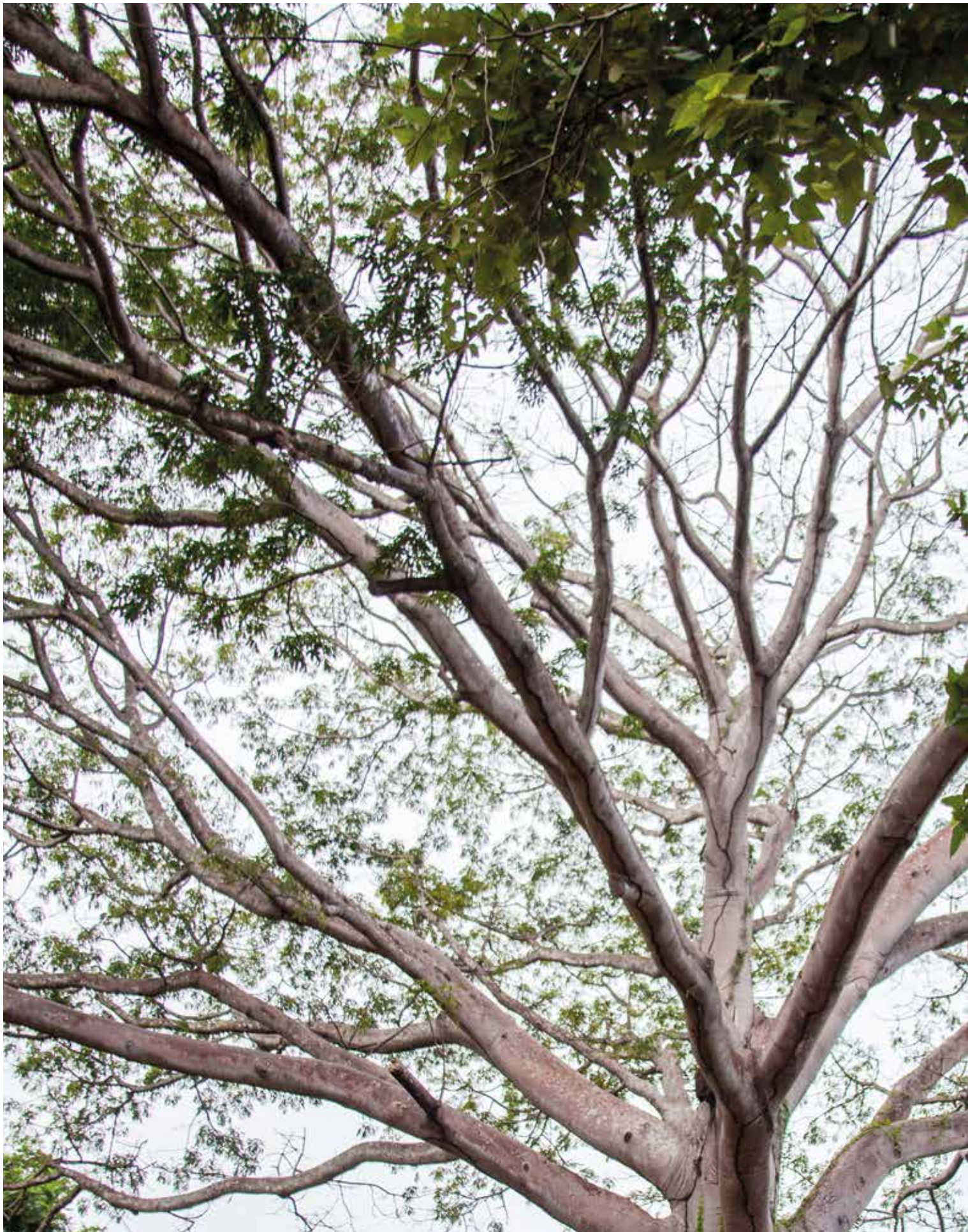


INTEGRATED REPORT 2013



GRUPO ARGOS





Ceiba
Ceiba pentandra

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GRUPO ARGOS IN FIGURES

Geographic Presence

Grupo Argos by country*



- Grupo Argos
- Cement
- Power
- Other

410,212

Hours of training

COP\$ 76 billion

Invested in consolidated sustainability strategies and programs

● Argos (cement)*

Concrete plants	390
Cement plants	13
Clinker mills	9
Ports / terminals	20

● Celsia (power)

Thermic generation power plants	3
Hydric generation power plants	14
Transmission substations	7
Distribution substations	72

● Situm (real estate)

Urban planning	
Properties for rent	

● Sator (coal)

● Compas (ports)

Ports in operation	4
Ports under construction	2
Ports with operating and commercial agreements	1

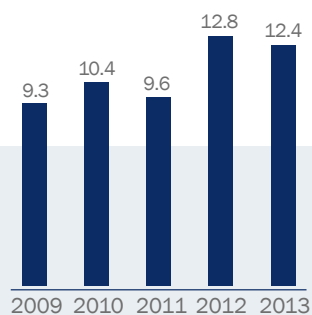
[GRI G4 - 9]

*Dots show countries where Argos is present, not the exact location of business operation facilities or headquarters.



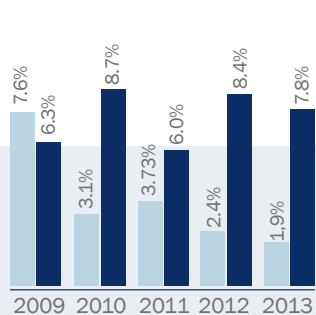
Equity

Trillions of COP



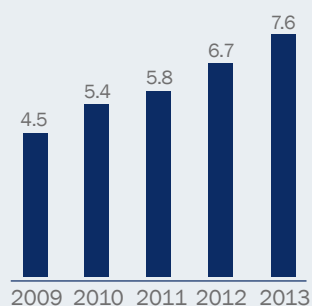
Growth

Dividends vs. inflation (%)



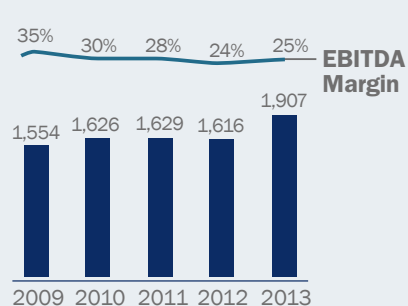
Consolidated revenues

Trillions of COP



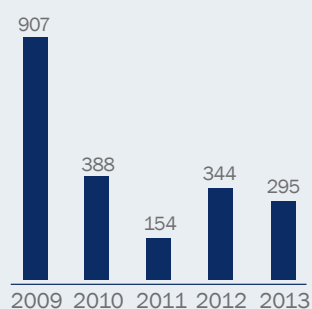
Consolidated EBITDA

Billions of COP



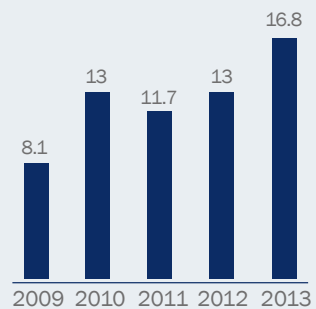
Net Income

Billions of COP



Average annual stock market capitalization

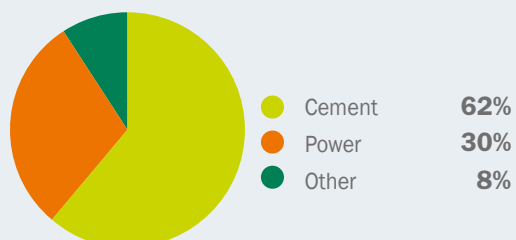
Trillions COP



Contribution by business

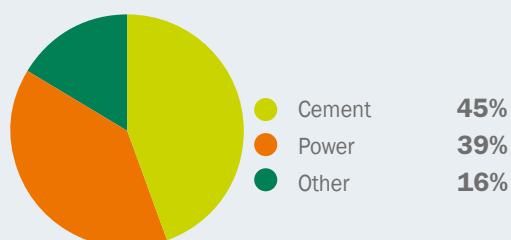
Revenues

December 2013








EBITDA

December 2013



PORTFOLIO STRUCTURE

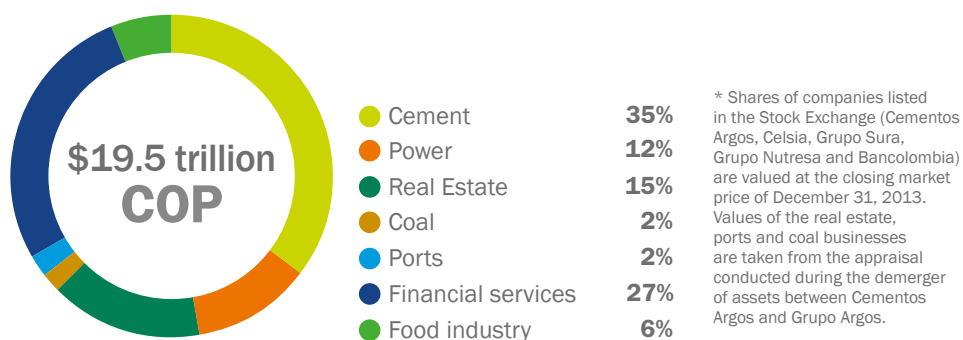
Strategic Investments

				
ARGOS	CELSIA	COMPAS	SATOR	SITUM
60.4%	50.2%	50%	100%	100%
Cement	Power	Ports	Coal	Real Estate

Portfolio Investments

			
Common Shares	29.2%	2.5%	9.8%
Preferred Shares	8.3%		
	Financial Services		Food Industry

Total Portfolio Value*





ACKNOWLEDGEMENTS AND COMMITMENTS

In 2013, Grupo Argos was honored with the following distinctions, awarding our good practices in economic, environmental and social sustainability, and our good corporate governance:

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



Grupo Argos, because of its sustainability practices, is one of the 333 companies included in the Dow Jones Global Sustainability Index. Furthermore, we were awarded the Silver Class distinction, which makes us the second best case within our industry, on a global scale.



Grupo Argos was one of the two Colombian companies included in United Nation's GC100 index, which combines financial performance with commitment to the ten principles of the Global Compact.



With the IR seal, the Colombian Stock Exchange distinguishes listed companies with the highest standards in corporate governance and transparency.



Grupo Argos was chosen to preside over the Companies Circle of the Latin American Corporate Governance Roundtable.

**Corporate
commitment**



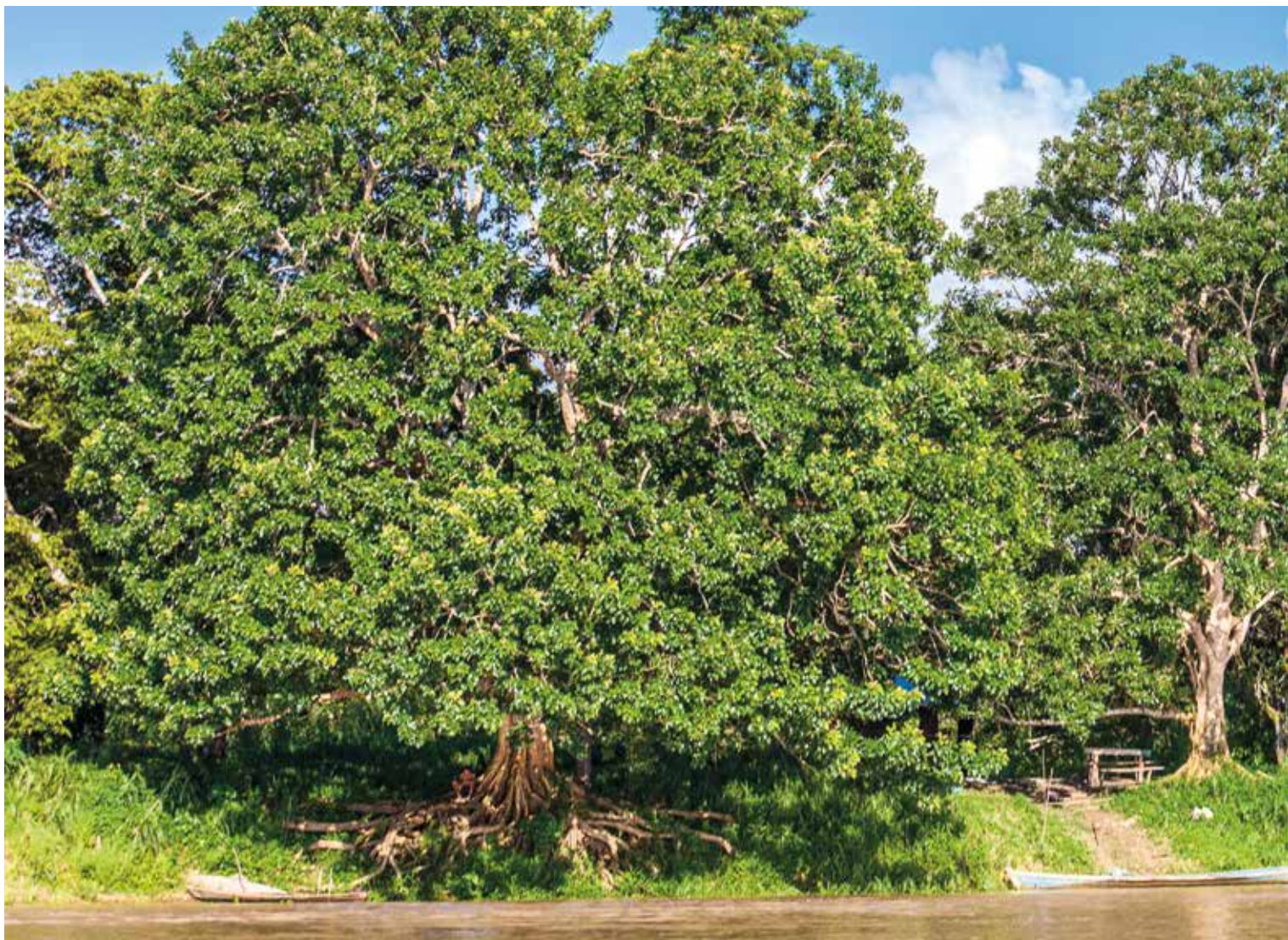
United Nation's
Global Compact
and its Regional
Center



World Business Council for
Sustainable Development
and its Colombian Chapter



This year, Grupo Argos started using the G4 guide of the Global Reporting Initiative (GRI), which compiles the registries of previous performance results, applying material analysis to the company in its economic, social and environmental aspects.



ABOUT THIS REPORT

THIS IS THE FIRST TIME that we at Grupo Argos present our stakeholders with this type of Integrated Report, where we have compiled 2013 results, based on a material analysis of the economic, social, and environmental aspects of the company.

In addition, this Integrated Report transparently reveals general information on the businesses that make up our organization's investment portfolio, specifically those considered strategic investments, meaning the cement, power, ports, real estate, and coal businesses. We highlight their main results on different subjects, relevant to the company as well as to our stakeholders. Hence, this Integrated Report is offered so that our shareholders, investors, suppliers, emplo-

yees, and other stakeholders can have a clear view of the different factors and dimensions that make up Grupo Argos and our investments.

This Integrated Report refers to activities carried out between January and December of 2013, is issued under the requirements of the Global Reporting Initiative (GRI), and conform to the guidelines of GRI G4 Essential option and the Global Compact requirements used to report programs and activities addressing compliance with the Compact's ten principles.

Because this is the first time we use the GRI G4 guide, we do not comply with comparability conditions on all indicators, but the information here contained is to be the basis that guarantees full comparability as from the next report.

[GRI G4 - 6][GRI G4 - 22][GRI G4 - 28][GRI G4 - 29][GRI G4 - 30][GRI G4 - 31][GRI G4 - 32][GRI G4 - 33]



Amacises along the Amazon River
Erythrina fusca

In order to access the digital version of this report and consult the reports of previous years, please visit the URL: www.grupoargos.com, Reports section, or scan this code:



If you wish to access additional information, please get in touch with [Piedad Monsalve](mailto:pmonsalve@grupoargos.com), Communications Manager (pmonsalve@grupoargos.com)

Even though the information here presented covers Grupo Argos S.A. and its subsidiaries: Cementos Argos S.A., Celsia S.A. E.S.P., Compas S.A., Sator S.A.S. y Situm S.A.S., we must highlight that this Integrated Report is focused on Grupo Argos' performance as an investment holding. Throughout the Integrated Report, we show the reach of each indicator (only the holding's or consolidated results).

The accounting and financial information shown in this report was audited by an independent third party, Deloitte & Touche, which is Grupo Argos' Statutory Auditor. As for the information relating to sustainability, the independent third party PricewaterhouseCoopers AG was retained following instructions of se-

nior management to carry out a limited assurance on a selection of performance indicators and to refer to Grupo Argos' statement that the Integrated Report was prepared pursuant to the Essential option of the 2013 G4 version of GRI. The assurance was carried out according to reporting criteria established by management.

To see GRI tables, the attachments thereto, and the assurance report by PwC, specifying the indicators assured and the evaluation criteria, please consult the USB drive handed out with this report, or visit the URL: www.grupoargos.com/sostenibilidad/reporteintegrado2013.

Lastly, we announce that this report does not show figures that require further explanation to the reader.

MATERIALITY ANALYSIS

Grupo Argos' stakeholder relations and sustainability trends are dynamic and constantly evolving. This is why in 2013 and advised by KPMG, the company decided to carry out a materiality analysis based on the G4 version of the Global

Reporting Initiative, GRI. We used the methodology recommended by the KPMG, in order to identify aspects relevant to Grupo Argos and to our stakeholders, including those aspects that might generate impact.



Identification of relevant issues as a result of analyzing the following: internal documents, report initiatives, sustainability reports of sector-leading companies and international measuring tools such as the Dow Jones Sustainability Index, DJSI.

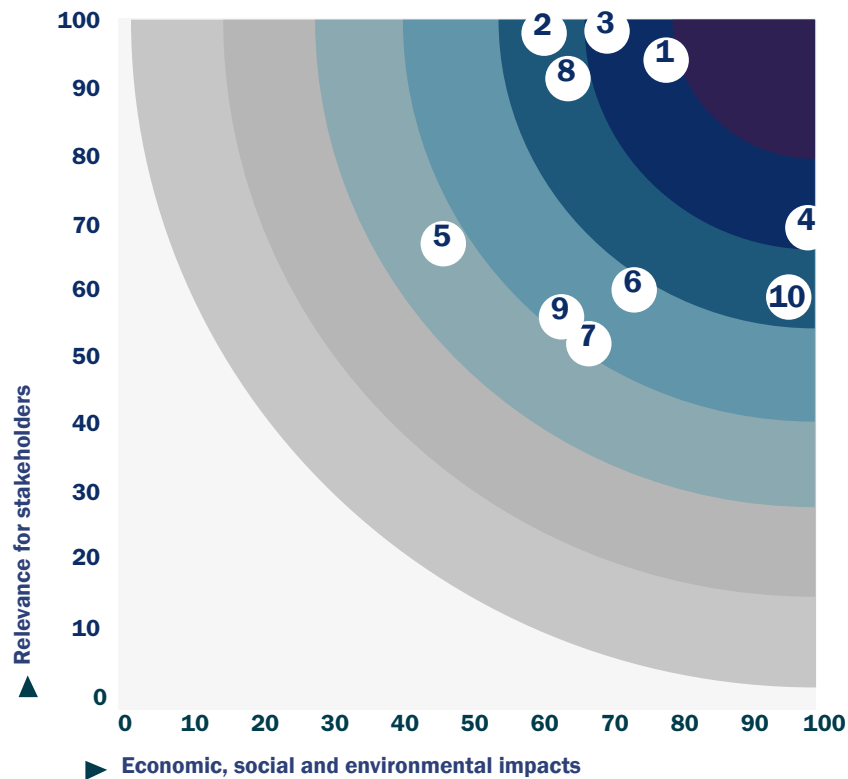
Prioritizing relevant issues, taking into account the following factors:

- > Benchmark analysis of sector-leading companies, according to aspects and issues updated for 2013.
- > Press analysis, according to aspects and issues updated for 2013.
- > Aligning identified issues with the Global Compact Principles.
- > Aligning identified issues with the DJSI.
- > Connecting issues with the strategic risks that the company has identified.
- > Aligning issues identified through dialog with stakeholders.

Approval of the list of material aspects by the Steering Committee of Grupo Argos.



The following graph shows the results of the materiality analysis, showing where the issues relevant to Grupo Argos and to its stakeholders converge. The X-axis represents the economic, social and environmental aspects, and the Y-axis represents the level of relevance for our stakeholders:



- | | | |
|--|--|--|
| 1 Corporate governance practices | 5 Investment management | 8 Management of human capital |
| 2 Economic performance | 6 Investor relations management | 9 Management of corporate citizenship |
| 3 Sustainability strategy | 7 Environmental Management System/Environmental policy and monitoring | 10 Risk management |
| 4 Ethics, transparency and competence | | |

In order to identify coverage and limits of material issues, Grupo Argos carried out an internal and external analysis of these aspects.

The following investment businesses were considered internal issues: cement, power, coal, ports and real estate. The following were considered external issues: suppliers, investors, and stock exchanges. Each of these

material aspects was evaluated according to where it may be present and how it may affect the company.

A detailed description of these aspects, impacts and limits can be consulted in the USB drive handed out with this report, or in the URL: www.grupoargos.com/sostenibilidad/reporteintegrado2013.

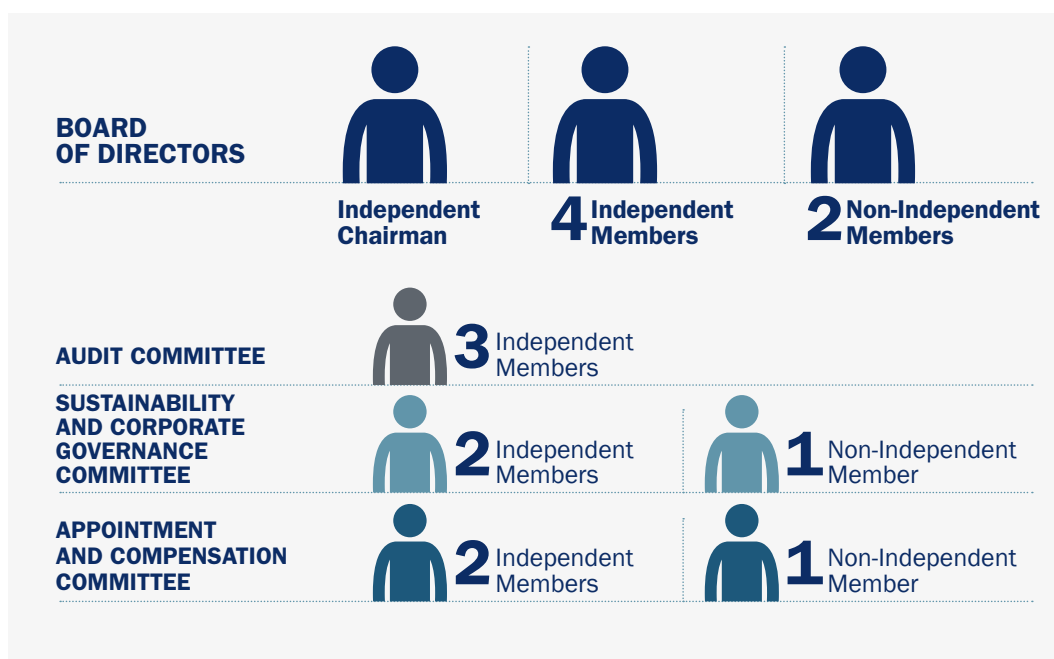
BOARD OF DIRECTORS



THE BOARD OF DIRECTORS at Grupo Argos is made up of seven principal members, five of which comply with the independence criteria established by Colombian law as well as by the company's Good Governance Code. None of the members of the Board of Directors is a company employee. The Chairman of the Board is Mr. Jorge Esteban Giraldo, who is an independent member.



Composition of the Board



The Board of Directors at Grupo Argos has three supporting committees, made up of Board members and company employees, the latter assisting in the supply and analysis of information.



MEMBER OF THE BOARD OF DIRECTORS:

- 1 Jorge Esteban Giraldo
- 2 David Bojanini
- 3 Carlos Enrique Piedrahíta
- 4 Mario Scarpetta
- 5 Guillermo Heins
- 6 Ana Cristina Arango
- 7 Rosario Córdoba



THE RÉSUMÉ OF EACH BOARD MEMBER

can be found on www.grupoargos.com Corporate Governance section.

Experience of the members of the Board

Chairman of the Board:

JORGE ESTEBAN GIRALDO

Independent Member



Sustainability and Corporate Governance Committee

Audit and Finance Committee

Appointment and Compensation Committee

Education

- > Electronic Engineering, Universidad Pontificia Bolivariana, Medellín, Colombia
- > Senior Management, Leadership and Marketing, Philips Management Institute, Holland
- > Senior Company Management, INALDE, Bogotá, Colombia

Experience

- > Director, Bimbo Central America and Colombia
- > Previous position: Consultant, Triceps B.V. Dutch Consulting Company, Holland

ANA CRISTINA ARANGO

Independent Member



Audit and Finance Committee

Education

- > Civil Engineering, Universidad EAFIT, Medellín, Colombia
- > MBA, Universidad de Los Andes, Bogotá, Colombia

Experience

- > Independent investor
- > Previous position: Finance Manager Assistant, Cementos Rioclaro

GUILLERMO HEINS

Independent Member



Audit and Finance Committee

Education

- > Chemical engineering, Universidad del Atlántico, Barranquilla, Colombia
- > CEO Management Program & Refreshment, Kellogg School of Management, Northwestern University, USA

Experience

- > CEO, Heins und Möller
- > Previous position: CEO, Dupont Andean Region



CARLOS ENRIQUE PIEDRAHÍTA



**Sustainability and
Corporate Governance
Committee**

Education

- > Economics, Keele University, England
- > Masters Degree in Finance, London School of Economics, England

Experience

- > CEO, Grupo Nutresa
- > Previous position: CEO, Compañía Nacional de Chocolates

MARIO SCARPETTA

Independent Member



**Appointment and
Compensation Committee**

Education

- > Economics, Universidad San Buenaventura, Cali, Colombia
- > Master of Science in Management, Arthur D. Little Management Education Institute, USA
- > Master of Science, University Of Miami, USA

Experience

- > General Manager, Amalfi

DAVID BOJANINI



**Appointment and
Compensation Committee**

Education

- > Industrial Engineering, Universidad de Los Andes, Bogotá, Colombia
- > MBA, with emphasis in Actuarial Science, University of Michigan, USA

Experience

- > CEO, Grupo Sura
- > Previous position: CEO, Administradora de Fondos de Pensiones y Cesantías Protección

ROSARIO CÓRDOBA

Independent Member



**Sustainability and Corporate
Governance Committee**

Education

- > Economics, Universidad de Los Andes, Bogotá, Colombia
- > Conference Interpreter, Colegio Mayor del Rosario, Bogotá, Colombia
- > Magister in Economics, Universidad de los Andes, Bogotá, Colombia

Experience

- > CEO, Private Council for Competitiveness
- > Previous position: Editor, Dinero Magazine



STEERING COMMITTEE



**JOSÉ ALBERTO
VÉLEZ**
CEO

Education

- > Engineering Management, Universidad Nacional de Colombia
- > Master of Science in Engineering, UCLA, USA
- > Honorary Degree in Engineering, awarded by the ENIM in Metz, France

Previous position

- > CEO, Cementos Argos
- > CEO, Inversura



**RICARDO ANDRÉS
SIERRA**
CORPORATE FINANCE
VICE-PRESIDENT

Education

- > Business Administration, Universidad EAFIT, Medellín, Colombia
- > Graduate degree in Political Studies, Universidad EAFIT, Medellín, Colombia
- > TRIUM Executive MBA, London

Previous position

- > Corporate Finance Vice-President, Cementos Argos



**CAMILO JOSÉ
ABELLO**
CORPORATE AFFAIRS
VICE-PRESIDENT

Education

- > Law Degree, Pontificia Universidad Javeriana, Bogotá, Colombia
- > Specialization in Commercial Law, Universidad de Los Andes, Bogotá, Colombia
- > Specialization in International Business, Universidad del Norte, Barranquilla, Colombia

Previous position

- > Corporate Affairs Vice-President at Cementos Argos



**SERGIO ANDRÉS
OSORIO**
ADMINISTRATIVE
AND HUMAN
RESOURCE
VICE-PRESIDENT

Education

- > Business Administration, Universidad EAFIT, Medellín, Colombia
- > Specialization in International Business, Universidad EAFIT, Medellín, Colombia

Previous position

- > Service Manager, Cementos Argos

LETTER FROM THE CHAIRMAN



IT IS A PLEASURE TO SUBMIT to you this first Integrated Report of Grupo Argos, where we present our shareholders, investors and other stakeholders with a compilation of the 2013 results, along with our strategic vision and important investment information.

As required by the Global Reporting Initiative (GRI), we used GRI G4 guidelines to report our economic, social and environmental managerial activities. This initiative follows Grupo Argos' sustainability policy, which seeks to generate responsible value with long-term criteria.

As for our economic performance, 2013 was a year with great operational results in the cement (Argos) and power (Celsia) businesses, showing progress in the reinforcement of their respective strategies. For Grupo Argos' new businesses (coal, ports and real estate), 2013 was a year of strengthening, growth and self-definition. Likewise, our investment portfolio showed important results, with a well-balanced investment makeup.

In relation to sustainability, we recorded how designed policies were endorsed during 2013 with important awards granted to Grupo Argos. We were included in the Dow Jones Global Sustainability Index. Grupo Argos was also included in the Global Compact 100 index of the UN, which measures company performance and degree of commitment to the principles of the Global Compact. Likewise, we were distinguished with

[GRI G4 - 1]



We look at 2014 and the following years with enthusiasm, and we trust that **Grupo Argos will continue to play a role of increasing importance in the sector of infrastructure.**

the seal Relación con Inversionistas by the Colombian Stock Exchange and were chosen to preside over the Company Circle of the Latin American Corporate Governance Roundtable. In Grupo Argos' 80th anniversary, these acknowledgments challenge us to stay on the path to responsible value generation with long-term criteria, based on sound ethical principles.

We see 2014 and the following years with enthusiasm, and we trust that Grupo Argos will continue to play a role of increasing importance in the sector of infrastructure, in the locations where we operate today: Colombia, Central America, the Caribbean, and Southern USA.

Lastly, regarding his voluntary resignation, we wish to express Carlos Enrique Piedrahita our special gratitude for the 21 years he devoted to the Board at Grupo Argos. Along these years, he shared with us his valuable knowledge and experience, helping us to grow, transform and strengthen Grupo Argos and its investments. For the Board of Directors and the whole company, it has been a privilege to work by his side, reason why we express our feelings of consideration and respect, and wish him satisfaction and success in his new endeavors.

Warm greetings,



JORGE ESTEBAN GIRALDO A.
Chairman of the Board

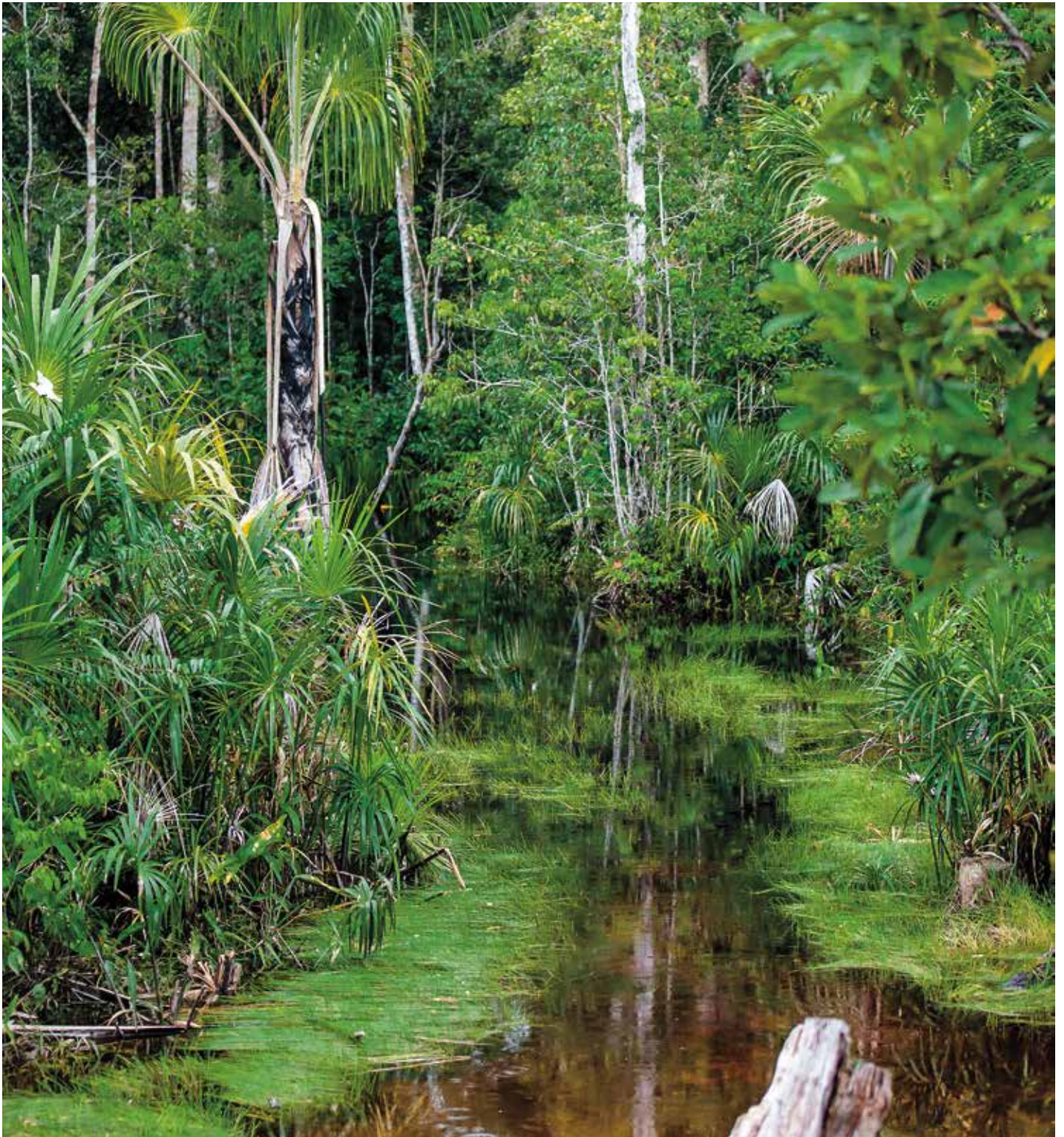
OUR APPRECIATION TO CARLOS ENRIQUE PIEDRAHÍTA



Facing the voluntary resignation of Mr. Carlos Enrique Piedrahita as member of Grupo Argos' Board of Directors, we express our admiration and respect for the 21 years he devoted to this entrepreneurial organization.

Along these years during which he shared with us his knowledge, experience and creativity, his high-value contribution helped us to grow and consolidate Grupo Argos.

Grupo Argos pays Mr. Piedrahita a special homage upon his retirement highlighting his impeccable personal path and professional career, and wishes him success in his new endeavors.



Loretoyaco river, amazonas jungle.

PERFORMANCE REPORT



Coquillo o abarco. *Couratari* sp.



WE ARE PLEASED TO PRESENT THIS PERFORMANCE REPORT FOR 2013,

a year that saw satisfactory results and notable achievements for Grupo Argos, as well as an advancement in the definition of the corporate strategy. As a holding, Grupo Argos has acted as a strategic architect for the companies where it has investments, working within an administrative structure consistent with the outlined goals. During this period, the design for the model of subsidiary company relationships and intervention schemes was finished, establishing a series of guidelines containing general policies for all the companies, thus building the foundations on which we can achieve long-term, sustainable growth that generates added value.

With an 80-year history, we at Grupo Argos are pleased to share with you a performance report that shows the consolidation of the company's transformation process, as we have moved from concentrating on holding the majority in a single business, to becoming a diversified holding with two solid businesses: cement and energy; three growing and consolidating businesses: real estate, ports and coal; and a robust investment portfolio with outstanding achievements. During 2013, the cement and energy businesses displayed the same upwards trend seen in 2012, with growing operational figures in the markets in which they operate. For developing businesses such as real estate and ports, this was a year for consolidation and growth within their respective operations, whilst the coal business is still undergoing a reconfiguration process. Our investment portfolio ended the year with a total value of over COP\$ 6.4 trillion, the majority of which is represented in Grupo Sura's shares.

**\$7.6
trillion
COP**

was the consolidated revenue for Grupo Argos in 2013, showing a 14% increase over the previous year.

Likewise, this year shows satisfactory results in matters such as corporate government, transparency and sustainability. During 2013, we received acknowledgements that motivate us in continuing on the path of responsible value generation, based upon solid ethical principles. We encourage a transparent and innovative framework for action, in order to manage our investments with a long-term vision, seeking business competitiveness and sustainability, but always holding integrity as Grupo Argos' guiding principle. Throughout the year, Grupo Argos and its allied businesses consolidated investments in sustainability strategies and programs for over COP\$ 76 billion.

OUR RESULTS

GRUPO ARGOS' CONSOLIDATED REVENUE

for 2013 is over COP\$ 7.6 trillion, which represents a 14% increase over the figure recorded for 2012. The consolidated EBITDA reached COP\$ 1.9 trillion, with an 18% increase over last year's figure. The EBITDA margin was of 25%, surpassing the 24% margin for 2012.

The company's consolidated net income, albeit ascending to COP\$ 295 billion, cannot be compared to the COP\$ 344 billion income for 2012, given the following non-recurrent facts:

- > The extraordinary 2012 income was due to sales of Cementos Argos' shares for COP\$ 53 billion, as well as a COP\$ 277 billion income, mainly as a result of Cementos Argos' disinvestments.
- > During 2013, Celsia recorded an extraordinary COP\$ 115 billion income due to the recovery of a provision after settlement of a legal process with the DIAN (National Tax and Customs Administration).

Excluding these effects, we can say that the normalized operating income of Grupo Argos has increased by 95%.

The Group's consolidated assets amounted to COP\$ 27.4 trillion, with a 2% increase over 2012. Within the same period, liabilities were reduced by 10%, for a total of COP\$ 8.2 trillion. The net worth decreased by 3%, reaching COP\$ 12.4 trillion.

Individually, the recorded net revenue was of COP\$ 517 billion, with a COP\$ 360 billion EBITDA and net income of COP\$ 295 billion. Individual assets amounted to COP\$ 15.5 trillion, showing a 4% reduction

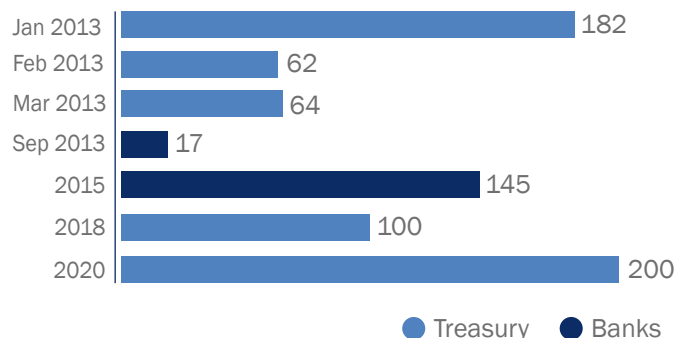
in comparison to 2012. Within the same period, liabilities were reduced by 16%, for a total of COP\$ 1.8 trillion. Net worth decreased by 2% to COP\$ 13.7 trillion.

Grupo Argos' indebtedness amounted to COP\$ 770 billion and the average cost of debt at the closing of December 31st, 2013, was 5.6% effective p.a., including boceas (bonds obligatorily convertible into shares): a very good figure compared to current costs of corporate indebtedness.

Debt profile at the end of 2013

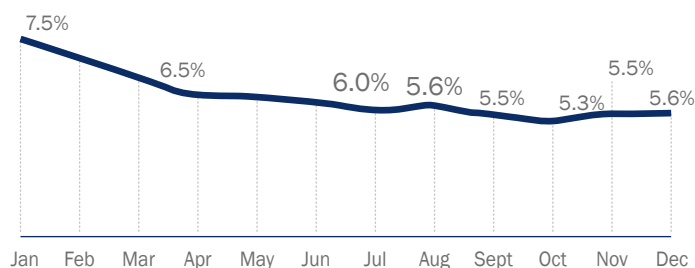
Grupo Argos (without subsidiaries)

\$770 billion COP



Cost of debt effective annual rate (%)

Grupo Argos (without subsidiaries)





Argos Plant in Puente Aranda, Bogotá.

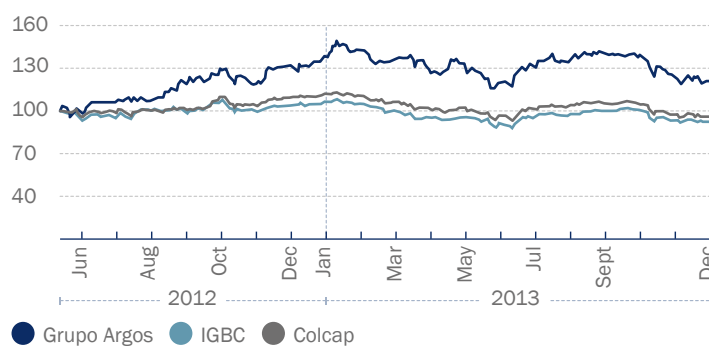
OUR PERFORMANCE

2013 WAS A CHALLENGING YEAR, with dynamic movement in most of shares listed in Colombia's stock market. The domestic market was influenced by macroeconomic events in developed countries, generating a 13% and 12% drop in COLCAP and IGBC referential indexes, respectively. Grupo Argos' shares did not escape these volatilities, as common and preferred shares exhibited a 7.4% and 8.5% decrease, respectively.

However, from an analysis since June 2012, date of the strategic transformation of Grupo Argos upon the divestment of Cementos Argos' non-cement assets, the holding's shares show a positive behavior, increasing their value by 20% for common shares and 21% for preferred shares, compared to a COLCAP and IGBC reduction of 4% and 8%, respectively. Likewise, we highlight the evolution of the common share over the last decade, as it has shown a compound annual growth of 22%, dividends excluded, between January 2003 and December 2013.

Share Value Development

Jun 2012 - Dec 2013



At the closing of 2013, 305 international funds had an interest in Grupo Argos, with 8.81% participation in common stock and 12.30% in preferred stock, as compared to 2012, when there were 260 funds, with a 7.6% participation in common stock and 9.4% in preferred stock

OUR ACHIEVEMENTS

DURING THIS PERIOD the Company received a series of acknowledgments arising from implementation of international standards for transparency, ethics and corporate governance.

In 2013, Grupo Argos became part of the Dow Jones Sustainability Index, which measures sustainability amongst the world's largest companies, acknowledging those with the best economic, environmental and social practices. The Swiss firm RobecoSAM, the index's current operator, performs the evaluation independently. This index includes 333 companies worldwide, chosen from a list of 2,500 companies evaluated annually by RobecoSAM. Only 6 of these 333 companies are Colombian. Notably, Grupo Argos became part of the 2013 Global Index on its first year of independent evaluation. Furthermore, the Argos subsidiary is one of 30 Latin-American companies included in the 2013 Emerging Markets Index. Likewise, we received the Silver Class distinction in RobecoSAM's 2014 Sustainability Yearbook.

In 2013, the company was also included in the GC100, a new global stock market index, launched by the United Nations –UN–, which combines financial performance and corporate sustainability. The index analyzes respect for human rights, the environment and labor laws, as well as anti-corruption practices. Developed and published by the United Nations Global Compact and the investment firm Sustainalytics, the GC100 selected a representative group of 100 companies, throughout the globe, that have shown good financial performance and, simultaneously, a high level adherence to the principles represented by the Global Compact. Likewise, Grupo Argos received the IR acknowledgment awarded by the Colombian Stock Exchange to stock issuing companies that meet

their demanding standards on corporate governance and transparency, especially regarding sufficient and adequate information disclosure to shareholders.

Finally, Grupo Argos was chosen to preside the Company Circle of the Latin-American Company Round Table for Corporate Governance. This initiative was born in Brazil in 2005, with the support of the World Bank's International Finance Corporation –IFC– and the Organization for Economic Co-operation and Development –OECD–. It encourages good corporate governance practices and manages knowledge amongst the region's companies that are leaders on the matter.

These acknowledgments are a strong incentive to honor our commitment to transparency, sustainable growth and high corporate governance standards



Celsia's Termoflores Plant, Barranquilla.



RELEVANT FACTS

DURING 2013 we performed the analytical process necessary for evaluating Grupo Argos' acquisition, alongside its subsidiaries Celsia and Epsa, of Isagen S.A. During almost one year we reviewed valuations, profitability analyses and risks taken both during the operation and the process, and transaction structures, amongst other aspects. After these analyses, and taking into account the starting price expected by the Government, the total cost of the transaction and the recent volatility of venture capital markets, we found that the operation did not meet Grupo Argos' (and subsi-

diaries) criteria for minimum value and financial return. Thus, we withdrew from the process of privatization. By making this decision, even though we skip the chance to grow by acquiring a valuable asset, unique in Colombia, we confirm to our investors that our goal is to achieve organic and inorganic profitable growth of our energy business. In fact, we have announced to the market the preliminary agreements for the acquisition of an important package of Celsia shares, ratifying our interest in continuing to be present within the power sector.

OUR STRATEGIC INVESTMENTS

GRUPO ARGOS' positive performance during 2013 is the result of wise management and results obtained by the companies where we invest. Below we highlight the most significant achievements of Grupo Argos' strategic investments.

Cement

During 2013, Cementos Argos broke its consolidated results record, by reaching its highest volumes of cement and concrete sales, as well as its highest EBITDA. It also issued and placed stock with preferred dividend without voting rights, with 1.5 times oversubscription, with which we raised nearly USD\$ 880 million. This capital allowed us, in September, to announce the acquisi-

tion of 53% of a Honduran company with cement assets from multinational Lafarge, for € 230 million. Likewise, in January 2014, we announced the acquisition of an assets package from Vulcan Materials, in the state of Florida, for USD\$ 720 million, which includes state-of-the-art factory facilities for cement, concrete, blocks, as well as nearby ports in strategic locations.

\$880 million dollars

Was the value of Argos' preferred stock issuance in 2013.

In the Colombian Region, we saw a dynamic construction sector. During 2013, dispatched cement and concrete volumes increased 1% and 15%, respectively, over the previous year, evidencing the development of the business model in the industrial segment. Likewise, Argos continues expanding the installed cement capacity in three plants located in the central region: Rioclaro, Nare and Cairo, as well as Cartagena's Distribution Center, preparing the company for the national government's fourth generation projects and other infrastructure projects to be carried out by private companies.

In the US Region, 2013 was a period of recovery for American economy. We increased our volumes and prices, mainly boosted by the recovery of the residential sector in the majority of states where we are present. Commercialized cement volumes increased by 12%, for a total of 1.8 million tons of cement and 5.4 million metric cubes of concrete, which represents a 5% increase over 2012.

In the Caribbean Region, we highlight the positive and dynamic economic growth rate in the markets where Argos has participation, with

an increase in cement and concrete volumes. During the year, we secured the investment in the concrete business, looking to satisfy the growing demand of infrastructure projects being carried out in some countries, especially in Panama. Likewise, we took the necessary steps to incorporate the operation of new assets in Honduras to the Argos model.

Before discussing the financial results, it is important to share with you the foundations of Cementos Argos' strategy, built on a careful election of our competition model and the businesses and countries in which we invest. With this in mind, the organization focuses on being a cement and concrete company with a business model based on added-value proposals that recognize its customer's needs. The company is reinventing itself in innovative ways, with great respect towards diversity, where the dignity inherent to human talent stands out as a distinguishing element and a pillar for growth. Our conduct is honest and responsible, based upon long-term vision that leverages growth. These are characteristics of a strategy

EBITDA

The highest in Grupo Argos' history: COP\$978 billion. 24% increase over 2012



Argos Plant in Cartagena.



Argos Plant in Cartagena

shape our organizational culture.

As for the 2013 financial figures, Argos dispatched, at a consolidated level, 11.4 million tons of cement and 9.4 million cubic meters of concrete, which means there was a unit growth of 5% and 10%, respectively.

The company reached, on a consolidated basis, revenues for close to COP\$ 4.97 trillion, for a 13% growth. The consolidated EBITDA for 2013 was COP\$ 978,108 million, the highest EBITDA in the company's history, with a 24% increase over the 2012 result. The margin reached 19.7%, with a growth of 162 basic points over last year.

Net income reached COP\$ 183,710 million, not comparable to 2012, because in that year COP\$ 277 billion came from the disinvestment of assets. In pro forma terms, excluding the particular and non-recurrent effect resulting from the sale of these assets, the net income grew 67%.

Power

In 2013, Celsia had a year with outstanding results and important increments in the energy volumes dispatched into the market. To thank for is the balance achieved by the power generation based upon two technologies (water and thermal) and the good hydrologic conditions offered by the areas where the company is present.

We also highlight that the company issued its first package of ordinary bonds in the local stock market, being the largest bonds issue by a real economy sector company in the history of Colombia's indebtedness market. This achievement allowed Celsia a reduction of the mean cost of debt from an average annual rate of 8.15% in September to 6.70% in December 2013. In addition, the debt's average lifetime went from 5.5 to 11.2 years, which is consistent with the long-term nature of the business' assets.

Issuance of ordinary bonds emission in amount of

**COP\$
800
billion**

achieving improved interest rates and maturity dates.



Celsia's Bajo Anchicayá Hydroelectric Power Plant, Valle del Cauca.

During 2013, the power produced by the company broke historic records, reaching 6,170 GWh, which represents 10% of the Colombian market's demand, an increase over the 8% generated in 2012. Likewise, power sales through dispatched contracts are to be highlighted, as they also reached a historic record in 2013, year during which, at a consolidated level, 3,734 GWh were dispatched under long-term contracts, that is, 17% more power than last year.

The company also took steps in the continued development of its three strategic pillars, that is, optimization of current operations, strengthening of organizational skills and business growth. Here we can highlight the Proyecto Porvenir II, where the pre-construction activities initiated in 2012 are still being carried out. These activities are needed in order to develop the 352 MW hydroelectric project, which we will be-

gin building once the relevant license is issued by the National Authority of Environmental Licenses (ANLA). For the 19.9 MW San Andrés Project, required proceedings are being carried out with Corantioquia, seeking to include the changes made to the final construction designs in the project's environmental license. This process is to be completed in 2014.

As for the power business' figures, during 2013 total revenues reached COP\$ 2.38 billion, exhibiting 18% increase over last year's. Around 68% of these revenues come from the power generation business, while the remaining 32% comes from power distribution and sales. The EBITDA reached COP\$ 864,563 million, for 18% increase over 2012. This was mainly due to favorable hydrologic conditions and the use of hydric and thermal technologies in power generation. The EBITDA margin was 36%.

Net consolidated income reached COP\$ 373,645 million. Compared to the COP\$ 230,760 million for 2012, there was a 62% increase, which includes a non-recurrent income resulting from the recovery of a COP\$ 114,716 million provision, resulting from settlement of a legal process between Inversiones e Industria S.A. and the DIAN. Excluding this effect, the normalized net income was COP\$ 259 billion, for a 12% increase over last year.



Compas's port facilities in Tolú.

Ports

After its first year running, Compas took steps to improve its international coverage by taking on the operation and marketing of the South Central Cement terminal in Houston, owned by Cementos Argos, as well as a consolidation strategy for its ports and projects in Colombia.

The Tolú Terminal practically finished the construction of three warehouses for technical handling of bulk products and retained the strategic partners that will generate bulk loads for this terminal.

The Barranquilla Terminal, after finishing the adaptation works that will allow it to handle hydrocarbon import/export operations, began loading crude oil, reaching the initial marked goal of 120,000 tons/quarter.

During 2013, the Aguadulce project in the Colombian Pacific Coast

continued at a good pace with the start of the construction of the 21 kilometer road connecting the Aguadulce Port with the main road that goes from Cali to Buenaventura. Likewise, we finished the dredging of the access canal and of the main maneuvering areas of the new terminal, which will be able to receive boats of up to 80,000 tons of coal and solid bulk products. We highlight the arrival to this project, as a shareholder, of PSA (Port Singapore Authority). Together with ICTSI (International Container Terminal Services Inc.), they will handle all pertaining to the investments and operation of the container port.

As for the results, Compas moved 4.4 million tons in 2013, for a 4% increase over the prior year. Consolidated revenue was COP\$ 103,075 million, almost the same as 2012,

**4.4
million
tons.**

were moved by
Compas in 2013.

while dealing with fewer motor ships, which number went down from 670 to 579, mainly because of a drop in the transshipping business.

However, we must highlight the good behavior seen in bulk loads and general cargo, with a 16% increase. The Barranquilla Terminal stands out, as its loads increased by the entry of liquids in the last quarter and a coal increase of 25%.

The accumulated EBITDA, excluding the infrastructure leasing, which is a financial operation, reached COP\$ 26,819 million, for a 6% reduction as compared to the previous year. This figure resulted from the reduction of operating revenues in Colombia, greater expenses pertaining to the company's expansion and investment plans, and the greater weight of the managerial structure after the merger, in order to serve the new projects and plan ahead for a better future EBITDA.

Coal

Being aware of coal international prices and market conditions, we can say that Sator took big steps forward in its exploration campaign for coal areas, especially regarding its main asset in Puerto Libertador, Córdoba. Programmed drilling was concluded and the results from past campaigns were analyzed, which means that we will soon have information on the levels of the measured reserves.

As for operations, notwithstanding the sector's difficulties and the Bijao mine's operation problems in 2013, the Company recorded a positive behavior in coal sales from underground mining, showing an increase in volumes as well

as in revenues. In order to supply from the Bijao mine, a supply contract with Gecelca was executed for 1 million tons of coal over 4 years for a thermal generation project.

Operating revenues at the closing of 2013 were close to COP\$ 77,921 million, for a 13% increase over last year. This increase was due to a 26% increase in coal volume sales, which was the result of a marketing effort that allowed us to reach new markets and resist last year's 5% average price reduction.

Despite the increase in revenues, the company had a negative EBITDA of COP\$ 11,514 million and a net loss that, by the end of 2013, amounted to COP\$ 3,046 million. The reduced net loss against EBITDA resulted from the recovery of USD\$ 2.7 million relevant to rights not exercised in prior years under a coal transportation contract.

Finally, during the year we conducted analyses to understand the uncertainties of the coal industry arising from the price and volume reduction in the international market and the social and environmental circumstances around mining processes, the operational risk level and the industrial processes of coal combustion for power generation.

Completion
of coal area
explorations in
**Puerto
Libertador,
Córdoba.**



Real Estate

During 2013, Situm continued on its growth plan, along the lines of traditional urban planning, as well as the property rental business.

In regards to the urban planning business, in 2013, Situm obtained approval for a 251 ha General Urban Project (PUG) in Barranquilla, which will serve as the grounds for the issuing of urban planning licenses for more than 20 future stages.

There were no setbacks in the construction of the urban planning project Palmas del Río, in the Buenavista sector of Barranquilla. This project has a total area of 12 ha and a construction potential of 1,236 residential units. Big steps were also taken in the urban planning project Portal del Genovés – Stage II, located in Puerto Colombia, Atlántico, very close to Barranquilla. This project has a total useful area of 5.0 ha for commercial, institutional and residential use. The project has a construction potential of 543 residential units.

In parallel to the above, Situm is also in negotiations in order to start the first two stages of the urban planning project Portal Empresarial Norte. This project has a useful, marketable area of 9.5 ha for commercial or industrial use.

The urban planning business perfected the process of selling urbanized lots through a call modality. This means that the buyer is defined according to the proposals received from interested parties, making it possible to choose the best project, considering architecture, urbanism and price offered. On the last call for the Portal de Genovés housing project, we received a great number of purchase proposals, and closed the



North Barranquilla's urban development has allowed for higher indicators in city habitat.

deal with the best project according to defined criteria.

As for the property rental business, Situm is still searching for investment opportunities in malls, corporate offices and distribution logistics centers. In 2013, the project Viva Villavicencio continued, ending the year with a 53% of completion.

While analyzing the possibility of investing in Isagen, we limited Situm's actions and investments, especially in regards to the property rental business. However, towards the end of last year the company executed a promise of purchase-sale agreement for the acquisition of an important package of shop units and offices in the next stage of the Mayorca mall in Medellin. This mall, according to the Raddar's research

published in Semana magazine in 2012, is fifth on the list of Colombia's major selling malls, and has first place within Antioquia. The project will have an approximate investment of USD\$65 million and the delivery of the first shop units is expected as from the second semester of 2015.

Regarding results, 2013 revenues amounted to COP\$ 63,477 million, for a 57% increase over the previous year. The EBITDA was COP\$ 17,859 million, for an increase of 94% as compared to the COP\$ 9,213 million reported in 2012. It is important to highlight that these figures are the consolidated pro forma of the total real estate business and include all operations, even though accounting-wise the figures are recorded in the books of several companies.

\$65
million
dollars

in the Mayorca mall investment.

More green areas and paths for alternate mobility are part of Situm's urban planning in Barranquilla.





OUR PORTFOLIO INVESTMENTS

PORTFOLIO INVESTMENTS, particularly those maintained in Grupo Sura and Grupo Nutresa, contribute to consolidate the equity structure of the Grupo Argos. These companies, as well as Grupo Argos, are included in the 2013 Dow Jones Sustainability Index, in the lists of competitors of their respective industries. Their most relevant facts and results of the period include the following:

Grupo Sura

It continues to be entrenched in Latin America as a strong player in the financial market. In 2013, through its subsidiary SURA Asset Management and through AFP Integra, its AFP in Peru, it successfully completed the takeover merger of AFP Horizonte, which was acquired in April of the same year. It is important to note the very positive results of the company, showing growth in most of the businesses in which it invests.

Individual operating revenues in 2013 reached COP\$ 924,511 million, an increase of 38% compared to the previous year, and the net profit stood at COP\$ 781,794 million, a growth of 43% compared to 2012.

Grupo Nutresa

During 2013 the company continued its expansion strategy with the acquisition of the Chilean company Tresmontes Lucchetti for USD\$ 758 million. With this transaction the Grupo Nutresa expanded the market

where it operates, both with the arrival in the southern country and its participation in new categories.

Also of note is the partnership with Starbucks and Alsea for the set up and operation of Starbucks stores in Colombia for 20 years, as well as the agreement between Starbucks and Colcafe for the production and supply of coffee for the shops in Colombia, and soon in Latin America.

Grupo Nutresa revenues in 2013 reached about cop\$ 5.9 trillion, 11% growth compared to a year earlier. Ebitda amounted to COP\$ 832,827 million, an increase of 24% compared to 2012, and the net profit stood at COP\$ 380,235 million, showing an increase of 10%.

To conclude this report, it is worth noting that after 80 years of history, the Grupo Argos has consolidated its role as an international holding company, with investments in strategic sectors with high growth potential: cement, energy, ports and real estate. This consolidation was reflected in the strengthening of our portfolio of strategic investments, which in the past five years rose from 49% to 62% of our total investments. In 2013, we improved the strategic management of our business, promoting high standards of good governance and transparency, seeking always to generate profitability and sustainable value for our shareholders and stakeholders. In this way, we closed a successful year and started 2014 with optimism, celebrating 80 years of transformation and growth with our more than 10,000 employees across the organization.

LEGAL ISSUES

ADMINISTRATIVE AND LEGAL PROCESSES and, in general, the legal situation of the company, have run smoothly, with no significant rulings or events.

During 2013, no significant transactions were carried out with partners or managers. The detail of the transactions carried out with related parties is included in the Special Report of the Corporate Group referred to in Article 29 of Law 222 of 1995 and in the notes to the individual and consolidated financial statements. The Special Report can be found in the USB memory stick delivered along with the printed version of this report.

The summary of transactions to which Paragraph 3 of Article 446 of the Commercial Code refers has been included in the brochure, and the details of each transaction can be found in the USB memory stick delivered along with the printed version of this report. It should be noted that this document was part of the information that was made available to shareholders during the period provided by law for exercising the right of inspection.

The company has strictly complied with the rules governing intellectual property and copyright. To this end, it has designed policies and controls to ensure such compliance, and maintains records supporting implementation thereof.

Also, the effectiveness of the controls has been tested and verified and the existing systems for disclosure and control of financial information have been satisfactorily assessed, and found to be effective.

Other than that included in this report, the Company has no accurate and definitive information of significant events that have occurred between the date of the accounting closing and the preparation of this report that might have a negative impact on its development or affect shareholders' equity.

Board of Directors

Jorge Esteban Giraldo, Chairman of the Board
David Bojanini
Carlos Enrique Piedrahíta
Mario Scarpetta
Guillermo Heins
Ana Cristina Arango
Rosario Córdoba

CEO

José Alberto Vélez



Caucho. *Hevea brasiliensis*.

ABOUT US



Amazon rainforest landscape.



ABOUT US

GRUPO ARGOS is a public company listed on the Stock Exchange of Colombia, the parent company of Grupo Empresarial Argos, organized as a holding company with a balanced, solid and high-performing investment portfolio, with strategic investments and portfolio investments. Strategic investments are represented by majority and controlling interests in Cementos Argos (cement business) and Celsia (energy business), both companies also listed on the Stock Exchange of Colombia. Strategic investments also include a 100% stake in Situm (real estate business) and Sator (coal mining business), as well as a 50% interest in Compas (port business). Portfolio investments are mainly

shareholding interests in Grupo Sura and Grupo Nutresa, which contribute to strengthen the equity structure of the Grupo Argos.

As a business group, Grupo Argos is a conglomerate of infrastructure companies committed to sustainable growth, creating value with a long-term vision. The Grupo Argos views business development with clear strategic definitions, where the creation of responsible value is based on ethical principles and a transparent and innovative frame of action. The Grupo Argos manages its investments keeping in mind the sustainability and competitiveness of the business, while maintaining integrity as the guiding principle.

HOW WE CREATE VALUE

Strategic management

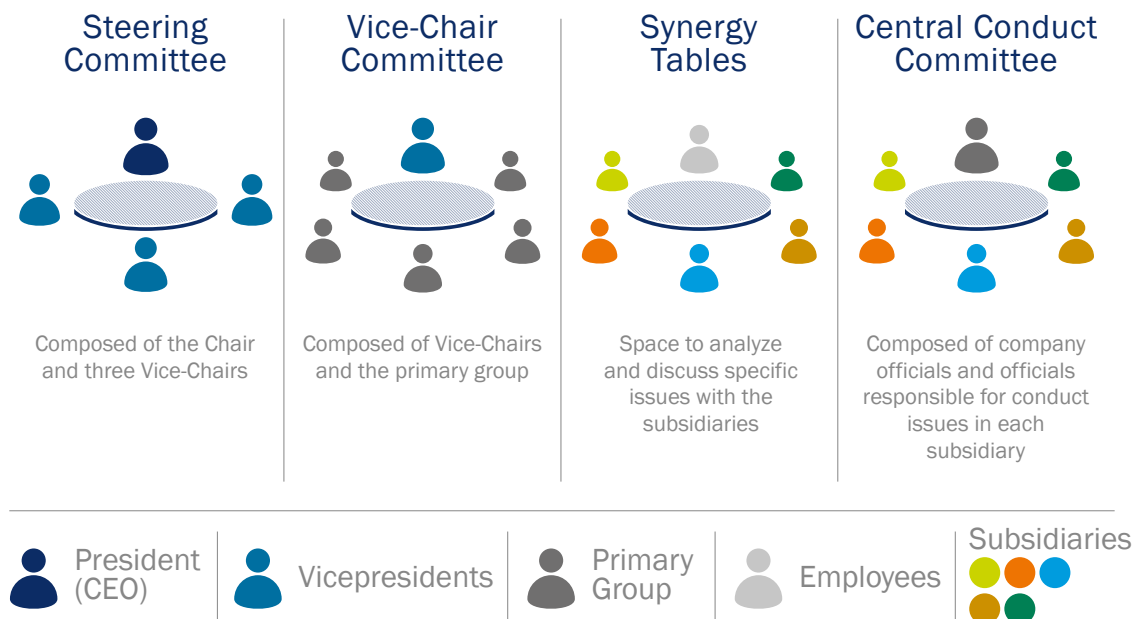
In less than 10 years, the Grupo Argos went from being the majority shareholder of eight cement plants in Colombia to become a diversified international business group with investments in strategic sectors with high present and future growth potential. Grupo Argos boasts a team of professionals who participate actively in the strategic decisions of the subsidiaries through which businesses are conducted.

The strategic positioning of the Grupo Argos is focused on investment in sectors of the economy which require significant movements of capital, but that have substantial entry barriers and wide business cycles.

This has allowed the Group to maintain a long-term vision, consistently creating value in a responsible manner. Along these lines, the Grupo Argos seeks sector and geographical diversification, making full use of the business opportunities within the strategic focus of investment. This allows it to maintain financial strengths and a diversified portfolio of investments with excellent performance, high visibility and liquidity which, in turn, gives it the flexibility to leverage the growth of its business.

As a holding investment company, Grupo Argos manages the strategy of the companies where it has investments, developing an adequate administrative structure to achieve the goals.

Administrative structure



Its intervention model promotes strategic business choices from the demand side, for a healthy competition with a long-term vision. Based on good corporate governance and transparency principles, the Grupo Argos manages its investments with Boards of Directors made up mainly of independent members. Additionally, it has Strategy Committees to determine, together with business managements, competitive and expansion strategies to ensure the creation of value and sustainable growth.

In addition to the Steering Committee, Vice-Chair Committee, Synergy Committee and Central Conduct Committee described above, there are procurement, purchasing and treasury committees, composed of officers from the different business lines.

It is worth noting that the cement and energy businesses, as well as the Grupo Argos, are listed on the Stock Exchange of Colombia. However, port, real estate and coal businesses remain private. The Grupo Argos offers investors a window of exposure for these sectors

that will have attractive growth opportunities leveraged by macroeconomic fundamentalists, financial strength and a qualified human team.

Cementos Argos has strong presence in the Colombian market, in Central America, the Caribbean and the United States, with interesting growth prospects, thanks to its internationalization strategy. Celsia is the fourth largest power generator in Colombia, with a vision of international expansion to geographically diversify its power generation portfolio. Other businesses are in a phase of maturation and definition which can lead them to become relevant players in their respective industries.

Finally, the Grupo Argos maintains a responsible corporate growth strategy based on different exploratory and definition horizons to generate value from its mature investments and to capture growth opportunities in other businesses. At the same time, it encourages its subsidiaries to keep their business in different horizons of maturity to achieve high levels of competitiveness in their core businesses, while exploring other alternatives within their strategic focus.



CORPORATE GOVERNANCE



**FOR THE FULL TEXT
OF THE GOVERNANCE
CODE** please visit

www.grupoargos.com
Corporate Governance section

Governance framework

GRUPO ARGOS complies not only with the corporate governance requirements set out in the Colombian legislation, but also with international standards in this matter. It also ensures that its subsidiaries comply with the same parameters.

Board of Directors of the Grupo Argos provides guidelines related to sustainability and corporate governance through the Sustainability and Corporate Governance Committee. In regards to the subsidiaries, the CEO of the Grupo Argos is the Chairman of the Board, but always seeking that the majority of the members of the Board meet the requirements to be considered as independent members. The Boards of Argos and Celsia are composed mainly of independent members and also have sustainability and corporate governance committees, where relevant guidelines related to these issues, ethics and transparency are defined, all within the framework defined by the Grupo Argos. Additionally, guidelines are also prepared by the synergy tables, which are spaces where Grupo Argos officials interact with representatives of the subsidiaries to discuss and find the best practices through ongoing analysis and debate. It is important to clarify that the cross-cutting synergy tables were consolidated during the year 2013 and continue to be implemented.

The Corporate Governance practices in the Grupo Argos are guided by the following principles:

- 1 Fair and equal treatment to all shareholders and investors.
- 2 Equitable, timely and regulated provision

of relevant information required for the decision-making process.

- 3 Transparency, fluidity, and integrity of information provided to the market.
- 4 Clear and general rules for all actions undertaken by administrative bodies, directors and officers.
- 5 Adherence to applicable national and international regulations; and environmental responsibility.

FUTURE CHALLENGES AND PROSPECTS

The Grupo Argos will continue with its leadership position in corporate governance policy both in the country and in the region, consolidating those policies in its subsidiaries, keeping in mind the requirements of its shareholders, investors and stakeholders to ensure the highest standards of transparency and good corporate governance. Additionally, it will continue to participate actively in different forums such as the Companies Circle of the Latin American Corporate Governance Roundtable and the Issuers Committee of the Stock Exchange of Colombia, where corporate governance issues for securities issuers are discussed. The Grupo Argos currently serves as Chair of the two forums, where it has assumed a role of leadership and regional guidance.



The Sustainability and Corporate Governance Committee examines environmental issues related to activities of the subsidiaries, including forest activities to offset the carbon footprint.

SUSTAINABILITY AND CORPORATE GOVERNANCE COMMITTEE

In 2013, the Corporate Governance Committee became the Sustainability and Corporate Governance Committee, charged with managing the sustainability strategy. The Committee is responsible for the coordination and assessment of social, environmental, governance risks and for drawing up the Board's annual action plan, which includes scheduling an exclusive meeting to discuss the company's strategy.

With regard to environmental issues, it is important to note that although the environmental impact of the activities of the company is moderate, given that it is an investment holding company, this Committee's scope includes the assessment of environmental issues related to the activities of its subsidiaries so as to have a consistent environmental policy. However, it should be noted that risks of all kinds are managed by each subsidiary company. The Grupo Argos, as the parent company, does not manage the risks of its subsidiary companies.

THIS COMMITTEE IS COMPOSED OF:

Members of the Board of Directors:

- > Jorge Esteban Giraldo, *independent member and Chairman of the Committee*
- > Carlos Enrique Piedrahíta
- > Rosario Córdoba, *independent Member*

Participants from the Management side:

- > José Alberto Vélez, *President of the Grupo Argos*
- > Camilo Abello, *Vice President of Corporate Affairs*
- > María Uriza, *Legal Manager of Corporate and Securities Issues*



RÉSUMÉS OF SENIOR EXECUTIVES

can be found at
www.grupoargos.com Corporate Governance section



AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee meets four times a year. Its primary functions include supporting the Board of Directors in monitoring the effectiveness of the internal control system, ordering and monitoring the internal control procedures so that they conform to the needs, goals and strategies set out by the company, and ensuring that such procedures are in line with the objectives of the internal control such as efficiency and effectiveness of operations, adequacy and reliability of the financial information. Economic risks and impacts are assessed and monitored by this Committee, particularly those related to fraud and corruption and other issues contained in the general matrix of risks.

THIS COMMITTEE IS COMPOSED OF:

Miembros de la Junta Directiva:

- > Guillermo Heins, *Independent Member and Chairman of the Committee*
- > Jorge Esteban Giraldo, *Independent Member*
- > Ana Cristina Arango, *Independent Member*

Participants from the Management side:

- > José Alberto Vélez, *CEO of the Grupo Argos*
- > Ricardo Andrés Sierra, *Vice President of Corporate Finance*
- > Camilo Abello, *Vice President of Corporate Affairs*
- > Sandra Mejía, *Internal Auditor*

APPOINTMENT AND COMPENSATION COMMITTEE

The Appointment and Compensation Committee is responsible for determining the hiring and compensation policies and standards and the development of the managerial staff of the company. It sets and monitors compensation programs for executive officers and evaluates the compensation against their performance, defines and recommends the adoption of compensation programs and assesses their effectiveness by analyzing the monitoring program implemented by the administrative Vice President for that purpose.

THIS COMMITTEE IS COMPOSED OF:

Members of the Board of Directors:

- > Mario Scarpetta, *Independent Member and Chairman of the Committee*
- > Jorge Esteban Giraldo, *Independent Member*
- > David Bojanini

Participants from the Management side:

- > José Alberto Vélez, *President of the Grupo Argos*
- > Sergio Andrés Osorio, *Administrative Vice President*



COMPENSATION AND DETAILED FUNCTIONS of the Board of Directors support committees can be found at: www.grupoargos.com Corporate Governance Section.

NOMINATION AND SELECTION OF THE BOARD

The Sustainability and Governance Committee is responsible for assessing proposals for new members of the Board of Directors. This Committee ensures that the candidates meet the independence criteria and have knowledge and expertise in economic, social, and environmental issues, as appropriate. The independent members must have expertise in corporate finance

and/or internal control, in accordance with the Code of Corporate Governance of the company.

The Code the Good Governance establishes that the proposals for the composition of the Board of Directors must be submitted within five working days prior to the General Meeting of Shareholders so that shareholders have enough time to analyze their resumes.

COMPENSATION OF THE BOARD OF DIRECTORS

The General Meeting of Shareholders sets the compensation for members of the Board of Directors, taking into account the structure, duties and responsibilities of its members, as well as their personal and professional qualifications, time dedication and experience requirements.

Members of the board of directors are paid monthly, regardless of their attendance to Board meetings, as their duties go beyond meeting attendance, as their performance and the fulfillment of their role outside the meetings are equally important to the Grupo Argos. Their duties include keeping themselves properly

updated on the issues relevant to the company, studying the issues that are brought up to them and making themselves available to address specific issues whenever the president of the company so requires. According to the Code of Good Governance, members of the Board of Directors may be compensated with company shares, but this alternative has not been yet implemented.

 **FUNCTIONS OF THE SHAREHOLDERS MEETING** can be found at www.grupoargos.com Corporate Governance Section

CONFLICTS OF INTEREST

The code of Business Conduct of the Grupo Argos establishes that all employees of the Grupo Argos and members of the Board must submit annually a conflict of interest disclosure statement. In the event that during the period between two annual statements a situation that creates a conflict of interest occurs, it must be informed in a timely manner to the Business Conduct Officer. Conflicts of interest are discussed and resolved based on the parameters set out by the Business

Conduct Committee. If any of the conflicts falls outside these parameters, the business Conduct Officer reports the fact to the Business Conduct Committee and, if appropriate, to the Board of Directors.

The Code of Good Governance establishes that one of the primary responsibilities of the Board of Directors is to identify and manage conflicts of interest of Management, Board and shareholders, as well as to promote the strict adherence to the Code of Conduct.

[GRI G4 - 40][GRI G4 - 41][GRI G4 - 51][GRI G4 - 52][GRI G4 - 53]



BOARD PERFORMANCE

The Board of Directors, and its members individually, are evaluated at the middle and end of their term by an independent firm. This evaluation includes both quantitative and qualitative aspects and serves as the basis to implement corrective measures or modifications, as well as training programs for the Board members. In 2013, based on the results of the evaluation, sustainability functions were added to the Corporate Governance Committee, a training plan was drawn up on issues of greatest interest to the Board and an induction process for Board members was included in the Code of Good Governance.

To ensure the good performance of the Board, in addition to the external evaluation, self-assessments are performed with the support of the Sustainability and Corporate Governance Committee, which ensures the proper functioning of the Board. Along these lines, the Chair of the Board and the President of the Company meet on a monthly basis to define the agen-

da and the Board's action plan, as well as to schedule training programs. Additionally, the independent members of the Board of Directors meet annually to discuss highly significant issues.

The main training topics covered during the year 2013 were as follows:

- > Benchmark study of the performance of Boards of Directors of holding companies worldwide.
- > Applicable methodology for assessing Boards of Directors.
- > Compliance scheme according to the provisions of the Foreign Corrupt Practices Act.
- > Responsibilities of the independent members of the Board of Directors.
- > International Financial Reporting Standards (IFRS).



SUMMARY OF THE 2013 BOARD OF DIRECTORS EVALUATION

can be found at www.grupoargos.com Corporate Governance Section.

[GRI G4 - 43][GRI G4 - 44]

FUTURE CHALLENGES AND PROSPECTS

As of 2014, changes in the functioning of the Board will be implemented. Instead of the three-hour monthly meetings, the Board will hold all-day quarterly meetings, organized in thematic blocks. Additionally, the Board will hold monthly 90-minute online meetings, and an annual face-to-face meeting will be scheduled to discuss budget, strategy and planning.

Based on the external and independent Board evaluation conducted by Prospecta in 2013, the Board of Directors and Management designed action plans based on the opportunities for improvement found during the evaluation.

Therefore, measures are being implemented to improve the performance of the Board of Directors, plans are being drawn up for formal succession of senior management and the strengthening of the role of the Chairman of the Board and the independent members is being promoted. Although this started with the recent amendments to the Corporate Bylaws and the Code of Good Governance, in 2013, initiatives were adopted to promote more discussion and debate in the Board, and to determine the profile of future Board members to respond to the holding strategy.

ETHICS AND TRANSPARENCY

In 2012, the Grupo Argos absorbed non-cement assets of Cementos Argos, whereby it was consolidated as a holding company. Before the spin-off, both the Code of Conduct and the Code of Good Governance of Cementos Argos were the codes by which the members of the Board of Directors of the Grupo Argos conducted their business, because at that time there was a single executive team performing corporate functions both for the investment company and the cement plant. After the spin-off, the Grupo Argos implemented its own codes, adapting them to its needs as a holding company and providing guidelines for all its businesses. In 2013, the Board of Directors approved a new Code of Conduct, of which an internal communication strategy has already been implemented as well as a training program for employees and stakeholders.

The Code of Conduct adopted by the Board of Directors of the Grupo Argos establishes integrity as the guiding principle in all activities conducted by those involved with the organization, understanding that this implies acting in a responsible, honest, straight, serious and transparent manner at all times and in accordance with the law and the internal regulations. Also, the Code emphasizes that Grupo Argos is an organization committed to the sustainability of its operations, investments and business, and that it understands sustainability as the creation of value for all its shareholders in a responsible manner, securing the right balance between economic profitability, development and social inclusion and the reduction of the environmental impact, guided by the principles of the Global Compact and the Code of Good Governance. The Grupo Argos, within a framework of transparency, ethics and innovation, strives to extend these principles to all its stakeholders, seeking the highest standard of ethical conduct in all its actions and relationships with them. To ensure

the proper applicability of the Code of Conduct, the Grupo Argos has a transparency-line available to employees and related third parties. So far, the transparency-line has been shared with the cement plant, but as of the second quarter of 2014 there will be an independent and exclusive line for the Grupo Argos, which will be duly communicated to the stakeholders.

In addition, the company has a Business Conduct Officer, responsible for handling queries and concerns related to business conduct issues.



THE CODE OF CONDUCT

can be found at www.grupoargos.com
Corporate Governance Section

POLICIES AND PROGRAMS

The Grupo Argos currently applies the anti-fraud policy of Cementos Argos, its largest business, and is working out a specific policy of its own, as a holding company. Once completed, the policy will serve as a frame of reference for all subsidiaries. The Fraud Prevention Program of Cementos Argos was created to strengthen the culture of ethical conduct, improve internal controls for the prevention and detection of fraud and give transparency and accuracy to financial reporting and other information of the organization. This anti-fraud policy applies to any fraudulent act committed by any employee, customer, supplier or third party having business or contractual relationships with the company.



COMMUNICATION AND TRAINING

With the approval of the Code of Conduct, the company has developed a communication strategy through internal channels, face-to-face communication, especial deliverables and training.

The Grupo Argos ensures that each of its subsidiaries has adequate communication, dissemination and training programs on ethics and transparency issues. In 2013, at the request of the Sustainability and Corporate Governance Committee, it implemented the Central Conduct Committee, to ensure, among other things, the implementation of the Code of Conduct in its subsidiaries. The Central Conduct Committee is composed of Grupo Argos officers and representatives of all subsidiaries, and has a company-wide scope of action. This Committee defines research standards, promotes the unification of criteria, the strengthening of training programs, the creation of a culture of ethics, and monitors and assesses the most relevant cases of the companies.

[GRI G4 - SO5]

FUTURE CHALLENGES AND PROSPECTS

During 2014, and the coming years, the company will continue to disseminate the Code of Conduct and will implement bodies and mechanisms for reporting incidents. Also, it will continue to beef up its compliance unit, setting up policies relating to anti-corruption, donations and contributions to political campaigns. For the purposes of designing the compliance unit, the Sustainability and Corporate Governance Committee has decided to adhere to the

REPORTS

The incident reporting in the Grupo Argos is currently done through the Transparency-Line of Cementos Argos, until the exclusive line of the holding Company is implemented as a mechanism governed by the new Code of Conduct. The Transparency-Line has an email address and a toll free number, where the information received is treated confidentially and forwarded to the appropriate official, according to its nature. From the time when the spin-off process was completed in 2012 to date, no improper or fraudulent acts have been reported to the Grupo Argos.



Foreign Corrupt Practices Act (FCPA) of the United States. Additionally, it will continue to build up a culture of ethics under the pillar of integrity, as a core value for the Grupo Argos in all its actions. Directors, executives, officers, and employees of the company will be required, on an annual basis, to sign a Statement of Potential Conflicts of Interest, and a system will be implemented to assess the degree of knowledge of the Code of Conduct.

RISK MANAGEMENT

The Integrated Risk Management System is a support mechanism for assisting senior management in the decision-making process, taking into account the number and types of risks that the organization is willing and prepared to take, in accordance with its growth and investment plans.

The intent of the system is to monitor the performance of investments, through coordinated actions with the subsidiaries to ensure the achievement of the strategic objectives of the Organization, address uncertainties and to act with integrity.

STRATEGY STRUCTURE AND DEPLOYMENT

The risk management process is led by the Audit and Finance Committee as a body of the Board of Directors. Its functions include determining and monitoring the risk appetite of the company and monitor the integrated risk management system. At each quarter-end close, the presidents of Argos and Celsia present to the Board of Directors of the Grupo Argos the main risks of their businesses and their mitigation plans.

Based on the guidelines set by the Board of Directors, each president is responsible for implementing the risk policy and report to the Audit and Finance Committee the evolution of material and relevant risks, as well as the risk



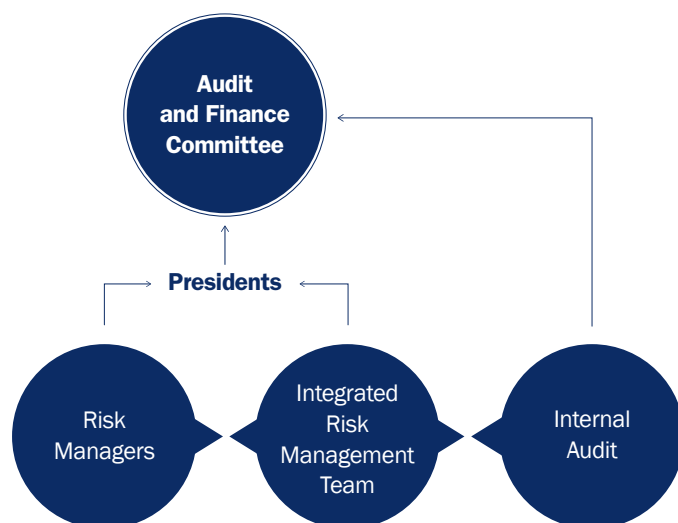
prevention and mitigation plans. Risk management is part of the general strategy of the Grupo Argos, which is explained in the following table:

DESCRIPTION	MITIGATION
Risks associated with the corporate governance structure	Active communication of Grupo Argos with its subsidiaries, through Strategy Committees. Participation of Executives of the Grupo Argos in the Boards of Directors of the subsidiaries.
Risks associated with mergers and acquisitions	Coordination of the Grupo Argos with teams of experts in the collection and analysis of information. Evaluation of different risk events that may affect the viability of the transactions.
Risks associated with the financial management	Design and ongoing review of the capital structure, according to the Organization's strategy. Ensure the availability of credit lines according to the needs. Ongoing monitoring by the Treasury Committee to indebtedness, derivative and investment transactions. The Committee seeks to ensure optimal parameters of financial flexibility, cost, risk and terms.
Reputational risks	Ongoing contact between Grupo Argos and its subsidiaries in the Reputation Committee.



SYSTEM AND PROCESSES

Risk Government



The implementation of the Integrated Risk Management System is performed by activating the three lines of defense, a systematic approach and coordination between the different roles that contribute to the risk management in the organization.

Managers are the first line of defense and are in charge of leading the risk management process at the operational level in each subsidiary, developing risk control and management measures for risks identified in the risk matrix.

Integrated Risk Management Team, led by the Finance Vice President of the Grupo Argos, is the second line of defense and is responsible for monitoring the performance of the subsidiaries based on the most significant risks and their impact on the overall strategy of the organization.

The Internal Audit, as the third line of defense, is responsible for providing an independent and objective opinion of the effectiveness and efficiency of the internal control system and other processes within the Organization, based on established risk levels.

An Integrated Risk Management Team was consolidated in 2013 to lead the design and implementation of a set of actions aimed at managing risks that may affect the objectives of the Grupo Argos. This process has been the continuation of the combined effort by our subsidiaries Cementos Argos and Celsia which have had risk management and governance structures for almost a decade.

In 2013, the Grupo Argos risk policy was designed, approved and implemented, which establishes the general framework for action, in relation to the integrated risk management. This process was carried out with the assistance of Marsh Risk Consulting and Suramericana, along with a benchmarking process involving various national and multinational companies.

The integrated risk management process has been strengthened based on three approaches: strategic risks, process risks and project risks. This is an ongoing work with the subsidiaries, as within the diversity of their sectors, they have different levels of exposure to various risk factors. For this reason, risk managers were appointed in each business, and are responsible for managing the matrices of the identified risks, as well as for leading initiatives and risk mitigation plans.

Risk policy

It was approved in 2013
with three dimensions:
strategic risks, process risks
and project risks.

The Integrated Risk Management System being developed by the Grupo Argos is structured based on ISO 31000 and COSO international standards in order to control and monitor the asset management, comply with applicable regulations, risks to people and the environment, and various financial and technological issues that are major sources of risks for the company.

Additionally, the Corporate Strategy Unit performs a quarterly analysis of those events called “Black Swans,” which are negative risk results that are very unlikely to happen, and that would have a significant impact on the Group companies. This study places emphasis on geopolitical and macro-economic issues, and on how the companies can anticipate and respond to them.

FUTURE CHALLENGES AND PROSPECTS

In 2014 we will continue to work on the consolidation of a culture of risk management within the Organization to encourage commitment and self-management by all employees and their joint contribution to the achievement of the objectives. To this end, the organization intends to continue building and implementing internal control tools and risk indicators to track the identified risks and provide early alarms that contribute to the decision-making process.

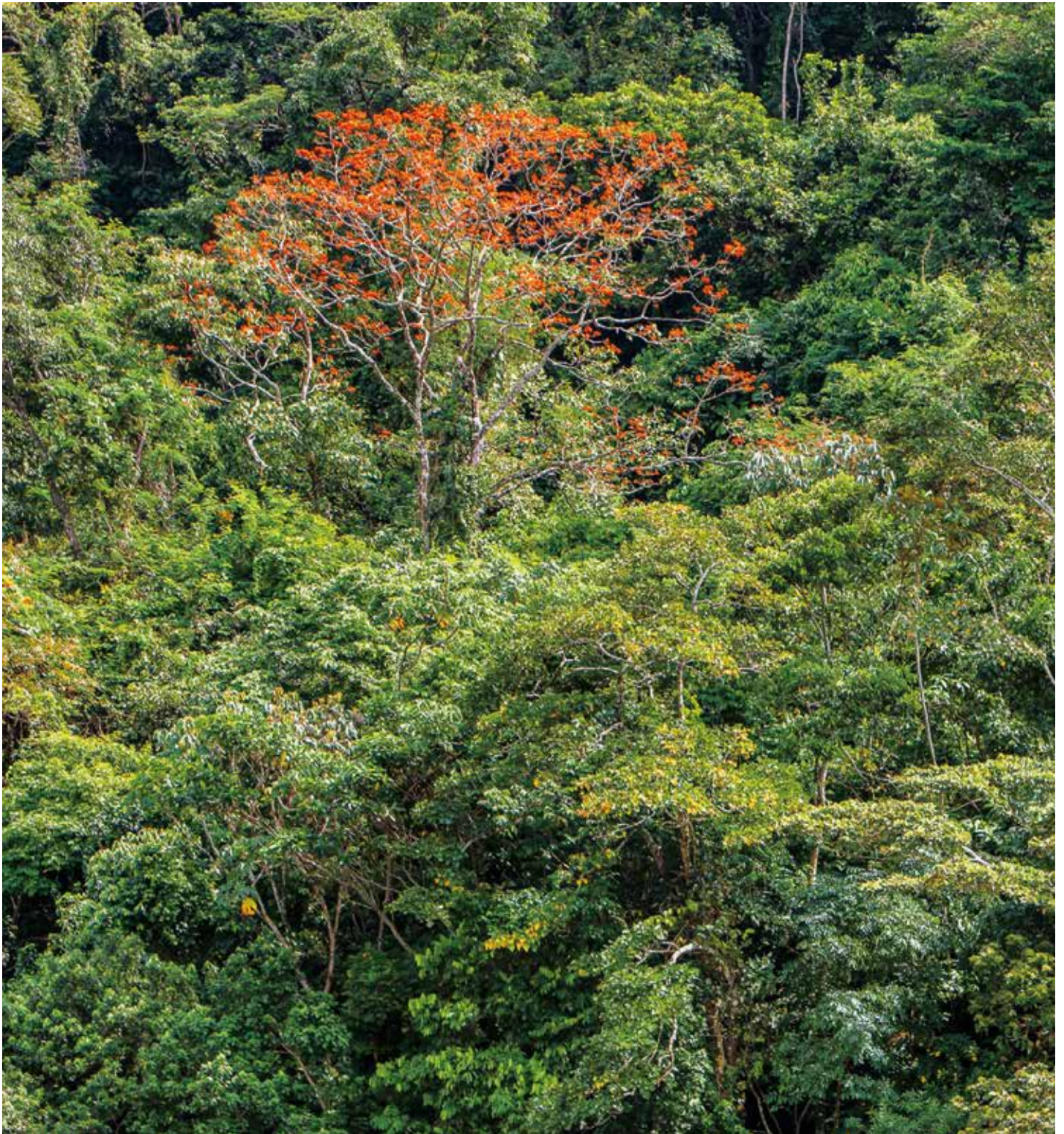
In the long-term, the organization intends to have a dynamic risk management system based on solid internal communication channels, technological tools that facilitate documentation, consolidation and monitoring of risks, with a sound risk management structure to respond to the expectations of its stakeholders.

CORPORATE GUIDELINES

The Grupo Argos, as a value-adding holding company, is not a portfolio manager, but a strategic director that impacts the competitiveness of its subsidiaries. In addition to framing the decisions in the context of the strategic doctrine, through conversations and standards, it delivers knowledge and intangible assets that give the companies a competitive advantage in their industries. This is a two-way relationship where the Grupo Argos delivers the strategic guidelines and in turn learns from the specific results of each subsidiary, to adjust its strategy as a holding company.

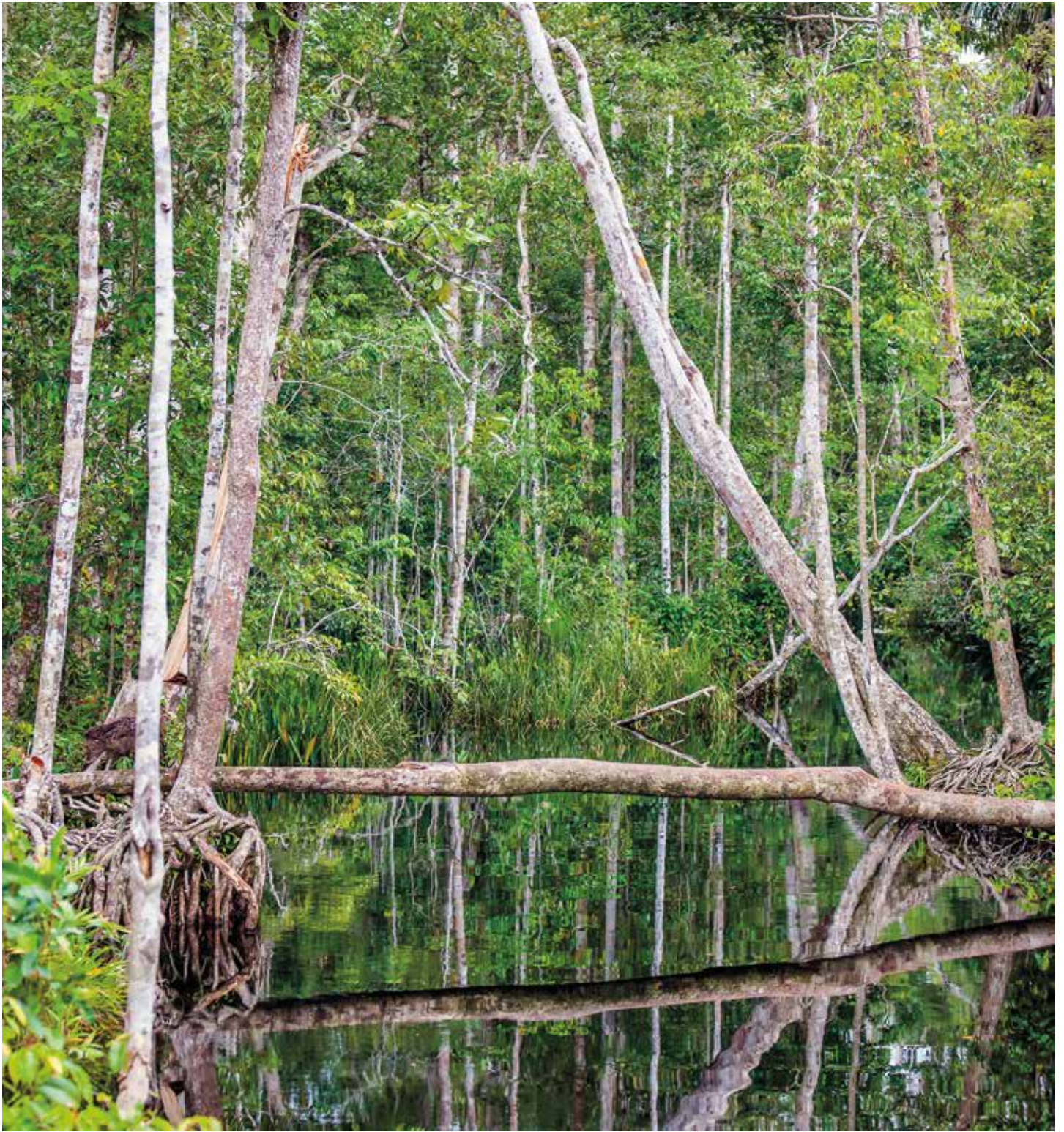
For the subsidiaries to properly manage their economic, social, regulatory risks, the Grupo Argos will keep its intervention to the minimum, while maintaining the strategic management. The Grupo Argos will define and execute its long-term strategy, as well as the allocation of capital to its subsidiaries and the adequate corporate structure to achieve the highest performance.

With the consolidation of the Grupo Argos as a holding company in 2013, a series of exercises were developed to set the strategy, the guidelines and the risk management system of the company. This process enabled the Group to determine the elements to be considered for structuring corporate policies and forms of interaction with its subsidiaries to ensure the dissemination and effective implementation of these guidelines.



Blooming cambulos (*Erythrina poeppigiana*).

OUR PERFORMANCE



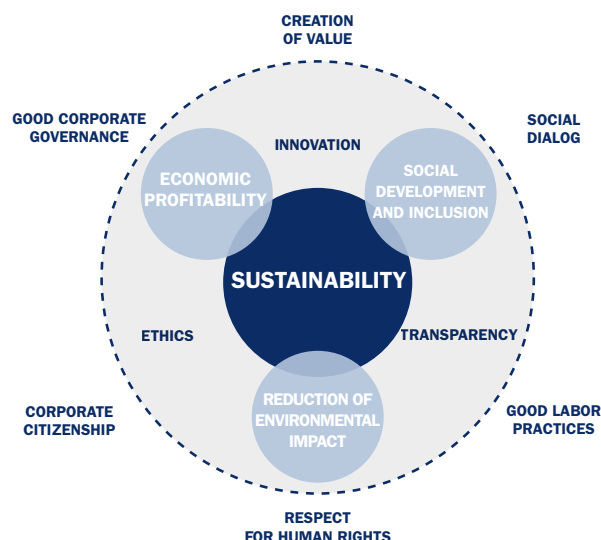
Trees and water, a communion of nature in the Amazon.





SUSTAINABILITY POLICY

The Grupo Argos has a sustainability policy framed in the context of its business strategy, which reflects its commitment to social, economic and environmental responsibility, where sustainability becomes the cross-cutting focus of planning and corporate performance. The integrated policy comprises a set of principles and guidelines that guide strategies, projects and programs for the holding company and its subsidiaries.



GRUPO ARGOS SUSTAINABILITY POLICY

Grupo Argos transforms resources into products and services, creating value in a responsible manner, with the right balance between economic profitability, development and social inclusion and the reduction of the environmental impact, adhering to the principles of the Global Compact and the Good Corporate Governance in all its undertakings.

Within a framework of transparency, ethics and innovation, sustainability is the core strategy of the Group companies.



REFER TO THE PRINCIPLES OF THE SUSTAINABILITY POLICY

of Grupo Argos at www.grupoargos.com/perfil-corporativo/sostenibilidad.

With a long-term vision, Grupo Argos strives to ensure the sustainability and competitiveness of the businesses in which it invests. The progress and performance in terms of sustainability are reported to the Board of Directors through the Sustainability and Corporate Governance Committee which, in turn, informs the Organization about the decisions, guidance and recommendations of the Board.

Guidelines

Based on the sustainability policy, which is a general framework for action, principles and minimum guidelines were set that must be followed and implemented by the Grupo Argos companies. In terms of sustainability, Grupo Argos companies undertake to:

- 1** Adopt a sustainability policy.
- 2** Adhere to the Global Compact and draw up specific action plans to implement those principles.
- 3** Set up strategies in accordance with the needs of each business.
- 4** Promote a culture of sustainability.
- 5** Set specific goals to mitigate the environmental impact.
- 6** Prepare an annual integrated report.
- 7** Appoint executive officers responsible for strategic sustainability issues and ongoing monitoring of compliance with the objectives.
- 8** Focus corporate social responsibility activities to generate impact in a particular sector.
- 9** Identify stakeholders, build a value proposition and maintain ongoing dialogue.
- 10** Maintain a long-term vision while creating value in the short term.

ADHERENCE TO SUSTAINABILITY INITIATIVES AND BENCHMARK INSTITUTIONS

The Grupo Argos, in its commitment to sustainability, participates in a number of initiatives, projects and programs such as:



The United Nations Global

Compact: a voluntary initiative that promotes sustainable development and corporate citizenship. The Grupo Argos joined the Global Compact to reinforce its commitment to aligning its strategies and operations with ten principles in four areas: human rights, labor standards, environment, and anti-corruption.



<http://www.unglobalcompact.org/languages/spanish/>



Centro Regional de Apoyo para América Latina y el Caribe

Regional Support Center for Latin America and the Caribbean: Regional Support Center for Latin America and the Caribbean of the United Nations Global Pact: is an initiative of 12 company presidents and organizations that supports the Global Compact and adopts its principles as a strategy for economic and social development, from a perspective based on the conditions and characteristics of the region to promote the implementation of this initiative in Latin America.



<http://www.centroregion-alpmal.org/web-pacto/esp/index.php>



WBCSD: The World Business Council for Sustainable Development is a global association composed of presidents of more than 230 international leading companies, united by a shared commitment to sustainable development based on three core principles: economic growth, ecological balance and social progress, through leadership, effective promotion and shared action.



<http://www.wbcscd.ch/home.aspx>



Cecodes: The Colombian Business Council for Sustainable Development is the Colombian chapter of the WBCSD. It is composed of a group of companies convinced that sustainable development is an option to achieve greater profitability, improve the quality of life of the people and the rational use of natural resources.



<http://www.cecodes.org.co/>



STAKEHOLDER RELATIONS

As part of its sustainability policy, Grupo Argos has prioritized the following six stakeholder groups: shareholders and investors, employees, government and authorities, suppliers, community and mass media.

These are the audiences that interact with the company or for whom its activities are relevant.

The main stakeholders were selected based on discussions with the company's vice-presidents and managers, with the objective of creating a comprehensive map of the stakeholders who intervene in the processes or for whom the organization's activities are relevant.

Stakeholders

Suppliers contribute to the organization's efforts and share its commitment to sustainability. Relationships between the company and its suppliers are ruled by integrity, transparency and responsibility in the development of fair and sustainable business relationships.

They assist in identifying and following up on material aspects and in communicating with the other stakeholders, based on respectful and constructive relationships, with integrity, transparency and responsibility.

MASS MEDIA

COMMUNITY

Grupo Argos develops guidelines for its subsidiaries to develop good neighbor relationships in the areas where they operate and the countries that benefit from the organization's sustainable management, to convert the communities into allies for sustainable development, with integrity, transparency and responsibility.

In their dual role of owners and clients of the organization, they are the reason of existence for Grupo Argos. They may be classified as: large strategic investors, private investment funds, pension funds, securities traders and investors in general (individuals and legal entities). The value promise is a sustainable investment in economic, social and environmental terms, with the highest standards of corporate governance

SUPPLIERS

Human capital is the organization's most valuable asset and a key success factor for its performance and growth. Our value promise to this group is: the best place to work.

EMPLOYEES

GOVERNMENT/AUTHORITIES

We comply with applicable legislation in a framework of respectful and transparent relationships with the regulatory bodies and the authorities of the places where we operate, under principles of integrity and responsibility.

SHAREHOLDERS

GRUPO ARGOS

Our interaction channels

The company has direct channels in place to communicate with its stakeholders; it designs and implements tools to learn the opinions of each group on the matters that are considered material for the organization; and it implements channels to periodically inform them of management initiatives, policies and achievements, some of which include feedback mechanisms.

SHAREHOLDERS AND INVESTORS

- > Annual assembly with 375 participating shareholders of all types.
- > Quarterly results conference calls: in 2013 four conference calls were held with 138 participants.
- > Call Center: a permanent assistance telephone line to address shareholder and investor inquiries and to request callers' opinions on corporate issues and opportunities.
- > Participation in investor conferences in Chile, United States, England, United Arab Emirates and Colombia.
- > Grupo Argos Shareholders Club and relationship strategies based on direct mail, telemarketing and e-bulletins, as explained in the investor relations section.
- > Website www.grupoargos.com: recognized as one of the four most transparent websites, according to a study by La Salle University, which reviewed the website of the 100 most important organizations in the country.
- > Free mobile application for iOS and Android operating systems that provides information on the company, its businesses, governance, financial performance and commitment to sustainability.

GOVERNMENT AND AUTHORITIES

Open communications channels are maintained with the government and authorities, respecting at all times the roles, hierarchy and legal competencies of the public officials who interact with Grupo Argos.

For compliance purposes, all relevant information is provided in a timely manner to the regulators and the securities markets, and we attend the meetings summoned by the authorities.

In some departments and municipalities agreements are made to combine efforts for social benefit initiatives.

EMPLOYEES

Our relationships with employees are built on integrity, sustainability, participation and respect, as the key values and principles of the corporate culture.

- > Great Place to Work Survey, which collects the opinions and opportunities identified by our internal audience regarding the work environment.
- > Weekly e-bulletin: 49 issues of the EJE bulletin were published in 2013 with corporate information. This publication promotes ongoing mechanisms for participation and dialogue.
- > Specific campaigns: Three major internal campaigns were carried out regarding sustainability, conduct and integrity and good governance as foundations of the organization. The campaigns involved face-to-face meetings to promote fulfillment of the objectives and to achieve direct communications with the employees regarding these matters.

SUPPLIERS

Grupo Argos establishes fair and sustainable business relationships. In 2013, Grupo Argos suppliers were managed jointly with the Argos cement subsidiary through the firm.

- > 2,341 supplier requests were processed through the e-mailbox proveedoresargos@argos.com.co



Grupo Argos 2013 shareholder assembly.

- > Contact center lines: the national line 01 8000 510 190 and the Medellin line 4449388 took 16,042 calls during the year.
- > The website www.iproveedor.com is the point of contact for suppliers to resolve payment inquiries.

Starting in 2014 Grupo Argos is managing its relationships with its suppliers directly, with its SAP system coming on line and the definition of channels for direct contact.

COMMUNITY

The organization acts as an ally for sustainable development, with integrity, transparency and responsibility. The different businesses hold formal talks with the communities in the areas where they operate. Other channels for interaction and communication include:

- > Social networks: as of December of 2013 Grupo Argos had over 600 followers on Twitter, with which it maintains open communications on the financial, social and environmental performance of corporate citizenship activities.

- > Support for initiatives and events: in 2013 Grupo Argos sponsored and supported 125 events and causes whose main beneficiaries are the communities.
- > Website www.grupoargos.com
- > Institutional advertising: 29 press notices were published, at an investment cost of 535 million pesos.

MASS MEDIA

The company promotes respectful and constructive relationships with the media. The main media activities carried out in 2013 included:

- > Direct assistance and response to inquiries by telephone, Twitter, e-mail, visits to media and management interviews.
- > Press conference following the 2013 Assembly of Shareholders.
- > Publication of 19 press releases.
- > Operation of a press room in the website as an information channel with material for the media at www.grupoargos.com/periodistas.
- > Free press: The media published 1,790 news stories related to Grupo Argos, which contributed to greater knowledge of the company's efforts in the community and with other stakeholders.

INVESTMENT APPROACH

Grupo Argos takes a long-term approach aimed at generating value in a responsible manner, based on the principles of integrity established in its Code of Conduct. In order to ensure the continuity and preservation of its businesses, Grupo Argos has adopted a sustainability policy aimed at achieving a balance between profitability and any social and environmental impacts in its investments. Based on its intervention model, Grupo Argos provides guidelines on the implementation of its strategy. The following is a summary of the corporate vision for the cement, energy, real estate and port businesses.

Cement Business

Our cement business is present in Colombia, Central America, the Caribbean and the United States, all of which are expected to experience growing markets. In Latin America, growth will be driven by development and growing populations, with the population expected to increase from 600 million in 2010 to 790 million in 2050, and in the United States growth is expected to resume thanks to the

recovery from the recent financial crisis. The US association of cement producers forecasts average increases in cement consumption of 8% over the next five years, to a large extent driven by the housing market, thanks to rising prices since mid-2012. In Colombia, in addition to population growth, the smaller size of the average household and the existing housing deficit, growth will be driven by infrastructure building. Colombia is lagging behind in infrastructure (it is in 92nd place among 148 countries), which has triggered the government decision to invest up to 3% of GDP in this area over the next few years (a three-fold increase from current investment, for a total of 99 trillion pesos over a decade). As a result, cement consumption per capita is expected to increase (currently it is at 225 kg, one of the lowest levels in Latin America). As yet, no substitute products have been developed that would substantially change construction processes or that would pose a risk to the traditional cement industry. However, aware of trends in scientific research and environmental considerations, we promote investment in innovation and a collaborative environment in order to learn of, anticipate and take advantage of any new developments that may arise.

Persons per household in Colombia



Housing prices in USA



Housing deficit in Colombia

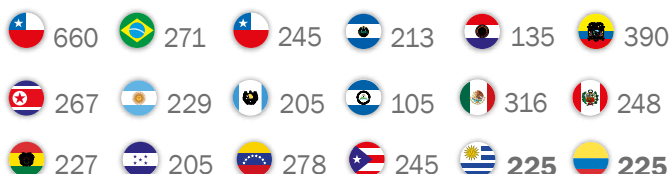


Forecast Infrastructure Investment in Colombia



Forecast population growth in Latin America

Consumption per Capita kg/person





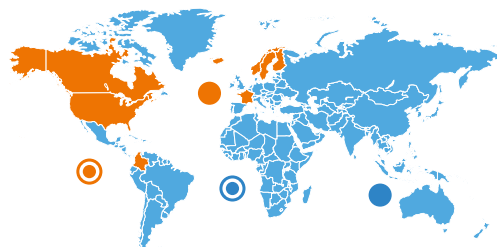
Generation capacity by energy mix

KPMG and Choiseful Institute Energy Competitiveness Index



Energy Consumption
per person (kWh)

0 to 16.000



Americas
44.1

Europe
49.9

Africa
36.0

Asia/Oceania
42.1



85/100



40.7

Top 5



Energy Business

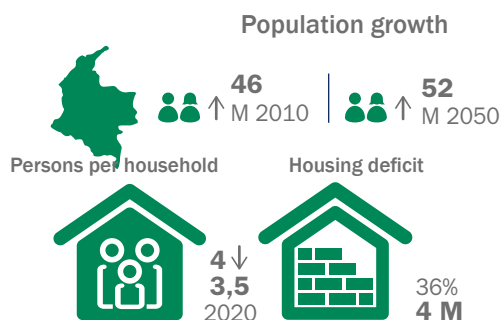
The energy business will benefit from growing demand in Colombia in the next few years, given that current consumption levels of 1,000 Kwh per person are way below the average of 2,000 Kwh per capita in Latin America. Additionally, this market enjoys one of the best levels of energy competitiveness in the world, and the best in Latin America, according to KPMG's 2012 Global Energy

Competitiveness Index. Celsia is positioned to become a key regional player. Beyond the growth opportunities in energy consumption, the aim is to understand the evolution of alternative power generation technologies and to take advantage of opportunities that arise in terms of energy efficiency, distributed generation, interaction with demand and other innovative processes.

Real Estate Business

The Colombian real estate business will benefit from demographic trends, given that the population will grow from 46 to 51 million by 2020 and the average household size will fall to less than 3.5 persons, which implies that the number of households will grow even faster than the population, driving demand for industrial, services and housing construction. Additionally, in 2005 close to 36% of households (about 4 million) faced housing deficits. This, combined with the government's decision to close the gap by building 100,000 homes and sub-

sidizing another 86,000 through PIPE in 2013, creates a great opportunity for the sustainable development of land and real estate properties. Our real estate business holds substantial extensions of land in strategic locations, and has over 15 years of experience in development and urbanism. It is also entering into joint ventures with companies with a long track record in managing properties. The shortage of commercial areas in Colombia, combined with the entry of international brands to the country, will drive substantial growth in this sector.



Arrival of well-known global brands to Colombia

Falabella	Longchamp
GAP	Ripley
Banana Republic	Coach
Forever 21	Claire's
Victoria's Secret	Burberry

INDETEX GROUP

Zara	Massimo Dutti
Kiddy's Class	Pull and Bear
Bershka	Stradivarius
Oysho	Zara Home

Commercial Development Potential

Low Commercial Density (m2/100)

Chile	19.2
Colombia	7.2
Peru	5.5
Venezuela	12.4
Spain	32

COMMERCIAL GDP

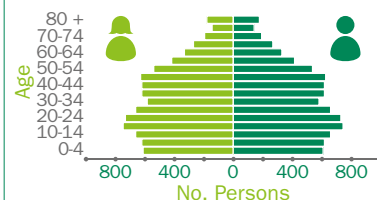
8,2%	4,7%
Nominal	Real
18,4BN	47,3BN
2000	2012 ↑

Population Density

Colombia



Chile



Peru



Spain



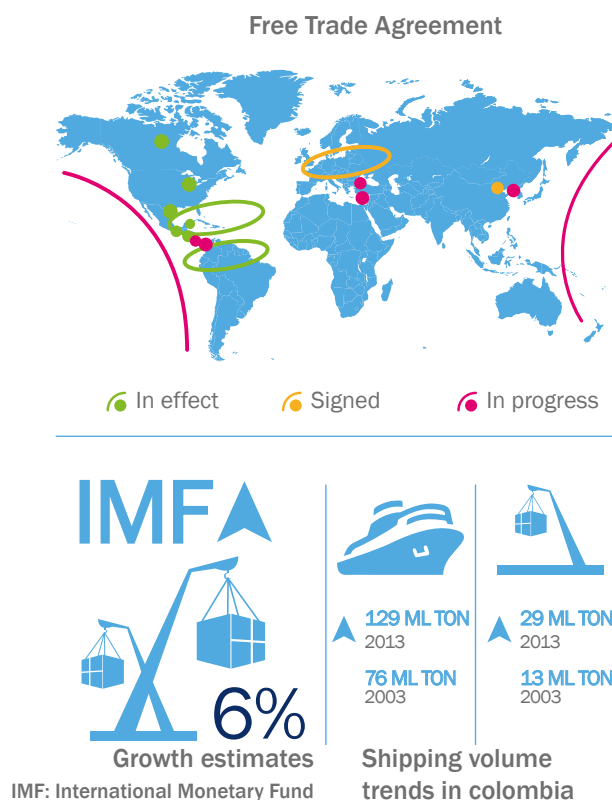
Government housing plan

100,000



Port Business

The ports business will benefit from the FTAs that have already been signed with important trading partners such as the United States and the European Union, and others that are currently being negotiated or under consideration, such as the FTAs with South Korea, Japan and the Pacific Alliance, among others. According to IMF forecasts, over the next five years the volume of imports will increase by 5% per year, while exports will increase by 6%, on top of already strong growth over the past 10 years, when maritime exports increased from 76 to 129 million tons and imports increased from 13 to 29 million tons. The ports business is positioned to capitalize on the expected growth in shipping, thanks to its growing installed capacity, its financial solidity and execution capacity, its mature operational structure and substantial knowledge and management experience. We have ports on both oceans, which allow us to take advantage of demand both in emerging Asian countries and in developed countries in Europe and North America.



Portfolio Investments

Our portfolio investments will also benefit from favorable long-term trends. The insurance and banking business will benefit from rising employment and current low levels of insurance coverage, with unemployment rates already in the single-digit range and falling, the growing formalization of these jobs, and consequently the growth in GDP per capita. This will generate greater purchasing power to acquire financial and banking services and solutions, increasing

insurance penetration, and growing pension and savings coverage.

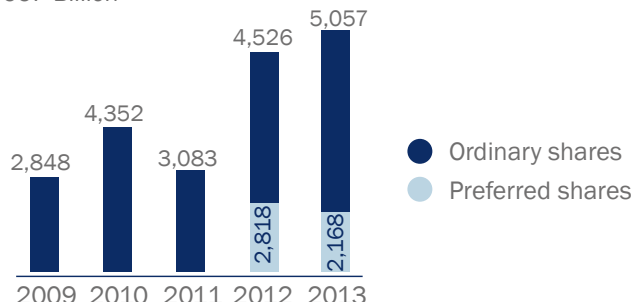
On its part, the food products business will also benefit from the growth of Latin American economies and of the middle class (in terms of numbers of people and purchasing power). Additionally, Grupo Nutresa has managed to position its brands in all its markets, which combined with its capacity for innovation have made it a trend-setting leader in its markets.

INVESTOR RELATIONS

The relationship between Grupo Argos and its shareholders and investors is based on a constant effort to create responsible value, rooted in solid principles of transparency and good corporate governance. Given that shareholders are a key stakeholder, the corporate activities of Grupo Argos focus on the generation of benefits for its shareholders, with a long-term view and the conviction of maintaining sustainable investments that will continue over time.

Average annual trading volumes

COP Billion



The following are the shares Outstanding of Grupo Argos:

Ordinary shares outstanding

645,400,000

Preferred shares outstanding

140,413,601

Total shares outstanding:

785,813,601

Market capitalization **15.2 Bn Cop**

International funds **305**

Number of shareholders **10,331**

Analyst overage **9**

In 2013, with the purpose of strengthening its links with all its shareholders, Grupo Argos launched a shareholder relationship plan aimed at providing periodic information on the performance of the company and its subsidiaries and at propitiating dialogue and feedback on material aspects. A first step of this project was to update the contact databases in order to mail the quarterly publication "Sustainable Investment" to shareholders, which will be available in printed and digital versions and will provide news, financial figures, relevant events and strategic information on the quarter, enabling shareholders to learn more about Grupo Argos, and to understand how the company in which they have invested is being managed and how value is being created.

In line with the company's Good Governance Code, assistance and service to Grupo Argos shareholders and investors are ruled by the following principles:

Respect

For each and every shareholder and investor.

Integrity and trust

Consistency between ideas and actions.

Honesty

Truthful and real information for the market.

Promptness

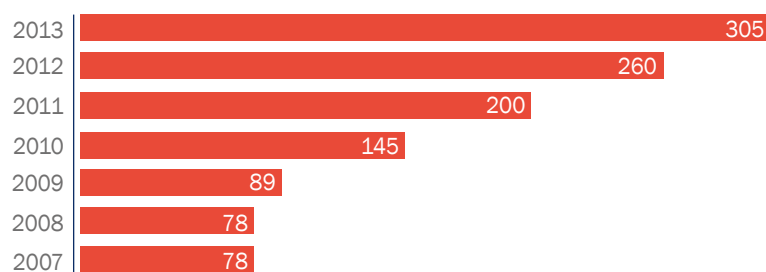
Quick response to shareholder and investor inquiries.

Transparency

Clarity in everything that is said and done.

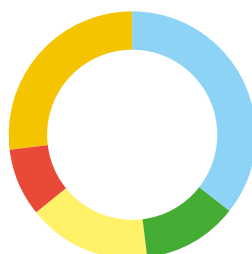


Foreing fund shareholders of Grupo Argos (2007 - 2013)



Ordinary shares

at december 31, 2013



- **35.71%** Grupo Sura
- **12.37%** Grupo Nutresa
- **16.32%** Colombian pension funds
- **8.81%** International Funds
- **26.79%** *Other Inverstors

Preferred shares

at december 31, 2013



- **53.35%** Colombian pension funds
- **12.30%** International funds
- **34.35%** *Other Inverstors

*Other includes companies, mutual funds and individuals.

Shareholder activities

The Grupo Argos Shareholders Club was established late in 2013 to strengthen relationships between the company and its shareholders. Once they are registered in the club, both individual and company shareholders of Grupo Argos have a direct communications channel with the company and can access to meetings with management team members, visit plants and enjoy other benefits.

Last year, with the purpose of increasing its international exposure, Grupo Argos was also present in several conferences for potential investors, both locally and internationally. The company participated in conferences with investors in Chile, the United States of America, United Arab Emirates and Colombia, and during these events some 73 individual meetings were held with investment funds.

The company's good results and its enhanced international exposure have fueled the appetite of international funds for Grupo Argos' shares. In 2013, 305 funds accounted for 8.81% of ordinary shares and 12.30% of preferred shares, compared to 260 funds accounting for 7.6% and 9.4% of ordinary and preferred shares, respectively, in 2012.



TO ENSURE FULL AVAILABILITY

and ease of access to shareholders and investors, Grupo Argos provides three communications channels:

E-mail: irelations@grupoargos.com
 Telephone: (5 74) 319 8712
 Office: Carrera 43A 1A Sur- 143 Torre Sur, piso 2
 Information available for shareholders on internet: www.grupoargos.com



Teak plantations of the forestation project with a social approach undertaken by Argos in Montes de María.

ENVIRONMENTAL MANAGEMENT

Our approach

In line with its commitment to generating value through sustainable investment, and based on its strategic doctrine, Grupo Argos issues guidelines regarding environmental management to ensure that its subsidiaries implement environmentally responsible operations that minimize or offset possible impacts on the environment.

The intervention approach defined by Grupo Argos regarding its subsidiaries is not to co-manage the area, but rather to add value by actively participating in the design and execution of strategies and relevant matters. Given the diversity and nature of the business activities of the affiliates, they enjoy sufficient autonomy to implement their own environmental management systems according to the characteristics of their operations. These systems must be aligned with environmental regulations currently in effect and must include the identification, evaluation, mitigation, communication and monitoring of the environmental impacts of each operation so as to ensure continuous improvement.



SEE OUR SUSTAINABILITY POLICY

and guidelines at
www.grupoargos.com/perfil-corporativo/



SEE MORE INFORMATION ON OUR GOOD GOVERNANCE CODE AT

www.grupoargos.com
Corporate
Governance
Section.

Guidelines for subsidiaries

The following are the mechanisms used by Grupo Argos to provide environmental management guidelines to its affiliates:


- > **Grupo Argos Sustainability Policy:** It specifies the importance of mitigating environmental impacts and provides clearly defined principles and guidelines that enable the companies to share common visions and activities on the use of natural resources and the mitigation of environmental impacts. See page 53.
- > **Good Governance Code:** It establishes a series of management practices, among which it highlights respect for the environment in the creation of value as a relevant issue for the organization. Chapter V: Corporate Social Responsibility, Section 1, defines the general principles that must rule the actions of employees and directors of the Group in their re-



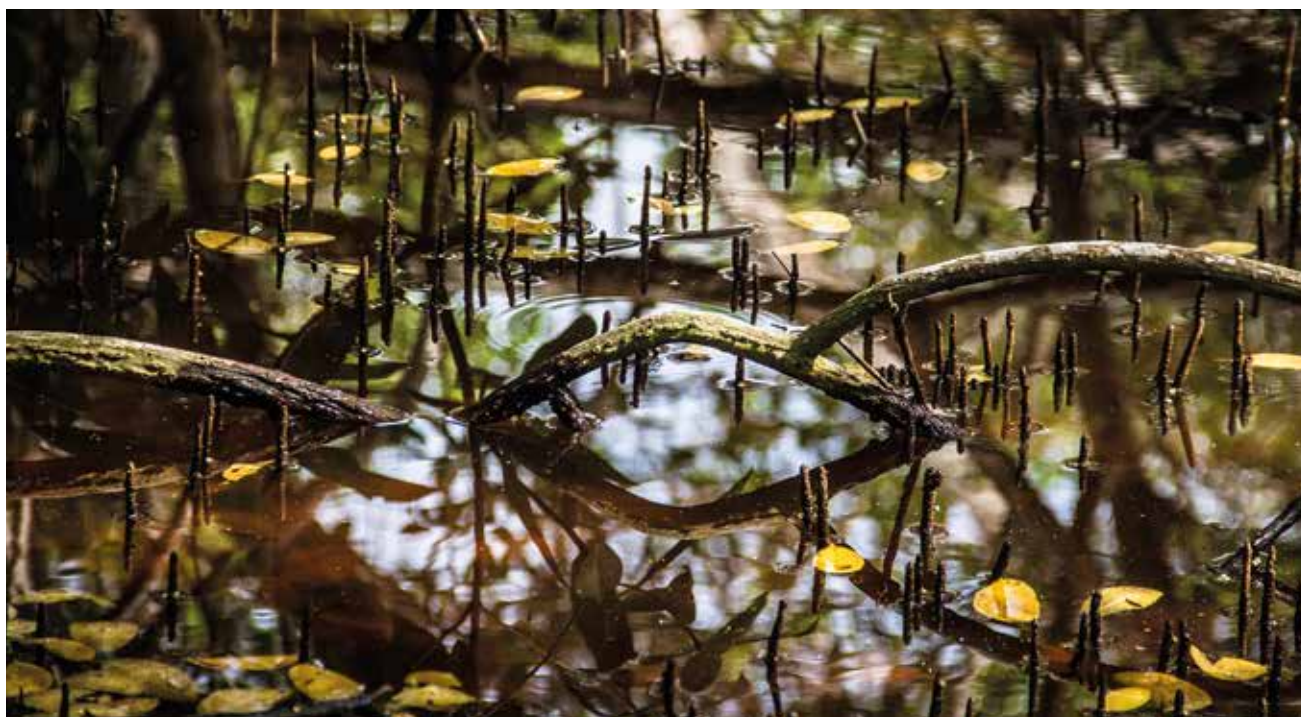
relationships with the communities, and specifies respect for the environment. Additionally, Section 2, Environmental Policy - Statement of Principles, specifies the mission of working in harmony with the environment and the community, and lists the environmental commitments that must be honored.

- > The Code of Conduct: Sets a series of rules of behavior under the principle of integrity for Grupo Argos as an organization, its executives and employees. Chapter III Section 5 provides detailed guidelines regarding the environment as part of the commitment to generating value in a sustainable manner in all businesses and daily activities.

- > The Boards of Directors of the subsidiaries review the sustainability strategy and environmental policies. The boards of Argos, Celsia and Grupo Argos have Sustainability and Corporate Governance Committees.
- > Grupo Argos promotes the inclusion of management-level positions responsible for environmental issues in the administrative structures of its affiliates.
- > Strategy meetings are held with Argos and Celsia where Grupo Argos actively discusses various matters, including the principles and risks that could affect


**SEE OUR CODE
OF CONDUCT**
and guidelines at
www.grupoargos.com
Corporate
Governance
Section.

Mangrove. *Rhizophora mangle*_ Grupo Argos is working with Ecoral on identifying the bio-diversity of Barú, with the purpose of developing a sustainable intervention model



corporate reputation in connection with environmental issues.

- > The Corporate Affairs synergy round-table, though not a decision making body, is the cross-sectional venue through which best practices are shared by all Grupo Argos companies, and environmental issues are analyzed.
- > The risk assessment tables include environmental issues, which are supervised by the Board of Directors. Grupo Argos' risk assessment process identifies business risks to quantify possible risks and develop work plans to be carried out in 2014 aimed at implementing corrective actions to minimize these risks. This assessment table is reviewed by the Risk and Finance Committee, one of the support committees of the Board of Directors.



LEARN ABOUT THE IDENTIFICATION, MANAGEMENT AND MITIGATION OF ENVIRONMENTAL IMPACTS IN

the 2013 Integrated Reports for each of our businesses at:
 Cement: www.argos.com.co
 Energy: www.celsia.com
www.epsa.com.co



Butterfly Fish, part of the bio-diversity of Barú.

Hand in hand with universities and scientists

Grupo Argos performs research on the bio-diversity and ecosystem of Barú.

FUTURE CHALLENGES AND PLANS

Grupo Argos will work on the development of a large-scale, overarching and ambitious goal to reduce, mitigate or offset its environmental footprint as a business group. To this end it will work closely with its subsidiaries on the identification of aspects on which specific commitments can be made, to be fulfilled within a period of 10 years for specific objectives.

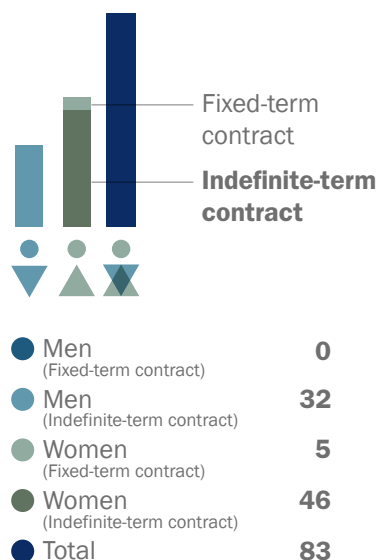
In 2014, six-monthly corporate forums will be launched where responsible technical teams will further develop the policy, guidelines and principles of sustainability, promote the transfer of knowledge and good practices regarding environmental risk management standards, and discuss the challenges of the strategy and the cost of the sustainable investments



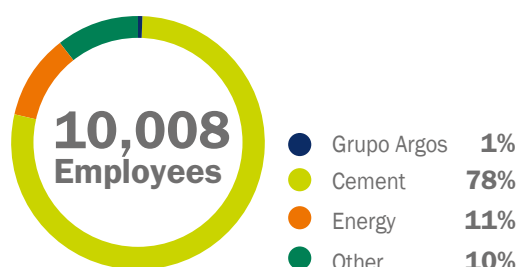
HUMAN CAPITAL MANAGEMENT

The approach of Grupo Argos to human resource management is derived from its corporate strategy and is inter-related with the sustainability policy, the code of conduct and the good governance code. The corporate competencies are: leadership, teamwork, innovation and results orientation, which are developed at the subsidiaries through various activities. The following are our main indicators:

Breakdown of Grupo Argos employees by contract type



Total direct employees Grupo Argos and its affiliates



Total employees of Grupo Argos and affiliates



*Cement provides information on its regular non-temporary workforce.

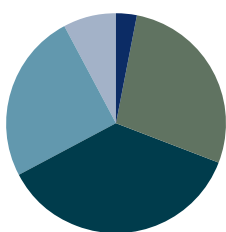
Activities with our employees

Through training we strengthen corporate culture and technical competencies and skills of our employees by sponsoring national and international education. Agreements were made with the subsidiaries regarding talent development and planning, mobility, succes-

sion, training, remuneration, work environment and performance management, all aligned through human resource management synergy roundtables that meet every month with the individuals responsible for human resource management at the affiliates.

Average number of training hours

Grupo Argos (without affiliates)

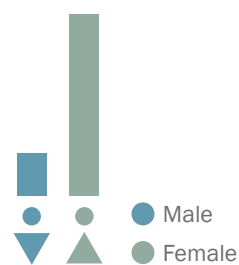


Group

Executive level	2
Management level	25.1
Director level	40.2
Specialist level	26.4
Operator level	8.5

Training hours by gender

Grupo Argos (without affiliates)

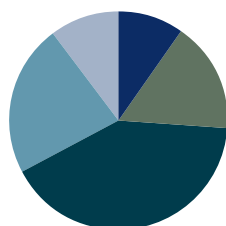


353 hours
1492 hours

Over
\$5
billion

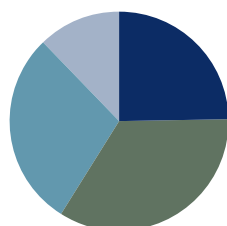
were awarded by Grupo Argos for 40 scholarships for staff members to study in Colombia and abroad.

Average number of training hours by business



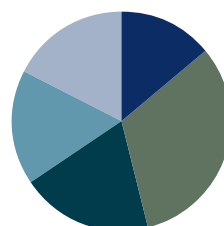
Cement

Executive level	36
Management level	61
Director level	152
Specialist level	83
Operator level	37



Energy

Executive level	68
Management level	94
Director level	0
Specialist level	80
Operator level	33



Other

Executive level	44
Management level	101
Director level	61
Specialist level	53
Operator level	54



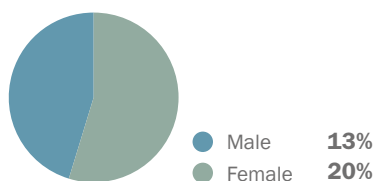
Performance indicators, new hires and turnover

The work environment has been evaluated at all subsidiaries with highly satisfactory results. Additionally, each company has structured an action plan to maintain and improve upon the findings and opportunities.

The performance management process was strengthened in the cement business, and in the energy business a study was carried out to develop a viable employee performance management proposal. At Grupo Argos as an individual company, and at Sator, Situm and Compas, performance management will be implemented in 2014 using the *Success Factors tool*.

Percentage of employees who received formal performance evaluations and reviews in 2013 by gender.

Grupo Argos (without affiliates)

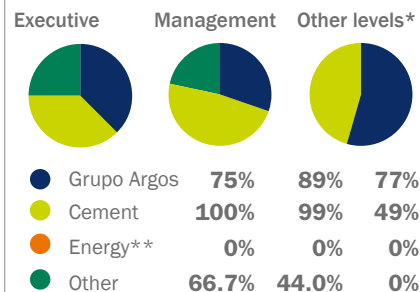


Percentage of employees who received formal performance evaluations and reviews in 2013 by level.

Grupo Argos (without affiliates)



Percentage of employees who received performance evaluations in 2013 by business and level.



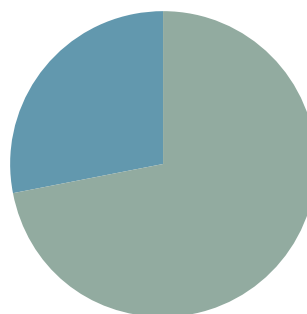
*Includes coordinators, professionals and administrative support staff.

**Currently in the process of designing its performance management system.

[GRI G4 - LA11]

Improvement in the quality of life of employees is promoted by offering standardized benefits at all group companies, as well as special incentives established according to the region and nature of the business. In addition to having a favorable impact on the work environment, they also have a positive effect on turnover rates, both at Grupo Argos as an individual company and its affiliates

Grupo Argos new hire rate 2013



The new hire rate at Grupo Argos (without affiliates) was 58%, which represents 48 new contracts.

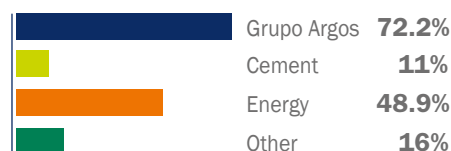
New hire by age range Grupo Argos



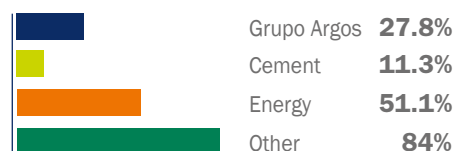
The following is the new hire rate by affiliate:



Female ▲

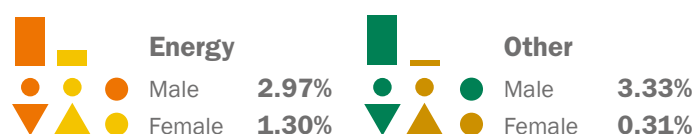
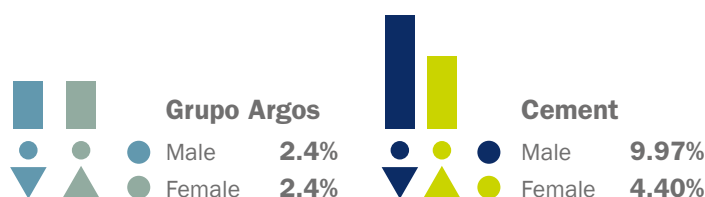


Male ▼



The turnover rate of Grupo Argos as an individual company, both total and voluntary, was 2.4% in 2013, corresponding to two persons who left the company, in the 31 to 40 age range.

Total and voluntary turnover rates at Grupo Argos and affiliates



TALENT MANAGEMENT IN FIGURES

409,884 hours of national and international training for employees of Grupo Argos and its affiliates, equivalent to an **average of 40.9 hours of training per employee.**

Training focuses on strengthening corporate culture, principles and values, and on corporate and technical competencies.

Grupo Argos received a score of **94% in the work environment survey** carried out by Great Place to Work, which places the company 0.5 points away from excellence.

Tekia, the subsidiary that is developing the agro-industrial project for Argos, **came in 12th place as best place to work in Colombia among companies with over 500 employees.**

55% of Grupo Argos employees (without affiliates) are within the salary curves; this represents internal fairness and external competitiveness.

The variable remuneration system of Grupo Argos (without affiliates) covered 64% of employees in 2013 and will cover 96% in 2014.



Prevention and self-care have made Grupo Argos and its subsidiaries a benchmark for work safety and health.

Work safety and health management system

Grupo Argos promotes the design and execution of Industrial Safety and Occupational Health processes at its businesses and subsidiaries in order to provide safe and healthy conditions at all operations. Grupo Argos' representatives at the Boards of Directors of the subsidiaries promote safe and healthy workplaces and prevention of accidents, occupational illnesses and emergencies. In the cement and energy businesses, criteria are unified through the synergy roundtables to enable performance measurement. There is a procedure in place to perform assessments of risk factors with the purpose of preventing, reducing and controlling them, in order to improve work conditions and to have a positive effect on employee health.

Programs in this area are aimed at promoting a culture of prevention and self-care, improving workplace conditions, controlling absenteeism and emergency preparedness.

CHALLENGES AND PLANS FOR THE FUTURE

With the purpose of developing a unified Industrial Safety and Occupational Health policy and having a positive effect on corporate culture, we are working on the enhancement of personal and professional development and strengthening of employee health and safety. This will help achieve improved performance with effective, balanced and sustainable results.

In the short term, the main focus area of Grupo Argos is to promote leadership capabilities. The Liderargos program is targeted at the management and heads of department lev-

els. The program covers a substantial number of Grupo Argos locations and subsidiaries. In the medium term, the critical roles, high-potential candidates and possible successors will be identified based on talent mapping.

In the long term we will continue strengthening leadership at all the companies, develop more flexible fixed and variable remuneration arrangements, develop the competencies of each business, and consolidate performance management for the various teams, providing the supervisors the support of the *Success Factors tool*.



Free concert for the community during the Music Festival in Cartagena.

RESPONSIBLE MANAGEMENT AND CORPORATE CITIZENSHIP



FOR MORE INFORMATION

on sustainability
policies and
programs see

www.grupoargos.com

IN LINE WITH ITS POLICY, Grupo Argos expresses its corporate citizenship through its economically, socially and environmentally responsible business management model.

In addition to complying with legislation currently in effect and with the commitments derived from its operations, Grupo Argos is involved in corporate social responsibility initiatives with regional and local impacts through organizations that promote sustainabil-

ity and institutional strengthening; it supports processes and projects that contribute to human development to enhance the quality of life of the communities.

The Policy of Sustainability of Grupo Argos includes guidelines for its subsidiaries on the identification and reduction of social impacts derived from its operations in the communities in its area of influence and its commitment to social development.



Focus areas

Each affiliate has identified focus areas to work on that address community needs and the impacts found in studies of their respective areas of influence.

In 2013, Grupo Argos individually invested 3,943 million pesos in 125 initiatives, activities, projects and programs aimed at having a positive impact on institutional strengthening and the creation of social capital, through institutions with a proven track record in citizenship, culture and human rights issues. It also supported economic development with a social focus through contributions to inclusive production projects and small business promoters, and contributed to the improvement of educational infrastructure and quality through alliances with organizations, foundations and government entities. The following were the most noteworthy focus areas:

Botany: Grupo Argos supports research, knowledge and dissemination of the rich vegetation of our country through the Savia Botany collection, launched in 2012 with a volume on the Caribbean and continued in 2013 with the Amazon Orinoco volume, which provides the graphic inspiration for this Integrated Report. This collection is distributed for free to 1,300



The Savia collection sponsored by Grupo Argos contributes to public dissemination of the botanical heritage of Colombian regions.

public libraries nationwide. Savia Botany will continue for three more years with volumes on the Pacific Coast, the Western region and the Andean region. The company also supports the training and social efforts of botanical gardens in Colombia.

Culture: for Grupo Argos promoting culture and arts in disciplines such as literature, painting,

ORGANIZATIONS SUPPORTED IN 2013

INVESTMENT AREA	ENTITIES
Botany	Savia Botánica, Jardín Botánico de Medellín.
Culture	Ballet Folclórico de Antioquia, Medellín Cultural and Teatro Metropolitano, Parque Cultural y Museo del Caribe, Museo de Antioquia, Fundación Pasión de Barranquilla, Corporación Fomento de la Música, Fundación La Cueva de Barranquilla, Fundación Proantioquia, Fundación Cinemateca del Caribe, Corporación Fomento de la Música, Fundación Bienal Internacional de Cine de Cartagena, Orquesta Filarmónica de Medellín, Fundación Teatro Nacional, Fundación Barranquijazz, Biblioteca Pública Piloto de Medellín.
Education	Parque Explora, Parques Educativos de Antioquia, Fundación Bertha Martínez, Fundación Proantioquia, Universidad Eafit, Corporación Promoción de Excelencia Profesional (PEP) de Barranquilla.
Social processes and production project	Proantioquia, Fundación Bertha Martínez, Promotora de Comercio Social, Probarranquilla.

music, theater, dance, photography and film, among others, is a way of contributing to the integral development of communities, through activities that satisfy fundamental human needs such as entertainment and expression, while directly educating the public and fostering better citizens.

Education: Grupo Argos and its subsidiaries are committed to the improvement of the infrastructure, coverage and quality of education as key aspects to promote equality and social opportunities. In addition to the support for education provided by the foundations of Argos, Celsia and Epsa, Grupo Argos has joined efforts in projects for educational infrastructure, complementary training and content development.

Social processes: With the aim of contributing to the improvement of living conditions in communities in the areas of influence of some businesses, Grupo Argos has made contributions to housing projects for the victims of flooding in the department of Antioquia. It has also joined productive project initiatives to support low-income entrepreneurs through alliances with foundations.

Volunteer work: Grupo Argos promotes, both internally and at its subsidiaries, the development of volunteer programs that help strengthen the social awareness of employees and their personal contribution to the community, while at the same time strengthening their own competencies and skills in terms of leadership, teamwork and coordination.

In 2013 the volunteer programs included a campaign to donate school kits to communities in the areas of influence of the businesses, in which the company matched the number of kits donated by employees. In 2013, at Grupo Argos alone, as the parent company, 56 of a total of 73 employees participated and collected 458 school kits.

These community investments and activities are complemented with institutional involvement in industry groups and organizations that



Grupo Argos shares its commitment to education with all its subsidiaries.

are committed to the development of business and social capital in the region and the country.

In this line, Grupo Argos is a member of:

- > Latin American Business Council (CEAL, its acronym in Spanish): A network of Latin American entrepreneurs whose mission is to promote the participation of its members in trade and cooperation movements, in all aspects where private enterprise may contribute to strengthening their common links and to the socioeconomic progress of their respective countries.
- > American Society and Council of the Americas (AS/COA): A forum of opinion leaders to exchange ideas and create solutions for the current challenges of the Americas. Grupo Argos is a member of the Board of Directors.



Social investment by focus area Grupo Argos 2013

Millions of pesos



> Andi: Colombian Industrial Association. It is the country's main business association and its objective is to disseminate and propitiate the political, economic and social principles of a healthy free enterprise system.

> Proantioquia: Private business sector non-profit foundation established in 1975 by a group of entrepreneurs from Antioquia with the firm purpose of contributing to the development of a more economically competitive region with greater social equality, and a peaceful society that offers opportunities for all its citizens. The CEO of Grupo Argos is a member of the Board of Directors.

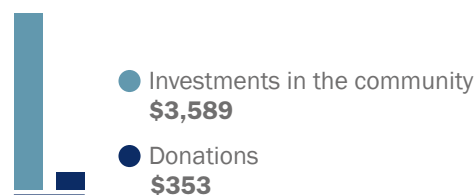
> Private Competitiveness Council: a private non-profit organization whose objective is to propose, promote and support policies and strategies that enable significant improvements in the country's competitiveness.

> Committee of Colombian Securities Market Issuers.

In 2013, the corporate volunteers program supported the provision of school supplies in the communities where we operate.

Types of investment by Grupo Argos 2013

Millions of pesos



Social investment and activities by affiliates

Each Grupo Argos subsidiary has identified focus areas to work on in terms of social investment, based on the needs of the communities where they operate and on impact studies of their areas of influence.



The Argos agro-industrial project in Montes de María involves social projects that benefit over 55,000 people.

Cement
Business

Total investment

\$53,233

million COP

Includes \$18,645 million COP in communities and \$34,587 million in socially-oriented business initiatives.

Energy
Business

Total investment

\$16,126

million COP

In the focus areas of quality of education, culture and sports.

Otros
Negocios*

Total investment

\$2,799

million COP

In the focus areas of community development, culture, education, health, landscaping.

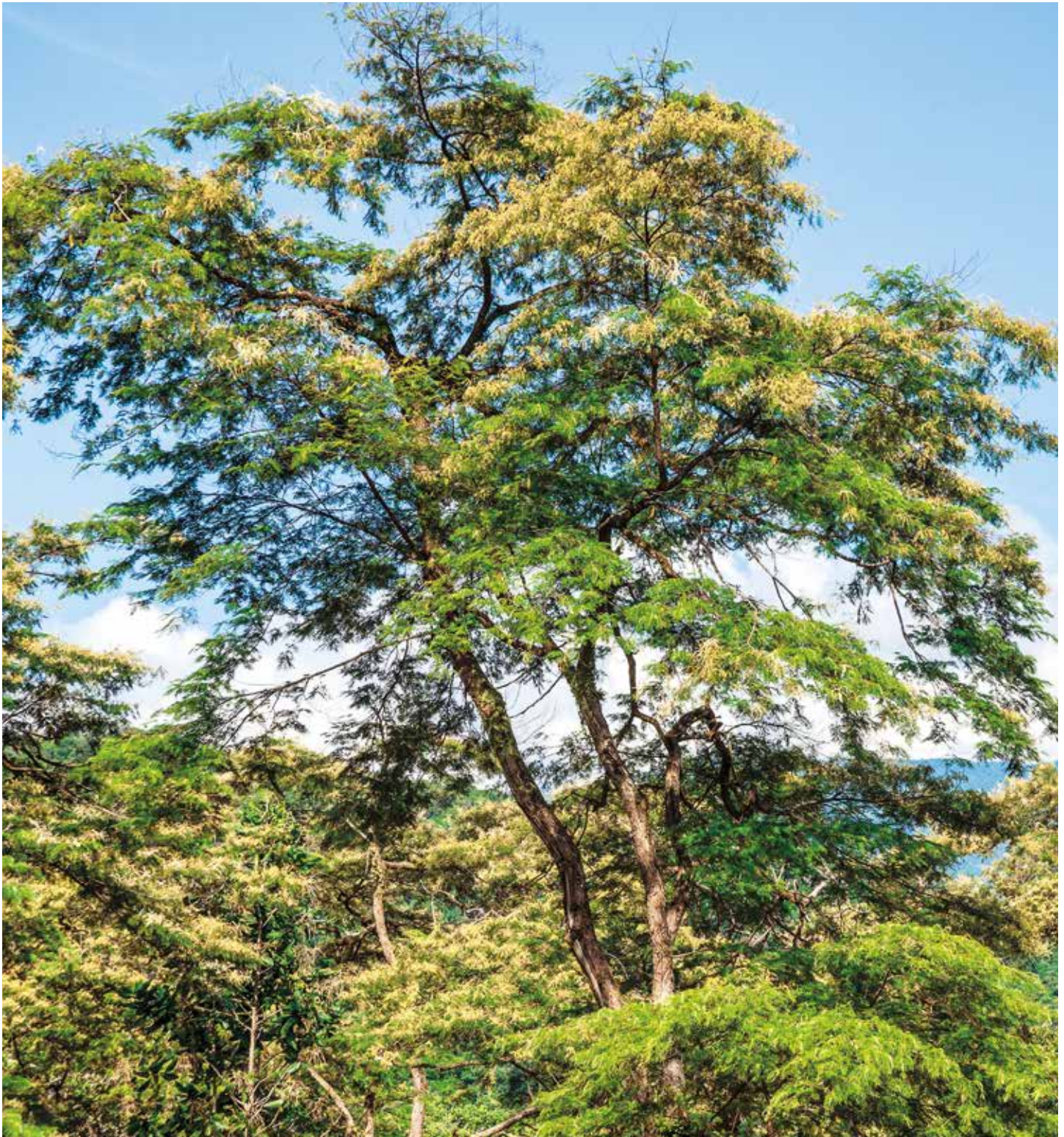
*Other businesses include the companies: Sator, Situm and Compas.



The subsidiaries discuss and join efforts with the communities to promote social development.

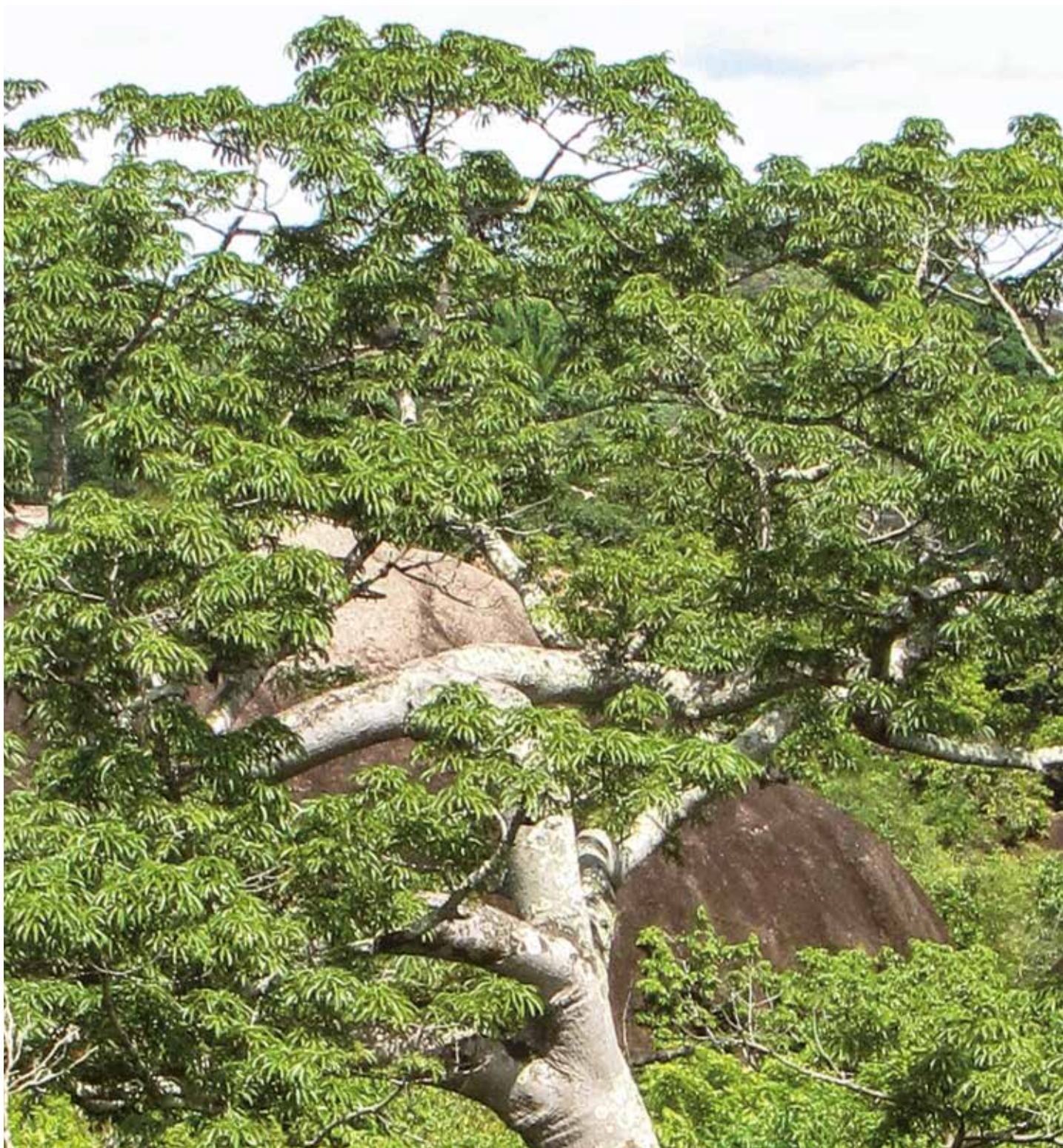
FUTURE CHALLENGES AND PLANS

In 2014 Grupo Argos will lay out its plan for sustainability over the next 10 years. Part of this program includes a study to define the focus areas for social investment, based on existing needs and opportunities to create greater value for the community.



Yopo. Mimosa trianae.

OUR BUSINESSES



Ceiba among tepuis. *Ceiba pentandra*.





Argos Plant in Cartagena.

The information on the businesses contained in this integrated report corresponds to the materiality analysis of Grupo Argos. That is, although the businesses of cement (Argos), energy (Celsia) and real estate (Situm) conducted their own materiality analysis in 2013, and the first two publish the information for the financial year under the Guide to Integrated Reporting G4, the relevant aspects of these businesses are included in this report.



CEMENT

Strategic framework

Cementos Argos is a multi-domestic corporation engaged in the production and marketing of cement and concrete that seeks to continue as a leader in every market where it competes with operations located within an established geographic area, offering the possibility of generating logistical synergies and maximizing its installed capacity in markets with high growth potential.

Its business model is based on offering the best value proposition to its customers in a differentiated way, ensuring the achievement of long-term goals through sustainability and innovation. To this end, and

thanks to the commitment of all its collaborators, the year 2013 closed with great advances in sustainable growth strategy. As a first step, the company received the silver category rating of the Dow Jones Sustainability Index. Likewise, the issue of shares with preferred dividend and no voting rights was successfully completed with which we raised nearly USD \$ 880 million mainly to finance organic and inorganic growth. Part of these funds were used to acquire a 53% share of a cement company in Honduras, thus establishing the first Caribbean and Central American regional integrated plant.

In 2013, Argos developed initiatives for its seven priorities, providing balance and life to the core elements of the strategy:

Consolidation and Expansion: Acquisition of assets in Honduras and Florida (first quarter of 2014).

Capital Structure: Issue of Preferred Stock in the amount of USD \$ 880 million.

Organizational Excellence: Decreased cost of sales.

Strategic Projects: Distribution Center in Cartagena and new cement mill in Harleyville.

Operation Models: Migration to SAP with process standardization.

Innovation: Higher revenues and savings as a result of innovation.

Sustainability: Inclusion in the Dow Jones Sustainability Index.

Sustainability

Argos' sustainability initiative is in line with customer centered business and sustainable development, i.e., economically viable, respectful of human rights, responsible and friendly to the environment. For Argos, ethics and transparency are the basis for doing business and interacting with various stakeholders of the company, for which it relies on a Code of Good Governance, a Code of Conduct and a Sustainability Policy that guide all its actions.

Pursuant to the sustainability strategy of Grupo Argos, the cement subsidiary Argos creates value responsibly by balancing economic efficiency, development and social inclusion, and environmental impact reduction within an action framework of transparency, ethics and innovation.



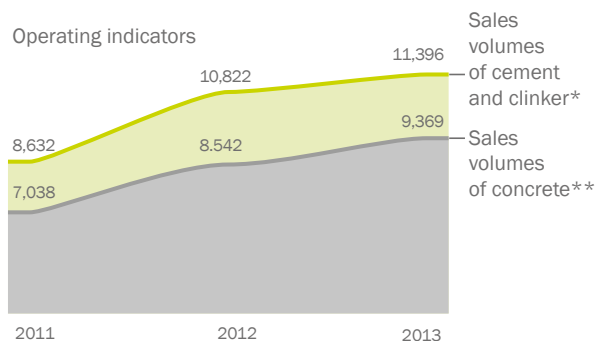
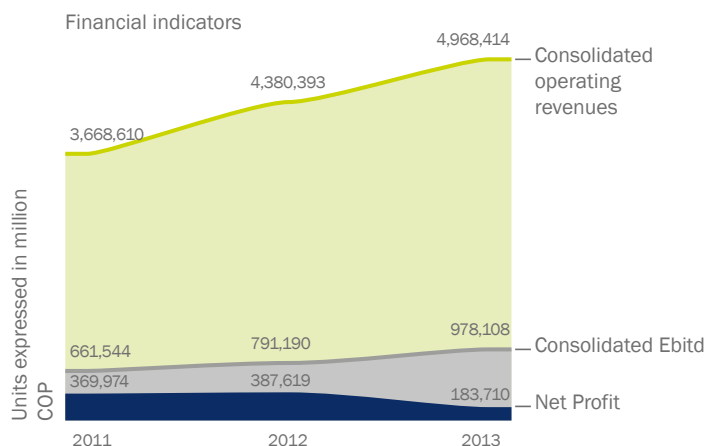
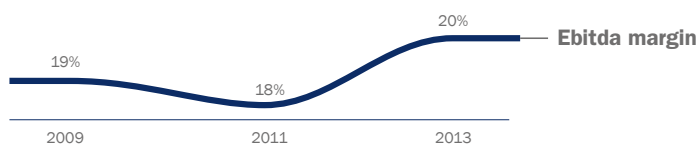
Student from a school in Buenaventura, Valle del Cauca, supported by Argos in the improvement of its educational infrastructure.



READ ARGOS SUSTAINABILITY POLICY

on the website www.argos.co/colombia/sostenibilidad/politica

Key financial figures



*Figures expressed in million metric tons for cement sales

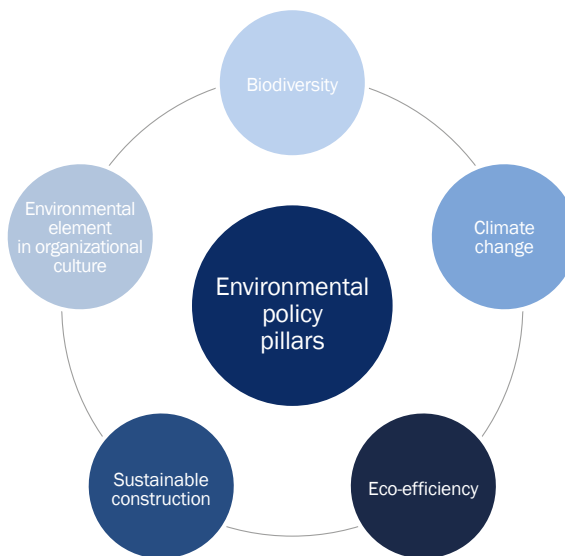
**Figures expressed in million cubic meters



Environmental management

Argos recognizes the impacts of its productive activity on the environment, and therefore has its own Environmental Policy that includes five pillars of action in order to prevent, mitigate, correct and compensate them. This policy has been the action guide for the environmental management of the Company since 2012, including programs and goals for each pillar expected to be achieved by 2022.

Consistent with its Environmental Policy, Argos has implemented environmental management systems as part of the continuous improvement of the environmental performance of its facilities, considering the significant impacts that they may have and the best way to prepare the Company to handle them.



Below are some indicators that are monitored for the cement, concrete and aggregate businesses.



Climate change and emissions

Cement

Direct emissions (scope1) in tons

CO₂eq: 5,645,139

Indirect emissions (scope2) in tons

CO₂eq: 971,659

Base year - measurement: 2006

Concrete

Direct emissions (scope1) in tons

CO₂eq: 51,121

Indirect emissions (scope2) in tons

CO₂eq: 18,197

Base year - measurement: 2006

Aggregates

Direct emissions (scope1) in tons

CO₂eq: 1,508

Indirect emissions (scope2) in tons

CO₂eq: 734

Base year - measurement: 2013

Goal for 2022

Reduce CO₂ emissions by 20%

Total emissions of Cementos Argos in tons

CO₂EQ 6,688,358

The company is committed to measuring and reducing greenhouse gases and other emissions; it focuses its efforts on measuring and reducing emissions, new monitoring systems, emphasizing the replacement of fossil fuels, technological upgrading and innovation in processes and products, in order to increase competitiveness as an organization.

The productive activity of Argos demands a significant amount of raw materials and energy, which is why one of the pillars of its Environmental Policy is eco-efficiency through which it carries out actions aiming at producing more with fewer resources and the least environmental impact possible.

From the pillar of biodiversity of its Environmental Policy, Argos establishes alliances with organizations that promote and protect biological diversity; it fosters the implementation of best practices in the rehabilitation of zones affected by mining and identifies

areas of high biodiversity value that will lead to strategies for their possible preservation. In 2013, 25% of the hectares that concluded mining operation are in the process of restoration, while 52% of the quarries in operation have closure plans.



**Energy,
water and
materials**



Goal for 2022
**Reduce water consumption by 20%
per ton of product**

Cement

Internal energy
consumption in GJ
33,718,020

Materials used
in tons
21,948,172

Recycled materials
4%

Concrete

Internal energy
consumption in GJ
836,960

Materials used
in tons
23,971,281

Recycled materials
3%

Aggregates

Internal energy
consumption in GJ
35,361

Materials used
in tons
4,556,185

**Power
generation**

Materials used
in tons
362,570,489

Internal energy consumption by Cementos Argos in GJ: **34,590,341**

Total material consumption: **413,046,127 tons**

Human capital management

In the context of Argos policies on human resource management and the pillars of culture, we promoted diversity and quality of life of employees through the creation and signature of the work - life balance manifest produced by the Steering Committee.

According to the needs of each geographical area, we develop programs such as near-home work sites; flexible hours on special days; two days off at holiday season; sponsorship of opportunities for friendly and fraternal activities; recruitment and training of female

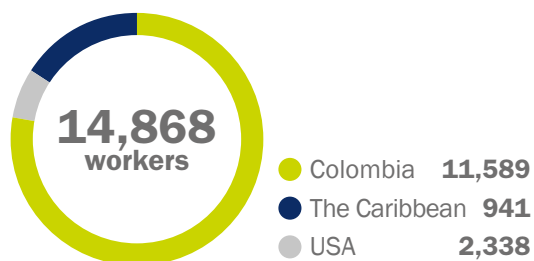
drivers skilled in the delivery of concrete, starting with two women certified in Colombia; promotion of health and healthy habits; posting on the intranet of the time zone of the countries where the company is present in order not to interfere with non-working hours. We support the recognition of collective achievements of the Company through award events and provide particular fringe benefits for each country such as health insurance policies, life insurance, loans, pension and retirement plans, savings plans, etc.

[GRI - EN1] [GRI - EN2][GRI - EN3]

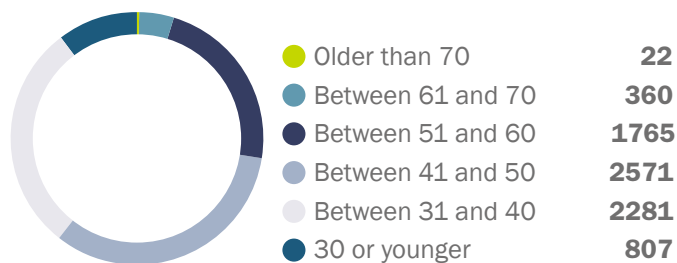


Total number of workers in the company

(Including direct and indirect)



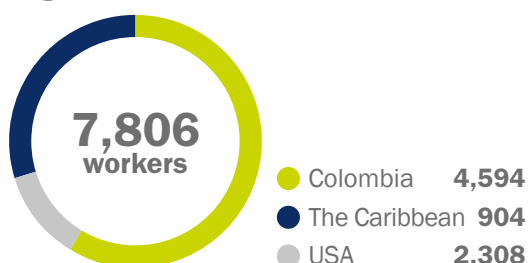
Number of employees by age



Number of employees by type of contract

Collaborators

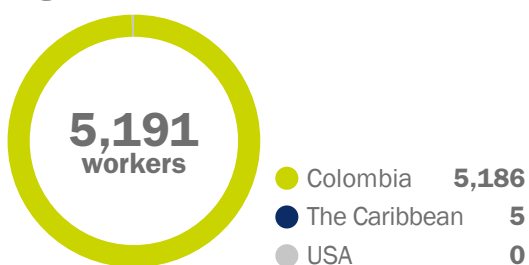
Regular workforce



Temporary workforce



Regular contractors



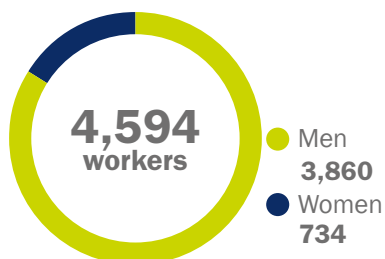
Occasional contractors



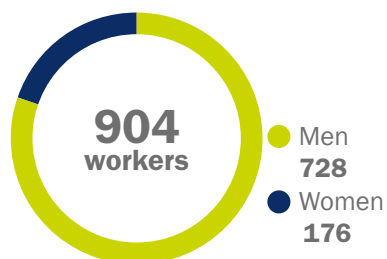
Number of employees by region and sex

Regular workforce

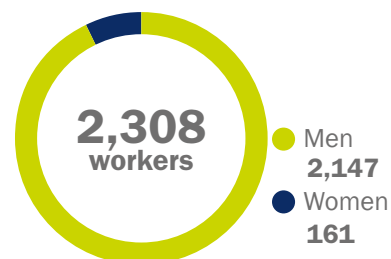
Colombia



The Caribbean



USA





Collaborators of the Fontibón plant.

Development strategies

Argos created a Training model (Educa) to consolidate the knowledge to develop the technical and corporate skills of its collaborators. The e-learning platform launched has trained 2,469 collaborators and provided access to customers, suppliers and contractors to develop knowledge of the business.

Total number of training hours



We implement intervention plans to strengthen collaborators' satisfaction, transforming the working environment leveraged by respect, fairness and friendship in line with the culture pillars of the Company. Additionally, the Great Place to Work Institute conducted the working environment survey for the third year in a row, which has shown significant progress.

In Colombia's particular case, the Work Environment Index is 70.6, which shows an increase of 60% from a satisfactory to very satisfactory rating threshold. By 2013 of 83.62% of the collaborators from Colombia, the Caribbean and Central America participated.

OPERATING INDICATORS	RATING 2012	RATING 2013
Colombia	67.8	70.6
Panama	40.0	52.1
Dominican Republic	53.2	56.5
Haiti	42.5	38.6
Surinam	39.3	37.8
Antilles	72.3	84.2

Results of the Work Environment survey of 2012 and 2013

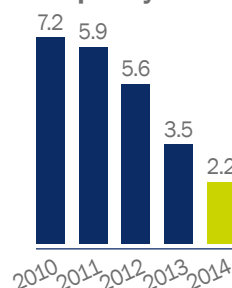


In health and safety, a leader in the construction sector

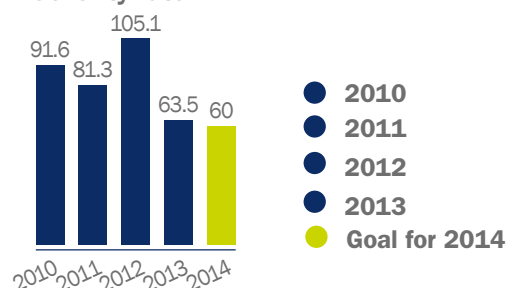
The Argos system of industrial safety and occupational health intends that all collaborators return to their homes safely and healthy. To achieve this, the Company has designed a management system that works in two areas: control of operation risks and promotion of a personal care culture. In terms of control, we created two matrices: the first identifies, rates and prioritizes all risks that may cause an accident or illness, and the second identifies, rates and defines standards for all high-risk tasks. Then we train all workers that lift equipment or perform tasks at heights, in hot areas, and confined spaces or with hazardous energy.

HEALTH AND SAFETY INDICATORS

Frequency rate



Severity rate



Corporate citizenship and community management

STRATEGY

Under the premise of maintaining good neighborly relations with communities of influence and contributing to local development, Argos bases its relationship with the communities on open, direct and permanent communication; to this end we have a team of people in charge of taking care of this relationship with direct



TO LEARN HOW CEMENTOS ARGOS INVESTMENT

is addressed to its Stakeholders,
please read the Integrated
Report on the website
www.argos.co

presence in the areas and abundant knowledge of the regions, which allows us to identify their needs and interests and structure social programs and projects accordingly.

Through ongoing communication, regular in-person meetings and an established procedure for handling suggestions, this team keeps neighbors informed about operations, results obtained during the year and the various activities carried out in order to prevent the materialization of risks identified for each of its facilities. They also disclose efforts to mitigate, minimize or compensate those risks associated with the nature of our business.

Lines of work

Based on the commitment to the development of vicinities, Argos focuses its work on two major groups of activities: managing the impacts of its operations on the community and generating local development.

MANAGEMENT OF PRIORITY IMPACTS (THE SOCIAL DIMENSION OF THE OPERATION)

- > Community infrastructure
- > Housing
- > Community strengthening (social capital)
- > Productive projects
- > Health
- > Education

LOCAL DEVELOPMENT (FOUNDATIONS)

- > Education (infrastructure)
- > Education (quality)
- > Productive projects
- > Social and cultural strengthening
- > Community strengthening (social capital)
- > Community infrastructure



FURTHER INFORMATION ABOUT THE IMPACTS

of this line of work on the communities in the Integrated Report of Cementos

Argos at www.argos.co

Education (infrastructure and quality)

Convinced that education is the main tool of progress, the Argos and Cima foundations focus their efforts on education, supporting and participating in public-private alliances that align their initiatives with programs promoted by local governments.

Argos implements construction and improvement projects of schools in Colombia and the Caribbean.



School in Barranquilla supported by Argos.

Productive projects (inclusive businesses)

We favor inclusive territorial development based on the implementation of inclusive businesses and a strategy of extensive and open communication with all economic, social and institutional actors of the territory. Inclusive businesses are relationship arrangements between groups of organized producers and companies that require the goods or services that the former produce, establishing formal agreements with rules defined since the beginning of productive processes. These companies become “anchor companies” for the businesses of small producers. The prime example of this line of intervention is the Montes de Maria Inclusive Territorial Development program; more than a dozen communities develop productive activities such as planting teak, mango, tobacco, sesame, beekeeping and livestock.



Social and cultural strengthening

Argos invests in activities and institutions committed to social strengthening and city building such as Parque Explora, Proantioquia, Museo de Antioquia, Biomuseo de Panama and the Shelby County Arts Council in Alabama, etc.



Beneficiaries of the educational infrastructure improvement programs led by Argos in Sogamoso, Boyacá.

Community strengthening

In order to enhance the skills and competencies of the communities to become creators of their own development, we constantly implement community strengthening programs, such as Leadership Training, Public Management Skills, etc., to help identify and train leaders of neighboring communities, so that in the future the company can interact and network with trained spokespeople, resulting in a fluent relationship.

Community infrastructure

In partnership with communities and local authorities, Argos constantly works on improving and sustaining community infrastructure, including improvement and construction of roads, aqueducts, tanks and spaces for community gathering, etc., in order to ensure access and mobility to communities, create contexts conducive to development, improve the quality of life and health, develop local capacities, build social fabric and improve access to regions, which in turn allows to overcome unmet basic needs and precarious conditions and provide more worthy situations.

Housing and health

We support initiatives aimed at improving the living conditions of the residents of the areas of influence by remodeling and building 486 housing facilities, which minimizes overcrowding and provide families with decent housing including the opportunity to start their own business at home, and increase their ability to generate revenue.

In addition, we installed efficient stoves in the kitchens, directly impacting the environmental and sanitation conditions of these houses.

Likewise, Argos supports entities and development projects which promote the improvement of health conditions such as the Children's Hospital of Alabama and Saint Gerard Health Center (Haiti).

Social investment in communities in 2013 per investment line

COP

Investment line 1: Education/Quality

	COL	\$1,471,890,066
	CAR	\$146,494,110
	USA	\$7,418,295
	Total by line	\$1,625,802,471

Investment line 2: Education/Infrastructure

	COL	\$5,967,474,624
	CAR	\$335,926,663
	USA	\$481,707
	Total by line	\$6,303,882,995

Investment line 3: Social capital

	COL	\$2,765,849,180
	CAR	\$73,197,472
	USA	\$3,757,318
	Total by line	\$2,842,803,971

Investment line 4: Social and cultural strengthening

	COL	\$2,427,876,041
	CAR	\$126,616,094
	USA	\$18,285,616
	Total by line	\$2,572,777,751

Investment line 5: Community infrastructure

	COL	\$2,602,205,169
	CAR	\$124,646,844
	USA	\$51,060,995
	Total by line	\$2,777,913,008

Investment line 6: Educational projects

	COL	\$545,603,600
	CAR	\$0
	USA	\$0
	Total by line	\$545,603,600

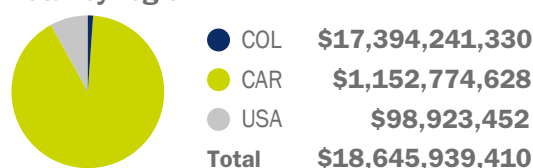
Investment line 7: Housing

	COL	\$1,568,342,650
	CAR	\$309,091,837
	USA	\$0
	Total by line	\$1,877,434,487

Investment line 8: Others

	COL	\$45,000,000
	CAR	\$36,801,605
	USA	\$17,919,519
	Total by line	\$99,721,124

Total by region





Inversión social en comunidades 2013 de las tres regionales por línea

USD

Investment line 1: Education/Quality

	COL	\$763,892.02
	CAR	\$76,028.56
	USA	\$3,859.00
	Total by line	\$843,770.58

Investment line 2: Education/Infrastructure

	COL	\$3,097,042.62
	CAR	\$174,341.62
	USA	\$250.00
	Total by line	\$3,271,634.24

Investment line 3: Social capital

	COL	\$1,435,440.17
	CAR	\$37,988.55
	USA	\$1,950.00
	Total by line	\$1,475,378.72

Investment line 4: Social and cultural strengthening

	COL	\$1,260,036.45
	CAR	\$65,712.13
	USA	\$9,490.00
	Total by line	\$1,335,238.58

Investment line 5: Community infrastructure

	COL	\$1,350,511.03
	CAR	\$64,690.11
	USA	\$26,500.00
	Total by line	\$1,441,701.14

Investment line 6: Educational projects

	COL	\$283,161.25
	CAR	\$0.00
	USA	\$0.00
	Total by line	\$283,161.25

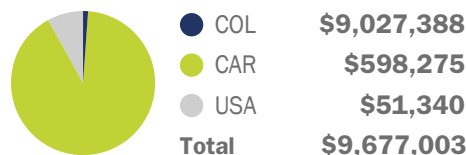
Investment line 7: Housing

	COL	\$813,949.67
	CAR	\$160,414.69
	USA	\$0.00
	Total by line	\$974,364.36

Investment line 8: Others

	COL	\$23,354.42
	CAR	\$19,099.56
	USA	\$9,300.00
	Total by line	\$51,753.98

Total by region



SOCIAL INVESTMENT (COMMUNITIES) AND INITIATIVES WITH SOCIAL IMPACT (CUSTOMERS AND SUPPLIERS)

Social investment	\$18,645,939,410
Commercial initiatives with social impact	\$34,587,773,854
TOTAL	\$53,233,713,264

Social investment (in the community)	Charitable donations	\$2,388,313,185.30
	Community investments	\$16,257,626,225.02
Commercial initiatives with social impact		\$34,587,773,854.00
TOTAL		\$53,233,713,264.32



Hydroelectric plan Hidromontañas in Donmatias, Antioquia.



ENERGY

Strategic framework

Celsia's MEGA is to triple the 2011 Ebitda by 2021, based on new businesses, operational excellence and entry into new markets in Latin America and the Caribbean, preferably interconnected with Colombia; it will evaluate investment options, initially in Panama, Peru and Chile. To this end, Celsia will work on its growth strategy together with the development of its organizational capacity platform, in order to obtain outstanding results within a business context committed to sustainable development.

To monitor the implementation of the strategy, Celsia designed its Balanced Scorecard (BSC) in 2013. The BSC translates strategy into key management maps with objectives and indicators, consolidates information from the different companies and



Hydroelectric plan Salvajina in Suarez, Cauca.



IND OUT MORE DETAILS ABOUT THE STRATEGIC FRAMEWORK on our company's website www.celsia.com in the sustainability section.

businesses, and allows for monthly monitoring. This BSC consists of five perspectives: Financial, Customer/Market, Operation, Human Resources and Organizational Capacity. It is worth noting that the BSC includes sustainability indicators.



Sustainability

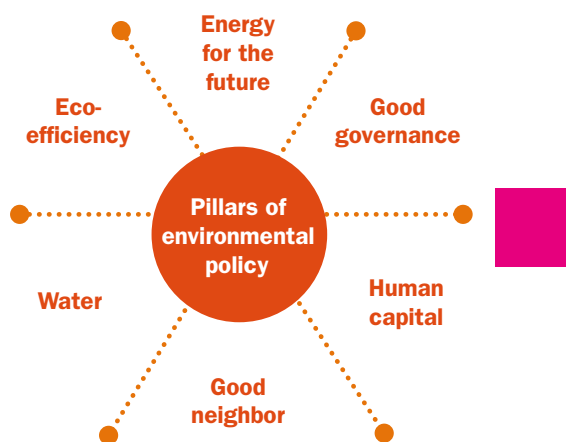
Celsia understands sustainability as the creation of value over time in an ethical and transparent manner for all its stakeholders with balance among return on assets, development and social inclusion, and respect for the environment.

The Sustainability Model, in development since 2012, is a fundamental part of corporate and competitive strategies, values and principles, and all business actions. Similarly, the model is aligned with Grupo Argos' Sustainability Policy, based on a competitive and responsible view of business in the long-term.

The Celsia Sustainability Model is periodically updated based on the business strategy, the risks of the organization, the balanced scorecard,

the best national and international practices and the issues relevant to stakeholders. The model includes six areas of action: energy for the future, good governance, human capital, good neighbor, water and eco-efficiency, which in turn gather twelve aspects on which Celsia emphasizes its sustainability management.

Celsia is moving towards the consolidation of a sustainability culture throughout the organization. As part of this commitment, in 2013 the progress report is submitted for the first time to the United Nations Global Compact, of which Celsia is a member since 2012. Similarly, for the development of its integrated report, the Global Reporting Initiative (GRI) was chosen as a guide since it focuses on sustainable development. In 2013, Celsia was invited to participate in the annual review of the Dow Jones Sustainability Index (DJSI). Nationally, it participates in the Latin American Network of the Global Compact in Colombia and CECODES.



TO LEARN MORE DETAILS ABOUT CELSIA'S AREAS OF ACTION FOR SUSTAINABILITY

please visit <http://www.celsia.com/site/SostenibilidadCelsia/Modelodesostenibilidad.aspx>



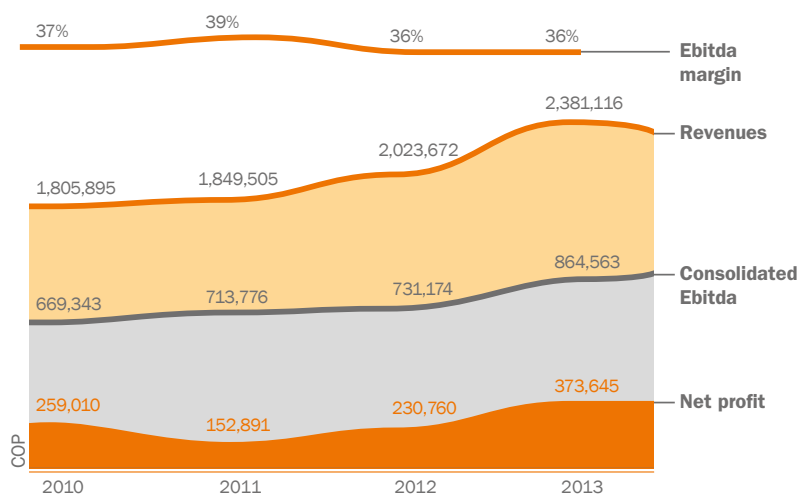
Students of the Rural School Jesus Maria Osorno supported by Celsia in Donmatias, Antioquia.



Thermolectric plant Zona Franca, Celsia in Barranquilla.

FINANCIAL FIGURES

(2010 – 2013) consolidated values



Installed capacity of 1,777 MW, out of which **56%** (1,000 MW) corresponds to hydroelectric plants and **44%** (777 MW) to thermal plants of Celsia; of which 610MW are generated in natural gas combined cycle plants, with the possibility of operating with liquid fuel, and 167 MW in natural gas single cycle plants.

6,170 GWh:
10% of total energy generated in the country in 2013.

7 subestaciones and a 274 kilometers network
220 kV: 2% of national transmission.

72 substations and a 19,567 kilometers network
< 220 KV of national demand.

544,383 regulated and non-regulated customers: **4.3%** of the national market.

8.91% of energy losses in distributions: one of the lowest in the country.



Environmental management

Celsia understands its responsibility regarding the impacts that their activities may have on society and the environment; therefore, it has environmental management systems certified under ISO 14001:2004 and framed within the Sustainability Model and environmental management plans of plants and projects in order to identify, assess and manage the impacts and ensure compliance with legal requirements. This promotes a harmonious relationship with stakeholders in the areas of influence through fulfillment of commitments, inter-institutional work, co-management and community self-management, which are the necessary conditions for sustainable development of the regions where we operate.



CLIMATE CHANGE

As a voluntary action in 2013, the organization established the baseline of the greenhouse gas (GHI) emission inventory with 2012 as year of reference, which is the main input for the definition and implementation of the climate change policy and strategy and the emission reduction targets that will be adjusted in 2014. Additionally, some of our plants were certified under the Clean Development Mechanism (CDM) scheme in EPSA and the Verified Carbon Standard (VCS) scheme in Celsia, demonstrating the organization's commitment to international agreements, such as the Kyoto Protocol, and voluntary carbon market schemes.



INTERNAL ENERGY CONSUMPTION

In 2013 we implemented projects to reduce energy consumption in the Zona Franca plant and EPSA. Regarding the energy efficiency of products and services, EPSA has made some efforts addressed to residential consumers in terms of efficient energy use. Total consumption of energy by the organization in 2013 from non-renewable sources such as natural gas for power generation and diesel and gasoline was 13,015,070 GJ, mainly for emergency and auxiliary generators.



WATER CONSUMPTION

Water uptake in the organization is intended primarily for the generation of hydropower. To this end, the organization has obtained environmental licenses and concessions to take advantage of the flow of the different basins where it operates, using more than 5% of the flow from the source, under the supervision of the competent environmental authorities. The organization does not collect water in water stressed areas, according to the Global Water Tool developed by the WBCSD (World Business Council for Sustainable Development).

In all cases, water is re-integrated into the river at the same rate and better quality, because the process is subjected to a treatment for the removal of solids.

AIR QUALITY

Emissions from power plants are monitored periodically in accordance with national and international standards and the results show emission levels below permissible limits. The processes of the organization do not emit gases such as dioxins and furans and power generation with gas and/or liquid does not emit particulate matter.

BIODIVERSITY

To identify environmental effects, we conducted an environmental impact assessment (EIA) where, among other studies, we made inventories of fauna and flora that are likely to be affected by the project and the environmental impacts generated are defined. These are managed through environmental management plans (EMPs) that include programs of reforestation, restoration, and monitoring of air, water, and soil quality and social environment, which are designed to prevent, mitigate, compensate and monitor changes in the natural conditions of resources in the area of influence of the projects.



TO SEE MORE RESULTS OF THE BIODIVERSITY STUDIES

conducted by the organization, go to the Integrated Report 2013 at www.celsia.com

FUTURE PLANS

We expect to complete an assessment of opportunities for energy saving in each plant; to have a scheme for reviewing processes and measurements to control dumping and to define compensation measures for the carbon footprint. In the medium-term, the organization hopes to extend the NTC ISO 14000 certification to all its plants.



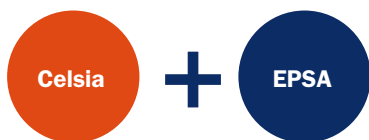
Total uptake in m³
9,406,633,150
Reused and/or recycled water in m³
3,969,675



Internal energy consumption in GJ: **13,015,070**
Energy intensity in GJ/KWh **0.002087**



Emissions from other atmospheric pollutants (SF₆ particulate matter, NOx and SOx) in kg
1,063,133



Total energy consumed in GJ
13,015,070



Total energy generated in GJ
6,170,037,845

GOAL

For 2014, we have planned to compensate for 5.2% of emissions based on 2012 measurement.

Energy intensity **0.002109**

Emission from other atmospheric pollutants in kg **1,063,133**

[GRI - EN3 - EN5 - EN8 - EN10 - EN21]



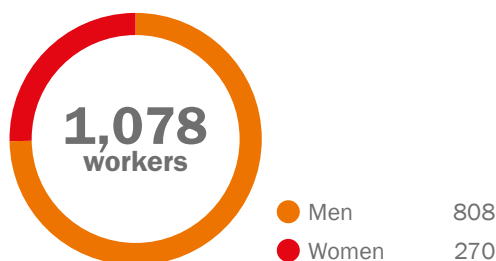
Human Capital Management

STRATEGY

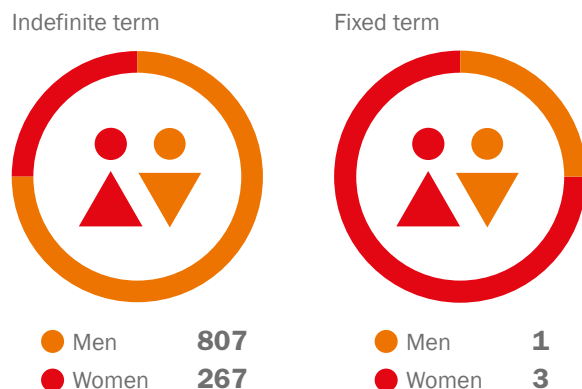
The value proposition of human management leverages the implementation of Celsia strategy, supports its leaders in attracting, retaining and developing human capital as a differentiating factor in the industry, and supports culture strengthening framed within high awareness of reasonable costs for competitiveness and sustainability.

The human management model is consistent with the policies and guidelines of the Grupo Argos matrix, although there are some peculiarities according to the type of business.

Number of employees by sex



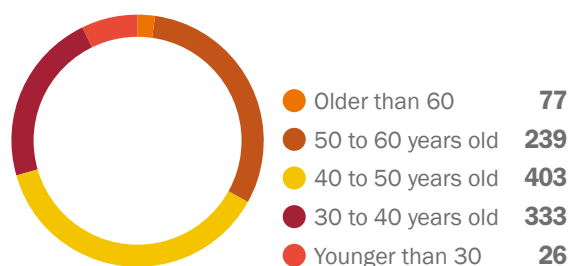
Number of employees by contract



EMPLOYEE TRAINING

Training is aimed at increasing collaborators' level of skills so that they contribute to the achievement of strategic objectives with their performance. The comprehensive development of collaborators begins with the stages of induction and training upon their hiring. Celsia develops skills through four pillars: business, corporate, leadership and skill development- and contributes to the consolidation of its organizational culture.

Number of employees by age



Total number of training hours




Celsia structured the performance management model that identifies to what extent people contribute to the achievement of results and how they behave as expected by the organization. Additionally, it has a variable compensation system that seeks to improve outcomes through collaborators' good performance in the implementation of organizational strategy and rewards the good performance of the company and work teams.



Employee in plant Termoflores, Barranquilla.

Occupational Health and Safety


**TO SEE
 OUR MAIN
 FIGURES**
 in health
 and safety
 management,
 please go to
 our Integrated
 Report on
www.celsia.com

As a strategy to make the occupational health and safety policy a reality, the company has implemented a management system focused on identifying hazards, assessing risks and determining controls that seek to minimize the probability of accidents, incidents and illnesses, and comply with legal requirements.

The occupational health and safety policy complies with the laws and addresses the risks inherent to the energy business.

Celsia has a hazard identification, risk assessment and control matrix. It conducts occupational inspections, investigations of incidents and accidents, hygienic measurements and diagnoses by means of the occupational hazard administrator (ARL in Spanish), vulnerability analysis to identify threats that might result in technological emergencies, and emergency drills. Additionally, Celsia has an external assurance system established by the occupational hazard administrator.

FUTURE CHALLENGES AND PLANS

- > Having leaders that ensure the implementation of a corporate and competitive strategy through the comprehensive development of their work teams.
- > Consolidating organizational culture through a good and safe working environment oriented towards responsible and sustainable achievements, under harmonious labor relations.
- > Restructuring the variable compensation model: number of salaries, percentages and long-term scheme.
- > By 2014 we plan to continue strengthening the safety culture through specific training in health promotion and prevention, according to the hazards and risks identified, the accident rate and morbidity pareto.



Corporate citizenship and community management

STRATEGY

Social investment is linked to the Good Neighbor area of action of the Sustainability Model, deriving mandatory environmental management plans and voluntary investment of the socio-environmental management of EPSA and Celsia and EPSA Foundations. The two main lines of action are education and community development that seek to contribute to the improvement of the education sector and strengthen the self-management skills of communities so that they become active agents in development.



Students of the school Jose Gomez Montoya supported by Celsia Foundation in Jerico, Antioquia.

LINES OF WORK

Improvement of the quality of life.

We provide training to community leaders in the areas of project preparation, leadership and entrepreneurship, thereby developing better capabilities in local organizations. We also implement socially-oriented infrastructure projects to improve environments in the territories such as road maintenance, health centers, educational institutions and community centers. In addition, we have carried out health prevention and promotion campaigns for people and pets.

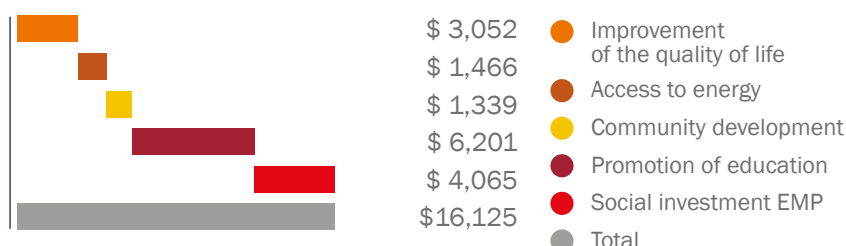
Access to energy. This is developed in EPSA through expansion of networks and donation of power generators in the department of Valle del Cauca, Colombia. We establish public-private partnerships to expand service coverage.

Community development. The EPSA and Celsia socio-environmental management develops different programs with rural communities regarding productive issues, food safety, watershed protection and productive plots. Formation and operation of environmental oversight committees was promoted and the participatory creation of ethno-development plans was supported. Meanwhile, the EPSA Foundation implemented 14 projects focused on basic development that promotes strengthening of community organizations in aspects such as life skills, production and marketing of products, conflict resolution and leadership, management and accounting, etc.

Promotion of education. The organization and foundations invested in improving educational infrastructure to provide better learning environments. 76,572 students benefited from the provision of school kits and cultural, sports and recreational programs. These foundations also supported projects which emphasized improving pedagogical skills of teachers and strengthening school management and curriculum. All these programs address the weaknesses and needs of the organization's areas of influence identified in the Education Sector Diagnosis made in 2013 by the firm Dividendo por Colombia.

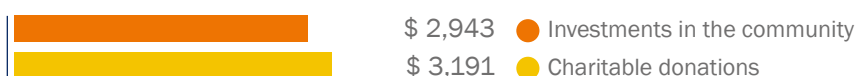
Promotion of education

Million Colombian pesos



Investment in the community by type 2013

Million Colombian pesos



This investment corresponds to the one made through EPSA and Celsia Foundations.

Celsia Foundation Investment

3,777 million Colombian pesos.

EPSA Foundation Investment

2,357 million Colombian pesos.



Student of a school supported by Celsia in Donmatias, Antioquia.

FUTURE CHALLENGES AND PLANS

- > In the short term, Celsia will review and adjust the Environmental Management Plans (EMP) in accordance with the needs of the communities in the areas of influence of the company. This includes both environmental and social actions.
- > EPSA will continue to consolidate, in the short and medium term, its voluntary social investment programs derived from the work agreed with communities.
- > The organization budgeted 14 billion Colombian pesos for socio-environmental management in 2014, including environmental compliance and improvement in the context of the sustainability policy.



Urban development led by Situm in the North of Barranquilla.

OTHER BUSINESSES

Strategic Framework

The strategic framework of the real estate, ports, and coal businesses guarantees the connection between the strategic objectives of Grupo Argos and the work schedule to be developed in each of them. In 2013, the ports and real estate businesses continued developing and focused on the consolidation and growth of its operations. On the other hand, the coal business continued its study and reconfiguration processes.



Port services and maritime terminals management in Colombia and the USA. During its first year of operations, Compas has adapted and specialized its terminals, positioning its services and becoming a leader within the cargo industry in terms of coverage and diversity.



Port services company with two lines of business in the real estate sector: a) land urbanism, or transformation of ordinary land into productive land, and b) property for rent comprised by commercial, corporative and industrial immovable goods.



Company focused mainly on coal mining operations in open-pit mines in Bijao (Department of Córdoba) and underground mines in the departments of Boyacá, Antioquia, and Cundinamarca. Its production capacity is 1.4 million Tons a year.



Puerto Compas, Barranquilla.

Sustainability

The real estate, ports, and coal businesses include sustainability as a clearly defined strategic objective, aimed at guaranteeing sustainable development, balancing economic profitability, social development and a diminished environmental impact. Committed to the guidelines of the UN Global Compact and to human rights, each of our businesses implements our policy of sustainability and adjusts it to our clients' needs.

CHALLENGES AND FUTURE PROJECTIONS



- > Situm will continue strengthening its key player image within the urbanism sector in Colombia by applying the best standards available to develop lands and become consolidated as an important player, not only in terms of the lands it owns, but also with third party lands. In the property line, Situm continues in the search of opportunities for growth and consolidation.



- > Compas' challenge is to successfully complete its process of expansion by finishing its investment in its port facilities and successfully implementing its Buenavista project in Cartagena and Aguadulce in Buenaventura.



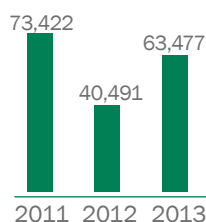
- > The challenge of the administrative team of this company is to complete the structuring of its resources and define the strategy to be used in the different operations it handles.



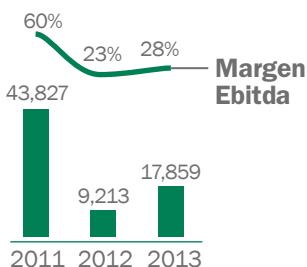
Main Financial Figures



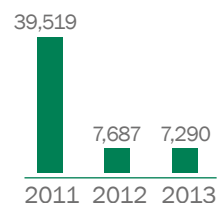
Consolidated Revenue
Millions of COP



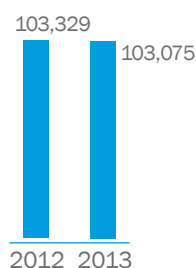
Consolidated Ebitda
Millions of COP



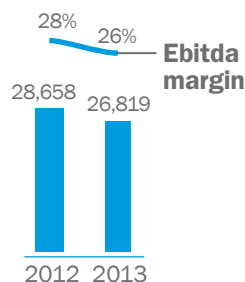
Net Profit
Millions of COP



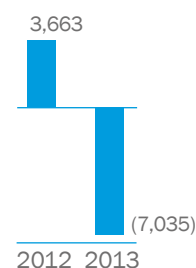
Consolidated Income
Millions of COP



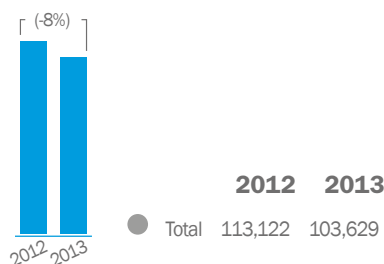
Consolidated Ebitda
Millions of COP



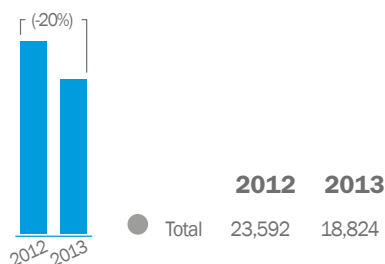
Net Profit
Millions of COP



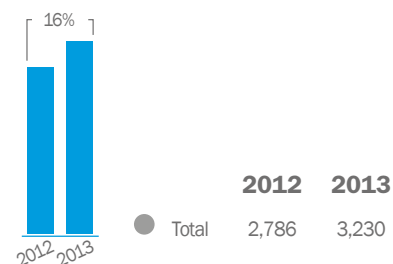
Mobilized Containers



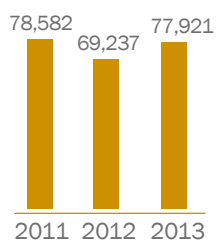
Imported and Exported Containers



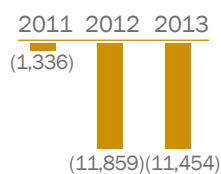
Tons of Bulk and General Cargo
Millions of Tons



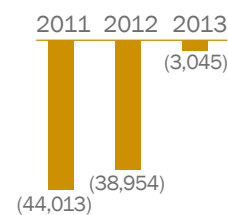
Consolidated Income
Millions of COP



Consolidated Ebitda
Millions of COP



Net Profit
Millions of COP



Environmental Management

Grupo Argos manages its environmental impacts through guidelines for environmental action aimed at managing business risks, impacts and opportunities. These guidelines were designed to constantly monitor operations to ensure fulfillment of environmental regulations and sustainability of operations. The following are some of the activities carried out in 2013 that comprise the environmental management of each of the business lines.

These business lines are completely autonomous in adjusting their own environmental management to operating needs. Compas, Sator and Situm have an organizational structure that depends on the Legal Management of Sustainability and Corporate Affairs, which is in charge of environmental management. The main purpose of this system is to determine the elements to be taken into account to meet environmental regulations in order to ensure that operations include measure, mitigation, monitoring and offsetting of possible environmental damages. In addition, the integrated risk system matrix of Grupo Argos identified possible risks for each of the business lines so that action and mitigation plans can be developed.



Lands belonging to Grupo Argos sustainably managed by Situm.

Situm's long-term urbanism development vision

proposed strategies to "build friendly housing projects" by adopting planned and land-efficient use for urban development models, so that future projects generate economic growth and are friendly and citizen inclusive, environmentally sustain-

able, institutionally strong and territorially integrated. Through its environmental management system, Situm focuses on unifying efforts to preserve biotic components (flora and fauna) and abiotic components (the atmosphere and the hydrosphere) in each of the regions operated by the company.





Puerto Compas, Buenaventura.

Compas developed its environmental management system to comply with

the specific geographical needs of each of its ports in order to integrate dispersed environmental care actions in a centralized structure that guarantees environmental management control. To do so, the company has outsourced the environmental



management department by contracting *Lupien, Rosenber et Associés* (LRA), a company that will implement environmental policies to guarantee the sustainable operation of the network by meeting current environmental regulations and the environmental commitments using the highest quality standards. The environmental mana-

gement of the company looks out for sustainable processes that minimize environmental impact caused by operations, by using natural resources reasonably. In the same vein, the company operates under optimal environmental specifications, obtaining new clients and business opportunities in a sustainable way.

Sator's coal business

identifies environmental impacts in compliance with the methodology developed by Conesa Fdez.-Vítora to define significant environmental aspects and to



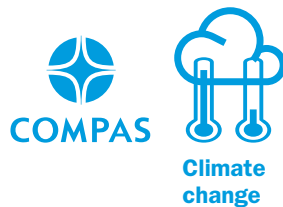
establish the corresponding environmental management measures. Such aspects are updated every five years, when processes or activities change or when environmental

situations that have not been foreseen take place. The following-up process is carried out through the Environmental Monitoring Report –ISA, for each one of the active facilities.

Other activities developed by our companies:

WATER

As a multipurpose port network Compas has developed sustainability actions to care for water. In this regard, education initiatives aimed at taking care of water resources and stocking endemic species of fish are being supported through projects involving artificial reefs and adaption to climate change programs.



Participation and leadership in the technical committee for ports: formulation of the **Cartagena climate change adaptation plan** along with the Mayor's Office of Cartagena, Invemar, CDKN, Cartagena Chamber of Commerce and the Ministry of Environment and Sustainable Development.

WASTE

Situm continued implementing measures oriented to provide proper handling, recycling and composting of waste. The real estate business requires its contractors to properly handle debris and reuse organic matter *in situ*.



To manage the water component, the building of approximately **890 linear meters of drainage systems** with an estimated investment of two billion Colombian Pesos in the Palmas the Río project.



Development and implementation of a **forest offset program**. Household heads of the indigenous community of Puente Uré participated in this program using their community nursery, and were in charge of identifying seed trees, collecting seeds according to the requested species, preparing sowing soil, and planting of seedlings in their own nursery.



Several projects developed by Grupo Argos and its subsidiaries support the offset of carbon footprint.



*Great Star Coral.
Biodiversity stock in Barú.*

In terms of preservation of the atmospheric component, as a strategic focus, Situm develops activities to control fugitive emissions of particulate matter caused by the wind and due to traffic of heavy duty equipment and/or cargo vehicles. The environmental management actions implemented during the development of urban planning projects included the control of the speed at which vehicles had to run and moisturizing of dry areas affected by the works performed.

Regarding the coal business in the Bijao mine, as it is an open-pit mine, it is necessary to monitor air quality and determine the amount of particulate matter that goes to the atmosphere as a consequence of coal exploitation and utilization activities. Constant monitoring activities of particulate emissions linked to coal exploitation activities are carried out. The amounts reported during 2013 do not exceed the annual regulation of $100\mu\text{g}/\text{m}^3$, as the average annual amount is $68,22\mu\text{g}/\text{m}^3$, and the maximum annual allowed amount is $98,57\mu\text{g}/\text{m}^3$.



*Coral (*Acropora palmate*) found as part of the project developed by Grupo Argos and Ecoral in Barú.*

BIODIVERSITY

Situm made an inventory of the flora and fauna of the zone, to determine the number of individuals and species at risk of being affected by implementing the projects planned by the company and then project the corresponding offset. In the same vein, strategies to preserve ecosystems were planned and implemented, by driving away, capturing and translocation of fauna.

In 2013, as part of the forest offset plan, 24,634 forest units

were planted in Barranquilla, including fruit trees, pink oak, Uva Playa and Conocarpus Erectus. This project was developed to meet agreements executed with the environmental authority or DAMAB.

In 2013 Compas developed a flora and fauna study in the port facilities of Barranquilla and Tolú, to update the baseline and the characterization of the biotic components to foresee impacts on biodiversity.

Human Capital Management

STRATEGY

The policy of the human resources management is based on the mutual commitment between the company and its staff to maintain a work environment that allows personal development at professional, labor and human levels, based on the generation of value for the company, and respecting the strict fulfillment of laws, decent, safe and healthy work, as well as the right to free association, and the fostering biodiversity, inclusion and a balance between life and work.

Satisfaction of employees is measured through the methodology used by *Great Place to Work*, through 5 different dimensions: credibility, respect, impartiality, fellowship, and pride.



Education in technical and human competences is key when managing human talent.

OUTSTANDING ACTIONS



The company has been working on the definition of its Human Resource Management policy, and has completed its recruitment process, the drawing up of its ethics code and its internal regulations for the place of work.

70 training courses have been developed with special focus on quality improvement, industrial safety and occupational health, environment and technical topics in each of the areas of the company.



The company has developed a training plan aimed at strengthening the leadership skills of its associates, team work, result-oriented skills and innovation.

In 2013, the **total number of training hours was 3,259 for an average of 84 hours per person.** In terms of remuneration policies, Situm has a variable remuneration system for levels 0 to 4.



The company created a life quality program at work that seeks to dignify mining labor.

34,905 hours of training were carried out; operators who want to complete their primary school studies are financially supported, and study loans are provided to those operators who want to pursue university studies, with an option to be exempted from repaying the company.



HEALTH AND SAFETY

Safe and healthy conditions are created in each line of business to prevent work accidents, work related illnesses and emergencies. Each business line has a specific set of procedures to draw up its own risk factors panorama in order to identify them, prevent them, diminish them and control them so that work conditions are improved and positively impact the health of its staff.

All in all, the programs developed by the company aim at fostering a culture of prevention and self-care, as well as the intervention on the work conditions, absenteeism and preparation for emergencies.



Associates of Bijao mine in Puerto Libertador, Córdoba, developing volunteer activities to benefit students of the zone.

CORPORATE CITIZENSHIP AND COMMUNITY MANAGEMENT

In line with the sustainability strategy and policy of Grupo Argos, the port, real estate and coal businesses develop their commitment of corporate citizenship by implementing programs that integrate the creation of value and the commitment to improve the environment of the communities where the companies have operations. Such activities are developed bearing in mind the balance between economic profitability, social inclusion and development and diminishing social impact.

The real estate business invests in society through its preservation and intervention of green areas program, citizen culture and education projects directly in the zones of influence. The company works along with the communities by having direct contact with them and promoting

dialogue and citizen participation to implement its initiatives.

In 2013, the port business focused investment on communities prioritizing education, infrastructure for educational projects, school nutrition security, education for work addressed to adults and senior residents of the communities, financial support to pursue university studies, training programs for Community Action Councils regarding community strengthening, education and environmental sanitation and entrepreneurship education. In addition, Compas has implemented, as a network of multipurpose ports, sustainability activities seeking preservation of water resources, re-stocking of fish using artificial reefs and climate adaptation programs. The company has a local contracting policy in the ports

Sator and Situm promote volunteering as a way to exercise individual social responsibility. Thus, in 2013, Situm launched its volunteer program, in which 15 associates are in charge of developing didactic materials and 25 additional volunteers are in charge of developing specific activities to benefit 65 students of Centro Educativo Básico Vereda Las Nubes, which is the only rural educational institution of Barranquilla.

of Barranquilla, Buenaventura, Cartagena and Santiago de Tolú, that promotes the retaining of services of people inhabiting the areas of direct influence of the ports, and assigning positions that require non skilled labor (primarily) and, if available, skilled labor if any of the inhabitants has the required qualifications. The coal business upholds its main commitment with the community regarding exploration and responsible mining, and social development, which

involves the knowledge of stakeholders, good neighbor relationships, improvement of roads and housing, education, environmental information for indigenous communities, community strengthening of minorities and labor incorporation of communities.

The housing improvement program is outstanding, addressed to 18 families of the Puente Ure indigenous community.

CHALLENGES AND FORECASTS FOR THE FUTURE

We will continue to build a common vision to propitiate the development of society, social inclusion, diversity, community strengthening, environmental care, and mitigation of operational impacts. All of this will be possible by the implementation of permanent, participatory and organized dialogue processes with communities and other stakeholders. These activities include the definition and implementation of sustainability policies for each line of business, as well as the definition of stakeholders and communication channels with each of them.

Compas

The company will continue structuring the objective and the strategies related to the sustainable development of its operations. It will also conduct a materiality analysis, and will work on the approach of identifying intervention lines, and will launch its corporate volunteering program.

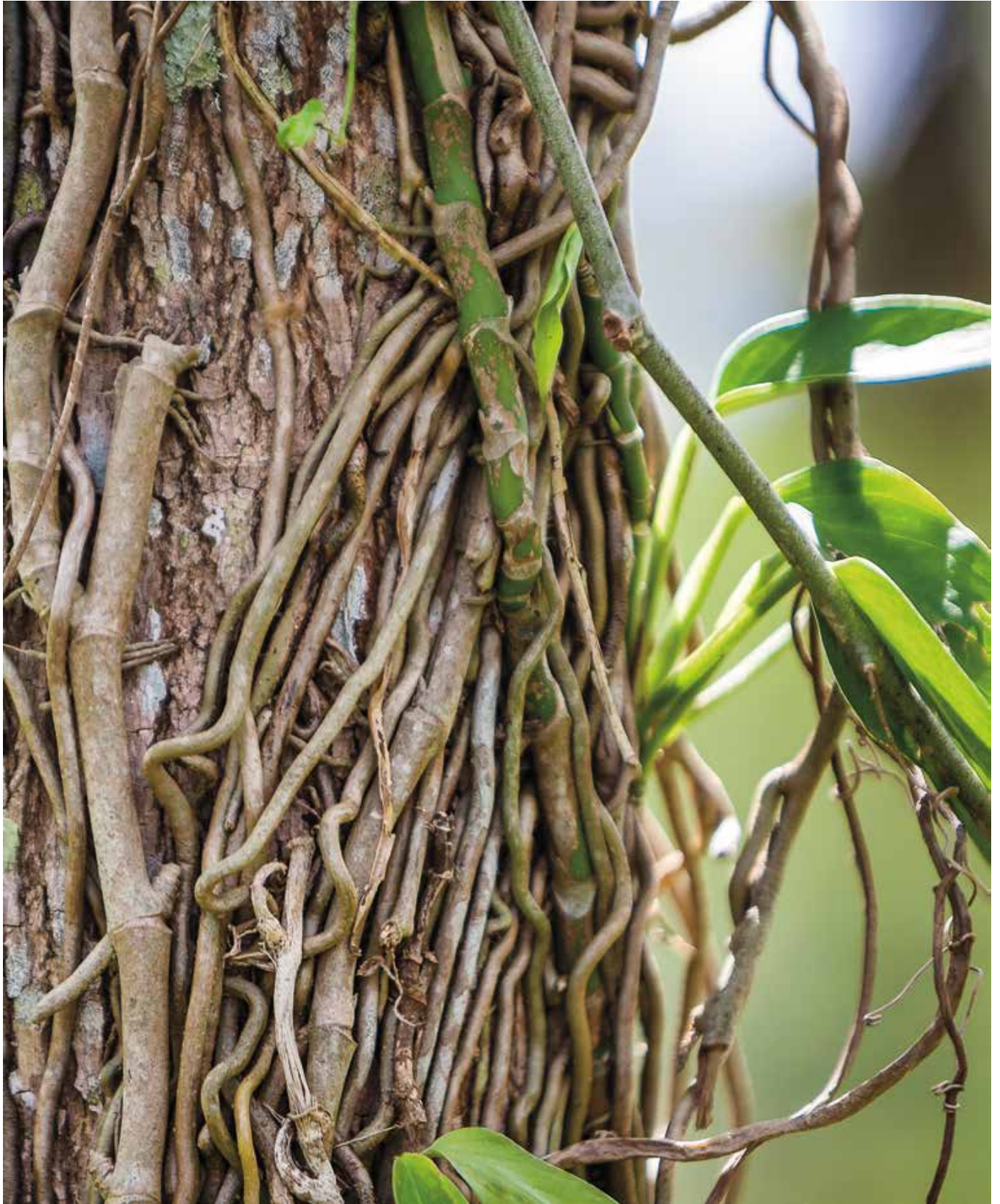
Compas will also develop a project of artificial reef construction in the coastal region of the municipality of Santiago de Tolú.

Situm

The company will develop its pilot program *Cuidemos el Parque* –Let's take care of the park- whose purpose is to raise a sense of belonging and respect for the park in the community. The project covers the remodeling and improvement of the park, using new irrigation technologies (saving water) to maintain green areas healthy. In addition, a social component will be included to gather the company's neighbors and users in an organization that aims to promote care and maintenance of the park. The program has a budget of COP\$ 500 million and will benefit around 1,500 people.

Sator

The coal business line faces big challenges and complexities. The operating scheme demanded by Sator in its mines against informality and illegality, which are common behaviors in the coal industry, makes the competitive environment of the coal sector hard to overcome. The corporate citizenship strategy and community management shall be aligned with the reconfiguration of this business line which is currently being implemented by the administrative team of the company along with Grupo Argos.



Grupo Argos S.A.


Consolidated Balance Sheet


At December 31


(In millions of Colombian pesos)

ASSETS	Notes	2013	2012
CURRENT ASSETS			
Cash		596.520	846.894
Negotiable investments	5	930.428	621.161
Accounts receivable, net	6	1.283.333	1.155.051
Inventories, net	7	497.973	467.056
Prepaid expenses		35.940	56.230
TOTAL CURRENT ASSETS		3.344.194	3.146.392
NON-CURRENT ASSETS			
Long-term accounts receivable	6	10.518	85.878
Inventories, net	7	85.247	86.432
Long-term investments	8	1.001.182	1.043.257
Property, plant and equipment, net	9	7.566.366	7.172.640
Intangible and deferred assets	10	2.732.394	1.918.447
Other assets		19.353	21.238
Valuations of assets	21	12.656.081	13.325.550
TOTAL NON-CURRENT ASSETS		24.071.141	23.653.442
TOTAL ASSETS		27.415.335	26.799.834
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Financial obligations	11	720.914	1.409.261
Outstanding bonds	12	204.182	87.091
Commercial paper	12	-	200.000
Suppliers and accounts payable	14	873.371	853.216
Taxes, duties and rates	15	304.355	183.836
Labor obligations	17	87.119	66.223
Other liabilities	18	668.750	824.405
TOTAL CURRENT LIABILITIES		2.858.691	3.624.032
NON-CURRENT LIABILITIES			
Financial obligations	11	1.063.692	1.685.905
Accounts payable	14	55.107	75.857
Taxes, duties and rates	15	-	46.923
Outstanding bonds	12	3.139.655	2.530.588
Convertible bonds	13	694.448	749.248
Deferred liabilities	16	94.927	95.751
Labor obligations	17	326.510	340.072
TOTAL NON-CURRENT LIABILITIES		5.374.339	5.524.344
TOTAL LIABILITIES		8.233.030	9.148.376
Minority interest	19	6.741.142	4.870.120
Equity, see attached statement	20	12.441.163	12.781.338
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		27.415.335	26.799.834
Memorandum accounts	22		
Accounts receivable		8.720.235	16.890.820
Accounts payable		15.577.304	15.374.864

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


José Alberto Vélez C.
 Legal Representative
 (See attached certificate)


Ligia Amparo Franco L.
 Accounting Manager
 Professional license no. 13072 - T
 (See attached certificate)


Olga Liliana Cabrales P.
 Statutory Auditor
 Professional license no. 92873 - T
 Appointed by Deloitte & Touche Ltda.
 (See attached certificate)

Grupo Argos S.A.

Consolidated Profit and Loss Statement

Years ending on December 31

(In millions of Colombian pesos, except net profit per share)

	Notes	2013	2012
Operating revenue	23	7.629.359	6.681.155
Cost of sales		5.536.545	4.900.511
GROSS PROFIT		2.092.814	1.780.644
Operating expenses			
Administration	24	541.892	517.076
Sales	25	203.405	175.121
TOTAL OPERATING EXPENSES		745.297	692.197
OPERATING PROFIT		1.347.517	1.088.447
OTHER NON-OPERATING REVENUES (EXPENSES)			
Financial revenues		51.723	49.526
Dividends and stakes		36.439	42.673
Financial expenses		(399.071)	(471.927)
Exchange difference	26	12.156	18.056
Other revenues	27	305.118	464.091
Other expenses	28	(240.453)	(298.003)
PRE-TAX INCOME AND MINORITY INTEREST		1.113.429	892.863
Provision for income tax and CREE fair tax	15	425.404	163.606
PROFIT BEFORE MINORITY INTEREST		688.025	729.257
Share of minority interest in profits of subsidiary companies		(393.075)	(385.319)
CONSOLIDATED NET PROFIT		294.950	343.938
Net profit per share		374,77	465,75

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

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Grupo Argos S.A.


Statement of Changes in Consolidated Shareholders' Equity


Years ending on December 31


(In millions of Colombian pesos)

	Share Capital	Issue Premium	Legal Reserve	Reserve for Future Expansion and Investments	Statutory Reserves	Other Reserves	Total Reserves	Equity Revaluation	Profits of Previous Periods	Profit of the Period	Asset Revaluation Reserve	Total Equity
BALANCES AT DECEMBER 31, 2011	40.694	553	20.347	1.283.048	-	5.988	1.309.383	645.070	-	153.657	7.416.402	9.565.759
Transfer of previous periods to profits	-	-	-	-	-	-	-	-	153.657	(153.657)	-	-
Dividends declared in cash at COP 212 per year per share	-	-	-	-	-	-	-	-	(166.040)	-	-	(166.040)
Appropriation approved by the Shareholders' Meeting	-	-	-	(91.383)	79.000	-	(12.383)	-	12.383	-	-	-
Issuance of preferred shares	8.613	26.531	-	-	-	-	-	-	-	-	-	35.144
Effect of merger by spin-off	-	-	9.318	163.427	-	427	173.172	145.361	-	-	1.974.199	2.292.732
Conversion of MCBs into preferred shares	2	750	-	-	-	-	-	-	-	-	-	752
Dividends from conversion of MCBs	-	-	-	-	(2)	-	(2)	-	-	-	-	(2)
Effect of unrealized gains	-	-	-	(575.418)	-	-	(575.418)	(2)	-	-	-	(575.420)
Profit of the period	-	-	-	-	-	-	-	-	-	343.938	-	343.938
Valuation movement	-	-	-	-	-	-	-	-	-	-	1.284.475	1.284.475
BALANCES AT DECEMBER 31, 2012	49.309	27.834	29.665	779.674	78.998	6.415	894.752	790.429	-	343.938	10.675.076	12.781.338
Transfer of previous periods to profits	-	-	-	-	-	-	-	-	343.938	(343.938)	-	-
Dividends declared in cash at COP 230 per year per share	-	-	-	-	-	-	-	-	(180.606)	-	-	(180.606)
Appropriation approved by the Shareholders' Meeting	-	-	-	163.332	-	-	163.332	-	(163.332)	-	-	-
Conversion of MCBs into preferred shares	161	54.639	-	-	-	-	-	-	-	-	-	54.800
Dividends from conversion of MCBs	-	-	-	-	(94)	-	(94)	-	-	-	-	(94)
Effect of unrealized gains	-	-	-	1.704	-	-	1.704	-	-	-	-	1.704
Profit of the period	-	-	-	-	-	-	-	-	-	294.950	-	294.950
Valuation movement	-	-	-	-	-	-	-	-	-	-	(510.929)	(510.929)
BALANCES AT DECEMBER 31, 2013	49.470	82.473	29.665	944.710	78.904	6.415	1.059.694	790.429	-	294.950	10.164.147	12.441.163

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


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Grupo Argos S.A.

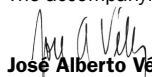
Consolidated Statement of Changes in the Financial Position


Years ending on December 31


(In millions of Colombian pesos)

	2013	2012
THE FINANCIAL RESOURCES WERE PROVIDED BY:		
Net profit	294.950	343.938
Plus (minus) debits (credits) to results that do not affect working capital:		
Share of minority interest	393.075	385.319
Depreciation of property, plant and equipment	451.948	417.467
Amortization of deferred charges and other charges	107.556	109.629
Amortization of deferred tax	3.691	-
Amortization of bond placement premium	1.642	1.642
Recovery of investment provision	6.260	(1.526)
Exchange rate differences in long-term financial obligations and accounts payable	36.708	(104.663)
Gain from sale of property, plant and equipment	2.712	(6.734)
Loss in sale and retirement of property, plant and equipment	451	5.176
Loss in retirement of other assets	740	3.778
Provision of property, plant and equipment	-	3.142
Net effect of retiring from the books long-term assets and liabilities related to the energy agreement signed by Termovale S.C.A. E.S.P.	-	3.056
Gain from sale of long-term and negotiable investments, net	(8.528)	(286.074)
Gain from sale of other assets	-	(2.565)
Recovery of retirement pensions	(12.452)	-
CAPITAL DE TRABAJO PROVISTO POR LAS ACTIVIDADES DEL AÑO	1.278.753	871.585
FINANCIAL RESOURCES FROM OTHER SOURCES:		
Sale of property, plant and equipment	11.738	25.989
Sale of long-term and negotiable investments	63.649	364.322
Increase in long-term labor liabilities	-	6.113
Increase in outstanding bonds	800.000	1.000.000
Issue of mandatory convertible bonds (MCBs)	-	750.000
Issue of preferred shares from conversion of MCBs	54.800	752
Decrease in long-term inventories	1.185	-
Decrease in other long-term assets	1.145	5.763
Decrease in long-term accounts receivable	75.360	-
Increase in minority interest and other equity items (Note 19)	1.638.097	-
TOTAL FINANCIAL RESOURCES PROVIDED	3.924.727	3.024.524
THE FINANCIAL RESOURCES WERE USED FOR:		
Acquisition of property, plant and equipment	664.825	392.268
Acquisition of long-term investments	19.306	38.743
Acquisition of assets through financial leasing	92.033	-
Increase in deferred and intangible assets	313.169	116.216
Goodwill acquisition of assets in Honduras	515.844	-
Net effect on conversion of companies abroad	178.150	-
Transfer of inventories to lands	17.600	-
Declared dividends	180.606	166.040
Conversion of MCBs into preferred shares	54.800	752
Decrease in long-term financial obligations	652.117	286.090
Decrease in long-term accounts payable	27.554	35.265
Transfer of bonds to short term	192.575	77.200
Decrease in long-term deferred liabilities	4.972	40.426
Decrease in long-term taxes	46.923	46.157
Decrease in labor obligations	1.110	-
Increase in long-term accounts payable	-	29.152
Increase in long-term inventories	-	9.707
Decrease in minority interest and other equity items	-	250.279
TOTAL FINANCIAL RESOURCES USED	2.961.584	1.488.295
INCREASE IN WORKING CAPITAL	963.143	1.536.229
CHANGES IN WORKING CAPITAL COMPONENTS		
Cash and temporary investments	58.893	485.484
Accounts receivable, net	128.282	(42.413)
Inventories, net	30.917	69.542
Prepaid expenses	(20.290)	14.182
Financial obligations	688.347	943.543
Commercial paper	200.000	(970)
Outstanding bonds	(117.091)	147.549
Suppliers and accounts payable	(20.155)	113.339
Taxes, duties and rates	(120.519)	14.603
Labor obligations	(20.896)	30.052
Other liabilities	155.655	(238.682)
INCREASE IN WORKING CAPITAL	963.143	1.536.229

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


José Alberto Vélez C.
 Legal Representative
 (See attached certificate)


Ligia Amparo Franco L.
 Accounting Manager
 Professional license no. 13072 - T
 (See attached certificate)


Olga Liliana Cabrales P.
 Statutory Auditor
 Professional license no. 92873 - T
 Appointed by Deloitte & Touche Ltda.
 (See attached certificate)

Grupo Argos S.A.

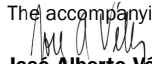
Consolidated Statement of Cash Flows

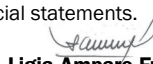
Years ending on December 31


(In millions of Colombian pesos)

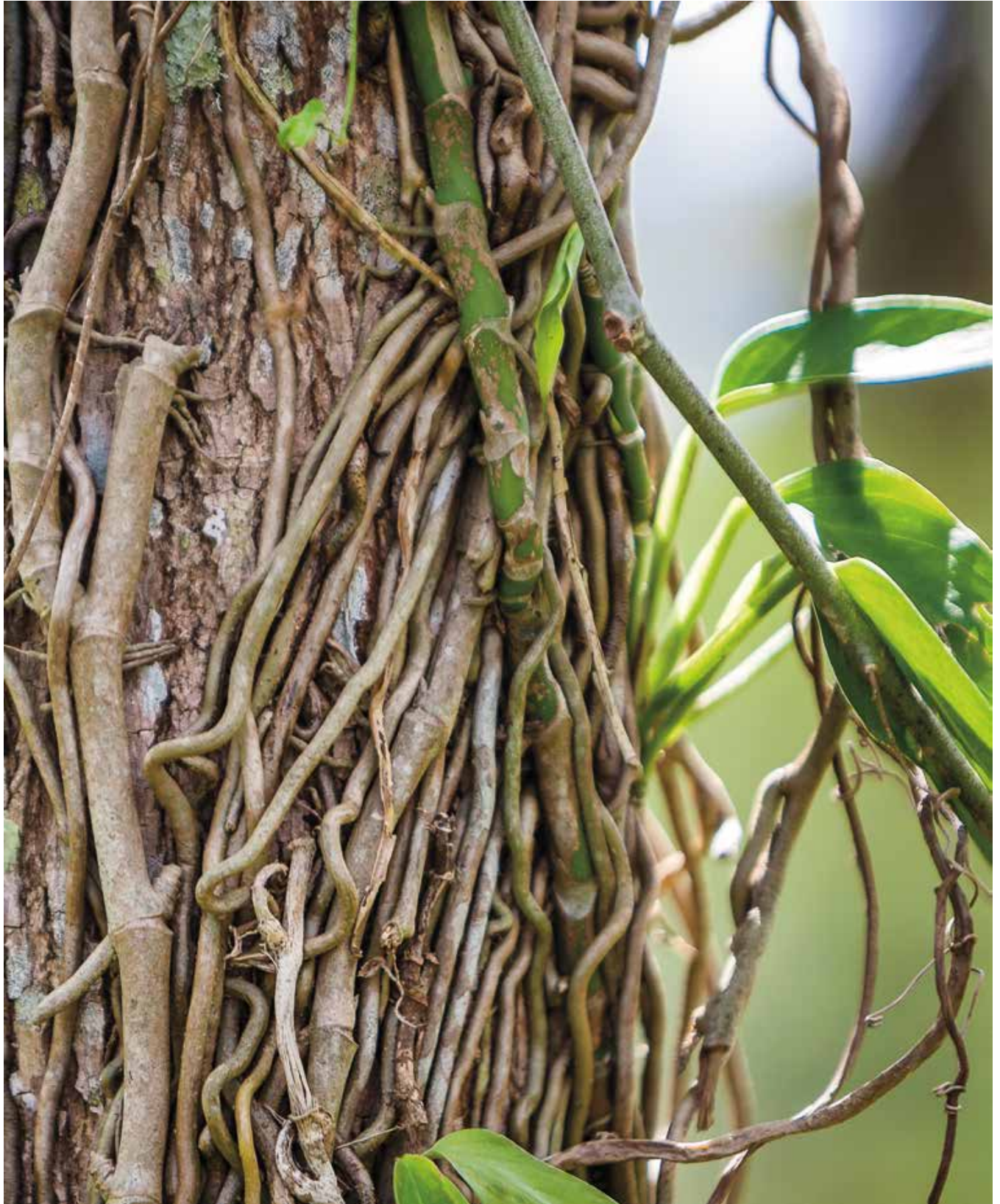
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	294.950	343.938
Adjustments to reconcile net profit with net cash from operating activities:		
Share of minority interest	393.075	385.319
Dividends receivable	(29.788)	(26.016)
Provision for accounts receivable	14.215	11.572
Provision for inventories	6.651	3.097
Recovery of investment provision	6.260	(1.526)
Recovery of provision related to the legal proceeding with the Tax Administration	(114.717)	-
Recovery of retirement pensions	(12.452)	-
Depreciation of property, plant and equipment	451.948	417.467
Amortization of deferred charges and other charges	107.556	109.629
Amortization of deferred tax	3.691	-
Amortization of bond placement premium	1.642	1.642
Gain from sale of property, plant and equipment	2.712	(6.734)
Loss in sale and retirement of property, plant and equipment	451	5.176
Gain from sale of long-term and negotiable investments, net	(8.528)	(286.074)
Gain from sale of other assets	-	(2.565)
Loss in retirement of other assets	740	3.778
Provision of property, plant and equipment	-	3.142
Net effect of retiring from the books long-term assets and liabilities related to the energy agreement signed by Termovalle S.C.A. E.S.P.	-	3.056
Exchange rate differences in long-term financial obligations and accounts payable	36.708	(104.663)
SUB-TOTAL OPERATING CASH FLOWS	1.155.114	860.238
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Accounts receivable	(37.349)	27.705
Inventories	(53.983)	(82.346)
Prepaid expenses	20.290	(14.182)
Suppliers and accounts payable	20.155	20.218
Labor obligations	19.786	(23.939)
Taxes, duties and rates	73.596	(60.760)
Other liabilities	(40.938)	105.125
Deferred liabilities	(4.972)	(40.426)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1.151.699	791.633
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Sale of property, plant and equipment	11.738	25.989
Sale of permanent and negotiable investments	63.649	364.322
Acquisition of property, plant and equipment	(664.825)	(392.268)
Acquisition of permanent investments	(19.306)	(38.743)
Acquisition of assets through financial leasing	(92.033)	-
Goodwill acquisition of assets in Honduras	(515.844)	-
Increase in deferred and intangible assets	(313.169)	(116.216)
Decrease in other long-term assets	1.145	5.763
NET CASH USED IN INVESTMENT ACTIVITIES	(1.528.645)	(151.153)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Declared dividends	(180.606)	(166.040)
Decrease in financial obligations	(1.340.464)	(1.229.633)
Payment of commercial paper	(200.000)	(199.030)
Issuance of bonds	800.000	1.000.000
Payment of outstanding bonds	(75.484)	(224.749)
Decrease in long-term accounts payable	(27.554)	(35.265)
Issue of mandatory convertible bonds (MCBs)	-	750.000
Issue of commercial paper	-	200.000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(1.024.108)	95.283
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1.401.054)	735.763
ITEMS THAT DO NOT AFFECT CASH		
Variation of minority interest and other equity items (Note 19)	1.638.097	(250.279)
Conversion of MCBs	(54.800)	(752)
Issuance of preferred shares	54.800	752
Net effect on conversion of companies abroad	(178.150)	-
Cash and cash equivalents at the beginning of the year	1.468.055	982.571
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1.526.948	1.468.055
CASH EQUIVALENTS		
Cash	596.520	846.894
Negotiable investments	930.428	621.161
CASH AND CASH EQUIVALENTS	1.526.948	1.468.055

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


José Alberto Vélez C.
 Legal Representative
 (See attached certificate)


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 Accounting Manager
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Olga Liliana Cabrales P.
 Statutory Auditor
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 Appointed by Deloitte & Touche Ltda.
 (See attached certificate)



Certification by the Company's Legal Representative

Medellín, February 28, 2014

To Grupo Argos S.A. shareholders and the general public

In my capacity as Legal Representative, I hereby attest that the consolidated financial statements as of December 31, 2013 that were made public contain no flaws, inaccuracies or material misstatements that could prevent Grupo Argos S.A.'s true financial position or transactions completed during the corresponding period from being known.



José Alberto Vélez C.
Legal Representative


Certification by the Company's Legal Representative and Accounting Manager

Medellín, February 28, 2014

To Grupo Argos S.A. shareholders

The undersigned Legal Representative and Accounting Manager of Grupo Argos SA. (hereinafter the Company), do hereby attest that the Company's consolidated financial statements as of December 31, 2013 and 2012 have been faithfully taken from the books, and that before making them available to you and others, we have certified the following statements contained therein:

- a) All the assets and liabilities included in the Company's consolidated financial statements as of December 31, 2013 and 2012 do exist, and all the transactions included therein were made during the years ending on those dates.
- b) All the economic activities undertaken by the Company and its subordinate companies during the year ending December 31, 2013 and 2012 have been recognized in the financial statements.
- c) Assets represent probable future economic benefications (rights) and the liabilities represent future economic sacrifices (obligations) obtained by the Company or for which it is responsible as of December 31, 2013 and 2012.
- d) The incurred income and expenditures reflect the company's reality and have been classified on the basis of prevailing legal provisions.
- e) All the elements have been recognized by their appropriate values according to Generally Accepted Accounting Principles in Colombia.
- f) All the economic facts that affect the Company and its subordinate companies have been properly classified, described, and disclosed in the financial statements.



José Alberto Vélez C.
Legal Representative



Ligia Amparo Franco L.
Accounting Manager
Professional license no. 13072 - T

Statutory Auditor's Report

To Grupo Argos S.A.
shareholders,

I have audited the general consolidated balance sheets of Grupo Argos S.A. as at December 31, 2013 and 2012, and the corresponding consolidated income statements, statements of changes in equity, statements of changes in the financial position, and cash flow statements for the years ending at those dates, as well as the summary of the main accounting policies and other explanatory notes.

Management is responsible for the preparation and correct presentation of these financial statements, in accordance with the Generally Accepted Accounting Principles in Colombia. This responsibility includes: designing, implementing and maintaining an adequate internal control system for the preparation and presentation of financial statements that are free from any material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and carrying out the accounting estimates that are reasonable under the circumstances.

It is my responsibility to express an opinion about these financial statements based on my audits. I obtained the necessary information to fulfill my duties and carry out my work in accordance with the generally accepted auditing standards in Colombia. These standards require me to plan and carry out the audit in such a way as to obtain reasonable certainty on whether the financial statements are free from any material misstatement. An audit of financial statements includes examining, on a selective base, the evidence that supports the figures and the information disclosed in the financial statements. The auditing procedures selected depend on the professional judgment of the auditor, including his or her assessment of the risk of there being any material misstatement in the financial statements. In the risk assessment, the auditor considers the internal control of the company that is relevant for the reasonable preparation and presentation of the financial statements, with the purpose of designing auditing procedures that are appropriate under the circumstances. An audit also includes assessing the accounting principles used and the material accounting estimates made by the Management, as well as assessing the general presentation of the financial statements. I consider that my audits provide me with a reasonable basis on which to express my opinion.

As of December 31, 2013 and 2012, Grupo Argos S.A. has direct and indirect investments in companies audited by other auditors and statutory auditors that are consolidated using the full integration method, according to the financial statements of those societies to date. These represent 5% and 3% of assets and 5% of the total consolidated income, respectively.

In my opinion, based on my audits and on those of the statutory auditors and auditors of the subsidiaries referred to in the previous paragraph, the aforementioned consolidated financial statements reasonably present, in all significant aspects, the consolidated financial position of Grupo Argos S.A. and its subsidiaries at December 31, 2013 and 2012, their operating results, changes in equity, changes in financial position, and cash flow for the years ending at those dates, in accordance with the Generally Accepted Accounting Principles in Colombia, applied on uniform bases.



OLGA LILIANA CABRALES PINTO

Statutory Auditor

Professional license no. 92873 - T

Appointed by Deloitte & Touche Ltda.

February 28, 2014

Grupo Argos S.A.

Notes on the Consolidated Financial Statements

At December 31, 2013 and 2012

(In millions of Colombian pesos, except otherwise noted)

Note 1 Reporting entity

Grupo Argos S.A. was incorporated pursuant to Colombian laws on February 27, 1934 (hereinafter the Company).

The Company's corporate purpose is to invest in all types of movable and immovable property, in particular stocks, quotas or shares of equity, or any other shareholding in companies, entities, organizations, funds, or any other legal figure that allows the investment of resources. Moreover, it may invest in fixed-income and equity papers and documents, be they listed on a securities exchange or not. In any case, the issuers and/or recipients of the investment may be of a public, private or mixed nature, domestic or foreign. National investors hold 96.56% and foreign investors hold 3.44%.

The Company may create civil or commercial companies of any kind, or join already-incorporated companies as a partner. The association allowed by this clause may include companies whose activities are different from its own, provided it suits its interests.

Through its subsidiaries, the Company participates primarily in the business of cement, energy, ports, coal, and real estate.

Its corporate office is located in the city of Medellín, Colombia, and the Company's term expires on February 27, 2033. Through public deed number 2952 of June 20, 2012 it changed its trading name to Grupo Argos S.A.

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

Alianza Progenética S.A.S.

Incorporated pursuant to Colombian laws on July 8, 2004. Its headquarters is located in the city of Medellín and its term is indefinite. Its main corporate purpose is the provision of all kinds of veterinary services, production, import, export and distribution of

in vitro embryos, be it pure or cross breeds, as well as freezing of these through various techniques: Ethylene glycol, glycerol or vitrification of these. As well as the sexing of fetuses through ultrasound and embryos produced in vitro. In 2013 through Ganadería Río Grande S.A.S., the company acquired 35% of the remaining shares held by minority shareholders to become the sole owner.

American Cement Terminals LLC

Incorporated pursuant to the laws of the State of Delaware, United States on September 20, 2007. Its main purpose is making investments and its term is indefinite.

Argos Dominicana S.A. (previously Cementos Colón S.A.)

Joint-stock company incorporated pursuant to the laws of the Dominican Republic on February 12, 1996. Its main purpose is the manufacture, sale, import and export of clinker and cement, mining and sale of minerals used in and related to the cement industry. The company's headquarters is located in Santo Domingo and its term is indefinite. Consolidated with Concretos Argos Dominicanos S.L.R. In 2013 as a result of the brand change in the Dominican Republic, the company changed its trading name to Argos Dominicana S.A.

Argos Honduras S.A. de C.V.

It was incorporated pursuant to the laws of Honduras on July 10, 1975 and is headquartered in Tegucigalpa. Its main purpose is the exploitation of all types of cement, its derivatives and products made from cement; obtaining exploration permits and licenses for the mining of camps and mineral deposits, whose substances are required to manufacture cement and its derivatives. Its term is indefinite. Cementos Argos

S.A. acquired 53.28% with the purchase of shares in Lafarge Cementos S.A. de C.V., through Nuevos Cementos S.A.S.. On December 10, 2013 it changed its trading name from Lafarge Cementos S.A. de C.V. to Argos Honduras S.A. de C.V. The company consolidated with Cementos del Sur S.A. and Cementos Uno de Honduras S.A.

Argos Panamá S.A. (antes Cemento Panamá S.A.)

Company incorporated pursuant to the laws of the Republic of Panama on June 25, 1943. Its main purpose is the manufacture, sale, import and export of cement and its derivatives, as well as the import of all type of raw materials, machinery, equipment and replacement parts for the manufacture and sale of cement. The company's headquarters is located in the city of Panama, Republic of Panama, and its term is indefinite. This company 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.. In 2013, Extracción Arci-Cal S.A. and Arenas del Golfo S.A. merged with Grava S.A. and the companies Canteras Nacionales Centrales S.A., Canteras Nacionales Chiriquí S.A. and Agropecuaria Panamá Este S.A. were dissolved. In 2013 as a result of the brand change in Panama, the company changed its trading name to Argos Panamá S.A.

Argos U.S.A. Corp.

Corporation incorporated pursuant to the laws of the State of Delaware, United States, on December 19, 2006. Its headquarters is located in Houston, Texas and its corporate purpose is carrying out legal investment activities in the cement, concrete and related products sector. Its term is indefinite. The Corporation consolidated with Argos Ready Mix (South Central) Corp. (previously Southern Star Concrete Inc.), Southern Star Leasing LLC, Piazza Acquisition Corp., RMCC Group Inc., Southern Equipment Company Inc., Gulf Coast Cement LLC, Savannah Cement Company LLC, South Central Cement Ltd., Central Aggregates LLC, Consort Livestock Inc., Argos Cement LLC, Argos Ready Mix LLC., Piazza Properties LLC, Palmetto Leasing Company, and Metro Products and Construction Inc.

C.I. del Mar Caribe BVI Inc.

Incorporated under the laws of the British Virgin Islands on June 2, 2004, with its headquarters in Tortola. Its corporate purpose is sales of cement, clinker and lime. In accordance with the laws of that country its term is indefinite.

Caltex S.A.S.

Joint-stock company incorporated pursuant to the laws of Colombia on August 21, 2013. Its main purpose is conducting all kinds of activities related to lime and lime oxide, exploration, extraction, exploitation or beneficiation of lime, its transformation, industrialization, calcination, melting and sale; exploration, extraction, exploitation or beneficiation of minerals. The company's headquarters is located in Medellín and its term is indefinite.

Canteras de Colombia S.A.S.

Incorporated pursuant to Colombian laws on November 9, 1979. Its headquarters is in Medellín and its term is indefinite. Its corporate purpose is exploration, exploitation, transformation, transportation, beneficiation, comprehensive usage, commercialization and sale of granular minerals such as: sand, gravel and any material or elements thereof, accessories and ancillary items used in the construction industry, and in general all activities related to mining, commercialization and sale of renewable and non-renewable natural resources, and any legal economic activity in Colombia or abroad.

Caricement Antilles NV

Limited liability company incorporated pursuant to the laws of the Netherlands Antilles on December 10, 1999; its main purpose is making investments. The company's headquarters is located in Curacao and its term is indefinite. This company consolidated with Argos USVI Corp. (previously Caricement USVI Corp.), Argos (Dominica) Ltd. (previously Caribbean Construction and Development Ltd.), Caricement Antigua Limited and Argos Saint Maarten NV (previously Caricement Saint Maarten NV.).

Celsia S.A. E.S.P.

Incorporated pursuant to Colombian laws on October 4, 2001, with its headquarters in Medellín. Its corpo-

rate purpose is to provide the public service of electricity generation and sales, and ancillary services related to the same public service activities. Its legal term is indefinite. This company consolidated with Zona Franca Celsia S.A. E.S.P., Colener S.A.S., Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P., Compañía de Electricidad de Tuluá S.A. E.S.P. - CETSA S.A. E.S.P.

Cement and Mining Engineering Inc.

Incorporated pursuant to Panamanian laws on February 4, 1997. Its headquarters is in the City of Panama. Its corporate purpose is the construction, technical assistance, installation and assembly of equipment, purchase and sale and administration of movable and immovable assets, investments, financing and shareholding in companies, purchase or acquisition of patents, brands, copyright, licenses and formulas, operations with banks or other financial institutions. As well as the purchase and sale of shares, securities or bonds, financing and shareholding in companies, mining and maritime businesses and any other legal business permitted by the laws of the Republic of Panama. Its term is indefinite.

Cementos Argos S.A.

Company incorporated pursuant to Colombian laws on August 14, 1944. The corporate purpose of the company is to operate in the cement industry, production of concrete blends, and of any other materials or cement-, lime- or clay-based materials; the acquisition and transfer of recoverable minerals or deposits in the cement and similar industries, as well as rights to explore and exploit the aforementioned minerals, either through concession, lien, lease or by any other means; provision of port services; act as a contractor, constructor, consultant, auditor, designer or project manager for civil or other works with any public or private entity. Its corporate office is located in the city of Barranquilla and the Company's term expires on August 14, 2060.

Colcaribe Holdings S.A.

Incorporated pursuant to Panamanian laws on June 25, 1996, and with headquarters in the City of Panama. Its corporate purpose is to trade or hold securities, bonds and shares in other companies and rights

of any nature either for its own use or on behalf of third parties, as well as opening, operating and closing accounts and deposits in financial institutions, lending or accepting money in loans and giving guarantees to third parties in any global currency. Its term is indefinite.

Comercial Arvenco C.A.

Incorporated in Caracas, Venezuela, on November 2, 2006 with a term of 50 years from said date. With headquarters in the City of Barquisimeto, in the state of Lara, Venezuela. Its corporate purpose is the operation of businesses and activities related to the import, export, transportation, purchase and sale of all types of goods and products, metallic and non-metallic minerals, cement, clinker, coal, equipment, devices, vehicles, machinery, tools, replacement parts and accessories; as well as any other legal business.

Compañía de Puertos Asociados S.A. - COMPAS S.A.

Company incorporated pursuant to Colombian laws on February 12, 1992, the company's main purpose is the exploitation of ports in Colombia and abroad; the administration and management of companies of any nature and its intervention as the industrial or managing partner thereof. The company's headquarters is located in Bogotá and its term is until December 1, 2111. This company consolidated with Boscoal Operadores Portuarios S.A. and Compas Marine USA Management, LLC.

Concretos Argos S.A.

Corporation incorporated pursuant to Colombian laws on April 22, 1985. Its main purpose is the exploration, exploitation, transport, beneficiation, comprehensive usage, commercialization and sale of granular minerals: sand, cement, gravel, pre-mixed concrete, pre-fab elements of concrete, concrete blocks and any material or elements thereof, accessories and ancillary items used in the construction industry. The company's headquarters is located in Bogotá and its term is until September 8, 2093.

Corporaciones e Inversiones del Mar Caribe S.A.S.

Incorporated pursuant to Colombian laws on December 14, 1982, with its headquarters in Medellín, its

term is indefinite. The company's corporate purpose is to carry out any legal economic activity in Colombia or abroad. It is currently dedicated to investing in stock and quotas or shares of equity.

Ganadería Río Grande S.A.S.

Incorporated pursuant to Colombian laws on September 8, 2006, with its headquarters in Medellín and an undefined term. Its corporate purpose is exploitation of agricultural and livestock industries. Additionally, the company may perform any legal economic activity in Colombia and abroad.

Haiti Cement Holding S.A.

Incorporated and headquartered in the City of Panama, in the Republic of Panama on October 7, 1997. Its main activity is acquiring, buying, investing in securities, bonds, shares, shares in other companies, as well as any legal business permitted under the laws of the Republic of Panama. The company has an unlimited term. This company consolidated with Cimenterie Nationale S.E.M. (CINA).

Internacional Ejecutiva de Aviación S.A.S.

Incorporated pursuant to Colombian laws on October 17, 1991, with its headquarters in Medellín and an undefined term. Its main corporate purpose is to provide non-regular public commercial air transport for passengers, mail and cargo, including charter flights for national and international routes pursuant to current civil aviation regulations and international agreements.

International Cement Company S.A.

Incorporated pursuant to Panamanian laws on November 24, 1997, and with headquarters in the City of Panama. Its corporate purpose is to acquire, possess, manage, tax, lease, transfer and in any way hold all types of assets, either for its own use or on behalf of third parties. In accordance with the laws of that country its term is unlimited.

Inversiones El Duero S.A.S.

Incorporated pursuant to Colombian laws on March 31, 2009, with its headquarters in Medellín, its term is undefined. its corporate purpose is to carry out any legal economic activity in Colombia or abroad. It is cur-

rently dedicated to investment in national companies.

Inversiones FortCorp S.A.S.

Incorporated pursuant to Colombian laws on February 13, 2012, with its headquarters in Bogotá, its term is undefined. The company's corporate purpose is to carry out any legal economic activity in Colombia or abroad. Consequently, it is understood that the company may, among other things, act as a contractor, builder, consultant, inventor, designer or project manager of civil or other works for any public or private entity.

Inversiones RoundCorp S.A.S.

Incorporated pursuant to Colombian laws on February 20, 2012, with its headquarters in Medellín, its term is undefined. The company's corporate purpose is to carry out any legal economic activity in Colombia or abroad. Consequently, it is understood that the company may, among other things, act as a contractor, builder, consultant, inventor, designer or project manager of civil or other works for any public or private entity.

Logística de Transporte S.A.

Incorporated pursuant to Colombian laws on April 16, 1996, with headquarters in Medellín. Its corporate purpose is transportation of people and all types of cargo within and outside the country by any means (by land, air, river and sea), either in vehicles, ships or aircraft that it owns or is owned by its affiliated third parties. The company's term expires on April 16, 2026.

Marítima de Graneles S.A.

Incorporated pursuant to Panamanian laws on December 29, 1978; with headquarters in the city of Panama and an indefinite term. Its main purpose is maritime transportation, in particular of cement and clinker, and purchase and sale of the aforementioned products, fleet of vessels and especially the provisioning thereof.

Merger Link Corp.

Incorporated under the laws of the British Virgin Islands on September 5, 2012, with its headquarters in Road Town, Tortola, British Virgin Islands. Its corporate purpose is to carry out any type of investment.

Nuevos Cementos S.A.S.

Colombian company incorporated on November 15, 2013 with headquarters in Bogotá and an indefinite term. Its main corporate purpose is to perform any legal commercial or civil activity permitted by the Republic of Colombia. It can be a partner or shareholder of other companies, and can hold shares in any type of associative way. It is currently dedicated to investing in shares or quotas of equity.

Port Royal Cement Company, LLC

Company incorporated pursuant to the laws of the State of Delaware, United States, on March 10, 1998 and later acquired by American Cement Terminals, LLC on December 31, 2001. Its corporate purpose is commercialization of cement and its related products. Its term is undefined.

Sator S.A.S. (formerly Carbones del Caribe S.A.S.)

Incorporated pursuant to Colombian laws on October 28, 1981, its headquarters are in Medellín, and its term is undefined. Its corporate purpose is to carry out the prospecting, exploration, exploitation, production, beneficiation, transformation, acquisition, transfer, sale and transport of coal, and any other mineral substance thereto related; and import, export, sell and supply raw materials, supplies, equipment and machinery necessary for the exploitation of coal and other minerals. In 2013, the company changed its name from Carbones del Caribe S.A.S. to Sator S.A.S.

Situm S.A.S. (formerly Urbanizadora Villa Santos S.A.S.)

Incorporated pursuant to Colombian laws on June 18, 1974, with its headquarters in Medellín and an undefined term. Its corporate purpose is to carry out any legal economic activity in Colombia or abroad. In 2013, the company changed its name from Urbanizadora Villa Santos S.A.S. to Situm S.A.S and transferred its headquarters from Barranquilla to Medellín.

Surcol Houdstermaatschappij N.V.

Company incorporated pursuant to the laws of Suriname on March 1, 2006, and its term is indefinite. Its main purpose is to make investments. The company has headquarters in Paramaribo, Suriname. This com-

pany consolidated with Vensur N.V.

Tekia S.A.S. (formerly Reforestadora del Caribe S.A.S.)

Incorporated pursuant to Colombian laws on February 14, 1983, with its headquarters in Medellín and an undefined term. Its corporate purpose is mainly to implement, operate and manage forestry and agroforestry projects. In 2013, it changed its trading name to Tekia S.A.S.

Transatlantic Cement Carriers Inc.

Incorporated pursuant to Panamanian laws on July 26, 1974; with headquarters in the City of Panama and its term is indefinite. Its corporate purpose is maritime transportation, in particular for cement and clinker, and the purchase and sale of these products.

Transatlantic Shipmanagement LTD.

Incorporated in the British Virgin Islands on June 3, 2004. Its headquarters are in Road Town, Tortola, British Virgin Islands. Its main activity is international maritime business, and to that end it may lease, freight or own vessels, and transport third party cargo in third party vessels, as well as to perform any legal activity under the laws of the British Virgin Islands. This company consolidated with Somerset Shipping Co. Ltd., Winterset Shipping Co. Ltd. and Dorset Shipping Co. Ltd. In 2013, Dorset Shipping Co. Ltd. was dissolved.

Valle Cement Investments LTD.

Incorporated under the laws of the British Virgin Islands on November 18, 1998, with its headquarters in the British Virgin Islands. Its corporate purpose is to carry out any type of investment. The company's term is indefinite.

Venezuela Ports Company S.A.

Incorporated in Panama on February 26, 2002. It has headquarters in Panama. Its main activity is investing in companies, corporations or projects, and trading, exploiting and shareholding in industrial, mining, commercial, real estate, maritime or any other type of companies, as well as any legal business permitted under the laws of the Republic of Panama. The company has an unlimited term.

Zona Franca Argos S.A.S.

Incorporated pursuant to Colombian laws on July 5, 2007, with its headquarters in Cartagena and an undefined term. Its corporate purpose is the exploitation of the cement industry, production of concrete blends, and of any other materials or cement-, lime- or clay-based materials; the acquisition and transfer of recoverable minerals or deposits in the cement and similar industries, as well as rights to explore and exploit the aforementioned minerals, either through concession, lien, lease or by any other means; manage, administer, supervise, promote and develop a free trade zone, and perform all activities that are convenient, relevant or necessary as the sole user of a special free trade zone, as well as to perform the following activities as a port operator: loading and unloading, port storage, import and export of goods and services, cargo handling in general, and handling of containerized cargo. In 2007, it was permanently declared a special free trade zone.

Note 2 Basis for the Presentation of the Consolidation Financial Statements

Consolidation

Companies in Colombia must prepare separate general financial statements. These are presented to the General Shareholders' Meeting and are used as the basis to distribute dividends and other appropriations. Additionally, the Code of Commerce demands the preparation of consolidated general financial statements, which are also presented to the General Shareholders' Meeting but that are not used as the basis to distribute dividends and other appropriations.

Pursuant to norms issued by the Financial Superintendence, the consolidated financial statements include the accounts of companies for which at least one of the following conditions exist:

a When more than 50% of the capital belongs to the Company directly or through its subordinate companies or with the support of its subordinate companies or subordinate companies thereof. To that effect, shares with a preferred dividend and without voting rights are not calculated.

b When the Company and the subordinate companies jointly or separately have the right to cast the votes that constitute the minimum deciding majority in the Shareholders' Meeting or in the General Shareholders' Assembly, or have the number of votes necessary to elect the majority of the members of the Board of Directors, if there is one.

c When the Company, directly or through its subordinate companies or with the support of its subordinate companies, by reason of an act or business with the controlled company or its partners, exerts a dominant influence in the decisions of the company's administrative bodies.

Equally, subordination will occur for all legal purposes when exercised by one or several non-company individuals or legal entities, either directly or through or with participation of entities in which the party(ies) own more than fifty percent (50%) of the capital, or in which they make up the minimum deciding majority to make decisions or exercise dominant influence in management or decision making for the entity.

The consolidated financial statements are prepared according to Generally Accepted Accounting Principles in Colombia. Management must make estimates and assumptions that affect the assets and liabilities figures reported, the disclosure of assets and liabilities contingent to the date of the financial statements, and the income and expenditures figures reported during the period. Actual results could differ from said estimates.

During the preparation of the consolidated financial statements, the Company used the equity method for companies in which it exercises exclusive control, and the proportional consolidation method for companies with joint or shared control.

In 2013 and 2012, the proportional consolidation method was used for Compañía de Puertos Asociados S.A. (COMPAS S.A.) with 50% shareholding and the equity method was used for other companies. In Compañía de Puertos Asociados S.A. – COMPAS S.A., joint control is exercised by the two shareholders of the company. Grupo Argos S.A. holds 50% of the capital and the same percentage of decisions in the Assembly and control bodies.

Under the equity method, all assets, liabilities, equity and results of controlled companies are added to the financial statements of the parent or controlling company, having eliminated investments made by the parent or controlling company to the subsidiary company's equity from the statements of the former, as well as reciprocal operations and balances existing at the consolidated financial statement cut-off date. Shareholding of minority shareholders is recorded in a separate line.

Under the proportional consolidation method, the percentage of assets, liabilities, equity and results held by each controlling company are added to the financial statements of the controlled companies, having eliminated investments made by the parent or controlling company to the subsidiary company's equity from the former's statements, as well as reciprocal operations and balances existing at the consolidated financial statement cut-off date.

Eliminations of balances and transactions between the parent company and subsidiary companies, as well as among the latter, and determination of minority interest, proportional equity value and amortization of the surplus and/or deficit in the investment cost over the book value have been carried out in accordance with the guidelines established by the Financial Superintendence in Circular No. 002 of 1998, amended by Circular No. 011 of 1998.

Where possible, the financial information of subsidiary companies consolidated by Grupo Argos S.A. is prepared based on the same accounting criteria and methods. These are taken as of December 31, the date established by the parent company as the cut-off for its operations and to present its financial statements according to its statutes and pursuant to Article 9 of Decree 2649 of 1993.

Considering that associated companies abroad prepare their financial statements by applying International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles in the United States (US GAAP), utilizing a high-quality, consistent body of accounting principles, and taking into account that this structure of principles is considered adequate as a source of accounting technical reference in Colombia, said subsidiaries make no substantial adjustments to their financial statements, nor approve accounting policies, except

for those differences that go against the principle of substance over form.

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

The assets, liabilities, equity and results of the fiscal year for each of the companies included in the consolidation are listed below:

2013

Companies	Total share	Assets	Liabilities	Equity	Results of the period
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. (Consolidado)	98,40	447.775	146.144	301.631	84.081
Argos Ready Mix LLC	98,63	259.302	72.161	187.141	(7.622)
Argos Ready Mix (South Central) Corp.	98,63	648.037	348.147	299.890	(24.224)
Argos Saint Maarten NV	100,00	12.578	7.524	5.054	160
Argos USA Corp.	98,63	2.325.085	882.352	1.442.733	(151.847)
Argos USVI Corp.	100,00	2.633	10.382	(7.749)	(962)
C.I. del Mar Caribe (BVI) Inc.	99,97	50.654	20.449	30.205	11.922
Caltek S.A.S.	50,00	1.180	919	261	(139)
Canteras de Colombia S.A.S.	99,48	106.874	7.950	98.924	617
Caricement Antigua Limited	100,00	7.432	2.205	5.227	370
Caricement Antilles NV	100,00	27.088	3.402	23.686	1.201
Celsia S.A. E.S.P. (Consolidado)	50,18	7.326.545	4.038.220	3.288.325	373.645
Cement and Mining Engineering Inc.	100,00	10.812	27.629	(16.817)	1.163
Cementos Argos S.A.	60,68	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	-
Compañía de Puertos Asociados S.A. - COMPAS S.A. (Consolidado)	50,00	445.615	175.474	270.141	(7.035)
Concretos Argos S.A.	100,00	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)
Grupo Argos S.A.		15.469.384	1.750.845	13.718.539	294.950
Gulf Coast Cement LLC	98,63	-	-	-	-
Haiti Cement Holding S.A.	100,00	30.183	-	30.183	4.178
Internacional Ejecutiva de Aviación S.A.S.	100,00	31.548	29.419	2.129	(1.422)
International Cement Company S.A.	100,00	2.307	-	2.307	(17.847)
Inversiones El Duero S.A.S.	100,00	198.697	389	198.308	2.904
Inversiones FortCorp S.A.S.	100,00	110.673	926	109.747	(589)
Inversiones RoundCorp S.A.S.	100,00	50.964	9.437	41.527	(346)
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)

Companies	Total share	Assets	Liabilities	Equity	Results of the period
Merger Link Corp.	100,00	13.397	-	13.397	(1.079)
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)
Port Royal Cement Company LLC	100,00	11.437	2.603	8.834	(653)
RMCC Group Inc.	98,63	64.677	-	64.677	(36.503)
Savannah Cement Company LLC	98,63	7.391	4.413	2.978	(1.760)
Sator S.A.S.	100,00	151.386	130.600	20.786	(3.045)
Situm S.A.S.	100,00	84.983	80.195	4.788	(8.216)
Somerset Shipping Co. Ltd.	50,00	13.838	4.001	9.837	1.927
South Central Cement Ltd.	98,63	72.591	24.640	47.951	(2.669)
Southern Equipment Company Inc.	98,63	673.192	608.515	64.677	(36.503)
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 Limited	100,00	679.061	286.335	392.726	(9.381)
Venezuela Ports Company S.A.	100,00	2.345	9	2.336	(999)
Vensur NV	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
		45.393.580	12.918.188	32.475.392	

2012

Companies	Total share	Assets	Liabilities	Equity	Results of the period
Alianza Progenética S.A.S.	60,00	1.189	352	837	(1.439)
American Cement Terminals LLC	100,00	8.717	-	8.717	(1.484)
Argos Cement LLC	100,00	1.291.159	173.422	1.117.737	(22.765)
Argos Ready Mix LLC	100,00	241.131	61.309	179.822	(16.641)
Argos USA Corp.	100,00	2.240.457	772.598	1.467.859	(151.492)
C.I. del Mar Caribe (BVI) Inc.	100,00	46.373	29.919	16.454	8.706
Canteras de Colombia S.A.S.	100,00	107.120	8.813	98.307	(325)
Carbones del Caribe S.A.S.	100,00	122.787	94.553	28.234	(38.954)
Caribbean Construction and Development Ltd.	100,00	6.602	1.291	5.311	297
Caricement Antigua Limited	100,00	5.824	1.393	4.431	(207)
Caricement Antilles NV	100,00	24.120	3.122	20.998	494
Caricement Saint Maarten NV	100,00	12.897	8.392	4.505	296
Caricement USVI Corp.	100,00	2.440	8.643	(6.203)	(892)
Celsia S.A. E.S.P. (Consolidado)	50,18	6.840.008	3.934.597	2.905.411	230.759
Cement and Mining Engineering Inc.	100,00	9.922	26.483	(16.561)	(3.504)
Cemento Panamá, S.A. (Consolidado)	98,40	426.121	170.625	255.496	76.645

Companies	Total share	Assets	Liabilities	Equity	Results of the period
Cementos Argos S.A.	60,68	9.437.661	3.722.370	5.715.291	387.619
Cementos Colón, S.A.	80,00	57.676	11.755	45.921	12.963
Central Aggregates LLC	100,00	22.674	3.042	19.632	(57)
Cimenterie Nationale S.E.M. (CINA)	65,00	61.652	20.205	41.447	8.990
Colcaribe Holdings S.A.	100,00	176.663	36.608	140.055	(2.524)
Comercial Arvenco C.A.	100,00	2.530	2.447	83	-
Compañía de Puertos Asociados S.A. - COMPAS S.A.	50,00	432.546	153.039	279.507	3.663
Concretos Argos S.A.	100,00	657.165	299.946	357.219	22.750
Consort Livestock Inc.	100,00	-	-	-	-
Corporaciones e Inversiones del Mar Caribe S.A.S.	100,00	96.438	50.048	46.390	6.729
Dorset Shipping Co. Ltd.	50,00	1.141	1	1.140	(1)
Ganadería Río Grande S.A.S.	100,00	14.369	15.509	(1.140)	(7.191)
Gulf Coast Cement LLC	100,00	-	-	-	-
Grupo Argos S.A.		16.142.171	2.081.780	14.060.391	343.938
Haiti Cement Holding S.A.	100,00	32.251	-	32.251	5.159
Internacional Ejecutiva de Aviación S.A.S.	100,00	16.311	15.522	789	(2.615)
International Cement Company S.A.	100,00	18.961	-	18.961	(652)
Inversiones El Duero S.A.S.	100,00	188.533	411	188.122	2.638
Inversiones FortCorp S.A.S.	100,00	100.940	152	100.788	-
Inversiones RoundCorp S.A.S.	100,00	42.380	91	42.289	(91)
Logística de Transporte S.A.	99,65	49.150	13.282	35.868	5.618
Marítima de Graneles S.A.	100,00	37.217	7.322	29.895	(1.375)
Merger Link Corp.	100,00	13.861	-	13.861	(388)
Piazza Acquisition Corp.	100,00	298.752	29.129	269.623	(43.488)
Port Royal Cement Company LLC	100,00	15.351	6.634	8.717	(1.484)
Reforestadora del Caribe S.A.S.	100,00	46.597	8.756	37.841	1.580
RMCC Group Inc.	100,00	94.449	-	94.449	(32.747)
Savannah Cement Company LLC	100,00	6.886	2.444	4.442	(2.874)
Somerset Shipping Co. Ltd.	50,00	16.106	8.942	7.164	1.965
South Central Cement Ltd.	100,00	68.967	22.401	46.566	2.559
Southern Equipment Company Inc.	100,00	631.550	537.101	94.449	(32.747)
Southern Star Concrete Inc.	100,00	565.305	266.872	298.433	(33.847)
Southern Star Leasing, LLC	100,00	-	-	-	-
Surcol Houdstermaatschappij N.V.	50,00	15.713	2.793	12.920	997
Transatlantic Shipmanagement Ltd.	50,00	28.714	1.173	27.541	3.311
Transatlantic Cement Carriers Inc.	100,00	60.908	10.082	50.826	(3.802)
Urbanizadora Villa Santos S.A.S.	100,00	57.414	44.800	12.614	(936)
Valle Cement Investments Limited	100,00	531.428	159.440	371.988	26.024
Venezuela Ports Company S.A.	100,00	3.118	8	3.110	1
Vensur NV	84,24	24.644	12.145	12.499	1.040
Winterset Shipping Co. Ltd.	50,00	17.416	12.647	4.769	630
Zona Franca Argos S.A.S.	100,00	1.385.076	69.623	1.315.453	20.829
		42.857.551	12.924.032	29.933.519	

In 2013, the following movements were reported in the subordinate companies:

- Arenas del Golfo S.A., Canteras Nacionales Centrales S.A. and Canteras Nacionales Chiriquí S.A. are excluded from the consolidation as they were dissolved in 2013.
- On November 27, 2013, Lafarge acquired Nuevos Cementos S.A.S. for COP 745,025, a company in which Argos Honduras S.A. de C.V. owns 53.28%. From this date the financial statements are consolidated by Grupo Argos S.A.
- Agropecuaria Panamá Este, S.A. and Extracción Arci-Cal, S.A. merged with Grava S.A. in December 2013.
- Caltek S.A.S., Nuevos Cementos S.A.S., Argos Honduras S.A. de C.V., Cementos del Sur S.A. and Cemento Uno de Honduras S.A. entered the consolidated statements.
- Ganadería Río Grande S.A. bought the remaining 35% of Alianza Progenética S.A.S. for COP 259, going from 65% shareholding to 100%.

- The following companies are undergoing liquidation: Profesionales a su Servicio Ltda. in liquidation, Asesorías y Servicios Ltda. in liquidation, Agente Marítimos del Caribe Ltda. in liquidation, Carbones del Caribe Ltda. in liquidation, Transportes Elman Ltda. in liquidation, and Distribuidora Colombiana de Cementos Ltda. in liquidation.

The following are excluded from the consolidated statements in the 2 periods given that control is not held: Corporación de Cemento Andino C.A. and its affiliates Andino Trading Corporation, Comercializadora Dicemento C.A. and Depoan S.A., as well as the companies Agency Venezuela C.A. and Surandina de Puertos C.A.

With regard to the separate financial statements of Grupo Argos S.A., the consolidation led to an increase in total assets of COP 11,945,951 (2012 - COP 10,657,663) and in liabilities of COP 13,223,327 (2012 - COP 11,936,716), and a decrease in the equity of COP 1,277,376 (2012 - COP 1,279,053).

The effect of consolidating the financial statements of the Company and its subordinate companies for 2013 was as follows:

	Before Eliminations Balance	Eliminations	Balance Consolidated
Assets	45.393.580	(17.978.245)	27.415.335
Liabilities and minority interests	12.918.188	2.055.984	14.974.172
Equity	32.475.392	(20.034.229)	12.441.163

There was no difference between Grupo Argos S.A.'s profit and the consolidated profit for 2013 and 2012.

	2013	2012
Consolidated profit	294.950	343.938

The reconciliation between the equity of Grupo Argos S.A. and the consolidated equity is as follows:

	2013	2012
Individual equity	13.718.539	14.060.391
Gains not from sale of property, plant and equipment	(9.993)	(11.670)
Gains not from sale of investments	(1.267.383)	(1.267.383)
Consolidated equity	12.441.163	12.781.338

Note 3 Principal accounting policies and practices

In preparing its consolidated financial statements, the parent company by law uses Generally Accepted Accounting Principles in Colombia established by the Financial Superintendence of Colombia and other legal norms. These principles may differ in various aspects to those established by other state-controlled organizations. Some of its subordinate companies must observe the accounting principles established by the Colombian Superintendence of Companies and Public Utility Services.

Substance over form

The consolidated companies acknowledge and reveal its economic resources and activities according

to its substance or economic reality, and not just in their legal form. For this reason, they apply accounting principles that permit an adequate recognition of the economic activities in each of the countries where they operate.

Conversion of financial statements

Colombian regulations lack a technical framework that establishes accepted conversion methods, but they state that in its absence, it is proper to refer to a standard of higher application. Therefore, International Financial Reporting Standards (IFRS) guidelines were chosen for the conversion process, namely, the International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates".

In this order of ideas, financial statements of foreign companies whose currency is not the US dollar or a comparable currency, convert from the currency of the country of origin to US dollars in accordance with the IAS 21 methodology, as follows:

- Assets and liabilities are converted to the exchange rate in effect on the closing date.
- Equity accounts are converted to the exchange rate in effect on the dates the transactions occurred. Companies without any historical information converted the equity to the exchange rate in effect at the close of December 2005.
- Profit and loss accounts are converted to the exchange rate in effect on the dates the transactions occurred. If this is not possible, the average exchange rate for each month will be used.
- Differences in conversion are reported in the shareholders' equity through the accumulated

adjustments account in conversion, which represents the differences from conversion of items in the income statements to average exchange rates, and items in the balance sheet to exchange rates.

In turn, figures in US dollars are converted to Colombian pesos by applying the representative market exchange rate in effect at the close of the period, certified by the Financial Superintendency of Colombia.

Adjustments for inflation

Decree 1536 of May 7, 2007 modified Decrees 2649 and 2650, eliminating the application of comprehensive adjustments for inflation. The standard stipulates that adjustments for inflation calculated from January 1992 to December 31, 2006, shall be part of the balance of the respective accounts.

The balances of non-monetary assets and liabilities and the equity of public service providers include adjustments for inflation until December 31, 2005, given that by means of Resolution No. SSPD - 20051300033635 on December 28, 2005, the Superintendence of Public Utility Services eliminated the application of inflation adjustments from January 1, 2006.

The balance of the equity revaluation account may not be distributed until the company is liquidated or capitalized. If capitalized, it will serve to stem losses in case there are grounds to dissolve the company. In any event, it shall not be used for capital repayments. If there is a debit balance, it may be paid down with the profits of the period or prior period upon compliance of the profit-related norms as indicated by the Code of Commerce.

Decree 514 of 2010 permitted equity tax to be attributed against this account without affecting the results, an option that was selection by the Grupo Argos S.A. companies with sufficient balance in this category.

Negotiable and long-term investments

The provisions of the Financial Superintendence require that investments be classified and calculated as follows:

a Long-term investments are those that the parent company or its subsidiary companies seriously in-

tend to keep until their expiry or maturity, or for at least a period of three years when it has a longer term, or that do not expire. These investments are calculated and evaluated prospectively as follows:

- Debt investments or investments that incorporate fixed or variable rate debtor's rights (non-equity securities) are initially reported with their acquisition cost, and appraised monthly based on the internal rate of return of each security calculated at the time of purchase. The resulting adjustment is charged to the results for the period.
 - Investments in shares or equity shares (participative securities) of variable yield in entities where there is no control are reported at inflation-adjusted cost and adjusted monthly to their realizable value. The resulting adjustment, either negative or positive, is reported in the valuations account with payments or deductions to the revaluation reserve in the shareholders' equity, as the case may be. The realizable value of securities rated as high or medium trade value by the Financial Superintendence is determined from the average stock exchange prices of the last 10 to 90 days, according to certain parameters established by that entity. The realizable value of low or minimum trade value securities or securities not quoted on the stock exchange is determined based on their intrinsic value determined considering the last few financial statements disclosed by the securities issuer.
- b** Investments represented in easily transferred securities that the Company seriously intends to transfer to a third party other than the Corporate Group in a period of three years or less shall be classified as negotiable investments. These investments are initially reported at cost, and are adjusted to their realizable value monthly with payment or deduction, as the case may be. The realizable value is determined in the same manner as indicated above for each type of investment.

Subsidies and Contributions

For companies dedicated to provision of public energy generation and sales services, these include values granted by the state and contributions by users in socio-economic level 5 and 6, commercial and industrial users, to finance subsidies for users in socio-economic level 1, 2 and 3.

Contributions paid by public energy services users shall be billed and collected by public utility service providers to be used in accordance with the current special regulations.

Subsidies and contributions are recorded separately and broken down in accounts receivable.

As a result of the recording of subsidies and contributions, there is a deficit between the subsidies granted and contributions received from users in socio-economic level 5 and 6 and non-resident users, as well as contributions made by the nation through the Ministry of Mining and Energy.

Provision for bad and doubtful accounts receivable

The provision for doubtful accounts is revised and updated at the end of each year, based on the analysis of balance maturities and evaluations of the individual accounts' collectability made by Management. Sums considered uncollectible are periodically charged to the provision.

For the regulated energy market customers portfolio, the following percentages in past due payments are recognized as a provision. These are associated with days past due:

Number of days past due	Coverage by socio-economic level	Percentage of Loans provisioned
More than 180 days and up to 360 days	1, 2 and 3	40%
More than 360 days	All	100%

For energy accounts receivable other than the regulated market, 100% of the balance overdue for more than 360 days is provisioned for.

Inventories

Inventories are recorded at cost and are reduced at the close of the period to its market value, if this is

lower. The cost is determined based on the average cost method. At the close of each period, analysis of obsolescence in the materials and replacement parts inventory is revised and updated, and the provision is recognized in the financial statements. Includes development works and lands to be developed, in which all costs and taxes incurred in developing the land are recorded until this is ready for sale.

Property, Plant and Equipment

Properties, plant and equipment are calculated at cost, which as pertinent includes financing expenses and differences in exchange on liabilities incurred for their acquisition until they are in usable condition.

Contributions for valuations are calculated as property goodwill.

For construction projects underway, all items that have a direct relation to the construction and assembly of works, including social and environmental costs required for their development, shall be susceptible to capitalization.

Property, plant and equipment transferred to EPSA E.S.P. by the Valle del Cauca Regional Autonomous Entity (C.V.C. for its Spanish acronym) on January 1, 1995, related to restoration of this entity were registered based on values established by the national government through resolutions from the Ministry of Finance, plus subsequent comprehensive adjustments for inflation until December 2005.

Repairs and maintenance of assets are deducted from the profit and loss, while improvements and additions are added to their cost.

Sales and withdrawals of these assets are charged at the respective adjusted net cost. Differences between the sale price and adjusted net cost are charged to the profit and loss.

Depreciation is calculated on a straight-line basis on the inflation-adjusted cost, based on the probable useful life of assets, as follows: Between 20 and 40 years for constructions and buildings, plants and networks; between 3 and 10 years for machinery, industrial equipment and office equipment; between 5 and 10 years for fleet and transportation equipment, computer and communication equipment; between 6 and 8 years for vessels; between 50 and 100 years for civil works associated with hydroelectric generation plants

and 25 years for electronic machinery and equipment associated to generation plants.

At Compañías del Caribe, the useful life defined for buildings and facilities is 4 to 40 years; machinery and equipment is 3 to 35 years; and furniture, vehicles and tools from 3 to 30 years.

In the United States, the useful life of buildings and facilities is 20 to 40 years, transportation equipment is 5 to 10 years, machinery and equipment is 2 to 20 years, and furniture and others is 3 to 5 years.

In the Caribbean and the United States, the company appraises income generating assets when there are changes or circumstances that show signs of possible losses through impairment in accordance with the future cash flows of assets.

The US accounting standards (US GAAP) and international financial reporting standards (IFRS) include the concept of “impairment” of assets, requiring that the value of assets does not exceed the recoverable amount. That is, when factors occur that imply that the recoverable amount is higher than the fair value, either through use or sale, the asset is considered impaired and this loss must be recognized in the Company’s financial statements. Such factors may occur through adverse events, changes in the operating environment, change in the expected use of assets or decreased operating results in estimated discounted future flows generated by a productive unit. Colombian accounting standards established in Decree 2649 of 1993 do not contain specific regulations to determine impairment of assets. This revision is carried out each year before the end of the accounting period.

Deferred items

Includes prepayments expenses and deferred charges. Prepayments mainly include insurance premiums that are amortized on a straight-line basis over a 12-month period.

Costs incurred during the organization, construction, installation, assembly and start-up phases for a project are recorded as deferred charges, and include charges corresponding to construction, installation and start-up of hydroelectric plants. For energy companies, amortization of the deferred charge is done in the shortest time between the estimate in the feasibility study for its recovery and the duration of the specific project that caused it.

This also includes computer programs, deferred income tax, improvements to third party properties and automation projects, which are amortized on a straight-line basis between 3 and 5 years.

Intangible Assets

Intangible assets are recorded at acquisition cost and represent the value of certain rights such as brands, goodwill, exploitation rights (concessions and franchises), etc. Amortization is on a straight-line basis.

In Colombia, the amortization period for brands is 20 years. In the United States, it is from 4 to 20 years. For exploitation rights, the period is the lesser between the duration of the license and the time planned to exploit the reserves, which is estimated between 3 and 30 years.

The accounting policy for the recording and amortization of goodwill is detailed below:

Goodwill Acquired

Companies in Colombia record in the goodwill line item the additional amount paid above the intrinsic value certified by the respective company in the purchase of stocks, quotas or shares of equity of an active economic entity, when they have or acquire control of it, as stipulated in Articles 260 and 261 of the Code of Commerce, modified by Articles 26 and 27 of Law 222 of 1995, and other norms that modify, add or replace it.

Based on the joint circulars 007 of 1997 and 011 of 2005 of the Financial Superintendence of Colombia, the amortization of goodwill generated by acquisitions of businesses is calculated on a straight-line basis based on the estimated exploitation time of the intangible asset, which in any case may not exceed 20 years.

At the end of each accounting period, or at the end of the month used as basis for the preparation of extraordinary financial statements, the Company evaluates the goodwill originated in each investment to verify its origin in the overall balance.

In other countries where partner companies operate, goodwill is determined on the basis of the applicable accounting regulation where the subordinate company operates, framed in a superior norm according to the accounting principles generally accepted in Colombia and provisions of the Financial Superinten-

dence of Colombia, and pursuant to the stipulations of Article 11 of Decree 2649 of 1993, in regard to substance over form.

Goodwill recorded in subsidiaries in the United States corresponds to the difference between the amount paid and the fair value of net assets of acquired US companies. This recognition was made pursuant to US accounting standards (US GAAP). According to these principles, goodwill is not subject to amortization but rather appraisal through impairment, where this exists. Goodwill is assessed by experts at the close of each accounting period, and losses through impairment are recognized in the profit and loss account rather than being amortized. In 2013 and 2012, there was no impairment of these assets.

Goods Acquired through Financial Leasing

Goods acquired through financial leasing are recorded as assets and liabilities calculating the present value of rental fees and purchase options agreed in leasing agreements. Assets acquired through leasing are depreciated on a straight-line basis in the same useful life of property, plant and equipment depending on the asset acquired.

Financial derivatives

The Company is exposed to various risks in the financial market as a result of its ordinary businesses, which are managed through financial derivatives. These risks may be summarized as follows:

Strategic risk: Deviation between the expected benefits of a strategy and the results obtained.

Liquidity risk: Losses due to: I) Non-payment of an obligation due to difficulty in obtaining liquidity. II) The impossibility of taking or undoing a position in derivatives because of market absence.

Credit risk: Loss that may arise because of non-compliance by the counterparty.

Operating risk: Loss the Company is exposed to due to errors in the registry and/or valuation systems. Also, loss due to a badly designed limits system, a bad revision of contracts, and an inadequate information management system.

Market risk: Risk the Company is exposed to due to changes in interest rates and the exchange rate (Colombian peso - US dollar). This can significantly affect the Company's financial statements and alter its cash flow.

With regard to market risk, the Company may seek to cover itself by using natural hedges, as the first measure, and derivative instruments as a last resort. The Company does not use derivative instruments, or any other financial instrument for speculative purposes.

Similarly, the Company makes a periodic valuation at market prices of its derivatives for administrative control purposes.

The Company manages the aforementioned risks through the following operations:

Swap Operations

These are financial transactions in which the Company, through a contractual agreement with a bank, exchanges monetary flows in order to decrease liquidity, rate, term or issuer risks and restructure assets and liabilities.

In interest rate swaps, there is no exchange of capital. The Company is responsible for its credit balances with set amounts and terms, and it is recorded independent of the swap. With regard to recording the swap, only payments net of interest are recorded between the parties. Accordingly, recording will be limited to recognition of the positive or negative difference between interest flows that the parties agree to exchange. Derived profits or losses are not recognized as assets or liabilities, but rather are directly recognized in the profit and loss for the period.

In currency swaps, the existence of this agreement does not have repercussions on the appraisal of the outstanding debt (original). During the agreement term, the parties pay a differential for the interest rate and the exchange rate difference. This is recognized directly in the profit and loss for the period.

Forward operations

Forward operations are used to hedge the risk of exchange rates in existing debt and investment operations in foreign currency, as well as to hedge fu-

ture cash flows with high probability of occurrence such as the Company's monthly exports. At the end of each period, these are appraised by discounting the future forward rate to the agreed devaluation rate, comparing this present value to the representative market exchange rate at the close, recording the positive or negative difference in the period's results.

Options Operations

These are used to hedge the exchange rate risk mainly in monthly exports and future flows derived thereof. These are performed through structured coverage, such as export collar agreements, that allows a range of market monetization and protection against extreme changes in the exchange rate. These are appraised using the Black-Scholes Model.

Valuations of assets

Correspond to:

- a) Surplus from the market or intrinsic value of investments in shares, or quotas or shares of equity at the end of the period over its net cost.
- b) Excess technical appraisals of property, plant and equipment over the respective net inflation-adjusted costs. These valuations are practiced by people or firms independent of the companies. These appraisals are carried out every three years.

Labor obligations and retirement pensions

Labor obligations are adjusted at the end of each period based on the current legal provisions and labor agreements.

The obligation for retirement pensions represents the present value of all future expenditures the Company shall pay its retirees or beneficiaries that basically correspond to former personnel. Respective charges to annual results are made on the basis of actuarial studies that adhere to current legal regulations, prepared under methods like the actuarial equivalency system for overdue annuities, fixed annuities, immediate annuity income, installment refund annuities, and prospective annuities.

Pension payments made during the period are charged directly to the profit and loss for the period.

For employees covered under the new social security plan (Law 100 of 1993), the Company covers its pension obligation by paying contributions to Colpensiones (f/k/a Instituto de Seguros Sociales - ISS) and/or private pension funds under the terms and conditions provided by said law.

For the consolidation process, the Company maintains the labor obligations set in the countries in accordance with the accounting technique and with implicit legal obligations acquired by the subsidiaries. In this sense, the Company does not consider it necessary to adapt accounting estimates resulting from recording the consolidation of social contributions and other employee benefits on a different basis to those submitted in the countries in which the obligations were generated.

In Panama, for each employee the Company must pay a contribution to the Social Security Fund in payment of future retirement pensions for employees. The Company also makes contributions to an independent administrative fund to benefit employees who meet the following criteria:

- Have served the Company at least 15 years
- Have reached the retirement age established by the Social Security Fund
- Are pensioned by the Social Security Fund

Contributions to the fund are charged to the profit and loss.

Taxes, duties and rates

Represent the value of the general, obligatory duties payable to the State by the Company, determined on the basis of private liquidations generated during the respective fiscal year. Includes income and additional taxes, as well as fair income tax (CREE), equity, industry and commerce taxes, among others.

Income and Additional Taxes

The Company determines the provision for income tax on the basis of the taxable profits estimated at specific rates in tax law, or based on the presumptive income. The taxation effects of the items of income, costs and expenditures corresponding to temporary differences between the accounting books and the fiscal figures are reported as deferred taxes.

However, deferred tax debits are only recorded as income for temporary differences that imply payment of a higher tax in the current year, provided that there is a fair expectation that it will generate sufficient taxable income in the periods in which the tax benefit will be obtained.

Pursuant to legal provisions, public utility service providers are not obliged to calculate presumptive income to determine taxable liquid income.

Equity Tax

Pursuant to the provisions contained in Decree 514 of 2010, in 2011 Grupo Argos and its subsidiary companies adopted the accounting practice of recognizing equity tax, recording the entire tax against the equity revaluation account. When the revaluation account does not have sufficient balance to record the tax, the corresponding payable amount is charged against the income statement.

Environmental Provisions

Environmental provisions are estimated considering the guidelines in the regulation established by the State and separate analysis of the impact of raw material extraction operations to pay for environmental obligations. These are revised and updated periodically by the Company's management. Adjustments to the provision are charged to the profit and loss for the period.

Memorandum accounts

Commitments pending formalization and contingent rights or obligations are recorded in memorandum accounts, such as the value of goods and securities pledged as collateral, endorsements granted, unused letters of credit, securities received in custody or as collateral, fully depreciated assets and the difference between physical and accounting equity amounts.

Recognition of revenues, costs and expenditures

Revenues from sales of finished products are recognized when these are delivered to the customer. Revenues from sale of lands or land development works are recorded.

Revenues from energy sales are recognized and recorded based on energy generation, which

is sold through the stock market and in long-term contracts; revenues from energy sales on the regulated and unregulated market are recognized based on the kilowatts consumed by customers, billed and unbilled; sale of related services are recognized when billed. Unbilled energy at the end of the month is established based on internal information and external information supplied by the energy market regulator.

Revenues from gas sales are recognized based on nominations made in gas resale agreements.

For the purposes of remuneration for distribution, the CREG (Energy and Gas Regulation Commission) defines applicable remuneration, which is revised every five years in accordance with the provisions in the regulation.

The remuneration methodology for transmission is known as regulated revenue, through which maximum annual revenues are established to remunerate each provider, in accordance with the assets effectively held in the National Transmission System (STN for its Spanish acronym).

Revenues from rentals are recognized in the month that the asset is used and those from services when these are provided; revenue from dividends is recognized when these are decreed by the issuer.

All revenues, costs and expenditures are reported on the basis of the accrual system.

Operating Profit before Impairment of Assets

Shows the operating profit of consolidated companies that excludes extraordinary expenses recorded for operations in the United States and Caribbean, consistent in recording the assessment of long-term impairment of assets considered as an unusual or non-recurrent event in the business.

Impairment of Assets

Corresponds to the cost originated in the appraisal made by experts in long-term impairment of assets recognized for Argos USA Corp. operations, in accordance with the Generally Accepted Accounting Principles in the US ("US GAAP") and International Financial Reporting Standards ("IFRS"). This cost is derived from events that are not related to the Company's main activity.

Conversion of transactions and balances in foreign currency

Transactions in foreign currency are calculated to the applicable exchange rates in effect on their respective dates. At the end of each period, receivable and payable balances are adjusted to the representative market exchange rate certified by the Financial Superintendence of Colombia. With regard to receivable and payable balances in foreign currency, differences in exchange rates are taken to profit and loss, except if they are attributable to assets acquisition costs. Differences in exchange rate that happened while said assets are under construction or installation, and until they are ready to be used are attributable to assets acquisition costs.

Starting in 2007, and pursuant to Decree 4918 of 2007, the difference in exchange rate of fixed-income investments in subsidiaries abroad are reported as an increase or decrease in the equity value in the equity method.

Cash Flow Statements

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

Cash and Cash Equivalents

Cash and cash equivalents are cash on hand and in banks, savings deposits, and all high-liquidity investments.

Materiality in preparing the financial statements

Preparing the financial statements pursuant to Generally Accepted Accounting Principles in Colombia requires that Management make estimates and assumptions that affect the amounts reported of assets and liabilities on the cut-off date of the financial statements, and the amounts reported of revenues and expenditures during the covered period. In general, the recognition and presentation of economic activities is done depending on their relative or materiality importance. For the 2013 financial statements, the materiality importance used was determined based on 10% of the consolidated profit before tax.

Consolidated Net Profit Per Share

Net profit per share is calculated on the basis of the weighted annual average of the outstanding shares

each year. The reacquired own shares are excluded for purposes of this calculation. Contains the purging of preferred dividends corresponding to 140,413,601 (2012 - 137,838,001) shares as of December 31, 2013, at COP 4 per share.

Average outstanding shares were 785,516,718 (2012 - 737,271,383).

Contingencies

Certain contingent conditions may exist on the date the financial statements are issued that could result in a loss for the Company, but can only be resolved in the future when one or more events occur or may occur. Said contingencies are estimated by Management and its legal advisers. Estimates of loss contingencies necessarily involve an exercise of judgment and are a matter of opinion. In estimating loss contingencies in legal procedures pending against the Company, legal advisors evaluate various aspects, including the merits of claims, the jurisprudence of the tribunals to that respect, and the current situation of the procedures.

If the contingency evaluation indicates the possibility of a material loss and the amount of the liabilities can be estimated, it is reported in the financial statements. If the evaluation indicates that a potential loss is not probable, but the outcome is uncertain or probable but the amount of the loss cannot be estimated, then the nature of the contingency is disclosed in a note to the financial statements. Loss contingencies estimated as remote are generally not disclosed.

Convergence to International Financial Reporting Standards

Pursuant to Law 1314 of 2009, regulatory Decree 2784 of December 2012 and Decree 3024 of December 2013, Grupo Argos is obligated to initiate the convergence process of the accounting principles generally accepted in Colombia to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Considering that this convergence to IFRS will affect Colombian companies, the Technical Council of Public Accounting classified companies in three groups to make the transition. Grupo Argos S.A. belongs to Group 1, whose mandatory transition period begins January 1, 2014, and the first issuance of comparative financial statements under IFRS will be to December 31, 2015.

As a result, the Company established a schedule of activities for the transition to the new accounting norms, which it has been complying in accordance with what was initially approved by the Board of Directors and reported to the Financial Superintendency on February 27, 2014. The following is a preview of the activities carried out at the close of 2013:

- Assessment of the impact on finances, technology, and processes.
- Preliminary opening balance.
- Definition of the principal accounting policies and practices.
- Start preparing information systems.

The Board of Directors, through its Audit and Finance Committee, will continue to monitor the progress of the IFRS implementation process, to ensure compliance of the schedule according to regulations.

It is important to note that the Company submitted the information requested about how the convergence to the IFRS financial standards was progressing to the Financial Superintendence of Colombia, pursuant to circulars 10 of January 24, 2013, and 112 of November 21, 2013. Similarly, to comply with Circular 038 of December 26, 2013, the Company shall provide this entity with the opening financial situation statement for January 1, 2014 no later than June 30, 2014.

Note 4 Transactions in foreign currency

Basic regulations existing in Colombia allow the free negotiation of foreign currency through banks and other financial institutions at free exchange rates. Nevertheless, most foreign currency transactions still require compliance of certain legal requirements.

Operations and balances in foreign currency are exchanged at the representative market exchange rate certified by the Central Bank, which was used to prepare the financial statements as of December 31, 2013 and 2012. The representative market exchange rate as of December 31, 2013 in Colombian pesos was 1,926.83 (2012 - 1,768.23) to one US dollar.

The Company and its subsidiary companies had the following net position in foreign currency, primarily in dollars, calculated at December 31 in its equivalent in millions of pesos:

	2013		2012	
	Dollars	Millions pesos	Dollars	Millions pesos
Current assets	677.743.720	1.305.897	644.871.211	1.140.281
Non-current assets	2.257.333.920	4.349.499	2.093.450.255	3.701.702
	2.935.077.640	5.655.396	2.738.321.466	4.841.983
Current liabilities	(1.130.084.280)	(2.177.480)	(934.516.965)	(1.652.441)
Non-current liabilities	(917.956.683)	(1.768.747)	(930.129.147)	(1.644.682)
	(2.048.040.963)	(3.946.227)	(1.864.646.112)	(3.297.123)
Net asset position	887.036.677	1.709.169	873.675.354	1.544.860

To mitigate the risk in foreign currency operations, the Company executed the hedging operations detailed in notes 6 and 14.

Note 5 Negotiable Investments

Negotiable investments as of December 31 were as follows:

	Average rate Annual rate in 2013	2013	2012
Fixed-term deposits (1)	5,2%	424.797	224.178
Trusts in national currency (2)	7,0%	184.734	119.239
Rights in investment funds and others (3)	4,9%	290.198	258.109
Securities	5,7%	17.809	-
Shares (4)		7	19.630
Bonds		5	5
Others		12.908	-
		930.458	621.161
Minus provision		(30)	-
		930.428	621.161

(1) Corresponds mainly to certificates of deposit in dollars in Bancolombia Panamá for COP 79,922 (USD 35,080,208), Bancolombia Puerto Rico for COP 19,466 (USD 10,102,603), in Argos Honduras S.A. de C.V. for COP 136,022 (USD 70,594,000) and certificates of deposit in COP in Banco Caja Social for COP 38,370, Bancolombia S.A. for COP 17,661 and Leasing Bancolombia for COP 5,000. These investments have a maturity of less than one year.

(2) Corresponds mainly to trusts held by Celsia S.A. E.S.P. and its subordinate companies for COP 166,513, Argos Honduras S.A. de C.V. for COP 12,428, Cementos Argos S.A. for

COP 4,394 and Grupo Argos S.A. for COP 1,352, related to investments in collective portfolios and investment funds managed by Fiduciaria Bancolombia, Valores Bancolombia S.A., Serfinco S.A., Credicorp Capital and BTG Pactual.

(3) Corresponds mainly to investment funds managed by Valores Bancolombia S.A. for COP 163,244 (2012 - COP 111,087), BTG Pactual S.A. for COP 87,437 (2012 - COP 121,843), and other funds for COP 36,315 (2012 - COP 10,788). In 2012, this corresponds mainly to Grupo Argos S.A. related to repurchase rights with Valores Bancolombia S.A. for COP 14,390, at an average rate of 5.9% E.A.R.

(4) In 2013, 2,311,799 shares were sold in Ecopetrol S.A. and 235,000 preferred shares in Bancolombia for COP 16,799.

These investments do not have restrictions that limit their use, except those corresponding to trust rights that Zona Franca Celsia S.A. E.S.P. has as trustor in Fideicomiso Termoflores for COP 146,930, an administration, collection and pay source trust managed by HSBC Fiduciaria S.A. Use of these resources is conditioned on compliance with obligations and guarantees for the credit contract signed by Zona Franca Celsia S.A. E.S.P. with the multilateral bank.

Note 6 Accounts Receivable

	2013	2012
Colombian customers (1)	838.935	760.888
Foreign customers USD 5,472,003 (2012 USD 7,365,125)	10.544	13.023
Accounts receivable from associates (See Note 29)	20.939	13.341
Prepayments to contractors and others (2)	163.421	56.209
Sale and purchase agreements (3)	1.725	36.624
Various accounts receivable (4)	33.367	108.571
Accounts receivable from Employees	44.996	37.275
Accounts receivable (5)	68.098	52.723
Tax prepayments (6)	158.687	205.351
Deposits	19.930	21.079
Others	24.761	18.621
Commercial checking accounts	336	640
	1.385.739	1.324.345
Less - provision for doubtful accounts	(91.888)	(83.416)
Subtotal	1.293.851	1.240.929
Minus - long-term portion	(10.518)	(85.878)
	1.283.333	1.155.051

(1) The balances mainly corresponds to the portfolio of cement businesses for sales to credit to customers of Cementos Argos S.A. for COP 290,487 (2012 - COP 262,049), Argos Ready Mix (South Central) Corp. for COP 80,171 (2012 - COP 75,892), Argos Cement LLC for COP 61,615 (2012 - COP 48,833), Argos Ready Mix LLC for COP 51,043 (2012 - COP 35,894), Southern Equipment Company Inc. for COP 41,013 (2012 - COP 34,331), Argos Panamá S.A. for COP

28,053 (2012 - COP 21,929) y Argos Honduras S.A. C.V. for COP 11,782; the energy business for COP 208,082 (2012 - COP 236,805) for the sale of energy and gas generation services; the coal business for COP 17,950 (2012 - COP 2,196) and the real estate business in Grupo Argos S.A. for COP 5,230 corresponding to the main land development projects: Alianza Fiduciaria S.A., trusts for COP 1,281 from the sale of lot C3 of Portal de Genovés at Puerto Colombia, Construcciones Marval for COP 1,619 from the sale of the Miramar IV lot, Patrimonios Autónomos for COP 2,330 from the sale of lots C3 and C4 of Palmas del Rio.

(2) The balance mainly consists in prepayments and advances in the energy business for COP 72,715 (2012 - COP 17,977); the cement business in the companies Cementos Argos S.A. for COP 14,916 (2012 - COP 9,599), Argos Panamá S.A. for COP 3,563, (2012 - COP 0), Zona Franca Argos S.A.S. for COP 4,531 (2012 - COP 648) and C.I. del Mar Caribe BVI Inc. for COP 4,532 (2012 - COP 8,728); in the real estate business, in Grupo Argos S.A. for COP 20,842 (2012 - COP 4,523), mainly corresponding to the prepayment made to Coninsa y Ramón H, S.A. for COP 18,045 for direct costs in the Viva Villavicencio Shopping Mall works, a project in which Grupo Argos S.A. will be a partner for up to 49%, and CNV Construcciones S.A.S. for COP 2,200 to adapt the offices in Medellín, and in Situm S.A.S. for COP 27,491 (2012 - COP 449); and in the coal business for COP 6,590 (2012 - COP 6,337).

(3) In 2012, this mainly corresponds to prepayments made by Compañía de Puertos Asociados S.A. - COMPAS S.A. for purchase of properties for COP 33,908.

(4) In 2013, this mainly corresponds to the balance receivable from the assignment of share ownership in Sociedad Portuaria LNG Barú S.A.S. E.S.P. for COP 6,046. and judicial deposits deposited in Banco Agrario to support judicial processes underway in Empresa de Energía del Pacífico S.A. E.S.P. for COP 3,133. In 2012, this mainly corresponds to the accounts receivable of Consorcio Hidrocucana y Sedic S.A. for COP 13,068, related to resources transferred by Banco de Occidente for construction of the Cucuana Hydroelectric Plant. This also includes accounts receivable in operations with derivatives, which decreased due to an unfavorable variation in the agreed exchange rate and interest rates with regard to those at the close of the year.

The forward operations are carried out to hedge the risk of exchange rate fluctuations to borrowings in dollars, temporary investments and import/export transactions. The valuation of these instruments is effected on their fair value, taking into account current market curves on the valuation date (see policy on derivative financial instruments).

The currency swap transactions were carried out in order to balance the Company's foreign-exchange risk, taking advantage of what Management judges to be favorable market conditions.

Shown below are those transactions with financial derivatives that generated a positive value for the Company at the close of the period:

Type	Underlying Instrument	Underlying USD	Sum of Forwards USD	Rate forward	Maturity
Forward purchase	Financial obligation Capital + Interest	94,770,164	94,770,164	1.898,73	10/01/2014
Forward purchase	Financial obligation Capital + Interest	12,041,786	12,041,786	1.945,71	12/03/2014
Forward purchase	Financial obligation Capital + Interest	12,052,451	12,052,451	1.941,82	19/03/2014

Type	Underlying Instrument	Value Underlying Instrument	Rate Underlying Instrument	Amount Swap	Rate Swap	Maturity
Currency swap	Account payable	USD 42,900,000	4,90% PV	COP 81.935	IPC + 5,35%	08-aug-16
Interest rate swap	EKF Credit	USD 84,135,030	L(6m) + 0,1%	USD 84,135,030	1,38%	26-june-19

(5) The balance mainly corresponds to dividends receivable from investments in Grupo de Inversiones Suramericana S.A. for COP 16,155 (2012 - COP 15,232), Bancolombia S.A. for COP 6,246 (2012 - COP 5,865), Grupo Nutresa S.A. for COP 3,787 (2012 - COP 3,442) and other accounts receivable in Cementos Argos S.A. for COP 24,958.

(6) The balance includes:

	2013	2012
Prepayment of income tax (a)	22.964	30.296
Prepayment of industry and trade tax	4.941	3.946
Withholding at the source	4.142	8.695
Withheld sales tax	250	105
Industry and trade tax	11.375	9.745
Surpluses in private liquidation (b)	106.987	135.023
Discountable taxes	6.044	14.200
Others	1.984	3.341
Total	158.687	205.351

(a) The variation corresponds mainly to the increase from income when consolidating Argos Honduras S.A. de C.V. for COP 15,672 and the increased balance Celsia S.A. E.S.P. and its subsidiaries for COP 4,984. Additionally, there was a decrease in Argos Panamá S.A. for COP 27,053.

(b) The variation mainly obeys the decrease in Cementos Argos S.A. for COP 17,790, Concretos Argos S.A. for COP 19,048, Canteras de Colombia S.A.S. for COP 571 and the increase in Sator S.A.S. for COP 2,732, Zona Franca Argos S.A.S. for COP 2,376, Situm S.A.S. for COP 1,690 and Corporaciones e Inversiones del Mar Caribe S.A.S. for COP 1,233.

The entry of the accounts receivable provision is as follows:

	2013	2012
Balance at Start	83.416	73.673
Expenses for provision for the year	14.215	11.572
Recoveries	(5.743)	(1.829)
Closing balance	91.888	83.416

Long-term accounts receivable maturing at December 31, 2013 are:

	Value
2015	2.070
2016	4.767
2017	807
2018	493
2019 and after	2.381
	10.518

Interest rates for long-term accounts receivable are for loans to employees between 0% and 9.55% E.A.R.

The value of customer accounts receivable matured at December 31, 2013 amounts to COP 199,534 (2012 - COP 105,234).

The value of accounts past due over one year is COP 3,676 (2012 - COP 743). The number of customers that make up the uncollectible accounts in 2013 is 106.

Note 7 Inventories, net

Inventories at December 31 were as follows:

	2013	2012
Finished products (1)	112.703	112.469
Products being processed	42.031	43.412
Raw materials and direct materials (2)	112.612	83.931
Materials, replacements and accessories (3)	177.622	161.328
Inventory in transit	13.687	13.602
Goods for sale	26.011	11.116
Lands	41.967	41.931
Goods not manufactured by the company	6.020	11.399
Urban development works (4)	39.230	72.017
Others	22.845	18.753
	594.728	569.958
Less - provision for protection of inventories	(11.508)	(16.470)
Subtotal	583.220	553.488
Less - Long-term portion (5)	(85.247)	(86.432)
	497.973	467.056

(1) Corresponds mainly to products from Cementos Argos S.A. for COP 29,662 (2012 - COP 30,975), from Argos Panamá for COP 20,064 (2012 - COP 20,985), from Concretos Argos S.A. for COP 14,828 (2012 - COP 10,195), from Zona Franca Argos S.A.S. for COP 10,215 (2012 - COP 11,949), from Argos Cement LLC, for COP 19,111 (2012 - COP 16,449), from Argos Dominicana S.A. for COP 4,469 (2012 - COP 2,582), from Cimenterie Nationale S.E.M. (CINA) for COP 2,977 (2012 - COP 1,291) and from Sator S.A.S for COP 5,703 (2012 - COP 14,775).

(2) Corresponds mainly to raw materials from Cementos Argos S.A. for COP 22,681 (2012 - COP 18,995), Concretos Argos S.A. for COP 18,445 (2012 - COP 11,436), Argos Ready Mix (South Central) Corp. for COP 14,289 (2012 - COP 12,031), Argos Panamá S.A. for COP 11,420 (2012 - COP 7,011), Southern Equipment Company Inc. for COP 10,284 (2012 - COP 9,613), Cimenterie Nationale S.E.M. (CINA) for COP 10,137 (2012 - COP 5,584), Argos Honduras S.A. de C.V. for COP 6,950, Argos Ready Mix LLC for COP 6,744 (2012 - COP 5,218), Argos Cement LLC for COP 4,046 (2012 - COP 2,386) and Zona Franca Argos S.A.S. for COP 4,674 (2012 - COP 10,172).

(3) Corresponds mainly to Cementos Argos for COP 35,878 (2012 - COP 39,246), Argos Cement LLC. for COP 27,774 (2012 - COP 24,036), Zona Franca Argos S.A.S. for COP 22,389 (2012 - COP 24,322), Argos Honduras S.A. de C.V. for COP 16,763, Concretos Argos S.A. for COP 5,776 (2012 - COP 4,926), Cimenterie Nationale S.E.M. (CINA) for COP 5,268 (2012 - COP 4,410), Celsia S.A. E,S,P, and its subordinate companies for COP 54,042 (2012 - COP 54,110). The variation is mainly due to acquisition of assets from Argos Honduras S.A. de C.V.

(4) Mainly includes the following:

	2013	2012
Centro Internacional del Caribe, Puerto Colombia	21.431	23.219
Miramar stage IV, Barranquilla	10.356	15.210
Portal de Genovés, Puerto Colombia	-	10.359
San Juan de Dios, Puerto Colombia	-	15.367
Palmas del Río, Barranquilla	3.120	355
Clúster Institucional, Puerto Colombia	-	5.857
Portal de Genovés II, Puerto Colombia	3.338	1.264
Preliminares Lago Alto stage I, Barranquilla	129	-
Caracola y Recoveco, Santa Marta	818	352
Development total	39.192	71.983

(5) Corresponds to development of lands in the real estate business for COP 38,642 (2012 - COP 38,802) and generation materials and supplies for COP 46,605 (2012 - COP 47,298), held at the various energy generation plants.

The movement of the inventories provision is as follows:

	2013	2012
Balance at Start	16.470	7.121
Provision for the year	6.651	3.097
Loaded to balance	-	8.369
Castigos	(11.613)	(2.117)
Closing balance	11.508	16.470

In 2013, the cement business' technical area finalized the detailed review of materials and replacements inventories in cement plants in Colombia, removing those classified as obsolete or impaired charged to the provision.

Note 8 Long-Term Investments

Long-term investments as of December 31 were as follows:

GRUPO ARGOS S.A. - NOTES TO CONSOLIDATED INVESTMENTS

2013			Headquarters		Economic Activity		Valua- tion	Outstanding Shares	No. of shares	Percentage Held	Class of Share	Adjusted Cost	Commercial Valuations	Valuation (Devaluation)
A. SHARES														
Compañía de Barranquilla S.A.	Barranquilla	Air transportation	-	338,000,000	16,000,000	4.73%	C	100,123	40	231	-	-	783,452	191
Compañía de Barranquilla S.A.	Medellín	Financial intermediation	SM	509,704,584	33,139,106	50.97%	C	5,096,966	1,271	1,271	-	-	783,452	683,329
Boscol Operaciones Portuarias S.A	Bogotá	Port services	SM	9,999,933	5,096,966	60.97%	C	2,308,930	1,271	1,271	-	-	12,223	7,135
Canalón de Colombia S.A.	Cali	Cardboard production	SM	107,716,050	2,116,767	2.14%	C	596,630,268	2	396	-	-	3,183	394
Canvaial Pulpas y Papel S.A.	Manizales	Paper production	-	50,666,501	20,179,195	39.83%	C	20,179,195	152	167	-	-	3,183	74
Cementos de Caldas S.A.	Yumbo	Cement production	-	4,488,235	15,192	0.34%	C	1,069,519	100,000	348	-	-	348	52
Cera Tech Inc.	Virginia	Ecological cement production	-	27,500,000	750,000	9.35%	C	1,072,251	100,000	44	-	-	436	392
Cerachet USA Holdings, LLC	Virginia	Ecological cement production	-	1,069,519	100,000	27.27%	C	1,072,251	100,000	9.33%	-	-	1,083	-
Compañía Colombiana de Empaques Bates S.A.	Palma	Ecological cement production	-	54,607	348,466	10.81%	C	1,045,400	348,466	33.33%	-	-	1,562	15,319
Compañía de Inversionistas Inmobiliarios S.A.	Medellín	Construction	-	1,344,000	84,000	6.25%	C	24,554,726	84,000	84	-	-	77	(7)
Concentra Inteligencia en Energía S.A.S.	Bogotá	Information services	-	84,000	84,000	33.34%	C	13,475	39,57	30	-	-	11,777	5,415
Concesiones Urbanas S.A.	Bogotá	Environmental activities	-	34,050	13,475	39.57%	C	190,155,726	63,619	651	-	-	2,519	1,868
Contrabute S.A.S.	Medellín	Financial	-	53,866	12	0.02%	C	37,697,288	37,697,288	100.00%	-	-	39,214	39
Corficolombiana S.A.	Medellín	Social	-	100	100	100.00%	C	50,027,154,630	11,085,127	463	-	-	32	-
Corporación Club Deportivo El Rodeo S.A.	Venezuela	Cement production	-	100	100	100.00%	C	146,914,162	433	46	-	-	16	6
Corporación de Cemento Andino C.A.	Ciudad de Panamá	Maritime activity	-	925,994,688,957	177,077,504	19.02%	C	2,496,845,128	1,326,762	1,002	-	-	11,196	(1)
ENRGA S.A. E.S.P.	Bogotá	Energy	-	1,180,000	118,000	10.00%	C	1,938,401	83,566	431	-	-	11,085	(15)
ENRGA S.A. E.S.P.	Medellín	Financial intermediation	-	441,117,047,263	323,699,869	70.00%	C	323,699,869	5	246	-	-	11,085	210
EPN Regional de Garrafías del Caribe Colombiano S.A.	Medellín	Financial intermediation	-	469,037,260	175,494,026	37.42%	C	336,556	4,726,689	18,776	-	-	306,044	1,831
Gas Natural Colombia S.A. (L)	Medellín	Investments	SM	106,334,963	8,840,781	8.31%	P	287,268	306,044	18,776	-	-	1,197,180	4,390,133
Gas Natural Colombia S.A. (L)	Medellín	Investments	SM	460,123,458	45,243,781	9.83%	C	196,923	1,197,180	11,085	-	-	1,197,180	1,000,257
Gases de Occidente S.A. E.S.P.	Medellín	Food	-	60,186,885,631	45,324,496	0.08%	C	56	66	55	-	-	55	(11)
Gestión Energética S.A.	Bucaramanga	Energy	-	142	3	2.11%	C	3,199,388	16,870	531	-	-	56	(56)
Generales de Agua Dulce S.A.	Guare	Equestrian	-	3,199,388	16,870	0.53%	C	3,500,000	1,081,748	12	-	-	140	12
Grupo de Inversiones Suramericana S.A.	Cali	Commercialization	-	3,500,000	1,081,748	30.91%	C	2,426,054	179,631,921	155	-	-	155	(372)
Grupo de Inversiones Suramericana S.A. - Preferential	Medellín	Coal mining	-	4,674,711	2,426,054	37.47%	C	234,438,170	179,631,921	2,128	-	-	2,128	-
Grupo Nutresa S.A.	Medellín	Metallurgy	-	60,186,885,631	45,324,496	76.62%	C	-	19	19	-	-	19	-
Hidroeléctrica Ituango S.A. E.S.P.	Venezuela	Sea freight representative	-	-	-	100.00%	C	520	520	520	-	-	520	-
Hipódromo Los Comuneros S.A.	Tegucigalpa	Financial intermediation	-	900,000	55,618	6.18%	C	30,910,000	4	10	-	-	10	6
Hipódromo Los Comuneros S.A.	Medellín	Energy	SM	30,910,000	3,091	0.01%	C	2,160,000	473	23,051	-	-	23,051	22,578
Industria del Carbón del Valle del Cauca S.A.	Medellín	Packaging	-	12,690,910	1,080,000	50.00%	C	6,345,455	50,000	37,193	-	-	37,193	25,639
Industria del Carbón del Valle del Cauca S.A.	Guare	Non-metallic mineral production	-	11,424,044,960	1,112,158	0.01%	C	152,929,682	1	16	-	-	16	15
Industria del Carbón del Valle del Cauca S.A.	Medellín	Paper production	-	152,929,682	227,033	0.15%	C	1,1750	120	484	-	-	528	374
Industria del Carbón del Valle del Cauca S.A.	Cali	Promotion	-	5,841,716	817,738	13.97%	C	5,841,716	363	528	-	-	363	52
Industria del Carbón del Valle del Cauca S.A.	Medellín	Social	-	5,841,716	817,738	13.97%	C	5,841,716	363	528	-	-	363	52
Industria del Carbón del Valle del Cauca S.A.	Medellín	Commercialization	-	5,841,716	817,738	13.97%	C	5,841,716	363	528	-	-	363	52
Industria del Carbón del Valle del Cauca S.A.	Medellín	Financial	-	380,644,330	63,826,441	16.77%	C	380,644,330	1,361	603	-	-	738	-
Industria del Carbón del Valle del Cauca S.A.	Medellín	Storage	-	380,644,330	63,826,441	16.77%	C	380,644,330	1,361	603	-	-	738	-
Industria del Carbón del Valle del Cauca S.A.	Medellín	Port services	-	1,144,907	128,964	11.26%	C	1,144,907	15	15	-	-	15	-
Industria del Carbón del Valle del Cauca S.A.	Medellín	Port services	-	1,144,907	128,964	11.26%	C	1,144,907	15	15	-	-	15	-
Industria del Carbón del Valle del Cauca S.A.	Medellín	Personal protection and security services	-	24,476	7,392	30.20%	C	24,476	69	69	-	-	70	-
Industria del Carbón del Valle del Cauca S.A.	Medellín	Port services	-	16,760	2,625	15.66%	C	16,760	70	70	-	-	70	-
Industria del Carbón del Valle del Cauca S.A.	Medellín	Transportation	-	172,158,489	4,440,945	2.58%	C	172,158,489	1,015	-	-	-	1,015	-
Industria del Carbón del Valle del Cauca S.A.	Bogotá	Railway services	-	2,450,625	72,294	2.95%	C	2,450,625	331	331	-	-	331	-
Industria del Carbón del Valle del Cauca S.A.	Cali	Port services	-	18,075,480	403,130	2.23%	C	18,075,480	196	196	-	-	196	-
Industria del Carbón del Valle del Cauca S.A.	Barranquilla	Port services	-	100,000	1,000	1.00%	C	100,000	16	16	-	-	16	3
Industria del Carbón del Valle del Cauca S.A.	Barranquilla	Port services	-	16,854	150	0.89%	C	16,854	9	9	-	-	9	-
Industria del Carbón del Valle del Cauca S.A.	Barranquilla	Port services	-	50	3	6.00%	C	50	4	4	-	-	4	-
Industria del Carbón del Valle del Cauca S.A.	Barranquilla	Port maintenance	-	48,563	16,186	33.33%	C	48,563	4,019	4,019	-	-	4,019	-
Industria del Carbón del Valle del Cauca S.A.	Barranquilla	Port services	-	2,799,646	12,771	0.46%	C	2,799,646	31	197	-	-	197	166
Industria del Carbón del Valle del Cauca S.A.	Barranquilla	Port services	-	2,799,646	12,771	0.46%	C	2,799,646	31	197	-	-	197	166
Industria del Carbón del Valle del Cauca S.A.	Barranquilla	Port services	-	8,742,710	4,390	0.05%	C	8,742,710	103	39	-	-	266	64
Industria del Carbón del Valle del Cauca S.A.	Buenaventura	Chemical product manufacturing	-	656,863	67	0.01%	C	656,863	-	26	-	-	26	26
Industria del Carbón del Valle del Cauca S.A.	Palma	Chemical product manufacturing	-	656,863	67	0.01%	C	656,863	-	26	-	-	26	26
Industria del Carbón del Valle del Cauca S.A.	Medellín	Port services	-	515	500	97.09%	C	515	4,851	2,447	-	-	2,404	(2,787)
Industria del Carbón del Valle del Cauca S.A.	Medellín	Timber industry	SM	25,398,319,390	84,293,866	0.33%	C	25,398,319,390	3,462	675	-	-	675	(73)
Industria del Carbón del Valle del Cauca S.A.	Medellín	Energy	-	60	5	8.33%	C	60	108	35	-	-	35	822
Industria del Carbón del Valle del Cauca S.A.	Cali	Energy	-	185,400	18,540	10.00%	C	185,400	510	1,332	-	-	1,332	350
Industria del Carbón del Valle del Cauca S.A.	Cali	Public utilities	-	73,445,177	82,214	0.11%	C	73,445,177	4,342	4,896	-	-	4,896	(9)
Industria del Carbón del Valle del Cauca S.A.	Barranquilla	Public utilities	-	73,445,177	82,214	0.11%	C	73,445,177	4,342	4,896	-	-	4,896	(9)
B. QUOTAS OR SHARES OF EQUITY														
Distribuidora Colombiana de Cementos Ltda. (1)	Barranquilla	Commercialization	-	200,000	200,000	100.00%	C	3,674	4,037	4,037	-	-	363	363
Servigranel	Barranquilla	Commercialization	-	-	-	-	C	37	53	53	-	-	53	-
Transportes Elman Ltda. (1)	Barranquilla	Sea transportation	-	50	34	68.00%	C	1,595	3,134	3,134	-	-	1,566	-
Transportes Elman Ltda. (1)	Barranquilla	Land, river and sea transportation	-	800,000	389,437	48.68%	C	800,000	34	30	-	-	30	-
Other	Barranquilla	Other	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL SHARES AND QUOTAS 1,036,458 7,156,464 56,332 6,176,338														
C. BONDS AND SECURITIES														
D. OTHER INVESTMENTS														
Minus - Provision for protection														
6,176,693														

2012	Headquarters	Economic Activity	Valuation	Outstanding Shares	No. of shares	Percentage Held	Class of Share	Adjusted Cost	Commercial Valuations	Provision	Valuation (Devaluation)
A. ACCIONES											
Aeropuerto de Barranquilla S.A.	Barranquilla	Air transportation	—	338,000,000	16,000,000	4.73%	C	100,133	231	—	191
Barco S.A.	Medellín	Financial intermediation	SM	508,704,384	33,139,106	5.50%	C	1,271	994,174	—	894,051
Barcos Portuarios S.A.	Bogotá	Maritime activity	SM	9,999,933	5,096,969	50.97%	C	1,271	1,271	—	—
Cartón de Colombia S.A.	Bogotá	Cardboard production	SM	107,716,050	2,308,930	2.14%	C	5,069	13,617	—	8,528
Carvajal Pulpas y Papel S.A.	Cali	Paper production	—	596,630,268	1,116,767	0.02%	C	3	584	—	581
Cementos de Caldas S.A.	Manizales	Cement production	—	20,179,195	39,833	39.83%	C	3,027	3,158	—	131
Centro de Eventos Valle del Pacífico	Yumbo	Recreation	—	4,468,235	15,192	0.34%	C	152	242	30	9
Cera Tech Inc.	USA	Ecological cement production	—	1,069,519	700,000	9.35%	C	272	40	—	528
Compañía Colombiana de Empaques Bates S.A.	USA	Ecological cement commercialization	—	27,500,000	10,000,000	27.27%	C	40	568	—	12,377
Compañía de Inversionistas Inmobiliarios S.A.	Medellín	Packaging production	—	54,607	5,905	10.81%	C	81	12,458	1,562	—
Concentra Inteligencia en Energía S.A.S.	Bogotá	Construction	—	1,045,400	348,466	33.33%	C	1,562	74	—	(40)
Concesiones Urbanas S.A.	Bogotá	Information services	—	1,344,000	84,000	6.25%	C	84	9,636	—	3,274
Contributo S.A.S.	Medellín	Civil works	—	24,554,726	8,186,537	33.34%	C	6,362	30	1,195	—
Corficolombiana S.A.	Medellín	Environmental activities	—	34,050	13,475	39.57%	C	1,375	1,027	—	343
Corporación Club Deportivo El Rodeo S.A.	Cali	Financial	—	190,455,726	61,954	0.03%	C	684	45	38,687	—
Corporación de Cemento Andino C.A.	Medellín	Social	—	53,866	12	0.02%	C	6	—	—	—
Donzi Lotus Marine Corp.	Venezuela	Cement production	—	37,697,288	37,580,426	99.69%	C	38,687	32	—	(8)
Elctricidad del Caribe S.A. E.S.P.	Medellín	Maritime activity	—	50,027,154	11,085,127	100.00%	C	32	455	—	(111)
Engesa S.A. E.S.P.	Bogotá	Energy	—	148,914,162	17,077,533	0.00%	C	17	—	—	196
ENVIUango S.A. E.S.P.	Medellín	Energy	—	925,994,685	39,670,704	9.02%	C	260	549	—	910
Fondo Regional de Garantías del Caribe Colombiano S.A.	Barranquilla	Financial intermediation	—	2,496,848,728	1,326,765,020	53.13%	C	1,647	372	1,275	—
Gas Natural de Colombia S.A.	Medellín	Casting manufacturing	—	1,980,000	18,000	10.00%	C	151	1,061	—	907
Gases de Occidente S.A. E.S.P.	Cartagena	Commercialization	—	1,938,401	83,566	4.31%	C	2,138	11,145	—	(6,573)
Gestión Energética S.A.	Cali	Energy	—	441,117,047,263	323,689,869	0.07%	C	6,805	232	—	5,064,834
Graneles de Agua Dulce S.A.	Bogotá	Port operator	—	20,000	10,000	50.00%	C	5	5,401,390	—	67,077
Grupo de Inversiones Suramericana S.A.	Medellín	Investments	SM	469,037,260	175,494,026	37.42%	C	336,556	402,120	—	953,174
Grupo de Inversiones Suramericana S.A. - Preferencial	Medellín	Investments	SM	106,334,963	10,310,781	9.70%	P	335,043	1,150,097	—	(11)
Grupo Nutresa S.A.	Medellín	Food	—	46,123,458	45,324,496	9.83%	C	196,923	55	—	(56)
Hidroeléctrica Itango S.A. E.S.P.	Medellín	Energy	—	60,186,885,631	45,324,496	0.08%	C	56	—	—	(12)
Hidrosogamoso S.A. E.S.P.	Bucaramanga	Energy	—	142	3	2.11%	C	66	—	—	(379)
Hipódromo Los Comuneros S.A.	Guarne	Equestrian	—	3,199,388	16,870	0.53%	C	12	133	140	—
Industria del Carbón del Valle del Cauca S.A.	Cali	Commercialization	—	3,500,000	1,081,748	30.91%	C	652	(1)	155	—
Industrial Hullera S.A.	Medellín	Coal mining	—	6,474,711	2,426,054	37.47%	C	154	2,128	—	18
Industrias Metalúrgicas Apolo S.A.	Medellín	Metallurgy	—	234,438,170	179,631,921	76.62%	C	48	187	267	4
Intership Agency Venezuela	Venezuela	Sea freight representative	—	—	168	100.00%	C	454	—	—	—
Inversiones Zona Franca S.A.S.	Rionegro	Construction	—	1,000	3,091	16.80%	C	3	21,811	—	21,338
Isagen S.A. E.S.P.	Medellín	Energy	SM	30,910,000	1,080,000	0.01%	C	473	11,594	—	21,884
Omira Andina S.A.	Medellín	Packaging	—	2,460,000	6,345,485	50.00%	C	3	43	—	14
Papeles y Cartones S.A.	Guarne	Non-metallic mineral production	—	12,690,910	1,112,138	0.11%	C	56	434	90	39
Piazza Mayor Medellín	Barroca	Paper production	—	11,424,044	1,961	0.04%	C	194	469	—	—
Procedimientos de Occidente S.A. (1)	Medellín	Promotion	—	143,213,951	199,641	0.07%	C	584	915	—	—
Procedimientos de Occidente S.A. (1)	Medellín	Social commercialization	—	5,874,170	817,278	13.91%	C	489	416	—	—
Promotora de Proyectos S.A.	Medellín	Financial	—	3,763,185	1,627,738	43.25%	C	610	446	—	—
Promotora Nacional de Zonas Francas S.A.	Rionegro	Financial	—	380,644,330	63,826,441	16.77%	C	1,361	15	—	132
Promotora Zica S.A.	Cartagena	Storage	—	5,769,231	30,000	0.52%	C	15	1,279	15	(3)
Propuerto S.A.	Barranquilla	Port services	—	1,144,907	128,964	11.26%	C	4	1	70	—
Siderúrgica del Pacífico S.A. (1)	Cali	Commercialization	—	54,863,158	10,424	0.02%	C	70	—	1,015	—
Sociedad Administradora Portuaria Puerto Berrio S.A.	Barranquilla	Port services	—	16,760	2,625	15.66%	C	331	—	331	—
Sociedad Colombiana de Transporte Ferroviario S.A.	Bogotá	Transportation	—	172,158,489	4,440,945	2.58%	C	196	—	—	—
Sociedad de Transporte Férreo del Occidente S.A.	Cali	Railway services	—	2,450,625	72,294	2.95%	C	196	—	—	—
Sociedad Portuaria Bocas de Ceniza S.A.	Barranquilla	Port services	—	18,075,480	403,130	2.23%	C	16	—	—	10
Sociedad Portuaria de Barrancabermeja S.A.	Barranquilla	Port services	—	100,000	1,000	1.00%	C	16	—	—	—
Sociedad Portuaria de Puerto Berrio S.A.	Puerto Berrio	Port services	—	16,854	150	0.89%	C	1	15	—	—
Sociedad Portuaria de Tamalameque S.A.	Barranquilla	Port services	—	50	3	6.00%	C	4	—	4	—
Sociedad Portuaria LNG Bari S.A.S. E.S.P.	Cartagena	Port maintenance	—	10,000	2,500	25.00%	C	1,512	2,369	—	857
Sociedad Portuaria Puerto de Buenavista S.A.	Cartagena	Port services	—	48,563	16,186	33.33%	C	3,995	—	—	166
Sociedad Portuaria Regional Barranquilla S.A.	Barranquilla	Port services	—	2,799,646	12,771	0.46%	C	31	266	—	235
Sociedad Portuaria Río Grande S.A.	Barranquilla	Port services	—	8,742,710	4,390	0.05%	C	103	—	64	—
Sociedad Promotora Puerto Industrial Aguadulce S.A.	Buenaventura	Chemical product manufacturing	—	656,863	67	0.01%	C	39	—	—	26
Socromiles S.A.	Palмира	Port services	—	50	50	97.01%	C	4,494	1,241	—	(2,758)
Surandina de Puertos C.A.	Venezuela	Port services	SM	25,398,319,395	84,293,866	0.33%	C	3,482	35	—	(73)
Talleres Maestros de Caldas S.A.	Manizales	Timber industry	—	185,400	18,540	8.33%	C	108	1,362	—	852
Tecnoenergía S.A. E.S.P.	Cali	Energy	—	73,485,384	13,700	10.00%	C	350	179	139	(32)
Triple A S.A. E.S.P.	Barranquilla	Public utilities	—	—	—	0.02%	C	4,026	(1,739)	5,753	(12)
B. QUOTAS OR SHARES OF EQUITY											
Distribuidora Colombiana de Cementos Ltda. (1)	Barranquilla	Commercialization	—	200,000	200,000	100.00%	C	3,674	4,820	—	1,146
Servigranel	Barranquilla	Commercialization	—	50	34	98.00%	C	37	—	—	—
Transmarítima del Caribe Ltda. (1)	Barranquilla	Sea transportation	—	800,000	389,437	48.68%	C	1,595	3,457	30	1,882
Transportes Elnari Ltda. (1)	Barranquilla	Land, river and sea transportation	—	—	—	—	C	—	—	—	—
TOTAL SHARES AND QUOTAS											
				1,084,279	8,088,500	55.924		1,238	1,238	—	7,060,145
C. BONDS AND SECURITIES											
D. OTHER INVESTMENTS											
Minus - Provision for protection				13,684	14,008	20		(55,944)	—	—	344
				1,043,257	8,103,746	55.944		—	—	—	7,060,489

The commercial values correspond to December 2013 and 2012.
 Valuations:
 (1) Companies in liquidation.
 SM: Stock market price
 P: Preferred shares
 Class of share: C: Common shares

The decrease corresponds mainly to the sale of 1,470,000 preferred shares in Grupo de Inversiones Suramericana S.A., the withdrawal of liquidation of Inversiones Zona Franca S.A.S. and in Colener S.A.S. for the assignment to Promigas S.A. E.S.P. of shares held in Sociedad Portuaria LNG Barú S.A.S. E.S.P.

At December 31, 2013 the following pledged investments were held to guarantee financial obligations:

Issuer	Number of Shares	Financing Entity	Amount
Grupo de Inversiones Suramericana S.A.	26.400.000	Bancolombia	901.838
Grupo de Inversiones Suramericana S.A.	5.524.303	Banco de Bogotá	189.337
Grupo de Inversiones Suramericana S.A.	5.140.800	Helm Bank	176.193
Grupo Nutresa S.A.	9.093.972	Banco de Bogotá	240.633
			1.508.001

Note 9 Property, plant and equipment

The balance of property, plant and equipment, and depreciation as at December 31 includes the following:

2013	Cost Adjusted	Depreciation Accumulated	Cost Net	Appraisal	Valuation	Method Valuation
Lands (1)	565.394	-	565.394	3.829.554	3.264.160	Comparative
Construction underway	504.832	-	504.832	-	-	
Constructions and buildings (2)	1.343.866	427.536	916.330	1.220.783	304.453	Comparative/cost
Production equipment and machinery (3)	7.655.065	3.263.643	4.391.422	7.071.474	2.680.052	Capitalization of income
Office furniture and equipment, computers and communications	194.664	143.075	51.589	59.679	8.090	Cost
Mines, quarries and deposits	559.650	106.775	452.875	645.054	192.179	Income
Land transportation equipment (4)	573.860	337.463	236.397	261.866	25.469	Capitalization of income
River transportation	105.015	47.192	57.823	58.270	447	Income capitalization
Communication lines	191.717	19.117	172.600	175.445	2.845	Comparative/cost
Agricultural plantations	16.265	1.564	14.701	15.558	857	
Machinery and equipment in assembly (5)	217.625	-	217.625	-	-	
Property, plant and equipment in transit	2.375	-	2.375	-	-	
Other assets	16.216	4.078	12.138	12.974	836	Cost
Subtotal	11.946.544	4.350.443	7.596.101	13.350.657	6.479.388	
Minus provision for asset devaluation	-	-	(29.735)	-	-	
TOTAL	11.946.544	4.350.443	7.566.366	13.350.657	6.479.388	

2012	Cost Adjusted	Depreciation Accumulated	Cost Net	Appraisal	Valuation	Method Valuation
Lands	509.699	-	509.699	3.917.829	3.408.130	Comparative
Construction underway	500.876	-	500.876	-	-	
Constructions and buildings	1.119.544	331.414	788.130	1.014.176	226.046	Comparative/cost
Production machinery and equipment	7.385.536	2.973.062	4.412.474	6.810.124	2.397.650	Capitalization of income
Office furniture and equipment, computers and communications	175.093	125.729	49.364	57.945	8.581	Cost
Mines, quarries and deposit	517.874	103.817	414.057	606.237	192.180	Income
Land transportation equipment	484.232	292.658	191.574	218.345	26.771	Capitalization of income
River transportation	76.597	35.470	41.127	42.052	925	Income capitalization
Communication lines	178.874	16.613	162.261	165.258	2.997	Comparative/cost
Agricultural plantations	12.890	1.564	11.326	12.183	857	
Machinery and equipment in assembly	109.270	-	109.270	-	-	
Property, plant and equipment in transit	3.208	-	3.208	-	-	
Other assets	11.243	2.606	8.637	9.561	924	Cost
Subtotal	11.084.936	3.882.933	7.202.003	12.853.710	6.265.061	
Minus provision for asset devaluation	-	-	(29.363)	-	-	
TOTAL	11.084.936	3.882.933	7.172.640	12.853.710	6.265.061	

The increase in property, plant and equipment in 2013 corresponds mainly to:

- (1) Land transfers from inventories for COP 17,600 based on the analysis performed by the real estate business in Grupo Argos S.A., determining that the lands of San Juan de Dios and a lot of Pavas Molina will not be realized in the short-term. Elsewhere, buildings and lands were acquired for COP 13,589, destined to the use of activities from Zona Franca Celsia S.A. E.S.P. and investments were made in the Hidromontañas Plant discharge tunnel for COP 2,463. Additionally, Empresa de Energía del Pacífico S.A. E.S.P. acquired lots mainly for construction of the Alferez I Line for COP 434.
- (2) Corresponds mainly to constructions and buildings of Argos Honduras S.A. de C.V. for COP 20,400 and transfers in Zona Franca Argos S.A. for COP 108,178.
- (3) Empresa de Energía del Pacífico S.A. E.S.P. invested in civil works and purchased electromechanical equipment for energy generation plants for COP 130,457. The value of investments for plants was as follows: Alto Tuluá COP 103,130, Alto Anchicayá COP 6,458, Salvajina COP 4,418, Prado COP 933 and Calima COP 15,518. In grids, lines and transfor-

mers the Company made investments mainly in substations for COP 27,633, 34.5kV and 13.2kV grids for COP 7,587 and distribution transformers for COP 1,973. In Compañía de Electricidad de Tuluá S.A. E.S.P., investments in 2013 were mainly made for expansion of the Rumor Plant for COP 1,225, in 34.5kV grids for COP 3,709, in 13.2kV grids for COP 579, COP 1,432 was invested in modernization of equipment, COP 418 in office remodeling, and COP 1,018 in project continuity. Additionally, investments were made for approximately COP 637 in technology modernization.

- (4) Corresponds mainly to acquisition of 73 new mixers for Argos Ready Mix (South Central) Corp. and in Concretos Argos S.A. to acquisition of 73 concrete transporters and 7 pumps.
- (5) corresponds to construction of the Cartagena Dispatch Center in Zona Franca Argos S.A.S. for COP 26,755 and equipment for COP 15,114 corresponding to the port concession contract for public use assets 003 of March 2010, signed with the National Concessions Institute (INCO). In 2013, Empresa de Energía del Pacífico S.A. E.S.P. continued making progress in its construction plan, where the main investments were in the following projects: acquisition of equipment and

socio-environmental investment in the Cucuana Hydroelectric Plant for COP 9,196, and equipment for the Bajo Tuluá Hydroelectric Plant for COP 13,797. With regard to investments in grids, lines and substations, the investment was as follows: In 13.2kV grid architecture for COP 27,428, progress in 115kV line repowering and relocation COP 5,796, and COP 2,767 in substation modernizations. Zona Franca Celsia S.A. E.S.P. made progress in construction of the liquid fuel storage infrastructure and in expansion of the energy substation.

Also includes development of various projects that Cementos Argos S.A. has taken on in order to optimize productive processes in the different cement production plants for COP 79,518, and the cement mill expansion project in the Harleyville project for COP 69,415 in Argos Cement LLC.

The Company and its subordinate companies conducted technical appraisals of property, plant and equipment in 2011, 2012 and 2013. The appraisal methods used are explained in note 21. These appraisals are updated at least every three years.

The depreciation recorded in the 2013 results was COP 451,948 (2012 - COP 417,467).

In 1994, the Sogamoso Cement Plant including its lands was pledged in collateral to back financial liabilities in Acerías Paz del Río S.A.; This collateral included first mortgages for USD 8,365,573; second mortgages for COP 659; second pledges for USD 21,337,187. The Company is carrying out relevant actions to release these duties given that all obligations generated have been paid.

Note 10 Deferred and Intangible assets

As at December 31, the deferred and intangible assets comprised:

	2013	2012
Goodwill (1)	1.819.492	1.246.706
Brands (2)	144.565	139.866
Rights (3)	478.393	274.693
Concessions, franchises and licenses (4)	282.405	287.380
Net deferred assets (5)	385.912	269.602
Others	22.542	21.601
Accumulated amortization	(400.915)	(319.294)
Subtotal	2.732.394	1.920.554
Less provisions	-	(2.107)
	2.732.394	1.918.447

(1) The details for goodwill as at December 31, 2013, is as follows:

Acquired company	Value
Nuevo Cemento S.A.S. (a)	515.844
Ready Mixed Concrete Co. (b)	386.653
Argos Ready Mix (South Central) (b)	263.719
Empresa de Energía del Pacífico S.A. E.S.P. (c)	254.621
Zona Franca Celsia S.A. E.S.P. (d)	43.719
Argos Ready Mix LLC (e)	35.196
Celsia S.A. E.S.P. (f)	29.577
Argos Cement LLC (e)	24.082
Argos Panamá S.A. (g)	22.688
Ceratech INC y Ceratech USA LLC. (h)	23.746
Generar S.A. E.S.P.	20.078
Boscoal Operadores Portuarios S.A.	2.634
Surcol Houdstermaatschappij N.V. (i)	1.802
Hidromontañas S.A. E.S.P.	1.050
Others	194.083
Total	1.819.492

(a) Corresponds to the acquisition of Nuevos Cementos S.A.S. for COP 515,844. The intrinsic value per share was COP 1, with a total of 229,181,415,370 shares acquired. This company owns 53.28% of Argos Honduras S.A. de C.V. Amortization was calculated using the straight-line basis over a 20-year term. The investment was acquired on November 27, 2013.

- (b) It comprises the goodwill generated in the procurement of concrete in the United States, from Argos Ready Mix (South Central) Corp. (formerly Southern Star Concrete Inc.) and Ready Mixed Concrete Co. in 2005 and 2006, respectively.
- (c) On December 14, 2009, through a takeover, Colener S.A.S., through Fideicomiso P.A. Colener II acquired 164,063,583 common shares (47.32% of the outstanding shares) in Empresa de Energía del Pacífico S.A. E.S.P. (EPSA) at COP 9,164.84 per share, totaling COP 1,503,616. In December, 2009, Fideicomiso P.A. Colener II was sold off, thus there was direct participation in Colener S.A.S from that point. On April 30, 2010 the Company acquired 9,326,267 additional shares at COP 9,270.69 per share (2.69% shareholding), for COP 86,461. This transaction gave it a controlling interest of 50.01%.
- (d) Created in 2007, through the purchase of assets in Zona Franca Celsia S.A. E.S.P.
- (e) Created in 2011, through the purchase of assets in Argos Ready Mix LLC, from Lafarge.
- (f) Corresponds to the additional amount paid over the book value for the acquisition of 9,417,457 shares (1.31% shareholding) of Celsia S.A. E.S.P. on September 30, 2010. The certified intrinsic value in pesos per share as at August 31, 2010 was COP 3,658.79, for an equity value of COP 34,456. The purchase's net value was COP 63,424. Furthermore, 835,918 shares were acquired in June and July. These provide a 0.116% shareholding in this company. The certified intrinsic value in pesos per share as at June 30 and July 31, 2012 was COP 3,630.81 and COP 3,590.49 respectively, for an equity value of COP 2,918 and COP 116, and a net purchase value of COP 3,474 and COP 136, respectively. The estimated goodwill amortization term is sixteen (16) years and said goodwill is amortized on a straight-line basis.
- (g) Corresponds to the purchase of Argos Panamá S.A. for COP 22,668 in 2009. The intrinsic value per share was COP 218,190. Amortization was calculated using the straight-line basis over 5 years.
- (h) The total amortization of goodwill created through the purchase of shares in Ceratech Inc. and Ceratech USA LLC, for a net value of COP 17,827, was carried out in 2013.
- (i) Created through the purchase of Surcol Houdstermaatschappij N.V for COP 1,802. The intrinsic value per share at the time of purchase was COP 88,198,366. Amortization was calculated using the straight-line basis over 4 years. The investment was acquired on February 16, 2010.
- (2) Corresponds primarily to the Argos brand purchased in December of 2005 by Cementos Argos S.A. for COP 115,389, with an inflation adjustment of COP 5,274. The brand valuation was carried out by the financial corporation Colcorp utilizing the discounted cash flow analysis method; the value of the intangible asset is a result of the operating cash flow that may be generated over time, discounted at a rate that reflects the risk of these flows. This method is supported by the returns obtained from the brand ownership of said flows (brand's contribution to the business, both present and future). It is amortized over a 20-year term.
- (3) Corresponds primarily to:
- Carmen de Bolívar Project Trust Fund, managed by Fiduciaria Fiducor S.A. (No 732-1359), for the Carmen de Bolívar reforestation project at COP 32,999 (2012 - COP 29,699). In 2013, contributions worth COP 3,300 (2012 - COP 3,569) were made.
 - Right of availability purchased in 2008 for USD 21,500,000 (COP 39,828) by Cementos Argos S.A. from Acerías Paz del Río, for a minimum of 150,000 tons per year of the slag produced thereby for a term of 15 years that may be extended by the same period. The net balance is COP 25,972 (2012 - COP 28,627).
 - Trust fund managed by Fiduciaria Corficolombiana S.A. for COP 42,761.
 - COP 61,978 corresponds to contributions by Grupo Argos S.A. to the stand-alone trust administered by Bancolombia S.A., to whom the rights to the Villa Villavicencio shopping mall were transferred. Here, Grupo Argos has 49% shareholding, and Grupo Éxito controls 51%. These shares are to be recognized through fiduciary

rights, with Coninsa & Ramón H. S.A. appointed to manage the construction works. At December 31, 2013, this project's progress was at 53%.

- Assets acquired from Empresa de Energía del Pacífico S.A. E.S.P. through financial leasing, corresponding to COP 163,309 (2012 - COP 71,276) of works and equipment for the Cuacua-na hydroelectric project. These resources were delivered by Banco de Occidente S.A. to the suppliers responsible for project construction, to fulfill the leasing contracts signed in 2010.

- Assets acquired through financial leasing, from Internacional Ejecutiva de Aviación S.A.S at COP 27,259 (2012 - COP 13,929); and Compañía de Puertos Asociados S.A. - COMPAS S.A. at COP 17,481 (2012 - COP 17,102).

- Assets acquired from Cementos Argos S.A. y Concretos Argos S.A through financial leasing, with monthly payments:

Contract number	Initial amount	Balance Dec - 13	Maturity date	Term in months	Outstanding installments	Assets
124854	1.264	983	18-Aug-18	84	56	CAT 730
128053	1.488	1.158	18-Oct-18	84	58	CAT 773
128226	1.437	1.118	18-Sept-18	84	57	CAT 773
133409	1.488	1.190	18-Jan-19	84	61	CAT D9T
136006	1.630	1.304	18-Feb-19	84	62	CAT 988H
141252	1.746	1.396	18-July-19	84	67	773G Truck
143367	1.787	1.430	18-Oct-19	84	70	Rigid Truck
143546	1.769	1.415	18-Oct-19	84	70	Rigid Truck
144532	1.416	1.133	18-Nov-19	84	71	Articulated Trucks
139982	66	53	18-Jul-19	84	67	Caterpillar Forklift
127134	763	610	18-Apr-19	84	64	Special Cement Silo
133705	717	621	18-Feb-19	84	62	Caterpillar Loader
142165	989	791	18-Oct-19	84	70	Front Loader
140426	1.123	973	18-Dec-19	84	75	Drilling Equipment
147671	741	593	18-Jan-19	84	72	Loader
133047	186	149	18-Aug-19	84	68	Truck Scales
141393	494	395	18-Aug-19	84	68	Hydraulic Excavator
142885	388	310	18-Sept-19	84	69	Front Loader
144521	436	349	18-Nov-19	84	71	Front Loader
102907	356	263	18-Nov-16	84	35	CAT Loader
114011	423	326	18-Oct-17	85	46	Caterpillar Loader
114189	704	542	18-Jan-18	85	49	CAT Loader
116307	363	289	18-Jan-18	85	49	CAT Loader
116308	363	289	18-Jan-18	85	49	CAT Loader
116309	363	289	18-Jan-18	85	49	CAT Loader
124900	2.783	2.273	18-Feb-19	84	62	Bello Plant

Contract number	Initial amount	Balance Dec - 13	Maturity date	Term in months	Outstanding installments	Assets
135859	408	333	18-Aug-19	84	68	CG 938H Ruta del Sol
139205	791	646	18-May-19	84	65	938H Ituango Loader
139802	2.079	1.767	17-Feb-20	84	74	Cali Mixer
139805	2.599	2.209	17-Feb-20	84	74	Puente Aranda Mixer
139807	2.342	1.991	17-Feb-20	84	74	Medellín Mixer
139808	1.561	1.327	17-Feb-20	84	74	Sabaneta Mixer
139836	1.040	884	17-Feb-20	84	74	Montería Mixer
139845	1.303	1.107	17-Feb-20	84	74	Cajicá Mixer
139846	1.300	1.105	17-Feb-20	84	74	Calle 80 Mixer
139873	261	222	17-Feb-20	84	74	Barrancabermeja Mixer
139880	781	664	17-Feb-20	84	74	Bello Mixer
139881	782	665	17-Feb-20	84	74	P. Norte Mixer
139882	780	663	17-Feb-20	84	74	Bucaramanga Mixer
139886	520	442	17-Feb-20	84	74	Corredor Sur Mixer
139887	778	662	17-Feb-20	84	74	Soacha Mixer
139891	522	443	17-Feb-20	84	74	CG 938H Ruta del Sol
139892	783	665	17-Feb-20	84	74	P. Columbus Mixer
139893	781	664	17-Feb-20	84	74	Fontibón Mixer
139894	785	667	17-Feb-20	84	74	P. Mamonal Mixer
139989	522	443	17-Feb-20	84	74	Marinilla Mixer
140014	259	221	17-Feb-20	84	74	Tunjuelo Mixer
140082	5.552	4.997	01-June-20	84	78	Pump trucks
140833	408	333	18-Sept-19	84	69	Front Loader
146004	1.407	1.407	16-Nov-20	84	83	Crusher
140018	1.822	1.549	17-Feb-20	84	74	Manizles, Cusiana, Villavi, Sta Marta, Sur Mixer Marta, Sur
Total		46.318				

In 2012, operating lease transactions by Colombian companies were reviewed, based on the description issued by the leasing company in previous years. This review prompted the decision to adopt a conservative stance, taking into account the essence of the operation and proceeding to record it as financial leasing.

(4) It primarily includes partial mining concession title 11387 for the extraction of limestone, acquired in 2008 by Cementos Argos S.A. from Acerías Paz del

Río for USD 41,256,757 (COP 95,524) for the exploitation of a minimum of 369,000 tons of limestone per year. The balance thereof is COP 67,429 (2012 COP 73,047), while that of the port concession agreement for public property, signed with the National Concessions Institute and Zona Franca Argos S.A., stands at COP 17,892.

The main mining concessions, current at the close of the period, are listed below:

Contract Number	Type of title	Main mineral	Municipality	Department	Value	State	Open Date	Duration (years)
2952	Concession Agreement Decree-Law 1275	Limestone and sand	Barranquilla and Puerto Colombia	Atlántico	Unlimited	Application for extension	March 7, 1980	30
3632	Concession Agreement Decree-Law 2655	Limestone and clay	Toluviejo	Sucre	Unlimited	Exploitation	October 6, 1992	30
9334	Concession Agreement Decree-Law 2655	Calcareous	Barranquilla and Puerto Colombia	Atlántico	Unlimited	Exploitation	February 4, 1993	30
18610	Concession Agreement Decree-Law 2655	Limestone	Turbaco	Bolívar	Unlimited	Exploitation	February 4, 1997	30
7609	Concession Agreement Decree-Law 2655	Limestone	Curití	Santander	Unlimited	Exploitation	August 23, 2004	30
FD2 154	Concession Agreement Decree-Law 685	Construction materials	Saldaña	Tolima	6.000	Exploitation	December 2, 2004	28
IKS-11581	Concession Agreement Decree-Law 685	Construction materials	Saldaña	Tolima	10.000	Exploitation	December 30, 2009	29
14672	Exploitation License Law 2655	Limestone	San Luis	Antioquia	Unlimited	Exploitation	July 24, 2007	10
441xRío Claro	Concession Agreement Decree 1275	Limestone	Sonsón	Antioquia	Unlimited	Extension and conversion	November 22, 1983	30
8648 Cairo	Concession Agreement Decree-Law 685	Limestone	Abejorral	Antioquia	Unlimited	Exploitation	April 25, 1990	30
911-15 Monjas	Supply contract Decree 2655	Limestone	Firavitoba	Boyacá	Unlimited	Exploitation	November 16, 1994	20
GSA-EXTR 95-105	Contract 112 December 11, 1996	Quarried stone	Province of Panamá	District of Panama	Unlimited	Exploitation	December 24, 2006	10
Concesión Minera "Najayo"	Contract 241 July 9, 1996	Caliche and pozzolanic tuff	Province of San Cristóbal	District of San Cristóbal (Dominican Republic)	Unlimited	Exploitation	July 9, 1996	75
La Guacamaya	Concession agreement GD4-121	Coal	Puerto Libertador	Córdoba	Unlimited	Exploitation	February 27, 2007	30
La Guacamaya	Concession agreement 4676	Coal	Puerto Libertador	Córdoba	Unlimited	Exploitation	June 5, 1990	26
Nechí	Concession agreement 8069	Coal	Amagá	Antioquia	Unlimited	Exploitation	April 27, 1990	50
Alejandría	Concession agreement 2644-T	Coal	Cogua	Cundinamarca	Unlimited	Exploitation	May 10, 2002	13

(5) Deferred assets at December 31 were as follows:

	2013	2012
Technology projects and other deferred assets (a)	243.479	118.321
Software	27.934	19.343
Research	21.469	33.210
Deferred income tax debit (b)	44.508	44.096
Organization and pre-operation costs	2.574	10.920
Improvements to third-party property	41.450	38.513
Adjustments for inflation	4.498	4.783
Others	-	416
	385.912	269.602

(a) This primarily includes the Synergy project (implementation of new ERP system at Cementos Argos S.A.) for COP 110,383 (2012 - COP 53,191); costs associated with issuance and placement of preferred shares of Cementos Argos S.A. for COP 68,018 (2012 - COP 5,604); issuance and placement of bonds in Cementos Argos S.A. for COP 9,959 (2012 - COP 11,616); and costs incurred in the procurement of consulting and exploration services for the development of a project to increase production volume at the Bihao mine, for COP 26,691 (2012 - COP 21,415).

(b) Primarily includes deferred tax of COP 5,703 (2012 - COP 8,783) from Celsia S.A. E.S.P., and COP 19,878 (2012 COP 10,653) from Cementos Argos S.A.. These are explained by temporary differences, principally accounts payable for forward and swap transactions, as well as estimated liabilities due to forestry offset. The variation corresponds primarily to the additional increase on from other companies: Savannah Cement Company LLC, COP 1,722; Argos Cement LLC, COP 9,252; and Argos Ready Mix LLC, COP 5,795; and a decrease from Argos USA Corp. of COP 23,109. Moreover, of the above-mentioned values pertaining to the United States operations, the effect of compliance with the Accounting Standard Codification ASC 740 was recognized. This relates to the tax allowances formally known as Financial Accounting Standard 109 issued by the Financial Accounting Standard Board (FASB) of the USA, which requires the recognition of a valuation allowance provision for deferred tax assets. The standard stipulates that the devaluation of the deferred tax asset be recorded over estimated possi-

ble fiscal losses that cannot be offset, based on the high likelihood of their recovery. Although this provision was applied using the principle of conservatism required by the American standards, which demands a high, secure level of recoverability, Cementos Argos S.A. believes that sufficient taxable income will be generated in the future to realize the benefits of differed taxes associated with fiscal losses, which can be offset over a 20-year term.

Amortizations recorded to the results reached COP 107,556 (2012 - COP 109,629).

Note 11 Financial Obligations

Financial obligations as at December 31 were as follows:

	2013	2012
Overdrafts	2.587	2.344
Obligations to Colombian banks (1)	981.483	2.476.431
Obligations to foreign banks and entities (2)	491.535	522.833
Loans from financial corporations (3)	202.530	19.361
Letters of credit and loans from commercial financing companies (3)	79.100	33.641
Other obligations to individuals (4)	4.126	14.158
Other Colombian obligations (5)	23.245	26.398
	1.784.606	3.095.166
Less non-current portion	(1.063.692)	(1.685.905)
	720.914	1.409.261

(1) The decrease corresponds primarily to the settlement of obligations to Colombian banks used by Celsia S.A. E.S.P. that were replaced by the issuance of straight bonds for COP 800,000. Moreover, it encompasses the settlement of financial obligations for COP 131,428 that were paid in part with resources obtained in the issuance of preferred shares of Cementos Argos S.A.. Grupo Argos S.A. was down by COP 83,112; Sator S.A.S. by COP 13,660; and Compañía de Puertos Asociados S.A. - COMPAS S.A. by COP 12,794.

The financial obligations to Colombian banks are:

Entity	2013	2012	Original currency	Maturity
Banco de Bogotá	171.488	-	US Dollar	2014
Banco de Bogotá	97.007	-	Colombian Pesos	2014
Bancolombia	3.652	107	Colombian Pesos	2014
BCSC	35.000	-	Colombian Pesos	2014
BBVA	190.846	-	US Dollar	2014
Banco de Occidente	23.122	-	Colombian Pesos	2014
Banco Popular	60.000	-	Colombian Pesos	2015
BCSC	35.000	-	Colombian Pesos	2015
BBVA	50.000	1.759	Colombian Pesos	2015
Bancolombia	7.000	-	Colombian Pesos	2015
Helm Bank	100.000	-	Colombian Pesos	2018
Bancolombia	8.258	8.841	US Dollar	2019
Bancolombia	200.000	919.246	Colombian Pesos	2020
Otros	110	-	Colombian Pesos	2014
Banco de Bogotá	-	143.227	US Dollar	2013
Bancolombia	-	503.946	US Dollar	2013
BBVA	-	88.411	US Dollar	2013
Davienda	-	48.627	US Dollar	2013
Banco AV Villas	-	25.000	Colombian Pesos	2013
Banco de Bogotá	-	218.103	Colombian Pesos	2013
Banco Popular	-	120.000	Colombian Pesos	2013
Bancolombia	-	18.007	Colombian Pesos	2013
BBVA	-	9.917	Colombian Pesos	2013
Davienda	-	44.667	Colombian Pesos	2013
Ministry of Finance	-	233	Colombian Pesos	2013
Banco de Bogotá	-	73.334	Colombian Pesos	2015
Davienda	-	67.000	Colombian Pesos	2015
Bancolombia	-	1.464	Colombian Pesos	2016
Helm Bank	-	100.000	Colombian Pesos	2016
Banco de Occidente S.A.	-	84.542	Colombian Pesos	2017
	981.483	2.476.431		

(2) The decrease corresponds primarily to the settlement of obligations to foreign banks used by Cementos Argos S.A.

The financial obligations to foreign banks are:

Entity	2013	2012	Original currency	Maturity
IFC	12.677	-	US Dollar	2014
CAF	12.677	-	US Dollar	2014
DEG	5.070	-	US Dollar	2014
Helm Bank Panama	19.268	7.073	US Dollar	2014
UBS	8.667	7.946	US Dollar	2014
Banco General	8.285	-	US Dollar	2014
Mercantil Commercebank	4.046	22.810	US Dollar	2014
BCI Miami Branch	10.212	-	US Dollar	2014
BCI Miami Branch	3.854	-	US Dollar	2014
BCI Miami Branch	15.415	-	US Dollar	2014
HSBC Honduras	12.429	-	US Dollar	2014
Citibank PLC London	168.751	183.017	US Dollar	2019
Banco BHD	6.079	-	Dominican Peso	2019
IFC	74.723	75.615	US Dollar	2020
CAF	69.721	75.615	US Dollar	2020
DEG	27.888	30.246	US Dollar	2020
IFC	2.872	-	US Dollar	2021
Varios	28.901	52.452	US Dollar	2015
BCI Miami Branch	-	40.139	US Dollar	2013
IFC	-	11.633	US Dollar	2013
CAF	-	11.633	US Dollar	2013
DEG	-	4.654	US Dollar	2013
	491.535	522.833		

The long-term loan from Citibank PLC, guaranteed by EKF Denmark for an initial value of USD 159,235,669, with accounts receivable from Cementos Argos S.A., Zona Franca Argos S.A.S. and Argos USA Corp., contains the following financial covenants (clauses), effective until December 31, 2013:

- Net debt / EBITDA ratio + 12 month dividends; less than 4 times
- EBITA / Interest coverage ratio; greater than 1.25 times

The loan guaranteed by EFK has a term of 11.5 years, with semi-annual amortizations starting from December, 2009 maturing in June, 2019.

The syndicated loan from Citibank's Panama branch stipulates the following commitments regarding the financial statements of Argos Panamá S.A and its subsidiaries:

- A net debt/EBITDA ratio of less than 2.5 must be maintained.
- Debt service coverage ratio of no less than 4.0.

- Total debt to equity ratio of less than 1.3.
- Argos Panamá S.A.'s syndicated loan rate is LIBOR + 1.5%. The loan maturity date is May 2015.

(3) The increase corresponds chiefly to new leasing contracts acquired by Colombian and American subsidiaries. Principally from Argos Ready Mix (South Central) Corp. for COP 25,940 (2012 - COP 0); Concretos Argos S.A. for COP 33,620 (2012 - COP 6,621); Internacional Ejecutiva de Aviación S.A.S. for COP 19,473 (2012 - COP 0); and Empresa de Energía del Pacífico S.A E.S.P. for COP 173.377 (2012 - COP 84,542).

(4) This corresponds primarily to vessel leasing obligations, which under International Financial Reporting Standards (IFRS) are calculated as Financial Leasing. If these transactions had occurred in Colombia, they would have been recognized as a lease, without any financial obligation.

(5) Chiefly comprised of Argos USA Corp.'s loan from Andino Trading Corporation for COP 18,430 (2012 - COP 16,913).

At the close of 2013 and 2012, forward currency buying transactions were in place to synthetically convert loans from USD to COP. The details of these transactions are laid out in Note 14.

For financial obligations, bonds, commercial papers, and accounts payable, interests of COP 363,073 (2012 - COP 429,020) were accrued. The maturities of the long-term financial obligations as at December 31, 2013 were as follows:

Year	Maturity value
2015	233.148
2016	80.325
2017	252.470
2018	255.102
2019 and thereafter	242.647
	1.063.692

The credit lines extended by Colombian banks are guaranteed with long-term investments of COP 1,508,001, as mentioned in Note 8.

Nota 12 Commercial papers and outstanding bonds

As at December 31 the following balances applied:

	2013	2012
Outstanding bonds	3.350.405	2.625.889
Less discount to be amortized	(6.568)	(8.210)
	3.343.837	2.617.679
Less current portion	(204.182)	(87.091)
	3.139.655	2.530.588

At Grupo Argos S.A., the commercial papers issued in 2012 for COP 200,000 were replaced by long-term bank debt in 2013.

As at December 31, 2013, bonds for Cementos Argos S.A. comprised:

Outstanding bonds issued on November 23, 2005:

Term	Securities Issued	Effective Rate	Interest payment terms	Mat. date
10 years	80.000	IPC+2,88%	Semester in arrears	November 23, 2015
12 years	440.000	IPC+3,17%	Semester in arrears	November 23, 2017
	520.000			

Of the authorized value of COP 600,000, the final tranche of COP 150,000 with a 12-year term was placed on February 23, 2007. This issuance of COP 132,212, generated a placement discount of COP 17,788, which is amortized using the straight-line basis for 12 years.

Outstanding bonds issued on April 28, 2009:

Term	Securities Issued	Effective Rate	Interest payment terms	Mat. date
5 años	81.175	9,70% E.A.	Año vencido	28/04/2014
7 años	114.943	IPC+6,00%	Trimestre vencido	28/04/2016
10 años	70.350	IPC+6,30%	Trimestre vencido	28/04/2019
15 años	229.530	IPC+7,19%	Trimestre vencido	28/04/2024
495.998				

Outstanding bonds issued on April 11, 2012:

Term	Securities Issued	Effective Rate	Interest payment terms	Mat. date
2 años	111.400	DTF+1,34%	Trimestre vencido	11/04/2014
3 años	111.400	DTF+1,45%	Trimestre vencido	11/04/2015
222.800				

Outstanding bonds issued on May 16, 2012:

Term	Securities Issued	Effective Rate	Interest payment terms	Mat. date
6 años	97.022	IPC+3,80%	Trimestre vencido	16/05/2018
10 años	299.896	IPC+4,24%	Trimestre vencido	16/05/2022
15 años	303.082	IPC+4,50%	Trimestre vencido	16/05/2027
700.000				

All Cementos Argos S.A. issues have AA+ ratings from Fitch Ratings Colombia S.A., and are payable to order securities that are tradeable on the secondary market.

Of the issue that matures in 2017, securities with 12-year terms from the Argos 2005 bonds, for COP 440,000, were converted to dollars, COP 433.320 (equivalent to USD 240,000,000) through a currency swap. (See Note 14).

As at December 31, 2013, bonds for EPSA S.A. E.S.P. included:

Outstanding bonds issued on Wednesday, April 21, 2010:

Term	Securities Issued	Effective Rate	Interest payment terms	Mat. date
7 años	85.754	IPC + 4,58%	Trimestre vencido	2017
10 años	214.120	IPC + 5,05%	Trimestre vencido	2020
20 años	300.126	IPC + 6,08%	Trimestre vencido	2030
600.000				

In December, 2013, Celsia S.A. E.S.P. issued straight bonds in the local securities exchange for a value of COP 800,000. The straight bonds, which are on-demand and may be traded in the secondary market through the Bolsa de Valores de Colombia S.A., were allotted as follows:

Term	Securities Issued	Effective Rate	Interest payment terms	Mat. date
3 años	83.620	IBR + 2,17%N.M.V.	Serie E - Subserie E3	2016
6 años	263.650	IPC + 4,30% E.A.	Serie D - Subserie D6	2019
12 años	240.650	IPC + 5,00% E.A.	Serie D - Subserie D12	2025
20 años	212.080	IPC + 5,33% E.A.	Serie D - Subserie D20	2033
800.000				

Note 13 Mandatory Convertible Bonds

As at December 31, the mandatory convertible bonds (MCBs) with preferential dividend and without voting rights had a value of COP 694,448 (2012 - COP 749,248).

The nominal value of the MCBs is one million Colombian pesos and they have the following conditions:

Series	Term (Months)	Securities Issued	Effective Rate	Payment Frequency	Maturity Date	Conversion Rate
A3	36	COP 750.000	5%	Quarterly in arrears	November 27, 2015	1 MCB for 47 preferred shares without voting rights.

MCBs may be converted at any time, at the holder's discretion. In the event the holder has not made the discretionary conversion, this shall be mandatory upon their maturity. Before they are converted, holders shall receive a constant coupon rate on the nominal value of their MCBs.

The company has 160,000,000 shares in reserve for the reacquisition of MCBs.

In 2013, 54,800 (2012 - 752) MCBs were converted, each one for 47 shares, amounting to 2,575,600 (2012 - 35,344) preferred shares. The increase in subscribed and paid capital was COP 161 (2012 - COP 2) and in the share placement premium, it was COP 54,639 (2012 - COP 750).

Note 14 Suppliers and accounts payable

The suppliers and accounts payable as at December 31 were comprised as follows:

	2013	2012
Costs and expenses payable	185.399	206.368
Colombian suppliers	355.039	335.044
Foreign suppliers US \$16.476.083 (2012 US\$8.838.830)	31.747	15.629
Dividends payable (1)	103.212	80.226
Current trade accounts (2)	9.526	8.879
Accounts payable to contractors	6.689	5.826
Sundry creditors (3)	175.440	210.977
Withholdings payable	35.313	40.018
Installments payable	1.218	1.215
Other accounts payable	24.895	24.891
	928.478	929.073
Less - Sundry long-term creditors	(55.107)	(75.857)
	873.371	853.216

(1) As at December 31, dividends were payable by Grupo Argos S.A. for COP 48,549 (2012 - COP 44,266); Cementos Argos S.A. for preferred shares worth COP 12,081 and common minority shares worth COP 23,624 (2012 - COP 21,749); Argos Panamá S.A. for COP 3,686 (2012 - COP 2,866); Argos Honduras S.A. de C.V. for COP 1,649; Vensur N.V. for COP 774 (2012 - COP 220), Cimenterie Nationale S.E.M. (CINA) for COP 106 (2012 - COP 23); and Celsia S.A. E.S.P. for COP 12,743 (2012 - COP 11,102). The increase is chiefly due to the dividends declared by Cementos Argos S.A. for preferred shares issued in 2013, at a value of COP 231 per share, corresponding to 3% of the subscription price.

(2) Principally includes balances with unconsolidated affiliated companies for COP 9,526 (2012 - COP 8,879). (See Note 29).

(3) Corresponds primarily to the valuation of derivative transactions at COP 29,387 (2012 - COP 30,286), and the payable balance of COP 82,661 for the purchase of Cementos La Unión S.A. and Cementos Apolo S.A. under the following conditions:

Balance as at December 31, 2013:

USD 42,900,000 (2012 - USD 57,200,000)

Maturity: August 2016

Rate: 5% E.A.R. payable quarterly in arrears

Installments: 10 annual payments

In 2013, COP 4,700 of interest was accrued, equivalent to USD 2,511,220 (2012 - COP 5,803 equivalent to USD 3,169,447). In 2013, USD 14,300,000 was paid in capital. A currency swap was applied to this account payable, as follows:

Currency swap transactions

Underlying	Underlying value USD	Underlying rate	Swap amount COP	Swap rate	Maturity
Account payable	42,900,000	4.90% in arrears	81.935	CPI + 5,35%	08-Aug-16

At the close of 2013, forward currency buying transactions were in place to synthetically convert loans from USD to COP. Shown below are those transactions with financial derivatives that generated a positive value for the counterparty (Bank) at the close of the period:

Type	Underlying	Underlying value USD	Forward Amount USD	Rate Forwards	Maturity
Forward purchase	Financial obligation Capital + Interest	32,132,000	32,132,000	1.971,42	Feb 27, 2014
Forward purchase	Interest on financial obligations	104,706	104,706	1.974,18	March 25, 2014
Forward purchase	Financial capital obligations	25,000,000	25,000,000	1.988,16	June 25, 2014
Forward purchase	Interest on financial obligations	107,033	107,033	1.992,35	June 25, 2014

Type	Underlying	Underlying value COP	Underlying rate	Swap amount USD	Swap rate	Maturity
Currency swap	Bond 2017	343.520	IPC + 3,17%	190.000.000	Libor + 1,75%	23/11/2017
Currency swap	Bond 2017	89.800	IPC + 3,17%	50.000.000	Libor + 1,92%	23/11/2017

The currency swap transactions were carried out in order to balance the Company's foreign-exchange risk, taking advantage of what Management judges to be favorable market conditions.

Forward operations are carried out to hedge the risk of exchange rate fluctuations of borrowings in dollars, temporary investments and import/export operations. The valuation of these instruments is effected on their fair value, taking into account market curves in effect on the valuation date (see policy on derivative financial instruments).

Note 15 Taxes, Duties and Rates

El saldo de impuestos, gravámenes y tasas al 31 de diciembre comprendía lo siguiente:

	2013	2012
Income tax	88.454	70.447
CREE fair tax	90.505	-
Sales tax	51.081	44.558
Industry and Commerce tax	24.135	18.719
Others (Equity tax)	50.180	97.035
	304.355	230.759
Less - short-term portion (1)	-	(46.923)
	304.355	183.836

(1) In 2012, the balance of long-term taxes, duties and rates corresponds to the equity tax quotas, which are due in 2014.

The tax provisions applicable to the Company and its subsidiaries in Colombia stipulate that:

a The applicable income tax rate for 2013 is 25%. The rate for 2012 was 33%. The reduction in the income tax rate for 2013 was stipulated by Law 1607 of December 2012. In the same law, the CREE fair tax was created with a 9% rate and went into effect on January first, 2013. The basis for CREE fair tax is calculated with the income tax, additionally settling those items that regulation expressly did not consider in CREE fair tax.

As part of the purging of the tax base for the settlement of CREE fair tax, the income of the tax period may not be offset with tax losses or excesses of presumptive income of previous periods.

b The basis to determine income tax cannot be less than 3% of its liquid equity on the last day of the previous tax period.

c With Law 1430 of 2010, from 2011, the special deduction of productive fixed assets for the other taxpayers is eliminated.

d Since 2007, companies can compensate the adjusted tax losses fiscally and without a time limit with the regular liquid income that is obtained in the following periods, without prejudice to the presumptive income of the period.

The tax losses generated by the special deduction of investment in productive fixed assets may be compensated with the taxpayer's liquid income.

As at December 31, 2013 Grupo Argos S.A. and its subsidiaries had financial losses of COP 1,245,928 (2012 - COP 464,702).

e The surplus of presumptive income over regular income generated since 2003 can only be offset with regular liquid income in the following five years.

Since 2007, surpluses of presumptive income over regular income are fiscally readjusted.

As at December 31, 2013, Grupo Argos S.A. and its subsidiaries had COP 500,859 (2012 - COP 80,805) of excesses of presumptive income from the 2006, 2008, 2009, 2010 and 2011 tax periods.

f Since 2004, income taxpayers that carry out transactions with economic partners or related parties abroad are obliged for the purposes of income tax and additional taxes to establish their regular and extraordinary income, their costs and deductions and their assets and liabilities, considering the prices and profit margins that would have been used in comparable transactions with or between non-economic partners for these transactions. The company conducted a technical study of its operations carried out in 2012, concluding that no adjustment of the tax returns for that period were necessary.

Detailed below are the income tax determinations for the periods ending December 31:

	2013	2012
Taxable income for Colombian companies, with special rate	177.287	109.453
Rate	15%	15%
Current income tax, at special rate (1)	26.593	16.418
Taxable income for Colombian companies	1.065.406	515.293
Rate	25%	33%
Current income tax (2)	266.351	170.047
Taxable income - CREE fair tax for Colombian companies	1.101.150	-
Rate	9%	-
CREE fair tax (3)	99.104	-
Income tax - deferred credit for Colombian companies (4)	(11.790)	(16.907)
Income tax - provision for Colombian companies	380.258	169.558
Income tax for foreign companies	45.146	(5.952)
Total provisions for income tax deducted from results (5)	425.404	163.606

1) Zona Franca Argos S.A.S. and Zona Franca Celsia S.A. E.S.P. paid income tax at a rate of 15%. Zona Franca Argos S.A.S. paid taxes based on presumptive income in 2013 and 2012, and Zona Franca Celsia S.A. E.S.P. on liquid income in 2013 and 2012.

2) The applicable income tax rate for 2013 is 25%. The rate for 2012 was 33%. Of the Colombian companies that pay income tax 25%, some base their payments on presumptive income and others on liquid income.

- 3) The CREE fair tax went into effect on January 1, 2013, at 9%. The CREE fair tax is calculated with the income tax, additionally settling those items that the regulation expressly did not consider in CREE fair tax.
- 4) In Colombia, deferred tax is positive principally due to provisions and expenses that are deductible when incurred.
- 5) The increase in income tax expenditure is attributable chiefly to Cementos Argos S.A. and the exchange difference for foreign investments, which is recorded as equity but fiscally classified as income. In 2012, there was an exchange rate difference loss of approximately COP 190,000, while 2013 saw an exchange rate gain of around COP 175,000. This exchange rate difference is taxed at 25%, causing a significant increase in income tax.

The tax returns of Grupo Argos S.A. and its subsidiaries for 2009, 2010 and 2011, are subject to review and approval by the tax authorities.

Management and its legal advisors consider the amount recorded as liabilities for taxes payable is sufficient to respond for any liability that could arise for said years.

Equity tax

The Company paid the tax for COP 366,609, taking the liquid equity held at January 1, 2011 as a base, at rates between 1.40% and 4.8% plus a surcharge between 0% and 25%. The tax return was submitted May 2011 and it shall be paid in 8 equal installments in May and September in 2011, 2012, 2013 and 2014. For 2011, the Company incurred and calculated the equity tax and its surcharge was transferred to the equity revaluation account at COP 136,051, with COP 34,861 transferred to the results.

In 2013, COP 46,965 was paid in equity tax against the liability, with COP 57,631 deducted from results.

Tax reform

Below is a summary of some of the amendments to the Colombian tax system for 2013 and after, introduced by Law 1607 of December 26, 2012:

Income tax and additional taxes – The rate on taxable income is changed to 25% for companies from January 1, 2013.

CREE fair tax – Fair income tax is created from January 1, 2013. This tax is calculated at 8% on a special taxable basis different from the taxable liquid income, which does not include occasional earnings. For 2013, 2014 and 2015, the applicable rate will be 9%, as a transitory system. For all purposes, the taxable basis of CREE tax cannot be less than 3% of the taxpayer's liquid equity established on the last day of the previous tax year.

To establish the taxable basis to pay CREE fair tax, the income of the tax period may not be offset with tax losses or excesses of presumptive income of previous periods.

Exemption from contributions – Companies that declare income tax and additional taxes are exempt from paying parafiscal contributions to the National Learning Service (SENA) and the Colombian Family Welfare Institute (ICBF) and the employers' contribution to the Social Security System for healthcare, corresponding to employees who individually earn up to ten (10) current minimum legal salaries. This exemption starts from the moment in which the withholding at source system is implemented for collecting income tax for CREE fair tax (and in all cases before July 1, 2013).

Occasional Earnings – The rate on occasional earnings is changed to 10% for companies from January 1, 2013.

Operations with economic partners – It is established that payers of income tax and additional taxes located, domiciled or resident in the National Customs Territory that carry out operations with economic partners located in the free-trade zone are obliged to consider the arm's length principle for these transactions. They are obliged to prepare document evidence for the responsibility of transfer prices and submitting an informative return within the considerations stipulated by Law for each one of them.

Settlement of disputed and administrative processes regarding taxes and customs

– The National Tax and Customs Directorate was granted the powers to carry out settlement agreements in processes underway, which on the date the law went into effect, were found to be under dispute and/or under administrative review regarding taxes and customs and on which, a definitive ruling would not have been obtained, being able to reach an agreement on the total value of the sanctions, interest and updates of the sanctions of up to 100%, until August 13, 2013, provided that a payment agreement regarding the tax is paid or signed.

Accounting regulations – It is established that only for tax purposes, the remissions contained in the tax regulations for accounting regulations will remain in force for the 4 years following the International Financial Reporting Standards going into effect. Consequently, during the mentioned time, the tax bases of the items included in the tax returns shall remain unchanged. Likewise, the requirements of accounting procedures for recognizing special tax situations will no longer be valid from the date the new regulatory accounting framework is applied.

Obligation of corporate groups to report consolidated financial statements – It is established that by June 30 at the latest each year, the duly registered economic and/or corporate groups must electronically send their consolidated financial statements to the National Tax and Customs Directorate, together with their respective annexes.

Note 16 Deferred liabilities

	2013	2012
Taxes deferred (1)	75.623	65.145
Deferred monetary correction (2)	19.304	30.606
	94.927	95.751

(1) The variation corresponds primarily to increases at Argos USA Corp. for COP 32,769; Argos Panamá S.A. for COP 3,593; Vensur N.V. for COP 2,405; and Celsia S.A. for COP 7,267, and to decreases at Southern Equipment Company Inc. for

COP 23,153; Argos Ready Mix (South Central) Corp. for COP 11,042; Cementos Argos S.A. for COP 2,350; Argos Dominicana S.A. for COP 1,290; and other companies COP 909.

(2) The decrease occurred at Energía del Pacífico S.A. E.S.P. due to amortization of adjustments for inflation deferred for Ovejas project studies at COP 10,685, with costs incurred as at December 31, 2013 also amortized.

Note 17 Labor Obligations

	2013	2012
Pensions payable	327.401	341.418
Consolidated severance pay	12.552	11.533
Consolidated vacations	18.651	17.385
Non-mandatory benefits (1)	33.837	25.073
Salaries payable	862	2.078
Others	20.326	8.808
	413.629	406.295
Minus - long-term portion	(326.510)	(340.072)
	87.119	66.223

1) The increase corresponds primarily to Celsia S.A. E.S.P. for COP 3,598; Argos Ready Mix (South Central) Corp. for COP 1,789; Cementos Argos S.A. for COP 1,596; Piazza Acquisition Corp. for COP 1,102; and Concretos Argos S.A. for COP 422.

The calculation of the actuarial reserve was made with the following technical bases:

1 Mortality Table: Colombian Table of the Mortality Rate of Pension Recipients RV08 for both men and women. (Resolution 1555 of 2010 of the Financial Superintendence of Colombia).

2 Pension and salary adjustment: The calculation used explicitly incorporates the future salary and pension increases with a 2.99% growth rate for 2013 (Decree 2783 of December 20, 2001).

3 Technical interest: 4.8% real annual interest for 2013 and 2012.

4 Reserves: They are established through a system of fractional income payable (Article 112 Tax Statute).

The method currently used for calculating liabilities is established in the Colombian government's Decree 2783 of 2001.

Below are the main factors used in the actuarial calculations for years ending on December 31:

	2013	2012
Number of people	2.612	2.695
Interest rate	4,80%	4,80%
Future increase of pensions	2,99%	3,26%

The deductions from the year's results for retirement pensions were:

	2013	2012
Retirement pensions	34.869	37.470

Pension bonds and securities are totally amortized, except for Empresa de Energía del Pacífico S.A. E.S.P.

where the amortization percentage is 82.75% (2012 – 81.68%).

The reduction in the liability is due to the update of the actuarial calculation as at December 2013, necessitated primarily by the lower mathematical reserve value for: retirement pensions, and contributions to social security pensions and healthcare, pension bonds and securities.

	2013	2012
Actuarial calculation	297.898	306.984
Plus: Pension securities	24.832	29.484
Pension bonds	3.780	3.604
Total long-term portion	326.510	340.072

Detailed below are the employees of the Company and its affiliates, and expenditure on management and other employees:

Company	Number of management-level employees	Expenses - management personnel	Other employees	Expenses - other employees
Alianza Progenética S.A.S.	-	-	-	-
American Cement Terminals LLC	-	-	-	-
Argos Cement LLC	45	10.627	349	38.002
Argos (Dominica) Ltd.	1	88	9	179
Argos Dominicana, S.A.	5	659	127	3.391
Argos Honduras S.A. de C.V.	21	2.335	166	5.753
Argos Panamá, S.A.	18	3.434	429	10.909
Argos Ready Mix LLC	14	3.951	469	20.798
Argos Ready Mix (South Central) Corp.	23	5.928	744	69.589
Argos Saint Maarten NV	-	-	8	423
Argos USA Corp.	-	-	-	-
Argos USVI Corp.	2	588	4	351
C.I. del Mar Caribe BVI Inc.	-	-	-	-
Caltek S.A.S.	-	-	-	-
Canteras de Colombia S.A.S.	-	-	-	-
Caricement Antigua Limited	-	-	9	344
Caricement Antilles NV	-	-	-	-
Celsia S.A. E.S.P. (Consolidado)	54	15.712	1024	67.306
Cement and Mining Engineering Inc.	-	-	-	-
Cementos Argos S.A.	189	62.241	2.574	147.994
Central Aggregates LLC	-	-	-	-

Company	Number of management-level employees	Expenses - management personnel	Other employees	Expenses - other employees
Cimenterie Nationale S.E.M.	6	1.150	200	6.174
Colcaribe Holdings S.A.	-	-	-	-
Comercial Arvenco C.A.	-	-	-	-
Compañía de Puertos Asociados S.A.	68	6.651	280	10.920
Concretos Argos S.A.	12	3.341	1413	56.027
Consort Livestock Inc.	-	-	-	-
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	-	-	-
Inversiones FortCorp S.A.S.	-	-	-	-
Inversiones RoundCorp S.A.S.	-	-	-	-
Ganadería Río Grande S.A.S.	2	378	116	1.181
Grupo Argos S.A.	28	10.290	55	2.431
Gulf Coast Cement LLC	-	-	-	-
Haiti Cement Holding S.A.	-	-	-	-
Internacional Ejecutiva de Aviación S.A.S.	4	549	22	1.829
International Cement Company S.A.	-	-	-	-
Inversiones El Duero S.A.S.	-	-	-	-
Logística de Transporte S.A.	1	136	80	4.013
Marítima de Graneles S.A.	-	-	-	-
Nuevos Cementos S.A.S.	-	-	-	-
Piazza Acquisition Corp.	10	3.559	4	919
Port Royal Cement Company LLC	-	-	-	-
RMCC Group Inc.	-	-	-	-
Sator S.A.S.	10	2.688	669	21.254
Savannah Cement Company LLC	-	-	-	-
Situm S.A.S.	10	2.804	29	2.026
Somerset Shipping Co. Ltd.	-	-	-	-
South Central Cement Ltd.	1	198	1	125
Southern Equipment Company Inc.	6	2.296	642	50.886
Southern Star Leasing, LLC	-	-	-	-
Surcol Houdstermaatschappij N.V..	-	-	-	-
Tekia S.A.S.	2	202	309	7.576
Trans Atlantic Shipmanagement Ltd.	-	-	-	-
Transatlantic Cement Carriers Inc.	-	-	-	-
Valle Cement Investments Ltd.	-	-	-	-
Venezuela Ports Company S.A.	-	-	-	-
Vensur N.V.	4	758	76	1.739
Winterset Shipping Co. Ltd.	-	-	-	-
Zona Franca Argos S.A.S.	8	3.246	317	16.694

Note 18 Other Liabilities

As at December 31, they were as follows:

	2013	2012
Estimated Liabilities and Provisions		
For costs and expenses (1)	193.302	144.798
For labor obligations	19.520	9.033
For tax obligations	25.050	26.792
For maintenance and repairs	4.803	1.956
For contingencies (2)	207.405	380.635
For guarantee obligations	1.512	689
Deferred provisions	62.714	87.929
Deferred items		
Revenues from prepayment	5.854	5.383
Other Liabilities		
Prepayments and advances received (3)	139.007	161.213
Revenues received for third-parties	160	107
Joint accounts	2.894	1.105
Withholdings from third-party contracts	344	184
Other Liabilities	6.185	4.581
	668.750	824.405

(1) Corresponds principally to provisions for assets and/or services procured by Cementos Argos S.A. and not invoiced by suppliers for COP 46,577 (2012 - COP 45,410); the provision for forestry offset for COP 17,731 (2012 - COP 15,920), derived from raw material extraction obligations to pay for environmental obligations from previous periods; and the provision from the supply contract for limestone extraction signed between Argos Cement LLC and the supplier Unimin for COP 44,702 (USD 23,200,000), arising from the comparison of market conditions to the conditions agreed in the contract. In addition, it included liabilities for costs and expenses from Argos Ready Mix LLC, for COP 13,221 (2012 - COP 11,494); Argos Ready Mix (South Central) Corp. for COP 15,249 (2012 - COP 13,647); Southern Equipment Company Inc. for COP 14,603 (2012 COP 18,153) and the entry of Argos Honduras S.A de C.V. for COP 1,827. Celcia S.A. includes COP 10,464 in provisions for costs and expenses. For Grupo Argos S.A. it corresponds primarily to provisions for costs of pending development of COP 5,224; the stand-alone trust share of Viva Villavicencio for COP 3,392; and the provision for variable employee remuneration for COP 5,419.

(2) The decrease corresponds primarily to Celsia SA, with the enactment of Law 1607 of 2012 (latest tax reform), establishing the ability of taxpayers with ongoing legal proceedings with DIAN to settle their penalty in its entirety and the interest defaults by paying the value of the disputed tax; the company had an estimated liability of COP 163,956 as at December 2012 through a contingency with the DIAN, due to a difference in criteria caused by the form of determining the fiscal cost of Coltabaco S.A. shares borne by the the company Inversiones e Industria S.A under Article 76 of the Tax Statute, enacted in 2005. With the provision of this sum and holding the due authorization to settle the sanction and the interest with DIAN, Celsia S.A. proceeded with the disputed tax payment of COP 49,239 and the provisioned surplus of COP 114,117 was reversed in December as recovery of provisions.

(3) Corresponds to customer prepayments of COP 98,170 (2012 - COP 57,437); Cementos Argos S.A. for COP 52,901 (2012 - COP 44,073); Argos Panamá S.A. for COP 7,012 (2012 -COP 3,016); Argos Honduras S.A de C.V. for COP 6,766; Celsia S.A. E.S.P. and its subsidiaries for COP 17,595 (2012 - COP 1,190); and Inversiones RoundCorp S.A.S. for COP 4,583. Also includes prepayments on contracts for COP 24,106 (2012- COP 87,471) and others for COP 16,731 (2012 - COP 16,304).

The cost method was used for the valuation of estimated liabilities on costs and expenses, labor and tax obligations, contingencies and miscellaneous provisions.

Note 19 Minority interest

	2013	2012
Minority interest	6.741.142	4.870.120

The increase in this line item is attributable to the issuance and placement of 209,197,850 preferred shares in the Cementos Argos S.A. affiliate. This company's outstanding shares went up from 1,151,672,310 in 2012 to 1,360,870,160 in 2013. Grupo Argos did not subscribe preferential shares, which prompted a 9.4%

reduction in the outstanding share total for Cementos Argos S.A., and a minority shareholding increase. It should be noted that the decrease in total outstanding shares in Cementos Argos S.A. had no effect on control over this affiliate, as common shareholding remained unchanged. It also increased due to the acquisition of the companies Caltek S.A.S., Nuevos Cementos S.A.S., Argos Honduras S.A. de C.V., Cementos del Sur S.A. and Cemento Uno de Honduras S.A.

Note 20 Shareholder equity

Share Capital

The authorized capital is comprised of 1,200,000,000 shares with a nominal value of COP 62.50 per share. The paid and subscribed capital is comprised of 791,516,033 (2012 - 788,940,433) shares, out of which, 651,102,432 (2012 - 651,102,432) are common shares and 140,413,601 (2012 - 137,838,001) are preferred shares. 5,702,432 common shares were reacquired, with a total of 785,813,601 (2012 - 783,238,001) outstanding shares, which correspond to 645,400,000 (2012 - 645,400,000) common shares and 140,413,601 (2012 - 137,838,001) preferred shares.

	2013	2012
Authorized capital - 865,000,000 common shares, nominal value COP 62,50	54.063	54.063
Authorized capital - 335,000,000 preferred shares, nominal value COP 62,50	20.937	20.937
Total authorized capital - 1,200,000,000 shares, nominal value COP 62,50	75.000	75.000
Subscribed and paid capital - 651,102,432 common shares	40.694	40.694
Subscribed and paid capital - 140,413,601 preferred shares	8.776	8.615
Total subscribed and paid capital - 791,516,033 shares	49.470	49.309

As a result of the conversion of the MCBs, the paid and subscribed capital increased COP 161 (2012 - COP 2) and the share placement premium by COP 54,639 (2012- COP 750).

Preferred shares grant their holders the following rights:

(i) To receive a preferred dividend of COP 4 (four Colombian pesos) per share, which shall be paid with preference over the common shares, provided that the dividend of the legally available funds for it has been declared. In no event may the dividend received by the common shareholders be higher than the dividend decreed for preferred shares.

In no event may the preferred dividend be accumulated for later periods. In each case, the first payment of dividends shall correspond to those that the Company decrees after the shares are subscribed.

(ii) To jointly participate in the distributable profits with the common shareholders, in proportion to their share in the Company's subscribed capital, with prior payment of the preferred dividend and of the common dividend that is equal to the preferred dividend.

(iii) To have preference in the reimbursements of contributions in the liquidation process, provided that the Company's external liabilities have been fully covered.

(iv) To be invited to the Shareholders' Meetings in the same way and within the same periods as the common shareholders.

(v) To participate in the Shareholders' Meetings and vote in them exclusively in the following situations:

a) When they deal with the approval of amendments that may worsen the established rights or conditions for preferred shares. In this case, the vote in favor shall be required of 70% of the shares that are divided in subscribed capital, including the vote in favor of the preferred shares in said percentage and in the same proportion.

- b) When the conversion of preferred shares into common shares is going to be voted, except when the possibility of conversion and the terms on which it shall be carried out have been specifically regulated in the respective regulation. In the event that it decides to approve a conversion different to that approved in the regulation or when the regulation has not considered this option, the same majority indicated in the previous section will be applied.
- c) If at the end of a corporate tax period, the Company does not generate distributable profits to allow it to pay the preferred dividend and the Financial Superintendence of Colombia, on its own account or at the request of the preferred shareholders that represent at least 10% of these shares, establishes that benefits that decrease the distributable profits have been concealed or embezzled, it can establish that these shareholders participate with voice and vote in the Shareholders' Meetings until it is verified that the irregularities that caused this measure no longer exist, in accordance with Article 64 of Law 222 of 1995.

(vi) To exercise the right to inspection in the same cases, periods and conditions as the common shareholders.

Legal Reserve

The Company is obliged to appropriate 10% of its net annual profits as a legal reserve until the balance of this reserve is equivalent to 50% of the subscribed capital. The reserve is not distributable in the event of the Company's liquidation, but it must be used to absorb or reduce the net annual losses. Appropriations in excess of the previously mentioned 50% are freely available to the General Shareholders' Meeting.

As at December 31, 2013 and 2012, the legal reserve balance is COP 29,665.

Reserve for reacquisition of shares

This reserve for the reacquisition of shares, in accordance with the provisions of the Commercial Code, is only distributable to shareholders until the shares are resold. While the shares belong to the Company, the rights inherent to them shall be suspended.

	2013	2012
Reserve for reacquisition of shares	119.785	119.785
Less- reacquired own shares	(119.785)	(119.785)
	-	-

Statutory Reserves

1. MCB statutory reserve: Its purpose is to allow the shares with a preferred dividend and without voting rights to receive, by virtue of the corresponding conversion, by the holders of mandatory convertible bonds (MCBs) with a preferred dividend and without voting rights, the right to receive the outstanding payments of dividends with the same terms and conditions as the Company's other outstanding shares with a preferred dividend and without voting rights.

The MCB statutory reserve was formed with COP 15,000 appropriated from the temporary untaxed reserves under the shareholders' responsibility that the Company had formed in previous years.

The Company's General Shareholders' Meeting may only change the destination of the MCB statutory reserve in the following two events: i) the Company does not have any outstanding MCBs, and ii) the last quota has been paid of dividends pending payment upon maturity of the MCBs.

In 2013, COP 57.5 (2012- COP 53.0) per share of dividends was used to pay dividends of COP 94 (2012 - COP 2) on 2,575,600 (2012 - 35,344) preferred shares issued from the conversion of 54,800 (2012 - 752) MCBs.

As at December 31, the balance of the MCB statutory reserve is COP 14,904 (2012 - COP 14,998).

2. Dividend statutory reserve: It has the purpose of allowing the company's General Shareholder's Meeting to have access to the necessary resources to decree dividends freely at its own discretion.

The dividend statutory reserve was initially established with COP 54,000 appropriated from the temporary untaxed reserves under the shareholders' responsibility that the Company had formed in previous years.

The dividend statutory reserve may be increased by the amount that the General Shareholders' Meeting considers appropriate, provided

that it is appropriated from the non-taxable occasional reserves constituted in previous years.

As at December 31, 2013 and 2012, the balance of the dividend statutory reserve is COP 54,000.

3. MCB reacquisition statutory reserve: It has the purpose of allowing the reacquisition of outstanding mandatory convertible bonds issued by the Company.

The MCB reacquisition statutory reserve was initially established with COP 10,000 appropriated from the temporary untaxed reserves under the shareholders' responsibility that the Company formed in previous years.

The MCB reacquisition statutory reserve may be increased by the amount that the General Shareholders' Meeting considers appropriate, provided that it is appropriated from the non-taxable occasional reserves constituted in previous years and that it does not exceed the total amount of outstanding shares.

As at December 31, 2013 and 2012, the balance of the MCB reacquisition statutory reserve is COP 10,000.

Other Reserves

The General Shareholders' Meeting of March 28, 2013, appropriated COP 163,332 from the profits as reserves for future investments.

The remaining reserves are freely available to the shareholders.

The balance of other reserves is comprised as follows:

The remaining reserves are freely available to the shareholders.

	2013	2012
Reserve for future investments	944.710	779.674
Reserve for investments subtotal	944.710	779.674
Reserve for reacquisition of shares	5.988	5.988
Reserve at the disposal of the Highest Corporate Body	427	427
Other reserves subtotal	6.415	6.415
Total	951.125	786.089

Equity Revaluation

The equity revaluation reflects the effect on equity caused by the loss of the purchasing power of the currency in accordance with the legal regulations in force until December 2006.

With the elimination of the adjustments for inflation according to Decree 1536 of 2007, the equity revaluation account may not be distributed until the Company is liquidated or is capitalized. However, once it is capitalized, it will serve to stem losses in the event that it has grounds for dissolution and cannot be used for capital reimbursements. In the case that a debit balance is presented, it may be reduced with the results of the period or the results of previous periods with prior compliance of the regulations on profits indicated in the Code of Commerce.

With Law 1370 of December 30, 2009, the option is maintained to record the equity tax against the equity revaluation, without affecting the results of the period. In accordance with this regulation, the Company recorded equity tax for the 2011 to 2014 term of COP 168,733.

Note 21 Asset valuations and revaluation reserve

The asset valuations and revaluation reserve as at December 31 are:

	2013	2012
From long-term investments (1)	6.176.693	7.060.489
From property, plant, equipment and other assets (2)	6.479.388	6.265.061
Valuations	12.656.081	13.325.550
Less - Transfer of minority interest	(2.491.934)	(2.650.474)
Revaluation reserve	10.164.147	10.675.076

(1) The decline was caused by the revaluation of portfolio shares listed on the Colombian Stock Exchange.

(2) The variation is due to appraisals by the firm Colliers International Colombia of the business' immovable property, adjusting its market value in December 2013. This includes lands recorded in

property, plant and equipment for COP 2,224,552, and non-current lands maintained for sale recorded in other assets for COP 27,019.

Appraisals of lands, constructions and buildings absorbed from Cenmentos Argos S.A., were carried out by the firm Colliers International Colombia. The method used assumes that the target market of a property is comprised of all parties that may benefit from the greater and better use of the property and are willing to pay a competitive price. In most cases for a specific property, the target market is represented by a clear group of individuals or financial entities. For properties, the profile of a possible buyer shall be identified as a developer or investor. The valuation in the report shows the analysis that a buyer of this kind would carry out. Finally, the resulting value is compared to the market value of the immovable property to ensure their ownership.

Rodrigo Echeverri Asociados appraised property and equipment in 2011 for the Company. Valuation methods used for lands, constructions and buildings, transport equipment, furniture and office equipment were multiples and average cost.

In 2011, the firm Activos e Inventarios y Cía. Ltda. conducted a fixed-asset inventory on Cementos Argos S.A. and its subsidiaries in Colombia, at the various industrial, commercial and administrative units nationwide. This firm based their methodology on appraisal criteria for an company in operation, utilizing the comparative method, the income capitalization method, and the cost method, as appropriate. In summary, based on fair value criteria in comparing international figures for production units in operation; elements used and in operation; installed and production capacities valued in dollars; and production capacity measures in exploitation, crushing, calcination, milling, and packaging for cement production.

This methodology also assumes that equipment value includes civil works for their assembly, as well engineering; electrical, mechanical and electronic connections; pre-operating tests; and startup in accordance with the guidelines established in Article 64 of Decree 2649 of November 1998, and supplemented by current international accounting standards (IFRS, US GAAP).

Celsia S.A. E.S.P. and its subsidiaries appraised its assets in December, 2012 and December, 2013.

The appraisal was prepared in accordance with the criteria established in current legislation, by independent specialist companies (Organización Noguera Camacho; Delta Ingeniería Ltda; and Bienes y Desarrollos Ltda) that are not engaged in operations or relationships with the Company or its subsidiaries. The replacement value and expected commercial value methods were utilized.

Note 22 Memorandum Accounts

The memorandum accounts as at December 31 were comprised as follows:

	2013	2012
Assets and securities pledged as collateral (1)	1.787.288	3.603.478
Fully depreciated assets (2)	862.054	922.111
Capitalization by equity revaluation	55.391	55.391
Difference between accounting and tax equity (3)	(7.208.656)	(148.065)
Tax accounts receivable (4)	12.614.662	11.969.529
Litigation and/or claims (5)	16.022	10.581
Sale and purchase agreements (6)	67.922	72.977
Unused credit lines (7)	18.777	9.864
Other controlling accounts payable	174.905	82.992
Others	331.870	311.962
Total memorandum accounts receivable	8.720.235	16.890.820
Contingent liabilities		
Assets and securities received	317.053	359.840
Other contingent liabilities (8)	2.172.359	2.421.404
Others	6.324	187.275
Tax credit accounts (9)	11.764.056	11.175.990
Credit control accounts (10)	1.227.512	1.230.355
Total memorandum accounts	15.577.304	15.374.864

(1) In 2013, corresponds primarily to 26,400,000 shares in the Grupo de Inversiones Suramericana S.A. provided as collateral for financial obligations with Bancolombia S.A., for COP 175,240 (2012 - COP 197,600) (see note 8). As well as the loans extended by the International Finance Corporation (IFC); Corporación Andina de Fomento (CAF); and the Deutsche Investitions-Und-Entwicklungsgesellschaft MBH (DEG) to Zona Franca Celsia S.A. E.S.P., where S.A. E.S.P. is

the guarantor of the obligations assumed through project funds and share retention. The loan acquired by Zona Franca Celsia S.A. E.S.P. for construction of the Flores IV project. The initial value was USD 150 million, and the loan term is 11.5 years. To date, a balance of USD 102 million remains.

- (2) The reduction corresponds primarily to the withdrawal of those assets that are totally depreciated, acquired before 2005, due to their having fallen into disuse. These primarily include totally depreciated assets in Cementos Argos S.A. for COP 748,142; Zona Franca Argos S.A.S. for COP 28,517; Concretos Argos S.A. for COP 10,132 which posted a COP 56,508 decrease in machinery, equipment, fleet and transportation equipment.
- (3) Corresponds to the assets' tax and accounting differences in Grupo Argos S.A. The greatest difference is generated in the tax readjustments applied to the long-term investments and to the fixed assets.
- (4) Corresponds to tax and accounting differences of assets, liabilities and income, primarily of Cementos Argos S.A. for COP 9,200,548 and Zona Franca Argos S.A.S. for COP 560,596; the main reduction was posted for differences in property, plant and equipment at Cemento Argos S.A.
- (5) The increase is due to updating of the value of claims in legal proceedings.
- (6) Corresponds to the purchase agreement with Puertos Asociados S.A. – COMPAS S.A. for port real estate belonging to Grupo Argos S.A. for COP 53,595; in 2013 the real estate belonging to Inversiones RoundCorp S.A.S. were recognized at COP 9,165; and to Sator S.A.S. for COP 5,055.
- (7) The increase occurred at Cementos Argos S.A. largely due to the new commercial credit lines open with Citibank N.A. and JP Morgan.
- (8) Comprised of the exchange rate difference applied at Cementos Argos S.A. on mining rights with a commitment to future delivery. The increase in 2013 was COP 3,515. Also corresponds to sales commitments as part of long-term contracts with customers in the unregulated wholesale market; contracts with Empresa de Energía del Pacífico S.A. E.S.P. that expire between 2014 and 2016; energy procurement commitments as part of long-term contracts with

Empresa de Energía del Pacífico S.A. E.S.P. that expire between 2014 and 2015; and contractual commitments for the procurement of natural gas supply and transportation at Zona Franca Celsia S.A. E.S.P. for COP 197,754.

- (9) Corresponds primarily to the asset's tax and accounting differences, equivalent at Cementos Agos S.A. to COP 9,260,083.
- (10) Corresponds to the value of the financial leasing contract signed between Empresa de Energía del Pacífico S.A. E.S.P. and the Banco de Occidente for the purchase of land and imported equipment for the construction of the Cucuana hydroelectric plant.

Note 23 Operating Revenue

Operating revenues as at December 31 were as follows:

	2013	2012
Revenues from sale of cement, concrete and others (1)	4.965.803	4.354.519
Revenues from sale of energy, gas and related activities(2)	2.377.927	2.021.644
Financial activity (3)	143.454	180.365
Other (4)	142.175	124.627
	7.629.359	6.681.155

- (1) Corresponds primarily to sales in Colombia and to the export of cement, clinker, slag and limestone.
- (2) Primarily comprised of revenue from the sale of electrical energy on the stock market, commercialization of electricity on the regulated market, reliability charge, and network connection and usage.
- (3) In 2013, principally includes revenue from the sale of investments for COP 57,425, generated by the disposal of 1,470,000 preferred shares in Grupo de Inversiones Suramericana S.A.; due to the withdrawal from the settlement of the investment in Zona Franca S.A.S. for COP 178; and COP 85,430 as a result of dividends. In 2012, includes revenues from the sale of investments for COP 107,109, principally by the transfer of 1,381,519 preferred shares in Grupo de Inversiones Suramericana S.A. for COP 46,457, and 8,331,613

common shares in Cemento Argos S.A. for COP 60,139; and COP 72,455 from dividends.

- (4) Corresponds primarily to coal sales and revenues from development, port services, and air transport.

Note 24 Administration Expenses

The administration expenses as at December 31 were as follows:

	2013	2012
Personnel expenses (1)	218.231	203.948
Services (2)	76.427	68.456
Professional fees (3)	52.979	64.068
Amortization of deferred charges	37.636	38.833
Taxes	23.641	12.682
Maintenance and repairs	20.840	21.126
Depreciation of property, plant and equipment	19.332	16.674
Travel expenses	17.074	14.710
Insurance	12.150	13.045
Leasing	11.323	9.059
Provisions (4)	10.281	19.861
Contributions and affiliations	8.802	8.085
Representation and public relations expenses	3.211	1.769
Legal expenses	3.109	3.551
Club and restaurant	2.666	2.184
Stationery and office supplies	1.689	1.064
Adaptation and assembly	1.565	1.489
Transport	855	658
Commissions	823	1.648
Miscellaneous (5)	19.258	14.166
	541.892	517.076

- (1) The increase corresponds to higher spending on the hiring of personnel to manage new projects, information management in SAP, conversion to IFRS project, personnel training and the creation of new administrative roles.
- (2) Corresponds primarily to technical assistance for COP 22,624 (2012 - COP 17,381); cleaning and security for COP 10,996 (2012 - COP 10,164); telecommunications for COP 4,761 (2012 - COP 4,356); transport for COP 4,296 (2012 - COP 6,568); data processing for COP 4,015 (2012 - COP 3,843); temporary services for COP 2,893 (2012 - COP 2,654); electrical energy for COP 2,646 (2012 - COP 2,255) and others for COP 22,915 (2012 - COP 20,301).

- (3) Corresponds technical consulting for COP 22,444 (2012 - COP 19,932); legal advice for COP 5,259 (2012 - COP 5,673); financial advice for COP 4,453 (2012 - COP 15,243) and others for COP 13,801 (2012 - COP 15,709).

- (4) Corresponds primarily to investment provisions for COP 6,260 (at Sator S.A.S. for COP 4,255; Merger Link Corp. for COP 1,837; and Promotora de Proyectos S.A.S. for COP 163 and provision for accounts receivable, for COP 3,304. In 2012, it included investment provision for COP 13,748 (at Merger Link Corp. for COP 12,143; Sator S.A.S. for COP 718; Situm S.A.S. for COP 37; Internacional Ejecutiva de Aviación S.A.S. for COP 89; and Contreebute S.A.S. for COP 726 and provision for accounts receivable, for COP 5,090.

- (5) In 2013, it corresponded primarily to books and subscriptions for COP 1,378 (2012 - COP 2,014) and others for COP 15,910 (2012 - COP 10,637).

Note 25 Sales Expenses

The sales expenses as at December 31 were as follows:

	2013	2012
Personnel expenses	63.827	60.719
Services (1)	42.827	30.709
Taxes	28.358	23.009
Amortization of deferred charges	20.917	24.972
Provisions	10.979	7.811
Fuels and lubricants	5.550	1.038
Depreciation of property, plant and equipment	4.794	4.525
Travel expenses	3.800	3.805
Leasing	3.571	3.410
Professional fees	3.465	3.872
Contributions and affiliations	3.168	3.101
Insurance	2.120	1.729
Maintenance and repairs	1.880	2.021
Public relations expenses	793	538
Stationery and office supplies	265	267
Commission	120	242
Legal expenses	117	798

Adaptation and assembly	16	38
Miscellaneous	6.838	2.517
	203.405	175.121

(1) Corresponds primarily to advertising and propaganda for COP 10,313 (2012 COP 7,155); telecommunications for COP 1,567 (2012 COP 1,601); courier services for COP 1,550 (2012 COP 1,518); technical assistance for COP 1,318 (2012 - COP 708); transportation for COP 650 (2012 - COP 2,705) and others for COP 26,395 (2012 COP 15,854).

Note 26 Exchange difference

	2013	2012
Exchange gains	126.857	106.007
Exchange losses	(114.701)	(87.951)
Net exchange difference	12.156	18.056

Note 27 Other revenues

Other revenues as at December 31 were as follows:

	2013	2012
Recoveries (1)	228.419	78.447
Indemnifications (2)	28.477	53.366
Benefits	7.363	1.888
Gain from sale of property, plant and equipment	4.096	6.734
Leasing	3.829	5.097
Other sales	2.105	5.851
Services	1.293	9.973
Gain from sale of other assets	431	2.565
Subsidies	257	311
Profit from sale of long-term investments (3)	116	231.417
Revenues from previous periods	19	586
Professional fees	-	74
Other (4)	28.713	67.782
	305.118	464.091

(1) Primarily comprises provision recovery for COP 114,717, associated with the tax process involving Inversiones e Industria S.A. (company merged in 2008 with Celsia S.A. E.S.P.) and Colombia's National Tax and Customs Directorate (DIAN), whereby in November, 2013 the Administrative tribunal of Antioquia approved the settlement agreement between Celsia and DIAN, pursuant to Article 147 of Law 1607 of 2012, for the recovery of investment provisions worth COP 81,697 (2012 - COP 55,462) from Grupo Argos S.A. in Compas S.A. for COP 5,181; Empresa de Energía del Pacífico S.A. E.S.P. for COP 33,695; Cementos Argos S.A. in Argos Panamá S.A. for COP 5,701; Cement and Mining Engineering Inc. for COP 1,583; Corporación Cemento Andino C.A.; and on withdrawal of investment in Inversiones Zona Franca S.A.S. of COP 268 due to its settlement in 2012 and the recovery of costs and expenses for COP 146,678 (2012 - COP 22,946). Also includes the recovery of provisions for the updating of the actuarial calculation for COP 8,696, labor claims for COP 5,356; properties, plant and equipment for the now commercial values for 3,512; accounts payable for COP 3,011; civil proceedings for COP 2,040; and the In-vías claim against Flota Fluvial Carbonera S.A.S., assumed by Cementos Argos on selling this company for COP 1,700.

(2) Corresponds primarily to indemnification paid by insurance companies, for loss of profits due to a casualty at one of the power plants pertaining to Zona Franca Celsia S.A. E.S.P.

(3) In 2012, corresponds primarily to the sale of 9,291,880 common shares in Bancocolombia S.A. for COP 231,369.

(4) In 2013, corresponds primarily to the closure of an account payable to Vale Do Rio Doce, in Valle Cement Investments Ltd. for COP 11,199, following analysis and conclusion that the payment was improper. At Celsia S.A. E.S.P. for COP 13,729, of which COP 5,460 correspond to the valuation of Colombian and foreign portfolios; and COP 111 for amortization of monetary correction. In 2012, corresponds primarily to the additional payment of COP 45,925 received by Valle Cement Investments Ltd. from Companhia Vale Do Rio Doce for the valuation of coal reserves in the Las Cuevas mine; and to Celsio S.A. E.S.P. for COP 19,239, principally to revenue for valuation of portfolio investments at market prices of COP 15,339 and fixed-income at COP 3,567.

Note 28 Other Expenses

Other expenses as at December 31 were as follows:

	2013	2012
Taxes incurred (1)	68.968	70.057
Retirement pensions and pension securities (2)	34.869	37.470
Donations and contributions	23.925	21.417
Provision from sale of investments (3)	11.473	31.852
Costs and expenses from previous periods (4)	10.335	28.795
Fines, sanctions and litigation (5)	9.048	21.599
Loss in sale and retirement of property, plant and equipment	6.808	4.140
Other amortizations	4.538	4.538
Costs from other sales	3.834	3.378
Labor Claims	2.721	14.013
Retirement of other assets	1.954	3.198
Indemnifications	1.854	2.408
Travel expenses	865	2.400
Cost of sale of materials and replacement parts (6)	804	4.532
Retirement of property, plant and equipment	451	1.036
Casualty losses	296	390
Loss from sale of investments	58	595
Amortization of deferred charges	-	79
Miscellaneous (7)	57.652	46.106
	240.453	298.003

(1) Corresponds primarily to the equity tax on Celsia S.A. E.S.P. and its subsidiaries for COP 31,696 (2012 - COP 31,696) and Zona Franca Argos S.A.S. for COP 12,079 (2012 COP 12,080); duty on financial movements at Cementos Argos S.A. for COP 13,895 (2012 - COP 13,313); Grupo Argos for COP 4,070 (2012 - COP 2,866); Logística de Transporte S.A. for COP 1,292 (2012 COP 1,580); and property tax on non-operating properties for COP 1,968 (2012 - COP 714). In Haiti Cement Holding S.A. for COP 1,114 (2012 COP 0) for tax withheld at source on dividends received from Cimenterie Nationale S.E.M.; and in Valle Cement Investments Ltd. for COP 969 (2012 - COP 1,844), as a consequence of withholdings on interest on loans with partners and dividends paid by paid by Argos Dominicana S.A. and Argos Panamá S.A.

(2) Primarily includes payment of retirement pensions at Cementos Argos S.A. for COP 20,001 (2012 - COP 19,549);

Empresa de Energía del Pacífico S.A. E.S.P. for COP 192 (2012 - COP 8,103) and Grupo Argos S.A. for COP 959 (2012 - COP 1,186). In addition, at Cementos Argos S.A. for pension aid at COP 2,573 (2012 - COP 3,348) and amortization of the actuarial calculation for COP 0 (2012 - COP 538).

(3) Corresponds to investment provisions primarily from Surcol Houdstermaatschappij N.V., in Vensur NV, for COP 2,348; Transatlantic Cement Carriers Inc., in Trans Atlantic Shipmanagement Ltd. for COP 2,176 of Trans Atlantic Shipmanagement Ltd. in Winterset Shipping Co. Ltd. for COP 1,745; Venezuela Ports Company S.A. in Surandina de Puertos S.A. for COP 999; Argos USA Corp. in Argos Ready Mix LLC for COP 551; Argos USA Corp. in Savannah Cement Company LLC for COP 117; Celsia S.A. E.S.P. for COP 2,073; and Merger Link Corp. in Compañía de Puertos Asociados S.A. for COP 729. In 2012, corresponds primarily to the investment provision for Cement and Mining Engineering Inc. in Corporación de Cemento Andino C.A. for COP 2,075; Cementos Argos S.A. in Valle Cement Investments LTD. for COP 5,113; in Ganadería Río Grande S.A.S. for COP 3.286, and in Cemento Panamá for COP 473; Colcaribe Holdings S.A. in Cemento Panamá S.A. For COP 691; Haití Cement Holding in CINA for COP 683; and Celsia S.A. E.S.P. in Zona Franca Celsia S.A. E.S.P. for COP 15,875. This provision was generated by recognition of the devaluation of properties, plant and equipment, on account of the technical appraisals carried out.

(4) The decrease is mainly explained by: Cementos Argos S.A., which in 2012 reported the provision for forestry offset at COP 14,592, corresponding to previous periods. Valle Cement Investments Ltd., which recognized the income receivable from the Central Charter as settlement of the contract for COP 1,160 from 2011. Concretos Argos S.A., in addition to the forestry offset provision of COP 1,328, in 2012 also reported indemnification for damage to works for COP 1,174.

(5) The increase corresponds to the provision for a fine from the Transport Superintendence on Logística de Transporte S.A. for COP 4,020; and to Tekia, for COP 3,986 from the provision for environmental sanction contingency issued by the Canal del Dique Autonomous Regional Corporation. Moreover, the decrease was posted at Cementos Argos S.A. due to process updates and assessment of the likelihood of losses.

(6) The cost of other sales corresponds to limestone and slag sales, which are considered byproducts of the cement production process.

(7) In 2013, corresponds primarily to International Cement Company S.A. which totally amortized the goodwill from Ceratech Inc. and Ceratech USA LLC. for COP 18,822; Marítima de Graneles S.A. for COP 8,182, corresponding to ship fuel costs; expenses of Industrial Hullera S.A. with settlement assumed by Cementos Argos S.A. for COP 1,143; accounts receivable provisions with Asesorías y Servicios Ltda. in settlement for COP 1,737; Profesionales a su Servicio Ltda. in settlement for COP 1,705; and Transmarítima del Caribe Ltda. in settlement for COP 690. In addition, Cementos Argos S.A. constituted the provision for closure and abandonment of the Trinidad, Monserrate, El Palmar y San Judas mines, for COP 844. The provisions constituted to cover the excess liability on equity of the Argos USVI Corp controlled-companies. COP 1,782 Asesorías y Servicios Ltda en Liquidación for COP 834; Profesionales a su Servicio Ltda. en Liquidación for COP 750; and Transmarítima del Caribe Ltda. en Liquidación for COP 237.

ministrators are related to labor policies approved by the Board of Directors and to policies that are equally granted to all the employees not covered by the benefits of the current collective work agreement; represented in loans for the acquisition of housing, housing renovation, acquisition of vehicles and loans to respond to family emergencies, with each one of these events having its adequate regulation and sufficient guarantees.

Note 29 Transactions with Economic Partners

Below is an outline of the assets and liabilities as at December 31, 2013 and 2012, and of the revenues and expenses of the parent company for transactions carried out during the periods ending on those dates, with holders of more than 10% of the parent company's capital; as well as Company directors, legal representatives, and administrators:

2013

Legal representatives and Administrators

At the end of the year

Assets

Accounts receivable	6.297
Total assets	6.297
Expenditures	
Salaries	12.514
	12.514

As at December 31, 2013, there were no accounts receivable from Directors or Shareholders.

The accounts with legal representatives and ad-

Transactions with economic partners as at December 31, 2013 correspond to:

Companies	Accounts receivable	Description	Accounts payable	Description
Agentes Marítimos del Caribe Ltda en Liquidación	2.320	Loan to address trust	.	
Asesorías y Servicios Ltda. en Liquidación	1.737	Loan to address trust	-	
	208	Capitalization	-	
Carbones del Caribe Ltda. en Liquidación	-		8	Interest on loans
Cementos de Caldas S.A.	-		6.026	Purchase of 326,876 shares in Metroconcreto S.A.; 1,06,625 shares in Logitrans S.A.; 5,800 shares in Áridos de Antioquia; and 3,700 shares in Canteras de Colombia; lease of offices and storerooms; and interest on loans
Corporación de Cemento Andino C.A.	12.617	Technical consulting and loans	119	Loan
Distribuidora Colombiana de Cementos Ltda. en Liquidación	-		425	Purchase of 247,745 shares in Flota Fluvial Carbonera S.A.S.; 25,000 shares in C.I Carbones del caribe; and 10,000 shares in Sociedad Portuaria Golfo de Morrosquillo S.A.S
Fundiciones Colombia S.A.	1.150	Loan	398	Loan
Proservi Ltda. en Liquidación	21	Capitalization and loan for payment of Superintendence of Corporations	8	Vigilancia Privada del Litoral Ltda. in liquidation
	1.705	Loan to address trust	-	
Foundation for beneficiation	176	Energy charges for Bijao mine site, Puerto Libertador	-	
Surandina de Puertos C.A.	-		957	Loan
Transmarítima del Caribe Ltda. en Liquidación	690	Loan to address trust	-	
	280	Loan (liquidation) and interest	-	
Transporte Elman Ltda. en Liquidación	-		515	Sale of tax refund securities (TIDIS)
Others	35		1.070	
Total	20.939		9.526	

2012

Companies	Accounts receivable	Description	Accounts payable	Description
Andino Trading Corporation	-		887	Loan
Asesorías y Servicios Ltda. en Liquidación	209	Capitalization	-	
Carbones del Caribe Ltda. en Liquidación	-		8	Interest on loans
Cementos de Caldas S.A.	-		6.144	Purchase of 326,876 shares in Metroconcreto S.A.; 1,06,625 shares in Logitrans S.A.; lease of offices and storerooms; and interest on loans
Concesiones Urbanas S.A.	-		41	Loan interest
Corporación de Cemento Andino C.A.	11.579	Technical consulting and loans	-	
Distribuidora Colombiana de Cementos Ltda. en Liquidación	-		425	Purchase of 225,000 shares in Corporaciones e Inversiones del Mar Caribe S.A.S ; and 247,745 shares in Flota Fluvial Carbonera S.A.S.
Fundiciones Colombia S.A.	3	Loan for tax payment	431	Loan
Industrias Metalúrgicas Apolo S.A.	1.094	Loan	-	
Prevencionistas en ambiente, salud y seguridad S.A.S.	-		10	Industrial safety supplies
Proservi Ltda. en Liquidación	21	Capitalization	8	Vigilancia Privada del Litoral Ltda. in liquidation
Surandina de Puertos C.A.	-		145	Loan
Talestris Colombia S.A.S.	9		-	
Tempo Ltda.	-		61	Sale of 200,000 shares in Corporaciones e Inversiones del Mar Caribe S.A.S.
Transmarítima del Caribe Ltda. en Liquidación	284	Loan (liquidation) and interest	-	
Transportadora Alfa Ltda. en Liquidación	92	Loans to settle income tax for 2009	-	
Transportes Elman Ltda. en Liquidación	-	Loans to settle income tax for 2009	515	
Otros	50		204	
Total	13.341		8.879	

The above transactions were carried out at normal market prices.

In 2012 and 2013, no operations of the following nature were carried out with shareholders, directors or legal representatives:

a) Free or paid services.

b) Loans that entail an obligation for the borrower that does not correspond to the nature or the essence of the mutual agreement.

c) Loans with interest rates that differ from those that are ordinarily paid to or received from third parties in similar conditions of risk, term, etc.

Note 30 Contingencies**Grupo Argos S.A., and subsidiary companies**

In 2013, there were no:

1. Inspection visits made by control entities resulting in warnings or sanctions.
2. Ruled administrative, contentious or civil sanctions imposed by competent national, departmental or municipal authorities.
3. Criminal convictions against the Company's employees for events that have occurred when carrying out their duties.

Note 31 Subsequent Events

Grupo Argos S.A. continues to increase its share in its subsidiary Celsia S.A. E.S.P., with which it continues to consolidate its investment in the energy sector.

Implementing the order of the Board of Directors in a virtual session, on February 11, 2014, a pre-negotiation agreement was signed with Protección S.A. for the sale and purchase of shares, by which, within 30 calendar days, Grupo Argos S.A. will acquire 19,436,765 common shares of Celsia S. A. E.S.P.

A pre-negotiation agreement was also signed between Porvenir S.A. and Grupo Argos for the sale and purchase of shares, by which, within 30 calendar days, Grupo Argos S.A. shall acquire 5,500,000 common shares of Celsia S. A. E.S.P.

The preliminary agreements above were registered with the Financial Superintendence and the Securities Exchange by Sociedad Comisionista Valores Bancolombia on February 11 and 24, 2014, respectively.

At Cementos Argos S.A., taking advantage of the high growth potential in the state of Florida in the USA, and to compliment current operations, on January 23, 2014 an agreement was signed with Vulcan Materials Company for the purchase of USD 720 of shares. The assets included in the agreement are: 1 dry-technology cement plant, 2 clicker mills; 69 premixed concrete plants; 13 concrete block plants; and 2 port facilities.

Note 32 Reclassifications of the Financial Statements

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

Financial Indexes

	2013	2012
Current ratio - times (current assets / current liabilities)	1,17	0,87
Total indebtedness (total liabilities / total assets)	30,03%	34,14%
Asset turnover - times (operating revenue / total assets)	0,28	0,25
Profitability:		
Net margin (net profit / operating revenue)	3,87%	5,15%
Return on equity (net profit / equity)	2,37%	2,69%
Return on total assets (net profit / total assets)	1,08%	1,28%
EBITDA	1.907.021	1.615.543
EBITDA margin	25,00%	24,18%
EBITDA over total equity	15,33%	12,64%

Current Ratio: up by 35% in 2012 due to the decrease in short-term financial obligations (Note 11) and the rise in negotiable investments in the current asset (Note 5).

Total Indebtedness: posted a 12% drop explained by the decrease in financial obligations and commercial papers, and the increase in intangible assets (Note 10).

Asset turnover: grew by 12% in 2013 due to the 14% rise in operating income, propelled mainly by the good performance in cement and energy sales (Note 23).

Net margin, return on equity and total return on asset: fell in 2012 as a result of the net profit reduction of 14%, chiefly explained by the increase in the income tax and CREE fair tax base for Colombian companies, and the 1% rise in the total tax rate. (Note 15).

EBITDA: posted an 18% rise, brought about primarily by the good performance of energy and cement sales.

EBITDA margin: rose by 3% on 2012, reflecting the EBITDA growth and the rise in operating revenue by 14% (Note 23).

EBITDA on total equity: 21% increase compared to 2012, due to the 18% EBITDA rise.

Ratio	Formula	Meaning
Liquidity		
Current ratio (number of times)	Current assets / current liabilities	Indicates the Company's capacity to meet its short-term debts, using its current assets.
Indebtedness		
Total indebtedness	Total liabilities / Total assets * 100	It reflects the degree of leverage in terms of creditors' share of the Company's assets.
Profitability		
Asset turnover (number of times)	Revenues Operating assets / Total assets	How much operating revenue is generated for each peso of assets. It measures the efficiency of assets used to generate operating revenue.
Net profit margin	Net profit / Operating revenues * 100	How much profit is generated for each peso of assets, regardless of whether it corresponds to the development of the Company's corporate purpose or not.
Return on equity	Net profit / Equity * 100	The net profits, the percentage represented on equity and the shareholder investment yield.
Return on total assets	Net profit / Total assets * 100	How much net profit is generated by each peso invested in total assets, regardless of how they may have been financed.
EBITDA	Operating profit + depreciation + amortization	Represents the cash generated by the operating of the Company.
EBITDA margin	EBITDA / Operating revenues * 100	Represents the amount of each peso of revenue converted into cash in order to pay taxes, support investments, cover debt and distribute profits.
EBITDA / Equity	EBITDA / Equity * 100	Represents how much each peso of equity is converted to cash to pay taxes, support investments, cover debt and share out profits.

Grupo Argos S.A.


Individual Balance Sheet

At December 31

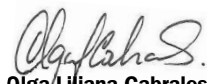
(In millions of Colombian pesos)

ASSETS	Notas	2013	2012
CURRENT ASSETS			
Cash		20.173	382.305
Negotiable investments	4	72.129	171.956
Accounts receivable, net	5	203.010	90.057
Inventories	6	57.744	75.111
Prepaid expenses		89	900
TOTAL CURRENT ASSETS		353.145	720.329
NON-CURRENT ASSETS			
Long-term accounts receivable	5	35.732	47.143
Long-term investments	4	8.189.320	7.745.161
Inventories	6	-	332
Property, plant and equipment, net	7	90.149	60.983
Intangible and deferred assets	8	90.623	27.129
Other assets		1.500	512
Asset valuations	9	6.708.915	7.540.582
TOTAL NON-CURRENT ASSETS		15.116.239	15.421.842
TOTAL ASSETS		15.469.384	16.142.171
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Financial obligations	10	373.158	601.271
Commercial paper	13	-	200.000
Suppliers and accounts payable	11	119.957	128.856
Taxes, duties and rates	14	12.057	5.587
Labor obligations	16	1.712	1.007
Other obligations	15	48.618	23.338
TOTAL CURRENT LIABILITIES		555.502	960.059
NON-CURRENT LIABILITIES			
Financial obligations	10	445.109	300.109
Convertible bonds	12	694.448	749.248
Taxes, duties and rates	14	-	953
Labor obligations	16	2.191	3.595
Other liabilities	15	53.595	67.816
TOTAL NON-CURRENT LIABILITIES		1.195.343	1.121.721
TOTAL LIABILITIES		1.750.845	2.081.780
EQUITY			
Equity, see attached statement	17	13.718.539	14.060.391
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15.469.384	16.142.171
Memorandum accounts	18		
Accounts receivable		1.386.581	2.084.885
Accounts payable		2.871.162	189.747

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


José Alberto Vélez C.
 Legal Representative
 (See attached certificate)


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Olga Liliana Cabrales P.
 Statutory Auditor
 Professional license no. 92873 - T
 Appointed by Deloitte & Touche Ltda.
 (See attached certificate)

Grupo Argos S.A.

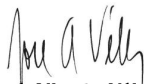
Income Statement

Years ending on December 31

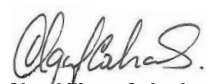
(In millions of Colombian pesos, except net profit per share)

	Notas	2013	2012
Operating revenue	19	517.303	602.326
Cost of sales	20	69.517	69.673
GROSS PROFIT		447.786	532.653
Operating expenses			
Equity method	4	18.537	41.725
Administrative expenses	21	64.218	41.669
Sales expenses	22	1.226	1.047
Provisions to protect investments	23	6.260	13.748
TOTAL OPERATING EXPENSES		90.241	98.189
OPERATING PROFIT		357.545	434.464
OTHER NON-OPERATING REVENUES (EXPENSES)			
Financial revenue		9.492	3.992
Financial expenses		(74.618)	(91.644)
Exchange difference		(8.317)	(8.844)
Other income	24	43.507	15.870
Other expenses	25	(16.353)	(7.861)
PRE-TAX INCOME		311.256	345.977
Provision for income tax and CREE fair tax	14	16.306	2.039
NET PROFIT		294.950	343.938
Net profit per share		374.77	465.75

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Grupo Argos S.A. Statement of Changes in Shareholders' Equity


Years ending on December 31
(In millions of Colombian pesos)

	Share Capital	Issue Premium	Equity Method Surplus	Legal Reserve	Reserve for Future Expansion and Investments	Statutory Reserves	Other Reserves	Total Reserves	Equity Revaluation	Profits of Previous Periods	Profit of the Period	Asset Revaluation Reserve	Total Equity
BALANCES AT DECEMBER 31, 2011	40.694	553	6.739.713	20.347	1.981.552	-	5.988	2.007.887	650.137	-	153.657	1.060.110	10.652.751
Transfer to profits of previous periods	-	-	-	-	-	-	-	-	-	153.657	(153.657)	-	-
Declared dividends	-	-	-	-	-	-	-	-	-	(166.040)	-	-	(166.040)
Equity tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of preferred shares	8.613	26.531	-	-	-	-	-	-	-	-	-	-	35.144
Merger by absorption	-	-	(3.470.691)	9.318	163.427	-	427	173.172	145.361	-	-	5.444.890	2.292.732
Appropriation approved by the Shareholders' Meeting	-	-	-	-	(91.383)	79.000	-	(12.383)	-	12.383	-	-	-
Conversion of MCBs into preferred shares	2	750	-	-	-	-	-	-	-	-	-	-	752
Dividends from conversion of MCBs	-	-	-	-	-	(2)	-	(2)	-	-	-	-	(2)
Equity method	-	-	(134.466)	-	-	-	-	-	-	-	-	-	(134.466)
Adjustment for valuations	-	-	-	-	-	-	-	-	-	-	-	1.035.582	1.035.582
Profit of the period	-	-	-	-	-	-	-	-	-	-	343.938	-	343.938
BALANCES AT DECEMBER 31, 2012	49.309	27.834	3.134.556	29.665	2.053.596	78.998	6.415	2.168.674	795.498	-	343.938	7.540.582	14.060.391
Conversion of MCBs into preferred shares	161	54.639	-	-	-	-	-	-	-	-	-	-	54.800
Appropriation approved by the Shareholders' Meeting	-	-	-	-	163.332	-	-	163.332	-	(163.332)	-	-	-
Dividends from conversion of MCBs	-	-	-	-	-	(94)	-	(94)	-	-	-	-	(94)
Transfers between reserves approved by the Shareholders' Meeting	-	-	-	-	-	-	-	-	-	-	-	-	-
Declared dividends	-	-	-	-	-	-	-	-	-	(180.606)	-	-	(180.606)
Transfer to profits of previous periods	-	-	-	-	-	-	-	-	-	343.938	(343.938)	-	-
Equity method	-	-	320.765	-	-	-	-	-	-	-	-	-	320.765
Adjustment for valuations	-	-	-	-	-	-	-	-	-	-	-	(831.667)	(831.667)
Profit of the period	-	-	-	-	-	-	-	-	-	-	294.950	-	294.950
BALANCES AT DECEMBER 31, 2013	49.470	82.473	3.455.321	29.665	2.216.928	78.904	6.415	2.331.912	795.498	-	294.950	6.708.915	13.718.539

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


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Grupo Argos S.A.


Statement of Changes in the Financial Position

Years ending on December 31


(In millions of Colombian pesos)

	2013	2012
THE FINANCIAL RESOURCES WERE PROVIDED BY:		
Net profit of the year	294.950	343.938
FINANCIAL RESOURCES FROM OTHER SOURCES		
Dividends received in cash from controlled investments	167.662	160.068
Sale of property and equipment	6.044	19.809
Sale of long-term investments	57.603	107.019
Transfer of property and equipment to other assets	1.044	-
Decrease in long-term accounts receivable	11.411	-
Decrease in long-term inventories	332	-
Increase in long-term financial obligations	145.000	4.000
Decrease in deferred and intangible assets	-	614
Issue of mandatory convertible bonds (MCBs)	-	750.000
Increase in other long-term liabilities	-	67.816
Increase in long-term labor obligations	-	432
Effect of the absorption of short-term items	-	87.511
TOTAL FINANCIAL RESOURCES PROVIDED	684.046	1.541.207
THE RESOURCES WERE USED FOR:		
Debits (credits) to results that do not affect working capital		
Share of subsidiary companies' profits	300.181	349.619
Depreciation of property and equipment	(145)	(183)
Provision for long-term investments	(6.260)	(13.748)
Provision for property and equipment	(356)	-
Recovery of provisions for non-current assets	36.977	199
Gain from sale of property and equipment	2.115	1.832
Gain from sale of long-term investments, net	8.470	55.230
Amortization of intangible assets	(2.013)	(1.829)
FINANCIAL RESOURCES USED BY OTHER SOURCES		
Declared dividends	180.606	166.040
Appropriation of reserves to pay dividends from MCBs conversion	94	2
Acquisition of property and equipment	13.528	28.591
Transfer of inventories to lands	17.600	-
Acquisition of permanent investments	12.803	159.198
Increase in deferred and intangible assets	65.507	-
Increase in other long-term assets	988	-
Increase in long-term accounts receivable	-	46.905
Increase in long-term inventories	-	332
Decrease in long-term labor obligations	1.404	-
Transfer of equity tax to the short term	953	952
Decrease in other long-term liabilities	14.221	-
TOTAL FINANCIAL RESOURCES USED	646.673	793.140
INCREASE IN WORKING CAPITAL	37.373	748.067
CHANGES IN WORKING CAPITAL COMPONENTS		
Cash	(362.132)	377.116
Negotiable investments	(99.827)	170.536
Accounts receivable, net	112.953	33.136
Inventories	(17.367)	75.111
Prepaid expenses	(811)	900
Financial obligations	228.113	383.397
Commercial paper	200.000	(200.000)
Suppliers and accounts payable	8.899	(71.261)
Taxes, duties and rates	(6.470)	(3.575)
Labor obligations	(705)	(231)
Other liabilities	(25.280)	(17.062)
INCREASE IN WORKING CAPITAL	37.373	748.067

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


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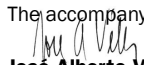
Grupo Argos S.A. Cash Flow Statement

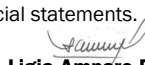
Years ending on December 31


(In millions of Colombian pesos)

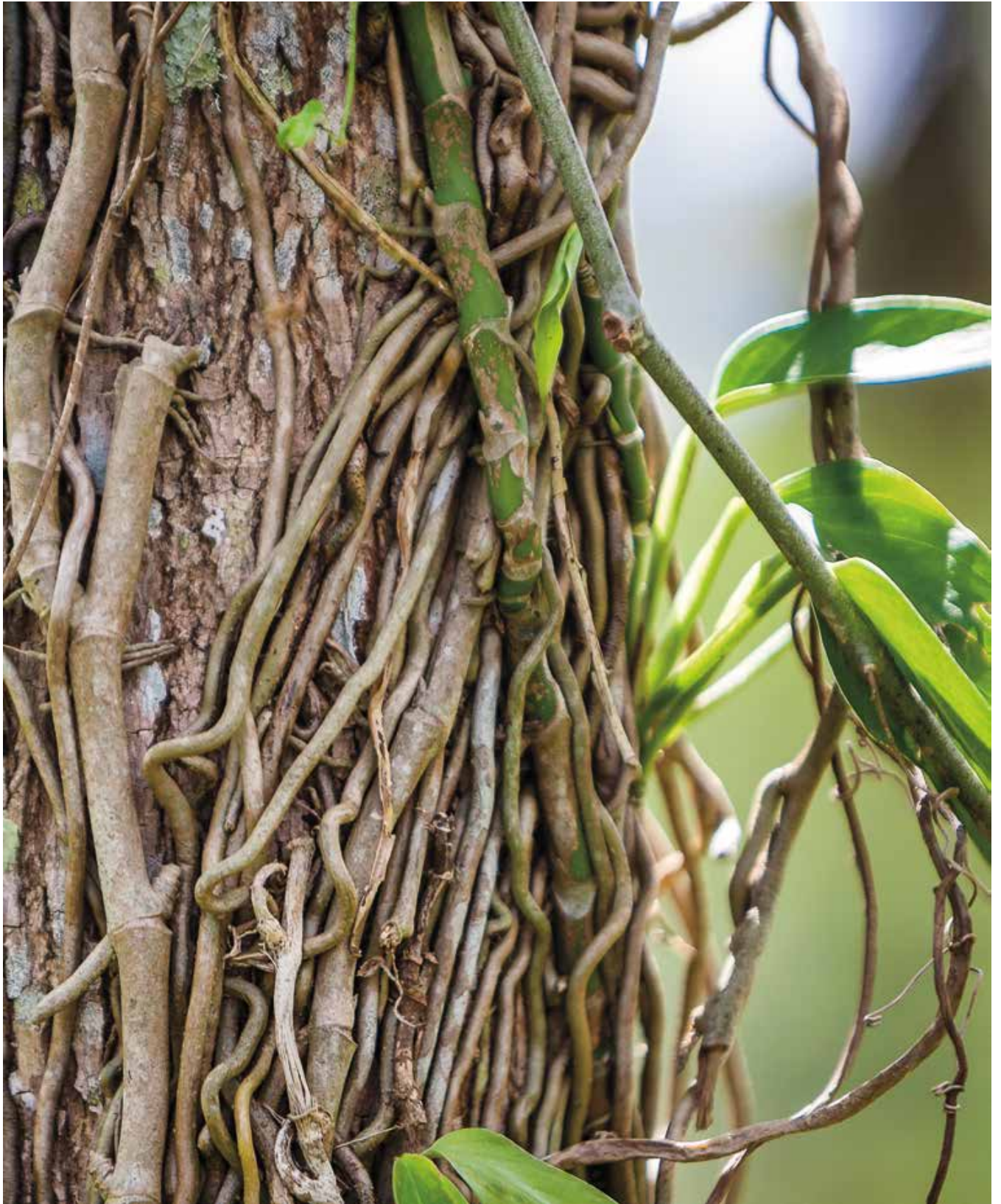
	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit	294.950	343.938
Share of subsidiary companies' profits	(300.181)	(349.619)
Dividends from long-term investments	249.367	145.888
Depreciation of property and equipment	145	183
Gain from sale of property and equipment	(2.115)	(1.832)
Gain from sale of long-term investments, net	(8.470)	(55.230)
Provision for investments	6.260	13.748
Provision for property and equipment	356	-
Recovery of asset provisions	(36.977)	(201)
Amortization of intangible assets	2.013	1.829
SUB-TOTAL OPERATING CASH FLOWS	205.348	98.704
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Accounts receivable	(183.247)	(16.877)
Inventories	99	(18.355)
Prepaid expenses	811	(900)
Other assets	56	-
Accounts payable	(8.899)	71.261
Taxes, duties and rates	5.517	2.623
Labor obligations	(699)	663
Other liabilities	11.059	66.319
NET CASH PROVIDED BY OPERATING ACTIVITIES	30.045	203.438
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Sale of property and equipment	6.044	19.809
Sale of permanent investments	57.603	107.019
Acquisition of permanent investments	(12.803)	(159.198)
(Increase) decrease in deferred and intangible assets	(65.507)	614
Acquisition of property and equipment	(13.528)	(28.591)
NET CASH USED FOR INVESTMENT ACTIVITIES	(28.191)	(60.347)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Declared dividends	(180.606)	(166.040)
Appropriation of reserves to pay dividends from MCBs conversion	(94)	(2)
Decrease in financial obligations	(83.113)	(379.397)
Issue of mandatory convertible bonds (MCBs)	-	750.000
(Decrease) increase in commercial paper	(200.000)	200.000
NET CASH PROVIDED BY FINANCING ACTIVITIES	(463.813)	404.561
Net increase in cash and cash equivalents	(461.959)	547.652
Items that do not affect cash		
Conversion of MCBs	(54.800)	(752)
Issue of preferred shares	54.800	752
Cash and cash equivalents at the beginning of the year	554.261	6.609
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	92.302	554.261
CASH EQUIVALENTS		
Cash	20.173	382.305
Negotiable investments	72.129	171.956
CASH AND CASH EQUIVALENTS	92.302	554.261

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


José Alberto Vélez C.
Legal Representative
(See attached certificate)


Ligia Amparo Franco L.
Accounting Manager
Professional license no. 13072 - T
(See attached certificate)


Olga Liliana Cabrales P.
Statutory Auditor
Professional license no. 92873 - T
Appointed by Deloitte & Touche Ltda.
(See attached certificate)



Certification by the company's legal representative

Medellín, February 28, 2014

To Grupo Argos S.A. shareholders and the general public

In my capacity as Legal Representative, I hereby attest that the individual financial statements as of December 31, 2013 made public contain no flaws, inaccuracies or material misstatements that could prevent Grupo Argos S.A.'s true financial position or transactions completed during the corresponding period from being known.



José Alberto Vélez C.

Legal Representative

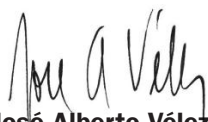
Certification by the Company's Legal Representative and Accounting Manager

Medellín, February 28, 2014

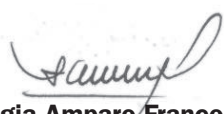
To Grupo Argos S.A. shareholders

The undersigned Legal Representative and Accounting Manager of Grupo Argos SA. (hereinafter the Company), do hereby attest that the Company's financial statements as of December 31, 2013 and 2012 have been faithfully taken from the books, and that before making them available to you and others, we have certified the following statements contained therein:

- a) All the assets and liabilities included in the Company's financial statements as of December 31, 2013 and 2012 exist, and all the transactions included therein were made during the years ending on those dates.
- b) All the economic actions undertaken by the Company during the years ending on December 31, 2013 and 2012 have been acknowledged in the financial statements.
- c) The assets represent probable future economic benefits (rights) and the liabilities represent future economic sacrifices (obligations) obtained by the Company or for which it is responsible as of December 31, 2013 and 2012.
- d) The incurred income and expenditures reflect the company's reality and have been classified on the basis of prevailing legal provisions.
- e) All the elements have been recognized by their appropriate values according to Colombian generally accepted accounting principles.
- f) All the economic facts that affect the Company have been properly classified, described, and disclosed in the financial statements.



José Alberto Vélez C.
Legal Representative



Ligia Amparo Franco L.
Accounting Manager
Professional license no. 13072 - T

Statutory Auditor's Report

To Grupo Argos S.A.
shareholders,

I have audited the general balance sheets of Grupo Argos S.A. as at December 31, 2013 and 2012, and the corresponding income statements, statements of changes in equity, statements of changes in the financial position, and cash flow statements for the years ending at those dates, as well as the summary of the main accounting policies and other explanatory notes.

Management is responsible for the preparation and correct presentation of these financial statements, in accordance with the Generally Accepted Accounting Principles in Colombia. This responsibility includes: designing, implementing and maintaining an adequate internal control system for the preparation and presentation of financial statements that are free from any material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and carrying out the accounting estimates that are reasonable under the circumstances.

It is my responsibility to express an opinion about these financial statements based on my audits. I obtained the necessary information to fulfill my duties and carry out my work in accordance with the generally accepted auditing standards in Colombia. These standards require me to plan and carry out the audit in such a way as to obtain reasonable certainty on whether the financial statements are free from any material misstatement. An audit of financial statements includes examining, on a selective base, the evidence that supports the figures and the information disclosed in the financial statements. The auditing procedures selected depend on the professional judgment of the auditor, including his or her assessment of the risk of there being any material misstatement in the financial statements. In the risk assessment, the auditor considers the internal control of the company that is relevant for the reasonable preparation and presentation of the financial statements, with the purpose of designing auditing procedures that are appropriate under the circumstances. An audit also includes assessing the accounting principles used and the material accounting estimates made by the Management, as well as assessing the general presentation of the financial statements. I consider that my audits provide me with a reasonable basis on which to express my opinion.

In my opinion, the financial statements of Grupo Argos S.A. at December 31, 2013 and 2012, their operating results, changes in equity, changes in financial position, and cash flow for the years ending at those dates, in accordance with the Generally Accepted Accounting Principles in Colombia, applied on uniform bases.

In addition, based on the scope of my audits, I inform the following: the Company has carried out its accounting in line with legal standards and accounting techniques; the operations recorded in the accounting books and the acts of the administrators are in accordance with the bylaws and the decisions of the Shareholders' Meeting and the Board of Directors; the correspondence, accounting records, minutes and stock ledgers are duly kept and maintained; the administrators' management report maintains due consistency with the basic financial statements; the Company is not behind in its contributions to the Comprehensive Social Security System; and mechanisms for the prevention and control of money laundering have been implemented in line with that which is set out in the External Circular No. 60 of 2008 of the Financial Superintendency. My assessment of internal control, carried out with the purpose of establishing the scope of my audit evidence, did not give any indication that the Company has not followed adequate measures of internal control, or of preservation and custody of its assets and of those of third parties that are in its power.



OLGA LILIANA CABRALES PINTO

Statutory Auditor

Professional license no. 92873 - T

Appointed by Deloitte & Touche Ltda.

February 28, 2014

Grupo Argos S.A.

Notes on the individual financial statements

At December 31, 2013 and 2012

(In millions of Colombian pesos,
except otherwise noted)

Note 1 Reporting entity

Grupo Argos S.A. (formerly known as Inversiones Argos S.A.) was incorporated pursuant to Colombian laws on February 27, 1934 (hereinafter the Company).

The Company's corporate purpose is to invest in all types of movable and immovable property, in particular stocks, quotas or shares of equity, or any other shareholding in companies, entities, organizations, funds, or any other legal figure that allows the investment of resources. Moreover, it may invest in fixed-income or equity papers and documents, be they listed on a securities exchange or not. In any case, the issuers and/or recipients of the investment may be of a public, private or mixed nature, domestic or foreign.

The Company may create civil or commercial companies of any kind, or join already-incorporated companies as partner. The association allowed by this clause may include companies whose activities are different from its own, provided it suits its interests.

Through its subsidiaries, the Company participates primarily in the business of cement, energy, ports, coal, and real estate.

Its corporate office is located in the city of Medellín, Colombia, and the Company's term expires on February 27, 2033.

Note 2 Principal accounting policies and practices

In preparing its financial statements, the Company by law uses accounting principles generally accepted in Colombia and norms established by the Financial Superintendency of Colombia. The principal accounting policies and practices adopted by the Company pursuant to the statement above are described as follows:

Accounting period

According to its statutes, the Company has defined the yearly account cut-off date to prepare and disseminate its general financial statements as December 31.

Financial statement consolidation

Grupo Argos is the parent company of Grupo Empresarial Argos.

The accompanying financial statements do not consolidate the assets, liabilities, equity, or results of its subsidiary companies. The investment in these companies is reported by the equity method as indicated below. These statements are presented to the General Shareholders' Meeting and are used as the basis to distribute dividends and other appropriations. Because of legal requirements, the Company is also obligated to submit consolidated financial statements to the General Shareholders' Meeting for approval.

Pursuant to norms issued by the Financial Superintendency of Colombia, the consolidated financial statements include the accounts of companies for which at least one of the following conditions exist:

- a When more than 50% of the capital belongs to the parent company directly or through its subsidiaries or with the support of its subsidiaries or their subsidiaries. To that effect, shares with a preferred dividend and without voting rights are not calculated.
- b When the parent company and the subsidiaries jointly or separately have the right to cast the votes that constitute the minimum deciding majority in the Shareholders' Meeting or in the General Shareholders' Assembly, or have the number of votes necessary to elect the majority of the members of the Board of Directors, if there is one.

- c** When the parent company, directly or through its subsidiaries or with the support of its subsidiaries, by reason of an act or business with the controlled company or its partners, exerts a dominant influence in the decisions of the company's administrative bodies.

The consolidated financial statements are prepared according to accounting principles generally accepted in Colombia. Management must make estimates and assumptions that affect the assets and liabilities figures reported, the disclosure of assets and liabilities contingent to the date of the financial statements, and the income and expenditures figures reported during the period. Real results could differ from said estimates.

Pursuant to the regulations for preparing consolidated financial statements, balances and transactions between related companies are eliminated.

Financial information for the subsidiaries consolidated by Grupo Argos S.A is prepared as much as possible on the basis of the same accounting criteria and methods. Said information is taken as of December 31, the date established by the parent company as the cut-off for its operations and to present its financial statements according to its statutes and pursuant to Article 9 of Decree 2649 of 1993.

Considering that companies abroad prepare their financial statements by applying International Financial Reporting Standards (IFRS) and accounting principles generally accepted in the United States (USGAAP), utilizing a high-quality, coherent body of accounting principles, and taking into account that this structure of principles is considered adequate as a source of accounting technical reference in Colombia, said subsidiaries make no substantial adjustments to their financial statements, nor approve accounting policies, except for those differences that go against the principle of substance over form.

Substance over form

The Company acknowledges and reveals its economic resources and facts according to its substance or economic reality, and not just in their legal form. For this reason, it applies accounting principles that permit an adequate recognition of the economic facts in each of the countries where

it operates.

Conversion of financial statements

Colombian regulations lack a technical framework that establishes accepted conversion methods, but they state that in its absence, it is proper to refer to a standard of higher application. Therefore, IFRS guidelines were chosen for the conversion process, namely; the International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates".

In this order of ideas, financial statements of foreign companies whose currency is not the US dollar or a comparable currency, convert from the currency of the country of origin to US dollars in accordance with the IAS 21 methodology, as follows:

- Assets and liabilities are converted to the exchange rate in effect on the closing date.
- Equity accounts are converted to the exchange rate in effect on the dates the transactions occurred. Companies without any historical information converted the equity to the exchange rate in effect on December 2005.
- Profit and loss accounts are converted to the exchange rate in effect on the dates the transactions occurred. If this is not possible, the average exchange rate for each month is used.
- Differences in conversion are reported in the shareholders' equity through the accumulated adjustments account in conversion, which represents the differences from conversion of items in the income statements to average exchange rates, and items in the balance sheet to exchange rates.

In turn, figures in US dollars are converted to Colombian pesos by applying the representative market exchange rate in effect at the close of the period, certified by the Financial Superintendency of Colombia.

Adjustments for inflation

Decree 1536 of May 7, 2007 modified Decrees 2649 and 2650, eliminating the application of comprehensive adjustments for inflation. The standard stipulates that adjustments for inflation calculated from January

1992 to December 31, 2006, shall be part of the balance of the respective accounts.

The balance of the equity revaluation account may not be substituted until the company is liquidated or capitalized. If capitalized, it will serve to stem losses in case there are grounds to dissolve the company. In any event, it may not be used for capital repayments. If there is a debit balance, it may be paid down with the profits of the period or prior period upon compliance of the profit-related norms as indicated by the Code of Commerce.

Decree 514 of February 2010 made it possible to charge the equity revaluation account for the value of the contributions due and payable in the respective period of the equity tax stipulated in Law 1370 of 2009 on an annual basis. In accordance with this regulation, the company recorded equity tax for 2011 to 2014.

Negotiable and long-term investments

The provisions of the Financial Superintendency of Colombia require that investments be classified and calculated as follows:

- a** Long-term investments are those intended to be maintained through their maturity or redemption, as the case may be, or maintained indefinitely when they are not subject to term. In the case of the latter, in order to classify an investment as long-term, it must stay in the hands of the Company at least three (3) calendar years, starting on the date of acquisition, without prejudice of being classified as such from the same date. These investments are calculated and evaluated prospectively as follows:
 - Debt investments or investments that incorporate fixed or variable rate debtor's rights (non-equity securities) are initially reported by their acquisition cost, and appraised monthly based on the internal rate of return of each security calculated at the time of purchase. The resulting adjustment is charged to the profit and loss account.
 - Investments in shares or equity shares (participative securities) of variable yield in entities where there is no control are reported at cost and adjusted monthly to their liquidation value. The resulting

adjustment, either negative or positive, is reported in the valuations account with payments or deductions to the revaluation reserve in the shareholders' equity, as the case may be. The liquidation value of securities rated as high or medium trade value by the Financial Superintendency of Colombia is determined from the average stock exchange prices of the last 10 to 90 days, according to certain parameters established by that entity. The liquidation value of low or minimum trade value securities or securities not quoted on the stock exchange is determined from their intrinsic value calculated from the last few financial statements disclosed by the securities issuer.

Investments in subsidiary companies in which the Company directly or indirectly has more than 50% of the share capital are reported by the equity method applied prospectively from January 1994. Under this method, investments are reported at cost and adjusted with payment or charge to the profit and loss, as the case may be, to recognize the subsidiary companies' share in the profits or losses that occurred since January 1, 1994, after eliminating the profits not liquidated between the subsidiaries and the parent company (profits not liquidated downline between the parent and subsidiary company are neither eliminated nor deferred).

Investments in companies in which the Company has joint control are reported by the equity method. Joint control occurs when a plurality of people control one or more companies, expressing the will to act jointly through circumstances such as joint participation in various companies' capitals, concurrence in the position of legal representation therein, acting as a block in corporate bodies, etc.

Cash distribution of the these companies' profits obtained before December 31, 1993, is reported as income. After that, it is reported as a lesser value of the investment. Additionally, the proportional share of the variations in other equity accounts of the subsidiaries, different from the period results, is reported as investment goodwill with payment to the surplus account by equity method. Once the equity method is reported, if the intrinsic value of the

investment is less than the book value, a provision with deduction to results is reported.

Any excess of the investment's intrinsic value over the book value at the close of the period is calculated separately as assets valuations, with payment to the revaluation reserve's equity account.

- b** Investments represented in easily transferred securities for which the Company seriously intends to liquidate them to a third party in a period of three years or less shall be classified as negotiable investments. These investments are initially reported at cost, and are adjusted to their liquidation value monthly with payment or deduction, as the case may be. The liquidation value is determined in the same manner as indicated above for each type of investment.

Provision for doubtful accounts

The provision for accounts receivable is revised and updated at the end of each period, based on the analysis of balance maturities and evaluations of the individual accounts' collectability made by Management. Sums considered uncollectible are periodically charged to the provision.

Inventories

Includes urban developments and lands to be developed. All costs incurred in preparing the lands for sale are reported. Lands are classified as inventory from the time there is a project for urban development.

Propiedades y equipo

Properties and equipment are calculated at cost, which as pertinent includes financing expenses and differences in exchange on liabilities in foreign currency incurred for their acquisition until they are in usable condition.

Contributions for valuations are calculated as property goodwill.

For construction projects underway, all items that have a direct relation to the construction and set up of works, including social and environmental costs required for their development, shall be susceptible to capitalization.

Sales and withdrawals of these assets are discharged at the respective adjusted net cost. Differences in the sale price and adjusted net cost are taken to the profit and loss.

The depreciation is calculated on a straight-line basis, based on the probable useful life of the assets under the following parameters: an annual rate of 5% for construction and buildings, 10% for furniture and office equipment, and 20% for transportation equipment, computers and communication equipment.

Depreciable property and equipment whose acquisition costs are equal to or less than three minimum salaries are depreciated in the same year in which they are acquired, without considering their useful lives.

Repairs and maintenance of assets are deducted from the profit and loss, while improvements and additions are added to their cost.

Deferred items

Includes prepayments expenses and deferred charges. Prepayments include subscriptions that are amortized on a straight-line basis in a 12-month period. Deferred charges primarily include computer programs, charges for projects, and improvements to other people's property. The amortization is made between 3 and 5 years on a straight-line basis.

Intangible assets

Intangible assets are reported at their acquisition cost and primarily represent the value of goodwill acquired in the purchase of long-term investments and exploitation rights (concessions and franchises), real estate trust rights. Goodwill is amortized on a straight-line basis, and for the exploitation rights the lesser between the duration of the license or the time planned to exploit the reserves, which are estimated between 3 and 30 years.

The goodwill policy is detailed below:

Acquired goodwill

Companies in Colombia record in the goodwill category the additional amount paid on the intrinsic value certified by the respective company in the purchase of stocks, quotas or shares of equity of an active economic entity, when they have or acquire control of it, as stipulated in Articles 260 and 261 of the Code of

Commerce, modified by Articles 26 and 27 of Law 222 of 1995, and other norms that modify, add or replace it.

Based on the joint circulars 007 of 1997 and 011 of 2005 of the Financial Superintendency of Colombia, the amortization of goodwill generated by acquisitions of businesses is calculated on the straight-line basis using the estimated exploitation time of the intangible asset, which in any case may not exceed 20 years.

At the end of each accounting period, or at the end of the month used as basis for the preparation of extraordinary financial statements, the Company evaluates the goodwill originated in each investment to verify its origin in the overall balance.

In other countries where partner companies operate, goodwill is determined on the basis of the applicable accounting regulation where the subsidiary operates, framed in a superior norm according to the accounting principles generally accepted in Colombia and provisions of the Financial Superintendency of Colombia, and pursuant to the stipulations of Article 11 of Decree 2649 of 1993, in regard to substance over form.

Financial derivatives

The Company is exposed to various risks in the financial market as a result of its ordinary businesses. Said risks are managed through financial derivatives. These risks may be summarized as follows:

Strategic risk: deviation between the expected benefits of a strategy and the results obtained.

Market risk: change in the reasonable value of the derivative due to changes in market prices.

Liquidity risk: losses due to: i) Non-compliance of a payment obligation due to difficulty in obtaining liquidity. ii) The impossibility of taking or undoing a position in derivatives because of market absence.

Credit risk: loss that may materialize because of non-compliance by the counterparty.

Operating risk: loss to which the Company is exposed due to errors in the registry and/or valuation systems.

Also due to a badly designed limits system, a bad revision of contracts, and an inadequate information management system.

Similarly, the Company makes a periodic valuation at market prices of its derivatives for administrative control purposes.

The Company manages the aforementioned risks through forward operations:

Forward operations

Forward operations are used to cover the risk of exchange rates in existing debt and investment operations in foreign currency, as well as to cover future cash flows with high probability of occurrence. At the end of each period, it is appraised by discounting the future forward rate to the market devaluation rate, comparing this present value to the representative market exchange rate at the close of the period in question, recording the positive or negative difference in the income statement.

Appraisals

Correspond to:

- a Surplus from the market or intrinsic value of investments in stocks or quotas or shares of equity at the end of the period over its cost.
- b Excess technical appraisals of property, equipment and real estate over the respective net costs. These appraisals are carried out at least every three years.

Labor obligations and retirement pensions

Labor obligations are adjusted at the end of each period based on the current legal provisions and labor agreements.

The obligation for retirement pensions represents the present value of all future expenditures the Company shall pay its retirees or beneficiaries that basically correspond to former personnel. Respective charges to annual results are made on the basis of actuarial studies that adhere to current legal regulations, prepared under methods like the actuarial equivalency system for overdue annuities, fixed annuities, immediate annuity income, installment refund annuities, and prospective annuities.

Pension payments made during the period are charged directly to the profit and loss for the period.

For employees covered under the new social security plan (Law 100 of 1993), the Company covers its pension obligation by paying contributions to Colpensiones (f/k/a Instituto de Seguros Sociales - ISS) and/or private pension funds under the terms and conditions provided by said law.

Taxes, duties and rates

Represent the value of the general, obligatory duties payable to the State by the Company, determined on the basis of private liquidations generated during the respective fiscal year. Includes income and additional taxes, as well as equity, industry and commerce taxes, among others.

The Company determines the provision for the income tax and CREE fair tax on the basis of the taxable profits estimated on specific rates, based on fiscal regulations, or based on the presumptive income, as applicable. The taxation effects of the items of income, costs and expenditures corresponding to temporary differences between the accounting books and the fiscal figures are reported as deferred taxes, provided there is a reasonable expectation that such differences will be reverted.

The recognition of the equity tax created through Emergency Decree number 4825 of December 2010 is reported in its entirety against the equity revaluation account, pursuant to Decree 514 of 2010.

Memorandum accounts

Contingent rights and responsibilities are reported under memorandum accounts. These include the value of assets and securities given as collateral, unused letters of credit, assets and securities received as collateral, sale and purchase agreements, totally depreciated assets, and the capitalization of the equity revaluation. Tax-related memorandum accounts are used to report differences between accounting data and data for tributary purposes.

Conversion of transactions and balances in foreign currency

Transactions in foreign currency are calculated to the applicable exchange rates in effect on their respective dates. At the end of each period, receivable

and payable balances and investments in foreign currency are adjusted to the representative market exchange rate certified by the Financial Superintendency of Colombia. With regard to receivable and payable balances in foreign currency, differences in exchange rates are taken to profit and loss, except if they are attributable to assets acquisition costs. Differences in exchange rate that happened while said assets are under construction or installation, and until they are ready to be used are attributable to assets acquisition costs.

Starting in 2007 and pursuant to Decree 4918 of 2007, the difference in exchange rate of fixed-income investments in subsidiaries abroad are reported as an increase or decrease in the equity value in the equity method.

Recognition of income, costs and expenditures

Income from investment sales is recognized when the transaction is made, real estate business income when the deed for lot or the urban development project is recorded, income from leasing is recognized in the month in which it is caused, and income from services when the service is provided. Dividends are recorded at the time they are decreed by the issuer.

All the income, costs and expenditures are reported on the basis of the accrual system.

Cash Flow Statement

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

Cash and Cash Equivalents

Cash and cash equivalents are cash on hand and in banks, savings deposits, and all high-liquidity investments.

Materiality in preparing the financial statements

Preparing the financial statements pursuant to accounting principles generally accepted in Colombia requires that the Management make estimates and assumptions that affect the amounts reported of assets and liabilities on the cut-off date of the financial statements, and the amounts reported of income and expenditures during the covered period. The material-

ity used for financial statements as of December 31, 2013 and 2012 was determined using 10% of the results before the period tax, and 1% of the assets.

Net profit per share

Net profit per share is calculated using the weighted annual average of the outstanding shares each year. The reacquired own shares are excluded for purposes of this calculation. Contains the purging of preferred dividends corresponding to 140,413,601 (2012 - 137,838,001) shares as of December 31, 2012, at 4 COP per share.

Average outstanding shares were 785,516,718 (2012 - 737,271,383).

Contingencies

Certain contingent conditions may exist on the date the financial statements are issued that could result in a loss for the Company, but can only be resolved in the future when one or more events occur or may occur. Said contingencies are estimated by Management and its legal advisers. Estimates of loss contingencies necessarily involve an exercise of judgment and are a matter of opinion. In estimating loss contingencies in legal procedures pending against the Company, legal advisors evaluate various aspects, including the merits of claims, the jurisprudence of the tribunals to that respect, and the current situation of the procedures.

If the contingency evaluation indicates the possibility of a material loss and the amount of the liabilities can be estimated, it is reported in the financial statements. If the evaluation indicates that a potential loss is not probable, but the outcome is uncertain or probable but the amount of the loss cannot be estimated, then the nature of the contingency is disclosed in a note to the financial statements. Loss contingencies estimated as remote are generally not disclosed.

Convergence to International Financial Reporting Standards

Pursuant to Law 1314 of 2009, regulatory Decree 2784 of December 2012 and 3024 of December 2013, Grupo Argos is obligated to initiate the convergence process of the accounting principles generally accepted in Colombia to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Considering that this convergence to IFRS will affect Colombian companies, the Technical Council of Public Accounting classified companies in three groups to make the transition. Grupo Argos S.A. belongs to Group 1, whose mandatory transition period begins January 1, 2014, and the first issuance of comparative financial statements under IFRS will be to December 31, 2015.

As a result, the Company established a schedule of activities for the transition to the new accounting norms, which it has been complying in accordance with what was initially approved by the Board of Directors and reported to the Financial Superintendency on February 27, 2014. The following is a preview of the activities carried out at the close of 2013:

- > Assessment of the impact on finances, technology, and processes.
- > Preliminary opening balance.
- > Definition of the principal accounting policies and practices.
- > Start preparing information systems.

The Board of Directors, through its Audit and Finance Committee, will continue to monitor the progress of the IFRS implementation process, with the goal of ensuring compliance of the schedule according to regulations.

It is important to note that the Company brought before the Financial Superintendency of Colombia the information requested about how the convergence to the IFRS financial standards was progressing. The Superintendency requested the information through Circulars 10 of January 24, 2013, and 112 of November 21, 2013. Similarly, to comply with Circular 038 of December 26, 2013, the Company will provide this entity with the opening financial situation statement for January 1, 2014 no later than June 30, 2014.

Note 3 Transactions in foreign currency

Basic existing regulations allow the free negotiation of foreign currency through banks and other financial institutions at free exchange rates. Nevertheless, most foreign currency transactions still require compliance of certain legal requirements.

Operations and balances in foreign currency are exchanged at the representative market exchange rate certified by the Central Bank, which was used to

prepare the financial statements as of December 31, 2013 and 2012. The representative market exchange rate as of December 31, 2013 in Colombian pesos was 1,926.83 (2012 - 1,768.23) to one US dollar.

The Company had the following net position, primarily in dollars, calculated at December 31 on its equivalent in millions of COP.

	2013		2012	
	Dollars	Millions pesos	Dollars	Millions pesos
Current assets (1)	25.022.317	48.213	15.220	27
Non current assets (2)	15.009.000	28.920	15.009.000	26.539
	40.031.317	77.133	15.024.220	26.566
Current liabilities	(175.537.100)	(338.230)	(203.509.426)	(359.851)
Net liability position	(135.505.783)	(261.097)	(188.485.206)	(333.285)

(1) En 2013, corresponde a certificados en dólares por US\$25 millones en Bancolombia Panamá.

(2) En 2013 y 2012, corresponde a inversiones permanentes de Valle Cement Investments Limited por US\$9.000 y Merger Link Corp. por US \$15.000.000.

Note 4 Negotiable and long-term investments

Negotiable investments as of December 31 were as follows:

	Average annual rate in 2013 (%)	2013	2012
Fiduciary rights (1)	3%	1.352	47.310
Certificates (2)	5,65%	60.499	110.251
Repurchase rights (3)	-	-	14.390
Deposits in funds and others (4)	6%	10.278	5
Total Negotiable Investments		72.129	171.956

(1) Corresponds to investments in collective portfolios and investment funds managed by Fiduciaria Bancolombia, Valores Bancolombia S.A., Serfinco S.A., Credicorp Capital and BTG Pactual.

(2) In 2013, it corresponds to certificates in dollars totaling USD 25 million in Bancolombia Panama with a profitability of 2.45% and TDs in pesos with Leasing Bancolombia indexed to the IBR with an average rate of 5.4%. In 2012, it corresponds to the TDs with Banco Caja Social BCSC S.A. for COP 50,000 to a rate of 5.50% E.A.R., and with Valores Bancolombia S.A. for 60,251 at a rate of 5.75% E.A.R.

(3) In 2012, it corresponds to repurchase rights with Valores Bancolombia S.A. with an average rate of 5.9% E.A.R.

(4) Corresponds to investments in credit and fiduciary rights through a fund constituted in BTG Pactual with an average profitability of 5.65% E.A.R.

The reduction in negotiable investments is due to the fact that in 2012 there were resources from the issuance of mandatory convertible bonds to be used in 2013.

Short-term investments have no restrictions that limit their use.

Long-term investments as of December 31 were as follows:

2013	Headquarters	Economic Activity	Valuation	Outstanding Shares	No. of Shares	Class of Share	Adjusted cost	Commercial Value	Percentage Held	Provision	Share In Results	Valuation (Devaluation)
A. SHARES												
In controlled companies												
Sator S.A.S.	Medellín	Coal mining	I	8,075,998	7814,578	0	50,971	20,114	96.8	30,857	(2,946)	-
Celsia S.A. E.S.P.	Medellín	Electricity supply	I	719,584,500	361,051,665	0	1,558,798	1,649,917	50.2	-	187,477	91,119
Cementos Argos S.A.	Barranquilla	Cement and related materials	I	1,151,672,310	698,806,652	0	3,719,977	3,719,977	60.7	-	95,174	-
Compañía de Puertos Asociados S.A. - COMPAS S.A.	Barranquilla	Port services	I	4,293,723,535	1,933,928,474	0	121,674	121,674	45.0	-	(3,169)	-
Concretos Argos S.A.	Bogotá	Mixes and concrete	I	9,231,063	2	0	-	-	0.0	-	-	-
Empresa de Energía del Pacífico S.A. E.S.P. - EPSA	Bogotá	Electricity supply	I	346,701,360	41,134,405	0	417,970	381,325	11.9	36,645	33,163	-
Internacional Ejecutiva de Aviación S.A.S.	Yumbo	Air transportation	I	3,600,000	3,600,000	0	2,218	2,129	100.0	89	(1,423)	-
Inversiones El Duero S.A.S.	Medellín	Financial	I	21,077,050	21,077,050	0	198,308	198,308	100.0	-	2,904	-
Inversiones FortCorp S.A.S.	Bogotá	Construction	I	339,956	339,956	0	109,747	109,747	100.0	-	(589)	-
Inversiones RoundCorp S.A.S.	Medellín	Construction	I	824,484	824,484	0	41,527	41,527	100.0	-	(346)	-
Merger Link Corp.	British Virgin Islands	Financial	I	50,000	50,000	0	27,378	13,397	100.0	13,981	(1,079)	-
Stium S.A.S.	Barranquilla	Construction	I	560,000	560,000	0	5,179	4,787	100.0	392	(8,217)	-
Valle Cement Investments Limited	British Virgin Islands	Financial	I	2	0	0	32,148	32,148	8.2	-	(768)	-
							6,285,895	6,295,050		81,964	300,181	91,119
In non-controlled companies												
Aeropuerto de Barranquilla S.A.	Barranquilla	Air transportation	I	338,000,000	16,000,000	0	40	231	4.73	-	-	191
Bancolombia S.A.	Medellín	Financial	SM	509,704,584	12,701,958	0	38,709	296,639	2.49	-	-	257,930
Carbones del Caribe Ltda. en Liquidación	Barranquilla	Coal mining	I	157,260	833	0	-	1	0.53	-	-	1
Compañía de Empaques Bates S.A.	Palмира	Packaging	I	54,607	2,402	0	32	6,264	4.40	-	-	6,232
Compañía de Inversionistas Inmobiliarios S.A.	Medellín	Construction	I	1,045,400	348,466	0	1,562	-	33.33	1,562	-	-
Contrabute S.A.S.	Medellín	Environmental activities	I	34,050	13,475	0	1,225	30	39.57	1,195	-	-
Corp. Club Deportivo El Rodeo S.A.	Medellín	Social	I	53,866	12	0	7	46	0.02	-	-	39
Corp. Club El Nogal	Bogotá	Social	I	2,500	1	0	61	61	0.04	-	-	-
Corporación Club Campestre	Medellín	Social	I	3,243	1	0	54	54	0.03	-	-	-
Corporación Hacienda Fiebad S.A.	Medellín	Social	I	383	1	0	4	-	0.26	4	-	-
Fiebad S.A.	Medellín	Social	I	733	5	0	13	16	0.68	-	-	3
Fondo Regional Garantías del Caribe Colombiano S.A.	Barranquilla	Financial intermediation	I	68,359	2,730	0	40	250	3.99	-	-	210
Funciones Colombia S.A.- Fucol (1)	Medellín	Metalurgy	I	2,496,845,128	1,288,221,566	0	1,369	438	51.59	931	-	-
Grupo de Inversiones Suramericana S.A.	Medellín	Financial	SM	469,037,260	136,998,942	0	1,479,059	4,690,874	29.21	-	-	3,211,815
Grupo de Inversione Suramericana S.A. Preferencial	Medellín	Financial	SM	106,334,963	8,840,781	P	287,268	306,044	8.31	-	-	18,776
Grupo Nuresa S.A.	Medellín	Financial	SM	460,123,458	38,246,145	0	166,777	1,012,018	8.31	-	-	845,241
Industrias Metalúrgicas Apolo S.A. (1)	Medellín	Metalurgy	I	234,438,170	179,631,921	0	2,128	-	76.62	2,128	-	-
Occidental de Empaques S.A.	Medellín	Packaging	I	2,160,000	1,075,500	0	463	22,955	49.79	-	-	22,492
Plaza Mayor Medellín Convenciones y Exposiciones	Medellín	Promotion	I	152,929,682	227,033	0	120	494	0.15	-	-	374
Poblado Country Club S.A.	Medellín	Social	I	1,750	15	0	554	467	0.86	87	-	-
Prom. Nacional de Zonas Francas S.A.	Rionegro	Financial	I	380,644,330	63,826,441	0	1,361	623	16.77	738	-	-
Promotora de Proyectos S.A.	Medellín	Financial	I	7,484,716	1,627,738	0	610	254	21.75	356	-	-
Sociedad Administradora Portuaria Puerto Berrio S.A.	Barranquilla	Port services	I	16,760	2,625	0	70	-	15.66	70	-	-
Sociedad Colombiana de Transporte Ferroviario S.A.	Bogotá	Transportation	I	172,158,489	4,440,945	0	1,015	-	2.58	1,015	-	-
Sociedad Portuaria de Barrancabemeja S.A.	Buenaventura	Port services	I	100,000	1,000	0	16	19	1.00	-	-	3
Sociedad Portuaria Regional Barranquilla S.A.	Barranquilla	Port services	I	2,799,646	12,771	0	31	197	0.46	-	-	166
Sociedad Portuaria Rio Grande S.A.	Barranquilla	Port services	I	2,799,646	12,771	0	31	266	0.46	-	-	235
Sociedad Puerto Industrial Aguadulce S.A.	Buenaventura	Port services	I	8,742,710	4,390	0	103	39	0.05	64	-	-
Triple A Barranquilla S.A. E.S.P.	Barranquilla	Public utilities	I	73,445,177	68,514	0	288	158	0.09	130	-	-
							1,983,010	6,338,438		8,280	-	4,363,708
TOTAL SHARES							8,268,905	12,633,488		90,244	300,181	4,454,827
B. BONDS												
Agricultural Development Securities							653	653	-	-	-	-
Bonds							5,002	5,002	-	-	-	-
Fixed-term Deposits							5,004	5,004	-	-	-	-
TOTAL BONDS							10,659	10,659		-	-	-
Minus - Provision for protection							90,244	-	-	-	-	-
							8,189,320	12,644,147		90,244	300,181	4,454,827

At December 31, 2013, the following investments are pledged as a security for financial borrowings of COP 300,000.

Issuer	Number of Shares	Financing Entity	Amount
Grupo de Inversiones Suramericana S.A.	21.200.000	Bancolombia	726.598
Grupo de Inversiones Suramericana S.A.	5.524.303	Banco de Bogotá	189.337
Grupo de Inversiones Suramericana S.A.	5.140.800	Helm Bank	176.193
Grupo Nutresa S.A.	9.093.972	Banco de Bogotá	240.633
			1.332.761

The increase in long-term investments is mainly due to the application of the equity method.

The principal sale of Company shares in 2013 were: 1,470,000 preferred shares of Grupo de Inversiones Suramericana S.A. for COP 57,425, and the withdrawal by liquidation of the investment in Inversiones Zona Franca S.A.S. for COP 178.

In 2013, we acquired 27,387 shares of Plaza Mayor Medellín for COP 34.

In 2013, we capitalized Internacional Ejecutiva de Aviación S.A.S. for COP 2,762 (250,000 shares).

Below, we list the total value of assets, liabilities, equity and period's results of the companies in which we hold long-term investments, recorded using the equity method:

	2013			
	Total assets	Total liabilities	Total equity	Results of the period
Cementos Argos S.A.	10.473.514	3.229.156	7.244.358	183.710
Concretos Argos S.A.	724.988	348.664	376.324	18.299
Valle Cement Investments Limited	679.061	286.335	392.726	(9.381)
Inversiones El Duero S.A.S.	198.697	389	198.308	2.904
Empresa de Energía del Pacífico S.A. E.S.P.	4.474.483	1.260.479	3.214.004	279.518
Celsia S.A. E.S.P.	7.326.545	4.038.220	3.288.325	373.645
Sator S.A.S. (antes Carbones del Caribe S.A.S.)	151.386	130.600	20.786	(3.045)
Situm S.A.S. (antes Urbanizadora Villa Santos)	84.983	80.195	4.788	(8.216)
Inversiones FortCorp S.A.S.	110.673	926	109.747	(589)
Inversiones RoundCorp S.A.S.	50.964	9.437	41.527	(346)
Compañía de Puertos Asociados S.A.	445.615	175.474	270.141	(7.035)
Merger Link Corp.	13.397	-	13.397	(1.079)
Internacional Ejecutiva de Aviación S.A.S.	31.548	29.419	2.129	(1.422)
	24.765.854	9.589.294	15.176.560	826.963

	2012			
	Total assets	Total liabilities	Total equity	Results of the period
Cementos Argos S.A.	9.437.661	3.722.370	5.715.291	387.619
Concretos Argos S.A.	657.165	299.946	357.219	22.750
Valle Cement Investments Limited	531.428	159.440	371.988	26.024
Inversiones El Duero S.A.S.	188.533	411	188.122	2.638
Empresa de Energía del Pacífico S.A. E.S.P.	4.042.396	1.132.398	2.909.998	277.384
Celsia S.A. E.S.P.	6.840.008	3.934.597	2.905.411	230.759
Carbones del Caribe S.A.S.	122.787	94.553	28.234	(38.954)
Urbanizadora Villa Santos S.A.S.	57.414	44.800	12.614	(936)
Inversiones FortCorp S.A.S.	100.940	152	100.788	-
Inversiones RoundCorp S.A.S.	42.380	91	42.289	(91)
Compañía de Puertos Asociados S.A.	432.546	153.039	279.507	3.663
Merger Link Corp.	13.861	-	13.861	(388)
Internacional Ejecutiva de Aviación S.A.S.	16.311	15.522	789	(2.615)
	22.483.430	9.557.319	12.926.111	907.853

The equity composition of subsidiary companies which is subject to the equity method at December 31 is as follows:

	2013							
	Share capital	Capital surplus	Reserves	Equity revaluation	Results of the period	Results of previous periods	Revaluation reserve	Total equity
Cementos Argos S.A.	8.547	2.940.874	1.088.710	757.090	183.710	-	2.715.427	7.244.358
Concretos Argos S.A.	9.249	128.336	27.149	37.083	18.299	-	156.208	376.324
Valle Cement Investments Limited	13.798	19.663	-	(87.639)	(9.381)	408.031	48.254	392.726
Inversiones El Duero S.A.S.	2.108	-	34.967	3.313	2.904	-	155.016	198.308
Empresa de Energía del Pacífico S.A. E.S.P.	1.128.166	27.416	393.620	293	279.518	-	1.384.991	3.214.004
Celsia S.A. E.S.P.	180	298.146	2.204.149	36.838	373.645	-	375.367	3.288.325
Carbones del Caribe S.A.S.	8.910	43.524	-	86.701	(3.045)	(131.926)	16.622	20.786
Urbanizadora Villa Santos S.A.S.	56	5.445	6.428	1.550	(8.216)	(937)	462	4.788
Inversiones FortCorp S.A.S.	340	1.834	-	2.245	(589)	-	105.917	109.747
Inversiones RoundCorp S.A.S.	824	5.644	-	-	(346)	(2.921)	38.326	41.527
Compañía de Puertos Asociados S.A.- COMPAS S.A.	30.056	102.014	34.094	3.693	(7.035)	(2.262)	109.581	270.141
Merger Link Corp	13.682	-	-	1.183	(1.079)	(389)	-	13.397
Internacional Ejecutiva de Aviación S.A.S.	3.600	2.512	20	45	(1.422)	(2.626)	-	2.129

2012

	Share capital	Capital surplus	Reserves	Equity revaluation	Results of the period	Results of previous periods	Revaluation reserve	Total equity
Cementos Argos S.A	7.291	498.138	914.692	756.753	387.619	-	3.150.798	5.715.291
Concretos Argos S.A.	9.249	128.239	4.888	37.083	22.750	-	155.010	357.219
Valle Cement Investments Limited	13.798	21.191	-	(187.995)	26.024	455.464	43.506	371.988
Inversiones El Duero S.A.S.	2.108	-	32.329	3.313	2.638	-	147.734	188.122
Empresa de Energía del Pacífico S.A. E.S.P.	1.128.166	20.119	325.643	293	277.384	-	1.158.393	2.909.998
Celsia S.A. E.S.P.	180	298.146	1.929.817	36.869	230.760	-	409.639	2.905.411
Carbones del Caribe S.A.S.	8.910	43.524	-	86.701	(38.954)	(92.972)	21.025	28.234
Urbanizadora Villa Santos S.A.S.	56	5.445	6.428	1.550	(937)	-	72	12.614
Inversiones FortCorp S.A.S.	340	1.834	-	2.244	-	-	96.370	100.788
Inversiones RoundCorp S.A.S.	824	5.644	-	-	(91)	(2.830)	38.742	42.289
Compañía de Puertos Asociados S.A.-COMPAS S.A.	28.700	102.014	35.084	5.102	3.663	(5.560)	110.504	279.507
Merger Link Corp.	14.244	-	-	6	(389)	-	-	13.861
Internacional Ejecutiva de Aviación S.A.S.	3.350	-	20	46	(2.615)	(12)	-	789

Below the corporate purpose of the companies that use the equity method is listed:

Celsia S.A. E.S.P.: To provide the public service of electricity generation and sales, and ancillary services related to the same public service activities. It is headquartered in Medellín.

Cementos Argos S.A.: To exploit the cement industry and production of concrete mixtures, and of any other materials or articles based on cement, lime or clay; the acquisition and transfer of recoverable minerals or deposits in the cement and similar industries. To act as a contractor, builder, consultant, inventor, designer or project manager of civil or other works for any public or private entity. It is headquartered in Barranquilla.

Compañía de Puertos Asociados S.A. - COMPAS S.A.: Incorporated pursuant to Colombian laws on February 12, 1992, the company's main purpose is the exploitation of ports in Colombia and abroad; the administration and management of companies of any nature and its intervention as the industrial or managing partner thereof. Its headquarters is located in Bogotá and its term is until December 1, 2111.

The company is jointly controlled by the two shareholders of Compañía de Puertos S.A. Grupo Argos S.A. holds 50% of the (direct and indirect) capital thereof, and has the same percentage of control of the decisions of the Meeting and control bodies.

Concretos Argos S.A.: The exploration, exploitation, transport, benefit, comprehensive usage, commercialization and sale of granular minerals: sand, cement, gravel, pre-mixed concrete, pre-fab elements of concrete, concrete blocks and any material or elements thereof, accessories and ancillary items used in the construction industry. It is headquartered in Bogotá.

Empresa de Energía del Pacífico S.A. E.S.P. - EPSA: To handle the execution of politics, plans, programs and projects related to the generation, transmission, distribution and sale of energy, its administration, management and use pursuant to the regulations, norms, and guidelines issued by the Ministry of Mines and Energy. Its headquarters are in the municipality of Yumbo in the department of Valle del Cauca.

Internacional Ejecutiva de Aviación S.A.S.: Incorporated pursuant to Colombian laws on October 17,

1991, with headquarters in Medellín and an undefined duration, the company's main corporate purpose is to provide non-regular public commercial air transport for passengers, mail and cargo, including charter flights for national and international routes pursuant to current regulations and international agreements about civil aviation.

Inversiones El Duero S.A.S.: To invest in all types of movable and immovable property, and particularly stocks, quotas or shares of equity, or any other shareholding in companies, entities, organizations, funds, or any other legal figure that allows the investment of resources. Moreover, it may invest in fixed-income or equity papers and documents, be they listed on a securities exchange or not. It is headquartered in Medellín.

Inversiones FortCorp S.A.S.: Incorporated pursuant to Colombian laws on February 13, 2012, with its headquarters in Bogotá, its term is undefined. The company's corporate purpose is to carry out any legal economic activity in Colombia or abroad. Consequently, it is understood that the company may, among other things, act as a contractor, builder, consultant, inventor, designer or project manager of civil or other works for any public or private entity.

Inversiones RoundCorp S.A.S.: Incorporated pursuant to Colombian laws on February 20, 2012, with its headquarters in Medellín, its term is undefined. The company's corporate purpose is to carry out any legal economic activity in Colombia or abroad. Consequently, it is understood that the company may, among other things, act as a contractor, builder, consultant, inventor, designer or project manager of civil or other works for any public or private entity.

Merger Link Corp.: Incorporated pursuant to the laws of the British Virgin Islands on September 5, 2012, its corporate purpose is to carry out any type of investment.

Sator S.A.S. (antes Carbones del Caribe S.A.S.): Incorporated pursuant to Colombian laws on October 28, 1981, its headquarters are in Medellín, and its term is undefined. Its corporate purpose to carry out the prospecting, exploration, exploitation, production, beneficiation, transformation, acquisition, transfer, sale

and transport of coal, and any other mineral substance thereto related; and import, export, sell and supply raw materials, supplies, equipment and machinery necessary for the exploitation of coal and other minerals.

Situm S.A.S. (antes Urbanizadora Villa Santos S.A.S.): Incorporated pursuant to Colombian laws on June 18, 1974, with its headquarters in Barranquilla and an undefined term. Its corporate purpose is to carry out any legal economic activity in Colombia or abroad.

Valle Cement Investments Limited: Incorporated under the laws of the British Virgin Islands on November 18, 1998, with its headquarters in the British Virgin Islands. Its corporate purpose is to carry out any type of investment. It is currently dedicated to investing in stock, quotas or shares of equity, and other types of securities.

By recording the aforementioned long-term investments using the equity method, an increase at December 31, 2013 was gained in the Company's assets and equity for COP 320,765 (2012 - gain of COP 134,466) and an increase in the results of the period of COP 300,181 (2012 - gain of 349,619).

Equity Method Results

	2013	2012
Cementos Argos S.A.	95.174	236.231
Empresa de Energía del Pacífico S.A. - EPSA S.A.	33.163	32.910
Celsia S.A. E.S.P.	187.477	115.784
Compañía de Puertos Asociados S.A. - COMPAS S.A.	-	1.650
Valle Cement Investments Limited	-	2.131
Inversiones el Duero S.A.S.	2.904	2.638
Equity Method Profit (Note 19)	318.718	391.344
Sator S.A.S.	2.946	37.693
Internacional Ejecutiva de Aviación S.A.S.	1.423	2.615
Situm Santos S.A.S.	8.217	937
Compañía de Puertos Asociados S.A. - COMPAS S.A.	3.169	-
Inversiones RoundCorp S.A.S.	91	91
Inversiones FortCorp S.A.S.	589	-
Merger Link Corp.	1.079	389
Equity Method Loss	18.537	41.725

Note 5 Accounts Receivable, net

At December 31, the accounts receivable consisted of the following:

	2013	2012
Colombian customers (1)	5.230	15.341
Economic ties (See note 26)	133.980	57.850
Prepayments and advances (2)	21.842	4.523
Accounts receivable (3)	64.650	52.128
Prepayments of taxes and withholding at the source	-	1.811
Accounts receivable from Employees	8.636	6.471
Individuals	-	6
Accounts receivable for forwards (4)	2.681	-
Others	2.653	-
	239.672	138.130
Minus - provision	(930)	(930)
Subtotal	238.742	137.200
Less - long-term portion	35.732	47.143
Short-term Accounts Receivable	203.010	90.057

(1) Corresponds to the real estate customer portfolio: Alianza Fiduciaria S.A. for COP 1,281 from the sale of lot C3 of Por-

tal de Genovés at Puerto Colombia, Construcciones Marval for COP 1,619 from the sale of the Miramar IV lot, Patrimonios Autónomos S.A. for COP 2,330 from the sale of lots C3 and C4 of Palmas del Rio.

(2) For 2013, this corresponds to the prepayment of COP 18,045 for the direct costs of the Viva Villavicencio Shopping Mall works. Grupo Argos S.A. will hold 49% thereof, and includes an investment of COP 2,000 from CNV Construcciones S.A.S. for the remodeling of offices on the fifth floor of the Santillana Building (Administrative office - Medellín).

(3) Includes dividends receivable of COP 55,877 (2012- COP 51,334) of Grupo de Inversiones Suramericana S.A. investments for COP 13,766 (2012 - COP 13,062), Bancolombia S.A. for COP 2,394 (2012 - COP 2,248), Grupo Nutresa S.A. for COP 3,787 (2012 - COP 3,442), Celsia S.A. E.S.P. for COP 9,026 (2012 - COP 8,124) and Cementos Argos S.A. for COP 26,904 (2012 - COP 24,458).

(4) Corresponds to the valuation of the following operations with financial derivatives at the close of the period in the counterparty's favor:

Type	Underlying instrument	Value Underlying instrument USD	Sum of Forwards USD	Rate Forwards	Maturity
Forward purchase	Interest on financial liabilities	USD 94.770.164	USD 94.770.164	COP 1.898,73	Oct. 10, 2014
Forward purchase	Interest on financial liabilities	USD 12.041.786	USD 12.041.786	COP 1.945,71	Mar. 12, 2014
Forward purchase	Interest on financial liabilities	USD 12.052.451	USD 12.052.451	COP 1.941,82	Mar. 19, 2014

Operations of exchange rate forwards are carried out to cover the risk of the fluctuation of the exchange rate of borrowings in dollars.

The entry of the provision to protect accounts receivable is as follows:

	2013	2012
Opening balance	930	932
Recoveries	-	(2)
Closing balance	930	930

At December 31, 2013, there is no duty on accounts receivable.

Note 6 Inventories, net

Inventories at December 31 were as follows:

	2013	2012
Urban development works (1)	39.192	71.983
Property for sale (2)	15.227	332
Land to develop (3)	81	3.128
Developed lands for construction (4)	3.244	-
Inventory Total	57.744	75.443
Minus – long-term portion	-	332
Short-term inventory total	57.744	75.111

(1) The urban developments are:

Centro Internacional del Caribe - Puerto Colombia	21.431	23.219
Miramar stage IV - Barranquilla	10.356	15.210
Palmas del Río - Barranquilla	3.120	355
Portal de Genovés II - Puerto Colombia	3.338	1.264
Preliminares Lago Alto stage I - Barranquilla	129	-
Caracola y Recoveco - Santa Marta	818	352
Portal de Genovés - Puerto Colombia	-	10.359
San Juan de Dios - Puerto Colombia	-	15.367
Clúster Institucional - Puerto Colombia	-	5.857
Total obras de urbanismo	39.192	71.983

(2) The properties for sale are:

Portal Genovés - Puerto Colombia	9.370	-
Clúster Institucional - Puerto Colombia	5.857	-
Paseo la Castellana stage V - Barranquilla	-	332
Property for sale total	15.227	332

(3) The lands to be developed are:

Pajonal Sierra Vieja site - Puerto Colombia	62	62
Banda Norte Pajón lot - Puerto Colombia	19	19
Globo Oreja, lot D2	-	103
Miramar stage III - Barranquilla	-	2.944
Lands to develop subtotal	81	3.128

(4) Developed lands for construction at December 31, 2013 are:

Miramar stage III - Barranquilla	2.944
Lot, 1 square. - Barranquilla	300
Developed lands for construction total	3.244

Note 7 Property and equipment

The balances of property and equipment, and accumulated depreciation as at December 31 are as follows:

2013	Adjusted cost	Accumulated depreciation	Net cost	Appraisal	Valuation
Lands (1)	80.072	-	80.072	2.303.747	2.224.552
Construction underway (2)	9.153	-	9.153	-	-
Constructions and buildings	3.036	1.365	1.671	4.188	2.517
Furniture and office equipment, computers and communications	152	22	130	-	-
	92.413	1.387	91.026	2.307.935	2.227.069
Minus – provision	(877)	-	(877)	-	-
	91.536	1.387	90.149	2.307.935	2.227.069

2012	Adjusted cost	Accumulated depreciation	Net cost	Appraisal	Valuation
Lands (1)	62.464	-	62.464	2.538.940	2.476.476
Construction underway	695	-	695	-	-
Constructions and buildings	3.227	1.497	1.730	5.043	3.313
Furniture and office equipment, computers and communications	3.620	3.493	127	415	288
Transport equipment	766	766	-	137	137
	70.772	5.756	65.016	2.544.535	2.480.214
Minus – provision	-	-	(4.033)	-	-
	70.772	5.756	60.983	2.544.535	2.480.214

(1) Lands distributed by use:

	Adjusted cost	Commercial Value	Appraisals
For Land Development	50.152	1.521.160	1.471.885
For rent or for other uses	29.920	782.587	752.667

Because lands for COP 17,600 were not available for property development, they were transferred to property and equipment inventory in 2013.

(2) The increase in 2013 is due to investments in the administrative facilities of the Company.

The depreciation recorded in the results was COP 145 (2012 - COP183).

As at December 31, 2013, property and equipment were free of duties.

The Company had the firm Colliers International Colombia appraise its immovable property in 2013 (See note 9).

Note 8 Deferred and Intangible assets

The deferred and intangible assets as at December 31 are:

	2013	2012
Goodwill (1)	29.683	29.683
Rights (2)	61.798	-
Deferred assets (3)	5.116	1.537
Minus accumulated amortization	(5.974)	(4.091)
	90.623	27.129

(1) Corresponds to the additional amount paid over the book value for the acquisition of 9,417,457 shares (1.31% shareholding) of Celsia S.A. E.S.P. on September 30, 2010. The certified intrinsic value in pesos per share as of August 31, 2010 was COP 3,658.79, for an equity value of COP 34,456. The purchase's net value was COP 63,424. Furthermore, 835,918 shares were acquired in June and July. These provide a 0.116% shareholding in this company. The certified intrinsic value in pesos per share as of June 30 and July 31, 2010 was COP 3,630.81 and COP 3,590.49 respectively, for an equity value of COP 2,918 and COP 116, and a net purchase value of COP 3,474 and COP 136, respectively.

It also include the amount paid over the book value for the acquisition of 50,000 shares (100% shareholding) of Merger Link Corp. on December 17, 2012. The certified intrinsic value in pesos per share as of November 30, 2012 was COP 537,697 for an equity value of COP 26,861. The purchase's net value was COP 26,967.

The estimated amortization period of the good will of Celsia S.A. E.S.P. is sixteen (16) years, and that of Merger Link Corp. is three (3) years. Amortization is carried out on a straight-line basis.

Amortizations recorded to the results reached COP 2,013 (2012 - COP 1,829).

(2) Corresponds to the independent property managed by Fiduciaria Bancolombia S.A., who holds the rights to the Villa Villavicencio shopping mall, currently under construction. Grupo Argos holds the rights to 49% of the contributions thereof and Grupo Éxito holds 51%. At December 31, 2013, this project's progress was at 53%.

(3) Mainly corresponds to the costs incurred from the SAP tool implementation project, for COP 5,103. The estimated amortization term is for three (3) years and is amortized on a straight-line basis.

Note 9 Asset Valuations

The asset valuations as at December 31 are:

	2013	2012
Long-term Investments (See note 4) (1)	4.454.827	5.060.368
Property and equipment (See note 7) (2)	2.227.069	2.480.214
Other assets (3)	27.019	-
	6.708.915	7.540.582

(1) The loss is due to the devaluation of the shares of Grupo de Inversiones Suramericana S.A., and Bancolombia S.A., in addition to the sale of 1,470,000 preferred shares of de Grupo de Inversiones Suramericana S.A.

(2) The variation is due to appraisals by the firm Colliers International Colombia of the business' immovable property, adjusting its market value in December 2013. This includes lands recorded in property, plant and equipment for COP 2,224,552, and non-current lands maintained for sale recorded in other assets for COP 27,019.

Rodrigo Echeverri Asociados appraised property and equipment in 2011 for the Company. Valuation methods used for lands, constructions and buildings, transport equipment, furniture and office equipment were multiples and average cost. Appraisals of lands absorbed from Cenmentos Argos S.A., were carried out by the firm Colliers International Colombia.

Appraisals of lands, constructions and buildings absorbed from Cenmentos Argos S.A., were carried out by the firm Colliers International Colombia. The method used assumes that the target market of a property is comprised of all parties that may benefit from the greater and better use of the property and are willing to pay a competitive price. In most cases for a specific property, the target market is represented by a clear group of individuals or financial entities.

For properties, the profile of a possible buyer shall be identified as a developer or investor. The valuation in the report shows the analysis that a buyer of this kind would carry out. Finally, the resulting value is compared to the market value of the immovable property to ensure their ownership. Using international methods appraised for the opening balance

for IFRS as valuation of lands, residual method, cost-focus, comparative focus of the market and revenue focus.

(3) Appraisals are carried out at least every three years.

Los avalúos se actualizan al menos cada tres años.

Note 10 Financial Obligations

Financial obligations as at December 31 were as follows:

	2013	2012
Bank loans	818.158	901.271
Loans from individuals	109	109
Financial Obligations Total	818.267	901.380
Minus - long-term portion	(445.109)	(300.109)
Short-term Financial Obligations	373.158	601.271

As at December 31 the following loans were outstanding:

Entidad	Concepto	Capital	Fecha de inicio	Fecha de vencimiento	Tasa de interés	Moneda
BBVA	Working Capital	182.085	Oct. 15, 2013	Jan. 13, 2014	LIBOR+0,90%	USD
Banco de Bogotá	Working Capital	61.658	Sept. 4, 2013	Feb. 28, 2014	LIBOR+1,15%	USD
Banco de Bogotá	Working Capital	48.171	Oct. 8, 2013	May 9, 2014	LIBOR+1,13%	USD
Banco de Bogotá	Working Capital	23.122	Dec. 13, 2013	Mar. 13, 2014	LIBOR+1,15%	USD
Banco de Occidente	Working Capital	23.122	Dec. 20, 2013	Mar. 20, 2014	LIBOR+1,50%	USD
Banco Popular	Cash Credit	60.000	Sept. 24, 2013	Sept. 24, 2015	DTF(Colombian fixed term deposit)1,70%	COP
BCSC	Cash Credit	17.500	Sept. 24, 2013	Mar. 24, 2014	DTF(Colombian fixed term deposit)1,65%	COP
BCSC	Cash Credit	17.500	Sept. 24, 2013	Sept. 24, 2014	DTF(Colombian fixed term deposit)1,65%	COP
BCSC	Cash Credit	35.000	Sept. 24, 2013	Sept. 24, 2015	DTF(Colombian fixed term deposit)1,65%	COP
BBVA	Cash Credit	50.000	Sept. 24, 2013	Sept. 24, 2015	DTF(Colombian fixed term deposit)1,85%	COP
Bancolombia	Long-term loan	200.000	July 27, 2012	Sept. 16, 2020	CPI+5,80%	COP
Helm Bank	Long-term loan	100.000	Oct. 4, 2013	Oct. 4, 2018	IBR+3,33%	COP
		818.158				

Long-term loans maturing at December 31, 2013 are:

	Valor
2015	145.000
2018	100.000
2020	200.109
	445.109

In 2013, interests of COP 74,448 (2012 - COP 81,574) were accrued from financial obligations.

Financial obligations of COP 300,000 are guaranteed with long-term investments as mentioned in Note 4.

Note 11 Suppliers and Accounts Payable

The accounts payable as at December 31 were comprised as follows:

	2013	2012
Colombian suppliers (1)	25.011	35.563
Foreign suppliers USD 37.100 (2012 - US\$ 9.426)	71	17
Economic ties (See note 26)	31.556	13.642
Costs and expenses payable (2)	3.130	14.627
Dividends payable	48.549	44.266
Interests payable on financial obligations	7.523	9.809
Withholding at the source	2.162	580
Withholding and contributions from payroll	18	164
Accounts payable forwards (3)	1.451	10.009
Other	486	179
	119.957	128.856

(1) Mainly corresponds to liabilities with Inversiones Inmobiliarias Barranquilla S.A. for COP 21,480 and Júpiter Asocados S.A. for COP 1,620 for urban development.

(2) Mainly corresponds to fees paid to Ernst & Young S.A.S per IFRS implementation project of COP 450 and per SAP implementation project of COP 627. It includes fees for real estate appraisals by Colliers Internacional Colombia S.A. for COP 380.

(3) Corresponds to the valuation of the following operations with financial derivatives at the close of the period in the counterparty's favor:

Type	Underlying Instrument	Value Underlying Instrument USD	Sum of Forwards USD	Rate Forward	Maturity
Forward purchase	Interest on financial obligations	USD 32,132,000	USD 32,132,000	COP 1.971.42	Feb-27-14

Operations of exchange rate forwards are carried out to cover the risk of the fluctuation of the exchange rate of borrowings in dollars.

Note 12 Mandatory Convertible Bonds

At December 31, mandatory convertible bonds with a preferred dividend and without voting rights (MCBs) amounted to COP 694,448 (2012 - COP 749,248).

The nominal value of the MCBs is one million Colombian pesos and they have the following conditions:

Series	Term (Months)	Securities Issued	Effective Rate	Frequency of Payment	Maturity Date	Conversion Rate
A3	36	COP 750.000	5%	Quarterly in arrears	Nov. 27, 2015	1 MCB for 47 preferred shares without voting rights

MCBs may be converted at any time, at the holder's decision. In the event that the holder has not made the discretionary conversion, this shall be mandatory upon their maturity. As long as they have not been converted, the MCBs shall pay their holders a constant coupon rate on their nominal value.

In 2013, 54,800 (2012 - 752) MCBs were converted, each one for 47 shares, amounting to 2,575,600 (2012 - 35,344) preferred shares. The increase in subscribed and paid capital was COP 161 (2012 - COP 2) and in the share placement premium, it was COP 54,639 (2012 - COP 750).

Note 13 Commercial Paper

The commercial paper issued in 2012 for COP 200,000 was paid in 2013.

Note 14 Taxes, Duties and Rates

The balance of taxes, duties and rates as at December 31 was as follows:

	2013	2012
Income tax	8.596	2.039
CREE fair tax	2.030	-
Equity tax	953	1.905
Sales tax	478	417
Industry and Commerce Tax	-	2.179
	12.057	6.540
Minus - short-term portion	-	(5.587)
Long-term portion (1)	-	953

(1) In 2012, the balance of long-term taxes, duties and rates corresponds to the equity tax quotas, which are due in 2014.

The net income tax at December 31 was comprised as follows:

	2013	2012
Current income tax	7.669	2.039
Minus - pre-paid taxes and withholding at source	(2.624)	(1.575)
Income tax, net	5.045	464

Income tax:

The tax provisions applicable to the Company stipulate that:

a) The applicable income tax rate for 2013 is 25%. The rate for 2012 was 33%. The reduction in the income tax rate for 2013 was stipulated by Law 1607 of December 2012. In the same law, the CREE fair tax was created with a 9% rate and went into effect on January first, 2013. The basis for

CREE fair tax is calculated with the income tax, additionally settling those items that the regulation expressly did not consider in CREE fair tax.

b) The basis to determine income tax cannot be less than 3% of its liquid equity on the last day of the previous tax period.

c) With Law 1430 of 2010, from 2011, the special deduction of productive fixed assets for the other taxpayers is eliminated.

d) Since 2007, companies can compensate the adjusted tax losses fiscally and without a time limit with the regular liquid income that is obtained in the following periods, without prejudice to the presumptive income of the period.

The tax losses generated by the special deduction of investment in productive fixed assets may be compensated with the taxpayer's liquid income.

As at December 31, 2013, the Company had tax losses of COP 71,841 (2012 - COP 71,841).

e) The excesses of presumptive income over regular income generated since 2003 can only be offset with regular liquid income in the following five years.

Since 2007, excesses of presumptive income over regular income are fiscally readjusted.

As at December 31, 2013, the Company had COP 22,426 (2012 - COP 20,841) of excesses of presumptive income from the tax periods 2008, 2009, 2010, 2011 and 2012.

f) Since 2004, income taxpayers that carry out transactions with economic partners or related parties abroad are obliged for the purposes of income tax and additional taxes to establish their regular and extraordinary income, their costs and deductions and their assets and liabilities, considering the prices and profit margins that would have been used in comparable transactions with or between non-economic partners for these transactions. In 2013 and 2012, the Company did not carry out transactions with economic partners or related parties abroad.

Below are the reconciliations between the profit before income tax and taxable income and the establishment of the taxes and reconciliation of the accounting and tax equity of the years ending December 31, 2013 and 2012:

A. Reconciliation between the Taxable Liquid Income and Accounting Profit:

	2013	2012
Profit before the provision for income tax	311.256	345.977
Plus		
Provision for the protection of long-term investments	6.260	19.684
Tax revenues forward	3.979	114
Gain from sale of investments	57.603	46.863
Other non-deductible expenses	256.731	144.251
Non-deductible expenses from non-income receipts	55.728	147.612
	380.301	358.524
Minus		
Accounting profit from sales of property and intangible assets	2.305	3.575
Tax profit from sale of long-term investments	57.425	49.859
Non-taxable dividends	306.052	181.018
Recovery of provisions	38.876	11.661
Other non-taxable income (equity method)	318.718	473.064
	723.376	719.177
Net ordinary loss	(31.819)	(14.676)
Presumptive income on equity	22.556	2.929
Net taxable income	22.556	2.929
Tax rate	25%	33%
Income tax	5.639	967
Occasional Earnings		
Profit from sale of fixed assets	86.366	3.251
Taxable occasional earnings	86.366	3.251
Tax rate	10%	33%
Tax on occasional earnings	8.637	1.072
Basis for calculation of CREE tax	22.556	-
Tax rate	9%	-
Provision for CREE fair tax	2.030	-
Provision for taxes deducted from results	16.306	2.039

B. Reconciliation of accounting and tax equity:

The reconciliation of accounting equity and tax equity at December 31 is presented below:

	2013	2012
Accounting equity as at December	13.718.539	14.060.391
Minus		
Valuations of assets (See Note 9)	(6.708.915)	(7.540.582)
Plus		
Provisions to protect accounts receivable Investments and property	92.046	122.412
Tax value of property and equipment	93.893	60.784
Tax value of long-term investments	5.331.815	5.324.691
Non-tax liabilities	27.288	13.500
Minus		
Accounting cost of investments and property	(8.360.947)	(7.805.491)
Tax equity	4.193.719	4.235.705

The tax returns of Grupo Argos S.A., for 2011 and 2012, are subject to review and approval by the tax authorities. Management and its legal advisors consider the amount recorded as liabilities for taxes payable is sufficient to respond for any liability that could arise for said years.

Equity Tax

The Company paid the tax for COP 3,812, taking the liquid equity held at January 1, 2011, as a basis, at a rate of 4.8% plus 25% from the surcharge. The tax return was submitted May 2012 and it shall be paid in 8 installments of COP 476 in May and September in 2011, 2012, 2013 and 2014.

For 2011, the Company incurred and calculated 100% of the equity tax and its surcharge deducted from the equity revaluation account.

Tax reform – Below is a summary of some of the amendments to the Colombian tax system for 2013 and after, introduced by Law 1607 of December 26, 2012:

Income tax and additional taxes – The rate on taxable income is changed to 25% for companies from January 1, 2013.

CREE fair tax – Fair income tax is created from January 1, 2013. This tax is calculated at a rate of 8% on a special taxable basis different to the taxable liquid income, which does not include occasional earnings. For 2013, 2014 and 2015, the applicable rate will be 9%, as a transitory system. For all purposes, the taxable basis of CREE tax cannot be less than 3% of the liquid equity of the taxpayer established on the last day of the previous tax year.

To establish the taxable basis to pay CREE fair tax, the income of the tax period may not be compensated with tax losses or excesses of presumptive income of previous periods.

Exemption from contributions – Companies that declare income tax and additional taxes are exempt from paying parafiscal contributions to the National Learning Service (SENA) and the Colombian Family Welfare Institute (ICBF) and the employers' contribution to the Social Security System for health, corresponding to employees who individually earn up to ten (10) current minimum legal salaries. This exemption starts from the moment in which the withholding at source system is implemented for collecting income tax for CREE fair tax (and in all cases before July 1, 2013).

Occasional Earnings – The rate on occasional earnings is changed to 10% for companies from January 1, 2013.

Operations with economic partners – It is established that payers of income tax and additional taxes located, domiciled or resident in the National Customs Territory that carry out operations with economic partners located in the free-trade zone are obliged to consider the arm's length principle for these transactions. They are obliged to prepare document evidence for the responsibility of transfer prices and submitting an informative return within the considerations stipulated by Law for each one of them.

Reconciliation of disputed and administrative processes regarding taxes and customs – The National Tax and Customs Directorate was granted the powers to carry out reconciliations in processes underway, which on the date the law came into effect, were found

to be under dispute and/or under administrative review regarding taxes and customs and on which, a definitive ruling would not have been obtained, being able to reach an agreement on the total value of the sanctions, interest and updates of the sanctions of up to 100%, until August 31, 2013, provided that a payment agreement regarding the tax is paid or signed.

Accounting regulations – It is established that only for tax purposes, the remissions contained in the tax regulations for accounting regulations will remain in force for the 4 years following the International Financial Reporting Standards going into effect. Consequently, during the mentioned time, the tax bases of the items included in the tax returns shall remain unchanged. Likewise, the requirements of accounting procedures for recognizing special tax situations will no longer be valid from the date the new regulatory accounting framework is applied.

Obligation of corporate groups to report consolidated financial statements – It is established that by June 30 at the latest each year, the duly registered economic and/or corporate groups must electronically send their consolidated financial statements to the National Tax and Customs Directorate, together with their respective annexes.

Note 15 Other Liabilities

As at December 31, they were as follows:

	2013	2012
Estimated Liabilities and Provisions		
For costs and expenses (1)	17.425	3.491
For tax obligations	2.132	-
Other Liabilities		
Prepayments and advances received from customers	232	232
Prepayments and advances received on contracts (2)	81.854	86.707
Others	570	724
Total Other Liabilities	102.213	91.154
Minus – long-term portion	(53.595)	(67.816)
Total Short-term Liabilities	48.618	23.338

- (1) Mainly corresponds to the provisions for costs of urban development to be developed of COP 5,224; the legalization taxes for the exchange with Fundación para el Beneficio of COP 1,650; the contribution in the autonomous equity share of Viva Villavicencio of COP 3,392 and the variable remuneration of the employees for COP 5,419.
- (2) Mainly corresponds to the advance payment for the sale and purchase agreement with Compañía de Puertos Asociados S.A. - COMPAS S.A. of the port property for COP 53,595 (2012 - COP 67,816). The public deed of the sale and purchase agreement shall be effective from January 15, 2015, and clients shall make advance payments to purchase of developed lots.

Note 16 Labor Obligations

Labor obligations as at December 31 were as follows:

	2013	2012
Retirement pensions	3.191	4.295
Others	712	307
	3.903	4.602
Minus - long-term portion	(2.191)	(3.595)
	1.712	1.007

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 period of employment. Colpensiones (formerly Instituto de Seguros Sociales - ISS) and the pension funds have assumed the majority of these obligations.

The deductions from the year's results for retirement pensions were COP 959 in 2013 (2012 - COP 1,186).

The actuarial calculation in 2013 and 2012 is 100% amortized.

Below are the main factors used in the actuarial calculations prepared in years ending on December 31:

	2013	2012
Number of people	46	55
Future increase of pensions	4,80%	4,80%

The calculation of the actuarial reserve was made with the following technical bases:

1. **Mortality Table:** Colombian Table of the Mortality Rate of Pension Recipients RV08 for both men and women. (Resolution 1555 of 2010 of the Financial Superintendency of Colombia).
2. **Pension and salary adjustment:** The formulation used explicitly incorporates the future salary and pension increases with a 2.99% growth rate for 2013 (Decree 2783 of December 20, 2001).
3. **Technical interest:** 4.8% real annual interest for 2013 and 2012.
4. **Reserves:** They are established through a system of fractional income payable (Article 112 Tax Statute).

Note 17 Equity

Share Capital

The authorized capital is comprised of 1,200,000,000 shares with a nominal value of COP 62.50 per share. The paid and subscribed capital is comprised of 791,516,033 (2012 - 788,940,433) shares, out of which, 651,102,432 (2012 - 651,102,432) are common shares and 140,413,601 (2012 - 137,838,001) are preferred shares. There are 5,702,432 reacquired own common shares, with a total of 785,813,601 (2012 - 783,238,001) outstanding shares, which correspond to 645,400,000 (2012 - 645,400,000) common shares and 140,413,601 (2012 - 137,838,001) preferred shares.

As a result of the conversion of the MCBs, the paid and subscribed capital increased COP 161 (2012 - COP 2) and the share placement premium by COP 54,639 (2012- COP 750).

	2013	2012
Authorized capital - 865,000,000 common shares, nominal value COP 62.50	54.063	54.063
Authorized capital - 335,000,000 preferred shares, nominal value COP 62.50	20.937	20.937
Total authorized capital - 1,200,000,000 shares, nominal value COP 62.50	75.000	75.000
Subscribed and paid capital - 651,102,432 common shares	40.694	40.694
Subscribed and paid capital - 140,413,601 (2012 - 137,838,001) preferred shares	8.776	8.615
Total subscribed and paid capital - 791,516,033 (2012 - 788,940,433) shares	49.470	49.309

Preferred shares grant their holders the following rights:

(i) To receive a preferred dividend of COP 4 (four Colombian pesos) per share, which shall be paid with preference over the common shares, provided that the dividend of the legally available funds for it has been declared. In no event may the dividend received by the common shareholders be higher than the dividend decreed for preferred shares.

In no event may the preferred dividend be accumulated for later periods. In each case, the first payment of dividends shall correspond to those that the Company decrees after the shares are subscribed.

(ii) To jointly participate in the distributable profits with the common shareholders, in proportion to their share in the Company's subscribed capital, with prior payment of the preferred dividend and of the common dividend that is equal to the preferred dividend.

(iii) To have preference in the reimbursements of contributions in the liquidation process, provided that the Company's external liabilities have been fully covered.

(iv) To be invited to the Shareholders' Meetings in the same way and within the same periods as the common shareholders.

(v) To participate in the Shareholders' Meetings and vote in them exclusively in the following situations:

a) When they deal with the approval of amendments that may worsen the established rights or conditions for preferred shares. In this case, the vote in favor shall be required of 70% of the shares that are divided in subscribed capital, including the vote in favor of the preferred shares in said percentage and in the same proportion.

b) When the conversion of preferred shares into common shares is going to be voted, except when the possibility of conversion and the terms on which it shall be carried out have been specifically regulated in the respective regulation. In the event that it decides to approve a conversion different to that approved in the regulation or when the regulation has not considered this option, the same majority indicated in the previous section will be applied.

c) If at the end of a corporate tax period, the Company does not generate distributable profits to allow it to pay the preferred dividend and the Financial Superintendence of Colombia, on its own account or at the request of the preferred shareholders that represent at least 10% of these shares, establishes that benefits that decrease the distributable profits have been concealed or embezzled, it can establish that these shareholders participate with voice and vote in the Shareholders' Meetings until it is verified that the irregularities that caused this measure no longer exist, in accordance with Article 64 of Law 222 of 1995.

(vi) To exercise the right to inspection in the same cases, periods and conditions as the common shareholders.

Legal Reserve

The Company is obliged to appropriate 10% of its net annual profits as a legal reserve until the balance of this reserve is equivalent to 50% of the subscribed capital. The reserve is not distributable in the event of the Company's liquidation, but it must be used to absorb or reduce the net annual losses. Appropriations in excess of the previously mentioned 50% are freely available to the General Shareholders' Meeting.

As at December 31, 2013 and 2012, the legal reserve balance is COP 29,665.

Statutory Reserves

1 MCB statutory reserve: Its purpose is to allow the shares with a preferred dividend and without voting rights to receive, by virtue of the corresponding conversion, by the holders of mandatory convertible bonds (MCBs) with a preferred dividend and without voting rights, the right to receive the outstanding payments of dividends with the same terms and conditions as the Company's other outstanding shares with a preferred dividend and without voting rights.

The MCB statutory reserve was formed with COP 15,000 appropriated from the temporary untaxed reserves under the shareholders' responsibility that the Company had formed in previous years.

The Company's General Shareholders' Meeting may only change the destination of the MCB statutory reserve in the following two events: i) the Company stops having outstanding MCBs, and ii) the last quota has been paid of dividends pending payment upon maturity of the MCBs.

In 2013, COP 57.5 (2012- COP 53.0) per share of dividends was used for the payment of dividends for COP 93 (2012 - COP 2) on 2,575,600 (2012 - 35,344) preferred shares issued from the conversion of 54,800 (2012 - 752) MCBs.

As at December 31, the balance of the MCB statutory reserve is COP 14,905 (2012 - COP 14,998).

2 Dividend statutory reserve: It has the purpose of allowing the Company's General Shareholder's Meeting to have access to the necessary resources to decree dividends freely at its own discretion.

The dividend statutory reserve was initially established with COP 54,000 appropriated from the temporary untaxed reserves under the shareholders' responsibility that the Company had formed in previous years.

The dividend statutory reserve may be increased by the amount that the General Shareholders' Meeting considers appropriate, provided that it is appropriated from the non-taxable occasional reserves constituted in previous years.

As at December 31, 2013 and 2012, the balance of the dividend statutory reserve is COP 54,000.

3 MCB reacquisition statutory reserve: It has the purpose of allowing the reacquisition of outstanding mandatory convertible bonds issued by the Company.

The MCB reacquisition statutory reserve was initially established with COP 10,000 appropriated from the temporary untaxed reserves under the shareholders' responsibility that the Company formed in previous years.

The MCB reacquisition statutory reserve may be increased by the amount that the General Shareholders' Meeting considers appropriate, provided that it is appropriated from the non-taxable occasional reserves constituted in previous years and that it does not exceed the total amount of outstanding shares.

As at December 31, 2013 and 2012, the balance of the MCB reacquisition statutory reserve is COP 10,000.

Other Reserves

The General Shareholders' Meeting of March 28, 2013, appropriated COP 163,332 from the profits as reserves for future investments.

The remaining reserves are freely available to the shareholders.

The balance of other reserves is comprised as follows:

	2013	2012
Reserve for future investments	2.053.501	1.890.169
Reserve for future expansions	163.427	163.427
Reserve for investments and future expansions subtotal	2.216.928	2.053.596
Reserve for reacquisition of shares	5.988	5.988
Reserve at the disposal of the Highest Corporate Body	427	427
Other reserves subtotal	6.415	6.415
Total	2.223.343	2.060.011

Equity Revaluation

The equity revaluation reflects the effect on equity caused by the loss of the purchasing power of the currency in accordance with the legal regulations in force until December 2006.

With the elimination of the adjustments for inflation according to Decree 1536 of 2007, the equity revaluation account may not be distributed until the Company is liquidated or is capitalized. However, once it is capitalized, it will serve to stem losses in the event that it has grounds for dissolution and cannot be used for capital reimbursements. In the case that a debit balance is presented, it may be reduced with the results of the period or the results of previous periods with prior compliance of the regulations on profits indicated in the Code of Commerce.

With Law 1370 of December 30, 2009, and Decree 514 of 2010, the option is maintained to record the equity tax against the equity revaluation, without affecting the results of the period. In accordance with this regulation, the Company recorded equity tax for the 2011 to 2014 term of COP 3,812.

Note 18 Memorandum Accounts

The memorandum accounts as at December 31 were comprised as follows:

	2013	2012
Contingent rights		
Assets and securities pledged as collateral (1)	1.332.761	2.015.777
Sale and purchase agreements (2)	53.595	67.816
	1.386.356	2.083.593
Control accounts receivable		
Fully depreciated assets	225	1.292
Total memorandum accounts, debit	1.386.581	2.084.885
Tax memorandum accounts		
Excesses of presumptive income over regular income	22.426	20.841
Tax losses to amortize	71.841	-
Difference between accounting and tax equity (3)	2.776.895	168.906
Total memorandum accounts, credit	2.871.162	189.747

- (1) Corresponds to guarantees on shares (See Note 4). The decrease of shares given as a guarantee corresponds to an investment strategy, because some shares did not back any debt.
- (2) Sale and purchase agreement with Compañía de Puertos Asociados S.A. - COMPAS S.A. of the port real estate.
- (3) Corresponds to the assets' tax and accounting differences. The greatest difference is generated in the tax readjustments applied to the long-term investments and to the fixed assets.

Note 19 Operating Revenue

The operating revenue as at December 31 was comprised as follows:

	2013	2012
Equity method (See Note 4)	318.718	391.344
Dividends (1)	82.659	69.936
Income from sale of investments (2)	57.603	107.019
Income from sale of developed lots (3)	44.637	29.519
Rental of real estate (4)	12.379	4.337
Interest	1.245	171
Others	62	-
	517.303	602.326

(1) In 2013, the following corresponds to the dividends received for investments:

	2013	2012
Grupo de Inversiones Suramericana S.A.- Common	46.443	36.842
Grupo de Inversiones Suramericana S.A. - Preferred	10.053	12.043
Grupo Nutresa S.A.	15.145	12.272
Bancolombia S.A.	9.577	7.190
Occidental de Empaques S.A.	919	1.200
Other	522	389
	82.659	69.936

(2) In 2013, it corresponds to the sale of: 1,470,000 preferred shares of Grupo de Inversiones Suramericana S.A. for COP 57,425 and the liquidation of the investment in Inversiones Zona Franca S.A.S. for COP 178. In 2012, it corresponds to the sale of: 1,381,519 preferred shares of Grupo de Inversiones Suramericana S.A., for COP 46,457, the sale of 8,331,613 common shares of Cementos Argos S.A for COP 60,139, the sale of 4,200 common shares of Celsia S.A E.S.P. for COP 18, and the sale of 403,130 common shares of Sociedad Portuaria Bocas de Ceniza for COP 406.

(3) In 2013, the revenue of the real estate business is mainly generated from the sale of developed lots: Plots A2, B1 and C3 of the Portal de Genovés project, stage II

(Barranquilla) for COP 8,491; Plots C3 and C4 of the Palmas del Río project (Barranquilla) for COP 10,678; Plot D4 of Centro Internacional del Caribe (Puerto Colombia) for COP 760, Plots A1, A2 and A3 of Portal Empresarial (Barranquilla) for COP 15,486, and Plot MZ B,F of the Miramar project, stage 4 (Barranquilla) for COP 9,222. In 2012, the revenue of the real estate business is mainly generated from the sale of developed lots: Inversiones Inmobiliarias Barranquilla S.A. for COP 16,240 – Plots C2, C3, C4 and C5 Centro Internacional del Caribe; Júpiter Asociados S.A. for COP 3,230 – Plots B1, B3, B4 and B5 Centro Internacional del Caribe; Alianza Fiduciaria S.A. for COP 3,341 – Plot B2 Villa Carolina VII Stage and Urbanizadora Marín Valencia for COP 6,708 – Plot A3 Portal de Alejandría and Plot A2 Villa Carolina stage VII.

(4) Corresponds to the leasing of the Company's real estate property which is occupied by Argos S.A. and Concretos Argos S.A. in its operations (See Note 26).

Note 20 Cost of Sale

	2013	2012
Cost of sale of investments (1)	49.133	51.789
Cost of sale of developed lots	20.384	17.884
	69.517	69.673

(1) In 2013, it corresponds to the cost of sale of 1,470,000 preferred shares for COP 48,679 of Grupo de Inversiones Suramericana S.A. and the liquidation of the investment in Zona Franca S.A.S. for COP 454. In 2012, it corresponds to 1,381,519 preferred shares of Grupo de Inversiones Suramericana for a cost of COP 45,134; 8,331,613 shares of Cementos Argos S.A. for a cost of COP 6,234; 403,130 shares of Sociedad Portuaria Bocas de Ceniza for a cost of COP 406 and 4,200 shares of Celsia S.A E.S.P. for a cost of COP 15.

Note 21 Administration Expenses

The administration expenses as at December 31 were as follows:

	2013	2012
Personnel expenses (1)	17.967	9.106
Taxes	12.439	4.734
Services (2)	10.652	5.777
Professional fees (3)	6.751	14.848
Leasing	2.541	791
Maintenance and repairs	2.529	344
Amortization of intangibles (4)	2.013	1.829
Travel expenses	1.311	559
Insurance	1.032	839
Contributions and affiliations (5)	1.022	1.008
Adaptation and assembly	629	30
Legal expenses	302	203
Depreciation	145	179
Commission	144	295
Other (6)	4.741	1.127
	64.218	41.669

(1) In 2013, it mainly corresponds to the hiring of personnel to manage new projects, information management in SAP, conversion to IFRS project, personnel training and the creation of new administrative roles.

(2) In 2013, COP 5,777 corresponds to security services, COP 1,368 corresponds to technical assistance, COP 1,397 corresponds to transport services and COP 685 to advertising.

(3) In 2013, it mainly corresponds to technical consultancy for the environmental studies of Ecoral S.A.S. on Barú Island for COP 1,994, Ernst & Young S.A.S. consulting for the process of implementing the IFRS for COP 450 and SAP implementation for COP 627, fees for technical appraisals of assets for COP 429, legal advice for COP 387 and financial advice for COP 367. In 2012, it mainly corresponds to fees for the financial consultancy services of Banca de Inversión Bancolombia S.A. for structuring and placing the first issuance of MCBs for COP 4,867; Back Office administrative services for COP 2,622 and payment of services for managing mining titles for COP 1,571.

(4) In 2013, it mainly corresponds to the amortization of the goodwill generated in the purchase of shares of Celsia S.A. E.S.P. for COP 1,829 and to the deferred charges of COP 129 generated by the purchase of Microsoft Office licenses.

(5) In 2013, it mainly corresponds to the COP 127 increase in the quotas of Asociación Nacional de Empresarios.

(6) In 2013, it mainly corresponds to sponsorships for COP 1,827, representation and public relations expenses for COP 661 and expenses of COP 698 corresponding to development consulting, urban planning offices expenses and maintenance costs of the sites located in Barú.

Note 22 Sales Expenses

The sales expenses as at December 31 were as follows:

	2013	2012
Taxes (1)	1.139	402
Legal expenses (2)	87	640
Depreciation	-	5
	1.226	1.047

(1) Corresponds to the payment of the University hospital stamp duty to the Department of Atlántico for the sale of the plots Block B Miramar 4 and plots A1, A2 and B1 of Palmas del Río.

(2) Corresponds to the notary expenses for the sale of plots of land.

Note 23 Provisions

The provision expenses as at December 31 were as follows:

	2013	2012
Provision for the protection of investments	6.260	13.748
	6.260	13.748

Corresponds to the provision for investments registered with Merger Link Corp for COP 1,837, Sator S.A.S. for COP 4,255 and Promotora de Proyectos S.A.S. for COP 163. In 2012, it corresponds mainly to the provision for the investment in Merger Link Corp. for COP 12,143, Carbones del Caribe S.A.S. for COP 719, Urbanizadora Villa Santos S.A.S. for COP 37, In-

ternacional Ejecutiva de Aviación S.A.S. for COP 89 and Contreebute S.A.S. for COP 726.

Note 24 Other Income

The other income account as at December 31 was comprised as follows:

	2013	2012
Recovery of provisions (1)	40.530	11.732
Profit from sale of property and equipment (2)	2.305	1.832
Services	650	562
Benefits	22	-
Profit from sale of intangible assets	-	1.744
	43.507	15.870

(1) Mainly corresponds to the recovery of provisions for the protection of investments of EPSA S.A. E.S.P. for COP 27,751 and COMPAS S.A. for COP 5,181; the recovery of property and plant provisions, for the new commercial values, for COP 3,512 and to the repayment of costs and expenses of previous periods for COP 1,654. In 2012, as a result of the closure of the Portal de Alejandría II project, the recovery of the provision was recorded at COP 9,513. Additionally, it includes the recovery of investment provisions for COP 199 and other costs and expenses for COP 2,018.

(2) Corresponds to the sale of sites located on Vía 40 in Barranquilla for COP 1,007, Arroyo León 1 (Puerto Colombia) for COP 634 and Sevilla (Ciénaga) for COP 620. In 2012, it

corresponds to the sale of port sites delivered in the capitalization of Sociedad Portuaria Golfo de Morrosquillo S.A.

Note 25 Other Expenses

The other expenses account as at December 31 was comprised as follows:

	2013	2012
Taxes incurred (1)	6.038	2.867
Other expenses (2)	3.138	1.569
Donations	2.844	501
Cost of non-operating assets (3)	2.437	1.724
Retirement pensions	959	1.186
Miscellaneous	937	14
	16.353	7.861

(1) Mainly corresponds to the tax on financial transactions for COP 4,070 (2012- COP 2,867) and to the payment of property tax of the non-operating sites on Barú Island and in Cartagena and other municipalities of the Bolívar Department for COP 1,916.

(2) Corresponds to the maintenance, repair, construction and supply expenses of the non-operating assets paid to third parties.

(3) Includes the expenses related to maintaining non-productive assets and taxes for COP 1,724 (2012 - 714) and services for COP 712 (2012 - COP 726).

Note 26 Transactions with Economic Partners

Below is a summary of the assets and liabilities as at December 31, 2013 and 2012 and the Company's income and expenses for transactions made with connected companies in the years ending on these dates:

1 The balances of assets and liabilities accounts, as at December 31 are as follows:

	Dec 2013		Dec 2012	
	Receivable accounts	Payable accounts	Receivable accounts	Payable accounts
Sator S.A.S.	50.735	6.215	739	8
Cementos Argos S.A.	1.830	269	4.352	2.603
Compañía de Puertos Asociados S.A.-COMPAS S.A.	186	-	17.024	-
Concretos Argos S.A.	2.558	-	989	-
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	-	125	-
Fucol S.A. Fundiciones Colombia	-	396	-	427
Ganadería Río Grande S.A.S.	6.042	-	-	-
Industrias Metalúrgicas Apolo S.A.	1.150	-	1.094	-
Internacional Ejecutiva de Aviación S.A.S.	-	56	-	-
Inversiones El Duero S.A.S.	-	12.788	-	9.905
Inversiones FortCorp S.A.S.	318	-	-	-
Inversiones RoundCorp S.A.S.	75	9.165	-	-
Logística de Transporte S.A.	-	-	12	-
Tekia S.A.S.	5.228	-	23	-
Situm S.A.S.	65.819	2.667	33.459	699
Zona Franca Argos S.A.S.	39	-	33	-
Total	133.980	31.556	57.850	13.642

The loans correspond to Sator S.A.S. for COP 50,735, Tekia S.A.S. for COP 5,201, Situm S.A.S. for COP 37,193, Ganadería Río Grande S.A.S. for COP 6,042, and Compañía de Puertos Asociados S.A. – COMPAS S.A. for COP 134; with an average rate of 5.27% E.A.R.

2 Income generated in the period January 1 to December 31:

	Dec 2013				Dec 2012	
	Equity Method	Interest	Services	Leasing	Equity Method	Interest
Sator S.A.S. (antes Carbones del Caribe S.A.S.)	(2.946)	1.445	55	-	(37.693)	445
Celsia S.A. E.S.P.	187.477	-	-	-	115.784	-
Cementos Argos S.A.	95.174	-	483	7.719	236.231	-
Compañía de Puertos Asociados S.A.-COMPAS S.A.	(3.169)	364	-	45	1.650	414
Concretos Argos S.A.	-	-	26	3.654	-	-
EPSA S.A. E.S.P.	33.163	-	-	-	32.910	-
Ganadería Río Grande S.A.S-	-	142	-	-	-	-
Inversiones El Duero S.A.S.	2.904	-	-	-	2.638	-
Logística de Transporte S.A.	-	-	12	-	-	-
Merger Link Corp.	(1.079)	-	-	-	(389)	-
Internacional Ejecutiva de Aviación S.A.S.	(1.423)	59	-	-	(2.615)	-
Inversiones RoundCorp S.A.S.	(346)	-	-	-	(91)	-
Inversiones FortCorp. S.A.S.	(589)	-	-	-	-	-
Tekia S.A.S.	-	28	-	-	-	-
Situm S.A.S.	(8.217)	629	-	-	(937)	119
Valle Cement Investments Ltd.	(768)	-	-	-	2.131	-
Zona Franca Argos S.A.S.	-	-	34	-	-	-

3 Expenditures generated in the period January 1 to December 31:

	Dec 2013			Dec 2012		
	Fees	Interest	Leasing	Services	Fees	Interest
Sator S.A.S.	-	-	-	-	1.571	-
Celsia S.A. E.S.P.	-	-	709	494	-	-
Cementos Argos S.A.	319	-	35	314	2.622	-
Inversiones El Duero S.A.S.	-	569	-	-	-	417
Internacional Ejecutiva de Aviación S.A.S.	-	-	-	1.347	-	-

4 The Company paid fees to the members of the Board of Directors for COP 507 (2012 - COP 274). No additional operations were made with shareholders that are real beneficiaries of 10% or more of the outstanding shares, members of the Board of Directors or legal representatives or with companies

where a shareholder who is a member of the Board or an executive employee of the issuer has a share of more than 10%. Decisions were not influenced by or made in the interest of the parent Company or one of its subordinate companies.

5 The operations carried out with shareholders, directors, legal representatives and administrators were:

2013

	Shareholders	Legal Representatives and Administrators
At the end of the year		
Assets		
Accounts receivable	-	6.297
Total assets	-	6.297
Expenditures		
Salaries	-	5.863
	-	10.290

The accounts with legal representatives and administrators are related to labor policies approved by the Board of Directors and to policies that are equally granted to all the employees not covered by the benefits of the current collective work agreement; represented in loans for the acquisition of housing, housing renovation, acquisition of vehicles and loans to respond to family emergencies, with each one of these events having its adequate regulation and sufficient guarantees.

Note 27 Contingencies

In 2013, there were no:

- 1 Inspection visits made by control entities resulting in warnings or sanctions.
- 2 Ruled administrative, contentious or civil sanctions imposed by competent national, departmental or municipal authorities.
- 3 Criminal convictions and administrative sanctions against the Company's employees for events that have occurred when carrying out their duties.

Note 28 Subsequent Events

Grupo Argos S.A. continues to increase its share in its subsidiary Celsia S.A. E.S.P., with which it continues to consolidate its investment in the energy sector.

Implementing the order of the Board of Directors in a virtual session, on February 11, 2014, a pre-negotiation agreement was signed between Protección S.A. and the Company for the sale and purchase of shares, by which, within 30 calendar days, Grupo Argos S.A. will acquire 19,436,765 common shares of Celsia S. A. E.S.P.

A pre-negotiation agreement was also signed between Porvenir S.A. and Grupo Argos S.A. for the sale and purchase of shares, by which, within 30 calendar days, Grupo Argos S.A. shall acquire 5,500,000 common shares of Celsia S. A. E.S.P.

The preliminary agreements above were registered with the Financial Superintendence and the Securities Exchange by Sociedad Comisionista Valores Bancolombia on February 11 and 24, 2014, respectively.

Note 29 Reclassifications of the Financial Statements

Some figures included in the financial statements at December 31, 2013 were reclassified for the purposes of presentation.

Financial Indexes

	2013	2012
Current ratio - times (current assets / current liabilities)	0,64	0,75
Total debt (total liabilities / total assets)	11,32%	12,90%
Asset turnover - times (operating revenue / total assets)	0,03	0,04
Profitability:		
Net margin (net profit / operating revenue)	57,02	57,10
Return on equity (net profit / equity)	2,15%	2,45%

	2013	2012
Return on total assets (net profit / total assets)	1,91%	2,13%
EBITDA	359.703	436.476
EBITDA margin	69,53%	72,47%
EBITDA over total equity	2,62%	3,10%
Informative Summary		
Shares:		
Nominal value	62,50	62,50
Equity value	17.457,75	17.951,62

Current ratio: Dropped 0.15% due to the decrease in current assets which change from COP 720,329 in 2012 to COP 353,145 in 2013. The decrease in assets is mainly caused by the cash and negotiable investments for paying off debt and strategic investments.

Total debt: decreased by 0.12%. The total liabilities at the end of 2013 amounted to COP 1.7 trillion. The variation was preceded by the changes in the financing strategy and the payment of some financial obligations.

Asset turnover: Asset turnover went from 0.04 in 2012 to 0.03 in 2013, due to the 14% decrease in operating revenue because of lower revenue from the sale of investments and equity method income (Note 19). Assets fell 4%, mainly because of the lower value of the valuations of long-term investments, and property and equipment (Note 9).

Net margin: Decreased 4.2% from one year to another. This variation is due to a 14% decrease in the net profit, mainly due to the decrease in operating revenue (See Note 19).

Return on equity: This indicator presents a loss of 12% between 2012 and 2013, because the annual net profit was 1.17 times less than the previous year and because of the 2% drop in equity. The decrease in income is explained by the drop in income from the sale of investments and equity method income (Note 19) and the decrease in equity by the lower valuations of long-term investments, and property and equipment (See Note 9).

Return on total assets: These indicators presented a loss of around 10% between 2012 and 2013, given that the annual net profit was 1.17 times less than the previous year. This variation is explained by the drop in operating revenue because of the lower sales of investments and equity method income (Note 19).

EBITDA: The variation of the EBITDA was 18% from 2012. This variation occurs because of the 14% decrease in operating revenue (Note 19).

EBITDA margin: The EBITDA margin for 2013 is 62.5% compared to 72.5% in 2012. The decrease in this ratio is preceded by the decrease in the EBITDA.

EBITDA/total equity: Decreases 16% from 2012 due to the 18% decrease in the EBITDA and the 2% decrease in equity because of the devaluation of assets, mainly the long-term investments and property and equipment (Note 9).

Ratio	Formula	Meaning
Liquidity		
Current ratio (number of times)	Current assets / current liabilities	Indicates the Company's capacity to meet its short-term debts, using its current assets.
Indebtedness		
Total indebtedness	Total liabilities / Total assets * 100	It reflects the degree of leverage in terms of creditors' share of the Company's assets.
Profitability		
Asset turnover (number of times)	Income Operating income / Total assets	How much operating revenue is generated for each peso of assets. It measures the efficiency of assets used to generate operating revenue.
Net profit margin	Net profit / Operating income * 100	How much profit is generated for each peso of assets, regardless of whether it corresponds to the development of the Company's corporate purpose or not.
Return on equity	Net profit / Equity * 100	The percentage of net profits from equity. This is the return on the shareholders' investment.
Return on total assets	Net profit / Total assets * 100	How much net profit is generated by each peso invested in total assets, regardless of how it was financed.
EBITDA	Operating profit + depreciation + amortization	Represents the cash generated by the operating of the Company.
EBITDA margin	EBITDA / Operating revenue * 100	Represents the amount of each peso of revenue converted into cash in order to pay taxes, support investments, cover debt and distribute profits.
EBITDA/Equity	EBITDA/Equity * 100	Represents how much each peso of equity is converted to cash to pay taxes, support investments, cover debt and share out profits.

Tabla y anexos GRI

Consulte en la USB adjunta a este reporte o en www.grupoargos.com/sostenibilidad/reporteintegrado2013 las tablas y anexos GRI más el informe de aseguramiento realizado por PricewaterhouseCoopers AG, PwC, para el grupo de indicadores asegurados.

Tablas y anexos GRI:

- Tabla GRI core
- Tabla GRI específica
- Cruce de aspectos GRI con aspectos Grupo Argos
- Aspectos materiales
- Valor económico generado y valor económico distribuido
- Colaboradores cubiertos por convenio colectivo
- Cobertura de las obligaciones de la organización derivadas de su plan de prestaciones
- Acciones legales y resultados negocio cemento
- Composición por género y por edad de la planilla de empleados
- Relación salario hombres vs. mujeres

Informe de aseguramiento limitado:

- Descripción del trabajo de aseguramiento limitado realizado
- Responsabilidades de las partes
- Objeto de aseguramiento:
 - Indicadores de desempeño seleccionados
 - Nivel autodeclarado de conformidad de la guía GRI G4 2013
- Conclusión



Este libro fue impreso en Colombia. Durante el proceso productivo se utilizaron tintas de última generación, hubo optimización en los tamaños para minimizar desperdicios y se separaron las materias primas para ser reprocesadas o dispuestas adecuadamente.

El impresor cuenta con certificación FSC en cadena de custodia, lo que garantiza que el papel utilizado en las hojas interiores proviene de bosques controlados y que durante el proceso se hizo su custodia. Esta certificación refleja el compromiso de todos los involucrados en este libro con la conservación de los bosques a nivel mundial y la preservación del medio ambiente. Para mayor información visitar: www.fsc.org

En la elaboración de este Reporte Integrado participaron todas las áreas de Grupo Argos, con la coordinación de la vicepresidencia de Asuntos Corporativos y la oficina de Relación con Inversionistas.

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Taller de Edición





Chontaduro
Bactris gasipaes

Yuca brava
del Amazonas.
Ilustración de
Alejandro García
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