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CEMENTOS ARGOS S.A. CONSOLIDATED BALANCE SHEET

As of December 31
(in millions of Colombian pesos)

	Notes	2014	2013
CURRENT ASSETS			
Cash		502,583	366,769
Negotiable investments	5	30,254	161,244
Accounts receivable, net	6	1,116,325	826,294
Inventories, net	7	588,404	402,435
Prepaid expenses		47,799	28,240
TOTAL CURRENT ASSETS		2,285,365	1,784,982
NON-CURRENT ASSETS			
Long-term accounts receivable	6	38,131	40,254
Long-term investments	8	144,670	145,898
Property, plant and equipment, net	9	6,327,168	4,070,292
Deferred and intangible assets	10	2,415,367	2,047,755
Other assets		11,220	16,832
Asset revaluations	19	3,945,178	3,525,705
TOTAL NON-CURRENT ASSETS		12,881,734	9,846,736
TOTAL ASSETS		15,167,099	11,631,718
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Financial obligations	11	653,781	289,290
Outstanding bonds	12	191,400	192,575
Suppliers and accounts payable	13	887,714	629,937
Taxes, levies and contributions	14	120,548	195,940
Labor obligations	16	87,768	69,347
Other liabilities	17	469,765	344,758
TOTAL CURRENT LIABILITIES		2,410,976	1,721,847
NON-CURRENT LIABILITIES			
Financial obligations	11	1,655,715	222,158
Suppliers and accounts payable	13	34,212	55,107
Outstanding bonds	12	2,149,932	1,739,655
Labor obligations	16	227,060	242,455
Deferred tax	15	103,463	38,189
TOTAL NON-CURRENT LIABILITIES		4,170,382	2,297,564
TOTAL LIABILITIES		6,581,358	4,019,411
Minority interests		454,948	369,756
SHAREHOLDERS' EQUITY			
See attached statement	18	8,130,793	7,242,551
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15,167,099	11,631,718
Memorandum accounts	20	1,181,606	1,559,140

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

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

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

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

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CONSOLIDATED INCOME STATEMENT


CONSOLIDATED BALANCE SHEET


CEMENTOS ARGOS S.A. CONSOLIDATED INCOME STATEMENT

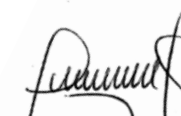
Years ended on December 31
(in millions of Colombian pesos, except for net income per share)

	Notes	2014	2013
OPERATING INCOME		5,802,885	4,968,414
COST OF SALES		4,468,032	3,860,411
GROSS INCOME		1,334,853	1,108,003
OPERATING EXPENSES			
Administrative expenses	21	449,955	327,155
Sales expenses	22	211,643	199,733
Total operating expenses		661,598	526,888
OPERATING INCOME		673,255	581,115
OTHER INCOME (EXPENSES)			
Dividends and equity participations	23	27,828	26,360
Financial income		9,574	13,020
Financial expenses		(188,559)	(162,454)
Foreign exchange difference, net	24	53,360	37,612
Other income	25	139,829	82,832
Other expenses	26	(171,360)	(175,178)
Income before tax		543,927	403,307
Allowance for income tax and CREE	14	193,528	211,684
Income before minority interests		350,399	191,623
Minority interests in income of subsidiaries		(58,584)	(7,913)
Consolidated net income		291,815	183,710
Net income per share		211.42	117.56

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


Jorge Mario Velásquez J.
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CEMENTOS ARGOS S.A. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Share capital	Additional paid-in capital	Legal reserve	Reserve for future expansion and investment	Other reserves	Total reserves	Shareholders' equity revaluation	Income from previous periods	Income of the period	Asset revaluation surplus	Total shareholders' equity
BALANCES ON DECEMBER 31, 2012	7,291	175,674	13,845	883,590	15,450	912,885	756,753	-	387,619	3,473,263	5,713,485
Issuance of preferred shares	1,256	1,609,568	-	-	-	-	-	-	-	-	1,610,824
Transfer to income from previous periods	-	-	-	-	-	-	-	387,619	(387,619)	-	-
Appropriation from reserve to ensure preferred dividend	-	-	-	50,000	-	50,000	-	(50,000)	-	-	-
Appropriation from reserve for future expansion	-	-	-	296,582	-	296,582	-	(296,582)	-	-	-
Release of non-taxable reserves for future expansion	-	-	-	(136,320)	-	(136,320)	-	136,320	-	-	-
Annual dividends of COP \$154 per share, declared in cash and payable in four installments starting in April 2013	-	-	-	-	-	-	-	(177,357)	-	-	(177,357)
Quarterly preferred dividends of COP \$57,75, declared in cash and payable as of July 2014	-	-	-	(36,244)	-	(36,244)	-	-	-	-	(36,244)
Adjustments due to revaluation	-	-	-	-	-	-	-	-	-	(52,205)	(52,205)
Unrealized gains hedge accounting	-	-	-	-	-	-	338	-	-	-	338
Income of the period ended	-	-	-	-	-	-	-	-	183,710	-	183,710
BALANCES ON DECEMBER 31, 2013	8,547	1,785,242	13,845	1,057,608	15,450	1,086,903	757,091	-	183,710	3,421,058	7,242,551
Transfer to income from previous periods	-	-	-	-	-	-	-	183,710	(183,710)	-	-
Annual dividends of COP \$166 per ordinary share and of COP \$231 per preferred share, declared in cash and payable in four installments starting in April 2014	-	-	-	(55,792)	-	(55,792)	-	(183,710)	-	-	(239,502)
Adjustments due to revaluation	-	-	-	-	-	-	-	-	-	835,957	835,957
Unrealized gains hedge accounting	-	-	-	-	-	-	(28)	-	-	-	(28)
Income of the period ended	-	-	-	-	-	-	-	-	291,815	-	291,815
BALANCES ON DECEMBER 31, 2014	8,547	1,785,242	13,845	1,001,816	15,450	1,031,111	757,063	-	291,815	4,257,015	8,130,793


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CONSOLIDATED
BALANCE SHEET

CONSOLIDATED
INCOME STATEMENT

CONSOLIDATED STATEMENT
OF CHANGES IN
SHAREHOLDERS' EQUITY

CONSOLIDATED STATEMENT
OF CHANGES IN FINANCIAL POSITION

CONSOLIDATED CASH FLOW
STATEMENT


CEMENTOS ARGOS S.A.


CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

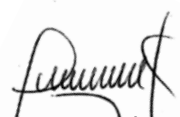
Years ended on December 31
(in millions of Colombian pesos)

	2014	2013
THE FINANCIAL RESOURCES WERE PROVIDED BY:		
Net income	291,815	183,710
Add (less) - debit (credit) to income that does not affect working capital:		
Depreciation and amortization of property, plant and equipment	304,894	335,853
Amortization of deferred and intangible charges	81,512	61,140
Amortization of discount of outstanding bonds	1,677	1,642
Gains from the sale of property, plant and equipment	(18,006)	(1,351)
Gains from the sale of other assets	(351)	(431)
Loss from the sale of property, plant and equipment	712	515
Loss from disposal of property, plant and equipment	992	1,342
Loss from disposal of other assets	3,299	-
Gains from the sale of long-term investments	343	-
Long-term investment allowance	18,650	8,670
Recovery from investment allowance	(49,761)	(7,709)
Recovery from updating of retirement pensions reserve	(16,915)	(13,172)
Long-term foreign exchange difference	49,100	(16,131)
Realization of deferred and other taxes	4,859	(6,656)
Minority interests	58,584	7,913
WORKING CAPITAL PROVIDED BY OPERATIONAL ACTIVITIES DURING THE YEAR	731,404	555,335
FINANCIAL RESOURCES FROM OTHER SOURCES:		
Issuance of preferred shares	-	1,610,824
Issuance of long-term bonds	600,000	-
Sale of property, plant and equipment	49,246	3,817
Sale of other assets	-	3,036
Decrease in long-term accounts receivable	2,395	-
Increase in long-term financial obligations	1,407,184	-
Effect of revaluation of derivative operations under hedge accounting	88,331	338
Increase in minority interests	26,608	166,246
TOTAL FINANCIAL RESOURCES PROVIDED	2,905,168	2,339,596
THE FINANCIAL RESOURCES WERE USED FOR:		
Increase in long-term accounts receivable	-	536
Acquisition of property, plant and equipment	351,662	379,516
Net increase in long-term assets due to acquisition of Argos Honduras S.A. de C.V.	-	73,483
Net increase in long-term assets due to acquisition of Vulcan Materials Company	1,539,026	-
Net increase in long-term assets due to acquisition of Ciments Guyanais S.A.S.	4,474	-
Acquisition of long-term investments	9,894	1,764
Increase in deferred and intangible assets	33,137	141,891
Goodwill from acquisition of Argos Honduras S.A. de C.V.	-	515,844
Goodwill from acquisition of Vulcan Materials Company	63,290	-
Goodwill from acquisition of Ciments Guyanais S.A.S.	118,735	-
Increase in other assets	313	-
Declared dividends	239,502	213,601
Decrease in long-term financial obligations	-	131,428
Decrease in long-term accounts payable	130,839	20,750
Transfer of taxes payable to short-term	-	30,745
Transfer of outstanding bonds to short term	191,400	192,575
Net effect in exchange of companies abroad	411,642	138,325
TOTAL FINANCIAL RESOURCES USED	3,093,914	1,840,458
(DECREASE) INCREASE IN WORKING CAPITAL	(188,746)	499,138
CHANGES IN WORKING CAPITAL COMPONENTS:		
Cash	135,814	211,663
Negotiable investments	(130,990)	159,485
Accounts receivable, net	290,031	29,775
Inventories, net	185,969	47,056
Pre-paid expenses	19,559	3,330
Financial obligations	(364,491)	364,018
Outstanding bonds	1,175	(115,375)
Suppliers and accounts payable	(257,777)	(69,158)
Taxes, levies and contributions	75,392	(71,620)
Labor obligations	(18,421)	(18,241)
Other liabilities	(125,007)	(41,795)
(DECREASE) INCREASE IN WORKING CAPITAL	(188,746)	499,138

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


Jorge Mario Velásquez J.
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(see attached report)


CEMENTOS ARGOS S.A.


CONSOLIDATED CASH FLOW STATEMENT

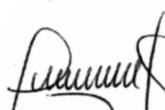
Years ended on December 31
(in millions of Colombian pesos)

	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	291,815	183,710
Adjustments to reconcile net income of the year with cash provided by operating activities:		
Depreciation and amortization of property, plant and equipment	304,894	335,853
Amortization of deferred and intangible charges	81,512	61,140
Amortization of the discount of outstanding bonds	1,677	1,642
Gains from the sale of property, plant and equipment	(18,006)	(1,351)
Gains from the sale of other assets	(351)	(431)
Loss from the sale of property, plant and equipment	712	515
Loss from disposal of property, plant and equipment	992	1,342
Loss from disposal of other assets	3,299	-
Gain from the sale of long-term investments	343	-
Asset allowances	31,263	41,192
Recovery from allowance	(52,658)	(8,362)
Revaluation of derivative operations	65,069	16,096
Income receivable	-	(26,360)
Foreign exchange difference	47,341	(16,131)
Recovery from updating of retirement pension reserve	(16,915)	(13,172)
Realization of deferred and other taxes	4,859	(6,656)
Minority interests	58,584	7,913
CHANGES IN OPERATING ASSETS AND LIABILITIES:	804,420	576,940
Accounts receivable	(298,958)	(63,039)
Inventories	(185,971)	(53,567)
Prepaid expenses	(19,559)	(3,330)
Suppliers and accounts payable	231,550	51,901
Taxes, levies and contributions	(75,392)	40,875
Labor obligations	18,421	18,241
Other liabilities	125,007	41,795
NET CASH PROVIDED BY OPERATING ACTIVITIES	599,518	609,816
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Dividends received in cash	24,244	25,631
Proceeds on sale of property, plant and equipment	49,246	3,817
Proceeds on sale of other assets	-	3,036
Acquisition of long-term investments	(9,894)	(1,764)
Acquisition of property, plant and equipment	(351,662)	(379,516)
Net increase in long-term assets stemming from acquisition of Argos Honduras S.A. de C.V.	-	(73,483)
Net increase in long-term assets stemming from acquisition of Vulcan Materials Company	(1,539,026)	-
Net increase in long-term assets stemming from acquisition of Ciments Guyanais S.A.S.	(4,474)	-
Goodwill stemming from acquisition of Argos Honduras S.A. de C.V.	-	(515,844)
Goodwill stemming from acquisition of Vulcan Materials Company	(63,290)	-
Goodwill stemming from acquisition of Ciments Guyanais S.A.S.	(118,735)	-
Increase in deferred and intangible assets	(33,137)	(141,891)
Increase in other assets	2,082	-
NET CASH USED BY INVESTMENT ACTIVITIES	(2,044,646)	(1,080,014)
CASH FLOW FROM FINANCING ACTIVITIES:		
Issuance of preferred shares	-	1,610,824
Issuance of bonds	600,000	-
Dividends paid in cash	(213,275)	(197,199)
Payment of bonds and commercial papers	(192,575)	(77,200)
Net increase (decrease) in financial obligations	1,771,675	(495,446)
Net decrease in sundry long-term debt	(130,839)	(27,554)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,834,986	813,425
NET INCREASE IN CASH AND CASH EQUIVALENTS	389,858	343,227
Increase in minority interest	26,608	166,246
Net effect of foreign exchange difference of foreign companies	(411,642)	(138,325)
Cash and cash equivalents at the beginning of the year	528,013	156,865
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	532,837	528,013
Cash	502,583	366,769
Negotiable investments	30,254	161,244

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


Jorge Mario Velásquez J.
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(see attached certificate)


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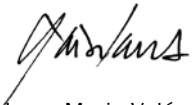

Juan David López M.
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(see attached report)

CERTIFICATE OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla
February 18, 2015

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

As the Legal Representative of the Company, I hereby certify that the consolidated financial statements of the period ended on December 31, 2014, which have been made public, do not contain any material flaws, imprecisions or errors that could impede the understanding of the actual assets of Cementos Argos S.A. or the operations that it carried out during the corresponding period.



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

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

Barranquilla
February 18, 2015

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 Company's consolidated financial statements of the years ended on December 31, 2014, and 2013, were faithfully taken from the Company's books and that the following statements contained therein were verified before they were made available to the shareholders and to third parties:

- a) All the assets and liabilities that are included in the consolidated financial statements of the Company of the years ended on December 31, 2014, and 2013, exist and all the transactions that are included in said statements took place in the years ended on the aforementioned dates.
- b) All the economic activities carried out by the Company and its subsidiaries during the years ended on December 31, 2014, and 2013, were recorded in the financial statements.
- c) The assets represent probable future economic benefits (rights), and the liabilities represent probable future economic sacrifices (obligations) obtained or accrued by the Company as of December 31, 2014, and 2013.
- d) All the items were recorded with their corresponding appropriate values in accordance with accounting principles that are generally accepted in Colombia.
- e) All the economic events that affected the Company and its subsidiaries were correctly classified, described and disclosed in the financial statements.



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



Oscar Rodrigo Rubio C.
Corporate Accounting Manager
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(see attached certificate)



AUDITOR'S REPORT

To the shareholders of CEMENTOS ARGOS S.A.:

I have audited the consolidated balance sheets of CEMENTOS ARGOS S.A. and its subsidiaries as of December 31, 2014 and 2013 and the related consolidated statements of income, changes in shareholders' equity, changes in financial position and cash flows for the years then ended, and the summary of the major accounting policies and other explanatory notes.

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

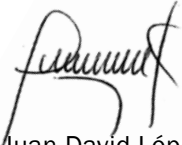
My responsibility is to express an opinion on these consolidated financial statements based on my audits. I obtained the information necessary to comply with my duties and conducted my audit in accordance with auditing standards generally accepted in Colombia. Those standards require that I plan and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

I believe that my audits provide a reasonable basis to express my opinion. As of December 31, 2014 and 2013, CEMENTOS ARGOS S.A. has direct and indirect investments in companies audited by other auditors, that represent 5% and 11% of the assets and 7% and 8% of the total consolidated income, respectively, consolidated under the global integration method, according to the financial statements of these companies, as of that date.

In my opinion, based on my audits and on that of other auditors, the consolidated financial statements referred to above, present fairly, in all material respects, the consolidated financial position of CEMENTOS ARGOS S.A. and its subsidiaries as of December 31, 2014 and 2013, and the results of its operations, the changes in its shareholders' equity, the changes in its financial position, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Colombia.

As mentioned in Note 3 to the consolidated financial statements, since January 1, 2014, the Company and some of its subordinates mentioned in that note, carried out a change in the applicable useful lives of property, plant and equipment. The effect of this change in the Company's consolidated financial statements was a decrease in the depreciation expense for the year ended on December 31, 2014, for the amount of COP 85.914 billion.

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



Juan David López Montoya

Statutory Auditor

Professional License No. 139197-T

Designated by Deloitte & Touche Ltda.

February 18, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CEMENTOS ARGOS S.A.

AS OF DECEMBER 31, 2014 AND 2013

(figures expressed in Colombian pesos are in millions, unless otherwise stated)

NOTA 1 - ENTIDAD REPORTANTE

Cementos Argos S.A. is a commercial company incorporated under Colombian law on August 14, 1944. Its corporate purpose is to conduct business in the cement industry; the production of concrete mixtures and any other products or articles made of cement, lime or clay; the acquisition and extraction of minerals or mineral deposits usable in the cement industry and the like; and rights to explore and extract the mentioned minerals, either by concession, privilege, leasing or otherwise. The company is registered in the city of Barranquilla and the life span of the Company expires on August 14, 2060.

In January 2014, the Company signed an agreement to acquire cement assets from the American company Vulcan Materials Company, located in the State of Florida, for an amount of USD 720 million. In March 2014, this agreement was fully executed.

In April 2014, the Company signed an agreement to acquire the totality of the shares of the company Ciments Guyanais S.A.S., which belonged to the French multinational Lafarge, for EUR 50 million. Ciments Guyanais S.A.S. has a cement grinding facility with an installed capacity of 200,000 metric tons and access to port facilities. The purchase was completed on April 11, 2014.

In May 2014, the Board of Directors, as part of the Company's strategy of efficiency in the management of operations both within and outside Colombia, authorized the capitalization of Argos SEM, S.A. (Sede de Empresa Multinacional or Seat of a Multinational Company), which is registered in the Republic of Panama, with the goal of centralizing the control of some of the Company's investments abroad and facilitating the rendering of administrative service and technical support to other subsidiaries of Cementos Argos S.A. located outside Colombia.

The stake in the capital of Argos SEM, S.A. was materialized through an in-kind contribution of 29,305 shares of the company Argos USA Corp., of 229,181,415,370 shares of the company Nuevos Cementos S.A.S. and of 26,500 shares of the company Ciments Guyanais S.A.S., for a total commercial value of COP 2.4 trillion. The Company received 100,000 shares of Argos SEM, S.A. with an intrinsic value of COP 20,255,953 (figure in units, not in millions) per share, which represents the totality of its capital. The Company's capital was issued in Colombian pesos.

The contribution had a neutral effect on the Company's financial statements, given the fact that it lead to neither profit nor loss.

Cementos Argos S.A. possesses 61 affiliated companies that it consolidates, with presence in Colombia, Suriname, the United States, Haiti, the British Virgin Islands, the Antilles, Curacao, Panama, the Dominican Republic, Honduras, French Guiana and Venezuela. The following companies are the ones included in the consolidated financial statements of Cementos Argos S.A.:

ALIANZA PROGENÉTICA S.A.S.

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

AMERICAN CEMENT TERMINALS, LLC

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

ARGOS DOMINICANA S.A.

This joint-stock company was incorporated according to the laws of the Dominican Republic on February 12, 1996. Its corporate purpose is the manufacturing, commercialization, import and export of clinker and cement and the used and sale of minerals used in and related to the cement industry. The company is registered in the city of Santo Domingo and its duration is set as indefinite. It is consolidated with Concretos Argos Dominicanos, S.R.L.

ARGOS HONDURAS S.A. DE C.V.

This company was incorporated according to Honduran law on July 10, 1975 in Tegucigalpa. Its main purposes are the exploitation of any type of cement, its derivatives and the products that are produced with cement and the obtaining of exploration permits and mining concessions for mining sites whose substances are required for the manufacturing of cement and its derivatives. Its duration is indefinite.

In November 2013, an agreement was signed to be able to exercise the purchase/sale option of 50% of the remaining shares of Cementos Del Sur S.A. This transaction was completed on September 30, 2014. Through this agreement, Argos Honduras S.A. de C.V. came in possession of the totality of Cementos Del Sur S.A.

ARGOS PANAMÁ S.A.

This is a public limited company incorporated under the laws of Panamá on June 25, 1943. Its objective is the manufacturing, sale, import and export of cement and its derivatives, as well as the import of any type of raw materials, machinery, equipment or spare parts for the manufacturing and sale of cement. It is registered in Panama City, in the Republic of Panama, and its duration is perpetual. This company is consolidated with Grava S.A., Concreto S.A., Terminal Granelera Bahía Las Minas S.A., Argos Panamá Comercializadora S.A. (previously Cementos Panamá Comercializadora S.A.), and Inversiones e Inmobiliaria Tocumen S.A.

ARGOS PORTS (WILMINGTON) LLC. (previously Port Royal Cement Company, LLC)

This company was incorporated under the laws of the State of Delaware (United States) on March 10, 1998 and afterwards acquired by American Cement Terminals, LLC., on December 31, 2001. Its corporate purpose is the commercialization of cement and its associated products. Its duration is perpetual.

ARGOS SEM, S.A.

This company was incorporated on March 21, 2014 in Panama City. Its corporate purpose is to establish itself and operate as the Seat of a Multinational Company in order to render all services of management and/or administration for the operations in a specific or global geographic area of a company of the business group, dedicate itself on an international level to the manufacturing and commercialization of all kinds of goods, and to commercialize services of all kinds and dedicate itself within the territory of the Republic of Panama or any other country or jurisdiction to any kind of lawful business, as allowed by the legislation of the respective country or jurisdiction. It is registered in Panama City, in the Republic of Panama, and its duration is perpetual, but with the option of being dissolved in accordance with legislation.

ARGOS U.S.A. CORP.

This company was incorporated under the laws of the State of Delaware, USA, on December 19, 2006. It is registered in the city of Alpharetta, Georgia. Its corporate purpose is the development of lawful activities involving investments in the cement, concrete and related products sectors. Its duration is perpetual. This company is consolidated with Argos Ready Mix (South Central) Corp., Southern Star Leasing LLC., Piazza Acquisition Corp., Argos Ready Mix (Carolinas) Corp. (a company that was created as a result of the merger of RMCC Group Inc. and Southern Equipment Company Inc.), Argos Ports (Savannah) LLC. (previously Savannah Cement Company LLC.), Argos Ports (Houston) LLC. (previously 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.

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

CARICEMENT ANTILLES, N.V.

This is a limited liability partnership that was incorporated under the laws of the Netherlands Antilles on December 10, 1999. Its main corporate purpose is investments. It is registered in Curacao with indefinite duration. This company is consolidated with Caricement Antigua Limited.

CEMENT AND MINING ENGINEERING INC.

This company was incorporated under Panama law on February 4, 1997. It is registered in Panama City. Its main corporate purpose is the construction, technical assistance, installation and setup of equipment; the purchase, sale, and administration of real

estate and chattels; investments; the funding of and participation in companies; the purchase or acquisition of patents, brands, copyrights, licenses and formulas; and the carrying out of operations with banks or other financial institutions; as well as the purchase and sale of shares, securities or Bonds; the funding of and participation in companies; mining businesses and shipping; and any other lawful business permitted by the laws of the Republic of Panama. Its duration is perpetual.

C.I. DEL MAR CARIBE BVI INC.

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

CIMENTS GUYANAIS S.A.S.

This company was incorporated on March 23, 1989 and registered in Cayenne, French Guiana. Its corporate purpose is the manufacturing of cement and all its derived products, as well as the import of all raw materials and finished products necessary for the elaboration, commercialization and export of cement and related products. The company's duration is of 99 years, starting on March 23, 1989, except in the cases of premature dissolution or of extension. It was acquired by the Company in April 2014.

COLCARIBE HOLDINGS S.A.

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

COMERCIAL ARVENCO C.A.

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

CONCRETOS ARGOS S.A.

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

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

This is a company that was incorporated under Colombian law on December 14, 1982. It is registered in Medellín, with indefinite duration. The corporate purpose of the company is to carry out any lawful economic activity, both in Colombia and abroad. Currently, it is dedicated to investing in stock or interest shares. This company is consolidated with Argos USVI Corp. (previously Caricement USVI Corp.), Argos (Dominica) Ltd. (previously Caribbean Construction and Development Ltd.) and Argos Saint Maarten N.V. (previously Caricement Saint Maarten N.V.).

GANADERÍA RÍO GRANDE S.A.S.

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

HAITÍ CEMENT HOLDING S.A.

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

INTERNATIONAL CEMENT COMPANY S.A.

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

LOGÍSTICA DE TRANSPORTE S.A.

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

MARÍTIMA DE GRANELES S.A.

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

SURCOL HOUDSTERMAATSCHAPPIJ N.V.

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

TEKIA S.A.S.

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

TRANSATLANTIC SHIPMANAGEMENT LTD.

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

TRANSATLANTIC CEMENT CARRIERS INC.

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

VALLE CEMENT INVESTMENTS LTD.

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

VENEZUELA PORTS COMPANY S.A.

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

ZONA FRANCA ARGOS S.A.S.

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

NOTE 2 – BASIS FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION

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

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

- a) If more than 50% of the capital belongs to the Company, either directly or through, or with the help of, its subsidiaries or the subsidiaries of the latter. Shares with preferred dividend and without voting right are not taken into account for such purpose.
- b) If the Company and its subsidiaries hold, either jointly or separately, enough votes to get the minimum deciding majority in the Members' Meeting or Assembly, or have the number of votes required to elect a majority of members of the Board of Directors, if it exists.
- c) If the Company, either directly or through, or with the help of, its subsidiaries, exerts dominant influence on the decisions of the Company's governing bodies by virtue of an act or contract that was entered into with the controlled company or its members.

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

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

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

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

Taking into consideration that foreign related companies prepare their financial statements using the International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (USGAAP), using a consistent set of top-quality accounting standards, and given that said structure of principles is deemed appropriate as a source of technical accounting references in Colombia, these subsidiaries do not substantially adjust their financial statements to make accounting policies equivalent, except for differences that go against the substance-over-legal-form principle.

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

Below are the details of the assets, liabilities, shareholders' equity and period results for each of the companies included in the consolidation:

2014

COMPANY	TOTAL STAKE (%)	ASSETS	LIABILITIES	SHAREHOLDERS' EQUITY	PERIOD RESULT
Alianza Progenética S.A.S.	100.00	242	29	213	(121)
American Cement Terminals LLC.	100.00	10,444	-	10,444	(440)
American Cement Terminals Trust	100.00	10,444	-	10,444	(440)
Argos Cement LLC.	98.63	3,175,470	393,457	2,782,014	18,530
Argos (Dominica) Ltd.	100.00	10,959	3,050	7,909	(180)
Argos Dominicana S.A.	79.18	85,080	28,463	56,617	5,946
Argos Honduras S.A. de C.V.	53.28	854,210	99,809	754,401	117,173
Argos Panamá S.A.	98.40	572,505	154,860	417,645	107,120
Argos Ports (Houston) LLC. (antes South Central Cement Ltd.)	98.63	14,817	4,373	10,444	(440)
Argos Ports (Savannah) LLC. (antes Savannah Cement Company LLC.)	98.63	7,410	7,410	-	(3,087)
Argos Ports (Wilmington) LLC. (antes Port Royal Cement Company LLC.)	100.00	81,061	28,063	52,998	(5,470)
Argos Ready Mix LLC.	98.63	912,185	268,305	643,880	(43,849)
Argos Ready Mix (Carolinas) Corp.	98.63	825,038	812,357	12,681	(57,067)
Argos Ready Mix (South Central) Corp.	98.63	846,774	489,621	357,153	(13,102)
Argos Saint Maarten N.V.	100.00	15,962	8,254	7,707	1,067
Argos SEM, S.A.	100.00	80,624	47,951	32,672	32,672
Argos USA Corp.	98.63	4,489,928	2,912,021	1,577,907	(181,633)
Argos USVI Corp.	100.00	3,739	14,448	(10,709)	(850)
Canteras de Colombia S.A.S.	99.48	118,330	7,741	110,589	166
Caricement Antigua Limited	100.00	10,830	4,091	6,739	81
Caricement Antillas N.V.	100.00	10,380	4,225	6,155	(144)
Cement and Mining Engineering Inc.	100.00	13,425	28,543	(15,118)	5,273
Cementos Argos S.A.		12,464,809	4,332,209	8,132,600	291,815
Central Aggregates LLC.	98.63	30,678	4,328	26,350	(99)
CI del Mar Caribe (BVI) Inc.	99.97	60,351	14,512	45,839	7,085
Cimenterie Nationale S.E.M. (CINA)	65.00	75,421	35,482	39,939	159
Ciments Guyanais S.A.S.	100.00	29,401	9,856	19,545	2,598
Colcaribe Holdings S.A.	100.00	246,835	42,222	204,613	18,434
Comercial Arvenco S.A.	100.00	1,992	1,952	40	-
Concretos Argos S.A.	99.44	1,209,648	798,716	410,932	3,194
Corporaciones e Inversiones del Mar Caribe S.A.S.	100.00	105,228	29,820	75,408	8,912
Ganadería Río Grande S.A.S.	100.00	16,449	11,342	5,107	10,912
Haiti Cement Holding S.A.	100.00	35,504	-	35,504	(1,270)
International Cement Company S.A.	100.00	2,110	-	2,110	(151)
Logística de Transporte S.A.	99.97	49,703	19,516	30,187	4,014
Marítima de Graneles S.A.	100.00	46,593	8,693	37,899	(2,506)
Piazza Acquisition Corp.	98.63	357,153	71,990	285,163	(28,805)
Somerset Shipping Co. Ltd.	50.00	17,128	3,423	13,706	4,773
Surcol Houdstermaatschappij N.V.	50.00	17,941	2,408	15,533	(1,780)
Tekia S.A.S.	100.00	55,528	27,936	27,592	(5,648)
Trans Atlantic Shipmanagement Ltd.	50.00	41,289	3,452	37,838	3,439
Transatlantic Cement Carriers Inc.	100.00	68,024	10,539	57,485	(1,550)
Valle Cement Investments Limited	91.81	818,913	359,199	459,714	(21,335)
Venezuela Ports Company S.A.	100.00	1,529	11	1,518	(1,117)
Vensur N.V.	42.12	35,345	21,040	14,305	387
Winterset Shipping Co. Ltd.	50.00	22,959	19,931	3,028	(924)
Zona Franca Argos S.A.S.	100.00	1,554,924	116,389	1,438,535	79,615
			29,515,312	11,262,037	18,253,275

2013

COMPANY	TOTAL STAKE (%)	ASSETS	LIABILITIES	SHAREHOLDERS' EQUITY	PERIOD RESULT
Alianza Progenética S.A.S.	100.00	636	302	334	(502)
American Cement Terminals LLC.	100.00	8,834	-	8,834	(653)
Argos Cement LLC.	98.63	1,416,251	211,706	1,204,545	(12,095)
Argos (Dominica) Ltd.	100.00	8,352	1,857	6,495	680
Argos Dominicana S.A.	79.18	69,303	27,711	41,592	1,916
Argos Honduras S.A. de C.V.	53.28	679,206	88,391	590,815	5,954
Argos Panamá S.A.	98.40	447,775	146,144	301,631	84,081
Argos Ports (Houston) LLC. (antes South Central Cement Ltd.)	98.63	72,591	24,640	47,951	(2,669)
Argos Ports (Savannah) LLC. (antes Savannah Cement Company LLC.)	98.63	7,391	4,413	2,978	(1,760)
Argos Ports (Wilmington) LLC. (antes Port Royal Cement Company LLC.)	100.00	11,437	2,603	8,834	(653)
Argos Ready Mix LLC.	98.63	259,302	72,161	187,141	(7,622)
Argos Ready Mix (Carolinas) Corp.	98.63	673,192	608,515	64,677	(36,503)
Argos Ready Mix (South Central) Corp.	98.63	648,037	348,147	299,890	(24,224)
Argos Saint Maarten N.V.	100.00	12,578	7,524	5,054	160
Argos USA Corp.	98.63	2,325,085	882,352	1,442,733	(151,847)
Argos USVI Corp.	100.00	2,633	10,382	(7,749)	(962)
C.I. del Mar Caribe (BVI) Inc.	99.97	50,654	20,449	30,205	11,922
Caltek S.A.S.	50.00	1,180	919	261	(139)
Canteras de Colombia S.A.S.	99.48	106,874	7,950	98,924	617
Caricement Antigua Limited	100.00	7,432	2,205	5,227	370
Caricement Antilles N.V.	100.00	27,088	3,402	23,686	1,201
Cement and Mining Engineering Inc.	100.00	10,812	27,629	(16,817)	1,163
Cementos Argos S.A.		10,473,514	3,229,156	7,244,358	183,710
Central Aggregates LLC.	98.63	24,707	3,385	21,322	(68)
Cimenterie Nationale S.E.M. (CINA)	65.00	71,483	27,857	43,626	8,024
Colcaribe Holdings S.A.	100.00	194,838	38,646	156,192	11,416
Comercial Arvenco C.A.	100.00	2,378	2,317	61	-
Concretos Argos S.A.	99.44	724,988	348,664	376,324	18,299
Consort Livestock Inc.	98.63	-	-	-	-
Corporaciones e Inversiones del Mar Caribe S.A.S.	100.00	91,204	44,507	46,697	(3,139)
Ganadería Río Grande S.A.S.	100.00	18,413	24,342	(5,929)	(4,789)
Gulf Coast Cement LLC.	98.63	-	-	-	-
Haití Cement Holding S.A.	100.00	30,183	-	30,183	4,178
International Cement Company S.A.	100.00	2,307	-	2,307	(17,847)
Logística de Transporte S.A.	99.97	42,533	15,086	27,447	1,333
Marítima de Graneles S.A.	100.00	41,566	8,628	32,938	(3,996)
Nuevos Cementos S.A.S.	100.00	314,793	-	314,793	3,173
Piazza Acquisition Corp.	98.63	300,233	43,236	256,997	(35,380)
Somerset Shipping Co. Ltd.	50.00	13,838	4,001	9,837	1,927
Southern Star Leasing LLC.	98.63	-	-	-	-
Surcol Houdstermaatschappij N.V.	50.00	13,052	533	12,519	(1,368)
Tekia S.A.S.	100.00	51,960	18,208	33,752	(4,090)
Trans Atlantic Shipmanagement Ltd.	50.00	27,423	-	27,423	1,917
Transatlantic Cement Carriers Inc.	100.00	56,592	8,707	47,885	(11,671)
Valle Cement Investments Ltd.	91.81	679,061	286,335	392,726	(9,381)
Venezuela Ports Company S.A.	100.00	2,345	9	2,336	(999)
Vensur N.V.	42.12	26,696	15,040	11,656	1,013
Winterset Shipping Co. Ltd.	50.00	12,743	12,546	197	1,220
Zona Franca Argos S.A.S.	100.00	1,382,218	72,078	1,310,140	13,528
			21,445,711	6,702,683	14,743,028

In 2014, the following changes occurred in the Company's subsidiaries:

- In 2014, the companies Profesionales a su Servicio Ltda. en Liquidación, Asesorías y Servicios Ltda. En Liquidación, Agentes Marítimos del Caribe Ltda. en Liquidación and Transmarítima Del Caribe Ltda. en Liquidación were liquidated.
- In March 2014, Caltek S.A.S. was excluded from the consolidated statements after an agreement between investors on a new scheme of control.
- In March 2014, the company Argos SEM, S.A. was constituted.
- In April 2014, the Company signed an agreement for the acquisition of the totality of the shares of Ciments Guyanais S.A.S., owned by the French multinational Lafarge, for EUR 50 million. As of that date, said company was included in the consolidated statements of Cementos Argos S.A.
- In September 2014, the companies Consort Livestock Inc., Gulf Coast Cement LLC. and Piazza Properties LLC. were liquidated and the companies Southern Equipment Company Inc. and RMCC Group Inc. were merged with the company Southern Equipment Company Inc., taking on the new name of Argos Ready Mix (Carolinas) Corp.

As of December 31, 2014 and 2013, the company Corporación de Cemento Andino C.A. and its subsidiaries Andino Trading Corporation, Comercializadora Dicemento C.A. and Depoan S.A. were excluded from the consolidated statements due to the loss of control. The same applied to the companies Intership Agency Venezuela C.A. and Surandina de Puertos C.A.

As of December 31, 2014, the companies Carbones Del Caribe Ltda. en Liquidación and Transportes Elman Ltda. en Liquidación are in the process of liquidation.

The effect of the consolidation of the financial statements of the Company and its subsidiaries was the following:

	BALANCE BEFORE ELIMINATIONS	ELIMINATIONS	CONSOLIDATED BALANCE
Assets	29,515,312	14,348,213	15,167,099
Liabilities and minority interests	11,262,037	4,225,731	7,036,306
Shareholders' equity	18,253,275	10,122,482	8,130,793

The profits of Cementos Argos S.A. and the consolidated profits for 2014 and 2013 didn't change.

	2014	2013
Consolidated profit	291,815	183,710

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

	2014	2013
Individual shareholders' equity	8,132,600	7,244,358
Unrealized gain from the sale of property, plant and equipment	(1,807)	(1,807)
Consolidated shareholders' equity	8,130,793	7,242,551

NOTE 3 – MAIN ACCOUNTING POLICIES AND PRACTICES

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

SUBSTANCE OVER LEGAL FORM

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

FOREIGN CURRENCY TRANSLATION OF FINANCIAL STATEMENTS

Colombian regulations do not provide a technical framework regarding acceptable foreign currency translation methods. However, they do indicate, given the absence of such a framework, the appropriateness of referring to the rules of a higher body. To this effect, for foreign currency translation purposes, the Company decided to follow the guidelines of the International Financial Reporting Standards (IFRS), and specifically International Accounting Standard (IAS) 21, “The Effects of Changes in Foreign Exchange Rates”.

In this sense, the financial statements of foreign companies are translated from the currency of the country of origin into Colombian pesos pursuant to the methodology established in IAS 21, as follows:

- Assets and liabilities are translated at the exchange rate in effect as of the closing date.
- Shareholders' equity accounts are translated at the exchange rates in effect on each of the dates on which the transactions occurred. For companies of which no past records are available, shareholders' equity was translated at the closing exchange rate of December 2005.
- Income statement accounts are translated at the exchange rates in effect on the dates on which the transactions occurred. If this turns out to be impossible, then the average exchange rate for each month is used.
- Differences in foreign currency translation are posted to shareholders' equity through the accumulated foreign currency translation differences account, which represents the differences between the translation of items in the income statement at the average exchange rate and the translation of general balance sheet items at year-end rates.

The currency used as reference for foreign currency translation is the US dollar, which is converted to Colombian pesos by applying the market representative rate in effect at the closing of the period, as certified by the Superintendence of Finance of Colombia.

INFLATION ADJUSTMENTS

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

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

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

MATERIALITY IN THE PREPARATION OF FINANCIAL STATEMENTS

Preparing the financial statements in compliance with accounting principles generally accepted in Colombia requires the Company's management to make estimates and assumptions that have an impact on the amounts of assets and liabilities reported on the closing date of financial statements and the amounts of revenues and expenses reported during the relevant period. Generally, the recognition and presentation of economic events occur in accordance with their relative importance or materiality. For the financial statements of 2014 and 2013, the materiality that was applied was determined by taking 3% of the consolidated EBITDA as basis.

CASH AND CASH EQUIVALENTS

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

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND BALANCES

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

The following are the derivatives used by the company:

SWAP ARRANGEMENTS

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

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

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

FORWARD ARRANGEMENTS

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

NEGOTIABLE AND LONG-TERM INVESTMENTS

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

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

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

INVENTORIES

Inventories that are recorded at cost and at the closing of the reporting period are reduced to their market value, should this be lower. Costs are calculated based on the average cost method. At the closing of each period, the analysis of obsolescence of inventories, materials and parts is reviewed and updated, and the corresponding allowance is recognized in the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, and when appropriate they include financing expenses and exchange rate differences on liabilities incurred for their acquisition up to the point where they are in operational conditions. Construction projects in progress are subject to capitalization of all concepts that are directly associated with the construction and assembly of the construction sites, including social and environmental costs.

Sales and disposals of such assets are derecognized at their respective adjusted net cost and any difference between the sale price and the adjusted net cost is recognized in the income statement.

Depreciation in Colombian companies is calculated using the straight line method, based on the useful life of the assets, according to the following parameters:

	2014	2013
Constructions, buildings and communication roads	20 to 100 years	1 to 20 years
Medical and scientific equipment	1 to 10 years	1 to 10 years
Water conduits, plants and networks	1 to 10 years	1 to 10 years
Machinery, industrial equipment and office equipment	10 to 30 years	2 to 10 years
Vehicles and transportation equipment, computer and communication equipment	5 years	5 years

As of January 1, 2014, the Colombian companies Cementos Argos S.A., Concretos Argos S.A., Zona Franca Argos S.A.S. and Logística de Transporte S.A. extended the useful lives of their property, plant and equipment. This change was carried out based on a technical study done by the company Activos e Inventarios y Cía. Ltda. in September 2011, which was the most recent valuation report available at the date of the change, with the intention of adjusting the useful lives to the economic reality of the business. The change led to a decrease in expenses due to depreciation for the year ended on December 31, 2014, in the amount of COP 85,914.

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

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

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

In the Caribbean and the United States, the company evaluates assets that generate earnings when there are changes or other circumstances that might cause losses due to impairment in accordance with the future cash flow of said assets.

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

Losses due to impairment are charged to the results.

DEFERRED ASSETS

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

Deferred charges mainly include deferred income tax, computer software and costs incurred in the implementation of the Company's new information system, SAP. Amortization is calculated using the straight line method over a period of 3 to 5 years.

INTANGIBLE ASSETS

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

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

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

ACQUIRED GOODWILL

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

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

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

In other countries where the Company has subsidiaries, goodwill is determined based on the accounting regulations applicable in the country where the subordinated company operates, within a framework of a higher standard that respects accounting principles generally accepted in Colombia and the guidelines of the Superintendence of Finance of Colombia and that is in accordance with the contents of Article 11 of Decree 2649 of 1993, regarding substance over legal form.

Goodwill registered in the subsidiaries in the United States corresponds to the difference between the paid value and the fair value of the net assets of the acquired American companies. This recognition was calculated based on United States Generally Accepted Accounting Principles (USGAAP). In accordance with these principles, goodwill is not subject to amortization, but rather to revaluation due to impairment, when there are signs to indicate this. At the end of each accounting period, goodwill is evaluated by experts and losses due to impairment are recognized and charged to the income statement, not amortized. In 2014 and 2013, there was no impairment for these assets.

ASSET REVALUATION

In Colombia, this relates to the following items:

- a) An excess in the market or intrinsic value of investments in shares or equity interests, at the end of the reporting period, in comparison with their net cost.
- b) An excess in the technical appraisals of property, plant and equipment in comparison with their respective net costs adjusted for inflation. These appraisals must be updated at least every three years.

Asset revaluation is recognized as a higher value in shareholders' equity.

LABOR LIABILITIES AND RETIREMENT PENSIONS

For the consolidation process, the Company keeps up with the labor obligations determined in each country in accordance with the accounting techniques and implicit legal obligations acquired by its subsidiaries. In this sense, the Company does not consider it necessary to make any further accounting estimations as a result of the consolidation of social and other employee benefits on a basis other than that used by the countries where the liabilities were created.

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

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

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

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

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

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

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

ENVIRONMENTAL ALLOWANCES

The Company's environmental allowances are estimated by taking into account the framework of regulations established by the State, as well as the individual analysis of the impact of the raw material extraction operations, in order to assume the Company's environmental responsibilities. These are reviewed and updated periodically by the Company's management. Any adjustments to the allowances are charged to the income statement of the period.

TAXES, LEVIES AND CONTRIBUTIONS

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

Income and supplementary tax and fairness income tax (CREE)

The Company determines its income tax allowance either on the grounds of taxable income estimated at the rates specified in tax law or on the grounds of the presumptive profit method. The tax effects of revenues, costs and expenses corresponding to the temporary differences between accounting figures and the figures for tax purposes are carried as deferred tax. However, in the

case of debit deferred taxes, they are only carried as revenue when related to temporary differences that entail payment of a higher tax during the current year, provided there is a reasonable expectation of generating enough taxable income in the periods during which the tax benefit is to be obtained.

Tax on equity and its surcharge

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

Sales tax – VAT

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

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

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

MEMORANDUM ACCOUNTS

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

RECOGNITION OF REVENUES, COSTS AND EXPENSES

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

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

IMPAIRMENT OF ASSETS

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

CASH FLOWS STATEMENTS

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

CONSOLIDATED NET EARNINGS PER SHARE

Net profit or earnings per share are calculated based on the weighted annual average of subscribed and outstanding shares each year. Re-acquired own shares are excluded for the effects of this calculation. It takes into account the filtering out of annual preferred dividends for the 209,197,850 shares on December 31, 2014, in the amount of COP 231 (amount in units, not in millions) per year.

CONTINGENCIES

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

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

CONVERGENCE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In compliance with what is stipulated in Law 1314 of 2009, Regulating Decree 2784 of December 2012 and Decree 3024 of 2013, the Company is classified in Group 1 of publishers of financial information. Therefore, on July 30, 2014, it presented its Opening Statement of Financial Position as of January 1, 2013 to the Superintendence of Finance of Colombia, in accordance with External Circular Letters 038 of December 2013 and 014 of June 2014.

Cementos Argos S.A. has been anticipating work on the implementation process for International Financial Reporting Standards (IFRS), in accordance with what is stipulated in Decree 3024 of 2013. The first consolidated financial statements under IFRS will be presented for the approval of the Audit Committee and the Board of Directors during the first semester of 2015 and they will be published and made available to the public through the Company's website as soon as they are approved. As of that moment, the Company will be considered as having fully adopted IFRS.

For all legal purposes, the preparation of the Financial Statements as of December 31, 2014 and 2013 will be the last time the Financial Statements were prepared in compliance with Decrees 2649 and 2650 of 1993 and regulations in effect on those dates in Colombia.

RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain amounts included in the financial statements as of December 31, 2013 were reclassified for presentation purposes.

NOTE 4 - TRANSACTIONS IN FOREIGN CURRENCY

Basic regulations in effect in Colombia allow the free trading of foreign currencies through banks and other financial institutions at freely set exchange rates.

Nevertheless, most foreign currency transactions still require that certain legal requirements be met.

Transactions and balances in foreign currency are translated at the market representative exchange rate certified by the Colombian Central Bank (Banco de la República), which was used to prepare the financial statements of December 31, 2014 and 2013. The market representative exchange rate of December 31, 2014, in Colombian pesos, was of COP \$2,392.46 per USD 1 (COP 1,926.83 per USD 1 on December 31, 2013).

The Company and its subsidiaries had the following net position in foreign currency, mainly in US dollars, recorded as of December 31 at their equivalent in millions of Colombian pesos:

	2014		2013	
	US DOLLARS	MILLIONS OF COLOMBIAN PESOS	US DOLLARS	MILLIONS OF COLOMBIAN PESOS
Current assets	1,032,324,874	2,469,796	607,942,912	1,171,403
Non-current assets	2,700,942,875	6,461,898	2,242,324,920	4,320,579
	3,733,267,749	8,931,694	2,850,267,832	5,491,982
Current liabilities	(1,089,936,158)	(2,607,629)	(917,629,106)	(1,768,115)
Non-current liabilities	(1,189,514,494)	(2,845,866)	(834,656,263)	(1,608,241)
	(2,279,450,652)	(5,453,495)	(1,752,285,369)	(3,376,356)
Active net position	1,453,817,097	3,478,199	1,097,982,463	2,115,626

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

NOTE 5 – NEGOTIABLE INVESTMENTS

Negotiable investments as of December 31 were comprised of the following elements:

	Average annual rate in 2014	Average annual rate in 2013	2014	2013
Time deposits (1)	3.8%	5.1%	1,454	140,658
Fiduciary rights (2)	3.5%	7.0%	28,204	16,869
Bonds and others		5.0%	596	3,717
			30,254	161,244

(1) As of December 2013, Argos Honduras S.A. de C.V. had a portfolio of time deposits with maturity in the course of the year, and that were not renewed, in the amount of COP 136,022 (USD 70,594,000).

- (2) These are mainly made up of trust rights of Cementos Argos S.A., in the amount of COP 25,384 (COP 4,394 in 2013), transactions carried out at the end of the year with the intention of covering obligations with maturity in 2015.

In 2014 and 2013, no restrictions were imposed on any these investments that would limit their availability for use.

NOTE 6 – ACCOUNTS RECEIVABLE

On December 31, the receivables account was comprised of the following elements:

	2014	2013
Domestic clients (1)	848,279	603,459
Foreign clients	16,204	10,544
Accounts receivable from related companies (see Note 27)	32,116	31,631
Advance payments to contractors and others	36,104	34,215
Deposits	1,514	13,637
Promises to enter into a purchase-sale agreements	1,725	1,725
Sundry accounts receivable (2)	68,773	26,006
Accounts receivable from employees	36,374	30,525
Revenues receivable	28,009	33,225
Tax advances (3)	129,357	123,826
Common trade accounts	864	223
Others	1,334	868
	1,200,653	909,884
Less – Allowance for doubtful debts	(46,197)	(43,336)
Long-term portion	(38,131)	(40,254)
	1,116,325	826,294

- (1) The balance corresponds mainly to debt from sales on credit of clients of Cementos Argos S.A., in the amount of COP 318,995 (COP 294,210 in 2013); Argos Ready Mix (South Central) Corp., in the amount of COP 133,493 (COP 80,171 in 2013); Argos Cement LLC., in the amount of COP 94,443 (COP 61,615 in 2013); Argos Ready Mix LLC., in the amount of COP 140,006 (COP 51,043 in 2013); Argos Ready Mix (Carolinas) Corp. (previously Southern Equipment Company Inc.), in the amount of COP 64,726 (COP 41,013 in 2013); Argos Panamá S.A., in the amount of COP 34,176 (COP 27,586 in 2013); Argos Honduras S.A. de C.V., in the amount of COP 15,199 (COP 11,782 in 2013); and Ciments Guyanais S.A.S., in the amount of COP 11,848.
- (2) This mainly includes the revaluation of derivative operations, in the amount of COP 24,804 (COP 2,247 in 2013), which registered an increase due to the favorable change in the exchange rate and the interest rate negotiated, compared to those same rates at year-end closing. These accounts are cleared with those described in suppliers and accounts payable (see Note 13).

Transactions with financial derivatives that gave rise to a positive revaluation for the Company as of December 2014 were as follows:

TYPE	UNDERLYING	UNDERLYING AMOUNT	UNDERLYING RATE	SWAP AMOUNT	SWAP RATE	MATURITY
Interest rate swap	EKF loan	US\$ 16,363,636	L (6m) + 0.1%	US\$ 16,363,636	2.40%	26-Jun-2019
Interest rate swap	EKF loan	US\$ 52,474,115	L (6m) + 0.1%	US\$ 52,474,115	2.38%	26-Jun-2019
Currency swap	Loan in US dollars	US\$ 51,975,052	L (3m) + 0.75%	\$ 100,000	IBR + 1.40%	14-Oct-2015

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

(3) The balance includes the following items:

	2014	2013
Advance payment of income tax (a)	17,876	17,244
Advance payment of industry and commerce tax	2,649	2,407
Withholding of tax	7,228	112
Withheld sales tax	677	59
Industry and commerce tax	10,848	11,326
Excess in private liquidation (b)	61,876	91,852
Deductible taxes (c)	27,757	426
Others	446	400
Total	129,357	123,826

- (a) (a) This item mainly corresponds to the increase of Concretos Argos S.A., for the amount of COP 48,194 (COP 29,467 in 2013); Argos Dominicana S.A., in the amount of COP 10,425 (COP 0 in 2013); Argos Panamá S.A., for the amount of COP 4,408 (COP 512 in 2013); Logística de Transporte S.A., for the amount of COP 2,848 (COP 101 in 2013); and Corporaciones e Inversiones del Mar Caribe S.A.S., for the amount of COP 1,948 (COP 1,696 in 2013); and a decrease of Argos Honduras S.A. de C.V., for the amount of COP 838 (COP 16,100 in 2013); Cementos Argos S.A., for the amount of COP 50,089 (COP 60,881 in 2013); and Zona Franca Argos S.A.S., for the amount of COP 7,796 (COP 13,589 in 2013).
- (b) The variation stems mainly from the decrease in Cementos Argos S.A., for the amount of COP 39,699; and the increase in Concretos Argos S.A., for the amount of COP 16,745.
- (c) This item mainly includes the increase for Cementos Argos S.A., in the amount of COP 24,855 (COP 0 in 2013).

The allowance for doubtful debts changed as follows:

	2014	2013
Opening balance	43,336	35,926
Allowance for the year	12,611	26,011
Recoveries	(2,792)	(653)
Penalties	(6,958)	(17,948)
Closing balance	46,197	43,336

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

2016	10,955
2017	10,988
2018	4,400
2019	3,347
2020 and subsequent years	8,441
	38,131

Interest rates applicable on long-term accounts receivable are the following: for employee loans, between 0% and 11.41%; and for loans to related parties, 4.07% AER (5.27% AER in 2013).

Overdue accounts receivable from customers amounted to COP 179,864 (COP 153,366 in 2013).

Uncollectible accounts overdue more than one year amounted to COP 5,899 in 2014 (COP 3,676 in 2013). The number of clients that had uncollectible accounts in 2014 was 188.

NOTE 7 – INVENTORIES, NET

Inventories on December 31 were comprised of the following elements:

	2014	2013
Finished products	58,443	77,993
Production in process (1)	123,957	71,039
Raw materials and direct materials (2)	225,552	112,612
Materials, spare parts and accessories (3)	143,951	119,054
Inventories in transit	13,012	1,815
Goods not manufactured by the Company	9,857	6,020
Others	24,760	22,809
	599,532	411,342
Less – Allowance for inventory protection	(11,128)	(8,907)
	588,404	402,435

- (1) This corresponds mainly to Cementos Argos S.A., for the amount of COP 43,725 (COP 23,001 in 2013); Concretos Argos S.A., for the amount of COP 12,829 (COP 14,828 in 2013); Argos Cement LLC., for the amount of COP 28,607 (COP 27,536 in 2013); and Argos Panamá S.A., for the amount of COP 24,394 (COP 0 in 2013). There was an increase in Cementos Argos S.A., for the amount of COP 34,903; for Concretos Argos S.A., for the amount of COP 12,829, due to the increase in production costs and volumes; and in Argos Panamá S.A., due to compliance with negotiated volumes.
- (2) This corresponds mainly to Cementos Argos S.A., for the amount of COP 17,089 (COP 22,681 in 2013); Argos Ready Mix (South Central) Corp., for the amount of COP 24,389 (COP 14,289 in 2013); Concretos Argos S.A., for the amount of COP 17,305 (COP 18,445 in 2013); Zona Franca Argos S.A.S., for the amount of COP 19,299 (COP 4,674 in 2013); Argos Cement LLC., for the amount of COP 74,910 (COP 4,046 in 2013); and Argos Ready Mix LLC., for the amount of COP 23,304 (COP 6,744 in 2013). There was an increase in Argos Cement LLC., for the amount of COP 80,864, due to the assets acquired in Florida (United States); and in Zona Franca Argos S.A.S., for the amount of COP 14,625, which stems from the entry of raw materials in order to maintain clinker and cement production.
- (3) This corresponds mainly to Cementos Argos S.A., for the amount of COP 32,455 (COP 35,878 in 2013); Zona Franca Argos S.A.S., for the amount of COP 20,170 (COP 22,389 in 2013); Argos Cement LLC., for the amount of COP 36,225 (COP 27,774 in 2013); and Argos Honduras S.A. de C.V., for the amount of COP 20,0358 (COP 16,763 in 2013).

In 2014, the acquisition of Ciments Guyanais S.A.S. and the assets acquired in Florida (US) increased the value of inventories as follows:

Inventories of Ciments Guyanais S.A.S.	8,142
Inventories of assets acquired in Florida (US)	90,806
	98,948

The following changes occurred in the inventory allowance:

	2014	2013
Opening balance	8,907	13,372
Allowance for the year	2	6,511
Inventory allowance of Ciments Guyanais S.A.S.	74	-
Exchange rate difference	2,145	-
Penalties	-	(10,976)
Closing balance	11,128	8,907

NOTE 8 – LONG-TERM INVESTMENTS, NET

Long-term investments as of December 31 included the following items:

2014

Company	Registered in	Economic activity	Valuation	Outstanding shares	Number of shares owned	Stake owned	Adjusted cost	Commercial value	Allowance	Revaluation (devaluation)	
A, SHARES											
Bancolombia S.A.	Medellín	Financial intermediation	SE	509,704,584	20,437,148	4.01%	61,414	562,264	-	500,850	
Caltek S.A.	Medellín	Production of lime	I	400,000	200,000	50.00%	958	958	-	-	
Cartón de Colombia S.A.	Cali	Production of cardboard	SE	107,716,050	2,308,930	2.14%	5,088	11,983	-	6,895	
Carvajal Pulpa y Papel S.A.	Cali	Production of paper	I	596,630,268	116,767	0.02%	2	268	-	266	
Cementos de Caldas S.A.	Manizales	Production of cement	I	50,666,501	20,301,861	40.07%	3,109	3,183	-	74	
Cera Tech Inc.	Virginia	Production of ecologic cement	I	1,141,365	100,000	8.76%	368	221	147	-	
Cera Tech USA	Virginia	Production of ecologic cement	I	27,500,000	7,500,000	27.27%	54	-	54	-	
Ceratech USA Holdings, LLC.	Virginia	Financial intermediation	I	1,072,251	100,000	9.33%	1,345	1,345	-	-	
Compañía Colombiana de Empaques Bates S.A.	Palmira	Production of packaging	I	54,607	3,503	6.41%	49	9,233	-	9,184	
Concesiones Urbanas S.A.	Bogotá	Civil works	I	24,554,726	8,186,537	33.34%	6,362	9,001	-	2,639	
Corporación de Cemento Andino C.A.	Venezuela	Production of cement	I	37,697,288	37,580,426	99.69%	40,573	-	40,573	-	
Fundiciones Colombia S.A.	Medellín	Production of smelting parts	I	2,496,845,128	38,543,456	1.54%	278	13	265	-	
Grupo de Inversiones Suramericana S.A.	Medellín	Investments	SE	469,037,260	28,183,262	6.01%	39,384	1,126,058	-	1,086,674	
Hipódromo Los Comuneros S.A.	Guarne	Equestrian sports	I	3,199,388	16,870	0.53%	12	-	12	-	
Industrial Hullera S.A. (1)	Medellín	Exploitation of coal	I	6,474,711	2,426,054	37.47%	155	-	155	-	
Intership Agency Venezuela	Venezuela	Maritime representation	I	-	-	100.00%	24	-	24	-	
Inversiones Cofinter, S.A.	Tegucigalpa	Financial intermediation	I	900,000	55,618	6.18%	616	616	-	-	
Occidental de Empaques S.A.	Medellín	Packaging	I	2,160,000	4,500	0.21%	10	102	-	92	
Omya Andina S.A.	Guarne	Production of non-metallic minerals	I	12,690,910	6,345,455	50.00%	11,554	49,773	-	38,219	
Papeles y Cartones S.A.	Barbosa	Production of paper	I	11,424,044,960	1,112,158	0.01%	1	18	-	17	
Seguridad Corporativa, S.A. de C.V.	Tegucigalpa	Security and personal protection services	I	24,476	7,392	30.20%	82	82	-	-	
Sociedad de Transporte Férreo del Occidente S.A.	Cali	Railroad services	I	2,450,625	72,294	2.95%	331	-	331	-	
Surandina de Puertos C.A.	Venezuela	Port services	I	515	500	97.09%	5,963	1,595	4,368	-	
Triple A S.A. E.S.P.	Barranquilla	Public services	I	73,485,384	13,700	0.02%	62	31	-	(31)	
Others							5,923	1,557	4,991	625	
							-	-	-	-	
B, EQUITY INTERESTS											
Servigranel Ltda.	Barranquilla	Commercialization	I	-	-	-	37	-	37	-	
Transportes Elman Ltda. (1)	Barranquilla	Road, river and maritime transport	I	800,000	790,000	98.75%	5,215	7,103	27	1,915	
Others							1	3	-	2	
TOTAL SHARES AND EQUITY INTERESTS							188,970	1,785,406	50,984	1,647,420	
C, BONDS AND SECURITIES											
							-	-	-	-	
D, OTHER INVESTMENTS											
							7,697	10,946	1,013	4,262	
Less - Allowance for protection							(51,997)				
							144,670	1,796,352	51,997	1,651,682	

2013

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

Commercial values correspond to December 2014 and 2013.

Valuations:

I: Intrinsic SE: Stock Exchange

Types of shares:

O: Ordinary P: Preferred

(1) Companies in liquidation.

The following investments are pledged as collateral for credit lines:

COMPANY	NO. OF SHARES	ENTITY	VALUE
Grupo de Inversiones Suramericana S.A.	5,200,000	Bancolombia S.A.	208,000 208,000

NOTE 9 – PROPERTY, PLANT, AND EQUIPMENT

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

2014	ADJUSTED COST	ACCUMULATED IMPAIRMENT	NET COST	APPRAISAL	REVALUATION
Land	1,208,072	-	1,208,072	1,893,319	685,247
Constructions in process (1)	110,477	-	110,477	110,477	-
Constructions and buildings (2)	1,135,721	421,007	714,714	924,222	209,508
Machinery and equipment for production (3)	4,859,519	2,255,960	2,603,559	3,744,205	1,140,646
Office, computer and communication equipment	105,435	79,190	26,245	35,231	8,986
Mines, quarries and mineral deposits	672,597	110,544	562,053	766,625	204,572
Land transport equipment	721,818	428,601	293,217	321,231	28,014
River fleet	138,277	66,233	72,044	72,497	453
Communication Networks	311,983	21,952	290,031	304,085	14,054
Agricultural plantations	16,265	1,564	14,701	15,974	1,273
Machinery and equipment being assembled (1)	376,707	-	376,707	376,707	-
Property, plant and equipment in transit (4)	60,375	-	60,375	60,375	-
Other assets	18,758	5,582	13,176	13,919	743
	9,736,004	3,390,633	6,345,371	8,638,867	2,293,496
Less – Allowance			(18,203)		
TOTAL	9,736,004	3,390,633	6,327,168	8,638,867	2,293,496

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

The increase in property, plant and equipment in 2014 corresponds mainly to the acquisition of assets in Florida, from Vulcan Materials Company, which were integrated into the subsidiaries Argos Ready Mix LLC. and Argos Cement LLC., in the amount of COP 1,525,153; and the acquisition of Ciments Guyanais S.A.S., in the amount of COP 4,447.

- (1) This corresponds mainly to Cementos Argos S.A., for the amount of COP 174,298 (COP 85,162 in 2013), as a result of the construction of the Argos Research Center, for the amount of COP 9,641, and to expansion and improvement projects at the plants of Rioclaro, for the amount of COP 67,086; Sogamoso, for the amount of COP 55,491; Cairo, for the amount of COP 4,514; and Yumbo and Tolú, for the amount of COP 11,686; Concretos Argos S.A., for the amount of COP 21,163 (COP 6,273 in 2013); and Zona Franca Argos S.A.S., for the amount of COP 22,358 (COP 51,105 in 2013).
- (2) This corresponds mainly to the acquisitions of property, plant and equipment of the assets in Florida and, additionally, Cementos Argos S.A. sold its administrative offices located in the city of Bogotá to Grupo Argos S.A. for COP 39,091, which led to a sales profit of COP 8,247.

- (3) This corresponds mainly to Cementos Argos S.A., for the amount of COP 679,286 (COP 690,852 in 2013), which includes the expansions and improvements at the cement plants of Rioclaro, for the amount of COP 62,406, and Sogamoso, for the amount of COP 24,730, and to improvements at the plants of Cairo, for the amount of COP 9,924; Yumbo, for the amount of COP 7,160; and Tolú, for the amount of COP 5,813; and to Concretos Argos S.A., for the amount of COP 91,709 (COP 92,595 in 2013).
- (4) This corresponds mainly to Cementos Argos S.A., for the amount of COP 59,101; Argos Dominicana S.A., for the amount of COP 974; and Zona Franca Argos S.A.S., for the amount of COP 307.

The company carried out technical appraisals of property, plant and equipment in Colombia in 2014. The appraisal methods that were used to this effect are explained in Note 19.

The impairment that was charged to the income statement in 2014 was of COP 304,894 (COP 335,853 in 2013).

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

As of December 31, 2014 and 2013, there were no additional obligations on property, plant and equipment.

NOTE 10 – DEFERRED AND INTANGIBLE ASSETS

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

	2014	2013
Goodwill (1)	1,767,417	1,466,699
Trademarks (2)	141,493	144,221
Rights (3)	234,336	207,600
Concessions, franchises and licenses (4)	275,092	277,745
Patents	409	344
Deferred assets, net (5)	343,108	275,010
Accumulated amortization	(346,488)	(323,864)
	2,415,367	2,047,755

- (1) These are the details regarding goodwill as of December 31, 2014:

	2014	2013
Nuevos Cementos S.A.S. (a)	515,844	515,844
Ready Mixed Concrete Co. (b)	386,653	386,653
Argos Ready Mix (South Central) Corp. (b)	263,719	263,719
Argos Ready Mix LLC. (c)	35,196	35,196
Argos Cement LLC. (c)	24,082	24,082
Argos Panamá S.A. (d)	22,688	22,688
Ceratech Inc. and Ceratech USA LLC. (e)	23,746	23,746
Surcol Houdstermaatschappij N.V. (f)	1,802	1,802
Vulcan Materials Company (g)	63,290	-
Ciments Guyanais S.A.S. (h)	118,735	-
Translation differences and others	311,662	192,969
Total	1,767,417	1,466,699

- (a) This corresponds to the acquisition of Nuevos Cementos S.A.S., of which 229,181,415,370 shares were acquired. This company is the owner of a stake of 53.28% of Argos Honduras S.A. de C.V. The investment was acquired on November 27, 2013. This goodwill was part of the capital contribution made to Argos SEM, S.A.
- (b) This corresponds to the goodwill generated through the purchase of concrete companies in the United States, namely Argos Ready Mix (South Central) Corp. and Ready Mixed Concrete Co., in 2005 and 2006, respectively.
- (c) This arose in 2011 as a result of the purchase of assets of the company Argos Ready Mix LLC. from Lafarge.
- (d) This corresponds to the purchase of Argos Panamá S.A., in the amount of COP 22,688, in 2009. The intrinsic value in Colombian pesos per share was of COP 218,190. It is amortized using the straight line method with a term of 5 years and as of December 31, 2014, it was completely amortized.
- (e) In 2013, the goodwill stemming from the purchase of a stake in Ceratech Inc. and Ceratech USA LLC. for a total of COP 17,827 was completely amortized.
- (f) This was generated by the purchase of Surcol Houdstermaatschappij N.V., for COP 1,802. The intrinsic value per share at the moment of the purchase, expressed in Colombian pesos, was of COP 88,198,366. This investment was acquired on February 16, 2010. It is amortized using the straight line method for a term of 4 years and as of December 31, 2014, it was completely amortized.
- (g) This stemmed from the purchase of assets from Vulcan Materials Company, carried out by Argos Cement LLC. and Argos Ready Mix LLC., in March 2014, in the amount of USD 720 million.
- (h) This corresponds to the acquisition of the company Ciments Guyanais S.A.S from Lafarge. 26,500 shares were acquired.
- (2) This corresponds mainly to the Argos trademark, which was purchased from Grupo Argos S.A. in December 2005, for COP 115,389 plus adjustments due to inflation of COP 5,274. The appraisal of the trademark was carried out by Corporación Financiera Colcorp and the methodology that was used was based on the analysis of discounted cash flows. The value of the intangible asset is the result of the operational cash flow that it can generate in a period of time, discounted at a rate that reflects the risk of said flows. This methodology is based on the return obtained through ownership of the trademark these cash (contribution of the trademark to the business, both in the present and future). It is amortized over a period of 20 years.
- (3) This item includes payments made by the Company to Housing Trust Fund No. 732-1359, which is managed by Fiduciaria Fiducor S.A., for the reforestation project in El Carmen de Bolívar, in the amount of COP 35,649 (COP \$32,999 in 2012) and to the Mercantile Trust Fund for the administration of a plot of land, managed by Fiduciaria Corficolombiana S.A., in the amount of COP 42,761 (COP 42,761 in 2013). Additionally, it includes the availability right acquired from Acerías Paz Del Río in 2008 for USD 21,500,000 (COP 39,828), for the supply of at least 150,000 tons per year of slag produced by said company, for a period of 15 years, which is renewable for an equal period, of which the net balance as of December 31 was of COP 24,231 (COP 25,972 in 2013).

Furthermore, it also includes the following assets acquired through financial leasing agreements in Colombia, under a monthly payment model, whose balance as of December 31 was of COP 45,608 (COP 46,318 in 2013):

Contract No.	Original amount	Balance on December 2014	Termination	Term (months)	Remaining installments	Asset
102907	356	224	18-11-16	84	23	CAT loader
114011	423	293	18-10-17	85	34	Caterpillar loader
114189	704	490	18-01-18	85	37	CAT loader
116307	363	254	18-01-18	85	37	CAT loader
116308	363	254	18-01-18	85	37	CAT loader
116309	363	254	18-01-18	85	37	CAT loader
124854	1,264	875	18-08-18	84	44	CAT 730

Contract No.	Original amount	Balance on December 2014	Termination	Term (months)	Remaining installments	Asset
124900	2,783	1,924	18-02-19	84	50	Bello Plant
127134	763	567	18-04-19	84	52	Special cement silo
128053	1,488	1,025	18-10-18	84	46	CAT 773
128226	1,437	999	18-09-18	84	45	CAT 773
133047	186	150	18-08-19	84	56	Truck scale
133409	1,488	1,067	18-01-19	84	49	CAT D9T
133705	717	539	18-02-19	84	50	Caterpillar loader
135859	408	517	18-08-19	84	56	CG 938H Ruta del Sol
136006	1,630	1,187	18-02-19	84	50	CAT 988H
139205	791	299	18-05-19	84	53	Loader 938H Ituango
139802	2,079	1,739	17-02-20	84	62	Mixer Cali
139805	2,599	2,171	17-02-20	84	62	Mixer Puente Aranda
139807	2,342	1,963	17-02-20	84	62	Mixer Medellín
139808	1,561	1,307	17-02-20	84	62	Mixer Sabaneta
139836	1,040	868	17-02-20	84	62	Mixer Montería
139845	1,303	1,088	17-02-20	84	62	Mixer Cajicá
139846	1,300	1,087	17-02-20	84	62	Mixer Calle 80
139873	261	217	17-02-20	84	62	Mixer Barrancabermeja
139880	781	656	17-02-20	84	62	Mixer Bello
139881	782	655	17-02-20	84	62	Mixer P. Norte
139882	780	655	17-02-20	84	62	Mixer Bucaramanga
139886	520	439	17-02-20	84	62	Mixer Corredor Sur
139887	778	653	17-02-20	84	62	Mixer Soacha
139891	522	435	17-02-20	84	62	Mixer Ruta del Sol
139892	783	651	17-02-20	84	62	Mixer P. Columbus
139893	781	648	17-02-20	84	62	Mixer Fontibón
139894	785	653	17-02-20	84	62	Mixer P. Mamonal
139982	66	52	18-07-19	84	55	Caterpillar forklift truck
139989	522	438	17-02-20	84	62	Mixer Marinilla
140014	259	219	17-02-20	84	62	Mixer Tunjuelo
140018	1,822	1,526	17-02-20	84	62	Mixer Mzles, Cusiana, Villavi, Sta Marta, Sur
140082	5,552	4,877	01-06-20	84	66	Pump trucks
140426	1,123	924	18-12-19	84	60	Perforation equipment
140833	408	322	18-09-19	84	57	Front loader
141252	1,746	1,349	18-07-19	84	55	Truck 773G
141393	494	386	18-08-19	84	56	Hydraulic excavator
142165	989	789	18-10-19	84	58	Front loader
142885	388	306	18-09-19	84	57	Front loader
143367	1,787	1,428	18-10-19	84	58	Rigid truck
143546	1,769	1,412	18-10-19	84	58	Rigid truck
144521	436	351	18-11-19	84	59	Front loader
144532	1,416	1,141	18-11-19	84	59	Articulated truck
146004	1,407	2,695	16-11-20	84	71	Grinder
147671	741	590	18-01-20	84	61	Loader

(4) This mainly includes the partial concession of Mining License No. 11378 for the extraction of lime, acquired in 2008 for USD 41,256,757 (COP 95,524) from Acerías Paz Del Río for the exploitation of a minimum of 369,000 metric tons of limestone per year, whose balance is of COP 61,770 (COP 67,429 in 2013), and the port concession contract regarding property of public use signed by Zona Franca Argos S.A.S. with the Colombian National Concession Institute (Instituto Nacional de Concesiones or INCO), in the amount of COP 17,892 (USD 10,504,700), which includes beaches and low-tide terrains, as well as a loading quay and infrastructure. The term of the concession that was granted is of 20 years, starting on the date on which the agreement was signed (March 8, 2010).

(5) Deferred assets as of December 31 were mainly comprised of the following items:

	2014	2013
Technology projects and other deferred assets (a)	232,989	208,694
Debit deferred income tax (b)	94,371	38,805
Computer software	9,284	20,788
Improvements to third-party property	6,464	6,452
Research studies	-	237
Adjustment for inflation	-	34
	343,108	275,010

- (a) This mainly includes the following elements:

	2014	2013
Synergy Project – implementation of new system (ERP)	127,145	110,383
Expenses stemming from issuance and placement of shares	61,216	68,018
Expenses stemming from issuance and placement of bonds	8,515	9,959
Conversion to International Accounting Standards	174	1,049
Asset acquisition and plant expansion projects	-	52

- (b) This includes deferred tax of Cementos Argos S.A., for the amount of COP 49,079 (COP 19,878 in 2013), stemming from temporal differences, mainly in the accounts payable of swap and forward arrangements and estimated liabilities for forest compensation, and deferred tax of Argos Honduras S.A. de C.V., in the amount of COP 19,761 (COP 0 in 2013), due to the difference in useful lives of impairment of fixed assets.

Furthermore, in the United States, the company continued to comply with ASC (Accounting Standard Codification) 740, which is related with tax allowances formally known as FAS (Financial Accounting Standard) 109, emitted by the US Financial Accounting Standard Board (FASB), where it is stated that it is mandatory to recognize an allowance for the valuation of deferred tax assets, known as Valuation Allowance, indicating that the devaluation of the deferred tax asset over possible estimated tax losses that could not be compensated must be registered, based on a high probability of recovering the latter. To date, and in accordance with this norm, no deferred tax asset has been recognized, based on the conservative criteria that are required by American standards, which demand a high level of assurance of recoverability, as Cementos Argos S.A. believes that in the future, enough taxable income will be generated in order to allow it to take advantage of the benefits of deferred tax associated with fiscal losses, which have a period of 20 years to be offset.

Amortization for deferred charges and intangible assets recorded in the results of 2014 amounted to COP 81,512 (COP 61,140 in 2013).

NOTE 11 – FINANCIAL OBLIGATIONS

Financial obligations as of December 31 were comprised of the following elements:

	2014	2013
Bank overdrafts	-	2,587
Obligations to domestic banks (1)	5,330	138,194
Obligations to foreign banks (2)	2,205,361	266,640
Loans from financial corporations	27,843	29,152
Letters of credit and loans from trade financing companies	45,735	50,924
Other obligations with individuals	-	4,017
Other obligations	25,227	19,934
	2,309,496	511,448
Less – Non-current portion	(1,655,715)	(222,158)
	653,781	289,290

- (1) The decrease stems mainly from the replacement of financial obligations to Colombian banks by financial obligations to foreign banks.

These are the obligations to domestic banks:

Entity	Concept	2014	2013	Original currency	Maturity
a) Long-term loans					
Bancolombia	Long-term loan	5,330	-	COP	25-Aug-15
Banco de Bogotá	Long-term loan	-	10,300	COP	02-Aug-14
b) Working capital loan					
Bancolombia	Working capital loan	-	500	COP	20-feb-14
Bancolombia	Working capital loan	-	550	COP	19-Jan-14
Bancolombia	Working capital loan	-	1,600	COP	01-may-14
Banco de Bogotá	Working capital loan	-	48,171	COP	26-jun-14
Banco de Bogotá	Working capital loan	-	28,902	COP	05-mar-14
Banco de Bogotá	Working capital loan	-	38,537	USD	05-mar-14
Banco de Bogotá	Working capital loan	-	9,634	COP	05-mar-14
Total		5,330	138,194		

(2) These are the obligations to foreign banks:

Entity	Concept	2014	2013	Original currency	Maturity
a) Crédito largo plazo					
Citibank	Long-term loan	124,348	-	USD	14-Oct-15
Various*	Club Deal	1,435,476	-	USD	28-Feb-19
Scotiabank	Long-term loan	19,640	-	USD	04-Dec-19
UBS	Long-term loan	10,751	8,667	USD	03-Sep-15
Various	Syndicated loan	11,962	28,902	USD	18-May-15
Citibank PLC London	ECA loan	171,434	168,751	USD	26-Jun-19
Banco BHD	Long-term loan	6,609	6,079	DOP	25-Jun-19
b) Working capital loan					
Banco de Bogotá Miami	Working capital loan	16,747	-	USD	20-Jan-15
Banco de Bogotá Miami	Working capital loan	4,785	-	USD	20-Jan-15
Banco de Bogotá Miami	Working capital loan	16,747	-	USD	20-Jan-15
Banco de Bogotá Miami	Working capital loan	11,962	-	USD	20-Jan-15
Banco de Bogotá Miami	Working capital loan	35,887	-	USD	20-Jan-15
Davivienda Miami	Working capital loan	19,140	-	USD	02-Mar-15
Banco de Bogotá NY	Working capital loan	3,828	-	USD	02-Mar-15
Banco de Bogotá NY	Working capital loan	26,317	-	USD	02-Mar-15
Davivienda Miami	Working capital loan	7,177	-	USD	30-Jan-15
Citibank	Working capital loan	5,981	-	USD	18-Jun-15
Banco de Bogotá NY	Working capital loan	14,116	-	USD	02-Mar-15
Banco de Bogotá NY	Working capital loan	28,710	-	USD	02-Mar-15
Banco de Bogotá NY	Working capital loan	8,613	-	USD	13-Mar-15
Davivienda Miami	Working capital loan	5,024	-	USD	19-Feb-15
Banco de Bogotá NY	Working capital loan	3,589	-	USD	11-Mar-15
Mercantil Commercebank	Working capital loan	79,430	-	USD	02-Mar-15
BCI Miami Branch	Working capital loan	119,623	-	USD	05-Mar-15
BCI Miami Branch	Working capital loan	12,680	10,212	USD	11-Jun-15
BCI Miami Branch	Working capital loan	4,785	3,854	USD	29-Apr-15
BCI Miami Branch	Working capital loan	-	15,415	USD	03-Apr-14
Banco General	Working capital loan	-	8,285	USD	15-May-14
Mercantil Commercebank	Working capital loan	-	4,046	USD	20-Mar-14
HSBC Honduras	Working capital loan	-	12,429	USD	13-Mar-14
Total		2,205,361	266,640		

* The initial creditors of this loan were the banks ITAU, HSBC, JP Morgan and Bank of America. Subsequently, these banks (with the exception of ITAU) syndicated a part of this loan to 7 additional banks.

The increase in financial obligations to foreign banks is mainly due to the disbursement of a Club Deal loan in the amount of USD 600 million, whose debtor is Argos USA Corp., with Cementos Argos S.A., Argos Ready Mix LLC., Argos Cement LLC. and Argos SEM, S.A. acting as guarantors. This credit, which expires in 2019, has the following financial covenants with regard to the consolidated financial statements:

- a) The Net Debt / EBITDA + 12-Month Dividends ratio must be less than 4 times.
- b) The EBITDA / Financial Expenses ratio must be higher than 2.5 times.

The resources from the Club Deal loan were used to finance the acquisition of assets in the south of Florida, which had a total cost of USD 720 million.

The long-term credit from Citibank PLC, which is endorsed by EKF Denmark, with an initial amount of USD 159,235,669, and whose debtors are Cementos Argos S.A., Zona Franca Argos S.A.S. and Argos USA Corp., has the following financial covenants in effect as of December 31, 2014:

- a) The Net Debt / EBITDA + 12-Month Dividends ratio must be less than 4 times.
- b) The EBITDA / Financial Expenses ratio must be higher than 1.25 times.

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

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

- a) The Net Debt / EBITDA ratio must be less than 2.5.
- b) The coverage of debt service cannot be less than 4.0.
- c) The Total Debt / Shareholders' Equity ratio must be less than 1.3.

The interest rate of the syndicated loan of Argos Panamá S.A. is Libor + 1.5%. It expires in May 2015. At the year-end closing of 2014, this loan had an outstanding balance of USD 5,000,000.

The mortgage with The Bank of Nova Scotia (Scotiabank) stipulates, among other factors, the following covenants with regard to the financial statements of Argos Panamá S.A. and its subsidiaries:

- a) The Net Debt / EBITDA ratio must be less than 2.5.
- b) The coverage of debt service cannot be less than 4.0.
- c) The Total Debt / Shareholders' Equity ratio must be less than 1.3.

This mortgage had an outstanding balance of USD 8,209,000 at the end of 2014.

At the year-end closing of 2014, there were no currency forward buying arrangements in place to convert credits in US dollars to Colombian pesos in a synthetic manner. One currency swap arrangement was carried out for a loan of USD 51.9 million to synthetically convert it to Colombian pesos. The details of this swap arrangement are explained in Note 6 of this report.

For the financial obligations, bonds, commercial papers and accounts payable, interests were accrued in the amount of COP 188,558 (COP 162,454 in 2013).

In 2014, long-term investments in the amount of COP 208,000 (COP 175,240 in 2013) were used as collateral for the credit line with Bancolombia S.A., as is mentioned in Note 8.

Long-term financial obligations outstanding on December 31, 2014 mature as follows:

Year	Maturity amount
2016	51,970
2017	53,390
2018	53,393
2019	1,488,460
2020 and subsequent years	8,502
	1,655,715

NOTE 12 – OUTSTANDING BONDS AND COMMERCIAL PAPER

	2014	2013
2005 and 2007 issuances (1)	520,000	520,000
2009 issuance (2)	414,823	495,998
April 2012 issuance (3)	111,400	222,800
May 2012 issuance (4)	700,000	700,000
2014 issuance (5)	600,000	-
Total outstanding bonds	2,346,223	1,938,798
Less – Discount due to amortization (6)	(4,891)	(6,568)
	2,341,332	1,932,230
Short-term	(191,400)	(192,575)
Long-term	2,149,932	1,739,655

(1) Outstanding bonds issued on November 23, 2005 and February 23, 2007 were comprised of the following as of December 31, 2014:

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE (%)	INTEREST PAYMENT TERMS
10 years	80,000	CPI + 2.88	Biannually in arrears
12 years	440,000	CPI + 3.17	Biannually in arrears
	520,000		

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

(2) Outstanding bonds issued on April 28, 2009 were comprised of the following as of December 31, 2014:

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE (%)	INTEREST PAYMENT TERMS
7 years	114,943	CPI + 6.00	Quarterly in arrears
10 years	70,350	CPI + 6.30	Quarterly in arrears
15 years	229,530	CPI + 7.19	Quarterly in arrears
	414,823		

(3) Outstanding bonds issued on April 11, 2012 were comprised of the following as of December 31, 2014:

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE (%)	INTEREST PAYMENT TERMS
3 years	111,400	FTD + 1.45	Quarterly in arrears
	111,400		

(4) Outstanding bonds issued on May 16, 2012 were comprised of the following as of December 31, 2014:

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

(5) Outstanding bonds issued on November 27, 2014 were comprised of the following as of December 31, 2014:

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE (%)	INTEREST PAYMENT TERMS
2 years	97,618	5.59	Quarterly in arrears
10 years	190,675	CPI + 3.80	Quarterly in arrears
15 years	311,707	CPI + 4.21	Quarterly in arrears
	600,000		

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

Through Resolution No. 20134 of November 13, 2014, the Superintendence of Finance of Colombia approved the renovation of the term of the authorization for the public offering of ordinary bonds and commercial papers of Cementos Argos S.A. so they can be publicly offered within a period of three (3) years starting on the date on which this resolution took effect, as well as the increase of its overall line, by an additional COP 1 trillion, of the securities that are part of the issuance and placement program in charge of Cementos Argos S.A., which was authorized through Resolution No. 422 of March 23, 2012. As of December 31, 2014, and starting on the aforementioned approval date, Cementos Argos S.A. had COP 400,000 at its disposal to issue over the next three years.

All issues are rated AA+ with a positive perspective by the rating firm Fitch Ratings Colombia S.A. and constitute securities that are payable-to-order and tradable in the secondary market.

Of the issuance maturing in 2017, which were 12-year Argos 2005 bonds in the amount of COP 440,000, a total of COP 433,320 (the equivalent of USD 229,094,471) was converted to US dollars through a currency swap at an average rate of Libor + 1.78%, paid biannually in arrears (see Note 13 of this report).

In 2014, interests in the amount of COP 129,861 (COP 133,914 in 2013) were accrued on ordinary bonds.

The following was the overall cost of financial obligations, including Argos bonds, financial derivatives and loans, during 2014:

- Average cost of financial obligations in Colombian pesos: 7.11% AER (7.08% AER in 2013)
- Average cost of financial obligations in US dollars: 2.91% AER (1.97% AER in 2012)

NOTE 13 – SUPPLIERS AND ACCOUNTS PAYABLE

Suppliers and accounts payable on December 31 were comprised of the following elements:

	2014	2013
Costs and expenses payable (1)	189,338	148,412
Domestic suppliers (2)	275,352	182,220
Foreign suppliers	40,233	31,113
Dividends payable	76,318	68,824
Current trade accounts (see Note 27)	12,004	35,093
Accounts payable to contractors	2,572	5,593
Sundry accounts payable	261,418	170,044
Withholdings payable	34,488	23,238
Installments payable	1,098	1,218
Other accounts payable	29,105	19,289
	921,926	685,044
Less – Sundry long-term accounts payable	(34,212)	(55,107)
	887,714	629,937

(1) This mainly corresponds to the increase in Argos Panamá S.A., which presents a balance of COP 40,095 (COP 21,676 in 2013); Cementos Argos S.A., with a balance of COP 91,538 (COP 83,347 in 2013); Argos Ready Mix (South Central) Corp., with a balance of COP 15,951 (COP 11,251 in 2013); and Argos Ready Mix LLC., with a balance of COP 7,233 (COP 2,762 in 2013).

- (2) This corresponds mainly to the increase in Cementos Argos S.A., which presents a balance of COP 52,927 (COP 28,849 in 2013); Argos Ready Mix LLC., with a balance of COP 30,943 (COP 8,173 in 2013); Argos Ready Mix (South Central) Corp., with a balance of COP 80,058 (COP 59,925 in 2013); Argos Cement LLC., with a balance of COP 31,962 (COP 20,120 in 2013); and Argos Ready Mix (Carolinas) Corp. (previously Southern Equipment Company Inc.), with a balance of COP 17,148 (COP 8,497 in 2013).
- (3) This corresponds mainly to the revaluation of derivative operations, in the amount of COP 118,452 (COP 27,936 in 2013), which are compensated with those described in accounts payable (see Note 6), and the balance payable, in the amount of COP 68,424 (COP 82,661 in 2013), for the purchase of Cementos La Unión S.A. and Cementos Apolo S.A., under the following conditions:

Balance on December 31, 2014: USD 28,600,000 (USD 42,900,000 in 2013)

Maturity: August 2016

Rate: 5% AER, payable quarterly in arrears

Term: 10 annual installments

Between January and December 2014, interests were accrued in the amount of COP 3,688, which is the equivalent of USD 1,832,926 (COP 4,700 or the equivalent of USD 2,511,220 in 2013). In 2014, USD 14,300,000 was paid to principal. For this account payable, the following currency swap was obtained, which was liquidated before December 31, 2014:

Swap arrangements

Type	Underlying	Underlying amount (USD)	Underlying rate (%)	Swap amount (COP)	Swap rate (%)	Maturity
Currency swap	Account payable	28,600,000	4.90 in arrears	54,623	CPI + 5.35	08-Aug-16

The currency and interest rate swaps in effect as of December 31, 2014, were the following:

Swap arrangements

Type	Underlying	Underlying amount (USD)	Underlying rate (%)	Swap amount (COP)	Swap rate (%)	Maturity
Currency swap	2017 bonds	COP 343,520,000,000	CPI + 3.17	US\$190,000,000	Libor + 1.75%	23-Nov-17
Currency swap	2017 bonds	COP 89,800,000,000	CPI + 3.17	US\$50,000,000	Libor + 1.92%	23-Nov-17
Interest rate swap	Club Deal	USD 300,000,000	6M Libor + 2.80	US\$300,000,000	4.48%	28-Feb-19

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

NOTE 14 – TAXES, LEVIES AND CONTRIBUTIONS

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

	2014	2013
Income tax	35,699	34,902
Fairness income tax – CREE (1)	39,014	57,478
Sales tax	40,384	47,999
Industry and commerce tax	2,460	23,141
Others (2)	2,991	32,420
	120,548	195,940

- (1) The variation in the fairness income tax (CREE) is the result of the effect of investments in foreign currency maintained by Cementos Argos S.A., given the fact that in May 2014, these were transferred to the company Argos SEM, S.A., which was constituted with shareholders' equity in Colombian pesos (see Note 2 of this report).

(2) The decrease stems mainly from the payment of the last two installments of the tax on shareholders' equity, in the amount of COP 30,745 (COP 30,755 in 2013).

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

- a) The rate of income tax for 2013 and 2014 is of 25%. Through Law 1607 of December 2012, the fairness income tax (known as CREE) was created, with a rate of 9%, taking effect as of January 1, 2013. The base for this tax is calculated together with the income tax, but additionally filtering out certain parts that the new regulations specifically do not take into consideration for the CREE tax.

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

- b) Legal persons that pay the CREE tax are exempted from contributions to the National Learning Service (*Servicio Nacional de Aprendizaje* or SENA) and the Colombian Institute of Family Wellbeing (*Instituto Colombiano de Bienestar Familiar* or ICBF), for employees that, individually, earn up to ten (10) current legal minimum salaries.
- c) As of January 1, 2013, occasional gains are taxed at a rate of 10%, in accordance with what is established in Law 1607 of 2012.
- d) The basis for calculating the income tax cannot be less than 3% of net shareholders' equity on the last day of the immediately preceding taxable period.
- e) Tax losses adjusted according to tax rules may be offset by companies against ordinary net income obtained during subsequent taxable periods, with no time limitations and without prejudice to the presumptive tax of the year.

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

On December 31, 2014, Cementos Argos S.A. and its subsidiaries had tax losses amounting to COP 175,413 (COP 162,315 in 2013).

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

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

As of December 31, 2013, Cementos Argos S.A. and its subsidiaries had a total of COP 50,383 (COP 67,920 in 2013) of excess presumptive taxable income originating in tax years 2006, 2010 and 2011.

- g) Starting in 2004, income tax taxpayers who carry out transactions with economic related parties or foreign related parties must calculate, for the purposes of the income and complementary taxes, their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, applying the prices and profit margins they would have applied in similar comparable transactions with or between non-related economic parties. The Company carried out a technical study on transactions carried out during 2013 and reached the conclusion that there is no need to adjust the income tax return on these grounds for that tax year. To date, the company has not yet carried out the study on the transactions of 2014. However, given the fact that the transactions carried out with foreign related parties happened

in conditions similar to those of the ones carried out in 2013, the Company's management is convinced that it will not affect the period's income tax return.

- h) It has been established that only for tax purposes, the deductions stipulated in tax regulations to accounting norms will stay in effect for a period of 4 years following the coming into effect of the International Financial Reporting Standards. As a result, during the aforementioned period, the tax bases of the items that are included in the tax returns will remain unchanged. Furthermore, requirements of the accounting method for the recognition of special tax situations will cease to be in effect as of the date on which the new regulatory accounting framework is applied.
- i) It has been established that, at the latest on June 30 of each year, the economic and/or business groups that are duly registered must hand in their consolidated financial statements, together with their respective indexes, on magnetic media to the Colombian National Tax and Customs Department (DIAN).
- j) As of 2012, 175% of investments made in projects qualified as technological research and development can be deducted from income and complementary tax of the respective tax year, without exceeding 40% of net income. Said reduction does not include the application of depreciation, amortization or deduction of costs for staff included in the investment and it does not generate taxed income for members or shareholders.

This table shows the details regarding the determination of the income tax for the years ended on December 31, 2014 and 2013:

	2014	2013
Taxable income, domestic companies with special rate	30,165	29,353
Rate	15%	15%
Current income tax at special rate (1)	4,525	4,403
Taxable income, domestic companies	322,750	431,522
Rate	25%	25%
Current income tax (2)	80,687	107,881
Taxable income for CREE tax, domestic companies	324,493	733,817
Rate	9%	9%
CREE tax (3)	29,204	66,044
Deferred income tax debit (credit), domestic companies	29,066	(11,790)
Allowance for income tax, domestic companies	143,482	166,538
Allowance for income tax, foreign companies	50,046	45,146
Total allowance for income tax charged to income statement (4)	193,528	211,684

- (1) Zona Franca Argos S.A.S. pays income taxes at the rate of 15%, based on presumptive income for 2014 and 2013.
- (2) The rate applied for income tax in 2014 and 2013 is of 25%. Among the Colombian companies paying income tax at the rate of 25%, some pay based on presumptive income and others on taxable income.
- (3) As of January 1, 2013, the fairness income tax, known as CREE was created. This tax has a rate of 9%. The base for the CREE tax is calculated together with the income tax, but additionally filtering out certain items that the new regulations specifically do not take into consideration for the CREE tax.
- (4) The decrease in the income tax allowance for the year 2014 stems from the effect of investments in foreign currency maintained by Cementos Argos S.A., given the fact that in May 2014, these were transferred to the company Argos SEM, S.A., which was constituted with shareholders' equity in Colombian pesos (see Note 2 of this report).

The income tax returns of Cementos Argos S.A. and its subsidiaries of 2008, 2009, 2010, 2011, 2012 and 2013 are subject to revision and approval by tax authorities.

The Company's management and its legal advisors believe that the amount recorded in the books as tax allowance is sufficient to cover any liability that could arise with regards to these years.

TAX ON EQUITY

The Company paid the tax on equity in the amount of COP 175,323 using its net worth on January 1, 2011 as the basis for its calculations, at rates of between 1.40% and 4.8% plus the surcharge of between 0% and 25%, respectively. The tax return was filed in May 2011 and payment was made in eight equal installments in May and September of 2011, 2012, 2013 and 2014. For 2011, the Company accrued and accounted the tax on equity and its surcharge in the equity revaluation account, for a value of COP 126,961 and against the income for COP 12,090.

As of December 2014, tax on equity against liabilities paid was of COP 30,745 (COP 30,755 in 2013), with a charge to the income statement of COP 12,090 (COP 12,090 in 2013).

TAX REFORMS

The following is a summary of some of the changes to the Colombian tax system for 2015 and subsequent years introduced by Law 1739 of December 23, 2014:

Wealth tax: As of January 1, 2015, a wealth tax takes effect. This tax is created for the possession of wealth (gross worth minus debt in effect) of an amount equal to or higher than COP 1 billion as of January 2015. The legal obligation takes effect on January 1, 2015 January 1, 2016 and January 1, 2017. The tax base for this wealth tax is the value of the gross worth of legal persons, minus debt in effect, that is possessed as of January 1, 2015, 2016 and 2017. Its marginal rates are the following:

Tax base ranges	2015	2016	2017
Less than COP 2 billion	0.20%	0.15%	0.05%
From COP 2 billion to COP 3 billion	0.35%	0.25%	0.10%
From COP 3 billion to COP 5 billion	0.75%	0.50%	0.20%
More than COP 5 billion	1.15%	1.00%	0.40%

Fairness income tax (CREE) and its surcharges: As of tax year 2016, the rate of the CREE tax will be of 9%.

Fiscal losses incurred by CREE tax taxpayers as of the year 2015 can be offset in this tax. Also the excess of the minimum base for fairness income tax, calculated in accordance with Section 2 of Article 22 of Law 1607 of 2012, can be offset against the income of the five (5) following years.

In no case can the CREE tax, or its surcharge, be offset against balances in favor of the Company for other taxes paid in tax returns. Also, the balances in favor of the Company resulting from the CREE tax return, and its surcharge, cannot be offset against debt to be paid for other taxes, advance payments, withholdings, interests and sanctions.

For the tax periods 2015, 2016, 2017 and 2018, a surcharge for the CREE tax is created. The factor that leads to the application of this surcharge to tax payers is the fact that the annual CREE tax return reflects profit equal to or of more than COP 800. The marginal rate applicable to establish the surcharge will be the following:

Surcharge	2015	2016	2017	2018
Taxable income > COP 800 million	5%	6%	8%	9%

The surcharge is subject to an advance payment of 100% of said surcharge, calculated based on the taxable base for CREE tax on which the tax payer paid the aforementioned tax for the immediately preceding tax year. The advance payment for the surcharge on the CREE tax must be paid in two annual installments at the times defined by regulations.

Income and complementary tax: The place of residence for tax purposes is clarified and the following rates are established for income obtained by foreign companies and entities that are not attributable to a permanent branch or establishment:

2015	2016	Year 2017	2018
39%	40%	42%	43%

The application of the tax discount for tax paid abroad is modified, distributing it between income tax and the CREE tax, with a proportion of 64% and 36%, respectively.

Modifications were made to the tax incentives of the deduction for investment in research, technological development or innovation; and to the tax discount for the income tax for VAT paid on the acquisition of capital goods and heavy machinery.

It is also allowed to manage the exchange rate difference of foreign investments without tax effects, until the moment the respective investment is disposed of.

Furthermore, the coming into effect of the limitation on deductions for cash payments for the year 2019 and subsequent years is postponed.

Other regulations: One again, mechanisms for reconciliation, transaction and special payment conditions are established in order to conclude processes or discussions that tax payers might have with authorities, with regard to tax topics, contributions to the social security system, the customs system, and the foreign currency exchange system.

NOTE 15 - DEFERRED TAX LIABILITIES

	2014	2013
Deferred tax (1)	103,463	38,189
	103,463	38,189

- (1) The variation corresponds mainly to Cementos Argos S.A., in the amount of COP 57,994, which stemmed from a bigger fiscal amortization of intangible assets, differences in useful lives of depreciation of fixed assets and differences in derivative financial transactions; to Argos USA Corp., in the amount of COP 4,777; to Argos Ready Mix (South Central) Corp., in the amount of COP 3,633; to Argos Panamá S.A., in the amount of COP 1,162; to Vensur N.V., in the amount of COP 593; and to Argos Ports (Wilmington) LLC., in the amount of COP 64. There was also a decrease in the companies Argos Ready Mix (Carolinas) Corp., in the amount of COP 1,387, and Argos Dominicana S.A., in the amount of COP 1,564.

NOTE 16 – LABOR OBLIGATIONS

	2014	2013
Retirement pensions payable	227,941	243,048
Consolidated mandatory annual severance contributions (fund)	10,509	9,635
Consolidated vacation pay	12,932	13,522
Non-mandatory benefits (1)	39,552	26,090
Salaries payable	1,420	646
Others	22,474	18,861
	314,828	311,802
Less – Long-term portion	(227,060)	(242,455)
	87,768	69,347

The increase in non-mandatory benefits stems mainly from Argos Ready Mix LLC., for the amount of COP 4,358; Piazza Acquisition Corp., in the amount of COP 2,757; Argos Ready Mix (South Central) Corp., for the amount of COP 2,117; Cementos Argos S.A., for the amount of COP 1,462; and Ciments Guyanais S.A.S., for the amount of COP 1,139.

Calculations for the actuarial reserve were made on the following technical basis:

1. Mortality table: Colombian annuity mortality table RV08 both for men and women (Resolution 1555 of 2010 of the Superintendence of Finance of Colombia).

2. Retirement pension and salary adjustments: The formulation that was used explicitly incorporates future salary and retirement pension increases at a growth rate of 2.41% for 2014 and 2.99% for 2013 (Decree 2783 of December 20, 2001).

3. Technical interest: 4.8% AER, for 2014 and 2013 (Decree 2783 of December 20, 2001).

4. Reserves: They were established using the split annuities in arrears model (Article 112 of the Colombian Tax Statute).

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

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

	2014	2013
Number of people	2,497	2,791
Interest rate	4.80%	4.80%
Increase in future retirement pensions	2.41%	2.99%

Charges to income on account of retirement pensions were the following:

Pension entitlements and bonds are fully amortized.

	2014	2013
Retirement pensions and other related elements	21,942	25,718

The decrease in liabilities is primarily the result of updated actuarial estimations as of December 2014, mainly due to the decreased value of the mathematical reserve for retirement pensions, contributions to the pension and health social security systems, and pension entitlements and bonds.

The following is the breakdown of long-term retirement pension liabilities:

	2014	2013
Actuarial calculations	197,463	213,843
Add – Pension entitlements	25,516	24,832
Pension bonds	4,081	3,780
	227,060	242,455

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

COMPANY	MANAGEMENT HEADCOUNT	MANAGEMENT EXPENSES	OTHER EMPLOYEES	OTHER EMPLOYEE EXPENSES
Alianza Progenética S.A.S.	-	-	-	-
American Cement Terminals LLC.	-	-	-	-
Argos Cement LLC.	58	14,005	467	52,550
Argos (Dominica) Ltd.	1	100	9	188
Argos Dominicana S.A.	5	623	126	3,343
Argos Honduras S.A. de C.V.	24	2,835	149	5,812
Argos Panamá S.A.	21	4,695	412	11,243
Argos Ports (Houston) LLC. (antes South Central Cement Ltd.)	1	208	1	131
Argos Ports (Savannah) LLC. (antes Savannah Cement Company LLC.)	-	-	-	-
Argos Ports (Wilmington) LLC. (antes Port Royal Cement Company LLC.)	-	-	-	-
Argos Ready Mix (Carolinas) Corp.	13	2,759	647	47,545
Argos Ready Mix LLC.	36	8,442	1,150	88,210
Argos Ready Mix (South Central) Corp.	22	5,504	743	55,122
Argos Saint Maarten N.V.	-	-	8	439
Argos SEM, S.A.	-	-	-	-
Argos USA Corp.	-	-	-	-
Argos USVI Corp.	2	609	4	386
C.I. del Mar Caribe BVI Inc.	-	-	-	-
Canteras de Colombia S.A.S.	-	-	-	-
Caricement Antigua Limited	-	-	9	293
Caricement Antilles NV	-	-	-	-
Cement and Mining Engineering Inc.	-	-	-	-
Cementos Argos S.A.	204	50,491	2,563	115,899
Central Aggregates LLC.	-	-	-	-
Ciments Guyanais S.A.S.	-	-	24	2,767
Cimenterie Nationale S.E.M. (CINA)	8	1,452	174	5,038
Colcaribe Holdings S.A.	-	-	-	-
Comercial Arvenco C.A.	-	-	-	-
Concretos Argos S.A.	13	2,185	1,596	39,019
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	-	-	-
Ganadería Río Grande S.A.S.	1	134	105	1,863
Haití Cement Holding S.A.	-	-	-	-
International Cement Company S.A.	-	-	-	-
Logística de Transporte S.A.	2	326	61	1,828
Marítima de Graneles S.A.	-	-	-	-
Piazza Acquisition Corp.	9	4,608	4	641
Somerset Shipping Co. Ltd.	-	-	-	-
Southern Star Leasing LLC.	-	-	-	-
Surcol Houdstermaatschappij N.V.	-	-	-	-
Tekia S.A.S.	1	264	306	6,111
Trans Atlantic Shipmanagement Ltd.	-	-	-	-
Transatlantic Cement Carriers Inc.	-	-	-	-
Valle Cement Investments Ltd.	-	-	-	-
Venezuela Ports Company S.A.	-	-	-	-
Vensur N.V.	5	680	108	2,009
Winterset Shipping Co. Ltd.	-	-	-	-
Zona Franca Argos S.A.S.	8	1,345	324	12,669

NOTE 17 – OTHER LIABILITIES

On December 31, other liabilities were comprised of the following elements:

	2014	2013
Estimated liabilities and allowances		
For costs and expenses (1)	266,061	174,095
	11,457	18,625
For tax liabilities (2)	40,947	12,099
For maintenance and repairs	1,691	1,401
For contingencies (3)	39,857	38,306
Sundry allowances	3,998	15,710
Deferred liabilities		
Revenues received in advance	6,408	5,677
Other liabilities		
Advance payments received	95,474	77,024
Revenues received from third parties and warranty obligations	3,872	1,821
	469,765	344,758

- (1) This corresponds mainly to the allowances for goods and/or services received and not billed by suppliers, for the amount of COP 56,712 (COP 46,577 in 2013); to the allowance for forest compensation, for the amount of COP 17,324 (COP 17,731 in 2013), stemming from the obligation of raw materials extraction operations to comply with environmental responsibilities of previous periods; to the allowance for the lime supply contract signed by Argos Cement LLC. and its supplier, Unimin, for the extraction of lime, for the amount of COP 29,906 (USD 12,500,000), stemming from the comparison of market conditions and the conditions agreed on in the contract; and to the reserve exchange agreement of the Roberta plant with the third party Vulcan Materials Company, for the amount of COP 21,532. Additionally, it includes liabilities for costs and expenses of the companies Zona Franca Argos S.A.S., for the amount of COP 11,446 (COP 11,843 in 2013); Argos Ready Mix LLC., for the amount of COP 34,468 (COP 13,221); Argos Ready Mix (South Central) Corp., for the amount of COP 17,628 (COP 15,249 in 2013); and Argos Ready Mix (Carolinas) Corp., for the amount of COP 7,955 (COP 14,603 in 2013).
- (2) This item includes the allowance for industry and commerce, mainly of Cementos Argos S.A., for the amount of COP 13,319 (COP 85), and Concretos Argos S.A., for the amount of COP 6,397 (COP 665 in 2013). Additionally, Argos Ready Mix (South Central) Corp. has a balance of COP 8,640 (COP 5,834 in 2013), Argos Ready Mix LLC. of COP 6,614 (COP 1,800 in 2013) and Argos Ready Mix (Carolinas) Corp. (previously Southern Equipment Company Inc.) of COP 2,283 (COP 997 in 2013).
- (3) This corresponds mainly to Cementos Argos S.A., for labor contingencies, for the amount of COP 15,826 (COP 16,234 in 2013), and administrative contingencies, for the amount of COP 666 (COP 2,004 in 2013). Additionally, it includes contingencies of Concretos Argos S.A., for COP 5,305 (COP 5,732 in 2013); Logística de Transportes S.A., for the amount of COP 4,855 (COP 4,169 in 2013); Argos Cement LLC., for the amount of COP 4,368 (COP 4,025 in 2013); and Tekia S.A.S., for the amount of COP 3,986 (COP 3,986 in 2013).
- (4) This item mainly corresponds to advance payments received from clients, for the amount of COP 90,377 (COP 75,716 in 2013), mainly in Cementos Argos S.A., for COP 76,125 (COP 52,901 in 2013), and in Argos Honduras S.A. de C.V., for COP 7,759 (COP 6,766 in 2013).

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

NOTE 18 - SHAREHOLDERS' EQUITY

SHARE CAPITAL

Authorized capital comprises 1,500,000,000 shares with par value of COP 6 (figure in units, not millions) each. Subscribed and paid-in capital is made up of 1,215,247,885 ordinary shares and 209,197,850 preferred shares. Re-acquired own shares total 63,575,575. As of December 31, 2014 and 2013, outstanding shares totaled 1,360,870,160.

	2014	2013
Authorized capital:		
1,500,000,000 ordinary shares with par value of COP 6 (figure in units, not millions)	9,000	9,000
Subscribed and paid-in capital:		
1,215,247,885 ordinary shares with par value of COP 6 (figure in units, not millions)	7,291	7,291
209,197,850 preferred shares with par value of COP 6 (figure in units, not millions)	1,256	1,256
	8,547	8,547

DECLARED DIVIDENDS

(figures in Colombian pesos are in units, not in millions)

The General Assembly of Shareholders, at its meeting of March 21, 2014, declared annual cash dividends for ordinary shares in the amount of COP 166.00 per share, payable in four quarterly installments of COP 41.50 starting in April 2014.

Additionally, preferred dividends were declared, corresponding to the 209,197,850 preferred shares, for an amount of COP 57.75 per share, to be paid quarterly starting in April 2014.

In 2013, the Assembly declared annual cash dividends of COP 154.00 per share, to be paid in four quarterly installments of COP 38.50 per share, from April 2013 until January 2014, and preferred dividends corresponding to the 209,197,850 preferred shares, in the amount of COP 57.75 per share, to be paid in quarterly installments from July 2013 to January 2014.

LEGAL RESERVE

Colombian companies are required to appropriate at least 10% of their net annual profits to a legal reserve, until the balance of this reserve is equivalent to 50% of subscribed capital. On December 31 of 2014 and 2013, the balance of this legal reserve amounted to COP 13,845. Currently, this reserve contains more than the legal requirement of COP 9,572.

The legal reserve is not distributable prior to the Company's liquidation but it may be used to absorb or reduce annual net losses. Appropriations in excess of the aforementioned 50% are freely available to the General Assembly of Shareholders.

RESERVE FOR THE REACQUISITION OF SHARES

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

	2014	2013
Reserve for the reacquisition of shares	113,797	113,797
Less - Reacquired own shares	(113,797)	(113,797)

OTHER RESERVES

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

All other reserves are freely available to the shareholders.

SHAREHOLDERS' EQUITY REVALUATION

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

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

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

NOTE 19 – ASSET REVALUATION AND REVALUATION SURPLUS

Asset revaluation and revaluation surplus as of December 31 included the following items:

	2014	2013
Of long-term investments (Note 8)	1,651,682	1,386,833
Of property, plant and equipment and other assets (Note 9)	2,293,496	2,138,872
Revaluation	3,945,178	3,525,705
Transfer of minority interest	311,837	104,647
Revaluation surplus	4,257,015	3,421,058

In 2014, the firm Vertex Resources Ltda. performed technical appraisals of the fixed assets of Cementos Argos S.A. and its Colombian subsidiaries at their various industrial, commercial and administrative business units located throughout the national territory. The valuation methodology used by Vertex Resources Ltda. was based on the replacement cost method, the trending method and the comparative method, under the going concern assumption. The application of these methodologies allowed it to estimate the range of the market value of the fixed assets of Cementos Argos S.A. and its Colombian subsidiaries. In summary, the appraisal was based on the application of the fair value principle, by making comparisons with international figures of productive units in operation, used elements in operation, installed and productive capacities valued in US dollars and measured by production capacity in mining, crushing, calcination, milling and packaging processes for cement production.

This methodology also assumes that the cost of the equipment includes civil works for assembly, engineering, electric, mechanical and electronic connections, pre-operating testing, and start-up, in accordance with the regulations established in Article 64 of Decree 2649 of 1993.

NOTE 20 – MEMORANDUM ACCOUNTS

Memorandum accounts on December 31 were comprised of the following elements:

	2014	2013
Goods and securities pledged as collateral (1)	297,498	254,740
Fully depreciated goods (2)	831,105	787,077
Capitalization of shareholders' equity revaluation	55,391	55,391
Tax debit accounts (3)	9,444,296	9,923,139
Lawsuits and/or legal claims	9,808	8,787
Unused credit lines (4)	9,533	18,777
Other debit control accounts (5)	156,031	148,939
Others	167,924	172,091
	10,971,586	11,368,941
Contingent obligations		
Goods and securities received	(40,667)	(48,808)
Other contingent obligations (6)	(36,239)	(43,766)
Others (7)	(9,373)	(23,757)
	(86,279)	(116,331)
Credit memorandum accounts		
Tax credit accounts (8)	(9,703,700)	(9,693,469)
Credit control accounts	(1)	(1)
	(9,703,701)	(9,693,470)
	1,181,606	1,559,140

- (1) For 2014 and 2013, this corresponds mainly to 5,200,000 shares of Grupo de Inversiones Suramericana S.A. that were pledged as collateral for financial obligations to Bancolombia S.A., for the amount of COP 208,000 (COP 175,240 in 2013). The decrease corresponds to movable property, for the amount of COP 19,663, which for the year 2013 had been pledged as collateral.
- (2) This is mainly composed of the fully depreciated goods of Cementos Argos S.A., for the amount of COP 737,356 (COP 748,142 in 2013); Zona Franca Argos S.A.S., in the amount of COP 22,228 (COP 28,517 in 2013); and Concretos Argos S.A., for the amount of COP 67,759 (COP 10,132 in 2013); which showed an increase of COP 60,338 in machinery and equipment, and transport fleet and equipment.
- (3) This item is mainly related to the tax and accounting differences of assets, liabilities and income, mainly in Cementos Argos S.A., in 2014 and 2013, in the amount of COP 9,200,548.
- (4) This mainly relates to available credit lines of Cementos Argos S.A., for the amount of COP 9,533 (COP 18,777 in 2013). The decrease in Cementos Argos S.A. stems from the use of credit lines from Citibank N.A. and JP Morgan of the commercial type.
- (5) This mainly includes goodwill of Caricement Antilles N.V., which is totally amortized in Corporaciones e Inversiones del Mar Caribe S.A.S., for the amount of COP 97,170 (COP 97,170 in 2013), and goods pledged as trust and collateral to ensure compliance with contracts on behalf of Cementos Argos S.A., for the amount of COP 47,665 (COP 40,417 in 2013).
- (6) This corresponds to guarantees issued by Cementos Argos S.A. to ensure compliance of debt, for the amount of COP 36,239 (COP 43,766 in 2013).
- (7) The decrease stems mainly from the updating of legal labor and administrative processes against Cementos Argos S.A.
- (8) This refers mainly to tax and accounting differences of assets and presumptive income of Cementos Argos S.A., for the amount of COP 9,719,774 (COP 9,719,774 in 2013); Zona Franca Argos S.A.S., for the amount of COP 21,403 (COP 12,083 in 2013); and Corporaciones e Inversiones del Mar Caribe S.A.S., for the amount of COP 28,144 (COP 28,144 in 2013).

NOTE 21 – ADMINISTRATIVE EXPENSES

On December 31, administrative expenses were comprised of the following elements:

	2014	2013
Personnel expenses (1)	184,922	146,582
Services (2)	79,700	54,445
Professional fees	43,102	29,492
Amortization of deferred charges (3)	35,452	10,463
Travel expenses	14,407	12,454
Depreciation of property, plant and equipment	13,587	13,095
Maintenance and repairs	12,744	13,338
Rent	12,488	8,605
Insurance	10,847	10,062
Contributions and affiliations	5,174	3,860
Taxes	3,353	2,433
Legal expenses	1,934	2,586
Representation and PR expenses	1,864	2,239
Cafeteria and restaurant	1,782	1,935
Transport	1,497	598
Office supplies	1,353	1,537
Adaptation and installation	428	569
Allowances	422	222
Sundry (4)	24,899	12,640
	449,955	327,155

- (1) This corresponds mainly to the increase in Argos Ready Mix LLC., for the amount of COP 11,525 (COP 4,801 in 2013), which was mainly due to the integration of the assets bought in Florida, US, from Vulcan Materials Company, in 2014; to Cementos Argos S.A., for the amount of COP 100,365 (COP 85,126 in 2013); to Argos Honduras S.A. de C.V., for the amount of COP 5,206 (COP 293 in 2013); to Piazza Acquisition Corp., for the amount of COP 15,442 (COP 10,912 in 2013); and to Ciments Guyanais S.A.S., for the amount of COP 789.
- (2) This corresponds mainly to technical assistance, for the amount of COP 31,634 (COP 19,949 in 2013); transport and freight, in the amount of COP 6,409 (COP 5,721 in 2013); cleaning and security services, for the amount of COP 3,054 (COP 2,892 in 2013); telephone services, for the amount of COP 4,403 (COP 2,777 in 2013); and others, for the amount of COP 24,696 (COP 15,176 in 2013).
- (3) This corresponds mainly to the increase in Cementos Argos S.A., for the amount of COP 33,241 (COP 7,080 in 2013).
- (4) This mainly corresponds to Argos USA Corp., for the amount of COP 18,730 (COP 147 in 2013); Argos Cement LLC., for the amount of COP 4,926 (COP 247 in 2013); and Cementos Argos S.A., for the amount of COP 1,399 (COP 4,563 in 2013).

NOTE 22 – SALES EXPENSES

On December 31, sales expenses were comprised of the following elements:

	2014	2013
Personnel expenses (1)	78,250	62,937
Services (2)	48,294	42,611
Amortization of deferred charges	23,289	20,917
Taxes	18,693	25,997
Allowances	12,506	10,891
Travel expenses	4,479	3,667
Rent	4,279	3,815
Depreciation of property, plant and equipment	3,832	4,789
Contributions and affiliations	3,285	3,148
Professional fees	2,915	3,418
Maintenance and repairs	2,248	1,879
Insurance	2,246	2,134
PR expenses	1,119	768
Office supplies	245	264
Legal expenses	136	30
Fuel and lubricants	72	5,538
Commissions	24	120
Adaptations and installations	13	16
Sundry	5,718	6,794
	211,643	199,733

(1) This corresponds mainly to the increase of Argos Ready Mix LLC., for the amount of COP 11,433 (COP 6,176 in 2013) and Argos Cement LLC., for the amount of COP 13,716 (COP 11,685 in 2013), whose increase is mainly due to the integration of the assets acquired in Florida, US, from Vulcan Materials Company, in 2014; to Cementos Argos S.A., for the amount of COP 24,989 (COP 22,669 in 2013); and to Argos Honduras S.A. de C.V., for the amount of COP 1,812 (COP 94 in 2013).

(2) This corresponds mainly to publicity and advertisement, for the amount of COP 13,230 (COP 10,130 in 2013); e-mails, postage and telegrams, for the amount of COP 82 (COP 1,550 in 2013); and others, for the amount of COP 29,917 (COP 26,362 in 2013).

NOTE 23 – DIVIDENDS AND PARTICIPATIONS RECEIVED

	2014	2013
Dividends and participations received	27,828	26,360

This item mainly includes dividends received from investments in Bancolombia S.A., for the amount of COP 15,859 (COP 15,410 in 2013); in Grupo de Inversiones Suramericana S.A., for the amount of COP 10,991 (COP 9,554 in 2013); in Cartón de Colombia S.A., for the amount of COP 679 (COP 680 in 2013); and in Inversiones Cofinter S.A., for the amount of COP 28 (COP 382 in 2013).

NOTE 24 – EXCHANGE DIFFERENCE

	2014	2013
Exchange gains	442,273	110,779
Exchange losses	(388,913)	(73,167)
Net exchange difference	53,360	37,612

Exchange gains in 2014 occurred as a result of the devaluation of the Colombian pesos and the Honduran lempira with regard to the US dollars, depreciating by 22.5% and 3.8%, respectively. The companies located in these two countries have assets in dollars that surpass their liabilities in dollars, which means that a devaluation of their local currencies leads to exchange gains. At the closing of 2014, the long position of the Honduran branch amounted to USD 160 million and that of Colombian branches to USD 80 million, approximately.

NOTE 25 – OTHER INCOME

Other revenues on December 31 were comprised of the following elements:

	2014	2013
Recoveries (1)	87,091	46,736
Gains from sale of property, plant and equipment (2)	18,006	1,350
Other sales	1,834	871
Mining/extraction (3)	1,490	7,206
Indemnifications	1,053	722
Services	645	1,668
Leasing	531	1,221
Subventions	426	258
Gains from sale of other goods	351	431
Revenues from previous periods	112	18
Professional fees	-	275
Others (4)	28,290	22,076
	139,829	82,832

- (1) This mainly includes the recovery of investment allowances, for the amount of COP 52,559 (COP 27,024 in 2013) and the recovery of costs and expenses, for the amount of COP 34,258 (COP 19,669 in 2013), mainly in Cementos Argos S.A., due to the recovery from the allowance for labor and civil lawsuits, for the amount of COP 7,523; the allowance for negative shareholders' equity of the investment in Ganadería Río Grande S.A.S., for the amount of COP 5,929; the filtering out of non-demandable accounts payable, for the amount of COP 5,265; and recoveries from allowances of the Monserrate, Trinidad and Judas mines, for the amount of COP 2,128; and in Concretos Argos S.A., for the amount of COP 2,864, for the filtering out of non-demandable accounts payable.
- (2) In 2014, this corresponds mainly to Cementos Argos S.A., from the gains from the sale of real estate, for the amount of COP 10,962, stemming mainly from the sale of the administrative offices located in the city of Bogotá to Grupo Argos S.A., in July 2014, which implied gains totaling COP 8,247; from the sale of the land lot Miramar Puerto Colombia to BSJ Construcciones S.A.S., in December, which implied gains of COP 1,690; from the sale of the terrain called Mina Monserrate to P3 Carbonera Los Pinos S.A.S., in July, which implied gains of COP 696; and from gains from the sale of movable property, for the amount of COP 312; and to Argos Panamá S.A., from the sale of real estate, in the amount of COP 6,779.
- (3) In 2013, this corresponds mainly to the penalty of accounts payable to Fundación para el Beneficio, for the amount of COP 4,092.
- (4) This corresponds mainly to the updating of the actuarial calculations in Cementos Argos S.A., for the amount of COP 16,915, and the recovery of impairment in Somerset Shipping Co. Ltd., for the amount of COP 3,234.

NOTE 26 – OTHER EXPENSES

On December 31 other expenses were comprised of the following elements:

	2014	2013
Taxes assumed (1)	49,060	30,200
Retirement pensions and pension entitlements (2)	21,942	25,718
Investment devaluation allowance (3)	17,604	8,670
Donations and contributions	16,926	15,115
Labor lawsuits	4,054	2,721
Costs and expenses from previous periods	4,043	7,620
Loss from sale and disposal of other assets	3,299	1,578
Loss from the sale and disposal of property, plant and equipment	1,704	515
Fines, penalties, legal claims and lawsuits	390	8,913
Indemnifications	376	1,808
Loss from sale of investments	343	-
Loss from accidents	46	204
Costs and judicial processes	-	20
Others (4)	51,573	72,096
	171,360	175,178

- (1) This corresponds to the tax on equity of Zona Franca Argos S.A.S., for the amount of COP 12,080 (COP 12,079 in 2013); to the tax on financial transactions of Cementos Argos S.A., for the amount of 14,036 (COP 13,895 in 2013), and Logística de Transporte S.A., for the amount of COP 1,250 (COP 1,292 in 2013); to Cementos Argos S.A., for other taxes assumed, for the amount of COP 14,967; to Valle Cement Investments Ltd., for the amount of COP 3,056 (COP 969 in 2013), as a consequence of the withholdings carried out on interests of loans with related parties and dividends paid by Argos Dominicana S.A.; and to Argos SEM, S.A., for the amount of COP 3,239, for withholdings carried out on professional fees for technical assistance paid to related parties.
- (2) This corresponds mainly to retirement pensions, for the amount of COP 21,942 (COP 25,718 in 2013), broken down in the payment of retirement pensions, for the amount of COP 19,906 (COP 20,001 in 2013); retirement pension subsidies, for the amount of COP 1,671 (COP 2,573 in 2013); and interests on pension entitlements, for the amount of COP 365 (COP 3,144 in 2013).
- (3) This corresponds to allowances for investments, mainly from Cementos Argos S.A., in Ganadería Río Grande S.A.S., for the amount of COP 5,805; in Haití Cement Holding S.A., for the amount of COP 2,416; and in International Cement Company S.A., for the amount of COP 295; from Surcol Houdstermaatschappij N.V., in Vensur N.V., for the amount of COP 2,264; from Argos SEM, S.A., in Ciments Guyanais S.A.S., for the amount of COP 1,788; from Haití Cement Holding S.A., in Cimenterie Nationale S.E.M. (CINA), for the amount of COP 1,372; from Venezuela Ports Company S.A., in Surandina de Puertos C.A., for the amount of COP 1,117; from Corporaciones e Inversiones del Mar Caribe S.A.S., in MCC Cement Division C.V., for the amount of COP 844, and in Haití Cement Holding S.A., for the amount of COP 371; and from Argos USA Corp., in Argos Ready Mix LLC., in the amount of COP 672.
- (4) For 2014, this corresponds mainly to Cementos Argos S.A., from the updating of the allowance for interest on pension entitlements and pension bonds, for the amount of COP 5,870; from mining titles reversion expenses, for the amount of COP 4,075; and from taxes on non-operating real estate, for the amount of COP 1,712; and to Somerset Shipping Co. Ltd., for impairment of assets, in the amount of COP 2,928.

NOTE 27 – TRANSACTIONS WITH RELATED PARTIES

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

2014	SHAREHOLDERS	DIRECTORS	LEGAL REPRESENTATIVES AND MANAGEMENT
At year-end			
Assets			
Accounts receivable	935	-	-
Total assets	935	-	-
Revenues			
Sale from sale of fixed assets	8,247	-	-
Professional fees	-	-	-
Rental fees	-	-	-
Interests	-	-	-
Total revenues	8,247	-	-
Disbursements			
Interests	53	-	-
Salaries	-	-	7,688
Rental fees	1,223	-	-
Total disbursements	1,276	-	7,688

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

On December 31, 2014, transactions with related parties were comprised of the following items:

COMPANY	ACCOUNTS RECEIVABLE	DETAILS	ACCOUNTS PAYABLE	DETAILS
Grupo Argos S.A.	935	Rent of offices, parking spaces and warehouses	1,130	Rent of lands and offices
			42	Reintegration of travel expenses
Andino Trading Corporation	93	Payment in name of Andino Trading Corporation to service provider	379	Loan
Caltek S.A.S.	311	Transfer of loans to employees and sundries	-	
Cementos de Caldas S.A.	-		5,249	Rent of offices and warehouses
Celsia S.A. E.S.P.	19	Loans of staff transferred in 2011	3	Rent of real estate
			12	Gas service
Compañía de Puertos Asociados S.A.	98	Reimbursement of expenses	1,330	Operations of services and use of port facilities
Corporación de Cemento Andino C.A.*	15,666	Technical consulting and loans	-	
Fundiciones Colombia S.A.	3	Loan to pay taxes	-	
Internacional Ejecutiva de Aviación S.A.S.	7,028	Plane leasing	7	Travel by plane
Inversiones FortCorp S.A.S.	293	Tax on revaluation of plots	-	
Inversiones RoundCorp S.A.S.	92	Tax on real estate	-	
Sator S.A.S.	1,827	Remains of liquidation of company Emcarbón	2,375	Service of mining operation
	286	Sale of wood, lever and environmental service	492	Rent
	201	Rent of offices and charge of insurance policies	-	
Situm S.A.S.	1,077	Loans to staff transferred during the spin-off	-	
	37	Maintenance	-	
Surandina de Puertos C.A.	-		957	Loan
Transportes Elman Ltda. en Liquidación	32		21	Interests
Otros	4,118		7	
Others	32,116		12,004	

* As of December 31, 2014 and 2013, the account receivable from Corporaciones de Cemento Andino C.A. is fully provisioned.

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

Accounts with legal representatives and management are related to labor policies approved by the Board of Directors and with benefits granted equally to all employees not entitled to the benefits of the collective agreements

in force; they are represented in housing loans, house remodeling loans, loans for the purchase of vehicles and loans to cover family emergencies, in each case according to duly implemented policies and with the required guarantees.

On December 31, 2014, transactions with related parties were comprised of the following items:

COMPANIES	ACCOUNT RECEIVABLE	DETAILS	ACCOUNTS PAYABLE	DETAILS
Grupo Argos S.A.	269	Rent of offices, sale of apartment, financial and technological back office	11,269	Loans
	-		3,124	Rent of lands
	-		1,170	Rent of various plots
	-		133	Sale of apartment and others
Agentes Marítimos del Caribe Ltda. en Liquidación	2,320	Loan to pay fiduciary	-	
Asesorías y Servicios Ltda. en Liquidación	1,737	Loan to pay fiduciary	-	
	208	Capitalization	-	
Carbones del Caribe Ltda. en Liquidación	-		8	Interests on loan
Cementos de Caldas S.A.	-		6,026	Purchase of 326,876 shares of Metroconcreto S.A., 1,066,625 shares of Logitrans S.A., 5,800 shares of Aridos de Antioquia, 3,700 shares of Canteras de Colombia, rental of offices and warehouses and interest on loans.
Celsia S.A. E.S.P.	19	Loans to staff transferred in 2011	-	
Compañía de Puertos Asociados S.A.	337	Maintenance of port operations	248	Port services
Corporación de Cemento Andino C.A.	12,617	Technical consulting and loans	119	Loan
Distribuidora Colombiana Cementos Ltda. en Liquidación	-		425	Purchase of 247,745 shares of Flota Fluvial Carbonera S.A.S., 25,000 shares of C.I. Carbones del Caribe, 10,000 shares of Sociedad Portuaria Golfo de Morrosquillo S.A.S.
Fundiciones Colombia S.A.	3	Loan for tax payment	-	
Internacional Ejecutiva de Aviación S.A.S.	7,840	Plane leasing	-	
Inversiones FortCorp S.A.S.	293	Plot valuation taxes	-	
Inversiones RoundCorp S.A.S.	92	Real estate tax	-	
Proservi Ltda. en Liquidación	1,705	Loan to pay fiduciary	8	Liquidation of Vigilancia Privada del Litoral Ltda.
	21	Capitalization and loan to pay Superintendences	-	
Sator S.A.S.	1,827	Remnants of the liquidation of the company Emcarbón	6,565	Mining operation services
	115	Rent	2,124	Purchase of coal
	73	Sale of wood	1,186	Maintenance of electrical equipment in mines, sale of machinery and equipment
			60	Rent
Situm S.A.S.	1,157	Employee loans transferred in spin-off	86	Reintegration of services
Surandina de Puertos C.A.	-		957	Loan
Transmarítima del Caribe Ltda. en Liquidación	690	Loan to pay fiduciary	-	
	284	Loan (liquidation) and interests	-	
Transportes Elman Ltda. en Liquidación	-		515	Sale of tax refund certificates (Títulos de Devolución de Impuestos or TIDIS)
Others	24		1,070	
Total	31,631		35,093	

The aforementioned transactions were carried out at regular market prices.

During 2014 and 2013, no transactions with shareholders, Directors and legal representatives were carried out that met any of the following descriptions:

- a) Free or compensated services.
- b) Loans that impose an obligation that does not correspond with the essence or nature of the mutual contract on the borrower.
- c) Loans at interest rates other than those which are ordinarily paid or charged to third parties under similar conditions as regards term, risk, etc.

NOTE 28 – CONTINGENCIES AND SUBSEQUENT EVENTS

During 2014 there were no:

- (1) Inspection visits by controlling agencies that resulted in warnings or sanctions.
- (2) Administrative, contentious or civil final and binding penalties imposed by the competent national, departmental or municipal authorities.
- (3) Criminal convictions against Company officers for events that occurred in the context of the performance of their duties.

As of December 31, 2014, Cementos Argos S.A. nor its subsidiaries are part of any judicial processes, acting as plaintiff, from which the entry or recovery of any significant assets is expected.

As of December 31, 2014, allowances had been set aside for lawsuits and litigation with an eventual and high probability of losses, of which the most significant item is related to labor lawsuits (see Note 26).

FINANCIAL INDICATORS

	2014	2013
Current ratio – times (current assets / current liabilities)	0.95	1.04
Total indebtedness (total liabilities / total assets)	43.39%	34.56%
Asset turnover – times (operating income / total assets)	0.38	0.43
Profitability:		
Net margin (net profit / operating income)	5.03%	3.70%
Return on shareholders' equity (net profit / shareholders' equity)	3.59%	2.54%
Return on total assets (net profit / total assets)	1.92%	1.58%
EBITDA	1,059,835	978,108
EBITDA margin	18.26%	19.69%
EBITDA / total shareholders' equity	13.03%	13.50%

INFORMATIVE SUMMARY

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



10 INDEXES

INDIVIDUAL FINANCIAL STATEMENTS



CEMENTOS ARGOS S.A. INDIVIDUAL BALANCE SHEET

As of December 31
(in millions of Colombian pesos)

ASSETS	Notes	2014	2013
CURRENT ASSETS			
Cash		144,686	241,138
Negotiable investments	4	25,384	12,238
Accounts receivable, net	5	1,728,447	670,237
Inventories, net	6	116,981	98,955
Prepaid expenses		7,772	8,362
TOTAL CURRENT ASSETS		2,023,270	1,030,930
NON-CURRENT ASSETS			
Long-term accounts receivable	5	483,116	676,334
Long-term investments	7	5,536,566	4,249,802
Property, plant and equipment, net	8	856,173	704,009
Deferred and intangible assets	9	603,061	1,096,957
Other assets		901	511
Asset revaluations	10	2,962,533	2,714,971
TOTAL NON-CURRENT ASSETS		10,442,350	9,442,584
TOTAL ASSETS		12,465,620	10,473,514
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Financial obligations	11	203,120	72,674
Outstanding bonds	12	191,400	192,575
Suppliers and accounts payable	13	941,339	481,324
Taxes, levies and contributions	14	86,667	136,946
Labor obligations	15	26,956	23,115
Estimated liabilities	16	74,206	83,477
Revenues received in advance		84,288	53,332
TOTAL CURRENT LIABILITIES		1,607,976	1,043,443
NON-CURRENT LIABILITIES			
Financial obligations	11	140,838	147,731
Outstanding bonds	12	2,149,932	1,739,655
Suppliers and accounts payable	13	148,991	55,107
Labor obligations	15	226,525	242,455
Deferred tax		58,758	764
TOTAL NON-CURRENT LIABILITIES		2,725,044	2,185,712
TOTAL LIABILITIES		4,333,020	3,229,155
SHAREHOLDERS' EQUITY			
See attached statement	17	8,132,600	7,244,359
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		12,465,620	10,473,514
Memorandum accounts	18	714,554	662,830

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

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

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

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

CASH FLOW STATEMENT

STATEMENT OF CHANGES
IN FINANCIAL POSITIONSTATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY

INCOME STATEMENT

INDIVIDUAL
BALANCE SHEET

CEMENTOS ARGOS S.A. INDIVIDUAL INCOME STATEMENT

Years ended on December 31
(in millions of Colombian pesos, except for net income per share)

	Notes	2014	2013
OPERATING INCOME	19	1,671,009	1,882,331
COST OF SALES		993,389	1,150,400
GROSS INCOME		677,620	731,931
OPERATING EXPENSES			
Administrative expenses	20	244,304	189,953
Sales expenses	21	91,158	91,558
Total operating expenses		335,462	281,511
OPERATING INCOME		342,158	450,420
OTHER INCOME (EXPENSES)			
Financial income		30,769	35,507
Financial expenses		(138,797)	(150,314)
Foreign exchange difference, net		42,583	40,304
Net participation in results of subsidiaries	7	140,300	(40,062)
Other income	22	128,490	79,474
Other expenses	23	(136,764)	(86,921)
Income before allowance for income tax and CREE tax		408,739	328,408
Allowance for income tax and CREE tax	14	116,924	144,698
Net income income		291,815	183,710
Net income per share (in Colombian pesos)		211.42	117.56

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

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

Years ended on December 31, 2014 and 2013 (in millions of Colombian pesos)

	Share capital	Additional paid-in capital	Participation method surplus	Legal reserve	Reserve for future expansion and investment	Other reserves	Total reserves	Shareholders' equity revaluation	Income from previous periods	Income of the period	Asset revaluation surplus	Total shareholders' equity
BALANCES ON DECEMBER 31, 2012	7,291	1,755,675	450,484	13,845	885,397	15,450	914,692	756,753	-	387,619	3,022,777	5,715,291
Issuance of preferred shares	1,256	1,609,568	-	-	-	-	-	-	387,619	(387,619)	-	1,610,824
Transfer to income from previous periods	-	-	-	-	-	-	-	-	-	-	-	-
Release of non-taxable reserves for future expansion	-	-	-	-	(136,320)	-	(136,320)	-	136,320	-	-	-
Annual dividends of COP \$154 per share, declared in cash and payable in four installments starting in April 2013	-	-	-	-	-	-	-	-	(177,357)	-	-	(177,357)
Appropriation to the reserve for future investment	-	-	-	-	296,582	-	296,582	-	(296,582)	-	-	-
Appropriation to the reserve to guarantee preferred dividend	-	-	-	-	50,000	-	50,000	-	(50,000)	-	-	-
Quarterly preferred dividends of COP \$57.75, declared in cash and payable as of July 2013	-	-	-	-	(36,244)	-	(36,244)	-	-	-	-	(36,244)
Participation method surplus	-	-	255,603	-	-	-	-	-	-	-	(307,806)	255,603
Adjustments due to revaluation of investments	-	-	-	-	-	-	-	-	-	-	-	(307,806)
Unrealized gains hedge accounting	-	-	-	-	-	-	-	338	-	-	-	338
Income of the period ended	-	-	-	-	-	-	-	-	-	183,710	-	183,710
BALANCES ON DECEMBER 31, 2013	8,547	1,785,243	706,087	13,845	1,059,415	15,450	1,088,710	757,091	-	183,710	2,714,971	7,244,359
Transfer to income from previous periods	-	-	-	-	-	-	-	-	183,710	(183,710)	-	-
Release from non-taxed reserve for future investments	-	-	-	-	(55,792)	-	(55,792)	-	55,792	-	-	-
Annual dividends of COP \$166 per ordinary share and of COP \$231 per preferred share, declared in cash and payable in four installments starting in April 2014	-	-	-	-	-	-	-	-	(191,177)	-	-	(191,177)
Preferred quarterly dividends of COP \$57.75 per share declared in cash and payable as of April 2014	-	-	-	-	-	-	-	-	(48,325)	-	-	(48,325)
Participation method surplus	-	-	588,394	-	-	-	-	-	-	-	-	588,394
Adjustments due to revaluation of property, plant and equipment as a result of technical appraisals	-	-	-	-	-	-	-	-	-	(7,016)	-	(7,016)
Adjustments due to revaluation of investments because of intrinsic value, stock exchange	-	-	-	-	-	-	-	-	-	-	254,578	254,578
Unrealized gains or losses hedge accounting	-	-	-	-	-	-	-	(28)	-	-	-	(28)
Income of the period ended	-	-	-	-	-	-	-	-	-	291,815	-	291,815
BALANCES ON DECEMBER 31, 2014	8,547	1,785,243	1,294,481	13,845	1,003,623	15,450	1,032,918	757,063	-	291,815	2,962,533	8,132,600

Jorge Mario Velásquez J.
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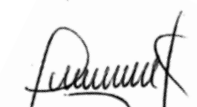
CEMENTOS ARGOS S.A. INDIVIDUAL STATEMENT OF CHANGES IN FINANCIAL POSITION

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

	2014	2013
THE FINANCIAL RESOURCES WERE PROVIDED BY:		
Net income	291,815	183,710
Add (less) - debit (credit) to income that does not affect working capital:		
Participation in income of subsidiaries	(140,300)	40,062
Depreciation and amortization of property, plant and equipment	27,999	98,843
Amortization of deferred and intangible charges	51,255	33,068
Other non-operating amortizations	3,347	8,234
Gains from the sale of property, plant and equipment	(10,962)	(955)
Gains from the sale of mining rights	(351)	-
Gains from the sale of other assets	-	(50)
Loss from disposal of assets	488	1,049
Recovery from updating of retirement pensions reserve	(16,915)	(13,172)
Foreign exchange difference of long-term liabilities	44,445	(16,131)
Foreign exchange difference of long-term assets	(5,368)	(40,898)
Deferred and other taxes	28,793	(11,575)
Amortization of bonds	1,677	1,642
Recovery from allowances	(32,198)	(7,228)
Asset allowance	23,324	545
WORKING CAPITAL PROVIDED BY OPERATIONAL ACTIVITIES DURING THE YEAR	267,049	277,144
FINANCIAL RESOURCES FROM OTHER SOURCES:		
Dividends received from controlled long-term investments	102,123	94,705
Sale of property, plant and equipment	44,646	1,482
Sale of intangible assets	351	-
Issuance of preferred shares	-	1,610,824
Decrease in long-term accounts receivable	198,586	-
Increase in long-term accounts payable	96,249	-
Increase in long-term deferred liabilities	29,201	-
Bond issuance	600,000	-
TOTAL FINANCIAL RESOURCES PROVIDED	1,338,205	1,984,155
THE FINANCIAL RESOURCES WERE USED FOR:		
Declared dividends	239,502	213,601
Payment for acquisition of investment in Honduras	-	745,156
Payment for acquisition of investment in French Guiana	145,743	-
Acquisition of property, plant and equipment	214,182	117,164
Increase in other long-term investments	781	10,672
(Decrease) increase of deferred and other intangibles	66,044	128,391
Increase in long-term accounts receivable	-	309
Increase in other assets	-	290
Transfer of outstanding bonds to short term	191,400	192,575
Decrease in long-term financial obligations	31,823	100,778
Decrease in long-term accounts payable	20,895	20,750
Transfer of equity tax to short term	-	25,970
Effect of revaluation of derivative transactions under hedge accounting	28	(338)
TOTAL FINANCIAL RESOURCES USED	910,398	1,555,318
INCREASE IN WORKING CAPITAL	427,807	428,837
CHANGES IN WORKING CAPITAL COMPONENTS:		
Cash	(96,452)	168,805
Negotiable investments	13,146	11,611
Accounts receivable, net	1,058,210	135,667
Inventories, net	18,026	(11,102)
Pre-paid expenses	(590)	726
Financial obligations	(130,446)	364,887
Bonds and commercial papers	1,175	(115,375)
Suppliers and accounts payable	(460,015)	(46,452)
Taxes, levies and contributions	50,279	(61,221)
Labor obligations	(3,841)	(3,170)
Other liabilities and estimated liabilities	(21,685)	(15,539)
INCREASE IN WORKING CAPITAL	427,807	428,837


Jorge Mario Velásquez J.
Legal Representative
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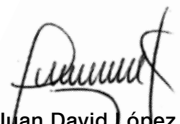
CEMENTOS ARGOS S. A. INDIVIDUAL CASH FLOW STATEMENT

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

	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	291,815	183,710
ADJUSTMENTS TO RECONCILE NET INCOME OF THE YEAR WITH CASH		
provided by operating activities:		
Participation in income of subsidiaries	(140,300)	40,062
Depreciation and amortization of property, plant and equipment	27,999	98,843
Amortization of deferred and intangible charges	51,255	33,068
Other non-operating amortizations	3,347	8,234
Gains from the sale of property, plant and equipment	(10,962)	(955)
Gains from the sale of mining rights	(351)	-
Gains from the sale of other assets	-	(50)
Loss from sale or disposal of assets	488	1,049
Penalties on debt	2,568	345
Amortization of bonds	1,677	1,642
Recovery from updating of retirement pensions reserve	(16,915)	(13,172)
Foreign exchange difference on long-term liabilities	44,445	(16,493)
Foreign exchange difference on long-term assets	(5,368)	(40,898)
Deferred and other taxes	28,793	(11,575)
Recovery of allowances	(54,407)	(18,728)
Asset allowance	29,072	12,198
Revaluation of derivative transactions	62,631	16,096
	315,787	293,376
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Accounts receivable	(809,278)	(199,313)
Inventories	(19,906)	9,833
Prepaid expenses	590	(726)
Suppliers and accounts payable	497,287	22,391
Labor obligations	3,841	3,170
Other liabilities and estimated liabilities	43,036	26,824
Taxes, levies and contributions	(50,279)	35,251
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(-18,922)	190,806
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Payment for acquisition of investment in Honduras	-	(745,156)
Payment for acquisition of investment in French Guiana	(145,743)	-
Acquisition of property, plant and equipment	(214,181)	(117,164)
Increase in deferred and intangible charges	(66,044)	(128,391)
Acquisition of other long-term investments	(781)	(10,672)
Dividends received in cash	116,098	140,100
Result of the sale of property, plant and equipment	44,646	1,482
Result of the sale of intangible assets	351	-
Loan to Argos USA Corp. for the acquisition of assets in Florida	(47,371)	-
Increase in other assets	-	(290)
NET CASH USED BY INVESTMENT ACTIVITIES	(313,025)	(860,091)
CASH FLOW FROM FINANCING ACTIVITIES:		
Dividends paid in cash	(236,512)	(197,199)
Issuance of preferred shares	-	1,610,824
Net increase (decrease) in financial obligations	98,623	(465,665)
Decrease in long-term accounts payable	(20,895)	(20,750)
Issuance of bonds	600,000	-
Payment of ordinary bonds	(192,575)	(77,200)
Decrease in long-term accounts receivable	-	(309)
NET CASH PROVIDED BY FINANCING ACTIVITIES	248,641	849,701
Net (decrease) increase in cash and cash equivalents	(83,306)	180,416
Cash and cash equivalents at the beginning of the year	253,376	72,960
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	170,070	253,376
CASH EQUIVALENTS		
Available	144,686	241,138
Negotiable investments	25,384	12,238
	170,070	253,376


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


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


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

CASH FLOW STATEMENT

STATEMENT OF CHANGES
IN FINANCIAL POSITIONSTATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY

INCOME STATEMENT

INDIVIDUAL
BALANCE SHEET

CERTIFICATE OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla
February 18, 2015

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 individual financial statements of the period ended on December 31, 2014 and 2013, which have been made public, do not contain any material flaws, imprecisions or errors that could impede the understanding of the actual assets of Cementos Argos S.A. or the operations that it carried out during the corresponding period.



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

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

Barranquilla
February 18, 2015

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 Company's financial statements of the years ended on December 31, 2014, and 2013, were faithfully taken from the Company's books and that the following statements contained therein were verified before they were made available to the shareholders and to third parties:

- a) All the assets and liabilities that are included in the financial statements of the Company of the years ended on December 31, 2014, and 2013, exist, and all the transactions that are included in said statements took place in the years ended on the aforementioned dates.
- b) All the economic activities carried out by the Company during the years ended on December 31, 2014, and 2013, were recorded in the financial statements.
- c) The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic sacrifices (obligations) obtained or accrued by the Company as of December 31, 2014, and 2013.
- d) All the items were recorded with their corresponding appropriate values in accordance with accounting principles that are generally accepted in Colombia.
- e) All the economic events that affected the Company and its subsidiaries were correctly classified, described and disclosed in the financial statements.



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



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



AUDITOR'S REPORT

To the shareholders of CEMENTOS ARGOS S.A.:

I have audited the balance sheets of CEMENTOS ARGOS S.A. as of December 31, 2014 and 2013 and the related statements of income, changes in shareholders' equity, changes in financial position and cash flows for the years then ended, and the summary of the major accounting policies and other explanatory notes.

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

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

In my opinion, the financial statements referred to above, taken from the accounting books, present fairly, in all material respects, the financial situation of CEMENTOS ARGOS S.A. as of December 31, 2014 and 2013, and the results of its operations, the changes in its shareholders' equity, the changes in its financial position, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Colombia.

As mentioned in Note 2 to the financial statements, since January 1, 2014, the Company carried out a change in the applicable useful lives of property, plant and equipment. The effect of this change in the Company's financial statements was a decrease in the depreciation expense for the year ended on December 31, 2014, for the amount of COP 52.683 billion.

Further, based on the scope of my audits, I report that the Company has maintained its accounting in accordance with legal rules and accounting technique; the transactions recorded in the accounting books and the acts by management conform to the bylaws and the decisions of the Shareholders' Meeting and the Board of Directors; the correspondence, account vouchers and books of minutes and shareholder ledger are duly kept and preserved; the management's report agrees with the basic financial statements, the Company is not in default in the payment

of contributions to the Integral Social Security System, and the mechanisms for money laundering prevention and control have been implementing in accordance with External Circular No. 60 of 2008 from Superintendencia Financiera de Colombia. My assessment of the internal control, performed with the purpose of defining the scope of my audit testing, did not provide evidence that the Company has not followed proper internal control and of conservation and custody measures of its assets and those of third parties that are in its possession.

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



Juan David López Montoya

Statutory Auditor

Professional License No. 139197-T

Designated by Deloitte & Touche Ltda.

February 18, 2015

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

CEMENTOS ARGOS S.A.

AS OF DECEMBER 31, 2014 AND 2013

(figures expressed in Colombian pesos are in millions, unless otherwise stated)

NOTE 1 – REPORTING ENTITY

Cementos Argos S.A. is a commercial company incorporated under Colombian law on August 14, 1944. Its corporate purpose is to conduct business in the cement industry; the production of concrete mixtures and any other products or articles made of cement, lime or clay; the acquisition and extraction of minerals or mineral deposits usable in the cement industry and the like; and rights to explore and exploit the aforementioned minerals, either by concession, privilege, leasing or otherwise.

It is registered in the city of Barranquilla and the life span of the Company expires on August 14, 2060.

In January 2014, the Company signed an agreement to acquire cement assets located in the State of Florida (USA) for the amount of USD 720 million from the American company Vulcan Materials Company, through its subsidiary Argos USA Corp. These assets included an integrated cement plant and two clinker grinding facilities, with a total production capacity of 3.5 million metric tons of cement per year, 69 concrete plants, 372 concrete mixer trucks, 13 prefabricated concrete block plants and two port facilities. In March 2014, this agreement was fully executed.

In April 2014, the Company acquired the totality of the company Ciments Guyanais S.A.S., which belonged to the French multinational Lafarge, for EUR 50 million. The assets that were acquired included a clinker grinding station with a capacity of 200,000 metric tons per year and a port, located in Dégrad Des Cannes, close to the capital of Cayenne (French Guiana). The purchase was completed on April 11, 2014.

In May 2014, the Board of Directors, as part of the Company's strategy of efficiency in the management of operations both within and outside Colombia, authorized the capitalization of Argos SEM, S.A. (Sede de Empresa Multinacional or Seat of a Multinational Company), which is registered in the Republic of Panama, with the goal of centralizing the control of some of the Company's investments abroad and facilitating the rendering of administrative services and technical support to other subsidiaries of Cementos Argos S.A. located outside Colombia.

The stake in the capital of Argos SEM, S.A. was materialized through an in-kind contribution of 29,305 shares of the company Argos USA Corp., of 229,181,415,370 shares of the company Nuevos Cementos S.A.S. and of 26,500 shares of the company Ciments

Guyanais S.A.S., for a total commercial value of COP 2.4 trillion. The Company received 100,000 shares of Argos SEM, S.A. with an intrinsic value of COP 20,255,953 (figure in units, not in millions) per share, which represents the totality of its capital. The Company's capital was issued in Colombian pesos.

The contribution had a neutral effect on the Company's financial statements, given the fact that it led to neither a profit nor a loss.

NOTE 2 – MAIN ACCOUNTING POLICIES AND PRACTICES

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

CONSOLIDATION OF FINANCIAL STATEMENTS

Cementos Argos S.A. is a member of the Argos Business Group (“Grupo Empresarial Argos”), whose holding company is Grupo Argos S.A.

The accompanying financial statements do not consolidated the assets, liabilities, shareholder's equity or income of subsidiaries. These statements are submitted for the consideration of the General Assembly of Shareholders and are the basis for the distribution of dividends and making other appropriations. In compliance with legal regulations, the Company is obliged to present, in addition, consolidated financial statements to the General Assembly of Shareholders for their approval. Investments in subsidiaries are registered by means of the participation method as indicated further on in this document.

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

- a) If more than 50% of the capital belongs to Cementos Argos S.A., either directly or through, or with the help of its subsidiaries or the subsidiaries of the latter. Shares with preferred dividend and without voting right are not taken into account for such purpose.
- b) If Cementos Argos S.A. and its subsidiaries hold, either jointly or separately, enough votes to get the minimum deciding majority in the Members' Meeting or General Assembly of Shareholders, or have the number of votes required to elect a majority of members of the Board of Directors.
- c) If Cementos Argos S.A., either directly or through, or with the help of, its subsidiaries, exerts dominant influence on the decisions of the Company's governing bodies by virtue of an act or contract that was entered into with the controlled company or its members.

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

In accordance with regulations on consolidation for the preparation of consolidated financial statements, balances and transactions between related parties are eliminated.

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

Taking into consideration that foreign related companies prepare their financial statements using the International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (USGAAP), using a consistent set of top-quality accounting standards, and given that said structure of principles is deemed appropriate as a source of technical accounting references in Colombia, these subsidiaries do not substantially adjust their financial statements, except for differences that go against the substance-over-legal-form principle.

SUBSTANCE OVER LEGAL FORM

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

FOREIGN CURRENCY TRANSLATION AND BALANCES IN FOREIGN CURRENCY

Transactions in foreign currency are recorded at the applicable exchange rates in effect on their respective dates. At the closing of each period, the balances receivable or payable and the investments in foreign currency are adjusted to the market representative exchange rate certified by the Colombian Central Bank (Banco de la República). For balances receivable or payable in foreign currency, the foreign exchange differences are charged to the income statement as long as the foreign exchange differences are not imputable to the cost of acquisition of assets. Foreign exchange differences that occur while assets are under construction or in the process of assembly are imputable to the cost of acquisition of assets only until the moment they are in operating conditions.

As of 2007, in accordance with Decree 4918 of 2007, the currency difference of variable return investments in foreign subsidiaries must be recorded as a higher or lower value of shareholders' equity under the participation method surplus item.

INFLATION ADJUSTMENTS

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

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

Decree 514 of 2010 allowed companies to offset the value of installments of the tax on equity stipulated in Law 1370 of 2009 payable in the corresponding period against the shareholders' equity revaluation account. Taking this option, the Company registered, in 2011, the tax on equity for the period 2011-2014.

MATERIALITY IN THE PREPARATION OF FINANCIAL STATEMENTS

Preparing the financial statements in compliance with accounting principles generally accepted in Colombia requires the Company's management to make estimates and assumptions that have an impact on the amounts of assets and liabilities reported on the closing date of financial statements and the amounts of revenues and expenses reported during the relevant period. Generally, the recognition and presentation of economic events occur in accordance with their relative importance or materiality. For the financial statements of 2014, the materiality that was applied was determined by taking 5% of the EBITDA as basis.

CASH AND CASH EQUIVALENTS

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

NEGOTIABLE AND LONG-TERM INVESTMENTS

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

- a) Investments for which the company has the serious purpose of keeping them until their maturity or redemption, if applicable, or for an indefinite period, if their term is not defined, are classified as long-term investments. In the latter case, in order to be able to be recorded as a long-term investment, it must remain in the Company's possession for at least three calendar years, starting from the date of its acquisition, without prejudice to the fact that it can be recorded as such as of that date.

These investments are recorded and valued prospectively as follows:

- Debt investments or securities embodying debt rights (non-equity securities) with either fixed or variable rates are initially recorded at acquisition cost, and are then valued monthly based on the internal rate of return of each security calculated at the time of purchase. Any resulting adjustments are charged against the period's results.
- Investments in variable income stocks or shares (equity securities) in non-controlled entities are recorded at cost, and adjusted to market price on a monthly basis. The resulting adjustment, either positive or negative, is recognized in the revaluations account with a corresponding debit or credit to the shareholders' equity revaluation surplus account, depending on each case. The market price for securities listed on the stock exchange is determined based on the average trading price on the last working day before the end of the reporting period or on the last day on which the security was traded, depending on each case. The market price of unlisted securities is determined by the intrinsic value, based on the most recent financial statements published by the issuer of the security.
- Investments in subsidiaries in which the Company directly or indirectly possesses more than 50% of total equity are recorded through the equity participation method. Under this method, investments are recorded at cost and adjusted with a debit or credit to the income statement, depending on the case, in order to recognize the stake in the profit or loss of said subsidiaries, after eliminating unrealized gains between subsidiaries and the holding company (descending unrealized gains, between the holding company and the subsidiaries, are neither eliminated nor deferred).

The proportionate participation in the variations of other equity accounts of the subsidiaries, other than the period results, are recorded as a higher value of investments, with a debit to the equity participation method surplus account. Once the participation method is recorded, if the intrinsic value of the investment is lower than the book value, an allowance charged to the income statement is recorded.

Any surplus in the intrinsic value over book value of the investment at the closing of the period is recorded separately as asset revaluation, with a charge to the equity revaluation surplus account.

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

FOREIGN CURRENCY TRANSLATION OF FINANCIAL STATEMENTS

Colombian regulations do not provide a technical framework regarding acceptable foreign currency translation methods. However, they do indicate, given the absence of such a framework, the appropriateness of referring to the rules of a higher body. To this effect, for the foreign currency translation process for the application of the equity participation method, the Company decided to follow the guidelines of the International Financial Reporting Standards (IFRS), and specifically International Accounting Standard (IAS) 21, “The Effects of Changes in Foreign Exchange Rates”.

In this sense, the financial statements of foreign companies are translated from the currency of the country of origin into Colombian pesos pursuant to the methodology established in IAS 21, as follows:

- Assets and liabilities are translated at the exchange rate in effect as of the closing date.
- Shareholders’ equity accounts are translated at the exchange rates in effect on each of the dates on which the transactions occurred. For companies of which no past records are available, shareholders’ equity was translated at the closing exchange rate of December 2005.
- Income statement accounts are translated at the exchange rates in effect on the dates on which the transactions occurred. If this turns out to be impossible, then the average exchange rate for each month is used.
- Differences in foreign currency translation are posted to shareholders’ equity through the accumulated foreign currency translation differences account, which represents the differences between the translation of items in the income statement at the average exchange rate and the translation of general balance sheet items at year-end rates.

The currency used as reference for foreign currency translation is the US dollar, which is converted to Colombian pesos by applying the market representative rate in effect at the closing of the period, as certified by the Superintendence of Finance of Colombia.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful debts is reviewed and updated at the end of each reporting period based on an ageing analysis of overdue accounts and an assessment of the collectability of individual accounts carried out by the Company’s management. Amounts that are considered uncollectable are charged to the allowance periodically.

INVENTORIES

Inventories that are recorded at cost and at the closing of the reporting period are reduced to their market value, should this be lower. Costs are calculated based on the average cost method. At the closing of each period, the analysis of obsolescence of inventories, materials and parts is reviewed and updated, and the corresponding allowance is recognized in the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, and when appropriate, they include financing expenses and exchange rate differences on liabilities incurred for their acquisition up to the point where they are in operational conditions.

Construction projects in progress are subject to capitalization of all concepts that are directly associated with the construction and assembly of the construction sites, including social and environmental costs.

Sales and disposals of such assets are derecognized at their respective adjusted net cost and any difference between the sale price and the net cost is recognized in the income statement.

Depreciation is calculated using the straight line method, based on the useful life of the assets, which is applied using the following parameters:

	2014	2013
Constructions, buildings and roads of communication	20 y 100 años	1 y 20 años
Medical and scientific equipment	1 y 10 años	1 y 10 años
Water conduits, plants and networks	1 y 10 años	1 y 10 años
Machinery, industrial equipment and office equipment	10 y 30 años	2 y 10 años
Vehicles and transportation equipment, computer and communication equipment	5 años	5 años

As of January 1, 2014, the Company extended the useful lives of its property, plant and equipment. This change was carried out based on a technical study done by the company Activos e Inventarios y Cía. Ltda. in September 2011, which was the most recent valuation report available at the date of the change with the intention of adjusting the useful lives to the economic reality of the business. The change led to a decrease in expenses due to depreciation and a higher net profit of COP 52,683 for the year ended on December 31, 2014.

Depreciable property and equipment whose acquisition cost is equal to or lower than three minimum salaries are depreciated within the same year in which they were acquired, regardless of their useful life.

Repairs and maintenance of assets are charged to the income statement, as long as these improvements and additions are added to the assets' costs.

DEFERRED ASSETS

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

Deferred charges mainly include deferred income tax, computer software and costs incurred in the implementation of the new information system, SAP. Amortization is calculated using the straight line method over a period of 3 to 5 years.

INTANGIBLE ASSETS

Intangible assets are registered at acquisition cost and represent the value of certain rights, such as trademarks, goodwill, leases, and exploitation rights (concessions and franchises), among others. They are amortized using the straight line method. The amortization period for trademarks is 20 years, and that of exploitation rights it is either the term of the license or the time during which the reserves

are expected to be exploited, whichever is the shortest, which are estimated between 3 and 30 years.

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

ACQUIRED GOODWILL

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

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

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

In other countries where the Company operates, goodwill in foreign companies is determined based on the accounting regulations applicable where the subordinated company operates, within a framework of a higher standard that respects accounting principles generally accepted in Colombia and the guidelines of the Superintendence of Finance of Colombia and that is in accordance with the contents of Article 11 of Decree 2649 of 1993 regarding substance over legal form.

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

The Company also regularly values its derivatives at market prices as part of its administrative controls. The following are the derivatives used by the company:

SWAP ARRANGEMENTS

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

In the case of interest rate swaps there is no exchange of principal balances, the Company is responsible for its receivables with defined amounts and terms, and their accounting records are independent from the swap. As for the recording of swaps, only net interest payments between parties are recorded and, therefore, the record is limited to the recognition of the positive or negative difference between interest flows that the parties agree to exchange. Profits or losses stemming from the agreements are recognized directly in the period's results.

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

FORWARD ARRANGEMENTS

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

OPTION TRANSACTIONS

Option transactions are used to cover the foreign exchange rate risk mainly of monthly export and future cash flows stemming from such transactions. They are carried out through structured hedges, such as export collars, which make it possible to have a range of market monetization and protect the Company from extreme changes in exchange rates. They are valued using the Black - Scholes model.

ASSET REVALUATION

Asset revaluation refers to the following elements:

- a) An excess in the market or intrinsic value of investments in shares or equity interests, at the end of the reporting period, in comparison with their cost.
- b) An excess in the technical appraisals of property, plant and equipment in comparison with their respective net costs. These appraisals must be updated at least every three years.

LABOR LIABILITIES AND RETIREMENT PENSIONS

Labor liabilities are adjusted at the end of each reporting period based on legal regulations and labor agreements in effect.

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

on actuarial studies that are in compliance with current regulations, prepared under methods such as the actuarial equivalence system for due annuities and due and forecast split immediate annuities.

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

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

For the consolidation process, the Company keeps up with the labor obligations determined in each country in accordance with the accounting techniques and implicit legal obligations acquired by its subsidiaries. In this sense, the Company does not consider it necessary to make any further accounting estimations as a result of the consolidation of social and other employee benefits on a basis other than that used by the countries where the liabilities were created.

ENVIRONMENTAL ALLOWANCES

The environmental allowances are estimated by taking into account the framework of regulations established by the State, as well as the individual analysis of the impact of the raw material extraction operations, in order to assume the Company's environmental responsibilities. These are reviewed and updated periodically by the Company's management. Any adjustments to the allowance are charged to the income statement of the period.

INCOME TAX

The Company determines the income tax allowance either on the grounds of taxable income estimated at the rates specified in tax law or on the grounds of the presumptive profit method. The tax effects of revenues, costs and expenses corresponding to the temporary differences between accounting figures and the figures for tax purposes are carried as deferred tax, provided there is a reasonable expectation that said differences will be reverted.

TAX ON EQUITY AND ITS SURCHARGE

In accordance with what is established by the law that regulates accounting principles generally accepted in Colombia, Decree 514 of 2010, and the accounting alternatives contained therein, the Company chose to record the tax on equity created by means of Decree 4825 of 2010, against the equity revaluation account.

SALES TAX – VAT

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

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

For the generation of excluded revenues, the VAT paid on purchases is part of an increased value of cost. Furthermore, when taxed revenues are generated – in other words, when taxed goods or services are sold – the VAT paid on the purchase or acquisition of inputs for these sales are deductible from the amount to be paid in tax. When the Company generates revenues that are excluded from VAT, but at the same time generates revenues that are exempt and/or taxed, the proportions of VAT paid have to be analyzed to determine the VAT percentage to be discounted.

MEMORANDUM ACCOUNTS

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

RECOGNITION OF REVENUES, COSTS AND EXPENSES

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

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

CASH FLOWS STATEMENTS

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

NET EARNINGS PER SHARE

Net profit or earnings per share are calculated based on the weighted annual average of subscribed and outstanding shares each year. Re-acquired own shares are excluded for the effects of this calculation. It takes into account the filtering out of annual preferred dividends for the 209,197,850 shares on December 31, 2014, in the amount of COP 231 (amount in units, not in millions) per year per share.

CONTINGENCIES

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

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

RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain amounts included in the financial statements as of December 31, 2013 were reclassified for presentation purposes.

CONVERGENCE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In compliance with what is stipulated in Law 1314 of 2009, Regulating Decree 2784 of December 2012 and Decree 3024 of 2013, the Company is classified in Group 1 of publishers of financial information. Therefore, on July 30, 2014, it presented its Opening Statement of Financial Position as of January 1, 2013 to the Superintendence of Finance of Colombia, in accordance with External Circular Letters 038 of December 2013 and 014 of June 2014.

Cementos Argos has been anticipating work on the implementation process for International Financial Reporting Standards (IFRS), in accordance with what is stipulated in Decree 3024 of 2013. The first consolidated financial statements under IFRS will be presented for the approval of the Audit Committee and the Board of Directors during the first semester of 2015 and they will be published and made available to the public through the Company's website as soon as they are approved. As of that moment, the Company will be considered as having fully adopted IFRS.

For all legal purposes, the preparation of the Financial Statements as of December 31, 2014 and 2013 will be the last time the Financial Statements were prepared in compliance with Decrees 2649 and 2650 of 1993 and regulations in effect and applicable to the Company on those dates in Colombia.

NOTE 3 - TRANSACTIONS IN FOREIGN CURRENCY

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

Transactions and balances in foreign currency are translated at the market representative exchange rate certified by the Colombian Central Bank (Banco de la República), which was used to prepare the financial statements of December 31, 2014 and 2013. The market representative exchange rate of December 31, 2014, in Colombian pesos, was of COP \$2,392.46 per USD 1 (COP 1,926.83 per USD 1 in 2013).

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

	2014		2013	
	US dollars	Millions of colombian pesos	US dollars	Millions of colombian pesos
Current assets	326,378,590	780,848	156,892,236	302,305
Non-current assets	450,556,880	1,077,939	1,471,640,974	2,835,602
Total assets	776,935,470	1,858,787	1,628,533,210	3,137,907
Current liabilities	(112,774,203)	(269,808)	(101,272,500)	(195,135)
Non-current liabilities	(298,893,262)	(715,090)	(357,437,752)	(688,722)
Total liabilities	(411,667,465)	(984,898)	(458,710,252)	(883,857)
Net position, including long-term investments in related parties	365,268,005	873,889	1,169,822,958	2,254,050
Long-term investments in related parties (1)	(257,543,131)	(616,162)	(1,102,862,980)	(2,125,029)
Active net position	107,724,874	257,727	66,959,978	129,021

(1) The variation is mainly due to the constitution of Argos SEM S.A., whose equity is constituted in Colombian pesos and which received the contribution for the investment from Argos USA Corp.

In 2014, the average of the net position between assets and liabilities in was of USD 107 million (USD 210 million in 2013). As a result, the effect on the income statement due to the difference in exchange rate was a revenue of COP 42,583 (revenue of COP 40,304 in 2013).

The Company's exposure to exchange rate differences is mainly managed by the natural position of the balance, and the remaining gap with financial derivative transactions. Its net position is reviewed monthly. Notes 5 and 14 include detailed information about financial derivative transactions in effect.

As of 2007, pursuant to Decree 4918 of 2007, exchange rate differences on variable-income investments in subsidiaries abroad are recorded as a higher or lower value of shareholders' equity under the participation method surplus rubric. Thus, for the purposes of measuring the net position that affects the Company's income statement, they are excluded from the calculations.

NOTE 4 – NEGOTIABLE INVESTMENTS

Negotiable investments as of December 31 were comprised of the following elements:

	2014	2013
Trusts in domestic currency	25,384	4,394
Certificates	-	4,642
Rights to repurchase investments	-	3,202
Total cash equivalents	25,384	12,238

Average annual rate:

In 2014, the trusts and joint portfolios recorded yields of between 2.32% AER (2.69% AER in 2013) and 5.46% E.A. (3.55% AER in 2013).

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

NOTE 5 – ACCOUNTS RECEIVABLE, NET

On December 31, the receivables account was comprised of the following elements:

	2014	2013
Related economic parties (1) (see Note 24)	1,737,904	936,848
Domestic clients (2)	318,995	294,210
Prepaid taxes and contributions (3)	50,089	60,881
Revenues receivable (4)	29,709	18,260
Accounts receivable from employees	27,851	23,038
Accounts receivable from swap arrangements (5)	24,804	2,248
Prepaid charges	19,006	14,916
Sundry accounts receivable	5,722	2,874
Foreign clients – USD 734,857 (USD 748,260 in 2013)	1,758	1,442
Promises to enter into purchase-sale agreements	1,725	1,725
	2,217,563	1,356,442
Less – allowance for accounts receivable	(6,000)	(9,871)
Total accounts receivable	2,211,563	1,346,571
Less – long-term portion	(483,116)	(676,334)
Short-term accounts receivable (6)	1,728,447	670,237

- (1) The variation corresponds mainly to loans to Argos USA Corp., for the amount of COP 927,487 (COP 644,276 in 2013); to Concretos Argos S.A., for the amount of COP 523,307 (COP 99,250 in 2013); to Argos Cement LLC., for the amount of COP 82,067 (COP 22,740 in 2013); to Southern Equipment Company Inc., for the amount of COP 47,210 (COP 33,970 in 2013); and to Zona Franca S.A.S., for the amount of COP 46,541 (COP 7,614 in 2013).
- (2) The variation stems mainly from the increase of debt of the mandated service contract portfolio, of Concretos Argos S.A., for the amount of COP 142,542 (COP 138,686 in 2013); and of Zona Franca Argos S.A.S., for the amount of COP 29,297 (COP 14,646 in 2013).
- (3) This includes the balance in favor of the Company for income tax of the current period, for the amount of COP 42,420 (COP 52,467 in 2013), and retained industry and commerce tax, for the amount of COP 5,989 (COP 8,414 in 2013).
- (4) This mainly corresponds to dividends receivable, for the amount of COP 19,967 (COP 6,253 in 2013), from Grupo de Inversiones Suramericana S.A., for the amount of COP 2,748 (COP 2,389 in 2013); from Bancolombia S.A., for the amount of COP 3,966 (COP 3,852 in 2013); and from Concretos Argos S.A., for the amount of COP 13,226 (COP 0 in 2013).
- (5) This corresponds to the valuation of the following financial derivative transactions, which led to a positive valuation in favor of the Company at the closing of the year, in the amount of COP 23,067:

Type	Underlying	Underlying Amount (USD)	Underlying Rate (%)	Swap Amount	Swap Rate (%)	Maturity
Interest rate swap	EKF loan	16,363,636	L (6m) + 0.1	US\$16,363,636	2.40%	26-Jun-2019
Interest rate swap	EKF loan	52,474,115	L (6m) + 0.1	US\$52,474,115	2.38%	26-Jun-2019
Currency swap	Loan in US dollars	51,975,052	L (3m) + 0.75	100,000	LBR + 1.40%	14-Oct-2015

The allowance for doubtful debts changed as follows:

	2014	2013
Opening balance	9,871	10,395
Allowance for the year	5,592	10,348
Recoveries	(857)	(577)
Penalties	(8,606)	(10,295)
Closing balance	6,000	9,871

The value of expired accounts receivable from clients as of December 31 rose to the following values:

	2014				2013			
	Contracts of mandate				Contracts of mandate			
	Cementos Argos S.A.	Concretos Argos S.A.	Zona Franca Argos S.A.S.	Total	Cementos Argos S.A.	Concretos Argos S.A.	Zona Franca Argos S.A.S.	Total
Up to 30 days	39,974	32,054	6,084	78,112	40,417	35,668	4,359	80,444
Between 31 and 360 days	40,817	41,578	7,073	89,468	21,873	35,807	3,760	61,440
More than 360 days	12,124	4,494	2,098	18,716	5,443	1,901	1,352	8,696
	92,915	78,126	15,255	186,296	67,733	73,376	9,471	150,580

(6) Maturities of long-term accounts receivable as of December 31, 2014, were as follows:

	2014
2014	-
2015	-
2016	22,568
2017	460,548
	483,116

With the intention of optimizing the cost of debt at a consolidated level, Argos USA Corp. replaced USD 155 million (COP 370,831 at the closing exchange rate) of its long-term inter-company debt to short-term inter-company debt.

The interest rates on long-term accounts receivable are: for loans to employees, between 1.98% and 14.41%; and for loans to related parties, 4.98% AER (see Note 24).

As of December 31, 2014 and 2013, there were no levies on accounts receivable.

NOTE 6 – INVENTORIES, NET

Inventories on December 31 were comprised of the following elements:

	2014	2013
Products in process	43,725	8,821
Materials, spare parts and accessories	32,455	35,878
Finished products	18,101	29,662
Raw materials and direct materials	17,089	22,681
Inventories in transit (1)	4,375	-
Containers and packaging	1,236	1,913
	116,981	98,955

(1) This corresponds to imports, mainly of materials and spare parts. At the end of 2013, there were no import or purchase processes in transit, as a result of the preparation of the new system.

The allowance for inventories changed as follows:

	2014	2013
Opening balance	-	3,754
Allowance for the year	-	1,269
Penalties	-	(5,023)
Closing balance	-	-

There are no levies or restrictions on inventories.

NOTE 7 – LONG-TERM INVESTMENTS

Long-term investments as of December 31 included the following elements:

	2014	2013
Controlled variable-income long-term investments		
Shares (1)	5,034,178	3,799,903
Participations	425,769	382,634
Non-controlled variable-income long-term investments		
Shares	122,379	121,385
Fixed-income long-term investments		
Participations in clubs	549	549
	5,582,875	4,304,471
Less – provision for protection of investments (2)	(46,309)	(54,669)
	5,536,566	4,249,802

(1) The variation corresponds mainly to the effect of the participation method in the results, for the amount of COP 140,300 (COP 40,062 in 2013), and in shareholders' equity, for the amount of COP 588,394 (COP 255,603 in 2013); to the acquisition of Ciments Guyanais S.A.S., for the amount of COP 146,528; and to the capitalization of goodwill of Nuevos Cementos S.A.S., for the amount of COP 515,844, for the constitution of Argos SEM S.A.

(2) The allowance changed as follows:

	2014	2013
Opening balance	54,669	60,103
Recoveries	(31,655)	(5,979)
Allowance	23,295	545
Closing balance	46,309	54,669

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

Company	No. of shares	Value
Grupo de Inversiones Suramericana S.A.	5,200,000	208,000

LONG-TERM INVESTMENTS AS OF DECEMBER 31, 2014

Company	Registered in	Economic activity	Number of shares	Adjusted cost	Market value	Stake (%)	Allowance	Participation in results	Revaluation and/or devaluation
CONTROLLED, LONG-TERM									
Sociedades Anónimas (public limited companies) Sociedades Anónimas									
C.I. del Mar Caribe BVI Inc.	British Virgin Islands	Agency services	18,400	43,033	43,033	94	-	6,651	-
Corporaciones e Inversiones del Mar Caribe S.A.S.	Medellín, Colombia	Investments	12,834,648	75,408	75,408	100	-	8,912	-
Canteras de Colombia S.A.S.	Medellín, Colombia	Gravel and clay exploitation	27,670	6,452	6,596	6	-	10	144
Colcaribe Holding S.A.	Panama	Investments	117,860	204,487	204,462	100	25	22,797	-
Concretos Argos S.A.	Bogota, Colombia	Concrete production	8,596,667	368,758	382,690	93	-	2,975	13,932
Ganadería Río Grande S.A.S.	Medellín, Colombia	Agriculture	10,700,000	13,069	5,107	100	7,962	10,912	-
Haití Cement Holding S.A.	Haiti	Investments	78,000	24,164	17,752	50	6,412	(635)	-
International Cement Company S.A.	Panama	Investments	10,000	2,556	2,261	100	295	(4,514)	-
Logística de Transporte S.A.	Medellín, Colombia	Freight transport	22,425,181	27,611	28,646	95	-	3,809	1,035
Argos Panamá S.A.	Panama	Investments	1,298,122	373,577	357,550	86	16,027	91,706	-
Tekia S.A.S.	Medellín, Colombia	Reforestation	1,337,500	24,750	27,592	100	-	(5,648)	2,842
Transatlantic Cement Carrier Inc.	Panama	Maritime freight transport	33,500	57,485	57,485	100	-	(1,550)	-
Zona Franca Argos S.A.S.	Cartagena, Colombia	Cement production	64,550,000	1,437,315	1,438,534	100	-	79,615	1,219
Argos Sem S.A.	Panama	Investments	100,000	2,375,513	2,360,730	100	14,783	(55,152)	-
SUBTOTAL SOCIEDADES ANÓNIMAS				5,034,178	5,007,846		45,504	159,888	19,172
<i>Sociedades Limitadas (private limited companies)</i>									
Valle Cement Investments Ltd.	British Virgin Islands	Investments	2	422,082	422,082	80	-	(19,588)	-
Transportes el Man Ltda. en Liquidación	Barranquilla, Colombia	Land, river and maritime transport	8,637	3,687	3,662	1	25	-	-
SUBTOTAL SOCIEDADES LIMITADAS				425,769	425,744		25	(19,588)	-
NON-CONTROLLED, LONG-TERM									
Bancolombia S.A. *	Medellín, Colombia	Financial intermediation	20,437,148	61,420	562,270	4	-	-	500,850
Cementos de Caldas S.A.	Manizales, Colombia	Cement production	20,301,861	3,109	3,183	40	-	-	74
Cartón Colombia S.A. *	Cali, Colombia	Card board production	2,308,930	5,088	11,983	2	-	-	6,895
Caltek S.A.S.	Medellín, Colombia	Lime exploitation	200,000	958	958	50	-	-	-
Grupo de Inversiones Suramericana S.A.*	Medellín, Colombia	Financial intermediation	28,183,262	39,384	1,126,058	6	-	-	1,086,674
Triple A B/Q S.A., E.S.P.	Barranquilla, Colombia	Public services	12,311	29	29	-	-	-	-
Fundiciones Colombia S.A.	Medellín, Colombia	Metallurgy	38,543,456	278	13	2	265	-	-
Industrial Hullera S.A.	Medellín, Colombia	Coal exploitation	2,426,054	155	-	37	155	-	-
Omya Colombia S.A.	Guarne, Colombia	Non-metallic mineral production	6,345,425	11,554	49,773	50	-	-	38,219
Sociedad de Transporte Férreo S.A.	Cali, Colombia	Railroad services	72,294	331	-	3	331	-	-
Others, of less than COP 100				73	13,533		11	-	13,471
SUBTOTAL NON-CONTROLLED				122,379	1,767,800		762	-	1,646,183
				5,582,326	7,201,390		46,291	140,300	1,665,355
Allowance				(46,309)					
FIXED-INCOME, LONG-TERM									
Participations in clubs				549	879		18	-	348
TOTAL LONG-TERM INVESTMENTS				5,536,566	7,202,269		46,309	140,300	1,665,703

Notes:

The investment portfolio is made up of ordinary shares.

Company valuations represent intrinsic value, except for those indicated with (*), which are listed on the stock exchange.

LONG-TERM INVESTMENTS AS OF DECEMBER 31, 2013

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

Type of shares:

All the shares included in the investment portfolio are ordinary shares.

Notes:

The investment portfolio is made up of ordinary shares.

Company valuations represent intrinsic value, except for those indicated with (*), which are listed on the stock exchange.

The value of the assets, liabilities, shareholders' equity and period results of the investments valued by the equity participation method is the following:

Company	Año 2014				Año 2013			
	Assets	Liabilities	Shareholders' equity	Profit (loss)	Assets	Liabilities	Shareholders' equity	Profit (loss)
Argos SEM S.A	5,035,918	2,975,720	2,060,198	(85,644)	-	-	-	-
Zona Franca Argos S.A.S.	1,554,924	116,389	1,438,535	79,615	1,382,218	72,078	1,310,140	13,528
Concretos Argos S.A.	1,209,648	798,716	410,932	3,194	724,988	348,664	376,324	18,299
Valle Cement Investments Ltd.	818,913	359,199	459,714	(21,335)	679,060	286,335	392,725	(9,381)
Argos Panamá S.A.	572,505	154,860	417,645	107,120	447,776	146,145	301,631	84,081
Colcaribe Holdings S.A.	246,835	42,222	204,613	18,434	194,838	38,646	156,192	11,416
Canteras de Colombia S.A.S.	118,330	7,741	110,589	166	106,874	7,950	98,924	617
Corp. e Inversiones del Mar Caribe S.A.S.	105,228	29,820	75,408	8,912	91,204	44,507	46,697	(3,139)
Cimenterie Nationale S.E.M. (CINA)	75,421	35,482	39,939	159	71,483	27,857	43,626	80,241
Transatlantic Cement Carriers Inc	68,024	10,539	57,485	(1,550)	56,592	8,707	47,885	(11,671)
C.I. del Mar Caribe BVI Inc.	60,351	14,512	45,839	7,085	50,654	20,449	30,205	11,922
Tekia S.A.S.	55,528	27,936	27,592	(5,648)	51,960	18,208	33,752	(4,090)
Logística de Transporte S.A.	49,703	19,516	30,187	4,014	42,533	15,086	27,447	1,333
Haití Cement Holdings S.A.	35,504	-	35,504	(1,270)	30,183	-	30,183	4,178
Ganadería Rio Grande S.A.S.	16,449	11,342	5,107	10,912	18,413	24,342	(5,929)	(4,789)
International Cement Company S.A.	2,110	-	2,110	(151)	2,307	-	2,307	(17,847)
Caltek S.A.S.	-	-	-	-	1,180	919	261	(139)
Nuevo Cementos S.A.S.	-	-	-	-	314,793	-	314,793	3,173
Argos USA Corp.	-	-	-	-	2,325,085	882,352	1,442,733	(151,847)

(1) Companies acquired in 2014:

- In April 2014, the Company acquired 100% of Ciments Guyanais from Lafarge, for a total amount of EUR 50 million, or the equivalent of COP 146,528. This investment was transferred to Argos SEM S.A. as an in-kind contribution.
- In May 2014, an in-kind contribution was made to Argos SEM S.A., consisting of 29,305 shares of the company Argos USA, Corp., 229,181,415,370 shares of the company Nuevos Cementos S.A.S., and 26,500 shares of the company Ciments Guyanais S.A.S. The complete shares package was transferred for a market value of COP 2.4 trillion. In return, the Company received 100,000 shares of Argos SEM S.A., which represent 100% of its capital.

The contribution had a neutral effect on the results of the Company.

- In August 2014, Nuevos Cementos S.A.S. started the process of liquidation.
- In March 2014, Caltek S.A.S. was excluded from the consolidation after having agreed on a new control scheme with its shareholders.

The composition of the shareholders' equity of the controlled investments is the following:

2014

Company	Share capital	Capital surplus	Reserves	Shareholders' equity revaluation	Period results	Previous period results	Valuation surplus	Shareholders' equity
Argos Panamá S.A.	265,278	-	(1,626)	36,959	107,120	9,914	-	417,645
Zona Franca Argos S.A.S.	64,550	903,043	-	-	79,615	-	391,327	1,438,535
Haití Cement Holdings S.A.	31,430	(1,238)	-	5,904	(1,270)	678	-	35,504
Cimenterie Nationale S.E.M. (CINA)	26,092	-	14,896	(1,356)	159	148	-	39,939
Colcaribe Holdings S.A.	20,357	7,141	-	46,394	18,434	101,716	10,571	204,613
Valle Cement Investments Ltd.	13,798	19,238	-	(12,590)	(21,335)	398,651	60,742	458,504
Corp. e Inversiones del Mar Caribe S.A.S.	12,835	119,124	390	577	8,912	(85,013)	18,582	75,407
Concretos Argos S.A.	9,249	139,503	31,247	37,083	3,194	-	190,656	410,932
Transatlantic Cement Carriers Inc	6,133	52,635	-	10,524	(1,550)	(14,400)	4,142	57,484
Ganadería Rio Grande S.A.S.	5,350	6,448	-	-	10,912	(17,880)	277	5,107
Tekia S.A.S.	1,338	11,623	5,935	2,552	(5,648)	(2,510)	14,302	27,592
Canteras de Colombia S.A.S.	464	11,903	-	3,489	166	(7,870)	102,437	110,589
Logística de Transporte S.A.	142	13,746	9,342	2,824	4,014	-	120	30,188
C.I. del Mar Caribe BVI Inc.	54	-	-	6,537	7,085	32,163	-	45,839
International Cement Company S.A.	13	22,158	-	1,774	(151)	(21,690)	6	2,110
Argos SEM, S.A	2,519,647	137,118	291	318,450	(118,316)	(805,577)	8,585	2,060,198

2013

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

In 2014 and 2013, no dividends were declared on shares.

The following subsidiaries declared dividends:

	2014	2013
Argos Panamá S.A.	58,454	54,485
Zona Franca Argos S,A,S,	21,030	18,746
Concretos Argos S,A,	13,226	455
Colcaribe Holding S,A,	8,148	8,142
Logística de Transportes S,A,	1,265	9,167
Haití Cement Holding S,A,	-	3,710
	102,123	94,705

NOTE 8 – PROPERTY, PLANT, AND EQUIPMENT

	2014					2013				
	Cost	Accumulated depreciation	Net book value	Commercial appraisal	Valuation	Cost	Accumulated depreciation	Net book value	Commercial appraisal	Valuation
Land	81,452	-	81,452	324,564	243,112	80,315	-	80,315	365,832	285,517
Mineral deposits, mines and quarries	119,299	119,299	-	164,490	164,490	119,299	119,299	-	157,079	157,079
Constructions and buildings (1)	362,911	260,163	102,748	292,458	189,710	384,836	259,122	125,714	300,475	174,761
Transport equipment, maritime and railroad	15,304	11,205	4,099	7,510	3,411	14,567	10,960	3,607	7,182	3,575
Machinery and equipment (2)	1,644,264	1,248,280	395,984	1,064,186	668,202	1,600,293	1,235,403	364,890	1,020,507	655,617
Furniture and office supplies, computing, medical and scientific equipment	44,566	30,042	14,524	21,162	6,638	43,142	24,984	18,158	23,290	5,132
Constructions in course, machinery being assembled (3)	174,298	-	174,298	-	-	85,162	-	85,162	-	-
Water conduits, plants and networks, communication roads	90,080	62,745	27,335	47,329	19,994	89,525	60,488	29,037	50,017	20,980
Agricultural plantations	16,265	1,564	14,701	15,974	1,273	16,265	1,564	14,701	15,558	857
Property, plant and equipment in transit	59,101	-	59,101	-	-	-	-	-	-	-
Allowance for asset devaluation			(18,069)					(17,575)		
	2,607,540	1,733,298	856,173	1,937,673	1,296,830	2,433,404	1,711,820	704,009	1,939,940	1,303,518

- (1) The variation corresponds mainly to the sale, carried out at market prices, of the administrative offices of Bogotá, D.C. (Colombia) to Grupo Argos S.A., in July 2014, for the amount of COP 39,091, with a profit of COP 8,247.
- (2) The variation corresponds mainly to expansions and improvements at the cement plants of Rioclaro, for the amount of COP 62,406, and of Sogamoso, for the amount of COP 24,730; and the improvements to the plants of Cairo, for the amount of COP 9,924; Yumbo, for the amount of COP 7,160; and Tolú, for the amount of COP 5,813.

- (3) The variation corresponds mainly to the construction of the Argos Innovation Center, for the amount of COP 9,641, and to the expansions of and improvements to production processes at the plants of Rioclaro, for the amount of COP 67,086; Sogamoso, for the amount of COP 55,491; Cairo, for the amount of COP 4,514; Yumbo, for the amount of COP 11,683; and Tolú, for the amount of COP 3,617.

Depreciation and amortization taken to results in 2014 was of COP 27,999 (COP 98,843 in 2013). The decrease in expenses due to depreciation was mainly due to the change in useful lives, mentioned in Note 2.

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

The Company carried out appraisals of property, plant and equipment in 2014. The appraisal methods that were used are explained in Note 10.

NOTE 9 – DEFERRED AND INTANGIBLE ASSETS, NET

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

	2014	2013
Deferred assets (1)	260,316	229,650
Concessions and franchises (2)	231,406	236,285
Rights (3)	147,859	137,648
Trademarks (4)	120,662	120,662
Goodwill (5)	22,688	538,532
Less – accumulated amortization	(179,870)	(165,820)
	603,061	1,096,957

- (1) Deferred assets as of December 31 were comprised of the following elements:

	2014	2013
Computer software (a)	211,237	209,437
Debit deferred income tax (b)	49,079	19,878
Others	-	335
	260,316	229,650

- (a) This corresponds mainly to the “Synergy” project for the implementation of the Company’s new ERP system (SAP), for the amount of COP 127,145 (COP 110,383 in 2013); expenses for the issuance and placement of shares, for the amount of COP 61,216 (COP 68,018 in 2013); and the issuance and placement of bonds, for the amount of COP 8,515 (COP 9,959 in 2013).
- (b) The increase in deferred income tax, for the amount of COP 29,201, is due to the temporal differences stemming from the valuation of swap and forward arrangements and estimated liabilities related to expenses deductible in future periods.

- (2) This mainly includes the partial concession of Mining Title 11387, for lime extraction, acquired in 2008 for USD 41,256,757 (COP 95,524) from Acerías Paz Del Río S.A., for the exploitation of a minimum of 369,000 tons of lime per year, whose balance is of COP 61,770 (COP 67,429 in 2013).

This is the breakdown of the mining titles:

Mining title	Value
11387	61,770
FLS 104	30,755
7609	22,579
FIN 103	12,879
EIM 91	5,268
CKK 71	4,669
CKK 72	2,180
ECI 91	1,802
EEJ 141	1,280
Others	2,427

These are the main mining concessions in effect at the year-end closing:

Contract number	Type of title	Main resource(s) extracted	Municipality(ies)	Department	Value	Status	Start date	Term (years)
2952	Contrato de concesión Decreto Ley 1275	Cálica y arena	Barranquilla y Puerto Colombia	Atlántico	Indeterminado	Trámite prórroga	7/03/80	30
3632	Contrato de concesión Ley 2655	Cálica y arena	Tolúviejo	Sucre	Indeterminado	Explotación	6/10/92	30
9304	Contrato de concesión Ley 2655	Calcáreos	Barranquilla y Puerto Colombia	Atlántico	Indeterminado	Explotación	4/02/93	30
18610	Contrato de concesión Ley 2655	Cálica	Turbaco	Bolívar	Indeterminado	Explotación	4/02/97	30
7609	Contrato de concesión Ley 2655	Cálica	Curití	Santander	Indeterminado	Explotación	23/08/04	30
8420	Contrato de concesión Ley 2655	Cálica	Yumbo	Valle	Indeterminado	Prórroga y conversión	11/10/91	30
8421	Contrato de concesión Ley 685	Cálica	Puerto Nare y Caracolí	Antioquia	Indeterminado	Explotación	9/05/07	30
14335	Contrato de concesión Ley 685	Cálica	Puerto Nare	Antioquia	Indeterminado	Explotación	10/08/07	30
14665	Contrato de concesión Ley 685	Cálica	Duitama y Santa Rosa de Viterbo	Antioquia	Indeterminado	Explotación	28/08/07	21

- (3) This includes contributions made by the Company to Real Estate Trust No. 732-1359, managed by Fiduciaria Fiducor S.A., for the reforestation project in El Carmen de Bolívar, in the amount of COP 35,649 (COP 32,999 in 2013), and to the Commercial Trust for the administration of a plot of land, managed by Fiduciaria Corficolombiana S.A., in the amount of COP 42,761 (COP 42,761 in 2013). Additionally, it includes the availability right acquired in 2008 from Acerías Paz Del Río, in the amount of USD 21,500,000 (COP 39,828), for the supply of a minimum of 150,000 metric tons of slag produced by this company per year, for a period of 15 years, which can be extended by the same term; the net balance as of December 31 is of COP 24,231 (COP 25,972 in 2013).

Additionally, it includes assets acquired through financial leasing under a monthly payment system, in the amount of COP 24,508 (COP 16,088):

- (4) This corresponds to the Argos trademark, in the amount of 66,346 (COP 72,397 in 2013), purchased from Grupo Argos S.A. in December 2005 for COP 115,389, plus adjustments due to inflation in the amount of COP 5,274. The appraisal of the trademark was carried out by Corporación Financiera Colcorp and the methodology that was used was based on the analysis of discounted cash flows. The value of the intangible asset is the result of the operational cash flow that it can generate in a period of time, discounted at a rate that reflects the risk of said flows. This methodology is based on the return obtained through ownership of the trademark on said flows (contribution of the trademark to the business, both in the present and future). It is amortized over a period of 20 years.

Description	Contract	Initial amount	Net cost	Contract start date	End date	Term (months)	Pending installments	Purchase option
Wheel loader	147671	717	590	18/02/13	18/01/20	84	61	143
Articulated Caterpillar truck	144532	1.416	1.141	18/12/12	18/11/19	84	59	283
Front loader	144521	436	351	18/12/12	18/11/19	84	59	87
Rigid Caterpillar truck	143546	1.769	1.412	18/11/12	18/10/19	84	58	354
Rigid truck	143367	1.787	1.428	18/11/12	18/10/19	84	58	357
Articulated front loader	142885	388	306	18/10/12	18/09/19	84	57	78
Articulated front loader model 972H	142165	989	789	18/11/12	18/10/19	84	58	198
Hydraulic Caterpillar excavator	141393	494	386	18/09/12	18/08/19	84	56	99
Rigid Caterpillar truck model 773G	141252	1.684	1.349	18/08/12	18/07/19	84	55	349
Atlas Copco drilling equipment	140426	1.123	924	18/01/13	18/12/19	84	60	225
Caterpillar fork lift model GP 30NM	139982	66	52	18/08/12	18/07/19	84	55	13
Loader on wheels model 988H	136006	1.630	1.187	18/03/12	18/02/19	84	50	326
Caterpillar wheel loader	133705	741	539	18/03/12	18/02/19	84	50	148
Continuous-track tractor	133409	1.488	1.067	18/02/12	18/01/19	84	49	298
Truck scale 80478MM	133047	186	150	18/09/12	18/08/19	84	56	37
Rigid Caterpillar truck model 773F equipped with Motor cat	128226	1.471	999	16/09/11	18/09/18	85	45	294
Rigid Caterpillar truck model 773F turbocharged	128053	1.511	1.025	18/10/11	18/11/18	85	47	302
Special cement silo	127134	763	567	18/05/12	18/04/19	84	52	153
Articulated Caterpillar truck model 730	124854	1.308	875	1/08/11	18/08/18	85	44	262

- (5) The decrease stems from the in-kind contribution consisting of the shares of Nuevos Cementos S.A.S. made for the constitution of Argos SEM S.A., which came with goodwill acquired in 2013, in the amount of COP 515,844. The balance corresponds to the goodwill of Cementos Panamá S.A.

NOTE 10 – ASSET VALUATION

Asset valuation as of December 31 was comprised of the following items:

	2014	2013
Surplus in commercial or intrinsic value of investments over their net book value (see Note 7)	1,665,703	1,411,125
Surplus of technical appraisals of property, plant and equipment over their net book value (see Note 8)	1,296,830	1,303,518
Other assets – pieces of art	-	328
	2,962,533	2,714,971

In 2014, the firm Vertex Resources Ltda. performed technical appraisals of property, plant and equipment of companies associated to Cementos Argos S.A. at their various industrial, commercial and administrative business units located throughout the national territory. The valuation methodology used by Vertex Resources Ltda. was based on the replacement cost method, the trending method and the comparative method, under the going concern assumption. The application of these methodologies allowed it to estimate the range of the market value of the fixed assets of Cementos Argos S.A. and its Colombian subsidiaries. In summary, the appraisal was based on the application of the fair value principle, by making comparisons with international figures of productive units in operation, used elements in operation, installed and productive capacities valued in US dollars and measured by production capacity in mining, crushing, calcination, milling and packaging processes for cement production.

This methodology also assumes that the cost of the equipment includes civil works for assembly, engineering, electric, mechanical and electronic connections, pre-operating testing and start-up, in accordance with the regulations established in Article 64 of Decree 2649 of 1993.

NOTE 11 – FINANCIAL OBLIGATIONS

Financial obligations as of December 31 comprised the following elements:

	Average annual rate in 2014	2014	2013
Bank overdrafts		-	2,588
Obligations to domestic banks	(1)	-	38,537
Obligations to foreign banks	(2)	327,319	162,114
Other obligations		16,639	17,166
Total financial obligations		343,958	220,405
Less – long-term portion		(140,838)	(147,731)
Short-term obligations		203,120	72,674

(1) Financial obligations to domestic banks have interest rates in Colombian pesos that are tied to the Libor, FTD and CPI rates, and interest rates in US dollars tied to Libor. For the average cost by currency, see Note 12.

This is the breakdown of financial obligations to domestic banks:

Entity	Concept	2014	2013	Currency	Maturity
Banco de Bogotá	Treasury loan	-	38,537	US dollar	05-mar-14
		-	38,537		

(2) Financial obligations to foreign banks have interest rates tied to the Libor rate. For the average cost by currency, see Note 12.

Entity	Concept	2014	2013	Currency	Maturity
Citibank PLC London	ECA loan	164,692	162,114	US dollar	26-Jun-19
Banco de Bogotá Miami	Short-term loan	16,747	-	US dollar	20-Jan-15
Banco de Bogotá Miami	Short-term loan	4,785	-	US dollar	20-Jan-15
Banco de Bogotá Miami	Short-term loan	16,747	-	US dollar	20-Jan-15
Citibank		124,348	-	US dollar	14-Oct-15
Total		327,319	162,114		

The long-term credit from Citibank PLC, which is endorsed by EKF Denmark, with an initial amount of USD 159,235,669, and whose debtors are Cementos Argos S.A., Zona Franca Argos S.A.S. and Argos USA Corp., has the following financial covenants in effect as of December 31, 2014:

- The Net Debt / EBITDA + 12-Month Dividends ratio must be less than 4 times.
- The EBITDA / Financial Expenses ratio must be higher than 1.25 times.

Financial obligations as of December 31, 2014, generated interest in the amount of COP 6,430 (COP 14,265 in 2013).

Long-term financial obligations outstanding on December 31, 2014 mature as follows:

Year	Maturity amount
2016	38,795
2017	39,140
2018	40,007
2019	22,506
2020 and subsequent years	390
	140,838

NOTE 12 – OUTSTANDING BONDS

	2014	2013
2005 and 2007 issuances (1)	520,000	520,000
2009 issuance (2)	414,823	495,998
April 2012 issuance (3)	111,400	222,800
May 2012 issuance (4)	700,000	700,000
2014 issuance (5)	600,000	-
Total outstanding bonds	2,346,223	1,938,798
Less – Discount due to amortization (6)	(4,891)	(6,568)
	2,341,332	1,932,230
Short-term	(191,400)	(192,575)
Long-term	2,149,932	1,739,655

(1) Outstanding bonds issued on November 23, 2005 and February 23, 2007 were comprised of the following as of December 31, 2014:

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

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

(2) Outstanding bonds issued on April 28, 2009 were comprised of the following as of December 31, 2014:

Term	Amount issued	Effective interest rate (%)	Interest payment terms
7 years	114,943	CPI + 6.00	Quarterly in arrears
10 years	70,350	CPI + 6.30	Quarterly in arrears
15 years	229,530	CPI + 7.19	Quarterly in arrears
	414,823		

(3) Outstanding bonds issued on April 11, 2012 were comprised of the following as of December 31, 2014:

Term	Amount issued	Effective interest rate (%)	Interest payment terms
3 years	111,400	FTD + 1.45	Quarterly in arrears
	111,400		

(4) Outstanding bonds issued on May 16, 2012 were comprised of the following as of December 31, 2014:

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

(5) Outstanding bonds issued on November 27, 2014 were comprised of the following as of December 31, 2014:

Term	Amount issued	Effective interest rate (%)	Interest payment terms
2 years	97,618	5.59	Quarterly in arrears
10 years	190,675	CPI + 3.80	Quarterly in arrears
15 years	311,707	CPI + 4.21	Quarterly in arrears
	600,000		

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

Through Resolution No. 20134 of November 13, 2014, the Superintendence of Finance of Colombia approved the renovation of the term of the authorization for the public offering of ordinary bonds and commercial papers of Cementos Argos S.A. so they can be publicly offered within a period of three (3) years starting on the date on which this resolution took effect, as well as the increase of its overall line, by an additional COP 1 trillion, of the securities that are part of the issuance and placement program in charge of Cementos Argos S.A., which was authorized through Resolution No. 422 of March 23, 2012. As of December 31, 2014, and starting on the aforementioned approval date, Cementos Argos S.A. had COP 400,000 at its disposal to issue over the next three years.

All issues are rated AA+ with a positive perspective by the rating firm Fitch Ratings Colombia S.A. and constitute securities that are payable-to-order and tradable in the secondary market.

Of the issuance maturing in 2017, which were 12-year Argos 2005 bonds in the amount of COP 440,000, a total of COP 433,320 (the equivalent of USD 229,094,471) was converted to US dollars through a currency swap at an average rate of Libor + 1.78%, paid biannually in arrears (see Note 13 of this report).

In 2014, interests in the amount of COP 129,861 (COP 133,914 in 2013) were accrued on ordinary bonds.

The following was the overall cost of financial obligations, including Argos bonds, financial derivatives and loans, during 2014:

- Average cost of financial obligations in Colombian pesos: 7.11% AER (7.08% AER in 2013)
- Average cost of financial obligations in US dollars: 2.91% AER (1.97% AER in 2012)

NOTE 13 – SUPPLIERS AND ACCOUNTS PAYABLE

Suppliers and accounts payable on December 31 were comprised of the following elements:

	2014	2013
Related economic parties (1) (see Note 24)	645,817	218,717
Sundry accounts payable (2)	186,020	112,343
Costs and expenses payable	91,538	83,347
	65,599	62,610
Domestic suppliers (3)	52,927	28,849
Foreign suppliers – USD 9,165,765 (USD 6,943,332 in 2013) (2)	22,754	13,379
Tax withheld	7,766	5,663
Withholdings and contributions on salaries	2,893	4,532
Accounts payable to contractors	1,320	2,900
Others	13,696	4,091
Total suppliers and accounts payable	1,090,330	536,431
Less – long-term portion (4)	(148,991)	(55,107)
Short-term suppliers and accounts payable	941,339	481,324

(1) The variation corresponds mainly to the collection of debt of mandated service contracts, from Concretos Argos S.A., in the amount of COP 393,462 (COP 2,599 in 2013), and from Zona Franca Argos S.A.S., in the amount of COP 9,999 (COP 530 in 2013).

(2) This corresponds mainly to the revaluation of derivative transactions (swap arrangements), in the amount of COP 114,779 (COP 29,591 in 2013) and the balance payable, in the amount of COP 68,424 (COP 82,661 in 2013), for the purchase of Cementos La Unión S.A. and Cementos Apolo S.A., under the following conditions:

Balance on December 31, 2014: USD 28,600,000 (USD 42,900,000 in 2013)

Maturity: August 2016

Rate: 5% AER, payable quarterly in arrears

Term: 10 annual installments

Between January and December 2014, interests were accrued in the amount of COP 3,688, which is the equivalent of USD 1,832,926 (COP 4,700 or the equivalent of USD 2,511,220 in 2013). In 2014, USD 14,300,000 was paid to principal. On this account payable, the following currency swap was carried out:

Swap arrangements						
Type	Underlying	Underlying amount (USD)	Underlying rate (%)	Swap amount (COP)	Swap rate (%)	Maturity
Currency swap	Account payable	28,600,000	4.90% in arrears	\$ 54,623	CPI + 5.35%	08-Aug-16

The following derivative transactions were in effect as of December 31, 2014:

Swap arrangements						
Type	Underlying	Underlying amount (USD)	Underlying rate (%)	Swap amount (COP)	Swap rate (%)	Maturity
Currency swap	2017 bonds	COP 343,520	CPI + 3.17	USD 190,000,000	Libor + 1.75%	23-Nov-17
Currency swap	2017 bonds	COP 343,520	CPI + 3.17	USD 39,034,471	Libor + 1.92%	23-Nov-17

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

- (3) The variation corresponds mainly to the accounts payable stemming from the expansion projects at the Rioclaro and Sogamoso Plants.

NOTE 14 – TAXES, LEVIES AND CONTRIBUTIONS

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

	2014	2013
Fairness income tax – CREE (1)	38,207	56,564
Sales tax	28,621	34,641
Industry and commerce tax	15,298	15,230
Income tax	4,541	4,541
Tax on equity (2)	-	25,970
Total	86,667	136,946

- (1) The variation in the fairness income tax (CREE) is the result of the effect of investments in foreign currency maintained by Cementos Argos S.A., given the fact that in May 2014, these were transferred to the company Argos SEM, S.A., which was constituted with shareholders' equity in Colombian pesos (see Note 1 of this report).
- (2) The decrease stems mainly from the payment of the last two installments of the tax on shareholders' equity, in the amount of COP 25,970.

Tax regulations applicable in Colombia stipulate the following:

- a) Tax regulations in effect that apply to the Company stipulate that the rate of income tax for 2013 and 2014 is of 25%. Through Law 1607 of December 2012, the fairness income tax (known as CREE) was created, with a rate of 9%, taking effect as of January 1, 2013. The base for this tax is calculated together with the income tax, but additionally filtering out certain parts that the new regulations specifically do not take into consideration for the CREE tax.

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

- b) Legal persons that pay the CREE tax are exempted from contributions to the National Learning Service (Servicio Nacional de Aprendizaje or SENA) and the Colombian Institute of Family Wellbeing (Instituto Colombiano de Bienestar Familiar or ICBF), for employees that, individually, earn up to ten (10) current legal minimum salaries.
- c) As of January 1, 2013, occasional gains are taxed at a rate of 10%, in accordance with what is established in Law 1607 of 2012.
- d) The basis for calculating the income tax cannot be less than 3% of net shareholders' equity on the last day of the immediately preceding taxable period.

- e) Tax losses adjusted according to tax rules may be offset by companies against ordinary net income obtained during subsequent taxable periods, with no time limitations and without prejudice for the presumptive tax of the period.

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

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

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

As of December 31, 2013, the Company offset excesses of presumptive income stemming from 2012 in the amount of COP 7,313 (COP 102,369 in 2013), thus reaching the point where it has no more tax losses to be offset.

- g) Starting in 2004, income tax taxpayers who carry out transactions with economic related parties or foreign related parties must calculate, for the purposes of the income and complementary taxes, their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, applying the prices and profit margins they would have applied in similar comparable transactions with or between non-related economic parties. The Company carried out a technical study on transactions carried out during 2013 and reached the conclusion that there is no need to adjust the income tax return on these grounds for that tax year.

To date, the Company has not yet carried out the study on the transactions of 2014. However, given the fact that the transactions carried out with foreign related parties happened in conditions similar to those of the ones carried out in 2013, the Company's management is convinced that it will not affect the period's income tax return.

- h) It has been established that only for tax purposes, the deductions stipulated in tax regulations to accounting norms will stay in effect for a period of 4 years following the coming into effect of the International Financial Reporting Standards (January 1, 2015). As a result, during the aforementioned period, the tax bases of the items that are included in the tax returns will remain unchanged. Furthermore, requirements of the accounting method for the recognition of special tax situations will cease to be in effect as of the date on which the new regulatory accounting framework is applied.

- i) It has been established that, by June 30 of each year, the economic and/or business groups that are duly registered must hand in their consolidated financial statements, together with their respective annexes, on magnetic media to the Colombian National Tax and Customs Department (DIAN).

- j) As of 2012, 175% of investments made in projects qualified as technological research and development can be deducted from income and complementary tax of the respective tax year, without exceeding 40% of net income. Said reduction does not include the application of depreciation, amortization or deduction of costs for staff included in the investment and it does not generate taxed income for members or shareholders.

Reconciliation between accounting income and net taxable income:

The table below shows further details about the reconciliation between profits before income tax and net profit, the determination of applicable taxes, and the reconciliation of accounting and tax shareholder's equity for the years ended on December 31, 2014 and 2013:

	2014	2013
Profit before allowance for income tax	408,739	328,408
Add:		
Exchange rate difference of investments abroad	-	174,643
Losses recorded due to the participation method	114,653	171,785
Taxed dividends received from subsidiaries	66,602	88,942
Other non-deductible expenses	139,108	54,932
Non-deductible taxes	9,453	-
Unrealized exchange rate difference from financial derivatives	83,833	17,661
	413,650	507,963
Less:		
Unrealized exchange rate difference from financial derivatives	21,795	-
Revenues recorded due to participation method	254,953	131,724
Exchange rate difference of investments abroad	26,179	-
Untaxed dividends and participations	27,689	25,872
Recovery of allowances	17,245	17,577
Other non-deductible non-taxed items	220,027	3,413
Gains from sale of fixed assets and investments	4,385	950
	572,273	179,536
Ordinary net income	250,115	656,835
Compensations	-	102,369
Ordinary net income	250,115	554,466
Presumptive income on shareholders' equity	98,531	27,208
Taxable net income (the highest one)	250,115	554,466
Tax rate	25%	25%
Allowance for taxes on current income	62,529	138,617
Tax discounts	(16,408)	(43,048)
Tax from previous periods	17,583	-
Occasional gains from gains of sale of fixed assets	-	411
Tax rate	10%	10%
Tax on occasional gains	-	41
Additional filter for CREE tax		
Ordinary net income	250,115	656,835
Non-deductible donations	13,734	13,198
Other deductions not applicable	7,571	4,397
Taxable income for income fairness tax – CREE	271,420	674,430
Tax rate	9%	9%
Allowance for CREE tax	24,428	60,699
Add (less): deferred tax	28,793	(11,575)
Tax allowance charged to results	116,924	144,698
	2014	2013
Allowance for taxes on current income	46,120	95,574
Allowance for income fairness tax – CREE	24,428	60,699
Add: tax from previous periods	17,583	-
Add (less): deferred tax	28,793	(11,575)
Tax allowance charged to results	116,924	144,698

Reconciliation between accounting and tax shareholders' equity:

	2014	2013
Accounting shareholders' equity:	8,132,600	7,244,359
Add:		
Tax differences from property, plant and equipment	72,454	115,960
Allowance for protection of inventories, fixed assets and investments	141,143	82,115
Non-tax liabilities	4,533,990	66,989
Deferred tax (net)	9,679	-
	4,757,266	265,064
Less:		
Valuation of investments and property, plant and equipment	2,962,533	2,714,971
Tax differences on intangible assets	120,024	-
Tax differences on investments	5,600,968	617,713
Deferred tax (net)	-	19,114
Tax liabilities	13,399	-
	8,696,924	3,351,798
Tax shareholders' equity	4,192,942	4,157,625

The Company's income tax returns of tax periods 2008, 2009, 2010, 2011, 2012 and 2013 are subject to revision and approval by tax authorities. The Company's management and its legal advisors believe that the amount recorded in the books as liabilities for tax payable is sufficient to cover any liability that could arise with regards to these years.

The Company's management and its legal advisors believe that the amount recorded in the books as tax allowance is sufficient to cover any liability that could arise with regards to these years.

TAX ON EQUITY

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

For 2011, the Company accrued and accounted 100% of the tax on equity and its surcharge in the equity revaluation account.

TAX REFORMS

The following is a summary of some changes to the Colombian tax system for 2015 and subsequent years introduced by Law 1739 of December 23, 2014:

- a) **Wealth tax:** As of January 1, 2015, a wealth tax takes effect. This tax is created for the possession of wealth (gross worth minus debt in effect) of an amount equal to or higher than COP 1 billion as of January 2015. The tax base for this wealth tax is the value of the gross worth of legal persons, minus debt in effect, that is possessed as of January 1, 2015, 2016 and 2017. Its marginal rates are the following:

Tax base ranges	2015	2016	2017
Less than COP 2 billion	0.20%	0.15%	0.05%
From COP 2 billion to COP 3 billion	0.35%	0.25%	0.10%
From COP 3 billion to COP 5 billion	0.75%	0.50%	0.20%
More than COP 5 billion	1.15%	1.00%	0.40%

b) Fairness income tax (CREE) and its surcharges:

As of tax year 2016, the rate of the CREE tax will be 9%.

Fiscal losses incurred by CREE tax taxpayers as of the year 2015 can be offset in this tax. Also the excess of the minimum base for fairness income tax, calculated in accordance with Section 2 of Article 22 of Law 1607 of 2012, can be offset against the income of the five (5) following years.

In no case can the CREE tax, or its surcharge, be offset against balances in favor of the Company for other taxes paid in tax returns. Also, the balances in favor of the Company resulting from the CREE tax return, and its surcharge, cannot be offset against debt to be paid for other taxes, advance payments, withholdings, interests and sanctions.

For the tax periods 2015, 2016, 2017 and 2018, a surcharge for the CREE tax is created. The factor that leads to the application of this surcharge to tax payers is the fact that the annual CREE tax return reflects profit equal to or of more than COP 800. The marginal rate applicable to establish the surcharge will be the following:

Surcharge	2015	2016	2017	2018
Taxable income > COP 800 million	5%	6%	8%	9%

The surcharge is subject to an advance payment of 100% of said surcharge, calculated based on the taxable base for CREE tax on which the tax payer paid the aforementioned tax for the immediately preceding tax year. The advance payment for the surcharge on the CREE tax must be paid in two annual installments at the times defined by regulations.

c) Income and complementary tax: The place of residence for tax purposes is clarified and the following rates are established for income obtained by foreign companies and entities that are not attributable to a permanent branch or establishment:

YEAR			
2015	2016	2017	2018
39%	40%	42%	43%

NOTE 15 – LABOR OBLIGATIONS

Labor obligations as of December 31 were comprised of the following items:

	2014	2013
Retirement pensions	226,867	242,827
Non-mandatory bonuses	10,260	8,796
Vacation pay	9,246	7,971
Consolidated mandatory annual severance contributions (fund)	5,694	5,172
Salaries payable	742	193
Interests on mandatory annual severance contributions (fund)	672	611
	253,481	265,570
Less – long-term portion	(226,525)	(242,455)
Short-term labor obligations	26,956	23,115

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to their employees who meet certain requirements in terms of age and time worked. Independent retirement funds have taken on the majority of these obligations.

The following aspects were the main factors used for actuarial calculations prepared in the years ended on December 31:

	2014	2013
Number of people	1,439	1,546
Technical interest rate	4.80%	4.80%
Future increase in retirement pensions	2.41%	2.99%

Calculations for the actuarial reserve were performed on the following technical basis:

Real technical interest rate: 4.8% AER, as established by Section 2 of Article 1 of Decree 2783 of 2001.

Inflation: 2.41%, as established by Section 1 of Article 1 of Decree 2783 of 2001.

Salary and retirement pension growth rate: 2.41%, as established by Section 1 of Article 1 of Decree 2783 of 2001.

Mortality table: RV08 (Valid Annuitants), approved by the Superintendence of Finance of Colombia through Resolution 1555 of 2010.

The actuarial calculations were made under the method of split annuities in arrears, according to what is stipulated by Article 112 of the Tax Statute, and incorporating the regulations contained in Decree 2783 of December 21, 2001, with regard to their tax aspect.

The charges to the income statement due to the amortization of liabilities and retirement pension payments in 2014 amounted to COP 21,942 (COP 25,718 in 2013).

The following is the breakdown of the retirement pension liability:

	2014	2013
Actuarial calculations	201,034	213,843
Add: Pension entitlements	21,410	24,832
Pension bonds	4,081	3,780
Retirement pensions payable	342	372
	226,867	242,827

The decrease in the liability is due to the update of the actuarial calculations as of December 2014, stemming mainly from the lower value of the mathematical reserve for retirement pensions, contributions for retirement pensions and health and social security, pension bonds and pension entitlements.

NOTE 16 – ESTIMATED LIABILITIES

Estimated liabilities as of December 31 as recognized at cost and were comprised of the following items:

	2014	2013
Costs and expenses (1)	50,136	36,021
Contingencies (2)	19,089	19,244
Labor costs and expenses	4,981	14,523
Sundry allowances	-	13,689
	74,206	83,477

(1) This corresponds to goods and services that were received but not billed, in the amount of COP 34,024 (COP 19,538 in 2013); other estimated costs and expenses, in the amount of COP 1,969 (COP 2,217 in 2013); and the allowance for forest compensation, in the amount of COP 14,143 (COP 14,266), stemming from the obligations of the raw material extraction operations to comply with environmental responsibilities of previous periods.

(2) This includes contingencies for labor lawsuits, in the amount of COP 15,826 (COP 16,234 in 2013); civil lawsuits, in the amount of COP 1,196 (COP 964 in 2013); and administrative lawsuits, in the amount of COP 666 (COP 2,004 in 2013); and other contingencies, in the amount of COP 1,401 (COP 42 in 2013).

NOTE 17 – SHAREHOLDERS' EQUITY

On December 31, shareholders' equity was comprised of the following elements:

SHARE CAPITAL

Authorized capital comprises 1,500,000,000 shares with par value of COP 6 (figure in units, not millions) each. Subscribed and paid-in capital is made up of 1,215,247,885 ordinary shares and 209,197,850 preferred shares. Re-acquired own shares total 63,575,575. As of December 31, 2014, outstanding shares totaled 1,360,870,160.

	2014	2013
Authorized capital:		
1,500,000,000 ordinary shares with par value of COP 6 (figure in units, not millions)	9,000	9,000

DECLARED DIVIDENDS

(figures in Colombian pesos are in units, not in millions)

	2014	2013
Subscribed and paid-in capital:		
1,215,247,885 ordinary shares with par value of COP 6 (figure in units, not millions)	7,291	7,291
209,197,850 preferred shares with par value of COP 6 (figure in units, not millions)	1,256	1,256
	8,547	8,547

The General Assembly of Shareholders, at its meeting of March 21, 2014, declared annual cash dividends for ordinary shares in the amount of COP 166.00 per share, payable in four quarterly installments of COP 41.50 per share, between April 2014 and January 2015.

Additionally, preferred dividends were declared, corresponding to the 209,197,850 preferred shares, for an amount of COP 57.75 per quarter per share, to be paid quarterly between April 2014 and January 2015.

In 2013, the Assembly declared annual cash dividends of COP 154.00 per share, to be paid in four quarterly installments of COP 38.50 per ordinary share, between April 2013 and January 2014, and preferred dividends corresponding to the 209,197,850 preferred shares, in the amount of COP 57.75 per quarter per share, to be paid in quarterly installments between July 2013 and January 2014.

LEGAL RESERVE

The Company is required to appropriate at least 10% of their net annual profits to a legal reserve, until the balance of this reserve is equivalent to 50% of subscribed capital. On December 31 of 2014 and 2013, the balance of this legal reserve amounted to COP 13,845.

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

RESERVE FOR THE REACQUISITION OF SHARES AND REACQUIRED OWN SHARES

	2014	2013
Reserve for the reacquisition of shares	113,797	113,797
Less – Reacquired own shares	(113,797)	(113,797)
	-	-

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

The other reserves are feely available to the Company's shareholders.

SHAREHOLDERS' EQUITY REVALUATION

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

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

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

NOTE 18 – MEMORANDUM ACCOUNTS

Memorandum accounts on December 31 were comprised of the following elements:

	2014	2013
Tax accounts payable	9,200,548	9,200,548
Fully depreciated assets	737,356	748,142
Property and securities delivered as guarantee (1)	297,498	254,740
Property under leasing	166,624	171,610
Capitalization from shareholders' equity revaluation	55,391	55,391
Other controlled accounts payable	40,727	40,417
Lawsuits and/or claims	9,318	8,298
Unused credits in favor	9,533	18,777
	10,516,995	10,497,923
Tax accounts receivable	(9,719,774)	(9,719,774)
Property and securities received as guarantee	(41,217)	(49,359)
Other contingent responsibilities	(36,239)	(43,766)
Lawsuits and/or claims	(3,030)	(20,013)
Promises to enter into purchase-sale agreements	(2,782)	(2,782)
Property and securities received from third parties	601	601
	(9,802,441)	(9,835,093)
Total memorandum accounts	714,554	662,830

- (1) The variation stems mainly from the valuations of the securities of the 2014 portfolio, for the amount of COP 208,000 (COP 181,896 in 2013), and the valuation of property pledged as collateral in 2014, for the amount of 2014 COP 51,048 (COP 34,744 in 2013).

NOTE 19 – OPERATING INCOME

Operating income as of December 31 included the following elements:

	2014	2013
Domestic sales (1)	1,613,666	1,810,154
International sales	9,669	11,606
Other operational sales (2)	47,674	60,571
	1,671,009	1,882,331

- (1) The decrease in revenues is due to the lower sales volume, with a drop of approximately 11% in comparison to the previous year.
- (2) Other operational sales corresponds to sales of slag and limestone, which are considered a byproduct of the production process.

NOTE 20 – ADMINISTRATIVE EXPENSES

Administrative expenses as of December 31 were comprised of the following items:

	2014	2013
Personnel expenses (1)	100,365	85,126
Services (2)	53,736	41,498
Depreciation and amortization	40,687	13,817
Professional fees (3)	14,350	12,694
Travel expenses	9,665	8,784
Maintenance and repairs	8,169	7,943
Rent	7,047	5,170
Insurance	5,310	5,584
Contributions and affiliations	1,810	1,139
Legal expenses	1,129	754
Others	2,036	7,444
	244,304	189,953

- (1) The variation stems mainly from comprehensive salaries, for the amount of COP 31,400 (COP 24,640 in 2013); variable remuneration, for the amount of COP 7,897 (COP 1,604 in 2013); and staff training, for the amount of COP 4,867 (COP 958 in 2013).
- (2) This is mainly related to expenses for technical assistance, for the amount of COP 28,915 (COP 17,012 in 2013); transport, freight and haulage, for the amount of COP 7,506 (COP 4,910 in 2013); services from third parties, COP 4,849 (COP 4,445 in 2013); cleaning and security services, for the amount of COP 2,207 (COP 2,181 and 2013); and communications, for the amount of COP 1,669 (COP 1,834 in 2013).
- (3) This mainly includes technical consulting, for the amount of COP 7,709 (COP 8,878 in 2013), and legal consulting, for the amount of COP 2,748 (COP 1,780 in 2013).

NOTE 21 – SALES EXPENSES

On December 31, sales expenses were comprised of the following elements:

	2014	2013
Personnel expenses (1)	24,989	22,669
Publicity and promotion	23,421	27,338
Taxes	12,618	14,703
Services	11,166	10,221
Depreciation and amortization	6,017	6,899
Allowances	3,788	4,345
Travel expenses	2,564	2,708
Professional fees	1,692	1,312
Others	4,903	1,363
	91,158	91,558

NOTE 22 – OTHER INCOME

The other income account as of December 31, included the following elements:

	2014	2013
Recoveries (1)	63,677	30,623
Dividends and participations (2)	27,689	25,872
Gains from the sale of property, plant and equipment (3)	10,962	955
Professional fees (4)	5,507	11,741
Sales of raw materials	1,170	446
Exploitation	1,028	2,337
Indemnifications	227	215
Others (5)	18,230	7,285
	128,490	79,474

(1) In 2014, this corresponds to the recovery of allowances, for the amount of COP 31,655 (COP 18,728 in 2013), and the reintegration of other costs and expenses, for the amount of COP 21,351 (COP 13,021).

(2) This corresponds mainly to the dividends of the following investments:

	2014	2013
Bancolombia S.A.	15,859	15,410
Grupo de Inversiones Suramericana S.A.	10,991	9,554
Cartón de Colombia S.A.	679	455
Compañía Colombiana de Empaques Bates S.A.	154	441
Others	6	12

(3) In 2014, this corresponds mainly to gains from the sale of real estate, for the amount of COP 10,650, stemming mainly from the sale of the administrative offices located in the city of Bogotá to Grupo Argos S.A., in July 2014, which implied gains totaling COP 8,247; from the sale of the land called Miramar Puerto Colombia to BSJ Construcciones S.A.S., in December, which implied gains of COP 1,690; and from the sale of the terrain called Mina Monserrate to P3 Carbonera Los Pinos S.A.S., in July, which implied gains of COP 696.

(4) This mainly corresponds to professional fees for technical assistance given to Argos Panamá S.A., for the amount of COP 2,325 (COP 4,224 in 2013); to Zona Franca Argos S.A.S., for the amount of COP 1,905 (COP 1,203 in 2013); to Cimenterie Nationale S.E.M. (CINA), for the amount of COP 614 (COP 2,357 in 2013); to Argos Dominicana S.A., for the amount of COP 589 (COP 909 in 2013); and to Vensur N. V., for the amount of COP 74.

(5) For 2014, this mainly includes the recovery from the allowance for the actuarial calculation, for the amount of COP 16,914 (COP 0 in 2013). For 2013, it is related to the rendering of services, for the amount of COP 3,997.

NOTE 23 – OTHER EXPENSES

The other expenses account as of December 31 included the following elements:

	2014	2013
Taxes assumed (1)	29,167	13,910
Retirement pensions paid and amortization of the actuarial calculation (2)	27,992	28,862
Allowance for long-term investments (3)	23,324	5,919
Expenses of related companies (4)	21,647	865
Donations (5)	14,555	13,198
Amortization of non-operational assets	3,347	4,538
Labor lawsuits	3,143	2,076
Costs and expenses of previous periods	3,054	3,104
Disposal of property, plant and equipment	1,261	1,394
Sundry expenses (6)	9,274	13,055
	136,764	86,921

- (1) This corresponds mainly to the adjustment of the income and complementary tax for the year 2013, for the amount of COP 14,969 (COP 0 in 2013) and to the tax on financial transactions, for the amount of 14,061 (COP 13,895 in 2013).
- (2) This is mainly related to the payment of retirement pensions, for the amount of COP 21,756 (COP 23,146 in 2013); retirement subsidies, for the amount of COP 5,570 (COP 2,572 in 2013); and interests on pension bonds, for the amount of COP 666 (COP 2,806 in 2013).
- (3) This corresponds mainly to the allowance for the investment in Argos SEM S.A. for the amount of 14,786 (COP 0 in 2013), and for 2013, to Ganadería Río Grande S.A.S., for the amount of COP 5,380.
- (4) This corresponds mainly to the cancellation of inter-company loans to Ganadería Río Grande S.A.S. that were considered unrecoverable, for the amount of COP 21,509.
- (5) This corresponds mainly to the donation made to the Argos Foundation, for the amount of COP 12,223 (COP 12,000 in 2013).
- (6) This is mainly related to expenses of losses on debt, for the amount of COP 1,795 (COP 0 in 2013); conversion to International Accounting Standards, for the amount of COP 991 (COP 0 in 2013); fines, sanctions and lawsuits, for the amount of COP 405 (COP 2,806 in 2013); and costs of raw materials sold, for the amount of COP 219 (COP 4,273 in 2013).

NOTE 24 – TRANSACTIONS WITH RELATED INTERESTS

1. The balances of the accounts of assets and liabilities with related companies as of December 31, 2014 and 2013, are the following:

ACCOUNTS RECEIVABLE 2014

Company	Operational	Loans	Total
Argos USA Corp	5,010	923,946	928,956
Concretos Argos S.A.	397,443	123,559	521,002
Southern Equipment Company, Inc.	-	47,210	47,210
Cement and Mining Engineering	6,226	22,300	28,526
Argos Cement LLC.	533	81,715	82,248
Argos Ready Mix South Central	-	30,985	30,985
Corporaciones e Inversiones del Mar Caribe S.A.S.	7,064	9,705	16,769
Argos Ready Mix LLC	-	15,071	15,071
Zona Franca Argos S.A.S.	28,855	18,292	47,147
C.I. del Mar Caribe BVI	207	-	207
Tranatlantic Cement Carriers Inc.	-	2,411	2,411
South Central Cement Ltda.	-	2,044	2,044
Vensur N.V.	1,000	-	1,000
Situm S.A.S.	1,077	-	1,077
Cimenterie Nationale S.E.M. (CINA)	324	-	324
Tekia S.A.S.	227	6,985	7,212
Argos Honduras S.A. de C.V.	289	-	289
Caltex S.A.S.	311	-	311
Argos Dominicana S.A.	129	-	129
Canteras de Colombia S.A.S.	508	-	508
Compañía de Puertos Asociados S.A.	98	-	98
Grupo Argos S.A.	935	-	935
Logística de Transportes S.A.	937	-	937
Sator S.A.	201	-	201
Other minor accounts	2,306	1	2,307
		453,680	1,284,224

ACCOUNTS RECEIVABLE 2013

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

ACCOUNTS PAYABLE 2014

Company	Operational	Loans	Total
Concretos Argos S.A.	558,794	-	558,794
Zona Franca Argos S.A.S.	44,703	-	44,703
Logística de Transportes S.A.	32,568	-	32,568
Cementos de Caldas S.A.	5,254	-	5,254
Sator S.A.	2,375	-	2,375
Compañía de Puertos Asociados S.A.	1,126	-	1,126
Valle Cement Investments	742	-	742
Argos USA Corp.	707	-	707
Grupo Argos S.A.	445	-	445
Other minor accounts	424	-	424
	647,138	-	647,138

Loans in US dollars have interest rates that go from 2.34% to 4% AER.

Loans in Colombian pesos have an interest rate of 4.98% AER.

ACCOUNTS PAYABLE 2013

Company	Operational	Loans	Total
Concretos Argos S.A.	143,039	-	143,039
Zona Franca Argos S.A.S.	29,527	-	29,527
Logística de Transportes S.A.	26,214	-	26,214
Sator S.A.	9,875	-	9,875
Cementos de Caldas S.A.	5,914	-	5,914
Grupo Argos S.A.	1,830	-	1,830
Valle Cement Investments	556	-	556
Argos USA Corp.	539	-	539
Transportes Elman Ltda "En liquidación"	515	-	515
Distribuidora Colombiana de Cementos	235	-	235
Tekia S.A.S.	135	-	135
Argos Panamá S.A.	74	-	74
Other minor accounts	264	-	264
	218,717	-	218,717

Loans in US dollars have interest rates that go from 2.34% to 4% AER.

Loans in Colombian pesos have an interest rate of 4% AER.

2. Revenues generated for the period between January 1 and December 31, 2014 and 2013:

2014

Company	Sales	Financial	Professional fees	Services	Others	Total revenues
Concretos Argos S.A.	297,016	2,478	-	-	-	299,494
Zona Franca Argos S.A.S.	35,646	443	1,905	-	100	38,094
Argos Usa Corp.	-	18,957	-	-	-	18,957
Argos Panamá S.A.	-	-	2,325	-	7,838	10,163
Cimenterie Nationale S.E.M. (CINA)	-	-	614	25	62	701
Argos Dominicana S.A.	-	-	590	-	-	590
Vensur N.V.	-	-	74	-	-	74
Grupo Argos S.A.	43	-	-	-	-	43
Cement and Mining Engineering Inc.	-	908	-	-	-	908
C.I. del Mar Caribe BVI Inc.	5,036	173	-	-	-	5,209
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	335	-	-	-	335
Southern Equipment Company Inc.	-	1,075	-	-	-	1,075
Argos Ready Mix South Central	-	987	-	-	-	987
South Central Cement Ltd.	-	48	-	-	-	48
Transatlantic Cement Carriers	-	35	-	-	-	35
Valle Cement Investments Limited	-	-	-	-	18,258	18,258
Epsa S.A. E.S.P.	658	-	-	-	-	658
Logística de Transportes S.A.	51	-	-	-	-	51
Argos Cement LLC	-	1,432	-	-	-	1,432
Tekia S.A.S.	-	94	-	-	-	94
Argos SEM S.A.	-	-	-	-	5,559	5,559
Ganadería Río Grande S.A.S.	-	192	-	-	-	192

2013

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

3. Expenses accrued in the periods between January and December 31, 2014 and 2013:

ACCOUNTS PAYABLE 2014

Company	Sales	Professional fees	Rent	Insurance	Financial	Sundry	Total expenditure
Internacional Ejecutiva de Aviación S.A.S.	429	-	-	-	-	-	429
Grupo Argos S.A.	-	-	1,223	-	-	26	1,249
Zona Franca Argos S.A.S.	-	409	-	-	-	4	413
Canteras de Colombia S.A.S.	-	-	-	-	4	-	4
Ganaderia Rio Grande S.A.S.	-	-	-	-	-	21,509	21,509
Argos Dominicana S.A.	-	-	-	-	-	15	15
Logística de Transportes S.A.	-	-	3	-	-	1,744	1,747

ACCOUNTS PAYABLE 2013

Company	Sales	Professional fees	Rent	Insurance	Financial	Sundry	Total expenditure
Internacional Ejecutiva de Aviación S.A.S.	3,900	-	-	-	-	-	3,900
Grupo Argos S.A.	-	-	847	483	-	-	1,330
Zona Franca Argos S.A.S.	-	433	-	-	287	-	720
Haití Cement Holding S.A.	-	-	-	-	-	540	540
Tekia S.A.S.	-	-	-	-	45	-	45
Argos Panamá S.A.	-	-	-	-	20	-	20
Argos USA Corp.	-	6	-	-	-	-	6
Logística de Transporte S.A.	-	-	-	-	-	5	5

4. The Company paid professional fees to the Board of Directors for the amount of COP 753 (COP 553 in 2013). There were no additional transactions with any shareholders that are the true beneficiary of 10% or more of the outstanding shares, Board members, legal representatives or companies in which any shareholder, Board member or directive employee of the issuer holds a stake of more than 10%. Finally, no decisions were taken by influence or interest of the holding company or any of its subsidiaries.

Transactions that took place with shareholders, Directors, legal representatives or management were the following:

At the end of 2014	Shareholders	Directors	Legal Representatives And Management
ASSETS			
Accounts receivable	939	-	-
Total assets	939	-	-
LIABILITIES			
Accounts payable	707	-	-
Total liabilities	707	-	-
REVENUES			
Sale of fixed assets	39,091	-	-
Professional fees	-	-	-
Services	26	-	-
Financial	-	-	-
Rent	-	-	-
Total revenues	39,117	-	-
EXPENSES			
Salaries			7,688
Rent	1,223	-	-
Insurance	-	-	-
Total expenditure	1,223	-	7,688

At the end of 2013	Shareholders	Directors	Legal Representatives And Management
ASSETS			
Accounts receivable	269	-	-
Total assets	269	-	-
LIABILITIES			
Accounts payable	1,830	-	-
Total liabilities	1,830	-	-
REVENUES			
	-	-	-
Sale of fixed assets	588	-	-
Professional fees	275	-	-
Services	136	-	-
Financial	123	-	-
Rent	60	-	-
Total revenues	1,182	-	-
EXPENSES			
Salaries			6,651
Rent	847	-	-
Insurance	483	-	-
Total expenditure	1,330	-	6,651

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

NOTE 25 – CONTINGENCIES

During 2014 there were no:

1. Inspection visits by controlling agencies that resulted in warnings or sanctions.
2. Administrative, contentious or civil final and binding penalties imposed by the competent national, departmental or municipal authorities.
3. Criminal convictions against Company officers for events that occurred in the context of the performance of their duties.
4. As of December 31, 2014, allowances had been set aside for lawsuits and litigation with eventual and high probability of losses, of which the most significant item is related to labor lawsuits (see Note 23).

DATA OF ARTICLE 446, SECTION 3 OF THE CODE OF COMMERCE (in units of Colombian pesos)

1. Expenditure to directive staff		
	Salaries and benefits	72,612,090,123
	Representation and travel expenses	14,098,574,088
2. Professional fees paid to consultants and agents		25,515,992,744
3. Transfers free of charge		14,554,746,281
4. Publicity expenses		12,950,240,207
5. Property abroad (figure in US dollars)		700,655,803
6. Obligations in foreign currency (figure in US dollars)		411,667,465

FINANCIAL INDICATORS	2014	2013
Liquidity		
Current ratio		
Current assets/current liabilities	1.26	0.99
Accounts receivable turnover – days		
Sales on credit/average accounts receivable for the period		
On domestic sales	41	29
On international sales	203	56
Finished product inventory turnover – days	29	25
Solvency and coverage		
Total debt/total assets ratio		
Including valuations	35%	31%
Without valuations	46%	42%
Profitability		
EBITDA	\$421,412	\$582,322
EBITDA margin	25.00%	30.94%
Net income/revenues – percentage	17.46%	9.76%
Operating income/operating revenues – percentage	20.48%	23.93%
	2014	2013
INFORMATIVE SUMMARY		
Nominal value of ordinary share	6	6
Nominal value of preferred share	7,700	7,700
Equity value	5,976,03	5,323,33
Average price on the stock exchange	10,340	9,163
Highest price on the stock exchange	12,100	11,210
Lowest price on the stock exchange	8,280	7,330
Employment		
Number of (administrative) employees	1,293	1,239
Average monthly salary	5.44	5
Number of workers	1,545	1,545
Average monthly salary	2	2
Financial position		
Operating assets (current assets + fixed assets)	2,879,433	1,734,939
Working capital	415,294	(12,513)