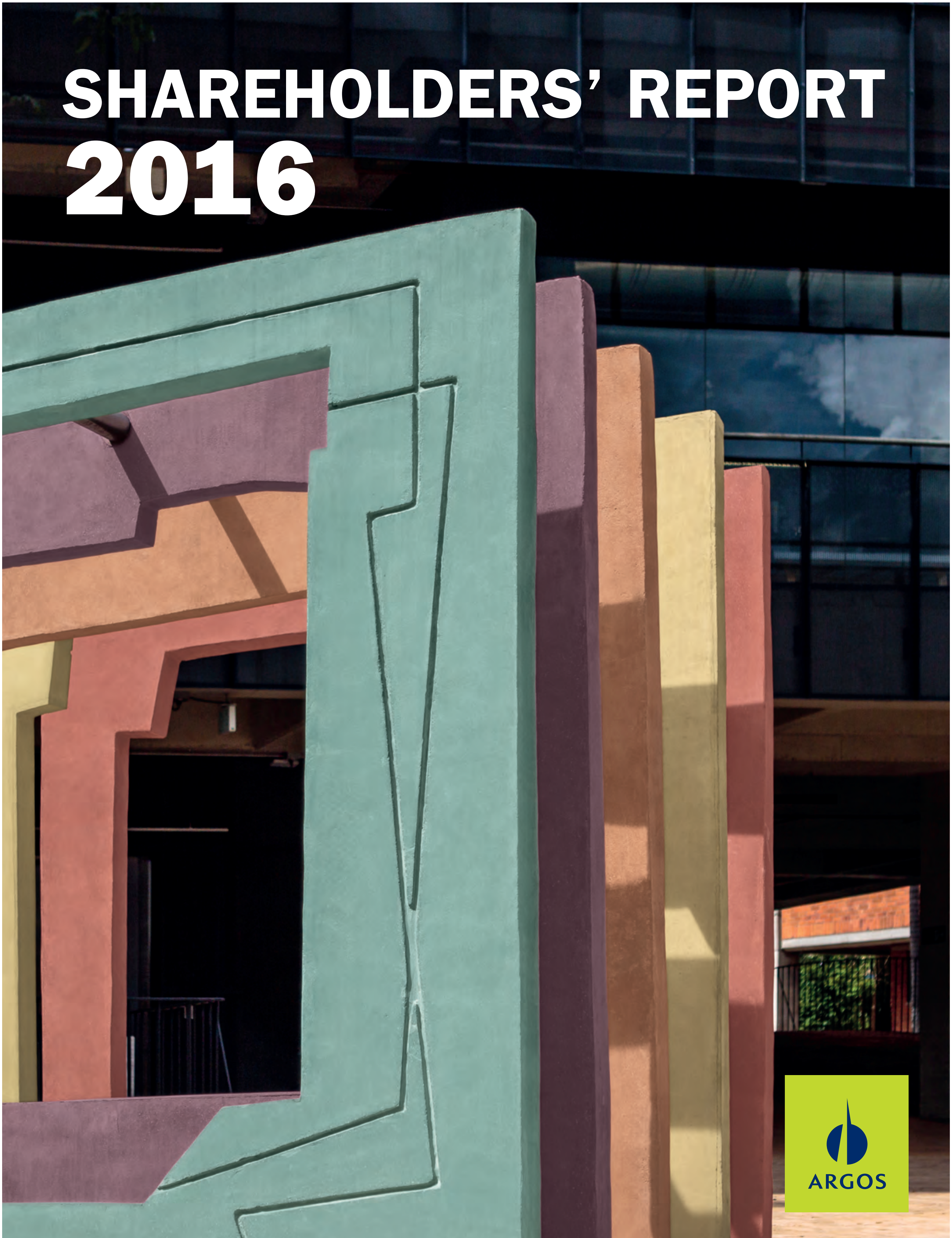
SHAREHOLDERS' REPORT
2016

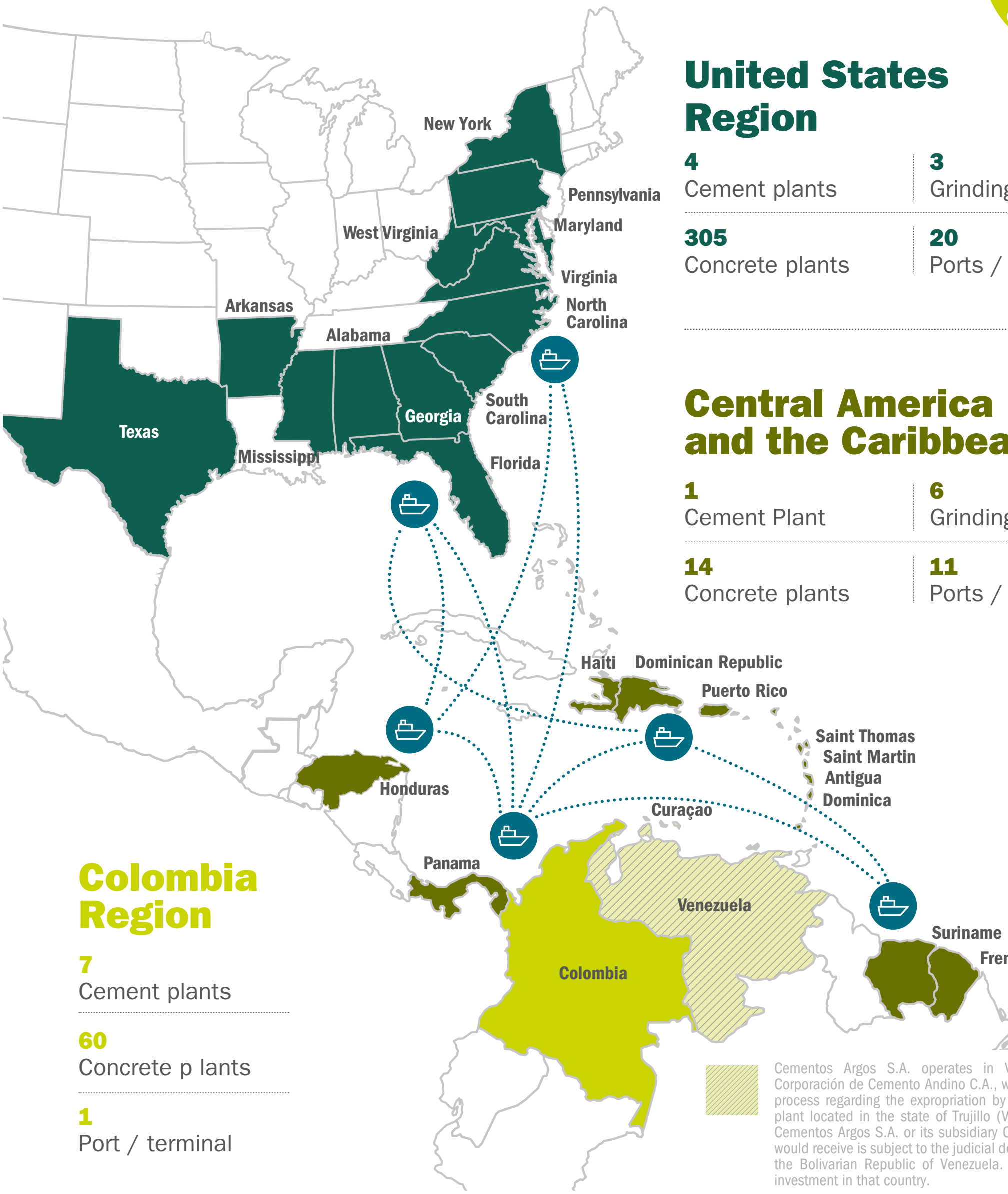


ARGOS

WHERE DO WE OPERATE?

We operate in 15 countries and territories
throughout three regions: Colombia, the United States, and the Caribbean and Central America

We export to **36** destinations



United States Region

4 Cement plants	**3** Grinding facilities
305 Concrete plants	**20** Ports / terminals

Central America and the Caribbean Region

1 Cement Plant	**6** Grinding facilities
14 Concrete plants	**11** Ports / terminals

Colombia Region

7
Cement plants

60
Concrete p lants

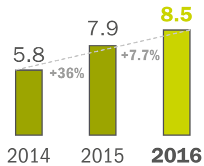
1
Port / terminal

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

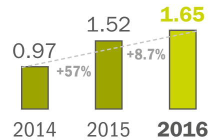
2016 HIGHLIGHTS

Financial results*

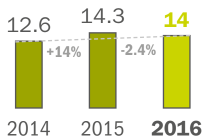
Revenues
COP trillion



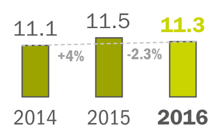
EBITDA
COP trillion



Dispatched cement volume
Million tons



Dispatched concrete volume
Million cubic meters



*throughout this report, all the percentages are based in the financial numbers that can be found in the consolidated financial results (page 25)

Installed capacity

Cement

2016
24 Million tons per annum

Concrete

2016
18 Million cubic meters per annum

12
Cement plants

94
Dispatch centers

+375
Concrete plants

1,276
Rail cars

32
Ports

+2,700
Mixer trucks
(**40** compressed natural gas powered mixer)

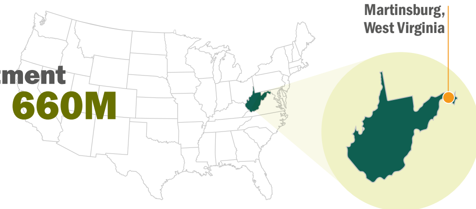
9
Grinding facilities

5
Vessels
1 in time charter

OUTSTANDING ACHIEVEMENTS 2016

Cement assets acquisition

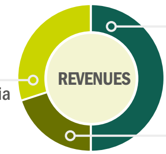
Martinsburg - West Virginia (USA)



Investment
USD 660M

50%
Of our revenues come from the United States

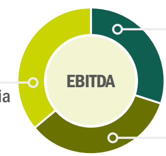
Results per region



50% USA Region

30% Colombia Region

20% Caribbean and Central America Region



30% USA Region

36% Colombia Region

34% Caribbean and Central America Region

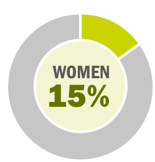
Innovation

15.8%
of our revenues come from innovation

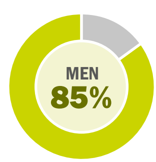
The Argos Center for Innovation was awarded with the Leed Gold recognition

Human Talent 9,166 employees

Women
1,337



Men
7,829



Per region

34%
3,143
USA Region

53%
4,863
Colombia Region

13%
1,160
Caribbean and Central America Region

DOW JONES

ROBECOSAM
Sustainability Award
Gold Class 2017

We were recognized as the most sustainable cement company by the Dow Jones Sustainability Index and we received the Gold distinction in the RobecoSam Yearbook.

BEST
Building Efficiency and Sustainability for Tomorrow

In 2016, we launched the BEST program with the purpose of becoming the most efficient player in both the cement and concrete business, optimizing our assets to obtain higher returns and reach our growth and competitiveness goals.

BEST
Building Efficiency and Sustainability for Tomorrow

Operational transformation:
Optimize of our network to concentrate production in the most efficient dry process plants.

Implementation of new technologies:
Expand our production capacity, to improve our clinker-to-cement ratio and optimize cost per ton.

Alternative fuels:
Increase their use to reduce fossil fuels consumption contributing to the environment, with the correct disposal of used tires and other urban waste. This allows us to reduce global carbon emissions and improve the cost of energy per ton.

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

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

SHAREHOLDERS' REPORT 2016

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Art work made with colored concrete

Dear Shareholders:

2016 was a period of important changes for Cementos Argos, one of the strategic businesses of Grupo Empresarial Argos. The successful change of its leadership, the reinforcement and consolidation of its diversification strategy, the realization of several projects and its unique human talent, all enabled the company to obtain positive results and remain one of the leading cement companies in the American continent, in the midst of a challenging and changing environment.

The recent acquisition of the cement plant in Martinsburg, West Virginia, along with eight terminals, is proof of this. These assets have an enormous potential to generate value and have allowed Cementos Argos to broaden its operation from nine to thirteen states and to increase its installed capacity in the United States by 29%.

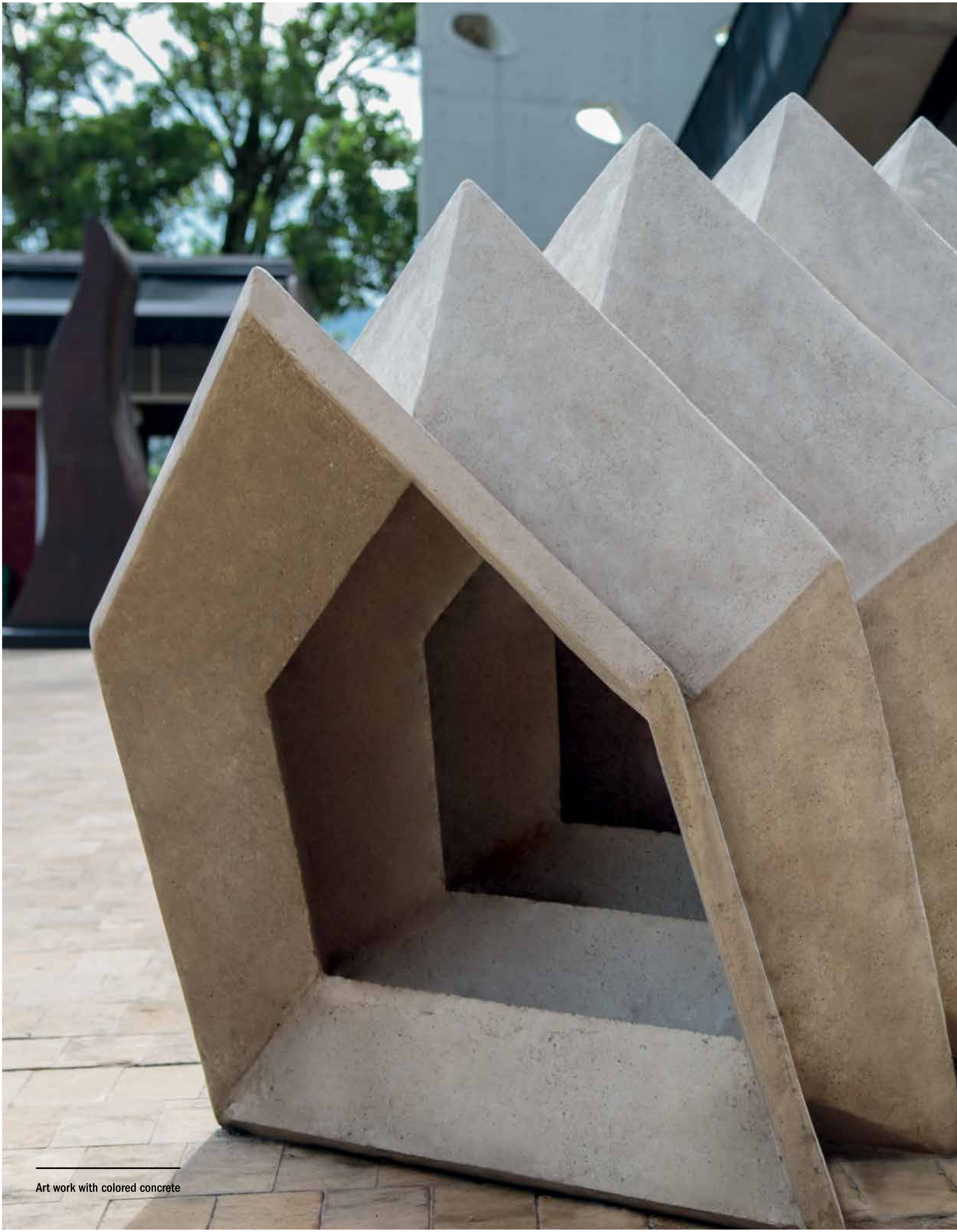
The company's progress and competitiveness are a result of the strategic coherence of Grupo Argos, in which the long-term value generation for its shareholders is leveraged on its integrity and transparency as axes and inspiring principles of its management.

Furthermore, a strong commitment towards innovation and sustainability as elements for development has enabled Cementos Argos to reach important achievements, such as being recognized as the most sustainable cement company around the world according to the Dow Jones Sustainability Index. This event transcends all results and ratifies the organization's efforts to have increasingly responsible operations, which guarantees the company's sustainability over time.

We foresee a positive 2017, even though the worldwide economy is expected to be challenging and will demand a continuous search for profitable growth in the long-term. We are convinced that Cementos Argos has a solid basis to continue pursuing its growth and that through the responsible application of the BEST (Building Efficiency and Sustainability for Tomorrow) Program we will accelerate it. Additionally, we believe that the company has the capacity to continue capturing the unlimited possibilities that appear in the different markets of the various countries and territories in which it is present. Argos is more than just cement and ready-mix; it is a company that reaffirms its purpose of transforming lives and always finding new and better ways to generate value for all its stakeholders.

We work to build the sustainable future that we dream of. We want to thank all our employees, our management and especially you, our shareholders, for your confidence and support.

JORGE MARIO VELÁSQUEZ
Chairman



Art work with colored concrete

01

Managment Report

Juan Esteban Calle
CEO

MANAGEMENT REPORT

Dear Shareholders,

2016 was a year characterized by the achievement of important goals that recognize the commitment of Argos to grow in a balanced and sustainable way, looking forward to offset the environmental impact of our operations and generating, at the same time, positive externalities in all communities and regions we are present. Being recognized by the Dow Jones Sustainability Index as the most sustainable cement producer in the world, inspires us to continue working towards the sustainability of the company, industry and society.

The year that just ended was a period of consolidation of the strategic initiatives that will boost the growth of the company in the near future, and will allow us to be prepared, even more, to face the challenges of a defiant market. During 2016 we highlighted the beginning of the operational excellence program that we called BEST which means, Building Efficiency and Sustainability for Tomorrow.

At the same time, we increased our presence in the cement business in the United States, strengthened the operations in the Caribbean and the Central America Region, achieved international standards of industrial safety and occupational health, and obtained more revenues from innovation, one of our strategic pillars.

The acquisition of a cement plant in the United States, the world's largest economy, expecting to continue its recovery path and driven by infrastructure investment, will have a positive impact in our 2017 results. Additonally, the outstanding performance of the operations in Honduras and Panama, and the expected start of the 4th generation infrastructure program in Colombia, anticipate excellent prospects.

BUILDING EFFICIENCY AND SUSTAINABILITY FOR TOMORROW

As mentioned before, in 2016 we launched the BEST program with the main purpose of becoming the most efficient player, in both the cement and concrete business, and to achieve a higher return on capital employed in our operations. We achived this through disruptive ideas and more efficient production processes, in order to contribute to the achievement of the goals which we set towards growth and competitiveness.

BEST

Building Efficiency and Sustainability for Tomorrow

Operational transformation:
Optimize of our network to concentrate production in the most efficient dry process plants.

Implementation of new technologies:
Expand our production capacity, to improve our clinker-to-cement ratio and optimize cost per ton.

Alternative fuels:
Increase their use to reduce fossil fuels consumption contributing to the environment, with the correct disposal of used tires and other urban waste. This allows us to reduce global carbon emissions and improve the cost of energy per ton.

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

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

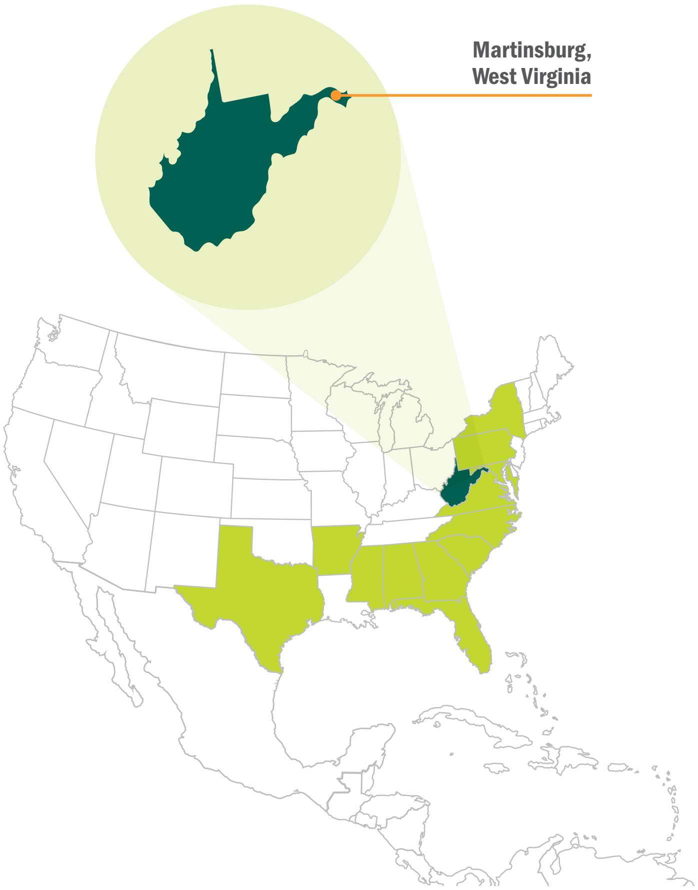
Within this process we identified the company's main gaps, focusing initially on Colombia, where our initial goal is to reduce, in the short-term, the cost per ton by at least USD 6 by the end of 2017. This goal focuses the efforts of all our employees to achieve the operational excellence in this region, and motivates the US and the Caribbean and Central America divisions to share, exchange and adopt best practices in the business.

Additionally, in all the organization we are developing a comprehensive review of our value proposition strategy delivered to our clients, through new segmentations. This confirms our commitment to continue improving our value offer to each market segment, through innovation.

EXPANSION AND CONSOLIDATION

As part of our profitable growth strategy, we highlight the acquisition of a cement plant in Martinsburg, West Virginia, and 8 logistical terminals, which allowed us to increase our cement installed capacity by 29%, reaching 10 million metric tons per year. With this acquisition, Argos expands its presence in the US, from operating in 9 to 13 states, bringing our influence area to around 116 million people and complements the existing operations with mayor operative, technological and logistical strengths. We expect to obtain synergies of around USD 8 million per year in the US.

The transaction, closed in December of 2016, had a total investment of USD 660 million, and it was financed initially with a bridge loan, which will be paid primarily with funds from a divestment plan of non-strategic and non-core assets. This plan began its execution in 2016 and as of January it had reached USD 296 million, coherent with the announced strategy to finance the acquisition in Martinsburg and allowed us to improve the return on the capital employed in our operations. Argos will complete the payment of this bridge loan before the end of 2017.



Martinsburg Plant,
USA Region

San Lorenzo Plant, Honduras, Caribbean and Central America Region

The mentioned divestment plan, began with the sale of 20% of the minority stake of Argos Panama. In the same way, the company sold shares of Bancolombia for around USD 140 million and real estate assets close to USD 30 million in Panama and Colombia. Also, Argos is still working in the divestment of energetic assets in Colombia and real estate assets in all regions, valued at around USD 40 million.

We have the discipline, experience and financial flexibility not only to execute strategic acquisitions, but to integrate them to our logistic network. In the same way, we have a know-how that allows us to grow organically in a sustainable way. Considering this, we restarted operations our grinding facility in San Lorenzo, Honduras, which has an annual production capacity of 300,000 tons and will allow us to supply the market in the south of the country.

Also, and considering our BEST program, we decided to postpone the expansion process in Sogamoso, Colombia and instead, implement new innovative technologies in all our operation network, which will allow us to add capacity in the different consumption centers all over the country, with a lower investment per ton, optimizing the capital employed and the cash flow.

WE RESTARTED THE GRINDING FACILITY IN SAN LORENZO, HONDURAS, WHICH WILL HELP US SERVE MORE EFFICIENTLY THE COUNTRY'S SOUTHERN MARKET.

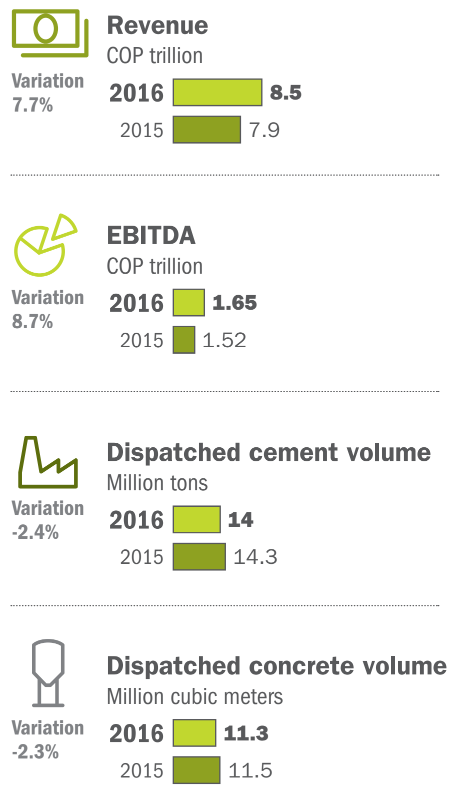
In conclusion, in 2016 we strengthened our expansion strategy and consolidated Argos's presence in the Americas. We continue benefiting through the best practices of our operations, diversity and experience of our human talent in all the regions where Argos is present.

OPERATIONAL RESULTS

On a consolidated basis, our total revenues reached COP 8.5 trillion, 7.7% higher than 2015, while the consolidated EBITDA increased 8.7% to COP 1.7 trillion, driven mainly by the solid results obtained in the United States and the Caribbean and Central America.

During 2016, aligned with our BEST program, we made some divestment activities and productive transformations that impacted, in a non-recurrent way, the net income before taxes of around COP 55 billion, ending the year with COP 670 billion, 8.5% higher after normalizing the effect of non-recurring expenses. At year-end, the net income closed at COP 420 billion.

We dispatched 14 million tons of cement and 11.3 million cubic meters of concrete, which represents a decrease of 2.4% and 2.3% respectively compared to the previous year. This, as a consequence of the positive results in the United States, the Caribbean and Central America regions, which managed to somewhat offset the slowdown of the Colombian economy.



PROFITABILITY AND CAPITAL STRUCTURE

Our capital structure is focused on maintaining a balance between foreign currencies and debt durations, in order to guarantee financial flexibility to favor expansion and consolidation initiatives and face different financial cycles assuring the business sustainability in the long-term.

Therefore, to improve our debt profile and considering the liquidity conditions of the Colombian market, we issued bonds in the local market for COP 400 billion, serving the purpose of extending the duration and optimizing the allocation between short-term and long-term debt. The total demand was COP 1.36 trillion, which corresponds to 3.4 times the offered amount.

Additionally, we look forward to maintaining the hedge between the debt in Colombian pesos and US dollars according to the income and EBITDA generation of the assets that supports them. The financial debt closed at USD 2.4 billion, of which 71% was in US dollars and 21% in Colombian pesos, with an annual average cost of 2.9% and 13.0% respectively.

41%
short-term

59%
long-term

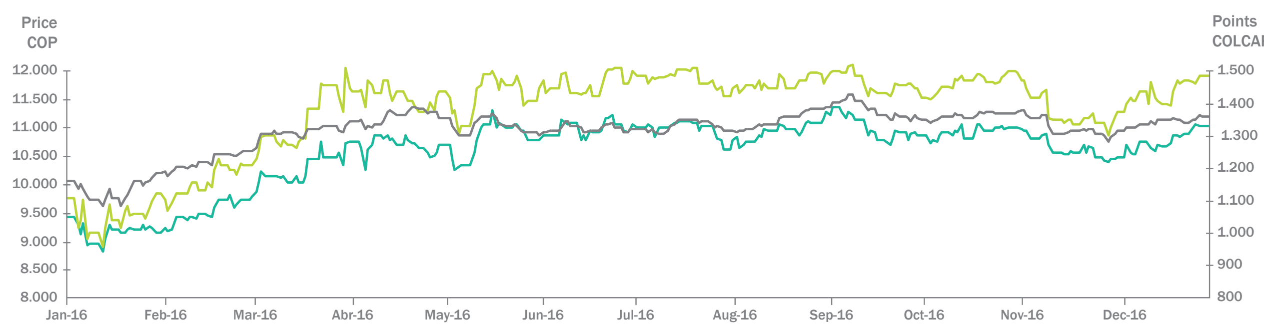
29%
COP
11.5% A.E.

71%
USD
2.6% A.E.

Net Debt/(EBITDA + dividends): **3.8x**
Financial cycle: **39 days**
EBITDA/financial expenses: **4.4x**

By the year's end, the value of our assets was COP 19.2 trillion, with a 9.8% growth compared to 2015 after including the assets acquired in West Virginia. On the other hand, liabilities reached COP 10.1 trillion, representing 52.6% of the total assets. The net debt / (EBITDA + Dividends) closed the year at 3.81 times proforma, which includes both the bridge loan to finance the Martinsburg acquisition and the EBITDA contributed from this asset. We expect that with the execution of our divestment plan, the indicator debt net / (EBITDA + DIVIDENDS) will normalize to target levels between 3.2 and 3.5 times.

EVOLUTION OF SHARES



22% CEMARGOS **17% PFCEMARGOS** **17% COLCAP**

During 2016, the global stock market had a positive performance characterized by an increase in oil prices, especially in emerging countries.

Regarding Colombia, Colombia we highlight the good performance of the main issuers which was supported by the positive variation of the COLCAP Index, despite the volatility caused by internal and external circumstances such as the presidential elections in the US, the BREXIT and the peace vote in Colombia and the announcement of a tax reform, among others.

The COLCAP Index had its best performance in the last five years with a 17% appreciation, similar to the one obtained by our preferred share and surpassed by our common stock which had a 22% gain, because of the solid fundamentals of the US economy that boosted the financial results of the company.

The performance of Argos shares in the stock market, shows how investors recognize and value our diversification strategy which allows us to take advantage of different economic cycles and to have a balance between currencies.

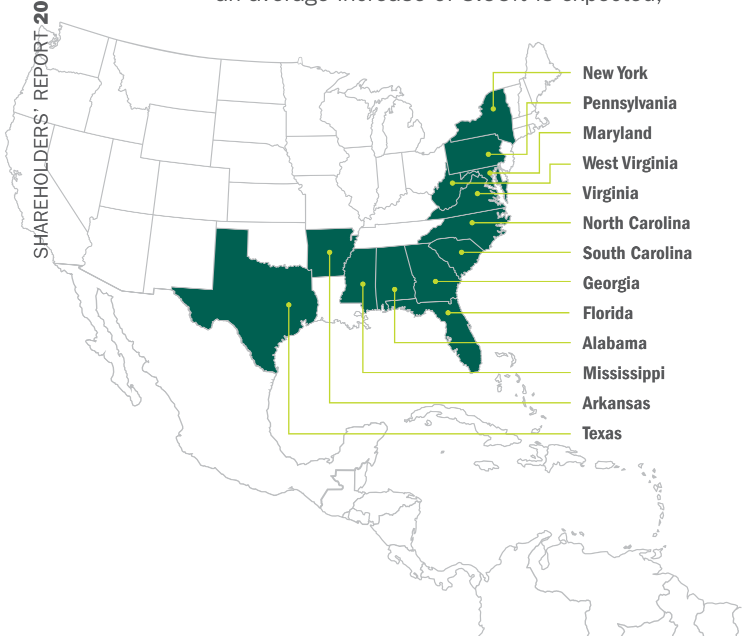
BUSINESS PERFORMANCE BY REGION

USA REGION

The US economy continued its recovery path strengthened by the increase of consumer confidence as consequence of a strong labor market with minimum unemployment rates, under 5%, and an improvement in family incomes, which leveraged housing starts and building permits to historical levels since 2008. The need for investment in infrastructure by 2025, which according to the American Society of Civil Engineers (ASCE), is around USD 3.3 billion, gives us positive prospects for the future results of the company and the industry.

Our dispatched volumes of cement in the US grew 18.5% to 4 million tons, boosted by the good performance of the markets where we have presence with an average growth of around 7.9%, mainly in Georgia, Florida and the Carolinas, where the recovery of the residential sector favored a two-digit growth. In the same way, concrete dispatches grew 2.9%, to 7.6 million cubic meters placing us as the leaders of the ready-mix business in the country, despite the adverse weather conditions and the impact of oil prices in the economy of Texas.

According to the Portland Cement Association (PCA), in 2017, cement dispatches in the states where we have presence, are expected to grow around 3%. Between 2018 and 2021, an average increase of 3.95% is expected,



Revenue
USD million
Variation 11.6%
2016 **1.388**
2015 1.244

Dispatched cement volume
Millon of tons
Variation 18.5%
2016 **4**
2015 3.4

EBITDA
USD million
Variation 63.8%
2016 **181**
2015 110

Dispatched concrete volume
Million of cubic meters
Variation 2.9%
2016 **7.6**
2015 7.4

driven mainly by the commencement of the execution of infrastructure plan, which will be supported by a higher public expense expected to grow average rates of around 4.8% during the mentioned period of time.

The USA region reached USD 1.39 billion revenues, 11.6% more than 2015 and an historical EBITDA of USD 191 million, 63.8% more than in 2015, with a margin that for the first time since the crisis, reached a double-digit, closing at 13%.

These results are consequence not only of the operational leverage, but also of the excellent commercial strategy that allowed us to increase market share in the states where we operate and reach price improvement. Our performance in this country is characterized by a constant focus in operational efficiency, which is supported by an optimal logistic network formed by 4 cement plants, more than 300 concrete plants, 2 grinding facilities, 20 ports and logistic terminals, around 1,300 rail cars and approximately 1,800 mixer trucks, which allows us to attend the market in an opportune way.

The most recent acquisition in Martinsburg for USD 660 million, placed us as the major Colombian Investor in the United States, by joining the acquisitions of companies such as Ready

AS OF TODAY, THE US REGION GENERATED 50% OF OUR REVENUES AND 30% OF OUR EBITDA.

Martinsburg Plant, US Region

Mix Concrete Company, Southern Star Concrete and the assets to Lafarge and Vulcan Materials, all made between 2005 and 2014, for a total investment that exceeds USD 2.8 billion.

This plant in West Virginia and its terminals, strengthens, even more, our presence in the US market, while adding new synergies to our logistical network in order to continue adding value to our stakeholders.

Regarding the achievements of the US Region, we highlight improvements in efficiency and sustainability reaching a 14.2% substitution in alternative fuels; the launching of three new value-added products; the operation of the cement and concrete business under one company: Argos USA; the SAP roll-out and the Energy Star certification given to our cement plant in Newberry, reassuring our commitment with energetic excellence. In the same way, we emphasize the participation of Argos in projects such as: The North Tower of the Methodist Hospital in Houston, the Falcons Stadium in Atlanta, the administrative offices of Coca-Cola in Atlanta and the supply of blue concrete to the attraction: “Finding Nemo” in Disney, Orlando.

Also, from an operational point of view, in 2016 we invested USD 23.3 million in projects such as: acquisition of 125 mixer trucks, the installation of a new calcinator in Harleyville, that allows us to use natural gas and give us flexibility to face the variation of fuel prices, and a project to use alternative fuels in Newberry to reduce about 30% of fossil fuels usage in 2017 and reach substitution levels of the other cement plants in the country.

Argos has delivered **60,000 cubic yards** of ready-mix to one of the biggest building sites in Houston, **the North Tower of the Methodist Hospital.**

In the same way, the US Region made important improvements in our industrial security and occupational health system, which led us to reach significant reductions in our severity and frequency rates, 77.7% and 89% respectively compared to 2016 goals. Frequency and severity indexes closed at 0.4 and 9.18.

Also, the addition of around 200 employees from the Martinsburg operations, to the 3,143 that accompanied us before the acquisition. We are truly convinced that the cultural diversity and the know-how of this team will add value to our company.

COLOMBIA REGION

After more than a decade of continuous growth in Colombia, our sector presented a typical deceleration of a cyclical market. This is highly correlated with the performance of the economy that faced a challenging year due to the lower incomes from oil prices and some circumstantial factors, such as the transportation strike, the El Niño weather phenomenon, and the devaluation of the currency, leading to an increase of inflation, which closed at 5.8% and interest rates. The Colombian GPD reached 2%, a stand out in the region and the construction GDP grew 4.1% while the unemployment rate ended at 8.7%, which is slightly above compared to 2015. These fundamentals and the delays in the beginning of the 4G projects, explain the 5.5% decrease in cement dispatches in the national market compared to 2015, closing at 12.1 million tons in 2016.

Infrastructure construction went through a transition period which directly affects, and still does, the demand for materials until the initiation of the most intensive cement phase of the 4th generation concession projects, as well as the multiple private investment programs and the urban development plans.

These circumstances not only impacted dispatches of bulk cement in the market, with a decrease of 7.1%, but also our results, taking into account our leadership in the Colombian market, specifically in the industrial segment, which was the one most affected.

As a result, our dispatched volumes of cement and ready-mix closed at 5.1 million tons and 3.2 million cubic meters, which are 19% and 13% less respectively compared to 2015, resulting in COP 2.6 trillion in revenues, 12.8% lower than the previous year, while the EBITDA closed COP 667.6 billion, with a margin of 25.7%.

Pedestrian bridge, Universidad Eafit, Medellin, Colombia

We were the suppliers for **the first bridge in Latam made with ultra-high performance concrete.**

CLOSE TO 20% OF THIS REGION'S REVENUES CAME FROM INNOVATION.

Revenue
COP trillion
Variation -12.8%
2016 **2.6**
2015 3

Dispatched cement volume
Million tons
Variation -19%
2016 **5.1**
2015 6.2

EBITDA
COP billion
Variation -24%
2016 **670**
2015 880

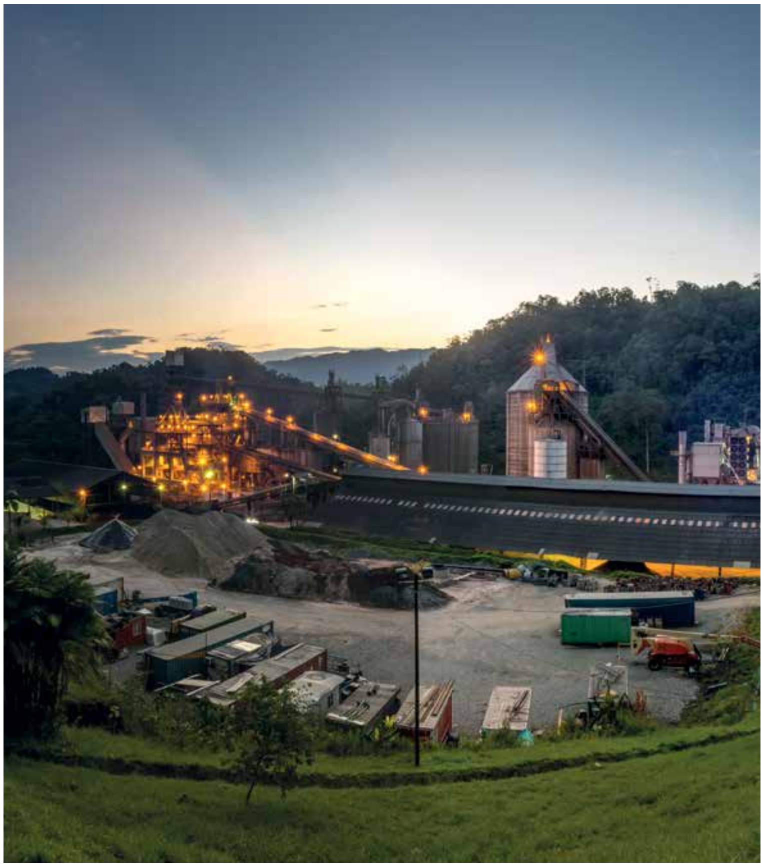
Dispatched concrete volume
Million cubic meters
Variation -13%
2016 **3.2**
2015 3.7

The challenging competitive environment, exacerbated by the increase of cement imports, was driven by the global surplus of cement installed capacity and the historical low international freights. Therefore, it is mandatory to accelerate our BEST efficiency program in order to become leaders in competitiveness and offer the best value proposition for the market.

As part of the initial results of this process, we would like to highlight the cessation of our cement plants in Sabanagrande and San Gil, and our ready-mix plant in Mamonal, Cartagena, with estimated savings in fixed costs of COP 30 billion per year. Furthermore, we continue the evaluation of all our assets looking forward to optimize the operations and concentrate production in the most efficient plants.

Also, we are working on the development of new efficient technologies, which will help us add one million tons of installed capacity between 2017 and 2018, lowering our clinker-to-cement ratio. These investments are less intensive in Capex per ton and will be distributed among the plants to further improve our value proposition and time-to-market.

In 2016 we advanced in the implementation of the co-processing of used tires as an alternative fuel in one of our kilns in the Rioclaro plant, Antioquia, with a substitution that closed at 6% at the end of the year, and between September and December reached around 11%. This translates into immediate savings for our operation, as well as the adequate contribution to the disposal of residues in the country. In 2017 our goal is to co-process more than one million tons of used tires. Also, in Cartagena, we started a co-processing project to reassure our commitment with the environment.



Rioclaro plant, Colombia Region

Generating value to our clients continues to be our major objective; because of this, we work constantly to strengthen the value proposition in each of the market segments. In the industrial business, we re-potencialized the concrete portal, through which 12% of the weekly concrete orders were received since its commencement in November. Also, we expanded our industrial portfolio, as we launched innovative products such as micro-cement, road-binder, ultra-high performance concrete and specialized concrete products. This will give us competitive advantages in the sector with the most growth forecasted.

In the retail business, where closeness is a differentiating factor, we generated better proximity with the hardware stores and the master builders through the Liga Argos Futsal, Argos Football Tournament for master builders, among other activities. Likewise, with the Construyá Program, Argos allowed bank entities the disbursement of around COP 15,172 million to be used in house renovations for low income families, benefiting more than 68,000 people.

Throughout the year, we served 7,857 clients, reaching 735 municipalities with a fleet of 691 mixer trucks and 42 distribution centers around the country. Also, we remained one of the most renown brands among cement producers in Colombia, through the consolidation of the commercial model and the support of a recognized value-added proposition. Argos reached a customer satisfaction level of 88.9% and a Top of Mind of 56 points among the general public.

The focus on innovation continues providing positive results in areas such as the generation of 20% of the total revenues, tax benefits and the recognition of Argos by Colciencias as one of the most highly innovative companies in the country, which supports our Research and Development management.

Social dialogue, respect and trust are fundamental pillars that have helped us strengthen our relationship with our employees. We celebrated the 10th anniversary of our first collective agreement. Today, we ratify our commitment to the safety of all our employees with the improvement of the frequency and severity indexes in 55.9% and 3.93% respectively compared to our 2016 goal.

We believe that our value proposition, cultural pillars, track record, efficiency focus and promise for innovation and sustainability, will allow us to reap benefits in the Colombian market, which has positive prospects due to the important role infrastructure will have in the coming years.

At the end of 2016, we had signed contracts to supply
40 functional units of the 4G program

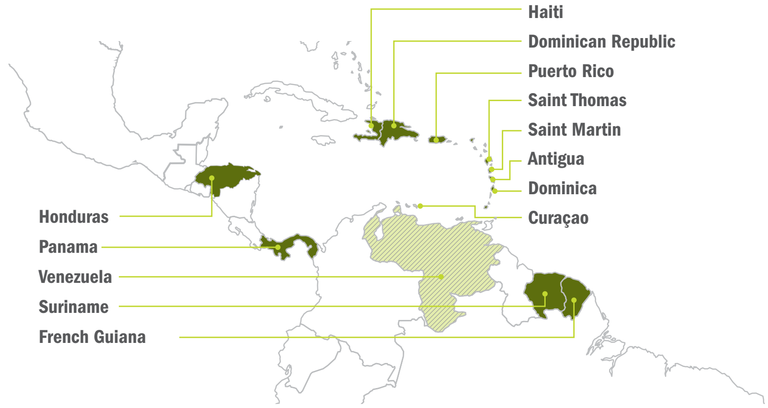
75%
cement supply contracted share of the total awarded functional units of the first wave.

CARIBBEAN AND CENTRAL AMERICA REGION

The diverse fundamentals from this region support the stability and growth opportunities, where through our highly profitable operations we adapt our value proposition according to each market's needs.

The divestment of a 20% stake in Argos Panama to Grupo Provivienda is consistent with our strategy of partnering with local minority shareholders in this region. Those partners provide value through market knowledge and local networking.

Cement and ready-mix concrete dispatches reached 5 million metric tons, 4.7% higher than in 2015 and 425,000 cubic meters, respectively, driven by the positive performance in Honduras and our trading unit. Revenues closed at USD 551 millon and EBITDA at USD 207 millon, resulting in a margin of 37.6%, the best margin among all regions.



Revenue
USD Million
Variation 2.1%
2016 **551**
2015 540

Dispatched cement volume
Million tons
Variation 4.7%
2016 **5**
2015 4.7

EBITDA
USD Million
Variation 24%
2016 **207**
2015 167

Dispatched concrete volume
Million cubic meters
Variation -0.1%
2016 **425**
2015 426

Durable ready-mix in the *Cinta Costera*, Panama

In Honduras, fiscal discipline and an overall improvement in the macroeconomic environment allowed the central government to design an ambitious infrastructure program through public-private partnerships, focused on improving the energetic supply and roads across the country, which have been designed for concrete construction. These factors support our positive outlook for this market and increase our growth opportunities in it.

As evidence of our confidence, and to continue supporting the Honduran development we restarted our grinding facility in San Lorenzo and inaugurated a distribution center in the northern part of the country. Likewise, we highlight the unification of our Argos Brand in October and our participation in important construction works such as the Civic Center and the road “Carretera del Sur”.

In Panama, the increased fiscal income received from the Canal expansion will boost the infrastructure and housing plans in a country characterized by its high employment levels. This fiscal income will be distributed throughout the country bringing more development to other regions outside Panama City.

In the other countries, we obtained positive results in spite of the adverse weather conditions. Similarly, the positive performance of our trading operation allowed us to continue consolidating a supply network that reached 36 destinations supplied from 20 origins. In French Guiana, we launched the Argos Brand and participated in the Ariane 6 Space Platform project and developed the road binding technology that we will replicate in all of our operations throughout our different geographies.

Employee at Comayagua Plant, Caribbean and Central America Region

IN THIS REGION WE SERVED

36

DESTINATIONS FROM 20 SOURCES, THANKS TO OUR CONSOLIDATED TRADING AND SUPPLY NETWORK

The implementation of our BEST program in this region resulted by a higher reliability factor by 20 basis points for the kiln in Honduras, a reduction of the clinker-to-cement factor of 150 basis points and an optimization of our best-in-class maintenance expenses in the region, which is translated into higher efficiencies and savings in the production processes.

In the region, as in every other operation, we continue advancing in our commitment for best practices in terms of Safety and Occupational Health with our program I Promise. As a result, the frequency and severity indexes improved 12.6% and 47.5%, respectively, in regards to 2015.

TEAM AND OPERATION FOR SOCIAL DEVELOPMENT

Our expectation for the future goes beyond the production of cement and ready-mix. It is coherent to our principle of generating value through diversity and multi-culturalism, which in addition to innovation and sustainability, transforms lives and creates social development.

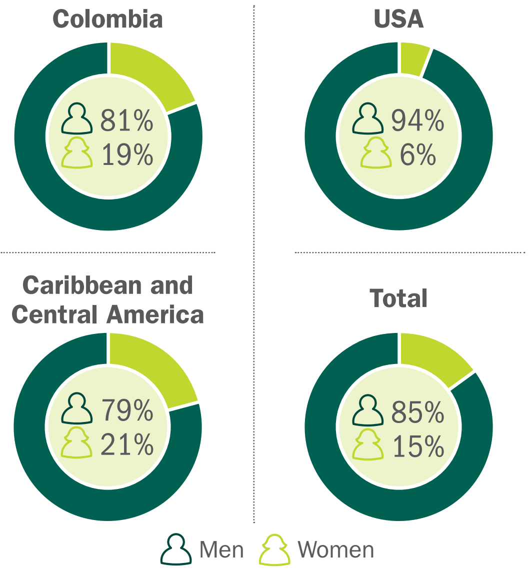
Daily, we reinforce the development of our human talent as a strategic objective that allows us to reach each one of our goals. Taking this into account, and in line with our humans rights, gender equality and diversity and inclusion policies, we developed training tools that allows us to promote, attract and retain our talent. Examples of these are the Educa system, through which we have given 604,316 training hours in 2016, the Global Management and Strategic Execution Excellence Program in Harvard USA, in which 55 members from top management of the companies of Grupo Argos participated, and; the Leadership for Equity Program with the University of Berkeley, which ended its second training cycle with the participation of 35 women executives from Argos.

In the execution of our Talent Policy, we gave priority to internal promotion in selection processes, thus, we highlight the appointment of the vice-presidents in both Innovation, and in the Caribbean and Central America Region as part of our succession program. Also the commitment of the organization for gender equality was awarded in the cement business in Colombia with the Equipares certificate, given by the Program of United Nations for Development and the Labor Ministry of this country. And in the same country, our concrete business was again ranked Level II – Silver.

The appraisal model is clearly aligned with our strategy. As proof of this, during 2016 the company increased its coverage to employees in technical and operative levels, and the variable compensation of the top management team was focused in our main corporate goals such as: Industrial Security and Occupational Health, return over capital and DJSI results.

Employee at Riclaro plant, Colombia Region

EMPLOYEES BY GENDER



Argos Center for Innovation, Medellin, Colombia

ACHIEVEMENTS AND RECOGNITIONS

Among other achievements during the year, we highlight the LEED Certification received by the Argos Innovation Center in the BD+C category (Building Design+Construction), making it, the first project in Latin America to receive 64 points in this category by the US Green Building Council.

Also, and for the fourth consecutive year, Argos was included in the Sustainability Yearbook of RobecoSAM, and for the first time we received the Gold Class distinction thanks to the best practices and the results obtained in the Dow Jones 2016. Likewise, the company was included in the emerging market category as a member of the FTSE4good, which is not only used by investors for decision making, but also is one of the three more important sustainable stock indexes in the global market.

Additionally, the company received the IR recognition, granted by the Bolsa de Valores de Colombia (Colombia Stock Market) due to the best practices regarding relations with investors and the clearness and transparency of information provided to the market and shareholders.

At the end of the year, the Corporate Reputation Business Monitor, Merco, in Colombia, ranked Argos as the fourth Colombian company with the best reputation due to its economic and financial results, quality of its value proposition, internal reputation, ethical and corporate responsibility, international dimension and innovation. The Shared Service Center started operations in November, looking forward to standardize processes and create synergies. It will allow us to achieve savings of around USD 3.5 million per year.

Cementos Argos is a company that recognizes the need to transform and reinvent itself constantly to face the challenges of a dynamic market. In this sense, we obtained 15.8% of our consolidated revenues from innovation and had 33 new validated ideas in 2016 through Ideaxion, our innovation program.

We also want to that as proof of, our commitment to share the best practices and actions with all our stakeholders, in 2016 we made the first recognition event in our supply chain.

IDEAXION

In 2016
956 employees actively participated in our innovation management platform

294	**54**	**33**	**20**
Received ideas	**Approved**	**Validated**	**Implemented**

TO CONCLUDE

The geographic diversification of our operations is one of our main strengths, which adds to a balanced, flexible and efficient capital structure, and a clear strategy, which will allow us to continue growing in the long-term adding value to our stakeholders.

Thanks to the high performance of the human talent of Argos, we will continue to consolidate our privileged network in the US, accompany the infrastructure transformation of Colombia and continue capturing growth opportunities in the Caribbean and Central America.

We have good prospects for 2017, a year in which our main objective will be to position ourselves as a highly efficient player, in all the markets where we are present, through the implementation of each pillar of BEST. This will allow us, not only to face the challenges of the industry, but also to reach our expansion and consolidation goals in the Americas.

Thus, we will continue to seek new growth opportunities to add value for the shareholders, customers, communities, employees, suppliers and other stakeholders.

Thank you for joining us through this path, which we will continue to follow with strong and concrete steps to bring Green Light of progress and development to all countries and territories where we operate!

Employees at Harleyville, US Region

LEGAL AFFAIRS

In regards to the legal affairs, we report that in 2016, there were no important operations affecting partners or managers.

The detail of the operations carried out with associates are shown in notes No. 37 and 41 of the separate and consolidated financial statements and reports, respectively The special report referred to in Article 29 of Law 222, 1995 is on the USB adjoint in with this report. The summary of the operations referred to in the third numeral of Article 446 of the Code of Commerce can be read in the brochure, and the detail of each of these operations can also be found on the USB or on the web page for investors www.argos.co/ir. It is important to highlight that this document was part of the information that was available to shareholders during the period provided by law for the right of inspection.

The company has strictly complied with the rules governing intellectual property and copyright, for which it has designed and observed the policies and the necessary controls to ensure compliance and the support of these applications are kept.

Also, the company has strictly complied with the personal data protection law. Likewise, we put on record that Argos did not interfere with the free circulation of the invoices issued by vendors or suppliers.

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

In 2016, we continued with the implementation of the changes made to the Anti-Money Laundering and Combating the Financing of Terrorism Self-Control and Management System (AML/CFT SCMS), contained in the manual approved by the Board of Directors, and binding to Cementos Argos and its subsidiary companies.

As part of this implementation, employees and suppliers were trained. The effectiveness of the associated controls in the different processes also validated.

In 2016, we complied with reporting to the Colombian Financial Information and Analysis Unit (or UIAF, its Spanish acronym) for the companies required to do so, as well as the compliance officer's reports to the Board of Directors.

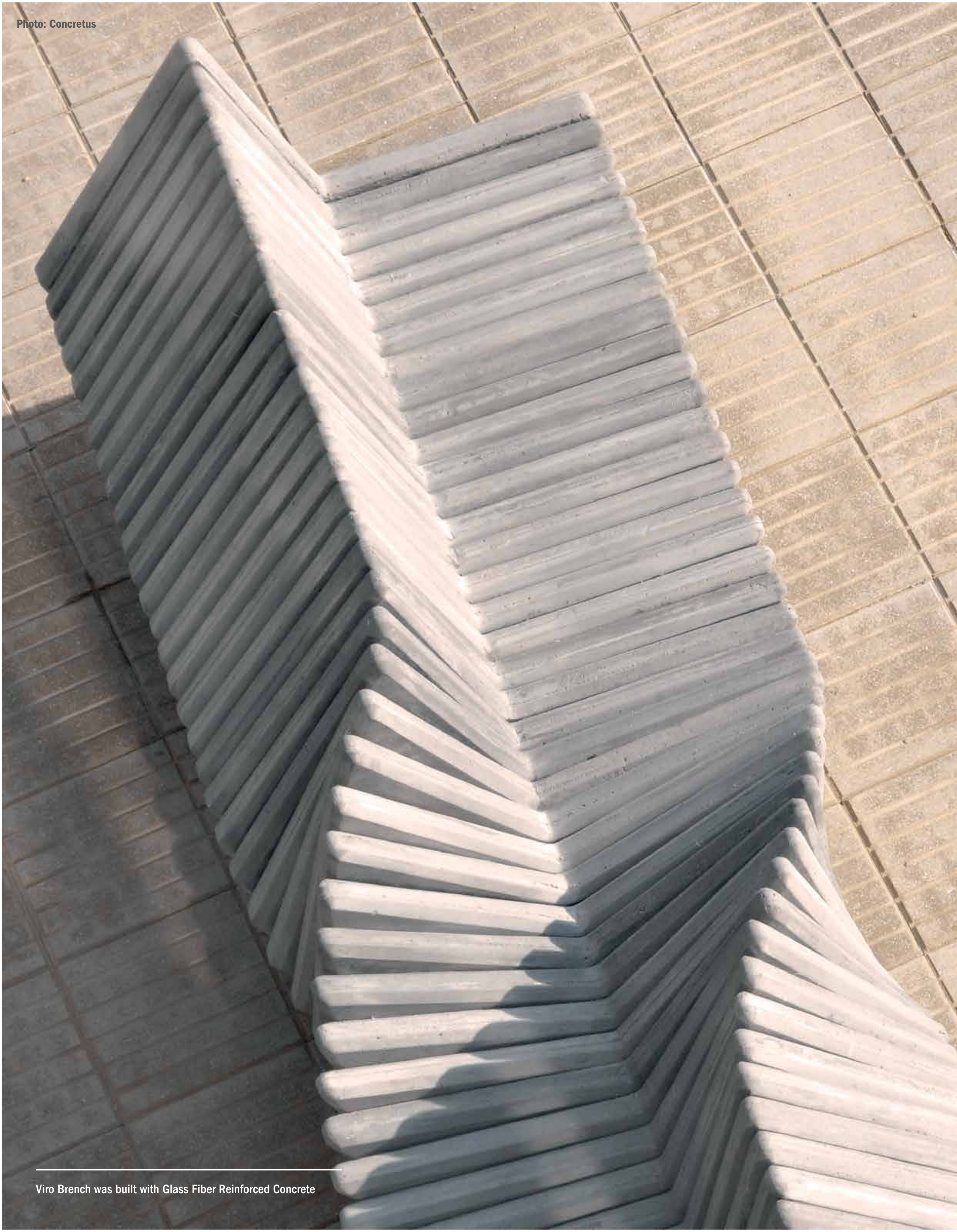
The judicial and administrative processes, and in general, the whole juridical situation of the company, resulting from the above mentioned processes, have developed normally without adverse judgement with significant impact.

Events post-2016:

Continuing with the non-strategic asset disinvestment plan, we continued with the process of divesting most of our Bancolombia shares package, reducing our participation from 4% in 2016 to 0.54% at the end of January 2017.

Cementos Argos, through its subsidiary Wetvan Overseas Ltd., acquired all of the shares of the company Essroc San Juan Inc., which operates a business of clinker and cement production in Puerto Rico. The transaction was made for an amount of around USD 8 million and the seller was Essroc Cement Corp.

Photo: Concretus



Viro Brench was built with Glass Fiber Reinforced Concrete

02

Appendix

Consolidated financial statements

CERTIFICATION OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla, February 24, 2017

To the attention of the shareholders of Cementos Argos S. A. and the general public:
As the legal legal representative of the company, I hereby certify that the separate financial statements as of December 31, 2016, which have been made public, do not contain any material flaws, imprecisions or errors that could impede the understanding of the actual assets and financial position or transactions made by Cementos Argos S. A. during the reporting period.

Juan Esteban Calle
Legal Representative

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

Barranquilla, February 24, 2017

To the attention of the shareholders of Cementos Argos S. A.:
The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S. A., hereby certifies that the separate financial statements of the company as of December 31, 2016 and 2015, have been faithfully taken from the accounting books and that the following statements have been verified before being disclosed to the shareholders and third parties:

a) All assets and liabilities included in the company’s financial statements as of December 31, 2016 and 2015 exist and all transactions included in those financial statements have been made during the years ended on those dates.

b) All of the economic activities carried out by the company during the years ended on December 31, 2016 and 2015 have been recorded in the financial statements.

c) Assets represent probable future economic benefits (rights) and liabilities represent probable future financial commitments (obligations), obtained or accrued by the company as December 31, 2016 and 2015.

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

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

Juan Esteban Calle
Legal Representative

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

Deloitte.

INFORME DEL REVISOR FISCAL

A los accionistas de CEMENTOS ARGOS S.A.:

Informe sobre los estados financieros consolidados
He auditado los estados financieros consolidados adjuntos de CEMENTOS ARGOS S.A. y sus subordinadas, los cuales comprenden el estado de situación financiera consolidado al 31 de diciembre de 2016, el estado de resultados y otro resultado integral, de cambios en el patrimonio neto y de flujos de efectivo consolidados por el año terminado en esa fecha, y un resumen de las políticas contables significativas, así como otras notas explicativas. Los estados financieros consolidados al 31 de diciembre de 2015, que se incluyen para propósitos comparativos únicamente, fueron auditados por mí y sobre los mismos expresé mi opinión sin salvedades el 25 de febrero de 2016.

Responsabilidad de la Administración sobre los estados financieros
La Administración es responsable por la preparación y correcta presentación de estos estados financieros de conformidad con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia, y por el control interno que la gerencia considere relevante para la preparación y correcta presentación de los estados financieros libres de errores significativos, bien sea por fraude o error; seleccionar y aplicar las políticas contables apropiadas; así como, efectuar las estimaciones contables que resulten razonables en las circunstancias.

Responsabilidad del Revisor Fiscal
Mi responsabilidad es expresar una opinión sobre dichos estados financieros con base en mi auditoría. Efectué la auditoría de acuerdo con las Normas Internacionales de Auditoría aceptadas en Colombia. Esas normas requieren que cumpla con requerimientos éticos y que planifique y realice la auditoría para obtener una seguridad razonable sobre si los estados financieros están libres de errores significativos. Una auditoría consiste en desarrollar procedimientos para obtener evidencia de auditoría acerca de los montos y revelaciones en los estados financieros. Los procedimientos seleccionados dependen del juicio profesional del auditor, incluyendo su evaluación de los riesgos de errores significativos en los estados financieros. En la evaluación del riesgo, el auditor considera el control interno de la Compañía que es relevante para la preparación y presentación razonable de los estados financieros, con el fin de diseñar procedimientos de auditoría que sean apropiados de acuerdo con las circunstancias, pero no con el propósito de expresar una opinión sobre la efectividad del control interno de la Compañía. Una auditoría también incluye, evaluar las políticas contables utilizadas y las estimaciones contables significativas hechas por la Administración, así como evaluar la presentación general de los estados financieros consolidados.

Considero que la evidencia de auditoría obtenida me proporciona una base razonable para expresar mi opinión.

Opinión

En mi opinión, los estados financieros consolidados adjuntos, tomados de los libros de contabilidad, presentan razonablemente, en todos los aspectos significativos, la situación financiera de CEMENTOS ARGOS S.A. al 31 de diciembre de 2016, el resultado de sus operaciones y sus flujos de efectivo por el año terminado en esa fecha, de conformidad con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia.

Cesar Augusto Arango Vélez
Revisor Fiscal | T.P. 197463-T
Designado por Deloitte & Touche Ltda.

24 de febrero de 2017

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 | million of Colombian pesos

	Notes		2016		2015
ASSETS					
Cash and cash equivalents	5	$	531,666	$	545,708
Derivative financial instruments	6		1,420		22,114
Other financial current assets	7		2,301		3,676
Trade receivables and other accounts receivable, net	8		1,318,499		1,071,587
Tax receivable	9		269,904		278,959
Inventories	10		839,247		727,709
Prepaid expenses			78,992		64,268
Assets held for sale or for distribution to owners	18		8,373		10,114
Total current assets		**$**	**3,050,402**	**$**	**2,724,135**
Trade receivables and other accounts receivable, net	8		111,920		35,628
Investments in associates and joint ventures	12		79,529		81,857
Derivative financial instruments	6		650		324
Other non-current financial assets	7		1,389,944		1,466,654
Other intangible assets, net	14		1,117,529		1,202,700
Biological assets	11		20,870		20,242
Property, plant and equipment, net	15		11,078,053		9,373,182
Investment property, net	16		153,976		153,033
Goodwill	17		1,753,268		1,836,087
Deferred tax assets	9		396,172		550,883
Prepaid expenses and other assets			4,490		2,273
Total non-current assets		**$**	**16,106,401**	**$**	**14,722,863**
TOTAL ASSETS		**$**	**19,156,803**	**$**	**17,446,998**
LIABILITIES					
Financial liabilities	19		2,485,743		1,145,372
Trade liabilities and accounts payable	22		1,118,894		988,134
Taxes, liens and duties	9		238,443		323,805
Employee benefits	23		146,716		145,041
Provisions	24		88,947		86,055
Other financial liabilities	25		-		45,019
Derivative financial instruments	6		102,555		-
Outstanding bonds and preferred shares	26		475,621		263,840
Prepaid income and other liabilities	25		181,198		154,955
Liabilities associated with assets held for sale or for distribution to owners	18		824		856
Total current liabilities		**$**	**4,838,941**	**$**	**3,153,077**
Financial liabilities	19		2,402,996		2,283,782
Trade liabilities and accounts payable	22		9,497		10,495
Employee benefits	23		287,129		245,395
Derivative financial instruments	6		8,901		172,156
Provisions	24		180,670		186,920
Outstanding bonds and preferred shares	26		1,948,877		1,984,955
Other liabilities	25		43,063		8,720
Deferred tax liabilities	9		363,150		663,992
Total non-current liabilities		**$**	**5,244,283**	**$**	**5,556,415**
TOTAL LIABILITIES		**$**	**10,083,224**	**$**	**8,709,492**
EQUITY (SEE ATTACHED STATEMENT)		**$**	**9,073,579**	**$**	**8,737,506**
TOTAL EQUITY AND LIABILITIES		**$**	**19,156,803**	**$**	**17,446,998**

Notes are an integral part of the consolidated financial statments.

Juan Esteban Calle
Legal Representative
(See attached certification)

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

César Augusto Arango Vélez
Statutory Auditor | T.P. 197463-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Cementos Argos S. A. y subsidiarias

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at December 31 | million of Colombian pesos

	Notes	2016	2015
CONTINUING OPERATIONS			
Income from operations	32	$ 8,517,382	$ 7,912,003
Cost of sales	10	6,595,353	6,097,927
Gross profit		**$ 1,922,029**	**$ 1,814,076**
Administrative expenses	34	699,310	598,662
Selling expenses	35	263,373	264,387
Other income (expenses) from operations, net	36	79,532	(11,608)
Impairment of goodwill and non-current assets	17	56,517	234
Operating profit		**$ 982,361**	**$ 939,185**
Financial expenses, net	38	340,828	274,963
Foreign currency exchange gains, net		30,157	33,107
Share of net loss of associates and joint ventures		(1,824)	(787)
Profit before income tax		**$ 669,866**	**$ 696,542**
Income tax	9	107,354	126,905
Income from continuing operations for the year	**39**	**$ 562,512**	**$ 569,637**
Net discontinued operations, after tax	18	-	(13,315)
NET INCOME FOR THE YEAR		**$ 562,512**	**$ 556,322**
Income for the period attributable to:			
Owners of the parent company		419,970	491,357
Non-controlling interest	31	142,542	64,965
Net income for the year		**$ 562,512**	**$ 556,322**
OTHER COMPREHENSIVE INCOME, NET OF TAXES			
Items that will not be reclassified to profit or loss:			
Loss on new measurements of defined benefits obligations		$ (40,019)	$ (9,982)
Gains (losses) from equity investments measured at fair value		159,965	(257,854)
Income tax on items that will not be reclassified to profit or loss		26,049	3,830
Total items that will not be reclassified to profit or loss		**$ 145,995**	**$ (264,006)**
Items that will be reclassified to profit or loss:			
Net profit (loss) of cash-flow hedging instruments		15,109	(5,929)
(losses) gains from foreign currency translation differences		(363,944)	1,235,118
Income tax on items that will be reclassified to profit or loss		(6,391)	(3,534)
Total items that will be reclassified to profit or loss		**$ (355,226)**	**$ 1,225,655**
OTHER COMPREHENSIVE INCOME, NET OF TAXES		**$ (209,231)**	**$ 961,649**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**$ 353,281**	**$ 1,517,971**
Other comprehensive income attributable to:			
Owners of the parent company		(160,716)	836,090
Non-controlling interest		(48,515)	125,559
Other comprehensive income		**$ (209,231)**	**$ 961,649**
Total comprehensive income attributable to:			
Owners of the parent company		259,254	1,327,447
Non-controlling interest		94,027	190,524
Total comprehensive income		**$ 353,281**	**$ 1,517,971**
Earnings per share:			
Basic, net income attributable to owners of the parent	40	364,66	426,65
Basic, net income from continuing operations attributable to owners of the parent		364,66	438,21
Basic, net income from discontinued operations attributable to owners of the parent		-	(11,56)

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

Juan Esteban Calle
Legal Representative
(See attached certification)

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

César Augusto Arango Vélez
Statutory Auditor | T.P. 197463-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at December 31 | million of Colombian pesos

	Issued Capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Other comprehensive income and other components	Equity attributable to the owners of the parent company	Non-controlling interest	Equity
Balance at January 1, 2015	**1,558,290**	**(113,797)**	**19,131**	**1,138,498**	**1,918,364**	**2,527,149**	**7,047,635**	**466,488**	**7,514,123**
Net income for the period	-	-	-	-	491,357	-	491,357	64,965	556,322
Other comprehensive income for the period, net of income tax	-	-	-	-	-	836,090	836,090	125,559	961,649
Comprehensive income for the period	**-**	**-**	**-**	**-**	**491,357**	**836,090**	**1,327,447**	**190,524**	**1,517,971**
Cash dividends	-	-	-	-	(204,998)	-	(204,998)	(39,683)	(244,681)
Appropriation of reserves	-	-	2,025	16,292	(18,317)	-	-	-	-
Other reserve movements	-	-	-	38,493	(38,493)	-	-	-	-
Business combinations	-	-	-	-	-	-	-	23,005	23,005
Wealth tax	-	-	-	(54,324)	(374)	-	(54,698)	(9)	(54,707)
Other movements	-	-	-	-	(9,883)	(43)	(9,926)	(8,279)	(18,205)
Balance at 31 December, 2015	**1,558,290**	**(113,797)**	**21,156**	**1,138,959**	**2,137,656**	**3,363,196**	**8,105,460**	**632,046**	**8,737,506**
Balance at January 1, 2016	**1,558,290**	**(113,797)**	**21,156**	**1,138,959**	**2,137,656**	**3,363,196**	**8,105,460**	**632,046**	**8,737,506**
Net income for the period	-	-	-	-	419,970	-	419,970	142,542	562,512
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(160,716)	(160,716)	(48,515)	(209,231)
Comprehensive income for the period	**-**	**-**	**-**	**-**	**419,970**	**(160,716)**	**259,254**	**94,027**	**353,281**
Transfer to retained earnings	-	-	-	-	209,090	(209,090)	-	-	-
Cash dividends	-	-	-	-	(230,334)	-	(230,334)	(68,448)	(298,782)
Cash dividends on preferred shares	-	-	-	-	(29,811)	-	(29,811)	-	(29,811)
Capitalization of reserves	584,023	-	-	(584,023)	-	-	-	-	-
Appropriation of reserves	-	-	167	358,211	(307,485)	-	50,893	-	50,893
Release of reserves	-	-	-	(50,893)	-	-	(50,893)	-	(50,893)
Changes in ownership with no loss of control	-	-	-	-	-	281,257	281,257	80,557	361,814
Wealth tax	-	-	-	(47,438)	-	-	(47,438)	(37)	(47,475)
Other movements	-	-	(396)	-	4,429	-	4,033	(6,987)	(2,954)
Balance at 31 December, 2016	**2,142,313**	**(113,797)**	**20,927**	**814,816**	**2,203,515**	**3,274,647**	**8,342,421**	**731,158**	**9,073,579**

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

Juan Esteban Calle
Legal Representative
(See attached certification)

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

César Augusto Arango Vélez
Statutory Auditor | T.P. 197463-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Cementos Argos S. A. and subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

As at December 31 | million of Colombian pesos

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
NET INCOME		**$ 562,512**	**$ 556,322**
Adjustments to reconcile profit:			
Depreciation and amortization		611,602	580,271
Income tax		107,354	126,905
Net financial expenses		378,945	277,165
Provisions, post-employment and long-term defined benefit plans		13,830	27,950
Net impairment losses		73,183	21,724
(Gain) loss from exchange difference		(64,133)	282,032
Net (gains) losses on fair value measurement		849	10,261
Share of net loss of associates and joint ventures		1,824	787
Net (gains) losses on the disposal of non-current assets		(63,499)	864
Others, net		(45,607)	(32,763)
Changes in the working capital of:			
Increase in inventory		(49,103)	(58,376)
(Increase) decrease in receivables and other accounts receivable		(501,795)	605,170
Increase (decrease) in liabilities and other accounts payable		3,444	(1,110,080)
Total adjustments to reconcile profit		**466,894**	**731,910**
Net cash flows from operating activities		**$ 1,029,406**	**$ 1,288,232**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash flows used to obtain control of subsidiaries or other businesses	42	(2,088,959)	(43,701)
Acquisition of financial assets		(10,648)	(284)
Proceeds from sale of financial assets		237,787	8,867
Acquisition of investment in associates and joint ventures		(2,890)	(170)
Other charges for the sale or liquidation of investment in associates and joint ventures		2,323	-
Proceeds from the sale of property, plant and equipment and investment properties		100,676	27,054
Purchase of property, plant and equipment and investment properties		(746,842)	(688,177)
Purchase of intangible assets		(10,124)	(15,740)
Dividends received		35,360	31,167
Payments from financial derivatives contracts		(33,248)	(106,312)
Collection from financial derivatives contracts		24,456	16,091
Net cash flows used in investing activities		**$ (2.492.109)**	**$ (771,205)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		6,302,204	3,310,956
Payments of loans and debt instruments		(4,565,265)	(3,123,908)
Proceeds from bond issue		399,218	-
Payment of outstanding bonds		(212,561)	(191,400)
Payments for finance lease liabilities		(30,355)	(44,991)
Dividends paid	30	(292,448)	(241,226)
Dividends paid on preferred shares		(45,082)	(48,325)
Interest paid		(353,667)	(257,037)
Disposals of ownership interests with no loss of control		288,008	-
Net cash flows from (used in) financing activities		**$ 1,490,052**	**$ (595,931)**
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENT BY OPERATIONS		**$ 27,349**	**$ (78,904)**
Net effect of foreign currency translation on cash and cash equivalents		(41,391)	98,748
Net (decrease) increase of cash and cash equivalent		**(14,042)**	**19,844**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**552,215**	**$ 532,371**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**$ 538,173**	**$ 552,215**

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

Las notas son parte integral de los estados financieros consolidados.

Juan Esteban Calle
Legal Representative
(See attached certification)

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

César Augusto Arango Vélez
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2016 and 2015

(Millions of Colombian pesos, except where otherwise indicated)

NOTE 1: OVERVIEW

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

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

The Board authorized the issuance of the consolidated financial statements of the Group for the year ended December 31, 2016 on February 24, 2017.

NOTE 2: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. COMPLIANCE STATUS

The consolidated financial statements of Cementos Argos S.A. have been prepared in accordance with Accounting and Financial Information Standards accepted in Colombia (NCIF for their Spanish acronym), issued by the Ministry of Finance and Public Credit and the Ministry of Commerce, Industry and Tourism of the Republic of Colombia, which are based on the International Financial Reporting Standards (IFRS) along with their interpretations, translated to Spanish and issued by the International Accounting Standards Board (IASB) as of December 31, 2013.

2.2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.2.1. Basis of preparation

The financial statements include the financial statements of Cementos Argos S.A. and its subsidiaries as of December 31, 2016. These have been prepared on the basis of historical cost, except the measurement of certain financial assets and financial liabilities, and derivative financial instruments that have been measured at fair value. The Group does not measure non-financial assets or liabilities at fair value on a recurring basis. The consolidated financial statements are presented in Colombian pesos, which is the functional currency of the parent group, and all values are rounded up to the closest million, unless otherwise indicated.

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

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

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

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

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

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

The main accounting principles are expressed later on

2.2.2. Principles of consolidation and accounting policies

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

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

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

- The percentage of the Group's voting rights relative to the size and distribution of percentages of other votes;

- Potential voting rights held by the Group, other shareholders or other parties;

- Rights under contractual agreements, and,
- Any additional facts or circumstances that indicate that the Group has or does not have, the current ability to direct the relevant activities when decisions need to be made, including voting patterns in assemblies of previous shareholders.

The financial statements of subsidiaries are included in the consolidated financial statements starting on the date on which the Group takes control over the subsidiary, which may be different from the date of acquisition, up until the date when the Group loses financial control of the subsidiary. Specifically, the revenues and expenses of a subsidiary acquired or sold during the year are included in the consolidated profit and loss statement as well as other comprehensive results from the date when the Group gains control up until the date the Group ceases to control the subsidiary. Changes in participation in the ownership of a controlling interest in a subsidiary that do not result in a loss of control are posted as equity transactions. The book value of the Group's participating shares and non - controlling interests are adjusted to reflect changes in their relative participation in the subsidiary. Any difference between the amount by which the non - controlling interests were adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent company.

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

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

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

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

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

1. BUSINESS COMBINATIONS AND GOODWILL

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

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

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

- Deferred tax liabilities or assets and liabilities or assets related to employee benefit agreements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- Liabilities or equity instruments related to payment agreements based on shares of the acquiree or payment arrangements based on shares of the Group carried out to substitute payment agreements based on shares of the acquiree are measured in accordance with IFRS 2 at the date of acquisition, and
- Assets (or group of assets for disposal) which are classified as held for sale pursuant to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

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

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

When the consideration transferred by the Group in a business combination includes assets or liabilities that arise from a con-tingent consideration agreement, the contingent consideration is measured at the fair value at the date of acquisition and it is included as part of the consideration transferred in a business combination. Any changes in the fair value of the contingent consideration that qualify as adjustments to the measurement period are adjusted retrospectively with the corresponding adjustments against the goodwill. Adjustments to the measurement period are adjustments that arise from the additional information obtained during the “measurement period” (which cannot be more than one year after the date of acquisition) about facts and circumstances that existed on the date of acquisition.

The subsequent record of changes to the fair value of the contingent consideration that do not qualify as adjustments of the measurement period depends on how the contingent consideration is classified. The contingent consideration that is classified as equity is not measured again at the subsequent reporting dates and its subsequent cancellation is recorded in equity.

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

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

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

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

2. FINANCIAL INSTRUMENTS

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

Financial Assets

Financial assets other than those at amortized cost are subsequently measured at fair value with recognized changes in the income statement. However, for investments in equity instruments that are not held for negotiation purposes, Cementos Argos and its subsidiaries can choose, during the initial recognition and irrevocably, to present the profits or losses from fair value measurements in another comprehensive statement. When disposing of investments at fair value in another comprehensive statement, the accumulated value of profits or losses is transferred directly to retained earnings and are not reclassified as income for the period. Cash dividends received from these investments are recognized in the other comprehensive income statement. Cementos Argos and its subsidiaries have chosen to measure some of their investments in equity instruments at fair value in another comprehensive income statement.

A financial asset is subsequently measured at amortized cost using the effective interest rate if the asset is held within a business model whose objective is to hold them in order to obtain contractual cash flows and its contractual terms gran, on specific dates principal and interest on the value of the outstanding principal.

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

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

Financial Liabilities
The initial recognition of financial liabilities is done at fair value and subsequently valued at the amortized cost using the effective interest method. Losses and profits are recognized in the income statement when liabilities are written off, as well as accrued interest using the effective interest method.

The amortized cost is calculated taking into account any discount or premium on acquisition and installments or costs that are an integral part of the effective interest method.

Financial Derivatives
Financial derivatives are calculated at fair value with changes in the comprehensive income statement. Certain derivatives embedded in other financial instruments (implicit derivatives) are treated as separate derivatives when their risk and characteristics are not closely related to the host contract and it is not recorded at fair value with its unrealized profits and losses included in the income statement.

Certain derivative transactions that do not qualify to be posted as derivatives for hedging, are treated and reported as derivatives for negotiation, even though they provide effective hedging for the management of risk positions.

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

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

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

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

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

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

Impairment of financial assets

At the end of each reporting period, Cementos Argos and its subsidiaries evaluate if there is objective evidence to suggest that a financial asset or a group of them measured at amortized cost are impaired.

If there is any evidence of impairment, the value of the loss is calculated as the difference between the book value of the asset and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the original effective interest rate of the financial asset. To recognize the impairment loss, the book value of the associated asset is reduced and the loss is recognized in the comprehensive income statement

3. PROVISIONS FOR DECOMMISSIONING, RESTORATION AND REHABILITATION

Cementos Argos and its subsidiaries recognize as part of the cost of ownership of an element, plant and equipment when there is a legal or implicit obligation to dismantle an asset or restore the site where it was built, the present value of the estimated future costs expected to be incurred for the dismantling or restoration.

The provision for decommissioning or restoration is recognized at the present value of estimated future disbursements to pay the obligation. Cash flows are discounted at a risk - free rate before taxes.

The estimated future cash flows for decommissioning or restoration are reviewed periodically. Changes in estimates, in the expected dates of disbursements or in the discount rate used to discount the flows are recognized as an increase or decrease of the decommissioning cost included in the ownership item, plant and equipment. The change in the value of the provision associated with the passage of time is recognized as a financial expense in the comprehensive income statement.

4. CASH AND CASH EQUIVALENTS

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

5. DISBURSEMENTS OF EXPLORATION AND EVALUATION

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

The expenses will be recognized at the disbursed value at the time they are incurred.

6. FAIR VALUE MEASUREMENTS

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

7. FOREIGN CURRENCY

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

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

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

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

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

8. IMPAIRMENT OF ASSET

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

9. IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

10. TAXES

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

Current income tax

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

Deferred tax

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

Additionally, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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

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

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

11. INTANGIBLE ASSETS

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

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

- Technically, it is possible to complete the production of the intangible asset so that it can be made available for use or sale;
- Its ability to use or sell the intangible asset;

- The manner in which the intangible asset will generate probable economic benefits in the future;
- The availability of adequate resources, technical, financial or otherwise, to complete its development and to use or sell the intangible asset, and
- Its ability to measure reliably the disbursement attributable to the intangible asset during its development.

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

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

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

12. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

A joint venture is a joint agreement whereby the parties that have joint control have rights to the net assets of the agreement. Joint control is shared control contractually agreed upon that only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control. The results, assets and liabilities of the associate or joint venture are incorporated into the consolidated financial statements using the equity method, unless the investment or a portion thereof is classified as held for sale, in which case it is accounted pursuant to IFRS 5. Under this method, the investment is initially recorded at cost and adjusted with the changes in the participation of Cementos Argos and its subsidiaries and are later adjusted to account for the participation of the Group in profits or losses and in other comprehensive income statements of the associate or joint venture, minus any losses due to impairment of the investment.

When the participation of the Group in the losses of an associate or joint venture exceeds the participation of the Group in the associate or joint venture (including any long-term participation that is basically a part of the Group's net investment in the associate or joint venture), the Group ceases to recognize its participation in future losses.

Additional losses are recognized as long as the Group has acquired a legal or implicit obligation or has made payments on behalf of the associate or joint venture.

In the acquisition of the investment in the associate or joint venture, any excess of the cost of the investment on the distribution of the net fair value of identifiable assets and liabilities of the investee is recognized as Goodwill Credit, which is included in the amount book value of the investment.

When the equity method applies, the necessary adjustments are made to standardize the accounting policies of the associate or joint venture with those of Cementos Argos. The share belonging to Cementos Argos is included in the obtained profits or losses and unrealized losses from transactions between the Group and the associate or joint venture. The equity method is applied from the date on which the investee becomes an associate or joint venture. This is because, for example, it can occur in stages, and it is not the date of acquisition; until such time as significant influence or joint control over the entity is lost.

With regards to the acquisition of the associate or joint venture, any excess in the cost of the investment on the distribution of the net fair value of the investee's identifiable assets and liabilities is recognized as goodwill, and is included in the investment's book value.

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

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

Additionally, the Group records all previously recognized amounts in other comprehensive income regarding that associate or joint venture on the same basis that would have been required if the associate or joint venture had sold the assets or liabilities directly. Therefore, if a profit or loss previously accounted in another comprehensive result by the associate or joint venture had been reclassified to profits or losses upon selling the related assets or liabilities, the Group would reclassify the profit or loss from equity to profits or losses (as a reclassification adjustment) at the time when they stop using the equity method. The Group continues using the equity method when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate. No recalculation at fair value at the time of such changes in ownership interests.

When the Group reduces its equity stake in an associate or a joint venture but continues to use the equity method, the Group reclassifies to profits or losses the share of the profit or loss that had been recognized previously in other comprehensive income in relation to that reduction in equity participation, if such a profit or loss were reclassified to profit or losses upon the sale of the corresponding assets or liabilities.

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

13. INVESTMENT PROPERTIES

Investment properties are property (land or buildings considered in whole or in part, or both) that are held (by the Group or by a lessee under a financial lease) in order to earn income, capital gains or both, instead of a) using it for the production or supply of goods or services, or for administrative purposes, or b) selling it in the ordinary course of operations, including investment properties under construction for such purposes. These are measured initially at their acquisition price, plus all costs associated with the transaction and non -recoverable indirect taxes, after deducting financial or commercial discounts as well as the costs attributable directly of place the investment property under the necessary conditions for it to operate in the manner intended by the Administration. After the initial recognition, investment properties are measured at cost minus the accumulated depreciation and any accumulate impairment losses.

An investment property is written off when it is disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be received from its sale. Any profit or loss arising from the removal of the property (measured as the difference between the net income from the sale and the book value of the asset) is included in the consolidated income for the period in which the property was written off.

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

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

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

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

Owned land is not depreciated

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

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

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

16. LEASES

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

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

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

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

17. BORROWING COSTS

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

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

Capitalization of borrowing costs ends when all necessary activities to prepare a qualified asset for its intended use or sale have been substantially completed.

If the asset has components and these components can be used separately while the construction continues, the capitalization of borrowing costs on these components should be stopped.

18. AGRICULTURE

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

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

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

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

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

19. PROVISIONS

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

Provisions are measured with the Administration's best estimate of the future disbursements required to settle the present obligation and it is discounted using a riskfree rate. The expense related to the provisions is presented in the comprehensive income statement, net of all reimbursements. The increase in the provision due to the passage of time is recognized as a financial expense in the comprehensive income statement.

The Group recognizes the present obligations, derived from an onerous contract, as provisions. An onerous contract is one in which the unavoidable costs of meeting the obligations it implies exceed the economic benefits expected to be received from it.

Contingent Liabilities

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

The financial statements have been prepared on the basis of a going concern and as of December 31, 2016 there are no material uncertainties related to events or conditions that produce significant doubts about the ability of any company within the Group to continue operating.

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

20. POST-EMPLOYMENT BENEFIT PLANS

In 2015, the Group recognizes liabilities for pensions, pension securities and bonds, retirement premiums and other post-employment benefits in accordance with the requirements of IAS 19 Employee Benefits, except as provided by Decree 2496 of December 23, 2015, which determines that the parameters to establish the liability for post-employment benefits of pension, pension securities and bonds must correspond with Decree 2783 of 2001, as the best market approximation. This decree establishes the actuarial assumptions for calculating future increases in salaries and pensions, sets the actual rate of interest applicable and the manner in which to consider the anticipated increase in income for active and retired staff.

In 2016, the Group recorded liabilities for retirement pensions, pension securities and bonds, retirement premiums and other post-employment benefits in accordance with the requirement of IAS 19 – Employee benefits.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, through which it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016 and, in the case of partial pension commutation, in accordance with Decree 1833 of 2016, as well as the differences arising with the calculation carried out in accordance with IAS 19 – Employee benefits. It also establishes that pension liabilities, pension securities and bonds, pension premiums and other post-employee benefits must be recorded in accordance with the requirements of IAS 19. This modification was recorded prospectively as a change in the accounting estimate.

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

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

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

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

21. INVENTORIES

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

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

22. REVENUE

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

Sale of Goods

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

- The entity has transferred to the buyer the significant risks and advantages of owning the asset;

- The company does not remain involved in any way in the current management of the goods sold, to the degree usually associated with ownership, nor does it retain effective control over them;

- The amount of revenue can be measured reliably;

- It is likely that the company will receive the economic benefits associated with the transaction, and

- The costs incurred or to be incurred in relation with the transaction can be measured reliably.

Rendering of Services

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

- Installation fees are recognized as revenues in reference to the completion status of the installation, determined as the proportion of the total estimated time to install that has elapsed by the end of the reporting period on;

- Service fees included in the price of products sold are recognized in reference to the proportion of the total cost of the service provided for the product sold, and

- Revenues from material contracts are recognized at the contractual rates to the extent in which hours of production and direct expenses are incurred.

Income from Dividends and Interest

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

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

Reclassification of comparative financial information
As of December 2016, and re-expressing the comparative financial information, the current and non-current portion of the financial liabilities and outstanding bonds and preferred shares is determined in accordance with the distribution of principal and interest maturities as of the date on which they are reported. In previous periods, the current portion of liabilities was determined in function of the value of the contractual future cash flows to be paid in the 12 months following the date on which they were reported, discounted at the instrument's effective interest rate, used to record the financial expense.

Given that the most widely used alternative in the industry to determine the current and non-current portion of an instrument is the distribution of principal and interest maturities as of the date on which they are reported, the Group believes that this change in terms of presentation allows it to reliably reflect the Group's consolidated financial situation. The measurement at amortized cost of financial obligations, outstanding bonds and preferred shares is not affected by the change in how the current and non-current portion are determined.

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

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

3.1. NEW AND REVISED IFRS ISSUED NOT ADOPTED AT THE DATE OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's consolidated financial statements for periods beginning on January 1st, 2017 or at a later date; the Group has not applied these requirements in advance.

Standards issued by the IASB to be incorporated in Colombia on January 1st, 2017
– Decree 2496 of 2015 and Decree 2131 of 2016. With these decrees, starting on January 1st, 2017 the following standards will govern the regulatory technical framework that contains the standards in force at December 31, 2014 with their respective amendments issued by the IASB, allowing early application:

- IAS 19 – Employee Benefits, employee or third party contributions associated with the defined benefit plans or services.
- IAS 32 – Financial Instruments: Presentation, offset of financial assets and liabilities.
- IFRS 10 – Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities and IAS 27 - Separate Financial Statements. Exception to the requirement to consolidate the subsidiaries of an investment entity.
- IAS 1 - Presentation of Financial Statements, disclosure initiative.

- IAS 16 - Property, Plant and Equipment and IAS 38 – Intangible Assets, clarification of acceptable methods of depreciation and amortization.
- IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture, bearer plants.
- IAS 27 - Separate Financial Statements, equity method in the separate financial statements.
- IFRS 10 - Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures, sale or contribution of goods between an investor and its associate or joint venture.
- IFRS 11 - Joint Operations – Accounting for Acquisitions of Interests in Joint Operations.
- IFRS 14 - Regulatory Deferral Accounts.
- Annual improvements, 2012 - 2014 Cycle, sets out amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations changes in methods of disposal, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits, and IAS 34 Interim Financial Reporting.

Standards issued by the IASB to be incorporated in Colombia a January 1st 2018
– Decree 2496 of 2015 and Decree 2131 of 2016. With these decrees, starting on January 1st, 2018 the following standards will govern the regulatory technical framework that contains the standards in force at December 31, 2016 with their respective amendments issued by the IASB, allowing early application:

- Amendments to IAS 7 Statement of Cash Flows – Changes in liabilities arising from financing activities
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses
- IFRS 15 – Revenue from Contracts with Customers. IFRS 15 establishes a single comprehensive model to be used by entities to account revenues from contracts with customers. The basic principle of IFRS 15 is that an entity should recognize revenue represented by the promised transfer of goods or services to customers for amounts that reflect the considerations that the entity expects to receive in exchange for those goods or services. Specifically, the standard:
- Step 1: Identifying the contract with the client;
- Step 2: Identifying the performance obligations of the contract;
- Step 3: Determining the price of the transaction;
- Step 4: Assigning the price of the transaction to each performance obligation of the contract, and
- Step 5: Recognizing the revenue when the entity fulfills the performance obligation

Under IFRS 15, an entity recognizes revenue when the obligation is fulfilled, i.e., when control of the goods or services underlying the performance obligation have been transferred to the customer. IFRS 15 also includes guides to deal with specific situations. It also increases the amount of required disclosures.

Subsequently, Decree 2131 of 2016 includes amendments that clarify how to:

- Determine whether an entity is acting as principal or as an agent.

- Identify a performance obligation in a contract and the different goods or services that have the same transfer pattern.

- Determine whether the income from transferring a license should be recognized at a given moment or over time.

This standard replaces existing income recognition standards including IAS 18 “Revenue”, IAS 11 “Construction Contracts”, IFRIC 13 “Customer Loyalty Programs”, IFRIC 15 “Agreements for the Construction of Real Estate”, IFRIC 18 “Transfers of Assets from Customers” and SIC-31 Revenue — Barter Transactions Involving Advertising Services.

The Group is currently reviewing the potential impact of the application of IFRS 15 on its consolidated financial statements and information to be disclosed.

- IFRS 9 “Financial Instruments” issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was later amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for writing off financial instruments. Both were adopted by the Group in advance. Subsequently, IFRS 9 was amended in November 2013 to include new requirements for general hedge accounting and in July 2014 the final revised version of IFRS 9 was issued, which includes: a) new requirements for impairment of financial assets (expected credit losses model), b) limited modifications to classification and measurement requirements, introducing the category of fair value with changes in equity for certain debt instruments. The new requirements included in IFRS 9 issued in July 2014 have not been adopted by the Group yet. Currently, the Group is evaluating the potential impact the application of these requirements on its consolidated financial statements. The impairment model in accordance with IFRS 9 reflects expected credit losses, as opposed to the credit losses incurred according to IAS 39. In the scope of the impairment under IFRS 9, it is no longer necessary for a credit event to occur before its credit losses are recognized. Instead, an entity always posts both the expected credit losses and their changes. The amount of expected credit losses must be updated at each reporting date to reflect changes in credit risk since the initial recognition.

The general hedge accounting requirements of IFRS 9 maintain the three types of hedge accounting mechanisms included in IAS 39. However, the ideal types of transactions for hedge accounting are now much more flexible, particularly by broadening the types of instruments that are classified as hedging instruments and types of risk components of ideal non-financial elements for hedge accounting. Additionally, the effectiveness test based on the principle of “economic relation” has been revised and replaced. A retrospective evaluation is no longer required to measure hedge effectiveness.

Many more requirements have been added regarding the effectiveness test based on the principle of “economic relation” has been revised and replaced. A retrospective evaluation is no longer required to measure hedge effectiveness. Many more requirements have been added regarding the disclosure of the company’s risk-management activities. The macro- hedge work conducted by the IASB is still in the preliminary stages.

The Group is currently reviewing the potential impact of the new requirements of IFRS 9 issued in July 2014 on its consolidated financial statements and information to be disclosed.

Standards issued by the IASB in 2016 not yet incorporated in Colombia – IFRS 16 “Leases” issued in January 2016 and effective for periods beginning on or after January 1st, 2019, with early adoption anticipated allowed - IFRS 16 eliminates the classification of leases as operating lease or financial lease contracts the tenant. Instead, leases are recognized at the present value of the lease payments and presented as lease assets (right to use the asset) or as property, plant and equipment. If lease payments are going to be made at a future date, the company should recognize a financial liability representing the contractual obligation to make such payments. IFRS 16 establishes as exceptions to the general principle of recognition contracts for short-term leases and unrepresentative values.

The Group is currently evaluating the potential impact of the application of IFRS 16 on its consolidated financial statements and information to be disclosed. The Administration estimates that the application of IFRS 16 in the future could have a significant effect on the reported amounts and disclosures made in the consolidated financial statements of the Group.

This standard replaces existing leases standards including IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases—Incentives”, and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

The standards, amendments and interpretations above are not expected to have any impact or an insignificant impact on the consolidated financial statements of the Group:

- Annual improvements to the IFRSs, 2012-2014 Cycle, issued in September 2014 and effective for periods that start on or after January 1st, 2016.
- Investment Entities: application of the consolidation exemption (Amendments to IFRS 10, IFRS 12 and IAS 28), issued in December 2014 and effective for periods beginning on or after January 1st, 2016.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), issued in September 2014 and effective for periods beginning on or after a date to be fixed by the IASB.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11), issued in May 2014 and effective for periods beginning on or after January 1st, 2016.
- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38), issued in May 2014 and effective for periods that start them on or after January 1st, 2016.
- Disclosure Initiative (Amendments to IAS 1), issued in December 2014 and effective for periods beginning on or after January 1st, 2016.
- Agriculture: Bearer Plats (Amendments to IAS 16 and IAS 41), issued June 2014, effective for periods beginning on or after January 1st, 2016.
- IFRS 14 “Regulatory Deferral Accounts” issued in January 2014 and effective for periods beginning on or after January 1st, 2016.

NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When applying the Group's accounting policies, which are described in note 2, the Administration has to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported figures for revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed regularly by the Administration. Revisions to accounting estimates are recognized in the period in which they were reviewed if the revision only affects that period, or in future periods if the revision affects both the current and subsequent periods.

4.1. CRITICAL JUDGMENTS WHEN APPLYING ACCOUNTING POLICIES

Below are presented the essential judgments, apart from those involving estimates (see 4.2), made by the Administration during the process of applying the Group's accounting policies and which have a significant effect on the amounts recognized in the consolidated financial statements.

Consolidation of entities

The Group's financial statements include the accounts of subsidiaries over which Cementos Argos S.A. has control. In the control evaluation, the Group evaluates the existence of power over the entity, the exposure, or rights, to variable returns from their involvement with the entity; and the ability to use their power over the entity to influence the yield of the Group. The Administration uses their judgment to determine when control over an entity exists. The judgment is applied to determine the relevant activities of each entity and the ability to make decisions about these activities. In order to do this, the Group evaluates the purpose and design of the entity, identifies the activities that most impact their performance and evaluates how decisions about the relevant activities are made. During the decision making evaluation, the Group considers the existing voting rights, potential voting rights, the contractual agreements between the entity and other parties, and the rights and ability to appoint and remove the key members of management, among other aspects. The judgment is also applied to the identification of variable returns and the Group's exposure to them. Variable returns include, but are not limited to, dividends and other distributions of economic profits from the company, compensation for managing the assets or liabilities of the entity, commissions and exposure to losses by providing credit support or liquidity.

(a) Investment in SURCOL HOUDSTERMAATSCHAPPIJ NV. The Administration has assessed the degree of influence that the Group has over SURCOL HOUDSTERMAATSCHAPPIJ NV and determined that it exercises control over the entity while maintaining a percentage of participation equal to 50%, due to their representation on the Board of Directors and the contractual terms of the agreement, which states that the Group has the current ability to decide on the activities that most impact the performance of the entity according to the terms.

(b) Investment in Corporacion de Cemento Andino C.A. and its subsidiaries, Andino Trading Corporation, Comercializadora Dicemento C.A. and Depoan S.A.; and the companies Internship Agency Venezuela C.A. and Surandina de Puertos C.A. The Administration has assessed the degree of influence that the Group has over the aforementioned entities located in Venezuela, and determined that it has no control over the entities even while maintaining a percentage of participation higher than 50%, due to the fact that Cemento Andino was stripped of its asset and declared a public and social interest utility by the government of Venezuela on March 13th, 2006. The Group is in the process of litigation to recover the companies.

Functional Currency

The Administration uses its judgment to determine its functional currency. The determination of the functional currency of Cementos Argos S.A. and each of its investments in subsidiaries, associates and joint ventures is determined by evaluating the principle and indicators in IAS 21 the Effects of Changes in Foreign Exchange Rates.

Cash-Generating Units

When conducting impairment tests on non-current assets, assets that do not individually generate cash inflows that are largely independent from the cash flows generated by other assets or groups of assets, they should be grouped to the cash-generating unit to which the asset belongs, which is the smallest identifiable group of assets that generates cash inflows for the company that are largely independent from other assets or groups of assets. The Administration uses its judgment to determine the cash-generating units for purposes of impairment testing.

Determination of the average exchange rates for the conversion of financial statements

The revenues, costs and expenses of consolidated subsidiaries whose functional currency differs from the functional currency of the parent company are converted into the presentation currency using the average exchange rate for the reporting period. The Administration considers that the average exchange rates approach the rates in effect at the date of the transaction.

Hedge Accounting

The Administration uses their judgment to determine whether a hedging relationship meets the requirements of IAS 39 Financial Instruments to be accounted for as hedge accounting, and evaluates the effectiveness of the hedging and sources of ineffectiveness. The Group applies fair value and cash flow hedge accounting in its financial statements to hedge mainly the foreign currency risk and interest rate. The decision to apply hedge accounting has a significant impact on the financial statements of the Group.

Recognition of deferred tax assets from losses or unused tax credits

The Administration uses their judgment to recognize a deferred tax asset when evaluating the existence of sufficient taxable profits in future periods to offset it.

4.2. KEY SOURCES OF ESTIMATION UNCERTAINTIES

The basic assumptions about the future and other key sources of estimation uncertainty at the end of a reporting period are presented below, which involve a significant risk of material adjustments in the book values of assets and liabilities during the upcoming financial period.

Evaluation of impairment on goodwill

The Group tests goodwill for impairment at least once a year. The evaluation of impairment on goodwill requires an estimate of the useful value of the cash-generating unit or group of cash-generating units to which it has been assigned. The estimate of useful value requires the estimate of future cash flows of the cash-generating unit or groups of cash generating units, and the estimate of financial assumptions such as inflation rate, the discount rate and the growth rate in perpetuity. In the process of measuring the expected future cash flows, the Administration estimates future operating results. Changes in valuation assumptions can cause adjustments to the Group's goodwill for the next few reporting periods.

Impairment of the Value of Assets – Property, Plant and Equipment and Investment Property

The Group evaluates the impairment on the value of assets when facts and circumstances suggest that the carrying amount of a cash-generating unit may exceed its recoverable amount, or at least at the end of each reporting period. When this happens, Cementos Argos and its subsidiaries measure, submit and disclose any loss from the impairment of the resulting value in the comprehensive income statement.

Income tax

The Group recognizes significant amounts of current and deferred tax income in its consolidated financial statements due to the volume of its operations and the multiple countries in which it operates. The determination of current and deferred tax is based on the Administration's best interpretation of the existing and applicable laws and practices, and practical improvements of the jurisdictions in which it operates. The reasonableness of this estimate depends significantly on the ability of the Administration to integrate complex tax and accounting standards, to consider changes in applicable laws and to evaluate, for deferred tax asset recognition purposes, the existence of sufficient tax profits for realization.

Uncertain tax positions are fiscal positions where the tax treatment is not clear, or it may be challenged by the tax authorities and it is expected that the situation will not be resolved favorably. The Group recognizes uncertain tax positions mainly by excluding or treating income as untaxed in tax returns.

No provision is recognized for remote or possible uncertain tax positions. The probability analysis is based on expert opinion and on analysis of the valid tax regulations in the applicable jurisdiction. The Administration uses the available information to measure a provision for the best estimate of payments or resources required to settle the obligation whenever an unfavorable resolution for the Group is likely. Refer to Note 9 - Income tax which includes information on uncertain tax positions for which the Group recognizes provisions.

Pension plans and other defined post-employment benefits

The post-employment benefit liability is estimated using the projected unit credit method, which requires financial and demographic assumptions including but not limited to discount rate, inflation indexes, expectation of salary increase, life expectancy and turnover of employees. The estimate of the liability, as well as the determination of the values of the assumptions used in the valuation, is performed by an independent external actuary, considering the country in which the benefit plan operates and the existing market conditions on the measurement date. Because of the long-term horizon of these benefit plans, estimates are subject to a significant degree of uncertainty; any changes in actuarial assumptions directly impact the value of the obligation for pensions and other post-employment benefits.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, through which it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016 and, in the case of partial pension commutation, in accordance with Decree 1833 of 2016, as well as the differences arising with the calculation carried out in accordance with IAS 19 – Employee benefits. It also establishes that pension liabilities, pension securities and bonds, pension bonuses and other post-employee benefits must be recorded in accordance with the requirements of IAS 19.

Up until 2015, the Group measured these benefits by applying the estimates established by Decree 1625 of 2016, which are different from the estimates required by IAS 19. Until December 31, 2016, the modification of estimates used to estimate the present value of obligations was posted prospectively as a change to a book estimate, without changing the comparative figures.

Identifiable assets and liabilities assumed in business combinations

On the date of acquisition, the identifiable assets and liabilities assumed in business combinations are included through the global consolidation method in the Group's financial statements at their fair values. When measuring the fair value, the Administration makes assumptions about future operating results and key assumptions such as the discount rate and the growth rate in perpetuity. The estimate of the fair value of acquired assets and liabilities, as well as the determination of the values of the assumptions used in the valuation, is performed by an independent external appraiser. Any subsequent changes in estimates affect the goodwill as long as the change qualifies as an adjustment of the measurement period; any other change is recognized in the income statement in the following period.

Estimation of useful lives and residual values of property, plant and equipment
As described in Note 2, the Group reviews the estimate of the useful lives and residual values of property, plant and equipment at least once a year. When there is evidence of changes in conditions or in the expected utilization of an item of property, plant and equipment, the Administration makes a new estimate of the useful life of the item. The estimate of the useful lives of property, plant and equipment is determined based on historical performance of the asset, expected use of the asset by the Administration and existing legal restrictions on its use. The estimate of the useful lives requires a significant degree of judgment by the Administration.

Fair value of financial derivatives and financial assets
The fair value of financial derivatives is determined by using valuation techniques widely known in the market, when there is no observable market price. The Group uses its judgment to select the appropriate valuation method for an asset or liability and maximizes the use of observable variables. The assumptions are consistent with market conditions at the time of measurement and with information that market participants would consider when estimating the price of the instrument. The Administration believes that the selected valuation methods and assumptions used are appropriate for the determination of fair value of financial derivatives. Notwithstanding the foregoing, the inherent limitations of valuation models and parameters required by these models can result in the estimate of an asset or liability fair value does not exactly match the price at which the asset or liability could be exchanged or liquidated on the date of measurement. Additionally, changes in internal assumptions and forwards curves used for valuation can significantly affect the fair value of financial derivatives.

Additionally, the Administration measures at fair value the equity investments classified in the category of fair value through other comprehensive income with reference to their quoted price at the end of the measurement period in the stock market where they are traded.

Decommissioning, removal or restoration liabilities
The provision for decommissioning, removal or restoration is recognized by the present value of the expected costs to settle the obligation using estimated cash flows. In the process of measuring the present value of the obligation, the Administration makes estimates of future disbursements for the decommissioning, removal or rehabilitation, the estimated date(s) in which the disbursements will be made and financial assumptions such as inflation rate and the discount rate. Given the long-term horizon of decommissioning obligations, the estimates are subject to a significant degree of uncertainty and can significantly affect the amounts in the consolidated financial statements.

Provisions for contingencies, litigation and claims
Litigations and claims to which the Group is exposed are handled by the legal department, such processes are of labor, civil, criminal and administrative character. The Group considers that a past event has given rise to a present obligation if, taking into account all available evidence at the date on which it is reported, it is likely to be a present obligation, regardless of future events. In these cases, it is understood that the occurrence of an event is more likely than not when the probability of occurrence is greater than 50%. The Group recognizes a provision when it is probable that an outflow of future economic benefits will occur, it discloses information about the contingency when their occurrence is possible, and does not record or disclose information when it concludes that the probability of occurrence is remote. The Group involves the professional judgment of internal and external attorneys to determine the possibility of occurrence of a present obligation. When estimating the provision for litigation and claims the Administration considers assumptions such as, but not limited to, inflation rate, lawyer fees, estimated duration of the litigation or lawsuit, economical information of processes with similar characteristics and the discount rate to be applied to cash flows to determine the value of the obligation, for those obligations expected to be settled within a period longer than twelve (12) months after the end of the period reported.

Wealth tax

Through Law 1739 of December 23rd, 2014, the national government set a wealth tax. This tax is generated by the possession of wealth (gross assets minus debts outstanding) equal to or over 1 billion pesos in between the January 1st, 2015 and 2017. This law states that taxpayers will be able to charge this tax against equity reserves without affecting net income, both in separate and consolidated financial statements. The Group recognized the wealth tax under the consolidated equity as permitted by law, by the tax value recognized tax on January 1st, 2016.

NOTE 5: CASH AND CASH EQUIVALENTS

For purposes of the consolidated cash flow statement, cash and cash equivalents include cash and banks, net outstanding bank overdrafts. Cash and cash equivalents at end of the reporting period in the consolidated cash flow statement can be reconciled with the related items in the consolidated statement of financial position as follows:

	2016	2015
Cash and banks	531.666	545.708
Cash and banks included in a group of assets for distribution to owners (Note 18)	6.507	6.507
Total cash and banks	**538.173**	**552.215**
VALUE OF CASH AND CASH EQUIVALENT RESTRICTED OR NOT AVAILABLE FOR USE	**-**	**944**

As of December 31st, 2015 the Group had cash and cash equivalent balances restricted by agreements with the Administrative Department of Science, Technology and Innovation (Colciencias) and the Institute for the Development of Antioquia (IDEA), which state that the contribution of resources and scheduled disbursements are restricted to address the activities restricted destination the agreements. As of December 31, 2016, the projects were completed and the Group does not have any cash balances or restricted cash equivalents.

During the current year and in comparative periods, the Group carried out the following investment and financing activities that are not reflected in the consolidated cash flow statement:

- Public deed 1830 of July 16, 2015 perfected the swap agreement signed between Cementos Argos S.A. and the Foundation Grupo Argos in order to transfer properties to Cementos Argos S.A. as a swap, and to transfer in favor of the Foundation Grupo Argos 100% of the shares of subsidiaries Tekia S.A.S, Ganadería Rio Grande S.A.S, Alianza Progenetica S.A.S and mercantile trusts for administration N° 7321-359 and N° 732-1435, for a total of $93.579.

- On October 3rd, 2016 the sales agreement between Cementos Argos S.A. and Grupo Provivienda was perfected in order to take 20% of the stake held by Cementos Argos S.A. and its subsidiary Colcaribe Holding S.A. in Argos Panamá S. A. – valued at USD 125.626 – as consideration for the sale of the shares. The method of payment for the transaction was USD 100.000 in cash and USD 25.626 to be paid over a period of 5 years, with an effective annual interest rate of 3% with annual payment.

- Subscription of leases agreements for the acquisition of property, plant and equipment recognized as financial leasing for $0 (2015: $ 5.152).

NOTE 6: FINANCIAL DERIVATIVE INSTRUMENTS

	2016	2015
Derivative financial assets designated as financial instruments under cash flow hedges	**2.070**	**22.438**
Current	1.420	22.114
Non-current	650	324
Derivative financial assets	**2.070**	**22.438**
Derivative financial liabilities designated as financial instruments under cash flow hedges	**111.456**	**172.156**
Current	102.555	-
Non-current	8.901	172.156
Derivative financial liabilities	**111.456**	**172.156**
NET LONG (SHORT) POSITION IN FINANCIAL DERIVATIVES	**(109.386)**	**(149.718)**

To mitigate risks with foreign currency transactions and exposure to interest rates, Cementos Argos S.A. and its subsidiaries undertake natural hedging and financial hedging operations by using derivative financial instruments, mainly derivative swap contracts ("swap") and forward contracts. Certain derivative instruments are designated as hedging instruments for cash flow or fair value in accordance with the criteria of IAS 39 Financial Instruments. The Group does not use derivative instruments, or any other public financial instruments for speculative purposes.

Swap operations relate to financial transactions in which the Group, through a contractual agreement with a bank, exchanges cash flows with the purpose of reducing the risks related to currency, rate, term or issuer, and also relate to the restructuring of assets or liabilities.

Forward transactions and currency swap transactions are used to hedge the exchange rate risk in operations of foreign currency debt, to hedge future cash flows with high probability of occurring, such as the Group's monthly exports, and with the purpose of balancing the Group's currency exposure by taking advantage of what, in the opinion of the Administration, are considered favorable market conditions. The existence of this agreement has no impact on the underlying debt valuation.

The Group also uses interest rate swaps to manage its exposure to interest rates. In the case of interest rate swaps there is no exchange of capital, and the Group is responsible for its debts with defined amounts and terms, the accounting record is independent from the swap. These exchanges aim to convert financial instruments either from fixed to variable or from variable to fixed.

Financial derivatives are recorded in the consolidated statement of financial position at their fair values, taking into account the market curves in effect on the date of valuation. The accounting of changes in the fair value of derivatives depends on the use of the derivative and its designation as a hedging instrument.

In relations of fair value hedging, changes in the fair value of the hedged item and the hedging instrument are recognized and offset in the consolidated income statement for the period.

In cash flow hedging relationships, changes in the fair value of the hedging instrument are recognized directly in the other consolidated comprehensive income for the effective hedging portion, and the ineffective portion is presented in the consolidated financial income or expenses. Profits or losses recognized in equity are subsequently reclassified to the consolidated statement of income when the hedged item affects the consolidated results of the Group. Derivatives that are not designated as hedges for accounting purposes under IAS 39 are measured at fair value.

Changes resulting from the measurement of contracts are recognized in the consolidated results of the period, as financial income or expense. Management documents the hedging relationship from the time of initial recognition. This documentation includes, but is not limited to, the following:

- Designation and hedging relationship, hedging objective and risk management strategy;
- Designation date of the accounting hedge;
- Procedure to assess the effectiveness and method to assess the effectiveness of the prospective and retroactive hedging and its periodicity.

Financial derivatives in effect at December 31st, 2016 and 2015 are:

Swap operations:

					Fair value	
Type of Swap	**Underlying**	**Underlying rate**	**SWAP rate**	**Maturity**	**2016**	**2015**
Currency	Bonds 2017	IPC+3,17%	Libor+1,75%	23-nov-17	(102.555)	(154.950)
Currency	Bonds 2017	IPC+3,17%	Libor+1,92%	23-nov-17	1.420	(5.083)
Currency	Financial obligations	Libor 1m + 0,4%	IBR+1,3%	29-may-18	(3.239)	-
Currency	Financial obligations	Libor 1m + 0,3%	IBR+0,9%	06-oct-16	-	22.114
Interest rate	EKF credit	Libor 6m + 0,1%	1,38% NSV	26-jun-19	650	324
Interest rate (1)	Club Deal	Libor 3m + 2,15%	3,94%	28-feb-20	(5.662)	(12.123)
FAIR VALUE OF SWAP OPERATIONS:					**(109.386)**	**(149.718)**

		Underlying value | SWAP amount	
Tipo de swap	**Subyacente**	**2016**	**2015**
Currency	Bonds 2017	$343.520 | USD 149.378.000	$343.520 | USD 155.970.000
Currency	Bonds 2017	$89.800 | USD 29.800.000	$89.800 | USD 29.800.000
Currency	Financial obligations	USD 16.666.667 | $53.000	-
Currency	Financial obligations	-	USD 30.900.000 | $ 90.720
Interest rate	EKF credit	USD 38.243.195	USD 53.540.473
Interest rate	Club Deal	USD 300.000.000	USD 300.000.000

1) In April 2015, an amendment and a restatement were made to the Club Deal loan agreement for USD 300 million

Original terms of the contract	New terms
Tasa Libor 6 m + 2,8%	Libor 3 m + 2,15%

As of December 31st, 2016 and 2015 there were no currency purchase forward operations to convert credits in dollars to pesos synthetically.

NOTE 7: OTHER FINANCIAL ASSETS

	2016	2015
Financial assets measured at fair value with change in the results	13.683	9.677
Financial assets measured at fair value with change in other comprehensive Income (Note 27)	1.378.556	1.459.070
Financial assets measured at amortized cost	6	1.583
	1.392.245	**1.470.330**
Current	2.301	3.676
No current	1.389.944	1.466.654
TOTAL OTHER FINANCIAL ASSETS	**1.392.245**	**1.470.330**

The category of other financial assets at fair value with change in other comprehensive income includes Group's investments in Grupo de Inversiones Suramericana S.A. and Bancolombia S.A. These investments are measured at fair value on a monthly basis. Note 27.2.1 Financial assets measured at fair value through other comprehensive income, details the value of these investments for the reporting periods.

NOTE 8: TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

	2016	2015
Trade receivables and other receivables	1.508.314	1.180.600
Allowance for doubtful accounts receivable	(77.895)	(73.385)
	1.430.419	**1.107.215**
Current	1.318.499	1.071.587
No-current	111.920	35.628
TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE	**1.430.419**	**1.107.215**
Average age (days)	40	37

Trade accounts receivable disclosed in the above paragraphs include amounts (see below the age analysis) that will have matured by the end of the reporting period, but for which the Group has not recognized any allowance for irrecoverable accounts because there has not been any significant public change in credit quality and also those that are still considered recoverable.

	2016	2015
Movements in the allowance for doubtful accounts receivable		
Starting balance	**(73.385)**	**(49.331)**
Impairment losses recognized for accounts receivable	(14.508)	(25.072)
Write-off for amounts considered irrecoverable during the year	4.680	12.583
Recovered amounts during the year	467	165
Reversed impairment losses	1.379	1.310
Loss of control of a subsidiary	-	36
Result of foreign currency conversions	3.472	(13.037)
Other changes	-	(39)
Year-end balance	**(77.895)**	**(73.385)**
Age of overdue but unimpaired accounts receivable		
60-90 days	140.791	35.894
90-180 days	136.105	46.075
180-360 days	86.346	51.504
More of 360 days	51.153	42.594
	414.395	**176.067**
Age of overdue trade receivables		
60-90 days	413	8.299
90-180 days	7.241	9.818
180-360 days	6.981	16.342
More of 360 days	63.260	38.926
	77.895	**73.385**

The average credit period on the sale of goods is 30 days. There is no interest surcharge on trade accounts receivable after the average credit period. The Group evaluates at the end of the reporting period, and with the same frequency as the interim financial information, if there is objective evidence to suggest that financial assets are impaired, and if this is the case, the Group recognizes an impairment in consolidated income statement. The Group recognizes a provision for individual customers when they are in a state of economic insolvency or when a financing or restructuring agreement is reached, for the account receivable. Additionally, it also performs a collective impairment analysis by grouping the portfolio by ranges of overdue days and applying to these values the default rates estimated by the Administration based on historical default experience.

When determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the account from the date the credit was initially granted until the end of the reporting period.

NOTE 9: INCOME TAX

Applicable tax provisions in force state that nominal income tax rates for 2016 and 2015 applicable to Cementos Argos and its subsidiaries located in Colombia and its subsidiaries located in Antigua, Curacao, Dominica, the United States, French Guiana, Haiti, Honduras, US Virgin Islands, Panama, the Dominican Republic, Saint Maarten, Saint Thomas, Suriname and Puerto Rico, are as follows:

Country	2016	2015	Country	2016	2015
Antigua	25%	25%	Honduras	30%	30%
Colombia[1]	34%	34%	British Virgin Islands	0%	0%
Colombia Free Trade Zone	15%	15%	Panama	25%	25%
Curazao	27,50%	27,50%	Dominican Republic	27%	27%
Dominica	30%	30%	San Martín	30%	30%
USA	35%	35%	St Thomas	35%	35%
French Guiana	33,33%	33,33%	Suriname	36%	36%
Haiti	31%	31%	Puerto Rico	39%	39%

(1) In 2016, a surcharge of 6% (2015: 5%) is added corresponding to the surcharge income tax for equity purposes CREE, which applies prospectively as follows: 2015: 5%, 2016: 6%, 2017: 8%, and 2018: 9%.

Below are the major laws and issues applicable to Cementos Argos and its subsidiaries in the countries where the main activities are carried out:

COLOMBIA

On December 29, 2016 the National Government issued Law 1819, which introduces significant changes related to tax matters, such as:

- The income tax for equity purposes (CREE) (9%) and its surcharge have been eliminated (2017: 8% and 2018: 9%).
- The general rate was modified; it was set at 34% for 2017 and will change to 33% as of 2018.
- A surcharge on income taxes was created, 6% for 2017 and 4% for 2018.
- The rate for presumptive income changed from 3% to 3.5%.
- The rate for Free Trade Zones increased from 15% to 20%, except for those that have a valid legal stability agreement in force, as is the case of the subsidiary Zona Franca Argos S.A.S.

The current income tax rate in Colombia, which is applicable to these financial statements, is 25% plus 9% for CREE. Additionally, there is a special tax regime for Free Trade Zones whose benefits include an income tax rate of 15% and exemption from being taxable under CREE.

The following are the main changes made to the Colombian tax regime by previous tax reforms, whose effects were in force until December 31, 2016. The consolidated financial statements were prepared on this date.

Law 1739 of 2014

- CREE surtax for the periods of 2015, 2016, 2017 and 2018 is created. The operative event of the surcharge applies to taxpayers whose annual CREE tax return has a liquid income equal to or over $800 million. Applicable marginal rates to establish the surtax are as follows:

Surcharge	2015	2016	2017	2018
CREE taxable base minus $800 million	5%	6%	8%	9%

- The surcharge is subject to an advance payment of 100% of the value thereof, calculated on the CREE taxable base on which the taxpayer settled the aforementioned tax on the previous year.
- Tax losses incurred by CREE taxpayers as of 2015 can be offset when calculating this tax. They can also be offset the taxable income of the next five (5) years, the surplus of the minimum income base for equity purposes calculated with the second paragraph of article 22 of Law 1607 of 2012.
- Under no circumstances may the CREE tax or its surcharge be offset with credit balances from other taxes that have been settled in tax returns. Similarly, credit balances to be settled in CREE and CREE surcharge tax returns cannot be offset with debts on other taxes, advances, deductions, interest and penalties.

- This law creates the wealth tax that applies from January 1st, 2015 onwards. The operative event is the possession of wealth (gross assets minus debts outstanding) greater than or equal to $1 billion as of January 1st, 2015. The taxable base for the wealth tax is the value of the gross assets of entities, minus outstanding debts held at January 1st, 2015, 2016 and 2017. The applicable rate is as follows:

Taxable Base Ranges	2015	2016	2017
From $ 0 to $2.000 million	0,20%	0,15%	0,05%
From $2.000 to $3.000 million	0,35%	0,25%	0,10%
From $3.000 to $5.000 million	0,75%	0,50%	0,20%
From $5.000 million and above	1,15%	1,00%	0,40%

Law 1607 of 2012

It is established that, for tax purposes only, remittances contained in tax regulations of accounting standards will continue to be valid during the four years following the entry into effect of the International Financial Reporting Standards. Consequently, during this time, the tax bases of items to be included in the tax returns will be unchanged. Additionally, the requirements of accounting treatments for the recognition of special tax situations will no longer be valid from the date of application of the new accounting regulatory framework.

UNITED STATES OF AMERICA

In the US, the federal tax rate is 35%. Similarly, there is a state tax rate, which varies by state in a range from 3% to 7%. The state of Texas has a particular rate of 1%, called “Texas Margin Tax”. Tax returns for the past three years are subject to revision by the tax authorities subject to audit statute waivers. When tax losses occur, federal tax losses have a period of carryforward period of 20 years, and state tax losses have a carryforward period between 5 and 20 years. When federal tax losses are utilized, these have a maximum utilization limit equivalent to 90% of the taxable income; this limit is calculated through a mechanism called Alternate Minimum Tax “AMT”. The tax applicable to the remaining 10% is settled at 20%. Any AMT incurred will generate a tax credit to offset regular tax in the future. These AMT credits can be carried forward indefinitely.

PANAMA

The applicable rate on income taxes is 25% (2015: 25%).

Law No. 8 of March 15, 2010 modifies the Alternate Calculation of Income Tax (CAIR, because of its acronym in Spanish) and obligates all legal entities who earn incomes over one million five hundred thousand balboas (USD 1,500,000) to set as the taxable base for said tax, the greater amount between: (a) the net taxable income calculated using the ordinary method set forth in Title I of Book Four of the Panamanian Tax Code and the net taxable income that results from applying four point sixty seven per cent (4.67%) to the total taxable income.

Legal entities that incur in losses due to the tax calculated under the presumed method or whose effective rate exceeds the tax rates applicable to the fiscal period in question because of the application of said presumed method, may request the General Directorate of Revenue to authorize the tax to be calculated with the ordinary calculation method.

According to regulations, the last three years of income tax returns of companies incorporated in the Republic of Panama are subject to review by fiscal authorities, including the year ended on December 31, 2015.

HONDURAS

Decree No. 25 of 20 December 1963, established the obligation of natural or legal persons engaged in civil or commercial activities to pay income taxes, and its article 22 determined the rate for legal persons as twenty five percent (25%) of total net taxable income. On the other hand, Decree 278 of December 2013 reformed the Tax Equity Act by establishing a surcharge on income called Solidarity Contribution equal to five percent (5%) applied to the excess of the net taxable income higher than one million lempiras ($133 million) starting with the fiscal period of 2014.

A tax revaluation was carried out in April 2016 on the assets of the Comayagua plant in accordance with Decree 17-2010, which enables legal entities dedicated to the production of goods to update their assets fiscally to market values in exchange for a single payment of 6% of the value of the revaluation. This grants a tax benefit because the revaluated assets can be depreciated over the revalued value and have a favorable effect on the fiscal depreciation in the coming years. The revalued value of the plant's assets is L 3.178 million lempiras (approximately USD 140 million), the tax on asset revaluation to be paid by the company is equivalent to 6% of the value of the revaluation of L 176 million lempiras (approximately USD 7.8 million) and the tax benefit is equivalent to the revaluated value of the assets at the tax rate of L 947 million lempiras (approximately USD 42 million).

The new tax code will become effective as of 2017. These new regulations do not imply changes to the tax rates, or to tax assets or liabilities.

FIRMNESS OF STATEMENTS:

The parent company and its subsidiaries have terms open to revision by the tax authorities of each country, which vary between the years 2009 and 2015. The managers of the companies consider that no additional significant obligations will occur as a result of any eventual revisions.

9.1. INCOME TAX RECOGNIZED IN PROFIT AND LOSS

	2016	2015
Current tax		
Regarding the year in progress	238.818	178.521
	238.818	**178.521**
Deferred tax		
Origin and reversal of temporary differences	(135.210)	(16.016)
Changes to tax laws and rates	1.333	2.382
Other components of deferred tax expenses (income)	2.413	(37.982)
	(131.464)	**(51.616)**
TOTAL CURRENT AND DEFERRED TAX EXPENSE	**107.354**	**126.905**

Below is the detailed conciliation of the effective rate applicable to Cementos Argos and its subsidiary companies:

	2016	2015
PROFITS BEFORE INCOME TAXES	**669.866**	**696.542**
CURRENT TAX EXPENSES AT THE LEGAL RATES APPLICABLE	**188.417**	**305.152**
Non-deductible expenses	132.022	117.393
Untaxed income	(33.193)	(39.001)
Sale of untaxed investment	(145.329)	(1.147)
Other non-taxables ítems	-	51.743
Other non-deductible ítems	-	(177.318)
Utilization of previously unrecognized tax losses or presumptive income surpluses	(110)	(29.114)
Others, net	(34.453)	(100.803)
INCOME TAX EXPENSE AT THE EFFECTIVE TAX RATE	**107.354**	**126.905**

Variations between statutory rates applicable to Cementos Argos and its subsidiaries, considered individually, and the effective rate generated in the consolidated financial statements are mainly due to:

- Untaxed income accounted through the equity method posted in Cementos Argos' separate financial statements as the controlling entity, in accordance with Law 222 of 1995.
- Tax benefits associated with a greater participation of the subsidiary Zona Franca Argos S.A.S in operational activities.
- Benefits in the consolidated utilities from recognizing deferred tax assets for unused tax losses to use which have been impaired in the financial statements of subsidiaries located in the United States, according to the principles generally accepted in the United States.
- Untaxed dividends received by Cementos Argos S.A. from Colombian subsidiaries.
- Non-deductible expenses treated as non-temporary differences.

9.2. INCOME TAX RECOGNIZED DIRECTLY IN EQUITY AND OTHER COMPREHENSIVE INCOME

	2016	2015
New measurements for defined benefit plans	14.535	(11.328)
Cash flow hedging	(2.508)	4.167
INCOME TAX RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME	**12.027**	**(7.161)**

9.3. ASSETS AND LIABILITIES OF CURRENT TAX AND DEFERRED TAX BALANCES

	2016	2015
Current tax asset	248.925	261.100
Current tax liability	105.726	117.521
CURRENT TAX ASSET, NET	**143.199**	**143.579**
Deferred tax asset	396.172	550.883
Deferred tax liability	363.150	663.992
DEFERRED TAX ASSET (LIABILITY), NET	**33.022**	**(113.109)**
Current tax asset	248.925	261.100
Other tax assets, different than current tax asset	20.979	17.859
TOTAL TAX ASSET AND OTHER TAX ASSETS	**269.904**	**278.959**
Current tax liability	105.726	117.521
Other tax liability, different than current tax liability	132.717	206.284
TOTAL TAX LIABILITY AND OTHER TAX LIABILITY	**238.443**	**323.805**

The movements of the net deferred tax liability for Cementos Argos and its subsidiaries for the period ended December 31, 2016 and 2015 is as follows:

	Opening balance	Recognized in profit and loss	Recognized in other comprehensive income	Recognized in equity	Assumed through business combinations	Effect of Exchange Rate Differences	Loss of Control of a Subsidiary	Other Changes	Closing balance
DEFERRED TAX 2016									
Other current assets	43.622	5.992	-	-	-	(1.873)	-	-	47.741
Associates and Joint Ventures	(3.595)	3.595	-	-	-	-	-	-	-
Other Equity Investments	(32.155)	8.644	(531)	-	-	63	-	-	(23.979)
Property, Plant and Equipment	(577.115)	90.977	-	-	-	12.331	-	-	(473.807)
Intangible Assets	(292.758)	59.477	-	-	-	16.898	-	-	(216.383)
Other Non-Current Assets	(12.480)	(13.145)	-	-	-	642	-	-	(24.983)
Provisions	17.179	1.967	-	-	-	(4)	-	-	19.142
Employee Benefits	33.835	(10.151)	20.102	-	-	(569)	-	-	43.217
Financial Liabilities	72.090	(24.171)	-	-	-	(1.603)	-	-	46.316
Financial Leases	(6)	(84)	-	-	-	6	-	-	(84)
Other Liabilities	53.776	2.637	-	-	-	(1.208)	-	-	55.205
Unused Tax Credits	2.015	88.080	-	-	-	(4.563)	-	-	85.532
Unused Tax Losses	561.966	(77.681)	-	-	-	(25.024)	-	-	459.261
Unused Presumptive Income Surpluses	20.517	(4.673)	-	-	-	-	-	-	15.844
TOTAL DEFERRED TAX ASSET (LIABILITY), NET	**(113.109)**	**131.464**	**19.571**	**-**	**-**	**(4.904)**	**-**	**-**	**33.022**

	Opening balance	Recognized in profit and loss	Recognized in other comprehensive income	Recognized in equity	Assumed through business combinations	EEffect of Exchange Rate Differences	Loss of Control of a Subsidiary	Other Changes	Closing balance
DEFERRED TAX 2015									
Other current assets	3.657	35.856	-	-	-	4.109	-	-	43.622
Associates and Joint Ventures	(5.144)	1.549	-	-	-	-	-	-	(3.595)
Other Equity Investments	(71.066)	7.305	-	38.433	-	(6.129)	(698)	-	(32.155)
Property, Plant and Equipment	(407.033)	(88.761)	-	-	(21.666)	(60.470)	815	-	(577.115)
Intangible Assets	(222.271)	(9.975)	-	-	(16.475)	(44.037)	-	-	(292.758)
Other Non-Current Assets	45.288	(76.491)	-	-	271	8.048	10.404	-	(12.480)
Provisions	36.838	(24.246)	-	-	145	4.546	(104)	-	17.179
Employee Benefits	34.319	259	(2.309)	-	223	2.614	-	(1.271)	33.835
Financial Liabilities	30.735	36.874	(3.584)	-	-	8.065	-	-	72.090
Financial Leases	(3.154)	3.620	-	-	(6)	(466)	-	-	(6)
Other Liabilities	30.614	11.690	-	-	353	2.878	(1.515)	9.756	53.776
Unused Tax Credits	333	1.633	-	-	-	49	-	-	2.015
Unused Tax Losses	306.887	139.329	-	-	-	115.750	-	-	561.966
Unused Presumptive Income Surpluses	19.678	839	-	-	-	-	-	-	20.517
TOTAL DEFERRED TAX LIABILITY, NET	**(200.319)**	**39.481**	**(5.893)**	**38.433**	**(37.155)**	**34.957**	**8.902**	**8.485**	**(113.109)**

The recognition of deferred tax assets was based on the following evidence: The more conservative scenarios evidence the full recovery of accumulated tax losses periods of time that are more than satisfactory. The Administration has analyzed, technically and with restraint, the probabilities and horizons of reversal of these losses. The projections for measuring asset impairment made by Cherry Bekaert were used as the base, assuming that for every trial year only the projections to date were known in the most conservative scenario. With these projections, through the simulation of cash flows and financial obligations, financial expenses were calculated to finally achieve tax profits before taxes, confirming the early recoverability of losses incurred. After adjusting, stabilizing and even moderating growth in the medium term, the results of the projections show persistence and consumption of losses accumulated before nine years for all cases. A summary of the results is shown in the following table:

Trial year	2012	2013	2014	2015	2016
Balance of operating losses	443.705	624.167	824.683	1.248.306	1.186.928
Expirating of operating losses	2030	2031	2032	2033	2034

To recognize deferred tax assets, Cementos Argos analyzes the total tax losses in each country, considering those that will not be rejected by tax authorities, based on the available evidence, as well as the probability of their recovery before their maturity, through the generation of future taxable income. When the analysis determines that there is a high probability of rejection of the tax asset by the tax authorities, the amount of the asset is reduced. When it is considered that it will not be possible to use a deferred tax asset prior to its maturity, the asset is not recognized. Both situations affect the income tax expense in the period in which the determination is effected. In order to assess the likelihood that deferred income tax assets will be realized, all available evidence is taken into consideration, both positive and negative, including, among other factors, industry analysis, market conditions, expansion plans, tax strategies, tax structure and expected changes in them, projected taxable income, the maturity of the tax losses and future reversal of temporary differences.

The company has not generated any deferred tax assets that depend on the reversal of temporary taxable differences. Temporary differences associated with investments in subsidiaries, associates and interests in joint ventures for which no deferred tax liabilities were recognized are $2.106.854 (2015: $2.635.996), whose deferred tax liability is $ 695.262 (2015: $896.239).

9.4. UNRECOGNIZED DEDUCTIBLE TEMPORARY DIFFERENCES, UNUSED TAX LOSSES AND UNUSED TAX CREDITS

Deductible temporary differences, presumptive surplus income, unused tax losses and unused tax credits for which no deferred tax assets were recognized are attributable to the following.

	2016	2015
More than one year and up to five years	-	-
No time limit	2.678	1.503
Unused tax credits and losses	**2.678**	**1.503**
More than one year and up to five years	48	346
No time limit	-	-
Surplus presumptive income on ordinary liquid income	**48**	**346**
TOTAL TAX BENEFITS FOR WHICH NO DEFERRED TAX ASSETS WERE RECOGNIZED	**2.725**	**1.849**

9.5. IMPACT ON INCOME TAX FOR PROPOSED OR DECLARED DIVIDENDS BEFORE THE FINANCIAL STATEMENTS WERE AUTHORIZED

There were no proposed dividends before the financial statements were authorized for issuance upon which could be expected to have an impact on the income tax. In fact, there were no proposed or declared dividends before the financial statements were authorized for issuance.

9.6. IMPACT OF BUSINESS COMBINATIONS ON INCOME TAX DURING THE PERIOD

During the reported periods they were no changes to the value of deferred income tax assets related to business combinations.

9.7. IMPACT OF PAYMENT OF POTENTIAL DIVIDENDS TO SHAREHOLDERS ON INCOME TAX

The Group has no potential consequences in the tax return in the event of paying of dividends to its shareholders.

9.8. GROUP TAX RISK MANAGEMENT

Fiscal risks are a formal part of the board’s oversight mandate. The Board´s Risk Committee receives strategic risks evolution reports on a quarterly basis, including tax risks which are part of Argos’ 16 strategic risks, and reviews and gives advice on possible impacts that could affect negatively the relationships with key stakeholders and the brand´s reputation.

Argos and its subsidiaries’ tax teams work with their business colleagues as an equal partner in providing clear, timely, relevant and business focused advice across all tax arising aspects, permanently recommending alternative strategies (if identified) to achieve the same commercial results with the most tax efficient approach in compliance with all relevant laws. The tax teams ensure that their business counterparts within Argos thoroughly understand the tax function and legal requirements including tax planning, policies and procedures. The tax function will therefore provide appropriate advice as part of the approval to business projects proposals to ensure a clear understanding of the tax strategy alternatives and associated financial and reputational consequences. Such business decisions and inputs include assessment, quantification and presentation of provisions with respect to taxes that shall be considered in the financial results.

According to reputational risk assessment and the risk tolerance, the Company will work to avoid any negative impact on shareholder value. Permanent tax management controls and periodic tax risk assessment are executed to assure the adequate tax risk monitoring, from the financial and business risks perspective.

Argos assesses tax related risks continuously despite the fact that its tax strategy is not an aggressive one. Argos believes that in order for this strategy to be efficient in the short-term, it doesn´t necessarily have to embrace an aggressive approach. The risks that have been identified above have been assessed as part of the Company’s main strategic financial risk, which means that they are all being addressed according to its corporate risk strategy.

As mentioned in the table above, Argos’ understanding of the best tax strategy possible is one which results in more value added for all of its stakeholders (which in turn benefits the company) and not only its shareholders, through optimization strategies. Through this understanding, Argos ensures its tax strategy’s paybacks in the middle and long term as well, as it brings the company benefits such as good relations with authorities, good reputation and the increase of resources available for local development through its contributions. In this sense, Argos considers its tax strategy itself to be its main riskmitigation tool.

NOTE 10: INVENTORIES

	2016	2015
Finished products	170.330	110.928
Products in process	175.093	144.073
Raw materials and direct materials	204.238	203.974
Materials, spare parts and accessories	218.354	194.681
Inventory in transit	23.591	27.649
Goods not manufactured by the company	35.499	34.066
Others	6.405	10.686
Advances for the acquisition of inventory	5.737	1.652
INVENTORIES	**839.247**	**727.709**

The cost of inventories recognized as cost of merchandise sold during the period regarding continuing operations in the consolidated income statement corresponds to $6.595.353 (2015: $6.097.927). The value of the decreased inventories to the net realizable value net corresponds to $7.112 (2015: $2.205) with a reversal of the reduction in value of $4.255 (2015: $4.312). The reversal of the reduction in value of inventories relates mainly to the company Argos USA LLC for $4.098.

As of December 31, 2016 and comparative periods, the Group does not maintain inventories pledged as collateral liabilities. The Group expects to realize its inventories in less than 12 months.

NOTE 11: BIOLOGICAL ASSETS

	Plantations	Livestock and Others	Total
2016			
Book value at Jan. 1st	**20.242**	**-**	**20.242**
Gains arising from changes in fair value less costs to sell	628	-	628
Book value at Dec. 31st	**20.870**	**-**	**20.870**
Current	-	-	-
No current	20.870	-	20.870
BIOLOGICAL ASSETS	**20.870**	**-**	**20.870**
2015			
Book value at Jan. 1st	**43.894**	**23.380**	**67.274**
Disposals and loss of control of subsidiaries	(28.547)	(23.380)	(51.927)
Gains arising from changes in fair value less costs to sell	4.895	-	4.895
Book value at Dec. 31st	**20.242**	**-**	**20.242**
Current	-	-	-
No current	20.242	-	20.242
BIOLOGICAL ASSETS	**20.242**	**-**	**20.242**

The Group carries out agricultural activities through Cementos Argos S.A., which engages in forestry projects. The Group's biological assets are measured at fair value minus estimated costs of sale at the point of harvest or collection, taking into account significant observable entry data, Level 2 for livestock and Level 3 for plantations. Changes in the fair value of biological assets are presented in the comprehensive income statement as income or valuation expense, as appropriate.

The discounted cash flow model was used for the valuation of plantations, taking into account that the future economic benefits associated with forestry are expected to perform 3 or 4 times over time, like so: when the plantation has been pruned 2 or 3 times, depending on the age and diameter of the plantation, and the last time when the clearcutting is carried out. In this regard, the fair value is determined by applying a discount rate to the net future cash flows and, for such purposes, we used the weighted average cost capital which was estimated at 10,3% in 2016 (2015: 8,2%). The sales price, the volume, determined based on experience and forestry studies, and the estimation of costs and expenses are significant non-observable input data in the measurement.

For its part, the fair value of livestock was estimated using the market approach, which in this case corresponds to the spot market price agreed upon according to an estimate of the weight, age and other conditions of the livestock that determine the price of a kilo of meat on the market.

The Group's biological assets are made up of plantations, as follows:

	2016	2015
Plantations (hectares planted = ha)	1.172	1.172

As of December 31, 2016, plantations include mainly teak, eucalyptus, pine, rubber, acacia and melina spread throughout the country in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolívar), Victoria (Caldas), Puerto Nare (Antioquia). As of December 31, 2015, in addition to the previous ones, it includes the plantations located in Puerto Libertador (Córdoba), San Onofre (Sucre) and El Carmen de Bolívar (Bolívar). The livestock animals correspond to animals for breeding, rearing, fattening, donors, thoroughbred, horses, sheep, buffalos, recipients, LG cattle, and others.

On July 16, 2015 the swap agreement between Cementos Argos S.A. and the Foundation Grupo Argos was perfected in order to transfer lands as a swap in favor of Cementos Argos S.A. and to transfer in favor of the Foundation Grupo Argos 100% of the shares of subsidiaries Tekia S.A.S, Ganadería Rio Grande S.A.S, and mercantile trust for administration N°7321-359 of administration and N°732-1435.

The subsidiaries Tekia S.A.S operated and managed forestry and agroforestry projects in the Republic of Colombia and whose main biological assets are teak, pine and acacia plantations; Ganadería Rio Grande S.A.S, a company whose corporate purpose was the exploitation of agriculture and livestock industries and whose main biological asset is livestock; mercantile administration trusts N° 7321-359 and N° 732-1435, which included forest assets located in El Carmen de Bolívar and land intended for livestock activity; and Alianza Progenética S.A.S, a company that operated in biotechnology projects and commercializes embryos for bovine production to third parties.

This transaction implied the disposal of a significant portion of the Group's biological assets. The statement of financial position of December 31st, 2016 and 2015 contained only the biological assets of Cementos Argos S.A. Refer to Note 18 Non - Current Assets Held for Sale, wherein the size of the disposal transaction is detailed.

At the end of the reporting period and comparable ones, there were no restrictions on the ownership of the Group's biological assets, or contractual commitments for their development or acquisition, and they have not been pledged as collateral debts.

NOTE 12: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The details of the associates and joint ventures of the Group at the time of the reporting period are as follows:

Investee	Type	Location	Core business	Shareholding ratio and voting power 2016	Shareholding ratio and voting power 2015
Concesiones Urbanas S. A., in liquidation(1)	Associate	Colombia	Civil constructions	-	33,34
Omya Andina S. A.	Joint Venture	Colombia	Prod. of non-metallic minerals	50,00	50,00
Caltek S.A.S.	Joint Venture	Colombia	Lime exploitation	50,00	50,00
Trans Atlantic Shipmanagement Ltd.	Joint Venture	British Virgin Islands	Maritime cargo transport	50,00	50,00
MMC Cement Division C.V.	Joint Venture	Curazao	Cement commercialization	50,00	50,00
Granulados Reciclados de Colombia Greco S. A.S.	Joint Venture	Colombia	Sanitary services	40,00	40,00
Summa S. A.S.(2)	Associate	Colombia	Business Services	33,33	-

(1) On November 12, 2012, during an extraordinary session of the General Shareholders' Meeting, the dissolution and liquidation of the company Concesiones Urbanas S.A. was approved, according to Minutes of the Meeting N° 34. On October 5, 2016 the Minutes of the Meeting N° 44 of the extraordinary session of the General Shareholders' Meeting was formalized. By means of this document, Concesiones Urbanas S.A., company in liquidation, was liquidated.

(2) The company was incorporated on November 17, 2016 jointly with the parent company Grupo Argos S.A. and Odinsa S.A. The corporate purpose of this company (SUMMA S.A.S.) is to provide specialized corporate services as well as consulting and technical supervision services to Grupo Empresarial Argos and to third parties

All associates and joint ventures are accounted using the equity method in the consolidated financial statements. None of the Group's investments in associates and joint ventures are listed in domestic or foreign stock markets; therefore there is no quoted market price for the investment.

12.1 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The summarized financial information of each of the Group's material associates is presented below. The summary of financial information below represents amounts presented in the financial statements of the associate prepared under the IFRS:

	Omya Andina S. A.		Trans Atlantic Shipmanagement Ltd.	
	2016	2015	2016	2015
Current assets	36.416	53.223	42.139	12.189
Non-current assets	132.310	115.306	79.703	67.094
Current liabilities	38.623	31.622	6.297	6.544
Non-current liabilities	50.801	62.776	78.500	29.054
Ordinary income	95.009	83.024	35.688	28.989
Continuing operations	4.475	5.987	(4.656)	(5.087)
Other comprehensive income	3.584	(1.008)	-	-
Total comprehensive income	8.059	4.979	(4.656)	(5.087)

	MMC Cement Division C.V		Investments in associates and joint ventures not significant individually	
	2016	2015	2016	2015
Current assets	1.993	2.275	7.130	57.623
Non-current assets	10.372	11.038	94.025	18.211
Current liabilities	3.295	3.348	66.118	34.997
Non-current liabilities	-	-	-	2.522
Ordinary income	12.861	10.450	2.812	2.618
Continuing operations	(433)	(822)	(3.208)	(1.586)
Other comprehensive income	-	-	-	-
Total comprehensive income	(433)	(822)	(3.208)	(1.586)

	Omya Andina S. A.		Trans Atlantic Shipmanagement Ltd.		MMC Cement Division C.V	
	2016	2015	2016	2015	2016	2015
Cash and cash equivalents	3.438	9.045	36.703	7.120	149	103
Current financial liabilities	11.218	3.125	1.694	-	-	-
Non-current financial liabilities	48.228	59.446	78.500	-	-	-
Depreciation	4.540	4.784	5.924	4.996	667	586
Interest income	146	(62)	9	106	-	-
Interest costs	6.066	3.967	4.127	2.526	-	-
Income tax	3.582	4.983	-	-	-	-

The conciliation of the summarized financial information with the books value of associates and joint ventures in the consolidated financial statements is as follows:

	Omya Andina S. A.		Trans Atlantic Shipmanagement Ltd.	
	2016	2015	2016	2015
Net assets of the investee	79.302	74.132	37.045	43.685
Participation in the investee	50,00%	50,00%	50,00%	50,00%
Goodwill	-	-	-	-
Other adjustments	-	-	-	-
BOOK VALUE OF THE ASSOCIATE OR JOINT VENTURES	**39.651**	**37.066**	**18.523**	**21.842**
Unrecognized losses for the period	-	-	-	-
Unrecognized losses accumulated	-	-	-	-
Dividends received	-	-	-	-

	MMC Cement Division C.V		Investments in associates and joint ventures not significant individually	
	2016	2015	2016	2015
Net assets of the investee	9.070	9.966	35.037	38.316
Participation in the investee	50,00%	50,00%	33%–50%	33%–50%
Goodwill	-	-	-	-
Other adjustments	-	-	-	-
BOOK VALUE OF THE ASSOCIATE OR JOINT VENTURES	**4.535**	**4.983**	**16.820**	**17.966**
Unrecognized losses for the period	-	-	-	-
Unrecognized losses accumulated	-	-	-	-
Dividends received	-	-	-	-

As of December 31st, 2016 y 2015 no changes occurred in the Group's equity participation in an associate or joint venture due to a sales transaction or purchase of shares. Changes to interests held during the period arose from the constitution and liquidation of investments in associated companies. There are no significant restrictions on the ability of associates or joint ventures to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the Group. The Group has no contingent liabilities related to its investments in associates and joint ventures.

NOTE 13: SUBSIDIARIES

13.1. GROUP COMPOSITION

The following are the companies included in the consolidated financial statements of Cementos Argos S.A.:

AMERICAN CEMENT TERMINALS, LLC

Incorporated under the laws of the State of Delaware (USA), on September 20th, 2007; its corporate purpose is the realization of investments and its term of duration is perpetual.

ARGOS DOMINICANA S. A.

Stock company incorporated under the laws of the Dominican Republic on February 12, 1996. Its corporate purpose is the manufacture, commercialization, import and export of clinker and cement; the exploitation and commercialization of minerals used in and related to the cement industry. The company's headquarters are located in the city of Santo Domingo and its term of duration is indefinite. It is consolidated Concretos Argos Dominicanos, S.R.L.

ARGOS HONDURAS S. A. DE C.V.

Incorporated under the laws of Honduras on July 10, 1975, its headquarters are located in Tegucigalpa. Its corporate purpose is the exploitation of all kinds of cement, its derivatives and products manufactured with cement; obtaining of exploration permits and exploitation concessions for estates and mineral deposits whose substances are required for the manufacture of cement and its derivatives. Its duration is indefinite. This Company is consolidated with Concretos Argos Honduras, S. A., and Cementos del Sur, S. A.

ARGOS PANAMA S.A.

A public limited company incorporated under the laws of the Republic of Panama on June 25, 1943; its corporate purpose is the manufacture, sale, import and export of cement and its derivatives, as well as the import of all kinds of raw materials, machinery, equipment, and spare parts for the manufacture and sale of cement. The headquarters of the company are located in Panama City, Republic of Panama, and its term of duration is perpetual. This Company is consolidated with Grava S.A., Concreto S.A., Terminal Granelera Bahia Las Minas S.A., and Inversiones e Inmobiliaria Tocumen S.A.

ARGOS PORTS (WILMINGTON) LLC

Company incorporated under the laws of the State of Delaware (USA) on March 10, 1998 and subsequently acquired by American Cement Terminals, LLC on December 31st, 2001; its corporate purpose is the commercialization of cement and its related products. Its term of duration is perpetual.

ARGOS PUERTO RICO, LLC

In April 2015, 60% of the shares of Wetvan Overseas Ltd., the company that owns the cement maritime terminal in Puerto Rico, called CPA Puerto Rico, were acquired. In September 2015 the name of the entity was changed from CPA Puerto Rico, LLC to Argos Puerto Rico, LLC. It is located in San Juan, Puerto Rico, and it is dedicated to the receipt, storage, sale and distribution of cement.

ARGOS SEM, S.A.

Incorporated on March 21st, 2014 in Panama City, it aims to establish itself and operate as a

Multinational Company Headquarters to provide any and all direction and/or management services for operations in the specific geographic or global area of a company in the business group, to engage in the manufacture and commercialization of all types of goods on an international level, as well as the commercialization of all types of services, and to engage in any legal business in the territory of the Republic of Panama and in any other state or jurisdiction, as permitted by the laws of the respective state or jurisdiction. The company's headquarters are located in Panama City, Republic of Panama and its term of duration is perpetual, although it may be dissolved as pursuant to the law.

ARGOS NORTH AMERICA CORP (ANTES ARGOS U.S.A. CORP.)

Company incorporated under the laws of the State of Delaware (USA) on December 19, 2006. Its headquarters are located in the city of Alpharetta (Georgia), its corporate purpose is to carry out legal investment activities in the sector of cement, concrete and related products. Its term of duration is perpetual. The Corporation is consolidated with Argos USA LLC (Which from July 2016 absorbed the companies Argos Ready Mix (Carolinas) Corp., Argos Ready Mix LLC, y Argos Ready Mix (South Central), Corp.), Southern Star Leasing LLC., Argos Ports (Savannah) LLC, Argos Ports (Houston) LLC, Central Aggregates LLC, Palmetto Leasing Company and Metro Products and Construction Inc.

CANTERAS DE COLOMBIA S.A.S.

Incorporated under Colombian laws on November 9, 1979, its headquarters are located in the city of Medellin and its term of duration is indefinite. Its corporate purpose is the exploration, exploitation, transformation, transport, benefit, full use, marketing and sale of stony minerals such as sand, gravel and any other materials, elements and accessories used in the construction industry; and in general, the performance of all activities related to the mining industry, marketing and sale of renewable and non-renewable natural resources, and any legal economic activity both in Colombia and abroad.

CEMENT AND MINING ENGINEERING INC.

Incorporated under Panamanian laws on February 4th, 1997; its headquarters are located in Panama City; its corporate purpose is the construction, technical assistance, installation and assembly of equipment; the sale, purchase and administration of real estate and personal property; the investment, financing and participation in companies; the purchase or acquisition of patents, trademarks, copyrights, licenses and formulas; operations with banks or other financial institutions. Also the purchase of shares, stocks or bonds, financing and participation in companies, mining and m aritime businesses, and any other business permitted by the laws of the Republic of Panama. Its term of duration is perpetual.

CEMENTOS DE CALDAS S.A.

Incorporated according to Colombian legislation on July 17, 2007; its headquarters are located in Villamaria, department of Caldas; its corporate purpose is the exploitation of the cement industry and the production of concrete mixtures and their derivatives. Its term of duration extends until July 22, 2054.

C.I. DEL MAR CARIBE (BVI) INC.

Incorporated under the laws of the British Virgin Islands on June 2, 2004; its headquarters are located in Tortola and its corporate purpose is the commercialization of cement, clinker and lime. Its term of duration is perpetual.

CIMENTS GUYANAIS S.A.S.

Incorporated on March 23rd, 1989 with headquarters in Cayenne, French Guiana; its corporate purpose is the manufacture of cement and all derivative products, as well as the import of the necessary raw materials and finished products for the elaboration, commercialization and export of cement and its related products. The duration of the company is 99 years from March 23rd, 1989, unless there is early dissolution or extension. This company was acquired in April 2014.

COLCARIBE HOLDINGS, S.A.

Incorporated according to Panamanian laws on May 25th, 1996; headquarters are located in Panama City; corporate purpose is to negotiate or dispose of securities, bonds, shares in other companies and rights of any kind either on its own or through third parties, as well as to open, operate, close accounts and deposits in financial institutions, pay or accept money loans and give warranties on behalf of third parties in any currency. Its term of duration is perpetual.

COMERCIAL ARVENCO, C.A.

Incorporated in Caracas, Venezuela on November 2nd, 2006; its duration is for 50 years from this date. Headquarters are located in the city of Barquisimeto, state of Lara, Venezuela. Its corporate purpose is the exploitation of businesses and activities related to the import, export, transport, purchase and sale of all manner of goods and products, metallic and non-metallic minerals, cement, clinker, coal, equipment, appliances, vehicles, machinery, tools, spare parts, and accessories; as well as any other act of legal trade.

CONCRETOS ARGOS S.A.

Public limited company incorporated under Colombian law on April 22nd, 1985; its corporate purpose is the exploration, exploitation, transport, benefit, full use, commercialization and sale of stony minerals such as sand, cement, gravel, premixed concrete and precast concrete, concrete blocks and any materials, elements and complementary accessories used in the construction industry. The company's headquarters are located in Bogota and term of duration is until September 8th, 2093.

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

Incorporated under Colombian law on December 14th, 1982; its headquarters are located in the city of Medellin and its term of duration is indefinite. The company's corporate purpose is to carry out any legal economic activity both in Colombia and abroad. Nowadays it is dedicated to investing in shares or quotas of interest. This company is consolidated with Argos USVI Corp., Argos (Dominica) Ltd., and Argos Saint Maarten N.V. and Caricement Antigua Limited.

FIDUCIA MERCANTIL CORFICOL. (GASEOSAS. LUX-CEMARGOS)

Commercial trust established in 2008 for the administration of land by Fiduciaria Corficolombiana S.A.; Cementos Argos has control over the real estate trust "Gaseosas Lux", therefore, the trust property is accounted for as an investment in a subsidiary in the separate financial statements and it is incorporated line by line in the consolidated financial statements of Cementos Argos applying the global consolidation method.

HAITÍ CEMENT HOLDING S. A.

Incorporated and domiciled in Panama City, Republic of Panama, on October 7th, 1997. Its core business is to acquire, purchase and invest in securities, bonds, stocks, shares in other companies, as well as any legal business permitted by the laws of the Republic of Panama. The duration of the company is perpetual. This company is consolidated with Cimenterie Nationale SEM (CINA).

INTERNATIONAL CEMENT COMPANY S. A.

Incorporated under the laws of Panama on November 24th, 1997; its headquarters are located in Panama City; its corporate purpose is to acquire, own, manage, encumber, lease, sell and dispose of any type of goods, either on its own behalf or on behalf of third parties. Its term of duration is perpetual.

LOGISTICA DE TRANSPORTE S.A.

Incorporated according to Colombian laws on April 16th, 1996; its headquarters are located in the city of Medellin; its corporate purpose is the transport of persons and all types of cargo inside or outside the country in all its forms, by land, air, river or sea, be it in vehicles, ships or aircraft owned by them or affiliated with third parties. The term of duration of the company expires on April 16th, 2026.

MARÍTIMA DE GRANELES S. A.

Incorporated under Panamanian laws on December 29th, 1978; headquartered in Panama City and with indefinite duration. Its corporate purpose is maritime transport, particularly that of cement and clinker, and buying and selling these same products, and chartering and provisioning ships.

SURCOL HOUDSTERMAATSCHAPPIJ N.V.

Company incorporated under the laws of Suriname on March 1st, 2006 with an indefinite term of duration. Its corporate purpose is carrying out investments. The company's headquarters are located in Paramaribo, Suriname. This company is consolidated with Vensur N.V.

TRANSATLANTIC CEMENT CARRIERS INC.

Incorporated under Panamanian laws on July 26, 1974; its headquarters are located in Panama City and its duration is indefinite. Its corporate purpose is maritime transport, especially of cement and clinker, and the sale and purchase of these products.

ELMAN TRANSPORTES LTDA. – TLM LTDA "IN LIQUIDATION"

Incorporated under Colombian laws on November 30, 1983. Through public deed 2018 of September 26, 2008, the decision was formalized by the Board to declare the company dissolved and in liquidation. The corporate purpose carried out by the company was related to the transport of all types of cargo in and out of the country in all its forms, by sea, river and air, in vehicles, ships, aircraft or trains owned by them or by affiliated third parties, and in public transport cargo vehicles affiliated with other companies.

VALLE CEMENT INVESTMENTS LTD.

Incorporated under the laws of the British Virgin Islands on November 18th, 1998; the company's headquarters are located in the British Virgin Islands and its corporate purpose is to carry out investments of all kinds. The term of the duration of the company is indefinite.

VENEZUELA PORTS COMPANY S.A.

Incorporated in Panama City, Republic of Panama, on February 26th, 2002. Its headquarters are located in Panama City. Its core business is to invest in companies, firms or projects, and the negotiation, exploitation or participation in industrial, mining, commercial, real estate, or maritime companies or companies of any other kind, as well as any licit business permitted by the laws of the Republic of Panama. The duration of the company is in perpetual.

WETVAN OVERSEAS LTD.

In April 2015, 60% of the shares of Wetvan Overseas Ltd. Were acquired. It is a company that controls a maritime cement terminal in Puerto Rico called CPA (now Argos Puerto Rico, LLC).

ZONA FRANCA ARGOS S.A.S

Incorporated under Colombian laws on July 5th, 2007 with headquarters in the city of Cartagena and an indefinite term of duration. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixes and any other materials or articles made of cement, lime or clay; the acquisition and transfer of minerals or deposits of minerals used in the cement industry and similar industries, and of rights to explore and mine the aforementioned minerals, whether by concession, privilege, lease or other title; to direct, manage, monitor, promote and develop a free trade zone, to carry out all the activities that are convenient, relevant or necessary in its condition as a user of a free trade zone; to carry out the following activities as a port operator: loading and unloading, storage in ports, import and export of goods and services, management of general cargo, and management of containerized cargo. It was declared a special permanent free trade zone in 2007.

The detail of the Group's subsidiaries at the date on which the period is reported as follows:

Subsidiary	Type[1]	Location	Core Business	Shareholding Ratio and Voting Power 2016	Shareholding Ratio and Voting Power 2015
American Cement Terminals LLC.	P	USA	Investments	100,00	100,00
American Cement Terminals Trust (BVI)	P	USA	Investments	100,00	100,00
Argos USA LLC. (before Argos Cement LLC.)	P	USA	Cement and concrete industry	98,63	98,63
Argos (Dominica) Ltd.	S	Virgin Islands	Cement distribution	100,00	100,00
Argos Dominicana S. A., and subsidiaries	S	Dominican Republic	Exploitation of clinker and cement	79,18	79,18
Argos Honduras S. A. de C.V., and subsidiaries	S	Honduras	Exploitation of cement and derivatives	53,28	53,28
Argos Panamá, S. A., and subsidiaries	S	Panama	Cement and concrete industry	78,44	98,40
Argos Ports (Huston) LLC.	P	USA	Distribution and sale of cement	98,63	98,63
Argos Ports (Savannah) LLC.	P	USA	Distribution and sale of cement	98,63	98,63
Argos Ports (Wilmington) LLC.	P	USA	Distribution and sale of cement	100,00	100,00
Argos Puerto Rico LLC.	P	Puerto Rico	Distribution and sale of cement	60,00	60,00
Argos Ready Mix LLC.	P	USA	Concrete industry	-	98,63
Argos Ready Mix (Carolinas) Corp.	S	USA	Concrete industry	-	98,63
Argos Ready Mix (South Central) Corp.	S	USA	Concrete industry	-	98,63
Argos St. Maarten N.V.	S	Virgin Islands	Cement distribution	100,00	100,00
Argos SEM, S. A.	S	Panama	Investments	100,00	100,00
Argos North America Corp.	S	USA	Investments	98,63	98,63
Argos USVI Corp.	S	Virgin Islands	Cement distribution	100,00	100,00
Canteras de Colombia S. A.S.	S	Colombia	Extraction of aggregates	99,48	99,48
Caricement Antigua Limited	S	Antigua	Cement distribution	100,00	100,00
Caricement Antilles N.V.	S	Curazao	Investments	-	100,00
Cement and Mining Engineering Inc.	S	Panama	Investments	100,00	100,00
Cementos de Caldas S. A.	S	Colombia	Production of cement	40,07	40,07
Central Aggregates LLC.	P	USA	Production of aggregates	98,63	98,63
CI del Mar Caribe (BVI) Inc.	S	Virgin Islands	Commercialization	99,97	99,97
Cimenterie Nationale S.E.M. (CINA)	S	Haiti	Cement industry	65,00	65,00
Ciments Guyanais S. A.S.	S	French Guiana	Exploitation of cement	100,00	100,00
Colcaribe Holdings S. A.	S	Panama	Investments	100,00	100,00
Comercial Arvenco C.A.	S	Venezuela	Commercialization	100,00	100,00
Concretos Argos S. A.	S	Colombia	Exploitation of stony minerals	99,44	99,44
Corporaciones e Inversiones del Mar Caribe S. A.S.	S	Colombia	Investments	100,00	100,00
Fiduciaria Corficolombiana S. A. – Fideicomiso Gaseosas Lux	T	Colombia	Property management	100,00	100,00
Haiti Cement Holding S. A.	S	Panama	Investments	100,00	100,00
International Cement Company S. A.	S	Panama	Investments	100,00	100,00
Logística de Transporte S. A.	S	Colombia	Transport	99,97	99,97
Marítima de Gráneles S. A.	S	Panama	Maritime transport	100,00	100,00
Southern Star Leasing, LLC	P	USA	Concrete industry	98.63	98.63
Surcol Houdstermaatschapij NV	S	Surinam	Investments	50,00	50,00
Transatlantic Cement Carriers Inc.	S	Panama	Maritime transport	100,00	100,00
Transportes Elman Ltda, en liquidación	C	Colombia	Transport	98,75	98,75
Valle Cement Investments Limited	S	Virgin Islands	Investments	91,81	91,81
Venezuela Ports Company S. A.	S	Panama	Investments	100,00	100,00
Vensur N.V.	S	Surinam	Production of cement	42,12	42,12
Wetvan Overseas Ltd.	S	Puerto Rico	Investments	60,00	60,00
Zona Franca Argos S. A.S.	S	Colombia	Cement industry	100,00	100,00

(1) P = Participations; S = Shares; I = Installments; T = Trust

Subsidiary	Colombia 2016	Colombia 2015	Caribbean and Central America 2016	Caribbean and Central America 2015	USA 2016	USA 2015
Number of wholly owned subsidiaries	3	3	14	15	3	3
Number of partially owned subsidiaries	5	5	17	17	6	9

Details of partially owned subsidiaries in which the Group has material non-controlling interests are disclosed in note 13.2.

In 2016 and 2015 the following movements were recorded for the subsidiary companies:

- On April 30th, 2015, SEM Argos, S.A., a subsidiary of Cementos Argos S.A. acquired 60.00% of the share capital of Wetvan Overseas Ltda., a company that controls a terminal for the reception, storage, sale and distribution of cement in Puerto Rico, for USD 18.3 million through the company Argos Puerto Rico, LLC. The remaining 40,00% belongs to the Vicini Group, a business conglomerate of Dominican origin, with investments in the Caribbean and Central America.

- On June 19th, 2015, the Board of Directors of Cementos Argos S. A. authorized legal representatives of Cementos Argos S.A. to execute the swap of 100% of the shares of subsidiaries Tekia S.A.S., a company that operates and manages forestry and agroforestry projects in the Republic of Colombia, and Ganaderia Rio Grande S.A.S. and its subsidiary Alianza Progenética S.A.S, a company whose corporate purpose is the exploitation of the agriculture and livestock industries, mercantile trusts for administration No. 7321-359 and No. 732-1435, which include forest assets located in El Carmen de Bolivar, and lands intended for cattle ranching activities in favor of the Fundation Grupo Argos. These assets were classified as held for sale on June 30th, 2015 in accordance with the provisions of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. Through deed 1830 of July 16th, 2015 the swap contract between Cementos Argos S. A. and the Fundation Grupo Argos was perfected in order to execute a swap and transfer lands in favor of Cementos Argos S.A. and transfer the aforementioned assets in favor of the Fundation Grupo Argos. Cementos Argos S. A. received transferred assets worth a total of 93.579 million Colombian pesos as consideration for the sale of shares, the mercantile trusts and land.

- In June 2015 the subsidiary Piazza Acquisition Corp. was dissolved.

- On July 1st, 2016, Argos Cement LLC merged with the subsidiaries Argos Ready Mix (South Central) Corp., Argos Ready Mix (Carolinas) Corp. and Argos Ready Mix LLC in order to simplify the corporate structure. The former company absorbed the latter two. The merger occurred through the contribution of all of the subsidiaries' assets and liabilities to the absorbing company. The participating subsidiaries are part of the cement and concrete operations in the United States. The transaction has no financial impact in the Group's consolidated financial statements.

- On October 3rd, 2016, Cementos Argos S.A. and its subsidiary Colcaribe Holdings, S. A., sold Provicem S. A., a company associated with Grupo Provivienda, 302.701 shares equivalent to a 20,00% stake in the subsidiary Argos Panamá S. A., a company whose corporate purpose is the manufacture, sale, import and export of cement and its derivatives.

- On August 26, 2016 Caricement Antilles NV was dissolved and liquidated. This company held 100% of the shares of Caricement Antigua Limited, which were fully transferred to the subsidiary Corporaciones e Inversiones del Mar Caribe S.A.S. The transaction has no financial impact in the Group's consolidated financial statements.

13.2 DETAILS OF PARTIALLY OWNED SUBSIDIARIES WITH NON-CONTROLLING MATERIAL INTERESTS

The following table details the partially owned subsidiaries of the Group in which it has non-controlling materials interests:

Subsidiary	Place of Incorporation and Business Headquarters	Share interests and voting rights held by non-controlling participations		Gain (loss) assigned to non-controlling participations		Accumulated non-controlling participations	
		2016	2015	2016	2015	2016	2015
Argos Dominicana S.A.	Dom. Rep	20,8%	20,8%	(253)	446	13.728	15.036
Argos Honduras S.A. de C.V.	Honduras	46,7%	46,7%	120.142	60.074	511.951	501.071
Argos Panama, S. A.	Panama	21,6%	1,6%	19.855	3.678	110.083	13.481
Cimenterie Nationale S.E.M. (CINA)	Haiti	35,0%	35,0%	1.088	2.237	13.251	17.235
Valle Cement Investments Limited	Virgin Islands	8,2%	8,2%	2.843	(125)	45.382	45.679
Wetvan Overseas Ltd.	Puerto Rico	40,0%	40,0%	2.178	(310)	24.635	23.610
				145.853	**66.000**	**719.030**	**616.112**
Immaterial subsidiaries individually with non-controlling interests				(3.312)	(1.035)	12.127	15.934
TOTAL ACCUMULATED NON-CONTROLLING INTERESTS				**142.541**	**64.965**	**731.158**	**632.046**

The summarized financial information of each of the Group's subsidiaries with material non-controlling interests are presented below. The financial information summarized below represents amounts prior to eliminations among groups:

2016	Current assets	Non-current assets	Current liabilities	Non-current liabilities
Argos Dominicana S .A.	56.389	51.182	33.467	5.476
Argos Honduras S .A. de C.V.	624.539	605.188	78.036	55.802
Argos Panamá, S .A.	220.201	526.524	230.190	2.803
Cimenterie Nationale S.E.M. (CINA)	60.384	14.132	37.290	-
Valle Cement Investments Limited	1.281.629	346.488	1.053.948	-
Wetvan Overseas Ltd.	-	61.589	-	-

2016	Ordinary Revenue	Continuing Operations	Other Comprehensive Income	Total Comprehensive Income
Argos Dominicana S .A.	127.285	(1.264)	(5.278)	(6.542)
Argos Honduras S. A. de C.V.	441.507	257.181	(99.523)	157.658
Argos Panamá, S .A.	598.721	192.648	(24.297)	168.351
Cimenterie Nationale S.E.M. (CINA)	178.979	3.109	(9.357)	(6.248)
Valle Cement Investments Limited	11.975	40.694	(24.821)	15.873
Wetvan Overseas Ltd.	-	5.444	(2.882)	2.562

2015	Current assets	Non-current assets	Current liabilities	Non-current liabilities
Argos Dominicana S .A.	54.991	57.249	30.317	6.755
Argos Honduras S. A. de C.V.	623.847	702.963	76.036	178.249
Argos Panamá, S .A.	153.920	582.855	142.742	26.723
Cimenterie Nationale S.E.M. (CINA)	69.833	19.017	39.607	-
Valle Cement Investments Limited	867.313	343.053	651.542	-
Wetvan Overseas Ltd.	-	59.026	-	-

2015	Ordinary Revenue	Continuing Operations	Other Comprehensive Income	Resultado Integral total
Argos Dominicana S.A.	110.533	2.227	16.324	18.551
Argos Honduras S. A. de C.V.	380.439	128.586	223.127	351.713
Argos Panamá, S.A.	549.241	123.265	144.021	267.286
Cimenterie Nationale S.E.M. (CINA)	184.472	6.390	3.593	9.983
Valle Cement Investments Limited	10.985	(8.050)	129.412	121.362
Wetvan Overseas Ltd.	-	(775)	2.287	1.512

13.3. CHANGE IN THE GROUP'S OWNERSHIP INTEREST IN A SUBSIDIARY

During this period, the Group sold 20% of its stake in the subsidiary Argos Panamá S.A., of which 7,2% belonged to Cementos Argos S.A. and 12,8% to the subsidiary Colcaribe Holdings S. A. Although it went from having a stake of 98,4% to a stake of 78,44%, the Group still maintains control of the subsidiary. The value recognized in equity from sales of non-controlling interests without loss of control is $281.257. (2015: $63).

In 2015, the company increased its stake in the subsidiaries Cementos de Caldas S. A. from 39,83% to 40,07% and in Alianza Progenetica S.A.S. from 60% to 100%. In 2015 the value recognized by the subsidiary Alianza Progenetica S.A.S for the loss of control of the subsidiary was reclassified in equity accounts.

13.4. SIGNIFICANT RESTRICTIONS AND FINANCIAL SUPPORT

The Group has no subsidiary, consequently there are no significant restrictions related to the transfer or reception of cash or other assets of the Group companies, nor are there any protective rights over the non-controlling interests that may significantly restrict the Group's capacity to access or use the assets and settle the liabilities of the subsidiaries.

As of December 31st, 2016 and 2015 the Group has not provided financial support without having the contractual obligation to so for any investee, nor has it helped obtain financial support.

NOTE 14: OTHER INTANGIBLE ASSETS

14.1. CONCILIATION OF COST, ACCUMULATED DEPRECIATION AND IMPAIRMENT OF INTANGIBLE ASSETS

	Opening Balance	Additions	Amortization	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Loss on sales and retirement of assets	Other changes	Closing Balance
2016								
Brands with indefinite useful lives	115.389	-	-	-	-		-	115.389
Brands, client lists and related items	1.092.087		-	70.360	(81.494)	(1.539)	(1.565)	1.077.849
Concessions, franchises and rights	348.192	1.725	-	9.495	(2.049)	(5.680)	8.133	359.816
Patents, licenses and software	58.619	910	-	-	(1.322)		15.250	73.457
Capitalized expenditures for development	130.557	-	-	-	-		-	130.557
Intangible assets in progress	-	914	-	-	-		(29)	885
HISTORICAL COST	**1.744.844**	**3.549**	**-**	**79.855**	**(84.865)**	**(7.219)**	**21.789**	**1.757.953**
Brands, client lists and related items	292.966	-	40.832	-	(15.294)	(1.539)	(3.084)	313.881
Concessions, franchises and rights	197.393	-	50.664	-	(8.834)	(2.030)	(1.476)	235.717
Patents, licenses and software	26.400	-	9.093	-	(924)		9.112	43.680
Capitalized expenditures for development	25.385	-	21.760	-	-		-	47.145
DEPRECIATION AND IMPAIRMENT	**542.144**	**-**	**122.349**	**-**	**(25.052)**	**(3.569)**	**4.552**	**640.424**
NET INTANGIBLE ASSETS	**1.202.700**							**1.117.529**

	Op ening Balance	Additions	Amortization	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Loss on sales and retirement of assets	Other changes	Closing Balance
2015								
Brands with indefinite useful lives	115.389	-	-	-	-	-	-	115.389
Brands, client lists and related items	820.212	704	-	30.449	240.723	-	(1)	1.092.087
Concessions, franchises and rights	336.962	3.893	-	5.414	7.812	-	(5.889)	348.192
Patents, licenses and software	40.038	11.143	-	-	2.625	-	4.813	58.619
Capitalized expenditures for development	130.557	-	-	-	-	-	-	130.557
HISTORICAL COST	**1.443.158**	**15.740**	**-**	**35.863**	**251.160**	**-**	**(1.077)**	**1.744.844**
Brands, client lists and related items	191.677	-	36.539	-	65.350	-	(600)	292.966
Concessions, franchises and rights	133.628	-	50.427	-	14.733	-	(1.395)	197.393
Patents, licenses and software	17.256	-	6.373	-	1.329	-	1.442	26.400
Capitalized expenditures for development	3.626	-	21.759	-	-	-	-	25.385
DEPRECIATION AND IMPAIRMENT	**346.187**	**-**	**115.098**	**-**	**81.412**	**-**	**(553)**	**542.144**
NET INTANGIBLE ASSETS	**1.096.971**							**1.202.700**

As of December 31st, 2016 and 2015, intangible assets do not include current capitalization of borrowing costs. The useful lives of other intangible assets are:

Intangible	Useful Life Range in Years	Depreciation Method
Argos brand	indefinite	
Other brands	Finite: Between 2 and 20	Linear
List of clients and intangibles related to clients	Finite: Between 5 and 15	Linear
Rights	Finite: Between 4 and 35	Linear
Concessions, franchises and licenses	Finite: Between 4 and 75	Linear
Licenses, patents and software	Finite: Between 2 and 10	Linear
Capitalized expenditures for development	Finite: 6	Linear

The amortization of intangibles is recognized as an expense in the consolidated income statement in the line of the sales costs, administration expenses and sales expenses, and impairment losses are recognized as expenses in the income statement in the line of impairment of goodwill and other assets.

Disbursements for research and development projects are recognized as expenses in the consolidated income statement during this period amounted to $5.437 (2015: $ 13.778). As of December 31st, 2016 and 2015 there are no restrictions on the sale of intangible assets because none has been affected as collateral for the fulfillment of obligations, nor does the Group have contractual obligations to acquire or develop intangible assets. The book value and the remaining period of amortization for other significant intangible assets is:

Intangible	Remaining Amortization Period	2016	2015
Client list	12 years	348.619	416.735
Argos brand	Indefinite	115.389	115.389
Software license generated internally	4 years	83.411	105.171

The Administration determined that the Argos Brand, bought and paid for in cash to Grupo Argos S.A. in December 2005 for $115.389 is an intangible asset with an indefinite useful life given that Cementos Argos S.A., because of the legal rights it acquired at the time of purchase from Grupo Argos, has the ability to control the future economic benefits of the brand and it is expected to generate economic benefits indefinitely.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

15.1. CONCILIATION OF COST, ACCUMULATED DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

	Opening Balance	Additions	Impairment Losses	Classified as Held for Sale	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Loss of Control of a Subsidiary	Other Changes	Closing Balance
HISTORICAL COST 2016										
Land	1.353.356	2.207	-	2.376	6.843	(26.134)	(24.626)	-	6.984	1.321.006
Constructions in progress, equipment in assembly and in transit	813.320	617.568	-	-	3.148	(23.937)	(403)	-	(453.050)	956.646
Construction and buildings	1.642.592	5.729	(6.062)	(754)	293.177	(81.321)	(4.188)	-	178.108	2.027.281
Production equipment and machinery	5.254.334	14.901	(50.578)	(379)	1.207.730	(221.883)	(31.243)	-	218.999	6.391.881
Furniture, computers and communications equipment	156.402	1.562	(265)	(84)	1.022	(6.352)	(277)	-	16.630	168.638
Mines, quarries and deposits	1.676.792	13.079	-	-	396.269	(94.883)	-	-	2.419	1.993.676
Land transport equipment	1.009.164	6.153	-	(1.148)	13.469	(39.833)	(25.920)	-	(48.561)	913.324
River fleet	2.622	793	-	-	-	(109)	-	-	-	3.306
Aqueduct, plants, networks and communication channels	161.116	351	-	-	-	(5.663)	-	-	107.945	263.749
Other assets	41.218	3.054	-	-	-	(391)	-	-	(9.894)	33.987
Advances given to third parties	68.157	105.651	-	-	-	(577)	-	-	(31.729)	141.502
HISTORICAL COST	**12.179.073**	**771.048**	**(56.905)**	**11**	**1.921.658**	**(501.083)**	**(86.657)**	**-**	**(12.149)**	**14.214.996**

	Opening Balance	Depreciation	Impairment Losses	Classified as Held for Sale	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Loss of Control of a Subsidiary	Other Changes	Closing Balance
DEPRECIATION AND IMPAIRMENT 2016										
Land	-	-	-	-	-	-	-	-	-	-
Construction and buildings	431.216	84.627	-	(382)	-	(21.125)	(2.412)	-	101.037	592.961
Production equipment and machinery	1.526.499	306.623	(388)	(324)	-	(53.917)	(29.030)	-	(63.148)	1.686.315
Furniture, computers and communications equipment	92.687	17.294	-	(84)	-	(4.160)	(262)	-	2.374	107.849
Mines, quarries and deposits	101.806	14.646	-	-	-	(916)	-	-	(8.463)	107.073
Land transport equipment	614.383	77.925	-	(887)	-	(26.059)	(23.682)	-	(75.591)	566.089
River fleet	147	1.012	-	-	-	(17)	-	-	-	1.142
Aqueduct, plants, networks and communication channels	34.391	10.223	-	-	-	(1.818)	-	-	27.012	69.808
Other assets	4.762	1.176	-	-	-	(225)	-	-	(3)	5.710
DEPRECIATION AND IMPAIRMENT	**2.805.891**	**513.526**	**(388)**	**(1.677)**	**-**	**(108.237)**	**(55.386)**	**-**	**(16.782)**	**3.136.947**
NET PROPERTY, PLANT AND EQUIPMENT	**9.373.182**									**11.078.049**

	Opening Balance	Additions	Impairment Losses	Classified as Held for Sale	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Loss of Control of a Subsidiary	Other Changes	Closing Balance
HISTORICAL COST 2015										
Land	1.869.130	1.488	-	(9.527)	-	322.776	(7.741)	(33.421)	(789.349)	1.353.356
Constructions in progress, equipment in assembly and in transit	538.944	410.014	(33)	-	-	96.835	-	-	(232.440)	813.320
Construction and buildings	1.299.270	37.446	-	-	4.836	273.775	(4.692)	(1.277)	33.234	1.642.592
Production equipment and machinery	4.334.892	82.137	-	-	8.218	677.170	(25.259)	(3.249)	180.425	5.254.334
Furniture, computers and communications equipment	112.727	20.080	-	-	166	20.740	(367)	(543)	3.599	156.402
Mines, quarries and deposits	694.940	10.280	-	-	-	183.637	(3.165)	-	791.100	1.676.792
Land transport equipment	772.791	54.147	(201)	-	145	194.297	(20.232)	(390)	8.607	1.009.164
River fleet	8.508	1.768	-	-	-	1.430	(9.080)	-	(4)	2.622
Aqueduct, plants, networks and communication channels	114.751	27.712	-	-	-	13.535	(34)	(366)	5.518	161.116
Other assets	32.437	953	-	-	-	9.062	(611)	(1.592)	969	41.218
Advances given to third parties	10.600	57.557	-	-	-	-	-	-	-	68.157
HISTORICAL COST	**9.788.990**	**703.582**	**(234)**	**(9.527)**	**13.365**	**1.793.257**	**(71.181)**	**(40.838)**	**1.659**	**12.179.073**

	Opening Balance	Depreciation	Impairment Losses	Classified as Held for Sale	Acquisitions through Business Combinations	Effect of Exchange Rate Differences	Property, Plant and Equipment Sales and Write-Offs	Loss of Control of a Subsidiary	Other Changes	Closing Balance
DEPRECIATION AND IMPAIRMENT 2015										
Land	135	-	-	-	-	-	-	(117)	(18)	-
Construction and buildings	295.621	68.350	-	-	-	70.519	(2.042)	(3)	(1.229)	431.216
Production equipment and machinery	1.078.868	274.064	-	-	-	186.551	(18.637)	(820)	6.473	1.526.499
Furniture, computers and communications equipment	68.179	16.878	-	-	-	12.806	(159)	(318)	(4.699)	92.687
Mines, quarries and deposits	91.383	11.403	-	-	-	3.267	(3.165)	-	(1.082)	101.806
Land transport equipment	413.342	95.833	-	-	-	122.947	(17.600)	(195)	56	614.383
River fleet	290	1.481	-	-	-	25	(1.648)	-	(1)	147
Aqueduct, plants, networks and communication channels	20.362	9.572	-	-	-	4.523	(16)	(50)	-	34.391
Other assets	4.184	780	-	-	-	776	(563)	(263)	(152)	4.762
DEPRECIATION AND IMPAIRMENT	**1.972.364**	**478.361**	**-**	**-**	**-**	**401.414**	**(43.830)**	**(1.766)**	**(652)**	**2.805.891**
NET PROPERTY, PLANT AND EQUIPMENT	**7.816.626**									**9.373.182**

Construction in progress includes capitalization of borrowing costs for a value of $22.226 (2015: $15.089), the average rate used to determine the amount of borrowing costs was 5,44% which is the effective interest rate specific to generic loans. As of December 31, they have been affected as collateral for the fulfillment of property, plant and equipment obligations in an amount of $0 (2015: $14.649).

At the end of the reporting period reported and comparable ones, there were no restrictions on the sale of property, plant and equipment, or contractual commitments for the acquisition of property, plant and equipment. The Group did not obtain compensation from third parties for impaired, lost or abandoned property, plant and equipment.

NOTE 16: INVESTMENT PROPERTY

16.1. CONCILIATION OF INVESTMENT PROPERTY

	2016	2015
HISTORICAL COST		
Book value at January 1st.	**153.941**	**61.780**
Additions	10.696	93.856
Effect of exchange rate differences	(274)	865
Transfers from investment properties	(7.334)	(2.254)
Disposals and Write-Offs	(2.264)	(301)
Other changes	-	(5)
Book value at December 31st.	**154.765**	**153.941**
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
Accumulated depreciation and impairment at January 1st.	**908**	**713**
Depreciation during the period	56	76
Effect of exchange rate differences	(16)	86
Transfers from investment properties	(49)	-
Disposals and Write-Offs	(126)	-
Other changes	16	33
Accumulated depreciation and impairment at December 31st.	**789**	**908**
NET INVESTMENT PROPERTIES AT DECEMBER 31ST	**153.976**	**153.033**
Fair value of investment properties at December 31st.	164.564	163.740

The fair value of investment properties for disclosure purposes is determined by the appraisal companies Activos e Inventarios Ltda. and Colliers International. In order to estimate the fair value of the properties, the appraisers used the secondary market methodology and/ or market transactions based mainly on obtaining market prices of similar used products that serve the same purpose, taking into account of their original features and specifications, the trend method, and the comparative method under the premise of an ongoing concern.

Rental income from investment properties during the period amounted to $722 (2015: $383). Direct expenses related to investment properties were $546 (2015: $1.810), out of which $544 (2015: $1.803) are related to properties that did not generate rental income. As of December 31st, 2016 and 2015, the Group has no contractual obligations to purchase, construct or develop investment properties, nor are there any restrictions on property investment.

NOTE 17: IMPAIRMENT OF TRADE AND CREDIT ASSETS

17.1. GOODWILL MOVEMENT BY OPERATING SEGMENT

	Caribbean and Central America	USA	Total
Gross value	618.788	1.152.048	1.770.836
Accumulated impairment	-	(373.386)	(373.386)
Goodwill at January 1, 2015	**618.788**	**778.662**	**1.397.450**
Additions	23.352	-	23.352
Impairment	-	-	-
Effect of exchange rate differences	168.905	246.380	415.285
Goodwill at December 31st, 2015	**811.045**	**1.025.042**	**1.836.087**
Gross value	811.045	1.516.574	2.327.619
Accumulated impairment	-	(491.532)	(491.532)
Goodwill at January 1, 2016	**811.045**	**1.025.042**	**1.836.087**
Additions	-	34.416	34.416
Impairment	-	-	-
Effect of exchange rate differences	(67.032)	(50.203)	(117.235)
Goodwill at December 31st, 2016	**744.013**	**1.009.255**	**1.753.268**
Gross value	744.013	1.477.570	2.221.583
Accumulated impairment	-	(468.315)	(468.315)
Goodwill at December 31st, 2016	**744.013**	**1.009.255**	**1.753.268**
Intangible assets other than goodwill with indefinite useful lives 2016 (Note 14)			115.389
Intangible assets other than goodwill with indefinite useful lives 2015 (Note 14)			115.389

The goodwill has been allocated to operating segments in accordance with what is permitted by IAS 36 - Impairment of Assets, since the Administration controls it at this level, both for financial reporting purposes and for purposes of testing for impairment. The Argos brand has been assigned to the three geographic operating segments: Colombia, Panama and the Caribbean and the United States, because of their contribution to the generation of future economic benefits of all the operating segments. The Administration determined that the Argos Brand, bought and paid for in cash from Grupo Argos S.A. in December 2005 for $115.389, is an intangible asset with an indefinite useful life since Cementos Argos S.A., because of the legal rights it acquired at the time of purchase from Grupo Argos, has the ability to control the future economic benefits of the brand and hopes that it generates future economic benefits indefinitely.

Considering that the intangible Argos Brand is an intangible asset with an indefinite useful life and that it contributes to the generation of future financial benefits for the operation segments, and that its assigned book value is not significant for each individual segment, the Group carried out a value impairment test on Cementos Argos S.A. consolidated as a whole. The Group did not recognize impairment losses from this test for the period ended on December 31, 2016.

Impairment losses are recognized as expenses in the income statement in the line of impairment of goodwill and other assets. During the period, no impairment losses were recognized in the consolidated comprehensive income statement for the “Argos Brand”, an intangible asset with an indefinite useful life, or for any other other intangible assets with a finite useful life.

17.2. ACQUISITIONS DURING THE PERIOD

In 2016 and 2015 the following transactions were recorded for the company’s subsidiaries

- On April 30th, 2015, Argos SEM, S.A., a subsidiary of Cementos Argos S.A. acquired 60.00% of the share capital of Wetvan Overseas Ltda., a company that controls a terminal for the reception, storage, sale and distribution of cement in Puerto Rico for USD 18.3 million. The remaining 40.00% belongs to the Vicini Group, a Dominican business conglomerate with investments in the Caribbean and Central America.

- On August 17, 2016, Argos USA LLC, a subsidiary of Cementos Argos S.A., signed an agreement with Heidelberg Cement A.G. through its North American subsidiaries, Lehigh Hanson Inc. and Essroc Corp., to acquire a cement production plant in Martinsburg, West Virginia (USA) and eight cement terminals for USD 660 million. The closure of the agreement was subject to approval by the Federal Trade Commission (FTC) and other customary closing conditions.

- On November 30, 2016, Argos USA LLC, a subsidiary of Cementos Argos S.A., finalized the acquisition of the assets after approval from the Federal Trade Commission (FTC), the regulatory agency in the USA, and compliance with the closing conditions.

17.3. IMPAIRMENT OF GOODWILL

Goodwill and intangible assets with indefinite useful lives are not subject to amortization, the Group reviews the existence of impairment annually. No impairment losses for goodwill were recognized at the end of the reporting period and comparable ones. The Group tested for impairment based on the useful value of its segments of operation. The key assumptions used by the Group in the determination of useful value are:

Key Assumption	Description
Projection of cash flows	The Group projects revenues based on the inflation in each country plus the points associated with the expectation of growth of the market. For their part, costs are projected based on the inflation in each country.
Period for the projection of cash flows	The period defined by Management for the projection of flows is 10 years in perpetuity, because capital investments made by the Group in the operating segments require long recovery periods.
Discount rate applied to cash flow projections	In order to determine the discount rate, the Group uses the financial asset valuation model known as the Capital Asset Pricing Model (CAMP), which employs as its main variables: ■ Risk-free rate: return on a portfolio that has no risk of default. It references the profitability of US Treasury bonds with long maturity. Beta: risk measurement that associates the volatility of stocks with the volatility of the market. ■ Market Premium: spread between risk-free rate and the market return. ■ Country risk Premium: the spread over US Treasury bonds demanded by investors in international markets. The sources used to determine these variables were: Damodaran and SBBI (stocks, bonds, bills and inflation) year book
Growth rate	Perpetuity is the value of the company at the end of the explicit period. The growth rate is defined taking care not to exceed: ■ Growth Expectations in the country of operation and business segment. ■ The average growth of the explicit period flows of the past few years

The values of the key assumptions used by the Group to determine the value in use of the operating segments are presented below:

	Discount Rate (Before Taxes)		Perpetuity Growth Rate	
	2016	2015	2016	2015
Caribbean and Central America	7,44% - 15,98%	11,05% - 22,34%	2,0% - 2,5%	2,00% - 2,50%
USA	9,50%	13,11% - 16,68%	2,5%	2,50%

17.4. IMPAIRMENT OF OTHER ASSETS

IAS 36 – Deterioro de valor de los activos requires that at the end of the reporting period the existence of indicators of impairment of non-current assets be evaluated based on external and internal information available. The Group reviews the book value of non-current assets for impairment whenever events or circumstances indicate that the book value may not be recoverable. If the total discounted future cash flow is less than the book value, the book value of non-current assets is not recoverable, and an impairment loss is recognized in the consolidated income statement.

In 2015, the Group conducted an impairment test on the motor boats Caribbean Star, Silo Bluebell I and Cayenne, owned by Marítima de Graneles S.A., a subsidiary of the Group, whose main purpose is maritime transport and the chartering of vessels. Each Group vessel is treated as a single CGU. The large number of relatively new ships offering freight service to third parties and the age of the motor boats has a negative effect on the competitiveness of barges, thereby reducing the profitability of the operation. The recoverable amount of each vessel is based on the highest estimated value in use or in disposal as scrap. The useful value is calculated by estimating future cash flows over the remaining life of the barges. The Group recognized no impairment losses for the period ending December 31st, 2015.

In 2016, the Group started a production transformation process aimed at improving the efficiency of its operations by adjusting the network of production plants in the segment of Colombia. It started with the transformation of production processes in the cement manufacturing plants in Sabanagrande and San Gil, located in the towns of Sabanagrande in Atlantico and San Gil in Santander, respectively. The transformation process of these plants implied the recognition of an impairment on value of $49.033 in the segment of Colombia. The impairment loss was recognized in the consolidated income statement and allocated in full to the plant, property and equipment line. This decision is part of the Building Efficiency and Sustainability for Tomorrow (Argos BEST) program, which aims to achieve greater efficiency and competitiveness, innovation, quicker responses and better value propositions.

As a result of the production transformation process in Colombia and of the recognition of the impairment loss associated with the transformation of cement manufacturing plants in Sabanagrande and San Gil, the Group carried out an impairment test on the segment of Colombia, considered as a single cash-generating unit. The Group did not recognize any additional impairment losses from this test for the period ended on December 31, 2016.

The recoverable amount in the segment of Colombia was based on the estimate of the value in use. When estimating the value in use, the Group prepares the cash flows for a 10 year period based on the budgets approved by Management and includes volume and price projections, while considering the expected market performance, operation costs and expenses, work capital and capital investments. These flows are discounted to calculate their current value at a rate obtained using the CAPM methodology, which includes a risk-free rate, country risk, stock market premium, sector betas, implicit devaluations, tax rate, average D/E ratio of the sector and cost of the 10-year bond debt. The average discount rate used is the WACC before taxes, of 14,11%.

In 2016, the Group recognized an impairment of $7.484 in the income statement, associated with a significant component of vertical mill No. 4 in the Harleyville cement plant, in the USA segment. The event was the result of a technical failure that, after a series of on-site tests and analyses, demonstrated the need to replace said piece of equipment. Part of the value of this was borne by the insurance company, Great Lakes Reinsurance.

NOTE 18: NON- CURRENT ASSETS HELD FOR SALE AND DISTRIBUTABLE TO THE SHAREHOLDERS AND DISCONTINUED OPERATIONS

18.1. NON-CURRENT ASSETS HELD FOR SALE

The Group consolidates subsidiaries that are in the process of liquidation and distribution of their net assets to shareholders. These subsidiaries have been classified as held for distribution to owners in accordance with IFRS 5. The Group has initiated efforts to complete the distribution, the assets of the subsidiaries are available for immediate distribution in their present condition and they are expected to be liquidated within a year from the date of classification.

At December 31st, the assets and liabilities to be distributed to shareholders of subsidiaries Transportes Elman Ltda., a company whose corporate purpose was the transportation of cargo in any of its forms and which is currently in process of liquidation are detailed below:

	2016	2015
Cash and cash equivalents	6.507	6.507
Property, plant and equipment	1.866	3.607
Assets	**8.373**	**10.114**
Provisions	726	726
Commercial liabilities	98	130
Liabilities	**824**	**856**
TOTAL NET ASSETS	**7.549**	**9.258**

18.2. DISCONTINUED OPERATIONS

As of December 31, 2016 the Group has no discontinued operations classified as non-current assets held for sale or disposed of during the period.

On June 19th, 2015, the Board of Directors of Cementos Argos S.A. authorized the legal representatives of Cementos Argos S.A. to carry out the swap of 100% of the shares of subsidiaries Tekia S.A.S, a company that operates and manages forestry and agroforestry projects in the Republic of Colombia, and Ganaderia Rio Grande S.A.S. and its subsidiary Alianza Progenética S.A.S, a company whose corporate purpose is the exploitation of the agriculture and livestock industries, mercantile trusts for administration No. 7321-359 and No. 732-1435, which include forest assets located in El Carmen de Bolivar, and lands intended for cattle ranching activities in favor of the Foundation Grupo Argos.

Through public deed 1830 of July 16th, 2015 the swap agreement was concluded between Cementos Argos S.A. and the Foundation Grupo Argos in order to transfer properties titles to Cementos Argos S.A. and to transfer aforementioned assets to the Foundation Grupo Argos. Cementos Argos S.A. received transferred assets totaling $93.579 as consideration for the sale of shares, administration mercantile trusts and land. The loss recognized for the transfer of assets was $13.315 presented in the comprehensive income statement under the heading net profit (loss) from discontinued operations.

NOTE 19: FINANCIAL OBLIGATIONS

	2016	2015
Bank overdrafts (i)	9.135	5.237
Promissory notes in foreign currency (ii)	4.665.520	3.146.556
Commercial financing companies (Note 20)	194.167	225.995
Other obligations (iii)	19.917	51.366
	4.888.739	**3.429.154**
Current	2.485.743	1.145.372
Non-current	2.402.996	2.283.782
	4.888.739	**3.429.154**

19.1. SUMMARY OF LOAN AGREEMENTS

(i) Correspond mainly to overdrafts of the subsidiary Vensur N.V. in an amount of USD 2.503 (2015: USD 1.662) and Logística de Transporte S. A. $1.622 (2015: $0)

(ii) The financial obligations in national and foreign currencies include short and long-term credits taken by companies that are part of the Group. The Group's loans are:

					Contractual Value of the Obligation	
Category	**Entity**	**Concept**	**Maturity**	**Currency**	**2016**	**2015**
Foreign bank	Several (1)	Club Deal	2.019	US Dollar	USD 600.000.000	USD 600.000.000
Foreign bank	JP Morgan (2)	Short-term loan	2.017	US Dollar	USD 534.000.000	-
Foreign bank	Mizuho (3)	Long-term loan	2.017	US Dollar	USD 100.000.000	-
Foreign bank	Banco BHD	Long-term loan	2.019	Dominican Peso	DOP 97.615.385	DOP 110.076.923
Foreign bank	BCI Miami Branch	Working capital loan	2.017	US Dollar	USD 65.000.000	-
National bank	Banco de Bogotá	Working capital loan	2.017	US Dollar	USD 52.600.000	-
Foreign bank	Banco BHD	Long-term loan	2.017	Dominican Peso	DOP 50.000.000	-
Foreign bank	Citibank PLC London (4)	ECA loan	2.019	US Dollar	USD 39.808.917	USD 55.732.484
Foreign bank	Davivienda Miami	Working capital loan	2.017	US Dollar	USD 32.000.000	-
Foreign bank	BCP	Working capital loan	2.017	US Dollar	USD 31.600.000	-
Foreign bank	Bank of America	Working capital loan	2.017	US Dollar	USD 30.000.000	-
Foreign bank	BNP Paribas	Working capital loan	2.017	US Dollar	USD 25.000.000	-
Foreign bank	Mercantil	Working capital loan	2.017	US Dollar	USD 20.000.000	-
Foreign bank	Citibank	Long-term loan	2.018	US Dollar	USD 16.666.667	-
Foreign bank	Citibank	Working capital loan	2.020	US Dollar	USD 8.000.000	-
Foreign bank	Bank Popular	Working capital loan	2.020	US Dollar	USD 5.416.000	USD 15.500.000
Foreign bank	BCI Miami Branch	Working capital loan	2.016	US Dollar	-	USD 64.800.000
Foreign bank	BCP	Working capital loan	2.016	US Dollar	-	USD 61.200.000
Foreign bank	Bank of Tokio	Working capital loan	2.016	US Dollar	-	USD 52.000.000
Foreign bank	BBVA	Working capital loan	2.016	US Dollar	-	USD 51.000.000
Foreign bank	Bank of America	Working capital loan	2.016	US Dollar	-	USD 26.700.000
National bank	Corpbanca	Working capital loan	2.016	US Dollar	-	USD 18.500.000
Foreign bank	Mercantil Commercebank	Working capital loan	2.016	US Dollar	-	USD 17.100.000
Foreign bank	Scotiabank (5)	Long-term loan	2.019	US Dollar	-	USD 7.388.100

The most significant loans obtained during the period were the loan taken out with JP Morgan in the amount of USD 534 million - used to finance the acquisition of cement assets in Martinsburg, West Virginia, USA, and which is expected to be settled with resources from the divestment of non-strategic assets - and the bilateral loan with Mizuho for USD 100 million for the replacement of liabilities.

(1) In April 2015, an amendment and a restatement were made to the Club Deal loan agreement for USD 600 million, whose debtor is Argos USA Corp., and Cementos Argos S.A., Argos Ready Mix LLC, Argos Cement LLC, and Argos SEM, S.A. are its guarantors. The main amendments were:

Original Terms of the Contract	New Terms
Libor 6 m + 2,8%	Libor 3 m + 2,15%
Single capital amortization for USD 600 mm in 2019	Two equal amortizations in 2019 and 2020

In addition to the above changes to the interest rate and maturity of the obligation, the EBITDA calculation was also amended, allowing to restate the EBITDA from operations in dollars or quasi dollars at the COP/USD exchange rate from the end of the month and not at the average exchange rate. The financial commitments of this contract are as follows:

- a. Net debt /EBITDA indicator + 12 month dividends less than 4 times.
- b. EBITDA Indicator/Financial expenses over 2.5 times.

The resources of the Club Deal loan were used to finance the acquisition of the assets of South Florida Vulcan Materials Company which had a total cost of USD 720 million. The initial creditors of this loan were the banks ITAU, HSBC, JP Morgan, and Bank of America. Later, these banks (except ITAU) syndicated part of the loan to seven additional banks.

(2) The short-term credit with JP Morgan as the creditor, at an initial value of USD $534 million and whose debtor is Argos USA LLC, was used to finance the acquisition of the Martinsburg cement assets, located in the State of West Virginia, United States. This credit stipulates the following financial commitments:

- a. Net debt /EBITDA indicator + 12 month dividends less than 4 times.
- b. EBITDA Indicator/Financial expenses over 2.5 times.

(3) The long-term credit with Mizuho, at an initial value of USD $100 million and whose debtor is Argos North America Corp., was used primarily for the replacement of liabilities. The following financial commitments are stipulated with this contract:

- a. Net debt /EBITDA indicator + 12 month dividends less than 4 times.
- b. EBITDA Indicator/Financial expenses over 2.5 times.

(4) The long term Credit with Citibank PLC is backed by EKF Denmark and has an initial value of USD 159,235,669 and a term of 11.5 years. It has semiannual amortizations that started in December 2009 and end in June 2019. Its debtors are Cementos Argos S.A., Zona Franca Argos S.A.S and Argos USA Corp. It has the following financial covenants in place, valid as of December 31st, 2016 and 2015:

- a. Net debt/EBITDA indicator + 12 month dividends less than 4 times.
- b. EBITDA Indicator/Financial expenses over 1.25 times.

(5) As of December 31st, 2015, the mortgage loan with The Bank of Nova Scotia (Scotiabank) as a creditor stipulates, among other things, the following commitments for the financial statements of Argos Panama S.A. and its subsidiaries:

- a. The net debt /EBITDA indicator must be kept below 2.5.
- b. A debt service coverage no less than 4.0.
- c. Total financial debt/equity below 1.3.

(iii) Includes mainly share repurchase agreements and the debt of the subsidiary Argos USA Corp. to Andino Trading Corporation in the amount of $0 (2015: USD 9,564). The promissory note of Argos North America Corp. to Andino Trading Corporation for USD 9,564 was recorded as a recovery from the liquidation of the creditor company.

Please refer to Table 27.7 in Note 27 for information on average interest rates of financial liabilities.

19.2. BREACH OF LOAN AGREEMENT
During the reported periods, the company did not default on payments of principal or interest for financial liabilities and/or for loans payable.

NOTE 20: LIABILITIES FROM FINANCE LEASES

20.1. LEASE AGREEMENTS
As of December 31st, 2016 and 2015, the Group has signed significant lease agreements for the acquisition of heavy machinery, buildings and structures, the most representative of which are the construction of the Medellin Distribution Center and of the three energy generating plants that supply the Rio Claro, Yumbo and Sogamoso plants. These were carried out under the contractual arrangement of "Infrastructure Leasing" with 12-year terms and maturities in 2018 and 2022, with Leasing Bancolombia S.A. as the lessor. The lease agreements for the acquisition of heavy machinery were signed with the same counterparty; they have terms between 7 and 10 years and mature between 2018 and 2025. Moreover, there are no significant lease agreements that provide significant restrictions related with the distribution of dividends, additional debt and new leases, nor are there significant contingent fees, renewal options or escalator clauses.

Please refer to Table 27.7 in Note 27 for information on average interest rates of financial liabilities.

20.2. LIABILITIES FROM FINANCE LEASES

	Minimum Lease Payments		Current Value of Minimum Lease Payments	
	2016	**2015**	**2016**	**2015**
One year or less	48.477	46.050	33.808	31.235
Between one and five years	163.058	178.225	130.576	142.255
Five years or more	31.390	57.034	29.783	52.505
	242.925	**281.309**	**194.167**	**225.995**
Minus: future finance charges	48.758	55.314		
Current value of minimum lease payments	**194.167**	**225.995**		
Included in the financial statements in:				
Current loans (Note 19)			33.808	31.235
Non-current loans (Note 19)			160.359	194.760
			194.167	**225.995**

At 31 December, the book value of property, plant and equipment under finance lease is:

	Buildings	Machinery & Equipment	Vehicles	Total
Historical cost	76.738	172.784	28.912	278.434
Accumulated depreciation	(3.714)	(34.394)	(3.945)	(42.053)
BOOK VALUE AT DECEMBER 31ST, 2015	**73.024**	**138.390**	**24.968**	**236.381**
Historical cost	75.266	174.192	32.407	281.864
Accumulated depreciation	(4.207)	(41.282)	(5.447)	(50.935)
BOOK VALUE AT DECEMBER 31ST, 2016	**71.059**	**132.910**	**26.960**	**230.929**

NOTE 21: OPERATING LEASE CONTRACTS

21.1. THE GROUP AS LESSEE

In the ordinary course of business, the Group signs leases for real estate, vehicles and equipment, which are accounted for as operating leases in the consolidated financial statements. The Group is committed as lessee in the operating leases of land, buildings, concrete mixer trucks and computer equipment. The terms of the most significant non-cancellable contracts range around 25 years for land, 7.5 years for buildings, and 7 years for concrete mixer trucks, 1 to 4 years for lightweight vehicles, and 4 years for computer equipment. The value of the commitments not recorded in the statement of financial position is equivalent to the minimum future payments for the lease. The total operating lease expense was $220.726 y $157.879 for the years ended on December 31st, 2016 and 2015.

The minimum future payments for non-cancellable operating leases by range of years and in total were:

	2016	2015
1 year or less	70.837	46.770
Between 1 and 5 years	133.136	141.131
5 years or more	28.305	36.392
Non-cancellable operating lease commitments	**232.278**	**224.293**
Onerous contracts (1)	85.466	96.381
Lease incentives (2)	2.256	2.371
Non-cancellable operating lease commitment liabilities	**87.722**	**98.752**
Current	6.086	10.310
Non-current	81.636	88.442
	87.722	**98.752**

(1) In 2007 the Group, through its subsidiary Southern Equipment Company, Inc., merged into Argos USA LLC. (Formerly Argos Cement LLC.), signed an operating longterm lease for a plot of land in Wilmington, NC for the construction of a cement terminal, and the right to use the port facilities. The term of the lease is 25 years with two consecutive renovation options of 10 years each. Lease payments are 62.500 dollars a month for the first three years with subsequent increases of 2.5% each year. The Group must pay a minimum payment for throughput based on the tons of cement produced.

The Group agreed to pay a minimum throughput fee of 725 dollars for the first three-year leases, with increments of 2.5% each year. As of December 31st, 2016 and 2015, the Group recognized a liability for onerous contract due to the minimum lease payments, including the minimum payment for throughput for $85.466 (2015: $93.730) in accordance with IAS 37. The lease payments are recorded as a reduction of the liability for onerous contracts in the consolidated statement of financial position. In 2015, this line also includes the onerous contracts of the subsidiaries Savannah Cement Company LLC for the lease of land, and Transatlantic Cement Carriers Inc. for the lease of ships.

(2) In 2011 the Group signed a long-term operating lease of offices in Alpharetta, GA. The term of the lease is 90 months, beginning on May 11th, 2012. The lease payments were USD 15.4 per month for the first 12 months, rising to USD 31.6 for months 13-21, and USD 39.5 for months 22-24. After the 24th month, monthly payments of basic rent increase each year by 2-3%. Along with the monthly rent, the lease stipulates that the Group must pay the proportional share of increases in operating costs, taxes and insurance, in the equivalent percentage of occupancy (17.125%). During 2014, the Group amended the lease contract in order to rent additional office

space in the same building and to extend the term of the lease contract until August 2024. The amendment of the lease increases the percentage of occupancy of the building by the Company to 24.3%.

21.2 THE GROUP AS LESSOR

The Group signs leases as lessor of commercial premises, warehouses, apartments and houses, and leasing of machinery and operating equipment, fleet and transport equipment. The minimum future lease rights of non-cancellable operating leases by year ranges and in total are as follows:

	2016	2015
1 year or less	4.308	875
Between 1 and 5 years	844	2.090
5 years or more	597	-
Non-cancellable operating lease rights	**5.749**	**2.965**

NOTE 22: COMMERCIAL LIABILITIES AND OTHER ACCOUNTS PAYABLE

	2016	2015
Costs and expenses payable	173.949	162.322
National suppliers	753.398	657.697
Foreign suppliers	57.910	55.667
Dividends payable	88.262	69.465
Current commercial accounts	2.201	2.776
Accounts payable to contractors	7.377	9.606
Miscellaneous creditors	23.753	18.858
Other accounts payable	21.541	22.238
	1.128.391	**998.629**
Current	1.118.894	988.134
Non-current	9.497	10.495
	1.128.391	**998.629**

The average credit period for the Group's purchases ranges between 8 and 60 days. No interest is paid to suppliers for 60-day payments.

NOTE 23: EMPLOYEE BENEFITS LIABILITIES

	2016	2015
Post-employment employee benefits - Defined benefit plans	293.792	266.031
Post-employment employee benefits - Defined contribution plans	99	318
Employee benefits for termination	24.270	4.254
Other employee benefits	115.684	119.833
	433.845	**390.436**
Current	146.716	145.041
Non-current	287.129	245.395
	433.845	**390.436**

23.1. POST-EMPLOYMENT BENEFIT PLANS – DEFINED BENEFIT PLANS

Benefit plans for employees of the Group vary according to the legal requirements of each country and the obligations acquired by the subsidiaries with the current labor agreements. The actuarial valuation of plan's assets and the present value of the defined benefit obligation are calculated annually by independent actuarial consultants. The present value of the defined benefit obligations and the related current and past service costs were calculated using the projected unit credit method.

In 2015, the Group recognizes liabilities for pensions, pension securities and bonds, retirement premiums and other post-employment benefits in accordance with the requirements of IAS 19 Employee Benefits, except as provided by Decree 2496 of December 23, 2015, which determines that the parameters to establish the liability for post-employment benefits of pension, pension securities and bonds must correspond with Decree 2783 of 2001, as the best market approximation. This decree establishes the actuarial assumptions for calculating future increases in salaries and pensions, sets the actual rate of interest applicable and the manner in which to consider the anticipated increase in income for active and retired staff.

In 2016, the Group recorded liabilities for retirement pensions, pension securities and bonds, retirement premiums and other post-employment benefits in accordance with the requirement of IAS 19 – Employee benefits.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, through which it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016 and, in the case of partial pension commutation, in accordance with Decree 1833 of 2016, as well as the differences arising with the calculation carried out in accordance with IAS 19 – Employee benefits. It also establishes that pension liabilities, pension securities and bonds, pension premiums and other post-employee benefits must be recorded in accordance with the requirements of IAS 19. This modification was recorded prospectively as a change in the accounting estimate.

The amount included in the consolidated statement of financial position derived from the entity's obligation regarding the defined benefit plans, movements in the present value of the defined benefit obligations of the year in progress, and changes in the fair value of the plan assets in the current period, are presented below:

	Pension plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other efined Benefit Plans	Total
Present value of the obligations at January 1st, 2016	**196.583**	**23.761**	**7.349**	**29.671**	**14.445**	**271.809**
Current service cost	-	-	709	2.661	951	4.321
Interest cost for the defined benefits obligation	15.130	1.863	421	1.283	1.484	20.181
New measurements of the defined benefits plan actuarial (gain) loss for changes in:						
Experience	7.072	1.169	(900)	(223)	(749)	6.369
Financial assumptions	24.654	1.746	143	5.527	1.071	33.142
Difference in exchange rate	(149)	-	(421)	(54)	(1.136)	(1.760)
Benefits paid directly by the company	(19.303)	(726)	(569)	(12.280)	(843)	(33.722)
Other changes	-	-	(32)	-	-	(32)
Present value of the obligations at December 31st, 2016	**223.987**	**27.813**	**6.700**	**26.585**	**15.223**	**300.308**

	Pension plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other efined Benefit Plans	Total
Fair value of the asset plans at January 1st, 2016	**-**	**-**	**5.778**	**-**	**-**	**5.778**
Income from "risk-free" interest	-	-	302	-	-	302
Yield of asset plans, excluding interest	-	-	(156)	-	-	(156)
Contributions made by the company	-	-	884	-	-	884
Difference in exchange rate	-	-	(292)	-	-	(292)
Fair value of the asset plans at December 31st, 2016	**-**	**-**	**6.516**	**-**	**-**	**6.516**

	Pension plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other efined Benefit Plans	Total
Valor presente de las obligaciones a 1° de enero de 2015	**199.752**	**23.027**	**6.377**	**23.287**	**5.851**	**258.294**
Current service cost	-	-	749	1.061	514	2.324
Interest cost for the defined benefits obligation	13.827	1.655	279	1.666	788	18.215
New measurements of the defined benefits plan actuarial (gain) loss for changes in:						
Experience	758	(92)	(891)	3.663	4.488	7.926
Financial assumptions	385	-	(524)	(69)	2.246	2.038
Difference in exchange rate	744	-	2.053	106	1.069	3.972
Benefits paid directly by the company	(18.883)	(829)	(315)	(43)	(511)	(20.581)
Benefits paid from the asset fund	-	-	(412)	-	-	(412)
Other changes	-	-	33	-	-	33
Present value of the obligations at December 31st, 2015	**196.583**	**23.761**	**7.349**	**29.671**	**14.445**	**271.809**

	Pension plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other efined Benefit Plans	Total
Fair value of the asset plans at January 1st, 2015	**-**	**-**	**4.016**	**-**	**-**	**4.016**
Income from "risk-free" interest	-	-	114	-	-	114
Yield of asset plans, excluding interest	-	-	57	-	-	57
Contributions made by the company	-	-	576	-	-	576
Payments made by the plan	-	-	(359)	-	-	(359)
Difference in exchange rate	-	-	1.374	-	-	1.374
Fair value of the asset plans at December 31st, 2015	**-**	**-**	**5.778**	**-**	**-**	**5.778**

23.1.1 COMPARATIVE LIABILITY FOR DEFINED BENEFIT PENSION PLANS, SECURITIES AND PENSION BONDS.

Below is the comparison between the liabilities of the benefits plans established for pension plans, securities and bonds calculated in accordance with Decree 1625 of 2016 and, in the case of partial pension swaps, in accordance with Decree 1833 of 2016 and with the calculation pursuant to IAS 19 - Employee Benefits, as of December 31, 2016.

	Calculation made in accordance with IAS 19 - Employee Benefits	Calculation made in accordance with Decree 1625 of 2016	Comparison between the liability calculated in accordance with IAS 19 and Decree 1625
Present value of the obligations at December 31st, 2016	248.642	224.567	24.075
Present value of the obligations at December 31st, 2015	233.436	217.041	16.395

The main actuarial assumptions used to determine the obligations for the defined benefits plans are the following:

Colombia	2016	2015
Inflation rate (%)	3,5%	3,5%
Discount rate (%)	7,1%	7,6%
Salary increase (%)	4,0%	4,0% - 4,5%
Minimum wage increase (%)	4,0%	4,0%
Mortality table	2008 Valid Renters	2008 Valid Renters
Turnover table	50% SOA Pension turnover	50% SOA Pension turnover

Panama	2016	2015
Inflation rate (%)	2,0%	2,0%
Discount rate (%)	5,1%	5,0%
Salary increase (%)	5,5%	5,5%
Mortality table	Urban population of Panama with a 30% adjustment	Urban population of Panama with a 30% adjustment
Turnover table	2003 SOA Pension PlanTurnover Study with an adjustment factor of 150%	2003 SOA Pension PlanTurnover Study with an adjustment factor of 150%

Honduras	2016	2015
Inflation rate (%)	4,5%	5,5%
Discount rate (%)	10,0%	12,0%
Salary increase (%)	6,0%	7,0%
Minimum wage increase (%)	6,0%	7,0%
Mortality table	2008 Valid Renters adjusted to 110%	2008 Valid Renters adjusted to 110%
Turnover table	2003 SOA Pension PlanTurnover Study with anadjustment factor of 75%	2003 SOA Pension PlanTurnover Study with an adjustment factor of 75%

The total expense recognized in the period's income statement that represents contributions to defined benefits is $40.056 (2015: $25.886). The Group expects to make contributions of $47.980 (2015: $29.136) for the next annual period.

23.2. PENSION PLANS, SECURITIES AND PENSION BONDS

Pension plans and social security contributions, Colombia

According to the Colombian Labor Code, the pension benefits granted to employees under the new social security regime (Law 100 of 1993) are accounted for as defined contribution plans, the company covers its obligation to pensions through the payment of contributions to the Social Security Institute (ISS for its Spanish acronym), and/or to the private pension funds under the terms and conditions contemplated by the law.

The pension benefits granted to employees not covered under the new social security regime (Law 100 of 1993), which essentially correspond to senior staff, are accounted as unfunded defined benefit plans. The company must pay retirement pensions or issue pension bonds to their employees or beneficiaries who meet certain requirements regarding age and length of service.

The benefit gives employees the right to a lifetime monthly retirement pension or an old age pension, equivalent to seventy-five percent (75%) of the average wages earned in the last year of service, subject to a minimum payment of a monthly minimum wage and a maximum wage equal to 25 monthly minimum wages. Moreover, two additional payments are made, one in June and one in December.

When the participant expects to receive benefits from the Social Security Institute (ISS), these benefits are deducted from the benefits payable by the company's and therefore reduce the company's obligation. Pension payments increase according to inflation. When a pensioner receives a pension equal to the minimum wage, the pension increases when the minimum wage increases. On the other hand, the death benefit takes place in the event of death after retirement, in which the beneficiary receives 100% of the pension for a period that will depend on each beneficiary. Payments for social security pensions to Pension Administration Funds are the responsibility of the company as employers. For workers who have retired from the company with a conventional or anticipated pension, which in any case is shared, the company continues to make contributions to the pension system until such time the pensioner meets the oldage requirements of the ISS (Colpensiones). Thus, the company is in charge of 100% of pension contributions until those requirements are met. The contribution is calculated based on the value of the pension. Additionally, in terms of healthcare Cementos Argos S.A. partially assumes a percentage of the pensioner's contribution. Additionally, the defined benefit obligation for retirement pensions includes employees of Compañia Industrial Hullera S.A., currently in liquidation, as a result of the normalization process of pension liabilities in which Cementos Argos assumed in a definitive manner the proportion of the obligation that corresponds to it according to the Official Communication of October 9th, 2012, issued by the Ministry of Labor.

Pension plan for Roberta plant, Alabama, United States
For all our employees in the United States, we fund a retirement savings 401(k) plan which is accounted for as a defined contri-bution plan. For a group of Roberta plant employees who are compensated hourly and who meet a specific starting date, and are represented by the United Steelworkers International Union #9-537, there is a retirement plan attached to the collective work convention. The benefit of regular retirement is applicable to people who have reached 65 years of age at the time of retirement, valid since May 21st, 2011, in the form of a lifetime monthly annuity (or other optional forms to be chosen before retirement). The normal and special benefit of early retirement is applicable for employees whose age is equal to or over 55 and less than 65 and can certify at least five years of service but less than 30 years of service, or can demonstrate 30 years or more of continuous service regardless of age. Some restrictions and reductions in the value of the pension apply to the latter. Additionally, the following benefits are granted to employees under the plan: severance pay, disability death benefits as long as certain years of service are met.

Benefit pension gap at the time of retirement
The benefit of this feature is the provision of a single premium at the time of disassociation with the entity to enjoy the old-age pension, whose value corresponds to the monies needed to close the pension gap with the executive.

23.3. RETIREMENT BONUS

Employees covered by any of the collective labor agreements receive a bonus equivalent to five legal minimum wages when their contract is terminated due to retirement, disability or old age.

23.4. PENSION BONDS AND SECURITIES PLAN - COLOMBIA

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to their employees who meet certain requirements regarding age and length of service. The Group has issued pension securities to them, Pension Bonus Type A Mode 2 and Pension Bond Type A Mode 1. This obligation applies to some areas where the ISS did not have pension cove-rage prior to 1994. The benefit is conferred upon retirement from the company until such time the participant retires through the Colombian Social Security system. During this period, the company makes contributions to the pension system on behalf of the employee. Pension bonds and titles are resources to contribute to the conformation of the capital needed to finance the pensions of members of the Colombian General Pension System.

23.5. OTHER DEFINED BENEFIT PLANS

Dental, education, death, and others - Colombia

Retired employees in Colombia receive a death benefit that increases according to the Consumer Price Index (CPI), equivalent to 5 five legal minimum wages (SMLV for its Spanish acronym). Retired employees of the Valle plant in Colombia receive an education benefit until their death, as well as the children of retirees up to 25 years of age. Beneficiaries receive the amount regardless of the survival of the worker. Every year the benefit increases according to Consumer Price Index (CPI), as does as the dental benefit until the death of the employee as long as the service is formally requested, with annual increases according to Consumer Price Index (CPI).

Retroactive severance plan - Colombia

According to Colombian labor law, employees hired before the effect of Law 50 of 1990 are entitled to receive at the end of the employment contract one month's salary for each year of service, and proportionally for each fraction of a year, as a severance be-nefit for any reason that terminates the employment, including: retirement, disability, death, etc. The benefit is paid at the time of the employee's retirement based on the last salary earned. There may be distributions before the date of retirement at the request of the worker, which are not compulsory. The retroactive severance benefit of workers who signed employment contracts before the entry into force of Law 50 of 1990 are accounted for as unfunded defined plans.

With the entry into force of Law 50 of 1990, the Colombian Government enabled companies to transfer their severance benefit obligation to private pension funds, subject to the approval of their employees.

The severance benefit of all workers hired after the entry into force of Law 50 of 1990 and senior employees who benefited from this system are accounted for as a defined contribution plan.

Seniority bonus and severance plan - Panama

According to the labor laws of the Republic of Panama, every indefinite employee, who retires from the company for any reason regardless of their age or years of service at the date of retirement, receives an amount of money equal to the average weekly wage in the last five years of service, or of the entire period of service if it is less than five years, for every year or fraction of year of service accumulated by the employee upon retirement.

Moreover, based on Law 44 of 1995 the Labor Code introduced the obligation of the employer to establish a trust through a pension fund administrator to ensure payment to employees of seniority bonuses and damages for unjustified termination. This is known as the Severance Fund which is considered, for commitment valuation purposes, as the asset that supports the payment of the seniority bonus.

Severance relief plan - Honduras

According to the provisions of the Honduras Labor Code, compensation accumulated in favor of employees may be paid in the event of unjustified dismissal or death, at a rate of one monthly salary for each year of uninterrupted services with a maximum of 25 years. However, the company's policy is to pay its employees that amount even if they have resigned.

Payment for unionized staff is 100% of benefits (severance and notice). Staff who retires voluntarily receive from 40% of the benefits after one year up to 110% of the benefits after five years of service, the amount is determined based on years of service.

The fair value of the plan's assets is made up as follows:

	2016	2015
Cash and cash equivalent	3.283	2.912
Investment funds	3.233	2.866
Fair value of the plan assets	**6.516**	**5.778**

As of December 31st, 2016 and 2015, the Group has no reimbursement rights related to defined benefit plans obligations. The average duration of the defined benefit obligation is as follows:

	Pension plan	Pension Bonds and Titles	Seniority Bonus and Similar	Retirement Bonus	Other efined Benefit Plans	Total average duration
2016 average duration	8.7	5.5	8.5	10.2	9.01	8.5
2015 average duration	8.5	6.3	10.1	10.0	6.95	8.4

The significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increases and mortality. The following sensitivity analyses are based on potential reasonable changes in the respective presumptions that occur at the end of the reporting period, while all other assumptions remain constant.

	2016		2015	
	Decreases	Increases	Decreases	Increases
Discount rate 100 basis points higher (lower)	268.955	315.060	248.291	286.508
Expected salary growth increases (decreases) by 1%	295.487	291.856	267.881	264.340
Life expectancy increases (decreases) by one year	286.711	300.205	261.126	271.334

The value reported in the above table is the value of the liabilities for defined benefit plans given the isolated change in the significant estimates defined by the Administration. However, the sensitivity analysis presented above may not be representative of real change in the defined benefit obligation, since assumptions are not likely to change in isolation from one another, given that some of the assumptions may be correlated. Additionally, in the above sensitivity analysis the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same that was applied when calculating the liabilities of the defined benefit obligation recognized in the statement of financial position.

NOTE 24: PROVISIONS

	Litigation, Lawsuits and other contingencies (i)	Decommissioning (ii)	Environ-mental (iii)	Onerous Contracts (iv)	Other Provisions	Total
Book value at January 1st, 2016	**64.842**	**51.190**	**23.149**	**96.381**	**37.413**	**272.975**
Realized provisions	19.722	1.494	2.698	-	3.094	27.008
Utilization of provisions	(4.187)	(644)	(1.772)	(7.709)	(3.105)	(17.417)
Realized reversals	(20.192)	(3.077)	-	-	-	(23.269)
Discount rate adjustment	8.843	3.334	(3.618)	727	-	9.286
Conversion effect	(2.236)	(560)	(635)	(4.441)	(1.617)	(9.489)
Assumed in business combination	-	-	5.628	-	-	5.628
Other changes	11.109	-	786	508	(7.508)	4.895
Book value at December 31st, 2016	**77.901**	**51.737**	**26.236**	**85.466**	**28.277**	**269.617**
Current	73.471	2.784	4.359	3.829	4.504	88.947
Non-current	4.430	48.953	21.877	81.637	23.773	180.670
Book value at December 31st, 2016	**77.901**	**51.737**	**26.236**	**85.466**	**28.277**	**269.617**

(i) Cementos Argos S.A. and its subsidiaries are party to judicial proceedings of different natures, both as plaintiffs and defendants, which are being addressed diligently by qualified attorneys hired by the company. Conflicts are of civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Argos, and the company expects a probable outflow of resources. The appropriate reserves have been estimated for these processes based on criteria such as the nature of the process, the evidence contained, economic factors , the possible sentence projected, etc., which will cover the possible unfavorable sentences or decisions that may occur. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

The subsidiaries located in the United States self-insures for workers' compensation claims up to $350 per incident, general liability claims up to $250 per incident and automotive claims up to $500 per incident and carries insurance for amounts in excess of these amounts. As of December 31, 2016, there were a number of claims that remained open. The amount charged to expense for such claims are based upon actual occurrences and management's estimate of the resultant liabilities for each claim. While the ultimate outcome of these claims cannot presently be determined, management believes the amounts of $42.457 and $37.794 provided for such claims in the consolidated financial statements as of December 31, 2016 and 2015, respectively, are adequate.

(ii) Cementos Argos S.A. and its subsidiaries in Colombia are obligated to incur in future costs related to compliance with mining laws regarding the exploitation of mineral resources, the decommissioning of assets and restoration of the environment where these assets were built. This is carried out when a mining operation is completed or when the mining rights expire, whichever happens first.

The maximum execution date of decommissioning obligations is the expiration date of the concession of the mining title, so the economic disbursement is estimated for a five year period prior to the legal requirement. However, in some cases where the operation is completed in an area covered by a title that is still effective for more than five years, the disbursements are estimated to be made within five years after completion of the operations. In order to determine the best estimate to be used to settle, the Administration considers the areas affected by mining exploitation, the mining exploitation schedule and the costs incurred during past dismantling operations.

(iii) Cementos Argos S.A. and its subsidiaries in Colombia are obligated to incur in environmental costs related to forestry compensation for exploitation of quarries and forestry, costs of removal and subsequent disposal of hazardous waste, specifically previously stored PCBs (polychlorinated biphenyls).

For forestry compensations, Cementos Argos S.A. and its subsidiaries in Colombia have pledged to settle their environmental obligations within a maximum period of five years or as indicated by resolution for each identified environmental liability. In order to determine the best estimate to be used, the Administration mainly considers financial variables and planting, maintenance and isolation costs for a four year period.

(iv) The Group has signed contracts in which the unavoidable costs of meeting the contractual obligations exceed the net income expected to be received from the contract. The most significant onerous contract as of December 31st, 2016 and 2015 corresponds to non-cancellable lease agreements.

In 2007 the Group, through its subsidiary Southern Equipment Company, Inc., merged into Argos USA LLC. (Formerly Argos Cement LLC.), signed a long-term operating lease agreement on a plot of land in Wilmington, NC, for the construction of cement terminal and the right to use the port facilities. The term of the lease is 25 years with two consecutive 10-year renewal options. Monthly rental payments are 62.5 dollars for the first three years of lease, with subsequent increases of 2.5% each year.

The group must pay a minimum payment for throughput based on the tons of cement produced. The Group agreed to a minimum payment for throughput of 725 dollars for the first three years of the lease, with increases of 2.5% each year. By December 31st, 2016 and 2015, the Group recognized a liability for onerous contracts for the minimum lease payments considering that the plot is not being exploited, including the minimum payment for throughput for an amount of $85.466 (2015: $93.730) in accordance with IAS 37. Lease payments are recorded as a reduction of the liability for onerous contracts in the consolidated statement of financial position.

NOTE 25: OTHER LIABILITIES

25.1. OTHER FINANCIAL LIABILITIES

	2016	2015
Current	-	45.019
non-current	-	-
Other financial liabilities	**-**	**45.019**

During the current year the Group settled the promissory notes signed by Cementos Argos S.A. for the acquisition of Cemento Andino S.A. and Concrecem S.A. on November 4, 2005. The initial amount of the obligation was USD 143 million with a term of 10 years, annual amortizations starting in August 2006, and maturing in August 2016. The promissory note is payable in Colombian pesos settled at the representative market rate (RMT) for each payment day. The interest rate is 4.91% VR. As of December 31, 2015 this credit had an outstanding balance of USD 14.3 million.

	2016	2015
Advances received	177.232	136.495
Unfavorable contracts and agreements [1]	-	14.202
Income received in advance	2.084	1.259
Other liabilities	44.945	11.719
Other non-financial liabilities	**224.261**	**163.675**
Current	181.198	154.955
non-current	43.063	8.720
Other non-financial liabilities	**224.261**	**163.675**

(1) In the 2011 acquisition of the subsidiary Argos Cement LLC, the company assumed an unfavorable supply contract under which it is obligated to supply limestone to the company Unimin at a fixed price, adjusted for inflation. The contract, which began on December 31st, 2001, stipulates that Unimin must receive a maximum of 1.1 million tons of limestone per year for 25 years. The company has the option to terminate the contract at any time after November 27, 2016, if the necessary amount of lime cannot be extracted at a commercially reasonable cost. The fair value of the difference between the revenue generated in accordance with the contractual terms and the revenue generated under the market-based terms caused a liability of $23,200, at the date of acquisition of the subsidiary. The Company exercised the contract termination option in November 2016 and signed a new contract with the counterparty without adverse conditions.

The liability has been recorded in the consolidated statement of financial position and it is amortized with credit in the sales cost in the line of amortization for $13.768 and $12.253 for the years ended December 31, 2016 and 2015, respectively.

	2016	2015
Outstanding bonds	2.372.645	2.176.916
Preferred shares classified as compound financial instruments	51.853	71.879
Outstanding bonds and preferred shares	**2.424.498**	**2.248.795**
Current	475.621	263.840
Non-current	1.948.877	1.984.955
Outstanding bonds and preferred shares	**2.424.498**	**2.248.795**

26.1. OUTSTANDING BONDS

Outstanding bonds issued by Cementos Argos S.A., comprise the following as of December 31st,

Issuance	Placement Date	Term	Effective Rate	Interest Payment Method	2016	2015
Issuance 2005	November 23, 2005	12 years (1)	IPC + 3,17%	Semi-annually in arrears	290.000	290.000
Issuance 2007	February 23, 2007	12 years (1)	IPC + 5,25%	Semi-annually in arrears	150.000	150.000
Issuance 2009	April 28, 2009	7 years	IPC + 6,00%	Quarterly in arrears	-	114.943
Issuance 2009	April 28, 2009	10 years	IPC + 6,30%	Quarterly in arrears	70.350	70.350
Issuance 2009	April 28, 2009	15 years	IPC + 7,19%	Quarterly in arrears	229.530	229.530
Issuance 2012	May 16, 2012	6 years	IPC + 3,80%	Quarterly in arrears	97.022	97.022
Issuance 2012	May 16, 2012	10 years	IPC + 4,24%	Quarterly in arrears	299.896	299.896
Issuance 2012	May 16, 2012	15 years	IPC + 4,50%	Quarterly in arrears	303.082	303.082
Issuance 2014	November 27, 2014	2 years	5,59%	Quarterly in arrears	-	97.618
Issuance 2014	November 27, 2014	10 years	IPC + 3,80	Quarterly in arrears	190.675	190.675
Issuance 2014	November 27, 2014	15 years	IPC + 4,21	Quarterly in arrears	311.707	311.707
Issuance 2016	April 13, 2016	5 years (2)	IPC + 3,74	Quarterly in arrears	94.768	-
Issuance 2016	April 13, 2016	10 years (2)	IPC + 4,19	Quarterly in arrears	121.075	-
Issuance 2016	April 13, 2016	15 years (2)	IPC + 4,47	Quarterly in arrears	184.157	-
					2.342.262	**2.154.823**

(1) Out of the 12-year securities of Argos' 2005 bonds, worth $440.000, $433.320 were converted to dollars (equivalent to USD 229.094) through a currency swap with an average rate of Libor + 1,78 % SV. The dollar equivalent at December 31st, 2016 was USD 179.178 (2015: USD 185.685) due to the different recouponing operations or market adjustments to these operations. The value in Colombian pesos has remained constant.

(2) The issuance is part of the issuance and placement of bonds and securities program under a global quota of $1.000.000 approved by Resolution No. 0422 of the Financial Superintendency of Colombia of March 23, 2012

All issues are rated AA+ with a stable outlook by the rating agency Fitch Ratings Colombia S.A., and they are nominative securities issued to order and traded on the secondary market through the Colombian Stock Exchange. During 2016 financial expenses for interest were recorded in the amount of $272.953 (2015: $198.183) for the ordinary bonds and $4.901 (2015: $6.042) for the preferred shares.

26.2. PREFERRED SHARES

Per the approval of the General Shareholder's Meeting of March 15th, 2013, Cementos Argos carried out the issuance and placement of shares with preferential dividends and no voting rights (hereinafter, preferred shares) in May of 2013 for $1.610.824, allocating 209.197.850 preferred shares with a subscription price of $7.700 per preferential share, as determined by the Board of Directors of the Company.

The issuance of preferred shares is a compound financial instrument. The issuer, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual terms of the instrument as well as the issuer's obligations. Given the contractual obligation of the issuer to pay the minimum annual dividend to shareholders if the company generates profits, the issuance incorporates a component of financial liability. Once this liability has been measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and have their impact on the result of the period recognized; the equity element is not subject to further measurement.

Cementos Argos determined the liability component by discounting the cash flows of the minimum preferential dividend, which were calculated in perpetuity based on the provisions of section 11.1.1 of the issue's prospectus. The discount rate applied corresponded to the market rate on the date of issuance of similar instruments that did not incorporate an equity component. Considering the difficulty of identifying a financial instrument on the market with the same characteristics as the issuance, the financial liability discount rate was determined by referencing the current yield of longer-term bonds issued by Cementos Argos in Colombian pesos. For this purpose, the valuation rate of Cementos Argos' 2024 bonds issuance, issued in May 2012 at long-term (15 years) is indexed to the CPI.

Preferred shares had a minimum yearly dividend of 3% on the subscription price that was paid during the first 12 quarters starting from the date of placement. In April 2016, the latter minimum dividend corresponding to 3% per annum on the subscription price was paid and after the thirteenth quarter the annual dividend will be $10 per share, which will increase with the annual CPI of the previous year. The prospectus of the issuance does not contain options to buy or sell the preferred shares.

Shareholders with preferential dividends and no voting rights are entitled to receive a minimum dividend in a preferential manner compared to the one corresponding to ordinary shares, provided they generated distributable profits during the immediately preceding fiscal year. Under no circumstances will the dividends received by holders of ordinary shares exceed the ones decreed in favor of preferred shares, the preferential reimbursement of their contributions – once the external liabilities have been paid – in the event of the dissolution and liquidation of the issuer, and other rights provided for in the bylaws of the issuer for holders of ordinary shares, except (i) to subscribe ordinary shares preferentially, and (ii) to vote on the proposals in the General Shareholder's Meeting of the issuer. By way of exception, preferred shares will grant their holders the right to vote in the events described in the placement and issuance prospectus.

The liability recognized by the issuance of preferred shares is composed of the valuation of the debt component and the reduction of direct issuance costs allocated to the liability component, according to the percentage of participation of each component in the amount of issuance. Issuance costs in the amount of $7,157 were included in the financial liability at the time of initial recognition. The debt component is measured at amortized cost using the effective interest rate. The effective interest rate for the subsequent measurement of the debt component at amortized cost was determined by matching cash flows receivable or payable estimated over the expected life of the financial instrument to the net book value of the liability component at the time of initial recognition. The financial liability increases with the recognition of interest at the effective interest rate and decreases as the dividends for preferred shareholders are accounted for.

NOTE 27: FINANCIAL INSTRUMENTS

27.1. CAPITAL RISK MANAGEMENT

The Group manages its capital from a long-term perspective, seeking to maintain a balanced, efficient and flexible capital structure to safely accompany and support the growth process of the organization. The Group considers equity shares, both ordinary and preferential, short and long-term financial obligations, and ordinary bonds as capital. The Group is not subject to externally imposed capital requirements.

The Group uses the Net debt/EBITDA + dividends indicator to monitor the capital structure. The net debt consists of financial obligations minus cash and temporary investments. This indicator allows us to establish the Group's level of leverage with regard to its generation of cash. Additionally, this indicator is included in the company's long-term loan agreements. Other indicators such as the debt's short-term and long-term relation, average life, and free cash flow, also are taken into account to analyze the capital structure. In line with the above, a correct balance between debt and equity is maintained.

The Group periodically monitors that the Net debt/EBITDA + dividends leverage indicator stays within a specific range that enables a sustainable growth and the achievement of the goals set by the Administration.

In addition to the generation of EBITDA, the Group may issue capital or divest its share portfolio, which at the end of 2016 was valued at $1.4 billion (2015: $1.4 billion). In order to manage other indicators such as the average life of the debt, and the short and long-term distribution of it, there are available credit lines at national and international banks as well as the possibility to access the capital market through the issuance of ordinary bonds and/or commercial papers on the local market.

The level of indebtedness of the Group maintains an appropriate balance between foreign currencies, naturally hedging assets and liabilities in the same currency. The relationship between the debt in dollars and the EBITDA generated by operations in the US and Central American and Caribbean countries, which generate most of their flows in dollars, provides a natural hedge for the debt in dollars, which, thanks to the very positive prospects for recovery in the US market and the profitability of operations in Central America and the Caribbean, is becoming increasingly important.

There have been no significant changes to the objectives, policies, or capital management processes of the Group.

During the reported periods, the indicators applicable to the Group's capital management are as follows:

	2016	2015
Net financial debt/Ebitda + dividends	3,81	3,16

As of December 2015, the leverage indicator is adjusted by restating the EBITDA from operations whose functional currency is USD or quasi-USD currencies at the USD/COP (RMT) exchange rate at the end of the period and not an average rate.

27.2. CATEGORIES OF FINANCIAL INSTRUMENTS

	2016	2015
Cash and cash equivalents (Note 5)	531.666	545.708
Fair value with changes in the income (Note 7)	13.683	9.677
Measured mandatorily at fair value with changes in the income (Note 6)	-	-
Instruments derived from hedging relationships (Note 6)	2.070	22.438
Financial assets measured at amortized cost (Note 8 and Note 7)	1.430.425	1.108.798
Financial assets measured at fair value with changes in other comprehensive income (Note 7)	1.378.556	1.459.070
Financial assets	**3.356.400**	**3.145.691**

	2016	2015
Measured mandatorily at fair value with changes in the income (Note 6)	-	-
Instruments derived from hedging relationships (Note 6)	111.456	172.156
Financial liabilities measured at amortized cost	8.441.628	6.721.597
Financial liabilities	**8.553.084**	**6.893.753**

27.2.1. FINANCIAL ASSETS MEASURED AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME

	2016	2015
Grupo de Inversiones Suramericana S. A.	1.076.601	1.006.142
Bancolombia S. A.	274.582	428.771
Cartón de Colombia S. A.	11.660	10.621
Carvajal Pulpa y Papel S. A.	561	217
Cemex S. A.	2.155	1.508
Other investments	12.997	11.811
	1.378.556	**1.459.070**

Dividends recognized during the period related to investments that:		
Remain recognized at the end of the period	24.280	30.023
They have been written off during the period.	8.481	-

Equity investments indicated in the table above are not held for negotiation purposes, they are held for strategic purposes in the medium and long term. The Administration believes that this classification for these strategic investments provides more reliable financial information, rather than reflecting changes to their fair value immediately in the results of the period

As of December 31, 2016, the Group made transfers from other comprehensive income to accumulated income for $209.090 for the disposal of 9.549.683 shares of Bancolombia S.A. at fair value measurement through changes in other comprehensive income. The value of the investment and dividends associated with the investment written off during the period is $237.787 and $8.481, respectively.

27.2.2. RECLASSIFICATION OF FINANCIAL ASSETS

During the current and previous period, the Group has not made changes to the business model for the management and admi-nistration of financial assets, therefore it has not reclassified financial assets from the category of fair value to amortized cost, or vice versa.

27.3. OBJECTIVES OF FINANCIAL RISK MANAGEMENT

The Group's financial policies are defined by the Corporate Finance committee and managed by the Corporate Finance Management, and they seek to ensure a solid financial structure and maintain the Group's exposure to market, liquidity and credit risks at tolerable levels according to the nature of the operations and in accordance with the defined policies and limits of exposure and attribution. The Group is exposed to exchange rate, interest rate, credit and liquidity risks. The risk is eliminated or mitigated to tolerable levels of exposure by using natural hedging or financial derivatives, to the extent permitted by the market. The use of financial derivatives for speculative purposes is not allowed.

Special operations such as acquisitions and issues of shares or bonds may temporarily exceed the limit established by the Administration, a situation that is controlled by permanently monitoring the volatility and the execution of investment plans associated with the specific transaction that was carried out.

27.3.1. EXCHANGE RATE RISK

The Group is exposed to exchange rate risk as a result of the investments held in subsidiaries with functional currencies other than the Colombian peso and of transactions in currencies other than its functional currency. The fluctuations in exchange rates have a direct impact on the cash and on the consolidated financial statements. The Group monitors the risk of exchange rate by analyzing the exposure in the balance sheet and the cash flow.

The analysis of exposure to exchange rate risk is performed on the subsidiaries whose functional currency is not the dollar, and that floats freely without exchange controls; subsidiaries located in countries with currency exchange controls have low volatility in the fluctuations of exchange rates. The exposure of the consolidated statement of financial position is determined by calculating the net position in dollars, which is made up of the liabilities and assets in dollars of those companies, and aims to minimize the volatility of the exchange difference item in the consolidated income statement. The exposure of cash flows is monitored by analyzing the offset of income and expenses in foreign currency, while seeking to generate equivalent income and expenses during the period in order to minimize the sale and purchase of dollars on the spot market. When the occurrence of a short or long cash flow is certain, it is hedged using financial derivatives. A significant portion of our net assets is denominated in dollars by the Group's subsidiaries in the United States; there is also a high exposure to the Colombian peso-dollar exchange in Colombian subsidiaries. In the subsidiaries in the Colombian geographic segment, the net position at the end of 2016 was 26 million dollars long (2015: 24 million dollars long).

The concentration of exchange rate risk is measured against the limit of the net position of +/- USD 30 million. As the net position of the Group moves away from that figure, the concentration of exchange rate risk is considered to increase.

27.3.2. INTEREST RATE AND INFLATION RISK MANAGEMENT

The interest rate risk arises mainly from loans paid at a fixed rate or variable rate. The Group measures interest rate risk through the exposure to floating rates and fixed rates of the Group's consolidated debt. In the case of variable rates, a deterioration of the rates at which the financial instruments are indexed could have a negative impact on the consolidated financial expenses or income. In the case of fixed rates, overexposure would put the Group at a disadvantage to as market conditions improve, as long as the financial instruments are held to maturity.

The concentration of interest rate risk appears when a very high exposure to a particular indexer is detected in the portfolio of financial debt. The Group considers that an exposure of between 15% and 20% of the fixed rate of its total consolidated debt is optimal.

A very different ratio than this would indicate a concentration of any of the references. The company's debt profile is reported monthly, indicating the FR vs. VR levels of concentration, distribution by term (short term vs. long term) and distribution by currency (COP vs. USD vs. other currencies). With these results, decisions are made to manage the debt portfolio, such as payment of obligations, structuring financial derivatives to balance the position in interest rates and/or currencies, etc. As of December 31st, 2016 17% of the consolidated debt was agreed at a fixed interest rate (2015: 28%).

The reference interest rates of the Colombian financial market that generate exposure for the Group are the CPI, DTF and IBR, and the international reference rate Libor for loans in dollars. The Group has not considered exposure to other local or international rates.

27.3.3. CREDIT RISK MANAGEMENT

The credit risk derived from financial assets that implies the risk of the counterparty defaulting is reduced by evaluating and assessing clients with exposure or who require credit beyond the established limits and actual collateral.

The credit risk derived from the investments made by the Group in the financial system is monitored through the use of an issuer quota model, which stipulates the maximum amount that the company may have invested in an American, European, Honduran, or Colombian bank, where most of the Group's cash is concentrated. The policy restricts the amount of investment in banks to the limit calculated by the model quotas, without the authorization of the Financial Vice President. The models incorporate variables such as national and international rating, leverage indicators, and bank liquidity indicators. When the amounts invested in a bank exceed the values calculated by the quotas model, the risk is considered to be highly concentrated in a single issuer. The company balances that concentration, when the market permits, by divesting the issuer that has exceeded the amount stipulated by the model and recomposing the investments with different alternatives, according to the calculated quotas. For banks that are not part of the model, the company does not measure the issuer quota risk. In turn, banks that are not part of that model are entities in which there are no significant investments at the time of this report.

27.3.4. LIQUIDITY RISK MANAGEMENT

The Group has financial obligations with counterparties in the banking system and in the capital market. To mitigate the liquidity risk in the possible renewals of these credits, the Group plans the concentration of maturities monthly in order to avoid accumulating very high maturities in any given month of the year. Additionally, it has a broad portfolio of liquidity providers in different currencies, types of indexers and terms, including national banks, international banks, commercial financing companies, stockbrokers and issuance of bonds and trade papers in the capital market as a recurring issuer. The balance of the debt distribution by term is another clear objective of management, with the goal of not concentrating more than 30% of financial liability maturities in the short term. The duration in years of financial liabilities is monitored every month, and the goal is to not fall below the 3.5 year average life. Therefore, the Group has uncommitted credit quotas in national and international banks in a sufficient amount to cover any eventuality. The Group is also exposed to liquidity risk for breach of their financial commitments (covenants), which would trigger cross-compliance clauses in other contracts. To mitigate this risk, monthly financial covenants are tracked and reported to management.

The carrying amounts of assets and liabilities denominated in foreign currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2016	**2015**	**2016**	**2015**
American dollar	1.105.668	1.468.654	1.027.185	1.388.766

27.4. FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Group is primarily exposed to the US Dollar. The following table lists the Group's sensitivity to an increase and decrease of 25% of the Colombian peso against the relevant foreign currencies after considering the effect of hedge accounting. Twenty five percent represents the sensitivity rate used when reporting exchange rate risk internally to key management personnel, and represents the management's evaluation of possible reasonable changes in exchange rates. The sensitivity analysis only includes outstanding monetary items denominated in foreign currencies and adjusts their conversion at the end of the period with a change of 25% in exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the one used by the lender and the borrower. A positive number indicates an increase in the results where the Colombian peso is strengthened by 25% against the relevant currency. If the Colombian peso is weakened by 25% against the reference currency, this would have a comparable impact on the results and the following balances would be negative. During the period there have been no changes in the methods and hypotheses used for the sensitivity analysis.

	2016	2015
Profits before taxes and discontinued operations	19.655	18.990

27.4.1. CONTRACTS IN FOREIGN CURRENCY

The following table lists derivative contracts in foreign currency under hedge accounting, outstanding at the end of the reporting period:

Forward purchase and currency swap

	Average Rate of Derivative Contract		Notional Value of the Underlying in Colombian Pesos(1)		Fair Value of Assets (Liabilities)	
	2016	2015	2016	2015	2016	2015
American Dollar – Forward	-	-	-	-	-	-
American Dollar – Swap	3.180	2.520	50.012	113.381	(3.239)	22.114
Other currencies	-	-	-	-	-	-
			50.012	**113.381**	**(3.239)**	**22.114**

Forward sale and currency swap

	Average Rate of Derivative Contract		Notional Value of the Underlying in Colombian Pesos(1)		Fair Value of Assets (Liabilities)	
	2016	2015	2016	2015	2016	2015
American Dollar – Forward	-	-	-	-	-	-
American Dollar – Swap	2.418	2.373	433.320	433.320	(101.135)	(160.033)
Other currencies	-	-	-	-	-	-
			433.320	**433.320**	**(101.135)**	**(160.033)**

(1) The notional value of the underlying includes values in American dollars. For disclosure purposes these amounts have been converted into Colombian pesos using the closing exchange rate in effect for each reporting date.

The following tables detail the notional principal amounts and remaining terms of forward and exchange rate swap contracts outstanding at the end of the reporting period.

	Notional Value of the Underlying in Colombian Pesos[1]		Fair Value of Assets (Liabilities)	
	2016	**2015**	**2016**	**2015**
Cash flow hedge				
1 year or less	433.320	113.381	(101.135)	22.114
From 1 to 5 years	50.012	433.320	(3.239)	(160.033)
5 years or more	-	-	-	-
	483.332	**546.701**	**(104.374)**	**(137.919)**
Fair value hedge				
1 year or less	-	-	-	-
From 1 to 5 years	-	-	-	-
5 years or more	-	-	-	-
	-	**-**	**-**	**-**
No accounting hedge				
1 year or less	-	-	-	-
From 1 to 5 years	-	-	-	-
5 years or more	-	-	-	-
	-	**-**	**-**	**-**
DERIVATIVE CONTRACTS IN FOREIGN CURRENCIES	**483.332**	**546.701**	**(104.374)**	**(137.919)**

(1) The notional value of the underlying includes values in American dollars. For disclosure purposes these amounts have been converted into Colombian pesos using the closing exchange rate in effect for each reporting date.

27.5. INTEREST RATES AND INFLATION INDEXES SENSITIVITY ANALYSIS

The following sensitivity analysis has been determined based on the exposure to interest rates and inflation indexes for both deri-vative and non-derivative instruments at the end of the reporting period. For liabilities at variable rates, an analysis is prepared assuming the amount of outstanding liabilities at the end of the reporting period have been the same outstanding liabilities for the entire year. Upon internally informing key management personnel of the interest rate risk an increase or decrease of 25 points is used, which represents the management's evaluation of the possible reasonable change in the interest rates.

	IPC		Libor 6 Meses	
	2016	**2015**	**2016**	**2015**
Profits before taxes and discontinued operations	30.925	25.942	13.876	1.731
Other comprehensive income	(2.749)	2.894	681	554

27.6. DERIVATIVES CONTRACTS FROM INTEREST RATE AND INFLATION INDEXES

The following tables detail the notional principal amounts and remaining terms of forward and interest rate swap contracts outstanding at the end of the reporting period.

	Notional Value of the Underlying in Colombian Pesos (1)		Fair Value of Assets (Liabilities)	
	2016	**2015**	**2016**	**2015**
Cash flow hedge				
1 year or less	-	-	-	-
From 1 to 5 years	1.014.970	1.113.465	(5.012)	(11.799)
5 years or more	-	-	-	-
	1.014.970	**1.113.465**	**(5.012)**	**(11.799)**
Fair value hedge	-	-	-	-
1 year or less	-	-	-	-
From 1 to 5 years	-	-	-	-
5 years or more	-	-	-	-
	-	**-**	**-**	**-**
No accounting hedge	**-**	**-**	**-**	**-**
1 year or less	-	-	-	-
From 1 to 5 years	-	-	-	-
5 years or more	-	-	-	-
	-	**-**	**-**	**-**
DERIVATIVE CONTRACTS FROM INTEREST RATES	**1.014.970**	**1.113.465**	**(5.012)**	**(11.799)**

(1) The notional value of the underlying includes values in American dollars. For disclosure purposes these amounts have been converted into Colombian pesos using the closing exchange rate in effect for each reporting date.

27.7. INTEREST AND LIQUIDITY RISK TABLES

The following tables detail the remaining contractual maturity of the Group's non-derivative financial liabilities with agreed-upon reimbursement periods. The tables have been designed based on the undiscounted cash flows of financial liabilities based on the date on which the Group must make payments. The tables include both cash flows of interest and principal. When the interest is at the variable rates, the undiscounted amount is derived from the interest rate curves at the end of the reporting period. The contractual maturity is based on the minimum date on which the Group must make the payment.

	Weighted Average Effective Interest Rate	1 year or less	From 1 to 5 years	5 years or more	Total	Book Value
December 31st, 2016						
Non-interest bearing liabilities	-	1.128.391	-	-	1.128.391	1.128.391
Financial lease liabilities (Note 20)	9,85%	48.438	163.011	31.476	242.925	194.167
Instruments with variable interest rates	11,49%	3.056.908	3.361.074	2.441.732	8.859.714	6.864.180
Instruments with fixed interest rates	9,01%	184.587	22.117	-	206.704	203.037
Other liabilities	7,13%	2.181	9.354	214.003	225.538	51.853
		4.420.505	**3.555.556**	**2.687.211**	**10.663.272**	**8.441.628**
December 31st, 2015						
Non-interest bearing liabilities	-	998.629	-	-	998.629	998.629
Financial lease liabilities (Note 20)	7,13%	46.050	178.107	57.034	281.191	225.995
Instruments with variable interest rates	5,80%	1.162.625	3.458.842	2.070.823	6.692.290	4.923.500
Instruments with fixed interest rates	2,67%	418.740	50.522	-	469.262	456.575
Other liabilities	4,68%	71.904	8.850	252.132	332.886	116.898
		2.697.948	**3.696.321**	**2.379.989**	**8.774.258**	**6.721.597**

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been designed based on the discounted contractual net cash flows that are paid on a net basis, and the discounted gross cash flow of the derivatives that require gross payment. When the amount payable or receivable is not fixed, the amount disclosed has been determined by referencing projected interest rates as illustrated by the yield curves at the end of the reporting period. As of December 31st, 2016 and 2015, the Group does not have any derivative contracts that are settled based on their gross amount.

	1 year or less	1 to 5 years	5 years or more	Total
NET SETTLEMENT AMOUNT:				
December 31st, 2016				
Forward	-	-	-	-
Swaps	(101.135)	(8.251)	-	(109.386)
Options and others	-	-	-	-
	(101.135)	**(8.251)**	**-**	**(109.386)**
December 31st, 2015				
Forward	-	-	-	-
Swaps	32.560	(182.278)	-	(149.718)
Options and others	-	-	-	-
	32.560	**(182.278)**	**-**	**(149.718)**

27.8. COLLATERAL

The Group has pledged 5.200.000 shares of the issuer Grupo de Inversiones Suramericana S.A. to the financial institution Bancolombia as collateral for financial liabilities. These shares are not pledged to a specific obligation, and their purpose is to support the Group's overall line of credit. The book value of the financial assets the Group has pledged as collateral for financial liabilities is $198.640 (2015:$185.640)

In 2015, the Group pledged all the shares it holds in the subsidiary Argos Puerto Rico LLC to the Banco Popular Dominicano as collateral for financial liabilities. The value of the net assets of the subsidiary at December 31st, 2016 is $61.588 (2015: $59.026). The Group has not received financial or non-financial assets as collateral as of December 31st, 2016 and 2015 that it is allowed to sell or pledge without a default by the collateral's owner.

NOTE 28: ISSUED CAPITAL

The authorized capital consists of 1.500.000.000 shares with a nominal value of $416 (2015: $6) each. The subscribed and paid-in capital is made up of 1.215.247.885 made up of ordinary shares and 209.197.850 preferred shares. The treasury stock is made up of 63.575.575 shares. At December 31st, the number of shares in circulation was 1.360.870.160 (2015: 1.360.870.160).

	2016	2015
AUTHORIZED CAPITAL		
1.500.000.000 ordinary shares with a nominal value of $416 (2015: $6)	624.000	9.000
SUBSCRIBED AND PAID CAPITAL		
1.215.247.885 ordinary shares with a nominal value of $416 (2015: $6)	505.543	7.291
209.197.850 preferred shares with a nominal value of $416 (2015: $6)	87.027	1.256
	592.570	**8.547**

On January 25, 2016, the Annual Ordinary General Shareholders' Meeting of Cementos Argos S.A. approved the statutory reform that had been proposed for the modification of Art. 4 in order to capitalize on occasional reserves up to $615.000 through the mechanism of increasing the nominal value of the share. With this approval the nominal value of the share went from six pesos ($6) to four hundred and sixteen pesos ($416).

Investments in Group associates and joint ventures do not hold common or preferred shares of Cementos Argos S.A. or any of its subsidiaries at the reporting date and comparative periods.

The Group has not received ordinary or preferred shares for option contracts or contracts for the sale of shares.

Cementos Argos S.A. may only acquire its own shares by decision of the General Shareholders' Meeting with a favorable vote of the number of shares subscribed determined by law, with funds taken from the net profits and provided that such shares are fully paid.

28.1 RECONCILIATION OF PAID ORDINARY SHARES

	Number of Shares	Social Capital	Share Placement Premium
Balance at January 1, 2015	1.215.247.885	7.291	175.675
Issue of ordinary shares	-	-	-
Balance at December 31, 2015	**1.215.247.885**	**7.291**	**175.675**
Issue of ordinary shares	-	-	-
Repurchase of own shares	-	-	-
Capitalization of reserves	-	498.252	-
Balance at December 31, 2016	**1.215.247.885**	**505.543**	**175.675**

Each ordinary share gives its owner the right to participate in the decisions of the General Shareholders' Meeting and vote in it, trade the shares freely, inspect the books and social papers freely during the fifteen (15) business days prior to the General Meeting in which the year-end financial statements are examined, and receive a proportionate share of the social assets at the time of settlement and once the company's external liabilities have been paid, among others included in the bylaws.

During all new issues of ordinary shares, the holders of ordinary shares have the right to subscribe preferentially a proportional amount to those they already hold on the date in which the competent social agency approves the subscription regulations.

28.2. RECONCILIATION OF PREFERRED SHARES

	Number of Shares	Social Capital	Share Placement Premium
Balance at January 1, 2015	209.197.850	1.256	1.374.068
Issue of preferred shares	-	-	-
Balance at December 31, 2015	**209.197.850**	**1.256**	**1.374.068**
Issue of preferred shares	-	-	-
Repurchase of own shares	-	-	-
Capitalization of reserves	-	85.771	-
Balance at December 31, 2016	**209.197.850**	**87.027**	**1.374.068**

Holders of shares with preferential dividends and no voting rights are entitled to receive a minimum dividend preferentially compared to the one corresponding to ordinary shares, as long as distributable profits were generated in the financial year immediately preceding. Under no circumstances will the dividends received by holders of ordinary shares exceed the ones decreed in favor of preferred shares, the preferential reimbursement of their contributions – once the external liabilities have been paid – in the event of the dissolution and liquidation of the issuer, and other rights provided for in the bylaws of the issuer for holders of ordinary shares, except (i) to subscribe ordinary shares preferentially, and (ii) to vote on the proposals in the General Shareholder's Meeting of the issuer. By way of exception, preferred shares will grant their holders the right to vote in the events described in the placement and issuance prospectus.

The issuance of preferred shares qualifies as a compound financial instrument. The Group, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual terms of the instrument as well as the issuer's obligations. Given the contractual obligation of the issuer to issue cash or other financial assets to shareholders, the issuance incorporates a component of financial liability. Once this liability has been measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and have their impact on the result of the period recognized; the equity element is not subject to further measurement.

NOTE 29: RESERVES AND OTHER COMPREHENSIVE INCOME

29.1. RESERVES

The Group's consolidated reserves include the value of the reserves of Cementos Argos S.A., and its participation in changes of the reserves of subsidiaries, associates and joint ventures accounted for using the equity method; these last two categories in the percentage held by the Group after the date of first adoption of the IFRS.

LEGAL RESERVE

Domestic companies are required to appropriate as reserves 10% of its annual net profits until the balance of this reserve is equivalent to 50% of the subscribed capital. As of December 31st, 2016 and 2015, the value of the legal reserve amounts to $20.927 y $21.156 respectively. For both years the reserve was above the legally established amount.

The reserve is not distributable before the liquidation of the company, but it should be used to absorb or reduce annual net losses. Appropriations in excess of the aforementioned 50% are freely available to the General Shareholders' Meeting.

RESERVE FOR TREASURY STOCK

The reserve for treasury stock, per the provisions of the Code of Commerce, is only distributable to shareholders when the shares are sold again. While the shares belong to the company the rights attached thereto shall remain suspended.

RESERVE FOR TAX PROVISIONS

It is a mandatory reserve that originates from a requirement of the Colombian Tax Statutes to appropriate the equivalent of 70% of the highest value requested by tax depreciation. According to legal provisions, this reserve can be liberated as the depreciations that are accounted for later exceed those requested annually for tax purposes, or when the assets that generated the greatest deducted value are sold.

OCCASIONAL RESERVES AVAILABLE TO THE HIGHEST CORPORATE BODY AND OTHER RESERVES

In addition to the reserves established by law or the bylaws, the General Shareholders' Meeting may constitute freely available reserves for specific purposes. On March 13th, 2015, the General Shareholders' Meeting authorized the release of $50.893 from the untaxed reserve for extensions and investments in order to distribute dividends to shareholders. Similarly, it also decided to appropriate $224.856 as a reserve for future expansions and investments.

29.2. OTHER COMPREHENSIVE INCOME NET OF TAXES, ATTRIBUTABLE TO THE PARENT COMPANY

In December 2016, the Group reclassified from other comprehensive income to retained earnings for $209.090 for the disposal of Bancolombia S.A. shares under the other financial assets category at fair value measurement through changes in other comprehensive income.

During 2016 and 2015 the value reclassified from other comprehensive income to the income of the period in the item for finan-cial expenses and exchange rate differences for cash flow hedging was $1.139 (2015: $3.581) and $107.329 (2015: $42.397) respectively.

As of December 31st, 2016 and 2015, the Group has not designated any financial instruments to hedge the cash flow of forecast transactions. For this reason, no value from the other comprehensive income was reclassified to the income of the period for this item.

29.3. IMPACT OF FIRST-TIME NCIF IMPLEMENTATION

The impact of implementing NCIF to unrealized assets and liabilities is not distributable to shareholders.

NOTE 30: DIVIDENDS

The General Shareholders' Meeting held on March 28th, 2016 declared annual cash dividends on ordinary shares in the amount of $200.00 per share, payable in four quarterly installments of $ 50.00 per share starting in April 2016, for a total value of $230.334 million. Further, preferred dividends in cash were declared corresponding to 209.197.850 preferred shares of $207.75 annually per share, in April 2016 the last installment of the preferential dividend was paid in the amount of $57.75, according to the provisions of the Procedure for Placement of Stocks with preferential dividend and without voting rights of 2013; the following three installments are equal to ordinary shares, i.e., of $50.00 each, for a total value of $43.461.

Declared Dividends	Shares	Annual $ per Share	2016	Annual $ per Share	2015
Ordinary dividends	1.151.672.310	200,00	230.334	178	204.998
Preferred dividends	209.197.850	207,75	43.461	231	48.325
			273.795		**253.323**

NOTE 31: NON-CONTROLLING INTERESTS

	2016	2015
Opening balance	**632.046**	**466.488**
Share of the year's profits	142.542	64.965
Non-controlling interest generated by other comprehensive income	(48.515)	125.559
Non-controlling interest generated by new acquisitions	-	23.005
Changes in the participation of subsidiaries without loss of control	84.359	-
Participation through other equity movements	(79.274)	(47.971)
Closing balance	**731.158**	**632.046**

NOTE 32: REVENUE

Below is an analysis of the Group's revenue for the period for continuing operations (excluding revenues from investments – see Note 37).

	2016	2015
Revenue from the sale of goods	8.475.368	7.877.642
Revenue from services rendered	42.013	34.361
	8.517.381	**7.912.003**

The Group has no commitments that are estimated to generate losses.

The consolidated operating income of Cementos Argos is generated mainly through the sale of cement and ready-mix concrete.

Our concrete businesses are the main customer of our cement production. Sales across our geographic segments or operating segments are executed at market prices comparable to sales to third parties.

Our sales of cement and ready-mix concrete are highly dependent on the performance of the construction industry, including residential, commercial and infrastructure projects, in each of the countries where we operate or sell our products. Fluctuations in the behavior of the construction industry significantly affect the volumes of cement and ready-mix concrete we can sell, as well as the sales prices we can receive for our products.

NOTE 33: SEGMENT INFORMATION

33.1. OPERATING SEGMENTS, AND PRODUCTS AND SERVICES THE GENERATE REVENUES FROM THE SEGMENTS

The Administration has determined its segments of operation based on the financial information provided to the Directive Committee of Cementos Argos S.A., whose members periodically monitor business results to make decisions about resources to be allocated and to evaluate its performance. The cement and ready-mix concrete business is organized and managed along the three main geographic regions where the Group is present: Colombia, Caribbean and Central America, and the United States, which the Group operates through subsidiary companies.

All three geographic segments generate their revenues from the cement and ready-mix businesses in the following way:

Cement, which comprises the activities related to the production, marketing, transport and distribution of cement in all its forms and types, raw materials and semi-finished cement products. This also includes clinker commercialization operations. Cement plants produce a wide range of products, including clinker, general purpose cement, structural cement, Portland cement, type I, II, I/II and III cements, white cement, masonry cement and oil-well cement.

Ready-mix concrete, which comprises activities related to the production and marketing of ready-mix concrete in all its forms and types. The product portfolio of ready-mix concrete includes different types of ready-mix concrete for use in infrastructure projects architectural projects, ornamental projects, and for public spaces, among other uses.

The Directive Committee evaluates performance and allocates resources based on segmentation by geographical area. Segmentation by product and/or service is not monitored or reviewed regularly at this level.

The Directive Committee evaluates the performance of the operating segments based on net sales and the operating income of each operating segment. These measurements exclude the effects of income and expenses and income taxes, which are not allocated to operating segments and are managed at company level. The accounting policies applied to the preparation of the segment information are the same as described in Note 2.2 Accounting Policies. The Group has not made asymmetrical allocations to their operating segments.

33.2 FINANCIAL INFORMATION BY OPERATING SEGMENT

2016	Colombia	Caribbean and Central America	United States	Corporate and Others	Total
Operating income	3.040.703	2.185.106	4.501.404	29.783	9.756.996
Minus: inter-segment	445.434	503.411	263.536	27.233	1.239.614
Consolidated income	**2.595.269**	**1.681.695**	**4.237.868**	**2.550**	**8.517.382**
Sales costs	1.723.816	941.220	3.430.720	6.885	6.102.641
Depreciations and amortization	155.229	77.875	256.103	3.505	492.712
Gross profits	**716.224**	**662.600**	**551.045**	**(7.840)**	**1.922.029**
Other depreciations and amortizations	5.206	49.466	36.667	27.555	118.894
Administration and sales	216.275	158.744	299.064	169.762	843.845
Other net income (expenses)	11.786	49.803	44.568	(26.569)	79.588
Impairment of goodwill and assets	48.462	-	7.484	571	56.517
Operating profits after asset impairment	**458.067**	**504.193**	**252.398**	**(232.297)**	**982.361**
Operating margin	18%	30%	6%	(9.110%)	12%
Net financial expenses					340.828
Net earnings for exchange rate differences					30.157
Loss from net participation in results of associates and joint ventures					(1.824)
Profit before taxes					**669.866**
Income tax					107.354
Profit from continuing operations					**562.512**

2015	Colombia	Caribe y Centroamérica	Estados Unidos	Corporativo y otros	Total
Operating income	3.442.138	1.812.494	4.033.066	160.189	9.447.887
Minus: inter-segment	(464.969)	(330.317)	(617.517)	(123.081)	(1.535.884)
Consolidated income	**2.977.169**	**1.482.177**	**3.415.549**	**37.108**	**7.912.003**
Sales costs	1.884.951	853.956	2.879.723	17.910	5.636.540
Depreciations and amortization	143.089	59.489	244.966	13.843	461.387
Gross profits	**949.129**	**568.732**	**290.860**	**5.355**	**1.814.076**
Other depreciations and amortizations	5.775	46.484	38.706	25.930	116.895
Administration and sales	216.734	163.301	235.809	130.310	746.154
Other net income (expenses)	1.498	(5.849)	3.419	(10.676)	(11.608)
Impairment of goodwill and assets	-	-	-	234	234
Operating profits after asset impairment	**728.118**	**353.098**	**19.764**	**(161.795)**	**939.185**
OPERATING MARGIN	**24%**	**24%**	**1%**	**(436%)**	**12%**
Net financial expenses					274.963
Net earnings for exchange rate differences					33.107
Loss from net participation in results of associates and joint ventures					(787)
Profit before taxes					**696.542**
Income tax					126.905
Profit from continuing operations					**569.637**

33.3 INFORMATION BY GEOGRAPHIC AREA AND SIGNIFICANT CUSTOMERS

	Revenue from External Customers		Non-Current Assets	
	2016	2015	2016	2015
Colombia	2.630.520	3.007.943	4.351.801	4.607.019
USA	4.240.508	3.421.743	7.837.713	6.170.869
Panama	599.795	553.927	1.123.065	866.149
Honduras	441.507	380.439	592.846	693.457
Haiti	178.979	184.472	14.132	19.017
Dominican Republic	127.285	107.136	47.616	49.301
Suriname	35.868	46.287	25.332	27.424
Caribbean Islands	262.920	210.056	210.720	233.865
Total	**8.517.382**	**7.912.003**	**14.203.225**	**12.667.101**

For these purposes, the basis used to allocate revenue from external customers to countries is the location of the company and non-current assets include property, plant and equipment, intangible assets, investment properties, investments in associates and joint ventures and goodwill. As of December 31st, 2016 and 2015, the Group does not have any customer that represents 10% or more of its consolidated income.

33.4 INFORMATION BY PRODUCT AND SERVICE

	2016	2015
Cement	3.673.223	3.189.923
Concrete	4.682.593	3.836.241
Other products and services	161.565	885.839
	8.517.382	**7.912.003**

NOTE 34: ADMINISTRATIVE EXPENSES

Administrative expenses as of December 31st comprised the following:

	2016	2015
Staff expenses	271.502	255.324
Services	131.798	95.866
Amortization of intangible assets	63.685	65.245
Fees	45.359	48.264
Maintenance and repairs	24.017	21.704
Travel expenses	22.142	20.912
Depreciation of property, plant and equipment	18.958	18.187
Leases	18.035	17.366
Insurance	13.066	13.511
Impairment of trade receivables	10.397	4.053
Contributions and affiliations	6.018	6.137
Taxes	4.704	4.207
Legal expenses	7.641	4.144
Supplies and stationery	3.488	3.063
Cafeteria and restaurant	2.633	2.558
Transportation	1.652	1.660
Representation and public relations expenses	1.307	1.212
Adaptation and installation	1.004	704
Sundry	51.904	14.545
	699.310	**598.662**

NOTE 35: SALES EXPENSES

Sales expenses as of December 31st comprised the following:

	2016	2015
Staff expenses	112.352	100.483
Services	53.459	51.739
Amortization of intangible assets	35.838	32.852
Taxes	26.323	29.764
Impairment of trade receivables	4.111	21.019
Travel expenses	6.577	5.651
Contributions and affiliations	5.992	4.680
Leases	4.902	4.169
Fees	2.729	2.362
Fuel and lubricant	1.599	1.995
Insurance	1.771	1.724
Supplies and stationery	1.193	1.044
Cafeteria and restaurant	772	637
Maintenance and repairs	391	635
Depreciation of property, plant and equipment	357	610
Representation and public relations expenses	528	341
Transportation	279	230
Legal expenses	77	338
Adaptation and installation	39	38
Sundry	4.084	4.076
	263.373	**264.387**

NOTE 36: OTHER OPERATING INCOME, NET

	2016	2015
Gains from recoveries	82.183	39.089
Gain from the sale of fixed assets and other assets	72.838	7.987
Gain for extinction of liabilities and others	40.212	-
Gains from exploitation	2.232	5.355
Gains from compensation	1.980	42.742
Gain on sale of investments	1.133	-
Gains from the sale and valuation of biological assets	628	4.895
Gains from claims	245	12
Gains from subsidies	31	31
Loss from other assumed taxes	(28.435)	(28.362)
Expenses for termination benefit	(22.256)	-
Expenses for legal proceedings	(22.155)	(8.893)
Loss from donations	(19.964)	(18.390)
Loss from assumed four per thousand tax	(18.385)	(18.886)
(Loss) from the sale of fixed assets and other assets	(9.972)	(37.121)
(Loss) gain from other income and expenses	(783)	(67)
	79.532	**(11.608)**

NOTE 37: FINANCIAL INCOME

	2016	2015
Interest income	14.829	10.327
Others interest income	16.829	7.572
Dividends from equity investments	32.761	30.023
Financial assets that have not been designated at fair value with changes in the results	**64.419**	**47.922**
Gain on valuation of financial derivatives	-	949
Total interest income from financial assets	**64.419**	**48.871**

NOTE 38: FINANCIAL EXPENSES

	2016	2015
Interest on overdrafts and loans	96.967	69.660
Interest on loans from related parties	-	218
Interest on obligations under financial lease	16.898	16.681
Interest on bonds and preferred shares	277.854	204.225
Interest on financial derivatives	(15.474)	(6.744)
Other financial expenses	32.007	26.113
Total interest expense of financial liabilities	**408.282**	**310.153**
Minus: amounts included in the cost of qualified assets	22.226	15.089
Total interest expense of financial liabilities recorded in the results	**386.056**	**295.064**
Loss from valuation of financial derivatives	1.477	16.104
Other financial costs	17.714	12.666
Total financial expenses	**405.247**	**323.834**
Discount effect on provisions, employee benefits and tax on equity	28.637	24.004
Financial income (Note 37)	64.419	48.871
Financial expenses	405.247	323.834
Total financial expenses, net	**340.828**	**274.963**

As of December 31st, 2016 and 2015 the annual weighted average capitalization rate on funds due is 9,43% and 6,63% for Cementos Argos S.A. and 1,45% and 1.16% Argos Cement LLC respectively.

NOTE 39: NET INCOME FROM CONTINUING OPERATIONS

Gains from continuing operations are attributed to:

	2016	2015
Company controllers	419.970	504.672
Non-controlling interests	142.542	64.965
	562.512	**569.637**

39.1. LOSSES FROM IMPAIRMENT ON FINANCIAL ASSETS

	2016	2015
Loss from impairment on trade receivables	14.508	25.072
Reversal of losses from impairment on trade receivables	1.379	1.310

39.2. DEPRECIATION AND AMORTIZATION EXPENSES

	2016	2015
Depreciation on property, plant and equipment and on investment properties	503.258	480.260
Amortization of intangible assets and unfavorable contracts	108.348	98.097
	611.606	**578.357**

39.3. EMPLOYEE BENEFIT EXPENSES

	2016	2015
Cost	1.031.380	754.962
Administrative expenses	271.502	255.325
Sales expenses	112.352	100.483
Total employee benefit expenses	**1.415.234**	**1.110.770**

NOTE 40: EARNINGS PER SHARE

	2016	2015
	Colombian Pesos per share	Colombian Pesos per share
From continuing operations	364,66	438,21
From discontinued operations	-	(11,56)
Total basic earnings per share	**364,66**	**426,65**

40.1. BASIC EARNINGS PER SHARE

The earnings and average weighted number of ordinary shares used to calculate the basic earnings per share are as follows.

	2016	2015
Earnings for the year attributable to the company's controllers	419.970	491.357
Minus preferred non-cumulative dividends after taxes declared during the period	-	-
Earnings used to calculate basic earnings per share	**419.970**	**491.357**
From discontinued operations	-	(13.315)
From continuing operations	419.970	504.672
Average weighted number of ordinary shares for purposes of basic earnings per share	1.151.672.310	1.151.672.310

40.2. DILUTED EARNINGS PER SHARE

The Group does not hold any financial instruments or other type of contract that grants it the right to receive potential ordinary shares, so that diluted earnings per share are equal to the basic earnings per share.

NOTE 41: INFORMATION ABOUT RELATED PARTIES

The immediate parent company of Cementos Argos S.A. is Grupo Argos S.A., which is headquartered in Medellin, Colombia, and holds a stake in the company of 55.34%.

41.1. TRANSACTIONS BETWEEN THE PARENT COMPANY AND ITS SUBSIDIARIES OR BETWEEN SUBSIDIARIES

The following transactions are those that we have engaged in with our subsidiaries or among our subsidiaries:

- Purchase and sale of clinker between ourselves and our subsidiaries, and our subsidiaries among themselves regardless of the region where they are located. The transaction involves the companies that produce clinker selling clinker to the companies that produce cement, and the latter using it as a raw material to produce cement.

- Purchase and sale of cement between ourselves and our subsidiaries and among our subsidiaries themselves, regardless of the region where they are located. The transaction involves the companies that produce cement selling cement to the companies that produce concrete, and the latter using it as a raw material to produce concrete. In the case of purchases and sales among cement companies, cement is transferred with the purpose of being commercialized.

- Purchase and sale of aggregates between ourselves and our subsidiaries and among our subsidiaries themselves, regardless of the region where they are located. The transaction involves the companies that produce aggregates selling aggregates to the companies that produce cement or concrete, and they use it as a raw material for their products.

- Provision of transport services between Logitrans S.A. and Cementos Argos S.A. Concretos Argos S. A. and Zona Franca S.A.S. The transaction involves Logitrans S.A., as a cargo transport intermediary, outsourcing the transportation of the products or raw materials of Cementos Argos S.A., Concretos Argos S.A. and Zona Franca S.A.S to third parties.

- Purchase and sale of back-office services between Cementos Argos S.A. and Zona Franca Argos S.A.S. The transaction involves Cementos Argos S.A. providing back-office services to Zona Franca Argos S.A.S in exchange for a consideration from them. The services provided are basically financial, administrative and technological support.

- Purchase and sale of back-office services between Argos North America Corp. and its subsidiaries. The transaction involves Argos North America Corp. providing back-office services to its subsidiaries in exchange for a consideration from them. The services provided are basically financial, administrative and technological support.

- Management support contracts between Argos SEM, S.A. and Argos S.A. Honduras, Argos Dominicana S.A., Cimenterie Nationale S.E.M, Vensur NV, Argos Puerto Rico LLC and Ciments Guyanais. The transaction involves Argos SEM, S.A. providing management support services to the subsidiaries listed in exchange for a consideration. The services provided are basically administrative management services.

- Feasibility support for the expansion in Panama of the new "Your effort builds" project, between Argos SEM, S.A. and Cementos Argos S.A.; the transaction consists of a feasibility study and assembly platform for the project and Argos SEM, S.A. provides administrative management services to Cementos Argos S.A.

The following transactions are those that we or our subsidiaries have entered into with Grupo Argos S.A. And its subsidiaries:

- Purchase and sale of back-office services between Cementos Argos S.A. and Grupo Argos S.A. The transaction involves Cementos Argos S.A. providing back-office services to Grupo Argos S.A. in exchange for a consideration from them. The services provided are basically financial, administrative and technological support.

- Lease of real estate between Grupo Argos S.A. and/or its subsidiaries and Cementos Argos S.A. and/or its subsidiaries. The transaction involves Grupo Argos S.A. and/or its subsidiaries leasing space (offices, warehouses and/or lots) to Cementos Argos S.A. and or its subsidiaries in order for the latter to develop their activities, whether productive or administrative.

- Purchase and sale of energy between Celsia S.A. and Zona Franca Argos S.A.S. and Cementos Argos S.A.; the transaction consists of Zona Franca Argos S.A.S. and Cementos Argos S.A. providing energy to Celsia S.A. for marketing purposes.

- Purchase and sale of coal between Cementos Argos S.A. and Sator S.A.S. The transaction involves Sator S.A.S supplying coal to Cementos Argos S.A. for it to be used in the production process of clinker.

41.2. TRANSACTIONS WITH RELATED PARTIES

During the year, Group companies were involved in the following commercial transactions and balances with related parties that are not members of the Group:

	Sale of Goods and Other Income		Purchase of Goods and Other Expenses		Amounts Receivable		Amounts Receivable	
	2016	2015	2016	2015	2016	2015	2016	2015
Parent company	127	209	5.478	7.513	1.676	1.132	32.316	28.960
Subsidiaries	15.839	221	10.028	10.472	2.560	2.501	116	2.008
Associates	19	11.903	36.634	29.949	3.631	3.129	4.482	14.916
Joint ventures	2.046	1.253	26.268	4.069	789	1.206	640	915
Key Management personnel	-	-	107.255	114.391	-	-	-	-
Other related parties	-	-	-	773	-	326	-	8
Related parties	**18.031**	**13.586**	**185.663**	**167.167**	**8.656**	**8.294**	**37.554**	**46.807**

As of December 31st, 2016 and 2015 the Group has not recognized impairment or impairment expense for the values receivable from related parties. The Group has not received or offered guarantees on balances receivable or payable to related parties.

Transactions between the reporting company and its related parties are carried out on terms equivalent to those in arm's-length transactions. The average term of accounts receivable from related parties regarding the sale of goods is 30 days, accounts payable between related parties have an average term of 60 days. The average term for loans for 2016 is one year, agreed to a rate of 5.22% in pesos

41.3. COMPENSATION OF THE BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The compensation of key management personnel during the year was as follows:

	2016	2015
Wages and other short-term employee benefits	102.279	105.821
Pension and other post-employment benefits	3.898	3.961
Severance benefits	1.078	4.609
	107.255	**114.391**

Key management personnel include members of the Board, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up of the President and Vice President), and of any other committee that depends directly on the Board of Directors of Cementos Argos and Grupo Argos, and Managers and their close relatives.

NOTE 42: BUSINESS COMBINATIONS

42.1. ACQUIRED SUBSIDIARIES AND GROUPS OF ASSETS

Acquired Subsidiaries or Groups of Assets	Core Business	Fecha de adquisición	Proporción Proporción de acciones adquiridas	Contraprestación transferida
Argos Puerto Rico, LLC (i)	Packaging and commercialization of cement	April 2015	100%	43.701
Assets acquired in West Virginia (ii)	Production of cement	November 2016	-	2.088.959

(i) On April 30th, 2015, SEM Argos, S.A., a subsidiary of Cements Argos S.A. acquired 60.00% of the share capital of Wetvan Overseas Ltda, a company that controls a terminal for the reception, storage, sale and distribution of cement in Puerto Rico, for the amount of USD 18.3 million through Argos Puerto Rico, LLC.

(ii) On August 17, 2016, Argos USA LLC, a subsidiary of Cementos Argos S.A., signed an agreement with Heidelberg Cement AG through its North American subsidiaries, Lehigh Hanson Inc. and Essroc Cement Corp., to acquire a cement production plant in Martinsburg, West Virginia (USA) and eight cement terminals for USD $660 million. The closing of the agreement was subject to approval by the Federal Trade Commission (FTC) and other customary closing conditions.

On November 30, 2016, Argos USA LLC, a subsidiary of Cementos Argos S.A., finalized the acquisition of assets after approval from the Federal Trade Commission (FTC), the regulatory agency in the USA, and compliance with the closing conditions.

The purpose of these acquisitions was to execute the company's expansion and geographic diversification strategy. The goodwill determined from the acquisition is represented mainly by the acquired operations being within the strategic geographic area of operations defined by the company, the generation of operational, administrative, and distribution synergies, the geographic location, port infrastructure and maritime knowledge of Cementos Argos, the potential to adapt the Argos model and offer value-added products, countries with potential for growth in the per capita consumption and the intangible workforce that does not meet the criterion of identifiability or contractual relationship.

Transaction costs related to the acquisitions consist mainly of investment banking fees and consultancy fees related to the due diligence process. Transaction costs are presented as administrative expenses in the consolidated income statement.

42.2. ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE DATE OF ACQUISITION

The following table shows the allocation of the total price paid for the acquisitions in the identified assets and liabilities assumed in the combination:

	Assets acquired to Heidelberg(1)	Argos Puerto Rico, LLC
Inventories	91.416	-
Current assets	**91.416**	**-**
Other intangible assets, net	79.855	35.863
Property, plant and equipment, net	1.921.658	13.365
Deferred tax assets	-	-
Activos por impuestos diferidos	-	256
Non-current assets	**2.035.929**	**49.484**
TOTAL IDENTIFIABLE ASSETS	**2.127.345**	**49.484**
Trade liabilities and accounts payable	5.064	-
Other non-financial current liabilities	1.203	-
Current liabilities	**6.267**	**-**
Provisions	5.628	-
Other liabilities	26.491	-
Non-current liabilities	**32.119**	**-**
TOTAL LIABILITIES ASSUMED	**38.386**	**-**
Total net identifiable assets and assumed at fair value	2.088.959	49.484
Non-controlling interests	-	29.135
Goodwill generated from the acquisition	34.416	23.352
Consideration:		
Cash	2.088.959	43.701
TOTAL CONSIDERATION:	**2.088.959**	**43.701**
Costs related to the acquisition	16.093	7.069

(1) As of December 31, 2016, the initial accounting of the combination of business assets acquired from Heidelberg was conducted using provisional fair values. Once the fair value estimates of definitively assumed assets and liabilities have been acquired, the Group will retroactively adjust the provisional amounts recognized. Considering the purchase transaction occurred on a date close to the reporting period, the Group used provisional fair values.

The transaction costs related to the acquisition consist mainly of investment banking fees and consultancy fees related to the due diligence process. Costs related to the acquisition not associated with the issuance of financial instruments have been excluded from the transferred consideration and have been recognized as an expense for the period under "other expenses" and "administrative expenses" in the consolidated income.

The Group has elected to measure the non-controlling interest of all the business combinations carried out during the reporting periods through the pro rata share of the net assets of the entity.

42.4. NET CASH FLOW ON THE ACQUISITION OF SUBSIDIARIES

	Activos adquiridos a Heildelberg	Argos Puerto Rico, LLC
Consideration paid in cash	2.088.959	43.701
Transaction costs of the acquisition (included in the cash flow for operating activities)	16.093	7.069
Minus: balance of cash and cash equivalents acquired (included in the cash flow of investment activities)	-	-
Net cash flow at the date of acquisition	**2.150.052**	**50.770**

NOTE 43: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Certain contingent conditions may exist at the date when the financial statements are issued, which may result in a loss for the Group. These contingencies will be resolved in the future when one or more events occur or when the probability that they may occur varies. Such contingencies are estimated by the Administration and its legal counsel. The estimate of loss contingencies necessarily involves an exercise of professional judgment and is a matter of opinion. In the estimate of loss contingencies in legal proceedings that are pending against the Group, legal advisors evaluate, among other things, the merit of the claims, the courts' jurisprudence and the current status of each case. The Group considers that these issues will be resolved without any significant effect on our operations, financial position or operating results.

43.1. CONTINGENT LIABILITIES

At the date of preparation of the notes to the financial statements, we report that Argos is party to legal proceedings of different natures, acting both as plaintiff and defendant, which are being addressed diligently by qualified attorneys hired by the company. The conflicts are of civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Argos. The appropriate reserves have been estimated for these processes based on criteria such as the nature of the process, the evidence contained, economic factors , the possible sentence projected, etc., which will cover the possible unfavorable sentences or decisions that may occur. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

Transmilenio Lawsuit

Due to some structural defects in the pavement in the North Highway Project in Bogota DC developed by Transmilenio S.A. (hereinafter "Project"), there are currently two class action suits against the Mayor of Bogota, the Institute of Urban Development, Concretos Argos S.A. and certain public officials and suppliers of the Project. The class action suits indicate that Concretos Argos S.A., along with other suppliers, provided building materials that did not meet the required technical specifications, and as a result structural defects occurred in the pavement of the North Highway Project.

Currently, the aforementioned class action suits are nearing completion of the evidence phase and we have not recorded any accounting reserve as we consider that we have enough arguments to refute any liability that is attributed to the company by these lawsuits.

Transfer pricing with the National Tax and Customs Department (DIAN for its Spanish acronym)

Lawsuit filed by the company against the Official Liquidation Revision due to differences in appreciation between the DIAN and the company regarding the classification of a credit operation with related parties abroad and the application of article 35 of the Tax Code. The company maintains that the presumptive interest (DTF) cannot be applied to operations carried out with economic parties abroad because it is a domestic rate that cannot serve as a basis for the determination of an international financial operation, contrary to what is claimed by the DIAN.

The proceeding is currently on its second instance after an appeal was filed against the ruling of the first instance which was unfavorable to the Company's interests. Although the financial impact of an adverse resolution is valued at $12.000 million, we have not recorded any accounting reserve as we consider that we have enough arguments to refute any liability that is attributed to the company.

Lawsuit concerning the contractual relationship between Argos Honduras and Transportes Barahona, S. de R.L

Transportes Barahona, S. de R.L (hereinafter, "Barahona") sued Lafarge Cementos S.A. de C.V., now Argos Honduras S.A. de C.V. (hereinafter "Argos Honduras") on May 29th, 2012. The plaintiff based the lawsuit on a contractual relationship that existed between Argos Honduras and Barahona, through which the latter extracted pozzolana and transported it to the plant. Barahona sustained their lawsuit by alleging that when Argos Honduras stopped issuing purchase orders in January of 2012, what they actually did was to terminate a contract that expired in July of 2014. They alleged that a specific purchase order had been "tacitly renewed" until July 2014. The court of first instance ruled in favor of Barahona saying that there had indeed been an express renewal. The court took the value of the damages that had been requested by Barahona, 421.267.427 lempiras. The court of second instance confirmed the judgment of the first instance. On August 19th, 2014 Argos Honduras filed an appeal before the Supreme Court of Honduras, which ruled in their favor on May 27th, 2015. In that ruling, the Supreme Court of Honduras dismissed the lawsuit filed by Barahona, absolved Argos Honduras of the payment of any sum and sentenced Barahona to pay the costs. However, on October 5th, 2015 Barahona filed an extraordinary appeal for review against the ruling which, to date, is currently being studied by the Supreme Court of Honduras.

Argos Honduras and their lawyers, Saavedra and Associates, estimate that the legal foundations presented by Barahona in their appeal for review are very weak and should not be sufficient to modify the appeal judgment, which in principle is unappealable. Consequently, they consider it likely that the Court of Supreme Justice of Honduras will rule in their favor.

Under the share purchase agreement between Cementos Argos S.A. and the Lafarge Group whereby the company acquired 53.28% of the shares of Argos Honduras, the Lafarge Group will compensate the company for the damages suffered under the lawsuit brought by Barahona. Such compensation by the Lafarge Group is subject to a deductible, which should be assumed by Cementos Argos S.A., and is equivalent to 30% of the damages the company may suffer (if the damage exceeds €4.630.790, the deductible will be the latter value).

Litigation concerning Puerto Colombia

An individual plaintiff filed a class action lawsuit claiming that we have violated the collective rights of the municipality of Puerto Colombia, in the Department of Atlántico. Specifically, the plaintiff argued that we have not complied with the payment of royalties owed to the municipality, in connection with our operation of certain mining concessions. The applicant also argues that our trucks have entered prohibited areas without appropriate permission. The plaintiff seeks compensation on behalf of the municipality of Puerto Colombia in the cumulative sum of COP $44 billion. Currently, the process is in a first instance proceeding. We have not recorded any accounting reserve since we believe we have a strong argument, however, an adverse ruling could have a materially important negative effect on our operating results.

Litigation concerning Exotika Leather S.A.

Canteras de Colombia SAS owns a mining concession located in the village of Arroyo de Piedra, Municipality of Luruaco, Department of Atlántico, for the extraction of aggregates; for this, in November 2010 the Regional Autonomous Corporation of the Atlantic (hereinafter CRA) authorized the use of explosives for the exploitation of the mining title; about 2 kilometers away on the San Jose estate, there is an caiman animal breeding nursery of EXOTIKA LEATHER SA that produces hides for export. The owners of the animal breeding nursery complained to the environmental authorities that caiman in captivity were undergoing behavioral changes resulting from the blasting carried out in the mine, leading to stress-induced mutual attacks which caused damage to the hide earmarked for exporting. All this occurred during 2011 and 2012.

In February 2016, Cementos Argos S.A. and Canteras de Colombia S.A.S. were notified of a lawsuit seeking civil tort payment damages in the sum of COP $21 billion pesos. Currently, the process is in a first instance proceeding, and the defendants contested the claims.

The Gates at Williams-Brice Condominium Association and Katharine Swinson, individually and on behalf of all others similarly situated v. DDC Construction, Inc. et al.
This is class action lawsuit filed in the South Carolinas state court in December 2012, against approximately 50 different defendants alleging various claims for negligent design and construction of a residential condominium project in Columbia, South Carolina.

Southern Equipment Company Inc. (now Argos USA LLC, “RMCC”)) was named as a party to the lawsuit in March 2014. The plaintiffs allege that the concrete supplied by RMCC for the project was defective due to excessive air entrainment. The plaintiffs have settled with all parties to the litigation with the exception of RMCC and five other defendants.

The case is currently in discovery. Settlement discussions have stalled since the end of mediation in February 2016. The plaintiff’s last settlement demand was USD 1,175 against an settlement offer of USD 10 by RMCC.

It is not possible at this time to express an opinion on the probable outcome of this matter or the liability, if any, on the part of Argos.

McGaffin et al v. Cementos Argos S.A., Argos USA Corp. Argos Cement LLC and Argos Ready Mix LLC.
This is a class action lawsuit filed in the United States District Court for the Southern District of Georgia on May 10, 2016. The lawsuit alleges that the concrete manufactured and distributed by Argos for various residential projects in the State of Georgia was defective due to the use of inferior and excessive amounts of fly ash in the mix design. The plaintiffs claim unspecified damages in excess of USD 5.000.

The case is in its preliminary stages and it is not possible at this time to express an opinion on the probable outcome of this matter or the liability, if any, on the part of Argos.

Vision Construction Ent., Inc. v. Argos Ready Mix, LLC
This is a class action lawsuit originally filed in the Circuit Court for Escambia County, Florida on October 15, 2015. The lawsuit alleges that the fuel charge and environmental fee charged by Argos in connection with the sale of concrete in the State of Florida are unlawfully deceptive and unfair and in breach of the underlying contract. Argos removed the case to the United States District Court for the Northern District of Florida in November 2015 since the matter, among other things, satisfied the Federal jurisdictional limit that the potential amount in controversy exceeds USD 5.000.

The case is in its preliminary stages and it is not possible at this time to express an opinion on the probable outcome of this matter or the liability, if any, on the part of Argos.

43.2. CONTINGENT ASSETS
At the date of preparation of the notes to the financial statements, Cementos Argos S.A. and its subsidiaries were not party to any legal proceedings, as a plaintiffs, where the income or recovery of contingent assets were expected to exceed five billion pesos ($5. 000) individually. Additionally,

there are executive processes initiated by Cementos Argos S.A. and its subsidiaries against third parties for the recovery of the portfolio through legal proceedings. We consider that the estimated time of completion of these processes ranges from three (3) to eight (8) years approximately.

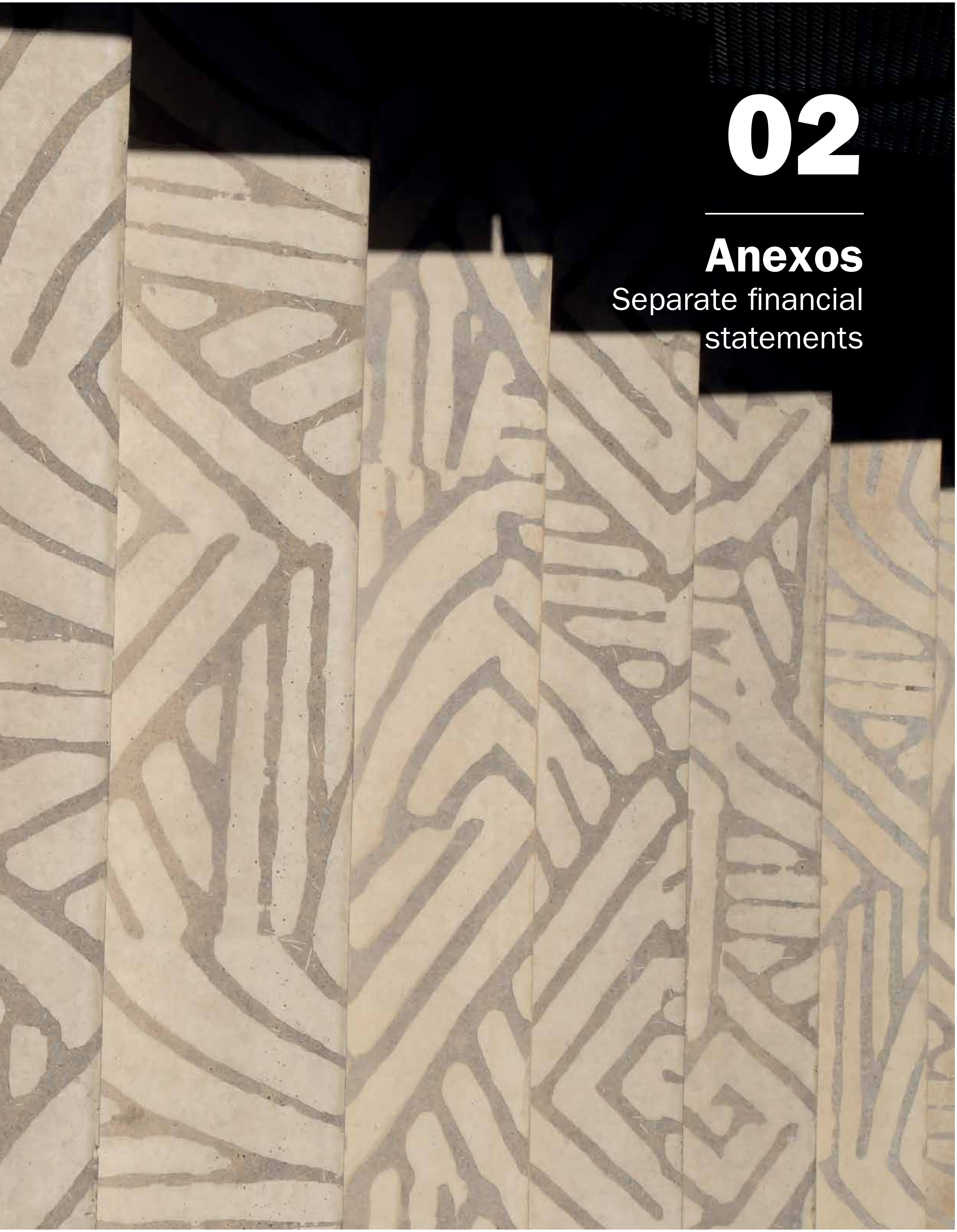
NOTE 44: EVENTS OCCURRED AFTER THE REPORTING PERIOD

Between December 31st, 2016 and the date of issuance of the consolidated financial statements of the Group, the following events that were considered significant but not subject to adjustment took place:

- On February 8, 2017, Cementos Argos S.A., through its subsidiary Wetvan Overseas Ltd., acquired from Essroc Cement Corp. all the shares of Essroc San Juan Inc., which operates a clinker and cement producing business in Puerto Rico, for US $8.000.000. Cementos Argos S.A. indirectly holds a 60% stake in Wetvan Overseas Ltd., and the remaining 40% is owned by Inicia (formerly Vicini).

No subsequent events subject to adjustment in the financial statements or in the information to be disclosed took place.

Orchard Stamped Concrete



02

Anexos

Separate financial statements

CERTIFICATION OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla, February 24, 2017

To the attention of the shareholders of Cementos Argos S. A. and the general public:
As the legal legal representative of the company, I hereby certify that the separate financial statements as of December 31, 2016, which have been made public, do not contain any material flaws, imprecisions or errors that could impede the understanding of the actual assets and financial position or transactions made by Cementos Argos S. A. during the reporting period.

Juan Esteban Calle
Legal Representative

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

Barranquilla, February 24, 2017

To the attention of the shareholders of Cementos Argos S. A.:
The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S. A., hereby certifies that the separate financial statements of the company as of December 31, 2016 and 2015, have been faithfully taken from the accounting books and that the following statements have been verified before being disclosed to the shareholders and third parties:

a) All assets and liabilities included in the company's financial statements as of December 31, 2016 and 2015 exist and all transactions included in those financial statements have been made during the years ended on those dates.

b) All of the economic activities carried out by the company during the years ended on December 31, 2016 and 2015 have been recorded in the financial statements.

c) Assets represent probable future economic benefits (rights) and liabilities represent probable future financial commitments (obligations), obtained or accrued by the company as December 31, 2016 and 2015.

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

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

Juan Esteban Calle
Legal Representative

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

Deloitte.

INFORME DEL REVISOR FISCAL

A los accionistas de CEMENTOS ARGOS S.A.:

Informe sobre los estados financieros separados
He auditado los estados financieros separados adjuntos de CEMENTOS ARGOS S.A., los cuales comprenden el estado de situación financiera separado al 31 de diciembre de 2016, el estado de resultados y otro resultado integral, de cambios en el patrimonio neto y de flujos de efectivo separados por el año terminado en esa fecha, y un resumen de las políticas contables significativas, así como otras notas explicativas. Los estados financieros al 31 de diciembre de 2015, que se incluyen para propósitos comparativos únicamente, fueron auditados por mí y sobre los mismos expresé mi opinión sin salvedades el 25 de febrero de 2016.

Responsabilidad de la Administración sobre los estados financieros
La Administración es responsable por la preparación y correcta presentación de estos estados financieros de conformidad con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia, y por el control interno que la gerencia considere relevante para la preparación y correcta presentación de los estados financieros libres de errores significativos, bien sea por fraude o error; seleccionar y aplicar las políticas contables apropiadas; así como, efectuar las estimaciones contables que resulten razonables en las circunstancias.

Responsabilidad del Revisor Fiscal
Mi responsabilidad es expresar una opinión sobre dichos estados financieros con base en mi auditoría. Efectué la auditoría de acuerdo con las Normas Internacionales de Auditoría aceptadas en Colombia. Esas normas requieren que cumpla con requerimientos éticos y que planifique y realice la auditoría para obtener una seguridad razonable sobre si los estados financieros están libres de errores significativos. Una auditoría consiste en desarrollar procedimientos para obtener evidencia de auditoría acerca de los montos y revelaciones en los estados financieros. Los procedimientos seleccionados dependen del juicio profesional del auditor, incluyendo su evaluación de los riesgos de errores significativos en los estados financieros. En la evaluación del riesgo, el auditor considera el control interno de la Compañía que es relevante para la preparación y presentación razonable de los estados financieros, con el fin de diseñar procedimientos de auditoría que sean apropiados de acuerdo con las circunstancias, pero no con el propósito de expresar una opinión sobre la efectividad del control interno de la Compañía. Una auditoría también incluye, evaluar las políticas contables utilizadas y las estimaciones contables significativas hechas por la Administración, así como evaluar la presentación general de los estados financieros.

Considero que la evidencia de auditoría obtenida me proporciona una base razonable para expresar mi opinión.

Opinión

En mi opinión, los estados financieros separados adjuntos, tomados de los libros de contabilidad, presentan razonablemente, en todos los aspectos significativos, la situación financiera de CEMENTOS ARGOS S.A. al 31 de diciembre de 2016, el resultado de sus operaciones y sus flujos de efectivo por el año terminado en esa fecha, de conformidad con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia.

Otros asuntos

Los estados financieros separados adjuntos fueron preparados para cumplir con las disposiciones legales de información estatutaria a que está sujeta la Compañía como entidad legal independiente y, por consiguiente, no incluyen los ajustes ni eliminaciones necesarias para la presentación de la situación financiera y los resultados consolidados de la Compañía y sus subordinadas. Estos estados financieros separados deben leerse conjuntamente con los estados financieros consolidados de CEMENTOS ARGOS S.A. y sus subordinadas.

Informe sobre otros requerimientos legales y reglamentarios

De acuerdo con el alcance de mi auditoría, informo que la Compañía ha llevado su contabilidad conforme a las normas legales y a la técnica contable; las operaciones registradas en los libros de contabilidad y los actos de los administradores se ajustan a los estatutos y a las decisiones de la Asamblea de Accionistas y de la Junta Directiva; la correspondencia, los comprobantes de las cuentas y los libros de actas y de registro de acciones se llevan y se conservan debidamente; el informe de gestión de los administradores guarda la debida concordancia con los estados financieros básicos, y la Compañía no se encuentra en mora por concepto de aportes al Sistema de Seguridad Social Integral, y se han implementado los mecanismos para la prevención y control de lavado de activos de acuerdo con lo establecido por la Superintendencia Financiera. Mi evaluación del control interno, efectuada con el propósito de establecer el alcance de mis pruebas de auditoría, puso de manifiesto las recomendaciones sobre controles internos que he comunicado en informes separados dirigidos a la Administración.

Cesar Augusto Arango Vélez
Statutory Auditor | T.P. 197463-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

24 de febrero de 2017

Cementos Argos S. A.

SEPARATE STATEMENT OF FINANCIAL POSITION

To December 31 | Millions of Colombian Pesos

	Notes	2016	2015
ASSETS			
Cash and cash equivalents	5	$ 117,587	$ 45,607
Derivative financial instruments	6	-	22,114
Trade receivables and other accounts receivable, net	8	835,952	1,120,302
Tax receivable	9	123,581	158,725
Inventories	10	139,250	134,697
Prepaid expenses		15,818	14,954
Non-current assets held for sale	17	-	2,389
Total current assets		**$ 1,232,188**	**$ 1,498,788**
Trade receivables and other accounts receivable, net	8	789,885	747,857
Investments in subsidiaries	13	7,082,018	6,609,054
Investments in associates and joint ventures	12	56,420	56,295
Derivative financial instruments	6	650	324
Other financial assets	7	1,371,388	1,453,087
Other intangible assets, net	14	379,227	406,808
Biological assets	11	20,870	20,242
Property, plant and equipment, net	15	2,073,902	1,927,152
Investment property, net	16	105,298	101,674
Total non-current assets		**$ 11,879,658**	**$ 11,322,493**
TOTAL ASSETS		**$ 13,111,846**	**$ 12,821,281**
LIABILITIES			
Financial liabilities	18.19	472,596	662,810
Trade liabilities and other accounts payable	21	570,199	599,689
Taxes, liens and duties	9	65,343	152,586
Derivative financial instruments	6	101,135	-
Employee benefits liability	22	72,669	81,777
Provisions	23	28,728	9,403
Other financial liabilities	24	-	45,019
Outstanding bonds and preferred shares	25	475,621	263,840
Prepaid income and other liabilities		72,428	88,525
Total current liabilities		**$ 1,858,719**	**$ 1,903,649**
Financial liabilities	18.19	240,858	217,227
Trade liabilities and other accounts payable	21	5,766	8,543
Employee benefits liability	22	271,125	231,036
Derivative financial instruments	6	3,239	160,033
Provisions	23	31,848	37,854
Outstanding bonds and preferred shares	25	1,948,877	1,984,955
Other liabilities		15,830	15,830
Deferred tax liability	9	84,389	189,183
Total non-current liabilities		**$ 2,601,932**	**$ 2,844,661**
TOTAL LIABILITIES		**$ 4,460,651**	**$ 4,748,310**
EQUITY (SEE ATTACHED STATEMENT)		**$ 8,651,195**	**$ 8,072,971**
TOTAL EQUITY AND LIABILITIES		**$ 13,111,846**	**$ 12,821,281**

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

Juan Esteban Calle
Legal Representative
(See attached certification)

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

César Augusto Arango Vélez
Statutory Auditor | T.P. 197463-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Cementos Argos S. A.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

To December 31 | Millions of Colombian Pesos

	Notes		2016		2015
CONTINUING OPERATIONS					
Income from operations	30	$	1,623,903	$	1,898,076
Costs of goods sold	10		1,113,273		1,199,098
Gross profit		**$**	**510,630**	**$**	**698,978**
Administrative expenses	31		314,101		281,472
Selling expenses	32		91,809		90,285
Other income (expenditure) from operations, net	33		69,189		(6,406)
Assets Impairment	15		49,033		-
Operating profit		**$**	**124,876**	**$**	**320,815**
Financial income	34		68,002		66,420
Finance charges	35		291,143		236,947
Gain (loss) on the net monetary position, net			2,245		23,784
Net equity in investments income statement			775,441		355,258
Profit before income tax		**$**	**679,421**	**$**	**529,330**
Income tax	9		(34,215)		28,834
Income from continuing operations for the year	**36**		**713,636**	**$**	**500,496**
Net discontinued operations, after tax			-		(1,844)
Net Income for the year		**$**	**713,636**	**$**	**498,652**

OTHER AFTER-TAX COMPREHENSIVE INCOME				
Items that will not be reclassified after income statement for the period:				
Earnings (loss) on new measurements of defined benefit obligations	$	(39,240)	$	(7,562)
Earnings (loss) from equity investments measured at fair value		156,623		(259,221)
Income tax of components that will not be reclassified		29,448		3,836
Total items that will not be reclassified after income statement for the period	**$**	**146,831**	**$**	**(262,947)**
Items that will be reclassified after income statement for the period:				
Net profit (loss) of instruments in cash flow hedges		15,064		(5,813)
Exchange differences by foreign currency translation		(258,349)		1,146,823
Income tax of components that will be reclassified		(6,392)		(3,536)
Total items that will be reclassified after income statement for the period	**$**	**(249,677)**	**$**	**1,137,474**
OTHER COMPREHENSIVE INCOME, NET OF TAXES	**$**	**(102,846)**	**$**	**874,527**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**$**	**610,790**	**$**	**1,373,179**

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

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Cementos Argos S. A.

SEPARATE STATEMENT OF CHANGES IN EQUITY

To December 31 | Millions of Colombian Pesos

	Issued capital	Repurchased treasury stocks	Reserve	Other reserves	Retained earnings	New measure-ments of defined benefits obligations	Profits and loss from equity investment	Net earnings cash flow hedges	Exchange differences by foreign invest-ments translation	Income tax equity	Total
Balance at January 1, 2015	**1,558,290**	**(113,797)**	**16,061**	**1,138,498**	**1,934,652**	**14,522**	**1,646,124**	**(9,164)**	**916,109**	**(7,462)**	**7,093,833**
Income for the period	-	-	-	-	498,652	-	-	-	-	-	498,652
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(7,562)	(259,221)	(5,813)	1,146,823	301	874,528
Comprehensive income for the period	**-**	**-**	**-**	**-**	**498,652**	**(7,562)**	**(259,221)**	**(5,813)**	**1,146,823**	**301**	**1,373,180**
Cash dividends	-	-	-	-	(204,998)	-	-	-	-	-	(204,998)
Appropriation of reserves	-	-	-	38,493	(38,493)	-	-	-	-	-	-
Wealth tax	-	-	-	(40,604)	-	-	-	-	-	-	(40,604)
Equity in Subsidiaries	-	-	419	2,572	(151,431)	-	-	-	-	-	(148,440)
Balance at December 31, 2015	**1,558,290**	**(113,797)**	**16,480**	**1,138,959**	**2,038,382**	**6,960**	**1,386,903**	**(14,977)**	**2,062,932**	**(7,161)**	**8,072,971**
Balance at January 1, 2016	**1,558,290**	**(113,797)**	**16,480**	**1,138,959**	**2,038,382**	**6,960**	**1,386,903**	**(14,977)**	**2,062,932**	**(7,161)**	**8,072,971**
Income for the period	-	-	-	-	713,636	-	-	-	-	-	713,636
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(39,240)	156,623	15,064	(258,349)	23,056	(102,846)
Comprehensive income for the period	**-**	**-**	**-**	**-**	**713,636**	**(39,240)**	**156,623**	**15,064**	**(258,349)**	**23,056**	**610,790**
Transfers from the other comprehensive income to retained earnings	-	-	-	-	209,090	-	(209,090)	-	-	-	-
Cash ordinary dividends	-	-	-	-	(230,334)	-	-	-	-	-	(230,334)
Cash preferred dividends	-	-	-	-	(29,811)	-	-	-	-	-	(29,811)
Capitalization of reserves	584,023	-	-	(584,023)	-	-	-	-	-	-	-
Wealth tax	-	-	-	(34,706)	-	-	-	-	-	-	(34,706)
Constitution of reserves	-	-	-	275,750	(224,857)	-	-	-	-	-	50,893
Release of reserves	-	-	-	(50,893)	-	-	-	-	-	-	(50,893)
Changes in participation of subsidiaries without control loss	-	-	-	-	89	-	-	-	-	-	89
Equity in Subsidiaries	-	-	7,273	77,025	177,898	-	-	-	-	-	262,196
Balance at December 31, 2016	**2,142,313**	**(113,797)**	**23,753**	**822,112**	**2,654,093**	**(32,280)**	**1,334,436**	**87**	**1,804,583**	**15,895**	**8,651,195**

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

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Cementos Argos S. A.

SEPARATE STATEMENT OF CASH FLOWS

To December 31 | Millions of Colombian Pesos

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
NET INCOME	**$ 713,636**	**$ 498,652**
Adjustments to reconcile profit:		
Depreciation and amortization	156,330	111,194
Income tax	(34,215)	(4,790)
Net financial expenses	273,106	195,861
Provisions, post-employment and long-term defined benefit plans	(19,038)	17,140
Assets impairment (Property, plant and equipment, inventories and trade receivables)	60,804	2,838
Gain on exchange difference	(37,808)	(76,634)
(Gain) loss from fair value measurement	19,516	(4,895)
Participation in the (gain) loss on investments	(775,441)	(355,258)
(Gain) Loss on the disposal of non-current assets	5,183	(2,156)
Other income and expenses not in cash	(59,573)	21,198
Changes in the working capital of:		
Increase in inventory	(10,933)	(20,447)
Increase in receivables and other accounts receivable	60,464	19,776
Decrease in other assets	(29,916)	1,193
Decrease in liabilities and other accounts payable	(1,629)	385,507
Increase (Decrease) in labor liabilities	2,579	16,779
Decrease in provisions	-	(20,045)
Increase in other liabilities	(94,927)	5,092
Total adjustments to reconcile profit (loss)	(485,498)	292,353
Net cash flows from (used in) operating activities	**$ 228,138**	**$ 791,005**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash flows from sales of subsidiaries or joint ventures	-	(5,462)
Purchase of equity in associates and joint ventures	(125)	-
Amount received from the sale of property, plant and equipment and investment properties	(3,833)	5,040
Purchase of property, plant and equipment and investment properties	(228,987)	(387,013)
Amount received from the sale of intangible assets	237,637	-
Purchase of intangible assets	(3,394)	(10,831)
Dividends received	334,128	153,390
Net cash flows in investing activities	18,589	215,843
Flujos netos de efectivo originados por actividades de inversión	**$ 354,015**	**$ (29,033)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash flows from sales of subsidiaries without control loss	115,327	-
Amount received from loans	2,392,096	1,550,030
Payments of loans and debt instruments	(2,634,672)	(1,704,208)
Payment for finance lease liabilities	(34,360)	(19,782)
Proceeds from bond issue	399,218	-
Payment of outstanding bonds	(212,561)	(191,400)
Interest paid	(272,496)	(192,486)
Dividends paid for ordinaries shares	(217,643)	(201,543)
Dividends paid for preferred shares	(45,082)	(48,325)
Other cash flows from financing activities	-	(78,434)
Net cash flows originated from financing activities	**$ (510,173)**	**$ (886,148)**
Increase (decrease) of cash and cash equivalent by operations	**$ 71,980**	**$ (124,176)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**45,607**	**169,783**
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**$ 117,587**	**$ 45,607**

The notes are an integral part of the separate financial statements

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF CEMENTOS ARGOS S.A.

TO DECEMBER 31ST of 2016 and 2015
(Millions of Colombian Pesos, except where otherwise indicated to the contrary)

NOTE 1: GENERAL INFORMATION

Cementos Argos S.A., is a limited commercial Company, constituted in accordance with Colombian Law on August 14, 1944, domiciled in the city of Barranquilla, Department of Atlántico, in the Republic of Colombia. The Company's corporate purpose is the operation of the cement industry, the production of concrete mixtures, and any other materials or articles, based on cement, lime, or clay, the acquisition and sales of minerals or ore deposits that can be used in the cement industry and similar, with rights to explore and exploit minerals of those indicated, either by concession, privilege, lease, or any other title. It is main headquarters is in the city of Barranquilla, and is located at Via 40 Las Flores, Barranquilla. It has no established branches In Colombia or abroad. The terms of the Company expire on August 14, 2060.

Cementos Argos S.A., which is part of the Grupo Empresarial Argos, whose Parent Company is the Company named, Grupo Argos S.A.

On February 24, 2017, the Board of Directors authorized the issuance of the Separate Financial Statements for the year ended, December 31, 2016.

NOTE 2: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. STATUS OF COMPLIANCE

The Separate Financial Statements of Cementos Argos S.A. have been prepared in accordance with the Accounting and Financial Information Standards accepted in Colombia (NCIF), issued by the Ministries of Finance and Public Credit and Trade and Industry and Tourism in the Republic of Colombia, which are based on International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (IASB), as at December 31, 2013.

2.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.2.1. Basis of preparation

The Financial Statement include the Financial Statement of Cementos Argos S.A., at of December 31, 2016. These have been prepared, based on historical cost, except for the measurement of certain financial assets and financial liabilities, and financial derivative instruments, which have been measured at fair value. The Company does not measure, on a recurring basis, assets, or non-financial liabilities, at fair value. The Separate Financial Statements are presented in Colombian Pesos, which is the functional currency of the Company, and all values are rounded to the nearest million units, except otherwise indicated.

The Financial Statement have been prepared on an accrual or accrual accounting basis, except for cash flow information. Generally, historical cost is based on the fair value of the consideration, given in exchange for goods and services.

Fair value, is the price that would be received when selling an asset or would be paid by transferring a liability, in an orderly transaction between market participants, at the measurement date, regardless of whether that price is directly observable, or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the Company considers the characteristics of the asset or liability, if market participants take these characteristics, into account, when assessing the asset or liability, at the measurement date. The fair value, for measurement and/or purposes of disclosure in these Separate Financial Statements, is determined on that basis, except for share-based payment transactions, that are within the scope of IFRS 2, lease transactions within the scope of IAS 17, and measurements that have certain similarities to fair value, but are not fair value, such as the realizable value in IAS 2, or the value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized as Level 1, 2, or 3, based on the extent to which fair value measurements are observable, and the importance of entries of fair value measurements, as a whole, as described herewith:

- Level 1 entries are quoted (unadjusted) prices, in active markets for identical assets and liabilities, for which the entity has access, at the measurement date;

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

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

The main accounting policies are expressed subsequently.

In addition, the Company complies with laws, decrees, and other applicable standards, apply the following accounting criteria that differs from the IFRS, issued by the IASB:

- External Circular No. 36 of 2014 of the Financial Superintendence of Colombia - Accounting treatment of the positive net differences, generated in the application of First-time adoption of NCIF cannot be distributed to cover losses, perform capitalization processes, distribute profits and/or dividends, or be recognized as reserves. Net differences will not be included for the technical equity, minimum capital for operation, and other controls of the law, for the preparers of financial information, issuers of securities, subject to control.

- Decree 2496 of December 23, 2015 -By which, it is established, that investments in subsidiaries should be accounted for in the books of the Parent or Controller of the equity method, for the Separate Financial Statements, in accordance with Article 35 of Law 222 of 1995.

2.2.2. Accounting policies

Significant accounting policies

The following are the significant accounting policies that Cementos Argos S.A., applies in the preparation of its Separate Financial Statements:

1. FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recognized at fair value plus (minus) directly attributable transaction costs, except for those that are subsequently measured at fair value, through changes in the Income Statement. Cementos Argos subsequently measures financial assets and liabilities, at amortized cost or fair value, depending on the Company's business model to manage the financial assets, and the characteristics of the contractual cash flows of the financial instrument.

Financial assets

Financial assets, different than those at amortized cost, are subsequently measured at fair value with changes recognized in profit or loss. However, for investments in equity instruments, that are not held for trading purposes, Cementos Argos S.A. may elect, on initial recognition and irrevocably, present gains or losses from the measurement of fair value, in other comprehensive income. Upon the disposal of investments, at fair value, through the other comprehensive income, the accumulated value of the gains or losses, is transferred directly to retained earnings, and is not reclassified to profit or loss, for the period. Dividends received in cash from these investments are recognized in the Statement of Comprehensive Income. Cementos Argos S.A. has chosen to measure some of its investments, in equity instruments, at fair value, through the other comprehensive income.

A financial asset is subsequently measured at amortized cost, using the effective interest rate, if the asset is held within a business model, whose purpose is to maintain it to obtain the contractual cash flows, and the contractual terms of the same, on specific dates, cash flows that are solely for payments of principal and interest, on the value of the outstanding capital.

A financial asset, or part of it, is derecognized from the Statement of Financial Position when control, contractual rights, or cash flows of the instrument are sold, transferred, expires, or is lost. A financial liability or a portion of it is derecognized from the Statement of Financial Position, when the contractual obligation has been liquidated or has expired.

When an existing financial liability, is replaced by another, from the same counterparty under substantially different conditions, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and recognition of a new liability, and the difference in the respective book values, are recognized in the Statement of Comprehensive Income.

Financial liabilities

The initial recognition, of financial liabilities, is recognized at fair value, and subsequently measured at amortized cost, using the effective interest rate method. Losses and gains are recognized in the Income Statement, when liabilities are derecognized, as well as, accrued interest, in accordance with the effective interest rate method.

The amortized cost is calculated, taking into account, any discount or acquisition premium, and the fees or costs, that are an integral part of the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial instrument and allocating financial income, over the relevant period. The effective interest rate is the discount rate that equalizes cash flows of receivables or payables (including commissions, basic points of interest paid or received, transaction costs, and other premiums or discounts, that are included in the calculation of the effective interest rate), over the expected life of the financial instrument or, where appropriate, in a shorter period, with the net book value, in the recognition initial.

Financial derivatives

Financial derivatives are measured at fair value, with changes in the Comprehensive Income Statement. Certain derivatives, embedded in other financial instruments (implicit derivatives), are treated as separate derivatives, when their risk and characteristics are not closely related to those of the main contract and are not recorded at its fair value with its unrealized profits and losses, in the results.

Certain transactions, with derivatives that do not qualify, to be accounted for as hedging derivatives, are treated, and reported as derivatives for trading, even though they provide effective hedging for the management of risk positions.

For derivatives, that qualify to be accounted for as hedge accounting, at the beginning of the hedging relationship, the Company formally designates and documents the relationship, and the objective of the risk management, and the strategy to carry out the hedge. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will evaluate the effectiveness of the changes in the fair value, of the hedging instrument, by offsetting exposure to changes in the fair value of the hedged item, or in the cash flows, attributable to the hedged risk. Such hedges are expected to be highly effective in achieving the offset of changes in fair value or cash flows, and are evaluated on a permanent basis, to determine that they, in fact, occurred during the reporting periods, for which they were designated.

For purposes of hedge accounting, and those applicable to the Company, hedges are classified and accounted for as follows, once the strict criteria for accounting are met:

Fair value hedges: hedging exposure to changes, in the fair value of recognized assets or liabilities, or unrecognized firm commitments

The change in the fair value of a derivative, that is a hedging instrument, is recognized in the Statement of Comprehensive Income, under income, as cost or financial income. The change in the fair value of the hedged item, attributable to the hedged risk, is recognized as part of the book value, of the hedged item, and is also recognized in the Statement of Comprehensive Income, as cost or financial income.

Cash flow hedges: hedging exposure to variation in cash flows, attributed either to a particular risk, associated with a recognized asset or liability, or a forecast transaction highly probable or at risk of exchange rate in an unrecognized firm commitment

Cash flow hedge accounting is intended for recognition of the fair value of the hedging instrument, in the other comprehensive income, for the application to the Income Statement, at the moment of, and at the rate that the hedged item affects them. Only the ineffectiveness of the derivative will be recognized in the Income Statement, as it occurs.

The effective portion of the gain or loss, on the measurement of the hedging instrument, is recognized immediately in the other comprehensive income, while the ineffective portion is recognized, immediately, in the Statement of Comprehensive Income in the Income Statement as financial cost.

The amounts recognized in the other comprehensive income are reclassified to the Statement of Comprehensive Income, under in profit and loss, when the hedged transaction affects the result, as well as when the financial income or financial expense is recognized, or when the forecasted transaction takes place. When the hedged item is the cost of a non-financial asset or liability, the amounts recognized in other comprehensive income are reclassified to the initial book value of the non-financial asset or liability. If the expected transaction or commitment is no longer expected to occur, the accumulated gain or loss previously recognized in the other comprehensive income, is reclassified to the Statement of Comprehensive Income, under profit and loss.

If the hedging instrument expires, or is sold, is resolved, or is exercised without a successive replacement or renewal of a hedging instrument, by another hedging instrument, or if its designation, as a hedge is revoked, any recognized accumulated gain or loss, previously recognized in other comprehensive income, remains in other comprehensive income, until the planned operation or the firm commitment, affects the results.

Impairment of financial assets

Cementos Argos S.A. evaluates, at the end of each reporting period, whether there is objective evidence that a financial asset, or a group of assets, measured at amortized cost, is impaired.

If there is any evidence of impairment, the value of the loss is measured as the difference between the book value of the asset and the present value of the estimated future cash flows, excluding future discounted losses, not discounted with the original effective interest rate of the financial asset. In order to recognize the impairment loss, the book value, of the associated asset is reduced, and the loss is recognized in the comprehensive income statement.

2. PROVISIONS FOR WITHDRAWAL FROM SERVICE, RESTORATION, AND REHABILITATION

Cementos Argos S.A. recognizes, as part of the cost of an item, of property, plant and equipment, when there is a legal or implicit obligation to dismantle an asset, or restore the place where it was constructed, the present value of the estimate of future costs that are expected to incur to perform the dismantling or restoration.

The provision for dismantling or restoration is recognized at the present value of the estimated future disbursements, to cancel the obligation. Cash flows are discounted at a risk-free rate.

The estimated future cash flows, from dismantling or restoration, are reviewed periodically. Changes in the estimate, the expected dates of the disbursements, or the discount rate used to discount the flows, are recognized as an increase, or decrease, of the cost of dismantling included in property, plant and equipment. The change in the value of the provision, associated with the passage of time, is recognized as a financial expense, in the Statement of Comprehensive Income.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, in the Statement of Financial Position and in the Cash Flows Statement, include cash and banks, highly liquid investments, readily convertible into a certain amount of cash and subject to insignificant risk of changes in its value, with a maturity of three months, or less, from the date of its acquisition.

4. EXPLORATION AND EVALUATION DISBURSEMENTS

Cementos Argos S.A. recognizes expenditures, incurred before demonstrating the technical and commercial feasibility of the exploitation project, despite that they are directly related to or associated with the exploration activity, as an expense, of the period of the evaluation, and exploration of mineral resources. If the disbursements meet the recognition conditions, they are recorded as intangible assets.

These expenses will be recognized in the amount disbursed, at the time they are incurred.

5. MEASUREMENTS AT FAIR VALUE

Fair value, is the price that would be received for selling an asset, or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date. The fair value of all financial assets and liabilities is determined at the date of presentation of the Financial Statement, for recognition or disclosure in the Notes to the Financial Statement.

The judgments include data, such as, liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instruments.

6. FOREIGN CURRENCY

Transactions in foreign currency, that correspond to those transactions in a currency, other than the functional currency of the entity, are initially recorded at the exchange rates of the functional currency in effect, at the date of the transaction. Subsequently, monetary assets and liabilities, in foreign currency, are converted at the exchange rate of the functional currency, in effect at the end of the period. Non-monetary items, that are measured at fair value, are converted, using the exchange rates at the date when their fair value is determined, and non-monetary items, measured at historical cost, are translated using the exchange rates prevailing at date, of the original transactions, and have not been reconverted.

All exchange differences, on monetary items, are recognized in the Income Statement, with the exception of, monetary items that provide effective coverage, for a net investment, in a foreign operation, and those from investments in shares, classified as fair value, through equity.

In the sale of a business abroad, which includes the sale of the entire Company's participation, in a business abroad and an arrangement involving a partial sale, of a participation in a joint venture, or an associate, that Includes a foreign operation of which the retained interest becomes a financial asset, all accumulated differences in equity related to that operation, attributable to the owners of the Company, are reclassified from equity to income, for the period.

7. IMPAIRMENT OF ASSETS

Cementos Argos S.A. evaluates the impairment of assets, when the facts and circumstances suggest that the book value of a cash-generating unit (CGU), may exceed its recoverable amount, or at least, at the end of each reporting period. When this happens, Cementos Argos S.A. measures, presents, and reveals, any impairment losses, resulting in the Comprehensive Income Statement.

8. IMPAIRMENT OF NON-FINANCIAL ASSETS

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

The recoverable value of an asset, is the higher of the fair value minus the cost to sell, either of an asset or a cash-generating unit, and its value in use. When estimating the value in use, estimated future cash flows are discounted from the present value, using a that reflects current market valuations, with respect to the temporal value of money, and the specific risks for which future cash flow estimates have not been adjusted. When the book value of an asset or a cash-generating unit exceeds its recoverable value, the asset is considered impaired, and the value is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the book value of the asset (or cash-generating unit), increases to the revised estimated value of its recoverable amount, so that the increased book value, does not exceed the book value that would have been calculated, had the impairment loss for that asset (or cash-generating unit), not been recognized in prior years. The reversal of an impairment loss is recognized automatically in the Income Statement.

9. TAXES

Income tax expense represents the amount of current income tax payable and deferred tax.

Current income tax

Current assets and liabilities for income tax for the period, are measured by the amounts expected to be recovered, or paid to the tax authority. Income tax expense is recognized in current tax, in accordance with the reconciliation realized between the tax income, and the accounting profit, or loss, affected by the income tax rate, of the current year, and in accordance with, the established, in the tax regulations, of each country. The rates and tax regulations, used to compute such values, are those that are approved, or substantially approved, at the end of the reporting period, in the locations Cementos Argos S.A. operates, and generates taxable profits.

Deferred tax

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

A deferred liability must be recognized for taxable temporary differences, when associated with investments in subsidiaries and associates, and interests in joint ventures, except for those in which the Company is able to control the reversal of the temporary difference, and when there is a possibility that this cannot be reversed, in the near future. Deferred tax assets, arising from the deductible temporary differences, associated with such investments, and participation, are recognized, only to the extent that it is probable that the entity has future taxable income, against which to bear those temporary differences, and when there is a possibility that they can be reversed, in the near future.

The book value of a deferred tax asset, must be reviewed, at the end of each reporting period, and reduced to the extent that it deems it probable, that it will not have sufficient future taxable income to allow all, or in part, of the asset to be recovered.

Deferred tax assets and liabilities must be measured using the tax rates, that are expected to be applied, in the period in which the asset is realized, or the liability is canceled, based on the rates (and tax laws) that at the end of the reporting period, have been approved or far advanced in the approval, after the approval process has been completed.

The measurement of deferred tax liabilities and assets will reflect the tax consequences, arising from the manner in which the entity expects, at the end of the reporting period, to recover or settle the book value of its assets and liabilities. Deferred taxes are not discounted.

Deferred tax is recognized in the Income Statement for the period, except for related items, recognized outside profit or loss, in this case presented, in other comprehensive income, or directly in equity.

10. INTANGIBLE ASSETS

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets, acquired in business combinations, are recognized separately from commercial credit, at fair value at the acquisition date (which is considered to, be their cost). After initial recognition, intangible assets are accounted for at cost, minus any accumulated amortization and any accumulated impairment losses. The cost of internally generated intangible assets, except for development costs that meet the recognition criteria, are not capitalized, and the disbursement is recognized in the Comprehensive Income Statement, at the time they are incurred.

Disbursements arising from research activities are recognized as expenses, in the period in which they are incurred.

An intangible asset, generated internally, as a result of, development activities (or the development phase of an internal project), is recognized if, and only if, the following conditions are met:

- It is technically possible to complete the production of the intangible asset, so that it may be available for use or sale;
- There is an intention to complete the intangible asset in question, to use, or sell it;
- There is ability to use or sell the intangible asset;
- The form in which the intangible asset will generate probable economic benefits in the future;
- The availability of adequate technical, financial, or other resources to complete the development and use, or sale, of the intangible asset; and
- Its ability to reliably measure the disbursement, attributable to the intangible asset, during its development.

The amount initially recognized for an internally generated intangible asset, is the sum of the disbursements incurred, from the moment the item meets the conditions for its recognition, previously established.

Subsequent to its initial recognition, an intangible asset, generated internally, will be accounted for at cost minus the accumulated amortization, and the accumulated amount of impairment losses, on the same basis, as the intangible assets, that are acquired separately.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at least at the end of each period. Changes in the estimated useful life of the asset are recognized prospectively. Amortization expenses of intangible assets, with finite useful lives are recognized in the Statement of Comprehensive Income. Intangible assets with indefinite useful lives are not amortized, but are assessed for impairment.

An intangible asset is written-off, at the time of its disposal, or when no future economic benefits are expected from its use, or disposal. Gains or losses, arising from derecognition of an intangible asset, are measured as the difference between the net proceeds, from the sale, and the book value of the asset is recognized in gains or loss, at the time the asset is derecognized.

11. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in policy decisions and financial operation of the investee, without having absolute control, or joint control, of the same.

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

In the acquisition, of the investment in the associate or joint venture, any excess of the cost of the investment, on the distribution of the net fair value of identifiable assets and liabilities, of the investee, is recognized as goodwill, which is included in the amount of book value of the investment.

Any excess in the Company's distribution, net fair value of assets and liabilities, identifiable on the cost of investment, after its revaluation, is recorded immediately, in profit or loss, in the period in which the investment was acquired. The requirements IFRS 9 apply, in order to determine whether there is a need for accounting, of any impairment loss, regarding the Company's investment, in an associate or joint venture. The total book value of the investment, (including goodwill), is tested for impairment, in accordance with IAS 36, Impairment of Assets, as a single asset by comparing its recoverable amount (the greater value of use and fair value, minus the sales costs) to its book value. Any impairment loss recognized, forms part of the amount in investment books. Any reversal of such an impairment loss is recognized, in accordance with IAS 36, until the recoverable amount of the investment subsequently increases.

Investments in associates and joint ventures, are recognized in in the Separate Financial Statements, at the acquisition cost.

12. INVESTMENT PROPERTIES

Investment properties are assets (land or buildings considered in whole or in part, or both) held, (by the Company or by the lessee, under a finance lease) to earn rent, or goodwill, or both, rather than for: a) use in the production or supply of goods or services, or for administrative purposes; or b) the sale, in the ordinary course of business, including investment properties constructed for such purposes; they are initially measured at cost, plus all the costs associated with the transaction, and non-recoverable indirect taxes, after deducting financial or commercial discounts, and directly attributable costs to put investment property in the necessary conditions, so that it can operate, as planned by management. After initial recognition, investment properties are measured at cost, minus the accumulated depreciation and any accumulated impairment loss.

An investment property is derecognized upon disposal, or when the property investment is permanently withdrawn from use, and no economic benefits expected to be received in the future of that sale. Any gains or losses arising from the derecognition of the property, (calculated as, the difference between net sales income, and the book value of the asset), is included in the results for the period, in which the property was withdrawn.

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

Non-current assets, and groups of assets, for sales are classified as, held for sale, if their book value will be recovered through a sales transaction, rather than through continuing use; these assets or groups of assets are presented separately, as current assets and liabilities, in the Statement of Financial Position at the lower of its book value, or fair value minus the cost to sell, and are not depreciated or amortized from the date of classification.

This condition is met only when the sale is highly probable, and the asset (or group of assets for sale), is available for immediate sale, in its current state, subject only to terms that are usual and adapted for sales of such assets (or group of assets for sale). Management must be committed to the sale, which should be recognized, as a completed sale, within the period of one year, from the date of classification.

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

When the Company is committed to a sales plan that involves selling an investment, or a portion of an investment in an associate or joint venture, the investment or the portion of the investment that will be sold, is classified as, held for sale, when meeting the criteria described above.

After the sale is realized, the Company recognizes any retained interest in the associate or joint venture, in accordance with IFRS 9, unless, the retained interest remains an associate or a joint venture, in which case the Company uses cost, as its accounting policy.

In the cases where the Company agrees to distribute an asset, (or group of assets for sale) to the owners, said non-current asset (or group of assets for sale), are classified as, held for distribution to owners. For this to be the case, the assets must be available for immediate distribution in their present condition, and the distribution must be highly probable, i.e. when activities should have been initiated, to complete the distribution, and should be expected to be completed, within one year, from the date of classification. The Company has classified its subsidiaries, in the liquidation processes, as groups of assets for distribution to owners.

14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the amount of land, buildings, furniture, vehicles, computer equipment, and other facilities owned by the Company, and are used in the operation of the entity. Cementos Argos S.A. recognizes an item of property, plant and equipment, when it is probable that the asset will generate future economic benefits, expected to be used for more than a year, all the risks and benefits inherent to good have received, and its value can be measured reliably.

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

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

The properties, under construction, for administration, production, or supply services, are recognized at cost minus any recognized impairment loss. The cost includes professional fees, direct costs of dismantling and removal, and for those qualifying assets, capitalized borrowing costs, in accordance with the accounting policies of the Company. These properties are classified under the appropriate categories under Property, plant and equipment at the time of termination, as well as, when they are ready for alleged use. Depreciation of these assets, as in the case of other property assets, are initiated when the assets are ready for use.

Depreciation is calculated linearly throughout the assets' estimated useful lives, as follows:

Buildings and construction	40 to 70 years
Communication routes	20 to 40 years
Machinery and equipment	10 to 30 years
Furniture and office equipment, computers, and communications	3 to 10 years
Transportation equipment	3 to 10 years
Vehicles and tools	2 to 10 years

Owned land is not depreciated.

Assets, held under finance leases, are depreciated for the period of its life, estimated to equal the assets held. However, when there is no reasonable assurance the property, at the end of the lease period is obtained, the assets are depreciated, on the shorter term, between the lease term and its useful life.

An item, under property, plant and equipment, will be derecognized, at the time of disposal, or when future economic benefits are no longer expected to arise, from the continued use of the asset. The gains or losses arising from the divestiture or retirement of an asset, from property, plant and equipment, is calculated, as the difference between the value from sales and the carrying amount of the asset, and is recognized in profit or loss.

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

15. LEASES

The Company classifies leases, evaluating the extent to which the risks and benefits, of ownership of the asset, lie with the lessor or the lessee. The Company classifies a lease as a finance lease, when there all the risks and rewards of ownership, are substantially transferred, and as operational benefits, when all the risks and rewards of ownership are not transferred substantially.

The Company initially recognizes an asset acquired through a leasing, according to the nature in the Statement of Financial Position, for the lower of its value reasonable and the present value of the minimum payments to pay the lease, and recognizes a liability, short or long-term, for the same value. Subsequently, assets are measured, according to policies of property, plant and equipment (See policy for property, plant and equipment) and liabilities at amortized cost.

As a landlord, the Company recognizes the amounts due, from tenants, under leases financial and accounts receivable, at the amount of net investment in leases. Income from finance lease are distributed, in the accounting periods, to reflect a regular constant periodic return on the net investments pending, of the Company, with respect to leases.

Income from rent, under operating leases, is recognized, using the straight-line method, over the lease term. The initial direct costs incurred, in negotiating and agreements of an operating lease, are added to the book value of the leased asset, and recognized on a straight-line basis over the lease term.

16. COST FOR LOANS

The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset, if such costs could have been avoided, had no disbursements been realized for the asset. Borrowing costs are capitalized, as part of the cost of assets, when they are likely to generate future economic benefits, and can be measured reliably.

The capitalization of borrowing costs is initiated, as part of the costs of a qualifying asset, on the date on which the following conditions are met: a) disbursements are incurred in relation to the asset, b) loan costs are incurred, and c) the necessary activities are recognized, to prepare the asset for its intended use, or for sale.

The Company suspends the capitalization of borrowing costs, during periods in which the development of activities of a qualifying asset is interrupted. However, capitalization of borrowing costs, over a period of time, is not interrupted, if important technical or administrative actions are being undertaken. Nor will it suspend the capitalization of borrowing costs, when a temporary delay is required, as part of the process of preparing an asset qualified for its use, or sale.

The capitalization of borrowing costs ends, when all the activities necessary to prepare the asset qualified for use, or sale, have substantially been completed.

If the asset has components, and these components can be used separately, while construction continues, the capitalization of borrowing costs on these components, should be stopped.

17. AGRICULTURE

The Company recognizes a biological asset, or an agricultural product, when it controls the biological asset or agricultural product, as a result of, past events, it is likely that future economic benefits will be generated, and the cost of the biological asset or agricultural product, can be measured reliably.

The Company measures biological assets, both at the beginning and at the end of the period, at their fair value minus the cost to sell.

The fair value of a biological asset is given, at the quoted price, in an active market. If there are different active markets for the same biological asset, the fair value of the asset, will be the price given, in the most relevant active market.

If there is no active market, the Company uses the following information to determine the fair value, where available and will select the most reliable: a) the price of the most recent transaction in the market, assuming that there is no significant change in the economic circumstances, between the date of the transaction and the end of the reporting period, b) the market price of similar assets, adjusted to reflect existing differences, c) industry benchmarks, such as the value of plantations, expressed as a function of surfaces, units of capacity, weight or volume.

Gains or losses, arising from the initial recognition of a biological asset or agricultural product, at fair value minus the cost to sell, and changes in that amount, are included in the Separate Income Statement, for the period, when they are generated.

18. PROVISIONS

Provisions are recorded when Cementos Argos S.A. has a present legal or implicit obligation, as a result of a past event, it is probable that the Company will have to dispose of resources to cancel the obligation, and a reliable estimate of the value of the obligation, can be realized. In cases where Cementos Argos S.A. expects the provision will be partially or fully repaid, repayment is recognized as a separate asset only in cases where such reimbursement is considered certain, and the amount receivable can be measured with reliability.

Provisions are measured at the best estimate, by the Administration, on future disbursements required to settle the present obligation, and is discounted at a risk-free rate. The provisions relating to expenditure are shown in the Statement of Comprehensive Income, net of any reimbursement. Provisions, increased due to the passage of time, are recognized as financial expense, in the Statement of Comprehensive Income.

The Company recognizes the present obligation, arising from an onerous contract, as a provision. An onerous contract is one in which the unavoidable costs of meeting the obligations involved, exceed the economic benefits that expected to be received, of the same.

Contingent liabilities

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

The Financial Statement have been prepared on an ongoing basis, and there exists no material uncertainties, as of December 31, 2016, related to events or conditions, that produce significant doubts, about the ability of the Company, to continue operating.

Contingent liabilities, acquired in a business combination, are measured initially, at their fair values, at the date of acquisition. At the end of the subsequent periods, over which is reported, such contingent liabilities are measured as the greater of which had been recognized, in accordance with IAS 37, and the amount initially recognized minus the cumulative amortization, recognized in accordance with IAS 18 “Income of ordinary activities”.

19. PLANS FOR POST-EMPLOYMENT BENEFITS

In 2015, the Company recognizes pension liabilities, securities and pension bonds, pension premiums, and other post-employment benefits, in accordance with the requirements of IAS 19 “Employee benefits”, except as provided in Decree 2496 of December 23, 2015, by which it is determined that the parameters to establish the post-employment pension benefits liabilities, securities, and pension bonds must correspond to Decree 2783, 2001, as better approximation of the market. This decree establishes the actuarial assumptions for calculating future increases in salaries and pensions, established the actual rate of technical interest applicable, and how to consider the anticipated increase in income for active and retired personnel.

In 2016, the Company recognizes pension liabilities, securities, and pension bonds, retirement premiums, and other post-employment benefits, in accordance with the requirements of IAS 19 “Employee Benefits”.

On December 22, 2016, the Ministry of Commerce, Industry, and Tourism, issued Decree By 2131 which requires disclosure of the calculation of pension liabilities, according with the parameters established in Decree 1625 of 2016, and in the case of partial pension commutations, in accordance with Decree 1833 of 2016, and differences with the calculation, realized, in accordance with IAS 19 “Employee Benefits”, and establishes that pension liabilities, securities, and pension bonuses, retirement premiums, and other post-employment benefits, should be accounted for and calculated, in accordance with requirements IAS 19. This change was accounted for as a change in an accounting estimate, prospectively.

The Company recognizes the benefit plans, classified as plans contributions, in the Separate Income Statement, as an administrative expense, sales or cost of merchandise sold, according to, a presentation by function, on the date on which it occurs.

The Company recognizes the benefit plans classified as defined benefit plans, as an asset or liability in the Statement of Financial Position, as the difference between the fair value of assets of the plan and the present value of the obligation of said plan, using the projected credit unit method, designed to determine the present value of the obligation for defined benefits, and the related current service cost, and where applicable, the cost of past services, such as minimum annually. Assets, of the plan, are measured at fair value, which is based on market price information, and in the case of listed securities, constitutes the published purchase price.

The projected credit unit treats each service period, as a generator of an additional unit of entitlement to benefits, and measures each unit separately, to make up the final obligation. The Company deducts the total value of the obligation of the post-employment benefits, even if part of it is to be paid within a period of (12) twelve months, following the reporting period it is reported.

The estimate of the liabilities, for post-employment benefits, is performed by an independent actuary.

Actuarial gains or losses, the return on plan assets, and changes in the effect of the asset ceiling, excluding the amounts included in net interest on the net defined benefit liabilities (assets), are recognized in the other comprehensive income. Actuarial gains or losses comprise the effects of changes in actuarial assumptions, as well as, adjustments from experience. Net interest on the defined benefit liability (net) comprises interest income on plan assets, interest costs on the defined benefit obligation, and interest on the asset ceiling.

The current service cost, the past service cost, and any settlement, or reduction of the plan, is recognized immediately in the Statement of Comprehensive Income, under profit and loss, in the period in which they arise.

Benefit pension gap at the time of retirement
The benefit of this provision, is the granting of a single premium, at the time of retirement the entity to enjoy the seniority pension, whose value corresponds to money needed to close the pension gap of the executive. This benefit currently has contributions to private pension funds, that will be used only at the time of fulfillment of the requirements to obtain the benefit.

20. INVESTMENTS IN SUBSIDIARIES

A subordinate or controlled company, is one, in which its power of decision is subject to the will of another, or others that will be its Parent or controlling company, either directly, in which case it will be called a subsidiary, or through the subordinates of the Parent company, in which case it will be called a subsidiary. The control is given, by the fulfillment, of one or more of the following cases:

- When more than 50% of the capital belongs to the Parent Company, directly or through the intermediary or with the help of subordinates or their subordinates

- When the parent and subsidiaries, either jointly or separately, have the right to issue a vote of the decision-making majority at the Shareholders' or Board Meeting, or have the number of votes required to elect the majority of members of the Board of Directors, if any.

- When the parent, directly or through the intermediary, or with the assistance of subordinates, by virtue of an act, or business with the controlled company, or its partners, exerts a dominant influence on the decisions of the company's governing bodies.

Investments in subsidiaries are incorporated into the Financial Statement, using the equity method, unless the investment or a portion thereof, is classified as, held for sale, in which case it is accounted for in accordance with IFRS 5. With respect to the equity method, investments in subsidiaries are initially recorded in cost on the Statement of Financial Position, and are subsequently adjusted to account for the Company's interest in gains or losses, and other comprehensive income.

21. INVENTORIES

Inventories are classified as, goods acquired with the intention of selling them, in the course ordinary business, or consumed in the process of service provided.

The inventory of raw materials, work in process, merchandise not manufactured for sale, and finished product, is measured at acquisition cost. The Company recognizes a decrease in the value of inventories of finished goods, materials, spare parts, and accessories, if the cost is higher than net realizable value. The net realizable value is the estimated selling price, in the normal course of business minus the estimated costs of completion and estimated costs necessary to make the sale.

Inventories include: goods in existence, that do not require transformation, materials as minor parts, and accessories for the provision of services, goods in transit, and held by third parties.

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

22. INCOME

Income is measured at the fair value of the consideration received or receivable. Income is reduced by discounts or rebates, and other similar allowances, for the estimates for clients.

Sale of goods

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

- The entity has transferred, to the buyer, the risks and rewards of significant damage, arising ownership of property;

- The entity neither retains any involvement in the current management of the goods sold, the degree usually associated with ownership, nor effective control over the same;

- The amount of revenue can be measured reliably;
- It is probable that the entity will receive the economic benefits associated with the transaction; and
- The costs incurred, or to be incurred, in connection with the transaction, can be measured reliability.

Provision of services

Income, from service contracts, are recognized by reference to the termination status of the contract. The termination status of the contract is determined as follows:

- Facility fees are recognized, as income from ordinary activities, in reference to, the completion status of the facility, determined as the proportion of the total estimated time to install that has elapsed, at the end of the reporting period;
- The service fees, included in the price of the products sold, are recognized, in reference, to the proportion of the total cost of the service rendered for the product sold; and
- Income from material contracts are recognized, at contractual rates, to the extent that they are incurred, in production hours, and direct costs.

Royalties

Royalties must be recognized using the accrual basis, in accordance with the economic substance of the agreement, on which they are based (provided, that it is probable that the economic benefits will flow to the Company, and that ordinary revenues can be measured reliably). The royalties, determined on a time basis, are recognized through the straight-line method, during the settlement period. Royalties agreements based on production, sales, and other measures, are recognized, in reference to, the underlying agreement.

Interest and dividend income

The income of investment dividends is recognized once right rights of shareholders to receive this payment (provided it is likely that the benefits economic will flow to the Company and the revenue can be measured reliably), have been set.

Interest income from a financial asset is recognized when it is probable that the Company will economic benefits, associated with the transaction, and the amount of revenue can be measured reliably.

Interest income is recorded on a time basis, by reference to the outstanding principal and the rate of interest effective applicable, which is the rate that exactly discounts the cash flows receivable or payable, estimated along the expected life of the financial instrument to the net book value of the financial asset on initial recognition.

Income from operating leases

The Company policy for recognizing income, from operating leases is the recognition of payments received as income in the account results linearly along the life of the contract, unless another basis distribution is considered more representative.

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

3.1. NEW AND REVISED IFRS ISSUED AND NOT ADOPTED AT THE TIME OF PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

The following standards, amendments, and interpretations to existing standards have been published and are mandatory in the Financial Statements of Cementos Argos S.A., for periods beginning on January 1, 2017 or at a later date, the Company has not applied to these requirements in advance.

Standards issued by the IASB and incorporated in Colombia as of January 1, 2017
Decrees 2496 of 2015 and 2131 of 2016 - With these decrees, as from January 1, 2017, the following rules will come into effect in the normative technical framework that contains the rules that are in force, as of December 31, 2014, with their respective amendment, issued by the IASB, except for IFRS 9 "Financial Instruments" allowing its early application:

- IAS 19 "Employee Benefits, contributions from employees or third parties, that related to services or defined benefit plans
- IAS 32 "Financial Instruments: Presentation", offsetting financial assets, and liabilities financial
- IFRS 10 "Consolidated Financial Statement", IFRS 12 "Disclosure of Interests of Participation in other entities" and IAS 27 "Separate Financial Statements", Exception to the requirement to consolidate the subsidiaries of an investment entity
- IAS 1 "Presentation of Financial Statement", disclosure initiative
- IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets", clarification of acceptable depreciation and amortization methods
- IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture", production plants
- IAS 27 "Separate Financial Statements" equity method in the Separate Financial Statements
- IFRS 10 "Consolidated Financial Statement" and IAS 28 "Associates", joint ventures, sales, or contribution of assets, between an investor and its associate, or joint venture
- IFRS 11 "Joint Ventures", accounting for acquisitions of interest in joint ventures
- IFRS 14 "Deferred Regulatory Accounts"
- Annual Improvement Cycle 2012 - 2014, including improvements to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", changes in disposal methods of assets, IFRS 7 "Financial Instruments: Disclosures" (with resulting adjustments of amendments to IFRS 1), IAS 19 "Employee Benefits, Discount", regional market issues, and IAS 34 "Interim Financial Reporting"

Standards issued by the IASB, and incorporated in Colombia, as of January 1, 2018

- Decrees 2496 of 2015 and 2131 of 2016 - With these decrees, as of January 1, 2018, the following standards, in the technical regulatory framework, containing some amendments, issued by the IASB, realized during 2016, allowing early application, will enter into force:
- Amendment to IAS 7 "Cash Flow Statement", disclosures concerning the changes in liabilities, arising from financing activities

- Amendment to IAS 12 “Income Taxes”, clarification of recognition assets from deferred tax from unrealized losses

- IFRS 15 “Income from Contracts with Customers”, establishes a single comprehensive model to be used by entities in accounting for revenue customer contracts. The basic principle of IFRS 15 is that an entity should recognize income that represents the promised transfer of goods or services customers for amounts that reflect the consideration that the entity expects to receive change of such goods or services. Specifically, the standard introduces an approach five steps to recognize income:

- Step 1: Identification of contract with the customer;

- Step 2: Identification of performance obligations, in the contract;

- Step 3: Determination of pricing of the transaction;

- Step 4: Allocation of the transaction price, to each performance obligation, in the contract, and

- Step 5: Recognition of ordinary income, when the entity satisfies the performance obligation

Under IFRS 15, an entity recognizes income, when the obligation is satisfied, that is to say, when control of the goods or services, underlying the performance obligation, has been transferred to the customer. Likewise, guidelines have been included, in IFRS 15, to deal specific situations.

Subsequently, Decree 2131 of 2016, includes the amendments that clarify how to:

- Determine whether an entity acts as principal or agent

- Identify a performance obligation, in a contract, and the different goods or services, that have the same mode of transfer

- Determine whether income derived from the grant of a license, should be recognized, at any given time, or in time

This standard replaces the existing revenue recognition standards, including IAS 18 “Ordinary Income”, IAS 11 “Construction Contracts”, IFRIC 13 “Programs of Customer Loyalty, “IFRIC 15” Building Construction Agreements, IFRIC 18 “Transfers of Assets from Customers”, and the interpretation of SIC 31 “Exchange Advertising Services”.

The Company is analyzing the impact of the adoption of these standards and interpretations, issued by the IASB, not yet in force, in Colombia.

- IFRS 9 “Financial Instruments”, issued in November 2009, introduced new requirements for the classification and measurement, of financial assets. IFRS 9 was then amended, in October 2010, to include requirements for the classification and measurement of financial liabilities, and for the write-offs of financial instruments. Both were adopted by the Company, in advance. Subsequently, IFRS 9 was amended in November 2013, to include the new requirements for general hedge accounting, and in July 2014, the final revised version of IFRS 9 was issued, which includes: a) new requirements for impairment of assets (Expected credit loss model); and b) limited modifications to classification and measurement requirements, by introducing the fair value category, with changes in equity, for certain debt instruments. The new requirements included in IFRS 9, issued in July 2014, have not yet been adopted by the Company. Cementos Argos S.A. is currently evaluating the potential impact of the application of these requirements, on its Separate Financial Statements.

The impairment model, in accordance with IFRS 9, reflects expected credit losses, as opposed to credit losses, incurred in accordance with IAS 39. In the scope of the impairment in IFRS 9, It is no longer necessary for a credit event to occur, before credit losses are recognized. Instead, an entity always accounts for both, the expected credit losses, and its changes. The amount of expected credit losses must be updated at each reporting date, to reflect changes in credit risk, from initial recognition.

The general hedge accounting requirements of IFRS 9, maintain the three types of hedge accounting mechanisms, included in IAS 39. However, the types of transactions ideal for hedge accounting are now much more flexible, especially when extending the types of hedging instruments and the types of risk components, of non-financial elements, that are ideal for hedge accounting. In addition, the proof of effectiveness has been revised, and replaced, by the principle of “economic relationship”. A retrospective evaluation is no longer required, to measure the effectiveness of coverage. Many more disclosure requirements have been added, to the entity’s risk management activities. The work on macro-hedging, realized by the IASB, is still in the preliminary phase.

The new requirements included in IFRS 9, issued in July 2014, have not yet been adopted by the Company. Cementos Argos S.A. is currently evaluating the potential impact of the application of these requirements, on its Separate Financial Statements.

Standards issued by the IASB in 2016 and have not yet been incorporated, in Colombia:
IFRS 16 “Leases”, issued in January 2016, and effective for periods beginning on or after of January 1, 2019, with early adoption permitted. IFRS 16 eliminates classification of leases, as contracts operating lease, or lease for the tenant, instead, leases are recognized at the present value of lease payments, and presented as lease assets (right to use the asset), or as property, plant and equipment. If lease payments are realized, at a future date, the Company should recognize a financial liability, representing the contractual obligation, to make such payments. IFRS 16 establishes exceptions to the general principle of recognition, contracts of short-term leases, and unrepresentative values.

The Company is evaluating the potential impact of the application of IFRS 16, in its Separate Financial Statements, and information to reveal. The Administration of the Company, estimates that the application of IFRS 16, in the future, could have a significant effect on the amounts reported, and disclosures in the Financial Statement of the Company.

This standard replaces existing standards IAS 17 “Leases”, and IFRIC 4 “Determination of whether an agreement contains a lease”, SIC 15 “Operating leases incentives”, and SIC 27 “Evaluation of the substance of transactions involving legal form of a lease”.

In terms of the standards, modifications, and interpretations above, it is expected that there will be no impact, or no significant impact, on the Financial Statements of the Company:

- Annual improvements to IFRSs, Cycle 2012-2014, issued in September 2014, and effective for periods beginning, on or after, January 1, 2016

- Investment Entities: Application of the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28), issued in December 2014, and effective for periods beginning, on or after, January 1, 2016

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), issued in September 2014, and effective for periods beginning on a date to be set by the IASB

- Accounting for acquisitions of participation in joint ventures (Amendments to IFRS 11), issued in May of 2014, and effective for periods beginning, on or after, January 1, 2016

- Clarification of acceptable depreciation and amortization methods, (Amendments to IAS 16 and IAS 38), issued in May 2014, and effective for periods beginning, on or after, January 1, 2016

- Information disclosure initiative (Amendments to IAS 1), issued in December 2014, and effective for periods beginning, on or after, January 1, 2016

- Agriculture: Production plants (Amendments to IAS 16 and IAS 41), issued June 2014 and effective for periods beginning, on or after, January 1, 2016

- IFRS 14 "Deferred income accounts for regulated activities", issued in January 2014 and effective for periods beginning, on or after, January 1, 2016

NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATION SOURCES

In the application of Cementos Argos S.A.'s accounting policies, which are described in Note 2, management must make estimates and assumptions, that affect reported amounts of assets and liabilities, disclosures of contingent assets, and liabilities at the reporting date of the financial statements, and reported amounts of income and expenses, during the reporting period. The estimates, and associated assumptions, are based on historical experience, and other factors considered relevant. Actual results may differ from such estimates.

The estimates and underlying assumptions, are reviewed regularly by the Administration. Revisions to accounting estimates are recognized in the period of the revision, only if affects that period, or in future periods, if the revision affects, both the current period and subsequent periods.

4.1. SIGNIFICANT JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The following are the essential judgments, apart from those involving estimates (See 4.2), realized by Management, during the process of application of the Accounting Policies of Cementos Argos, and have a significant effect, on the amounts recognized, in the Separate Financial Statements.

Functional currency

The Administration uses its judgment, in determining its functional currency. The determination of the functional currency of Cementos Argos S.A., and each of its investments in subsidiaries, associates, and joint ventures, is determined by evaluating the established principles and indicators, established in IAS 21 "Effect of changes in exchange rates of foreign currency".

Cash generating units

In the realization of assessments for impairment of non-current assets, the assets that do not individually generate cash inflows, and that are largely independent of the cash flows generated by other assets ,or groups of assets, should be grouped into cash-generating unit to which the asset belongs, which is the smallest identifiable group of assets, that generates cash inflows for the Company, and which are, to a great extent, independent cash flows derived from other assets or groups of assets. The Administration uses its judgment, in the determination of cash-generating units, for purposes of impairment testing.

Hedge accounting

The Administration applies its judgment to establish whether a hedge relationship meets the requirements of IAS 39 "Financial Instruments" to be accounted for as hedges", as well as, the assessment of hedge effectiveness, and sources of ineffectiveness. Cementos Argos S.A. applies fair value and cash flow hedge accounting, in its financial statements, primarily to hedge foreign currency and interest rate risk. The decision to apply hedge accounting or not, has a significant impact on the Company's Financial Statements.

Recognition of deferred tax assets from losses or unused fiscal credits
judgment to recognize a deferred tax asset, in assessing the existence of sufficient taxable profits of future periods, for compensation and/or recovery.

4.2. KEY SOURCES OF UNCERTAINTIES IN ESTIMATES

The following are basic assumptions, about the future and other key sources of uncertainty in the estimates, at the end of the reporting period, that imply a significant risk of material adjustments, in the carrying amounts of assets and liabilities, during the following financial period.

Income taxes
The Company recognizes significant amounts of current tax income, as well as deferred, in its Separate Financial Statements, given the volume of its operations, and the multiple countries in which it operates. The determination of current and deferred taxes is based on the best interpretation of the Administration, of the laws and practices applicable, and improvements in the jurisdictions, in which it operates. The reasonableness of this depends significantly on the ability of the Administration to integrate complex tax and accounting standards, to consider changes in applicable laws, and their evaluation for the purposes of recognizing deferred tax assets, and the existence of sufficient taxable income for its realization.

The uncertain fiscal positions are fiscal positions, where the fiscal treatment is not clear, or can be questioned by the fiscal authorities, and where the situation is expected to be resolved in an unfavorable manner. The Company recognizes uncertain tax positions, mainly for the exclusion or treatment as untaxed income, in the tax returns whenever a resolution, unfavorable to Cementos Argos S.A., is probable. No provision is recognized for uncertain or remote uncertain tax positions. The probability analysis is based on expert opinions and analysis of the tax regulations, in force, in the applicable jurisdiction. The Administration uses the information available, to measure the provision, by the best estimate of the payments or resources, required to settle the obligation (See Note 9).

Pension plans and other defined post-employment benefits
The liabilities for pension plans, and other post-employment benefits, are estimated using the actuarial technique of the projected credit unit, which requires the use of financial and demographic assumptions, including, but not limited to, discount rates, inflation rates, expected of salary increases, life expectancy, and employee turnover rate. The estimation of the liability, as well as the determination of the values of the assumptions used in the valuation, is performed by an independent external actuary, taking into account, the country in which the benefit plan operates, and the market conditions existing at the measurement date. Given the long-term horizon of these benefit plans, the estimates are subject to a significant degree of uncertainty, any change in actuarial assumptions, directly impacts the value of the pension obligation, as well as other post-employment benefits.

On December 22, 2016, the Ministry of Commerce, Industry, and Tourism, issued Decree 2131, which requires disclosure of the calculation of pension liabilities, in accordance with the parameters established in Decree 1625 of 2016, and in the case of pension commutations, in accordance with Decree 1833 of 2016, and the differences with the calculations, realized in accordance with IAS 19 "Employee Benefits". In addition, it establishes that pension liabilities, securities, and pension bonds, retirement bonuses, and other post-employment benefits, should be accounted for and calculated, in accordance with the requirements of IAS 19.

Until 2015, the Company measured these benefits, by applying the estimates established by Decree 1625 of 2016, which differ from the estimates required by IAS 19. At December 31, 2016, the change in the calculations, used in the measurement of the present value of the liabilities, was accounted for as a change in an accounting estimates, prospectively, without changing the comparative figures.

Estimation of useful lives and residual values of property, plant and equipment
As described in Note 2, Cementos Argos S.A. reviews, at least annually, the estimated useful lives and residual values of property, plant and equipment. When there is evidence of changes in the conditions or expected use of an element of property, plant and equipment, the Administration realizes a new estimate of the useful life of the element. The estimate, of useful lives of property, plant and equipment, is determined based on the historical performance of the asset, the asset's expected use, by the Administration, and the legal restrictions on its use. The estimate of useful lives, requires a significant degree of judgment by the Administration.

Fair value of financial derivatives and financial assets
The fair value of financial derivatives, is determined, using valuation techniques widely known in the market, when there is no observable market price. Cementos Argos S.A. uses its judgment to select the appropriate valuation method for the asset or liability being measured, and maximizes the use of observable variables. The assumptions are consistent with the market conditions, at the measurement date, as well as, the information that market participants would consider in estimating the price of the instrument. The Administration considers, that the valuation models selected and assumptions used are appropriate in determining the fair value of financial derivatives. However, the limitations of the valuation models themselves and the parameters required by these models may result in the estimated fair value of an asset or liability not exactly matching the price at which the asset or liability could be delivered or settled on the date of its measurement. In addition, changes in internal assumptions and forward curves, used in the valuation may materially impact the fair value of financial derivatives.

In addition, the Administration measures, at fair value, the equity investments, classified in the fair value category, through other comprehensive income, with reference to their quoted price, at the end of the measurement period, in the Securities Market, where they are traded.

Dismantling, removal, or rehabilitation
The provision for dismantling, retirement, or rehabilitation is recognized at the present value of expected costs, to settle the obligation, using estimated cash flows. In the process of measuring the present value of the obligation, the Administration, realizes estimates on future disbursements for dismantling, retirement, or rehabilitation, the estimated date (s) on which the disbursements will be realized, and the estimate of financial assumptions, such as the inflation rate and the discount rate. Given the long-term horizon, of the dismantling obligations, the estimates are subject to a significant degree of uncertainty, and can significantly impact the figures of the Separate Financial Statements.

Provisions for contingencies, litigation, and claims
The litigation and lawsuits, to which the Company is exposed, are administered by the Legal Department. The processes administered are labor, civil, criminal, and administrative. Cementos Argos S.A. considers that a past event has given rise to a present obligation if, taking into account all available evidence, as of the date on which it is reported, a present obligation is likely to exist; independent of future events. In these cases, it is understood that the occurrence of an event is greater, when the probability of occurrence is greater than 50%. The Company recognizes a provision, when an outflow of future economic benefits is probable, discloses information about the contingency, when its occurrence is possible, and does not record or disclose information, when it concludes that the probability of occurrence of the event is remote. The Company involves the professional judgment of the internal and external legal specialists, to determine the possibility of occurrence of a present obligation. In estimating the provision for litigation and claims, the Administration considers assumptions such as, but not limited to, inflation rate, attorney's

fees, estimated litigation or claim duration, statistical information on processes with similar characteristics, and the discount rate that should be applied to cash flows, to determine the present value of the obligation for those obligations, that are expected to be settled, within a period of more than twelve (12) months, at the end of the reporting period.

Wealth tax

By means of Law 1739 of December 23, 2014, the Government establishes wealth tax. This tax, is generated by the possession of wealth, (gross equity minus the current debt) greater than or equal to 1,000 million Pesos, between January 1st of the years 2015 to 2017. This law states, that taxpayers will be able to charge this tax, against capital reserves, without affecting net income, in the Separate Financial Statements, as well as the Consolidated. The Company acknowledged the wealth tax, charged to equity as permitted by law, in the value of the tax, recognized tax January 1, 2016.

Materiality

Cementos Argos S.A. considers that the information is material if its omission, or inadequate expression, may influence the decisions of users of the separate financial information.

NOTE 5: CASH AND CASH EQUIVELENTS

For the purposes the Separate Cash Flow Statement, cash and cash equivalents, include cash and banks, net of outstanding bank overdrafts. Cash and cash equivalents, at end of period upon which is reported, as shown in the Separate Cash Flow Statement, may be reconciled with the related items, in the Separate Statement of Financial Position, in the following way:

	2016	2015
Cash and banks	117,587	45,607
	117,587	45,607
Value of cash and equivalent restricted or not available for use	**-**	**944**

As of December 31, 2015, the Company maintains cash balances and cash equivalents, restricted by agreements with the Administrative Department of Science, Technology, and Innovation (Colciencias), and the Antioquia Institute for Development (IDEA), which establishes that the contribution of the resources, and the programmed disbursements are restricted to the activities described in the agreements. As of December 31, 2016, the projects were finalized and the Company does not maintain cash balances and restricted cash equivalents.

During the current year, and comparative periods, the Company realized the following investment activities and financing, which are not reflected in the Cash Flow Statement:

- By means of Public Deed 1830 of July 16, 2015, the exchange agreement entered into between Cementos Argos S.A. and the Fundación Grupo Argos was refined, with the purpose of transferring, as swap, in favor of Cementos Argos S.A., property, and transferring in favor of the Fundación Grupo Argos, 100% of the shares of the subsidiaries, Tekia S.A.S., Ganadería Rio Grande S.A.S., Alianza Progenética S.A.S., and the fiduciaries of administration N° 7321-359 and N° 732-1435, for a total of $93,579.

- On August 24, 2016, the sales agreement, entered into between Cementos Argos S.A. and Grupo Provivienda, was refined, to provide 20% of the participation held by Cementos Argos S.A., and its subsidiary Colcaribe Holding S.A. in Argos Panamá Comercializadora S.A. Cementos Argos S.A. received a total of USD $45,121, as consideration for the sale of its 7.18% of participation. The payment method of the transaction was USD $19,500 cash, and USD $25,626, with a term of 5 years, with an effective annual interest rate of 3% paid annually.

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

	2016	2015
Cash flow hedges	650	22,438
Financial derivatives assets, designated as hedging instruments recognized at fair value	650	22,438
	650	**22,438**
Current	-	22,114
Non-current	650	324
	650	**22,438**

	2016	2015
Cash flow hedges	104,374	160,033
Financial derivatives liabilities, designated as hedging instruments recognized at fair value	104,374	160,033
	104,374	**160,033**
Current	101,135	-
Non-current	3,239	160,033
	104.374	**160,033**
POSITION NET, LONG (SHORT), IN FINANCIAL DERIVATIVES	**(103,724)**	**(137,595)**

In an effort to mitigate risk in foreign currency operations, and interest rate exposure, Cementos Argos S.A. realizes operations of natural hedging, and financial hedging, through the use of derivative financial instruments, mainly swap and forward contracts, and certain derivative instruments are designated as cash flow hedge instruments, or fair value, according to the criteria of IAS 39 “Financial Instruments”. The Company does not use derivative instruments, nor any other financial instrument for speculative purposes.

Swap transactions correspond to financial transactions, in which the Company, through a contractual agreement with a bank, exchanges monetary flows for the purposes of reducing liquidity, rate, term or issuer risks, as well as the restructuring of assets or liabilities.

Forward transactions and cross currency swap operations are used to hedge exchange rate risk in foreign currency, debt operations, and to hedge future cash flows with a high probability of occurrence.

The Company also uses interest rate swaps to manage its exposure to interest rates. In the case of interest rate swaps, there is no exchange of capital. Cementos Argos S.A. is responsible for its credits with amounts and defined terms, and its accounting record is independent of the swap. These swaps are intended to convert financial instruments, from either fixed rate to variable rate, or from variable rate to fixed-rate.

Financial derivatives are recorded in the Separate Statement of Financial Position, at their fair values, taking into account the market curves in effect, at the valuation date. The accounting for changes in the fair value of derivatives depends on the use of the derivative and its designation as a hedging instrument.

In fair value hedges, at fair value, the changes of the hedged item, and the hedging instrument, are recognized and offset, in the Income Statement, for the period.

In cash flow hedge relationships, changes in the fair value of the hedging instrument are recognized directly, in other comprehensive income, for the effective portion of the hedge. The ineffective portion is presented in income or financial expenses. Gains or losses, recognized in equity, are subsequently reclassified to the Income Statement when the hedged item affects the Company's results.

Derivatives that are not designated as hedging for accounting purposes, under IAS 39, are measured at fair value. Changes, resulting from the measurement of contracts, are recognized directly in income for the period, as income or a financial expense.

The Administration documents, the hedging relationship, from the time of initial recognition. This documentation includes, without limitation, the following:

- Designation and relationship of coverage, objective of the coverage, and strategy of risk management;
- Date of designation of accounting coverage; and
- Procedure for evaluating the effectiveness of coverage and the method for evaluating the effectiveness of prospective, retroactive coverage, and its periodicity.

The following, are transactions of financial derivatives of Company, at December of 2016 and 2015.

Swap operations:

					Fair value	
Type of swap	**Underlying**	**Underlying Rate**	**Swap Rate**	**Expiration**	**2016**	**2015**
Currency	2017 Bonds	IPC + 3.17%	6 Mo. Libor + 1.75%	23-Nov-17	(102,555)	(154,950)
Currency	2017 Bonds	IPC + 3.17%	6 Mo. Libor + 1.92%	23-Nov-17	1,420	(5,083)
Currency	Financial obligations	1Mo. Libor + 0.4%	IBR + 1.3%	29-May-18	(3239)	-
Coin	Financial obligations	1 Mo. Libor + 0.3%	IBR + 0.9%	06-Oct-16	-	22,114
Interest rates	EKF Credit	6 Mo. Libor + 0.1%	1.38% NSV	26-Jun-19	650	324

		Underlying value | SWAP amount	
Type of swap	**Underlying**	**2016**	**2015**
Currency	2017 Bonds	$ 343,520 |USD 149,378,000	$ 343,520 | USD 155,970,000
Currency	2017 Bonds	$ 89,800 | USD 9,800.000	$ 89,800 | USD 29,800,000
Currency	Financial obligations	USD 16,667,667 | $ 53.000	-
Coin	Financial obligations	-	USD 36.000,000 | $ 90,720
Interest rates	EKF Credit	USD 38.243.195	USD 53,540,473

As of December 31st, of 2016 and 2015, there were no forward foreign exchange purchase transactions to convert to dollar-denominated Peso-denominated credits. As of December 31, 2016, the Company had a foreign currency swap operation on a credit of USD $16.67 million, for conversion into Pesos. The details of the swap are explained in this note.

NOTE 7: OTHER FINANCIAL ASSETS

	2016	2015
Financial assets measured at fair value through other comprehensive income	1,371,382	1,453,081
Financial assets measured at amortized cost	6	6
	1,371,388	**1,453,087**
Corriente	-	-
Non-current	1,371,388	1,453,087
Other financial assets	**1,371,388**	**1,453,087**

As of December 31, 2016, none of these assets are overdue or damaged. Under the category of other financial assets at fair value, with changes to other comprehensive income investments held by the Company in Grupo de Inversiones Suramericana S.A. and Bancolombia S.A., are included. These investments are measured at fair value, through changes in other comprehensive income, monthly. Note 26.2.1 is a summary of financial assets, measured at fair value, through changes in other comprehensive income, for the periods in which they are reported.

NOTE 8: TRADE AND OTHER ACCOUNTS RECEIVABLE

	2016	2015
Trade receivables and other receivables	1,631,276	1,876,864
Impairment of value	(5,439)	(8,705)
	1,625,837	**1,868,159**
Current	835,952	1,120,302
Non-current	789 885	747,857
	1,625,837	**1,868,159**
AVERAGE AGE (DAYS)	**10**	**27**

Trade accounts receivable, disclosed in the preceding paragraphs, include amounts (See below the aging-analysis), that are due at the end of the reporting period, but for which the Company has not recognized any provision, for uncollectible accounts, due to the fact that there has been no significant change in credit quality, and they are still considered as recoverable.

	2016	2015
Movement in the provision for doubtful accounts		
Balance at beginning of the year	**(8,705)**	**(8,130)**
Impairment losses recognized in accounts receivable	(2,529)	(3,671)
Write-down of amounts considered uncollectible during the year	-	(573)
Amounts recovered during the year	428	58
Impairment losses from reversed values	5,367	3,611
Balance at year-end	**(5,439)**	**(8,705)**
Aging of accounts receivable, due but not impaired		
30-60 days	38,596	-
60-90 days	105,687	23,411
90-180 days	91,584	10,141
180-360 days	31,617	29,469
More than 360 days	40,035	36,280
	307,519	**99,301**
Aging of trade accounts receivables, impaired		
0-30 days	-	14
30-60 days	8	3
60-90 days	7	-
90-180 days	121	161
180-360 days	641	1,056
More than 360 days	4,662	7,471
	5,439	**8,705**

The average credit period, on the sale of goods is 30 days. There is no interest surcharge on the trade accounts receivable, after the average credit period. The Company evaluates, at the end of the reporting period, and with the same frequency, as the interim financial information, if there is objective evidence that financial assets is impaired, and if this is the case, recognizes it, in the Income Statement, an impairment of value. The Company has recognized one provision, for doubtful accounts of individual customers, in a state of economic insolvency or a funding agreement, or restructuring of the receivable, and collectively groups portfolio ranges of days of default, and applying these values, estimated by Management, calculated, based on the historical experience of non-compliance.

In determining the recoverability of a trade account receivable, the Company considers any change in the credit quality, of the account, from the date the credit was originally granted, until the end of the reporting period. The concentration of credit risk is limited, due to the fact that the customer base is extensive.

NOTE 9: INCOME TAX

The applicable tax guidelines in force in Colombia, provide as follows:

- The income tax in Colombia is settled through two levies: the income tax at a rate of 25% in 2016 (25% in 2015), and the income tax on equity – CREE, at a rate of 9%, plus a 6% surcharge for 2016 (9% plus 5% surplus in 2015); The latter was created by Law 1607 of 2012, that came into effect, as of January 1, 2013, and the surcharge by Law 1739 of 2014, that came into effect on January 1, 2015. The base of income tax for Equity – CREE, is calculated together with income tax, reconciling those items that expressly did not consider the standard within the CREE.

- Occasional earnings, from January 1, 2013, are taxed at the rate of 10%, in accordance with the established in Law 1607 of 2012.

- By 2016, the base for determining income tax cannot be less than 3% of its net assets, on the last day, of the immediately preceding taxable year.

- Companies may offset the tax losses, readjusted fiscally, and without limitation over time, with the ordinary liquid income obtained in subsequent periods, without prejudice to the presumptive income for the year. As of December 31, 2016, the company did not offset or generate tax losses.

- Excessive presumptive income on the ordinary income generated from 2003, may be offset by taxable income, within five following years. As of December 31, 2016, the Company does not compensate for excess presumptive income, but it generated an excess of $43,289.

- As of 2004, income tax contributors, who enter into transactions with economic associates or related parties abroad, are required to determine, for effects of income tax, its ordinary and extraordinary income, its expenses and deductions, and its assets and liabilities, taking into account, for these operations, the prices and profit margins that would have been used in operations comparable to with, or among those not economically linked. As of the date, of the Statement of Financial Position, with a cut-off date of December 31, 2016, the Company has not completed the study of the 2016 operations; However, considering that the transactions realized with foreign affiliates, during the year 2016, had a similar behavior to those realized in 2015, the Administration considers, that it will not generate an impact on the income tax, of the period.

- The income tax statements, of the taxable years 2015 and 2014, are subject to revision and acceptance by the tax authorities.

Wealth tax

The Company liquidated the wealth tax in the amount of $34,706, for 2016 ($40,604 for the year 2015), based on the Company's gross assets minus the outstanding debts, applying the procedure established in Article 295-2, Paragraph 4, of the Tax Statute.

This tax is created by Law 1739 of 2014, and is applied, as of January 1, 2015. The generating event is the possession of wealth (gross equity less outstanding debts), equal to or greater than $1,000 million Pesos, as of January 1, 2015. The taxable base, of the wealth tax, is the value of the gross equity of legal entities, minus the outstanding debts payable, possessed, on January 1, 2015, 2016 and 2017.

The applicable rates for this tax are:

Tax base ranges	2015	2016	2017
From $0 to $2,000,000	0.20%	0.15%	0.05%
From $2,000,000 to $3,000,000	0.35%	0.25%	0.10%
From $3,000,000 to $5,000,000	0.75%	0.50%	0.20%
From $5,000,000, forward	1.15%	1.00%	0.40%

Tax reform

The following is a summary of some modifications to Colombian Tax Regime, for the year 2013, and introduced by the tax reforms, established by the National Government:

a) Changes introduced by the Law 1819 of 2016

On December 29, 2016, the tax reform of Law 1819, was approved, with major changes, herewith mentioned are the most relevant, taking effect as of 2017:

- The income tax in Colombia, is settled, as of 2017, by the ordinary income system, applying a general rate, and for the years 2017 and 2018, an additional surtax rate, according to the following table:

Year	General Rate	Surtax
2017	34%	Taxable base - $800 million
2018	6%	Taxable base - $800 million
2016 forward	4%	0%

- For the year 2017, Income Tax for Equity – CREE, is eliminated
- For the year 2017 and following, the exemption of parafiscal contributions, and contributions to the general social security system, in health for employees, with salaries less than 10 legal effective minimum monthly salary, are maintained.
- For the year 2017 and following, the basis for determining the income tax cannot be less than 3.5% of the net worth, on the last day of the immediately preceding taxable year.
- The imputation of tax losses, generated by the Company as of 2017, will be limited to a term of (12) years; to the losses generated prior to the entry into force of Law 1819 of 2016, limitation does not apply.
- The general tax declaration is increased to three (3) years (previously 2 years). In the case of declarations, in which tax losses are determined or compensated, the declaration of taxes, will

be six (6) years (previously 5 years), and will be increased in (3) years if the compensation occurs in any of the last (2) years, before of the maturity to offset the loss; The new declaration of taxes, does not apply to returns filed before January 1, 2017.

- The term of finality of the declaration of income tax, of the taxpayers, subject to the “Transfer Pricing Regime”, shall be six (6) years, counted from the expiration of the term to declare. If the declaration was submitted in an extemporaneous manner, the previous term will be counted from the date of presentation of the same.

- As of 2017, the references contained within the tax rules, to the accounting standards, will be in accordance with the international financial information standards, applicable in Colombia, with the exceptions, established by the National Government.

b) Changes introduced by the Law 1739 of 2014
Income tax for equity - CREE and its surtax - As of the taxable period of 2016, the tax rate for CREE will be 9%.

Tax losses incurred by taxpayers of CREE, as of 2015, may be offset against this tax. The excess of the minimum income base for the equity calculated, according to the second subsection of Article 22 of Law 1607 of 2012, may also be offset against the income, of the following five (5) years.

> ***Article 22-3.*** *Minimum base excess compensation. The excess of the minimum income tax base for -CREE, calculated in accordance with Paragraph 2 of Article 22 of this Law, determined according to Paragraph 1, of the same Article, which is generated from the taxable period 2015, may be offset against the income determined, in accordance with Paragraph 1 of Article 22, cited within the next five (5) years, and adjusted for tax purposes.*

In no case, can CREE tax, or its surtax, be offset by balances in favor of other taxes, which have been settled in tax returns. Likewise, the balances in favor of settlement in the CREE tax returns, and their surtax, cannot be offset against debts for other taxes, advances, withholdings, interest, and penalties.

A surtax is created for the periods 2015, 2016, 2017, and 2018 of CREE. The triggering event of the surcharge, applies to taxpayers, whose annual declaration of the CREE tax, yields a profit equal to, or greater than, $ 800 million Pesos. The applicable marginal rate to establish the surcharge will be:

Surcharge	2015	2016	2017	2018
Tax base - $800 million	5%	6%	8%	9%

The surcharge will be subject to an advance of 100% of the value of the same, calculated on the taxable base of the CREE tax, on which the taxpayer settled the tax, for the immediately preceding the taxable year. The advance of the CREE tax surcharge, must be paid in two annual installments, within the time limits established by the regulation.

Income tax – The residency is clarified for tax purposes, and the following rates are established for income, obtained by foreign companies and entities, which are not attributable to a branch or permanent establishment:

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

c) Changes introduced in Law 1607 of December 26, 2012
Exemption of contributions – Legal persons reporting income tax and completing the payment of parafiscal contributions, in favor of the National Learning Service – SENA, and the Colombian Institute

of Family Welfare - ICBF, corresponds to workers, who accrue individually, up to ten (10) minimum monthly legal wages, in force.

Accounting Standards – Stipulates that, only for tax purposes, the references contained in the tax rules to the accounting standards, will remain in effect for the (4) years following the entry, of the International Financial Reporting Standards. Consequently, during the aforementioned time, the tax bases of the items, included in the tax declarations, will continue unchanged. Likewise, the requirements of accounting treatment, for the recognition of special tax situations, will be valid, as of the date of application, of the new accounting regulatory framework.

9.1 TAXES ON GAINS, RECOGNIZED IN LOSS AND PROFIT OF THE PERIOD

	2016	2015
Current tax		
With respect to the current year	51,916	47,714
	51,916	**47,714**
Deferred tax		
Origin and reversal of temporary differences	(88,150)	(21,304)
Changes in tax laws and rates	2,019	2,424
	(86,131)	**(18,880)**
TOTAL TAX EXPENSE RELATED TO CONTINUING OPERATIONS	**(34,215)**	**28,834**

Variations in expenses for deferred tax are caused by:

The recovery in spending for deferred tax, by origin and reversion of temporary differences, mainly originated in the areas of intangibles, financial instruments, and investments, as well as the generation of deferred tax asset, corresponding to excess presumptive income and unused tax credits.

The effective tax rate for the Company was -5% for 2016 (5% in 2015). This variation is mainly attributable to dividends received from foreign companies, not subject to calculation of deferred tax differences, between amortization and tax depreciation, versus accounting differences between accounting income and taxable income, and income tax, and calculated income tax of the Company, by with the presumptive income tax rate system.

Reconciliation of the effective rate:

	Reconciliation of the effective tax rate	
	2016	**2015**
Income before taxes	**679,421**	**527,486**
Current tax expense at legal applicable rates	**271,768**	**179,345**
Non-deductible expenses	114,790	39,900
Untaxed income	(331,233)	-
Untaxed investment sales	(133,355)	(1,267)
Untaxed dividend	-	(10,431)
Taxable temporary differences	-	81,425
Deductible temporary differences	-	(58,316)
Use of tax losses or excess of presumptive income, previously unrecognized	2.015	(2,015)
Other, net	41,800	(199,807)
INCOME TAX EXPENSES (THE EFFECTIVE TAX RATE)	**(34,215)**	**28,834**

9.2 GAINS TAXES RECOGNIZED DIRECTLY IN EQUITY AND OTHER COMPREHENSIVE INCOME

	2016	2015
Deferred tax		
Generated income and expenses, recognized in other comprehensive income:		
Re-measurements of defined benefit plans	(25,054)	(816)
Cash flow hedges	6,391	3,536
	(18,663)	**2,720**
TOTAL INCOME TAX RECOGNIZED IN EQUITY AND OTHER COMPREHENSIVE INCOME	**(18,663)**	**2,720**

9.3 CURRENT ASSET AND LIABILITY TAXES AND BALANCES OF DEFERRED TAXES

	2016	2015
Current tax assets	111,095	144,209
Assets from other taxes	12,486	14,516
	123,581	**158,725**

	2016	2015
Current tax liabilities	15,739	80,971
Other tax liabilities	49,604	71,615
	65,343	**152,586**

These values correspond to the balances in favor of the Company, reflected in the Income Statements presented.

	2016	2015
Deferred tax assets	-	-
Deferred tax liabilities	84,389	189,183
	(84,389)	**(189,183)**

The following is an analysis of the liabilities, presented in the Statement of Financial Position in December 2016 and comparative periods:

2016	Balance at the beginning of the period	Recognized in results	Recognized in other comprehensive income	Balance at the end of the period
Other current assets	4,802	(667)	-	4,135
Other equity investments	(31,504)	8,240	-	(23,264)
Property, plant and equipment	(188,794)	(4,609)	-	(193,403)
Intangible assets	(69,472)	51,026	-	(18,446)
Other non-current assets	(7,958)	8,608	-	650
Provisions	11,831	-	-	11,831
Employee benefits	27,298	(12,628)	18,663	33,333
Financial liabilities	39,539	(23,045)	-	16,494
Unused tax credits	23,060	-	-	23,060
Unused tax losses	2,015	46,335	-	48,350
Unused presumptive income excesses	-	12,871	-	12,871
Total deferred tax liability	**(189,183)**	**86,131**	**18,663**	**(84,389)**

2015	Balance at the beginning of the period	Recognized in results	Recognized in other comprehensive income	Balance at the end of the period
Other current assets	6,342	(1,540)	-	4,802
Other equity investments	(39,472)	7,968	-	(31,504)
Property, plant and equipment	(160,590)	(28,204)	-	(188,794)
Intangible assets	(67,053)	(2,419)	-	(69,472)
Other non-current assets	(4,536)	(3,422)	-	(7,958)
Provisions	15,876	(4,045)	-	11,831
Employee benefits	20,931	9,087	(2,720)	27,298
Financial liabilities	7,532	32,007	-	39,539
Other liabilities	15,628	7,432	-	23,060
Unused tax credits	-	2,015	-	2,015
Total deferred tax liability	**(205,342)**	**18,879**	**(2,720)**	**(189,183)**

The Company recognizes deferred tax assets, which will be off-set by the reversal of existing taxable temporary differences; however, if the periodicity of reversal of taxable differences of deferred tax assets would depend on future earnings, Company sustains the deferred tax asset, based on the projection of the generation of future taxable income.

When, in the development of the analysis, it is determined that there is a high probability of rejection of the tax asset, by the tax authorities, or it will not be possible to use the deferred tax asset, prior to its expiration, said asset is not recognized. Both situations affect income tax expenses, in the period in which the determination, is effectuated.

The temporary differences associated with investments in subsidiaries, associates, and participation in joint ventures, for which the deferred tax liabilities, have not been recognized are $2,106,854 ($2,632,401 in 2015), the deferred tax liability increased to $695,262 (2015: $1,026,636).

9.4 TEMPORARY DEDUCTIBLE DIFFERENCES NOT RECOGNIZED, UNUSED TAX LOSSES, AND UNUSED TAX CREDITS

The Company in 2016, generated excess presumptive income tax and unused taxable credits in the amount of $43,289 and $48,350, which resulted in the recognition of deferred tax assets.

The Company does not present any dividends proposed, or declared, that were authorized for issuance, on which an impact could be expected, on income tax, prior to the Financial Statements.

9.5 IMPACT OF INCOME TAX ON THE POTENTIAL PAYMENT OF DIVIDENDS TO SHAREHOLDERS

Within the Company, there does not exist any potential consequences in income tax, upon payment Shareholders.

NOTE 10: INVENTORIES

	2016	2015
Finished product	20,472	17,303
Products-in-process	54,739	38,554
Raw materials and direct materials	25,524	33,597
Materials, parts, and accessories	31,600	32,729
Inventory in transit	4,348	10,962
Wares not manufactured by the Company	-	5
Others	1,059	1,422
	137,742	**134,572**
Advances for acquisition of inventories	1,508	125
Assets	**139,250**	**134,697**

Cementos Argos S.A. measures its inventory at the lower value, of cost and net realizable value.

The cost of inventories recognized as cost of merchandise sold, during the period, with respect to continuing operations, is in the amount of $1,113,273 (2015: $1,199,098).

The value of the decrease of inventories for impairment is in the amount of $6,380 (2015: $703), without the reversal of reduction in value.

As of December 31st of 2015 and 2016, the Company does not maintain inventory committed as collateral for liabilities. The Company expects to realize inventories in less than (12) months.

NOTE 11: BIOLOGICAL ASSETS

	Plantations	Total
2016		
Book value at January 1st	20,242	20,242
Changes in fair value minus the cost to sell	628	628
Book value at December 31st	**20,870**	**20,870**
Current	-	-
Non-current	20,870	20,870
Biological assets	**20,870**	**20,870**

	Plantations	Total
2015		
Book value at January 1st	15,348	15,348
Changes in fair value minus the cost to sell	4,894	4,894
Book value at December 31st	**20,242**	**20,242**
Current	-	-
Non-current	20,242	20,242
	20,242	**20,242**

The biologics assets, of Cementos Argos S.A., are measured at fair value minus the estimated sales cost, at the point of harvest, considering significant observable data inputs, Level 3. Changes in the fair value of biologics assets costs are presented in the Statement of Comprehensive Income.

For the valuation of the plantations, the discounted cash flow model was used, taking into account that the future economic benefits, associated with the forest flights, that are expected to be realized 3 or 4 times, as follows: at the moment when the 2 or 3 clearings, which depend on the age, and the diameter of the plantation, and at the last time shallow cutting, is realized. In this sense, fair value is determined by applying, to the future net cash flows, a discount rate, which for that purpose, the weighted average cost of capital (WACC), which was estimated at 10.3% by 2016 (2015: 8.2%), was used.

The biologics assets of Cementos Argos S.A., are composed of plantations, as follows:

	2016	2015
Plantations (Hectares planted = Hp)	1,172	1,172

As of December 31, 2016, the plantations mainly include teak, eucalyptus, pine, rubber, locust tree, and gmelina, distributed nationally, across the country in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolívar), Victoria (Caldas), and Puerto Nare (Antioquia).

Forestry operation for sale of sawmill type wood and round-wood.

The total gain arising, during the current period of product assessment, at fair value minus the selling costs, was $628.

At the end of the reporting period and comparative reportedly, there are no restrictions on the ownership of biological assets of Cementos Argos S.A., nor contractual commitments for the development or acquisition, and have not been pledged, as collateral for the repayment of debts.

NOTE 12: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The summary of associates and joint ventures, of Cementos Argos S.A., the date of the reporting period is as follows:

				Share participation and voting rights (%)	
Name of the investee	Type investment	Location	Main activity	2016	2015
Omya Andina S.A.	Negocio conjunto	Colombia	Prod. minerales no metálicos	50.00	50.00
Caltek S.A.S.	Negocio conjunto	Colombia	Explotación cal	50.00	50.00
SUMMA S.A.S.	Asociada	Colombia	Servicios Empresariales Especializados	33.33	-

All associates and joint ventures are accounted for using the cost accounting policy, in the Separate Financial Statements. None of the investments, in associates and joint ventures, held by the Company, are listed in a domestic or foreign securities market, therefore, there are no quoted market prices, for the investment.

12.1 CHANGE OF SHARE PARTICIPATION OF THE COMPANY IN AN ASSOCIATE AND JOINT VENTURE

As of December 31, 2016, a capitalization was realized in SUMMA S.A.S., in the amount of $125 million Colombian Pesos, acquiring 125 shares, with a par value of $1,000,000, for each share, and acquiring a participation of 33.33%. The entire subscription, for Cementos Argos S.A., is outstanding, at December 31, 2016.

12.2 SIGNIFICANT RESTRICTIONS

As of December 31, 2016, and comparative periods, there are no significant restrictions on the ability of associates or joint ventures, to transfer funds to Cementos Argos S.A., in the form of cash dividends, or repayment of loans, or advances, realized by the Company.

NOTE 13: SUBSIDIARIES

13.1 SUBSIDIARIES OF THE COMPANY

A summary of the subsidiaries, of Cementos Argos, to the date of the reporting period, is as follows:

Subsidiary	Type1	Location	Main activity	Share participation and voting rights (%) 2016	2015
American Cement Terminals LLC.	P	U.S.	Investments	100.00	100.00
American Cement Terminals Trust (BVI)	P	U.S.	Investments	100.00	100.00
Argos USA LLC. (previously Argos Cement LLC.)	P	U.S.	Cement and concrete industry	98.63	98.63
Argos (Dominica) Ltd.	S	U.S. Virgin Islands	Cement Distribution	100.00	100.00
Argos Dominicana S.A., and subsidiaries	S	Dominican Republic	Clinker and cement exploitation	79.18	79.18
Argos Honduras S. A. de C.V., and subsidiaries	S	Honduras	Exploitation cement and derivatives	53.28	53.28
Argos Panamá, S. A., and subsidiaries	S	Panama	Cement and concrete industry	78.44	98.40
Argos Ports (Huston) LLC.	P	U.S.	Distribution and sale of cement	98.63	98.63
Argos Ports (Savannah) LLC.	P	U.S.	Distribution and sale of cement	98.63	98.63
Argos Ports (Wilmington) LLC.	P	U.S.	Distribution and sale of cement	100.00	100.00
Argos Puerto Rico LLC.	P	Puerto Rico	Distribution and sale of cement	60.00	60.00
Argos Ready Mix LLC.	P	U.S.	Concrete industry	-	98.63
Argos Ready Mix (Carolinas) Corp.	S	U.S.	Concrete industry	-	98.63
Argos Ready Mix (South Central) Corp.	S	U.S.	Concrete industry	-	98.63
Argos St. Maarten N.V.	S	U.S. Virgin Islands	Cement Distribution	100.00	100.00
Argos SEM, S. A.	S	Panama	Investments	100.00	100.00
Argos North America Corp.	S	U.S.	Investments	98.63	98.63
Argos USVI Corp.	S	U.S. Virgin Islands	Cement Distribution	100.00	100.00
Canteras de Colombia S. A.S.	S	Colombia	Extraction of aggregates	99.48	99.48
Caricement Antigua Limited	S	Ancient	Cement Distribution	100.00	100.00
Caricement Antilles N.V.	S	Curacao	Investments	-	100.00
Cement and Mining Engineering Inc.	S	Panama	Investments	100.00	100.00
Cementos de Caldas S. A.	S	Colombia	Production of cement	40.07	40.07
Central Aggregates LLC.	P	U.S.	Production of aggregates	98.63	98.63
CI del Mar Caribe (BVI) Inc.	S	British Virgin Islands	Commercialization	99.97	99.97
Cimenterie Nationale S.E.M. (CINA)	S	Haiti	Cement industry	65.00	65.00
Ciments Guyanais S. A.S.	S	French Guiana	Cement exploitation	100.00	100.00
Colcaribe Holdings S. A.	S	Panama	Investments	100.00	100.00
Comercial Arvenco C.A.	S	Venezuela	Commercialization	100.00	100.00
Concretos Argos S. A.	S	Colombia	Mineral - petro exploitation	99.44	99.44
Corporaciones e Inversiones del Mar Caribe S. A.S.	S	Colombia	Investments	100.00	100.00
Fiduciaria Corficolombiana S. A. – Fideicomiso Gaseosas Lux	F	Colombia	Property administration	100.00	100.00
Haiti Cement Holding S. A.	S	Panama	Investments	100.00	100.00
International Cement Company S. A.	S	Panama	Investments	100.00	100.00
Logística de Transporte S. A.	S	Colombia	Transport	99.97	99.97
Marítima de Gráneles S. A.	S	Panama	Maritime transport	100.00	100.00
Southern Star Leasing, LLC	P	U.S.	Concrete industry	98.63	98.63
Surcol Houdstermaatschapij NV	S	Surinam	Investments	50.00	50.00
Transatlantic Cement Carriers Inc.	S	Panama	Maritime transport	100.00	100.00
Transportes Elman Ltda, in liquidation	Q	Colombia	Transport	98.75	98.75
Valle Cement Investments Limited	S	British Virgin Islands	Investments	91.81	91.81
Venezuela Ports Company S. A.	S	Panama	Investments	100.00	100.00
Vensur N.V.	S	Surinam	Production of cement	42.12	42.12
Wetvan Overseas Ltd.	S	Puerto Rico	Investments	60.00	60.00
Zona Franca Argos S. A.S.	S	Colombia	Cement industry	100.00	100.00

(1) P = Participation; S = Shares; Q = Quotas; F = Fiduciary

	Colombia		Caribbean and Central America		U.S.	
Subsidiary	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Number of subsidiaries, fully-held	3	3	14	15	3	3
Number of subsidiaries, partially-held	5	5	10	10	6	8

13.2 CHANGES IN PARTICIPATION OF PROPERTY, OWNED BY THE COMPANY IN A SUBSIDIARY

On October 3, 2016, Cementos Argos S.A., and its subsidiary Colcaribe Holdings S.A., sold Provicem S.A., a company linked to Provivienda Group, 302,701 shares equivalent to 20% of the participation held, in Panama Argos S.A., a subsidiary, which is principally engaged in the manufacture, sale, import, and export of cement and its derivatives.

The value received by Cementos Argos S.A., for the partial sale of shares without loss of control, and direct costs of the transaction were USD $45.121 million and USD $199,000 million.

Part of the consideration will be paid with long-term credit of an initial value of USD $25.626 million, within a (5) year term and annual interest payments and financing rate of 3% E.A.

NOTE 14: INTANGIBLE ASSETS

14.1 RECONCILIATION OF COST, ACCUMULATED DEPRECIATION, AND IMPAIRMENT OF INTANGIBLE ASSETS

Historical costs 2016	Opening Balance	Additions, different from internally generated assets	Other changes	Closing balance
Intangible assets with indefinite useful life	115,389	-	-	115,389
Concessions, franchises, and rights	257,792	1,671	2,560	262,023
Patents, licenses, and software	171,182	809	3,730	175,721
Intangible assets in progress	-	914	(29)	885
Historical cost	**544,363**	**3,394**	**6,261**	**554,018**

Depreciation and accumulated impairment	Saldo de apertura	Amortización	Otros cambios	Saldo de cierre
Concessions, franchises, and rights	(97,070)	(11,896)	2,030	(106,936)
Patents, licenses, and software	(40,485)	(27,370)	-	(67,855)
Intangible assets in progress	-	-	-	-
Depreciation and accumulated impairment	**(137,555)**	**(39,266)**	**2,030**	**(174,791)**
Advances paid to third parties	-			-
Net intangible assets	**406,808**			**379,227**

Historical costs 2015	Opening Balance	Additions, different from internally generated assets	Other changes	Closing balance
Intangible assets with indefinite useful life	115,389	-	-	115,389
Concessions, franchises, and rights	261,511	-	(3,719)	257,792
Patents, licenses, and software	160,351	10,831	-	171,182
Intangible assets in progress	-	-	-	-
Historical cost	**537,251**	**10,831**	**(3,719)**	**544,363**

Depreciation and impairment 2015	Opening Balance	Amortization	Other changes	Closing balance
Concessions, franchises, and rights	(88,795)	(11,994)	3,719	(97,070)
Patents, licenses, and software	(16,371)	(25,937)	1,823	(40,485)
Intangible assets in progress	-	-	-	-
Depreciation and accumulated impairment	**(105,166)**	**(37,931)**	**5,542**	**(137,555)**
Advances paid to third parties	-			-
Net intangible assets	432,085			406,808

The useful lives of intangible assets are, as follows

	Useful life ranges in years	Method of depreciation
Argos “Brand”	Indefinite	
Rights	Finite: 4-35 Years	Linear
Concessions, franchises, and licenses	Finite: 4-75 Years	Linear
Licenses, patents, and software	Finite: 2-10 Years	Linear

The amortization of intangibles is recognized under the straight-line method, as an expense, in the Comprehensive Income Statement, in line with cost of sales, administrative expenses, and selling expenses, and impairment losses are recognized as expenses in the Statement of Comprehensive Income, under impairment of assets.

Disbursements of research and development projects, recognized as expenses, in the Statement of Comprehensive Income, during the period, and amounted to $5,438 (2015: $13,778).

As of December 31, there are no restrictions on the realization of intangible assets and Cementos Argos S.A. has no contractual obligations to acquire or develop intangible assets.

There are no intangible assets acquired through government subsidies, or initially recognized at fair value.

The book value amount at December 31, 2016, and comparative period, and the remaining amortization time for significant assets is:

	Remaining amortization period	2016	2015
Intangible assets with indefinite useful life	Indefinite useful life	115,389	115,389
ERP Development	5 years	83,411	105,171

The Administration determined that the “brand”, Argos, acquired by Grupo Argos S.A., in December 2005, for $115,389, is an intangible asset with an indefinite useful life, because you cannot estimate a predictable limit of time, over which is expected to generate future economic benefits to the Company.

The Argos “brand” presents no event or circumstance that constitutes indication of impairment, despite being an intangible asset, with an indefinite useful life, an impairment test is realized to assess its value, leading to the conclusion that, for the year 2016, the brand presents no decreases in value for impairment. The recoverable amount is determined using the value in use, the projection of cash flows was realized at a consolidated level, to a period of 10 years, taking into account, the expected business conditions for each region.

The discount rate applied to cash flow projections – WACC, before tax, was 12.61%. It was calculated using the CAPM Model, and includes risk-free rate, average country risk, taking into account the geographies where Argos is present, stock market premiums, beta sectors, implicit devaluations, average tax rates, the D/E ratio, the cost of Cementos Argos S.A.’s debt, and a perpetual growth rate of 2.5%.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

15.1 RECONCILIATION COST, ACCUMULATED DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Cost historic December 2016	Opening Balance	Additions	Impairment loss value	Transferred from held for sale	Sales and retirements of property, plant and equipment	Others changes	Closing balance
Land	336,163	-	-	2,389	-	5,463	344,015
Construction in progress, equipment assembly and transit	361,725	209,377	-	-	-	(281,441)	289,661
Constructions and buildings	247,211	1,203	(6,062)	-	(2,269)	50,501	290,584
Machinery and equipment production	1,295,577	4,418	(42,706)	-	(6,933)	208,057	1,458,413
Furniture and office equipment, and communications	43,846	195	(265)	-	(9)	7,026	50,793
Mines, quarries, and deposits	98,623	-	-	-	-	5,815	104,438
Land transport equipment	11,712	37	-	-	(6)	4,789	16,532
Water fleet	595	-	-	-	-	-	595
Aqueduct, plants, networks, and communication routes	50,283	8	-	-	-	3,734	54,025
Other assets	416	3,054	-	-	-	22,008	25,478
Historical cost	**2,446,151**	**218,292**	**(49,033)**	**2,389**	**(9,217)**	**25,952**	**2,634,534**

Depreciation and impairment December 2016	Opening Balance	Losses and impairment reversion	Depreciación	Classified as held for sale	Sales and retirements of property, plant and equipment	Others changes	Closing balance
Land	-	-	-	-	-	-	-
Constructions and buildings	(69,984)	-	(8,366)	-	515	882	(76,953)
Construction in progress, equipment assembly and transit	-	-	-	-	-	-	-
Machinery and equipment production	(400,364)	4	(71,348)	-	5,590	(148)	(466,266)
Furniture and office equipment, and communications	(25,239)	-	(5,114)	-	5	(1)	(30,349)
Mines, quarries, and deposits	(78,727)	-	(5,036)	-	-	5,226	(78,537)
Land transport equipment	(3,500)	-	(1,298)	-	3	(1)	(4,796)
Water fleet	(146)	-	(30)	-	-	-	(176)
Aqueduct, plants, networks, and communication routes	(7,970)	-	(2,094)	-	-	-	(10,064)
Other assets	(299)	-	(355)	-	-	-	(654)
Depreciation and accumulated impairment	**(586,229)**	**4**	**(93,641)**	**-**	**6,113**	**5,958**	**(667,795)**
Advances paid to third parties	67,230	66,910	-	-	-	(26,977)	107,163
Property, plant, and equipment, net	**1,927,152**						**2,073,902**

Construction-in-progress includes the capitalization of costs from loans, in the amount of $20,055 (2015: $14,055), the average rate, used to determine the amount of loan costs, was 9.43% (2015: 6.63%), which is the effective rate of interest specific to generic loans.

Cost historic December 2015	Opening Balance	Additions	Impairment losses	Transferred from held for sale	Sales and retirements of property, plant and equipment	Others changes	Closing balance
Real Estate	344,007	-	-	(9,527)	(571)	2,254	336,163
Construction in progress, equipment assembly and transit	235,854	259,795	-	-	-	(133,924)	361,725
Constructions and buildings	230,768	7,989	-	-	(433)	8,887	247,211
Machinery and equipment production	1,159,317	17,795	-	-	(7,554)	126,019	1,295,577
Furniture and office equipment, and communications	39,657	4,195	-	-	(6)	-	43,846
Mines, quarries, and deposits	99,605	-	-	-	-	(982)	98,623
Land transport equipment	12,231	187	-	-	(706)	-	11,712
Water fleet	595	-	-	-	-	-	595
Aqueduct, plants, networks, and communication routes	46,587	3,730	-	-	(34)	-	50,283
Other assets	413	3	-	-	-	-	416
Historical cost	**2,169,034**	**293,694**	**-**	**(9,527)**	**(9,304)**	**2,254**	**2,446,151**

Depreciation and impairment December 2015	Opening Balance	losses and impairment reversion	depreciation	Classified as held for sale	Sales and retirements of property, plant and equipment	Others changes	Closing balance
Land	-	-	-	-	-	-	-
Constructions and buildings	(63,616)	-	(6,784)	-	416	-	(69,984)
Construction in progress, equipment assembly, and transit	-	-	-	-	-	-	-
Machinery and equipment production	(350,765)	-	(55,056)	-	7,280	(1,823)	(400,364)
Furniture and office equipment, and communications	(19,822)	-	(5,419)	-	2	-	(25,239)
Mines, quarries, and deposits	(75,556)	-	(3,171)	-	-	-	(78,727)
Land transport equipment	(2,888)	-	(1,167)	-	555	-	(3,500)
Water fleet	(117)	-	(29)	-	-	-	(146)
Aqueduct, plants, networks, and communication routes	(6,417)	-	(1,569)	-	16	-	(7,970)
Other assets	(258)	-	(41)	-	-	-	(299)
Depreciation and accumulated impairment	**(519,439)**	**-**	**(73,236)**	**-**	**8,269**	**(1,823)**	**(586,229)**
Advances paid to third parties	8,762	-	-	-	-	58,468	67,230
Property, plant and equipment, net	**1,658,357**						**1,927,152**

At the end of the reporting period, and comparative, there are no restrictions on the realization of property, plant and equipment, or contractual commitments, for the acquisition of property, plant and equipment. Cementos Argos S.A. did not obtain compensations, by third parties, for property, plant and equipment with value impaired, lost, or abandoned.

Impairment, was evidenced, due to obsolescence, in some of the assets that make up the plants Sabanagrande and San Gil, more than could have been expected, as a consequence of the passage of time, or its normal use. This event constituted the need to perform impairment assessments, to verify its value, allowing the conclusion, that for the year 2016, at the plant Sabanagrande, an impairment loss of $28,942, was presented, and the plant San Gil, an amount of $20,091, for a total loss of impairment of recognized value of $49,033. The recoverable value was determined using the value in use. The projection of cash flows was realized, at consolidated level for a period of 10 years, taking into account what is required for the operation.

The discount rate applied to cash flow projections was a pre-tax WACC of 14.11%. Calculated using the CAPM Method, including risk free rate, country risk, stock market premium, sector beta, implicit devaluations, tax rate, average ratio D/E sector, cost of debt 10-year Bonds Cementos Argos and a growth rate in perpetuity of 2.5%.

NOTE 16: INVESTMENT PROPERTIES

16.1 RECONCILIATION INVESTMENT PROPERTIES

Cost	2016	2015
Book value at January 1st	102,121	10,524
Additions	10,697	93,856
Sales and withdrawals of investment property	(1,590)	-
Transfers to/from investment properties	(5,465)	(2,254)
Other changes	-	(5)
Book value at December 31st	**105,763**	**102,121**

Accumulated depreciation and impairment value	2016	2015
Accumulated depreciation and impairment value at January 1st	(447)	(392)
Depreciation for the period	(45)	(27)
Sales and withdrawals of investment property	27	-
Other changes	-	(28)
Accumulated depreciation and impairment at December 31st	**(465)**	**(447)**
Investment properties at December 31st	**105,298**	**101,674**
Fair value of investment properties at December 31st	52,624	97,933

The fair value of the investment property, for disclosure purposes, is determined by the independent valuation company, Activos e Inventarios Ltda. The valuation company, used the following valuation assumption: for the land valued as investment property, the method of comparison or of the market consistent, mainly, in establishing the fair value of the goods, the study of the recent offers or transactions, of similar goods and comparable to the object of the valuation.

Income from property leases for the period amounted to $675 (2015: $ 337). As of December 31, 2016, the direct operating expenses of leasing income generating properties are $1 and non-lease income generators are $454, for 2015 there are no direct expenses related to investment properties.

At the end of the reporting period, there are no contractual obligations to acquire, construct, or develop investment properties, or any restriction on the collection of income derived, therefrom, or on resources obtained by its sale, thereof.

The useful lives of assets, that are part of investment properties, are:

	Vida útil	Rangos vida útil en años	Método
Investment properties, construction, and buildings	40 years	4-40 Years	Linear

NOTE 17: NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

17.1 NON-CURRENT ASSETS HELD FOR SALEA

	2016	2015
Non-current assets held for sale	-	2,389

During the year 2016, Cementos Argos S.A. decided to reclassify to plant and equipment property, the asset, a lot “El Torno” at the book value of $ 2,389, due to the fact that no negotiation was presented for sale, and said asset fulfilled more than one period as a non-current asset, maintained for sale. The aforementioned reclassification, had no effect on the Company’s results.

NOTE 18: FINANCIAL OBLIGATIONS

	2016	2015
Foreign currency contracts	415,041	689,683
Commercial financing companies	165,114	167,627
Other obligations	133,299	22,727
	713,454	**880,037**
Current	472,596	662,810
Non-current	240,858	217,227
	713,454	**880,037**

18.1 SUMMARY OF LOAN AGREEMENTS

The financial obligations in local and foreign currency, include both short-term credits, as well as, long-term. Among the most significant credits, are the following:

					Contractual value of the obligation	
Category	**Entity**	**Concept**	**Expiration**	**Currency**	**2016**	**2015**
Foreign bank	Citibank PLC London	ECA credit	2019	Dollar	38,243,195	53,540,474
National Bank	BBVA	Working capital credit	2016	Dollar	-	51,000,000
National Bank	BCP	Working capital credit	2016	Dollar	-	61,200,000
National Bank	Corpbanca	Working capital credit	2016	Dollar	-	18,500,000
National Bank	BCP	Working capital Credit	2017	Dollar	31,600,000	-
National Bank	Banco de Bogotá	Working capital Credit	2017	Dollar	52,600,000	-
National Bank	Citibank	Long-term credit	2018	Dollar	16,666,667	-

18.2 BREACH OF LOAN AGREEMENT

During the periods reported the Company had no defaults of payment of principal or interest on financial liabilities and/or loans payable.

The long-term credit, with Citibank LPC, backed by EKF Denmark, of an initial value of USD$159,235,669, whose debtors are Cementos Argos S.A., Zona Franca Argos S.A.S., and Argos North America Corp.; has the following existing financial covenants, as of December 31, 2016:

- Indicator Net Debt/EBITDA + dividends of 12 months, under 4 times.
- IIndicator EBITDA/Financial expenses, over 1.25 times.

The credit backed by EKF, has a period of 11.5 years, with semi-annual installments, from December 2009, and expiration at June 2019.

NOTE 19: FINANCIAL LEASING LIABILITIES

19.1 LEASE AGREEMENTS

The Company has no significant leasing agreements in which acts as lessor.

19.2 FINANCE LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2016	**2015**	**2016**	**2015**
One year or less	34,905	33,281	22,515	21,257
Between one and five years	124,750	125,407	95,166	93,866
Five years or more	31,390	57,034	29,783	52,504
	191,045	**215,722**	**147,464**	**167,627**
Minus: future finance charges	43,581	48,095		
Present value of minimum lease payments	147,464	167,627		

At December 31st, the book value of property, plant and equipment, under finance leases, is:

	Building	Machinery and equipment	Vehicles	Total
Historical cost	43,651	161,787	1,594	207,032
Accumulated depreciation	(4,207)	(38,445)	(355)	(43,007)
Impairment of value	-	(728)	-	(728)
Book value at December 31, 2016	**39,444**	**122,614**	**1,239**	**163,297**

	Building	Machinery and equipment	Vehicles	Total
Historical cost	43,651	160,046	1,594	205,291
Accumulated depreciation	(3,714)	(32,396)	(276)	(36,386)
Book value at December 31, 2016	**39,937**	**127,650**	**1,318**	**168,905**

As of December 31, 2016, the Company has signed significant leasing contracts, for the acquisition of yellow machinery, construction, and buildings, the most representative of which are, the construction of the "Medellin Distribution Center", and the three self-generating power plants, that supply the Rio Claro, Yumbo, and Sogamoso plants. These, under the contractual modality, 'Infrastructure Leasing', with a term of (12) years and expirations in 2018 and 2022, being leased Bancolombia S.A., the lessor. The contracts for the acquisition of yellow machinery, also subscribed with the same counterparty, have terms between (7) and (1)0 years, with expirations between 2014 and 2025. On the other hand, there are no significant leasing agreements that stipulate significant restrictions for the Company, significant contingent quotas, or renewal options.

NOTE 20: OPERATING LEASE CONTRACTS

20.1 THE COMPANY AS A LESSEE

20.1.1 Lease Agreements

In the ordinary course of business, the Company subscribes to leases of real estate, vehicles, and equipment, which are accounted for as operating leases, in the Separate Financial Statements.

The most significant contracts, for operating leases, correspond mainly to agreements for the leasing of real estate and vehicles, under the form of “renting”.

20.1.2 Payments recognized as expenses

	2016	2015
Minimum lease payments	25,153	23,587

20.1.3 Non-cancelable operating lease commitments

	2016	2015
1 Year or less	4,857	2,027
Between 1 and 5 years	5,798	940
5 years or more	971	-

20.2 THE COMPANY IN AS LESSOR

20.2.1 Lease Agreements

Cementos Argos S.A., as of December 31, 2016, has two existing operating leases with the company: Electrificadora del Caribe and ATC sites of Colombia.

20.2.2 Rights of non-cancelable operating leases

	2016	2015
1 Year or less	121	114
Between 1 and 5 years	442	-
5 Years or more	597	-

NOTE 21: TRADE AND OTHER LIABILITIES ACCOUNTS PAYABLE

	2016	2015
Costs and expenses, payable	65,556	60,782
National providers	111,455	145,389
Foreign suppliers	17,660	16,337
Dividends, payable	74,197	56,973
Business checking accounts	290,652	311,986
Accounts payable, contractors	3,636	5,255
Various creditors	12,595	11,340
Other accounts payable	214	170
	575,965	**608,232**
Current	570,199	599,689
Non-current	5,766	8,543
	575,965	**608,232**

The period of credit average purchases of the Company oscillates, between 8 and 60 days. No interest is paid to suppliers for payments to 60 days.

NOTE 22: EMPLOYEE BENEFITS LIABILITIES

	2016	2015
Employee benefits post-employment	277,632	249,437
Employee benefits for termination	21,840	4,254
Employee benefits short-term	44,322	59,122
	343,794	**312,813**
Current	72,669	81,777
Non-current	271,125	231,036
	343,794	**312,813**

22.1 PLANS FOR POST-EMPLOYMENT BENEFITS - DEFINED BENEFIT PLANS

The present value, of the defined benefit obligation, is performed annually, by independent actuarial consultants. The present value of the defined benefit obligation and the current service cost, and past related service costs, were measured using the projected credit unit method.

On December 23, 2015, the Ministry of Commerce, Industry, and Tourism issued Decree 2496, through which, modifies Decree 2420 of 2015, of the Accounting, Financial Reporting and Information Assurance Standards, in the Republic of Colombia. The decree establishes guidelines, on the parameters to determine the post-employment benefit liability, specifically establishes that the parameters established in Decree 2783 of 2001, in the estimation of pension liabilities, and pension bonds, and securities, will be used, as the best market approximation. This decree was implemented, for the information, to December 2015.

22.1.1. Changing estimates of post-employment employee benefits

On December 22, 2016, the Ministry of Commerce, Industry, and Tourism issued Decree 2131, which establishes the calculation of pension liabilities, in accordance with the parameters established in Decree 1625 of 2016, and in the case of partial pension commutations, in accordance with Decree 1833 of 2016, and the differences with the calculation realized, in accordance with IAS 19 “Employee Benefits”.

The comparison between the liability of defined benefit pension plans, securities, and pension bonds, calculated in accordance with Decree 1625 of 2016, and in the case of partial pension commutations, in accordance with Decree 1833 of 2016, and the calculation, realized, in accordance with IAS 19 “Employee benefits”, as of December 31, 2016, is as follows:

	Calculation in accordance with IAS 19 “Employee Benefits”	Calculation in accordance with the Decree 1625 of 2016	Comparative liabilities, calculated in accordance with IAS 19 and Decree 1625
Present value of obligations at December 31, 2016	244,343	220,269	24,074
Present value of obligations at December 31, 2015	229,106	212,711	16,395

The amount included in the Separate Statement of Financial Position derived from the obligation of the entity with respect to defined benefit plans, the movement in the present value of the obligation of defined benefits in the year current, is presented, as following:

	Pension plans	Securities and pension bonds	Premium antiquity and others	Retirement bonuses	Other defined benefit plans	Total
Present value of obligations at January 1, 2015	**193,280**	**23,761**	**27,610**	**1,411**	**3,180**	**249,242**
Current service cost	-	-	2,541	123	-	2,665
Interest cost on the defined benefits obligations	14,355	1,830	1,163	107	224	17,679
New measurements of defined benefit plan	**32,471**	**2,948**	**5,433**	**(158)**	**104**	**40,798**
Actuarial (Gains)/losses from changes in:						
Experience	7,056	1,169	-	(197)	(33)	7,995
Financial assumptions	25,415	1,779	5,433	39	137	32,804
Benefits paid directly by the Company	(19,277)	(726)	(12,270)	(10)	(468)	(32,751)
VPresent value of obligations at December 31, 2015	**220,829**	**27,813**	**24,477**	**1,473**	**3,040**	**277,632**

	Pension plans	Securities and pension bonds	Premium antiquity and others	Retirement bonuses	Other defined benefit plans	Total
Present value of obligations at January 1, 2015	**197,293**	**23,028**	**22,510**	**244**	**1,580**	**244,655**
Current service cost	-	-	1,012	13	40	1,065
Interest cost on the defined benefits obligations	13,729	1,655	1,642	15	99	17,140
New measurements of defined benefit plan	**1,117**	**(93)**	**2,446**	**1,182**	**1,717**	**6,369**
Actuarial (Gains)/losses from changes in:						
Experience	733	(93)	2,446	1,216	1,658	5,960
Financial assumptions	384	-	-	(34)	59	409
Benefits paid directly by the Company	(18,859)	(829)	-	(43)	(256)	(19,987)
Present value of obligations at December 31, 2015	**193,280**	**23,761**	**27,610**	**1,411**	**3,180**	**249,242**

The total expense recognized in the Income Statement, for the period represents contributions to defined benefit plans of 2016: $10,283 (2015: $12,919). The Company expects to make contributions for the next annual period in the amount of 2017: $18,404.

The principal actuarial assumptions, used to determine liabilities for defined benefit plans, are as follows:

	2016	2015
Inflation rate (%)	3.50%	3.50%
Discount rate (%)	7.10%	7.82%
Salary increase (%)	4.00%	2.88%
Minimum wage increase (%)	4.00%	2.88%
Mortality table	Valid rentier 2008	Valid rentier 2008
Table rotation	50% SOA Pension turnover	50% SOA Pension turnover

22.2 PENSION PLANS, SECURITIES, AND PENSION BONDS

According to the Colombian Labor Code, the benefits of pension plans, granted to employees, under the new regime of social security (Law 100 of 1993), are accounted for as defined contribution plans, the Company covers its pension obligations, through payment of contributions to the Social Security Institute (SSI), and/or private pension funds under the terms and conditions, covered by that law.

The benefits of pensions granted to employees, not covered by the new Social Security Regime (Law 100 of 1993), which essentially corresponds to senior personnel, are accounted for as unfunded defined benefit plans. The Company must pay retirement pensions, or issue pension bonuses, to their employees or beneficiaries, who meet certain requirements, in terms of age and length of service.

The benefit gives entitlement to a monthly annuity pension, or seniority pension, equivalent to seventy-five percent (75%) of the average salary earned, in the last year of service, subject to a minimum payment of a monthly minimum wage, and a maximum, equal to 25 minimum monthly wages. In addition, two additional payments are made, one in June and one in December.

When the participant expects to receive benefits from the Social Security Institute (SSI), these benefits are deducted from the benefits payable by the Company's plan, and therefore, reduce the Company's obligation. Pensions payments increase, in line with inflation. When a participant receives a pension equal to the minimum wage, the pension increases according to the increases in the minimum wage.

On the other hand, the death benefit occurs in the case of death, after retirement, where the beneficiary receives 100% of the pension, for a term that will depend on each beneficiary. The contributions of the social security, in pensions, to the Administrators of Pension Funds, is under the charge of the Company, as employer.

For workers who have retired from the company, for recognition of conventional or early pension, which in any case, is shared, whereby, the company continues to make contributions to the pension system, until the pensioner meets the requirements of seniority pension, required by the SSI (Colpensiones). Thus, the company is responsible for 100% of the contribution, to pensions, until the fulfillment of these requirements. The contribution is calculated on the value of the pension. Additionally, in terms of health, Cementos Argos S.A., partially assumes the percentage of the pensioner's contribution.

In addition, the defined benefit obligation, for retirement pensions, includes the employees of Compañía Industrial Hullera S.A., settled, as a result of the normalization process of the pension liability, in which Cementos Argos definitively assumes the proportion of the corresponding obligation.

Cementos Argos S.A. issued pension securities, Type A Modality 2 Pension Bonds and Type A Modality 2 Pension Bonds. This obligation applies to some areas where the SSI had no pre-1994 pension coverage.

The benefit is granted, at the time of withdrawal from the company, until the participant retires in the Colombian Social Security System. In this period, the Company realizes contributions to the pension system, on behalf of the employee. Bonds and pension bonds constitute resources intended to contribute to the formation of the capital necessary, to finance the pensions of members, of the General Colombian Pension System.

22.3 RETIREMENT BONUSES

For employees covered by any of the collective labor agreements, when the contract of a worker is terminated, by the recognition of retirement, disability, or old age, a bonus equivalent to (5) monthly minimum wages, is granted.

22.4 OTHER DEFINED BENEFIT PLANS

For retired employees in Colombia, the death benefit is increased, according to the Consumer Price Index (CPI), equivalent to 5 minimum monthly legal salaries, effect. For retired employees, of planta Valle, in Colombia, educational aid is granted, until death, and also to the children of retirees, until they turn 25 years of age. The beneficiary receives the amount, regardless of the worker's survival. Each year the benefit increases, according to the Consumer Price Index (CPI), as well as dental assistance, until death only if, they formally request the service, with an annual increase, in accordance with the Consumer Price Index (CPI).

Retroactive severance plan

According to Colombian labor laws, employees affiliated, before the entry into force of Act No. 50 of 1990, are entitled to receive, at the end of the employment contract, one month's salary, in effect, for each year of service, and proportionately by fraction of year, as aid of severance for any reason, at the end of employment, including: retirement, disability, death, etc. The benefit is paid at the time of retirement of an employee and is based on the last salary received.

As of December 31st of 2015 and 2016, the Company has no redemption rights obligations related to defined benefit plans.

The average duration of the defined benefit obligation is as follows:

	Pension plans	Securities and pension bonds	Retirement bonuses	Other defined benefit plans	Average duration total
Duration average 2016	8.7	5.5	10.0	7.9	8.0
Duration average 2015	8.5	6.3	10.0	7.6	8.1

The actuarial assumptions for determining the defined obligation are discount rate, expected salary increase, and mortality.

	2016		2015	
	Decreases	**Increases**	**Decreases**	**Increases**
Discount rate 100 basis points higher (lower)	272,227	235,508	241,695	206,385
Expected wage growth increases (decreases) in 1%	2,110	2,602	2,377	2,912
Life expectancy increases (decreases) in one year	199,740	189,008	194,220	184,137

The analysis of sensitivity, presented above may not be representative of real change, in the obligation defined benefit, since it is not likely to change in the assumptions occurring in isolation from one another, since some of the assumptions may be correlated.

In addition, at presentation of the sensitivity analysis above, the present value of the defined benefit obligation was calculated using the projected credit method, at the end of the period, over which reported, which is the same as that which applies, when calculating the liabilities of defined benefit obligation, recognized in the Statement of Financial Position.

NOTE 23: PROVISIONS

	Litigation and claims (i)	Dismantling (ii)	Environmental (iii)	Other provisions (iv)	Total
Book value at January 1, 2016	13,583	18,560	13,602	1,512	47,257
Provisions realized	19,193	-	-	-	19,193
Utilization of provisions	-	(644)	(725)	-	(1,369)
Realized reversals	(15,503)	-	-	-	(15,503)
Adjustments to the discount rate	7,378	759	(3,146)	-	4,991
Assumed in business combinations	-	-	-	-	-
Other changes	517	1,728	901	2,861	6,007
Book value at December 31, 2016	**25,168**	**20,403**	**10,632**	**4,373**	**60,576**
Current	21,633	612	2,110	4,373	28,728
non-current	3,535	19,791	8,522	-	31,848
Book value at December 31, 2016	**25,168**	**20,403**	**10,632**	**4,373**	**60,576**

(i) The litigations and claims, to which the Company is exposed, are managed by the Legal Department, corresponding to processes created against the Company of a labor, civil, criminal, and administrative nature, for which a high probability of loss is estimated, and therefore, use of economic resources, at the moment in which each process is resolved. The Company's outflow of cash from legal proceedings will depend on the complexity of the case, evidence presented by the parties, instances that have been exhausted, and agreement between the parties. It is not possible to make a generalized estimate of the processes, for each one other demands of the same nature that have been resolved, in the past and by through a lawyer, heading up the process, are considered. There is a non-significant degree of uncertainty to the estimated value to be paid, the best estimate is realized by the Company; However, there is a greater uncertainty as to the estimated date of disbursement, since a variation can occur for the development of each judicial process, which depends on judges, agreements between parties, instances, among other situations. In order to, estimate the amount payable for legal proceedings, the applicant's expectation, the resolution of similar cases in the past and the professional use of lawyers, of the Company's Legal Department are considered.

(ii) Cementos Argos S.A. is obliged to incur future costs for compliance with legal regulations of mining, against the exploitation of mineral resources, for the dismantling of assets, and restoration of the environment where they were built, which takes at the time when an operation of mining exploitation is terminated, or a mining license expires, whichever date is closest. The dismantling obligations have the maximum execution date, the expiration date of the grant of the mining license, and the disbursement of economic resources in a period of (5) years, is estimated, before the legal requirement. However, in some cases where the operation is completed in an area covered by a title, and has more than (5) years effective, provision disbursements, are estimated, within the following (5) years to the conclusion of the operation.

There is a non-significant degree of uncertainty, as to the estimated value to be paid. The best estimate was realized by the Company.

For dismantling obligations, the areas affected by mining exploitation, are considered, the programming of mining exploitation, and the costs have been incurred from past dismantling operations.

(iii) The Company is obliged to incur costs for environmental obligations, related to forestry compensation, for quarrying and forest exploitation, costs for the removal and subsequent disposal of hazardous wastes, specifically PCBs (polychlorinated biphenyls), previously stored. For forest offsets, Cementos Argos S.A., has committed to settle its environmental obligations, as indicated in the Resolution, corresponding to each identified environmental liability.

There is a non-significant degree of uncertainty, as to the estimated value to be paid. The best estimate was realized by the Company, on future events for forest clearing, sowing, isolation, and maintenance, will be for a period of 4 years, according to the reforestation cost table, updated annually, by the environmental assessment directorate.

For PCBs disposal, the main assumptions, considered in the calculation of the provision, are security packaging, transportation, and local disposal, according to the Phase I studies and economic valuation, realized by independent third parties.

For the inventory of transformers with suspected PCBs, the main assumptions considered in the calculation of the disposals are: characterization, dismantling, handling, internal transport, external transport, drainage, and export for final disposal, according to services previously provided by third parties.

(iv) The restructuring provision to which the company is exposed is due to the labor liabilities, related to the live exit of the Shared Services Center, since this new company generated a significant change in the conditions of hiring employees of the new company SUMMA S.A.S.

NOTE 24: OTHER FINANCIAL LIABILITIES

	2016	2015
Current	-	45,019
Non-current	-	-
	-	**45,019**

"Other financial liabilities", corresponds to contracts, signed by Cementos Argos S.A., for the acquisition of Cementos Andino S.A. and Concrecem S.A., on November 4, 2005. The initial amount of the obligation was USD $143 million, within 10 years, annual repayments from August 2006 and of maturation in August 2016. The contract is payable in Colombian Pesos, liquidated at the representative market rate (TRM), for each day of payment. The rate of interest is 4.91% quarterly. As of December 31, 2016, this credit was canceled, leaving Cementos Argos S.A., in good standing with that obligation.

NOTE 25: BONDS CIRCULATION AND PREFERRED SHARES

	2016	2015
Bonds in circulation	2,372,645	2,176,916
Preferred shares classified as compound financial instruments	51,853	71,879
	2,424,498	**2,248,795**
Current	475,621	263,840
Non-current	1,948,877	1,984,955
	2,424,498	**2,248,795**

25.1. BONDS IN CIRCULATION

The bonds in circulation, issued by Cementos Argos S.A., are as follows, as of December 31st of 2016 and 2015:

					Issued values	
Issuance	Placement date	Term	Effective rate	Form of interest payment	2016	2015
Issuance 2005	November 23, 2005	12 years(1)	CPI + 3.17%	Semester expired	290,000	290,000
Issuance 2007	February 23, 2007	12 years(1)	CPI + 5.25%	Semester expired	150,000	150,000
Issuance 2009	April 28, 2009	10 years	CPI + 6.30%	Quarterly in arrears	70,350	70,350
Issuance 2009	April 28, 2009	15 years	CPI + 7.19%	Quarterly in arrears	229,530	229,530
Issuance 2012	May 16, 2012	6 years	CPI + 3.80%	Quarterly in arrears	97,022	97,022
Issuance 2012	May 16, 2012	10 years	CPI + 4.24%	Quarterly in arrears	299,896	299,896
Issuance 2012	May 16, 2012	15 years	CPI + 4.50%	Quarterly in arrears	303,082	303,082
Issuance 2014	November 27, 2014	10 years	CPI + 3.80%	Quarterly in arrears	190,675	190,675
Issuance 2014	November 27, 2014	15 years	CPI + 4.21%	Quarterly in arrears	311,707	311,707
Issuance 2016	April 13, 2016	5 years	CPI + 3.74%	Quarterly in arrears	94,768	-
Issuance 2016	April 13, 2016	10 years	CPI + 4.19%	Quarterly in arrears	121,075	-
Issuance 2016	April 13, 2016	15 years	CPI + 4.47%	Quarterly in arrears	184,157	-
					2,342,262	**1,942,262**

(1) The (12) year Argos bonds, amounting to 440,000, and were converted into COP $433,320 (equivalent to USD $229,094) through a currency swap, with an average LIBOR + 1.78% quarterly rate. The dollar equivalent, at December 31, 2016, was USD $179,178 (2015: USD $185,685), due to the different re-couponing operations, or market adjustments to these operations. The value in Colombian Pesos has remained constant.

All issues are rated AA+, with a stable forecast, by the rating firm Fitch Ratings Colombia S.A., and are nominative securities values, issued to the order and negotiable in the secondary market, through the Stock Exchange of Colombia. During 2016, interest expense was recorded in the amount of $272,953 (2015: $198,183) of ordinary bonds, and $4,377 (2015: $6,042) of preferred shares.

25.2 PREFERRED SHARES:

In accordance with the approval of the General Shareholders' Meeting of March 15, 2013, Cementos Argos S.A. realized the issuance and placement of preferred and non-voting shares (hereinafter, preferred shares), in May 2013, valued at $1,610,824, by awarding 209,197,850 preferred shares, at the subscription price of $7,700 per preferred share, as determined by the Company's Board of Directors.

The issuance of preferred shares is a compound financial instrument. The issuer, for its subsequent recognition and measurement, identified the debt and equity components, by evaluating the contractual conditions of the instrument, and the obligations of the issuer. Given the contractual obligation of the issuer to pay the annual minimum dividend, to the holders of the shares, if the Company generates profits, the issue incorporates a component of financial liability. Once this liability is measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability, must be measured, at least, in each interim period and recognize its effects on the result of the period, the equity element is not subject to subsequent measurement.

Cementos Argos S.A. determined the liability component, by discounting the cash flows corresponding to the minimum preferred dividend, which were calculated in perpetuity, based on the provisions of section 11.1.1 of the issuance prospectus; The discount rate applied, corresponded to the market rate, at the date of issuance of similar instruments, that did not incorporate an equity component. Considering the difficulty of identifying, in the market, a financial instrument with the same characteristics as the issuance, the discount rate of the financial liability, was determined with reference to, the current yield of the bonds, issued by Cementos Argos S.A., in the longer term, denominated in Colombian Pesos. For these purposes, the valuation rate of the bond issue of Cementos Argos 2024, issued in May 2012, in the long-term (15 years) indexed to CPI.

Preferred shares had a minimum dividend of 3%, per annum, on the subscription price paid in the first (12) quarters after placement. In April 2016, the last minimum dividend, corresponding to 3% per year, was paid on the subscription price, and from the thirteenth quarter onwards, the annual minimum dividend will be $10 per share, which will increase with the annual CPI, at the end of each year. The issue prospectus does not have options to buy or sell on the preferred shares.

Holders of preferred, and non-voting shares, will be entitled to receive a minimum dividend on a preferential basis, over the one corresponding to the ordinary shares, provided that distributable profits have been generated, in the immediately preceding accounting period. In no case, may the dividend received by the holders of the ordinary shares, be greater than that which is declared, in favor of the preferred shares; To the preferential reimbursement of its contributions, once the external liability is paid, in case of dissolution and liquidation, of the issuer; and other rights set forth in the issuer's bylaws for holders of ordinary shares, except (i) preferential subscription of ordinary shares, and (ii) voting rights at the General Meeting of Shareholders of the issuer. By way of exception, preferred shares will give their holders the right to vote at the events indicated, in the placement and issue prospectus.

The liability recognized, for the issuance of preferred shares, consists of the valuation of the debt component and the reduction of the direct costs, of the issuance assigned to the liability component, according to the percentage of participation of each component, in the amount of the issue. At the time of initial recognition, issuance costs were included in the financial liability for $7,157. The debt component is measured at amortized cost, using the effective interest rate. The effective interest rate for the subsequent measurement of the debt component, at amortized cost, was determined by matching the estimated cash flows receivable, or payable, over the expected life of the financial instrument, with the net carrying amount of the liability component, at the time of initial recognition. The financial liability is increased, by the recognition of interest, by applying the effective interest rate, and decreases to the extent that the minimum dividends are accounted to the preferred shareholders.

As of December 2016, and re-expressing comparative financial information, the current and non-current portion of liabilities of outstanding financial obligations, bonds, and preferred shares, is determined by the distribution of capital maturity and interest caused on the date on which it is informed. In previous periods, the allocation of the current portion, of the liability, corresponded to the value of the contractual future cash flows to be settled, in the following twelve months after the reporting date, discounted at the effective interest rate of the instrument used to recognize the financial expense.

Since the most commonly used alternative in the industry, in allocating the current and non-current portion of an instrument, is the distribution of principal and interest maturities, caused at the reporting date, the Company considers that this change in presentation allows for more accurate reflection in the financial position of Cementos Argos S.A.

The measurement, at amortized cost of financial obligations, outstanding bonds, and preferred shares, is not affected by the change in the allocation of the current and non-current portion.

NOTE 26: FINANCIAL INSTRUMENTS

26.1 CAPITAL RISK MANAGEMENT

Cementos Argos S.A. manages its capital from a long-term perspective, seeking to maintain a balanced, efficient, and flexible capital structure that will accompany and securely support the growth process of the organization. The Company considers, as capital, the ordinary and preferred shares issued, the short and long- term financial obligations, and the ordinary bonds. The Company is not subject to external capital requirements.

The Company uses the Net Debt/EBITDA + dividends indicator, to monitor the capital structure. Net debt is composed of financial obligations minus cash and temporary investments. This indicator allows the establishment the level of leverage, of the Company, with respect to its cash generation. In addition, this indicator is included in Cementos Argos S.A.'s long-term credit agreements.

Other indicators, such as the short-term and long-term debt ratio, half-life, and free cash flows, are also taken into account to analyze the capital structure. In line with the above, a correct balance between debt and equity is maintained.

The Company periodically monitors that the Net Debt/EBITDA + dividends indicator, remains within a specific range, that allows for sustainable growth and compliance with the objectives, established by the Administration. In addition to generating EBITDA, the Company may issue capital or divest its portfolio of shares, which at the end of 2016, was valued at $1.36 Billion Pesos. For the management of other indicators, such as the average life of the debt and the long and short term distribution of the same, credit lines are available with national and international banks, and the possibility of accessing the capital market through the issuance of ordinary bonds and/or securities, in the local market.

The level of indebtedness of the Company, maintains an adequate balance between currencies, making natural hedges, between assets and liabilities, denominated in the same currency.

There have been no significant changes in the Company's objectives, policies, or capital management processes.

26.2 CATEGORIES OF FINANCIAL INSTRUMENTS

Financial assets	2016	2015
Cash and banks	117,587	45,607
Fair value with changes in results	650	324
Derivative instruments in hedging relationships	-	22,114
Financial assets measured at amortized cost	1,625,837	1,868,159
Financial assets measured at fair value, with changes in other comprehensive income	1,371,382	1,453,081

Financial liabilities	2016	2015
Fair value with changes in results	3,137,952	3,173,851
Derivative instruments in hedging relationships	3,239	160,033
Financial liabilities measured at amortized cost	664,225	712,587

26.2.1 Financial assets measured at fair value with changes in other comprehensive income

	2016	2015
Grupo de Inversiones Suramericana S.A.	1,076,601	1,006,142
Bancolombia S.A.	274,582	428,771
Cardboard de Colombia S.A.	11,660	10,621
Carvajal Pulp and Paper S.A.	561	217
Other investments	7,978	7,329
Accumulated gains (losses) changes in fair value transferred from equity during the period	**1,371,382**	**1,453,080**
Dividends received during the period related to investments held recognized at end of period	32,014	29,789
	32,014	**29,789**
Dividends recognized during the period related investments:		
Remain recognized at the end of the period	23,173	29,789
Written-off during the period	8,481	-

The equity investments, indicated in the table above, are not maintained for trading purposes, but are maintained for strategic purposes in the medium and long-term.

At December 31, 2016, Cementos Argos S.A. realized transfers from other comprehensive income to retained earnings in the amount of $209,090, due to the sales of 9,549,683 shares of Bancolombia S.A., measured at fair value, through changes in other comprehensive income. The value of the investment and the dividends, associated with the investment, derecognised during the period, is $237,787 and $8,481, respectively.

26.2.2 Reclassification of financial assets

During the current and previous period, the Company in has not realized changes to the business model management, and administration of financial assets, so that there are no reclassified financial assets, from the category of fair value, to amortized cost, or vice versa.

26.3 OBJECTIVES OF FINANCIAL RISK MANAGEMENT

The Company's financial policies are defined by the Corporate Finance Committee, and managed by the Corporate Finance Management, and seek to ensure a sound financial structure and maintain the Company's levels of exposure to market, liquidity, and credit risk, at tolerable levels, depending on the nature of the operations, and according to defined exposure and attribution policies and limits. Cementos Argos S.A. is exposed to exchange rate, interest rate, credit risk, and liquidity risk. Risk is eliminated or mitigated towards tolerable exposure levels, through the use of, natural hedges or financial derivatives, to the extent the market permits. The use of financial derivatives, for speculative purposes, is not permitted.

Special operations, such as acquisitions and issuances of shares or bonds, may temporarily exceed the limit established by the Administration, a situation that is controlled by a permanent monitoring of the volatility and the execution of the investment plans, associated with the specific transaction realized.

Exchange risk management
The Company is exposed to exchange rate risk, as a result of, the investments it maintains in subsidiaries, with a functional currency, other than the Colombian Peso, and for transactions realized in currencies other than their functional currency, fluctuations in exchange rates have direct impacts on cash and on the Separate Financial Statements. The Company monitors exchange rate risk by analyzing exposure on the balance sheet, as well as, on cash flow.

The exchange rate risk exposure analysis is realized on subsidiaries, whose functional currency is different from the US Dollar, and fluctuates freely, without exchange controls. Those subsidiaries, located in countries with currency exchange controls, have low volatility in currency fluctuations and exchange rates. The presentation of the Separate Statement of Financial Position is determined by calculating the net dollar position, composed of the Company's liabilities and assets in US dollars, and is intended to minimize the volatility of the difference item in exchange, in the Income Statement. Exposure to cash flows is monitored by analyzing the offsetting of income and expenses, in foreign currency, seeking to generate income and expenses, during the period in order to minimize purchases or sales of dollars, in the spot market. When there is certainty about the occurrence of a short or long cash flow, in foreign currency, hedges are realized through financial derivatives.

The exchange risk concentration is measured against the net position limit of +/- USD 30 Million. To the extent that the net position of the Company moves away from that figure, it is considered that the concentration of exchange rate risk increases.

Credit risk management
Credit risk arising from financial assets, implied by the counterparty's risk of default, is reduced by evaluations and valuations of clients with exposure, or requiring credit beyond the established limits and guarantees.

The credit risk, derived from the investments realized by the Company in the financial system, is monitored through the use of, a model of issuer quotas, which stipulates the maximum amount that the company may have invested in a US, European, Honduran, or Colombian banks, in which the bulk of the Company's cash is concentrated. The policy restricts investment amounts in banks to the limit calculated by the quota model, without the authorization of the Financial Vice-Presidency. The models incorporate variables, such as national and international rating, leverage indicators, and liquidity indicators of banks.

When the amounts invested in a bank exceed the values calculated by the quota model, it is considered that the risk is very concentrated in a single issuer. The company balances this concentration, when the market allows it, through the divestment of the issuer, that has exceeded the amount stipulated by the model and the reconstitution of the investments, in the different alternatives, according to the calculated quotas. For banks that are not part of the model, the company does not measure issuer quota risk. In turn, banks, that are not part of this model, are entities with which there are no significant investments as of the date of this report.

Management liquidity risk
The Company has financial obligations to counterparties in the banking system and the capital markets. In order to, mitigate liquidity risk in the possible renewals of these credits, the Company plans maturity concentrations, per month, so as not to accumulate very high maturities in a given month of the year. In addition, it has a broad portfolio of liquidity providers, in different currencies, types of indices and terms, including domestic banks, securities in the market of capital, as

a recurring issuer. The balance between the distribution of the debt, by term, is another clear objective of the Management, with the goal of not concentrating more than 30% of the maturities, of financial liabilities, in the short-term. The years of financial liabilities are monitored month by month, and the objective is not to be below 3.5 years of average life. Likewise, the Company has credit quotas not committed with national and international banks, in an amount sufficient to meet any eventuality. The Company is also exposed to liquidity risk due to non-compliance with its covenants, which would trigger cross-compliance clauses in other contracts. To mitigate this risk, monthly monitoring of financial covenants is realized and reported to Management.

The carrying amounts of monetary assets and liabilities, denominated in foreign currency at the end of the reporting period are as follows:

	Assets		Liabilities	
	2016	2015	2016	2015
US Dollar	1,101,108	1,464,315	1,022,487	1,381,833

26.5.1. Sensitivity Analysis of Foreign Currency

The Company is mainly exposed to the USD currency. The following table details the sensitivity of Cementos Argos S.A. to an increase and decrease of 25%, in the Colombian Peso against the relevant foreign currencies after considering the effect of hedge accounting. The 25% represents the sensitivity rate used when reporting currency risk internally to Key Management Personnel and represents the Management's assessment of the likely reasonable change in exchange rates. The sensitivity analysis includes only the outstanding monetary items denominated in foreign currency and adjusts its conversion at the end of the period for a 25% change in exchange rates.

The sensitivity analysis includes foreign loans, as well as, loans for foreign operations of the Company where the denomination of the loan is in a currency other than the currency of the lender and the borrower. A positive figure below indicates an increase in results, where the Colombian Peso strengthens by 25% against the relevant currency. If there were a 25% weakening of the Colombian Peso against the currency in question, then there would be a comparable impact on the results, and the following balances would be negative. During the period, there have been no changes in the methods and hypotheses used for the sensitivity analysis.

	Effect of currency: USD	
	2016	2015
Income before taxes and discontinued operations	19,655	20,620

26.5.2. Derivative contracts in foreign currency

The following table details the foreign currency derivative contracts, under hedge accounting outstanding, at the end of the reporting period:

	Average rate derivative contract		Nominal value of the underlying in Colombian Pesos (1)		Fair value assets (liabilities)	
	2016	2015	2016	2015	2016	2015
Forward purchase and currency swap						
USD- Swap	3,180	2,520	17	36	(3,239)	22,114
			17	**36**	**(3,239)**	**22,114**
Forward sales and currency swap						
USD - Swap	2,418	2,373	38	199	(101,135)	(160,033)
			38	**199**	**(101,135)**	**(160,033)**

(1) The Nominal value of the underlying securities includes American dollar, for purposes of revelation these amounts have been converted into Colombian Pesos using the closing exchange rate in effect for each reporting date.

26.6. RISK MANAGEMENT OF INTEREST RATES AND INFLATION INDICES

The interest rate risk arises mainly from interest-bearing loans at fixed or variable rate. The Company measures interest rate risk through exposure to fluctuating rates and fixed rates on the Company's debt. In the case of the variable rate, an impairment of the rates at which financial instruments are indexed and could have a negative impact on financial expenses or income. In the case of the fixed rate, an over-exposure would disadvantage the Company to the extent that market conditions changed favorably, as long as, the financial instruments are held to maturity.

The concentration of interest rate risk appears when a very high exposure, to a particular index, is detected in the financial debt portfolio. The Company considers that exposure of between 15% and 30% at a fixed rate of total consolidated debt, is optimal. The Company has maintained on average a ratio between fixed rate and variable rate of 25% versus 75%. A relationship very different to this would be indicating concentration in any of the references. The company's debt profile is reported monthly to Management, indicating the concentration levels of fixed rate versus variable rate, term distribution (short term versus long term) and currency distribution (COP versus. USD versus other currencies). With the results presented, decisions are taken to manage the debt portfolio, such as the prepayment of obligations, the structuring of financial derivatives to balance the position in interest rates and/or currencies, etc. As of December 31, 2016, 10% of the consolidated debt was agreed at a fixed interest rate (2015: 16%).

The reference interest rates of the Colombian financial market that generate exposure to the Company are the CPI, DTF and IBR, and the LIBOR international reference rate, for dollar credits. Cementos Argos S.A., has not considered exposure to other local or international rates.

26.6.1. Analysis of the sensitivity of interest rates and inflation indices

The following sensitivity analyzes have been determined, on the basis of exposure to interest rates and inflation indices, for both derivative and non-derivative instruments, at the end of the reporting period. For liabilities at variable rates, an analysis is prepared, assuming that, the amount of the outstanding liability, at the end of the reporting period, has been the outstanding liability for the entire year. When reporting Key Management Personnel on interest rate risk internally, an increase or decrease of 25 points is used, which represents Management's assessment of the likely reasonable change in interest rates.

	CPI		6 Mo. LIBOR	
	2016	2015	2016	2015
Income before taxes and discontinued operations	30,925	25,942	2,667	1,238
Other comprehensive income	(2,749)	2,894	681	554

26.6.2. Contracts derived from interest rates and inflation indices

The following tables details the nominal capital amounts and remaining terms of the swap agreements interest rates outstanding at the end of the reporting period is reported.

	Nominal value of the underlying in Colombian Pesos (1)		Fair value in Colombian Pesos	
	2016	2015	2016	2015
Cash flow hedges				
1 year or less	-	36	650	22,114
1 to 5 years	114,756	263	-	(159,710)
	114,756	**299**	**650**	**(137,596)**

(1) The Nominal value of the underlying securities includes the UD Dollar, for purposes of revelation these amounts have been converted into Colombian Pesos, using the closing exchange rate in effect for each reporting date.

26.9.1 Risk tables of interest and liquidity

The following tables detail the remaining contractual maturity of Cementos Argos S.A. for its non-derivative financial liabilities with agreed repayment periods. The tables have been designed based on the undiscounted cash flows of the financial liabilities, based on the date on which the Company will make the payments. The tables include both cash flows of interest and capital. To the extent interest is at the variable rate, the undiscounted amount is derived from the interest rate curves, at the end of the reporting period. The contractual maturity is based on the minimum date on which the Company must make the payment.

December 31, 2016	Effective interest rate weighted averages	1 Year or less	1 to 5 Years	5 Years or more	Total	Book value	Disclosed fair value
Finance lease liabilities	10.2%	34,894	124,718	31,372	190,985	147,463	149,592
Instruments with variable interest rates	11.5%	826,762	1,118,979	2,441,731	4,387,473	2,629,801	2,737,819
Instruments with fixed interest	9.0%	175,974	-	-	175,974	175,534	175,974
Other liabilities	7.1%	2,181	9,354	214,003	225,539	51,853	61,113

December 31, 2015	Effective interest rate weighted averages	1 Year or less	1 to 5 Years	5 Years or more	Total	Book value	Disclosed fair value
Finance lease liabilities	7.79%	33,281	125,407	57,034	215,722	167,627	158,014
Instruments with variable interest rates	8.09%	536,650	1,393,938	2,070,823	4,001,411	2,517,161	2,520,570
Instruments with fixed interest	2.39%	354,667	-	-	354,667	349,438	346,654
Other liabilities	4.68%	71,904	8,850	209,877	290,631	116,898	120,022

The following table details the liquidity analysis, of the Company, for its derivative financial instruments. The table has been designed, based on discounted contractual net cash flows, which are canceled on a net basis, and gross cash flow, discounted on those derivatives that require gross pay. When the amount payable or receivable is not fixed, the amount disclosed has been determined with reference to interest rates projected, as illustrated by the yield curves, at the end of the reporting period. As of December 31st of 2016 and 2015, the Company in does not have derivative contracts that are settled for the gross amount.

December 31, 2016	1 Year or less	1 to 5 Years	5 Years or more	Total
Settled net amount:				
Swaps	(101,135)	(2,589)	-	(103,724)

December 31, 2015	1 Year or less	1 to 5 Years	5 Years or more	Total
Settled net amount:				
Swaps	45,224	(138,272)	-	(93,048)

26.10 COLLATERAL

The Company has pledged, as collateral, for financial liabilities, 5,200,000 shares, of the issuer Grupo de Inversiones Suramericana S.A., to the financial institution Bancolombia S.A. These shares are not pledged to any particular obligation, and have as their purpose, to support the overall quota of the Company to the bank. The book value of financial assets, of the Company, pledged as collateral of financial liabilities, is $198,640 (2015: $185,640).

NOTE 27: CAPITAL ISSUED

	2016	2015
Authorized capital:		
1.500.000.000 ordinary shares with nominal value of $416 in December 2016 and $6 December 2015	624,000	9,000
Subscribed and paid-in-capital:		
1.215.247.885 ordinary shares with nominal value of $416 in December 2016 and $6 December 2015	505,543	7,291
209.197.850 preferred shares with nominal value of $416 in December 2016 and $6 December 2015	87,026	1,256
	592,569	**8,547**

Each ordinary share, grants to its owner the right to participate in the decisions of the General Shareholders' Meeting and to vote thereon, to freely negotiate the shares, to freely inspect the books and documents within fifteen (15) business days, prior to the meeting of the General Assembly, at which the Year-end Financial Statements are examined and receive a proportional share of the corporate assets, at the time of liquidation, and after payment of the Company's external liabilities, among others included in the by-laws.

Shareholders, who hold ordinary shares, will be entitled to subscribe preferentially in any new issue of ordinary shares, an amount proportional to those they hold on the date, on which the relevant corporate body approves the subscription regulation.

Holders of preferred, and with non-voting shares, will be entitled to receive a minimum dividend on a preferential basis over the one corresponding to the ordinary shares, provided that, distributable profits have been generated in the immediately preceding accounting period. In no case may the dividend received by the holders of the ordinary shares be greater than that which is decreed in favor of the preferred shares; To the preferential reimbursement of its contributions, once the external liability is paid, in case of dissolution and liquidation of the issuer; and the other rights provided for in the Articles of Association of the issuer for holders of ordinary shares, except (i) to subscribe preferentially ordinary shares, and (ii) to vote on the proposals at the General Meeting of Shareholders of the issuer. By way of exception, preferred shares will give their holders the right to vote at the events indicated in the placement and issue prospectus.

The issue of the preferred shares qualifies as a compound financial instrument. The Company, for its subsequent recognition and measurement, identified the debt and equity components by evaluating the contractual conditions of the instrument and the obligations of the issuer. Given the contractual obligation of the issuer to deliver cash or other financial assets to the holders of the shares, the issue incorporates a component of financial liability. Once this liability is measured, the difference between the value received and the value of the obligation, constitutes an equity component. The part corresponding to the financial liability must be measured, at least, in each interim period and recognize its impact in the results of the period, the equity element is not subject to subsequent measurement. On January 25, 2016, there was held, an extraordinary session of the General Shareholders' Meeting of Cementos Argos SA was held, whereby the statutory amendment was approved for the amendment of Article 4, in order to capitalize occasional reserves up to six hundred fifteen thousand million Pesos ($ 615,000), through the mechanism of increase of the nominal value of the share. With this approval, the par value of the stock went from six pesos ($ 6) to four hundred ten and six pesos ($ 416).

27.1. RECONCILIATION OF ORDINARY SHARES

	Number of shares	Share capital	Paid-in capital
Balance at January 1, 2015	1,215,247,885	7,291	175,675
Issuance of ordinary shares	-	-	-
Balance at December 31, 2015	**1,215,247,885**	**7,291**	**175,675**
Issuance of ordinary shares	-	-	-
Reacquisition of shares	-	-	-
Capitalization of reserves	-	498,252	-
Balance at December 31, 2016	**1,215,247,885**	**505,543**	**175,675**

27.2 RECONCILIATION OF PREFERRED SHARES

	Number of shares	Share capital	Paid-in capital
Balance at January 1, 2015	209.197.850	1.256	1.374.068
Issuance of preferred shares	-	-	-
Balance at December 31, 2015	**209.197.850**	**1.256**	**1.374.068**
Issuance of preferred shares	-	-	-
Reacquisition of shares	-	-	-
Capitalization of reserves	-	85.771	-
Balance at December 31, 2016	**209.197.850**	**87.027**	**1.374.068**

NOTE 28: RESERVES AND OTHER COMPREHENSIVE INCOME

28.1 RESERVES

Legal Reserves

The company is required to appropriate, as a legal reserve, 10% of its annual net profits, until the balance of this reserve is equivalent to 50%, of the subscribed capital. At December 31, 2016 and 2015, the value of the legal reserve amounts to $23,753 and $16,480, respectively. The value of the legal reserve, not including other equity adjustments, such as the equity method of subsidiaries, amounts to $13,845, in 2015 and 2016.

The reserve is not distributable, before the liquidation of the Company, but must be used to absorb or reduce net annual losses. Appropriations realized, in excess of the aforementioned 50%, are freely available to the General Assembly of Shareholders.

Reserve for share reacquisition

This reserve, on the owned reacquisition shares, in accordance with guideline of the Commercial Code, is only distributable to the shareholders, until the shares are sold again. As long as, the shares belong to the Company, the rights inherent therein shall be suspended.

	2016	2015
Reserve for reacquisition of shares	113,797	113,797
Minus – owned reacquisition shares	(113,797)	(113,797)

Reserve for tax guidelines

This is a mandatory reserve that originates from the requirement of the Colombian Tax Statute, to appropriate the equivalent of 70%, of the higher value, requested for tax depreciation on the accounted. According to legal guidelines, this reserve can be released to the extent that depreciation is subsequently accounted for exceed those solicited annually, for tax purposes, or the assets that generated the highest amount deducted, are sold.

Occasional reserves at the disposal of top governance and other reserves

In addition to the reserves established by laws or statues, the Assembly of General Shareholders may constitute reserves with free availability and specific destination. On March 28, 2016, the Assembly General Shareholders authorized the release of $50,893, of the uncollected reserve for extensions and investments, in order to, distribute dividends to shareholders. It also appropriated $224,856 for reserves, for future expansion and investments.

28.2 OTHER COMPREHENSIVE INCOME NET OF TAX, ATTRIBUTABLE TO THE PARENT

The reclassified value of other comprehensive income for cash flow hedges, to the financial expenses and exchange differences, during the period, is $2,511 (2015: $2,027) and $107,330 (2015: $42,397), respectively.

NOTE 29: RETAINED EARNINGS AND DIVIDENDS

29.1 RETAINED EARNINGS

	2016	2015
Balance at the beginning of the year	**2,038,382**	**1,934,652**
Profit attributable to the owners of the Company	713,636	498,652
Transfers from other comprehensive income to retained earnings	209,090	-
Changes in equity in subsidiaries without loss of control	89	-
Ordinary dividends distributed in cash	(230,334)	(204,998)
Preferred dividends distributed in cash	(29,811)	-
Participation in equity variations of subsidiaries	177,898	(151,431)
Appropriation of reserves	(224,857)	(38,493)
BALANCE AT THE END OF THE PERIOD	**2,654,093**	**2,038,382**

29.2 DECLARED DIVIDENDS

The General Shareholders' Meeting held on March 28, 2016, declared cash dividends on ordinary shares in the amount of $200 per share, payable in four quarterly installments of $50 Pesos per share, for each quarterly share, as of April 2016, and a total value of $230,334.

Additionally, preferred cash dividends of 209,197,850 preferred shares of $207.75 per year, per share were declared. In April 2016, the last installment of the preferred dividend of $57.75 was paid in accordance with the established in the Regulation of Placing Shares, with a preferential dividend and non-voting rights from 2013; the following three quotas are equal to the ordinary shares, that is, $50.00 each, for a total value of $43,461.

29.3 PROPOSED DIVIDENDS FOR THE CURRENT YEAR

With respect to the current year, the Administration, proposes a dividend of $218 per share, on the ordinary and preferred shares, which will be paid in cash, in four quarterly installments at $54.5 per share for each quarterly quota, as of April 2017. The total estimated dividend to be paid is $251,065,000 for ordinary shares and $45,605,000 for preferred shares.

In addition, the Management proposes an extraordinary dividend of $22 per ordinary and preferred share, which will be paid in cash in one installment in November 2017, between the 15th and the 25th of the month.

These dividend subject to the approval of Shareholders at the Annual General Meeting, and has not been included as a liability, in the Separate Financial Statements, herewith.

NOTE 30: INCOME FROM ORDINARY ACTIVITIES

The following is an analysis of Cementos Argos S.A.'s income from ordinary activities for the current year for continued operations (excluding financial income - See Note 34).

	2016	2015
Income from the sale of goods	1,613,782	1,889,375
Income from the provision of services	10,121	8,701
	1,623,903	**1,898,076**

Cementos Argos S.A. has no commitments expected to generate losses.

NOTE 31: ADMINISTRATION EXPENSES

Administration expenses, at December 31st are as follows:

	2016	2015
Personnel expenses	128,914	129,200
Services	71,384	57,483
Amortization of intangible assets	27,334	25,917
Fees	14,302	12,506
Contributions and affiliations	2,450	2,385
Travel expenses	13,505	14,406
Depreciation of property, plant and equipment	4,832	4,947
Maintenance and repairs	9,555	8,258
Taxes	1,175	1,076
Leases	8,813	8,579
Insurance	6,868	7,018
Provisions	429	827
Legal expenses	5,713	2,556
Adequation and installations	643	247
Representation and public relations expenses	68	117
Cafeteria and restaurants	215	33
Supplies and stationery	312	344
Transportation	1,563	1,602
Commissions	77	48
Other	15,949	3,923
	314,101	**281,472**

NOTE 32: SALES EXPENSES

Sales expenses at December 31st include the following:

	2016	2015
Personnel expenses	29,236	26,910
Services	36,570	34,976
Amortization of intangible assets	31	14
Fees	1,976	1,304
Contributions and affiliations	1,153	1,134
Travel expenses	3,383	3,026
Depreciation of property, plant and equipment	24	11
Maintenance and repairs	62	34
Taxes	12,564	15,095
Leases	2,219	2,190
Insurance	639	747
Provisions	2,101	2,844
Legal expenses	52	153
Adequation and installations	3	6
Representations and public relations expenses	86	110
Cafeteria and restaurants	614	521
Supplies and stationery	41	45
Transportation	247	216
Other	808	949
	91,809	**90,285**

NOTE 33: OTHER OPERATING INCOME, NET

Continuing operations	2016	2015
indemnification gains (losses)	1,005	1,214
Gains (losses) on recoveries	37,341	22,458
Gains (losses) in exploitations	1,779	3,299
Gains (losses) on sale of biologics assets and assessment	628	4,895
Grants gains (losses)	31	31
Gains (losses) on claims	-	20
Gains (losses) on sales of investments	116,575	-
Withdrawal on portfolio losses	(167)	(573)
Donation losses	(17,521)	(15,776)
Tax assumed (4x1,000) losses	(17,538)	(17,271)
Losses from other assumed taxes	(1,436)	(228)
Gains (losses) on the sale fixed assets and other assets	(1,350)	3,999
Litigation gains (losses)	(23,130)	(3,250)
Gains (losses) of other income and expenses	(27,028)	(5,224)
	69,189	**(6,406)**

NOTE 34: FINANCIAL INCOME

Continuing operations	2016	2015
Interest income	33,075	31,984
Other financial income	2,913	3,698
Dividends from equity investments	32,014	29,789
Financial assets that are not designated at fair value with changes in profit and loss	**68,002**	**65,471**
Gains on the valuation of financial derivatives	-	949
Financial income from financial assets	**68,002**	**66,420**

NOTE 35: FINANCIAL EXPENSES

Continuing operations	2016	2015
Interest on overdrafts and bank loans	14,153	10,492
Interest on loans from related parties	-	520
Interest on obligations, under finance leases	14,197	13,796
Interest on convertible instruments and preferred shares	276,250	204,226
Gains (losses) by reclassifications from equity to income, for the period to cash flow hedges	-	(17,207)
Other financial expenses	(14,934)	21,105
Total interest expense on financial liabilities not classified at fair value through profit and loss	289,666	232,932
Minus, amounts included in the cost of qualifying assets	-	(14,055)
	289,666	**218,877**
Losses (gains) arising from derivatives in a value hedge relationship	1,477	16,104
(Gains) losses arising from adjustments to the hedged item, attributable to the hedged risk in a hedging relationship of the fair value	-	1,966
	291,143	**236,947**

The weighted average capitalization rate on funds owed is 9.43% per year (2015: 6.63% annually).

NOTE 36: INCOME FROM CONTINUING OPERATIONS

Profit for the year from continuing operations is attributed to:

Continuing operations	2016	2015
Owners	713,636	498,652

The profit for the year from continuing operations of the amounts previously expressed, after the following charges (credits):

36.1 IMPAIRMENT LOSSES OF FINANCIAL ASSETS

	2016	2015
Losses for impairment of trade, receivables	2,364	3,005
Losses for impairment of accounts receivable, from related parties	165	666
	2,529	**3,671**
Reversal of losses for impairment of trade, receivables	708	-

36.2 DEPRECIATION AND AMORTIZATION EXPENSES

	2016	2015
Depreciation of property, plant and equipment	93,641	73,236
Depreciation of investment properties	45	27
Amortization of intangible assets	39,266	37,931
	132,952	**111,194**

36.3 EMPLOYEE BENEFITS EXPENSES

	2016	2015
Post-employment benefits	8,011	6,711
Termination benefits	20,846	2,549
Other employee benefits	132,055	133,369
Total employee benefits expenses	**160,912**	**142,629**

36.4 DIFFERENCES BETWEEN INCOME OF THE SEPARATE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The difference between the income of the Separate Financial Statements and the Consolidated Statement of Comprehensive Income, corresponds primarily to the profit from the sale of shares of Cementos Panamá, in the amount of $291,674, and the equity method of joint ventures, in the amount of $1,068.

NOTE 37: INFORMATION OF RELATED PARTIES

The immediate Parent of Cementos Argos S.A., which holds a percentage of share in the Company of 55.34%, is Grupo Cementos Argos S.A., and is domiciled in Medellin, Colombia.

The following transactions are those that Cementos Argos S.A. has had with subsidiaries:

- The purchase and sale of clinker, between Cementos Argos S.A. and its subsidiaries, regardless of the region where they are located; The transaction consists of clinker companies sell clinker to cement producing companies, and the latter use it as raw material, for the production of cement.

- The purchase and sale of cement between Cementos Argos S.A and its subsidiaries, regardless of the region where they are located; The transaction consists of cement companies selling cement to concrete-producing companies, and the latter use it as a raw material, for the production of concrete. In the case of buying and selling between cement companies, the cement is transferred for the purposes of being commercialized.

- The purchase and sale of aggregates between Cementos Argos S.A and its subsidiaries, regardless of the region where they are located; The transaction consists of the companies that produce aggregates sell aggregates to the companies that produce cement or concrete, who use it as raw material for their products.

- Provision of transport services between Transport Logistics S.A. and Cementos Argos S.A; The transaction consists of Logitrans, acting as cargo intermediary, subcontracts the transport of the products or raw materials of Cementos Argos S.A., with third parties.

- The purchase and sale of back-office services between Cementos Argos S.A. and Zona Franca Argos S. A.S.; The transaction consists of Cementos Argos S.A. provides back-office services to Zona Franca Argos S.A., in exchange for a consideration for the same. Among the services provided are basic financial, administrative, and technological support services.

- The purchase and sale of back-office services between Cementos Argos S.A. and Grupo Argos S.A.; The transaction consists Cementos Argos S.A. provides back-office services to Grupo Argos S.A., in exchange for a consideration for the same. Among the services provided are basic financial, administrative, and technological support services.

- The buying and selling coal between Sator S.A.S. and Cementos Argos S.A.; The transaction consists of Sator S.A.S. supplies coal to Cementos Argos S.A., for use in the clinker production process.

37.1 TRANSACTIONS WITH RELATED PARTIES

During the year, Cementos Argos S.A. realized the following commercial transactions, and had balances with related parties, as follows:

	Sale of goods and other income		Purchase of goods and other expenses		Accounts receivable		Accounts payable	
	2016	2015	2016	2015	2016	2015	2016	2015
Parent Company	127	209	2,926	4,901	1,676	1,132	32,066	28,883
Subsidiaries	334,848	355,515	155,228	155,846	1,219,227	1,546,357	453,432	369,432
Associates	19	11,896	20,337	14,227	11	2,988	4,065	4,937
Joint ventures	1,768	17,181	3,666	3,693	1,017	486	107	218
Other related parties	-	-	786	773	-	-	-	-

Accumulated impairment and the expense, recognized in the period, for impairment of accounts receivables of related parties is $653 (2015: $653), and $165 (2015: 666), respectively.

During the period, and comparative periods, guarantees were not provided or received, on outstanding payables or receivable, to related parties.

Transactions between the reporting Company, and its related parties, are realized under the conditions, equivalent to those existing in transactions between independent parties.

The average term of accounts receivable from related parties is 30 days; with respect to loans, the term for 2016 is (12) months, with an interest equivalent to the presumptive rate of 5.22%.

37.2 COMPENSATION OF THE BOARD AND KEY MANAGEMENT PERSONNEL

The compensation of Key Management Personnel during the year is, as follows:

	2016	2015
Salaries and other short-term employee benefits	43,775	50,173
Pensions and other post-employment benefits	1,947	1,753
Termination benefits	690	730

Key Management Members includes Board Members, the Appointments and Remuneration Committee, the Audit and Finance Committee, the Sustainability and Corporate Governance Committee, Steering Committee (consisting of the President and Vice-President), and any other Committees, which depend directly on the Board of Directors of Cementos Argos S.A., Grupo Argos S.A., and their immediate families.

NOTE 38: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Certain contingent conditions may exist, at the date that the Financial Statement are issued, which may result in a loss for the Company. These contingencies will be resolved in the future when one or more events occur, or there is a change the probability that they may occur. Such contingencies are estimated by the Administration and its legal advisors. The estimation of loss contingencies necessarily involves an exercise of professional judgment, and is a matter of opinion.

In estimating the contingencies of loss, in legal proceedings pending against the Company, legal advisors assess, among other aspects, the merits of the claims, the jurisprudence of the courts in this regard, and the current status, of the case-by-case processes. The Company considers that these matters will be resolved without any significant effect on our operations, financial position, or operational results.

38.1. CONTINGENT LIABILITIES

At the date of preparation of the Notes to the Financial Statements, we hereby declare that Cementos Argos S.A. is a party to legal proceedings of different nature, acting both as plaintiff and plaintiff, who are being diligently served by qualified attorneys hired by Company. Conflicts are of a civil, administrative, penal, and fiscal nature; such litigation are those that arise in the ordinary course of business that arise any company, in size or operations like Cementos Argos S.A. For these processes, we have estimated the corresponding reserves based on criteria, such as the nature of the process, the evidence, the economic factors, possible projected conviction, etc., allowing to cover possible convictions or unfavorable decisions, that may occur. Cementos Argos S.A. considers that the estimated time of completion of these processes, oscillates, between three (3) and eight (8) years, approximately.

Transfer of pricing with the Directorate of National Tax and Customs - "DIAN"

Lawsuit filed by the Company, against the "Liquidación Oficial de Revisión", due to differences in appreciation, between the DIAN, and the Company, regarding the classification of an operation of credit, with related parties abroad, and the application of Article 35 of the Tax Code. The Company maintains that the interest alleged (DTF) from operations cannot be applied to operations recognized with economic associates abroad, because it deals with an internal rate that cannot serve as a basis for the determination of an international financial operation, contrary to what is claimed by the DIAN.

Currently, the process is in second instance after the appeal filed against the lower court decision unfavorable to the interests of the Company. Although the financial effects of an adverse resolution are valued in the amount of $12,000 million Colombian Pesos, Cementos Argos S.A. have not recorded any accounting provision, as it considers that sufficient arguments to distort any responsibility attributed to the Company, exists.

38.2. CONTINGENT ASSETS

At the date of preparation of the Notes to the Financial Statements, Cementos Argos S.A. is not a party to legal proceedings, acting as plaintiff, where the income or recovery of contingent assets, in excess, of five billion Pesos ($5,000) individually, is expected. In addition, there are executive proceedings initiated by Cementos Argos S. A. against third parties for the recovery of the portfolio, through the judiciary courts. Cementos Argos S. A. considers that the estimated time of completion of these processes oscillates, between three (3) and eight (8) years, approximately.

NOTE 39: EVENTS AFTER THE REPORTING PERIOD

Between December 31, 2016 and February 24, the date of authorization of the Financial Statements of Cementos Argos S.A., the Company concluded that there exist, no significant events, that need to be recognized or disclosed, in the Separate Financial Statements.

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El papel utilizado proviene de bosques custodiados, el tamaño del libro se optimizó para minimizar desperdicio de papel y se separaron las materias primas para ser procesadas o dispuestas adecuadamente.