According to the regulations of the Republic of Colombia, the companies opting for early adoption of the IFRS must submit a full set of financial statements as of December 31, 2015, considering January 1, 2014, as the date of transition to the NCIF. For these purposes, any assets and liabilities under the IFRS for early adopters up to this date shall correspond to values under IFRS on this date of transition, i.e. January 1, 2014.

Since the time when the financial statements are released and made available to the public, it will be understood that the Company has fully adopted the Accounting and Financial Reporting Standards accepted in Colombia (NCIF), issued by the Ministry of Finance and Public Credit and the Ministry of Trade, Industry and Tourism in the Republic of Colombia.

Group 1 of financial reports preparers includes those companies with securities registered in the National Registry of Securities and Issuers (RNVE, by its Spanish acronym) under the provisions of article 1.1.1.1.1. Decree 2555/2010, public interest entities, and those companies that exceed certain parameters and conditions related to the number of employees, value of their total assets or imports or exports, and/or companies that are subsidiaries of a foreign or national company that applies the full IFRS, or associated partner companies or joint ventures of one or more foreign companies that apply the full IFRS. Cementos Argos S.A. fulfils the first condition established in the Decree.

Decree 2784/2012 and Decree 3023/2013 provide for the preparation of financial statements based on the Standards (IFRS / International Accounting Standards [IAS]), Interpretations (International Financial Reporting Standards Interpretations Committee [IFRIC] and the Standard Interpretations Committee [SIC]) and Conceptual Framework for Financial Reporting issued until December 31, 2012, published by the IASB in 2013. In addition, for the preparation and submission of the financial statements, the instructions issued by the Financial Superintendence of Colombia by External Circular 007/2015 were considered.

For all previous periods and up to the fiscal year ended December 31, 2014, inclusive, the company prepared its financial statements in accordance with Generally Accepted Accounting Principles for Colombia. For all legal purposes, financial statements as of December 31, 2014 and 2013 will be the last financial statements prepared under Decrees 2649 and 2650 of 1993 and any regulations in force to this date in Colombia. Note 40 includes information on how the Company adopted IFRS for the first time.

2.2. Basis of Preparation and Accounting Policies

2.2.1. Basis of Preparation

The financial statements include the financial statements of Cementos Argos S.A. as of December 31, 2015. These have been prepared on the basis of historical cost, except the measurement of certain financial assets and liabilities, financial derivatives that have been calculated at fair value. The company does not measure non-financial assets or liabilities at fair value on a recurring basis. Separate financial statements are presented in Colombian pesos, which is the functional currency of the parent of company, and all values are rounded to the nearest million, unless otherwise indicated.

The financial statements have been prepared on the accounting basis of accrual or accumulation, except the information of cash flows. In general, the historical cost is based on the fair value of the compensation provided in exchange for goods and services.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company considers the characteristics of such an asset or liability if market participants take these characteristics into account to value such an asset or liability at the measurement date. The fair value, for the purposes of measurement and/or disclosure in these separate financial statements, is determined on that basis, except for share-based payment transactions within the scope of IFRS 2, leasing transactions within the scope of IAS 17, measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36. Also, for the purposes of financial reporting, the fair value measurements are categorized as Level 1, 2 or 3 based on the extent to which inputs for fair value measurements are observable and the significance of inputs for fair value measurements in their entirety, as described below:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The main accounting policies are expressed below.

2.2.2. Accounting Policies

Significant Accounting Policies

The significant accounting policies applied by Cementos Argos S.A. in the preparation of its separate financial statements are detailed below:

1. Financial Instruments

Financial assets and liabilities are initially recognized at their fair value plus (or minus) directly attributable transaction costs, except for those that are subsequently measured at fair value with changes in the income statement. Cementos Argos subsequently measures financial assets and liabilities at amortized cost or fair value, depending on the business model of the company 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 changes recognized in the profit or loss for the period. However, for investments in equity instruments that are not held for the purposes of negotiation, Cementos Argos may, at initial recognition and irrevocably, elect to submit gains or losses by measurement at fair value in other comprehensive income (other comprehensive income). In the disposal of investments at fair value through other comprehensive income, the cumulative value of gains or losses is directly transferred to retained earnings, not reclassified to the profit or loss for the period. Cash dividends received from these investments are recognized in the comprehensive income statement. Cementos Argos has elected to measure some of its investments in equity instruments at fair value through 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 to obtain contractual cash flows and their contractual grant, on specific dates, cash flows that are only payments of principal and interest on the outstanding principal value.

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

When an existing financial liability is replaced by another from the same counterparty under substantially different conditions, or if the conditions of an existing liability are substantially amended, such exchange or amendment is treated as de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income (statement of comprehensive income).

Financial Liabilities

The initial recognition of financial liabilities is made at fair value, and these are subsequently calculated at amortized cost using the effective interest method. Losses and gains are recognized in the income statement when liabilities are derecognized, as well as interests accrued according to the effective interest method. The amortized cost is calculated taking account of any discount or premium of acquisition and any installments or costs that are an integral part of the effective interest method.

Financial Derivatives

Financial derivatives are measured 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 they are not closely related to the host contract, and this is not recorded at fair value with its unrealized gains and losses included in income. Certain derivative transactions that do not qualify to be accounted for as derivatives for hedging are treated and reported as derivatives for negotiation, even if they provide effective hedge for managing risk positions.

For derivatives that qualify to be accounted for as accounting hedge at the beginning of the hedge relationship, the Company formally designates and documents the relationship, and the goal of risk management and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the Company will evaluate the effectiveness of changes in the fair value of the hedging instrument to offset the exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving the offset of changes in the fair value or cash flows and are permanently evaluated to determine that this in fact occurred throughout the reporting periods for which they were designated.

For the purposes of hedge accounting and hedges applicable to the Company, hedges are classified and accounted for as follows, once the strict criteria for accounting are met:

Fair value hedges, when hedging exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments.

A change in the fair value of a derivative that is a hedging instrument is recognized in the statement of comprehensive income as a financial cost or income. The change in the fair value of the item attributable to the hedged risk is recorded as part of the carrying amount of the hedged item, and it is also recognized in the statement of comprehensive income as a financial cost or income.

Cash flow hedges, when hedging exposure to variation in the cash flows attributed to either a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or to the exchange rate risk in an unrecognized firm commitment.

Hedge accounting of cash flows aims to recognize changes in the fair value of the hedging instrument in the other comprehensive income to apply them to the income statements when and as the hedged item will affect such income. Inefficiencies of a derivative will be recognized in the income statement only as they occur.

Effective gain or loss portion by the hedging instrument measurement is immediately recognized in the other comprehensive income, while the ineffective portion is immediately recognized in the statement of comprehensive income under the section income statement as financial cost.

The values recognized in the other comprehensive income are reclassified to the statement of comprehensive income under the section income statement when the hedged transaction affects the income, as well as when the hedged financial income or financial expense is recognized, or when the forecast transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the amounts recognized in the other comprehensive income are reclassified at the initial carrying value of the non-financial asset or liability. If the forecast transaction or firm commitment is no longer expected to take place, then the cumulative gain or loss previously recognized in the other comprehensive income is reclassified to the statement of comprehensive income under the section income statement. If the hedging instrument matures or is sold, resolved, or exercised without replacement or successive renewal of a hedging instrument for another hedging instrument, or if its designation as a hedge is revoked, then any cumulative gain or loss recognized previously in the other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects the income.

Impairment of Financial Assets

At the end of each reporting period, Cementos Argos evaluates whether there is objective evidence that a financial asset or a group thereof measured at amortized cost is deteriorated. Should there be any evidence of impairment, the value of the loss is measured as the difference between the asset's carrying amount and the present value of future estimated cash flows, excluding non-incurred future credit losses, discounted at the original interest rate of the financial asset. To recognize the impairment loss, the carrying amount of the asset in question is reduced and the loss is then recognized in the statement of comprehensive income.

2. Provisions for Decommissioning, Restoration or Rehabilitation

Cementos Argos recognizes as part of the cost of an item of property, plant and equipment, in the event of a legal or implicit obligation to decommission an asset or restore the site where it was built, the present value of estimation of future costs expected to be incurred for decommissioning or restoration.

Provisions for decommissioning or restoration are recognized at the present value of estimated future disbursements to settle the obligation. Cash flows are discounted at a risk-free rate before tax.

The estimate of future cash flows for decommissioning or restoration is periodically reviewed. Changes in calculation, on the expected dates of disbursement o at the discount rate used to discount flows, are recognized as an increase or decrease of the decommission cost included in the item of property, plant and equipment. A change in the value of the provision associated with the passage of time is recognized as a financial cost in the statement of comprehensive income.

3. Cash and Cash Equivalents

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

4. Disbursements of Exploration and Evaluation

Cementos Argos recognizes as an expense in the period for evaluation and exploration of mineral resources, those disbursements incurred before demonstrating the technical feasibility and commercial viability of the 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 value disbursed when they are incurred.

5. Fair Value Measurements

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of all financial assets and liabilities is determined as of the date of submission of the financial statements, for either recognition or disclosure in the notes to financial statements.

Judgments include data such as the liquidity risk, the credit risk and volatility. Changes in hypothesis about these factors could affect the reported fair value of financial instruments.

6. Foreign Currency

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

All exchange differences on monetary items are recognized in the income statement with the exception of monetary items that provide an effective hedge for a net investment in a foreign operation and from investments in shares classified as at fair value through equity.

In the disposal of a foreign business, including the disposal of the total interest, the Company in a foreign business and disposal involving a partial sale of an interest in a joint agreement or associate including a foreign business of which the held interest becomes a financial asset, all exchange differences accumulated in equity relating to that operation attributable to owners of the Company are reclassified from equity to the profit or loss for the period.

7. Impairment of Asset Value

Cementos Argos evaluates the impairment of assets' value 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 measures, presents, and discloses any impairment loss of the resulting value in the statement of comprehensive income.

8. Impairment of Non-financial Asset Value

At the end of each period, Argos Cement evaluates the existence or indications of an asset's value being impaired. The asset's or cash-generating unit's value 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 on an annual basis for intangible assets with indefinite useful life and intangible assets that are not in use yet. When a reasonable and consistent basis of distribution is identified, corporate 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 basis of distribution can be identified.

The recoverable amount of an asset is the greater value divided into the fair value minus selling costs, for either an asset or a cash-generating unit, and its value in use. In estimating the value in use, estimated future cash flows are discounted from the present value using a discount rate before tax that reflects current market assessments regarding the time value of money and the specific risks to the asset for which the estimated future cash flows have not been adjusted. When the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset is considered impaired and its value is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, so that the increased carrying amount will not exceed the carrying amount that would have been calculated if the impairment loss for such an asset (or cash-generating unit) would not have been calculated in previous years. Reversion of an impairment loss is automatically recognized in gains or losses.

9. Taxes

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

Current Income Tax

Current assets and liabilities for the profit or loss for the period tax are measured by the values expected to be recovered from or paid to the tax authority. The expense for income tax is recognized in the current tax according to the debugging made between the tax income and the accounting profit or loss affected by the income tax rate for the current year and in accordance with the tax provisions of each country. Tax rates and laws used to compute these values are those enacted or substantially enacted at the end of the reporting period, where Cementos Argos operates and generates taxable profits.

Deferred Tax

The deferred income tax is recognized using the method of calculated liability over temporary differences between the tax bases of assets and liabilities and their carrying amounts. A deferred tax liability is recognized for taxable temporary differences, and the deferred tax asset is recognized for deductible temporary differences and by the future compensation of unused tax losses or unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that does not affect either the taxable or the accounting profit.

A deferred liability arising from taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, but only to the extent that the entity is able to control the timing of the reversal of the temporary differences and it is probable that the reversal will not occur in the foreseeable future. Deferred tax assets for deductible temporary differences arising from such investments and interests are only recognized to the extent that it is probable that taxable profit will be available to the Company, against which the temporary difference will be utilized and that the temporary difference will reverse in the foreseeable future.

The carrying amount of a deferred tax asset must be reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the future as to allow to recover all or part of the asset. Deferred tax assets and liabilities must be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period upon completion of enactment.

The measurement of deferred liabilities and assets will reflect the tax consequences from the entity's expectations, at the end of the reporting period, as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled. Deferred taxes are not discounted.

Deferred tax is recognized in the period profit or loss, except those relating to items recognized outside of profit or loss. In this case, it will be presented in the other comprehensive income or directly in equity.

10. Intangible Assets

Intangible assets separately acquired are initially measured at cost. The cost of intangible assets acquired in business combinations is recognized separately from the goodwill at its fair value on the acquisition date (which is considered as their cost). After initial recognition, intangible assets are carried at cost any accumulated amortization and accumulated loss from impairment of value. Costs of internally generated intangible assets, except for development costs that meet the recognition criteria, are not capitalized, and expenditure is recognized in the statement of comprehensive income when incurred.

Expenditures arising from research activities are recognized as an expense in the period where they are incurred. An internally generated intangible asset resulting from development activities (or 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 available for use or sale;
- The intention to complete the intangible asset question for use or sale;
- The ability to use or sell the intangible asset;
- The manner how the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial or other resources to complete development and to use or sell the intangible asset; and
- The ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible asset will be the sum of expenditure incurred from the time the item meets the conditions for recognition set forth above.

Subsequent to initial recognition, an internally generated intangible asset will be accounted for at cost minus accumulated amortization and accumulated amount of impairment losses, on the same basis as intangible assets that are separately acquired.

The amortization period and amortization method for an intangible asset with a finite useful life are reviewed at least at the cutoff of each period. Changes in the estimated useful life of the asset are prospectively recognized. The expense for amortization of intangible assets with finite useful lives is recognized in the statement of comprehensive income. Intangible assets with in-

definite useful lives are not amortized, but are tested for value impairment.
An intangible asset is written off at the time of disposal, or when no future economic benefits are expected from its use or disposal. Profits or losses arising from de-recognition of an intangible asset, measured as the difference between the net proceeds from sale and the carrying amount of the asset is recognized in profit or losses when the asset is derecognized.

11. Investment in Associates and Joint Ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control of those policies.
A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
On acquisition of the investment in the associate or joint venture, any excess of the cost of the investment on the share of the net fair value of the investee's identifiable assets and liabilities is recognized as goodwill, which is included in the carrying amount the investment.
Any excess of the Company's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment, after revaluation, is immediately accounted for in profit or loss in the period in which the investment was acquired. Requirements of IFRS 9 apply to determine whether it is necessary to account for any impairment loss with respect to the investment of the Company in an associate or joint venture. The entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher value between value in use and fair value minus costs of disposal) to its carrying amount. Any recognized impairment loss is part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 until the recoverable amount of the investment subsequently increases.

12. Investment Property

Investment property are assets (land and/or buildings, considered in whole or in part, or both) held (by the Company or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for a) use in the production or supply of goods or services or for administrative purposes, or b) sale in the ordinary course of business, including property of investment in construction for such purposes. They are initially measured at coast, including transaction costs and unrecoverable indirect and taxes, after deducting financial or commercial discounts, and costs directly attributable to put the investment property in the conditions necessary for it to operate in the manner intended by management. After initial recognition, investment property is accounted for at cost less accumulated depreciation and less any accumulated impairment losses.
An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss on disposal (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the income statement for the period in which the property was derecognized.

13. Non-current Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction, rather than through continuing use. These assets or groups of assets are presented separately as current assets and liabilities in the statement of financial position at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortized from their date of classification. This condition is considered fulfilled only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present status, subject only to terms that are usual and adapted for sales of such assets (or disposal group). The Management must be committed to the sale, which must be recognized as a finalized sale within a one-year period from the date of classification.
When the company is committed to a plan to sale involving loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.
When the Company is committed to a plan to sale involving the sale of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be sold is classified as held for sale when the criteria described above are met.
After the sale is made, the Company accounts for any interest retained in the associate or joint venture in accordance with IAS 39, unless the interest retained remains to be an associate or a joint venture, in which case the company uses the cost as accounting policy.
In cases where the Company is committed to distribute an asset (or disposal group) to the owners, said non-current asset (or disposal group) 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 conditions, and the distribution must be highly probable, i.e., activities to complete the distribution must have started and be expected to be completed within one year from the date of classification.

14. Property, Plant and Equipment

The property, plant and equipment includes the amount of lands, real estate, personal property, vehicles, computer equipment, and other facilities owned by the company and used in the operation of the entity. Cementos Argos recognizes an item of property, plant and equipment when the asset is likely to generate future economic benefits, is expected to be used for a period greater than one year or all risks and rewards inherent to such a good have been received and their value can be reliable measured.

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

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

Properties being built for purposes of management, production or supply of services are recorded at cost less any recognized impairment loss. The cost includes professional fees, and in the case of qualifying assets, capitalized borrowing costs in accordance with the Company's accounting policy. These properties are classified in the appropriate categories of property, plant and equipment at 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 to be used.

The depreciation begins when the asset is available for use and is calculated linearly throughout the technical useful life of the asset estimated as follows:

Buildings and constructions	40 – 70 years
Roads	20 – 40 years
Machinery and equipment	10 – 30 years
Furniture and office, computer and communications equipment	3 – 10 years
Transport equipment	3 – 10 years
Furniture, vehicles and tools	2 – 10 years

Owned lands are not depreciated.

Assets held under finance leases are depreciated based on their estimated useful life in the same manner as owned assets. However, when there is no reasonable assurance that the property will be owned at the end of the lease period, assets are depreciated based on the shortest term between its lease period and useful life.

An item of property, plant and equipment will be derecognized at the time of disposal or when future economic benefits are no longer expected from the asset's continued use. The profit or loss arising from removal or disposal of an asset in property, plant and equipment is calculated as the difference between profit from sales and the carrying amount of the asset, and the recognized in profit or loss.

Residual values, useful lives and depreciation methods of assets are prospectively revised at year-end closing, if required.

15. Leases

The Company classifies leases by evaluating the extent to which the risks and rewards –arising from ownership of the asset– affect the lessor or the lessee. The Company classifies a lease as a finance lease when all risks and rewards inherent to the property are substantially transferred, and as an operating lease when no risks and rewards inherent to the property are substantially transferred.

The Company initially recognizes an asset acquired through a finance lease according to its nature in the State of Financial Position at the lower of its fair value and present value of payable minimum payments for the lease; the Company recognizes a short- or long-term liability for the same value. Subsequently, the asset is measured in accordance with the policies of property, plant and equipment (see Property, Plant and Equipment Policy), and the liability at amortized cost.

16. Borrowing Costs

The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, in the event that such costs could have been avoided if no expenditures for such assets would have been made. Borrowing costs are capitalized as part of the cost of assets when they are likely to generate future economic benefits and can be reliably measured.

Capitalization of borrowing costs as part of the cost of a qualifying asset commences on the date where the following conditions are met: a. Expenditures related to such an asset are being, b. Borrowing costs are being incurred, and c. Activities necessary to prepare the asset for its intended use or sale are in progress.

The Company suspends capitalization of borrowing costs during the periods in which active development of a qualifying asset is interrupted. However, capitalization of borrowing costs is not interrupted during a period if important technical or administrative actions are being performed. Capitalization of borrowing costs will either be suspended when a temporary delay is necessary as part of the preparation process of a qualifying assets for its intended use or sale.

Capitalization ceases when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

If the asset has components and these can be separately used while the construction continues, capitalization of borrowing costs on these components should cease.

17. Agriculture

The Company recognizes a biological asset or agriculture produce when it controls the asset as a result of past events, it is probable that future economic benefits will flow to the company, and the fair cost of the biological asset or agriculture produce can be measured reliably.

The Company measures biological assets, both at the beginning and end of the period, at their fair value less costs to sell. The fair value of a biological asset is given by the quoted price in an active market. If there are active markets for the same biological asset, the fair value of the commodity will be the price given in the most relevant active market.

If there is no active market, the Company uses the following information to determine the fair value, if available, and will select the most reliable choice: a) the price of the latest transaction in the market, assuming no significant change in the economic circumstances between the transaction date and the end of the reporting period, b) the market price of similar assets, adjusted to reflect any existing differences, c) references in the sector, such as the value of plantations expressed according to surfaces, units of capacity, weight or volume. Profits or losses on initial recognition of a biological asset or agriculture produce at fair value less costs to sell and a change in this value are included in the profit or loss for the separate period in which they arise.

18. Provisions

Provisions are recognized when Cementos Argos has a present obligation, legal or constructive, as a result of a past event, the Company is likely to have an outflow of resources to settle the obligation, and the amount can be estimated reliably. In cases where Cementos Argos expects reimbursement of the provision, either in total or in part, then the reimbursement should be recognized as a separate asset, only when it is virtually certain that reimbursement will be received and the amount of the receivable account can be measured reliably.

Provisions are measured at the best estimate of the Management of the future expenditure required to settle the present obligation and discounted using a free-risk rate. Expenditure for provisions is presented in the statement of comprehensive income, net of any reimbursement. Increase of provision due to the passage of time is recognized as a financial expense in the statement of comprehensive income.

The Company recognizes present obligations arising from an onerous contract as provisions. An onerous contract is a contract in which the unavoidable costs of fulfilling the obligations assumed are higher the economic benefits expected therefrom.

Contingent Liabilities

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

Financial statements have been prepared on the basis of going concern, and as of December 31, 2015, there is no material uncertainty related to events or conditions that may give rise to significant doubts regarding the ability of a Company's affiliate to continue running.

Contingent liabilities acquired in a business combination are initially measured at their fair values at acquisition date. At the end of the subsequent reporting periods, such contingent liabilities are measured at the greater amount of which had been recognized in accordance with IAS 37 and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 *Revenue* from ordinary activities.

19. Post-employment Benefit Plans

The Company recognizes liabilities for pension, pension securities and bonds, retirement premiums, and other post-employment benefits in accordance with the requirements of IAS 19 *Employee Benefits*, except as provided for in Decree 2496 dated December 23, 2015, whereby it is determined that parameters to establish the liability for post-employment benefits of pension, pension securities and bonds shall be in accordance with decree 2783/2001, as best market approach. This decree provides for the actuarial assumptions for calculating future increases in salaries and pensions, sets forth the applicable actual rate of technical interest and how to consider the anticipated income increase for active and retired personnel.

The Company recognizes benefit plans classified as contribution plans in the statement of separate income as an administrative expense, cost to sale or cost of goods sold according to a presentation based on the date on which it occurs.

The Company recognized benefit plants classified as benefit plans defined as an asset or liability in the statement of financial position, by the different between the fair value of the plan's assets and the present value of the obligation of such a plan, using the 'projected unit credit' method to determine the present value of the obligation for defined benefits and the related current service cost and, where applicable, the cost of past services, at least on an annual basis. Plan assets are measured at fair value, which is based on market price information, and for listed securities it constitutes the published purchase price.

The projected unit credit see each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately in building up the final obligation. The Company deducts the total value of the post-employment benefits obligation, even if part of it is to be paid within twelve months of the reporting period.

The estimate of the liability for post-employment benefits is performed by an independent actuary.

Actuarial gains or losses, return on plan assets and changes in the effect of the asset ceiling, excluding amounts included in net interest over liabilities (assets) of net defined 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 defined benefit liability (asset) includes income from interest on plan assets, interest costs of the defined benefit obligation and interest for the effect of the asset ceiling.

The current service cost, the past service cost, any plan settlement or reduction is recognized immediately in the statement of comprehensive income under profit and loss in the period they are incurred.

20. Investments in Associates

An associate or joint venture is a company where the power of decision is subject to the will of other company(ies), which will be the parent or controlling, either directly, in which case it will be referred to as affiliate, or through associates of the parent, in which case it will be referred to as subsidiary. Control is determined by fulfilling one or more of the following conditions:

a. When more than 50% of the capital belongs to the parent, either directly or through or with the involvement of their associates or the associates of these.
b. When the parent and associates have, either jointly or separately, the right to voting constitutive of the quorum for decision-making in the shareholder board or assembly, or have the number of votes required to elect the majority of the members of the board of directors, if applicable.
c. When the parent, either directly or through or with the involvement of the associates, by virtue of an act or business with the controlled company or its shareholders, exercises dominant influence in the decisions of the company's management bodies.

Investments in associates are incorporated into the financial statements using the equity method, except if the investment or a portion thereof is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. According to the equity method, investments in subsidiaries are initially accounted for in the statement of financial position at cost, and subsequently adjusted to account for the Company's equity in profit or loss and other comprehensive income of the subsidiary.

21. Inventories

Assets held for sale in the ordinary course of business or for consumption in rendering services are classified as inventories.

The inventory of raw materials, assets in process, merchandise not 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 is higher than the net realizable value. The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of finishing and the estimated costs necessary to make the sale.

Inventories include merchandise in stock that do not require transformation, materials such as minor spare parts and accessories for rendering services, and goods in transit and possession of third parties.

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

22. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced by discounts or rebates and other similar allowances estimated for customers.

Sale of Goods

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

- The Company has transferred to the buyer the significant risks and rewards of ownership;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue arising from service contracts is recognized by reference to the stage of completion of the contract. The stage of completion the contract is determined as follows:

- Installation fees are recognized as revenue from ordinary activities by reference to the stage of completion of the installation, determined as the proportion of the total estimated time to install that has elapsed at the end of the reporting period;
- Service fees included in the price of products sold are recognized by reference to the proportion of the total cost of the service rendered for product sold, and
- Revenue arising from material contracts is recognized at the contractual rates to the extent they are incurred in hours of production and direct expenses.

Royalties

Royalties should be recognized on an accrual basis, in accordance with the substance of the relevant agreement (provided that it is possible that the economic benefits will flow to the enterprise and the amount of revenue can be measured reliably). Royalties determined according to time are recognized on a straight-line basis during the period of the agreement. Royalties agreements based on the production, sales and other measures are recognized by reference to the underlying agreement.

Interest and Dividends

Revenue from investment dividends is recognized once the shareholders' right to receive this payment is established (provided that it is probable that the economic benefits will flow to the entity and the amount of the revenue can be measured reliably).

Interest revenue from a financial asset is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue from ordinary activities can be measured reliably. Interest revenue is recorded according to time, by reference to the outstanding principal and at the applicable effective interest rate, which is the discount rate that exactly matches receivable or payable cash flows estimated throughout the expected life of the financial instrument to the net carrying amount of the financial asset on initial recognition.

Operating Leases Revenue

The Company's policy on recognition of revenue arising from operating leases consists in the recognition of payments received as income in the profit and loss statement, in a linear manner throughout the agreement's useful life, except if other distribution basis is considered to be more representative.

In addition, the Company, in compliance with laws, decrees and other regulations in force, applies the following accounting criteria that differ from the IFRS issued by the IASB:

- External Circular No. 36/2014 of the Financial Superintendence of Colombia – The accounting treatment of positive net differences arising from the application of the NCIF for the first time cannot be distributed to cover losses, perform capitalization processes, share profits and/or dividends, or be recognized as reserves. The negative net differences shall not be accounted for in the technical equity, minimum operating capital, and other legal controls for preparers of financial reports issuing securities subject to control.
- Decree 2496 dated December 23, 2015 – Whereby it is provided for that investments in associates must be accounted for in the parent or controlling company's books by the equity method for the separate individual financial statements, pursuant to article 35 of Law 222/1995.

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

3.1. New and Revised IFRS not Adopted at the Date of Preparation of the Separate Financial Statements

The following standards, amendments or interpretations to existing standards have been published and are mandatory in the Company's separate financial statements for periods starting on January 1, 2016, or on a later date. The Company has not done early application of these requirements.

Standards Issued by the IASB and Incorporated in Colombia from January 1, 2016 – Decree 2420/2015, which provides for that from January 1, 2016, the following rules shall govern within the technical policy framework containing such regulations in force at December 31, 2013, with their relevant amendments issued by the IASB, thereby allowing early application:

- IFRIC 21 – Levies, interpretation of IAS 37.
- IAS 36 – Impairment of Assets, amendment to disclosures of recoverable amount of non-financial assets.
- IAS 39 – Financial Instruments, amendment to the innovation and continuation of hedge operations.
- Annual improvements Cycle 2010 – 2012.
- Annual improvements Cycle 2011 – 2013.

Standards Issued by the IASB to be Incorporated in Colombia from January 1, 2017 – Decree 2496/2015, which provides for that from January 1, 2017, the following rules shall govern within the technical policy framework containing such regulations in force at December 31, 2014, with their relevant amendments issued by the IASB, thereby allowing early application:

- IAS 19 – Employee Benefits, contribution from employees or third parties linked to the defined benefit plans or services.
- IAS 32 – Financial Instruments: Presentation, offsetting financial assets and financial liabilities
- IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interest in Other Entities, and IAS 27 – Consolidated and Separate Financial Statements. Exception of the requirement to consolidate the associates of an investment entity.
- IAS 1 – Presentation of Financial Statements, disclosure.
- IAS 16 – Property, plant and equipment and IAS 38 – Intangible Assets, clarification of all acceptable methods of depreciation and amortization.
- IAS 16 – Property, plant and equipment and IAS 41 – Agriculture: Bearer Plants.
- IAS 27, Separate Financial Statements, equity method in separate financial statements.
- IFRS 10 – Consolidated Financial Statement and IAS 28 - Associates and Joint Ventures, sale or contribution of assets between an investor and its associate or joint venture.
- IFRS 11 – Joint Arrangements.
- IFRS 14 – Regulatory Deferral Accounts.
- Annual improvements Cycle 2012 – 2014.
- IFRS 9 "Financial Instruments" issued in November 2009 introduced new requirements for the classification and measurement of financial assets. Then, IFRS 9 was amended in October 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition of financial instruments. Both were adopted by the company early. Subsequently, IFRS 9 was amended in November 2013 to include new requirements for general hedge accounting, and in July 2014 the final

revised version of the IFRS 9 was issued including: a) new requirements for impairment of financial assets (expected credit losses model), and b) limited modifications to the requirements of classification and measurement, introducing the category of fair value with changes in equity for certain debt instruments. The new requirements included in IFRS 9 issued in July 2014 have not been adopted by the Company yet. Currently, the Company is assessing the potential impact of application of these requirements in its separate financial statements.

The impairment model in accordance with IFRS 9 reflects expected credit losses, opposite to credit losses incurred according to IAS 39. Within the scope of impairment in IFRS 9, a credit event is no longer needed to occur before credit losses are recognized. Instead, an entity always accounts for expected credit losses and their changes. The amount of expected credit losses must be updated at each date of reporting to reflect changes in the credit risk from the initial recognition.

General requirements on hedge accounting of IFRS 9 maintain the three types of hedge accounting mechanisms included in IAS 39. However, the types of transaction suitable for hedge accounting are now much more flexible, especially by broadening the types of instruments that are classified as hedge instruments and types of risk components of non-financial elements suitable for hedge accounting. In addition, the effectiveness test has been revised and replaces by the principle of "economic relationship". A retrospective evaluation is no longer required to measure the effectiveness of hedge. Many more disclosure requirements on the Company’s risk management activities have been added. The project on macro hedging conducted by the IASB is still in preliminary stage.

Standards Issued by the IASB to be Incorporated in Colombia from January 1, 2018 – Decree 2496/2015, which provides for that, from January 1, 2018, with early adoption permitted, IFRS 15 Revenue from Contracts with Customers shall govern. IFRS 15 establishes a single comprehensive model to be used by entities in accounting revenue from contracts with costumers. The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a five-step model framework to recognize revenue:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in 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.

Pursuant to IFRS 15, an entity recognizes revenue when the obligation is satisfied, i.e., when control of underlying goods or services of the performance obligation has been transferred to the customer. Also, guidance has been included in IFRS 15 to deal with specific situations. In addition, the amount of required disclosures increases.

This standard replaces the existing standards on income recognition, including IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Costumer Loyalty Programs".

The Company is reviewing the potential impact of the application of IFRS 15 in its separate financial statements and information to be disclosed.

Standards Issued by the IASB in 2016 not yet Incorporated in Colombia

IFRS 16 Leases, issued in January 2016 and effective for annual periods beginning on or after January 1, 2019, with early adoption permitted – IFRS 16 eliminates the classification of leases as operating leases or finance leases for the lessee. Instead, leases are recognized at the present value of lease payments and presented as lease assets (right to use of the asset) or as property, plant and equipment. If lease payments are to be made at a future date, the Company should recognize a financial liability representing the contractual obligation to make such payments. IFRS 16 excludes short-term and unrepresentative valued lease contracts from the general recognition principle.

The Company is assessing the potential impact of the application of IFRS 16 in its separate financial statements and information to be disclosed. The Company’s Management estimates that the application of IFRS 16 in the future could have a significant effect on the reported amounts and disclosures made in the separate financial statements of the Company.

The abovementioned standards, amendments or interpretations are not expected to have an impact or significant impact in the separate financial statements of the Company:

- Annual improvements to IFRSs, Cycle 2012-2014, issued in September 2014 and effective for annual periods beginning on or after January 1, 2016.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), issued in September 2014 and effective for annual periods beginning on or after a date to be set by the IASB.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11), issued in May 2014 and effective for annual periods beginning on or after January 1, 2016.
- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38), issued in May 2014 and effective for annual periods starting on or after January 1, 2016.

- Disclosure Initiative (Amendments to IAS 1), issued in December 2014 and effective for annual periods beginning on or after January 1, 2016.
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41), issued in June 2014 and effective for annual periods beginning on or after January 1, 2016.
- IFRS 14 Regulatory Deferral Accounts, issued in January 2014 and effective for annual periods beginning on or after January 1, 2016.

NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, which are described in Note 2, the Management must make estimations and judgments that have significant effect on the amounts recognized of assets and liabilities, disclosures of contingent assets and liabilities at the date of financial statements, and amounts recognized of income and expenses during the reporting period. Associated estimations and judgments are based on the history experience and other factors deemed relevant. Actual profit and loss may differ from such estimations.

Underlying estimates and judgments are reviewed by the Management on a regular basis. Reviews to accounting estimates are recognized in the reviewing period if they affect only such a period, or in future periods if they affect both the present and subsequent periods.

4.1. Critical Judgments in Applying the Accounting Policies

Below are the critical judgments, besides of those involving estimates (see 4.2) made by the Management during the process of application of accounting policies and that have a significant effect on the amounts recognized in the separate financial statements.

Functional Currency – The Management uses its judgments in the determination of its functional currency. The functional currency of Cementos Argos S.A. is determined by assessing the principle and indicators set forth in IAS 21 The Effects of Changes in Foreign Exchange Rates.

Cash-generating Units – In carrying out the value impairment testing of non-current assets, assets that do not generate independently inflows of cash largely independent from the flows generated by other assets or groups of assets, must be pooled to the cash-generating unit to which an asset belongs, which is the smallest identifiable in the Company, that generates inflows of cash for the Company. They are, to a good extent, independent from cash flows derived from other assets of group of assets. The Management uses its judgment in determining cash-generating units for the purposes of value impairment testing.

Hedge Accounting — The Management applies its judgment to establish whether a hedging relationship complies with requirements in IAS 39 Financial Instruments to be accounted for as hedge accounting, as well as evaluation of hedging effectiveness and sources of ineffectiveness. The Company applies hedge accounting of fair value and cash flow in its financial statements to hedge mainly the foreign currency and interest rate risks. The decision on applying hedge accounting has a significant impact in the Company's financial statements.

Recognition of Deferred Tax Assets for Unrealized Tax Losses or Credits – The Management applies its judgment to recognize a deferred tax asset by assessing the existence of sufficient tax gains from previous periods for offsetting.

4.2. Key Sources of Estimation Uncertainty

Below are discussed the core assumptions concerning the future and other key sources of estimation uncertainty, at the end of the reporting period, which involve a significant risk of material adjustments in the carrying amounts of assets and liabilities during the upcoming financial period.

Income Tax – The Company recognizes significant amounts of current and deferred income tax in its separate financial statements given the volume of its operations and the multiple countries of operation. The determination of current and deferred tax is based on the best interpretation by the Management of the current and applicable laws and best practices in its jurisdictions of operation. The reasonableness of this estimation depends significantly on the ability of the Management to integrate complex standards on taxation and accounting, to consider changes in applicable laws, and to assess, for purposes of recognizing deferred tax assets, the existence of sufficient taxable income for their realization.

Uncertain tax positions are tax positions where the tax treatment is unclear or may be questioned by the tax authorities, and where the situation is expected to resolve unfavorably. The Company recognizes uncertain tax positions mainly by excluding or treating income as 'untaxed' in the tax returns. No provision is recognized for remote or possible uncertain tax positions. The probability analysis is based on expert opinion and analysis of the current tax regulations in the applicable jurisdiction. The Management uses available information to measure the provision by the best estimation of payments or resources required to be realized in order settle the obligation, in the event that an unfavorable resolution for the Company is probable. Refer to Note 9 - Income tax, which includes the information of uncertain tax positions upon which the Company recognizes provision.

Pension Plans and Other Defined Post-employment Benefits – Post-employment benefits liabilities are estimated using current projected unit credit method, which requires using financial and demographic assumptions, including but not limited to discount rate, inflation indexes, expectation of salary increase, life expectancy, and employee turnover rate. The estimation of the liability, as well as the determination of values of the assumptions used in the valuation is performed by an independent external actuary, considering the country where the benefit plan applies and the existing market conditions at the date of measurement. Given 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 pension and other post-employment benefits.

On December 23, 2015, the Ministry of Trade, Industry and Tourism issued Decree 2496, which amends Decree 2420/2015 on Accounting, Financial Reporting and Information Assurance Standards. This Decree set forth the provisions on parameters to determine the post-employment benefits liability; it specifically sets forth that parameters established in Decree 2783/2001 will be used as best market approach in the estimation of liabilities for pension, pension securities and bonds. The Ministry of Finance and Public Credit shall review every three (3) years these parameters and will do, if appropriate, the necessary adjustments duly supported with the appropriate technical studies. For other post-employment benefits, requirements will be determined in accordance with IAS 19.

Estimation of Useful Life and Residual Values of Property, Plant and Equipment – As described in Note 2, the Company reviews the estimation of useful lives and residual values of property, plant and equipment at least on an annual basis. When there is evidence of changes in conditions or in the intended use of an item of property, plant and equipment, the Management makes a new estimation of the useful life of such an item. The estimation of the useful lives of property, plant and equipment is determined based on the asset's historic performance, expectation of use by the Management, and existing legal restrictions for use. The estimation of useful lives requires a significant degree of judgment by the Management.

Fair Value of Financial Derivatives and Financial Assets – The fair value of financial derivatives is determined using valuation techniques widely known in the market, when there is no observable market price. The Company uses its judgment to select the valuation method appropriate for the asset or liability object of measurement and maximizes the use of observable variables. Assumptions are consistent with market conditions at the date of measurement and the information considered by market participants in the estimation of the instrument's price. The Management estimates that selected valuation models and used assumptions are appropriate in the determination of the fair value of financial derivatives. Notwithstanding the foregoing, the limitations inherent to valuation models and the parameters required by these models may result in the estimated fair value of an asset or liability not matching exactly the price at which such an asset or liability could be exchanged or settled on its measurement date. Additionally, changes in internal assumptions and forward curves used in valuation can significantly affect the fair value of financial derivatives.
In addition, the Management measures at fair value the equity investments classified in the category of fair value through other comprehensive income with reference to their quoted price at the end of the measurement period in the stock market where they are traded.

Decommissioning, Removal or Restoration Liabilities – The provision for decommissioning, removal or restoration is recognized at the present value of expected costs to settle the obligation using estimated cash flows. In the process of measuring the present value of the obligation, the Management makes estimations of future expenditure to carry out the decommissioning, removal or restoration activities, the estimated date(s) on which expenditure will occur and the estimation of financial assumptions as the inflation and discount rates. Given the long-term horizon of decommissioning obligations, estimations are subject to a significant degree of uncertainty and can significantly affect the figures of the separate financial statements.

Provisions for Contingencies, Litigation and Claims – The litigation and claims to which the Company is exposed are managed by Legal. Managed processes are of labor, civil, criminal and administrative character. The Company considers that a past event has given rise to a present obligation if, taking account of all available evidence to the date of report, the existence of a present obligation is probable, 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 Company recognizes a provision when outflow of future economic benefits is probable, discloses information about the contingency when occurrence thereof is possible, and does not record or disclose information when it concludes that the probability of occurrence of the event is remote. The company involves the professional judgment of the internal and external specialized attorneys to determine the possibility of occurrence of a present obligation. In the estimation of the provision for litigation and claims, the Management considers assumptions including, but not limited to, inflation rate, attorney fees, estimated duration of litigation or claim, statistical information of procedures with similar characteristics and the discount rate to be applied to the cash flows in order to determine the present value of the obligation, for those obligations expected to be settled within a period in excess of twelve (12) months at the end of the reporting period.

Wealth Tax – By Law 1739 dated December 23, 2014, the National Government provides for the wealth tax. This tax is generated by the possession of wealth (gross assets minus current liabilities) greater than or equal to $ 1 billion between January 1, 2015 and 2017. This law states that taxpayers will be able to book this tax to capital reserves without affecting income of the financial year, in both the separate and consolidated financial statements. The Company recognized the wealth tax under the separate equity as permitted by law, at the tax value recognized at January 1, 2015.

NOTE 5: CASH AND CASH EQUIVALENTS

For the purposes of the separate cash flow statement, cash and cash equivalents include cash and banks, net of outstanding bank overdrafts. Cash and cash equivalents at end of the reporting period as shown in the separate cash flow statement can be reconciled to the related items in the separate statement of financial position as follows:

	2015	2014	Jan 1, 2014
Cash and banks	45,607	169,783	253,370
Bank overdraft	-	-	(2,587)
	45,607	**169,783**	**250,783**
Value of cash and equivalent restricted or not available for use	944	937	758

As of December 31, 2015, 2014 and January 1, 2014, the Company has balances of cash and cash equivalents restricted by agreements executed with the Administrative Department of Science, Technology and Innovation (Colciencias) and the Institute for Development of Antioquia (IDEA), which state that investment of resources and scheduled disbursements have a restricted purpose to be used in the activities outlines in such agreements.

During the ongoing year, the Company performed the following non-monetary investment and financing activities, which are not reflected in the separate cash flow statement:

- By public deed No. 1830, on July 16, 2015, the Barter Agreement entered into by and between Cementos Argos S.A. and La Fundación para el Beneficio Social was delivered, with the purpose of transferring land to Cementos Argos S.A. by swap, and transferring 100% of shares of the subsidiaries Tekia S.A.S., Ganadería Río Grande S.A.S., Alianza Progenética S.A.S. and commercial trusts No. 7321-359 and No. 732-1435 to La Fundación para el Beneficio Social, for a total amount of $93,579.

NOTE 6: FINANCIAL DERIVATIVE INSTRUMENTS

	2015	2014	Jan 1, 2014
Financial derivative assets not designated as hedging instruments	-	-	1,934
Cash flow hedging	22,438	23,235	338
Financial derivatives assets designated as hedging instruments carried at fair value	22,438	23,235	338
	22,438	**23,235**	**2,272**
Current	22,114	23,067	-
Non-current	324	168	2,272
	22,438	**23,235**	**2,272**

	2015	2014	Jan 1, 2014
Financial derivative assets not designated as hedging instruments	-	4,707	10,592
Cash flow hedging	160,033	118,324	35,394
Financial derivatives assets designated as hedging instruments carried at fair value	160,033	118,324	35,394
	160,033	**123,031**	**45,986**
Current	-	-	-
Non-current	**160,033**	**123,031**	**45,986**

In order to mitigate the risk in foreign currency transactions and exposure to interest rates, Cementos Argos S.A. performs operations of natural hedging and financial hedging by using derivative financial instruments, mainly from swap agreements and forward agreements. Certain derivative instruments are designated as accounting hedging instruments for cash flow or fair value according to the criteria of IAS 39 Financial Instruments. The Company does not use derivative instruments or any other financial instrument for speculation purposes.

Swaps correspond to financial transactions in which the Company, through a contractual agreement with a bank, exchanges monetary flows with the purpose of reducing liquidity, rate, term or issuer risks, as well as the restructuring of assets or liabilities. Forward and cross currency swap transactions are used to hedge the risk of the exchange rate in debt operations in foreign currency, as well as to cover future cash flows, with high probability of occurrence.

The Company also uses interest rate swaps to manage its exposure to interest rates. In the case of interest rate swaps, no exchange of capital occurs. Cementos Argos is responsible for its debts with amounts and terms de fined, and recognition thereof is independent from the swap. These swaps aim to convert the financial instruments either from fixed to variable rate or from variable to fixed rate. Financial derivatives are recorded in the separate statement of financial position at their fair values, taking account of market curves in force on the valuation date. The accounting of changes in the fair value of derivatives depends on the use of such a derivative and its designation as a hedging instrument.

In fair value hedge relationships, changes in the fair value of the hedged item and the hedging instrument are recognized and compensated in the separate statement of profit and loss of the period.

In cash flow hedge relationships, changes in the fair value of the hedging instrument are recognized directly in other comprehensive income divided by the effective hedging portion, and the ineffective portion is presented in financial expenses or income. Gains or losses recognized in equity are reclassified subsequently to the profit and loss statement when the hedged item affects the income of the Company.

Derivatives that are not designated as hedge for accounting purposes under IAS 39 are measured at fair value. Changes resulting from the measurement of contracts are recognized directly in the profit and loss of the period, either as income or expense.

The Management documents the hedging relationships from the time of initial recognition. This documentation includes, but is not limited to:

- Hedging designation and relationship, hedging objective and risk management strategy;
- Date of designation of hedge, and
- Assessment procedure of hedge effectiveness and method to assess hedge effectiveness on a prospective and retroactive basis, and its periodicity.

Below are listed the Company’s operations with financial derivatives as of December 2015, 2014, and January 1, 2014:

Type	Underlying	Underlying Rate	Underlying Value | SWAP Amount			SWAP Rate	Maturity Date	Fair Value		
			2015	2014	01-01-2014			2015	2014	1-01-2014
Currency swap	Bonds 2017	CPI + 3.17%	$343,520 | USD 155,970,000	$343,520 | USD 190,000,000	$343,520 | USD 190,000,000	Libor + 1.75%	23-Nov-17	(154,950)	(118,323)	(35,394)
Currency swap	Bonds 2017	CPI + 3.17%	$ 89,800 | USD 29,800,000	$ 89,800 | USD 39,094,471	$ 89,800 | USD 50,000,000	Libor + 1.92%	23-Nov-17	(5,083)	(4,707)	(10,592)
currency swap	Accounts payable	4.90% PV	-	-	USD 42,900,000 | $ 81,935	CPI + 5.35%	08-Aug-16	-	-	1,934
currency swap	Financial obligations	Libor 1m + 0.3%	USD 36,000,000 | $ 90,720	-	-	BRI + 0.9%	06-Oct-16	22,114	-	-
Currency swap	Loan in dollars	Libor 3m + 0.75%	-	USD 51,975,052 | $100,000	-	BRI + 1.4%	14-Oct-15	-	23,067	-
Interest rate swaps	EKE Loan	6m Libor + 0.1%	USD 53,540,473	USD 68,837,751	USD 84,135,030	1.38% NSV	26-Jun-19	324	168	338
								137,595	**99,795**	**(43,714)**

Kind	Underlying	Underlying Value	Forward Amount	Forward Rate	Maturity Date	Fair Value		
						2015	2014	1-01-2014
Purchase Forward	Financial obligations Interests	USD 104,706	USD 104,706	1,974.18	25/03/2014	-	-	(4)
Purchase Forward	Financial obligations Principal	USD 25,000,000	USD 25,000,000	1,988.16	25/06/2014	-	-	(923)
Purchase Forward	Financial obligations Interests	USD 107,333	USD 107,333	1,992.35	25/06/2014	-	-	(5)
						-	-	**(932)**

As of December 31, 2015 and 2014, there were no purchase forward operations on currencies to convert synthetically loans in dollars to pesos. As of December 31, 2014, the Company maintained a currency swap operation on a loan for USD 51.9 million to convert it synthetically to pesos. Swap details are explained in this note.

NOTE 7: OTHER FINANCIAL ASSETS

	2015	2014	January 1, 2014
Financial assets measured at fair value with changes in other comprehensive income	1,453,081	1,711,842	1,450,136
Financial assets measured at amortized cost	6	6	6
	1,453,087	**1,711,848**	**1,450,142**

NOTE 8: TRADE DEBTORS AND OTHER ACCOUNTS RECEIVABLE

	2015	2014	January 1, 2014
Trade accounts receivable and other accounts receivable	1,876,864	2,116,483	1,273,759
Value impairment	(8,705)	(8,130)	(11,236)
	1,868,159	**2,108,353**	**1,262,523**
Current	1,120,302	1,634,988	592,213
Non-current	747,857	473,365	670,310
	1,868,159	**2,108,353**	**1,262,523**

Trade accounts receivable disclosed above include amounts (see below the Age Analysis) that have expired at the end of the reporting period, but for which the Company has not recognized any provision for unrecoverable accounts because there have not been significant changes in the credit quality and are still considered recoverable

Average Age (Days)	**27**	**40**	**31**
Movement in the provision for doubtful accounts	**2015**	**2014**	**January 1, 2014**
Balance at beginning of year	**(8,130)**	**(11,236)**	**(8,779)**
Value impairment loss recognized on accounts receivable	(3,671)	(4,632)	(4,805)
Written off amounts considered as unrecoverable during the year	(573)	-	(1,650)
Amounts recovered during the year	58	97	25
Reverses impairment losses	3,611	7,641	3,973
Balance at end of the year	**(8,705)**	**(8,130)**	**(11,236)**
Age of due expired but not impaired accounts receivable			
60-90 days	23,411	43,455	29,706
90-180 days	10,141	107,672	25,463
180-360 days	29,469	223,243	46,063
More than 360 days	36,280	47,447	95,718
	99,301	**421,817**	**196,950**
Age of impaired commercial accounts receivable			
60-90 days	1,774	2,701	4,141
90-180 days	3,372	5,049	2,607
180-360 days	4,393	4,778	3,974
More than 360 days	10,739	5,375	7,611
	20,278	**17,903**	**18,333**

The average credit period on the sale of goods is 27 days and no interests are charged on trade accounts receivable after the average credit period.

The Company regularly evaluates–with the same periodicity of interim financial reporting–whether there is evidence of impairment of financial assets; when this happens, the value impairment loss is recognized in the income statement.

The Company has recognized a provision for doubtful accounts, using the following methodology: Individual, for clients in economic insolvency status, with financing or restructuring agreement on the account receivable; and Collective, by grouping due amounts per ranges of days in default and by applying to these values the estimated default rates calculated based on the historic experience. For 2015, that provision amounted to $2,358.

Follow-up to due amounts is performed on a regular basis. Customers are assessed per zone and their credit behavior is determined based on parameters such as payment periodicity, credit quotas, changes in the credit quality, etc. Based on this follow-up, actions to be taken in order to get payments are determined. The credit risk concentration is limited since the customer base is diverse.

NOTE 9: INCOME TAX

Applicable and current tax provisions in Colombia provide for as follows:

- The income tax in Colombia is settled through two levies: income tax at a rate of 25% in 2015 (25% in 2014) and income tax for equality CREE at a rate of 9% for 2015 (9% in 2014). CREE tax was created by Law 1607/2012 effective from January 1, 2013. The basis of income tax for equality CREE is calculated together with the income tax, debugging those items expressly excluded from CREE.
- Occasional profits from January 1, 2013, are taxed at a rate of 10% in accordance with the provisions of Law 1607/2012.
- The basis for determining the income tax cannot be lower than 3% of its net assets on the last day of the immediately preceding fiscal year.
- Companies might set off tax losses readjusted for tax purposes and without time limit to the ordinary net income obtained in subsequent periods, with no prejudice to the period's presumptive income. As of December 31, 2015, the Company set off tax losses 2015 by $8,060 (2014: $0).
- Excess in presumptive income on ordinary income generated from 2003 may be offset only with ordinary net income, within five years. As of December 31, 2015, the Company did not set off excesses in presumptive income (2014: $7,314 excesses originated in 2012).
- From 2004, the income taxpayers who carry out operations with economic associates or foreign related parties are required to determine, for the purposes of the income and supplementary taxes, their ordinary and extraordinary income, costs and deductions, and assets and liabilities, considering for these operations any prices and profit margins that would have been used in comparable transactions with or between economic non-associates. To date of the statement of financial situation with cutoff as of December 2015, the Company has not completed the study with operations from 2015. However, considering that transactions performed with foreign related parties during 2015 had a similar behavior to those carried out in 2014, the Management believes that it will not have an impact on the income tax return of the period.

Wealth tax

The Company settled the wealth tax by $ 40,604 in 2015, based on the Company's gross assets minus current debts, owned at January 1, 2015, a rate of 1.15%. This tax was set forth by Law 1739/2014 and is applied from January 1, 2015. The taxable event is the possession of wealth (gross assets less current debts) greater than or equal to $ 1 billion as of January 1, 2015. The taxable base of the wealth tax is the value of the gross assets of legal persons, minus current debts, owned as of January 1, 2015, 2016 and 2017.

The rate for the ongoing and next years is as follows:

Taxable Base Ranges	2015	2016	2017
From $0 to $2,000,000	0.20%	0.15%	0.05%
From $2,000,000 to $3,000,000	0.35%	0.25%	0.10%
From $3,000,000 to $5,000,000	0.75%	0.50%	0.20%
From $5,000,000 onwards	1.15%	1.00%	0.40%

Equity tax year 2014 and preceding years

The Company settled the equity tax in 2011 by $103,879, based on the net assets owned as of January 1, 2011, at a rate of 4.8% plus 25% of the surtax. The file was submitted in May 2011 and payment was made in eight equal installments in the months of May and September during years 2011, 2012, 2013, and 2014.

Taxation reform

Some amendments to the Colombian tax regime for 2013 and subsequent years introduced by taxation reforms established by the National Government are summarized below:

a. **Law 1607 dated December 26, 2012, and Law 1739/2014**

   Exoneration of contributions – Legal persons filing the income and supplementary taxes are exempt from the payment of payroll withholdings in favor of the National Learning Service (*Servicio Nacional de Aprendizaje – SENA*) and the

Colombian Family Welfare Institute (*Instituto Colombiano de Bienestar Familiar – ICBF*), to be withheld to employees earning, on an individual basis, up to ten (10) minimum legal wages in force.

Accounting standards – It is provided for that, only for taxation purposes, references in the taxation rules to accounting standards shall remain in full force and effect for four years following the implementation of the International Financial Reporting Standards. Consequently, during this time, taxation bases of items included in tax returns shall remain unchanged. Also, requirements of special accounting treatments for the recognition of special tax situations shall become invalid from the date of application of the new accounting regulatory framework.

b. **Changes introduced by Law 1739/2014**

Income tax for equality CREE and its surtax–Beginning in the fiscal year 2016, the CREE tax rate will be 9%.
Any fiscal losses incurred by taxpayers of CREE tax from year 2015 might be set off in this tax. Also, the excess of the minimum bases on income for equality calculated in accordance with Article 22.2 of Law 1607/2012 might be set off with the income tax for the following five (5) years.

Articl 22-3. *Offset of excess in the minimum base. The excess in the minimum base of the income tax for equality–CREE–calculated in accordance with Article 22.2 of this law, over the base determined according to Article 22.1, that is generated from the fiscal year 2015, might be set off with the income determined pursuant to Article 22.1 within five years, readjusted for taxation purposes.*

In no case the CREE tax, or its surtax, might be set off with credit balances for other taxes, which have been settled in the tax returns. Similarly, credit balances that are settled in the CREE tax returns, and its surtax, might not be set off with debts for other taxes, payments in advance, withholdings, interests, and penalties.
The CREE surtax in created for periods 2015, 2016, 2017, and 2018. The taxable event of surtax applies to taxpayers who annual CREE tax returns have a profit equal to or greater than $800 million pesos. The applicable margin rate to establish the surtax will be as follows:

Surtax	2015	2016	2017	2018
Taxable base - $800 million	5%	6%	8%	9%

The surtax shall be subject to a payment in advance of 100% of its value, calculated on the taxable base of CREE tax, over which the taxpayer settled the CREE tax for the immediately preceding fiscal year. The payment in advance of the CREE surtax shall be paid in two annual installments according to the deadlines set out by the regulation.

Income and supplementary taxes – The legal address for taxation purposes is clarified, and the following rates for income obtained by foreign entities and companies, which are not attributable to a permanent branch or establishment, are set forth:

Year			
2015	**2016**	**2017**	**2018**
39%	**40%**	**42%**	**43%**

9.1.Income tax recognized in the period's income

Current tax	2015	2014
With respect to the current year	47,714	44,560
	47.714	**44.560**
Deferred tax		
Origin and reversion of temporary differences	(21,304)	95,507
Changes in tax laws and rates	2,424	(16,214)
	(18.880)	**79.293**
TOTAL TAX EXPENSE RELATED TO CONTINUING OPERATIONS	**28,834**	**123,853**

Variations in the deferred tax expense are originated by:
The increase in the deferred tax expense for the origin and reversion of temporary differences emerged mainly in the areas of property, plant and equipment, financial instruments and investments.
The decrease in the tax expense related to changes in tax rates emerged from the taxation reform established in Colombia by Law 1739/2012, which determined the following changes in the income tax rates:

2014	2015	2016	2017	2018	2019	2020
34%	39%	40%	42%	43%	34%	34%

The effective tax rate for the Company was 5% and 35% for years 2015 and 2014, respectively. This variation corresponds mainly to untaxed dividends received from foreign companies, non-deductible expenses incurred during year 2015, differences between tax amortization and depreciation versus accounting amortization and depreciation, and the difference between the accounting income and taxable income.

	Conciliation of the effective rate:	
	2015	**2014**
Income before income tax	**527,486**	**403,642**
Current tax expense at applicable legal fees	**179,345**	**137,238**
Non-deductible expenses	39,900	(1,491)
Untaxed income	-	(42,040)
Untaxed investment sale	(1,267)	-
Untaxed dividend	(10,431)	(34,472)
Taxable temporary differences	81,425	101,549
Deductible temporary differences	(58,316)	(22,256)
Utilization of tax losses or presumptive income excesses not recognized previously	(2,015)	-
Others, net	(199,807)	(14,675)
INCOME TAX EXPENSE IN THE FINANCIAL STATEMENTS (AT THE EFFECTIVE TAX RATE)	**28,834**	**123,853**

9.2. Income tax recognized directly in equity and other comprehensive income

	2015	2014
Deferred tax		
Generated from income and expenses recognized in other comprehensive income:		
Remeasurements of defined benefit plans	(816)	3,795
Cash flow hedges	3,536	(1,706)
	2,720	**2,089**
TOTAL INCOME TAX RECOGNIZED IN EQUITY AND OTHER COMPREHENSIVE INCOME	**2,720**	**2,089**

9.3. Assets and liabilities of current tax and deferred tax balances

	2015	2014	January 1, 2014
Current tax assets	158,725	74,078	26,331
Current tax liabilities	152,586	97,071	143,292
	6,139	**(22,993)**	**(116,960)**

These values correspond to credit balances of the Company supported in the submitted tax returns.

Below is provided the analysis of liabilities presented in the statement of financial position in December 2015 and comparative periods.

2015	Balance at the beginning of the period	Recognized in profit and loss	Recognized in the other comprehensive income	Balance at the end of the period
Other current assets	6,342	(1,540)	-	4,802
Associates and joint ventures	-	-	-	-
Other equity investments	(39,472)	7,968	-	(31,504)
Property, plant and equipment	(160,590)	(28,204)	-	(188,794)
Intangible assets	(67,053)	(2,419)	-	(69,472)
Other non-current assets	(4,536)	(3,422)	-	(7,958)
Provisions	15,876	(4,045)	-	11,831
Employee benefits	20,931	9,087	(2,720)	27,298
Financial liabilities	7,532	32,007	-	39,539
Finance leases	-	-	-	-
Other liabilities	15,628	7,432	-	23,060
Unused fiscal credits	-	2,015	-	2,015
Unused tax losses	-	-	-	-
Unused presumptive income excesses	-	-	-	-
Unused tax losses	-	-	-	-
Unused presumptive income excesses	-	-	-	-
TOTAL DEFERRED TAX LIABILITIES	**(205,342)**	**(18,879)**	**(2,720)**	**(189,183)**

2014	Balance at the beginning of the period	Recognized in profit and loss	Recognized in the other comprehensive income	Balance at the end of the period
Other current assets	2,733	3,609	-	6,342
Associates and joint ventures	-	-	-	-
Other equity investments	(14,207)	(25,265)	-	(39,472)
Property, plant and equipment	(129,605)	(30,985)	-	(160,590)
Intangible assets	(35,433)	(31,620)	-	(67,053)
Other non-current assets	7,209	(11,745)	-	(4,536)
Provisions	11,441	4,435	-	15,876
Employee benefits	21,490	1,530	(2,089)	20,931
Financial liabilities	1,326	6,206	-	7,532
Finance leases	-	-	-	-
Other liabilities	11,086	4,542	-	15,628
Unused fiscal credits	-	-	-	-
Unused tax losses	-	-	-	-
Unused presumptive income excesses	-	-	-	-
TOTAL DEFERRED TAX LIABILITIES (ASSETS)	**(123,960)**	**(79,293)**	**(2,089)**	**(205,342)**

January 1, 2014	Balance at the beginning of the period	Recognized in profit and loss	Recognized in the other comprehensive income	Balance at the end of the period
Other current assets	3,406	(673)	-	2,733
Associates and joint ventures	-	-	-	-
Other equity investments	(17,384)	3,177	-	(14,207)
Property, plant and equipment	(139,593)	9,988	-	(129,605)
Intangible assets	(7,166)	(28,267)	-	(35,433)
Other non-current assets	(4,845)	6,056	5,998	7,209
Provisions	(12,990)	(1,549)	-	11,441
Employee benefits	(26,299)	7,175	(11.948)	21,490
Financial liabilities	(20,181)	21,507	-	1,326
Finance leases	-	-	-	-
Other liabilities	4,203	6,883	-	11,086
Unused fiscal credits	-	-	-	-
Unused tax losses	1,758	(1,758)	-	-
Unused presumptive income excesses	-	-	-	-
TOTAL DEFERRED TAX LIABILITIES (ASSETS)	**(140,513)**	**22,539**	**(5,986)**	**(123,960)**

The company does not file deferred tax asset that is dependent on future profits, above profits arising from the reversion of existing taxable temporary differences. Temporary differences associated with investments in subsidiaries, associates and interests in joint ventures for which deferred tax liabilities have not been recognized are $2,632,401 (2014: $2,709,488), the deferred tax liability amounts to $1,026,636 (2014: $1,056,701).

9.4. Unrecognized deductible temporary differences, unused tax losses and unused tax credits

The Company does not file deductible temporary differences, excess of presumptive income, unused tax losses and unused tax credits that have resulted in the recognition of deferred tax assets. There is no impact for the Company on the income tax by proposed dividends before financial statements were authorized for disclosure.

9.5. Impact on income tax for the potential payment of dividends to shareholders

There are no potential consequences for the Company in the tax return in case of payment to shareholders.

NOTE 10: INVENTORIES

	2015	2014	January 1, 2014
Finished product	17,303	18,985	14,863
Products in process	38,554	43,725	24,024
Raw materials and direct materials	33,597	17,089	22,681
Materials, spare parts and accessories	32,729	28,796	32,320
Inventory in transit	10,962	4,375	-
Goods not manufactured by the Company	5	-	-
Others	1,421	1,236	884
	134,571	**114,206**	**94,772**
Payments in advance for purchasing inventories	126	49	-
ASSETS	**134,697**	**114,255**	**94,772**

The cost of inventories recognized as cost of goods sold during the period with respect to continuing operations corresponds to $ 1,199,098 (2014: $1,028,642; January 1, 2014: $890,532). The value of the decrease in inventories due to deterioration corresponds to $703 (2014: $1,880 January 1, 2014: $2,758).

As of December 31, 2015, and comparative periods, the Company does not maintain committed inventories as collateral for liabilities. The Company expects to realize its inventories within 12 months.

NOTE 11: BIOLOGICAL ASSETS

	Plantations	Total
2015		
Book value at January 1	15,348	15,348
Additions	-	-
Changes in the fair value less costs to sell	4,894	4,894
CARRYING AMOUNT AT 31 DECEMBER	**20,242**	**20,242**

	Plantations	Total
2014		
Book value at January 1	15,902	15,902
Additions	-	-
Changes in the fair value less costs to sell	(554)	(554)
CARRYING AMOUNT AT 31 DECEMBER	**15,438**	**15,348**

The biological assets of Cementos Argos S.A. are measured at fair value less estimated costs to sell at the point of harvest or gathering, considering observable input data of level 3. Changes in the fair value of biological assets are presented in the statement of comprehensive income.

For the valuation of plantations, the discounted cash flow model was used, taking into account that future economic benefits associated with the forest cover are expected to be realized 3 or 4 times over time, as follows: when thinning is performed 2 or 3 times, which depend on the age and diameter of the plantation, and at a last moment when clearcut is carried out. Accordingly, the fair value is determined by applying flows a discount rate to the future net cash flows, for which the weighted average cost of capital (WACC) was used and estimated to be 8.2% for 2015 (2014: 10.4%, January 1, 2014: 8.5%).

Biologics assets of Cementos Argos S.A. are made up by plantations, as follows:

	2015	2014	JANUARY 1, 2014
Plantations (planted hectares = ha)	1,172	1,172	1,173

Plantations include mainly teak, eucalyptus, pine, rubber, acacia and gmelina, spread in the national territory in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolívar), Victoria (Caldas), and Puerto Nare (Antioquia).

Forest operation for the sale of sawdust and roundwood. In 2015, no wood was harvested in the plantations of Cementos Argos.

At the end of the reporting and comparative periods, there are no restrictions on the ownership of the biological assets of Cementos Argos S.A., or contractual commitments for development or acquisition and have not been pledged as collateral for repayment of debts.

NOTE 12: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The detail of associates and joint ventures of Cementos Argos as of the date of the reporting period is as follows:

				Proportion of share interest and voting rights %		
Name of the investee	**Type of Investment**	**Location**	**Main activity**	**2015**	**2014**	**January 1, 2014**
Omya Andina S.A.	Joint venture	Colombia	Production of non-metallic minerals	50.00	50.00	50.00
Caltek S.A.S.	Joint venture	Colombia	Lime exploitation	50.00	50.00	-

All associates and joint ventures are accounted for using accounting policy on cost in the separate financial statements. None of the investments in associates and joint ventures maintained by the Company listed in a domestic or foreign stock market; therefore, there is no quoted market price for the investment.

12.1. Change in the Company's share interest in an associate or joint venture

As of December 31, 2015, capitalization to the joint venture Caltek S.A.S. was made for an amount of $15,830 million, thereby acquiring 15,830,450 shares, with a nominal value of $1,000 each, and keeping a share interest of 50%. The entire subscription of Cementos Argos materialized through a contribution in kind (100%). Accordingly, the Company provided to Caltek a mining availability agreement, which vested the right of availability of tons of limestone at a front of concession 4411B.

12.2. Significant restrictions

As of December 31, 2015, and comparative periods, there are no significant restrictions on the ability of the associates or joint ventures to transfer funds to Cementos Argos in the form of cash dividends or to repay loans or payments in advance made by the Company.

NOTE 13: SUBSIDIARIES

13.1. Subsidiaries of the Company

The detail of the subsidiaries of Cementos Argos as of the date of the reporting period is as follows:

				Proportion of share interest and voting rights %		
Subsidiary	**Type**	**Location**	**Main Activity**	**2015**	**2014**	**January 1, 2014**
Agentes Marítimos del Caribe Internacional Ltda., in liquidation	Fees	Colombia	Husbanding	-	-	99.28
Alianza Progenética S.A.S.	Shares	Colombia	Agro-industrial	-	100.00	100.00
American Cement Terminals LLC.	Participations	USA	Investments	100.00	100.00	100.00
American Cement Terminals Trust	Participations	USA	Investments	100.00	100.00	100.00
Argos Cement LLC.	Participations	USA	Cement Industry	98.63	98.63	98.63
Argos (Dominica) Ltd.	Shares	Virgin Islands	Cement Distribution	100.00	100.00	100.00
Argos Dominicana S.A.	Shares	Dominican Republic	Clinker and Cement Exploitation	79.18	79.18	79.18
Argos Honduras S.A. de C.V.	Shares	Honduras	Cement and Derivatives Exploitation	53.28	53.28	53.28
Argos Panama, S.A.	Shares	Panama	Cement Exploitation	98.40	98.40	98.40
Argos Ports (Huston) LLC. (formerly South Central Cement Ltd.)	Participations	USA	Cement Distribution and Trading	98.63	98.63	98.63
Argos Ports (Savannah) LLC. (formerly Savannah Cement Company LLC.)	Participations	USA	Cement Distribution and Trading	98.63	98.63	98.63
Argos Ports (Wilmington) LLC. (formerly Port Royal Cement Company LLC.)	Participations	USA	Cement Distribution and Trading	100.00	100.00	100.00
Argos Puerto Rico LLC.	Participations	Puerto Rico	Cement Distribution and Trading	60.00	-	-
Argos Ready Mix LLC.	Participations	USA	Concrete Industry	98.63	98.63	98.63
Argos Ready Mix (Carolinas) Corp.	Shares	USA	Concrete Industry	98.63	98.63	98.63
Argos Ready Mix (South Central) Corp.	Shares	USA	Concrete Industry	98.63	98.63	98.63
Argos St. Maarten N.V.	Shares	Virgin Islands	Cement Distribution	100.00	100.00	100.00
Argos SEM, S.A.	Shares	Panama	Investments	100.00	100.00	-
Argos USA Corp.	Shares	USA	Investments	98.63	98.63	98.63
Argos USVI Corp.	Shares	Virgin Islands	Cement Distribution	100.00	100.00	100.00
Canteras de Colombia S.A.S.	Shares	Colombia	Aggregates Extraction	99.48	99.48	99.48
Asesorías y Servicios Ltda., in liquidation	Fees	Colombia	Contratación y asesoría	-	-	100.00
Caricement Antigua Limited	Shares	Antigua	Cement Distribution	100.00	100.00	100.00
Caricement Antilles N.V.	Shares	Curacao	Investments	100.00	100.00	100.00
Cement and Mining Engineering Inc.	Shares	Panama	Investments	100.00	100.00	100.00
Cementos de Caldas S.A.	Shares	Colombia	Cement Production	40.07	40.07	39.83
Central Aggregates LLC.	Participations	USA	Aggregates Production	98.63	98.63	98.63
CI del Mar Caribe (BVI) Inc.	Shares	Virgin Islands	Commercialization	99.97	99.97	99.97
Cimenterie Nationale S.E.M. (CINA)	Shares	Haiti	Cement Industry	65.00	65.00	65.00
Ciments Guyanais S.A.S.	Shares	French Guiana	Cement Exploitation	100.00	100.00	-
Colcaribe Holdings S.A.	Shares	Panama	Investments	100.00	100.00	100.00
Comercial Arvenco C.A.	Shares	Venezuela	Commercialization	100.00	100.00	100.00
Concretos Argos S.A.	Shares	Colombia	Stony Mineral Exploitation	99.44	99.44	99.44

Subsidiary	Type	Location	Main Activity	Proportion of share interest and voting rights % 2015	2014	Jan. 1, 2014
Corporaciones e Investments del Mar Caribe S.A.S.	Shares	Colombia	Investments	100.00	100.00	100.00
Ganadería Río Grande S.A.S.	Shares	Colombia	Agricultural	-	100.00	100.00
Fiduciaria Corficolombiana S.A. - Fideicomiso Gaseosas Lux	Fiducia	Colombia	Real Estate Administration	100.00	100.00	100.00
Administration commercial trust – Trust N° 7321-1359	Fiducia	Colombia	Management and Payments	-	100.00	100.00
Administration commercial trust – Trust N° 7321-1435	Fiducia	Colombia	Management and Payments	-	100.00	100.00
Haiti Cement Holding S.A.	Shares	Panama	Investments	100.00	100.00	100.00
International Cement Company S.A.	Shares	Panama	Investments	100.00	100.00	100.00
Logística de Transporte S.A.	Shares	Colombia	Transport	99.97	99.97	99.97
Marítima de Graneles S.A.	Shares	Panama	Maritime Transport	100.00	100.00	100.00
Piazza Acquisition Corp.	Participations	USA	Investments	-	98.63	98.63
Profesionales a su Servicio Ltda., in liquidation	Fees	Colombia	Procurement and Consulting	-	-	100.00
Surcol Houdstermaatschapij NV	Shares	Surinam	Investments	50.00	50.00	50.00
Tekia S.A.S.	Shares	Colombia	Reforestation	-	100.00	100.00
Transatlantic Cement Carriers Inc.	Shares	Panama	Maritime Transport	100.00	100.00	100.00
Transportes Elman Ltda., in liquidation	Fees	Colombia	Transport	98.75	98.75	98.75
Transmarítima del Caribe S.A., in liquidation	Fees	Colombia	Transport and Maritime Logistics	-	-	99.80
Valle Cement Investments Limited	Shares	Virgin Islands	Investments	91.81	91.81	91.81
Venezuela Ports Company S.A.	Shares	Panama	Investments	100.00	100.00	100.00
Vensur N.V.	Shares	Surinam	Cement Production	42.12	42.12	42.12
Wetvan Overseas Ltd.	Shares	Puerto Rico	Investments	60.00	-	-
Zona Franca Argos S.A.S.	Shares	Colombia	Cement Industry	100.00	100.00	100.00

	Colombia			Panama & The Caribbean			USA		
	2015	2014	Jan. 1, 2014	2015	2014	Jan. 1, 2014	2015	2014	Jan. 1, 2014
Number of wholly-owned subsidiaries	3	8	10	15	15	13	3	3	3
Number of partially-owned subsidiaries	5	5	7	10	8	8	8	9	9

13.2. Change in the Company's ownership interest in a subsidiary

On June 19, 2015, the Board of Directors of Cementos Argos S.A. authorized the legal representatives of Cementos Argos S.A. to carry on the sale of 100% of the shares of the subsidiaries Tekia S.A.S., a company that operates and manages forestry and agro-forestry projects in the Republic of Colombia, and Ganadería Río Grande S.A.S., a company whose main business purpose is the exploitation of agricultural and livestock industries, the administration commercial trusts No. 7321-359 and No. 732-1435, which include forestry assets located in El Carmen de Bolívar and lands intended for livestock activity, to La Fundación para el Beneficio Social.

Cementos Argos S.A. received a total of $93,579 million as consideration for the sale of shares, administration commercial trusts and properties. These assets were classified as held for sale at June 30, 2015, in accordance with the provisions of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These investments were sold on July 16, 2015.

During years 2015 and 2014, the companies Elman Transportes Ltda., Asesorías y Servicios, Profesionales a su Servicio and Transmarítima del Caribe were liquidated.

In May 2014, Argos SEM S.A. was incorporated with the contribution in kind of 29,305 shares of the company Argos USA Corp., 229,181,415,370 shares of Nuevos Cementos S.A.S., and 26,500 shares of the company Ciments Guyanais S.A.S. The block of shares was delivered with a commercial value of $ 2.4 trillion. The Company received 100,000 shares of Argos SEM S.A. representing 100% of its capital.

NOTE 14: INTANGIBLE ASSETS

14.1 Conciliation of cost, accumulated depreciation and impairment of intangible assets

	Opening balance	Additions, other than assets generated internally	Other changes	Closing balance
Historical cost 2015				
Intangible assets with indefinite useful life	115,389	-	-	115,389
Concessions, franchises and rights	261,511	-	(3,719)	257,792
Patents, licenses and software	160,351	10,831	-	171,182
HISTORICAL COST	**537,251**	**10,831**	**(3,719)**	**544,363**
	Opening balance	**Amortization**	**Other changes**	**Closing balance**
Depreciation and impairment 2015				
Concessions, franchises and rights	(88,795)	(11,994)	3,719	(97,070)
Patents, licenses and software	(16,371)	(25,937)	1,823	(40,485)
Depreciation and accumulated impairment	**(105,166)**	**(37,931)**	**5,542**	**(137,555)**
Payments in advance to third parties	-			-
NET INTANGIBLE ASSETS	**432,085**			406,808

	Opening balance	Additions, other than assets generated internally	Other changes	Closing balance
Historical cost 2014				
Intangible assets with indefinite useful life	115,389	-	-	115,389
Concessions, franchises and rights	261,336	2,076	(1,901)	261,511
Patents, licenses and software	32,177	2,230	125,944	160,351
Outstanding intangible assets	111,025	14,919	(125,944)	-
HISTORICAL COST	**519,927**	**19,225**	**(1,901)**	**537,251**
	Opening balance	**Amortization**	**Other changes**	**Closing balance**
Depreciation and impairment 2014				
Concessions, franchises and rights	(76,883)	(12,285)	373	(88,795)
Patents, licenses and software	(6,483)	(9,888)	-	(16,371)
Depreciation and accumulated impairment	**(83,366)**	**(22,173)**	**373**	**(105,166)**
Payments in advance to third parties	(1)		1	-
NET INTANGIBLE ASSETS	**436,560**			**(432,085)**

The useful lives of intangible assets are:

	Useful life	Useful life ranges in years	Method
Argos Brand	Indefinite	Indefinite	
Rights	20 years	20-35 years	Straight line depreciation
Concessions, franchises and licenses	24 years	4-34 years	Straight line depreciation
Licenses, patents and software	6 years	4-10 years	Straight line depreciation

Amortization of intangibles is recognized as an expense in the statement of comprehensive income, in the item cost to sell, overhead expenses and sale expenses. Losses of impairment are recognized as expenses in the statement of comprehensive income in the item of asset impairment.

Expenditure for research and development projects recognized as expenses in the income statement during the period amounted to $13,778 (2014: $6,208).

At December 31, there are no restrictions on the realization of intangible assets, as well as there are no contractual obligations to acquire or develop intangible assets.

The carrying amount as of December 31, 2015, and comparative periods, and the remaining amortization period for significant assets are:

	Remaining amortization period	2015	2014	January 1, 2014
Intangible assets with indefinite useful life	Indefinite useful life	115,389	115,389	115,389
ERP development	5 years	105,171	126,130	-

The Administration determined the Argos brand purchased from Grupo Argos S.A. in December 2005 for $115,389 is an intangible asset with indefinite useful life, since it is not possible to estimate a predictable time limit over which it is expected to generate economic future benefits for the Company.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

15.1 Conciliation of cost, accumulated depreciation and impairment of property, plant and equipment

	Opening balance	Impairment loss and reversion	Depreciation	Classified as held for sale	Sale and removal of plant and equipment	Other changes	Closing balance
Historical cost 2015							
Lands	344,007	-	-	(9,527)	(571)	2,254	336,163
Construction in progress, equipment in assembly and transit	235,854	259,795	-	-	-	(133,924)	361,725
Buildings and constructions	230,768	7,989	-	-	(433)	8,887	247,211
Production equipment and machinery	1,159,317	17,795	-	-	(7,554)	126,019	1,295,577
Furniture and office, computer and communications equipment	39,657	4,195	-	-	(6)	-	43,846
Mines, quarries and fields	99,605	-	-	-	-	(982)	98,623
Land transport equipment	12,231	187	-	-	(706)	-	11,712
Fluvial fleet	595	-	-	-	-	-	595
Aqueduct, plants, networks and roads	46,587	3,730	-	-	(34)	-	50,283
Other assets	413	3	-	-	-	-	416
HISTORICAL COST	**2,169,034**	**293,694**	**-**	**(9,527)**	**(9,304)**	**2,254**	**2,446,151**

	Opening balance	Impairment loss and reversion	Depreciation	Classified as held for sale	Sale and removal of plant and equipment	Other changes	Closing balance
Depreciation and impairment 2015							
Lands	-	-	-	-	-	-	-
Buildings and constructions	(63,616)	-	(6.784)	-	416	-	(69,984)
Construction in progress, equipment in assembly and transit	-	-	-	-	-	-	-
Production equipment and machinery	(350,765)	-	(55,056)	-	7,280	(1,823)	(400,364)
Furniture and office, computer and communications equipment	(19,822)	-	(5,419)	-	2	-	(25,239)
Mines, quarries and fields	(75,556)	-	(3,171)	-	-	-	(78,727)
Land transport equipment	(2,888)	-	(1,167)	-	555	-	(3,500)
Fluvial fleet	(117)	-	(29)	-	-	-	(146)
Aqueduct, plants, networks and roads	(6,417)	-	(1,569)	-	16	-	(7,970)
Other assets	(258)	-	(41)	-	-	-	(299)
Depreciation and accumulated impairment	**(519,439)**	**-**	**(73,236)**	**-**	**8,269**	**(1,823)**	**(586,229)**
Payments in advance to third parties	8,762					58,468	67,230
NET PROPERTY, PLANT AND EQUIPMENT	**1,658,357**						**1,927,152**

Constructions in progress include capitalization of borrowing costs by $17,262 (2014: $3,208), the average rate used to determine the amount of borrowing costs was 6.63% (2014: 5.86%), which is the effective interest rate specific for generic loans.

	Opening balance	Additions	Impairment loss	Classified as held for sale	Sale and removal of plant and equipment	Other changes	Closing balance
Historical cost 2014							
Lands	353,937	-	-	-	(11,534)	1,604	344,007
Construction in progress, equipment in assembly and transit	79,961	131,634	-	-	-	24,259	235,854
Buildings and constructions	261,531	17,890	-	-	(40,786)	(7,867)	230,768
Production equipment and machinery	1,077,170	84,196	-	-	(1,992)	(57)	1,159,317
Furniture and office, computer and communications equipment	38,197	1,472	-	-	(12)	-	39,657
Mines, quarries and fields	98,088	1,517	-	-	-	-	99,605
Land transport equipment	27,389	1,602	-	-	(717)	(16,043)	12,231
Fluvial fleet	595	-	-	-	-	-	595
Aqueduct, plants, networks and roads	46,137	450	-	-	-	-	46,587
Other assets	705	-	-	-	-	(292)	413
HISTORICAL COST	**1,983,710**	**238,761**	**-**	**-**	**(55,041)**	**1,604**	**2,169,034**

	Opening balance	Impairment loss and reversion	Depreciation	Classified as held for sale	Sale and removal of plant and equipment	Other changes	Closing balance
Depreciation and impairment 2014							
Lands	-	-	-	-	-	-	-
Buildings and constructions	(57,987)	-	(3,243)	-	850	(3,236)	(63,616)
Construction in progress, equipment in assembly and transit	-	-	-	-	-	-	-
Production equipment and machinery	(302,713)	-	(21,772)	-	1,175	(27,455)	(350,765)
Furniture and office, computer and communications equipment	(15,483)	-	(4,220)	-	3	(122)	(19,822)
Mines, quarries and fields	(72,462)	-	(3,007)	-	-	(87)	(75,556)
Land transport equipment	(3,933)	-	(575)	-	649	(179)	(2,888)
Fluvial fleet	(88)	-	(28)	-	-	(1)	(117)
Aqueduct, plants, networks and roads	(5,050)	-	(1,733)	-	-	366	(6,417)
Other assets	-372	-	-	-	-	114	(258)
Depreciation and accumulated impairment	**(458,088)**	**-**	**(33,428)**	**-**	**2,677**	**(30,600)**	**(519,439)**
Payments in advance to third parties	(186)					8,948	(8,762)
NET PROPERTY, PLANT AND EQUIPMENT	**1,525,436**						**1,658,357**

At the end of the reporting and comparative periods, there are no restrictions on the realization of property, plant and equipment, or contractual commitments for the acquisition of property, plant and equipment. Cementos Argos did not obtain compensation from third parties by impaired, lost or abandoned property, plant and equipment.

NOTE 16: INVESTMENT PROPERTY

16.1 Conciliation of investment property

	2015	2014	Jan 1, 2014
Cost			
Carrying amount at January 1	10,524	11,738	11,965
Additions	93,856	390	148
Transfers to/from investment property	(2,254)	(1,604)	-
Disposals	-	-	(375)
Other changes	(5)	-	-
CARRYING AMOUNT AT DECEMBER 31	**102,121**	**10,524**	**11,738**

	2015	2014	Jan 1, 2014
Accumulated depreciation and impairment			
Accumulated depreciation and impairment at January 1	(392)	(287)	(182)
Depreciation of the financial year	(27)	(208)	-
Disposals	-	-	11
Other changes	(28)	103	(116)
Accumulated depreciation and impairment at December 31	**(447)**	**(392)**	**(287)**
Investment property at 31 December	**101,674**	**10,132**	**11,451**
Fair value of the property investment at December 31	97,933	12,564	12,564

The fair value of investment property for disclosure purposes is determined by the independent valuation company Vertex Resources. The valuation company used the following valuation assumptions: for land valued as investment property, the secondary market methodologies and/or market transactions were considered, which are based mainly in obtaining in the market prices of used similar products that perform the same function, taking account of their characteristics and original specifications, such as Trending, where land assets were updated with economic factors according to the accounting information provided and information available regarding recent purchase transactions, market information and/or latest appraisals made in Cementos Argos on existing assets. Similarly, the Trending and Cost Replacement New were considered for buildings related to investment property by applying physical, functional and economic obsolescence, if any, based on the adjusted acquisition prices.

Income from lease of investment properties in the period amounted to $337 (2014: $114). As of December 31, 2015, there are no direct expenses associated with investment property.

At the end of the reporting period, there are no contractual obligations to acquire, build or develop investment property, nor any restriction on the collection of income derived therefrom or on resources gained from their disposal.

NOTE 17: NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

17.1. Non-current assets held for sale

On June 30, 2015, the participation of Cementos Argos in the equity of Tekia S.A.S., Ganadería Río Grande S.A.S., and the administration commercial trusts No. 7321-359 and No. 732-1435, as well as four real estate properties, were classified as non-current assets held for sale.

The assets were delivered to La Fundación para el Beneficio Social under a barter agreement on July 16, 2015, except for a land that, at the end of December 2015, is in process of delivery to La Fundación. This asset has a carrying amount of $2,338. The asset is estimated to be delivered to the counterparty before completing 12 months from its classification as a non-current asset held for sale.

The total value of the operation was $93,579 for Cementos Argos.

NOTE 18: FINANCIAL OBLIGATIONS

	2015	2014	Jan. 1, 2014
Obligations with domestic banks (i)	-	-	38,571
Obligations with foreign banks (i)	689,683	322,695	155,686
Loans with financial corporations	167,627	181,727	186,398
Other obligations	22,727	1,501	-
	880,037	**505,923**	**380,655**
Current	663,416	222,498	60,589
Non-current	216,621	283,425	320,066
	880,037	**505,923**	**380,655**

18.1. Summary of loan agreements

(i) The financial obligations in national and foreign currency include both short- and long-term loans taken out by the Company. The most significant loans include:

					Contractual Value of the Obligation		
Category	Entity	Concept	Expiration	Currency	2015	2014	Jan. 1, 2014
Foreign Bank	Citibank PLC London	ECA Credit	2019	Dollars	53,540,473	68,837,752	84,135,030
Foreign Bank	Citibank	Long-term Credit	2015	Dollars	-	51,975,052	-
Foreign Bank	Banco de Bogotá Miami	Working capital credit	2015	Dollars	-	7,000,000	-
Foreign Bank	Banco de Bogotá Miami	Working capital credit	2015	Dollars	-	7,000,000	-
Foreign Bank	Banco de Bogotá Miami	Working capital credit	2015	Dollars	-	2,000,000	-
National Bank	Bancolombia	Long-term Credit	2020	Pesos	-	-	-
National Bank	BBVA	Working capital credit	2016	Dollars	14,000,000	-	-
National Bank	BBVA	Working capital credit	2016	Dollars	25,000,000	-	-
National Bank	BBVA	Working capital credit	2016	Dollars	12,000,000	-	-
National Bank	BCP	Working capital credit	2016	Dollars	24,500,000	-	-
National Bank	BCP	Working capital credit	2016	Dollars	12,700,000	-	-
National Bank	BCP	Working capital credit	2016	Dollars	13,500,000	-	-
National Bank	BCP	Working capital credit	2016	Dollars	10,500,000	-	-
National Bank	Corpbanca	Working capital credit	2016	Dollars	7,000,000	-	-
National Bank	Corpbanca	Working capital credit	2016	Dollars	11,500,000	-	-

18.2. Breach of loan agreement

During the reporting periods, the Company did not have default of payment of principal or interests of financial liabilities and/or loans payable.

The long-term credit with Citibank PLC, backed by EKF Dinamarca for an initial value of USD 159,235,669, whose debtors are Cementos Argos S.A., Zona Franca Argos S.A.S. and Argos USA Corp., have the following financial covenants in force as of December 31, 2014:

a. Indicator net debt / Ebitda + dividends 12 months lower than 4 times
b. Indicator Ebitda / financial expenses greater than 1.25 times

The Credit backed by EKF has a 11.5-year term, with semi-annual amortizations from December 2009 and with expiration in June 2019.

NOTE 19: LIABILITIES FROM FINANCE LEASES

19.1. Lease Agreements

The Company has no significant finance lease agreements in which it acts as the lessor.

19.2 Finance lease liabilities

	Minimum lease payments			Present value of minimum lease payments		
	2015	2014	January 1, 2014	2015	2014	January 1, 2014
1 year or less	33,281	31,886	17,371	21,257	21,257	16,982
1 to 5 years	125,407	125,767	126,174	93,866	92,075	105,161
5 years or more	57,034	78,003	107,359	52,504	68,396	66,191
	215,722	**235,656**	**250,904**	**167,627**	**181,728**	**188,334**
Minus: future financing charges	-	-	-	**48,095**	**53,928**	**62,570**

As of December 31, the carrying amount of property, plant and equipment under finance lease is:

	Buildings	Machinery and Equipment	Vehicles	Total
Historical cost	43,651	160,046	1,594	205,291
Accumulated depreciation	(3,714)	(32,396)	(276)	(36,386)
Impairment	-	-	-	-
CARRYING AMOUNT AT DECEMBER 31, 2014	**39,937**	**127,650**	**1,318**	**168,905**

As of December 31, 2015, 2014, and January 1, 2014, the Company has signed significant finance lease agreements for the acquisition of yellow machinery, constructions and buildings, being the construction of the Distribution Center in Medellín and the three power generation facilities, which supply the plants Río Claro, Yumbo and Sogamoso, the most representative. These are under the contractual modality "Infrastructure Leasing" with a 12-year term and maturities in 2018 and 2022, with Leasing Bancolombia S.A. as the lessor. Agreements for the acquisition of yellow machinery are also executed with the same parte, with 7- and 10-year terms, with maturities between 2013 and 2025. Furthermore, there are no significant lease agreements that set out significant restrictions for the Company, contingent rent or renewal options.

NOTE 20: OPERATING LEASE CONTRACTS

20.1. The Company as Lessee

20.1.1. Lease Agreements

In the ordinary course of business, the Company subscribes lease agreements for real property, vehicles and equipment, which are accounted for as operating leases in the separate financial statements.

The most significant operating lease agreements correspond mainly to lease agreements for computer equipment, signed by IT with Leasing Bancolombia.

20.1.2. Payments recognized as expenses

	2015	2014
Minimum lease payments	23,587	20,835
Contingent rent for leasing	-	-
Payments received from subleasing	-	-

20.1.3. Non-cancelable operating lease commitments

	2015	2014
1 year or less	2,027	163
1 to 5 years	940	71
5 years or more	-	-

20.2. The Company as Lessor

20.2.1. Lease Agreements

At December 31, 2015, Cementos Argos S. A. has two operating lease agreements in force. The first agreement has been entered into with Sociedad de Cultivos Agrícolas S.A., which corresponds to a real estate property in which the lessee is obliged to use the property only for plantation and reward of agricultural crops, and pay a monthly rental rate corresponding to 90 Kg of sugar per hectare. The second agreement has been entered into with ATC Sitios de Colombia.

20.2.2. Rights on non-cancelable operating leases

	2015	2014
1 year or less	-	114
1 to 5 years	-	-
5 years or more	-	-

NOTE 21: TRADE LIABILITIES AND OTHER ACCOUNTS PAYABLE

	2015	2014	January 1, 2014
Payable costs and expenses	60,782	68,691	60,391
Domestic vendors	145,389	123,519	90,791
Foreign vendors	16,337	22,611	13,379
Payable dividends	56,973	53,518	50,528
Trade current accounts	311,986	609,207	176,261
Payables to contractors	5,255	1,320	2,899
Sundry creditors	11,340	13,466	2,023
Other accounts payable	170	323	123
	608,232	**892,655**	**396,395**
Current	599,689	886,339	396,395
Non-current	8,543	6,316	-
	608,232	**892,655**	**396,395**

NOTE 22: EMPLOYEE BENEFITS LIABILITIES

	2015	2014	January 1, 2014
Post-employment benefits	249,437	244,655	259,727
Termination employee benefits	4,254	3,879	2,166
Other short-term employee benefits	59,122	42,622	47,343
	312,813	**291,156**	**309,236**
Current	81,777	64,998	74,504
Non-current	231,036	226,158	234,732
	312,813	**291,156**	**309,236**

22.1. Post-employment benefit plan – Defined benefit plans

The actuarial valuation of plan assets and the present value of the defined benefit obligation are performed annually by independent actuarial consultants. The present value of the defined benefit obligation, the current service cost, and the past service cost were measured using the projected unit credit method.

On December 23, 2015, the Ministry of Trade, Industry and Tourism issued Decree 2496, which amends Decree 2420/2015 on Accounting, Financial Reporting and Information Assurance Standards. This Decree set forth the provisions on parameters to determine the post-employment benefits liability; it specifically sets forth that parameters established in Decree 2783/2001 will be used as best market approach in the estimation of liabilities for pension, pension securities and bonds. The Ministry of Finance and Public Credit shall review every three (3) years these parameters and will do, if appropriate, the necessary adjustments duly supported with the appropriate technical studies. For other post-employment benefits, requirements will be determined in accordance with IAS 19. The Decree did not include transitional provisions; thus, the Company applied the new requirements as a change in the accounting policy on a retroactive basis from the opening statement of financial position.

The amount included in the separate statement of financial position derived from the obligation of the entity with respect to defined benefit plans and the movement in the present value of the defined benefits obligation in the ongoing year is presented below:

Movement in the obligation's present value	Pension plan	Pension securities and bonds	Retirement bonus	Other defined benefit plans	Total
Present value of obligations as of Jan. 1, 2015	**197,293**	**23,028**	**22,754**	**1,580**	**244,655**
Current service cost	-	-	1,025	40	1,065
Interest cost on the defined benefit obligation	13,729	1,655	1,655	99	17,140
GActuarial gain / (loss) from changes:	**1,117**	**(93)**	**3,628**	**1,717**	**6,369**
Experience	733	(93)	3,662	1,658	5,960
Financial assumptions	384	-	(34)	59	409
Benefits directly paid by the Company	(18,859)	(829)	(43)	(256)	(19,987)
PRESENT VALUE OF OBLIGATIONS AT DECEMBER 31, 2015	**193,280**	**23,761**	**29,021**	**3,180**	**249,242**

Movement in the obligation's present value	Pension plan	Pension securities and bonds	Retirement bonus	Other defined benefit plans	Total
Present value of obligations as of Jan. 1, 2014	**214,214**	**25,851**	**15,880**	**1,764**	**257,709**
Current service cost	-	-	680	46	726
Interest cost on the defined benefit obligation	16,145	1,868	1,094	113	19,220
Actuarial gain / (loss) from changes:	**(13,108)**	**(62)**	**2,533**	**(91)**	**(10,728)**
Experience	(12,524)	(62)	2,136	(102)	(10,552)
Financial assumptions	(584)	-	397	11	(176)
Benefits directly paid by the Company	(19,957)	(4,630)	2,567	(252)	(22,272)
PRESENT VALUE OF OBLIGATIONS AT DECEMBER 31, 2014	**197,294**	**23,027**	**22,754**	**1,580**	**244,655**

The total expense recognized in the income statement of the period represents payments to defined benefits from contributions (2015: $12,919). The Company expects to make contributions for the upcoming annual period (2016: $13,049).

The main actuarial assumptions used to determine obligations for defined benefit plans are as follows:

	2015	2014	January 1, 2014
Inflation rate (%)	3.50%	3.00%	3.00%
Discount rate (%)	7.82%	7.32%	7.94%
Salary increase (%)	2.88%	2.41%	2.99%
Minimum wage increase (%)	2.88%	2.41%	2.99%
Mortality table	Valid rentiers 2008	Valid rentiers 2008	Valid rentiers 2008
Turnover table	SOA 50% turnover pension	SOA 50% turnover pension	SOA 50% turnover pension

22.2. Pension plans, pension securities and bonds

In accordance with the Labor Code of Colombia, pension benefits granted to employees under the new social security regime (Law 100/1993) are accounted for as defined contribution plans. The Company covers its pension obligation by paying contributions to Instituto de Seguros Sociales (ISS) and/or private pension funds under the terms and conditions set forth in the Law.

Pension benefits granted to employees not covered by the new social security regime (Law/1993), which mainly correspond to old staff, are accounted for as defined benefit plans unfunded. The Company must pay retirement pensions or issue pension bonds to employees or beneficiaries who meet certain requirements regarding age and length of service.

The benefit grants right to a lifelong monthly pension for retirement or old-age pension, equivalent to seventy-five percent (75%) of the average salary earned in the last year of service, subject to a minimum payment of one minimum monthly wage and a maximum payment equal to 25 minimum monthly wages. In addition, two payments are made, one in June and other in December.

When a participant is expecting to receive benefits from Instituto de Seguridad Social (ISS), these benefits are deducted from the benefits payable under the plan of the Company, and therefore, these reduce the obligation of the Company. Payment of pension increases according to inflation. When a participant receives pension equal to the minimum wage, then the pension increases as the minimum wage increases.

Furthermore, the death benefit occurs in case of death after retirement, where the beneficiary receives 100% of the pension for a period that will vary from beneficiary to beneficiary. Contribution to social security to Pension Fund Administrators is to be made by the Company as the employer.

For workers who have retired from the Company for provision of conventional or early pension, which in any case has the character of shared, the Company continues making contributions to the pension system until the time when the retiree will meet the requirements for the old age pension as per the ISS (Colpensiones). Accordingly, the Company is responsible for the 100% of contributions to pensions until such requirements are met. Such contributions are calculated on the pension value. Additionally, regarding health, Cementos Argos S.A. partially assumes the percentage of contribution by the retiree.

The defined benefit obligation for retirement pensions includes employees of the Company Industrial Hullera S.A. in liquidation, as a result from the process of normalization of pension liabilities in which Cementos Argos definitively assumes the corresponding proportion of the obligation.

Cementos Argos S.A. has issued pension securities, Pension Bond Type A Modality 2 and Pension Bond Type A Modality 1. This obligation applies to some areas where the ISS did not have pension coverall before year 1994.

This benefit is granted at retirement of the employee from the Company, until when the participant retires according to the social security system in Colombia. During this period, the Company makes contributions to the pension system on behalf of the employee. Pension securities and bonds are resources intended to contribute to the conformation of capital necessary to finance pensions of affiliates to the Colombian General Pension System.

22.3. Retirement bonus

For employees covered by any of the collective labor agreements, when the contract of a worker is terminated by the provision of retirement, disability or old age pension, he/she is granted a bonus equivalent to five minimum legal wages in force.

22.3. Other defined benefit planss

Dental, education, funeral and other plans

For retired employees in Colombia, the funeral benefit is granted, which increases according to the Consumer Price Index (CPI), equivalent to five legal minimum monthly wages in force in Colombia. For employees retired from the plant Valle in Colombia, the education benefit is granted until their death; this benefit is also granted to children of retirees until 25 years of age. The beneficiary receives the amount regardless the worker's survival. Each year, the benefit increases in accordance with the CPI. The same occurs for the dental benefit until death, provided that this service is formally requested, with an annual increase in accordance with the CPI.

Retroactive severance plan

According to the Colombian labor laws, employees hired before the effective date of Law 50/1990 are entitled to receive, upon termination of the work agreement, an amount equivalent to one month of salary in force per year of service and proportionally per fraction of year, as severance pay, for any reason of termination, including; retirement, disability, death, etc. This benefit is settled at withdrawal of the employee based on the last salary paid.

As of December 31, 2015, 2014, and January 1, 2014, the Company does not have expenditure rights related to defined benefit plans obligations.

The average duration of the defined benefit obligation is as follows:

	Pension plan	Pension securities and bonds	Retirement bonus	Other defined benefit plans	Total average duration
Average duration 2015	8.5	6.3	10.0	7.6	8.1
Average duration 2014	9.7	6.9	9.7	6.6	8.2
Average duration as of January 1, 2014	9.5	6.9	10.3	8.7	8.9

The significant actuarial assumptions for the determination of the defined obligation are: discount rate, expected salary increase and mortality. The sensitivity analysis presented below have been determined based on possible reasonable changes in the relevant assumptions that occur at the end of the reporting period, while keeping all other assumptions constant.

	2015		2014	
	Decreases	**Increases**	**Decreases**	**Increases**
Discount rate 100 basis points higher (lower)	240,483	205,362	266,120	226,128
Expected growth in salary increases (decreases) by 1%	221,378	221,913	242,157	247,603
Life expectancy increases (decreases) by one year	226,986	216,743	249,987	239,775

The sensitivity analysis presented above may not be representative of the real change in the defined benefit obligation, since it is unlikely that a change in assumptions occurs independently from each other, as some assumptions may be correlated.
In addition, when presenting the sensitivity analysis above, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same applied in the calculation of the defined benefit obligation liability recognized in the statement of financial position.

Change in the accounting policy on post-employment benefits
On December 23, 2015, the Ministry of Trade, Industry and Tourism issued Decree 2496, which amends Decree 2420/2015 on Accounting, Financial Reporting and Information Assurance Standards. This Decree set forth the provisions on parameters to determine the post-employment benefits liability; it specifically sets forth that parameters established in Decree 2783/2001 will be used as best market approach in the estimation of liabilities for pension, pension securities and bonds. The Ministry of Finance and Public Credit shall review every three (3) years these parameters and will do, if appropriate, the necessary adjustments duly supported with the appropriate technical studies. For other post-employment benefits, requirements will be determined in accordance with IAS 19.
The Decree did not include transitional provisions; thus, the Company applied the new requirements as a change in the accounting policy on a retroactive basis from the opening statement of financial position. The impact of the retroactive application to the accounting policy for the periods ended on December 31, 2015, 2014, and January 1, 2014, on liabilities for ($16,394), ($22,648) and ($21,827), equity for $16,394, $22,648 and $21,827, and profit from continuing operations for $468 and ($791), respectively.

NOTE 23: PROVISIONS

	Litigation and claims (i)	Decommissioning (ii)	Environment (iii)	Other provisions	Total
Carrying amount as of Jan. 1, 2015	15,199	22,763	15,046	2,031	55,039
Realized provisions	1,628	-	1,773	-	3,401
Utilization of provisions	-	-	-	(519)	(519)
Realized reversals	(3,232)	-	(792)	-	(4,024)
Adjustment by discount rate	(142)	(5,708)	(3,146)	-	(8,996)
Other changes	130	1,505	721	-	2,356
CARRYING AMOUNT AS OF DECEMBER 31, 2015	**13,583**	**18,560**	**13,602**	**1,512**	**47,257**
Current	9,403	-	-	-	9,403
Non-current	4,180	18,560	13,602	1,512	37,854
CARRYING AMOUNT AS OF DECEMBER 31, 2015	**13,583**	**18,560**	**13,602**	**1,512**	**47,257**

(i) The litigation and claims to which the Company is exposed are managed by Legal. They correspond to proceedings filed against the Company of labor, civil, criminal and administrative nature, for which a high probability of lost is estimated, and thus, outflow of economic benefits at resolution of each proceeding. Outflow of cash flows from the Company due to legal proceedings shall depend on the complexity of each case, evidence provided by the parties, exhausting remedies, and agreement between the parties. It is not possible to make a general estimation of proceedings; for ach proceeding, other claims of the same nature resolved in the past are considered and at the responsible attorney's judgment.
There is an insignificant degree of uncertainty regarding the estimated value to be paid. The best estimation by the Company was made; however, there is a greater uncertainty regarding the estimated date of expenditure, as a variance may arise from the development inherent to each legal proceeding, which depends on judges, agreements between the parties, remedies, among others.
In the estimation of the value to be paid for legal proceedings, the claimant's expectation, the resolution of past similar cases and the professional opinion of the Company's attorneys are considered.

(ii) Cementos Argos S.A. is obliged to incur future costs for compliance with the legal mining regulations, regarding the exploitation of mineral resources, corresponding to decommissioning of assets and restoration of the environment where these assets were built, which takes place when a mining exploitation operation is completed or a mining license expires, whichever occurs first. The maximum performance date for decommissioning obligations shall be the maturity date of the mining license; thus, expenditure of economic resources is estimated within a 5-year period before the legal requirement. However, in some cases where operation has been completed in an area under a license with more than 5 years of validity, expenditure of provision is estimated to occur within 5 years after completion of the operation.

There is an insignificant degree of uncertainty regarding the estimated value to be paid. The best estimation was made by the Company.

For decommissioning obligations, areas affected by the mining exploitation, scheduling of mining exploitation and costs incurred in past decommissioning operations are taken into account.

(iii) The Company is obliged to incur costs for environmental obligations related to forest offsetting for exploitation of quarries and forestry, costs for removal and subsequent disposal of hazardous waste, specifically PCBs (polychlorinated biphenyls) previously stored. For forestry offsetting, Cementos Argos S.A. has committed to settle its environmental obligations within a maximum of five years, or as provided for in the regulation applicable to each identified environmental liability.

There is an insignificant degree of uncertainty regarding the estimated value to be paid.

The best estimation was performed by the Company. Regarding future events for forestry offsetting: sewing, isolation and maintenance for a 4-year period, according to the reforestation cost table updated on an annual basis the Environmental Assessment Management.

For the disposal of PCBs, the main assumptions considered in the calculation of the provision are safety packaging, transport and local disposal according to Phase I and appraisal studies performed by independent third parties.

For the inventory of transformers with suspected PCBs, the main assumptions considered in the calculation of the provision are: characterization, decommissioning, handling, internal transport, external transport, drainage, and export for final disposal, according to services previously rendered by third parties.

NOTE 24: OTHER FINANCIAL LIABILITIES

	2015	2014	January 1, 2014
Current	45,019	35,416	30,238
Non-current	-	32,850	51,897
	45,019	**68,266**	**82,135**

They correspond to promissory notes signed by Cementos Argos for the acquisition of Cementos Andino S.A. and Concrecem S.A. on November 4, 2005. The initial amount of the obligation was $143 million, with a 10-year term, annual amortizations to from August 2006 and maturity in August 2016. The promissory note is payable in Colombian pesos settled at the market representative rate (MRR) on each day of payment. The interest rate is 4.91% VR. As of December 31, 2015, this credit had a balance of USD 14.3 million (2014: USD 28.6, January 1, 2014: USD 42.9).

NOTE 25: OUTSTANDING BONDS AND PREFERRED SHARES

	2015	2014	January 1, 2014
Outstanding bonds	2,176,916	2,356,999	1,941,747
Preferred shares classified as compound financial instruments	71,879	114,162	153,631
	2,248,795	**2,471,161**	**2,095,378**
Current	426,638	395,603	353,372
Non-current	1,822,157	2,075,558	1,742,006
	2,248,795	**2,471,161**	**2,095,378**

25.1. Outstanding bonds

Outstanding bonds issued by Cementos Argos S.A. comprised the following as of December 31, 2015, 2014 and January 1, 2014:

					Securities issued		
Issue	Placement date	Term	Effective rate	Interest payment	2015	2014	January 1, 2014
Issue 2005	Nov. 23, 2005	10 years	CPI + 2.88%	Biannually in arrears	-	80,000	80,000
Issue 2005	Nov. 2,3 2005	12 years (1)	CPI + 3.17%	Biannually in arrears	290,000	290,000	290,000
Issue 2007	Feb. 23, 2007	12 years (1)	CPI + 5.25%	Biannually in arrears	150,000	150,000	150,000
Issue 2009	April 28, 2009	5 years	9.70% AE	Yearly in arrears	-	-	81,175
Issue 2009	April 28, 2009	7 years	CPI + 6.00%	Quarterly in arrears	114,943	114,943	114,943
Issue 2009	April 28, 2009	10 years	CPI + 6.30%	Quarterly in arrears	70,350	70,350	70,350
Issue 2009	April 28, 2009	15 years	CPI + 7.19%	Quarterly in arrears	229,530	229,530	229,530
Issue 2011	April 11, 2012	1.5 years	BRI + 1.45%	Monthly in arrears	-	-	-
Issue 2011	April 11, 2012	2 years	DTF+ 1.34%	Quarterly in arrears	-	-	111,400
Issue 2011	April 11, 2012	3 years	DTF+ 1.45%	Quarterly in arrears	-	111,400	111,400
Issue 2012	May 16, 2012	6 years	CPI + 3.80%	Quarterly in arrears	97,022	97,022	97,022
Issue 2012	May 16, 2012	10 years	CPI + 4.24%	Quarterly in arrears	299,896	299,896	299,896
Issue 2012	May 16, 2012	15 years	CPI + 4.50%	Quarterly in arrears	303,082	303,082	303,082
Issue 2014	Nov 27, 2014	2 years	5.59%	Quarterly in arrears	97,618	97,618	-
Issue 2014	Nov 27, 2014	10 years	CPI + 3.80%	Quarterly in arrears	190,675	190,675	-
Issue 2014	Nov 27, 2014	15 years	CPI + 4.21%	Quarterly in arrears	311,707	311,707	-
					2,154,823	**2,346,223**	**1,938,798**

(1) Securities with a 12-year terms of Argos 2005 bonds, for $440,000, were converted to dollars $433,320 (equivalent to USD 229,049,471) by through currency swap, with an average rate Libor + 1.78% (rate in arrears). The equivalent in dollars as of December 31, 2015, was USD 185,685,000 due to the different recouponing operations or market adjustments to these operations. The value in Colombian pesos has remained constant.

By Resolution No. 20134 dated November 13, 2014, the Financial Superintendence of Colombia approved the renewal of the term of the public offering authorization of ordinary bonds and commercial papers of Cementos Argos S.A. to be publicly offered within three (3) year following the execution of this resolution, as well as increasing the overall quota by $1,000,000, values that are part of the issuance and placement program by Cementos Argos S.A., authorized by Resolution No. 422 dated March 23, 2012. As of December 31, 2014, and from the approval date, Cementos Argos S.A. had $400,000 available for issuance within the next three years.

All issues are rated AA+, with positive perspective by the rating company Fitch Ratings Colombia S.A., and are registered securities issued, to bearer, and tradable in the secondary market through the Colombia Stock Exchange.

During 2015, financial expense for interest was recorded by $198,183 (2014: $137,610) from ordinary bonds, and $6,042 (2014: $8,856) from preferred shares.

25.2. Preferred shares

As approved by the General Shareholders Assembly on March 15, 2013, Cementos Argos performed the issuance and placement of shares with preferred dividend and without right to vote (hereinafter, preferred shares) in May 2013, for $1,610,824, awarding 209,197,850 preferred shares, at the subscription price of $7,700 per preferred share, as determined by the Company's Board of Directors.

The issuance of preferred shares is a compound financial instrument. For their recognition and subsequent measurement, the issuer identified the debt and equity components assessing the contractual terms of the instrument and the issuer's obligations. Given the issuer's contractual obligation to pay the annual minimum dividend to holders of shares if the Company generates profits, the issuance incorporates a component of financial liability. Once this liability is measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to financial liabilities is to be measured at least in each intermediate period, and their impact on the period's profit and loss must be recognized. The equity component is not subject to subsequent measurement.

Cementos Argos determined the liability component by discounting the cash flows corresponding to the minimum preferred dividend, which were calculated in perpetuity based on what is established in Section 11.1.1 of the Issuance Brochure. The discount rate applied corresponded to the market rate on the issuance date of similar instruments that did not incorporate an equity component. Considering the difficulty of identifying in the market a financial instrument with the same characteristics as the issuance, the discount rate of the financial liability was determined with reference to the current yield on bonds issued by Cementos Argos with a longer term, denominated in Colombian pesos. For these purposes, the valuation rate of the issuance of bonds of Cementos Argos 2024, issued in May 2012, long-term (15 years) indexed to the CPI, was taken.

Preferred shares have a minimum dividend of 3% per annum on the subscription price that will be paid in the first 12 quarters after the placement; from the 13th quarter, the annual dividend will be $10 per share, which will increase indexed to the annual CPI from the previous year. The Issuance Brochure has no purchase or sale options on preferred shares.

The liability recognized by the issuance of preferred shares is composed by the valuation of the debt component and the reduction of direct issuance costs allocated to the liability component, based on the ownership interest of each component in the amount of issuance. In the initial recognition, issuance costs were included in the financial liability by $7,157.

The debt component is measured at amortized cost using the effective interest rate. The effective interest rate for subsequent measurement of the debt component at amortized cost was determined by matching receivable or payable cash flows estimated over the expected life of the financial instrument to the net carrying amount of the liability component at initial recognition. The financial liability is increased by the recognition of interest at the effective interest rate and decreases as minimum dividends to preferred shareholders are accounted for.

NOTE 26: FINANCIAL INSTRUMENTS

26.1. Capital risk management

Cementos Argos manages its capital from a long-term perspective, aiming to maintain a balanced, efficient and flexible capital structure that safely accompanies and supports the organization's growth process. The Company considers as capital those shares issued, both ordinary and preferred, short- and long-term financial obligations, and ordinary bonds. The company is not subject to external capital requirements.

The Company uses the indicator Net Debt / Ebitda + dividends to monitor the capital structure. The net debt consists of financial obligations less cash and temporary investments. This indicator allows you to set the level of leverage of the Company with respect to its generation of cash. In addition, this indicator is included in long-term credit contracts held by Cementos Argos.

Other indicators such as the short- and long-term relationship of debt, average life, and free cash flow are also taken into account to analyze the capital structure. In line with the above, a correct balance between debt and equity is maintained.

The Company periodically monitors that the indicator Net Debt / Ebitda + dividends remains within a specific range that allows sustainable growth and achievement of goals set by the Management. In addition to the generation of Ebitda, the Company can issue capital or divest its portfolio of shares, which at the end of 2014 was valued at $1.7 trillion. For the management of other indicators such as average life of the debt, and long- and short-term distribution thereof, credit lines with domestic and foreign banks are available, as well as the possibility to access the capital market by issuing ordinary bonds and/or commercial papers in the local market.

The level of indebtedness of the Company maintains a proper balance between currencies, realizing natural hedges between assets and liabilities denominated in the same currency.

There have been no significant changes in the objectives, policies, or capital management processes of the Company.

26.2. Categories of financial instruments

Financial Assets	2015	2014	January 1, 2014
Cash and banks	45,607	169,783	250,783
Fair value with changes in profit and loss	324	168	2,272
Derivative instruments in hedge relationships	22,114	23,067	-
Financial assets measured at amortized cost	1,868,165	2,108,359	1,262,529
Financial assets measured at fair value with changes in other comprehensive income	1,453,081	1,711,842	1,450,136

Financial Liabilities	2015	2014	January 1, 2014
Fair value with changes in profit and loss	3,173,851	3,012,501	2,506,270
Derivative instruments in hedge relationships	160,033	123,031	45,986
Financial liabilities measured at amortized cost	712,587	976,088	449,728

26.2.1 Financial assets measured at fair value with changes in other comprehensive income

	2015	2014	January 1, 2014
Grupo de Inversiones Suramericana S.A.	1,006,142	1,127,330	949,776
Bancolombia S.A.	428,771	564,883	486,812
Cartón de Colombia S.A.	10,621	11,983	12,699
Carvajal Pulpa y Papel S.A.	217	289	396
Other investments	7,330	7,357	453
	1,453,081	**1,711,842**	**1,450,136**
Dividends recognized during the period related to investments held recognized at the end of the period	29,789	27,689	17,459
	29,789	**27,689**	**17,459**

As of December 31, 2015, 2014, and January 1, 2014, the Company did not reclassified accumulated profits or losses due to changes in fair value the from equity to profit or loss of the financial year. No dividends were recognized during the reported periods related to investments that have been derecognized. Equity investments indicated in the table above are not held for negotiation purposes, instead, they are held for strategic purposes at mid- and long-term.

During the period, no equity investments measured at fair value were recognized through other comprehensive income, and no transfer of unrealized profits or losses were realized from the other comprehensive income to accumulated gains.

26.2.2. Reclassification of financial assets

During the current and previous period, the Company has not made changes to the business model of management and administration of financial assets, so it has not reclassified financial assets from the category of fair value to amortized cost, or vice versa.

26.3. Objectives of financial risk management

Financial policies of the company are defined by the Corporate Finance Committee and managed by the Corporate Finance Management, and are aimed at ensuring a solid financial structure and maintaining the Company's exposure to market, liquidity and credit risks at acceptable levels, according to the nature of operations and pursuant to defined policies, exposure limits and attribution. Cementos Argos is exposed to exchange rate risks, interest rates, credit risk and liquidity risk. The risk is eliminated or mitigated to acceptable levels of exposure by using natural hedge or financial derivatives, to the extent allowed by the market. The use of financial derivatives for speculation purposes is not allowed.

Special operations such as acquisitions and issues of shares or bonds mar temporarily exceed the limit established by the Management, a situation that is controlled by permanent monitoring of volatility and the performance of investment plans associated with the specific transaction made.

Exchange risk management

The Company is exposed to exchange rate risk as a result from investments maintained in subsidiaries with functional currency other than the Colombian peso, and transactions done in currencies other than its functional currency. Fluctuations in exchange rates have direct impacts on the petty cash and the separate financial statements. The Company monitors the exchange rate risk by analyzing the exposure on balance and cash flow.

The analysis of exposure to exchange rate risk is performed on the subsidiaries whose functional currency is other than the dollar and floats freely without exchange controls. Those subsidiaries located in countries with currency exchange controls have low volatilities in fluctuations of exchange rates. The exposure of the separate statement of financial position is maintain by calculating the net position in dollars, consisting of liabilities and assets in dollars of the Company, and is aimed at minimizing the volatility of the exchange difference item in the separate income statement. The exposure on cash flows is monitored by analyzing the compensation of income and expenditure in foreign currency, aiming to generate equivalent income and expenditure during the in order to minimize the purchasing or sale of dollars in the spot market. When there is certainty on the occurrence of a short or long cash flow in foreign currency, hedges are realized using financial derivatives.

The concentration of the exchange risk is measured relative to the net position limit of +/- USD 30 million. To the extent that the net position of the Company is above that figure, the concentration of the exchange risk is considered to increase.

Credit risk management

The credit risk derived from financial assets involving the risk of breach from the other party is reduced by evaluations and assessments of customers with exposure or that require credit beyond the limits set and actual collaterals.

The credit risk derived from investments made by the Company in the financial system is monitored by using a model of issuer quotas, which stipulates the maximum amount that the Company may invest in an American, European, Honduran, or Colombian bank, where most part of the Company's petty cash is concentrated. The policy restricts investment amounts to the limited calculated by the quotas model, without authorization from the Vice-presidency of Finance. The models incorporate variables such as national and international rating, leverage indicators, and liquidity indicators of banks.

When the amounts invested in a bank exceed the values calculated by the quotas model, it is considered that the risk highly concentrated in a single issuer. The Company balances such concentration, where allowed by the market, by divestiture of the issuer that has exceeded the amount stipulated by the model and the reconstitution of investments in the different alternatives, according to quotas calculated. For banks that are not part of the model, the Company does not measure the risk of issuer quota. In turn, banks that are not part of that model are entities where there are no significant investments to the date of this report.

Liquidity risk management

The Company has financial obligations with counterparties of the banking system and the capital market. To mitigate the liquidity risk in possible renewals of these credits, the Company plans maturity concentrations per month to not accumulate very high maturities in any given month of the year. In addition, 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 bond issuance brokers, and commercial papers in the capital market in the capacity of recurring issuer. The balance between the distribution of debt by term is another clear objective of the Management, with the goal of not concentrating more than 30% of maturities of financial liabilities in the short-term. The years of duration of financial liabilities are monitored every month, and the goal is not to be below 3.5 years of average life. Also, the Company has uncommitted credit quotas with the national and international banking in a sufficient amount to meet any contingency. The company is also exposed to the liquidity risk for breach of its financial commitments (covenants), which would enforce cross-compliance clauses in other contracts. To mitigate this risk, financial covenants are monitored on a monthly basis and reported to the Management. The carrying amounts of monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2015	2014	2015	2014
US Dollars	1,464,315	1,242,625	1,381,833	984,898

26.3.1. Foreign currency sensitivity analysis

The Company is exposed mainly to the currency USD. The following table details the sensitivity of Cementos Argos to an increase and decrease of 25% in the Colombian peso against the relevant foreign currencies after considering the effect of hedge accounting. Twenty-five percent (25%) represents the sensitivity rate used when reporting the exchange risk internally to key Management staff and represents the Management's assessment on the reasonable possible change in exchange rates. The sensitivity analysis only includes outstanding monetary items denominated in foreign currency and adjusts their conversion at the end of the period for a change of 25% in exchange rates.

The sensitivity analysis includes external loans as well as loans for foreign operations of the Company where a loan is denominated in a currency other than the lender's and borrower's currency. A subsequent positive figure means an increase in profit and loss, where the Colombian peso strengthens by 25% against the relevant currency. In the event of a decrease of 25% in the Colombian peso against the reference currency, there would be a comparable impact on profit and loss, and the subsequent balances would be negative. During the period, there have been no changes in the methods and hypothesis used for the sensitivity analysis.

	Effect of the Currency: USD	
	2015	2014
Income before taxes and discontinued operations	20,620	64,432

26.3.2. Derivative contracts in foreign currency

The following table details outstanding derivative contracts in foreign currency under hedge accounting at the end of the reporting period:

	Average Rate Derivative Contract			Underlying Notional Value in Colombian Pesos (1)			Assets (Liabilities) Fair Value		
	2015	2014	1-2014	2015	2014	1-2014	2015	2014	1-2014
Purchase forward and currency swap									
USD – Swap	2,520	1,924	-	36	100,000	-	22,114	23,067	-
				36	**100,000**	**-**	**22,114**	**23,067**	**-**
Sale forward and currency swap									
USD – Swap	2,373	1,891	1,839	199	548,099	682,869	(160,033)	(123,031)	(44,052)
				199	**548,099**	**682,869**	**(160,033)**	**(123,031)**	**(44,052)**

(1) The underlying notional value includes securities in American dollars. For disclosure purposes, these amounts have been converted into Colombian pesos using the closing exchange rate in force for each reporting date.

26.4. Interest rate and inflation risk management

The interest rate risk is originated mainly from credits paid off at fixed rate or variable rate. The Company measures the interest rate risk by exposure to floating rates and fixed rates on the debt of the Company. In the case of the variable rate, a deterioration of rates to which financial instruments are indexed could have a negative impact on financial expenditure or income. In the case of the fixed rate, an overexposure would put the company at disadvantage to the extent that market conditions change favorably, as long as the financial instruments are held until maturity.

The concentration of the interest rate risk appears when a very high exposure to a particular indexer is detected in the portfolio of financial debt. The Company considers that an exposure of 15% to 30% to fixed rates of its total consolidated debt is optimal. The Company has maintained on average a relationship between fixed rate (FR) and variable rate (VR) of 25% FR vs. 75% VR. A very different relationship to this would be indicative of a concentration in any of references. The Company's debt profile is reported on a monthly basis to the Management, indicating the levels of concentration of FR vs. VR, share per term (short-term vs. long-term) and share per currency (COP vs. USD vs. other currencies). Based on results presented, decisions are made to manage the debt portfolio, i.e. the payment in advance of obligations, the structuring of financial derivatives to balance the position in interest rates and/or currencies, etc. As of December 31, 2015, 28% of the consolidated debt was agreed at fixed interest rate (2014: 22%, January 1, 2014: 13%).

Reference interest rates in the Colombian financial market that generate exposure for the Company are the CPI, DTF, BRI, and the international reference rate Libor for credits in dollars. Cementos Argos has not considered exposure to other local or international rates.

26.4.1. Interest rates and inflation indexes sensitivity analysis

The following sensitivity analyses have been determined based on the exposure to interest rates and inflation indexes, for both derivatives and non-derivatives, at the end of the reporting period. For liabilities at variable rates, an analysis is prepared assuming that the amount of the outstanding liability at the end of the reporting period has been the outstanding liability for all the year. When reporting internally to the key Management staff about the interest rate risk, an increase or decrease of 25 points is used. This represents the assessment of the Management regarding the possible reasonable change in the interest rates.

	CPI		LIBOR 6M	
	2015	2014	2015	2014
Income before taxes and discontinued operations	25,942	(19,502)	1,238	-
Other comprehensive income	2,894	1,105	554	37

26.4.2. Derivatives contracts from interest rate and inflation indexes

The following tables detail the notional principal amounts and remaining terms of the outstanding interest rate swaps at the end of the reporting period.

	Underlying Notional Value in COP (1)			Assets (Liabilities) Fair Value		
	2015	2014	1-2014	2015	2014	1-2014
Cash flow hedge						
1 year or less	36	100,000	-	22,114	23,067	-
1 to 5 years	263	701,540	806,446	(159,710)	(122,863)	(43,714)
5 years or more	-	-		-	-	-
	299	**801,540**	**806,446**	**(137,596)**	**(99,796)**	**(43,714)**

(1) The underlying notional value includes securities in American dollars. For disclosure purposes, these amounts have been converted into Colombian pesos using the closing exchange rate in force for each reporting date.

26.4.3. Interest and liquidity risk tables

The following tables detail the remaining contractual maturity of Cementos Argos for its non-derivative financial liabilities with agreed repayment periods. The tables have been prepared according to undiscounted cash flows of financial liabilities based on the date on which the Company should make payments. The tables include cash flows of interest and principal. To the extent that the interest is at a variable rate, the undiscounted amount is derived from the curves in the interest rate at the end of the reporting period. The contractual maturity is based on the earlier date when the Company should make the payment.

December 31, 2015	Weighted average effective interest rate	1 year or less	1 to 5 years	5 years or more	Total	Carrying amount
Finance lease liabilities	7.79%	33,281	125,407	57,034	215,722	167,627
Instruments with variable interest rate	8.09%	536,650	1,393,938	2,070,823	4,001,411	2,517,161
Instruments with fixed interest rate	2.39%	354,667	-	-	354,667	349,438
Other liabilities	4.68%	71,904	8,850	209,877	290,631	116,898

December 31, 2014	Weighted average effective interest rate	1 year or less	1 to 5 years	5 years or more	Total	Carrying amount
Finance lease liabilities	7.28%	31,886	125,167	78,003	235,655	181,727
Instruments with variable interest rate	6.77%	563,986	1,402,337	2,000,404	3,966,727	2,581,267
Instruments with fixed interest rate	5.41%	5,457	103,090	-	108,547	97,884
Other liabilities	6.34%	85,476	97,397	212,172	389,045	183,081

January 1, 2014	Weighted average effective interest rate	1 year or less	1 to 5 years	5 years or more	Total	Carrying amount
Finance lease liabilities	6.82%	17,371	126,174	107,359	250,904	186,397
Instruments with variable interest rate	6.05%	293,623	1,319,185	1,253,262	2,866,069	2,057,069
Instruments with fixed interest rate	9.66%	89,049	-	-	89,049	81,522
Other liabilities	6.38%	79,005	160,500	214,411	453,916	235,766

The following table details the liquidity analysis of the Company for its derivative financial instruments. The table has been prepared based on discounted contractual net cash flows that are paid off on a net basis, and the discounted gross cash flow on those derivatives that require gross pay. When the payable or receivable amount is not fixed, the disclosed amount has been determined according to projected interest rates as illustrated by the yield curves at the end of the reporting period. As of December 31, 2015, 2014, and January 1, 2014, the Company does not have derivative contracts to be settled at gross amount.

December 31, 2015	1 year or less	1 to 5 years	5 years or more	Total
Liquidated net amount:				
Forwards	-	-	-	-
Swaps	45,224	(138,272)	-	(93,048)
Options and others	-	-	-	-
	45,224	**(138,272)**	**-**	**(93,048)**
December 31, 2014	**1 year or less**	**1 to 5 years**	**5 years or more**	**Total**
Liquidated net amount:				
Forwards	-	-	-	-
Swaps	37,117	(100,733)	-	(63,616)
Options and others	-	-	-	-
	37,117	**(100,733)**	**-**	**(63,616)**

26.5 Collateral

Cementos Argos has pledged as collateral for financial liabilities 5,200,000 shares of the issuer Grupo de Inversiones Suramericana S.A. to the financial entity Bancolombia. These shares are not pledged to a specific obligation and their purpose is to support the overall quota of the Company before the bank. The carrying amount of the Company's financial assets pledged as collateral of financial liabilities is $185,640 (2014: $208,000, January 1, 2014: $175,240). The Company has not received collaterals of financial or non-financial assets as of December 31, 2015, 2014, and January 1, 2014, authorized to be sold or pledged without the occurrence of breach by the owner of the collateral.

NOTE 27: ISSUED CAPITAL

	2015	2014
Authorized capital:		
1,500,000,000 ordinary shares with a nominal value of $6	9,000	9,000
Subscribed and paid capital:		
1,215,247,885 ordinary shares with a nominal value of $6	7,291	7,291
209,197,850 preferred shares with a nominal value of $6	1,256	1,256
	8,547	**8,547**

Each ordinary share vests in its owner the right to take part in the decisions of the General Shareholders Assembly and to vote, freely negotiate shares, freely inspect corporate records and papers within fifteen (15) days before the meeting of the General Assembly where year-end financial statements, and to be entitled to a proportional part of corporate assets at liquidation and upon payment of the external liabilities of the Company, among others as set forth in the bylaws.

Owners of ordinary shares shall be entitled to preferably subscribe at every new issuance of ordinary shares, an amount proportional to those held on the date when the competent corporate body will approve the subscription rules.

Owners of shares with preferential dividend and no voting rights shall be entitled to receive a minimum dividend in a preferential manner compared to ordinary shares, provided that shareable profits have been generated in the immediately previous financial year. In no case, the dividend received by owners of ordinary shares may be greater than the dividend set out for preferred shares; preferential disbursement of their contributions, upon payment of the external liabilities, in case of dissolution and liquidation of the issuer; and any and all other rights provided for in the issuer's bylaws for owners of ordinary shares, except (i) the right to preferably subscribe ordinary shares, and (ii) the right to vote on the proposals of the issuer's General Shareholders Assembly. As an exception, preferred shares shall entitle their owners to vote in the events set out in the placement and issuance brochure.

The issuance of preferred shares qualifies as a compound financial instrument. For the recognition and subsequent measurement thereof, the Company has identified the debt and equity components by assessing the contractual terms of the instrument and the issuer's obligations. Given the contractual obligation of the issuer to provide cash or other financial assets to the shareholders, the issuance incorporates a financial liability component. Upon measurement of this liability, the difference between the value received and the value of the obligation constitutes an equity component. The share corresponding to financial liabilities should be measured at least in each intermediate period, and their impact should be recognized on the period's profit and loss. The equity element is not subject to further measurement.

27.1. Reconciliation of ordinary shares

	Number of Shares	Share Capital	Premium on Placement of Shares
Balance as of January 1, 2015			
Movement	1,215,247,885	7,291	175,675
Balance as of 31 December 2015	-	-	-
Issuance of ordinary shares	-	-	-
Share Buyback	-	-	-
BALANCE AS OF 31 DECEMBER 2015	**1,215,247,885**	**7,291**	**175,675**

27.2 Reconciliation of preferred shares

	Number of Shares	Share Capital	Premium on Placement of Shares
Balance as of January 1, 2015			
Movement	209,197,850	1,256	1,374,069
Balance al 31 de diciembre de 2015	-	-	-
Issuance of ordinary shares	-	-	-
Share Buyback	-	-	-
BALANCE AS OF 31 DECEMBER 2015	**209,197,850**	**1,256**	**1,374,069**

NOTE 28: RESERVES AND OTHER COMPREHENSIVE INCOME

28.1. Reserves

Legal reserve

The Company is required to reserve 10% of its annual net profit, until the balance of this reserve is equivalent to 50% of the subscribed capital. The value of the legal reserve is $16,480 (2014: $16,061).

The reserve is not distributable before liquidation of the Company, but should be used to absorb or reduce annual net losses. Appropriations realized in excess of 50% as set out above are freely available to the General Shareholders Assembly.

Reserve for share buyback

The reserve for buyback treasury shares, as provided for by the Code of Commerce, is only distributable to shareholders until shares are sold again. As long as the shares belong to the Company, right inherent to them shall be suspended.

	2015	2014
Reserve for share buyback	113,797	113,797
Less - buyback treasury shares	(113,797)	(113,797)

Reserve for tax provisions

It is a mandatory reserve required by the Colombian Tax Statute of appropriating the equivalent to 70% of the highest value requested by tax depreciation over accounting depreciation.

In accordance with the legal provisions, this reserve may be released if subsequently accounted for exceed those accounted for annually for tax purposes, or if assets that generated the greatest amount deducted are sold.

Occasional reserves available to the highest corporate body and other reserves

In addition to the reserves established by law or statute, the General Shareholders Assembly may constitute freely available reserves and with a specific destination. On March 20, 2015, the General Shareholders Assembly authorized to release $66,690 from the untaxed reserve to distribute dividends. It also decided to appropriate $105,183,582 to reserve for future expansion and investments.

Other reserves

On March 20, 2015, the General Shareholders Assembly resolved to appropriate $105,183 to reserve for future expansion and investments. Other reserves are freely available for shareholders.

28.2. Other comprehensive income net of tax, attributable to the parent company

The reclassified value of the other comprehensive income for cash flow hedges to the item of financial expenses and exchange differences during the period is $2,027 (2014: $852) and $42,397 (2014: $64,121) respectively.

NOTE 29: RETAINED EARNINGS AND DIVIDENDS

29.1. Retained earnings

	2015	2014
Balance at the beginning of the year	**1,934,652**	**1,842,616**
Profit attributable to owners of the Company	498,652	279,789
Transfers of profits and losses from the other comprehensive income	-	-
Declared dividends	(204,998)	(183,710)
Participation in economic changes of subsidiaries	(151,431)	(52,368)
Appropriation of reserves	(38,493)	48,325
BALANCE AT THE END OF THE PERIOD	**2,038,382**	**1,934,652**

29.2 Declared dividends

The General Shareholders Assembly held on March 20, 2015, declared dividends in cash on ordinary shares of $178 per year per share, payable in four quarterly installments of $44.50 per share for each quarterly installment from April 2015.

In addition, it also declared dividends in cash on preferred shares of $231 per year per share, payable in four quarterly installments of $57.75 per share for each quarterly installment from April 2015.

29.3 Proposed dividends for the current year

In regard with the current year, the Management has proposed a dividend of $200 per share on ordinary shares, which will be paid in cash in four quarterly installments of $50 per share for each quarterly installment from April 2016. The estimated total dividend to be paid is $230,334 million. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the separate financial statements attached hereto.

Additionally, in April of 2016, the last installment of the preferential dividend will be paid in accordance with the provisions of the Placement Rules regarding shares with preferential dividend and without right to vote of 2013. The following three installments will be equal to installments of ordinary shares, for a total of $43,461 million.

This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the separate financial statements attached hereto.

NOTE 30: INCOME FROM ORDINARY ACTIVITIES

Below is an analysis of period's income of Cementos Argos for continuing operations (excluding finance income - see note 34).

	2015	2014
Revenue from the sale of goods	1,889,375	1,690,696
Revenue from the rendering of services	8,701	11,394
Revenues by exchange of goods or services	-	-
	1,898,076	**1,702,090**

Cementos Argos does not have commitments estimated to generate losses.

NOTE 31: OVERHEAD EXPENSES

Overhead expenses as of December 31 included:

	2015	2014
Staff costs	129,200	107,571
Utilities	57,483	54,853
Amortization of intangible assets	25,917	-
Fees	12,506	14,350
Contributions and affiliations	2,385	1,810
Travel expenses	14,406	9,665
Depreciation of property, plant and equipment	4,947	13,831
Maintenance and repairs	8,258	7,052
Taxes	1,076	1,129
Leases	8,579	6,189
Insurance	7,018	5,310
Provisions	827	79
Legal expenses	2,556	581
Refurbishment and installation	247	157
Representation and public relations expenses	117	159
Casino and restaurant	33	1,328
Office supplies	344	274
Transport	1,602	1,470
Commissions	48	100
Others	3,923	1,960
	281,472	**227,868**

NOTE 32: SALES EXPENSES

Sales expenses as of December 31 included:

	2015	2014
Staff costs	26,910	27,261
Utilities	34,976	34,586
Amortization of intangible assets	14	-
Fees	1,304	1,745
Contributions and affiliations	1,134	1,195
Travel expenses	3,026	2,564
Depreciation of property, plant and equipment	11	185
Maintenance and repairs	34	137
Taxes	15,095	12,618
Leases	2,190	2,192
Insurance	747	150
Provisions	2,844	4,553
Legal expenses	153	112
Refurbishment and installation	6	5
Representation and public relations expenses	110	67
Casino and restaurant	521	-
Office supplies	45	24
Transport	216	199
Commissions	-	-
Miscellaneous	949	866
	90,285	**88,459**

NOTE 33: OTHER OPERATING INCOME, NET

Continuing operations	2015	2014
Gain (loss) from compensation	(1,214)	(227)
Gain (loss) from recoveries	(22,458)	(28,705)
Gain (loss) from benefits	(3,299)	(1,028)
Gain (loss) from sale and valuation of biological assets	(4,895)	555
Gain (loss) from grants	(31)	(307)
Gain (loss) from claims	(20)	(13)
Gain (loss) from sale of intangibles	-	(340)
Loss from receivables withdrawal	573	1,795
Loss from donations	15,776	14,562
Loss from tax incurred (4 x 1,000)	17,271	14,036
Loss from other taxes incurred	228	26
Gain (loss) from the sale fixed assets and other assets	(3,999)	8,540
Gain (loss) from litigation	3,250	4,240
Gain (loss) from other income and expenses	5,224	30,920
	6,406	**44,054**

NOTE 34: FINANCIAL INCOME

Continuing operations	2015	2014
Income from interest	36,631	45,314
Dividends from equity investments	29,789	27,689
TOTAL INTEREST INCOME FROM FINANCIAL ASSETS NOT DESIGNATED AT FAIR VALUE CHANGES IN PROFIT AND LOSS	**66,420**	**73,003**

NOTE 35: FINANCIAL EXPENSES

Continuing operations	2015	2014
Interest on bank loans and overdrafts	10,492	13,935
interest on loans from related parties	520	371
Interest on obligations under finance leasing	13,796	12,527
Interest on convertible securities and preferred shares	204,226	146,466
Gain (loss) from reclassifications from equity to income for the period to cash flow hedges	(17,207)	1,284
Other financial expenses	21,105	23,046
Total interest expenses from on financial liabilities not classified at fair value with changes un profit and loss	**232,932**	**197,629**
Less: amounts included in the cost of qualifying assets	(14,055)	(3,208)
	218,877	**194,421**
Loss (gain) from the ineffectiveness of derivatives	16,104	24,303
Other financial costs	1,966	1,907
	236,947	**220,631**

The weighted average capitalization rate on funds due is 6.63% annually (2014: 5.86% annually).

NOTE 36: INCOME FROM CONTINUING OPERATIONS FOR THE FINANCIAL YEAR

The profit for the financial year from continuing operations is attributed to:

Continuing operations	2015	2014
Parent companies	498,652	279,789

The profit for the financial year from continuing operations amounted to the figures shown above, after the following charges (credits):

36.1. Loss from impairment of financial assets

	2015	2014
Loss from impairment of receivable commercial accounts	3,671	4,632
	3,671	**4,632**

36.2. Depreciation and amortization expenses

	2015	2014
Depreciation of property, plant and equipment	73,236	33,428
Depreciation of investment property	27	208
Amortization of intangible assets	37,931	22,173

36.3. Employee benefits expenses

	2015	2014
Post-employment benefits	6,711	6,187
Termination benefits	2,549	1,860
Other employee benefits	133,369	112,849
TOTAL EXPENSES FROM EMPLOYEE BENEFITS	**142,629**	**120,896**

NOTE 37: INFORMATION ABOUT RELATED PARTIES

The immediate parent company of Cementos Argos S.A. is Grupo Argos S.A., with registered office in Medellín, Colombia, which holds a share interest in the Company of 55.34%.

37.1 Transactions between the parent company and its subsidiaries or between subsidiaries

The Company has carried on the following transactions with its subsidiaries or between subsidiaries:

- Purchase and sale of clinker between the Company and subsidiaries. The transaction consists in clinker-producing companies selling clinker to cement-producing companies, which use it as raw material for cement production.
- Purchase and sale of cement between the Company and subsidiaries. The transaction consists in cement-producing companies selling cement to concrete-producing companies, which use it as raw material for concrete production. In the case of sale between cement-producing companies, cement is transferred in order to be marketed.
- Purchase and sale of aggregates between the Company and subsidiaries. The transaction consists in aggregate-producing companies selling aggregates to cement- or concrete-producing companies, which use it as raw material for their products.
- Rendering of transportation services between Logitrans S.A. and Cementos Argos S.A. The transaction consists in Logitrans S.A., as intermediary, outsourcing transportation services for the products or raw materials of Cementos Argos S.A.
- Purchase and sale of back-office services between Cementos Argos S.A. and Zona Franca Argos S.A.S. The transaction consists in Cementos Argos S.A. rendering back-office services to Zona Franca Argos S.A.S. in exchange for compensation thereof. Rendered services include financial, administrative and IT support services.

The Company has carried on the following transactions with Cementos Argos S.A. and its subsidiaries:

- Purchase and sale of back-office services between Cementos Argos S.A. and Grupo Argos S.A. The transaction consists in Cementos Argos S.A. rendering back-office services to Grupo Argos S.A. in exchange for compensation thereof. Rendered services include financial, administrative and IT support services.
- Leasing of real estate between Grupo Argos S.A. and/or its subsidiaries and Cementos Argos S.A. The transaction consists in Grupo Argos S.A. and/or its subsidiaries leasing facilities (offices, warehouses or lands) to Cementos Argos S.A., so that the latter performs administrative or productive activities.
- Purchase and sale of coal between Sator S.A.S. and Cementos Argos S.A. The transaction consists in Sator S.A.S. supplying coal to Cementos Argos S.A., so that the latter uses it in the clinker production process.
- Rendering of mining services between Sator S.A.S. and Cementos Argos S.A. The transaction consists in Sator S.A.S. operating some of the mining concessions of Cementos Argos S.A., in exchange for compensation of rendered mining operation services.
- Purchase and sale of cement and ready-mix concrete between Situm S.A.S., a subsidiary of the real estate business of Grupo Argos S.A., and Cementos Argos S.A. The transaction consists in Situm S.A.S. purchasing cement or concrete to other companies to perform its urban planning activities.

37.2 Transactions with related parties

During the financial year, Cementos Argos realized the following commercial transactions and balances with related parties:

	Income	Expenses	Accounts receivable	Accounts payable
Parent				
2015	209	4,901	1,132	28,883
2014	39,811	3,992	939	447
As of January 1, 2014	1,070	1,330	269	28,734
Subsidiaries				
2015	355,515	155,846	1,546,357	369,432
2014	454,273	116,166	1,759,582	645,820
As of January 1, 2014	395,462	170,457	933,083	210,216
Associates				
2015	11,896	14,227	2,988	4,937
2014	10	5,450	3,033	1,010
As of January 1, 2014	9,807	2,387	2,689	3,697
Joint ventures				
2015	17,181	3,693	486	218
2014	109	1,157	325	1,126
As of January 1, 2014	2,360	3,178	743	87
Other related parties				
2015	-	773	-	-
2014	-	753	-	-
As of January 1, 2014	-	553	-	-

The accumulated deterioration and the expense recognized in the period for impairment of accounts receivable from related parties is $653 (2014: $6,451) and $5,799 (2014: $6,451) respectively. Transactions between the reporting Company and its related parties are made under terms equivalent to those existing in transactions between independent parties.

The average term of accounts receivable from related parties is 30 days. Regarding loans, the term for year 2015 is 12 months, with an interest equivalent to the presumptive rate of 4.34%.

37.3. Compensation of the Board of Directors and Key Management Personnel

Compensation to key management staff during the financial year was as follows:

	2015	2014
Wages and other short-term employee benefits	50,173	35,183
Pensions and other post-employment benefits	1,753	1,584
Termination benefits	730	66
	52,656	**36,833**

Members of the key management staff include members from the Board of Directors, Appointment and Remuneration Committee, Finance and Audit Committee, Sustainability and Corporate Governance Committee, Directors Committee (made by the President and Vice-presidents), and any other committee directly depending on the Boards of Directors of Cementos Argos and Grupo Argos and their close relatives.

NOTE 38: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

38.1. Contingent Liabilities

Certain contingent conditions may exist at the date of issue of financial statements, which may result in a loss for the Company, but will be resolved only in the future when one or more events occur or may occur. Any such contingencies are estimated by the Management and its legal counselors. The estimation of loss contingencies necessarily involves an exercise of judgment and is a matter of opinion. In the estimation of contingencies due to loss in outstanding legal proceedings against the Company, legal counselors evaluate, among others, the merits of claims, the jurisprudence of courts in that respect, and the current status of proceeding on a case-by-case basis. The most significant contingencies that were not recognized as provisions in the financial statements correspond to legal proceedings where Cementos Argos participates as a defendant, with a possible probability of loss for the Company, with high uncertainty about the outflow of future cash flows for the Company and the time in which this outflow is expected to occur.

Outflow will occur only in the event of an unfavorable verdict for the Company, a situation considered as unlikely according to the analysis made by Legal.

38.2. Contingent Assets

Cementos Argos S.A. has initiated executive proceedings against third parties for debt recovery by court action. It is considered that the estimated time for completion of these proceedings ranges from three (3) to eight (8) years approximately.

NOTE 39: EVENTS OCCURRED AFTER THE REPORTING PERIOD

Between December 31, 2015, and the date of issuance of the Company's separate financial statements, the following subsequent events considered as significant, not subject to adjustment, have taken place:

On January 25, 2016, an extraordinary sitting of the General Shareholders Assembly of CEMENTOS ARGOS S.A. took place, where the statutory reform for the amendment of article 4 was approved with a view to capitalize occasional reserves for up to six hundred fifteen billion pesos ($615 billion), through the mechanism of increasing the nominal value of a share. Upon this approval, the nominal value of shares went from six pesos ($6) to four hundred sixteen pesos ($416).

This event does not represent an adjustment to the financial statements of December 2015. Its financial impact will be evident in the statement of financial situation for 2016.

The financial statements have been approved by the board of directors and its issuance has been authorized for February 25, 2016.

NOTE 40: FIRST-TIME ADOPTION

40.1. First-time Adoption of IFRSs

Separate financial statements for the financial year ended December 31, 2015, are prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF) issued by the Ministry of Finance and Public Credit and the Ministry of Trade, Industry and Tourism in the Republic of Colombia, based on International Financial Reporting Standards (IFRS), by the Regulatory Decree 2784 dated December 2012 and Decree 3024/2013. For all previous periods and until the financial year ended December 31, 2014, inclusive, the Company had prepared its separate financial statements in accordance with the Generally Accepted Accounting Principles (previous GAAP) adopted in Colombia.

Previous GAAP differs in some aspects from the IFRS. For the preparation of these separate financial statements, the Company has modified certain valuation and exposure accounting policies previously applied under previous GAAP to meet the IFRS.

The Company has applied the accounting policies outlined in Note 2.2 in the preparation of the separate financial statements for periods ended on December 31, 2015, along with the corresponding comparative information as of December 31, 2014, and the opening balance sheet as of January 1, 2014, which is the date of transition to the IFRS for companies in the Republic of Colombia as provided for in Decree 2420/2015.

This note explains the main adjustments made by the Company to restate the separate statement of financial position as of January 1, 2014, and previously released separate financial statements as of December 31, 2014, all of which were prepared under previous GAAP.

Below is the conciliation between the Company's equity according to previous GAAP as of January 1, 2014, and December 31, 2014, and in comprehensive income and cash flows for the financial year ended on December 31, 2014, in accordance with the IFRS.

The Company early adopted the IFRS for the period ended on December 31, 2014, with its opening balance sheet as of January 1, 2013.

In the preparation of this opening balance sheet, adjustments made due to the transition to IFRS were recognized directly in accumulated earnings (or, if appropriate, in other equity category).

40.2 Mandatory and Optional Exemptions Applied

IFRS 1 *First-time Adoption* is a standard to be used exclusively by companies adopting the International Financial Reporting Standards (IFRS) for the first time, by an explicit and unreserved statement of compliance, on the date of transition for the preparation of the opening balance sheet. The general principle of the

IFRS 1 First-time Adoption is to apply retrospectively the IFRS accounting policies as if they would have always been applied in the separate financial statements of the Company. This would involve returning to the time of initial recognition of each asset, liability and equity items, and adjust them according to the IFRS requirements since that time until the date of transition. IFRS 1 permits adopters of IFRS for the first time to choose between applying certain exceptions at the beginning of the retrospective application and applying mandatory exceptions set forth in the IFRSs.

40.2.1. Mandatory Exemptions Applied

Cementos Argos has applied the following mandatory exemptions under IFRS 1:

Derecognition of Financial Assets and Financial Liabilities: Financial assets and financial liabilities derecognized before the opening balance sheet under previous GAAP have not been recognized under IFRS as a result from a transaction that occurred before the date of transition to IFRS. The Company applied the derecognition requirements from IFRS 9 Financial Instruments on a prospective basis for transactions occurring after the date of transition to IFRSs.

Hedge Accounting: On the date of transition to IFRSs, as required by the IFRS 9 *Financial Instruments*, the Company measured all derivatives at fair value, and eliminated all deferred losses and profits arising on derivatives that were recorded under previous GAAP as assets or liabilities. The Company applied hedge accounting in the opening balance sheet to relationships that complied with all requirements of IAS 39 *Financial Instruments* on the date of transition to IFRSs. All financial derivatives are measured at fair value on the date of the opening IFRS balance sheet.

Accounting Estimations: Estimations as of January 1 and December 31, 2014, are consistent with estimations made for the same dates under previous GAAP (Generally Accepted Accounting Principles adopted in Colombia) after adjustments made to reflect changes in accounting policies, unless there is objective evidence that those estimations were erroneous and should be modified ,or previous GAAP did not require an estimation, in which case the Company did a new estimation based on the existing conditions as of January 1, 2014, the date of transition to IFRSs, and December 31, 2014.

Classification and Measurement of Financial Assets: Cementos Argos assessed the classification and measurement of financial assets based on the existing facts and circumstances on the date of transition to IFRSs

The following mandatory exemptions are not applicable to the Company in its opening balance sheet:

- Implicit derivatives
- Government loans

40.2.2. Optional Exemptions Applied

The Company has applied the following optional exemptions under IFRS 1:

Deemed Cost for Property, Plant and Equipment and Investment Property:

The Company chose the revalued amount option under previous GAAP on the date of transition to IFRSs as deemed cost for the category 'land'. Measurement at cost or revalued amount for other categories of property, plant and equipment was based on an item-to-item analysis. The majority of property, plant and equipment were measured under the cost model, and restatement for those assets without a local valuation registered in the separate financial statements, as it may be considered at cost or depreciated cost under IFRS, adjusted to reflect changes in a general or specific price index.

In accordance with the foregoing, land and assets selected individually were recorded in the separate statement of financial position based on revaluations made until September 30, 2011, in accordance with previous GAAP, most of which were made by the independent expert Activos e Inventarios y Cía. Ltda. This amount was depreciated from that date until the opening balance sheet, using the remaining technical useful life determined on the date of technical valuation. The Company chose to take these values as deemed cost at the date of revaluation, because it considered that these values were substantially comparable to fair values at the same date.

On the date of transition to IFRSs, no item of property, plant and equipment and investment property was measured at fair value on the date of transition to IFRSs.

Deemed Cost for Intangible Assets:

Since the deemed cost exemption for intangible assets is available only when the recognition criteria under IAS 38 Intangible Assets are met, including reliable measurement of cost at the initial moment, as well as the criteria established by IAS 38 for revaluations, including the existence of an active market that allows to establish the fair value of intangible assets on the date of transition, and given that these conditions did not exist on the date of transition, the Company restated the cost of intangible assets in the opening balance sheet by using the recognition and measurement criteria set forth in IAS 38 Intangible Assets from their date of acquisition.

Liabilities for Decommissioning, Dismantling or Restoration Included in the Cost of Property, Plant and Equipment:

The Company has applied the exemption of not applying retroactively the provisions of IFRIC 1 *Changes in Existing Decommissioning*, Restoration and *Similar Liabilities* to address changes in a decommissioning, dismantling or restoration liability included in the cost of property, plant and equipment. In the application of this exemption, the Company measured the liability on the date of transition to IFRSs in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, estimated the value that would have been included in the cost of the asset on the date when the liability appeared for the first time, by discounting the liability on that date using a historic discount rate, and accumulated depreciation of this value until the date of transition to IFRSs was calculated, on the basis of the current estimation of the asset's useful life using the depreciation policy adopted by the entity under the IFRSs.

Borrowing Costs Included in the Cost of Property, Plant and Equipment:

The Company has applied the transitional provision of IAS 23 *Borrowing Costs*. It has also capitalized and measured borrowing costs on qualifying assets on a prospective basis from the date of transition to IFRSs, in accordance with this standard. Also, the Company did not restate the borrowing cost component that was capitalized according to previous GAAP and that was included in the carrying amount of the assets on that date.

Determining Whether an Arrangement Contains a Lease under IFRIC 4:

The Company has applied the transitional provision under IFRIC 4 *Determining Whether an Arrangement Contains a Lease* and has assess all arrangements to determine whether an arrangement in force on the date of transition to IFRSs contains a lease, based on existing conditions on the date of transition, considering that the Company, under previous GAAP, was not required to perform an analysis to identify whether an arrangement contains a lease under all requirements of IFRIC 4 or IAS 17.

Designation of Previously Recognized Financial Instruments:

The Company has designated the equity instruments held as of January 1, 2014, as financial investments at fair value through the other comprehensive income, based on the events and circumstances existing on the date of transition to IFRSs.

The Company has not designated any financial asset as measured at fair value with changes in profit and loss based on the events and circumstances existing on the date of transition to IFRSs, and has not designated any financial liability as a financial liability at fair value with changes in profit and loss..

Transactions with Share-based Payment:

IFRS 2 *Share-based Payment* has not been applied to equity instruments related to share-based payment plans granted until November 7, 2002, and has not been applied to equity instruments granted after November 7, 2002, and that are irrevocable (separate) before January 1, 2014. For other equity instruments, the provisions of the IFRS 2 were applied on the date of transition.

The following exemptions are not applicable to the Company in its opening balance sheet:

- Use of deemed cost for petroleum and gas assets,
- Use of deemed cost for operations subject to rate regulation,
- Insurance agreements,
- Transfer of assets from customers,
- Financial assets or intangible assets accounted for in accordance with IFRIC 12 Service Concession Arrangements,
- Compound financial instruments,
- Measurement at fair value of financial assets or financial liabilities at initial recognition,
- Cancellation of financial liabilities with equity instruments,
- Investments in subsidiaries, joint ventures and associates,
- Assets and liabilities of subsidiaries, associates and joint ventures,
- Severe hyperinflation,
- Joint arrangements,
- Stripping costs in the production phase of a mine,
- Investment entities,
- Exemption of the requirement to restate comparative information for IFRS 9,
- Information to be disclosed for defined post-employment benefit plans,
- Information to be disclosed on financial instruments

40.3. Conciliation of Separate Equity as of January 1, 2014

The effects of the transition to IFRSs as of January 1, 2014, in the statement of financial position are:

	PCGA anterior	Ajustes y reclasificaciones		NIIF
Cash and cash equivalents	241,138	9,644		250,782
Negotiable investments	12,238	(12,238)		-
Debtors, net	1,346,571	(84,048)	(a)	1,262,523
Inventories, net	98,955	(4,183)	(b)	94,772
Biological assets	-	15,902	(c)	15,902
Derivative financial instruments	-	2,272	(d)	2,272
Long-term investments	4,249,802	1,830,253	(e)	6,080,055
Property, plant and equipment, net	704,009	821,427	(f)	1,525,436
Investment property	-	11,451	(f)	11,451
Intangibles, net	1,077,079	(640,519)	(g)	436,560
Deferred tax	19,878	(19,878)	(h)	-
Expenses paid in advance and other assets	8,873	40,733		49,606
Valuations	2,714,971	(2,714,971)	(e)(f)	-
TOTAL ASSETS	**10,473,514**	**(744,155)**		**9,729,359**
Financial obligations	220,405	242,384	(h)	462,789
Taxes, levies and fees	136,946	6,346	(i)	143,292
Employee benefits liabilities	265,570	43,666	(j)	309,236
Suppliers and accounts payable	536,431	(140,035)	(k)	396,396
Derivative financial instruments	-	45,986	(d)	45,986
Bonds and other financial instruments	1,932,230	163,148	(l)	2,095,378
Deferred tax	764	123,196	(h)	123,960
Other liabilities and provisions	136,809	(28,602)	(m)	108,207
TOTAL LIABILITIES	**3,229,155**	**456,089**		**3,685,244**
TOTAL EQUITY	**7,244,359**	**(1,200,244)**		**6,044,115**

The effects of transition to IFRSs as of January 1, 2014, in the separate equity are:

Separate equity under previous GAAP as of January 1, 2014	**7,244,358**
Measurement of property, plant and equipment and investment property at cost	(637,183)
Recognition and measurement of deferred tax	(177,624)
Recognition and measurement of employee benefits	(24,639)
Recognition and measurement of environmental liabilities, decommissioning and other provisions	(2,665)
Measurement of equity investments	(127,686)
Measurement at fair value of biological assets	354
Measurement and derecognition of deferred and intangible assets	41,794
Application of the investment equity method	(45,316)
Measurement at amortized cost and deterioration of accounts receivable	(6,190)
Amortized cost of financial obligations, bonds and other liabilities	(194,529)
Recognition and measurement of finance leases	(10,015)
Other adjustments	(16,544)
Variation, net	(1,200,243)
Separate equity as of January 1, 2014, restated in the transition to IFRSs	**6,044,115**
Percentage of impact on shareholders' equity	**-16.57%**

(a) Debtors, net

Under IFRS, accounts receivable from employees at rates lower than market rates must be recognized at the present value of discounted contractual cash flows at the applicable market rate on the date of credit granting. Under previous GAAP, these items are recognized at the value of the service or funded resources, the application of this requirement has an impact of ($4,824). It includes a decrease in equity by adjusting the impairment of value of receivables ($1,366). Additionally, there is a decrease in this item due to reclassification of payments in advance to be presented according to their nature in the accounts of intangible assets, property, plant and equipment, inventories and other assets by $41,060, reclassification of receivables from financial derivative contracts by $2,248 and adjustment to recognize impairment by applying the incurred loss incurred method on debtors $34,550.

(b) Inventories, net

Adjustments and reclassifications made in this item are mainly due to the reclassification of significant spare parts with duration exceeding one year, which meet the criteria to be presented as property, plant and equipment by $3,558, a decrease for allocation of indirect manufacturing costs, which correspond mainly to the distribution of the depreciation expense of property, plant and equipment elements involved in the manufacture of the product, were adjusted according to the result of the restatement of accumulated depreciation and depreciable basis of fixed assets ($619) and decrease for reclassification of other items by $6.

(c) Biological assets

Biological assets comprise agricultural and forestry plantations that were considered as inventories, property, plant and equipment, or as expenses when incurred, and were measured at historic cost. In compliance with IAS 41 and in the absence of an exception in IFRS 1, these assets were measured at fair value less costs to sell, and were classified in a category different to property, plant and equipment in the opening and subsequent balance sheets, recognizing any profit or loss in the income statement even when the sale has not been realized. This item includes reclassifications of property, plant and equipment, and its corresponding valuation, complying with the conditions to be presented as biological assets by $14,691 and increase due to the measurement at fair value of biological assets by $1,221.

(d) Derivative financial instruments

This includes reclassification of accounts receivable from financial derivative contracts by $2,248 and a valuation adjustment of the swap contract at fair value of $24. The total adjustment in the asset was $2,272. With respect to liabilities, the effect from reclassification of accounts payable for financial derivative contracts was $29,591 and a valuation adjustment at fair value of these contracts by $16,395, for a total of $45,986.

(e) Long-term investments

Long-term investments include equity participation in subsidiaries, associates, joint ventures and financial instruments that are not held for negotiation purposes in the short-term. These investments were measured under previous GAAP by the equity method, considering the cost of acquisition, capitalizations, exchange differences, valuations, provisions, equity method, and some were affected by inflation adjustments required by the Colombian regulations in previous years.

For investments in associates and joint ventures, the Company chose the exemption of IFRS 1 to recognize these investments in the opening balance sheet at the deemed cost, defined as the balance of each investment up to this date, including all elements that are part thereof: cost, equity method, valuations, inflation adjustments, provisions and exchange difference.

For investments in subsidiaries, the Company chose to restate the costs of each investment from the date of acquisition until the date of the opening balance sheet, derecognizing all concepts not permitted by the IFRSs, such as the exchange difference, inflation adjustments, equity method under previous GAAP, revaluations, and provisions. The surplus by valuation of these investments was transferred to retained earnings.

In the opening balance sheet and transition financial statements, the equity method was incorporated as part of the value of investments in subsidiaries, which was calculated according to the principles of IAS 28, and meeting the requirement of IAS 27, as amended, and Law 222/1965. The effect on the statement of financial position was ($45,316). This item includes the valuation reclassification of equity investments by $1,410,762. The Company designated equity investments classified as financial instruments at fair value through the other comprehensive income on the date of transition. The fair values of these investments were determined by reference to quoted prices published in active markets when the instrument is traded in this market. In other cases, the fair value was determined as the carrying amount under local GAAP.

(f) Property, plant and equipment, net, and investment property under previous GAAP

The Company measured property, plant and equipment at cost, with periodic valuations and provisions, at least every 3 years, that are not part the depreciable basis of the element. On the date of the opening balance sheet, the Company has chosen the optional exemption of measuring the elements of property, plant and equipment, taking the previous GAAP revaluated for some assets that, as of January 1, 2013, had incorporated in the financial statements local technical appraisals, restatement for other assets, and fair value for an unrepresentative amount.

In compliance with IAS 16 Property, *plant and equipment*, an adjustment due to derecognition of assets that did not comply with the recognition criteria was made. The surplus by revaluation was reclassified to retained earnings. The depreciation was calculated considering the component breakdown of property, plant and equipment, and impairment was reviewed considered the IAS 36 *Impairment of Assets*.

The impact on equity from transition to IFRSs is mainly generated because the property, plant and equipment in previous GAAP undergo valuations. On the contrary, in IFRS, in further measurement, the option of cost model was chosen, i.e. assets are not revalued, but signs of deterioration are evaluated.

Between previous GAAP and IFRSs, there are differences in the depreciation of property, plant and equipment, and in the amortization of other intangible assets for reasons such as: 1) the valuation for IFRSs is part of the depreciable base; 2) the useful lives are different in some cases in previous GAAP and IFRSs.

- Decrease in property, plant and equipment due to measurement at cost by $673,250, including reclassification of revaluations recognized under previous GAAP by $460,278.
- Increase in property, plant and equipment for the inclusion of constructions and machinery and equipment acquired under finance lease presented under the Colombian principles as intangible assets and finance leases of constructions and buildings not recognized under the Colombian principles by $175,303.
- Decrease due to reclassification of biological assets by ($14,691) and investment property that under local GAAP are presented as property, plant and equipment, and that under IFRS are presented in another homogeneous group with an impact of ($7,239).
- Increase due to reclassification and restatement of improvements in third parties' properties that under local GAAP are presented as deferred assets by $240.
- Decrease due to recognition of impairment of assets by ($56,246).
- Increase due to reclassification of significant spare parts with duration greater than one year that meet the criteria to be presented as property, plant and equipment by $3,558.

Under IFRS, real estate not used in production, rendering of services or for administrative purposes, and for which the intention of the Management is to hold them to earn rentals and/or for capital appreciation, are presented as investment property. Increase due to reclassification of property, plant and equipment occurs, with an impact of $7,178, as well as increase due to reclassification and measurement of assets received in payment as investment property with an impact of $4,273.

(g) Intangibles, net

Adjustments and reclassifications made in this item are mainly due to the reclassification of goodwill as part of the value of investments, with a net impact of ($516,171), decrease due to reclassification of direct costs associated to the issuance of preferred shares by ($64,827), direct costs included in the amortized cost of the debt by ($19,063), reclassification and measurement of finance leases presented as property, plant and equipment by ($16,088), reclassification of deferred tax asset presented under local GAAP as deferred asset, and that under IFRS requires to be presented under an independent item by ($19,878), derecognition of inflation adjustments associated to an impact of $12,340; and increase in the value of intangible assets due to restatement of the initial cost and accumulated amortization by $63,879.

Rights on the real estate trust No. 732-1359, manages by Fiduciaria Fiducor S.A., for the reforestation project in El Carmen de Bolívar, the administration commercial trust with Fiduciaria Corficolombiana for the management of a real estate property and other minor properties, were classified as investments in subsidiaries by $75,909.

(h) Deferred and current tax

Under the local GAAP, the deferred tax is determined according to the temporary difference of accounting income and tax income; under IFRS, the deferred tax is determined using the method of liability calculated over temporary differences between fiscal bases of assets and liabilities and their carrying amounts, including deferred tax assets derived from tax losses, tax credits, and excess in the presumptive rent with sufficient evidence to be recoverable. The determination of the deferred tax applying the new standard has an equity impact of ($177,624).

The deferred tax liability increases to $123,960 due to reclassification of deferred tax from other accounts by ($19,878) and measurement adjustment of $104,082.

(i) Financial obligations, bonds and other financial instruments

Under IFRS, the finance lease liabilities for constructions and buildings not recognized under local principles are recognized by $166,628. The liability compound of issuance of preferred shares that were analyzed and classified as a compound instrument is recognized and measured by $153, 631, and under the Colombia rule it was recognized directly in the shareholders' equity.

There is a decrease due to reclassification of recorded direct costs, which under previous GAAP were considered as deferred charges ($9,959), and the valuation of outstanding bonds at amortized cost, which recognizes direct costs and discounts originated from placement as debt reduction, with an impact of ($9,517). In addition, this item is increased by reclassification of interest of financial obligations and bonds presented as payable accounts by $22,387, and reclassification of financial liabilities presented under previous GAAP in the category of payable accounts, net of valuation at amortized cost by $82,135.

(j) Taxes, levies and rates

Under IFRS, the equity tax liability is recognized at the present value of discounted cash flows at the market interest rate in force on the date of recognition of the liability, with an impact of $1,440, and reclassification of tax liability accounts presented under local GAAP as payable accounts and offset of income taxes in advance as offset of the income liability by $4,906.

(k) Labor obligations

The Company recognizes and measures liabilities for pension, pension securities and bonds, retirement premiums, and other post-employment benefits, according to requirements of IAS 19 Employee Benefits, except as provided for in Decree 2496 dated December 23, 2015, whereby it is determined that parameters to set the liability for post-employment benefits (pension, pension securities and bonds) shall comply with Decree 2783/2011, as best market approach, with an impact of $36,701. In addition, there is an increase in the labor obligations liability due to the recognition and measurement of short-term benefits by $7,598 and termination benefits by $2,166.

(l) Accounts payable

There is a decrease in this item due to reclassification of financial liabilities presented under previous GAAP in the category of accounts payable, net of valuation at amortized cost, by ($82,135), reclassification of declared dividends as the lower value of preferred shares liability by ($12,081), reclassification of accounts payable from financial derivative agreements by ($29,591), decrease due to reclassification of interest of financial obligations and bonds presented as accounts payable by $22,985.

(m) Other liabilities and provisions

Increase due to recognition of the decommissioning liability and environmental liabilities by $14,830, decrease by recognition and valuation of labor and administrative contingencies and other provisions by ($12,165).

(n) Other items

According to the requirements of IFRS, the equity method surplus that includes the effect of changes in equity of subordinate companies and the exchange difference cause by equity investments in foreign subordinates, revaluation of equity reflecting the effect on equity cause by loss of purchasing power for the currency according to the legal regulations in force until December 20016, and the valuation surplus that includes valuation of investments and property, plant and equipment were realized with offset in gains from the first- time adoption of the new regulatory framework, by choosing the option available under IFRS 1 on deemed cost as local GAAP for equity investments and revaluated value for property, plant and equipment.

Since the functional currency of the Company is the Colombian peso and does not correspond to the currency of a hyperinflationary economy, the Company is not subject to the requirements of Financial Reporting in hyperinflationary economies. Therefore, the revaluation of equity was made with offset to gains from the first-time adoption of the new regulatory framework. Additionally, under IFRS, the effect of measurements of defined benefit plants and cash flow hedge accounting are recognized in the other comprehensive income, measurement of shared is classified in the fair value category through the other comprehensive income, and the effect on the income tax of items are not reclassified to income.

40.4. Conciliation of Separate Equity as of December 31, 2014

The effects of transition to IFRSs as of December 31, 2014, in the separate equity are:

Separate equity under previous GAAP, as of December 31, 2014	**8,132,600**
Measurement of property, plant and equipment and investment property at cost	(658,831)
Recognition and measurement of deferred tax	(171,654)
Recognition and measurement of employee benefits	(29,802)
Recognition and measurement of environmental liabilities, decommissioning and other provisions	(19,837)
Measurement of equity investments	550,928
Measurement at fair value of biological assets	(616)
Measurement and derecognition of deferred and intangible assets	42,991
Application of the investment equity method	(573,551)
Measurement at amortized cost and deterioration of accounts receivable	(8,479)
Amortized cost of financial obligations, bonds and other liabilities	(148,192)
Recognition and measurement of finance leases	(11,327)
Other adjustments	(10,397)
Variation, net	(1,038,767)
Separate equity as of December 31, 2014, restated in the transition to IFRSs	**7,093,833**
Percentage of impact on shareholders' equity	-12.77%

40.4. Total Comprehensive Income Conciliation for the Period between January 1, 2014, and December 31, 2014

The effects of transition to IFRSs classified by item in the statement of comprehensive income on income for the financial year are:

Separate net income under previous GAAP as of December 31, 2014	**291,815**
Operating revenue	-
Costs to sell	(35,676)
Operating overhead expenses	38,404
Operating sale expenses	27,512
Other operating income	(50,945)
Impairment of assets	183
Other operating expenses	23,922
Financial income	15,187
Financial expenses	(79,004)
Exchange difference, net	16,061
Net share in investment income	39,259
Income tax	(6,929)
Variation, net	(12,026)
NET INCOME AS OF DECEMBER 31, 2014	**279,789**

40.5. Cash Flow Statement Conciliation as of December 31, 2014

	Previous GAAP i	Adjustments	IFRS
Net cash flows from operation activities	(18,922)	181,578	162,656
Net cash flows from investment activities	(313,025)	(157,988)	(471,013)
Net cash flow from financing activities	248,641	(21,284)	227,357
Net increase (decrease) in cash and cash equivalents	**(83,306)**	**2,306**	**(81,000)**
Cash and cash equivalents at the beginning of period	253,376	(2,593)	250,783
Cash and cash equivalents at the end of period	170,070	(287)	169,783

The profit in the statement of comprehensive income and the equity in the transition statement of financial position were impacted by the following economic events:

In property, plant and equipment there are variations in the value of depreciation recorded in the Company's profit and loss, which result from the differences in the useful lives of assets determined under the Colombian accounting standard and the international standard, which meets the requirements on technical use and the time in which the generation of economic benefits from such use is expected. The monetary effect on the income for the transition period is $14,791. Inflation adjustments recognized under previous GAAP by $49,950 are eliminated.

The deferred tax set by the balance methodology adopted as a requirement of the international standard generates a cumulative effect on equity in the transition statement of financial position by ($171,654). The impact on the income in the transition statement of comprehensive income is ($6,929).

The deferred tax liability increases to $ 123,960 due to reclassification of deferred tax from other accounts by ($25,090) and measurement adjustment by $146,584.

The effect on the measurement of liabilities for pension, pension securities and bonds, retirement premium and other post-employment benefits in accordance with the requirements of IAS 19 *Employee Benefits*, except as provided for in Decree 2496 dated December 23, 2015, whereby it is determined that the parameters to set the liability for post-employment benefits of pension, pension securities and bonds must comply with Decree 2783/2001, as best market approach, with an impact on equity of the transition statement of financial position of ($17,323), and an effect on the income in the transition statement of comprehensive income corresponding to the recognition of the value of money over time of ($18,429). Additionally, there is an increase in the labor obligations liability due to recognition and measurement of short-term benefits by $9,809 and termination benefits by $2,670.

The recognition and measurement of obligations for decommissioning and/or restoration of the environment where assets are built and operated in the transition statement of comprehensive income is a decrease in income by $4,944, including a financial update of the value of money by $2,171.

A decrease due to impairment of receivables by $764 is recognized under income of the transition statement of comprehensive income, as well as recognition of employee benefits from loans granted at rates lower than market rate, in the income of the period by $2,503.

Other items that generate impact on income of the transition statement of comprehensive income are the effect of the value of money over time for financial obligations related to lease agreements classified as finance leases according the principles of the international standard, for an amount of $11,404 in the financial expense. Also, financial valuation of other financial liabilities such as obligations assumed with financial entities and valuation of securities issued by the Company cause a decrease in income in the transition statement of comprehensive income by $11,948.

CSI TABLE

2015		
Climate Protection		**Unidad**
Total CO_2 emissions - gross	7.12	Mio. ton CO_2 /year
Total CO_2 emissions - net	6.97	Mio. ton CO_2 /year
Specific CO_2 emissions - gross	614	$KgCO_2$/ton cementitious
Specific CO_2 emissions - net	601	$KgCO_2$/ton cementitious
Fuels and Materials		
Specific consumption of energy in the production of clinker	3,900	MJ/ton Clinker
Use of alternative fuels (% of consumption of thermal energy)	5.9	%
Uso de biomasa como combustible (%del consumo de energía térmica)	0.2	%
Use of biomass as fuel (% of consumption of thermal energy) Use of alternative materials (% of total raw materials used for the production of cement)	10.3	%
Clinker/cement ratio	71.5	%
Industrial Safety and Occupational Health		
Number of fatalities of direct employees	1	
Number of fatalities of indirect employees	1.01	(Number of fatalities in one year/ Number of direct employees) x10,000
Number of fatalities of contractors	0	
Number of fatalities of third parties	6	
Number of LTIs of direct employees	63	
Frequency rate (LTI FR) of lost-time injuries (LTI) of direct employees	2.6	Number of lost time - hours injuriesx1,000,000/actual total of worked in one year
Number of LTIs (indirect employees and contractors)	42	
Frequency rate (LTI FR) of lost-time injuries (LTI) of indirect employees	1.64	Number of lost time - hours injuriesx1,000,000/actual total of worked in one year
Total number of lost time injuries (LTI)	105	
Verification of occupational health and safety data	Annual	
Reduction of Emissions		
KPI 1 - Full coverage (percentage of clinker produced in kilns covered by monitoring systems, continuous or non-continuous, for particulate matter, NO_x, SO_2, VOC/THC, heavy metals)	16	%
KPI 2 - Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns covered by continuous monitoring systems for particulate matter, NO_x, SO_2)	87	%
KPI 3 - Absolute emissions of particulate matter	1,399	ton MP / year
KPI 3 - Specific emissions of particulate matter	173	g MP /clinker ton
KPI 3 - Absolute emissions of NO_x	11,300	ton NO_x / year
KPI 3 - Specific emissions of NO_x	1,399	g NO_x /ton clínker
KPI 3 - Emisiones absolutas de SO_2	2,474	ton SO_2 / year
KPI 3 - Absolute emissions of SO_2	306	g SO_2 /ton clínker
Verification of emission data by a third party	Annual	

SCAN THE CODE

GSI Enviromental Indicators Table

Local Impacts		
% of active quarries with an established closure plan	74	%
% of operations with community relationship plans in place	75	%
Cement Plants	100	%
Concrete Plants	70*	%
Grinding	47	%
Ports and Terminals	82*	%
Biodiversity		
% of quarries located in, adjacent to or that contain protected areas or of high biodiversity value	53.5	%
% of active quarries with high biodiversity value which have a biodiversity management plan in place	57	%
Water		
Total water abstraction (GRI-EN8)	10,606,830.248	M^3
Total water dumping (GRI-EN22)	2,532,500.75	M^3
water consumption	8,075,420.36	M^3
water consumption	72%	M^3

*United States information not reported.

Self-assessment of the implementation of principles and contents of the Integrated Report

We prepared the 2015 Integrated Report in accordance with 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 capacity of our company to generate value in accordance with the business model and strategy, considering the different risks and opportunities.

In this Report we presented the advances made in the direction of the strategy in an integrated manner. We also published the 2015 Annual Report, a more concise and friendlier report in which we describe the most significant issues for the company, the monitoring of our management work in 2015 compared to previous years, our challenges, opportunities and goals for the future.

Here we present the main advances of the 2015 Integrated Report in terms of the integration of financial and non-financial information, following the principles and elements of the integrated report framework:

Guidelines Applied to the Integrated Report

Strategic focus and future direction

We started the 2015 Integrated Report by describing the main results and the strategies for each of our lines of business and operation at the three regions in the "Management Report" section that is presented to the General Shareholders' Assembly. Additionally, we dedicated a chapter to the presentation of our new sustainability strategy and, in particular, to how it relates to the management of strategic risks. For more clarity, the chapter includes a chart that condenses our business model. This chart describes how, through the management of capital and strategic risks, we provide the market with products and services that generate value for the company and for all our stakeholders. Furthermore, each chapter explains in greater detail the actions and strategies that will enable us to achieve our objectives and leverage the growth of our business.

Connectivity of information

This report has been structured with the purpose of achieving an emphasis on the relation between the factors that affect the company's ability to create value and the performance of material aspects management. That is, an approach that allows stakeholders to understand how material matters are closely related to our priorities and strategic risks.

The material aspects were grouped into economic, social and environmental dimensions, which incorporate the management and strategic guidelines for each one. For instance, the material aspect of Carbon Emissions has been included in the environmental dimension, just as the material aspects of Occupational Health and Safety and Talent Management have been grouped in the social dimension, where the management and performance are described in qualitative and quantitative terms, while presenting key indicators. The grouping of certain aspects in dimensions does not imply a strict separation of their management because these issues are closely related to each other. So for example, the company's innovation strategy drives the management of environmental impacts and at the same time becomes a platform that enables us to offer products and services on the market that are competitive and environmentally friendly and also add value over time.

Relationship with stakeholders

Good relationships with our stakeholders are part of our vision of sustainability: this is why they are a fundamental pillar of our Sustainability Policy. We firmly believe that keeping an open and transparent dialog with our stakeholders enables us not only to manage risks and opportunities in a strategic manner, but also to respond to their expectations and to fulfill the value promises established in this policy. The chapter on Sustainability, Materiality and Risks in Argos' 2015 Integrated Report describes how we incorporate the AA1000SES guidelines to identify and prioritize our stakeholders, as well as the strategies and mechanisms to guide the relationships with the stakeholders and the aspects that are relevant to them and that may have a positive or negative impact on the business. It also includes how and to what extent the company understands, takes into account and responds to the legitimate interests of the stakeholders. Throughout the report, it is pointed out how the management of material aspects responds to these expectations and interests.

Materiality

In the Report we describe how we add value to our processes and products in accordance with our priorities and strategic risks. That is why we published the details of our performance and our plans for each of the material aspects. These aspects, grouped into social, environmental and economic dimensions make up the structure of the body of the report. The Sustainability, Materiality and Risks details the materiality analysis process carried out in 2015, how the expectations of the stakeholders were included in the process and which aspects turned out to be material and have the capacity to affect our ability to create value in the long term. As described in this chapter, the identification and definition took into account sectorial references, initiatives and international standards, as well as the media and the opinion of the stakeholders and the strategic risks.

Conciseness

We are committed to preparing clear and concise reports based on the publication of digital information that complements and expands the details of some aspects in order to create a document that contains specific and relevant information, and that facilitates understanding for our stakeholders.

Reliability and integrity

The reliability of our report is reflected in the audit of the accounting and financial information performed by the firm Deloitte & Touche, an independent third party in its capacity as Argos Tax Auditor. Additionally, this same firm conducted the limited assurance of a selection of performance indicators presented in the GRI-G4 Index of Contents.

Consistent and comparable

We have sought to present information in the 2015 report on a basis that is constant over time and in a manner that enables historical comparison, as well as comparison to other organizations in the industry by building it within the framework of the G4 version of the Global Reporting Initiative (GRI), pursuant to its essential option. Argos' historical information is presented for the years 2014 and 2015, and will continue to move towards the strategic goals set by the company. In this regard, we are aware that one of our challenges for the next reports is to continue to work to expand the geographical coverage of some indicators, as well as to present the historical figures of the indicators for at least 3 years.

Below are the elements of the Integrated Report framework that have been applied to the construction of this report.

Elements of the Integrated Report framework contained in the report

Content Element	Included Aspects	Chapter/Sub-Chapter
Organizational vision and operational context	Geographic diversification Expansion and consolidation Operational Results PROFITABILITY AND CAPITAL STRUCTURE BUSINESS PERFORMANCE BY REGION Platform to leverage growth	Management Report
Governance	Governance framework Board of Directors Governance structure Ethics and transparency	Governance, Ethics and Transparency
Business model Risks and opportunities	Our added value	Management, Sustainability, Materiality and Risks Report
	Strategic risks and mitigation activities	Sustainability, Materiality and Risks
Strategy and resources	Sustainability strategy	Sustainability, Materiality and Risks
Performance and results	Stock performance	Management Report
	Financial performance	Management Report
Future projections	Future projection for relationships with stakeholders	Sustainability, Materiality and Risks
	Future projection for the management of ethics, transparency and anti-corruption mechanisms	Economic Dimension
	Future projection for the management of intellectual	Sustainability, Materiality and Risks Social Dimension
	Future projection for the protection of natural resources	Environmental
	Future projection for the management of human resources	Dimension Social
	Future projection for the management of human resources	Dimension Social
Basis for preparation and presentation	Contextualization and progress of the integrated report	About this Report
	Identification of material issues in terms of sustainability and creation of value	Sustainability, Materiality and Risks

In conclusion, we have made positive steps towards fulfilling the Integrated Report framework with respect to 2014 and we have taken the necessary considerations to ensure its integrity. Even so, we are aware of the challenges and opportunities for improvement we have to get ever closer to fully complying with the framework.

María Isabel Echeverri Carvajal
Vice President of Sustainability

CEMENTOS ARGOS S. A.

GRI-G4 TABLE

Option "Conformity - Essential" with Guide G4

BASIC GENERAL CONTENTS

GRI Reference		Location or Answer	External Verification
Strategy and Analysis			
G4-1	Declaration from the principal responsible for decision-making in the organization on the importance of sustainability for the organization and the strategy to address it.	Letter from the President and Page 14	x
G4-2	Describe the main effects, risks and opportunities.	Page 14	x
Organization Profile			
G4-3	Name of Organization:	Cements Argos S. A.	x
G4-4	Most important brands, products and services.	Web page	x
G4-5	Place where the organization is headquartered.	Headquarters: Calle 7D No. 43A-99 (Medellín, Colombia) Registered address: Vía 40, Las Flores (Barranquilla, Colombia)	x
G4-6	Countries of operation or relevance for sustainability matters	Page 7	x
G4-7	Nature of the ownership form and type of corporation.	Corporation	x
G4-8	Provided markets (with geographical breakdown, by sectors and types of customers and targets).	Page 12	x
G4-9	Organization tam year (employees, operations, sales, capitalization, products, and services rendered)	Page 74	x
G4-10	Labor indicators	Page 74	x
G4-11	Percentage of employees covered under collective covenants.	32%	x
G4-12	Organization's supply chain.	Page 59, Page 60	x
G4-13	Significant changes that have taken place during the analysis period in the tamyear, structure, share interest, or supply chain of the organization	Purchase of assets in Puerto Rico and start of operation	x
Participation in External Initiatives			
G4-14	How the organization addresses, if applicable, the precaution principle.	Page 84	x
G4-15	List of letters, principles or other external initiatives of economic, environmental or social nature, entered into or adopted by the organization.	Page 38	x
G4-16	List of associations and organization of national or international promotion of which the organization is a member.	Pág 39: Web page	x
Material Aspects and Coverage			
G4-17	Entities included in the consolidated financial statements of the organization or equivalent documents, which are not included within the scope of the current report.	Notes to financial statements	x
G4-18	Description of the process followed to determine the contents of the report and Coverage of each Aspect.	Page 39	x
G4-19	List of material aspects identified during the process of defining the contents of the report.	Page 39	x
G4-20	Coverage of each material aspect within the organization.	Web page	x
G4-21	Coverage of each material aspect outside the organization.	Web page	x
G4-22	Consequences of restating the information from previous reports and their causes.	Page 22	x
G4-23	Significant changes to the scope and coverage of each Aspect with respect to previous reports.	About this Report	x

	GRI Reference	Location or Answer	External Verification
Relationship with Stakeholders			
G4-24	List of stakeholders linked to the organization.	Page 41	x
G4-25	What the basis for choosing the relevant stakeholders is.	Page 42	x
G4-26	Focus of the organization on the participation of stakeholders.	Page 41	x
G4-27	Key problems and questions that have arisen from the participation of stakeholders and describe the evaluation made by the organization, among other aspects, through reporting.	Page 41	x
Reporting Profile			
G4-28	Reference period	About this Report	x
G4-29	Date of last report (if applicable).	About this Report	x
G4-30	Reporting frequency (annual, biannual, etc.).	About this Report	x
G4-31	Point of contact to solve any concerns that may arise about the contents of the report.	About this Report	x
Table of Contents GRI			
G4-32	Table of Contents GRI.	About this Report	x
Verification			
G4-33	Assurance of Report.	About this Report	x
Governance			
G4-34	Organization's governance structure, including committees of the higher body of governance.	Page 28	x
G4-35	Process by which the higher body of governance delegates its authorities to the high management and certain employees for economic, environmental and social questions.	Page 40	x
G4-36	Existence of senior positions or with economic, environmental and social responsibilities within the organization.	Page 40	x
G4-37	Description of consultation processes between the stakeholders and the higher body of governance regarding economic, environmental and social questions.	Page 40	x
G4-38	Composition of the higher body of governance and its committees.	Page 28	x
G4-39	Indication of whether the person that chairs the higher body of governance also holds a senior position.	Page 28	x
G4-40	Description of appointment and election processes for the higher body of governance and its committees.	Page 30	x
G4-41	Description of processes by which the higher body of governance prevents and manages possible conflicts of interests.	Page 28 Page 30	x
G4-42	Description of the functions from the higher body of governance and the senior management in the development, approval and update to the business purpose, values or statements of mission, strategies, policies, and objectives related to the organization's economic, environmental and social impacts.	Page 32: Web page	x
G4-43	Actions that have been taken to develop and improve collective knowledge of the higher body of governance with relation to economic, environmental and social matters.	Page 31	x
G4-44	Description of processes for assessing performance of the higher body of governance with relation to the governance of economic, environmental and social matters. Indicate whether the assessment is independent and its frequency.	Page 31	x
G4-45	Description of the function of the higher body of governance in the identification and management of economic, environmental and social impacts, risks and opportunities.	Page 32	x

	GRI Reference	Location or Answer	External Verification
G4-46	Description of the function of the higher body of governance in the effectiveness analysis of the organization's risk management processes in respect with economic, environmental and social matters.	Page 32	x
G4-47	Frequency of analysis of economic, environmental and social impacts, risks and opportunities by the higher body of governance.	Page 32	x
G4-48	Most important committee or position that reviews and approves the sustainability report of the organization, and ensure that all material Aspects are reflected.	About this Report	x
G4-49	Description of the process to scale important concerns to the higher body of governance.	Page 30	x
G4-50	Nature and number of important concerns scaled to the higher body of governance. Describe also the mechanisms used to address and assess them.	Page 30: Web page	x
G4-51	Description of retributive policies for the higher body of governance and the senior management.	Page 30	x
G4-52	Description of processes to determine remuneration.	Page 30	x
G4-53	Explanation on how the opinion of stakeholders is requested and taken into account with respect to retribution, including, if applicable, results from voting on policies and proposals related to this question.	Page 30	x
Ethics and Integrity			
G4-56	Description of values, principles, standards and rules of the organization, such as codes of conduct and ethics codes.	Page 33	x
G4-57	Description of internal and external mechanisms of assessment in favor of an ethical and licit conduct, and for matters related to the organization's integrity.	Page 33, Page 35	x
G4-58	Description of the internal and external mechanisms for complaints of unethical or illicit conducts, and matters related to the organization's integrity.	Page 33, Page 35	x

BASIC SPECIFIC CONTENTS

	GRI Reference	Location or Answer	Omission	External Verification
Innovation				
G4-DMA	Management Report (DMA)	Page 48		
A-IN1	Figure and percentage of investment in innovation (INPUT)	Pág 49: Web page		
A-IN2	Number of ideas a) received, b) approved, c) validated and d) implemented (consolidated, not by Regional) (PROCESS)	Page 50		
A-IN3	Figure and percentage of income from innovation, broken down by Regional (OUTPUT)	Page 48		x
A-IN4	Savings for implementation of innovation initiatives (consolidated, not by Regional) (OUTPUT)	Page 48		
Energy and Co-processing				
G4-DMA	Management Report (DMA)	Page 84		
G4-EN3	Internal power consumption	Page 85		x
G4-EN5	Power intensity	Page 85		
G4-EN6	Reduction of power consumption	Page 85: Web page		
A-ENE1	Substitution of calorie intake from fossil fuel	Page 84		x
Profitability and Capital Structure				
G4-DMA	Management Report (DMA)	Page 17		
A-RE1	Net debt / (EBITDA + Dividends)	Page 17		
A-RE2	Optimization of financial cycle	Page 17		x
A-RE3	EBITDA	Page 16		
A-RE4	EBITDA Margin	Page 16		

GRI Reference		Location or Answer	Omission	External Verification
Sustainable Construction and Materials				
G4-DMA	Management Report (DMA)	Page 86		
G4-EN1	Materials by weight or volume	Page 86: Web page		x
G4-EN2	Percentage of recycled material used	Page 86: Web page		x
G4-EN28	Percentage of products sold, and their packaging materials, which are recovered at the end of their useful life	Page 86		x
A-CSM1	Percentage of use of alternative material (former A-MC2)	Page 86		x
Supplier Management				
G4-DMA	Management Report (DMA)	Page 59		
G4-EN32	Percentage of new Suppliers evaluated based on environmental criteria	Page 63		
G4-EN33	Negative environmental impacts in the supply chain and measures in that regard.	Page 62, Page 63		x
G4-LA14	Percentage of new Suppliers evaluated in the work practice.	Page 63		
G4-LA15	Impacts of the work practice in the supply chain and measures in that regard.	Page 62, Page 63		x
G4-HR10	Percentage of new Suppliers evaluated in Human Rights.	Page 63		
G4-HR11	Negative impacts of Human Rights in the supply chain and measures taken.	Page 62, Page 63		x
G4-SO9	Percentage of new Suppliers evaluated in social impact.	Page 63		
G4-SO10	Negative social impacts in the supply chain and measures taken.	Page 62, Page 63		x
G4-EC9	Percentage of expense in significant operations corresponding to local Suppliers.	Page 61		x
Carbon Emissions				
G4-DMA	Management Report (DMA)	Page 87		
G4-EN15	Direct GHG Emissions Scope 1	Page 88, Page 90		x
G4-EN16	Indirect GHG Emissions Scope 2	Page 88		x
G4-EN17	OTHER indirect GHG EMISSIONS Scope 3	Page 88: Web page		
G4-EN18	GHG Emissions Intensity	Page 87: Web page		x
G4-EN19	Reduction of GHG Emissions	Page 88: Web page		x
G4-EN30	Transport significant environmental impacts	Page 90		
G4-EC2	Economic consequences and other risks and opportunities linked to the climate change.	Page 89		
A-EC1	CO_2 Net specific emissions (former A-CC1)	Page 87		x
Expansion and Consolidation				
G4-DMA	Management Report (DMA)	Page15		
A-X1	Description of the company expansion process aligned with the organization's strategic MEGA	Page15		x
A-X2	Amount and location of expansions carried out in 2015	Page15		
A-X3	Description of the new business consolidation process by the performance of business plans	Page15		x

GRI Reference		Location or Answer	Omission	External Verification
Water				
G4-DMA	Management Report (DMA)	Page 91		
G4-EN8	Total water harvesting according to the source	Page 92		x
G4-EN10	Total percentage and volume of recycles and reused water.	Page 92		
G4-EN22	Total water discharged.	Page 92		x
A-A1	Specific water consumption (L/ton or m^3/product)	Page 91		x
Occupational Health and Safety				
G4-DMA	Management Report (DMA)	Page 66		
DMA – MM Addition	Readiness for emergencies: Emergency plans on mining, their readiness and contents.	Page 66		
G4-LA5	Percentage of workers in formal safety and health committees.	Page 69		
G4-LA6	Type and rate of injuries, occupational diseases, lost days, absence, number of mortal victims broken down by region and gender. Sectoral Supplement: Describe fatalities and measures taken.	Page 70	Data is not broken down by gender, a total is presented by years. The number of occupation disease, days of absence due to occupation disease, the number of leaves for common illness, and days of leaves for common illness, are not reported for the United States. On the other hand, for Central America, its report started in 2015.	x
G4-LA7 - A-SI1	Workers whose profession has a high incidence or risk of disease.	Page 71	Not reported for the United States Region.	
G4-LA8	Occupational safety and health: application of the ILO Convention No. 176.	Page 69		
A-SI2	Number of injuries and fatalities of contractors and third-parties.	Page 71		x
Talent Management				
G4-DMA	Management Report (DMA)	Page 74		
G4-EC6	Percentage of directors belonging to local communities	Page 76 Web page		
G4-LA1	Total number and rate of recruitment and rotation of employees, broken down by age group, gender and region.	Page 74		
G4-LA2	Social contributions for full-time employees.	Page 74 y 77		

GRI Reference		Location or Answer	Omission	External Verification
G4-LA4	Minimum advance notice timeline for operative changes and their possible inclusion in collective covenants.	Timely communication of organizational changes is an essential element to achieve goals. Thus, we have a strategy of internal means that allows us to cover all of employees and geographies. An advance notice in number of weeks before putting organizational changes into practice has not been standardized. However, there are formal communication channels with employee trade unions, including meetings with a defined frequency.		
G4-LA9	Average annual training hours per employee.	Page 75		x
G4-LA10	Management of skills and training that foster the employability of workers and help them manage the end of their professional careers.	Page 75	No programs to manage the end of their professional careers are reported.	
G4-LA11	Percentage of employees whose performance and professional development is evaluated on a regular basis.	Page 75: Web page		x
G4-LA12	Composition of governance bodies.	Page 75: Web page		
G4-LA13	Relation between the base salary of men vs. women.	Page 76: Web page		
Relationship with Customers				
G4-DMA	Management Report (DMA)	Page 56		
G4-PR4	Number of breaches to the regulation and voluntary codes regarding the information and labeling of products and services.	There was no In Supplier Management in information and labeling of products during 2015.		
G4-PR5	Results of surveys to measure Customer satisfaction	Page 56		x
G4-PR7	Number of cases of breach to regulations on marketing communications.	There was no breach by marketing information during 2015		
G4-PR8	Number of claims on customer's privacy breach and data leakage	There were no claims for privacy breach and data leakage during 2015		
A-RCL1	Percentage of income from retained customers.	Page 56		
Supplier Management				
G4-DMA	Management Report (DMA)	Page 64		
G4-PR9	Monetary value of fines due to breach of regulations on the supply and use of products and services.	Page 64		x
G4-EN29	Monetary value of fines and number of non-monetary fines due to breach of the environmental laws and regulations.	Page 64		x
G4-SO7	Number of unfair competition claims, monopolistic practices or against free competition and outcome thereof.	Page 64		
G4-SO8	Monetary value of fines and number of non-monetary fines due to breach of the laws and regulations.	Page 64		x

	GRI Reference	Location or Answer	Omission	External Verification
G4-EN34	Number of environmental claims that have arisen, been addressed, and resolved by formal claim mechanisms.	Page 36		x
G4-SO3	Operations assessed in corruption-related risks.	Page 34		x
G4-SO4	Communication and training on corruption.	Page 34		x
G4-SO5	Confirmed corruption incidents.	Page 36		x
G4-SO6	Political contributions.	With a view to strengthening the country's democratic and electoral processes and considering the 2015 territorial elections, the Board of Directions, in compliance of Law 130 of 1994, and related provision, approved donations, which in no case exceeded the limits permitted in Article 108 of the Colombian Constitution, amended by legislative act 1 of 2003, not being higher than COP $382,000,000 in total for all political parties, political movements, candidates and/or defined significant groups of citizens, in accordance with the legal provisions on funding of political campaigns and resolutions of the National Electoral Council in force.		x
G4-LA16	Number of labor claims that have arisen, been addressed, and resolved by formal claim mechanisms.	Page 36		
Community Engagement				
G4-DMA	Management Report (DMA)	Page 78		
G4-EC7	Development and impact of investment in infrastructures and types of services.	Page 80		x
G4-SO1	Percentage of operations where development programs, assessment of impacts and participation of the local community have been adopted.	Page 79		x
G4-SO2	Operative centers with significant, possible or real negative effects on local communities.	Page 79	No information reported for the United States Region.	x
G4-SO11	Claims on social impacts that have arisen, been addressed, and resolved by formal claim mechanisms.	Page 79		x
G4-MM6	Number and description of significant disputes related to the use of land, customary rights of local communities and indigenous populations.	Page 78: Web page	For the United States Region, there is no information available to ensure that there are no significant disputes.	

GRI Reference		Location or Answer	Omission	External Verification
G4-MM8	Number and percentage of operation fronts operating under the artisanal or small-scale mining modality. Risks and actions taken to mitigate those risks.	For Col and CCA regions, there are no operation fronts operating under the artisanal or small-scale mining modality. Thus, there are no risks associated. For the United States Region, there is no information available to ensure that there are no operation fronts of this type.		
G4-MM9	Resettled communities, resettled families and affectations to their lifestyles during the process.	Argos projects are designed seeking the least affectation to families. In year 2015, in the Colombia, Caribbean and Central America Regions, no resettlements or relocations of people were performed by the Company. For the United States Region, there is no information available to ensure that there are no cases.		
A-COM1	Social investment.	Page 82		x
A-COM2	Income from commercial initiatives with social impact.	Page 81		x
Biodiversity				
G4-DMA	Management Report (DMA)	Page 95		
G4-EN11	Operative facilities located in protected areas of great value for biodiversity.	Page 96	Omission to be confirmed	x
G4-EN14	Number of species included in the IUCN Red List.	Page 97: Web page		
A-BI1	Number and % of quarries with established closure plans.	Page 95		x
A-BI2	Number and percentage of released and restored intervened area.	Page 95		x
Other Emissions				
G4-DMA	Management Report (DMA)	Page 99		
G4-EN21	OTHER significant atmospheric EMISSIONS.	Page 100		x
G4-EN21 y A-OE4 (Antiguo A-CC4)	Absolute NO_x emissions and reduction goals.	Emissions: 1.4 kg/ton clinker. Reduction goal for 2015: 1,35 kg/ton clinker vs. 2012.		x
G4-EN21 y A-OE3 (antiguo A-CC3)	Absolute SO_x emissions and reduction goals.	Emissions: 0.306 kg/ton clinker. Reduction goal for 2015: 0,31 kg/ton clinker vs. 2012.		x
A-OE2 (antiguo A-CC2)	Absolute particulate matter emissions and reduction goals.	Emissions: 0.173 kg/ton clinker. Reduction goal for 2015: 0,11 kg/ton clinker vs. 2012.		x

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Report of Independent Review

Independent review of the 2015 Integrated Report of Cementos Argos

Scope of our work

We have completed the review of the contents adaptation of the 2015 Integrated Report to the Guidelines for the Sustainability Reports of the Global Reporting Initiatives (GRI) version 4.0 (G4).

Compliance with the Cement Sustainability Initiative (CSI) guidelines was also reviewed in the case of some environmental indicators that were included in the verification scope (see Appendix 3).

Standards and verification processes

We have conducted our work in accordance with the standard 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 Accountants (IFAC).

Our review work has been to ask questions to the Administration, as well as to different areas of Cementos Argos that took part in the preparation of the Integrated Report and in the application of certain analytical procedures and review testing through sampling as described below:

- Interviewing Cementos Argos personnel to know the principles, systems and management approaches used to draw up the report and calculate the indicators.
- Analysis of the way in which the report contents, structure and indicators are defined based on the materiality exercise, according to what is suggested by the GRI G4 methodology.
- Analysis of the processes to collect and validate the data provided in the report.
- Checking, through review evidence, according to the selection of quantitative and qualitative information sample relevant to the GRI and own indicators included in the Sustainability Report and its adequate compilation based on data supplied by the sources of information Cementos Argos in Colombia.

Confirmation that the 2015 Integrated Report is prepared in accordance with the GRI G4 methodology in its “Essential” or "Core" version.

General Aspects

It was confirmed that the report complies with the requirements of the Core option of the GRI G4 version general aspects: G4-1 to G4-58 indicators were reported.

Specific Aspects

We reviewed the management approach and GRI and own indicators of the material issues identified by the company and DJSI indicators validation (See Appendix 2)

Responsibilities of Cementos Argos and Deloitte Management:

- The organization is responsible for the preparation of the 2015 Integrated Report, as well as its contents, which is also responsible for defining, adapting and keeping the systems of internal control and management from which information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- This report has been prepared solely in the interest of the Organization in accordance with the terms of our proposal of services. We do not assume any liability to third parties other than the company´s management.
- We have conducted our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).
- The scope of a limited revision is substantially lower than an audit scope. Therefore we do not provide any audit opinion on the Sustainability Report.

DELOITTE & TOUCHE LTDA.
Jorge Enrique Múnera
Partner

Bogota, March

Conclusions

As a result of our review, nothing has come to our attention that causes us believe that the Integrated Report has significant errors or that it has not been prepared in accordance with the Global Reporting Initiative (G4) Guidelines for the Sustainability Reports in its Core version.

Recommendations

Additionally, we have submitted our recommendations to Cementos Argos regarding the improvement areas to consolidate the processes, programs and systems related to the sustainability management. The most relevant recommendations are:

- To align the sustainability management to the baseline international initiatives such as the Objectives of Sustainable Development (OSD) and what was agreed at the Conference of the Parties (COP21) in Paris.

- To conduct regular monitoring of the material issues management progress, this will make the reporting process to be more efficient at the end of the year.

Appendix 1 Declaration of Independence

Deloitte is one of the largest companies in the provision of professional audit, tax, consulting and financial advice and sustainability services to public and private organizations from different industries. With a global network of member firms in more than 185 countries, Deloitte offers its world class capabilities and high-quality customer service. Approximately 210,000 professionals are committed to becoming a standard of excellence.

We confirm our independence from Argos. All our employees make annual updates to the Ethics Policy where we specifically state that there is no conflict of interest with Argos, its subsidiaries and its stakeholders.

Appendix 2

Material issues	GRI and/or Cementos Argos own indicator
Innovation	A-IN3 figure and percentage of revenue from innovation, broken down by regional division (output)
Carbon emissions	G4.EN15 – G4.EN16 – G4.EN18 – G4.EN19 A-S1. Net specific emissions of CO_2 in kilograms of CO_2/ tonne of cementitious material
Sustainable construction and materials	G4. EN1 - G4.EN2 – G4.EN28 A-CSM1. % use of alternative materials
Biodiversity	G4.EN11 A-BI1 Number and percentage of active quarries that have closure plan established A-BI2 Percentage of intervened released area that has been rehabilitated in the active quarries
Energy and co-processing	G4.EN3 A-ENE1 Replacement of caloric consumption of fossil fuels
Water	G4.EN8 – G4.EN22 A-A1. Specific consumption of water (L/ ton or m3/product)
Other emissions	G4.EN21 A-OE2 Reduction of other PM emissions (kg/tonne of clinker) A-OE3 Reduction of other SOx emissions (kg/tonne of clinker) A-OE4 Reduction of other NOx emissions (kg/ton of clinker)
Regulatory Compliance	G4.PR9 – G4.SO8 – G4.EN29 – G4.EN34 – G4.SO3 – G4.SO4 – G4.SO5 – G4.SO6
Relationship with Customers	G4.PR5
Expansion and consolidation	A-X1 Description of the company's expansion process aligned with the strategic Mega of the organization A-X3 Description of the process of new businesses consolidation through the implementation of its Business Plan
Profitability and capital structure	A-RE2 Optimizing the financial cycle
Industrial Safety & Occupational Health	G4.LA6 A-SI2 Number of injuries and fatalities of contractors and third parties.
Community management	G4.EC7 – G4.SO1 – G4.SO2 – G4.SO11 A-COM1 Social Investment A-COM2 Revenues associated with trade initiatives involving social impact
Talent Management	G4.LA9 – G4.LA11
Suppliers' Management	G4.EN33 – G4.LA15 – G4.HR11 – G4.SO10 – G4. EC9

DJSI Indicator
DJSI. Generation of waste

Appendix 3 - CSI

We visited Argos operations as part of the verification process of environmental indicators. Quantitative and qualitative variables were taken into account for the selection. It also aimed at covering operations in the three regions where the company operates:

- Medellín Plant - Concrete in Colombia
- Rioclaro Plant - Cement in Colombia
- Saldaña Plant - Aggregates in Colombia
- Dominica Plant- Cement in the Caribbean
- Dominican Plant – Concrete in the Caribbean
- Tocumen Plant – Concrete in the Caribbean
- Newberry Plant – Cement in the USA
- Gainesville Plant- Concrete in the USA

During the visits, we interviewed people responsible for the internal report and the collection of information, validating the consolidation process and the submission of such information at corporate level.

Criteria

The following CSI guidelines were taken into account for our review:

- WBCSD's CO_2 and Energy Accounting and Reporting Standard for the Cement Industry: The cement CO2 and Energy Protocol
- WBCSD's CO_2 and Energy Accounting and Reporting Standard for the Cement Industry: Emissions monitoring and reporting
- WBCSD's Guidelines for the Selection and Use of Fuels and Raw Materials in the Cement Manufacturing Process
- WBCSD CSI Environmental and Social Impact Assessment (ESIA)

Evaluation of indicators and information consolidation process

- Testing was done based on samples in order to prove calculations that allow measuring the following indicators:

- Total catchment of water according to the source
- Total discharge of water, according to its quality and destination
- Total water consumption
- % of active quarries that have closure plan established
- % of active quarries located inside, adjacent or with protected or highly valuable areas for biodiversity, Clinker / Cement ratio (%)
- Total emissions of CO_2 - gross (million tonnes)
- Total emissions of CO_2 - Net (million tonnes)
- Specific emissions of CO2- gross (kg CO_2/ tonne of cementitious material)
- Specific emissions of CO2- net (kg CO_2/ tonne of cementitious material)
- Use of alternative fuels (% of thermal energy consumption)
- Specific consumption of energy in the production of clinker (in MJ per tonne of clinker)
- Use of biomass as fuel (% of thermal energy consumption)
- KPI 3 - Absolute emissions of particulate matter ONLY KILN
- KPI 3 - Specific emissions of particulate matter ONLY KILN
- KPI 3 - Absolute emissions of NOx KPI 3 - Specific emissions of NOx KPI 3 - Absolute emissions of SO2
- KPI 3 - Specific emissions of SO2

Conclusion

- The WBCSD CSI guidelines for reporting emissions of CO_2, energy, (NOx, SOx, dust) emissions, water and biodiversity are applied properly.

- The internal reporting system and the information consolidation procedures for emissions of CO_2, energy, (NOx, SOx, dust) emissions, water and biodiversity are working and provide proper information to be disclosed.

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