



INTEGRATED REPORT 2014



Permeable concrete, a product stemming from technological innovation,
to be used in runoff water management

INTEGRATED REPORT 2014

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Notes to the financial
statements of 2014



Web page of the
Integrated Report 2014

ABOUT THE REPORT

At Argos, we are evolving towards comprehensive thinking, which is why we are presenting our stakeholders with information on a series of aspects that determine our ability to create value as a company. This comprehensiveness can be seen throughout this report, which contains information on the period between January 1 and December 31, 2014. (G4-28)

In this document, we have described the way in which we add value to processes and products, in accordance with our strategic priorities and risks. Furthermore, it contains details about our performance and our plans regarding each material aspect that is defined in chapter 6.

To elaborate this report, we adopted the internationally recognized standards of the Global Reporting Initiative (GRI) as our underlying methodology. We chose the “In Accordance – Core” option of its guideline’s fourth edition, the G4 Sustainability Reporting Guidelines. (G4-32) Throughout the text, small, blue graphic references were inserted with a specific code, indicating a reference to an indicator proposed by these GRI standards or to our own indicators, the latter of which start with the letter “A.” Additionally, in the attached GRI table, a summary was included with the description of each indicator and its location in the report.

We also followed other international standards, such as those of the International

Integrated Reporting Council (IIRC). In the report’s digital version (www.reporteintegrado-argos.co), the results of the self-assessment regarding our compliance with the principles contained in its Reporting Framework can be found. Furthermore, this document complies with the functions of the Progress Report of the UN Global Compact, according to the corresponding index that can also be found in this report’s digital edition. Finally, in the attached CSI table, we report on our performance based on the indicators of the Cement Sustainability Initiative (CSI), which we have been complying with for four years.

The information in this report refers to all of the companies whose figures are consolidated in our financial statements in accordance with international norms, including the cement, concrete and aggregates businesses of the Company’s Colombian, Caribbean and Central American, and USA Regional Divisions. Any clarification or exception with regard to this coverage is indicated throughout the text, when applicable. (G4-23) This report is published annually, with the last edition stemming from March 2014, containing information on the 2013 period. (G4-29, G4-30)

It is worth clarifying that this year, the comparability of the figures expressed in dollars was affected by a greater devaluation of the Colombian peso with regard to the American dollar, at the end of 2014. The market representative exchange rate with which the

currency translations of the figures for 2013 were completed was of COP 1,926.83, while that of 2014 was of COP 2,392.46.

(G4-33) This report was verified by the firm Deloitte, who was chosen as an independent third party, in accordance with instructions given by the Company’s CEO and senior management, who also reviewed and approved its contents. (G4-48) The assurance report and its scope can be found on our web page.

If you have any concerns, suggestions or opinions you would like to express about this report, please contact Cristina Arias Echavarría, the Company’s Director of Sustainability, on cariasas@argos.com.co. (G4-31)

Global Compact COP Index



Self-assessment of the principles and contents of the *Integrated Report*



Independent review report



LETTER FROM THE CEO

For a little over a decade, our Company has been on a path of fundamental and structural transformations, seeking to transform a company that had initially focused its businesses and its investments on the Colombian market into a multi-regional company, enriched with the markets, cultures and human talent of the American side of the Atlantic Ocean.

Nowadays, Argos is an important player in the cement and concrete businesses across the Americas, being directly present in 12 countries and exporting to more than 35 destinations. We have a successful business model that focuses on the needs of our customers and a logistics platform that allows us to efficiently interconnect our strategic productive assets with our main markets, providing us with a high degree of operational flexibility that strengthens our competitive strategy.

2014 was a fundamental year for Argos from many different points of view: it allowed us to integrate newly acquired assets, in the amount of US \$785 million, in the United States and French Guiana; to successfully issue bonds, which had a demand that reached more than 2.8 times the offered amount, and which helped us positively adjust our debt profile; to invest more than US \$230 million in the expansion and modernization of our businesses in different countries, simultaneously announcing ambitious expansion plans in Colombia and the United States; to strengthen innovation; and to record historically high results; all of this, while staying strongly committed to our goal of being a sustainable company that is respectful towards human rights, the environment and institutionalism.

The aforementioned, combined with the positive growth trends we see in our main

markets, allows us to maintain a positive perspective for the year 2015, in which we will continue to build up a profitable and sustainable company for our shareholders, reaffirming our commitment to implementing the principles of the United Nations Global Compact and the Universal Declaration of Human Rights, providing a good work environment to our collaborators, and managing our planet's resources carefully; all of this, in the context of a business culture that is based on ethics and respect: the Argos culture. (G4-1)



Jorge Mario Velásquez
CEO



KEY FACTS

Dow Jones Sustainability Index

The global reference for monitoring the performance of companies that are leaders in terms of corporate sustainability.

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM



Member for the second consecutive year "Global" and "Emerging Markets" Indices



"Silver Class" distinction
Argos is the second best company in the "World" Index

Bond issuance



COP \$600
billion raised

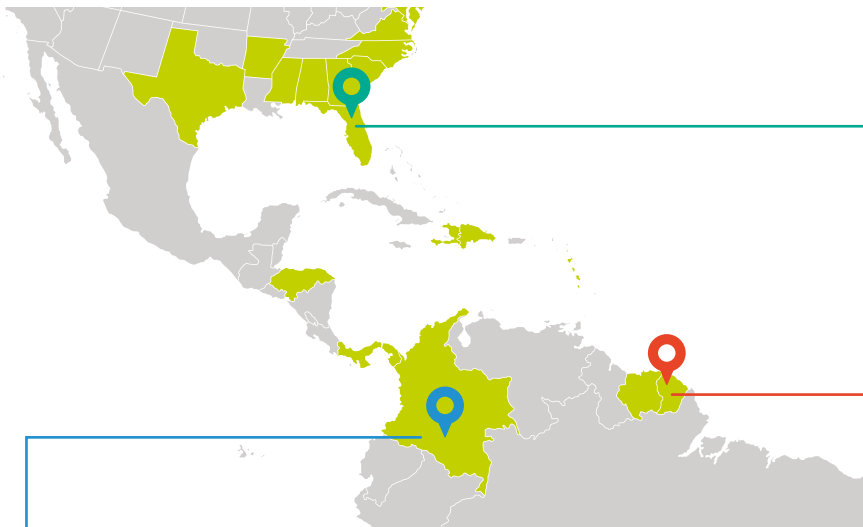


COP \$1.4 trillion
Demand of

2.84
times the amount offered



Ensures adequate long-term debt profile



Geographic expansion



Acquisition in Florida

720

US \$

Agreement with Vulcan Materials Company

Acquisition of assets: cement and concrete operations and port and concrete block manufacturing facilities



1.6 m t*
1 cement plant



1.9 m t
2 clinker grinding facilities



3.3 m m³
69 concrete plants



2 port facilities



109 m units/year
13 prefabricated concrete block manufacturing plants

+107% installed **cement** capacity

+34% installed **concrete** capacity

*m = million, t = metric tons, m³ = cubic meters



Newberry Plant, Florida, USA Regional Division



Acquisition in French Guiana

50

million euros

Agreement with Lafarge

Acquisition of 100% of Ciments Guyanais, the only local cement producer



200 k t
1 clinker grinding facility



1 port facility

Leading manufacturer in French territory. Logistic synergies given the proximity to operations in Suriname and the Lesser Antilles.

Announcement of structural expansion in Colombia

Sogamoso Plant

450

US \$ million

2.3 m t
annual cement production
2,250 new jobs created

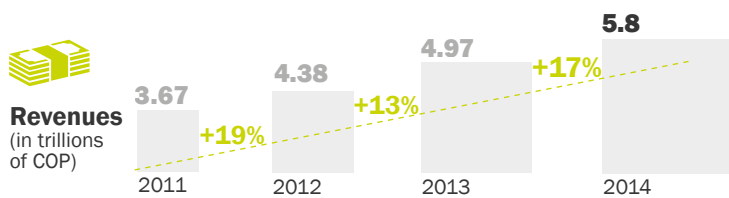
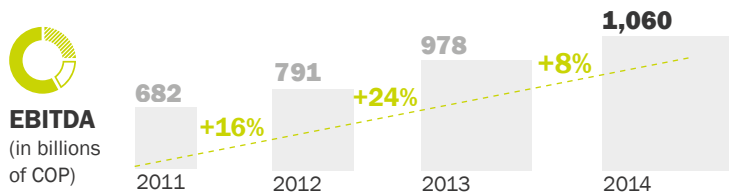
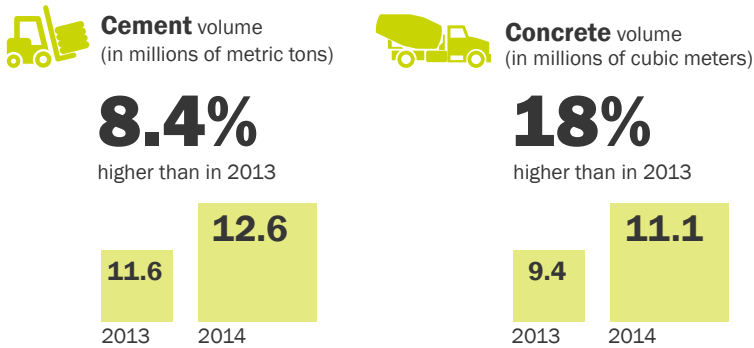
- Construction of a **new dry process production line**
- **Most efficient plant** in terms of costs in the Colombian Regional Division



Sogamoso Plant, Colombian Regional Division

KEY FIGURES

Economic results



Social investment in communities (A-GC1)

COP \$50.08 billion

(US \$20.9 million)



Educational Institution Camilo Mora Carrasquilla, Medellín, Colombia



Educational Institution Nuestra Señora de la Misericordia, Buenaventura, Colombia

Innovation



Revenues stemming from innovation (A-IN 1)

COP \$538.3 billion
(US \$269 million)



Ultra-high performance concrete



Savings stemming from innovation (A-IN 3)

COP \$5.7 billion
(US \$2.39 million)



Colored concrete

Amounts calculated quarterly in USD and COP, with the average market representative exchange rate of the corresponding quarter

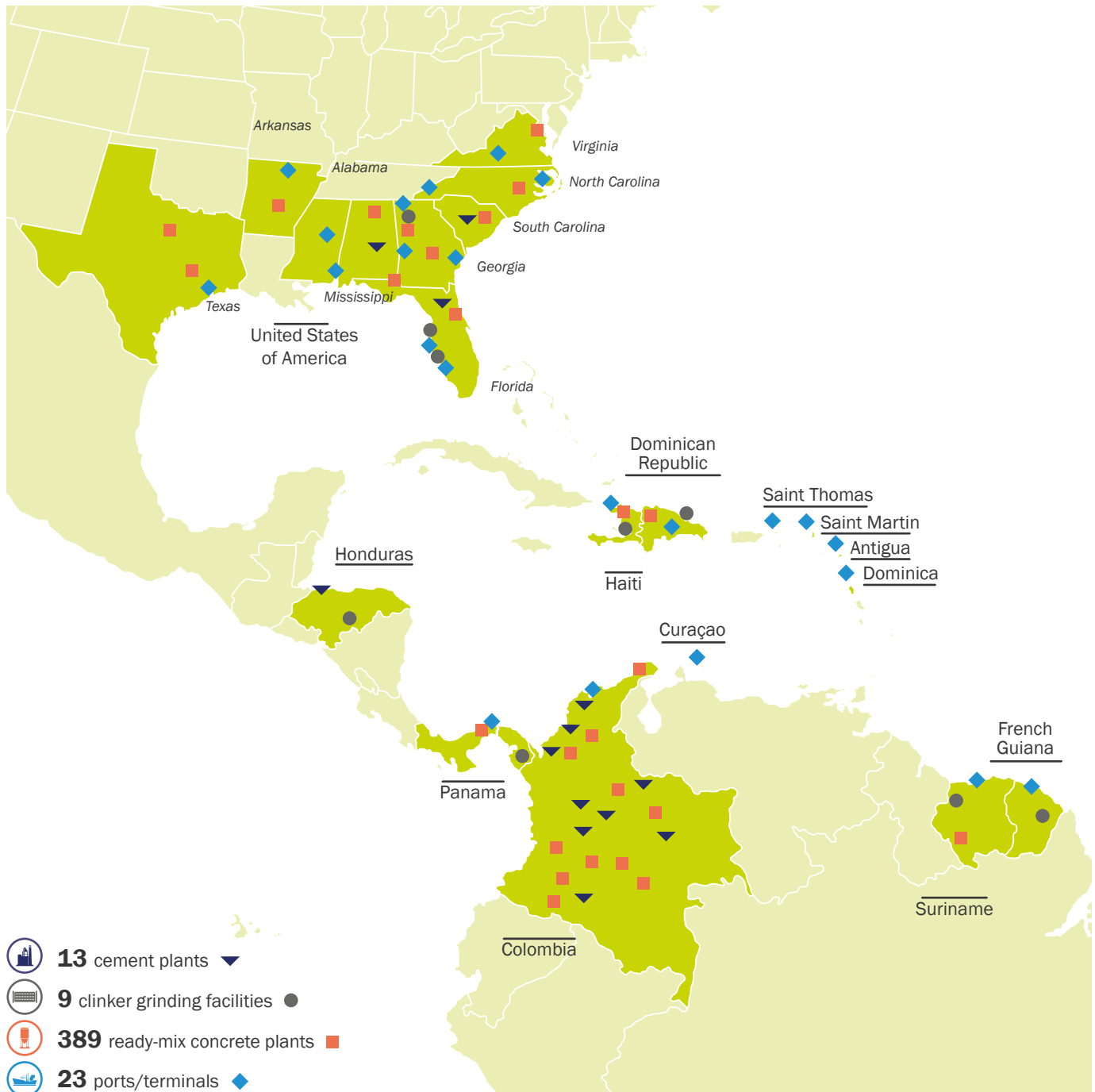
OUR BUSINESS

WHO WE ARE







Where we operate (G4-6)

Noteworthy brands,
products and services





(G4-4)



Number of facilities per regional division (G4-9)

	Colombian Regional Division	Caribbean and Central American Regional Division	USA Regional Division	Total
 Cement plants	9	1	3	13
 Concrete plants	66	13	310	389
 Clinker grinding facilities	0	6	3	9
 Ports/terminals	1	10	12	23
 Bagged cement distribution centers	37	15	18	70
 Concrete mixer trucks	680	186	1,889	2,755

Operating figures and installed capacity (G4-9)




	 Cement sales (in millions of metric tons)	 Concrete sales (in millions of cubic meters)	 Installed cement capacity (in millions of metric tons)	 Installed concrete capacity (in millions of cubic meters)
2011	8.6	7	11.8	13.8
2012	10.8	8.5	15.6	14.1
2013	11.6	9.4	16.9	14.7
2014	12.6	11.1	19.9	17.9

Operating income (G4-9)

	Colombian Regional Division	Caribbean and Central American Regional Division	USA Regional Division	Total
Sales in COP	\$2.4 trillion	\$1.08 trillion	\$2.18 trillion	\$5.80* trillion
Sales in USD	\$1.21 billion	\$543 billion	\$1.09 billion	\$2.84 billion

*This includes COP \$0.14 trillion from income stemming from other businesses.

Total capitalization broken down in terms of debt and equity (G4-9)

	 Short-term debt	 Long-term debt	 Equity
COP	\$0.8 trillion	\$3.93 trillion	\$8.13 trillion
USD	\$333 billion	\$1.64 billion	\$3.4 billion

Main customers and markets (G4-8)



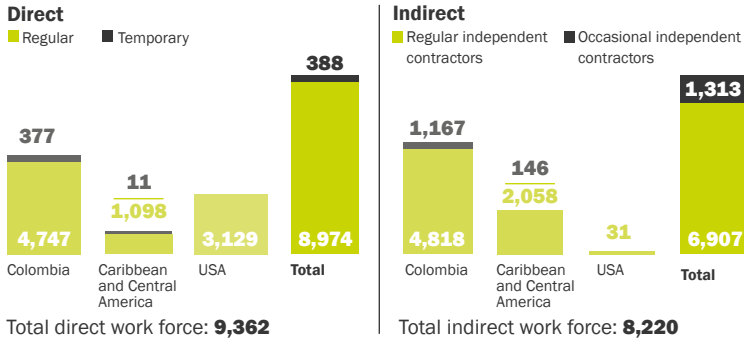
Our employees (G4-10)

Employees by position and gender (G4-9)

	Male Employees				Female Employees			
	Colombian Regional Division	Caribbean and Central American Regional Division	USA Regional Division	Total	Colombian Regional Division	Caribbean and Central American Regional Division	USA Regional Division	Total
Operational level	3,225	614	2,148	5,987	269	88	109	466
Specialized level	576	221	649	1,446	450	99	84	633
Directive level	97	39	92	228	54	23	6	83
Management level	53	13	38	104	14	1	2	17
Executive level	8	0	1	9	1	0	0	1
Total	3,959	887	2,928	7,774	788	211	201	1,200

Total male and female employees (direct regular work force) **8,974**

Employees by type of contract and region (G4-9)

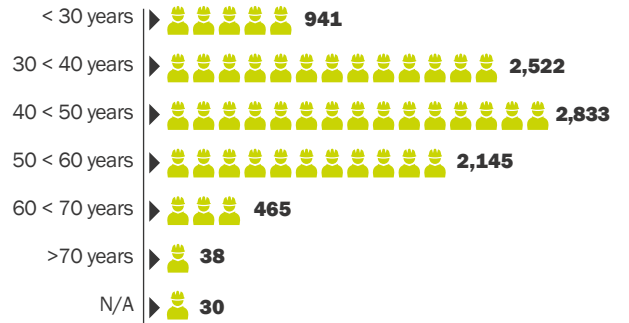


Total direct work force: **9,362**

Total indirect work force: **8,220**

Total (direct and indirect workforce): **17,582**

Employees by age group



Total (direct regular work force): **8,974**

Diversity



Employees in Honduras

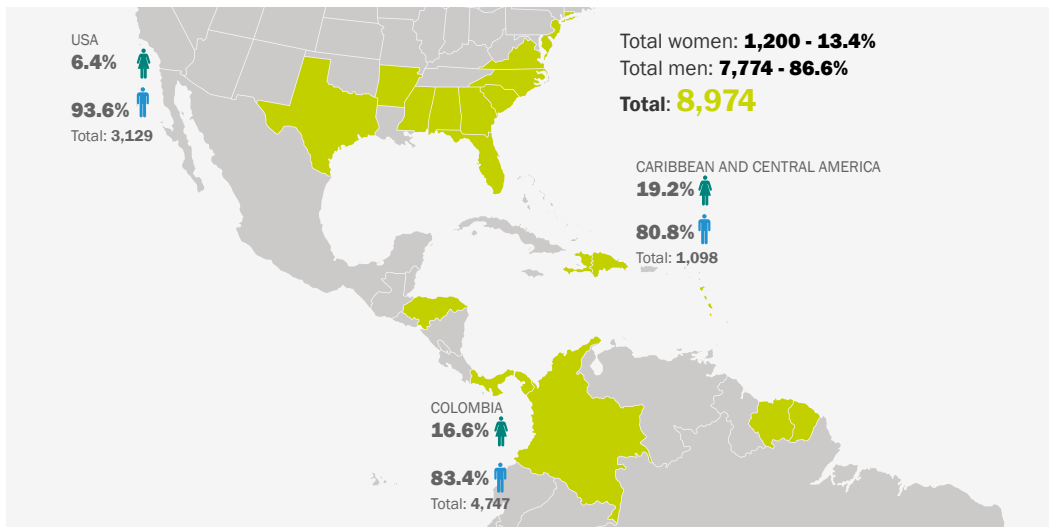
Countries



Cementos Argos respects, promotes and values diversity, inclusion and equal opportunity principles in the work environment. We promote fair, equal and transparent treatment of all employees, acknowledging that diversity allows us to learn from our differences, creating sources of competitive advantage. Because of this, we continue to build a culture founded in Respect for People, Leadership and Transcending results.

Employees of diverse nationalities, genders, ages and abilities from our workplaces. These different characteristics complement us, adding value and reinforcing a sense of commitment, pride and belonging for our employees. Distinct perspectives improve the richness of analysis and decision-making and enhance the creativity and innovation that supports the sustainability of our company.

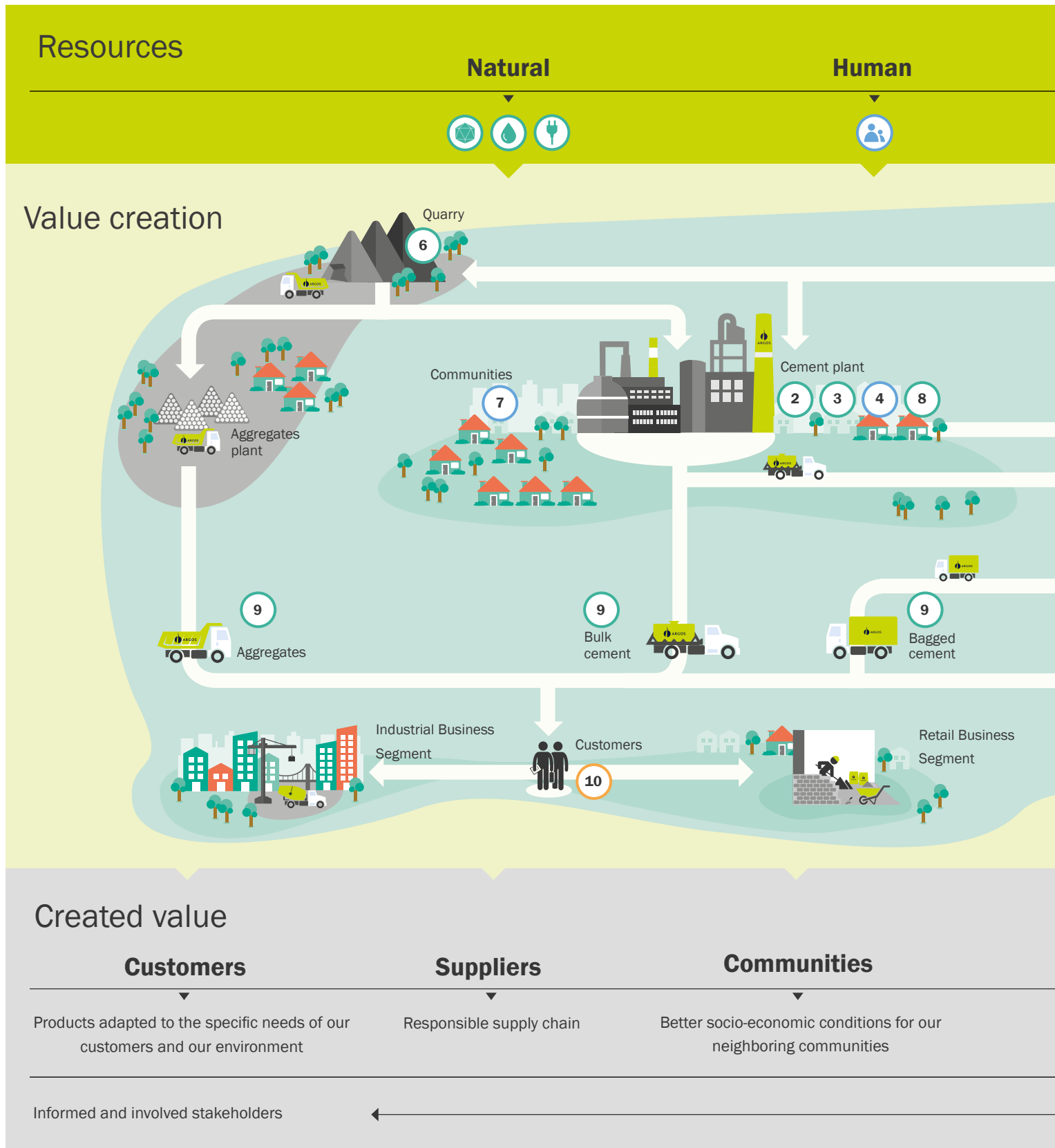
Distribution of the work force by regional division and gender



Associations we are member of (G4-16)



OUR ADDED VALUE



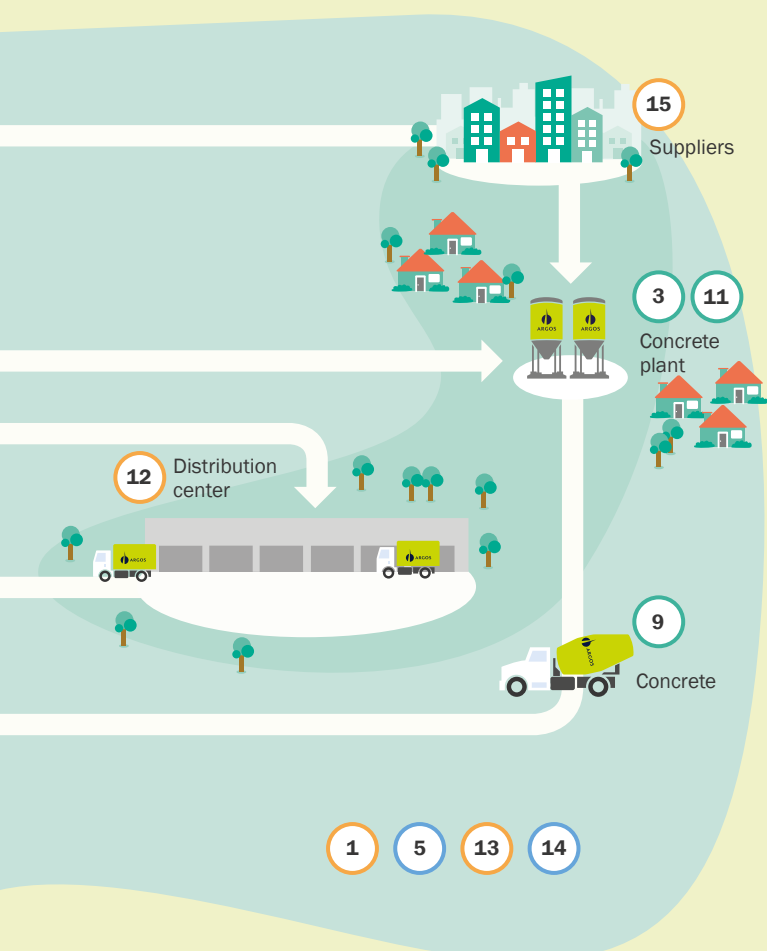
Social



Financial



Operational



How we create value

- 1 We innovate in our processes and products.
- 2 We reduce our CO₂ emissions.
- 3 We make efficient use of materials and replace non-renewable resources.
- 4 We reduce accident and illness indicators.
- 5 We respect and promote the human rights of our stakeholders.
- 6 We rehabilitate areas affected by mining or quarrying operations.
- 7 We maintain good relations with our neighboring communities and contribute to their local development.
- 8 We reduce our energy consumption.
- 9 We mitigate the impacts of our products and services.
- 10 We identify the needs of our customers and the market.
- 11 We reduce our water consumption.
- 12 We optimize our distribution logistics.
- 13 We take advantage of business opportunities.
- 14 We develop the skills of our human capital and provide an adequate work environment.
- 15 We develop the skills of our suppliers.

Authorities

Diligence that goes beyond applicable norms

Employees

Competent and proud employees

Shareholders

Guarantee of sustainable investment for our shareholders

Environment

Products with a smaller environmental impact throughout their lifecycle

→ Informed and involved stakeholders



5 MANAGEMENT REPORT



MANAGEMENT REPORT (G4-1) (G4-2)

Dear shareholders,

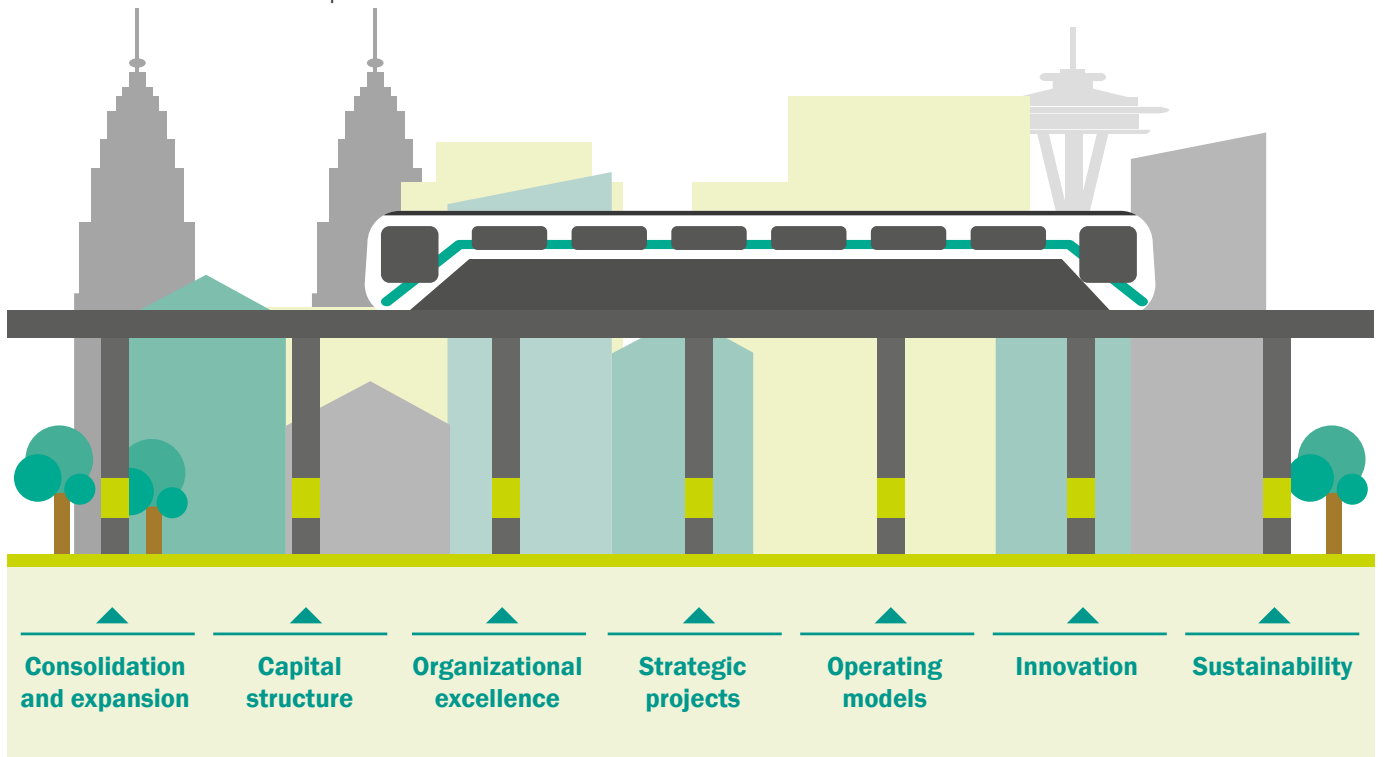
Over the last twelve months, we continued to work on our strategy and managed to start up important projects that have allowed us to perfect our own corporate culture. At Argos, we continue to be convinced of the fact that the collaborative work of a well-trained and highly motivated group of people is the key to continuous growth in a constantly evolving market.

Promoting relationships that are compatible with sustainable development has become a part of our purpose of economic profitability, seeking to achieve more ambitious objectives in terms of value creation in the communities in which we operate. Our customers, our employees, our shareholders, our suppliers and society in general, who all place their trust in Argos, motivate us on a daily basis to become a more solid company that creates value in the long term.

2014 was, once again, a year characterized by the expansion and growth of our activities, an evolution that is being based on the strength of the Company's business model, with ethics being the transversal axis and common value in each and every one of our actions, as well as the key aspect that allows us to use a comprehensive approach and strengthen ourselves as an organization.

We would like to invite you to discover our corporate philosophy and the way in which we see business, which are described in this Management Report. This Management Report is organized around the seven fundamental pillars that support our business model and the Argos culture, and provides a summary of the most noteworthy facts of 2014. These pillars are our guidelines towards compliance with our strategic priorities and towards the Company's success. They are an instrument that helps us organize ourselves and take actions in order to improve our competitive skills, by developing projects and taking initiatives that help us take advantage of new business opportunities, anticipate risks and, finally, differentiate ourselves from our competitors.

Evolution that is based on the strength of our business model, with ethics being the transversal axis and common value in each and every one of our actions.



Consolidation and expansion

The first of our pillars is the consolidation and expansion of our business. Thus, at Argos, we are transforming several acquired companies into a single one, with a single spirit and an integrated operating model, laying the foundation for continuous growth in the Organization's strategic region.

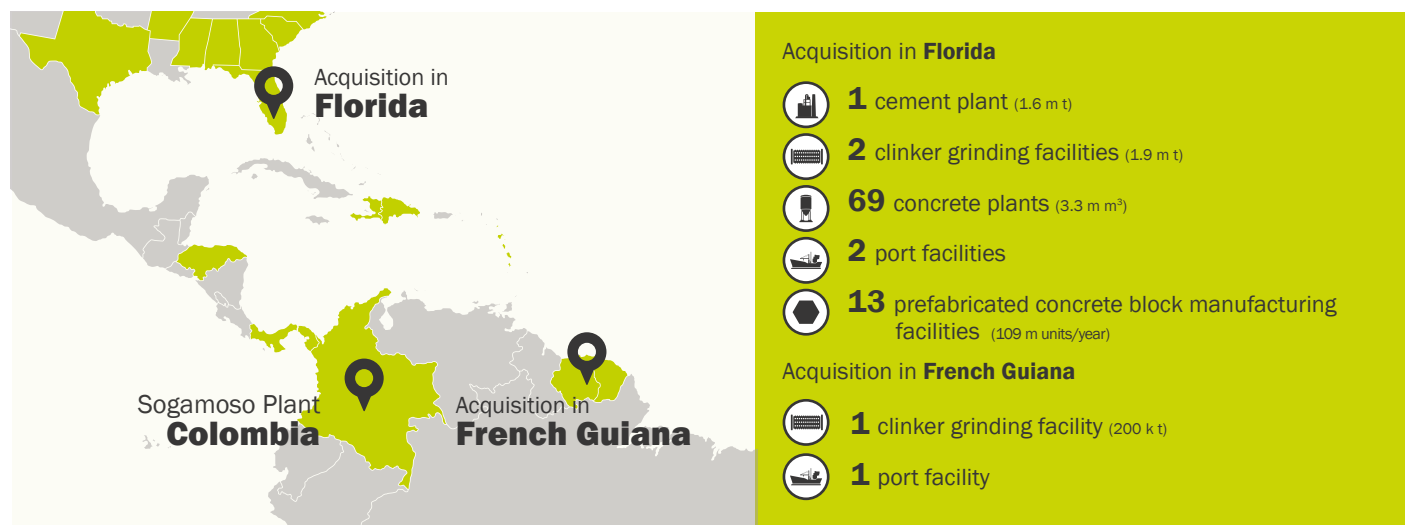
The most significant event in 2014 was the signing of an agreement with Vulcan Materials Company, in the amount of US \$720 million, for the acquisition of a series of assets in the state of Florida, USA, which included cement, concrete, port and concrete block manufacturing facilities. The special importance of this transaction lies in the fact that the United States is currently the cement market with the highest growth potential

worldwide, with Florida being the state with the third highest cement consumption in the country. Thanks to the agreement, we increased our annual installed cement capacity in the United States by 3.4 million metric tons (an increase of 107%) and that of concrete by 3.3 million cubic meters (an increase of 34%). The states in which Argos is now present represent about 34% of the U.S. market, with an estimate consumption of 29.5 million metric tons in 2014.

Furthermore, we signed an agreement with the multinational Lafarge to acquire, for the sum of 50 million euros, 100% of the shares of Ciments Guyanais, a company located in French Guiana that is the only local cement producer. The assets include a clinker

grinder with a capacity of 200,000 metric tons per year, as well as all the facilities necessary to ensure efficient maritime logistics, both in terms of processes and costs, in this French overseas territory that is favored by investments in the space industry.

Finally, the assets acquired in Honduras in December 2013 were successfully integrated into the Argos model during 2014. The adoption of good practices and their exchange between the operational center in this country and our other regions have been key to the creation of value and a successful transition, keeping on the local human resources and strengthening the Argos business model.



Capital structure

In order for the first pillar to remain stable, we have need of our second pillar: a balanced, efficient and flexible capital structure that safely accompanies and supports the Organization's growth process. Along these lines, we maintain an adequate balance between debt and equity.

At the closing of 2014, the total value of the Company's assets amounted to COP \$15.2 trillion (US \$6.34 billion), reflecting a positive variation of 30.4% when including the full consolidation of the total assets in French Guiana and Florida. Liabilities, on the other hand, totaled COP \$7.04 trillion (US \$2.94 billion). As for shareholders' equity, this reached COP \$8.1 trillion (US \$3.4 billion), which is 54% of our total assets.

Our level of debt continues to show an adequate balance between currencies, putting in place natural hedges between assets and liabilities denominated in the same currency. Also, the relation between debt denominated in US dollars and the EBITDA generated at our operations in the United States and Central America and the Caribbean, which mainly record their cash flows in this currency, provides a natural hedge for debt, which, thanks to positive perspectives of recovery in the U.S. market and the profitability of the operations in Central America and the Caribbean, is becoming more important every day.

Debt profile

Type of debt		Average annual cost	
83% long-term	17% short-term	44% 7.7 % AER COP	56% 3.0% AER USD

With the intention of ensuring an adequate debt profile in the long-term and of taking advantage of favorable market conditions in terms of liquidity in Colombia, we furthermore carried out a successful bond issuance, based on the solidity and financial discipline of our Organization. We obtained very favorable interest rates and raised COP \$600 billion, with demand reaching COP \$1.4 trillion, or 2.84 times the amount offered. These resources were used to replace some of the Company's liabilities, without increasing its total debt, thus maintaining a debt level that is reasonable for a company that is continuously growing, but improving its profile and spread over time.

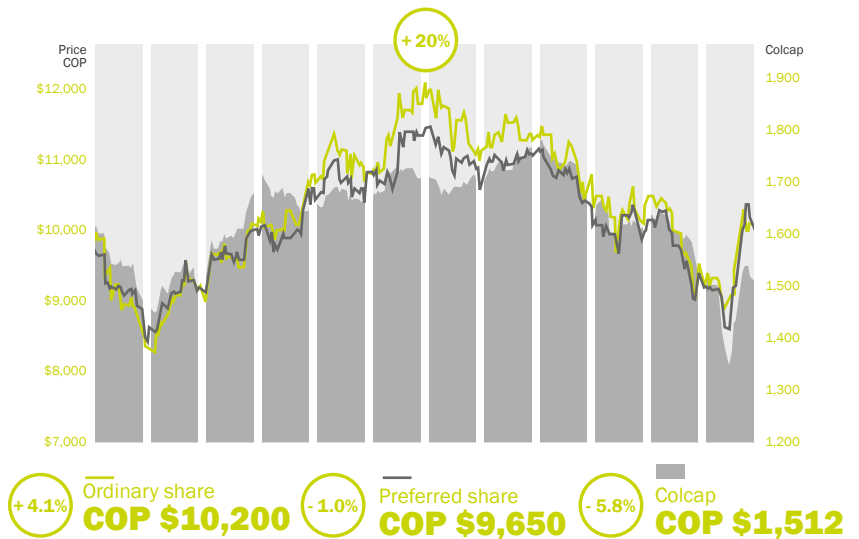
Debt coverage

-  Net debt / EBITDA + 12-month dividends: **3.79x**
- EBITDA / interest coverage: **5.92x**
- Net debt / equity: **50.65%**

Evolution of shares

2014 was a volatile year in the stock exchange, both on the local and the international level. This market trend was reflected in the behavior of the Company's shares, which had gone up close to 20% as of June. It should be noted that the Colcap Index for the same period was of only 6%.

Behavior of shares in 2014



In the second half of the year, expectations of changes in the U.S. currency policy, together with a steep drop in international oil prices (-46% YOY), lead to a strong devaluation of the Colombian peso compared to the U.S. dollar (24% YOY), which had a direct effect on the behavior of the currency and shares of the Colombian stock exchange (the Colcap Index fell by 17%).

For the year, shares on the Colombian stock exchange closed with a Colcap that presented a devaluation of 5.8%. Despite this fact, the shares of Cementos Argos showed better performance than the average of the country's stock exchange, ending the year with a variation of 4.1% YOY for its ordinary share and of -1% for its preferred share.



Employees at the Florida Plant, USA Regional Division





Economic growth

Argos' results in 2014 stand out thanks to record figures, both in terms of volumes sold and revenues and EBITDA, obtained as a result of the positive trends experienced in each of the markets in which we operate. On one hand, we managed to take full advantage of the latent recovery of the American market and, on the other hand, we were able to integrate the efficiencies of the operations in Honduras and French Guiana into the Caribbean and Central American Regional Division. This allowed us to record an increase of 8.4% in cement volumes (reaching 12.6 million metric tons) and of 18% in ready-mix concrete volumes (reaching 11 million cubic meters), for a total operating income of COP \$5.8 trillion, which was an increase of 17%.

Also, the Company's focus on its program of operational excellence allowed it to register an operating income of \$COP 673.26 billion in 2014, along with a record EBITDA of more than COP \$1 trillion, reflecting an improvement of 8% compared to 2013.

At the end of the period, the Company managed to transform all of its efforts in net year income that grew 59%, amounting to COP \$291.82 billion.

The detailed results of our three operational regions are presented below.

	 Revenues in trillions of COP	 EBITDA in billions of COP	 Cement in millions of metric tons	 Concrete in millions of cubic meters
2013	\$4.97	\$0.98	11.59	9.37
2014	\$5.8	\$1.06	12.56	11.05
Variation	16.8%	8.4%	8.4%	18%




Argos' results of 2014 stand out thanks to record figures, both in terms of volumes and revenues and EBITDA.

COLOMBIAN REGIONAL DIVISION



The positive trend seen in the Colombian Regional Division throughout 2014 allowed us to see dispatched cement volumes grow above 5.5 million metric tons, the highest figure in the Company's history, with an increase of 3% compared to 2013. As for concrete

volumes, these reached 3.4 million cubic meters, an improvement of 1%, driven by the dynamic of the Industrial Business Segment, also reaching historic figures. Together, these volumes allowed us to obtain total revenues of COP \$2.4 trillion.

	 Revenues in trillions of COP	 Cement in millions of metric tons	 Concrete in millions of cubic meters
2013 ▶	\$2.55	5.39	3.42
2014 ▶	\$2.4	5.54	3.45
Variation ▶	- 6%	3%	1%



Concrete mixer trucks on the Gilberto Echeverri bridge, Medellín, Colombia

In 2014, we participated in more than 60% of the social housing projects in the country, and we maintained our presence in the infrastructure market, with large-scale projects such as the Ituango hydroelectric dam, the Bello residual water treatment plant and the Ruta del Sol road.

We are currently participating in 12 of the 16 “Corredores de la Prosperidad,” which are massive road construction projects, and in more than 45 other significant infrastructure projects.

As for 2015, we expect construction to continue playing a dominant role for the domestic economy and to act as a launching pad for a countercyclical policy, by compensating the effect of the drop in oil prices on public financing and by creating jobs. Some of the most noteworthy facts are the announcement of a new social

housing program that will be executed over the next four years, including more than 400,000 homes, and the positive progress made in ambitious fourth-generation (4G) infrastructure programs. We expect that, by the end of 2015, cement dispatching will pick up for the construction of infrastructure concessions of public-private partnerships and the 4G highways, which have made important progress in terms of their planning, tender process and allocation.

These market dynamics are aligned to our business model, which is based on segmented value proposals that allow us to understand our customers’ needs. In this context, in the Retail Business Segment, we have taken actions to supply more hardware stores and commercial establishments throughout the national territory, and we currently have more than 8,500 customers of different sizes. We mobilized close to 21

million metric tons of materials, counting finished products and raw materials, reaching 880 municipalities thanks to our 1,870 vehicles and 37 distribution centers. The magnitude and coverage of our operations give us a significant competitive advantage.

These efforts to understand and satisfy our customers' needs are reflected in the results of the top-of-mind awareness survey we conducted with the general public, in which we obtained a score of 67 points, along with a customer satisfaction level of 86.5% in the Retail Business Segment, which clearly shows that customers recognize Argos as the most significant brand in the cement market, backed by a credible value promise.

As for the Industrial Business Segment, we invested US \$25 million in the concrete business, building six new concrete plants, improving existing plants and acquiring 100 new mixers. For our aggregates operations, we acquired new mining titles and plots, and we consolidated ourselves as the largest producer and buyer of

aggregates in the country, with a volume of 6.25 million metric tons. Currently, we have 66 concrete plants with a joint installed capacity of 3.9 million cubic meters, 680 mixers and 85 pump trucks, turning us into the main concrete manufacturer in the country.

Innovation was also one of the lead actors in the Colombian Regional Division: we installed GPS technology on our entire mixer fleet operating in urban areas, and we developed a web page where customers can consult the state of their orders in real time; we launched a new presentation for grey and white cement, of 1 kg, through which we can reach the remodeling and repairs segment through traditional and alternative channels, with sales that have already risen above 1 million units; and, finally, among many other innovations, we launched colored concrete and permeable concrete. 6% of sales in this region now stem from channels such as local financial services companies and online sales platforms, which will continue to gain importance.



Sogamoso Plant, Colombian Regional Division



1 kg bags of white and grey cement

CARIBBEAN AND CENTRAL AMERICAN REGIONAL DIVISION






The geographic scope and individual dynamics of the markets that make up our Caribbean and Central American Regional Division contribute largely to Argos' growth potential. Given this fact, in 2014, we continued to execute the growth and expansion plan of the cement, concrete and aggregates businesses.

One of the most significant aspects of this plan was materialized with the incorporation of the assets that were acquired in Honduras and the acquisition of new assets in French Guiana. Both operations were integrated successfully into Argos' operating model. To this effect, many different aspects had to be taken

into account, such as cultural diversity, language and religion, as well as the adoption of their best practices in our existing corporate management model.

Sales of grey cement showed an increase of 21% compared to 2013, reaching 2.97 million metric tons, a figure that does not include sales from export, which totaled 1.25 million metric tons. Revenues in dollars went up by 26%, amounting to US \$452 million, which together with sales from export, concrete and aggregates totaled US \$543 million. The EBITDA grew by about 60%, reaching US \$165 million.

	 Revenues Millions of USD	 Cement Millions of metric tons	 Concrete Thousands of cubic meters
2013	\$448	2.45	540
2014	\$543	2.97	516
Variation	21%	21%	- 4%

Just as in the other regions, in the Caribbean and Central America, we expanded our product portfolio, with **11%** of the sales volume (US \$64 million) coming from new products.

We would like to highlight the following aspects of our main markets:

- In Panama, economic growth was up 6% for the year, thanks, in part, to the dynamism of the construction sector. In this context, we were able to grow in the cement, concrete and aggregates markets, with sales totaling US \$234 million, and we made progress in terms of our program of operational efficiency. The trend in construction of housing, roads, and airport and public transportation infrastructure continued to be very positive, a fact that was even more significant given the decrease in volumes dispatched to the Panama Canal expansion project, which is nearing completion.
- In Honduras, there were tax reforms that seek to prepare the country economically and institutionally for future growth. As a result of this, important construction projects were launched in the energy and infrastructure sectors. Our operation made good progress, maintaining a significant and profitable presence in the market with total revenues of US \$112 million. Certain good practices are worth highlighting, such as the levels reached in terms of the replacement of fossil fuels by alternative fuels (21%) and the strong culture in terms of safety that is present at these operations.
- In the Dominican Republic, as a result of the investments being made in educational infrastructure, through a program reaching more than 1,000 schools, and of the boost in social housing construction, the country's economy grew 7% in 2014. The trends in the construction sector also showed a favorable behavior and led to an increase of sales volumes of 20% in cement and of 39% in concrete. We were able to expand our concrete business in the country by assembling a second production plant to supply the Santo Domingo market.
- Suriname and French Guiana contributed a total of 119,000 metric tons of cement to the region's volume. These countries have established themselves as the center of a cluster of operations of Argos in the Eastern Caribbean for the commercialization and grinding of cement, thus supporting the operations of terminals and markets such as Saint Martin, Antigua, Martinique and Saint Lucia. Besides the successful adoption of the Argos model at the operations in French Guiana, we would also like to highlight the start-up of concrete operations in Suriname and the obtaining of licenses for the exploitation of aggregates in this country.

Just as in the other regions, in the Caribbean and Central America, we expanded our product portfolio, with the incorporation of masonry cement in Panama, structural cement in Haiti, cement in 21 kg bags in the Antilles, and value-added colored and high-end concrete in several of the regional division's countries. In this region, 11% of the sales volume (US \$64 million) came from these new products.

We also made progress in terms of customer service standards in all of our markets, elevating the customer satisfaction level above 86% (according to the annual Ipsos survey). We managed to improve Argos' brand awareness and recognition levels, which, for example, reached close to 60% in Panama, and in the majority of the countries of this region, we are now currently and successfully using the Argos brand.



Concrete plant in Panama, Caribbean and Central American Regional Division

USA REGIONAL DIVISION



As for the United States, in 2014, the country's economy started showing signs of recovery and its gross domestic product (GDP) grew significantly thanks to higher consumption of homes and an increase in business activity. The unemployment rate was reduced to 5.6%; the consumer confidence index showed a positive behavior, growing to 92.6 points; and there were clear indications of recovery in residential construction.

As we mentioned before, the main strategic operation in this regional division was the acquisition of cement, concrete and prefabricated concrete block assets in the state of Florida. This purchase included a state-of-the-art cement plant, two clinker grinding facilities (with an estimated joint capacity of 3.4 million metric tons), two maritime ports, 69 concrete plants, 372 concrete mixer trucks and 13 prefabricated concrete block plants (with a joint capacity of 109 million units per year). This operation complements our presence in the southeast United States and consolidates us as market leaders in this region. Furthermore, the operational and administrative integration, together with the extensive network of railroad infrastructure and land and maritime terminals, has significantly improved the Company's competitive position and the potential of its export and import operations.




The Portland Cement Association (PCA) estimates that the average increase in cement consumption in the United States was about 8.2% in 2014, with regard to 2013, while that of the states in which Argos is present was estimated at 12.2%. It should be noted that our sales showed increases of 57% in cement and of 31% in concrete, which was a result of organic growth and the integration of new assets.

From an operational point of view, we started working on two concrete plants for the market of the metropolitan area of Miami, Florida; we acquired 223 concrete mixer trucks, which include 40 units that operate on compressed natural gas (CNG); we made progress in the expansion project of the mill of the Harleyville Plant (in South Carolina), with a nominal capacity of 1.5 million metric tons; we continued to invest in cement plants in order to comply with new environmental regulations (NESHAP and CISWI); and we centralized our administrative offices in Alpharetta, Georgia.

With regard to logistics, it is worth highlighting that we were able to supply 73% of the cement required by our concrete operations in the southeast of the country from our own sources. Furthermore, we started supplying cement to the operation in Little Rock, Arkansas, by means of a recently installed terminal; we restarted importing cement for the market of Houston, Texas, in order to make our concrete operation self-sufficient; and we exported cement to countries in the Caribbean and Central America from our new terminal in Tampa, Florida.

We supplied 73% of the cement required by our concrete operations in the southeast of the country from our own sources.

Cement consumption in the United States went up by an average of 8.2% compared to 2013, but in the states in which Argos is present, the increase was of 12.2%.

	 Revenues Billions of USD	 Cement Millions of metric tons	 Concrete Millions of cubic meters
2013 ▶	\$0.748	1.78	5.41
2014 ▶	\$1.09	2.8	7.08
Variation ▶	46%	57%	31%

As for results, in the United States, Argos accumulated an EBITDA of US \$68 million, a figure that was 4.8 times higher than the US \$14 million obtained in 2013. This growth stems from the recovery of the market, the increase in sales, the launch of a plan for operational efficiency and the integration of the new assets in Florida.

For 2015, the Portland Cement Association forecasts a sustained growth of 8% in cement consumption across the country and of 20% in home construction (with an estimated 1.2 million new homes to be built). At Argos, we are taking on this challenge with presence in nine states, with three cement plants and three clinker grinding facilities (with an estimated capacity of 6.5 million metric tons), 12 cement terminals that include six maritime ports, 840 freight wagons for transporting cement, 310 concrete plants, 1,889 concrete mixer trucks, 13 prefabricated concrete block manufacturing plants and over 3,100 employees.

Other important achievements of the year were, among others, the introduction of colored masonry products in Florida, the growth of 22% registered in value-added specialty products (VASP) and the contracts we won for some large-scale and high-end projects, such as the new Falcons and Braves stadiums, both in Atlanta, Georgia.



Newberry Plant, Florida, USA Regional Division

The contracts won for large-scale and high-end projects, such as the Falcons and Braves stadiums in Atlanta, Georgia, were one of the year's most noteworthy achievements.

Organizational excellence

Organizational excellence, as the third of Argos' seven pillars, helps us be a company that is demanding with regard to the way in which we operate in all of our markets. We are present in regions with attractive cement markets, and we are aware of the fact that this represents a highly competitive environment. Therefore, our biggest challenge is to be a company with outstanding standardized practices and with a unique way of being and doing things that truly identifies us. This is why we work tirelessly on improving the way in which our cement and concrete plants operate, as well as on our logistics, both land and maritime.

It is very rewarding to see that we were able to obtain improvements in integrated production costs in the three regions in which we operate, with a unit decrease of 1.7% in Colombia, 3% in the Caribbean and Central America, and 4.6% in the USA. The better use of fuel, the optimization of our logistic network, the standardization of maintenance procedures and the careful follow-up of our operations made it possible for us to obtain these results.

Improvements in integrated production costs:

- **1.7%** Colombia
- **3%** Caribbean and Central America
- **4.6%** USA

Use of alternative resources

In terms of co-processing (the replacement of traditional fossil fuels by other sources of energy in the clinkerization process), in 2014, we achieved higher fuel replacement percentages, mainly thanks to the continuation of co-processing in the USA Regional Division and in Honduras and to the strengthening of projects in Colombia, with one of the most noteworthy ones being the completion of a system to introduce alternative fuels into Kiln 2 of the Rioclaro Plant. The system, which is currently being tested, is designed to introduce shredded tires into the kiln, with a maximum replacement capacity of 20%, which would come down to approximately 20,000 metric tons per year.



Use of alternative fuels at the Rioclaro Plant, Colombian Regional Division

Excellence towards our people

Argos' most important driver is its people, and this is why we go to great lengths to attract, retain and develop the best possible talent, offering adequate resources and a work environment that stimulates personal and professional development. Given this philosophy, in 2014, we carried out some changes in our organizational structure, and the Vice Presidency of Human and Administrative Resources was renamed Vice Presidency of Talent and Organizational Architecture, with the intention of focusing its management on human talent and on the best way to organize it. This change will lead to the implementation of tools and practices that seek to transform us into true leaders, through training and the improvement of skills and our work environment, the retention of talent and the recognition of diversity, inclusion and the principles of equality in work opportunities.

A proper management of knowledge and training are fundamental bases to maintain corporate excellence. Along these lines, in 2014, we celebrated the first anniversary of Educa, our training model that has its own digital platform. We were able to offer 13% of all training (62,844 hours) through this virtual modality, providing access to its courses for more than 4,500 employees in Colombia, Panama, Honduras, the Dominican Republic and the United States. The digital platform makes it possible for the entire Organization to use its knowledge as a corporate asset and to train people in a coordinated way that

focuses on the Company's competitive needs. Throughout the year, 492,184 training hours were provided, which was an increase of 21.6% compared to the previous year, for an average of 54.8 hours per employee.

Also in 2014, a total of 36 employees benefitted from the program of academic sponsorship, for highly specialized training, thanks to full or partial scholarships given by the Company to obtain postgraduate and master's degrees and doctorates in Colombia, Australia, the United States, Spain and England. Besides the fact that it allows for the acquisition of knowledge, the program also implies the advanced development of skills, as well as the establishment of relations in intercultural and highly diverse contexts.

We also continued to implement intervention plans in order to improve our employees' job satisfaction, with the continuous improvement of our work environment. For the fourth consecutive year, we organized a survey on this work environment, which 75% of our employees took, registering significant improvements in its results. In Colombia, the work environment satisfaction indicator went up from 70.6 to 71.8, staying within the category of "Very satisfying."

Strategic projects

The fourth of the pillars on which Argos' solidity is built is the one that includes its strategic projects, which, in 2014, stood out because of the amount invested in them and the magnitude of their effect on the operations where they are located. In total, the Organization invested close to US \$152 million in the form of strategic and expansion capex

throughout 2014, and US \$128 million as capex to maintain its operations in the best possible competitive conditions.

With the objective of being more competitive, we did not only improve in terms of costs, but also with regard to the product portfolio we offer and our capacity to best meet

our customers' needs. In order to do this, we developed four projects of competitive reconversion, whose combined strength will allow us to capitalize on these aspects and respond to the current and future demand of the market in a more efficient way.

The new Cartagena Distribution Center. In the second quarter of 2014, this new distribution center began operations. It is located within the Cartagena Plant itself, and it has an automated dispatching capacity of 1.3 million metric tons of bagged cement and 1 million metric tons of cement in bulk per year. Its construction required an investment of US \$30.4 million. This facility gives us a significant operational edge compared to local competitors and a stronger position with regard to importers, as it allows us to service the northern market of Colombia more efficiently, backed by all of the potentiality and efficiency of the Organization's most modern plant.

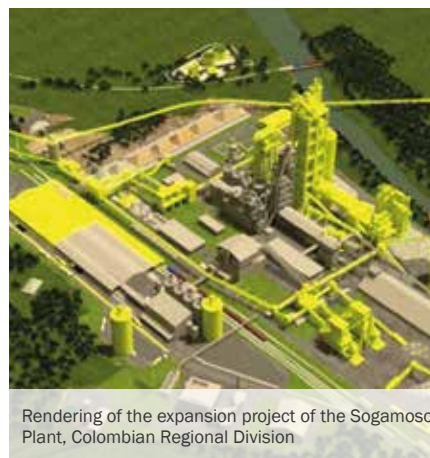
The Rioclaro expansion project. This plant allows us to efficiently service the interior of the country, which represents about 70% of the demand for cement in Colombia. In March 2014, we inaugurated the new packaging and dispatching system, with a capacity of 1 million metric tons of bagged cement per year. It is estimated that, in the first quarter of 2015, the expansion of the production capacity of kiln 1 of this same plant will be activated and during the second quarter of the year, the installation of the vertical mill will be completed in order to be able to increase cement production, allowing us to minimize energy consumption, reach new logistic destinations more efficiently and produce a greater variety of products. These operations were all designed and built in compliance with the highest environmental standards.

The structural expansion of the Sogamoso Plant. In 2014, the construction of a new dry process production line at the Sogamoso Plant was approved, for a total investment of US \$450 million. The addition of the new kilns will allow for production to go up to 2.3 million metric tons of cement per year. The project will transform the plant into the most efficient one in terms of costs in Colombia, and it will make us the market leader in terms of installed capacity in the country's central region, an area where the most positive growth perspectives of the market for the coming years are concentrated, including close to 60% of the fourth-generation road construction projects. The plant is located on the high plateau of the Departments of Cundinamarca and Boyacá, a region abundant in raw materials and fuels with low costs, and its potential access to railroad transport towards Bogotá will make it into a highly competitive facility there, in the largest market of the country.

The vertical mill at the Harleyville Plant. In 2014, we also continued work on the construction of the vertical mill in Harleyville (South Carolina, USA), which will be operational in the first quarter of 2015. The new facility, that has one of the cement mills with the highest installed capacity in the American continent, will boost our capacity at this plant by 1.5 million metric tons of cement per year. This project will allow us to develop the additional productive capacity necessary to supply a market with positive growth expectations.



Cartagena Distribution Center, Colombian Regional Division



Rendering of the expansion project of the Sogamoso Plant, Colombian Regional Division

Operating models

Our Company's fifth pillar is the one related to operating models. Companies, like any dynamic social organization, must evolve and adapt to new challenges and realities of their competitive environment. Thus, 2014 was a year marked by a change in organizational structure aimed at preparing it for the new challenges and realities of our business, by bringing the centers of decision closer to our customers and making it possible to group functional departments that create synergies, standardize processes and focus their work on fields of corporate interest.

We would like to highlight the creation of the Vice Presidency of Sustainability, whose objective it is to lead and take actions and create policies regarding industrial health and safety, environmental aspects, the Company's relations with its neighboring communities and a culture that is aimed at sustainable development. This Vice Presidency penetrates all of the Company's departments with its policy and actions.

The structural change is also marked by the creation of a Shared Services Center, through which we seek to maximize scale economies, efficiencies in knowledge and the standardization of transactional processes, with the intention of managing them in the same way across all of the regions in which we operate.

As has been mentioned before, we also redefined the role of the Vice Presidency of Talent and Organizational Architecture, in order to focus its attention on the management and development of human talent in all the countries where we operate.

Finally, in Colombia, we concluded the implementation of a new technological platform running on SAP®, which gathers and automates the processes of the business that we have redefined and standardized in order to be implemented in all of our operations across the Company's regional divisions. This process will continue in 2015, with the integration of this platform in the majority of the businesses in the United States, the Caribbean, and Central America, thus unifying our processes in all of the regional divisions.

The objective of the recently created Vice Presidency of Sustainability is to lead and take actions and create policies regarding industrial health and safety, the environment, our relations with different communities and a culture that is aimed at sustainable development.

New Vice Presidency of Sustainability

To lead and take actions and create policies regarding



Occupational health and safety



The environment



A culture focused on sustainable development



Relations with different communities

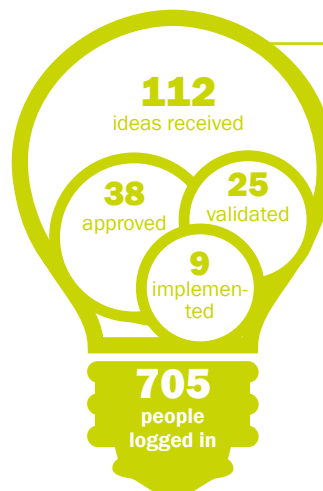
Innovation

Innovation is deeply rooted in Argos' strategy, being the sixth of our pillars. Aware of the fact that it is a necessary value towards competitiveness, we work on its continuous improvement by developing different projects. A brief summary of the most noteworthy events of 2014 can be found below.

Ideaxion: a platform aimed at systematizing the gathering of innovative ideas

With our Ideaxion platform, we dispose of a tool that can centralize innovative ideas that are born within the Company in a single place. In 2014, we picked up a significant number of initiatives and participation overall was much improved.

Participation on the Ideaxion platform



10.71%
of total revenues
stemming from innovation

US \$508,700
approved to be invested in
the validation of ideas



Creation of the Argos Innovation Center

In 2014, we started building the first innovation center in Colombia: the Argos Innovation Center. The building is being erected on the campus of EAFIT university, in Medellín. The purpose of this center will be to stimulate the Company's research and development (R&D) culture, mainly for issues related to cement and concrete. It is worth highlighting that the design and the construction of the building integrate the criteria of sustainability of the Leadership in Energy and Environmental Design (LEED) certification. With an investment of US \$10.2 million, the center will constitute an invitation to improve the interconnectivity between academics, the business world and society in general, in order to stimulate the development of new processes and products, keeping its doors open for other Colombian regions and the countries in which Argos has operations as well.



Argos Innovation Center, Medellín, Colombia

Development of value-added products

Another area we focus our work on in innovation is the development of value-added products. The idea is to offer each market products that are based on its needs (customized products), starting with the transfer of know-how and technology between our different regional divisions. Currently, we have a total of 20 value-added products: seven in the USA, eight in Colombia and five in the Caribbean and Central America. Just a few examples of these are colored concrete, permeable concrete, high-resistance concrete, TopGreen® and Prime Green. The revenues stemming from these products with a certain degree of innovation represent more than 9% of Argos' total income.



Colored concrete

Research and development group accredited by Colciencias

It is worth highlighting that Argos' R&D group was recognized in 2014, as one of the best research groups in the country, with a C classification of Colciencias (the Administrative Department of Science, Technology and Innovation of the Government of Colombia).

This distinction allows us to access resources to finance research projects directly, without intermediaries.

Our R&D group was recognized as one of the best research groups in Colombia.



Research group accredited by Colciencias, Colombian Regional Division



Rendering of the Argos Innovation Center, Medellín, Colombia



Permeable concrete



Robot, Harleyville Plant, USA Regional Division

Sustainability

At Argos, we understand that the only way to ensure our future existence is through the search for new ways of contributing to the society in which we live. This is why the seventh and last pillar of our Organization is sustainability.

We believe that our responsibility as a private company goes beyond creating profitability. We want growth and expansion to happen in a way that is responsible toward the environment, which is why we not only set objectives regarding the increase of the production and sale of cement and concrete, but we also establish environmental, social and economic goals, which, together, are aimed at building a better quality of life for everyone and at ensuring Argos' true sustainability.

In this context, it is important to highlight that, in 2014, we were recognized for the second consecutive year as a member of the Dow Jones Sustainability Index, both in the World Index and in the Emerging Markets Index. Our performance improved remarkably compared to last year, thus managing to classify in the World Index as one of the three most sustainable cement companies worldwide. Also, we received the Silver Class distinction from RobecoSAM, the private entity that independently classifies the companies included in the Dow Jones Sustainability Index, which it recognizes in its Sustainability Yearbook along with its goods practices in the economic, environmental and social dimensions.

Our management in terms of sustainability has also been validated thanks to other additional recognitions we received in 2014. Among these was the Latin American Corporate Social Responsibility Award for the period 2014-2016, which was given to us by the Inter-American Federation of the Construction Industry (IAFCI) and the Development Bank of Latin America.

Thus, the fact that we were once again included in the Dow Jones Sustainability Index and that we received the aforementioned recognitions encourages us to continue searching for good practices in the three dimensions of sustainability: environmental, social and economic. Below, we will provide a summary of certain aspects that stood out in each of these dimensions, which are also developed in more detail in the rest of the Integrated Report.

In 2014, we were included for the second consecutive year in the Dow Jones Sustainability Index.

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

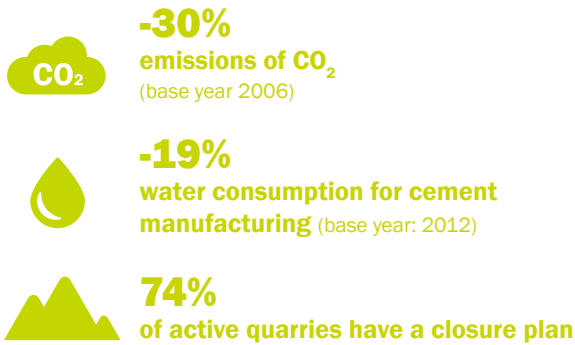


Protected area, Panama Plant, Caribbean and Central American Regional Division

Environmental dimension

At Argos, we turn our commitment towards the environment into actions by taking several initiatives at our operations aimed at preventing, mitigating, correcting and compensating the impacts that, with regard to this aspect, are the result of our activities. In this context, we have already made significant progress, and we have set further ambitious goals up to 2025, framed in our Environmental Policy.

In 2014, we reduced our CO₂ emissions per metric ton of cementitious material by 30% (in comparison to base year 2006) and water consumption for the manufacturing of cement by 19% (compared to base year 2012). Seventy-four percent of our active quarries now also have established closure plans. Finally, we offered intensive training on environmental topics in order to highlight the importance of taking care of the environment, turning it into a key milestone to guide the Organization on its path towards sustainability.



Biodiversity at the Panama Plant, Caribbean and Central American Regional Division

Social dimension

In the social dimension, one of the most noteworthy initiatives is the “I Promise” project, for which we worked together with DuPont, a leading company in the field of industrial safety. The objective of the project is to reduce both accident frequency and severity rates by working as a more robust organization that is capable of efficiently and sustainably implementing the management system defined to this effect.



“I Promise” project, Honduras

Economic dimension

For the dimension of economic aspects and corporate governance, we would like to highlight our participation in “Call to Action: Anti-Corruption and the Global Development Agenda.” This is an initiative promoted by several international organizations, among which we can find the Global Compact, through which the private sector appeals to governments of all countries to adopt measures to fight corruption and implement policies of good governance that seek to ensure a more sustainable and inclusive global economy.



Concrete mixer trucks, Florida, USA

Legal affairs

As for legal affairs, we would like to report that in 2014, no significant transactions were carried out with members or administrators. The details regarding the transactions carried out with related parties are shown in Notes 24 and 27 to the individual and consolidated financial statements, respectively.

The special report to which Article 29 of Law Ley 222 of 1995 refers can be found on the USB flash drive that was delivered together with this report.

The summary of the transactions to which Numeral 3 of Article 446 of the Code of Commerce refers can be found in the flyer, and the details of each of these transactions can also be found on the USB flash drive

that was delivered together with this report or on the Company's investors' web page, <http://www.argos.co/ir>.

It is worth highlighting that this document was part of the information that was made available to shareholders during the period established by law to exercise their inspection right.

The Company has strictly complied with all regulations regarding intellectual property and copyright, for which it has designed and respected policies and controls necessary to ensure said compliance, and records that can show their application were also kept.

Furthermore, it should be noted that the Company did not impede the free circulation

of invoices emitted by sales representatives or suppliers. The effectiveness of the controls established by the Company was also checked, with the existing systems for the disclosure and control of financial information receiving a satisfactory assessment, reaching the conclusion that they function adequately.

All judicial and administrative processes and, in general, the judicial situation of the Company have had a normal behavior, without any significant rulings or events occurring.

In conclusion

We would like to express our gratitude to the Company's shareholders, for their permanent support; to all of our employees, for their efforts to help us build a sustainable and prosperous organization; and to our suppliers and customers, for their confidence and loyalty. We are aware of the many challenges that await us, but the experience that we have accumulated over more than 70 years will allow us to face them with conviction and responsibility, in search of success. We will continue to progress thanks to our solid foundations, based on a clear strategy, which is applied consistently, guided by a culture that is rooted in transparency: the Argos culture.



6 SUSTAINABILITY, MATERIALITY AND RISKS

Sustainability strategy 33

Materiality analysis 38

Risk management 41



SUSTAINABILITY STRATEGY

At Argos, we want growth and expansion to happen in a way that is responsible towards the environment, which is why sustainability is one of our seven strategic priorities. In 2014, we strengthened this strategy with the creation of the Vice Presidency of Sustainability. This new Vice Presidency includes four departments: the Environmental Management Department, the Occupational Health and Safety Management Department, the Director of Community Relations and the Director of Sustainability. However, through its policy and strategy, it is meant to penetrate each and every one of the Company's departments, whether they are design departments, specific business departments or service departments. Also, in the context of our sustainability strategy, we have established environmental, social and economic goals that seek to comply with promises that we have made to our stakeholders, which are a part of our Sustainability Policy.

SUSTAINABILITY POLICY

We strive to make our operations sustainable through a balance between the creation of profitability, social development and a decrease of our environmental impacts, taking good relations with our stakeholders and the principles of the Global Compact and of Good Governance as our reference framework.

Our value promises



Employees

To promote development, safety and wellbeing at work of our human capital, within an organizational culture with a global mentality that works on innovation, team work, self-management and environmental awareness.



Communities

To strive to maintain good neighborly relations with the communities located in the sphere of influence of our operations and to support local development.



Customers

To be the best possible commercial partner for our customers, by providing them with top-quality services and products that meet national and international standards and that are part of a production chain that is responsible towards society and the environment.



Shareholders

To be transparent in the management of information and seek to create the highest possible value for our shareholders.



Environment

To develop production activities in a responsible way, working on the decrease or compensation of our environmental impacts.



Suppliers and contractors

To build harmonious and equitable relations with suppliers and contractors, within a responsible production chain that seeks to implement the best practices in labor, social and environmental aspects.



Authorities

To abide by the law and maintain good relations with all of the different governmental entities.

Adherence to initiatives related to sustainability

(G4-15)



General

United Nations Global Compact



Cement Sustainability Initiative (CSI)



Environmental dimension

CEO Water Mandate



Social dimension

Business for Peace



Economic dimension

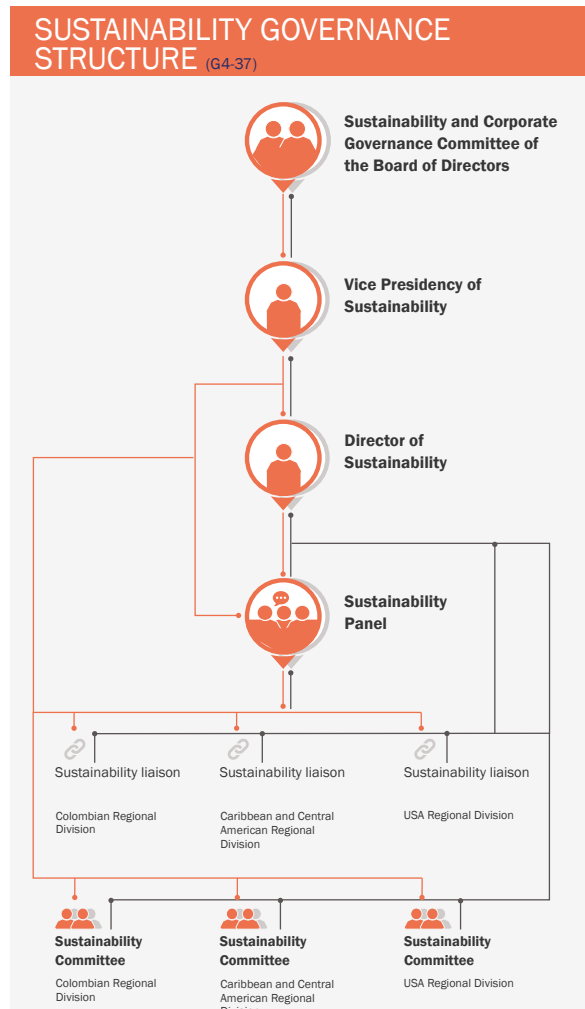
Call to Action: Anti-corruption and the Global Development Agenda



Sustainability governance

The Sustainability and Corporate Governance Committee of the Board of Directors has authority to guide and monitor practices regarding sustainability, among which we can find relations with stakeholders. In 2014, the usual channel used to communicate on significant topics regarding economic, environmental and social aspects to this top-level governing body was partially modified, due to the creation of the Vice Presidency of Sustainability. Thus, topics related to sustainability are now more directly represented in this Committee, which meets quarterly. The new Vice Presidency also plays an active role in proposing relevant issues that form the bases of the decision-making process within the Directive Committee, which is made up of nine Vice Presidents and the CEO. (G4-35, G4-36, G4-37)

For its part, the Director of Sustainability is in charge of designing, monitoring and assessing channels and maps for the building up of relations, stimulating a culture of sustainability in all of our stakeholders and promoting the adoption of good practices aimed at complying with our value promises. This is put into practice through the Sustainability Panel, as an interdisciplinary group that connects different corporate departments, and through the liaisons, who are in charge of leading a committee for each of the three regional divisions.



Our stakeholders

(G4-26) We are convinced that maintaining good relations with our stakeholders, besides being a pillar of our Sustainability Policy—a strategic priority of our business—is also a mechanism through which we can minimize the probability that any of the strategic risks materialize themselves. Thus, we believe that building up harmonious and equitable relations with these stakeholders gives us an opportunity to create strategic partnerships that can help us find solutions to common challenges. Furthermore, establishing communication channels is a key tool necessary to strengthen confidence between all parties and to be able to establish open and continuous dialogue that allows us to maintain a comprehensive vision of our business.

(G4-37) The objective of the process of consulting our stakeholders is to identify and manage impacts, risks and opportunities, and it is carried out through a wide variety of mechanisms aimed at building up these relationships. The Company's different departments and the members of the Sustainability Panel have been appointed as natural intermediaries to communicate with all of the stakeholders. They listen to their opinions by means of previously established regional and local channels. Also, at all of the operations, the Plant Managers and Sustainability Officers that work in the field manage the relations with local actors on a daily basis. The online version of the Integrated Report groups and provides an answer to the topics of interest that came up throughout the year through the mechanisms used by all of our representatives.

(G4-25) At Argos, we have defined our stakeholders in accordance with the five criteria suggested by the AA1000SES standard:

- **Dependence:** those who depend on our activities, products or services or those who we depend on in order to be able to continue with our operations.
- **Responsibility:** those whom we are actually or potentially responsible for in commercial, legal, operational or ethical terms.
- **Proximity:** those who need our immediate attention with regard to financial, economic, social or environmental issues.
- **Influence:** those who could impact our strategy or decision-making process.
- **Diversity of perspectives:** those who could help us better understand certain situations or help us identify new opportunities that would otherwise not get detected

Stakeholders (G4-24)



Customer of the Retail Business Segment, Colombian Regional Division

Table of relations with stakeholders (G4-26) (G4-27)



Culture of sustainability

We strongly believe in the importance of training and communication in order to strengthen a culture of sustainability in our employees and other stakeholders, which consists of adopting habits, decisions and attitudes that are responsible towards our surroundings. We dispose of a wide variety of strategies to promote said culture, which we designed specifically in accordance with each target stakeholders.

Every year, we organize Sustainability Week, which is an educational opportunity for our stakeholders, covering topics that fit into the social, economic and environmental dimensions. In 2014, fully aware of the importance of training in order to ensure compliance with human rights, we selected the latter as our main training topic for the Colombian Regional Division. In the Caribbean and Central American and USA Regional Divisions, we focused on clarifying the concept of sustainable development as a fundamental criterion for the taking of responsible business decisions.






In 2014, we trained 2,475 people on human rights and sustainable development, including employees, contractors, authorities and community leaders.



Employee of the USA Regional Division

Sustainability Week 2014

Number of attendees and training hours per regional division

Topic	Colombian Regional Division	Caribbean and Central American Regional Division	USA Regional Division	 Attendees	 Hours
	Human rights	Sustainability	Sustainability		
 Employees	1,199	396	114	1,709	4,032
 Community leaders and local authorities	540	N/A	N/A	540	1,080
 Contractors	226	N/A	N/A	226	425
Total	1,965	396	114	2,475	5,537



The development of abilities that stem from these educational activities allows us to enrich our dialogue with stakeholders. Every year, we organize the Sustainability Dialogues, an activity whose main objective it is to reflect together on the Company's management, in order to obtain a comprehensive and balanced vision of our actions that allows us to develop solid tools that can help us make the right decisions. In the context of this event, we provide attendees with a summary of our performance throughout the previous year and of our future plans, and they provide us with valuable feedback that allows us to perfect our materiality analysis and reporting process. (G4-26).

In 2014, 19% more people attended the Sustainability Dialogues.



Sustainability Dialogues 2014

Number of attendees per regional division

	Colombian Regional Division	Caribbean and Central American Regional Division	 Attendees
 Employees	1,107	412	1,519
 Suppliers and contractors	141	47	188
 Communities	166	90	256
 Customers	N/A	61	61
Total	1,414	610	2,024

We strengthened the mechanisms used to build up relations with our customers, organizing sessions of the Sustainability Dialogues in the Caribbean and Central American Regional Division with them for the first time.

Future perspective

- We will strengthen the Sustainability Panel and create regional committees, thus expanding its scope and making sure that all of our operations are aligned to the strategy.
- In 2015, we will elaborate a system with indicators to monitor the mechanisms we use to build up relations with our stakeholders.
- We will continue to organize and develop the Sustainability Dialogues, Sustainability Week, committees and other mechanisms used to build up relations at our new operations, with the intention of getting to know local actors and establishing relations that allow for a constructive dialogue on sustainable development.

MATERIALITY ANALYSIS

Material aspects are those that are relevant for the development of the Company's activities and that have an effect on the appreciation and decisions of both internal and external groups. They are identified through permanent dialogue with stakeholders and the implementation of follow-up actions on our strategy, our risks, current trends in the field of sustainability, and references from the sector. This analysis process is key to aligning the Company's strategic priorities with the needs and expectations of said groups and to manage the risks and opportunities that stem from our activity, in search of the continuous creation of value.

In 2013, we did an exercise to identify material aspects in terms of sustainability, in accordance with the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). The activity was carried out in three work stages, so that the choices on the contents for the report would include both our own vision and the opinions and expectations of our stakeholders. The aspects that were identified as material in 2013 were reviewed and updated for the elaboration of this report.

In 2014, we carried out a process aimed at reviewing and updating the material aspects that had been identified in 2013, with the intention of reflecting the context of sustainability and our value-added proposal. Taking into account the importance of supplier management in our business model, we modified its threshold with the intention of including it as a material aspect. The content and impacts for which it was included are described in chapter 9.4.3 of this report.

Furthermore, in chapter 9.4.2, we included the aspect of customer management, which was adopted as being material given the fact that, together with our suppliers, customers constitute the basis of the Company's business model. Before, this aspect was part of the management of environmental and social impacts of products; however, we decided to include it because we believe it is rather important to treat it separately.

As for the aspect of talent development, retention and attraction, we graphically corrected the materiality matrix, as an error had occurred in the design of the Integrated Report 2013. (G4-22) Therefore, both in that report and in this one, we published relevant information about our performance.

Finally, we decided to remove the aspect of relations with stakeholders from the list of relevant topics, as it is considered a minimum requirement according to the G4 GRI Guidelines.

The result of this process is the materiality matrix of strategic and relevant topics presented on the next page.

STAGES OF THE MATERIALITY ANALYSIS

(G4-18)

1. Identification

The identification of relevant aspects and issues starting from the analysis of internal documents, reporting initiatives and sector supplements, sustainability reports of companies that are leaders in the sector, and international measurements, such as the Dow Jones Sustainability Index (DJSI).

2. Prioritization

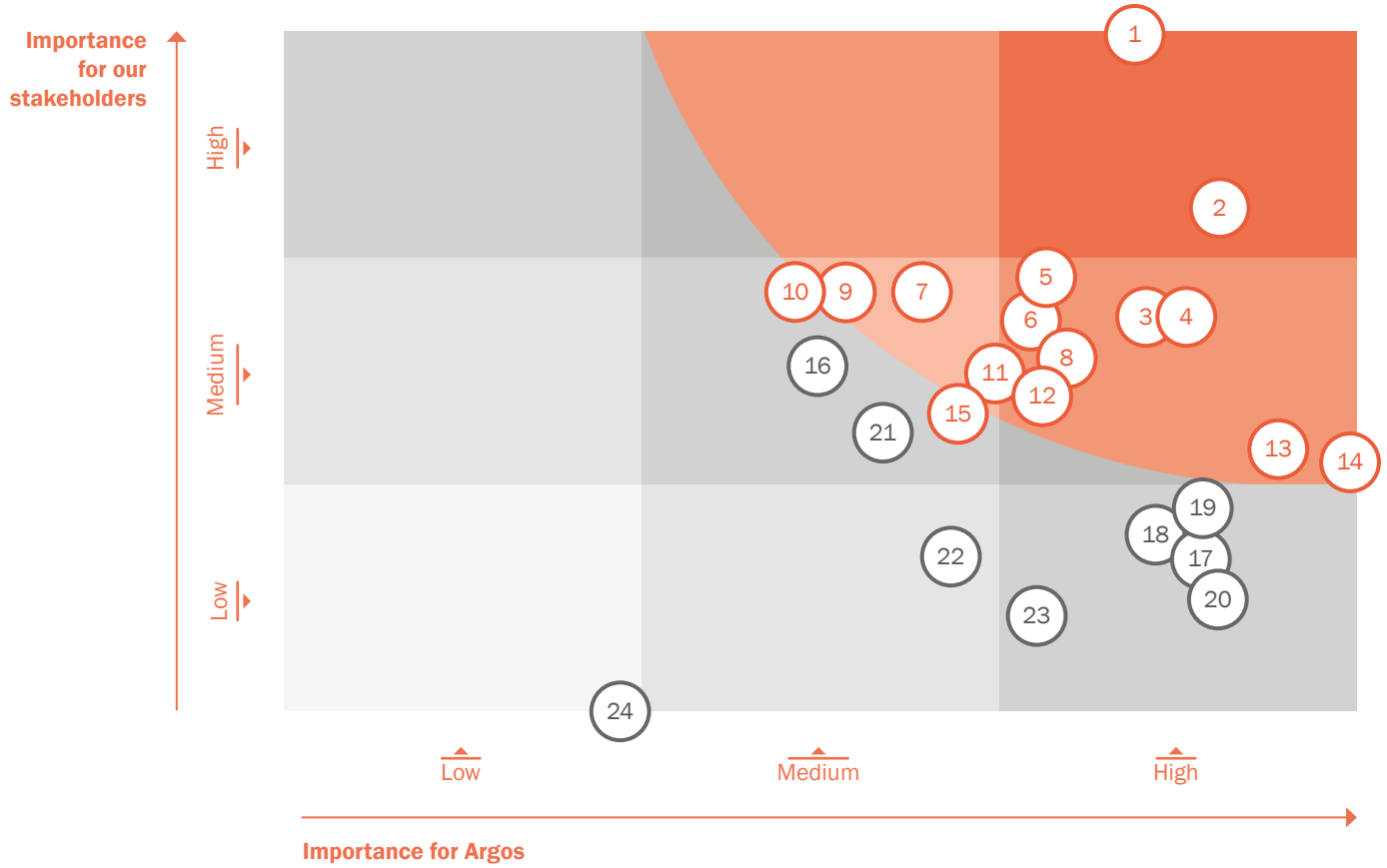
The prioritization of relevant topics based on the following criteria:

- Comparable references of companies that are leaders in the sector in accordance with the aspects and topics as updated for 2013.
- Alignment of identified aspects through dialogue with stakeholders.
- Press analysis carried out with aspects and topics as updated for 2013.
- Alignment of identified aspects to the principles of the Global Compact and the Cement Sustainability Initiative (CSI).
- Alignment of identified aspects to Argos' strategy.
- Alignment of identified aspects to the topics of the DJSI.
- Connection of aspects to the risks identified by Argos.

3. Validation

Approval of the list of material aspects with the participation of the Company's senior management.

Materiality matrix



Material aspects (G4-19)

- 1. Innovation
- 2. Climate change and emissions
- 3. Efficient use of materials and co-processing
- 4. Occupational health and safety
- 5. Human rights
- 6. Biodiversity
- 7. Corporate citizenship and community management
- 8. Energy
- 9. Management of environmental and social impacts of products and services

- 10. Customer management
- 11. Water-related risks
- 12. Transport
- 13. Economic performance
- 14. Talent development, retention and attraction
- 15. Supplier management

Non-material aspects

- 16. Internalization of environmental and social externalities
- 17. Ethics and transparency*
- 18. Competition*
- 19. Risk management*
- 20. Sustainability strategy*
- 21. Waste
- 22. Legal compliance
- 23. Communication and brand management
- 24. Data and information management

* Non-material aspects that were reported anyway

DESCRIPTION OF ARGOS' MATERIAL ASPECTS

1. Innovation

The development of activities aimed at improving processes, products and services, making it possible to grow, become more efficient and obtain a better market position.

2. Climate change and emissions

Actions aimed at reducing the impact of operations on climate change and the negative effects of climate change on our activities. Actions to decrease our impacts on the air quality of the areas in which we operate.

3. Efficient use of materials and co-processing

The reduction of pressure on the environment caused by the use of resources and the assessment of the impact of raw materials and auxiliary products throughout their life cycle.

4. Occupational health and safety

The management and administration of practices that ensure the safety, integrity and health of all our employees (employees and contractors), taking into account the current risks of the business and the positive impact on productivity and the decrease of labor costs.

5. Human rights

Behaviors that follow the principles of respect and promotion of human rights taken on by Argos towards all people that are affected by its operations (employees, suppliers, communities, customers, etc.).

6. Biodiversity

The protection of fauna and flora that are directly or indirectly affected by our operations. The development and launch of strategies to eliminate and mitigate impacts.

7. Corporate citizenship and community management

Behaviors focused on the promotion and improvement of the quality of life of the communities that live in or near areas in which Argos operates, based on the support of institutionalism that is developed together with local authorities and representatives and on the training and employment of staff of the areas of influence along the entire value chain.

8. Energy

The management and planning of the cost of energy, especially when related to the use of fossil fuels. The reduction of exposure to risks related to fossil fuels.

9. Management of environmental and social impacts of products and services

The management of the environmental and social impacts of products and services and their disclosure.

10. Customer management

The recognition and understanding of the customers' specific expectations and needs and the development of activities to meet them.

11. Water-related risks

The management of the amount of water that is extracted, as well as the quality and amount of water that is released, especially in areas with water shortage.

12. Transport

Policies and guidelines for transport, including topics such as safety requirements, emissions and training of staff.

13. Economic performance

The creation of sustained profitability and the generation of financial resources for our shareholders.

14. Talent development, retention and attraction

Work practices aimed at promoting professional development of employees in a decent work environment that takes into account their rights. Initiatives that make it possible to keep staff motivated and develop their skills, and attract new adequate personnel.

15. Supplier management

The strategy and management of the impacts that are created along the supply chain in the economic, social and environmental dimensions.

We also reviewed the coverage and limits of certain material aspects, based on the analysis that was carried out in 2013. Cement, concrete and aggregates are considered internal for Argos, whereas suppliers, customers and distributors are considered external. (G4-20, G4-21).

Coverage, limits and relation
of material aspects

(G4-20, G4-21)



RISK MANAGEMENT

Risk management at our Company is a fundamental tool in order to be able to operate with a reasonable degree of assurance towards the development of our strategy and operations. It is supported by the Integrated Risk Management System (IRMS), which is based on standards ISO 31000 and COSO Enterprise Risk Management, and coordinated by the GRC Governance, Risk and Compliance (GRC) model that we are currently developing.

The focus of the IRMS is on the identification of risks from a strategic perspective, which comes down to the management of the risks of processes, projects and facilities in all of our operations, as well as to corporate governance, sustainability and the continuity of operations. This focus allows us to align relevant aspects, such as environmental management, communities, safety, regulations, and financial aspects, among others, with a global management focus that supports the successful execution of our strategy.

We obtained the best score in the industry for the DJSI 2014 chapter “Risk and crisis management,” being praised for our good practices and models of operational management and sustainability, which are based on risks.

[Strategic risks and mitigation activities](#)



STRATEGIC RISKS (G4-2)

1. A decrease in market share and/or expected profitability, due to inefficiencies in the supply chain to meet demand.
2. The denial of, sanctions on or the loss of licenses, permits, certifications or concessions required for the operation, due to non-compliance with legal, mining or environmental parameters.
3. A negative effect on the safety of our employees, assets and facilities.
4. Environmental impacts caused by the effects of mining and industrial activities.
5. Changes in applicable regulations and standards.
6. A negative effect on the availability, integrity or confidentiality of information of the Company, its customers or its providers.
7. A highly negative effect on the Company's reputation with different stakeholders.
8. Sanctions and negative effects on our corporate image, stemming from investigations in the context of legislation on competition.
9. Interaction with communities in the areas of influence of the operations.
10. Market risks (competition, import, new players, substitutes and price).
11. Risks associated to global, regional and domestic geopolitical variables.
12. Risks associated with financial variables and management (liquidity, market, credit and exchange rate).
13. A negative effect on operations due to natural events.
14. Risks of fraud and/or inappropriate behavior of customers, suppliers, employees, members and/or third parties.
15. Risks associated with the supply, trustworthiness and variability of the costs of energy sources for operations and with their efficient use.
16. Human resources management that is not aligned to the objectives and needs of the business.

Risk governance

The governance framework of the IRMS includes four pillars that are fundamental for its sustainability:



[Risk governance](#)



Below, a more detailed description of each of these four pillars is provided:

- **The Risk Policy** establishes the behavioral elements and general framework, the expectations with regard to risk management, attributions, and the responsibility levels for the management and monitoring of risks, and it is complemented by the methodology established in the Integrated Risk Management Policy.
- **The definition of roles and responsibilities** for risk management considers the functions of the Board of Directors, its Audit and Finance Committee, the CEO, the Directive Committee, the Vice Presidencies, Process Owners, the Risk Management Department and the

Internal Audit Management Department with regard to risk management within the Company. (G4-45, G4-46)

- **The methodology of the IRMS** is focused on applying qualitative and semi-qualitative models, seeking to ensure that risk management is carried out in a standardized way across business units, so as to allow for the consolidation of corporate risks through the use of our own tools (Risk and Control Matrix and Control Dashboard), in which risks are registered, along with their assessment and management. This allows us to create specific risk-based models that constitute management tools for

specific and transversal aspects of the Organization, such as those related to the management of mining licenses, community relations and strategic project planning methodologies. Also, quantitative models associated with treasury risks are being developed.

- **The cultural element**, which is essential to reach the objectives of our Company's risk management model, is continuously strengthened through strategies of training, communication and involvement of employees from all different levels.

To achieve an adequate coordination and flow of information about the Organization's risks, the Process Owners, which are the CEO, the Vice Presidents and all of the Managers across the Company's various business units, were appointed as the people in charge of these risks. Also, Risk Managers were appointed in every Vice Presidency, with the objective of being able to count on specialized staff that supports risk management in processes and projects. They constitute a fundamental pillar for the communication of different business units with the Risk Management Department, which reports directly to the Audit and Finance Committee and which functionally depends on the CEO.

In 2014, we consolidated our Strategic Risk Control Dashboard, obtaining a global vision of the Company's risks, and we developed risk-based models, as management tools for our operations.

Future perspective

- In 2015, we will continue to strengthen our culture with regard to risk, above all in our more recently acquired operations, with the application and continuous improvement of risk-based models and the development of new models, according to the specific needs of the businesses.
- Furthermore, we will work on perfecting our assessment models for exposure to strategic risks, considering quantitative measurements and correlation schemes.



7 Corporate governance

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GOVERNANCE FRAMEWORK (G4-34) BOARD OF DIRECTORS

Corporate governance, seen as the series of norms and policies that regulate the structure of the governing bodies of Argos and the behavioral principles of its administrators, constitutes a true commitment towards the relations we maintain with our stakeholders, under the best standards of transparency, respect and equitable treatment of shareholders, employees, contractors and suppliers, communities and society in general.

Integrity, which is our inspiring principle, is reflected in all of the actions we carry out during our daily activities. Our Code of Good Governance contains the regulations of the General Assembly of Shareholders and the Board of Directors, and it adopts general measures with regard to governance and society, administrative practices, the behavior of our employees, and the truthful and fluent management of information. Shareholders have the right to inspect the Company's books and interact with it, beyond the minimum requirements established by Colombian law. The Code contains obligations that are stricter than the minimum ones foreseen in Colombian regulations, heeding the advice of Código País, the New York Stock Exchange (NYSE), the Companies Circle and the Dow Jones Sustainability Index, among others, thus ensuring the constant implementation of the best local and international practices in these fields.

		
<p>José Alberto Vélez Cadavid Grupo Argos S. A. CEO Not independent</p>	<p>Camilo José Abello Vives Grupo Argos S. A. Vice President of Corporate Affairs Not independent</p>	<p>Cecilia Rodríguez González Rubio Corporación Bioparque CEO Independent</p>
<p>Board Committee he/she is member of: Appointments and Remuneration</p> <p>Number of other Boards of Directors he/she is member of: 4</p> <p>Names of the companies whose Board of Directors he/she is also a member of: Cementos Argos S.A. Grupo Suramericana S.A. Bancolombia S.A. Celsia S.A. Crystal S.A.S.</p> <p>Number of Board meetings attended: 17/17</p>	<p>Board Committee he/she is member of: Sustainability and Corporate Governance</p> <p>Number of other Boards of Directors he/she is member of: 0</p> <p>Names of the companies whose Board of Directors he/she is also a member of: Cementos Argos S.A.</p> <p>Number of Board meetings attended: 16/17</p>	<p>Board Committee he/she is member of: Sustainability and Corporate Governance</p> <p>Number of other Boards of Directors he/she is member of: 3</p> <p>Names of the companies whose Board of Directors he/she is also a member of: Cementos Argos S.A. Bioparque Proyectos S.A.S. Fundación Botánica y Zoológica de Barranquilla</p> <p>Number of Board meetings attended: 17/17</p>



The IR Issuer Recognition, awarded by the Colombian Stock Exchange (Bolsa de Valores de Colombia S.A.), is not an award that certifies the quality of securities or the solvency of issuers.

For the second consecutive year, we received the Investor Relations (IR) Seal of Recognition, which is granted by the Colombian Stock Exchange, for having adopted the best practices in terms of transparency of information given to the market and good practices of corporate governance.

			
<p>Claudia Beatriz Betancourt Azcárate Amalfi S. A. General Manager Independent</p>	<p>León E. Teicher Grauman Independent</p>	<p>Esteban Piedrahíta Uribe Cámara de Comercio de Cali CEO Independent</p>	<p>Carlos Gustavo Arrieta Padilla Arrieta, Mantilla y Asociados Member Independent</p>
<p>Board Committee he/she is member of: Audit and Finance</p> <p>Number of other Boards of Directors he/she is member of: 3</p> <p>Names of the companies whose Board of Directors he/she is also a member of: Cementos Argos S.A. Gases de Occidente Proenergía Promigas S.A.</p> <p>Number of Board meetings attended: 16/17</p>	<p>Board Committee he/she is member of: Audit and Finance</p> <p>Number of other Boards of Directors he/she is member of: 4</p> <p>Names of the companies whose Board of Directors he/she is also a member of: Cementos Argos S.A. Mirador S.A.S. Xeon Colombia Ltda. Continental Gold (Canada) Verano Energy (Canada)</p> <p>Number of Board meetings attended: 17/17</p>	<p>Board Committee he/she is member of: Audit and Finance</p> <p>Number of other Boards of Directors he/she is member of: 4</p> <p>Names of the companies whose Board of Directors he/she is also a member of: Cementos Argos S.A. Amalfi S.A. Metrocali Emcali Confecámaras (Network of Chambers of Commerce)</p> <p>Number of Board meetings attended: 13/17</p>	<p>Board Committee he/she is member of: Appointments and Remuneration</p> <p>Number of other Boards of Directors he/she is member of: 3</p> <p>Names of the companies whose Board of Directors he/she is also a member of: Cementos Argos S.A. Mapfre Seguros S.A. Fiducor S.A. Reficar S.A.</p> <p>Number of Board meetings attended: 14/17</p>

All the members of the Board of Directors hold non-executive functions. They were reelected at the Annual General Meeting of March 2014, and they have made up the Board since March 2012, except for Claudia Betancourt, who has been a member since 2009. All of them possess skills and experience associated with economic, environmental and social impacts and none of the members are shareholders of any of the Company's significant suppliers or customers. The minimum amount of Board meetings members are required to attend is of 90% of the total number of meetings; average attendance was of 92.44%. (G4-39)

Nomination and election

(G4-40, G4-41) Keeping in mind that the Board of Directors is the body in charge of defining the Company's main long-term policies and strategies, it is its members who are the most important managers and promoters of corporate governance and compliance therewith, also being in charge of ensuring the Company remains at the forefront of the implementation of the highest standards in this field.

In accordance with Colombian regulations that apply to Argos, as well as with what is established in our own bylaws, the election of the members of the Board is done by means of the application of the electoral quotient system, based on the proposals made by our shareholders, who, for the nomination system, must take into account aspects included in our Code of Good Governance, such as experience and participation in other Boards of Directors, professional specialties that are relevant to the Company's activities, basic skills necessary for appropriate performance, skills to understand and question financial information and business proposals, and skills necessary to work in an international setting.

Additionally, they must make sure that at least one of the members is an expert in corporate finance and/or internal control, and that at least half of them qualify as independent members, in the terms established by Law 964 of 2005 and the regulations of the Colombian Stock Exchange.

Our Board of Directors is composed of seven members (two of whom are women), without replacements, chosen for periods of three years. They can be reelected indefinitely. Nevertheless, the General Assembly of Shareholders can remove members individually at any time.

The Board of Directors is currently made up of people from different backgrounds and with different sets of knowledge. To provide just a few examples, Carlos Gustavo Arrieta is a lawyer that has been a member of the

firm Arrieta Mantilla for many years, but who has additionally been Attorney General of the Nation and Ambassador in the Netherlands; Cecilia Rodríguez is an expert in social and environmental topics and was Minister of the Environment; Esteban Piedrahíta is an economist that used to hold the position of National Director of Planning; Camilo Abello, a lawyer by trade, is familiar with the details of the cement industry, given the fact that, before he held the position of Vice President of Corporate Affairs of Grupo Argos, he worked at our Company for 20 years; León Teicher worked in the technology sector for many years, later on becoming the CEO of Cerrejón; Claudia Betancourt has spent the biggest part of her professional career in the financial sector and is therefore very knowledgeable in this field; and José Alberto Vélez is an administrative engineer that has held many senior positions in the corporate world, having been CEO of Suramericana de Seguros, Cementos Argos and, currently, the latter's holding company, Grupo Argos.

Evidently, our Board of Directors is made up of people from different genders, with extensive careers and valuable experience in both the public and private sectors.

We believe that the independence of the majority of our Board members is a factor that adds value to the analysis of the way in which the business is managed and the planning of the Company's strategy. Therefore, we established a rule according to which they can no longer be considered independent after having sat on the Board for three or more consecutive periods. The idea of this restriction is to maintain a high level of independence of the members of the Board.

Besides having a control shareholder, the members must certify that there are no conflicts of interests between them and the Company or any of the institutional funds that hold a stake in it, disclosing any type of relation that could have an influence on their opinion or vote. (G4-41)



Concrete mixer trucks in Florida, USA

After two and a half years with the Board in its current composition, its members have obtained a significant degree of knowledge regarding the industry, not only being familiar with the specific characteristics of the business, but also having had the opportunity to visit our cement and concrete plants in Florida, Alabama and Georgia, in the United States; Honduras; Panama; and Cartagena, Bogotá and Cali, in Colombia, among others.

Remuneration

(G4-51) (G4-53) The General Assembly of Shareholders establishes and sets the remuneration of the Board, taking into account its structure and the obligations of its members, as well as their personal and professional qualities, the time dedicated to their function, the size of the Company's operations and their complexity.

In 2014, the Board members received a remuneration of COP \$4.5 million per month, plus an additional remuneration for their participation in the Board's supporting committees (which does not apply to members of Grupo Argos). Despite the fact that it is allowed by our Code of Good Governance, to date, the Board's remuneration package does not include a variable component.



Annual General Meeting 2015, Barranquilla, Colombia

Training and assessment

Our Code of Good Governance establishes the responsibility of senior management in the design of the training plans that allow the members of the Board of Directors to update their knowledge on the Company and its subsidiaries, its businesses, its associated risks and new tendencies in the field of sustainability.

(G4-43) The aspects related to sustainability were present in all of the meetings of this body, at which topics regarding the environment, occupational health and safety, financial results, risks, audits and transparency, among others, were discussed. For example, all of the sessions of the Board start with a report on occupational health and safety. Additionally, the Board's Sustainability and Corporate Governance Committee goes over all the details regarding the execution of the Environmental Policy and gets informed about the main social topics related to its operations.

Among the Board members, there are experts in finance, internal control, corporate issues and legal affairs, which allows us to fully benefit from the contributions of our Directors, in the best interest of the Company. (G4-40)

(G4-44) In order to know how the Board of Directors performed during a certain period, we alternately carry out external assessments and self-assessments, in the middle and at the end of the period for which the body was elected, respectively. Through these mechanisms, we examine the functioning of the Board as a collegiate body, along with the performance of each of its members, qualifying their level of involvement and participation in the definition of the Company's strategy, including environmental, social, occupational safety and governance topics. The external assessment is carried out by an independent firm, and a summary with their conclusions is presented to the General Assembly of Shareholders at the meeting during which the election of the Board was planned to take place. At the Annual General Meeting of 2014, during which the current Board was re-elected, the conclusions of the assessment carried out in 2013 were presented. In 2015, we will carry out a self-assessment.

Based on the external assessment report, we defined opportunities for improvement, on which work has already begun, including, among others, changes in the functions and name of the Sustainability and Corporate Governance Committee, a more detailed risk management, a wider scope for corporate governance and improvements to the platform through which the Board members interact, seeking to provide them with better information beforehand, as well as a friendlier access to documents of both past and future meetings, and real-time interaction during voting processes.

Board Committees

(G4-34, G4-36, G4-42, G4-45, G4-38, G4-46)



Annual General Meeting 2015, Barranquilla, Colombia

Audit and Finance Committee

Its function is to support the Board of Directors with regard to the supervision of the effectiveness of the internal control system, decision making about control and the improvement of the activities of the Company, its administrators and its directors. Currently, it is made up of three members of the Board of Directors, including all of those who are considered independent. In accordance with Colombian regulations, this Committee must have at least one meeting every quarter.

The committee does not substitute the Board of Directors or the Company's management in any of their functions when it comes to supervision and execution of the internal control system; rather, it makes sure that the internal control procedures that are used are fit for the needs, goals and strategies of Argos.

One of the main functions of this Committee, with regard to sustainability, is to supervise Argos' internal control structure, so as to be able to establish whether or not the designed procedures reasonably protect the Company's assets and whether there are any controls to check whether transactions are being authorized and registered appropriately. Also, it must ensure transparency in the financial information that is prepared by the Company and its adequate disclosure, promoting the appropriate management of financial risks, as well as of any other risks associates to it. In order to do this, it must verify whether the necessary control systems are in place and whether they have adequate tools to check if the financial statements reveal the actual situation of the Company and the value of its assets.

The Audit and Finance Committee participated in the definition of the Company's strategic risk management method and monitors it permanently.

Appointments and Remuneration Committee

(G4-52) Its mission is to help the Board of Directors with its special functions related to the establishing of policies and standards for recruitment, remuneration and the development of the Company's directive staff, as well as to continuously watch over the goals of the different remuneration programs related to staff performance. It also defines and recommends the adoption of different benefit and remuneration programs for the staff involved to the Board of Directors, as well as the assessment of the effectiveness of these programs. This committee is made up of two members of the Board of Directors, including the current Chairman.

With regard to sustainability, this Committee is in charge of designing the senior management succession scheme, assessing senior management's performance and proposing the appointment and dismissal of the Company's CEO.

Sustainability and Corporate Governance Committee

Its objective is to support the Board of Directors in aspects such as the review of the role of the Directors, the selection of candidates for the position of Director, the definition of policies to reelect the Board of Directors, the promotion of training for the Directors, the supervision of the processes of the Board of Directors, compliance with the Code of Good Governance, with the help of the Internal Audit Department, and the monitoring of the purchase and sale of securities by Directors and associated parties. It also has the functions of guiding, monitoring and following up on the best practices in terms of sustainability. This Committee is made up of two members of the Board of Directors, and it meets quarterly. (G4-47, G4-36)

Organizational chart (G4-34)

(G4-13) EIn 2014, we transformed our organizational structure so as to adapt to the Company's expansion process, ensure a better position to work on its strategic priorities and allow employees to have more and better opportunities for professional development. As a result, we gave life to business, design and service departments. Business departments are responsible for autonomously deploying the value proposals in their respective markets; design departments are in charge of defining the strategies and policies associated to its objectives and of supporting the business departments with their execution; and service departments are in charge of transversal operational processes, seeking to create scale economies.

As part of the Company's commitment towards sustainability, and in order to perfect its management, we created the Vice Presidency of Sustainability, whose objective it is to lead the strategies and policies regarding occupational health and safety, the environment, relations with communities and a culture aimed at sustainable development. In order to create scale economies and efficiencies in terms of knowledge, we also restructured the Vice Presidency of Finance, which will from now on be known as Vice Presidency of Finance and Shared Services, and in which we created the Shared Services Management Department, grouping the departments that support the regional divisions in transactional financial processes. Also, the Information Technology (IT) Management Department is now a part of the responsibilities of this Vice Presidency, together with the Finance and Accounting Management Departments.

Taking into account that human talent is what differentiates our way of reaching results, we have thus focused our efforts on supporting the development of our employees and developing our very own Argos culture, on top of ensuring a single organizational architecture. In order to do this, we furthermore redefined the Vice Presidency of Human and Organizational Resources Management, which took on the new name of Vice Presidency of Talent and Organizational Architecture.

Design departments

- Strategy
- Policies and guidelines
- Monitoring the businesses' performance
- Exchanging practices between different regional divisions

Service departments

- Transversal operational processes
- Standardized service catalogue aimed at creating scale economies

Business departments

- Growth opportunities
- Management of the businesses and their customers
- Definition of competitiveness in the market
- Losses and incomes and assets


[Functions of the Sustainability and Corporate Governance Committee](#)




The Board of Directors has been actively involved in the design of Argos' current Sustainability and Environmental Policies, as well as in the design of a program aimed at implementing the best standards in terms of occupational health and safety.


GOVERNANCE STRUCTURE

(G4-34, G4-36)

 <p>Board of Directors 7 members, 5 of which are independent Chairman of the Board: José Alberto Vélez</p>	<p>Audit and Finance Committee 3 members</p> <p>Appointments and Remuneration Committee 2 members</p>	<p>Sustainability and Corporate Governance Committee 2 members</p>
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 <p>CEO CEO of Cementos Argos: Jorge Mario Velásquez</p>	<p>Investor Relations and Assistance to the CEO Management Department</p> <p>Audit Management Department</p> <p>Risk Management Department</p>
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 <p>Directive Committee</p>	<p>VP of Finance and Shared Services Carlos Horacio Yusty</p> <p>VP of Legal and Institutional Affairs Juan Luis Múnera</p> <p>VP of Sustainability María Isabel Echeverri</p>	<p>VP of Talent and Organizational Architecture Jorge Ignacio Acevedo</p> <p>VP of Technical Affairs Victor Manuel Lizarralde</p> <p>VP of Innovation Camilo Restrepo</p>	<p>VP of the Colombian Regional Division Tomás Restrepo</p> <p>VP of the Caribbean and Central American Regional Division Mauricio Ossa</p> <p>VP of the USA Regional Division Eric Flesch</p>
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 <p>Supporting committees</p>	<p>Capex and Shared Services Center Committee Carlos Horacio Yusty</p> <p>Governance and Recruitment Committee Juan Luis Múnera</p> <p>Talent Committee Jorge Ignacio Acevedo</p>	<p>Innovation Committee Camilo Restrepo</p> <p>Energy Committee Victor Manuel Lizarralde</p>
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María Isabel Echeverri, new VP of Sustainability
 Carlos Horacio Yusty, VP of Finance and Shared Services
 Jorge Ignacio Acevedo, VP of Talent and Organizational Architecture
 Victor Manuel Lizarralde, VP of Technical Affairs
 Mauricio Ossa, VP of the Caribbean and Central American Regional Division
 Juan Luis Múnera, VP of Legal and Institutional Affairs
 Camilo Restrepo, VP of Innovation
 Eric Flesch, VP of the USA Regional Division
 Tomás Restrepo, VP of the Colombian Regional Division



8 ETHICS, TRANSPARENCY AND COMPLIANCE

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Competition and compliance 55



ETHICS

(G4-56, G4-57, G4-58) Compliance with the Company's Code of Business Conduct and its Anti-Fraud Policy is mandatory for all of our employees and Directors and those of Argos' related companies, regardless of their location, regional division or country. Thus, we make sure that all of our stakeholders are covered by guidelines and policies that need to be followed at all times.

Any incompliance with the Code of Business Conduct by our employees leads to the use of procedures established in the Internal Work Regulations with regard to sanctions, and they could go as far as ending their employment contract. In 2014, we carried out a general review of the money laundering prevention system, reason for which in December, the Board of Directors approved the new manual that comes with the administration and management of the risks of money laundering and terrorism financing, which includes policies and regulations to prevent any illicit activities from being carried out at Argos and its subsidiaries. Furthermore, for the first time, we did an audit of the guidelines of this code, seeking to get our governance framework audited in a comprehensive way. As for our Code of Good Governance, at the end of 2014, we did its annual audit,

following up on previously acquired commitments, and we checked strict compliance with the standards contained therein.

We have defined an internal structure that manages issues related to governance, transparency and behavior, led by our Governance Committee, which is made up of the Company's nine Vice Presidents, with a Behavior Officer acting as secretary, generally establishing the measures that need to be taken, depending on the type of incorrect behavior, and defining the strategy used to tackle these issues, among others.

In August 2014, we adhered to the Call to Action of the United Nations Global Compact, an initiative that promotes the adoption of measures to fight corruption, as well as the putting into practice of policies that establish systems of good governance as fundamental pillars of a global sustainable and inclusive economy.

Also, in October 2014, we created the Compliance Management Department, which is in charge of all of the topics related to corporate governance, transparency and behavior, legal compliance and the system aimed at preventing money laundering and terrorism

financing, thus providing an answer to the need of consolidating these in a department exclusively dedicated to them, and with a corporate scope, which allows us to manage these issues in the Company's three regional divisions, providing integrated control of our operations.

We adhered to the initiative "Call to Action: Anti-corruption and the Global Development Agenda," taken by the UN Global Compact, among other organizations, through which the private sector calls upon governments to promote measures aimed at fighting corruption and to incorporate incentives for the implementation of practices of good governance.



Mobile application for shareholders

TRANSPARENCY AND COMPLAINT MECHANISMS (G4-58)

In recent years, we have consolidated our Transparency Hotline as an efficient channel to report irregularities in the development of business, as well as a consulting tool through which anyone who has questions about our transparency processes or behavior can express their opinion freely, either providing their name or anonymously. This line is open to our employees, our other stakeholders, and even third parties, who can all access and use it in the same conditions, thus making it easier for stakeholders in all the regions in which we operate to file complaints.

When we receive a report from the Transparency Hotline, we appoint, depending on its category, Investigation Officials, who are designated by the Governance Committee, and report this appointment to the Corporate Behavior Officer. It is the Investigation Officials' responsibility to examine the cases they are informed on, which, depending on their relevance, will then be debated by the Operational Conduct Committee and/or the Governance Committee, whose members will make the necessary decisions in accordance with established guidelines.



Visit of the Board of Directors to the Harleyville Plant, USA Regional Division

HOW THE TRANSPARENCY HOTLINE WORKS (G4-S8)



Calls are forwarded to the external call center

(located in Medellín, Colombia):

Colombia: 018000522021

USA: +1 (888) 567-6629

Panama: 011008001571011

Dominican Republic: 18001485009

Honduras: 80027919378

(the numbers must be called from a landline)



E-mails go to the address

lintransparencia@argos.com.co.



The call or e-mail is received by an assistant

(in Spanish or English).



A form is sent to the officials in charge of the investigation, depending on the category.



The most relevant cases are reviewed in the Operational Behavior Committee, led by the Behavior Officer.



Depending on the corresponding attributions and competencies, cases are reviewed by the Governance and Recruitment Committee.

In order to contribute to the strengthening of democratic processes, in the context of the elections for Congress of the Republic of Colombia, the Board of Directors, in compliance with Law 130 of 1994 and all of its related legal provisions, approved a contribution of maximum COP 1.2 billion (USD 512,172) for political parties, political movements and/or important citizen groups, regarding which Article 108 of the Political Constitution of Colombia, modified by Legislative Act 1 of 2003, determines it has to go to each of these actors in equal sums and conditions. (G4-S06).

Complaints from the community (G4-S011)

Total number of complaints filed	18
Number of complaints resolved	12

Complaints regarding corruption (G4-S05)

Total number of complaints filed	35
<ul style="list-style-type: none"> Making/receiving illegal payments Manipulating purchases/tender processes Conflicts of interest 	16 7 12
Number of complaints resolved	9
<ul style="list-style-type: none"> Warning Dismissal 	1 8
Number of complaints currently being investigated	26

Complaints regarding work practices (G4-LA16)

Total number of complaints filed	37
Number of complaints resolved	35
Number of complaints filed before 2014 ⁽¹⁾	129
Number of complaints resolved	ND

Complaints regarding discrimination (G4-HR3)

Total number of complaints filed	8
Number of complaints filed ⁽¹⁾	2
Number of complaints resolved	2
Number of complaints filed through public entities ⁽²⁾	6

(1) This refers to complaints filed through the Transparency Hotline Line.

(2) This corresponds to the USA Regional Division. Three of these were withdrawn by the employees themselves, two were rejected by the entity, and one was archived.

In 2014, the Transparency Hotline was positioned as a reporting and communication channel of our stakeholders to senior management.

Taxes paid by country and tax policy



COMPETITION AND COMPLIANCE

(G4-S07) At Argos, we have implemented a Competition Policy that defines the standards and principles that rule our employees' behavior with regard to competitors and the market in general. This policy is permanently disseminated through training that is offered at our different branches across all of the countries in which we operate.

However, the fact of being part of an oligopoly leads to regulatory authorities closely scrutinizing the actions of all of the parties that participate in the cement sector, and at times, this can result in formal investigations. In this context, we would like to disclose information on some investigations that are currently being carried out and that involve Argos, and whose ruling is pending:

- In Colombia, on August 21, 2013, the Superintendency of Industry and Commerce started an investigation into five Colombian cement companies, including Argos, for their alleged involvement in anti-competitive practices. It also opened up an investigation on four of our employees for these facts. In the context of this process, whose evidentiary stage was concluded recently, the Company is fully cooperating, as we are convinced that we have always acted in full compliance with the law, and we have confidence in the Colombian institutions to continue carrying out the investigation in an objective and professional way. The process is ongoing.
- In December 2008, the Colombian Superintendency of Industry and Commerce imposed an economic sanction on Argos and two other cement companies in Colombia, in amount of COP \$923 million each, for their alleged involvement in anti-competitive practices. The legal representatives of each of the three companies were also fined COP \$138 million. We appealed this resolution, which was subsequently confirmed by the Superintendency, in January 2010. Argos then appealed this resolution once again, this time before Colombian administrative jurisdiction, and in their ruling of December 3, 2012, the Administrative Court of Cundinamarca ruled in favor of the Company and annulled both previous resolutions, exonerating the Company and its legal representative of the totality of the fines. The Superintendency of Industry and Commerce decided, in their turn, to appeal this latter decision and the final ruling, which is pending, is in the hands of the State Council.
- The investigations that were carried out with regard to competition-related issues in Panama and the Dominican Republic, mentioned in the Integrated Report 2013, were closed with rulings in favor of Argos.

In 2014, there were no cases of incomppliance of environmental legislation or aspects related with the supply and use of products or services in any of the Company's three regional divisions (G4-EN29, PR9), nor of incomppliance of legislation in any of the three regional divisions that overstepped the limit of materiality established by the Company. (G4-S08).



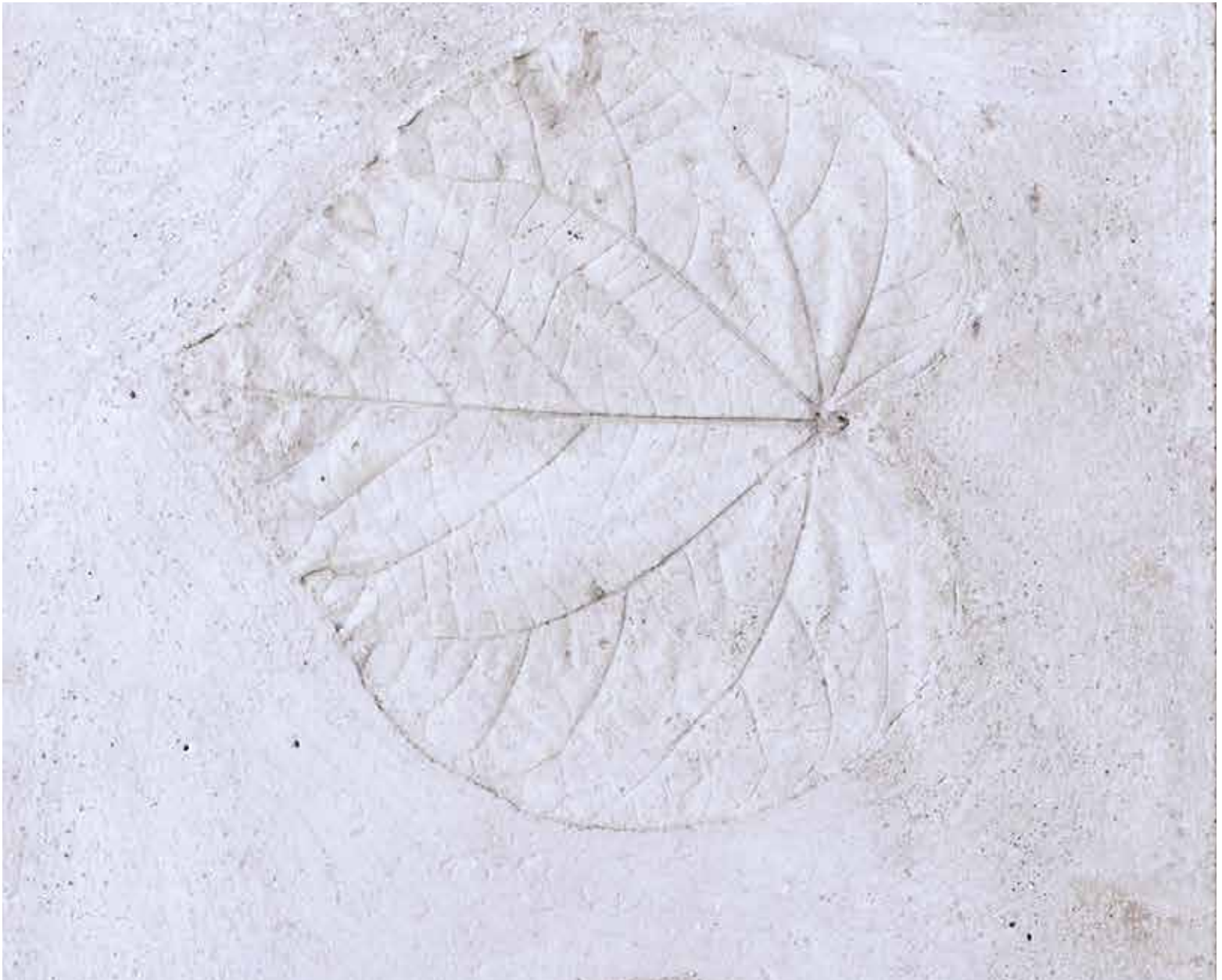
Training of employees, Cartagena Plant, Colombian Regional Division

Future perspective

- We will develop a program to continuously create awareness for employees, customers and contractors in the Company's three regional divisions, based on the principles and guidelines of ethics and transparency defined by Argos.
- We will implement a program of compliance, especially focused on the prevention of money laundering and terrorism financing, and the prevention of fraud and corruption.
- We will include our full sales force in the training on the subject of Argos' Competition Policy.
- We will expand the program of compliance to include the validation of controls of strategic risks.
- We will establish a program of compliance with automated early alerts.
- We will define goals so that all of our employees that participate in the variable remuneration system have incentives aligned to our transparency policies.
- In 2014, the Transparency Hotline was positioned as a reporting and communication channel of our stakeholders to senior management.
- We adhered to the initiative "Call to Action: Anti-corruption and the Global Development Agenda," taken by the UN Global Compact, among other organizations, through which the private sector calls upon governments to promote measures aimed at fighting corruption and incorporating incentives for the implementation of practices of good governance.



Employee at the Newberry Plant, USA Regional Division



9 Our performance

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INNOVATION

Innovation is a fundamental pillar for Argos' sustainable growth. Therefore, we provide the necessary resources to take advantage of opportunities that present themselves in our surroundings and to experiment with them in a disciplined way. This allows us to perfect proposals aimed at creating new sources of growth and a true culture of innovation.

In recent years, we have been focusing more and more on innovation, expanding our work focus so as to include our entire value chain, supported by Ideaxion, our innovation platform, which allows employees to log in and the Company to collect ideas from anywhere within the Organization, in order to enrich them and define them, and, once they are approved, fund their validation.

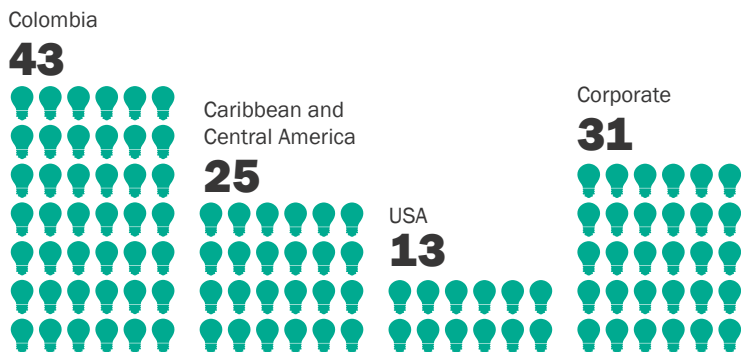
The Company has a very solid Research and Development Department, which has been certified as a research group by Colciencias, and which has a balanced project portfolio with a potential impact of US \$53 million. Intellectual property is a source of differentiation and knowledge for us, currently having 33 identified potential assets in this field.

Our 2014 investments, for a total of COP \$20.4 billion, with the largest part going to the construction of the Argos Innovation Center, is ample proof of our growing commitment towards stimulating innovation.

Since its launch, in 2012, Ideaxion has allowed us to collect 497 ideas, of which 152 have been approved.

We started with the construction of the Argos Innovation Center. In 2014, we invested COP \$9.6 billion (US \$4.09 million) in it.

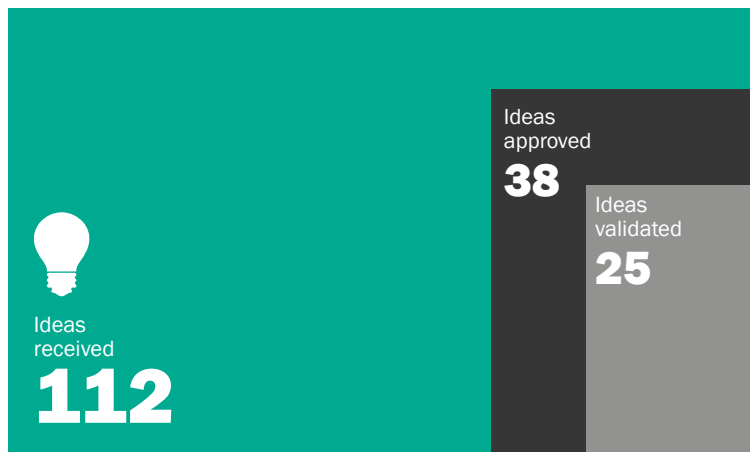
Innovative ideas received through Ideaxion in 2014 (A-IN 2)



* ideaxion



Rendering of the Argos Innovation Center, Medellín, Colombia



Investment in innovation in 2014 (A-IN 4)

	COP (in billions)	USD (in millions)
Colombia	\$19,030	\$7.9
Caribbean and Central America	\$1,065	\$0.45
USA	\$334	\$0.14
Total	\$20,429	\$8.49

In addition to the aforementioned, we can add the efforts of the two other departments that are part of the Vice Presidency of Innovation (New Businesses and Alternative Resources) to materialize important projects.

Of all of the initiatives taken by this Vice Presidency, we would like to highlight the following ones:

- ConcrePave® Low Moisture and Ultra Low Moisture** (USA Regional Division)

These are low moisture types of concrete that make it possible to avoid many problems that arise when applying floor coverings. Repairing said flaws currently costs an average of COP \$5.6 trillion (US \$2.4 billion) a year in the country, which indicates just how large the market opportunity for this product is.
- Permeable concrete** (Colombian Regional Division)

This is a state-of-the-art technological innovation that is focused on the application of concrete for water management in urban constructions, in order to allow its natural flow and contribute to more sustainable building methods.
- Distribution from containers** (Caribbean and Central American Regional Division)

This is about points of sale that are assigned to community leaders in order to directly reach end customers. It is a new and flexible channel that can boost sales and strengthen the relationship with the community.
- Automated tarping of vehicles**

This system can reduce the time necessary for the loading and unloading process from 15 to 3 minutes, as well as eliminating the risk of work at heights, with estimated savings of COP \$500 million (US \$213,405) in 2015.
- Inversed logistics model for cement bags: Green Bags**

Through this system, used cement bags are picked up at construction sites and delivered to our plants for other production processes, either as a raw material or as fuel. It is a self-sustaining model that creates value for all parties involved. The initial pilot project included 218 construction sites, with 85 metric tons of paper being recovered and 5,507 people being trained on the management of waste, sustainability and the environment.
- Use of alternative fuels**

We started assembling the assets necessary to partially reduce the demand for fossil fuels of Kiln 2 of the Rioclaro Plant, through which we seek, among other benefits, to decrease greenhouse gas emissions per metric ton of cement produced. For 2015, we hope to reach a substitution level of at least 12% of the caloric heat of the combustion process, in order to thus contribute to compliance with the corporate goals established in this field by our Environmental Policy.



We developed Argos' first flexible system in Colombia aimed at also being able to use shredded used tires as alternative fuel.

Revenues stemming from the sale of innovative products represented 10.7% of total sales, thus achieving the goal of 10%, which was set for 2015, before its deadline.



Permeable concrete

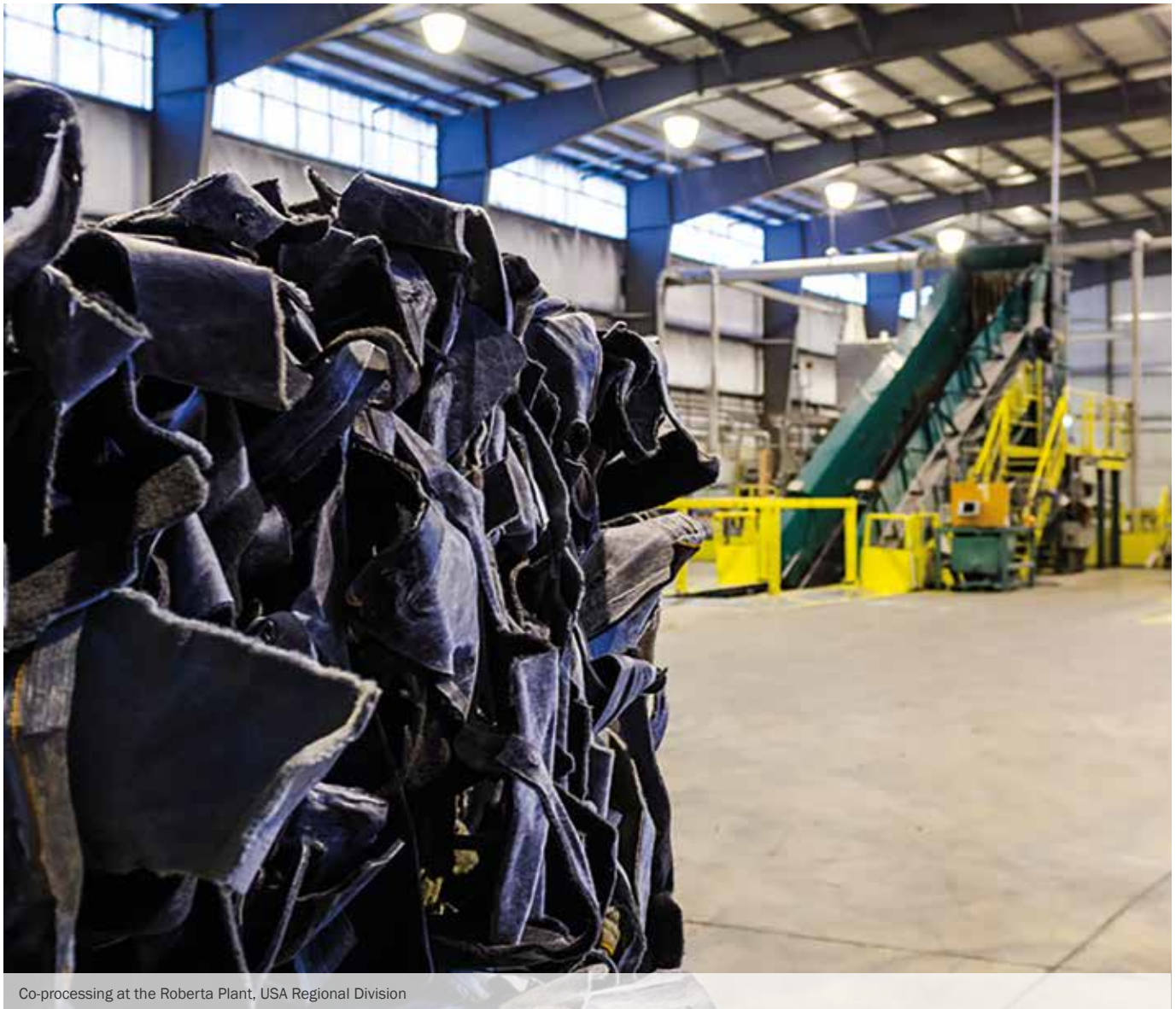
Revenues and savings stemming from innovation in 2014* (A-IN 1) (A-IN 3)

	COP (in billions)	USD (in millions)
 Revenues	\$538,322	\$269
 Savings	\$5,719	\$2.39

*These values are calculated quarterly in USD and COP, with the average market representative exchange rate of the corresponding quarter.

Future perspective

- Despite our accomplishments so far, the future holds great challenges, as we seek to make innovation a fundamental part of our corporate culture, through an ever increased participation in the system. Also, we must continuously nourish our product and service portfolio with innovative proposals that allow us to stay on track in terms of the percentage of revenues we want to obtain from innovation, as the condition of being innovative is only maintained for a period of five years. This is why we will develop micro cement, ultra-high performance concrete, dry mortar, masonry cement and flooring cement, which will allow us to expand our portfolio and ratify our commitment towards creating value-added products.
- From the point of view of alternative resources, we will continue our search for available materials, in order to carry out tests at our plants and identify recipes that can be reproduced on an industrial scale, so as to see a reduction in our CO₂ emissions and production costs. As part of this effort, we will try to implement a system that makes it possible to introduce alternative fuels into the kiln of the Cartagena Plant, where we hope to reach a substitution level of 20% of the thermic energy required for Kiln 4, and we plan to execute a project to take advantage of fuel stemming from urban solid waste.
- All of these initiatives do not only seek to maximize current and future short-term results, but also to maintain our commitment towards innovation as a fundamental pillar that supports our Company's sustainable growth.



Co-processing at the Roberta Plant, USA Regional Division

ENVIRONMENTAL DIMENSION



Porphyrio martinica, Nare Plant, Colombian Regional Division

At Argos, we prevent, mitigate, correct and compensate our environmental impacts. This is why we have defined an environmental strategy that is in line with the Company's overall strategy and its cultural pillars, and that is backed by the Sustainability and Good Governance Committee of the Board of Directors.

The prioritization of actions is done by means of our Environmental Policy (G4-14), which includes, as of this year, an update of the new goals up to 2025, all in the context of the five pillars that represent our

main risks and opportunities in this aspect: climate change, sustainable construction, biodiversity, eco-efficiency and the environmental element in the Argos culture.

We would like to highlight that in these updated goals, we can find, among others, aspects such as the reduction of our specific CO₂ emissions, by 35%; the replacement of 18% of our caloric consumption of fossil fuels; the specific reduction of water consumption, by 30% for cement and 20% for concrete; and the rehabilitation of 70% of exploited areas released by our opera-

tions. For the development of our strategy and compliance with our goals, we have elaborated commitments, implemented initiatives, created management tools for our operations, and gone in search of the consolidation of a corporate culture that leads to continuous improvement.

Also, we stimulate our employees' commitment through dissemination and training processes regarding our Environmental Policy. In 2014, we offered a total of 3,978 hours of training on environmental topics.

Climate change and emissions

We know that our processes imply intensive activities that emit large quantities of carbon dioxide (CO₂) and other atmospheric emissions (SO_x, NO_x, PM, etc.). These contribute to a great extent to climate change and the environmental impact related to changes in air quality.

With the objective of preventing, mitigating, correcting and compensating these impacts, we have been implementing our Environmental Policy since 2012, which, through its pillars of climate change and eco-efficiency, promotes the measurement and reduction of CO₂ emissions and other atmospheric emissions.

Direct and indirect CO₂ emissions (scope 1 and 2)

In order to minimize direct and indirect CO₂ emissions, we focus our efforts on strategies such as reducing our energy intensity, optimizing the clinker to cement ratio, replacing fossil fuels by alternative fuels in the clinkerization process, and using cleaner types of fuels.

The initiatives that were taken to minimize CO₂ emissions have allowed us to reduce them progressively. More information of the Company's main CO₂ emission reduction initiatives (G4-EN19) and the GHG emission of each business can be found in the report's digital version.

Initiatives aimed at reducing GHG emissions

(G4-EN19)

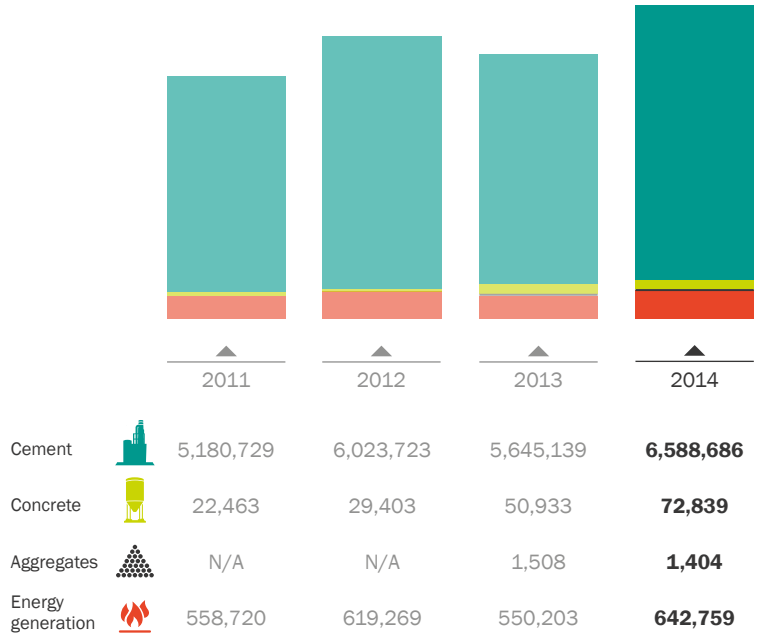


CO₂ emissions of each business

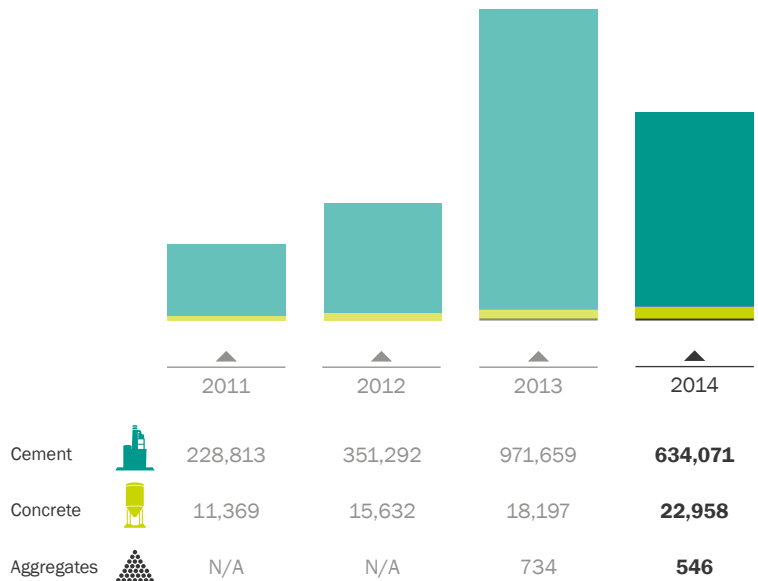
(G4-EN15, G4-EN16)



Direct GHG emissions (G4-EN15) (in metric tons of CO₂)



Indirect GHG Emissions (G4-EN16) (in metric tons of CO₂)



For 2014, the emissions of the Piedras Azules Plant (PIA), in the Caribbean and Central American Regional Division, and of the Newberry and Tampa Plants, in the USA, are reported. The scope of the data that is presented covers the three regional divisions in which Argos operates.

For 2014, the emissions of the Florida Plant, in the USA Regional Division, are reported. The scope of the data that is presented covers the three regional divisions in which Argos operates.

There is no data available for 2011 and 2012. The scope of the data that is presented covers only the Colombian Regional Division.

The scope of the data that is presented covers only the Colombian and Caribbean and Central American Regional Divisions; the USA Regional Division does not have any self-generation.



Goal

- To reduce specific net CO₂ emissions per metric ton of cementitious material by 35 percent by 2025, compared to base year 2006.

Other indirect emissions (scope 3)

We continue to receive, from our main logistic suppliers in Colombia, their inventory of emissions. In 2014, it reached a total of 99,802 metric tons of CO₂. (G4-EN17)

This is an increase of 1% compared to 2013, which is mainly to do the larger distances that were covered during the year. Furthermore, we progressed in terms of the identification of other categories to be reported in scope 3, which will allow us to define the activities of the value chain that we should include as part of the inventory in the regions in which we operate.

Other indirect emissions

(G4-EN17)



Risks and opportunities stemming from climate change

(G4-EC2)



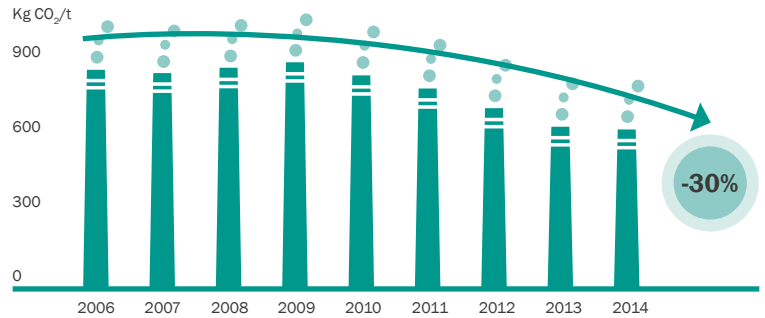
Greenhouse gas emissions intensity

(G4-EN18)



In 2014, total emissions amounted to 589 kg CO₂ /t of cementitious material, which was a reduction of 30% compared to 2006. (G4-EN18) This indicator is included in our Environmental Policy. (A-CC1).

Carbon intensity of cement production



What is reported are net direct emissions or, in other words, gross emissions minus emissions associated with the replacement of fossil fuels by alternative fuels. The scope of the data that is presented covers the three regional divisions in which Argos operates.

Risks and opportunities stemming from climate change

At Argos, we are aware of the risks and opportunities that come with climate change and the importance of measuring, mitigating and reducing greenhouse gas (GHG) emissions. The main risks include financial risks, such as possible carbon taxes in the regions in which we operate, which is why we have identified and assessed these systematically. This has allowed us to estimate that the financial risk, if we were not to continue implementing mitigation actions, would be of close to COP \$2.55 billion a year (US \$1.07 million), using the carbon tax system of the European Union as our reference. (G4-EC2)

As for opportunities, these can be summarized, above all, as improvements in energy efficiency, savings in costs stemming from the replacement of raw materials and fossil fuels by alternative ones, innovation, and the development of new products and processes that, besides being great opportunities, help us manage the risks we face. (G4-EC2)

The initiatives aimed at reducing GHG emissions that were taken in 2014 led to savings of approximately COP \$4 billion (US \$1.67 million) and investments worth COP \$23 billion (US \$9.62 million).



Goals

- To increase the reduction of specific emissions (kg/t of clinker) of particulate matter (PM), from 49% to 85%, and those of SOx, from 62% to 65%, by 2025, compared to base year 2012.
- To maintain the levels of NOx emissions of 2012 (1.35 kg NOx/t of clinker) until 2025.

A reduction of 69% in specific emissions of PM compared to base year 2012.



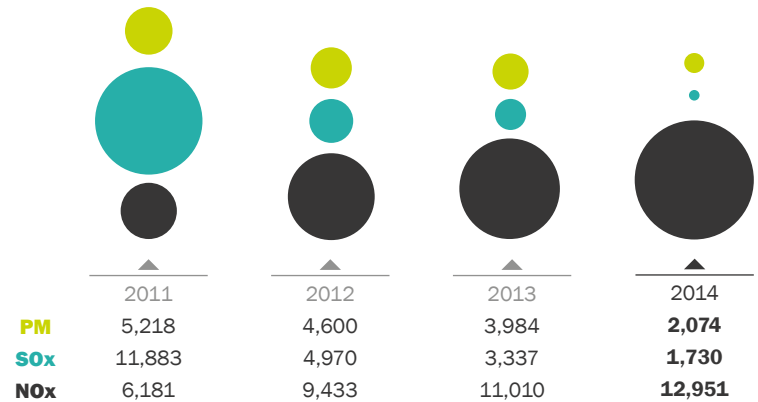
Sogamoso Plant, Colombian Regional Division

Emissions of other atmospheric pollutants

As we are committed to measuring and reducing other, non-GHG atmospheric emissions, we focus our efforts on updating the technology of our monitoring systems and optimizing our control systems. With regard to emissions of PM and SOx per metric ton of clinker (kg/t of clinker), in 2014, we managed to decrease them by 69% in comparison to base year 2012.

Emissions of atmospheric pollutants in cement production (in metric tons)

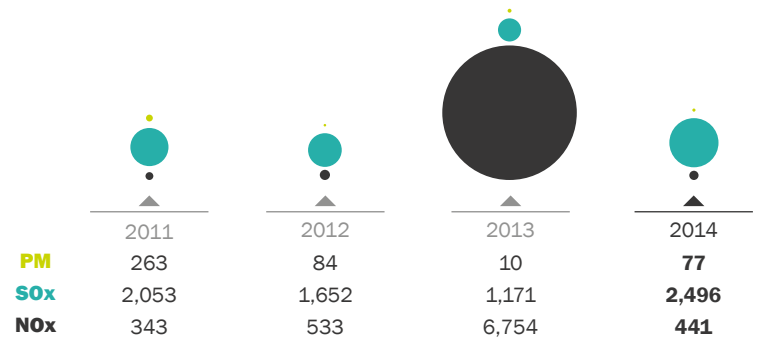
(G4-EN21)



For 2014, the emissions of the Piedras Azules Plant (PIA), in the Caribbean and Central American Regional Division, and of the Newberry Plant, in the USA Regional Division, are reported. The scope of the data that is presented covers the three regional divisions in which Argos operates.

Emissions of atmospheric pollutants in energy generation (in metric tons)

(G4-EN21)



The scope of the data that is presented covers only the Colombian Regional Division.

Emissions of other atmospheric pollutants in each business (G4-EN21)



Improvement of control systems

In the Colombian Regional Division, we progressed in terms of compliance with agreements to convert to clean technology, signed with environmental authorities, thanks to investments totaling close to COP \$13.82 billion (US \$5.77 million) aimed at improving emission control systems. In the Caribbean and Central American Regional Division, we invested more than COP \$6.56 billion (US \$2.74 million) in the optimization of the control systems for emissions of particulate matter. Finally, in the USA Regional Division, we progressed in terms of the organization of projects aimed at complying with new federal emissions standards for our industry. These investments led to a reduction of total PM emissions of 48% at our cement operations, compared to the previous year.



The Argos Tower, an example of sustainable construction, Bogotá, Colombia

COMMITTED TO THE CEMENT SUSTAINABILITY INITIATIVE (CSI)

At Argos, we are committed to the Cement Sustainability Initiative, for which, in addition to our participation in various work groups, we voluntarily report annual GHG emissions through the program called “Getting the Numbers Right” (GNR). After four years of being a member of the CSI, in 2014, we published the indicators of the compliance table, which will allow us to assess the efficiency of our management approach, to formulate strategies and to implement the best practices in order to reach the goals established in our Environmental Policy up to 2025. The indicators that are reported in the context of the CSI can be found in the index on p. 124 of this document.

A new goal was set for the Company: to maintain, and not increase, the specific NOx emissions registered for 2012 until 2025.

Future perspective

- We will continue to elaborate CO₂ emissions inventories (scope 1 and 2) and carry out an internal control audit for the cement plants of the Colombian Regional Division in 2015.
- We will make progress in terms of the coverage of our operations for the inventory of emissions of metals, acids, dioxins and furans, with the objective of fully completing these inventories by 2016.
- We will establish the procedure for annually updating the inventory of scope 3 and the methodology for the analysis of risks and opportunities stemming from adaptation to climate change in the medium term.
- We will continue with the technological update of our PM, SO_x and NO_x control systems and with the installation of measuring systems.
- We will progress in terms of the management strategy of the mitigation of and adaption to climate change by focusing on the lifecycle of our products and processes, along with innovation in terms of processes, products and CO₂ capturing, and we will manage scope 3 emissions by optimizing our value chain in the long term.

Energy

We consider ensuring the efficient use of energy throughout our operations and supply chain as an inherent obligation of the business, in order to face the risks associated to the availability, reliability and variability of the costs of energy resources, given the fact that their economic impact represents about 25% of the total production cost of cement.

In the context of our Energy Policy, and as a part of our strategy for this aspect, in 2014, we developed management tools spread over four dimensions:

- **Efficiency:** carrying out our production processes with a lower energy intensity and at the lowest possible cost.
- **Assurance:** strategically manage our energy value chain.
- **Sustainability:** integrate our energy strategy into the three corner stones of sustainability.
- **Resources:** capitalize on our employees' knowledge so they use energy efficiently and rationally.

At Argos, we face the cement industry's energy-related challenges by implementing our own Energy Policy. We have elaborated an energy and environmental strategy in order to take on these challenges and comply with our commitments towards sustainability at our operations. With this emphasis, we develop tools to manage risks and opportunities related to energy and a route sheet to decrease caloric and electric consumption. Over the next ten years, we want to be part of the group of cement companies with the smallest energy intensity worldwide.



Newberry Plant, USA Regional Division

ENERGY-RELATED CHALLENGES OF THE CEMENT INDUSTRY

- ✓ To maximize energy efficiency in terms of consumption and costs through the conversion of technology; to ensure efficient and competitive operations; to optimize the use of alternative fuels; and to integrate opportunities to use systems of co-generation and self-generation.
- ✓ To ensure energy sources that can guarantee competitiveness in the industry, creating a portfolio of flexible energy resources that are subject to reasonable risks.
- ✓ To implement energy initiatives that support compliance with commitments in terms of reduction of CO₂ emissions.

We obtained savings of US \$1.64 million in consumption of fossil fuels by replacing 106,000 metric tons of clinker by additions in the Colombian Regional Division.



Goal

- To reduce our caloric consumption by 10% and our electric energy consumption by 15% by 2025, compared to base year 2006.

Energy efficiency

In 2014, we implemented energy efficiency plans in the Company's different regional divisions. As one of their most significant results, in the Colombian Regional Division, we saved COP \$3.84 billion (US \$1.6 million) in fuel consumption by replacing 106,000 metric tons of clinker by active additions in our cement production. Also, thanks to the operational excellence program, we were able to bring down our electric energy consumption by 4%.

In the USA and Caribbean and Central American Regional Divisions, we increased the use of alternative fuels by 35% in comparison to 2013, thanks to the integration of new plants, thus managing to replace 4.5% of our calorific consumption of fossil fuels by alternative fuels and biomass. (G4-EN6)

In 2014, the energy intensity of our cement production fell 11% compared to the previous year, reaching 3.1 GJ/t.

(G4-EN5)

The indicators that are reported in the context of the CSI can be consulted in the index to this document.

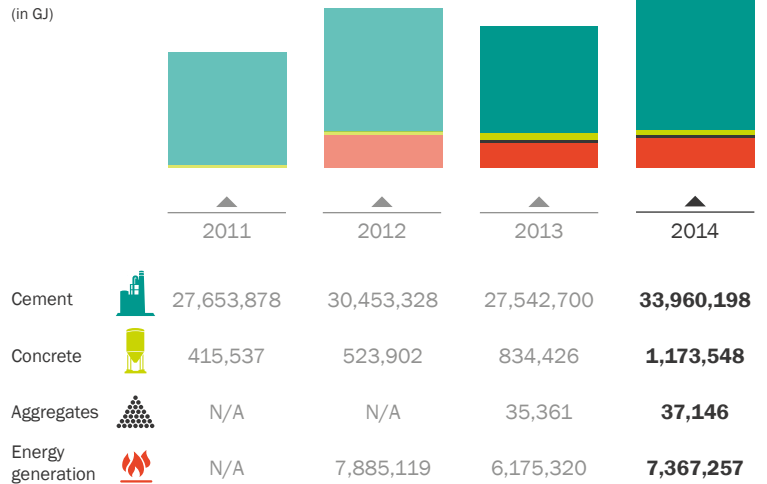
Other energy management initiatives (G4-EN6)



Internal energy consumption of every business (G4-EN3)

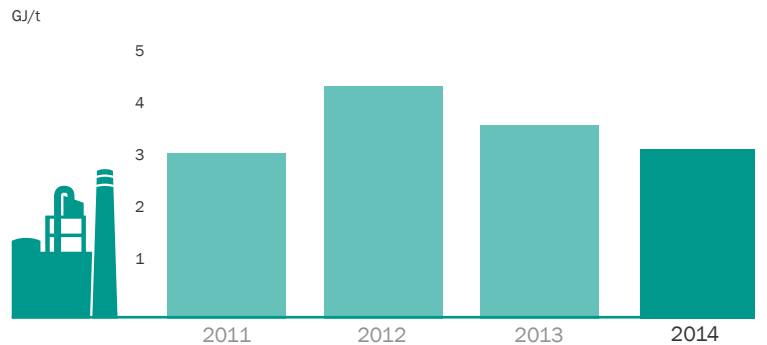


Energy consumption (G4-EN3)



- ▶ For 2014, information from our three new installations, in Newberry, Tampa and Piedras Azules (PIA), is included. The scope of the data that is presented covers the three regional divisions in which Argos operates.
- ▶ For 2014, the newly acquired concrete plants in the state of Florida are included. The scope of the data that is presented covers the three regional divisions in which Argos operates.
- ▶ There is no data available for 2011 and 2012. The scope of the data that is presented covers only the Colombian Regional Division.
- ▶ There is no data available for 2011. The scope of the data that is presented covers only the Colombian and Caribbean and Central American Regional Divisions. The USA Regional Division does not have any self-generation.

Energy intensity in cement production (G4-EN5)



The scope of the data that is presented covers the three regional divisions in which Argos operates.

Future perspective

- We will progress in terms of defining scenarios in which the Energy Policy can be implemented and in terms of its impact in energy consumption of our processes. In 2015, we will define commitments for our operations, based on the prioritization of projects and on improvements at each of our plants, focusing on actions aimed at reaching the goals for reduction to be achieved by 2025.
- We will disseminate our Energy Policy by means of a communication campaign that strengthens management at all of the operations and at all levels.
- We will achieve the objectives set with regard to energy efficiency and assurance of energy resources and their integration into the sustainability framework and culture of the Company, using the tools of our energy model.

Transport

At Argos, we consider transport and distribution as the links that represent a truly significant moment for our customers, as it is here that any sale is in effect concluded.

Transport is fundamental, as it implies moving loads (raw materials, products in process and finished products), involving all of the actors that intervene in the supply chain, not only to ensure the final essence of it, which is to mobilize products, but also to manage environmental impacts and adopting practices aimed at ensuring the safety of all the people who are involved, both direct employees and contractors.

Transport is also a determining factor for competitiveness in distribution of cement and concrete, as it is a significant component that adds to the cost of the product. This condition leads us to a permanent need to innovate and invent schemes and ways of delivering our products to our customers and transform them into a true definition of our business, which is to reach our customers directly.

Towards customers

In 2014, we launched certain initiatives that allowed us to create significant added value for our end customers:



The implementation of smaller customer service centers in intermediate and urban cities for bagged cement, which decreased delivery times and the size of orders, according to the purchase power of an important customer segment.



The design, assembly and operation of a manufacturing plant for grey and white cement in 1 kg bags, in order to provide our brand with a stronger presence at points-of-sale. This product can be displayed, as opposed to the traditional 50 kg bags, which are always kept in the back of stores or in warehouses, where the end consumers that visit the store or point-of-sale cannot see them.



We had a direct impact on 371 customers thanks to our automated unloading process, which helped us eliminate informal, unsafe and expensive processes at our customers' facilities.



Thanks to the installation of more bulk cement silos, we managed to increase our storage capacity by 24% in order to service more industrial customers and concrete manufacturers.

We were praised by the Colombian Road Prevention Fund, being awarded their Road Safety and Intelligence Label, through Logitrans, one of Argos' subsidiaries in the country.



In 2014, our transport carbon footprint (scope 3) was kept virtually stable in terms of absolute CO₂ emissions, despite the fact that longer distances were covered.

Cost efficiency

In this regard, in 2014, we consolidated and strengthened transport schemes based on a high rotation of our fleet and compensated loads. Forty-five percent of our transport was carried out under this modality. We used a monthly average of 2,400 vehicles, with which we mobilized 20.9 million metric tons during the year. Also, 1% of our finished products were transported by means of combining river and road channels, from the Yumbo and Cartagena Plants, thus boosting multimodal operations, which is not yet a common practice in Colombia.

Management of environmental impacts stemming from transport (G4-EN30)

By means of recognized methods, at Argos, we identify and assess environmental aspects associated with transport activities, among which the main aspect is air pollution due to the emission of gases (including greenhouse gases) and particulate matter, arising when mobilizing materials.

In 2014, we continued to measure our carbon footprint (scope 3), which was kept almost stable compared to the absolute CO₂ emissions of the previous year (with a variation of only 1%), despite the fact that we covered much larger distances in order to offer a better service.

Our objective is to continue to reduce our CO₂ emissions, which is why we will keep working on the replacement of our fleet, efficient driving and technical-mechanical check-ups.

Future perspective

- We will contribute to the decrease in the number of accidents along the roads that we use, for which it will be necessary to keep on working tirelessly with all of our contractors.
- The proximity to our customers when carrying out a delivery that is efficient in terms of cost for us and competitive in size order for them, allowing them to obtain better cash flows for their business, will be one of the most important challenges we will face in the coming years.

Efficient use of materials and co-processing

In accordance with our Environmental Policy and in line with our Energy Policy, at Argos, we take actions aimed at producing more with less resources, seeking to increase productivity, but with the smallest possible impact on the environment, given that our production activities are demanding in terms of the use of raw materials and energy.

For this reason, the programs that we develop are aimed at reducing the use of non-renewable natural resources, by using alternative materials, both to replace fossil fuels and raw materials, and by optimizing the production process, through the use of additions.

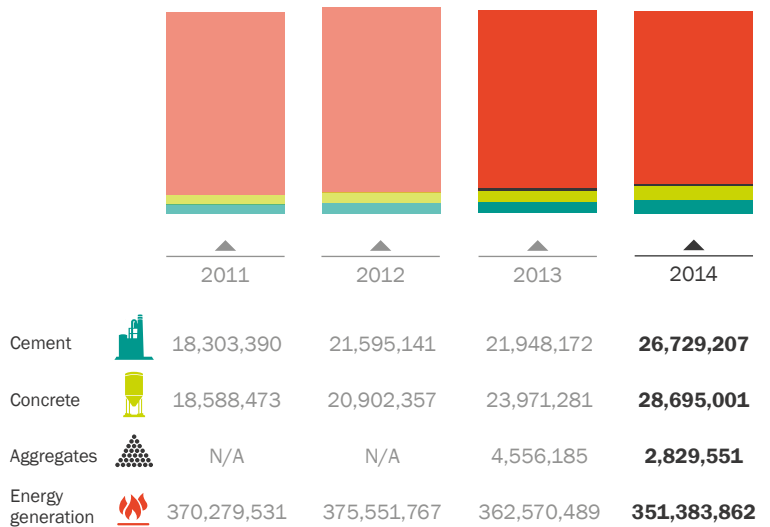


Goals

- To replace 7% of the materials used for cement production by alternative materials by 2025.
- To replace 3% of the materials used for concrete production by alternative materials by 2025.
- To increase the replacement of our caloric consumption of fossil fuels by alternative fuels, from 7.5% to 18% by 2025.

In 2014, we continued to progress in terms of the replacement of fossil fuels by alternative fuels and biomass at our operations of the Caribbean and Central American and USA Regional Divisions. Thus, we managed to reach a point at which 4.5% of the caloric consumption of our clinkerization kilns came from alternative fuels, increasing both the variety and quantity of the materials used, such as tires, unburned carbon and used oils, among others. (A-MC1).

Consumption of materials (in metric tons) (G4-EN1)



- ▶ For 2014, information from three new facilities is reported: Newberry, Tampa and Piedras Azules (PIA). The scope of the data that is presented covers the three regional divisions in which Argos operates.
- ▶ For 2014, the newly acquired concrete plants in the State of Florida are included. The scope of the data that is presented covers the three regional divisions in which Argos operates.
- ▶ There is no data available for 2011 and 2012. The scope of the data that is presented covers only the Colombian Regional Division.
- ▶ The scope of the data that is presented covers only the Colombian and Caribbean and Central American Regional Divisions. The USA Regional Division does not have any self-generation.

There was an increase of 20% in our consumption of recovered materials for concrete production, compared to 2013.

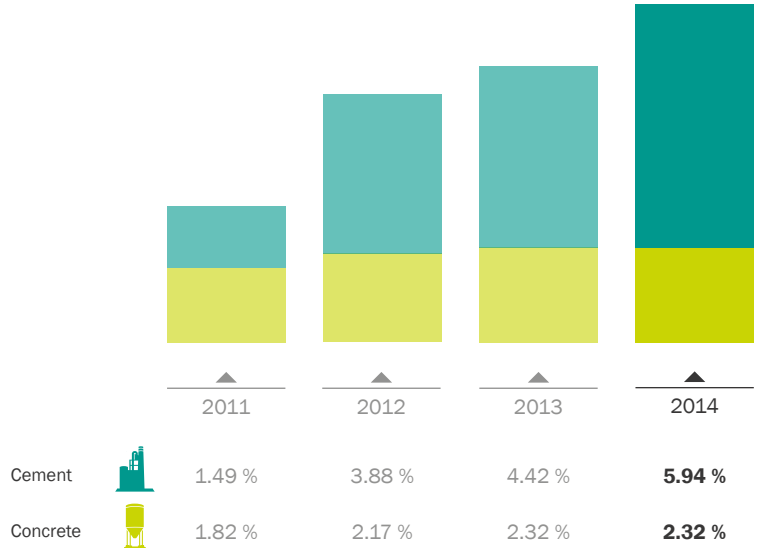
Use of recovered and/or alternative materials

In 2014, our consumption of recovered materials for cement production rose to 1.6 million metric tons, which was an increase of 64% compared to 2013. We also made progress in optimizing our clinker to cement factor, by 0.4%, reaching 71.6%. In concrete production, consumption of recovered materials was of 665,017 metric tons, for an increase of 20% in comparison to last year.

In 2014, we also managed to make progress on the goal of our Environmental Policy related to the use of alternative materials, using about 6.2% and 2.4% in our cement and concrete production, respectively. (A-MC2)

In order to achieve the established goals and develop programs of eco-efficiency, and with the objective of assessing the efficiency of the implemented procedures, associated to the measuring and calculating of environmental indicators proposed by the GRI methodology for Argos' production processes, in 2014, we subjected the procedure of the collection of information for the calculation of environmental indicators to an internal audit. The purpose of this procedure was to maximize the performance and increase the efficiency of the collection process, as well as to optimize the quality of the information. The audit was carried out for the collected data on the indicators regarding used materials, energy and water, covering our three regional divisions.

Consumption of recovered materials (G4-EN2)



The scope of the data that is presented covers the three regional divisions in which Argos operates.

There was an increase of 64% in the consumption of recovered materials for cement production, compared to 2013 (1.6 million metric tons).

Future perspective

- We will promote the use of used tires as an alternative fuel in the kilns of the Colombian Regional Division. In 2015 and 2016, about 8,000 metrics tons of tires per year will be used at the Rioclaro Plant, which is the equivalent of replacing 12% of caloric consumption, and which will represent savings of COP \$780 million (US \$326,000); and about 30,000 metric tons per year will be used at the Cartagena Plant, which is the equivalent of replacing 17% of its caloric consumption, and which represents savings of COP \$1.7 billion (US \$710,565) per year. In the medium term, these projects will reduce consumption of fossil fuels and they will boost the use of alternative materials at said plants, with the resulting reduction in global CO₂ emissions.
- By 2015, we will substitute 24% of our calcareous additions by coarse ash from the kilns used for self-generation for cement production at the Yumbo Plant. Thirty-three thousand metric tons of lime per year will be replaced by these ashes, leading to savings of about COP \$425 million (US \$177,641) per month.
- We will continue to use ashes as an addition in the grinding of cement at the Rioclaro Plant, which will lead to savings of COP \$19 million (US \$7,941) in 2014.
- We will continue to use unburned carbon, tires and used oil as alternative fuels in our kilns at the plants within the Caribbean and Central American Regional Division.
- We will progress in terms of stabilizing the supply of alternative fuels to kilns in order to maintain and increase the percentages of replacement of fossil fuels at the plants of the USA Regional Division.

Consumption of materials and percentage of recovered materials of each business

(G4-EN1, G4-EN2)



Water-related risks

For the Company, water is one of the main raw materials necessary for its production processes, and it is also an auxiliary material to obtain our products. At Argos, we are committed to making responsible and efficient use of this resource, and we focus our management on two lines of action:



Efficient use of water

The measurement of consumption at our operations and the development of plans aimed at reducing it, including, among others, measures such as technological reconversion, the recycling of water, the reduction of losses and the harvesting of rain water.



Management of water risks

The identification, evaluation and management of risks related to water at our facilities.

In 2014, we increased the amount of reused water by 87% in our concrete business, compared to the year before. As for the cement business, the increase of recycled water was of 54,279 m³ compared to 2013.

In the Caribbean and Central American Regional Division, we continued with the elaboration of our operations' integrated water management plans, with an investment of US \$133,000. In the USA Regional Division, we analyzed water consumption at our cement plants in order to identify opportunities to reduce it. At the Sogamoso Self-Generation Plant, in the Colombian Regional Division, we decreased water consumption by 2 m³/h by improving heat transfer in the turbine.

As part of our water risk management, since 2010, we have been using the Global Water Tool in order to identify the degree of availability of water in the regions in which we operate and to prioritize our management of this resource. As a result of the analysis that was done in 2014, we were able to identify that 22% of our plants across all of our regional divisions are located in areas with water stress.

Throughout the year, together with the National Center for Cleaner Production and the Swiss Agency for Development and Cooperation, we continued to work on the SuizAgua Colombia Program at our Tolviejo and Mamonal Plants, which are both located in areas with water stress. The objectives of the program were to measure and reduce our hydric footprint, to take actions in the context of social and environmental responsibility and to transfer knowledge. In the light of this initiative, we measured our plants' blue, green and grey footprint, we reduced the blue footprint of the Mamonal Plant by 28%, and we improved the hydro sanitary infrastructure of two educational institutions.



Goal

- To reduce water consumption by 30% for the cement business and by 20% for the concrete business by 2025, compared to the consumption of base year 2012.

There was an increase of 54,279 m³ in use of recycled water in the cement business, compared to 2013.

ADHERENCE TO THE CEO WATER MANDATE

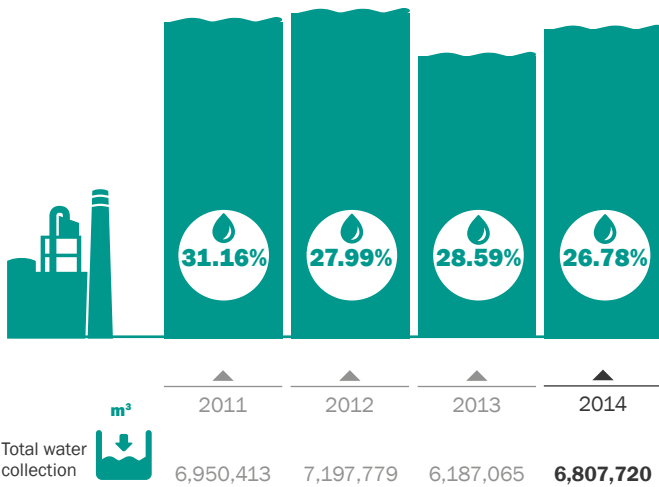
In 2014, we adhered to this initiative, which is led by the United Nations, and whose objective it is to help companies develop and disseminate policies and practices related to water sustainability in six aspects: direct operations, supply chain and water basin management, collective actions, public policies, and community participation and transparency. In the context of this initiative, we committed to developing actions in these fields and to report on our progress annually.

[2014 Progress Report](#)



Water collection and reuse/recycling in cement production

(G4-EN8, G4-EN10)

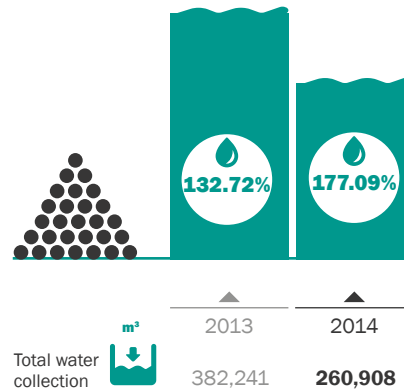


Reused and/or recycled water

For 2014, information of two new facilities is reported: Newberry and Tampa. The Rioclaro Plant is not included, given the fact that its water meters were damaged during the year. The scope of the data that is presented covers the three regional divisions in which Argos operates.

Water collection and reuse/recycling in aggregates production

(G4-EN8, G4-EN10)



Reused and/or recycled water

The scope of the data that is presented only covers the Colombian Regional Division. There is no data available for 2011 and 2012. (The amount of recirculated water can be higher than the amount collected when it is recirculated multiple times.)

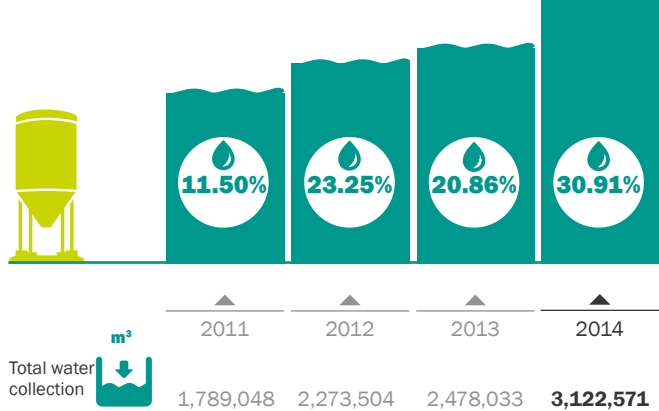
[Total water collection and reused or recycled water of each business](#)

(G4-EN8, G4-EN10)



Water collection and reuse/recycling in concrete production

(G4-EN8, G4-EN10)

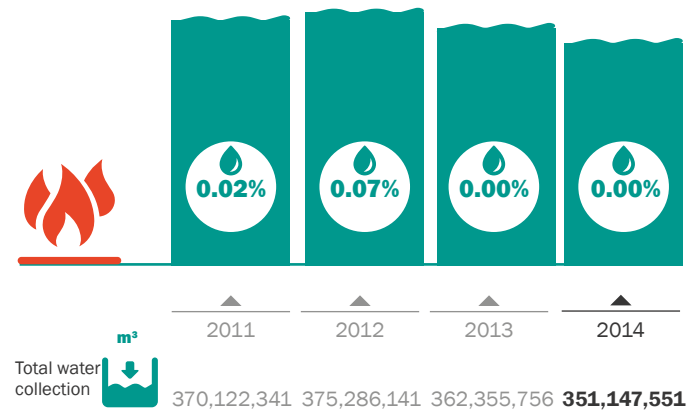


Reused and/or recycled water

For 2014, data is reported for the new concrete plants acquired in the state of Florida. The scope of the data that is presented covers the three regional divisions in which Argos operates.

Water collection and reuse/recycling in energy generation

(G4-EN8, G4-EN10)



Reused and/or recycled water

The scope of the data that is presented covers only the Colombian and Caribbean and Central American Regional Divisions. The USA Regional Division does not have any self-generation.

We increased the amount of reused water in our concrete business by 87% compared to 2013.

Future perspective

- We will continue to take actions related to the efficient use of water and water risk management in order to make progress in terms of the goals of reduction established in our Environmental Policy. Thus, in 2015, we will continue with the identification of water risks at our facilities and with the formulation of water risk management plans; we will standardize the procedures used to measure water consumption and, locally, assess the risks for each plant that is located in areas of water stress.
- We will elaborate specific action plans for local risk management and make progress in the identification and management of water risks for our critical suppliers, both in the medium and the long term.

Biodiversity

At Argos, we are fully aware of the importance of biodiversity for our planet and of how it depends on the offering of environmental goods and services that are necessary for businesses to operate. We recognize the impact that stems from our mining and industrial activities on ecosystems and the landscape. This is why we develop management strategies to prioritize our efforts at all of our facilities that are located in high conservation value areas (HCVA), and we define actions based on the hierarchy of mitigation, seeking to improve the conditions of these ecosystems. In accordance with our Environmental Policy, we concentrate our efforts on two lines of work:



Rehabilitation of exploited areas

By means of the implementation of closure plans and the rehabilitation of exploited areas that are released by our active quarries.



Management of biodiversity

Through the assessment of our impacts and the development of biodiversity management plans for the operations located in HCVAs.

In 2014, we formulated and disseminated guidelines for the elaboration of closure plans, and we made progress in terms of their design and implementation. We managed to get to a point where 74% of our quarries have this kind of plan, and we rehabilitated 46% of the exploited areas they released. Furthermore, we made adjustments to the environmental impact assessment matrix, including changes related to biodiversity.






Goals




- To make sure all of our active quarries have a closure plan by 2025.
- To rehabilitate 70% of the exploited areas that are released at active quarries by 2025.

In 2014, we managed to establish a closure plan for 74% of our active quarries, and 46% of the exploited areas that were released were rehabilitated.

Number and percentage of active quarries with an established closure plan (A-B1)

	Active quarries	Active quarries with an established closure plan	% of active quarries with an established closure plan
 Colombian Regional Division	34	25	74%
 Caribbean and Central American Regional Division	8	5	63%
 USA Regional Division	5	5	100%
Total	47	35	74%





Exploited areas released by quarries that have been rehabilitated (A-B2)

	Exploited areas released by active quarries (in hectares)	Rehabilitated areas at active quarries (in hectares)	% of exploited areas that were released that has been rehabilitated at active quarries
 Colombian Regional Division	158.60	81.13	51%
 Caribbean and Central American Regional Division	7.35	6.35	86%
 USA Regional Division	99.01	33.20	34%
Total	264.96	120.68	46%




In 2014, we concluded the studies we began with the University of Antioquia (Colombia) about bacteria that can absorb nitrogen and stimulate vegetal growth, identifying 31 species that can be used for the rehabilitation of soils. Also, we started with the construction of a garden center at the Arroyo de Piedra Mine, and we improved the garden center at the Saldaña Mine, with an investment of COP \$62 million (US \$30,000), with the objective of producing vegetal material that can be used for the rehabilitation of the exploited soil in the area.

As a result of our strategic partnership, we obtained the first results regarding local fauna in the studies that are being carried out by the Smithsonian Institute in the HCVAs close to our Panama Plant. Furthermore, we continued working on the certification of the Wildlife Habitat Council at five terminals and three cement plants of our USA Regional Division, and we applied for the certification of two more plants, at which we adapted areas to plant native plants and set up shelters for birds and bats.

Number of facilities with HCVAs (G4-EN11)

	Number of active plants located in or near to or containing protected areas or HCVAs	Number of active quarries located in or near to or containing protected areas or HCVAs
 Colombian Regional Division	9	23
 Caribbean and Central American Regional Division	3	1
 USA Regional Division	4	0
Total	16	24

Species included in the International Union for Conservation of Nature (IUCN) Red List that are present in the areas exploited by our operations in 2014 (G4-EN14)

	 Colombian Regional Division	 Caribbean and Central American Regional Division
<input type="radio"/> Least Concern	9	1
<input type="radio"/> Near Threatened	2	0
<input type="radio"/> Vulnerable	19	1
<input type="radio"/> Endangered	9	0
<input type="radio"/> Critically Endangered	2	0



Biodiversity, Panama Plant, Caribbean and Central American Regional Division

As a member of the Cement Sustainability Initiative (CSI), we were the hosts of its 2014 Forum on Biodiversity, held in Cartagena, Colombia, which brought together cement companies and experts on biodiversity. At the event, the CSI launched its Biodiversity Management Plan Guidance, and good practices for the management of ecosystems were shared. The indicators we report in the context of the CSI can be found in the index on p. 124 of this document.

In 2014, we hosted the CSI Forum on Biodiversity in Cartagena, Colombia, during which good practices regarding biodiversity management in the cement sector were shared.

Species included in the IUCN Red List in areas exploited by the operations of each regional division (G4-EN14)



Future perspective

- In 2015, we will continue to provide training on reference terms for the formulation of rehabilitation plans and the selection of the proper tools for the identification and prioritization of HCVAs.
- We will use the selected tools to perfect information on facilities located in HCVAs and standardize the guidelines for the formulation of biodiversity management plans in 2016. These plans will reflect the philosophy of the hierarchy of mitigation in favor of sustainability at our operations and the wellbeing of our stakeholders.
- We will continue with the formulation, implementation and follow-up of closure plans and biodiversity management plans, and create synergies with strategic partners, which will become key actors to achieve our goals in the coming years.

Management of environmental and social impacts of products and services

At Argos, we want to offer valued-added products to our customers, minimizing the environmental impacts that stem from the emissions of greenhouse gases and other atmospheric pollutants and the consumption of water, fuel and energy, among others, throughout the life-cycle of each product. We focus our efforts on three strategic lines of investigation: materials, processes and applications.

In 2014, we developed the following projects in our different regional divisions:



Recycled concrete

We continued to implement the strategy aimed at partially replacing traditional aggregates by recycled aggregates, all in compliance with our standards of quality and durability. Thanks to this project, which includes the collection, separation, classification and grinding of construction and demolition debris, we replaced 10% of our aggregates, which corresponds to the exploitation of 9,000 metric tons per year of this waste, in 37% of the concrete mixtures of our Norte Plant (Bogotá, Colombia), or close to 120,000 m³ of concrete delivered to customers.



Permeable concrete

We designed permeable types of concrete for the Colombian Regional Division. This material allows rain water to pass through its structure, with the intention of allowing the water to be stored in and/or filtered through natural aquifers or storage wells, thus having a positive effect on rain water management.



Ash replacement

We started using fly ash in all of our products sold in Panama as a strategy to reduce the CO₂ emissions of our mixtures. With this initiative, we managed to replace an average of 25% across all of the mixtures we sold.

We used 9,000 metric tons of recycled aggregates last year, for the production of 120,000 m³ of ready-mix concrete.

More than COP \$500 million (US \$210,000) was invested in projects aimed at developing new products that contribute to sustainable construction in the Colombian and Caribbean and Central American Regional Divisions.



Permeable concrete



Harleyville Plant, USA Regional Division

On top of these three projects, we continued publishing our Environmental Product Declarations (EPDs) as a tool aimed at disclosing the environmental impacts of our products throughout their life cycle and helping our customers in their decision-making process. To date, we have five EPDs: three of these were developed in Texas, USA, for a concrete mixture in 2014; and in 2014, we finished one more in the USA Regional Division and another one in the Caribbean and Central American Regional Division. Currently, these declarations cover 347 products in the Dallas-Fort Worth area (USA Regional Division) and at the Miraflores Plant (Panama City).

Green Bags Program



In Antioquia, in the Colombian Regional Division, we continued our Green Bags Program in order to raise awareness about the importance of the recycling of cement bags and to promote the reuse of bags as a raw material, for example, in the fiber cement industry, which is, to date, the main customer for this material, using it for the manufacturing of tiles. In 2014, the program included 72 of Argos' customers, representing 218 construction sites, at which 85 metric tons of bags (about 600,000 units) were collected. This means that about 35% of the packaging materials dispatched to these construction sites were recovered at the end of their useful life. (G4-EN28).

We celebrated the publication of the first Environmental Product Declaration for concrete in the Caribbean and Central American Regional Division, bringing our total to five EPDs, which cover 347 products of the Dallas-Fort Worth area (USA Regional Division) and the Miraflores Plant (Panama City).

Future perspective

- We will increase the number of concrete products with environmental declarations in 2015, in order to meet the need of the market and provide our customers with precise information about the environmental impacts of our products to aid them in their decision-making process.
- We will continue partially substituting traditional aggregates with recycled ones, increasing this use by approximately 20,000 metric tons per year for use in different types of cement. In addition, we will begin the development of projects for permeable concrete in different zones of the Colombian Regional Division, in order to make the product tangible and start with its massive use according to the market.
- We will begin the launch of pavements with high fly-ash content (>40%) for specific customers in Panama, in order to promote the use of concrete with high levels of addition of supplementary cementitious materials in the market, and reduce the use of non-renewable resources.

SOCIAL DIMENSION

Occupational health and safety

At Argos, we seek to obtain profitability within an appropriate ethical and legal framework, which is why we are responsible towards our employees and their families, as well as all of our other stakeholders. Through the occupational health and safety management system, we watch over the control of our operations' risks and the creation of a culture of care for people. We seek to go beyond mere compliance with the legislation of each of the countries in which we operate.

Through the "I Promise" Project and the application of a set of technical tools and human resources, as well as actions that involve all members of our value chain—contractors, suppliers and the community—we manage to obtain high levels of awareness with regard to care for individual and collective health.

A part of our success is due to the development of training activities on occupational health and safety, more specifically regarding the following topics:

- Safety as a sense of life
- Emergency plans
- Personal protective equipment
- Risk management and communication
- Dangerous materials
- Handling of materials
- Electric risks
- Prevention of occupational and regular diseases
- Prevention for work at heights
- Housekeeping and cleanliness
- Safety meetings

The safety and health of our employees is part of our strategic priority of sustainability.



Employee of the Newberry Plant, Florida, USA Regional Division

(G4-LA5) We have been working hard for more than four years for the employees of our three regional divisions to be represented in bodies of collective participation aimed at establishing safe and healthy working conditions. Currently, all of our human capital is represented through different committees, such as the Community Committee and the Joint Occupational Health and Safety Committee

Through these bodies, we deal with topics such as the identification of the risks of accidents and diseases in all of the Company's activities and facilities, the delivery of personal protective equipment and participation of employees in promoting preventative actions. These aspects are included in our Workplace Regulations. All of the collective bargaining agreements that are in place also include a specific chapter on our Occupational Health and Safety Policy. (G4-LA8)

All of our Process Leaders carry out inspections or field visits in order to identify risky conditions and make adjustments to behavior. The Board of Directors and the Directive Committee do a monthly follow-up on the process indicators and the results, which allows them to take the required corrective actions. It is worth highlighting that these indicators are a part of the variable remuneration of everyone working for the Company.

Our management philosophy follows the Plan, Do, Check and Act (PDCA) cycle that forms a framework for our occupational health and safety management system, which is certified according to the OHSAS 18001 standard at our operations in Honduras, Panama and the Dominican Republic, and at some of the cement and concrete plants in Colombia.



Performance in terms of occupational health and safety

Based on the principle of continuous improvement, we carried out assessments of our management system across our three regional divisions, together with the firm DuPont, which is a worldwide reference in the field of occupational health and safety (OHS), in order to help us identify the gaps that might exist between us and world class companies in this aspect.



As a result of this diagnosis, we launched the "I Promise" project, through which we assigned new responsibilities to the leaders of our operations; we also created the Occupational Health and Safety Management Department, which falls under the new Vice Presidency of Sustainability; and we hired consultancy services from the company DuPont for a period of two years

in order to give us advice on how to implement the best practices in this area.

As a result of the measures that were taken to prevent work accidents and occupational diseases, as well as of those aimed at avoiding the recurrence of incidents, we managed to keep results within a controlled range. Despite our efforts, however, we are sad to report that in 2014, there were incidents that led to the deaths of one employee and two contractors, which has made us commit even more to working on getting this figure down to zero. In all cases, we carried out exhaustive investigations in order to identify the root causes of the accidents and to define action plans to keep them from being repeated.







In the process of identifying the main risks of occupational diseases, we found that the most recurring ones are those involving loss of

The firm DuPont, a reference in the field of occupational health and safety, was hired to advise us on how to implement the best existing practices for this aspect.

hearing, respiratory diseases and musculoskeletal problems.







Given this fact, we decided to implement systems for epidemiological surveillance for each of these risks, as well as a program to prevent diseases of common origins, in which we involved all of our employees and contractors.

Hours worked by employees (G4-LA6)

	 Colombian Regional Division	 Caribbean and Central American Regional Division	 USA Regional Division	Total
				
2011	10,345,044	3,121,736	3,904,229	17,371,009
2012	10,954,632	2,740,653	5,616,031	19,311,316
2013	14,683,741	3,255,391	5,789,987	23,729,119
2014	13,595,463	4,459,372	6,666,279	24,721,114

 Hours worked / Note: In the three regional divisions, a total of 365 days was worked.


Hours worked by suppliers and contractors (G4-LA6)


	 Colombian Regional Division	 Caribbean and Central American Regional Division	 USA Regional Division	Total
				
2011	12,875,616	1,337,887	N/A	14,213,503
2012	17,276,400	1,174,565	N/A	18,450,965
2013	17,613,360	1,395,167	N/A	19,008,527
2014	18,852,974	1,686,922	527,118	21,067,014

 Hours worked / Note: In the three regional divisions, a total of 365 days was worked.


Performance in terms of occupational health and safety for employees (G4-LA6)


 Colombian Regional Division	2011	2012	2013	2014
Number of lost-time incidents	125	86	76	85
Total number of days lost due to work-related incidents	1,642	1,451	1,520	947
Number of cases of occupational diseases	1	4	7	5
Total number of days lost due to occupational disease	0	21	117	0
Number of sick leaves due to regular diseases	4,617	4,517	4,743	5,486
Total number of days lost due to regular diseases	17,676	16,608	19,118	18,215


 Caribbean and Central American Regional Division	2012	2013	2014
Number of lost-time incidents	5	5	10
Total number of days lost due to work-related incidents	249	77	69

 USA Regional Division	2012	2013	2014
Number of lost-time incidents	17	12	12
Total number of days lost due to work-related incidents	852	319	502

Performance in terms of occupational health and safety for contractors (G4-LA6)

 Colombian Regional Division	2011	2012	2013	2014
Number of lost-time incidents	91	88	53	70
Total number of days lost due to work-related incidents	901	1,082	784	603

 Caribbean and Central American Regional Division	2012	2013	2014
Number of lost-time incidents	5	3	5
Total number of days lost due to work-related incidents	72	22	76

 USA Regional Division	2012	2013	2014
Number of lost-time incidents	0	0	0
Total number of days lost due to work-related incidents	0	0	0

Start of the “I Promise” Project, together with DuPont, in order to turn safety into a value, more than a priority.



Sogamoso Plant, Colombian Regional Division

All of our collective bargaining agreements include a clause about occupational health and safety. (G4-LA8)

Frequency and severity of incidents of occupational health and safety of employees and contractors (G4-LA6)

Lost-time frequency rate 2014		Employees	Contractors	
Colombian Regional Division	Number of work-related incidents per million man hours worked	6.25	3.71	
Caribbean and Central American Regional Division		2.24	2.96	
USA Regional Division		1.8	0	
Total		4.33	3.56	
Goal 2014		2.2		
Consolidated frequency index: employees and contractors				
		2012	2013	2014
Colombian Regional Division	Number of work-related incidents per million man hours worked	6.16	3.99	4.78
Caribbean and Central American Regional Division		2.55	1.72	2.44
USA Regional Division		3.03	2.07	1.67
Total		5.32	3.49	3.97
Goal		2.2		



Nare Plant Employee, Colombian Regional Divisions

Severity rate 2014		Employees	Contractors
Colombian Regional Division	Days lost per million man hours worked	69.66	31.98
Caribbean and Central American Regional Division		15.47	45.05
USA Regional Division		75.3	0
Total		61.4	32.23
Goal 2014		60	

Consolidated severity index: employees and contractors				
		2012	2013	2014
Colombian Regional Division	Days lost per million man hours worked	89.72	71.34	47.77
Caribbean and Central American Regional Division		81.99	21.29	23.59
USA Regional Division		151.71	55.1	69.79
Total		98.14	63.69	47.98
Goal		60		



Goals 2015

Regional	Frequency rate	Severity rate
Colombia	3.37	32.92
Caribbean and Central America	1.71	16.52
USA	1.33	56
Total Company	2.78	33.59

Future perspective

- We aspire to be a reference in the field of occupational health and safety. In 2015, thanks to the "I Promise" Project, we will update and standardize all the procedures and forms required to manage occupational health and safety, ensuring that within a period of two years, all of our operations will work with the same method. Also, we will strengthen the hierarchical structure of occupational health and safety, creating committees on the strategic, tactical and operational levels.
- We will reach a level of awareness that allows our employees to implement the safety model built up through the "I Promise" Project, in order to ensure that, in the long term, we will all think of safety as a value.

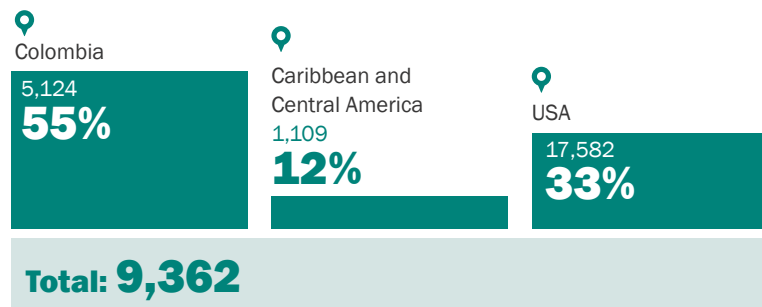
Talent development, retention and attraction

Talent management

We are convinced that a talent management that is diverse, inclusive and focused on development is key to realizing our strategic priorities. This is why our talent management is placed in the context of our Human Resources, Diversity and Inclusion, and Gender Equality Policies, and it is based on the pillars of our corporate culture.

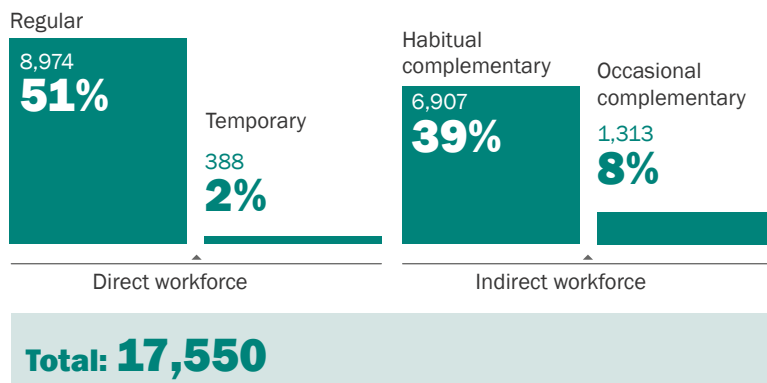
We improved our overall score in the Great Place to Work survey by 4.5 points, going from 56.5 in 2013 to 61 in 2014.

Direct workforce by geographic region (G4-10)



The direct workforce includes both the regular and temporary workforce.

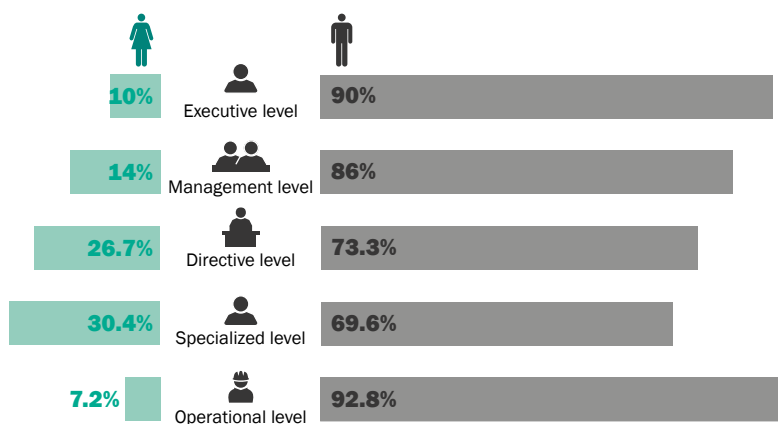
Total workforce by type of contract (G4-10)



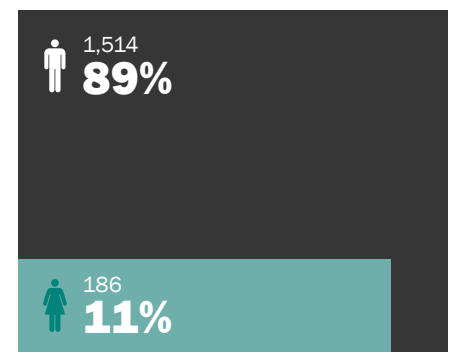
In order to be prepared to face future challenges, we have identified our talent and developed its skills by means of our Performance Management Program (PMP), our Educa training model and platform, and the identification of development plans. We have also influenced in our work environment, stimulated diversity and inclusion, and elaborated a competitive and equitable remuneration scheme.

We have furthermore leveraged our Gender Equality Policy, which focuses on equal opportunities, by participating in the labels for equality at work: "Equipares," in Colombia, and "Iguinaldo," in the Dominican Republic, and continued to organize our training for female Concrete Delivery Professionals in Colombia.

Employees by organizational level and gender



Recruitment by gender



[Comparison between basic salaries for men and women \(G4-LA13\)](#)



[Recruitment by regional division \(G4-LA1\)](#)



Quality of life at work

We improved the internalization of our corporate cultural pillars by means of alignment workshops, strategies and communication, and the "All Aboard" event, which was organized in five different countries and allowed 5,032 employees commit to its cause.

We also continued to develop programs based on these cultural pillars, such as telework, flextime, the celebration of World Day for Cultural Diversity for Dialogue and Development, events aimed at developing feelings of camaraderie, extra breastfeeding time and the promotion of health and healthy habits. In Colombia, we increased the amount of people involved in the telework program to 66, we highlighted collective achievements by means of recognition events, and we offered non-mandatory benefits (life insurance policies, private health insurance policies and savings plans, among others) in each of our countries, for a total value of COP \$114.9 billion (US \$49 million). We also installed 39 electronic message boards in the Colombian and Caribbean and Central American Regional Divisions, and we promoted our Transparency Hotline and other communication channels.

With the purpose of promoting quality of life at work and becoming one of the best companies to work for, we conducted a survey regarding our work environment, directed by the Great Place to Work® Institute, whose results we disseminated in each country, along with the resulting intervention plans.

Results of the survey on our work environment

	2011	2012	2013	2014
Cementos Argos (Colombia)	62.0	67.8	70.6	71.8
USA	N/A	29.2	N/A	34.8
Dominican Republic	64.0	53.2	56.5	65.6
Argos Panama	60.0	40.0	52.1	55.9
Haiti	33.0	42.5	38.6	93

	2011	2012	2013	2014
Turnover rate (average) <small>(G4-LA1)</small>	11.00 %	9.28%	9.50%	11.03%

Reincorporation after maternity leave (G4-LA3)



Turnover rate by regional division (G4-LA1)



We extended the coverage of our internal communication channels by including translation into Dutch.








Development of our talent (G4-LA10)

In 2014, we strengthened our training model, Educa, by offering 492,832 hours of training to employees, and we extended our program of multilingualism, with the start of French classes for 49 employees and the continuation of English classes for 556 employees. We also worked on identifying talent and succession plans, as well as on the program “Promoting Excellence” and the strengthening of the special training program, through which 36 employees were benefitted, who are currently taking higher education studies in different countries around the world.

We increased our investment in training for our employees by 28% (1.12% of our EBITDA), by offering a total of 493,184 hours.

Training hours per organizational level

	2012	2013	2014
 Operational level	80,012	218,023	246,230
 Specialized level	55,523	125,658	196,787
 Directive level	15,232	35,575	30,628
 Management level	2,807	6,271	13,326
 Executive level	372	325	5,213
Total	153,946	385,852	492,184

Performance management

We extended the coverage of our performance management program to include 5,457 employees and that of the 360° assessment of senior management to include all of our regions. We also implemented the employee self-management portal in Colombia.

In relation to performance management, we also have a variable remuneration system (VRS) that seeks to align our employees to the achievement of the Company’s strategic objectives. We have a corporate VRS that focuses on senior and middle management and a local VRS for each country, focusing on our other employees. Our indicators measure financial results of the businesses and those of sustainability, among which the ones regarding occupational health and safety and environmental management stand out.



11 schools
64 courses

E-learning platform
Presence in Colombia, the Dominican Republic, Honduras and Panama

Virtual training
12.6%

Training per employee
54.8 hours (G4-LA9)

Future perspective

- We will increase work on succession plans, identification and development of potential and our training model, Educa. We also plan to increase our educational offer by means of our e-learning platform, increasing coverage to include new locations and in their language, with the objective being that 7% of all training becomes virtual.
- We will measure the return on investment (ROI) of our training programs.
- We will increase our investment in training programs by 6.7%, increasing our educational offer to reach more locations.
- We will strengthen the pillars of our organizational culture through our internal communication channels, the “All Aboard” event, which we will take to Honduras and the United States, and other initiatives related to them.
- We will extend our performance management program and the coverage of the self-management portal to include new locations, and we will execute action plans to improve our work environment, work-life balance, inclusion and equality at work. Furthermore, we will ensure equitable and competitive compensation, as well as strengthen our variable remuneration system.

Training per regional division



Performance management

(G4-LA11)



Human rights

We are convinced that treating others well is what makes our own light shine, as a sign of respect, which is a fundamental pillar of the Argos culture. Human rights are part of our vision on sustainability, and this is why we believe that the best way of creating value is by investing in the development of operations and commercial relations that are respectful towards the environment, watching over the human rights of our stakeholders, and contributing to sustainable development in all the countries in which we operate.

To reaffirm the Organization’s commitment and continue to align ourselves to the UN “Protect, Respect and Remedy” Framework on business activities and human rights (elaborated by Marco Ruggie), in 2014, the Board of Directors adopted a Human Rights Policy as a general framework that expresses our commitment, which we acquired through compliance with domestic and international regulations and our adherence to international initiatives, such as the United Nations Global Compact, since 2007.

Our Board of Directors approved the Company's Human Rights and Gender Equality Polices.

We already have twelve female Concrete Delivery Professionals in the Colombian Regional Division, ten of whom got certified in 2014.



Female concrete mixer truck driver, Bucaramanga Cement Plant, Colombian Regional Division

We signed the agreement aimed at putting an end to violence against women of the UN Secretary-General’s campaign “UNITE,” in the context of the Regional Business for Equality Forum.

HUMAN RIGHTS POLICY

At Argos, in line with our corporate culture, we confirm our commitment to doing our business transactions in coherence with the Universal Declaration of Human Rights and the fundamental principles and rights at work established by the Declaration of the International Labor Organization and in compliance with the laws applicable in the countries or states where said transactions take place. These norms and standards will all continue to guide our actions, the way in which we achieve results, and our Company’s sustainability.

GENDER EQUALITY POLICY

Argos, in accordance with its Human Rights and Diversity and Inclusion Policies, promotes gender equality as a fundamental element of its organizational culture. In coherence with this, it stimulates and practices equality of opportunities at work, it promotes a good quality of life and life-work balance with co-responsibility, it rejects any type of discrimination and violence, and it establishes mechanisms aimed at preventing or resolving any type of harassment; all of the above, in search of the sustainability of the Company and employment.

Training

Convinced of the importance of education in the assurance of human rights and the building up of skills, we selected this topic as a central training topic during Sustainability Week in the Colombian Regional Division. In the context of this event, we organized training workshops, cinema forums and corporate volunteering activities. Also, we disseminated our Policies on Human Rights and Gender Equality, involving all the attendees. Additionally, together with the Colombian Global Compact Local Network, and in the context of our annual event with contractors and contracting parties of this regional division, we trained 226 contractors and 295 contracting parties on the topic of human rights.

We also continued to provide training to employees on the topics related to human rights that are most relevant to our business, such as care for life, safety and health, the environment, labor rights, prior consultation and Convention 169 of the International Labor Organization, prevention of fraud and corruption practices. In 2014, all of the safety personnel of the Colombian Regional Division received training on human rights. (G4-HR7).

We offered 128,973.4 hours of training on the topic of policies and procedures related to human rights to our stakeholders.

Hours of training on human rights for employees (G4-HR2)



	2014
Environment	3,978.15
Rights and labor regulations	3,015.6
Sustainability Week – Human Rights	3012
Contractors Human Rights	295
Anti-corruption: fraud prevention program	1,013.5
Occupational health and safety	117,660.15
Total	128,974.4

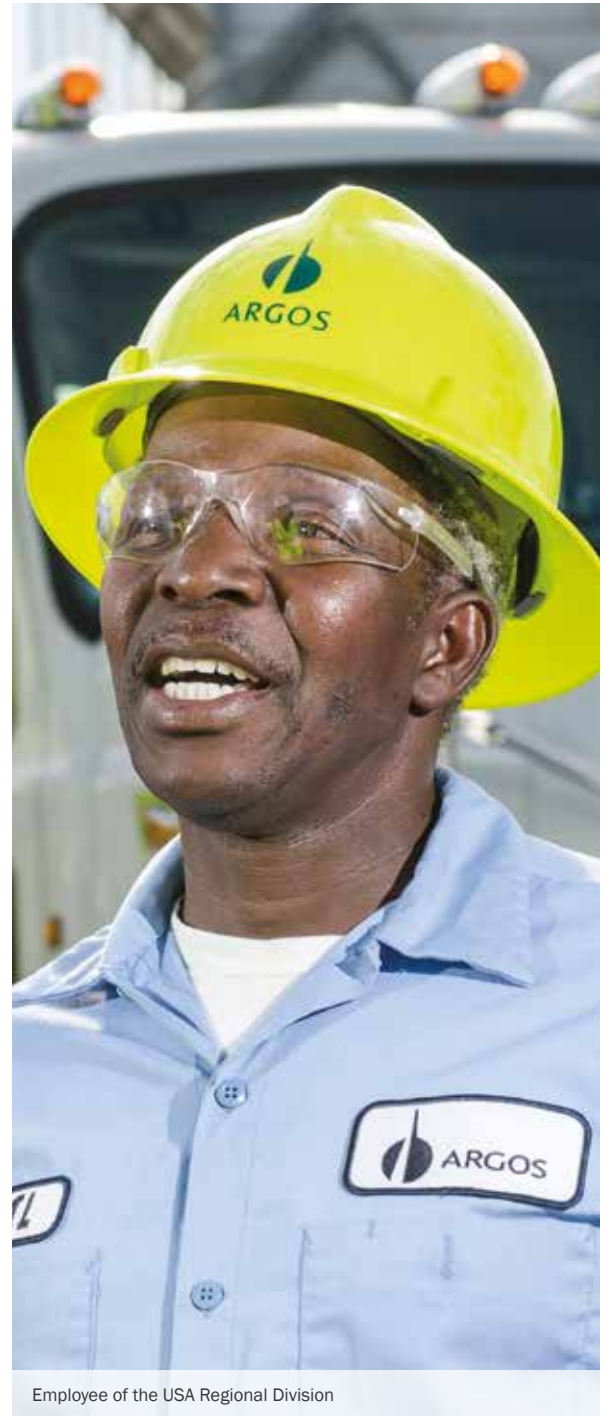
The data refers only to the Colombian and Caribbean and Central American Regional Divisions. There is no data available for the USA Regional Division.

Hours of training on human rights for contractors, community leaders and local authorities



	2014
Sustainability Week – Human Rights	1,080
Contractors Human Rights and Anti-corruption	452
Total	1,532

Data refers only to the Colombian Regional Division.



Employee of the USA Regional Division

Due diligence

With the intention of preventing and mitigating the negative effects on the human rights of our stakeholders that could stem from the operations of the Company or our commercial partners, we work together with the Risk Management Department on identifying and monitoring the strategic risk referred to as “Human resources management that is not aligned to the objectives and needs of the business,” as well as other strategic risks related to this topic. These consequences could be related to a negative effect on the safety of employees, environmental impacts, confidentiality of information, relations with neighboring communities and corruption.

Additionally, we have a human rights matrix that is in line with that of Marco Ruggie, through which we monitor risks associated with the rights of employees and contractors. None of the identified risks imply a high residual risk, which is why we focus our management on moderate risks, such as work-life balance, occupational health and safety, and working conditions that have an impact on safety, health and the environment.

Our employees

We owe the Company’s outstanding results to our employees, so we spare no efforts when it comes to rewarding them through strategies that ensure the protection of their rights. We commit to the development of their talent, as well as to their safety, health and wellbeing, watching over compliance with national and international labor standards. We value and guarantee the right of free association and collective bargaining, and we strongly condemn forced labor and child labor.

We promote equality at work as a part of our organizational culture in order to reinforce attitudes that allow us to build a more inclusive environment. This is why, in coherence with our Human Rights and Diversity and Inclusion Policies, in 2014, we adopted our Gender Equality Policy as a strategic element to ensure competitiveness and social development. Along these same lines, in the Colombian Regional Division, we have been working on certification with the labor equality label “Equipares,” and our operations in the Dominican Republic have joined the initiative to obtain the labor equality label “Igalando.” For 2015, we have set the goal, for the Colombian Regional Division, to assess gender equality and draw up an action plan approved by the Ministry of Work, the United Nations Development Programme (UNDP) and senior management. More details regarding our Human Rights and Gender Equality Policies and the initiatives related to them can be found in the digital edition of this report.



Distribution Center, Medellín, Colombian Regional Division

Supply chain, recruitment and responsible investment

In order to ensure a responsible supply chain and to reduce the risks associated to it, in the Colombian and Caribbean and Central American Regional Divisions, we made progress in the implementation of equitable and competitive processes that take into account criteria of human rights for the selection, recruitment, monitoring and assessment of suppliers and contractors. Among said assessment, we carried out one for mining suppliers in the Colombian Regional Division, due to the potential risk that exists to human rights in this sector, specifically in issues related to the environment and child labor. The results showed no evidence of child labor or any risks related to other topics of human rights, which is why work plans were elaborated, and these will be monitored by us to ensure compliance. (G4-HR5, G4-HR6) Despite the aforementioned, we did identify some irregularities with regard to transparency with two of our suppliers, which is why it was decided to end our contractual relation with them (for

more information, see the chapter “Supplier management”).

We have also incorporated criteria regarding human rights into our recruitment processes. The recruitment manuals for the Colombian and Central American Regional Divisions include specific guidelines on human rights whose compliance is mandatory. The same goes for the most important contracts in the USA Regional Division, as they include the obligation to respect the principles of the Global Compact. Also in the Colombian Regional Division, all of our most important contracts contain clauses on human rights. (G4-HR1)

Furthermore, in order to ensure a responsible and sustainable expansion of our business, we included criteria on human rights in the assessment of our investments. In fact, the processes of due diligence and the investment agreements for the acquisitions in Florida and French Guiana, carried out in 2014, included human rights clauses. (G4-HR1)

Complaint mechanisms

Lastly, at Argos, we have different mechanisms aimed at building up relations that allow us to find out about any possible irregularities that could have a negative effect on the rights of our stakeholders. In order to strengthen these channels, we created a specific category focused on human rights for our Transparency Hotline, and in 2015, we will develop a protocol for its classification and management. In 2014, the Transparency Hotline received reports on two cases of discrimination in the Colombian Regional Division, which were forwarded to its Behavior Officer who was in charge of processing them and closing them. In the USA Regional Division, six employees filed complaints regarding discrimination before the Equal Employment Opportunity Commission (EEOC) and other local bodies. In three of these cases, the complaint was later on withdrawn by the employees themselves; two cases were rejected by the entity in charge; and as for the last case, it was shelved by the EEOC (see the chapter “Compliance, ethics and transparency”). (G4-HR3)

Thanks to our assessments of suppliers in Colombia, Panama and Honduras, we were able to verify that there were no risks of forced labor or child labor in our supply chain.

Future perspective

- We will continue with the process of due diligence within our Organization, trying to make it applicable to all of our stakeholders. In order to do this, in 2015, we will work on strengthening training and the review of our risk analysis methodology in order to ensure the best possible reading of risks typical for our stakeholders, in line with the work that has been done on the matrix of employees and contractors.
- In the short term, we will expand the risk matrix related to human rights of communities and suppliers, in order to continue including all of our stakeholders in the future.
- We will carry out an analysis of possible gaps that will allow us to establish strategic pillars that include all of our stakeholders and that make it easier for us to subsequently elaborate a more detailed diagnosis that can help us formalize a human rights management model.

We trained 226 contractors and 295 contracting parties on the topic of human rights, with the help of the Global Compact Local Network in Colombia.

Human rights

Our commitment towards respecting and promoting human rights

Our commitment towards the promotion of and respect for human rights is materialized in our corporate policies and strategies.

Rights



Life, health and safety



Free and voluntary work



Decent work



Freedom of association and collective bargaining



Diversity, inclusion and gender equality

Our commitments

Life, health and safety

- CSI
Prevention of work fatalities, injuries and incidents
- Global Compact Principle 1
- Global Compact Principle 2



Our achievements in 2014

"I Promise" project Dupont

Training
117,000 hours

OHSAS 18001

Panama/Honduras/Dominican Republic/Colombia

OHS chapter* in collective bargaining agreements
100%

Assessment and monitoring
Operations and supply chain*

Our commitments

Free and voluntary work

- ILO Principles
- Global Compact Principle 1
- Global Compact Principle 2
- Global Compact Principle 4



Our achievements in 2014

Assessments of value chain*
100% free of forced labor

Our operations
100% free of forced labor

Diversity, inclusion and gender equality

- ILO Convention 169
- ILO Principles
- Global Compact Principle 1
- Global Compact Principle 2
- Global Compact Principle 6



12 female concrete mixer truck drivers
Colombian Regional Division

Adherence to UN "UNITE" campaign
Colombian Regional Division

Process "Iguinaldo" label
Dominican Republic

Process "Equipares" label
Colombian Regional Division

Freedom of association and collective bargaining

- ILO Principles
- Global Compact Principle 1
- Global Compact Principle 2
- Global Compact Principle 3



Unionized employees
27.6%

Number of labor unions
11

Agreements updated in 2014
5

Higher education studies on work
96 people

Assessment and monitoring
Operations and supply chain*

Decent work

- Global Compact Principle 1
- ILO Principles



Training
492,184 hours

Performance management
5,457 employees with 360° assessment

Telework
66 participants (Colombian Regional Division)

Non-mandatory benefits
COP \$114.81 billion
US \$49 million

Our policies and strategies

Sustainability Policy

- 1 Development, safety and wellbeing at work
- 2 Equitable relations with suppliers and responsible production chain
- 3 Compliance with legislation and good relations with authorities
- 4 Transparency in management of information and creation of value
- 5 Responsible production, with decrease and compensation of environmental impacts
- 6 Good relations with communities and support for local development

Energy Policy

Environmental Policy

- 8 Five pillars: environmental culture, climate change, eco-efficiency, biodiversity and sustainable construction

Human Resources Management Policy

- 9 Safe and healthy conditions, preventing work incidents, occupational diseases and emergencies
- 10 We recognize and respect the right to form and join (or not join) labor unions and establish collective bargaining agreements.
- 11 We value opportunities for physical and mental development of children and adolescents; we do not hire people under the minimum age required by law.
- 12 Prohibition and rejection of forced labor
- 13 Equality regardless of gender, age, sexual orientation, marital status, union affiliation or political preference
- 14 We ensure due diligence to our employees.
- 15 Legal compliance with labor and work-day regulations
- 16 Productivity, competitiveness, decent work and compensation as elements to attract and retain talent
- 17 Management based on a model of skills and development of people
- 18 Programs regarding quality of life at work and preference for internal selection

Code of Conduct

- 19 We are committed to safety and health, which is why we identify risks, train staff in order to reinforce the concept of self-care, and conduct follow-ups and audits.
- 20 We respect the right to form and join (or not join) labor unions and establish collective bargaining agreements.
- 21 We promote a work environment free of harassment, abuse and discrimination.
- 22 We value the physical and mental development of children and adolescents; we do not hire people under the minimum age required by law.
- 23 We prohibit and reject forced labor.
- 24 Commitment to care for the environment
- 25 We handle our external relations, company assets, family relations, and gift giving and receiving correctly; we do not offer or accept bribes; we abide by the law.

Rights

- Prohibition of child labor
- Environment
- Fight against corruption
- Equality, information, participation, privacy and equity of our shareholders
- Housing and education

Prohibition of child labor

ILO Principles
Global Compact Principle 1
Global Compact Principle 2
Global Compact Principle 5




Assessments of value chain*
100% free of child labor

Our recruitment
100% free of child labor

2 11 22
32 36 45 48

Fight against corruption

Global Compact Principle 1
Global Compact Principle 2
Global Compact Principle 10



Adherence to initiative "Call to Action: Anti-corruption and the Global Development Agenda"
1,013 hours of training on fraud prevention


452 hours of training on fraud prevention for contractors

2 3 25 26 27 32
40 42 43 45 48

Environment

CSI
CO₂ and protection of the climate; fuels and materials; reduction of emissions; biodiversity and water

Global Compact Principle 1
Business For Peace
Management of natural resources and water



CEO
Water mandate
Water

Global Compact Principle 1
Global Compact Principle 7
Global Compact Principle 8
Global Compact Principle 9

Reduction of CO₂ emissions
29% vs. 2006

Savings from replacement of fossil fuels
US \$1.64 million

Increase in use of recovered materials
Concrete: 20% vs. 2013
Cement: 64% vs. 2013

Increase in reuse of water
Concrete: 87% vs. 2013
Cement: 54% vs. 2013


Active quarries with closure plan
74%

Rehabilitated exploited areas
46%

2 5 7 8 24
32 39 47 48

Equality, information, participation, privacy and equity of our shareholders

Global Compact Principle 1



Supply of information for decision making

Planning and development of meetings in order to ensure participation

Equitable and equal treatment of all shareholders


Information regarding inspection rights

Publishing of Integrated Report

4 32 41 44

Housing and education

Business For Peace



Housing
US \$8.4 million
COP \$20.12 billion

Education
Infrastructure and quality
US \$6.78 million
COP \$16.22 billion

6 32

Our policies and strategies

- 26 Innovation**
Ecofriendly technology and products
- 27 Research and Development Policy**
Energy efficiency and reduction of emissions
- Diversity and Inclusion Policy**
- 28** No discrimination due to association to labor union
- 29** Equality in opportunities; fair treatment: learning from differences as a competitive advantage
- 30 Prior Consultation Protocol**
Rights of ethnic groups (ILO Convention 169)
- 31 Gender Equality Policy**
Equality in opportunities; quality of life and work-life balance; no discrimination; rejecting of violence and prevention of harassment
- 32 Human Rights Policy**
- Sustainability Index for Suppliers and Contractors**
- 33** Compliance in terms of occupational health and safety
- 34** Freedom of association and collective bargaining
- 35** We value the inclusion of women in directive functions, equality in salary and strategies for inclusion and no-discrimination.
- 36** Prohibition of child labor
- 37** Prohibition of forced labor
- 38** Protection of ethnic and collective rights
- 39** Protection of the environment
- 40** Fight against corruption
- 41 Code of Good Governance**
- 42 Anti-Fraud Policy**
- 43 System of Self-Control and Management of the Risk of Money Laundering and Terrorism Financing**
- 44 Bylaws**
- 45 Transparency Hotline**
Mechanisms to receive and process complaints
- Recruitment Manual**
- 46** Contract clauses on occupational health and safety with audit and assessment
- 47** Environmental clauses with audit and assessment
- 48** Clause of commitment to the United Nations Global Compact with audit and assessment

*Colombian Regional Division, Panama and Honduras

Corporate citizenship and community management

Maintaining good neighborly relations and being an agent that contributes to local development is, besides being a part of our value promise, the way in which we ensure the continuity of our business. We know that our activities have both positive and negative impacts, and it is the latter that, through an open dialogue that is agreed on and mediated by a common interest in growth and sustainability (company-community), we try to prevent, mitigate, correct or compensate.

In 2014, with the intention of identifying our business risks related to communities, we drew up a map of each of the operations of our three regional divisions, covering their total number, which gave us a wide perspective of the effects that we are subject to and the ones we might have. The main impacts that were identified are related to road accidents that could be caused while transporting our products or the materials we need for our industrial processes. (G4-S02) They are also related to emissions of noise and particulate matter stemming from our logistic and industrial activities, and problems related to the possible pollution of water.

We identified the risks related to communities at all of our facilities.

Based on the recognition of these situations, our operations in the Colombian and Caribbean and Central American Regional Divisions elaborated action plans to manage the identified risks and draw up a route map for how both regional divisions will build up the relations with their communities in 2015. The USA Regional Division, on the other hand, will do this exact same exercise in the first quarter of 2015. This will help us ensure that the investments in terms of both resources and time are aimed at dealing with and managing the impacts we have with our activities, seeking to maintain the conditions of neighboring communities in the same state they were in before our Company was present, or even to improve said circumstances.

In order to achieve this, and taking into account that the investments we make depend on the real or potential impacts we could have on communities, we have defined some intervention lines that will be applied depending on the context. These lines are education, housing, community infrastructure, community development, production processes, social and cultural development, and sponsorship.

For the Colombian Regional Division, in 2014, we decided to divide the activities we undertake for the community in two fronts:

We invested close to COP \$50.08 billion (US \$20.9 million) in different community programs. (A-GC1)

- 1 Activities to manage the communities influenced by our operations, in charge of a team of leaders present at each of the operation's areas.
- 2 Activities of the Argos Foundation, who are in charge of their own team.

This division seeks to provide an answer to issues related to communities of the areas influenced by the Company based on the resources of each operation by itself, and to provide greater clarity regarding the scope and objectives of the Argos Foundation. Thus, the Foundation is concentrated on supporting local development by means of the promotion of the right to education, with projects that allow us to provide communities with qualitative educational infrastructure and to stimulate institutional development, thus contributing to more decent education, expanding coverage, motivating pupils to stay in school and improving the results all along the educational cycle.

Progressing in terms of our commitment towards establishing indicators in 2014, we designed a system to monitor and assess the education impact indicators of the Argos Foundation, which will be implemented in 2015.



Scholarship program of the Argos Foundation

Operations with programs aimed at building up relations with communities and community development





(G4-S01)

We believe in development as a process led by the communities in which we are present, but we are also convinced that we play a fundamental role in helping them improve their quality of life. This is why, in some communities located in our three regional divisions, we have implemented development programs that meet their needs, carrying out impact assessments, so as to prevent, mitigate or compensate the negative impacts we could cause, and creating spaces for the local community to get first-hand information about our business activities and for Argos to find out what their concerns about these latter are.

Among the actions that we took, we would like to highlight the following: the elaboration of socioeconomic profiles of some of our zones of influence, in order to be fully aware of their situation; the creation of company-community committees, in which we share information on the new events of each operation and open up a space to answer the attendees' questions; the joining in, and on many occasions, coordination and execution of, community infrastructure projects, such as roads, bridges, community centers or recreational parks; and initiatives aimed at improving the housing conditions of the inhabitants of the area. With the intention of developing citizen and community skills in our neighbors, it is also important to highlight the leadership programs that we have developed.

In the future, the biggest challenge we face will be to increase the coverage of our concrete operations and to standardize mechanisms aimed at building up relationships with communities, in order to assess the perceptions and impacts of these programs in said communities.

Percentage of operations that have programs aimed at building up relations with neighboring communities and community development (G4-9)

Type of operation	Percentage
 Cement plants	100%
 Concrete plants	5%
 Clinker grinding facilities	67%
 Ports/terminals	50%

Note: Of the operations that have programs aimed at building up relations with neighboring communities and of community development, 51% corresponds to initiatives in addition to the ones required by law.



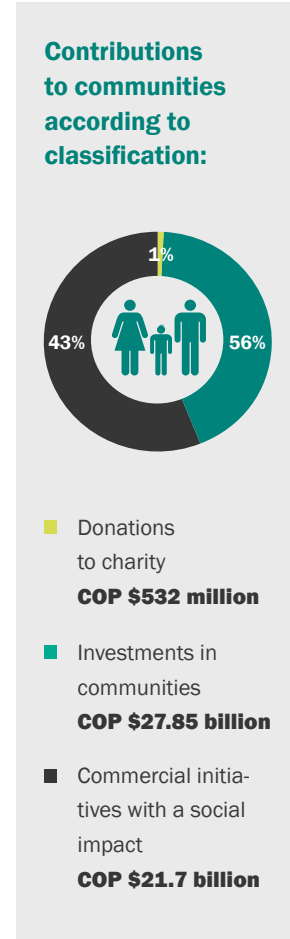
Inauguration of the Palmira Educational Center, San Onofre, Colombia

Lines of investment

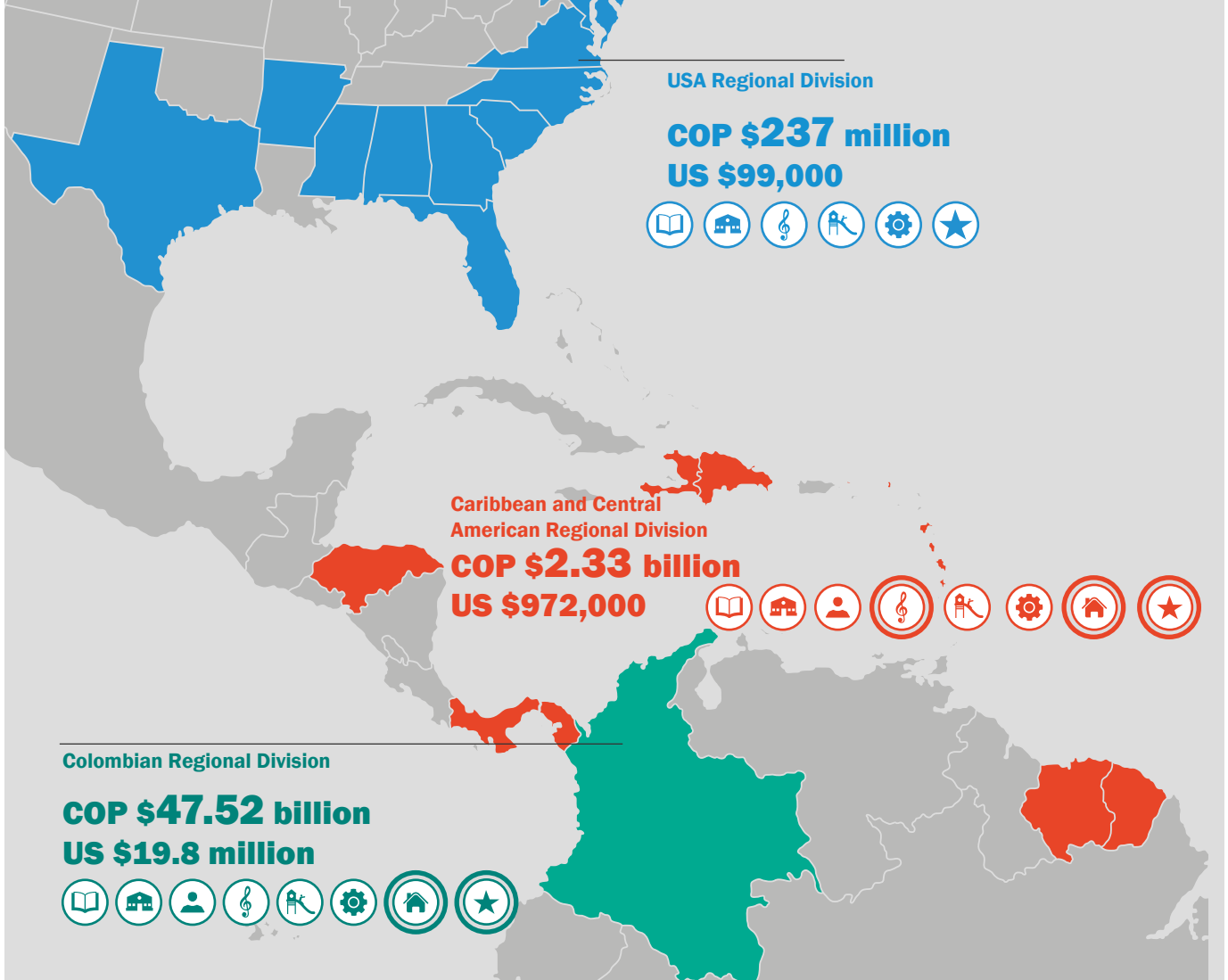
- **Housing:** new housing, improvements to housing, sanitary facilities and basic sanitation.
- **Community infrastructure:** roads, aqueducts, water tanks, community centers, parks, bridges, electric infrastructure and hospitals.
- **Education/infrastructure:** improvement or construction of educational infrastructure.
- **Education/quality:** contributions to educational programs and/or foundations that work on issues related to the quality of education.
- **Community development (social capital):** training workshops for communities and leaders, training on public aspects, investment in volunteering; this includes all the initiatives that contribute to the creation of social capital, which is seen as the capacity of individuals to work together on common purposes, based on aspects such as confidence, norms and social networks.
- **Production processes:** initiatives that generate revenues.
- **Social and cultural development:** contributions to organizations that promote different cultural and social expressions, and to those whose focus is on caring for and attending to communities or population groups with a certain level of social or economic vulnerability.
- **Sponsorship:** contributions made to an organization or person to develop a specific cultural or social-related activity, or for the maintenance of a specific space (museum wings, for example); in exchange, the Organization is mentioned at the space or during the event that is to take place.

Classification of contributions

- **Donations to charity:** one-time or periodic contributions that are not associated to the business strategy or any line of social investment defined by the Company.
- **Investments in the community:** contributions related to the business strategy or that meet the needs or expectations of any of the communities influenced by the Company; as well as initiatives that are part of a structured investment plan whose objective it is to create more opportunities for communities that benefit from them.
- **Commercial initiatives with a social impact:** contributions that, on top of the social role they play, are closely tied to the positioning of the brand or that imply revenues for the Company.



LINES OF INVESTMENT BY REGIONAL DIVISION



Education/quality
COP \$2.83 billion
 US \$1.2 million



Social capital
COP \$2.42 billion
 US \$1 million



Production projects
COP \$1.51 billion
 US \$631,459



Community infrastructure
COP \$3.6 billion
 USD \$1.5 million



Education/infrastructure
COP \$13.16 billion
 US \$5.5 million



Social and cultural development
COP \$181 million
 US \$75,562



Housing
COP \$1.78 billion
 US \$741,859



Sponsorship and others
COP \$2.88 billion
 US \$1.2 million



Commercial initiatives
COP \$370 million
 US \$154,613



Commercial initiatives
COP \$18.35 billion
 US \$7.6 million



Commercial initiatives
COP \$2.98 billion
 US \$1.24 million








Total
COP \$551 million
 US \$230,976

Total
COP \$20.13 billion
 US \$8.4 million

Total
COP \$5.86 billion
 US \$2.44 million

Revenues related to social initiatives

This refers to revenues that the Company receives and that are associated with initiatives that have a social impact. In most of the cases, this connection is made by offering special discounts on products, which makes it possible for certain programs to be implemented. In the following table, some of the initiatives that were taken in 2014 in the Colombian and Caribbean and Central American Regional Division, which represented revenues of approximately COP \$76.7 billion (US \$32 million) for the Company, are described in more detail:

Initiative	Regional Division	Revenues in 2014
 Construyá: This is a program that allows people that do not have any credit and that belong to social strata 1 and 2 to acquire construction materials or tools in order to improve or build their home. It is a line of credit that is obtained through hardware stores and material warehouses that are part of the program. It represents revenues, as we have calculated that 30% of the resources loaned so far have been used to purchase cement. (1)	Colombia	COP \$855 million US \$357,498
 VIS projects: The VIS projects, which stands for “Viviendas de Interés Social,” or social housing, have made the dream of many Colombians of having their own home come true, and we take part in that process by giving special discounts on cement to the construction companies that are legally constituted as developers for this kind of project. This discount allows these construction companies to carry out their work complying with the maximum sale price requirement, and it allows families with little economic resources to acquire their own house. (2)	Colombia	COP \$40.894 billion US \$17.1 million
 Project of 100,000 free homes: We support the initiative of the Colombian National Government to award 100,000 free homes, which is why we provide special discounts on cement and concrete to the construction companies that are legally constituted as developers of this kind of projects, in order to make their construction viable.	Colombia	COP \$19.01 billion US \$7.9 million
 Cemento Nacional: This refers to cement sold to the country of Honduras, at a preferential price, in order to be used for development and social investment projects. (3)	Caribbean and Central America	COP \$14.11 billion US \$5.8 million
 Agreement with Habitat for Humanity: This regards cement sold to Habitat for Humanity Honduras, with a special discount, in order for them to develop social housing projects they manage in the country. (3)	Caribbean and Central America	COP \$154 million US \$64,716
 Boca Cachón project: For this project, cement is sold to the National Government of the Dominican Republic, at a preferential price, in order to supply their relocation project and the construction of social housing.	Caribbean and Central America	COP \$1.57 billion US \$655,527
 Project for commercialization of bagged cement from containers: In Haiti, bagged cement is sold from containers managed by community representatives, which creates jobs and promotes the development of the area where they are located.	Caribbean and Central America	COP \$40.6 million US \$17,000

(1) For Construyá, a total of COP \$2.85 billion was loaned, of which we calculated 30% was used to purchase cement. A total of 2,041 families benefitted from the Construyá project in 2014.

(2) 120,170 metric tons were sold for this kind of projects.

(3) Approximate sales, based on the average exchange rate of the dollar in 2014.

Impact of investments in infrastructure on communities (G4-EC7)



Future perspective

- One of the main challenges in the short term is to strengthen the mechanisms aimed at communicating with and meeting the needs of our operations' neighboring communities. Even though a special chapter was incorporated into our Transparency Hotline to receive complaints and claims from these communities, which is available in the Company's three regional divisions, it seems necessary to disseminate the mechanisms further and to improve response times to requests that are processed through it.
- Also establishing indicators that will allow us to measure the impact and pertinence of the actions we take in and with communities is a challenge, but rather in the medium term.
- Last, but not least, we face the challenge of standardizing the procedures aimed at identifying communities influenced by our operations in our three regional divisions, as well as the communication and interaction channels at their disposal.

ECONOMIC DIMENSION

Economic performance

2014 was a significant year for the growth and consolidation of the operations in our entire strategic region. The acquisition of cement and concrete assets in Florida and French Guiana, the start of operations at our new distribution center at the Cartagena Plant, the announcement of the plan to build an efficient production line at the Sogamoso Plant, in Colombia, and the work we did in each of the markets in which we operate have all allowed us to close the year with an outstanding EBITDA, of more than COP \$1.06 trillion, which was an increase of 8% compared to the previous year. This record figure, along with a successful bond issuance of November, through which COP \$600 billion (US \$277 million) was raised, besides showing that Argos is growing in an ever more profitable way, also reflects a capital structure that continues to show adequate and balanced levels. It is also proof

of the high degree of financial flexibility the Company has, which is key to the development of our expansion strategy with the objective of penetrating new markets that create synergies with our current markets, and to our technological reconversion, which allows us to be more and more competitive in servicing customers, leading to increasing cash flows that will support future growth.

The positive performance of the Company is the result of the permanent evaluation of compliance with the strategic priorities defined by senior management and the constant monitoring of the strategic risks to which the Company is exposed. These aspects are reviewed periodically by bodies such as the Board of Directors and the Directive Committee, which do timely follow-up on the activities that are implemented and the need to make adjustments and take new initiatives.

Below, more details are provided regarding the main bodies that review and control these aspects:



Support to the Board of Directors:

- Audit and Finance Committee
- Appointments and Remuneration Committee
- Sustainability and Corporate Governance Committee



Directive committees:

- Directive Committee
- Capex and Shared Services Center Committee
- Governance and Recruitment Committee
- Talent Committee
- Innovation Committee
- Energy Committee

2014 was a year of structural transformations that will guide growth over the next decade.

Direct economic value generated and distributed (G4-EC1)



	COP	US
Economic value generated (EVG)	\$6,429,361,149,929	\$3,206,693,463
Operating income	\$6,429,361,149,929	\$3,206,693,463
Economic value distributed (EVD)	\$6,319,025,563,921	\$2,641,225,167
Payments made to suppliers of goods, services and materials	\$5,135,895,084,111	\$2,192,054,104
Social benefits for employees, salaries and other benefits (mandatory and non-mandatory)	\$434,988,608,506	\$217,350,602
Payments made to providers of capital	\$436,950,164,413	\$218,490,879
Payments made to governments	\$261,107,620,749	\$131,077,840
Investments in communities	\$50,084,086,142	\$20,934,137
Economic value retained (EVR)	\$110,335,586,008	\$461,118,048

Financial aids granted by the government

(G4-EC4)



We would also like to highlight the significant support we receive from our shareholders, who help the Organization in its story of growth and value creation. As of December 31, 2014, we had close to 14,000 shareholders, of both ordinary and preferred shares, which reflects a diversified base. Foreign investors held a total stake, counting both types of shares, of 13% in the Company at the year-end closing, with an adequate balance between institutional and independent investors.

Future perspective

- Our economic performance is expected to continue with its tendency of growth and over the next five-year period, the Company's three regional divisions will create even more significant operating cash flows. Our main leverage for economic growth in the coming years will be the recovery of the North American market, which will lead to growth and improvements in the profitability of the cement and concrete businesses.
- Along these same lines, the leading position we have developed in the Colombian market will allow us to participate as a big player in the massive infrastructure and housing construction projects that will be developed in the country over the next few years, thus favoring the continuity of the Company's positive performance in the country, which is its main market. Also the profitability of the operations in the Caribbean and Central America will continue to strengthen our operating cash flow, which will create a financially solid company that can continue with its strategy of growth and consolidation.



Mixers in Dallas, Texas, USA Regional Division

Customer management

Our business strategy, which focuses on the end customer, allows us to know and understand our customers, to define differentiating value proposals that meet their needs, to comply with international standards, and to develop plans to build up customer loyalty and retain customers, linking the market with the brand.

As part of our value proposals, we develop a commercial and technical infrastructure aimed at advising our customers on the use and applications of our products. In Colombia, Panama and the United States, we have a free customer service line to process requests, order scheduling, questions about general information, and complaints and doubts of customers.

Thanks to our knowledge on the market, our product and service portfolio is one of the most complete ones in the industry in the region, which makes it possible to meet the needs of our customers and to create a clear differentiation in said market.

Our knowledge on the market guarantees a highly competitive product portfolio.

All of these aspects have allowed us to make progress in terms of the consolidation and development of the following initiatives:

- The expansion of our product portfolio, through the launch of 1 kg displays of grey and white cement, with sales of close to one million units in Colombia.
- The exploring of alternative channels and non-traditional establishments to sell or commercialize construction products and training on business reinforcement that promotes the development of the business of our customers in Colombia.
- The launch of new channels to communicate and interact with customers, such as our online sales in Colombia and the Caribbean, and the mobile platform, which allows them to consult information of their interest and place cement orders by using mobile devices.
- The strengthening and development in our three regional divisions of our Value-added Specialty Products (VASPs), which are designed and manufactured with specialized technology in order to provide solutions that our customers' needs.
- The active participation in the construction of infrastructure in our three regional divisions, in projects such as hydroelectric power plants, roads, sports facilities and the expansion of the Panama Canal, among many other construction projects that contribute to the development of the countries in which we are present.
- Our participation in the program by the Colombian National Government aimed at building 100,000 free homes for people with low incomes, for which we supply our product at preferential prices, covering more than 70% of the projects involved in this program.
- The frequent training we offer to our customers in the United States and Colombia.
- The strengthening of service management indicators.
- The resolving of complaints and claims, as well as their measurement, aimed at the continuous improvement of our service through our customer service center.



Customer of the Retail Business Segment, Medellín, Colombia

Customer satisfaction

Customer satisfaction is a part of our commitment towards the quality of our products and of the service we offer. In this context, and with the intention of identifying opportunities for improvement and elaborating action plans, we carry out an annual measurement of this parameter through a survey that includes all of our products, services and customer segments. The surveys are conducted by external companies (Ipsos Napoleón Franco in Colombia and the Caribbean, and Tricone in the United States), which use a standard international methodology that ensures the statistical validity of the results. These are

then disseminated both internally and externally, and they constitute one of the indicators of corporate management, which is at the same time related to our variable compensation system.

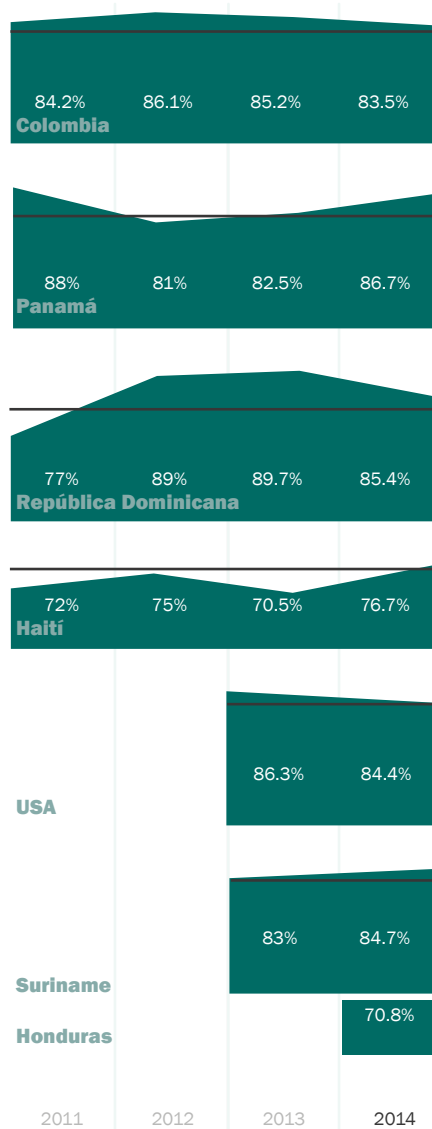
The results of this management in Colombia are also visible in the top-of-mind awareness score the brand obtained, reaching a historical result with the general public, of 67 points. According to this study on brand positioning and recognition, carried out by the firm Invamer Gallup of each 100 Colombians, 67 see Argos as the leading brand in the ce-

ment industry, with a difference of 57 points between our Company and the second brand.

We also have a complaint administration system that allows us to pinpoint opportunities for improvement, and in countries such as Panama, we are carrying out internal audits on customer service, aimed at ensuring the maintaining of standards, improving the quality of our service and optimizing our processes. These audits are expected to be implemented in the other regions and countries as well.

Evolution of the customer satisfaction index

(G4-PR5)



We are committed to customer satisfaction, which is why we measure it every year.

Future perspective

- We will improve brand recognition in the American markets, focusing in first on Florida.
- In the Caribbean and Central America, we will implement a program that focuses on a service culture, aimed at employees, seeking to make the customer experience more positive in terms of their interaction with the Organization at all levels.
- We will continue with the program for business development aimed at ensuring customer loyalty.
- In the USA Regional Division, we will launch a CRM system for communication with and transactions of customers that builds up our relation with them, closely resembling the one that has already been implemented in countries such as Panama, the Dominican Republic and Colombia, in order to improve our knowledge about each of our customers through this CRM platform.
- We will extend the coverage of the contact center as it operates today to other countries of the Caribbean and Central American Regional Division.
- We will explore new alternative channels in Colombia to consolidate our knowledge about the market, improve our brand positioning across all segments and strengthen the strategy of alternative purchase channels and new communication channels, such as the Internet.
- We will conclude the elaboration of a specific value proposal for the fourth-generation infrastructure projects that will be built in Colombia.
- We will provide the Industrial Business Segment with an interactive platform through which we will give customers information about their orders, delivery, quality reports and debts.
- By installing GPS systems in our fleet of concrete mixer trucks in Colombia, we will make sure our customers are given updated and live information about the state of their order.
- In the USA Regional Division, we will establish a mechanism that will allow us to monitor customer feedback in real time, and we will develop and implement new marketing channels.
- We will develop alternative marketing channels in the Caribbean and Central America that make use of digital marketing, and we will expand our product portfolio with mortars and glues for flooring.

Supplier management

Our supplier management strategy consists ensuring the continuity of supply by building up effective relations with our existing suppliers and in developing new sources of supply that can ensure efficient purchases in qualitative, competitive, sustainable and ethical conditions.

To support this strategy, we have a Recruitment Manual for suppliers of goods and services and a Code of Business Conduct that regulates behavior all of our employees must take on towards our stakeholders, including suppliers and contractors.

Sustainable initiatives in our supply chain



Initiatives

Development of an optimal supply chain based on an inventory model:
The model defines the material levels required to meet our needs in terms of production and sales, mitigating any uncertainty that could stem from the supply chain. We use our "Inventory Within Range" (IWR) indicator for raw materials that are purchased, which measures the percentage of materials that is in stock in a quantity between previously defined inventory levels.

Modeling of the aggregates network in Colombia:
We start with the collecting of information in the country for all of the routes, visiting the nodes of origin and destination. Costing is included for each of the routes according to the type of vehicle that is used. Finally, a tender process is organized to award the transport contract to the most suitable and competitive suppliers.

Acquisition of mixer trucks that run on compressed natural gas (CNG), as an alternative fuel, in the last quarter of 2014

Optimization of the transport of bagged cement by carrying out a tender process in order to award contracts



Qualitative benefits

- Improvement of the IWR indicator, going from 48% to 78% in 2014
- Reduction of working capital and increase in current assets
- Better availability at storage sites
- Decrease in pollution due to transport, handling and storage of raw materials

- Formalization of transport, with drivers that have the necessary government documentation
- Reduction of the risk of accidents by using vehicles that are tarped with mechanical and automated systems
- Increase in the availability of vehicles

- Reduction of emissions
- Reduction of noise
- Savings in fuel consumption
- Promotion of the use of domestic fuel

- Increase in service levels and customer satisfaction
- Reduction of 40% in the amount of transporters by 2015



Quantitative benefits

COP

USD

\$3,286,229,625

\$1,337,535

\$446,797,776

\$189,742

\$388,094,850

\$163,000

\$577,207,200

\$240,000*

* Estimated value of the improvements in distribution costs.

Description of the supply chain (G4-12)

Our supply chain is made up of suppliers that meet the needs of the cement and concrete businesses in the three regional divisions in which we operate and that supply raw materials, services, spare parts, transportation, fuel and technology.

Current number of suppliers by regional division 2014



With the objective of complying with requirements regarding competitiveness, quality and sustainability, and being consistent with our own internal policies, we carry out activities of preselection, selection, development, assessment and feedback of suppliers, through the technological tool ARIBA, which allows us to standardize purchase and supplier management procedures.

Furthermore, as a part of our sustainability strategy, we maintain harmonic and equitable relations with all of our suppliers and contractors, which is why we have mechanisms to build up our relations with them (see section "Relations with stakeholders"), among which the most noteworthy one is their participation in the Sustainability Dialogues, as a meeting at which, besides presenting them the results of our management, we ask them about their opinions, expectations and suggestions regarding sustainability. In 2014, a total of 188 suppliers and contractors of the Colombian and Caribbean and Central American Regional Divisions participated in this event. We do not only use criteria of sustainability for the selection, monitoring and assessment of suppliers, but we also promote their development in order to ensure a responsible production chain that seeks to use.



Logistic service providers, Medellín, Colombian Regional Division

Value of payments by type of purchase

	Colombian Regional Division		Caribbean and Central American Regional Division		USA Regional Division	
	COP	USD	COP	USD	COP	USD
Raw materials	\$188,231,261,919	\$78,676,869	\$305,809,795,602	\$127,822,323	\$1,145,556,982,477	\$478,819,701
Administration	\$75,679,729,678	\$31,632,600			\$156,485,476,716	\$65,407,771
Transportation	\$605,880,277,210	\$253,245,729			\$94,327,317,850	\$39,426,915
Fuels ⁽¹⁾	\$205,587,833,344	\$85,931,566	\$38,683,628,082	\$16,168,976	\$125,883,591,697	\$52,616,801
Technology	\$72,381,753,011	\$30,254,112			\$29,037,902,432	\$12,137,257
Services	\$455,887,945,197	\$190,551,961	\$410,824,516,664	\$171,716,358	\$59,471,579,833	\$24,857,920
Inputs, spare parts and equipment	\$199,031,438,095	\$83,191,125	\$84,804,355,879	\$35,446,509	\$329,663,710,778	\$137,792,778
Inter-company			\$552,665,987,646	\$231,003,230		
Total	\$1,802,680,238,454	\$753,483,962	\$1,392,788,283,873	\$582,157,396	\$1,940,426,561,783	\$811,059,143

For the Caribbean and Central American Regional Division, the categories Administration, Transportation and Technology are included in that of Services. Due to the nature of the Caribbean and Central American Regional Division, with non-integrated operations (without clinker production), the inter-company purchases are reported because of the high volume they represent.

⁽¹⁾ For the Colombian Regional Division, this also includes energy and gas.

Supplier risk management

At Argos, we manage our suppliers through processes of preselection, assessment of overall performance, administrative audits (specific and on-site, through different mechanisms) and follow-up on certifications. By doing so, we can identify risks associated to environmental, economic and social aspects, to find out which are the main elements that cause them, and to define internal strategies and specific practices that must be complied with by suppliers for their mitigation, ensuring the reliability and sustainability of the rendering of services and the availability of materials, equipment and spare parts for our operations.

Last year, we began using a new tool to assess providers, developing our own sustainability index with the Massachusetts Institute of Technology (MIT), whose main objective was to identify the risks associated to each supplier in the dimensions that were prioritized by the Company, in order to then define action plans that make it possible to improve their management. This index was then applied to the 35 most representative providers of the critical segments of the Colombian Regional Division and demonstrated that they performed best in the environmental dimension, followed by the social and economic dimension, respectively.

Also, with external consulting from the firm conTREEbute, we assessed our providers from the mining industry, through field visits and the review of documents, with the objective of identifying risks associated to the three dimensions of sustainability, and thus, defining and implementing improvement plans that can be worked on together with our suppliers.

In line with this supplier risk management, in 2014, we progressed in terms of the measuring of the environmental risk for the segment of contractors. For this assessment, we designed a model that relates the environmental aspects and risks that exist throughout the different activities that are carried out by these contractors at the cement plants of the Colombian Regional Division. For next year, the assessment will be extended,








Employee of our service provider Sodexo, Colombian Regional Division

focusing on the activities that have the biggest environmental impact at the plant, linked to the environmental conditions of their surroundings. This will allow us to identify the controls that are required to mitigate said risks at each plant, demanding compliance with them from the different providers that carry out these tasks.

In the context of our Sustainability Policy and our awareness of the importance of risk management throughout our supply chain, we organized our supplier base, starting with the processes of preselection and assessment, which were made more rigorous and demanding, and standardizing conditions, both in tenure of term and presentation of proposals in the face of a new business, thus ensuring top-quality and better service levels, more added value and more favorable commercial conditions.

Assessment carried out on suppliers

Colombian Regional Division <small>(G4-EN33, G4-HR11, G4-LA15, G4-S010, G4-HR5, G4-HR6)</small>	Types of assessment				
					
Suppliers assessed	327	327	258	87	457
Suppliers for whom a potential significant negative impact was identified (of those assessed)	18	18	18	14	18
Suppliers for whom a potential significant negative impact was identified and with whom agreements were set in place as a result of the assessment	100%	100%	100%	100%	100%
Suppliers for whom an actual significant negative impact was identified (of those assessed)	18	23	13	5	32
Suppliers for whom an actual significant negative impact was identified and with whom agreements were set in place as a result of the assessment	94%	91%	92%	80%	88%
Suppliers for whom an actual or potential significant negative impact was identified and with whom the contractual relation was ended	0	2	1	1	2
Suppliers for whom an actual or potential significant negative impact was identified and with whom the contractual relation was ended (%)	0%	5%	3%	5%	4%

We started applying our very own Sustainability Index in the Colombian Regional Division.



Transparency Hotline Call Center Colombian Regional Division

Types of assessments

-  Environmental
-  Human rights*
-  Labor practices
-  Economic
-  Repercussion

* Human rights assessments include, among other aspects, issues related to labor, environmental and social repercussion practices.

The significant negative impacts that were identified and the reasons considered to end contractual relations were falseness in documents related to government documentation, conflicts of interest and quality issues. (G4-HR11)



Caribbean and Central American Regional

Division (**Panama and Honduras**)

(G4-EN33, G4-HR11, G4-LA15, G4-SO10, G4-HR5, G4-HR6)

Types of assessment



	89	166	168	0	99
Suppliers assessed					
Suppliers for whom an actual significant negative impact was identified (of those assessed)	1	2	2	0	3
Suppliers for whom an actual significant negative impact was identified and with whom agreements were set in place as a result of the assessment	100%	100%	100%	0	100%
Suppliers for whom an actual or potential significant negative impact was identified and with whom the contractual relation was ended	0%	0%	0%	0	0%

(Only overall performance assessments are included.)



Caribbean and Central American Regional Division (**Panama and Honduras**)

(G4-EN32, G4-HR10, G4-LA14, G4-SO9)

Types of assessment



	7.2%	11.1%	11.1%	0.0%	4.4%
New suppliers assessed					
New suppliers selected or contracted		360			

(Only overall performance assessments are included.)

Future perspective

- We will continue with the application of our Sustainability Index for critical suppliers of the Colombian Regional Division and we will begin implementing it in the U.S. and Caribbean and Central American Regional Divisions in the medium term. Furthermore, we will annually update our risk map, in accordance with our new supplier base, and we will replicate this methodology in the U.S. and Caribbean and Central American Regional Divisions.

As a part of our sustainability strategy, we maintain harmonic and equitable relations with all of our suppliers and contractors, which is why we have mechanisms to build up our relations with them (see section “Relations with stakeholders”), among which the most noteworthy one is their participation in the Sustainability Dialogues, as a meeting at which, besides presenting them the results of our management, we ask them about their opinions, expectations and suggestions regarding sustainability. In 2014, a total of 188 suppliers and contractors of the Colombian and Caribbean and Central American Regional Divisions participated in this event.

Besides using criteria of sustainability for the selection, monitoring and assessment of suppliers, but we also promote their development in order to ensure a responsible production chain that seeks to use the best practices in work, social and environmental aspects. As a part of these strategies, we invite our suppliers of the Colombian Regional Division to Sustainability Week, which is an annual training event on aspects related to this topic. In 2014, training in the Colombian Regional Division focused on human rights, with the participation of 226 contractors. We hope to continue extending these spaces to our other regional divisions in order to have an even greater impact on the sustainability of our supply chain.

Additionally, we put our Transparency Hotline and the complaints and claims line at the disposal of our suppliers, so that they and their employees can report cases that require an intervention, allowing us to take action to eradicate circumstances that could imply risks for the continuity of our commercial relations.



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CEMENTOS ARGOS S.A. CONSOLIDATED BALANCE SHEET

As of December 31
(in millions of Colombian pesos)

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

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

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

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

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

CONSOLIDATED CASH FLOW
STATEMENT

CONSOLIDATED STATEMENT
OF CHANGES IN FINANCIAL POSITION

CONSOLIDATED STATEMENT
OF CHANGES IN
SHAREHOLDERS' EQUITY

CONSOLIDATED
INCOME STATEMENT


CONSOLIDATED
BALANCE SHEET


CEMENTOS ARGOS S.A. CONSOLIDATED INCOME STATEMENT

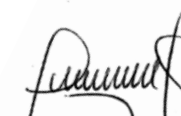
Years ended on December 31
(in millions of Colombian pesos, except for net income per share)

	Notes	2014	2013
OPERATING INCOME		5,802,885	4,968,414
COST OF SALES		4,468,032	3,860,411
GROSS INCOME		1,334,853	1,108,003
OPERATING EXPENSES			
Administrative expenses	21	449,955	327,155
Sales expenses	22	211,643	199,733
Total operating expenses		661,598	526,888
OPERATING INCOME		673,255	581,115
OTHER INCOME (EXPENSES)			
Dividends and equity participations	23	27,828	26,360
Financial income		9,574	13,020
Financial expenses		(188,559)	(162,454)
Foreign exchange difference, net	24	53,360	37,612
Other income	25	139,829	82,832
Other expenses	26	(171,360)	(175,178)
Income before tax		543,927	403,307
Allowance for income tax and CREE	14	193,528	211,684
Income before minority interests		350,399	191,623
Minority interests in income of subsidiaries		(58,584)	(7,913)
Consolidated net income		291,815	183,710
Net income per share		211,42	117,56

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


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

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

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


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CEMENTOS ARGOS S.A.


CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

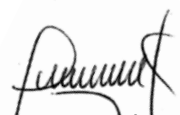
Years ended on December 31
(in millions of Colombian pesos)

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

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


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


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Corporate Accounting Manager
Professional License No. 47208-T
(see attached certificate)


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

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED BALANCE SHEET


CEMENTOS ARGOS S.A.


CONSOLIDATED CASH FLOW STATEMENT

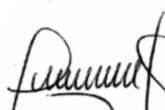
Years ended on December 31
(in millions of Colombian pesos)

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

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


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


Óscar Rodrigo Rubio C.
Corporate Accounting Manager
Professional License No. 47208-T
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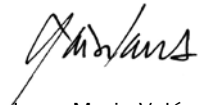

Juan David López M.
Statutory Auditor
Professional License No. 139197-T
Designated by Deloitte & Touche Ltda.
(see attached report)

CERTIFICATE OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla
February 18, 2015

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

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



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

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

Barranquilla
February 18, 2015

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

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S.A. hereby certifies that the Company's consolidated financial statements of the years ended on December 31, 2014, and 2013, were faithfully taken from the Company's books and that the following statements contained therein were verified before they were made available to the shareholders and to third parties:

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



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



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



STATUTORY AUDITOR'S REPORT

To the attention of the shareholders of CEMENTOS ARGOS S.A.:

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

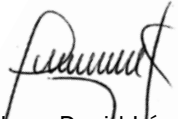
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Colombia. This responsibility includes designing, implementing and maintaining an adequate internal control system for the preparation and presentation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

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

As of December 31, 2014, and 2013, Cementos Argos S.A. has direct and indirect investments in companies audited by other auditors and/or statutory auditors, consolidated under the global integration method, according to the financial statements of these companies as of that date, that represent 5% and 11% of the assets and 7% and 8% of the total consolidated income, respectively,

In my opinion, based on my audits and on those of the regular or statutory auditors of the Company's subsidiaries referred to in the previous paragraph, the consolidated financial statements referred to above, present fairly, in all material respects, the consolidated financial position of Cementos Argos S.A. and its subsidiaries as of December 31, 2014, and 2013, the results of its consolidated operations, the changes in its shareholders' equity, the changes in its financial position, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Colombia.

As is mentioned in Note 3 to these consolidated financial statements, as of January 1, 2014, the Company and some of its subordinates that are mentioned in that note carried out a change in the applicable useful lives of property, plant and equipment. The effect of this change in the Company's consolidated financial statements was a decrease in the expense due to depreciation for the year ended on December 31, 2014, in the amount of COP \$85.91 billion.



Juan David López M.

Statutory Auditor

Professional License No. 139197-T

Designated by Deloitte & Touche Ltda.

February 18, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CEMENTOS ARGOS S.A.

AS OF DECEMBER 31, 2014 AND 2013

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

NOTA 1 - ENTIDAD REPORTANTE

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

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

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

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

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

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

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

ALIANZA PROGENÉTICA S.A.S.

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

AMERICAN CEMENT TERMINALS, LLC

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

ARGOS DOMINICANA S.A.

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

ARGOS HONDURAS S.A. DE C.V.

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

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

ARGOS PANAMÁ S.A.

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

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

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

ARGOS SEM, S.A.

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

ARGOS U.S.A. CORP.

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

CANTERAS DE COLOMBIA S.A.S.

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

CARICEMENT ANTILLES, N.V.

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

CEMENT AND MINING ENGINEERING INC.

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

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

C.I. DEL MAR CARIBE BVI INC.

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

CIMENTS GUYANAIS S.A.S.

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

COLCARIBE HOLDINGS S.A.

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

COMERCIAL ARVENCO C.A.

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

CONCRETOS ARGOS S.A.

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

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

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

GANADERÍA RÍO GRANDE S.A.S.

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

HAITÍ CEMENT HOLDING S.A.

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

INTERNATIONAL CEMENT COMPANY S.A.

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

LOGÍSTICA DE TRANSPORTE S.A.

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

MARÍTIMA DE GRANELES S.A.

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

SURCOL HOUDSTERMAATSCHAPPIJ N.V.

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

TEKIA S.A.S.

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

TRANSATLANTIC SHIPMANAGEMENT LTD.

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

TRANSATLANTIC CEMENT CARRIERS INC.

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

VALLE CEMENT INVESTMENTS LTD.

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

VENEZUELA PORTS COMPANY S.A.

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

ZONA FRANCA ARGOS S.A.S.

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

NOTE 2 – BASIS FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION

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

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

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

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

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

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

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

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

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

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

2014

COMPANY	TOTAL STAKE (%)	ASSETS	LIABILITIES	SHAREHOLDERS' EQUITY	PERIOD RESULT
Alianza Progenética S.A.S.	100,00	242	29	213	(121)
American Cement Terminals LLC.	100,00	10.444	-	10.444	(440)
American Cement Terminals Trust	100,00	10.444	-	10.444	(440)
Argos Cement LLC.	98,63	3.175.470	393.457	2.782.014	18.530
Argos (Dominica) Ltd.	100,00	10.959	3.050	7.909	(180)
Argos Dominicana S.A.	79,18	85.080	28.463	56.617	5.946
Argos Honduras S.A. de C.V.	53,28	854.210	99.809	754.401	117.173
Argos Panamá S.A.	98,40	572.505	154.860	417.645	107.120
Argos Ports (Houston) LLC. (antes South Central Cement Ltd.)	98,63	14.817	4.373	10.444	(440)
Argos Ports (Savannah) LLC. (antes Savannah Cement Company LLC.)	98,63	7.410	7.410	-	(3.087)
Argos Ports (Wilmington) LLC. (antes Port Royal Cement Company LLC.)	100,00	81.061	28.063	52.998	(5.470)
Argos Ready Mix LLC.	98,63	912.185	268.305	643.880	(43.849)
Argos Ready Mix (Carolinas) Corp.	98,63	825.038	812.357	12.681	(57.067)
Argos Ready Mix (South Central) Corp.	98,63	846.774	489.621	357.153	(13.102)
Argos Saint Maarten N.V.	100,00	15.962	8.254	7.707	1.067
Argos SEM, S.A.	100,00	80.624	47.951	32.672	32.672
Argos USA Corp.	98,63	4.489.928	2.912.021	1.577.907	(181.633)
Argos USVI Corp.	100,00	3.739	14.448	(10.709)	(850)
Canteras de Colombia S.A.S.	99,48	118.330	7.741	110.589	166
Caricement Antigua Limited	100,00	10.830	4.091	6.739	81
Caricement Antilles N.V.	100,00	10.380	4.225	6.155	(144)
Cement and Mining Engineering Inc.	100,00	13.425	28.543	(15.118)	5.273
Cementos Argos S.A.		12.464.809	4.332.209	8.132.600	291.815
Central Aggregates LLC.	98,63	30.678	4.328	26.350	(99)
CI del Mar Caribe (BVI) Inc.	99,97	60.351	14.512	45.839	7.085
Cimenterie Nationale S.E.M. (CINA)	65,00	75.421	35.482	39.939	159
Ciments Guyanais S.A.S.	100,00	29.401	9.856	19.545	2.598
Colcaribe Holdings S.A.	100,00	246.835	42.222	204.613	18.434
Comercial Arvenco C.A.	100,00	1.992	1.952	40	-
Concretos Argos S.A.	99,44	1.209.648	798.716	410.932	3.194
Corporaciones e Inversiones del Mar Caribe S.A.S.	100,00	105.228	29.820	75.408	8.912
Ganadería Río Grande S.A.S.	100,00	16.449	11.342	5.107	10.912
Haiti Cement Holding S.A.	100,00	35.504	-	35.504	(1.270)
International Cement Company S.A.	100,00	2.110	-	2.110	(151)
Logística de Transporte S.A.	99,97	49.703	19.516	30.187	4.014
Marítima de Graneles S.A.	100,00	46.593	8.693	37.899	(2.506)
Piazza Acquisition Corp.	98,63	357.153	71.990	285.163	(28.805)
Somerset Shipping Co. Ltd.	50,00	17.128	3.423	13.706	4.773
Surcol Houdstermaatschappij N.V.	50,00	17.941	2.408	15.533	(1.780)
Tekia S.A.S.	100,00	55.528	27.936	27.592	(5.648)
Trans Atlantic Shipmanagement Ltd.	50,00	41.289	3.452	37.838	3.439
Transatlantic Cement Carriers Inc.	100,00	68.024	10.539	57.485	(1.550)
Valle Cement Investments Limited	91,81	818.913	359.199	459.714	(21.335)
Venezuela Ports Company S.A.	100,00	1.529	11	1.518	(1.117)
Vensur N.V.	42,12	35.345	21.040	14.305	387
Winterset Shipping Co. Ltd.	50,00	22.959	19.931	3.028	(924)
Zona Franca Argos S.A.S.	100,00	1.554.924	116.389	1.438.535	79.615
		29.515.312	11.262.037	18.253.275	

2013

COMPANY	TOTAL STAKE (%)	ASSETS	LIABILITIES	SHAREHOLDERS' EQUITY	PERIOD RESULT
Alianza Progenética S.A.S.	100,00	636	302	334	(502)
American Cement Terminals LLC.	100,00	8.834	-	8.834	(653)
Argos Cement LLC.	98,63	1.416.251	211.706	1.204.545	(12.095)
Argos (Dominica) Ltd.	100,00	8.352	1.857	6.495	680
Argos Dominicana S.A.	79,18	69.303	27.711	41.592	1.916
Argos Honduras S.A. de C.V.	53,28	679.206	88.391	590.815	5.954
Argos Panamá S.A.	98,40	447.775	146.144	301.631	84.081
Argos Ports (Houston) LLC. (antes South Central Cement Ltd.)	98,63	72.591	24.640	47.951	(2.669)
Argos Ports (Savannah) LLC. (antes Savannah Cement Company LLC.)	98,63	7.391	4.413	2.978	(1.760)
Argos Ports (Wilmington) LLC. (antes Port Royal Cement Company LLC.)	100,00	11.437	2.603	8.834	(653)
Argos Ready Mix LLC.	98,63	259.302	72.161	187.141	(7.622)
Argos Ready Mix (Carolinas) Corp.	98,63	673.192	608.515	64.677	(36.503)
Argos Ready Mix (South Central) Corp.	98,63	648.037	348.147	299.890	(24.224)
Argos Saint Maarten N.V.	100,00	12.578	7.524	5.054	160
Argos USA Corp.	98,63	2.325.085	882.352	1.442.733	(151.847)
Argos USVI Corp.	100,00	2.633	10.382	(7.749)	(962)
C.I. del Mar Caribe (BVI) Inc.	99,97	50.654	20.449	30.205	11.922
Caltex S.A.S.	50,00	1.180	919	261	(139)
Canteras de Colombia S.A.S.	99,48	106.874	7.950	98.924	617
Caricement Antigua Limited	100,00	7.432	2.205	5.227	370
Caricement Antillas N.V.	100,00	27.088	3.402	23.686	1.201
Cement and Mining Engineering Inc.	100,00	10.812	27.629	(16.817)	1.163
Cementos Argos S.A.		10.473.514	3.229.156	7.244.358	183.710
Central Aggregates LLC.	98,63	24.707	3.385	21.322	(68)
Cimenterie Nationale S.E.M. (CINA)	65,00	71.483	27.857	43.626	8.024
Colcaribe Holdings S.A.	100,00	194.838	38.646	156.192	11.416
Comercial Arvenco C.A.	100,00	2.378	2.317	61	-
Concretos Argos S.A.	99,44	724.988	348.664	376.324	18.299
Consort Livestock Inc.	98,63	-	-	-	-
Corporaciones e Inversiones del Mar Caribe S.A.S.	100,00	91.204	44.507	46.697	(3.139)
Ganadería Río Grande S.A.S.	100,00	18.413	24.342	(5.929)	(4.789)
Gulf Coast Cement LLC.	98,63	-	-	-	-
Haiti Cement Holding S.A.	100,00	30.183	-	30.183	4.178
International Cement Company S.A.	100,00	2.307	-	2.307	(17.847)
Logística de Transporte S.A.	99,97	42.533	15.086	27.447	1.333
Marítima de Graneles S.A.	100,00	41.566	8.628	32.938	(3.996)
Nuevos Cementos S.A.S.	100,00	314.793	-	314.793	3.173
Piazza Acquisition Corp.	98,63	300.233	43.236	256.997	(35.380)
Somerset Shipping Co. Ltd.	50,00	13.838	4.001	9.837	1.927
Southern Star Leasing LLC.	98,63	-	-	-	-
Surcol Houdstermaatschappij N.V.	50,00	13.052	533	12.519	(1.368)
Tekia S.A.S.	100,00	51.960	18.208	33.752	(4.090)
Trans Atlantic Shipmanagement Ltd.	50,00	27.423	-	27.423	1.917
Transatlantic Cement Carriers Inc.	100,00	56.592	8.707	47.885	(11.671)
Valle Cement Investments Ltd.	91,81	679.061	286.335	392.726	(9.381)
Venezuela Ports Company S.A.	100,00	2.345	9	2.336	(999)
Vensur N.V.	42,12	26.696	15.040	11.656	1.013
Winterset Shipping Co. Ltd.	50,00	12.743	12.546	197	1.220
Zona Franca Argos S.A.S.	100,00	1.382.218	72.078	1.310.140	13.528
		21.445.711	6.702.683	14.743.028	

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

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

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

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

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

	BALANCE BEFORE ELIMINATIONS	ELIMINATIONS	CONSOLIDATED BALANCE
Assets	29.515.312	14.348.213	15.167.099
Liabilities and minority interests	11.262.037	4.225.731	7.036.306
Shareholders' equity	18.253.275	10.122.482	8.130.793

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

	2014	2013
Consolidated profit	291.815	183.710

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

	2014	2013
Individual shareholders' equity	8.132.600	7.244.358
Unrealized gain from the sale of property, plant and equipment	(1.807)	(1.807)
Consolidated shareholders' equity	8.130.793	7.242.551

NOTE 3 – MAIN ACCOUNTING POLICIES AND PRACTICES

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

SUBSTANCE OVER LEGAL FORM

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

FOREIGN CURRENCY TRANSLATION OF FINANCIAL STATEMENTS

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

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

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

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

INFLATION ADJUSTMENTS

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

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

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

MATERIALITY IN THE PREPARATION OF FINANCIAL STATEMENTS

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

CASH AND CASH EQUIVALENTS

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

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND BALANCES

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

The following are the derivatives used by the company:

SWAP ARRANGEMENTS

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

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

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

FORWARD ARRANGEMENTS

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

NEGOTIABLE AND LONG-TERM INVESTMENTS

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

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

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

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

Losses due to impairment are charged to the results.

DEFERRED ASSETS

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

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

INTANGIBLE ASSETS

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

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

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

ACQUIRED GOODWILL

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

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

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

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

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

ASSET REVALUATION

In Colombia, this relates to the following items:

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

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

LABOR LIABILITIES AND RETIREMENT PENSIONS

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

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

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

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

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

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

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

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

ENVIRONMENTAL ALLOWANCES

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

TAXES, LEVIES AND CONTRIBUTIONS

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

Income and supplementary tax and fairness income tax (CREE)

The Company determines its income tax allowance either on the grounds of taxable income estimated at the rates specified in tax law or on the grounds of the presumptive profit method. The tax effects of revenues, costs and

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

Tax on equity and its surcharge

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

Sales tax – VAT

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

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

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

MEMORANDUM ACCOUNTS

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

RECOGNITION OF REVENUES, COSTS AND EXPENSES

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

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

IMPAIRMENT OF ASSETS

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

CASH FLOWS STATEMENTS

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

CONSOLIDATED NET EARNINGS PER SHARE

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

CONTINGENCIES

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

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

CONVERGENCE TO INTERNATIONAL STANDARDS FOR FINANCIAL INFORMATION

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

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

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

RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

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

NOTE 4 - TRANSACTIONS IN FOREIGN CURRENCY

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

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

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

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

	2014		2013	
	US DOLLARS	MILLIONS OF COLOMBIAN PESOS	US DOLLARS	MILLIONS OF COLOMBIAN PESOS
Current assets	1,032,324,874	2.469.796	607,942,912	1.171.403
Non-current assets	2,700,942,875	6.461.898	2,242,324,920	4.320.579
	3,733,267,749	8.931.694	2,850,267,832	5.491.982
Current liabilities	(1,089,936,158)	(2.607.629)	(917,629,106)	(1.768.115)
Non-current liabilities	(1,189,514,494)	(2.845.866)	(834,656,263)	(1.608.241)
	(2,279,450,652)	(5.453.495)	(1,752,285,369)	(3.376.356)
Active net position	1,453,817,097	3.478.199	1,097,982,463	2.115.626

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

NOTE 5 – NEGOTIABLE INVESTMENTS

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

	Average annual rate in 2014	Average annual rate in 2013	2014	2013
Time deposits (1)	3,8%	5,1%	1.454	140.658
Fiduciary rights (2)	3,5%	7,0%	28.204	16.869
Bonds and others		5,0%	596	3.717
			30.254	161.244

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

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

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

NOTE 6 – ACCOUNTS RECEIVABLE

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

	2014	2013
Domestic clients (1)	848.279	603.459
Foreign clients	16.204	10.544
Accounts receivable from related companies (see Note 27)	32.116	31.631
Advance payments to contractors and others	36.104	34.215
Deposits	1.514	13.637
Promises to enter into a purchase-sale agreements	1.725	1.725
Sundry accounts receivable (2)	68.773	26.006
Accounts receivable from employees	36.374	30.525
Revenues receivable	28.009	33.225
Tax advances (3)	129.357	123.826
Common trade accounts	864	223
Others	1.334	868
	1.200.653	909.884
Less – Allowance for doubtful debts	(46.197)	(43.336)
Long-term portion	(38.131)	(40.254)
	1.116.325	826.294

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

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

TYPE	UNDERLYING	UNDERLYING AMOUNT	UNDERLYING RATE	SWAP AMOUNT	SWAP RATE	MATURITY
Interest rate swap	EKF loan	US\$ 16,363,636	L (6m) + 0.1%	US\$ 16,363,636	2,40%	26-Jun-2019
Interest rate swap	EKF loan	US\$ 52,474,115	L (6m) + 0.1%	US\$ 52,474,115	2,38%	26-Jun-2019
Currency swap	Loan in US dollars	US\$ 51,975,052	L (3m) + 0.75%	\$ 100.000	IBR + 1,40%	14-Oct-2015

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

(3) The balance includes the following items:

	2014	2013
Anticipo de impuestos de renta (a)	17.876	17.244
Anticipo de impuestos de industria y comercio	2.649	2.407
Retención en la fuente	7.228	112
Impuesto a las ventas retenido	677	59
Impuesto de industria y comercio	10.848	11.326
Sobrantes en liquidación privada (b)	61.876	91.852
Impuestos descontables (c)	27.757	426
Otros	446	400
Total	129.357	123.826

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

The allowance for doubtful debts changed as follows:

	2014	2013
Opening balance	43.336	35.926
Allowance for the year	12.611	26.011
Recoveries	(2.792)	(653)
Penalties	(6.958)	(17.948)
Closing balance	46.197	43.336

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

2016	10.955
2017	10.988
2018	4.400
2019	3.347
2020 and subsequent years	8.441
	38.131

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

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

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

NOTE 7 – INVENTORIES, NET

Inventories on December 31 were comprised of the following elements:

	2014	2013
Finished products	58.443	77.993
Production in process (1)	123.957	71.039
Raw materials and direct materials (2)	225.552	112.612
Materials, spare parts and accessories (3)	143.951	119.054
Inventories in transit	13.012	1.815
Goods not manufactured by the Company	9.857	6.020
Others	24.760	22.809
	599.532	411.342
Less – Allowance for inventory protection	(11.128)	(8.907)
	588.404	402.435

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

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

Inventories of Ciments Guyanais S.A.S.	8.142
Inventories of assets acquired in Florida (US)	90.806
	98.948

The following changes occurred in the inventory allowance:

	2014	2013
Opening balance	8.907	13.372
Allowance for the year	2	6.511
Inventory allowance of Ciments Guyanais S.A.S.	74	-
Exchange rate difference	2.145	-
Penalties	-	(10.976)
Closing balance	11.128	8.907

NOTE 8 – LONG-TERM INVESTMENTS, NET

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

2014

Company	Registered in	Economic activity	Valuation	Outstanding shares	Number of shares owned	Stake owned	Adjusted cost	Commercial value	Allowance	Revaluation (devaluation)	
A. SHARES											
Bancolombia S.A.	Medellín	Financial intermediation	SE	509.704.584	20.437.148	4,01%	61.414	562.264	-	500.850	
Caltek S.A.	Medellín	Production of lime	I	400.000	200.000	50,00%	958	958	-	-	
Cartón de Colombia S.A.	Cali	Production of cardboard	SE	107.716.050	2.308.930	2,14%	5.088	11.983	-	6.895	
Carvajal Pulpa y Papel S.A.	Cali	Production of paper	I	596.630.268	116.767	0,02%	2	268	-	266	
Cementos de Caldas S.A.	Manizales	Production of cement	I	50.666.501	20.301.861	40,07%	3.109	3.183	-	74	
Cera Tech Inc.	Virginia	Production of ecologic cement	I	1.141.365	100.000	8,76%	368	221	147	-	
Cera Tech USA	Virginia	Production of ecologic cement	I	27.500.000	7.500.000	27,27%	54	-	54	-	
Ceratech USA Holdings, LLC.	Virginia	Financial intermediation	I	1.072.251	100.000	9,33%	1.345	1.345	-	-	
Compañía Colombiana de Empaques Bates S.A.	Palmira	Production of packaging	I	54.607	3.503	6,41%	49	9.233	-	9.184	
Concesiones Urbanas S.A.	Bogotá	Civil works	I	24.554.726	8.186.537	33,34%	6.362	9.001	-	2.639	
Corporación de Cemento Andino C.A.	Venezuela	Production of cement	I	37.697.288	37.580.426	99,69%	40.573	-	40.573	-	
Fundiciones Colombia S.A.	Medellín	Production of smelting parts	I	2.496.845.128	38.543.456	1,54%	278	13	265	-	
Grupo de Inversiones Suramericana S.A.	Medellín	Investments	SE	469.037.260	28.183.262	6,01%	39.384	1.126.058	-	1.086.674	
Hipódromo Los Comuneros S.A.	Guarne	Equestrian sports	I	3.199.388	16.870	0,53%	12	-	12	-	
Industrial Hullera S.A. (1)	Medellín	Exploitation of coal	I	6.474.711	2.426.054	37,47%	155	-	155	-	
Intership Agency Venezuela	Venezuela	Maritime representation	I	-	-	100,00%	24	-	24	-	
Inversiones Cofinter, S.A.	Tegucigalpa	Financial intermediation	I	900.000	55.618	6,18%	616	616	-	-	
Occidental de Empaques S.A.	Medellín	Packaging	I	2.160.000	4.500	0,21%	10	102	-	92	
Omya Andina S.A.	Guarne	Production of non-metallic minerals	I	12.690.910	6.345.455	50,00%	11.554	49.773	-	38.219	
Papeles y Cartones S.A.	Barbosa	Production of paper	I	11.424.044.960	1.112.158	0,01%	1	18	-	17	
Seguridad Corporativa, S.A. de C.V.	Tegucigalpa	Security and personal protection services	I	24.476	7.392	30,20%	82	82	-	-	
Sociedad de Transporte Férreo del Occidente S.A.	Cali	Railroad services	I	2.450.625	72.294	2,95%	331	-	331	-	
Surandina de Puertos C.A.	Venezuela	Port services	I	515	500	97,09%	5.963	1.595	4.368	-	
Triple A S.A. E.S.P.	Barranquilla	Public services	I	73.485.384	13.700	0,02%	62	31	-	(31)	
Others							5.923	1.557	4.991	625	
								-	-	-	
B. EQUITY INTERESTS											
Servigranel Ltda.	Barranquilla	Commercialization	I	-	-	-	37	-	37	-	
Transportes Elman Ltda. (1)	Barranquilla	Road, river and maritime transport	I	800.000	790.000	98,75%	5.215	7.103	27	1.915	
Others							1	3	-	2	
TOTAL SHARES AND EQUITY INTERESTS							188.970	1.785.406	50.984	1.647.420	
C. BONDS AND SECURITIES											
							-	-	-	-	
D. OTHER INVESTMENTS											
							7.697	10.946	1.013	4.262	
Less - Allowance for protection							(51.997)				
							144.670	1.796.352	51.997	1.651.682	

2013

Company	Registered in	Economic activity	Valuation	Outstanding shares	Number of shares owned	Stake owned	Adjusted cost	Commercial value	Allowance	Revaluation (devaluation)
A. SHARES										
Bancolombia S.A.	Medellín	Financial intermediation	SE	509.704.584	20.437.148	4,01%	61.414	486.813	-	425.399
Cartón de Colombia S.A.	Cali	Production of cardboard	SE	107.716.050	2.308.930	2,14%	5.088	12.223	-	7.135
Carvajal Pulpa y Papel S.A.	Cali	Production of paper	I	596.630.268	116.767	0,02%	2	396	-	394
Cementos de Caldas S.A.	Manizales	Production of cement	I	50.666.501	20.301.861	40,07%	3.109	3.183	-	74
Cera Tech Inc.	Virginia	Production of ecologic cement	I	1.141.365	100.000	8,76%	296	348	-	52
Cera Tech USA	Virginia	Production of ecologic cement	I	27.500.000	7.500.000	27,27%	44	436	-	392
Ceratech USA Holdings, LLC.	Virginia	Financial intermediation	I	1.072.251	100.000	9,33%	1.083	1.083	-	-
Compañía Colombiana de Empaques Bates S.A.	Palmira	Production of packaging	I	54.607	3.503	6,41%	49	9.136	-	9.087
Concesiones Urbanas S.A.	Bogotá	Civil works	I	24.554.726	8.186.537	33,34%	6.362	11.777	-	5.415
Corporación de Cemento Andino C.A.	Venezuela	Production of cement	I	37.697.288	37.580.426	99,69%	39.214	-	39.214	-
Fundiciones Colombia S.A.	Medellín	Production of smelting parts	I	2.496.845.128	38.543.456	1,54%	278	13	265	-
Grupo de Inversiones Suramericana S.A.	Medellín	Investments	SE	469.037.260	28.183.262	6,01%	39.384	949.776	-	910.392
Hipódromo Los Comuneros S.A.	Guarne	Equestrian sports	I	3.199.388	16.870	0,53%	12	-	12	-
Industrial Hullera S.A. (1)	Medellín	Exploitation of coal	I	6.474.711	2.426.054	37,47%	155	-	155	-
Intership Agency Venezuela	Venezuela	Maritime representation	I	-	-	100,00%	19	-	19	-
Inversiones Cofinter, S.A.	Tegucigalpa	Financial intermediation	I	900.000	55.618	6,18%	520	520	-	-
Occidental de Empaques S.A.	Medellín	Packaging	I	2.160.000	4.500	0,21%	10	96	-	86
Omya Andina S.A.	Guarne	Production of non-metallic minerals	I	12.690.910	6.345.425	50,00%	11.554	37.193	-	25.639
Papeles y Cartones S.A.	Barbosa	Production of paper	I	11.426.975.914	1.112.158	0,01%	1	16	-	15
Seguridad Corporativa, S.A. de C.V.	Tegucigalpa	Security and personal protection services	I	24.476	7.392	30,20%	69	69	-	-
Sociedad de Transporte Férreo del Occidente S.A.	Cali	Railroad services	I	2.450.625	72.294	2,95%	331	-	331	-
Surandina de Puertos C.A.	Venezuela	Port services	I	515	500	97,09%	4.851	2.447	2.404	-
Triple A S.A. E.S.P.	Barranquilla	Public services	I	73.485.384	13.700	0,02%	62	32	-	(30)
Others							4.485	93	4.896	504
							-	-	-	-
B. EQUITY INTERESTS										
Distribuidora Colombiana de Cementos Ltda. (1)	Barranquilla	Commercialization	I	200.000	200.000	100,00%	3.674	4.037	-	363
Servigranel Ltda.	Barranquilla	Commercialization	I	-	-	-	37	-	37	-
Transmarítima del Caribe Ltda. (1)	Barranquilla	Maritime transport	I	50	34	68,00%	53	-	53	-
Transportes Elman Ltda. (1)	Barranquilla	Road, river and maritime transport	I	800.000	389.437	48,68%	1.595	3.133	27	1.565
Others							35	5	30	-
TOTAL SHARES AND EQUITY INTERESTS							183.786	1.522.825	47.443	1.386.482
C. OTHER INVESTMENTS							9.724	9.906	169	351
Less - Allowance for protection							(47.612)			
							145.898	1.532.731	47.612	1.386.833

Commercial values correspond to December 2014 and 2013.

Valuations:

I: Intrinsic SE: Stock Exchange

Types of shares:

O: Ordinary P: Preferred

(1) Companies in liquidation.

The following investments are pledged as collateral for credit lines:

COMPANY	NO. OF SHARES	ENTITY	VALUE
Grupo de Inversiones Suramericana S.A.	5.200.000	Bancolombia S.A.	208.000 208.000

NOTE 9 – PROPERTY, PLANT, AND EQUIPMENT

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

2014	ADJUSTED COST	ACCUMULATED IMPAIRMENT	NET COST	APPRAISAL	REVALUATION
Land	1.208.072	-	1.208.072	1.893.319	685.247
Constructions in process (1)	110.477	-	110.477	110.477	-
Constructions and buildings (2)	1.135.721	421.007	714.714	924.222	209.508
Machinery and equipment for production (3)	4.859.519	2.255.960	2.603.559	3.744.205	1.140.646
Office, computer and communication equipment	105.435	79.190	26.245	35.231	8.986
Mines, quarries and mineral deposits	672.597	110.544	562.053	766.625	204.572
Land transport equipment	721.818	428.601	293.217	321.231	28.014
River fleet	138.277	66.233	72.044	72.497	453
Roads of communication	311.983	21.952	290.031	304.085	14.054
Agricultural plantations	16.265	1.564	14.701	15.974	1.273
Machinery and equipment being assembled (1)	376.707	-	376.707	376.707	-
Property, plant and equipment in transit (4)	60.375	-	60.375	60.375	-
Other assets	18.758	5.582	13.176	13.919	743
	9.736.004	3.390.633	6.345.371	8.638.867	2.293.496
Less – Allowance			(18.203)		
TOTAL	9.736.004	3.390.633	6.327.168	8.638.867	2.293.496

2013	ADJUSTED COST	ACCUMULATED IMPAIRMENT	NET COST	APPRAISAL	REVALUATION
Land	399.512	-	399.512	1.079.607	680.095
Constructions in process	122.080	-	122.080	122.080	-
Constructions and buildings	990.021	355.448	634.573	822.245	187.672
Machinery and equipment for production	3.760.405	1.997.627	1.762.778	2.806.989	1.044.211
Office, computer and communication furniture and equipment	91.176	63.019	28.157	35.542	7.385
Mines, quarries and mineral deposits	559.650	106.775	452.875	645.055	192.180
Land transport equipment	552.694	323.491	229.203	251.673	22.470
River fleet	101.642	44.536	57.106	57.464	358
Roads of communication	191.083	19.294	171.789	174.604	2.815
Agricultural plantations	16.265	1.564	14.701	15.558	857
Machinery and equipment being assembled	203.111	-	203.111	203.111	-
Other assets	16.032	4.044	11.988	12.817	829
	7.003.671	2.915.798	4.087.873	6.226.745	2.138.872
Less – Allowance			(17.581)		
TOTAL	7.003.671	2.915.798	4.070.292	6.226.745	2.138.872

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

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

- (3) This corresponds mainly to Cementos Argos S.A., in the amount of COP 679,286 (COP 690,852 in 2013), which includes the expansions and improvements at the cement plants of Rioclaro, in the amount of COP 62,406, and Sogamoso, in the amount of COP 24,730, and to improvements at the plants of Cairo, in the amount of COP 9,924; Yumbo, in the amount of COP 7,160; and Tolú, in the amount of COP 5,813; and to Concretos Argos S.A., in the amount of COP 91,709 (COP 92,595 in 2013).
- (4) This corresponds mainly to Cementos Argos S.A., in the amount of COP 59.101; Argos Dominicana S.A., in the amount of COP 974; and Zona Franca Argos S.A.S., in the amount of COP 307.

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

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

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

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

NOTE 10 – DEFERRED AND INTANGIBLE ASSETS

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

	2014	2013
Goodwill (1)	1.767.417	1.466.699
Trademarks (2)	141.493	144.221
Rights (3)	234.336	207.600
Concessions, franchises and licenses (4)	275.092	277.745
Patents	409	344
Deferred assets, net (5)	343.108	275.010
Accumulated amortization	(346.488)	(323.864)
	2.415.367	2.047.755

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

	2014	2013
Nuevos Cementos S.A.S. (a)	515.844	515.844
Ready Mixed Concrete Co. (b)	386.653	386.653
Argos Ready Mix (South Central) Corp. (b)	263.719	263.719
Argos Ready Mix LLC. (c)	35.196	35.196
Argos Cement LLC. (c)	24.082	24.082
Argos Panamá S.A. (d)	22.688	22.688
Ceratech Inc. and Ceratech USA LLC. (e)	23.746	23.746
Surcol Houdstermaatschappij N.V. (f)	1.802	1.802
Vulcan Materials Company (g)	63.290	-
Ciments Guyanais S.A.S. (h)	118.735	-
Translation differences and others	311.662	192.969
Total	1.767.417	1.466.699

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

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

Contract No.	Original amount	Balance on December 2014	Termination	Term (months)	Remaining installments	Asset
102907	356	224	18-11-16	84	23	CAT loader
114011	423	293	18-10-17	85	34	Caterpillar loader
114189	704	490	18-01-18	85	37	CAT loader
116307	363	254	18-01-18	85	37	CAT loader
116308	363	254	18-01-18	85	37	CAT loader
116309	363	254	18-01-18	85	37	CAT loader
124854	1.264	875	18-08-18	84	44	CAT 730

Contract No.	Original amount	Balance on December 2014	Termination	Term (months)	Remaining installments	Asset
124900	2.783	1.924	18-02-19	84	50	Bello Plant
127134	763	567	18-04-19	84	52	Special cement silo
128053	1.488	1.025	18-10-18	84	46	CAT 773
128226	1.437	999	18-09-18	84	45	CAT 773
133047	186	150	18-08-19	84	56	Truck scale
133409	1.488	1.067	18-01-19	84	49	CAT D9T
133705	717	539	18-02-19	84	50	Caterpillar loader
135859	408	517	18-08-19	84	56	CG 938H Ruta del Sol
136006	1.630	1.187	18-02-19	84	50	CAT 988H
139205	791	299	18-05-19	84	53	Loader 938H Ituango
139802	2.079	1.739	17-02-20	84	62	Mixer Cali
139805	2.599	2.171	17-02-20	84	62	Mixer Puente Aranda
139807	2.342	1.963	17-02-20	84	62	Mixer Medellín
139808	1.561	1.307	17-02-20	84	62	Mixer Sabaneta
139836	1.040	868	17-02-20	84	62	Mixer Montería
139845	1.303	1.088	17-02-20	84	62	Mixer Cajicá
139846	1.300	1.087	17-02-20	84	62	Mixer Calle 80
139873	261	217	17-02-20	84	62	Mixer Barrancabermeja
139880	781	656	17-02-20	84	62	Mixer Bello
139881	782	655	17-02-20	84	62	Mixer P. Norte
139882	780	655	17-02-20	84	62	Mixer Bucaramanga
139886	520	439	17-02-20	84	62	Mixer Corredor Sur
139887	778	653	17-02-20	84	62	Mixer Soacha
139891	522	435	17-02-20	84	62	Mixer Ruta del Sol
139892	783	651	17-02-20	84	62	Mixer P. Columbus
139893	781	648	17-02-20	84	62	Mixer Fontibón
139894	785	653	17-02-20	84	62	Mixer P. Mamonal
139982	66	52	18-07-19	84	55	Caterpillar forklift truck
139989	522	438	17-02-20	84	62	Mixer Marinilla
140014	259	219	17-02-20	84	62	Mixer Tunjuelo
140018	1.822	1.526	17-02-20	84	62	Mixer Mzles, Cusiana, Villavi, Sta Marta, Sur
140082	5.552	4.877	01-06-20	84	66	Pump trucks
140426	1.123	924	18-12-19	84	60	Perforation equipment
140833	408	322	18-09-19	84	57	Front loader
141252	1.746	1.349	18-07-19	84	55	Truck 773G
141393	494	386	18-08-19	84	56	Hydraulic excavator
142165	989	789	18-10-19	84	58	Front loader
142885	388	306	18-09-19	84	57	Front loader
143367	1.787	1.428	18-10-19	84	58	Rigid truck
143546	1.769	1.412	18-10-19	84	58	Rigid truck
144521	436	351	18-11-19	84	59	Front loader
144532	1.416	1.141	18-11-19	84	59	Articulated truck
146004	1.407	2.695	16-11-20	84	71	Grinder
147671	741	590	18-01-20	84	61	Loader

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

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

	2014	2013
Technology projects and other deferred assets (a)	232.989	208.694
Debit deferred income tax (b)	94.371	38.805
Computer software	9.284	20.788
Improvements to third-party property	6.464	6.452
Research studies	-	237
Adjustment for inflation	-	34
	343.108	275.010

- (a) This mainly includes the following elements:

	2014	2013
Synergy Project – implementation of new system (ERP)	127.145	110.383
Expenses stemming from issuance and placement of shares	61.216	68.018
Expenses stemming from issuance and placement of bonds	8.515	9.959
Conversion to International Accounting Standards	174	1.049
Asset acquisition and plant expansion projects	-	52

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

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

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

NOTE 11 – FINANCIAL OBLIGATIONS

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

	2014	2013
Sobregiros	-	2.587
Obligaciones con bancos nacionales (1)	5.330	138.194
Obligaciones con bancos del exterior (2)	2.205.361	266.640
Créditos con corporaciones financieras	27.843	29.152
Cartas de crédito y créditos con compañías de financiamiento comercial	45.735	50.924
Otras obligaciones con particulares	-	4.017
Otras obligaciones	25.227	19.934
	2.309.496	511.448
Menos - porción no corriente	(1.655.715)	(222.158)
	653.781	289.290

- (1) La disminución corresponde principalmente al reemplazo de obligaciones financieras con bancos colombianos, por obligaciones financieras con bancos del exterior.

Las obligaciones financieras en bancos nacionales se detallan de la siguiente manera:

Entity	Concept	2014	2013	Original currency	Maturity
a) Long-term loans					
Bancolombia	Long-term loan	5.330	-	COP	25-Aug-15
Banco de Bogotá	Long-term loan	-	10.300	COP	02-Aug-14
b) Working capital loan					
Bancolombia	Working capital loan	-	500	COP	20-feb-14
Bancolombia	Working capital loan	-	550	COP	19-Jan-14
Bancolombia	Working capital loan	-	1.600	COP	01-may-14
Banco de Bogotá	Working capital loan	-	48.171	COP	26-jun-14
Banco de Bogotá	Working capital loan	-	28.902	COP	05-mar-14
Banco de Bogotá	Working capital loan	-	38.537	USD	05-mar-14
Banco de Bogotá	Working capital loan	-	9.634	COP	05-mar-14
Total		5.330	138.194		

(2) These are the obligations to foreign banks:

Entity	Concept	2014	2013	Original currency	Maturity
a) Crédito largo plazo					
Citibank	Long-term loan	124.348	-	USD	14-Oct-15
Various*	Club Deal	1.435.476	-	USD	28-Feb-19
Scotiabank	Long-term loan	19.640	-	USD	04-Dec-19
UBS	Long-term loan	10.751	8.667	USD	03-Sep-15
Various	Syndicated loan	11.962	28.902	USD	18-May-15
Citibank PLC London	ECA loan	171.434	168.751	USD	26-Jun-19
Banco BHD	Long-term loan	6.609	6.079	DOP	25-Jun-19
b) Working capital loan					
Banco de Bogotá Miami	Working capital loan	16.747	-	USD	20-Jan-15
Banco de Bogotá Miami	Working capital loan	4.785	-	USD	20-Jan-15
Banco de Bogotá Miami	Working capital loan	16.747	-	USD	20-Jan-15
Banco de Bogotá Miami	Working capital loan	11.962	-	USD	20-Jan-15
Banco de Bogotá Miami	Working capital loan	35.887	-	USD	20-Jan-15
Davivienda Miami	Working capital loan	19.140	-	USD	02-Mar-15
Banco de Bogotá NY	Working capital loan	3.828	-	USD	02-Mar-15
Banco de Bogotá NY	Working capital loan	26.317	-	USD	02-Mar-15
Davivienda Miami	Working capital loan	7.177	-	USD	30-Jan-15
Citibank	Working capital loan	5.981	-	USD	18-Jun-15
Banco de Bogotá NY	Working capital loan	14.116	-	USD	02-Mar-15
Banco de Bogotá NY	Working capital loan	28.710	-	USD	02-Mar-15
Banco de Bogotá NY	Working capital loan	8.613	-	USD	13-Mar-15
Davivienda Miami	Working capital loan	5.024	-	USD	19-Feb-15
Banco de Bogotá NY	Working capital loan	3.589	-	USD	11-Mar-15
Mercantil Commercebank	Working capital loan	79.430	-	USD	02-Mar-15
BCI Miami Branch	Working capital loan	119.623	-	USD	05-Mar-15
BCI Miami Branch	Working capital loan	12.680	10.212	USD	11-Jun-15
BCI Miami Branch	Working capital loan	4.785	3.854	USD	29-Apr-15
BCI Miami Branch	Working capital loan	-	15.415	USD	03-Apr-14
Banco General	Working capital loan	-	8.285	USD	15-May-14
Mercantil Commercebank	Working capital loan	-	4.046	USD	20-Mar-14
HSBC Honduras	Working capital loan	-	12.429	USD	13-Mar-14
Total		2.205.361	266.640		

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Year	Maturity amount
2016	51.970
2017	53.390
2018	53.393
2019	1.488.460
2020 and subsequent years	8.502
	1.655.715

NOTE 12 – OUTSTANDING BONDS AND COMMERCIAL PAPER

	2014	2013
2005 and 2007 issuances (1)	520.000	520.000
2009 issuance (2)	414.823	495.998
April 2012 issuance (3)	111.400	222.800
May 2012 issuance (4)	700.000	700.000
2014 issuance (5)	600.000	-
Total outstanding bonds	2.346.223	1.938.798
Less – Discount due to amortization (6)	(4.891)	(6.568)
	2.341.332	1.932.230
Short-term	(191.400)	(192.575)
Long-term	2.149.932	1.739.655

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

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE (%)	INTEREST PAYMENT TERMS
10 years	80.000	CPI + 2.88	Biannually in arrears
12 years	440.000	CPI + 3.17	Biannually in arrears
	520.000		

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

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

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE (%)	INTEREST PAYMENT TERMS
7 years	114.943	CPI + 6.00	Quarterly in arrears
10 years	70.350	CPI + 6.30	Quarterly in arrears
15 years	229.530	CPI + 7.19	Quarterly in arrears
	414.823		

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

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE (%)	INTEREST PAYMENT TERMS
3 years	111.400	FTD + 1.45	Quarterly in arrears
	111.400		

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

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE (%)	INTEREST PAYMENT TERMS
6 years	97.022	CPI + 3.80	Quarterly in arrears
10 years	299.896	CPI + 4.24	Quarterly in arrears
15 years	303.082	CPI + 4.50	Quarterly in arrears
	700.000		

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

TERM	AMOUNT ISSUED	EFFECTIVE INTEREST RATE (%)	INTEREST PAYMENT TERMS
2 years	97.618	5.59	Quarterly in arrears
10 years	190.675	CPI + 3.80	Quarterly in arrears
15 years	311.707	CPI + 4.21	Quarterly in arrears
	600.000		

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

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

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

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

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

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

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

NOTE 13 – SUPPLIERS AND ACCOUNTS PAYABLE

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

	2014	2013
Costs and expenses payable (1)	189.338	148.412
Domestic suppliers (2)	275.352	182.220
Foreign suppliers	40.233	31.113
Dividends payable	76.318	68.824
Current trade accounts (see Note 27)	12.004	35.093
Accounts payable to contractors	2.572	5.593
Sundry accounts payable	261.418	170.044
Withholdings payable	34.488	23.238
Installments payable	1.098	1.218
Other accounts payable	29.105	19.289
	921.926	685.044
Less – Sundry long-term accounts payable	(34.212)	(55.107)
	887.714	629.937

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

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

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

Maturity: August 2016

Rate: 5% AER, payable quarterly in arrears

Term: 10 annual installments

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

Swap arrangements

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

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

Swap arrangements

Type	Underlying	Underlying amount (USD)	Underlying rate (%)	Swap amount (COP)	Swap rate (%)	Maturity
Currency swap	2017 bonds	COP 343,520,000,000	CPI + 3.17	US\$190,000,000	Libor + 1,75%	23-Nov-17
Currency swap	2017 bonds	COP 89,800,000,000	CPI + 3.17	US\$50,000,000	Libor + 1,92%	23-Nov-17
Interest rate swap	Club Deal	USD 300,000,000	6M Libor + 2.80	US\$300,000,000	4,48%	28-Feb-19

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

NOTE 14 – TAXES, LEVIES AND CONTRIBUTIONS

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

	2014	2013
Income tax	35.699	34.902
Fairness income tax – CREE (1)	39.014	57.478
Sales tax	40.384	47.999
Industry and commerce tax	2.460	23.141
Others (2)	2.991	32.420
	120.548	195.940

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

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

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

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

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

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

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

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

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

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

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

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

not yet carried out the study on the transactions of 2014. However, given the fact that the transactions carried out

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

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

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

	2014	2013
Taxable income, domestic companies with special rate	30.165	29.353
Rate	15%	15%
Current income tax at special rate (1)	4.525	4.403
Taxable income, domestic companies	322.750	431.522
Rate	25%	25%
Current income tax (2)	80.687	107.881
Taxable income for CREE tax, domestic companies	324.493	733.817
Rate	9%	9%
CREE tax (3)	29.204	66.044
Deferred income tax debit (credit), domestic companies	29.066	(11.790)
Allowance for income tax, domestic companies	143.482	166.538
Allowance for income tax, foreign companies	50.046	45.146
Total allowance for income tax charged to income statement (4)	193.528	211.684

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

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

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

TAX ON EQUITY

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

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

TAX REFORMS

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

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

Tax base ranges	2015	2016	2017
Less than COP 2 billion	0,20%	0,15%	0,05%
From COP 2 billion to COP 3 billion	0,35%	0,25%	0,10%
From COP 3 billion to COP 5 billion	0,75%	0,50%	0,20%
More than COP 5 billion	1,15%	1,00%	0,40%

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 15 - DEFERRED TAX LIABILITIES

	2014	2013
Deferred tax (1)	103.463	38.189
	103.463	38.189

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

NOTE 16 – LABOR OBLIGATIONS

	2014	2013
Retirement pensions payable	227.941	243.048
Consolidated mandatory annual severance contributions (fund)	10.509	9.635
Consolidated vacation pay	12.932	13.522
Non-mandatory benefits (1)	39.552	26.090
Salaries payable	1.420	646
Others	22.474	18.861
	314.828	311.802
Less – Long-term portion	(227.060)	(242.455)
	87.768	69.347

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

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

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

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

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

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

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

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

	2014	2013
Number of people	2.497	2.791
Interest rate	4,80%	4,80%
Increase in future retirement pensions	2,41%	2,99%

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

Pension entitlements and bonds are fully amortized.

	2014	2013
Retirement pensions and other related elements	21.942	25.718

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

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

	2014	2013
Actuarial calculations	197.463	213.843
Add – Pension entitlements	25.516	24.832
Pension bonds	4.081	3.780
	227.060	242.455

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

COMPANY	MANAGEMENT HEADCOUNT	MANAGEMENT EXPENSES	OTHER EMPLOYEES	OTHER EMPLOYEE EXPENSES
Alianza Progenética S.A.S.	-	-	-	-
American Cement Terminals LLC.	-	-	-	-
Argos Cement LLC.	58	14.005	467	52.550
Argos (Dominica) Ltd.	1	100	9	188
Argos Dominicana S.A.	5	623	126	3.343
Argos Honduras S.A. de C.V.	24	2.835	149	5.812
Argos Panamá S.A.	21	4.695	412	11.243
Argos Ports (Houston) LLC. (antes South Central Cement Ltd.)	1	208	1	131
Argos Ports (Savannah) LLC. (antes Savannah Cement Company LLC.)	-	-	-	-
Argos Ports (Wilmington) LLC. (antes Port Royal Cement Company LLC.)	-	-	-	-
Argos Ready Mix (Carolinas) Corp.	13	2.759	647	47.545
Argos Ready Mix LLC.	36	8.442	1.150	88.210
Argos Ready Mix (South Central) Corp.	22	5.504	743	55.122
Argos Saint Maarten N.V.	-	-	8	439
Argos SEM, S.A.	-	-	-	-
Argos USA Corp.	-	-	-	-
Argos USVI Corp.	2	609	4	386
C.I. del Mar Caribe BVI Inc.	-	-	-	-
Canteras de Colombia S.A.S.	-	-	-	-
Caricement Antigua Limited	-	-	9	293
Caricement Antilles NV	-	-	-	-
Cement and Mining Engineering Inc.	-	-	-	-
Cementos Argos S.A.	204	50.491	2.563	115.899
Central Aggregates LLC.	-	-	-	-
Ciments Guyanais S.A.S.	-	-	24	2.767
Cimenterie Nationale S.E.M. (CINA)	8	1.452	174	5.038
Colcaribe Holdings S.A.	-	-	-	-
Comercial Arvenco C.A.	-	-	-	-
Concretos Argos S.A.	13	2.185	1.596	39.019
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	-	-	-
Ganadería Río Grande S.A.S.	1	134	105	1.863
Haiti Cement Holding S.A.	-	-	-	-
International Cement Company S.A.	-	-	-	-
Logística de Transporte S.A.	2	326	61	1.828
Marítima de Graneles S.A.	-	-	-	-
Piazza Acquisition Corp.	9	4.608	4	641
Somerset Shipping Co. Ltd.	-	-	-	-
Southern Star Leasing LLC.	-	-	-	-
Surcol Houdstermaatschappij N.V.	-	-	-	-
Tekia S.A.S.	1	264	306	6.111
Trans Atlantic Shipmanagement Ltd.	-	-	-	-
Transatlantic Cement Carriers Inc.	-	-	-	-
Valle Cement Investments Ltd.	-	-	-	-
Venezuela Ports Company S.A.	-	-	-	-
Vensur N.V.	5	680	108	2.009
Winterset Shipping Co. Ltd.	-	-	-	-
Zona Franca Argos S.A.S.	8	1.345	324	12.669

NOTE 17 – OTHER LIABILITIES

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

	2014	2013
Estimated liabilities and allowances		
For costs and expenses (1)		174.095
		18.625
For tax liabilities (2)		12.099
For maintenance and repairs		1.401
For contingencies (3)		38.306
Sundry allowances		15.710
Deferred liabilities		
Revenues received in advance		5.677
Other liabilities		
Advance payments received		77.024
Revenues received from third parties and warranty obligations		1.821
	469.765	344.758

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

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

NOTE 18 - SHAREHOLDERS' EQUITY

SHARE CAPITAL

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

	2014	2013
Authorized capital:		
1,500,000,000 ordinary shares with par value of COP 6 (figure in units, not millions)	9.000	9.000
Subscribed and paid-in capital:		
1,215,247,885 ordinary shares with par value of COP 6 (figure in units, not millions)	7.291	7.291
209,197,850 preferred shares with par value of COP 6 (figure in units, not millions)	1.256	1.256
	8.547	8.547

DECLARED DIVIDENDS

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

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

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

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

LEGAL RESERVE

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

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

RESERVE FOR THE REACQUISITION OF SHARES

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

	2014	2013
Reserve for the reacquisition of shares	113.797	113.797
Less - Reacquired own shares	(113.797)	(113.797)

OTHER RESERVES

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

All other reserves are freely available to the shareholders.

SHAREHOLDERS' EQUITY REVALUATION

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

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

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

NOTE 19 – ASSET REVALUATION AND REVALUATION SURPLUS

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

	2014	2013
Of long-term investments (Note 8)	1.651.682	1.386.833
Of property, plant and equipment and other assets (Note 9)	2.293.496	2.138.872
Revaluation	3.945.178	3.525.705
Transfer of minority interest	311.837	104.647
Revaluation surplus	4.257.015	3.421.058

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

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

NOTE 20 – MEMORANDUM ACCOUNTS

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

	2014	2013
Goods and securities pledged as collateral (1)	297.498	254.740
Fully depreciated goods (2)	831.105	787.077
Capitalization of shareholders' equity revaluation	55.391	55.391
Tax debit accounts (3)	9.444.296	9.923.139
Lawsuits and/or legal claims	9.808	8.787
Unused credit lines (4)	9.533	18.777
Other debit control accounts (5)	156.031	148.939
Others	167.924	172.091
	10.971.586	11.368.941
Contingent obligations		
Goods and securities received	(40.667)	(48.808)
Other contingent obligations (6)	(36.239)	(43.766)
Others (7)	(9.373)	(23.757)
	(86.279)	(116.331)
Credit memorandum accounts		
Tax credit accounts (8)	(9.703.700)	(9.693.469)
Credit control accounts	(1)	(1)
	(9.703.701)	(9.693.470)
	1.181.606	1.559.140

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

NOTE 21 – ADMINISTRATIVE EXPENSES

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

	2014	2013
Personnel expenses (1)	184.922	146.582
Services (2)	79.700	54.445
Professional fees	43.102	29.492
Amortization of deferred charges (3)	35.452	10.463
Travel expenses	14.407	12.454
Depreciation of property, plant and equipment	13.587	13.095
Maintenance and repairs	12.744	13.338
Rent	12.488	8.605
Insurance	10.847	10.062
Contributions and affiliations	5.174	3.860
Taxes	3.353	2.433
Legal expenses	1.934	2.586
Representation and PR expenses	1.864	2.239
Cafeteria and restaurant	1.782	1.935
Transport	1.497	598
Office supplies	1.353	1.537
Adaptation and installation	428	569
Allowances	422	222
Sundry (4)	24.899	12.640
	449.955	327.155

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

NOTE 22 – SALES EXPENSES

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

	2014	2013
Personnel expenses (1)	78.250	62.937
Services (2)	48.294	42.611
Amortization of deferred charges	23.289	20.917
Taxes	18.693	25.997
Allowances	12.506	10.891
Travel expenses	4.479	3.667
Rent	4.279	3.815
Depreciation of property, plant and equipment	3.832	4.789
Contributions and affiliations	3.285	3.148
Professional fees	2.915	3.418
Maintenance and repairs	2.248	1.879
Insurance	2.246	2.134
PR expenses	1.119	768
Office supplies	245	264
Legal expenses	136	30
Fuel and lubricants	72	5.538
Commissions	24	120
Adaptations and installations	13	16
Sundry	5.718	6.794
	211.643	199.733

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

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

NOTE 23 – DIVIDENDS AND PARTICIPATIONS RECEIVED

	2014	2013
Dividends and participations received	27.828	26.360

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

NOTE 24 – EXCHANGE DIFFERENCE

	2014	2013
Exchange gains	442.273	110.779
Exchange losses	(388.913)	(73.167)
Net exchange difference	53.360	37.612

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

NOTE 25 – OTHER INCOME

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

	2014	2013
Recoveries (1)	87.091	46.736
Gains from sale of property, plant and equipment (2)	18.006	1.350
Other sales	1.834	871
Exploitation (3)	1.490	7.206
Indemnifications	1.053	722
Services	645	1.668
Leasing	531	1.221
Subventions	426	258
Gains from sale of other goods	351	431
Revenues from previous periods	112	18
Professional fees	-	275
Others (4)	28.290	22.076
	139.829	82.832

(1) This mainly includes the recovery of investment allowances, in the amount of COP 52,559 (COP 27,024 in 2013) and the recovery of costs and expenses, in the amount of COP 34,258 (COP 19,669 in 2013), mainly in Cementos Argos S.A., due to the recovery from the allowance for labor and civil lawsuits, in the amount of COP 7,523; the allowance for negative shareholders' equity of the investment in Ganadería Río Grande S.A.S., in the amount of COP 5,929; the filtering out of non-demandable accounts payable, in the amount of COP 5,265; and recoveries from allowances of the Monserrate, Trinidad and Judas mines, in the amount of COP 2,128; and in Concretos Argos S.A., in the amount of COP 2,864, for the filtering out of non-demandable accounts payable.

(2) In 2014, this corresponds mainly to Cementos Argos S.A., from the gains from the sale of real estate, in the amount of COP 10,962, stemming mainly from the sale of the administrative offices located in the city of Bogotá to Grupo Argos S.A., in July 2014, which implied gains totaling COP 8,247; from the sale of the land lot Miramar Puerto Colombia to BSJ Construcciones S.A.S., in December, which implied gains of COP 1,690; from the sale of the terrain called Mina Monserrate to P3 Carbonera Los Pinos S.A.S., in July, which implied gains of COP 696; and from gains from the sale of movable property, in the amount of COP 312; and to Argos Panamá S.A., from the sale of real estate, in the amount of COP 6,779.

(3) In 2013, this corresponds mainly to the penalty of accounts payable to Fundación para el Beneficio, in the amount of COP 4,092.

(4) This corresponds mainly to the updating of the actuarial calculations in Cementos Argos S.A., in the amount of COP 16,915, and the recovery of impairment in Somerset Shipping Co. Ltd., in the amount of COP 3,234.

NOTE 26 – OTHER EXPENSES

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

	2014	2013
Taxes assumed (1)	49.060	30.200
Retirement pensions and pension entitlements (2)	21.942	25.718
Investment devaluation allowance (3)	17.604	8.670
Donations and contributions	16.926	15.115
Labor lawsuits	4.054	2.721
Costs and expenses from previous periods	4.043	7.620
Loss from sale and disposal of other assets	3.299	1.578
Loss from the sale and disposal of property, plant and equipment	1.704	515
Fines, penalties, legal claims and lawsuits	390	8.913
Indemnifications	376	1.808
Loss from sale of investments	343	-
Loss from accidents	46	204
Costs and judicial processes	-	20
Others (4)	51.573	72.096
	171.360	175.178

- (1) This corresponds to the tax on equity of Zona Franca Argos S.A.S., in the amount of COP 12,080 (COP 12,079 in 2013); to the tax on financial transactions of Cementos Argos S.A., in the amount of 14,036 (COP 13,895 in 2013), and Logística de Transporte S.A., in the amount of COP 1,250 (COP 1,292 in 2013); to Cementos Argos S.A., for other taxes assumed, in the amount of COP 14,967; to Valle Cement Investments Ltd., in the amount of COP 3,056 (COP 969 in 2013), as a consequence of the withholdings carried out on interests of loans with related parties and dividends paid by Argos Dominicana S.A.; and to Argos SEM, S.A., in the amount of COP 3,239, for withholdings carried out on professional fees for technical assistance paid to related parties.
- (2) This corresponds mainly to retirement pensions, in the amount of COP 21,942 (COP 25,718 in 2013), broken down in the payment of retirement pensions, in the amount of COP 19,906 (COP 20,001 in 2013); retirement pension subsidies, in the amount of COP 1,671 (COP 2,573 in 2013); and interests on pension entitlements, in the amount of COP 365 (COP 3,144 in 2013).
- (3) This corresponds to allowances for investments, mainly from Cementos Argos S.A., in Ganadería Río Grande S.A.S., in the amount of COP 5,805; in Haití Cement Holding S.A., in the amount of COP 2,416; and in Internacional Cement Company S.A., in the amount of COP 295; from Surcol Houdstermaatschappij N.V., in Vensur N.V., in the amount of COP 2,264; from Argos SEM, S.A., in Ciments Guyanais S.A.S., in the amount of COP 1,788; from Haití Cement Holding S.A., in Cimenterie Nationale S.E.M. (CINA), in the amount of COP 1,372; from Venezuela Ports Company S.A., in Surandina de Puertos C.A., in the amount of COP 1,117; from Corporaciones e Inversiones del Mar Caribe S.A.S., in MCC Cement Division C.V., in the amount of COP 844, and in Haití Cement Holding S.A., in the amount of COP 371; and from Argos USA Corp., in Argos Ready Mix LLC., in the amount of COP 672.
- (4) For 2014, this corresponds mainly to Cementos Argos S.A., from the updating of the allowance for interest on pension entitlements and pension bonds, in the amount of COP 5.870; from mining titles reversion expenses, in the amount of COP 4,075; and from taxes on non-operating real estate, in the amount of COP 1,712; and to Somerset Shipping Co. Ltd., for impairment of assets, in the amount of COP 2,928.

NOTE 27 – TRANSACTIONS WITH RELATED PARTIES

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

2014	SHAREHOLDERS	DIRECTORS	LEGAL REPRESENTATIVES AND MANAGEMENT
At year-end			
Assets			
Accounts receivable	935	-	-
Total assets	935	-	-
Revenues			
Sale from sale of fixed assets	8.247	-	-
Professional fees	-	-	-
Rental fees	-	-	-
Interests	-	-	-
Total revenues	8.247	-	-
Disbursements			
Interests	53	-	-
Salaries	-	-	7.688
Rental fees	1.223	-	-
Total disbursements	1.276	-	7.688

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

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

COMPANY	ACCOUNTS RECEIVABLE	DETAILS	ACCOUNTS PAYABLE	DETAILS
Grupo Argos S.A.	935	Rent of offices, parking spaces and warehouses	1.130	Rent of lands and offices
			42	Reintegration of travel expenses
Andino Trading Corporation	93	Payment in name of Andino Trading Corporation to service provider	379	Loan
Caltek S.A.S.	311	Transfer of loans to employees and sundries	-	
Cementos de Caldas S.A.	-		5.249	Rent of offices and warehouses
Celsia S.A. E.S.P.	19	Loans of staff transferred in 2011	3	Rent of real estate
			12	Gas service
Compañía de Puertos Asociados S.A.	98	Reimbursement of expenses	1.330	Operations of services and use of port facilities
Corporación de Cemento Andino C.A.*	15.666	Technical consulting and loans	-	
Fundiciones Colombia S.A.	3	Loan to pay taxes	-	
Internacional Ejecutiva de Aviación S.A.S.	7.028	Plane leasing	7	Travel by plane
Inversiones FortCorp S.A.S.	293	Tax on revaluation of plots	-	
Inversiones RoundCorp S.A.S.	92	Tax on real estate	-	
Sator S.A.S.	1.827	Remains of liquidation of company Emcarbón	2.375	Service of mining operation
	286	Sale of wood, lever and environmental service	492	Rent
	201	Rent of offices and charge of insurance policies	-	
Situm S.A.S.	1.077	Loans to staff transferred during the spin-off	-	
	37	Maintenance	-	
Surandina de Puertos C.A.	-		957	Loan
Transportes Elman Ltda. en Liquidación	32		21	Interests
Otros	4.118		7	
Others	32.116		12.004	

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

2013	SHAREHOLDERS	DIRECTORS	LEGAL REPRESENTATIVES AND MANAGEMENT
At year-end			
Assets			
Accounts receivable	269	-	-
Total assets	269	-	-
Revenues			
Professional fees	275	-	-
Rental fees	60	-	-
Interests	123	-	-
Total revenues	458	-	-
Disbursements			
Salaries	-	-	6.651
Rental fees	847	-	-
Total disbursements	847	-	6.651

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

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

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

COMPANIES	ACCOUNT RECEIVABLE	DETAILS	ACCOUNTS PAYABLE	DETAILS
Grupo Argos S.A.	269	Rent of offices, sale of apartment, financial and technological back office	11.269	Loans
	-		3.124	Rent of lands
	-		1.170	Rent of various plots
	-		133	Sale of apartment and others
Agentes Marítimos del Caribe Ltda. en Liquidación	2.320	Loan to pay fiduciary	-	
Asesorías y Servicios Ltda. en Liquidación	1.737	Loan to pay fiduciary	-	
	208	Capitalization	-	
Carbones del Caribe Ltda. en Liquidación	-		8	Interests on loan
Cementos de Caldas S.A.	-		6.026	Purchase of 326,876 shares of Metroconcreto S.A., 1,066,625 shares of Logitrans S.A., 5,800 shares of Aridos de Antioquia, 3,700 shares of Canteras de Colombia, rental of offices and warehouses and interest on loans.
Celsia S.A. E.S.P.	19	Loans to staff transferred in 2011	-	
Compañía de Puertos Asociados S.A.	337	Maintenance of port operations	248	Port services
Corporación de Cemento Andino C.A.	12.617	Technical consulting and loans	119	Loan
Distribuidora Colombiana Cementos Ltda. en Liquidación	-		425	Purchase of 247,745 shares of Flota Fluvial Carbonera S.A.S., 25,000 shares of C.I. Carbones del Caribe, 10,000 shares of Sociedad Portuaria Golfo de Morrosquillo S.A.S.
Fundiciones Colombia S.A.	3	Loan for tax payment	-	
Internacional Ejecutiva de Aviación S.A.S.	7.840	Plane leasing	-	
Inversiones FortCorp S.A.S.	293	Plot valuation taxes	-	
Inversiones RoundCorp S.A.S.	92	Real estate tax	-	
Proservi Ltda. en Liquidación	1.705	Loan to pay fiduciary	8	Liquidation of Vigilancia Privada del Litoral Ltda.
	21	Capitalization and loan to pay Superintendences	-	
Sator S.A.S.	1.827	Remnants of the liquidation of the company Emcarbón	6.565	Mining operation services
	115	Rent	2.124	Purchase of coal
	73	Sale of wood	1.186	Maintenance of electrical equipment in mines, sale of machinery and equipment
			60	Rent
Situm S.A.S.	1.157	Employee loans transferred in spin-off	86	Reintegration of services
Surandina de Puertos C.A.	-		957	Loan
Transmarítima del Caribe Ltda. en Liquidación	690	Loan to pay fiduciary	-	
	284	Loan (liquidation) and interests	-	
Transportes Elman Ltda. en Liquidación	-		515	Sale of tax refund certificates (Títulos de Devolución de Impuestos or TIDIS)
Others	24		1.070	
Total	31.631		35.093	

The aforementioned transactions were carried out at regular market prices.

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

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

NOTE 28 – CONTINGENCIES AND SUBSEQUENT EVENTS

During 2014 there were no:

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

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

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

FINANCIAL INDICATORS

	2014	2013
Current ratio – times (current assets / current liabilities)	0,95	1,04
Total indebtedness (total liabilities / total assets)	43,39%	34,56%
Asset turnover – times (operating income / total assets)	0,38	0,43
Profitability:		
Net margin (net profit / operating income)	5,03%	3,70%
Return on shareholders' equity (net profit / shareholders' equity)	3,59%	2,54%
Return on total assets (net profit / total assets)	1,92%	1,58%
EBITDA	1.059.835	978.108
EBITDA margin	18,26%	19,69%
EBITDA / total shareholders' equity	13,03%	13,50%

INFORMATIVE SUMMARY

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



10 INDEXES

INDIVIDUAL FINANCIAL STATEMENTS



CEMENTOS ARGOS S.A. INDIVIDUAL BALANCE SHEET

As of December 31
(in millions of Colombian pesos)

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

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

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

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

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

CASH FLOW STATEMENT

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

INCOME STATEMENT

INDIVIDUAL
BALANCE SHEET

CEMENTOS ARGOS S.A. INDIVIDUAL INCOME STATEMENT

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

	Notes	2014	2013
OPERATING INCOME	19	1,671,009	1,882,331
COST OF SALES		993,389	1,150,400
GROSS INCOME		677,620	731,931
OPERATING EXPENSES			
Administrative expenses	20	244,304	189,953
Sales expenses	21	91,158	91,558
Total operating expenses		335,462	281,511
OPERATING INCOME		342,158	450,420
OTHER INCOME (EXPENSES)			
Financial income		30,769	35,507
Financial expenses		(138,797)	(150,314)
Foreign exchange difference, net		42,583	40,304
Net participation in results of subsidiaries	7	140,300	(40,062)
Other income	22	128,490	79,474
Other expenses	23	(136,764)	(86,921)
Income before allowance for income tax and CREE tax		408,739	328,408
Allowance for income tax and CREE tax	14	116,924	144,698
Net income income		291,815	183,710
Net income per share (in Colombian pesos)		211,42	117,56

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

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

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

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

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

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

	2014	2013
THE FINANCIAL RESOURCES WERE PROVIDED BY:		
Net income	291.815	183.710
Add (less) - debit (credit) to income that does not affect working capital:		
Participation in income of subsidiaries	(140.300)	40.062
Depreciation and amortization of property, plant and equipment	27.999	98.843
Amortization of deferred and intangible charges	51.255	33.068
Other non-operating amortizations	3.347	8.234
Gains from the sale of property, plant and equipment	(10.962)	(955)
Gains from the sale of mining rights	(351)	-
Gains from the sale of other assets	-	(50)
Loss from disposal of assets	488	1.049
Recovery from updating of retirement pensions reserve	(16.915)	(13.172)
Foreign exchange difference of long-term liabilities	44.445	(16.131)
Foreign exchange difference of long-term assets	(5.368)	(40.898)
Deferred and other taxes	28.793	(11.575)
Amortization of bonds	1.677	1.642
Recovery from allowances	(32.198)	(7.228)
Asset allowance	23.324	545
WORKING CAPITAL PROVIDED BY OPERATIONAL ACTIVITIES DURING THE YEAR	267.049	277.144
FINANCIAL RESOURCES FROM OTHER SOURCES:		
Dividends received from controlled long-term investments	102.123	94.705
Sale of property, plant and equipment	44.646	1.482
Sale of intangible assets	351	-
Issuance of preferred shares	-	1.610.824
Decrease in long-term accounts receivable	198.586	-
Increase in long-term accounts payable	96.249	-
Increase in long-term deferred liabilities	29.201	-
Bond issuance	600.000	-
TOTAL FINANCIAL RESOURCES PROVIDED	1.338.205	1.984.155
THE FINANCIAL RESOURCES WERE USED FOR:		
Declared dividends	239.502	213.601
Payment for acquisition of investment in Honduras	-	745.156
Payment for acquisition of investment in French Guiana	145.743	-
Acquisition of property, plant and equipment	214.182	117.164
Increase in other long-term investments	781	10.672
(Decrease) increase of deferred and other intangibles	66.044	128.391
Increase in long-term accounts receivable	-	309
Increase in other assets	-	290
Transfer of outstanding bonds to short term	191.400	192.575
Decrease in long-term financial obligations	31.823	100.778
Decrease in long-term accounts payable	20.895	20.750
Transfer of equity tax to short term	-	25.970
Effect of revaluation of derivative transactions under hedge accounting	28	(338)
TOTAL FINANCIAL RESOURCES USED	910.398	1.555.318
INCREASE IN WORKING CAPITAL	427.807	428.837
CHANGES IN WORKING CAPITAL COMPONENTS:		
Cash	(96.452)	168.805
Negotiable investments	13.146	11.611
Accounts receivable, net	1.058.210	135.667
Inventories, net	18.026	(11.102)
Pre-paid expenses	(590)	726
Financial obligations	(130.446)	364.887
Bonds and commercial papers	1.175	(115.375)
Suppliers and accounts payable	(460.015)	(46.452)
Taxes, levies and contributions	50.279	(61.221)
Labor obligations	(3.841)	(3.170)
Other liabilities and estimated liabilities	(21.685)	(15.539)
INCREASE IN WORKING CAPITAL	427.807	428.837


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CASH FLOW STATEMENT

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


INCOME STATEMENT

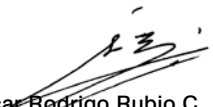
INDIVIDUAL
BALANCE SHEET

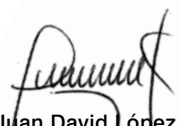
CEMENTOS ARGOS S. A. INDIVIDUAL CASH FLOW STATEMENT

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

	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	291.815	183.710
ADJUSTMENTS TO RECONCILE NET INCOME OF THE YEAR WITH CASH		
provided by operating activities:		
Participation in income of subsidiaries	(140.300)	40.062
Depreciation and amortization of property, plant and equipment	27.999	98.843
Amortization of deferred and intangible charges	51.255	33.068
Other non-operating amortizations	3.347	8.234
Gains from the sale of property, plant and equipment	(10.962)	(955)
Gains from the sale of mining rights	(351)	-
Gains from the sale of other assets	-	(50)
Loss from sale or disposal of assets	488	1.049
Penalties on debt	2.568	345
Amortization of bonds	1.677	1.642
Recovery from updating of retirement pensions reserve	(16.915)	(13.172)
Foreign exchange difference on long-term liabilities	44.445	(16.493)
Foreign exchange difference on long-term assets	(5.368)	(40.898)
Deferred and other taxes	28.793	(11.575)
Recovery of allowances	(54.407)	(18.728)
Asset allowance	29.072	12.198
Revaluation of derivative transactions	62.631	16.096
	315.787	293.376
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Accounts receivable	(809.278)	(199.313)
Inventories	(19.906)	9.833
Prepaid expenses	590	(726)
Suppliers and accounts payable	497.287	22.391
Labor obligations	3.841	3.170
Other liabilities and estimated liabilities	43.036	26.824
Taxes, levies and contributions	(50.279)	35.251
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	-18.922	190.806
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Payment for acquisition of investment in Honduras	-	(745.156)
Payment for acquisition of investment in French Guiana	(145.743)	-
Acquisition of property, plant and equipment	(214.181)	(117.164)
Increase in deferred and intangible charges	(66.044)	(128.391)
Acquisition of other long-term investments	(781)	(10.672)
Dividends received in cash	116.098	140.100
Result of the sale of property, plant and equipment	44.646	1.482
Result of the sale of intangible assets	351	-
Loan to Argos USA Corp. for the acquisition of assets in Florida	(47.371)	-
Increase in other assets	-	(290)
NET CASH USED BY INVESTMENT ACTIVITIES	(313.025)	(860.091)
CASH FLOW FROM FINANCING ACTIVITIES:		
Dividends paid in cash	(236.512)	(197.199)
Issuance of preferred shares	-	1.610.824
Net increase (decrease) in financial obligations	98.623	(465.665)
Decrease in long-term accounts payable	(20.895)	(20.750)
Issuance of bonds	600.000	-
Payment of ordinary bonds	(192.575)	(77.200)
Decrease in long-term accounts receivable	-	(309)
NET CASH PROVIDED BY FINANCING ACTIVITIES	248.641	849.701
Net (decrease) increase in cash and cash equivalents	(83.306)	180.416
Cash and cash equivalents at the beginning of the year	253.376	72.960
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	170.070	253.376
CASH EQUIVALENTS		
Available	144.686	241.138
Negotiable investments	25.384	12.238
	170.070	253.376


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


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


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

CASH FLOW STATEMENT

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

INCOME STATEMENT

INDIVIDUAL
BALANCE SHEET

CERTIFICATE OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Barranquilla
February 18, 2015

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

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



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

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

Barranquilla
February 18, 2015

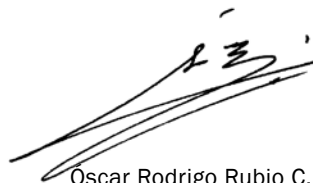
To the attention of the shareholders of Cementos Argos S.A.:

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S.A. hereby certifies that the Company's financial statements of the years ended on December 31, 2014, and 2013, were faithfully taken from the Company's books and that the following statements contained therein were verified before they were made available to the shareholders and to third parties:

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



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



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



STATUTORY AUDITOR'S REPORT

To the attention of the shareholders of CEMENTOS ARGOS S.A.:

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

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

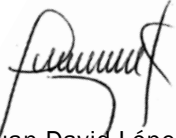
My responsibility is to express an opinion on these financial statements based on my audits. I obtained the information necessary to comply with my duties and conducted my audit in accordance with auditing standards generally accepted in Colombia. Those standards require that I plan and perform the audit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

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

As is mentioned in Note 2 to these financial statements, as of January 1, 2014, the Company carried out a change in the applicable useful lives of property, plant and equipment. The effect of this change in the Company's financial statements was a decrease in the expense due to depreciation for the year ended on December 31, 2014, in the amount of COP \$52.68 billion.

Furthermore, based on the scope of my audits, I can confirm that the Company kept its books in accordance with legal regulations and accounting techniques; that the transactions registered in the financial accounting books and the actions of its management are in line with the Company's Bylaws and the decisions of the Assembly of Shareholders and the Board of Directors; that correspondence, supporting documents of accounts and the minute book and share register are duly kept and conserved; that the management report of the Company's administrators is appropriately consistent with the basic financial statements; that the Company has no payments due in terms of contributions to the Integrated Social Security System; and that mechanisms were implemented to prevent and

control money laundering, in accordance with what is established in External Circular Letter No. 60 of 2008 of the Superintendence of Finance of Colombia. My assessment of the Company's internal control, carried out with the intention of establishing the scope of my audit evidence, did not indicate in any way that the Company did not take adequate measures of internal control and for the conservation and safekeeping of its own assets and of those of third parties that it has in its power.



Juan David López M.

Statutory Auditor

Professional License No. 139197-T

Designated by Deloitte & Touche Ltda.

February 18, 2015

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

CEMENTOS ARGOS S.A.

AS OF DECEMBER 31, 2014 AND 2013

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

NOTE 1 – REPORTING ENTITY

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

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

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

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

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

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

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

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

NOTE 2 – MAIN ACCOUNTING POLICIES AND PRACTICES

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

CONSOLIDATION OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

SUBSTANCE OVER LEGAL FORM

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

FOREIGN CURRENCY TRANSLATION AND BALANCES IN FOREIGN CURRENCY

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

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

INFLATION ADJUSTMENTS

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

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

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

MATERIALITY IN THE PREPARATION OF FINANCIAL STATEMENTS

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

CASH AND CASH EQUIVALENTS

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

NEGOTIABLE AND LONG-TERM INVESTMENTS

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

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

These investments are recorded and valued prospectively as follows:

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

The proportionate participation in the variations of other equity accounts of the subsidiaries, other than the period results, are recorded as a higher value of investments, with a debit to the equity participation method surplus

account. Once the participation method is recorded, if the intrinsic value of the investment is lower than the book value, an allowance charged to the income statement is recorded.

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

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

FOREIGN CURRENCY TRANSLATION OF FINANCIAL STATEMENTS

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

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

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

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

DEFERRED ASSETS

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

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

INTANGIBLE ASSETS

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

method. The amortization period for trademarks is 20 years, and that of exploitation rights it is either the term of the license or the time during which the reserves are expected to be exploited, whichever is the shortest, which are estimated between 3 and 30 years.

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

ACQUIRED GOODWILL

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

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

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

The following are the derivatives used by the company:

SWAP ARRANGEMENTS

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

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

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

FORWARD ARRANGEMENTS

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

OPTION TRANSACTIONS

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

ASSET REVALUATION

Asset revaluation refers to the following elements:

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

LABOR LIABILITIES AND RETIREMENT PENSIONS

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

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

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

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

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

ENVIRONMENTAL ALLOWANCES

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

INCOME TAX

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

TAX ON EQUITY AND ITS SURCHARGE

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

SALES TAX – VAT

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

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

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

MEMORANDUM ACCOUNTS

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

RECOGNITION OF REVENUES, COSTS AND EXPENSES

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

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

CASH FLOWS STATEMENTS

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

NET EARNINGS PER SHARE

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

CONTINGENCIES

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

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

RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

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

CONVERGENCE TO INTERNATIONAL STANDARDS FOR FINANCIAL INFORMATION

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

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

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

NOTE 3 - TRANSACTIONS IN FOREIGN CURRENCY

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

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

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

	2014		2013	
	US dollars	Millions of colombian pesos	US dollars	Millions of colombian pesos
Current assets	326,378,590	780.848	156,892,236	302.305
Non-current assets	450,556,880	1.077.939	1,471,640,974	2.835.602
Total assets	776,935,470	1.858.787	1,628,533,210	3.137.907
Current liabilities	(112,774,203)	(269.808)	(101,272,500)	(195.135)
Non-current liabilities	(298,893,262)	(715.090)	(357,437,752)	(688.722)
Total liabilities	(411,667,465)	(984.898)	(458,710,252)	(883.857)
Net position, including long-term investments in related parties	365,268,005	873.889	1,169,822,958	2.254.050
Long-term investments in related parties (1)	(257,543,131)	(616.162)	(1,102,862,980)	(2.125.029)
Active net position	107,724,874	257.727	66,959,978	129.021

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

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

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

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

NOTE 4 – NEGOTIABLE INVESTMENTS

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

	2014	2013
Trusts in domestic currency	25.384	4.394
Certificates	-	4.642
Rights to repurchase investments	-	3.202
Total cash equivalents	25.384	12.238

Average annual rate:

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

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

NOTE 5 – ACCOUNTS RECEIVABLE, NET

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

	2014	2013
Related economic parties (1) (see Note 24)	1.737.904	936.848
Domestic clients (2)	318.995	294.210
Prepaid taxes and contributions (3)	50.089	60.881
Revenues receivable (4)	29.709	18.260
Accounts receivable from employees	27.851	23.038
Accounts receivable from swap arrangements (5)	24.804	2.248
Prepaid charges	19.006	14.916
Sundry accounts receivable	5.722	2.874
Foreign clients – USD 734,857 (USD 748,260 in 2013)	1.758	1.442
Promises to enter into purchase-sale agreements	1.725	1.725
	2.217.563	1.356.442
Less – allowance for accounts receivable	(6.000)	(9.871)
Total accounts receivable	2.211.563	1.346.571
Less – long-term portion	(483.116)	(676.334)
Short-term accounts receivable (6)	1.728.447	670.237

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

Type	Underlying	Underlying Amount (USD)	Underlying Rate (%)	Swap Amount	Swap Rate (%)	Maturity
Interest rate swap	EKF loan	16,363,636	L (6m) + 0.1	US\$16,363,636	2,40%	26-Jun-2019
Interest rate swap	EKF loan	52,474,115	L (6m) + 0.1	US\$52,474,115	2,38%	26-Jun-2019
Currency swap	Loan in US dollars	51,975,052	L (3m) + 0.75	100,000	LBR + 1,40%	14-Oct-2015

The allowance for doubtful debts changed as follows:

	2014	2013
Opening balance	9.871	10.395
Allowance for the year	5.592	10.348
Recoveries	(857)	(577)
Penalties	(8.606)	(10.295)
Closing balance	6.000	9.871

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

	2014				2013			
	Contracts of mandate				Contracts of mandate			
	Cementos Argos S.A.	Concretos Argos S.A.	Zona Franca Argos S.A.S.	Total	Cementos Argos S.A.	Concretos Argos S.A.	Zona Franca Argos S.A.S.	Total
Up to 30 days	39.974	32.054	6.084	78.112	40.417	35.668	4.359	80.444
Between 31 and 360 days	40.817	41.578	7.073	89.468	21.873	35.807	3.760	61.440
More than 360 days	12.124	4.494	2.098	18.716	5.443	1.901	1.352	8.696
	92.915	78.126	15.255	186.296	67.733	73.376	9.471	150.580

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

	2014
2014	-
2015	-
2016	22.568
2017	460.548
	483.116

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

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

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

NOTE 6 – INVENTORIES, NET

Inventories on December 31 were comprised of the following elements:

	2014	2013
Products in process	43.725	8.821
Materials, spare parts and accessories	32.455	35.878
Finished products	18.101	29.662
Raw materials and direct materials	17.089	22.681
Inventories in transit (1)	4.375	-
Containers and packaging	1.236	1.913
	116.981	98.955

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

The allowance for inventories changed as follows:

	2014	2013
Opening balance	-	3.754
Allowance for the year	-	1.269
Penalties	-	(5.023)
Closing balance	-	-

There are no levies or restrictions on inventories.

NOTE 7 – LONG-TERM INVESTMENTS

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

	2014	2013
Controlled variable-income long-term investments		
Shares (1)	5.034.178	3.799.903
Participations	425.769	382.634
Non-controlled variable-income long-term investments		
Shares	122.379	121.385
Fixed-income long-term investments		
Participations in clubs	549	549
	5.582.875	4.304.471
Less – provision for protection of investments (2)	(46.309)	(54.669)
	5.536.566	4.249.802

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

(2) The allowance changed as follows:

	2014	2013
Opening balance	54.669	60.103
Recoveries	(31.655)	(5.979)
Allowance	23.295	545
Closing balance	46.309	54.669

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

Company	No. of shares	Value
Grupo de Inversiones Suramericana S.A.	5.200.000	208.000

LONG-TERM INVESTMENTS AS OF DECEMBER 31, 2014

Company	Registered in	Economic activity	Number of shares	Adjusted cost	Market value	Stake (%)	Allowance	Participation in results	Revaluation and/or devaluation
CONTROLLED, LONG-TERM									
Sociedades Anónimas (public limited companies) Sociedades Anónimas									
C.I. del Mar Caribe BVI Inc.	British Virgin Islands	Agency services	18.400	43.033	43.033	94	-	6.651	-
Corporaciones e Inversiones del Mar Caribe S.A.S.	Medellín, Colombia	Investments	12.834.648	75.408	75.408	100	-	8.912	-
Canteras de Colombia S.A.S.	Medellín, Colombia	Gravel and clay exploitation	27.670	6.452	6.596	6	-	10	144
Colcaribe Holding S.A.	Panama	Investments	117.860	204.487	204.462	100	25	22.797	-
Concretos Argos S.A.	Bogota, Colombia	Concrete production	8.596.667	368.758	382.690	93	-	2.975	13.932
Ganadería Río Grande S.A.S.	Medellín, Colombia	Agriculture	10.700.000	13.069	5.107	100	7.962	10.912	-
Haití Cement Holding S.A.	Haiti	Investments	78.000	24.164	17.752	50	6.412	(635)	-
International Cement Company S.A.	Panama	Investments	10.000	2.556	2.261	100	295	(4.514)	-
Logística de Transporte S.A.	Medellín, Colombia	Freight transport	22.425.181	27.611	28.646	95	-	3.809	1.035
Argos Panamá S.A.	Panama	Investments	1.298.122	373.577	357.550	86	16.027	91.706	-
Tekia S.A.S.	Medellín, Colombia	Reforestation	1.337.500	24.750	27.592	100	-	(5.648)	2.842
Transatlantic Cement Carrier Inc.	Panama	Maritime freight transport	33.500	57.485	57.485	100	-	(1.550)	-
Zona Franca Argos S.A.S.	Cartagena, Colombia	Cement production	64.550.000	1.437.315	1.438.534	100	-	79.615	1.219
Argos Sem S.A.	Panama	Investments	100.000	2.375.513	2.360.730	100	14.783	(55.152)	-
SUBTOTAL SOCIEDADES ANÓNIMAS				5.034.178	5.007.846		45.504	159.888	19.172
<i>Sociedades Limitadas (private limited companies)</i>									
Valle Cement Investments Ltd.	British Virgin Islands	Investments	2	422.082	422.082	80	-	(19.588)	-
Transportes el Man Ltda. en Liquidación	Barranquilla, Colombia	Land, river and maritime transport	8.637	3.687	3.662	1	25	-	-
SUBTOTAL SOCIEDADES LIMITADAS				425.769	425.744		25	(19.588)	-
NON-CONTROLLED, LONG-TERM									
Bancolombia S.A. *	Medellín, Colombia	Financial intermediation	20.437.148	61.420	562.270	4	-	-	500.850
Cementos de Caldas S.A.	Manizales, Colombia	Cement production	20.301.861	3.109	3.183	40	-	-	74
Cartón Colombia S.A. *	Cali, Colombia	Card board production	2.308.930	5.088	11.983	2	-	-	6.895
Caltek S.A.S.	Medellín, Colombia	Lime exploitation	200.000	958	958	50	-	-	-
Grupo de Inversiones Suramericana S.A.*	Medellín, Colombia	Financial intermediation	28.183.262	39.384	1.126.058	6	-	-	1.086.674
Triple A B/Q S.A., E.S.P.	Barranquilla, Colombia	Public services	12.311	29	29	-	-	-	-
Fundiciones Colombia S.A.	Medellín, Colombia	Metallurgy	38.543.456	278	13	2	265	-	-
Industrial Hullera S.A.	Medellín, Colombia	Coal exploitation	2.426.054	155	-	37	155	-	-
Omya Colombia S.A.	Guarne, Colombia	Non-metallic mineral production	6.345.425	11.554	49.773	50	-	-	38.219
Sociedad de Transporte Férreo S.A.	Cali, Colombia	Railroad services	72.294	331	-	3	331	-	-
Others, of less than COP 100				73	13.533		11	-	13.471
SUBTOTAL NON-CONTROLLED				122.379	1.767.800		762	-	1.646.183
				5.582.326	7.201.390		46.291	140.300	1.665.355
Allowance				(46.309)					
FIXED-INCOME, LONG-TERM									
Participations in clubs				549	879		18	-	348
TOTAL LONG-TERM INVESTMENTS				5.536.566	7.202.269		46.309	140.300	1.665.703

Notes:

The investment portfolio is made up of ordinary shares.

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

LONG-TERM INVESTMENTS AS OF DECEMBER 31, 2013

Company	Registered in	Economic activity	Number of shares	Adjusted cost	Market value	Stake (%)	Allowance	Participation in results	Revaluation and/or devaluation
Sociedades Anónimas (public limited companies)									
Argos USA Corp.	USA	Investments	29.305	1.206.096	1.200.537	83,21	5.559	(126.356)	-
C.I. del Mar Caribe BVI Inc.	British Virgin Islands	Agency services	18.400	28.120	28.356	93,88	-	11.192	236
Corporaciones e Inversiones del Mar Caribe S.A.S.	Medellín, Colombia	Investments	12.834.648	46.697	46.697	100,00	-	(3.139)	-
Canteras de Colombia S.A.S.	Medellín, Colombia	Gravel and clay exploitation	27.670	5.757	5.901	5,97	-	37	144
Colcaribe Holding S.A.	Panama	Investments	117.860	146.677	156.192	100,00	-	11.416	9.515
Concretos Argos S.A.	Bogotá, Colombia	Concrete production	8.596.667	336.715	350.461	93,13	-	17.041	13.746
Ganadería Río Grande S.A.S.	Medellín, Colombia	Agriculture	10.700.000	2.157	-	100,00	2.157	-	-
Haiti Cement Holding S.A.	Haiti	Investments	78.000	19.087	15.092	50,00	3.995	2.089	-
International Cement Company S.A.	Panama	Investments	10.000	1.685	2.306	100,00	-	(17.847)	621
Logística de Transporte S.A.	Medellín, Colombia	Freight transport	22.425.181	25.011	26.046	94,89	-	1.265	1.035
Argos Panamá S.A.	Panama	Investments	1.298.122	282.093	258.229	85,61	23.864	71.982	-
Tekia S. A. S.	Medellín, Colombia	Reforestation	1.337.500	30.910	33.752	100,00	-	(4.090)	2.842
Transatlantic Cement Carrier Inc.	Panama	Maritime freight transport	33.500	45.053	47.886	100,00	-	(11.671)	2.833
Zona Franca Argos S.A.S.	Cartagena, Colombia	Cement production	64.550.000	1.308.921	1.310.140	100,00	-	13.528	1.219
Nuevos Cementos S.A.S.	Medellín, Colombia	Investments	229.181.415.370	314.793	314.793	100,00	-	3.173	-
Caltek S.A.S.	Medellín, Colombia	Lime production	200.000	131	131	50,00	-	(69)	-
Subtotal sociedades anónimas				3.799.903	3.796.519		35.575	(31.449)	32.191
Sociedades Limitadas (private limited companies)									
Valle Cement Investments Ltd.	British Virgin Islands	Investments	2	378.835	360.577	91,81	18.258	(8.613)	-
Distribuidora Col. de Cementos Ltda. en Liquidación	Barranquilla, Colombia	Commercialization	200.000	3.674	4.037	100,00	-	-	363
Transportes Elman Ltda. en Liquidación	Barranquilla, Colombia	Land, river and maritime transport	8.637	95	70	1,08	25	-	-
Profesionales a su Servicio Ltda. en Liquidación	Barranquilla, Colombia	Consulting and recruitment	194.900	10	-	50,00	10	-	-
Asesorías y Servicios Ltda. en Liquidación	Barranquilla, Colombia	Consulting and recruitment	316.500	20	-	50,00	20	-	-
Subtotal sociedades limitadas				382.634	364.684		18.313	(8.613)	363
NON-CONTROLLED									
Bancolombia S.A. *	Medellín, Colombia	Financial intermediation	20.437.148	61.413	486.812	4,01	-	-	425.399
Cementos de Caldas S.A.	Manizales, Colombia	Cement production	20.301.861	3.109	3.183	40,07	-	-	74
Cartón Colombia S.A. *	Cali, Colombia	Card board production	2.308.930	5.088	12.223	2,14	-	-	7.135
Grupo de Inversiones Suramericana S.A.*	Medellín, Colombia	Financial intermediation	28.183.262	39.384	949.776	6,01	-	-	910.392
Fundiciones Colombia S.A.	Medellín, Colombia	Metallurgy	38.543.456	278	13	1,54	265	-	-
Industrial Hullera S.A.	Medellín, Colombia	Coal exploitation	2.426.054	155	-	37,47	155	-	-
Omya Colombia S.A.	Guarne, Colombia	Non-metallic mineral production	6.345.425	11.554	37.193	50,00	-	-	25.639
Sociedad de Transporte Férreo S.A.	Cali, Colombia	Railroad services	72.294	331	-	2,95	331	-	-
Others, of less than COP 100				73	9.643		12	-	9.582
Subtotal non-controlled				121.385	1.498.843		763	-	1.378.221
TOTAL VARIABLE-INCOME INVESTMENTS				4.303.922	5.660.046		54.651	(40.062)	1.410.775
Allowance				(54.669)					
FIXED-INCOME, LONG-TERM									
Bonds and others				549	870		18	-	350
TOTAL LONG-TERM INVESTMENTS				4.249.802	5.660.916		54.669	(40.062)	1.411.125

Type of shares:

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

Notes:

The investment portfolio is made up of ordinary shares.

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

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

Company	Año 2014				Año 2013			
	Assets	Liabilities	Shareholders' equity	Profit (loss)	Assets	Liabilities	Shareholders' equity	Profit (loss)
Argos SEM S.A	5.035.918	2.975.720	2.060.198	(85.644)	-	-	-	-
Zona Franca Argos S.A.S.	1.554.924	116.389	1.438.535	79.615	1.382.218	72.078	1.310.140	13.528
Concretos Argos S.A.	1.209.648	798.716	410.932	3.194	724.988	348.664	376.324	18.299
Valle Cement Investments Ltd.	818.913	359.199	459.714	(21.335)	679.060	286.335	392.725	(9.381)
Argos Panamá S.A.	572.505	154.860	417.645	107.120	447.776	146.145	301.631	84.081
Colcaribe Holdings S.A.	246.835	42.222	204.613	18.434	194.838	38.646	156.192	11.416
Canteras de Colombia S.A.S.	118.330	7.741	110.589	166	106.874	7.950	98.924	617
Corp. e Inversiones del Mar Caribe S.A.S.	105.228	29.820	75.408	8.912	91.204	44.507	46.697	(3.139)
Cimenterie Nationale S.E.M. (CINA)	75.421	35.482	39.939	159	71.483	27.857	43.626	80.241
Transatlantic Cement Carriers Inc	68.024	10.539	57.485	(1.550)	56.592	8.707	47.885	(11.671)
C.I. del Mar Caribe BVI Inc.	60.351	14.512	45.839	7.085	50.654	20.449	30.205	11.922
Tekia S.A.S.	55.528	27.936	27.592	(5.648)	51.960	18.208	33.752	(4.090)
Logística de Transporte S.A.	49.703	19.516	30.187	4.014	42.533	15.086	27.447	1.333
Haití Cement Holdings S.A.	35.504	-	35.504	(1.270)	30.183	-	30.183	4.178
Ganadería Rio Grande S.A.S.	16.449	11.342	5.107	10.912	18.413	24.342	(5.929)	(4.789)
International Cement Company S.A.	2.110	-	2.110	(151)	2.307	-	2.307	(17.847)
Caltek S.A.S.	-	-	-	-	1.180	919	261	(139)
Nuevo Cementos S.A.S.	-	-	-	-	314.793	-	314.793	3.173
Argos USA Corp.	-	-	-	-	2.325.085	882.352	1.442.733	(151.847)

(1) Companies acquired in 2014:

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

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

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

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

Año 2014

Company	Share capital	Capital surplus	Reserves	Shareholders' equity revaluation	Period results	Previous period results	Valuation surplus	Shareholders' equity
Argos Panamá S.A.	265.278	-	(1.626)	36.959	107.120	9.914	-	417.645
Zona Franca Argos S.A.S.	64.550	903.043	-	-	79.615	-	391.327	1.438.535
Haití Cement Holdings S.A.	31.430	(1.238)	-	5.904	(1.270)	678	-	35.504
Cimenterie Nationale S.E.M. (CINA)	26.092	-	14.896	(1.356)	159	148	-	39.939
Colcaribe Holdings S.A.	20.357	7.141	-	46.394	18.434	101.716	10.571	204.613
Valle Cement Investments Ltd.	13.798	19.238	-	(12.590)	(21.335)	398.651	60.742	458.504
Corp. e Inversiones del Mar Caribe S.A.S.	12.835	119.124	390	577	8.912	(85.013)	18.582	75.407
Concretos Argos S.A.	9.249	139.503	31.247	37.083	3.194	-	190.656	410.932
Transatlantic Cement Carriers Inc	6.133	52.635	-	10.524	(1.550)	(14.400)	4.142	57.484
Ganadería Rio Grande S.A.S.	5.350	6.448	-	-	10.912	(17.880)	277	5.107
Tekia S.A.S.	1.338	11.623	5.935	2.552	(5.648)	(2.510)	14.302	27.592
Canteras de Colombia S.A.S.	464	11.903	-	3.489	166	(7.870)	102.437	110.589
Logística de Transporte S.A.	142	13.746	9.342	2.824	4.014	-	120	30.188
C.I. del Mar Caribe BVI Inc.	54	-	-	6.537	7.085	32.163	-	45.839
International Cement Company S.A.	13	22.158	-	1.774	(151)	(21.690)	6	2.110
Argos SEM, S.A	2.519.647	137.118	291	318.450	(118.316)	(805.577)	8.585	2.060.198

Año 2013

Company	Share capital	Capital surplus	Reserves	Shareholders' equity revaluation	Period results	Previous period results	Valuation surplus	Shareholders' equity
Argos USA Corp.	2.289.652	577	-	34	(151.847)	(702.044)	6.361	1.442.733
Zona Franca Argos S.A.S.	64.550	903.043	7.501	-	13.528	-	321.518	1.310.140
Valle Cement Investments Ltd.	13.798	19.663	-	(87.639)	(9.381)	408.032	48.252	392.725
Concretos Argos S.A.	9.249	128.336	27.149	37.083	18.299	-	156.208	376.324
Nuevo Cementos S.A.S.	229.181	82.439	-	-	3.173	-	-	314.793
Argos Panamá S.A.	265.278	-	(901)	(38.781)	84.081	(8.046)	-	301.631
Colcaribe Holdings S.A.	20.357	3.167	-	11.752	11.416	98.403	11.097	156.192
Canteras de Colombia S.A.S.	464	11.903	-	3.489	617	(8.487)	90.938	98.924
Transatlantic Cement Carriers Inc	6.133	52.635	-	181	(11.671)	(2.728)	3.335	47.885
Corp. e Inversiones del Mar Caribe S.A.S.	12.835	105.693	391	577	(3.139)	(81.874)	12.214	46.697
Cimenterie Nationale S.E.M. (CINA)	26.092	-	12.590	(4.615)	8.024	1.535	-	43.626
Tekia S.A.S.	1.338	11.623	5.935	2.552	(4.090)	1.580	14.814	33.752
C.I. del Mar Caribe BVI Inc.	54	-	-	(2.012)	11.922	20.241	-	30.205
Haití Cement Holdings S.A.	31.430	(497)	-	(1.428)	4.178	(3.500)	-	30.183
Logística de Transporte S.A.	142	13.633	9.341	2.824	1.333	-	174	27.447
International Cement Company S.A.	13	22.158	-	1.377	(17.847)	(3.844)	450	2.307
Caltek S.A.S.	400	-	-	-	(139)	-	-	261
Ganadería Rio Grande S.A.S.	5.350	6.448	-	-	(4.789)	(13.091)	153	(5.929)

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

The following subsidiaries declared dividends:

	2014	2013
Argos Panamá S.A.	58.454	54.485
Zona Franca Argos S.A.S.	21.030	18.746
Concretos Argos S.A.	13.226	455
Colcaribe Holding S.A.	8.148	8.142
Logística de Transportes S.A.	1.265	9.167
Haití Cement Holding S.A.	-	3.710
	102.123	94.705

NOTE 8 – PROPERTY, PLANT, AND EQUIPMENT

	Año 2014					Año 2013				
	Costo	Depreciación acumulada	Valor neto en libros	Avalúo Comercial	Valorización	Costo	Depreciación Acumulada	Valor neto en libros	Avalúo comercial	Valorización
Terrenos	81.452	-	81.452	324.564	243.112	80.315	-	80.315	365.832	285.517
Yacimientos. minas y canteras	119.299	119.299	-	164.490	164.490	119.299	119.299	-	157.079	157.079
Construcciones y edificaciones(1)	362.911	260.163	102.748	292.458	189.710	384.836	259.122	125.714	300.475	174.761
Equipo de transporte, marítimo y ferreo	15.304	11.205	4.099	7.510	3.411	14.567	10.960	3.607	7.182	3.575
Maquinaria y equipo (2)	1.644.264	1.248.280	395.984	1.064.186	668.202	1.600.293	1.235.403	364.890	1.020.507	655.617
Muebles y enseres. equipo de cómputo y médico científico	44.566	30.042	14.524	21.162	6.638	43.142	24.984	18.158	23.290	5.132
Construcciones en curso. maquinaria en montaje(3)	174.298	-	174.298	-	-	85.162	-	85.162	-	-
Acueducto plantas y redes, vías de comunicación	90.080	62.745	27.335	47.329	19.994	89.525	60.488	29.037	50.017	20.980
Plantaciones agrícolas	16.265	1.564	14.701	15.974	1.273	16.265	1.564	14.701	15.558	857
Propiedades. planta y equipo en tránsito	59.101	-	59.101	-	-	-	-	-	-	-
Provisión por desvalorización de activos			(18.069)					(17.575)		
	2.607.540	1.733.298	856.173	1.937.673	1.296.830	2.433.404	1.711.820	704.009	1.939.940	1.303.518

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

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

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

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

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

NOTE 9 – DEFERRED AND INTANGIBLE ASSETS, NET

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

	2014	2013
Deferred assets (1)	260.316	229.650
Concessions and franchises (2)	231.406	236.285
Rights (3)	147.859	137.648
Trademarks (4)	120.662	120.662
Goodwill (5)	22.688	538.532
Less – accumulated amortization	(179.870)	(165.820)
	603.061	1.096.957

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

	2014	2013
Computer software (a)	211.237	209.437
Debit deferred income tax (b)	49.079	19.878
Others	-	335
	260.316	229.650

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

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

This is the breakdown of the mining titles:

Mining title	Value
11387	61.770
FLS 104	30.755
7609	22.579
FIN 103	12.879
EIM 91	5.268
CKK 71	4.669
CKK 72	2.180
ECI 91	1.802
EEJ 141	1.280
Others	2.427

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

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

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

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

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

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

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

NOTE 10 – ASSET VALUATION

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

	2014	2013
Surplus in commercial or intrinsic value of investments over their net book value (see Note 7)	1.665.703	1.411.125
Surplus of technical appraisals of property, plant and equipment over their net book value (see Note 8)	1.296.830	1.303.518
Other assets – pieces of art	-	328
	2.962.533	2.714.971

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

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

NOTE 11 – FINANCIAL OBLIGATIONS

Financial obligations as of December 31 comprised the following elements:

	Average annual rate in 2014	2014	2013
Bank overdrafts		-	2.588
Obligations to domestic banks	(1)	-	38.537
Obligations to foreign banks	(2)	327.319	162.114
Other obligations		16.639	17.166
Total financial obligations		343.958	220.405
Less – long-term portion		(140.838)	(147.731)
Short-term obligations		203.120	72.674

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

This is the breakdown of financial obligations to domestic banks:

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

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

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

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

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

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

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

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

NOTE 12 – OUTSTANDING BONDS

	2014	2013
2005 and 2007 issuances (1)	520.000	520.000
2009 issuance (2)	414.823	495.998
April 2012 issuance (3)	111.400	222.800
May 2012 issuance (4)	700.000	700.000
2014 issuance (5)	600.000	-
Total outstanding bonds	2.346.223	1.938.798
Less – Discount due to amortization (6)	(4.891)	(6.568)
	2.341.332	1.932.230
Short-term	(191.400)	(192.575)
Long-term	2.149.932	1.739.655

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

Term	Amount issued	Effective interest rate (%)	Interest payment terms
10 years	80.000	CPI + 2.88	Biannually in arrears
12 years	440.000	CPI + 3.17	Biannually in arrears
	520.000		

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

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

Term	Amount issued	Effective interest rate (%)	Interest payment terms
7 years	114.943	CPI + 6.00	Quarterly in arrears
10 years	70.350	CPI + 6.30	Quarterly in arrears
15 years	229.530	CPI + 7.19	Quarterly in arrears
	414.823		

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

Term	Amount issued	Effective interest rate (%)	Interest payment terms
3 years	111.400	FTD + 1.45	Quarterly in arrears
	111.400		

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

Term	Amount issued	Effective interest rate (%)	Interest payment terms
6 years	97.022	CPI + 3.80	Quarterly in arrears
10 years	299.896	CPI + 4.24	Quarterly in arrears
15 years	303.082	CPI + 4.50	Quarterly in arrears
	700.000		

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

Term	Amount issued	Effective interest rate (%)	Interest payment terms
2 years	97.618	5.59	Quarterly in arrears
10 years	190.675	CPI + 3.80	Quarterly in arrears
15 years	311.707	CPI + 4.21	Quarterly in arrears
	600.000		

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

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

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

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

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

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

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

NOTE 13 – SUPPLIERS AND ACCOUNTS PAYABLE

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

	2014	2013
Related economic parties (1) (see Note 24)	645.817	218.717
Sundry accounts payable (2)	186.020	112.343
Costs and expenses payable	91.538	83.347
	65.599	62.610
Domestic suppliers (3)	52.927	28.849
Foreign suppliers – USD 9,165,765 (USD 6,943,332 in 2013) (2)	22.754	13.379
Tax withheld	7.766	5.663
Withholdings and contributions on salaries	2.893	4.532
Accounts payable to contractors	1.320	2.900
Others	13.696	4.091
Total suppliers and accounts payable	1.090.330	536.431
Less – long-term portion (4)	(148.991)	(55.107)
Short-term suppliers and accounts payable	941.339	481.324

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

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

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

Maturity: August 2016

Rate: 5% AER, payable quarterly in arrears

Term: 10 annual installments

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

Operaciones swap						
Type	Underlying	Underlying amount (USD)	Underlying rate (%)	Swap amount (COP)	Swap rate (%)	Maturity
Swap de moneda	Cuenta por pagar	USD 28,600,000	4,90% PV	\$ 54.623	IPC + 5,35%	08-ago-16

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

Operaciones swap						
Type	Underlying	Underlying amount (USD)	Underlying rate (%)	Swap amount (COP)	Swap rate (%)	Maturity
Currency swap	2017 bonds	COP 343.520	CPI + 3.17	USD 190,000,000	Libor + 1,75%	23-Nov-17
Currency swap	2017 bonds	COP 343.520	CPI + 3.17	USD 39,034,471	Libor + 1,92%	23-Nov-17

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

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

NOTE 14 – TAXES, LEVIES AND CONTRIBUTIONS

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

	2014	2013
Fairness income tax – CREE (1)	38.207	56.564
Sales tax	28.621	34.641
Industry and commerce tax	15.298	15.230
Income tax	4.541	4.541
Tax on equity (2)	-	25.970
Total	86.667	136.946

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

Tax regulations applicable in Colombia stipulate the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

Reconciliation between accounting income and net taxable income:

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

	2014	2013
Profit before allowance for income tax	408.739	328.408
Add:		
Exchange rate difference of investments abroad	-	174.643
Losses recorded due to the participation method	114.653	171.785
Taxed dividends received from subsidiaries	66.602	88.942
Other non-deductible expenses	139.108	54.932
Non-deductible taxes	9.453	-
Unrealized exchange rate difference from financial derivatives	83.833	17.661
	413.650	507.963
Less:		
Unrealized exchange rate difference from financial derivatives	21.795	-
Revenues recorded due to participation method	254.953	131.724
Exchange rate difference of investments abroad	26.179	-
Untaxed dividends and participations	27.689	25.872
Recovery of allowances	17.245	17.577
Other non-deductible non-taxed items	220.027	3.413
Gains from sale of fixed assets and investments	4.385	950
	572.273	179.536
Ordinary net income	250.115	656.835
Compensations	-	102.369
Ordinary net income	250.115	554.466
Presumptive income on shareholders' equity	98.531	27.208
Taxable net income (the highest one)	250.115	554.466
Tax rate	25%	25%
Allowance for taxes on current income	62.529	138.617
Tax discounts	(16.408)	(43.048)
Tax from previous periods	17.583	-
Occasional gains from gains of sale of fixed assets	-	411
Tax rate	10%	10%
Tax on occasional gains	-	41
Additional filter for CREE tax		
Ordinary net income	250.115	656.835
Non-deductible donations	13.734	13.198
Other deductions not applicable	7.571	4.397
Taxable income for income fairness tax – CREE	271.420	674.430
Tax rate	9%	9%
Allowance for CREE tax	24.428	60.699
Add (less): deferred tax	28.793	(11.575)
Tax allowance charged to results	116.924	144.698
	2014	2013
Allowance for taxes on current income	46.120	95.574
Allowance for income fairness tax – CREE	24.428	60.699
Add: tax from previous periods	17.583	-
Add (less): deferred tax	28.793	(11.575)
Tax allowance charged to results	116.924	144.698

Reconciliation between accounting and tax shareholders' equity:

	2014	2013
Accounting shareholders' equity:	8.132.600	7.244.359
Add:		
Tax differences from property, plant and equipment	72.454	115.960
Allowance for protection of inventories, fixed assets and investments	141.143	82.115
Non-tax liabilities	4.533.990	66.989
Deferred tax (net)	9.679	-
	4.757.266	265.064
Less:		
Valuation of investments and property, plant and equipment	2.962.533	2.714.971
Tax differences on intangible assets	120.024	-
Tax differences on investments	5.600.968	617.713
Deferred tax (net)	-	19.114
Tax liabilities	13.399	-
	8.696.924	3.351.798
Tax shareholders' equity	4.192.942	4.157.625

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

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

TAX ON EQUITY

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

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

TAX REFORMS

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

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

Tax base ranges	2015	2016	2017
Less than COP 2 billion	0,20%	0,15%	0,05%
From COP 2 billion to COP 3 billion	0,35%	0,25%	0,10%
From COP 3 billion to COP 5 billion	0,75%	0,50%	0,20%
More than COP 5 billion	1,15%	1,00%	0,40%

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

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

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

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

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

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

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

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

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

NOTE 15 – LABOR OBLIGATIONS

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

	2014	2013
Retirement pensions	226.867	242.827
Non-mandatory bonuses	10.260	8.796
Vacation pay	9.246	7.971
Consolidated mandatory annual severance contributions (fund)	5.694	5.172
Salaries payable	742	193
Interests on mandatory annual severance contributions (fund)	672	611
	253.481	265.570
Less – long-term portion	(226.525)	(242.455)
Short-term labor obligations	26.956	23.115

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

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

	2014	2013
Number of people	1.439	1.546
Technical interest rate	4,80%	4,80%
Future increase in retirement pensions	2,41%	2,99%

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

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

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

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

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

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

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

The following is the breakdown of the retirement pension liability:

	2014	2013
Actuarial calculations	201.034	213.843
Add: Pension entitlements	21.410	24.832
Pension bonds	4.081	3.780
Retirement pensions payable	342	372
	226.867	242.827

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

NOTE 16 – ESTIMATED LIABILITIES

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

	2014	2013
Costs and expenses (1)	50.136	36.021
Contingencies (2)	19.089	19.244
Labor costs and expenses	4.981	14.523
Sundry allowances	-	13.689
	74.206	83.477

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

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

NOTE 17 – SHAREHOLDERS' EQUITY

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

SHARE CAPITAL

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

	2014	2013
Authorized capital: 1,500,000,000 ordinary shares with par value of COP 6 (figure in units, not millions)	9.000	9.000

DECLARED DIVIDENDS

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

	2014	2013
Subscribed and paid-in capital: 1,215,247,885 ordinary shares with par value of COP 6 (figure in units, not millions)	7.291	7.291
209,197,850 preferred shares with par value of COP 6 (figure in units, not millions)	1.256	1.256
	8.547	8.547

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

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

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

LEGAL RESERVE

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

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

RESERVE FOR THE REACQUISITION OF SHARES AND REACQUIRED OWN SHARES

	2014	2013
Reserve for the reacquisition of shares	113.797	113.797
Less - Reacquired own shares	(113.797)	(113.797)
	-	-

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

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

SHAREHOLDERS' EQUITY REVALUATION

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

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

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

NOTE 18 – MEMORANDUM ACCOUNTS

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

	2014	2013
Tax accounts payable	9.200.548	9.200.548
Fully depreciated assets	737.356	748.142
Property and securities delivered as guarantee (1)	297.498	254.740
Property under leasing	166.624	171.610
Capitalization from shareholders' equity revaluation	55.391	55.391
Other controlled accounts payable	40.727	40.417
Lawsuits and/or claims	9.318	8.298
Unused credits in favor	9.533	18.777
	10.516.995	10.497.923
Tax accounts receivable	(9.719.774)	(9.719.774)
Property and securities received as guarantee	(41.217)	(49.359)
Other contingent responsibilities	(36.239)	(43.766)
Lawsuits and/or claims	(3.030)	(20.013)
Promises to enter into purchase-sale agreements	(2.782)	(2.782)
Property and securities received from third parties	601	601
	(9.802.441)	(9.835.093)
Total memorandum accounts	714.554	662.830

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

NOTE 19 – OPERATING INCOME

Operating income as of December 31 included the following elements:

	2014	2013
Domestic sales (1)	1.613.666	1.810.154
International sales	9.669	11.606
Other operational sales (2)	47.674	60.571
	1.671.009	1.882.331

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

NOTE 20 – ADMINISTRATIVE EXPENSES

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

	2014	2013
Personnel expenses (1)	100.365	85.126
Services (2)	53.736	41.498
Depreciation and amortization	40.687	13.817
Professional fees (3)	14.350	12.694
Travel expenses	9.665	8.784
Maintenance and repairs	8.169	7.943
Rent	7.047	5.170
Insurance	5.310	5.584
Contributions and affiliations	1.810	1.139
Legal expenses	1.129	754
Others	2.036	7.444
	244.304	189.953

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

NOTE 21 – SALES EXPENSES

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

	2014	2013
Personnel expenses (1)	24.989	22.669
Publicity and promotion	23.421	27.338
Taxes	12.618	14.703
Services	11.166	10.221
Depreciation and amortization	6.017	6.899
Allowances	3.788	4.345
Travel expenses	2.564	2.708
Professional fees	1.692	1.312
Others	4.903	1.363
	91.158	91.558

NOTE 22 – OTHER INCOME

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

	2014	2013
Recoveries (1)	63.677	30.623
Dividends and participations (2)	27.689	25.872
Gains from the sale of property, plant and equipment (3)	10.962	955
Professional fees (4)	5.507	11.741
Sales of raw materials	1.170	446
Exploitation	1.028	2.337
Indemnifications	227	215
Others (5)	18.230	7.285
	128.490	79.474

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

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

	2014	2013
Bancolombia S.A.	15.859	15.410
Grupo de Inversiones Suramericana S.A.	10.991	9.554
Cartón de Colombia S.A.	679	455
Compañía Colombiana de Empaques Bates S.A.	154	441
Others	6	12

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

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

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

NOTE 23 – OTHER EXPENSES

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

	2014	2013
Taxes assumed (1)	29.167	13.910
Retirement pensions paid and amortization of the actuarial calculation (2)	27.992	28.862
Allowance for long-term investments (3)	23.324	5.919
Expenses of related companies (4)	21.647	865
Donations (5)	14.555	13.198
Amortization of non-operational assets	3.347	4.538
Labor lawsuits	3.143	2.076
Costs and expenses of previous periods	3.054	3.104
Disposal of property, plant and equipment	1.261	1.394
Sundry expenses (6)	9.274	13.055
	136.764	86.921

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

NOTE 24 – TRANSACTIONS WITH RELATED INTERESTS

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

ACCOUNTS RECEIVABLE 2014

Company	Operational	Loans	Total
Argos USA Corp	5.010	923.946	928.956
Concretos Argos S.A.	397.443	123.559	521.002
Southern Equipment Company, Inc.	-	47.210	47.210
Cement and Mining Engineering	6.226	22.300	28.526
Argos Cement LLC.	533	81.715	82.248
Argos Ready Mix South Central	-	30.985	30.985
Corporaciones e Inversiones del Mar Caribe S.A.S.	7.064	9.705	16.769
Argos Ready Mix LLC	-	15.071	15.071
Zona Franca Argos S.A.S.	28.855	18.292	47.147
C.I. del Mar Caribe BVI	207	-	207
Tranatlantic Cement Carriers Inc	-	2.411	2.411
South Central Cement Ltda.	-	2.044	2.044
Vensur N.V.	1.000	-	1.000
Situm S.A.S.	1.077	-	1.077
Cimenterie Nationale S.E.M. (CINA)	324	-	324
Tekia S.A.S.	227	6.985	7.212
Argos Honduras S.A. de C.V.	289	-	289
Caltek S.A.S.	311	-	311
Argos Dominicana S.A.	129	-	129
Canteras de Colombia S.A.S.	508	-	508
Compañía de Puertos Asociados S.A.	98	-	98
Grupo Argos S.A.	935	-	935
Logística de Transportes S.A.	937	-	937
Sator S.A.	201	-	201
Other minor accounts	2.306	1	2.307
	453.680	1.284.224	1.737.904

ACCOUNTS RECEIVABLE 2013

Company	Operational	Loans	Total
Argos USA Corp	34.951	643.844	678.795
Concretos Argos S.A.	45.892	53.358	99.250
Southern Equipment Company, Inc.	858	33.970	34.828
Cement and Mining Engineering	22.300	5.319	27.619
Argos Cement LLC.	310	22.740	23.050
Argos Ready Mix (South Central) Corp (antes Southern Star Concrete, Inc)	621	20.299	20.920
Corporaciones e Inversiones del Mar Caribe S.A.S.	6.724	6.453	13.177
Argos Ready Mix LLC	177	7.887	8.064
Zona Franca Argos S.A.S.	7.614	-	7.614
C.I. del Mar Caribe BVI	971	4.890	5.861
Ganadería Riogrande S.A.S.	308	3.127	3.435
Agentes Marítimos del Caribe Ltda.	2.320	-	2.320
Asesorías y Servicios Ltda.	1.735	1	1.736
Profesionales a su Servicio Ltda.	1.704	1	1.705
South Central Cement Ltda.	28	1.590	1.618
Vensur N.V.	1.370	-	1.370
Situm S.A.S.	1.158	-	1.158
Cimenterie Nationale S.E.M.	963	-	963
Transmaritima del Caribe Ltda.	690	-	690
Tekia S.A.S.	92	432	524
Caltek S.A.S.	380	25	405
Argos Dominicana S.A.	385	-	385
Argos Panamá S.A.	371	-	371
Compañía de Puertos Asociados S.A.	337	-	337
Grupo Argos S.A.	269	-	269
Canteras de Colombia S.A.S.	-	147	147
Other minor accounts	157	80	237
	132.685	804.163	936.848

ACCOUNTS PAYABLE 2014

Company	Operational	Loans	Total
Concretos Argos S.A.	558.794	-	558.794
Zona Franca Argos S.A.S.	44.703	-	44.703
Logística de Transportes S.A.	32.568	-	32.568
Cementos de Caldas S.A.	5.254	-	5.254
Sator S.A.	2.375	-	2.375
Compañía de Puertos Asociados S.A.	1.126	-	1.126
Valle Cement Investments	742	-	742
Argos USA Corp.	707	-	707
Grupo Argos S.A.	445	-	445
Other minor accounts	424	-	424
	647.138	-	647.138

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

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

ACCOUNTS PAYABLE 2013

Company	Operational	Loans	Total
Concretos Argos S.A.	143.039	-	143.039
Zona Franca Argos S.A.S.	29.527	-	29.527
Logística de Transportes S.A.	26.214	-	26.214
Sator S.A.	9.875	-	9.875
Cementos de Caldas S.A.	5.914	-	5.914
Grupo Argos S.A.	1.830	-	1.830
Valle Cement Investments	556	-	556
Argos USA Corp.	539	-	539
Transportes Elman Ltda "En liquidación"	515	-	515
Distribuidora Colombiana de Cementos	235	-	235
Tekia S.A.S.	135	-	135
Argos Panamá S.A.	74	-	74
Other minor accounts	264	-	264
	218.717	-	218.717

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

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

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

2014

Company	Sales	Financial	Professional fees	Services	Others	Total revenues
Concretos Argos S.A.	297.016	2.478	-	-	-	299.494
Zona Franca Argos S.A.S.	35.646	443	1.905	-	100	38.094
Argos Usa Corp.	-	18.957	-	-	-	18.957
Argos Panamá S.A.	-	-	2.325	-	7.838	10.163
Cimenterie Nationale S.E.M. (CINA)	-	-	614	25	62	701
Argos Dominicana S.A.	-	-	590	-	-	590
Vensur N.V.	-	-	74	-	-	74
Grupo Argos S.A.	43	-	-	-	-	43
Cement and Mining Engineering Inc.	-	908	-	-	-	908
C.I. del Mar Caribe BVI Inc.	5.036	173	-	-	-	5.209
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	335	-	-	-	335
Southern Equipment Company Inc.	-	1.075	-	-	-	1.075
Argos Ready Mix South Central	-	987	-	-	-	987
South Central Cement Ltd	-	48	-	-	-	48
Transatlantic Cement Carriers	-	35	-	-	-	35
Valle Cement Investments Limited	-	-	-	-	18.258	18.258
Epsa S.A. E.S.P.	658	-	-	-	-	658
Logística de Transportes S.A.	51	-	-	-	-	51
Argos Cement LLC	-	1.432	-	-	-	1.432
Tekia S.A.S.	-	94	-	-	-	94
Argos SEM S.A.	-	-	-	-	5.559	5.559
Ganadería Río Grande S.A.S.	-	192	-	-	-	192

2013

Company	Sales	Financial	Professional fees	Services	Others	Total revenues
Concretos Argos S.A.	248.760	805	-	252	1	249.818
Zona Franca Argos S.A.S.	50.647	14	1.204	1.171	-	53.036
Argos Usa Corp.	-	18.029	-	2.109	555	20.693
Argos Panamá S.A. (antes Cementos Panamá)	924	2	4.224	-	5.701	10.851
Cimenterie Nationale S.E.M. (CINA)	-	-	2.356	-	-	2.356
Argos Dominicana S.A. (antes Cementos Colón)	-	-	2.253	-	-	2.253
Vensur N.V.	-	-	1.429	-	-	1.429
Grupo Argos S.A.	-	123	275	136	648	1.182
Cement and Mining Engineering Inc.	-	1.138	-	-	-	1.138
C.I. del Mar Caribe BVI Inc.	371	230	-	-	-	601
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	310	-	-	-	310
Southern Equipment Company Inc.	-	295	-	-	-	295
Haiti Cement Holding S.A.	-	-	-	-	277	277
Argos Ready Mix (South Central) Corp. (previously Southern Star Concrete, Inc.)	-	232	-	-	-	232
Compañía de Puertos Asociados S.A.	4	-	-	223	-	227
Logística de Transportes S.A.	162	-	-	16	-	178
Argos Cement LLC	-	140	-	-	-	140
Sator S.A.S.	-	-	-	78	52	130
Ganadería Río Grande S.A.S.	2	102	-	-	-	104
Other minor revenues	-	103	-	2	88	193

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

ACCOUNTS PAYABLE 2014

Company	Sales	Professional fees	Rent	Insurance	Financial	Sundry	Total expenditure
Internacional Ejecutiva de Aviación S.A.S.	429	-	-	-	-	-	429
Grupo Argos S.A.	-	-	1.223	-	-	26	1.249
Zona Franca Argos S.A.S.	-	409	-	-	-	4	413
Canteras de Colombia S.A.S.	-	-	-	-	4	-	4
Ganaderia Rio Grande S.A.S.	-	-	-	-	-	21.509	21.509
Argos Dominicana S.A.	-	-	-	-	-	15	15
Logística de Transportes S.A.	-	-	3	-	-	1.744	1.747

ACCOUNTS PAYABLE 2013

Company	Sales	Professional fees	Rent	Insurance	Financial	Sundry	Total expenditure
Internacional Ejecutiva de Aviación S.A.S.	3.900	-	-	-	-	-	3.900
Grupo Argos S.A.	-	-	847	483	-	-	1.330
Zona Franca Argos S.A.S.	-	433	-	-	287	-	720
Haití Cement Holding S.A.	-	-	-	-	-	540	540
Tekia S.A.S.	-	-	-	-	45	-	45
Argos Panamá S.A.	-	-	-	-	20	-	20
Argos USA Corp.	-	6	-	-	-	-	6
Logística de Transporte S.A.	-	-	-	-	-	5	5

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

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

At the end of 2014		SHAREHOLDERS	DIRECTORS	LEGAL REPRESENTATIVES AND MANAGEMENT
ASSETS				
	Accounts receivable	939	-	-
	Total assets	939	-	-
LIABILITIES				
	Accounts payable	707	-	-
	Total liabilities	707	-	-
REVENUES				
	Sale of fixed assets	39.091	-	-
	Professional fees	-	-	-
	Services	26	-	-
	Financial	-	-	-
	Rent	-	-	-
	Total revenues	39.117	-	-
EXPENSES				
	Salaries	-	-	7.688
	Rent	1.223	-	-
	Insurance	-	-	-
	Total expenditure	1.223	-	7.688

At the end of 2013		SHAREHOLDERS	DIRECTORS	LEGAL REPRESENTATIVES AND MANAGEMENT
ASSETS				
	Accounts receivable	269	-	-
	Total assets	269	-	-
LIABILITIES				
	Accounts payable	1.830	-	-
	Total liabilities	1.830	-	-
REVENUES				
	Sale of fixed assets	588	-	-
	Professional fees	275	-	-
	Services	136	-	-
	Financial	123	-	-
	Rent	60	-	-
	Total revenues	1.182	-	-
EXPENSES				
	Salaries	-	-	6.651
	Rent	847	-	-
	Insurance	483	-	-
	Total expenditure	1.330	-	6.651

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

NOTE 25 – CONTINGENCIES

During 2014 there were no:

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

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

1. Expenditure to directive staff		
	Salaries and benefits	72.612.090.123
	Representation and travel expenses	14.098.574.088
2. Professional fees paid to consultants and agents		25.515.992.744
3. Transfers free of charge		14.554.746.281
4. Publicity expenses		12.950.240.207
5. Property abroad (figure in US dollars)		700,655,803
6. Obligations in foreign currency (figure in US dollars)		411.667.465

FINANCIAL INDICATORS	2014	2013
Liquidity		
Current ratio		
Current assets/current liabilities	1,26	0,99
Accounts receivable turnover – days		
Sales on credit/average accounts receivable for the period		
On domestic sales	41	29
On international sales	203	56
Finished product inventory turnover – days	29	25
Solvency and coverage		
Total debt/total assets ratio		
Including valuations	35%	31%
Without valuations	46%	42%
Profitability		
EBITDA	\$421.412	\$582.322
EBITDA margin	25,00%	30,94%
Net income/revenues – percentage	17,46%	9,76%
Operating income/operating revenues – percentage	20,48%	23,93%
	2014	2013
INFORMATIVE SUMMARY		
Nominal value of ordinary share	6	6
Nominal value of preferred share	7.700	7.700
Equity value	5.976,03	5.323,33
Average price on the stock exchange	10.340	9.163
Highest price on the stock exchange	12.100	11.210
Lowest price on the stock exchange	8.280	7.330
Employment		
Number of (administrative) employees	1.293	1.239
Average monthly salary	5,44	5
Number of workers	1.545	1.545
Average monthly salary	2	2
Financial position		
Operating assets (current assets + fixed assets)	2.879.433	1.734.939
Working capital	415.294	(12.513)

CSI TABLE

We are committed to the Cement Sustainability Initiative. Besides participating in several of its work groups, we report on our progress in the areas considered key in order to achieve sustainable business models in the cement industry. After having been a member of the CSI for four years, in 2014, we published our performance in accordance with environmental, social, and occupational health and safety indicators that allow us to assess, monitor and formulate strategies to implement the best practices in terms of sustainability.

Performance indicator	Unit	Reporting period 2014
Climate protection		
Total CO ₂ emissions – gross	millions of metric tons of CO ₂ /year	6.59
Total CO ₂ emissions – net	millions of metric tons of CO ₂ /year	6.48
Specific CO ₂ emissions – gross	kg of CO ₂ /metric ton of cementitious material	598
Specific CO ₂ emissions – net	kg of CO ₂ /metric ton of cementitious material	589
Fuels and materials		
Specific energy consumption in production of clinker	MJ/metric ton of clinker	3,849
Use of alternative fuels (% of thermic energy consumption)	%	4.4
Use of biomass as fuel (% of thermic energy consumption)	%	0.16
Use of alternative materials (% of total of raw materials used for cement production)	%	9.19
Clinker to cement ratio	%	71.47
Occupational health and safety		
Number of fatalities of direct employees		1
Fatality rate for direct employees	(number of fatalities in one year/number of direct employees) x 10,000	1.02
Number of fatalities of contractors		2
Number of fatalities of third parties		9
Lost-time injury frequency rate (LTI FR) of direct employees	number of lost time injuries x 1,000,000/total number of hours actually worked in the year	4.33
Lost-time injury severity rate (LTI SR) of direct employees	number of days lost x 1,000,000/total number of hours actually worked in one year	61.4
Number of lost time injuries (LTI) of contractors		3.56

Performance indicator	Unit	Reporting period 2014
Emissions reduction		
KPI 1 – Total coverage (percentage of clinker produced in kilns with monitoring systems, either continuous or discontinuous, for particulate matter, NO _x , SO ₂ , VOC/THC and heavy metals)	%	75
KPI 2 – Coverage with continuous monitoring of emissions (percentage of clinker produced in kilns with continuous monitoring systems for particulate matter, NO _x and SO ₂)	%	68
KPI 3 – Absolute emissions of particulate matter	metric tons of PM/year	1,784
KPI 3 – Specific emissions of particulate matter	g of PM/metric ton of clinker	219
KPI 4 – Coverage with monitoring for particulate matter (percentage of clinker produced in kilns with monitoring systems for particulate matter)	%	100
KPI 3 – Absolute NO _x emissions	metric tons of NO _x /year	12,951
KPI 3 – Specific NO _x emissions	g of NO _x /metric ton of clinker	1,679
KPI 4 – Coverage with monitoring for NO _x (percentage of clinker produced in kilns with monitoring systems for NO _x)	%	100
KPI 3 – Absolute SO ₂ emissions	metric tons of SO ₂ /year	1,730
KPI 3 – Specific SO ₂ emissions	g of SO ₂ /metric ton of clinker	224
KPI 4 – Coverage with monitoring for SO ₂ (percentage of clinker produced in kilns with monitoring systems for SO ₂)	%	100
Biodiversity and local impacts		
% of operations that have plans aimed at building up relations with communities		
Cement plants	%	100
Grinding facilities	%	67
Concrete plants	%	5
Ports and terminals	%	50
% of active quarries that have an established closure plan	%	74
% of active quarries that are located within or near to or that contain protected areas of high conservation value areas	%	51
% of active quarries with high conservation value in which there is a Biodiversity Management Plant	%	38

SELF-ASSESSMENT OF THE PRINCIPLES AND CONTENTS OF THE INTEGRATED REPORT

We have elaborated this report by following the principles and elements of the International Integrated Reporting Council (IIRC), applying a progressive emphasis on integrated thinking in order to communicate to our stakeholders, in a clear and concise way, about the set of material aspects that determine our capacity to create value, and how these are aligned to our organizational strategy.

In the Integrated Report 2014, our Company made progress in this regard, by showing how we develop and direct our strategy in an integrated way, taking into consideration the impacts that we have on our capitals, our capacity to meet the needs and expectations of our stakeholders, our performance in terms of sustainability, and the adaptation of our strategy and business model to the risks and opportunities we are confronted with in each link of our value chain. More detailed information about the progress we made in our Integrated Report 2014 on the incorporation of the principles of the Integrated Reporting framework can be found in the digital edition of this report, published on our web page.

Element of the contents	Included aspects	Chapter/subchapter
Organizational vision and operational context	Places of operation, brands, products and services, main customers and markets, and capital structure	4.0 Our business / 4.1 Who we are
	Value creation process	4.0 Our business / 4.2 Our added value
	Business philosophy	5.0 Management report
Governance	Governance framework	7.0 Corporate governance / 7.1 Governance framework
	Nomination, election, remuneration, training and evaluation of the Board of Directors	7.0 Corporate governance / 7.2 Board of Directors
	Corporate governance structure	7.0 Corporate governance / 7.3 Governance structure
	Corporate Code of Business Conduct and Anti-fraud Policy	8.0 Ethics, transparency and compliance
Business model	Resources, value creation process in the business' activities and added value	4.0 Our business / 4.2 Our added value
Risks and opportunities	Strategic risks and mitigation activities, and risk governance	6.0 Sustainability, materiality and risks / 6.3 Risk management
	Risks and opportunities of material aspects in the environmental, social and economic dimension	9.0 Our performance / 9.2 Environmental Dimension, 9.3 Social dimension and 9.4 Economic dimension
Strategy and resources	Resources used to obtain results	4.0 Our business / 4.2 Our added value
	Strategic priorities	5.0 Management report
	Sustainability strategy	6.0 Sustainability, materiality and risks / 6.1 Sustainability strategy
Performance and results	Use of resources and results of the value creation process	4.0 Our business / 4.2 Our added value
	Key performance figures, both financial and non-financial	3.0 Key facts and figures
	Business performance by subsidiary	5.0 Management report
	Performance in the social, environmental and economic dimension, measured by means of indicators	9.0 Our performance
Future projections	Future challenges of the pillars of the corporate culture	5.0 Management report
	Future actions and goals for material aspects	9.0 Our performance / Section "Future perspective" in each subchapter
Bases for preparation and presentation	Material aspects	6.0 Sustainability, materiality and risks / 6.2 Materiality analysis
	Mechanisms to evaluate material aspects	9.0 Our performance
	Key performance indicators	3.0 Key facts and figures 9.0 Our performance

GRI TABLE

Option “In Accordance – Core” of the G4 Guidelines

GRI reference and description		Covered in the Integrated Report 2014	Covered only on the web page	Page, chapter or direct answer	Omission	Verified by Deloitte
General basic contents						
Strategy and analysis						
G4-1	Declaration on the importance of sustainability for the Organization and its strategy to manage potential impacts	○		5, 15		○
G4-2	Main risks and opportunities	○		15, 41		○
Profile of the organization						
G4-3	Name of the organization			Cementos Argos S.A.		○
G4-4	Most important brands, products and services		○	Our business		○
G4-5	Place where the headquarters are located			Headquarters: Calle 7D # 43A - 99 (Medellín, Colombia) Registered address: Vía 40 Las Flores (Barranquilla, Colombia)		○
G4-6	Indicate the name of the countries in which the company operates or that are important in terms of sustainability	○		8		○
G4-7	Nature of ownership and legal form			Sociedad Anónima (S.A.) (equivalent to public limited company)		○
G4-8	Indicate which market it services (with geographic details, by sectors and types of clients and recipients)	○		10		○
G4-9	Size of the organization	○		9-10		○
G4-10	Number of employees by type of employment contract and gender	○		10-11, 81		○
G4-11	Percentage of employees covered by collective bargaining agreements			In 2014: 27,6%		○
G4-12	Describe the company's supply chain	○		100		○
G4-13	Communicate all significant changes that took place during the period being reported in terms of size, structure, share property or supply chain	○		49		○
G4-14	Indicate how the company manages the principle of precaution	○		61		○

GRI reference and description	Covered in the Integrated Report 2014	Covered only on the web page	Page, chapter or direct answer	Omission	Verified by Deloitte
G4-15	Elaborate a list of letters, principles or other external initiatives of economic, environmental and social nature	○	34		○
G4-16	Elaborate a list of partnerships		○	Our business	○
Material aspects and coverage					
G4-17	Elaborate a list of entities that appear in the organization's consolidated financial statements	○		Notes to the financial statements	○
G4-18	Describe the process used to determine the contents of the report and the scope of each aspect	○		38	○
G4-19	Elaborate a list of material aspects	○		39	○
G4-20	Indicate the scope of each material aspect		○	Sustainability, materiality and risks	○
G4-21	Indicate the limit of each material aspect outside the organization		○	Sustainability, materiality and risks	○
G4-22	Describe the consequences of the reformulations of information of previous reports and their causes			38	○
G4-23	Indicate all significant changes in the scope or coverage of each aspect with regard to previous reports	○		4	○
Participation of stakeholders					
G4-24	Elaborate a list of the stakeholders that are associated with the organization	○		35	○
G4-25	Indicate what the selection of stakeholders is based on	○		35	○
G4-26	Describe the organization's emphasis on participation of stakeholders	○		35, 37	○
G4-27	Indicate which questions and key issues have come up through participation of stakeholders		○	Sustainability, materiality and risks	○
Profile of the report					
G4-28	Reporting period	○		4	○
G4-29	Date of the previous report	○		4	○
G4-30	Report presentation cycle	○		4	○
G4-31	Provide a contact to solve questions that might arise	○		4	○
G4-32	"In Accordance" option of the guide that was chosen by the organization	○		4	○

GRI reference and description	Covered in the Integrated Report 2014	Covered only on the web page	Page, chapter or direct answer	Omission	Verified by Deloitte
G4-33 Describe the organization's policy and current practices with regard to the external review of the report	○		4		○
Gobierno					
G4-34 Describe the organization's governance structure	○		44, 49, 50		○
G4-35 Describe the process through which the highest governing body delegates its authority to the senior management and certain employees for economic, environmental and social issues	○		34		○
G4-36 Indicate if there are any executive positions within the organization, or people responsible, for economic, environmental and social matters	○		34, 35, 49, 50		○
G4-37 Describe the processes of consultation between stakeholders and the highest governing body with regard to economic, environmental and social matters; if said consultation is delegated, indicate to whom and describe the processes of exchange of information with the highest governing body	○		34-35		○
G4-38 Describe the composition of the highest governing body and its committees	○		44, 48		○
G4-39 Indicate whether the person who presides over the highest governing body also holds an executive function; if so, describe their executive function and the reasons for this setup	○		45		○
G4-40 Describe the processes of appointing and selecting the highest governing body and its committees	○		46-47		○
G4-41 Describe the processes through which the highest governing body prevents and manages possible conflicts of interest	○		46		○
G4-42 Describe the functions of the highest governing body and senior management in terms of the development, approval and updating of the purpose, the values or missions statements, the strategies, the policies and the objectives related to the economic, environmental and social impacts of the organization	○		48-49		○
G4-43 Explain which measures have been taken to develop and improve the collective knowledge of the highest governing body with regard to economic, social and environmental matters	○		47		○
G4-44 Describe to processes of performance assessment for the highest governing body with regard to governance of economic, environmental and social matters; also, describe measures adopted as a consequence of the assessment	○		47		○

GRI reference and description		Covered in the Integrated Report 2014	Covered only on the web page	Page, chapter or direct answer	Omission	Verified by Deloitte
G4-45	Describe the function of the highest governing body in the identification and management of impacts, risks and opportunities	○		42		○
G4-46	Describe the function of the highest governing body in the analysis of the organization's risk management processes with regard to economic, environmental and social matters	○		42		○
G4-47	Indicate how often the highest governing body analyzes the impacts, risks and opportunities of economic, environmental and social nature	○		49		○
G4-48	State which is the committee or most important position that reviews and approves the report on sustainability of the organization and ensures that all of its material aspects are reflected in it	○		4		○
G4-49	Describe the process used to communicate important concerns to the highest governing body		○	Sustainability, materiality and risks		○
G4-50	State the nature and number of important concerns that were communicated to the highest governing body		○	Sustainability, materiality and risks		○
G4-51	Describe the remuneration policies for the highest governing body and senior management	○		47		○
G4-52	Describe the processes used to determine remuneration	○		49		○
G4-53	Explain how the opinion of stakeholders is asked and taken into account with regard to remuneration	○		47		○
Ethics and integrity						
G4-56	Describe the values, principles, standards and norms of the organization, such as codes of conduct or ethical codes	○		52		○
G4-57	Describe the internal and external advising mechanisms used in favor of ethical and licit behavior	○		52		○
G4-58	Describe the internal and external reporting mechanisms for unethical or illicit behavior and matters related to the integrity of the organization, such as escalating notification to directive positions, mechanisms to report irregularities or helplines	○		52-54		○
Specific basic contents: material aspects						
Innovation						
G4-DMA	DMA (Disclosures on Management Approach)	○		58		
A-IN1	Revenues stemming from sale of innovative products	○		7, 59		○

GRI reference and description		Covered in the Integrated Report 2014	Covered only on the web page	Page, chapter or direct answer	Omission	Verified by Deloitte
A-IN 2	Number of innovative ideas from Ideaxion	○		58		
A-IN 3	Savings from the implementation of innovative ideas	○		7, 59		
A-IN 4	Funds used for the development of ideas from Ideaxion	○		58		
Climate change and emissions						
G4-DMA	DMA (Disclosures on Management Approach)	○		62		
G4-EN15	Direct greenhouse gas emissions (scope 1)	○		62		
G4-EN16	Indirect greenhouse gas emissions from energy generation (scope 2)	○		62		
G4-EN17	Other indirect greenhouse gas emissions (scope 3)	○		63		
G4-EN18	Intensity of greenhouse gas emissions	○		63		○
G4-EN19	Reduction in greenhouse gas emissions		○	Environmental dimension		
G4-EN21	NOx, SOx and other significant atmospheric emissions	○		64		○
A-CC1	Specific net CO ₂ emissions (kg of CO ₂ /metric ton of cementitious material)	○		63		
A-CC2	PM (kg/metric ton of clinker)			In 2014: 0.22		
A-CC3	SOx (kg/metric ton of clinker)			In 2014: 0.22		
A-CC4	SOx (kg/metric ton of clinker)			In 2014: 1.67		
Energy						
G4-DMA	DMA (Disclosures on Management Approach)	○		66-67		
G4-EN3	Internal energy consumption	○		67		○
G4-EN5	Energy intensity	○		67		
G4-EN6	Reduction in energy consumption	○		67		
Transport						
G4-DMA	DMA (Disclosures on Management Approach)	○		68-69		
G4-EN30	Significant environmental impacts of transport of products and other goods and materials for the organization's activities, as well as the transport of employees	○		68		○
Efficient use of materials and co-processing						
G4-DMA	DMA (Disclosures on Management Approach)	○		69-70		
G4-EN1	Materials by weight or volume	○		69		

GRI reference and description		Covered in the Integrated Report 2014	Covered only on the web page	Page, chapter or direct answer	Omission	Verified by Deloitte
G4-EN2	Percentage of recycled materials used	○		70		○
A-MC1	Percentage of caloric consumption of fossil fuels replaced	○		69		
A-MC2	Percentage of alternative materials used	○		70		
Water-related risks						
G4-DMA	DMA (Disclosures on Management Approach)	○		71-72		
G4-EN8	Total water collection by source	○		72		○
G4-EN10	Percentage and total volume of water recycled and reused	○		72		
Biodiversity						
G4-DMA	DMA (Disclosures on Management Approach)	○		73-75		
G4-EN11	Own, rented or managed operational facilities that are located in or near to or that contain protected areas and non-protected high conservation value areas	○		74	Only the number of facilities is reported	
G4-EN14	Number of species included in the IUCN Red List and other national conservation lists whose habitat is located in areas affected by operations, according to the level of endangerment of the species	○		74		
A-BI1	Number and percentage of active quarries with an established closure plan	○		73		○
A-BI2	Percentage of released exploited areas that has been rehabilitated at active quarries	○		73		○
Environmental and social impact management						
G4-DMA	DMA (Disclosures on Management Approach)	○		75-76		
G4-EN28	Percentage of products sold, and their packaging materials, that are recovered at the end of their useful life, broken down by category	○		76		○
Occupational health and safety						
G4-DMA	DMA (Disclosures on Management Approach)	○		77		
G4-LA5	Percentage of employees that are represented in formal joint committees on occupational health and safety for management and employees, established in order to help control and advise on occupational health and safety programs	○		77		

GRI reference and description		Covered in the Integrated Report 2014	Covered only on the web page	Page, chapter or direct answer	Omission	Verified by Deloitte
G4-LA6	Type and rate of injuries, occupational diseases, lost days, absenteeism and number of work-related fatalities by region and gender	○		78-79		○
G4-LA8	Matters related to occupational health and safety covered in formal agreements with labor unions	○		79		
Talent development, retention and attraction						
G4-DMA	DMA (Disclosures on Management Approach)	○		81		
G4-LA1	Total number and rate of recruitments and turnover of employees, broken down by age, sex and region	○		81		
G4-LA3	Reincorporation and retention rates after maternity or paternity leave		○	Social dimension		
G4-LA9	Average amount of training hours per year per employee, broken down by gender and work category	○		83	Gender is not reported	○
G4-LA10	Skills management and continuous training programs that stimulate the employability of workers and help them manage the end of their professional careers	○		83	Training programs that focus on end of professional career management are not reported	
G4-LA11	Percentage of employees that undergo regular performance and professional development assessments, broken down by gender and professional category		○	Talent development, retention and attraction		○
G4-LA13	Relation between base salary of men and women, broken down by significant locations of activity		○	Social dimension		
Human rights						
G4-DMA	DMA (Disclosures on Management Approach)	○		84		
G4-HR1	Number and percentage of significant investment contracts and agreements that include clauses on human rights or that have been subject to analysis in terms of human rights	○		87		○
G4-HR2	Amount of training hours for employees on policies and procedures related to aspects of human rights that are relevant for their activities, including the percentage of employees trained	○		85		○
G4-HR3	Number of cases of discrimination and corrective measures that were adopted	○		54, 87		○
G4-HR5	Transactions and suppliers that present risks related to the exploitation of children	○		87, 102-103		
G4-HR6	Important centers and suppliers with a significant risk of being the origin of scenarios of forced labors, and measures adopted in order to contribute to the elimination of all types of forced labor	○		87, 102-103		

GRI reference and description		Covered in the Integrated Report 2014	Covered only on the web page	Page, chapter or direct answer	Omission	Verified by Deloitte
G4-HR7	Percentage of security personnel that has received training on the organization's policies or procedures related to human right that are relevant to the operations	○		85		
Corporate citizenship and community management						
G4-DMA	DMA (Disclosures on Management Approach)	○		90		
G4-EC7	Development and impact of investment in infrastructure and types of services		○	Social dimension		○
G4-EC8	Significant indirect economic impacts and their scope		○	Social dimension		
G4-SO1	Percentage of operations with initiatives related to community work	○		91		○
G4-SO2	Operational centers with potential or real significant negative effects on local communities	○		91		○
A-GC1	Social investment in communities	○		7, 90		○
Economic performance						
G4-DMA	DMA (Disclosures on Management Approach)	○		93		
G4-EC1	Direct economic value generated and distributed	○		95		○
G4-EC2	Financial consequences and other risks and opportunities for the organization's activities stemming from climate change	○		63		○
G4-EC4	Economic aids granted by government entities		○	Economic dimension		○
Customer management						
G4-DMA	DMA (Disclosures on Management Approach)	○		95		
G4-PR5	Results of surveys aimed at measuring customer satisfaction	○		98		○
Supplier management						
G4-DMA	DMA (Disclosures on Management Approach)	○		97		
G4-EN32	Percentage of new suppliers that was assessed in function of environmental criteria	○		101		
G4-EN33	Real and potential significant negative environmental impacts in the supply change and measures adopted to improve them	○		100-101		○
G4-LA14	Percentage of new suppliers that was assessed in function of criteria related to labor practices	○		101		
G4-LA15	Real and potential significant negative impacts of labor practices on the supply chain, and adopted measures	○		100-101		○

GRI reference and description		Covered in the Integrated Report 2014	Covered only on the web page	Page, chapter or direct answer	Omission	Verified by Deloitte
G4-HR10	Percentage of new suppliers that was assessed in function of criteria related to human rights	○		103		
G4-HR11	Real and potential significant negative impacts in terms of human rights in the supply chain and adopted measures	○		102, 103		○
G4-S09	Percentage of new suppliers that was assessed in function of criteria related to social repercussion	○		103		
G4-S010	Real and potential significant negative social impacts in the supply chain and adopted measures	○		102, 103		○
Specific basic contents: non-material aspects						
Transparency						
G4-EN29	Monetary value of significant fines and number of non-monetary sanctions due to incompliance with legislation and environmental regulations	○		55		○
G4-S05	Confirmed cases of corruption and adopted measures	○		54		○
G4-S06	Value of political contributions, by country and recipient	○		54		○
G4-S08	Monetary value of significant fines and number of non-monetary sanctions due to incompliance with legislation and regulations	○		55		○
G4-PR9	Monetary value of significant fines due to incompliance with regulations related to the supply and use of products and services	○		55		○
G4-S011	Number of complaints about social impacts that were filed, processed and resolved through formal complaints mechanisms	○		54		○
G4-LA16	Number of complaints about labor practices that were filed, processed and resolved through formal complaints mechanisms	○		54		○
A-TX1	Tax policy		○	Compliance, ethics and transparency		
A-TX2	Income, operating income and taxes paid by region our countries of operation		○	Compliance, ethics and transparency		
Competition						
G4-S07	Number of lawsuits due to unfair competition, monopoly or anti-competition practices and their outcome	○		55		○



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Independent Review Report

Independent Review of the Integrated Report Cementos Argos 2014

Scope of our work

We conducted our review of the adaptation of the contents of the 2014 Integrated Report to the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI) version 4.0 (G4).

We also conducted the review of compliance with the guidelines of the Cement Sustainability Initiative (CSI) in the case of some environmental indicators were included in the scope of the verification

Standards and verification processes

We conducted our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Our review work has consisted in formulating questions to the Directors and the various areas of Cementos Argos who have participated in the development of the Integrated Report and the application of certain analytical procedures and review testing by sampling described coming up next:

- Interviews with staff members of Cementos Argos to learn the principles, systems and management approaches used for the report and calculate the indicators.
- Analysis of how, from the exercise of materiality, the contents are defined, structure and indicators of the report, according to the methodology suggested by GRI G4.
- Analysis of the processes to collect and validate the data presented in the report.
- Checking through screening tests, based on the selection of a sample corresponding to the GRI indicators and own quantitative and qualitative information included in the Sustainability Report and its proper compilation from the data supplied by the sources of information of Cementos Argos Colombia.

Confirmation that the 2014 Integrated Report is prepared in accordance with GRI methodology G4 in its "Essential" or "Core" version.

General aspects

It was confirmed that the report meets the requirements of the Core option of the general aspects of the GRI G4 version: indicators G4-1 to G4-58 were reported.

Specific aspects

We reviewed the management approach and indicators GRI and own material issues identified by the company (see Annex 1).

Responsibilities of the Direction of Cementos Argos and Deloitte

The preparation of the 2014 Integrated Report and its contents are the responsibility of the organization which is responsible for defining, adapting and maintaining management systems and internal control, which information is obtained.

Our responsibility is to issue an independent report based on our review procedures applied.

This report has been prepared exclusively in the interests of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the company Direction.

- We have performed our work in accordance with the Independence regulations required by the ethic code of the International Federation of Accountants (IFAC).
- The Scope of a limited Review is substantially less than an audit. Therefore we don't provide an audit opinion about the Integrated report.

DELOITTE & TOUCHE LTDA.
Jorge Enrique Múnera D.
Socio

Bogotá, Febrero 2015

Conclusions

As a result of our review has not revealed any attention that causes us to believe that the integrated report contains significant errors or has not been prepared in accordance with the Guide for the preparation of Sustainability Reports of Global Reporting Initiative (G4) in the Core version.

Recommendations

Additionally, we have presented to Cementos Argos our recommendations regarding areas for improvement to strengthen processes, programs and related sustainability management systems. The most important recommendations concern:

- Update base line on material issues. Socialize within the organization the exercise and use language more aligned with organizational strategy when defining the material issues.
- Conduct periodic verification of key sustainability indicators, which help strengthen the process of consolidation and evidence of the indicators included in the Integrated Report.

ANNEX 1

Material Issues	GRI or own Indicator Cementos Argos
Innovation	Own. Revenue from sales of innovative products
Climate Change and Emissions	G4.EN18 – G4.EN21
Efficient use of materials and co- processing	G4.EN2
Biodiversity	Own. Percentage of active quarries that have established closure plan Own. Percentage of released intervened area that has been renovated in active quarries
Energy	G4.EN3
Water	G4.EN8
Transportation	G4.EN30
Managing environmental and social impacts	G4.EN28
Customer Management	G4.PR5
Economic performance	G4.EC1 – G4.EC2 - G4.EC4
Industrial Safety & Occupational Health	G4.LA6
Human rights	G4.HR1 – G4.HR2 – G4.HR3
Corporate citizenship and community management	G4.EC7 – G4.SO1 – G4.SO2 Own. Social investment Argos
Development, retention and attraction of talent	G4.LA9 – G4.LA11
Supplier Management	G4.EN33 – G4.LA15 – G4.HR11 – G4.SO10

ANNEX 2 Review of no material issues indicators

No material issues	GRI or own Indicator Cementos Argos
Competition	G4. SO7
Transparency	G4.EN29 – G4.SO6 – G4.SO8 – G4.PR9 – G4. LA16 – G4.SO11 – G4.SO5

ANNEX 3 – CSI

As part of the verification process of environmental indicators, we performed visits to Argos operations. The selection took into account quantitative and qualitative variables, and covering operations for the three regions where the company operates:

- Plant Calle 80 - Concrete Colombia
- Plant Sogamoso – Cement Colombia
- Plant Bello – Aggregates Colombia
- Plant Panamá – Cement Panamá
- Plant Tocumen – Concrete Panamá
- Plant Roberta – Cement United States
- Plant Glenwood – Concrete United States

In the visits, we interviewed personnel responsible for internal reporting and data collection, validating the consolidation process and sending that information to the corporate level.

Criteria

For our review, we considered the following CSI guidelines:

- WBCSD's CO₂ and Energy Accounting and Reporting Standard for the Cement Industry : The cement CO₂ and Energy Protocol
- WBCSD's CO₂ and Energy Accounting and Reporting Standard for the Cement Industry : Emissions monitoring and reporting

Evaluation of indicators and consolidation of information

- We performed test based on samples to demonstrate the calculations for measuring CO₂ emissions and other emissions (NOx, SOx, and MP).
- We review the proper management and consolidation reporting for emissions of CO₂ and other emissions (NOx, SOx, and MP).

Conclusions

- The WBCSD CSI guideline for reporting emissions of CO₂ , other emissions (NOx, SOx, dust) are appropriately applied.
- The system of internal reporting and consolidation procedures of information for emissions of CO₂ and other emissions (NOx, SOx, and PM) are functioning and provide appropriate information to be disclosed.

ANNEX 4 Independence Statement

Deloitte is one of the largest companies in the provision of professional services in audit, tax, consulting, financial and sustainability advisory to public and private clients in multiple industries. With a globally connected network of member firms in more than 185 countries, Deloitte brings world-class capabilities and high quality service to its customers. Approximately 210,000 professionals are committed to becoming the standard of excellence.

We confirm our independence from Argos. All our employees perform annual updates to the Ethics Policy which promptly declare that we have no conflicts of interest with Argos, its subsidiaries and its stakeholders.



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